



Porto.

Why Porto for digital & IT services

Porto Business School
/ University of Porto

Invest Porto.

Table of contents

 **___ Intro**

01 ___ Top reasons to choose Porto

02 ___ Key ecosystem metrics

03 ___ Industry foresight



01

02

03

A message from Porto.

Porto has become a hotspot for foreign direct investment (FDI), and a growing international hub for knowledge and digital service companies.

International investment in Porto has surged since 2017, with more than 8 billion euros invested in region by foreign companies, and the city has received a number of distinctions thanks to its investment attraction policy headed by InvestPorto. These include the latest Financial Time's fDi ranking of cities of the future 2022/23, which placed Porto as the third best medium-sized city in Europe for FDI.

Porto is a resilient investment destination. The Covid-19 pandemic disrupted economies across the globe, including our own. But international investors' confidence in Porto remained strong. The number of new investment projects bounced back quickly in the second half of 2020 and surpassed its pre-pandemic peak by the end of 2021.

Digital and IT services have been one of the main target areas of investors in Porto. Back in 2018, Porto was named Europe's best start-up friendly city at the World Excellence Awards, and ranked as the continent's third fastest-growing tech hub according to Atómico. Building on that reputation, our city managed to build one of the leading Portuguese tech ecosystems. The region is already home to over 3,000 IT companies and the founding or headquarters location of about 1,800, leading Portugal in number of start-ups, patent filings and private R&D investment.

Porto's competitive edge stems from the region's vast pool of talent, its world-class universities, the city's thriving innovation and entrepreneurship environment, its optimal location with a modern digital infrastructure and great connectivity to EU and global markets, as well as Porto's unique quality of life and welcoming nature.



by Ricardo Valente
City Councillor for Economy,
Employment and Entrepreneurship
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01

02

03

About InvestPorto

InvestPorto is an investment promotion agency set by Porto City Council to promote, win and support investments of foreign and domestic companies in Porto, prioritizing key areas for a more sustainable and competitive future.

Our services

InvestPorto provides a public service, free of charge throughout the full investment journey. From the moment when first considering investing in Porto, to when looking for support to grow existing operations.

InvestPorto works together with other city services and local partners to deliver personalized support.

Our team helps companies and investors:

- + Make data-driven decisions about Porto.
- + Learn more about available incentives.
- + Meet key local stakeholders.
- + Find sites and workspaces in Porto.
- + Fast-track municipal licenses and permits.
- + Build a local employer brand.
- + Attend trade fairs and networking events.

Our track-record

Since 2015, InvestPorto has supported more than 300 companies from around the world with over 400 investment projects in Porto.

InvestPorto has acquired a vast expertise supporting companies with projects in tech, business services, real estate, tourism and other opportunity areas. International investors represent close to two-thirds of projects we support, and half of them target high-tech or knowledge-intensive activities.

Contact us

At InvestPorto, you will find a reliable partner, ready to help you unlock the benefits of investing in Porto.



3rd best FDI strategy
Mid-sized European
Cities of the Future 2022-23
Financial Times's fDi Intelligence



421+
investment
projects
2015-21



18,200+
new jobs
in Porto
2015-21



1.7+
billion euro
invested in Porto
2015-21



64%
international
2021



51% high-tech
or knowledge-intensive
2021

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01

02

03

Porto. A booming tech hub

A region bursting with digital and creative talent, powered by a strong entrepreneurial spirit, world-class universities and infrastructure, as well as regional actors that support the development of next generation digital technologies and businesses. These are some of the main factors why Porto has experienced a remarkable development of its tech ecosystem.

An increasing number of international companies are choosing the city of Porto and the surrounding region as a location to set up digital and IT service centres. Some leading examples are Natixis, Euronext, Continental, TeamViewer and BMW's joint venture with Critical Software, Critical TechWorks.

Porto offers access to a critical mass of experienced ICT professionals, researchers and service providers, capable of delivering complex and innovative projects. The city has been gaining prominence because of its strong talent pool and innovation potential, with a thriving tech start-up ecosystem closely linked to multiple engineering schools located in the region and leading ICT research facilities, such as INESC-TEC, the Institute of Telecommunications, and Fraunhofer Portugal.

Porto lives with its doors open to the world and its eyes set on the future. IT companies and R&D units based in Porto are highly competitive at the international level, with a success track-record in multiple fields. The region is equipped with a good transportation network, state-of-the-art telecom infrastructure and more than 60 science and technology centres.

Being a reliable environment, with a businesses-oriented culture, Porto is becoming a place where people, especially young entrepreneurs, feel inspired to take risks in a multicultural and international setting. So much so that Porto and Northern Portugal stand out as the leading entrepreneurial hubs in the country, with a number of start-ups per capita that is 20% higher than the European average.

This can be explained by Porto's combination of a region with a growing talent pool, not just in STEM areas but specifically in ICT fields, together with the presence of dynamic players, such as the local tech business association, [Porto Tech Hub](#), the 50+ [local tech communities](#), and the city policy commitments to make Porto a global city that attracts investors, businesses and innovators.

Striking examples of what Porto is capable of mobilising include the investments in digital projects and infrastructure by [Porto Digital](#) and initiatives of [ScaleUp Porto](#), such as Doing Business or Future Shapers, that aim to promote innovation and entrepreneurship among the local entrepreneurs, investors, energizers, and communities.



01

02

03

01 ___
Top reasons
to choose
Porto



01

02

03

Digital and IT services are booming in the Porto metropolitan area. There are already more than 3,285 tech companies in the region, of which around 1,830 are headquartered in Porto.

The region hosts one of the fastest-growing tech ecosystems in Europe. Fintech, artificial intelligence, data analytics and enterprise software companies, as well as IT shared service centers, are especially represented and their numbers keep increasing. Other areas such as e-commerce, cyber security, health tech, mobility, IoT, gaming and cloud computing are also emerging.

Why Porto?

Quality source of talent

- Highly qualified, creative and flexible work force
- World-class engineering schools and top research facilities
- High language skills
- Competitive salaries

Rising tech ecosystem

- Thriving start-up scene
- Business friendly environment
- Openness to innovation and foreign investment
- Highly qualified cluster of tech companies and support activities

Strong innovation environment

- Highest concentration of private R&D investment in Portugal
- Entrepreneurial tradition linked to the region's large industrial legacy
- Highly dynamic regional actors that promote innovation and entrepreneurship

Smart location and infrastructure

- Good digital infrastructure
- Same time-zone as London with EU market access
- Good public transportation and air connectivity
- Low prime office rents

Quality of life

- Safe, welcoming and family-friendly society
- Excellent climate and leisure options
- Affordable high quality living
- Top-notch healthcare and education facilities



01

02

03

Quality source of talent

Porto provides access to a highly qualified, creative and multilingual workforce, backed by a great education system and a strong capacity to attract people.

The city captures the best talent from a region of proven educational excellence that has 11 Universities and 15 other Higher Education Institutions, with 24,350 students currently enrolled in technology programmes. The region's higher education system attracts not only Portuguese talent, but also an increasing number of foreign students thanks to its quality, affordability and growing popularity.

IT jobs, currently numbering around 21,875 in the Porto metropolitan area, have grown consistently at double-digit rates and could potentially double in

the next 5 years. Salaries remain very competitive by Western European standards. Nonetheless, IT professionals enjoy a high purchasing power, earning incomes significantly above the local average.

Porto has also risen the ranks to become one of the world's best destination for expats and digital nomads, scoring highly in terms of quality of life, happiness and ease of settling in. Together with benefits like the favourable NHR tax regime and the Tech Visa facilitation programme, this growing appeal has enabled companies to attract professionals from around the world.

