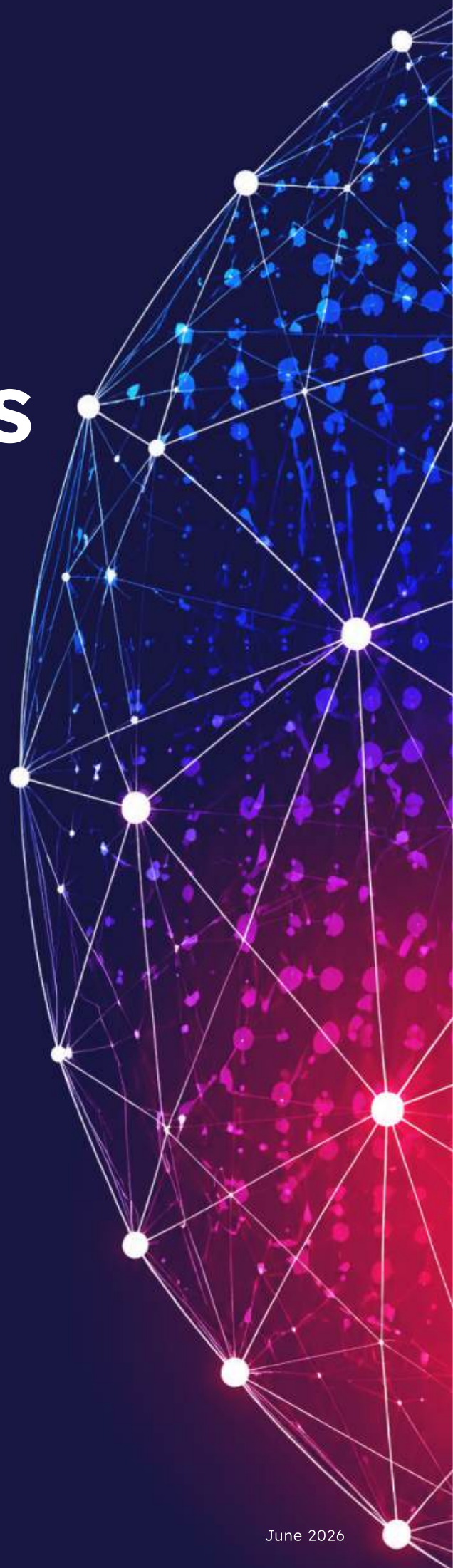


The Realities of Scaling in Europe

How EU digital regulations
limit tech founders when
scaling in Europe

Evidence from 155 founders, told through their own
data and stories, set against the wider European
debate on competitiveness and ongoing efforts to
simplify the EU's tech rulebook.



About this Research

Survey data (n = 155) is final. Supporting literature is drawn from public sources and cited in footnotes.

Founder stories are based on interviews conducted by DutchBasecamp. Figures attributed to founders are presented as their own estimates or expectations, not as established fact.

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Executive Summary

Europe creates more startups annually than the United States but struggles to retain a proportionate share of globally scaled technology firms. This report examines why, from the perspective of the founders who experience it directly.

It looks at the way the European Union's framework of digital regulation shapes what companies build, whether they can scale in Europe, where they can sell, and whether they stay.

The stakes are not abstract. Every company that grows abroad rather than at home represents jobs, tax revenue, and technological capability that Europe develops but does not retain, and, more quietly, a signal to the next founder about where ambition is best pursued. The decisions that drive this drift are rarely dramatic. A market is left unentered. A product feature is narrowed. A headquarters move is quietly explored. These choices are made long before they appear in relocation statistics, which is precisely why they are difficult to measure and important to understand.

The research draws on a survey of 155 founders and a series of in-depth interviews, set against the wider evidence base on European competitiveness and the EU's ongoing efforts to simplify its digital rulebook.

52%

have avoided other EU markets over compliance concerns

23%

spend more than 30% of their operating budget on compliance

24%

weighing or already making an HQ move due to regulations

45%

of founders paused or cancelled product features in the last year because of regulatory uncertainty

58%

delayed a market entry in the past 12 months because of EU regulatory friction

The survey findings broadly align with conclusions reached by the European Investment Bank, the European Commission's Joint Research Centre, and the Draghi and Letta reports, while providing a founder-level perspective on how those dynamics emerge.

1 Regulation is an active input into where European companies operate

More than half of founders (52%) have decided not to enter a specific EU country because of regulatory or compliance concerns, and nearly a quarter are weighing an HQ move, or have already made one, primarily because of regulation. These decisions may represent the early-stage dynamics that later appear in relocation studies and scaleup mobility data.

2 Europe is missing out on innovative products and growth

Regulatory friction shapes not only where companies expand, but what reaches customers. In the past year, 45% of founders paused or cancelled product features, 58% delayed entering a market, and 44% lost or delayed deals. Only 21% reported no material impact. These are opportunities the EU is losing to faster-moving markets and competitors.

3 The burden is real and regressive

Nearly a quarter of respondents (23%) spend more than 30% of their operating budget on compliance, and one in three has made compliance-driven hires. Fixed compliance costs weigh far more heavily on a ten-person team than on an incumbent, a pattern the wider literature confirms.

4 Fragmentation is as damaging as strictness

Founders rarely object to the existence of rules. Their key complaint, however, is that today's 27 national interpretations of EU regulation have turned a notional single market into a patchwork, the same diagnosis behind the proposed pan-European "28th regime."

5 Uncertainty is its own tax, and the AI Act is the next test

Much of the cost comes not from compliance itself but from not knowing what compliance will require. Founders report narrowing features, delaying launches, and in some cases reconsidering where to grow, often citing uncertainty surrounding future AI Act obligations before any requirement has formally bound them.

6 Regulation can also build trust, and that matters

The picture is not uniformly negative. For companies handling sensitive data, GDPR compliance functions as a commercial asset and a mark of trust, especially against US competitors. The problem founders describe is not the existence of standards but their cost, unpredictability, and fragmentation.



The evidence points not towards deregulation, but towards simplification. Founders consistently call for more proportionate requirements, clearer guidance, greater mutual recognition across Member States, and a more unified approach to implementing digital regulation across the Single Market.

Introduction

Why we did this

Europe does not lack founders, research, or, increasingly, early-stage capital. What it has not yet built is an environment in which an ambitious company can scale across its own internal market as easily as an American company scales across the United States. The result is a recurring pattern: companies are founded and built in Europe, then look outward when it is time to grow.

DutchBasecamp set out to understand this from the perspective of the people who live it, not from policy texts or political debates, but from founders' own decisions about what to build, whether to scale, where to sell, and whether to stay.

What the wider evidence already shows

This research does not stand alone. In January 2026 the European Investment Bank, with the European Commission, found that roughly one in ten EU scaleups has relocated abroad, around 85% of them to the United States. The Commission's Joint Research Centre put the headquarters-relocation rate for venture-backed startups at 3.3-4.3%, ten times the rate for comparable non-VC-backed firms and confirmed the United States as the overwhelming destination, with 97% of moves only partial.

These studies share a common limit: they count what has already happened. A relocation is recorded once the legal entity has moved; a market is logged as lost only after the attempt has failed. By the time a founder appears in these datasets, the decisive choices, to stop, to wait, to look elsewhere, have usually been made years earlier, for reasons the headline figures cannot capture. The scale they describe is therefore best read as a floor rather than a full account.

A consistent picture emerges across recent research. Draghi identified regulatory complexity as a structural drag on competitiveness. Letta argued that national fragmentation acts as an invisible tariff on growth. Atomico's founder surveys similarly report widespread concern about the regulatory environment. Together, these studies point towards a common challenge: Europe generates innovative companies but struggles to provide a truly unified environment in which they can scale.

Each of these works from the top down. By contrast, this report deliberately takes a bottom-up approach: its contribution is to capture the decisions that precede relocation, the market not entered, the feature not shipped, the headquarters quietly reconsidered, in founders' own terms and numbers.

Meaningful simplification must therefore address not only administrative paperwork, but also conflicting definitions, duplicated obligations, fragmented enforcement, and the way future digital laws are designed and implemented.

Methodology

The findings draw on a survey of 155 founders and senior operators, conducted between February and June 2026, and distributed through DutchBasecamp's network and the wider European ecosystem. Not every respondent answered every question, some items were optional or did not apply so each chart reports its own base. This is complemented by in-depth interviews with founders across digital health, enterprise AI, fintech, IoT, legal tech, and public-safety technology, which are the source of the stories in Part 2.

Two contextual considerations are important when interpreting the findings. First, nearly half of respondents (46%) are headquartered in the Netherlands (Table 1), so where founders cite friction in areas such as employment or social security, those responses are heavily shaped by national Dutch rules the EU does not set or pertain to areas that the EU simply has no competence to regulate. Second, throughout the stories in Part 2, we distinguish what already happened from a founder's estimate, a future concern, or our own interpretation, and figures attributed to founders are presented as their estimates, not as standard costs.

