

Startup Barometer

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Data collected between December 2020
and March 2021

Collaboration between startups & medium and large businesses

How can we multiply collaborations between startups and medium and large enterprises in Quebec? A question that often comes up!

To find possible solutions, this Barometer surveys startups on one side and medium and large enterprises (MLEs) on the other. With this overview of the situation, the goal is to understand where we currently stand, to characterize the collaborations that are considered the most important, to identify the challenges and, to define future intentions.

Quebec startups have a lot to contribute to established businesses to enable them to remain innovative and efficient. At the same time, medium and large enterprises hold great business potential for startups that can play a crucial springboard role. By increasing trust between these two types of businesses, Quebec can only emerge stronger, especially in the face of global competition.

This Startup Barometer on collaborations between startups and medium and large enterprises is presented in partnership with [Highline Beta](#) and CGT Conseils.

It should be noted that the medium and large enterprises which were interested in answering this survey were often those which are more inclined to favour and initiate collaborations with startups, which can naturally influence this Barometer's data. However, several companies that are not currently collaborating with startups and who did not participate in the Barometer told us that they had an interest in working with startups.



82

startups

21

medium and large enterprises

(200 employees and more,
with activities in Quebec)

main

 Highline Beta

 CGT

Highlights



In comparison with Montreal startups, startups who are from outside of Montreal are proportionally more numerous to collaborate with medium and large enterprises (MLEs).



57.3%

of startups wish to offer solutions related to the **customer experience** to MLEs during their future collaborations

66.7%

of MLEs surveyed wish to innovate in this aspect.

Most startups



88.4%

and

MLEs



75%

believe that their partnerships have had a **positive impact**.

While startups and MLEs overwhelmingly indicate that no third party has been involved in their most strategic partnership so far, over

90%

say they want to work with third parties in future collaborations.

46.3%



of startups mainly cite the **lack of access to networks** as a barrier to initiate partnerships while

52.4%



of medium and large enterprises mention the **lack of internal alignment on the perception of such an initiative**.

85.4%



Most startups

and

71.4%



and medium and large enterprises

indicate that they wish to collaborate in the future.

Current Situation

According to the 82 startups that took part in our survey,

52.4%

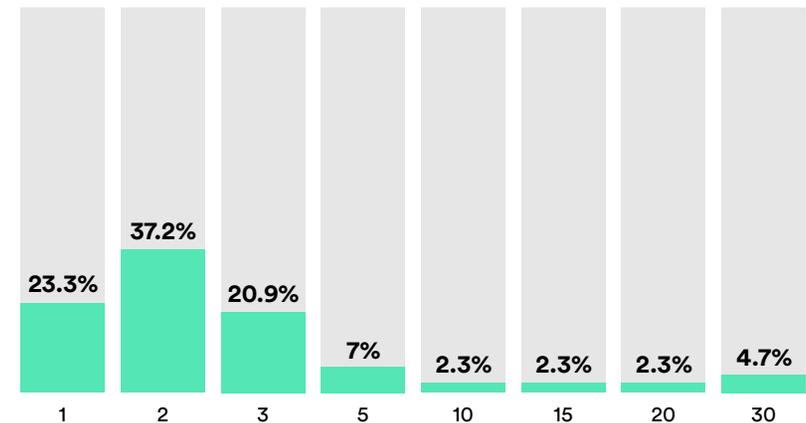
of them say they have already collaborated with medium and large enterprises (MLEs). In total, these 43 startups took part in 189 collaborations with MLEs.

Regarding the 21 medium and large enterprises surveyed,

76.2%

of them (16 MLEs) have had collaborations with startups, for a total of 616 collaborations. Some of the MLEs have had 200 and even 300 collaborations with startups. Among the MLEs that have collaborated with startups, the median is nine collaborations.

Breakdown of the startups according to their number of collaborations with MLEs



Based on the question: With how many medium and large enterprises have you ever had a partnership with as part of your current startup? (n = 43)

37.2%

of startups who have already collaborated have had two collaborations (16 respondents out of 43) with medium and large enterprises. Some startups report having had as many as 30 collaborations.

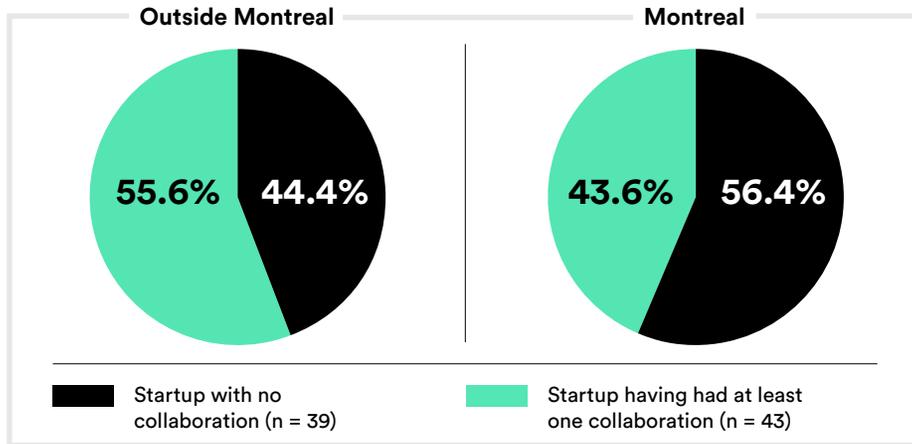
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Region

81.4%

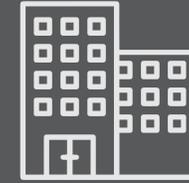
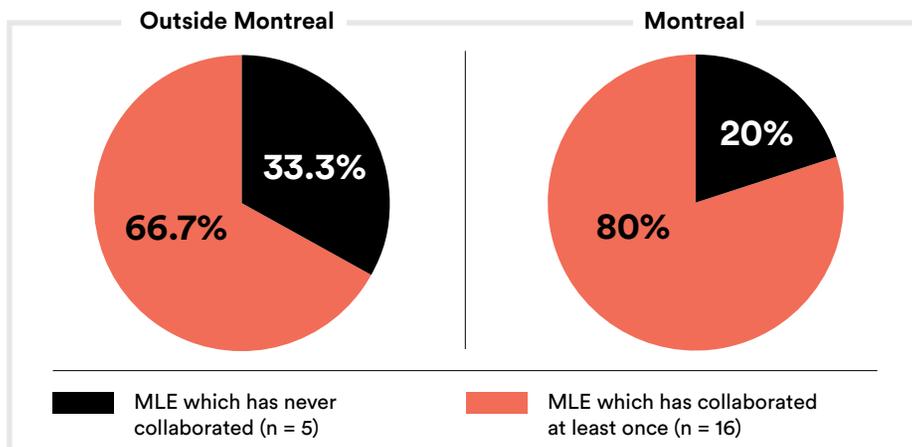
of collaborations, among the 189 collaborations identified by 43 startups, were undertaken with medium and large enterprises headquartered in Quebec.

