Table of contents

1. ABOUT THE STUDY

2. PROFILE OF THE START-UPS AND FOUNDERS INCLUDED IN THE SURVEY

3. KEY FINDINGS
   3.1 Sustainable growth
   3.2 War on talent
   3.3 Going global
ABOUT THE STUDY

Quantitative & Qualitative Study by Telenet Kickstart and startups.be

Quantitative Survey among 512 Belgian startups (May-June 2017)

• Industry focus: telecom, marketing, sales and creative industries
• Reach: 74 responses received

Qualitative validation of survey results

• Interviews with 10 founders of startups out of the quantitative survey (June 2017)
• Expert round table with representatives out of the government, start-up, investor and corporate space (November 2017)

Overview of startups & experts interviewed: see Addendum1 (slide28)
30% are computer scientists
29% have a business background (MBA, finance, ...)
13% have a background in media & marketing

41% started the company between 25 and 34 years old
29% were between 35 and 44 years old
17% started-up while in the 45-54 age category

92% is a man
8% is a woman

45% of the founders already started at least one previous company.
PROFILE OF THE STARTUP

17% is less than 1 year old

75% is between 1 and 5 years old

8% is between 5 and 10 years old

8% in East Flanders

1% in Hainaut

21% in Brussels

11% in Brabant Wallon

25% in Antwerp

8% Flemish Brabant

7% in Limburg

3% in Liège
### Industry/Sector focus

- **Media & Entertainment (Social Media, Music, Gaming, Movies, Video ...)**
  - 40.79%
- **Creative Industries (Advertising, Architecture, Graphic design ...)**
  - 9.21%
- **Marketing & Sales (CRM, ManTech, AdTech ...)**
  - 15.79%
- **Messaging & Telecom (Comm, Messaging, Telecom ...)**
  - 13.16%
- **Other:**
  - 21.05%
- **Total**
  - 100%

### Profile of the Startup

- **36.19%** targets B2C
- **63.81%** of the startups targets B2B

- 36,19% targets B2C
- 63,81% of the startups targets B2B

- 36,19% targets B2C
- 63,81% of the startups targets B2B
3 KEY FINDINGS

3.1 SUSTAINABLE GROWTH

3.2 WAR ON TALENT

3.3 GOING GLOBAL
3.1 **SUSTAINABLE GROWTH**

An important issue for Belgian startups in telecom, media and entertainment

A large part of the Belgian start-up community is fragile

Factors slowing-up growth:
- Access to funding
- Recurring revenue
- A disconnect between startups and corporates
- A lack of ambition
## 3.1 Sustainable Growth

### Key blocking factors for growth

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition (local and international)</td>
<td>10.53%</td>
</tr>
<tr>
<td>Partners/incompatibility of partners</td>
<td>7.89%</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>3.51%</td>
</tr>
<tr>
<td>Legislation</td>
<td>5.70%</td>
</tr>
<tr>
<td>Technology</td>
<td>2.63%</td>
</tr>
<tr>
<td>Scalability/scale/growth strategy</td>
<td>8.33%</td>
</tr>
<tr>
<td>Business model</td>
<td>7.02%</td>
</tr>
<tr>
<td>Funding/cash problems/limited budget</td>
<td>22.37%</td>
</tr>
<tr>
<td>Customer acquisition</td>
<td>10.53%</td>
</tr>
<tr>
<td>Product/market fit</td>
<td>8.77%</td>
</tr>
<tr>
<td>Accounting/bookkeeping</td>
<td>1.32%</td>
</tr>
<tr>
<td>Break-even/profitable</td>
<td>2.63%</td>
</tr>
<tr>
<td>Ownership/equity</td>
<td>0.44%</td>
</tr>
<tr>
<td>IP strategy</td>
<td>0.44%</td>
</tr>
<tr>
<td>Customer service</td>
<td>3.07%</td>
</tr>
<tr>
<td>Gender gap</td>
<td>0.00%</td>
</tr>
<tr>
<td>Pivot/methodology</td>
<td>1.75%</td>
</tr>
<tr>
<td>Other</td>
<td>3.07%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

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### Revenue growth rate: 1/4 grows with a ratio of less than 10 percent a year

