



WITH AN INTERNATIONAL FOCUS AND A REFUSAL TO SHRINK FROM A CHALLENGE,
THE NETHERLANDS IS PRODUCING SOME TRULY WORLD-CLASS STARTUPS

DUTCH COURAGE

BY JOSH RUSSELL



Entrepreneurialism is a high-stakes game, with the vast majority of startups ending in failure. Because of this, versatility and perseverance are vital qualities for the denizens of any startup hub to possess. Fortunately, the citizens of the Netherlands have both in spades.

Cliche though it may be, the Dutch reputation for pragmatism and self-reliance holds particularly true in the startup space, with its business community long being used to overcoming challenges. “The Netherlands is famous for its tulips but it has some of the worst circumstances in the world for growing them,” says Boris Veldhuijzen van Zanten, co-founder and CEO of The Next Web, the international tech publication and organiser of TNW Europe, the Amsterdam-based tech conference. “The soil’s too sandy; there’s too much rain, wind and not enough sun.” But, precisely because of these conditions, the Dutch had to become innovators and find ways to overcome them. In much the same way, working in a smaller market has imbued Dutch startups with a great deal of versatility and resilience, helping them to flourish. “The entrepreneurs that come from the Netherlands are very tough,” he says. “They build great companies that reach the whole world.”

Adaptability is certainly the byword of the Dutch entrepreneurial community. Whilst many startup hubs tend to fall either on the side of being a specialist or a generalist, the Netherlands isn’t so easily pigeon-holed. “Each city has its own ecosystem,” says Patrick de Zeeuw, co-founder of Startupbootcamp, the international accelerator. Whilst Rotterdam is considered synonymous with high-tech startups and Utrecht’s forte is cleantech, Eindhoven’s home in the Netherlands’ agricultural heartland has seen it become the centre for agritech and foodtech innovation. Lastly, Amsterdam is not only home to a whole host of e-commerce and fintech startups but it is rapidly making a name for itself in the smart cities space. “Amsterdam is quite small so it’s easy to experiment with new smart city initiatives,” he says.

With so many strings to its bow, it’s hardly surprising that the Netherlands is proving such a popular destination to build a business. “It’s now on the map of many institutions and startups as one of the top regions to launch in,” says de Zeeuw. Not only are accelerators such as Startupbootcamp and Rockstart giving startups a leg up but plenty of co-working spaces are emerging that are bringing Dutch startups shoulder to shoulder with their corporate brethren. One example de Zeeuw points to is B. Amsterdam, which is not only home to a multitude of Dutch startups but now also houses the innovation centres of international blue chips such as IBM and Heineken. “We’re seeing a lot of empty offices spaces that are now being filled up by startups in co-working spaces,” de Zeeuw says. “That’s great for the ecosystem.”

However, despite these strengths, the Dutch startup scene is certainly ►

THE NETHERLANDS IS INCREDIBLY TECH-SAVVY; ITS CONSUMERS ARE BOTH VERY RECEPTIVE YET CRITICALLY MINDED

Patrick de Zeeuw, Startupbootcamp

not without its challenges, with the difficulty of accessing technical talent topping the list. “It’s really difficult to find software developers,” says René Schoenmakers, founder and CEO of Catawiki, the online auction house for special items and collectibles. “There aren’t that many people with technical skills coming out of the universities in the Netherlands.” Because of this, the startup community is engaged in an arms race with rival startup hubs in London and Berlin for the technical talent coming out of places such as Ukraine and the Baltics. Fortunately the Netherlands has a secret weapon up its sleeve: Amsterdam. With a comparatively low cost of living and a high quality of life, the Dutch capital has considerable pull in the war for talent. “A lot of people want to live in Amsterdam so it’s quite easy to attract people from other countries to work here,” he says.

Another factor it shares in common with many burgeoning hubs is a persistent funding gap for later-stage startups. “It’s never easy for an entrepreneur in any market,” says de Zeeuw. Certainly there isn’t a paucity of seed capital available; he pegs the average seed round for a startup in the Netherlands at around £500,000, which only falls a little behind the average of £722,000 seen by the London Co-Investment Fund last year. However, after this point the

Dutch investment landscape becomes decidedly rockier. “There are very few VCs focusing on the gap that falls between the seed round and the series A,” he says. “That’s where a lot of teams get stuck.”

