

# Sifted/Reports

# The future's orange?

How the Netherlands can become a tech master



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can become a tech master

*The future's orange? How the Netherlands can become a tech master* is a Sifted Intelligence report, sponsored by Techleap, that investigates the strengths and weaknesses of the tech scene in the Netherlands. We set out some of the key trends and factors working in the country's favour, while highlighting some of the most exciting startups to keep an eye on in 2022. We talk to founders, investors and senior execs about what they prize most in Dutch tech-land — and also what they would like to urgently change. In this report you'll find tips and insights for, among others, how the country can boost investment for deeptech; recycle more money into new startups; and improve the diversity of Dutch tech teams.

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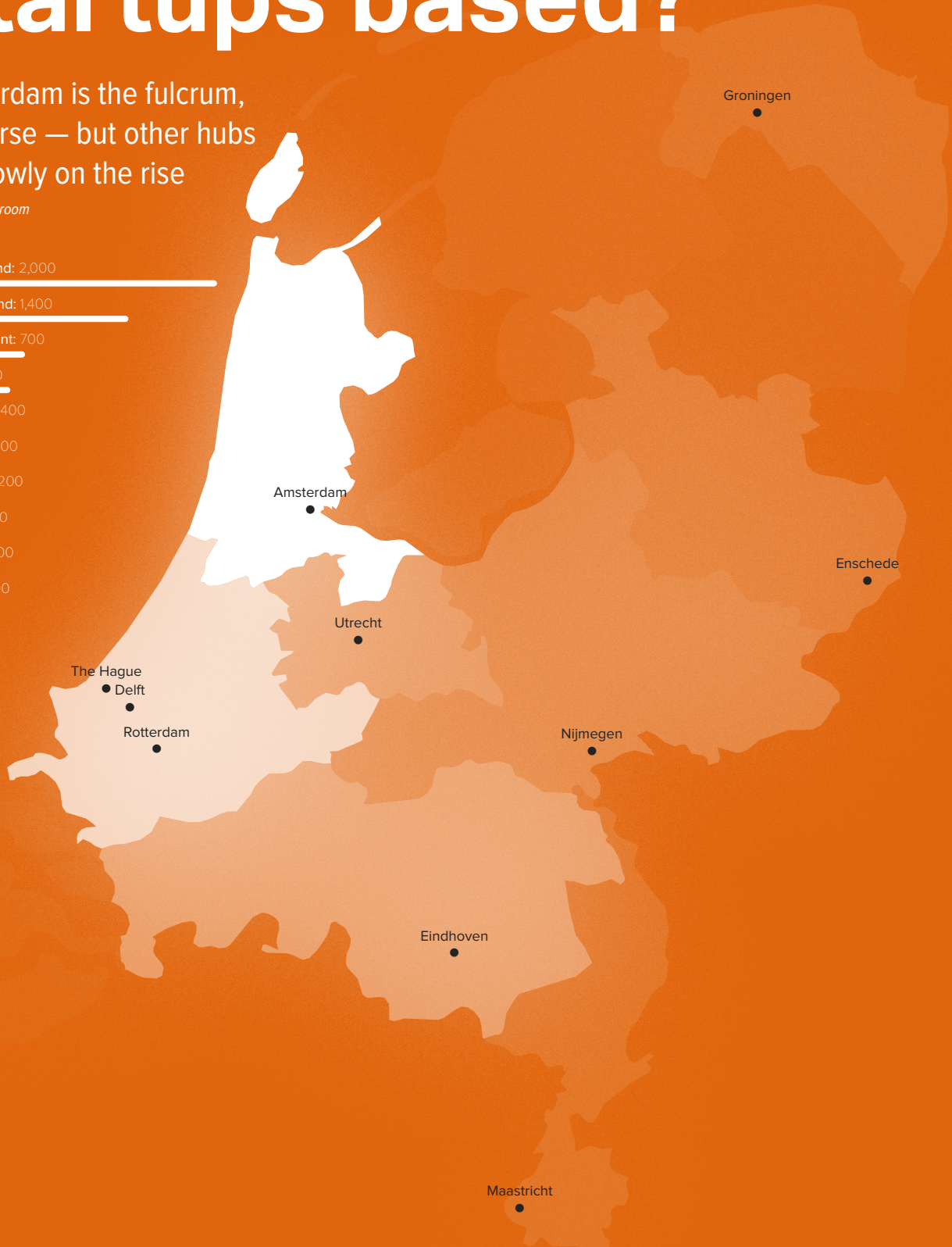
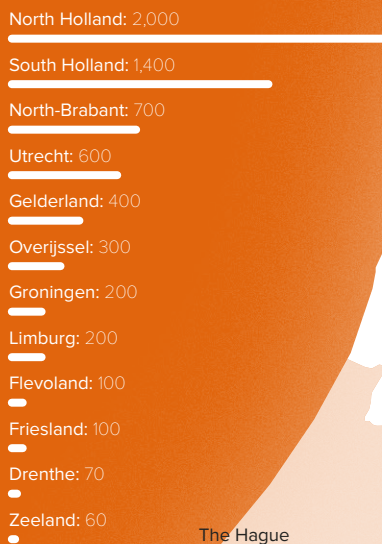
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# Where are the Dutch startups based?

Amsterdam is the fulcrum, of course — but other hubs are slowly on the rise

Source: Dealroom



# Size doesn't always matter

The Netherlands is small, but mighty, says Techleap managing director Maurice van Tilburg

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In a world facing many grand challenges we need people who think differently; who think bigger. Whether it's clean water or resilient supply chains, waste reduction or climate change, innovative solutions are in big demand. Technology has brought us this far but we still have so much to do — and we believe startups are our best hope to create a resilient future proof economy.

Every country needs to play its part. The Netherlands has leaped forward to develop flourishing tech and innovation sectors, a trend which is gradually spreading across the continent. Challenges remain in Europe, such as overregulation and market fragmentation. And if the continent wants to future proof itself and continue to solve some of the world's toughest challenges it will have to double down on startup development (especially in deeptech).

This report dives deep into the Dutch tech startup ecosystem. The Netherlands, with its 17 million inhabitants, is one of Europe's most densely populated countries. Size doesn't always matter: the Netherlands is small, but mighty. Apart from consistently ranking among the top places in the world to work and live, the country is also the fourth most competitive economy in Europe, according to the World Economic Forum. Today we count 11,000 startups, 19,000 founders, and a total of 145,000 people pushing the boundaries of our imagination. They are building hyperloops and using

new technologies to grow food sustainably and clean our oceans. They are innovative by design.

The Netherlands, with its tech scene valued at more than €300bn, is home to several impressive hubs of innovation, from Groningen to Maastricht. Startups emerge from the growing network of universities, incubators, accelerators, investors, angels, government and other market players. Our tech startups excel in industries such as life sciences, fintech, food and water. Our infrastructure, our languages and our willingness to collaborate make us one of the best connected ecosystems in the world. Little wonder, then, that Atomico's latest State of European Tech report calls us the "star" of European tech.

This past year in particular, we've witnessed a huge uplift for Dutch startups. Funding in the ecosystem has tripled — an 8% growth on 2020, with the addition of 20,000 jobs. We also see promising developments in ground breaking tech fields, such as quantum. So while we love our canals, tulip fields, windmills and our many, many bikes, we also love our Adyens, ASMLs and many other tech companies big and small changing the world around us.



# Before you begin

## A primer on Dutch tech

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**D**id you grow up listening to your favourite albums on CDs? Are you reading this on a device connected to wifi? Have you ever traded shares, or even owned a public company? If so, it's thanks to the Netherlands, which has been at the forefront of technological innovation for centuries.

But despite all these inventions, the country missed out on the tech boom for many years, with Silicon Valley enjoying the near exclusivity of churning out tech champions, while Europe, which had largely missed the boat on the rise of the data economy, was struggling to move forward.

But now tech unicorns and brands with international reach are emerging from the Netherlands, and founders are outgrowing their regional and national ambitions. Amsterdam is a scene of highly valued, cash-rich startups that are expanding at speed and trying to unseat stalwart companies in all kinds of fields. And for the first time since Philips and Booking.com, the country has produced a tech brand — payment company Mollie — with a name people outside the country will recognise.

But for all the enthusiasm and talk of Dutch tech leaders, many feel the nation should be doing much better. A sense of underachievement lingers.

Like most countries in Europe, the Netherlands hasn't truly cracked deeptech yet; the Dutch are still figuring out how to fully capitalise on their world-class engineers and scientists. There are excellent technical universities all around the country, pumping out exciting, bold ideas — but getting the money for these remains a particular challenge.

Then there's the growth hurdle: Dutch startups get to a certain size but then typically struggle to pull

themselves onto a larger stage. Meanwhile, finding enough talent to fill the fast-growing roster of tech jobs — a *clog* in the pipeline? — and figuring out how to boost diversity in what remains a fairly exclusive business scene (there are more CEOs called Peter in the Netherlands than CEOs who are women) are also among the challenges that lie ahead.

It's not all tulips and windmills, but the good news for the Dutch is that they've got their best chance in a long while to kickstart their tech golden years.

At the moment there are some 11,000 tech companies in the country, a handful of which are on their way to becoming European or global market leaders. Over 20 of them are valued, by their investors, in the billion-euro region, and one, semiconductor equipment company ASML, is arguably Europe's most successful tech output.

So where will the Dutch go next? This report analyses the state of their tech scene in 2022, zooming in on what's working and what's not.

We split our analysis into four parts: we start by exploring the distinct tech signature in the various Dutch regions and cities, before drilling into the question of what's going right for the country. We talk to founders, investors and senior execs about what they prize most in Dutch tech-land and ask them to pick out the startups we should be watching in 2022.

We'll also ask them what needs to change. In the final chapter, we present tips and insights for Dutch tech — ways it can improve the diversity of tech teams, for example, and boost investment for early-stage companies and deeptech startups more generally.

We hope you enjoy reading it.

# /Dutch tech

## Going Dutch

Where are the nation's tech hubs?





