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# Europe's moonshot moment: Fueling its tech ecosystem for scale

June 2025

**About this report**

This report is a collaborative publication by McKinsey and Boardwave and is based on qualitative and quantitative research conducted from September 25, 2024 to April 25, 2025.

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The authors also wish to thank the more than 30 European tech founders, CEOs, investors, and ecosystem leaders who shared their insights, as well as members of the sounding board, acknowledged on the next page.

# Sounding board

McKinsey and Boardwave wish to thank the following individuals for their contributions to shaping the research, which includes insights from more than 30 European tech founders, CEOs, investors, and ecosystem leaders, as well as Boardwave's annual member survey.

## Léo Apotheker

Léo Apotheker, the former CEO of HP and SAP, led HP's strategic split and helped SAP become a global leader in enterprise software. Over two decades at SAP, he transformed it into a multi-solution, global company. Since retiring from executive roles, he has focused on value creation in private tech firms, leading successful exits with KMD, Unit4, Signavio, and Appway. He currently serves as chairman of BSI Software, Eudonet, Harvest, and Syncron and as a member of the board of Nice.

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Jean-Philippe Courtois shaped Microsoft's global strategy from 1984 until his retirement in 2024. As executive vice president and president of global sales, marketing, and operations, he accelerated Microsoft's cloud and AI growth, leading 124 subsidiaries worldwide. Later, he led National Transformation Partnerships, driving digital, sustainable, and inclusive growth. A champion of impact entrepreneurship, his global initiative supported over 2,500 start-ups in 100 countries. Courtois hosts the *Positive Leadership* podcast and cofounded Live for Good, an organization fostering youth entrepreneurship.

## Chano Fernandez

Chano Fernandez is currently CEO at Eightfold.ai, a native talent intelligence gen AI platform. He was most recently co-CEO at Workday, responsible for the entire customer relationship, which spans acquisition, services, customer success, and customer support. He was also a member of Workday's board of directors. Previously, Chano served as co-president, and before that, served as executive vice president of global field operations, and as president of EMEA and APJ. Prior to joining Workday in 2014, he was senior vice president and head of innovation sales at SAP EMEA, held senior roles at Infor, and was a founding partner at Blue C. Chano was a senior consultant for McKinsey. Chano also serves as non-executive director at Klaviyo.

## Stephane Kurgan

Stephane Kurgan has been venture partner at Index since 2020, focusing on supporting entrepreneurs with a strong belief in purpose-driven leadership. Prior to joining Index, he was COO of King Digital Entertainment, maker of Candy Crush Saga. He was part of the team that oversaw its $7 billion IPO—one of the largest for a European tech company at the time—and subsequent acquisition by Activision Blizzard.

## Vin Murria

Vin Murria is a software entrepreneur and investor with over 30 years' experience. She founded and led Advanced Computer Software (acquired by Vista) and Computer Software Group (acquired by Hellman & Friedman) and was COO at Kewill Systems (acquired by Francisco Partners and now known as Bluejay). She sits on the boards of Softcat and Bunzl and chairs ADVT while advising HG Capital and Rothschild on technology, media, and telecommunications. A former non-executive director at Sophos, Zoopla, SVB UK, and others, Vin was awarded an OBE in 2018. She founded the PS Foundation, is a patron of Shivia, and is an ambassador for the Prince's Trust and Outward Bound. She holds a BSc, MBA, and honorary DBA.

## Yves Padrines

Before joining Nemetschek Group as chairman and CEO, Yves Padrines was CEO of Synamedia, where he built and transformed the world's largest independent video software provider for pay TV, telecommunications, media, and over-the-top (OTT). Previously, he was Cisco's vice president of global service provider, EMEA, overseeing its full product suite. He joined Cisco via its acquisition of NDS, where he held various senior roles. Earlier in his career, he worked at PricewaterhouseCoopers and Vivendi and cofounded a US-based music platform backed by Creative Labs.

# Executive summary

Europe's technology ecosystem stands at a turning point. While this ecosystem has matured significantly over the past decade, persistent structural barriers—fragmented markets, conservative corporate norms, and a slower flow of late-stage capital relative to early-stage investment—continue to constrain the region's ability to scale global champions. However, a rare alignment of geopolitical, regulatory, and technological shifts is creating new momentum and, with it, a window to build global leadership.

This report offers an insider's perspective of what is working and where targeted shifts could meaningfully accelerate the growth and success of start-ups and scale-ups. Produced jointly by McKinsey and Boardwave,[1] the report is grounded in firsthand insights from conversations with more than 30 European tech founders, CEOs, investors, and ecosystem leaders, along with Boardwave's annual member survey. The findings are further sharpened by an analysis of the continent's top-performing and fastest-growing software companies: those reaching more than €100 million in annual recurring revenue (ARR) within ten years or more than €500 million ARR in 20 years.

Taken together, the research findings indicate a striking consensus: What's missing is not raw ingredients; Europe has world-class talent, growing capital pools, and committed institutions. Rather, what's needed is the coordinated mobilization to set in motion the continent's innovation flywheel to catalyze entrepreneurship, attract more risk-taking investment, and reach critical mass for turning these foundations into global outcomes. This is a moonshot moment, a rare point in time where the right vision, aligned resources, and decisive action could position Europe's start-ups to lead in the next wave of technological and industrial innovation.

To seize the moment, ecosystem players can consider a set of priority actions centered on four ecosystem levers: leadership, incentives, focus, and teaming (LIFT). These actions include key strategies for founders and CEOs. They also include critical support that institutions (including governments, universities, and corporations), investors, and industry groups may consider, providing a shared agenda to turn today's momentum into sustained scale.

- **Leadership** strengthens the culture to prioritize scale and long-term growth. For founders and CEOs, that means assembling a diverse, growth-oriented management team and board of directors that can embed risk taking into company culture. For institutions, investors, and other ecosystem players, it can include providing more strategic guidance for scaling, including playbooks with best practices and support for pan-European innovation initiatives.
- **Incentives** align financial structures to reward long-term, innovation-driven growth. The research suggests this could include company incentives built for boldness, such as founder-friendly equity models and long-term capital that reward ambition over short-term gains. It could also include targeted university incentives, growth-oriented procurement by governments and corporations, and consistent fiscal policies across markets.

— **Focus** directs time, energy, and resources to areas that will matter for scale rather than localized growth. Anchoring the effort are globally minded founders who build for international scale from the outset and expand through strategic partnerships and targeted M&A. Ecosystem players can help shape the environment by supporting critical technology sectors and streamlining the foundational enablers of scale—talent mobility, administrative simplicity, and cross-border alignment.

— **Teaming** is about learning faster together and inspiring the next generation to follow. Integral to this, the research finds, are well-executed go-to-market (GTM) strategies—supported by the talent to drive them—and engagement with industry groups and networks to share lessons and accelerate collective progress. At the same time, ecosystem players can cultivate forums and initiatives where ideas, experiences, and scaling successes are openly exchanged, where entrepreneurship is culturally celebrated, and where tomorrow's founders are inspired to imagine what is possible.

Introduction

# Turning Europe's tech momentum into global scale

Amid persistent conjecture about Europe's global competitiveness, a new wave of software companies is quietly rewriting the continent's innovation narrative. This shift is evident not just in the number of start-ups but also in their commercial traction. Europe's tech ecosystem—including application, digital service, and platform providers—is showing signs of improving performance.

