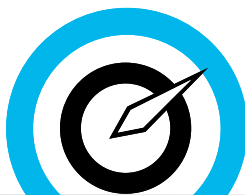


BAROMETER

IDINVEST



UK Entrepreneurship

idinvest
PARTNERS

FEBRUARY 2017

“THE BRITISH ENTREPRENEURIAL CLIMATE IS AS HOT AS EVER, WE'RE A NATION OF CREATIVE THINKERS WHO VALUE HARD WORK, AMBITION AND AREN'T TOO KEEN ON HAVING A BOSS. IT'S DISAPPOINTING THAT WE'VE CHOSEN TO DISTANCE OURSELVES FROM EUROPE BUT I'M NOT SURPRISED THAT BUDDING UK ENTREPRENEURS AREN'T DETERRED, I DON'T SEE ANY REASON RIGHT NOW WHY PEOPLE SHOULDN'T BE HUGELY OPTIMISTIC ABOUT STARTING THEIR OWN BUSINESS.”

Alex Saint, Co-Founder and CEO of Secret Escapes

“THERE HAS NEVER BEEN A BETTER TIME TO START A VENTURE IN THE UK. THE CUSTOMER BASE IS LARGE, THE TALENT POOL RICH, AND THE ENTREPRENEURIAL ECO-SYSTEM VIBRANT. THE GOVERNMENT IS ALSO VERY SUPPORTIVE, WITH INITIATIVES SUCH AS THE ENTERPRISE INVESTMENT SCHEME AS WELL AS ENTREPRENEURSHIP VISAS TO CONTINUE TO FUEL THE GROWTH OF THE TECH SCENE. WE'VE BEEN ABLE TO BUILD OUR IDENTITY VERIFICATION SOLUTIONS USING MACHINE LEARNING ENGINEERS FROM THE BEST UNIVERSITIES IN THE UK AND AT THE SAME TIME PILOT OUR TECH WITH FLAGSHIP CLIENTS BASED IN THE FINTECH CAPITAL OF EUROPE - LONDON. ”

Husayn Kassai, Co-Founder and CEO of Onfido

“UK IS A TIER 1 MARKET FOR US. IT IS NOT ONLY A VERY FLEXIBLE AND COMPETITIVE MARKET, THAT REQUIRES FROM US EXCELLENCE, BUT IT IS ALSO A VERY IMPORTANT HUB FOR EXTRA-EUROPEAN MARKETS IN OUR AREA”

Jean Canzoneri, Co-Founder and CEO of Ogury

“I WANTED TO WORK WITH MY HANDS AND BE RECOGNIZED FOR WHAT I WAS DOING MY OWN WAY ON THE JOB. I DIDN'T WANT TO SPEND MY TIME IN FRONT OF A COMPUTER DOING WORK THAT EVERYONE ELSE COULD DO”

Pete*, Gourmet Restaurant Founder

“I'M MOTIVATED BY THE WORLD OF TOMORROW AND HOW THAT WORLD WILL TAKE SHAPE”

Didier Rapport, Co-Founder and CEO of HAPPN

“THE IDEA WAS TO MAKE MONEY, OF COURSE”

Iya*, Founder of an Online Scuba Diving Equipment store

[*] the person wished to remain anonymous

FOREWORD



In just a few decades we have witnessed a huge change in the public mind-set. Entrepreneurs have confirmed their position on the world stage and received recognition for the crucial role the entrepreneurial spirit plays in supporting both economic and social progress. However, we cannot ignore the still significant challenges facing the next generation of entrepreneurs. Issues such as financing and economic security can not be overlooked.

We are heartened to see such a strong entrepreneurial sentiment amongst the British people, and excited to support the growth of the UK companies of the future.

Christophe Baviere, CEO, and Benoist Grossman, Managing Partner

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INTRODUCTION AND METHODOLOGY

INTRODUCTION :

Idinvest Partners has launched a barometer to track the UK population's attitude towards entrepreneurship.

Our aim is to expose the motivations and the concerns of the population confronted with the idea of starting their own business. The barometer is drawn from a representative sample of 1,500 people, half of which are 'motivated to start their own business'.

The UK version of this barometer is presented in tandem with the already established French Idinvest Partners Index, which has been published with Le Figaro since 2009.

