Startup survey of Tampere Region 2020

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Why to collect data

Why the study was done:

- **Officially**: The aim is to identify the number of startup companies in the Tampere region, to track development stage of startup companies' business operations and to map the ecosystem level information. The information gathered by the study will supplement other public and statistical information sources.

- **In the big picture:** Startups increase the growth and vitality of a city/region: they generate technological development, service innovations, jobs, tax revenue and also international growth.

⇒ *We need more data to back our claims on startup ecosystem development, measure the impact and get more funding for all the effective development and support functions we do.*

- **The startup survey and data analysis in Tampere** has been done with limited resources - but it has been done consistently annually 3 times in a row since 2018 (with mostly similar companies), and we are learning more all the time.

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Definition of a startup company

1. Employability

- It employs 1 to 49 employees, and in addition has either joined the employer register or the company has a team with more than one person working. Working could mean paid employee work or unpaid work done by the shareholder. Working could be full-time or part-time.

2. Type of company

- Is a limited company (osakeyhtiö) and privately owned. Subsidiaries of the groups or companies owned by the state and municipalities are not taken into account.

3. Innovation and scalability

- Development of an innovative product or service with high business risk. Looking for a scalable and replicable business model. Companies that have started to develop a new innovative and scalable business model instead of the more established business are also taken into account.

4. Growth drive

- Actively seeking internationalization and strong growth.

5. Investment potential

- The company has either received risk investment or is of interest to risk investors.

How it was done and what was found out

How the study was done:

- Potential startups were contacted by e-mail, telephone and customer relations management contacts.
  - Over 300 companies were pre-analyzed, over 200 contacted.
- The survey was conducted in April-August 2020.

What was found out:

- Number and of the active startup companies in the Tampere region: 193
  - Over 100 startups gave complete information to qualitative questions.
- Qualitative information about:

  A) *business information updates* from the companies (fresh information which you don’t find from public and statistical sources)

  B) *status updates* of startup development and funding stages (self-analysis from startups)

  C) *needs* for growth and internationalization support / services

  D) *open feedback*

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The questions made in the survey (in brief)

1. Name of the startup? Industry of the startup? Main problem (need) the startup is solving?
2. How many shareholders does the startup have? How many shareholders are full-time entrepreneurs in your startup?
3. Have you, or have other company founders, set up companies in the past?
4. What are the *main customers* of your startup? (You can select multiple options: B2B, B2C, B2B2G, B2G)
5. Is your startup *looking for growth*?
6. What is your startup's *estimate of revenue* until the end of 2020?
7. What is the *estimate of the number of employees* in your startup in 2020?
8. What is the *business development stage* of your startup? (Options: Research, Pre-revenue, Revenue, Expansion)
9. In which *market areas* does your startup company currently / in the future will have customers?
10. What kind of *help do you need to internationalize* your startup? (Options: International sales expertise, Finding partners, Internationalization financing, International operating environments (law), Increasing market knowledge, Getting to know the market, We do not need help with internationalization, Something else-what?)
11. What other *help do you need to develop* your startup business? (Options: Building partner networks, Business model development, Marketing, Development of sales skills, Finding investment contacts, Making financial plans, Technological know-how, Industry - specific expertise, Product development with universities or research institutes, Recruitment / finding a skilled workforce, We don't need help developing a business, Something else-what?)
12. What is the stage of your startup *company's funding round*? (Pre-Seed, Seed, Late seed, Round A, Round B)
13. How much of your startup has *received capital funding* during the startup lifetime?
14. Have you taken out a *loan to develop* a startup business? Which kind (Business Finland, Finnvera, personal/company)
15. What do you think are the *three most useful public service* from startups development perspective? Which public service has met the least expectations and why?
16. Does your startup implement *RDI activities*? Does your startup have patents or patent applications? Where?
17. How satisfied are you with your startup company in *Tampere Region as an operating environment*? (scale 1-10)
18. Open feedback

