ESPOO STARTUP STUDY 2025
15TH DECEMBER 2025 (RESULTS)

INTRODUCTION

1) INTRODUCTION

2) DEFINITION OF A STARTUP COMPANY

3) STARTUP ECOSYSTEMS IN GENERAL

STARTUP STUDY REPORT 2025 – INTRODUCTION

The key objectives of the study: Quantified qualitative study

- Show and analyze up-to-date quantified qualitative information on the development, growth trajectories, funding landscape, internationalization targets and operating environment of startups currently active in the ecosystem
- Highlight differences across variables and development stages
- Identify the strengths, bottlenecks and emerging patterns that influence the success and challenges of Espoo-based startups
- Pay special attention to the unique characteristics of Espoo startup ecosystem and compare these with findings from other cities and regions included in the broader research
- Provide evidence to guide city-level innovation policy, economic development actions and resource allocation

STARTUP STUDY REPORT 2025 – INTRODUCTION

Research and evaluation review of the current situation of the startup ecosystem

- **1) Based on data acquisition**
  - Company survey responses and statistical information
  - Analysis based on the data
- **2) High response rate (statistically highly representative sample, survey n=138)**
  - Statistically highly representative sample minimizes sampling bias
  - Allows conclusions about the characteristics and needs of Espoo startup ecosystem

STARTUP STUDY REPORT 2025 – INTRODUCTION

Research and evaluation review of the current situation of the startup ecosystem

- **3) The responses were collected from a group of 240 companies that form the ultimate high-quality core of Espoo early-stage startup ecosystem**
  - Responses from the most active core of startup population; the most active and innovation-driven startups operating in Espoo
- **4) In total, it was recognized that there are over 400 startup-originated companies from Espoo which are active or in operation**
  - Grown into bigger scale (growth companies, scaleup companies, unicorns), moved out from Espoo (elsewhere to Finland or abroad), changed business model, etc.
  - Scaleup and unicorn companies represent the desired outcome of a vibrant startup ecosystem

IMPLEMENTATION OF THE STUDY – AUGUST-DECEMBER 2025

DEFINITION OF A STARTUP COMPANY

Definition used

- **1. Employability:** Employs 1-49 employees.
- **2. Company type:** Is a limited liability company and is privately owned. Subsidiaries of groups or companies owned by the state and municipalities are not taken into account.
- **3. Innovation and scalability:** Develops an innovative product or service with high business risk. Seeks a scalable and repeatable business model.
  - Companies that have started to develop a new, innovative and scalable business model instead of their previous, more established business model will also be considered.
- **4. Growth orientation:** Actively seeks internationalization and strong growth.
- **5. Financing potential:** The company has either received venture financing or is of interest to venture capitalists.
- **6. Company age:** 0-10 years. The actual startup age of the company takes into account fundamental revisions in the business model, e.g. due to a change of ownership or business succession process.

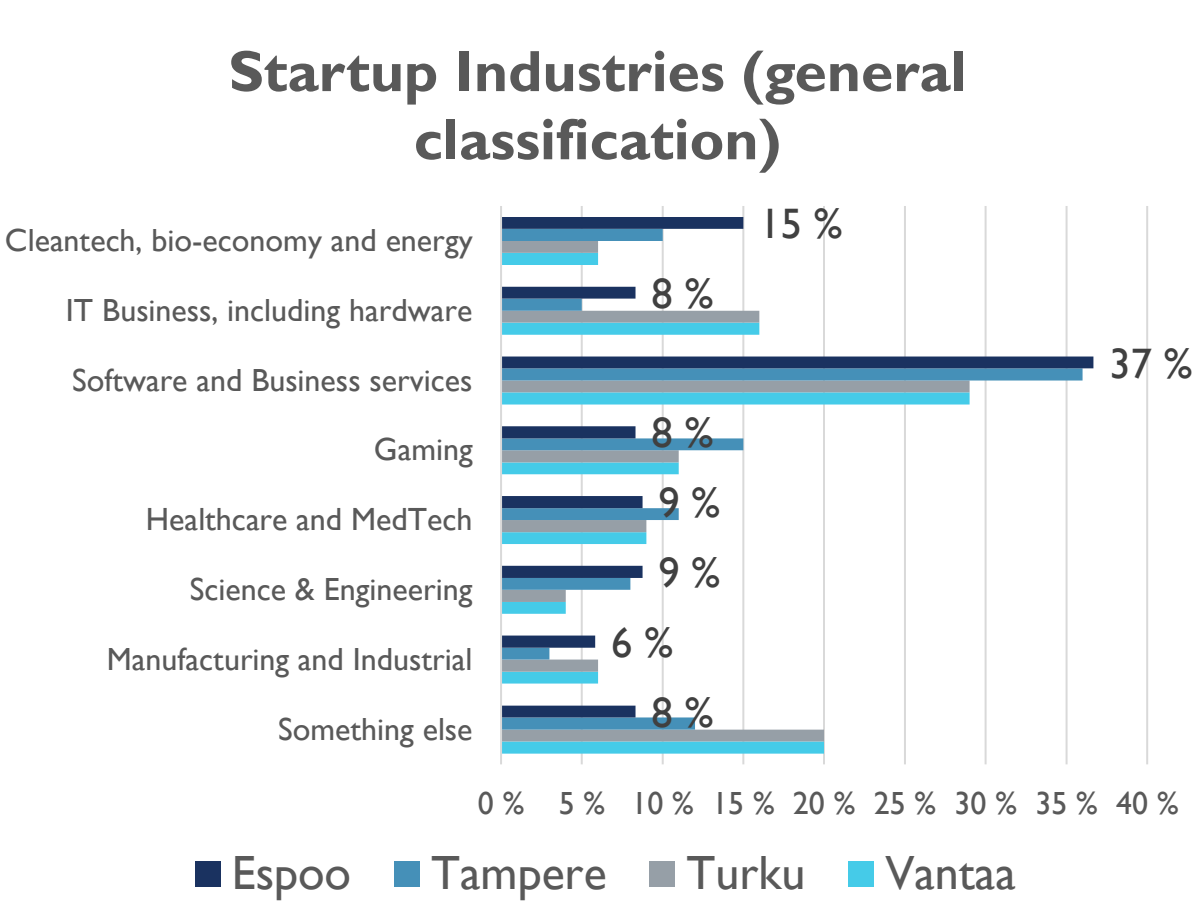
STARTUP ECOSYSTEMS IN GENERAL

- **Ecosystems are networks of economic development strategies, business activities and innovative initiatives that increase employment and urban vitality** (Robertson et al. 2020).
- In the startup ecosystem, **various stakeholders** establish organizations to build an infrastructure base to support and establish startups, promote the development of the national product and increase jobs on a large scale (Zhavoronkova et al. 2020).
- Startup and innovation ecosystems require **interaction between universities, research institutes and businesses to support them**.

STUDY RESULTS

BUSINESS, GROWTH AND FUNDING

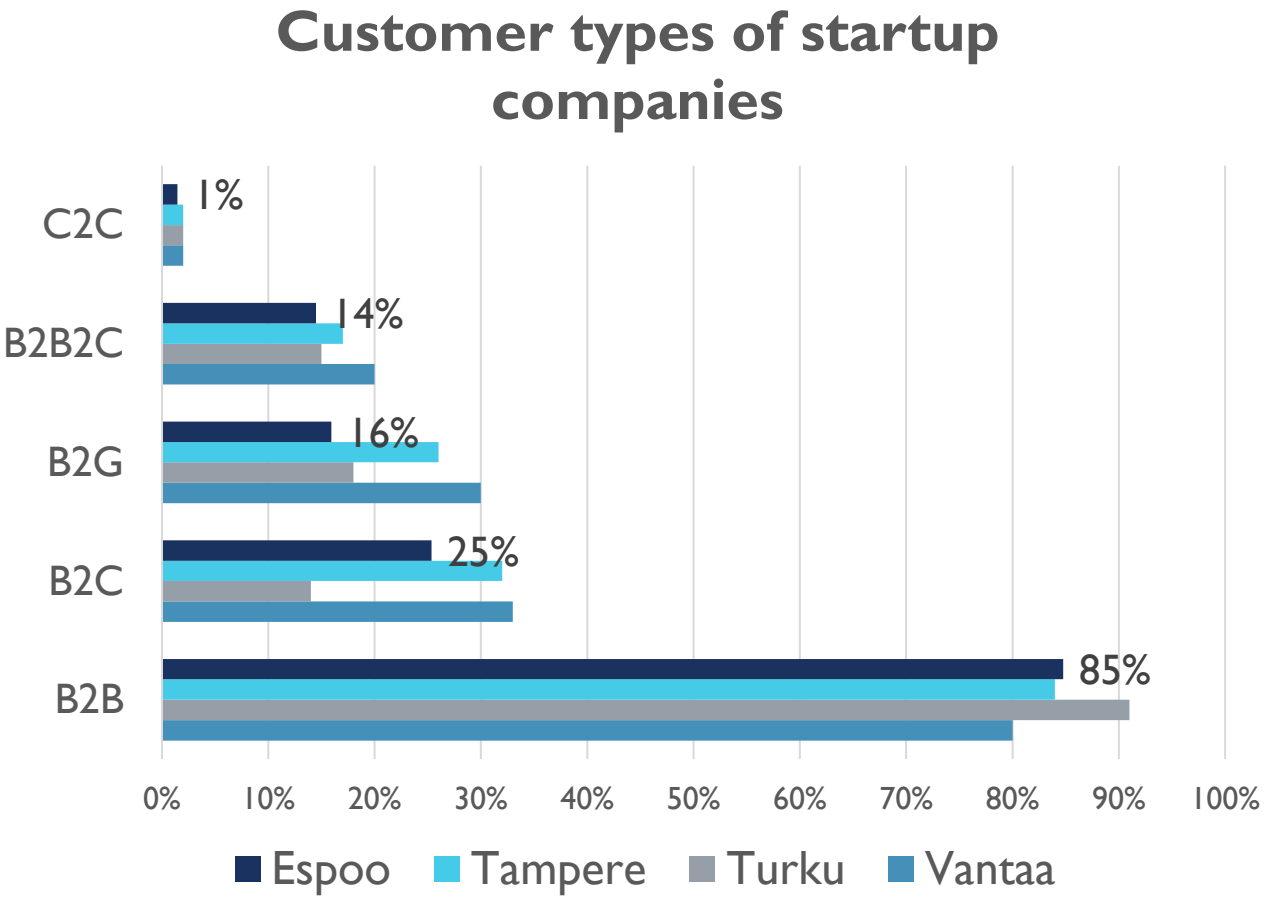
STARTUP INDUSTRIES (2025 *)



