



First
Round

STATE OF STARTUPS

2018

ABOUT THE SURVEY

Welcome to State of Startups, the annual survey where hundreds of venture-backed founders speak frankly about what it's like running a technology startup today. Over four years of State of Startups, we've collected **2,700+** submissions and nearly **150,000** data points, creating the industry's largest dataset on the founder and startup experience.

This year's survey of **529** founders dives into mainstay questions on the fundraising climate, exit environment and the challenges of operating a startup. We also introduced questions on everything from the impact of Softbank's Vision Fund to the challenges of being a parent in the tech industry.

Much has changed in the past four years since we started surveying founders, but some trends have persisted. Founders' hardest hires continue to be in sales and engineering, and they still can't imagine that raising their next round of financing will get any easier. But founders also retain their inherent optimism: year on year, they've never wavered in their belief that now is as good a time as ever to start a company.

Every year founders surprise us with new insights — and this year is no different. Here are 10 important things they told us in 2018 and the complete survey results.

TOP FINDINGS



1

Age bias in tech starts early.

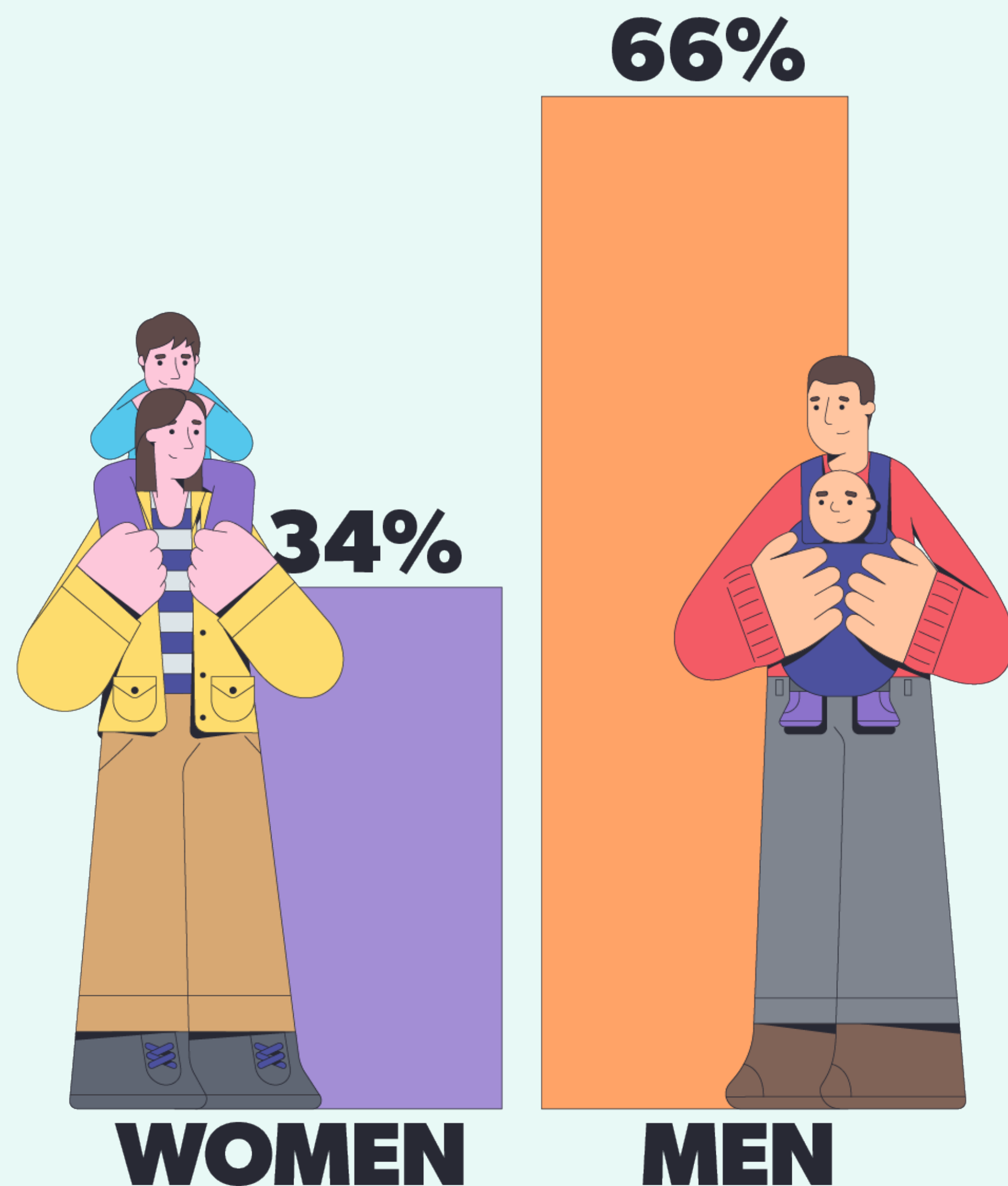
What is investors' strongest bias? Your age. **37%** of founders believe startup investors bias against founders based on age (compared to **28%** on gender and **26%** on race). A whopping **89%** of respondents agree that older people face age discrimination in the tech industry generally.

And "older" doesn't mean octogenarians: On average, founders think tech industry ageism starts at **46 years old**.



2

Is it hard to be parent in tech? Women and men disagree (a lot).



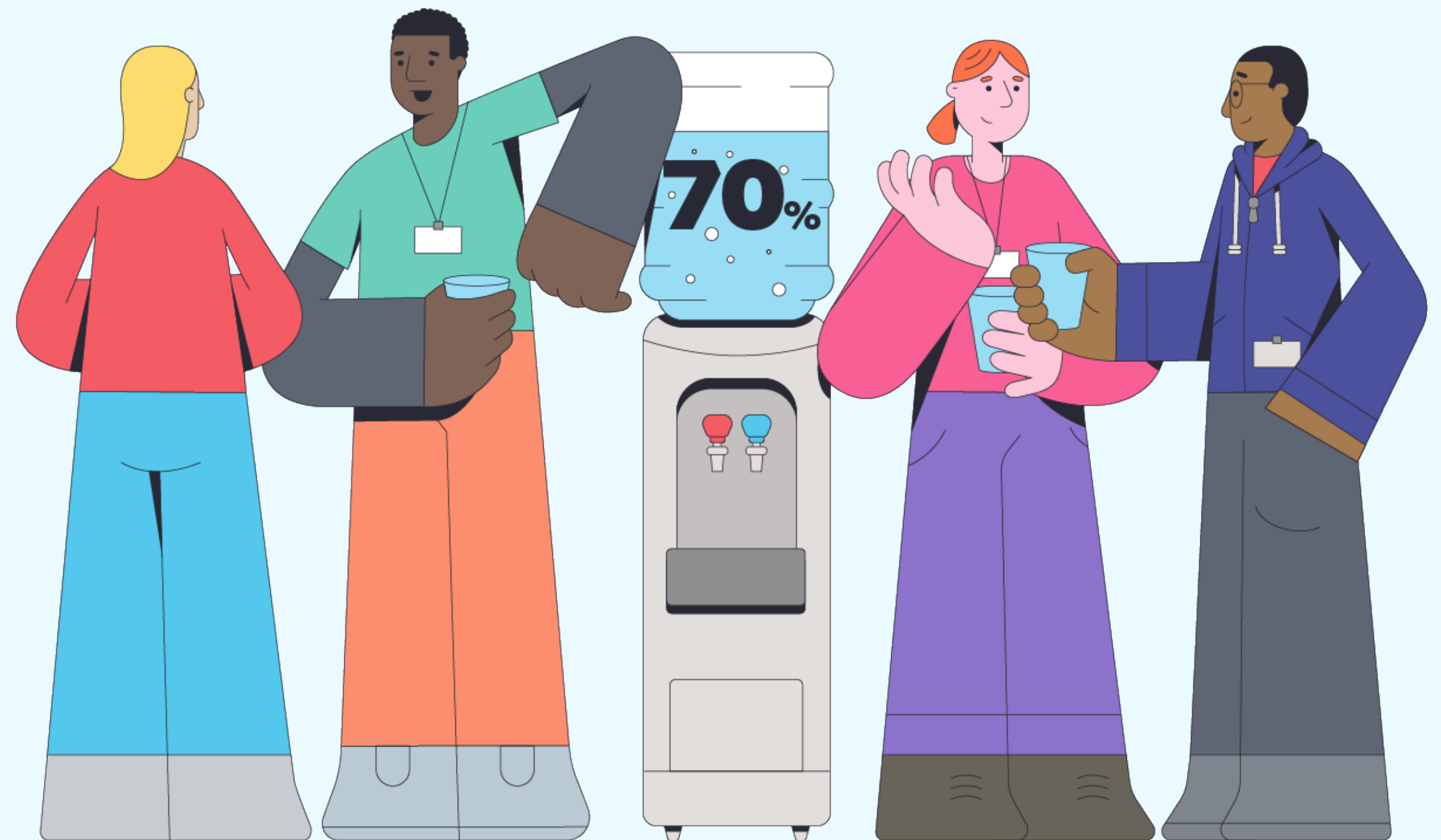
2/3 of male founders say that tech companies are inclusive for parents. Yet only **1/3** of female founders feel the same. Women were also **twice as likely** to report investor bias against founders who are pregnant or have children.

We were heartened to see that **75%** of respondents offer work-from-home benefits. But there's plenty of room for improvement in resources for new parents: **65%** of founders say they have no dedicated space for nursing mothers, while **90%** fail to offer childcare support, credits or programs.

3

Founders say yes to messaging tools like Slack.

Naysayers may still believe that real-time messaging tools are a real time suck. But **70%** of founders say tools like Slack and Yammer increase productivity. That should come as no surprise, since **98%** use them. What a win for water coolers!



4

Founders are optimistic about IPOs...for the fourth year running.



Founders have been bullish about the IPO market every year since the State of Startups survey began. With unicorns like Uber, Slack and Palantir expected to go public soon, this year is no exception. **78%** of respondents predict the pace for public offerings won't let up in 2019.

5

The next wave of great founders will come from Uber.

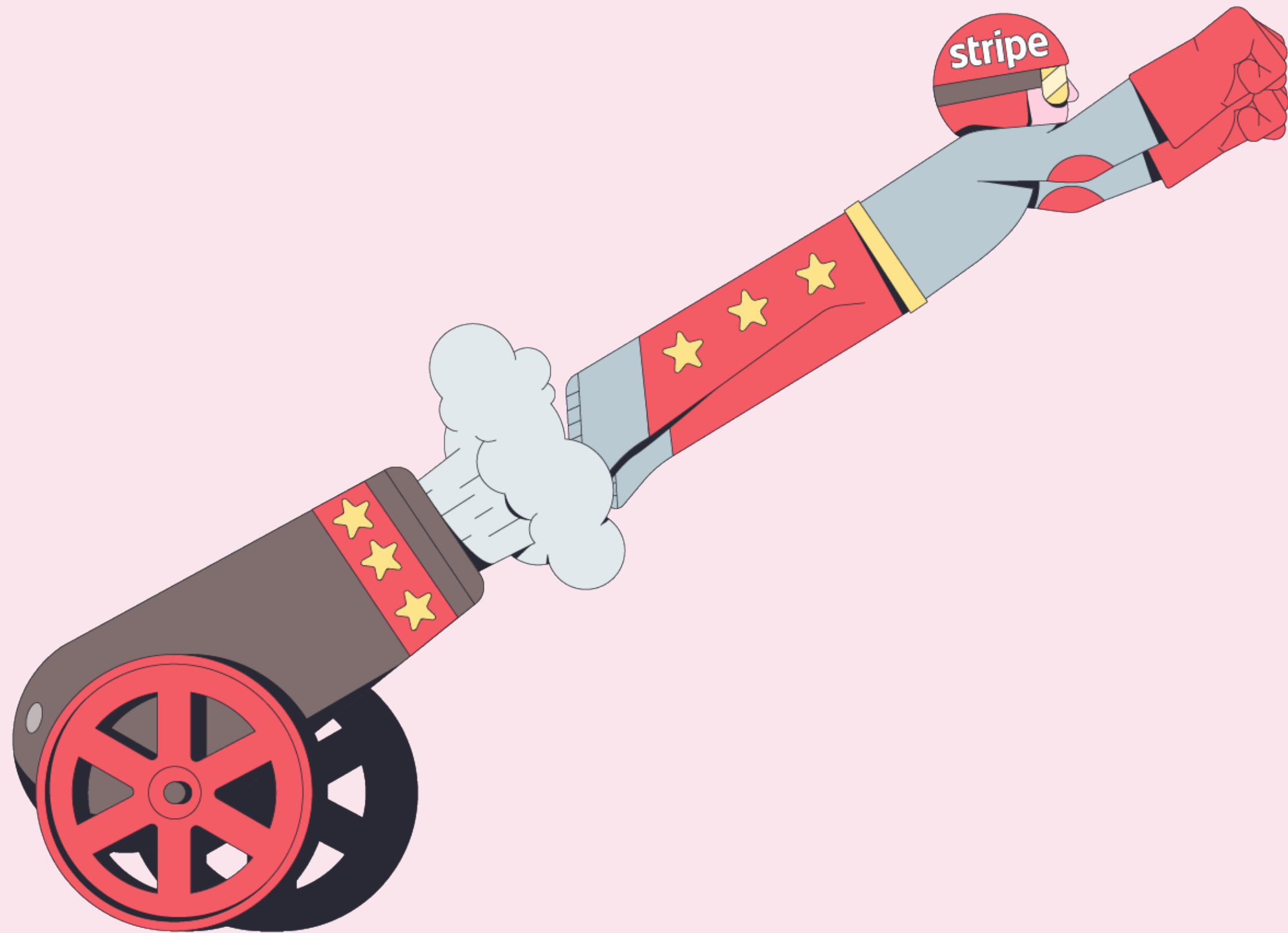
When asked which U.S.-based company will spin out the next generation of notable founders, **23%** of respondents named Uber. Slack (**16%**), Stripe (**15%**) and Airbnb (**14%**) were next in line.

We think the next great startup can come from anywhere, so whether you've worked at one of these companies or not, we'd love to be your first call ;-)



6

Stripe's valuation is the most likely to skyrocket.



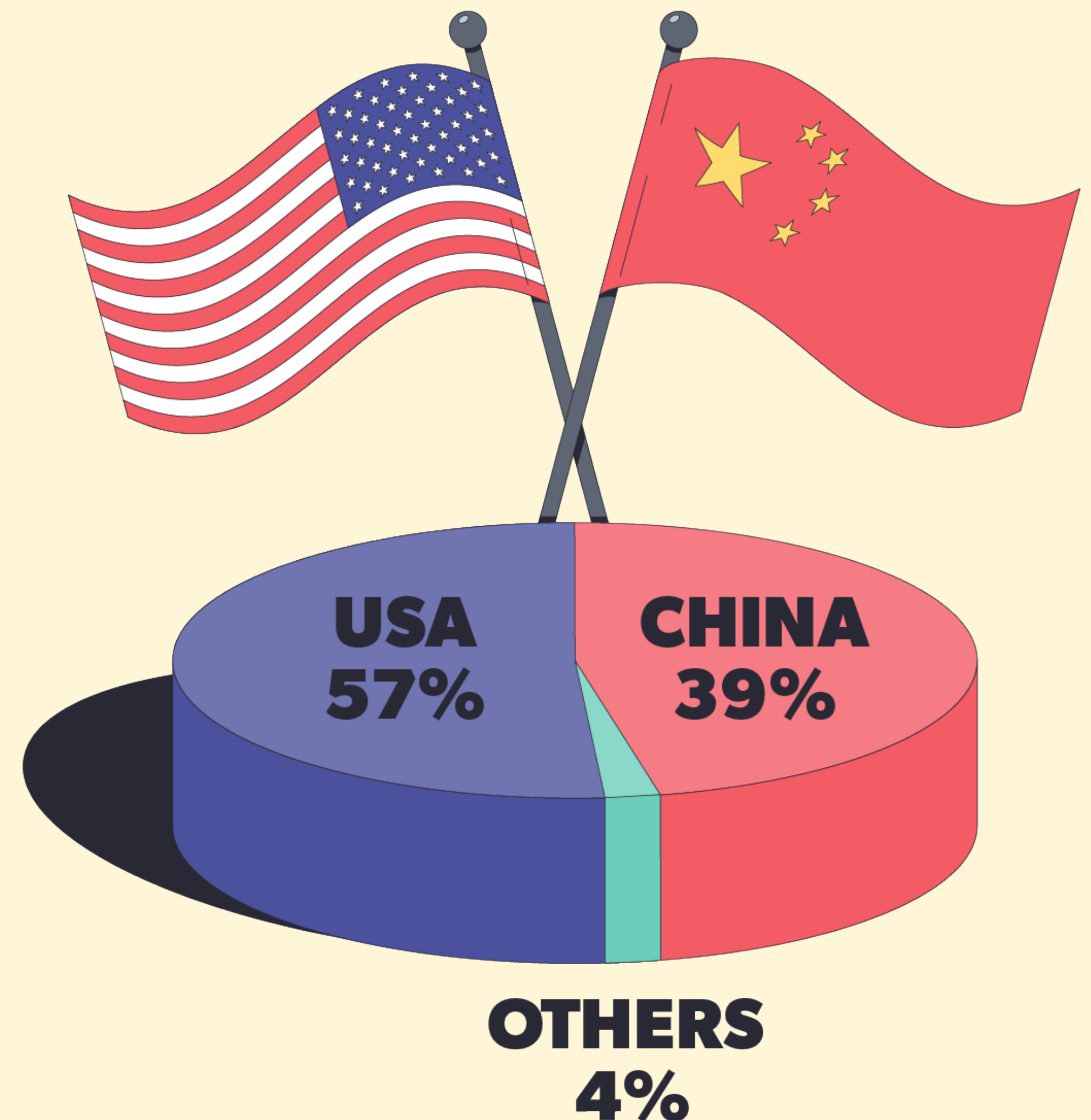
Stripe's valuation already sits at a lofty \$20B, but founders still think it will rise the most over the next decade. **19%** of founders named the payments juggernaut as their top choice, with a tight pack close behind: SpaceX (**13%**), Coinbase (**13%**), Slack (**11%**) and Airbnb (**10%**).

7

39% say China will be the center of tech in 2028.

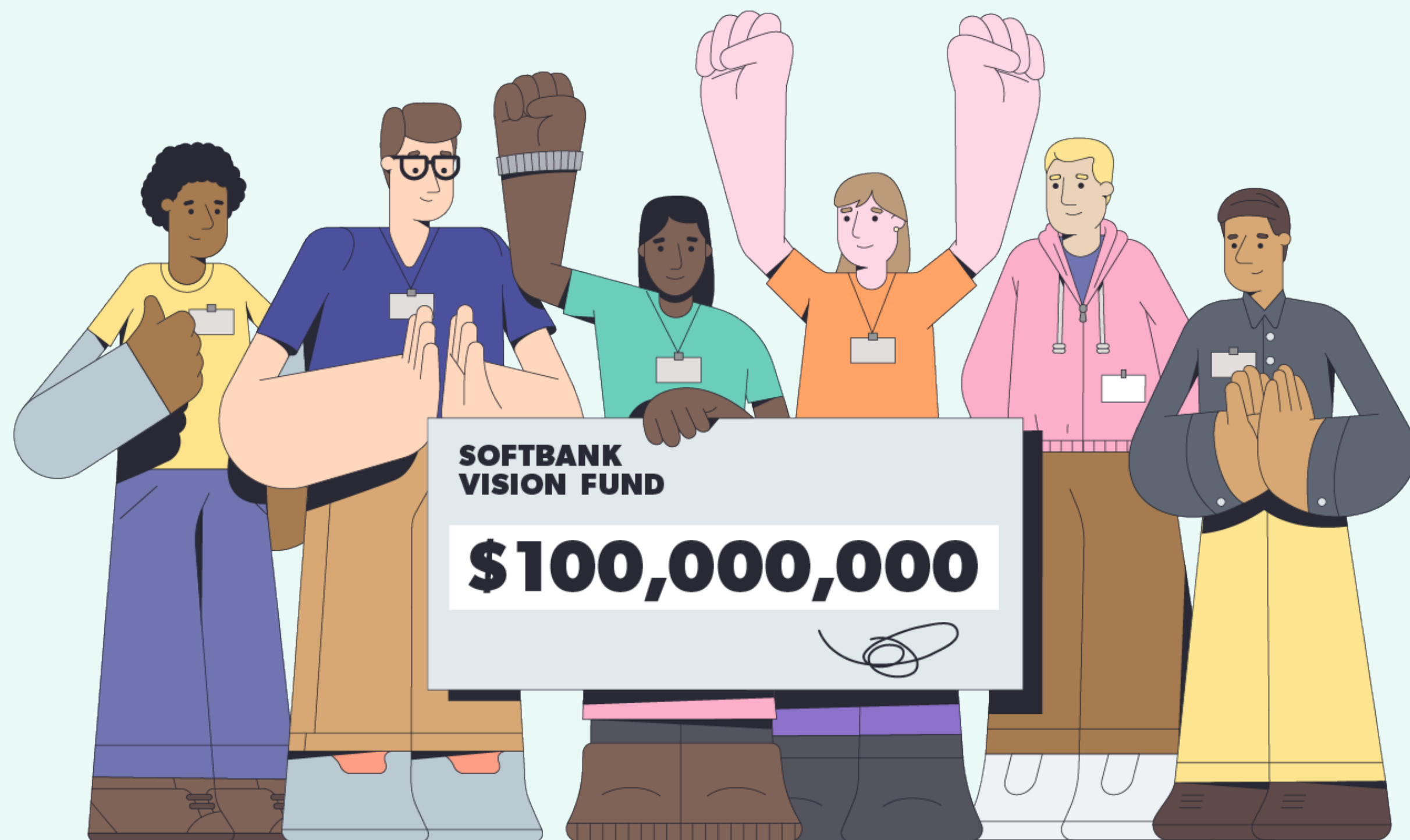
China has added 500 million new internet users in the past decade. It now boasts nine of the world's 20 biggest tech companies by market cap, according to Mary Meeker's 2018 internet trends report. (The other 11 are in the U.S.)

When asked about the decade to come, nearly **40%** of founders predict that China will occupy the center of the tech world in 2028. However, over **50%** say the center will be in the U.S. Less than **5%** think it will be anywhere else.



8

Founders think Softbank is good for the startup ecosystem.



Softbank has been making waves since launching its Vision Fund in 2016, arming some of the biggest tech startups with growth capital and crowning market leaders along the way. Many respondents are likely to have a Softbank-funded competitor, yet **70%** of them still see Softbank as a net positive for the tech world.

(Note: We received the majority of survey responses before the Jamal Khashoggi murder, after which Softbank came under scrutiny for having Saudi Arabia's sovereign wealth fund as a major investor in the Vision Fund.)

9

Big tech has a big perception problem.

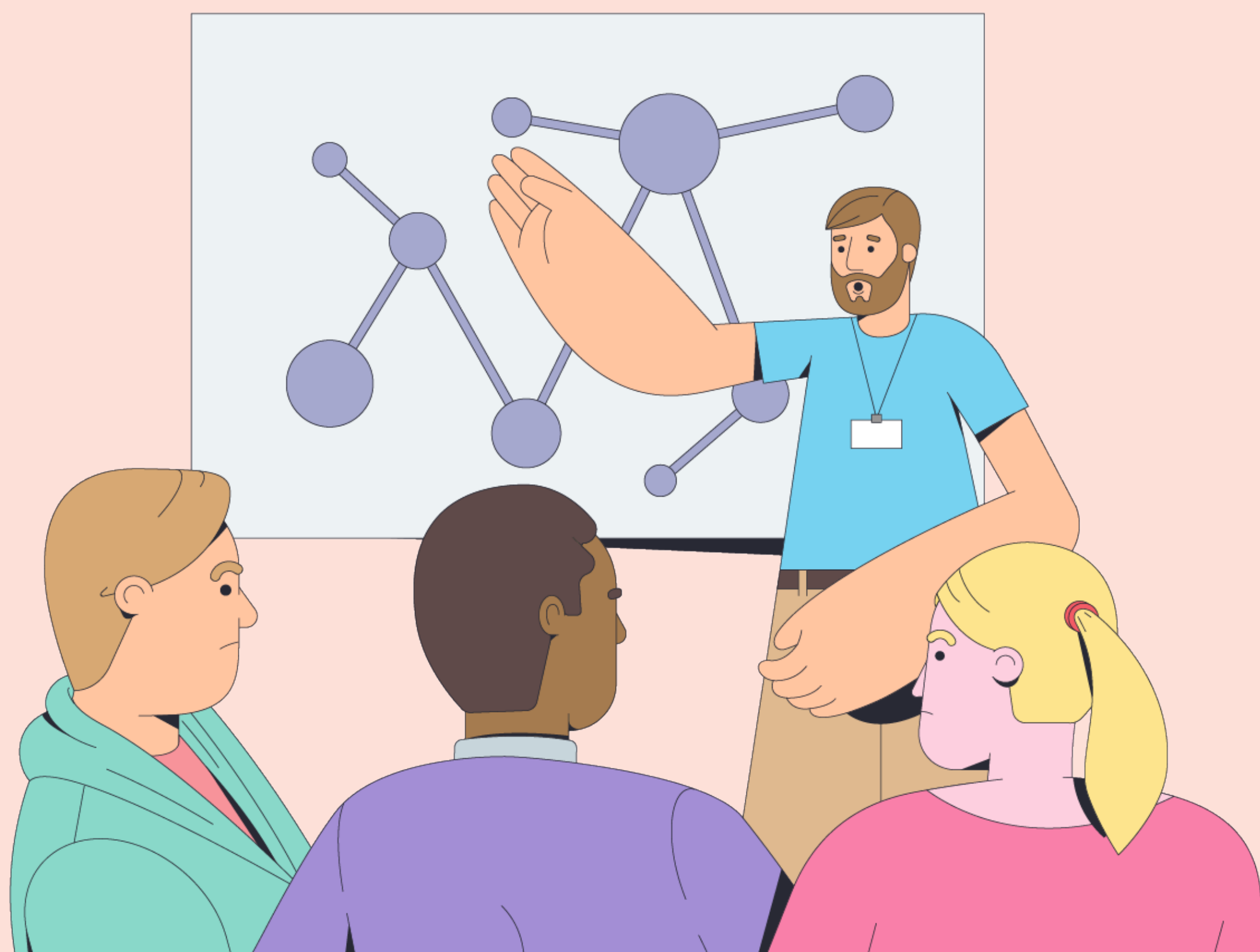
In his *Vanity Fair* podcast "How Evil is Silicon Valley?" Nick Bilton explored how tech giants "like Facebook, Twitter, Amazon and Google are being perceived as evil for taking advantage of our deepest, darkest secrets and fears." We asked founders if they agreed.

Of the founders who had an opinion, **77%** did agree that the tech giants are perceived as evil. But when asked whether they believe tech giants are evil, founders were evenly split: **50%** said yes and **50%** said no.



10

87% of founders are blockchain skeptics when it comes to their industry.



Amid crashing cryptocurrency markets, we asked founders to share their perspective on the practical uses of blockchain and cryptocurrency technology. While the majority report that players in their industry are at least experimenting with cryptocurrency or blockchain, **less than 1%** say it's been revolutionary for them or their peers. Only **13%** believe these will become dominant technologies in their industry in the future.

Interestingly, despite this industry-level skepticism, **40%** of founders said they personally owned cryptocurrency.

