ENTREPRENEURSHIP REVIEW

SOUTH SUMMIT 2016
SOUTH SUMMIT, Startup Competition 2016:
3,160 projects

SAMPLE:

• Sample size: 1,534 projects from the Startup competition of South Summit
• Origin: Spain 61% / International 39% (Breakdown in following slides)
• Source: South Summit Global competition for Startups
• Characteristics: Innovation, Scalability and Agility.
ORIGIN OF THE STARTUP: International

- Spain: 61%
- Europe (excl. Spain): 20%
- LATAM: 11%
- Rest of the world: 8%

ORIGIN OF THE STARTUP: Spain

- Madrid: 38%
- Cataluña: 20%
- C.Valenciana: 9%
- Andalucía: 9%
- Galicia: 4%
- País Vasco: 3%
- Castilla y León: 3%
- Extremadura: 11%
- Otros: 3%
Finalists 2016

<table>
<thead>
<tr>
<th>Fintech</th>
<th>Fashion</th>
<th>Industry &amp; NRG</th>
<th>Health &amp; Wellness</th>
<th>Travel</th>
<th>Food</th>
<th>EdTech</th>
<th>Media &amp; Entertainment</th>
<th>B2C</th>
<th>B2B</th>
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<td>allpago</td>
<td>aplazame</td>
<td>Billin.com</td>
<td>albufera</td>
<td>avana</td>
<td>aBoatTime</td>
<td>aura</td>
<td>Brandtrack</td>
<td>aircall</td>
<td>aitza</td>
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<td>finbook</td>
<td>lico</td>
<td>finboot</td>
<td>bichops</td>
<td>carriots</td>
<td>dea</td>
<td>Cuicui</td>
<td>bloombox</td>
<td>appentra</td>
<td>Biome</td>
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<td>Indica</td>
<td>capital</td>
<td>Kuspit.com</td>
<td>gestees</td>
<td>Orphidia</td>
<td>phosphorous</td>
<td>Shipper</td>
<td>Criptext</td>
<td>Biome</td>
<td>appentra</td>
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<td>Pay2Pay</td>
<td>PayThunder</td>
<td>PRIOR</td>
<td>proteon</td>
<td>quibim</td>
<td>Seajil</td>
<td>Shopy</td>
<td>bloombox</td>
<td>Biome</td>
<td>appentra</td>
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<tr>
<td>STARTUP</td>
<td>EXPLOR</td>
<td>E</td>
<td>REPRE</td>
<td>Speratum</td>
<td>8travel</td>
<td>土耳c</td>
<td>Smiths</td>
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<td>appentra</td>
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The Entrepreneur
Entrepreneur profile

Motivation

Type of Projects

Target Markets of the Startups

Needs and Resources
Money, Talent and Technology

Women in Startups

Building an Ecofriendly Startup System
Regulatory areas to improve

Final Considerations
1. THE ENTREPRENEUR
THE SPANISH ENTREPRENEUR IS NOW PLAYING IN THE PREMIER LEAGUE

PROFILE OF A SPANISH ENTREPRENEUR:

- Male
- 34 years old
- University level education (97%)
- Engineer (45%)
- Recurring entrepreneur. (51% have created more than 1 startup previously)
The entrepreneur

Average Founder’s Age: 34
The entrepreneur

Similar evolution vs. 2015 and in line with Europe and Latam.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>18-24</td>
<td>6%</td>
<td>8%</td>
<td>9%</td>
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<tr>
<td>25-34</td>
<td>36%</td>
<td>44%</td>
<td>42%</td>
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<tr>
<td>35-44</td>
<td>34%</td>
<td>33%</td>
<td>44%</td>
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<tr>
<td>45-54</td>
<td>11%</td>
<td>11%</td>
<td>13%</td>
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<tr>
<td>More than 55</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
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AGE. SPAIN 2014 - 2016
Percentage of Women Founders remains at 17%. More needs to be done!
Startup is INNOVATION and therefore, EDUCATION. 45% of Founders are Engineering Graduates.
*The entrepreneur*

