



# Business incubation – from startup to scaleup

*A Policy Brief from the **Policy Learning Platform**  
for a smarter Europe*

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**SMART**



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# Summary

Business incubation programmes are specialised programmes designed to nurture and support the development of early-stage businesses and startups. These programmes offer a variety of resources, including physical workspace, mentorship, networking opportunities, access to funding, and various support services tailored to the needs of fledgling ventures.

Since the 1970s, business incubation programmes have developed into a diverse landscape that continues to undergo changes. This policy brief discusses the evolution and significance of business incubation programmes as an economic development tool over the past 50 years. It also aims at providing the reader with an overview of the full range of support services provided by those programmes, starting from the last steps before the actual company foundation, up to the first internationalisation steps. This includes support models commonly known as business incubation – i.e. organisations offering physical facilities and providing incubation services - and more recently acceleration and scale-up programmes. Relevant examples from the Interreg Europe community are showcased to illustrate the current diversity of business incubation programmes.

Finally, an outlook on success factors and recent trends in business incubation is provided.

The knowledge, solutions and good practices showcased in this policy brief come mainly from Interreg Europe projects.

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# Business incubation programmes – an overview

For the past 50 years, business support policies at regional and local level have developed taking into account the growing importance of dedicated structures to support local businesses: from strengthening entrepreneurship, to building synergies across companies along a value chain, up to supporting more sophisticated measures such as internationalisation of businesses. In this context, a number of specialised programmes designed to support the development of early-stage businesses have been developed. These programmes offer a variety of resources, including physical workspace, mentorship, networking opportunities, access to funding, and various support services tailored to the needs of fledgling ventures. This includes support models commonly known as business incubators, accelerators, and scale-up programmes.

**For convenience reason, the term ‘business incubation programmes’ is used in this document as a generic term for all such programmes.**

The terms ‘incubator’ or ‘accelerator’ are used specifically when referring to:

- **Organisations** providing business incubation or acceleration services, respectively delivering business incubation programmes.
- **Facilities** used for the delivery of business incubation or acceleration services.

Business incubation programmes have become important cornerstones of regional economic development policies. Here are some of their most commonly acknowledged contributions to regional economic development and policy delivery:

- **Nurturing innovation and entrepreneurship:** Business incubation programmes create an environment where innovative ideas can thrive. By supporting startups, they contribute to the development of novel products, services, and technologies, ultimately enhancing regional competitiveness.
- **Contributing to job creation:** Business incubation programmes serve as effective tools for job creation. By nurturing startups, they help create employment opportunities within the region. Policymakers recognize this as a crucial driver of economic growth and stability.
- **Facilitating technology transfer and supporting academic ventures:** Business incubation programmes play a key role in transferring technology from universities, research institutions, and large companies to startups. This knowledge exchange strengthens the regional innovation ecosystem. Business incubation programmes often collaborate with universities, enabling academic researchers and students to commercialize their innovations. This connection between academia and entrepreneurship is vital for regional development.
- **Revitalizing industries:** Business incubation programmes contribute to rejuvenating declining sectors and regions. They provide a platform for startups to collaborate, share knowledge, and create synergies.
- **Diversifying the economy:** By supporting a diverse range of startups, business incubation programmes contribute to economic diversification. Regions overly reliant on specific industries can benefit from a more varied economic landscape.
- **Fostering an innovative business climate:** Business incubation programmes encourage risk-taking, experimentation, and the adoption of new technologies, thereby stimulating an innovative business environment at the regional level.

In summary, business incubation programmes act as bridges between entrepreneurship, innovation, and regional development.

This policy brief aims at providing the reader with an overview in a single document of the full range of support services provided by different business incubation programmes, starting from the last steps before the actual business incorporation up to the first internationalisation steps.

The policy brief does not address programmes targeting specifically awareness or entrepreneurial education, as well as student companies established with a primary learning purpose. It also does not cover funding schemes for startups.

# Business incubation programmes in European policies

The support to startups and the scaling up of innovative businesses, as well as supporting entrepreneurship in general, is a priority of the EU. With the [EIC Accelerator](#), the [European Institute of Innovation and Technology](#) (EIT), the European Commission has set up two initiatives acting to some extent as pan-European business incubation programmes.

## EIC Accelerator

European  
Innovation  
Council



The European Innovation Council (EIC) has set up a European-wide acceleration programme – [EIC Accelerator](#) – aiming at developing and scaling up innovations with the potential to create new markets or disrupt existing ones.

The [EIC Accelerator](#) is a funding programme under Horizon Europe offering support to start-ups and SMEs that:

- have an innovative, game-changing product, service or business model that could create new markets or disrupt existing ones in Europe and even worldwide,
- have the ambition and commitment to scale up,
- are looking for substantial funding, but the risks involved are too high for private investors alone to invest.

All EIC supported projects and companies get access to coaching, mentoring, partnering and other [EIC Business Acceleration Services](#).