- **Conclusions:**
  - Software & Business Services dominating, the share is large by Nordic standards:
    - A strong digital-native founder base
    - Low barriers to entry and fast iteration cycles
    - High alignment with accelerators and universities
  - Cleantech, Bio-economy & Energy form a powerful cluster
    - Strong research capabilities around Bio-economy and Energy
    - Access to public RDI funding
  - Healthcare & MedTech significant
  - IT & Hardware signals deep tech potential
  - Science & Engineering highlights the ecosystem's capacity to commercialize research

(*) TOL classification does not work among startups. The used classification is based on FiBAN's data collection categorization, www.fiban.org/data

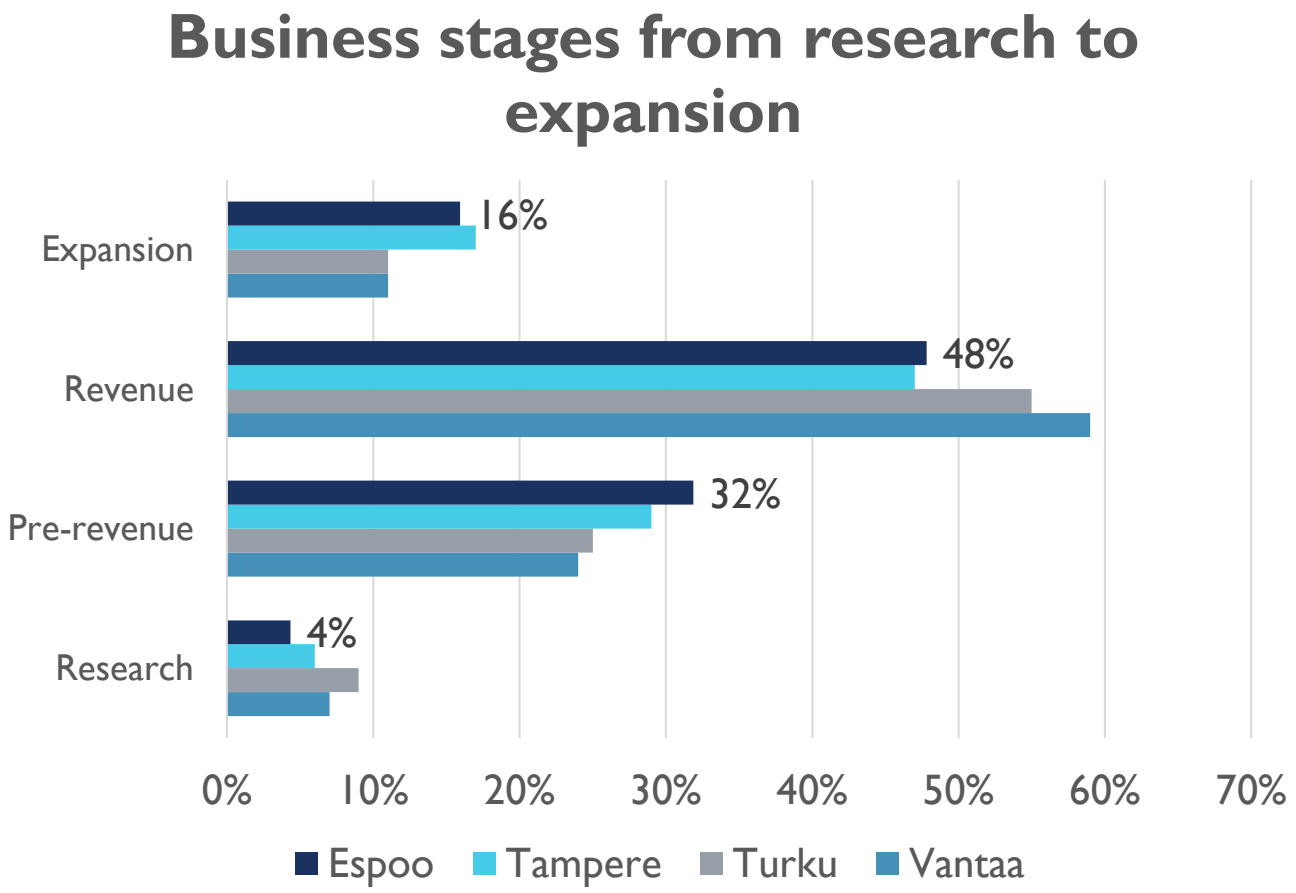
STARTUP CUSTOMERS (Q9)



The companies could have chosen several options

- **Conclusions:**
  - An ecosystem specialization in B2B-driven verticals
    - Strong technology and research foundations (Aalto, VTT, corporate R&D)
    - AI, software, industrial tech, health tech, clean tech
    - Typically, commercialization through complex solutions purchased by organizations
  - In Finland, limited local consumer market size and funding dynamics
  - Lower adoption of pure B2C and C2C models in early stages

BUSINESS STAGES OF STARTUPS (Q14) (*)



Conclusions:

Espoo maintains a **strong pipeline from research to commercialization and through to scaling**, characteristic of world-class innovation ecosystems

- The research-stage cohort is small, as companies progress quickly after incorporation
- The pre-revenue share is large, reflecting the development needs of deep tech and B2B sectors
- The revenue-stage group is large, showing strong market validation; signals a vibrant and balanced ecosystem
- The expansion-stage share is relatively high, demonstrating the ecosystem's ability to generate scaleups

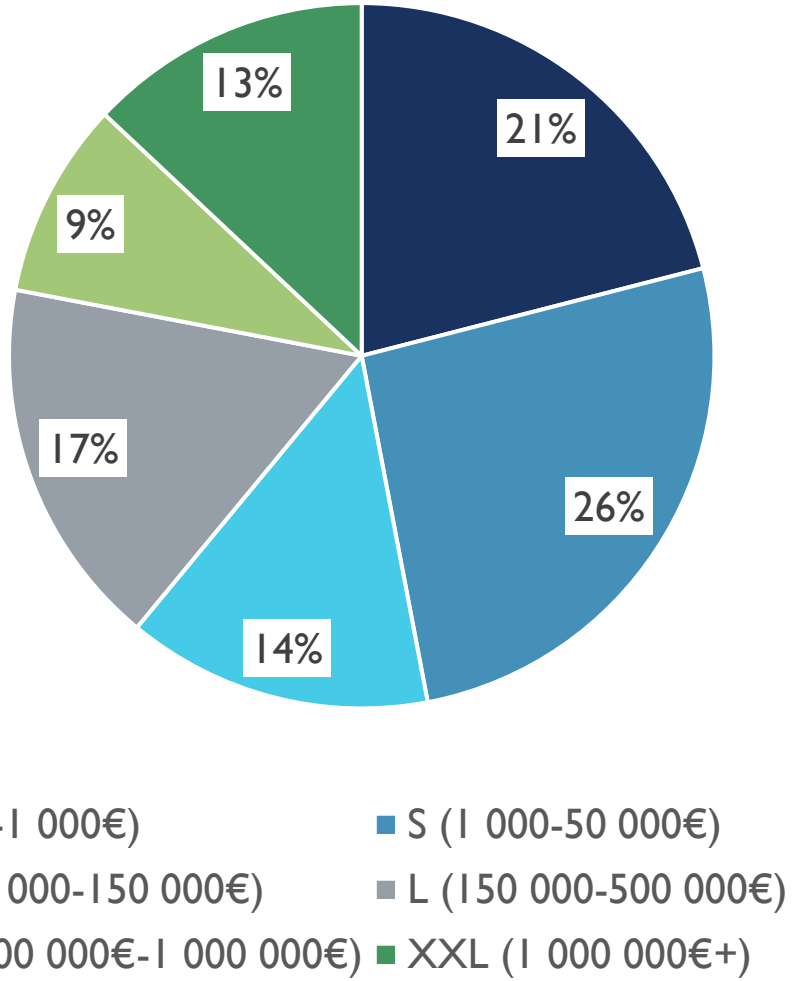
(*) Categorization made according to the division used by Business Finland

