



Future of manufacturing **Spain Tech Centre – Internationalisation policy measure**

[Born globals and their value chains](#)

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1. Context

The [Spain Tech Centre](#) (STC)¹ was firstly introduced in July 2011. There are no expected dates for finalising this policy measure. The origins of this policy measure go back to the mid-2000s, when several technological missions to Silicon Valley were organised on a yearly basis in collaboration between public and private institutions² to identify suitable business opportunities for ICT-based companies in the American market. In this context, the need to set up a permanent platform there in order to help the increasingly important number of Spanish companies specialised in the digital economy was identified. Subsequently in time, the Spanish Plan for the Support of the Digital Content Industry 2011-2015 ([Plan de Impulso de la Industria de Contenidos Digitales 2011-2015 In Spanish](#)) of the Spanish Ministry of Industry and Energy included several actions, one of which referred to the support of the creation of a Spanish technological space in San Francisco (USA) that may facilitate the access of Spanish companies to the American market and its associated network (private capital, first level partners, innovation, etc.).

The main agents involved in the action included [ICEX](#) (a public corporation of Spain's Ministry of Economy and Competitiveness for the internationalisation of the Spanish economy) and [Red.es](#) (public corporate entity attached to the Spanish Ministry of Industry, Energy and Tourism responsible for promoting the development of the Information Society in Spain), and the Plan also foresaw the participation of a private non-for-profit agent that may provide additional monetary resources. Finally, Fundación Banesto³ (set up by the former Banesto Bank, now part of Santander Bank⁴) decided to participate in the initiative. This public-private collaboration approach can be regarded as innovative, in the sense that no similar experiences of public-private collaboration were available and no further experiences have been developed in this sense. Since January 2017, Santander Bank is no longer involved in the STC (see section 4.4 for more information on this), so the measure has been funded since that date by ICEX and Red.es.

The idea to set up a specific Spanish centre was discarded and the hiring of a specific place within an emerging coworking space was selected, for different reasons. In this sense, as the networking element was deemed very important for this type of ICT-based companies, it was suggested that the presence of the STC within this co-working space could facilitate the exchange of ideas and flows of information, rather than being placed in an ad-hoc, independent space.

The STC measure is complementary to several other activities carried out by public authorities to support the internationalisation of the Spanish enterprises in the US market, mainly providing financial support but not focused on the ICT sector. For instance, the [ICEX TARGET USA Plan](#) is a yearly initiative intended at supporting those Spanish SMEs in any economic sector that want to consolidate already initiated business projects in the US market. Other complementary programme includes the [ICEX-Next](#) measure, intended at initiating SMEs in internationalisation activities. Meanwhile, the partners of the STC (ICEX, Red.es and Santander Bank), together with the Spanish Association of Digital Economy Enterprises ('Asociación de Empresas de Economía Digital, [Adigital](#)') have organised several times the so-called Spain Tech Week in Las Vegas and Silicon Valley, intended at making Spanish companies known in the US market as well as developing useful professional networks.

¹ The information presented here corresponds to information on the measure collected and drafted in March-April 2017

² Public institutions included 'ICEX' and 'Red.es', whereas private institutions included Adigital, the Spanish association of digital economy companies

³ Fundación banesto had a long tradition of supporting young entrepreneurs, for instance via the so-called programme YUZZ, where study visits to Silicon Valley were organised for the winners.

⁴ Santander Bank is a global bank serving more than 100 million customers in Latin America and Europe. It is one of largest banks in the Eurozone and in the world

2. Content

STC is a public initiative (that used to be a public-private initiative until December 2016) that supports the internationalisation activities of Spanish ICT-based small and medium-sized companies in Silicon Valley and the USA (key market for these ICT-focused SMEs). According to the webpage of the measure, the STC is the default hub of Spanish ICT-companies in Silicon Valley. The STC offers different services and activities to Spanish technology-based SMEs interested in opening-up and developing business activities in those geographic areas including:

- A space in ‘RocketSpace’, one of the most iconic co-working spaces in San Francisco that hosts some of the most promising tech companies in Silicon Valley and which has an alumni network that includes Uber, Zappos and Podio, among others. Spanish entrepreneurs and companies enjoy special access and discounts to this co-working space, and receive all-inclusive access to co-working resources designed specifically for tech companies (see further explanations in subsequent section 4.3).
- Access to a network of local experts and mentors to Spanish entrepreneurs and start-ups going to Silicon Valley. In this sense, the STC has a team of three innovation management experts, all located in San Francisco and deeply connected to the Silicon Valley's ecosystem. After a one-on-one meeting with the entrepreneur, this STC personnel gives recommendations and connect the enterprise to a network of trusted local experts, mentors and service providers as needed. In addition, the STC has a group of mentors, both in Spain (7 people) and in Silicon Valley (54 people). These mentors facilitate advice and counselling on different elements of interest for companies, such as identification of the penetration strategy in the US market, access to finance, distribution channels, etc. The STC facilitates the first contact between mentors and Spanish entrepreneurs and start-ups, but it does not intermediate in the business relationship between both parties.
- A ‘Flex desk’ service, providing a complementary desk within RocketSpace and available (for a charge) for Spanish entrepreneurs and start-ups visiting Silicon Valley, for a maximum of two consecutive weeks per year on a first come first served basis.
- Access to the so-called ‘STC Community’, a community of enterprises and expats that, via events, meetups and workshops, can help Spanish entrepreneurs build a network of local contacts and guide them in their US experience.

In addition to these activities, the STC delivers two specific measures:

- The STC Summer Camp, aimed at early-stage ICT start-ups and entrepreneurs based in Spain and interested in having a first contact with Silicon Valley. This initiative was firstly launched in summer 2016.
- The STC Immersion Programme, aimed at Spanish ICT-based SMEs with an own product/service, which have revenue and/or funding and which have reached a stage in which the US market is of strategic relevance for them. This initiative, currently the key activity within the STC, was firstly introduced in autumn 2014 and so far (March 2017) five calls have taken place up.

This STC does not only promote export activities of Spanish ICT-based SMEs, but also other activities such as technical and commercial cooperation, cross-border partnerships or joint ventures between US and Spanish SMEs, amongst other activities.

Over the last years, the STC has been moving from a pure space provider as it was conceived in its origins in 2011 to a provider of services, particularly since the introduction of the ‘Summer Camp’ and, especially, the ‘Immersion Programme’ in 2014. This current orientation towards a service provision is expected to be reinforced in the coming years.

The organisation and management of the STC has a total budget of €300,000 per year, paid until 2016 by the three participating partners (ICEX, Red.es and Santander Bank). No information about the distribution of the budget among the partners is available. Since 2017 onwards, the measure is solely funded by ICEX and Red.es, both public entities.

3. Relevance of the measure to SMEs/born globals and internationalisation

The STC is for Spanish ICT SMEs and early-stage start-ups and entrepreneurs that have reached a stage in which the US market is of strategic relevance for them. In this way, the measure not only provides physical spaces for entrepreneurs to develop their activities but also training opportunities as well as access to a relevant network of local US experts and mentors in Silicon Valley that provide very useful insights and tips to Spanish ICT entrepreneurs and start-ups coming to the Valley. In this sense, participating companies can use the measure to overcome a number of the most important barriers for internationalisation such as lack of familiarity with the local market, market players (including institutions and regulations) and the dominant business culture in Silicon Valley, facilitating therefore access to key local market company players .

4. The operation of the measure

4.1. Promotion of the measure to internationalising businesses

STC is promoted via different tools and specialised fora. To start with, on its webpage relevant information on the STC is available (in Spanish and in English). In addition to this, ICEX carries out two specific dissemination and promotion workshops in the two most relevant ICT-related start-up related events in Spain, this is, the so-called ‘[4 Years From Now \(4YFN\)](#)’, the start-up business platform of Mobile World Capital Barcelona as well as the ‘[South Summit Conference](#)’ in Madrid. In addition to this, the three partners in charge of the centre (that is, ICEX, Red.es and Santander Bank) provide information on the initiative in their respective webpages⁵ and social media tools. Finally, dissemination of information on the initiative takes place via ‘word-of-mouth’ activities. Nevertheless, the interviewee stresses that more promotional actions should be done in the future in order to extend the availability of the measure to all possible beneficiaries.

