

HSG Spin-Off Barometer 2020

How startups use their skills to survive the crisis

The HSG Spin-Off Label



Since 2017, the University of St.Gallen has been awarding a Spin-off label under the supervision of the Center for Entrepreneurship.

This label is intended to build and promote the entrepreneurial community at HSG. It distinguishes entrepreneurship and innovation, credibility and trust as well as accountability and sustainability.

Spin Off
University of St. Gallen



HSG Spin-Off Barometer 2020 - SUMMARY

Subject of the survey is to assess startups' reactions to corona crisis

The coronavirus crisis has affected all areas of life and business. The survey intended to assess how important stakeholders of startups react in times of this crisis. In addition, we intended to identify how startups specifically use their skills to find and build successful strategies and to identify new opportunities under adverse conditions.



Survey period: June - July 2020



Response rate: 30 %



of participants: 40 startups



Used tool: typeform



HSG Spin-Off Barometer 2020 - SUMMARY

Corona crisis affects startups in different ways - mostly negative

- **43 %** with **decrease**, **5 %** with **increase** in revenue caused by Covid-19 crisis
- **7 %** had to **dismiss employees**, **20 %** were recruiting additional employees (total: 49 persons)
- For **43%** of the startups **new sustaining opportunities** resulted out of the crisis
- **27 %** conducted a **business model adaptation**



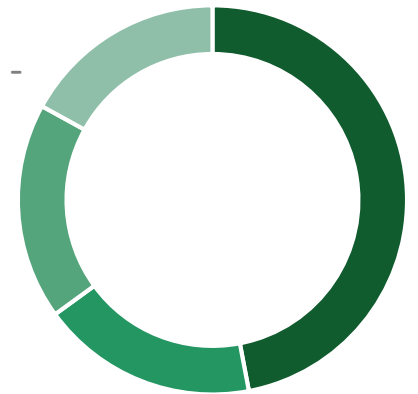
Resilience factors: Founder team, employees, customers and board of directors as most important source of support



An innovative environment has been key to get inputs and new ideas on how to overcome the coronavirus crisis from different stakeholders

Source of financing during Corona crisis -
Founder, Family & Friends as most important source for capital

- Bootstrapping and/or FFF
- Seed investment
- Angel and/or VC investment
- Other (or not specified)



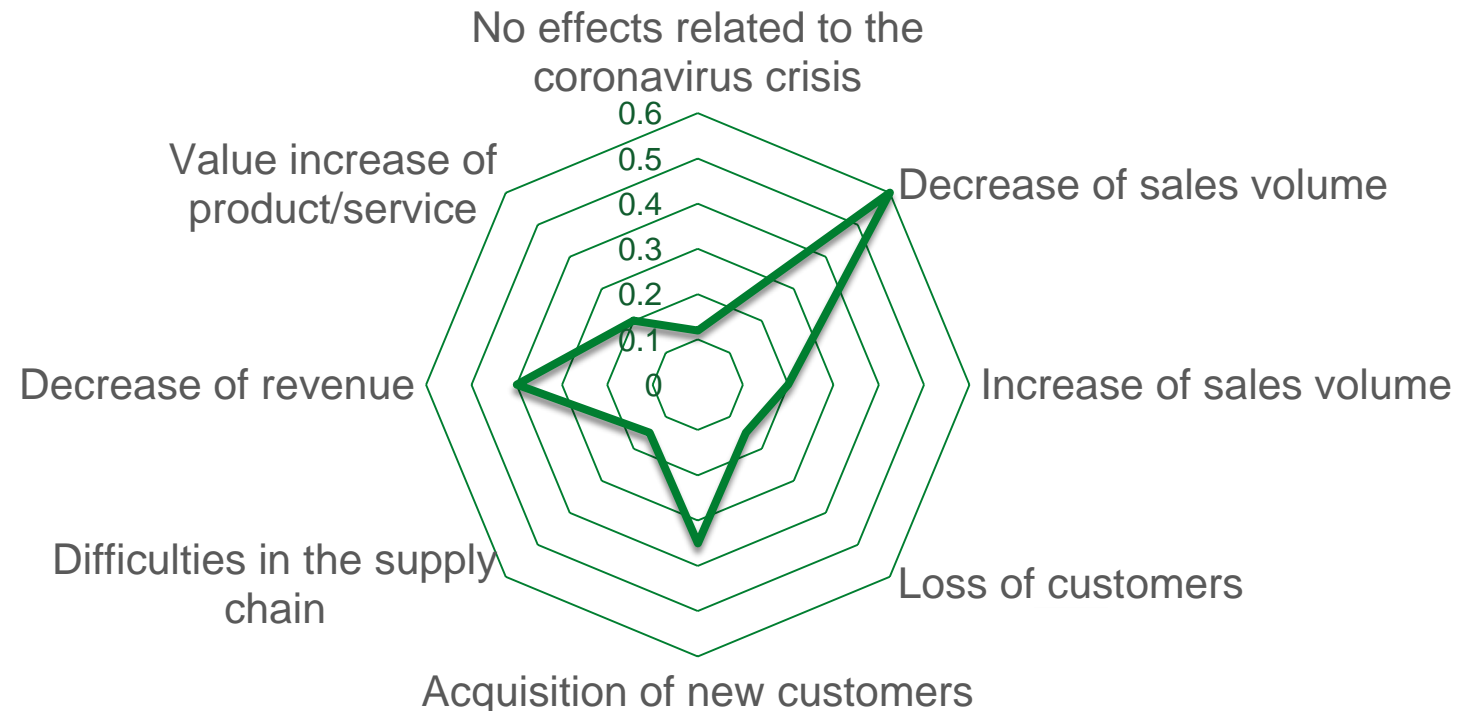
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Effects of Corona crisis on HSG Startups