<table>
<thead>
<tr>
<th>Growth Rate</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10%</td>
<td>23.68%</td>
</tr>
<tr>
<td>10-20%</td>
<td>18.42%</td>
</tr>
<tr>
<td>20-50%</td>
<td>14.47%</td>
</tr>
<tr>
<td>50-75%</td>
<td>9.21%</td>
</tr>
<tr>
<td>75-100%</td>
<td>5.26%</td>
</tr>
<tr>
<td>100-150%</td>
<td>10.53%</td>
</tr>
<tr>
<td>150-200%</td>
<td>3.95%</td>
</tr>
<tr>
<td>200%-300%</td>
<td>5.26%</td>
</tr>
<tr>
<td>300%+</td>
<td>9.21%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

---

Revenue growth rate: 1/4 grows with a ratio of less than 10 percent a year.
3.1 SUSTAINABLE GROWTH: ACCESS TO FUNDING

There is a shortage in funding streams which slows down growth

Startups have difficulties raising enough money to be able to grow fast at an international scale

“There’s no money shortage in Belgium. We have quite a few ‘older’ financial flows and financial sources in our country. A big part of that money goes into real estate, for instance. Risks are smaller there, so the question is how to make sure that for every million that goes into real estate, we have 50,000 going to startups.”

Alexander De Croo
(Federal Minister Digital Agenda)
3.1 SUSTAINABLE GROWTH: ACCESS TO FUNDING

61% of the startups had access to external funding

39% had no access to external funding

Where is funding coming from:
- Incubator: 8.09%
- Accelerator: 2.94%
- Business angel(s): 19.12%
- Venture capitalist/investment fund: 5.15%
- Government: 16.18%
- Partner company/partner institution: 2.94%
- Bank: 13.24%
- Crowdfunding: 3.68%
- Friends/Family: 15.44%
- Other: 13.24%

Total: 100%

70% of the companies has never participated in an incubator or accelerator program, and are no university spinoff.
### 3.1 Sustainable Growth: Recurring Revenue

Almost half of the startups has an annual revenue of less than €100,000

<table>
<thead>
<tr>
<th>Revenue per year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-100k€</td>
<td>46.05%</td>
</tr>
<tr>
<td>100-300k€</td>
<td>26.32%</td>
</tr>
<tr>
<td>300-500k€</td>
<td>9.21%</td>
</tr>
<tr>
<td>500-750k€</td>
<td>7.89%</td>
</tr>
<tr>
<td>750k-1M€</td>
<td>5.26%</td>
</tr>
<tr>
<td>1-1.5M€</td>
<td>0.00%</td>
</tr>
<tr>
<td>1.5M-2M€</td>
<td>1.32%</td>
</tr>
<tr>
<td>2+M€</td>
<td>3.95%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

“Startups cannot accept a revenue of 100,000 euro for a long time. It’s ok for the first year, but it definitely becomes a problem after five years. You’re not a digital startup when you do this for years in a row.”

Georges Caron (Piximate)
3.1 SUSTAINABLE GROWTH: RECURRING REVENUE

Recurring revenue is one of the most important issues to be tackled

Factors hindering startup growth:
• Long sales cycles
• Slow decision making processes
• Payment terms up to 90 business days at corporates and government institutions

“Recurring revenue is more important than funding. Recurring revenue eases all the next steps you should take as a starting company. When you receive too much money in the beginning, you start resting on your laurels.”

Michel De Wachter (Spott)
Startups don’t speak the same language as corporates

A few startups referred to Belgian VCs as being too conservative in their valorization of startups

Others expressed their concern about a perceived lack of interest among corporates in small companies and their solutions
3.1 SUSTAINABLE GROWTH: A DISCONNECT WITH CORPORATES

“Try to negotiate with corporates about exceptions for startups. That’s often hard, but it’s not impossible! If you deal with someone in the corporate that understands startups, there are a lot of opportunities.”

Erik Vervloet (Telenet)

“Shorten the sales cycle to close deals faster. We managed to go from 60 to 30 days with one of our clients. We want something in return for our work, otherwise you’ll kill us, and nobody wins.”

Georges Caron (Piximate)

“Without a structural recurring revenue, this can be a problem. We once had a big telco as a client, and more than one year after an initial agreement to cooperate, they concluded they could not work with us due to an issue with their set top boxes. That’s why it is so important to focus on recurring revenue from the very beginning!”

Michel De Wachter (Spott)
“I don’t think there is a huge disconnect between corporates and startups. All the big corporates are doing something with startups, with incubators, with internal funds, with innovation hubs. That was completely different five years ago. But the journey isn’t finished. The language between corporates and startups needs to be clearer, mechanisms must be put in place to see which models work.”

