Chapter 3

Transnational Acceleration of Local Startups: Portugal’s Building Global Innovators (BGI) Model

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ABSTRACT

This chapter explores the tenets and the practice of a transnational initiative to promote local entrepreneurial growth: the Building Global Innovators (BGI) model, a startup accelerator based in Lisbon (Portugal) and in Cambridge (Massachusetts, USA). We examine the pathways through which BGI’s process and global network of experts helped two successful Portuguese technology startups grow and scale very quickly – Movvo and Veniam. We combine literatures from strategic management, marketing and economic geography to explore BGI’s transnational acceleration model, which taps into global “pipelines” and distant entrepreneurial ecosystems, namely as a way to access the expertise, market opportunities and venture capital that is often unavailable in emergent and policy-sheltered local clusters. We discuss the relevance of such a transnational acceleration model for high-tech startups in peripheral economies.

INTRODUCTION

Over the last decade and a half, fostering local entrepreneurial growth has been a major policy objective in Europe. Scholars and policy makers alike agree that technology and knowledge-intensive startups are a key pillar of sustainable economic growth. Given this agreement, it is not surprising that the European Union, in its Entrepreneurship 2020 Action Plan, pushes for “decisive action to unleash Europe’s entrepreneurial potential, to remove existing obstacles and to revolutionise
the culture of entrepreneurship in Europe”. This focus on promoting entrepreneurial growth by promoting knowledge-based and high-technology ventures may seem obvious, but represents a sizable departure from traditional strategies focused on the discovery and funding of large corporations capable of undertaking ambitious research and development projects and the attraction of foreign direct investment (Acs et al., 2008). In recent years, however, several policy makers and think tanks have increasingly recognized early stage high-technology ventures as the key to unlock innovation and economic growth (Audretsch, Keilbach, & Lehmann, 2006; Samila & Sorenson, 2011).

The debate surrounding the relationship between firm size and innovation dates back to the classic work of Schumpeter (1942). Scholars have found mixed evidence regarding the effect of firm size on innovation (Acs & Audretsch, 1987; Cohen & Levin, 1989). While startups typically suffer less from bureaucratic bottlenecks and are thus quick and agile, they often lack the capital and customer access resources of larger corporations. Therefore, there is a growing recognition that successful startups cannot rely solely on internal-to-the-firm capabilities but also need to rely on their external environment (Feldman & Kogler, 2011; Getler, 2003). Consequently, location emerges as a key driver of startup success, a relationship epitomized by the concentration of successful startups in places such as Silicon Valley.

Startups located in high-performing hubs like Silicon Valley benefit from these places’ entrepreneurial spirit and from several localized features associated with “being there” (Gertler, 2003), such as access to specialized skills, infrastructure, potential clients, competitors and networks (e.g. Feldman & Kogler, 2011). The success of the “Silicon Valley model” and Michael Porter’s influential book on The Competitive Advantage of Nations (1990) sparked an influential stream of entrepreneurship policy focused on embedding startups in “clusters” and local networks of companies and other organizations, as well as on the development of incubators and technology parks. Yet, there is very little evidence that such a recipe actually works across different countries, regions and industries (Martin & Sunley, 2003; Burfitt & McNeill, 2008). In fact, most if not all of the attempts to replicate “Silicon Valley everywhere” have been failing dramatically (Hospers, 2009). In this chapter, we explore the drivers of success (and failure) of startup acceleration models in regions that lack the access to market knowledge and capital that exists in central hubs like Silicon Valley. In particular, our goal is to discuss an emerging model for high-technology entrepreneurship in peripheral European regions.

In peripheral European regions, high-tech entrepreneurship is often very incipient due to lack of sophisticated entrepreneurial ecosystems. For this reason, many authors suggest that an over-localized approach to entrepreneurship support can do more harm than good (e.g. Rodriguez-Pose & Fitjar, 2013; Vale & Carvalho, 2013). Even when local talent is available, such places typically lack access to customers and to market knowledge, and to the resources and institutions that knowledge-based ventures need to start and scale their businesses. Specifically, these regions are distant from advanced customers, business intelligence, and well-functioning innovation and venture capital institutions. Lack of access to these drivers of startup success can render localized networking ineffective in the early stages of the development of new companies and industries in peripheral regions (Todtling & Trippl, 2005). During these stages, more transnational models of business incubation, acceleration and networking are required (Gibson & Naquin 2011).

This chapter explores the experience of a particularly innovative, and successful, transnational model to foster local entrepreneurial growth: the Building Global Innovators (BGI) model. BGI is a technology transfer accelerator initiative based in Lisbon (Portugal) and in Cambridge (Mas-