

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.](#)

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.

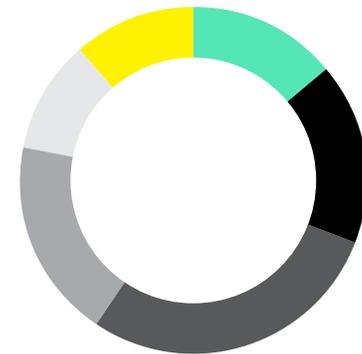


The greatest expected impact is on **sales**; the most important need is for **loans or subsidies** to maintain the current workforce.

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*)

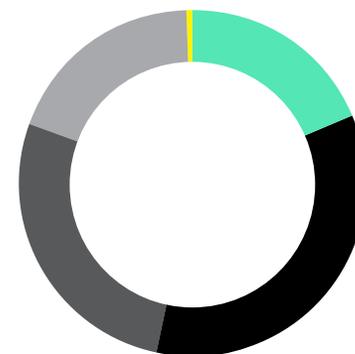


Already critical	13.95%
One month	17.05%
Three months	28.68%
Six months	18.60%
About one year	10.47%
Not an issue	11.24%

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?

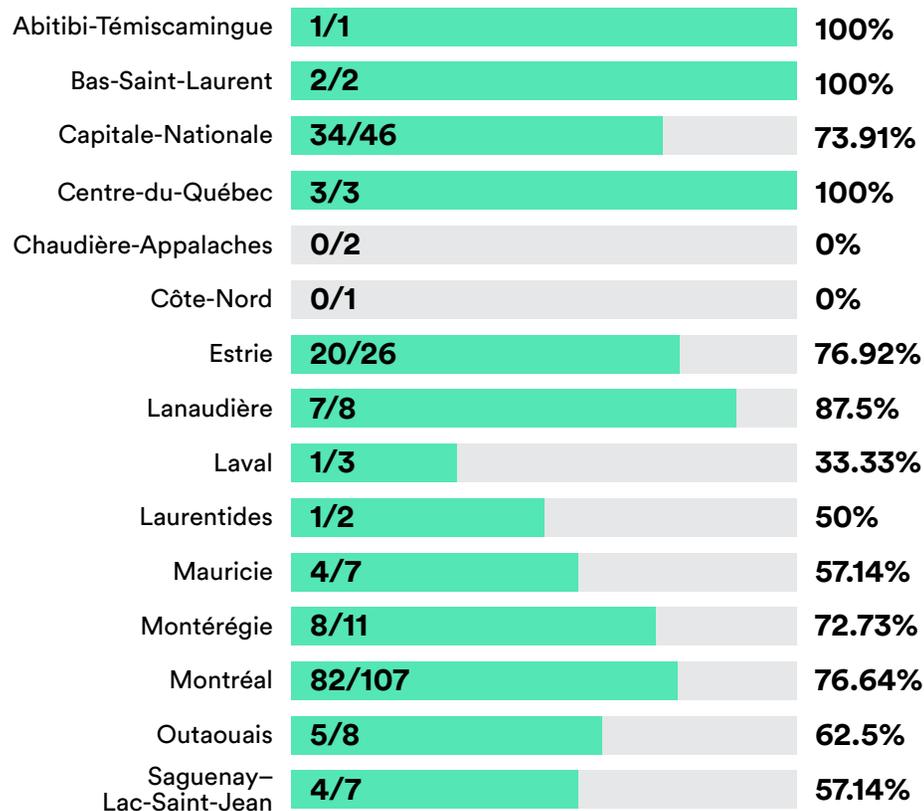
Startups currently impacted

(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

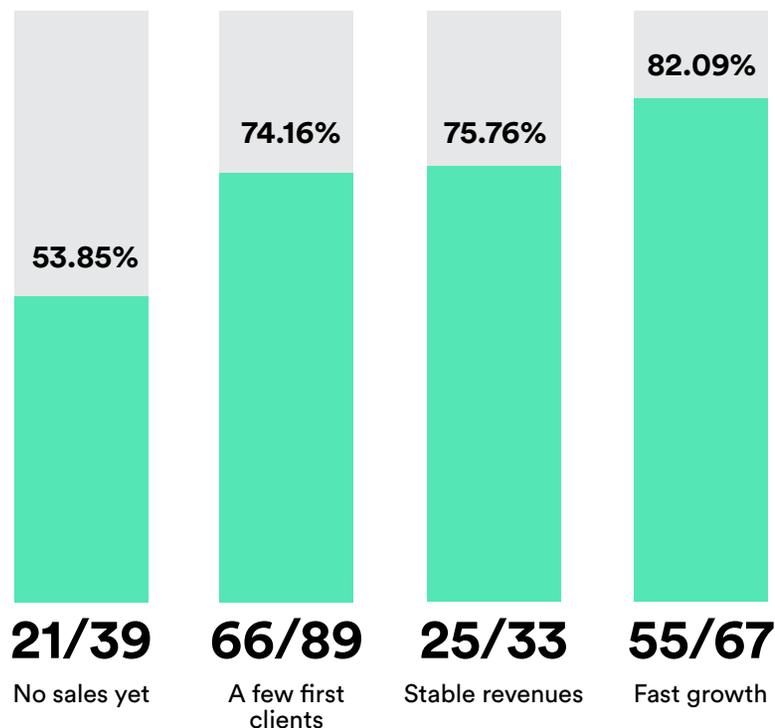
Distribution of impacted startups by administrative region



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.

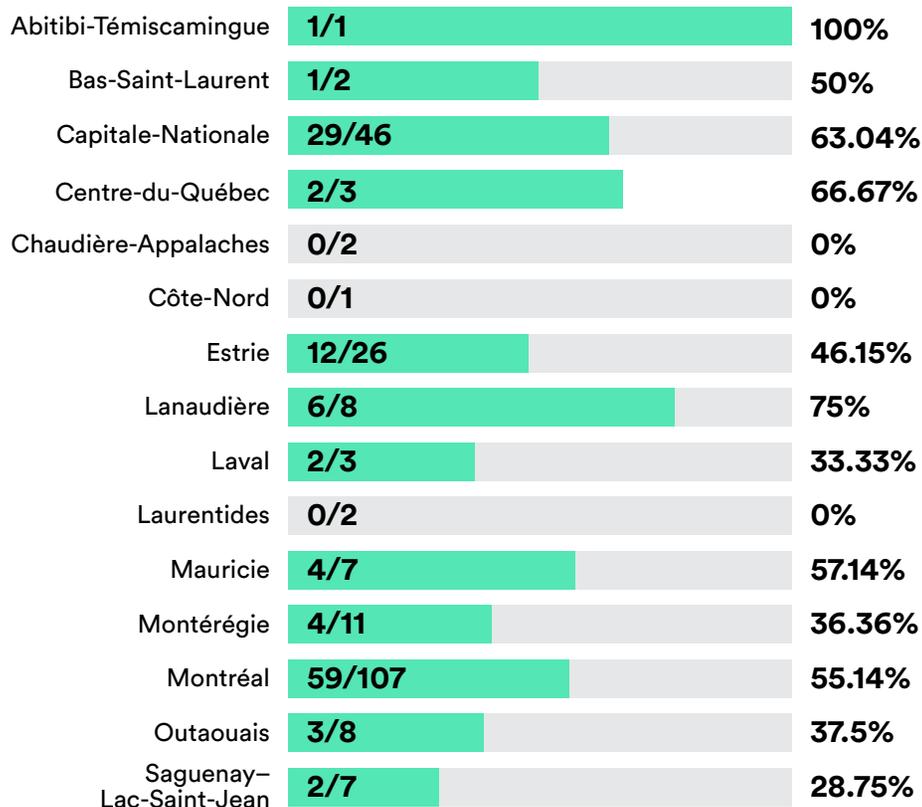
Startups at risk

(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.

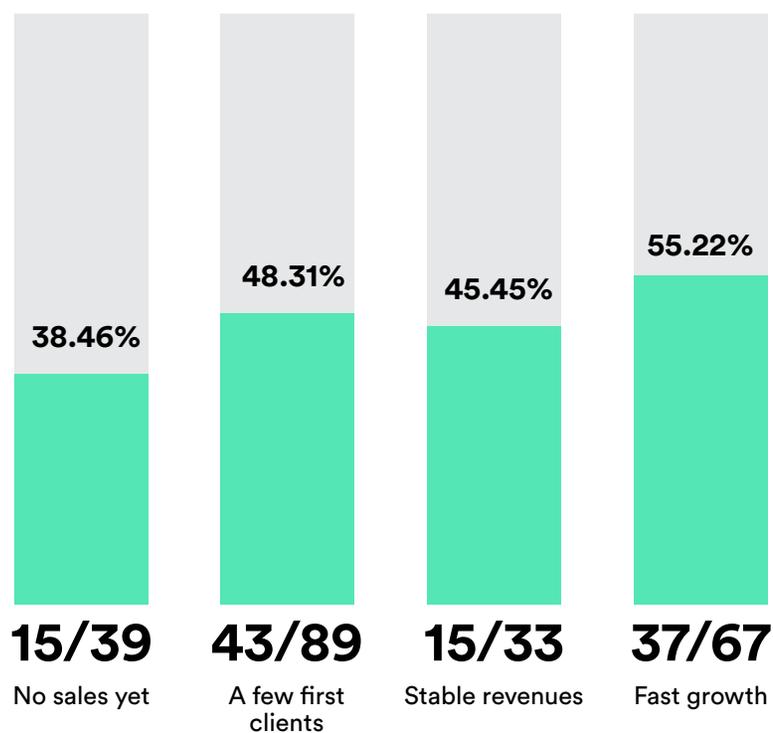
By region

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)

