

HSG SpinOff Barometer 2021

HSG Spin-Offs tackle the grand challenges globally

HSG Startup ecosystem

HSG-Spinoffs demonstrate entrepreneurial responsibility for the grand challenges of our times.

Since 2017, the University of St.Gallen has been awarding a Spin-off label under the supervision of the Center for Entrepreneurship. The 154 startups awarded by the Spin Off label build a strong community and allows one to track business developments within this broad sample group.

Findings in this study are based on a representative survey (n=47) among HSG Spin Offs.



Geographic location HSG SpinOffs

HSG SpinOffs operate globally with a strong focus on Europe, followed by the USA

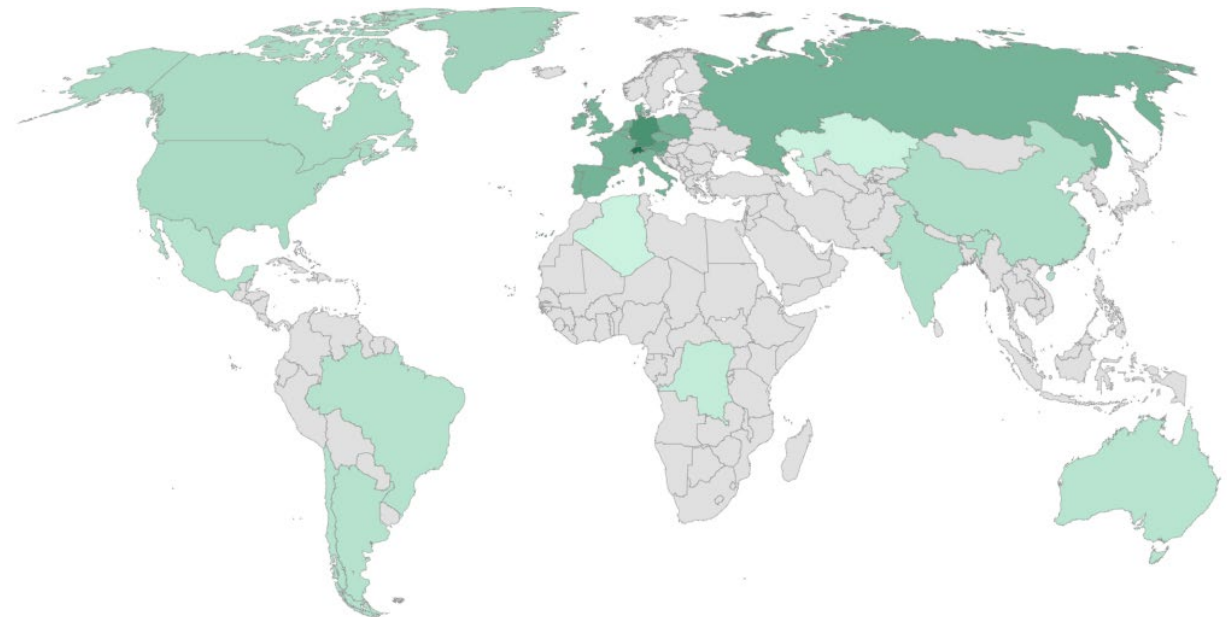


SWITZERLAND 83% | GERMANY 62%

AUSTRIA 47% | OTHER EUROPE 40%

(percentage of ventures that have their headquarter
and/or an administrative office in the specific country)

All HSG SpinOffs included in the SpinOff Barometer 2021 have their headquarter or at least a main administrative office in the **DACH region** which also constitutes the main area of operation (see image on the left). While there is a strong administrative focus on the DACH region, a great percentage of SpinOffs also operates globally through **cooperations, trading relationships or subsidiaries** (see image below).