Effects on startups

The majority of startups has been affected - predominantly negative

- Only **12 %** of startups have **not been affected** by the crisis
- Most mentioned effect was **decrease of sales volume (60 %)**

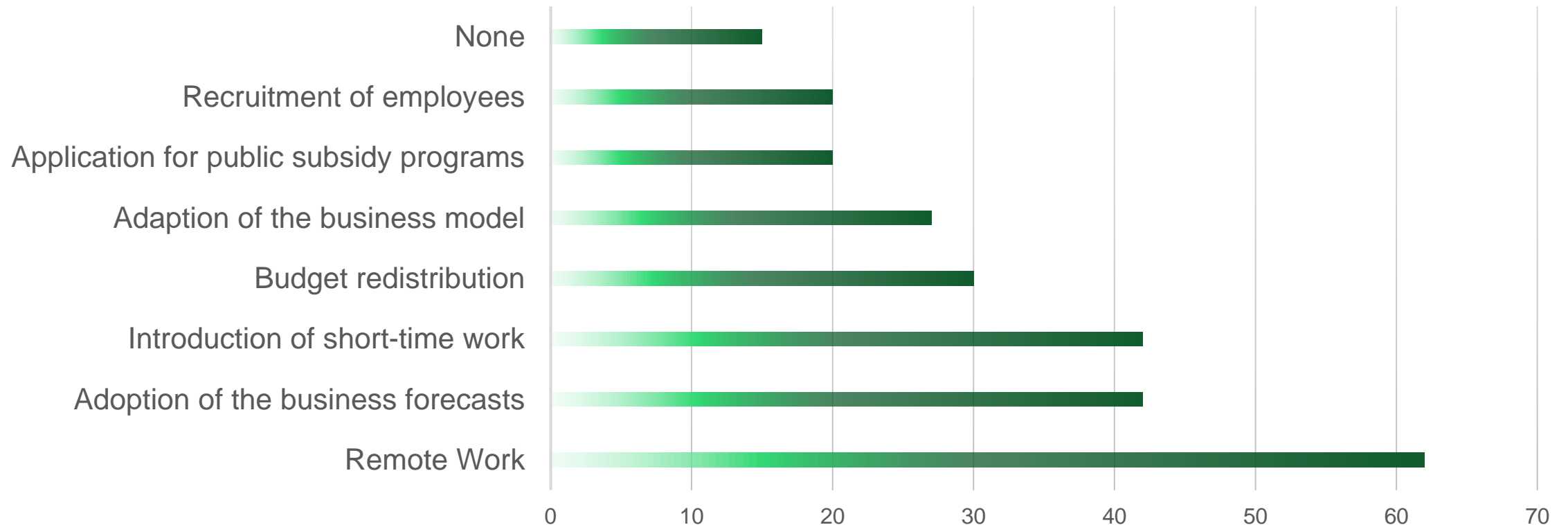


Applied measures

Remote Work has been the most common measure to adapt to the crisis



More than every fourth startup has adapted its business model



New opportunities

Vast majority of start-ups were able to draw new opportunities from the crisis

- For **43%** of the startups **new sustaining opportunities** resulted out of the crisis
- For **47 %** new opportunities arised, but those will most likely disappear after the crisis
- Most startups started to focuse more on digital solutions (online marketing, online sales etc.) which will likely sustain the crisis

"Postpone services on site, digital sales & marketing"

"Introduced a new product feature (purely online events)"

"Moved to remote selling; engaged heavily with online tutorials and seminars with existing clients"

"by offering what customer want exactly - national products"

"Increase of focus on home delivery convenience. Increase of advertising on social media as people spend more time there."

