

# Transatlantic Insights Report

A peer-to-peer comparison of European and US startups



## It's halftime Europe

In this digital age, where innovation is at the forefront, the European continent finds itself at a critical juncture. Despite its rich history and diverse talents, Europe lags behind its American counterpart in terms of global innovation and economic power. The statistics speak volumes: out of the top 100 global companies, only eight stem from Europe. Furthermore, Europe's corporations often boast of age, signifying a need for rejuvenation and adaptation to secure future prosperity. Too often, the entrepreneurs we engage with cite the EU's opaque regulatory frameworks, bureaucracy, and inflexible structures as reasons for the lack of innovation and scalability.

## Innovation is money and money is power

Given these challenges, it is imperative to create a comprehensive map that highlights the disparities between European and US startups while revealing the critical barriers that hinder innovation and growth. The primary objective with this report is to provide valuable insights to policymakers, drive regulatory changes, foster a more conducive environment for startups, and ensure a level playing field between the two continents. The question looms large: What shall Europe rely on for sustenance in the years to come? A question that is crucial for Europe's continued prosperity and development in the future.

## Europe's future reliance

In today's rapidly evolving global economy, innovation stands as the cornerstone of progress and prosperity. As we navigate the intricate landscape of technological advancement and entrepreneurship, it becomes increasingly evident that fostering a conducive environment for startups is paramount.

## Embracing opportunities

Europe is falling behind. Decision-making processes are ill-equipped to cope with rapid technological advancements, and instead of simplification, the EU has powered up the regulatory machine, perpetuating its expansion. Consequently, the internal market becomes a detour for companies rather than an opportunity. Therefore, a change of course is imperative. We must embrace the opportunities presented by new technology and create an environment where entrepreneurs can thrive.

Enjoy the read!



**Peter Kofler**  
Chairman  
Danish Entrepreneurs

# Key figures

Regulation ranks as top concern among EU startups

1

Macro-economic conditions top US startups' concerns

2

28% of European startups rate the legal and administrative environment as "Poor"

3

EU fragmentation creates obstacles for startups to scale and expand into other EU markets

4

Different interpretations and implementations of rules make it harder to operate across EU member states

5

European startups face high costs for regulatory compliance

6

34% of European startups rate the quality of support services from public and private actors as "Poor"

7

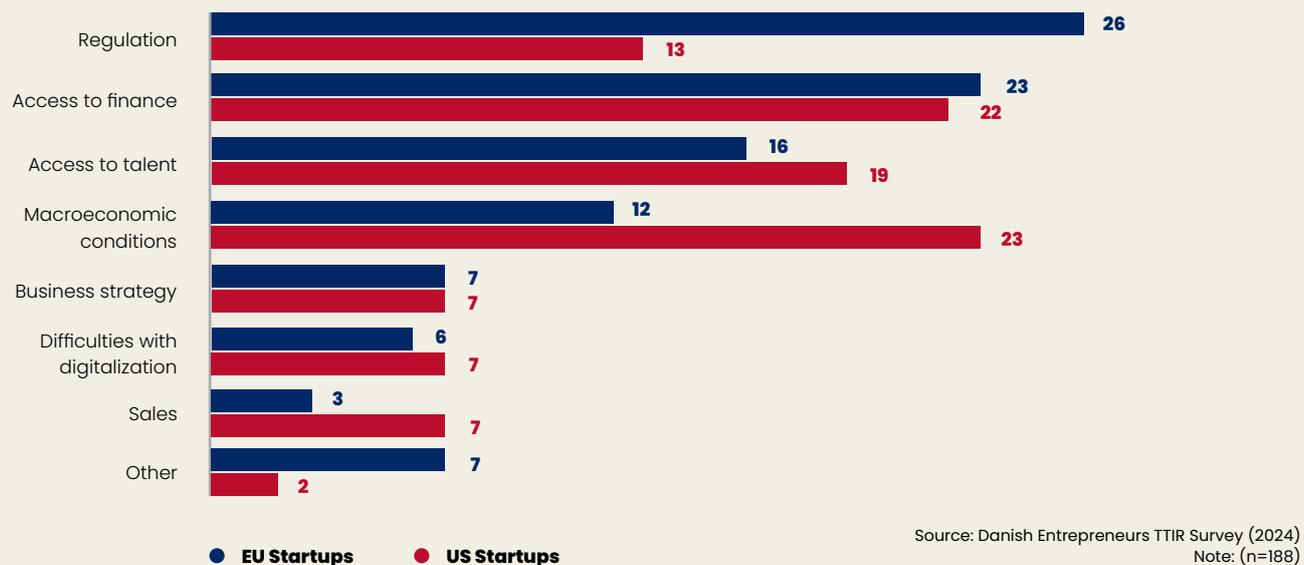
Startups in the EU face a competitive disadvantage due to regulatory hurdles, which favor larger corporates