Bart Vanhaeren (KBC Securities)

“Solution for B2C startups and for startups in general could be to work more closely together with corporates. Corps should try to become a client faster. Again: first recurring revenue is important for a startup. Banks or telcoes could help with the distribution of startup products. Great for cash flow and internationalization.”

Michel De Wachter (Spott)

“Telenet is very interested in new tech, but the problem that we see is that startups often are ill prepared when they come to us. Their pitches are not good enough, and they don’t really understand what we need as a media-company.”

Erik Vervloet (Telenet)
3.1 SUSTAINABLE GROWTH:
A LACK OF AMBITION

The lack of ambition among startups is reflected in the results of the survey:

- 37% of the startups has no foreign revenue
- 25% refers to a revenue coming from abroad of 1 to 25%
- When looking at recruitment in the next year, 46% of the surveyed startups speaks in numbers of 1 to 3
### 3.1 SUSTAINABLE GROWTH: A LACK OF AMBITION

#### Percentage of revenue raised abroad

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Raised Abroad</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>36.84%</td>
</tr>
<tr>
<td>1-25%</td>
<td>25.00%</td>
</tr>
<tr>
<td>25-50%</td>
<td>10.53%</td>
</tr>
<tr>
<td>50-75%</td>
<td>15.79%</td>
</tr>
<tr>
<td>75-100%</td>
<td>11.84%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### Recruitment in next year (in # employees)

<table>
<thead>
<tr>
<th>Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>46.05%</td>
</tr>
<tr>
<td>3-5</td>
<td>26.32%</td>
</tr>
<tr>
<td>5-10</td>
<td>18.42%</td>
</tr>
<tr>
<td>10-15</td>
<td>3.95%</td>
</tr>
<tr>
<td>15-20</td>
<td>1.32%</td>
</tr>
<tr>
<td>20+</td>
<td>3.95%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
“Most of the Belgian startups are too conservative in their thinking. They don’t look abroad fast enough, but they should! Growing with ten percent a year is not acceptable when you’re a startup. Where does this lack of ambition come from? Is it in our culture? Is it due to our education? Our entrepreneurs also lack confidence, but you have to be confident when you want to accomplish something. Clients must get the feeling that you know what you’re talking about.”

Alexander De Croo (Federal Minister Digital Agenda)
3.2 WAR ON TALENT: CURRENT STATUS

Factors harming the sustainable growth of startups on a global scale:

- A lack in staffing resources
- Funding and revenue shortages

63% of the startups is relying on a team up to 5 employees

Current number of employees

- 1-3: 38%
- 3-5: 25%
- 5-10: 24%
- 10-15: 8%
- 15-20: 1.3%
- 20-30: 2.6%
- 30-50: 1.3%
- 50-75: 1.3%
- 75-100: 1.3%
- +100: 1.3%
3.2 WAR ON TALENT: CURRENT STATUS

“Our startups fear the consequences of having too much people on the payroll and burning cash. They try to do as much as possible with a small team and then, when the market improves, they don’t have the right people in the right place.”

Karen Boers (Startups.be)
There’s a real war for talent going on, not only in Belgium, but in Europe as a whole. Startups have a hard time finding the right profiles. Attracting talent is costly, especially for young startups that still need to build their reputation.

Startups are looking for:

- Technical profiles: 35%
- Marketing profiles: 17%
- Sales people: 15%
### 3.2 War on Talent: Most Wanted Profiles

<table>
<thead>
<tr>
<th>Most wanted profiles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web developers</td>
<td>13.92%</td>
</tr>
<tr>
<td>Mobile developers</td>
<td>10.26%</td>
</tr>
<tr>
<td>Other technical profiles</td>
<td>12.45%</td>
</tr>
<tr>
<td>Commercial profiles</td>
<td>11.36%</td>
</tr>
<tr>
<td>Marketing profiles</td>
<td>17.22%</td>
</tr>
<tr>
<td>Communication profiles</td>
<td>9.16%</td>
</tr>
<tr>
<td>Sales profiles</td>
<td>15.38%</td>
</tr>
<tr>
<td>Administrative personnel</td>
<td>7.69%</td>
</tr>
<tr>
<td>Other</td>
<td>2.56%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### Profiles Most Difficult to Be Found on the Market