"internal increase in knowledge regarding online marketing and high speed trouble shooting"

"New customer acquisition only through recommendation scheme"

"Less personal contact"

"Make more use of online marketing"

"try to offer online services + online purchase"

Initiating new ideas for startup support

Concepts for overcoming the crisis came mainly from the founders or employees

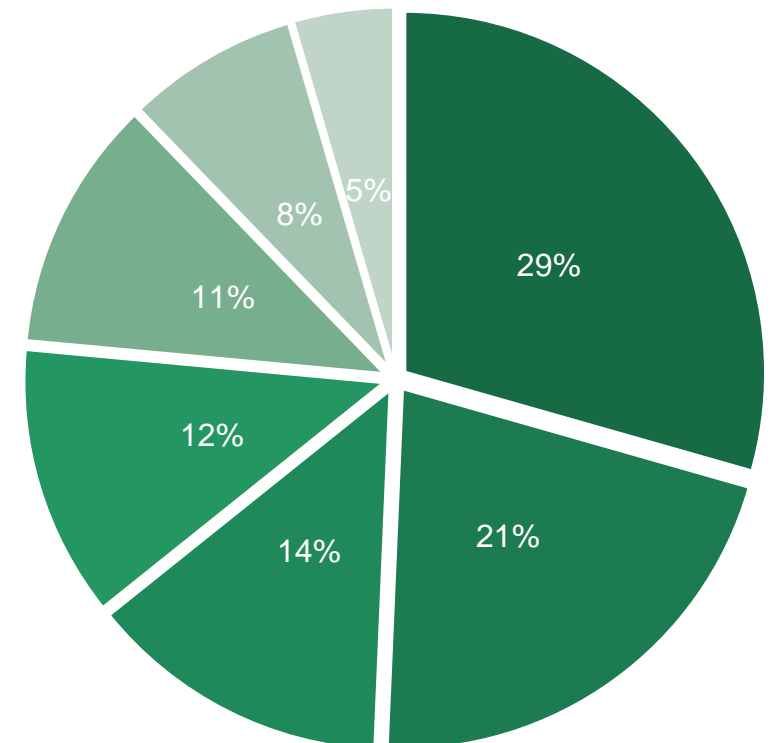


Startups show **strong action orientation**: 80 % of ideas have been implemented



High level of effectiveness: 85 % of ideas implemented helped to manage the crisis

- Co-Founders
- Employees
- C-Level Management
- Customers
- Board of Directors
- Investors
- Advisory Board

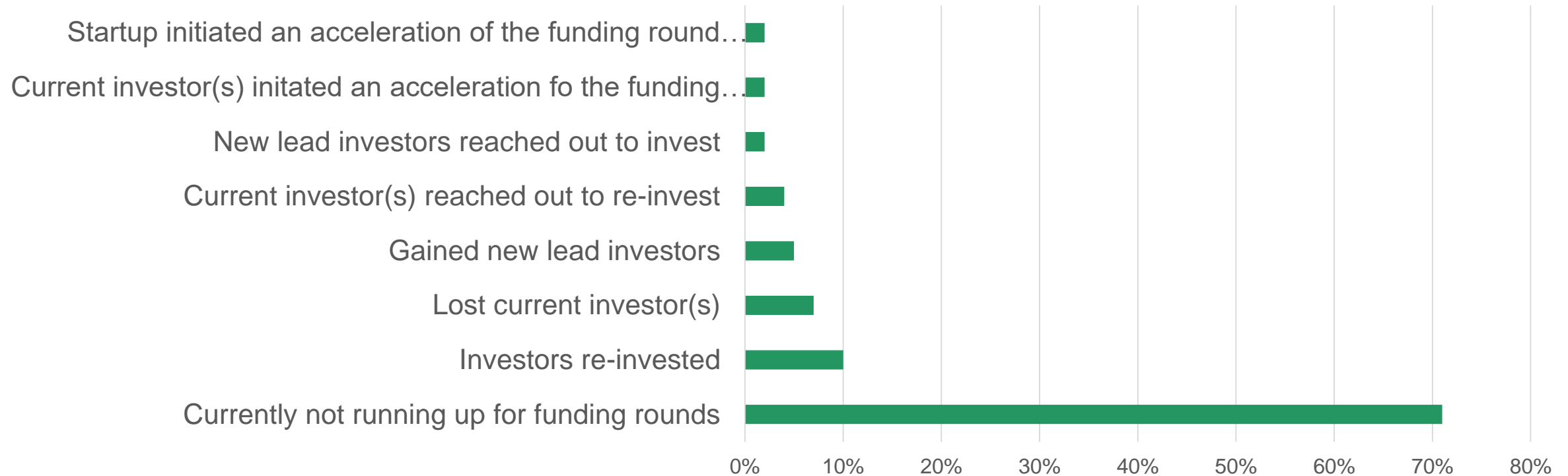


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Reaction of Investors

Reaction of investors regarding investment

10 % of investors re-invested in prior investments, 7 % of startups lost their investors