**EDUCATION. SPAIN 2014 - 2016**

Constant evolution with slight increases

- **University Education - Postgraduate**: 90% (2014), 95% (2015), 97% (2016)
- **Highschool Education - FP**: 10%, 5%, 3%

- 2014
- 2015
- 2016
The entrepreneurship is a decision, not a necessity. Only 1% were unemployed before launching a Startup.
PREVIOUS WORK SITUATION. SPAIN 2014-2016

- **Employed**: 57% (2015), 56% (2016)
- **Entrepreneur**: 29% (2015), 30% (2016)
- **Student**: 10% (2015), 11% (2016)
- **Other**: 3% (2015), 2% (2016)
- **Unemployed**: 1% (2015), 1% (2016)

The entrepreneur
More than the half have created a Startup before! 51%

First Startup  I have undertaken before

Spain  Europe  LATAM
It's my first startup: 63% in 2014, 49% in 2015, 49% in 2016
I have undertaken before: 37% in 2014, 51% in 2015, 51% in 2016

Ongoing evolution in terms of the maturity of Entrepreneurs in Spain

The entrepreneur
The entrepreneur

NUMBER OF STARTUPS LAUNCHED BEFORE

5% of Founders have launched more than 5 Startups

- Spain
- Europe
- LATAM

<table>
<thead>
<tr>
<th>Number</th>
<th>Spain</th>
<th>Europe</th>
<th>LATAM</th>
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<tbody>
<tr>
<td>1</td>
<td>50%</td>
<td>46%</td>
<td>37%</td>
</tr>
<tr>
<td>2</td>
<td>27%</td>
<td>27%</td>
<td>27%</td>
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<tr>
<td>3</td>
<td>15%</td>
<td>11%</td>
<td>22%</td>
</tr>
<tr>
<td>4</td>
<td>3%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>5+</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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</table>
2. MOTIVATION
Entrepreneurship is a decision, not a necessity. Only 1% has been previously unemployed.

I always wanted to be an Entrepreneur: 62% (Spain), 68% (Europe), 70% (LATAM)
I joined a project that I believed in: 19% (Spain), 18% (Europe), 17% (LATAM)
I wanted to change my professional life: 19% (Spain), 13% (Europe), 10% (LATAM)
I was unemployed: 1% (Spain), 1% (Europe), 3% (LATAM)
Circumstances leading people to create a Startup unchanged year on year.
I always wanted to be an Entrepreneur

I joined a project that I believed in

I wanted to change my professional life

I was unemployed

CIRCUMSTANCES: ENTREPRENEUR BY FIRST TIME AND RECURRING ENTREPRENEUR

Motivation

- 59% First Startup
- 71% Recurring entrepreneur
- 20%
- 16%
- 19%
- 12%
- 1%
- 1%
62% of Founders have failed previously and 1 out of 4 have previously sold a Startup. Is selling synonymous with having had a successful startup and failure synonymous with learning for your next one?
3. WHAT KIND OF PROJECTS
Projects

STARTUP PROFILE

- Early or Seed (81%)
- Between 1 to 3 years (55%)
- Between 2 to 10 employees (69%)
- 1 of 4 will earn +150,000€ en 2016
Most startups are in early stage of development. Only 17% consider themselves at the Growth stage.
50% of projects have been going for between 1 and 3 years.
Favorable evolution towards more projects with a greater level of maturity.
Entrepreneurs are increasingly ambitious: Number of Startups that expect to bill between 150,000 and 500,000 euros is triple the number who billed that figure in 2015.
Startup continue to generate Employment