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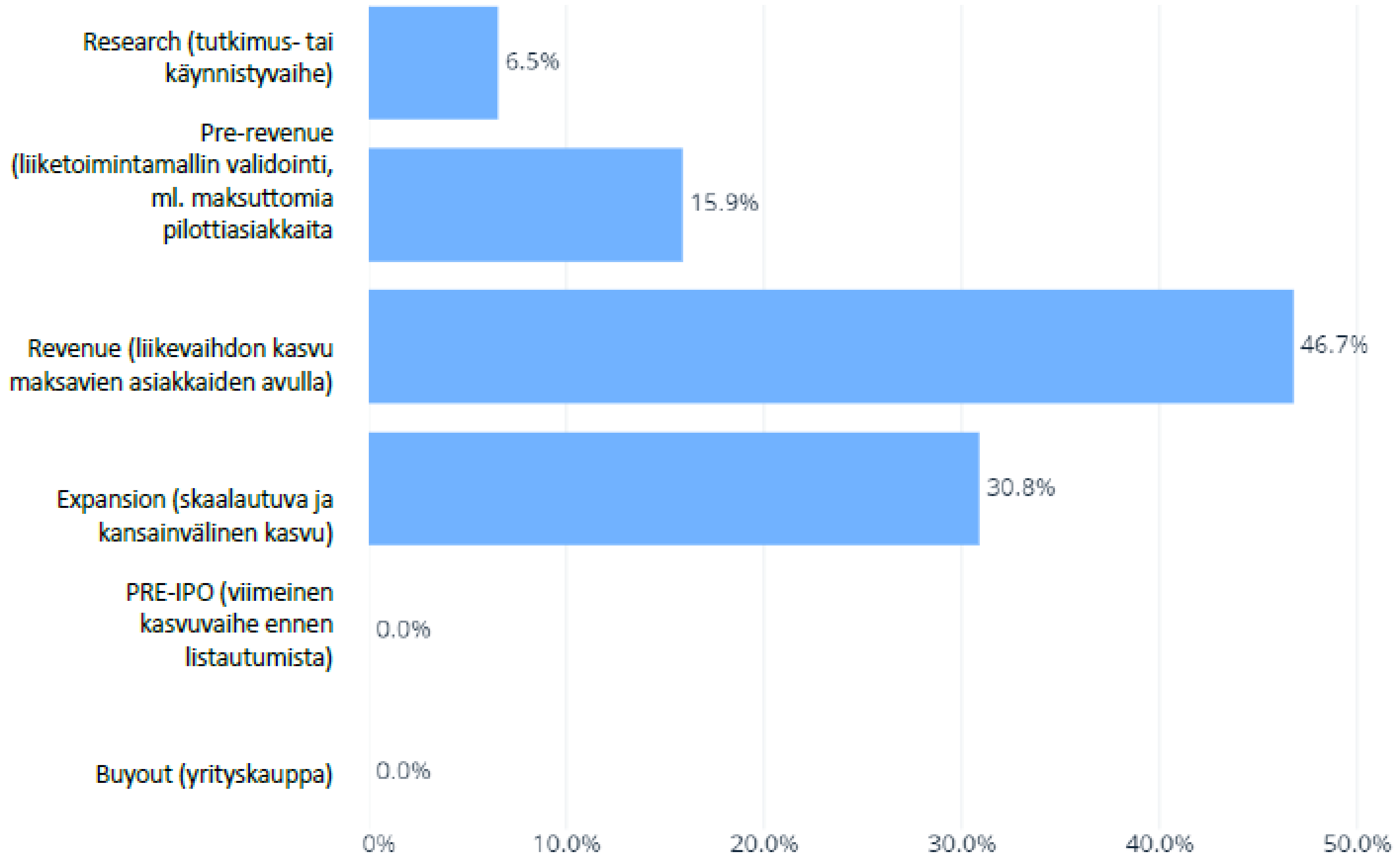
A QUICK VIEW TO KEY FINDINGS (2020)

Development stages



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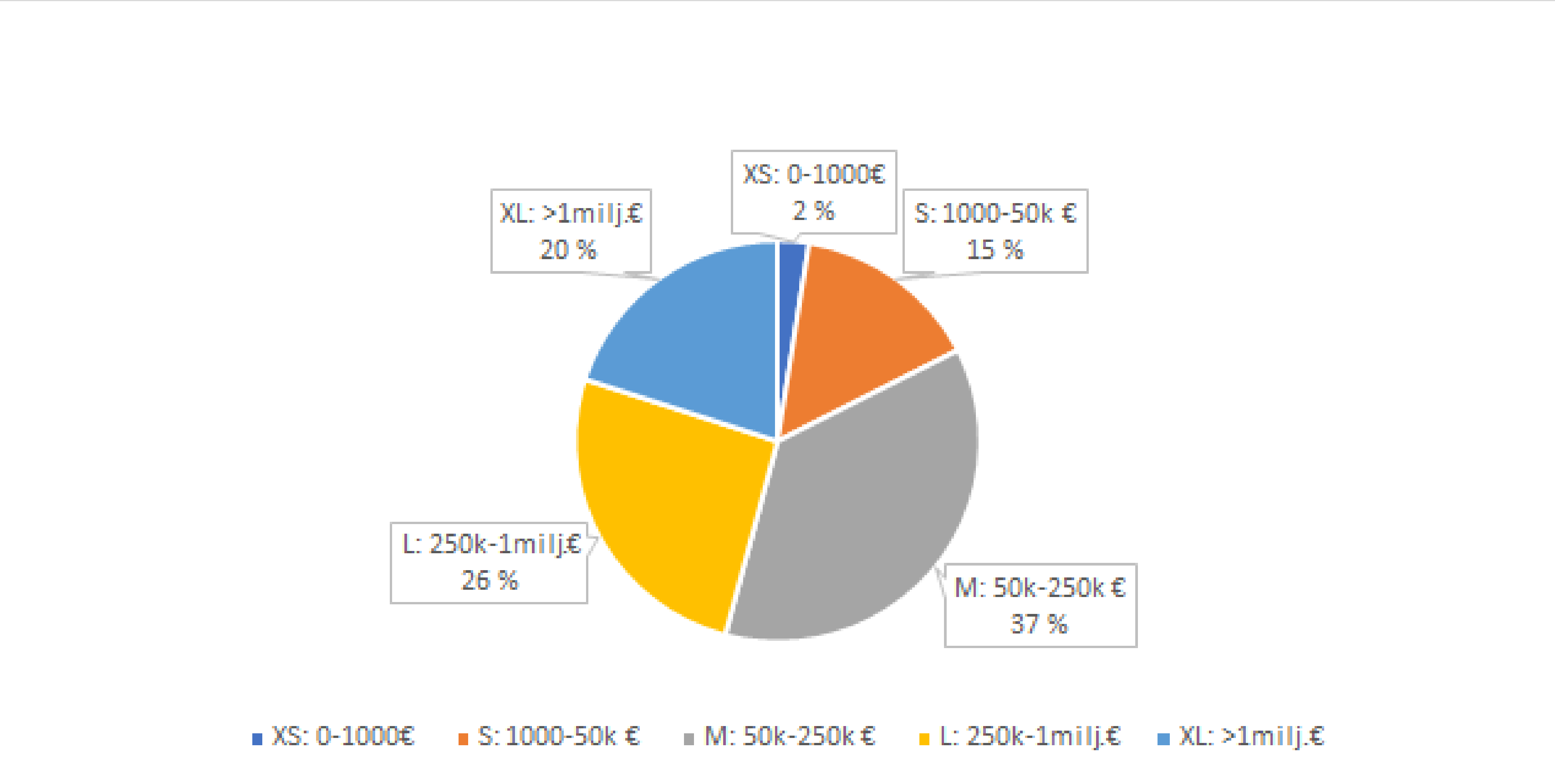
Sizes