Startups located outside of Montreal seem to be proportionately more likely to collaborate with established companies compared to startups in Montreal.



Based on the question: In which administrative region is your organization located? (n = 82) Along with: How many medium and large enterprises are you with or have you ever had a partnership within the framework of your current startup? Data for the region excludes zero values.

Conversely, according to respondents, MLEs located in Montreal are more likely to collaborate.



43.8%

of MLEs who have already collaborated with a startup have



1000

employees and more.

Types of Partnerships

2

Proposed definitions:

Client-supplier relationship



the MLE is one of the startup's first clients

Business partnership



the startup and the MLE jointly market a project

Innovation partnership



the startup and the MLE work together to carry out work related to an issue or an internal innovation opportunity of the organization

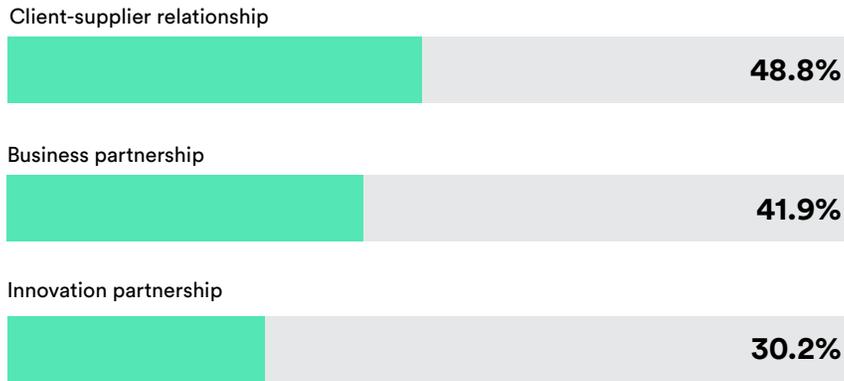
48.8%

Among the 52.4% of startups having had at least one partnership with a medium or large enterprise, the **client-supplier relationship is the most recurring type of partnership (48.8%).**

87.5%

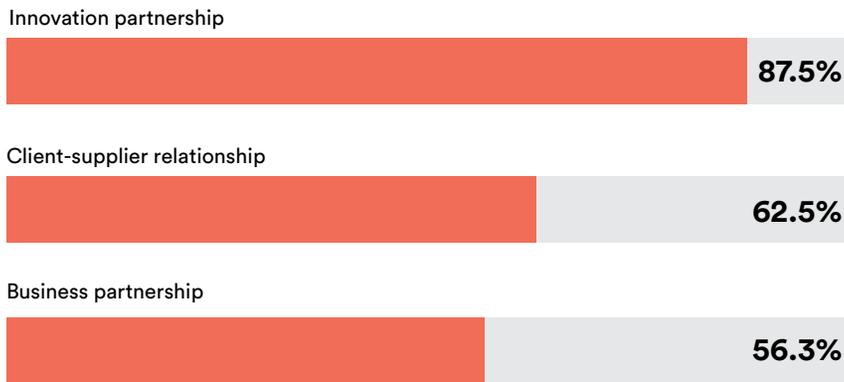
Conversely, among the 16 MLEs who collaborate with startups, **87.5% have innovation partnerships, which is the most popular type.**

Types of partnerships according to the participating startups



Based on the question: How would you describe your partnerships with medium and large enterprises? (n = 43, 52 mentions, more than one answer possible). Total includes zero values.

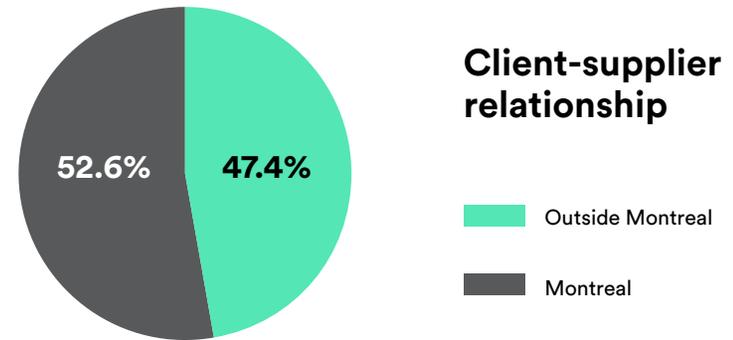
Types of Partnerships According to the Participating MLEs



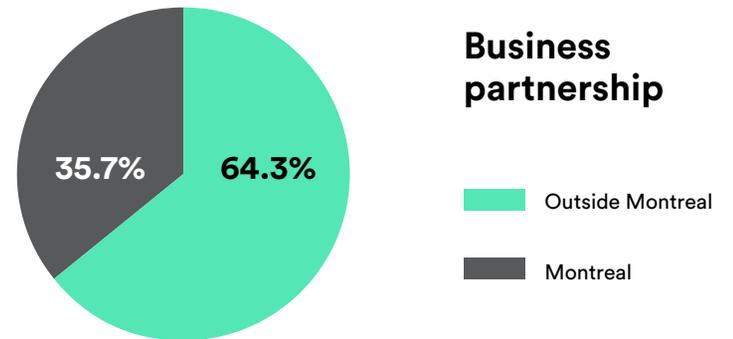
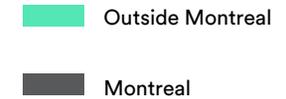
Based on the question: How would you describe your company's partnerships with startups? (n = 16, 33 mentions, more than one answer possible.)

Startups from **outside of Montreal (64.3%)** seem more inclined to take part in **business partnerships** than those located in Montreal (35.7%). The opposite holds true for innovation partnerships.