STARTUP COMPANY SIZE CATEGORIES – ESPOO

Conclusions:

- **Revenue distribution shows a healthy spread across early, mid, and late revenue categories; the patterns are typical of a mature innovation environment**
  - New companies continuously enter the market (early-stage), 47 % share below 50 000 € is typical for a deep tech and B2B-oriented ecosystem where revenue cycles take longer
  - A substantial middle segment is progressing toward scale
  - A combined 22 % of startups exceed 500 000 € in revenue and 13 % surpass one million euros, it reflects Espoo's ability to generate growth-stage and scaling companies

Size categories of company revenue (2024)

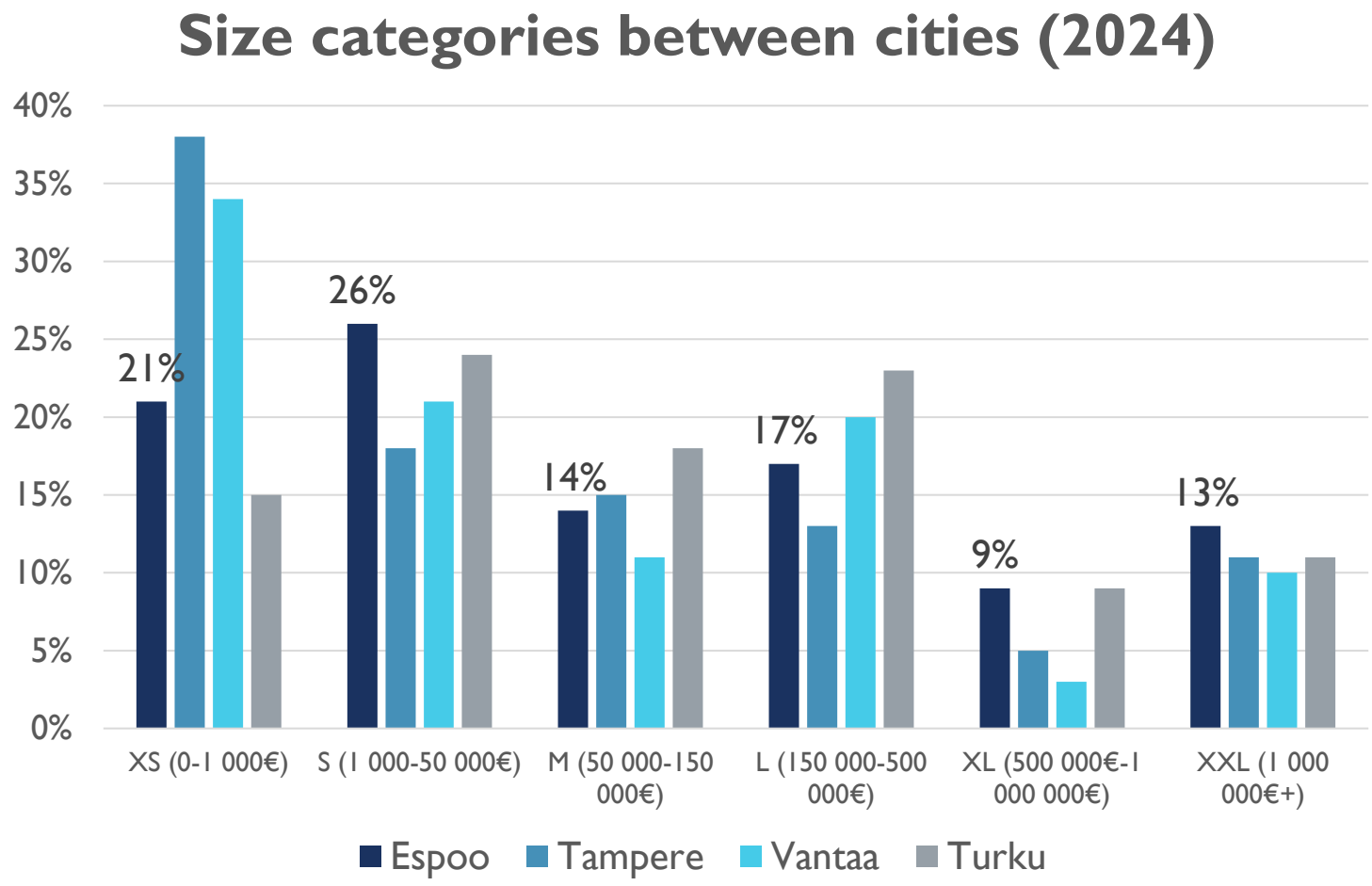


The distributions have been made based on the financial statements for 2024, of companies with registered revenue

STARTUP COMPANY SIZE CATEGORIES - FINLAND

Conclusions:

- Espoo consistently shows a larger proportion of startups in the 500 000 €+ revenue categories:
  - Strong commercialization pipeline: high concentration of deep tech, software and R&D-intensive companies
  - Greater access to funding, presence of large corporates, investors and global partners
- Tampere has fewer high-revenue startups but a relatively strong early and mid-stage
- Turku shows relatively mature distribution due to sector specialization
- Vantaa has startup smaller pipeline, a commercially active middle segment



STARTUP REVENUE AND EMPLOYMENT

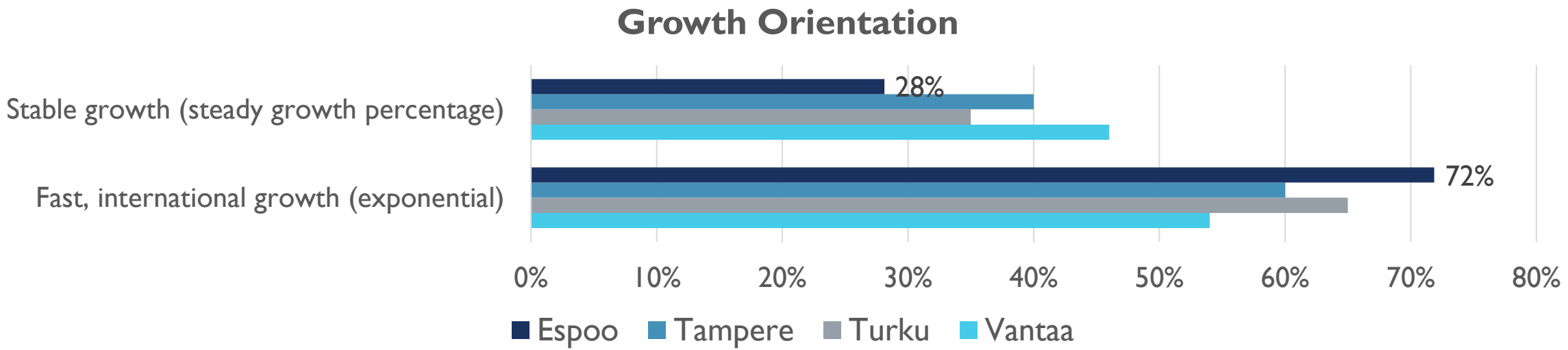
Startup revenue and employment (2024)

- Startup companies' total revenue (n=240):
  93 315 000 €
  - From 2021 to 2024 (of the same companies): +117%
- Employment in the companies (n=240):
  1367 person-years (full-time equivalent)

Average startup (2024)