20.1%
Loans or grants to keep your current workforce

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

14.2%
Commercialization support

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

12.5%
Financial planning and management support

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%

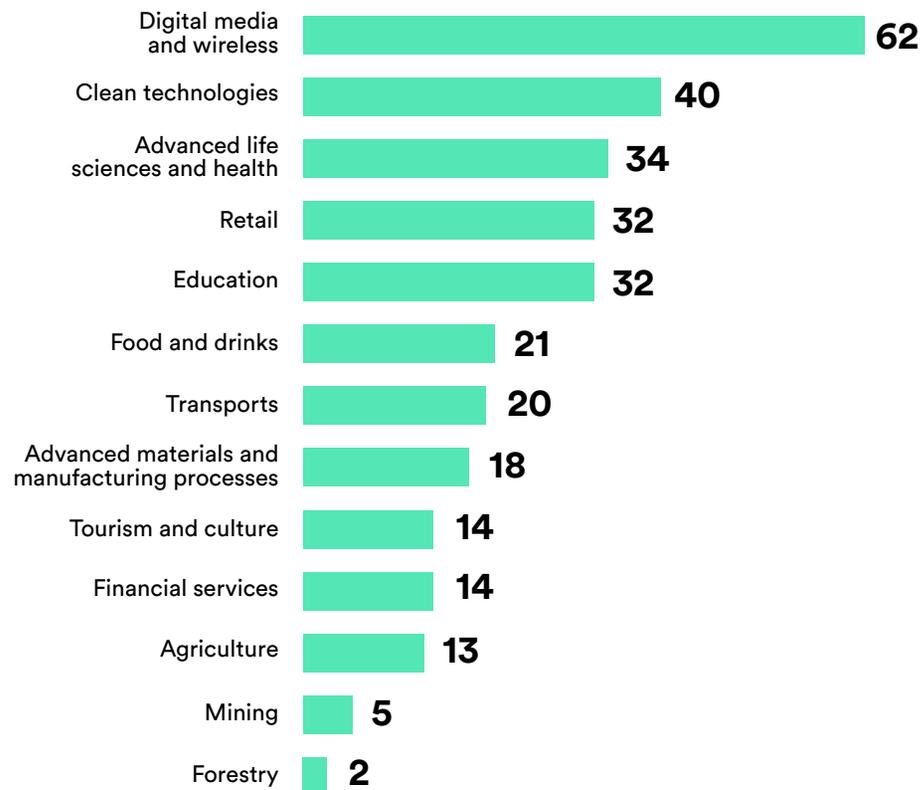
Quebec City (Capitale-Nationale)

Distribution of respondents by administrative region

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



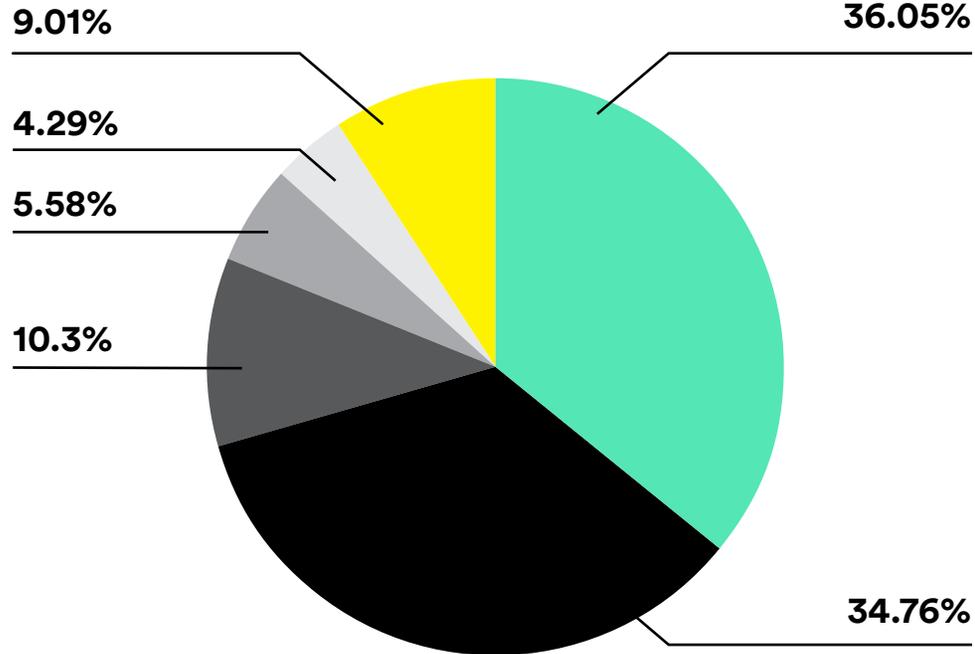
81%

of participating startups have

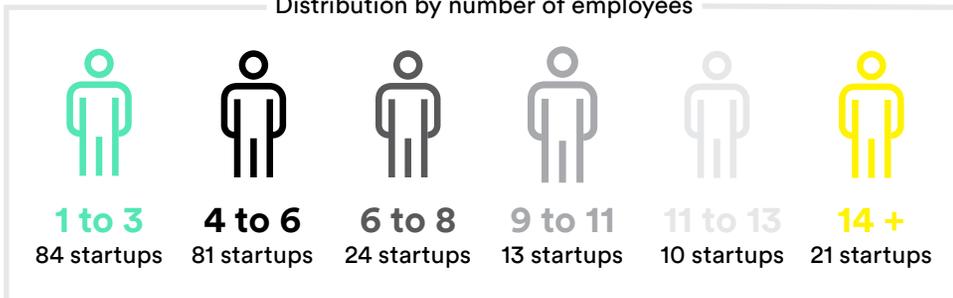


8

employees or less



Distribution by number of employees



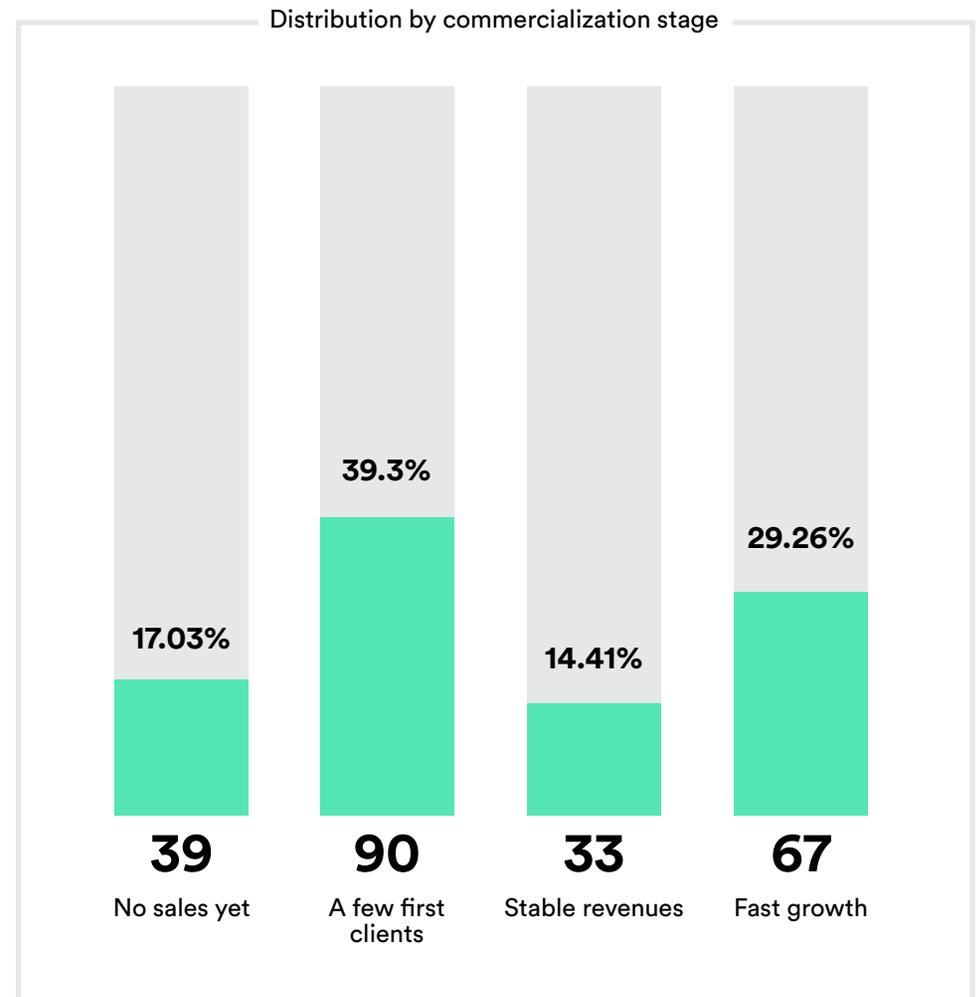
Some startups have refrained from answering certain demographic questions.

By commercialization stage



56%

of participating startups don't yet have stable earnings



Startup Barometer

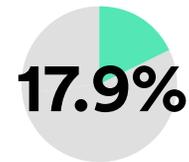
Published April 6, 2020

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

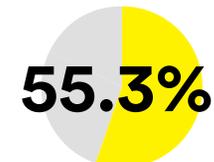
It is published every Monday in order to support the actions of public decision-makers, business accelerators and incubators (BAIs), and all of the actors supporting startups.

How are you?

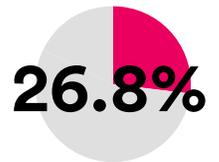
In general, how would you qualify your situation compared to last week?



Better



Unchanged



Worse

Highlights

50.8%

of startups surveyed are having a **hard time making sense of all the information** on available government support measures.



Startups in the **early stages** of commercialization have the **least access** to the government measures they need.



For a majority of respondents, **investment capital and loans** from banks or other private institutions are **not considered a useful solution** to their current financial challenges.

14.3%

only of respondents feel **equipped enough** to confront the crisis.

