# Startup Barometer

Data collected from March 19 to 26, 2020
Published March 31, 2020

## What is the Barometer?

The Barometer seeks to provide weekly monitoring of Québec startup challenges and needs in the context of the current sanitary and economic crisis.

It will be published every Monday for the duration of the crisis in order to support the actions of public decision-makers, business accelerators and incubators (BAIs), and all of the actors supporting startups. To do so, it will take measure of the evolving needs of SMEs with high-growth potential in the context of a slowing global economy.

This first edition provides an overview of the current situation.

Startups having answered the initial survey will receive a few short follow-up questions on a weekly basis to obtain an overall picture of their evolving issues and needs.

Thank you for taking the time to share the survey (English and French) with your networks. If you are a startup and would like to participate, please take a few minutes now!

To receive weekly Barometer updates, please sign up here.

main Le COUDE

The Barometer is part of the LeCoude action plan, whereby business accelerators and incubators along with MAIN Québec are combining their efforts to obtain a quick and concerted response to the needs of startups.
A special thank you to the accelerators, incubators and all of our partners for contributing to the data collection, and to Ton Équipier for their significant involvement in our data analysis efforts.

# Highlights

**Close to 60%**

of SMEs surveyed declare having less than 3 months of available cash.

**53%**

On average, startups surveyed expect to make, in the upcoming year, 53% of their forecasted revenues.

**50%**

of participating startups assign a negative outlook to the future of their business.

**66.5%**

of respondents said to have experienced, since January 2020, important or significant impacts stemming from the current global situation.

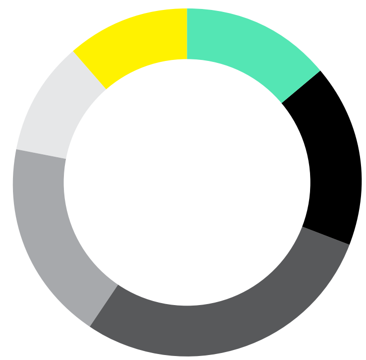
**$**

The greatest expected impact is on sales; the most important need is for loans or subsidies to maintain the current workforce.

# Startups' financial perspectives

## Among surveyed SMEs, close to 60% state that they have less than 3 months of cash available.

Time left before cash runs out (*runway*)

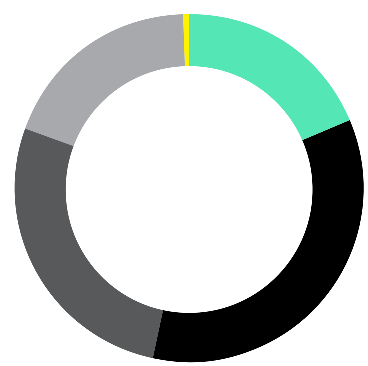


| | |
|---|---|
| Already critical | **13.95%** |
| One month | **17.05%** |
| Three months | **28.68%** |
| Six months | **18.60%** |
| About one year | **10.47%** |
| Not an issue | **11.24%** |

Based on the question: Based on your current levels of expenses and income, in how many months will you be short of cash (runway)?

## More than half of the startups surveyed expect to make 50% or less of their forecast sales revenue in the coming year.

% of forecasted sales revenue that the startup expects to reach in the coming year



| | |
|---|---|
| 0 to 25% | **18.6%** |
| 26 to 50% | **34.8%** |
| 51 to 75% | **27.1%** |
| 76 to 100% | **19%** |
| 101% + | **0.4%** |