COMPLETE SURVEY RESULTS



**HOT
TRENDS
AND
HOT
TAKES**

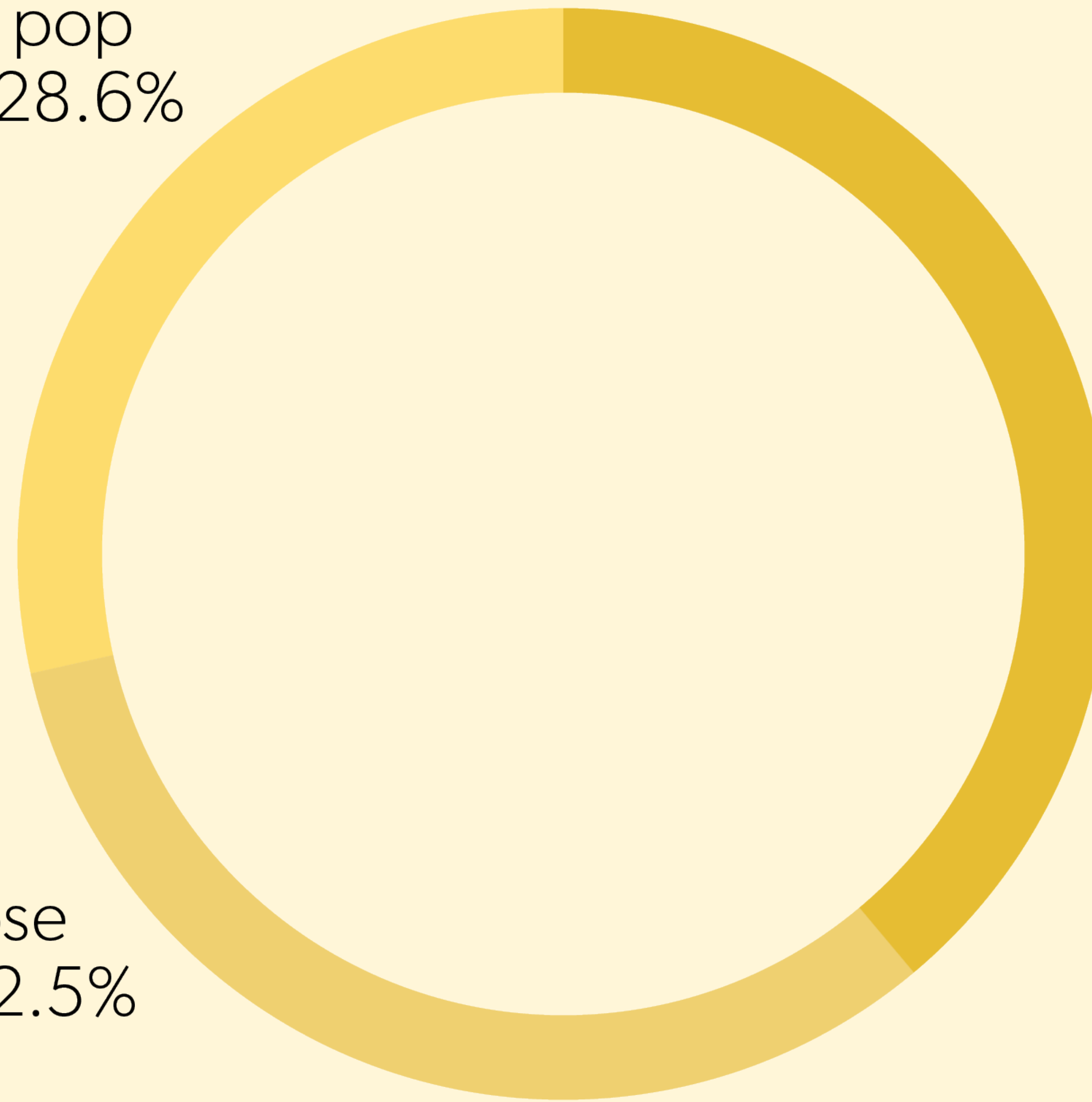
1

Are we in a bubble for technology companies?

Yes, and it won't pop
any time soon. - 28.6%

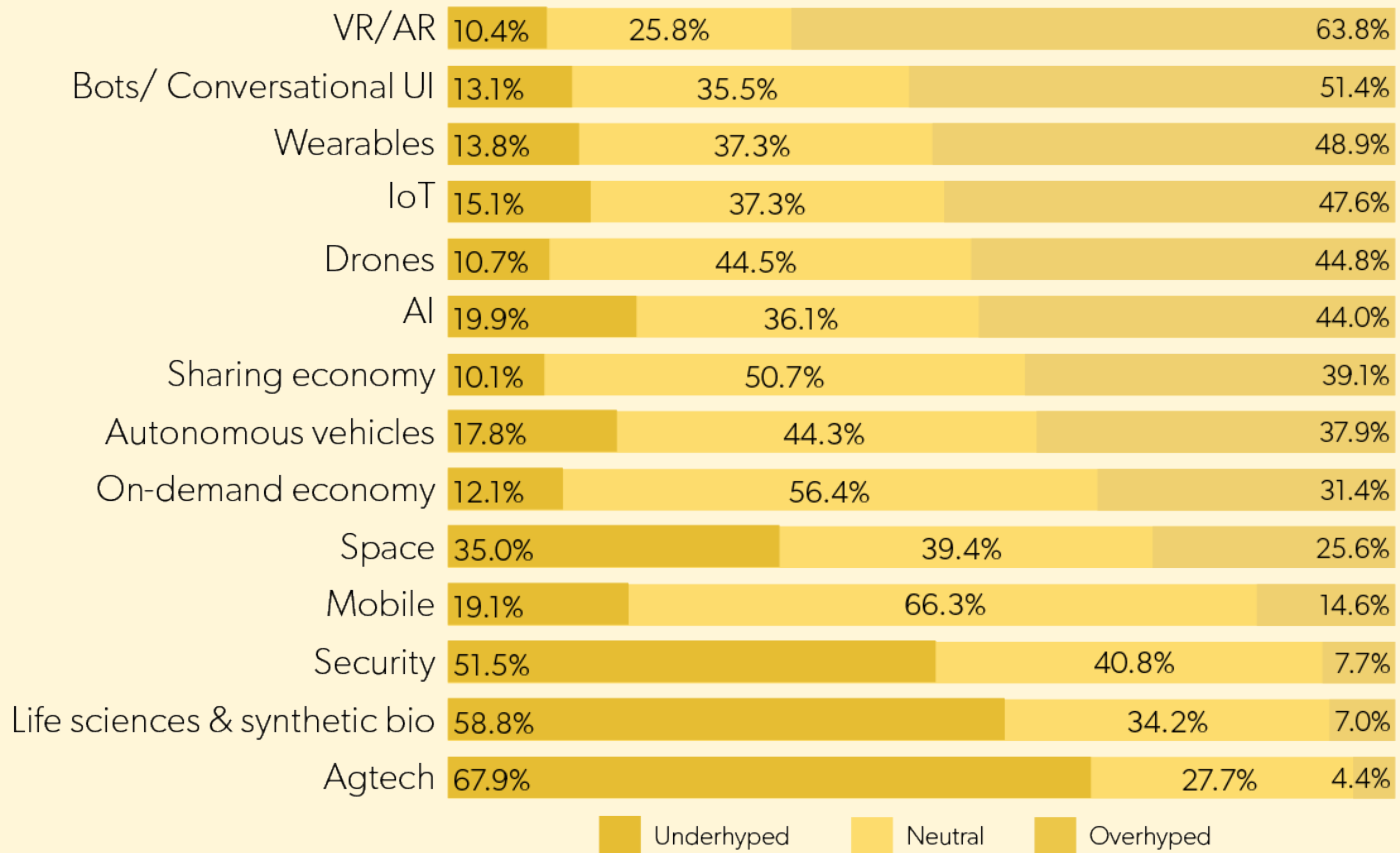
Yes, and it's close
to popping.- 32.5%

No, definitely
not. - 38.9%



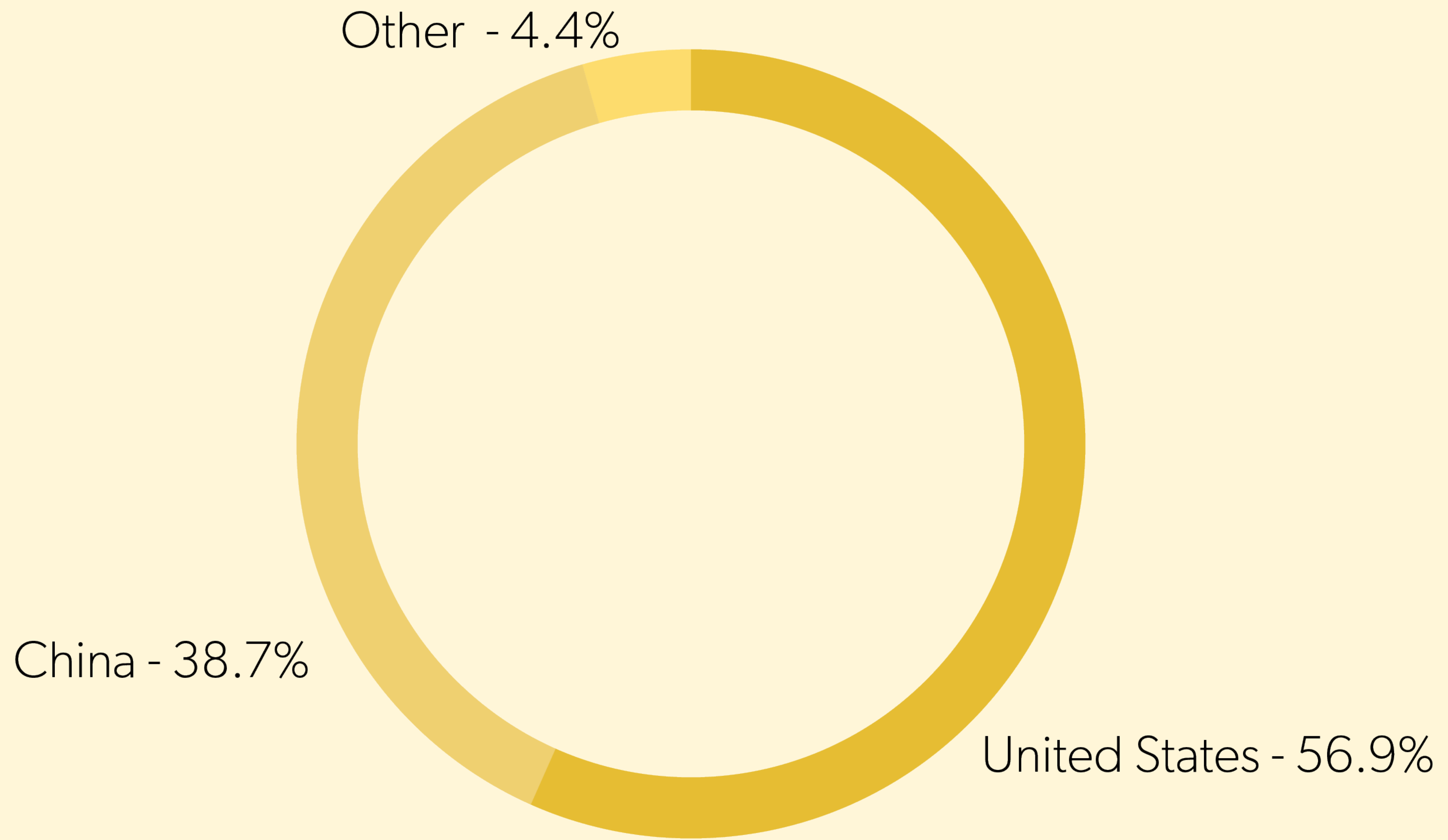
2

Rank these technology trends from underhyped to overhyped:



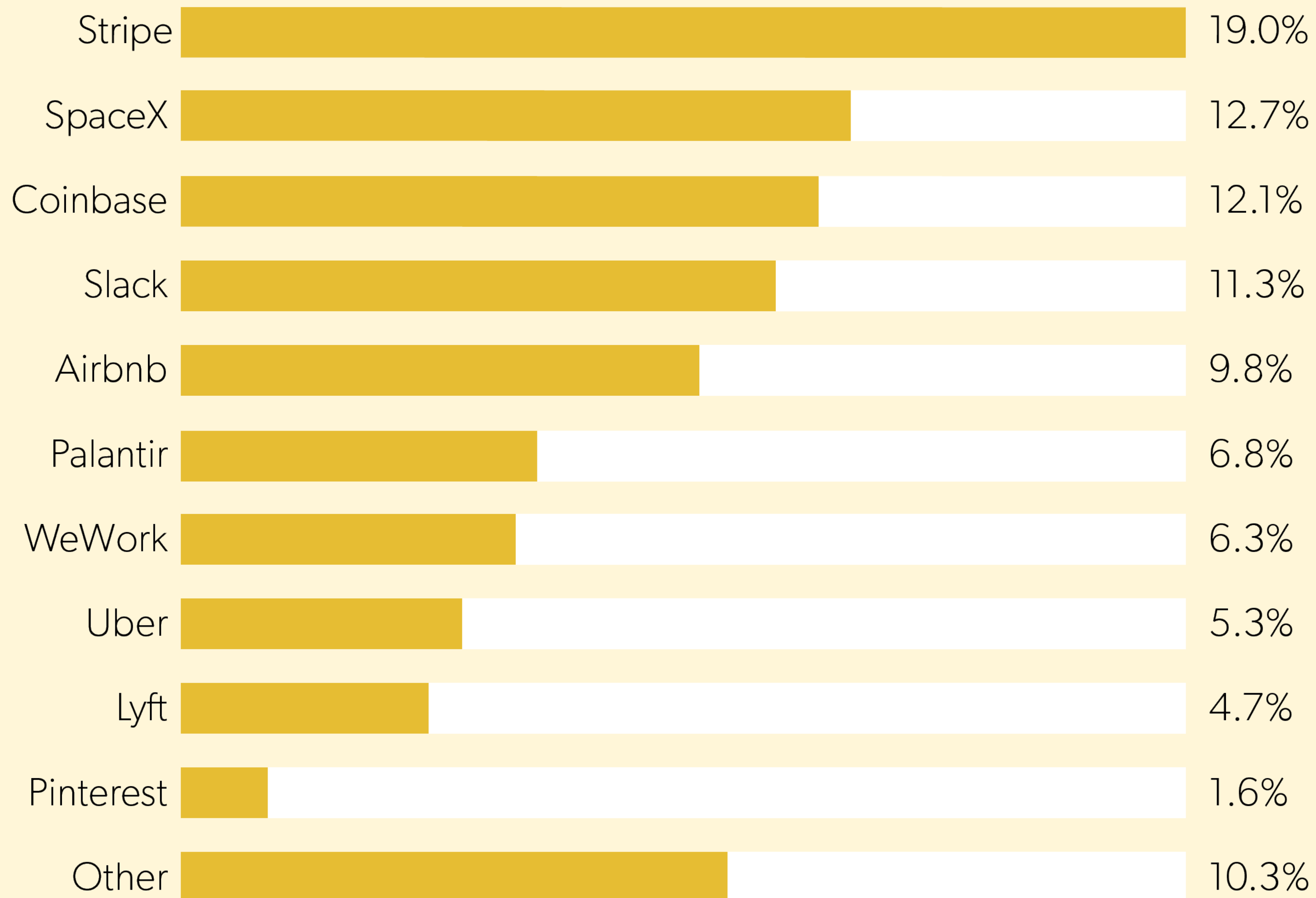
3

Which country do you think will be the center of the tech world in 10 years?



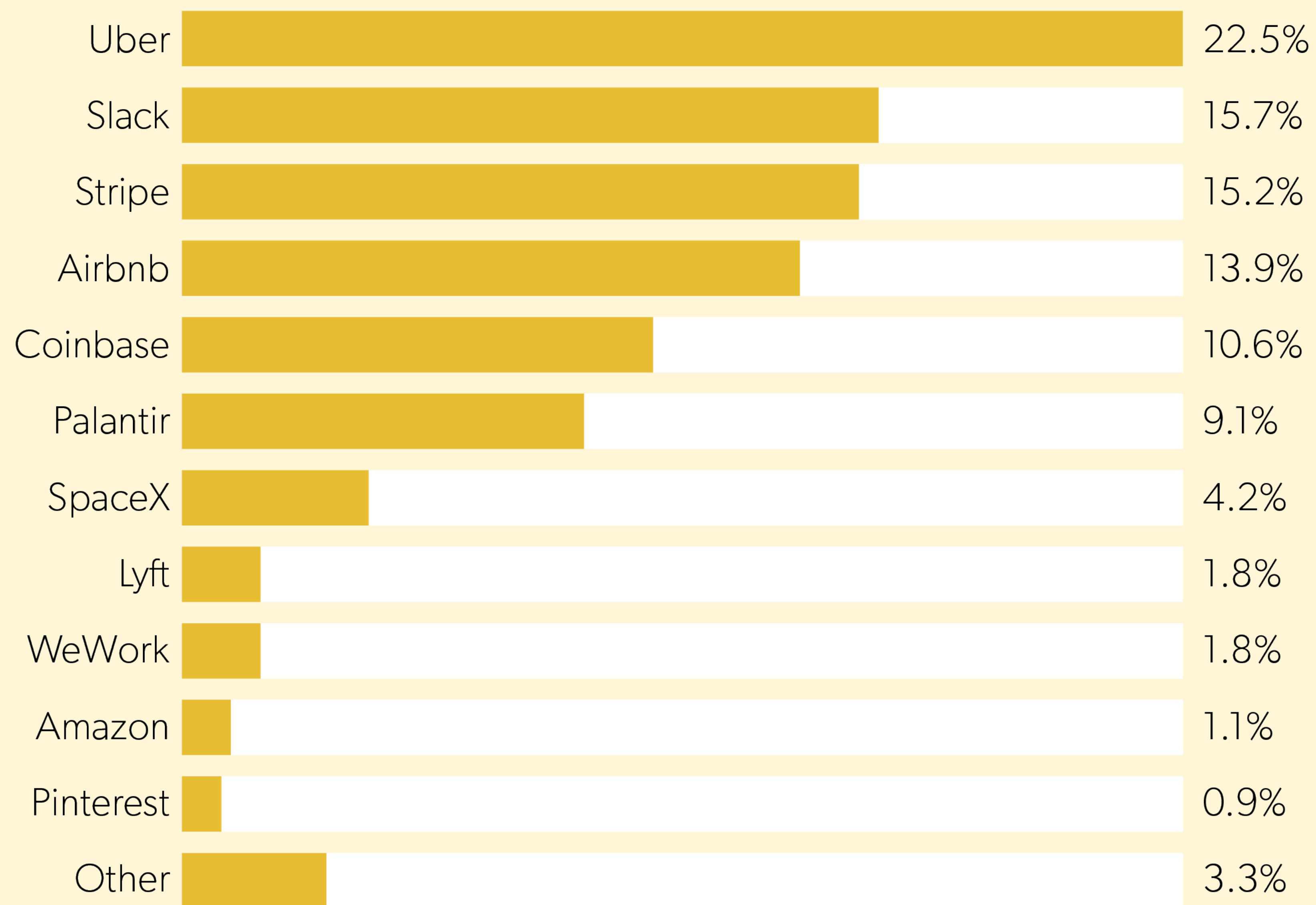
4

Which U.S.-based private startup's value will increase the most over the next 10 years?



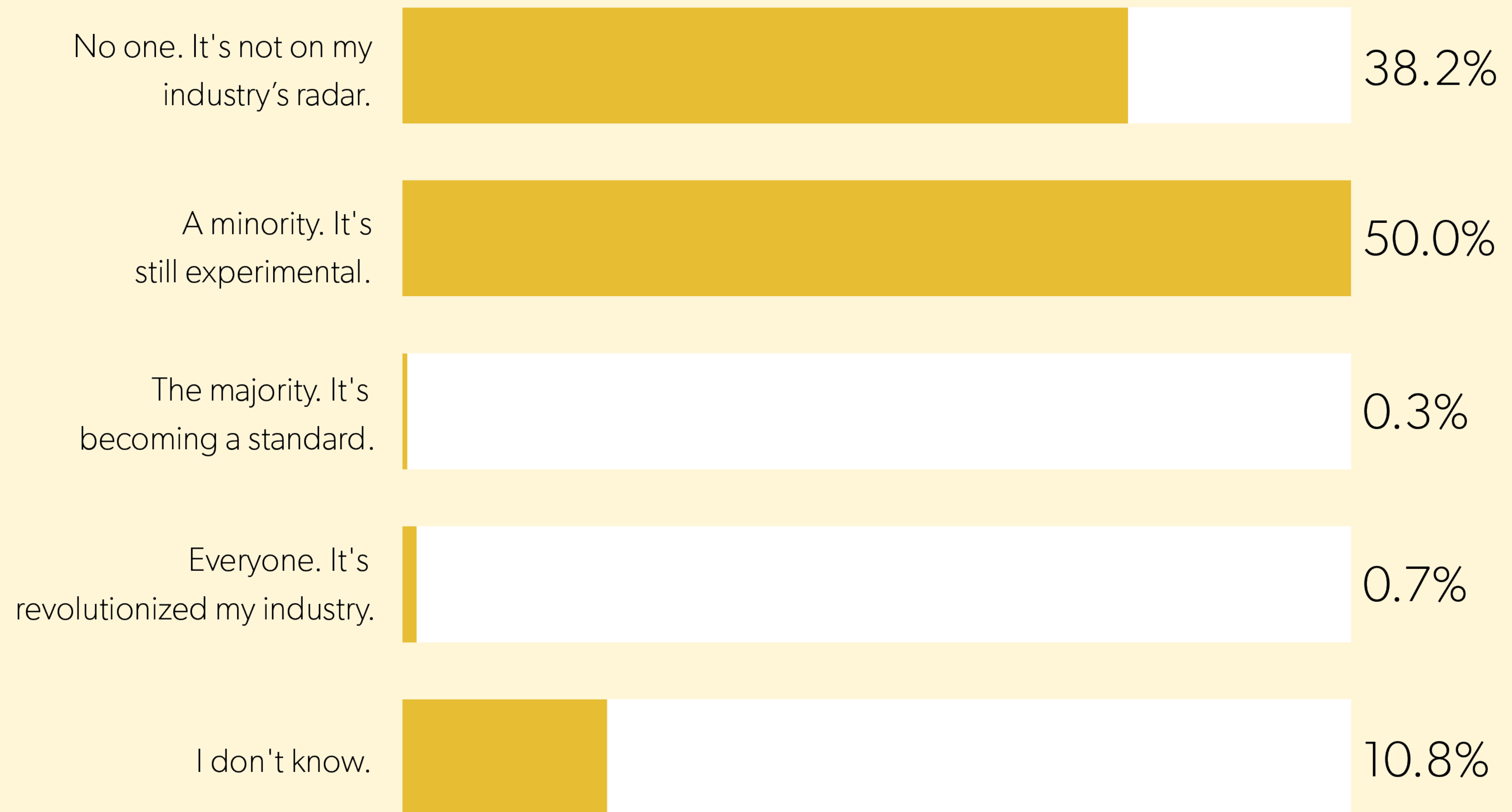
5

Which U.S.-based company is most likely to spin out the next generation of notable founders over the next five years?



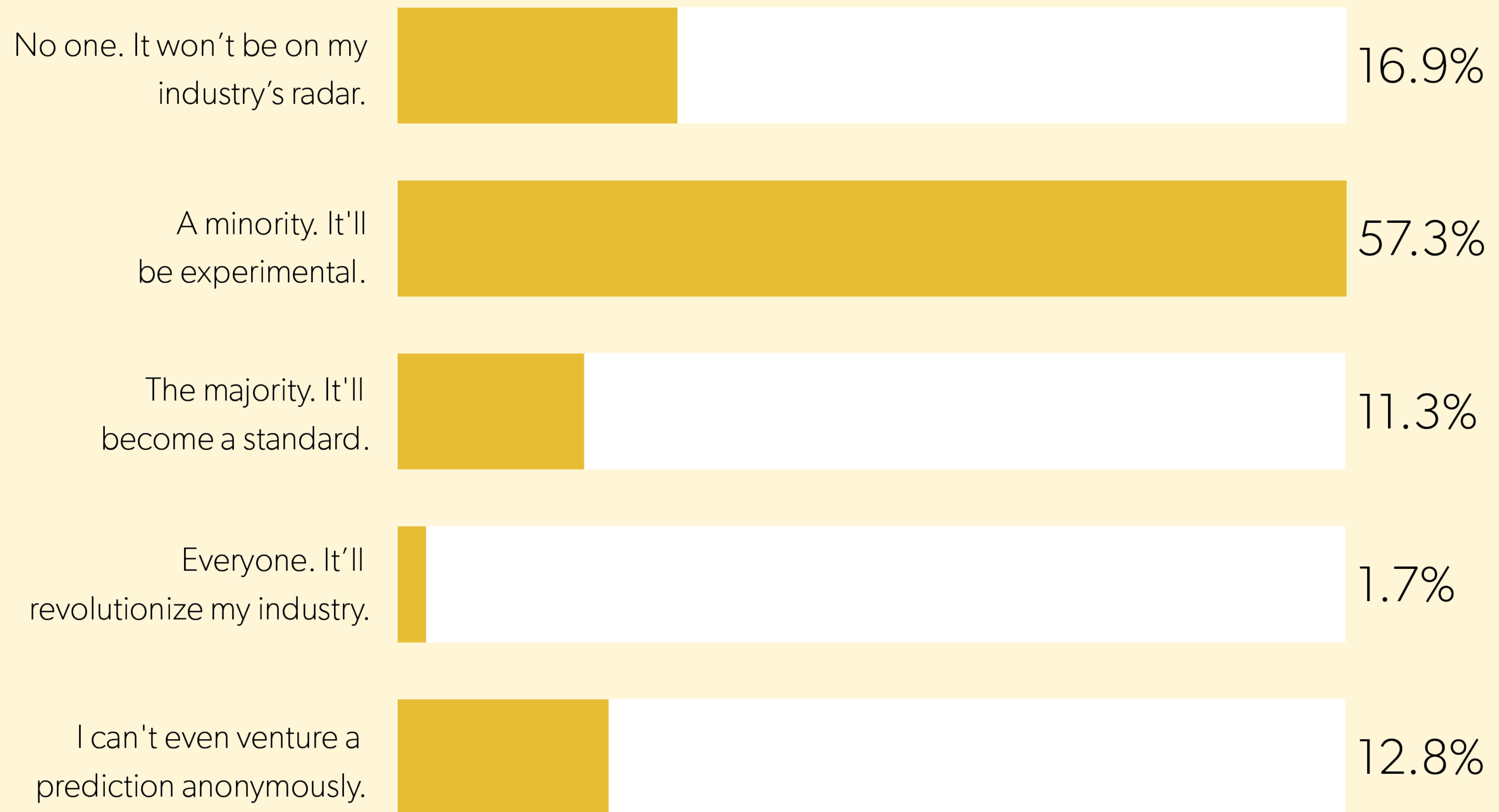
6

How many of the players in your industry have integrated cryptocurrency or blockchain technologies into their business?



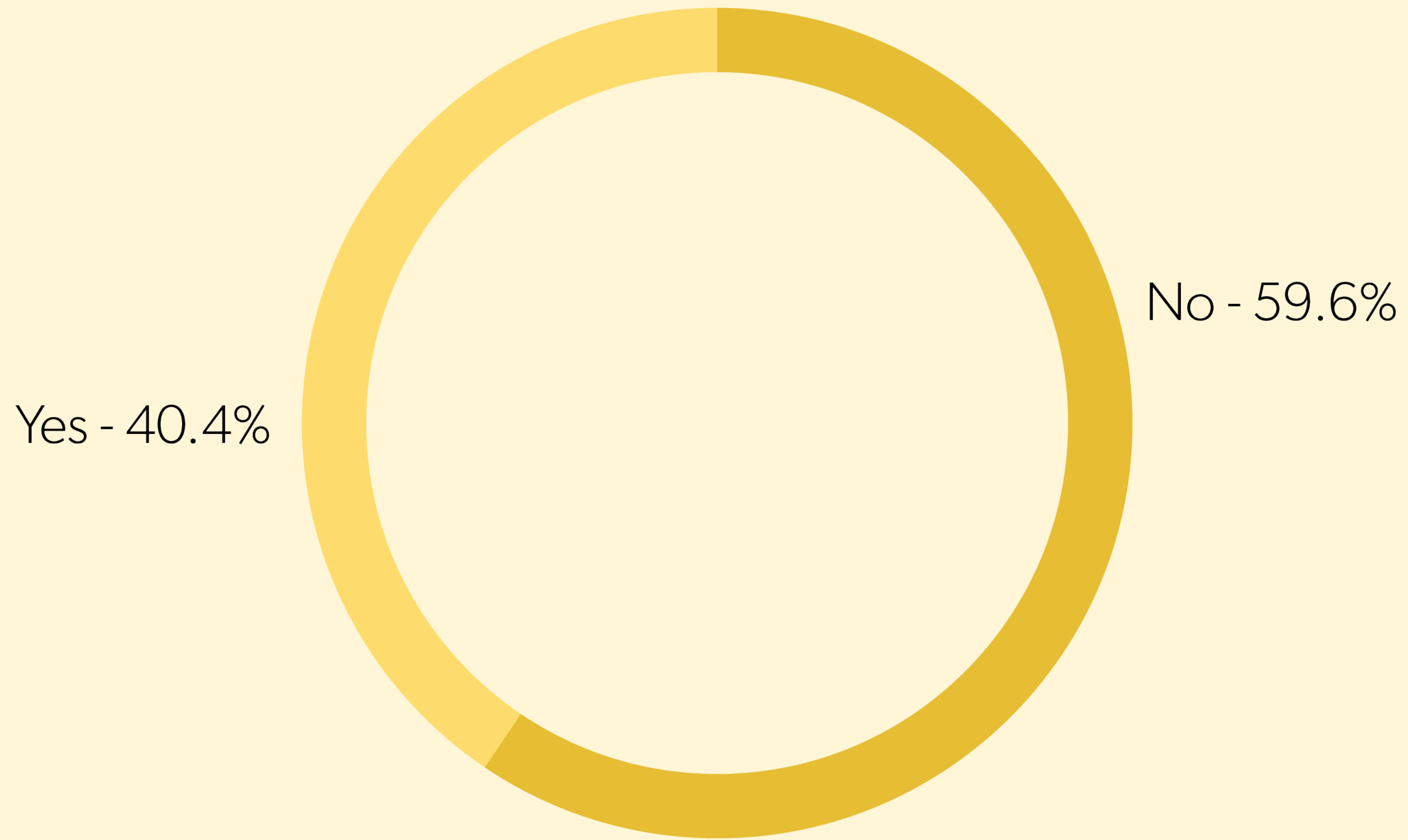
7

How many of the players in your industry will integrate cryptocurrency or blockchain technologies into their business over the next five years?



8

Do you personally own cryptocurrency?



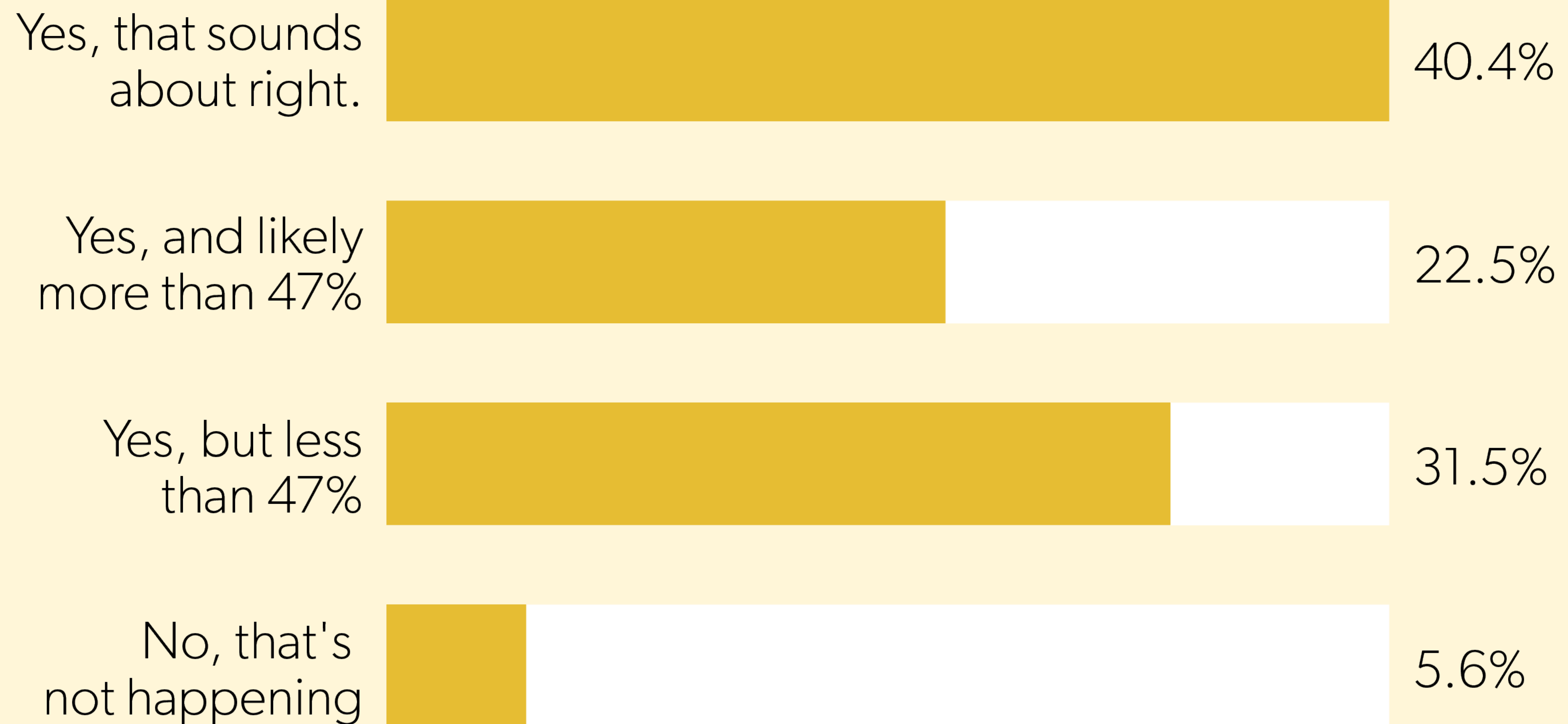
9

A Vanity Fair article recently stated: “As of late, tech giants like Facebook, Twitter, Amazon, and Google, are being perceived as evil for taking advantage of our deepest, darkest secrets and fears.” Do you agree?



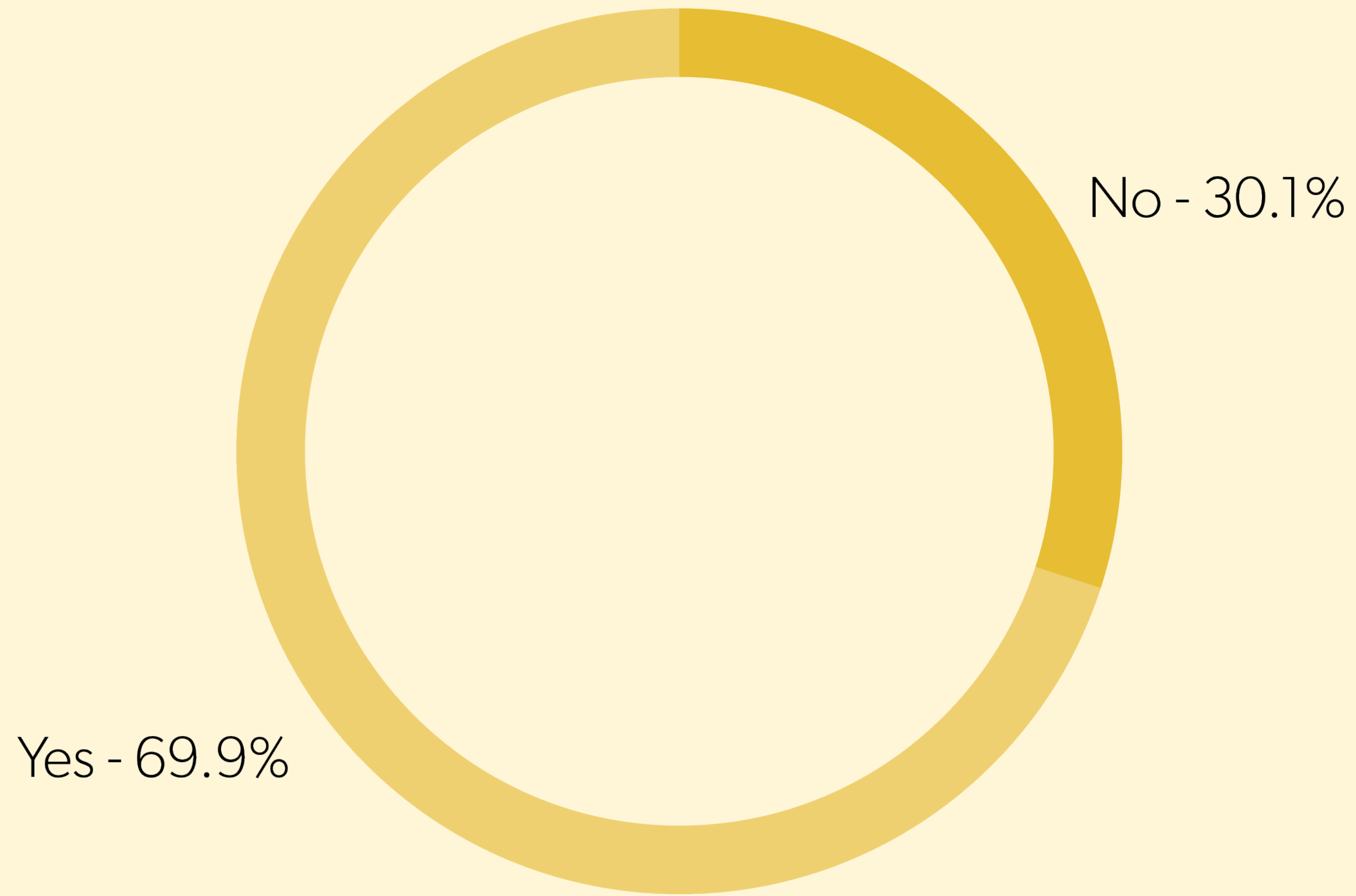
10

University of Oxford estimates that 47% of current jobs are at risk of falling victim to automation through advances in AI and machine learning within two decades. Do you agree?



11

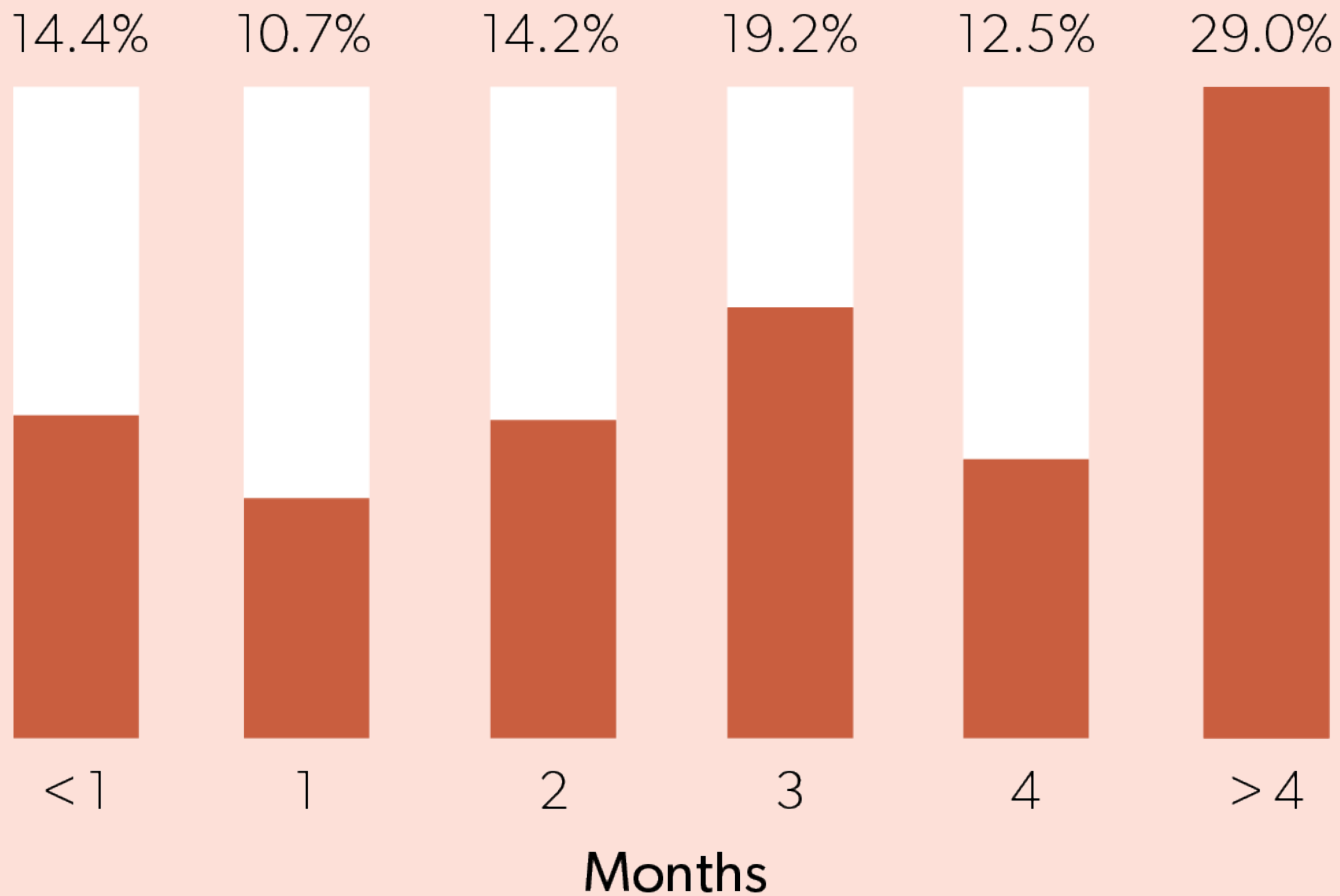
Is Softbank good for the startup ecosystem?



FUNDRAISING

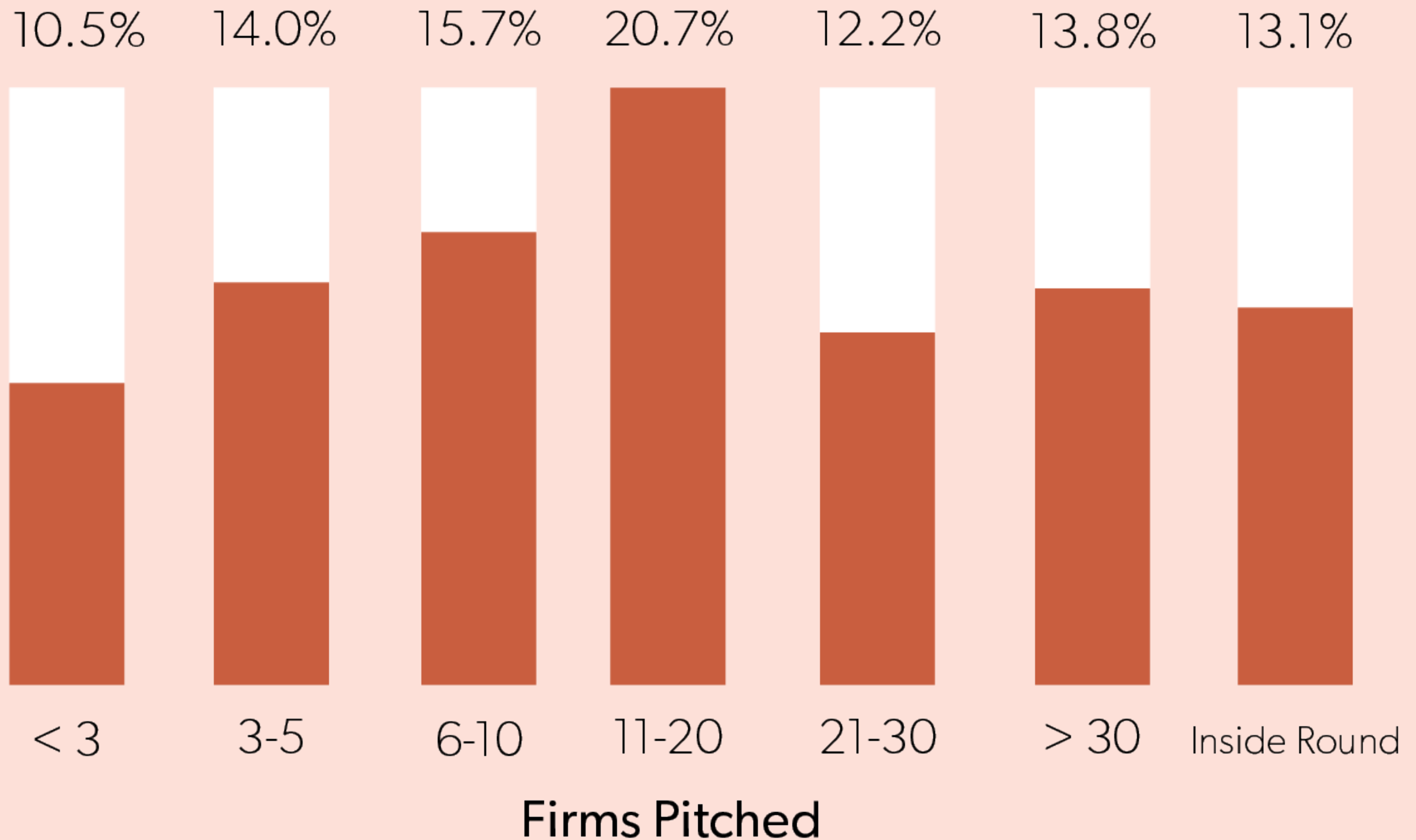
12

How long was your entire fundraising process for your most recent round?



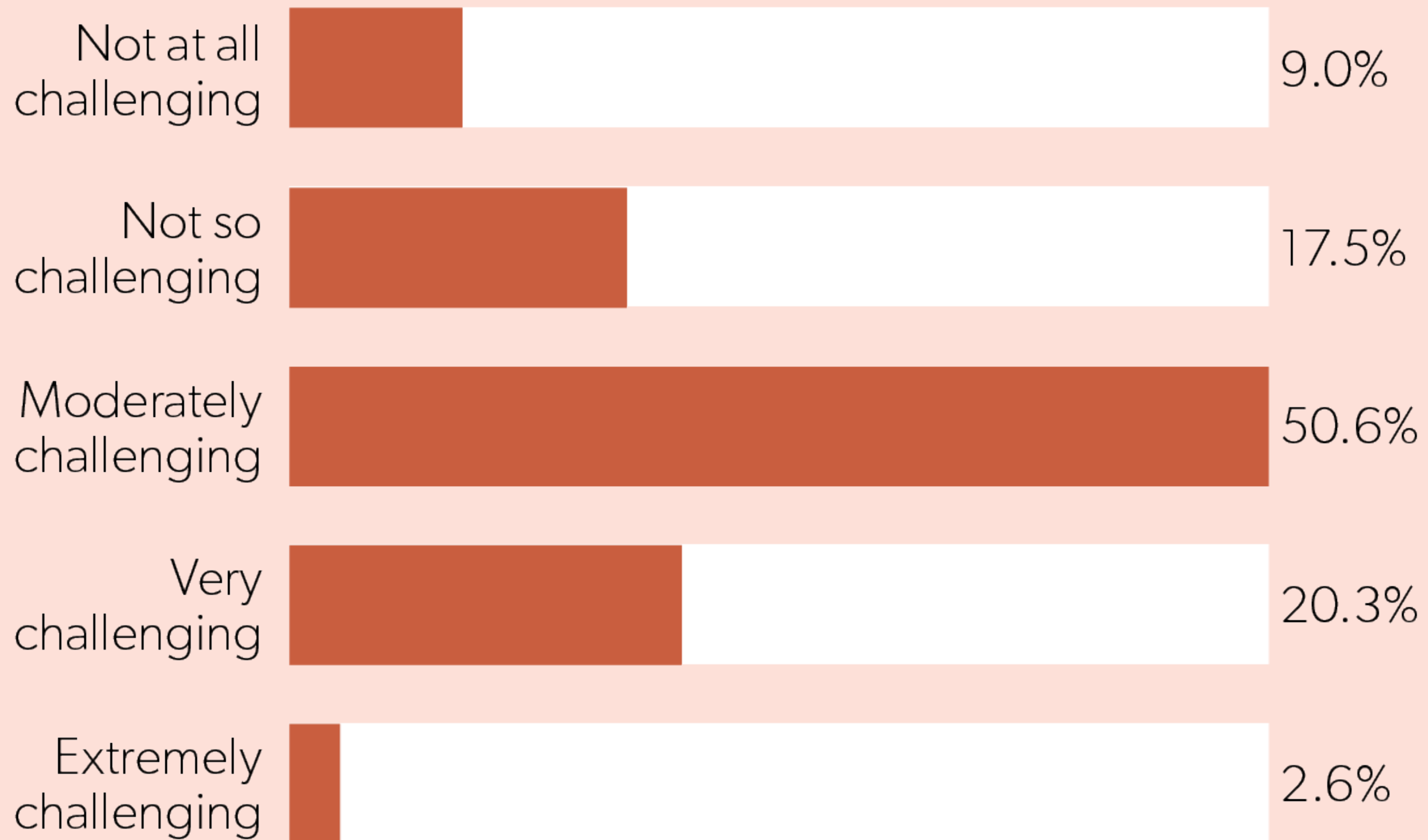
13

How many firms did you pitch when raising your last round?



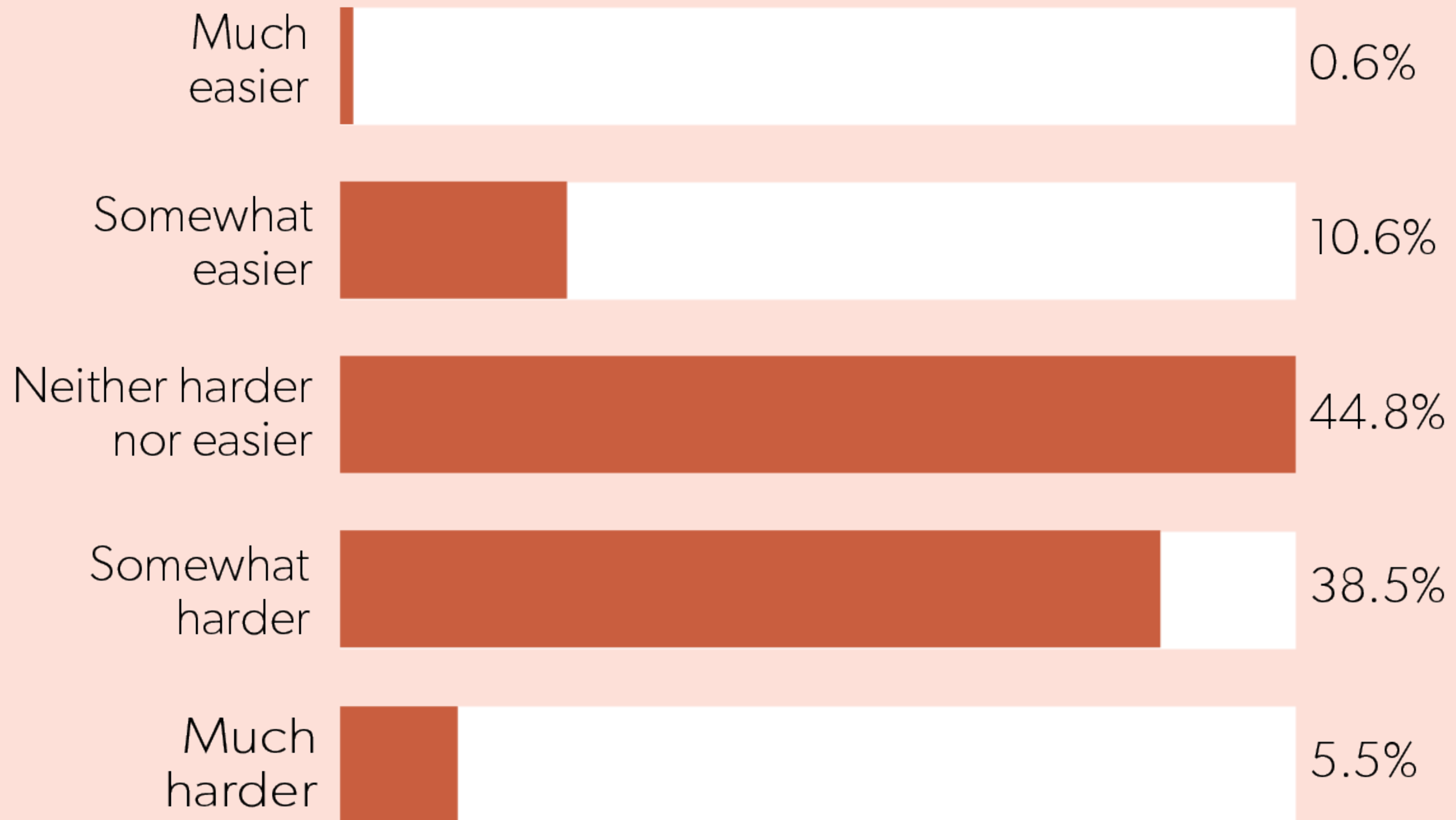
14

How challenging do you think it will be to raise your next round?



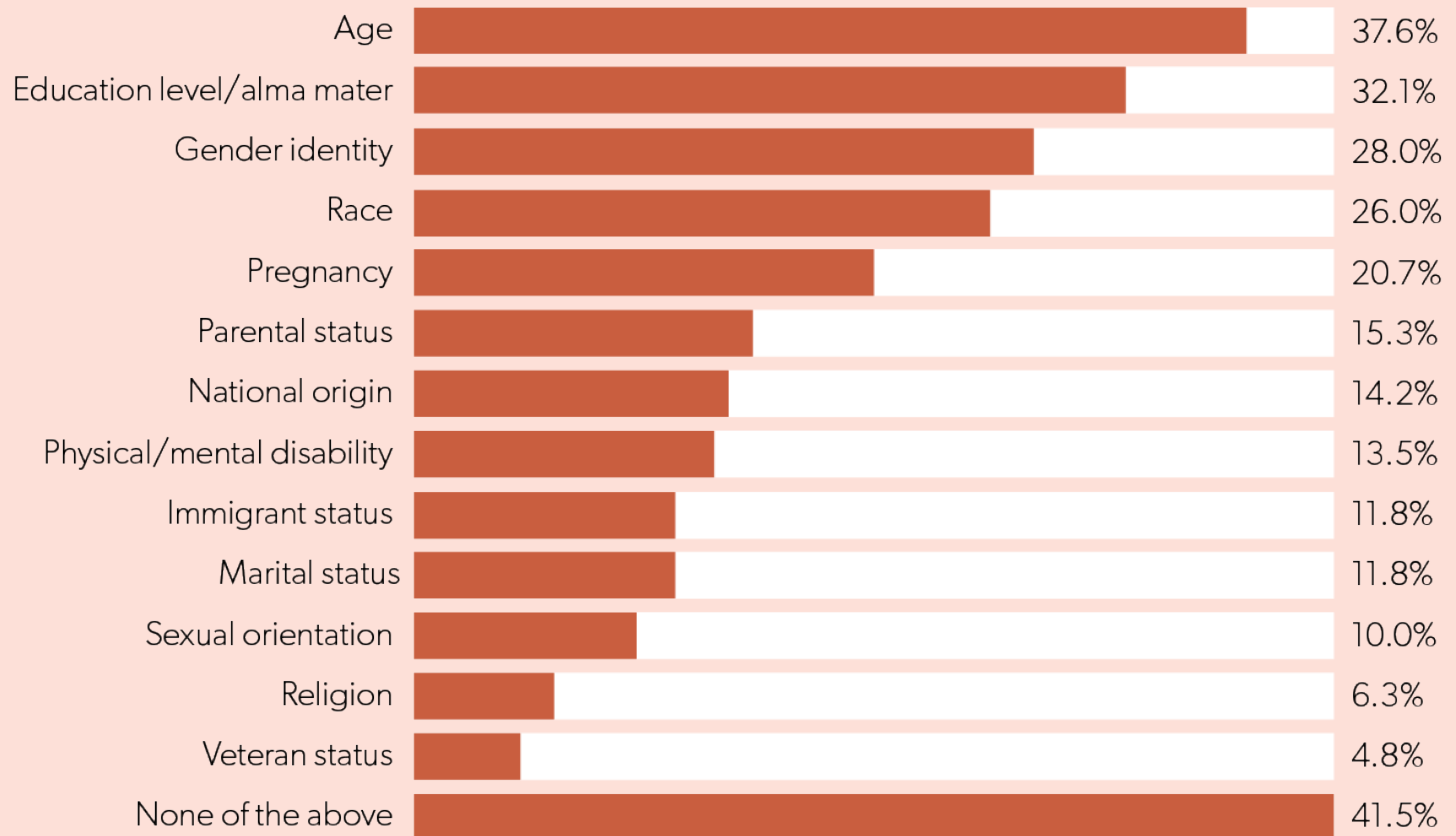
15

Do you expect it to get harder or easier to raise venture capital in the next 12 months?



