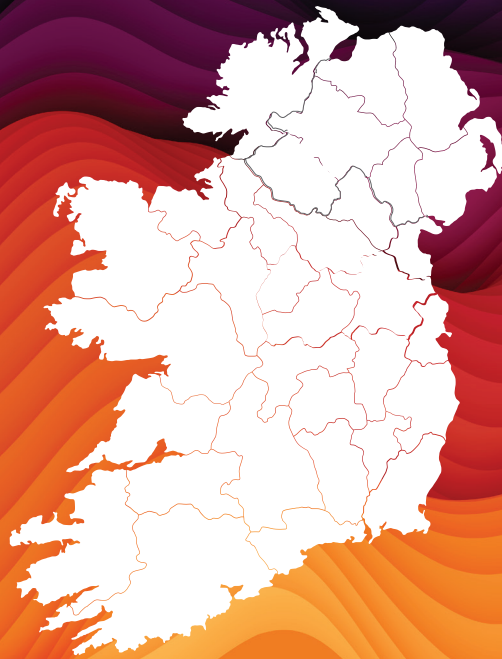# TECHIRELAND

INNOVATION ISLAND PULSE 2023

IN ASSOCIATION WITH

Google

INNOVATION ISLAND
PULSE 2023

John O'Dea,
CEO TechIreland

This TechIreland survey is the mood of Irish startups in 2023. Several leaders and experts from across the country contributed questions and thoughts.

Last year's survey was taken prior to the invasion of Ukraine and the subsequent economic turmoil. Pulse 2023 provides a feel for the mood in current times.

This survey supports the findings of the recent State of Startups Survey by Scale Ireland which highlights the challenges around EIIS, R&D Tax Credits, Sustainability Goals among others. Pulse 2023 also covers other topics such as, popular **digital assets, job roles in demand, the all-island economy, etc.** Unfortunately, both surveys suggest that sustainability goals are still not priorities for companies.

More than **100** tech companies participated this year;

- **97%** of respondents were founders, co-founders, or CEOs.
- Enterprise Solutions is the largest sector, followed by HealthTech.
- **+30%** of the respondents are women entrepreneurs.
- **+45%** of companies are outside Dublin.

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Some key survey findings;

- **36%** believe that Ireland is a better place to start a business than a year ago (A **drop** from last year's 64%).

- A marked increase in Irish companies interested in doing business with Northern Irish companies.

- Strong confidence in digitisation booming even post Covid.

- Fundraising is the biggest challenge facing companies in 2023, followed by a potential global recession.

- **72%** percent are confident that they will increase revenues in 2023, down from **80%** last year.

- **73%** percent confirm that they intend hiring during 2023, up from 67% last year.

- Sales and Business Development are top priorities.

- State funding is considered most attractive, followed by Angel Investments and Venture Capital.

- A huge approval for hybrid and remote working.

- Google Meet has dethroned Zoom as the most popular platform for online meetings; Zoom drops to number 3.

- Slack, Google Meet, Jira, HubSpot, AWS and Stripe now enjoy the largest market shares in their respective segments.

Macro-economic challenges are causing more than ripples in the Irish tech sector. TechIreland's upcoming Startup Funding Review 2023 will show a drop in year-on-year funding into Irish tech startups.

Thanks to Google for supporting our work. Thanks also to all participants and business leaders for their valuable time and inputs.

For more information or to share feedback, please email us.

TIMES OF GENERATIONAL CHANGES IN TECHNOLOGY

Paddy Flynn,
Google

Google has long been a staunch supporter of the Irish tech ecosystem, which continues to evolve and grow.

This is TechIreland's second Pulse report on the mood of the startup community. Despite the ongoing macroeconomic challenges, the picture is a moderately optimistic one. The survey was conducted one year after the Russian invasion of Ukraine and weeks before the Silicon Valley Bank's collapse. The ripples from these unexpected events are continuing to evolve.

These are times of generational changes in technology, which also make them times of enormous opportunity for the Irish tech sector. It is great to see that Google platforms are popular among Irish companies as this survey reveals. In fact, digitisation overall is good for the industry and helps companies to scale faster.

Google continues to work with our local friends and partners in the startup ecosystem - Enterprise Ireland, IDA Ireland, TechIreland, Scale Ireland, Dogpatch Labs and most importantly our community of startups. Together we look forward to embracing new innovations and overcoming the new challenges.

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SILICON VALLEY BANK AND THE IRISH TECH SECTOR

Brian Caulfield,
Chair of Scale Ireland

The collapse of Silicon Valley Bank (SVB) in the past weeks has shocked the global tech sector and is unwelcome news for Irish startups and scale-ups. The timing couldn't have been worse, coinciding as it does with the current cooling of the investment climate, inflation, and post-pandemic stresses.

SVB has been an important part of numerous Irish scale-up success stories, partnering with local venture capital in later rounds, leading to such great exits as Movidius (sold to Intel), Glofox (sold to ABC Fitness) and Profitero (acquired by Publicis). SVB's Irish portfolio of at least 18 high growth startups between them raised over half a billion euros from domestic and international investors, and these scaling companies currently employ more than 1,500.