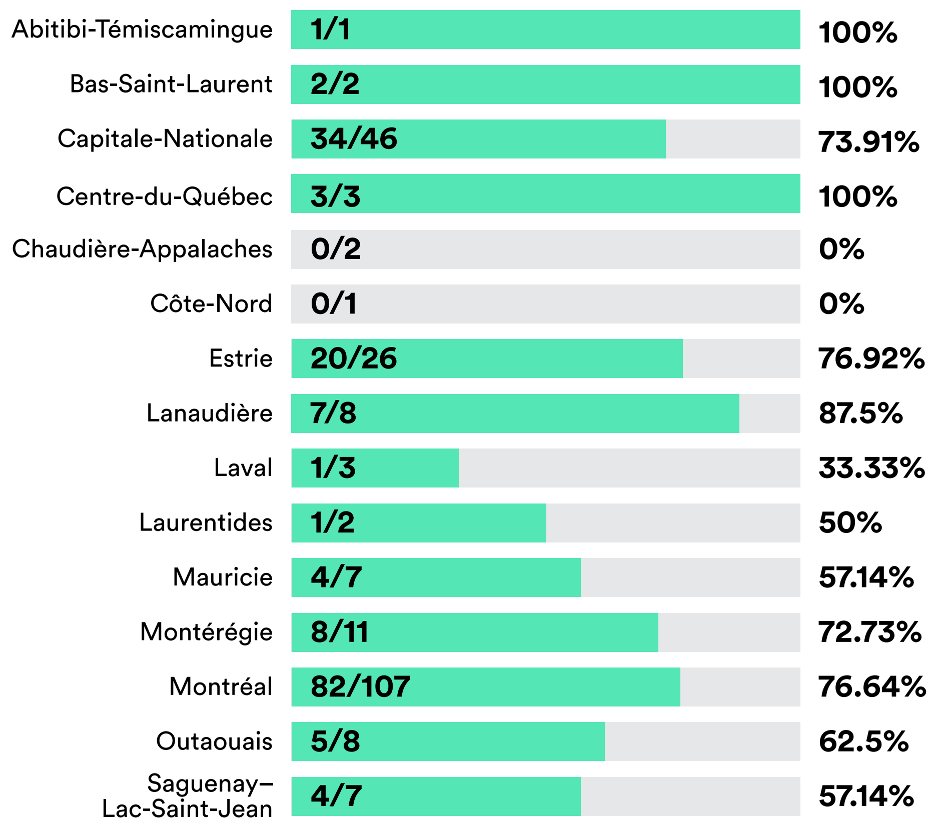
Based on the question: Relative to your most recent forecasts prior to the crisis, what percentage of your sales revenue do you expect your organization to experience in the upcoming year?

# Startups currently impacted (having selected "important impacts" or "significant impacts")

**67%** of respondents said to have experienced important or significant impacts stemming from the crisis since January 2020.

## By region

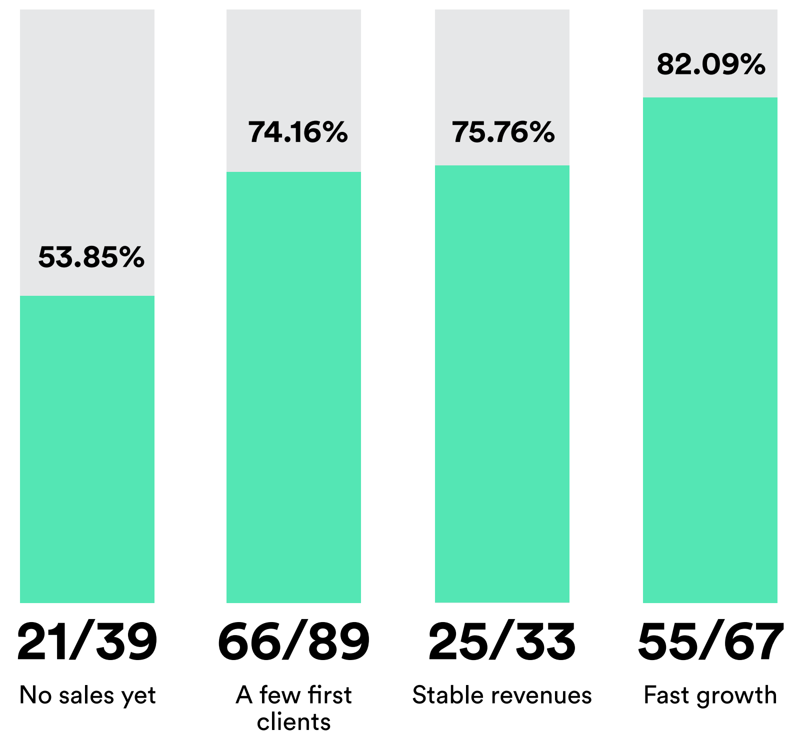
Distribution of impacted startups by administrative region




In almost all of these regions, a good majority of Quebec startups are already experiencing major impacts due to the economic slowdown and the sanitary crisis.

## By commercialization stage

Distribution of impacted startups by stage of commercialization




The more startups are dependent on their capacity to make sales, the more they are susceptible to already have experienced negative impacts linked to the current crisis.