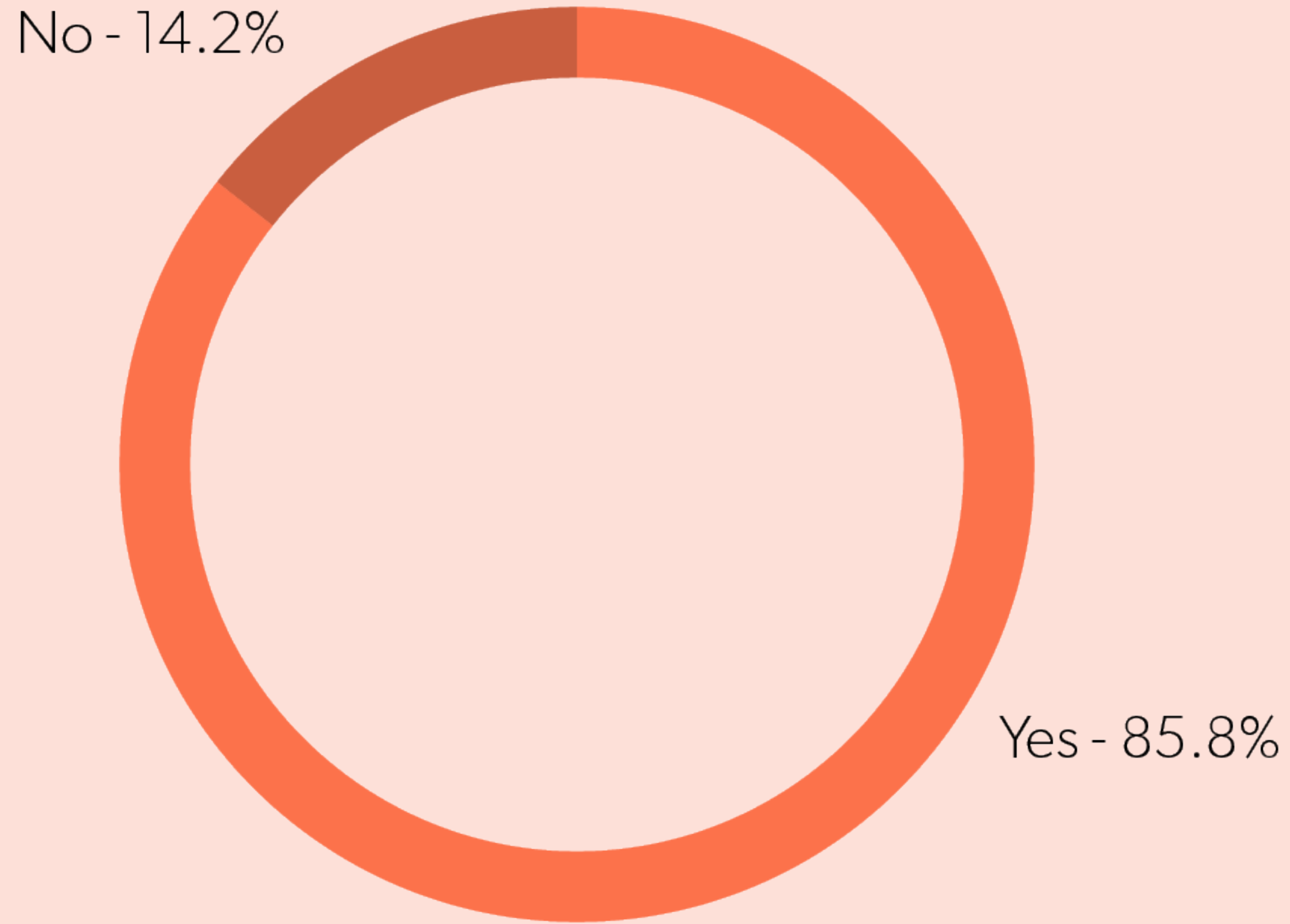
16

During the fundraising process, startup investors bias against founders on (check all that apply):



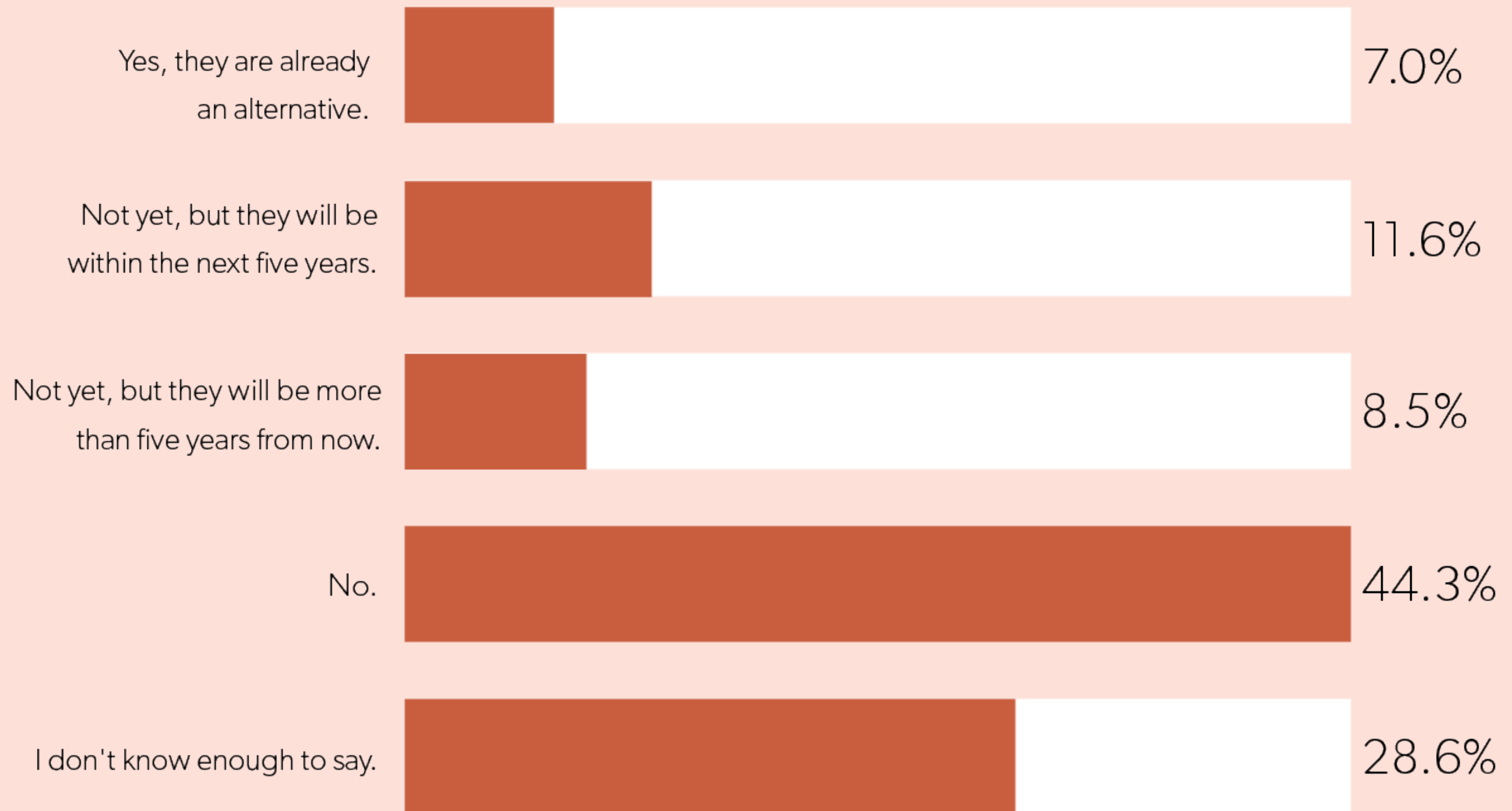
17

If you've gone through an incubator or accelerator program, would you recommend it to a fellow founder?



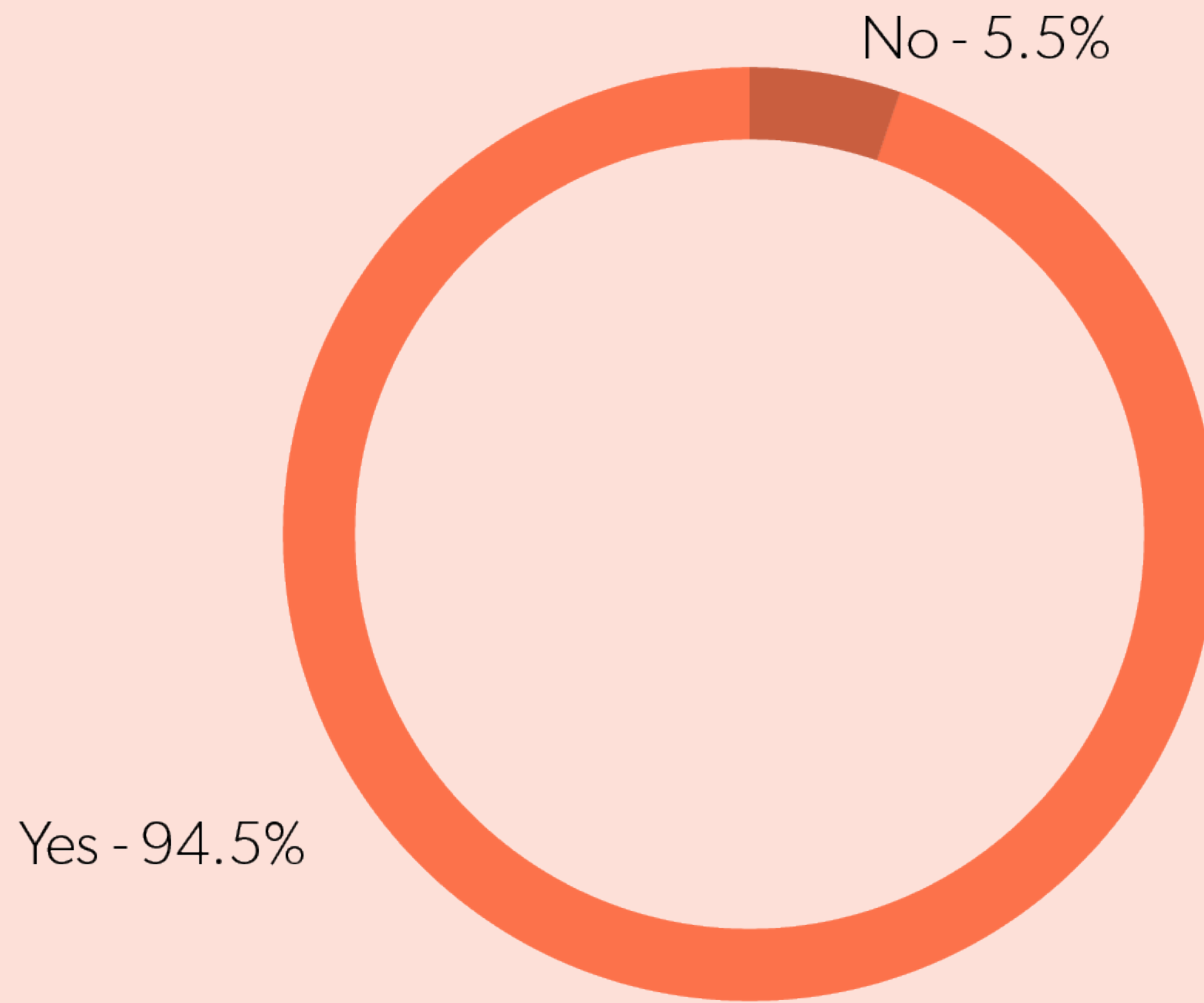
18

Do you think ICOs pose a legitimate alternative to venture capital funding?



19

Is now a good time to be starting a company?



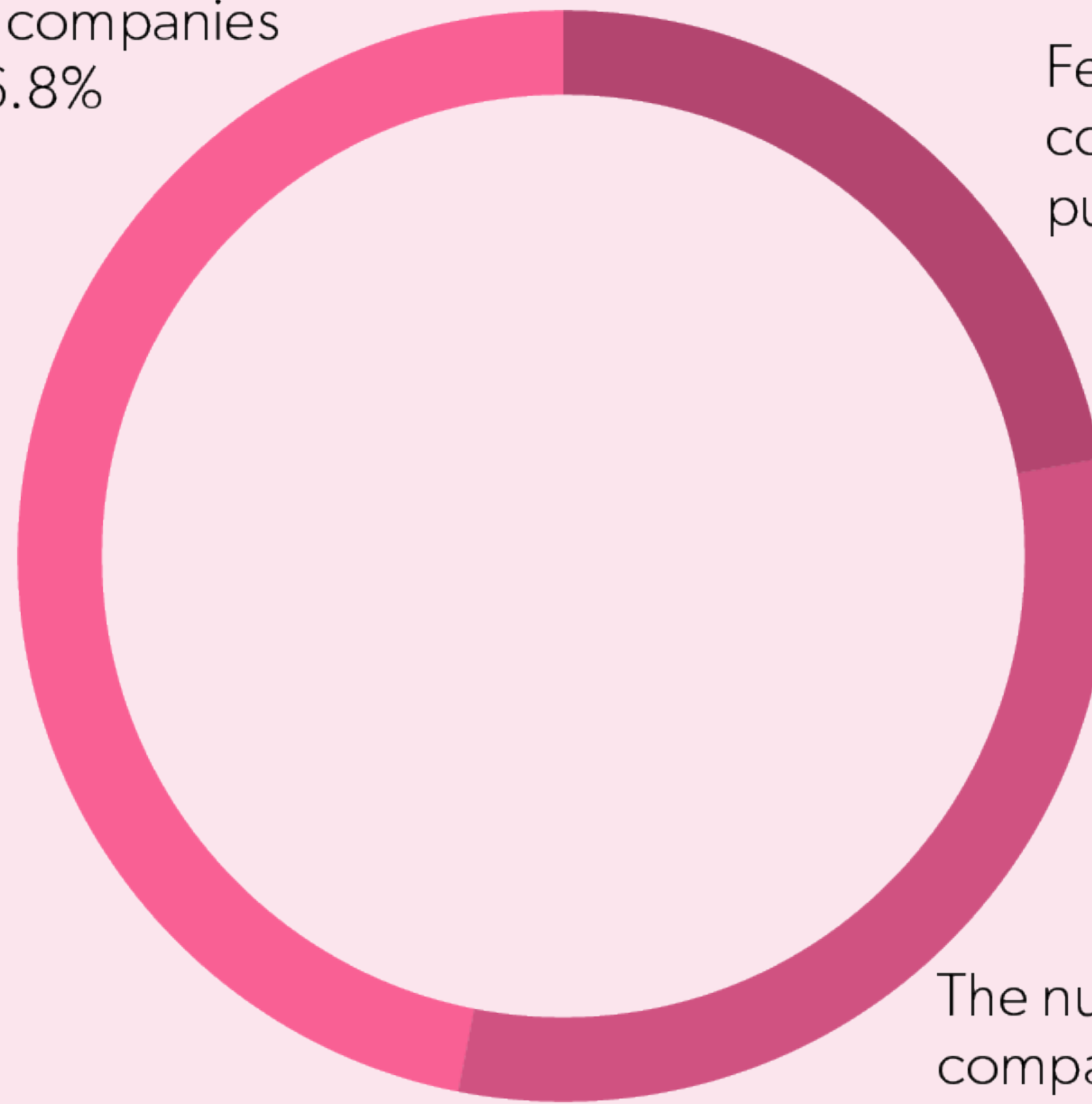
EXITS

20

Compared to today, over the next year...

More technology companies
will go public - 46.8%

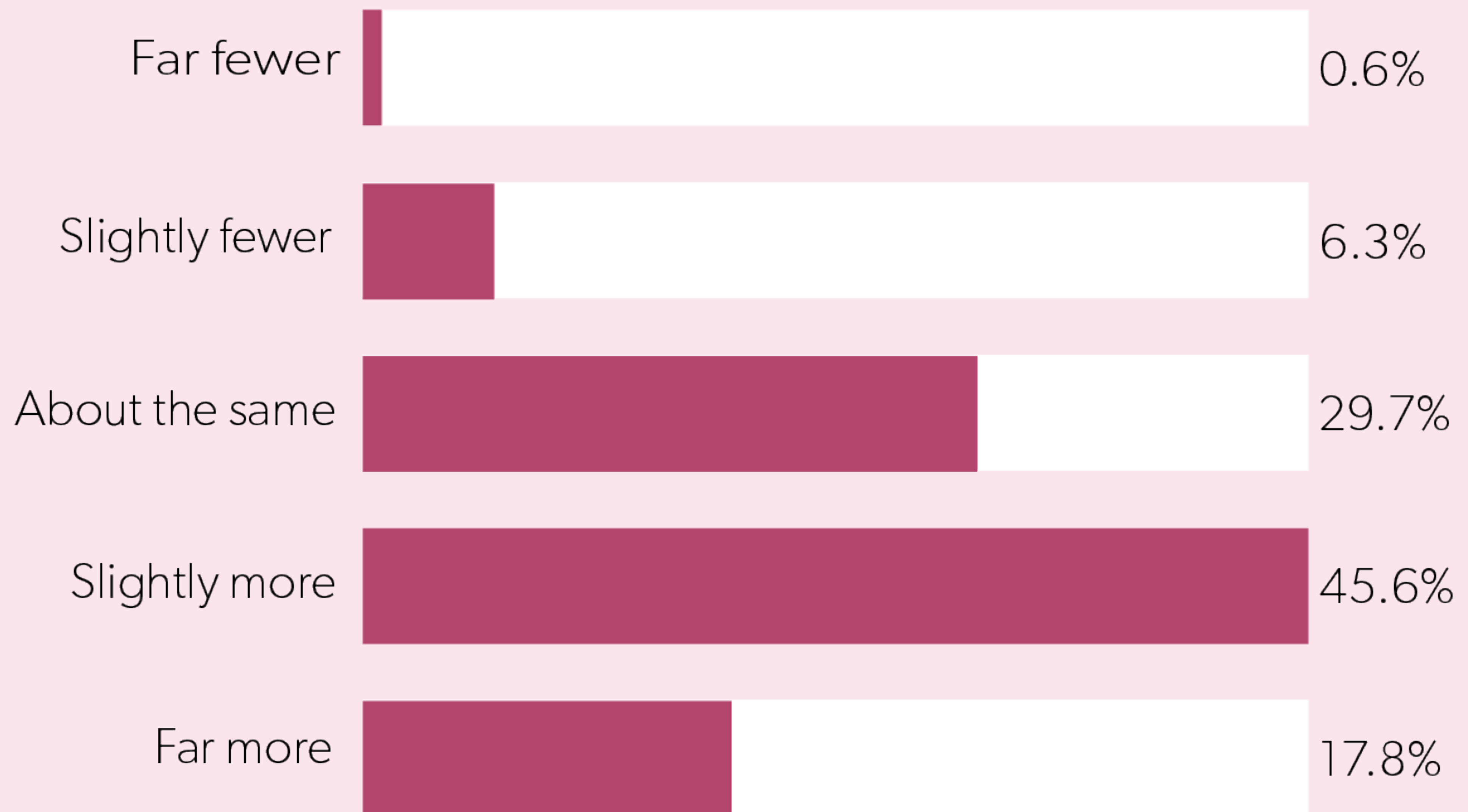
Fewer technology
companies will go
public - 22.3%



The number of technology
companies going public
will stay the same - 30.9%

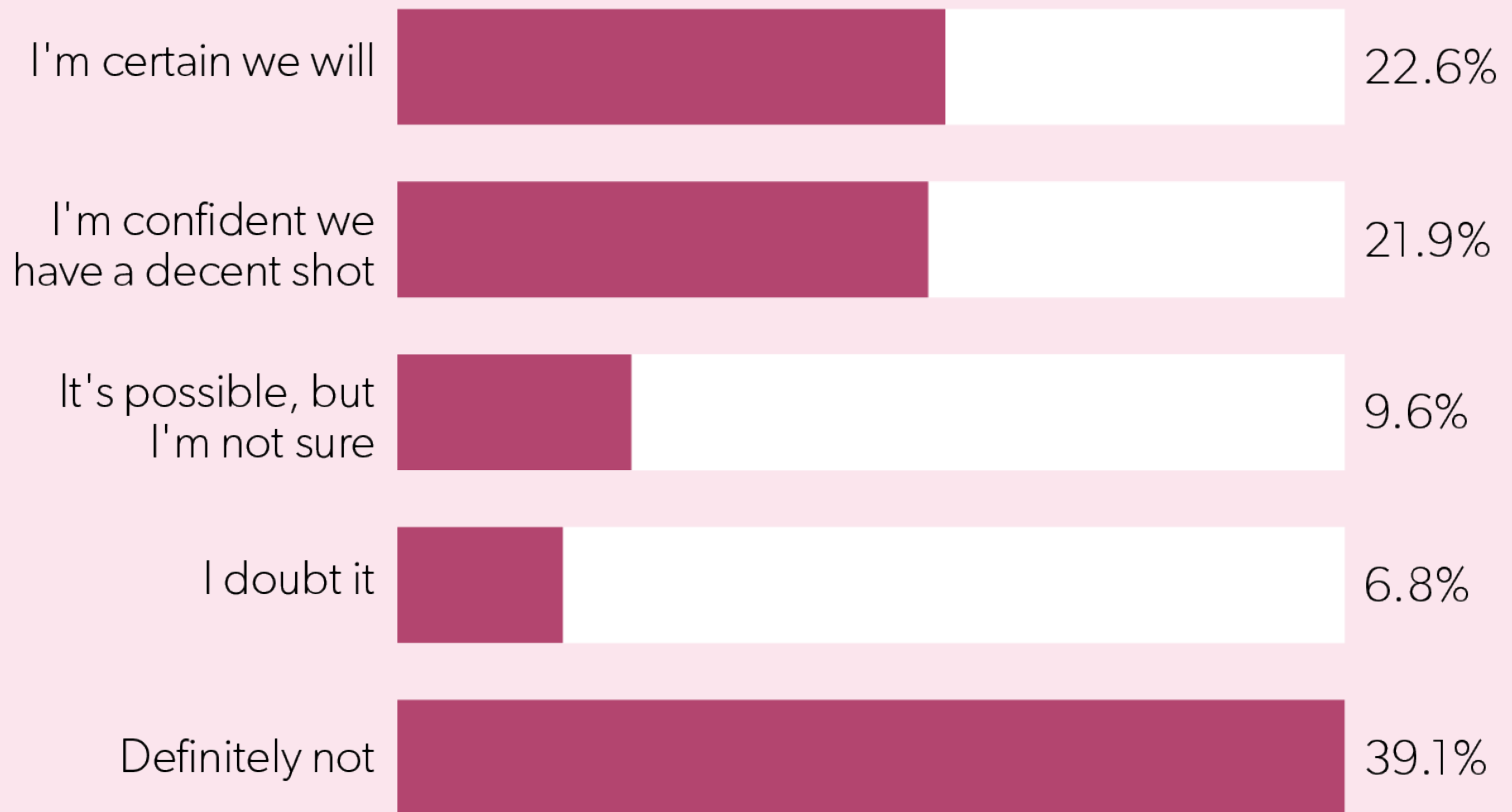
21

How do you think the number of M&A deals for startups will change over the next year?



22

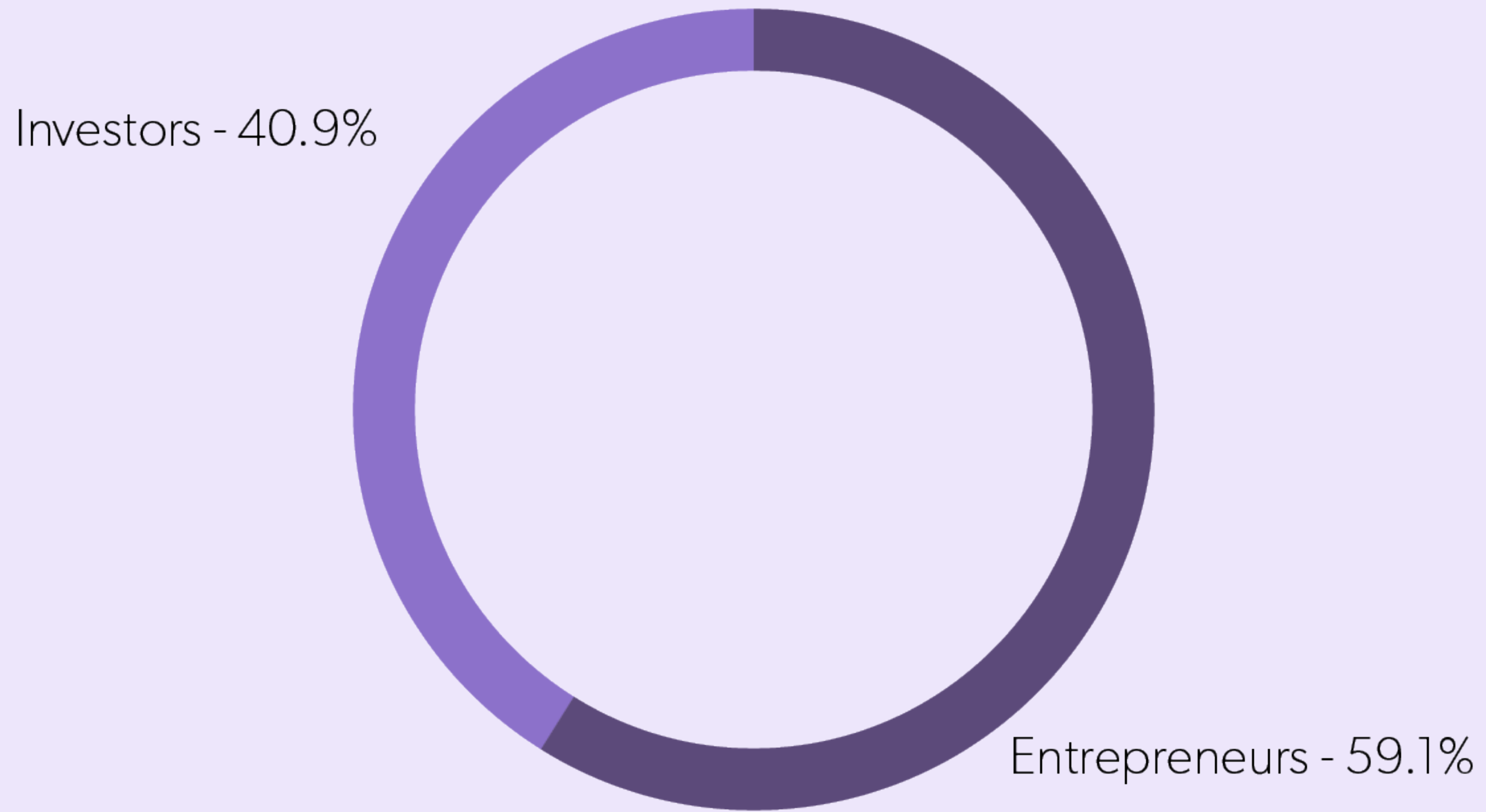
How confident are you that you're building a billion dollar company?



INVESTORS

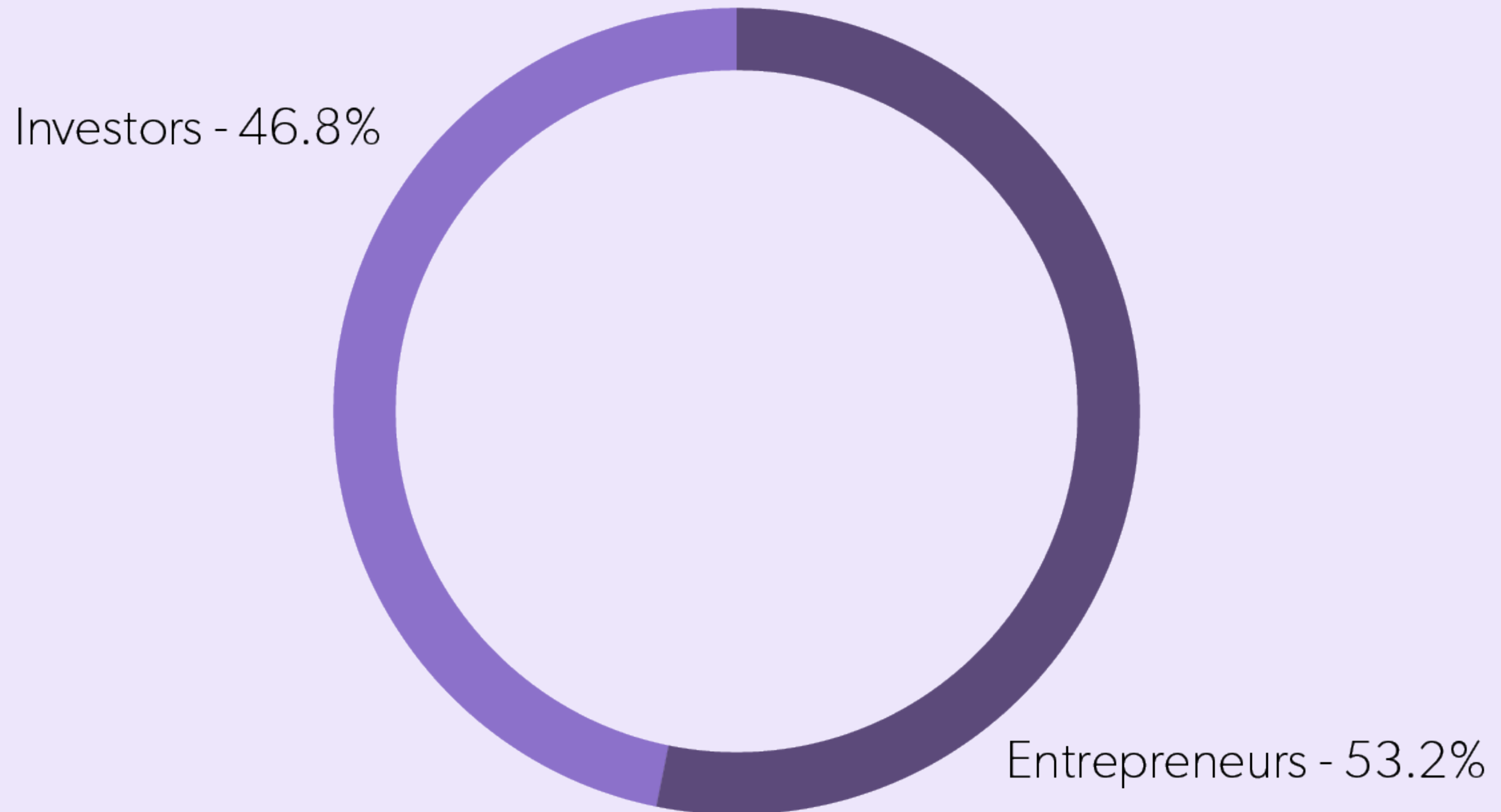
23

Over the past year, do you think power has generally been in the hands of entrepreneurs or investors?



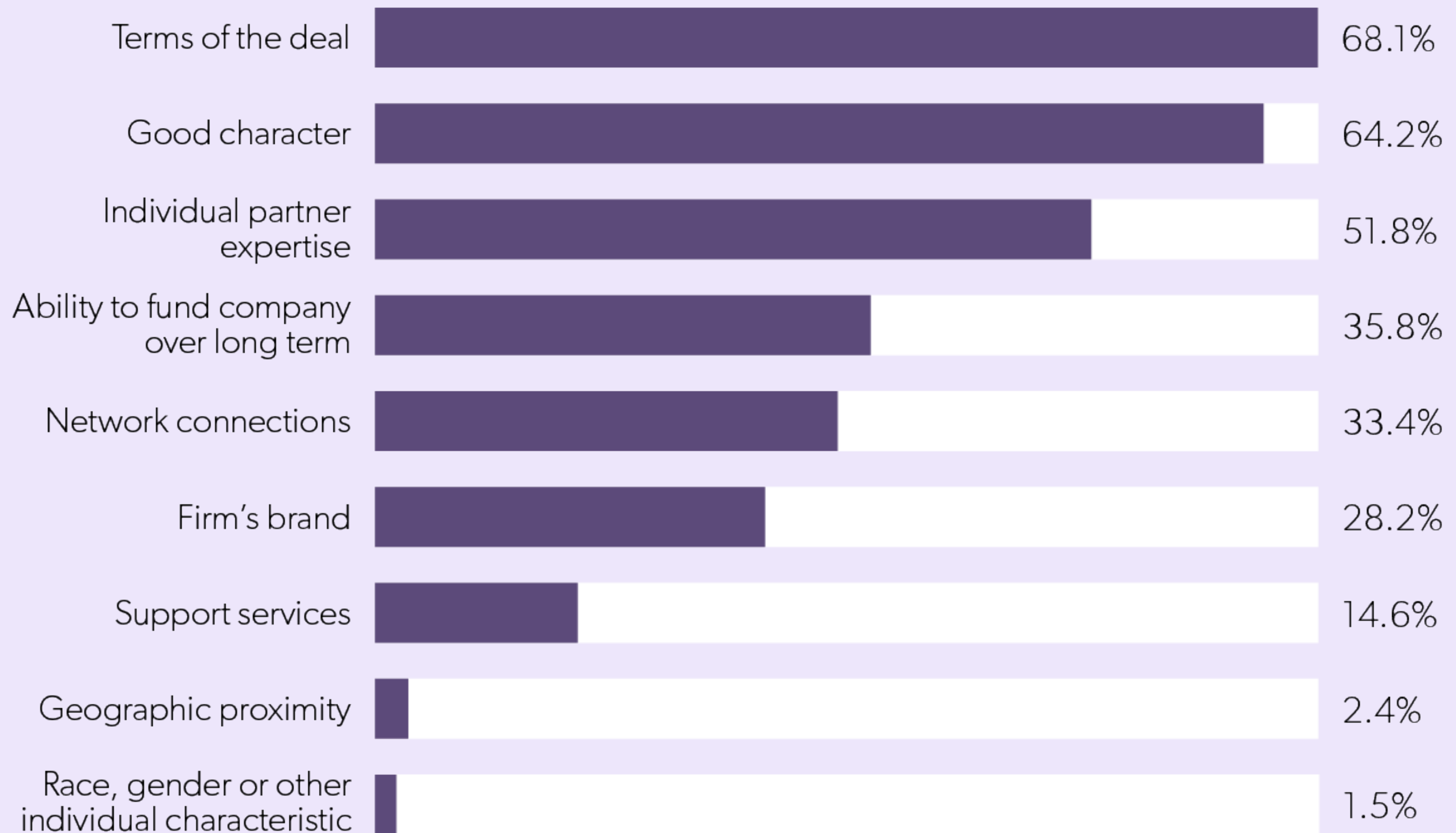
24

Over the next year, do you think power will be more in the hands of entrepreneurs or investors?



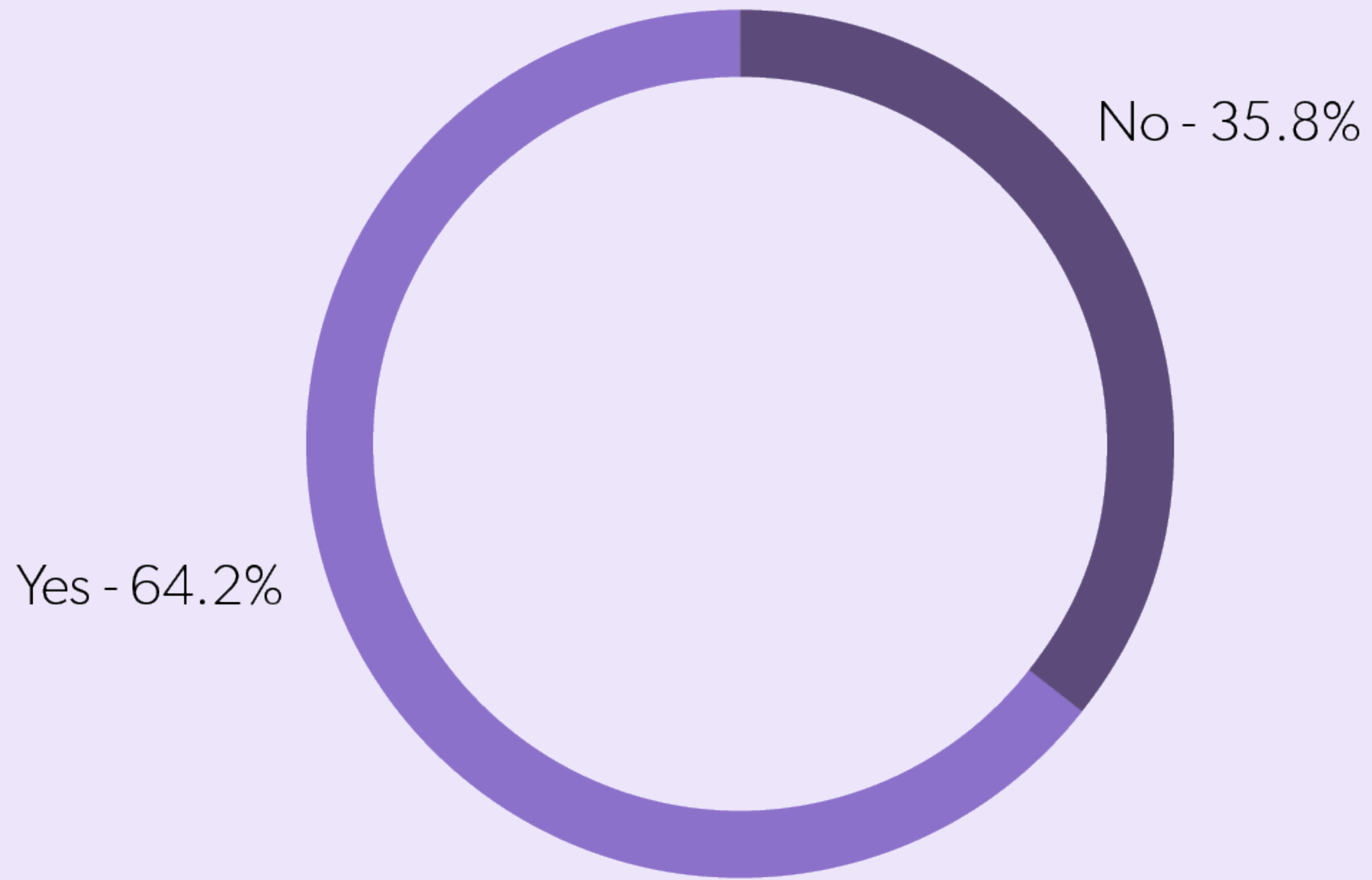
25

What are the three most important criteria in picking your lead investor?



26

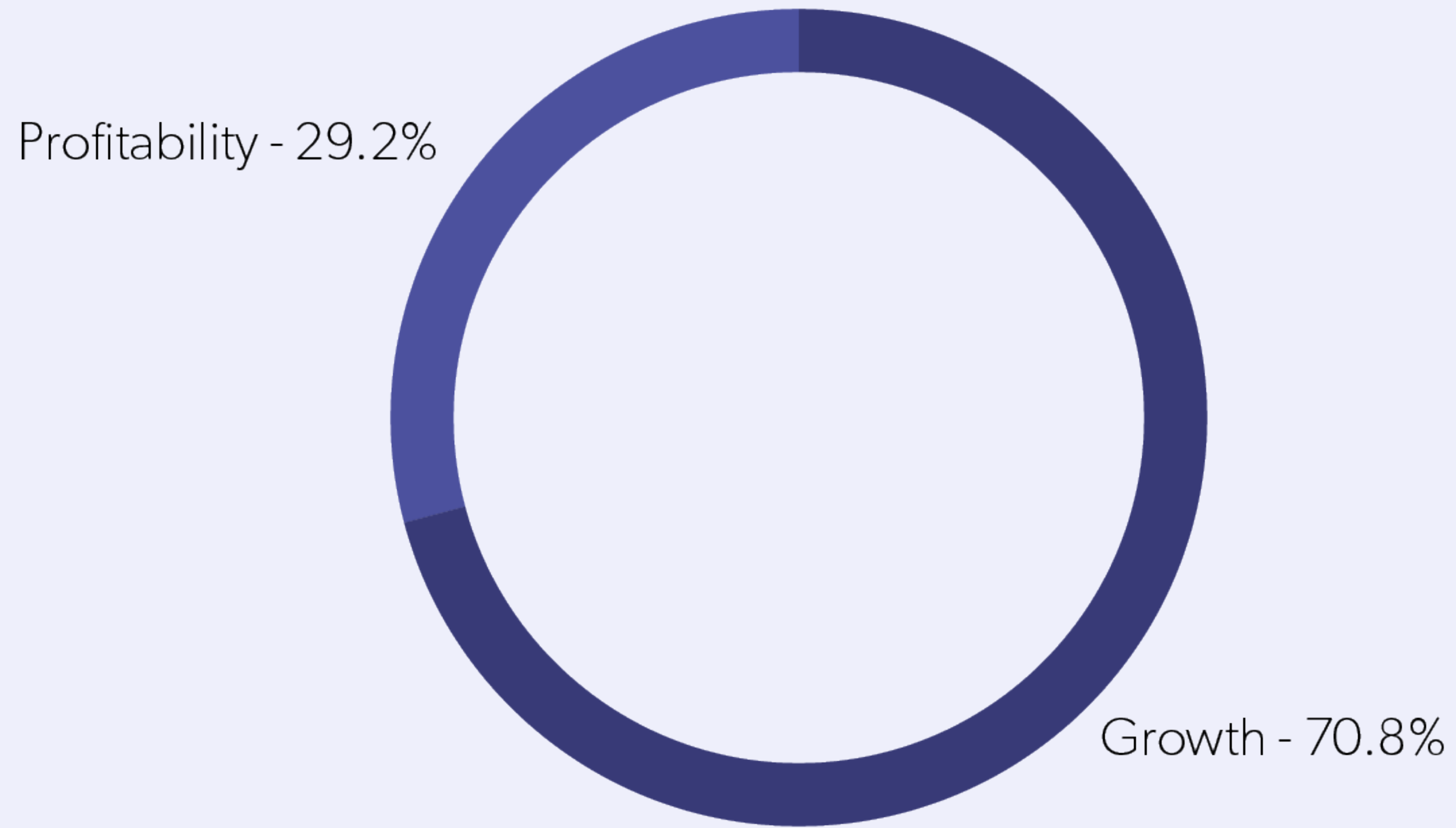
Does a VC's public stance (tweets, contributions, etc.) on politics influence your willingness to work with him or her?



OPERATING

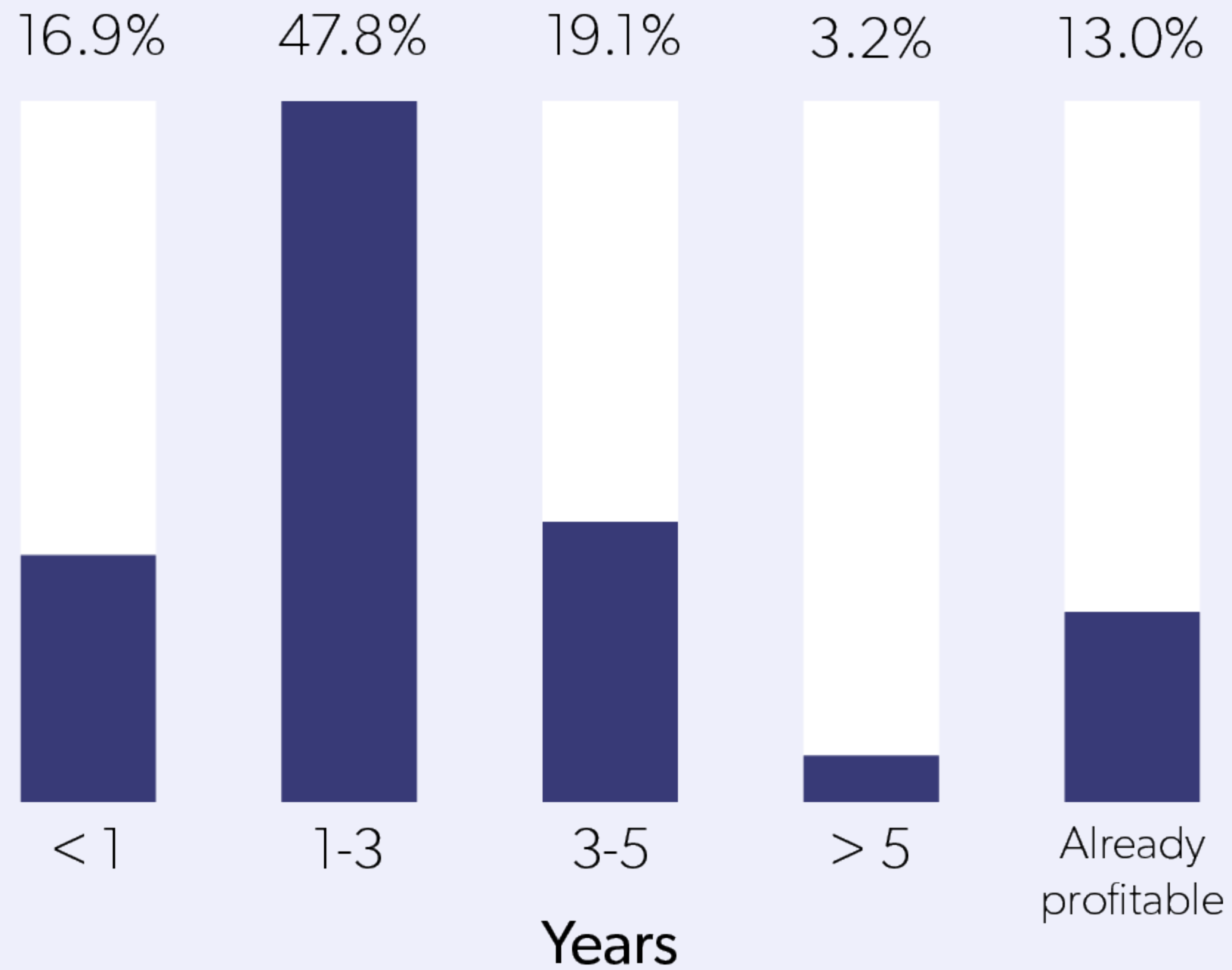
27

Are you optimizing for growth or profitability?



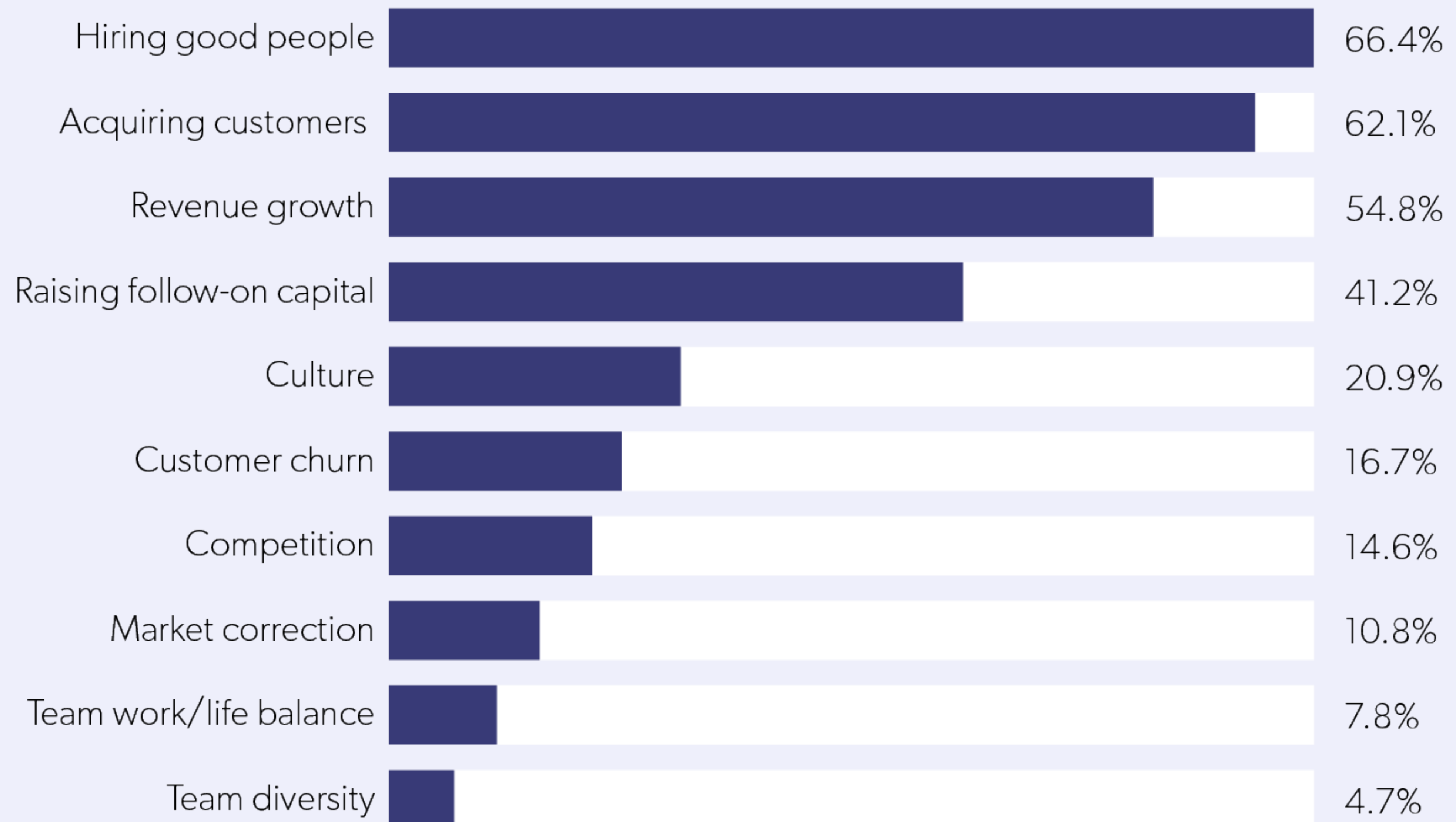
28

How many years until you think you'll be profitable?



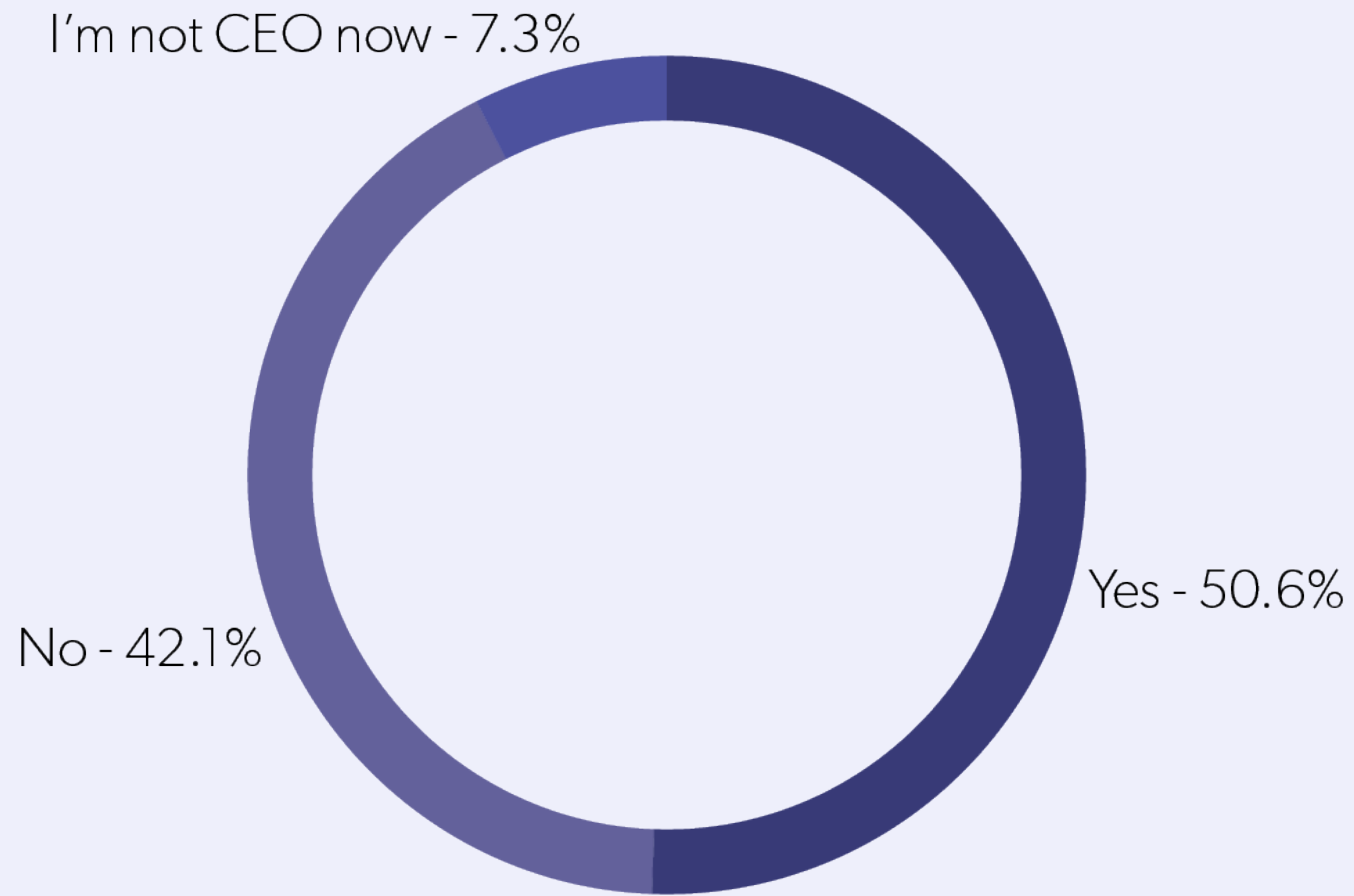
29

What are the top three issues that keep you up at night?