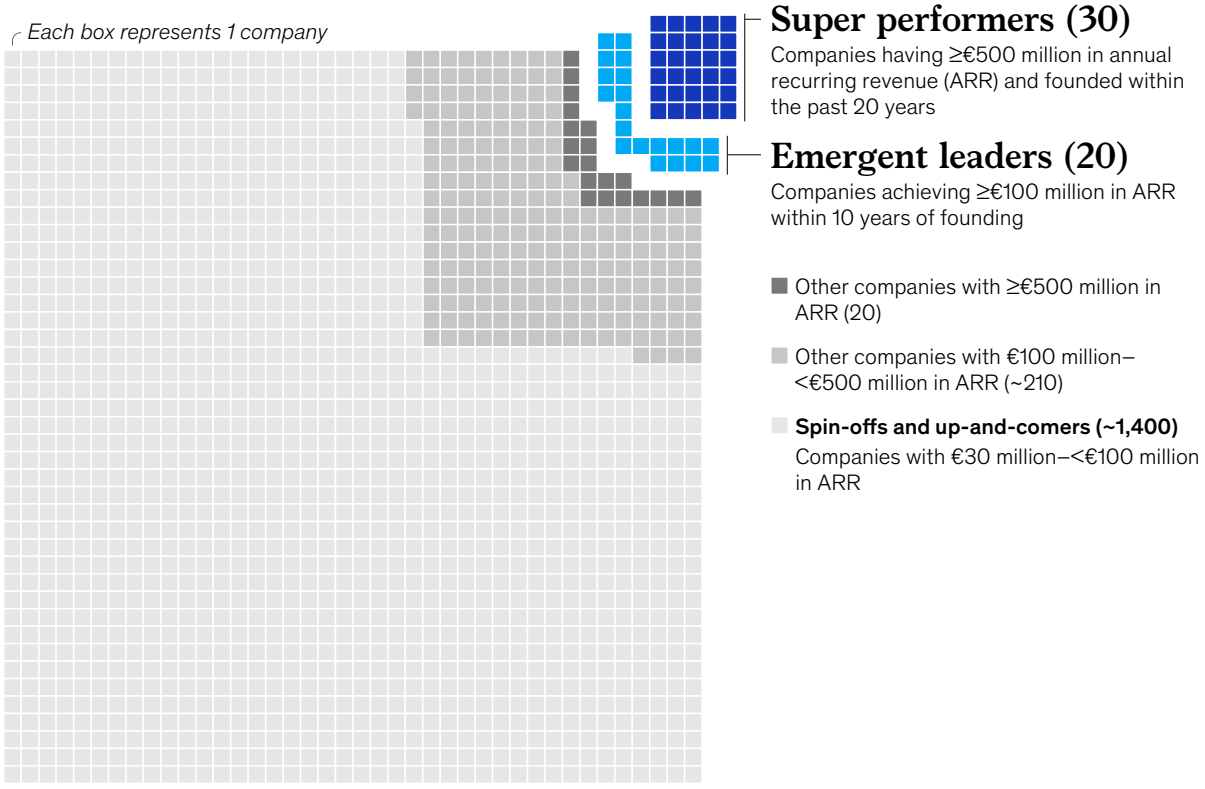
Over the last decade, the number of European software start-ups has grown fivefold, and the region has raised over $425 billion in venture funding—ten times the previous decade's total.[2] Today, Europe is home to more than 280 software companies generating over €100 million in annual recurring revenue (ARR).[3] About one-fifth of these are either emergent leaders (the term used in this research for companies achieving more than €100 million ARR within ten years) or super performers (those that have ARR greater than €500 million and were founded within the past 20 years), as shown in Exhibit 1.

These companies are not only shaping their industries but also acting as founder factories, spinning out new ventures and embedding entrepreneurial experience across the ecosystem.

Exhibit 1

## Europe's tech ecosystem has gained meaningful momentum in the past decade.

**Europe's tech ecosystem[1]**




[1]Nonexhaustive; Europe defined as EU-27 plus Norway, Switzerland, and UK.
Source: Gain.Pro, 2025

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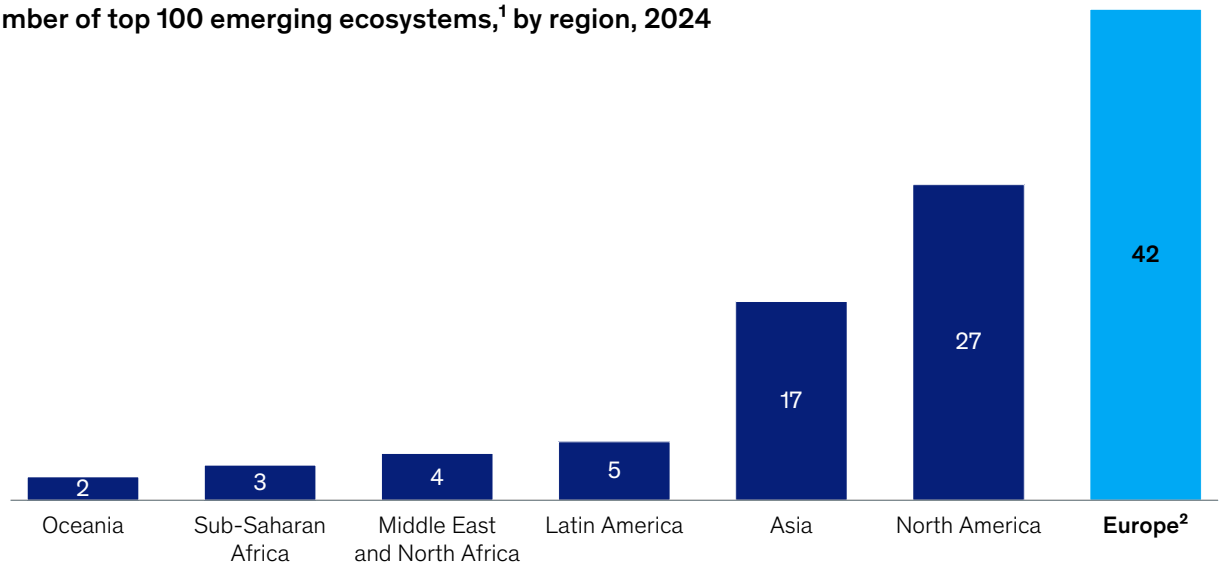
Just as PayPal gave rise to companies such as LinkedIn, Yelp, and YouTube, Europe's tech champions are beginning to fuel their own innovation pipelines. Klarna, Revolut, Spotify, and Zalando, for example, have collectively produced more than 215 spin-offs,[4] and many European unicorns, such as Adyen and Deliveroo, have become household names.

Moreover, innovation clusters—which bring together founders, investors, universities, and tech talent—are emerging across Europe as global contenders to support this work (Exhibit 2). With capital, talent, and entrepreneurial ambition, Europe is building momentum for technology competitiveness.[5]

Exhibit 2

## Europe is home to nearly half of the top 100 emerging ecosystems.

**Number of top 100 emerging ecosystems,[1] by region, 2024**




[1]These ecosystems refer to innovation clusters, which bring together founders, investors, universities, and tech talent.
[2]EU-27 plus Norway, Switzerland, and UK.
Source: Startup Genome, 2024

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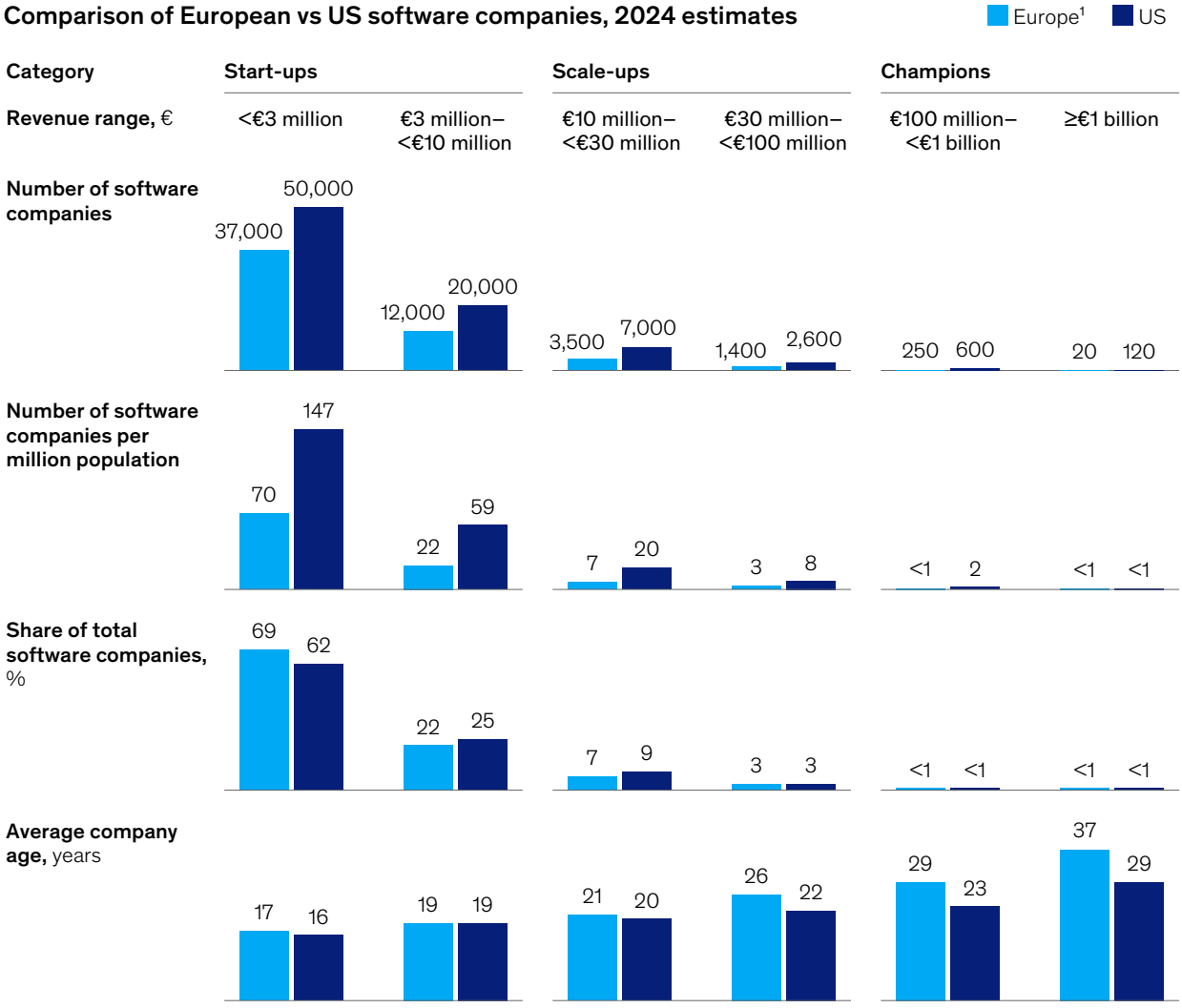
# Despite the momentum, Europe's innovation engine often stalls before scale-up

