

2024

# Business Leaders Outlook

**INNOVATION ECONOMY  
AROUND THE WORLD**

J.P.Morgan

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EXECUTIVE SUMMARY

# Leading with optimism, tackling challenges

## Leaders are hopeful about their industries—and plan to make the most of the year ahead amid continued uncertainty

In the Innovation Economy, a segment representing early stage, venture-backed, high-growth companies in disruptive industries, more than 8 in 10 business leaders are confident about their company’s and industry’s performance in the year ahead (82%). While their upbeat outlook is refreshing after a shaky 2023, it’s balanced with realism, as executives know challenges are ahead. Leaders are most concerned about cybersecurity and fraud (29%), the adoption of artificial intelligence (AI) and rising interest rates (both 27%).

Despite several years of economic turbulence, leaders surveyed from innovation hubs around the world (Australia, France, Germany, India and the U.K.) reported confidence about the global (70%) and national (63%) economies heading into 2024. The results paint a stark contrast to [sentiment in the U.S.](#), where only 15% of Innovation Economy leaders said they're optimistic about the global economy.

Tied to their optimism, a majority (94%) of Innovation Economy leaders from innovation hubs around the world expect their revenue and sales to increase or hold steady in 2024. Similarly, 95% expect increasing or steady profits; 93% also plan to increase or maintain their capital expenditures. Approaching 2024 with a growth mindset, nearly three-quarters (74%) expect an increase in credit needs, and 86% plan to either add or maintain headcount in the year ahead.

Despite ambitious plans, these leaders indicated they're also prepared to ride ongoing waves of uncertainty. More than half (52%) are bracing for a recession in 2024, and more than three-quarters (78%) reported costs are rising for their business due to inflation. Additionally, 47% reported having raised enough capital to hold for the next year, and fewer plan to raise new equity (27%) or debt (20%).

### Economic outlook for 2024

Optimistic Neutral Pessimistic

#### Global economy



Optimistic - 70%, Neutral - 12%, Pessimistic - 18%

#### National economy



Optimistic - 63%, Neutral - 18%, Pessimistic - 19%

#### Industry performance



Optimistic - 82%, Neutral - 8%, Pessimistic - 10%

#### Company performance

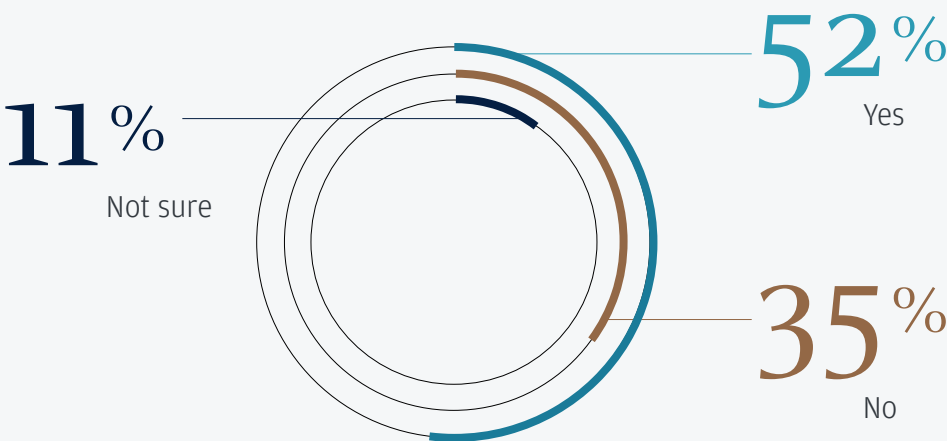


Optimistic - 82%, Neutral - 9%, Pessimistic - 9%

# Economic outlook and expectations

Despite their wider market optimism, more than half (52%) of Innovation Economy leaders around the world expect a recession. In contrast, only 25% of their U.S. counterparts expect a recession this year. Economists have forecast that growth is set to slow for the third straight year in 2024, as a result of weak global trade and the impact of rate hikes. While many economies are expected to cut rates this year, the prospect of soft landings may still be possible.