**82%** of startups at the stage of fast growth have already experienced important or significant impacts.

Based on the question: Since January 2020, has your business felt any impacts stemming from the COVID-19 epidemic?

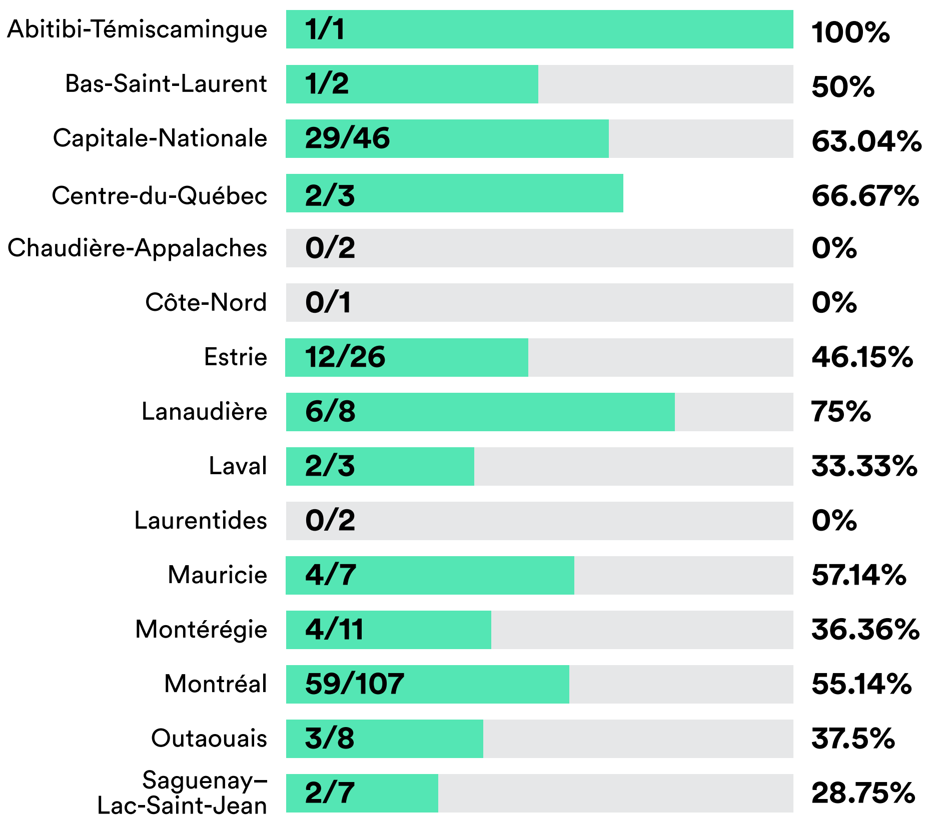
# Startups at risk

(having evaluated their business' future perspectives as being negative - between 1 and 4 out of 10)