8

# Analysis

In our survey, the participating startups from the European Union (EU) and the United States (US) were asked to rank the issues they fear most. The results shown in Figure 1 show a notable overlap in some of the responses from the two ecosystems. Key concerns, like access to finance, attracting specialized talent, and keeping up with fast-changing technology, are raised as common concerns across the two continents. This similarity suggests that these challenges are not unique to one region but are issues faced by entrepreneurs around the world.

**Figure 1: Ranking of key issues that startups face**



When focusing on the areas where EU and US startups differ the most, we can pinpoint two major concerns: regulation and macroeconomic uncertainty. A direct comparison, isolating these two factors from others, shows a marked contrast between the two groups. In this comparison, 67 percent of EU startups expressed a strong fear of regulation, compared to just 33 percent of US startups. Conversely, 66 percent of US startups were concerned about macroeconomic conditions, a sentiment shared by only 34 percent of EU startups.

This reveals a clear divergence in the primary issues facing startups in these two ecosystems.

The findings indicate that startups in the EU invest significant time and resources in navigating and managing compliance within the complex regulatory environment while the US startups are more occupied with fear towards the broader economic conditions, such as recession, inflation, and interest rates.

**Figure 2: Isolation and comparison of the two highest ranked issues for EU and US startups**



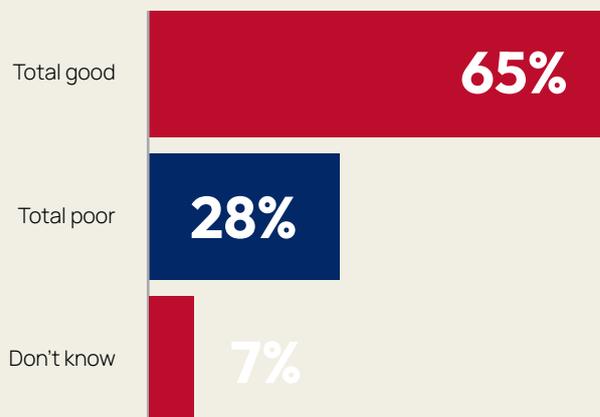
## European startups' rating of the legal and administrative environment

When investigating the EU startups' perception of the legal and administrative environment, 28 pct. of the European startups perceive the legal and administrative environment as "Poor". 65 pct. rate the environment as "Good" and 7 pct. answered "Don't know".

While the majority of EU startup respondents express positivity regarding the legal and administrative environment, the 28 pct. reporting it as "Poor" signals a significant concern. The fact that a third of respondents are dissatisfied suggests that many new businesses face obstacles related to regulatory complexity, bureaucratic hurdles, lack of supportive infrastructure and inefficient administrative processes - all of which can impede growth, hinder innovation and discourage new investments. In the venture capital landscape, this translates to a heightened risk for investors due to

regulatory uncertainty and the perpetual threat of new legislation. This makes startups seeking funding face a significant challenge, potentially hindering access to crucial capital or scaling out of Europe.