### NUMBER OF EMPLOYEES

- **None**: 12% Spain, 9% Europe, 8% LATAM
- **1 employee**: 7% Spain, 5% Europe, 8% LATAM
- **2 to 5 employees**: 48% Spain, 48% Europe, 47% LATAM
- **6 to 10 employees**: 21% Spain, 30% Europe, 23% LATAM
- **11 to 20 employees**: 7% Spain, 5% Europe, 10% LATAM
- **21 to 30 employees**: 2% Spain, 4% Europe, 2% LATAM
- **31 to 50 employees**: 2% Spain, 1% Europe, 1% LATAM
- **More than 50 employees**: 1% Spain, 1% Europe, 1% LATAM
21% of Startups have a team of 5 to 10 employees, 5% more than last year.
4. TARGET MARKETS OF THE STARTUPS
Target markets for Startups

TOP RANKING SEGMENTS 2016

1. Education
2. Consumer / E-commerce
3. Business & Productivity Services
4. Health & Med Tech
5. Travel & Transportation
6. Advertising & Marketing
7. Food & Beverages
8. Fintech, Banking & Legal
9. Social Networking
10. Fashion
11. Big Data & Analytics
12. Media & Communications
13. Health & Med Tech
14. Advertising & Marketing
15. Education

TOP RANKING SEGMENTS 2015

1. Consumer / E-commerce
2. Business & Productivity Services
3. Education
4. Travel & Transportation
5. Social Networking
6. Health & Med Tech
7. Media & Communications
8. Advertising & Marketing
9. Big Data & Analytics
10. Fashion
11. Fintech, Banking & Legal
12. Sports, Quantified Self & Recreation
13. Telecommunication
14. Food & Beverages
15. Gaming & Virtual World

*Top 15 industries with the most Startups registered

Startups change respond quickly to changes in Market focus.
Startups create most of products and services for the industries (B2B). Fewer startups are focusing on B2C.
In Spain most Startups focus on Services, whereas in Software is king in the rest of Europe.
5. NEEDS AND RESOURCES: MONEY, TALENT AND TECHNOLOGY
More than half of entrepreneurs rely on their own resources to get started.
Ongoing maturation in terms of the Financing model, as it gets more sophisticated. Spain advancing in Private funding but still has long way to go, in comparison to Europe. (14% vs 24%)
FUNDING REQUESTS

Needs and resources

Spain
Europe
LATAM

0-50,000: 14%, 6%, 6%
50,000-100,000: 14%, 7%, 7%
100,000-500,000: 16%, 36%, 38%
500,000-1,000,000: 15%, 23%, 22%
1,000,000-3,000,000: 10%, 9%, 9%
More than 3,000,000: 4%, 7%, 2%
FUNDING REQUESTS. SPAIN 2014 - 2016

Needs and resources
FUNDING REQUESTS VS NUMBER OF LAUNCHED STARTUPS

Level of Funding Startups are looking for, increases in line with the number of Startups previously launched.

- 1
- 2 a 3
- 4+
INCOME MODEL

Direct Income models are more prevalent than Indirect Income models

- **Spain**
- **Europe**
- **LATAM**

<table>
<thead>
<tr>
<th>Income Model</th>
<th>Spain</th>
<th>Europe</th>
<th>LATAM</th>
</tr>
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<tbody>
<tr>
<td>Subscription</td>
<td>52%</td>
<td>43%</td>
<td>40%</td>
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<tr>
<td>E-commerce</td>
<td>31%</td>
<td>26%</td>
<td>24%</td>
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<tr>
<td>Freemium</td>
<td>26%</td>
<td>24%</td>
<td>21%</td>
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<tr>
<td>License</td>
<td>27%</td>
<td>26%</td>
<td>17%</td>
</tr>
<tr>
<td>Publicity</td>
<td>21%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>Other Model</td>
<td>17%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Peer to Peer</td>
<td>16%</td>
<td>29%</td>
<td>25%</td>
</tr>
<tr>
<td>Affiliation</td>
<td>14%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>8%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
REQUESTED PROFILES

Needs and resources

Business Development
Sales, Sales, Sales!!!

- Spain
- Europa
- LATAM

Spain

49%

47% 44% 46% 49%

41% 33%

25% 28% 27%

21% 17% 16% 19%

14% 15% 5% 11%

8% 4%

2%

1%
6. WOMEN IN STARTUPS
Startups with female founders fail less than those with only male founders. Only 48% vs 66% of males.

