

1 July 2020

**WBAF Opinion Statement**

“*The* *State of the Global Entrepreneurship Ecosystem: A WBAF Survey*”

The world is on the verge of a great disruption sparked by the COVID-19 pandemic. For the first time since the Great Depression of 1929, every country, every society and every economy in the world has seen the impact on health, employment, finance, trade and business. Every report we see—from the World Bank, IMF, OECD, WEF, and NASDAQ—forecasts wide-ranging effects of this great disruption.

The latest IMF Global Financial Stability Report projects high market volatility, a collapse in risk asset prices, a reversal of portfolios, and a deterioration of market liquidity. These global financial conditions clearly have a greater effect on the entrepreneurship ecosystem than they would in non-pandemic times.

The World Bank predicts that the global GDP will shrink by 5.2% in 2020, the worst scenario since World War II, and nearly triple the contraction experienced during the 2009 recession. A recent OECD report also predicts massive global unemployment rates. The same report also expects that, starting in Q4 of 2020, recovery will be slow, and in many regions, returning to pre-COVID-19 levels will take 2 years.

Like other institutions, the World Economic Forum identified a number of key risks: 500 million people falling into poverty, a 3% drop in world output, an anticipated fall in global trade of up to 32%, and an estimated 40% drop in FDI. The report forecasts that bankruptcies will skyrocket, that many industries will fail, and that structural unemployment levels will be elevated for years to come.

A NASDAQ survey indicated that startup investors expect there will be a significant impact on investing activities and that this pandemic-induced environment will last 1 and 2 years.

WBAF also conducted a global survey that included business owners from more than 81 countries and across multiple industries. It elicited opinions on issues in a variety of domains ranging from financing, the workforce, business model realignment, and types of support that are needed during this turbulent economic period.

The key findings from our May 2020 WBAF survey can be summarized as follows:

* *52.22% expected their funds would last 3-6 months without any additional funding; 29.6% of respondents reported that their current funds would last more than 3 months.*
* *41.1% of respondents reported a > 50% drop in market demand for their services or products.*
* *63.1% of startups surveyed plan to change their business model in the post-pandemic business cycle; 36.1% of respondents have definite plans to pivot their business during this business cycle.*
* *46.5% of respondents believe that the impact of the pandemic will last 6 months to a year; 11.3% believe it will persist beyond 2 years.*
* *39.90% of respondents reported a drop in the valuation of their business, but 21.67% reported an increase.*
* *Funding, demand, and workforce represent 37.93% of the challenges startups face, with funding ranking highest.*

***Additional*** *I****nsights*** from our WBAF survey highlighted impacts across all industries. Consulting and professional services are the most heavily affected (29.02%) and electronics the least (1.96%). There was a high level of agreement (74.88%) among respondents about the need for and the benefits of liaising between business owners and policymakers. It is interesting to note an equal downturn in short- and long-term investments (39.41%) and widespread, complex contingency plans. These included reducing costs, laying off staff (27.9%) and seeking additional capital to sustain their business (41.38%).

At this point, we would like to provide a summary of insights from other global surveys conducted by international organizations over the past few months that offer a complementary views. Some focused only on one segment within the entrepreneurial ecosystem, while others attempted to get a more comprehensive picture. Overall, you will see that the WBAF findings are consistent with these other major surveys.

*Ernst and Young Global* completed an FDI investment attractiveness survey for Europe in May 2020 that was designed to help businesses make investment decisions and governments remove barriers to growth. Two of the key findings were related to the status of existing projects, specifically that 65% of existing foreign investments were proceeding as planned, 25% were delayed, and 10% were cancelled. The other important insight from this survey was that 66% expected a decrease in 2020 investment plans, while 21% expected a complete delay, and 15% anticipated a substantial decrease.

*Deloitte* conducted and published the results of a survey on global human capital trends related to the future of work. The report addressed the purpose, potential, perspective and possibilities for the workforce during the COVID-19 economic environment. Two main findings to be highlighted are related to reselling, up-skilling, and compensation of the workforce: 74% of organizations reported that reskilling the workforce was either ‘important’ or ‘very important’ for their organization’s viability over the next 12-18 months. However, only 10% felt they were ready to address this need. The second important finding is related to organizations reporting that changing compensation models for their organizations was important for their success, but only 23% were currently redesigning these models.

*Price Waterhouse Cooper* has recently completed a CFO Pulse Survey, which gathered opinions from 150 international finance executives. More than 82% of multi-territory respondents reported that COVID-19 had a significant impact on their business, while 32% expected to engage in layoffs, and 52% of respondents expected productivity losses. The top 3 pandemic-related concerns reported were: a potential global recession (67%), a financial impact on their business (60%), and negative effects on their workforce (44%).

Another comprehensive survey series is currently in progress by the *SME Finance Forum*,and during the last June update, members representing 46 countries reported a decline in sales or revenue (37% of respondents), reduced inflows or collections of funds (16%), and asset impairment (13%).