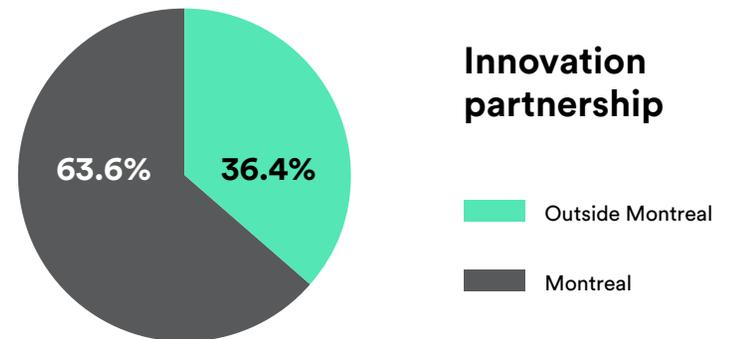
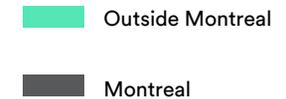
Distribution of types of partnerships, according to the startup's region



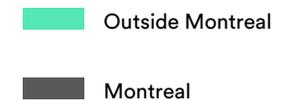
Client-supplier relationship



Business partnership



Innovation partnership



Based on the question: How would you describe your partnerships with medium and large enterprises? (n = 43, 52 mentions, more than one answer possible.) Along with: In which administrative region is your organization located. The total excludes zero values for the startup's region of origin.

Strategic Partnerships

3

In the section below, respondents only tell us about the startup—medium/large enterprise partnership that has been the most strategic for their organization.

For startups, here is the medium or large enterprise profile with which the most strategic partnership has taken place.

An MLE from one of the **three sectors** below (for 41.9% of startups)



Advanced materials and manufacturing processes



14%



Digital media and telecommunications



14%



Cutting-edge life and health sciences



14%



An MLE whose **head office** is in Quebec (for nearly 70% of startups)



An MLE with **1000 or more employees** (for 55.8% of startups)



As for MLEs, **50% identify a startup headquartered in Quebec** when they refer to their most strategic partnership.

Third Party

60.5%

Most startups **have not used a third party** as part of their most strategic partnership.

This observation also applies to MLE partnerships.

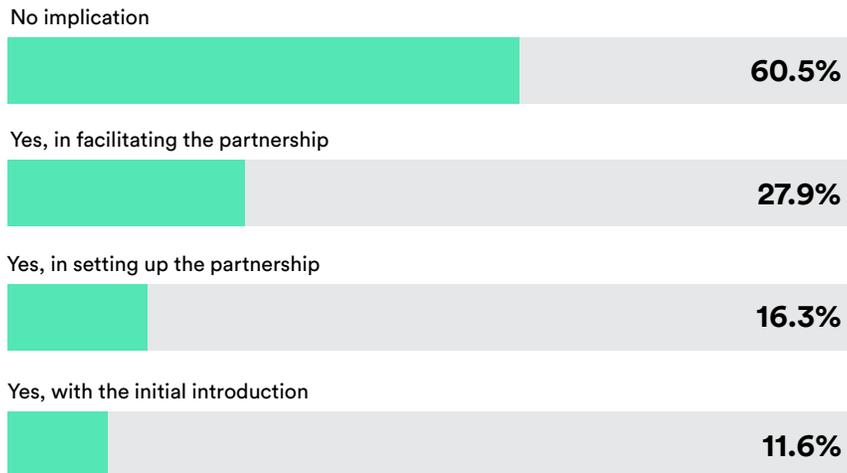
68.8%

of them indicate that **no third party has been involved** in their most important collaboration with a startup.

That said, for both startups and MLEs, more than **90% of respondents would be open to working with a third party for future partnerships.**

In the cases where third parties were involved, the latter intervened mainly in the facilitation of partnerships (mentioned by 27.9% of startups).

Involvement of third parties in the startups' most strategic partnerships

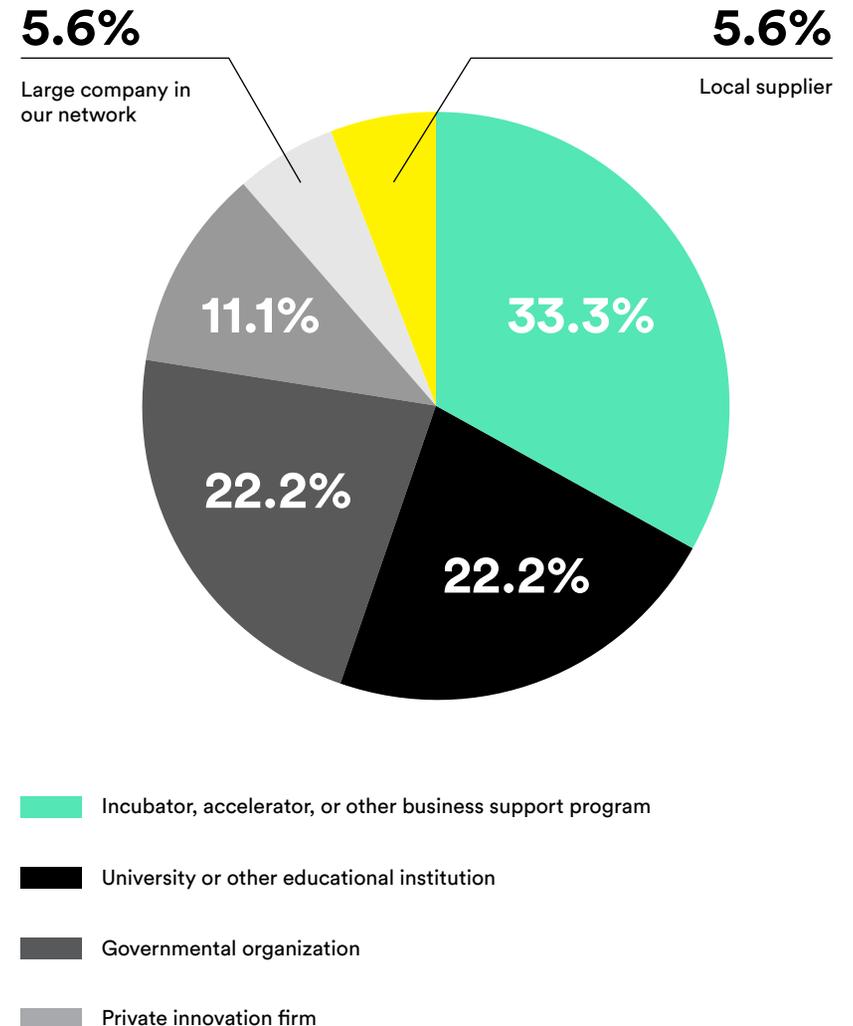


Based on the question: In your partnership, is there a third party involved? (n = 43, 50 mentions, more than one answer possible.)