« Our selection of Porto for our first global technology & innovation hub is an important step (...) It is a beautiful place to live and work, and it provides us access to a growing pool of tech talent close to the business they support »



Alex Cesar,
CTO at Kantar

« Porto has given us this ability to attract human capital and develop knowledge, not only from the city, but also by attracting people from other countries »



Rui Cordeiro,
CEO at Critical TechWorks (BMW
Group)

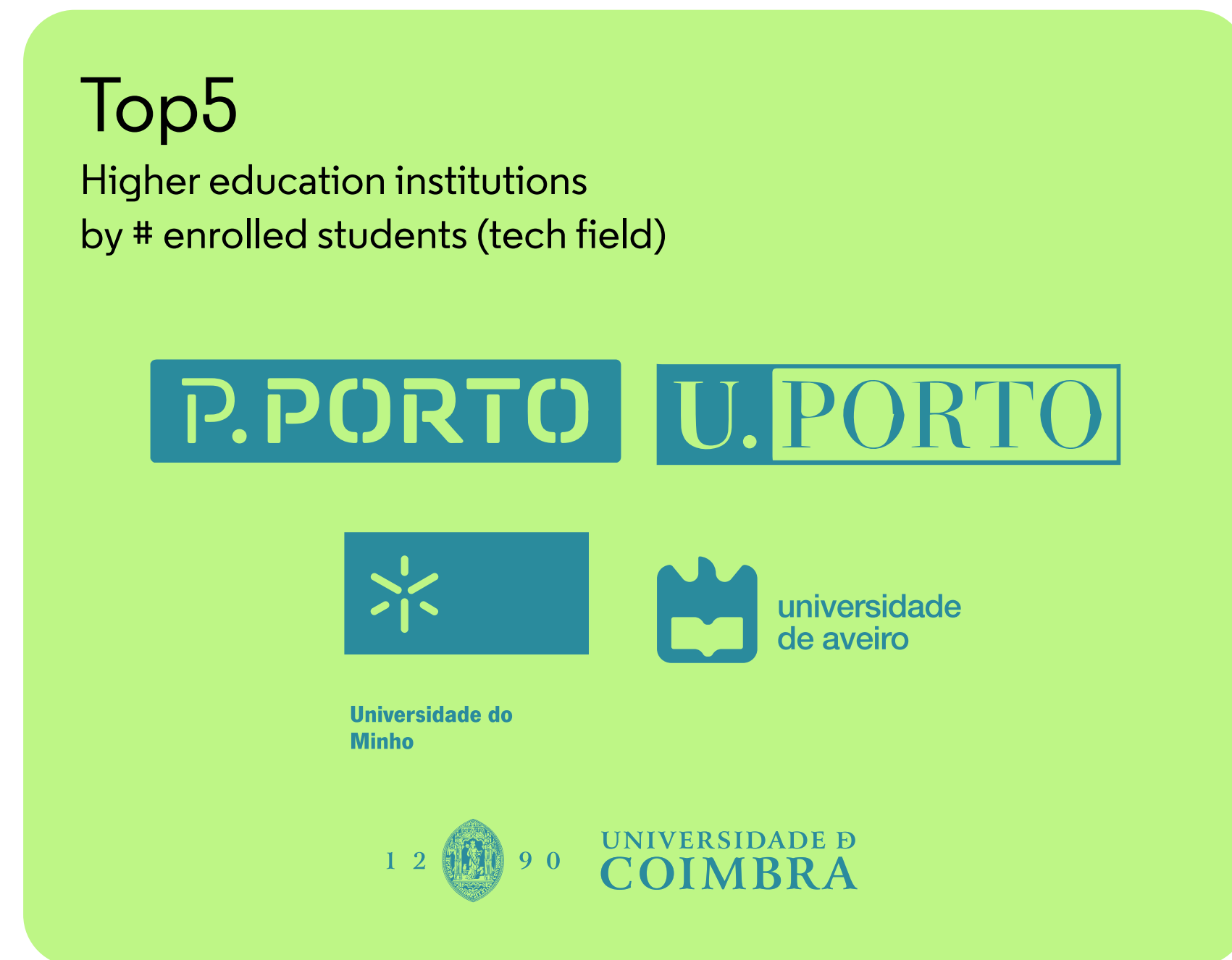


- **Over 30% of university students in Porto's talent pool study science, technology, engineering or mathematics.**
- **Portugal ranks #5 in the world in terms of qualified engineers available in the work force.**
IMD's World Competitiveness Ranking 2021
- **Porto scores very high on English proficiency, ranking #1 among Southern European cities, and is considered one of the world's top 10 cities for digital nomads.**
EF's English Proficiency Index 2021 & Nomad List Ranking 2022

Porto's talent pool

Porto attracts talent from a wide region with 26 higher education institutions offering engineering and technology programmes

The region has 24,350 students enrolled in IT, electronics, mathematics and statistics or biotechnology degrees. In the last 5 years, 18,840 students graduated in these fields.



26

higher education institutions



24,350

university students enrolled in tech degrees 2020/21



18,840

graduates that earned a tech degree in the last 5 years 2015/16-2020/21



01

02

03

Rising tech ecosystem

A vibrant tech scene has flourished from Porto's qualified talent pool and supportive business environment.

Porto is home to one of the largest clusters of tech start-ups and scale-ups in Portugal and, in the last 5 years alone, over 40 foreign companies have established IT service centres in the city.

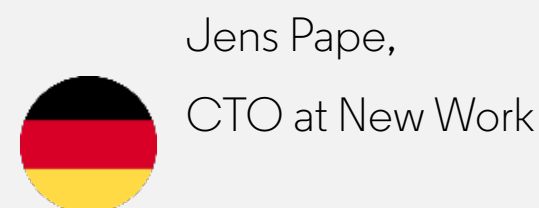
During the same period, the number of jobs and annual revenue generated by the local tech ecosystem increased at one of the fastest rates seen in Europe.

Porto has a reliable support system for entrepreneurship and innovation.

In addition to its competitive work force, education system and research institutions, the city provides the right business know-how, EU market access and good support infrastructure, hosting more than 40 business accelerators, incubators and co-working spaces.

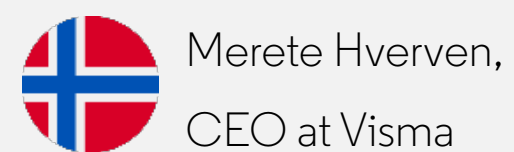
These factors, together with the increasing demand for IT services, have contributed to the development of a tech ecosystem that is emerging on the European and global stages.

« In recent years, Porto has become a very dynamic and competitive location in the tech scene. Thanks to its universities and the large number of young, international talent, the city is experiencing a boom »



Jens Pape,
CTO at New Work

« We chose Porto because of its tech-oriented, international environment. It scores high on indexes for both innovation and cyber security. And with access to top talent from several tech universities in the area, we see great potential for future expansion »



Merete Hverven,
CEO at Visma



— In 2018, Porto was named Europe's best start-up friendly city at the World Excellence Awards and the continent's #3 fastest-growing tech hub according to Atomico.

WBAF World Excellence Awards 2018
& Atomico State of European Tech 2018

— Portugal ranks #5 in the world in terms of qualified engineers available in the work force.


— The Financial Times's fDi Intelligence unit recently considered Porto the #3 best mid-sized city in Europe for foreign direct investment.


FT / fDi Intelligence European Cities of the Future 2022/23

Porto's tech landscape

Did you know there are **11 tech unicorns** with engineering offices in Porto? 🚀



A growing number of some of the world's most successful start-ups, scale-ups and mature companies have established tech teams in the metropolitan area of Porto. From home-grown rising stars like Sword Health, to big international names such as Revolut, Vestas, Volkswagen and Kantar, these are some of the leading companies with tech offices in Porto.














