Startup Ecosystem

A startup ecosystem is formed by people, startups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new startup companies. These organizations can be further divided into categories: universities, funding organizations, support organizations (like incubators, accelerators, co-working spaces etc.), research organizations, service provider organizations (like legal, financial services etc.) and large corporations. Different organizations typically focus on specific parts of the ecosystem function and/or startups at their specific development stage(s).

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Composition of the Startup ecosystem

- ideas, inventions and researchings
- startups at various stages
- entrepreneurs
- startup team members
- Angel investors
- startup mentors
- startup advisors
- other entrepreneurial minded people
- third people from other organizations with startup activities

List of organizations and/or organized activities with startup activities

- universities
- advisory & mentoring organizations
- startup incubators
- startup accelerators
- coworking spaces
- service providers (consulting, accounting, legal, etc.)
- event organizers
- startup competitions
- investor networks
- venture capital companies
- crowdfunding portals
- other funding providers (loans, grants etc.)
- startup blogs & other business media
- other facilitators

People from these roles are regarded as linked together through shared events, activities, locations and interactions. As startup ecosystems are generally defined by the network of interactions among people, organizations and their environment, they can come in many
types but are usually better known as startup ecosystems of specific cities or online communities (although some may say that due to social networks, the entire globe is just one big network of startup ecosystems).

In addition, resources like skills, time and money are also essential components of an startup ecosystem. The resources that flow through ecosystems are obtained primarily from the people and organizations that are active part of those startup ecosystems. By events and meetings with and between organizations and different people, these interactions play a key role in the movement of resources through the system helping to create new potential startups or strengthening the already existing ones and hence influencing the quantity of startups build. Failures of startups, release people with improved skills and time for either establishing a new startup or joining an already existing one.

Startup ecosystems are controlled by both external and internal factors. External factors as financial climate, big market disruptions and big companies transitions, control the overall structure of an ecosystem and the way things work within it. Startup ecosystems being dynamic entities—invariably, they are initially in formation stages and once established are subject to periodic disturbances (like the financial bubbles) passing afterwards to the recovering process from some of those past disturbances.

Startup ecosystems in similar environments but located in different parts of the world can end up doing things differently simply because they have a different entrepreneurial culture and resources pool. The introduction of non-native people knowledge and skills can also cause substantial shifts in the ecosystem functions.
Internal factors not only control ecosystem processes but are also controlled by them and are often subject to feedback loops. While some of the resource inputs are generally controlled by external processes like financial climate and market disruptions, the availability resources within the ecosystem is controlled by internal factors like people and organizations ability to contribute towards the ecosystem. Other internal factors include startups success and failures succession along types of people and available skills. Although people exist and operate within ecosystems, their cumulative effects are large enough to influence external factors like financial climate.

People diversity also affects startup ecosystem functions, as do the processes of disturbance and succession. Startup Ecosystems provide a variety of goods and services upon which other people and companies depend on and thus, the principles of startup ecosystem management suggest that rather than managing individual people or organizations, resources should be managed at the level of the startup ecosystem itself. Classifying startup ecosystems into structurally similar units is an important step towards effective ecosystem management.

**Startup ecosystem management**

When management is applied to the whole startup ecosystem, rather than just single startups or organizations, it is termed startup ecosystem management. Startup ecosystem management is driven by explicit goals, executed by policies, protocols, and practices, and made adaptable by monitoring and research based on our best understanding of the interactions and processes necessary to sustain ecosystem structures and functions. Thus, the purpose of it is to manage areas at various scales in such a way that ecosystem
services and resources are preserved while appropriate resource use and options for livelihood are sustained.

Due to the nature of the startup ecosystem management including the capability of catering needs for ecosystem management on a long term bases with its own sustainability through turmoil and disruptions, the responsibility is typically shared between those with such abilities. A fundamental principle is the long-term good production sustainability for startups by the ecosystem; "intergenerational sustainability [is] a precondition for management, not an afterthought". It also requires clear goals regarding future trajectories and behaviors of the system being managed. Other important requirements include a sound understanding of the system( including connectedness, people and organization dynamics) and the context in which the system is operating. Other important points include an understanding of the role of people, talent and money as components of the ecosystems and the use of adaptive management.