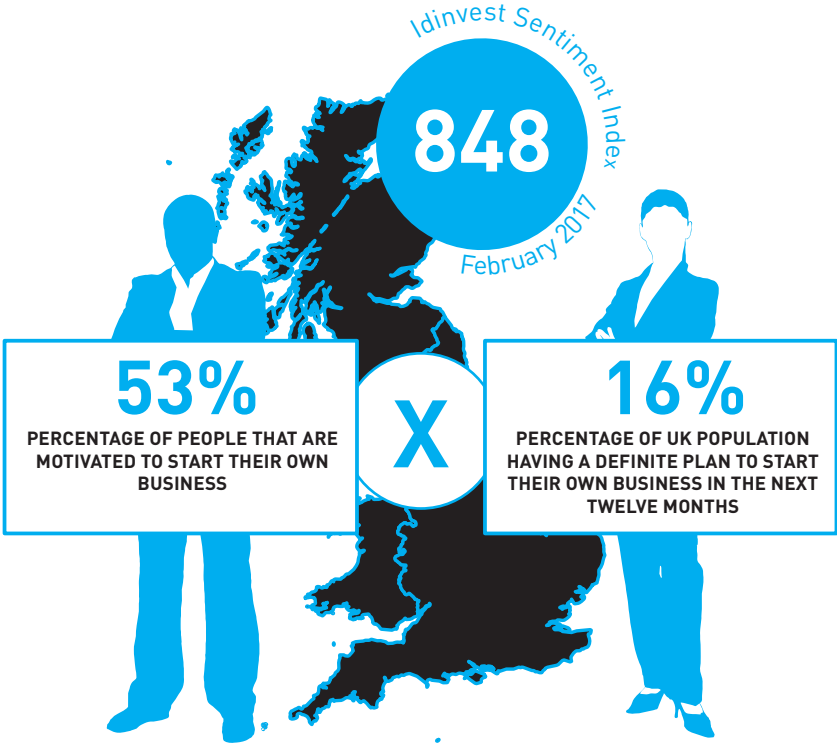
METHODOLOGY :

Online survey carried out by Viavoice on behalf of Idinvest Partners between 9th February and 15th February 2017.

United Kingdom: sample of 1,500 persons, representative of the UK population aged 18 years and over.

Representativeness determined through the quota sampling method to the following criteria: gender, age, respondent occupation, region.

KEY FINDINGS



Ten months after the referendum on Brexit, the British economy is stable and British public remains positive, despite the uncertainty on the horizon. At the centre of this optimistic outlook is the nation's entrepreneurialism, which remains a consistent source of motivation and an essential contributor to the country's economic growth. The Iinvest Partners Index launched today shows that despite practical/financial constraints, the final decision to start a business is a decision of the 'heart'.

Iinvest Partners and Viavoice have surveyed the UK population to find out:

What makes up the DNA of a UK entrepreneur?

How strong is entrepreneurial motivation amongst the population?

Are they optimistic or pessimistic in a post-Brexit environment?

Do they believe that Britain is still the best place to start a business?

Key Findings :

- A start up nation: over half of the population are keen to start their own business.
- 3 out of 4 people in the UK aged between 18 and 24 are motivated to become entrepreneurs.
- 60% of people surveyed believe that to start their own business they would need to be at least 30 years old.
- 44% of the population still consider the UK 'one of the best countries to start a business'. After the UK, Germany is considered the next best place by a strong margin.
- For 47% of the population, traditional sources of funding such as personal savings are still the most likely source of financing.
- 16% of the total population surveyed have a definitive plan to start a business in the next year, which means that currently almost 2 out of 10 people living in the UK will be entrepreneurs by 2018.
- Entrepreneurs are systematically more optimistic than the overall population on issues such as economic growth (+9 points), employment (+8 points), purchasing power (+10 points), and inflation (+9 points).

The Profile of a British Entrepreneur

Unsurprisingly the overriding motivation behind the British populations entrepreneurialism is to make money (48%), followed closely by the idea of 'being free and independent' (47%). However when this question is directed to those who already have a business plan the motivations at play are more nuanced with personal productivity and the strength of business idea taking greater precedence.

Compared to the general population, those motivated to start a business pride themselves on a distinct set of values. They give higher value to hard-work, determination, teamwork, self-confidence, ambition and risk-taking. These results show that British entrepreneurs are united by personal characteristics. Similarly entrepreneurs are shown to be systematically more optimistic than the overall population on issues such as:

- purchasing power (+10 points)
- economic growth (+9 points)
- inflation (+9 points)
- employment (+8 points)

The challenges ahead

When given a list of situational factors to consider and asked if those represent more an advantage or a constraint to start a business in the UK:

- 62% consider 'uncertainty surrounding Brexit' as a constraint.
- Whereas a the 'national economic environment' (45%) and the 'current government's economic policy' (42%) are an advantage for starting a business in the UK.