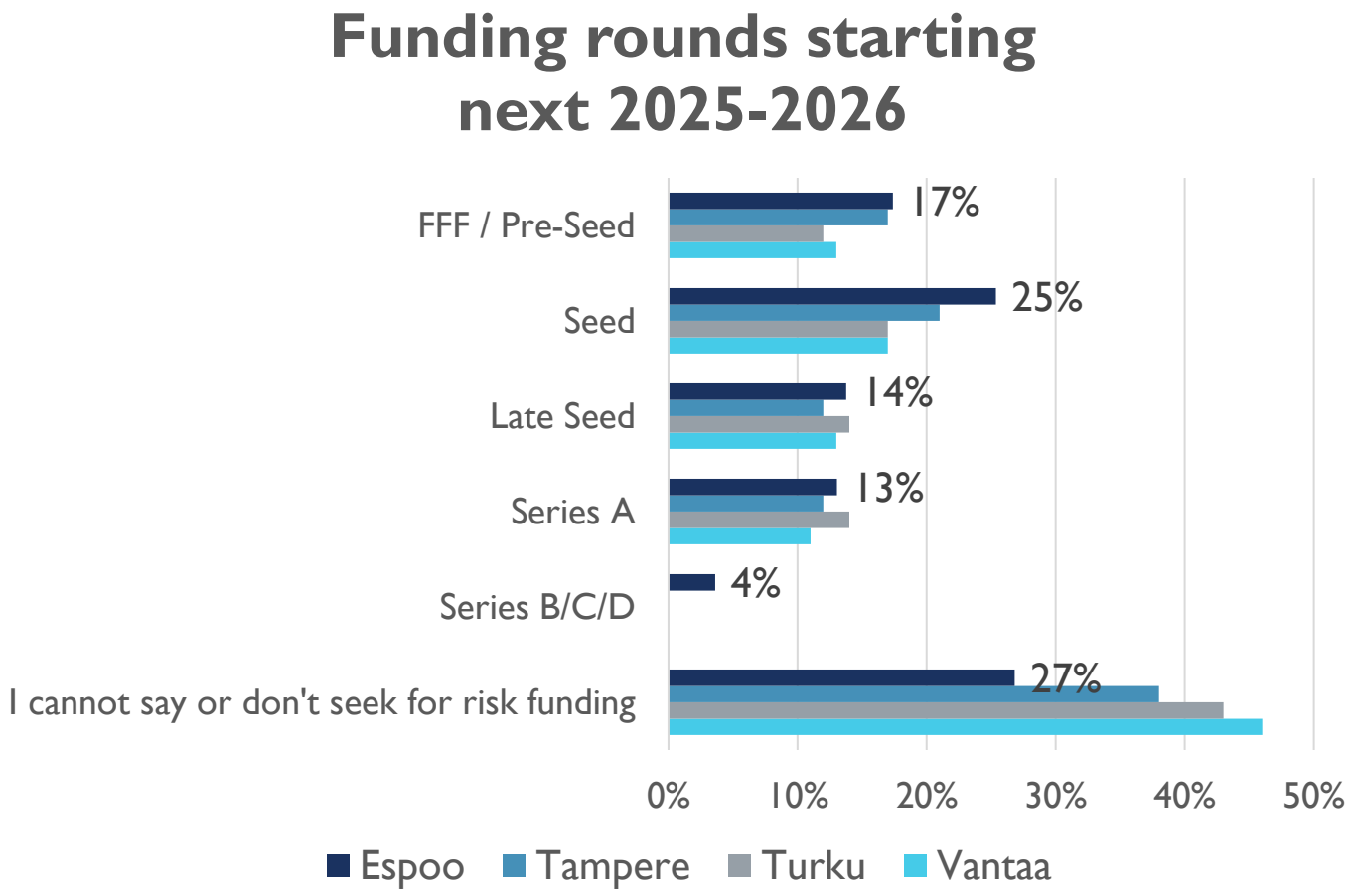
- Revenue / employee (active startups):
  ~68 260 € / employee
- Median of startups (active startups with revenue):
  ~144 000 €
- Average of startups (active startups with revenue):
  ~617 980 €

GROWTH-ORIENTED OR NOT? (Q10)



- **Summary:** About 72% seek rapid international growth, about 28% stable growth (or are forming new growth goals)
- **Conclusions:**
  - Espoo's startup ecosystem is highly internationally oriented, competitive and driven by scaleup ambitions; the startup populations of different cities are comparable
  - Companies without a growth target have been excluded from the survey's results set in accordance with the startup definition (less than 10% of all SMEs in Finland are strongly growth-oriented (!), source: Ministry of Employment and the Economy (2023))

STARTUP FUNDING ROUNDS (Q17) (*)

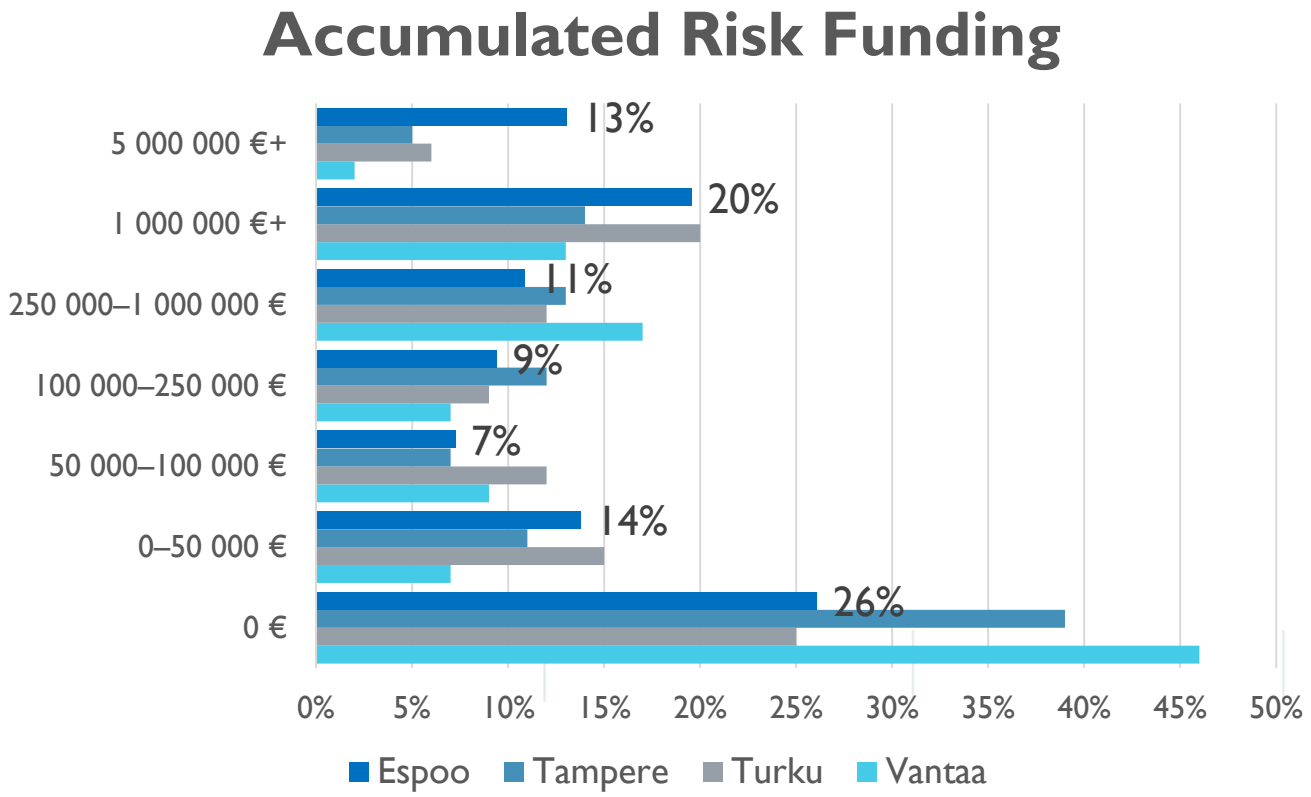


Startup companies' funding rounds based on self-reporting

Conclusions:

- The largest early-stage pipeline, reflecting continuous renewal in the ecosystem
- One quarter of companies are preparing for larger early-growth rounds, demonstrating healthy progression beyond initial validation
- Companies progressing to Series B/C/D generate large economic impact, revenue and employment
- Some companies operate in bootstrapped or revenue-funded models not dependent on venture capital, especially B2B SaaS or service-oriented tech
- Espoo has **balanced representation at every funding stage**, including companies growing to become late-stage scaleups

CUMULATIVE RISK FUNDING OF STARTUPS (Q18)



Conclusions:

- At least 60 startups have had a funding round open in 2025
- Many companies begin with grants, research funding or founder capital rather than equity investment
- Strong emphasis on 1M+ and 5M+ funding is a major strength of the Espoo ecosystem, exhibiting large scale of late-stage funding activity
- The distribution is typical for mature global innovation hubs with strong risk capital attraction, investors trust in Espoo's startups
- Heavy top-end funding signals strong scaleup readiness and scaleup generation capacity

- **Summary:**
  - 26 % of companies have not yet raised risk funding and 14 % have started with 0-50 000€, a total of 40% have raised less than 50 000€ in risk funding
  - At least 18 companies have agreed on over 5 million € in risk funding over the years