**50%** of respondents believe that their business' future perspectives are negative.

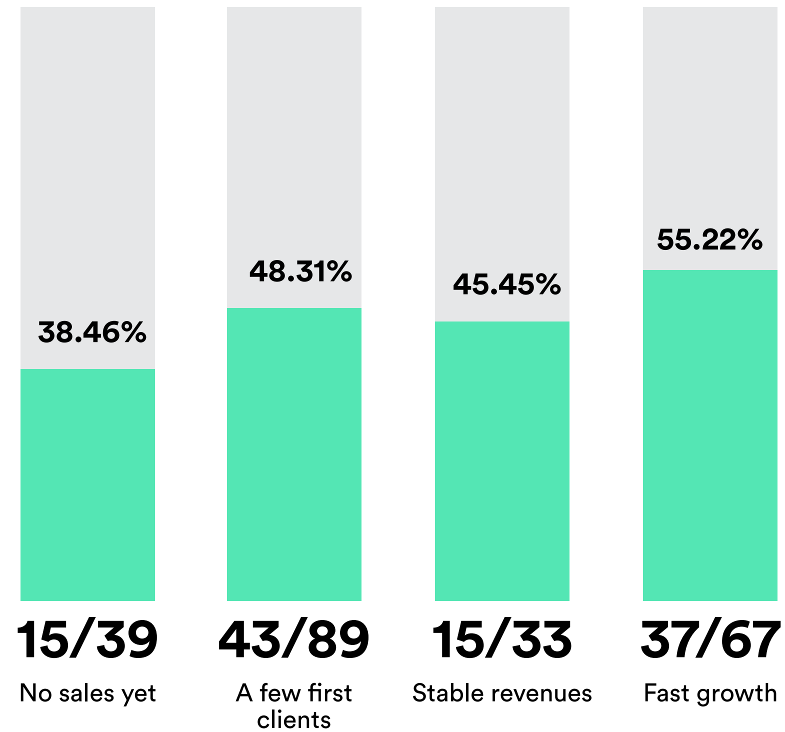
## By region

Distribution of at risk startups by administrative region




## By commercialization stage

Distribution of at risk startups by stage of commercialization




Startups at the fast-growth stage are more susceptible to considering their future perspectives as negative.

Based on the question: On the basis of what you understand of the crisis and of its potential impacts on your startup, how do you view your business' future? 1 = survival threatened, 5 = neutral, 10 = new business opportunities

# Types of impacts and needs

## Here are the top 5 **impacts** startups are anticipating

(by order of importance)

**17.8% Sales**
(decrease in sales or loss of clients; increase in length of sales cycle; necessary changes to pricing or revenue model)

**13.5% Cash flow**
(late payments or delays in accounts receivable; etc.)

**13% Funding**
(delay in the funding cycle; less availability of investment funds; limited access to alternative funding, etc.)

**12.9% Efficiency**
(concentration, motivation, time and priority management, etc.)

**11.5% Wellness**
(mental health, anxiety, insomnia, depression, isolation, etc.)

Based on the question: Let's try and evaluate the anticipated impacts of the crisis on certain aspects of your life as an entrepreneur and on your business: (Choose as many as you like)

## Here are the top 5 **needs** expressed by startups

(by order of importance)

**Loans or grants to keep your current workforce** — **20.1%**

**Loans or grants to pay your suppliers and / or operating expenses** — **15.1%**

**Commercialization support** — **14.2%**

**Deferral of deadline for payment of different types of taxes to governments** — **12.9%**

**Financial planning and management support** — **12.5%**

Based on the question: Based on all of these answers, which services or approaches would be most useful to you right now?

# About the survey frame

**275**

respondents participated to the study



**15**

administrative regions represented

## By region

**65.5%**

65.5% of respondents come from Montreal and Quebec City

**46%**
Montreal

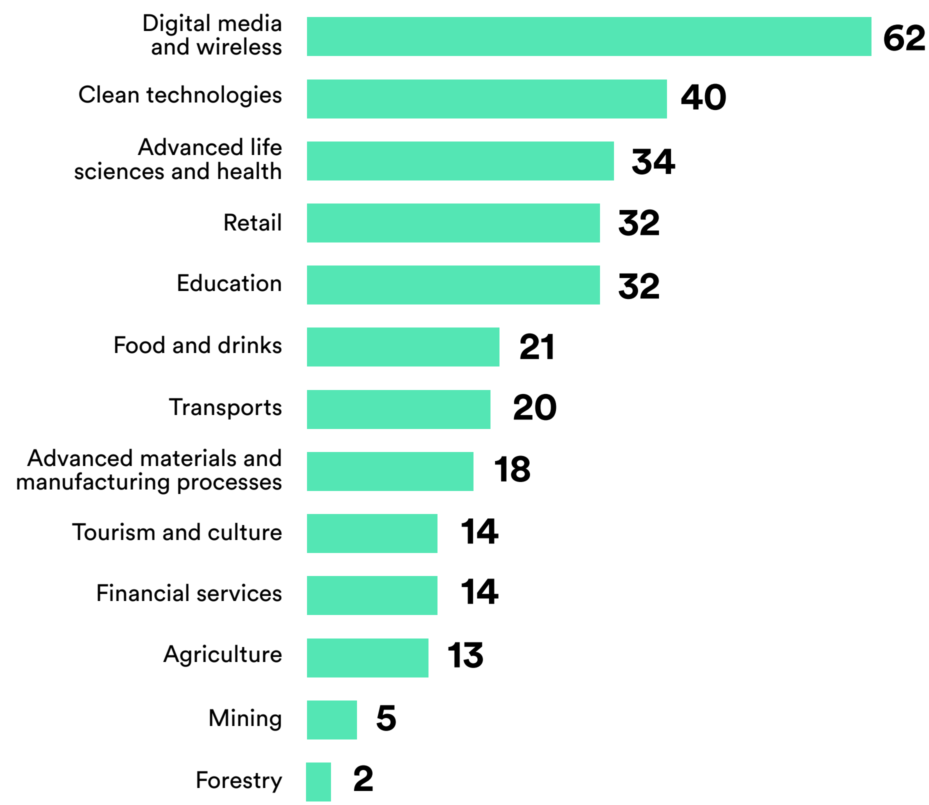
**19.5%**
Quebec City (Capitale-Nationale)

