

Why Stockholm has so many billion-dollar tech firms

Written by Staff reporter

Wednesday, 09 March 2016 04:23 - Last Updated Wednesday, 09 March 2016 04:30

With more billion-dollar startups than any other European city, Stockholm has emerged as a global tech titan. One of the explanations for Stockholm's success include that it has developed a human, social, educational and corporate infrastructure that supports startups.

A new government report, however, points at a different explanation: established successful startups and entrepreneurs invest in new business ideas, both with cash and experience, which has created a unique eco-system.

The report "The Eco System ICT & Digital", by the County Administrative Board of Stockholm (Länsstyrelsen), has investigated the connection between a number of so-called unicorns and their relationships with other startups in the city. The report exposes a sophisticated web between many of the most famous firms and their successful entrepreneurs.

Spotify, for example, has links to firms like e-payment firm iZettle, e-commerce platform Tictail, trading platform Avanza and 3D modeling firm 13th Lab (which was bought by Facebook) via investments or former employees.

Similar connections can be seen from Niklas Zennström's Skype, linking directly or indirectly to companies like King, Truecaller and Mojang, the maker of Minecraft, which was bought by Microsoft.

"The founders of many of those companies have in many cases met on previous jobs or in educational contexts," the report said. "The dynamics of the eco-system is based on mobility and links between individuals and companies and organizations."

The connections become even more striking when board members and investors are accounted for, the report added.

What's more, the startup scene has also created a pool of talent where people interact and together start new companies. It creates a positive circle; more startups attract even more

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talent.

Sophia Bendz, former head of global marketing at Spotify, personifies the interconnection. In January, she was recruited by Skype founder Niklas Zennström to become an executive at his investment firm Atomico, which invests in numerous startups. The same month she invested in a walkie-talkie startup called Roger, founded by two former Spotify engineers. She also sits on several boards, including Unibet and Avanza.

The examples of the interconnections between Stockholm's tech stars are numerous. For example, Henrik Torstensson, founder of Lifesum and former Spotify employee, has invested in FishBrain, the world's fastest growing mobile app and social network for fishing. Johan Attby, CEO of FishBrain, has in his turn recently invested in racing app Raceone. Jonas Nordlander, founder of Avito and Tradera, has invested in Challenger Mode.

The list goes on. Erik Byrenius, founder of Online Pizza, Andreas Ehn, founder of Wrapp, Mattias Miksche, founder of Stardoll, and Johan Skarborg, founder of Academic Work, have all invested in new startups too.

Some games that originated in Stockholm, like Minecraft, Candy Crush Saga and Battlefield, have proved to be incredibly successful internationally. In their wake, a large number of game developers have decided to start their own gaming studios.

“Most game developers dream about one time create their own game. Now many are in a position where they suddenly have the possibility to do that,” Jonas Antonsson, one of the founders of gaming firm Raw Fury, recently told business site DI Digital.

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