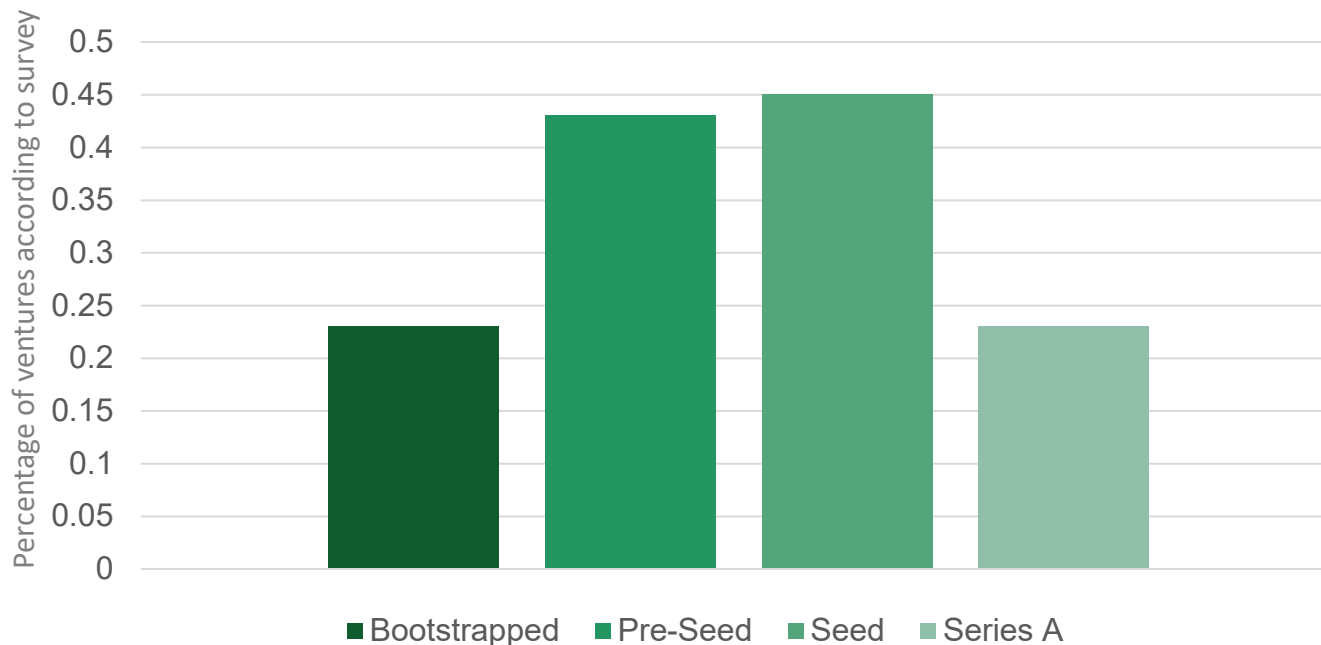


EUROPE 100% | NORTH AMERICA 15% | SOUTH AMERICA 11% | AFRICA 4% | ASIA 13% | AUSTRALIA 9%

Funding and financial structure

HSG SpinOffs are successful in raising growth capital at multiple funding stages

Having closed financing rounds at a **Pre-Seed, Seed and/or Series A** stadium constitutes the most prominent pattern among ventures covered in the recent survey. With **23.4%** of the ventures being entirely **self-funded**, HSG SpinOffs –if not having raised external funding beforehand- exhibit strong financial independence.



Broadening our range of analysis also to HSG SpinOffs not directly included in the survey, unicorns like N26 stand out, having raised over nine financing rounds a near-record total amount of USD 819 million as of 2021 (most recently: Series D) (Crunchbase, 2021).

N26

Industry focus of SpinOffs on technology-driven businesses

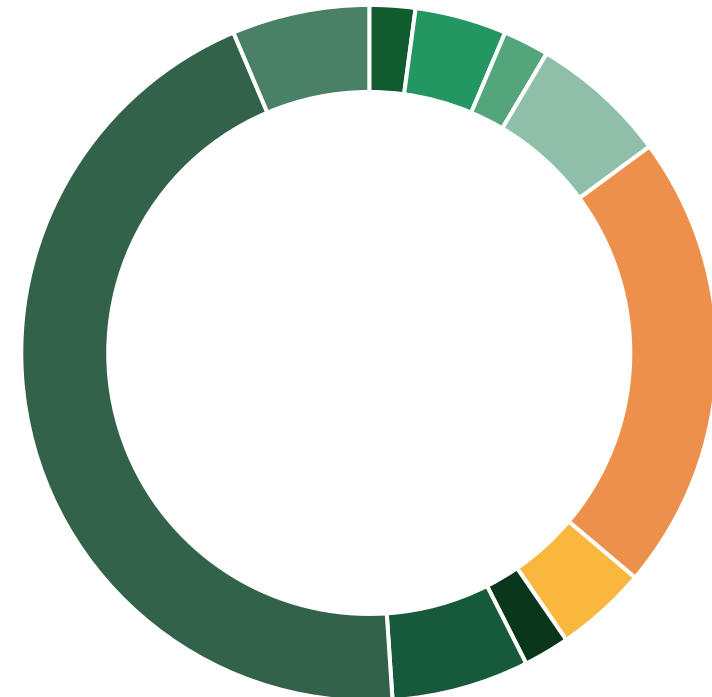
45% of ventures operate in the technology or media sector, 21% in the financial services industry

The largest share of startups is active in the **technology and media sector**, reflecting a generally prevailing trend in the startup scene.

Financial Services stands out as the second most represented sector among the SpinOffs: This prevalence reflects the great potential of the industry with plenty of room to increase the efficiency of formerly analog processes as well as a technology-based democratization of the investment market.

A sample case of a venture providing an innovative banking solution is [Kaspar&](#), founded in 2020, that are providing an AI-based automated investment manager for micro investments into traditional asset classes.

Kaspar&



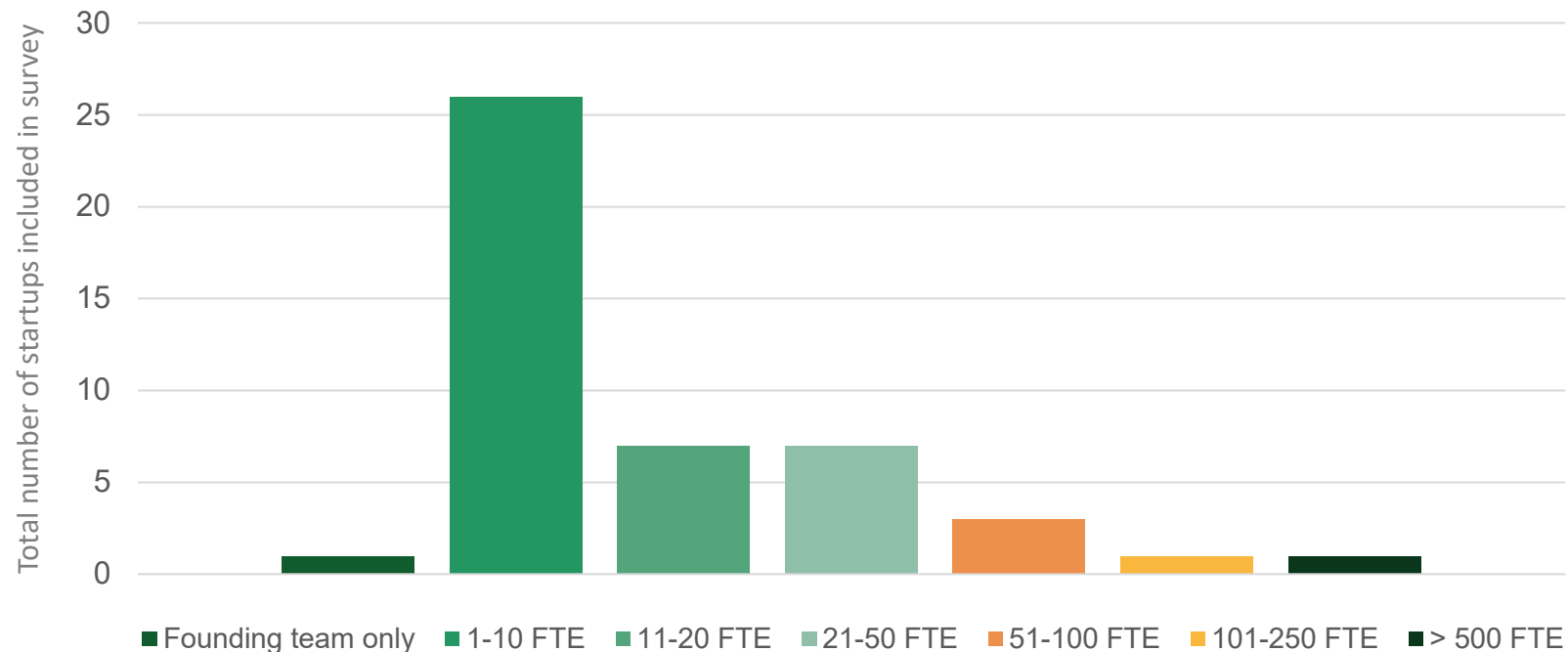
- Aerospace & Defense
- Agriculture
- Automotive & Assembly
- Consumer Packaged Goods
- Financial Services
- Health care
- Private Equity & Principal Investors
- Real Estate
- Technology, Media & TelCo
- Travel, Logistics & Infrastructure