4.2. The process of application and assessment of applications

Any Spanish company interested in benefitting from the STC activities has to fulfil the following requirements, this is to:

- Be a Spanish ICT-based SME, this is, either based in Spain or founded by a Spanish citizen, where the SME has to belong to some specific NACE sectors and has to fulfil the EU SME definition
- Have an own technology-based innovative product or service, this is, a product or service that can be regarded as new to the market
- Be in order in relation to the legal obligations required for Spanish companies, particularly regarding tax and social security contributions
- Not having passed the existing *de minimis* aid limits
- Have a C-level command of English for the person who may go to the STC.

Those enterprises interested in applying to the STC Immersion Programme need to show, in addition to the previous elements, that they have traction capabilities (in terms of revenue and or funding) and consider the US market of strategic importance for their future development. This is done via the provision of a short memo of the company as well as the company’s profit and loss accounts for the last available years.

Meanwhile, participants in the STC Summer Camp need to be start-ups and (preferably) early stage entrepreneurs based in Spain and interested in having a first contact with Silicon Valley. In all cases, the participating enterprises in the STC Immersion Programme and the STC Summer Camp are

⁵ See for instance the webpage of ICEX.

selected by an ad-hoc committee formed by representatives of the STC partners and selected experts, according to several criteria such as the profile of the company, its trajectory and the interest of the project. In some cases (for instance the STC Immersion Programme), the eligibility criteria are very strict, so less than 10% of applicants to the STC Immersion Programme are usually accepted to participate in the programme after a highly competitive selection process.

The STC Immersion Programme is organised around calls, twice per year (one in Spring and the other one in Autumn). Meanwhile, the STC's Summer Camp only takes place once per year, although there are some ideas to increase the number of annual calls for the Summer Camp. The application process is not very time consuming and burdensome for candidates, as applications are done via Internet (see next point for further information).

4.3. Delivery mechanisms of the measure

Any Spanish enterprise interested in contacting the STC can do so through an [Internet access](#). In this sense, enterprises interested in having access to a work space within RocketSpace will have to pay a fee of US\$700 (approximately €640) per month and person directly to RocketSpace. In return, participating companies can benefit from all the logistic facilities of the working space (access to internet, use of meeting rooms, printing services, etc.), as well as support of the personnel of the STC. All these elements are facilitated by the STC programme, ensuring more favourable conditions than the ones that an individual company would get by arranging these services directly with RocketSpace. Meanwhile, enterprises interested in enrolling in the 'STC Immersion Programme' and the 'STC Summer Camp' need to use specific Internet-based enrolment webpages prepared by the STC.

Regarding the specific delivery mechanisms of the measure, the STC Summer Camp is a series of real-time webinars run from several experts in Silicon Valley over two days, where these experts (usually practitioners and consultants) share their know-how and insights in different issues such as pitching, differences in business styles/cultures, fundraising, start-up strategy or success stories. These webinars are designed along several modules (on different topics such as pitching, fund raising in the USA, etc.) and participating companies have to follow all of them. Participation in the Summer Camp is free of charge for selected applicants. Beneficiary companies stay in Spain during these STC Summer Camps.

As far as the STC Immersion Programme is concerned, selected applicants participate in a two-day workshop in Madrid to prepare their visit to the USA, coupled with a two-week immersion experience in Silicon Valley. The two-day workshop in Madrid includes specific information on how to better present the company to an US audience, assistance to better prepare and present the business plan as well as specific information related to the USA (living costs, requested entry documents, accommodation, etc.).

