**IMMEDIATE PRESS RELEASE**

**World Business Angels Investment Forum**

**1 July 2020**

**The current state of the Global Entrepreneurship Ecosystem**

**announced by WBAF**

World Business Angels Investment Forum (WBAF) announced key-findings of a global survey that included business owners from more than 81 countries and across multiple industries. WBAF, an affiliated partner of the G20 Global Partnership for Financial Inclusion (GPFI), has submitted comprehensive policy recommendations to the G20 leadership in order to alert policymakers about the urgent needs of startups, as revealed by the survey.

(WBAF) 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 between 1 and 2 years.

The World Business Angels Investment Forum (WBAF) 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 of 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***
Additional insights from the 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%).

**A comparative analysis from Prof. Singh**
Prof. Inderjit Singh, a former Singaporean Parliament Member for 20 years and founder of one of the world’s first unicorns, chairs the WBAF’s Global Startup Committee. Prof. Singh says, ‘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. Prof. Singh’s observations follow:

*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.

*PricewaterhouseCoopers* 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 in 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.

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**Towards a hyperconnected digital world**

Baybars Altuntas, a former Senior Advisor to the London Stock Exchange Group, now chairs the World Business Angels Investment Forum. Altuntas says, ‘WBAF has 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 has submitted a comprehensive policy recommendations report to the G20 leadership in order to alert policymakers about the urgent needs of startups.’ Altuntas’s comments are as follows:

We are convinced that we will be able to present a better road map of post-pandemic times for startups, scaleups, entrepreneurs, SMEs and investors if a greater emphasis is placed on knowledge, which is central to the transition debate to a ‘new normal’. We believe that simply keeping physical distance, washing hands, and staying at home is not enough to solve the challenging problems that entrepreneurs and the young generation will face after COVID-19 itself ceases to be a problem. We need better policies that are developed in the light of knowledge that can only come from the entrepreneurship and investment ecosystem.

**Smart entrepreneurs will be the winners in post-pandemic economies!** As the COVID-19 crisis continues and geographies around the world begin to reopen, consumer behaviour has started to change. Entrepreneurs who are quicker to read the changing customer behaviour will take a more active and profitable role in the post-pandemic business environment. **Business transformation is a must, but…** New combinations of talent and technology will deliver decisive advances in customer experience, operational efficiency, and competitive edge in post-pandemic times. Business transformation will be a must for all businesses, from the smallest to the biggest. Digital transformation should drive positive outcomes: whether it’s streamlining processes, harnessing data, or shaping entirely new ways of doing business, this is about uniting every part of the enterprise in a common purpose. But we must draw attention to an important fact: Business transformation is not a cheap process. It costs. If startups are suffering financially and unable to meet even their basic expenses in the short term, how can we expect them to allocate a budget for business transformation now? In today’s unparalleled circumstances, organizations are discussing ways to slow digital transformation and preserve capital. However, history has proven that companies that took a strategic future-focused investment approach were ready when the global economy rebounded. **Traditional money is on its way to becoming smart money after COVID-19.** I met with the president of the Abu Dhabi-based UAE Business Angels Association a few weeks ago. He told me that the Association had recently received 21 new applications to become an angel investor. All came from traditional businesses; some applicants are owners of construction companies, and others are in the tourism industry. They wanted to learn about angel investment. I heard similar things from our partners in Asia, too. This shows that ‘traditional money’ is trying to discover opportunities in the startup economy and early-stage equity markets after COVID-19. Traditional entrepreneurs are looking for ways to turn themselves to millennium entrepreneurs. Traditional money is on its way to becoming smart money after COVID-19. **A new career path for the young generation:** **Looking for job? Or looking for a business idea?** We are entering a new career environment where digitalisation and workforce should cooperate instead of competing. The replacement of human pilots with drones might be a good example. Some pilots have lost their jobs, but other jobs have been created in maintenance, remote control, data analysis and cybersecurity. But what about smart watering systems replacing millions of uneducated people? COVID-19 accelerated the process of developing good policies for equal rights in education. It has become common practice to deliver education online to all corners of the earth—*if* there is a computer and internet connection available for students. It is about refitting our labour markets and our social-protection and welfare systems and making sure everyone has the ability to realise the human right to social security in the post-COVID-19 digital era. No society and no organised democracy can afford to ignore the vulnerable workers who have few social protections yet whose contribution to the workforce are critical in a crisis. We are inviting all countries to consider the situation of 2 billion unbanked people in the world. Given the chance to study again at university, my field of choice would be computer and software engineering. I would like to enter a field that would facilitate establishing my own business as early as possible, instead of providing me job opportunities. **The COVID-19 Excellence Award goes to…..** COVID-19 closed the era of shared economy, which featured co-working spaces, shared cars, shared bikes, hotels, and the like. The post-COVID-19 Award for Excellence will go to smart cities, online education, and healthcare and financial technologies.

**Expectations from governments as a response to COVID-19**The World Business Angels Investment Forum invites all governments and municipalities to consider developing smart policies to convert cities to smart cities, ease access to the internet, develop better bandwidths for faster internet connections, and ease access to healthcare and financial services. Governments must invest in the digital infrastructure of their communities such as internet speed, fintech, healthcare, and smart cities as a response to COVID-19. These all will lead to a better digital transformation of communities, better healthcare systems, more financial inclusion and more equal opportunities in education.