Team size and job creation by HSG SpinOffs

HSG startups are a strong motor for the local economy of Eastern Switzerland – and far beyond

96% of HSG SpinOffs included in the survey had a team larger than the initial founding members. This points to the strong effect of HSG ventures on the local as well as supra-national labour market.

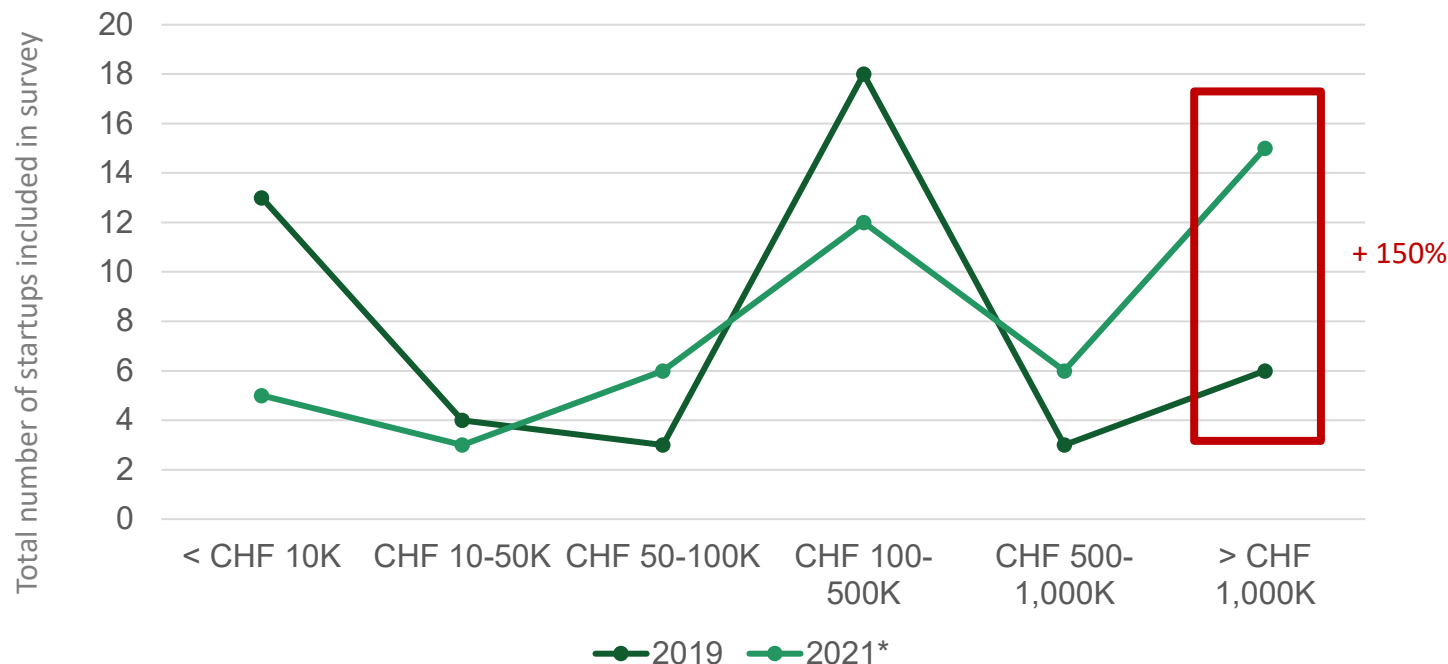
Total **positive effect on employment** by HSG SpinOffs can be assumed to be by far higher than outlined in the recently captured data.



Strong revenue increase of HSG Spinups

32% of respondents are surpassing the CHF 1 mio. revenue milestone

From 2019 until 2021, HSG SpinOffs record a strong trend of **revenue growth**. The number of ventures with a total annual **revenue exceeding CHF 1 mio. more than doubled**. This is especially remarkable in the context of the Corona crises which had put hardships on companies across almost all industries since the first quartile of 2020.



An additional increase can be recorded for the number of startups with a revenue surpassing CHF 500,000 per annum (+100%).

