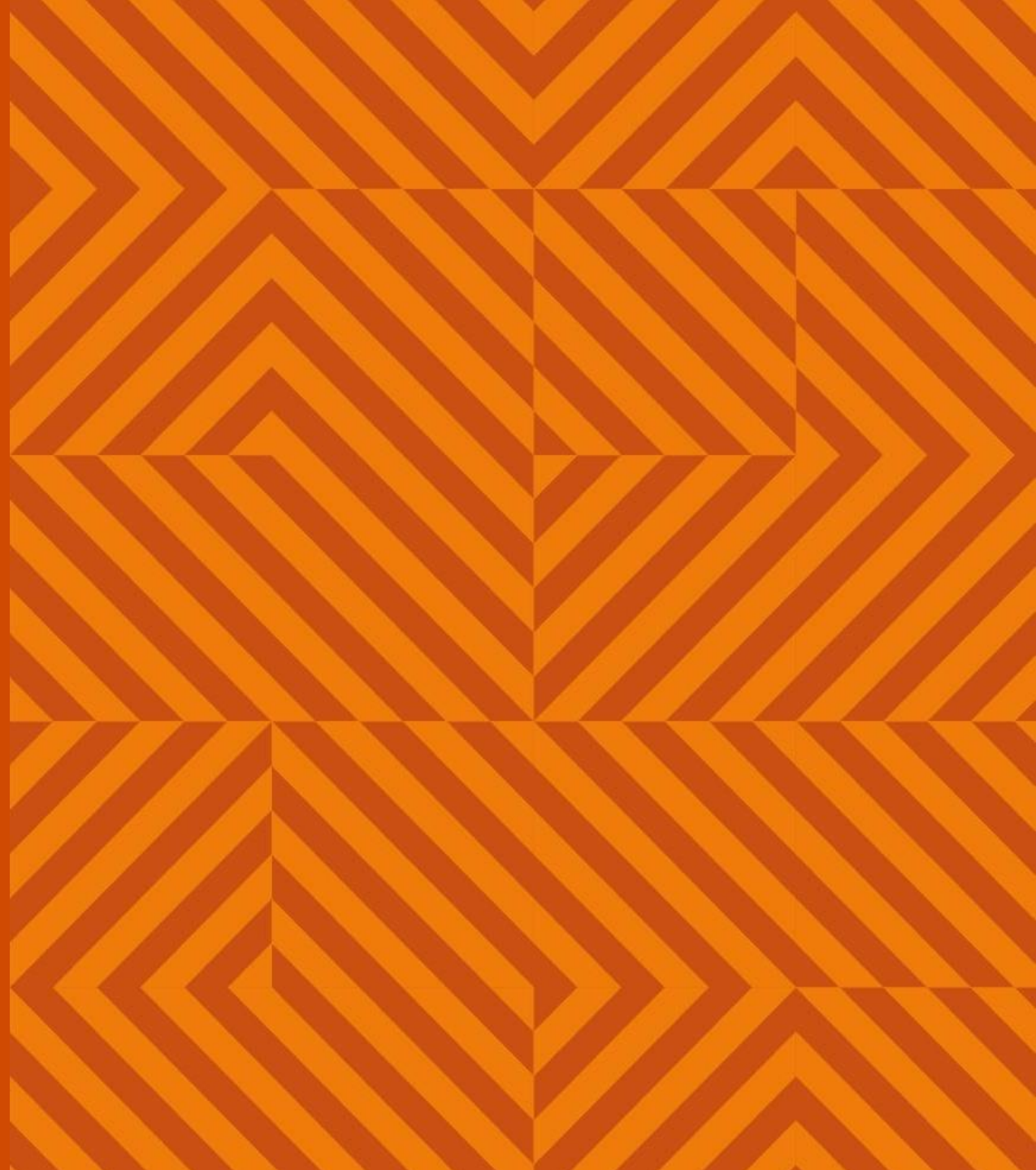


# German Startup Monitor 2022



# 1

## Startups in Germany



# The 10th German Startup Monitor (GSM) represents...

1,976 startups

4,815 founders

34,539 employees

## Three goals

- Demonstrate the importance of German startups and their founders, and analyze developments
- Identify challenges and potential for improvement in the German startup ecosystem
- Promote entrepreneurial thinking in German society in order to encourage more people to start their own businesses

## Three characteristics

- Startups are less than ten years old,
- are growth-oriented in terms of their employees/sales and/or
- are (highly) innovative in terms of their products/services, business models and/or technologies.



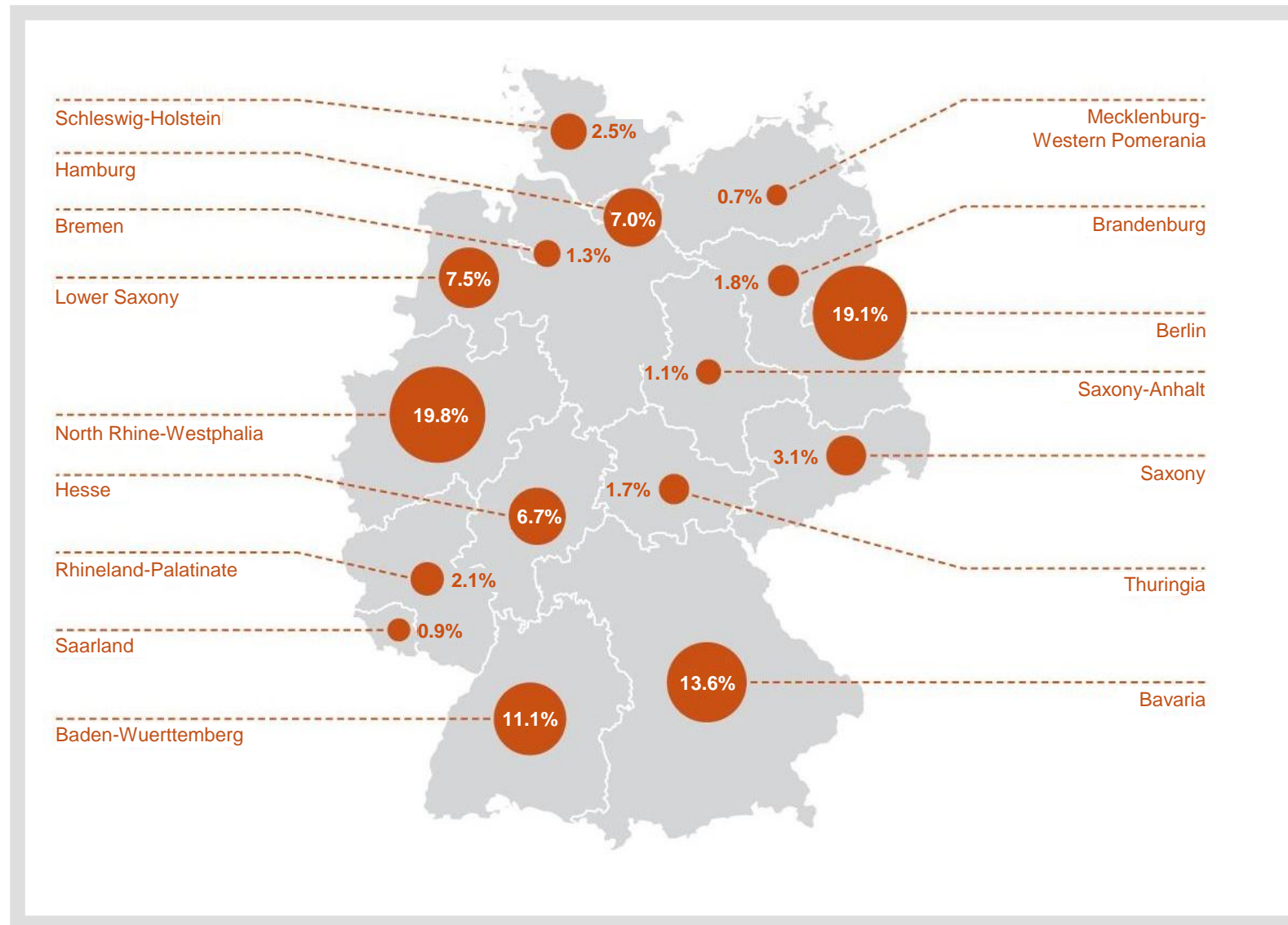
# The GSM captures the diverse ecosystem across Germany

Having started in 2013, the German Startup Monitor was the **first comprehensive study** to systematically cover the German ecosystem.

More than **300 partners support the survey**, allowing the GSM to provide substantial and novel insights.

Our **study represents and addresses** startups in all regions of Germany – going beyond hotspots like Berlin and Munich.