59.3%

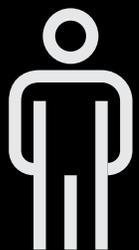
of surveyed startups identify **business opportunities** linked to the current crisis.



Startups who are **accompanied by a business accelerator or incubator** generally assess their business' prospects in a more **positive** light than those who are not.

Key points this week

Data collected from March 30 to April 2, 2020



63

respondents
participated to the study

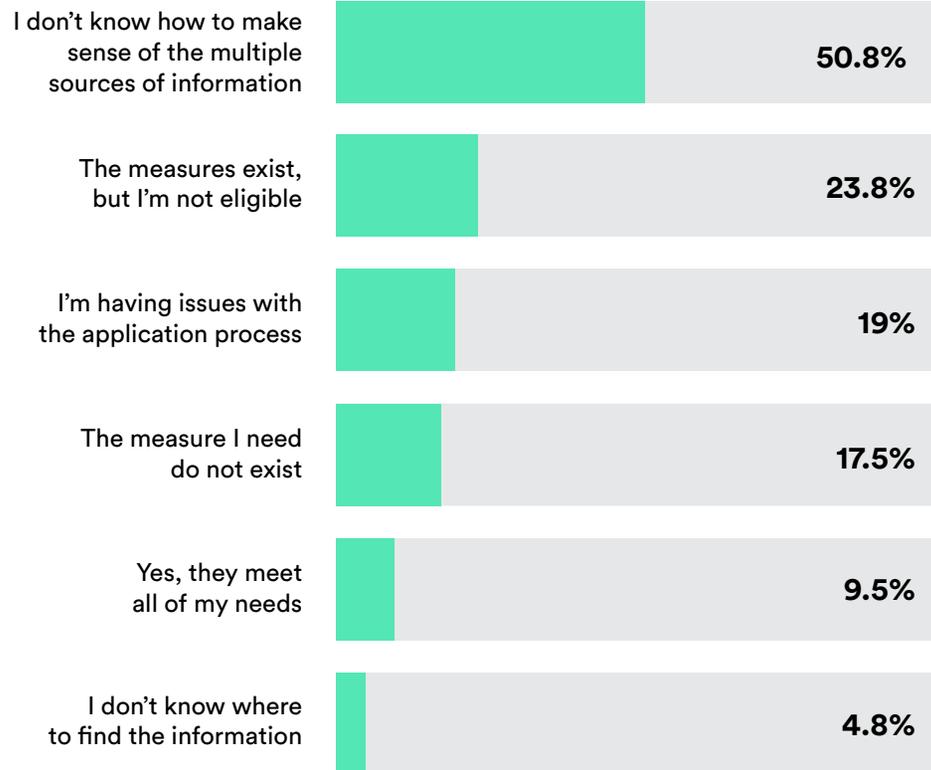
Government measures

9.5%

of respondents state that current government measures completely meet their needs.

50.8%

of respondents acknowledge having a hard time making sense of all the information on government support measures.



Based on the question: "Do the current government measures meet your needs?"

By commercialization stage

Startups in the early stages of commercialization seem to have the least access to the government measures they need.

“The measures exist, but I’m not eligible.”



33.3% No sales
33.3% A few first clients
 0% Stable revenues
33.3% Fast growth

“The measures I need do not exist.”



10% No sales
60% A few first clients
 10% Stable revenues
20% Fast growth

By industry

Respondents who answered “The measures I need do not exist” and “The measures exist, but I’m not eligible” often come from the same business sectors.

Not eligible



Advanced life sciences and health



Retail



Digital media and telecommunications



Transportation



Software (in second place)



Clean technologies (in second place)

Measures don't exist



Advanced life sciences and health



Retail



Digital media and telecommunications



Advanced materials and manufacturing processes



Software

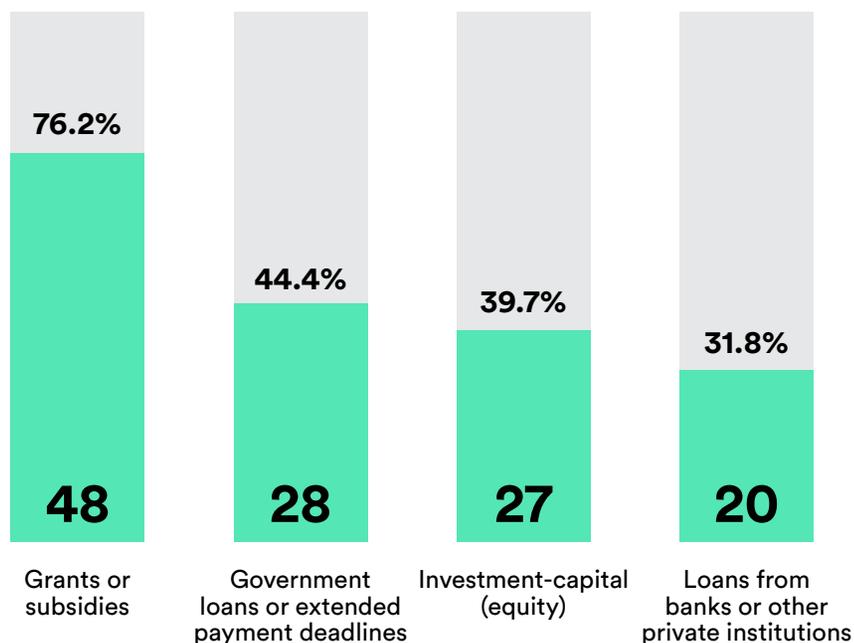


Food and drinks

Financial solutions

Last week's Barometer showed that the 3 most important anticipated impacts for the 275 participating startups were related to finance: sales, cash flow and funding.

According to the 63 startups participating in this week's survey, financial solutions considered most helpful are:



60.3% of respondents do not consider equity a helpful measure to get through the current economic slowdown.

68.3% of respondents do not view private loans as a solution to their current situation.

Based on the question: "What type(s) of financial support would be useful in helping you get through the current economic slowdown?" (Possibility of selecting multiple answers) 63 respondents, 121 selected answers

Startup support needs

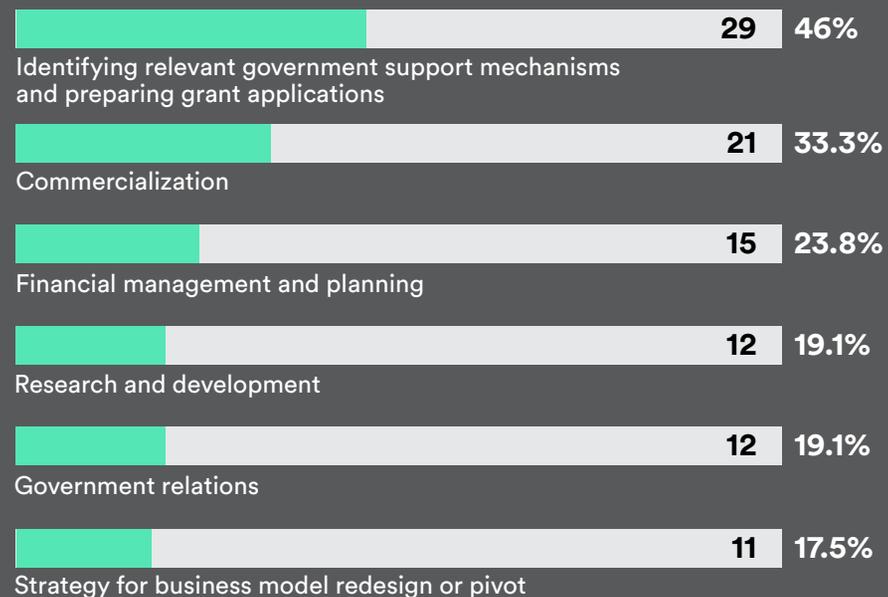
Regardless of their liquidity needs, startups mention their need for guidance in several key areas:

 **14.3%** of respondents feel equipped enough to confront the crisis.

 **46%** of startups voiced their need for help with identifying relevant government support mechanisms and with preparing grant applications, a clear link with the

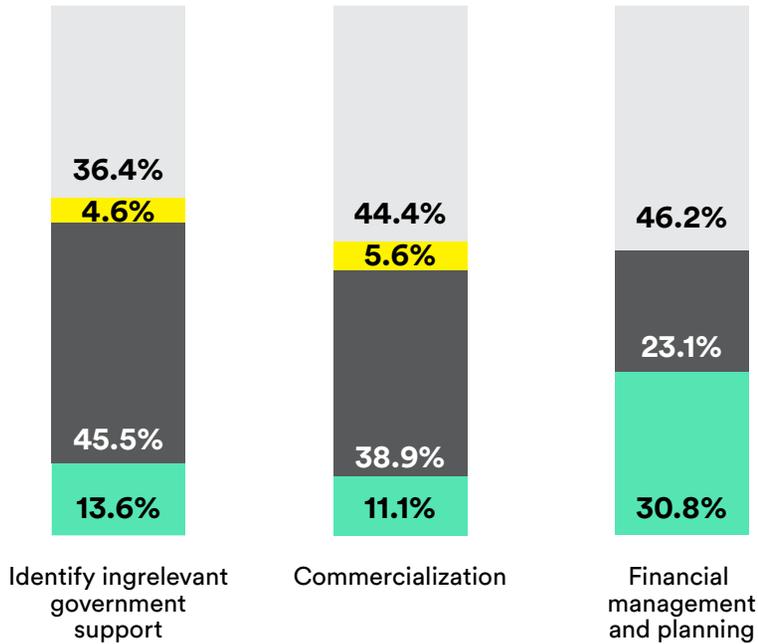
 **50.8%** of respondents who claimed having a hard time making sense of the multiples sources of information available on government measures.