Fewer companies are founded in Europe than in the United States, in part due to the continent's relatively low commercialization rate.[6] The companies that do launch scale more slowly than their US counterparts. European software start-ups that reach €100 million in ARR take 15 years on average to get there, five more years than their US peers.[7] They are also less likely than US start-ups to surpass key growth thresholds (€10 million, €30 million, and €100 million in ARR), with the gap widening at higher levels (Exhibit 3).[8]

Exhibit 3

## Fewer European companies reach €1 billion—and those that do it are taking longer.

**Comparison of European vs US software companies, 2024 estimates**




[1]EU-27 plus Norway, Switzerland, and UK.
Source: Gain.pro; McKinsey analysis

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Europe also lags in producing global software champions. While 5 to 10 percent of US firms reaching €100 million in ARR subsequently scale to €1 billion, less than 3 percent of their European peers reach that milestone. And almost none of Europe's billion-euro software firms were founded after 2010, compared with one in five in North America, pointing to a fragile renewal cycle.[9] These dynamics are part of a broader economic picture: Previous estimates suggest that €500 billion to €1 trillion in annual value could be at stake for Europe by 2030, driven by performance gaps that point to unrealized potential across priority areas, including innovation and talent.[10]

# Conditions are emerging for Europe to reset its innovation trajectory—if players make the right moves now

Three converging forces—new technology arenas of competition, geopolitics, and an evolving operating environment—are creating unique conditions for enabling scale and helping Europe close the gap with early movers like the United States and China (Exhibit 4).

Exhibit 4

## New technology arenas, geopolitics, and an evolving operating environment create a unique opportunity for Europe to boost innovation.

### Factors creating opportunity in Europe

**New technology arenas**

***Emerging competition*** *with no clear winners to date*

- **Next-wave arenas,** like quantum, advanced connectivity and compute, and cutting-edge engineering, remain open
- **Shift from software as a service to consumption** with decentralized platforms
- **Agentic AI** opening new markets

**Geopolitics**

***Evolving geopolitical landscape*** *creating need and opportunity to rebuild domestic technology ecosystem*

- **Growing political uncertainty** with policy shifts and new tariffs
- **Push for digital self-reliance** to reduce dependency on foreign tech
- **Geopolitical realignment** driving demand to friend-shore and localize supply chains

**Evolving operating environment**

***Emerging technology and regulation*** *reshaping the path to scale*

- **Cloud connectivity** abating costs and accelerating start-ups' ability to scale across borders
- **Gen AI** democratizing innovation and and facilitating global reach
- **28th regime,[1] DMA, and GDPR[2]** offering a framework for harmonized cross-border access

[1]28th regimes entail optional legal frameworks within the EU which do not supersede national rules but provide an alternative for member states to consider. They can be applicable in limited scope or with respect to specific sectors, alongside existing EU or national legal frameworks.
[2]Digital Markets Act and General Data Protection Regulation.
Source: Economist Intelligence Unit; Gartner; McKinsey Global Institute; McKinsey analysis

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New technology arenas like AI and automation are opening leadership opportunities, with European players such as ElevenLabs, Mistral AI, and Wayve emerging as major global contenders.[11] This momentum comes at a critical inflection point, similar to the early internet and cloud era, when US players converted initial advances into lasting global dominance. In parallel, geopolitical shifts are driving governments to reassess technological sovereignty, spurring new

regulation and investment, and pushing corporations to prioritize local suppliers. Also, long-standing barriers to innovation, such as Europe's fragmented landscape, have been softened by technological advances and policy reforms. Consumption-based software models and cloud technology adoption, for instance, lower the cost and complexity of enterprise adoption of new technologies, expanding market opportunities for start-ups. Use of gen AI for real-time translation and automated compliance across borders empowers smaller teams to scale more efficiently across traditional barriers or compete at scale far more easily than before. As one venture capital (VC) partner explained, "The beauty of AI is that you can build a global business very fast with a very small team, which gives immense operating leverage." Recent tax and data sovereignty reforms may also offer European tech companies greater access to markets across the continent that previously have been dominated by US tech. Discussions to implement a "28th regime" alongside existing national frameworks promise to reshape the start-up landscape.[12]

For the European ecosystem to quickly capitalize on this momentum, players will need to understand how to reignite Europe's tech innovation engine; how founders, investors, and corporate leaders can drive change; and what actions other ecosystem players may wish to consider to help accelerate scale. As one European founder put it, "It's not about breaking the US moat—it's about building our own alongside it."

**'It's not about breaking the US moat—it's about building our own alongside it.'**

—A European founder

# Reigniting Europe's innovation engine

This research suggests there is no shortage in the supply of the basic ingredients for innovation—world-class talent, increasingly robust capital markets, and committed public institutions actively aligning fiscal and regulatory policies with innovation goals.

Europe's tech talent pool has grown by 24 percent annually over the past decade, expanding at a rate on par with that of the United States.[13] Europe produces a robust pipeline of technical talent, with its share of tech-related degrees now comparable to the US share: 25 percent for Europe (excluding the United Kingdom), versus 26 percent for the United States).[14]

Additionally, founders report that early-stage funding—angel, seed, and Series A—has become increasingly accessible and, as one European cloud software CEO shared, "has started to catch up with the US."

The data shows real progress. Since 2019, Europe has seen significant growth in seed and Series A funding, both in total capital raised and average round size. In 2023, average early-stage software venture capital deals in Europe averaged approximately $21 million, narrowing the gap with North America to just below 5 percent, down from 35 percent in 2019.[15] On the public investment side, Europe allocates a slightly larger share of GDP to R&D than the US (0.74 percent versus 0.69 percent).[16]

Europe also ranks high on various world indexes for governance quality, regulatory integrity, trust in public institutions, and equality, mobility and well-being—features of institutional robustness, openness, and inclusiveness that economists like Nobel Prize winners Daron Acemoglu and Simon Johnson link to long-term economic growth.[17] These conditions support a predictable investment and innovation environment fundamental to long-term decision making and the reduction of systemic risk.

**10x** growth in European venture funding over the past decade

## ‘We don’t lack talent—we lack thriving companies to keep them here.’

—CEO, agentic AI company

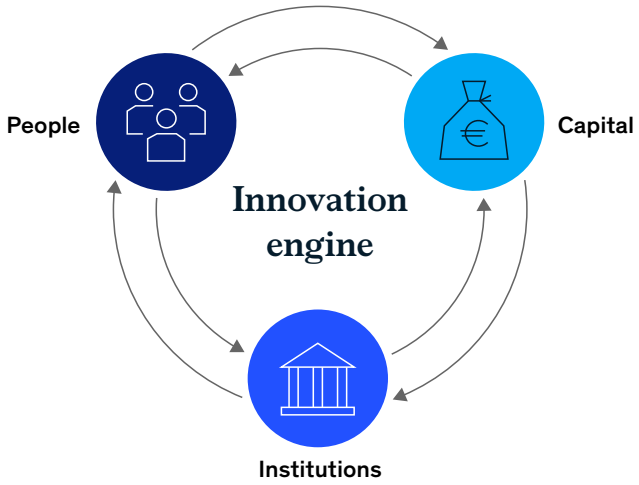
Rather, the research suggests that at the heart of Europe’s challenge is its innovation engine—a self-reinforcing system of people, capital, and institutions. When the components are aligned, this system creates a positive feedback loop that drives innovation and scale. Thriving firms attract and retain top-tier talent, who in turn become advisers, repeat entrepreneurs, and team builders. Investors respond by making bolder bets, fueled by a belief in the region’s ability to scale. As the ecosystem matures and success stories mount, other ecosystem players may become more engaged, whether by adopting local technology, adjusting procurement practices, or making other growth-oriented moves. The result is a compounding cycle that continuously produces more thriving firms and reinforces the ecosystem’s long-term competitiveness.