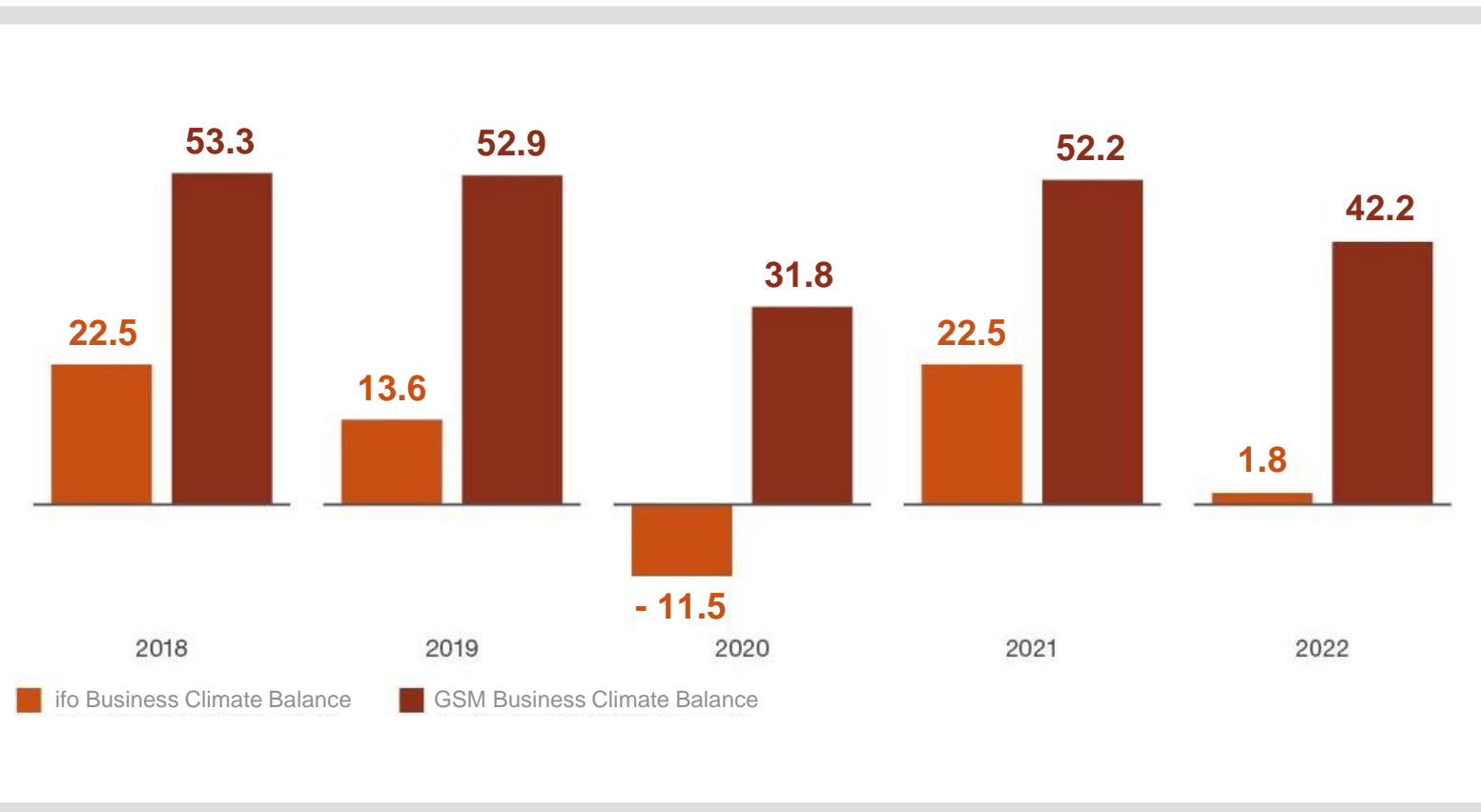
## Headquarters of DSM startups (2022)\*



\* not representative, no ranking possible

# The startup business climate has declined – especially future expectations have become more uncertain

## Business climate (2018-2022)



The startup **business climate**, which reflects both the current situation and future expectations, **has dropped** compared to the previous year.

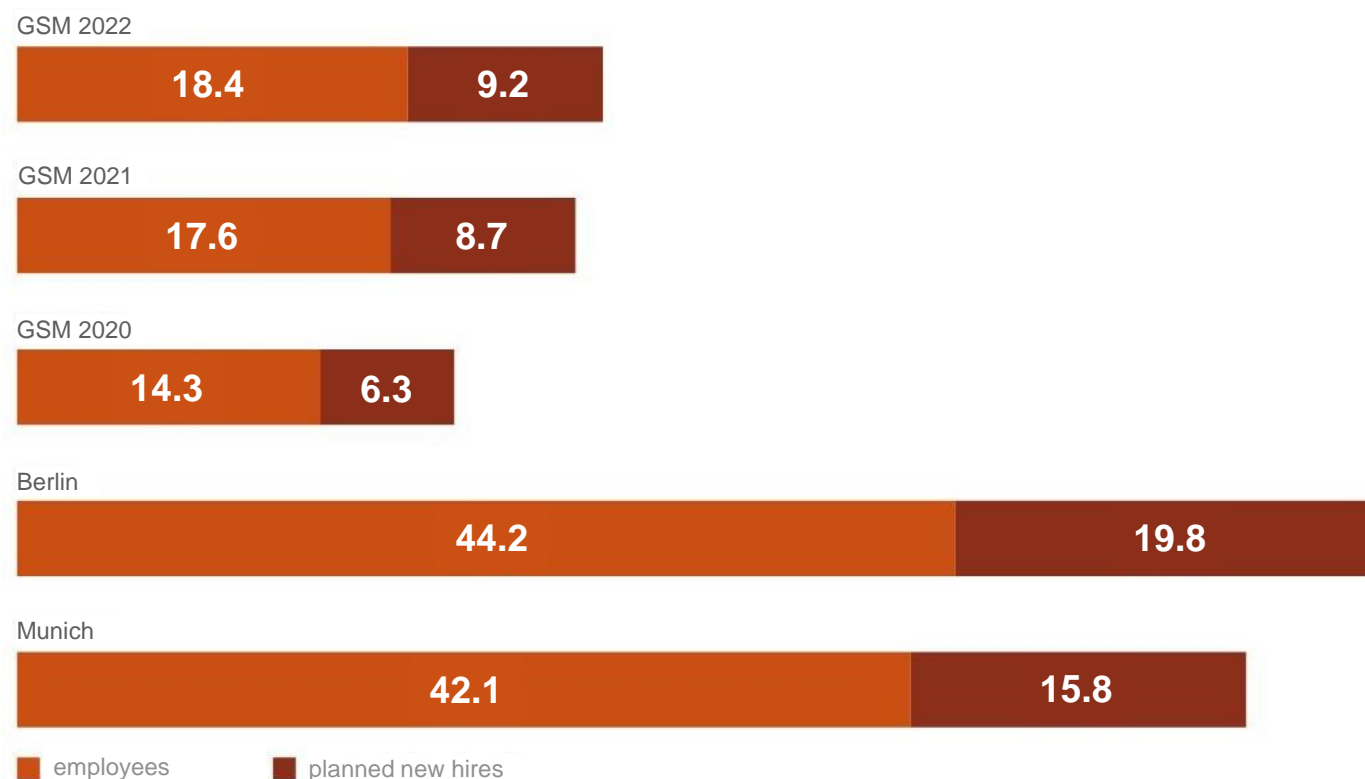
While the assessment of the current situation remains stable, **significantly fewer startups** (54%) have reported a **positive outlook** than last year (72%).

However, it is striking that the business climate in the startup ecosystem is still significantly more **positive than in the established economy**.



# Despite current challenges, employment numbers in the startup ecosystem remain strong

## Average number of employees and planned new hires (2020-2022).



The importance of the startup ecosystem **for the German labor market** is steadily increasing.

Despite current challenges, startups have proven themselves to be robust so far and continue to **plan new hires**.

The **effect on employment** is particularly significant in the startup hotspots **Berlin and Munich**.