**Developing smart cities**We believe that COVID-19 demands that every municipality or government must consider converting their cities to smart cities. City authorities can make the data gathered from their own monitoring systems available on an open-source platform. Municipal and private companies could then analyse the data. Facial scanning for body temperature, but without revealing identity, could improve infection control at railway stations, airports, and at events where many people come together, such as concerts.

**Providing computers**We invite all governments to provide PCs, laptops, or tablets for families who are unable to afford such items, because online education will be the new post-pandemic educational model. It is important to note that, even in the U.S., the lack of a laptop or desktop computer on which to complete schoolwork is another barrier to full participation in remote learning. Among children aged 3-18, 17% live in households without a laptop or desktop computer. At least 11 million students have no technology tool at all for online learning, and among those that do, a single device may need to be shared with siblings. Lack of access to a computer increases vulnerability for lower-income students.

**Increasing financial inclusion**There are 2 billion unbanked people in the world today. Access to finance and access to public support are almost impossible for the unbanked. Since a new paradigm for educational systems is on the way, we should accelerate the financial inclusion of these people so they can benefit from the digital transformation. Otherwise, they risk missing out on the opportunities that will present themselves in the post-pandemic era, such as online education, access to finance, access to online healthcare services.

**Access to healthcare**Access to comprehensive, quality healthcare services is important for promoting and maintaining health, preventing and managing disease, reducing unnecessary disability and premature death, and achieving health equity for everyone. This healthcare topic comprises 3 components: insurance coverage, health services, and timeliness of care. When considering access to healthcare, it is important to include oral health and access to prescription drugs as well.

Post-pandemic efforts will need to focus on deploying a primary care workforce that is better distributed geographically and that is trained to provide culturally competent care to diverse populations. Monitoring the increasing use of telehealth as an emerging method of delivering healthcare should be studied carefully, since thousands in the healthcare industry have lost their lives to COVID-19 or have been severely affected by it.
 **Increasing citizens’ creativity for the social good**Creative citizenship will be more important than ever in post-pandemic times. Policymakers should consider innovative ways of creating an environment for citizens where they can develop a promising way of thinking about the countless ways in which individuals and groups contribute valuable ideas and services and goods to communities with a common interest. We believe that freedom of speech, human rights and gender equality are three important components of creating a healthy environment for citizens, which in turn opens the way for creative thinking.

We believe the world of post-pandemic times will need more support from citizens with creative ideas if we are to turn the COVID-19 pandemic into long-term social good.

**Internet bandwidth**The worldwide digital population as of April 2020 was almost 4.57 billion, about 59% of the world’s population. After COVID-19, a world without internet is unimaginable, and the internet will be a pillar of post-pandemic times. Internet bandwidth will be the key driver of the quality of online education, online healthcare services and financial inclusion. We therefore invite policymakers to invest in bolstering bandwidths, which will address several items on the WBAF’s current to-do list. Without good connectivity, it will not be possible to develop smart cities, provide better education, increase financial inclusion, ease access to healthcare services or increase citizens’ creativity.

**Impacts of COVID-19 for the startup economy**

In post-pandemic times, we will increasingly use three important terms when discussing early- and post-early stage equity and capital markets: responsible finance, impact investment, and digital access to finance.

With the world now in the throes of a deep recession, one thing is clear: helping countries recover from COVID-19 will require billions of dollars to revive jobs and value chains, tackle systemic inequalities and promote a greener reconstruction. This will present significant opportunities for investors to innovate and finance projects that contribute to sustainable and inclusive long-term growth. Responsible finance and impact investors will be the driving force of this new investment ecosystem. Public and private partnerships (PPP) will be an a key path to recovery and reconstruction.

WBAF invites all governments to consider converting public finance to smart finance for the social good so that we can recover from COVID-19 in co-operation with responsible finance from impact investors and develop, together with them, co-investment funds from startup to scaleup to exit. World economies will need more responsible finance and more impact investors in post-pandemic times.

On the other hand, startups, entrepreneurs, scaleups, MSMEs and SMEs will have to discover innovative ways to reach angel investors and to pitch and close deals digitally. Pitching, closing deals, and monitoring investments digitally all the way to exit will be the new normal of the startup economy. We will see more online demo days, online meetings for due diligence, online signing of deal terms, and online follow-ups after the deal is closed.

WBAF estimates that every home of a startup after COVID-19 will turn to an incubation centre or a co-working space that is connected digitally to entrepreneurship and investment ecosystems.

**Towards a hyperconnected digital world**
I am extremely grateful to the WBAF Global Startup Committee for their massive efforts to gather data for this important report. I also wish to thank all the entrepreneurs and investors who contributed to the Committee’s efforts by taking time to complete the survey.

As Executive Chairman of the World Business Angels Investment Forum, I encourage G20 leaders, policymakers, academics, global thinkers, entrepreneurs and investors to consider developing a new way of thinking – the ‘new multilateralism’, where all stakeholders take joint responsibility for the global common good, breaking down borders and barriers and improving collaboration so as to capitalise on the momentum unleashed today for a future ‘hyperconnected world’.

COVID-19 has showed us how the world’s citizens are interconnected. If a single virus was able to shut down the world economy in 8 weeks, it can also manage the start of a more digitally connected world.

I believe that, by working together across borders, with a common vision, and with these smart dynamics in mind, we are well placed to bring about positive change in the global economy and to pave the way for new generations to turn the COVID-19 crisis to an opportunity for the social, cultural, humanitarian and economic development of the world.

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**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.

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