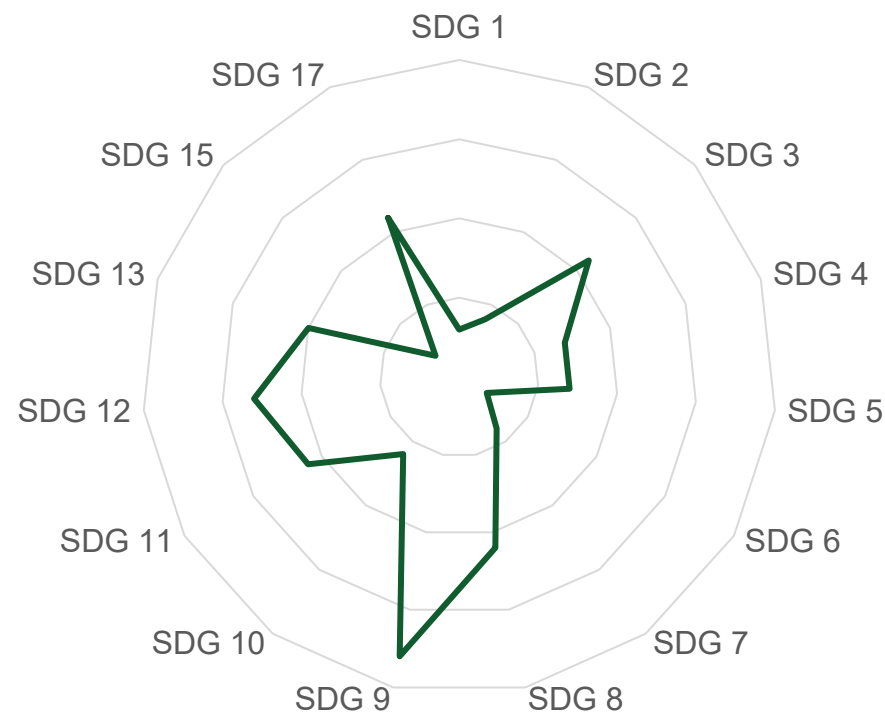
The clear growth trend of revenues reflects the **continuous value adding** of HSG SpinOffs to local and international communities as well as their successful business development and ability to deal with challenging environmental conditions.



DIVERSITY AND SUSTAINABILITY

SDG Global Development Goals

The SDG Goal No.9 “Industry, innovation and infrastructure” followed by SDG Goal No.12 “Sustainable production and consumption” are the most prominent sustainable targets HSG ventures are trying to achieve.



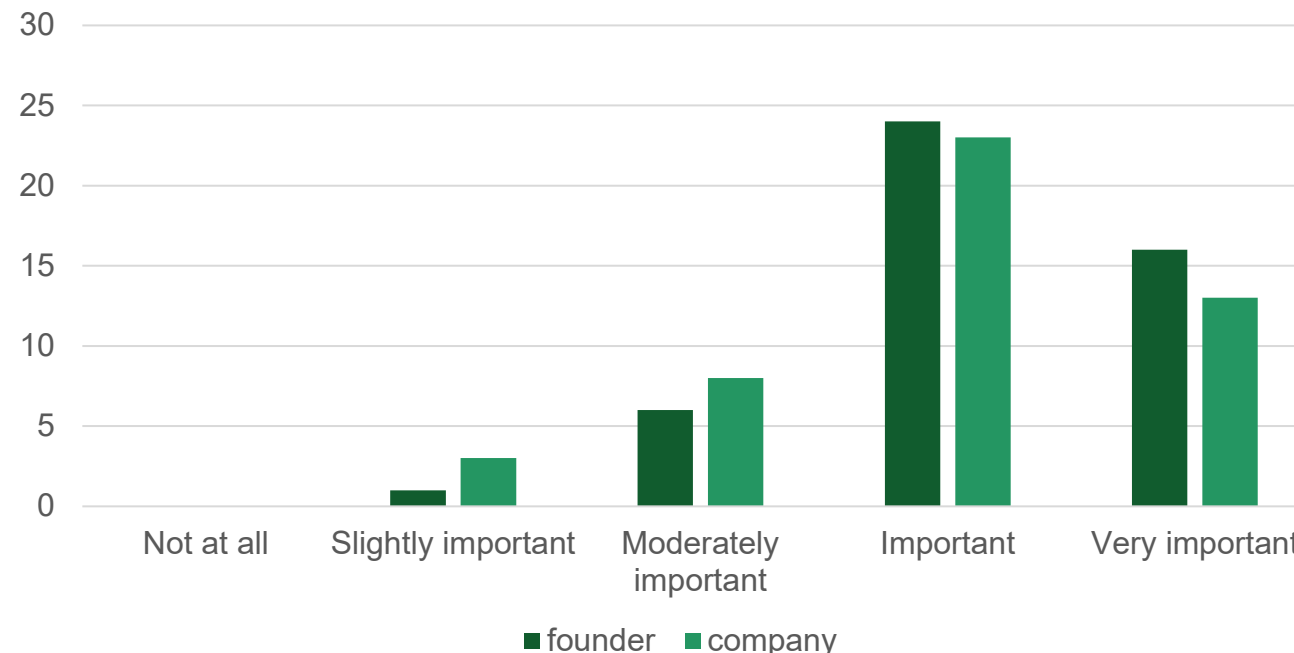
87% of the HSG SpinOffs pursue business activities that **address** at least **one or more** of the **SDGs**. This large percentage is indicative for the **high awareness** of ventures of the importance of individual contributions and immediate action in the field of **sustainability**.