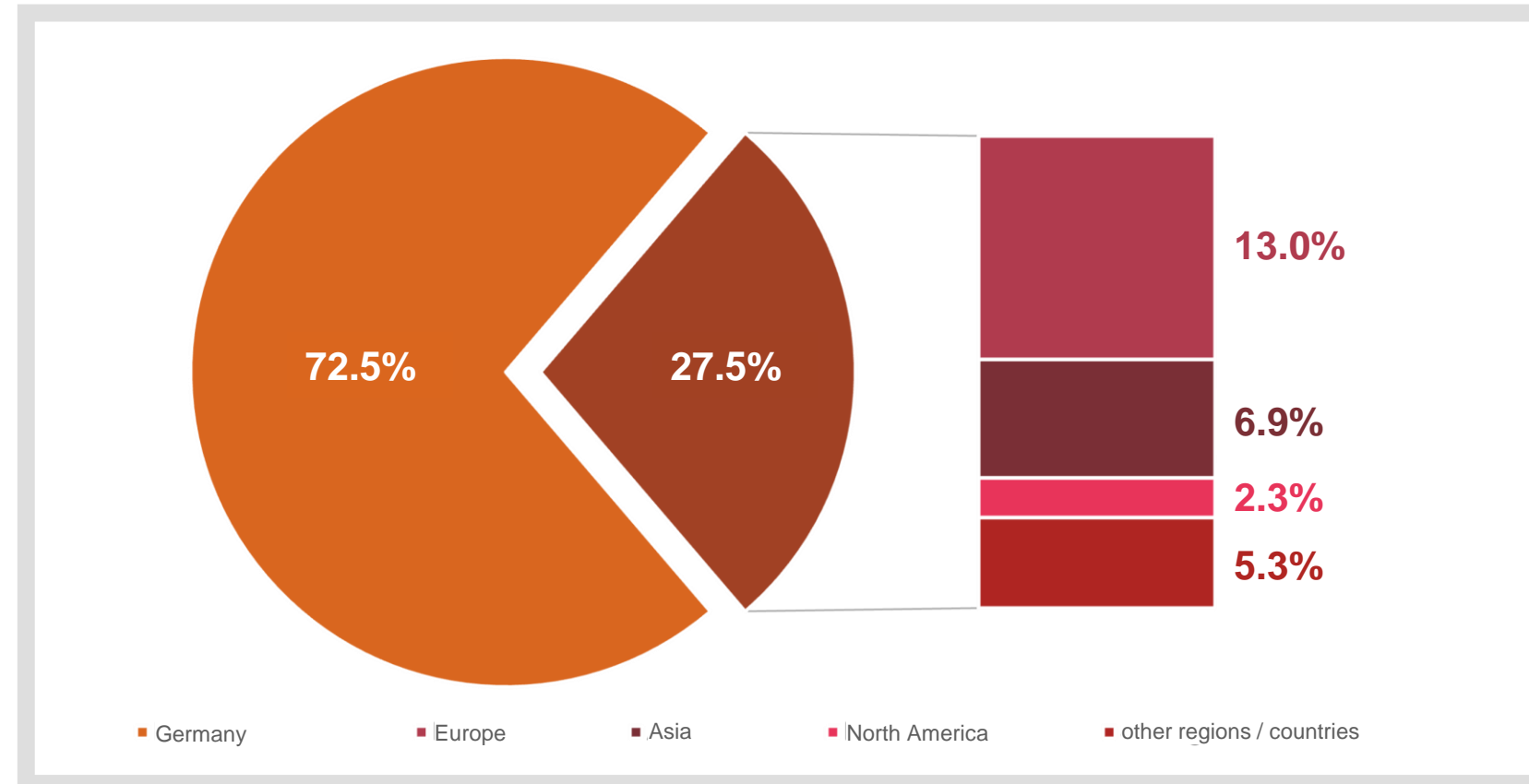
# More than a quarter of employees are internationals – in hotspots, teams are even more international

More than a **quarter of Startup employees are internationals (28%)**: Teams in Berlin (41%) and Munich (36%) are particularly diverse.

In addition to countries of origin, it is also important to consider **other diversity aspects** – especially the representation of all genders in the tech ecosystem.

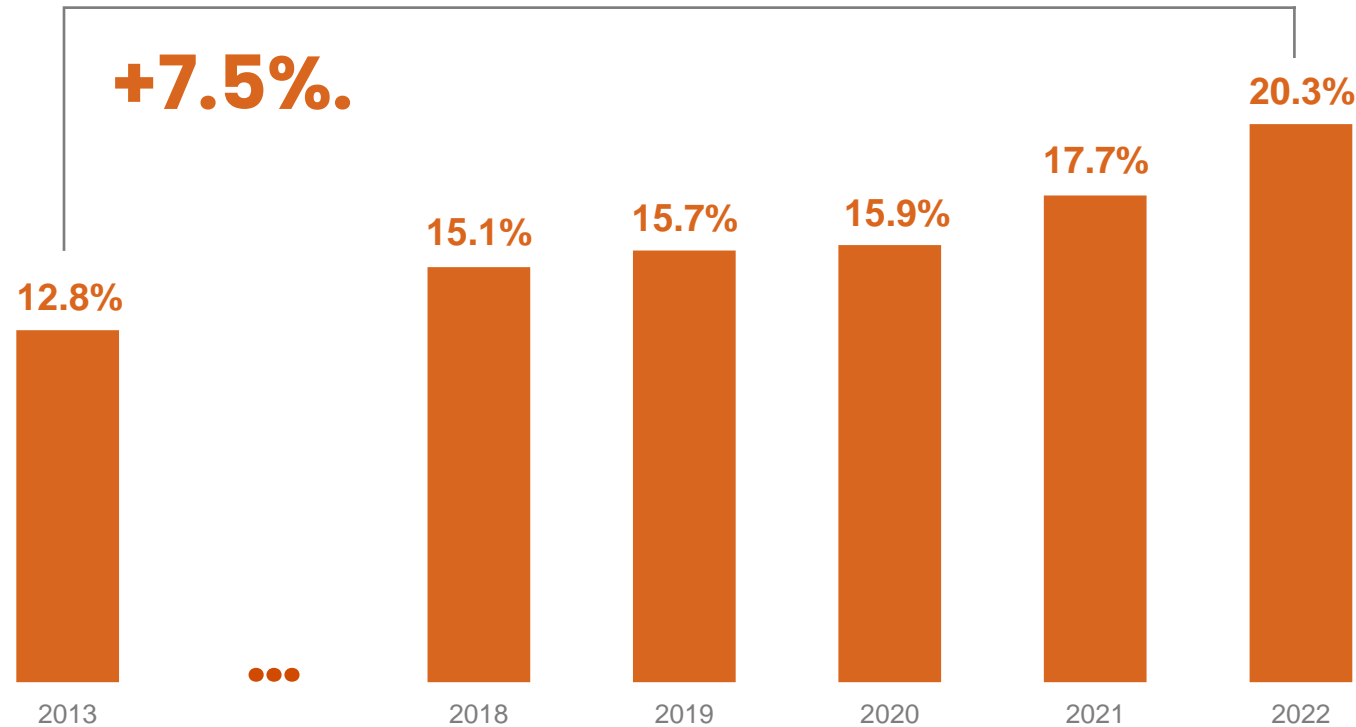
While the **share of women** in the general workforce in Germany is 47%, it is significantly lower **among employees of startups (37%)**.

Share of international employees (2022)



# Since 2013, the share of female founders has increased by 7.5 percentage points

## Share of female founders (2013 & 2018-2022)



The **share of female founders** in the German startup ecosystem continues to rise and, **for the first time, exceeds 20%**.

At the same time, however, almost two-thirds (63%) of startups still **have an all-male founding team**.

**Structural barriers** persist and there still is a lot to be done in the areas of **networks and reconciliation**, among other aspects.



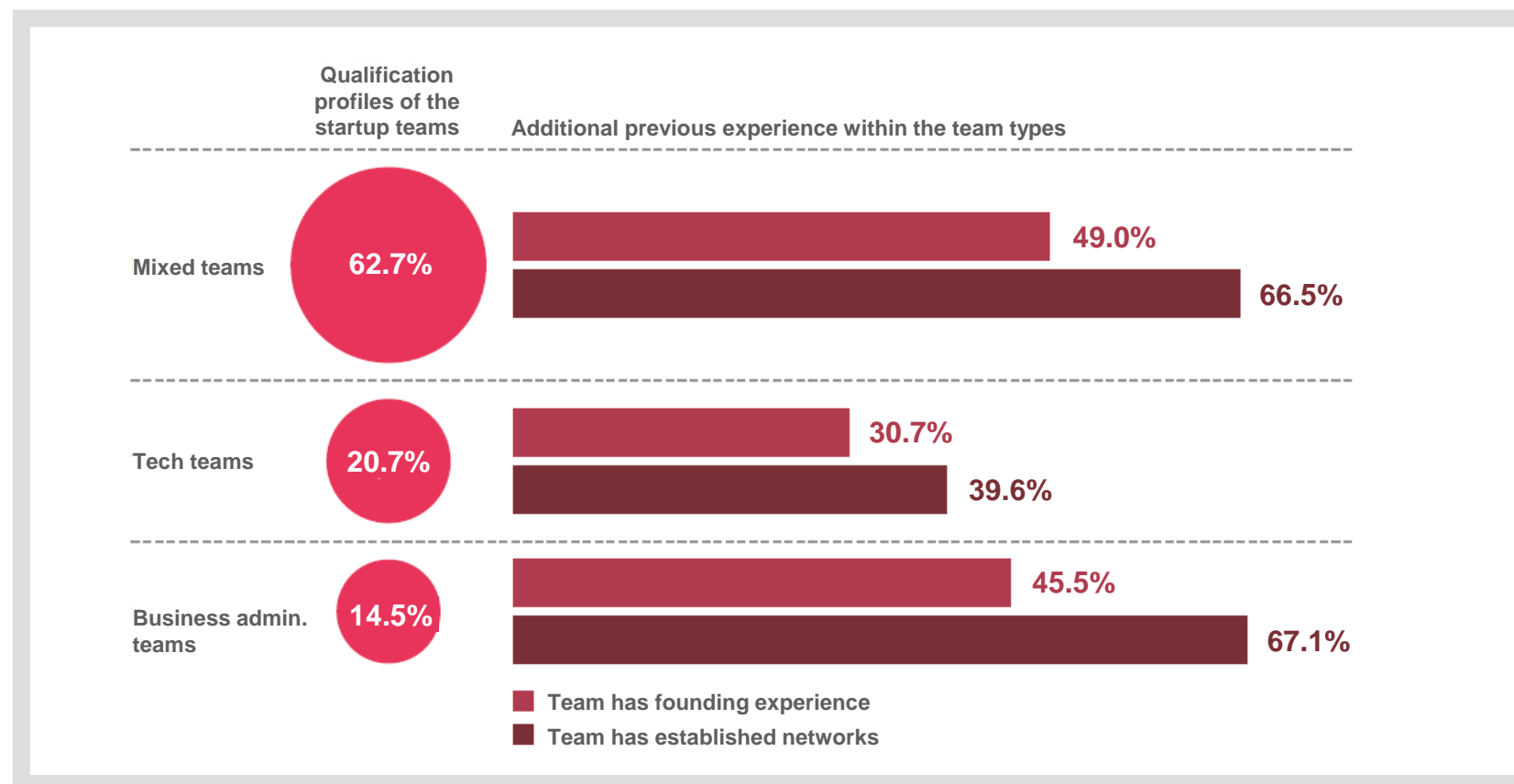
# The majority of founding teams combine tech and business expertise

For the first time we also asked about the **qualifications** that **founders bring to the startup**.