**Figure 3: European startups' rating of the legal and administrative environment**

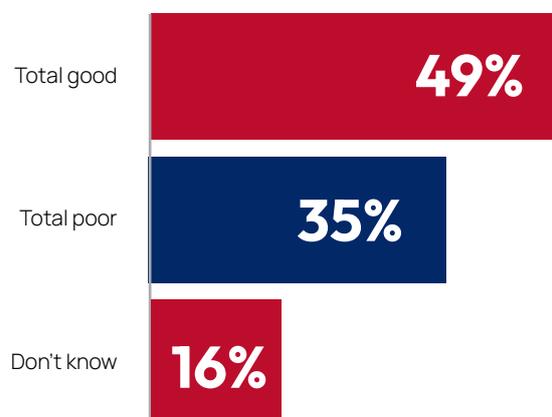


Source: Flash Eurobarometer 486 Report (2020) and Danish Entrepreneurs TTIR survey (2024). Note: FL486 (n=9,185), TTIR (n=188). Weighted average scores.

## Rating of the quality of support services for businesses provided by private and public actors

The European startups were also asked to rate the quality of support services for businesses provided by private and public actors. A total of 49 pct. of the European startups rate the quality of support services 'Good', while 34 pct. rate it as 'Poor'. When more than a third of European startups are dissatisfied with the quality of support services, it signals a concerning gap between what these emerging companies need and the resources available to them. Startups rely on innovation and speed, and support systems play a crucial role by providing guidance, financial assistance, and collaboration opportunities. A low rating indicates these companies are having trouble accessing essential services that could help them navigate the complex business environment, secure funding, or gain a foothold in the market. This could limit their growth potential and potentially have broader economic consequences.

**Figure 4: European startups' rating of quality of support services for businesses**



Source: Flash Eurobarometer 486 Report (2020) and Danish Entrepreneurs TTIR survey (2024). Note: FL486 (n=9,185), TTIR (n=188). Weighted average score.

**Deep dive  
into what the  
startups are  
saying**

**JAMES SILVA, CEO AND FOUNDER, CONCIERGEBOT**

### **In the US, regulation serves as a catalyst for innovation**

“Much of the regulation we encounter in the US is designed to empower our business and create opportunities for growth. This approach fosters innovation by allowing companies to focus more on their products and services, rather than navigating complex legal hurdles. I also notice that many regulations aim to reduce ambiguity by providing clear guidance on how they should be interpreted. This clarity helps businesses operate with greater confidence, as they can comply with the rules without second-guessing every move.”



**ALICE LORENZ, CMO, HOMEEXCHANGE**

### **High costs of regulatory compliance hinder business growth**

“Today, our biggest expense is actually lobbying and the agencies or consultants we hire to help us understand laws, regulations, and processes. If you have to pay for advice in every country or even in every city, it quickly becomes a huge cost. This means that we end up spending resources on navigating regulations, which could otherwise be invested in improving our product, expanding our platform, or focusing on marketing and customer acquisition.”



**DAVID CHRISTEN, FOUNDER & CMO, QUITT**

### **EU's market potential is limited by fragmentation**

“Right now, the EU is missing out on a huge opportunity. It could be the world's largest single market, even surpassing the US or China, but fragmentation is holding it back. Take Germany, for example: when you put in the same effort as you would in the US, you're reaching a fraction of the people. In the US, that same effort lets you reach a far larger audience. It's frustrating to see the EU's potential limited by fragmentation.”



WIKTORIA WÓJCIK, CO-FOUNDER & CSO, INSTREAMLY

### **Complex regulations in smaller european markets discourage expansion**

“Every country, even the smallest ones, required a different set of knowledge, which cost both time and money to acquire. And even after all that, you couldn’t be sure you were doing it the right way. That’s why we always focused on the biggest European markets—Germany, France, Spain—because expanding to smaller parts of Europe was just too challenging. You’d have to spend just as much to understand how to do business there, and it wasn’t always worth the investment.”



