

**Startup Sauna: Accelerating Startups
from Northern Europe & Russia**

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Startup Sauna: Accelerating Startups from Northern Europe & Russia
Study Summary - Fall 2011

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1. Introduction

Seed accelerator programs provide temporarily help for early startups with a structured approach and a focus on efficiency, aiming at maximising their chances of success. They normally comprise few key features:

- An open, highly competitive application process
- A pre-seed investment in exchange for equity (not applicable for non for-profit cases)
- A focus on small teams rather than individual founders
- Support for a limited period, with intense mentoring and planned event culminating in a 'demo day' with investors
- Classes (Batch) of startups

[Startup Sauna](#) open sources seed acceleration for early-stage startups in Northern Europe and Russia. It's an activity of the Aalto Entrepreneur Society ([aaltoes.com](#)) and is based at the Aalto Venture Garage ([aaltovg.com](#)) co-working space in Espoo, Finland. The efforts are funded by Aalto University Center for Entrepreneurship ([ace.aalto.fi](#)) and TEKES ([tekes.fi](#)), with experienced [coaches](#) contributing on a pro-bono basis.

Startup Sauna runs a Spring and a Fall batch program since 2010 (earlier under the brand 'Startup BootCamp') divided in two phases:

- **Startup Sauna Warmups:** One day coaching sessions held in leading startup cities in Northern Europe and Russia to screen high potential teams. Coaches invite the best teams of every warmup to join the Startup Sauna program at Aalto Venture Garage.
- **Startup Sauna Camp:** A seven-week intensive training for the selected 15 teams held at the Aalto Venture Garage. The best teams are taken to Silicon Valley to meet investors, competitors and media, and the program ends with a Demo Day.

There has been a growing interest by the key stakeholders (ACE and Tekes, [staff](#), [coaches](#) and [alumni](#)) to map the current status and assess the performance of the Startup Sauna Alumni teams. However no studies were earlier done on Startup Sauna efforts and results, and no data collected in a structured way on the performance of the Alumni teams.

A study was set-up to collect baseline data and validate the hypothesis that KPIs of the Startup Sauna Alumni teams improved after the participation to the camp.

A questionnaire was created to answer the following questions:

- How many teams have been trained/coached?
- How many are still alive and from where they operate?
- Have they been able to launch their product?
- Can they already generate revenues?
- How much funds have they been able to raise to date and how many as qualified events (raised >250KUSD within 1 year of the camp)?
- Did they manage to raise more funds after the camp?
- Has there been any exit to date?
- What's the growth of employed resources after the camp?
- What is the percentage of female entrepreneurs?

Answers to these questions help Alumni to validate the Startup Sauna contribution to their success, and potential new applicant teams to select the accelerator most appropriate for their needs. It also helps stakeholders validate and justify their involvement and support of the Startup Sauna efforts, a motivation for coaches keen to see the impact of their contribution, and more importantly provides the Startup Sauna staff a baseline for possible future improvements of the program.

The results of the study are available at the end of the document.

2. Study Background

The past few years have seen the birth of the accelerator program ([Y Combinator](#), '05) to better support the growth of innovative startups, with a vigorous growth of the concept implementations first in the USA and lately across the world. The rise of accelerator programmes can be linked to the significant drop in the cost of creating a startup and the need for significantly smaller amounts of money to seed activities. Angels and venture capitalists cooperate with accelerators providing quality mentorship and other resources in order to ensure a pipeline of high quality investable startups, with an overall positive effect on the local startup ecosystem.

Earlier studies (Nesta) explored the accelerator concept and suggest a performance advantage when compared to incubators, with data showing they have a superior positive impact on startups, helping them to learn rapidly and increase their chances of success. Efforts (Kauffman Fellow Program) are ongoing to develop a model to estimate the accelerators' performance and rank them to help teams select the most appropriate for their needs.

Finland has been active in the startup scene with success stories in various high-tech segments (F-Secure, Linux, MySQL, Solid and several others, with Rovio lately capturing the attention of media) and entrepreneurs are actively contributing to the positive momentum reinvesting their capital and competences for further growth of the startup ecosystem.

Startup Sauna builds on the accelerator concept with an open sources approach while leveraging the local pool of experienced entrepreneurs and industry experts.