 **290**
tech start-ups

 **1,830**
tech companies headquartered in Porto


 **3,285**
tech companies with offices in Porto






FINTECH























MARKETPLACE & E-COMMERCE






















HEALTH TECH



DATA & AI




















IT SHARED SERVICES



















ENTERPRISE SOFTWARE














MOBILITY, IOT & INDUSTRY 4.0





CYBER SECURITY

CLOUD & ITC INFRASTRUCTURE

GAMING

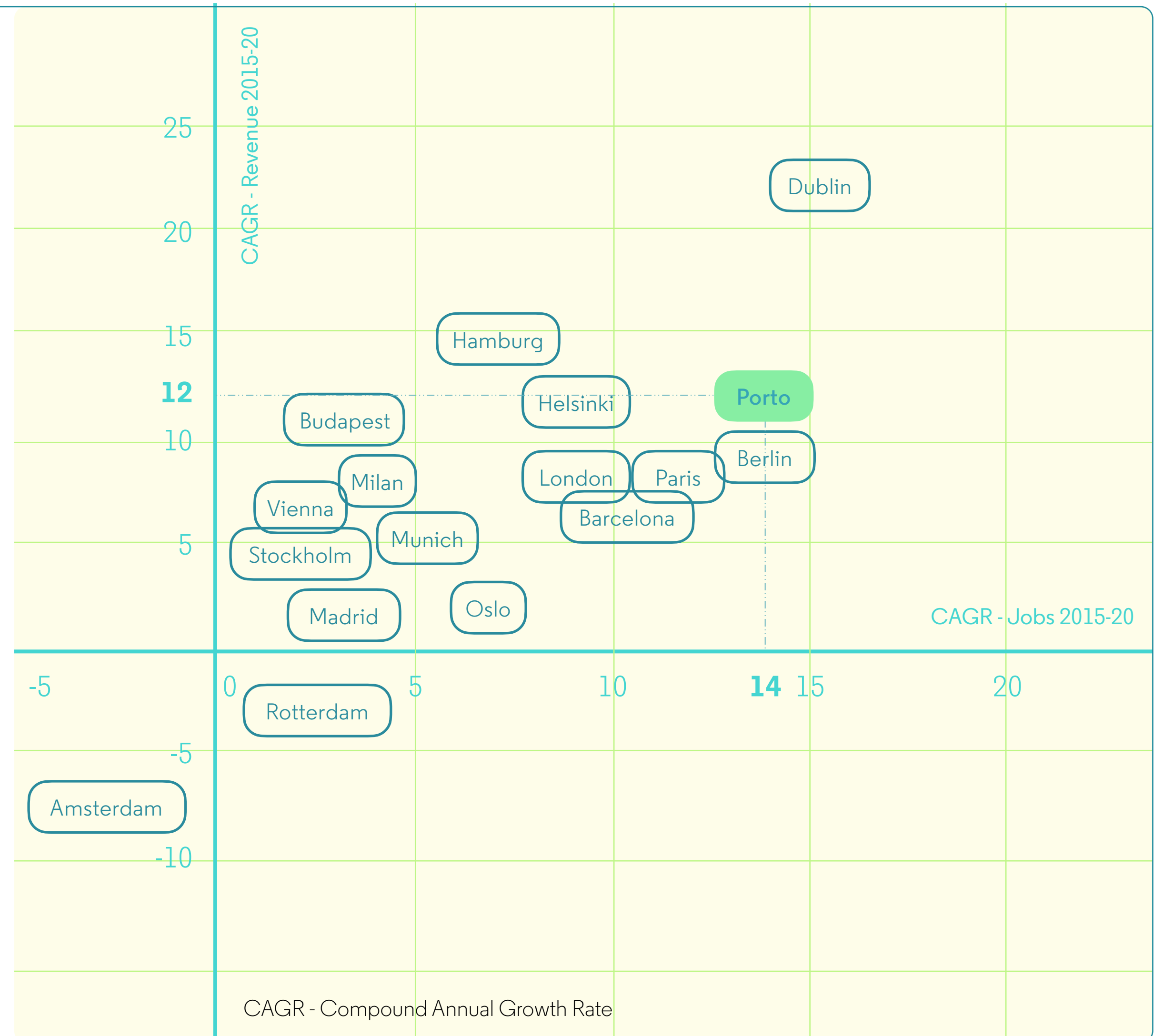





One of Europe's fastest growing tech hubs

Porto's tech ecosystem recorded the second fastest job growth among all European cities in the World's top 100 most innovative cities.

Between 2015 and 2020, the combined revenue of Porto's tech ecosystem grew at an average rate of 12% per year, while the number of jobs grew even faster at 14% per year.

Of the European cities in the World's top 100 most innovative cities – according to the Innovation Cities™ Index 2021 -, Porto's tech employment grew at a pace second only to Dublin's.



Strong innovation environment

A thriving tech scene, the clustering of multiple R&D facilities and a strong tradition of entrepreneurship and knowledge sharing between business, academia and scientific institutions make Porto a perfect testbed for innovation.

Porto and Northern Portugal have impressive figures to show on investments made in research and development (R&D), which these days is led by IT service companies. According to the European Commission's Regional Innovation Scoreboard 2021, it was the leading Portuguese region in number of patent applications, private R&D expenditure and improvements in innovation.


The regional scientific and technological infrastructure comprises 64 R&D facilities and over 12,500 research staff. Leading examples specialized in ITC engineering and computer science include INESC TEC, the Institute of Telecommunications and the Fraunhofer Portugal Research Centre for Assistive Information and Communication Solutions (AICOS), the first Fraunhofer R&D centre in Europe outside Germany.

Porto's heritage of industrialists who, over the years, created the manufacturing industries still based around the city, has created a business-oriented

culture, with a characteristic can-do attitude, that fosters entrepreneurship and innovation.

This tradition combined with the dynamic action of regional players, such as UPTeC, Porto Innovation Hub, ScaleUp Porto and Porto Tech Hub, has contributed to the development of an innovative city with more than 58 tech communities full of enthusiastic individuals who love to solve problems together with likeminded people.

« There is an entrepreneurial mindset here in Porto. I don't know if it was always like this, but since I arrived I have seen this culture that is very present in our employees »

 Etienne Huret,
CEO at Natixis in Portugal



- **Porto and Northern Portugal are the #1 Portuguese region in patent applications, private R&D expenditure and improvement of innovation performance.**
EC Regional Innovation Scoreboard 2021
- **From 2022 to 2026, Porto will host the European Innovation Academy (EIA), one of the world's leading technology entrepreneurship bootcamps, taught by professionals from top institutions such as Stanford University, U.C. Berkeley, Google and Amazon.**
European Innovation Academy 2022-26

Porto's innovation and entrepreneurship landscape

64

R&D facilities



40+

accelerators, incubators & co-work spaces



58+

local tech communities



Smart location with future-proof infrastructure

Porto's location along the European Union's West Atlantic corridor, together with its high quality infrastructure and close market ties to a wide range of countries, make it strategically optimal for digital and IT service companies.

Over the years, Portugal has invested heavily in its communication infrastructure, which today ranks as 11th best in the world according to IMD's World Competitiveness Ranking 2021. Porto offers citywide fiber-to-the-home coverage, a reliable 4/5G mobile network, as well as an extended free public Wi-Fi network provided by Porto Digital.

It also benefits from sharing the same time-zone as London or Dublin, which is just one hour behind Central European Time and a 2 to 3-hour difference from markets as far as Brazil or South Africa.

Along its location and good communication infrastructure, Porto benefits from close proximity to all modes of transport. Thanks to its compact urban structure, the main regional and international

transport hubs are all located just 10 to 30 minutes away from Porto's downtown and Boavista central business districts (CBD). The public transport system of the Porto metropolitan area is reliable, eco-friendly and affordable, featuring an extended metro, train and bus network that ranks as the best in the country in terms of customer satisfaction.

Porto International Airport provides frequent non-stop flights to around 100 destinations per week, providing good air connectivity to Europe, North America and Brazil, including daily connections to global hubs such as Madrid, Paris, Frankfurt, London, Amsterdam, Istanbul and New York. Flights take on average 3 hours or less to reach cities in Western Europe and 7 to 8 hours to cross the Atlantic.

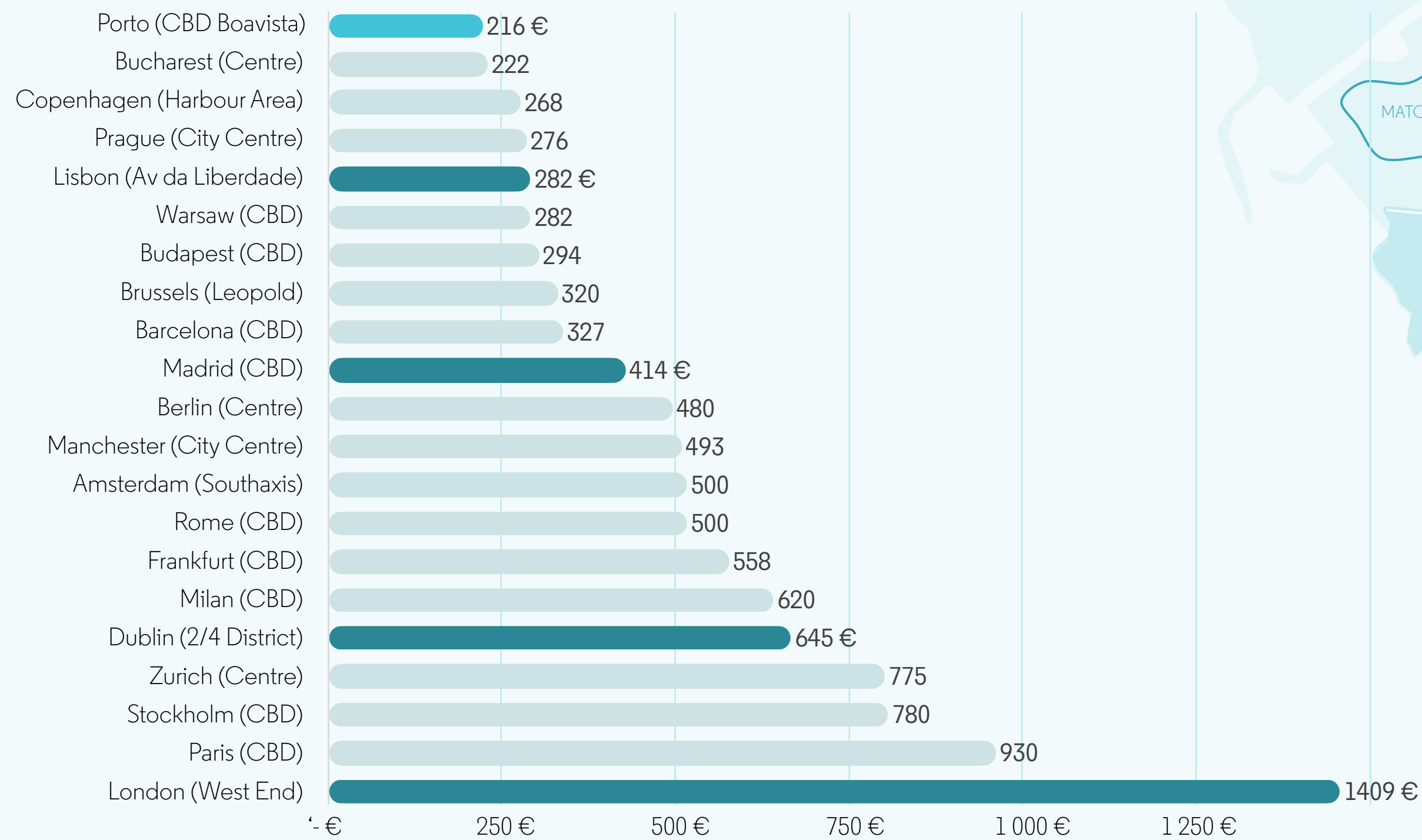


- **Portugal ranks #11 in the world in terms of communication technology and #7 in Europe in fixed broadband coverage**
IMD World Competitiveness Ranking 2021 & EU Digital Economy and Society Index 2020
- **Porto International Airport connects the city to 100 destinations across the world and is considered one of the best mid-sized airports in Europe in terms of service quality**
FlightConnections 2022 & ACI World ASQ Awards 2021

