

An aerial photograph of a river with vibrant autumn foliage on the banks. A bridge with several cars is crossing the river. A small boat is visible on the water.

2021 Taiwan Startup Ecosystem Survey

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Survey background

Respondents:	Entrepreneurs with business ideas or startup teams that have been registered for up to five years or less.
Methodology:	Online survey of Taiwan-based startups drawn from our internal databases and invited via EDM, phone or text.
Questionnaire:	96 questions in total including basic information. Around 15 minutes to complete on average.
Response rate:	From 19 April 2021 to 18 June 2021 (61 days).
Timing of survey:	Received 700 valid responses in total.



Key startup survey findings

66.4%

are first-time
founders

52.4%

focus on B2C
markets

60.3%

have joined
startup institutes

41.3%

have partnered
with larger
companies

76.9%

have completed
company
registration

66.4%

have adjusted
their products due
to COVID-19

A photograph of three people in a modern office environment. A woman with dark hair in a braid is leaning over a desk, laughing heartily. Two men are seated at the desk; one is looking at a computer monitor and smiling, while the other is leaning back, also smiling. The background features wooden shelving and a potted plant.

Seed stage:

Status and planning

1

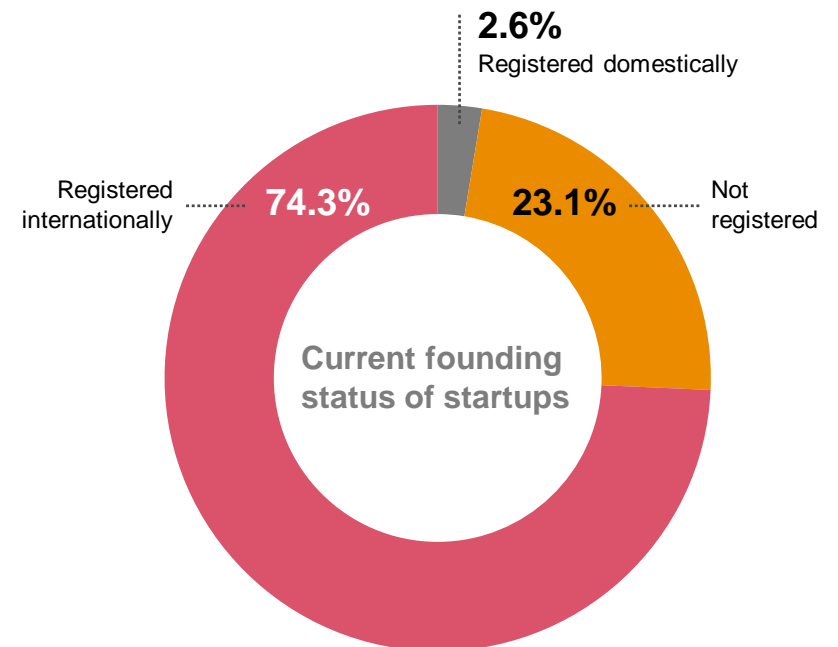
Startup landscape overview

Two-thirds of survey respondents are first-time founders, indicating that entrepreneurship is thriving

66.4% stated that their current entities were their first businesses, while 33.6% had multiple entrepreneurship experiences.

76.9% had completed company registration, either domestically or overseas, indicating a certain level of execution capability.

65.4% have five or fewer members. Local startups are relatively conservative and tend to only ramp up recruitment once revenue has stabilised.



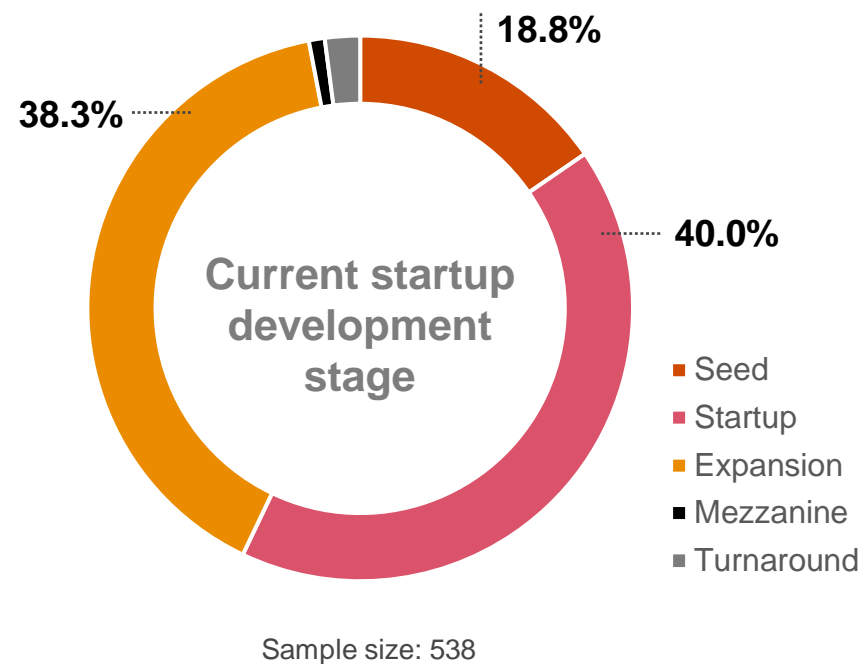
Q: Have you completed company registration?

Sample size: 700

Most startup companies in Taiwan have entered the startup or expansion stages

Survey respondents are categorised into five groups based on their stage of development.

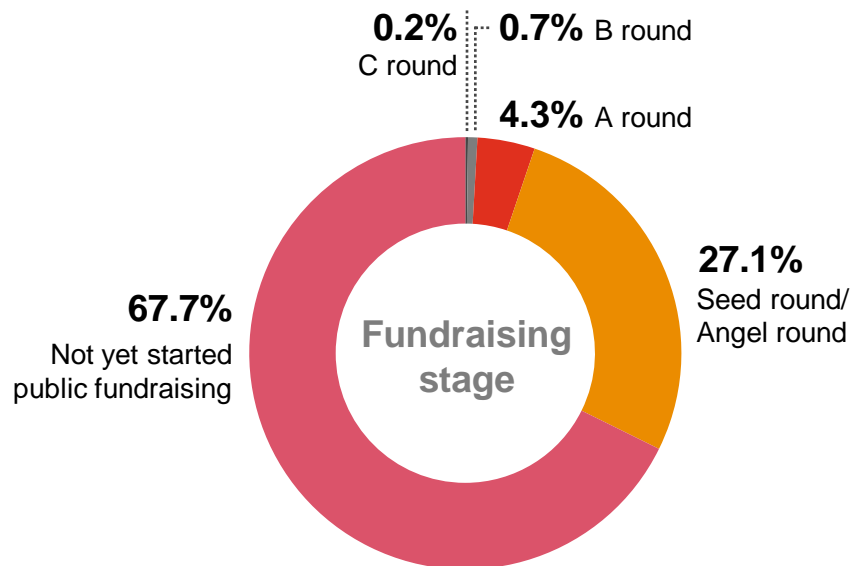
- 1** **Seed stage**
Startups with innovative business ideas or models but have not yet commercialized their products or services.
- 2** **Startup stage**
Startups that have commercialized their products or services but have not yet begun mass production.
- 3** **Expansion stage**
Products are being mass produced and have obtained market recognition, and the startup is typically looking for more capital.
- 4** **Mezzanine stage**
Startups with increasing revenue and profit, and plan to potentially list on a stock market in the near future.
- 5** **Turnaround stage**
Startups with declining profitability and considering to transform themselves.