Because this report concerns what the European Union can change, the analysis concentrates on EU-level digital regulation while still showing the full data. The five areas in focus, data protection (GDPR), AI rules (the AI Act), sector-specific digital regulation, cybersecurity, and cross-border fragmentation, are each introduced at the close of Part 1, under "The five EU-level areas in focus" (pp. 12-14), before the founder stories begin in Part 2.

The EU has recently launched several initiatives aimed at simplifying aspects of its digital rulebook, including the Startup and Scaleup Strategy, the proposed 28th Regime, the AI and Digital Omnibuses, and the forthcoming Digital Fitness Check. **Yet even these limited efforts now face considerable resistance from Member States** and other stakeholders, raising the risk that they will be diluted before they can deliver meaningful change for founders. The survey cannot establish causality between specific regulations and business outcomes. Rather, it captures how founders perceive and respond to regulatory requirements when making decisions about product development, expansion, investment, and location.

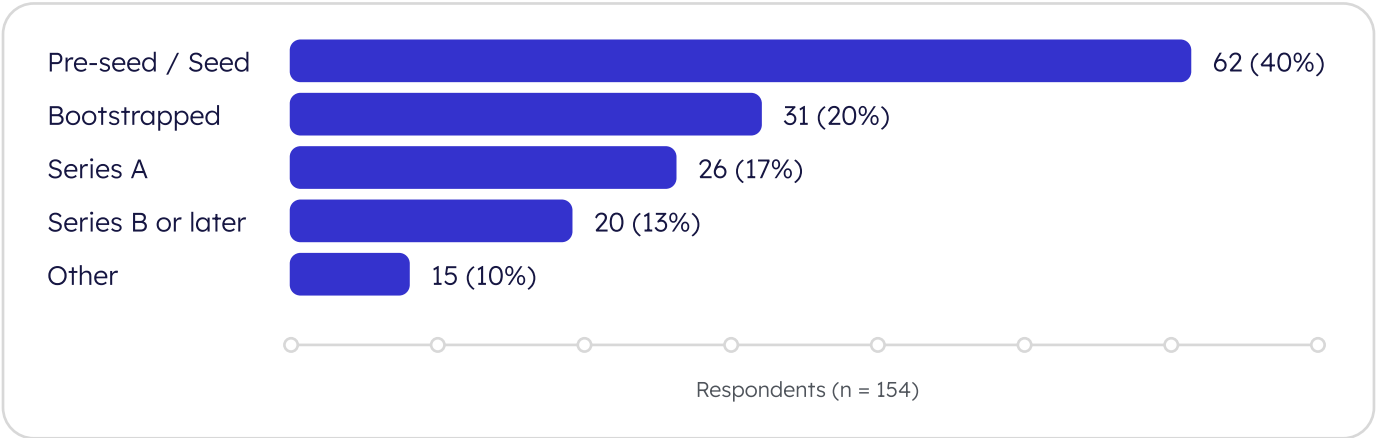
This report should therefore be read as a study of founder experiences rather than a fully representative survey of the European startup ecosystem. Respondents were recruited through DutchBasecamp's network, partner organisations, and voluntary participation, resulting in an overrepresentation of Dutch-based companies. The interview programme was intentionally broader in geographic scope, drawing founders and operators from across multiple Member States. While the findings should not be interpreted as population-level estimates for all European startups, the consistency between the survey results, interview evidence, and wider European research suggests that the patterns identified merit serious consideration.

Sources: European Investment Bank, Drivers of Relocation by Innovative EU Startups and Scaleups (Jan. 2026), with the European Commission. Joint Research Centre, Is Europe Losing Its Startups? (JRC146239, 2026). M. Draghi, The Future of European Competitiveness (Sept. 2024). E. Letta, Much More Than a Market (Apr. 2024); IMF single-market barrier estimate via European Parliament briefing on the 28th regime (2026). Atomico, State of European Tech (2024 and 2025 editions). QMS cost estimate (€193k-€330k) from CEPS analysis of the AI Act.

PART 1 - THE EVIDENCE IN NUMBERS

This part sets out what the survey shows across the whole sample. It establishes how common each experience is; Part 2 then shows what those experiences look like inside individual companies.

Who responded



Company stage (n = 154). Early-stage companies - pre-seed, seed, and bootstrapped - make up 60% of the sample

The sample is weighted toward early-stage companies, the segment for which regulatory burden is most consequential and least affordable, and the one most likely to relocate: the JRC found nearly half of relocations occur within a company’s first three years. The sample is also overwhelmingly B2B and software-led (see Appendix, Figures A1-A2).

Country	n	%	Country	n	%	Country	n	%
Netherlands	70	46%	Estonia	3	2%	Bulgaria	1	1%
France	11	7%	Belgium	3	2%	Czechia	1	1%
Germany	9	6%	Croatia	2	1%	Denmark	1	1%
Italy	9	6%	Lithuania	2	1%	Finland	1	1%
Spain	5	3%	Latvia	2	1%	Greece	1	1%
Poland	5	3%	Portugal	2	1%	Romania	1	1%
Ireland	4	3%	Austria	1	1%	Slovenia	1	1%
						Others outside the EU	17	10%

Table 1. Headquarters location (n = 152). The sample spans 28 countries; the Netherlands reflects DutchBasecamp’s network.

Nearly half the sample (46%) is headquartered in the Netherlands, reflecting DutchBasecamp’s network, but headquarters location understates how widely these companies actually operate. Of the 87 respondents who reported additional registered offices, only a third (31%) are in the Netherlands; Germany (28%), France and the United Kingdom (20% each), Belgium and Spain follow close behind, and the United States and Canada feature prominently (Table 2). The pattern mirrors this report’s central theme: companies are built in one country but spread their operations across many (or at least want to do so if they were not prevented by regulatory burdens).

Country	n	%	Country	n	%	Country	n	%
Netherlands	27	31%	Switzerland	2	2%	Greece	1	1%
Germany	24	28%	Latvia	2	2%	Croatia	1	1%
France	17	20%	Türkiye	2	2%	Ireland	1	1%
United Kingdom	17	20%	UAE	1	1%	India	1	1%
Belgium	15	17%	Albania	1	1%	Kazakhstan	1	1%
Spain	13	15%	Australia	1	1%	Poland	1	1%
Italy	12	14%	Bulgaria	1	1%	Qatar	1	1%
United States	12	14%	Brazil	1	1%	Romania	1	1%
Canada	4	5%	China	1	1%	Singapore	1	1%
Portugal	3	3%	Denmark	1	1%	Slovenia	1	1%
Austria	2	2%	Estonia	1	1%			

Table 2. Additional registered offices (multi-select; 87 of 155 respondents reported one or more). Percentages are of the 87 respondents with additional offices and therefore sum to more than 100%

Compliance consumes a disproportionate share of early-stage resources

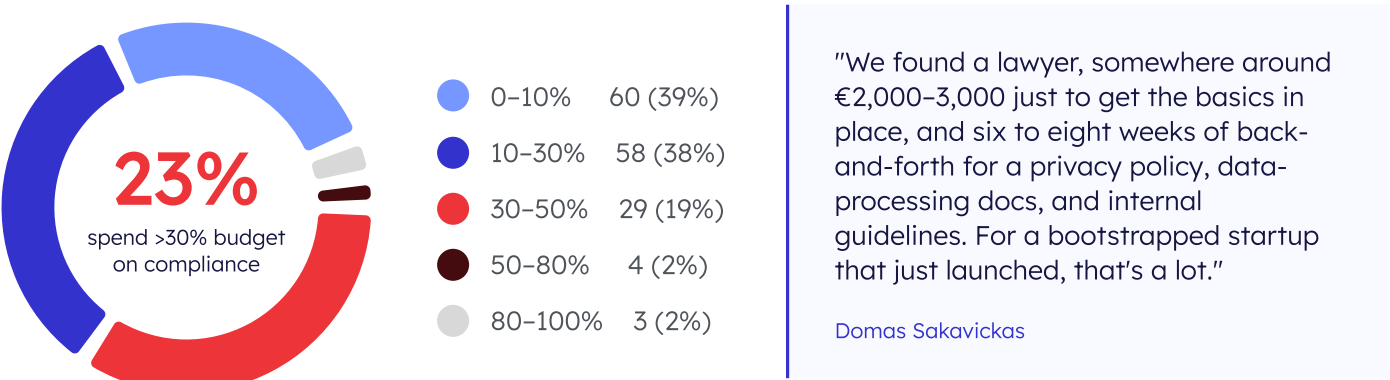


Figure 3. Share of annual operating budget spent on compliance (n = 154).

Three-quarters of respondents spend up to 30% of their operating budget on compliance with EU rules, and almost a quarter spend more. For an early-stage company this is capital and founder attention taken directly from product and customers. External estimates put the same burden in absolute terms: the Centre for European Policy Studies estimated the cost of establishing a single quality-management system under the AI Act at roughly €193,000 to €330,000, trivial for an incumbent, existential for a small team. The open-text responses make the trade-off concrete.

“So when we were in pre-seed we spent more money on GDPR lawyers than on marketing, while our competitors just ship code and push it to market.”

