


TELENET & STARTUPS.BE



TME Startup Study 2017





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1 ABOUT THE STUDY

**Quantitative & Qualitative
Study by Telenet Kickstart
and startups.be**

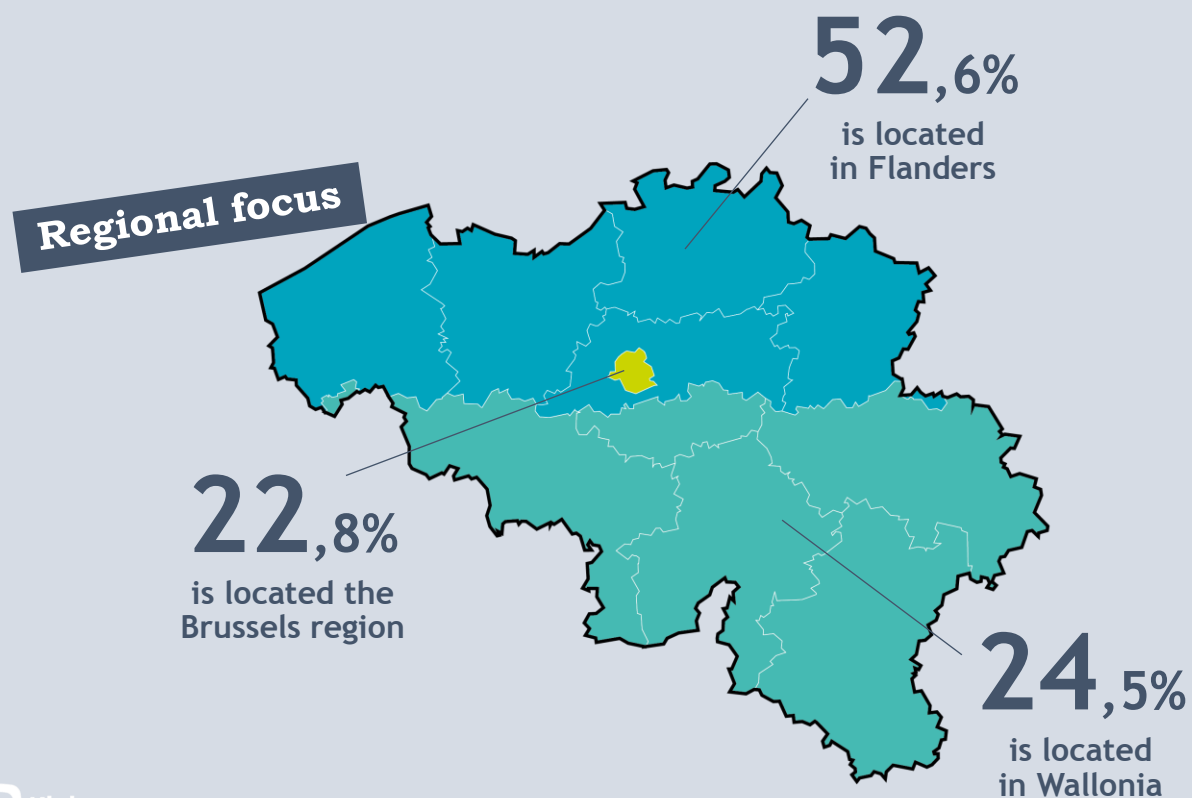
**Quantitative Survey among 512 Belgian
startups (May-June 2017)**

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

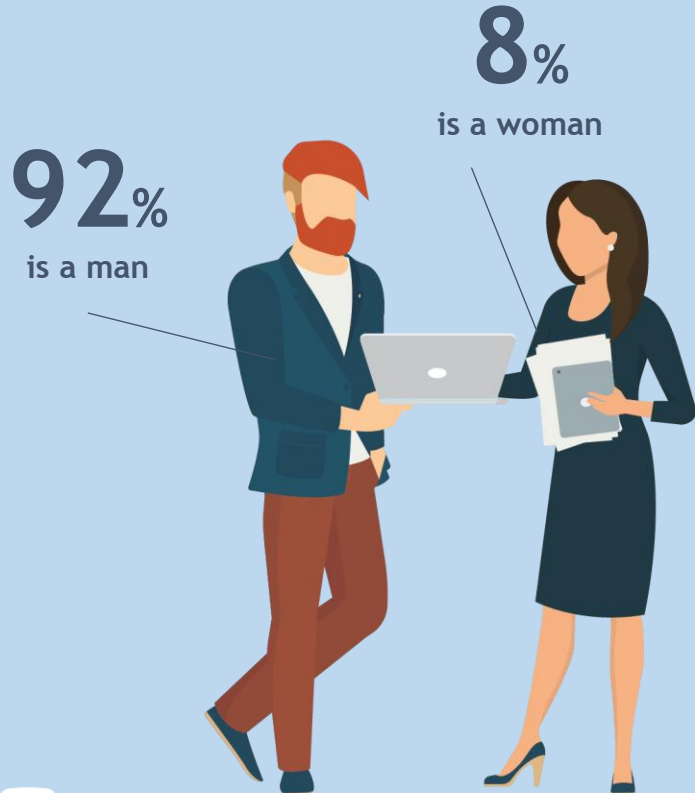
Qualitative validation of survey results

- 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)



2 PROFILE OF THE FOUNDER



45%
of the founders
already started at
least one previous
company.