The two major concerns for the post-Brexit climate amongst those surveyed are:

- access to the single market (30%)
- the fundraising climate (29%)

The Funding Challenge

The challenge of funding remains at the core of UK entrepreneurs' concerns. For 37% of those surveyed 'financing needs' are the deciding factor in their final decision to launch a company; followed by the will to succeed and self-confidence (32%).

When confronted with a variety of funding sources, the UK still focuses primarily on traditional sources such as:

- personal savings (47%)
- one or more bank loans (33%)
- public sector assistance (14%)

The British Economy in 2017

Finally, we have surveyed the population about the general mood towards the country's economic outlook. Despite the potential geopolitical turmoil linked to Brexit, almost 6 out of 10 respondents are optimistic about the British economy over the next twelve months.

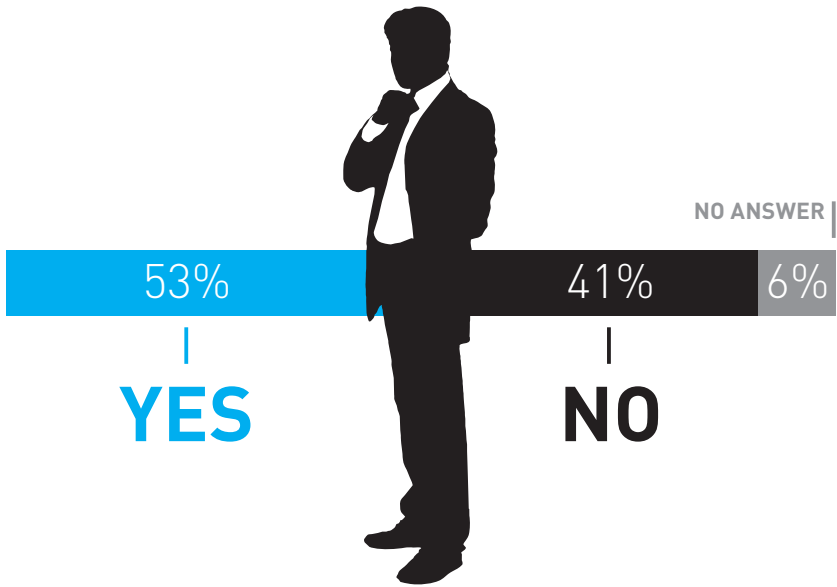
Current and aspiring entrepreneurs are also more optimistic and positive about the UK as a land of opportunity for their start-ups:

- 55% consider that the UK is 'one of the best countries to start a business' (11 points more than the overall population)
- for the 17% saying that they do not perceive the UK as one of the best countries to start a business, Germany is considered next best country to start a business, followed by Sweden, Switzerland and France.

PART 1 : THE ENTREPRENEURIAL ENVIRONMENT

ENTREPRENEURIAL MOTIVATION

WOULD YOU START YOUR OWN BUSINESS
CURRENTLY, IF YOU HAD THE MEANS TO DO SO?



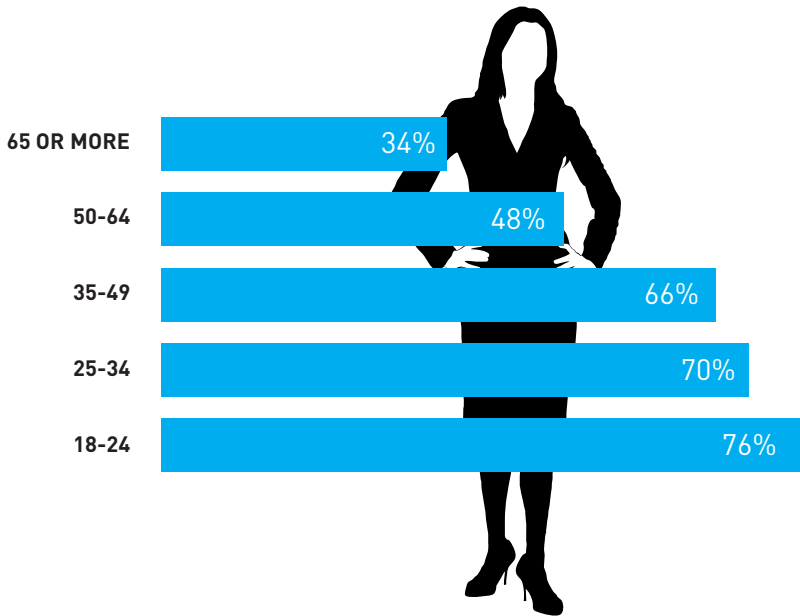
SAMPLE: UK REPRESENTATIVE

AGE AND EXPERIENCE

AT WHAT AGE WOULD YOU MOST LIKELY BE ABLE TO START YOUR OWN BUSINESS ?