Most startups are in the seed funding stage and target business clients or consumers

Most registered startups remain at the early funding stage

Among registered startups, 67.7% have not yet started public fundraising, 27.1% are in the early stages of seed or angel funding, and 6.2% are undergoing series A, B and C funding.

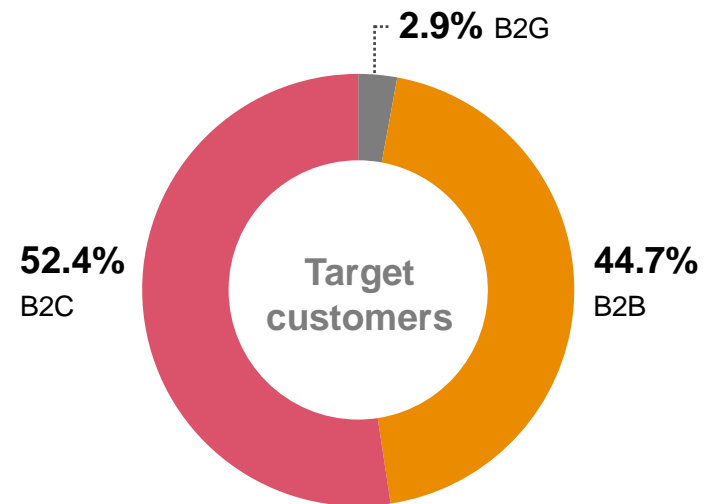


Q: Which fundraising stage is your company currently facing?

Sample size: 538

More startups are focusing on B2C market

The sales focus of startups underwent a significant transition in 2021, with over 50% of startups now concentrating on B2C channels, compared with 44.7% for B2B and 2.9% for B2G.



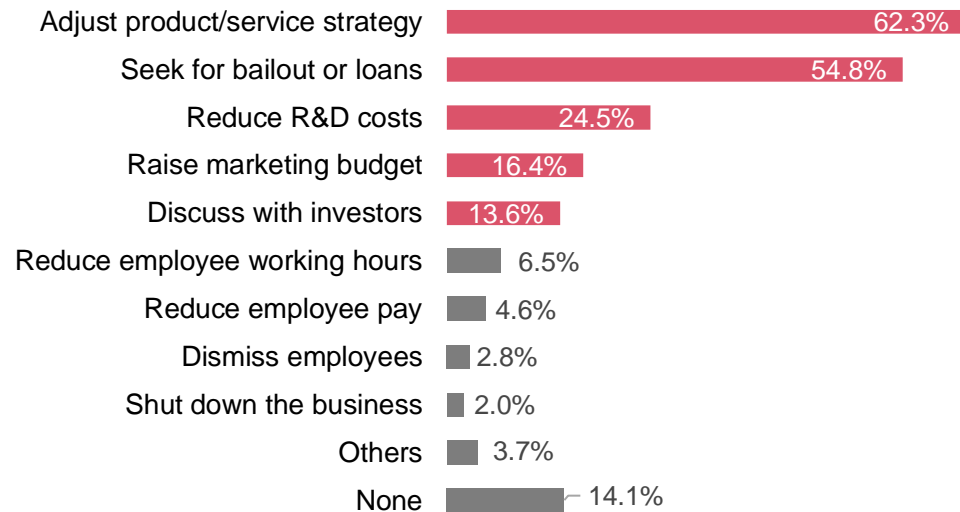
Q: What kind of customers are you mainly targeting?

Sample size: 700

Resilience during COVID-19 pandemic

To cope with the impact of Covid, the majority of startups adjusted their product/service strategies (62.3%) or sought loans (54.8%). Some 25% postponed R&D to reduce costs. But less than 7% cut their employee costs, which highlights their operational resilience.

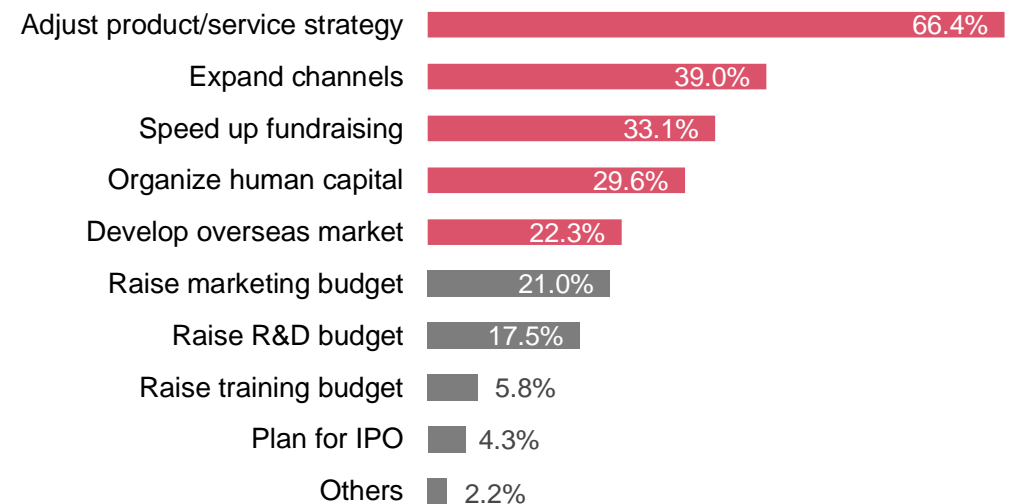
Strategies during pandemic



Q: What actions have you taken during the pandemic? (select up to 3 responses)
Sample size: 538

For the post-Covid era, more than 65% of startups plan to adjust their products and services, 39% intend to expand their channels and 33% aim to speed up their fundraising. This indicates that startups could see high growth potential and opportunities in the near future