77.8%

of the third parties involved are BAIs, public players, universities, or other educational institutions.

Third parties involved in the startups' most strategic partnerships



Based on the question: Who is or are the third party (ies) involved? (n = 17, 18 mentions, more than one answer possible.)

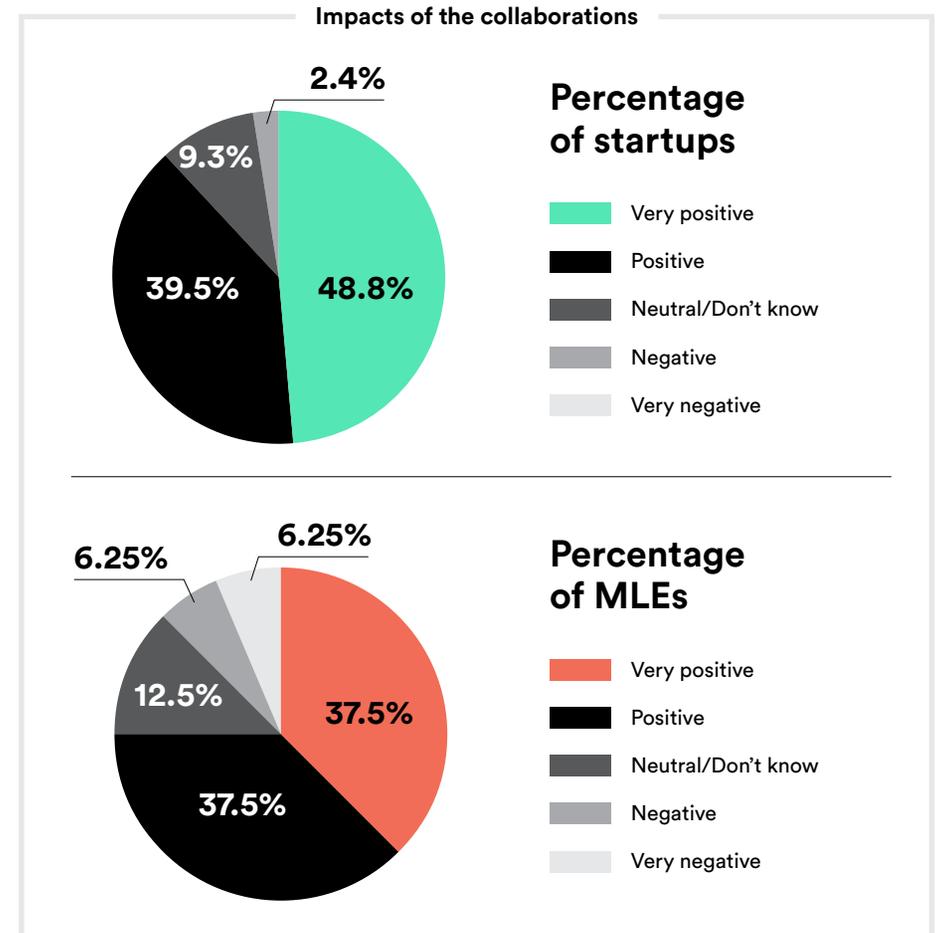
Impacts of Partnerships and Avenues for Improvement

4

For the section below, startups and MLEs consider all their partnerships.

Most startups → **88.4%**
 and medium and large enterprises → **75%**

believe that their partnerships have had a positive impact.



Based on the question: In short, do you consider that the partnerships you have with medium and large enterprises have had positive or negative impacts on your organization? (n = 43)

In addition, startup respondents located in Montreal (64.7%) seem to be proportionally more likely to find that their partnerships have had very positive impacts, compared to those located outside Montreal (35%).

What are the Impacts of These Partnerships?



For startups, the improvement and validation of their innovation (65.1% of startups) and the access to a larger network of partners and clients (60.5% of startups) are the main impacts that are most often mentioned.