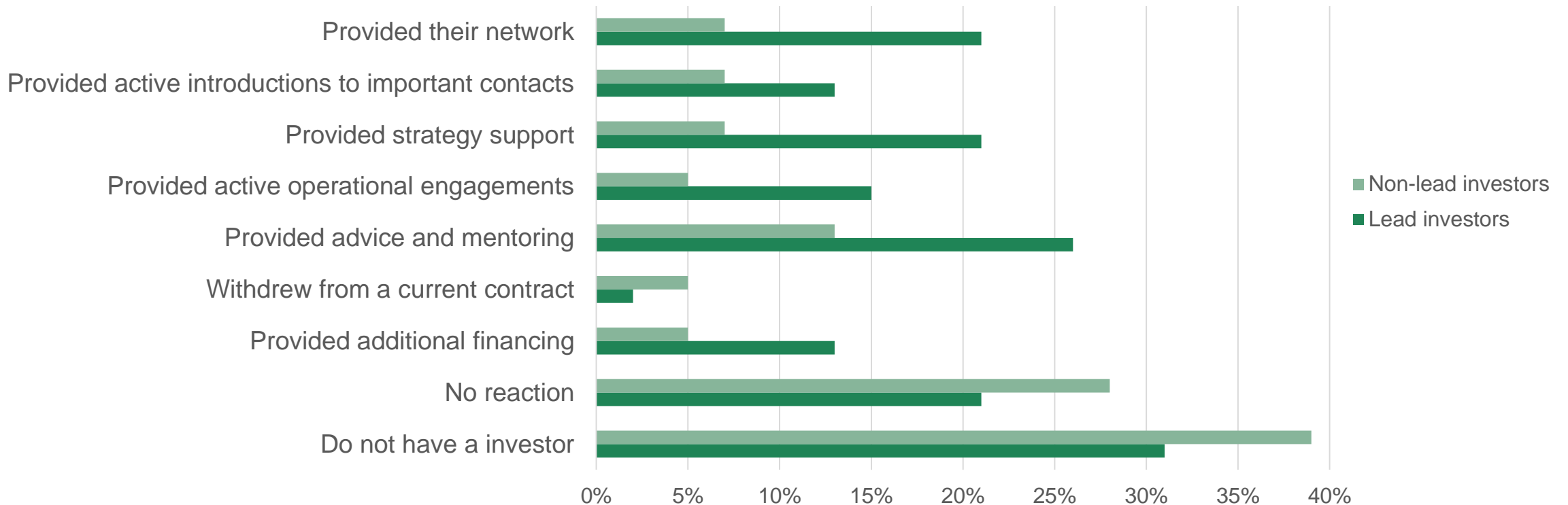


Reaction of investors regarding non-investment

Lead investors to show greater support than non-lead investors



37% of the participating startups **asked** their **investors** actively **for support**

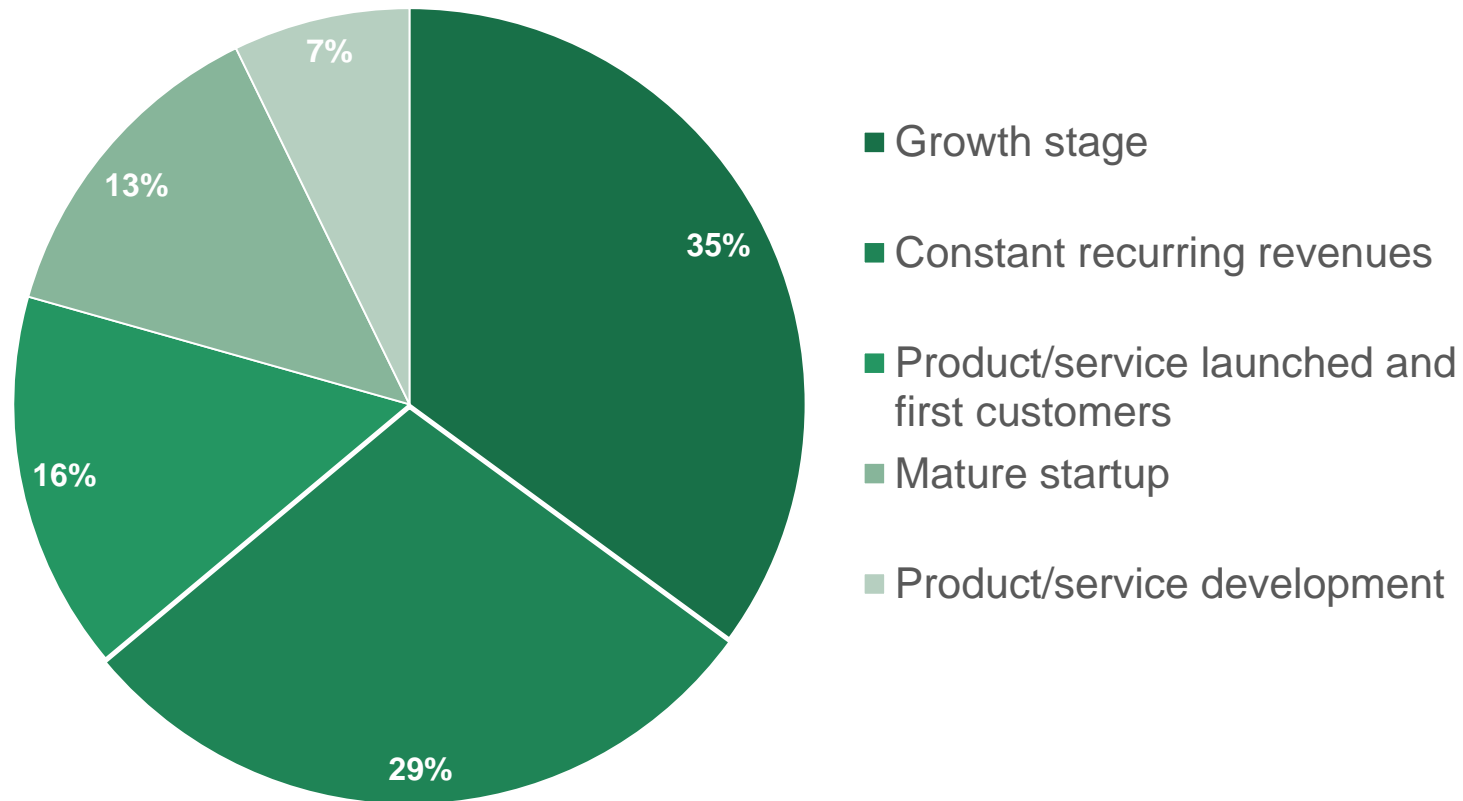


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About the startups

Stage of startups

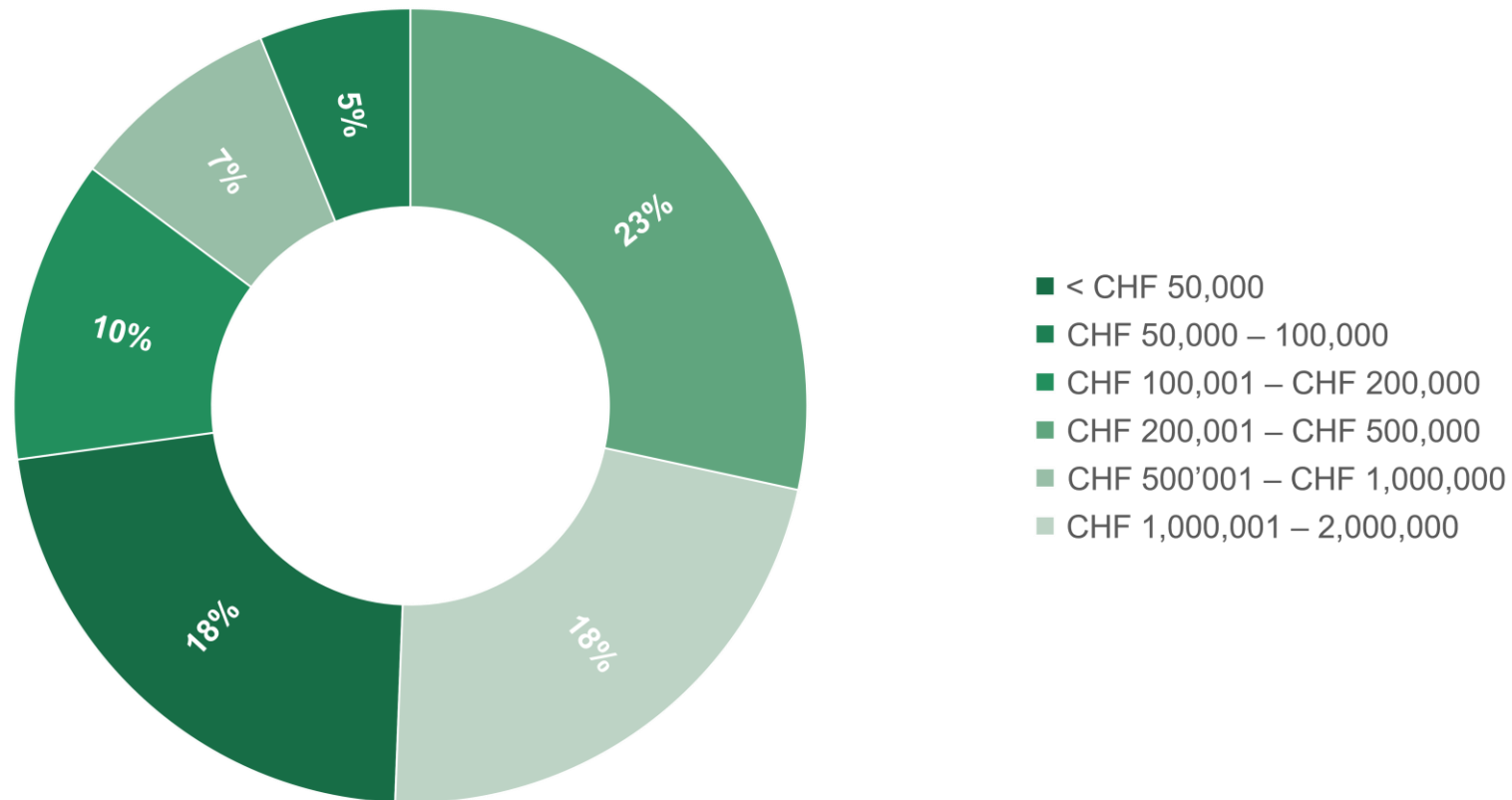
3 of 4 startups have constant recurring revenues or are in the Growth stage