Unlike many countries that rely on just one or two tech hotspots, the Netherlands has multiple thriving startup hubs. And while the capital, Amsterdam, remains the only city to feature regularly on the lists of top European startup hubs, other Dutch cities are growing fast in both reputation and impact. "The Netherlands is kind of a unique country in the sense that it has regional players taking a very significant role in ecosystem development," says Rune Theill, CEO and cofounder of early-stage investor Rockstart. "Fintech is Amsterdam; Rotterdam is the place for ICT software; Delft is for spinoffs and Leiden for life sciences," says Robert Dingemans, CEO and cofounder of Pal-V, a company working on building flying cars.

"Increasingly the government is recognising the power of the ecosystem," says Robert-Jan Smits, president of the executive board of the Eindhoven University of Technology and a former director-general of research and innovation at the European Commission. "We see that very much in [Eindhoven] where I am, but we also see that in Wageningen, which has the best agricultural research university in the world. In Amsterdam, around services, and in the north around natural gas and the energy startup scene."

## AMSTERDAM

According to Dealroom data, North Holland, which includes the capital Amsterdam, is home to the largest pool of startup jobs in the Netherlands, though the majority of

startup jobs — 60% — are located outside of this region. More than that, different cities are becoming known for fostering different kinds of companies.

Even with the strength of regional cities, the capital remains the key hub and the place where investors, young founders and tech talent naturally gravitate towards. "There's amazing stuff happening right across the country; Amsterdam is the hub in the spokes," says Paul Veugen, founder and CEO of Detail Technologies, which helps users record and stream high-quality video. Among the key Amsterdam-based startups and tech high-rollers are old-guard companies like Booking.com, Takeaway and Adyen, as well as recent unicorns like fintech Mollie, SaaS startup MessageBird and online supermarket Picnic.







## GRONINGEN

According to a 2021 report put together by Dealroom, Techleap and CBRE, Groningen leads the Netherlands in recent tech job creation, having seen an increase of over 10% annually since 2018, which translates into more than 1,000 new startups jobs. "For its size, the Groningen area — especially the city itself — is doing really well," says Lusanne Tehupuring, programme manager at Founded in Groningen, a local community builder.

Tehupuring highlights Groningen-based startups like Parkos, Chordify and Klippa, as well as the fact that Groningen companies are now regularly featured on the annual Deloitte Fast50 list of fast-growing Dutch startups. "We have a strong digital focus, many SaaS companies," she adds. However, Tehupuring stresses that the city still needs more international capital. "We need to focus on supporting deeptech startups to transfer to scaleup stage and increase the conversion on that type of startups, and also we should focus more on international growth."

## THE HAGUE

People don't often think of The Hague when it comes to startup scenes, but that's changing fast. In SeedBlink's 2021 Global Ecosystem Report, The Hague jumped 134 spots to 123rd overall, the biggest rise for any Dutch city. The Hague now ranks second in the Netherlands (behind Amsterdam), up from fifth in 2020. In short, officials in the Hague feel they've cracked the city's tech niche.

"We're the international home of peace and justice. We have the Peace Palace, the International Court of Justice, Europol and the International Criminal Court," says Coos Santing, programme manager at ImpactCity, which supports startups and scaleups in The Hague. With 40,000 people working in the city's non-profit sector, Santing says they "can play a leading role in driving forward justice and impact tech." Notable startups include Tykn, which provides access to human rights through digital identities, Robot Care Systems, which designs

and builds personal robots for people with cognitive or motion restrictions, and Yabx, which aims to simplify financial access to underbanked populations in emerging markets like Africa, Asia and Latin America.

## EINDHOVEN

Eindhoven goes by a lot of monikers — the smartest square kilometre, the brainport. Meanwhile, according to Dealroom, the Brabant region, which includes the city, has the fourth largest pool of startup jobs in the Netherlands, with over 16,000 workers in more than 700 startups as of 2021. Locals speak with pride about the tech challenges Eindhoven-based companies are tackling. "We only want to focus on big societal challenges. We choose the hardest way," says John Bell, CEO of HighTechXL, an accelerator that takes patents from research organisations like CERN and TNO and figures out how to make businesses out of them.

Brabant is becoming well known for industrial tech startups, with over 50 industrial tech companies and scaleups and local stars like Prodrive Technologies, Smart Photonics and EFFECT Photonics. "The Netherlands [and particularly the south] has a no-nonsense culture; it's don't talk, but do. There's a can-do mentality that I really like," says Lex Hoefsloot, cofounder and CEO of solar-power car startup Lightyear. "Eindhoven might not have the canals but we do have the longest pub street [Stratumseind] in the country," he adds.

## MAASTRICHT

According to SeedBlink's 2021 Global Ecosystem Report, the Netherlands ranks third in the world when it comes to foodtech, led by startups like Mosa Meat that are developing innovative solutions to our dietary needs. "So many different components, disciplines and traditions need to come together to make cellular agriculture work," says Tim van de Rijdt, chief marketing officer at Mosa Meat, which announced major breakthroughs in its cultivated meat technology in 2021, including a method of growing animal fat that is 98% cheaper than previous efforts. "We have a rich ecosystem in biotech and food in Holland and we're bringing them all together here in Maastricht," he adds.

## DELFT

A 45-minute train trip from Amsterdam, Delft is home to startups like QphoX, a leading company in the quantum revolution, which many believe will shift economic norms across the globe. Today, the Netherlands — and Delft University specifically — is one of the largest recipients of quantum research funding from the EU. QphoX, a Delft University spinout, has raised over €8m in seed funding to date as it looks to take its technology out of the lab and into commercial applications.

"Seven years ago, I didn't have Delft on my radar," says Simon Gröblacher, QphoX's CEO, who is originally from Austria. "There were a handful of top quantum physicists

working here, but you wouldn't call it a leading quantum hub." Some key research discoveries, a lot of great hires and some canny public investment later, the perception of the city, and its main technical university, has flipped. "We now have five or six quantum companies with real potential," Gröblacher says. Other Delft-based quantum companies include Qblox, Delft Circuits and QuantWare.

## UTRECHT

Utrecht is another city on the rise, aided by startup incubators like UtrechtInc, a spinoff from Utrecht University and one of the top 10 university-linked incubators

in the world. "It's quieter than Amsterdam, but it has a couple of top, top accelerators," says Michael Musandu, cofounder of Lalaland, a B2B startup that creates AI-generated models for fashion brands and ecommerce platforms. Choosing to locate in Utrecht — rather than Amsterdam — was a "strategic choice" for Trengo, a platform allowing businesses to integrate all their communications channels into one inbox. "If we're in Amsterdam, we're competing with other scaleups for hires and funding," explains Patrick Meutzner, the company's CEO and cofounder. "So being in Utrecht, that's our USP. We can set our sights on being the best startup to work in in this city."

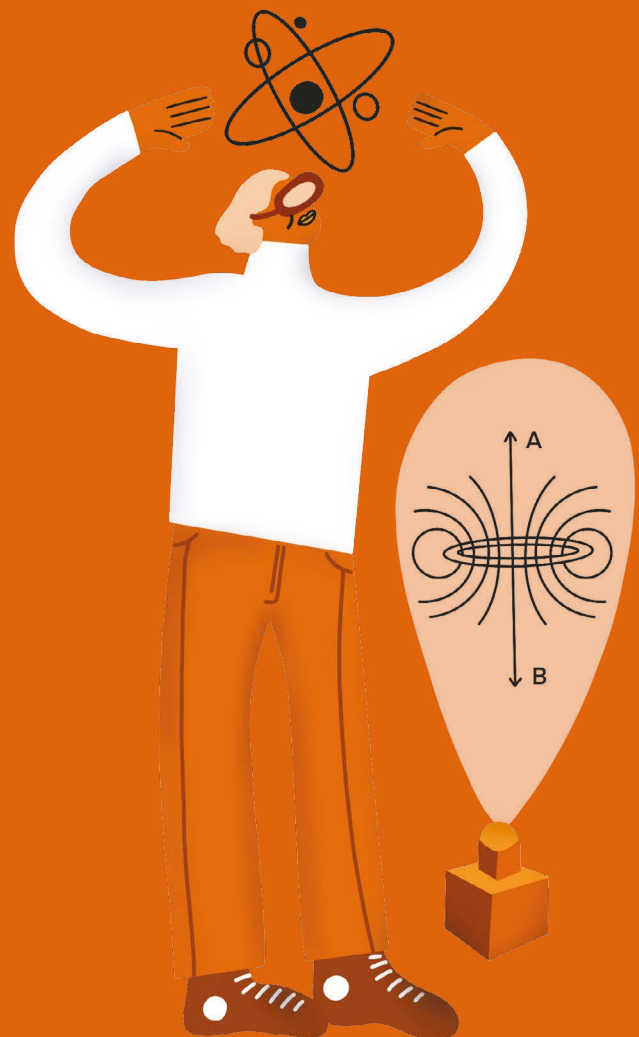


# Dutch tech

## Chapter I

# How the Dutch do tech

Exploring the components that make the country a go-to spot as well as highlighting issues holding its performance back



Is the House of Orange the new black? Atomico's 2021 State of European Tech report has the bird's-eye view of a tech-land in rude health: "The Netherlands is truly one of the stars of this year's report. It has 2.6x as many startups per 1m population as the European average (ahead of the UK, Germany and France), and is the home of European big tech, taking fourth place globally by total market cap of public tech companies (ahead of South Korea and Japan)," it says.

Some of Europe's biggest tech names — ASML, Just Eat, Adyen — call the Netherlands, with a population of just over 17m, their home; and out of the 10 largest deals raised by European tech companies in 2021, two — MessageBird and Mollie — were Dutch, which in turn has made it fifth in Europe for hosting tech unicorns (24), or startups valued at over \$1bn. A gold-rush mentality reigns. Money invested in Dutch tech is rising not only thanks to more rounds but also the growing size of rounds. The funding frenzy follows nearly two years of a pandemic when people and companies increasingly relied on tech, creating never-before-seen opportunities for startups to exploit.