<table>
<thead>
<tr>
<th>Profiles most difficult to be found on the market</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web developers</td>
<td>20.00%</td>
</tr>
<tr>
<td>Mobile developers</td>
<td>16.00%</td>
</tr>
<tr>
<td>Other technical profiles</td>
<td>21.60%</td>
</tr>
<tr>
<td>Commercial profiles</td>
<td>3.20%</td>
</tr>
<tr>
<td>Marketing profiles</td>
<td>8.80%</td>
</tr>
<tr>
<td>Communication profiles</td>
<td>4.80%</td>
</tr>
<tr>
<td>Sales profiles</td>
<td>17.60%</td>
</tr>
<tr>
<td>Administrative personnel</td>
<td>1.60%</td>
</tr>
<tr>
<td>Other</td>
<td>6.40%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
3.3 GOING GLOBAL: CURRENT STATUS

In a small and fragmented local Belgian market, going global is a must for startups in order to sustainably grow their business.

<table>
<thead>
<tr>
<th>Percentage of turnover raised abroad</th>
<th>0%</th>
<th>36.84%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-25%</td>
<td>25.00%</td>
<td></td>
</tr>
<tr>
<td>25-50%</td>
<td>10.53%</td>
<td></td>
</tr>
<tr>
<td>50-75%</td>
<td>15.79%</td>
<td></td>
</tr>
<tr>
<td>75-100%</td>
<td>11.84%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
</tr>
</tbody>
</table>

84.21% has no international office
15.79% has an international office

37% of the startups has no foreign revenue
3.3 GOING GLOBAL: STUMBLING BLOCKS

Most important stumbling blocks for international growth:

- Insufficient resources: 23.50%
- Wrong partners: 15.30%
- Inefficient marketing strategy: 13.66%

stumbling blocks for international growth

- Time difference: 4.37%
- Tax & legal issues: 7.65%
- Language & cultural barriers: 8.74%
- Insufficient resources to make a difference: 23.50%
- Wrong partners: 15.30%
- Poor follow-up of metrics, bad data analysis: 3.28%
- Bad due diligence. Not doing your homework: 7.65%
- Inefficient marketing strategy: 13.66%
- Limited potential customers: 4.37%
- Attracting the wrong profiles: 5.46%
- Too much competition: 3.28%
- Other: 2.73%

Total: 100%
3.3 GOING GLOBAL: PUTTING BELGIUM ON THE MAP

A need for:

- Extra marketing efforts to put Belgium on the map as a startup nation
- More high scale events to sell Belgian startups to the world

European countries leading the way:

- Finland: Slush
- The Netherlands: The Next Web, Startup Delta
- Portugal: Web Summit

It is time for Belgium to catch up!
3.3 GOING GLOBAL: PUTTING BELGIUM ON THE MAP

“Three years ago we asked ourselves the question if we would need big startup events in Belgium, as a sort of promo tool. Back then, we felt that it was too soon, that we didn’t have enough to showcase. It’s certainly true that a lot has changed, and that maybe we should reconsider this.”

Alexander De Croo (Federal Minister Digital Agenda)

“A big startup event is the best marketing tool to put Belgium on the map as startup nation. But when you want to organize a good event, you need all the stakeholders on board, and you need an international flavor.”

Bart Vanhaeren (KBC Securities)
ADDENDUM: OVERVIEW OF STARTUPS AND EXPERTS INTERVIEWED

Qualitative interviews
- Georges Caron - Piximate (intelligent photo app)
- Chandra De Keyser - MoodMe (augmented reality app)
- Jeroen Janssen - Happy Volcano (videogame studio)
- Ruth Janssens - SmallTeaser (publishing platform)
- Peter Leclercq - neoScores (digital sheet music)
- Theo Marescaux - Muuselabs (Jooki, jukebox for children)
- Karlis Skuja - Botwiser (chatbots, bots as a service, ...)
- Michel Tombroff - Jack (social media, slow messaging)
- Pieter Van Leugenhagen - Yondr (virtual reality provider)

Expert Round Table
- Karen Boers, CEO Startups.be
- Georges Caron, Co-founder Piximate
- Alexander De Croo, Federal Minister ‘Digital Agenda’
- Michel De Wachter, Co-founder & Co-CEO Spott
- Laurent Hublet, Digital Belgium
- Yves Petit, Venture partner Volta Ventures
- Bart Vanhaeren, CEO KBC Securities
- Gérôme Vanherf - Wallifornia, Leansquare
- Erik Vervloet, VP Business Development and Startup Acceleration Telenet
Thanks