Turnover in 2019

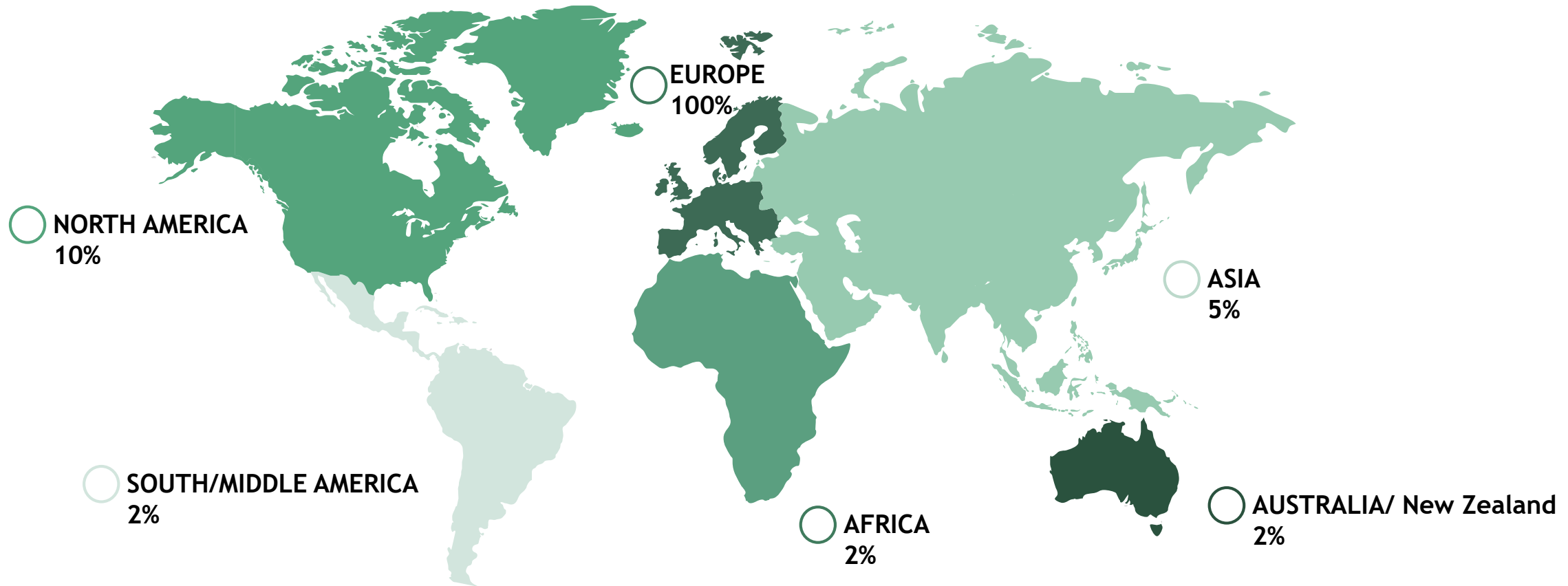
1/3 of the participating startups had an turnover higher than CHF 1,000,000

- **Despite of the crisis, HSG startups perform comparatively well:** In comparison to 2018, the share of startups with an annual revenue greater than CHF 500.000 has been growing by a total of 6 % to 41 %



