

FOCUS ON

SCALE-UPS

Seven key action areas for
supporting high-growth
enterprises

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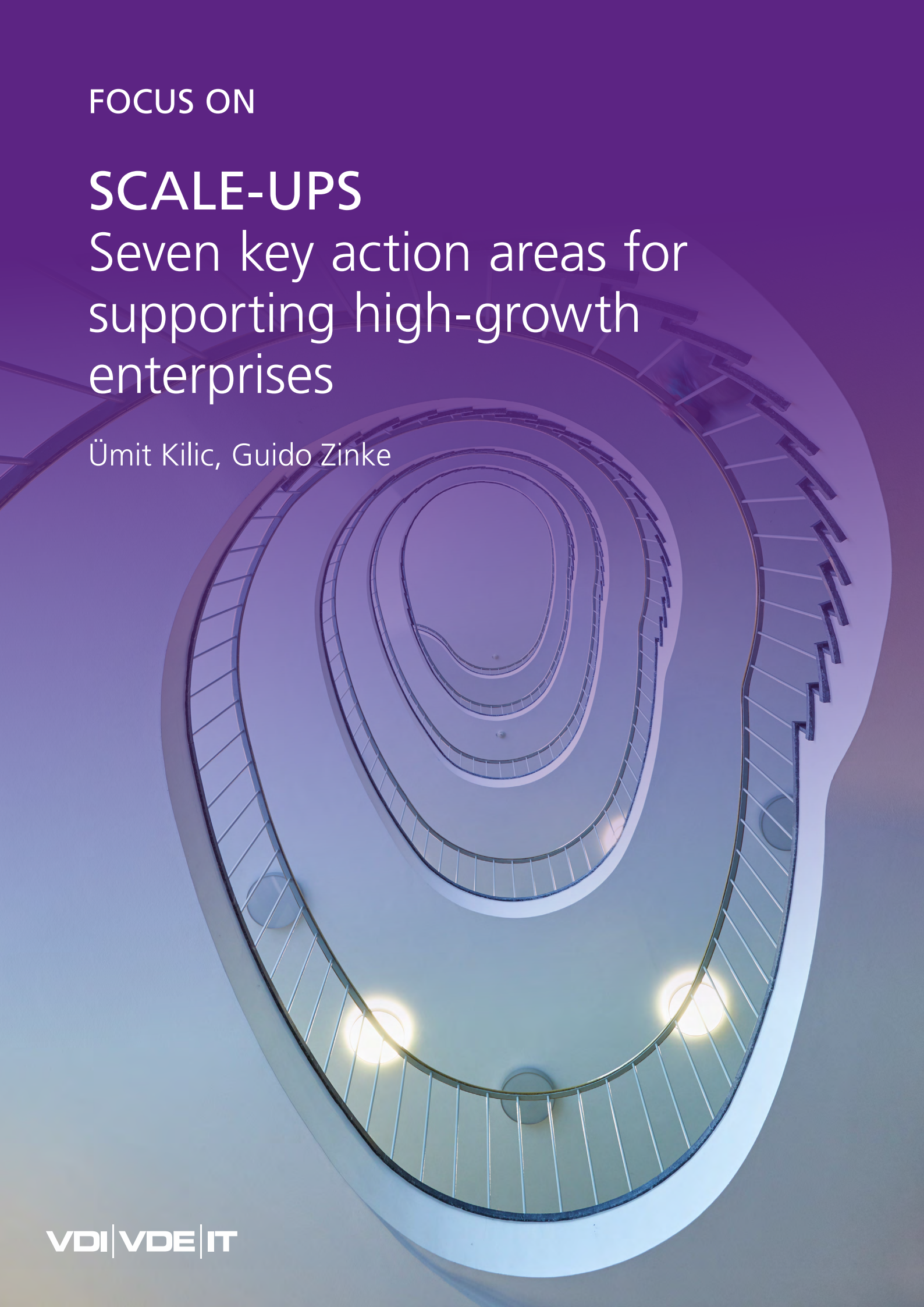


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Executive Summary:

7 key action areas at a glance

1. Establishing a definition and common understanding of scale-ups

The absence of a national definition hampers both support measures and statistical monitoring. The EU plans to introduce a consolidated scoreboard for start-up and growth companies from 2026. A transitional definition and rapid alignment with the EU standard are advisable.

2. Improving access to growth capital for scale-ups

Insufficient capital in later-stage financing rounds acts as a major brake on growth. Key levers include expanding existing instruments, advancing the European Capital Markets Union, and mobilising institutional investors.

3. Regulatory harmonisation for greater efficiency

Fragmented regulation drives up scaling costs. The EU's proposed "28th Regime" should be implemented swiftly. Advisory services for regulatory compliance, standardisation efforts, and regulatory sandboxes are further priorities

4. Attracting and retaining skilled workers and talent

Talent scarcity poses a major risk. Recommended measures include scale-up visas, fast-track procedures, leadership and HR development programmes, and tax-efficient equity participation models.