“**Mixed teams**” in which the founders have both technical and business expertise **predominate**.

Among **tech teams**, the **low proportion** of teams with **startup experience and networks** is particularly striking.

## Qualifications of startup teams (2022)



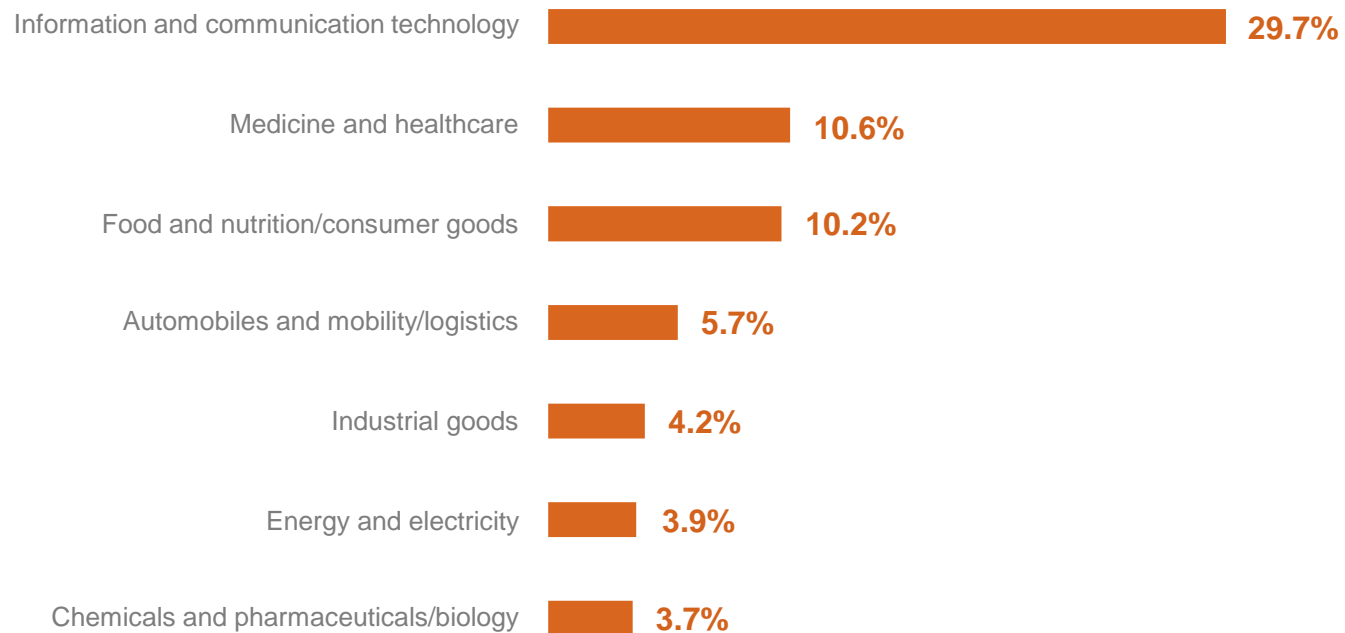
# 2

## Innovation, capital and partnerships



# Startups are active in all sectors of our economy and deliver important innovations

## Breakdown of startups by industry (extract, 2022)



The **main sector** remains to be **information and communication technology**, which accounts for three out of ten startups.

The **medical and healthcare** as well as the **nutrition and food/consumer goods** sectors are also in the top 3.

At the same time, **Startups are active in all sectors** and play a key role as drivers of innovation – even in traditional industries.

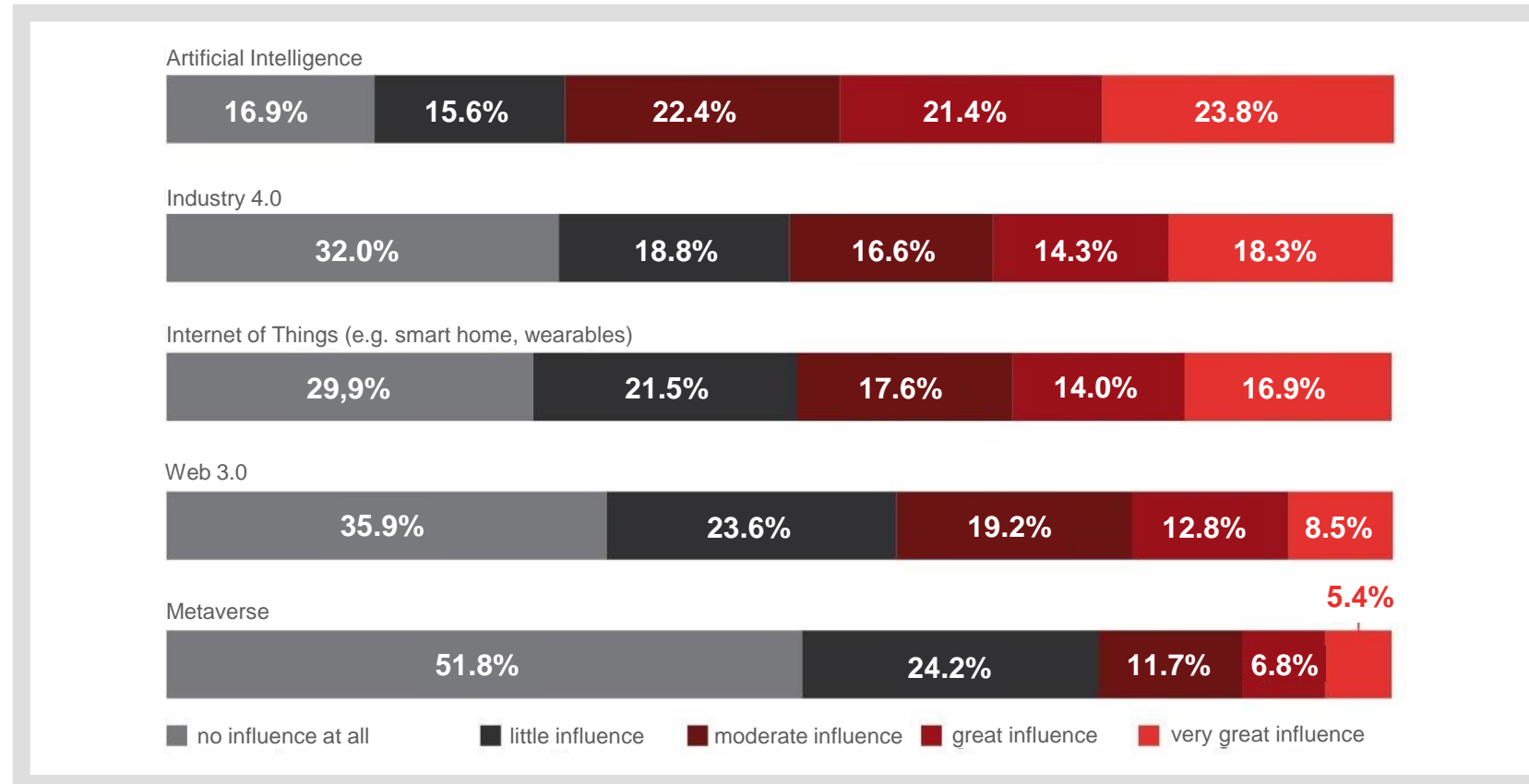
# Startups put important technologies into practice – with artificial intelligence leading the way

Crucial technological developments in the areas of **Artificial Intelligence (AI)**, **Internet of Things (IoT)** and **Industry 4.0** continue to gain importance among startups.

**AI applications are particularly relevant:** Their significance continues to rise and gained 3.4 percentage points compared to 2021.