“Over 50% of our spend goes on consultancies, legal and cyber, across multiple countries.”

Survey response

More than half of founders have declined to enter an EU market

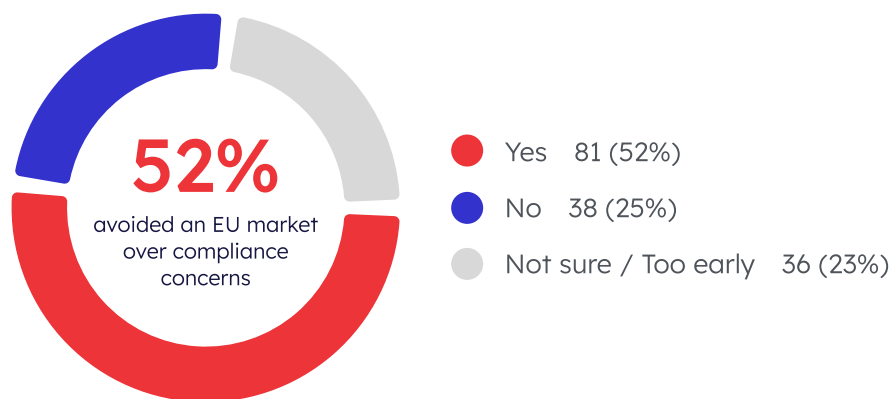
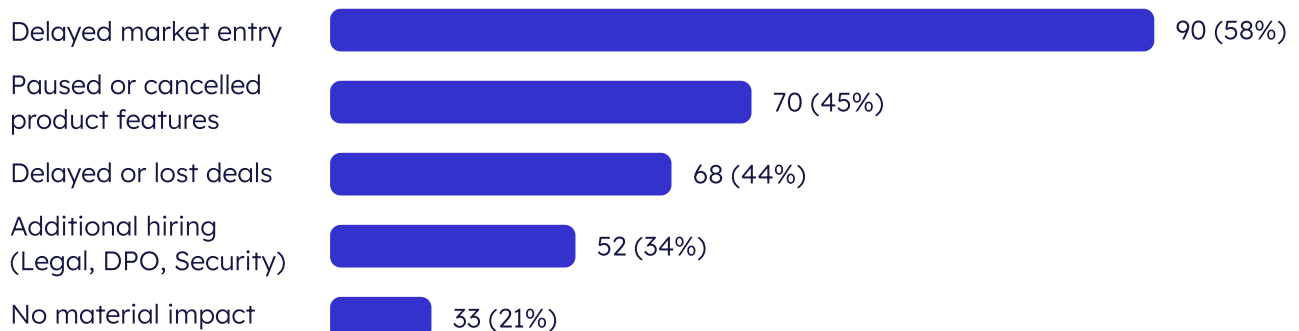


Figure 4. “Have you decided NOT to enter a specific EU country due to regulatory or compliance concerns?” (n = 155).

This is the survey’s most striking result. A majority of founders have evaluated the option of entering another EU market, weighed the regulatory cost of entry, and walked away. The single market is meant to make intra-EU expansion close to frictionless; in practice more than half treat at least one member state as not worth the effort, and for some, the rational response is to grow outside the EU entirely, the same logic the EIB identifies as the precursor to relocation.

The operational consequences are concrete



Respondents (multi-select, n = 155)

Figure 5. Impacts in the past 12 months due to compliance requirements (multi-select, n = 155).

Asked what had actually happened to their business in the past year, founders pointed overwhelmingly to delay and lost opportunity rather than paperwork: 58% delayed a market entry, 45% paused or cancelled product features, and 44% lost or delayed deals. Only 21% reported no material impact. Regulation here is an active brake on growth, not a background cost.

Founders are reconsidering where they are based

Nearly one in four founders is weighing relocation primarily because of regulation, or has already moved. As the EIB and JRC stress, such moves are rarely total, typically the legal headquarters or top management shifts while R&D stays, and our data is consistent with founders moving growth and commercial operations outward while continuing to build in Europe.

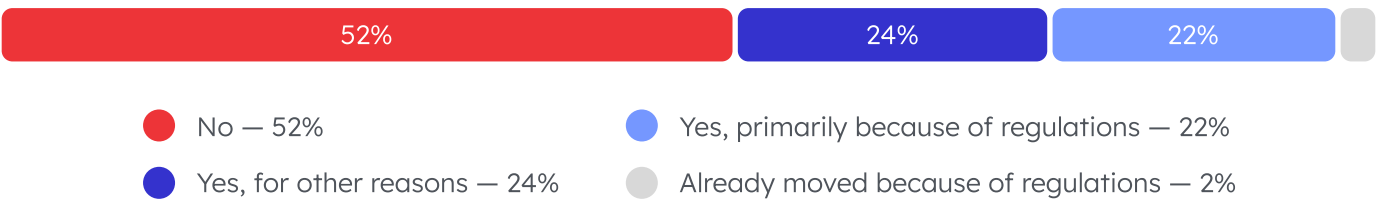


Figure 6. “Are you considering moving your HQ within the next two years?” (n = 153).

This is not avoidance, most founders want to comply

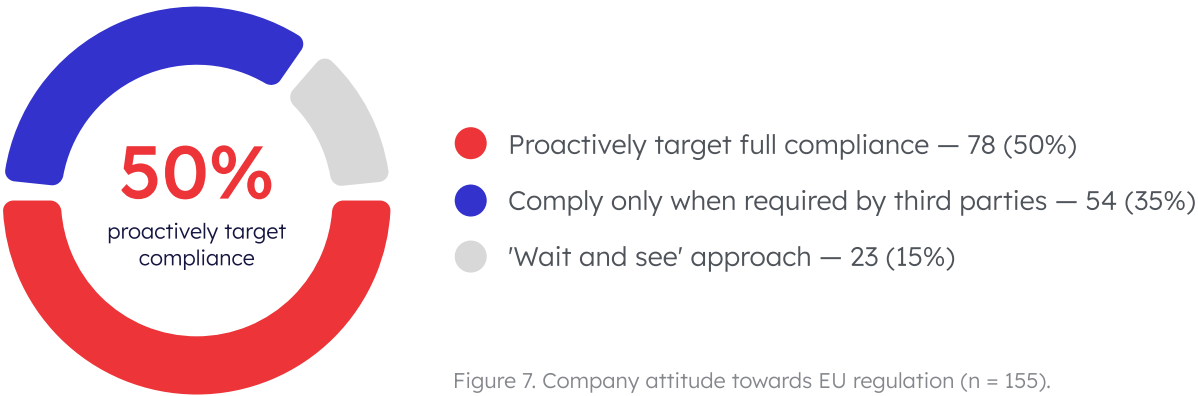


Figure 7. Company attitude towards EU regulation (n = 155).

It would be wrong to read the above as founders trying to evade the rules. Half proactively target full compliance, and most manage regulation substantially in-house (Appendix, Figure A3). The picture is one of willing companies struggling with a process that is far more expensive, more uncertain, and more fragmented than it needs to be, the premise on which Draghi argues for simplification rather than deregulation.

Where the friction concentrates, and the report’s focus

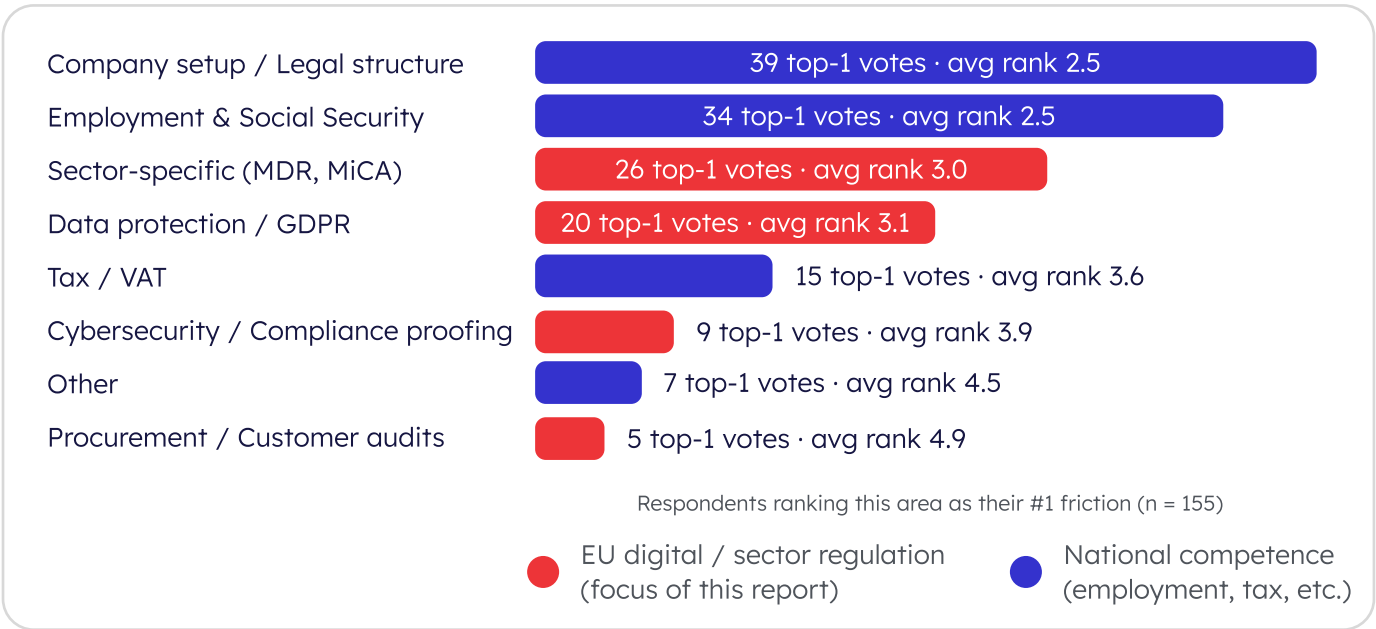


Figure 8. Regulatory areas ranked by friction (n = 155).