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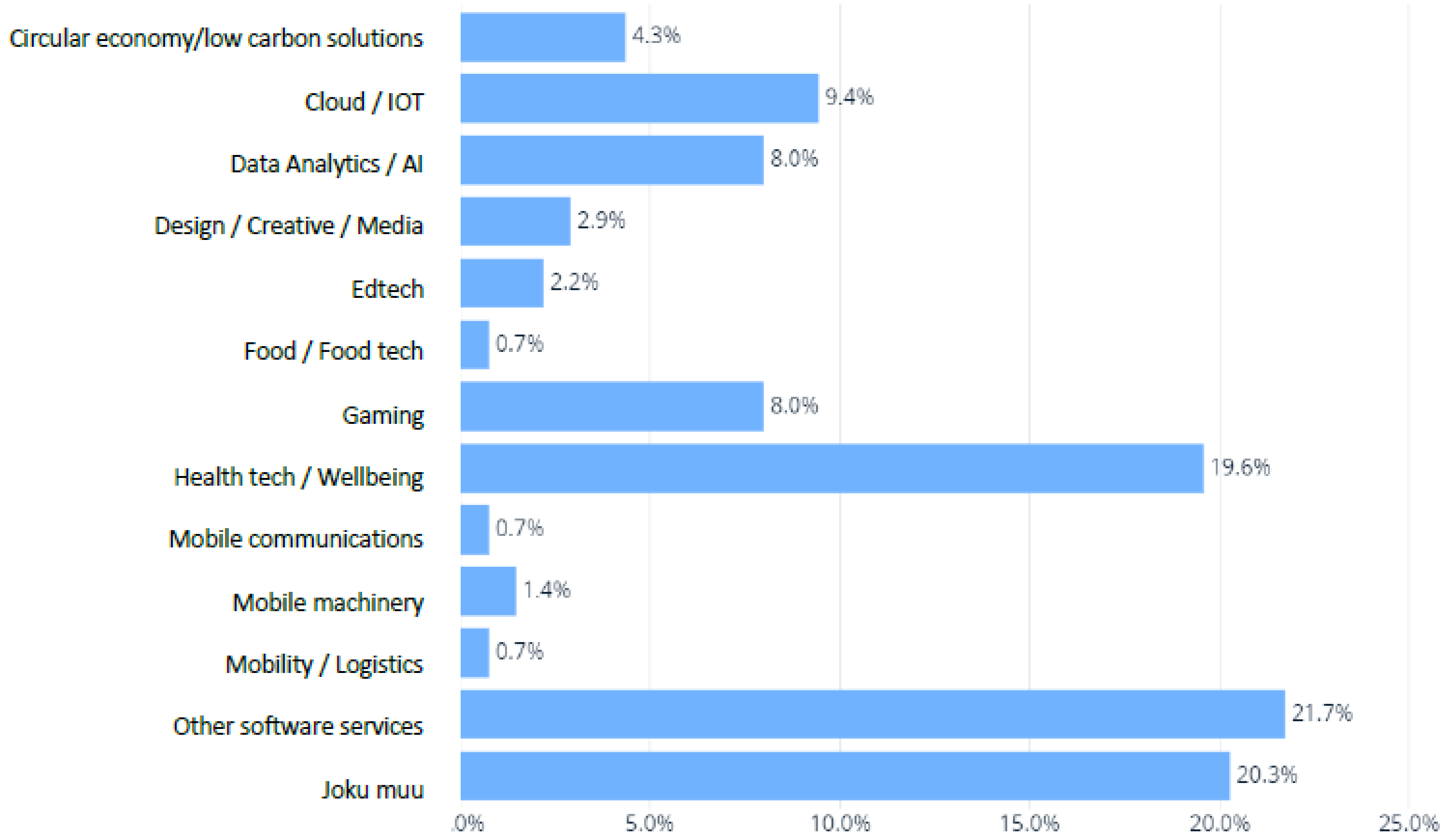
Industries



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Key findings – Growth: markets, entrepreneurs

Growth

- Revenue was growing (46%)
- Aiming at scaling with international growth (30%)
- Startups have over 1000 employees in Tampere Region (2020)

Customer segments

- B2B (82%)
- B2C (22%)
- B2B2C (18%) -> Over 40% targets private end-customers (B2C+B2B2C)
- B2G (17%) -> A lot of startups whose main potential customers are in the B2G

Shareholders and entrepreneurs

- About 70% of startups have 4 or more shareholders
- However - about 45% of all startups only one shareholder is a full-time entrepreneur

Serial entrepreneurs vs. new entrepreneurs

- About 75% of the respondents previously established companies -> quite a few new entrepreneurs

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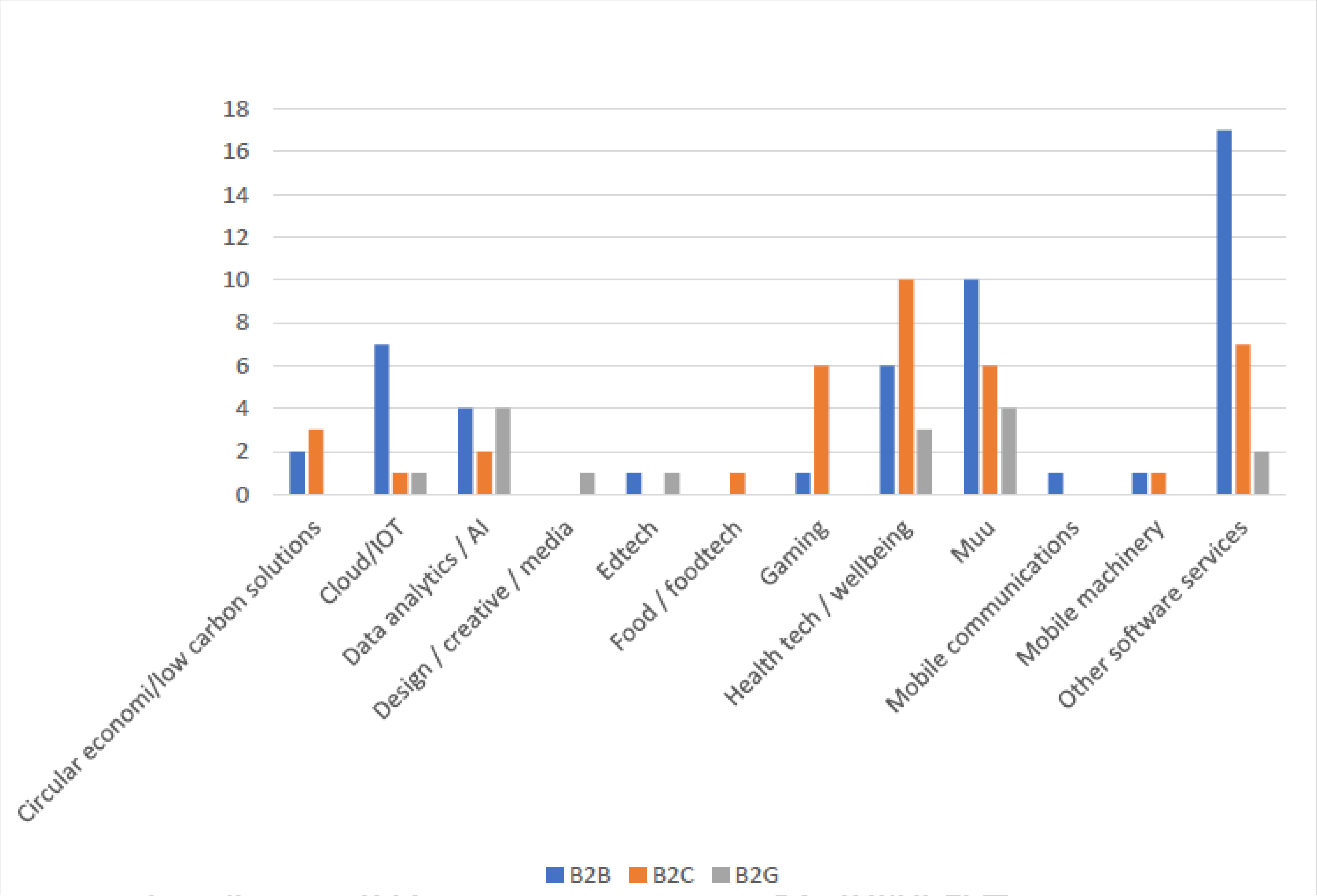
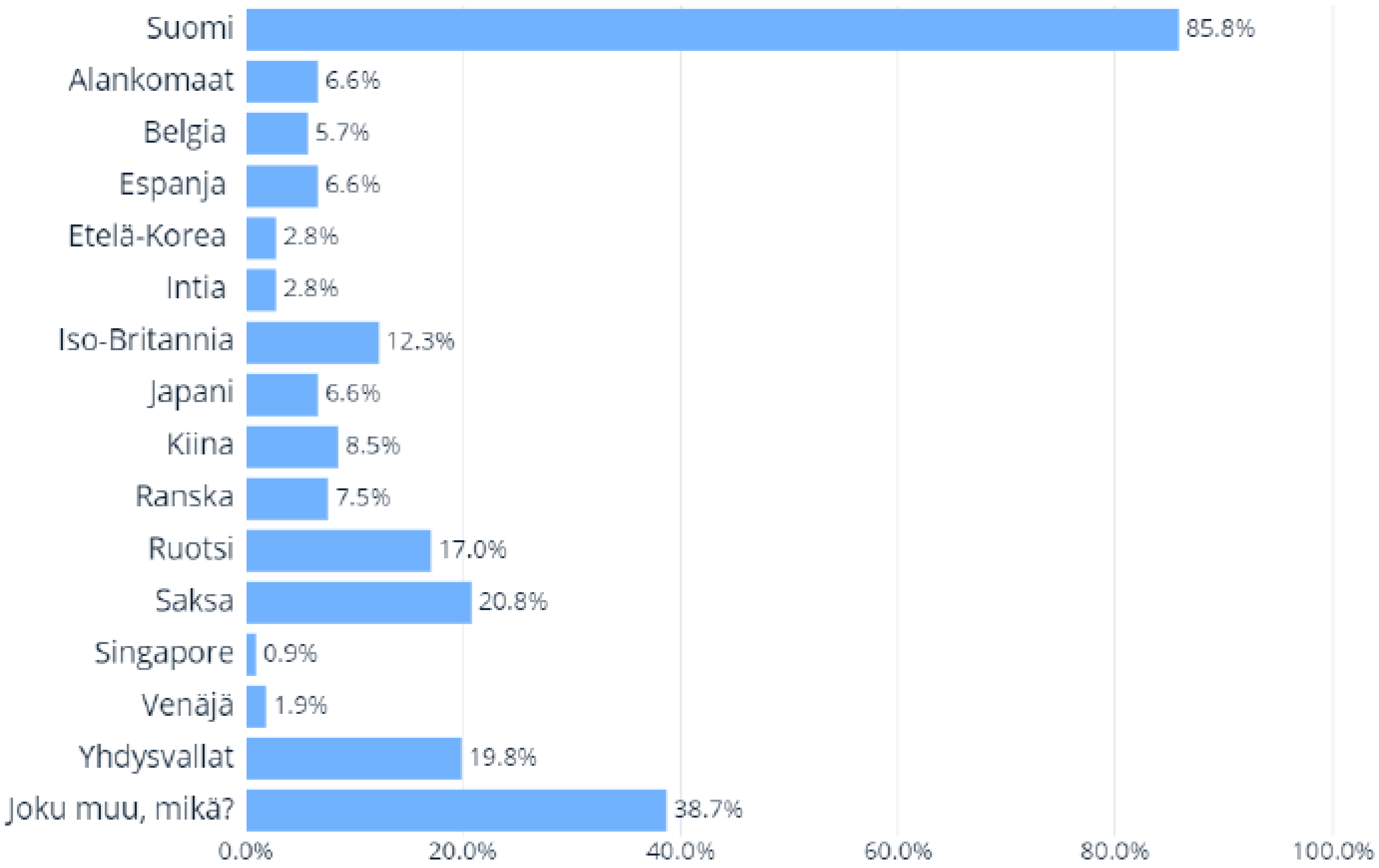
Customer segments between different industries



