### **State of Start-Ups Survey 2024**



Scale Ireland's 2024 'State of Start-Ups Survey' offers critical insights into Ireland's start-up ecosystem with data drawn from a record 340 founders and CEOs of tech start-up and scaling companies.

This year's findings highlight the potential of AI, funding challenges, optimism for new investment incentives, mixed trends in recruitment and retention and the poor uptake of state supports and schemes which remain unattractive. The findings also clearly show there is a need to focus on promoting sustainability and diversity in the sector.

### Artificial Intelligence

82% are deploying or preparing to deploy AI, while 83% believe AI will have a positive impact on their business. Almost half (49%) think it will increase productivity and 17% believe it will increase market growth.

#### **2** Finance

Almost 80% of respondents feel it is difficult or very difficult to attract capital, which remains unchanged from last year, reflecting the funding situation.

#### Budget

Almost 80% believe that the 5% increase in the R&D tax credit will have a positive impact, while 58% believe the reduced CGT rate for angel investors will have a reasonably positive or big impact.

#### 4 EIIS

65% of respondents are unaware of new EU State Aid rules which reduce investor relief under the EIIS scheme (Employment investment incentive scheme).

### State Supports

Uptake of state supports remains unattractive - 89% of respondents don't use the KEEP share options scheme to retain/recruit staff (83% last year), 64% are not availing of the R&D tax credit (66% in 2023), and 54% find it complicated (49% in 2023).

### Sustainability

66.5% of founders/ CEOs questioned did not have a sustainability plan, which remains virtually unchanged from last year (66.9%).









### **State of Start-Ups Survey 2024**

### Q1: What sector is your company in?

Enterprise Solutions	71 resp.	20.9%
Fintech	41 resp.	12.1%
Health/Medical	37 resp.	10.9%
Green/Energy/Sustainability	22 resp.	6.5%
Industrial Technologies	19 resp.	5.6%
Consumer/eCommerce	18 resp.	5.3%
Education	18 resp.	5.3%
Agri/Food	13 resp.	3.8%
Social Media/Advertising	12 resp.	3.5%
Entertainment/Sport	9 resp.	2.6%
Security/Safety	4 resp.	1.2%
Telecom Tech	4 resp.	1.2%
Travel	1 resp.	0.3%
Other	71 resp.	20.9%

### Q2: What is the biggest challenge facing Irish start-ups?

340 out of 340 answered

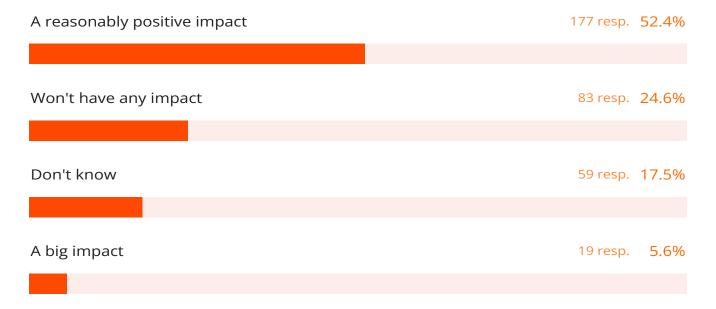
Securing funding	171 resp. 50.3%
Cost of doing business	55 resp. 16.2%
Recruitment & retention of staff	45 resp. 13.2%
Lack of expert advice & support	28 resp. <b>8.2</b> %
Tax & regulation burdens	23 resp. <b>6.8</b> %
Other	18 resp. 5.3%

### Q3: How diffcult is it to attract private capital?

Difficult	149 resp. <b>43.8</b> %
Very difficult	119 resp. 35%
Not Relevant	36 resp. 10.6%
Straightforward	29 resp. <b>8.5</b> %
Very straightforward	7 resp. 2.1%

## Q4: How do you think the Government's new reduced rate of CGT (16%-18%) for angel investors will improve the funding environment?

