UK startups behind Europe in seeking government support

UK startups are far less likely to have applied for Government funding during the coronavirus crisis than their counterparts in France and Germany, according to new data published by the EuropeanStartups.co project, an initiative that uses data to support European startup ecosystems by informing policy makers with real-time insights into the health of startups across the European Union.

Almost half of the French startups have applied for R&D Grants designed to help early-stage tech companies through the crisis, compared with 13% and 17% of startups in the UK and Germany. Only 7% of French companies thought applying was too much effort or that R&D Grants were not suitable, compared with 48% of Germany companies, and 21% of the UK startups surveyed.

The new figures are published to coincide with the launch of the European Startups Dashboard, a comprehensive online tool that provides forensic intelligence about the European Union's rapidly expanding startup community. The Dashboard is a key element of the two-year EuropeanStartups.co initiative, which is supported by the European Commission and European Parliament.

Using the Dashboard, policymakers, investors, analysts, politicians and other ecosystem champions can find an overview of the startup and scaleup landscape in Europe and granular information around investor activity, funding rounds, exits and more. Interactive heat maps allow for easy comparisons by city, industry, business and other metrics, while a chart builder tracks the rapid evolution of the region's innovation economy over the past three decades.

The team behind the Dashboard conducted a survey of European startups during April and May, to find out what sort of measures the early-stage tech companies were taking to mitigate against the impact of the coronavirus crisis. The survey was carried out by LocalGlobe and Dealroom on behalf of 32 European and North American venture capital investors and has revealed some of the challenges facing the startup community.

These include:

- 40% of European companies expect to see revenues to be at least 25% lower than expected

- 49% of European companies have turned to banks for Government-backed loans

- 43% of European companies have frozen hiring

The figures also show that later-stage tech companies were more likely to have seen their revenues negatively affected during the first two months of the crisis (March and April), with 60% of Series C+ companies seeing revenues drop by more than 10%, in addition to 51% of companies at Series B, 52% at Series A.

In the face of this difficult business environment, the Dashboard provides a new resource to help policymakers create appropriate policy and tools to help startups recover from the impacts of the coronavirus crisis. It is also hoped that it will help create a supportive policy that nurtures the European ecosystem.

"The Dashboard is a one-stop-shop for anyone seeking quick insight into current funding trends,

hotspots and potential opportunities. As the startup landscape continues to recover from the crisis, and resume its impressive growth trajectory, intelligence will be indispensable for founders, VCs, angels and any other stakeholder within the broader ecosystem." Yoram Wijngaarde, CEO and Founder at Dealroom

According to the Dashboard, the European Union's startup landscape has expanded to include approximately 127,000 startups and over 5,400 VC investors supporting around 1.8 million jobs.

Over the past 20 years, almost 200 unicorns have emerged across Europe, defined as private companies with a valuation of at least $1B, many of which have been based outside of large metropolitan areas.

"No single market in Europe has been big enough to become a global leader. So you have to work across boundaries and become familiar with different ways of working. If you want to be a global company, you have to base yourself in Europe." Saul Klein, partner at LocalGlobe

"As we emerge from the coronavirus crisis, new technology companies and in particular software start-ups will play an even bigger role in our

economy. As a result, it's essential we look across all regions and especially our close neighbours in Europe to learn which policies work best when supporting, scaling and properly regulating the industry so it can thrive." James Wise, partner at Balderton Capital

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