

# Startup Barometer

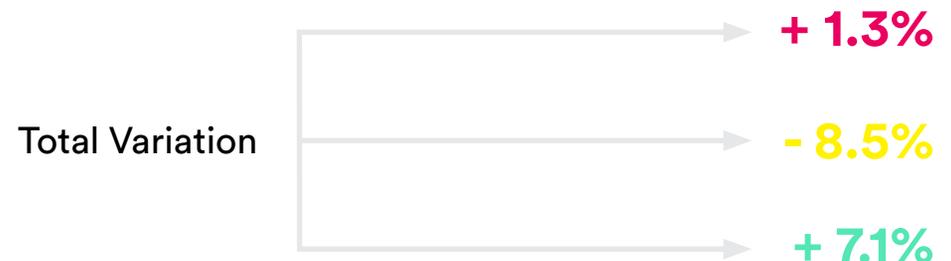
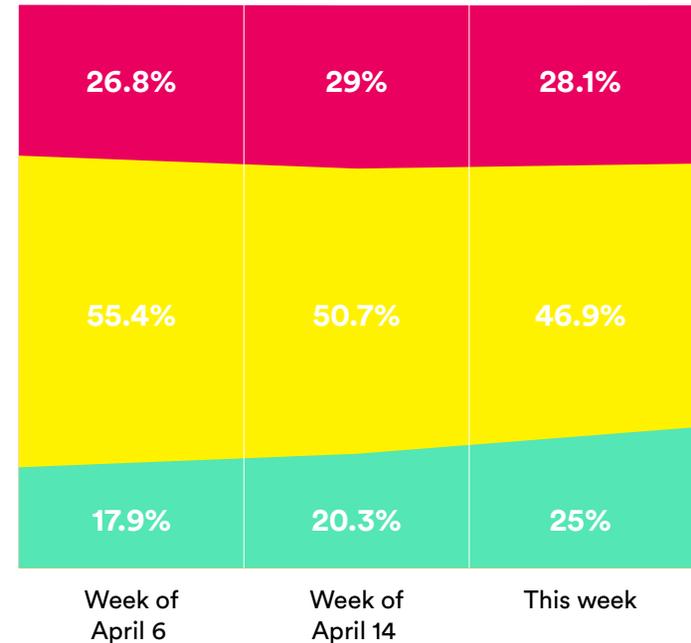
Published April 20, 2020

The Barometer provides weekly monitoring of Québec startup challenges and needs in the context of the current health and economic crisis.

It is published every Monday in order to support the actions of public decision-makers, business accelerators and incubators (BAIs), and all of the critical players supporting startups.

## How are you?

In general, how would you qualify your situation compared to last week?



# Highlights

**45.1%**

of startups feel unable to demonstrate their financial profitability before the impacts of the current crisis.

More than

**60%**

of startups are unable to demonstrate a drop in revenue (by 15% or 30%) compared to their results last year.

**37.3%**

More than a third of startups are unable to demonstrate a decline in revenues based on the proposed methods.



**52.2%**

of startups say they are eligible for at least one of four Quebec government programs.

**27.7%**

of startups are able to identify at least one program entirely meeting their needs,

**34.8%**

of startups doubt their ability to demonstrate eligibility and

**13%**

state that they are simply not eligible.

**53.2%**

have identified programs which meet their needs at least partially.

**17%**

consider that none of the programs meet their needs.

Among the four provincial programs evaluated by startups this week:

**1**

## Emergency assistance to SMEs

Emergency assistance to SMEs receives the highest percentage of doubt relative to the ability to demonstrate eligibility

**23.5%**

In contrast, only 2% of respondents cite this doubt about PACME.

**2**

## PACME

PACME is the one to which the highest percentage of startups plan to apply.

**27.5%**

**3**

## PACTE

PACTE is the one for which most startups are ineligible.

**31.4%**

**4**

## Innovation Project Support Program

Innovation Project Support Program is the program to which the lowest percentage of startups plan to apply.

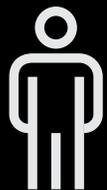
**3.9%**

# Key points this week

Data collected April 14 and 15, 2020

	Data analyzed	Broadcast	Sample total	Sample of the week
Initial Barometer →	19 to 26 March 2020	30 March 2020	275 startups	
Week 1 →	19 March to 2 April 2020	6 April 2020	322 startups	63 startups
Week 2 →	19 March to 8 April 2020	14 April 2020	337 startups	69 startups
Week 3 →	19 March to 15 April 2020	20 April 2020	336 startups*	51 startups
Week 4 →	20 to 21 April 2020	27 April 2020		

\*We regularly "clean" the total sample in order to ensure that it is genuinely representative.