As the world is faced with these widespread economic challenges, it is essential that leading organizations and their representatives take charge by raising awareness and proposing solutions. There is a general consensus among experts about several strategic areas that are recommended for recovery: focus on rebuilding operations and recuperating revenue, rethink the organizational infrastructure, and accelerate the adoption of technology. Only by designing novel business models can we rebuild the global economy and reshape the business ecosystem for future generations.

WBAF has also taken an active role in this global pandemic. As an affiliated partner of the G20 Global Partnership for Financial Inclusion (GPFI), the World Business Angels Investment Forum is planning to submit a comprehensive economic and financial support plan to the G20 leadership in order to alert policymakers about the urgent needs of startups.

To gather data for this important report, the WBAF Global Startups Committee has engaged in several initiatives that complement the recent survey of our global entrepreneurship ecosystem. Insights from the survey results will be incorporated into the support plan submitted to the G20 leadership and will inform our WBAF action plans aimed to support startups and entrepreneurs during this difficult pandemic business environment.

Sincerely,

Prof Inderjiit Singh ,
President of the Global Startup Committee, World Business Angels Investment Forum
An Affiliated Partner of the G20 Global Partnership for Financial Inclusion (GPFI)

Resources:

<https://www.imf.org/en/Publications/GFSR/Issues/2020/04/14/global-financial-stability-report-april-2020>

<https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

<http://www.oecd.org/economic-outlook/june-2020/>

<https://www.weforum.org/reports/covid-19-risks-outlook-a-preliminary-mapping-and-its-implications><https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/attractiveness/ey-europe-attractiveness-survey-2020-v3.pdf><https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html?id=us:2el:3pr:di43244:eng:cons:051820><https://www.pwc.com/us/en/library/covid-19/pwc-covid-19-cfo-pulse-survey-global.html><https://www.smefinanceforum.org/post/member-pulse-survey-3-on-the-impact-of-covid-19-june><https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2020/covid-19-and-the-future-of-work.html>

<https://www.mckinsey.com/featured-insights/future-of-work/from-surviving-to-thriving-reimagining-the-post-covid-19-return>

**About the World Business Angels investment Forum (WBAF)**

As an affiliated partner of the G20 Global Partnership for Financial Inclusion (GPFI), the World Business Angels Investment Forum (WBAF) is committed to collaborating globally to empower the economic development of the world by fostering innovative financial instruments for startups, scaleups, innovators, entrepreneurs and SMEs and to promoting gender equality and women’s participation in all sectors of the world economy. WBAF invites you to join our global efforts to ease access to finance, promote financial inclusion, and create more jobs and social justice.

[www.wbaforum.org](http://www.wbaforum.org)

**About GPFI**

The Global Partnership for Financial Inclusion (GPFI) is an inclusive platform for all G20 countries, interested non-G20 countries, and relevant stakeholders to carry forward work on financial inclusion, including implementation of the G20
Financial Inclusion Action Plan endorsed at the G20 Summit in Seoul. Queen Maxima of the Netherlands is the Honorary Patron of the GPFI.

[www.gpfi.org](http://www.gpfi.org)

**Prof Dr Inderjit Singh
President, World Business Angels investment Forum Global Startup Committee
An affiliated partner of the G20 Global Partnership for Financial Inclusion (GPFI)**

Professor Singh serves as Chairman of NTUitive, the Innovation Company of the Nanyang Technological University, Singapore. He is the Chief Executive Officer of Solstar International Pte Ltd, a multinational company from Singapore. Prof. Singh was the founding President of the Singapore Chapter of The Indus Entrepreneurs, a network of entrepreneurs and professionals founded in 1992 in Silicon Valley, California. From 1995 to 2012, he was the Deputy Chairman of Action Community for Entrepreneurs (ACE), a Singapore national committee involved in Entrepreneurship Policy and Advocacy. Previously, Prof. Singh founded United Test and Assembly Centre Limited, or UTAC, a Singapore-based semiconductor test and assembly company, and served as UTACs President and Chief Executive Officer. UTAC was a Unicorn 3 years after Inderjit started the company. Before founding UTAC, Prof. Singh served at Texas Instruments Singapore (known as Micron Semiconductor Asia since 1999) for 13 years, holding the post of Director of Assembly and Test Operations for the Memory Division from 1996 to 1998 Prof. Singh also served as a Member of Parliament (MP) in Singapore, from 1996 to 2015 and was the Chairman of the Singapore Government Parliamentary Committee for Finance, Trade and Industry for a duration of his term as an MP. Prof. Singh serves as a Member of the Board of the Nanyang Technological University (NTU) and in the past served as a board member in several Statutory and Public Bodies, including the Urban Redevelopment Authority, the Standards, Productivity and Innovation Board and Spring Singapore. He is an active angel investor and also holds directorship positions and investments in a number of start-up companies. Prof. Singh holds a degree in Electronics Engineering from the Nanyang Technological University, Singapore; an MBA from the University of Strathclyde, United Kingdom; and a Honorary Doctorate from the Amity University, India.

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