Finland has been covered quite well in studies mapping the startup landscape (EVCA) and analyzing the existing business development models of the Finnish early-stage high-growth ecosystem (VICTA) but no survey to date focused on Startup Sauna efforts and the Alumni teams.

3. Methodology

The study was designed and executed according to the following steps:

- Review of the publications currently available on the subject, to educate on the topic and confirm that no internal data or previous research available on Startup Sauna.
- Formulate a set of hypothesis

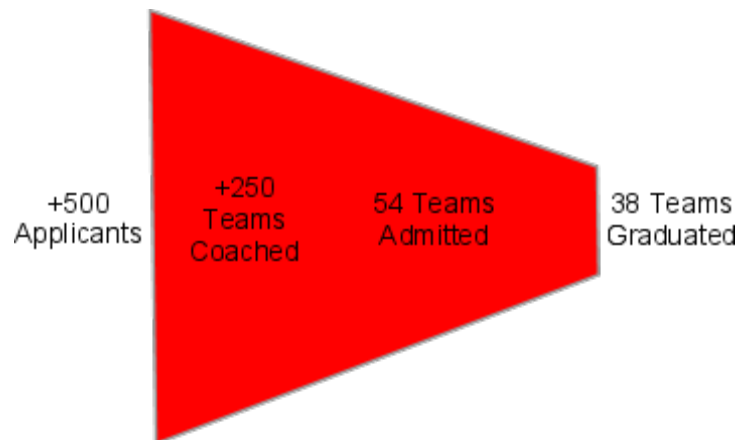
- Identify the key questions to investigate the hypothesis
- Collected the full list of Startup Sauna Alumni and relative contact info
- Validate & tune the questionnaire via face to face and skype interview with few Alumni
- Execute the online quantitative survey with all graduated Alumni (an email invitation was sent to introduce the reasons for the survey and invite teams to submit their data)
- Consolidate and validate the collected data
- Analyze the data to confirm the hypothesis and consolidate the findings in a draft report
- Peer review of the draft result to validate the findings and finalize the study.

The study was shaped to keep the effort as lean as possible. The online quantitative survey was carried out during the fourth quarter of 2011 targeting only Startup Sauna Alumni teams already graduated.

4. Findings

A consolidated view of participants of events, and team applications, admissions and graduates as of October 2010 shows:

- +1600 students, entrepreneurs, teams, investors and media exposed to Startup Sauna message in the various events
- +500 applications to Startup Sauna
- +250 teams coached when including Sauna warm-up events
- 54 teams admitted, with an average 11% Acceptance rate (23% Spring '10, 7% Fall '11)
- 38 teams graduated (7%)