Recession expectations



# Economic outlook and expectations

Insights from our Innovation Economy leaders

“The largest European countries are resilient, and GDP has continued to grow despite the triple shock of war, inflation and higher interest rates. Corporates and consumers remain buyers of startup products—meaning the best innovation companies continue to grow revenue and receive investment to support further growth. In addition, European innovation companies tend to have more reasonable valuations and expectations, which facilitates follow-on funding.”



**Alex McCracken**

Innovation Economy  
EMEA Tech Sector

“With rate hikes, there appears to be overhang of U.S. recession fears, coupled with a tough funding environment for the Innovation Economy. Macro conditions in home markets are encouraging, with healthy consumer demand, resulting in a divergent view of the global economy.”



**Dhaval Shah**

Innovation Economy  
India

# Leaders upbeat on revenue, profits

Most Innovation Economy leaders (94%) expect revenue and sales to remain the same or increase in 2024. Similarly, 95% expect steady or increasing profits. Innovation Economy executives are also bullish about capital expenditures, with 93% planning on increasing or maintaining their spend in 2024. Most business leaders plan to focus on expansion into new distribution channels and new products and services.

## Business expectations

■ Increase   ■ Remain the same   ■ Decrease

### Revenue/sales



Increase - 89%, Remain the same - 5%, Decrease - 6%

### Profits



Increase - 84%, Remain the same - 11%, Decrease - 5%

### Capital expenditures



Increase - 70%, Remain the same - 23%, Decrease - 8%

### Credit needs



Increase - 74%, Remain the same - 19%, Decrease - 7%

# Leaders upbeat on revenue, profits

Insights from our Innovation Economy leaders



We are seeing companies in the Innovation Economy sector globally continue to grow their business despite headwinds, such as high interest rates, geopolitical environment and valuation downgrades. As a result, confidence remains high, leading to continued investment and companies seeking alternative capital outside of equity, like credit, to assist with this growth.”



**Peter Bairaktaridis**

Innovation Economy  
Australia

# A shield against declining valuations

Even as tech valuations have softened, innovation economy leaders in global innovation hubs state that growth projections, new product development and hiring/talent management have had a positive impact on their company. Only 9% believe declining tech valuations have stalled new product development and innovation, 12% state the decline has negatively impacted current liquidity and runway projections, and only 15% say it has significantly mired fundraising—a stark contrast with the U.S., where 67% reported a major impact. Though many of these factors are often impacted by valuations, it seems leaders have prepared well for that inevitability.

## Effects from declining tech valuations

Negative impact    No impact    Positive impact

### Hiring/talent management



Negative impact - 16%, No impact - 31%, Positive impact - 52%

### Growth projections



Negative impact - 15%, No impact - 37%, Positive impact - 49%

### New product development/innovation



Negative impact - 9%, No impact - 34%, Positive impact - 57%

### Current liquidity/runway projections



Negative impact - 12%, No impact - 43%, Positive impact - 45%

### Fundraising/capital raising



Negative impact - 15%, No impact - 39%, Positive impact - 46%



# A shield against declining valuations

Insights from our Innovation Economy leaders



It's encouraging to see the focus companies are placing on developing their core products. In unpredictable capital environments, it's paramount that companies focus on what they can control, and building the best possible product they can will help them be prepared when market certainty returns."