5. Expanding scale-up-specific support programmes

Best-practice models such as "Scale-up.NRW" – combining coaching, networking, internationalisation and organisational development – should be scaled up nationally and linked to existing hubs.

6. Leveraging innovation procurement

Public procurement and early pilot partnerships can be strong scaling levers. Dedicated programmes, matchmaking platforms and innovation-friendly procurement law are needed.

7. Enhancing organisational development and scale-up support

Limited scalability poses a critical risk. Measures include promoting leadership capabilities, governance and KPI-driven management, alongside building a national mentoring pool.

Situation, needs & recommendations

Dear Reader,

High-growth companies – so-called scale-ups – are crucial drivers of innovation, growth and economic dynamism. They typically demonstrate sustained employee and/or turnover growth of 20 % or more over a three-year period, built on scalable and profitable business models. Scale-ups usually combine strong technological expertise with industrial integration and an expanding international footprint.¹ They also generate substantial spillover effects across adjacent markets, industries and innovation ecosystems.²

In Germany, around 975 scale-ups can be identified with a combined annual turnover of roughly €2 billion (as of 31 July 2025).^{3,4} While this represents just 4.6 % of the country's 21,183 start-ups⁵, scale-ups account for a disproportionate share of revenues and job creation.⁶ Europe-wide, the European Commission has highlighted similar dynamics.⁷

Promoting scale-ups is therefore essential to strengthening innovation ecosystems.

This requires tackling structural barriers beyond access to capital – such as regulatory frameworks, scaling support, networking, innovation procurement, and organisational development. At present, however, gaps remain: insufficient growth capital, shortages of skilled labour, underdeveloped ecosystem functionality, a lack of tailored support measures, and the absence of a unified (at least EU-wide) definition of scale-ups.

This publication consolidates key action needs identified in current debate and research. Without claiming completeness, it aims to provide a structured impulse for policy-making and ecosystem development.

1. A scale-up definition

Germany – and indeed Europe – still lacks a unified and binding definition of scale-ups. This hampers not only monitoring and debate but also policymaking, targeted support and strategic steering.

As part of its EU start-up and scale-up strategy, the European Commission plans to establish an EU-wide definition in 2026, alongside a European scoreboard tracking key indicators such as the number of start-ups, scale-ups, centaurs and unicorns. Member States may develop complementary national definitions reflecting their economic structures, particularly in France and Germany. The likely outcome will be parallel EU and national frameworks.

We recommend a growth-oriented definition, aligned with international practice:

A scale-up is an innovative enterprise that employs at least ten full-time staff, generates an annual turnover of at least €1 million, and – based on a scalable business model – demonstrates average annual employee and/or turnover growth of over 20 % for at least three consecutive years, alongside a growing customer base.

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- 1 Sage (2025) Scaleup report 2025: Insights on unlocking the potential of Europe's startups and scale-ups. Available at: <https://www.sage.com/en-gb/company/digital-newsroom/2025/06/05/sage-unveils-insights-on-unlocking-the-potential-of-europe-s-startups-and-scale-ups/> (Accessed: 5 August 2025).
 - 2 European Commission (2023) The future of European competitiveness – A competitiveness strategy for Europe, p. 33. Available at: https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20_%20A%20competitiveness%20strategy%20for%20Europe.pdf (Accessed: 5 August 2025).
 - 3 Author's own calculation based on: Bundesverband Deutsche Startups (2024) Internationale Talente als Wachstumsfaktor [International talents as a growth factor], p. 20. Available at: https://startupverband.de/fileadmin/startupverband/mediaarchiv/research/sonstige_studien/20241118_Internationale_Talente_als_Wachstumsfaktor_2024.pdf (Accessed: 24 July 2025); Startupdetector (2025) Startup-Deutschland-Dashboard. Available at: <https://www.startup-dashboard-deutschland.de> (Accessed: 5 August 2025); Ries, E. (2011) The lean startup. New York: Crown Business.
 - 4 Author's own calculation based on revenue estimates of €1–3 million per scale-up (see Ries, 2011).
 - 5 Startupdetector (2025) Startup-Deutschland-Dashboard. Available at: <https://www.startup-dashboard-deutschland.de> (Accessed: 5 August 2025).
 - 6 Roland Berger (2024) Startups could create almost 4 million jobs in Germany by 2030. Available at: <https://www.rolandberger.com/de/Insights/Publications/Startups-k%C3%B6nnen-bis-2030-fast-4-Millionen-Jobs-in-Deutschland-schaffen.html> (Accessed: 24 July 2025).
 - 7 European Commission (2025) EU start-up and scaleup strategy. Available at: https://research-and-innovation.ec.europa.eu/strategy/strategy-research-and-innovation/jobs-and-economy/eu-startup-and-scaleup-strategy_en (Accessed: 5 August 2025).