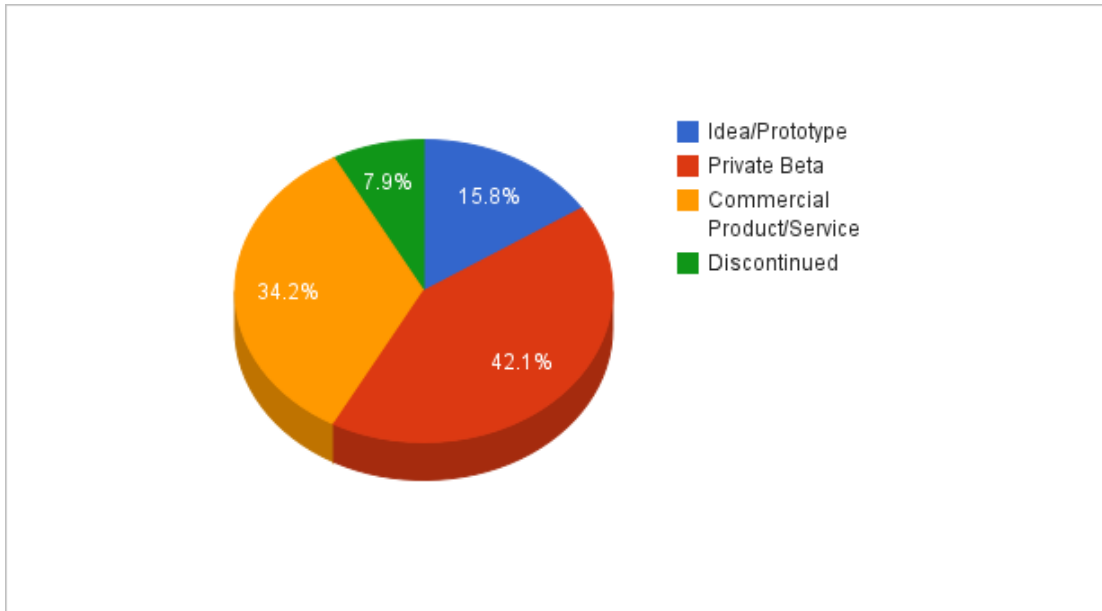


Focus went on the 38 Startup Sauna Alumni teams graduated in the first 3 batches (Annex A) via an online survey (Annex B) that received a solid 89% response rate (34 teams). Teams from the fall '11 batch were not included since not yet graduated at the time of the survey.

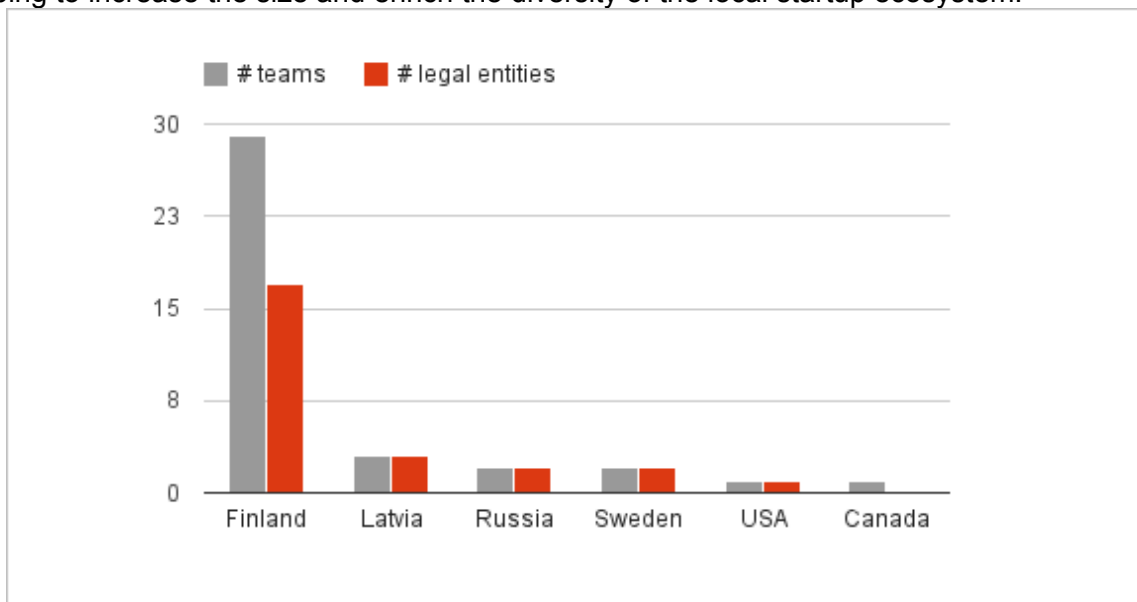
An analysis of the survival rate for the 38 Alumni provided the following results:

- +71% Alive
- +11% Stealth (not active, not dead)
- +18% Discontinued when counting even team non responding to the survey