## EIT – European Institute of Innovation and Technology



The [European Institute of Innovation and Technology](#) (EIT) was created by the European Union in 2008 to strengthen Europe's ability to innovate. The EIT is an integral part of [Horizon Europe](#), the EU's Framework Programme for Research and Innovation. The EIT supports pan-European partnerships, [EIT Knowledge and Innovation Communities](#) (KICs), composed of leading companies, research labs and universities each dedicated to solving a pressing global challenge, from climate change to health, to renewable energy. A significant part of the KICs activities consist in supporting startups in different ways, combining funding and services which make the KICs comparable to business incubation and acceleration programmes. Until 2022 (latest figures available), the EIT and the KICs have for instance:

- supported 7.800 startups,
- provided approximately EUR 350 million provided in EIT funding for business creation activities,
- attracted EUR 7.1 billion investment for start-ups and scale-ups supported EIT KIC.

On a pan-European level there are also different networks supporting the development of startups, including their international growth:

## EBN – European Business and Innovation Centre Network



**EBN** (European Business and Innovation Centre Network) is a not-for-profit organisation serving a pan-European, global community of people that use innovative business as a driver for regional (economic) development. EBN's initiatives include EU|BIC certification, development and distribution of quality business support programmes, facilitation and initiation of project collaborations, global networking, and advocacy for excellent business support actors like the EU|BICs. There are currently more than 106 Certified EU|BICs and over 43 Associate Members supporting 36.000+ innovative companies in over 35 countries.

## ESA BIC programme



European Space Agency (ESA) Business Incubation Centres (**ESA BICs**) were created with the purpose to inspire and work with entrepreneurs to turn space-connected business ideas into commercial start-ups companies. The ESA BICs support entrepreneurs who develop applications that use space-based systems (such as satellite navigation, earth observation, or satellite communication); use space technologies in a non-space domain; and/or who develop innovative products and services for the space sector. Such a network, spread over more than 60 cities, is present in 17 European countries. Together with their national partners, ESA BICs provide all the needed technical expertise and business-development support to the more than 300 start-ups currently under incubation.

The ESA BICs form an impressive network that works to advance the European space industry. Startups that have the potential to come up with technologies and solutions applicable for space are offered tailored incubation programmes and services.

[Click here to find out more about this practice.](#)

## Startup Europe Regions Europe



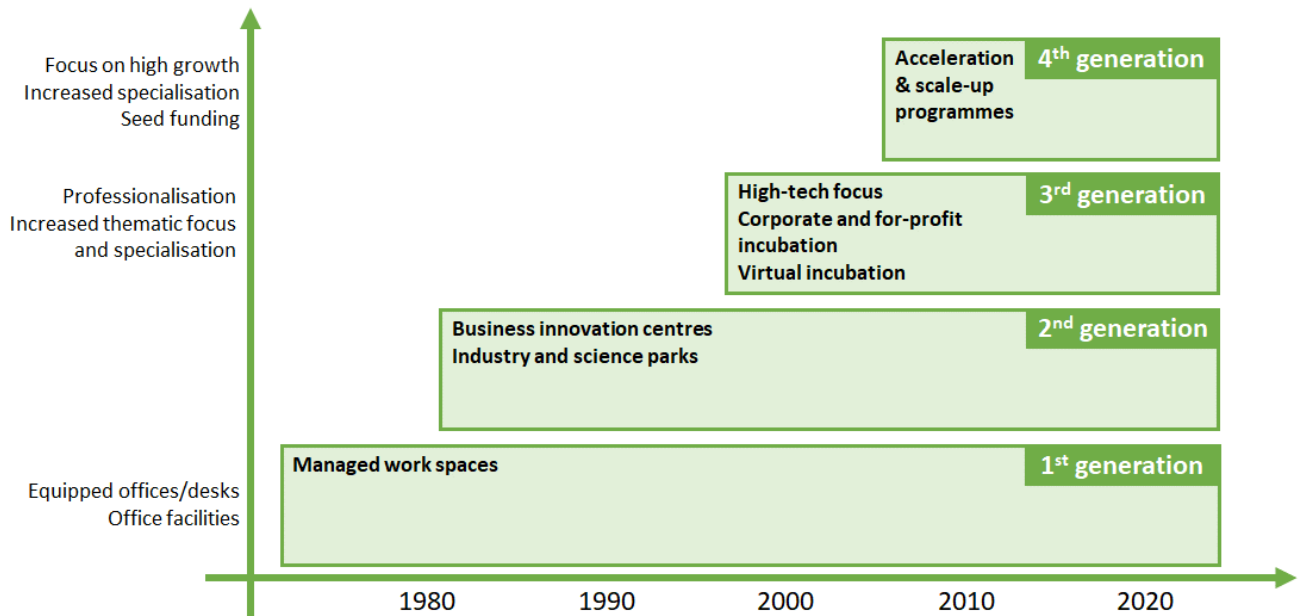
The **Startup Europe Regions Europe** (SERN) is a European network of regional stakeholders committed to inspire a culture of startup-friendly regions. SERN's long-term vision is to ensure a unified voice for, and thus unified action on behalf of, European startups and scaleups. SERN offers a space for collaboration between regional authorities, innovation and development agencies, universities, and associations dedicated to support entrepreneurship and startup growth across Europe.

While there is no policy instrument at the European Union level fostering the development of business incubation programmes, it is worth mentioning that at the national and regional level there are many such policy instruments, such as for instance Regional Operational Programmes, providing funding schemes for the setup of business incubation programmes. Some of the good practices displayed in this policy brief have benefitted from such instruments, and they represent only an extract of the business incubation programmes and related policy instruments available all over Europe.