PERCENTAGE OF PEOPLE WHO ARE MOTIVATED TO START THEIR OWN BUSINESS BY AGE:



SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

ENTREPRENEURSHIP IN THE UK

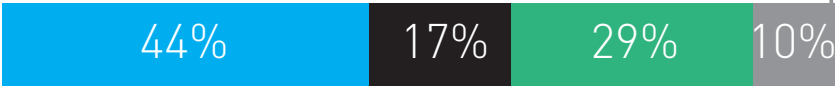
COMPARED WITH OTHER MAJOR EUROPEAN ECONOMIES SUCH AS FRANCE, GERMANY, OR ITALY, DO YOU BELIEVE THE UK IS PERCEIVED INTERNATIONALLY AS ONE OF THE BEST COUNTRIES TO START A BUSINESS ?

THE UK IS ONE OF THE BEST COUNTRIES TO START A BUSINESS

YES

NEITHER BETTER
NOR WORSE

DON'T KNOW



AMONG PEOPLE MOTIVATED TO
CREATE A BUSINESS IN THE UK
YES : 55 %

NO

THE UK IS NOT PERCEIVED AS ONE
OF THE BEST COUNTRIES TO START
A BUSINESS

AMONG PEOPLE SAYING NO, WHICH COUNTRIES ARE PERCEIVED
WITH 'A BETTER REPUTATION TO START A BUSINESS' ?

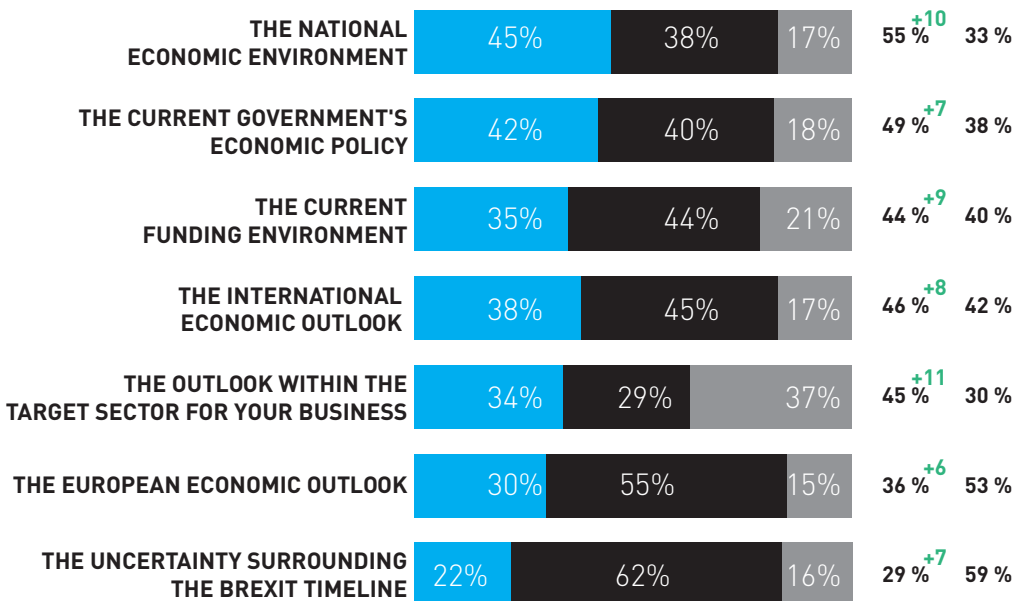
<i>all respondents</i>		<i>people motivated to create a business</i>	
Germany	52%	Germany	46%
Sweden	23%	Sweden	27%
Switzerland	18%	Switzerland	22%
France	14%	France	15%
Denmark	14%	Denmark	13%

UK START-UP ENVIRONMENT

FOR THE FOLLOWING ITEMS, WOULD YOU SAY THAT CURRENTLY THEY REPRESENT MORE AN ADVANTAGE OR MORE A CONSTRAINT TO START A BUSINESS IN THE UK ?