Internationalization level



Key findings – Growth and Funding

<u>Startup funding 65,3M€ (2019) (in 2020 it will be around ~35M€ + 20M€ for Ultimate.ai)</u>

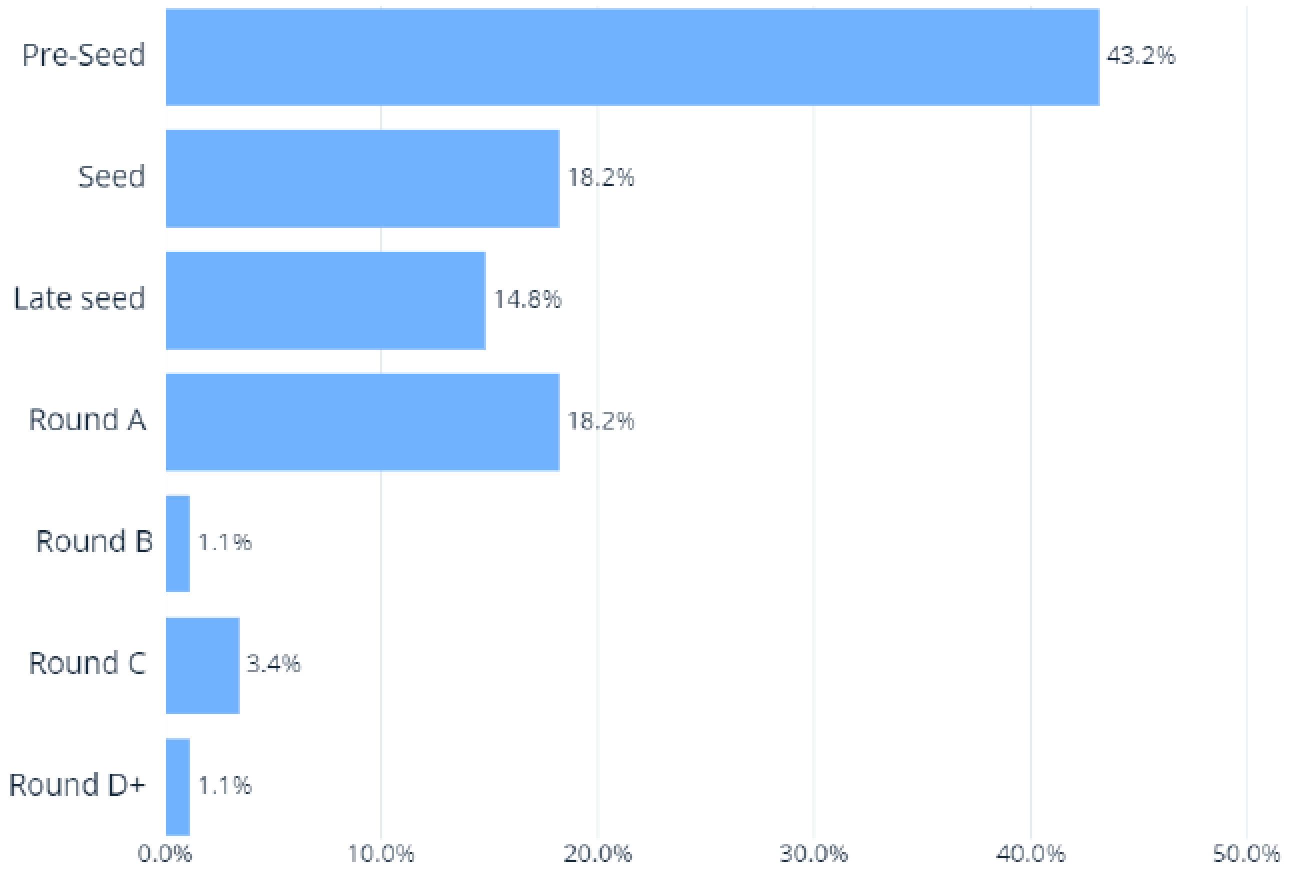
Startup funding stages

- Pre-seed (43%)
- Seed (18%)
- Late seed (14%)
- Round A (18%)

Loans

- Loan from Business Finland and/or Finnvera (about 50%)
- Private own bank loan (about 30%)

Startup investment stages (rounds)



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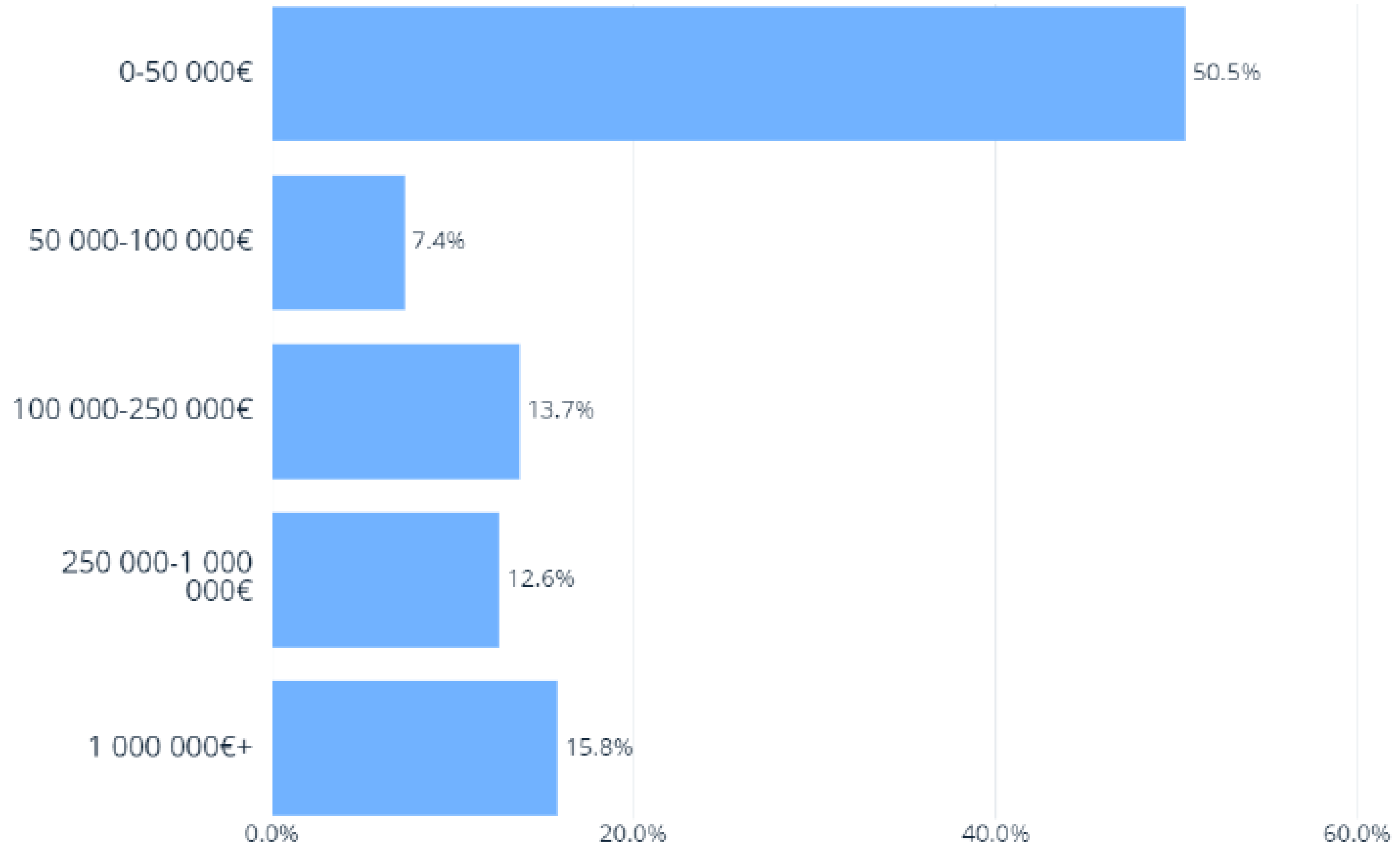
Startup investments stages (euros)