51

Participants in this week's survey

336

total participants in the Barometer

## Demonstration of the impacts of COVID-19

In order to be eligible for multiple government assistance programs, businesses must demonstrate the negative impact of COVID-19 on their organization.



### Reminder

Data collected over previous weeks has notably revealed that government measures only fully meet the needs of **9.5%** of startups despite the fact that **72.5%** of startups have resorted (or expect to have resorted in the coming days) to government measures.

Indeed, **23.8%** of participating startups say that "the measures I need exist, but I am not eligible"; for **17.5%**, "the measures I need do not exist" and **19%** indicate having trouble with the application processes (April 6 Barometer).

# Demonstration of the impacts of COVID-19

## Demonstration of profitability before COVID-19

45.1%

of companies feel that they are unable to demonstrate their financial profitability before the current crisis.

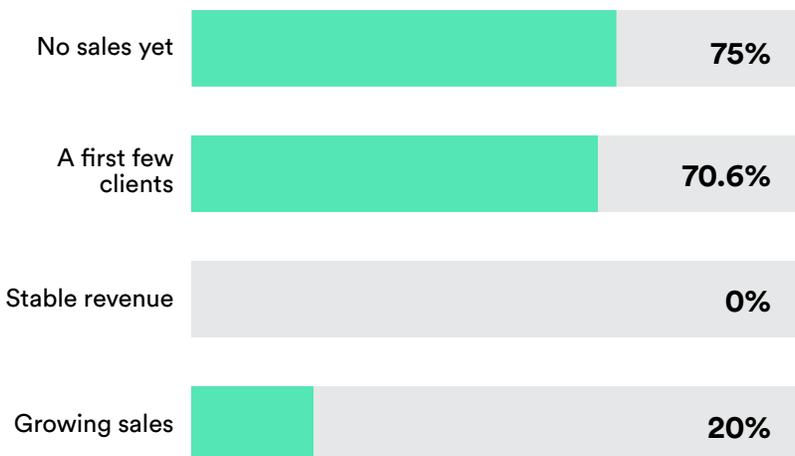
Several business support programs require companies to demonstrate their financial profitability before the impacts of COVID-19. Would you be able to demonstrate that?

54.9% yes

45.1% no

Startups in the **early stages** of commercialization have a **harder time demonstrating their financial profitability** before the impacts of COVID-19 started to be felt.

### Inability to demonstrate profitability by stage of commercialization



## Demonstrating a drop in revenue

Different methods of demonstrating a decline in revenue have an impact on startups' ability to meet these criteria.

More than

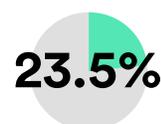
60%

of participating startups are unable to demonstrate a drop in earnings (by 15% or 30%) **compared to their results last year.**

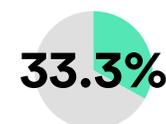
45.1%

The demonstration of revenue decline preferred by the largest percentage of startups is a 30% decrease using the **accrual method of accounting** applied to April 2020 revenues compared to January and February 2020 revenues.

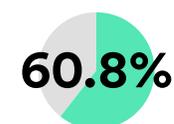
On a comparison with your results from last year, would you be able to demonstrate a drop in revenues?



23.5%  
15% Drop  
(March 2020 vs. March 2019)

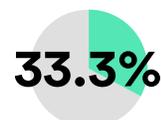


33.3%  
30% Drop  
(April 2020 vs. April 2019)

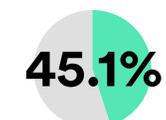


60.8%  
Unable

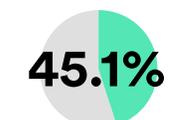
Since the beginning of 2020 and on the basis of an accrual accounting\*, would you be able to demonstrate a decrease in revenues?



33.3%  
15% Drop  
(March 2020 vs. Jan.-Feb. 2020)

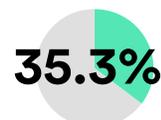


45.1%  
30% Drop  
(April 2020 vs. Jan.-Feb. 2020)

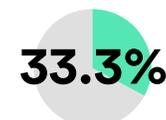


45.1%  
Unable

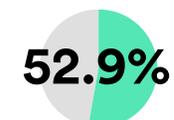
Since the beginning of 2020 and on the basis of a cash-based or cash accounting†, would you be able to demonstrate a decrease in revenues?