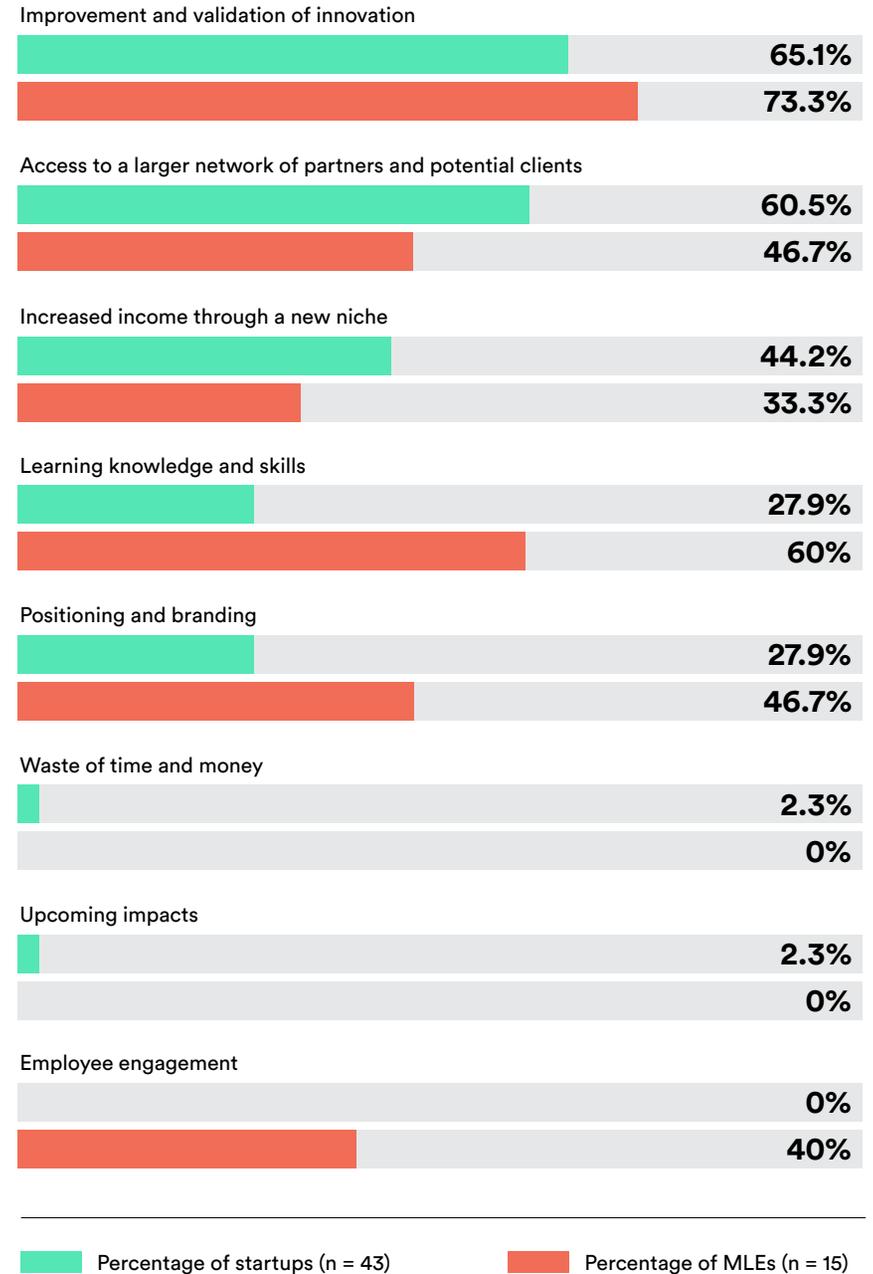


On their end, MLEs also state that the main impact is the improvement and validation of innovation (mentioned by 73.3% of MLEs), but it is the learning of knowledge and skills (mentioned by 60% of MLEs) which ends up in 2nd place.

Employee engagement as well as the positioning and branding are also emphasized more by established companies than by startups.

Some medium and large enterprises also mentioned knowledge transfer and applied research, as well as better service to partners as partnership impacts.

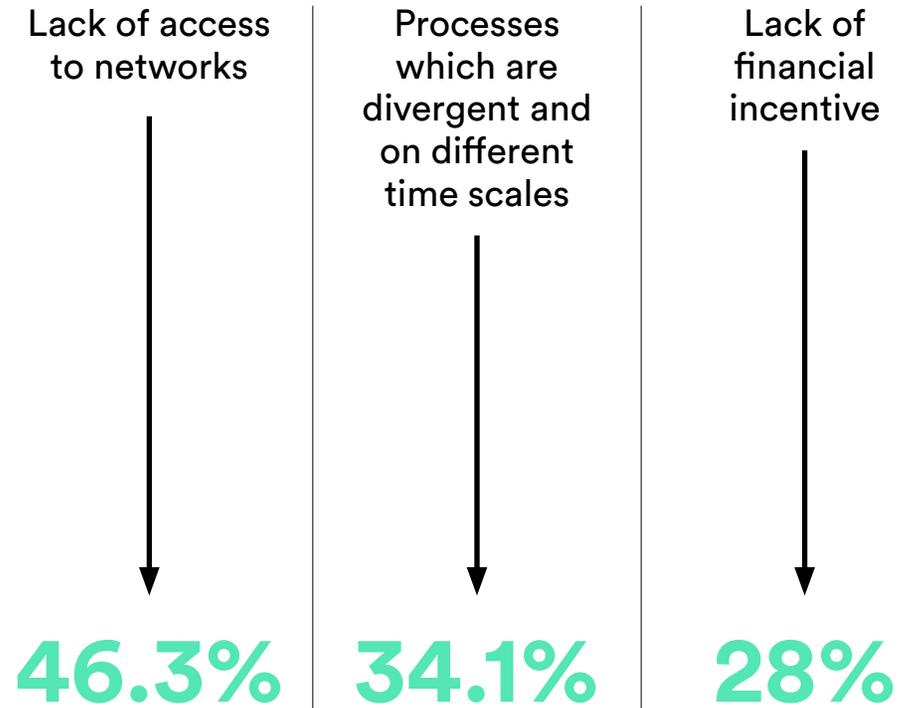
Main impacts of partnerships, according to organizations having had at least one collaboration



Based on the question: What are the main impacts? (99 mentions of startups, 47 mentions of MLE, more than one answer possible).

What are the barriers to initiating a partnership?

According to all the startups in our sample (82 respondents), the **three main barriers** when it comes to initiating a collaboration project with an MLE are:



It is interesting to observe the differences that arise when we compare the perspectives of startups that have collaborated before, with those that have never collaborated, as well as those of medium and large enterprises.

For startups that have already collaborated, the biggest barrier to initiating a project is the **processes which are divergent and on different time scales**, while for startups that have never collaborated, the **lack of access to networks** is the biggest obstacle to initiating a partnership with an MLE.