# Business incubation programmes as an economic development tool

Over a period of around 50 years, business incubation programmes have developed into a diverse landscape that continues to undergo changes. Four generations of such programmes have developed since 1970. The picture below provides an overview of the development over time and shows the increasing range of services per generation of the offering, which goes hand in hand with increasing complexity and specialisation in terms of services delivered:



Source: own depiction

First-generation business incubation programmes focus on facility management while second-generation programmes concentrate on advising and supporting technology-oriented companies, in addition to provide facilities. As for the third generation, it is responding to the global competition for innovation by pursuing the establishment and positioning of growth-oriented high-tech companies through the provision of professional and highly specialised services in a success- and/or profit-oriented manner. The fourth generation – the accelerators – has an even higher focus on growth and brings in the idea of concentrating high-level support in a limited timeframe, with the clear aim to quickly achieve investments that will be able to fuel fast and strong growth of the beneficiaries. Nowadays, all those business incubation programmes coexist, each offering different grades of sophisticated services.

In this section of the brief, good practices identified in Interreg Europe projects will illustrate the four types of business incubation programmes. Their success stories suggest several recommendations for policy makers willing to engage in investing into the development of similar services on their territories.

## The first generation of incubation programmes – the birth of the business incubators

As early as the 1970s, business incubation structures developed in the United States and Europe in response to the global oil crisis. These were set up by individual local initiatives to tackle specific local problems, in particular the closure of industrial plants and the associated loss of jobs. The services offered by these structures were mainly limited to making vacant buildings available to young companies.

At the same time, the first industrial and business parks were created in the context of industrial restructuring, offering young companies a comparable range of services. These activities triggered a development process for the first business incubation structures, which led to the optimisation and expansion of their services to include office services (e.g. secretarial services, photocopiers, telephone switchboard, etc.), facility management and the provision of basic information (e.g. information on visits to authorities, contacts in the region, etc.). The business incubators were born.

**First-generation incubation programmes can be described as smart facility management organisations for young companies.** A typical European 1<sup>st</sup> generation business incubator is the [TechnologieFabrik Karlsruhe](#) (Germany), founded 1984 in the old vicinities of the sewing machine producer Singer as one of the very first business incubators in Germany. Following the closure and demolition of the Singer factory, one of the buildings was renovated and turned into an office building offering around 18.000 m<sup>2</sup> of office space, meeting rooms and shared facilities (cafeteria, centralised reception desk and postal services...) under the management of the local Chamber of Commerce and Industry. The Technologiefabrik has supported over 400 start-ups since it was founded. The resulting companies have created over 7000 jobs. Over 80 companies with more than 600 people from over 30 countries currently work at the Technologiefabrik, which offer concept has remained widely unchanged over time. The outstanding location of the building in walking distance to the University campus and the Research Center for Informatics has remained over time one of the major success factors of the initiative.

The TechnologieFabrik Karlsruhe is only one among many such business incubators created in the 80's and 90's and still operating successfully. Interestingly, over the past decade the concept of smart facility management for entrepreneurs experienced a new development wave with the emergence and expansion of co-working spaces, which can be considered as a modern version of the 1<sup>st</sup> generation of business incubation programmes.

### Coworking spaces

Co-working spaces for entrepreneurs are shared work environments where individuals from various backgrounds, professions, and companies work alongside each other. These spaces are designed to provide entrepreneurs, freelancers, remote workers, and small teams with a collaborative and flexible work environment. Co-working spaces typically offer shared amenities such as desks, meeting rooms, internet access, printers, and kitchen facilities. Contrary to traditional 1<sup>st</sup> generation incubators, entrepreneurs can usually choose from various membership plans, including daily, monthly, or yearly options, based on their needs and budget. Overall, co-working spaces offer entrepreneurs a cost-effective alternative to traditional office spaces while providing opportunities for networking, collaboration, and personal growth. While they are not necessarily attracting only startups, co-working spaces are usually hosting mainly young and small companies as well as creative workers. More developed companies usually develop a need for larger permanent spaces.

Interesting examples of co-working environments from the Interreg Europe Community are:

## GOOD PRACTICE 1: Kovačnica Kranj – business incubator and coworking space in Kranj, Slovenia



KOVAČNICA

[Kovačnica Kranj](#) started operating in 2015 in an old school building, following an idea from young inhabitants of Kranj taken up by the municipality, the Business Support Centre Kranj, and the Regional Development Agency of Gorenjska. Starting with 75 sqm, Kovačnica Kranj operates now over 450 sqm. This good practice is a nice example of how a grass root idea, with the help of local authorities, can grow into a promising driver of local innovation and growth. It is also an example of the potential of coworking spaces in smaller locations – the city of Kranj has around 37 thousand inhabitants. Such coworking areas in smaller areas are likely to become more common in the years to come as the COVID pandemic has further normalized remote working. Public authorities should think how to make their region or city stand out as a possible distance working destination. Coworking spaces such as the one in Kranj is one such pull factor in attracting new inhabitants (e.g. consumers, taxpayers, new business founders).