Two of the highest-friction areas, company setup / legal structure and employment & social security, are largely national competences. The EU does not set Dutch sick-pay liability or national incorporation procedures, and given that nearly half of respondents are Dutch-based, the prominence of employment friction reflects specific national rules rather than anything Brussels can directly reform. We show this honestly rather than smoothing it away.

This report therefore concentrates on the areas where EU-level action can directly deliver change, treating them as five distinct regulatory areas: data protection (GDPR); AI rules (the AI Act); sector-specific digital regulation (such as the MDR); cybersecurity (NIS2, DORA, CRA); and the cross-border fragmentation of all of these.

Crucially, founders rarely encounter these areas one at a time. A single product decision can engage data-protection rules, AI-specific obligations, sector requirements, and cybersecurity duties at once, each administered by a different authority and interpreted differently across member states. The burden founders describe is therefore not the sum of five separate rulebooks but the friction of navigating them together: overlapping assessments, inconsistent definitions, and no single place to confirm what actually applies.

We separate AI rules from other sector-specific regulation deliberately: in the structured ranking the AI Act sits within the sector-specific category, but in the open-text responses and interviews it is the single most-raised forward-looking concern, a divergence that is itself a finding. Moreover, ongoing EU simplification efforts have already produced a standalone AI Omnibus focused on the AI Act. It sought to ease compliance burdens arising from unrealistic timelines, but leaves a number of structural questions unresolved.

Company setup straddles the line: incorporation is national today, but it is exactly the problem the proposed pan-European “28th regime” is designed to solve, so we treat fragmentation as an EU-level issue. The practical test for these initiatives is whether they reduce legal uncertainty and duplicate compliance in companies’ day-to-day operations, rather than simply consolidating forms or placing a new interface over requirements that remain inconsistent underneath.

The five EU-level areas in focus

Each area below pairs the survey signal with founder voices and a pointer to the fuller account in Part 2. Some findings recur here from a different angle, that repetition is deliberate, giving each regulatory area a single place where it can be read on its own.

1. Data protection, General Data Protection Regulation (GDPR)

Survey signal. The fourth-highest friction area (20 founders’ single biggest burden; average rank 3.1), and the most established of the digital rules. Its cost now arrives mainly through customers’ security reviews rather than direct enforcement, and for some companies it doubles as a mark of trust.

“So when we were in pre-seed we spent more money on GDPR lawyers than on marketing, while our competitors just ship code and push it to market.”

Survey response

“Being a European company provides significant advantages in non-US markets due to higher data privacy standards and greater trust, especially when competing against US-based alternatives.”

Dutch public-safety-technology founder (interview)

Yet, in the case of the GDPR greater legal certainty also depends on practical and harmonised interpretations of core concepts, including when information is personal data for a particular organisation and which lawful bases can support responsible AI development. Where several EU laws require substantially similar assessments, one comprehensive assessment should be capable of satisfying those overlapping obligations.

2. AI rules - the AI Act

Survey signal. Folded into sector-specific regulation in the structured ranking, but the most frequently raised concern in the open-text answers and interviews, named unprompted in roughly one in eight free-text responses (9 of 68), more than any other single regulation. Founders are narrowing features, delaying launches, and weighing relocation before any obligation has formally bound them, uncertainty about high-risk classification is itself the burden.

“The upcoming AI Act will significantly limit our product capabilities in the EU. So we have to launch something more mediocre by design just to comply, or drop it, or do it anyway and see what happens.”

“We are still not sure whether we are high risk under the upcoming AI Act, or how to deal with it in practice.”

Survey response

In Part 2: “When the safest option is to stop” and “The feature they decided not to build” (§2.1); high-risk certification estimated by one founder at \$40,000-\$50,000.

Where compliance depends on codes, guidance or technical standards, companies also need a sufficient implementation period after those materials are finalised. Otherwise, the absence of the tools needed to comply becomes a compliance cost in its own right.

3. Sector-specific digital regulation - e.g. the Medical Device Regulation (MDR)

Survey signal. The third-highest friction area (26 founders’ single biggest burden; average rank 3.0). For regulated-hardware and health companies it can add years to time-to-market, the documentation and approvals must be built before a product is even allowed to be tested.

“Compliance with MDR requirements delayed our project by several years, not due to technical challenges, but the documentation and approval processes required before we could even begin clinical trials.”

Dutch breath-diagnostics founder (interview)

“For us, medical regulations in some EU countries make it almost impossible to enter - scaling to Canada made much more sense.”

Survey response

In Part 2: “A working diagnostic, still years from patients” (§2.1).

4. Cybersecurity - NIS2, Digital Operational Resilience Act (DORA), Cyber Resilience Act (CRA)

Survey signal. Lower in the structured ranking (9 founders' single biggest burden; average rank 3.9), but rising, and felt most often indirectly, through enterprise customers' security questionnaires and procurement audits rather than direct enforcement.

"Large companies can easily absorb fines, while smaller startups face significant challenges due to limited resources."

Dutch AI-software founder (interview)

"Compliance is driven mainly by customer demands rather than government enforcement, especially around data privacy and security."

Dutch AI-software founder (interview note)

In Part 2: "The customer asks before the regulator does" (§2.3).

Genuine simplification in EU cybersecurity rules also requires common definitions, thresholds, timelines and templates, so that companies can submit one meaningful report rather than navigate several different legal tests through the same front door.

5. Cross-border fragmentation

Survey signal. The report's central finding. Company setup / legal structure draws the most single-biggest-burden votes of any area (39), and 52% of founders have declined to enter an EU country outright, expanding within the single market can be harder than entering unrelated ones.

"Despite already having the necessary European banking licences and operating successfully in our home market, obtaining approval to issue Dutch IBANs took nearly a year."

French fintech scaleup (interview)

"It is very difficult to register a remote company across EU member states. There is no automated process, and apostilles can take four weeks."

Survey response

In Part 2: "One market, another year of approvals," "One platform, several Europes," and "An EU startup without an EU rulebook" (§2.2).

Mutual recognition and one-stop-shop supervision should therefore become the default wherever companies are subject to equivalent EU-level requirements. Compliance accepted by the responsible authority in one Member State should not have to be substantially repeated in every other market.

Part 2 now turns from the areas to the companies, showing what these rules look like from inside individual businesses.

PART 2 - WHAT REGULATION DOES INSIDE A COMPANY

The survey establishes how widespread these experiences are. This part shows what they look like in practice, through the founders we interviewed. To keep the focus on the mechanisms rather than individuals, founders are identified by country and sector only. The stories are grouped around four mechanisms, each opening from the relevant survey finding: how regulation changes what companies build; how the single market still demands country-by-country work; how compliance reaches companies through their customers and investors; and how regulation can also build trust and create markets.

2.1 Regulation changes what gets built

Part 1 showed that 45% of founders had paused or cancelled product features in the past year, and that the AI Act and MDR sit among the highest-friction sector regulations. The clearest version of this is not a company breaking a rule, but a company quietly deciding not to build something because of one. Three founders describe the same mechanism at different stages.

When the safest option is to stop

An Italian founder · Digital health

This founder co-founded a digital health company to make it easier for patients to connect with doctors and specialists. Four years later the company was acquired by a large insurance group, on paper, the outcome many founders work towards. After the acquisition, the company's approach to innovation changed.

As an independent startup, the company could learn quickly and adapt its product. Inside a large insurer, every new technology brought legal reviews, reputational concerns, and the risk of significant fines. Uncertainty around the EU AI Act and GDPR began stopping projects before they reached the market.

What changed was not the rules themselves but the cost of being wrong. Inside a large, regulated parent, a project that might attract scrutiny under the AI Act or GDPR no longer had to be prohibited to be abandoned, it only had to be uncertain enough that no one was willing to sign off on it. Approval moved upward, timelines stretched, and the safest answer to any ambiguous question became no. Innovation did not stop because it was forbidden; it stopped because nobody could say with confidence that it was allowed.