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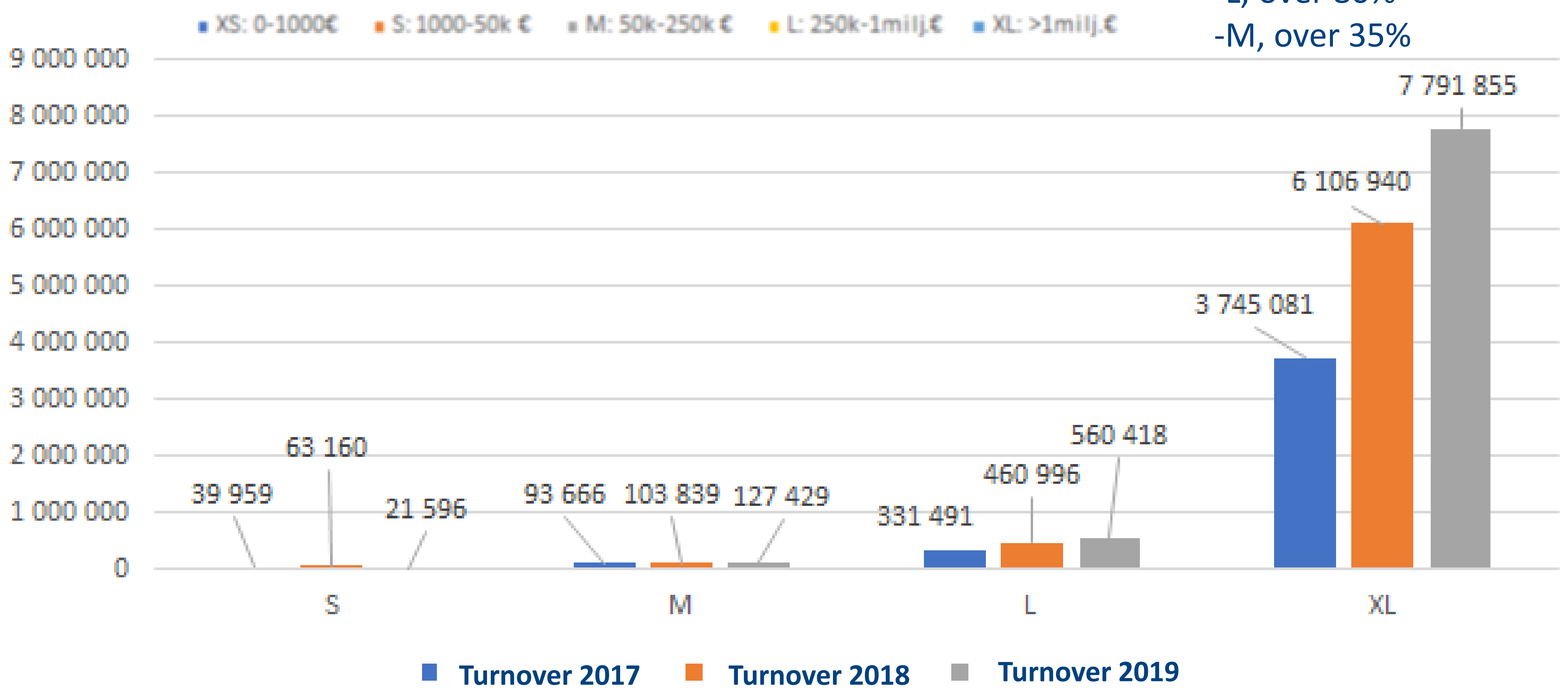
Growth of the Startups (2017-2019)

Growth (2017-2019)
- -XL, over 200%
- -L, over 80%
- -M, over 35%

Longitudinal study between 2017-2019 (realized growth)



S=24, M=43, L=32, XL=22 (from 2017)

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Key findings - need for support and services

Where startup business development needs the most help <u>in general</u>:

- Building partner networks (51%)
- Finding investor contacts (45%)
- Marketing (35%)

Where business development for startups needs the most help <u>in internationalization</u>:

- Internationalization financing (72%)
- Finding partners for internationalization (71%)
- International operating environments (law) (53%)

Most useful public business services (3 choices)

- Financial Services (Business Finland) (67%)
- Internationalization Services (Business Finland) (55%)
- Development Services (ELY Center) (48%)

The support needs of serial entrepreneurs (75% of respondents) are not significantly different from those of new entrepreneurs (25% of the respondents).