2. More growth capital

European scale-ups face severe funding gaps in later financing rounds (Series B/C onwards). In the United States, €103 billion in venture capital is available for scale-ups, compared to just €15.9 billion in the EU⁸. This structural funding deficit is a major growth bottleneck, prompting promising ventures to relocate to more capital-rich ecosystems outside Europe.⁹

Necessary measures include:

- A coordinated European capital market strategy, complementing the EU scale-up fund, to systematically mobilise private and institutional investors.
- Establishing larger late-stage funds at national and EU levels.
- Stronger involvement of institutional investors, supported by simplified, incentive-compatible frameworks (e.g. tax relief).
- Expansion of existing German instruments such as the Zukunftsfonds, with complementary vehicles at federal and state level.
- Tax mechanisms to stimulate reinvestment of capital gains into new high-growth ventures.
- Exploring exemptions for foreign lenders providing credit to German scale-ups to reduce borrowing costs.

3. Better regulation

Over half of European scale-ups identify regulatory hurdles as a critical barrier to growth.¹⁰ Fragmented rules across Member States increase costs and slow scaling.

Necessary measures include:

- A unified scale-up definition for legislation and public support programmes.
- Consistent implementation of the EU start-up and scale-up strategy to create harmonised frameworks.
- Early adoption of the “28th Regime for Companies”¹¹ and voluntary innovation stress tests.
- Establishment of regulatory clearing houses as one-stop advisory centres (covering tax, labour law, data protection, supervision).
- Accelerated EU reforms of standardisation to reduce time-to-market.
- Strategic use of regulatory sandboxes in key sectors.

4. More skilled workers and talent

60 % of scale-ups cite talent shortages as a significant risk, particularly regarding access to international talent and retention of key staff. At the same time, 98 % plan new hires, averaging 34 additional employees per company.¹²

Necessary measures include:

- Rapid, streamlined implementation of the EU Blue Carpet Initiative, complemented by national fast-track visas.
- Competitive employee equity participation schemes (ESOP/VSOP), avoiding dry income and ensuring fair exit taxation.

8 Dealroom (2025) Accelerating Europe – Dealroom report, p. 35. Available at: <https://dealroom.co/reports/accelerating-europe> (Accessed: 15 July 2025).

9 European Commission (2023) The future of European competitiveness – A competitiveness strategy for Europe, p. 33. Available at: https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20-%20A%20competitiveness%20strategy%20for%20Europe.pdf (Accessed: 5 August 2025).

10 Sage (2025) Scaleup report 2025: Insights on unlocking the potential of Europe's startups and scale-ups. Available at: <https://www.sage.com/en-gb/company/digital-newsroom/2025/06/05/sage-unveils-insights-on-unlocking-the-potential-of-europe-s-startups-and-scale-ups/> (Accessed: 5 August 2025).

11 European Commission (2025) Startup and scaleup strategy, p. 5. Available at: https://research-and-innovation.ec.europa.eu/document/download/2f76a0df-b09b-47c2-949c-800c30e4c530_en (Accessed: 15 July 2025).

12 Bundesverband Deutsche Startups (2024) Internationale Talente als Wachstumsfaktor [International talents as a growth factor], p. 4. Available at: https://startupverband.de/fileadmin/startupverband/mediaarchiv/research/sonstige_studien/20241118_Internationale_Talente_als_Wachstumsfaktor_2024.pdf (Accessed: 24 July 2025).

- Dedicated talent programmes for deep tech scale-ups, covering visas, relocation, family reunification, and qualification recognition.
- Strategic training in HR law, leadership, and governance for scale-up executives.

5. Enhanced support programmes

Beyond financing gaps, scale-ups face challenges in internationalisation, regulatory complexity and organisational development.

Necessary measures include:

- Systematic, strategic support across EU, national and regional levels.
- Integrated programmes combining coaching, networks, market access and organisational development. The model “Scale-up.NRW” provides a strong blueprint.
- Leveraging existing start-up support infrastructures as multipliers and sectoral experts.

6. More innovation procurement

Public authorities and corporates hold strong potential as early customers for scale-ups. Venture clienting – when established firms purchase and pilot scale-up innovations – provides market access and credibility.

Necessary measures include:

- Embedding innovation-friendly criteria in procurement law.
- Scaling up innovation partnerships and innovative public procurement instruments.
- Establishing public venture client programmes at federal and state level.
- Promoting venture clienting models across the wider corporate landscape.

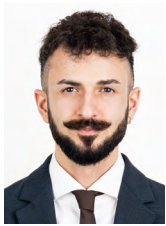
7. Stronger scale-up support

Many scale-ups are not organisationally prepared for hypergrowth: leadership gaps, weak processes, poor governance, and limited change management capacities.

Necessary measures include:

- Nationwide, non-equity-based scale-up programmes focusing on organisational development, leadership, compliance, go-to-market and internationalisation.
- Fundable advisory modules for corporate governance, sales, data and finance processes.
- A national mentoring pool of former start-up executives with exit experience and proven growth expertise.

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