SAM CAUCCI, FOUNDER & CEO, IHUDDLE

### **Bureauracy creates an uneven playing field between larger corporates and startups**

“While larger companies can afford to meet complex requirements, startups just starting to prove their concept find it extremely challenging and costly. This creates an uneven playing field, giving bigger companies an advantage, while smaller ones get bogged down in bureaucracy and technical demands. The result is stifled innovation, as smaller companies struggle to secure major contracts and clients due to stringent technical reviews and compliance requirements that larger firms can more easily meet.”



**Deep dive  
into what the  
experts are  
saying**

NATHAN LINDFORS, POLICY DIRECTOR, ENGINE

## Startups struggle with disparate regulations and giant corporates' dominance

"Different rules about the same issues across jurisdictions are frustrating, costly, and hard for startups to navigate. The impetus for many of these regulations are the largest companies in the tech sector, but they often actually enhance large companies' competitive advantage at the expense of startups because of their resources and ability to comply. As policymakers consider the regulatory environment on both sides of the Atlantic, they must account for startups' ability to comply and properly tailor rules to meet regulatory goals without burdening innovation or undermining startups. This balance is possible but seldom achieved."



ANTOINE LATRAN, EUROPEAN AFFAIRS COORDINATOR, FRANCE DIGITALE

## Regulatory barriers threaten european startups' growth potential

"The numbers displayed in this report showcase a concerning trend; 73% of European startups expressed a fear of regulation, while only 34% of American ones did. Startups follow a specific model of rapid growth, and are innovating from day one. Complex regulations at the policy-makers level can create administrative burdens that are difficult to deal with in a company aiming for profitability. Ressources to comply with legislation will not be invested in building innovation, hindering European Champions' capacities to compete with foreign companies. European policy-makers must take the innovative ecosystem and its specificities into account when crafting new legislation by harmonizing regulations and simplifying processes, so companies can scale in Europe in a frictionless way."



FRANCESCO CERRUTI, DIRETTORE GENERALE, ITALIAN TECH ALLIANCE

## Addressing key areas are vital to unleash Europe's full potential

"The report underscores the critical need for Europe to recalibrate its approach towards startups, emphasizing the importance of regulatory flexibility, political stability, collaborative policymaking, adaptable tech infrastructure, and market harmonization. By addressing these key areas, Europe can unleash the full potential of its vibrant startup ecosystem, driving innovation, economic growth, and global competitiveness."



CHRISTOPH J. STRESING, MANAGING DIRECTOR, GERMAN STARTUPASSOCIATION

## European Regulation Needs a Startup-Friendly Approach

“The results of this report confirm what we have been hearing from our members for years: navigating the complex regulatory landscapes coupled with slow bureaucratic processes makes it harder for European startups to innovate and scale quickly. Startups are founded with the ambition of going global, however fragmentation in how EU regulation is interpreted and implemented in each member state makes it more burdensome for startups to break into other EU markets. Currently the EU is a frontrunner for regulation. It needs to become a role model for innovation. We need a startup-specific mindset in legislative processes.”



LUCIEN BURM CHAIR, DUTCH STARTUP ASSOCIATION

## Transatlantic startup report exposes regulatory hurdles for European Innovators

“The Transatlantic Startups Insights Report fills an important gap in the data for chances of European startups. It shows what we feared: the different ecosystems across the pond show a different mentality towards potential. Overregulation for startups make European startups begin their journey with a handicap. A change of course is imperative if the next big tech is to come from Europe.”



JOHANN SVANE, HEAD OF POLICY, PR AND PARTNERSHIPS, DANISH ENTREPRENEURS

## This report propels dialogue by bringing concrete evidence to policymakers

“With this comprehensive report, we stride towards engaging policymakers on both sides of the Atlantic, illuminating tangible challenges and presenting viable solutions. Addressing the imperative for less fragmented markets within the EU is paramount, not only within the startup ecosystem but also in fostering a culture of innovation and openness.”