SVB was an active lender to the Irish tech sector for many years and was a go-to bank for Irish tech companies looking to expand into the US market. It was one of the few banks that really understood technology and would lend to semiconductor businesses and relatively early-stage software businesses. When difficult situations arose, they would always work with the company and the investors to try and achieve the best possible outcome.

SVB's main US operations have been taken over by a new bridge bank, Silicon Valley Bridge Bank N.A., while HSBC has acquired SVB UK. These are welcome developments, protecting deposits for all companies, but it remains to be seen whether these new banks will be as positive towards the sector in terms of new lending.

KEY FINDINGS:

STARTUP ENVIRONMENT & OUTLOOK

64% believe **Ireland is a better place to start a business now** than *5 years ago*

2022

NO
34%

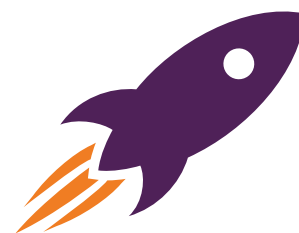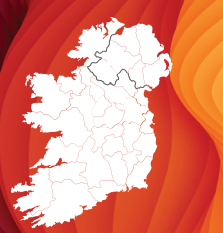YES
36%

DON'T KNOW
30%

36% believe **Ireland is now a better place to start a tech business** than *a year ago*

A recognition of an entrepreneur's investment of time and capital in a start-up by award of a usable tax credit for the first five years of a start-up business.

Jer Ryan, VOSOFT

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KEY FINDINGS:

STARTUP ENVIRONMENT & OUTLOOK

2022

While **a majority of companies believe that Covid did NOT have a negative effect** on the Irish tech sector, a sizable proportion feel that Covid has had a negative impact.

Unsurprisingly, most of the optimism comes from Enterprise Solutions & HealthTech companies.

NO **60%**

YES **32%**
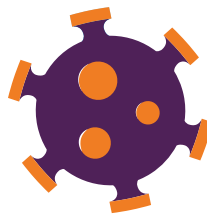
DON'T KNOW **18%**

Tech/Digitisation boomed during Covid. **Is this growth likely to continue?**

It's a tough climate at the moment. We had to change our sales narrative to one of cost savings and efficiency gains. Even though we have sales this year unless we get funding we are in a precarious position.

Niamh Faller, Druid Learning

NO **20%**

YES **70%**

DON'T KNOW/ CAN'T SAY **10%**

KEY FINDINGS:
STARTUP ENVIRONMENT & OUTLOOK

56% of companies feel **there are good fundraising opportunities** here.

This feedback is significant as **50% of those who say 'NO' have raised external capital**, mostly from international investors.

2022

YES **57%** NO **27%** DON'T KNOW/CAN'T SAY **17%**

Is **fundraising** in Ireland **more challenging** now than a year ago?

YES
55%

NO
11%

DON'T KNOW/
CAN'T SAY
34%
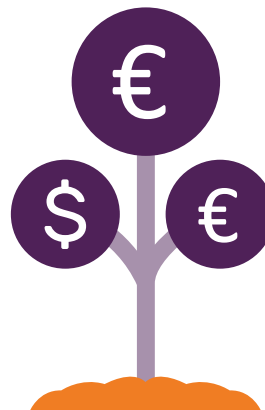
KEY FINDINGS:

STARTUP ENVIRONMENT & OUTLOOK

Potential **threats** to **the Irish startup ecosystem** in 2023

1. *Funding* environment, **Reduced** tech **valuations**

2. Potential global *recession*

3. *Inflation*

4. Availability of *talent*/skills

Never waste a good recession. Get niche. Grow.

Philippe Brodeur, Overcast HQ Ltd

KEY FINDINGS:

YOUR COMPANY OUTLOOK FOR 2023

Strong positive **REVENUE OUTLOOK** among Irish businesses in 2022. **85%** of companies expect an increase in their revenues or foresee stable revenue.
4% companies foresee a decrease in revenue.

2022

INCREASE **80%** STABLE **10%** CAN'T SAY **6%** DECREASE **4%**

Your company's
**revenue projection
in 2023**

INCREASE **72%**   CAN'T SAY **8%**

STABLE **18%**   DECREASE **3%**

The start up network in Ireland is buzzing and it's the perfect time to be early stage and growing.

Julie Garland, Avtrain

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KEY FINDINGS:

YOUR COMPANY OUTLOOK FOR 2023

2022

Riding on their revenue optimism, **67% of companies say they are HIRING in 2022**. Few companies fear they might have to downsize their teams this year.

INCREASE **67%** STABLE **23%** CAN'T SAY **5%** DECREASE **5%**

Growth in your company's **team size** in 2023

Cuts by global tech giants are to the gain of the Irish tech start-up scene. With previously untouchable talent now available and looking to make their own mark. The support of Irish VCs remains crucial, not only for funding but for setting benchmarks high.

Paul Clifford, STRATX

INCREASE **73%**

STABLE **19%**

CAN'T SAY **5%**

DECREASE **3%**

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KEY FINDINGS:

COMPANY OUTLOOK FOR THE COMING YEAR

Your
TOP PRIORITIES
in 2023

TOP PRIORITIES are **customer acquisition** and **new product development**. While **hiring** is seen as more important than **fundraising**. **Workforce development** and **sustainability** are lower priorities.

