

GovTech Connect

Transforming Government, Together

Six Lessons for start-ups

From the GovTech Connect Boot camps

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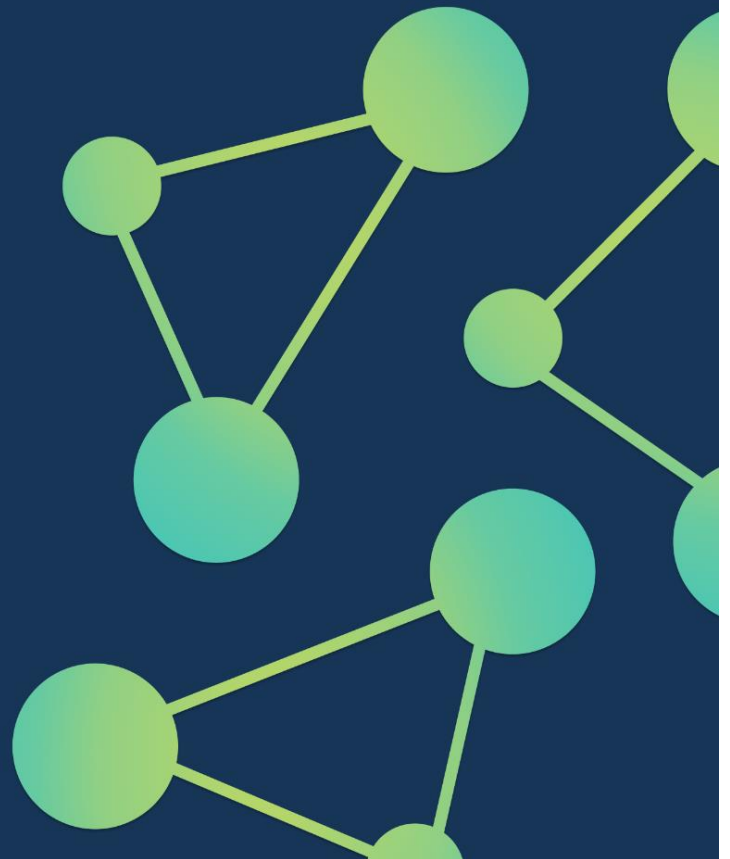
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Procurement Experts and VCs Offer 6 Lessons for Northern European Clean Tech Start-ups

In the Northern European CleanTech ecosystem, **the fusion of innovative solutions and public sector collaboration has given rise to a dynamic landscape**. However, the barriers we identified in our survey of the European GovTech market, nevertheless hold true here. These general challenges also intersect with some difficulties specific to CleanTech – particularly when it comes to **‘crossing the chasm’ between prototypes for early adopters and full-scale deployment for the majority, or struggling to get Series B funding**. To overcome these challenges, start-ups can learn from the valuable insights of Procurement experts and venture capitalists (VCs), who can shed light on how best to secure funding and sell to governments.

As part of the GovTech Connect Boot Camps, we convened two roundtable discussions to learn from these key voices. The first focused on procurement, with the insights from **Ville Valovirta**, Senior Scientist at the Finnish Research, Development and Innovation Partner, VTT, **Magne Hareide**, Senior Advisor for Norway Agency for Public and Financial Management, and **Karolis Granickas**, Head of Europe for Open Contracting Partnership. In the second roundtable, we heard from two leaders in Venture Capital, with deep expertise in CleanTech – **Alexandra Perez**, Investor 2150, and **Jack Kennedy**, Chief of Staff at Kintanna Ventures. From their collective insights, we can distil 6 essential lessons for GovTech start-ups. **They shed light on the challenges and strategies for CleanTech start-ups in Northern Europe.**

1. Capitalise on Green Procurement Trends

Speakers highlighted the **regional momentum in green procurement**, underpinned by **EU wide investment in the Green Deal and the Recovery Plan**. This is particularly relevant for the eastern side of Northern Europe, where 10–20% of the economies are driven by EU budgets. However, while opportunities abound, they can be difficult to access for smaller companies who must navigate additional layers of compliance. **It is important that CleanTech start-ups understand that procurement is often done by risk-averse managers**. Start-ups need to focus on **nauling the small details of compliance, and build up organisational know-how through learning by doing**. By strategically addressing these challenges, CleanTech ventures can leverage the growing preference for environmentally conscious solutions to drive market traction.

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2. Be cautious of Pilots without a clear route to Procurement

One commentator **cautions against following the ‘buzz’ of pilots if they don’t have a direct route to procurement.** While pilots can provide a platform for learning and co-creation, many can be a dead-end. **Start-ups should actively search out pilot opportunities where pilots are embedded in the procurement process.** Alternatively, start-ups can see the value in pilots that serve as an opportunity to build an evidence base.

3. Demonstrate Value through Evidence-Based Offerings

Building credibility and trust in the public sector demands evidence-based value propositions. One panelist advocated the importance of creating an evidence case that is gradually validated through third-party verification or starting with small sales to local municipalities. **Start-ups must accumulate results and tangible outcomes that speak to the benefits their solutions offer.** By showcasing quantifiable benefits in carbon reduction, cost savings, or efficiency gains, Clean Tech entrepreneurs can build a compelling case for adoption when they use evidence of success to bridge the gap between complex technological solutions and governmental stakeholders.

4. Prioritise Customer-Centric Problem Solving

CleanTech start-ups must remain focused on effectively addressing customer pain points, rather than only focusing on innovative technology. As one panelist commented, ‘the best product isn’t always the one that wins the market’. **Start-ups should focus on offerings that save money, make money, or save time for their customers.** One speaker emphasised the significance of making it easy for customers to trial products before committing to full-scale implementations. Clean Tech entrepreneurs can create a competitive advantage by strategically designing solutions that provide tangible and measurable benefits to their clients. Understanding your customer also extends to the budgetary dynamics and strategic goals of public sector clients, which is crucial for aligning business models and pricing structures effectively. Clean Tech start-ups can increase their chances of success by tailoring their offerings to directly address the financial and strategic priorities of government entities.

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5. Prepare for Regulatory Changes and Long Sales Cycles

Regulatory changes and lengthy sales cycles are inherent challenges in the Clean Tech landscape. One panelist advised diversifying strategies to navigate both government and corporate sales cycles. In water for example, Start-ups should consider targeting industrial waste and municipal waste water sectors, which can provide a revenue stream while tackling regulatory challenges in the public sector. **By carefully planning for longer sales cycles and proactively adapting to regulatory shifts, CleanTech ventures can position themselves for resilience and growth.**

6. Harness Funding and Resources through Strategic Alliances

Strategic alliances can serve as catalysts for Clean Tech growth. Leveraging government incentives, rebates, and programs can provide critical resources for early-stage ventures. **By participating in initiatives that connect start-ups with local councils and city governments, CleanTech entrepreneurs can gain exposure, establish credibility, and access essential networks. Likewise, partnering with an established larger business, as a prime, can be strategically beneficial.** These partnerships can help startups secure funding, bridge resource gaps, and amplify their impact.

These lessons, derived from insightful discussions, should **empower Clean Tech start-ups in the Northern European region to navigate challenges, seize opportunities, and drive sustainable innovation.** None of the challenges are insurmountable. Start-ups that heed these insights have the chance to navigate the intricacies of collaboration, leverage emerging trends, and contribute to a greener, more sustainable future.

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