# Policy requests from the European Startups

## 1 Pause and de-regulate Europe

In light of our latest findings, it's imperative to advocate for a temporary regulatory pause across Europe. This would allow for a comprehensive review of existing regulations hindering startup growth and innovation. By embracing a deregulatory approach, we can create a more conducive environment for startups to thrive, fostering economic growth and technological advancement.

## 2 Startups navigate every risk but one: Political Uncertainty

Startups excel at managing entrepreneurial risks such as market competition and product innovation, yet they often find themselves vulnerable to the uncertainties stemming from political decisions and regulatory changes. To safeguard startups from political risks, legislative frameworks should integrate mechanisms for ongoing assessment and mitigation of regulatory uncertainties to foster a conducive environment for startup growth and innovation.

## 3 Lead by example and use startups as forefront of new legislation

Startups are at the forefront of innovation, constantly pushing boundaries and driving change. By involving startups in the legislative process, policymakers can leverage their expertise and agility to inform new regulations. This collaborative approach not only ensures that legislation remains relevant in a rapidly evolving landscape but also empowers startups to thrive within a supportive regulatory framework.

## 4 Enable an infrastructure for new technology that is open-minded and empowers startups, rather than restricting them

Technological infrastructure has an inevitable role in nurturing startup ecosystems. To facilitate innovation, policymakers must adopt an open-minded approach to technology, creating an infrastructure that supports rather than restrains startups. By investing in digital infrastructure and embracing emerging technologies, Europe can position itself as a global leader in innovation, attracting talent and capital to fuel startup growth.

## 5 Work to reduce fragmentation between markets and cultures

Disparities between markets and cultures pose significant challenges for startups seeking to scale across Europe. This challenge makes markets like the US seem closer and more accessible. The startups interviewed emphasize the importance of reducing these differences through even more harmonization and cross-border collaboration.

Only by fostering a more cohesive ecosystem, policymakers can unlock the full potential of European startups, driving economic growth and innovation across the continent. In order to help startups navigate through the 26 different markets across Europe, we recommend the establishment of a comprehensive "one-stop shop" platform. This platform would serve as a centralized hub, gathering relevant information and resources essential for startups to navigate various markets effectively.

# Acknowledgements

This report has been crafted with the invaluable collaboration of international ecosystem stakeholders and European startup organizations. The comprehensive insights and contributions provided by these organizations and startups spanning various nations have significantly enriched the content and findings presented herein. Their collective engagement underscores the depth and breadth of perspectives essential for the thorough examination and synthesis of the subject matter.



# Methodology

The research methodology employed in this study encompassed both qualitative and quantitative approaches. Qualitative data was acquired through in-depth interviews conducted with startups representative of each participating country. These interviews provided valuable insights into the nuanced experiences and perspectives of entrepreneurs within diverse cultural and economic contexts.

Complementing the qualitative component, quantitative data was gathered via surveys administered within the same participating countries. These surveys were disseminated through various channels, including members, networks, and partners of the participating organizations. This multi-faceted approach ensured a comprehensive representation of entrepreneurial sentiments and practices across the target regions.

Furthermore, to enrich the analysis and contextualize the findings, comparisons were drawn with relevant statistical data sourced from the European Union's Flash Eurobarometer 486: SMEs, start-ups, scale-ups, and entrepreneurship. This allowed for a broader understanding of the entrepreneurial landscape within the studied countries and facilitated meaningful insights into the observed trends and patterns.

Gratitude is extended to all individuals, organizations and startups whose contributions facilitated the execution and completion of the Transatlantic Startups Insights Report.

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Danish Entrepreneurs are happy to assist in finding and disseminating relevant entrepreneur cases and answering questions about the survey results.

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