Top support needs



Startup support needs

Distribution of top 3 needs by commercialization stage



■ No sales
 ■ A few first clients
 ■ Stable revenues
 ■ Fast growth

The need for identifying relevant government support is more important for startups with only a first few clients. **(45.5%)**

Commercialization and financial management and planning needs are more important for fast-growth organizations. **(44.4% and 46.2%)**

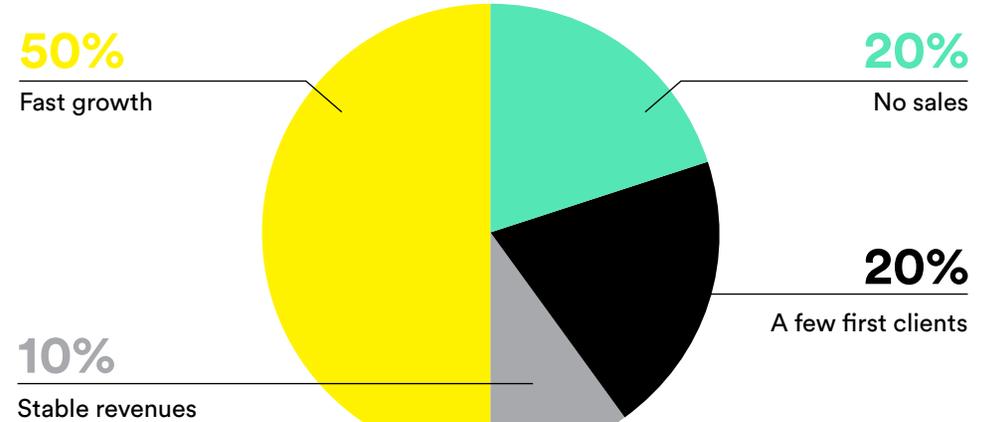
For startups without sales yet, the most important need is for financial management and planning. **(30.8%)**

Based on the question: "Aside from access to liquidity, do you feel equipped to confront the current situation? If not, what type(s) of support do you need in priority?" 63 respondents, 160 selected answers

Business opportunities

59.3% of surveyed startups identify business opportunities linked to the current crisis.

Fast growth organizations are those seeing the most business opportunities in the current economic slowdown.



Based on the question: "Does the current crisis represent a new opportunity for your organization?"

Top business opportunities



Based on the question: "Please describe this opportunity in a few words".

Overview of the situation for Quebec startups

This section is a compiled analysis of all startups' Barometer responses to date. For this reason, it evolves as new startups subscribe to the Barometer. The analysis is based on their initial (comprehensive) survey answers.

		Data analyzed	Diffusion
Initial Barometer	→ 275 startups	March 19 to 26, 2020	March 30, 2020
Week 1	→ 322 startups	March 19 to April 2, 2020	April 6, 2020
Week 2	→		April 13, 2020
Week 3	→		April 20, 2020
Week 4	→		April 27, 2020

Comparison: accompanied / unaccompanied startups

This week, the Barometer's Overview provides a specific analysis of startups' experiences when supported by an accelerator or incubator or unaccompanied.

Variation in primary needs

Startups' needs differ based on whether they are accompanied by an accelerator or incubator or not.

Top 3 needs of accompanied startups (291 startups)

1

Loans or grants to keep current workforce

2

Loans or grants to pay suppliers and / or operating expenses

3

Commercialization support

Top 3 needs of startups that are not accompanied (27 startups)

1

Loans or grants to keep current workforce

2

Opportunities to connect with other entrepreneurs who are experiencing similar challenges

3

Support from crisis management and contingency plan experts

Variation in assessment of business prospects

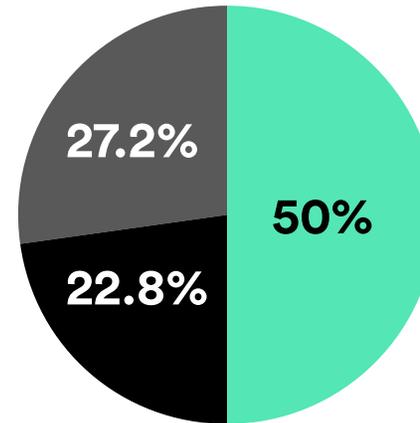
Startups that are accompanied generally assess their business' future in a more positive light than those that are not.

27.2%

of accompanied startups assess their business' prospects positively, whereas this number falls to

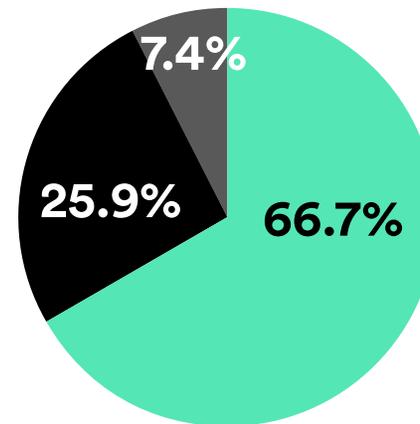
7.4%

for unaccompanied startups.



Accompanied startups

Average of
4.88



Unaccompanied startups

Average of
3.93

Assessment of business' future (scale of 1-10)

4 and under = negative 5 and 6 = neutral 7 and up = positive

Based on 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 = threat to survival, 10 = new business opportunities)

Needs by industry sector



For all industries sectors surveyed except for Craft and Transport, **the primary need** is for loans or grants to help keep their current workforce in place.



The second-most need in importance varies more widely, but for several industries sectors, it is commercialization support.

Industry	Respondents by industry	Psychological support	Crisis management & contingency plan	Connect with other entrepreneurs	Financial planning and management	Research and development support	Commercialization	Deferral of deadline for taxes	Loans or grants to keep your current workforce	Loans or grants for expenses	Employee support measures
Agriculture	16	4.8%	8.1%	1.6%	9.7%	12.9%	11.3%	12.9%	17.7%	16.1%	4.8%
Food and drinks	23	3.1%	4.7%	4.7%	15.6%	0%	17.2%	12.5%	20.3%	17.2%	4.7%
Craft	9	3.3%	3.3%	16.7%	20%	6.7%	10%	16.7%	3.3%	16.7%	3.3%
Education	42	1.6%	6.5%	3.2%	16.1%	12.1%	12.1%	9.7%	22.6%	12.9%	3.2%
Forestry	1	0%	0%	0%	0%	33.3%	0%	33.3%	33.3%	0%	0%
Mining	5	0%	0%	0%	0%	10%	20%	30%	30%	10%	0%
Software & Web	23	0%	2.8%	8.5%	9.9%	4.2%	14.1%	18.3%	19.7%	16.9%	5.6%
Advanced materials and manufacturing processes	20	5.9%	4.4%	0%	10.3%	8.8%	11.8%	10.3%	23.5%	19.1%	5.9%
Digital media and wireless	67	1.4%	3.8%	1.4%	13.7%	9%	15.6%	15.6%	20.8%	15.6%	3.3%
Advanced life sciences and health	37	4.4%	5.8%	3.6%	12.4%	13.1%	13.9%	9.5%	22.6%	11.7%	2.9%
Financial services	14	0%	2.6%	5.1%	15.4%	7.7%	10.3%	12.8%	23.1%	17.9%	5.1%
Clean technologies	43	3.1%	3.1%	1.5%	6.9%	13.7%	17.6%	11.5%	22.9%	16.8%	3.1%
Tourism and culture	21	4.3%	7.1%	4.3%	15.7%	8.6%	12.9%	11.4%	22.9%	12.9%	0%
Transport	20	2.4%	5.9%	2.4%	14.1%	9.4%	18.8%	12.9%	16.5%	11.8%	5.9%
Retail	39	8%	5.1%	6.5%	8%	5.8%	15.2%	13.8%	16.7%	16.7%	4.3%

Methodology

Every week, the Startup Barometer is divided into two sections:

1



Key points

An analysis of the total Barometer sub-sample that responded to the weekly follow-up survey.

2



Overview of the situation

Analysis of the compiled sample of participating organizations, which grows every week. Details about the sample will be updated every time it is increased by 100 respondents or more.

Approach

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.

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.

How to participate?

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.**

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, and to Sébastien Bibeau of Ton Équipier for his significant involvement in our data analysis efforts.

Graphic Design: Amélie Lagueux

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Économie
et Innovation
Québec 

