

Survey suggests that real recovery will take a year or more

The startup ecosystem will take a year or more to fully recover from the impact of the COVID-19 pandemic, with economic and political risk representing the biggest barrier to innovation in that time, according to new data from Kamet Ventures.

Six out of 10 industry professionals surveyed by [Kamet Ventures](#) believe it will be 12 months or longer before the startup ecosystem recovers to its pre-COVID level of activity and confidence. More than one-third cite economic and political risk [as to the largest barrier to innovation](#) during the recovery period, ahead of the ability to raise funds (24%) and the ever-present issue of the regulation (21%).

COVID-19 has hurt the ecosystem, but don't forget the other threats

Commenting on the findings, Michael Niddam, co-founder and Managing Director at Kamet Ventures, said: "Since the beginning of the crisis, questions have been asked about the kind of support the UK government devised for startups and the speed and effectiveness with which it has delivered that support. When you combine the limitations of the Future Fund with the

understandable caution of investors as they adjust their approach to dealmaking in the circumstances, it's not surprising that many in the ecosystem see access to funding as a major barrier to innovation during this recovery period.

"Seeing economic and political risk beat funding to emerging as the biggest concern is interesting. There's no doubt the disruption caused by the pandemic has been significant. But I'd suggest that this finding points to an ecosystem all too aware that with the final Brexit negotiations still to be concluded, the US presidential elections taking place in November, and Europe once again grappling with how best to support its harder-hit southern nations, that impact could well be compounded before the year is out."

Confidence in creativity, but the government must hold firm on R&D commitment

The startup community remains confident in its innovative spirit, with only 8 per cent believing that stifled creativity will be the biggest barrier to innovation during the recovery period, the data shows. Niddam sounds a note of caution, though:

"Many of the laboratories working on next-generation technologies such as quantum computing have been forced to close, halting innovative research at a critical point. Others have pivoted to work specifically on pandemic relief. While safety is paramount, the government must commit to enabling these labs to reopen as soon as possible. Most importantly, it must stand by the commitment it made to R&D investment before the pandemic took hold if it wants to maintain the UK's

position as a global leader in early-stage innovation.”

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