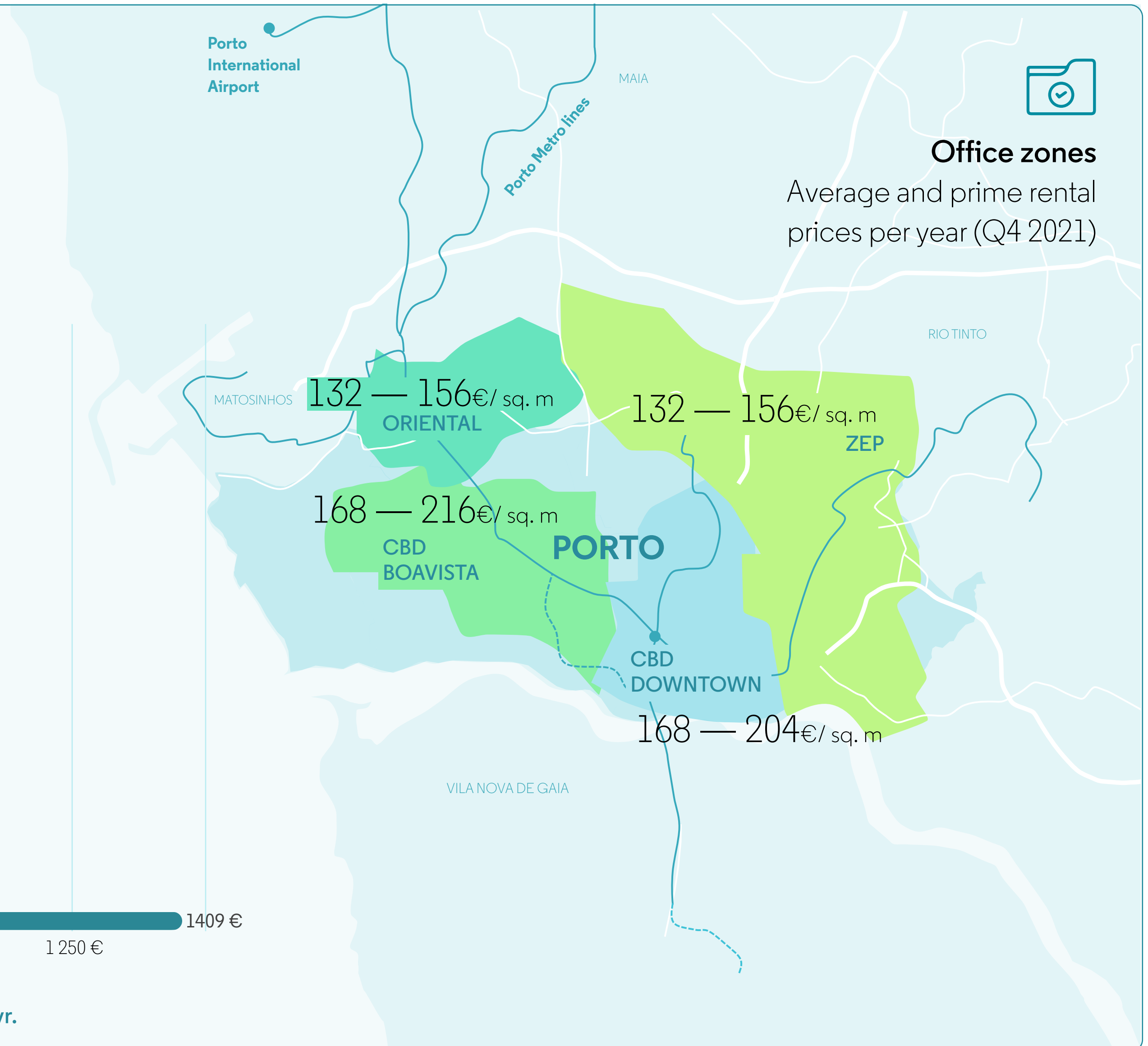
Porto office market

Porto features one of the most competitive office markets in Europe, with prime spaces available at highly affordable prices

The annual rent of prime offices in Porto's Boavista CBD averages just 216 euros per square meter, about 23% less than in Lisbon or half as much as Madrid.

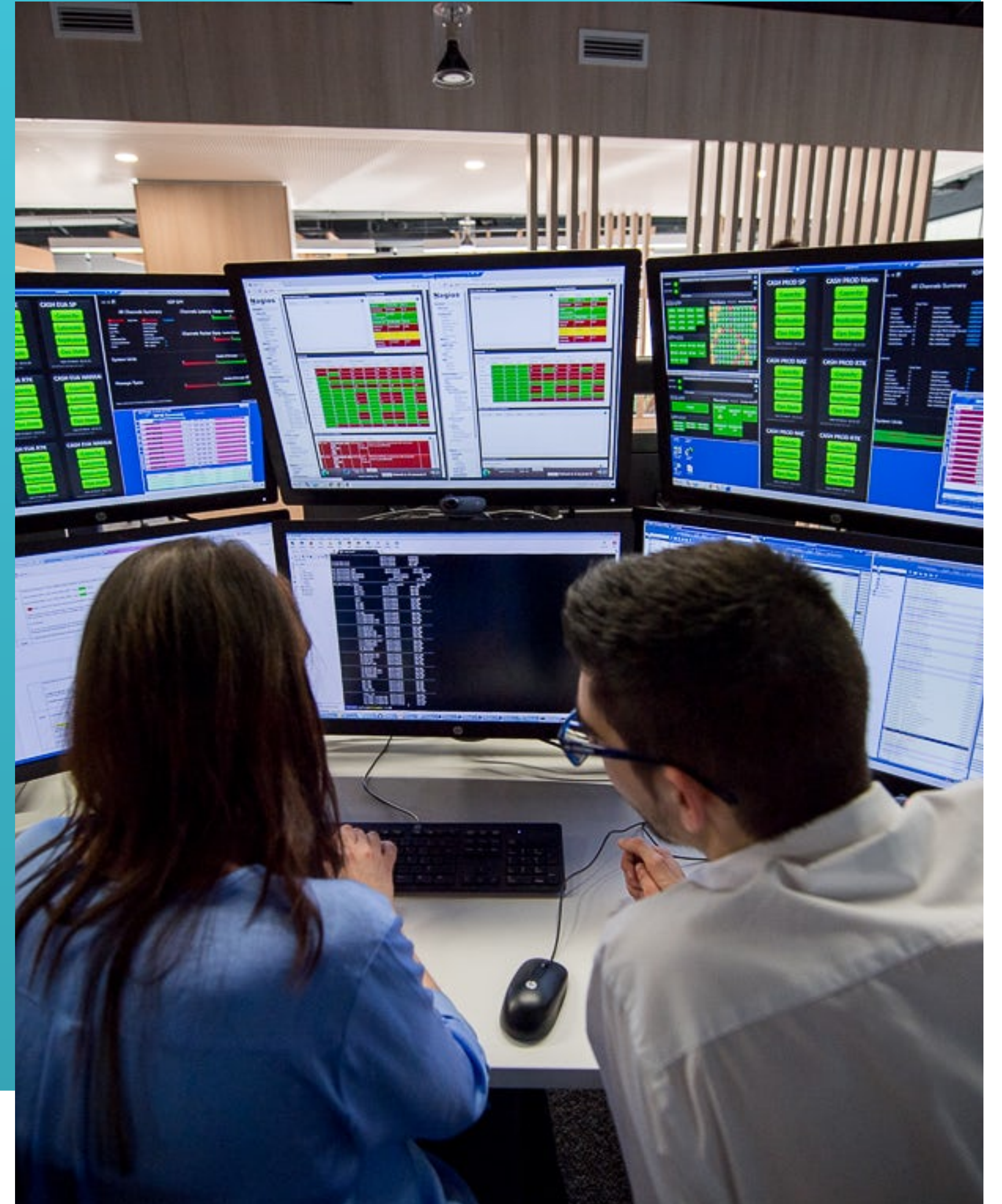


Rental prices of prime offices around Europe in € / sq. m / yr.