[Click here to find out more about this practice.](#)



## GOOD PRACTICE 2: Coworking spaces & Go-To-Work Programme, Spain



This initiative was developed by [EOI Foundation](#), a public institution attached to the Spanish ministry of Industry, Trade and Tourism, in the framework of the Operational Programme on Employment, Training and Education of the European Social Fund, whose main aim is to boost entrepreneurship. The practice touches upon several key aspects for the development of entrepreneurs at a singular level as well as economic development at

a regional level. First, the activities supported – co-working space, mentoring over a 5-month intensive learning and scaling period – facilitates growth and innovation for the entrepreneur which improves their chances of success (also noted by their business creation rate of 75%). Also, co-working spaces have shown to increase the innovation potential of SMEs and entrepreneurs through collaboration and networking which is facilitated on site.

The most noteworthy element is that through ESF funding a network of 50 coworking spaces has been established across Spain. EOI has been able to target entrepreneurs in regions all over Spain, which helps spread the potential benefit of this programme to areas where such opportunities are limited. In this regard, the collaboration with local institutions (e.g. townhalls) that have been able to provide physical space has been especially important.

[Click here to find out more about this practice.](#)

### How to leverage the potential of co-working spaces

Policy makers have acknowledged the potential of co-working spaces: they contribute to fostering entrepreneurship, but also supporting local economic development trends such as attracting digital nomads or smaller teams of businesses moving to the region by providing them a flexible and state of the art working environment, especially with respect to connectivity.

This idea has been leveraged to the national level in Ireland with the [connectedhubs](#) network. Launched in May 2021, it is designed to simplify and standardise the process of sourcing and booking spaces, desks, offices, and events in hubs for a day, a week, a month, a year or longer and encompasses already over 300 hubs all over the country, offering over 20.000 equipped desks. The connectedhubs are used to promote Ireland globally as an attractive business destination.

A similar initiative can be found in Finland with the [Etätyötilat](#) national network of coworking hubs, also established in 2021 and counting over 120 independent co-working spaces. The initiative receives funding from the Ministry of Economic Affairs and Employment, as one of their thematic networks of regional development.

### The second generation of business incubation programmes

The further development of incubators began in the 1980s, first in the United States and soon all-over Europe. This generation of incubators is primarily characterised by:

- A stronger focus on the target group of technology-based start-ups and young companies, in some cases with a specialisation in a particular industrial sector or origin of the founders.
- The development of an appropriately qualified counselling and training offer about business development.
- The provision of financial resources on favourable terms via regional network partners.

This development was often supported by regionally funded initiatives that aimed to increase the number of innovative start-ups in their region: local authorities, chambers of industry and commerce and universities worked together to open the first technology and start-up centres. **This second generation of business incubation programmes gave rise to complex and intensive support and incubation processes.**

Interesting examples of 2<sup>nd</sup> generation business incubation programmes from the Interreg Europe Community are:

## GOOD PRACTICE 3: Leszno Business Centre, Poland

Leszno Business Centre is an incubator established by the municipality of Leszno (midsize city of Wielkopolska region), financed by the Regional Operational Programme of the Wielkopolska region. The individualised approach provided to incubates and the quality standards of the incubation programme have been defined by the Regional Stockholder Group for Wielkopolska in the framework of the ESSPO project, and successfully implemented by the Leszno Business Centre.



This incubator as well as the regional incubation programme setup in the Wielkopolska region have learning value for other regional policy makers as they showcase how ERDF funds have been successfully used to pilot an incubation programme. The programme provided small investments for the participating companies ensuring that the companies also have funds to implement the information gained during incubation.

[Click here to find out more about this practice.](#)

## GOOD PRACTICE 4: Galway Technology Centre, Ireland



Galway Technology Centre (GTC) is a major part of the National and Regional policy in the West Region of Ireland. This policy aims to invest in hard incubation and innovation infrastructure and the necessary collaborative services to support the anchoring and clustering of Knowledge-based Start-Ups. GTC was established as a Social

Enterprise with its initial mission and purpose of “encouraging and supporting the development of indigenous technology-based industry in the Region”. It acts as a ‘one-stop shop’, offering both traditional office spaces and single desks with in-house business innovation expertise provided by the accredited EU-BIC for the Region along with specialist services on-site such as Finance, IP, Legal and Tax. From a regional and national policy perspective, the modern 4.600 sqm. centre was supported by the National Community Enterprise Centre Support Scheme through previous Regional Operational programmes. GTC has supported already over 300 companies and contributed to the creation of over 3.000 jobs.

[Click here to find out more about this practice.](#)

### Classic business incubation programmes remain a strong tool to foster entrepreneurial activities on the regional level

The two good practices showcased here above illustrate well the ongoing relevance of such ‘classic’ incubation programmes in the context of regional economic development policies. They remain an efficient tool for the promotion and strengthening of innovative entrepreneurial activities on regional scale. This is especially true for mid-sized urban environments or regions without strong research organisations or larger universities. Such business incubation programmes can act as catalysators for the emergence of new innovative enterprises, but also the cornerstone of regional business support ecosystems. A further example comes from the Italian region Friuli Venezia Giulia (CRE:HUB), which used the local business incubators to support the development of entrepreneurial activities in the cultural and creative sectors. Thanks to their **strong local roots, business incubators were deemed as the most suitable vehicles** to approach potential entrepreneurs in this sector and support their initial steps towards business creation or the development of innovative projects.

