



Eight years ago the Belgian government decided to cut innovation funding for Flemish public broadcaster VRT.

But VRT, which serves more than 6m Flemish constituents, has since become a catalyst for European media innovation, running an accelerator, an international media innovation hub and even its own seed fund.

Here's how the broadcaster became a media innovation powerhouse.

VRT's Sandbox model

Back in 2014, "it was extremely hard to get through the door at any public broadcaster as a startup", Peter De Paepe, head of VRT Sandbox — the broadcaster's open innovation accelerator — tells Sifted.

The VRT office wasn't a place that you could just walk into without knowing who to speak to. The broadcaster didn't have a designated contact point for startups, which made it hard to introduce an innovation without it getting lost in bureaucracy.

Traditionally, the broadcaster had also built a lot of its technology in-house, but after funding was cut it knew it needed to do something to respond to the speed at which the media market was moving.



The result was VRT Sandbox, which was founded in 2014 and started as an innovation initiative for startups to test and refine their technologies alongside VRT's media brands.

Sandbox is both an open innovation project and a kind of accelerator, in which startups can work with VRT's television, radio or online arms to integrate their

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technology into existing infrastructure or workflows.

The goals of VRT's Sandbox are twofold, says De Paepe: For the startups participating in VRT Sandbox to grow and create jobs in media while also helping VRT's technological advancement.

Its success was almost immediate. Sandbox won the 2016 IBC Innovation Award — an industry award for technological innovation in media — for a system to transmit and direct live broadcasts over the internet. The system was co-developed by the broadcaster with a whole range of partners including Axon, EVS, Tektronix and Trilogy.

Since launching, VRT Sandbox has worked with more than 100 startups, which collectively have raised more than €50m. Stats from 2020 (just before the pandemic) indicate that startups VRT Sandbox partnered with saw their headcounts increase by 90%.

Get good at finding EU funding

When Sandbox was scaling across Europe De Paepe says that two factors were key. Firstly, the team travelled around the continent to identify media companies that could quickly launch their own version of Sandbox, and secondly they learned how to successfully write proposals for EU funding. They won one out of every three funding proposals put forward, De Paepe says.



Other broadcasters have followed VRT's lead through the Mediaroad scheme

These two factors resulted in VRT Sandbox being used as a template for an EU-funded initiative called MediaRoad, which backed the creation of multiple "Sandboxes". Public broadcasters like the BBC, France Télévision and Finnish YLE joined, as did commercial media companies like Mediahuis, DPG Media and Red Bull Media House.

The resulting Sandbox Hub was formed in 2018 by 20 founding members, with the aim to "build a network for accelerators of media innovation, enable local startups and SMEs to scale internationally and exchange experience and expertise," according to the project's website.

International collaboration breeds strength

De Paepe says that the teams in charge of their respective incubators and accelerators meet once a month to share what challenges they are facing and what scaleups they are working with.

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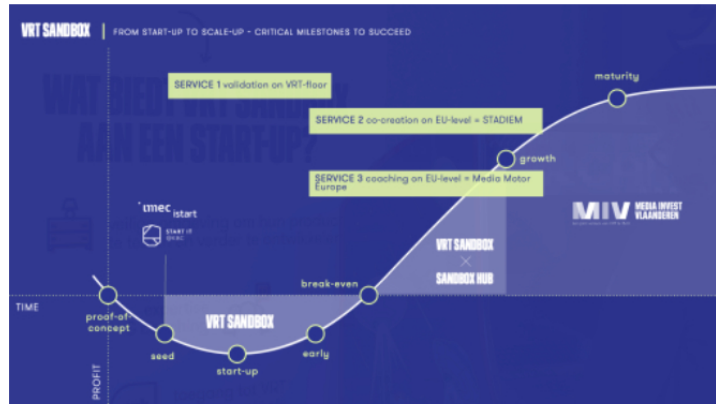
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The network was also useful for VRT Sandbox's next step: building an EU-funded accelerator programme for media innovation startups and scaleups called STADIEM. It's run by a consortium of media organisations including the European Broadcasting Union, Media City Bergen and UK-based startup platform F6s.

Participating startups are eligible for up to €150k in equity-free grants and are supported in finding co-creation media partners from the Sandbox Hub network. The 2021 batch resulted in 12 co-creation projects between startups and European media companies.

One of those is the German startup The Chainless, which analyses visual material and makes it searchable. It's now working on making archive browsing for German commercial broadcaster ProSiebenSat 1 more accessible.

Another example is On-Hertz, a Brussels-based outfit that produces a distributed production platform for audio and video, and is working with French-language Belgian broadcaster RTBF to integrate into their production backbone.



VRT also spearheads the EU-funded MediaMotorEurope, a mentoring and coaching programme for media startups and scaleups.

"I think we're seen as a trustworthy partner that can bring in new interesting technology," De Paepe says. Other media organisations agree with this view.

Thomas Seymat, editorial projects and development manager at Euronews, has been involved in discussions with multiple startups from the Sandbox Hub ecosystem.

He tells Sifted that, "over the past couple of years, the Sandbox programme has put Euronews in touch with several relevant startups from all across Europe. This led to interesting networking opportunities and potential partnerships on cutting-edge projects."

Seymat could unfortunately not say which startups they were looking at, as negotiations are still ongoing.

Public broadcaster venture fund

This month, De Paepe was up for show and tell at the Sandbox Hub meeting to present VRT's latest addition: Media Invest Vlaanderen (MIV), a venture fund VRT set up in collaboration with PMV, a government-owned investment and loan fund for Flemish entrepreneurs.

Although there have been rumours the BBC is considering a similar venture fund, VRT is the only public broadcaster that is actively investing in scaleups.

"We were already attracting developers of new technology and helping them scale, so participating in those companies and possibly generating a new revenue stream was the next obvious step," De Paepe says.

MIV invests in startups and scaleups from Flanders and Brussels, with ticket sizes between €250k and €1m. Since 2019, it has invested in three startups, all of which previously worked with VRT through Sandbox. The €10m fund has three more deals in the pipeline.

As a publicly funded venture fund, it has some interesting advantages. De Paepe



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mentions that Covid relief loans granted to Flemish media entrepreneurs by PMV during the pandemic carry a clause that allow the loan to be converted into an equity stake for MIV at a following investment round. The loan is convertible to equity at a value agreed upon in the original loan contract.

“We’re not primarily in the venture business to generate revenue. We’re trying to solve a market failure.”

De Paepe couldn’t say how many companies were considering this option, but hinted that the fund might be expanding its portfolio soon.

“It’s important to note that we’re not primarily in the venture business to generate revenue,” De Paepe says, “we’re trying to solve a market failure.” He says that thanks to their innovation model, his team noticed that many scaleups that tested their MVP through Sandbox couldn’t find a player in the market to help them scale. “Funds were mostly risk-averse, and that killed the scaleups,” he says.

Seeing how real investment in public service media has **declined by 6.9% in Europe over the past five years**, investing in startups could be an interesting model to pursue for public broadcasters.

VRT is far from the only media company that has a venture fund, but the combination of Sandbox, an accelerator and European collaboration network gives the fund a leg up in helping startups with growth potential.

“One of the startups we’re working with is Web64, a company building a real-time semantic graph to monitor how ideas spread and grow online,” De Paepe says. “Coupled with an AI algorithm, the product helps journalists trace back sources of stories and tell if they might be disinformation.

“It’s still in early co-creation, but we are using it internally. Now, once validated, will Web64 sell that tool to other members of our network? Without a doubt.”

The collaborative nature of the Sandbox Hub allows European media companies, which are often a fraction of the size of their US counterparts, to co-develop technology that can compete with better funded startups and scaleups.



The sharing of information about challenges faced and new technology adopted helps members of the network stay relevant. And even though De Paepe realises some members might just be interested in what the competition is doing, in the end the main value lies in sharing knowledge.

“The real challenge now is keeping it funded,” De Paepe says. The EU funding for the STADIEM programme runs until September 2023, so his team is already looking for new opportunities.

The dependence on public funding is both a strategic liability — as the EU or local government can refocus strategy or cut funding — and a motor for innovation for public broadcasters like VRT. It forces an organisation to be creative when finding funding.

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And De Paepe says the model has the potential to expand its sector focus. "We're thinking about setting up a digital innovation hub that focuses on the creative industry," he says, "so not only focused on tech startups, but startups in the creative sector as well."


Alejandro Tauber is a freelance tech and business writer based in Amsterdam. In the interest of full disclosure, the startup he previously worked at participated in the STADIEM programme. He tweets from [@AlejandroTauber](#)

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