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Key findings – the future

R&D Collaboration
- About 60% do all the R&D activities themselves
- About 10% with research institutes or universities
- The rest will do it in other collaboration networks

Satisfaction to Tampere Region
- More than 90% of respondents have given a rating better than 5 (scale 1-10)
- 98,1% intends to stay in Tampere Region

Turnover and employment growth forecasts (Covid19 / exceptional times)
- Several startups estimate that revenue and employment will grow, but most were unable to reliably estimate growth rates until 2021

Conclusions of the study

- **The number of start-up companies in the Tampere region is at a satisfactory level (around 200) and the industry profiles are diverse.**
  - Software startups make up the largest set of startups in the region
  - There are also other promising startup industries: gaming, health tech, cloud services, IoT, etc.
  - The number of B2C companies in the health and well-being sector seems to be on rise.

- **The next survey should dive even deeper with its analysis**
  - **To track the multiple factor analysis** (e.g. new vs. serial entrepreneurs aspects, target markets/customer segments/industries/technologies, service needs based on the funding/development stage, etc.)
  - **Longitudinal development of the startup companies and the ecosystem** (3 years period available: 2018-2021)

- **The next one will be conducted in spring-summer 2021.**

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Examples of Startup Ecosystem KPI's in Tampere Region

- **Number of *startup companies and qualitative information based on the survey* (Business Tampere maintains an up-to-date startup list and conducts annual startup survey)**
- *Turnover development* of start-up companies (Vainu Statistics Service)
- Development of the *number of employees* in start-up companies (Vainu Statistics Service)
- Development of the *number of growth enterprises* (initial employment at least 10 people and staff growth at least 20% in 3 years) (Statistics Finland's paid data)
- Development of the *number of growth-seeking enterprises* (initial employment 3-9 persons and personnel growth over 3 years 10-19%) (Statistics Finland's paid data)
- *Amount of risk investment* financing (total size and number of financing rounds, financing rounds and their amounts also broken down) (Vainu statistical service, news flow (Talouselämä), data collected from the field)
- *Financing granted by Business Finland* to startups and other companies (number of companies financed and total amount of financing) (Business Finland's open information services)
- Number of startup companies and investors *who participated in startup events, incubator/accelerator services and startup hub activities* (collecting data on participation)

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What we could do together

- **Proposal: <u>Startup data project</u> - the target could be to get more comparable data, including multiple factor and longitudinal data from different startup hubs / cities / regions.**
  ⇒ We need more data to back our claims on ecosystem development, measure impact and get more funding for what we do right.
  ⇒ Tampere would be open to share its experiences and to direct collaboration.
- **In order to do that in 2021:**
  1) *Collaboration at KPI and survey questions level,* Tampere will set up the next ones in Jan-Feb 2021 (open for coordinating the questions with answer options)
  2) *Conducting startup surveys, spring-summer 2021* – public and statistical sources don't cover all the data needs
  3) *Making analysis and visualizations, summer 2021* - to report and aggregate the data. Possibly to get data on the profiles of startup hubs /cities / regions (more reference data required)
  4) *In the future:* Major possibilities for multiple factor and longitudinal analysis (data sets could be shared for startup researchers' use)
  5) Support for the startup data project from startup hubs / cities / regions

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Stora Enso Finland – most startup-friendly company 2020, an honorable mention for Fortum

December 8, 2020

Stora Enso wants to spread a startup-friendly spirit among large companies and

Startup-keskittymä täyttyi ennätysvauhtia

9.12.2020

Startup-keskittymä Platform6 Tampereella on solminut ensimmäisen täyden toimintakuukauden aikana vuokrasopimuksen yli 30 yrityksen kanssa. Platform6 toimii alkuvaiheen startup-yritysten keskittymänä, jonka tarkoituksena on tarjota kasvuun kiihdyttävälle yritykselle kaikki kasvuun tarvittava apu.

– Platform6 on todistanut tarpeellisuutensa Suomen startup-kentässä. Yrityksiä on tullut jonoon ja uusien kriteerit täyttävien osalta käydään jatkuvasti neuvotteluja, Platform6:n toiminnasta vastaava **Alexandra Santos** toteaa.

Ei kiinteistötoimintaa vaan palvelutalo

Tampereen kaupunki on Platform6:n taustavaikuttaja. Kiinteistön rahoitus tulee kaupungilta, mutta palvelut talossa tuotetaan yhteistyössä yksityisen ja julkisen sektorin kanssa. Palveluita tarjotaan sekä startup-yrityksille että osaajatiimeille, jotka suunnittelevat kasvuhakuista liiketoimintaa.

– Palvelustrategiana on toteuttaa uudenlaisia palveluita, ja mahdollistaa startup-yritysten entistä nopeampi kasvu. Erityisesti panostamme teollisuus- ja startup-yritysten keskinäisen yhteistyön lisäämiseen, yhteisövastaava **Tommi Uitti** Business Tampereesta kertoo.

Liiketoimintaa käynnistäville osaajatiimeille Platform6 tarjoaa paitsi maksutonta työtilaa myös räätälöityjä palveluohjelmia sekä sparrausta ja valmennusta

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