The two-week immersion experience in Silicon Valley facilitates access to an office in RocketSpace. In addition, participants engage in different activities, meetings and workshops such as:

- Pitch training with world-class experts (mainly practitioners and consultants) from Europe and Silicon Valley
- Different workshops (approximately 35) with investors, business experts and legal advisors on different US-related issues such as go-to-market strategies, fundraising and venture capital mechanisms
- Tips and advice from successful Spanish entrepreneurs in Silicon Valley
- Networking, one-on-one meetings and mentoring sessions with local experts, executives, entrepreneurs and interested investors
- Networking activities with other Spanish entrepreneurs located in RocketSpace in order to share experiences and get useful recommendations
- Visits to key companies and universities located in Silicon Valley.

Participants in the STC Immersion Programme have to cover only accommodation and living expenses while in Madrid and San Francisco, whereas for the remaining activities the programme is

completely free of charge for participating companies. In this way, participating enterprises are provided during a very short period with a very intense and rich access to relevant Silicon Valley stakeholders and activities that may be of interest for both the Spanish participating SMEs and the American stakeholders.

4.4. Administration of the measure

The activities covered by the STC have been traditionally supported by a public-private partnership between ICEX, Red.es and Santander Bank, where the roles and responsibilities of each partner are regulated by a formal agreement between the three parties involved (no concrete information available on the division of roles and responsibilities assigned).

On 31 December 2016 Santander Bank decided to finish its participation in the STC, so the two partners within the STC remain ICEX and Red.es. The reasons for this decision by Santander Bank are not clear, but likely related to a change in the strategy of the bank.

Since July 2014, the STC is managed by Opinno (before this date the management was done by another company, [Barrabés Group](#), which won the previous tender procedure for managing the STC). [Opinno](#) is a Spanish global innovation consultancy firm, and signed a contract for the time period 2014-2018. The team running the STC is composed of three innovation management experts, this is, a managing director, a programme manager and, finally, a consultant, all of them located in San Francisco (no information available on whether they have been assigned by one of the three partner organisations or by them jointly). In addition to this, the STC has got a group of mentors, both in Spain (7 people) and in Silicon Valley (54 people) (see section 2 for further information on their activities).

5. Monitoring and evaluation

According to the interviewee, there are no specific evaluation exercises carried out in relation to the STC (at least public ones). Nevertheless, the interviewee stresses that the STC can be labelled as a very successful measure (no published information on this, see outcomes in next section). A monitoring system of the STC is in place, basically reflecting the number of participating companies in the different programme rounds.

6. Evidence of outcomes and impact

Due to the lack of (publicly available) monitoring and evaluation data, there is limited information on outcomes and impacts derived from the STC's activities. According to information published in the own web page of the STC, since its foundation in 2011 the STC has helped over 500 Spanish companies.

Five calls for the STC Immersion Programme took place between autumn 2014 and March 2017, where 54 Spanish technology-based SMEs from different sectors (health, education, logistics, cybersecurity, digital consultancy, etc.) have participated (12 companies have participated in the latest call in autumn 2016). After completing this programme, companies have more information to make a decision and plan their next steps. 83% of the companies participating in the Immersion Programme have US customers while 43% have opened an office or relocated to the USA. As stated in Opinno's webpage, participants highly value the received support and advice activities as well as the established contacts with relevant clients and fund raisers.

According to the estimations provided by the interviewee, more than 80% of those companies attending the Immersion Programme continue having a link to the US market in the years after participation, either in terms of export activities, collaboration activities with local US companies or financial support by US agents. Indeed, the highly competitive selection processes for the STC

Immersion Programme explain the interest for the American stakeholders and investors to meet and establish business relationships with the selected Spanish companies.

A good success indication is also reflected in the fact that the STC experience is attracting an increasing attention amongst policy makers in other countries, interested in learning from this Spanish experience. According to the ICEX interviewee, participating companies are very satisfied with the services provided by the STC.