35.3%  
15% Drop  
(March 2020 vs. Jan.-Feb. 2020)



33.3%  
30% Drop  
(April 2020 vs. Jan.-Feb. 2020)



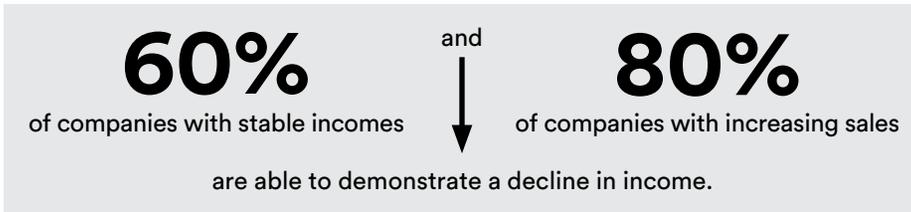
52.9%  
Unable

\*Accrual accounting: income recorded when the sale is made, whether the funds are received or not.  
†Cash-based or cash accounting: income recorded when funds are received.

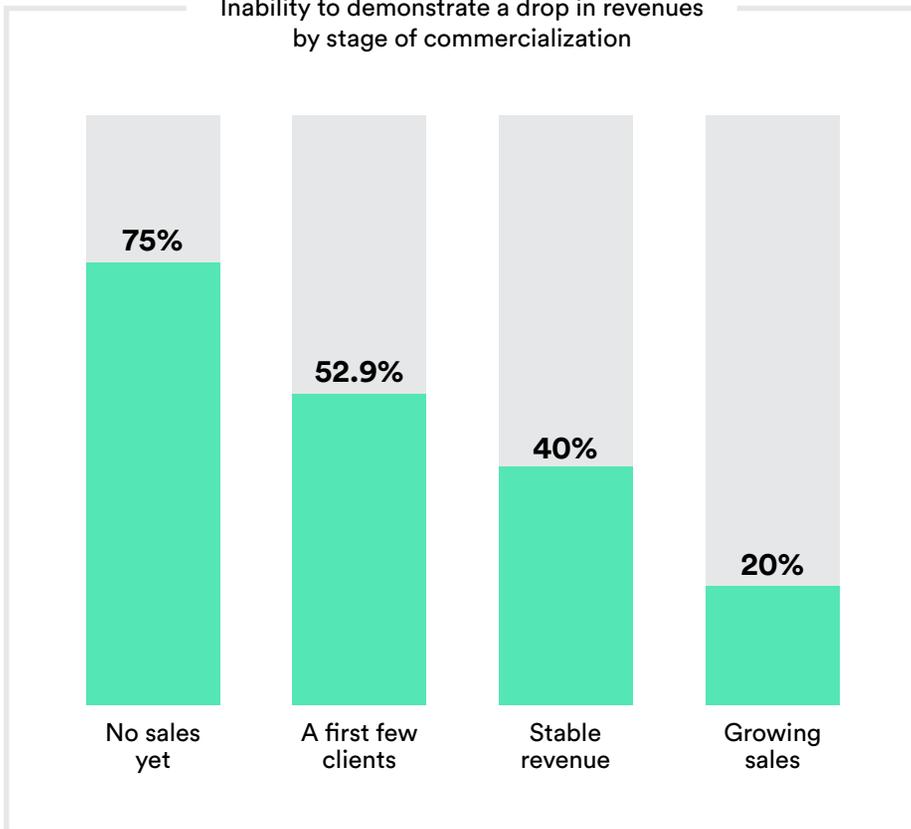
# 37.3%

More than one-third of participating startups are unable to demonstrate a decline in revenues based on the proposed methods.

These startups are proportionately **over-represented in the early stages of commercialization.**



Inability to demonstrate a drop in revenues by stage of commercialization



## The situation of startups in relation to the various support programs

We assessed the position of startups on the following four major provincial programs.

- 1** **Emergency assistance to SMEs**  
Loan or loan guarantee of up to \$50,000 to meet liquidity issues.
- 2** **Collaborative Action For Employment Programme (PACME)**  
Direct financial support to support training and implementation of good human resource management practices.
- 3** **Temporary Joint Action Program for Businesses (PACTE)**  
Loan guarantee or loan of \$50,000 or more to address liquidity issues.
- 4** **Innovation Project Support Program**  
A non-refundable financial contribution of up to \$500,000 and no more than 50% of eligible expenditures for a product or process innovation project from the planning stage to the pre-commercialization stage (technology showcase).