• **ADVANTAGE** • **CONSTRAINT** • **NO ANSWER**

PEOPLE
MOTIVATED
TO CREATE A
BUSINESS
ADV. CON.

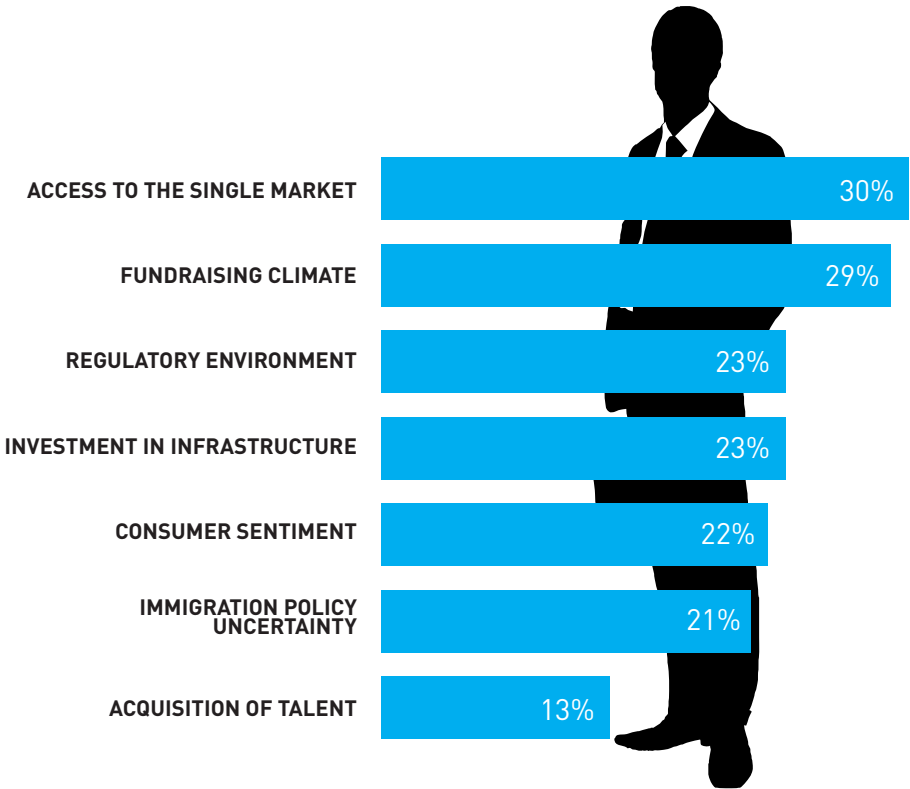


SAMPLE: UK REPRESENTATIVE

POST-BREXIT ENVIRONMENT

IN LIGHT OF BREXIT, WHICH OF THESE FACTORS ARE YOU MOST CONCERNED COULD IMPACT YOUR DECISION TO SET UP A BUSINESS?

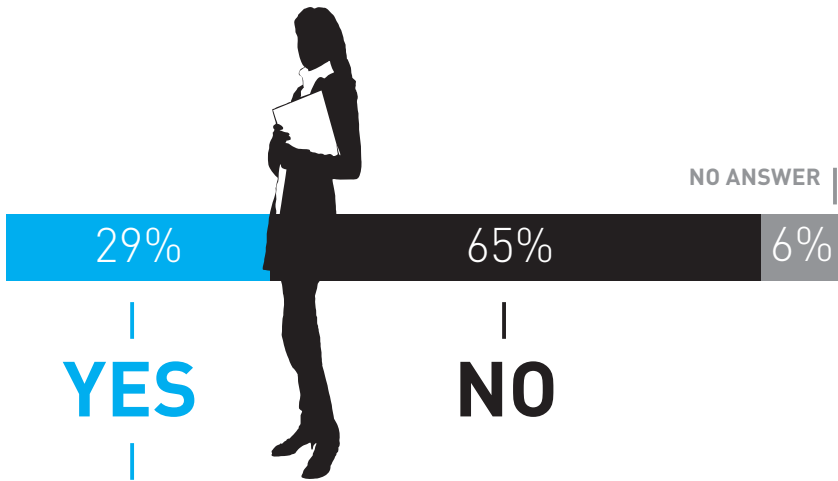
TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE



PART 2 : THE PROFILE OF THE ENTREPRENEUR

ENTREPRENEURIAL STATUS

**DO YOU CURRENTLY HAVE A CONCRETE PLAN
TO START YOUR OWN BUSINESS THAT YOU
INTEND TO CARRY OUT IN THE NEXT YEAR?**



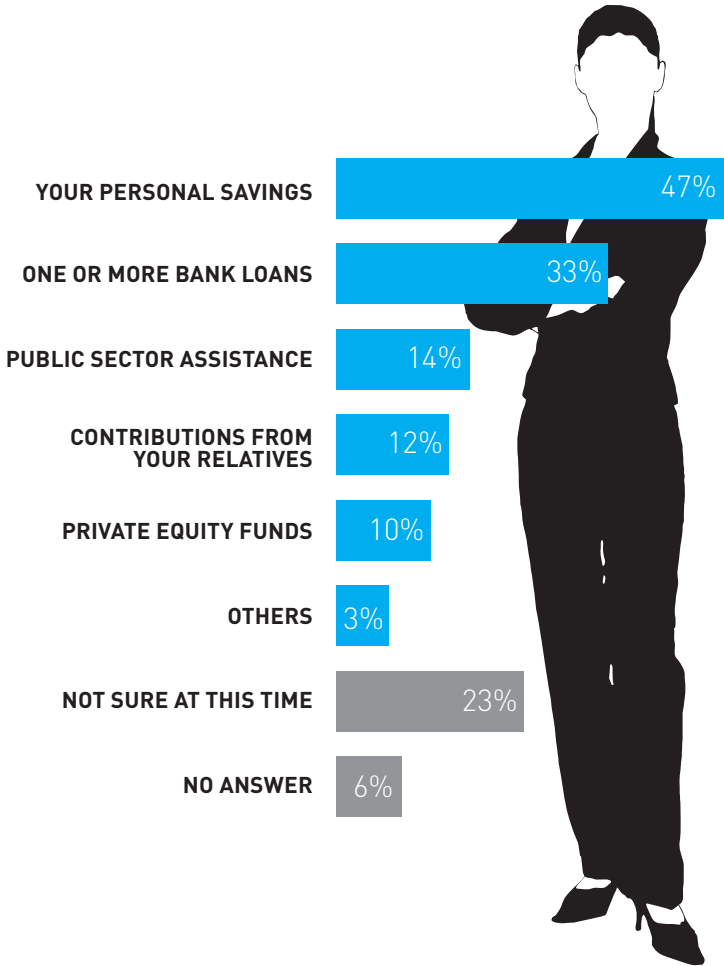
**ACCOUNTS FOR THE 16 %
OF THE GLOBAL UK RE-
PRESENTATIVE SAMPLE**

SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

SOURCES OF FINANCING

WHICH SOURCE OF FINANCING WOULD YOU LOOK TO ACCESS IN ORDER TO FUND YOUR BUSINESS?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE

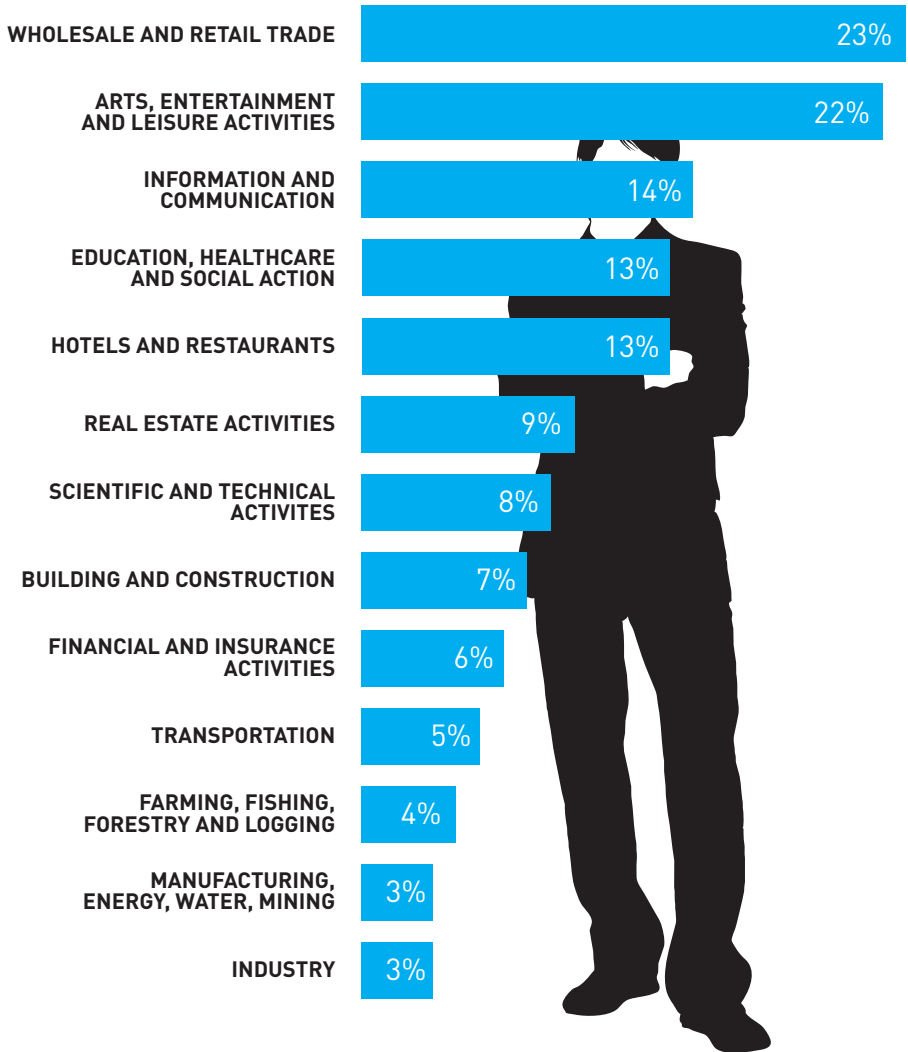


SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

SECTOR SPOTLIGHT

IN WHICH INDUSTRY SECTOR WOULD YOU BE INTERESTED IN STARTING YOUR BUSINESS ?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE



SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

MOTIVATION: LONG-TERM FACTORS

WHY DO YOU WANT TO START YOUR OWN BUSINESS ?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE



SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

MOTIVATION: SHORT-TERM FACTORS

WHAT ARE THE REASONS THAT LED YOU TO PLAN TO START YOUR OWN BUSINESS ?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE



SAMPLE: PEOPLE HAVING A DEFINITE PLAN TO START A BUSINESS A YEAR FROM NOW

THE FINAL DECISION

WHAT IS THE DECIDING FACTOR THAT STANDS BETWEEN YOUR CURRENT SITUATION AND STARTING YOUR OWN BUSINESS?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE



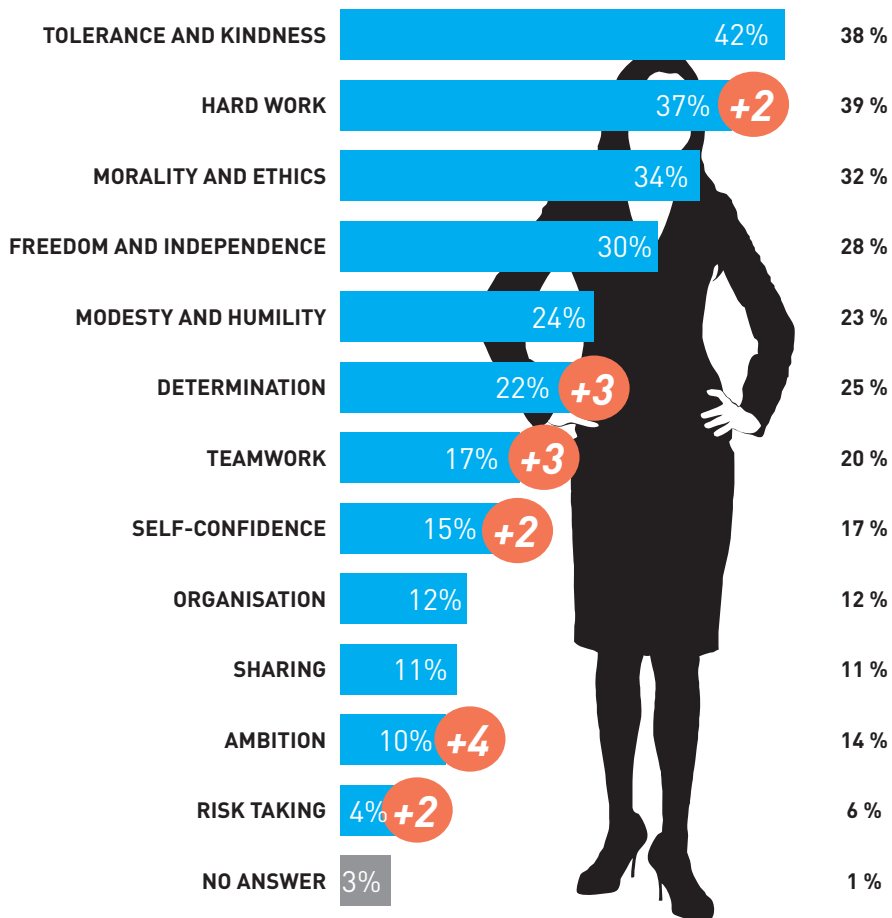
SAMPLE: PEOPLE MOTIVATED TO START A BUSINESS