There is no tech formula for a country; success can't be delivered to order. Nobody planned the Dutch

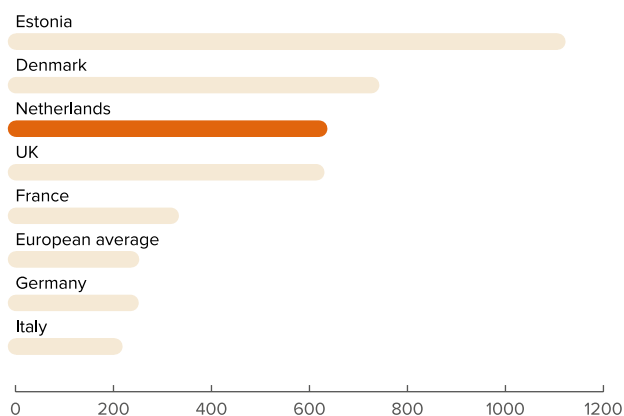
tech scene, just as nobody planned Silicon Valley. In healthy tech hubs, startups spawn other startups and the string of recent Dutch success stories has lifted hopes that more talent and capital will be recycled back into the tech arena, creating what techies call a "snowball" or "flywheel" effect. "Typically, ecosystems are built around a few big success stories," says Lourens Ruigrok, investment manager at Finch Capital, a VC firm in Amsterdam. "In Silicon Valley in the '80s, the big one was Intel." In the Netherlands, this virtuous cycle of startup reproduction has accelerated — most notably in sectors like fintech, where a few streaking Dutch comets are visible. "Here, we now have the likes of Adyen and Mollie and people from these companies are starting new things — companies like Payout, like Silverflow. It's all coming to life a bit more," Ruigrok says.

There are over 70 startups founded by former employees of just 20 Dutch jumbo-companies and homegrown unicorns in the past 10 years, according to a 2021 analysis from Dealroom and Techleap. Meanwhile, tech funding from high-net-worth individuals (assets worth at least \$1m) and family offices is on the rise, albeit slowly, according to data from NVP, the Dutch Private Equity and Venture Capital Association and Techleap.

## The Netherlands has 2.6x as many startups per 1m inhabitants as the European average

Number of startups per 1m inhabitants in 2021

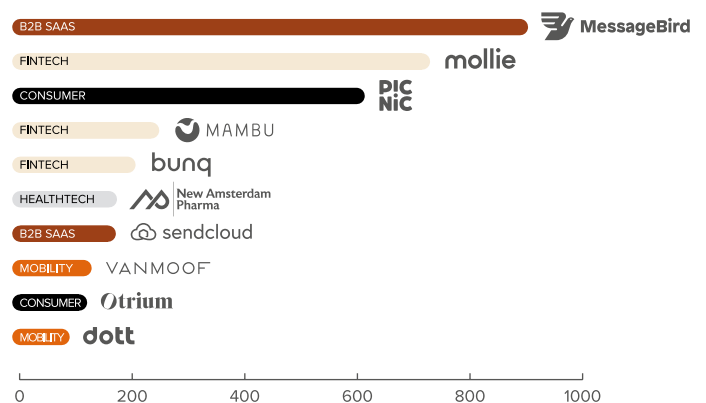
Source: State of European Tech 2021 / Dealroom



## Out of the 10 largest deals raised by European tech companies in 2021, two were Dutch

Top 10 funding round of Dutch startups by amount (€m) in 2021

Source: Dealroom







Smart Photonics

And beyond the numbers, the country has many things working in its favour. “People are very open to collaboration here without thinking ‘what’s in it for me’. The barrier of stepping into each other’s office is extremely low,” says Johan Feenstra, CEO of Smart Photonics in Eindhoven. Company hierarchy is relatively flat in the Netherlands, says Gregor Noltes, marketing lead at Aimforthemoon, an Amsterdam accelerator. “If you’re from abroad and you approach the right people, they will help you — it’s not like in Germany, for instance, where things can be very formal.”

**“Sometimes the straight-talking Dutch thing is an excuse for people to say whatever the hell they want.”**

*Betsy Lindsey, cofounder and chief financial officer at Aircision*

But if it reads like the Dutch have things all figured out, well, wait a minute: there are plenty of under-the-surface issues that come to light when you dig deeper. Take the give-it-to-you-straight mentality — a valued Dutch trait or completely the opposite, depending on who you ask. “Dutch people are known for being blunt — sometimes that’s not a good thing, but when you start a company, it means you get ‘unsugarcoated’ feedback straight away and that’s useful,” says Janneke Niessen, cofounder of CapitalT, a seed-stage VC firm. Dutch directness, it’s fair to say, isn’t for everyone. “Sometimes the straight-talking Dutch thing is an excuse for people to say whatever the hell they want,” says Betsy Lindsey, cofounder and chief financial officer at Aircision, a startup aiming to deliver high-speed internet via beams of light through the air. “Outside cultures can find it really rude,” she adds.

But when it comes to balancing life and work, the Dutch are widely perceived as masters. “They have a great balance here; much healthier than in the UK I would say. There’s not this live-to-work mentality — it seems they have better things to be doing,” says Laura Winn, a Brit who moved to the Netherlands in 2019 to run Nothing Ventured, a non-profit that offers free consultancy to female founders. But in other respects, Winn feels Dutch tech life has considerable catching up to do. “As an outsider to the Netherlands, it seemed like this incredibly progressive society. But this ecosystem is maybe 10 years behind the UK in terms of conversations around diversity,” she estimates (more on this in chapter III).

## TALENT MAGNET

Another thing the Dutch do well: it’s an easy place to set up a company. “It takes 2+ weeks to do this in the US; here it takes two days,” says Brieahan Burke, principal at Keen Venture Partners, a VC firm based in Amsterdam and London. Fantastic broadband all around the country helps. “I use my phone for everything, including paying my taxes,” Burke adds. “When I moved house it took me four minutes to update businesses with my new address. When I left the US, it took three months for everyone to stop sending my mail to the wrong address.”

Outside of the pandemic, the Dutch are generally good at bringing talent in from abroad. Reza Atlaschi,

a tech recruitment consultant in Amsterdam, has seen pre-pandemic visa processes “wrap up in one week”. Burke is one of these visa-holders. “It’s almost impossible to go the other way [to the US] and difficult to go to the UK too for that matter. It’s really reflective of the Dutch open-arms approach,” she says. Immigration, however, has been severely hampered by Covid-19 restrictions. “There’s a big delay in the government now to approve visas; it took many, many weeks to get people we really needed over here,” says Patrick Meutzner, cofounder and CEO of Trengo, a platform allowing businesses to integrate all their communications channels into one inbox.

Other than (normally good) visas, the Dutch also offer generous tax advantages to companies and high-skilled individuals. One of the biggest incentives to relocate to the Netherlands is the “30% tax ruling”, an expat discount on income for five years, explains Bakhtawar Baloch, lead talent acquisition specialist at Instapro, a website that matches homeowners with plumbers, electricians and other service professionals. Another thing everyone says the country has in its favour: English, the ultimate language of business in the western world, is king. “It’s an under-advertised strength,” Burke adds. “The level of English is outstanding,” agrees Mollie CEO Shane Happach. But, he notes, it is “not the language of contract” in the Netherlands, thus “remaining a barrier for some foreign VCs to locate in Amsterdam, as opposed to in London.”



**“ Whether it’s solar, photonics, semiconductors, quantum or the hyperloop, some of the most exciting breakthrough innovations in the world can be found in the Netherlands.”**

*Karl McGoldrick, CEO of LionVolt*

### ‘INCREDIBLY SEXY THINGS’

If Amsterdam has the software, hubs like Eindhoven and Delft have the hardware. Locals speak with pride about the tech challenges companies in these cities are tackling. “The most important thing about the Dutch: we accept out-of-the-box thinking,” says Robert Dingemans, CEO and cofounder of Pal-V, a company that has built what Dingemans calls the world’s first viable flying car — a concept that “would have been killed on the spot in many cultures — but not here,” he adds. “We’re working on some incredibly sexy things here,” adds Karl McGoldrick, CEO of battery manufacturer LionVolt. “Whether it’s solar, photonics, semiconductors, quantum or the hyperloop, some of the most exciting breakthrough innovations in the world can be found in the Netherlands.”

Uni graduates and dropouts are leading some of the country’s most dramatic, far-off tech projects, including a bid to create ultrafast hyperloop systems (steered by Hardt Hyperloop) and long-range solar-powered cars (Lightyear). “Delft and Eindhoven [universities] in particular have been very good at letting students do their own thing,” says Mars Geuze, cofounder and chief operating officer of Hardt Hyperloop. According to a 2021 report by the OECD and the European Commission, there is a high rate of new business ownership among young adults in the Netherlands (9% of the 18-30 year old population versus 2% in France). The Dutch, in general, do not report a high fear of failure, according to several studies.

One of the big selling points for Eindhoven in particular is the access young founders have to the large pool of techies who’ve previously worked for trailblazer



Fledgling Dutch companies still face considerable challenges scaling up into bigger, sustainable businesses. While the Dutch start many businesses, there isn't a strong track record of startups becoming scaleups and unicorns with large economic and societal value. Companies that get off the ground often see their growth falter, according to a joint study by Utrecht University and Techleap. For example, the Netherlands has a low startup to scaleup conversion rate in healthtech compared to other European countries — of a relatively large population of healthtech startups, only few become scaleups (29%), according to Techleap data. Could it be that there's something in the Dutch personality that is at odds with the kind of entrepreneurial drive needed to forge mega-companies? "We do undersell ourselves a lot," says Lex Hoefsloot, CEO of Lightyear, which aims to build the world's first long-range solar-powered car. "We're not as outgoing or bold in our statements as people in other countries; you don't hear people going around saying 'we're going to be the next billion-euro company'."

companies like Philips and ASML. "There's a major mentor-base here," says Lindsey of Aircision. "Hardware is not a young person's game — you need a lot of experience and knowledge to make it happen." Coming up with groundbreaking inventions is one thing — but the Dutch hit rate for turning them into successful businesses could be much better, McGoldrick adds. "We're not great at converting technology into businesses. US investors like to emphasise a company's future value in the market. We spend way too long [in the Netherlands] saying, 'first prove the tech, and only then let's put money in'."

