



Overcoming Scaling Barriers for Dutch Impact Startups.

An Agrifood Case Study: Fastlane

Contents

00.

A bit about this research

p. 3

01. Preface

Why it's crucial that Dutch impact startups scale

p. 5

02. Urgency

Why Dutch impact startups struggle to scale

p. 9

03. Case

A case study on scaling for agrifood businesses

p. 14

04. Fastlane

A new way to help impact-driven startups scale: Fastlane

p. 23

05. Conclusions

What did we learn about scaling Dutch impact startups?

p. 30

A bit about this research

A world-class startup ecosystem

Did you know that The Netherlands ranks among the top 10 European countries in startups per capita? This thriving startup ecosystem is great news, yet Dutch startups face challenges when transitioning into the scaleup phase. Especially impact startups, companies whose business is to solve a major societal problem, face obstacles when they are about to scale. We call this the pre-scaling phase where they are often developing a new market. Impact companies with a strong technology component have an extra challenge as they are capital-intensive and have a longer time to launch their product compared to more traditional software startups.

Many of these companies find themselves stuck in the pre-scaling phase, a critical stage where they must establish a robust and scalable foundation in areas such as commerce, finance, and organization before they can experience rapid growth. Unfortunately, this crucial pre-scaling phase often goes unnoticed by startups, mentoring programs, and investors. This is troubling given these impact startups are instrumental in fuelling sustainable innovation and driving transitions. This research outlines the challenges these companies face and zooms in on how these can be tackled, which we illustrate by a case study of the Fastlane program.

Get into the Fastlane to scale in agrifood

The Netherlands has one of the most developed agrifood ecosystems, but we see the same challenges for startups that struggle to scale. To change this, Invest-NL and FoodValley NL have launched a multidisciplinary program called Fastlane. This program prepares impact-driven companies for scaling. Whilst it is currently focused on the agrifood sector, it has shown to be a successful model that can be replicated to other sectors.

Good research starts with objectivity

We have conducted robust research in collaboration with third-party organizations, Elemental Strategy and Nutridiant. This included:

► Literature Review: A review of over 50 reports on accelerator programs, the Dutch startup landscape and the food transition;

► Interviews: In-depth interviews with stakeholders, including board members of global/national accelerator programs, ex-Fastlane participants, and ecosystem partners;

INVESTNL

3

- ▶ **Data Analysis:** The analysis and synthesis of data related to gaps in the agrifood sector, investment trends, and market dynamics, sourced from industry reports, transcripts, and surveys;
- ▶ **Benchmarking:** A benchmarking exercise to compare Fastlane with other growth accelerator programs, identifying strengths, weaknesses, and areas for improvement.

Five key findings to support startups in scaling

Based on this study, we have found five learnings on what we can do on a national level to support the growth of startups. We have then applied these lessons in our analysis of the Dutch agrifood sector:

1. Build on what you're good at - Focus on growing scaleups in those sectors that your country is most strong in. The Dutch agrifood sector is very innovative with renowned universities and companies and therefore an excellent point to start from.

2. Focus on existing obstacles - Learn through analysis, where in your country where the biggest struggle to scaling lies. In the Dutch agrifood sector we have learned that in the period pre-

scaling most startups fail. That's why most support is needed here.

3. Make it tailor-made - Companies that are scaling up have unique challenges, and there is no one-size fits all. Therefore, we have learned that these companies need individual support.

4. Nobody can do it alone - To grow more impact-driven startups and scaleups we need more partnerships, collaboration and systemic change. This is especially true in agrifood as entire chains need to change and innovate.

5. Learn through data - Only by adopting a data-centric mindset, by analysing the problem, and testing new ideas: the impact of startups can be tracked. In the agrifood sector there currently is a lack of data gathering and sharing in the ecosystem we need to tackle.

Are you ready to make a lasting impact on the future of Dutch startups and the entire ecosystem? This is a call for incumbents, regulators, customers, technology partners, investors, startup support systems, knowledge institutions and everybody else who shares our mission. Join us in supporting Dutch impact startups on their journey to scale and drive sustainable innovation.

By taking action today, we can shape a more sustainable and innovative future for Dutch startups and the entire ecosystem and drive key transitions. Reach out to us and be a part of this exciting journey towards growth, impact, and transformation.

Kind regards,

Michiel Strijland

*Business Development Manager team
Agrifood & Circular Economy*



CHAPTER 01.

Why it's crucial that Dutch impact startups scale.



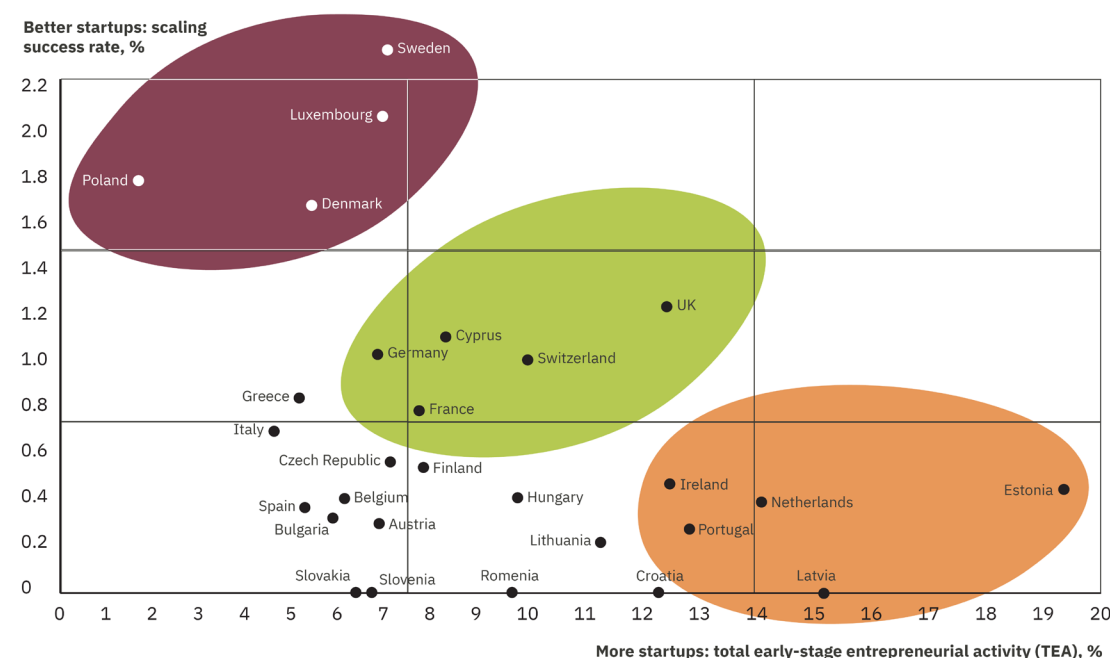
We have a thriving startup ecosystem in the Netherlands.