But when one or more components encounter friction, it can set off a negative cycle that can hinder growth (Exhibit 5). When there are fewer global champions, there will be fewer role models and anchor companies to retain top talent, mentor founders, or seed spin-outs. As the CEO of an agentic AI company put it: “We don’t lack talent—we lack thriving companies to keep them here.” European investors follow suit, so US backers are perceived as more willing to make bold, early bets. “US investors play the long game; Europe’s are more cautious,” explained the founder of an energy software-as-a-service (SaaS) company. The scarcity of patient capital from European investors can make scaling more difficult and contribute to early exits, undermining the continent’s ability to build a self-sustaining innovation ecosystem.

Exhibit 5

## Innovation slows when any components of the flywheel encounter friction.

**Illustrative flywheel**




**People**

Fewer successful scale-ups prevent positive network and ecosystem effects for new ventures, limit incentives for institutions to create a more dynamic environment, and reduce capital influx to European technology sector

**Capital**

Limited growth capital, fragmented public markets, and lack of start-up-oriented institutional capital reduce exit prospects for founders, leading to brain drain and lowering incentive for pursuing innovation frameworks

**Institutions**

Lack of unified fiscal, regulatory, capital, and innovation frameworks supporting European scale-ups can deter potential founders, fuel risk-averse mentality, and drive capital away to innovation-friendly markets

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Compounding the challenge, many European venture funds are smaller, limiting capacity for follow-on investment. “Founders often sell too soon, not because they want to, but because they see no viable path to scale,” said an investor and software executive.

This cycle is reinforced by an environment often perceived by interviewees as risk-averse, slow to adopt local innovations, and fragmented. As one scale-up executive put it, “European corporates still view software as a cost, not a growth enabler. And the patchwork of regulation just adds drag.”

# Identifying areas for improvement

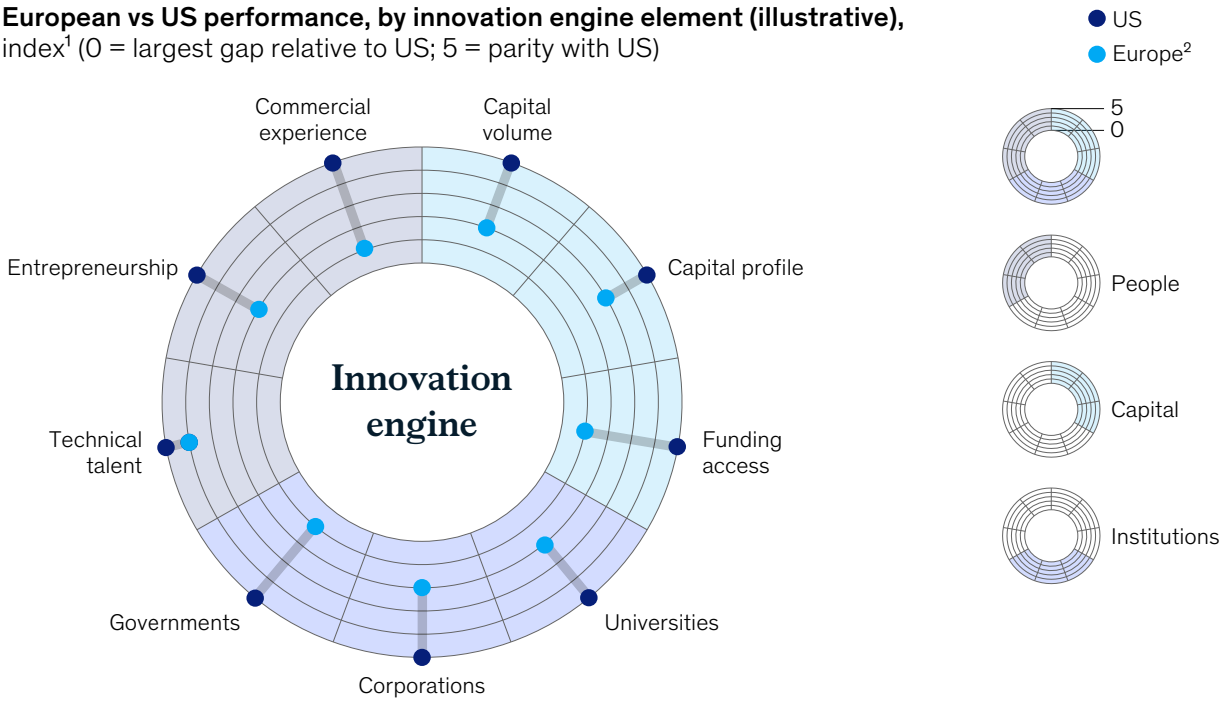
To understand where the system breaks down in Europe, the research looked under the hood of its core engine: the interconnected forces of people, capital, and institutions. Within each, the research assessed how their foundational components are—or aren't—working in sync (Exhibit 6).[18] Under people, it examined the availability of technical talent, the depth of entrepreneurial experience, and the commercial skills required to scale. For capital, it analyzed funding volume and type across early, growth, and late stages and how accessible that capital is to founders. Within institutions, the research explored the roles of government and regulation, corporations, and universities to support commercialization and scale.

Across all three dimensions, Europe shows gaps, most notably in entrepreneurial and commercial experience, access to growth capital, and enabling institutional support.

Exhibit 6

## Friction is impeding performance throughout Europe's innovation engine.

**European vs US performance, by innovation engine element (illustrative),** index[1] (0 = largest gap relative to US; 5 = parity with US)




Note: US is assigned a normalized benchmark score of 5 for comparison purposes only. This does not represent ideal or maximum performance. The chart illustrates Europe's aggregated performance relative to this benchmark. Some European countries, such as Estonia and Sweden, exceed the benchmark in specific areas, indicating comparatively stronger performance.

[1]Bespoke index with scoring of 1–5 on Europe's gap to the US, developed through a combination of primary research, Boardwave member surveys, and interviews with select Boardwave members. Data sources included industry reports, academic studies, and direct insights from industry professionals. Quantitative and qualitative data were integrated to assess key innovation metrics, including an analysis comparing Europe with the US. Example KPIs include technical degree attainment; size and growth rate of tech talent pool; background of founders; speed of bringing on GTM team (such as CRO); volume of venture capital available across funding stages; ratio of software venture capital vs private equity funding; market cap of tech IPOs; university equity stakes in spin-outs; average software spend by corporates; differences in fiscal policy and legalization; and more.

[2]EU-27 plus Norway, Switzerland, and UK.

Source: Atomico; Crunchbase; Gain.pro; QS World University Rankings 2025; WIPO; McKinsey analysis

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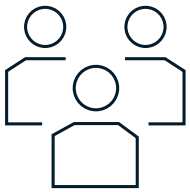


## People: Entrepreneurial and commercial experience

While Europe's pool of tech talent has been growing rapidly—by 24 percent annually, as previously mentioned, and at a rate on par with the United States—the research suggests that gaps remain in developing entrepreneurial and commercial experience:

— **Entrepreneurship.** Industry insiders point to structural headwinds that lead to what one software CEO calls a lack of "risk-taking DNA" within the founder ecosystem. First, with fewer global European champions to emulate, founders think smaller, exit earlier, and focus on regional scale. Additionally, the pipeline into entrepreneurship is also shaped by the way up-and-coming tech talent is nurtured. As the CEO reflected, "When I consider my education in France, it was all about excellence, never about taking risks. Our curricula are not pushing or empowering our top talent to become entrepreneurs."

— **Commercial experience.** The research indicates two systemic roadblocks hold back Europe's go-to-market capacity. First, while survey respondents identify marketing and sales talent in general as readily available on the continent,[19] interviews with European tech leaders suggest that experienced GTM talent who can localize and scale strategies across Europe's fragmented markets is scarce. As the CEO of a French SaaS company shared, "Europe lacks the same GTM strength as the US. . . . They have the top GTM talent and expertise and are more aggressive in prioritizing GTM."

Second, while CRO adoption rates among unicorns in the United States and Europe are similar, US scale-ups hire CROs roughly two years earlier than their European peers, gaining an edge in execution.[20] As the French SaaS CEO said, "European founders tend to focus more on product development . . . whereas US founders emphasize scaling through sales and marketing early." Boards also face the same capability gaps. "Europe has a shortage of experienced execs who have scaled companies in Europe before," said the COO of a climate tech company.