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Key Ecosystem Metrics



01

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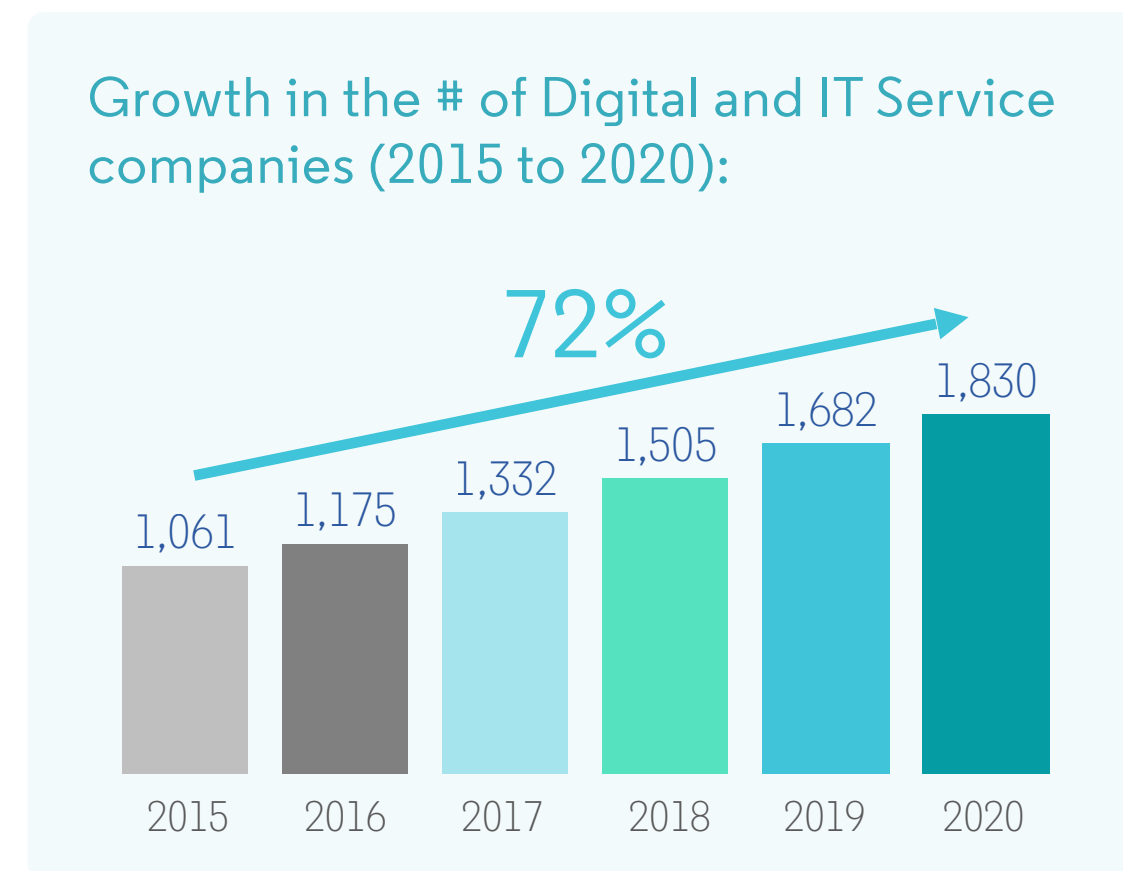
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Digital and IT service companies in the Porto metropolitan area

The following indicators represent the IT and digital services ecosystem of active companies headquartered in the city of Porto and the 16 neighboring municipalities that form the Porto metropolitan area.

Ecosystem overview

- The ecosystem around Porto is increasingly international and highly dynamic. The region is the headquarters location of 1,830 active companies and home to 290 start-ups and scale-ups. Foreign-owned ventures represent 12% of the total number of companies.



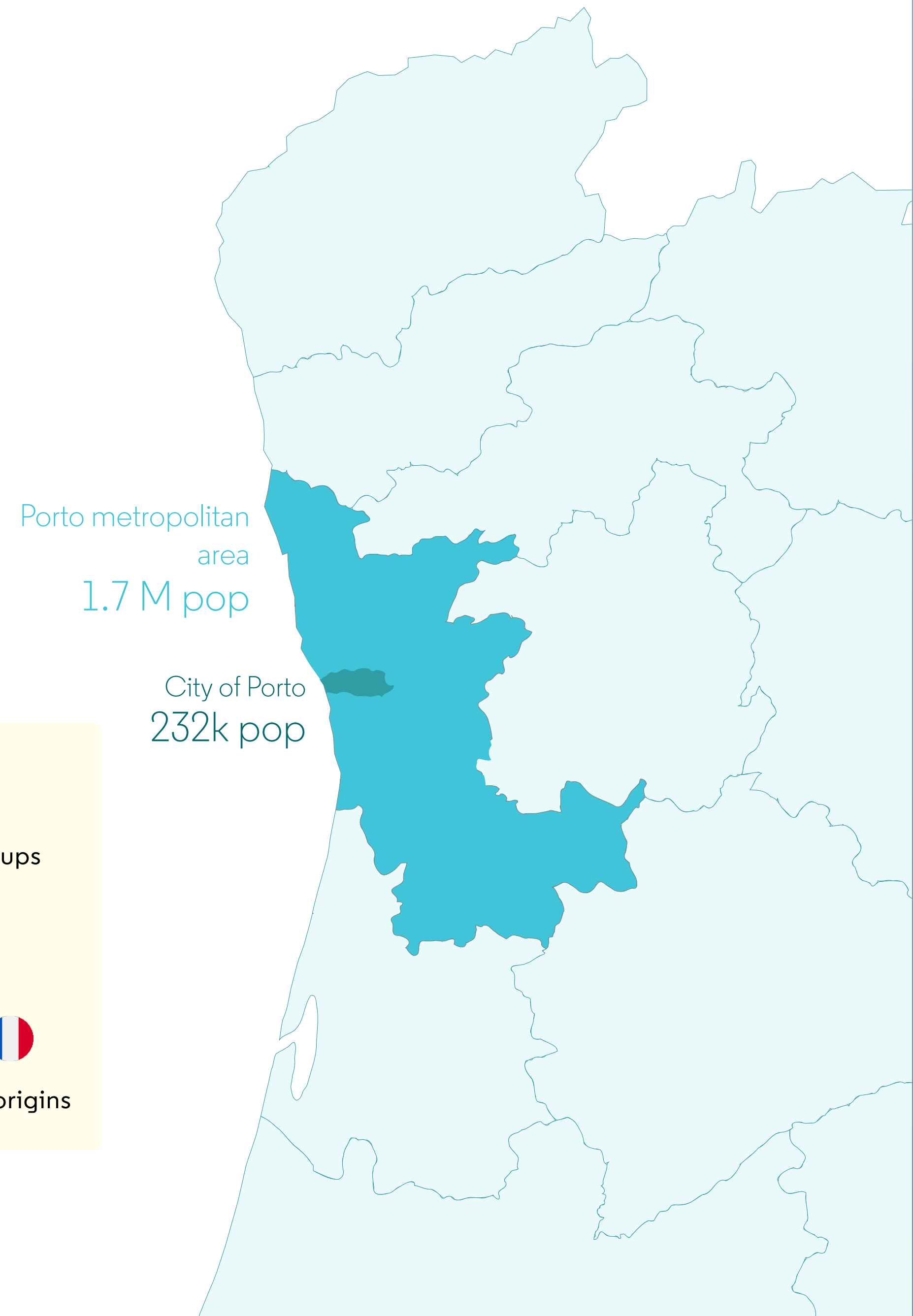
1,830
companies

290
start-ups and scale-ups

10 years Companies' Average Age





12% foreign-owned companies

top foreign investor origins:



Why Porto ___ Digital & IT services

- Porto's ecosystem is rapidly booming. In the last 5 years, the combined revenue of digital and IT service companies in the region has grown at an average rate of 10% per year, exceeding 3B€ in 2020. The revenue of foreign-owned companies grew even faster, at an average rate of 15% per year.
- Exports to the EU common market account for 22% of revenues, while other export markets represent about 9%. Valued-added is more than a third of revenues.

	 Ecosystem	 Foreign-owned companies
total revenue (2020)	3,167 M€	1,501 M€
revenue growth (2015-20,CAGR)	 10% per year	 15% per year
average revenue per company	1.7 M€	6.95 M€

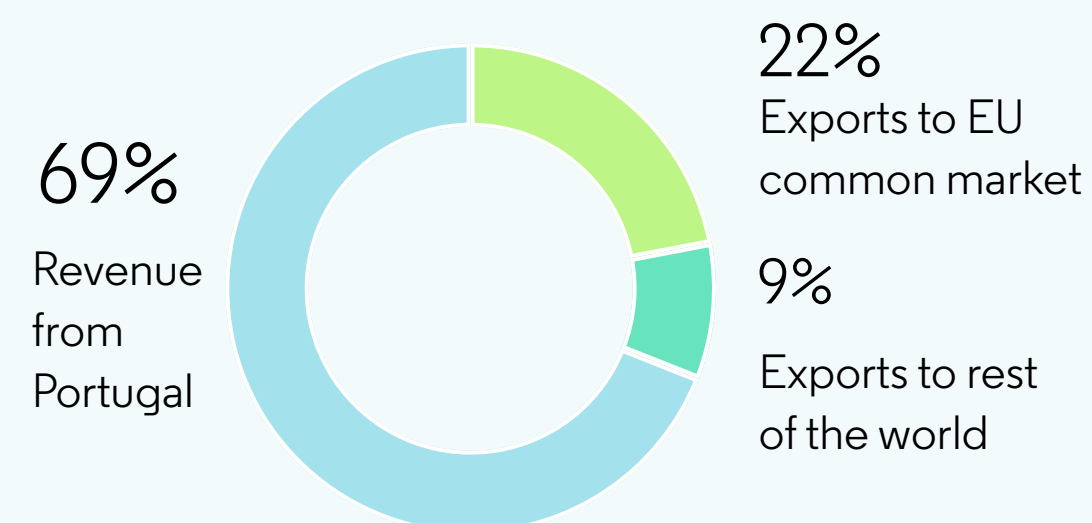
974 M€

Exports

2,193 M€

Domestic

Revenue by Market

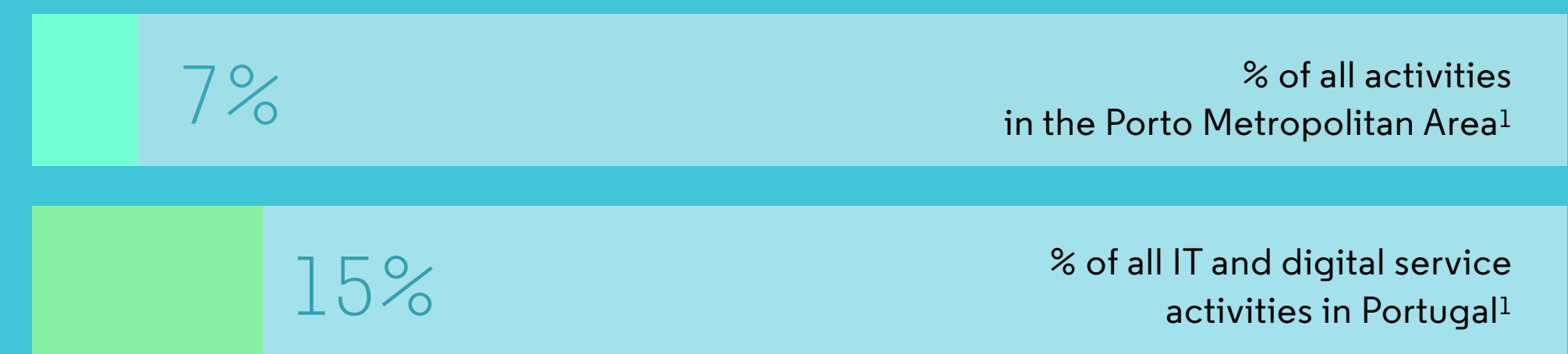


Value-added (VA) **1,089 M€**

35%

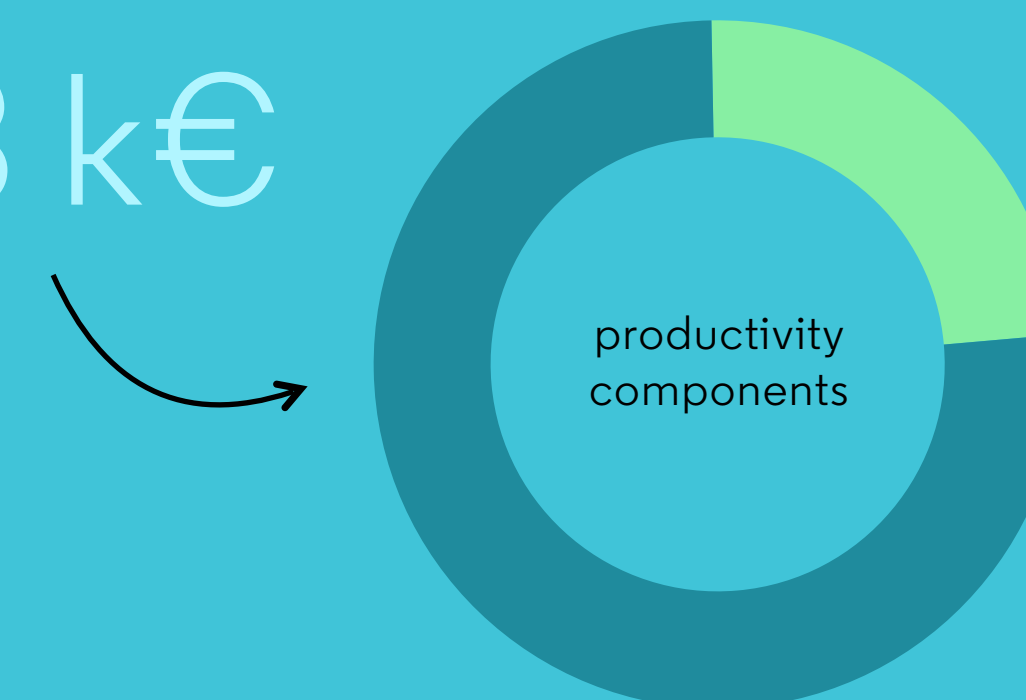
Value-added as % of revenue

The valued-added by IT and digital services companies in the Porto Metropolitan Area amounts to:



31.8 k€

Average annual productivity per employee



EBITDA

7.6 k€

24.2 k€

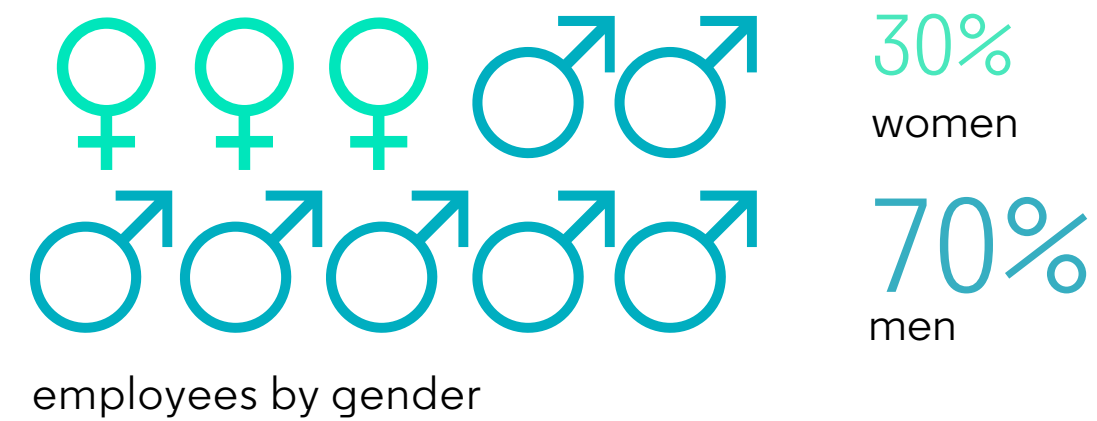
PERSONNEL EXPENSES

21,875

employees
(2020)

12

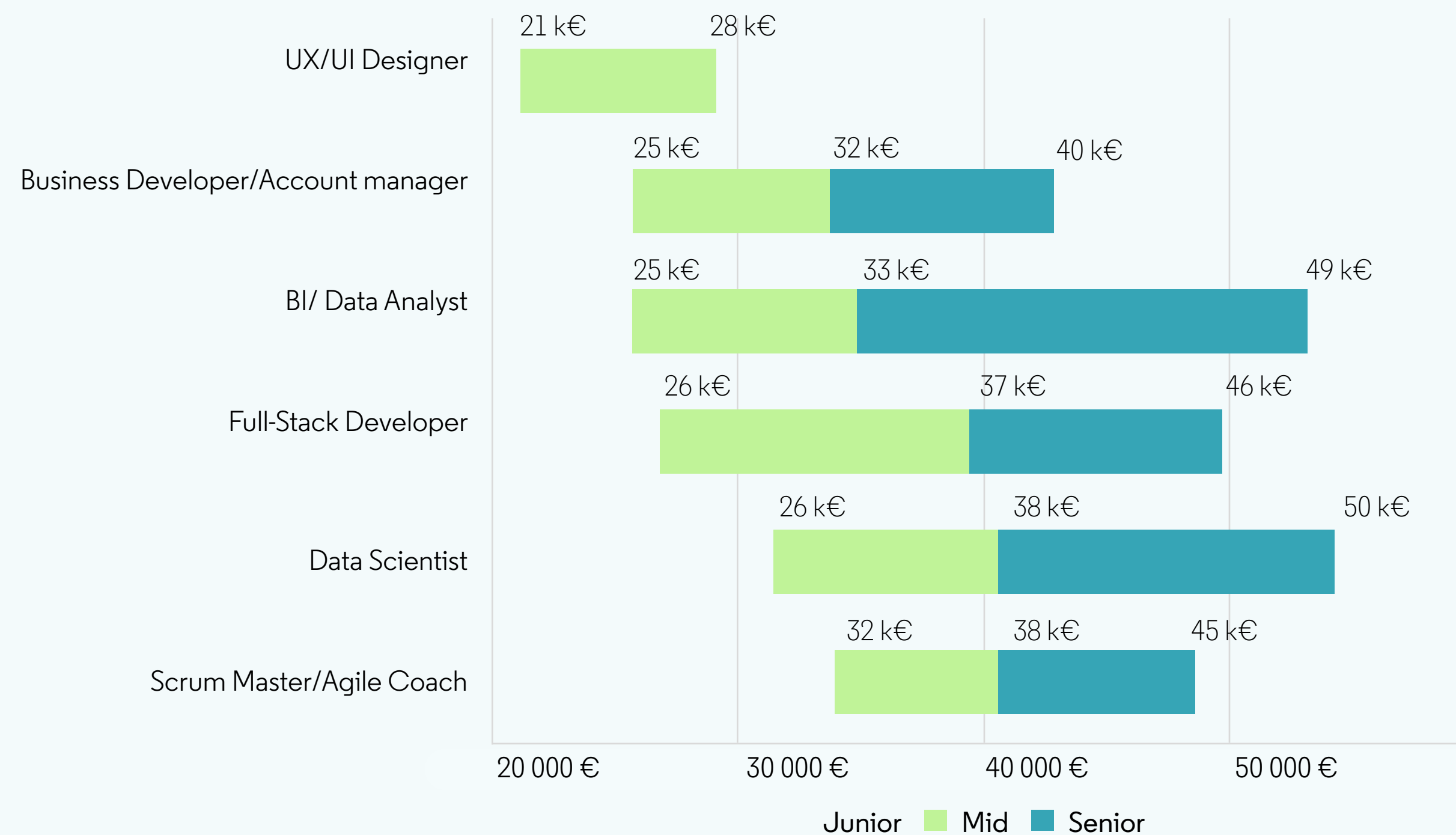
average # employees
per company



Employment

- Digital and IT services companies in the Porto metropolitan area employed 21,875 workers. Companies tend to be small in size, employing an average of 12 employees.
- The vast majority of persons employed by IT companies were men. However, women represent 30% of IT employees in Porto, compared to the EU average² of 19%, making the local IT employee base more gender balanced than the European average.
- Salaries are highly competitive compared to Western Europe for both entry-level and more experienced hires.

Average anual base salaries of tech professionals in Porto¹
ranges based on role and experience



Sources: SABI / Bureau Van Dijk (2020), ¹ Hays (2022), ² Eurostat (2020)

Why Porto ___ Digital & IT services

Financing

- The financing structure of the companies from Porto's ecosystem is very well-balanced. Most are not heavily indebted and have easy access to finance.
- There are 35 companies with share capital above 1M€, representing just 2% of the companies in the ecosystem.

Top5

Foreign-owned companies with largest Share Capital



Leverage Ratio

36%

of 100%

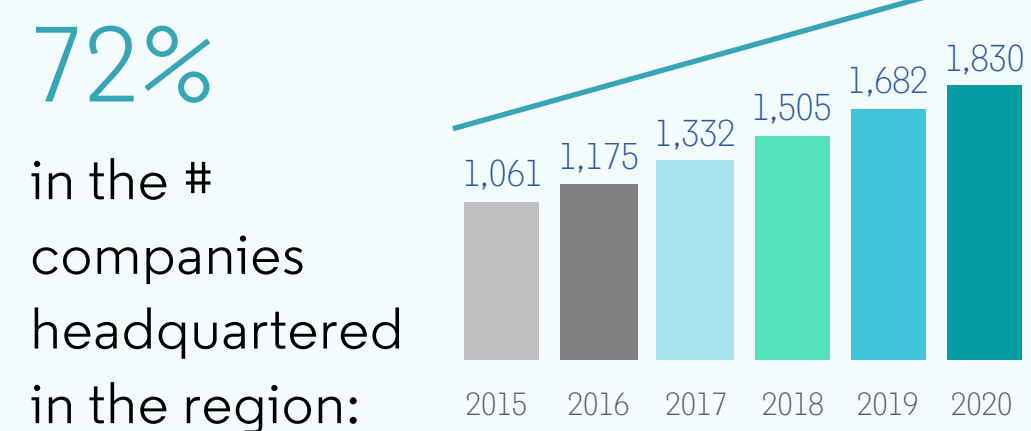
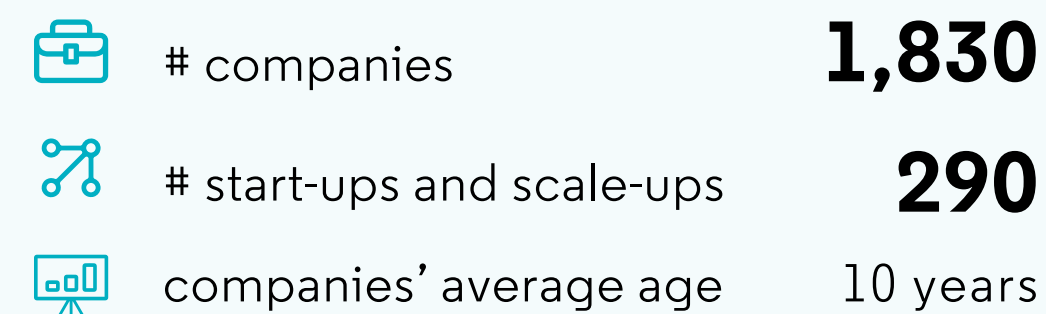
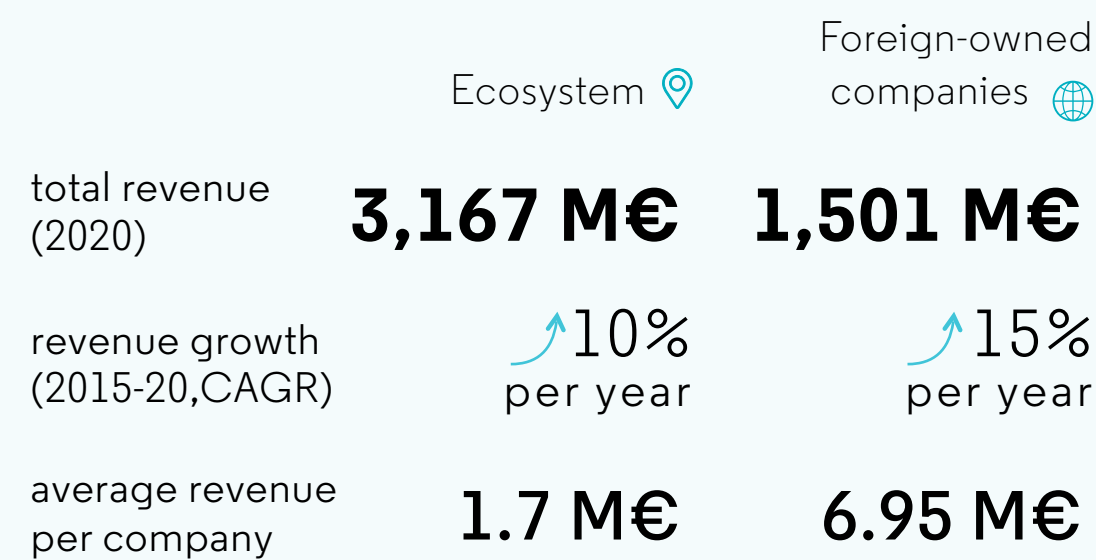
	Ecosystem	Foreign-owned companies
Average share capital	132 k€	562 k€
# companies with share capital above 1M€	35	17
% of companies with share capital above 1M€	2%	8%