2022

1. SALES

2. FUND-RAISING

3. NEW PRODUCT DEVEL. / HIRING

4. EXTEND RUNWAY / COST CONTROL

5. TRAINING & WORKFORCE ...

6. DIGITISING OPERATIONS

7. SUSTAINABILITY & CLIMATE GOALS

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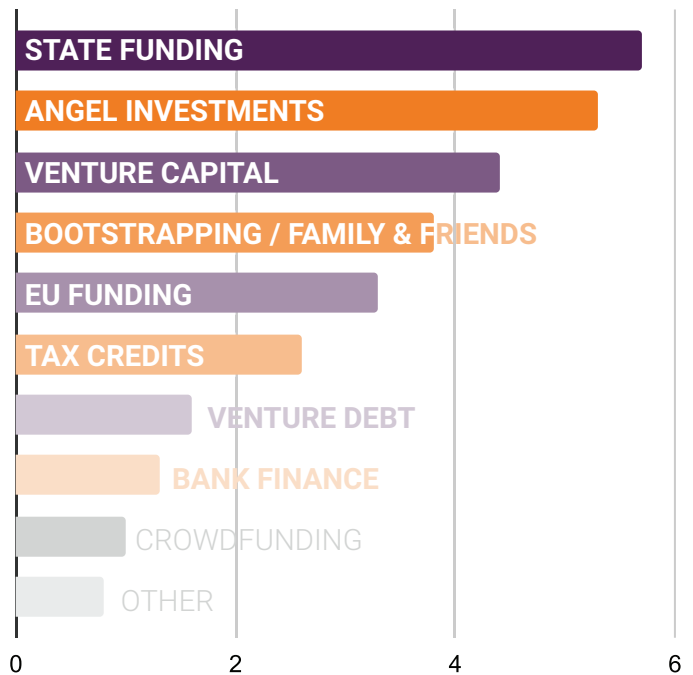Google

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KEY FINDINGS:

COMPANY OUTLOOK FOR THE COMING YEAR

2022

Preferred **FUNDRAISING VEHICLES.**
State Supports and **grants** are a key focus, while Angel investments are ranked higher than venture capital. Bootstrapping family and friends are important for early stage businesses. Bank finance and Crowdfunding are becoming significant funding sources.

Likely **sources of external funding** in 2023

Chart: Likely sources of external funding in 2023

Source	Value
STATE FUNDING	~5.7
ANGEL INVESTMENTS	~5.3
VENTURE CAPITAL	~4.4
BOOTSTRAPPING / FAMILY & FRIENDS	~4.0
EU FUNDING	~3.3
TAX CREDITS	~2.6
VENTURE DEBT	~1.7
BANK FINANCE	~1.5
CROWDFUNDING	~1.0
OTHER	~0.8

(x-axis: 0, 2, 4, 6)

I would like to see more supports being given to startups in the midlands. I feel this is an untapped area and this needs to happen urgently to diversify Ireland's economic and social development, and make it more resilient to global economic challenges.

Robert Yorke, LendRB

Quote me that Irish Technology Companies are going to grow faster in 2023. A major input will be particularly from those created by immigrant entrepreneurs.

Rohit Thakral, Target Integration

KEY FINDINGS:

COMPANY OUTLOOK
FOR THE COMING YEAR

In 2023, **your staff will**
most likely **work from**?

Hybrid
*(**Office** and **Remote**)*
51%

***The
OFFICE
6%***

***Fully
REMOTE
42%***

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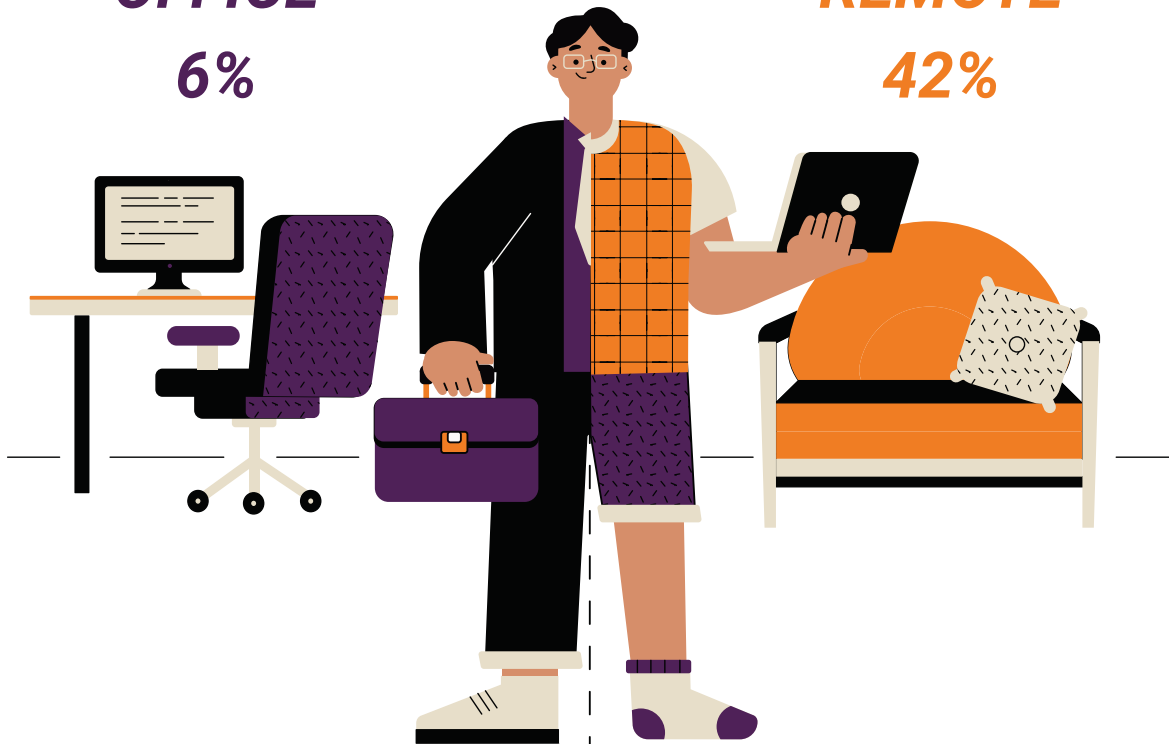
KEY FINDINGS:

PEOPLE
& DIVERSITY

30% of companies have at least one female founder/ co-founder in their teams.

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15

KEY FINDINGS:

PEOPLE & DIVERSITY
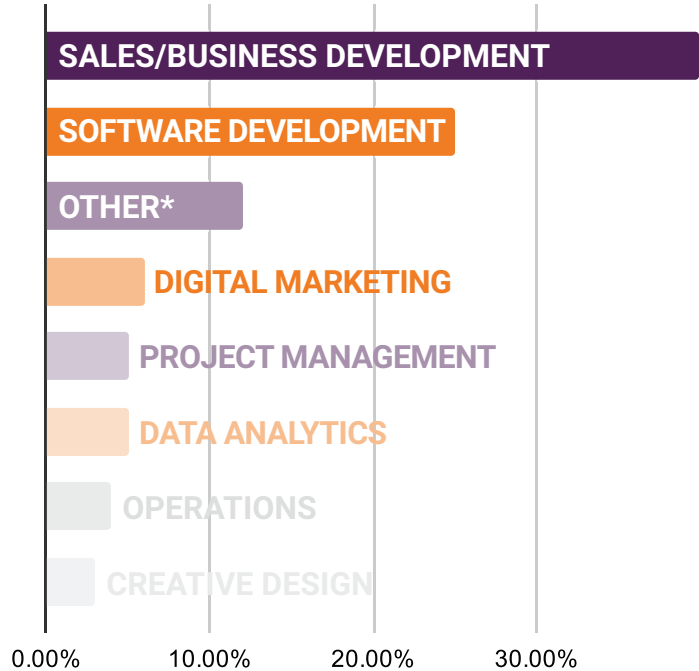
Sales & Business Development roles are most in demand, followed by Software development and digital marketing.

In 2023, what **roles** are you **looking to hire** for?

SALES/BUSINESS DEVELOPMENT

SOFTWARE DEVELOPMENT

OTHER*

DIGITAL MARKETING

PROJECT MANAGEMENT

DATA ANALYTICS

OPERATIONS

CREATIVE DESIGN

0.00%   10.00%   20.00%   30.00%

*Compliance, AI, R&D, Customer Support

KEY FINDINGS:

DIGITISATION & USEFUL TOOLS

> Technology needs to go local to grow global.

Peter Fearon, Bomad Ltd

What's Irish Tech's favourite...

COLLABORATION TOOLS

- Slack
- Other* — Whatsapp, Confluence, Jira, Trello, Google Sheets, Basecamp, Skype
- Google Chat
- Workspace
- Notion

(x-axis: 0, 10, 20, 30, 40, 50)
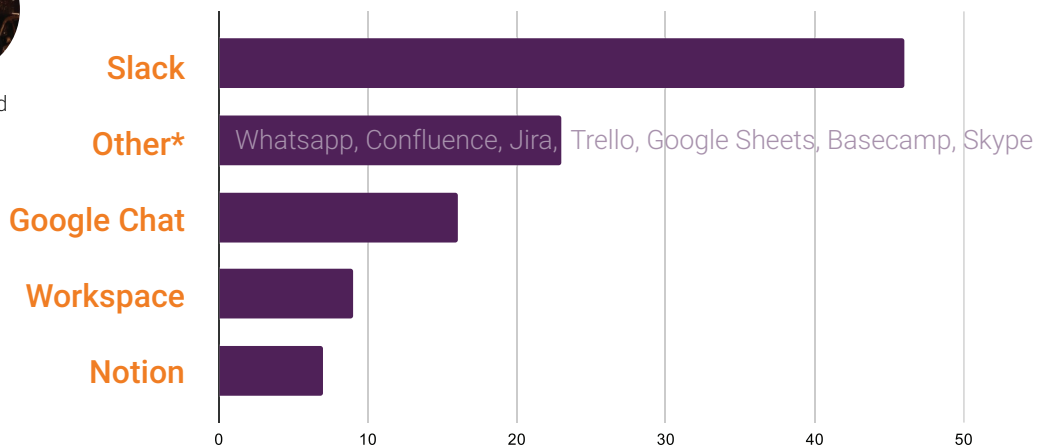
ONLINE MEETING PLATFORM