Distribution of respondents by administrative region

| | | |
|---|---|---|
| **0.43%**<br>Abitibi-Témiscamingue<br>1 respondent | **0.43%**<br>Côte-Nord<br>1 respondent | **2.98%**<br>Mauricie<br>7 respondents |
| **0.85%**<br>Bas-Saint-Laurent<br>2 respondents | **11.06%**<br>Estrie<br>26 respondents | **4.68%**<br>Montérégie<br>11 respondents |
| **19.57%**<br>Capitale-Nationale<br>46 respondents | **3.40%**<br>Lanaudière<br>8 respondents | **45.96%**<br>Montréal<br>108 respondents |
| **1.28%**<br>Centre-du-Québec<br>3 respondents | **1.28%**<br>Laval<br>3 respondents | **3.40%**<br>Outaouais<br>8 respondents |
| **0.85%**<br>Chaudière-Appalaches<br>2 respondents | **0.85%**<br>Laurentides<br>2 respondents | **2.98%**<br>Saguenay-Lac-Saint-Jean<br>7 respondents |

## By industry

Distribution of respondents by industry

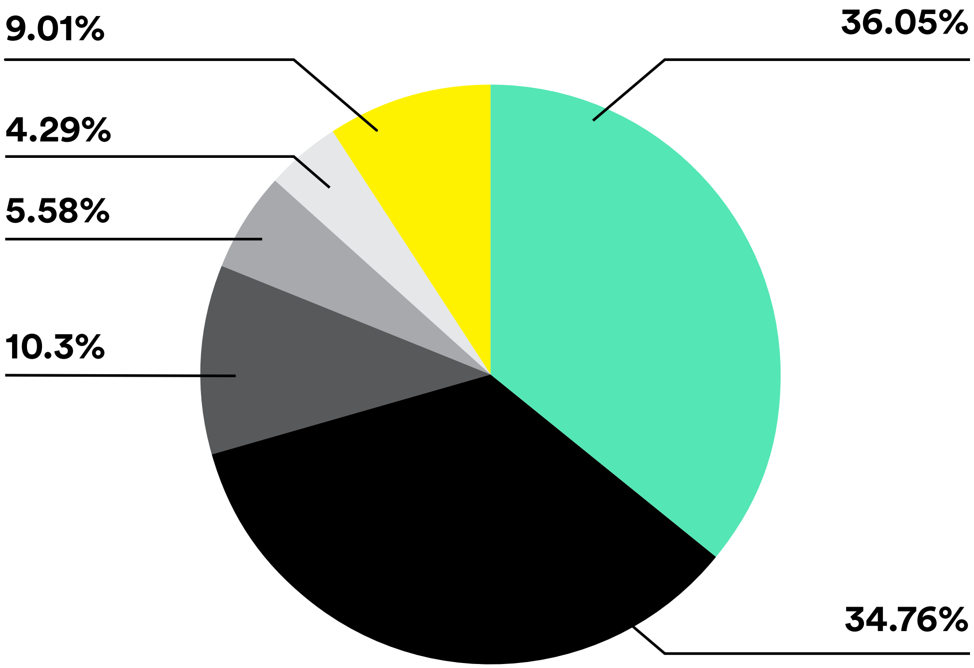



Some startups have refrained from answering certain demographic questions.

## By number of full-time equivalent employees

(including founders)

**81%** of participating startups have > **8** employees or less




### Distribution by number of employees

| | | | | | |
|---|---|---|---|---|---|
| **1 to 3** | **4 to 6** | **6 to 8** | **9 to 11** | **11 to 13** | **14 +** |
| 84 startups | 81 startups | 24 startups | 13 startups | 10 startups | 21 startups |

Some startups have refrained from answering certain demographic questions.

## By commercialization stage

**56%** of participating startups don't yet have stable earnings