

**WORLD
BENCHMARK**

**17/18
REPORT**



**IMPACT AND PERFORMANCE OF UNIVERSITY-LINKED
BUSINESS INCUBATORS AND ACCELERATORS**



UBI GLOBAL



WORLD BENCHMARK REPORT 17/18

IMPACT AND PERFORMANCE OF UNIVERSITY-LINKED BUSINESS INCUBATORS AND ACCELERATORS

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PREFACE



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Dear Reader:

Around the world, entrepreneurs and the startups they create have become the central drivers of economic growth. As the majority of these new ventures rely heavily on technological innovation, cutting-edge research and highly educated employees, it comes as no surprise that university-linked¹ business incubators and accelerators² have become a crucial element in many startups' journey from idea to successful venture.

At UBI Global, our mission is to empower these incubation programs and, by extension, their client and alumni startups, to reach their full potential. Following a rigorous data-driven approach, we assess, advise, and connect university-linked business incubators and accelerators across the world. Moreover, we connect them and their client startups with innovative corporate partners within their respective sectors and industries.

Our bi-annual World Benchmark Study plays a central part in these efforts. Based on original data from 259 business incubators and accelerators, this year's iteration is the most comprehensive comparative study of university-linked incubation programs worldwide. The vast amount of data collected will be used to enable incubator and accelerator managers to improve their programs, to assist government officials in developing their respective innovation ecosystems, and also to assist investors, partners, and sponsors to make informed decisions. Founders keen to develop their skills, raise capital, and increase their chances of success will also find this data invaluable in assisting them to find the perfect program.

This report provides an overview of the most intriguing results of the World Benchmark Study 2017 – 2018. It visualizes the state of the international innovation ecosystem, illustrates key challenges and opportunities faced by the participating programs, and highlights differences in impact and performance between global incubation programs both at the top of the scale and on average.

We at UBI Global hope that the following pages will excite and inform you about the rapid development the young industry has undergone over the past few years and the tremendous opportunities that lie ahead for the programs, their corporate partners and, most importantly, the entrepreneurs benefiting from their services.

Happy reading!

A handwritten signature in black ink, appearing to read 'H. Meyer'.

Holger Meyer
Head of Research, UBI Global

¹ *University-linked* incubators and accelerators encompass all incubation programs that are either directly operated by, formerly affiliated with, or closely collaborate with one or more institutions of higher education.

² Throughout this report, *incubation program* is used as an umbrella term to describe all discussed variations of university-linked business incubators and accelerators.

EXECUTIVE SUMMARY

No advanced society can thrive in the knowledge-based global economy of the twenty-first century unless there is a continuing investment in the innovation ecosystems that draw and retain ambitious entrepreneurs to be a key part of it. University-linked incubation programs have come to play a particularly important role in many countries' innovation strategies. The incubators and accelerators and their client startups benefit from the ready availability of talent, research, and infrastructure. At the same time, the universities gain manifold extracurricular education, research commercialization, and application opportunities from working with these programs.

The UBI Global World Benchmark Study 2017 – 2018 reveals that many university-linked business incubators and accelerators across the world have become sustainable, efficient and cost-effective pillars of their respective innovation ecosystems. Moreover, from catalyzing social innovation to empowering female entrepreneurs, many programs are in the vanguard of socio-economic change. Utilizing 21 key performance indicators, the study compares the absolute impact and relative performance of 259 participating incubation programs from around the world in the categories *Value for Ecosystem*, *Value for Client Startups*, and *Value for Incubation Program*.

VALUE FOR ECOSYSTEM

Assesses the economic impact and performance of the incubation programs and their client and alumni startups as well as the programs' success in retaining human capital and startups in the ecosystem.



In 2016 alone, the 259 benchmarked programs accepted over 10,000 new client startups.



Their current client and recent alumni startups have over 72,000 employees on the payroll today.



Over the past 5 years, these same ventures generated over \$3.2 billion in sales revenue.



VALUE FOR CLIENT STARTUPS

Assesses the number and efficiency of services provided by the programs as well as their function as a facilitator of community and network building.



The 259 programs have a combined full-time equivalent workforce of just over 2,000 employees.



Almost 3,000 coaches, over 10,000 mentors, and an additional 10,000 volunteers provide the programs' client startups with knowledge, guidance, and support.



Over the past 5 years, just over 25,000 successfully incubated ventures raised a combined total of over \$4.7 billion.



VALUE FOR INCUBATION PROGRAM

Assesses the programs' success in attracting deal flow and third-party support as well as their capacity to create viable companies.



With an average 5-year survival rate of 59 percent, the programs' clients outperform non-incubated startups by 15 percentage points.



In 2016, the programs received a total of over 40,000 in-state, 9,000 supra-regional and 3,000 international applications – implying that there were 5 applications made for every available spot.



Companies and organizations have provided the programs with over \$32 million in financial sponsorships in 2016 alone.

Despite these impressive aggregate results, the juxtaposition of top-performing and average programs reveals that a number of programs continue to wrestle with serious challenges, including:

- ⚠ Ill-fitting business models or organizational setups
- ⚠ Insufficient diversification of revenue streams
- ⚠ Unsatisfactory or unsystematic governmental support
- ⚠ Deficient exposure to potential client startups
- ⚠ Empty client startup pipelines or insufficient deal flow
- ⚠ Lack of partners or sponsors
- ⚠ Inability to recruit or train qualified staff
- ⚠ Unsatisfactory stakeholder engagement
- ⚠ Uncompetitive service offerings

These challenges significantly impact the performance of the affected incubators and accelerators. In contrast, top programs benefit from the virtuous circle created by the availability of sufficient financial means and diversified sources of revenue, highly trained and specialized staff, experienced mentors, coaches, and volunteers, potent partners, sponsors and investors, and – most importantly – high-quality client startups.

The best-practices and key characteristics of top-performing programs that are critical for their success include:



Performance tracking and assessment

Top-performing programs routinely and systematically measure a core set of key performance indicators. The generated data is used to adjust business models and service offerings to market demands and to attract partners, sponsors, investors, and client startups.



Government and university support

The vast majority of top-performing programs are either intrinsic elements or intended beneficiaries of consistent, long-term public policy frameworks that ensure a base level of funding, thus optimizing planning security, multiplier effects, and return on investment.



Cultivation of partnership and sponsorship agreements

Top-performing programs cultivate strategic relationships with peer incubation programs, industry associations, investor networks, and corporate partners and sponsors to stay informed on best-practices, provide their client startups the best possible services, as well as access to capital and tools, while also diversifying their revenue streams.



Fostering of a genuine culture of innovation

Top-performing programs invest in the development of their surrounding innovation ecosystems. They allocate substantial time and resources to the establishment of extensive feeder systems, the maintenance of active alumni networks, the attraction of volunteers, and the creation of an overall socio-economic climate that is conducive to entrepreneurship and innovation.

While no two programs are identical, the commonalities among top-performing programs demonstrate that there are a number of best-practices that can significantly improve impact and performance of any program. In order to arrive at a sustainable business model, struggling programs should integrate these best-practices into their business plans and adapt them to their particular circumstances.

UPCOMING RELEASES

In the coming months, we will publish the *World Benchmark Study 2017 – 2018 Rankings* as well as a *Best Practices & Operational Insights Report* which will analyze the accomplishments of a number of top-ranked programs, explore how they overcame particular challenges, and illustrate their different paths to success.

For more information, please visit:

<http://ubi-global.com/research>

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