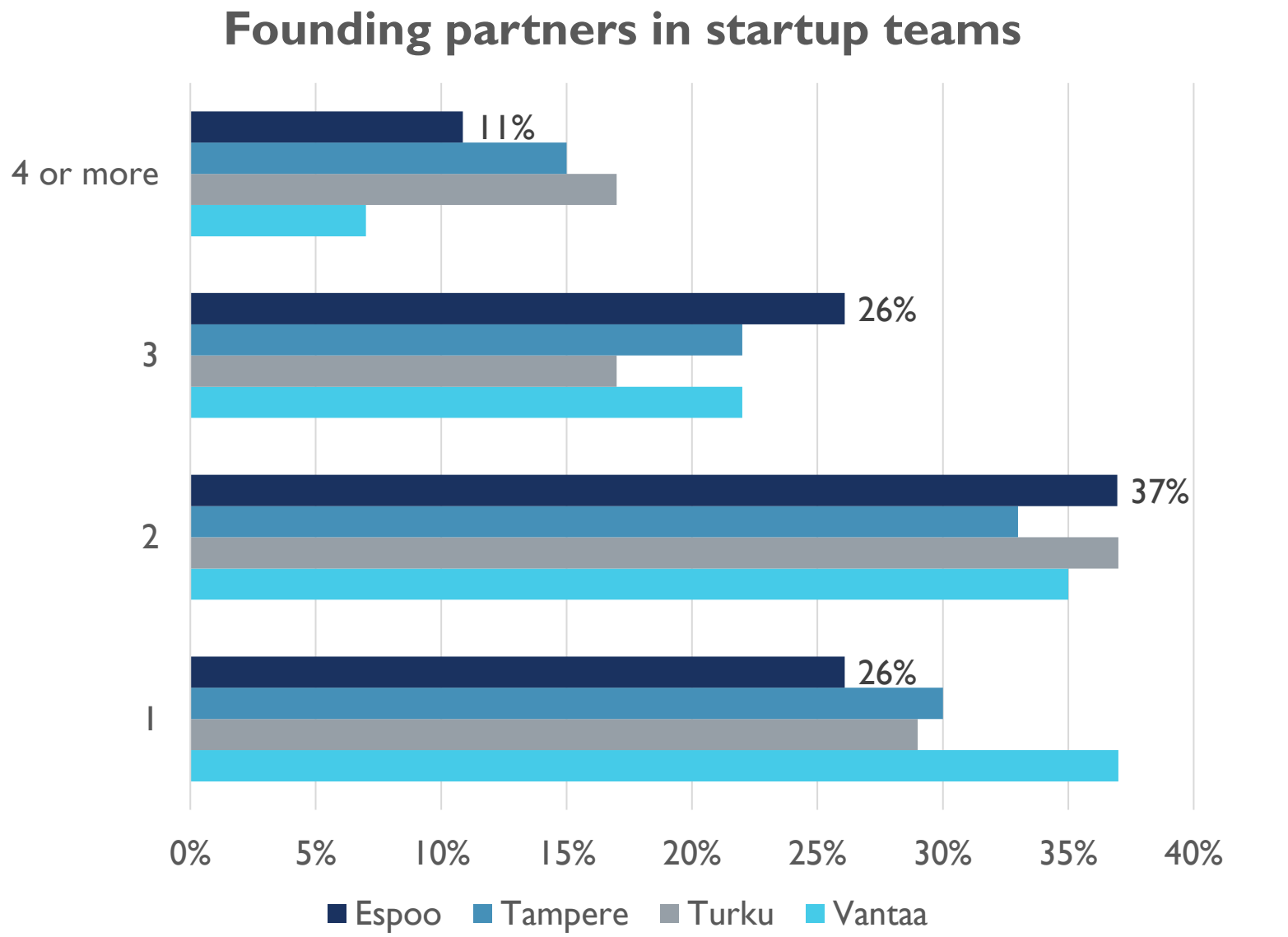
STUDY RESULTS

BACKGROUND VARIABLES

DEVELOPMENT POTENTIAL

FOUNDING PARTNERS (Q7)

- **Summary:**
  - Espoo is dominated by the number of two founding partners
  - The ability of ecosystems to help build teams is particularly evident especially in young startup companies
- **Conclusions:**
  - The relationship between building larger teams and success is studied in longer time series

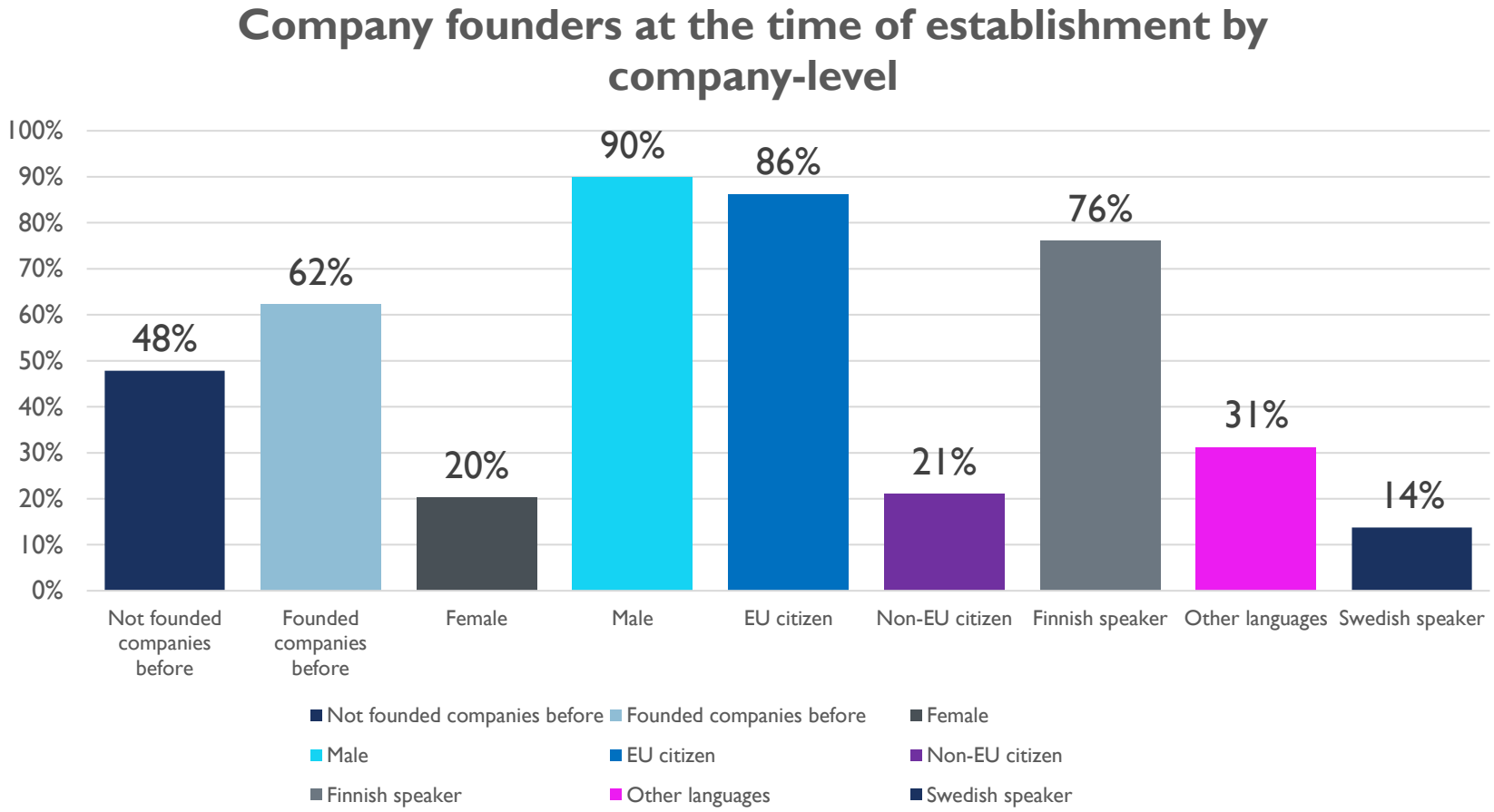


FOUNDERS / COMPANIES (Q2, Q3, Q8)

The companies have at least one person with the surveyed attributes

Correlation to revenue growth:

- Serial founders, around 2x
- Startups with speakers of other languages (besides Finnish and Swedish)
- The gender doesn't clearly correlate with growth rates



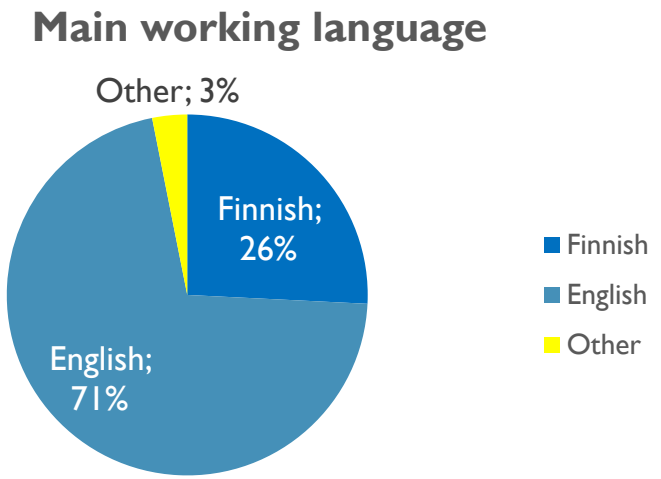
Conclusions:

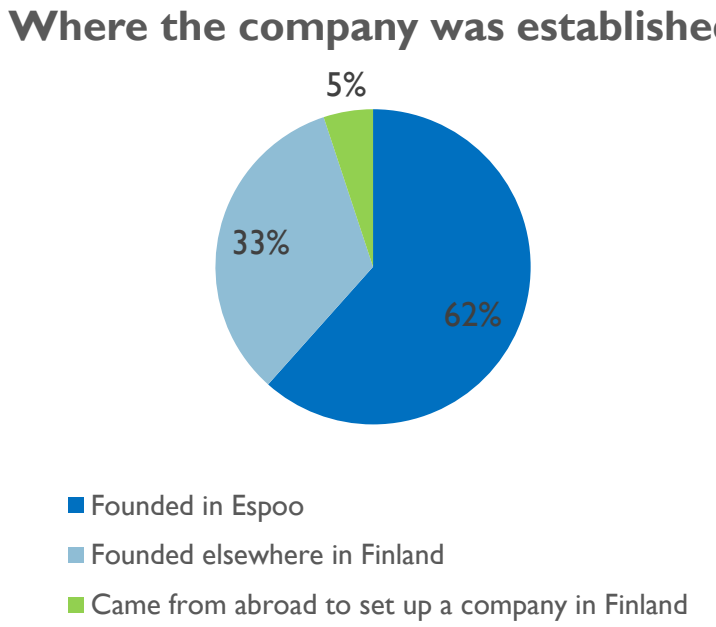
- Espoo has a significantly high share of startup founders with international backgrounds, highlighting the city's strong ability to attract and retain global entrepreneurial talent
- Overall, a notably high number of residents from outside the EU and a vibrant multilingual environment enhances the city's appeal as an inclusive destination for international talent