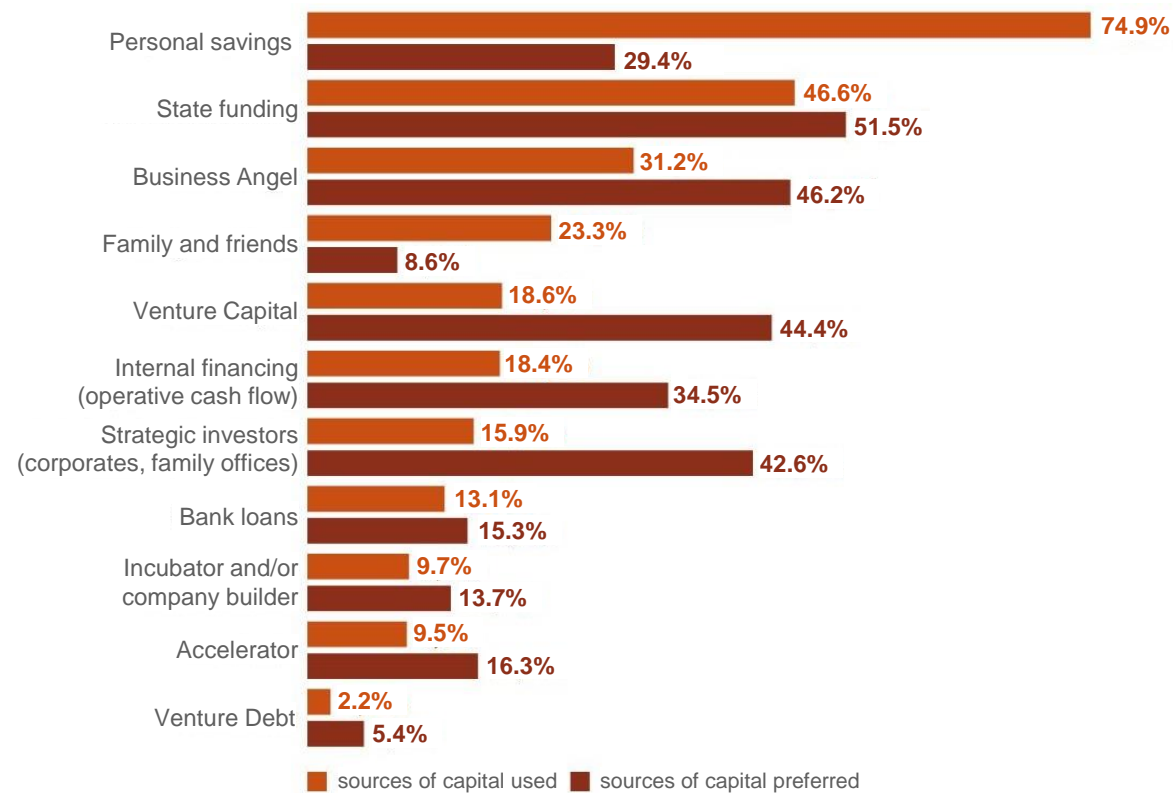
**New trends** such as **Web 3.0** and the **Metaverse** are also being taken up by startups – although it remains to be seen how they will develop.

## Technologies of the future (2022)



# Startups use a mix of funding – most respondents are satisfied with their investors

## Used vs. preferred sources of financing (2022)



The **majority** of startups financed by business angels (82%) and venture capital (77%) are **satisfied with their investors**.

Overall, **61%** of startups are **aiming for an exit** – the current decline in IPOs worldwide may make this a challenge.

68% of the startups surveyed plan to raise money in the coming year – the **average capital demand is 3.1 million euros**.

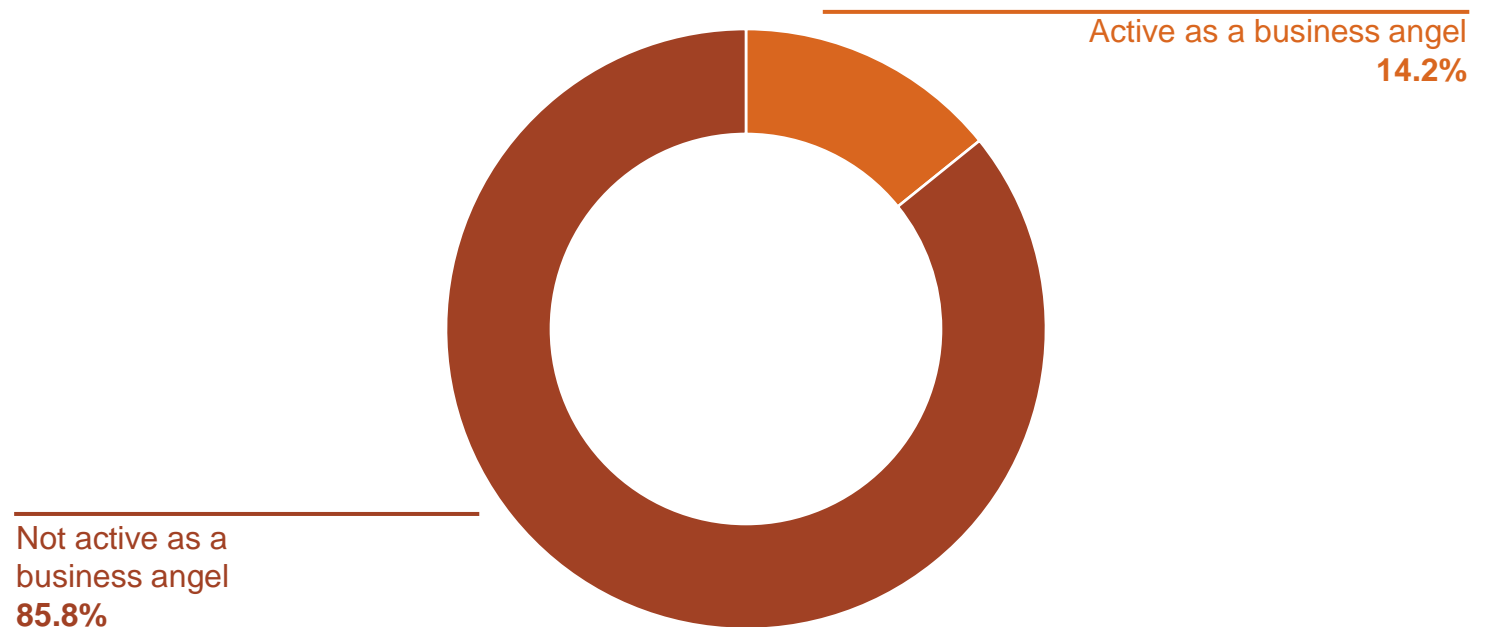
# Founders play an important role as business angels – in addition to providing capital, they also share experience

## Founders as business angels (2022)

**14%** of the startup founders surveyed already **invest** in other companies as **business angels**.

Among serial founders, the share is even higher, **at 25%**. In addition to capital, the exchange of experiences is important.

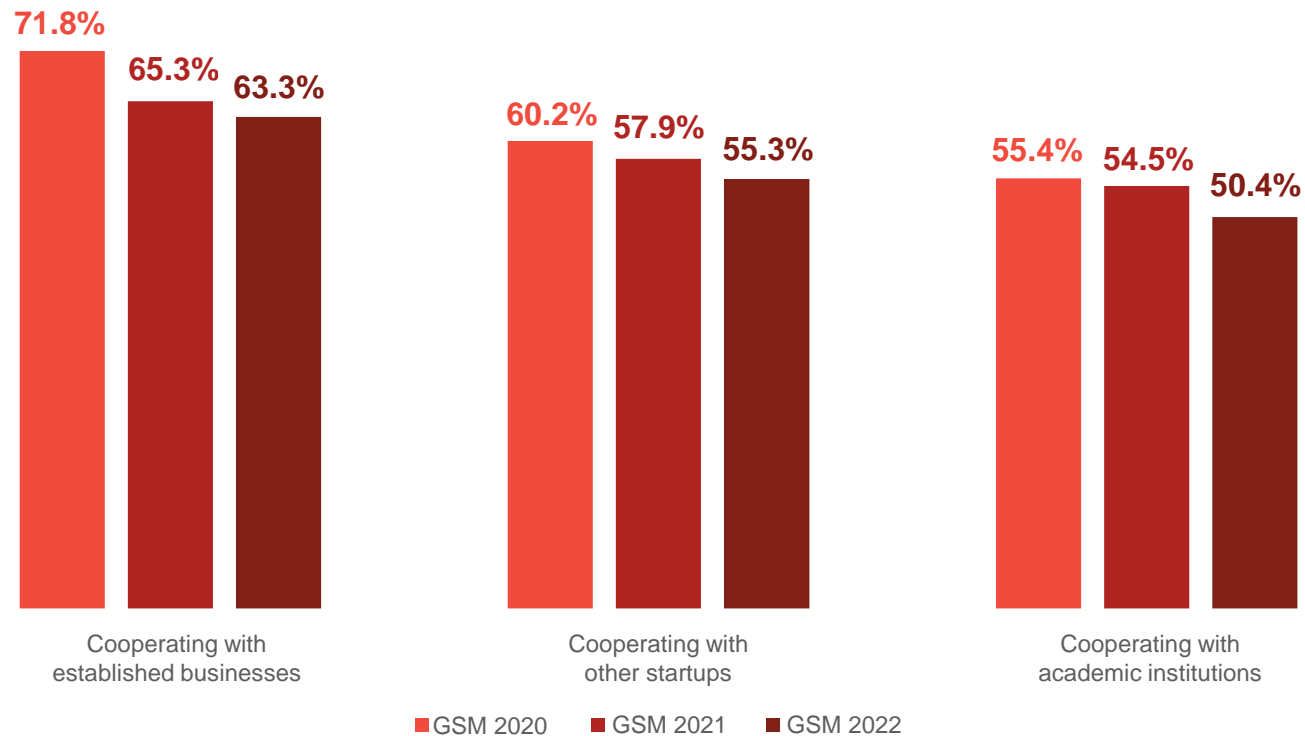
Founders who do not invest **often lack the capital to do so (80%)** – only 18% are not interested in making such investments.





# Exchange between startups and the established economy creates momentum – even more commitment is needed

## Share of startups cooperating with... (2020-2022)



Partnerships create an **important exchange** between players with **different strengths and needs**.

Both established players and startups can **derive considerable** benefits from collaborating.