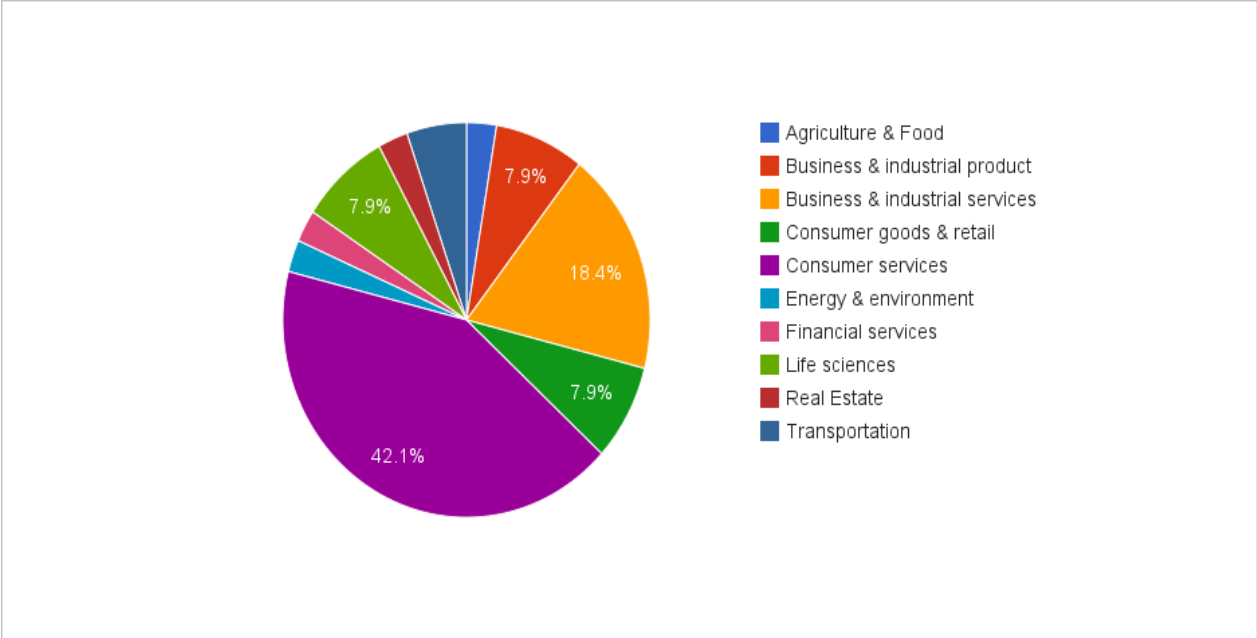
Most of the respondent teams (29 of them, accounting for 76% of the Alumni) completed at list the Minimum Viable Product/Service (the vast majority of them after the Startup Sauna camp):



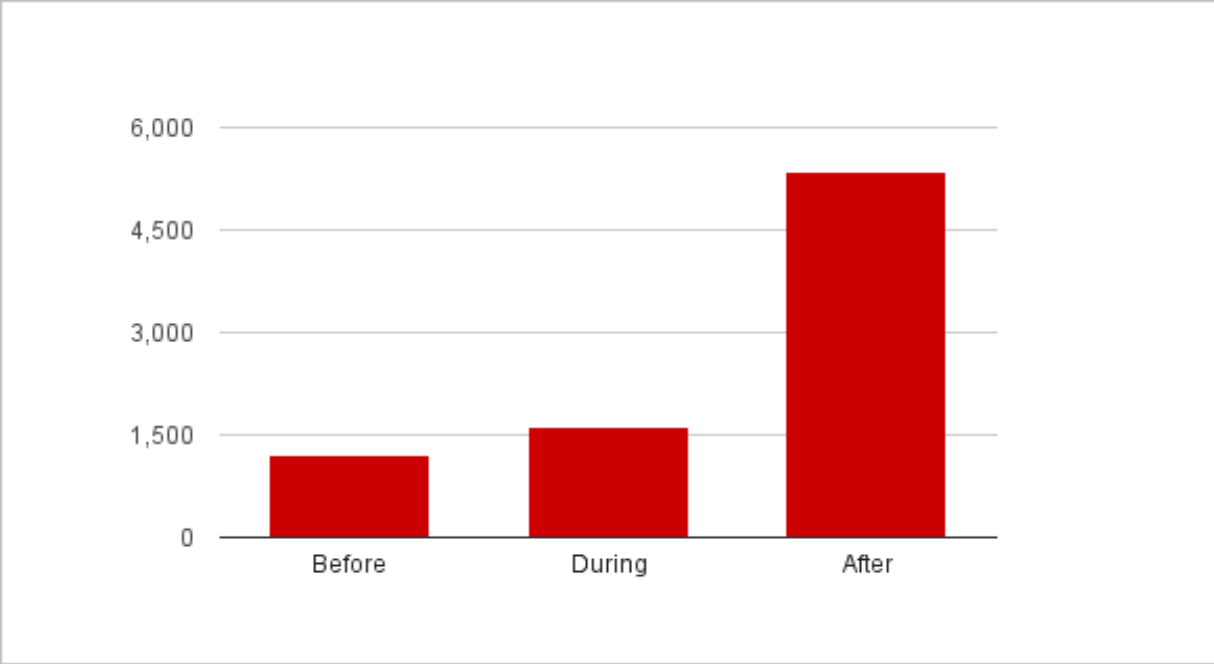
The analysis of the Alumni origins and legal entity locations highlighted the ongoing internationalization (24 foreign teams) since the Spring '10 batch with 100% Finnish teams, helping to increase the size and enrich the diversity of the local startup ecosystem:



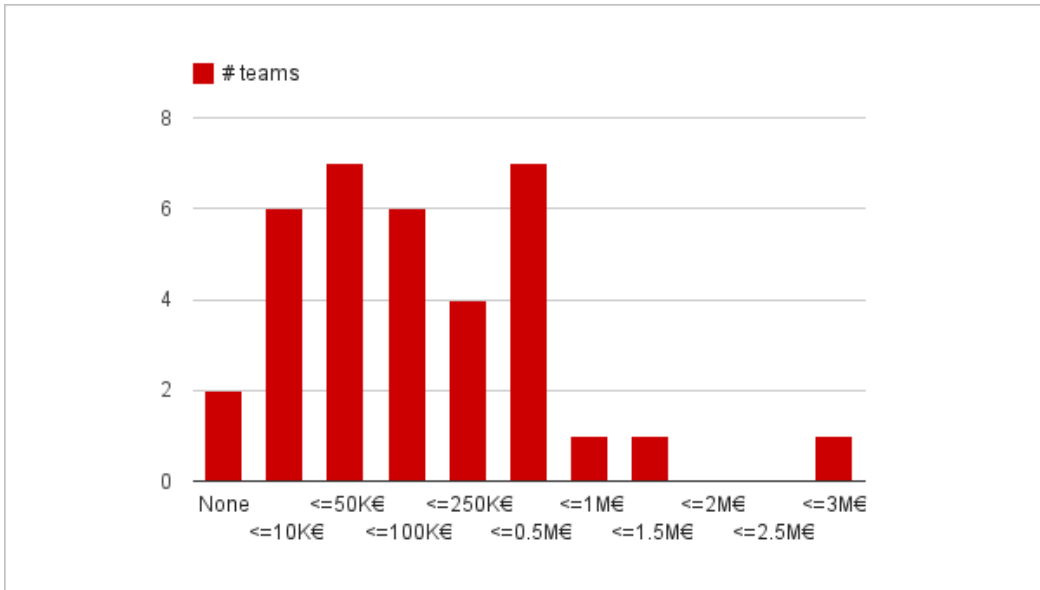
An analysis by industry segments using the EVCA model showed the broad range of industry covered, with a predominance for Business and Industrial Services (i.e. web services):



Fundraising efforts show a healthy dealflow with 8.2M€ collected to date, a healthy growth of funds collected during the Startup Sauna (+33% across 10 teams for 1.6M€ at an average 160K€ per team) and a strong growth after graduation (+339% with 25 teams for 5.3M€ at an average 210K€) when compared to funds collected before the camp (20 teams for 1.2M€ at an average 60K€) :



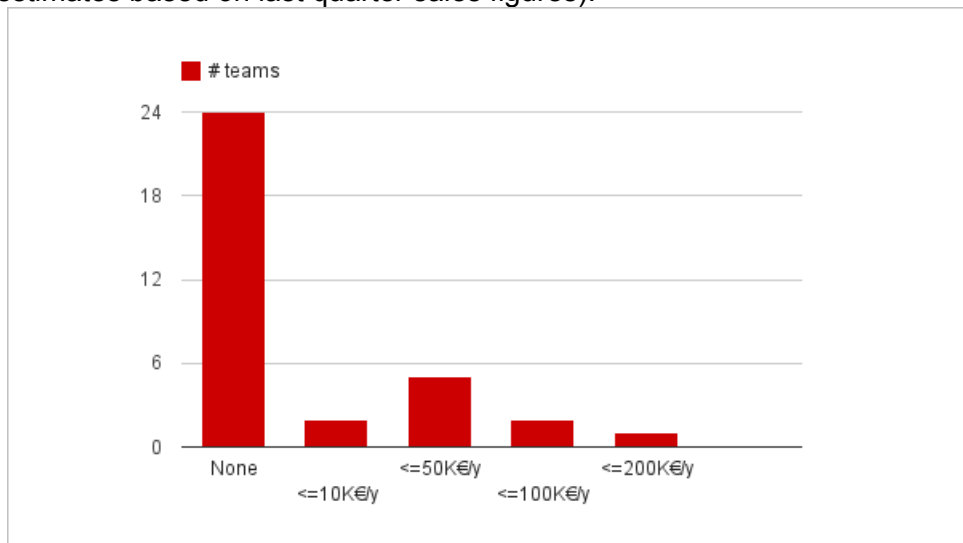
To date only two teams failed to raise funds, while most of the teams raised funds up to 500K€; with 3 teams stretching above that level and one slightly below 3M€:



Eleven teams (29%) managed a qualified financing events (raised 260K€ or more within one year of graduation) and attract international investors; a good result since the spring '11 batch graduated only 6 month before.

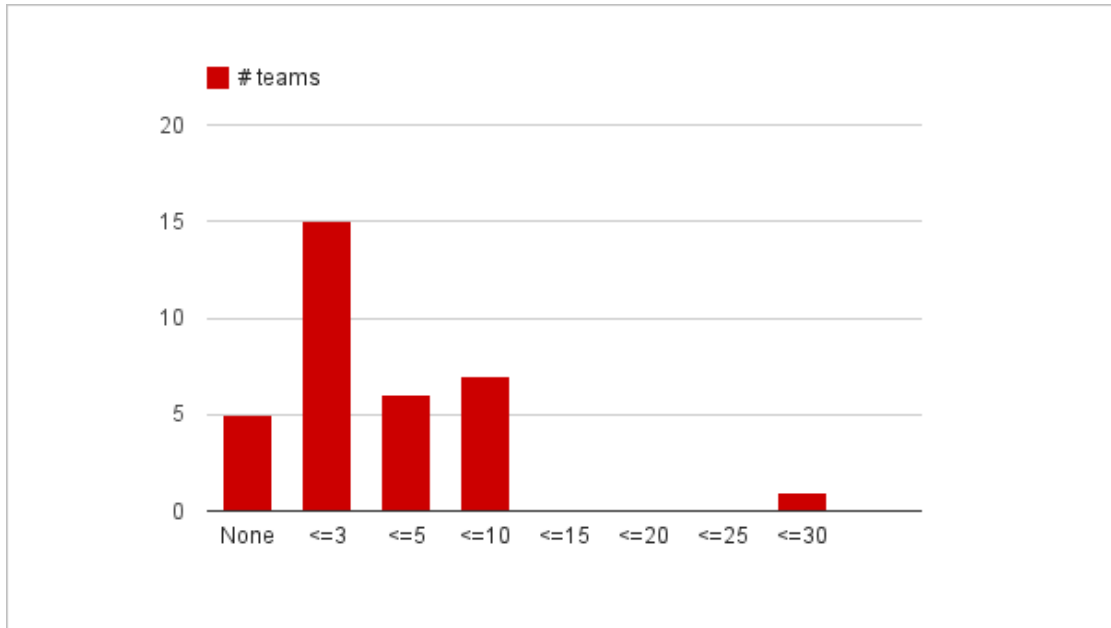
To date only one exit had been achieved, with a transaction 100% in stock (Lucsense).

Most of the teams appear to focus on the Customer Development to get the offering right and then quickly grow the user base, rather than monetizing early. Some 10 teams (accounting for 26% of the Alumni) are already collecting Revenues, for an overall 420K€/year when (yearly revenues estimates based on last quarter sales figures):