### The third generation of business incubation programmes

At the end of the 1990s, business incubation programmes developed a stronger focus on growth-oriented high-tech companies. Symptomatic of this development were in particular the profit-oriented business incubation programmes that were founded during the New Economy boom in the United States in 1996 and later also in Europe and which concentrated largely on start-ups in the IT and Internet sector and the proliferation of academic start-up initiatives and research-related business incubation programmes in almost all European countries. Third-

generation business incubation programmes are usually more specialised than their predecessors. This specialisation relates to

- Specific high-tech sectors: ICT, biotechnology, etc.
- Certain development phases within a start-up project: pre-foundation, foundation and development, growth phase.
- Special target groups: research-based start-ups, growth-orientated companies, company-internal spin-offs (corporate business incubation programmes), etc.

The range of services offered by third-generation business incubation programmes has become significantly more complex and specialised, such as e.g.:

- Virtual incubation: Consultancy without the provision of premises.
- Access to experts and coaches.
- Intensive strategic consulting.
- Team building measures.
- Investment readiness.
- etc.

The third generation of business incubation programmes gave rise to a diverse, specialised, and professional incubation industry.

An interesting example from the Interreg Europe Community is:

## GOOD PRACTICE 5: Start-up factory – Zagreb Innovation Center, Croatia



Over 30 years, [Zagreb Innovation Centre](#) ZICER has developed a diversified array of services for entrepreneurs and startups, supporting business development from the idea stage, up to the growth of established startups. The offer includes classic office and co-working spaces, development centers with lab equipment, where prototypes can be developed and tested, as well as a pre-accelerator: the Start-up Factory. Start-up factory is a programme launched by the City of Zagreb and ZICER to help SMEs that have difficulty accessing financial support in a context of a weak venture capital market. It is structured as eight weeks educational programme focused on entrepreneurial skills for teams and

start-ups in the field of high-tech solutions. The programme provides open workshop and lectures, mentoring by experts and financial grants for best projects. The programme has been implemented thanks to the support of many companies and partners providing funding and services.

[Click here to find out more about this practice.](#)

### University/research-based business incubation programmes

University and research-based business incubation programmes are an important and somewhat specific part of the 3<sup>rd</sup> generation family of business incubation programmes. They have emerged in Europe towards the end of the 20<sup>th</sup> century and rapidly gained momentum, quite often in the context of large national programmes aiming at fostering the commercial exploitation of research results, which was considered weak in Europe as compared to the United States especially.

Research-based ventures drive innovation by developing new technologies, products, and solutions to address complex challenges. They also create jobs and stimulate economic growth by hiring skilled professionals. They contribute to the growth of local economies and help attract talent and investment to regions with thriving innovation ecosystems. On the other hand, they face specific challenges such as:

- **Longer Timeframes:** Research projects often require longer development cycles compared to traditional business ventures.
- **High Technical Complexity:** Research-based ventures often involve highly technical and specialized knowledge.
- **Funding Constraints:** Research projects can be capital-intensive, requiring significant investment in equipment, materials, and personnel.
- **Intellectual Property Management:** Protecting intellectual property (IP) is crucial for research-based ventures.
- **Collaboration and Partnerships:** Research-based ventures often require collaboration with academic institutions, research organizations, and industry partners.
- **Market Validation:** Validating the market potential of research-based innovations can be challenging, as the market may not yet exist or may be difficult to predict.
- **Regulatory and Compliance Issues:** Research-based ventures may face regulatory hurdles and compliance requirements, especially in highly regulated industries such as healthcare and biotechnology. Business incubation programmes need to provide guidance on navigating regulatory frameworks and ensuring compliance with relevant laws and regulations.

University and research-based business incubation programmes address the above challenges by:

- Providing access to research infrastructure, experts in various technical as well as guidance and support to entrepreneurs working on research-intensive projects.
- Facilitating partnerships, for instance with larger corporations, and helping entrepreneurs leverage external resources and expertise.
- Helping entrepreneurs conduct market research and identify potential customers and market opportunities, as well as developing their business and management competencies.

They are often located directly or in very close proximity (walking distance) to a university or research facility.

An interesting example of a university-based business incubation programme from the Interreg Europe Community is:

## GOOD PRACTICE 6: Food Startup Incubator Weihenstephan FSIWS, Germany



The [Food Startup Incubator Weihenstephan](#) (FSIWS), led by the public University of Applied Sciences Weihenstephan-Triesdorf HSWT, aims at promoting sustainable food products and supports startups and founding teams with innovative and sustainable food ideas through four main aspects:

- Providing infrastructure for the food production in laboratory and pilot scale as well as co-working spaces.
- Teaching and training in food technology, entrepreneurship, business administration and finance.
- Providing financing instruments for the startup, growth, and scaling phase.
- Network to fellow startups, food technology and entrepreneurship experts, business angels, investors, retailers.