The last call in autumn 2016 created, in collaboration with the organisers of the South Summit Conference, the so-called STC ‘South Summit’ Prize 2016, a prize for the Spanish technology-based start-up with the highest potential in Silicon Valley and intended to give further visibility to the STC as well as to the winning companies. On this occasion, the prize was given to a Spanish company called [Blueliv](#).

Finally, the first edition of the STC’s Summer Camp took place on 13 and 14 September 2016. Participants have benefited from a first contact with Silicon Valley’s ecosystem and a general understanding of its underpinnings.

7. Strengths and weaknesses of the measure

The STC can be labelled as a very relevant and useful policy measure, key for expanding the international activities of the Spanish ICT-based SMEs in the key market of Silicon Valley and the USA. The STC provides participating companies with key information and services that facilitate their access to this highly competitive market. Partner organisations and the administrators also make use of their own dissemination tools to promote the measure. In addition to this, the STC benefits from a very well-known and powerful image amongst ICT-based companies in Spain, slowly but steadily achieved via word of mouth and specific dissemination and promotion workshops carried out within the ‘4 Years From Now’ (4YFN) and the ‘South Summit’ events (see section 4.1). Nevertheless, and according to the ICEX interviewee, the promotion of the measure is still particularly dependant on those two events, but this dependency would need to be reduced in the coming years.

By way of contrast, and according to the ICEX interviewee, the STC is subject to one important weakness/challenge derived from the existence until end 2016 of three different organisations running the measure. This is explained by the need to reach consensus and agreements between the involved parties, an element that is always more complicated than if the measure is run by just one organisation. At the same time, this cooperation between different parties is an added value for the measure, as it combines different competences and increases the available financial resources, increasing therefore the outreach of the measure. Nevertheless, it is important to stress again that since 2017 onwards, the measure is solely run by ICEX and Red.es due to the voluntary withdrawal of Santander Bank.

Concerning the transferability of the measure to other Member States, it is important to stress that several European countries have developed a number of policy measures to support national start-ups in Silicon Valley. Examples include the Austrian ‘Go Silicon Valley’, the Danish ‘Innovation Center in Silicon Valley’, the German accelerator programme or the Irish ‘Access Silicon Valley Programme’. Specifically, the Spanish experience is particularly unique as it does not only provide physical spaces for companies but also access to local expertise and local key companies, facilitating the development of relevant business relationships between Spanish participating companies and local players. For this purpose, a good knowledge and access to key Silicon Valley agents is required.

8. Recommendations

According to the ICEX interviewee, the STC will be continued in the coming years with the active participation and support of ICEX and Red.es, and despite the recent decision of Santander Bank to

finish its participation in the STC. No new private partner is expected to be incorporated, at least in the short run.

Notwithstanding this, the STC is likely to be subject to a number of changes in the coming months. Thus, the STC is likely to reinforce its role as a provider of services rather than a pure space provider. Thus, and in addition to keeping the current structure and approach of the STC Immersion Programme as the most important activity of the STC, it is expected to increase the number of annual calls for the Summer Camp (while at the same time enlarging the number of Spanish companies that may benefit from them, for instance, facilitating virtual courses open to any interested enterprise). On the other hand, more attention is going to be paid in the coming years to further promoting the STC activities amongst relevant suitable candidates. Amongst other activities, it is expected to enlarge the STC promotion activities amongst existing Spanish business incubators, particularly those located in the most relevant Spanish universities.

Finally, the STC trade mark is expected to be sectorally and geographically extended in the coming years to two additional world locations. According to the ICEX interviewee, one STC specialised in biotechnology in the Greater Boston area (USA) and another STC specialised in cybersecurity in Tel Aviv (Israel) are expected to be opened up by the end of 2017, where the concrete design of these new STCs (participating partners, presence of a permanent structure, location spaces) is still under discussion at the time of drafting this report (March 2017). In essence, the final idea behind these new STCs is to increase the traditional Spanish export base focused on low-medium knowledge intensive sectors to new and emerging high-knowledge intensive sectors where Spanish enterprises may flourish.

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All Eurofound publications are available at www.eurofound.europa.eu

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