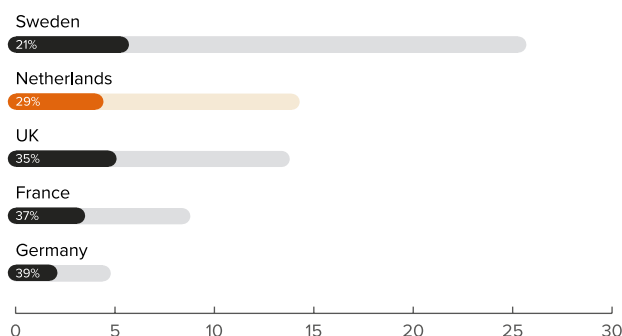
### INFLUX OF FOREIGN FUNDS

One of the big recent changes to the Dutch tech scene is the involvement of American VCs in deals, which has more than doubled in the last three years, says Thomas Mensink, startup and investment analyst at Golden Egg Check, an analytics company. About one in six deals in that time involved at least one US investor.

### Case study: despite a large number of healthtechs, only few make it from startup to scaleup

**Startup/scaleup ratio** and **number of startups per 1m inhabitants**

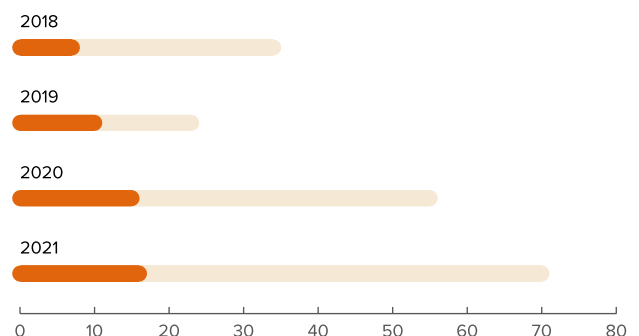
Source: Techleap



### In the last three years, the involvement of American VCs in Dutch rounds has more than doubled

**% of deals** and **% of total funding** that American VCs are involved in

Source: Golden Egg Check Insights





Americans pump more money into Dutch tech-land, but not much of this is flowing to fledgling companies. In 2021, US VCs were involved in 70% of the total invested capital in Dutch companies, but took part in only 17% of the deals. “The conclusion we draw from this is that US VCs were involved in larger [later] deals on average,” Mensink says. Indeed, US investors were responsible for 29% of total capital raised in rounds between \$50 and \$100m in Europe in 2021, versus only 5% for deals under \$2m, according to Dealroom.

This influx of foreign money is overall good news for founders, who stand to benefit from more VC competition. “Foreign investors bring the ‘thinking big’ mentality,” says Janneke Niessen of CapitalT, a seed-stage VC firm. “And for them, it’s not the question of what you can do with half the money but what you can do with twice the money.” Dutch rounds that include US VCs are much larger on average than those that don’t, according to Golden Egg Check. Dutch investors “think small,” agrees HighTechXL’s John Bell. “When you knock on the door of investors... they always try to cut back on your budget. If you go elsewhere, you’re more likely to be asked how much faster you can go if you were given more money.” Most VC funds in the Netherlands are really small, Mensink notes. Some funds are now in their fourth generation but might only be €60m-odd in size. “The majority [of funds] are below €50m. It’s a nano-VC scene compared to the US,” Mensink adds.

**“There was never the question of ‘what can this company become?’ or ‘what will it take to build a global winner?’ American [investors] are better at asking these questions, I feel.”**

*Wouter Durville, CEO and cofounder of TestGorilla*

Niessen expects the influx of (particularly) American money, and the extra competition it provides for Dutch VCs, will force everyone to sharpen their games. “Some investors here have ridiculous liquidation processes

and milestones that they impose on founders,” Niessen adds. “They can spoon-feed you to the point of neediness,” agrees Aircision’s Lindsey. “And instead of giving you that €2m you need, they want to give you smaller amounts of money and make you hit really small milestones.” Wouter Durville, CEO and cofounder of HR tech site TestGorilla, has met a handful of Dutch VCs. “We had coffee with two funds and, in general, found that they had this backward-looking, Excel-sheet approach. What I mean is, they wanted to talk about our past, but there was never the question of ‘what can this company become?’ or ‘what will it take to build a global winner?’ American [investors] are better at asking these questions, I feel.”

The Netherlands wouldn’t be the first — and won’t be the last — European country to see its tech jewels leave for the US in the hope of raising more money. Since being bought in 2005, travel site Booking.com’s profits have ultimately flowed to Connecticut, the home of Priceline.com (the parent company has gone by Booking Holdings Inc. since 2018). Another Dutch divorce saw Eindhoven-born Shapeways, a 3D printing company, listed in New York last year.





The problem here, of course, is that if more European tech is owned by non-Europeans, potential returns won't go to European investors or pensions, depriving them of future firepower to recycle into tech. Matthijs Welle, CEO of Mews, a Dutch company that makes hospitality management software, says he prefers raising money from American investors over European ones. "Europeans are not as forthcoming on valuations as Americans. [In Europe] we're hesitant to give tech companies the valuations they deserve. So our Series B fundraising was American; our Series C will come from the US again," he adds. Losing the "key enablers of our ecosystem" is a big problem for the Dutch, argues Joep Gommers, founder and CEO of cybersecurity company Eclectiq. "We need to find ways of having companies exit into Dutch companies and European companies, not to larger companies in the US, UK. We are an incubator for other ecosystems and this is not okay."

## 66 Eindhoven is great for hardware but not for hardware funding."

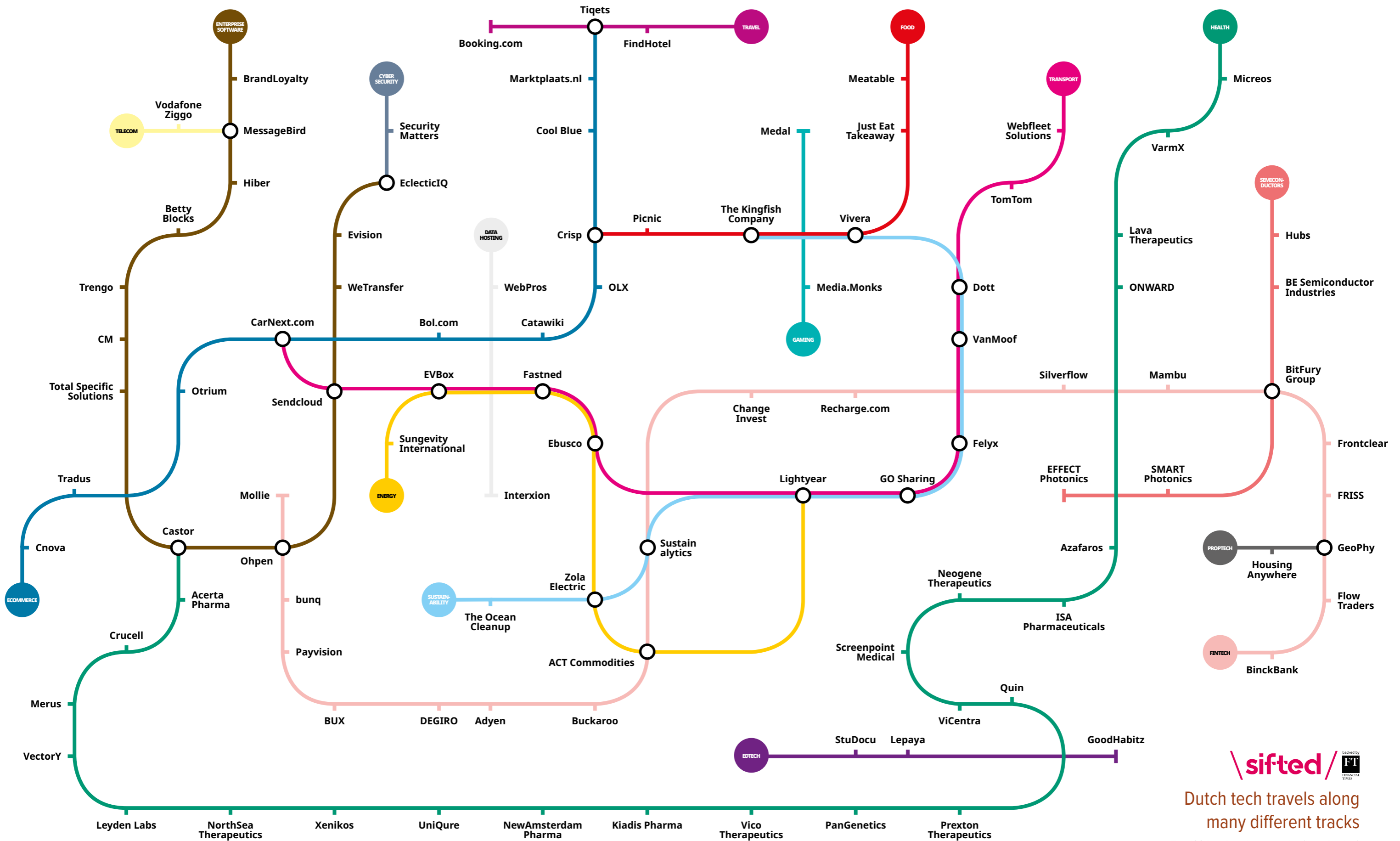
*Robert Dingemane, CEO and cofounder of Pal-V*

### WANTED: EINDHOVEN'S SAND HILL ROAD

American money is lifting the Dutch tech scene but locals still report difficulties raising money for hardware. While Eindhoven, for instance, has the mentor base and an impressive university pumping out ideas, founders say it needs more VC attention. "Eindhoven is great for hardware but not for hardware funding," says Pal-V's Robert Dingemane. He got some help from the government for his flying car but he relied on angel investors — experienced entrepreneurs who have acquired wealth through building successful companies and are willing to invest in startups long before any VC would — from nine countries to fill in the remaining investment, an effort that has taken him 10 years. "If I'm in Silicon Valley, I can go down Sand Hill Road, where all the [prominent] VCs are [gathered] together. We don't have them to the same level here," says McGoldrick of LionVolt. "You're more likely to find the VCs in Amsterdam. Maybe we just haven't generated enough excitement and success."