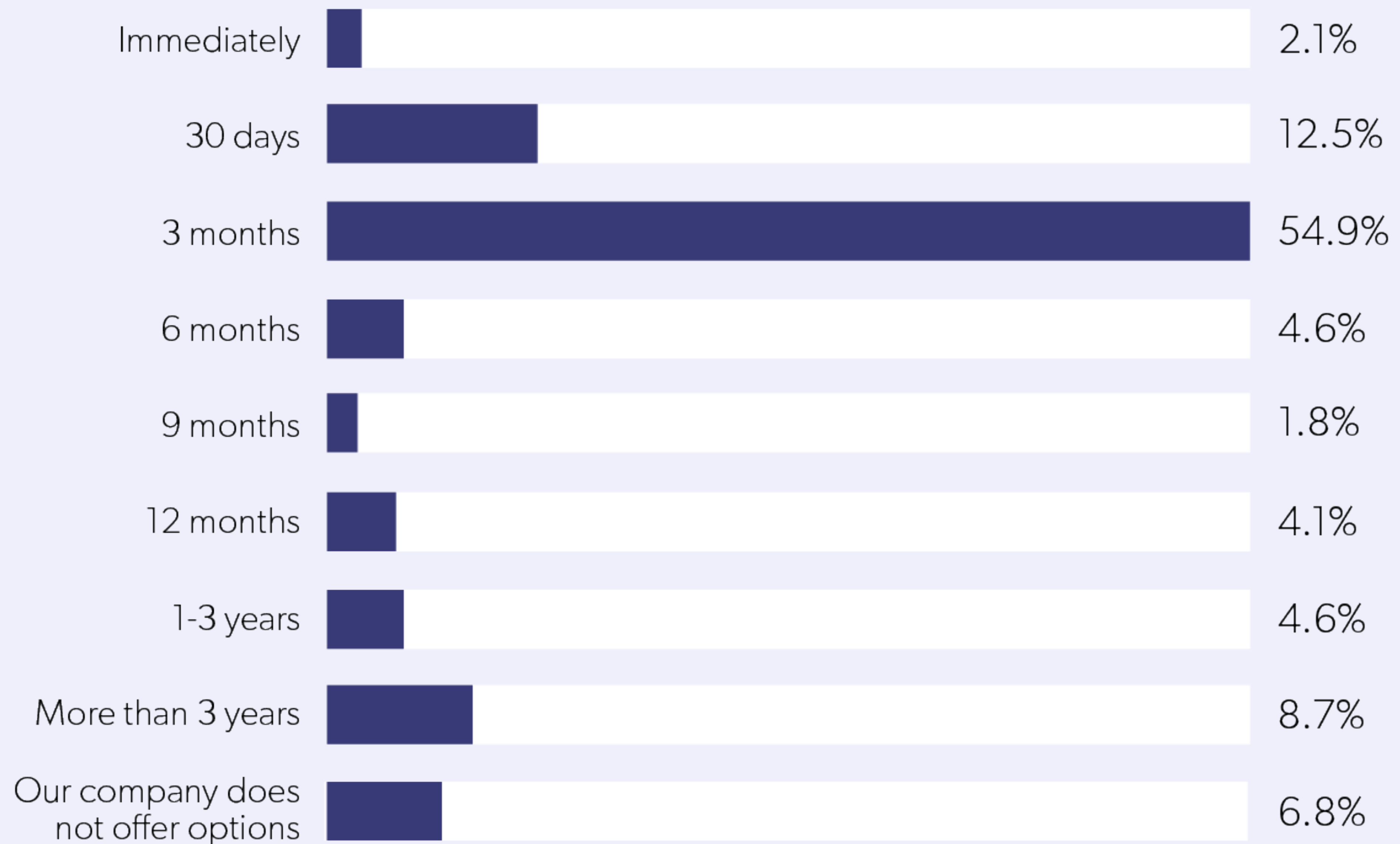
30

Do you think you'll still be CEO in 10 years?



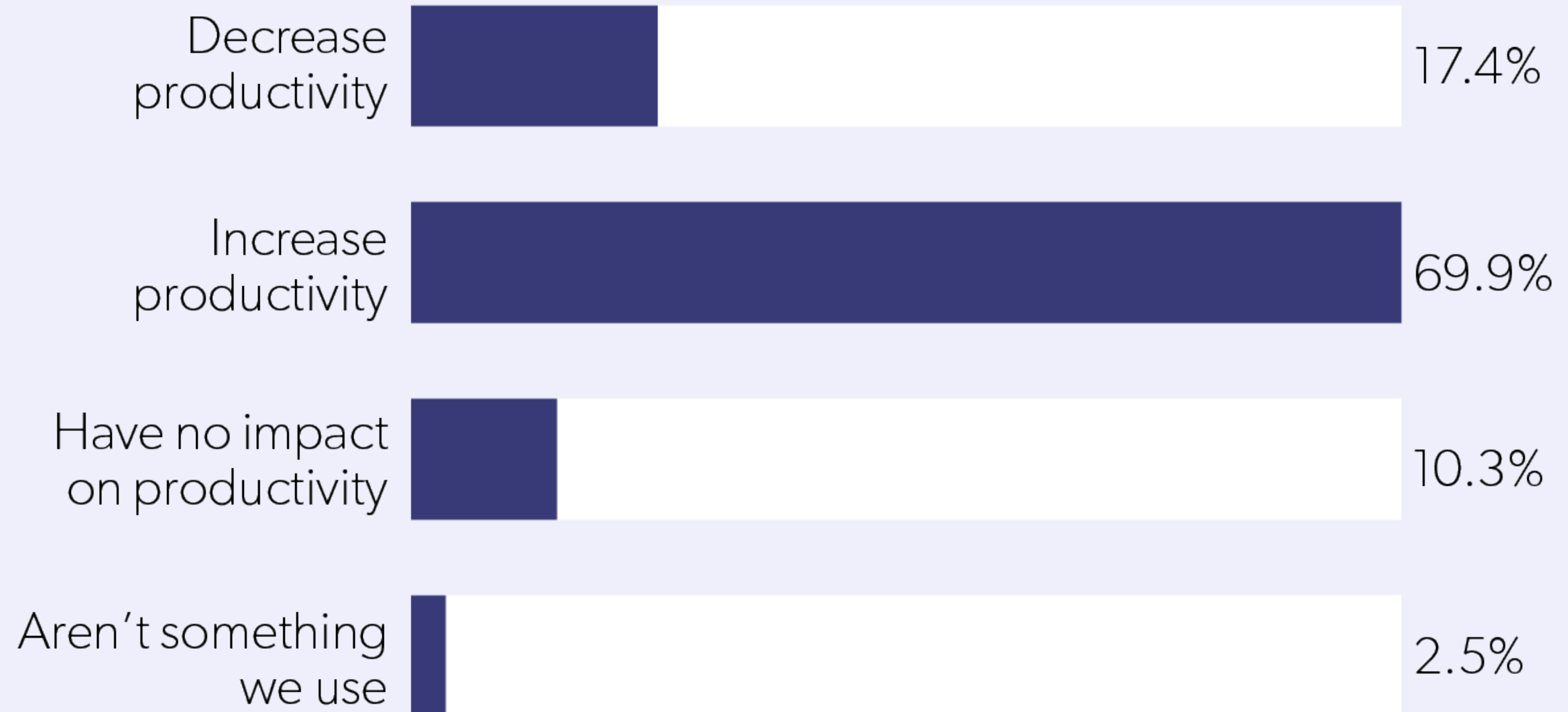
31

How much time do employees have to exercise their options after leaving the company?



32

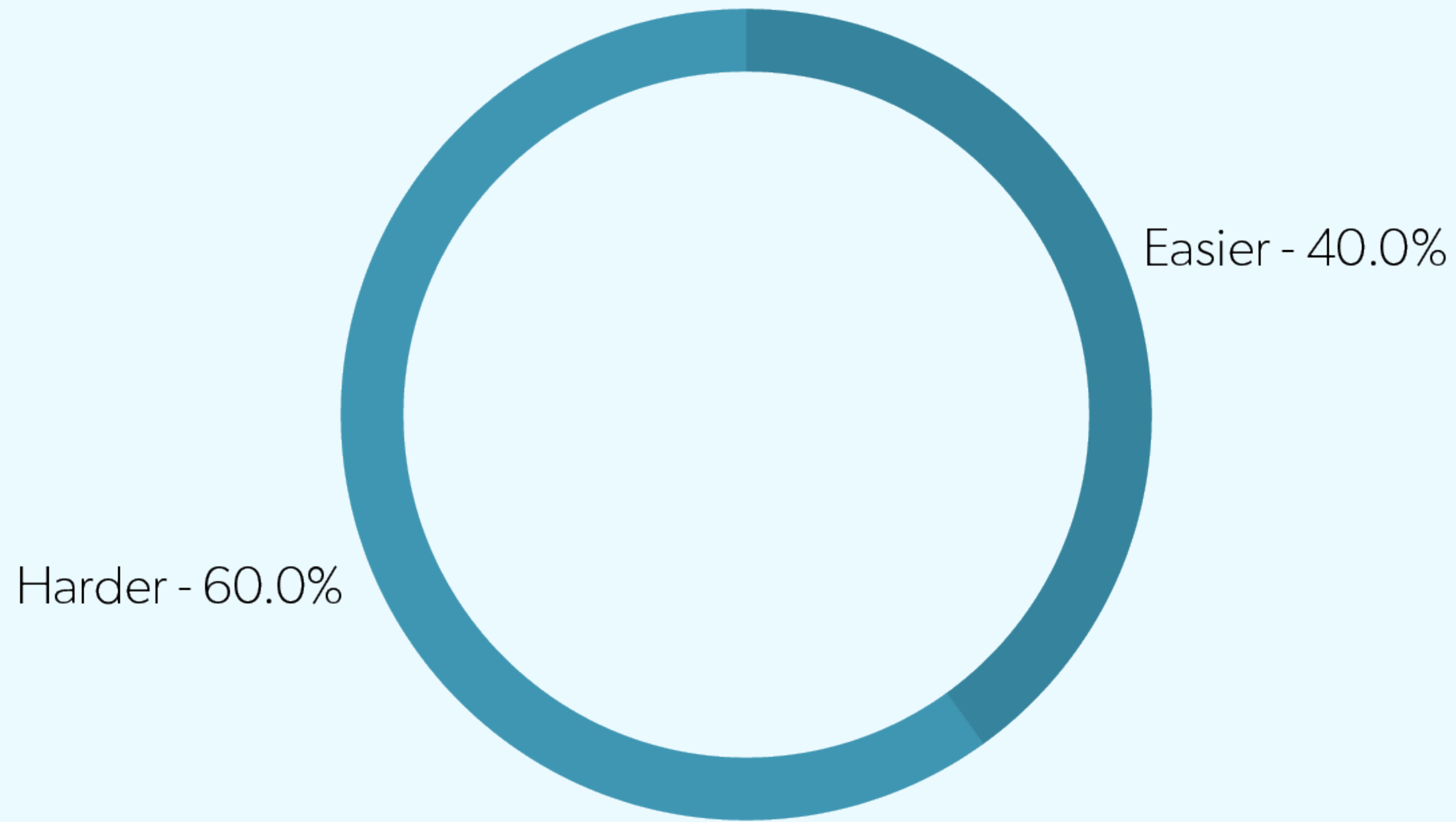
At work, messaging tools (Slack, Yammer, HipChat, etc.)...



HIRING AND FIRING

33

Is it easier or harder to recruit talent this year than last year?



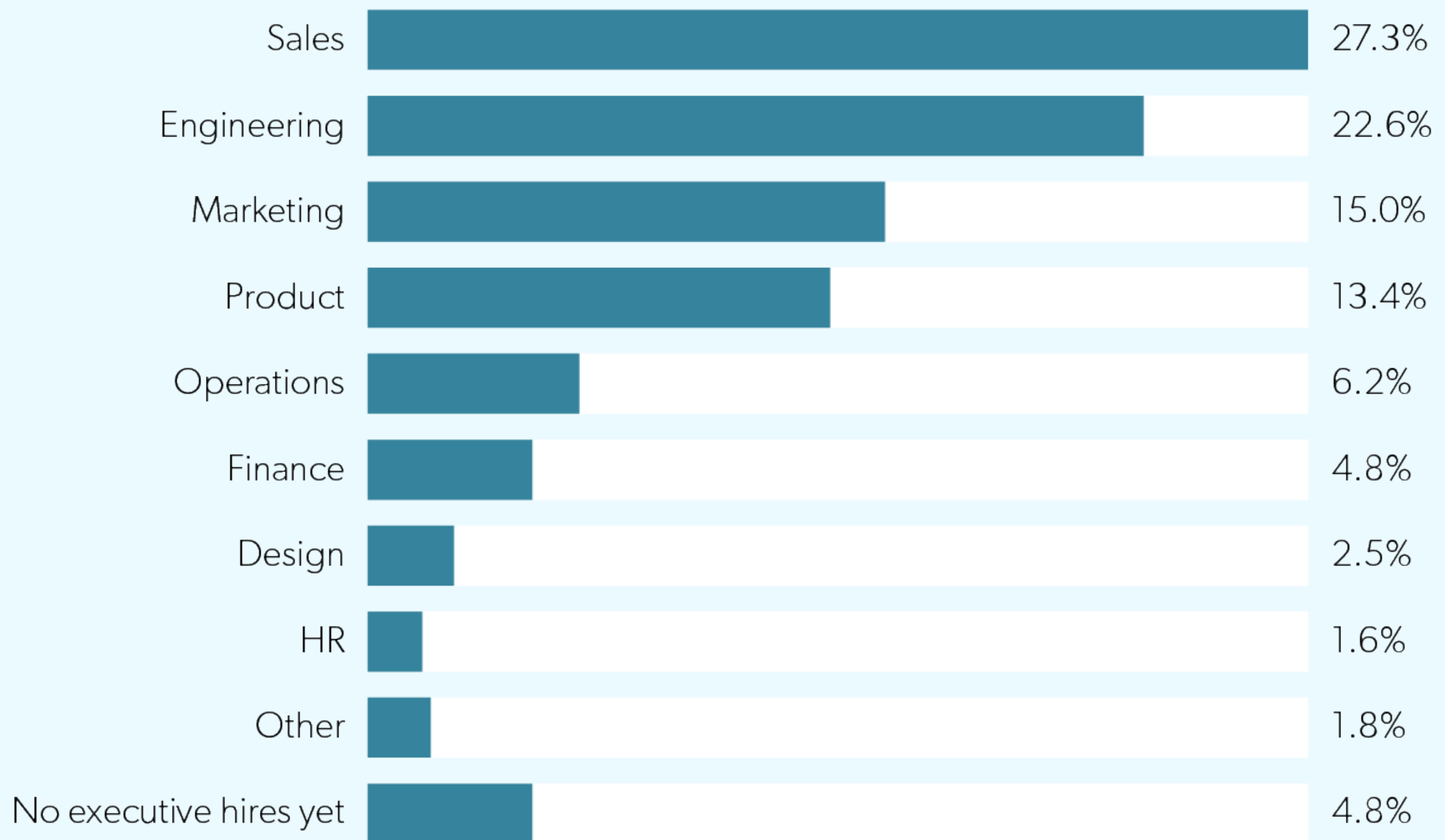
34

How many people do you think you're going to hire in the next 12 months?



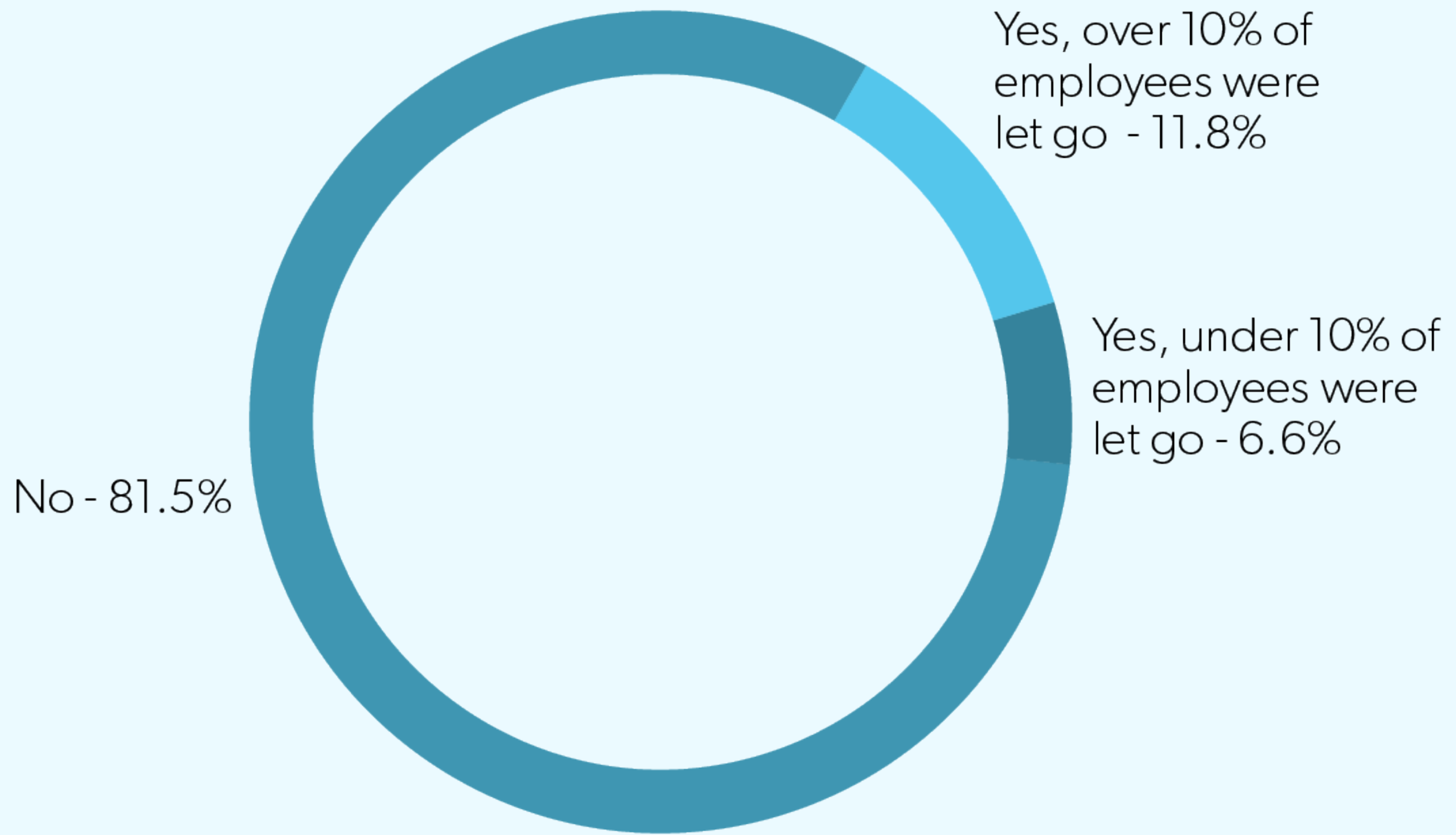
35

What's the hardest executive hire you've made?



36

Have you done a RIF (layoff) in the last year?



**DIVERSITY,
EQUITY &
INCLUSION**

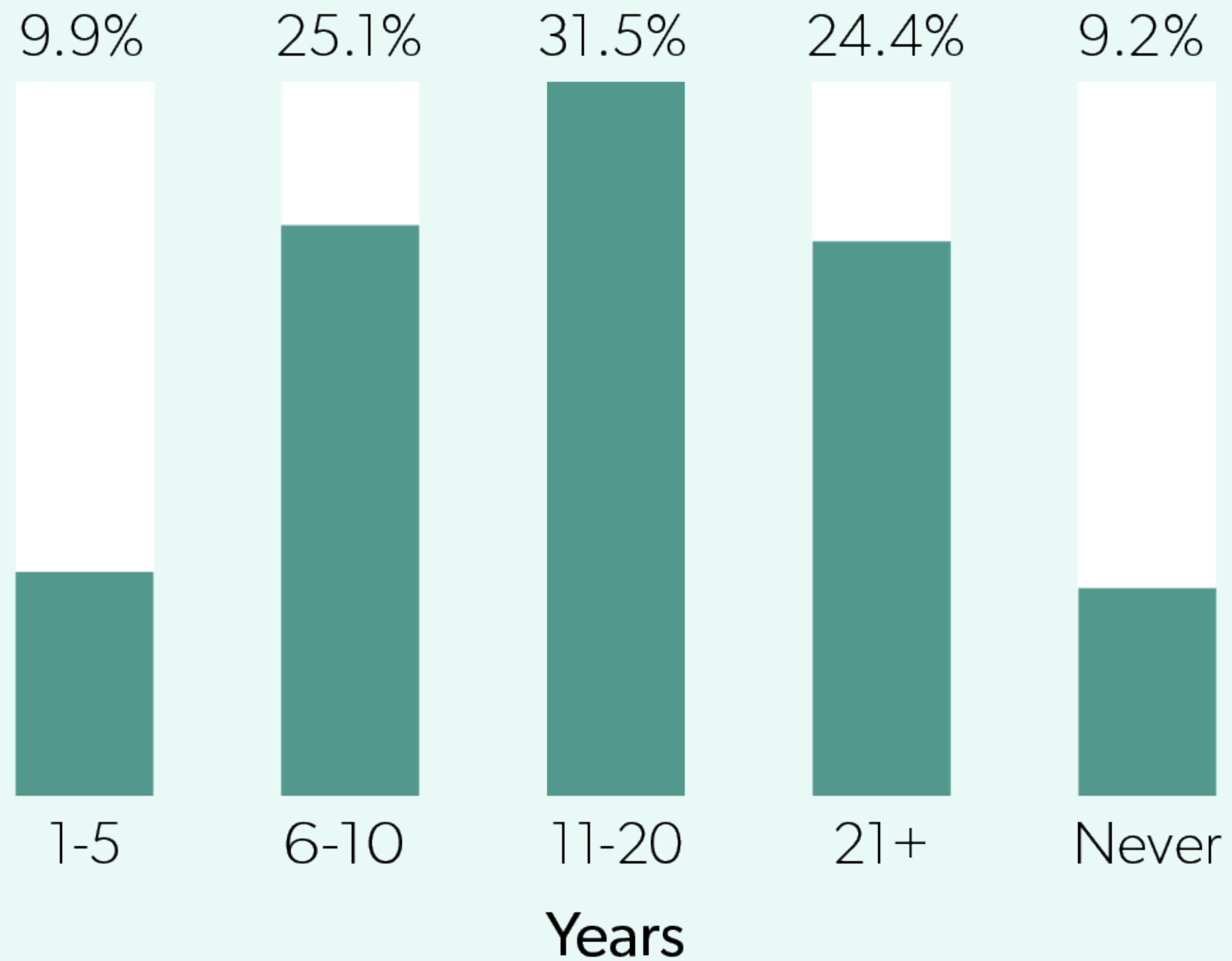
37

Does your organization have a strategy to promote diversity and inclusion?



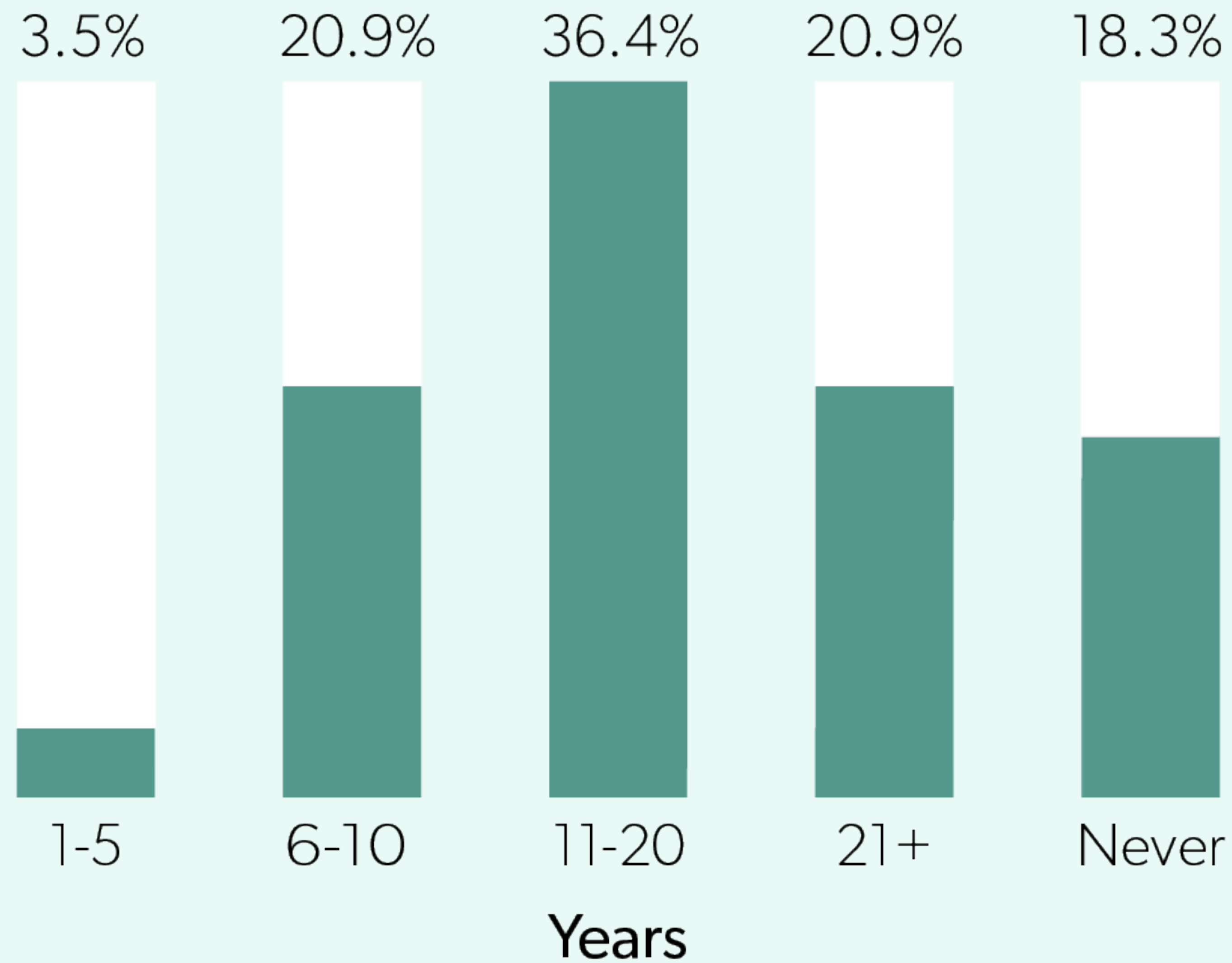
38

When do you think the tech industry will be representative of the general population when it comes to gender?