FOUNDERS / COMPANIES (Q2, Q3, Q8)

The company background:

- English as the main working language, 71 %
- Finnish as the main working language, 26 %
- Founded elsewhere in Finland, 33 %
- Originated from abroad, ~5+ %





Conclusions:

- Espoo shows a particularly high adoption of English as a startup company working language compared to many other cities

- The widespread use of English as the main working language (over two-thirds) lowers barriers for international talent and supports early global integration

Conclusions:

- Compared to many other cities, Espoo shows strong ability to attract relocating and internationally mobile startups with a major share (one-third) of companies founded outside the city

- Espoo benefits from continuous inflows of new talent, ideas and international networks, strengthening the city's startup ecosystem and long-term competitiveness

TECHNOLOGIES AND WEAK SIGNALS (Q5)

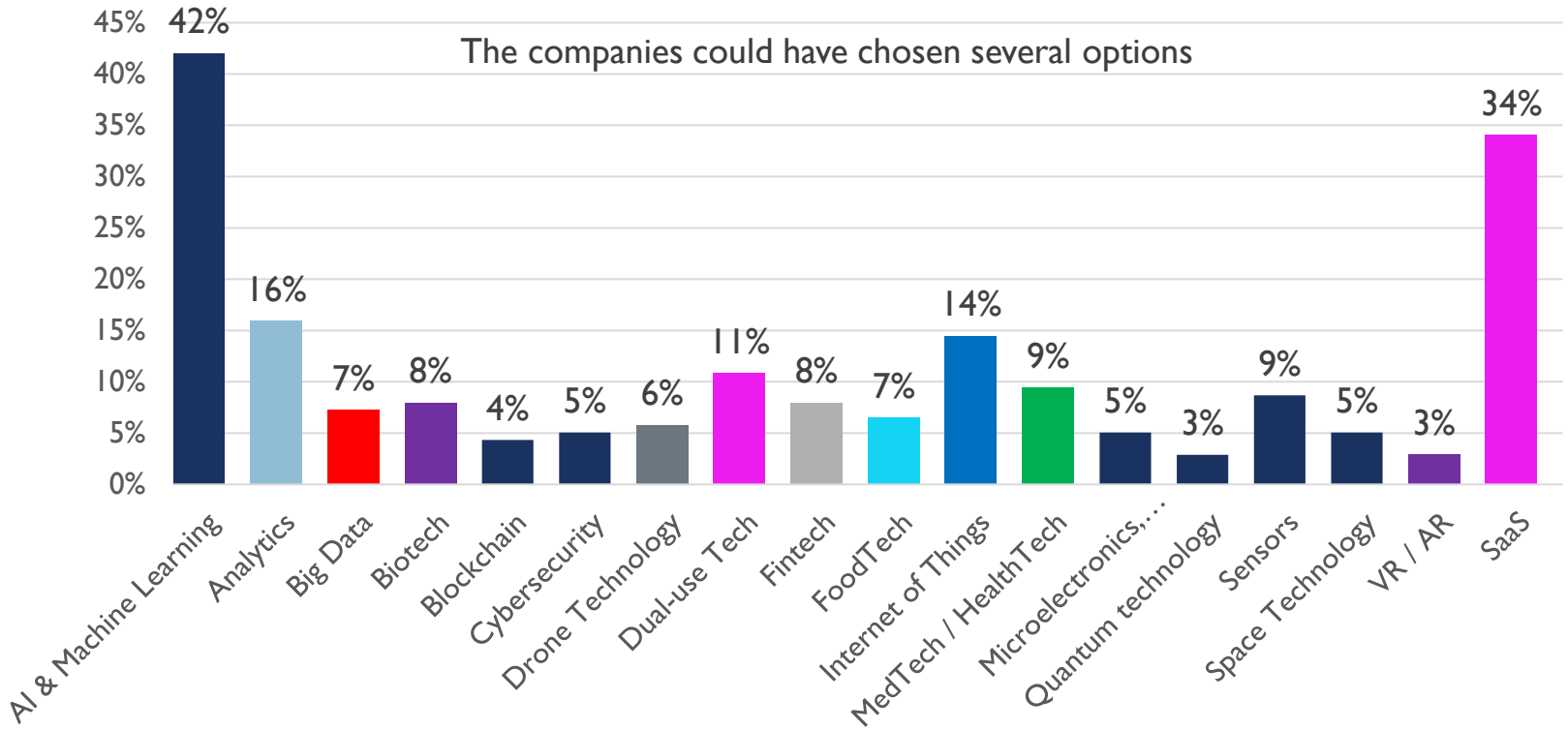
Espoo innovation and startup technology scene is broad and future-oriented

Technologies and weak signals forecast potential trends of startup companies

Conclusions:

- **Espoo is a national leader in research and science-based technologies with a concentration of deep tech, especially expertise in quantum, microelectronics and semiconductors**
- **AI and SaaS software**: Data-intensive and algorithm-driven technologies, strong ties to Aalto University's ICT, AI and data science research
- **Industrial Tech**: (Analytics, IoT, Sensors, Big Data), several startups build integrated industrial systems combining hardware, software and cloud analytics
- **Dual-use Tech** rising fast, growing interest in defence, space and cybersecurity technologies

Most commonly used technologies by startups



TOP technologies

- AI & Machine Learning 42 %
- SaaS 34 %
- Analytics 16 %
- Internet of Things 14 %

Other significant/silent signals

- Dual-use Tech, MedTech / HealthTech, Sensors, Biotech, Fintech
- Compared to many cities, Espoo's startup landscape covers a notably wider range of adopted technology areas, especially in deep tech areas

STUDY RESULTS

TARGET COUNTRIES

TARGET COUNTRIES FOR INTERNATIONALIZATION (Q21)

Conclusions:

- Espoo startups are more outward-facing and growth-oriented with international markets than startups in many other cities
- Nordic market-entry strategies based on regional cultural proximity and strong B2B fit
- UK is a key hub for deep tech, AI and research partnerships, the USA focus reflects Espoo's global startup culture
- The majority of startups start business also in the domestic market, around 20% are born-global right away

TOP 5: Countries for internationalization (2025)

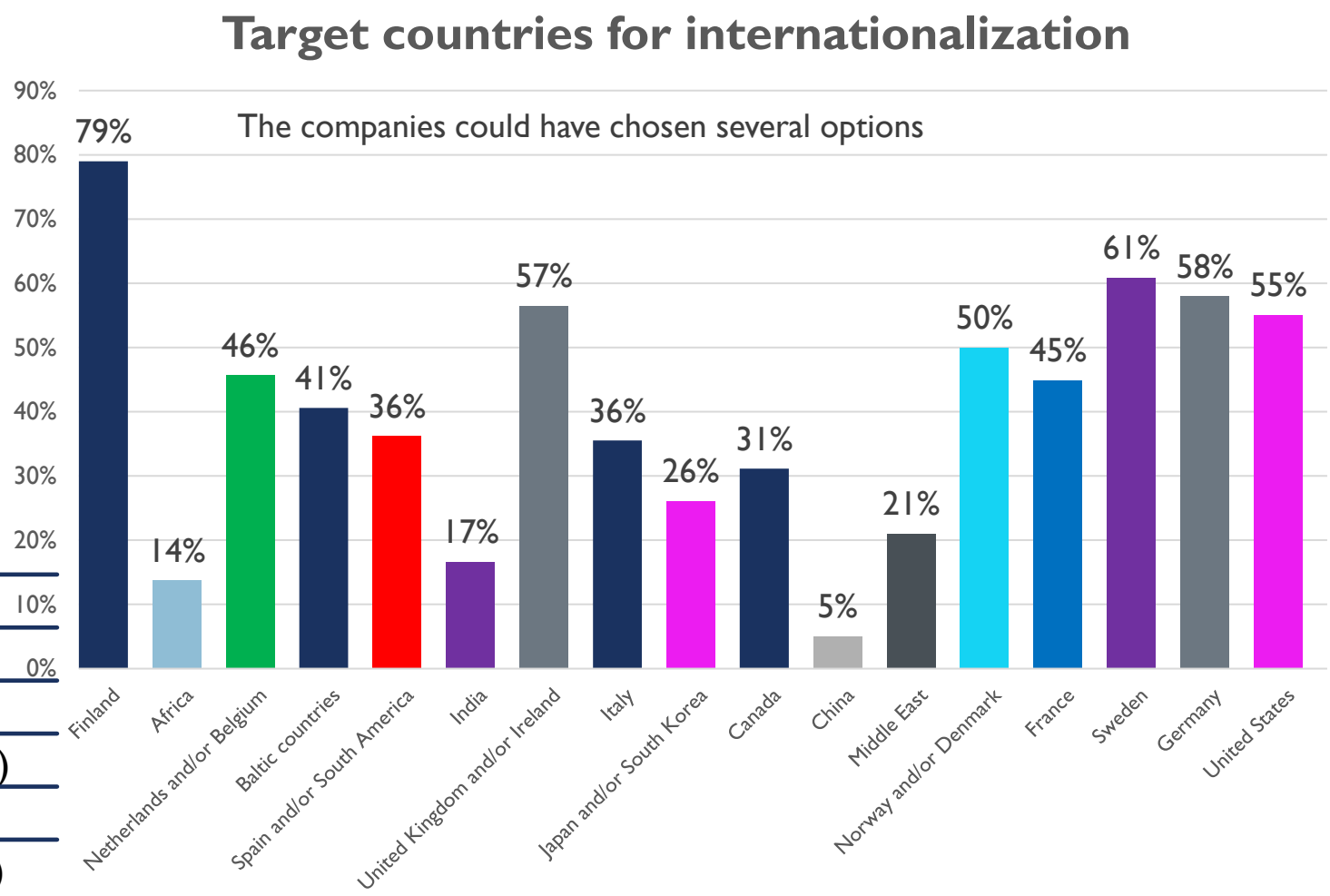
Sweden 61% (Tampere 57%, Turku 51%, Vantaa 57%)