FSIWS is an excellent example of how a university led sector specific business incubation programme can encourage the start-up of new student businesses as well as support existing ones. FSIWS has developed a clear and well working structure (the three pathways) for providing business support in the food sector. It is also inspiring to see the various initiatives that have been piloted to provide specific support to local farmers or female founders. Practices such as the FSIWS are important for technology transfer and commercialization of science, which is often a challenge for regions.

[Click here to find out more about this practice.](#)

## The fourth generation of business incubation programmes – business acceleration & scale-up programmes

### Accelerators

Business acceleration programmes (accelerators) emerged in the early 21st centuries as a response to the growing demand for **support structures for startups**. One of the earliest and most well-known accelerators is [Y Combinator](#), founded in 2005. Numerous accelerators have been established since then around the world, each with its own focus, structure, and goals. While the first accelerators mostly operated as private companies on a profit-oriented basis, **the model has been widely adopted by public policy makers** and adapted as a tool fostering the development of startups with significant growth potential. In the following we focus on accelerators established in the framework of public policies, leaving aside private profit-oriented models. Such accelerators are often affiliated with universities and government agencies.

Acceleration and scale-up programmes have much in common with business incubation programmes from the third generation in terms of service provisions, such as access to space, mentorship, networking opportunities, access to resources such as co-working space, legal and accounting services, and promotional opportunities. However, they also have some distinctive characteristics:

- **Focus on high growth:** Accelerators are targeting startups with the potential to grow and succeed rapidly, with the aim to generate significant return on investment.
- **Structured Programme:** Accelerators typically offer a structured programme that spans a fixed period, often around three to six months. During this time, all participating startups receive intensive support, guidance, and resources to help them achieve specific milestones and accelerate their growth.
- **Seed Funding:** Many accelerators provide seed funding to participating startups in exchange for equity. This initial investment helps startups cover their early expenses and focus on product development, market validation, and customer acquisition. Quite often, public accelerators do not take equity themselves in exchange of the services delivered, but still aim for helping the beneficiaries to attract funding for growth.
- **Demo Day:** Many acceleration programmes culminate in a demo day, where participating startups pitch their products or services to a room full of potential investors, partners, and customers. Demo days provide startups with exposure and opportunities to secure additional funding or partnerships.
- **Focus Areas:** Accelerators often specialize even more strongly in specific – mostly high-tech -industries, technologies, or market segments. Some focus on industries like healthcare, fintech, or biotech, while others specialize in areas like artificial intelligence, blockchain, or sustainability. Having a clear focus is coherent with the provision of a structured programme for all participants to a given batch.

An interesting example of such a public accelerator from the Interreg Europe community is:

### GOOD PRACTICE 7: Agrofood BIC, Italy



[Agrofood BIC](#) is an accelerator of promising innovative start-ups in the agro-industrial sectors with operational and strategic support. The Agrofood BIC started out as a private initiative to foster collaboration between startups and more established companies but has since developed a component of collaboration with public organizations, including the regional innovation agency ART-ER, University of Bologna and Enea - National Agency

for New Technologies, Energy and Sustainable Economic Development. The goal of the accelerator is clearly in line with public interests.

This good practice is also noteworthy because it has a clear focus on the agro-industrial sector and seeks to support a sustainable and circular transition. Considering the Green Transition such accelerators will remain relevant in the years to come.

[Click here to find out more about this practice.](#)

Another successful public accelerator model is:

## GOOD PRACTICE 8: BIND 4.0, Spain



**BIND4.0** is a public-private business accelerator aiming to accelerate startups by collaborating with large companies and attracting international talents to the Basque country. The technology focus is aligned with the Basque RIS3 and includes: advanced manufacturing, energy, health tech and food tech. Startups may apply from anywhere in the world and will have a strong commitment to accelerate their business in the Basque ecosystem by connecting startups with leading Industry 4.0 manufacturing, energy, and healthcare companies and contracts worth up to €150,000. Selected Bind 4.0 startups will

develop a project for one of these companies while learning the ins and outs of their business. The company will function as a customer as well as a resource for innovative technologies and networks, which the startup can use to develop its business and commercial tools. Startups get the unique opportunity to grow and gain experience along with these companies.

[Click here to find out more about this practice.](#)

### Scale-up programmes

Building on the success of acceleration programmes, economic developers have started to adapt similar methodologies to improve the efficiency of support for slightly more mature companies with significant growth potential: the scale-up programmes. This concerns especially the pooling of expertise from various backgrounds to provide the best possible support and the structuration of service delivery. Quite often, such programmes provide a facilitated access to relevant funding schemes. They often, but not only, put a strong emphasis on helping businesses internationalize their activities. A successful example for a public scale-up programme focusing on the international development of regional SMEs is:

## GOOD PRACTICE 9: Xport accelerator, France



The Xport accelerator in the French Normandy region under the leadership of the Normandy Development Agency provides a successful example of a coordinated regional approach to internationalisation of SMEs. The three founding entities of the accelerator, the Normandy Development Agency, Normandy International Chamber of Commerce and Industry and Business France, decided to pool their resources and networks to offer jointly a new service to regional companies willing to start or boost their international

development. Launched in January 2018, the service is free of charge for businesses. The accelerator works also closely with the [Enterprise Europe Network](#), which both the Normandy Development Agency and the Normandy International Chamber of Commerce and Industry belong to.

