

European Startup Monitor – Country Report Switzerland 2016

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In Switzerland, 105 startups were surveyed for the European Startup Monitor. The following report gives some insights on the Swiss startups ecosystem. However, it is not a statistically representative study for all of Switzerland and this should be kept in mind when reading this paper. The ESM defines startups

- to be no older than 10 years,
- to have an innovative / disruptive business model or technology, and
- to aim at a significant growth in revenue and number of employees.

Within this context, startups need to fulfil the first and at least one of the other two aspects, thereby differing from general small and medium enterprises.

Main Findings of the European Startup Monitor 2016 for Switzerland in Brief

The typical startup of this study

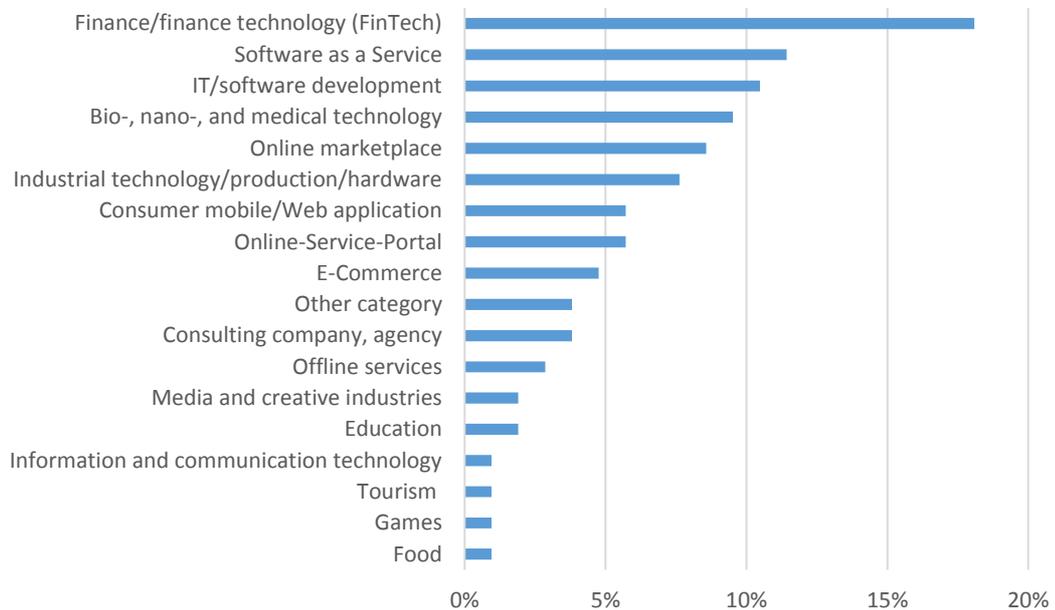
- is located in Zurich;
- has its focus on FinTech topics;
- is 2.6 years old;
- consists of a team of 3 men, aged around 36 years, with previous startup-experience;
- has the founders' savings as a first source of capital.

Participating Startups

- With 66% of the examined startups being located in Zurich, the city seems to be one of the main hubs for startups in Switzerland. Other large Swiss cities can be mentioned: Zug (5%), Lausanne (4%), Basel (3%), Bern (3%) and Geneva (3%).

- Almost a fifth of the founders surveyed work in the field of *FinTech*. The category *Software as a Service* follows. (The startups could choose one industry.)