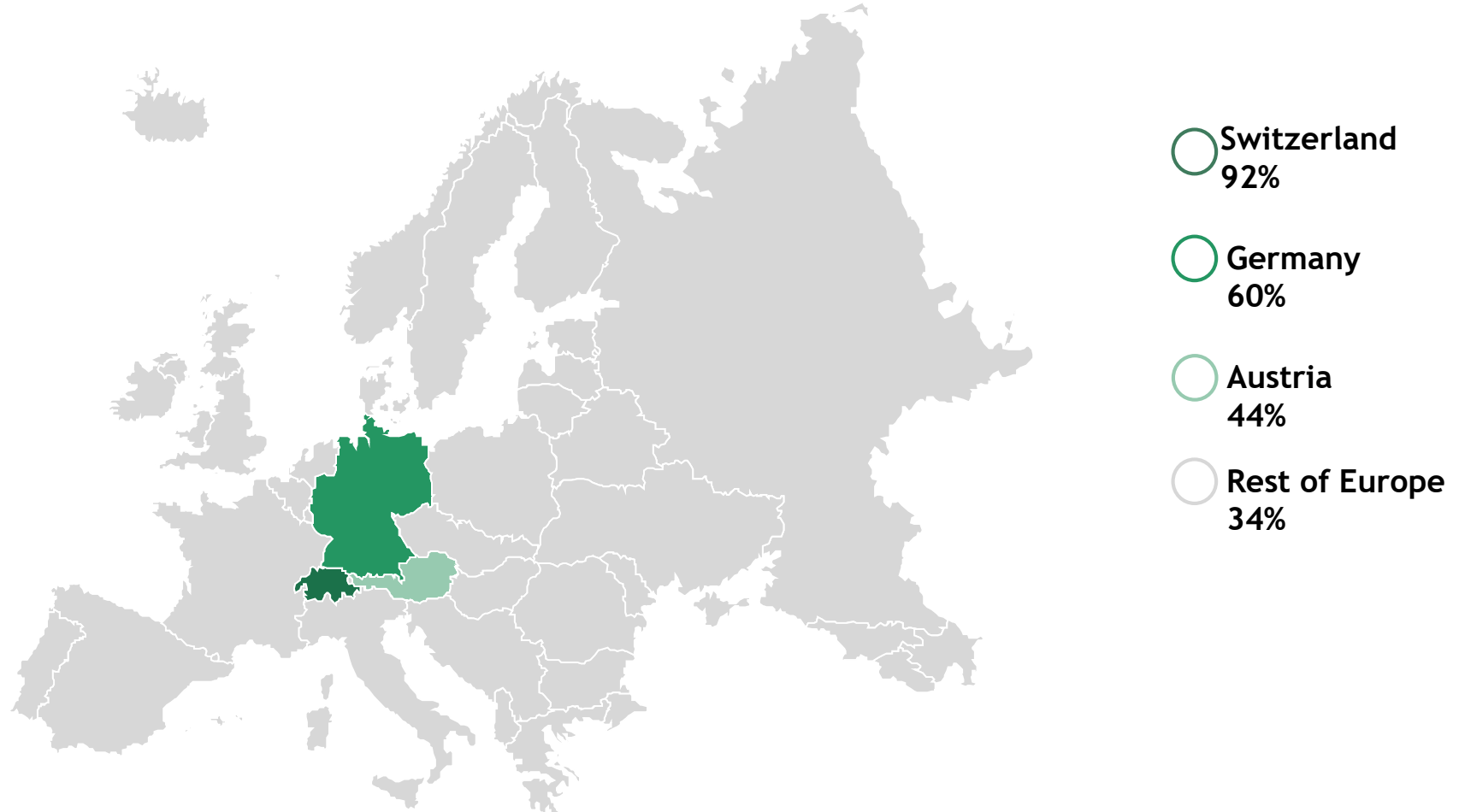
Regions of operation - worldwide

Spin offs operate globally with a strong focus on the European area, followed by the USA