Importance of overall team diversity on venture performance

HSG SpinOff founders show great awareness of the importance of team diversity

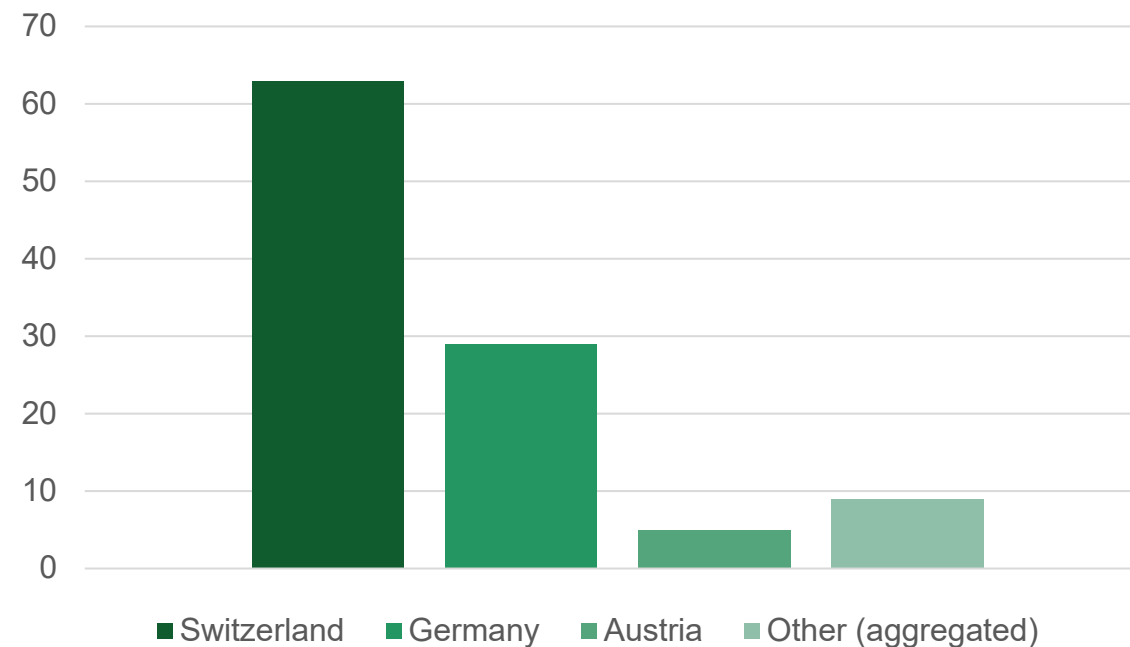
The graph depicted below visualizes the answers of HSG founders to the question “*How important is diversity to you and your team for a better performance of your company?*”. Empirical studies have demonstrated that a high level of team diversity does not only lead to **advanced levels of innovativeness** and is beneficial to the venture’s ability of **managing complex situations**, but has also an ultimately **positive effect** on overall **venture performance** (Martinez, Zouaghi, & Marco, 2016).



Diversity of the founding team: country of origin

81% of founding team members come from DACH-region countries

63 of 106 respondents are **Swiss natives** which constitutes the most common country of origin among HSG SpinOff founders. This illustrates two characteristics of the HSG startup ecosystem: on the one side, its **strong embeddedness** in the **Swiss economic area**; on the other side, its pronounced **international focus** which is highly beneficial in establishing international trade relationships (see p.3).

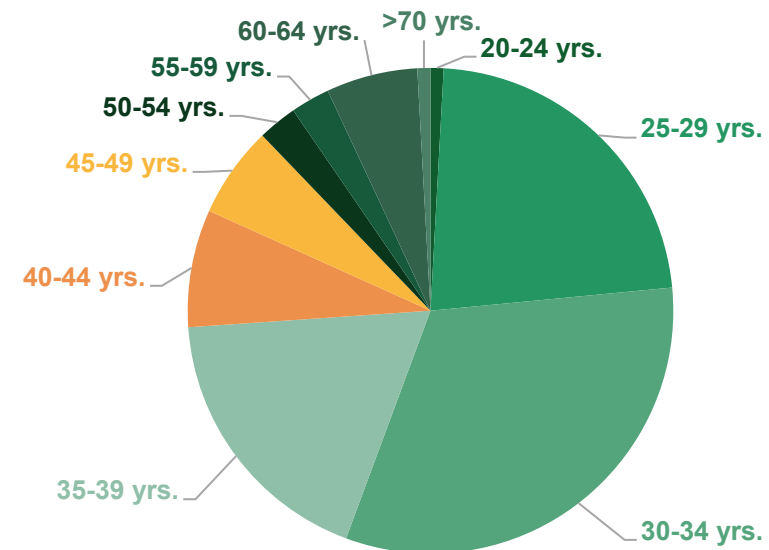
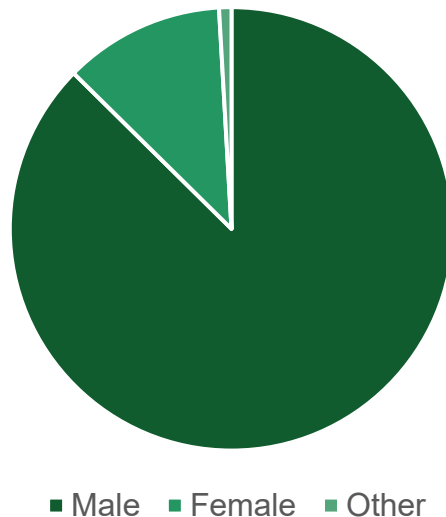