Startup Barometer

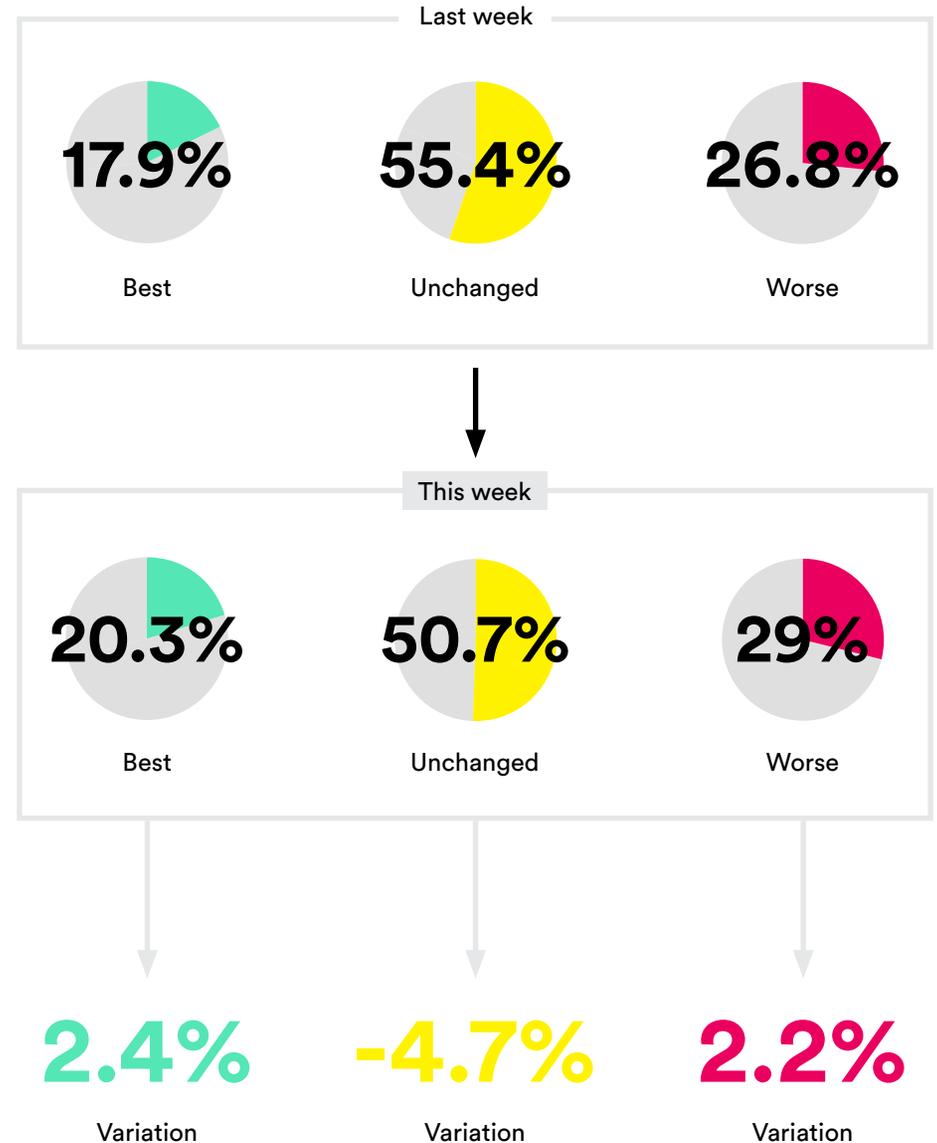
Published April 14, 2020

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How are you?

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



Highlights



Overall federal measures — and —> provincial measures

68.1%

55.1%

attract the attention of a majority of startups.
A quarter, or **26.1%** of startups are interested in **municipal measures**.

29%

of startups surveyed are undertaking
a temporary or permanent reduction
in the number of employees.

27.5%

of startups are **reducing**
executive pay.



30.4%

Nearly a third
of startups **plan**
to hire in the next
three months.

45%

of the startups
are forecasting a
deficit of more than
\$25,000 in three
months.

52.2%

More than half
of startups will **not**
be able to meet
certain financial
obligations in the next
three months.



69

startups
participated in this
week's survey

337

total
participants in the
Barometer

Key points this week

1

Data collected from April 6-8, 2020



Startups take action

All of the startups surveyed this week have implemented or plan to implement measures in the coming days to **reduce costs or to increase revenues.**

72.5%

of startups surveyed have made use of government measures (or are considering the option in the coming days).



Overall, federal measures (68.1%) and provincial measures (55.1%) attract the attention of a majority of startups. A quarter, or 26.1% of startups are interested in municipal measures.

65%

of startups are looking for new financing, credit or loans (or will be in the next few days).

Actions taken by startups



Based on question: What have you put in place or are you planning to implement in the next few days to reduce your costs or increase your revenue? (69 respondents, 264 individual responses)

Focus: employees and working conditions

46.4%

of startups have implemented (or plan to implement in the coming days) **cost-cutting measures** that affect their employees (including founders).

29%

of startups surveyed are temporarily or permanently **reducing the number of employees.**

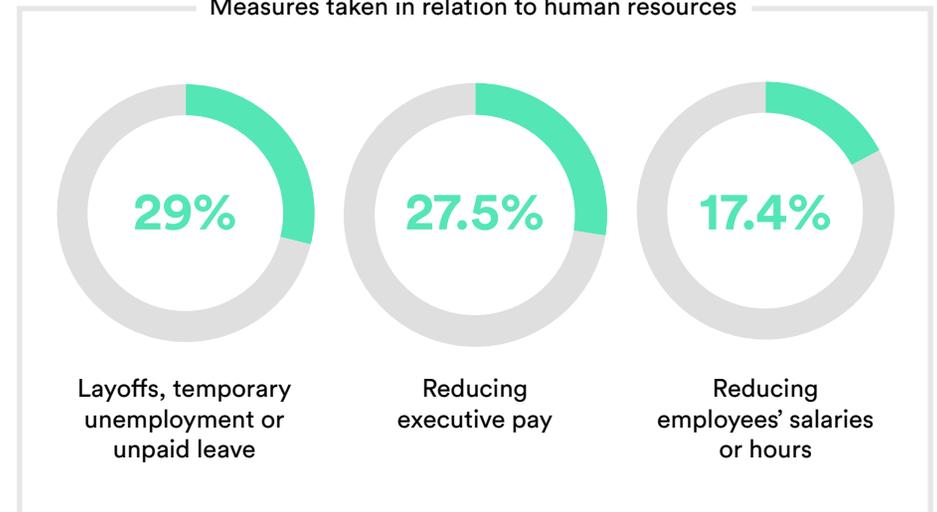
27.5%

of startups are reducing **executive pay.**

17.4%

The **least popular form** of human resources compression is the **reduction in wages or hours** of employees, adopted by only 17.4% of participating startups.

Measures taken in relation to human resources



Based on question: What have you put in place or are you planning to implement in the next few days to reduce your costs or increase your revenue? (69 respondents, 51 individual responses)

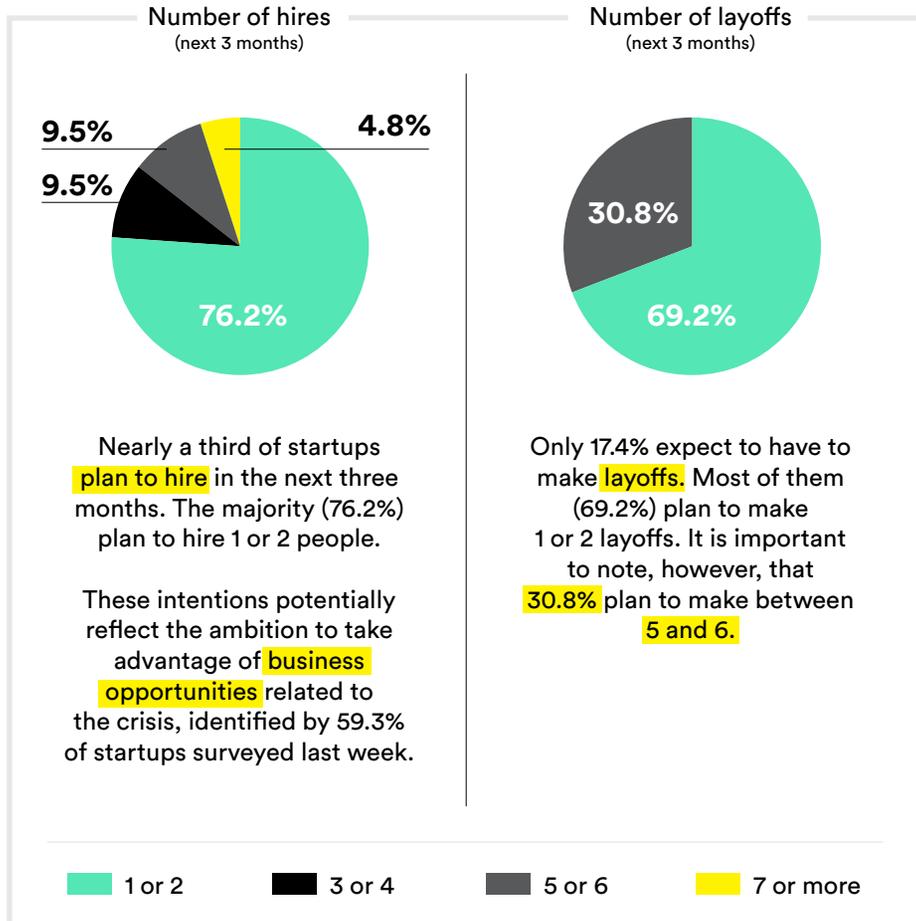
Hires and layoffs

52.2%

of startups are not planning on permanently making headcount changes as a result of the crisis.



Based on question: In the next three months, do you anticipate having to hire or lay off employees?



Business prospects

47.4%

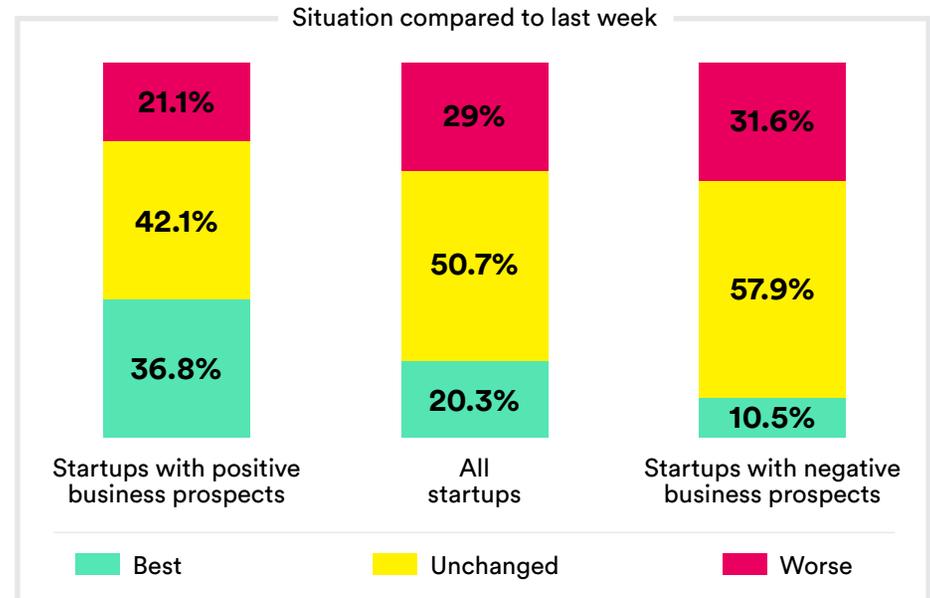
Almost half of businesses that rated their prospects as **positive** at the start of the crisis (and who responded to the survey this week) say they **plan to hire**,

30.4%

compared to only 30.4% of the **week's overall respondents**.