338 out of 340 answered



## Q5: Have you found it more diffcult to recruit or retain staff in the last year?

340 out of 340 answered

Same as before	184 resp. <b>54.1%</b>
Yes	83 resp. <b>24.4</b> %
No	73 resp. <b>21.5</b> %

### Q6: Have you lost staff in the last year?



### Q7: Have you let go of staff in the last year?

340 out of 340 answered



## Q8: Have you used the Key Employee Engagement Programme scheme/KEEP share options as a means of attracting/retaining staff?

340 out of 340 answered

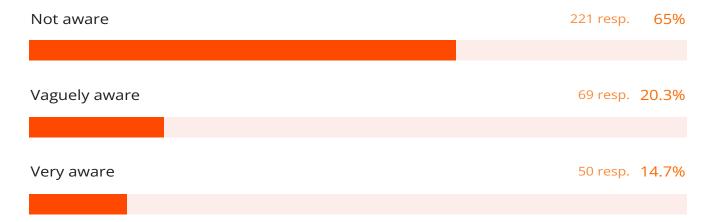


# Q9: If you have availed of the Employment Investment Incentive Scheme (EIIS) or have considered availing of it, how easy or difficult did you find the process?

Not relevant to my company	181 resp.	54.5%
Not easy	60 resp.	18.1%
Very difficult	43 resp.	13%
Fine	40 resp.	12%
Easy	4 resp.	1.2%
Very easy	4 resp.	1.2%

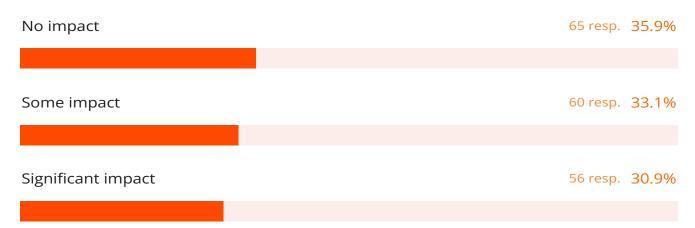
### Q10: Are you aware of the new EU state aid changes which will reduce the level of investor relief for the EIIS scheme?

340 out of 340 answered



# Q11: If you answered A (very aware) to the previous question, what impact do you think the changes will have on investment through the scheme?

181 out of 340 answered



### Q12: Does your company have a Sustainability/Climate Action plan?



# Q13: What are the key challenges for your organisation to introduce a Sustainability or Climate Action plan?

Not a priority	127 resp.	56.2%
Time constraint	54 resp.	23.9%
Budget constraint	16 resp.	7.1%
Information deficit	13 resp.	5.8%
Regulatory uncertainty	7 resp.	3.1%
Lack of stakeholder engagement	5 resp.	2.2%
Lack of external supports	4 resp.	1.8%

## Q14: Which of your stakeholders are most encouraging/supportive of your organisation having a sustainability plan?

340 out of 340 answered

No one	152 resp. <b>44.7</b> %
Employees	59 resp. <b>17.4%</b>
Customers	52 resp. 15.3%
Investors	29 resp. <b>8.5</b> %
Enterprise Ireland/LEOs	27 resp. <b>7.9</b> %
Public	14 resp. 4.1%
Other	7 resp. 2.1%

### Q15: Has your company sought to avail of the R&D Tax Credit?



## Q16: How have you found the application process for the R&D Tax Credit?

122 out of 340 answered

Complicated	66 resp. <b>54.1%</b>
Clear	32 resp. <b>26.2</b> %
No opinion	24 resp. 19.7%

## Q17: What impact will the new 5% increased rate for the R&D Tax Credit scheme

Some positive impact	68 resp.	55.7%
Significant positive impact	27 resp.	22.1%
None	14 resp.	11.5%
Don't know/Not relevant	13 resp.	10.7%

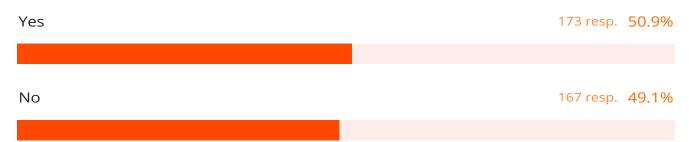
### Q18: Does your company lack certain skill sets or experience?