Post-pandemic strategies

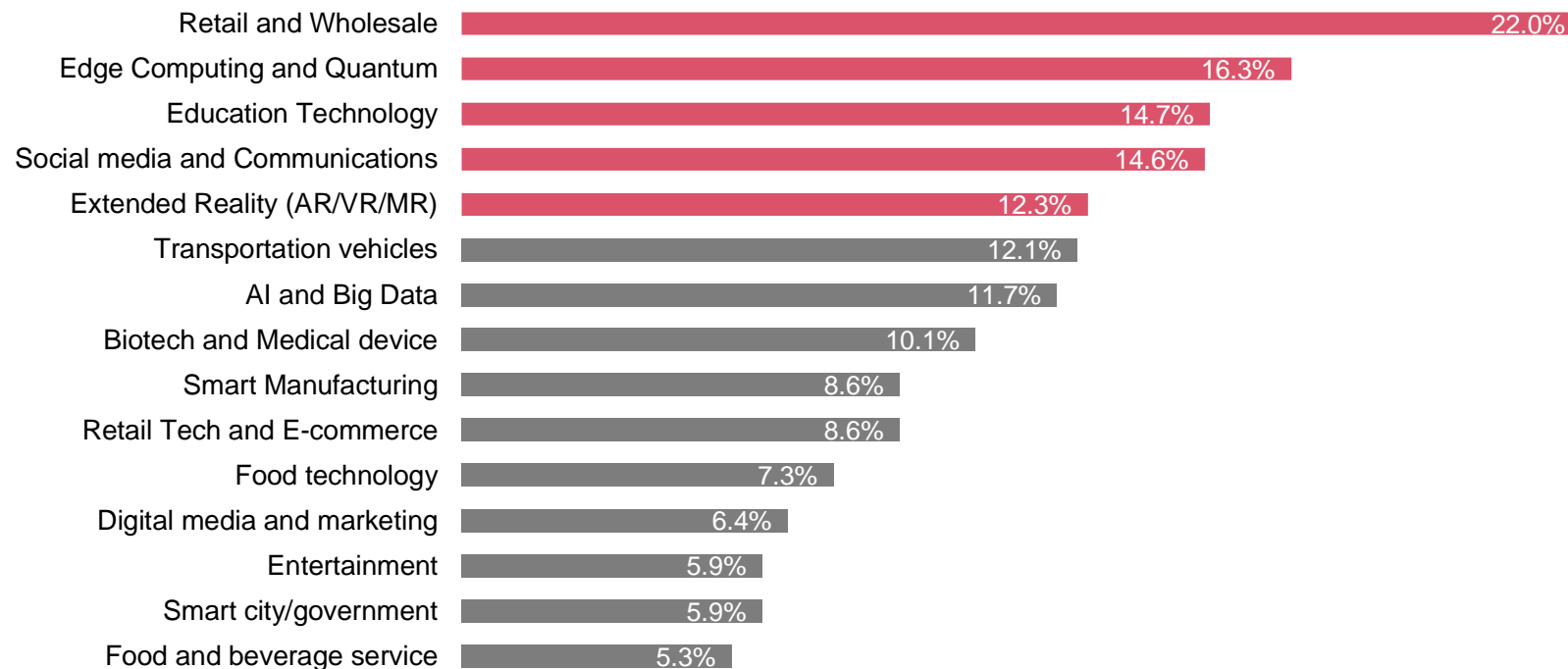


Q: What actions have you taken after the pandemic? (select up to 3 responses)
Sample size: 538

Key insights

Retail and Wholesale was the top field for startups in 2021, followed by Edge Computing and Quantum

Overall



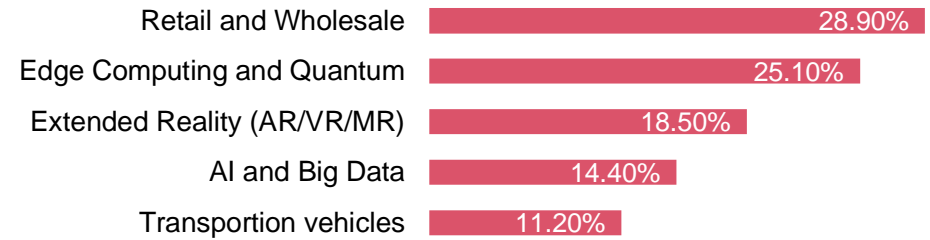
Q: Please select the most related field to your start-up project from the following keyword. (select up to 3 responses)

Sample size: 700

B2C startup trends

Retail and Wholesale and Edge Computing and Quantum ranked as the top two fields for B2C startups. One third of startup respondents who choose either of these markets as their primary field also selected the other option as their secondary field.

B2C

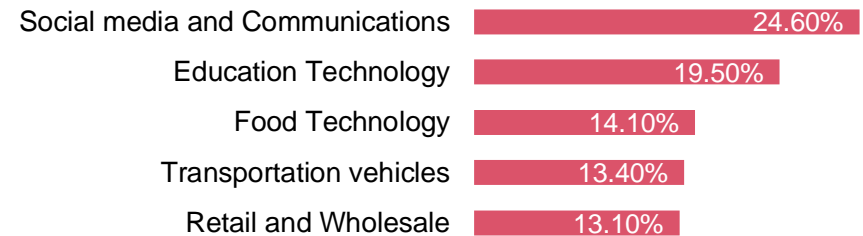


Sample size: 367

B2B startup trends

Social media and Communications and Education Technology were the top two most popular fields for B2B startups. About 40% of those who selected Education Technology as their primary field, did not choose any other fields. And 20% of those who selected Social media and Communications also selected Smart Manufacturing.

B2B



Sample size: 313

Three transitions identified from changes in startup fields

Continuous growth in AIoT technologies

Digitalisation has become an increasingly essential focus for business. Edge computing and quantum technologies play critical roles in the development of Artificial Intelligence of Things (AIoT), particularly in the areas of transportation and vehicle-to-everything (V2X). Also, Taiwan's burgeoning biomedical industry is looking for opportunities to combine existing technologies with artificial intelligence, big data and the Internet of Things for new product and service development.

Boom in contactless business

Many local startups are working on post-Covid-related business opportunities. B2C startups are developing technologies for the online retail and wholesale field, while B2B startups are developing social media and communication software and educational technologies to cater for demand created by working from home and for remote learning and online courses.



Acceleration of digital transformation

Local companies face various challenges from the digital transformation trend. To better innovate their business models, it is recommended that startups understand their pain points and current conditions before acquiring new technologies. Also, seeking partnerships and external resources are other beneficial options that could bring synergies for all parties.



A photograph of three business professionals sitting around a wooden table in a modern office setting. A man with glasses, wearing a dark blazer over a light blue shirt, is looking towards the right. Two other people, a woman and an older man, are partially visible on the left, also looking in the same direction. A laptop is open on the table in the foreground. The background shows a brick wall and large windows.

Startup stage:

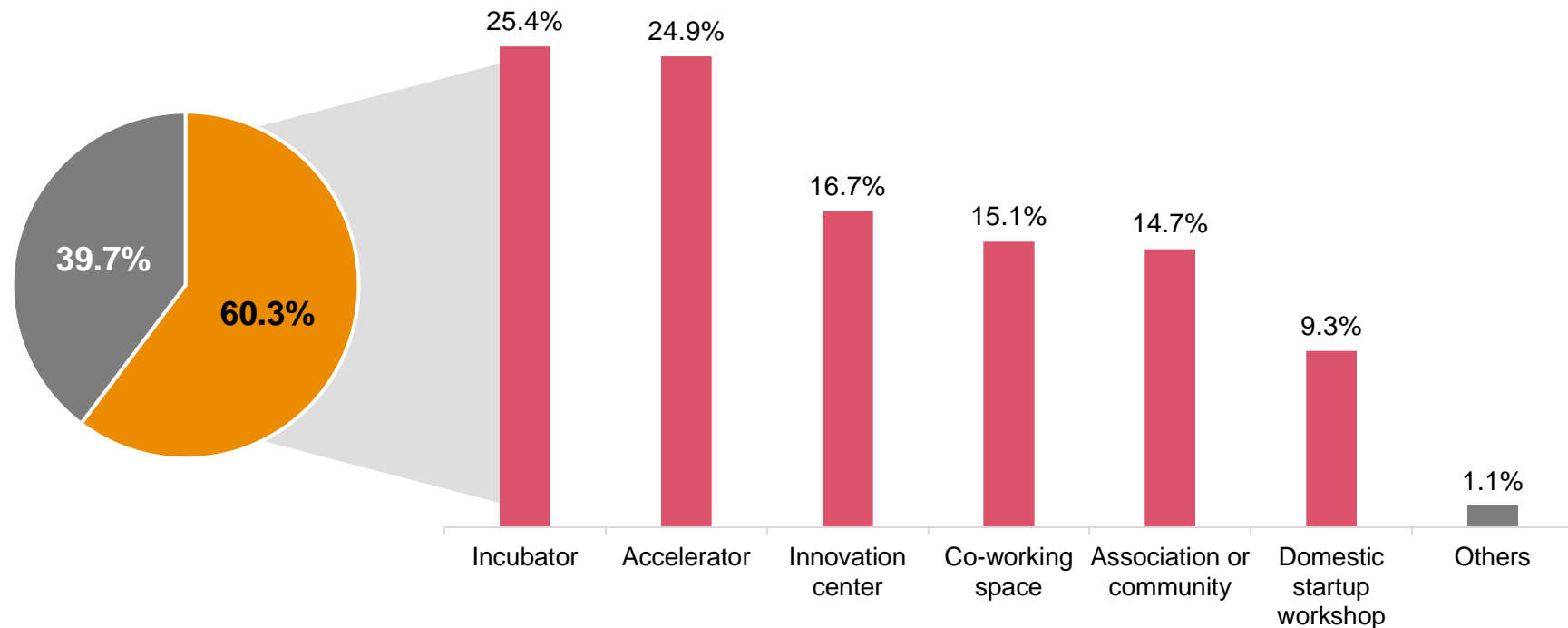
Resource utilisation

2

Key players behind startup businesses

More than 60% of startups in Taiwan are involved with startup institutes

Startup institutes—such as incubators, accelerators, coworking spaces—help assist the development of startups. About 60% of survey respondents said they are involved in either a physical or virtual startup institute, most of which are incubators and accelerators.

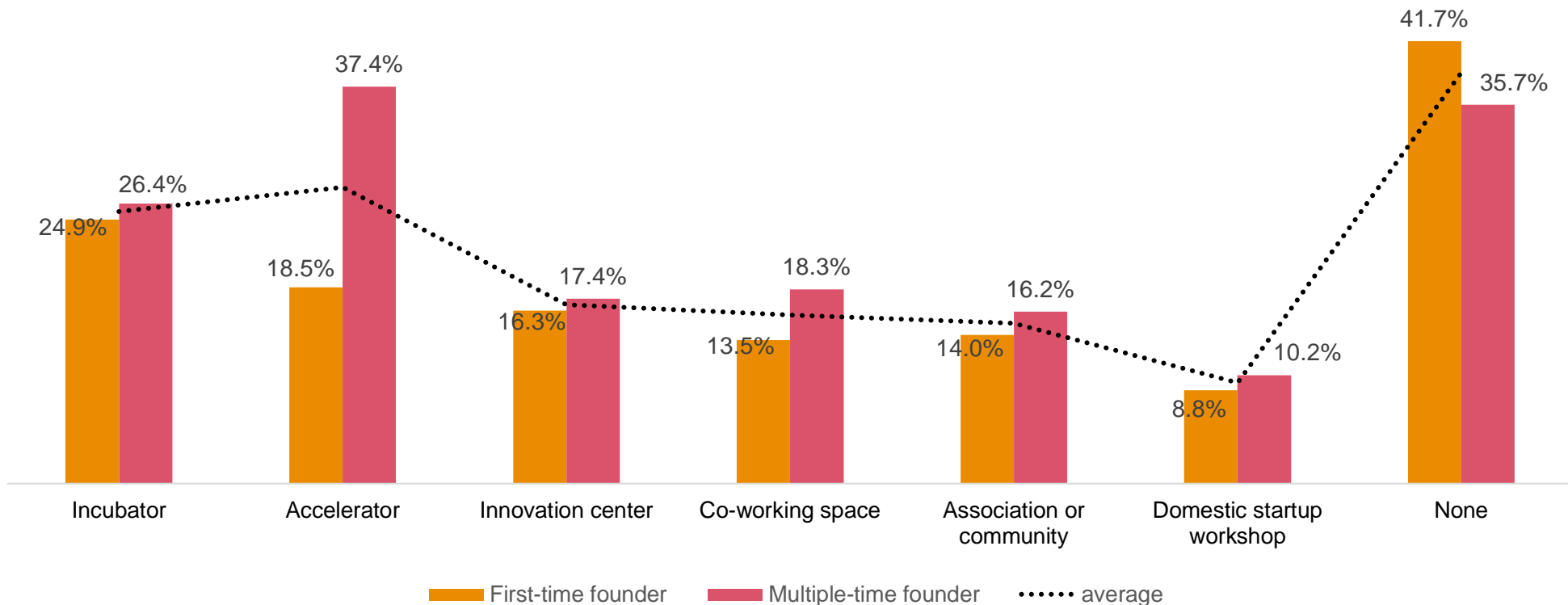


Q: What kind of startup institutes have you joined for your business? (select up to 3 responses)

Sample size: 700

More experienced startups are typically involved with startup institutes

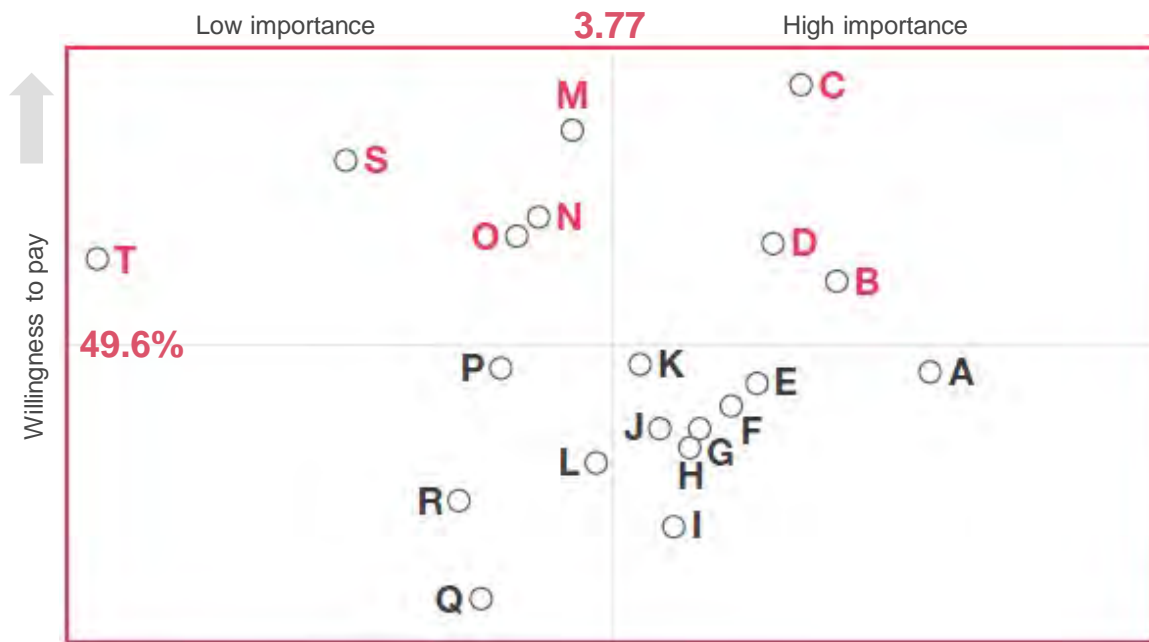
Survey respondents with more startup experience are more actively involved with startup institutes, as illustrated below. This suggests there is an opportunity for these institutes to approach first-time startup founders to provide services to support their development.



Profitable opportunities for startup institutes

Surveyed startups were asked to rank the importance of services provided by startup institutes and to indicate their willingness to pay for such services. The ratings for importance and willingness to pay were found to not correlate with each other.

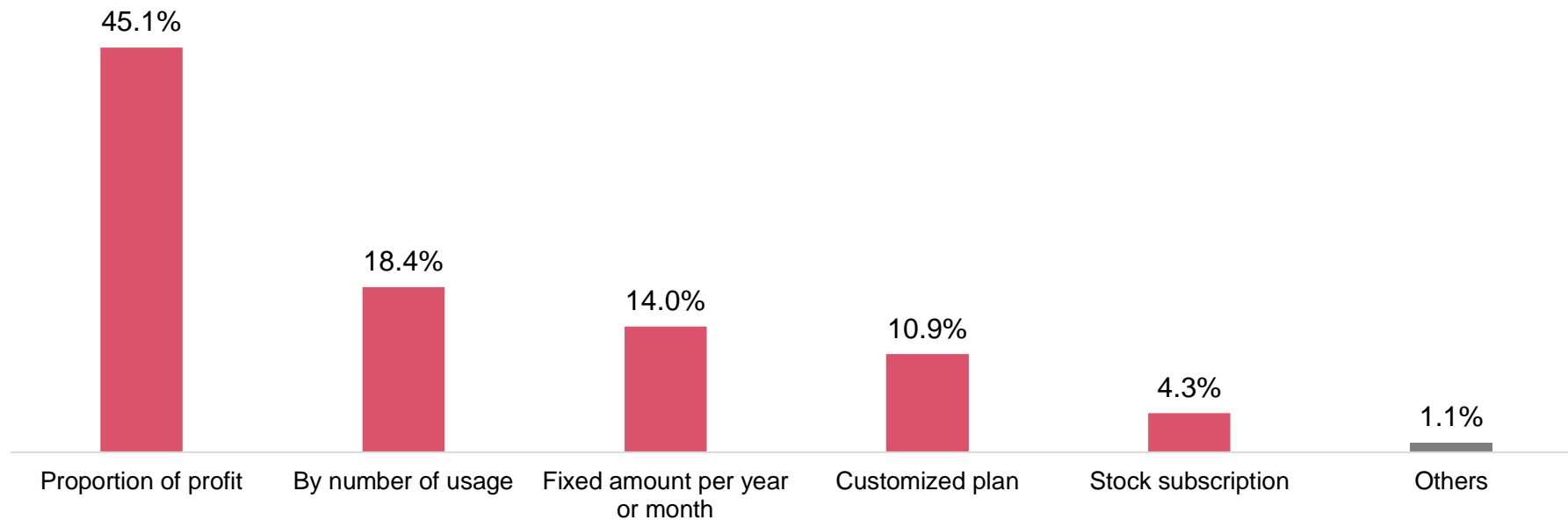
Most start-ups highly value government subsidies (A) but their willingness to pay for them was below average. On the other hand, providing working spaces and product testing offer opportunities for institutes as startups are more willing to pay for these.



- A. Assist in applying government subsidies
- B. Match local clients and sales channels
- C. Support startup entrepreneurship
- D. Match global clients and sales channels
- E. Assist in fundraising and investment planning
- F. Directly invest in startup companies
- G. Provide coaching for business strategies
- H. Provide coaching for corporate partnerships
- I. Organize fundraising events
- J. Provide specialized consulting services
- K. Provide global legal advices
- L. Organize industry experience exchange activities
- M. Provide working spaces
- N. Organize international exhibition and roadshow activities
- O. Organize entrepreneurship training courses
- P. Provide coaching for product development
- Q. Provide investment and industry trend information
- R. Organize startup competitions and exhibitions
- S. Provide product testing
- T. Provide manufacturing equipment

Start-up companies are willing to pay for service support when they achieve certain levels of success

More than 45% of surveyed startups indicated they would prefer to pay for services from startup institutes with a proportion of their profit, such as revenue from orders or funds on hand, which is understandable given the vicissitudes of starting a business.



Q: What kind of method would you prefer to pay if the startup institute is able to satisfy your needs?

Sample size: 700

Key insights

Government policies supporting startups receive high recognition

Startups and startup institutes view government policies as having positive influence. They regard subsidies as the top factor, followed by loans and physical working spaces, with startup institutes also citing knowledge services. Despite solid fundamentals for the development of local startups, a key challenge for startup institutes is development of a coaching system for entrepreneurs and building their professionalism.

Startup companies' perspective

Ranking	Government assistance
1	Subsidies
2	Loans
3	Working spaces
4	Startup hubs
5	Relax regulations
6	Awards
7	Incubators & Accelerators
8	Investment funds

Startup institutes' perspective

Ranking	Government assistance
1	Subsidies
2	Loans
3	Training courses
4	Incubators & Accelerators
5	Domestic startup workshops
6	Investment funds
7	Working spaces
8	Awards



Expansion stage:

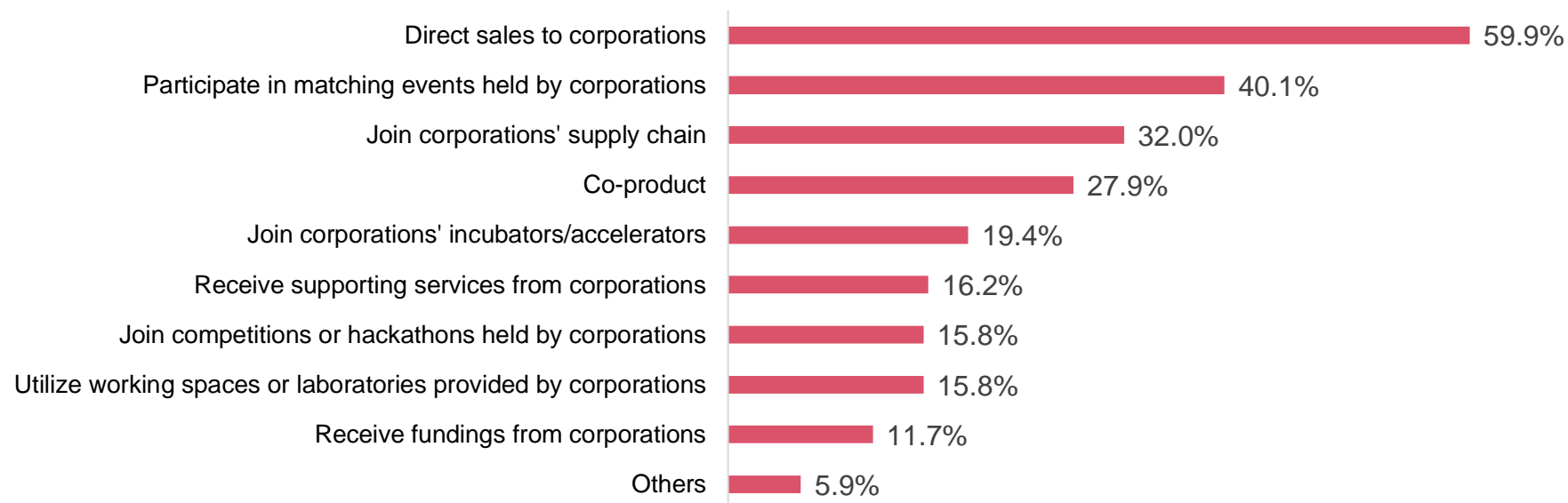
Corporate funding and partnerships

3

Partnerships with larger companies

Partnerships between startup and larger companies create synergies for both parties

Around 40% of surveyed startups have experience of working with or have connections with larger companies. They mostly sell their products and services to partner companies or join a co-product development programme. Other types of connections include participation in investment conventions and exhibitions or serving as an affiliate in the supply chain of a larger company. For startups, working with larger companies not only helps to increase their sale revenue, but also expand their market footprint and customer base.



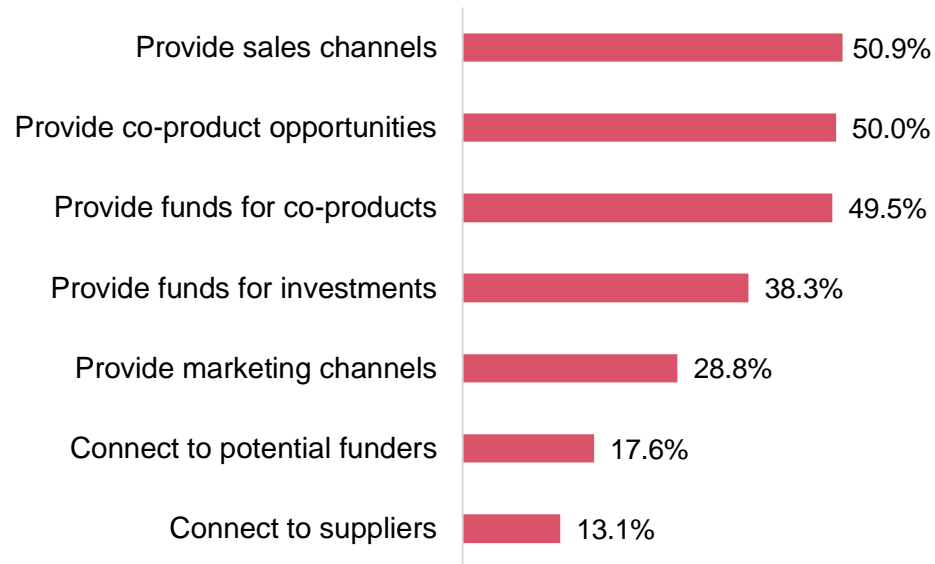
Q: What kind of partnerships have you experienced with large corporations? (multiple responses)

Sample size: 222

Mutual benefits from partnerships

Expectations of startup companies

Sales channels, co-product opportunities, and funding are the three most expected benefits that startups look for when considering to form a partnership with larger companies.

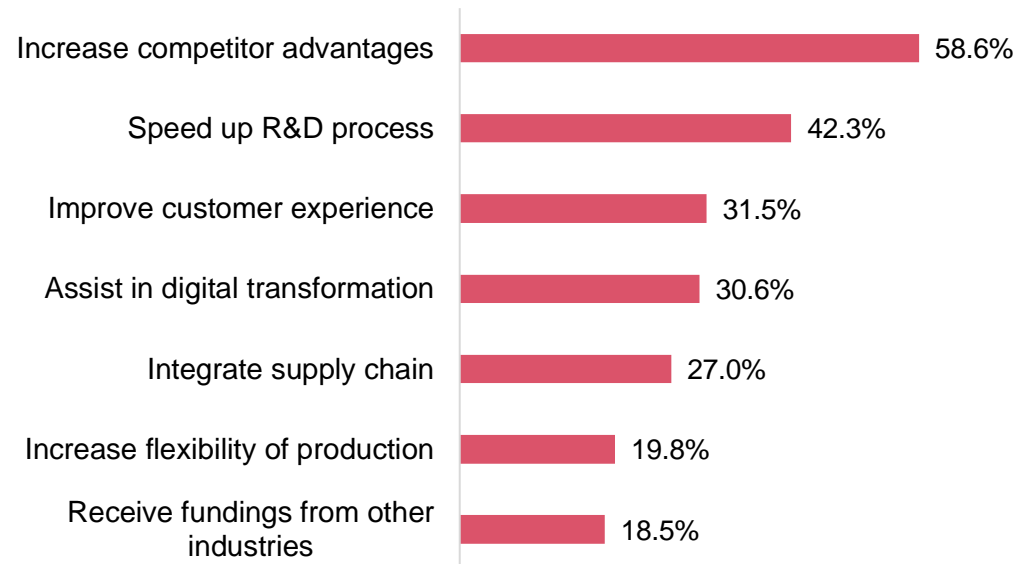


Q: What kind of benefits do you expect to earn from large corporations?
(select up to 3 responses)

Sample size: 222

What startup companies could provide

Around 58% of surveyed startups believe they could help larger companies to increase their competitive advantages and to speed up their research & development processes.



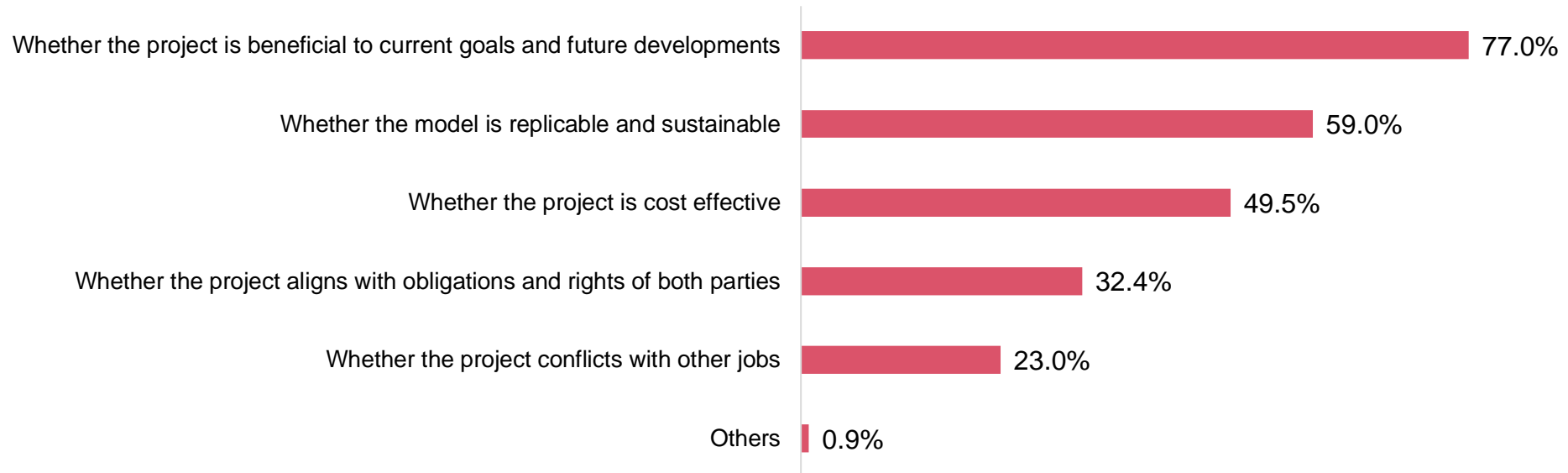
Q: What kind of benefits could your business bring to large corporations?
(select up to 3 responses)

Sample size: 222

Key insights

Startup companies carefully evaluate the benefits from partnerships

Among those startups that have connections with larger companies, 77% believe it is most important to assess whether the project is beneficial to their current goals and future developments. Other crucial factors that startups consider in forming a partnership with a larger company is whether the model is replicable and sustainable (59%), and whether the project is cost effective (49.5%).

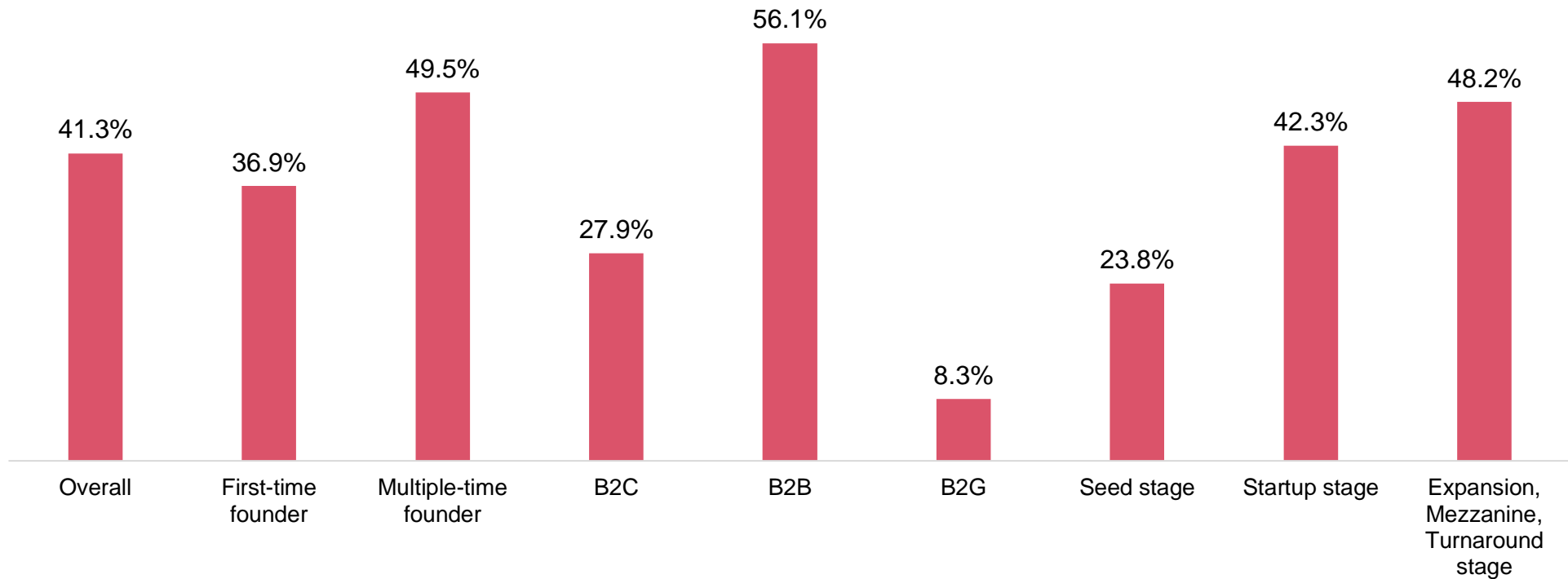


Q: What dimensions would you evaluate if there are opportunities to cooperate with large corporations in the future? (select up to 3 responses)

Sample size: 222

Cooperation with larger companies correlates to startup maturity

A founder's level of experience can influence whether to cooperate with a large company. Those who have started a business for a second time or more have a 50% likelihood of working with large companies, higher than the 36.9% for first-time founders. Regarding the maturity of a startup, those in the expansion stage are almost twice as likely to work with larger companies than seed stage startups.



Maturity stage:

Expansion into global markets

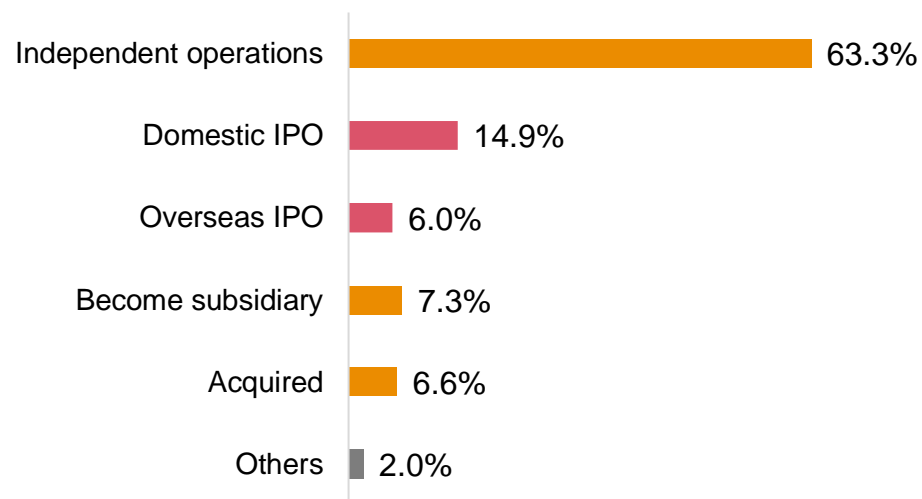
4

Ownership and managerial authority

Taiwanese startups highly value having independent operations. For the next three to five years, 63.3% of respondents say they would want to maintain their autonomy., 20.9% are planning an IPO, with 14.9% preferring a domestic listing and 6% an overseas listing.

For domestic IPOs, most startups prefer the Pioneer Stock Board (PIB) of the Taipei Exchange (TPEX). Other popular listing options include the TWSE's Taiwan Innovation Board (TIB) and the TPEX's Go Incubation Board for Startup and Acceleration Firms (GISA).

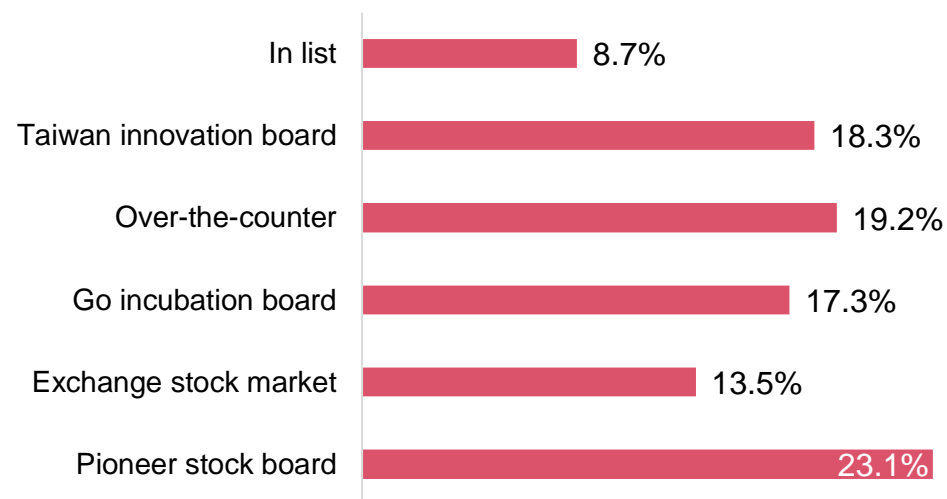
Taiwanese startups value their business independence



Q: What is the vision of your startup project in 3~5 years?

Sample size: 700

PIB is the main domestic IPO platform choice for startups

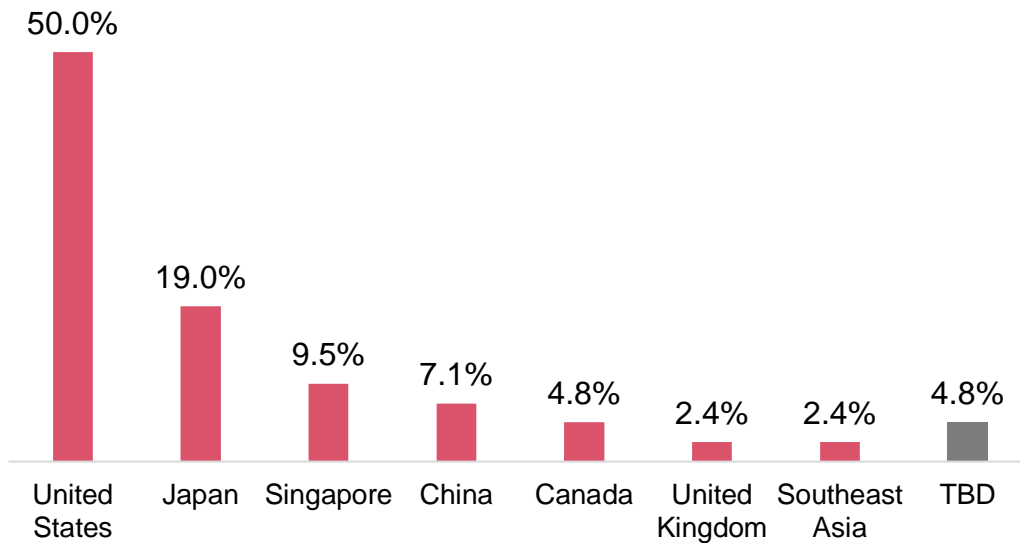


Q: What market will you choose as the first domestic IPO market?