[Click here to find out more about this practice.](#)

Another successful example of a scale-up programme not focusing merely on international growth comes from Sweden and builds especially on private resources provided pro bono to business willing to grow.



## GOOD PRACTICE 10: Business Generator / Navigator Scale-up, Sweden



The [Business Generator](#) aims to tap into the growth potential of existing local SMEs. It started 2017 with a pilot project, building on the assumption that there is often a gap in the strategic management processes that prevent small companies from growing and that SMEs need support to take their first scalable steps. The solution that was tested addressed the challenge encountered by SMEs, which lack external expertise and developmental support necessary for their growth. The model involves the role of the local bank in supporting with investments when the external expertise is in place. The external expertise always consists of four people (the navigators), gender balanced, with different skills, networks and competence chosen to match the needs of the specific enterprise. They all give coaching accordingly to a designed plan, meeting 10 times over three years. The model has shown clear success in sales and profitability increase as well as in generating new jobs and has been adapted and replicated in various environments in Sweden after the initial success of the ERDF financed pilot project.

[Click here to find out more about this practice.](#)

### **Accelerators and scale-up programmes are efficient tools for delivering smart specialisation strategies**

Regional or national acceleration programmes commonly foster the collaboration between larger regional corporations, higher education and research organizations, and the startups engaged in the programme. Such open innovation approaches (check our policy brief [Open innovation to foster SME growth](#) for more input on the topic) generate mutual benefits for the startups, which gain easier access to new markets as well as funding and expertise needed to drive growth, and the larger businesses, which can potentially benefit from the innovation capacity of the startups.

From a policy making perspective, an active collaboration between the regional fabric of established enterprises and startups is a significant contribution to the overall business creation and innovation dynamics in the region. Such accelerator programmes can effectively be aligned with and strongly contribute to the success of regional smart specialization strategies, significantly accelerating their implementation. A similar approach can obviously be applied to research-based business incubation programmes.

# Policy recommendations for successful incubation programmes

Business incubation programmes have achieved a high degree of diversification in recent decades. This is also reflected by the fact that no standardised terminology and typology is used either in the relevant specialist literature or in practice. Most today's business incubation programmes have the declared objective of focussing largely on the target group of innovative and high-tech companies. This high-tech business incubation programme landscape includes business incubation programmes from all generations. Quite commonly, successful business incubation programmes will have developed a multiple offer combining aspects from all four generations of business incubation programmes, turning into strong hubs for entrepreneurship and innovative developments.

The following policy recommendations stem from the analysis of good practices and policy developments reported by and discussed with partners of Interreg Europe projects and their regional stakeholders:

- **Allow agility:** the best business incubation programmes **adapt to the needs of the target group**, and agility is one of the key ingredients in designing a good programme. Programmes need to be agile in their design and continuously adapt the structure and thematic areas between cohorts, as well as in their implementation and support delivery, to provide tailored support to each individual startup or SME depending on their needs.
- Reach out to a **variety of financial resources** to ensure sustainability of the business incubation programme. Quite often, regional business incubation programmes have been setup, or are being setup, in the framework of dedicated policy instruments and their corresponding funding schemes. Those schemes do not necessary provide for a stable long-term financing of the operational expenses linked to the delivery of the programme. Depending on their respective policy context, business incubation programme managers need to develop different income streams, which will help them keeping the programme running. This includes for instance **generating income** from the provision of incubation services (rental income is the most common one), but also taking equity in companies or acquiring long-term private investors for the business incubator itself. Another important aspect is the need to **explore the opportunities coming from competitive public funding** on regional, nation or European level. New competitive funding opportunities might help to develop new services, such as for instance adding acceleration services to an existing incubation programme or developing specialized services in selected technology fields (Internet of Things, biotechnologies...) or business sectors (creative industries, gaming industry, ...).
- Facilitate the **creation of partnerships** across stakeholders, both for the startups supported and for the incubation programmes themselves.

For the startups, it is vital that they are enabled to grow their networks during the programme by putting them in contact with a variety of other SMEs, mentors and other business support providers, investors, etc. Those networks will help them going during their stay in the program as well as after they will have graduated. While each startup is obviously responsible for its development, it is part of the role of an incubation programme manager to create local, national, and international partnerships with the relevant organisations, that will enable such a network building process.

It is also advised to set up programmes through partnerships, both in terms of content and delivery. Instead of going at it alone, one should partner up on the local, regional, national, and global levels. This also links to not reinventing the wheel but rather seeing what is already there and what is needed in the local context. Such partnerships can be established by the programme managers over time, which is often the case, but they can also be fostered by policy makers in the terms of reference of funding schemes aiming at creating incubation or acceleration programmes. Examples therefore are the embedding of business incubators in existing industrial clusters or open innovation platforms, their location on the vicinities of a science park, or the signature of cooperation agreements with partners for the delivery of specialised services.

- **Ensure follow ups and long-term support:** when designing and running a programme one should also think about what happens afterwards. Good programmes take care to **build a community of alumni**. Participants of all programmes should be brought together via an alumni forum or social media group. It is particularly useful as this enables startups to help each other on the one side but can also lead to fruitful business relations. Especially in the case of specialised high-tech programmes, alumni can become clients or investors in the startups hosted by the programme, or even partners or investors in the incubator or accelerator itself.