Overview of the startups' industries



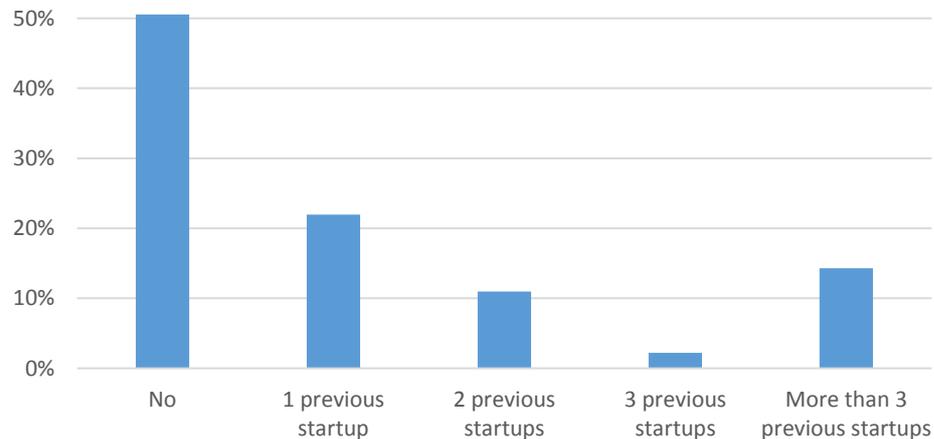
- The most common team sizes consist of 3 people (30%) and 2 people (27%), while among the surveyed there are also several startups that make up just the founder, i.e. one person (23%).
- The average age of the surveyed startups is 2.6 years. Subtracting this number from the average age of the founders (36.5 years), we can see that the founders were on average 33.9 years old when they started their current businesses.
- For 26% of the startups surveyed, last year's revenue lies below € 25,000; for 24% it lies between € 25,000 and € 500,000, and for 28% between € 500,000 and € 1 Million. 19% of the startups had no revenue in the last fiscal year.

Founders

- 89 % of the founders are male, 11 % female, and their average age is 36.5 years.
- Half of the founders surveyed are Swiss nationals, 20% are German, the rest are mainly European.

- Almost half of the founders surveyed (49%) had previously founded a startup, 14% had even started more than three businesses (see below). Their average age when starting their previous startup was 29 years.

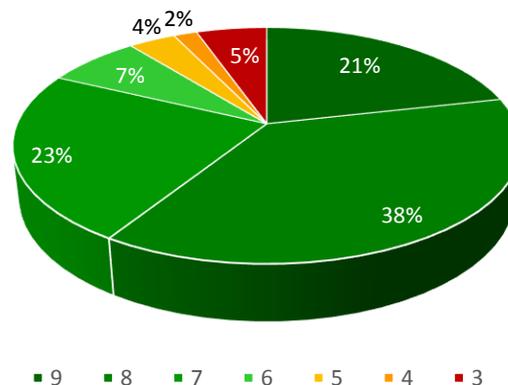
Have the founders previously started a business?



Most of these previous startups either still exist as an independent unit (with the founder still being a shareholder) (29%) or the business operations were discontinued voluntarily (29%). (Note: Only 27% of the startups examined answered this question.)

- Most founders seem happy with their current life on a scale of one (unsatisfied) to ten (satisfied). None of the respondents reported zero satisfaction.

Life satisfaction

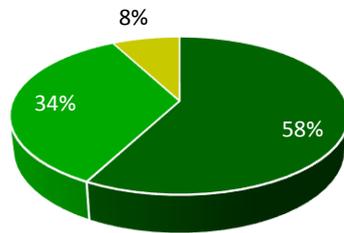


- If their startup was to fail, more than half of the founders would start another business. 22% would like to work as an employee, 16% would work as a freelance or consultant, while 4% would get involved as a business angel or investor.

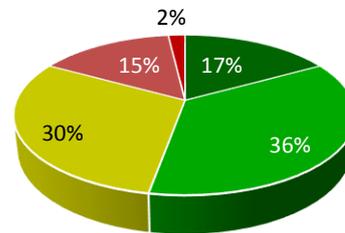
• The founders' opinions on a few topics:

■ Fully agree ■ Agree ■ Neutral ■ Disagree ■ Fully disagree

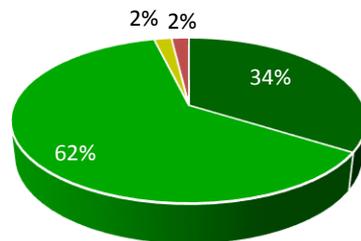
I feel responsible for my employees.



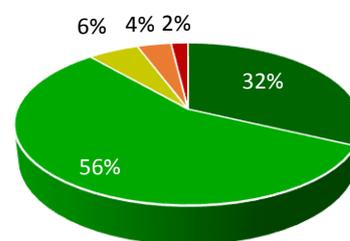
I place importance on the ecological and sustainable development of my startup.