What investors there are in Eindhoven usually skip the more uncertain early funding stages and instead jump into later funding rounds — Series A and beyond, says Bell of HighTechXL. "There's not a lot of capital for early-stage deeptech ventures. You can try to get subsidies or other public money but it's time consuming and uncertain for startups." Medtech startups also suffer from this lack of early money (the €5m-10m range) compared with competing countries, such as the UK and Israel, according to a 2021 Techleap report (more on deeptech funding woes in chapter III). Still, it's not all bad news: LionVolt was able to raise just over \$5m for its novel battery technology in 2021. "When I went looking for the money, I was told there was no way you'd get it — the reality [in this case] was different," McGoldrick says.



**sifted** / **FT**  
 Dutch tech travels along many different tracks  
 Top 100 Dutch tech companies (by valuation)  
 Source: Dealroom

# /Dutch tech

## Chapter II

# Rising stars: investors' pick of the companies to watch

Sifted spoke to six investors to get the lowdown about the Dutch startups on their radar







**Tessa van der Geer**  
Investment analyst, Peak

Early-stage VC with a focus on SaaS and marketplace startups. Van der Geer's portfolio includes customer experience SaaS Trengo, creative content marketplace Creative Fabrica and student note sharing platform Studocu.

## carbon equity

Carbon Equity is a female-led investing platform looking to democratise private investing with a climate focus. The proposition taps into two hot trends: increasing demand for private market investing (with smaller tickets) and the wish to contribute to a more sustainable world.

Raised: **€1.2m**  
Founded: **2021**  
Last round: **Seed**  
Headquartered: **Amsterdam**

## CLOSURE

This startup is solving a real administrative pain for people in difficult times: namely, all the arrangements you need to make after a loved one passes away.

Raised: **€300k**  
Founded: **2017**  
Last round: **Seed**  
Headquartered: **Rotterdam**



**Antonin Gury-Coupier**  
Investor, Eight Roads

London-based VC with offices in China, India and Japan. Gury-Coupier's portfolio includes food and beverage ordering platform Slerp, organic product subscription startup La Fourche and AR surgery company Proximie.

## blanco

Wealth managers are struggling to maintain their margins and keep up with ever-increasing regulations. Blanco Fintech provides an all-in-one platform to automate the entire wealth management process, thereby enabling asset managers

to be compliant and improve profitability. The company has nailed its product market fit in the Benelux region and is expanding across Europe.

Raised: **€8m**  
Founded: **2015**  
Last round: **Series A**  
Headquartered: **Amsterdam**

## Founda Health

The company is building a connectivity layer between hospitals' EHRs (electronic health records) and external health applications to facilitate collaboration between systems and providers, without high setup or maintenance costs.

Raised: **€13.6m**  
Founded: **2019**  
Last round: **Seed**  
Headquartered: **Amsterdam**







**Radboud Vlaar**  
Partner, Finch Capital

*Early-stage VC firm with a focus on Europe and southeast Asia. Vlaar's portfolio includes fraud detection startup Fourthline, stock trading app Bux and industrial IoT company Hiber.*

## Orderchamp

Orderchamp is an online B2B wholesale purchasing and selling startup that revamped an outdated model and was set up by the same team behind SEOShop.

Raised: **~€19.5m**  
 Founded: **2019**  
 Last round: **Series A**  
 Headquartered: **Amsterdam**



**Christina Caljé**  
Angel investor

*Cofounder of Autheos, a video streaming company. Caljé supports underrepresented founders through angel investments and network introductions, as well as via her advisory board positions.*

## Brxs.

I love the vision and purpose driving this founding team, namely to empower a broader community to take control of their financial future and build generational wealth through accessible real estate investing. [Cofounders] Amrita Ramsaransing and Filip Nuytemans are building a platform that facilitates the purchase and trading

of shares in rental properties. They've created an opportunity for people of all income levels to be able to invest in real estate, and this speaks to me.

Raised: **~€1m**  
 Founded: **2022**  
 Last round: **n/a**  
 Headquartered: **Amsterdam**

## DEPLOY

This startup is developing software for AI explainability. I wholeheartedly agree with the underlying premise of this product, namely the absolute need for transparency and accountability in the use of AI. In order to truly unleash AI's potential, tech leaders need to predictably understand drivers and dynamics of their tech's models and frameworks.

Raised: **~€800k**  
 Founded: **2020**  
 Last round: **n/a**  
 Headquartered: **Amsterdam**



**Felice Verduyn**  
Partner, Life Sciences Partners

Healthtech focused VC, based in Amsterdam. Verduyn's portfolio includes biotech startups Egle, AM-pharma and Amolyt.

## Oncosence

Selectively enhances the ageing process in cancer cells and specifically targets them to prevent tumour progression. This two-punch approach stops cancer growth by driving cancer cells into an ageing state and consecutively clears cancer cells in that state.

We believe the concept makes sense, and with its strong scientific pedigree this is one to watch.

Raised: **n/a**  
Founded: **2018**  
Last round: **n/a**  
Headquartered: **Amsterdam**

## Ambagon

This biotech company is developing therapeutics for breast cancer by stabilising the interactions between proteins. Ambagon is using a completely novel approach for the development of drugs against cancers and is a world leader in this field. The concept is early — but very promising.

Raised: **~€92m**  
Founded: **2019**  
Last round: **Seed**  
Headquartered: **Eindhoven**



**Florentine Fokma**  
Partner, Shift Invest

Amsterdam-based fund focused on impact investments.

## foamplant

Offers a circular and biodegradable alternative to conventional foams, made in a 5,000 sq m factory in Groningen. According to the startup, 50% of all waste is foam: it's the stuff you see floating in oceans; the stuff lying around on the streets. The company aims to re-use as much foam as possible.

Raised: **€2m**  
Founded: **2021**  
Last round: **n/a**  
Headquartered: **Groningen**

## E-MAGY

Is developing a uniquely structured porous silicon material to boost battery performance. Its silicon anode material enables much higher energy density, faster charging and lower battery weight. Backed by strong test results in the last months, the company will raise a large round this year.

Raised: **€5m**  
Founded: **2013**  
Last round: **n/a**  
Headquartered: **Outside Amsterdam**



# Dutch tech

## Chapter III

# How the Dutch can do tech better

Insights and tips for improving Dutch tech from founders, investors and senior execs



**F**or all the hype and excitement around Dutch tech, founders and investors say the nation must confront a number of longstanding hurdles.

Nearly all of them start with employee stock options — the gripe that comes up in almost every conversation. And most agree: they're badly arranged in the Netherlands. In principle, the Dutch tax employees at the moment their stock is granted to them, instead of when the stock becomes tradable (or "realised"). "This is the biggest single barrier we face," says Keen Venture Partners principal Brieahan Burke. "I agree, it's the biggest problem we have here," says Michael Musandu, cofounder of Lalaland, a startup that creates AI-generated models for fashion brands and ecommerce platforms. "And we're losing hires because of it."

## “Employees are the ones who are taking the risk when they join startups; we should be rewarding that risk, not penalising it.”

*Brieahan Burke, principal at Keen Venture Partners*

"The first thing we did was move to the UK to start our business when we could have easily done it within the Netherlands," says James Woolner, cofounder of Pomelo Equity in London, citing the employee stock issue as a decisive factor. VC firm Index Ventures has compared stock option treatment across 20 European countries, plus a further four outside of Europe. The Netherlands scores in the bottom half of the ranking.

Yes, there are workarounds that avoid the heavy tax burden. But they're a "pain in the butt" for young companies to research, says Burke. "I remember my first couple of Dutch cap tables; I thought it was a mistake I was seeing with the stock options. Employees are the ones who are taking the risk when they join startups; we should be rewarding that risk, not penalising it." There had been a recent push from the Dutch government to address the issue but it has since disappeared from

the country's 2022 tax plan. "They're talking about a tweak to the system. It's tiny; I think there should be a fundamental shift. Let's catch up please," says Burke. "I find it difficult to figure out why this hasn't been fixed yet," agrees Janneke Niessen, cofounder of CapitalIT, a VC firm.

## Room for improvement: employee stock options in the Netherlands

Compared: stock option policy in nine European countries

### Plan scope

Whether all employees and company types can benefit from favourable treatment of stock options

### Strike price

Whether options can be offered at a strike price below last-round valuation, without adverse tax treatment

### Minority shareholders & bureaucracy

Whether minority shareholders make stock options unattractive to companies

### Employee tax (timing)

Whether employees are taxed when they sell shares, when they exercise or even at the point of grant

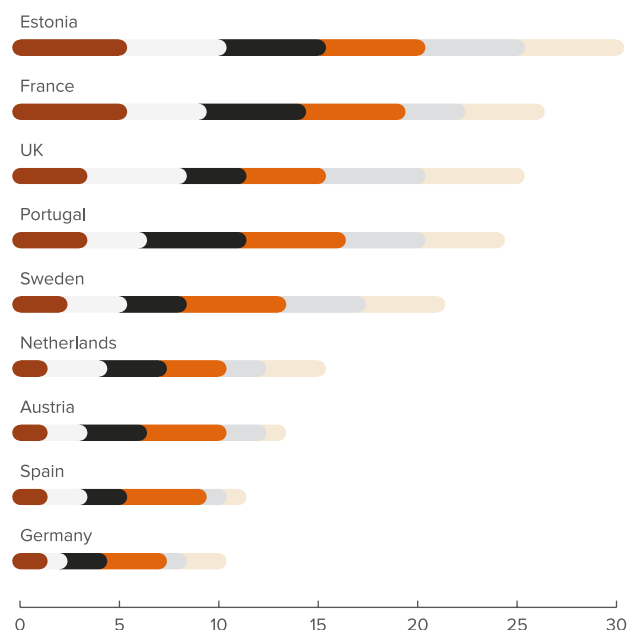
### Employee tax (rate)

Which income, capital gains, or a different rate is applied

### Employer taxation

Whether there is any financial impact for companies using stock options

Source: Not Optional





## FOR THE LOVE OF MONEY

Another general complaint heard around the country (touched on in chapter I) is that the first few million euros are particularly difficult for a startup to raise. “We looked at deals up to €1m to see what the involvement of VC funds was like,” said Thomas Mensink of Golden Egg Check, an analytics company. “We found that in 2018, 20% of these deals involved VC; but in 2021, it was only 10%.” VCs are moving up to larger investment tickets and “we don’t really see many foreign investors involved in anything before Series B or Series C,” Mensink adds.