Six AI initiatives were shut down, not because the technology failed or the use cases were weak, but because the regulatory risk related to the AI Act and GDPR was judged too high. Data-transfer restrictions also complicated the use of common third-party tools, while Italy's conservative healthcare framework added a further layer.

No single rule caused this. Each had its own rationale; together they slowed decisions until inaction became the safest choice. The founder remains hopeful that companies will get better at managing AI compliance, but the experience changed their own plans: having since left the company, they are unsure whether their next venture will be in healthcare, or based in Europe at all. Europe may lose more than individual projects here, it may lose the experienced founders who would have built the next ones.

“The parent insurer shut down six AI initiatives due to regulatory uncertainty around the AI Act and GDPR, choosing to prioritise safety over innovation.”

Italian health-tech founder (interview)

“GDPR fines can reach up to 4% of revenue. The rules are often unclear, so large companies tend to avoid innovation rather than risk a mistake.”

Italian health-tech founder (interview)

The feature they decided not to build

An Irish founder · AI HR & compliance software

This founder is building software to help managers handle HR questions, policies, and documentation. Every new feature is now assessed against one concern: could it push the product into the EU AI Act’s high-risk category? The company has deliberately stayed in what the founder calls the “yellow zone”, supporting HR teams and preparing documentation while keeping its distance from decisions about hiring, promotion, or evaluation. That line has become part of the product roadmap.

The founder estimates that meeting the requirements for a high-risk system could cost an early-stage company between €40,000 and €50,000. (This is their estimate for their own company’s situation, not a standard figure; external estimates for a full quality-management system run higher still.) At this stage, that sum could fund months of development or another hire, so features that come too close to the boundary may be narrowed, delayed, or dropped. The experience has made the founder consider moving the company to Delaware, the question now is not only where it is easiest to incorporate, but where the company has room to build the product it set out to create.

The company is still being built in Europe. Some of its possible features may never be because of the AI Act.



“The company focuses on building an HR compliance engine, specifically staying in the ‘yellow zone’ to avoid high-risk categorisation under the EU AI Act.”

Graham Ó Maonaigh (Co-founder/CEO of Tuarity)

A working diagnostic, still years from patients

A Dutch founder · Breath diagnostics

One founder, currently developing an innovative, non-invasive diagnostic sensor for at-home use, is experiencing what has become the standard reality for European Medtech startups. For early-stage companies in this space, the Medical Device Regulation (MDR) adds an estimated one to two years to the path to market. Before at-home clinical trials could even begin, the team had to navigate highly complex regulations, particularly in regulatory grey areas surrounding novel biomarker analysis, and build a complete technical file, all while pre-revenue.

Each month of delay means another month of cash burn before a patient can benefit from the

device. Consequently, the company's focus shifted heavily from developing the technology to managing compliance. This systemic pressure often forces a change in strategy: the company decided to explore alternative, non-medical applications for their sensing platform to bridge the gap to revenue, applications well outside their core medical mission.

While founders fully champion patient safety, the main concern is that the MDR asks early-stage startups to fund and build the compliance infrastructure of an established corporation before they can prove their concept. Many startups set out to bring new diagnostics to patients, the MDR has made survival part of the product plan.

“Compliance with MDR and FDA requirements delayed our project by several years - not due to technical challenges, but the documentation and approval processes required before we could even begin clinical trials.”

Dutch breath-diagnostics founder (interview)

2.2 The single market still requires country-by-country work

Open-text responses returned repeatedly to fragmentation: “the EU is not one market and we have to adapt when entering a new one,” “local adaptations of GDPR,” registration that “requires lawyers and apostilles” taking weeks. The friction ranking placed company setup at the very top. The following three founders show what that fragmentation costs in time, infrastructure, and certainty.

One market, another year of approvals

A European fintech · Banking, expanding to the Netherlands

This fintech already operated successfully in its home market when it began preparing to offer Dutch IBANs. It held the relevant European authorisations, and EU passporting was designed to make expansion into another member state relatively straightforward. The process still took close to a year. The home country remained the company's regulator, while the Dutch authorities had their own documentation, checks, and expectations; the company had to satisfy both before it could fully localise its service.

Its managing director for the Netherlands sees this as the familiar gap between the idea of the single market and the way it works in practice. European legislation creates a common framework, but each country applies it through its own institutions, local expectations around GDPR, customer verification, anti-money-laundering controls, sanctions, and fraud prevention.

In practice this meant doing much of the same work twice. Documentation already accepted in its home market had to be reassembled for Dutch supervisors; checks already passed were repeated against local expectations; questions already answered were asked again in a different form. None of it was unreasonable on its own, and none of it was new, but together it amounted to a second authorisation for a company that, in the logic of the single market, was meant to need only one.

A year-long process is frustrating for an established company; for a startup it can consume resources that would otherwise go into product, hiring, or customers. The request is simple: compliance completed in one member state should carry more weight in the next. Passporting

exists in law; this company's experience shows how much national process can remain after the passport is issued.

“Despite already having the necessary European banking licences and operating successfully in our home market, obtaining approval to issue Dutch IBANs took nearly a year.”

Managing director, French fintech scaleup (interview)

One platform, several Europes

A Slovenia-based founder · IoT & smart cities

This founder chose Slovenia because they wanted to live there while building an IoT company whose platform is used by system integrators for smart buildings, cities, and infrastructure. The company is based in Ljubljana yet has no customers in Slovenia, the local market is small, so growth has meant looking across borders from the start. That should be the advantage of building inside the EU. In practice, each new country can require a different version of the same business.

GDPR provides a shared framework, but national expectations around data storage still vary. The company had to replace its public-cloud setup with on-premise installations for some customers, turning a scalable cloud product into a local infrastructure project and changing the cost of delivery and support. The product itself changes by region: the company can offer more advanced AI capabilities in the US and the Middle East, while European customers receive a more limited version because the regulatory boundaries are harder to assess. Even nearby markets are hard, entering Germany or Austria may require a local partner and another round of country-specific requirements.

This shapes the founder's view of the proposed EU Inc. framework: they understand the appeal of one European standard, but expect member states to add their own rules on top, leaving founders with another layer of paperwork. The EU may describe itself as a single market; this company still has to approach it country by country.



“It is easier to reach markets in developing countries and the Middle East than to expand within the EU itself.”

Anatoly Zimin, Founder & CEO, GreenMesh

An EU startup without an EU rulebook

An Irish founder · Legal tech & data-disclosure compliance

This founder describes their company as a European startup, its ambitions extend well beyond Ireland, and the problems it works on already cross borders. The support available to founders rarely does. A company preparing to enter another member state must understand local employment law, data requirements, market-entry rules, and administrative procedures, and that information is scattered across national agencies, government websites, advisers, and informal founder networks. There is no single EU source the founder would trust to answer a basic question: what exactly do we need to do to operate there?

That uncertainty turns expansion into research. Founders pay lawyers, compare conflicting advice, and ask other entrepreneurs what worked. National programmes help at home, but their guidance stops at the border, leaving the founder to rebuild the same understanding in every new market. The founder believes the EU should maintain a central, authoritative source covering the practical realities of operating across member states, regulatory requirements, employment rules, and available support, in language a growing company can actually use. They already think of the company as European; they want Europe's support systems to catch up.

2.3 Compliance arrives through customers and investors

Part 1 showed that 44% of founders had lost or delayed deals, and that procurement and customer audits feature in the friction ranking. For most startups, the first serious compliance test comes not from a regulator but from a customer's security review or an investor's due diligence. Three founders show how the burden is transmitted down the supply chain and the cap table.

"GDPR wasn't even on my radar when we launched, we were heads-down building and trying to get our first users. Then one of our early customers asked us straight up: 'Are you GDPR compliant?' We just looked at each other, good question."

Domas Sakavickas, co-founder, ScrapeBadger (Lithuania)

The customer asks before the regulator does

A Dutch founder · AI software for product & engineering teams

An early-stage software company may go years without hearing from a regulator. Its first serious compliance test often arrives much sooner, during a sales call. A potential enterprise customer likes the product and wants to move forward, then the security questionnaire arrives. Where is data stored? Which suppliers can access it? Has the company completed an independent audit? How does it comply with GDPR across every platform involved?

For this founder, this is how regulation reaches most startups in practice: the immediate pressure comes from customers protecting their own risk, not from direct enforcement. Failing the check can cost the deal, meeting every requirement may involve external audits, legal support, and security work a pre-revenue startup can barely afford. Partial compliance rarely helps, because data moves through the entire customer journey, one weak supplier or unclear process can hold up everything. Large companies have teams and budgets for this: a small startup may have to choose between hiring another engineer and paying for the proof an enterprise buyer expects. For a startup, the consequences arrive through a lost customer, long before any official penalty.

"Large companies can easily absorb fines, while smaller startups face significant challenges due to limited resources."

Dutch AI-software founder (interview)

When GDPR becomes paperwork without risk

A Dutch CTO · AI marketing & ecological research (two companies)

A corporate client recently sent this CTO a long GDPR compliance questionnaire, asking for

detailed information about internal systems, security procedures, and data protection. The two companies were not exchanging any personal data. The questionnaire still had to be reviewed, discussed, and negotiated and legal advice can run to around €500 an hour, while a full compliance audit may be expensive enough to stop a smaller client from proceeding at all.