Germany 58% (Tampere 56%, Turku 49%, Vantaa 43%)

UK & Ireland 57% (Tampere 44%, Turku 46%, Vantaa 30%)

USA 55% (Tampere 47%, Turku 48%, Vantaa 33%)

NOR & DEN 50% (Tampere 47%, Turku 46%, Vantaa 48%)



STUDY RESULTS

OPERATING ENVIRONMENT

REALIZED GROWTH OF STARTUP COMPANIES

Fastest growing industries (last year)

- Cleantech, bio-economy and energy ~+150%
- Scientific and technological innovations ~+119%
- Gaming ~+65%

Impact of technology choices (last year)

- Semiconductors ~+187%
- Quantum technologies ~+151%
- Fintech ~+129%
- AI ~+60%

The impact of risk financing on growth

- Announced risk financing of 100 000 € or more
  => annual revenue growth of 47-82% (on average)
- No reported risk financing
  => annual revenue growth negative (on average)

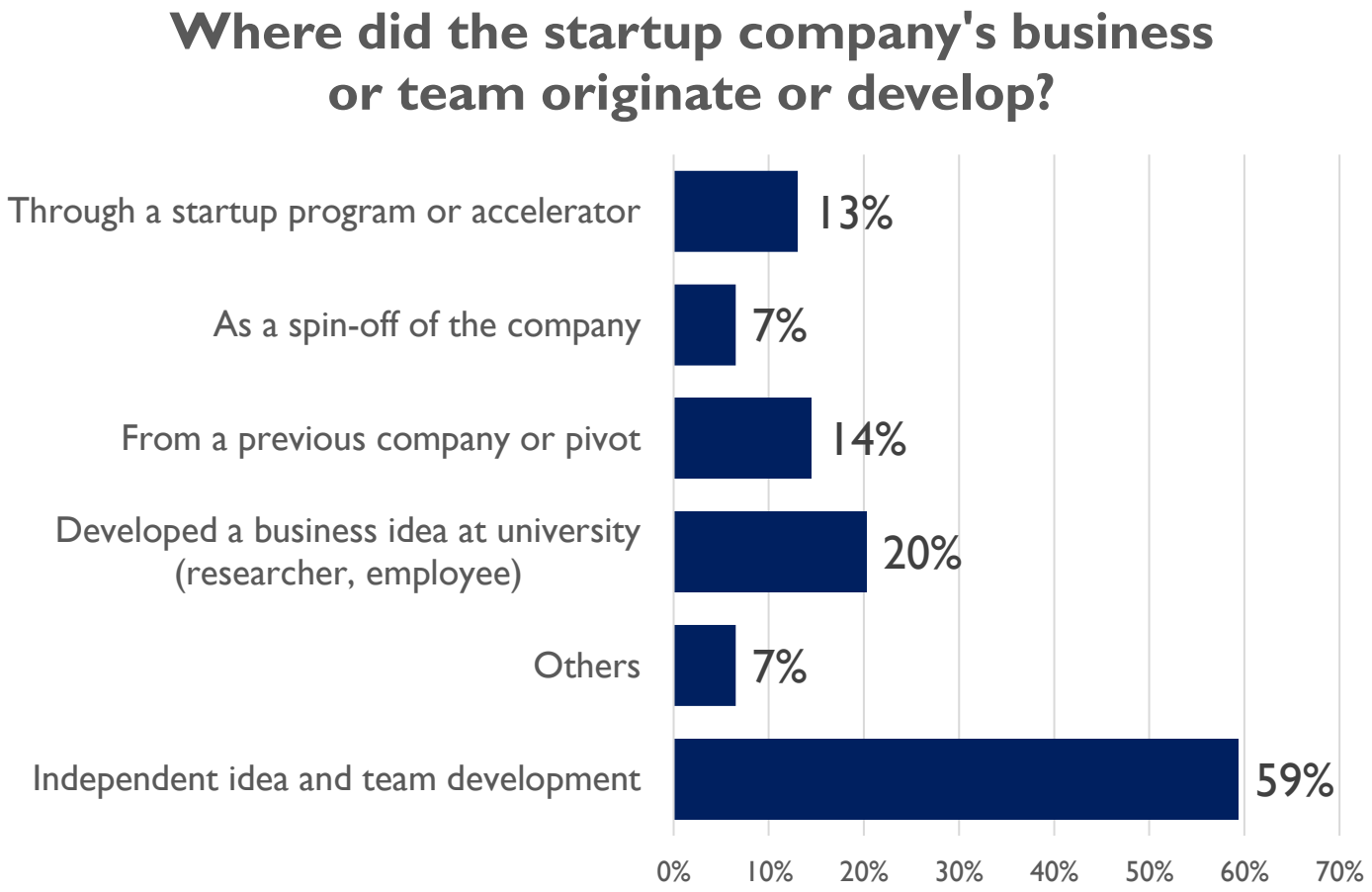
Conclusion: Investments in key technologies accelerate growth and risk financing also has a growth-accelerating effect

Growth rate per year (2023-2024)		
Negative	35 %	
0...10%	7 %	
10...20%	7 %	
20...40%	14 %	
40...100%	21 %	
100 % ->	16 %	

Conclusion: About a third had more than +40 % annual revenue growth, about a third had negative growth

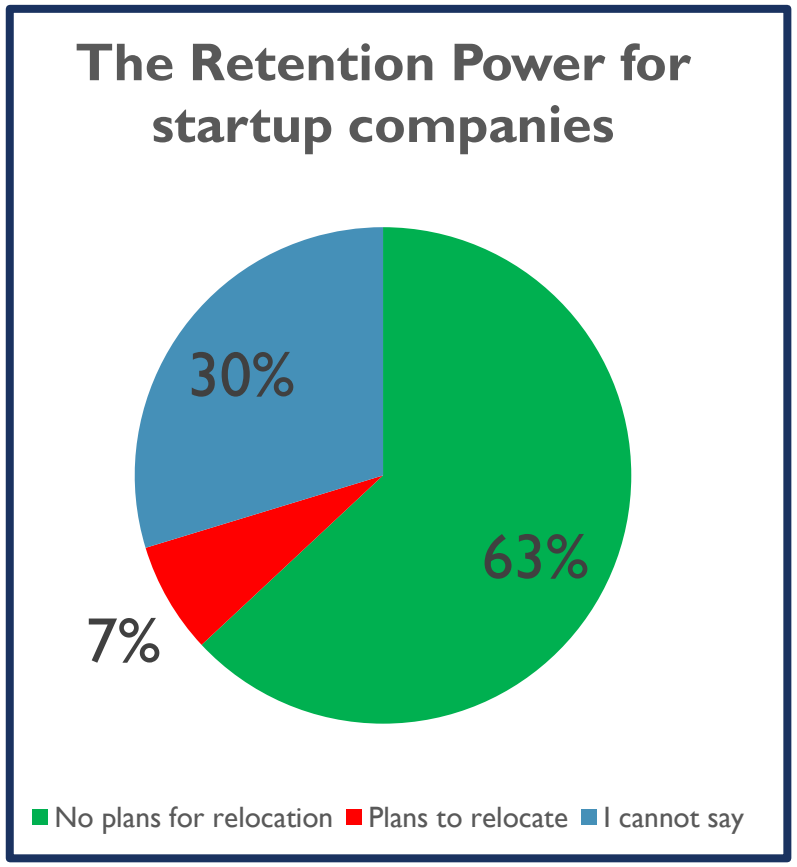
WHERE DO THE COMPANIES COME FROM? (Q19)

- **Conclusions:**
  - **A high share of independently formed startups is typical in dynamic tech hubs where founders have strong technical and business backgrounds**
  - R2B projects and deep tech research from the Aalto University generate new startups with IP, prototypes and research teams that become startup companies
  - Most startups in Espoo are new ventures rather than reorganized businesses
  - Corporations do create new ventures, but this is not the main mechanism of startup formation
  - Structured support programs (Kiuas, A Grid, ESA BIC, etc.) play a major role in helping new teams form and validate ideas; much more than elsewhere in Finland
  - Companies born through startup program or university research appear to grow faster than other startups
    - Stronger initial support and structured validation
    - Higher technological depth and competitive advantage
    - Ecosystem integration: better access to funding and networks