**2 years**

US scale-ups hire CROs roughly two years earlier than their European peers.

## Capital: Access to growth funds

Founders surveyed cite access to capital as the greatest barrier to growth for European tech firms,[21] with interviewees emphasizing that the capital required in Europe is at least on par with other markets, if not higher. European companies increasingly need to make capital-intensive moves like executing M&As, attracting top talent, or staying unprofitable longer to invest in growth. But the picture is more complex. The research points to specific structural gaps in capital profile, volume, and funding access that are limiting the scale of companies:

**11%**

versus

**89%**

share of late-stage software funding from venture capital in Europe versus the United States

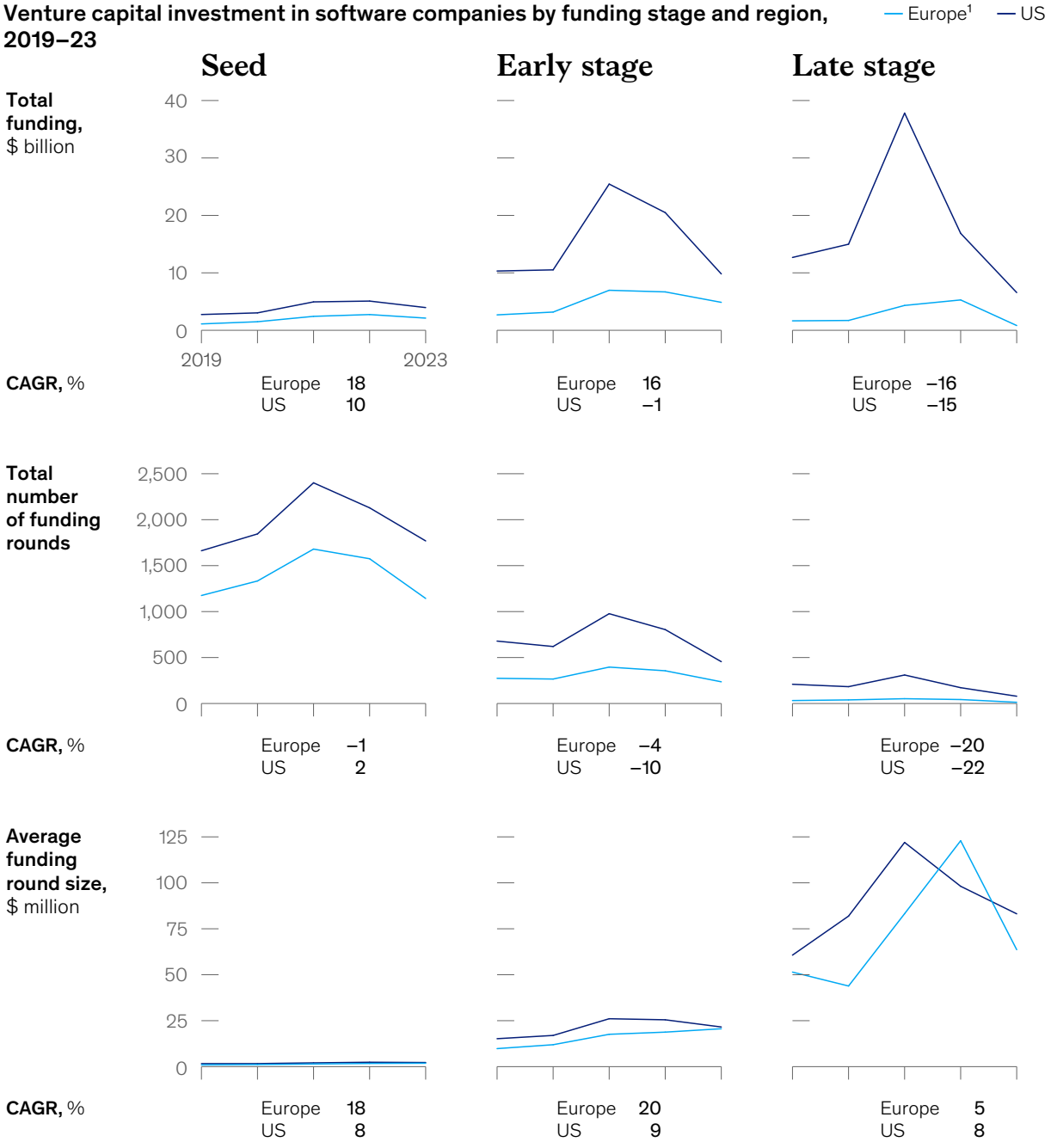
— **Capital profile and volume.** Ninety percent of survey respondents say their businesses are operating below €50 million in ARR,[22] which suggests a funding gap at the growth stage. While Europe has made progress in seed and early-stage capital access, the late-stage capital environment (Series C and beyond) needed to scale quickly has grown more slowly. In 2023, just 11 percent of late-stage software funding in Europe came from venture capital, compared with 89 percent in the United States (Exhibit 7). This low share of venture capital suggests a more conservative funding environment, but the capital mix tells an even clearer story. In 2023, Europe's ratio of late-stage venture capital to private equity was 1:3, compared with more than 2:1 in favor of venture capital in the United States.[23] The result: growth-stage start-ups in Europe are often backed by capital that favors measured returns over bold bets. As one founder shared, "European investors can't see the bigger market … and take bets." Moreover, pension funds, which represent a critical institutional investor, invest extremely little into venture capital, allocating just 0.02 percent of assets to venture capital, compared with 2 percent in the United States.[24] "European pension funds are risk averse from the moment they get given capital," said the cofounder of a start-up accelerator.

— **Funding access.** While late-stage growth capital remains a constraint, industry leaders point to limited funding access as the more acute issue—one that suppresses investor appetite, exit velocity, and overall ecosystem maturity. "Why stay in Europe when you can take a company public in the States?" asked the previously mentioned software executive and investor. European companies founded in 2015 have nearly matched their US peers in reaching a fourth funding round post-seed (58 percent versus 59 percent).[25] However, from 2015 to 2023, US tech IPOs raised over 11 times more than Europe's—$1.65 trillion compared with Europe's $142 billion—with much larger average valuations.[26]

Exhibit 7

## Although overall capital availability has improved, the composition of that capital is not yet fit for scaling high-growth companies.

**Venture capital investment in software companies by funding stage and region, 2019–23**




[1]EU plus Norway, Switzerland, and UK.
Source: Crunchbase; McKinsey analysis

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## Institutions: Enabling support and policy

Structural challenges such as regulatory complexity, market fragmentation, and gaps in research capabilities are widely recognized across Europe's innovation ecosystem. But this research points to a deeper dynamic: how institutional structures and incentives within universities, corporations, and governments may inhibit the path to commercialization and growth.

— **Universities.** Leaders repeatedly cited university "spin-out" structures, the ownership and licensing terms for academic start-ups, as a significant point of friction. The high equity stakes required by European universities, leaders noted, reflect a short-term mindset, rather than a scale- and growth-friendly approach that would attract academic and business talent. For example, European universities typically take a 20 to 25 percent equity stake in spin-outs (with some taking 40 percent or more). In contrast, some US universities take 5 percent or less, reducing the potential upside for founders, early employees, and investors.[27]

— **Corporations.** In 2024, US firms with 200 or more employees spent twice as much on software as their European peers.[28] While some of this reflects structural barriers—Europe's fragmented growth models, legacy tech stacks, and slower demand cycles—US corporations were viewed among interviewees as more willing to adopt novel, innovative solutions. As a scale-up executive explained: "European corporates tend to be more risk averse and slower at adopting new technologies, with overly complex and slow procurements, making it hard for start-ups to secure enterprise clients." Interviewees suggested that when European companies do adopt new software, they tended to favor established US Big Tech solutions. "There is no real prioritization for shopping local," one leader said.

— **Governments.** While Europe's regulatory landscape is sometimes anecdotally cited as an inhibitor to scale, Boardwave's member survey finds regulatory compliance ranks among the lowest perceived barriers for growth.[29] A former CEO with experience leading multiple large European tech businesses noted, "Regulation slows things down—it is not the cause of failure." Instead, leaders point to the importance of industry-government coordination to incentivize and enable innovation and scale. Examples include France's R&D tax incentives under its €109 billion AI strategy, Germany's ESOP reforms to expand equity compensation, and UK pension reforms to unlock £80 billion for high-growth tech sector.[30] As the CMO of one unicorn shared: "We would not be where we are without Europe's regulation. We were able to acquire one banking license to serve multiple country markets, and if we had to acquire 40-plus individual banking licenses, we would never have reached this scale."