Inevitably this means that Dutch startups have to nail their monetisation strategy much earlier than those in hubs that have an abundance of later-stage funding. “Because there is not a lot of investment available, you have to work on making money very fast,” says van Zanten. Whilst Silicon Valley startups often have the resources available to spend years building their product and reach before worrying about how they will monetise, the investment landscape

in the Netherlands produces much leaner, more revenue-focused companies. “It’s not a luxury Dutch companies are able to afford,” he says. “You have to be profitable.”

Coupled with a comparatively small domestic market, this selective pressure means that startups in the Netherlands are genetically programmed to look outwards rather than inwards. “Because our country’s so small, the Dutch have always been internationally orientated,” says Pepijn Rijvers, chief marketing officer of Booking.com, the online accommodation booking platform. The country became one of the world’s first truly international capitalist nations in the 17th century thanks to its relentlessly global focus. And this is a characteristic that has persisted to this day. “Building a startup in the Netherlands forces you to think about your model and how you design your tools, database and infrastructure for international scale from the get-go,” he says. ►



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Because of this, the Netherlands can act as the perfect springboard for startups looking to secure significant international growth. “It’s a great country to test a product or service in,” says de Zeeuw. “It’s incredibly tech-savvy; its consumers are both very receptive yet critically minded.” And not only does the Dutch entrepreneurial ecosystem provide an ideal testbed to create and iterate an international startup but once an entrepreneur has established a firm footing in the market the next opportunity is only a stone’s throw away. “If you can make things work here, you either go east to Germany or west to the UK and suddenly the market opportunities are five to ten times larger,” he says.

Whether it’s WeTransfer, Adyen or Layar, plenty of Dutch startups have been catapulted to international success. As a result, the Netherlands now has plenty of experienced entrepreneurs giving back to the community. “We’re seeing more and more founders of big successful startups becoming active in the community,” says Schoenmakers. “They’re using their knowledge and money to reinvest in the ecosystem.” Increasing numbers of entrepreneurs are helping to fund or provide support to the newest startups on the scene and this is having a transformative effect on the Dutch entrepreneurial community. “As we see more and more successes coming from the Netherlands, the ecosystem is continuing to mature,” he says. “It has become self-reinforcing.”

BUILDING A STARTUP IN THE NETHERLANDS FORCES YOU TO THINK ABOUT INTERNATIONAL SCALE FROM THE GET-GO

Pepijn Rijvers, Booking.com

And these kinds of high-profile wins aren’t only resulting in more resources on the ground: they’re redefining how the Netherlands’ startups define success. “Typically entrepreneurs make their dreams too small from the start, as a result of which they narrow themselves down into a sandbox where it’s harder to be successful,” says Rijvers. But as the Netherlands produces an increasing number of international success stories, Dutch entrepreneurs are steadily being encouraged to set their sights higher. “Shining more light on these successes can really help people have a different north star when they think of success,” he concludes. ✕

OPEN BOOK

BOOKING.COM

Without question, Booking.com has to be considered one of the Netherlands’ brightest entrepreneurial success stories. First created in 1996 by Geert-Jan Bruinsma and merging with affiliate BookingsPortal.nl in 2001, it has been a fixture of the Dutch tech community for two decades, something that clearly shows in its approach to business. “Our culture is very collaborative,” says Pepijn Rijvers, chief marketing officer of Booking.com. “It’s very much focused on learning, experimentation and agility.”

There’s no doubt that being based in the Netherlands gave Booking.com a much-needed leg up. “Amsterdam has been very important for us,” Rijvers says. Pulling in engineering and data science talent was critical for the company’s success; at a time when much of the global tech talent was being hoovered up by booming then-startups Google and Amazon, it was vital to have an edge. Fortunately, thanks to the international appeal Amsterdam held, Booking.com was able to draw down plenty of skilled employees. “As a very open, culturally rich and diverse community, Amsterdam has really allowed us to be able to compete against the Valley, Berlin or London,” he says.

Additionally, because of the nature of the Netherlands’ investment community, Booking.com wasn’t lured into the trap of raising excessive amounts of equity investment to speed up its expansion. “We’ve always grown on a profitable basis,” says Rijvers. “We’ve never had to burn huge amounts of cashflow in order to gain fast growth.” Because of this, not only did Booking.com survive the bursting of the dotcom bubble but, in 2005, it was acquired by The Priceline Group. And this has helped to cement the Netherlands’ position on the international stage. “Our growth has driven a lot of interest and attention,” he says. “When there’s a success story like ours, it creates a great culture and encourages people to go on to build successful companies of their own.”