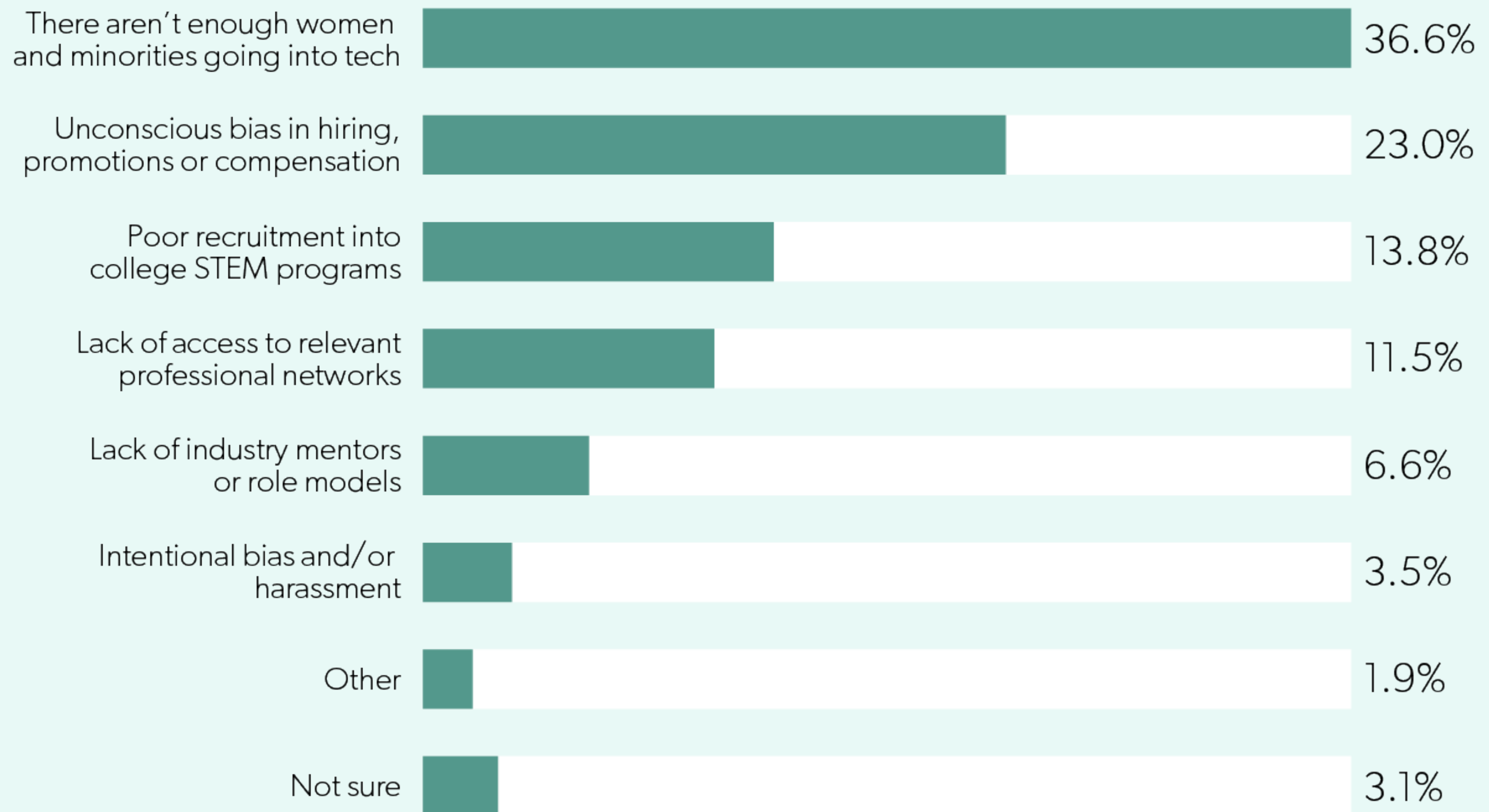
39

When do you think the tech industry will be representative of the general population when it comes to race/ethnicity?



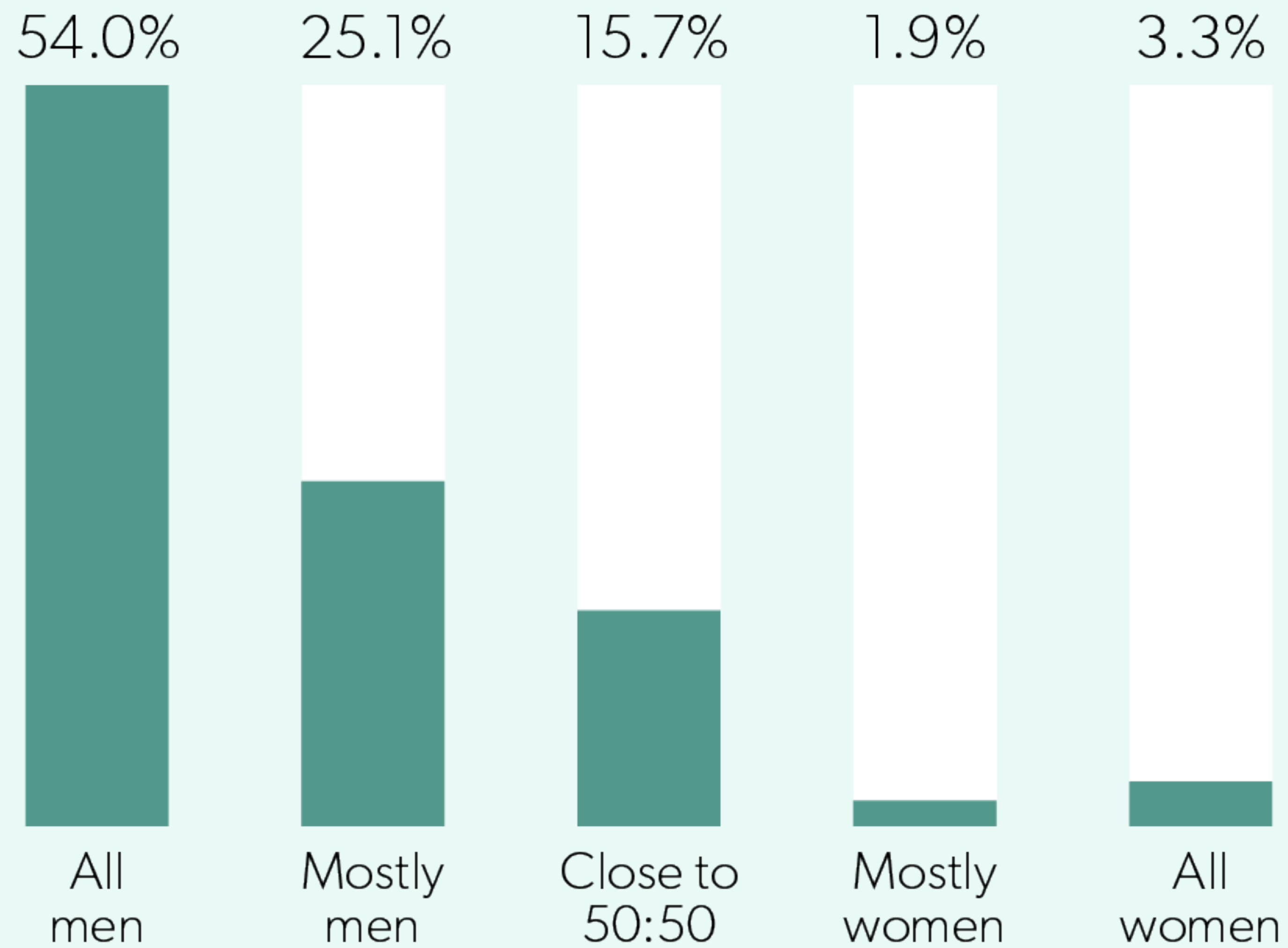
40

What do you believe is the primary cause of the underrepresentation of women and ethnic minorities in the tech industry?



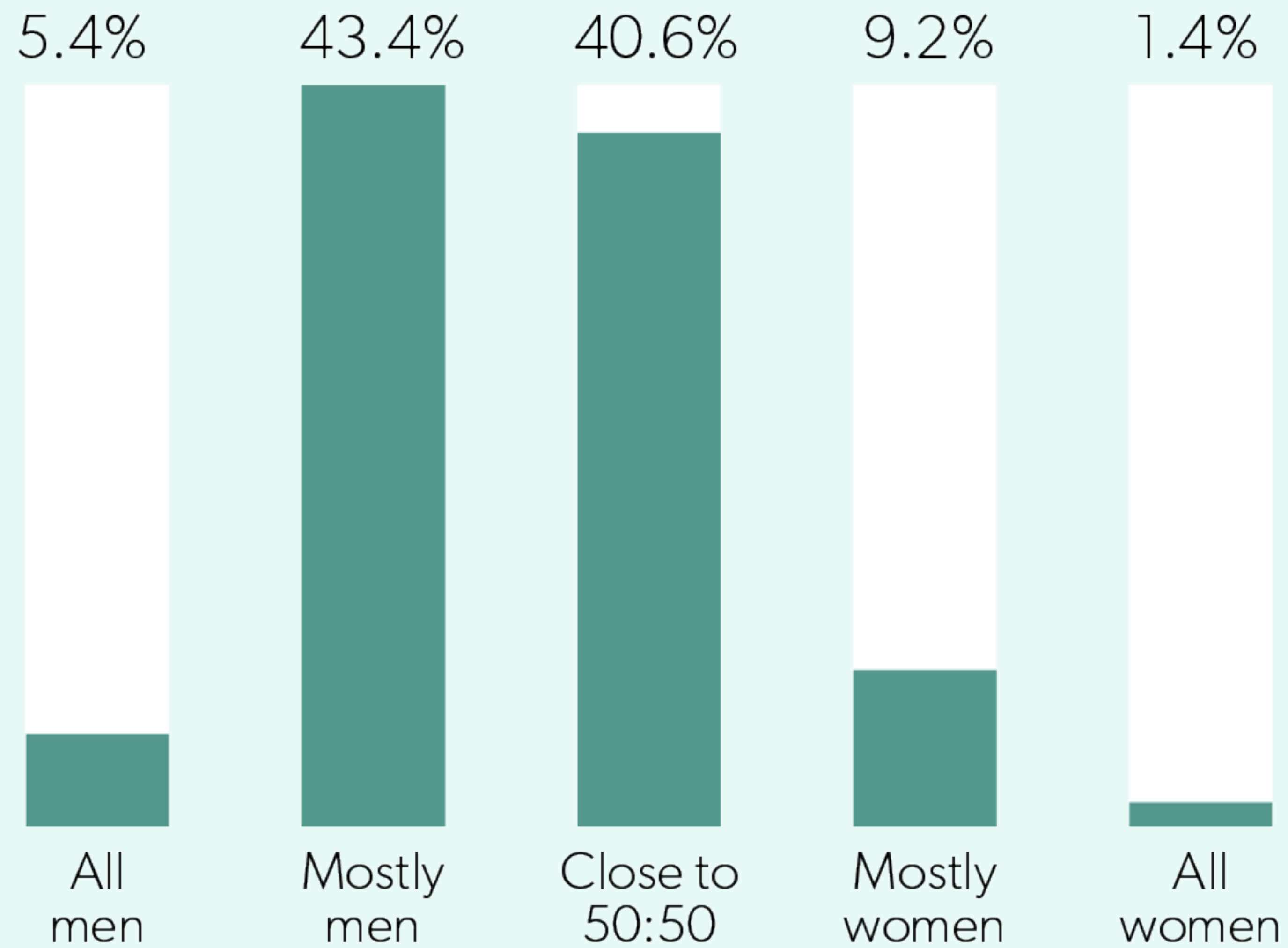
41

What is the male to female ratio of your board?



42

What is the male to female ratio of your entire team?



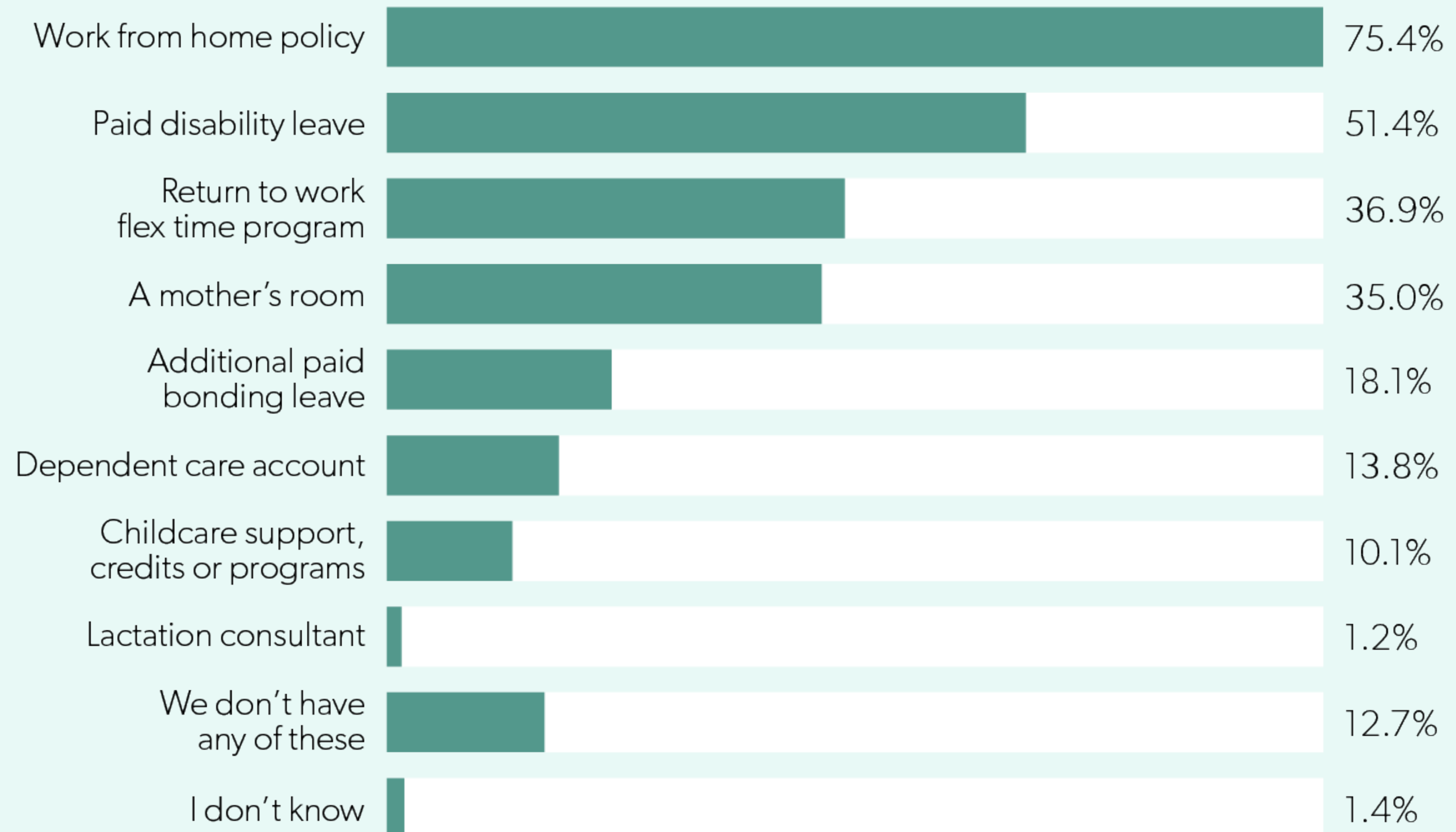
43

Do you believe tech companies are inclusive places to work for parents?



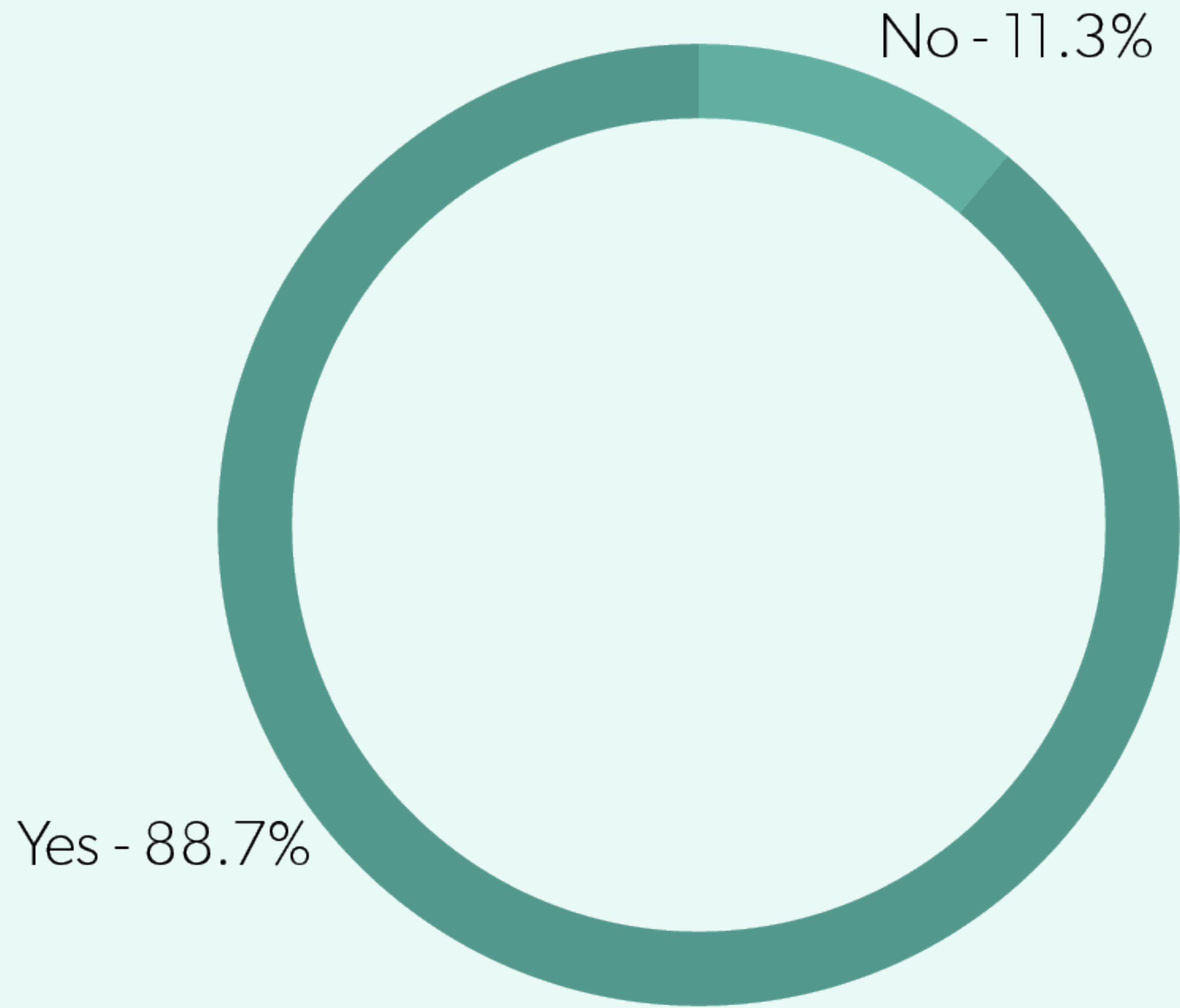
44

Which of the following does your company have in place?



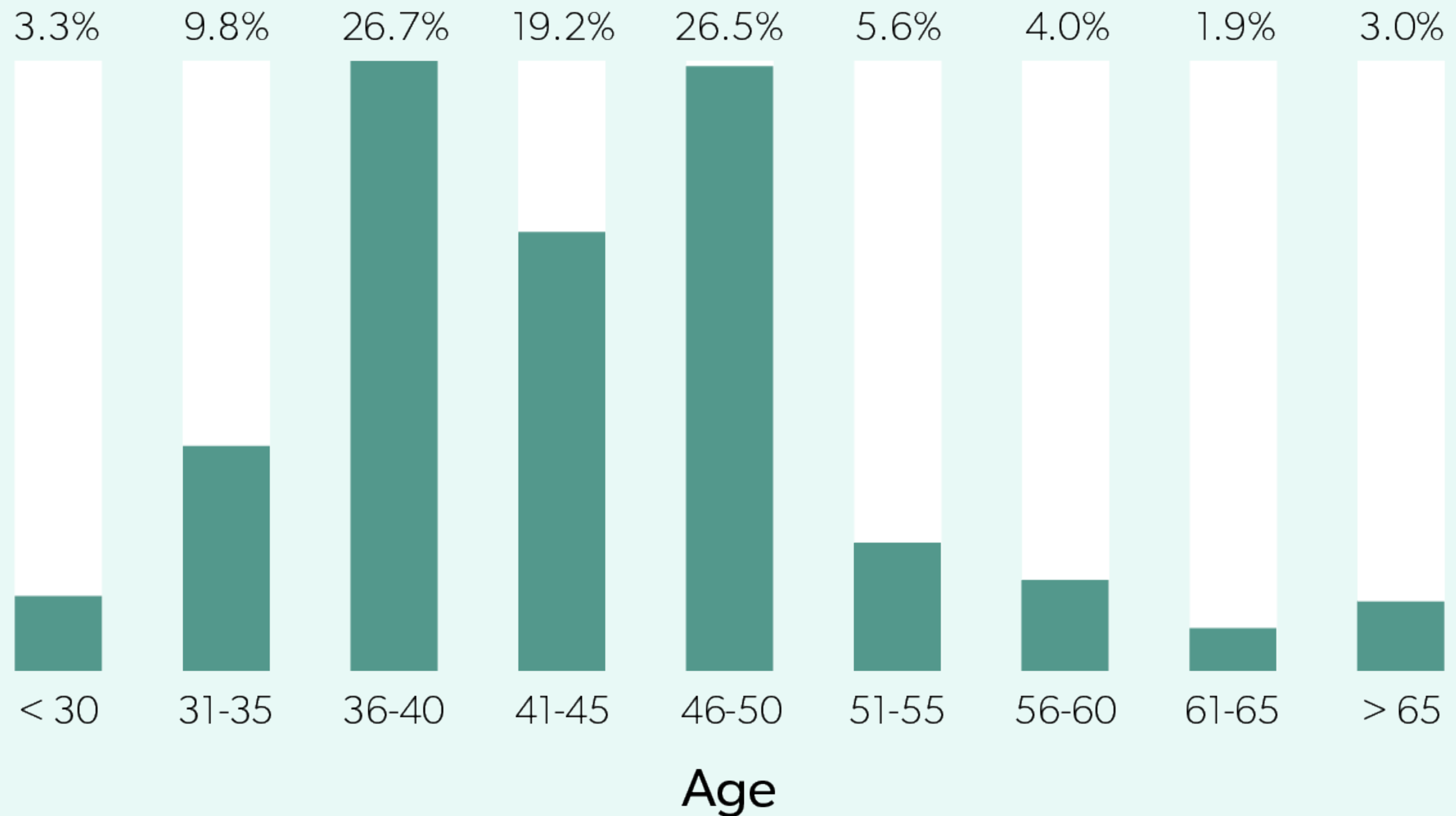
45

In tech, do older people face age discrimination?



46

In tech, age discrimination starts at the following age:



47

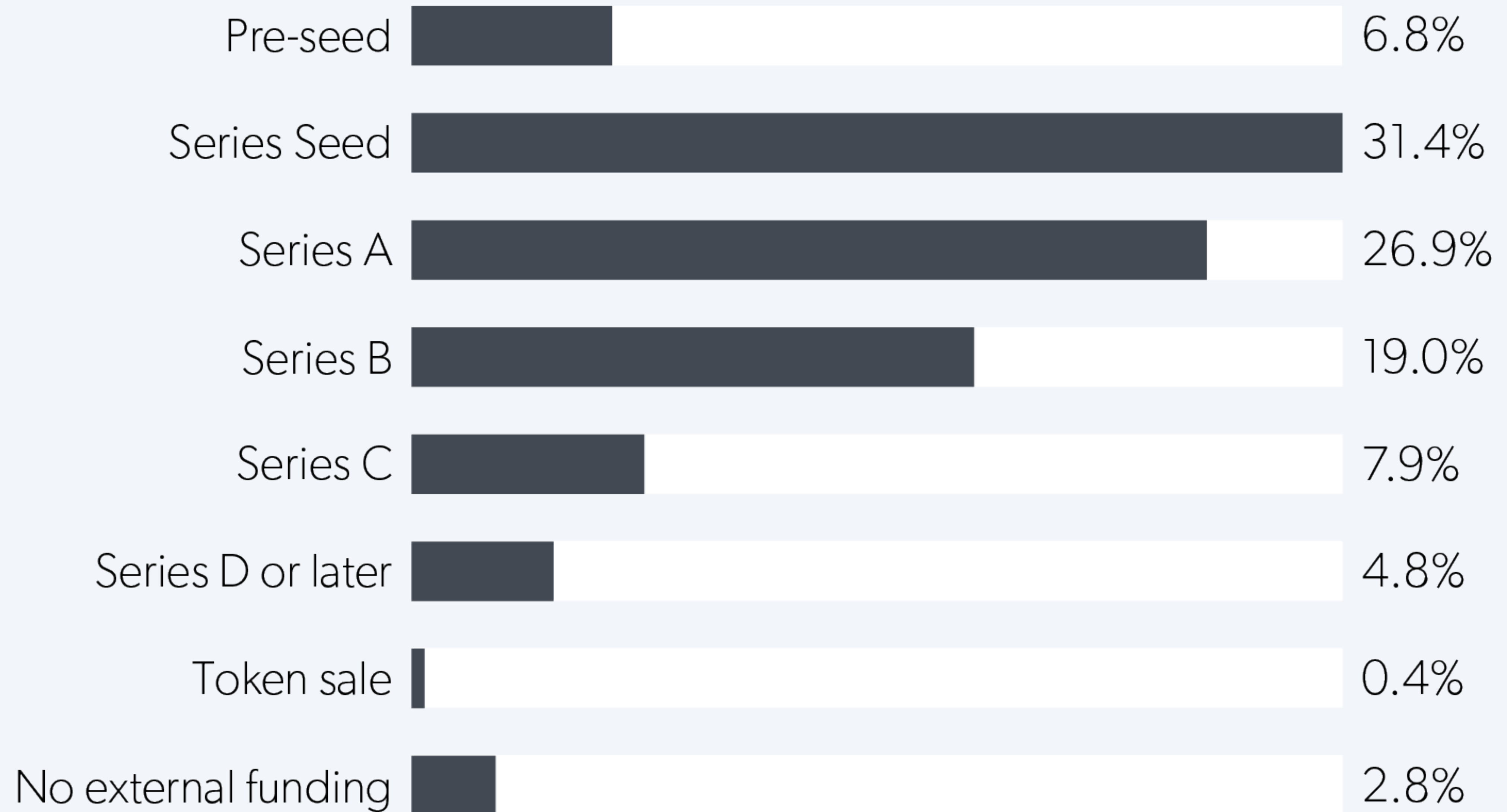
Have you or has someone you know personally experienced sexual harassment in the workplace?



ABOUT THE RESPONDENTS

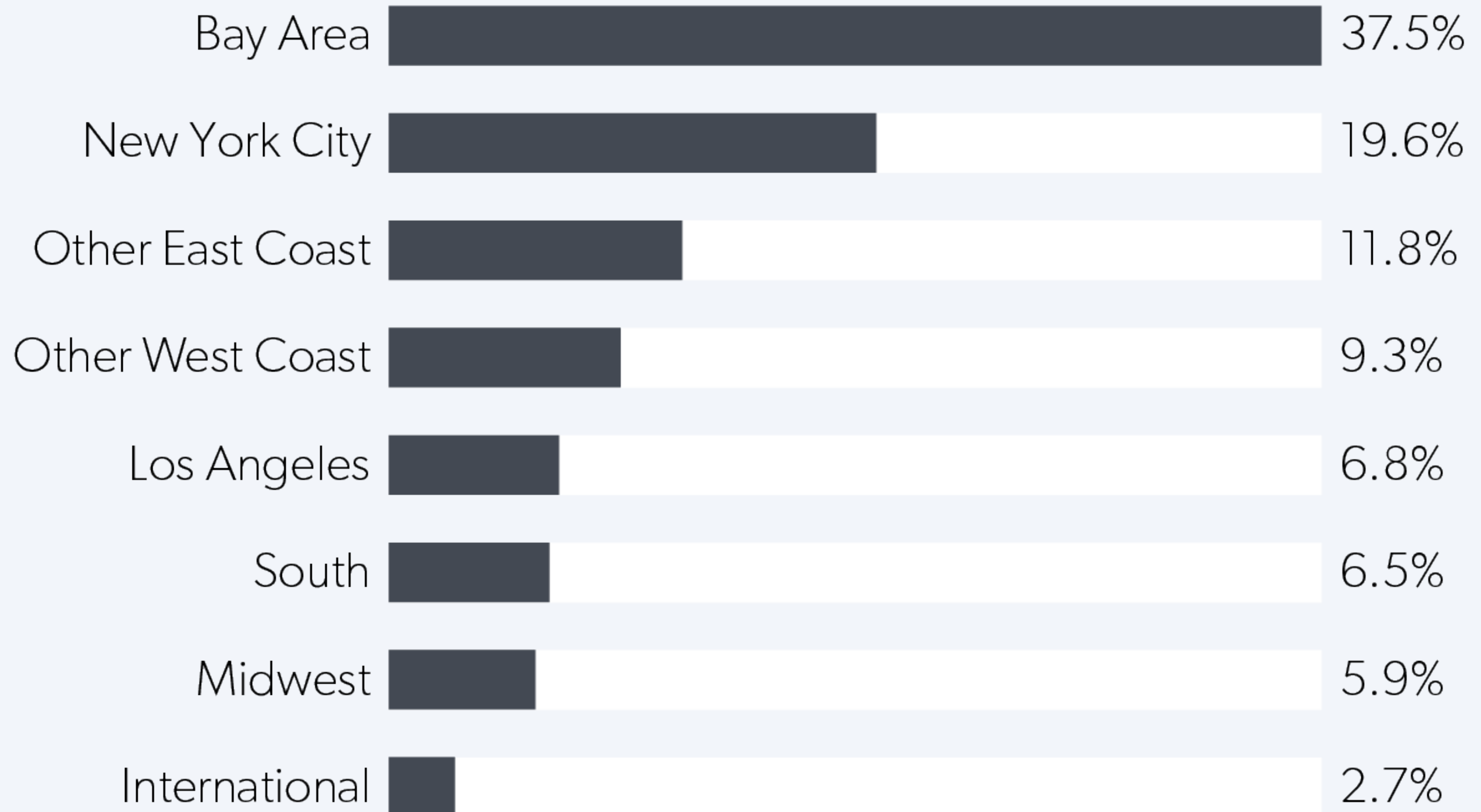
48

What was your last funding round?