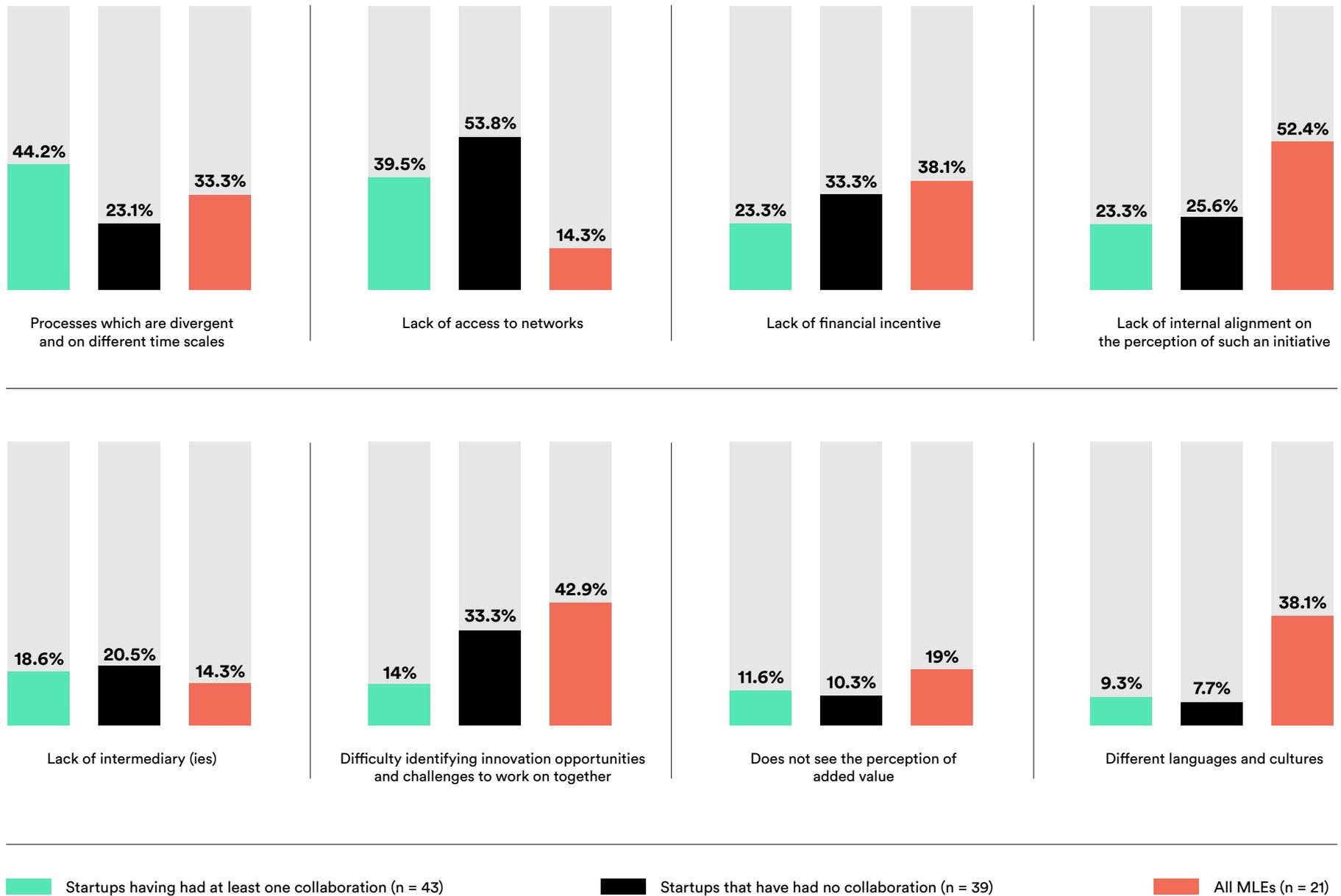
For MLEs, the **lack of internal alignment** on the perception of such an initiative is the biggest challenge in initiating a collaboration with a startup.

Barriers to Collaborations

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Respondents shared their views on the barriers to initiating collaborations, as well as the challenges to making collaborations work successfully once established.

Barriers to initiating a startup—MLE collaboration project



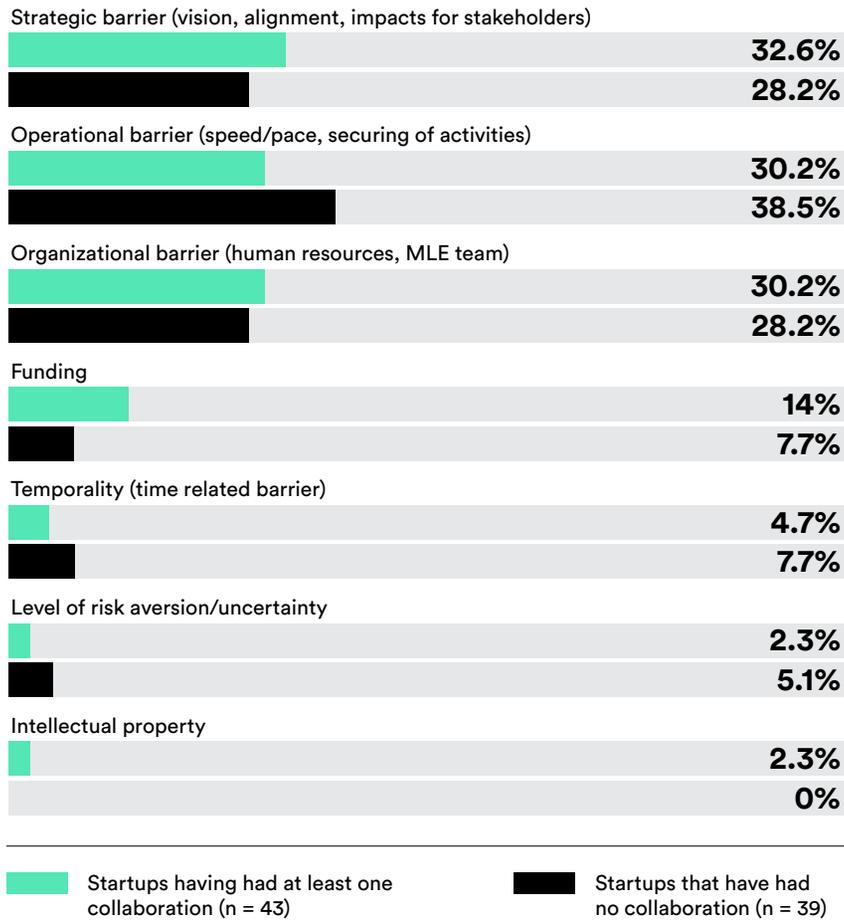
Based on the question: What do you think are the biggest barriers to initiating an innovation project between a startup and an established company? (For startups, 162 mentions, for MLEs, 56 mentions, more than one answer possible per participant.) Along with: With how many medium and large enterprises are you or have you already had a partnership within the framework of your current startup?

The barriers to a functioning collaborative project

Respondents spoke with an **open-ended question**. While participants who had at least one collaboration looked at their experiences, respondents who had had no collaboration shared their perceptions.

The barriers related to funding seem to be proportionately greater for startups that have already had a collaboration (14%) than for those that have had no collaboration (7.7%).

Barriers to the proper functioning of collaborations according to startups



Based on the question: In your opinion, once a partnership has been established, what are the biggest barriers to the proper functioning of such a partnership so that it generates value for both the startups and the medium and large enterprises involved? (n = 82, 100 mentions, more than one answer possible.) The categories were determined from the responses during the qualitative analysis.

43.8%

According to the MLEs who have already collaborated, strategic barriers (43.8%) represent the biggest obstacles to the proper functioning of their collaborations with startups.

Here are some quotes from startups that have already collaborated, on the barriers to the proper functioning once the partnership has been launched:

“ [...] even if the partnership is accepted by the users, other players will wish to (un)risk by seeking to work with sellers or established partners.