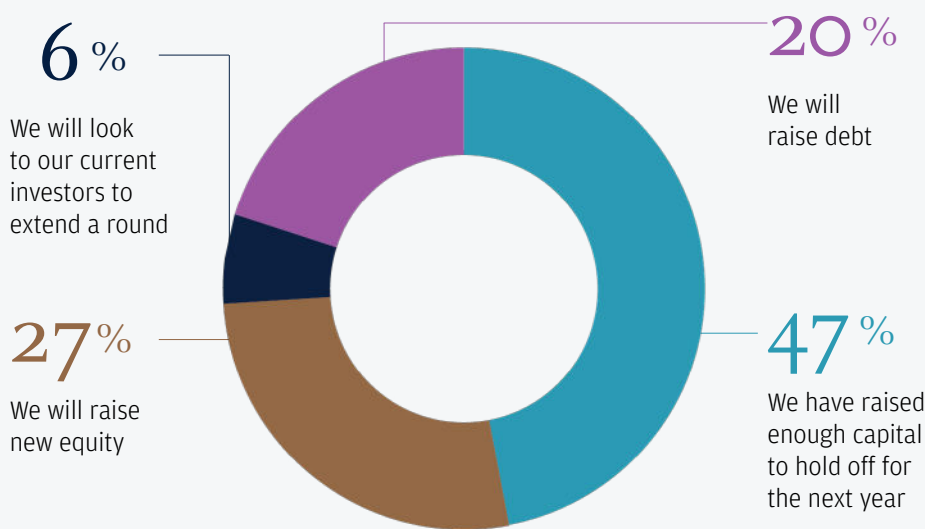
**Rosh Wijayarathna**

Innovation Economy  
U.K. & Ireland

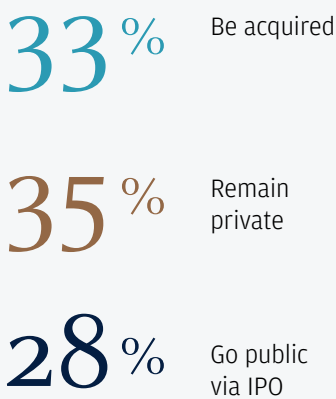
# Capital raising paused, rethinking funds

Innovation Economy leaders around the world are taking a measured view on the year ahead as they navigate historical shifts in capital markets and rising interest rates. Almost half said they have raised enough capital for the year, and only 6% said they would look to current investors to extend a fundraising round. Of those looking for sources of capital, more would turn to equity over debt finance. However, 20% of survey respondents were still open to raising debt compared to 3% of their U.S. counterparts.

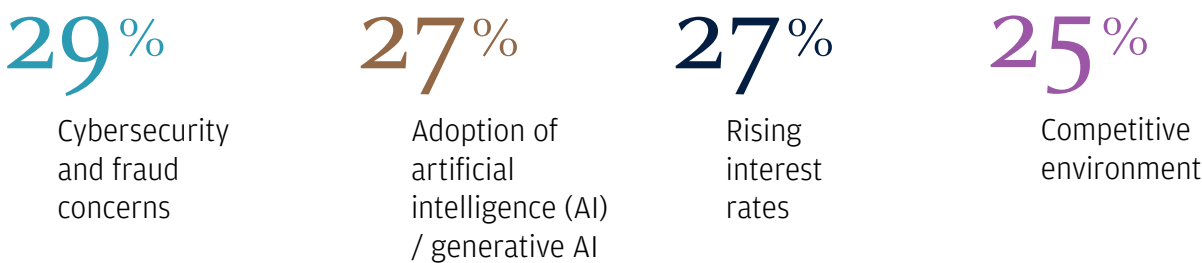
## Effects from declining tech valuations



## Long-term goal for startups



## Largest challenges for startups



# Capital raising paused, rethinking funds

Insights from our Innovation Economy leaders

“We’ll probably see two main trends in 2024: The most innovative and well-performing companies have raised enough capital to pursue their growth and hold off for the next year, while the others will probably need to consider alternative options, such as debt or acquisition at lower values than before. While cybersecurity and fraud concerns remain in the top list of challenges for CEOs, adoption of AI and accelerating generative AI are now in all minds, with the function of chief AI officer becoming more and more popular.”



**Dorothee Stik**

Innovation Economy  
France, Benelux & Southern Europe

# Artificial intelligence's time to shine

With the public debut of ChatGPT and other large language models, we've witnessed one of the fastest mass adoptions of new technology ever. Perhaps unsurprisingly, the Innovation Economy sector in these markets is leading the charge, with almost all respondents (94%) saying they're already using or plan to use AI tools, with business operations (64%) and product development (60%) being the most popular areas of deployment.

