

# Three Priorities for Promoting Entrepreneurship – The Swiss Entrepreneurs Initiative

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**Abstract:** The Swiss Entrepreneurs Foundation was established in late 2017, with Federal Councillor Guy Parmelin its current patron. The privately funded public-interest foundation has three primary objectives: 1) Helping bring the innovative technologies of the future to market; 2) Delivering improvements to the political environment for startups and innovative SMEs; 3) Channelling more Swiss growth capital to home-grown startups. It has implemented various initiatives to achieve these goals. It oversaw the creation of a fund to provide high-potential startups with financing, which had raised CHF 250 million by the end of 2019. The UpScaler programme can rapidly provide support to growing businesses looking to open up international markets while the recently established Swiss Entrepreneurs & Startup Association has pledged itself to creating even better political conditions. The Foundation can count on the support of a high-profile Advisory Board and has access to a pool of around 50 renowned entrepreneurs and specialists.

**Keywords:** Framework conditions · Future technologies · Innovation · Startups · Swiss venture capital



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Switzerland regularly commands a leading position in the international research rankings of countries' ability to innovate, business environment and competitiveness. In today's world of frenetic change, global markets and global talent pools, where digitalisation is disrupting established patterns, it is also a tough challenge to keep pace with the ever-growing list of requirements. The Swiss Entrepreneurs Foundation was established in 2017 to support Swiss entrepreneurship and high-potential startups. The foundation's patron is Federal Councillor Guy Parmelin.

The business environment in Switzerland unquestionably ranks among the very best in the world. The most crucial factors making it a great place to do business include its legal environment, its impeccable infrastructure and its first-class training and education systems. Now Switzerland has made it to the top, it needs to stay there and improve its game. The idea of setting up a foundation first gained real traction during 2017 on the basis that "a rolling stone gathers no moss". Former Federal Councillor Johann Schneider Ammann was one of the founders and a driving force behind the project – so much so that he was subsequently made Honorary President.



Startup representatives at the hearing with Federal Councillor Guy Parmelin. Bern, October 2019.

## Ecosystem for Swiss Startups – Mostly Light, not Much Shade

Innovative young businesses have gone from strength to strength in recent years in Switzerland. Not only has the number of new company formations gone up every year, but venture capital investments have also risen, too. To cap it all, high-potential startups have commanded rapidly growing valuations. As a result, approximately CHF 2.3 billion was invested<sup>[1]</sup> in Swiss startups during 2019, almost double the figure for the previous year. The appeal of Swiss startups extends well beyond the country's borders, since the majority of this capital has come from foreign investors. Of the eight largest funding rounds in 2019, one solitary Swiss investor was involved in just one of them.

## Sustaining Value Creation in Switzerland

The factors at work here include the sheer size of non-Swiss venture capital firms, as well as certain weak points shared by Swiss venture capital investors. Many of them place a sizeable portion of their capital in international businesses or do not have the requisite scale to participate in financing rounds starting at CHF 10 million. It is important to provide successful and rapidly growing businesses with as much Swiss capital as possible to

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keep them and their value creation in Switzerland for as long as possible. That deepens their connection to their home market and prevents (or delays) their relocation abroad.

### Swiss Entrepreneurs Initiative: Three Objectives

The term Swiss Entrepreneurs Initiative refers to the interaction between fund and foundation. Securing more Swiss capital for Helvetic startups has thus been one of the top priorities for the Swiss Entrepreneurs Foundation (SwissEF) since its inception in December 2017. The Foundation is responsible for achieving the Initiative's goals, which fall under three main headings:

- Helping bring the innovative technologies of the future to market
- Delivering improvements to the political environment for startups and innovative SMEs
- Channelling more Swiss growth capital to home-grown startups

La Mobilière, Credit Suisse, UBS, Swisscom, the Gebert Rüt foundation and the Wenger & Vieli law firm each provided CHF 150,000 in endowment capital to establish SwissEF and subsequently appointed Peter Stähli, co-founder of the Swiss Economic Forum (SEF), as its Managing Director. Urs Berger, Chairman of La Mobilière's Board of Directors, was named President of the Foundation Board.



Urs Berger, Chairman of La Mobilière's Board of Directors and President of the SwissEF Foundation Board.

During 2018, a high-profile Advisory Board with representatives from business, science and political circles was assembled. It advises the Foundation Board on future trends and strategic issues. Its members include Peter Spuhler, Stadler Rail, Marie-Gabrielle Ineichen-Fleisch, Director of the State Secretariat for Economic Affairs (SECO) and Gerd Folkers, SWIR President. All members of the Foundation and Advisory Boards work on a voluntary basis and are not remunerated.