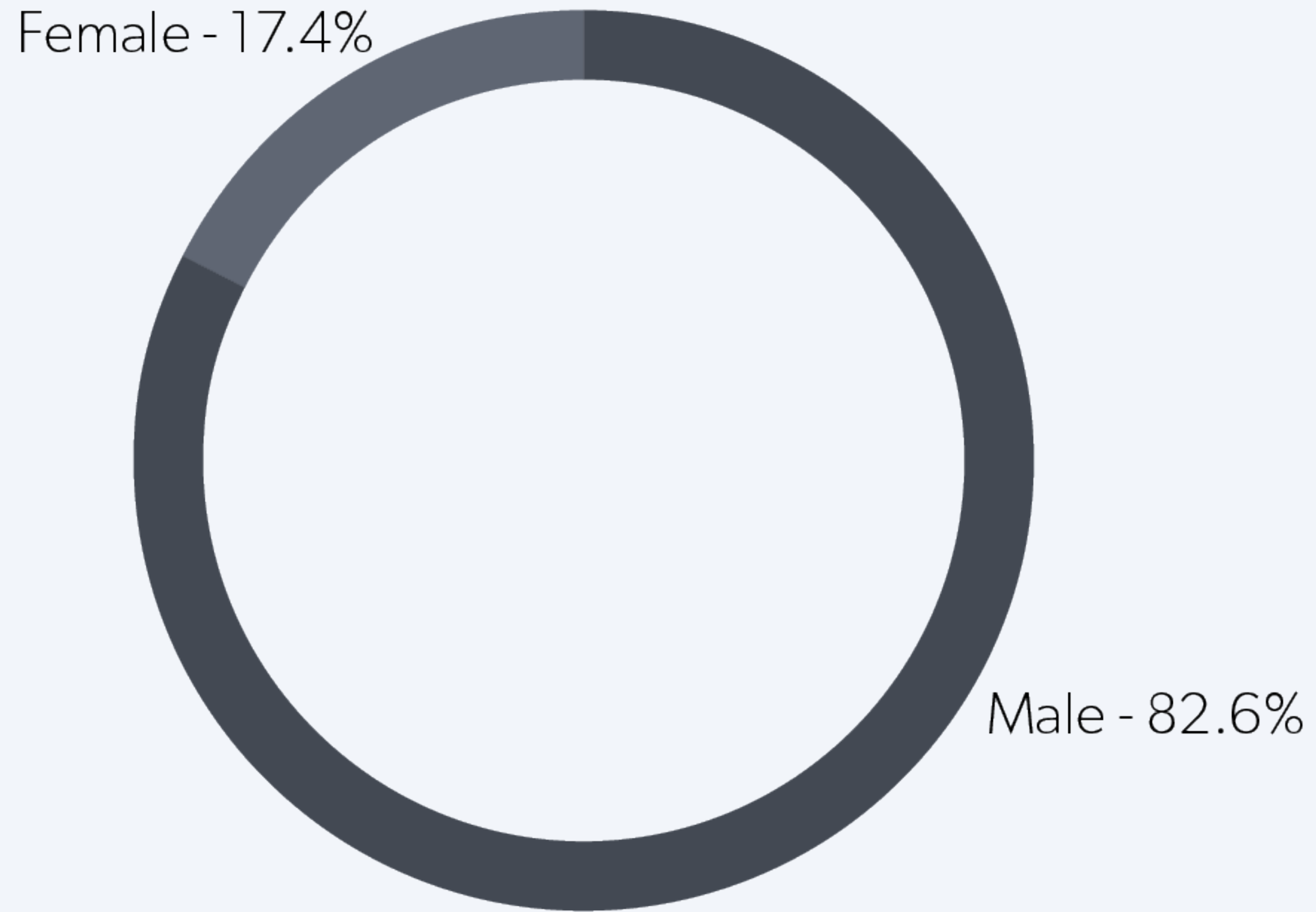
49

Where is your company headquartered?



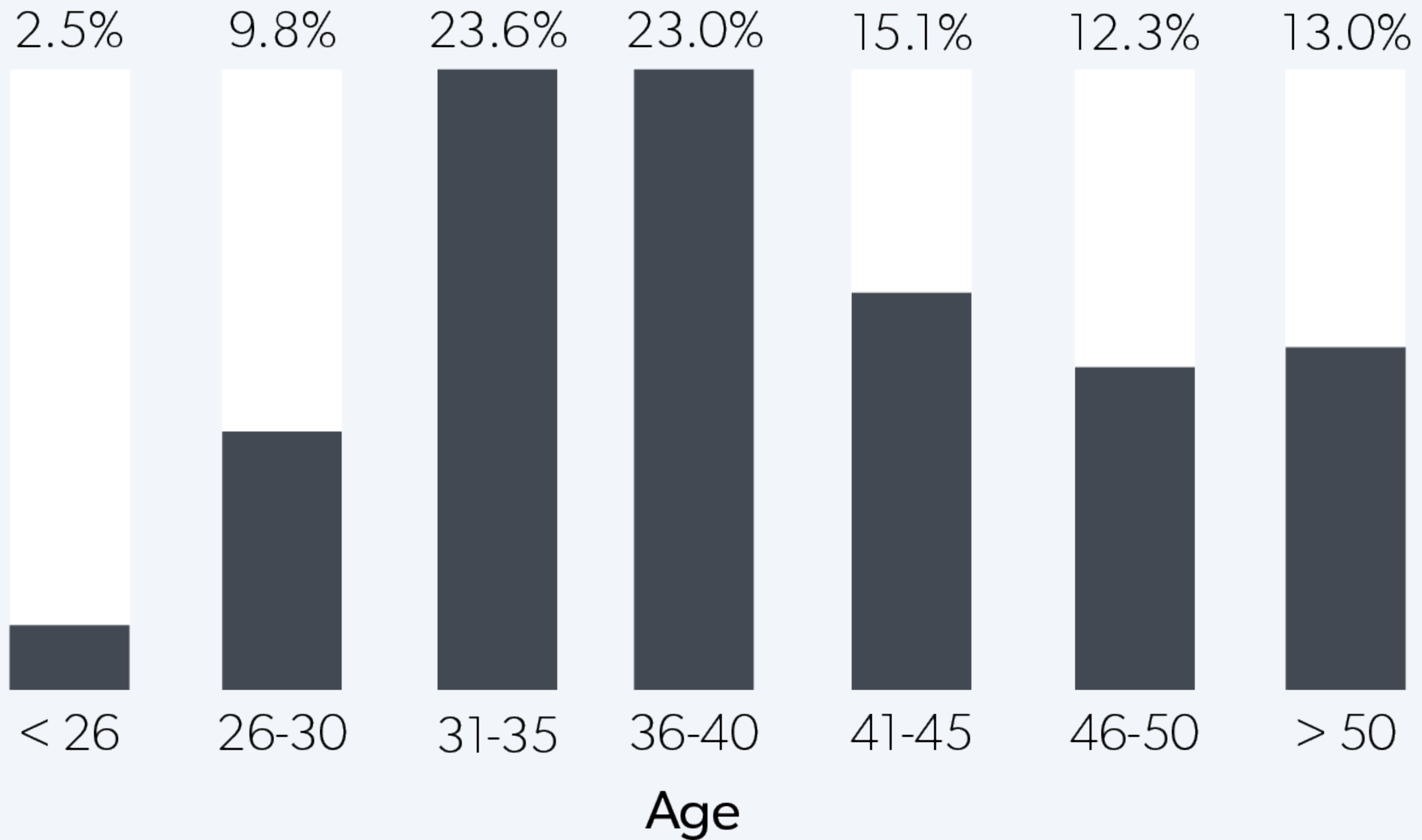
50

What is your gender?



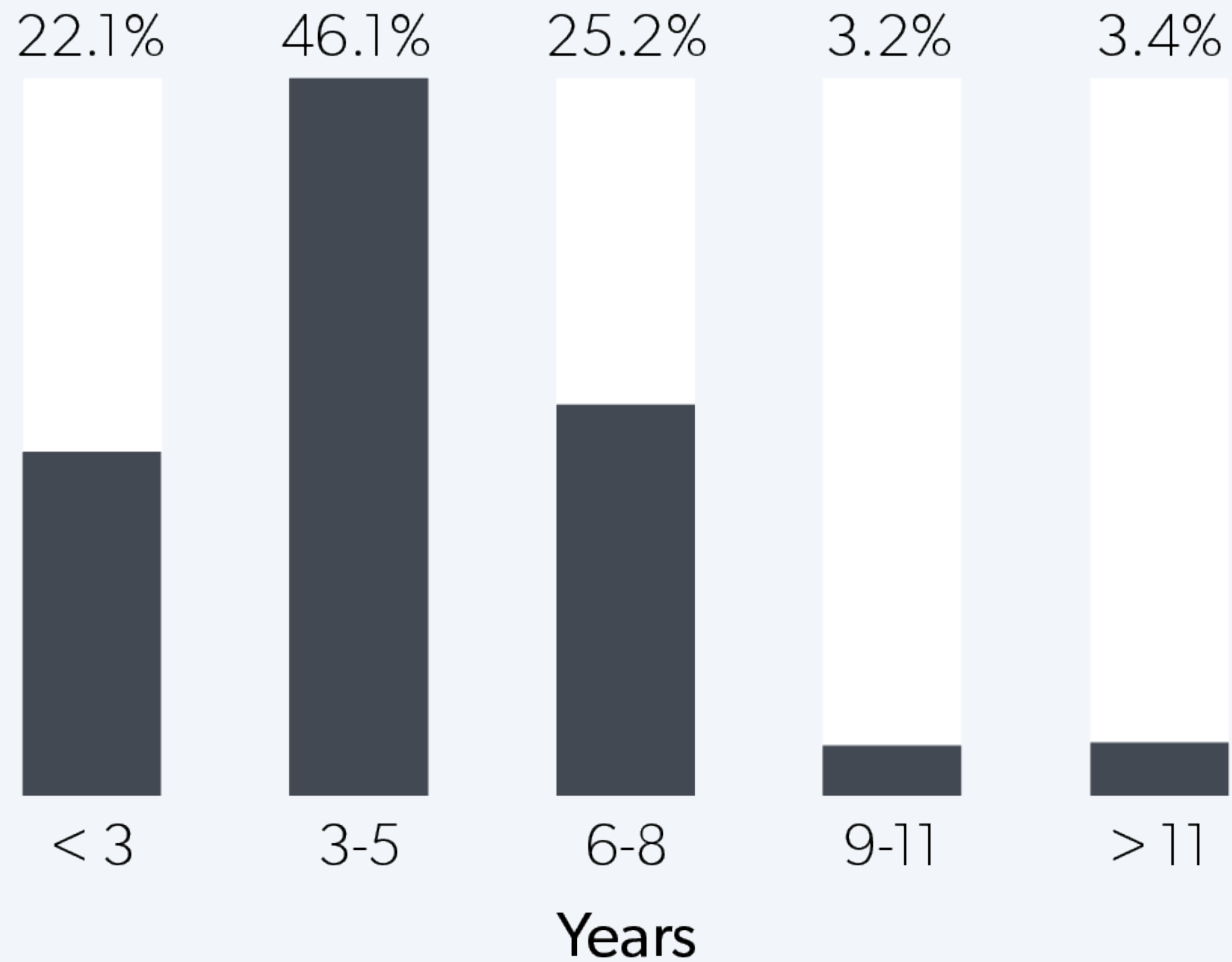
51

How old are you?



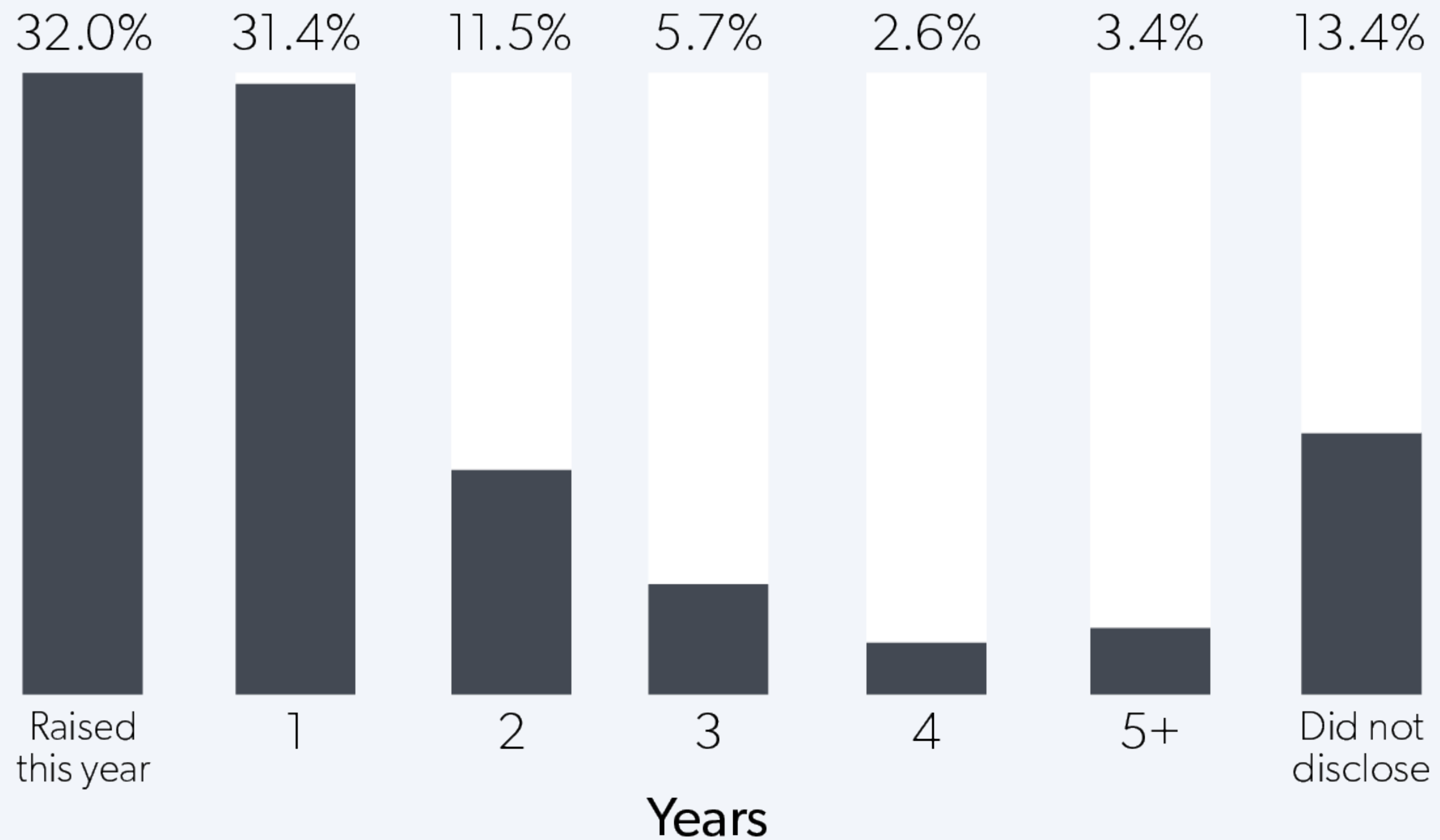
52

How long ago did you start your company?



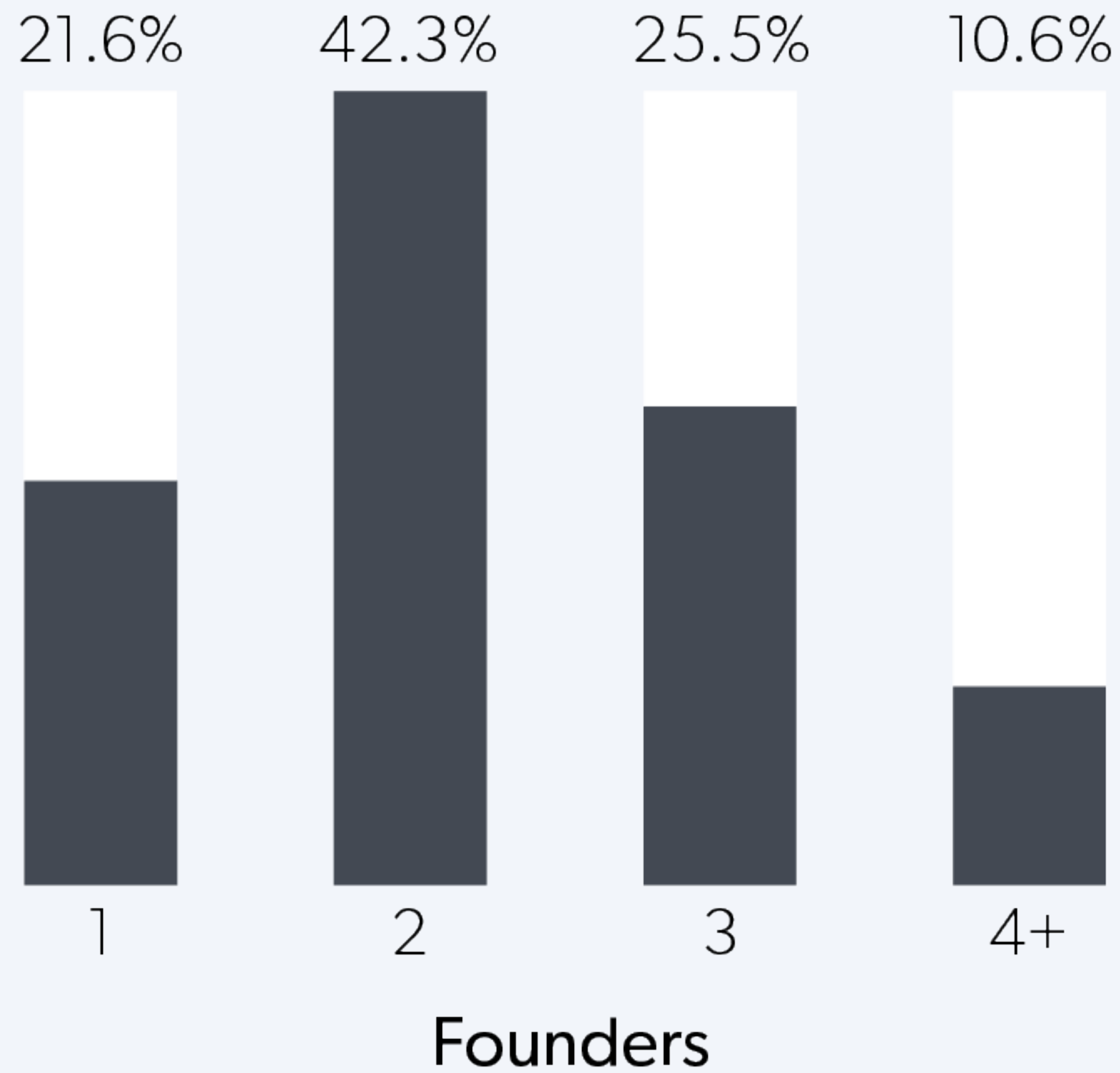
53

How long ago did you raise your last round?



54

How many founders does your company have?



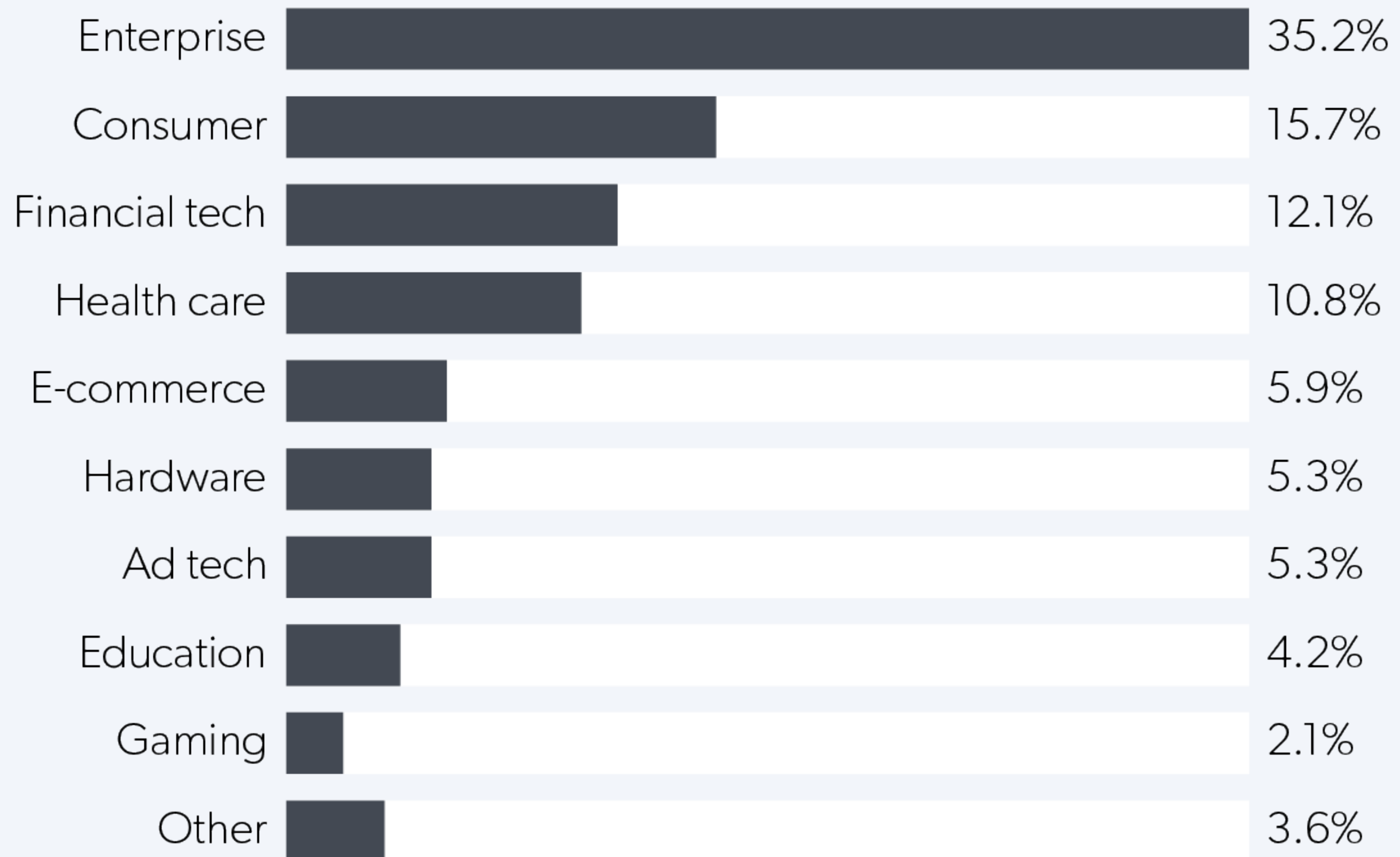
55

How large is your team today?



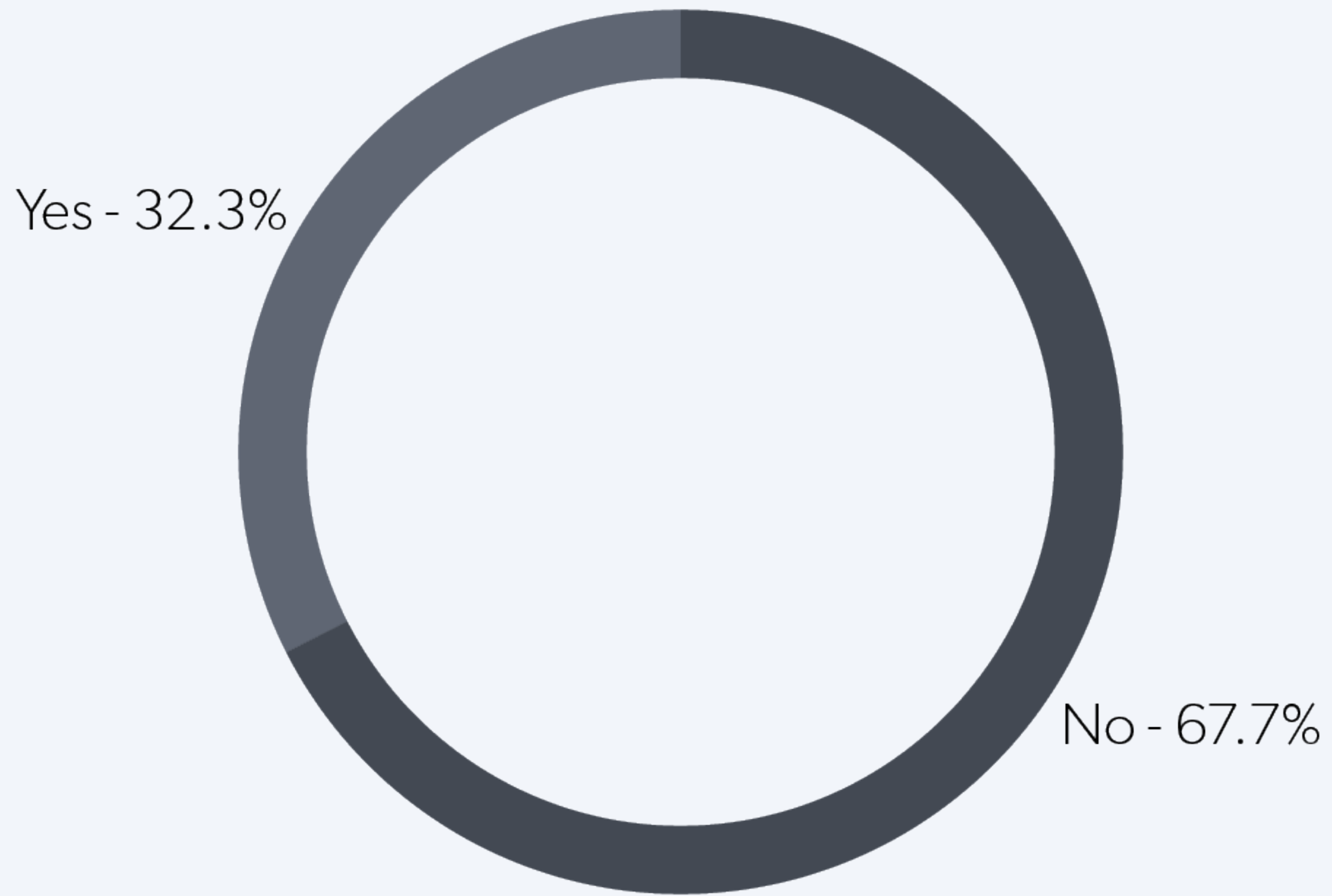
56

Which sector best describes the type of company you are running?



57

Have you gone through an incubator or accelerator program?



THANKS

A team of phenomenal people made this year's State of Startups possible. Many thanks to Andreas Weiland, David Pocull and July Camp Design for their contributions to this project. And to Mike Goodwin, our indefatigable data scientist, who made sure we did everything right (especially our math).

Last but not least, we're grateful to the hundreds of founders who took the time to share their perspectives so that we could create an accurate snapshot of startup life in 2018. You're the best.



**First
Round**

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