However, the **noticeable decline** since the pandemic year 2020 should serve as a driver for new initiatives.

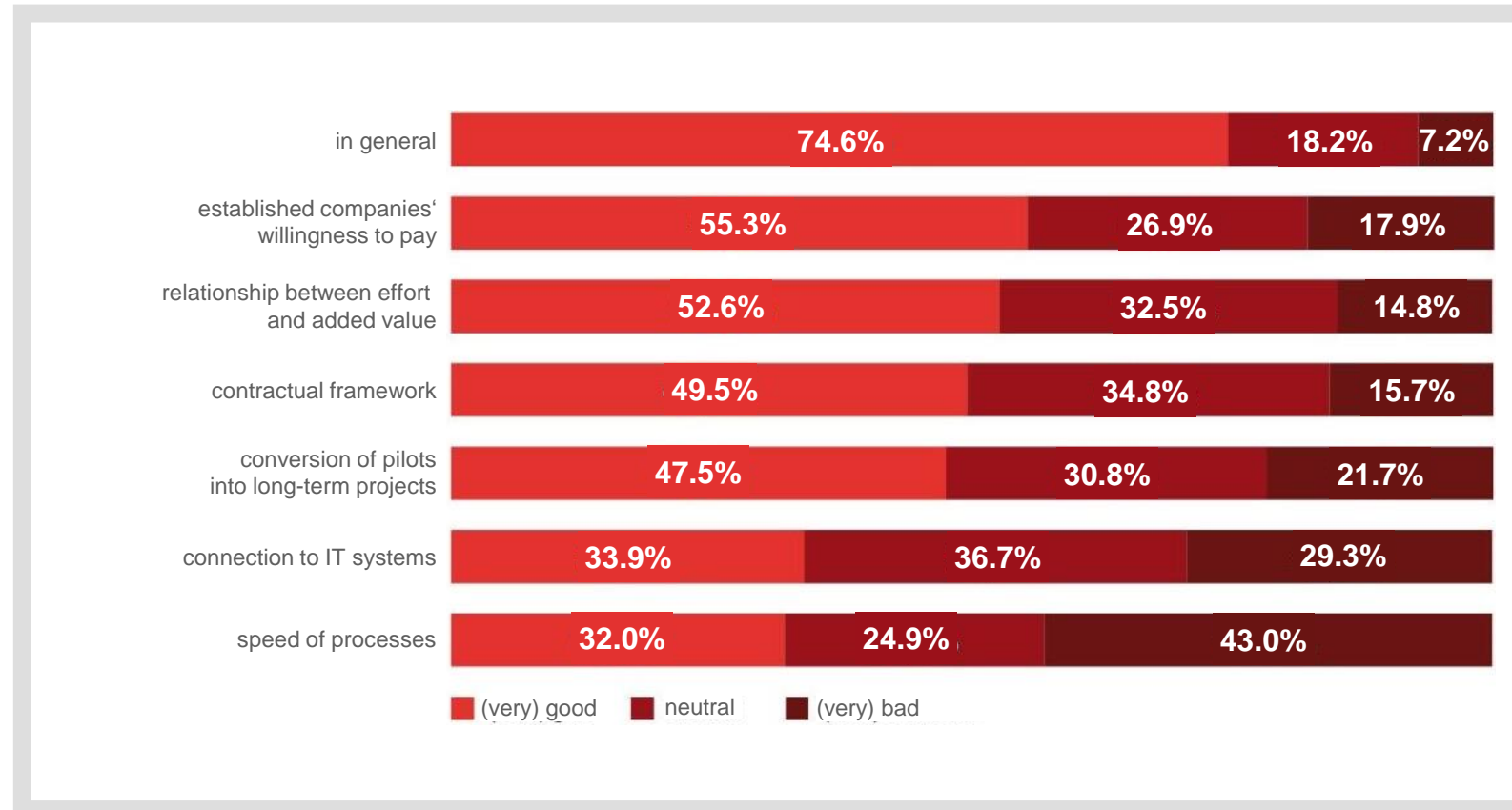
# Cooperation with the established economy pays off – there is a high level of satisfaction among startups

**Three quarters (75%)** of startups rate their experience of working with established companies as **(very) good**.

The established companies' **willingness to pay** and the **ratio between effort and added value** are seen particularly positive.

In contrast, the **connection to IT systems** and the **speed of processes** are more often viewed critically.

## Evaluation of cooperation (2022)



# Corporate venture capital (CVC) also brings established companies and startups together

## Satisfaction with CVC investors (2022)



Among VC-funded startups, 78% have independent VC, 32% have public VC and 30% **have CVC investors**.

The majority of startups is satisfied with **access to expertise** – but many expect more in terms of **distribution channels**.

There still is room for improvement: 49% of all startups that prefer VC **would like to receive CVC**.

# 3

## Challenges and regulatory framework



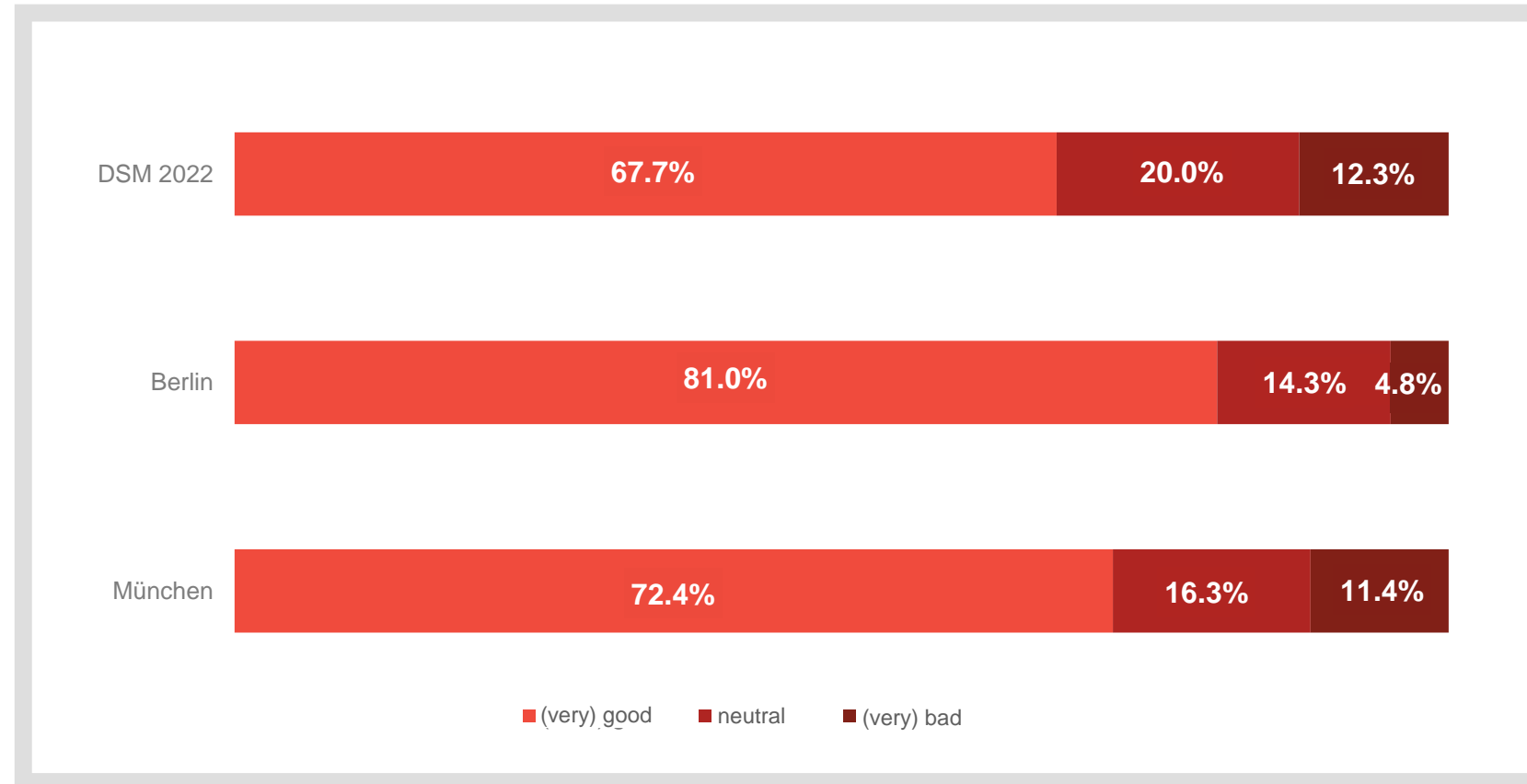
# More than two thirds of startups rate their local ecosystem positively

The **ecosystem rating** has improved to 68% (65% in 2021) – with the hotspots Berlin (81%) and Munich (72%) standing out.

The **proximity to universities** (74%) and **networks to other founders** (70%) are most often rated positively.

