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The Scaleup Report | The DNA of Successful Startups

A decade of research uncovers which factors lead startups to become scaleups

SAN FRANCISCO, Calif. — SEPTEMBER 20, 2023 — The Scaleup Report by Startup

Genome launched today at the Global Entrepreneurship Congress in Melbourne, presented by JF Gauthier, Founder and CEO of Startup Genome. The Report provides insights into the characteristics that separate startups that successfully scaled from those that failed and highlights actionable insights for entrepreneurs, enterprise support organizations, and policymakers seeking to increase the proportion of startups scaling to \$50 million+ valuation.

Powered by the most comprehensive dataset on startup ecosystems, it draws from a decade of longitudinal scaleup research examining hundreds of objective metrics available on tens of thousands of startups that have taken Startup Genome's founder survey. Contributions from expert thought leaders including the Global Entrepreneurship Network and Dealroom further enrich the report's extensive, evidence-based findings, which are the product of over a decade of Startup Genome's independent research, assessment and policy strategy work.

The Scaleup Report key findings:

- Founders looking to improve their chances of scaling should ensure that they offer stock options for all employees, have more than five global connections to top ecosystems, and have at least three advisors for their startup.

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- Startups with a Local Connectedness Index score of 6 or above achieve a scaleup of 5.1% compared to 3.8% for those with a score of 2 to 4, a 34% boost. (The Local Connectedness Index measures the size, density, and quality of a startup's local network). Early-stage startups with a higher Local Connectedness Index see their revenue grow twice as fast as those with the lower Local Connectedness Index.
 - Scaleup success rate clearly increases with Global Connectedness, and startups that develop a high level of Global Connectedness have a 3.25x higher chance of scaling than those with a low level. Ecosystems that are more connected to top global ecosystems (such as Silicon Valley, New York City, and London) see their startups go global at a much higher rate on average (66% correlations between those very distinct variables).
 - The U.S., China, and the U.K. are the top countries by number of total scaleups, with 7.1K based in the U.S.— 4.8x more scaleups than in China and 11.5x more than in the U.K. India, Canada, Germany, Israel, France, South Korea, and Singapore (in order), round out the top 10 countries globally for number of scaleups.
 - Top countries for VC investment into scaleups are the U.S., China, India, the U.K., and Germany. North America makes up 55% of all global VC investment raised in scaleups, with the U.S. alone contributing 53%. Since 2020, the U.S. has received more VC investment than the rest of the world combined.
 - Early-stage startups that go global (more than 50% of foreign customers) are on a revenue growth curve that is 2x faster than those that do not (less than 50% of foreign customers).
 - For non-U.S. startups that target the global market first, the scaleup rate doubles.
 - B2B and mixed startups (those focused on both B2B and B2C) that target the global market first have higher scaleup rates than B2C startups. B2B startups that target the global market from day one of operations have higher scaleup rates (6.8%) than B2B scaleups that do not target global markets from the onset (2.8%).
 - Out of all current scaleups, a third of all scaleups were founded by serial founders, and founders who have previous hypergrowth experience have an 85% higher scaleup rate compared to founders without this experience.
 - Founders' motivation to get rich is the strongest corollary to scaleup success, followed by a desire to change the world and a drive to make a great product.
 - Founders who could rely on friends for funds were more likely to produce a scaleup than those with their own or family resources.
 - Scaleup success is most common among founders in the 26–40 age bracket, in terms of scaleup rate and absolute number of scaleups.
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"The quintessential billion-dollar question has always been what characteristics, behaviors, and decisions of early-stage startups significantly increase your chance of success at scaling." shares JF Gauthier, Founder & CEO of Startup Genome.

"Startup Genome's groundbreaking Scaleup Report, a culmination of 11 years of primary research with close to 100,000 startup founders globally, provides unparalleled data-driven answers to this critical question."

"The Global Entrepreneurship Network is proud to partner with Startup Genome on groundbreaking new research in The Scaleup Report to equip policymakers, investors, and support organizations with a timely, independently-verifiable way of identifying scaleups," comments Jonathan Ortman, Founder and President of the Global Entrepreneurship Network.

"The report goes a long way towards identifying the critical success factors that set apart successful scaleups."

"The data shows definitively that startups can scale anywhere in the world," says Yoram Wijnngaarde, Founder & CEO of Dealroom. "In the last two years alone, 75 countries have produced a company that passed \$50 million in funding. Entrepreneurship and venture investing is an international business, and the pace of distribution is accelerating. Scaleup success breeds success. A single local trailblazing scaleup can provide the talent, capital, path, and belief to make startup ecosystem development snowball. The next chapter of innovation is global."

"This report provides new data and insights on a policy question of first-order importance, namely how to build robust scaleup ecosystems. Taking a cross-country perspective allows us for the first time to identify what characteristics and activities matter most, and how different countries compare with each other," shares Thomas Hellmann, DP World Professor of Entrepreneurship and Innovation, University of Oxford.

View the full report here: <https://startupgenome.com/scaleup-report> (available September 20).

ABOUT STARTUP GENOME

Startup Genome's data-driven insights provide innovation policy leaders with clarity, momentum, and strategy to help them define and execute growth-focused actions. Working side-by-side with 300 partner organizations across six continents in 50+ countries to date, Startup Genome's frameworks and methodologies are instrumental in building foundations for startup ecosystems to grow. Many of the world's leading governments and innovation-focused organizations have joined our knowledge network to cut through the complexities of startup ecosystem development. Startup Genome identifies key gaps in these ecosystems and prioritizes actions to fuel sustained economic growth. Find out more by contacting Adam Bregu at adam@startupgenome.com or visiting startupgenome.com and [LinkedIn](#).

ABOUT THE GLOBAL ENTREPRENEURSHIP NETWORK

The Global Entrepreneurship Network (GEN) operates programs in 200 countries aimed at making it easier for anyone, anywhere to start and scale a business. By fostering deeper cross-border collaboration and initiatives between entrepreneurs, investors, researchers,

policy makers and entrepreneurial support organizations, GEN fuels healthier start and scale ecosystems that create more jobs, provide education, accelerate innovation, and strengthen economic growth. Learn more about GEN at genglobal.org and by following us on [Twitter](#), [Facebook](#), [Instagram](#), and [LinkedIn](#).

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