Investor Anke Huiskes, who recently moved back to the Netherlands after spending eight years in San Francisco, has started a new VC firm — NP-Hard Ventures — to address this small-ticket problem. “We invest with tickets of around €200k in Europe and the US. There aren’t too many VC firms in the Netherlands that invest that early,” she says. There are exceptions: angel network Operator Exchange, for example, is a group that dares to back companies that exist as little more than pitch decks. “This group of early-stage VCs and angels is growing now that we’ve had a few exits and money seems to flow back into the ecosystem,” Huiskes adds.

Of course, what the Netherlands and other EU capitals also lack is a tech incubator on par with Y Combinator, the Silicon Valley boot camp that counts a string of successes (Reddit, Dropbox, Airbnb and Stripe among them). “It’s so much larger and more mature than any other incubator of its type anywhere,” says Mollie CEO Shane Happach.



## “While more VC cash is flowing, fundraising levels for deeptech still lag the UK, Germany and Israel.”

### GO DEEPER

A real bee in the Dutch bonnet is how to better exploit the country’s strength as a producer of science and engineering whizzes. While more VC cash is flowing, fundraising levels for deeptech still lag the UK, Germany and Israel. Take artificial intelligence, a fiercely competitive deeptech segment. Per capita, the Netherlands has the highest density of AI startups in the EU. But while Dutch AI startups attract 8% of all VC deals, per 2021 data, this translates to only 3% of total funding raised by Dutch startups last year, according to Techleap.

Europe needs more specialist and deep-pocketed investors in order to increase funding to novice deeptech startups, according to Lunar Ventures founding partner Elad Verbin in a Pitchbook interview. And the Dutch definitely do. “Deeptech companies are often more capital intensive — requiring expensive engineers, hardware and equipment — which requires a certain risk appetite that many Dutch investors don’t have,” says Mensink.

Sifted discovered that of the 10 most active deeptech investors — the ones that have racked up the most deeptech rounds, including follow-on rounds, in the past five years — none have an office in the Netherlands. The list of the 10 biggest deeptech funding rounds of 2021 is dominated by British, German and French companies.

“Whenever I do a round of funding, I can take out my list I made five years ago; the names haven’t changed really — and the list is not that long,” says Johan Feenstra, CEO of Smart Photonics. “It’s a needle in a haystack to find the right investor,” agrees Lightyear CEO Lex Hoefsloot. “The pockets of money for these kinds of startups are smaller, that’s the biggest problem. You can get to €10m, €20m, €30m rounds, but if you’re still pre-revenue after that, then good luck, there are no VCs that

go beyond those kinds of numbers.” In their bid to stoke more startup investment, Dutch officials could do worse than study Germany’s High-Tech Gründerfonds, a public-private VC, says Simon Gröblacher, CEO and cofounder of QphoX, a quantum startup in Delft.

The equivalent Dutch investment vehicle, Invest-NL, “is a step in the right direction”, according to Mars Geuze, cofounder and chief operating officer of Hardt Hyperloop. “They are designed to be the body to bridge the funding gap. It’s a difficult role to take, to invest public funding in revolutionary projects while under a lot of scrutiny.” Geuze’s company has already tapped innovation funding from the European Commission. “It was huge and you saw interest in us shoot up. Invest-NL has the potential to be the Dutch answer to stimulating similar growth,” Geuze says. In a statement, Invest-NL says it has built a portfolio of “more than €450m” and expects to create a €250m deeptech fund later this year to target “unproven, high-tech technologies”.

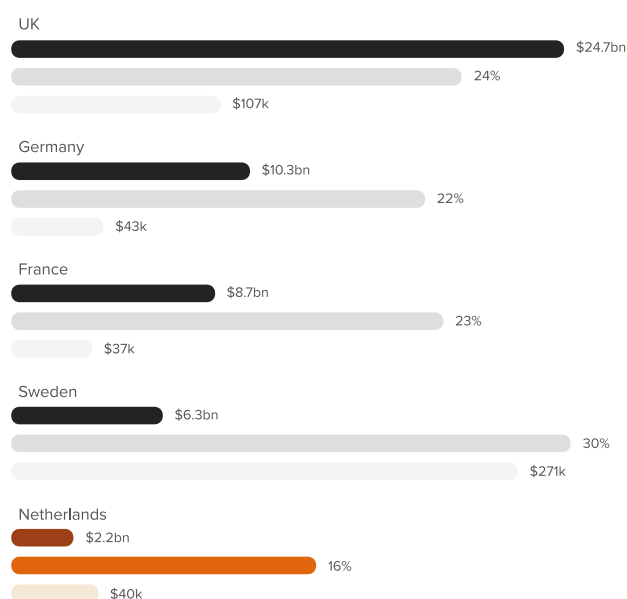
One investor who has been around Dutch deeptech companies for many years disagrees that there’s a serious funding problem. “I have a feeling that in many instances quite a lot of crappy and hyped [deeptech] startups — the ones that participate in all this startup theatre and fly from Helsinki to Austin, Las Vegas to Lisbon — are actually being funded thanks to the current abundance of capital,” this longtime (anonymous) investor says. According to Atomico’s State of European Tech report, European deeptech companies raised \$20bn in the first nine months of 2021, more than double their total investment in 2020. “I believe that many will lose their shirts but a couple of great deeptech startups will actually become the ASMLs of tomorrow,” the investor adds.

Mensink believes there are a handful of standout VC firms that will, in time, nurture the Dutch deeptech scene. “[Amsterdam-based] LSP is one of the largest European VCs for biotech; Innovation Industries is a large — and now mainly Dutch-focused — hi-tech VC and there are some more smaller and newer deeptech funds as well, including Curiosity fund, worth €50m, and FORWARD.one,” he says. One practical thing government and Dutch universities can do, in the short term, is facilitate more investor networking meetings, says QphoX’s Gröblacher. “Introductions to the right people make such a big difference,” he says.

## The Netherlands is lagging behind its peers in deeptech funding

VC funding into deeptech startups per country, as a share of total funding and per capita, 2015-2021

Source: Dealroom



### UNIVERSITIES: DON'T BE GREEDY

Deeptech companies — many of which emerge from universities — would benefit from having better advice at the very beginning of their journeys, according to multiple investors and founders. To start with, it takes too long to disentangle spinouts from Dutch universities, says Ton van 't Noordende, investor-in-residence at QuantumDeltaNL, a state programme backing quantum tech. A standard intellectual property model shared among universities “is the first change I’d like to see,” he says.

The next problem for spinouts is that they risk meeting investors who tie them to “an insane term sheet” — one that involves giving away too much equity, he adds. “This can be the starting point of the whole problem with deeptechs. Local investors or accelerators — usually with the best effort in mind — can sometimes provide the wrong advice or solutions to young companies.” Institutions can also levy revenue royalties, adding further complications for spinouts. “There’s an

information asymmetry here; a lack of knowledge for founders about how to play that game,” van 't Noordende says. Getting the right sort of angel investor [as opposed to the “scavenger” kind] more engaged in Dutch deeptech hubs would also be highly beneficial, he adds. “Adyen, Mollie, Otrium — these companies have been able to prosper because they have the advantage of access to an experienced angel community,” he notes.

Only a few universities, almost all of them in the US and the UK, have a consistent record of spinning out successful companies and being amply rewarded as a result. If Dutch universities want to remain world-class, they should have a closer look at these precedents and take a very different approach from their current one, founders argue. “It is hard to spin out in the Netherlands in a way that leaves your company in a position where you’re attractive to investors,” says Tim van de Rijdt, chief marketing officer at Mosa Meat, a food tech company in Maastricht. Big successful spinouts remain a rarity: of the 24 Dutch unicorns, none emerged from academia. “There’s another way here; we could learn from other successful models,” van de Rijdt adds.

## 66 It is hard to spin out in the Netherlands in a way that leaves your company in a position where you’re attractive to investors.”

*Tim van de Rijdt, chief marketing officer at Mosa Meat*

“The spinout process felt difficult to me,” says James Woolner, a New Zealander who previously worked for Dab, a biotech company and TU Delft spinout. Woolner said the university wanted too big a stake in the company initially, which frightened investors off. “You stifle innovation if you take too big a share without contributing enough capital,” Woolner explains. Institutions taking 20% to 50% equity stakes in a spinout is not uncommon in the Netherlands, “which is a good way to kill a startup before it even goes out the door,” according to Stef van Grieken, cofounder at Cradle, a biotech company — Stanford University, by contrast, usually takes 3-6% equity in spinouts. “It’s really sad to

read the investor decks of academic startups with great potential, knowing they’re gonna go under in a few years, simply because they’re being strangled by the terms of their own universities,” he adds. Sifted contacted several Dutch universities to ask about spinout arrangements. A spokeswoman for TU Eindhoven said “every case is customised” and depends on a number of factors, including patent cost and the question of whether the founder will stay at the university part or full time. Van Grieken calls for university reform, noting that of the 250 fastest growing companies in the Netherlands last year, only 2% (five startups) are university-backed. “We’ve built walls made of reinforced concrete between academia and the startup world, which is incredibly sad,” he says. For his new company, Cradle, van Grieken says he really wanted to hire a Dutch professor to come on board as an adviser but was defeated by the “layers of bureaucracy involved. So we ended up having to get two American professors instead,” he says.

Other founders, it should be noted, report they’re perfectly happy with their spinout story. “In our case, the hard part was convincing the university that [spinning out] was a good idea; there’s a little bit of inertia at the beginning,” says Gröblacher on the experience of spinning his quantum company (QphoX) out of TU Delft. “Once they understood things, they came on board and played it all by the book.”



© Mosa Meat team



## PENSION MONEY MISSING

While deeptech companies report funding woes, there's one big money stash everyone wants to get at: pension funds. Tech may be growing faster than any other industry — but the money managers are not getting in on the action in a big way. As a general rule, the retirement accounts of millions of Europeans tend to swerve riskier private stocks from startups. The Netherlands is the largest pension market in the world as a percentage of GDP and Europe's second-largest after the UK by total assets. "But they don't invest in the VC asset class, period. We're missing multibillion-euro injections as a result when it could be such a win/win," says Burke of Keen Venture Partners. It's not just the Netherlands: trying to get pension funds to invest in tech is a Europe-wide problem. According to the latest State of European Tech report, pension funds allocate 19x more money to buyout funds than to VCs; sovereign wealth funds, meanwhile, allocate \$49 to buyout funds for every \$1 to VC.

VC, government and family offices remain the most important honeypots for European tech. Pension funds represented less than 15% and 5% of European and Dutch VC fundraising in 2020 respectively. But within Europe, regional differences are evident: the Nordics see the highest share of funds raised from pension funds. In fact, Nordic VCs raise a greater share of their funds from pension funds than from any other investor, particularly

in Sweden. In the Netherlands, however, pension funds invest in tech considerably less. Dutch VCs only raised €220m from pension funds between 2016 and the middle of 2021 — around 0.01% of total Dutch pension assets, according to a joint report from the Dutch Private Equity and Venture Capital Association and Techleap. Were Dutch and European pension funds to allocate the equivalent of 20% of their pots to VC, this would be an additional €4bn a year, the report adds.

**“ [Money managers] don't invest in the VC asset class, period. We're missing multibillion-euro injections as a result when it could be such a win/win.”**

*Briehan Burke, principal at Keen Venture Partners*

## TALENT SQUEEZE — A 'DAM SHAME

The nation's tech sector has become a wellspring of jobs: there are over 145,000, which is 25,000 net new jobs compared to pre-Covid levels, according to Dealroom and Techleap. However, tech's rapid climb during the pandemic has left companies struggling to fill vacancies. According to recruitment site Indeed, "hard to fill" tech jobs are those that are left unfilled for more than 60 days. By this metric, the job scene is "particularly challenging" in the Netherlands, where 56% of tech jobs are deemed hard to fill. By contrast, the equivalent metric in the UK is 37%, according to the latest State of European Tech report. "Recruitment has been one of the biggest bottlenecks for us," says Lightyear CEO Lex Hoefsloot. "Hiring and retaining talent is difficult," confirms Kathryn Saducas, cofounder and chief operating officer of swap-studio, an online fashion marketplace. "The big companies — the Amazons, the Googles, the Mollies — absorb a lot of talent."

"It's true, it's tough," says Karl McGoldrick, CEO of LionVolt. "The negative side effect of having hugely successful companies around you — like ASML — is that they attract the best people and offer very good



terms and conditions. At the moment we attract highly technical people to Eindhoven — but we need much more than that, we need really strong ‘scaleup people.’”

“Saying it’s really difficult to find talent is an understatement. Demand for tech has gone totally crazy,” says Reza Atlaschi, a tech recruitment consultant in Amsterdam who’s declining several client offers per week. “The pond where everyone has been fishing has dried up. There’s no fish — there’s no water even — and more people coming with fishing rods hasn’t helped.” The shortage is “for us literally killing,” said Joep Gommers, founder and CEO of Eclectiq, a cybersecurity company in Amsterdam. “We need aggressive action here on housing, education, expat incentives and [focus on] keeping leadership and high potential [people] in the Netherlands.”

## “The pond where everyone has been fishing has dried up. There’s no fish — there’s no water even — and more people coming with fishing rods hasn’t helped.”

*Reza Atlaschi, tech recruitment consultant*

“We’re seeing all kinds of salary thresholds becoming a thing of the past,” Atlaschi adds. The median salary for a software engineer with seven years’ experience is €60k in Amsterdam — still lower than equivalent pay in Berlin, London, Hamburg and Munich but higher than Paris and Brussels, according to the 2021 Talent.io salary report.

But recruiters have seen even larger salaries paid in the Netherlands recently. A senior backend developer was already earning around €65k pre-Covid — and now the same person could be earning €75k-80k, says Bakhtawar Baloch, lead talent acquisition specialist at Instapro. “Every good candidate for a role like this has five other offers,” he says. Senior packages at travel website Booking.com have gone up by 50% from around €100k in 2016 to €150k+ in 2021, according to Gergely Orosz, author of the Pragmatic Engineer newsletter.

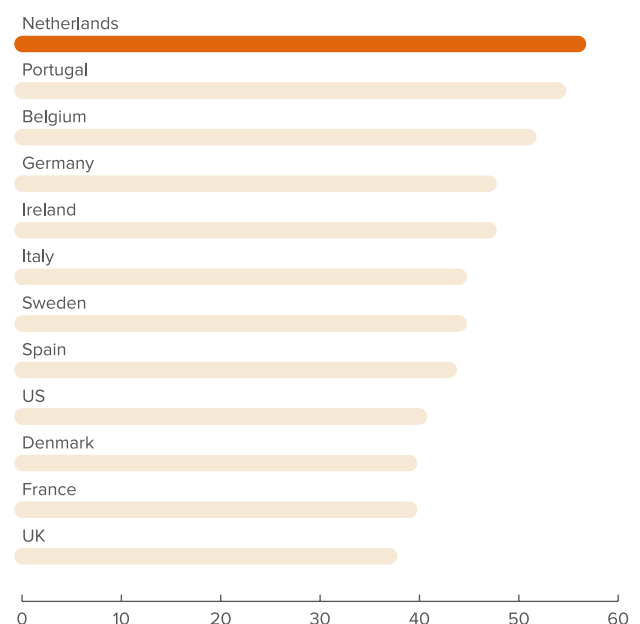
The pandemic has been a major boost for high-paying senior tech roles, Orosz explains in his blog, partly because big US companies — which can offer giant pay packets to technical staff — have started to hire for permanent remote positions in Europe. “A growing number of EU software engineers are considering or have moved back to Europe. And more US companies realise they can hire cheap but world-class software engineers in Europe,” Orosz said.

Can anything be done to ease the talent shortage? Make it as easy as possible to hire remote workers in far-flung parts of the world, be it India or Indonesia, Atlaschi says. It’s this remote-first approach that eased the struggle for talent at online fashion outlet Otrium, says co-CEO and cofounder Milan Daniels. “I don’t really care where people live so long as they come together in our online town halls. Our VP of engineering is in Egypt; our chief people officer is in Berlin; our president, the US,” he says. Back in the Netherlands, Atlaschi is hoping face-to-face events get going again immediately. “Covid squeezed the most valuable channel for people wanting to change jobs: tech events,” the recruiter adds.

## The Netherlands recorded the greatest share of hard-to-fill tech jobs last year

% of tech jobs that are hard to fill as of October 2021 by country

*Source: State of European tech report 2021 / Indeed*



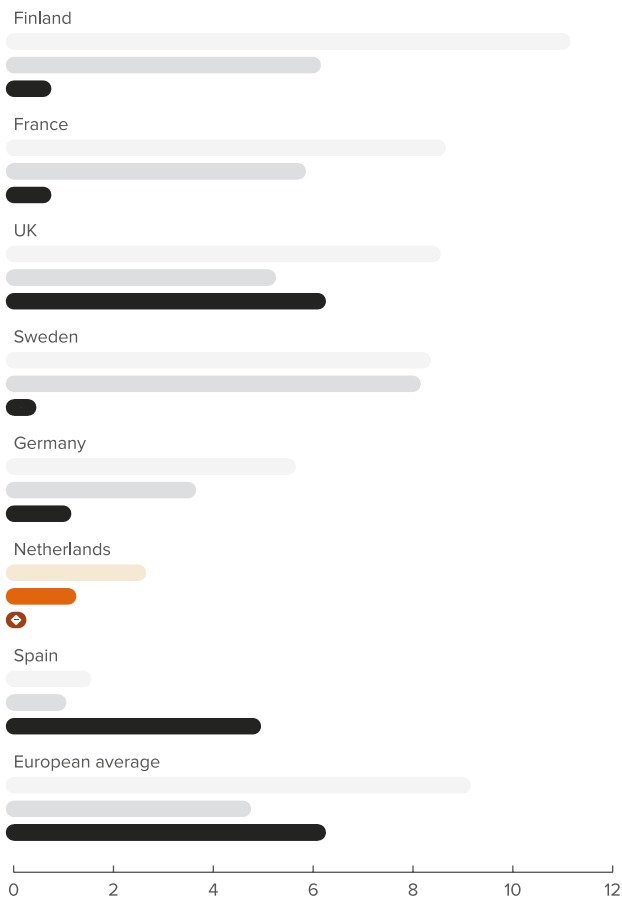
## MIND THE GENDER GAP

Meanwhile, progress on boosting female participation in tech is barely visible, founders and investors say. "It's woeful how few women there are," says swap-studio's Saducas. "It's our fastest-growing industry and yet within tech only [around] 15% are women. You hardly ever see any women in the senior layers." The numbers paint a stark picture across Europe. Female-founded startups raised just 1% of funds in Europe in 2021 — even less than the 2.4% of funding that went to all-female founding teams in 2020. All-women tech teams are also drawing in below-average sums of money in the Netherlands.

## All-women tech teams are drawing in below-average sums of money in the Netherlands

% of capital raised by all-women teams in 2021 per country for <\$5m rounds , <\$10m rounds and total capital

Source: State of European Tech 2021 / Dealroom



One of the reasons for low funding for female-led ventures that many point to is the lack of women leading VC firms in Europe — just 12% of general partners and managing directors at European firms are female. Over the last decade, the proportion of women partners categorised as key decision makers in Dutch VC firms has actually declined from 10% to 6%, according to fundright, a programme led by Dutch VCs and Techleap that is focused on improving gender equality in the male-dominated industry. The group's goal is for all participating VC firms and the management teams of their portfolio companies to include 35% women by 2023 — 87% of VC firms in the Netherlands have zero women investors. For now, the typical profile of a Dutch investor is a man with a finance background. "It is taking [a long] time for women to move up the ladder," says Ruigrok of Finch Capital. "It doesn't change the culture when you hire an analyst or an associate [junior/mid level roles in VC firms]. A steady drumbeat of bad numbers on equality has pushed his firm and others to action. "We've had many searches for more senior women, though finding candidates with the right experience can be quite tough," he adds.

**“You’re doing something wrong if you’re not finding female-founded companies to back.”**

Rixt Herklots, managing director of Una Collective

The other argument you hear for the dismal numbers of VC-backed, female-led companies: a "pipeline problem", meaning there are fewer female-funded companies out there to back. "Total bullshit, I can't believe people would say that," argues Rixt Herklots, managing director of Una Collective, a consultancy that works with tech companies on diversity. "You're doing something wrong if you're not finding female-founded companies to back." Since 2005, female involvement in early-stage entrepreneurial activity has grown from about 2% to 8% of the 18-64 year old population, according to a joint report from Utrecht University and Techleap. And yet, at the same time it's true that the number of women in STEM [science, technology, engineering and mathematics] education in the Netherlands is low compared to peer countries. "There's a lot of male physicists around me here in Eindhoven," says

Aircision's Lindsey. "It's still a very male-dominated line of study — we need to send more women into STEM [subjects]."

The equality issue is also bigger than the Netherlands, says Simone Brummelhuis, director and partner at Borski Fund in Amsterdam — named after Johanna Borski, an influential female banker from the 19th century. "It starts from the top, with 'gender-lens' policies in the EIF [European Investment Fund], government, pension funds and other LPs [limited partners]," Brummelhuis says. Her general advice for Dutch policymakers: "Don't look to Silicon Valley for everything. We don't want their gender problem. It would be much better if we copied Boston, which is much better on gender — and our ecosystem resembles Boston much more anyway in the type of businesses we have." Michael Musandu, cofounder of fashion site Lalaland, says startups need to keep internal metrics "to hold yourself accountable" for equality. "We work hard on inclusivity. There's things you can do: changing your email signature to add pronouns or keeping job positions open longer if you're only getting male candidates."



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**“Don't look to Silicon Valley for everything. We don't want their gender problem. It would be much better if we copied Boston, which is much better on gender.”**

*Simone Brummelhuis, director and partner at Borski Fund*

"There's more than enough amazing talent in the market so I think it boils down to unconscious biases," argues Veugen. "How often do I hear people say 'guys' when they talk about entrepreneurs? If you write your job description in a certain way, for example, you can reach the candidates you are seeking. We have this sense that we have equal opportunities in the Netherlands but it's easy to be lazy about that. And the equal opportunities argument — it's actually not true. We can always do better," he adds.

To boost inclusiveness, one potentially quick win is to lower ticket prices for tech events, argues Nothing Ventured's Laura Winn. "They create a barrier to entry. People talk about inclusive spaces, but as soon as you start charging, you're creating exclusive spaces," she says. Another idea to boost female visibility in Dutch tech: create a formal pathway onto corporate boards. "[Dutch companies] would benefit from having more diversity on boards but I've found it difficult to find ones that I can join," says Saducas of swap-studio. "In Australia and the UK, for example, you have quite formalised processes that put you in a pipeline."

## CHILDCARE COSTS — AN AREA TO LOOK AT

Another issue, some say, keeping more women from entering Dutch tech is that the balance of caring for children falls unequally on women. "We're number one in Europe by far for our part-time work," said Saducas. "There is a bit of an old-fashioned culture here; if you are a woman, you are likely the one to stay at home with the kids." She feels the government is not doing enough to encourage and support a return to the workforce — and that the "enormous" cost of childcare is one thing

that could be looked at more closely. According to the OECD, “gross childcare fees” range from less than 5% in Austria and Germany, where parents living in the capitals benefit from free public childcare, to more than 80% of median earnings of women in the Netherlands (and the UK), where the market is dominated by private providers and there are no fee regulations. “It is often cheaper for one parent to work one day less in the week instead of paying for an extra day of childcare,” says Herloets of Una Collective. The system is “awfully off-balance”, agrees Ruigrok of Finch Capital. “Childcare is very expensive and we’re very much geared towards part time work. This is more of a societal problem and how we perceive the role of women post-motherhood; that’s the biggest issue.”

Saducas says she wants to hire more women but “I find it difficult because the pool of women in full-time work is smaller. I’d like to see a higher return to the workforce for women after childbirth.” Parental leave, meanwhile, is changing in the Netherlands. From August this year, a parent will be able to go on paid parental leave for nine weeks — but they face an income reduction of 30-50% during the course of this leave. Some tech figures call on the government to improve paternity leave conditions further. “It’s an elitist policy: I can afford to take 50-70% from my pay — but who else can afford it? We can do even better here,” says Detail Technologies’ Paul Veugen.

## IN SEARCH OF THE DUTCH MACRON

“Why can’t we do what the French are doing?” It’s a question you hear increasingly from Dutch founders, who are looking enviously at recent tech initiatives in their EU neighbour. President Emmanuel Macron assumed office in 2017 promising to inject new life into French tech. Many feel his efforts are being rewarded. “Macron appears at loads of tech conferences and surrounds himself with tech people and founders. It has an important signalling effect to the whole ecosystem,” says Burke of Keen Venture Partners. Hence, her recommendation: the Dutch government should make a bigger fuss of entrepreneurs. “And it’s not just what we see in France: entrepreneurs get invited to events in the White House and 10 Downing Street all the time,” Burke adds. “The only conclusion I can come to: tech is not prioritised by the government here in the same way as it is in other countries.”

**“Macron appears at loads of tech conferences and surrounds himself with tech people and founders. It has an important signalling effect to the whole ecosystem.”**

*Brihan Burke, principal at Keen Venture Partners*

There’s scope, as well, to improve business conditions in the country. The Dutch visa regime for example, while generally well-regarded by techies who’ve re-settled in the country, is not as effortless as similar processes in place in Denmark and Estonia, according to Nanoglobals, a consultancy. The French — yes, them again — recently introduced a new tech visa, which is unique in mainland Europe for offering a fast-track service for three groups: workers, founders and investors.

Another area where France has stolen a march on the Netherlands: modernising the route into the tech job force. “Our education system is generally good but not when it comes to tech,” argues CapitalIT’s Niessen.





The Dutch have a programming school, Codam — a subsidiary of France's teacher-less coding school École 42, established in 2013 — that's really taking off. "But it's unaccredited and this has an impact on the loans and subsidies students can get to join the school," she explains. "We're too slow when it comes to adopting new types of school systems. It's really stupid. If you look at the shortage of people for tech jobs, I just don't get it." Advocates of coding schools argue that they empower would-be entrepreneurs — especially marginalised youths who have fallen away from the national education system. "It's important that the government understands that only by acknowledging our students as "students", we can actually reach the socially disadvantaged groups and give them a chance to embark on the tech world," says Codam founder Corinne Vigreux, who is one of the cofounders of legendary satnav company TomTom. "If you didn't go through the traditional degree or master's route, you're unlikely to succeed in our tech world," adds Ruigrok of Finch Capital. "We're a bit rigid and old school here."

**“We're too slow when it comes to adopting new types of school systems. It's really stupid. If you look at the shortage of people for tech jobs, I just don't get it.”**

*Janneke Niessen, cofounder of CapitalT*

## IN SEARCH OF ANGELS

And finally, a general request to the successful founders from the up-and-comers: pay it forward. "Whenever tech entrepreneurs make their exits in the States, they give back; they like to support the ecosystem. This mentality really lags in the Netherlands," argues Bas Rieter, head of operations at the Dutch Founders Fund. Most important of all for the tech scene, he says, is that the country fosters a significant population of angels. "Most of the time with angels, what they do is they hire an asset manager who buys some property or puts money in a PE [private equity] fund. It's super weird because they



Codam

[the angels] themselves know what it takes to start a company. You have to respect the hustle."

The relatively recent appearance of angel networks like Operator Exchange — a syndicate of wealthy individuals who previously or still work at top Dutch and American companies — is a start, Rieter adds. "But again in the States you have all these densely populated angel communities. I don't know where the Dutch angels are. Such a shame and a waste of knowledge that they aren't more involved."

And what would really help foster this angel base, many say, are better incentives, such as the investor tax relief that exists in Sweden, France and Germany. In the UK — via the Enterprise Investment Scheme (EIS), which offers up to 30% tax relief — and the US — the Qualified Small Business Stock Exemption — governments specifically encourage re-investing the gains of previous success through their tax laws. "Here's the number one thing I miss about living in the UK: the EIS, it's amazing for founders," says Mollie's Happach.

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This report was written by **ÉANNA KELLY**, **KIT GILLET** and **KAI NICOL-SCHWARZ**, edited by **GEORGINA USTIK**, sub-edited by **ALEX OSCROFT**, designed by **GAÉTAN NIVON**, illustrated by **DESSY BAEVA**, charted by **AMELIE BAHR** and produced by **CHRIS SISSERIAN**. Additional photography provided by Alexander Bagno, Rutger Heijmerikx, Ethan Hu and Maurice Smeets under CC license.

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