PERSONAL VALUES

WHICH PERSONAL VALUES ARE YOU MOST ATTACHED TO?

TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE

PEOPLE
MOTIVATED
TO CREATE A
BUSINESS



SAMPLE: UK REPRESENTATIVE

PART 3 : ECONOMIC CONFIDENCE IN THE UK

THE BRITISH ECONOMY

OVER THE NEXT TWELVE MONTHS,
HOW OPTIMISTIC ARE YOU ABOUT
THE BRITISH ECONOMY ?

- *VERY OPTIMISTIC*
- *FAIRLY OPTIMISTIC*
- *FAIRLY PESSIMISTIC*
- *VERY PESSIMISTIC*
- *NO ANSWER*

OVERALL « OPTIMISTIC » 57 %



UK REPRESENTATIVE (ALL RESPONDENTS)

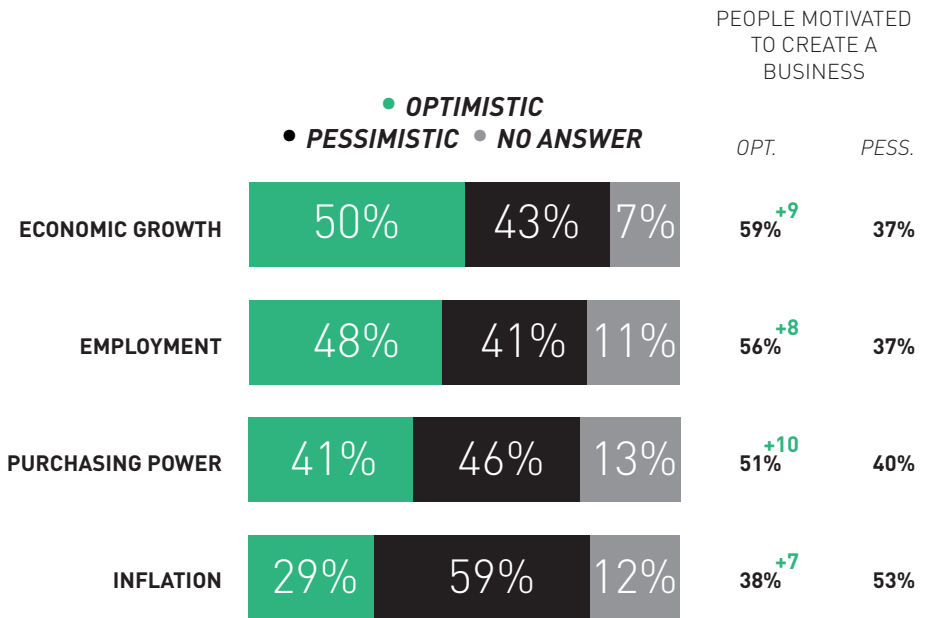
OVERALL « OPTIMISTIC » 67 % ⁺¹⁰



PEOPLE MOTIVATED TO CREATE A BUSINESS

OVERALL OUTLOOK OF THE BRITISH ECONOMY

OVER THE NEXT SIX MONTHS, ARE YOU OPTIMISTIC OR PESSIMISTIC ABOUT... ?



UNDERSTANDING SENTIMENT: LOOKING FORWARD

The Iinvest Sentiment Index is calculated by multiplying the percentage of people that are motivated to start their own business by the total percentage of UK population having a definite plan to start their own business in the next twelve months. The index will allows us to build a comprehensive picture of how entrepreneurship sentiment in the UK population evolves overtime.

IDINVEST SENTIMENT INDEX FEBRUARY 2017 :

848

848

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FEBRUARY 2017 AUGUST 2017 DECEMBER 2017 MAY 2018 OCTOBER 2018



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