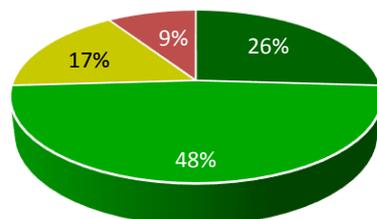
I work hard and this is also what I demand from my employees.



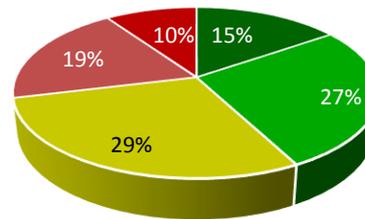
In my startup, it is important to identify unconventional solutions.



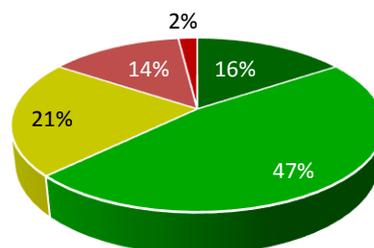
Freedom is the central drive for my entrepreneurial activities.



I am also politically committed to the interests of my startup.



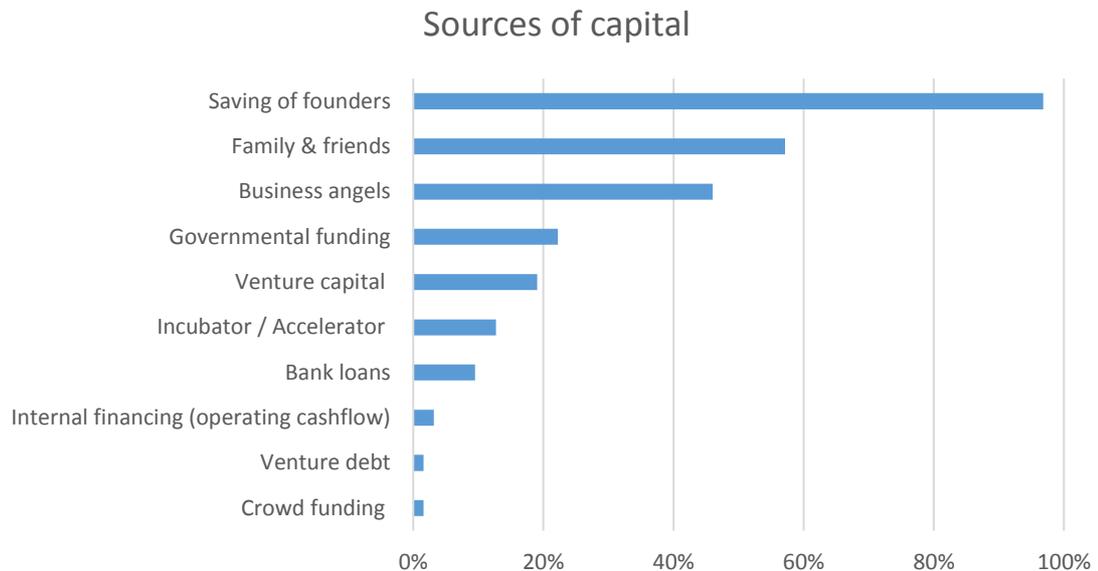
I support social engagement.



Financial Situation

60% of the founders surveyed gave insights into their startup's financing. Of those founders who provided financing insights:

- Almost all of them used their own savings as a source of capital for their startup.