- Strategic barrier

The big companies are not able to move quickly in the project's progress.

- Operational barrier

Lack of resources and skills within the company to drive business advancements.

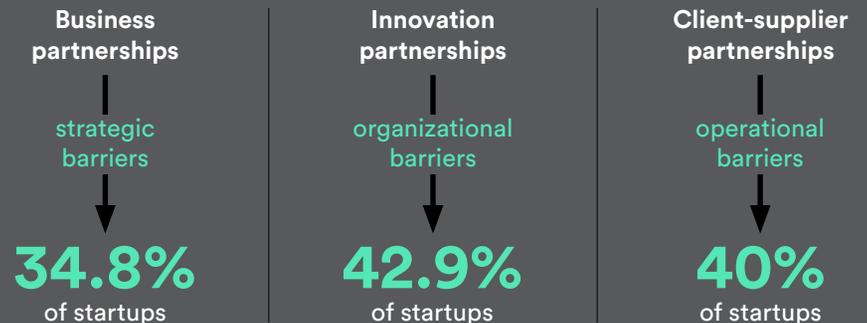
- Organizational barrier

And an MLE who has already worked with startups:

“ Startups' sense of accountability, their willingness to be coached by professionals.

- Strategic barrier

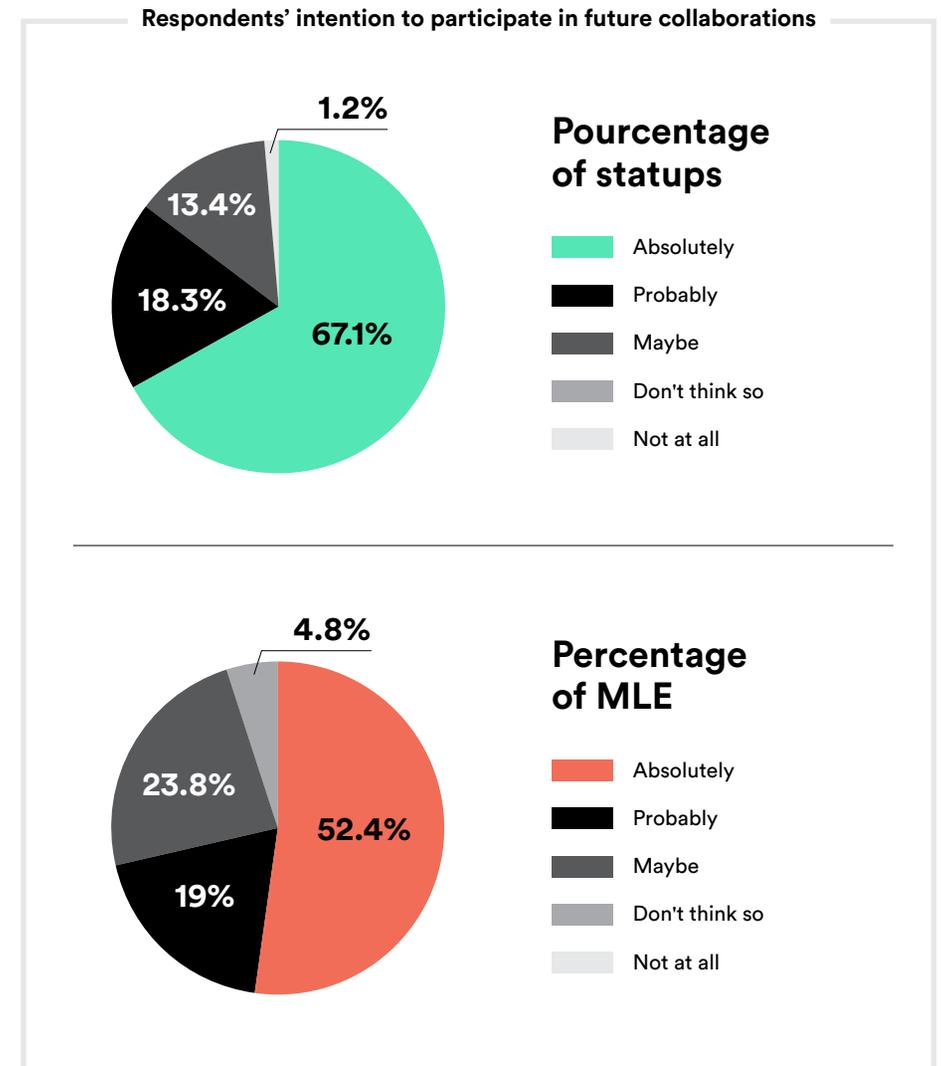
The stated barriers also differ depending on the **type of partnership**. For startups that have already collaborated with an MLE, the most important barriers to proper functioning according to the types of partnerships are:



Future Intentions

Most startups → **85.4%**
and medium and large enterprises → **71.4%**

have indicated that they want to work together in the future.