And for the programme, maintaining relations with the alumni enables to actively follow-up and keep an eye on how the businesses are doing post-programme, thereby gaining lessons for improvement.

- For business incubation and acceleration programmes supported by the public sector, besides traditional measurable success indicators such as the success rate of startup supported, number of jobs created and private investment leveraged in startups, soft factors such as the contribution of the programme to a **dynamic entrepreneurial ecosystem** and its ability to generate sustained interest of the venture capital community in the region are of specific relevance.

## Looking ahead - Trends in business incubation

As it was the case for the past 50 years, business incubation programmes are constantly developing and adapting to the needs of their target groups - startups and scale-ups - and the economy in general. Some of the recent strategic developments that have been reported by the members of the Interreg Europe community are interesting to note for any policy maker willing to propose business incubation programmes as a tool for developing or reinforcing business vitality on its territory:

- **Ongoing specialization and niche focus:** Business incubation programmes are increasingly specializing in niche industries or verticals, catering to the unique needs of startups within specific sectors such as fintech, biotech, or agro-tech. Another approach to specialisation is the focus on specific societal challenges, such as urban mobility, renewable energy, healthy ageing, etc.
- **Focus on impact:** Many business incubation programmes are increasingly prioritizing ventures that address social or environmental challenges, reflecting a growing emphasis on sustainability and social entrepreneurship. Impact-driven entrepreneurs are increasingly important as the target group.
- **Virtual incubation:** With advancements in technology, virtual or remote incubation programmes have become more prevalent. These programmes leverage online platforms and digital tools to support startups regardless of geographic location, enabling greater accessibility and inclusivity.
- **Globalization and cross-border collaboration:** Business incubation programmes are forming partnerships and networks across borders to facilitate international collaboration, access to new markets, and diverse sources of expertise and funding.

The Interreg Europe Policy learning Platform will continue to follow the topic in its future activities.

# Sources and further information

Our experts provide a tailored set of resources, contacts, or in-depth analyses to help you find the answers you are looking for. Explore our services that can help you solve your regional policy challenges.

## Interreg Europe Policy Learning Platform information

### Event learnings

- Workshop report: [Rethinking local policies: Spaces for entrepreneurship](#)
- Workshop report: [Rethinking local policies: Spaces for innovation](#)
- Webinar recording: [Entrepreneurship support: Incubator success factors](#)
- Workshop report: [Digital innovation hubs and demonstrators](#)
- Workshop recording: [Scaling up European SMEs](#)

### Stories and articles

- [Technology Parks to promote regional economic transformation](#)
- [Open Innovation Challenge – boosting the regional entrepreneurial ecosystem](#)

### Policy briefs

- [Open innovation to foster SME growth](#)
- [Spaces for innovation](#)
- [Digital innovation hubs and demonstrators](#)

### Peer reviews and matchmaking

- [Creating spaces for innovation](#)
- [Smart city testbeds](#)
- [Decentralised hubs for improving the innovation capacity of SMEs](#)
- [Funding and implementing Smart City testbeds](#)
- [The Platform helps Tartu set up a Green Deal accelerator](#)

## Interreg Europe Programme

Interreg Europe is an interregional cooperation programme co-financed by the European Union. With a budget of 379 million euros for 2021-2027, Interreg Europe helps local, regional and national governments across Europe to develop and deliver better policies through interregional cooperation projects and its Policy Learning Platform services. The programme promotes good practice sharing and policy learning among European regions in 29 countries – the EU27, Norway and Switzerland. Interreg Europe contributes to the EU cohesion policy together with the other European Territorial Cooperation programmes known as Interreg.

## Interreg Europe Policy Learning Platform

The Policy Learning Platform is the second action of the Interreg Europe programme. It aims to boost EU-wide policy learning and builds on good practices related to regional development policies.

The Platform is a space where the European policy-making community can tap into the know-how of regional policy experts and peers. It offers information on a variety of topics via thematic publications, online and onsite events, and direct communication with a team of experts.

Community members can use the free services we propose to policymakers looking for tailored advice on their policy challenges.

## Interreg Europe Policy Learning Platform expert services

Our team of experts provide a set of services that can help you with regional policy challenges. Get in contact with our experts to discuss the possibilities:



Via the [policy helpdesk](#), policymakers may submit their questions to receive a set of resources ranging from inspiring good practices from across Europe, policy briefs, webinar recordings, information about upcoming events, available European support and contacts of relevant people, as well as matchmaking recommendations and peer review opportunities.



A [matchmaking session](#) is a thematic discussion hosted and moderated by the Policy Learning Platform, designed around the policy needs and questions put forward by the requesting public authority or agency. It brings together peers from other European regions to present their experience and successes, to provide inspiration for overcoming regional challenges.



[Peer reviews](#) are the deepest and most intensive of the on-demand services, bringing together peers from a number of regions for a two-day work session, to examine the specific territorial and thematic context of the requesting region, discuss with stakeholders, and devise recommendations.

Discover more: [www.interregeurope.eu/policylearning](http://www.interregeurope.eu/policylearning)

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