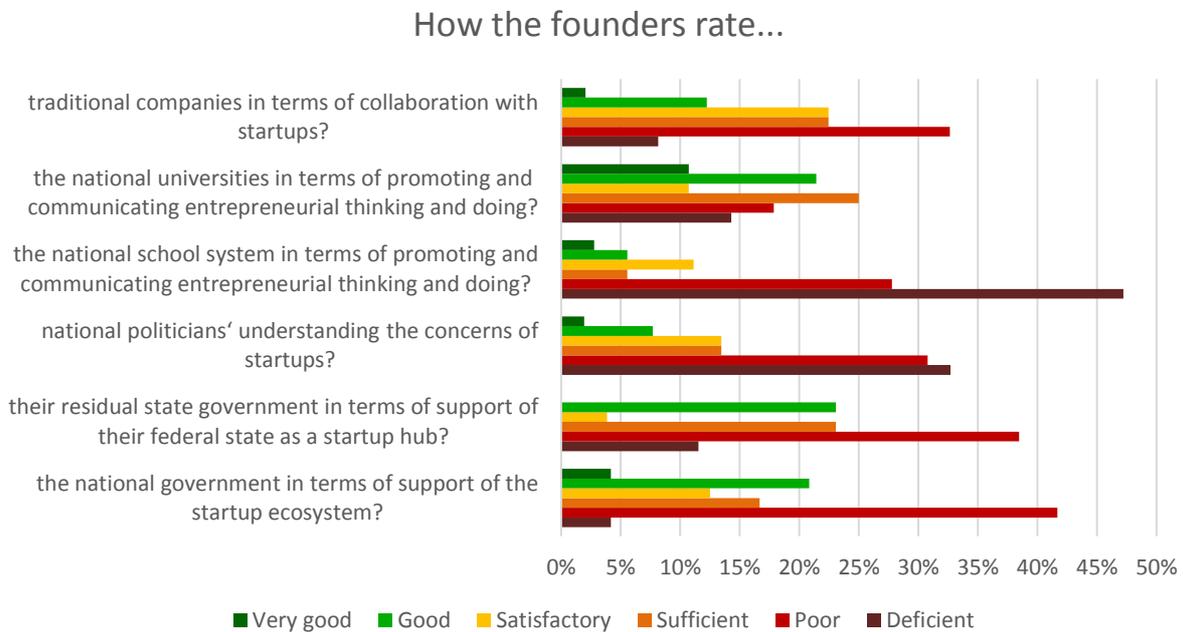
- Nevertheless, 80% of them received additional external capital. For 17% of them, the amount received was between € 50,000 and € 150,000, for 10% between € 250,000 and € 500,000 and for 25% between € 1 million and € 5 million.
- Within the next 12 months, half of them plan to raise external capital amounting to between € 250,000 and € 5 million.

Employees

- The startups surveyed employ 13.5 employees on average (excluding the founders). Among the 13.5 employees, there are generally 2.2 students or interns.
- Within the next 12 months, the startups plan to hire another 5.8 people on average.

Political environment

The founders were asked to rate the following aspects.



Regarding this diagram, it is important to keep in mind that the answers are highly subjective. In an international comparison, Switzerland is one of leading countries in terms of supporting the startup ecosystem. Nonetheless – according to the founders surveyed – there is still great potential for improvement.

Conclusion

The surveyed startups, for the most part, are located in Zurich. Being one of world's largest financial centers, the city seems to be a flourishing ground especially for FinTech startups. However, the survey, on which this report is based, seems to only have reached very few startups from the Lake of Geneva region which has developed a remarkable life sciences and ICT ecosystem over the past years, and can be regarded as another important hub for startups in Switzerland.

In this study, the gap between the gender of founders remains: only 1 out of 10 founders is female. However, other studies show that this finding, especially with this high ratio (1 to

10), cannot be transferred to the whole startup ecosystem in Switzerland where more women do appear to be active.

It is striking that half of the founders have previous startup experience, and that more than half of the founders would start another business if their startup was to fail. Therefore, founding a startup / being an entrepreneur seems to be a clear career choice. 80% of the founders seem to be satisfied or even highly satisfied with their current lives.

Based on the results of this sample, the following aspects may be indicators of future trends:

- Having a strong founding team seems to occur more often than a one-man-startup. Also financially, a founding team is likely to have a larger pool of their own investment capital as compared to a single founder. This may be an important aspect as private capital still seems to be the largest funding source for startups. External financing by professional investment institutions seem to be less prevalent at early stages, as seen in this study.
- Serial entrepreneurship seems to be more common than one might think, and may even be on the rise.
- With 13.5 employees on average (excluding the founders), the startups of this study create a positive impact on the Swiss economy by creating jobs. This aspect is likely the case for all startups in Switzerland, even though they are not represented in this study.

This study reflects some fundamental patterns of the Swiss startup ecosystem, nevertheless with its small sample size of 105 startups, it has to be regarded as a qualitative research result rather than a statistically and quantitatively representational one. Therefore, the findings need to be explored through more comprehensive samples and further research.