- Google Meet
- Microsoft Teams
- Zoom
- Other — Slack, WeLink, Webex

(x-axis: 0, 10, 20, 30, 40)

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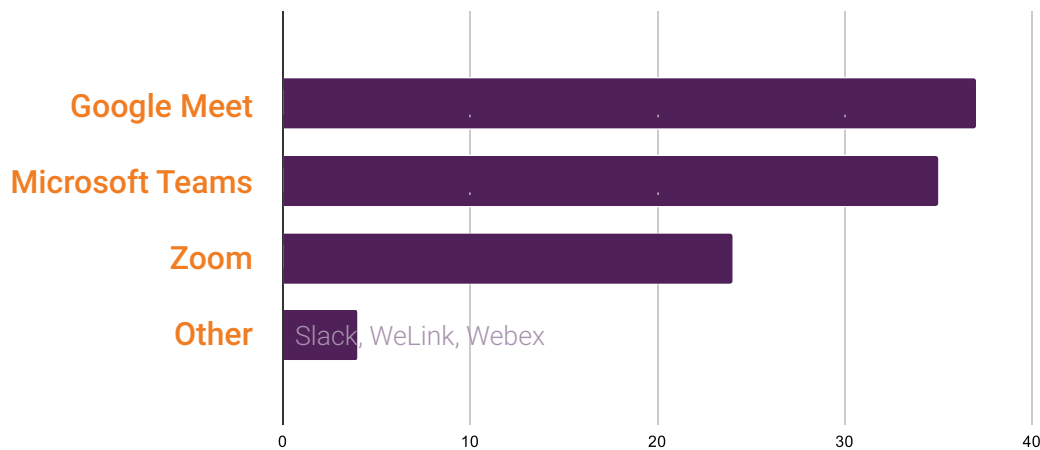
KEY FINDINGS:

DIGITISATION & USEFUL TOOLS

What's Irish Tech's favourite...

PROJECT MANAGEMENT SOFTWARE

JIRA	
Other*	Trello, Notion, Exel, Zoho Sprints, Teams, Kanbanize, Basecamp, Gitlab, Clickup
Google Workspace	
Teamwork	
Asana	
Monday.com	

Axis: 0, 10, 20, 30, 40

CRM PLATFORMS

Other*	Notion, CRM Suite, PipeDrive, Freshworks, OnePageCRM, Huawei CRM, Copper, Airtable, CapsuleCRM, Helpscout, ActiveCampaign, ClickUp, Vryno
Hubspot	
Salesforce	
Zoho	
Zendesk	
Intercom	

Axis: 0, 10, 20, 30, 40, 50
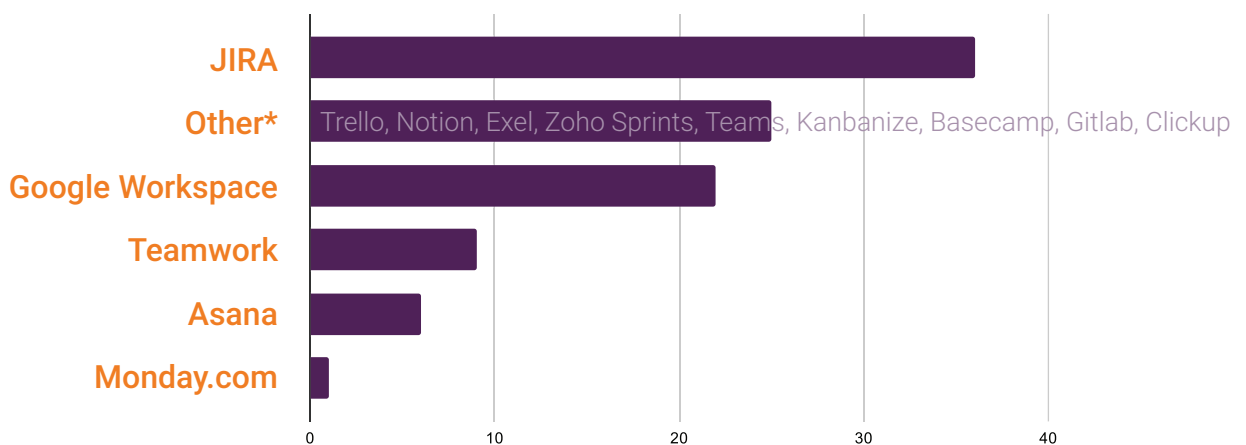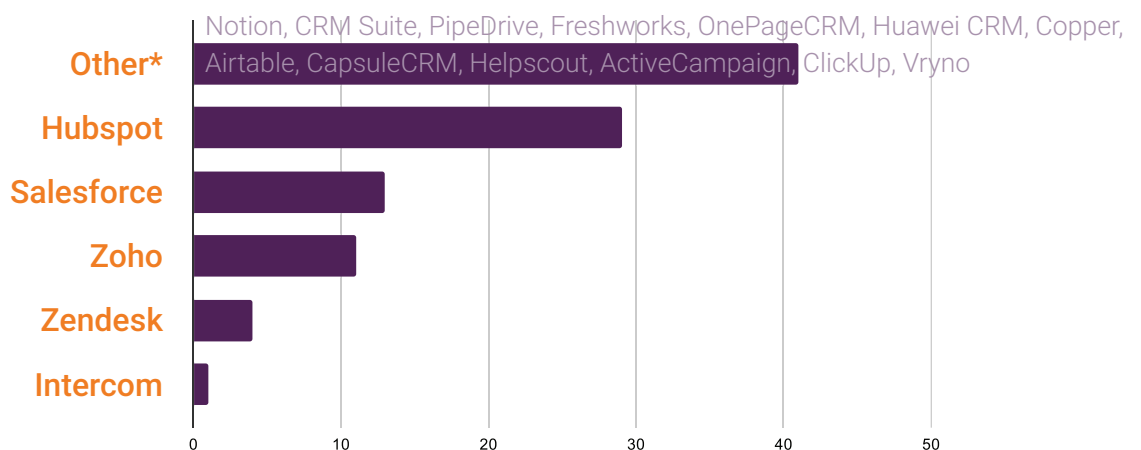
KEY FINDINGS:
DIGITISATION & USEFUL TOOLS