Some systems for startup ecosystem management exist, ranging from documented knowledge and tools, to online platforms, all the way to specifically developed comprehensive infrastructure solutions.

Since startup ecosystems are dynamic entities—invariably, they are subject to periodic disturbances and are in the process of recovering from some past disturbance. When an startup ecosystem is subject to some sort of perturbation, it responds by moving away from its initial state. The tendency of a system to remain close to its equilibrium state, despite that disturbance, is termed its resistance. On the other hand, the speed with which it returns to its initial state after disturbance is called its resilience.
From one year to another, ecosystems experience changes in their people, organizations and environments. A financial turmoil constitutes short-term variability in environmental conditions. The pool of people resources also vary from year to year, building up during downturn for bigger companies and crashing as they gear up their recruiting. Longer-term changes also shape ecosystem processes—where the biggest startup companies eventually make big exists releasing capital and talent to the startup ecosystem.

In addition to it, disturbance plays also an important role in startup ecological processes. The frequency and severity of disturbances determine the way they impact in the startup ecosystem functions. Major disturbances like a startup bubble burst leave behind an investment dry environment. Startup ecosystems that experience severing disturbances undergo primary succession. Less severe disturbances like individual startup failures or support organization reorganization result in secondary succession. More severe and frequent disturbances result in longer recovery times. Startup ecosystems recover more quickly from less severe disturbance events.

**Startup ecosystem studies**

Startup ecosystems can be studied through a variety of approaches theoretical studies, studies monitoring specific startup ecosystems over long periods of time and those that look at differences between startup ecosystems to elucidate how they work. These studies can be carried out in a variety of scales.
There are several independent studies made to evaluate startup ecosystems to better understand and compare various startup ecosystems and to offer valuable insights of the strengths and weaknesses of different startup ecosystems.

**Why Ecosystem Development?**

Most organizations in the ecosystem have a similar base process, that begins at some stage in the startups lifetime journey from an idea to a successful growth company and ends at another stage of the journey. Between that time the organizations function is to assist the development of the startups growth.

Different organizations and individuals operate and contribute at different stages. With some organizations there can be clear change from one stage to stage, and in many cases there are also overlapping processes for different stages of the startups development.

Startup Commons has created a technology infrastructure, that ties in the ecosystem and catalyzes connectivity for startups and stakeholders.

**Shared Purpose & Shared Technology**

By using the same infrastructure a startup can easily be part of multiple networks and organizations activities with single profile. All users sign in and move between different networks using a single profile they maintain and keep up to date and where the profile itself is updated based on the activities they have participated in. Access to this information
depends on granted access rights and the profile owners own decisions and actions to share information.

In the beginning customers may enter and remain in any of the networks, but along with positive progress they can and most likely will become part of other networks as part of their continuing journey. As networks operate on top of same infrastructure where the users act with single profiles the information flow can be made effortless.

The core strengths of the technology infrastructure are based on holistic ecosystem thinking, design and development, where each of the users and organizations have their own role and need to manage their own presence, processes and activities as part of the bigger ecosystem and lifetime thinking of a startup as it interacts with multiple organization, processes and people during their growth journey.

The core value comes as a result of each users and organizations ability to contribute information easily as part of their normal operations and interactions with each others and in return gain up to date information from startups and entire ecosystem instead of just based on own activities and information.

By being part of the ecosystem, it's easier to attract relevant members to join the organizations network and processes, similar to real life, a single user can have multiple roles; ie they can be investors, advisors or entrepreneur, or all at the same time, if that is what they are. But at the same time a single user can as well have one small, but crucial role in single network.
Not sure how to improve the performance of your startup ecosystem? Schedule a two full day sessions workshop with us.

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