## Innovation Agenda 2030 WORLD CLASS MADE IN GERMANY

## STARTUP

## Our Top 10

Recession, climate change and wars – the current times are challenging. But we have it in our own hands to stand up to all these crises and ensure that we set the decisive course for innovation and ensure the prosperity of tomorrow. As the German Startup Association, we want to contribute to this with our <u>"Innovation Agenda</u> <u>2030 – World Class Made in Germany"</u>.

A key goal for the next legislature is to further develop the German government's startup strategy. This is essential to provide an innovationfriendly framework for the transformation of our economy: We need a **Startup Strategy 2.0!** 

But there is also a need for more far-reaching measures, ranging from the partial reorganization of state competencies and new instruments for forward-looking regulation to a funding offensive that meets the capital requirements of start-ups and scale-ups.

The entire innovation agenda comprises more than 50 pages. We present our TOP 10 recommendations here:

- To grow successfully, start-ups and scale-ups rely on the world's brightest minds. However, they face numerous obstacles when recruiting talent from non-EU countries. We need to remove these barriers and create incentives instead. This includes temporarily reducing income tax for new foreign skilled workers. We want Germany to inspire enthusiasm from the very first contact. The first prerequisite for this is a fully digitalized visa process. Another bottleneck is the recognition of qualifications: We advocate including employers much more in the process in order to accelerate it.
- The immigration of skilled workers also requires clear jurisdiction, bundled compe-

tencies and unambiguous responsibilities. We currently have a patchwork of more than 500 immigration authorities. Our proposal: **A new Federal Ministry for Migration** bundles the tasks distributed across the Federal Government, from recruitment to arrival and integration. If we also introduce **English as a second official language**, we will send a strong signal of openness and strengthen our welcoming culture.

- We have an annual funding gap of around 30 billion euros. We want to close this gap by 2030. This means that we need to triple venture capital investments. However, this will only be possible if we mobilize more private capital - especially from institutional investors such as insurance companies. We need suitable vehicles such as the German "Wachstumsfonds" ("Growth Fund") in order to be able to map large-volume investments. These instruments should be tailored to different opportunity-risk profiles to address different investor segments. At the same time, the venture capital offering for private investors must be expanded. This requires, among other things, more transparency. The publication of data from the European Investment Fund (EIF) would make a significant contribution to this.
- A dynamic startup ecosystem needs functioning exit channels: Successful exits not only strengthen the growth phase, but also make early-stage investments more attractive. In this way, they create the cycle of innovation and investment that can fuel itself. Non-European IPOs of German scale-ups lead to a loss of value creation for our economy. To encourage more IPOs in Germany and Europe, we need to strengthen the capital market. The decisive instrument for this is already on the table: the European Capital Markets Union.

- When it comes to innovation, the state is usually lagging behind. That doesn't have to be the case. Instead, we want the state to set the pace for innovation: by 2030, 5 percent of all public contracts should be awarded to start-ups. This can make administrative services faster, more digital and more user-friendly. As a result, it is not only start-ups and the state that will benefit, but all citizens. The nationwide standardization, simplification and consistent startup-friendly application of public procurement law is an important step in this direction. A cultural change in our public administration is also necessary. To achieve this, we should make our authorities much more accessible to specialists from the private sector.
- In order to make progress with digitalization, we need a Chief Digital Officer (CDO) with comprehensive competencies in the Federal Chancellery. Such a CDO could coordinate digitalization projects centrally and accelerate them with a top-down approach. We also need digital and fast processes when setting up companies. The "Startup in a Day" target already set by the Federal Government itself should finally become a reality by 2030. A "one-stop shop" that bundles and provides all the necessary applications can help with this.
- Too often, we still find it hard to transfer and scale up inventions from research. Yet we not only have an outstanding research land-scape, but also a strong industrial base to which we owe much of our current prosperity. We must build on this foundation now. We want to become a top global location for DeepTech. Our goal is to have at least 30 DeepTech unicorns by 2030. To achieve this, we need to expand the DeepTech & Climate Fund (DTCF), establish more milestone-based funding programs and facilitate market entries.

- We need better incentive systems for spinoffs at universities and research institutes.
  Transfer must be anchored as a third, equal pillar alongside research and teaching. This includes standardizing and accelerating IP transfer as far as possible. Universities should commit to allocating at least 1 percent of their total budget to spin-offs. For agile, forward-looking and innovation-friendly regulation, we propose a new Advisory Council that institutionalizes an exchange between state actors and the DeepTech ecosystem.
- ClimateTech start-ups are the driving force behind the necessary decarbonization of the economy and society. We want to at least double the number of ClimateTech unicorns by 2030. To achieve our climate targets, we need more targeted incentives to reduce CO2 emissions. This will pave the way for a climate-neutral economy and strengthen Germany as a business location at the same time.
- Diversity is a driver for better results, which is why we want to increase the proportion of female founders to 30 percent by 2030. To achieve this, we must enable maternity leave for self-employed individuals, adapt parental allowance to the realities of their lives, and increase the deductibility of childcare costs. Better access to capital is also required. Reporting by VC investors can help to uncover weaknesses or document progress. State VC funds could lead the way. It is important to note that diversity is not just about female founders, but also about migrant founders who are still underrepresented in the startup ecosystem.

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