### SwissEF UpScaler – A Growth Programme for Startups Embarking on International Expansion

Given their tiny home market, rapid international expansion is frequently one of the top early-stage priorities for Swiss startups. The SwissEF UpScaler Programme ([www.upscaler.ch](http://www.upscaler.ch)) offers support and helps kick-start their foreign development. Depending on their individual requirements, made-to-measure teams are assembled from a pool of experts who provide constructive challenges for and promote the startups through monthly workshop events. A priority is to draw up tactical plans to open up new markets. The SwissEF Industry Board, on which companies such as Bühler AG and SGS SA are represented, provides additional support for the startups. These successful businesses afford participants access to their international networks, which can substantially accelerate and simplify the international expansion process.

### SwissEF Shaper – Improved Environment for Startups and Innovative SMEs

The patronage of Guy Parmelin and the presence of representatives of Swiss political circles on the Foundation Board and Advisory Board provide a firm foundation for driving improvements in Swiss economic policy. Priorities for startups and innovative SMEs can be brought to politicians' attention through regular hearings with Federal Councillors and Members of Parliament. Lastly, the Swiss Entrepreneurs & Startup Association ([www.swe-sa.ch](http://www.swe-sa.ch)) was formed in March at SwissEF's instigation. The association, working alongside the Startups and Entrepreneurship parliamentary group led by Swiss National Councillors Judith Bellaiche und Andri Silberschmidt, aims to make sure the voice of this specific business grouping is heard by politicians. Examples include better access to foreign specialists and entrepreneur-friendly taxation practices.



Parliamentary Group on Startups & Entrepreneurship (from left), Alois Gmür, Esther Friedli, Min Li Marti, Andri Silberschmidt, Judith Bellaiche, Gerhard Andrey.

### Swiss Entrepreneurs Fund – More Growth Capital for Swiss Startups

As already discussed, access to sufficient growth capital for sustainable success is of paramount importance to innovative up-and-coming Swiss businesses. Credit Suisse and UBS pledged to set up an entirely new type of fund under an unprecedented cooperation initiative, and the Swiss Entrepreneurs Fund was launched in February 2019 with La Mobilière as anchor investor. In barely a year, CHF 250 million had been raised, predominantly from institutional investors. The Fund will invest both in newly formed high-potential Swiss businesses and in existing funds. The direct investments will focus on providing growth capital with deal sizes of CHF 5–15 million. Beneficiaries already include businesses such as Nexxiot (integrated logistics solutions with IoT sensors) and Lunaphore Technologies (devices for cancer research and tissue diagnostics). Investments have also been made in funds managed by Pureos Bioventures and Patrimonium, among others. Fundraising for the Swiss Entrepreneurs Fund will continue until late 2020. There are already initial considerations towards a second Swiss Entrepreneurs Fund.

### Unique Cooperation Between the Foundation and the Fund

The Foundation and the Fund are separate legal entities and yet they work closely together. For example, the aim is for as many businesses as possible in which the Fund invests also to take part in the UpScaler programme. With the targeted acceleration in growth comes a positive impact on the participating company's value, and that is ultimately reflected in the Fund's performance.

Both the Fund and the Foundation have accomplished a great deal in the two years or so since they were established. During the

Covid-19 crisis, various SwissEF backers made significant contributions to ensure that the association was able to deliver effective support measures for startups. Lastly, SwissEF has clearly been successful in building an extensive network in business, scientific and political circles for a common purpose: providing support for high-potential Swiss businesses and thus promoting the sustainability of well-being and jobs in Switzerland.

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[1] 'Swiss Venture Capital Report 2020', Edition No. 8, January 2020.

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<b>Swiss Entrepreneurs Initiative – Facts and Figures</b> as at 31/05/2020	
	
<b>Fund</b>	
Capital	CHF 260 million
Investments	4 startups (direct) 5 funds (indirect)
Investments in CHF	CHF 35 million (direct) CHF 55 million (indirect)
<b>Foundation</b>	
UpScaler programme	30 startups
Experts	42 entrepreneurs and specialists
Industry board	4 Swiss SMEs active worldwide
Brokered capital	CHF 30 million
<b>Initiatives</b>	
Members of Parliament in the Parliamentary group	16 (National Council and Council of States)
SWESA members	115 startups, SMEs and institutions