Sample size: 104

Most popular overseas IPO destinations and markets

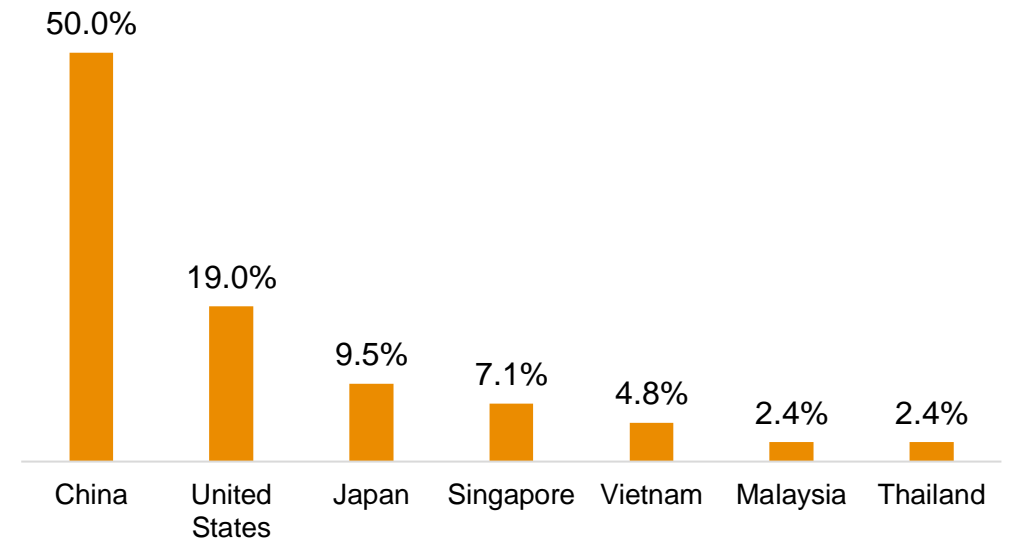
Half of Taiwanese startups interested in an overseas IPO prefer to do so in the US, and 19% favour Japan. The top factors considered by startups include market value, liquidity, and market development. Key concerns for an overseas listing include strict policies on registration and foreign currency exchange issues.



Q: What country will you choose as the first overseas IPO market?

Sample size: 42

Also, the most preferred overseas markets for local startups are China (50%), the United States (19%) and Japan (9.5%).



Q: Most preferred overseas market (countries with >1.5% percentage are listed)

Sample size: 700

Preparations for expanding internationally

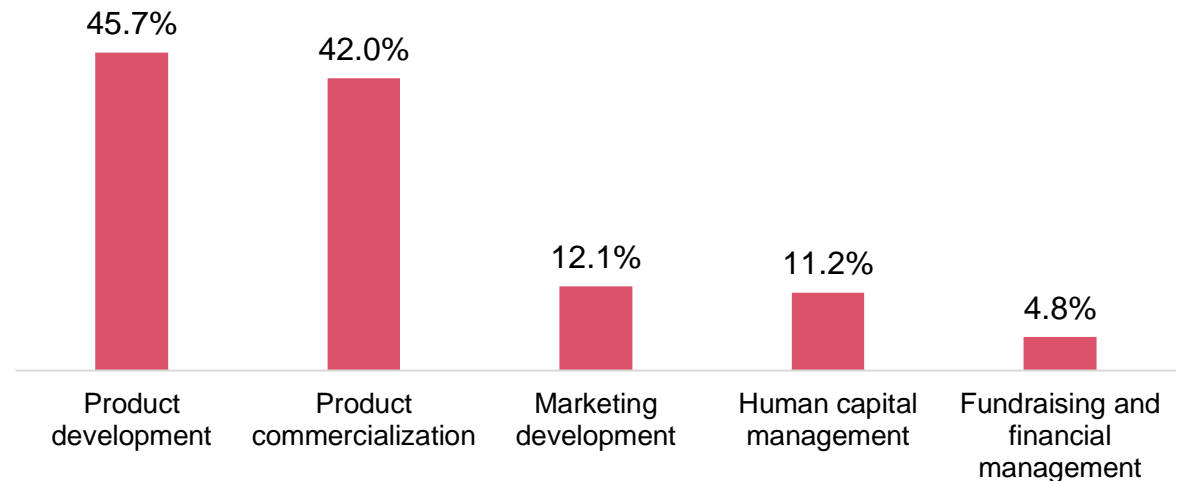
Primary criteria when selecting entry markets

Around 65% of surveyed startups choose certain markets because they believe these show high market potential and perceive them as offering strong demand for their product.



Self-assessment of competitive advantages

Local startups believe their biggest advantages are their capabilities in product development and commercialisation. Many also cited their lack of ability to manage marketing, finance and human capital, and these possible for collaboration with larger companies, government entities and startup institutes to help address such weaknesses.



Key insights

Competitive advantages of top overseas markets

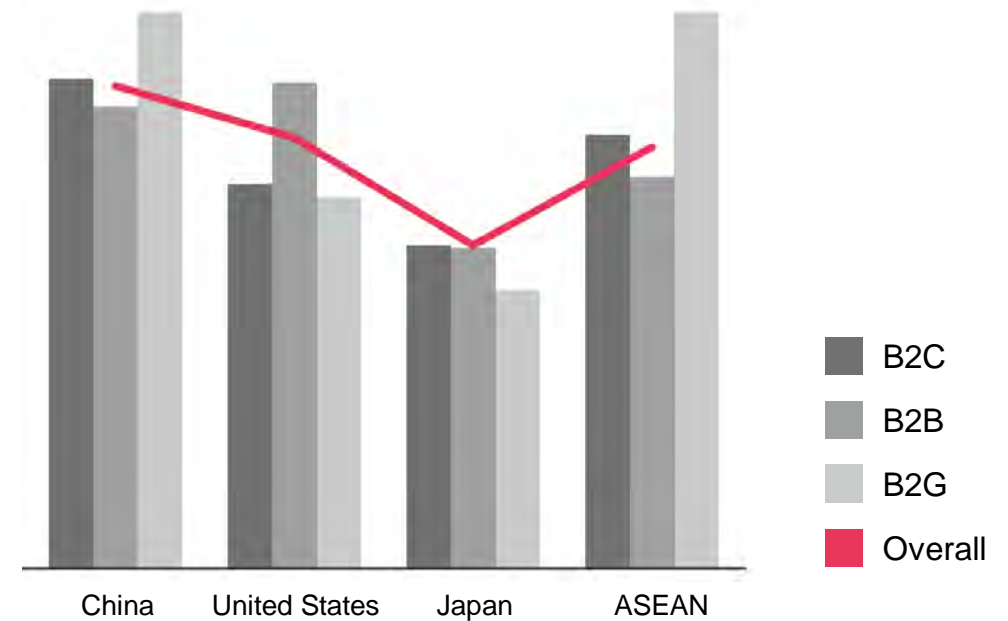
Our survey analysed the reasons why startups selected China, the US and Japan as their primary overseas markets. Language and culture were the biggest considerations for China and Japan, while better funding accessibility was cited for the US.

Entry risks to consider

The top risks for Taiwanese entrepreneurs included pandemic and other health issues, exchange rate fluctuations and trade conflicts, as well as uncertainty in local politics. These factors should be taken into account by startups when they are looking to expand their sales channels as well as to raise new funds.

Huge potential of ASEAN market

Some 22.6% startups also selected ASEAN countries for overseas expansion, especially attracted by the potential of the B2G sector, and encouraged by the Taiwan government's New Southbound Policy.



Note: ASEAN (The Association of Southeast Asian Nations)



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