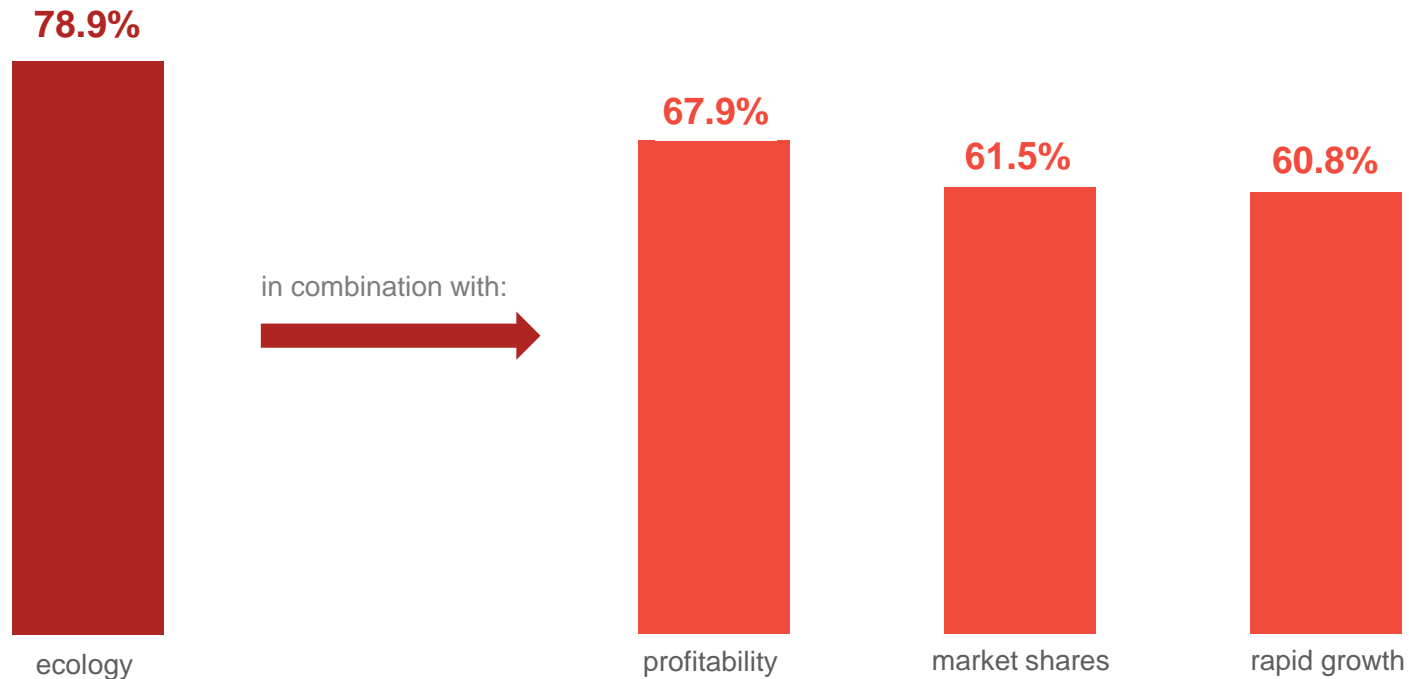
**Challenges** are evident in **access to capital** (37%) and **availability of affordable office space** (41%).

Startup ecosystem rating (2022)



# Sustainability and growth are seen by the majority of startups as complementary strategies

## Business strategies (2022)



46% of startups see themselves as **part of the Green Economy** – a significant increase compared to the previous year.

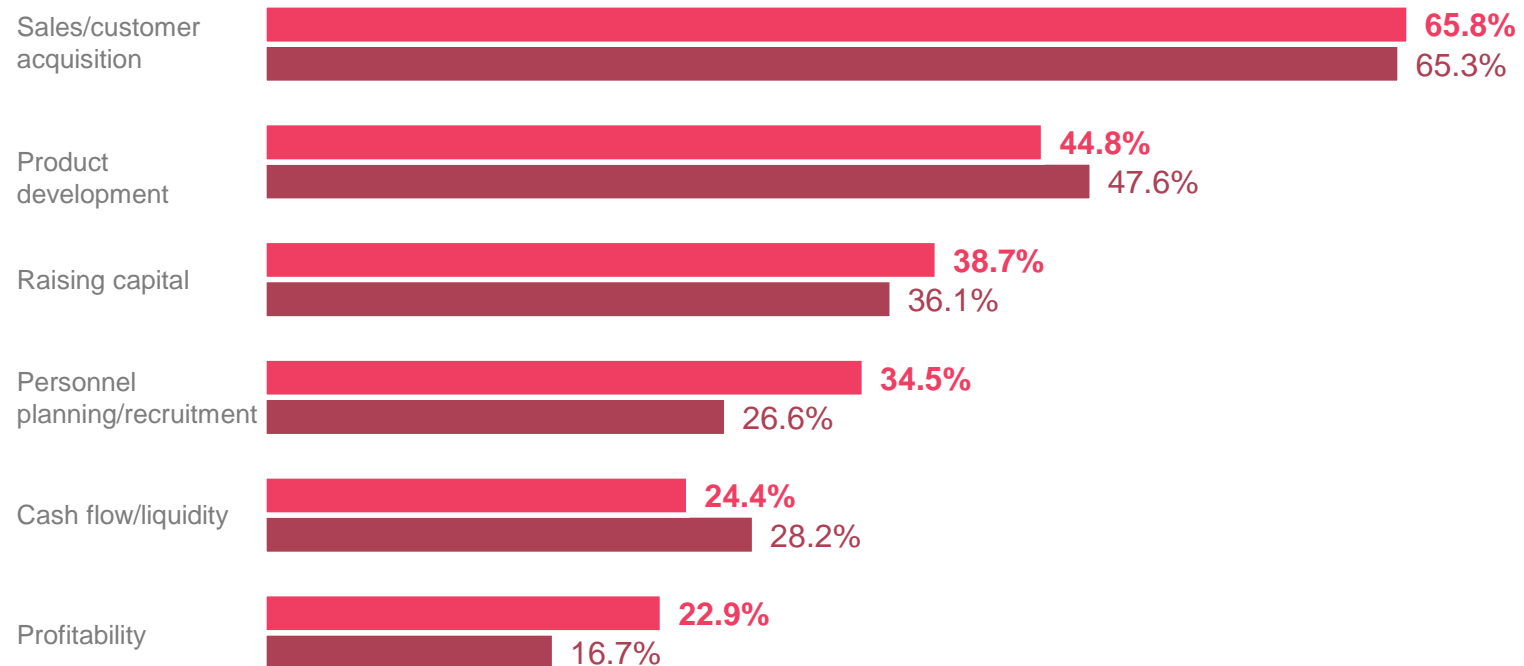
Startups combine **environmental goals with economic goals** such as profitability, gaining market share and growth.

**Bündnis 90/Die Grünen** is by far the leading political party among founders (51%).



# The lack skilled labor continues to gain massively in importance – for scaleups it becomes the key issue

## Current challenges faced by startups (2021-2022)



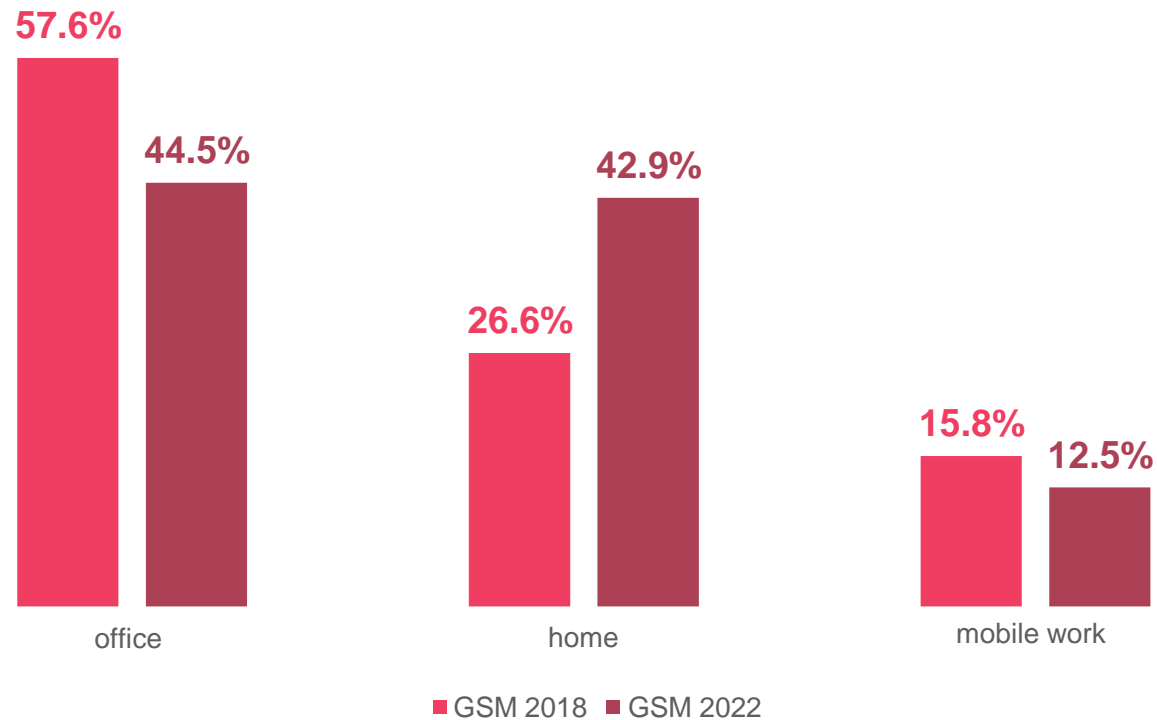
**Customer acquisition, product development and raising capital** continue to be the biggest challenges.