What's Irish Tech's favourite...

CUSTOMER ACQUISITION CHANNELS

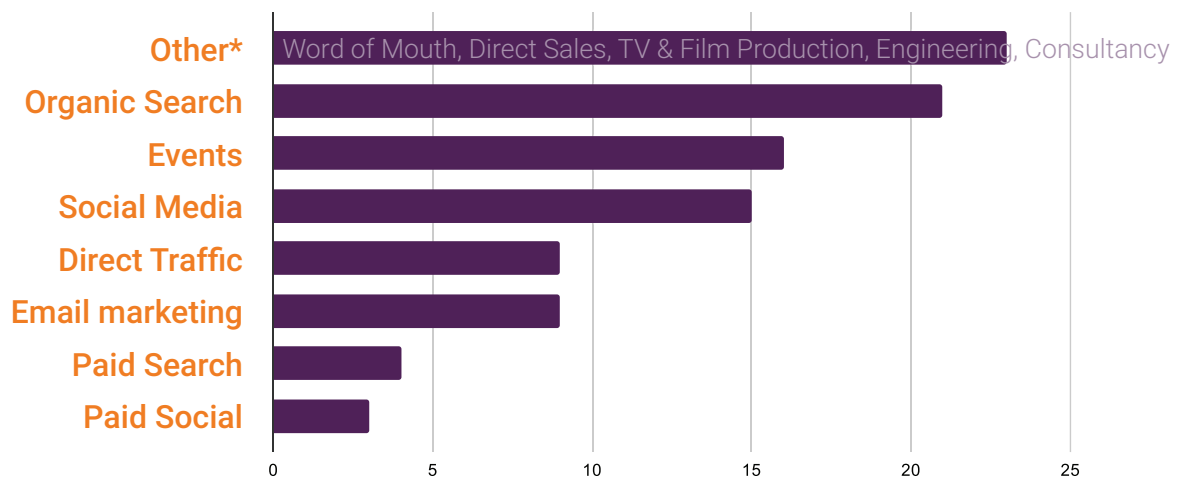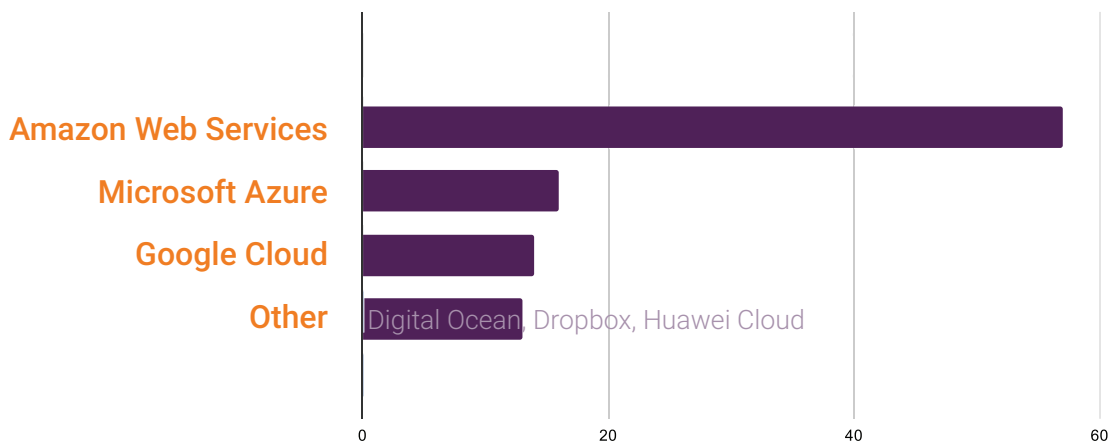Organic online customer acquisition channels appear significantly more popular than events, and paid ads. **70% of companies prefer organic search**, following by social media (60%) for lead generation. 40% said events are their preferred channel, while online direct traffic ranked higher with 54% companies relying on online traffic. 20 companies selected paid search and paid social as channels for customer acquisition.

2022

KEY FINDINGS:
DIGITISATION & USEFUL TOOLS

What's Irish Tech's favourite...