Digital & IT Services companies in Porto

KEY ECOSYSTEM METRICS

Porto, a _____ ecosystem

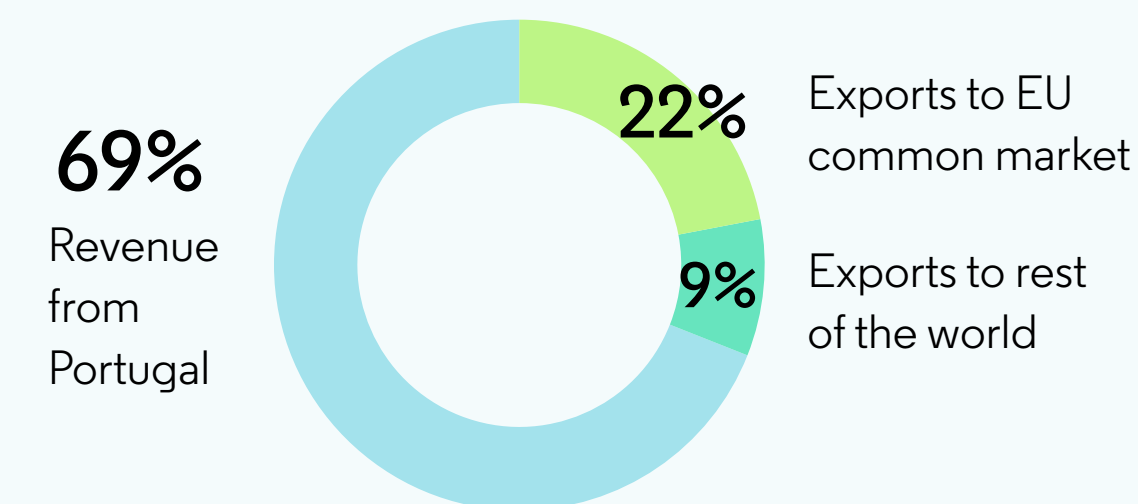
vibrant



highly international and dynamic

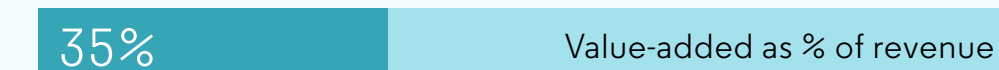


Revenue by Market

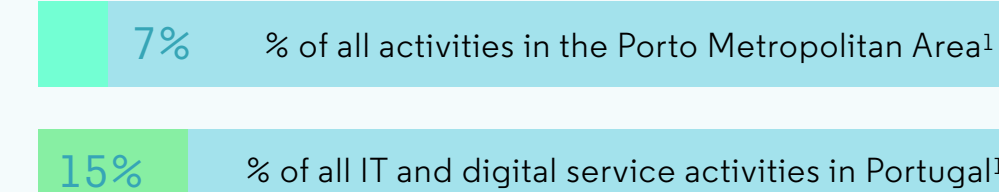


rapidly booming profitable

Value-added (VA) 1,089 M€

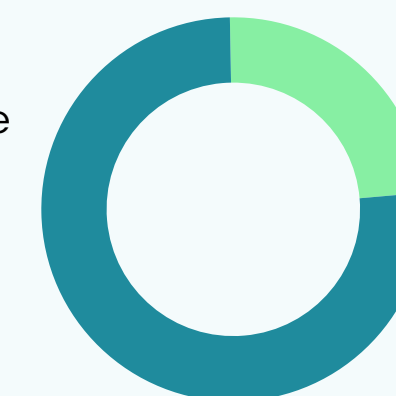


The value-added by IT and digital services companies in the Porto Metropolitan Area amounts to:



31.8 k€

Average annual productivity per employee



7.6 k€ EBITDA
24.2 k€ PERSONNEL EXPENSES

productivity components

bursting with talent

Talent Pool ²



24,350

university students enrolled in tech degrees 2020/21



18,840

graduates that earned a tech degree in the last 5 years 2015/16–2020/21

21,875

employees (2020)

employees by gender: 30% women, 70% men

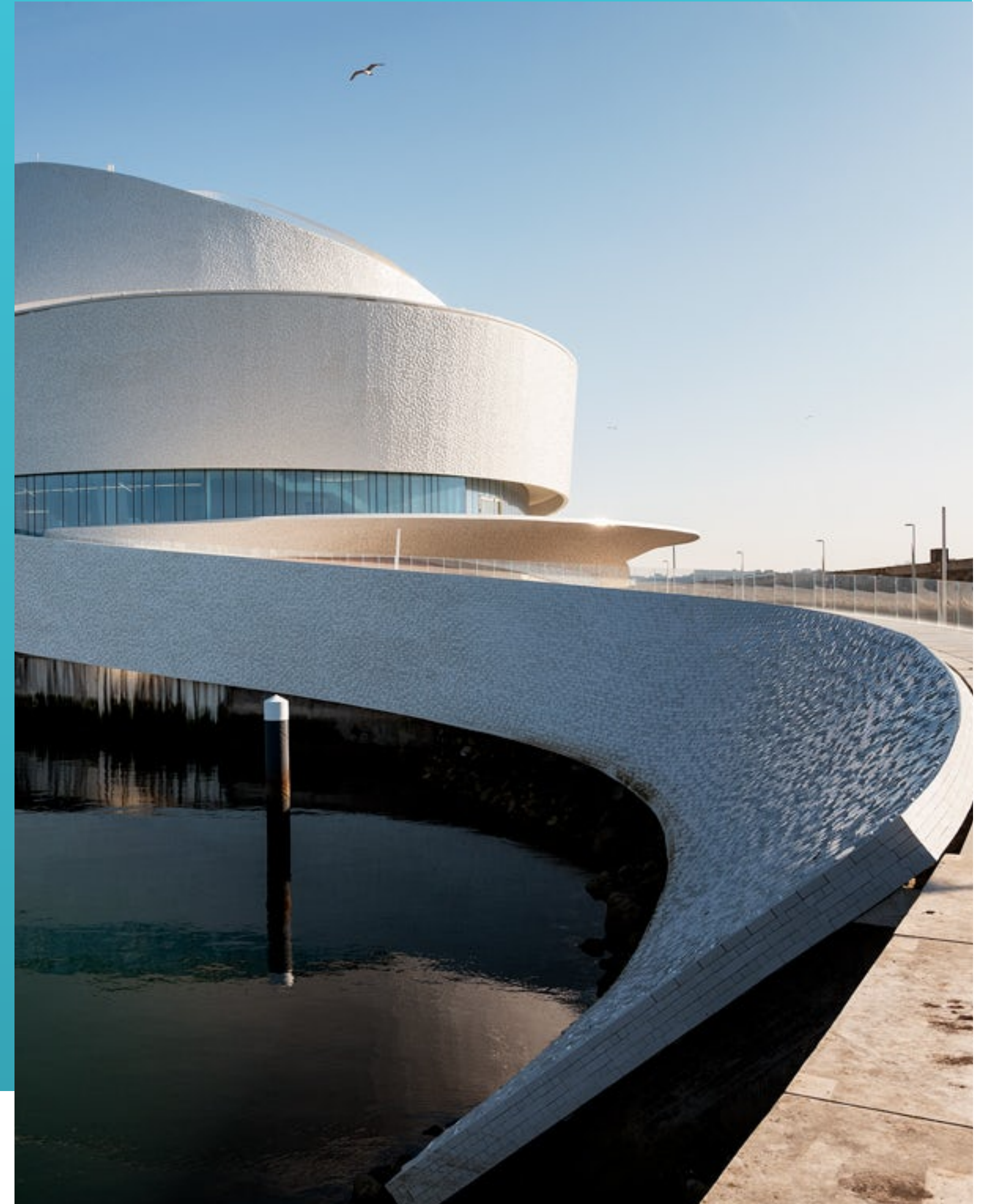


01

02

03

03 ___
Industry
foresight



01

02

03

Now and in the future pay attention to...

NOW

Data analysis and differentiation

Over the past few years Porto has attracted investment and a large pool of companies that are specialized in Data Analysis. This will allow the development of new products and various services. Every company wants to be unique, different, and innovative and the interactions between these companies, which have and will produce new solutions, will place Porto as one of the most exciting high-tech cities.

NEXT

People attraction

There are many factors that have transformed Porto into the business attraction center it is today, and that are enhancing the entry of more and more people in the city. A city whose attributes are, among others, the wonderful weather, the cozy food, and the safety, etc., will attract more and more people to relocate to it. And since all ICT companies are looking for the best professionals and a large pool of young talents, the need to be present in Porto will be irreversible.

FUTURE

Climate tech: think sustainability

Climate tech is emerging as a strong area for climate and investment opportunities. Given the global efforts to reach net-zero emissions by 2050, the climate tech will give to ICT companies numerous opportunities to develop new solutions. Portugal has been moving in a positive way in the last few years regarding climate tech and sustainability, and the city of Porto is in a very healthy place to explore these new opportunities.

by Luís Silva
President of Porto Tech Hub
portotechhub.com



01

02

03

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