For the second year in a row, the issue of **personnel planning and recruitment** has increased significantly, rising by 8%P.

For **scaleups with more than 50 employees**, this figure is even higher at 67% – becoming a real constraint on growth.

# Changes in work culture due to the pandemic are clearly visible among startups

## Workplace location over time (2018 vs. 2022)



On average, founders **work 55 hours a week** and do so just as often in the office as at home – on weekends, founders work about 7 hours.

Changes in work culture **due to the coronavirus pandemic** become evident: The home office share has increased by 16 percentage points compared to 2018.

Overall, only 59% of founders say they are **satisfied** with their **work-life balance** – among female founders, that figure stands even lower, at 51%.

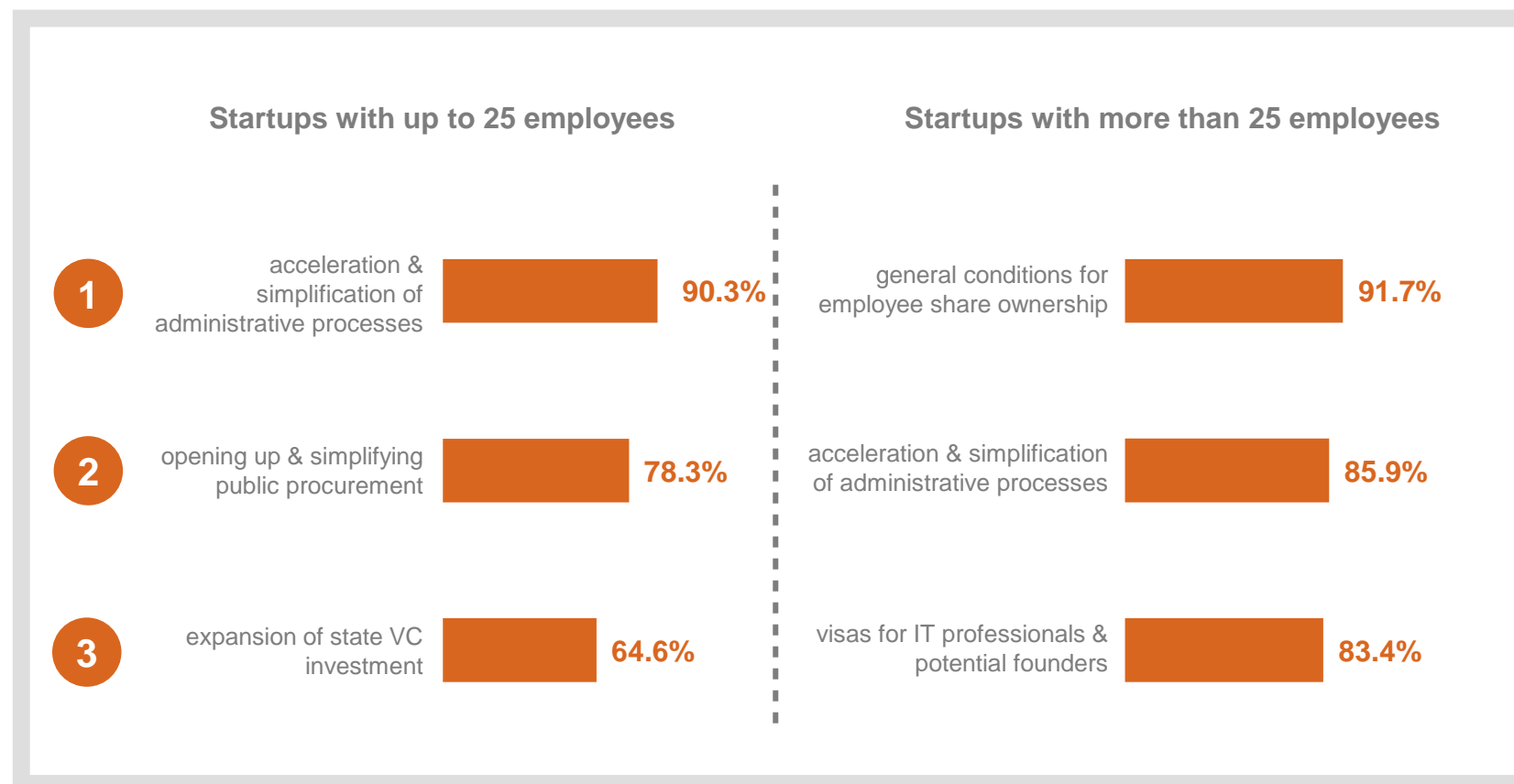
# It is crucial to provide the right political impetus for the startup ecosystem

Both small and larger startups see simpler and faster **administrative processes** as a key lever to support the startup ecosystem.

For **smaller startups**, **public procurement** and the **expansion of public investments** are key.

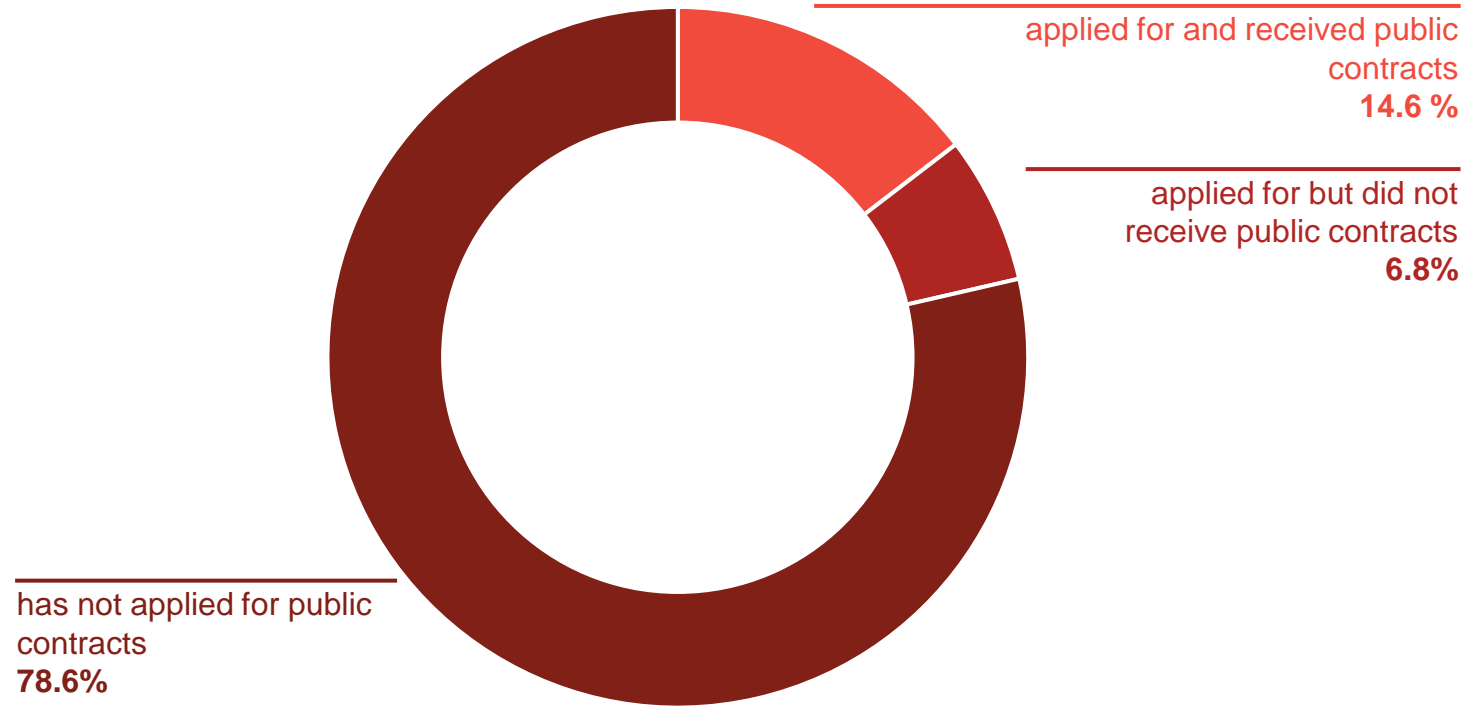
In contrast, **larger startups** prioritize **employee shareholding** and improved **visa conditions** for skilled workers.

## Most important policy levers by startup size (2022)



# The potential of cooperation between startups and the state is not fully realized

## Obtaining and applying for public contracts (2022)



**Innovation** is not only an **important factor** for the private, but also for the **public sector** – e.g. regarding the digitization of administrative processes.

But so far, only **21%** of startups have **applied for public contracts** – just over two-thirds of these have won one, leading to a small overall share in B2G revenues.

**Reasons for startups not to apply** are their own stage of development (48%), difficult tender conditions (34%) and the length of procedures (31%).

# Startups play a key role as drivers of innovation and renewal – especially in challenging times

## Startups in Germany...

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### ... remain robust:

Employment figures in the startup ecosystem show stable development, while expectations regarding future business are growing significantly bleaker.

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### ... need exchange and partnerships:

The steady decline in partnerships makes it clear that new initiatives and projects are needed.

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### ... identify important policy levers:

Now is the time to take measures with a view to modernizing the state and competing for talent.



# Thank you!

All the information  
and a download of the study  
are available here:

