

AUSTRIAN STARTUP MONITOR 2023

SPECIAL ISSUE INTERNATIONALISATION

KEY FACTS OF THE AUSTRIAN STARTUP ECOSYSTEM

POWERED BY GLOBAL INCUBATOR NETWORK AUSTRIA (GIN)



START-UPS IN AUSTRIA

More than 3,400 start-ups have been founded in Austria since 2012. However, the growth dynamic of newly founded enterprises has been slowing down in recent years most likely also due to the recent crises.

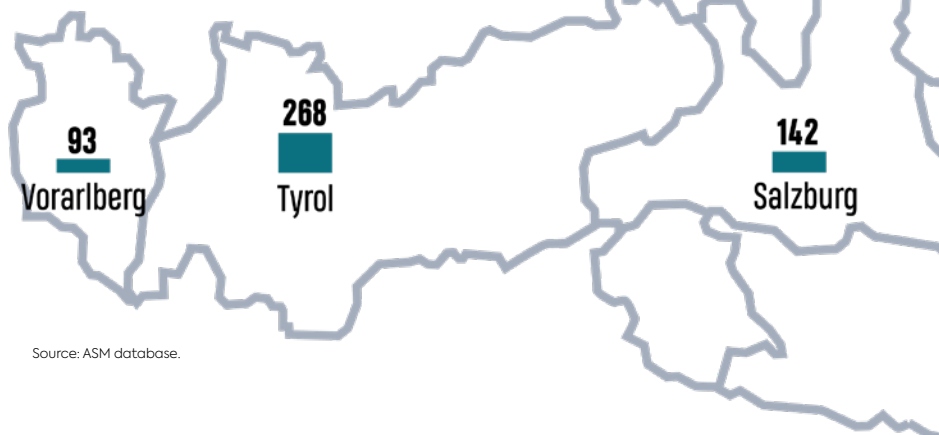
Start-ups are defined as companies that are less than 10 years old, are innovative with their products, services, technologies or business models and have or are aiming for significant employee or sales growth.

Scale-ups are defined as companies that either have at least 15 employees and have shown an average annual growth in employees or sales of at least 20% in the last three years or have already raised at least 3 million euros in external equity.

Vienna offers an attractive environment for many young companies and is home to almost half of all start-ups in Austria. Upper Austria is next, closely followed by Styria, each with around 12% of all start-ups. Lower Austria and Tyrol are ranked next, with each being home to around

8% of all start-ups founded since 2012. Carinthia and Salzburg each account for around 4% of all start-ups in Austria. The smallest federal states, Vorarlberg and Burgenland, are home to less than 5% of all Austrian start-ups.

START-UPS IN AUSTRIA SINCE 2012



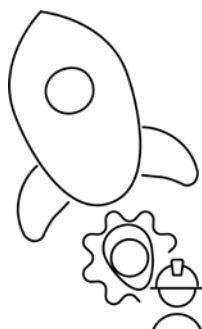
Source: ASM database.



14%

Start-ups can be classified as scale-ups

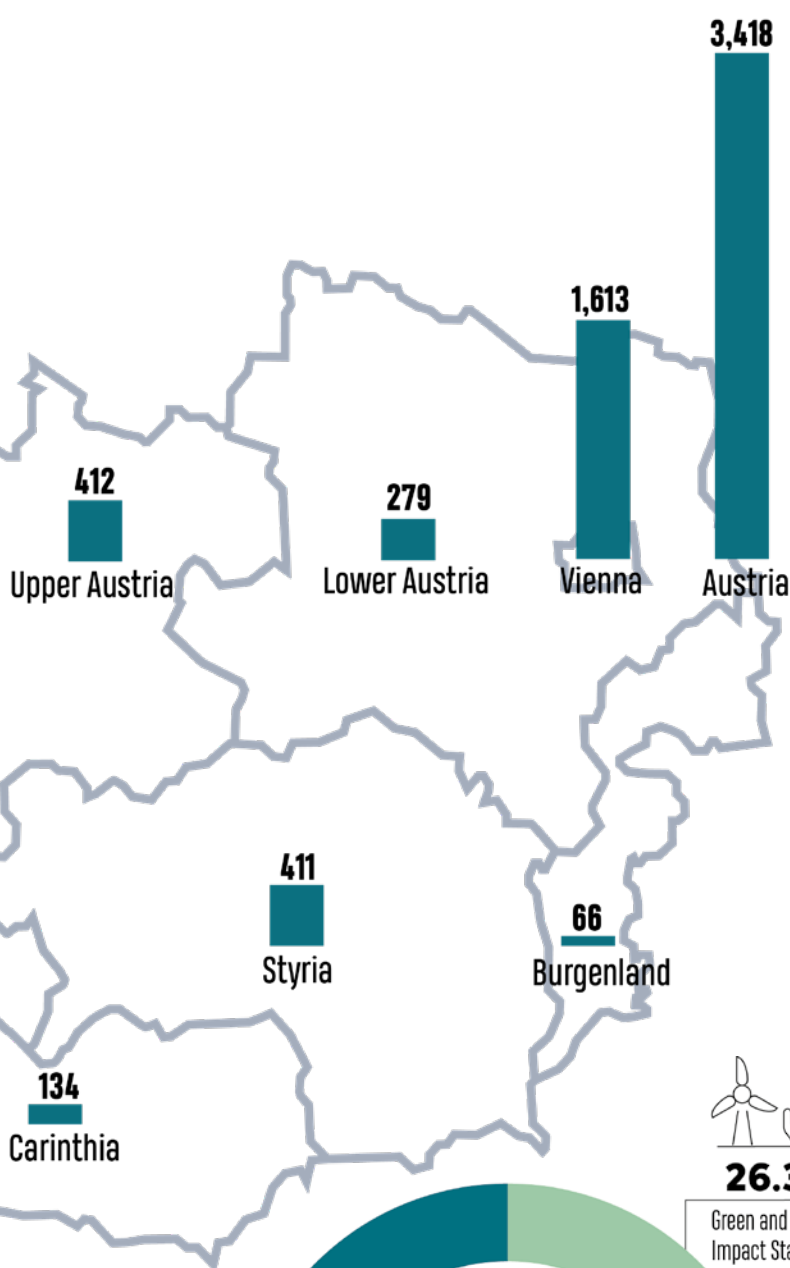
On average in Austria, around 14% of all start-ups can already be classified as scale-ups, i.e. they have already reached a minimum size and are on a growth path.




53%


Start-ups have participated in incubator or an accelerator programme

Numerous incubators and accelerators in Austria support start-ups in the development of business models, company development and the provision of contacts with partners and investors. 53% of start-ups have already participated in an incubator or accelerator programme.

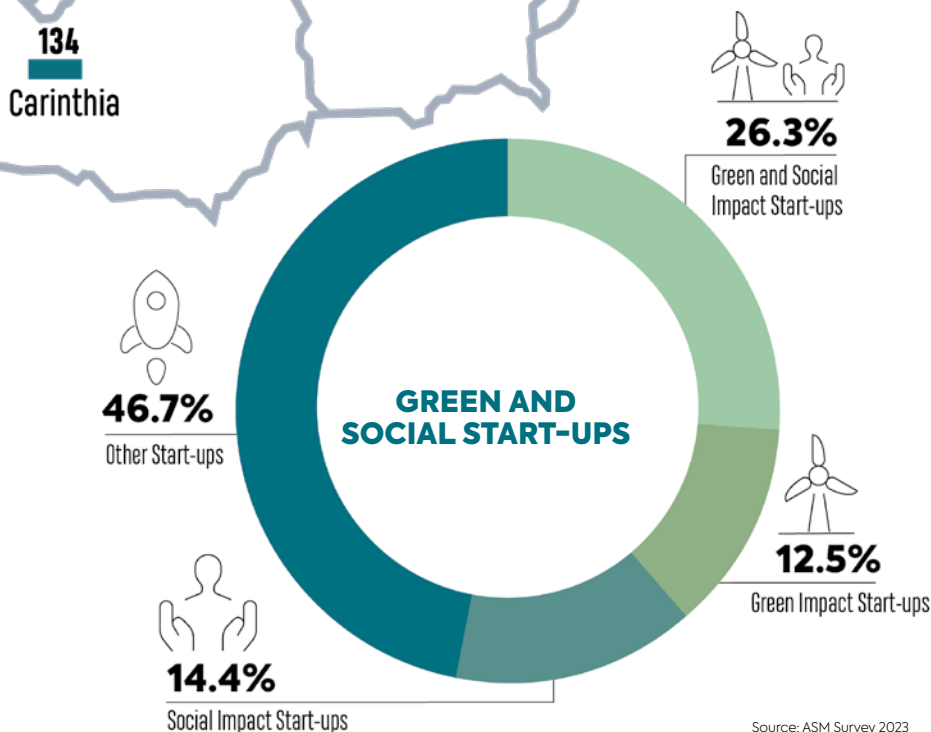


Academic and corporate spin-offs are important forms of new business creation. In Austria, around 24% of start-ups are academic spin-offs from a university or research institute, and a further 22% are spin-offs from established companies. The proportion of spin-offs has risen continuously in recent years.

24% 
Share of academic spin-offs

22% 
Share of corporate spin-offs

Source: ASM Survey 2023.

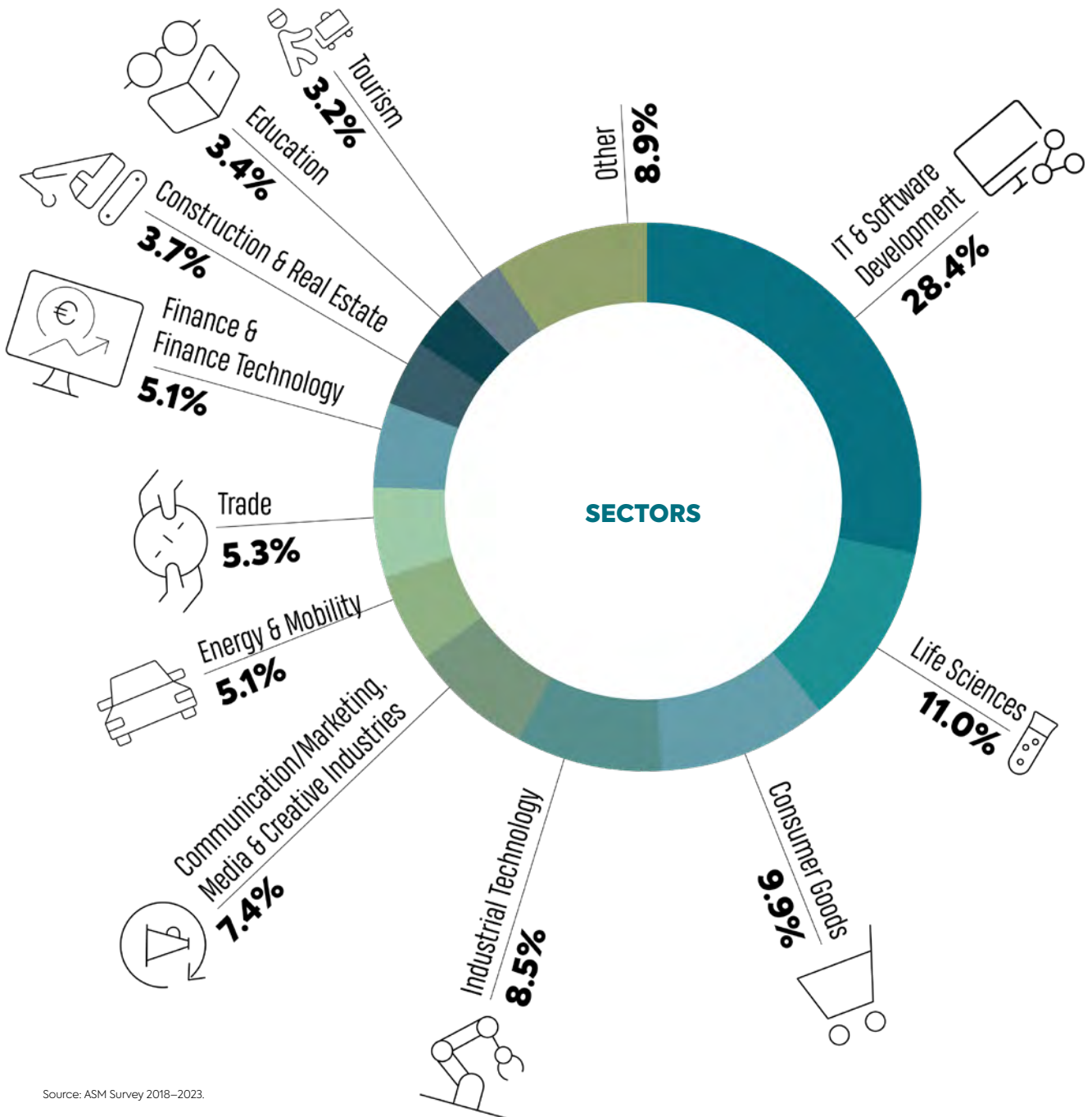


Source: ASM Survey 2023

Green and social start-ups are at the forefront of addressing key societal challenges. 26% of all companies are green and social impact start-ups, for which both environmental and social goals are an overarching corporate objective. Almost 13% of the start-ups pursue an exclusively environmental goal and can be classified as green impact start-ups. Social impact start-ups with exclusively social objectives account for around 14%. For the group of other start-ups (47%), environmental or social objectives are not a top priority or are of low importance.

SECTORS

IT/software development (28%) has been the most important sector for start-ups for years, even if its share has declined slightly. Life sciences (biotechnology, health care, medical technology and pharmaceutical/laboratory technology) is the second largest sector (11%). Consumer goods (encompassing clothing/textiles, consumer goods, food products) account for around 10% followed by industrial technology (production/electronics/electrical engineering) with about 9%.



Source: ASM Survey 2018–2023.

EMPLOYMENT & GROWTH

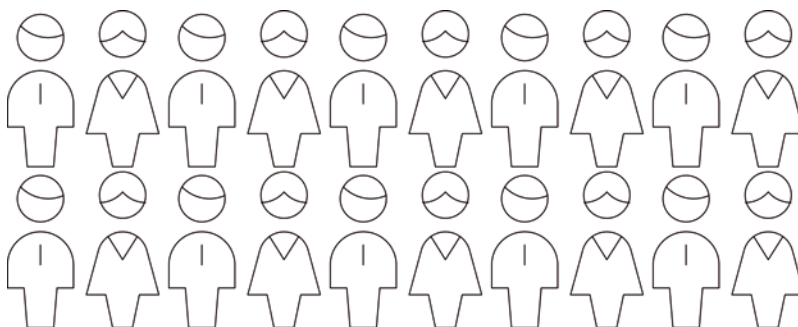
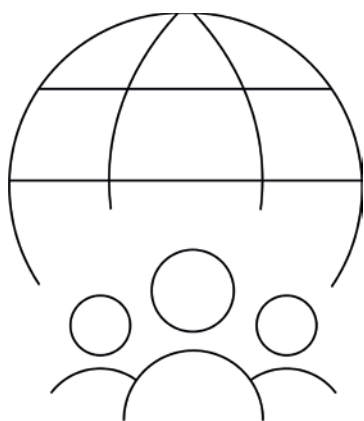
Despite a difficult business environment the start-up sector has grown in the last few years.

Today there are at least 30,000 start-up employees in Austria. The average number of employees per start-up is 12. The majority of start-ups (73%) have fewer than 10 employees. About 15% employ 20 or more people.

More than half of Austria's start-ups employ international staff. 79% of start-ups plan to hire additional staff in the next 12 months.

Start-ups are becoming a growth engine for the Austrian

economy. About 42% of start-ups expect to at least double their sales in the next 12 months and about 19% are even planning to triple their sales.



54%

**OF START-UPS WITH
INTERNATIONAL
EMPLOYEES**

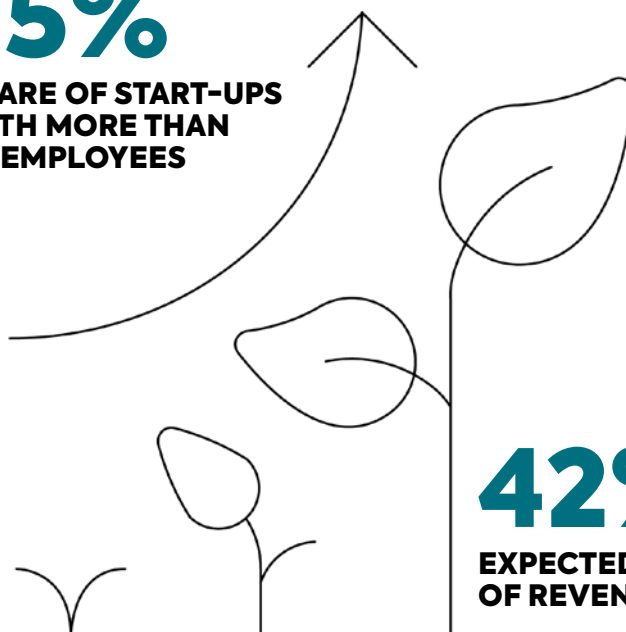


79%

**HAVE PLANS FOR HIRING
ADDITIONAL STAFF**

15%

**SHARE OF START-UPS
WITH MORE THAN
20 EMPLOYEES**



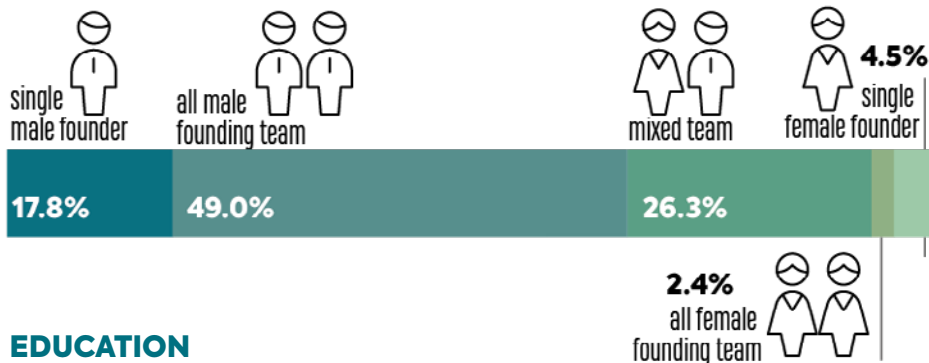
42%

**EXPECTED GROWTH
OF REVENUE**

Source: ASM Survey 2023.

FOUNDERS

KEY CHARACTERISTICS AND AMBITIONS OF FOUNDERS



FOUNDING TEAM GENDER DIVERSITY

Founding teams in Austria are still mostly composed of men only: 67% of all start-ups are founded by a single male founder or an all-male founding team. The proportion of mixed teams comprising male and female members stands at 26%. Only 7% of all start-ups are formed by all-female founding teams or by a single female founder.

EDUCATION

More than three-quarters (76%) of the founders have completed a university education. Almost every second founder has graduated from a master's degree programme (48%) and about every seventh (13%) has completed a PhD. At the same time, a similar proportion (16%) cites A-levels as their highest educational qualification. A total of 7% of Austrian founders come from other educational backgrounds (e.g. apprenticeship or college diploma).

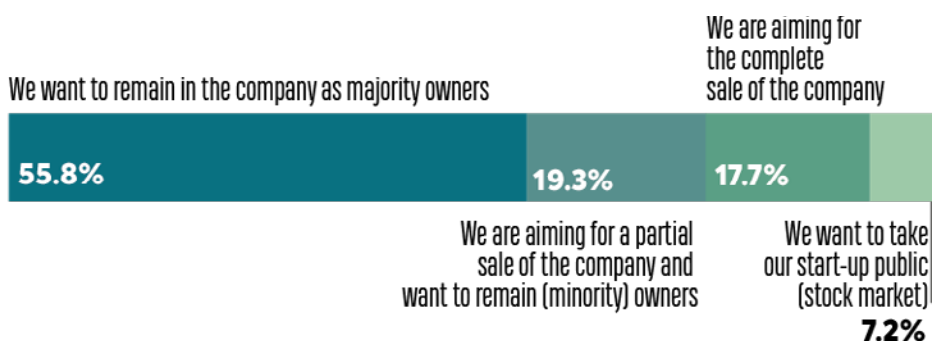


NATIONALITY

While the majority of founders have Austrian citizenship (83%), there has been an increase in international founders over time. The proportion of German citizens, who now account for 9% of founders, is particularly striking.

LONG-TERM GOALS

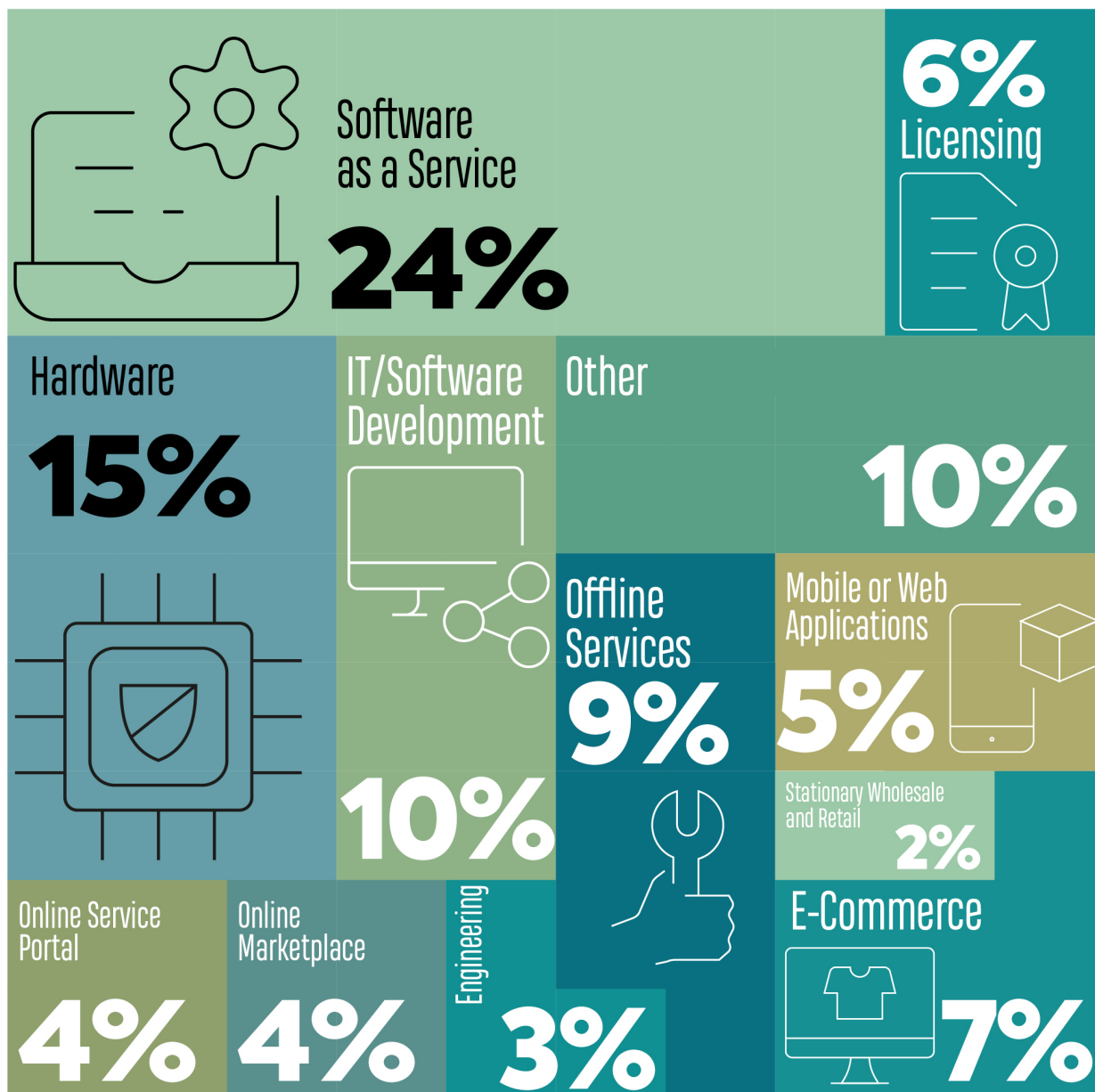
While the majority (56%) of start-up founders plan to stay in their business for a long time, many plan to sell part of all of their business (37%). About 7% of start-ups have plans for an initial public offering (IPO). In general, scale-ups are more likely than other start-ups to aim for an exit.



Source: ASM Survey 2023.

BUSINESS MODELS

Most of the start-ups (24%) describe their business model as 'Software as a Service' (SaaS). Product sales (hardware) comes in second place with a share of 15%, while 10% are engaged in IT / software development and approximately 9% offer various offline services. Not far behind come start-ups operating e-commerce or mobile or web applications (7 and 5%). Around 6% of start-ups are engaged in licensing as their primary business model.



Source: ASM Survey 2023.

MARKETS

Austria's start-ups generate about 38% of their revenues on export markets. More than 75% of export sales are generated with customers from other European countries, where European countries outside the European Union continue to gain ground compared to EU countries.

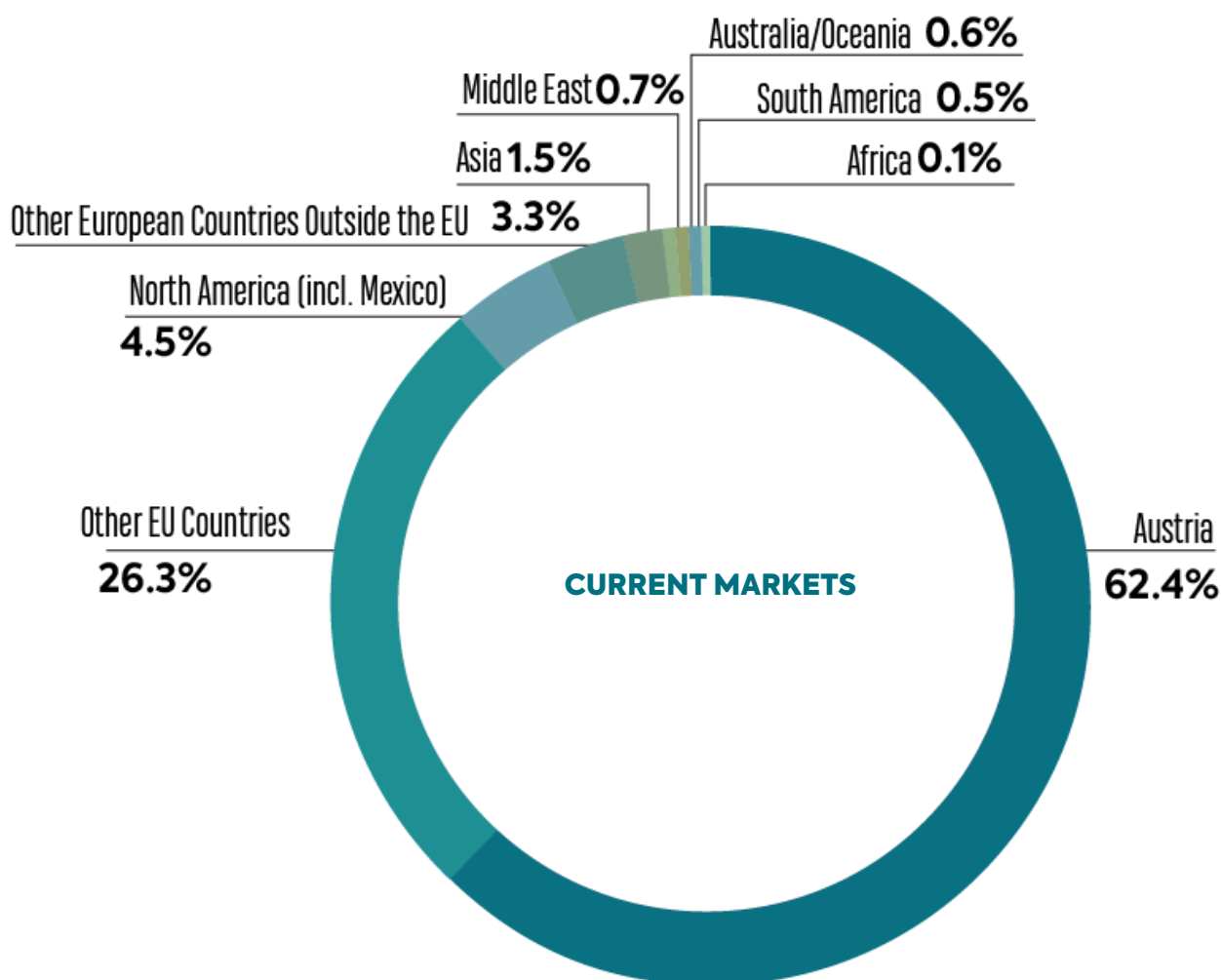
Outside Europe, North America (including Mexico) is relevant as a sales market, generating around 5% of sales on a relatively constant basis over time. In the current analysis, Asia, Australia and South America show the

highest growth rates.

Another striking feature is the high proportion of 'born globals', i.e. companies that very quickly move abroad from Austria and generate the majority of their sales there: 35% of Austrian

start-ups generate more than 50% of their sales from exports. Almost every fifth scale-up (19%) makes more than 90% of its sales on international markets.

Almost three-quarters of the start-ups (73%) have already

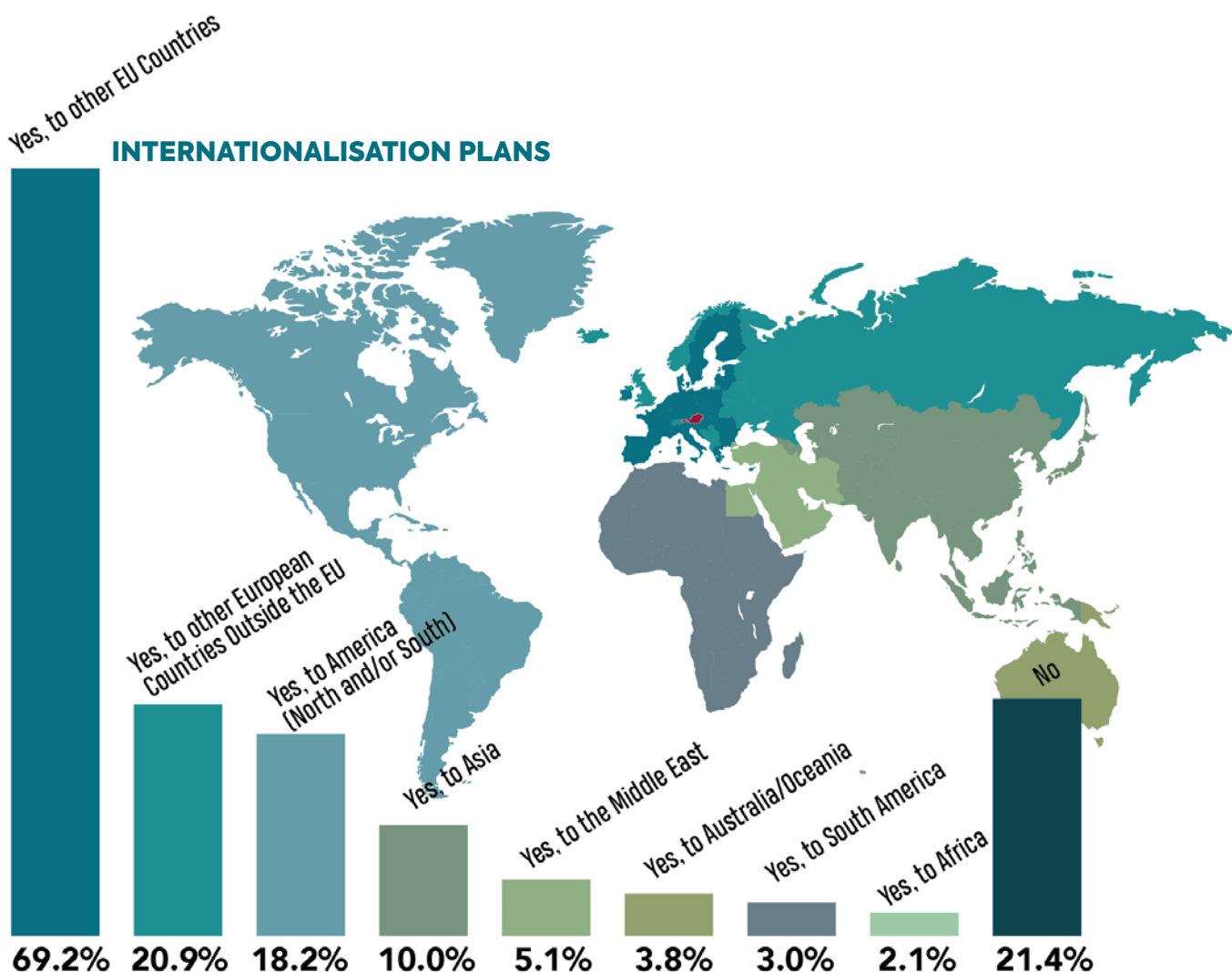


Source: ASM Survey 2023.

opened up international markets and generate sales in foreign trade. A total of 79% of start-ups plan to open new sales markets abroad within the next 12 months. 18% of start-ups want to enter foreign markets for the first time in the next 12 months.

The most important new markets are within the European Union: 69% of start-ups intend to expand into other EU countries. 21% of start-ups plan to expand to other European countries outside the EU in the next 12 months. Outside of Europe, North

America (incl. Mexico) remains the most important new foreign market (18%). This is followed at a considerable distance by start-ups looking to expand into Asia (10%), the Middle East (5%), Australia/Oceania (4%) and Africa (2%).



Source: ASM Survey 2023.

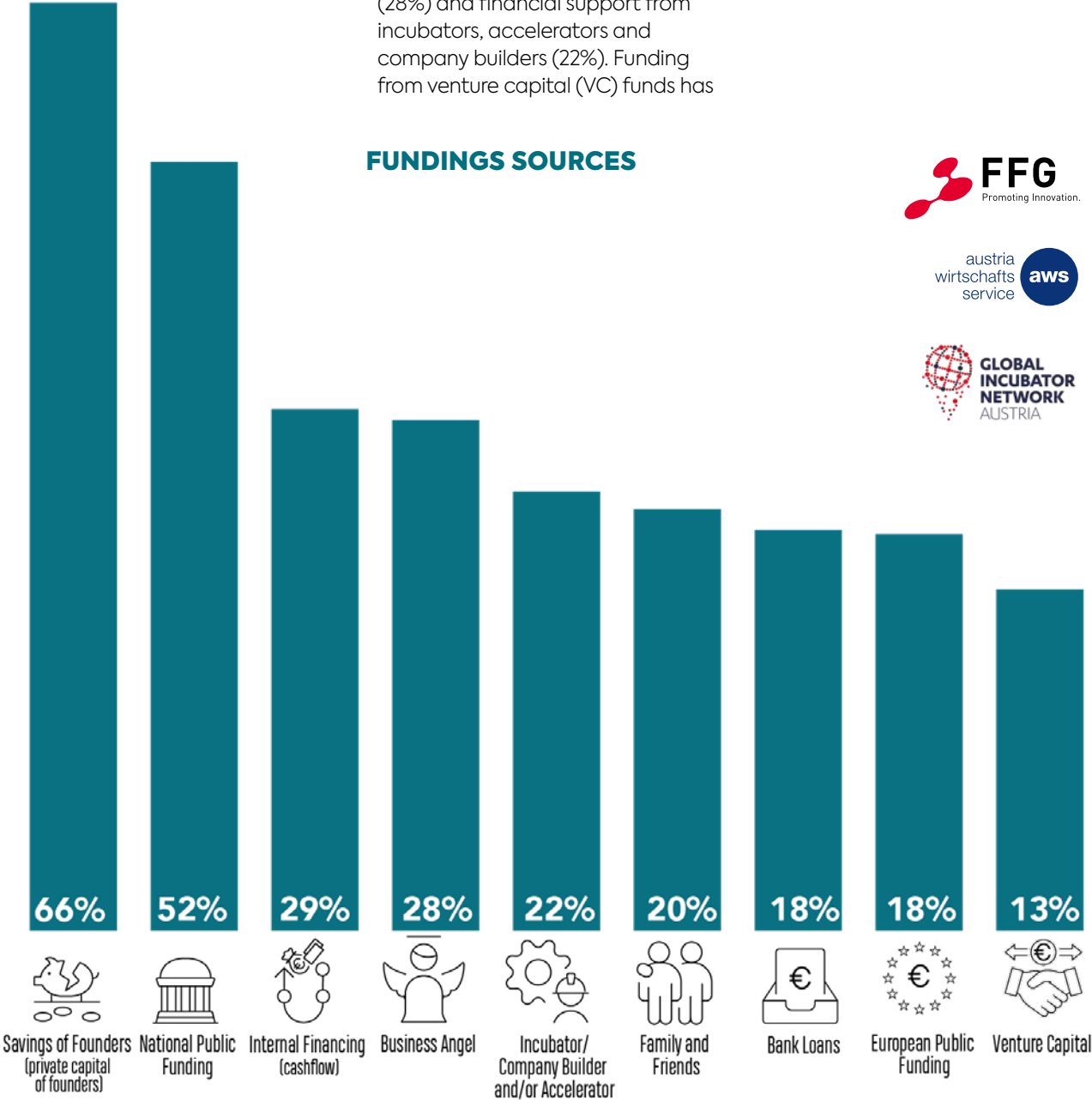
SOURCES OF FUNDING

The most common source of financing is the founders' own savings (including bootstrapping), which is used by 66% of start-ups. At 52%, national public subsidies and grants are the second most common source of funding. Among the main sources of public funding at national level are the two

national agencies offering startup funding: FFG – Austrian Research Promotion Agency; and aws – austria wirtschaftsservice, and their co-operated internationalisation initiative for startups GLOBAL INCUBATOR NETWORK. Internal funding from cash flow accounts for 29%, followed by business angels (28%) and financial support from incubators, accelerators and company builders (22%). Funding from venture capital (VC) funds has

decreased compared to last year and now accounts for 13%. Overall, more than a third of the start-ups have raised external risk capital (37%), i.e. they were financed either by business angels and/or VC funds. EU funding and support was awarded to almost one in five start-ups (18%).

FUNDINGS SOURCES



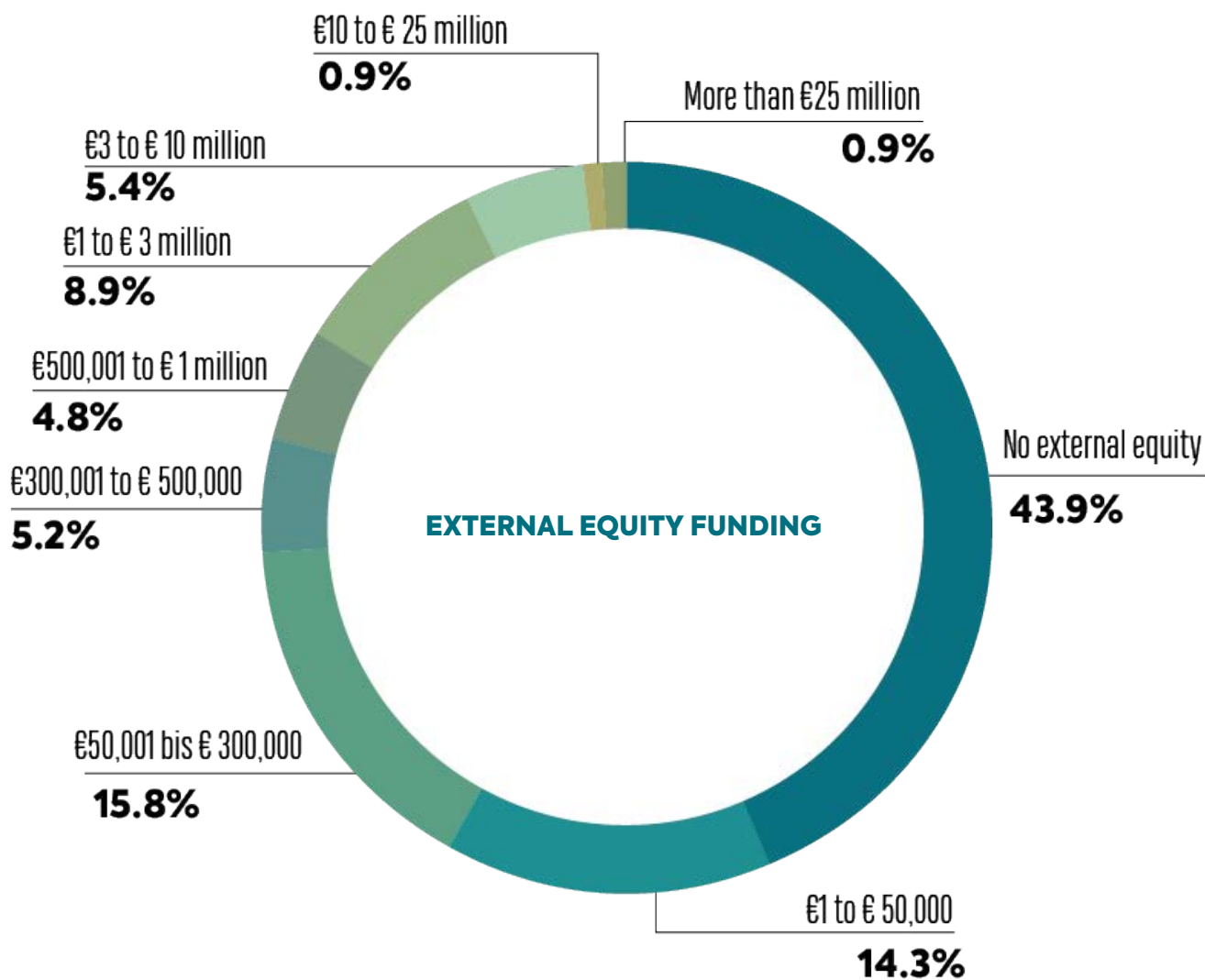
Source: ASM Survey 2023.

EXTERNAL EQUITY FUNDING

56% of Austrian start-ups have raised external equity. This value corresponds to the level of the previous year. However, the proportion of start-ups that have raised more than 500,000 euros

has fallen to 21% (26% last year). The fundraising environment remains tough, with 57% of start-ups (compared to 42% last year) saying that the opportunities to raise external equity (business

angels and venture capital) have worsened in 2023. Nevertheless, almost two-thirds of start-ups plan to raise fresh capital in the next 12 months.



Source: ASM Survey 2023.

The Special Issue on Internationalisation gives an overview of the Austrian start-up ecosystem and the internationalisation strategies of Austrian start-ups.

The Special Issue is based on data from the Austrian Startup Monitor (ASM) and particularly on the most recent survey conducted in autumn 2023. The ASM collects information on start-ups and their development in Austria with the aim of preparing information for research, public policy and the start-up community.

The Special Issue on Internationalisation is powered by Global Incubator Network Austria (GIN).

GIN is the connecting link for start-ups, investors and incubators between Austrian and selected start-up hotspots in Asia (Hong Kong, Israel, Japan, Mainland China, Singapore and South Korea) to support start-up internationalisation from and to Austria.

Initiated in 2016 by the Austrian Federal Government, GIN is managed by the main public funding agencies the Austrian Promotional Bank – Austria Wirtschaftsservice (aws) – and the Austrian Research Promotion Agency – Österreichische Forschungsförderungsgesellschaft (FFG).

www.gin-austria.com

IMPRINT

Publisher

AIT Austrian Institute of Technology GmbH Center for Innovation Systems & Policy, Giefing-gasse 4, 1210 Vienna, www.ait.ac.at

Authors

Karl-Heinz Leitner (AIT)

Georg Zahradnik (AIT)

Rudolf Dömötör (WU Vienna)

Hannah Wundsam (AustrianStartups)

Markus Raunig (AustrianStartups)

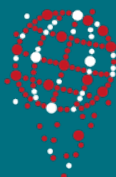
Johanna Einsiedler (AustrianStartups)

Graphic and Infographics Design:

Karin Binder-Dreher, karin-grafikdesign.com



**AUSTRIAN
STARTUP
MONITOR**



**GLOBAL
INCUBATOR
NETWORK**
AUSTRIA