**2x**

software spend
by US firms with 200 or more
employees versus European peers

# Mobilizing the vision and resources

This research and conversations with those who have scaled, exited, built, and rebuilt tech companies offer a nuanced view of what "doesn't work" in Europe. To understand what works, the research also examined the super performers and emergent leaders that have successfully scaled (see sidebar, "Examples of Europe's software success—and how they did it"). It further studied countries, such as Estonia[31] and Sweden, that have a disproportionate share of companies with ARR of at least €100 million, high scale-up density, and robust private capital activity.[32] In both Estonia and Sweden, for instance, start-up success has emerged following coordinated efforts to shape long-term innovation priorities. In Estonia, these include development of strong investor networks and an e-residency program that allows global entrepreneurs to register businesses within Estonia's legal framework. In Sweden, this includes public–private initiatives, like Almi Företagspartner, designed to support the growth of new ventures.

When these national and company-level perspectives are paired, the research suggests strategies that could reengage Europe's innovation flywheel. Europe has arrived at a moonshot moment—one in which pairing a unifying goal for software leadership with the resources needed to enable it could create a repeatable model across the entire ecosystem.

What might that goal be? The former CEO of large European tech businesses put it this way: "We should have ten to 15 European companies the size of SAP."

That ambition isn't far-fetched. Europe's climate leadership shows what is possible when the region mobilizes and aligns its capabilities. The continent has already achieved lower per capita emissions than China and the United States (5.9 metric tons, compared with 8.4 in China and 13.5 in the United States) and leads the world on renewable energy deployment.[33]

Stakeholders could recalibrate the region's innovation engine by making strategic moves in four areas—leadership, incentives, focus, and teaming (LIFT). The following pages outline these actions, first for founders and CEOs and then for institutions, investors, and other industry players.

## Examples of Europe's software success—and how they did it

This research includes a review of more than 50 industry reports and articles, aimed at identifying the strategic choices made by Europe's top-performing and fastest-growing software companies. It focuses on two distinct groups:

- ***emergent leaders,*** or companies that achieved annual recurring revenue (ARR) greater than €100 million within ten years
- ***super performers,*** or companies that have ARR of at least €500 million and were founded within the past 20 years

These groups were chosen to highlight companies that demonstrate sustained scaling. Their trajectories offer a lens into how bold decision making, partnerships, and long-term strategic bets are actively shaping Europe's competitive software landscape.

Analysis of public disclosures and media coverage surfaced recurring practices highlighted in this report—for example, go-to-market innovation and creative partnerships—that distinguish these firms in the marketplace. The following seven examples were chosen for their illustrative value in applying the key ecosystem levers: leadership, incentives, focus, and teaming.

## Super performers: Examples

— ***Revolut*** aimed from inception to become a global super-app, not just a UK fintech, building a cross-border suite spanning crypto to business banking.[1] It entered 32 markets in five years, often launching in parallel pursuing multi-jurisdictional banking licenses, and tying incentives to growth milestones.[2]

— ***Spotify,*** launched in Stockholm in 2006, prioritized global scale and user growth over early monetization, investing early in licensing and infrastructure.[3] Rather than focusing on market-by-market rollouts, Spotify pursued global music rights, betting early on streaming as a mass market behavior.[4]

— ***Helsing,*** a German defense AI founded in 2021, targets defense innovation with a software-first approach. Rather than working within traditional procurement cycles, it used a model of rapid software iteration, dual-use partnerships, and integration with frontline forces to raise over €200M and secure NATO-aligned government contracts within two years.[5]

— ***Celonis,*** a German leader in process mining, adopted a partnership-first GTM strategy to scale globally. Instead of relying solely on direct sales, it partnered with major enterprise software providers Oracle and ServiceNow to integrate its technology into their ecosystems.[6] Leveraging the distribution networks and credibility of its partners, Celonis quickly scaled across industries and geographies.

## Emergent leaders: Examples

— ***Mistral AI,*** a French large language model company founded in 2023, took a bet by focusing on open source, releasing its first model just three months after incorporation. The company raised €105 million in its seed round—one of Europe's largest—for hiring aggressively and competing directly with American AI giants.[7]

— ***Einride,*** the Swedish freight tech company, focused on creating a vertically integrated ecosystem by combining autonomous trucks, proprietary software, and an electric charging network. It entered partnerships with global brands and targeted large enterprise clients for scalable implementation. It also worked closely with regulators to become the first to operate autonomous electric trucks on public roads in the US.[8]

— ***Sorare,*** a French fantasy sports platform powered by blockchain, scaled rapidly through a unique GTM strategy and high-profile partnerships. Instead of relying on traditional gaming channels, Sorare secured licensing deals with major football leagues and clubs, giving it access to millions of fans and real-world sports data.[9] Its use of blockchain-based nonfungible tokens (NFTs) for fantasy sports introduced digital ownership, offering a distinct value proposition. Through its approach, Sorare created a new market category and attracted a global user base, raising $680 million in Series B funding in 2021 and reaching a $4.3 billion valuation just three years after its launch in 2018.[10]

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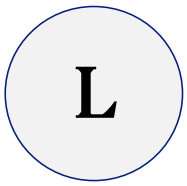
# Key strategies for founders and CEOS

Based on lessons learned from successful leaders who have navigated the journey of scaling across Europe, the research identifies eight tangible steps that founders and CEOs may wish to consider (Exhibit 8).

Exhibit 8

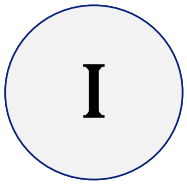
## Eight key steps can help European founders drive growth and scale.

**Founder checklist by LIFT levers**




### Leadership

- ☑ **Build a diverse growth-oriented board of directors,** including executive and non-executive advisers, with expertise aligned to the current phase of the company's scale-up journey
- ☑ **Create inclusive, cross-cultural management teams,** including within go-to-market (GTM) function, with local expertise and presence in key target markets

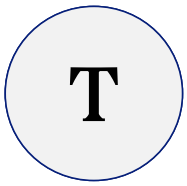



### Incentives

- ☑ **Use equity ownership** to incentivize growth and align compensation, incentives, and performance measurement to long-term growth ambitions across management, employees, and investors
- ☑ **Seek long-term capital** aligned with scale and ambition that will encourage and enable risk taking through funding, guidance, and introductions


### Focus

- ☑ **Think globally from day 1,** designing your offering to fit the international market and developing horizontal solutions that can scale across markets
- ☑ **Use M&As and strategic partnerships** to scale into new markets, accelerate reach, and gain local expertise with a tested playbook




### Teaming

- ☑ **Elevate your GTM strategy—**and the people behind it
- ☑ **Plug into founder networks, incubators, and industry groups** to build your network and share ideas and resources for scaling

McKinsey & Company

## Leadership

Founders and CEOs emphasize board and management team diversity as crucial to instill a growth orientation, risk appetite, and understanding of cultural nuance into the organization's DNA.

### 1 Build a diverse, growth-oriented board of directors aligned to each phase of the company's scale-up journey.

Founders and CEOs consistently highlighted board composition—both executive and non-executive—as one of the most overlooked aspects of organizational design in European start-ups and scale-ups, with boardrooms dominated by what the CEO of one technology and advisory business called "a mindset of avoiding mistakes rather than driving innovation." To counter this, founders and CEOs could actively reshape their boards to bring the expertise and mindset needed for growth and value creation. One company chair offered the following as one step in their board selection process: asking board candidates to submit a 250-word statement on the value and impact they would deliver through innovation and their focus for the future.

### 2 Create inclusive, cross-cultural management teams to scale across borders.

Fragmentation—cultural, linguistic, regulatory, and behavioral—remains a defining challenge of the European market.[34] This research, including interviews with executives from super performers, suggests that successful geographic expansion begins with a management team that has deep local knowledge to navigate these national differences in sales and GTM execution. The chair of a digital solutions provider attributed her company's success to a leadership team intentionally built for cultural diversity. Starting with members from four countries, the team now includes representation from 22 countries, enabling the organization to assess product fit and marketing strategy for each market.

I

## Incentives

For European start-ups to thrive globally, the research finds that incentives aligned to growth—for example, founder-friendly equity models and long-term capital willing to back bold bets—could make a difference.