CLOUD

Amazon Web Services	▓▓▓▓▓▓▓▓▓▓▓▓ (≈57)
Microsoft Azure	▓▓▓ (≈16)
Google Cloud	▓▓▓ (≈14)
Other	▓▓ Digital Ocean, Dropbox, Huawei Cloud (≈13)

0   20   40   60

PAYMENTS

Stripe	▓▓▓▓▓▓▓▓▓▓▓ (≈55)
Other*	▓▓▓▓▓ GoCardLess, Bank Transfers (≈28)
Paypal	▓▓ (≈13)
Fexco	▓ (≈4)
Amazon Pay	▏ (≈1)

0   20   40   60

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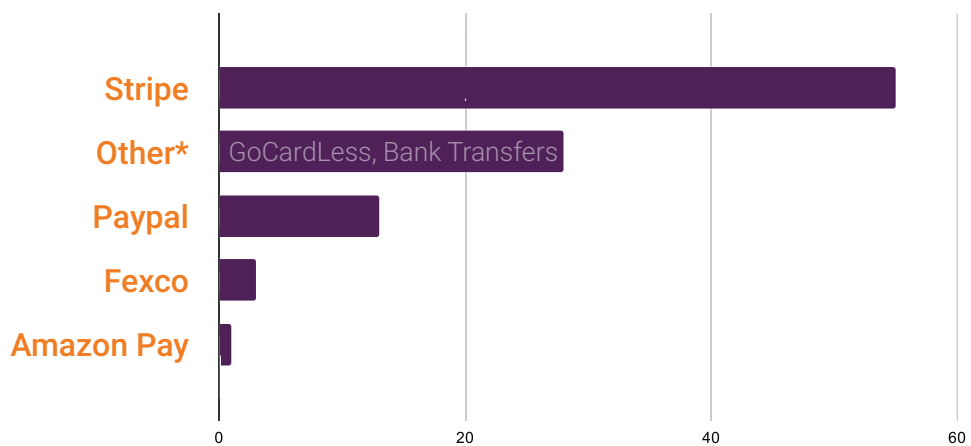
KEY FINDINGS:

ALL-ISLAND ECONOMY

Do you foresee **buying/selling** into Northern Ireland in 2023?

YES	58%
NO	27%
NO	14%
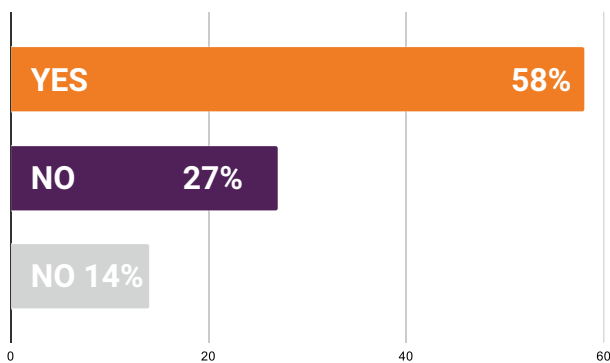
Would you like to **collaborate and meet/network** with **companies in Northern Ireland**?

YES	49%
NO	27%
NO	23%

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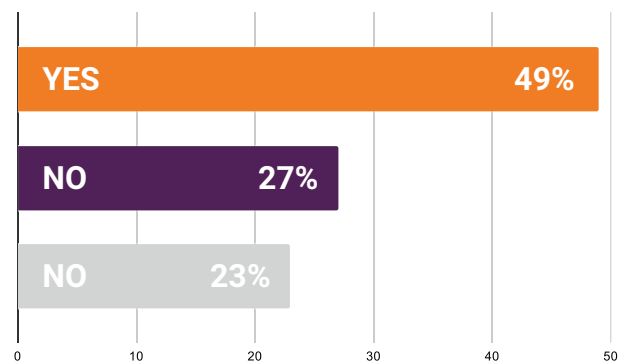
Supported by *InterTradeIreland's Synergy Programme*

TechIreland and **Startacus** will host **Innovation Island Connect Events in 2023** *in Dublin and Belfast* to encourage cross-border B2B collaboration.

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the self start society

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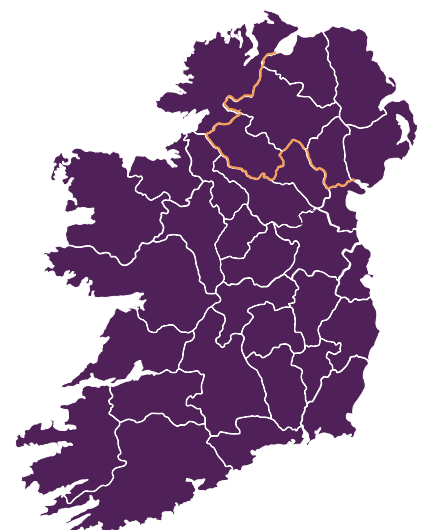
KEY FINDINGS:
SUPPORTS
& INTERVENTIONS

Did you avail of any of the following
NON-FINANCIAL supports (mentoring, advisory etc.)
in the past year?

Government Programmes
(E.g: LEO, Enterprise Ireland, InterTradeIreland,
Skillnet Ireland Supports etc.)

Corporate Supports
(E.g: Google, AWS, HubSpot etc.)

Startup Hubs/Accelerators/Pre-accelerators
(E.g: NRDC, UCDNova, SFI Centers, Ludgate HUB etc.)