Annually, approximately 1000 startups are launched in The Netherlands, which causes our country to rank in the top 10 European countries in startups per capita. With over 135.000 startup jobs in the country, it is one of the biggest job creators over the last years. Internationally, the Netherlands is recognized as a prominent startup hub, with Amsterdam emerging as one of Europe's fastest-growing startup centers. This is great news

... but there are challenges in scaling up startups

Despite the favourable conditions for startup creation, Dutch startups have a low scaling success rate. The startup-to-scaleup ratio in the Netherlands is significantly lower than in the countries around us and compared to the broader EU (McKinsey 2023). Of course, this percentage needs to be taken with a grain of salt. We have a lot of startups in The Netherlands, so many will also fail to grow. Yet, given the current transitions, we need this scaling percentage to have more impact in the Dutch ecosystem. Especially when research indicates a concerning trend of a declining percentage of startups reaching the scale-up phase (ECE 2022).

Figure 1
Source: McKinsey, 2023



Especially for impact startups it's difficult to scale

Scaling any startup is a challenge, yet in the realm of impact companies these challenges are amplified. Often, impact companies create new markets. This means that it takes more time for their solutions to be widely adopted. Furthermore, a big part of the technological impact startups tend to have a long development that tends to be capital-intensive, demanding substantial financial resources that must be sustained over extended periods, even at the expense of initial losses. In essence, many impact companies require more significant capital investment compared to their non-impact focused startup counterparts.

Just when impact scaleups are vital for the transition

In times of climate and social transitions, the world needs more impact-driven businesses. These startups and scaleups often give rise to radical innovations, moving markets and incumbents. They have the potential to evolve into industry leaders, disrupting "stuck" and slow-moving industries. Moreover, these ventures are change

agents, disrupting existing markets with their entrepreneurial mindset. They reshape perspectives among investors, employees, legislators, and more, cultivating a transformative entrepreneurial ecosystem in the Netherlands. Not only do startups and scaleups actively experiment and share innovative ideas, but they also serve as an inspiring force for incumbents, motivating them and creating impact-driven innovations and developing a new generation of professionals that think and act according to a new market paradigm. Additionally, they positively influence non-mission-driven entrepreneurs, strengthening the overall startup ecosystem.

To conclude: we host many startups, yet need to scale more

The Netherlands boasts a thriving startup ecosystem, marked by impressive investment figures and international recognition. However, there are notable challenges in scaling up startups, especially impact companies, which face distinct obstacles. We need the growth of impact scaleups to drive transitions, foster innovation, and reshape the entrepreneurial landscape in the Netherlands.



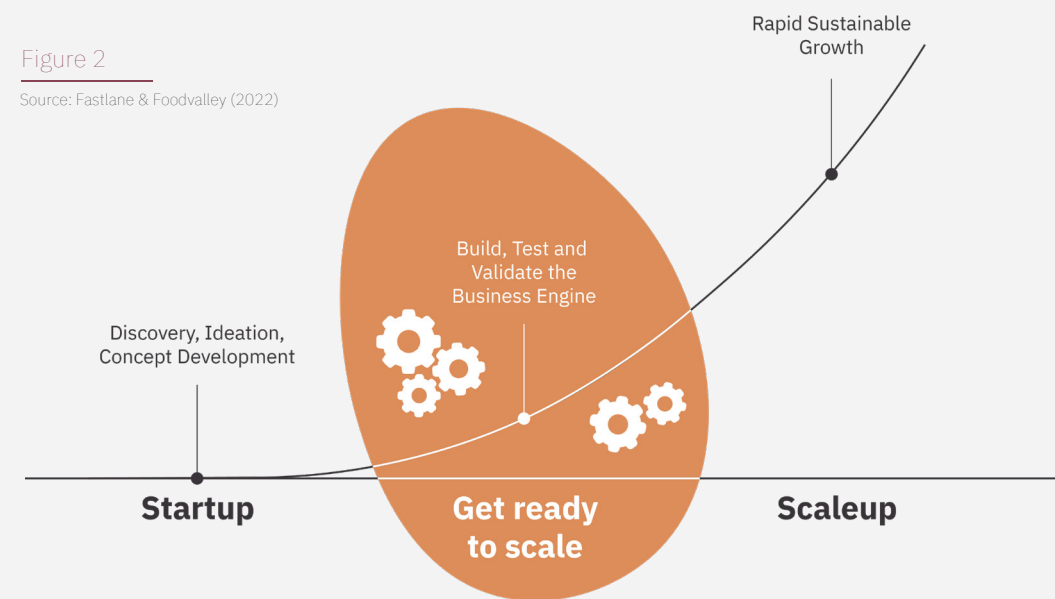
Spotlight

What's a startup or a scaleup?

This report is about startups and scaleups, so let's understand the difference. We refer to startups as companies in search of a scalable business model (Blank, 2005). Their main objective is to find a repeatable and scalable business model. This requires a learning and explorative mindset from the team. Scaleups on the other hand are companies that have found a scalable business model. Their main objective is to capture as much market share as possible. This requires an execution-driven mindset from the team.

Figure 2

Source: Fastlane & Foodvalley (2022)



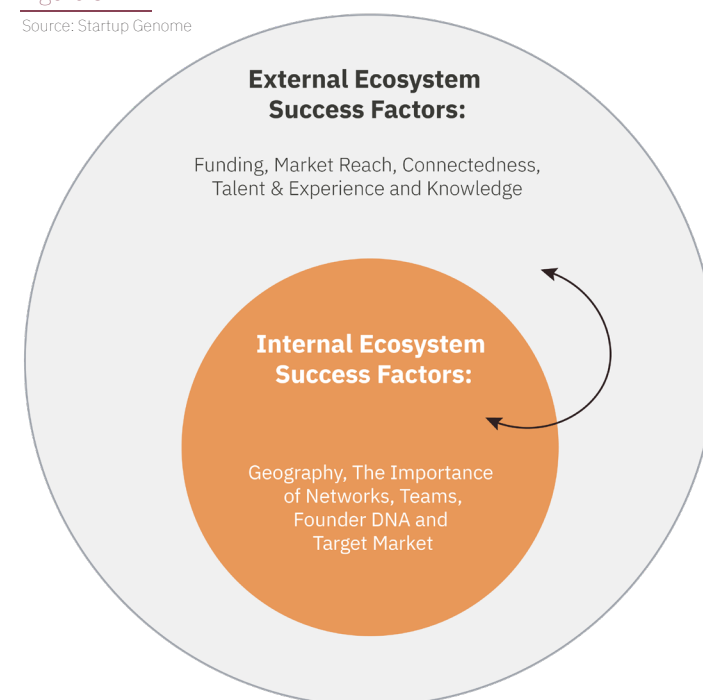
In this report, we focus on the phase in which startups work hard towards a scalable business model, which startups we call the pre-scaling phase. Companies are finding the right product/market fit and creating a repeatable sales process. In this phase many new things are asked from entrepreneurs while there seems to be a mismatch with investors and the support ecosystem.

CHAPTER 02.

Why Dutch impact startups struggle to scale.

For a company to be successful and to scale up there are both internal factors, which founders can control, and external factors, influenced by the external (investment) environment (Startup Genome, 2023). In this chapter we'll explain, using this model, why Dutch startups are less likely to scale. To understand this better, it's essential to recognize the multifaceted nature of the ecosystem in which these startups operate. There are several factors in the ecosystem, including talent, culture, and infrastructure, that play a pivotal role in shaping the startup landscape which are not in scope of this study. For example, in the Netherlands we have a small home market and not many serial entrepreneurs compared to other countries. Also, there are strict European regulations for introducing new products. These factors play an important role in scaling up a company and as a result some regions are just better suited to become the next startup hub than others. While our research primarily focuses on the roles of entrepreneurs and the dynamics of support and financing, it's crucial to consider the interplay between these internal and external factors.

Figure 3
Source: Startup Genome



Internal challenges

They struggle to find the right market and implement ecosystem innovation

The typical Dutch (and European) entrepreneur loves to think, build and create. Yet, they are less focused on the consumer. This results in startups where the products aren't bought, used or promoted in large numbers to sustain business growth and profitability. In business terms, you could say these businesses lack "product-market fit". An analysis of Dutch tech founders in the pre-scaling phase showed that finding the right product-market fit was their primary obstacle (Techleap, 2023). Impact startups face an even bigger challenge, as they often create solutions for markets that do not yet exist. In the long run this is their competitive advantage but in the short term, it is imperative for them to collaborate closely with the ecosystem and collectively drive innovation. Even though their innovations are much needed, they struggle to validate and prove their solutions to future customers.

Internal challenges

They don't grow in a consistent way

Many Dutch startups try to grow too fast, too soon. In professional terms, we would say they grow inconsistently. For instance, they would hire specialists too early, spend too much on product development, or add non-essential features to a product whilst their minimal viable product isn't ready. Data analysis of over 1,700 Dutch startups highlights that 95% experience premature growth and that this is a major challenge in scaling up (Gritd, 2022).

We know, however, through research that startups that grow in a sustainable, consistent way tend to achieve superior performance (Startup Genome, 2019). These consistently growing startups attain higher market adoption, expand their customer base faster, all while consuming fewer resources, encompassing both time and financial investment.

"I think a potential solution to the funding gap for impact startups lies in government action targeting the demand side - i.e., using price incentives to move the market towards sustainable products. This will improve the risk/reward profile of impact start-ups, and VC investment will follow."

*- Daan Wilms van Kersbergen,
The Yield Lab*

External challenges

There is a mismatch between the needs of impact ventures and wants of VC's

Because a large part of the impact startups struggles to reach product-market-fit and to grow consistently they look for long-term patient capital. While the traditional venture capital model is focused on funding highly scalable ventures, for example SaaS platforms, which typically expects returns within 5–10 years. Impact-driven ventures, however, often require substantial upfront investments and their path to commercialization often takes longer than the traditional 5 to 10 years (Invest-NL, 2023).

When we look at impact startups with a tech component we see that it is not only more time but these companies need substantial investments to scale their technology, which requires more capital than for example software companies. This gap is especially difficult for companies in the pre-scaling phase, as their technology is often "too risky" for late-stage investors, yet it is also too capital intensive for early-stage venture capital funds (Medium, 2023). Therefore, these companies get trapped in the middle of a funding gap.

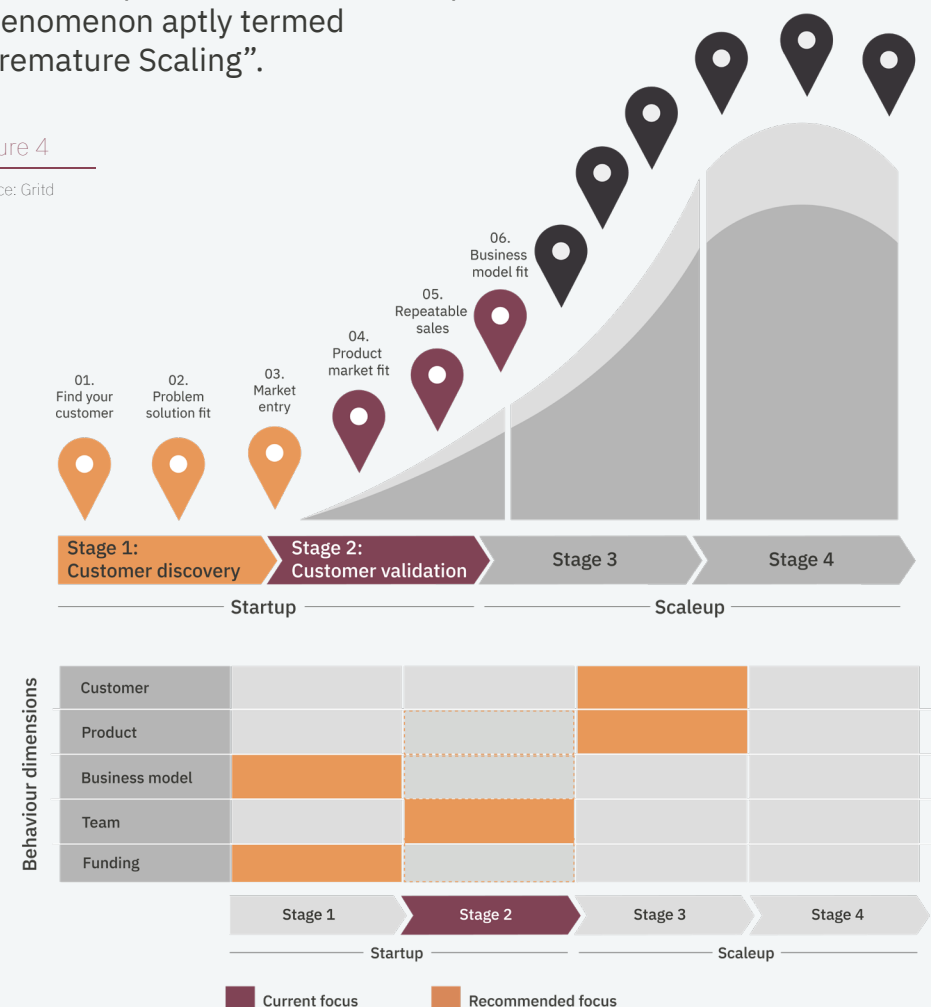
Spotlight

How to track consistent growth?

One of the fundamental principles that distinguishes successful companies from the rest is consistency. Building a thriving startup is akin to walking a tightrope, where numerous variables must be juggled simultaneously, often within environments fraught with uncertainty and volatility (Startup Genome, 2019). A paramount equilibrium to maintain lies in the interplay between market adoption and the allocation of resources, notably time and capital, by the startup. To ensure a trajectory of unwavering growth, Gritd has devised a comprehensive framework known as the StartupFramework®. It is pivotal to recognize that the primary reason behind startup failures is when their actions outpace their market acceptance, a phenomenon aptly termed “Premature Scaling”.

Figure 4

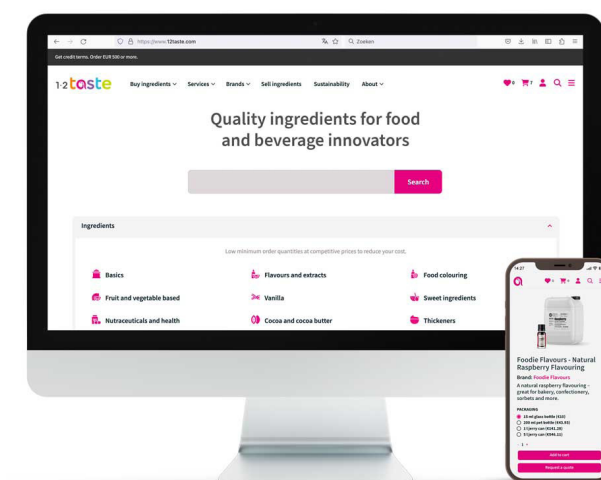
Source: Gritd



External challenges

Support programs mainly focus on early stage startups

More than 95% of global incubator and accelerator programs, also known as support programs, focus on the early stages of startups (Startups Genome 2023). The same is true in the Netherlands with its 158 incubators and support programs, including well-known names like Rockstart, YES!Delft, Startlife, and Startupbootcamp. Our analysis reveals that 98% of these programs primarily focus on the “pre-seed” phase, this stage refers to when a company’s founders get their operations off the ground and are looking for their first external funding. This is alarming as research shows that companies that went through a support program outperform companies that have not, in terms of revenue growth and financing (Gali 2021). For example, subsidies are also focused on this early stage. So, it shows that the moment companies arrive in the pre-scale phase they lack adequate advice and support to find the right market, grow consistently and develop the right investment strategy.



“We believe that in the Dutch ecosystem, there’s an overkill in support for early-stage startups whilst there is limited support in the pre-scaling phase.”

- Anieke Wierenga, Foodvalley NL

External challenges

Hence, Dutch impact startups fail to scale due to lack of product market-fit and mismatch with funding and support programs

The scaling challenges faced by Dutch impact startups stem from a combination of internal and external factors. Internally, they struggle to find product-market-fit, particularly when creating solutions for future markets. Thereby, they often grow in an inconsistent pattern, thereby not mobilizing capital and resources at the right time. Externally, there’s a mismatch between the expectations of traditional venture capital and the financial needs of impact-driven businesses. Moreover, the focus of support programs on early-stage startups in the Netherlands creates a bottleneck for those in the pre-scaling phase. Addressing these challenges is essential to facilitate the successful scaling of Dutch impact startups.

CHAPTER 03.

A case study on scaling
for agrifood business.

To make the scaling issues more concrete, we'll dive in this chapter into a case study of the agrifood sector. The Netherlands is a world leader in the agrifood sector, being the second biggest exporter of food globally. However, the sector faces a critical issue: the food transition is progressing too slowly to meet environmental and social challenges. In this chapter, we'll delve into the key hurdles in the Dutch agrifood sector and the hurdles agrifood business face in scaling. In the following chapter, we'll present a solution for scaling in the agrifood sector.

“The ultimate bottleneck for startups transitioning into scale-ups isn't technology, capital, or the abundance of problems in the world. What truly distinguishes success is the dynamic pairing of talent and ambition.”

- Jan Meiling Starlife Venture Builder and -Accelerator

The Dutch are leaders in agrifood, yet the food transition is still going too slow

The Netherlands holds a strong position as a leader in agrifood knowledge. 15 of the 20 largest agrifood companies, including Nestlé, Unilever, Kraft Heinz, Coca-Cola, Cargill, Heineken, and AB InBev, have established R&D centres in the country. Moreover, the Netherlands maintains a high level of expertise in agrifood, with prominent research organizations like WUR, TNO and NIZO contributing to this knowledge base. The country's extensive facilities, such as numerous greenhouses, provide excellent resources for testing and experimenting in the agrifood sector.

Dutch agrifood companies are facing increasing demands, due to environmental pressures, regulatory changes (such as nitrogen and CO2 emissions, and deforestation), and higher production resource costs (like energy). Innovations are seen as crucial to address these challenges, help feed a healthy population, enhance life on earth and in the sea. Most of this innovation is expected to come from startups and scaleups.

In the Netherlands, we host an impressive amount of agrifood startups compared to other countries, namely 662. Yet more than half of those is still in the beginning of their journey (Gritd, 2023). Moreover, among the startups that still exist after ten years, only 48% of them had more than 10 employees (Dealroom analytics Invest-NL, 2023). How can this be?

It's hard for Dutch agrifood startups to scale in a rigid system

While some expect The Netherlands to be the ideal place for agrifood innovation, it's actually a difficult market to innovate. As a large international agrifood player we host large food operators with vested financial interest, often with little experience of working with startups, while ecosystem innovation is needed. The dominance of large incumbents that prioritize scale, presents a challenge for Dutch startups' survival as they require to scale rapidly to be able to break through or join the system instead of working together. This asks for significant capital needs, high upfront expenses, and long-term investment risks, which are often not accessible for startups and scaleups. This presents a huge challenge, as we actually need these businesses to transform our systems to a more sustainable system.

"I see potential in startups learning from each other, especially with experienced founders actively contributing to the success of the next generation. This collective learning enhances overall success in the startup landscape."

- Gerben Dijksterhuis, Startup & Scaleup Banker, Rabobank

"For startups, focus is crucial. Begin with small tests ("firing bullets") before making significant commitments ("cannonballs"). It's essential to experiment, listen to customer feedback, and address their needs while providing a clear return on investment."

- Pieter Vis, Partner, Pymwymic

Internal challenges

Most Dutch agrifood startups don't scale, mainly due to a struggle to find the right market and a desire to scale too fast

The first reason is that agrifood businesses struggle to find and reach the right target market. Research has shown that only 20% of Dutch agrifood startups have achieved a so-called "product-market fit". The second reason is that agrifood startups often spend money and resources too fast, which is also referred to as "premature growth". A stunning 80% of Dutch agrifood startups experience premature growth. These agrifood businesses hence need help with finding their right target market and advice on how to allocate resources to grow steadily (Gritd, 2023).

External challenges

Dutch agrifood startups are well-funded, but the investments are declining

When observing the allocation of venture capital towards the agrifood sector, the Netherlands stands out, with an impressive 9.45% of total VC investments funnelled into agrifood. This percentage is significantly higher than the European average of 6.58%, underscoring the country's prioritization of the sector. However, a temporal examination from 2019 to 2023 indicates a declining trend for the Netherlands. Starting at a robust 15.36% in 2019, the proportion of agrifood investments to total VC investments has been tapering off, reaching 7.22% in 2023 (Raw data Dealrom, analytics Invest-NL).

"The Agrifood sector is slow-paced and seasonal cycles require patience from investors. Investing in agrifood innovation is a challenge: combining patience with high returns. To overcome funding barriers, translating shared social benefits into individual economic gains is crucial."

- Wilco Schoonderbeek, Director Investments Horticoop

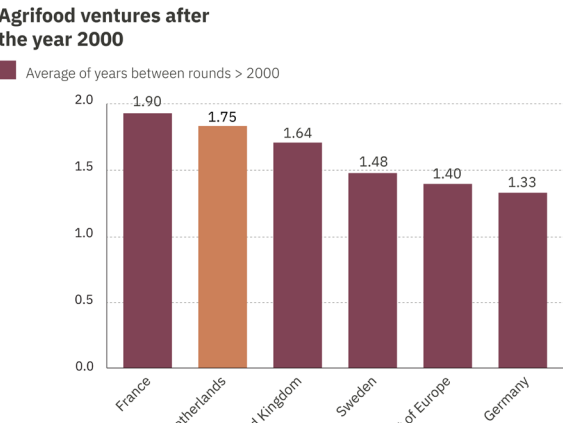


External challenges

It takes longer for Dutch agrifood startups to raise funding

The Netherlands lags behind in scaling speed, compared to other countries (see figure 5,6) Average years is 1,75 compared to 1,33 years in Germany. Furthermore, Figure 7 shows that Dutch agrifood companies need more time than their peers to reach 5M and 10M total funding. The time gap

Figure 5

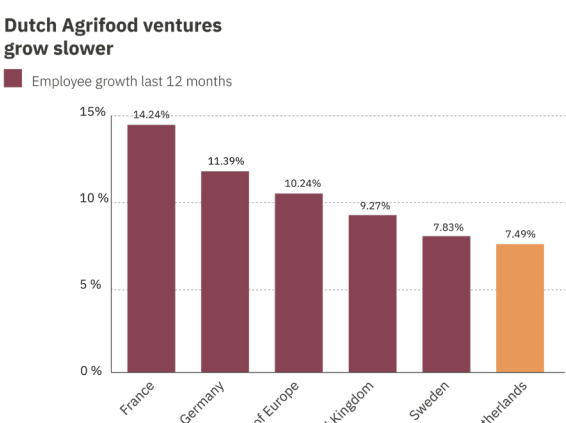


Source: Raw data Dealroom, analytics Invest-NL

between first funding to 5 and 10 M total funding is also one of the highest in the Netherlands. This funding gap is one of the reasons. Dutch agrifood startups struggle to scale compared to their European peers.

It is noteworthy that countries with developed national promotional institutions seem to perform better in this study but no conclusions can be made at this moment. More study is needed to make such a statement.

Figure 6



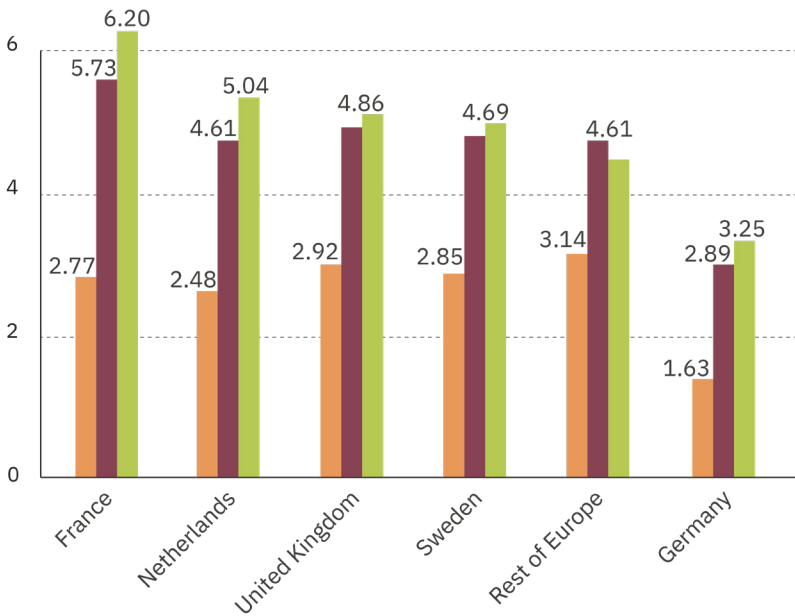
Source: Raw data Dealroom, analytics Invest-NL

Figure 7

Average of years to reach first 5M and 10M total funding

- Average of years required to raise first funding
- Average of years required to rais 5M total capital
- Average of years required to raise 10M total capital

Source: Raw data Dealroom, analytics Invest-NL



External challenges

Agrifood investors do not invest in the most impactful businesses

Of the more than \$9 billion invested in agrifood in Europa last year, just 27% went to climate-impacting ventures. Thereby, agrifood investors invest in the “sexier” downstream solutions (closer to the consumer) that can scale fast like food marketplace (16,5%) and innovative food (8,1%) (AgFunder, 2022).Mostfundinggoestodownstream agrifood companies (e.g., Picnic), while actually the most impactful companies can be found more upstream (closer to the farmer). So, the flow of agrifood capital is not in line with global climate impact potential. One of the reasons explaining this financing gap is that upstream propositions often need more time to develop before market adoption is achieved. This requires a longer horizon and more risk appetite for investors.

External challenges

Learning from Global Accelerator Programs

Also, for the agrifood sector, The Netherlands boasts a vibrant support ecosystem with numerous incubators, like Rockstart and Start-life. However, with the focus on the early “pre-seed” phase they don’t support the pre-scaling companies. Also there doesn’t seem to be a focus on measuring impact and sharing data. Several international programs also focus on early-stage start-ups (such as Trendlines, Root Camp and Kitchen Hub). Others, such as EIT-FAN, Go-Grow Singapore and Toasterlab France, focus on startups in different stages of development, including the scaling phase.

Spotlight
Toasterlab: best practice abroad

A great example of a support program is the French support program called Toasterlab. What we find inspiring about this program is that they have a program where (international) startups, business, mentors, investors, universities and R&D centres come together. They all jointly contribute, invest and benefit from the program. We hope in the future more programs like these will come to the market, where we can see an entire ecosystem supporting startups in their scaling.



Based on the international benchmark study, we have identified different best practices...

► National Strategies to Attract Startups

Aligning support programs as part of a national strategy can significantly contribute to the development of a vibrant entrepreneurial ecosystem. It's important for countries to build on what they are good at: to grow scaleups in those sectors that a country is strong at.

► Leveraging Experienced Mentors and Coaches

Access to mentors and coaches with substantial entrepreneurial experience is a critical success factor for support programs. These seasoned individuals play a crucial role in guiding and supporting startups, often becoming investors or joining the boards of participating companies.

► Sustainable Revenue Models

Developing sustainable revenue models for support programs is essential. While some programs demand equity from participants, others generate income through industry partnerships or are run by commercial entities and investment funds. A well-structured revenue model ensures the long-term viability of the program.

► (International) Alliances and Knowledge Sharing

Having an open mindset and collaborating with partners from different regions can enhance an accelerator program's effectiveness. Important here is to share knowledge and monitor what works.

► Long term Partnerships

Maintaining a sustained connection with startups and providing ongoing assistance contributes to their success and ensures the longevity of their impact in the entrepreneurial ecosystem.

“Successful support programs for companies require prolonged and intense involvement. Continuous post-program support and active engagement of ecosystem partners are crucial for success.”

- Bruno Rogowski, Directeur Ecole de l'Accompagnement BpiFrance

To conclude: Dutch agrifood faces global transition issues, needs innovation, funding and startup support

In summary, the Dutch agrifood sector, renowned for its expertise, faces challenges in speeding up its food transition. These challenges include innovation needs to meet growing food demand while coping with environmental pressures and high cost's structure. Internally, many Dutch agrifood startups struggle to find their right target market and often grapple with premature growth, necessitating guidance in market fit and resource allocation. Externally, the sector's rigidity, dominated by large incumbents,

hinders startups that need rapid scaling, and access to funding presents challenges, with investments declining and longer funding cycles. Learning from global accelerator programs, the chapter concludes with valuable lessons to address these issues, including the importance of experienced mentors, national strategies to attract startups, sustainable revenue models, international alliances, and commercial partnerships, setting the stage for a forthcoming solution tailored to the Dutch agrifood startup ecosystem.



Spotlight

Health Food Wall

Health Food Wall is the modern day solution for fast, convenient and healthy take-away products. Their Smart Fridge offers 24/7 healthy and fresh food-to-go.

Fastlane experience

“Thanks to Fastlane, we have grown our expected sales growth by multiple digits, and are anticipating a substantial revenue boost in 2023. Fastlane opened the world to experts, and has shown us the value they can have. Through the program we have:

- Drastically improved our B2B business case and profitability, by learning how to use our data from the smart fridges
- Learned how to speak with investors, and got a snowball effect through the network of Invest-NL and PYMWYMIC
- Have rebranded the company and set even higher goals & ambitions for the brand”

“If we didn’t have the Fastlane program, I wouldn’t be standing where I am now, for sure. As a business and as an entrepreneur.”

- Anouk Snelders



Spotlight

Agxeed

Agxeed produces autonomous lightweight tractors to free farmers from the need to spend endless monotonous hours in the cabin of their tractor and to free the soil from the ever-increasing weight of modern tractors.

Fastlane experience

“We joined Invest-NL’s Fastlane program in order to grow even further and find sources of funding in the Netherlands. It allowed us to ...

- ... improve our liquidity, as we got external investments from external shareholders
- ... connect with a financial expert who helped to present our case that was understandable for auditors at Rabobank”

“Through Fastlane we saw the added value of bringing in specific experts. We still make use of them, and they have really strengthened our financial position.”

- Rienk Landstra



CHAPTER 04.

A new way to help
impact-driven startups
scale: introducing
Fastlane.

Focus on pre-scaling companies, that can drive the transition.

Scaleups are an important innovation driver for a sustainable transition. As you've read in the previous chapters, it's hard for Dutch impact-driven startups to scale because of internal and external factors. For agrifood companies specifically, it's hard in a rigid food system that's stuck with large incumbent players. Invest-NL and Foodvalley NL launched Fastlane, a program specifically for impact startups in the pre-scaling phase. The first focus was on agrifood ventures, as there was a big need for support in this industry. In this chapter, we'll explain how we've set up a program to help companies scale, and what we've achieved so far.

Since launching Fastlane, there have been three cohorts with 15 companies who have completed the program. And the fourth cohort, the first

with a thematic focus: regenerative agriculture, is about to finish. Not all the nineteen companies were in the pre-scale phase as some were at a more early stage. As a starting program, that is developing and claiming its position in the market the expectation is this will get easier over time.

The program has been perceived as successful by past participants, who rate the program an 8.3 on average. The program is constantly improving and expanding, to ensure that we can boost the number of impact-driven scale-ups in the Netherlands.



Ecosystem innovation in a rigid system with the help of the Fastlane network

The Dutch agrifood landscape is structured with a few large players. As an agrifood startup to breakthrough or work in such a rigid system, a few open doors can help. That's why Fastlane introduces participants to industry players, experts, other startups, alumni and peers. Over the years the network has grown, with partners like Shift Invest, Pymwymic, Bom, Startlife, Techleap, Innovation Quarter and Rabobank.



Support in finding product-market-fit and consistent growth can best be addressed through personalized support

Many startups in the Dutch agrifood struggle to reach a product-market-fit and grow inconsistently. The good news is that entrepreneurs can be trained to avoid these mistakes. Crucially, the customer development concept by Steve Blank (2005) and the lean startup movement by Ries (2011) have shifted the focus towards acquiring customers.

While many startups in their early phases experience the same challenges, we see that the needs of companies in their pre-scaling phase can be very diverse. Therefore, Fastlane provides customized support for each company. During an intake and a 360-degree analysis, it is assessed, among other things, what the current market adoption is and how the startups spend their time and money. Based on the outcome of the analysis, a customized plan is drawn up together with the startup teams to increase market adoption and bring focus to the team so that the expenditure of time and money increases so that consistency increases. The companies start working on their plans and whenever they need support, they are matched with the right experts fit for their specific business challenge, that can coach on e.g. customer discovery, ecosystem analysis, data, sales or brand identity. They hence receive personalized one-on-one guidance with a focus on:

- ▶ **Go-To-Market Strategy**
Fastlane focuses on developing commercial traction, which ultimately involves acquiring paying customers and integrating into the existing agri-food ecosystem, often through collaborations with various partners. This leads to market adoption and achieving product-market fit.
- ▶ **Prioritization and Discipline in Execution**
Fastlane places emphasis on setting clear priorities, defining specific goals, and enforcing a performance-oriented culture. This approach ensures that resources are not squandered on aspects that the company is not yet prepared for.
- ▶ **Securing Investments**
Fastlane aims to establish better alignment between the desires and needs of investors and ventures.
- ▶ **Scale-Up Expertise**
Fastlane seeks to provide access to a pool of experts and consultants who can assist often technically oriented and small founding teams in professionalizing their business operations and making informed market choices and strategies.

A data driven program with monitoring and tracking of participants growth

To measure the impact of the program, a control group is set up. This control group consists of 100 companies that are in the same phase as the Fastlane participants but who have not joined the program and are active in various sectors. Through public sources, Fastlane monitors KPI's like funding and growth in FTE, which are then compared with the Fastlane participants.

Another impact measure is based on consistent growth. All Fastlane participants go through a ConsistencyScan®, which checks in which phase of market adoption the startups are and whether they are growing consistently. For example, it is calculated whether the startup has achieved problem/solution fit, product/market fit or a repeatable sales process. This data-driven quantitative framework from Gritd (2022, 2023)

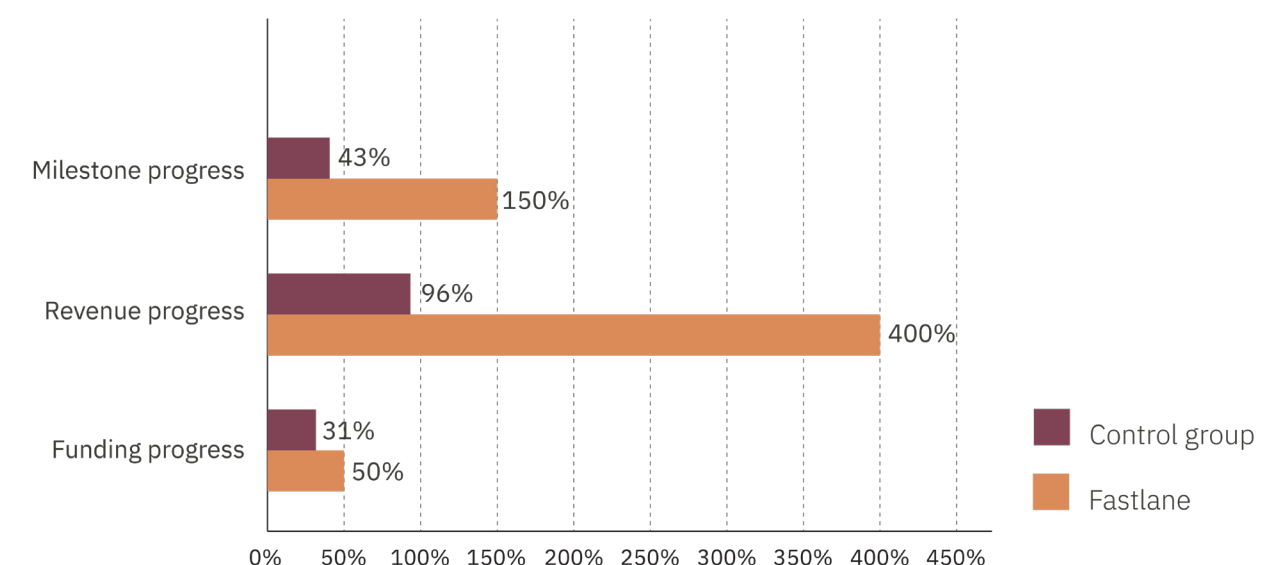
has helped entrepreneurs to see where interventions are necessary. At the beginning of the Fastlane program, a baseline measure is set, so their results can be compared when they finish the program.

This analysis shows that after participating 66% increased their consistency, on average the participants' consistency increased by 7%. And that two-thirds grow in milestones, for example reaching their product market fit. In this dataset the highest growth in funding, turnover and employees has been achieved by a company that has achieved the product/market fit milestone.

Figure 8

Market adoption, Revenue & Funding progress

Source: Gritd

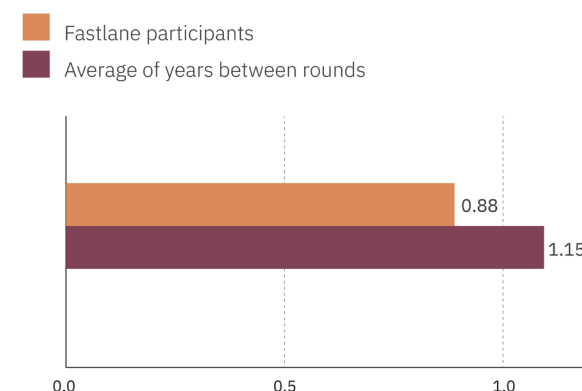


Startups that reach their product-market-fit and grow consistently scale faster

Is the program effective at helping start-ups scale? So far, the program has had notable results compared to the control group. The Fastlane participants increased the amount and the speed of capital raised. They reduced the interval between rounds to just under a year (Figure 9). They also secured larger funding “tickets” on average (Figure 9). This increased ticket size suggests that Fastlane ventures are perceived as more viable and lucrative investments.

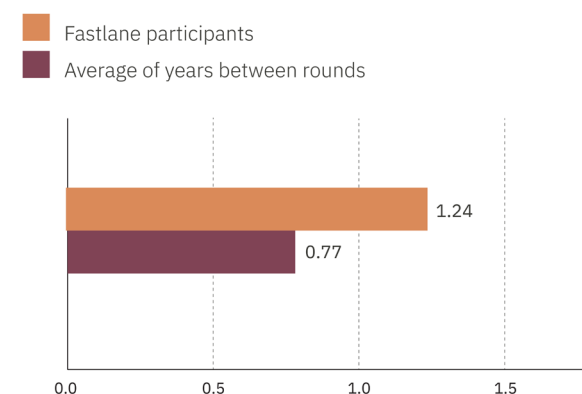
Figure 9

Dutch Fastlane participants raise capital faster than control group



Source: Raw data Dealroom, analytics Invest-NL

Fastlane participants raise bigger tickets on average



Source: Raw data Dealroom, analytics Invest-NL

Every cohort is evaluated at the end of the program through a combination of interviews of the participants and partners. Based on this evaluation, we have introduced the following changes for the coming year:

- ▶ Previously, we have accepted participants that were too early-stage. Now we will focus more specifically on companies that are in the pre-scaling phase.
- ▶ Our current program lasts six months, yet the most pressing issues are not solved in this time. Next year, we launch our Fastlane Heroes program to help companies past the end of the regular program.
- ▶ These innovations often need a system change to be successful so we need to incorporate the ecosystem better, starting with corporations.

Fastlane’s successful format is now being replicated to other transitions

Using this proven accelerator methodology, Invest-NL is expanding its impact beyond the agrifood sector. For instance, Invest-NL’s The Green Chemistry Accelerator is inspired by Fastlane. The program design is based on Fastlane’s methodology, and the program has been adapted for its specific industry.

“The Fastlane methodology has been the foundation of the Green Chemistry Accelerator. The customized approach has proven highly effective for our target audience.”

*- Angelique Erkenbosch
InnovationQuarter*

Spotlight

The Seaweed Company

The Seaweed Company specializes in sustainable seaweed farming and producing seaweed-based products for the food, agriculture, and pharmaceutical industries.

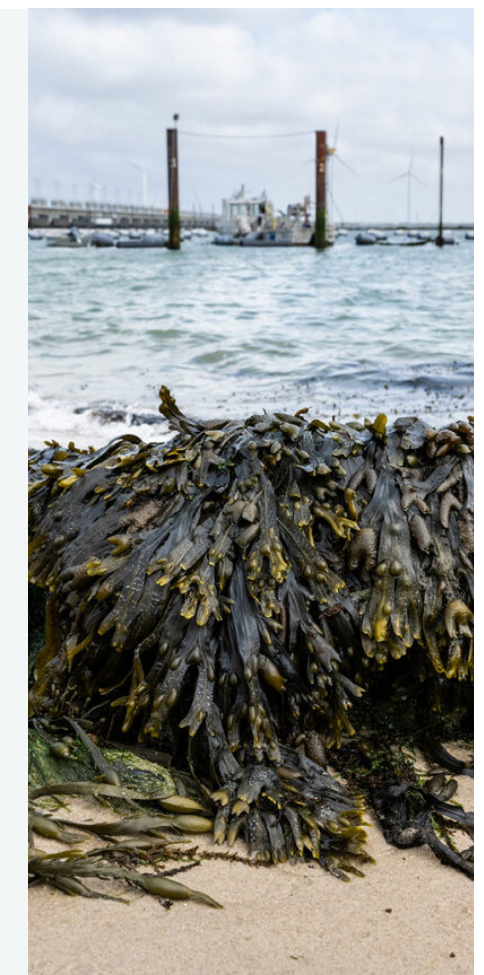
Fastlane experience

“We were looking at the Fastlane program to set certain milestones, goals and to focus more. Fastlane helped with:

- The focus on business plan and potential target market. It was hard for us to focus, because you can do anything with seaweed. We are in it every day, so we are blind to certain things.
- The help of experts with making rigid decisions. If someone comes from the outside, it gives a new perspective. They asked us critical questions like ‘Do your actions now help you to reach your milestone? If not, what do you need?’

“The Fastlane program made us realize who we are, and who we aren’t. In the end, we are still seaweed farmers, not agriculture experts.”

- Ingrid Jonker



Spotlight

The time traveling milkman

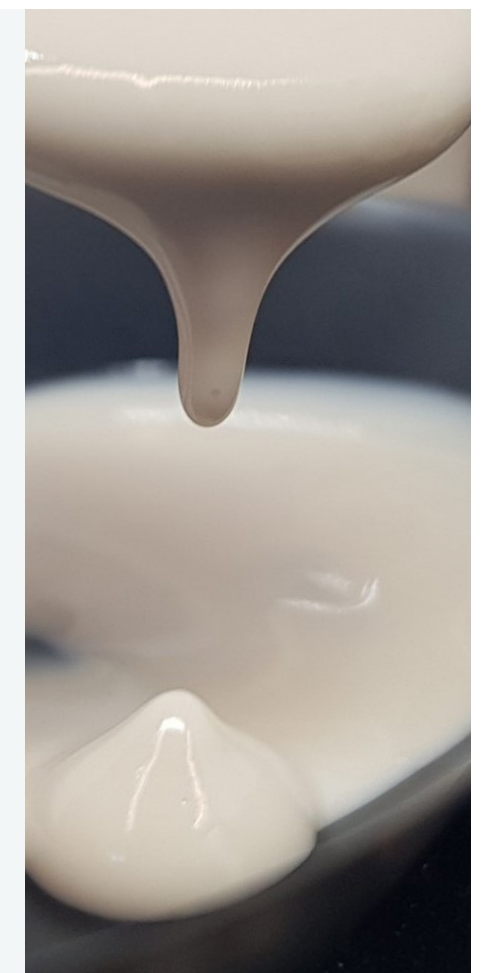
The Time traveling milkman makes sustainable creaminess inside dairy alternatives.

Fastlane experience

“In addition to providing TTM with guidance on how to better approach customers for product validation and construct a stronger business case, the experts in the Fastlane program also assisted with the human side of the company by offering advice on how to assemble a cohesive team.”

“Because we are stubborn entrepreneurs, we need some stubborn people in the program to help us. There are always blind spots in your organization, and they help you to find them.”

- Saskia Tersteeg



CHAPTER 05.

What did we learn about scaling Dutch impact startups?

IN
NL

Corvus Drones

1-2-Taste

Dimitris

Saskia



Five principles for a world-class scaleup impact ecosystem

Based on learnings running the Fastlane scaling program, interviews and market research, we've identified four main bottlenecks for pre-scaling impact companies: finding their product-market fit, growing constantly, and finding the right funding and support. To tackle these problems we see five lessons for the ecosystem. Based on our analysis we have tested what they mean for agrifood in The Netherlands;

1. Build on what you're good at

It's obvious to build a tech startup in Silicon Valley as they are close to customers, investors and competitors for their product. But the same goes for ecosystems. The Netherlands is a hotspot for agrifood, with leading innovations, companies and research facilities, so let's build on that!

2. Focus on existing obstacles

There is focus on early stage support programs in The Netherlands. But we showed a lack of investment and support in the pre-scaling phase. This means that there should be a shift in agrifood on dedicated support and investment in companies in the pre-scaling phase.

3. Make it tailor-made

The challenges of companies in the pre-scaling phase are highly individual. This means that one-on-one guidance and mentorship work better than a "class-room" based approach that might work in a different phase. You can do this better if you focus your energy around a specific theme (e.g. plant-based) and over this support over a longer period and so this should be the focus of the ecosystem.

4. Nobody can do it alone

Agrifood impact companies work on a systemic change and need to change every link in the chain. This means that there needs to be a move beyond individual organizations and a focus on the entire ecosystem.

5. Learn through data

You only know if something works if you measure things. In agrifood this means there needs to be a data-centric mindset, tracking quantifiable key performance indicators related to funding, growth, and scaling consistency. Try new things and find out what works, providing evidence of success.

A Call to Ecosystem Champions

Based on these five principles we want to transform the Dutch ecosystem, starting with agrifood. Our call to action to you is: let us collectively champion these principles, foster a culture of entrepreneurship, and build an ecosystem that supports the aspirations of startups, driving progress and acceleration the food transition.



Thank you to all our partners

We want to give a special thanks to everyone who has helped to contribute to this research. Thanks to our partners, past-participants and ecosystem players we were able to learn the barriers to scaling, collect stories, data and quotes. Thereby a warm thanks to Elemental Strategy, Gridt and Nutridiant for helping conduct research, interviews, data analysis, write and design the rapport.

Special thanks to

AgXeed, ENTERPRISE SG, Health Food Wall, Horticoop Bpifrance, Invest Foodvalley NL, PeakBridge VC, Pymwymic, SHIFT Invest, StartLife, The Yield Lab, The Seaweed Company, Time Travelling Milkman, Trendlines, Rabobank, Root Camp, RVO, Vitagora/Toasterlab

Resources

- Blank, S. (2020). Startup Owners Manual Step-By-Step Guide. John Wiley & Sons Inc.
- dealroom.co, Lakestar, & Walden Catalyst. (2023). The European Deep Tech Report. <https://dealroom.co/uploaded/2023/01/Dealroom-deep-tech-report-2023-europe.pdf>
- ECE. (2022, October 20). ScaleUp Dashboard 2022 - Erasmus Centre for Entrepreneurship. Erasmus Centre for Entrepreneurship. <https://ece.nl/research/scaleup-dashboard-2022/>
- Fastlane & Foodvalley. (2022). Fastlane - cohort 1: wrap-up [Slide show]
- Gali (2021), A Rocket or a Runway?. <https://www.galidata.org/publications/a-rocket-or-a-runway/>
- Genome, S. (z.d.). What makes a startup succeed? Identifying scaling success factors. Start-up Genome. <https://startupgenome.com/reports/scaleup-report>
- Gritd. (2022). Startup Development Report 2022. <https://gritd.nl/startup-development-report-2022-nl/>
- Gritd. (2023). Startup Development Report 2023. <https://gritd.nl/startup-development-report-2023-nl/>
- Invest-NL. (2023). Circular Venture Building in het hart van de circulaire transitie. <https://www.invest-nl.nl/actueel/circular-venture-building-in-het-hart-van-de-circulaire-transitie>
- Invest-NL. (2022). Data analysis report - agri-food sector in the Netherlands. Invest-NL.
- McKinsey & Company. (2022). Building a world-class Dutch start-up ecosystem. <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/building-a-world-class-dutch-start-up-ecosystem>
- McKinsey & Company. (2023). Reinventing our economy from within. <https://www.mckinsey.de/~media/mckinsey/locations/europe%20and%20middle%20east/deutschland/publikationen/2023-09-22%20reinventing%20our%20economy%20from%20within/reinventing%20our%20economy%20from%20within.pdf>
- Medium (2023). Breaking new ground: All you need to know about FOAKs. <https://medium.com/extantia-capital/breaking-new-ground-all-you-need-to-know-about-foaks-7c536c347960>
- Ries, E. (2011). The Lean Startup : How today's entrepreneurs use continuous innovation to create radically successful businesses. http://www.oplaunch.com/documents/the_lean_startup_book_review_JPIM_may2012.pdf
- Startup Genome (2023a). The Scale Up Report. <https://startupgenome.com/reports/scale-up-report>

Resources

- Startup Genome (2023b). The Global Startup Ecosystem Report. <https://startupgenome.com/reports/gser2023>
- Startup Genome (2022). The Global Startup Ecosystem Report: Agtech & New Food Edition. <https://startupgenome.com/reports/gser-agtechandnewfoodedition>
- Techleap (2022). Netherlands Startup Employment 2022 Report, <https://www.techleap.nl/reports/netherlands-startup-employment-2022-report>
- Techleap. (2023a). State of Dutch Tech 2023. Techleap-2020. <https://www.techleap.nl/reports/state-of-dutch-tech-2023>
- Techleap. (2023b). Dutch Deeptech Venture Development analyse [Dataset].
- Techleap. (2023c). Startup Finder. <https://finder.techleap.nl/dashboard>



Kingsfordweg 43-117
1043 GP Amsterdam
T +31(0)882036700
www.invest-nl.nl

©2023 | Invest-NL N.V.

For questions and/or remarks, please contact Michiel Strijland
via michiel.strijland@invest-nl.nl

INVESTNL