# The situation of startups in relation to the various support programs

Only **52.2%** of startups say they are eligible for at least one of four Quebec government programs.

This leaves 34.8% of startups doubting their ability to demonstrate eligibility and 13% who state that they are simply not eligible.

Only **27.7%** of startups are able to identify at least one program entirely meeting their needs,

whereas 53.2% have identified programs which meet their needs at least partially. 17% consider that none of the programs meet their needs.

Approximately **25%** of respondents have not yet considered their eligibility criteria for PACTE, PACME and the Innovation Project Support Program.

This percentage is 13.7% for the SME emergency assistance program.

For companies that say they can demonstrate eligibility for any of the loan or loan guarantee programs (emergency assistance to SMEs or PACTE),

**78.6%** have already contacted the focal point in charge of the program

(Investissement Québec, financial institution or organization responsible for the FLI).

In general, Emergency assistance to SMEs and Innovation Project Support Program seem to be best suited to the needs of startups.

Respectively, these two programs fully meet the needs of 11.8% and 15.7% of startups and in part for 15.7% and 17.7% of startups.

## Program Review

### Emergency assistance to SMEs

**23.5%**

Highest percentage of doubt as to the startup's ability to demonstrate eligibility.

Comparatively well-aligned with the needs of startups.

### PACTE

**31.4%**

Highest percentage of non-eligible startups.

**7.8%**

Comparatively low rate of startups intending to apply.

### PACME

**27.5%**

Highest percentage of startups applying.

**2%**

Lowest percentage of startups with doubts as to their ability to demonstrate eligibility.

Considered by no startup as meeting all of its needs.

### Innovation Project Support Program

**3.9%**

Lowest percentage of startups planning to apply.

**17.7%**

Highest percentage of startups saying they need help setting up or filing a project

Comparatively well-aligned with startup needs.

Category	Interpretation	Choice of answer	Provincial program or measure			
			Loans or loan guarantees			
			Emergency aid to SMEs	PACTE	PACME	Innovation projects
Eligibility		I have not studied the criteria and terms of the program.	13.7%	23.5%	25.5%	27.5%
	No	I am not eligible.	25.5%	31.4%	23.5%	23.5%
		My company does not have an eligible project.				
	Maybe	I don't think I can prove my eligibility.	23.5%	19.6%	2%	15.7%
		I would like to present a project but I do not think I can complete the financial package (25 to 70% private financing).				
Yes	I think I can demonstrate my eligibility.	13.7%	13.7%	15.7%	N/A	
Intention to apply	No	I'm not going to apply.	15.7%	17.7%	9.8%	N/A
	Yes	I'm going to apply.	15.7%	7.8%	27.5%	3.9%
		I will present (or have already filed) a business project alone.				
		I will present (or have already filed) a project with a group of company.				
	I've already submitted a project.					
Matching needs	No	This program does not meet my needs.	15.7%	15.7%	15.7%	17.7%
	Partially	If I were eligible, this program would partially meet my needs.	15.7%	11.8%	13.7%	17.7%
	Totally	If I were eligible, this program would fully meet my needs.	11.8%	9.8%	0%	15.7%
Need for accompaniment	Yes	I would need help to demonstrate my eligibility and/or to apply.	9.8%	7.8%	7.8%	17.7%
		I would need help identifying appropriate content and training offers.				
		I would need help to set up and file a project.				

N/A means that the choice of response was not available for the program in question.

# Methodology

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The Barometer is part of the [LeCoude](#) action plan, whereby business accelerators and incubators (BAIs) along with MAIN Québec are combining their efforts to obtain a quick and concerted response to the needs of startups.

Organizations subscribed to the Barometer receive a few express follow-up questions every week in order to track their challenges and needs over time. Participating business accelerators and business incubators are given access to the data of businesses they work with to better meet their needs.

## How to contribute?

Thank you for taking the time to share the survey ([English](#) and [French](#)) with your networks.

If you are a startup, please take a few minutes to answer.

To receive weekly Barometer updates, [please sign up here](#).

## Acknowledgments

A special thank you to all of the startups who have been filling out the survey, the accelerators, incubators and all of our partners for contributing to the data collection, to Sébastien Bibeau of [Ton Équipier](#), and Simon Dandavino of [NextAI](#) for their significant involvement in our data analysis efforts.

Graphic Design: [Amélie Lagueux](#)



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