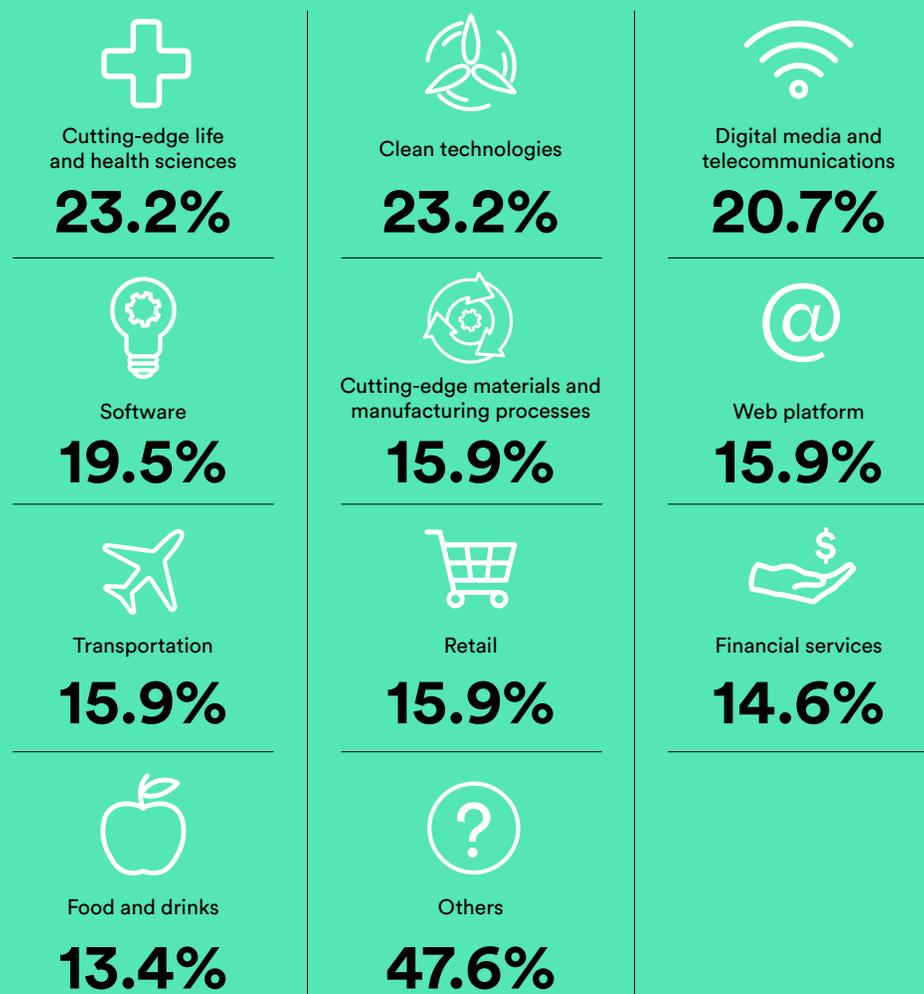


Based on the question: Do you plan on working with medium and large enterprises in the future? (1 = not at all, 3 = maybe, 5 = absolutely) (n = 82). And does your company intend to work with startups in the future? (1 = not at all, 3 = maybe, in evaluation, 5 = absolutely) (n = 21)

Sectors Targeted by Startups

The MLEs with which startups wish to collaborate are in the **life sciences** and **advanced health sectors** (mentioned by 23.3% of startups) and **clean technologies** (mentioned by 23.2% of startups). However, many sectors are well represented.

Most startups (85.7%) primarily target MLEs from the same industry as them for their future collaborations.



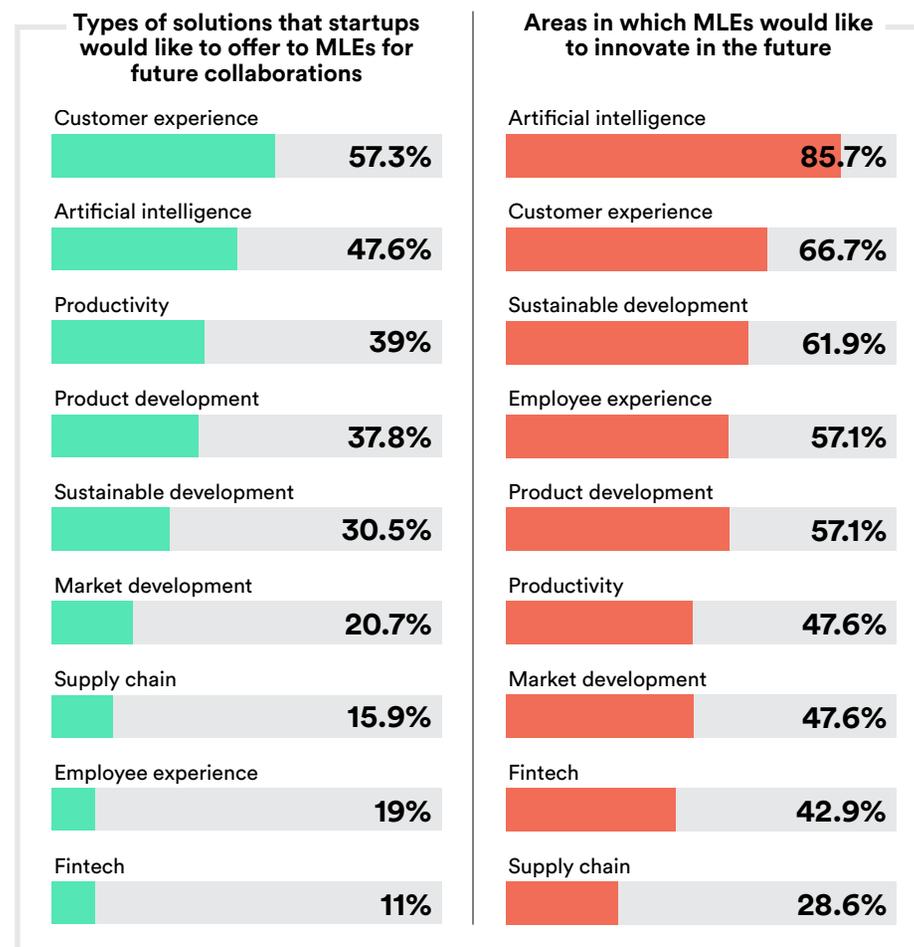
Based on the question: In which sectors are the medium and large enterprises you are targeting located? (n = 82, 185 mentions, more than one answer possible.) Sectors with less than 10% are grouped together in the Others section.

What could future collaborations look like?

72% of startups have already identified avenues for collaborations with MLEs.

57.3% of startups wish to offer solutions related to the **customer experience** to MLEs during their future collaborations and **66.7% of MLEs** surveyed want to innovate in this aspect.

However, the element of **innovation most sought after by the surveyed MLEs is artificial intelligence**, second most popular type of solution that the startups plan to bring to these companies.



Based on the question: What type (s) of solution (s) would you like to offer them or help them develop? (n = 82, 213 mentions, more than one answer possible.)

Based on the question: Please select all the key elements related to your short- and medium-term internal innovation aspirations. (n = 21, 105 mentions, more than one answer possible.)

Investment

87.8%



Most startups have had no investment from MLEs while

47.6%



of participating MLEs are financially invested in startups.

64.6%



of startups would be interested in having an MLE invest immediately or very soon in their startup and

52.4%



of MLEs indicate they are willing to invest in a startup.

About

The Startup Barometer keeps the pulse of startups across Quebec by means of quantitative analysis on various themes of interest. Since its creation in March 2020, in the context of the sanitary and economic crises, nearly 600 startups have taken part in the Startup Barometer.

How to Participate?

To receive the Barometer by email, subscribe [here](#).

If you are interested in collaborating with us on a future startup Barometer, write to Akina Matsuo  akina@mainqc.com.

Acknowledgements

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Québec 

 Highline Beta