### 3 Use equity ownership to incentivize growth.

Equity remains among founders' most powerful tools for driving growth, but on average, start-up employees in Europe own only 10 percent equity in their companies, compared with roughly twice as much equity held by US start-up employees. Additionally, all-employee ownership is far more common in Silicon Valley than in Europe.[35]

One reason for the gap between European and US employee ownership is cultural differences. As the chair of the digital solutions provider observed, "A lot of founders in the US are willing to give away early-stage shares to their employees. . . . In Europe, too many people are happy to have just employees." Employee preference for salary over equity also plays a role, though founders note that the European business culture is evolving. Companies including Celonis, Klarna, and Monzo[36] have adopted equity-based compensation to close the gap. Others, like Revolut, have gone further. Its "growth-shares" bonus structure ties employee payouts to company valuation milestones.[37] In jurisdictions where legislation allows it, tying board compensation to long-term growth targets can further unify incentives and strengthen scale-up focus across the organization.

### 4 Seek long-term capital aligned with scale and ambition.

While funding is more accessible than in previous decades, European investors often prioritize short-term returns—creating friction for founders pursuing global growth. Interviewees emphasized the importance of securing investors willing to back big bets, enable risk taking, and provide follow-on funding—but also the significant effort required to do so. As the founder of one European energy SaaS shared, "I've still managed to achieve what I wanted in terms of risk profile, but it has taken a lot of force, countercultural to PE [private equity]."

The right capital partners offer more than money. They bring guidance, ecosystem connections, and the patience required to scale across borders without early pressure to narrow the vision or take liquidity prematurely.

F

## Focus

Scalable firms also think globally from the outset and enter new markets through smart partnerships and selective M&A.

### 5 Think globally from day one, designing products that can scale across markets.

Interviewees emphasized that many European start-ups begin by tailoring their products to a single national market—an approach that can achieve local success but limits their ability to expand. The result is often fragmented competition across borders, with national champions struggling to scale beyond their home base. Designing solutions with global distribution in mind from the outset—especially in B2B—can offer faster cross-border growth when the time is right for geographic expansion. "It's not about localizing your product for each market," explained the CMO of one unicorn. "It's about building a platform that is scalable from a geographical and product perspective. You don't need to change your product for each market; you need to build a great product and create [and] win the market for it."

Some of Europe's super performers use this model. Spotify, for example, prioritized global user growth from the start, investing early in licensing and infrastructure to scale streaming as a mass market behavior and, ultimately, reshape the entire music industry.[38]

### 6 Use M&As and strategic partnerships to scale in new European markets.

While organic expansion can work—particularly in B2C, where strong marketing and product execution drive cross-border growth, companies like Klarna and Vinted have shown that M&As and partnerships can be powerful mechanisms for scaling.[39] This is especially true when such moves are executed early to expand geographically, acquire talent, strengthen B2B capabilities, or offload noncore operations.

The most successful players approach M&As and partnerships using well-defined playbooks that span product integration, data infrastructure, pricing models, and organizational centralization. As one CEO explained, "European winners will, most of the time, need be the sum of many parts; the main game of scaling up has to be through consolidation. . . . The alternative is to recruit people locally, launch an office, but then you start from zero, with complexities that are not just administrative but also related to the end market."

# Teaming

Scaling successfully in Europe also depends on teamwork—both internally to build strong go-to-market (GTM) strategies and externally through industry groups and networks that accelerate learning and collective growth.

## 7 Elevate your go-to-market strategy—and the people behind it.

Leaders cited GTM execution as one of the biggest challenges for European scale-ups, due to scarce cross-border GTM talent and European companies often undervaluing the function. As the CEO of a French SaaS company put it: "On one hand, the best talent out of universities is not culturally drawn to sales but rather engineering, finance, and other technical roles. On the other, we treat go-to-market as less important than product engineering, while in the US, it is put on the same level."

A well-defined GTM strategy supports efficient resource allocation, clear customer targeting, and faster market penetration—essential for start-ups operating with limited budgets in Europe's fragmented marketplace.[40] Founders can strengthen this function by offering sales leaders equity compensation and other incentives and involving them in product development and strategic decision making. Some are using more novel GTM strategies such as strategic channel partnerships (as Celonis has done), assigning software engineers to work closely with customers (as in the case of Palantir), or simply trialing and embedding third-party technology in their operations, such as the vast array of GTM tech available.[41] Other founders also noted that importing experienced GTM talent from the United States—a reversal of the traditional talent flow—can be an effective bridge while Europe's GTM talent pipeline matures.

## 8 Plug into founder networks and industry groups to share ideas and resources for scaling.

This research finds that founders' forums, incubators, and industry organizations—which can offer access to capital, advice, and partnerships critical to scaling—remain an underused lever for founders and CEOs. Programs like Seedcamp and Techstars have helped launch global players such as Revolut and Klarna.[42] Joining accelerators with international reach and a focus on scale, not just early-stage validation, can help

founders escape from what the climate tech COO called the "typical domain-level focus." Beyond accelerators and incubators, participating in industry organizations connects founders with peers, corporate partners, and policymakers to share insights and advocate for policies supporting entrepreneurship. "The impact of one's network is often overlooked," said the chair of a European learning tech scale-up. "One of the big changes needed across Europe is emphasizing the importance of meet-ups, networks, and opportunities to connect with others on the same journey to share learnings, identify talent, and find funding sources." The CMO of the unicorn noted that "isolated entrepreneurs are rarely successful—it's important to be part of the ecosystem."

**'We treat go-to-market as less important than product engineering, while in the US, it is put on the same level.'**

—CEO, French SaaS company

# Key strategies for institutions, investors, and other industry players

While founders drive outcomes, tailwinds from systemic shifts across Europe's innovation ecosystem may help shape and accelerate their success. Lessons from past successes and insights from founder interviews point to several actions corporations, investors, universities, industry groups, governments, and other ecosystem players could consider.


## Leadership

Conversations with leading European founders and CEOs reveal a clear ask: strategic commitment and alignment from across the innovation ecosystem, including pan-European innovation support and systematic guidance.

### 1 Coordinating and funding a pan-European innovation strategy.

Such efforts could take inspiration from Israel's Ministry of Innovation, Science and Technology.[43] Initiatives such as its National AI Program and its Horizon department for anticipating technological opportunities and risks have helped Israel rank among global leaders in key innovation indicators, including university–industry R&D collaborations, venture capital deals, Patent Cooperation Treaty patents, and information communication technology services exports.[44] A centralized European effort could channel public funding into key technology domains—such as quantum computing, climate tech, bioengineering, and advanced connectivity—through DARPA-style R&D programs. Founders and CEOs suggest that this level of focus and capital, aligned with Europe's strengths, could create conditions for globally competitive tech giants to emerge.

However, these leaders also recognize the critical role they play in such work. "We need businesspeople from the private sector to support policymakers and help co-create regulations for the future," emphasized the French SaaS CEO. An example of this kind of collaboration is Tech London Advocates (TLA), a grassroots group of entrepreneurs that has worked with UK policymakers to improve visa policies, start-up funding, and infrastructure improvements to help London remain a global tech hub.[45] Interviewees suggested that this type of approach could be adopted more broadly across Europe to establish a common framework that enables more scale.

## 2 Offering structured, hands-on support.

Founders increasingly expect investors to contribute more than capital; they want systematic, operational support tailored to their growth stage and market context. Some investors structure their services to portfolio companies based on industry and market size (small-cap, midcap, and large-cap). One leading European tech fund deploys vertical experts—specialists in operations and market niches—to provide targeted support. Others offer Europe-specific value creation playbooks with dedicated operational teams. These playbooks draw on lessons from prior successful scale-ups for optimizing digital marketing, customer success programs, data analytics, and technology platforms.

**‘We need businesspeople from the private sector to support policymakers and help co-create regulations for the future.’**

—CEO, French SaaS company

# I Incentives

Beyond well-known barriers, such as fragmented regulations and inconsistent fiscal policies across markets,[46] founders noted that targeted university incentives and greater government and corporate procurement could meaningfully shift outcomes for European start-ups.

## 3 Realigning incentives around long-term growth over short-term monetization.

Academic institutions spark entrepreneurial ambition and contribute over 10 percent of total patent applications in Europe.[47] But their ability to convert research into successful start-ups depends heavily on the right incentive structures. For universities that offer students state-of-the-art R&D facilities and incubator-style support for new ventures, the research suggests that reducing their equity stake for spin-offs can help attract leading researchers.[48]

There has been recent progress in this area: UK universities reduced their average equity stake to roughly 14 percent in 2024 in response to recommendations made by the UK government.[49] Inspiration can also be taken from Stanford's StartX accelerator, which its website describes as providing mentoring and investor access yet requiring no fees and taking zero equity in companies. The outcome: StartX has helped create more than 16 unicorns and three decacorns over the past decades.[50] As the CEO of the agentic AI company said, "The first thing is to encourage much more incubation in universities. We have the talent. Encourage them to think about entrepreneurship, create an infrastructure to support it, and partner with other entrepreneurs and corporations."