5.3%

In addition, only 5.3% of these businesses are **planning layoffs**, compared to 17.4% of the week's overall respondents.



Generally, startups tend to believe that their situation has deteriorated since last week. But, overall, those who positively assessed their future prospects perceive an improvement and, conversely, those who viewed them negatively perceive a deterioration.

Based on question: Based on what you understand about the crisis and its potential impact on your business, how do you see the future prospects for your business? 1 - survival threatened, 10 - new business opportunities (full-length questionnaire)

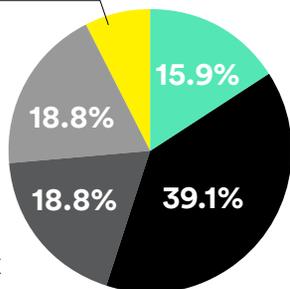
Financial outlook

Financial shortfall

In assessing their financial outlook over the next three months and taking into account all possible spending cuts,

7.3%

- no deficit
- - than \$25K
- 25 to \$50K
- 50 to \$100K
- 100 to \$250K



55%

of startups plan to avoid a deficit (15.9%) or to accumulate a deficit of less than \$25,000 (39.1%).

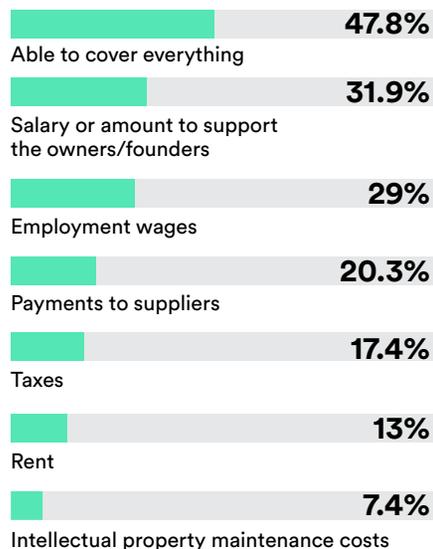
37.6%

startups expect to accumulate a deficit of between \$25,000 and \$100,000 over three months.

Based on question: After making all the possible spending cuts and considering your current reserve, how much do you estimate your accumulated deficit in three months?

Financial obligations

Types of obligations



52.2%

More than half of startups surveyed will not be able to meet certain financial obligations in the next three months.

Wages are by far the most important financial obligation that cannot be met, both at the founder and employee levels.

68.4%

of startups that cannot meet executive or employee salaries have 6 or fewer employees.

Based on question: Despite these solutions, are there any financial obligations that you will not be able to meet in the next three months? (69 respondents, 115 individual responses)

Overview of the situation

2

This section is a compiled analysis of all participating startups' responses to date. The overall portrait is thus in evolution, as startups continue to register for the Barometer.

	Data analyzed	Broadcasted	Total sample	Sample of the week
Initial barometer →	March 19-26, 2020	March 30, 2020	275 startups	
Week 1 →	March 19 to April 2, 2020	April 6, 2020	322 startups	63 startups
Week 2 →	March 19 to April 8, 2020	April 14, 2020	337 startups	69 startups
Week 3 →		April 20, 2020		
Week 4 →		April 27, 2020		

Startups are reinventing themselves

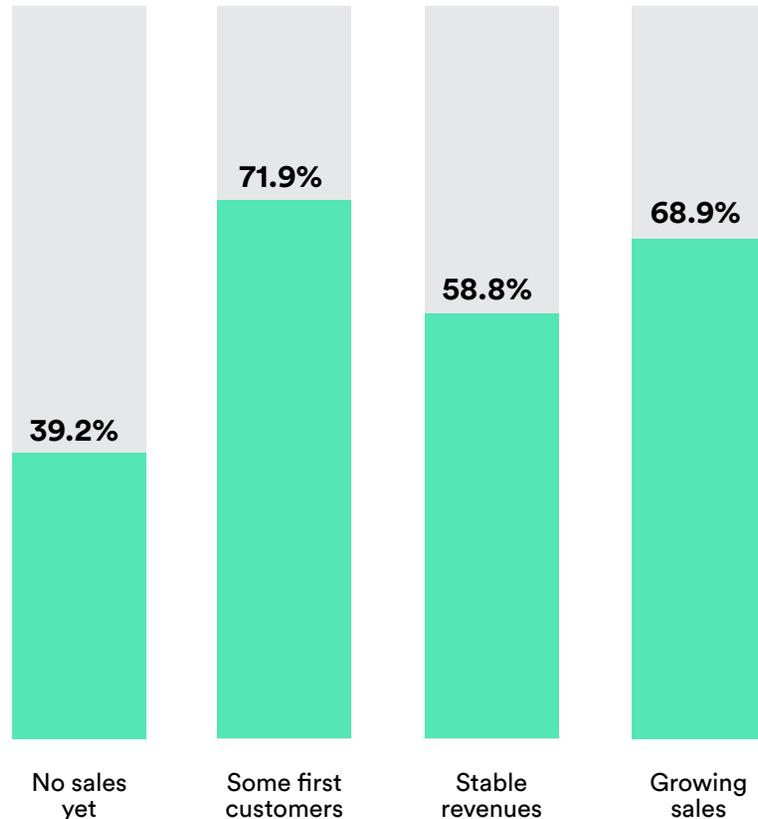
63.5%

Nearly two-thirds of the 337 startups having participated in the Barometer say they **have had to change their business priorities** since the beginning of the crisis.

71.9%

of startups with a **few first customers** say they **are reconsidering their business priorities** in the context of the crisis, while companies that do not yet have sales are the least likely to change their business priorities.

Intention to review business priorities according to stage of commercialization



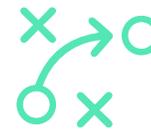
In addition, startups that expect to achieve 50% or less of their pre-crisis revenue predictions are more likely to review their business priorities than those with less risk of revenue loss.

Intention to review business priorities according to % of revenue expected to be achieved



Based on question: Compared to your last pre-crisis forecasts, what percentage of your expected revenue do you expect to achieve in the next year?

How do they reinvent themselves?



25.7%

are working to develop a **new go-to-market strategy.**



20.6%

are developing a **new product or service.**



20.1%

are **redesigning their business model (pivot).**

Based on questions: Since the beginning of the crisis, have these priorities changed? Based on what you understand about the impacts of the crisis, what types of activities do you plan to focus on in the next three months?

Methodology

Every week, the Startup Barometer is divided into two sections:

1



Key points

An analysis of the total Barometer sub-sample that responded to the weekly follow-up survey.

2



Overview of the situation

Analysis of the compiled sample of participating organizations, which grows every week. Details about the sample will be updated every time it is increased by 100 respondents or more.

Approach

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.

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

How to participate?

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.](#)

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, and to Sébastien Bibeau of [Ton Équipier](#) for his significant involvement in our data analysis efforts.

Graphic Design: [Amélie Lagueux](#)

Québec 

The Startup Barometer is made possible with the financial support of the Government of Quebec.

Startup Barometer

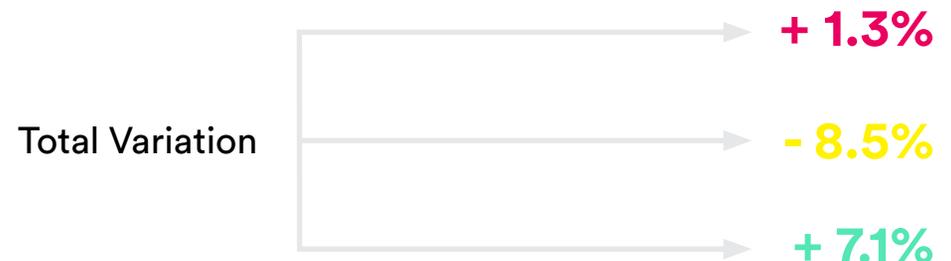
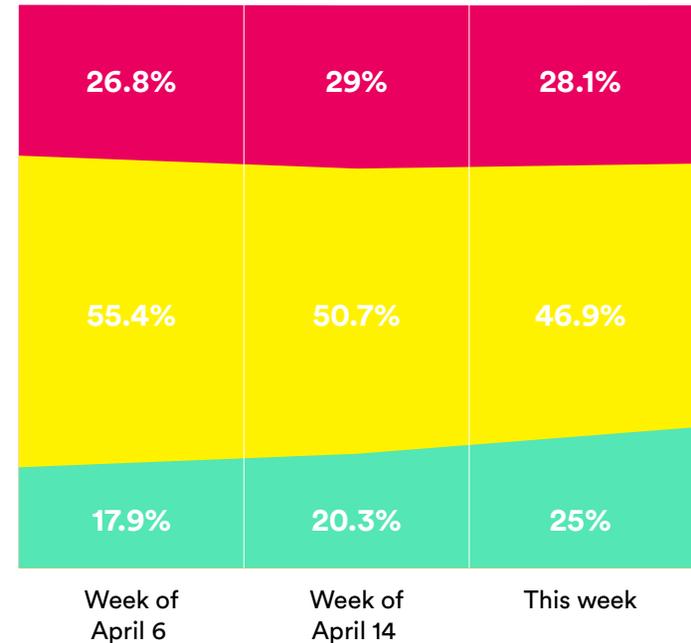
Published April 20, 2020

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

53.2%

have identified programs which meet their needs at least partially.