Female Founders are more conservative when it come to managing their own resources.

They tend to be less risk adverse with the amount of financing they ask for. 54% of Female led Startups received funding of between 50000 to 500000 EUR vs 44% of Male led Startups.

They are more cautious when estimating their gross income. 30% of them estimate they will make less than 50,000 euros this coming year.

¿¿HOW TO CONVINCE WOMEN THAT IS WORTH IT??

23% of Female Founders became Entrepreneurs in order to change their career path against 15% of male founders.

* Based on Global Dataset
Women in Startups

¿IS THIS YOUR FIRST STARTUP?

- **No**
  - Female: 66%
  - Male: 46%
  - Mixed team: 53%

- **Yes**
  - Female: 54%
  - Male: 34%
  - Mixed team: 47%
¿How many startups have you had before?

- Female
- Male
- Mixed team

- 1 startup: 55% Female, 44% Male, 1% Mixed team
- 2 startups: 26% Female, 27% Male, 30% Mixed team
- 3 startups: 6% Female, 18% Male, 8% Mixed team
- 4 startups: 6% Female, 6% Male, 6% Mixed team
- 5+ startups: 6% Female, 5% Male, 6% Mixed team
¿DID ANY OF THOSE FAIL?

<table>
<thead>
<tr>
<th></th>
<th>Sí</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>48%</td>
<td>34%</td>
</tr>
<tr>
<td>Male</td>
<td>66%</td>
<td>40%</td>
</tr>
<tr>
<td>Mixed team</td>
<td>60%</td>
<td>40%</td>
</tr>
</tbody>
</table>

- Sí: 48% Female, 66% Male, 60% Mixed team
- No: 34% Female, 40% Male, 40% Mixed team
INVESTMENT ROUNDS

Women in Startups

<table>
<thead>
<tr>
<th>Investment Round</th>
<th>Female</th>
<th>Male</th>
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<tbody>
<tr>
<td>0-50,000</td>
<td>53%</td>
<td>41%</td>
<td>49%</td>
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<tr>
<td>50,000-100,000</td>
<td>49%</td>
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<td>100,000-500,000</td>
<td>28%</td>
<td>18%</td>
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<td>500,000-1,000,000</td>
<td>24%</td>
<td>23%</td>
<td>4%</td>
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<td>1,000,000-3,000,000</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
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<tr>
<td>3,000,000</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
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</table>
PREVIOUS WORK SITUATION

- Employed: 60% (Female), 53% (Male), 57% (Mixto)
- Entrepreneur: 24% (Female), 31% (Male), 30% (Mixto)
- Student: 8% (Female), 14% (Male), 10% (Mixto)
- Other: 5% (Female), 2% (Male), 3% (Mixto)
- Unemployed: 4% (Female), 1% (Male), 1% (Mixto)
I saw an opportunity: 80% (Female), 81% (Male), 83% (Mixed)
Entrepreneur spirit: 15% (Female), 15% (Male), 14% (Mixed)
Out of necessity: 5% (Female), 4% (Male), 3% (Mixed)
I always wanted to be an entrepreneur
I joined a project in which I believed
I wanted to turn my professional life
I was unemployed
7. HOW TO CREATE A STARTUP FRIENDLY ECOSYSTEM
The government has a fundamental role to play in the consolidation of the startup ecosystem. Entrepreneurs are seeking: Reduction in tax rates for startups, facilitate the access to economic funds, fiscal benefits and flexibility in hiring.
8. FINAL THOUGHTS
1. The Startup Model has consolidated and been legitimized in terms of business creation and employment generation.

2. Funding model is evolving into a more professional model in terms of access to funding, visibility and strategic partnerships.

3. The decision to become an Entrepreneur is driven by personal choice, and not by necessity.

4. Startups are early detectors of new business opportunities.

5. There is an opportunity here and now, to strengthen the transition from Entrepreneur to Global business leaders. Thereby in the longer term outperforming the model of - Sell or Perish. See facts around success or failure ... .