Startup Communities
(E.g, SaaS Network Ireland, The FinTech Corridor etc)

Other
BioInnovate, Google for Startups SDG Programme,
Connected Hubs, Just Transition Fund

0%   20%   40%   60%   80%

EXPECTATIONS AND SUGGESTIONS FROM STARTUPS

As a technology startup, the support Xavatar has and continues to receive via the Irish government, accelerators and incubators has been bar none. Although the knowledge in 3D animation and expansive potentials within Web3 is fractured, **Ireland could quickly catch-up and become a leader if they continue to support and invest** in companies in this space.

EI and LEO **support programs are helpful**.

In crisis, opportunity

Irish startups have a **strong outlook** *when emphasizing revenue based growth* business models over investment to establish.

It **will continue to grow but** not at unsustainable rates. I think there will be **slower growing, longer term businesses** that will come out of the Covid pandemic/war in Ukraine and all the associated problems.

Building a central Irish stack where **innovation can spur economic acceleration**, driving a cross pollination between startups, policymakers, regulators and for the common good / wealth of all of Ireland / E.U.

Challenging but **doable**

Engage with Government Programs as early as possible in terms of technical innovation. Joining with a MVP can lead to difficulties in how best they can provide assistance.

Help public sector buy innovation by **giving them innovation budgets** and simple procurement routes.

Irish tech startups should **take advantage of layoffs** in big tech.

Cautiously **positive**

Consolidate growth and **prepare for expansion**

Good

I believe we will **slowly come out from the bear market in 2023** but it will **take resilience from here**. A strong product roadmap in line with customers current and future needs, should be a top priority.

Increased mentoring support for women entrepreneur from **women mentors** who understands the challenges of starting a business in the mostly white- male dominated Irish ecosystem

It is evident that crypto is manifesting itself into all aspects of our spending lives. We are **excited about 2023 and beyond** as the financial systems realise **crypto is the correct way forward**.

EXPECTATIONS AND SUGGESTIONS FROM STARTUPS

Looking forward to the decentralisation of work in Ireland and regeneration of Rural Communities, through programs such as Our Rural Future Plan and Just Transition Fund

More could be done to **encourage Irish firms to participate in Proof of Concepts, trials and demos** with Irish startups, even if they ultimately do not purchase their solution.

More tax breaks to incentivise funding from other potential Angels in Ireland. It would democratise and increase the paths for companies to grow and scale. There could be an over-reliance on the state vehicles, and for those that don't qualify, falling by the way-side.

Need **more input on employing people remotely** from multiple EU jurisdictions.

Our technology helps facilitate the global transition to net-zero carbon emissions. Our scalable and cost-effective product means **users ranging from corporations to individual farmers can understand and manage their carbon footprint without the high cost or lack of resources getting in the way**. We would like to draw the attention of the Tech Community of Ireland to this topic and get them involved in the fight against climate change.

Prime for a s**hakeup with the big tech companies freeing up skilled resources for the smaller players**, we're eager to take advantage.

R&D tax credit, EIIS, KEEP remains big challenges amongst the Irish startups. Also need to **encourage much more angel investment** in Ireland in an organised way.

Support is badly needed for small visionary innovators in small companies to be given quick access to the market. The criteria required by banks and venture capital is in effect killing projects before they even get started. **Visionaries are not accountants, let them flourish.** Let them invent then let project managers take over.

The fundraising and startup scene in Ireland is heavily focused in Dublin. **The funds are available for good startups and the corporate supports outweigh the government supports.** Microsoft founders hub, stripe atlas, Amazon AWS all provide more value and immediate response to tech startups. The red tape and hoop jumping for low level government grants is so much that it makes them not even worth it. The global perspective on Ireland seems to be changing but there needs to be a platform and voice for globally ambitious companies to be seen by an international investing audience.

Smart priorities and **happy customers** will fuel **sustainable growth** in 2023.

There's never been a more pressing time for **EI to increase assistance to Irish companies who are managing to grow quickly in the current climate but are not yet profitable.** EI should bridge the temporary slowdown in VC funding and let quality startups scale while weathering the storm.

TECHIRELAND

Upcoming Projects:

- STARTUP FUNDING REVIEW 2023
- MUNSTER TECH SKILLS FORUM
- INNOVATION ISLAND REPORT - MUNSTER REGION
- INNOVATION ISLAND CONNECT, DUBLIN
- INNOVATION ISLAND CONNECT, BELFAST
- INNOVATION ISLAND REPORT ON SUCCESSFUL STARTUP PIVOTS
- AND MORE...

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TechIreland is a unique resource, producing data driven insights, introducing the drivers of Irish innovation and connecting the tech community across the island.

More than 10k users access our **FREE TO USE DATABASE OF IRISH TECH** where you can view profiles of over 4.5k businesses and innovation hubs, and all sponsored reports. *If your business is not yet listed or you would like to suggest changes to the data, please email and our data team will assist.*

TechIreland's database will soon expand to include professional services across the island. If your business offers **legal, marketing, software, accounting or other services** to the tech and innovation sector, WRITE TO US; we would love to know more.

We are grateful for the support from our Foundation Partners, Community of Supporters and Advisors. *If you would like to contribute insights or commentary; sponsor TechIreland's upcoming publications, events, campaigns etc., or explore ways to support the community, please contact us.*

Follow us on LinkedIn and Twitter for more updates.

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