This is where GDPR becomes frustrating for them. They support strong privacy rules, particularly for companies handling consumer data, their concern is how compliance can drift away from the actual risk involved, with businesses spending time proving processes exist even when there is little or no data exposure. Meanwhile, major breaches and cybercrime continue to affect millions of records, from their perspective, legitimate companies face intense scrutiny over documentation while more serious failures go unaddressed. The burden is easier for large firms to absorb; smaller businesses must negotiate every request and weigh how much legal work a project can justify. They would like enforcement to pay closer attention to the data actually being exchanged, the real likelihood of harm, and the size of the company involved.

Come back when you're regulated

A Dutch fintech product leader · AI-native commerce

A fintech startup can spend months proving customers want its product, only to hear a different question from investors: are you regulated? For many early-stage companies, that is where momentum fades. Investors often see an unregulated fintech as too risky, but securing approvals takes lawyers, specialist hires, long application processes, and money the startup is still trying to raise. The company needs regulation to unlock investment and needs investment to afford regulation.

This product leader has seen this tension across traditional finance, capital markets, and fintech at different stages. Once a company is regulated it gains credibility, and the same requirements make it harder for new competitors to enter, but reaching that point can take longer than a young company can afford. The cost goes beyond the compliance budget: every approval adds time to product decisions and makes teams more cautious, so a small company can end up operating like a large institution before it has the revenue to support that. They believe regulation should reflect a company's stage, with a clearer route that lets smaller firms grow into full obligations and direct access to regulators when questions arise.



"We need to allow some flexibility for smaller companies while they grow, rather than applying the same stringent requirements to a 10-person startup as to a 1,000-person scale-up."

Ceren Danis, Head of Fintech Product & Partnerships, Obenan

2.4 Regulation can also build trust and create markets

The picture is not one-sided, and a credible report should say so. Half of founders proactively target full compliance (Figure 7), and for some, European standards are a commercial asset rather than a cost. This balance matters: the case is not against regulation, but for regulation that is proportionate, predictable, and unified.

When GDPR helps win the deal

A Dutch founder · Bodycam & public-safety technology

This company makes bodycam systems for police, security teams, and other frontline workers. Its cameras record moments that may later become evidence, so every sale carries a serious question: what happens to the footage? For its founder, being European helps answer it. In markets outside the US, customers often see GDPR compliance as proof that privacy was built into the system, and when the company competes against American suppliers, that trust can decide the deal.

The founder still warns early founders against making compliance the centre of the company before there is a business to protect. Their advice is practical: find customers, work towards profitability, treat employees well, and build the formal systems as the company grows. The company now holds ISO 27001 certification, complies with GDPR, and has never had to report an incident. Regulation has rarely been its biggest obstacle to international growth, finding the right local partner has. For this company, GDPR is part of the sales conversation, and sometimes part of why the deal is won.

“Being a European company provides significant advantages in non-US markets due to higher data privacy standards and greater trust, especially when competing against US-based alternatives.”

[Dutch public-safety-technology founder \(interview\)](#)

This constructive case has a wider history. As one founder noted during the interview, clear regulation can itself create markets: EU flight-compensation rules gave rise to businesses such as AirHelp, built entirely on a regulatory entitlement. The lesson founders draw is not that regulation is inherently hostile to enterprise, but that well-designed regulation, clear, proportionate, and predictable, can be an asset, while fragmented and uncertain regulation is a tax. That distinction sets up what founders actually want.

Simplification can reinforce rather than weaken these protections by focusing companies’ and regulators’ resources on genuine risks, while making the rules easier to understand and follow consistently.

PART 3 - WHAT FOUNDERS WANT

Founders were not asked to draft policy or propose fixes for flawed EU rules, but a consistent set of priorities runs through the survey and interviews. They are presented here as recommendations in founders' own terms. Notably, these priorities align closely with recommendations emerging from the European Investment Bank, the EU's Startup and Scaleup Strategy, and proposals such as the 28th Regime. This suggests a growing consensus around the nature of the challenges facing European startups and scaleups, even if debate remains over how best to address them. Again, none of this is a call for deregulation, it is a call for regulation that is proportionate, predictable, and unified.

The current Digital Omnibus process is an important first step, but the founders' evidence points to a broader task: improving coherence across the existing digital rulebook and preventing the same problems from being reproduced in future legislation.

1. Make rules proportionate to risk and company capacity

The most consistent request is for regulation that distinguishes a ten-person startup from a thousand-person incumbent. A fixed compliance cost that is trivial for an incumbent can be existential for a startup, which makes size-blind regulation regressive in effect. Founders accept oversight; they reject being held to an incumbent's standard with a startup's resources. Concretely, founders point to staged obligations that scale with headcount or revenue, and reduced fees and simplified assessment paths for small companies. In practice, this could mean lighter documentation requirements, reduced certification costs, or longer transition periods for smaller firms until they reach defined revenue, funding, or headcount thresholds.

"We need to allow some flexibility for smaller companies while they grow, rather than applying the same stringent requirements to a 10-person startup as to a 1,000-person scale-up."

Dutch fintech product leader (interview)

2. Give startups a fast, authoritative way to get answers

Much of the cost founders describe is the cost of uncertainty, paying for conflicting legal opinions simply to learn whether a rule applies. The most concrete proposal, made independently by several founders, is a free, fast service where a startup can ask a question such as "is my system high-risk under the AI Act?" and receive a binding answer and a clear next step. Founders suggest extending the same concierge approach to GDPR and other overlapping rules.

Such answers should also be coordinated across the relevant authorities. A company should not receive one interpretation from a data-protection authority, another from an AI regulator, and a third from a labour or sectoral authority for the same product or activity. Several founders described uncertainty itself as a significant cost, often requiring legal advice simply to determine whether a rule applied to their product at all.

Even after all that, there was still no definitive answer, every lawyer had a slightly different take. The law just wasn't written with businesses like ours in mind."

Domas Sakavickas

“Startups should be able to ask the EU AI Office whether their system is high-risk and receive a quick, free answer on what they need to do next. Most startups cannot afford large legal and policy teams.”

Head of corporate affairs, enterprise-AI company (interview)

3. Consolidate overlapping digital rules

Founders building products that span data, AI, and digital services must navigate GDPR, the Data Act, the AI Act, the CRA, and more, each with its own requirements and enforcement. A legal practitioner we interviewed argued for consolidating digital-service regulation into fewer, more comprehensive instruments to reduce the cognitive and legal load, while candidly noting that long-established national rules such as employment law would be far harder to harmonise.

“What appears on paper as a harmonised framework in practice demands separate compliance protocols for each country, multiplying the administrative and legal resources required to operate pan-European services.”

Principal counsel, developer-tools company (interview; note-taker summary, pending verbatim confirmation)

Likewise, overlapping and inconsistent cybersecurity requirements under at least seven EU laws (CRA, CER, NIS2, EEC, AI Act, DORA, GDPR, PSD2) currently oblige companies to submit multiple incident reports and face parallel audits, shifting resources away from meaningful security improvements that would benefit users and toward administrative compliance.

Two practical principles could fix this: “assess once, comply many,” so that one robust risk assessment can satisfy substantially equivalent duties under several laws; and “report once, share many,” so that one incident notification can be distributed to every competent authority.

4. Make the single market behave like one

Founders want mutual recognition: compliance achieved in one member state should count across all of them, removing the per-country tax on expansion. This is the explicit aim of the proposed 28th regime / EU Inc., a pan-European legal entity with a single digital registry, backed by a petition of tens of thousands of founders and investors and endorsed in principle by the Letta and Draghi reports. The survey is, in effect, a bottom-up mandate for exactly that reform; the founders in Part 2 describe precisely the friction it is meant to remove.

“Compliance completed in one member state should carry more weight in the next. Passporting already exists in law, our experience shows how much national process remains after the passport is issued.”

Managing director, French fintech scaleup (paraphrased from interview)

This also requires restraint at national level: Member States should avoid gold-plating common EU rules or introducing additional local procedures that recreate the very fragmentation harmonised legislation was intended to remove. Mutual recognition should apply not only to legal structures and registrations, but also, where appropriate, to compliance assessments, certifications, and regulatory determinations already completed in another Member State.

5. Keep pace with the technology

Finally, founders point to the mismatch between the speed of regulation and the speed of the markets and technologies it governs, the same observation Draghi makes of the AI Act, which set computational thresholds that leading models already exceed. When rules lag the technology, the lag itself becomes a competitive disadvantage. The same goes for EU regulation that is too prescriptive or grounded in a snapshot of yesterday's technology, rather than focussing on outcomes or risks. Several founders described situations where uncertainty around emerging technologies, particularly AI, influenced product decisions before formal guidance, standards, or enforcement practices were available.

“The speed of regulatory adaptation is more problematic than the regulations themselves.”