## 4 Incentivizing and streamlining trial and adoption of innovative European technology.

Greater adoption of software from local start-ups by players across the ecosystem could enable a virtuous cycle in which greater spending leads to greater innovation and vice versa. Europe's new defense industrial strategy shows this is possible. The aim of the strategy is that at least 50 percent of European nations' procurement budgets—rising to 60 percent by 2035—will be allocated to EU-based suppliers, alongside substantial funding to strengthen Europe's defense capabilities.[51] Similar strategies for the tech sector could drive demand for local vendors and boost ecosystem growth.

On the corporate side, Telefónica's Wayra initiative offers a compelling model for reducing friction in corporate procurement. It enables start-ups to pilot and scale their solutions across Telefónica's operations through dedicated innovation teams, sandbox-style testing environments, and fast-tracked procurement processes. Wayra has backed more than 1,100 start-ups in nine countries, investing €245 million and generating over €520 million in business for the start-ups.[52] Industry leaders interviewed urged other European corporates to follow suit by enabling risk-free testing, identifying clear owners for technology adoption decisions, and creating open innovation practices with dedicated innovation teams.

## 5 Rewarding entrepreneurial risk-taking with targeted initiatives that benefit start-ups.

Countries like Estonia and Sweden, which has been home to one of Europe's fastest-growing software funding hubs, have demonstrated how targeted initiatives can encourage risk taking and innovation.[53] Estonia, for example, consistently performs at the top of global per capita venture creation and innovation rankings.[54] This could be credited in part to its tax policies that tax stock options as capital gains upon sale, rather than as income when stock options are granted or exercised, rewarding those who take early-stage risks and aligning incentives with long-term value creation.[55]

Israel provides another reference point. Its Innovation Authority allocates hundreds of millions of dollars to support start-ups, including large grants through its Technology Innovation Incubators Program, regulatory sandboxes in areas like fintech and cybersecurity, tax credits for individual investors, deferred capital gains, and an emphasis on public-private collaborations.[56] Interviewees emphasized the potential benefit of replicating these models on a pan-European basis, with initiatives like the European Digital Identity framework,[57] in order to streamline processes and remove hurdles that currently slow companies' scale-up journeys.

F

## Focus

Across conversations, there was strong emphasis on sharpening Europe's strategic focus, doubling down on critical sectors[58] and streamlining critical enablers for scale-up, including talent attraction, retention, and mobility, as well as administrative processes.

### 6 Making bold bets that support international expansion.

Another consistent theme among interviewees was that solving the late-stage funding gap will require not just more capital—but a shift in investor approaches. "Investors in Europe often seek predictable returns rather than making high-risk, high-reward bets," explained the scale-up executive. "There's a real opportunity to invest in growth-stage tech in Europe that is not being utilized."

One model investors could consider is Sequoia Capital's backing of WhatsApp and DoorDash from seed to exit.[59] This helped scale infrastructure (for example, WhatsApp's lean team supporting hundreds of millions of users) and expand product lines (like DoorDash's move into grocery).[60]

### 7 Elevating pan-European capital markets to unlock public liquidity.

Capital markets are critical for scaling European tech start-ups, but Europe still lacks a consolidated NASDAQ-style market, the absence of which can contribute to founders selling early or listing abroad.[61] Many interviewees echoed this concern. "Above all else, we need a pan-European stock exchange," said the CEO with experience leading large European tech companies. "Otherwise, we will just create 'American' software companies who list in the US, as Europe doesn't have the scale." While the challenges are real, many believe renewed efforts are not only possible but necessary. As one venture capital investor noted, "Yes, previous attempts have failed, but where there is a will there is a way, and we are in a crisis."

### 8 Pairing technical education with entrepreneurial training.

To help close the entrepreneurial skills gap, European universities could integrate commercial and entrepreneurial training into their technical programs, combining courses on business model development and venture financing with hands-on start-up experience. The Technical University of Munich (TUM) offers a strong model: its Entrepreneurship and Innovation program complements technical education with business-building courses, while initiatives like the TUM Entrepreneurship Center and Start-Up Incubator provide mentorship, funding, and real-world project experience.[62]

## 9 Attracting global talent and enabling mobility within Europe's tech market.

In an era of geopolitical shifts and changing migration patterns, Europe has an opportunity to become a global talent hub by attracting skilled professionals from outside the region, enabling seamless mobility within Europe, and simplifying cross-border company registrations. This type of mobility may strengthen local ecosystems to make Europe more appealing to global professionals.

A recurring recommendation from interviewees was the creation of a specialized pan-European visa. "We need a European 'Super Visa'—a fast-tracked, low-restriction immigration option for highly skilled tech workers, beyond just coders, to access any European country easily," said the investor and software executive.

Country-specific initiatives are already advancing on this front. The French Tech Visa offers a four-year, renewable residence permit without the need for a separate work visa and applies to both individuals and their families.[63] The program is integrated into the La French Tech initiative and tied to a curated network of approved incubators, venture capital firms, and tech companies—ensuring that incoming talent lands in a high-potential environment.[64] A unified European framework, however, could amplify the impact by offering consistent access across the region.

> 'We need a European "Super Visa"…. for highly skilled tech workers, beyond just coders, to access any European country easily.'
>
> —Software executive

# Teaming

Another area of broad agreement is the need for an ecosystem that promotes a vibrant exchange of ideas and knowledge and that elevates entrepreneurs and their successes in the eyes of young generations of potential founders.

## 10 Strengthening networks and celebrating local successes.

Interviewees consistently emphasized the need for more intentional collaboration through events, mentorship platforms, shared best practices, and celebration of local wins. European industry bodies could draw inspiration from organizations like the Silicon Valley Leadership Group, which, according to its website, facilitates cross-sector dialogue through its innovation awards and amplifies success stories via targeted media. "[Industry] organizations … are critical in helping us create a best-in-class hub for European software companies to scale," explained one CEO of a leading B2B firm. "We need to leverage the connections that already exist."

This collaboration doesn't stop with experienced founders. Embedding rising technical talent early into the ecosystem is essential to sustaining momentum. Universities can partner with founders, investors, seasoned mentors, and industry partners to expose students to entrepreneurship—building networks before start-ups even form.

Just as importantly, celebrating successes reinforces the ecosystem's appeal, shifting cultural perceptions, attracting international talent, and reinforcing momentum. As the CEO of the agentic AI company noted, "Telling European success stories is inspiring and will attract talent from outside of Europe." In France, President Emmanuel Macron has consistently championed the French tech ecosystem—highlighting start-ups like Mistral AI in global forums, bringing founders into the spotlight, and using moments like the Choose France summit and VivaTech to position French start-ups as global players.[65]

## 11 Engaging with start-ups through boards, advice, and introductions.

Interviewees emphasized the need for more access to leaders with scale-up experience. "European start-ups suffer from limited access to mentors and operators who have successfully scaled similar businesses," said the climate tech COO. This shortage often leaves founders without the strategic

guidance or network connections needed to navigate growth. European corporate leaders and advisers can make a meaningful difference by joining start-up boards, providing hands-on guidance, and facilitating introductions to key ecosystem actors, including potential partners, institutions, and sources of capital.

## 12 Expanding corporate partnerships to provide start-ups with funding and resources.

Many interviewees emphasized the important role large US tech firms play in funding start-ups and integrating them into their platforms—and noted the lack of comparable corporate engagement in Europe. "Consider TUM [Technical University of Munich]," said the CEO of the leading B2B firm. "It connects talent from university and research with companies and VCs to start new ventures in all kinds of areas. You see this in some pockets of Europe, but we haven't seen amazing corporate venture arms in the same way."

**'Telling European success stories is inspiring and will attract talent from outside of Europe.'**

—CEO, agentic AI company

# Conclusion

Europe's software sector no longer needs to prove its potential—it needs to unlock its scale. The raw ingredients are here: talent, capital, and committed institutions. But its innovation flywheel has lost momentum. Restarting it will depend on deeper entrepreneurial and commercial experience, broader access to growth capital, and policy and institutional support that lowers friction and rewards scale. The sector is at a moonshot moment—one of rare alignment between opportunity and urgency. If founders build with global intent, investors stay in for the long haul, and institutions support ecosystem collaboration and scale, Europe can turn today's progress into a self-sustaining cycle of innovation, investment, and leadership.

# Endnotes

[1] As of May 2025, Boardwave's network includes more than 2,250 European software leaders and investors.

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[19] Boardwave 2025 Member survey (n = 166).

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