13%

state that they are simply not eligible.

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.

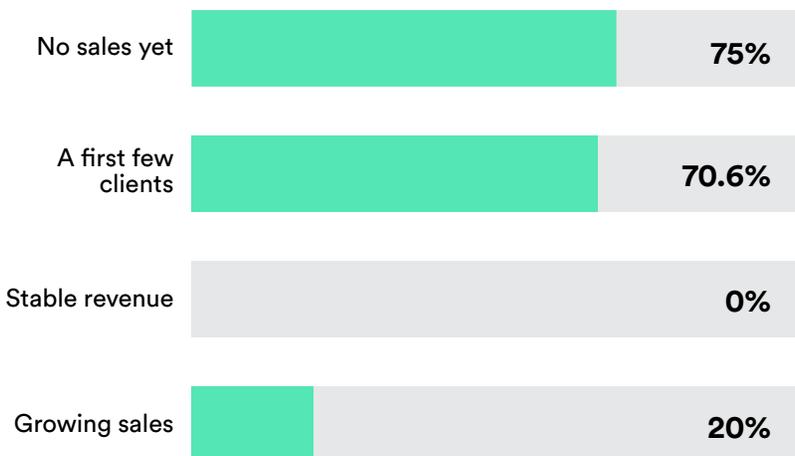
Several business support programs require companies to demonstrate their financial profitability before the impacts of COVID-19. Would you be able to demonstrate that?

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



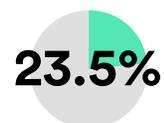
Demonstrating a drop in revenue

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

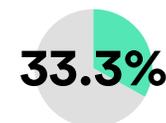
More than **60%** of participating startups are unable to demonstrate a drop in earnings (by 15% or 30%) **compared to their results last year.**

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)

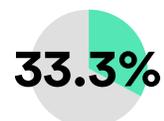


33.3%
30% Drop
(April 2020 vs. April 2019)

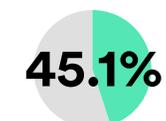


60.8%
Unable

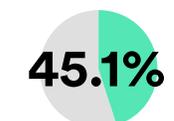
Since the beginning of 2020 and on the basis of an accrual accounting*, would you be able to demonstrate a decrease in revenues?



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

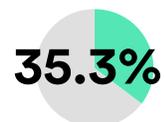


45.1%
30% Drop
(April 2020 vs. Jan.-Feb. 2020)

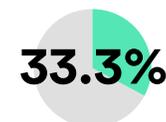


45.1%
Unable

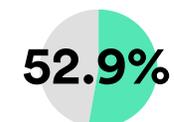
Since the beginning of 2020 and on the basis of a cash-based or cash accounting†, would you be able to demonstrate a decrease in revenues?



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



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



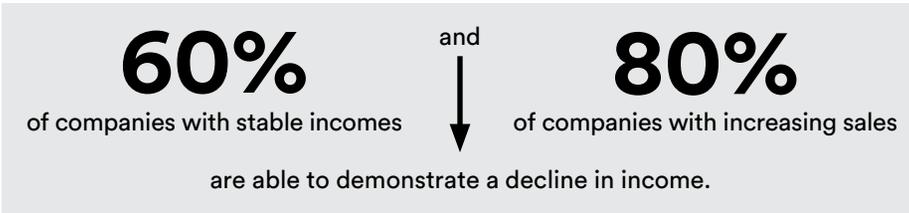
52.9%
Unable

*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.

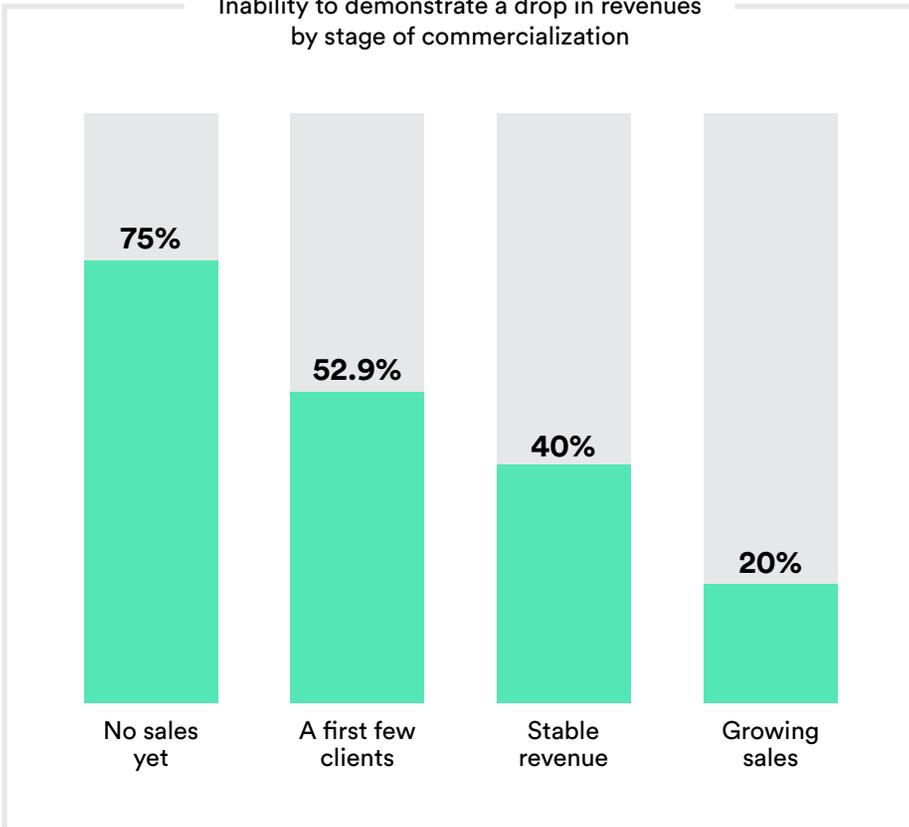
37.3%

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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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

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Graphic Design: [Amélie Lagueux](#)



The Startup Barometer is made possible with the financial support of the Government of Québec.

main Mouvement
des accélérateurs
d'innovation du Québec

125 Charest East, 2nd floor, Quebec (QC) G1K 3G5
1253 McGill College, 3rd floor, Montreal (QC) H3B 2Y5
438 771-5553 | main@mainqc.com | mainqc.com

Startup Barometer

Published
April 27, 2020

The Startup Barometer is reinventing itself!

For the last five weeks, the Startup Barometer has been providing monitoring of the issues and needs of Quebec's high-growth potential companies in the context of the current sanitary and economic crisis. It informs government decision-making, as well as that of business accelerators and incubators (BAIs) and all actors who provide startup support.

Change - not to mention uncertainty - remain, but after this first sprint, we are gearing up for a marathon-style approach in order to focus the energy of our startups, our collaborators, our readers, and, of course, that of our team!

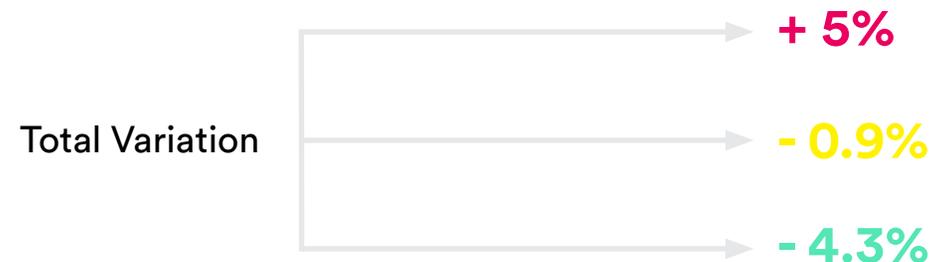
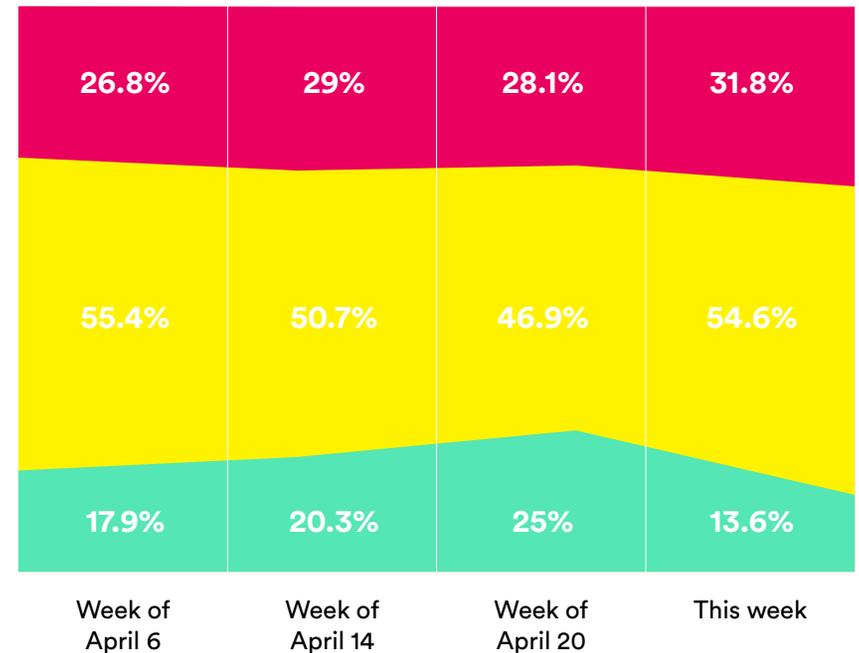
The Barometer will continue to play its role of monitoring the pulse of startups, and that of BAIs as they experience the impacts of events and reinvent themselves thanks to their resilience and ingenuity.