30% are computer scientists
29% have business background (MBA, finance, ...)
13% has 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

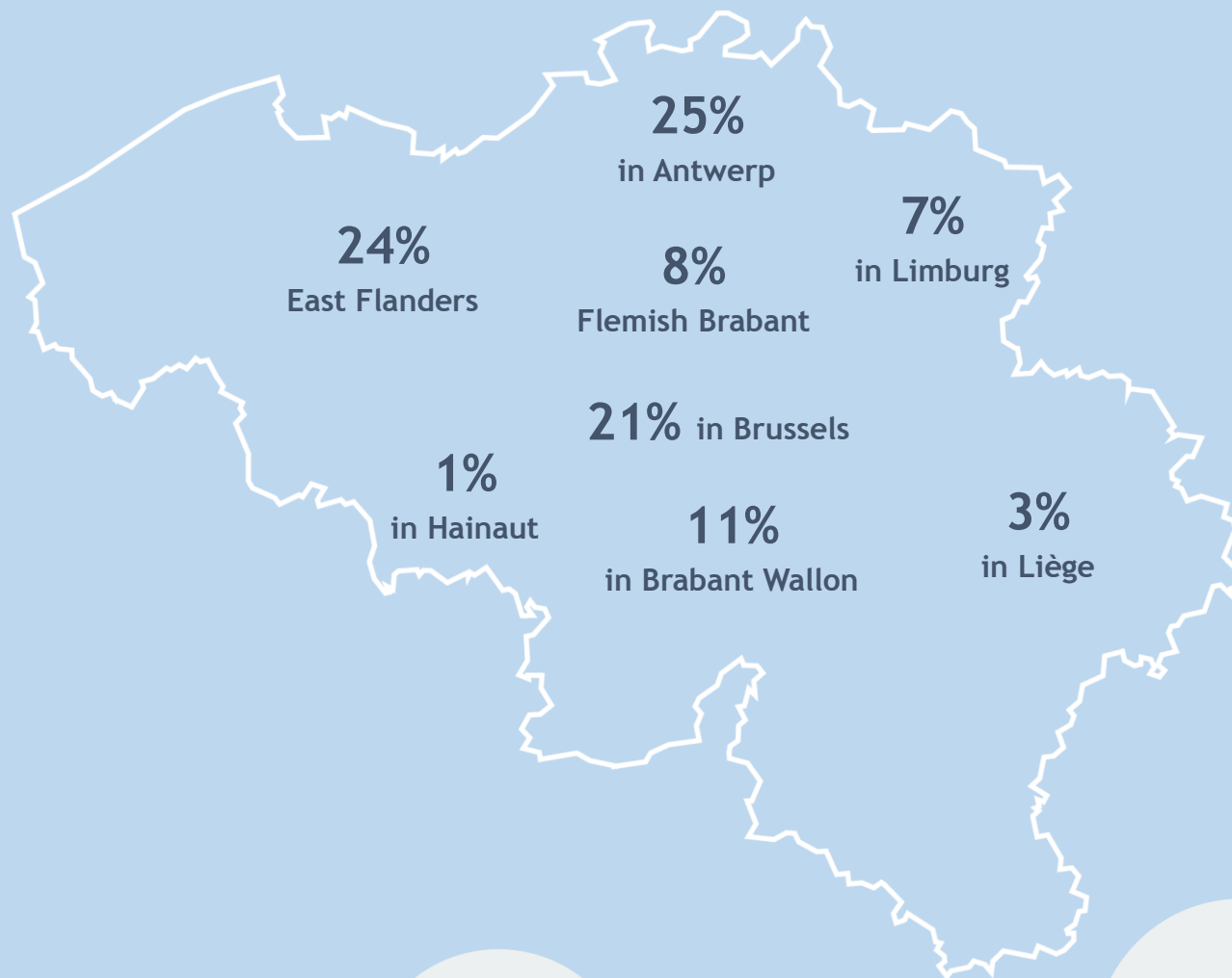
2 PROFILE OF THE **STARTUP**



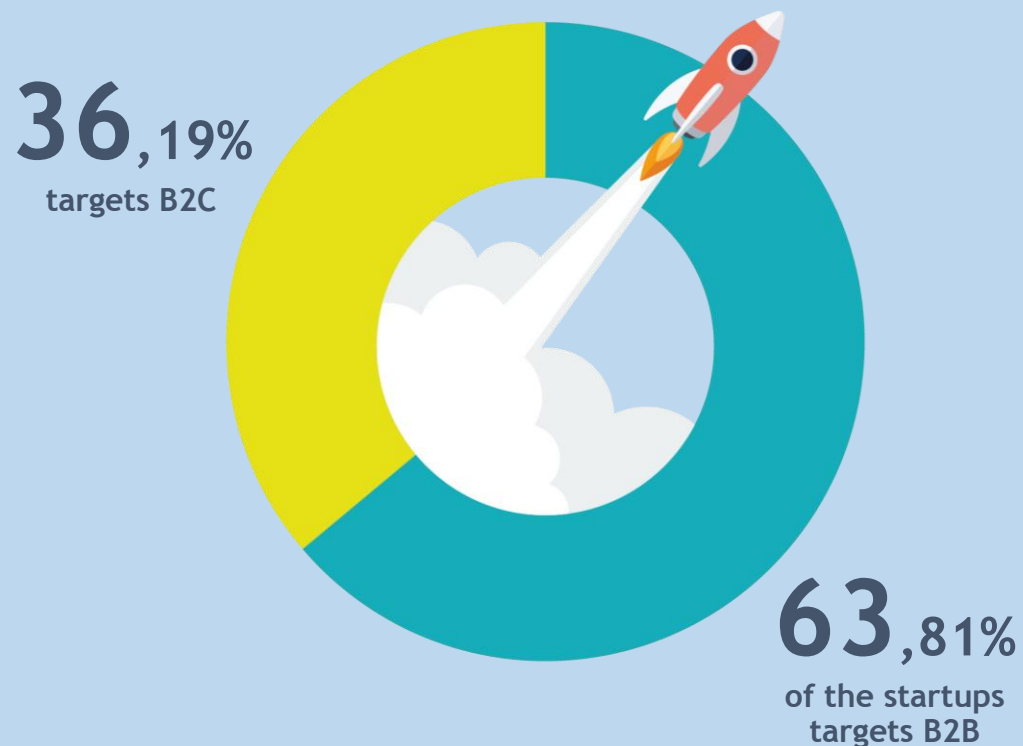
8%
is between 5
and 10 years old

17%
is less than
1 year old

75%
is between 1
and 5 years old



2 PROFILE OF THE **STARTUP**



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%

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



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