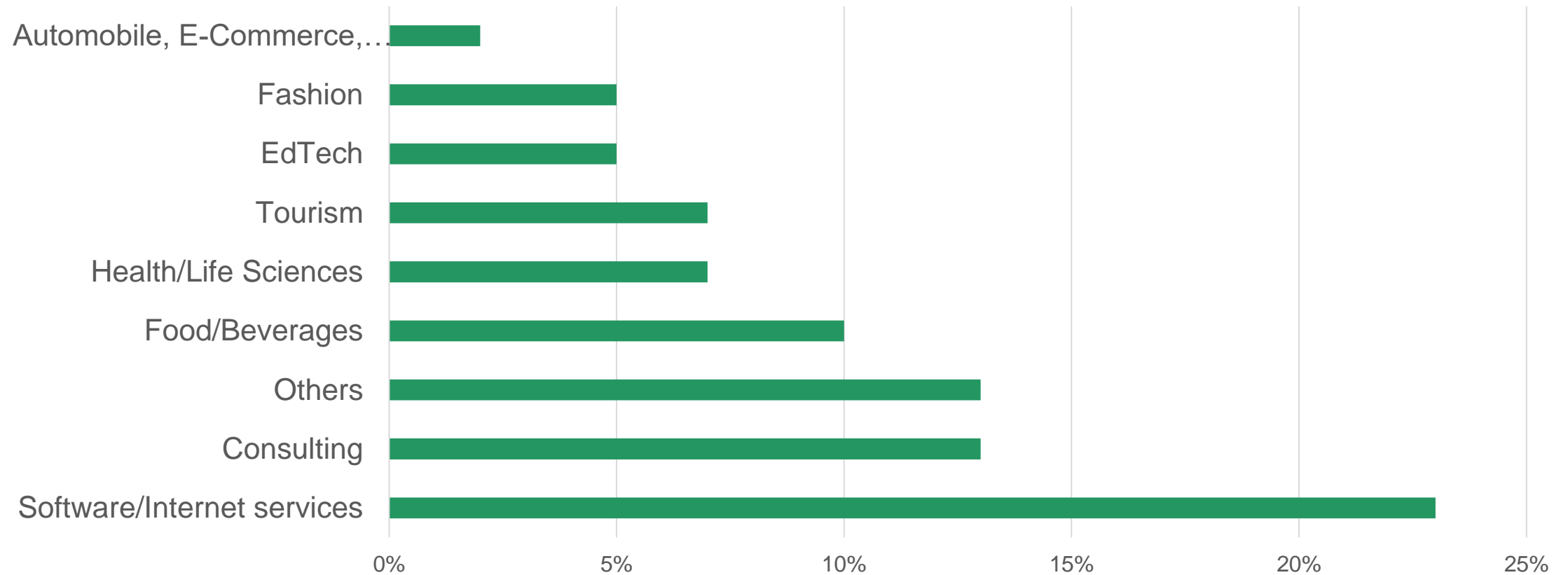
Regions of operation – European area

Within Europe business operations of spin offs are focused on the DACH region



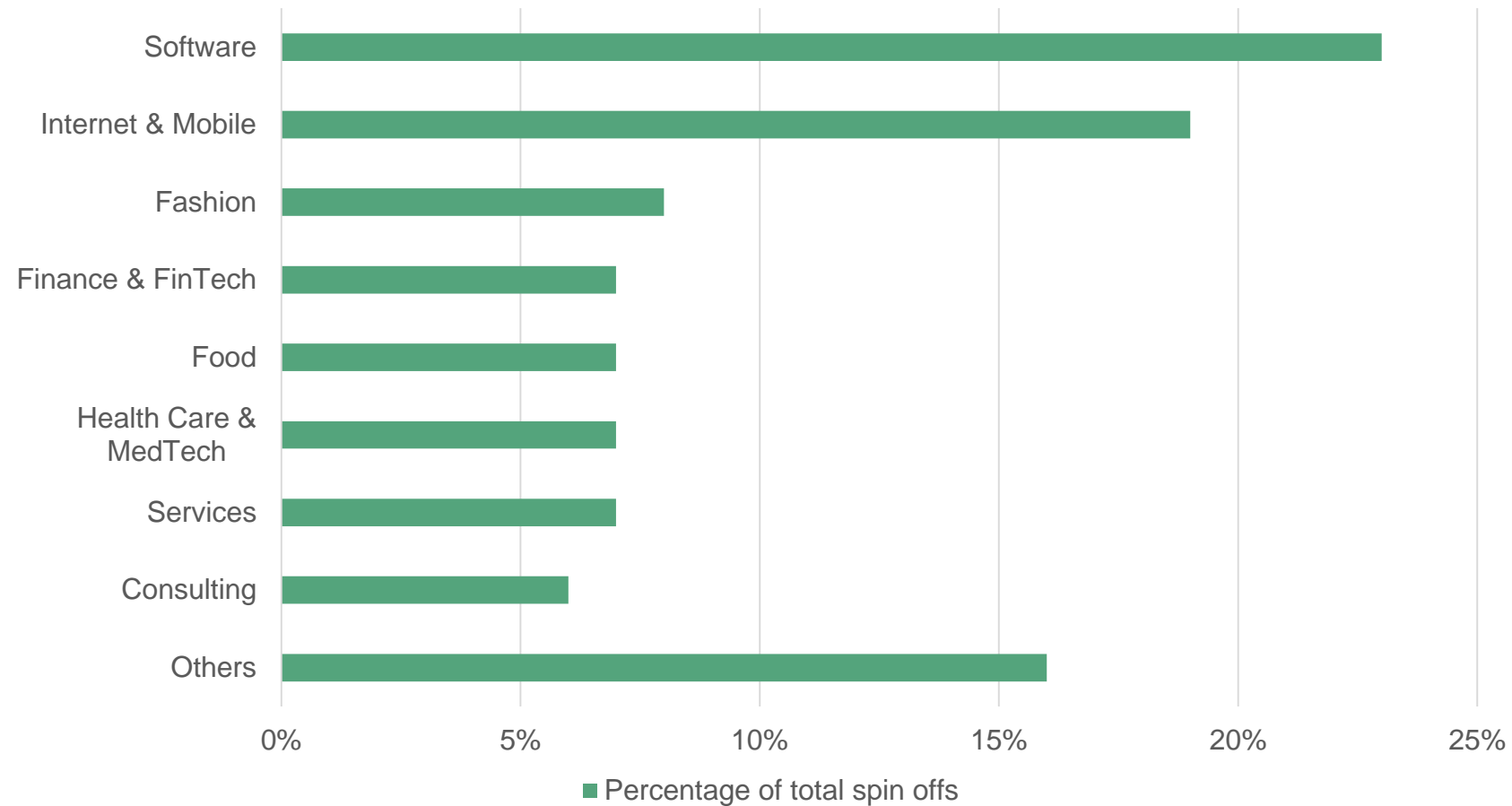
Industry focus of respondents in current survey 2020

Industry focus of spin offs are software and internet services



Industry focus of total HSG Spin Off community

HSG Spin Offs cover a broad range of different industry sectors



Employees and jobs created

Spin offs have been creating jobs for more than 1,370 employees in total