The Barometer will continue to increase the pathways between needs and solutions. It will take the form of thematic surveys that will be open for response for a month at a time, allowing more startups to provide input.

The first thematic survey topic, startups are reinventing themselves, will be launched in the beginning of May.

How are you?

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

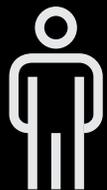


Key points this week

Data collected April 20 to 22, 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 →	19 March to 22 April 2020	27 April 2020	360 startups*	37 startups

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



37

Participants in this week's survey

360

Total participants in the Barometer

The 'killer question':

What are your chances of survival in the next year?

75.5%

of startups rate their chances of survival as **high**.

13.5%

of startups have **no doubts about the survival** of their business.

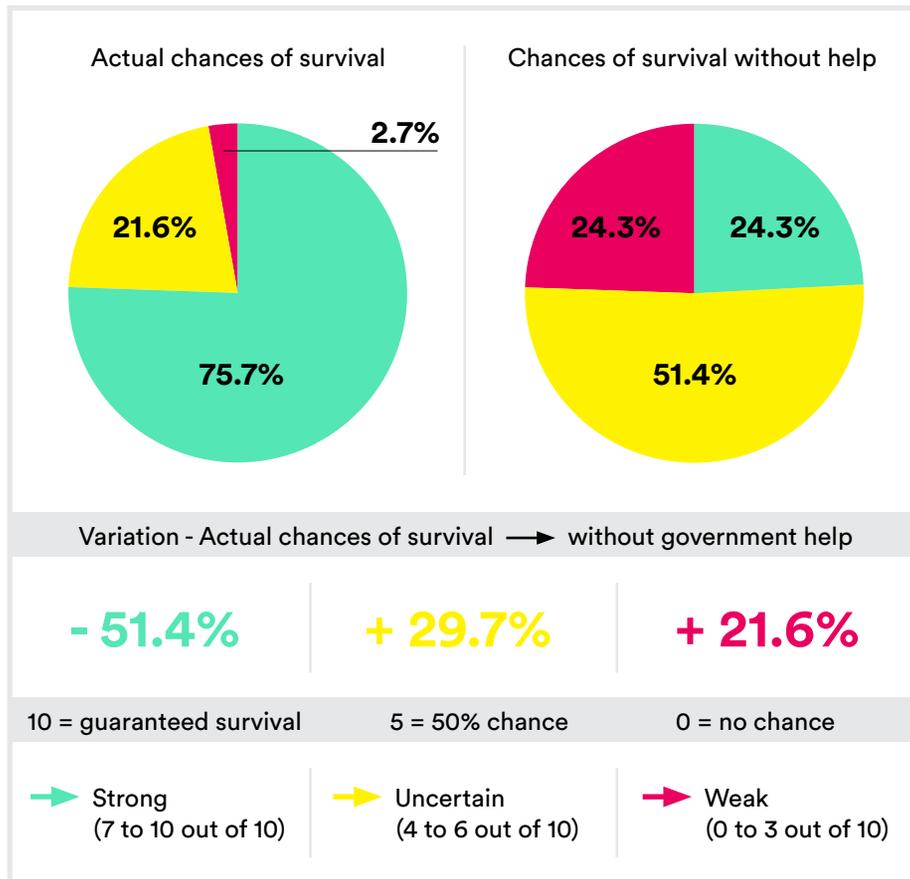
2.7%

of startups rate their chances of survival as **low** and none believe that their chances of survival are zero.

Chances of survival and government measures

How much would you assess your chances of survival without the government support measures announced to date?

When we ask startups to assess their chances of survival **without the government support measures** announced to date, the outlook is much **less optimistic**.



Based on questions: 1. Based on your understanding of the current crisis, the short- and medium-term economic outlook and your specific situation, how much do you estimate your company's chances of survival in the next year?
2. You estimate your chances of survival within a year. How much would you assess them without the government support measures announced to date?

Startups that consider their chances of survival to be **strong** decrease from

75.7% — to — **24.3%**
without the announced government measures.

Startups who consider their chances of survival **low** increase from

2.7% — to — **24.3%**
without the announced government measures.

24.3%

of startups claim that government measures have **no impact** on their chances of survival.

Businesses who see their chances of survival **diminishing** without government measures, i.e.

75.7%

do so by an average of 3 points (out of 10).

Among companies **disproportionately impacted** (18.9%) by government measures (an impact of between 4 and 6 points on their chances of survival),

71.4%

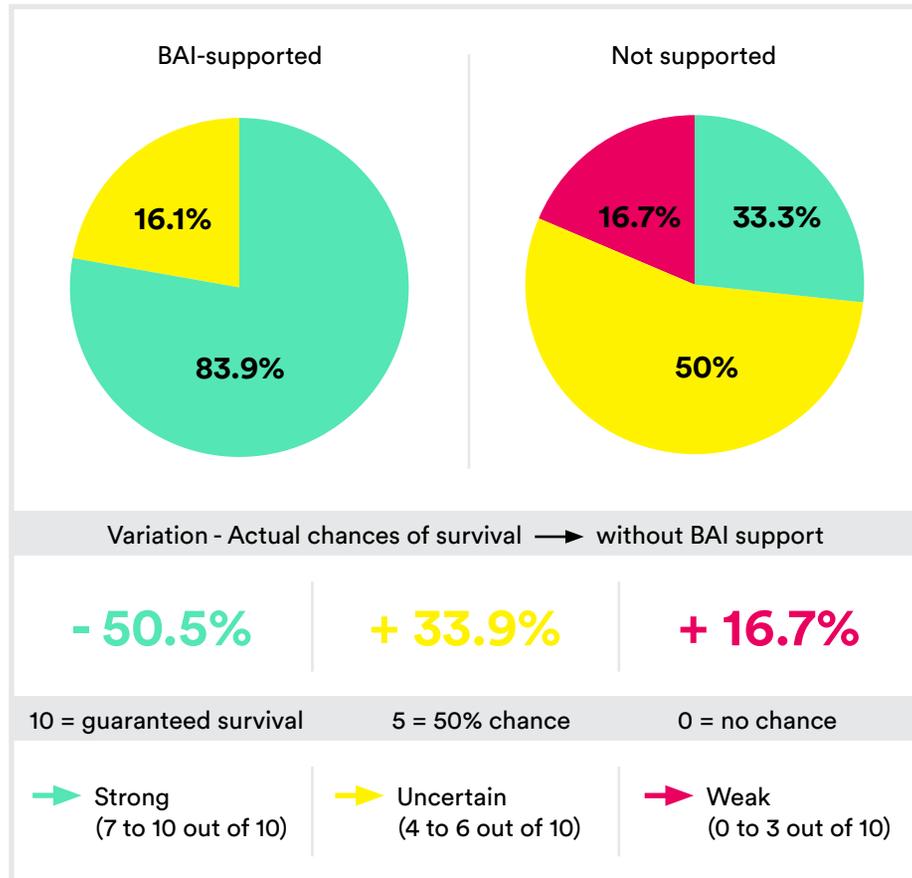
are in the **growing sales** phase.

Chances of survival and support

Startups supported by a BAI generally rate their chances of survival in a much more positive way than those that are not.

83.9%

of BAI-supported startups assess their chances of survival (with the announced government measures) as high. This percentage is 33.3% for unsupported startups.



Based on question: Based on your understanding of the current crisis, the short- and medium-term economic outlook and your specific situation, how much do you estimate your company's chances of survival in the next year?

How can the chances of survival be increased?

We asked an open question to startups

"What factors do you think would increase your chances of survival?"

1 → Improving understanding and access to government action

89.2% of startups cited government-related factors in increasing their chances of survival.

37.8% of respondents moreover identified existing measures among measures that would increase their chances of survival.

Noted within the types of government assistance requested by startups that do not seem to exist at the moment is the **increase in interest-free lending**.

2 → Reducing containment measures and providing recovery assistance

Reducing containment measures would increase the chances of survival for

29.7% of startups, allowing them among other things, to ensure minimal service.

"Subsidies (wage, rent, contribution) that take us beyond the crisis, which for us would be through to December 2020 (minimum September)."

How can the chances of survival be increased?

3 → Making it easier for startups to transform and adapt

16.2%

of startups identified the importance of supporting innovation development for their chances of survival, among other things to enable them to pivot or to pursue product development.

"Subsidies for brick & mortar businesses that make the transition to e-commerce, or that use technology to improve their operations."

4 → Getting financial institutions more involved

16.2%

of startups report the importance of financial institutions to their survival. For example, factors such as greater flexibility and a relaxation of requirements would increase startups' chances of survival.

"Banks have been slow to respond to smaller business demands for smaller loans."

5 → Other interesting mentions

The **maintenance and acquisition of human resources** are also mentioned by **13.5% of startups** as determining their **chances of survival**, notably in order to seize specific business opportunities.

For **8.1% of startups**, a **moratorium on rents, or the offer of fixed-fee financing**, would increase their chances of survival.

Faster access to cash: "[...] Right now, there are a lot of programs, but we do not always have the funds to support them [employees] while we wait for the funds. It's nice to want to keep your "payroll", but employees are your biggest expense."

Approach

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 weekly "how are you" question as well as a monthly thematic survey in order to track their challenges and needs over time. Participating BAIs are given access to the data of businesses they work with to better meet their needs.

How to participate

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 complete the current survey and thus register for the Barometer. You will then receive the next thematic monthly survey straight in your inbox as well as our weekly newsletter with the "how are you" question along with resources targeted to the needs identified in the collected data.

To read upcoming issues of the Barometer as they're published, **[please sign up here](#)**.

Acknowledgments

A special thank you to all of the startups who have been filling out the survey, the BAIs 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 and management efforts, and to Elisabeth Laett from **Holt Accelerator** for the translation efforts.

Graphic design: [Amélie Lagueux](#)

Québec 

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