(multiple options selection)

340 out of 340 answered

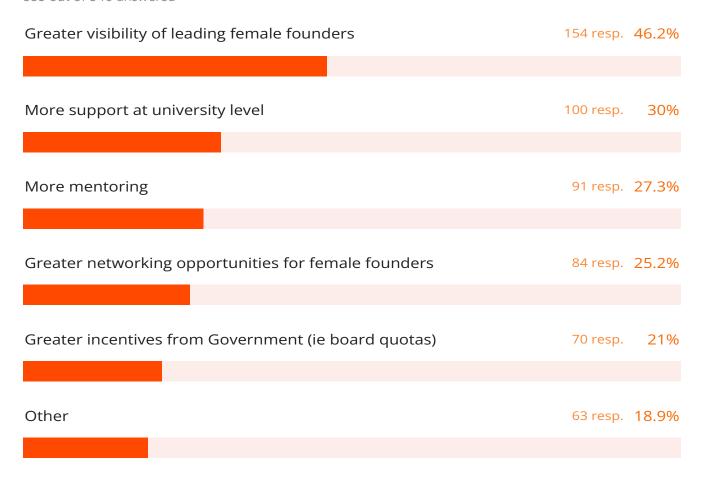


## Q19: Does your company have a female founder or senior (c-level reporting to CEO) staff that are female? (i.e. CTO, CFO)



### Q20: What do you think would help increase the number of female founders in Ireland? (multiple options selection)

333 out of 340 answered



## Q21: As a Founder/CEO, is your company deploying or considering deploying AI as part of its solution?



## Q22: Do you think the deployment of AI will have positive or negative consequences for your business?

339 out of 340 answered

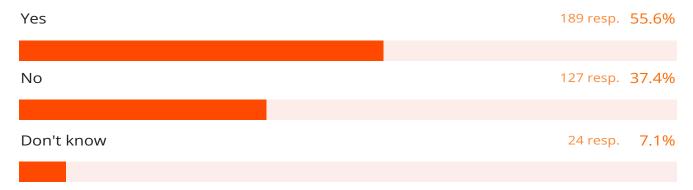


## Q23: In what way will the deployment of AI have a positive impact on Irish businesses?

Increased productivity	166 resp. <b>49.1</b> %
Increased market growth	58 resp. <b>17.2%</b>
Don't know/unsure	39 resp. <b>11.5%</b>
Increased sales	39 resp. <b>11.5%</b>
Additional employment opportunities	36 resp. 10.7%

## Q24: Do you engage or have access to students or graduates for internship or graduate programmes?

340 out of 340 answered

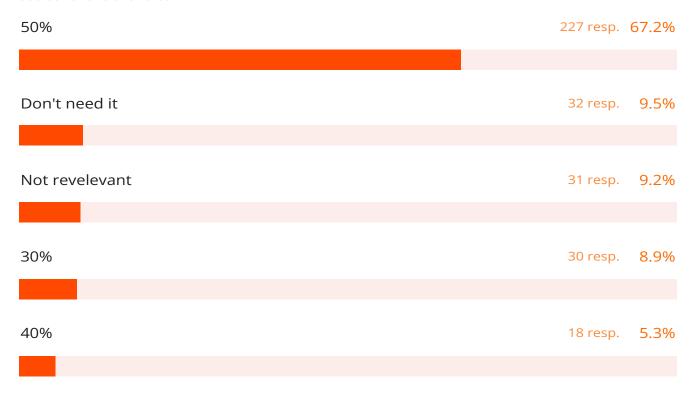


# Q25: Which disciplines/educational backgrounds would be most suitable/valuable to a founder in relation to a student or graduate taking an internship in a start-up / scaling company?

Programming	125 resp.	36.8%
Product Development	71 resp.	20.9%
Marketing	68 resp.	20%
Sales	39 resp.	11.5%
Finance	13 resp.	3.8%
General Arts/Legal	5 resp.	1.5%
Human Resources	0 resp.	0%
Other	19 resp.	5.6%

## Q26: What level of stipend support would encourage you to take on a student intern?

338 out of 340 answered



For answers with percentages, the general rule is to round to one decimal place in line with standard statistical practice

