STARTUP SURVIVAL PROPOSAL IN TIMES OF THE CORONA CRISIS

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Startups left out by Swiss Federal Council...

Emergency aid by means of guaranteed COVID bridging loans: To enable affected SMEs (sole proprietorships, partnerships, legal entities) to receive bridging loans from the banks, the Federal Council will set up a guarantee programme worth CHF 20 billion. This programme should build on existing structures of guarantee organisations. Affected companies should be able to obtain credit amounts of up to 10% of turnover or a maximum of CHF 20 million quickly and easily. Amounts of up to CHF 0.5 million are to be paid out immediately by the banks and 100% guaranteed by the Confederation. Amounts in excess of this should be guaranteed by the Confederation at 85% and require a brief bank examination.
Small adaptation for startup survival!

Emergency aid by means of guaranteed COVID bridging loans: To enable affected SMEs (sole proprietorships, partnerships, legal entities) to receive bridging loans from the banks, the Federal Council will set up a guarantee programme worth CHF 20 billion. This programme should build on existing structures of guarantee organisations. Affected companies should be able to obtain credit amounts of up to **10% of turnover and amounts invested in the start-up over the past [X] years (prize money from competitions, Innosuisse projects, support contributions from foundations, convertible loans, investor money)** or a maximum of CHF 20 million quickly and easily. Amounts of up to CHF 0.5 million are to be paid out immediately by the banks and 100% guaranteed by the Confederation. Amounts in excess of this should be guaranteed by the Confederation at 85% and require a brief bank examination. Owners and investors should be able to guarantee the remaining 15%. 
Startup examples

Spin-off founded in [DATE], Nb of Founders, Nb of Employees

• Turnover:

• Prize money / startup loans:
  • Awards: such as listed here [https://www.startupticker.ch/en/awards](https://www.startupticker.ch/en/awards)
  • Loans: Volkswirtschaftstiftung, FIT, ...

• Grants: Universities startup grants, Innosuisse, European Union, Gebert Rüf Foundation

• Investors: Equity / convertibles loans from business angels, VCs, ...
Example 1: seed stage startup

Spin-off founded in December 2019, 4 Founders

• Turnover: 0
• Prize money: 150k
• Grants: 350k
• Investors: 0

Total turnover and investment: CHF 500k

> **Startup could apply for a guaranteed loan of 50k at his bank, to be paid back within max. 5 years. (10% total money raised)**
Example 2: early stage startup

Spin-off founded in September 2018, 3 Founders & 7 Employees

• Turnover 2019: 250k
• Prize money: 250k
• Grants: 750k
• Investors: 1.750m

Total turnover and investment: CHF 3m

> Startup could apply for a guaranteed loan of 300k at his bank, to be paid back within max. 5 years. (10% total money raised)
Example 3: Biotech startup

Biotech Spin-off founded in August 2015, 3 Founders & 20 Employees

• Turnover: 0
• Prize money / startup loans: 500k
• Grants: 3m
• Investors: 16.5m

Total turnover and investment: CHF 20m

> Startup could apply for a guaranteed loan of 2m at his bank, to be paid back within max. 5 years. (10% total money raised)

> Founders or investors need to guarantee 225k to the bank
Example 4: scale-up startup

ICT Spin-off founded in March 2010, 3 Founders & 70 Employees

• Turnover 2019: 13.5m
• Prize money:
• Grants:
• Investors: 11.5m

Total turnover and investment: CHF 25m

> **Startup could apply for a guaranteed loan of 2.5m at his bank, to be paid back within max. 5 years.** (10% total money raised)

> Founders or investors need to guarantee 300k to the bank
Pros & Cons of the proposal

+ Inline with the measures provided to all the other Swiss SME and therefore not excluding the startups with no or little turnover. Same implementation like the standard loans for healthy SME.

+ Supports very early stage startups equally as later stage and scale-ups.

+ With a small effort, the huge investments of the whole startup ecosystem (founders, universities, Innosuisse, foundations, support organizations, investors) of the last 10 years can be protected.

+ Survival rate of spin-offs from Swiss universities was around 80% in the last decade. So even with the current crisis we would expect at least 2 out of 3 to pay back the loans.

- For approx. 30% of the loans the Confederation will have to guarantee. At an expected volume of max. 300m, 100m will be «lost». 