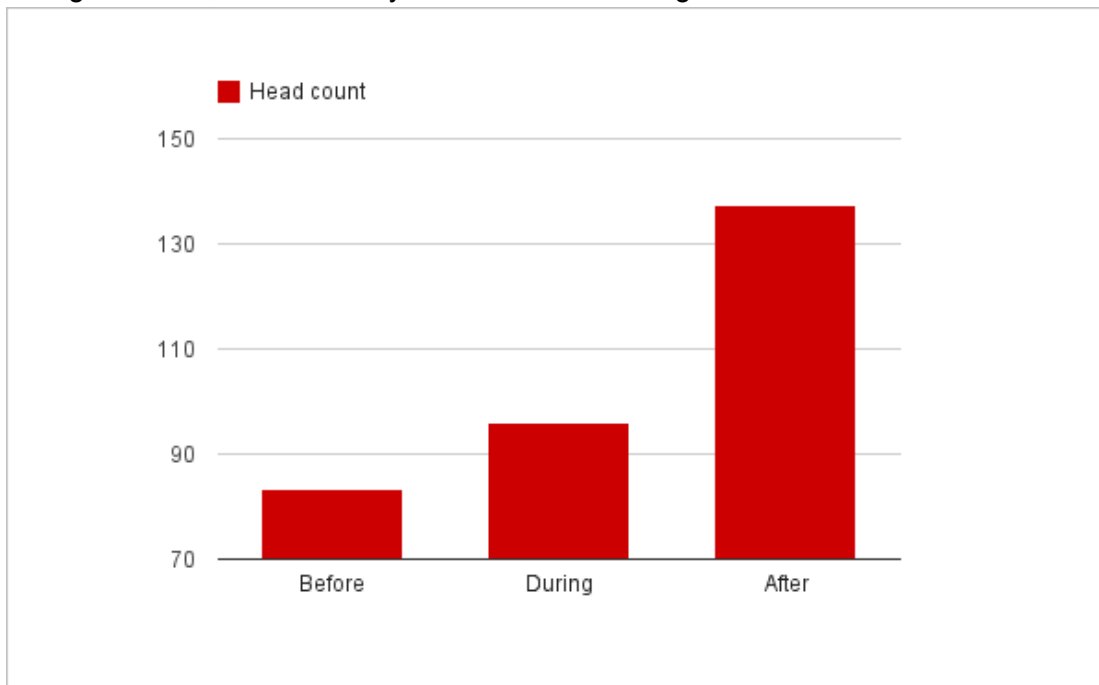


The headcount data indicated a surprisingly good 16% of female entrepreneurs (6 Startup teams with female Founder, CEO or CXO).

An analysis of the headcount spread shows a predominance of team with a staff of 3, with some 14 teams (37%) grown beyond that and up to a peak of some 30 people:



In fact, the overall headcount employed by the teams grew 15% during the camp and a good 65% after graduation, with a healthy trend toward further growth:



5. Conclusions

This study carried over a period of three months spanning from October to December 2011 focusing on the 38 Alumni teams graduated from 3 Startup Sauna batches completed before December 2011, including the batches earlier executed under the ‘Startup Bootcamp’ brand.

The study confirmed the positive impact of Startup Sauna efforts on the alumni teams, and the

broader impact on the local startup community in terms of competence and diversity.

The study confirmed that KPIs of the Alumni teams improved after the camp, and teams were more successful at raising funds both in terms of average funds raised per team, and number of team securing a fundraising event (25 teams for an average 210K€ post camp versus 20 teams for an average 60K€). Eleven teams managed a qualified fundraising event when defined as capability to raise at list 260K€ within one year of the camp.

Other key findings of the study:

- +1600 students, entrepreneurs, teams, investors and media exposed to Startup Sauna message in the various events held during the 2 years of activities
- +500 applications and +250 teams coached in the various warm-up events
- 54 teams admitted, average acceptance rate at 10%, went from 26% to 7% in last batch
- 38 teams graduated and 82% are active or in stealth mode, 18% discontinued activities
- Diversity grew significantly with Finnish team decreasing from 100% in the first batch to 44% in the last batch, with broad coverage of Northern Europe and Russia
- 29 teams (76% Alumni) have already launched their Product/Service
- Alumni teams raised an overall 8.2M€ of funds to date, a +339% increase from pre-camp
- 11 teams (29% Alumni) raised more than 260K€ within one year of graduation
- 10 teams (26% Alumni) already with Revenues, for an estimated overall 420K€/year
- The direct employment grew 15% during the camp and a healthy 64% after the camp with a positive trend for further growth
- A good 16% of the Entrepreneurs are female
- One exit to date (Lucsense, 100% in stock)

During the study it also appeared that Startup Sauna activities have exposed to their concept and approach a significant audience within the student and youth community, and increased attention and interest on startups.

The study provided a valuable baseline to track Alumni performance across time and enable further studies. It also provides the opportunity to feed accurate data for the next update of the Kauffman Fellow Accelerator Ranking expected to include non for-profit cases.

The data collected provides valuable insight to investors on the overall performance of Startup Sauna alumni and their early growth potential.