Diversity of the founding team: age and gender

Majority of founding team members is male

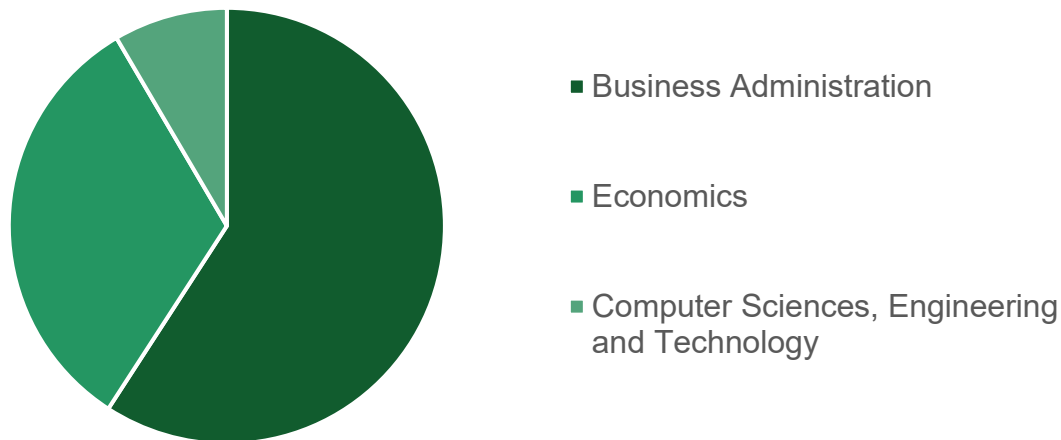
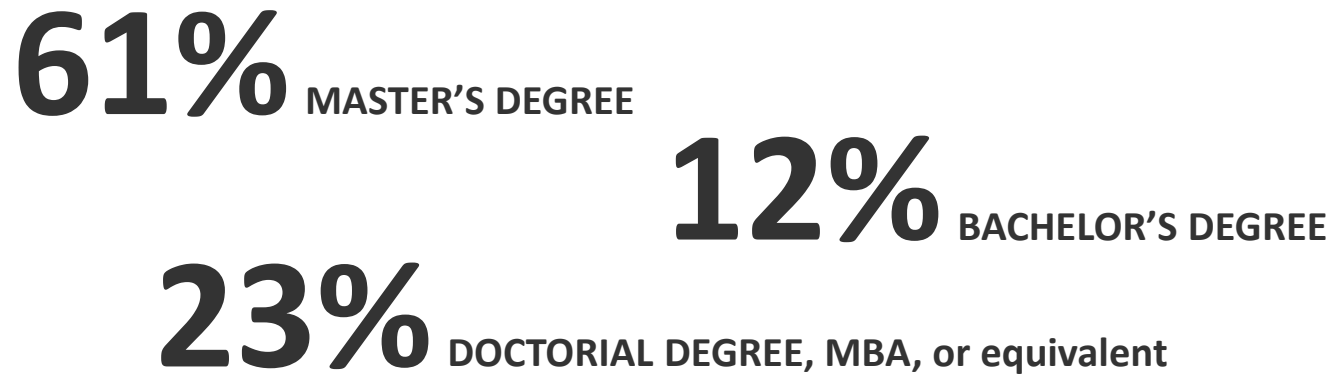
HSG SpinOffs reflect a highly common pattern among founding teams with **87%** of founding team members being **male**. This tendency seems to endure in spite of multiple HSG programs and initiatives, such as the [Female Founders department](#) at Startup@HSG, which aim at **incentivizing women** to enter the entrepreneurial journey.

From an age perspective, the majority of founding team members in active startups is between **30 and 34 years old (32%)**, followed by the age group of 25-29 years (23%).



Diversity of the founding team: educational background

Above-average degrees of formal education among HSG SpinOff founders

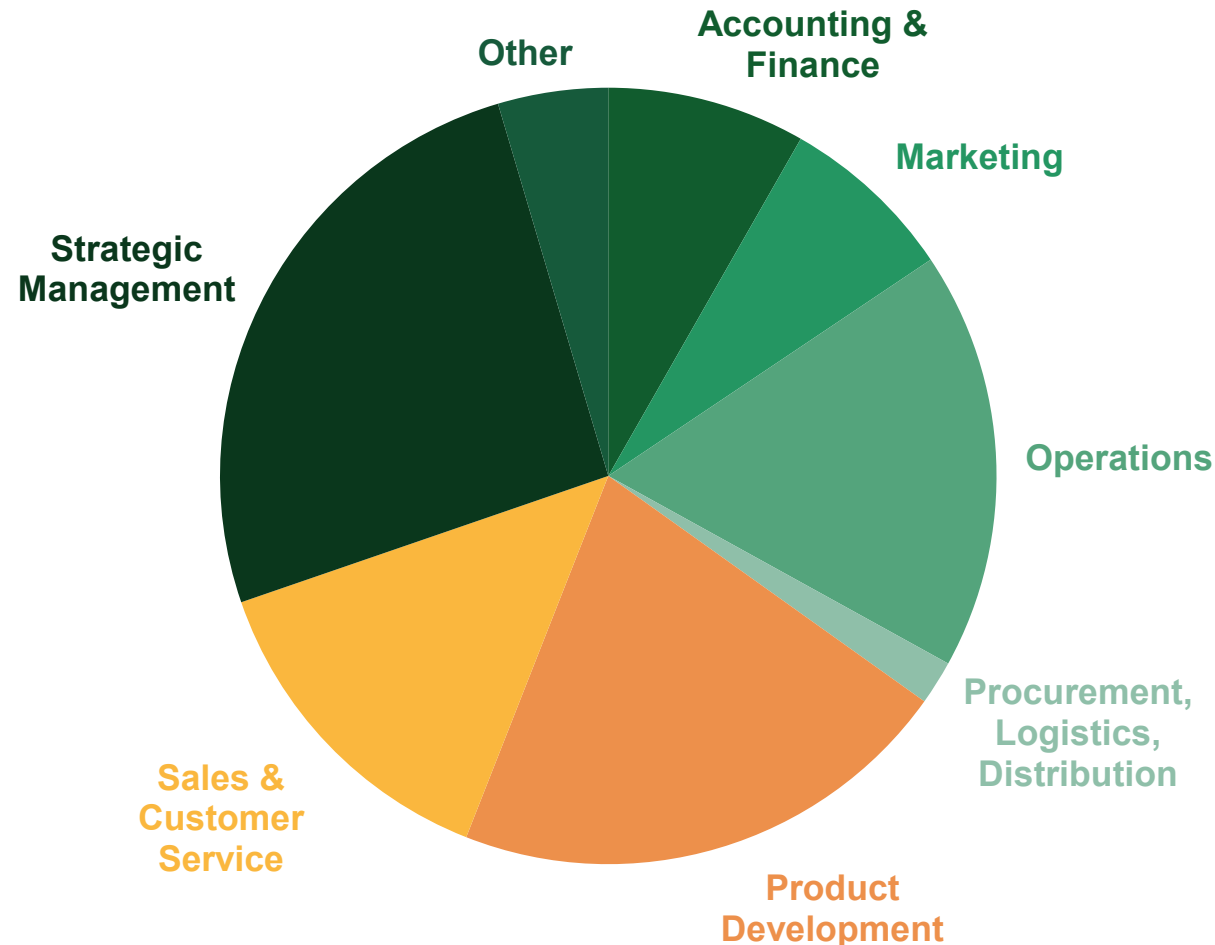


More than four out of five of the surveyed founding team members hold a **master's degree** or higher; every fourth possesses a **doctorial degree, MBA** or equivalent. Concerning the stated discipline of their formal educational background, the most common field is **business administration (42%)**, followed by Economics (23%) and Computer Sciences (6%).

This strongly reflects the core portfolio of study areas represented at the University of St. Gallen with its **interdisciplinary** approach between business- and technology-oriented main areas of studying.

Diversity of the founding team: function in startup

Founding team members take responsibility for their venture's main functions and positions



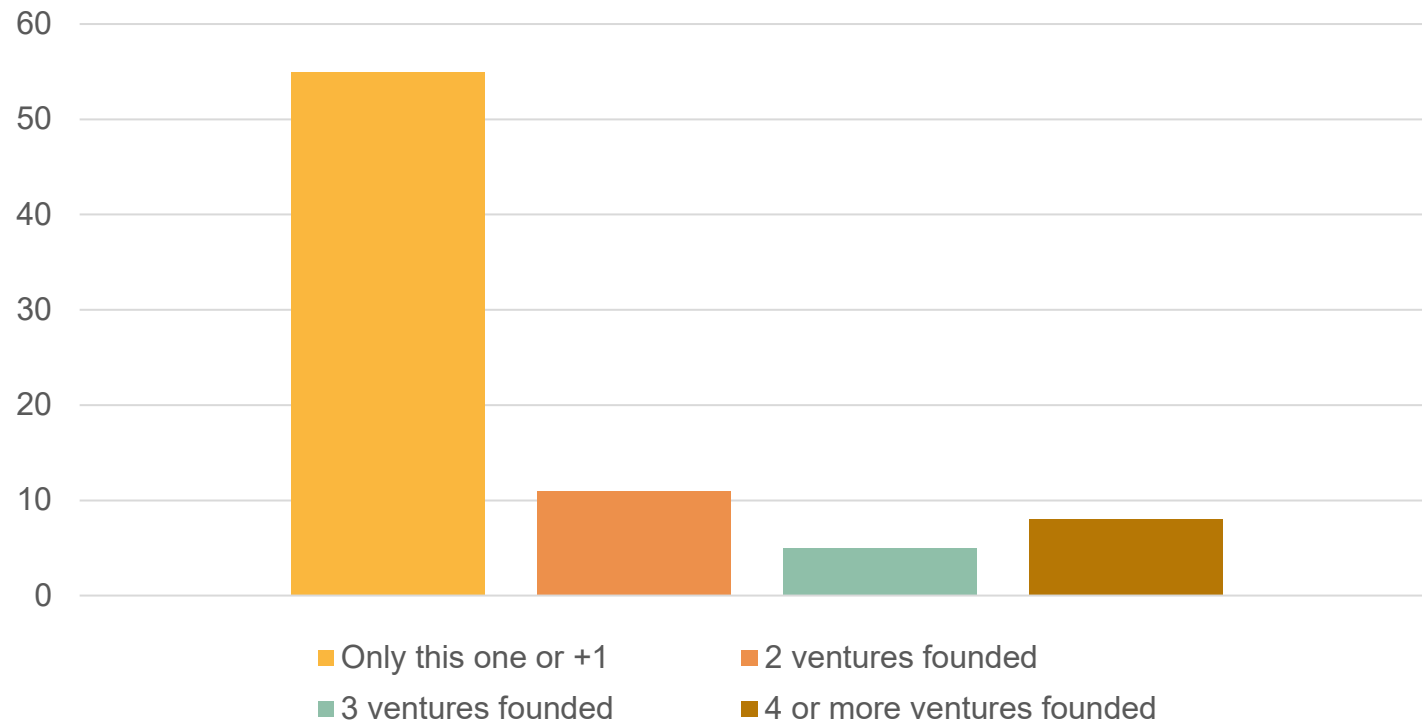
As also identified in this survey, the formal educational background does not only partially allow to draw conclusions on the actual position of a specific founder in his/her venture.

The most prominent function of founding team members assumed in their startups is **“Strategic Management” (26%)** which highlights the necessity to shape the newly founded venture by its core team members. The second most common function –pointing to a clear **market orientation** of HSG SpinOffs- is **“Product Development” (21%)**.

Diversity of the founding team: Number of startup founded

Prior experience as an entrepreneur

55 of the 79 founders interviewed in this survey depicted that the current startup has either been their first or at maximum second venture founded. **30%** of the founding team members can be clustered as **serial entrepreneurs** with two or more previously founded ventures. Being a serial entrepreneur goes hand in hand with entrepreneurial learning and higher success rates (Eggers & Song, 2015).

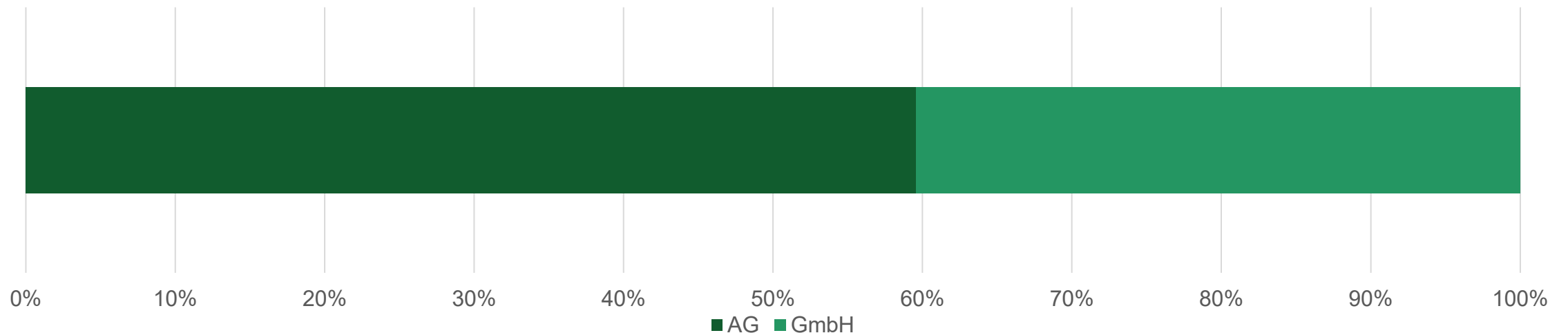


Legal structure of SpinOffs

AG (public limited company) is most common, followed by GmbH (limited liability company)

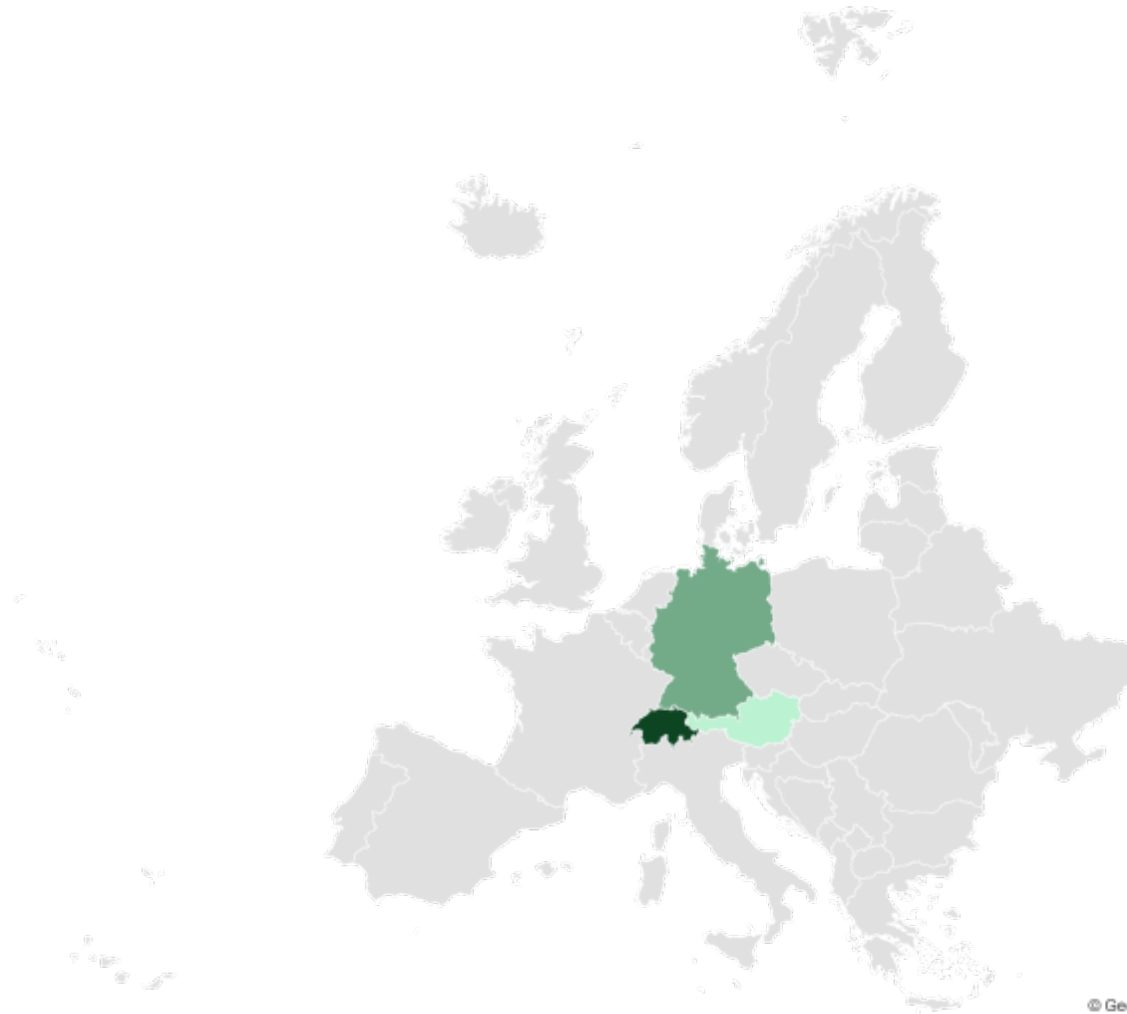
The **high prevalence** of the **AG** as a legal form (**59.6%**) is due to the particularly favorable conditions for founding this legal form in Switzerland. In an international comparison, relatively lesser start-up capital is required, while all the advantages, such as good divisibility of company shares, are retained.

Both legal forms offer good starting conditions for **investment by external investors** by ensuring a basic legal structure, voting rights and the clear division of ownership.



HSG SpinOffs in EUROPE

Operational focus of HSG SpinOffs in Europe is on Switzerland (83%), Germany (62%) and Austria (47%)



HSG SpinOffs worldwide