0-10%	23.68%
10-20%	18.42%
20-50%	14.47%
50-75%	9.21%
75-100%	5.26%
100-150%	10.53%
150-200%	3.95%
200%-300%	5.26%
300+%	9.21%
Total	100%

Key blocking factors for growth

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

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

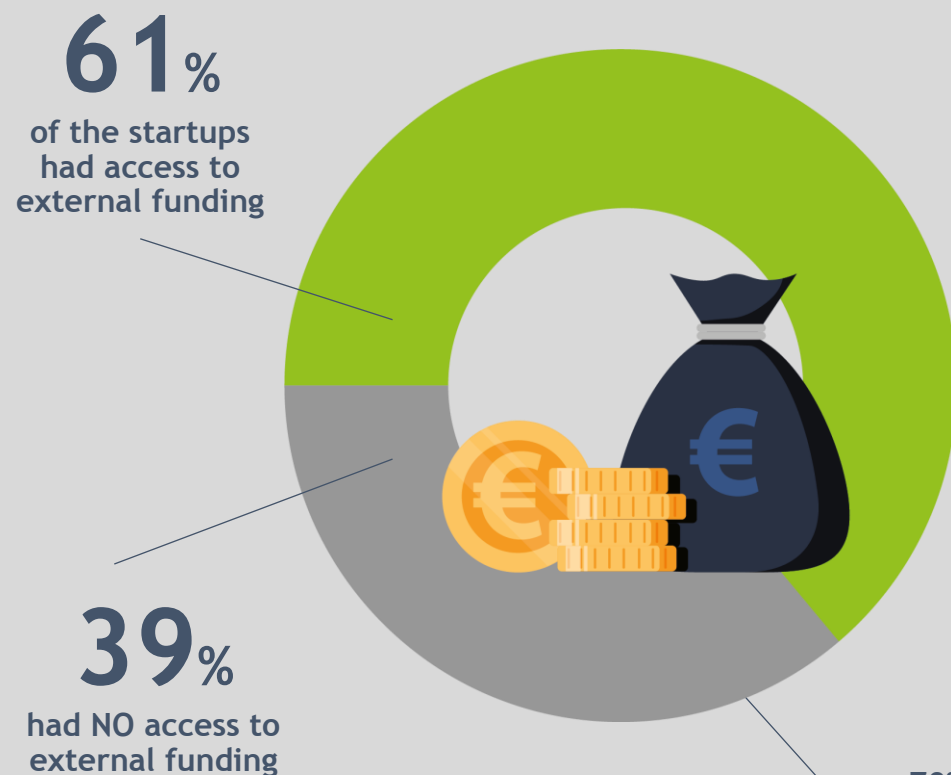
“

“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



70% of the companies has never participated in an incubator or accelerator program, and are no university spinoff