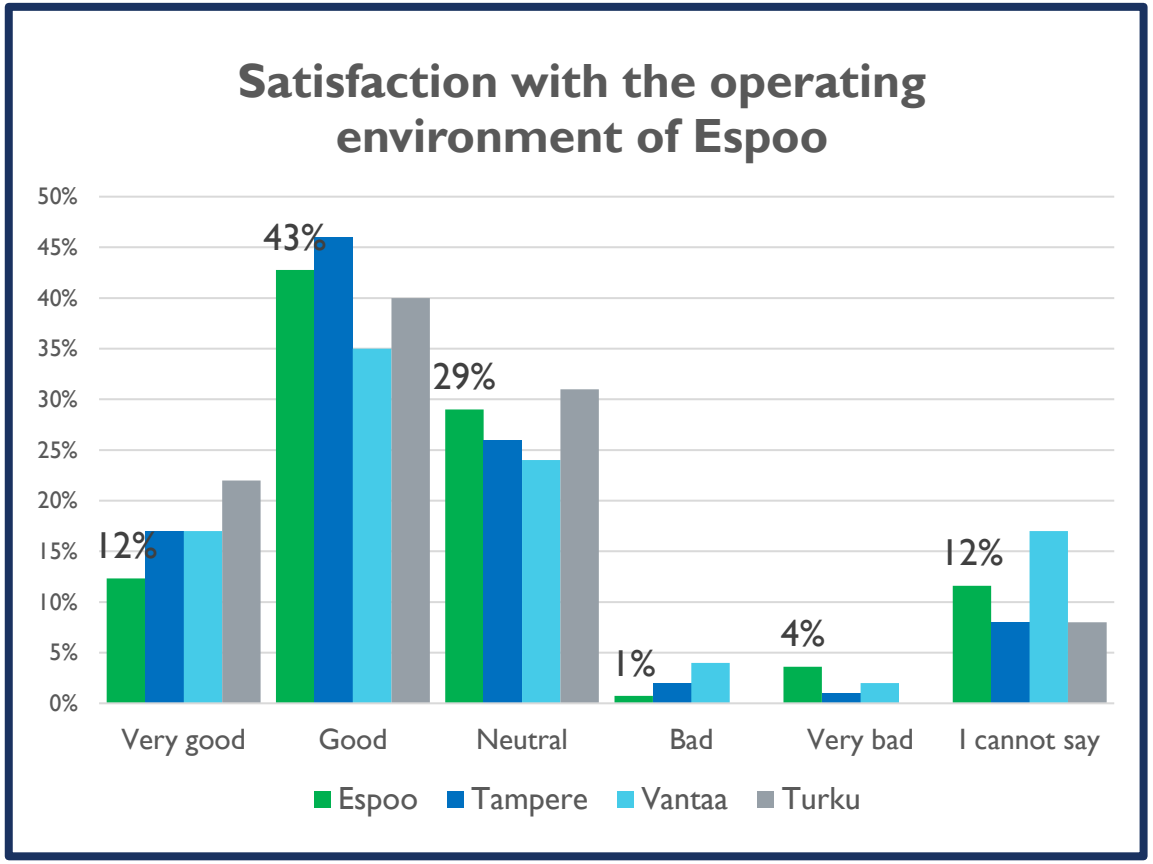
The companies could have chosen several options

ESPOO – THE RETENTION POWER FROM THE PERSPECTIVE OF STARTUPS (Q24, Q25)



- **Conclusions:**
  - **Statistical comparison**: Retention power in Turku (88%); in Tampere (80%) and Oulu (61%)
  - Potential reasons for relocating from Espoo
    - Ecosystem-fit considerations
      - Industry-specific clustering: e.g. companies require integrated research, prototyping and production spaces
      - Some plan to establish their headquarters abroad
    - Seeking specialized support, engagement or guidance, e.g. Helsinki offers proximity advantages
    - Personal reasons

ESPOO – OPERATING ENVIRONMENT EVALUATION (Q23)

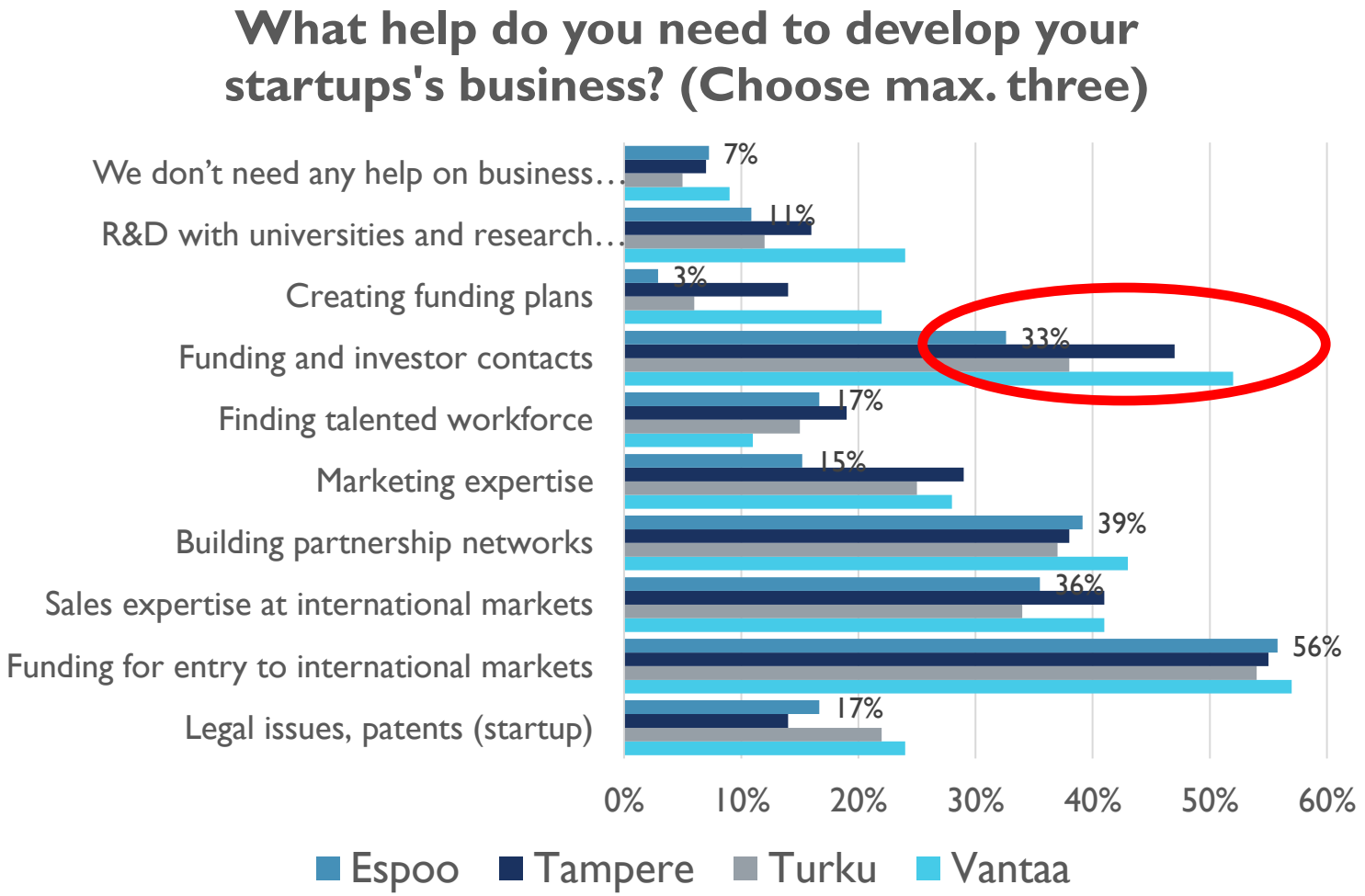


- **Background information:**
  - **Question:** "How do you evaluate the city of Espoo as an operating environment for your startup?"
  - **Answer options:** Very good, good, neutral, bad, very bad, I don't know
- **Conclusions:**
  - The average rating of Espoo's operating environment is very positive, the NPS index 51 (Turku 61, Tampere 60, Vantaa 46)
  - Identified correlation between the satisfaction with the operating environment and the revenue growth

WHAT HELP AND SERVICES ARE NEEDED? (Q22)

Conclusions:

- In Espoo, there is less need for funding and investor contact support, potential reasoning:
  - The existing service and support level is already higher
  - The local ecosystem is more mature and better connected
  - Startups may be more investment-ready or already funded and may have stronger self-sufficiency
- The needs for internationalization, funding, sales expertise and building partner networks become more important as companies grow



PROGRAMS, ACCELERATORS (Q20)

Conclusions:

- Kiuas stands out as the most prominent accelerator, clearly occupying a central position in the ecosystem
- A second strong tier is formed by Aalto Startup Center, VTT LaunchPad, ESA BIC, etc. providing thematic support pathways for technology-driven startups
- The Espoo startup ecosystem is strongly anchored around Aalto-linked innovation structures, while also incorporating a range of international accelerator programs that reflect global connectivity

THANK YOU!

ADDITIONAL INFORMATION:

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