



20 key findings from the 2017 Annual Report on innovative startups and SMEs

Rome, 19 December 2017 – Exactly five years after the inception of the national policy by the Italian government to support innovative startups – and two years after the launch of a twin initiative for innovative SMEs, that is innovative companies that managed to scale up – the evolution of the Italian innovation ecosystem can be well described through the following 20 key findings.

The reference date for the data analysed in this edition (the fourth overall) of the Annual Report to Parliament of the Minister of Economic Development on the "Italian Startup Act" is 30 June 2017.

This work represents the most important output of the exhaustive monitoring system introduced by the Italian Startup Act.

Other tools allowing constant monitoring of the phenomenon include four sets of quarterly performance reports on some of the most significant measures in support of the Italian startup ecosystem: one of them, covering the progress of the Italia Startup Visa programme, is available also in English.

Finally, weekly-updated databases of all registered innovative startups and SMEs, which encompass a variety of microdata on their demography and performance, are available for free download on the portal startup.registroimprese.it.

Did you know that ...?

1. Italian newly-launched companies recognised as innovative startups were 7,398 on 30 June 2017: almost twice the number compared with two years before, and 1,800 more than on 30 June 2016.
2. The monthly average of new entries in the section of the Business Register dedicated to innovative startups – a mandatory requirement to enjoy the benefits provided for by the Italian Startup Act – increased from 161 in 2015 to 183 in 2016, to reach 253 in the first six months of 2017. The absolute record of entries was reached in March 2017, with 282 new startups registered.
3. There is at least one innovative startup in 1,414 Italian municipalities, and in all provinces of the country. Only in the area of Milan there are 1,028 innovative startups registered, accounting for 60% of startups located in Lombardy, and 14% of all Italian startups. The higher rate of startups over the total number of active companies is found in the provinces of Ascoli Piceno (Marche region) and Trieste (Friuli-Venezia Giulia).
4. The number of innovative SMEs has almost tripled (+ 177%) over the past 12 months, rising from 204 to 565. Nearly 40% of companies currently registered as innovative SMEs were formerly innovative startups.
5. The survival rate of innovative startups is very high: to date, only 6% of the startups set up in 2014 and 10% of those registered before 2013 have ceased their activities.
6. The total workforce employed by innovative startups and SMEs totalled 46,107 people, considering both shareholders and employees. This number does not include self-employed partners such as freelancers.
7. 21.5% of innovative startups have a majority of shareholders below 35 years of age, a percentage more than triple the average of other limited companies (6.7%).
8. 40% of the total share capital of innovative startups – and almost 60% of the share capital of innovative SMEs – is owned by legal entities (other companies, investment funds, universities etc.).

9. In the fiscal year 2016, innovative startups and SMEs registered a total sales volume above 2 billion euros.
10. In the same year, four innovative SMEs out of 10 registered sales exceeding 1 million euros.
11. Twenty-seven companies registered as innovative startups in the past reported a turnover above €5 million in 2016 (the highest amount compatible with registration as innovative startups), their sales volume amounting to 230 million overall.
12. The nearly 2,900 innovative startups that have available statements of accounts for both 2015 and 2016 report an increase in turnover by 81.3%. In the same period, innovative startups' turnovers grew on average by almost € 100,000, from €115,000 to €208,000.
13. Innovative startups that registered in 2015 have on average doubled their revenue in 2016, while those that had registered in 2013 and 2014 have on average tripled it.
14. Innovative startups invest on average significantly more than other companies, especially in intangible assets: their rate of fixed assets on net assets (25%) is eight times higher than other Italian limited companies.
15. In the past year, 740 startups were incorporated digitally and free-of-charge through a new web-based procedure, alternative to the standard one that requires a notarial deed. In the last six months, 42.8% of new innovative startups incorporations took place in this form (with a peak of more than 70% in the Veneto region), which entails an estimated saving of about €2,000 for each company.
16. Thanks to the intervention of the Guarantee Fund for SMEs, innovative startups received over €477 million in bank credit in the last 3.5 years; innovative SMEs received €26 million just in the last year. The default rate for loans to innovative startups covered by public guarantee amounts to 0.9%, a significantly lower rate than that recorded for other newly-established companies.
17. In 2015, equity investments in innovative startups covered by the tax incentives provided for by the Italian Startup Act have reached €83 million, an increase by 64% from 2014.
18. In the same year, 2,110 individuals and 332 limited companies benefited from tax incentives on equity investment, over 1,000 more than in 2014. Overall, investors have benefited from personal income tax deductions (19%) and deductions from taxable corporate income (20%) for about €11.6 million.
19. Since the inception of dedicated regulations in July 2013, innovative startups and SMEs raised around 12.5 million euros in 109 equity crowdfunding campaigns, more than half of which (59) were launched over the past 12 months.
20. 151 non-EU citizens (about 252 applicants from 34 countries) have obtained a self-employment visa through the Italia Startup Visa programme, in order to launch their innovative business in Italy.