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%

3.1 SUSTAINABLE GROWTH: RECURRING REVENUE

Almost half of the startups has an annual revenue of less than €100.000

Revenue per year



0-100k€	46.05%
100-300k€	26.32%
300-500k€	9.21%
500-750k€	7.89%
750k-1M€	5.26%
1-1,5M€	0.00%
1.5M-2M€	1.32%
2+M€	3.95%
Total	100%

“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)

3.1 SUSTAINABLE GROWTH: A DISCONNECT WITH CORPORATES

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)



3.1 SUSTAINABLE GROWTH: A DISCONNECT WITH CORPORATES

“

“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 telcos 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 **itches are not good enough**, and they don't really understand what we need as a media-company.”

Erik Vervloet (Telenet)

”

“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)

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

0%	36,84%
1-25%	25.00%
25-50%	10.53%
50-75%	15.79%
75-100%	11.84%
Total	100%

Recruitment in next year (in # employees)

1-3	46.05%
3-5	26.32%
5-10	18.42%
10-15	3.95%
15-20	1.32%
20+	3.95%
Total	100%

3.1 SUSTAINABLE GROWTH: A LACK OF AMBITION



“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

63%

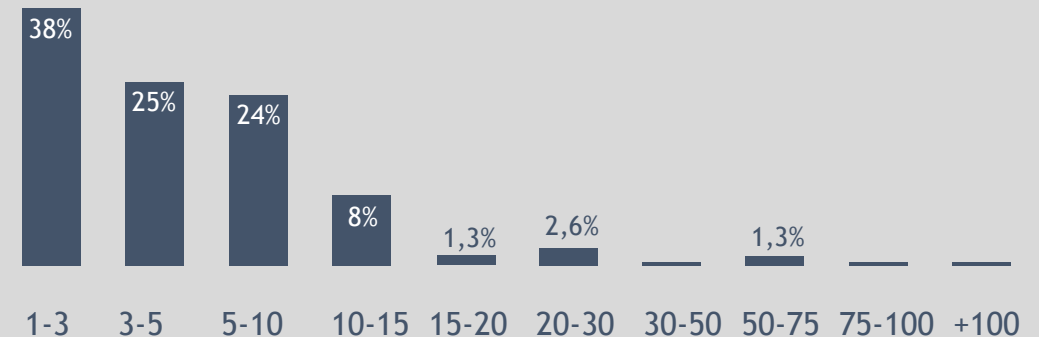
of the startups is relying on a
team up to 5 employees



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

- A lack in staffing resources
- Funding and revenue shortages

Current number of employees



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)



3.2 WAR ON TALENT: MOST WANTED PROFILES

There's a real war for talent going on, not only in Belgium, but in Europe as a whole

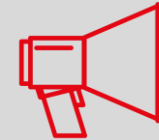
Startups have a hard time finding the right profiles. Attracting talent is costly, especially for young startups that still need to build their reputation

Startups are looking for:



35%

Technical profiles



17%

Marketing profiles



15%

Sales people

3.2 WAR ON TALENT: MOST WANTED PROFILES

Most wanted profiles

Web developers	13.92%
Mobile developers	10.26%
Other technical profiles	12.45%
Commercial profiles	11.36%
Marketing profiles	17.22%
Communication profiles	9.16%
Sales profiles	15.38%
Administrative personnel	7.69%
Other	2.56%
Total	100%

Profiles most difficult to be found on the market

Web developers	20.00%
Mobile developers	16.00%
Other technical profiles	21.60%
Commercial profiles	3.20%
Marketing profiles	8.80%
Communication profiles	4.80%
Sales profiles	17.60%
Administrative personnel	1.60%
Other	6.40%
Total	100%

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.

Percentage of turnover raised abroad

0%	36,84%
1-25%	25.00%
25-50%	10.53%
50-75%	15.79%
75-100%	11.84%
Total	100%

International office?

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:**



23,50%

Insufficient
resources



15,30%

Wrong partners



13,66%

Inefficient
marketing strategy

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 Leughenagen - 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
- G r me Vanherf - Wallifornia, Leansquare
- Erik Vervloet, VP Business Development and Startup Acceleration Telenet





Thanks



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