Founder (interview)

Rules should therefore be technology-neutral and focused on risks and outcomes wherever possible, with technical requirements aligned to recognised international standards. Compliance deadlines should provide sufficient time after the necessary guidance, implementing measures and standards are available.

Taken together, these recommendations do not point towards deregulation. They point towards a regulatory environment that is more predictable, more proportionate, and more coherent across the Single Market. The founders interviewed for this report largely accept the goals of European regulation; their concern is whether those goals can be achieved without imposing avoidable costs on innovation and growth.

PART 4 - CLOSING REFLECTION

The founders who contributed to this research are not opponents of regulation. They largely accept the goals European rules pursue: privacy, safety, trust, resilience, and in some cases even turn them into a competitive advantage. What they struggle to reconcile is the gap between those goals and the practical reality of meeting them as small, fast-moving, resource-constrained companies.

The data tells a coherent story, and it is the same conclusion drawn earlier by the EIB, the JRC, Draghi, Letta, and Atomico reports but now corroborated from the first-hand experiences of tech founders: compliance consumes a disproportionate share of early-stage resources; more than half of all founders have walked away from an EU market; nearly a quarter are weighing whether to leave Europe.

None of these findings is surprising in isolation; their weight comes from how consistently they point in the same direction. A budget line here, a delayed launch there, a market quietly written off, each is survivable on its own, and most founders treat them as the ordinary cost of doing business. The concern is cumulative. Taken together over a company's first few years, these small accommodations reshape what gets built, where it is sold, and eventually where the company calls home.

Across the interviews and survey responses, the same themes appear repeatedly: not regulatory strictness alone, but fragmentation, uncertainty, divergent national interpretations, and the difficulty of obtaining clear and authoritative guidance.

What distinguishes this report is the vantage point. The relocation studies measure companies after they move; our survey and stories capture the major decisions that precede a possible move, the six AI projects shut down, the feature kept in the “yellow zone,” the diagnostic still years from patients, the year spent earning a second IBAN.

What unites these moments is that none involved breaking a rule, or even objecting to one. In each case the founder accepted the underlying goal, patient safety, data protection, financial soundness, and still concluded that the path to meeting it was too slow, too costly, or too uncertain to be worth taking in Europe. That is the decision this report is concerned with: not defiance, but quiet redirection, the point at which a willing company decides that compliance and growth are pulling in opposite directions.

Taken together, these experiences reveal a consistent pattern: friction and uncertainty at the earliest stages of growth can gradually evolve into delayed expansion, market avoidance, and, ultimately, the relocation decisions documented in earlier studies. The encouraging implication is that action on proportionality, clarity, and unification can intervene furthest upstream, before more companies conclude that growth is easier elsewhere.

The findings also point towards an agenda that can be pursued without weakening protections. Many of the themes raised by founders, proportionality, simplification, mutual recognition, and clearer guidance, are already reflected in ongoing European initiatives, including the Startup and Scaleup Strategy, the proposed 28th Regime, the AI Omnibus, the Digital Omnibus, and the forthcoming Digital Fitness Check. The challenge now lies less in identifying the problems than in translating these ambitions into practical improvements that founders experience on the ground.

Success should ultimately be measured in operational terms: whether companies receive consistent interpretations, can reuse assessments and compliance evidence, report the same information only once, and expand across the Single Market without repeating equivalent processes country by country. This would allow companies to direct more resources towards innovation, security and growth rather than avoidable regulatory duplication.

The task now is not to choose between regulation and innovation, but to ensure that the two reinforce rather than undermine one another. If Europe succeeds, more founders will be able to build, scale, and remain in Europe. If it does not, Europe may continue, in one founder's words, to develop innovations from which it is ultimately unable to benefit.

A. Survey structure and additional charts

The survey comprised five sections: company snapshot; scaling and fragmentation impact; regulation and resource drain; location and future decisions; and a closing open-text question on the single rule most slowing growth. A total of 158 founders began the survey and 155 responses were captured; per-question bases vary because some items were optional or did not apply.

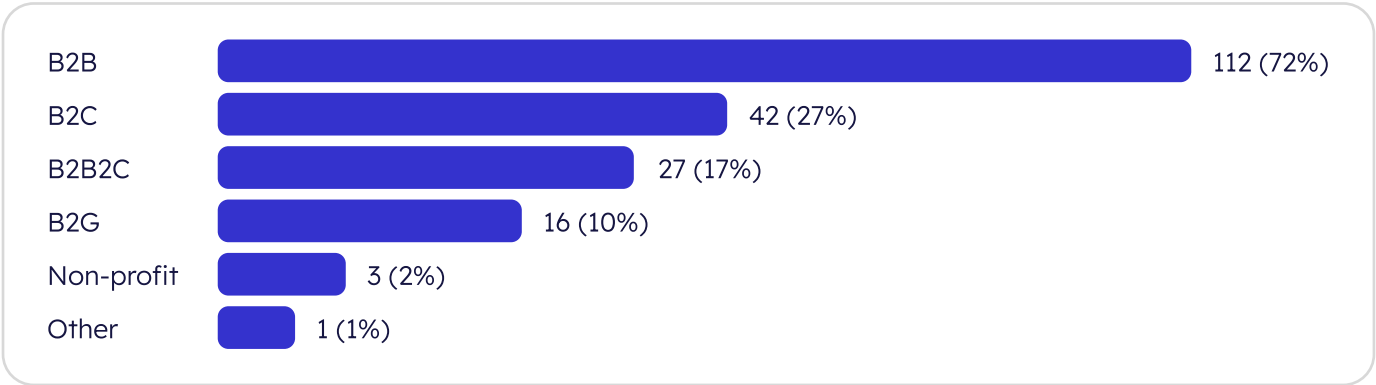


Figure A1. Business model (multi-select, n = 155).

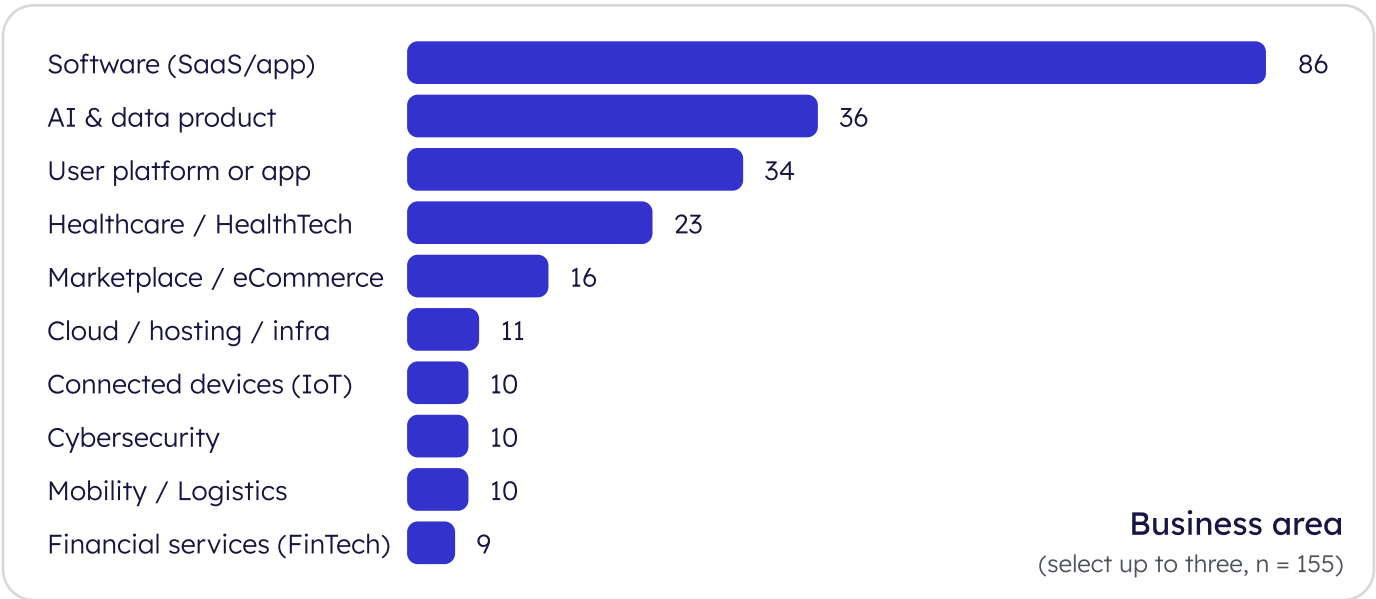


Figure A2. Business area (select up to three, n = 155).