During the progress of the study there has been a growing attention on the data collected and relative insight generates, and a robust demand for additional data and further analysis that were not in the scope of this work. The limited scope of this first study could be broadened with a particular focus on:

- the need to update the study on regular basis to include changes from current Alumni and data from alumni of new batches
- the desire for a comparison of data at batch level, and their progress across time
- the interest to explore the weakness perceived by key stakeholders with a qualitative survey, to identify opportunity to further improve the Startup Sauna operations
- the opportunity to benchmark on a global scale against the best in class seed accelerators

- the potential value of assessing the social impact of Startup Sauna activities.

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Annex A: List of Startup Sauna Alumni Surveyed

	Alumni Spring 2010 batch
1	Aalto Brain Company
2	Audiodraft
3	Barisma
4	Finders Base
5	Blaast (ex Hipui)
6	Kassi
7	LucSens
8	MakuMaku
9	Relationship Games
10	Videolla (ex RoMM)
11	Shobble
12	Thermophotonic Heat Pump
13	Asema Electronics (ex-Widsen)
14	Wikimaps (ex-DreamTravel)
	Alumni Autumn 2010 batch
15	Co-housing Suomi
16	DealMachine
17	Dentatube
18	FunRank
19	Hookie Technologies
20	Reach.ly (ex Lisa monitoring)
21	Ajelo (ex MetroDRT)
22	Lifeportfolio (ex-Octarine)
23	PowerVTT
24	Titan BGA

25	Tribestudios
	Alumni Spring 2011 batch
26	Campalyst
27	Double Defense
28	Fund Friends
29	Futureful
30	Hakema
31	Mighty Fingers
32	Ovelin
33	Solu
34	Stereonic (ex Fluorescent Nanoscopy)
35	SunyRide
36	SynchMachine (ex-Tohina)
37	Twonicorns
38	Walkbase

Annex B: Quantitative Questionnaire

Basic Info	
1	Original/Current Team Name
2	Start-up Sauna/Bootcamp batch attended
3	What is the status of your company/project?
4	Do you have a Legal Company for your Start-up, where is it incorporated?
5	Is your Product/Service live with customers (yes/no, if private/public, since when/target launch date)
Quantitative data	
6	How much Sales Revenues generated from your product/service (sales estimates K€/Year based on current quarter data)
7	Headcount before the camp (Full Time Equivalent)
8	Headcount during the camp (Full Time Equivalent)
9	Headcount at present (Full Time Equivalent):
10	Funding collected before the camp (timing & amounts in K€: Founders/Angels/Governments/VCS, also specify if grants or equity investment)
11	Funding collected during the camp (as above)
12	Funding collected after the camp (as above)
13	Have you done an Exit, Merge or Acquired any other team? (specify company name, timing, amount in K€ and # people involved)
14	Are you actively looking for additional funds (timing, amount in K€) ?
15	Are you interested in the opportunity to meet investors in events organized by Start-up Sauna in the near future?
Others	
16	Other notes and comments:
17	Is the data of your company non public, should we handle it as Confidential?

Annex C: Summary Table

Parameter	#	%
Number of Start-ups Applications	525	
Number of Start-ups Coached	270	
Number of Batches	4	
Number of Start-ups Admitted to Sauna	54	10%
Number of Start-ups Graduated from Sauna (Alumni)	38	7%
Number of Graduated Startups still Alive	31	82%
Number of Graduated Start-ups Failed	7	18%
Number of Graduated Startups Launched Product/Service	29	76%
Graduated Startup wit Female Entrepreneurs (Founder, CXO)	6	16%
Number of Graduated Startups raised Funds	33	87%
-Before Sauna	20	53%
-During Sauna	10	26%
-After Sauna	25	66%
# Qualified Financing events (>350K\$/260K€ within 1y)	11	29%
Total Funds raised by Alumni Startups (K€)	8 176	
-Before Sauna (K€)	1 215	
-During Sauna (K€)	1 621	+33%
-After Sauna (K€)	5 340	+339%
Number of Exits for Alumni Startups	1	3%
Value of Exits (K€)	0	
Number of Alumni Start-ups with Revenues	10	26%
Total Revenues (K€/Year)	423	
Headcount Before Camp	84	
Headcount During Camp (Size Alumni Network)	96	+15%
Headcount After Camp	138	+65%

Acknowledgements

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Ville Simola, Captain

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