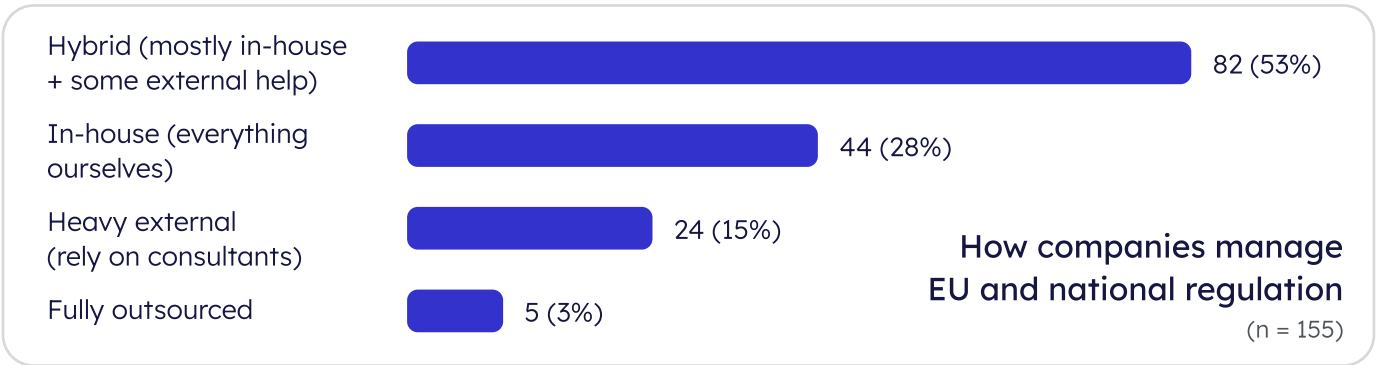


Figure A3. How companies manage EU and national regulation (n = 155).

B. A note on national-competence findings

The friction ranking (Figure 8) placed employment / social security and company setup among the highest-friction areas, and many open-text responses concerned hiring rules, sick-pay liability, taxation, and access to capital. These are real and, for some founders, decisive but they sit largely outside the EU’s direct competence, and in this sample they are strongly coloured by the fact that nearly half of respondents operate under Dutch national rules, including the long-term sick-pay liability several cited as a deterrent to hiring. We record them here and direct them to the audiences who can act on them, while keeping the report’s recommendations focused on EU-level digital regulation. Two interviewees, one raising the Product Liability Directive and one raising funding-programme overheads, noted adjacent concerns that we have kept to one side of the main analysis, pending verification of specific figures and claims.

C. Interviewees

The findings in Part 2 draw on 20 in-depth interviews conducted between February and June 2026, alongside the survey. To keep the focus on mechanisms rather than individuals, and consistent with the country-and-sector presentation used in Part 2, the cohort is summarised here by headquarters, stage, and sector rather than by name. The interview programme was deliberately broader in geographic scope than the survey, spanning nine countries, which reduces the Dutch weighting present in the survey base.

Interviewees by stage

Stage	Interviews	Share
Pre-seed / Seed	7	35%
Series A–B	5	25%
Series C and later / scale-up	3	15%
Established / advisor / ecosystem	5	25%
Total	20	100%

Interviewees by sector

Interviewees by sector	Interviews	Share
AI / ML	5	25%
SaaS / developer & legal tech	5	25%
FinTech	2	10%
HealthTech	2	10%
Hardware / IoT	2	10%
Other (telecom, retail, logistics, ecosystem)	4	20%
Total	20	100%

D. Data tables

Compliance budget (n = 154)

Share of operating budget	Responses
0–10%	60 (39%)

10-30%	58 (38%)
30-50%	29 (19%)
50-80%	4 (2%)
80-100%	3 (2%)

Decided not to enter an EU country (n = 155)

Response	Count
Yes	81 (52%)
No	38 (25%)
Not sure / too early	36 (23%)

Operational impacts, past 12 months (multi-select, n = 155)

Impact	Responses
Delayed market entry	90 (58%)
Paused or cancelled product features	70 (45%)
Delayed or lost deals	68 (44%)
Additional hiring (legal, DPO, security)	52 (34%)
No material impact	33 (21%)

Friction ranking (n = 155)

Regulatory area	Top-1 votes / avg rank
Company setup / legal structure	39 / 2.5
Employment & social security	34 / 2.5
Sector-specific (MDR, MiCA)	26 / 3.0
Data protection / GDPR	20 / 3.1
Tax / VAT	15 / 3.6
Cybersecurity / compliance proofing	9 / 3.9
Procurement / customer audits	5 / 4.9
Other	7 / 4.5

HQ relocation intent (n = 153)

Response	Count
No	79 (52%)
Yes, for other reasons	37 (24%)
Yes, primarily because of regulation	34 (22%)
Already moved because of regulation	3 (2%)

E. Selected quotes

A fuller selection of quotations from the interview programme and the survey's open-text responses, including many that did not appear in the narrative of Part 2, grouped by theme. Interview quotations are de-identified to match the presentation in Part 2; survey quotations are anonymous by design. Lines marked "interview note" are note-taker summaries pending verbatim confirmation rather than exact quotations.

Theme	Responses	Source
Cost & resource drain	"So when we were in pre-seed we spent more money on GDPR lawyers than on marketing, while our competitors just ship code and push it to market."	Survey response
	"Over 50% of our spend goes on consultancies, legal and cyber, across multiple countries."	Survey response
What gets built	"The parent insurer shut down six AI initiatives due to regulatory uncertainty around the AI Act and GDPR, choosing to prioritise safety over innovation."	Italian health-tech founder
	"GDPR fines can reach up to 4% of revenue. The rules are often unclear, so large companies tend to avoid innovation rather than risk a mistake."	Italian health-tech founder
	"The company focuses on building an HR compliance engine, specifically staying in the 'yellow zone' to avoid high-risk categorisation under the EU AI Act."	Irish AI-software founder
	"Compliance with MDR and FDA requirements delayed our project by several years, not due to technical challenges, but the documentation and approval processes required before we could even begin clinical trials."	Dutch breath-diagnostics founder
	"The upcoming AI Act will significantly limit our product capabilities in the EU. So we have to launch something more mediocre by design just to comply, or drop it, or do it anyway and see what happens."	Survey response
	"MDR, the AI Act and GDPR as strict as they are made us lose market opportunities, for example, voice AI for primary-care practices, where we were technically ready with clients and lost six months to regulation."	Survey response
	"We established our company in 2013, GDPR was already a mess, and now if the AI Act comes we will be high risk and will probably just flip to a Delaware company to avoid yet another mess from the EU."	Survey response
	"We are still not sure whether we are high risk under the upcoming AI Act, or how to deal with it in practice."	Survey response
	"The way we are allowed to train AI models on customer data, and return an answer to those customers as advice, is a major regulatory blocker for us."	Survey response
Fragmentation	"Despite already having the necessary European banking licences and operating successfully in our home market, obtaining approval to issue Dutch IBANs took nearly a year."	French fintech scaleup
	"It is easier to reach markets in developing countries and the Middle East than to expand within the EU itself."	Slovenia-based IoT founder
	"Unlike the United States, where a single registration lets a business operate nationwide, European startups must register separately in each country they want to enter."	Dutch founder (interview note)

Theme	Responses	Source
	"The EU is not one market and we have to adapt when entering a new one, so we decided to expand to Brazil and LATAM rather than new EU countries."	Survey response
	"For us, medical regulations in some EU countries make it almost impossible to enter, scaling to Canada made much more sense."	Survey response
	"Setting up an office in another EU country needs documents in the local language, and local ID or tax numbers take months, for Spain, normal channels like the consulate do not work."	Survey response
	"It is very difficult to register a remote company across EU member states. There is no automated process, and apostilles can take four weeks."	Survey response
	"Entering Germany or Austria would mean finding a local partner and meeting extra requirements, such as open-sourcing software or requiring shareholders to hold local citizenship."	Slovenia-based IoT founder
GDPR & data	"We cancelled product launches in the EU, not worth it, because local adaptations of GDPR created contradictory requirements across markets."	Survey response
	"We had to switch from public cloud to on-premise installations to comply with local data-storage requirements."	Slovenia-based IoT founder
	"Enforcement is strict and unpredictable, especially around marketing activities and data privacy."	Dutch founder (interview note)
Customers & investors	"Large companies can easily absorb fines, while smaller startups face significant challenges due to limited resources."	Dutch AI-software founder
	"Compliance is driven mainly by customer demands rather than government enforcement, especially around data privacy and security."	Dutch AI-software founder (interview note)
	"GDPR understanding varies widely between clients, and data-privacy issues across different platforms need constant coordination."	Dutch AI-software founder (interview note)
Proportionality	"We need to allow some flexibility for smaller companies while they grow, rather than applying the same stringent requirements to a 10-person startup as to a 1,000-person scale-up."	Dutch fintech product leader
Trust as an asset	"Being a European company provides significant advantages in non-US markets due to higher data privacy standards and greater trust, especially when competing against US-based alternatives."	Dutch public-safety-technology founder
What founders want	"Startups should be able to ask the EU AI Office whether their system is high-risk and receive a quick, free answer on what they need to do next. Most startups cannot afford large legal and policy teams."	Enterprise-AI corporate-affairs lead
	"What appears on paper as a harmonised framework in practice demands separate compliance protocols for each country, multiplying the administrative and legal resources required to operate pan-European services."	Developer-tools principal counsel (note-taker summary)
	"The speed of regulatory adaptation is more problematic than the regulations themselves."	Founder