## Use of AI tools like ChatGPT, virtual assistants and chatbots



## Areas of AI applications

Business operations



Product development



Human resources/training



Internal/external communications



\*Among companies who said they currently use or plan to use AI tools

# Artificial intelligence's time to shine

Insights from our Innovation Economy leaders



While 2023 will be remembered as the year of AI attention, 2024 is expected to become the year of AI adoption. How can you incorporate AI into your product? What does it mean for your operations and human resources? Investors expect answers to these and similar questions as part of their due diligence.”



**Max Hauer**

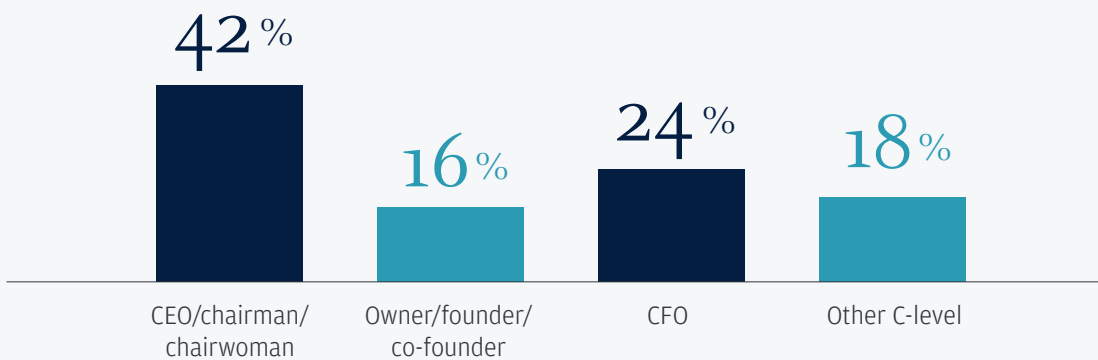
Innovation Economy  
DACH

# About the survey

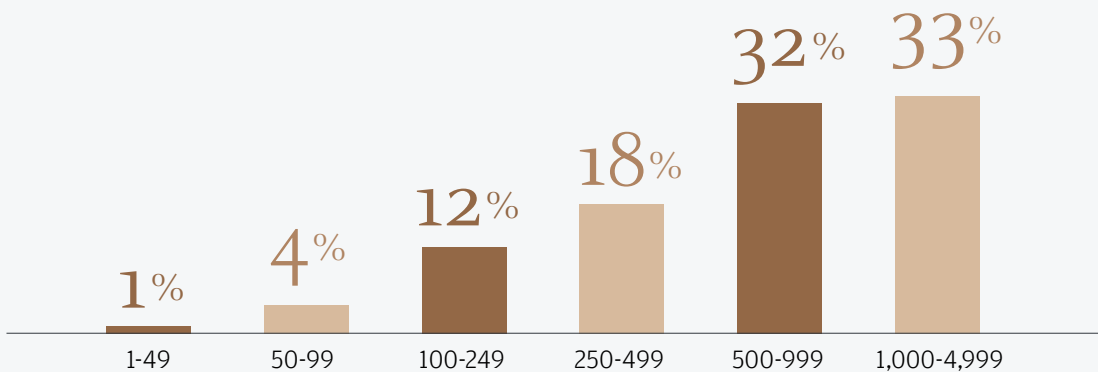
In its first year, the Business Leaders Outlook Innovation Economy Around the World survey includes highlights capturing the concerns and expectations of senior business leaders at early stage, venture-backed, high-growth companies from major global innovation hubs.

This year, 236 respondents completed the online survey between November 16 and December 13, 2023 in Australia, France, Germany, India and the U.K. Results are within statistical parameters for validity; the error rate is plus or minus 6.4% at the 95% confidence interval. Note: Some numbers may not equal 100% due to rounding.

## Who took the survey



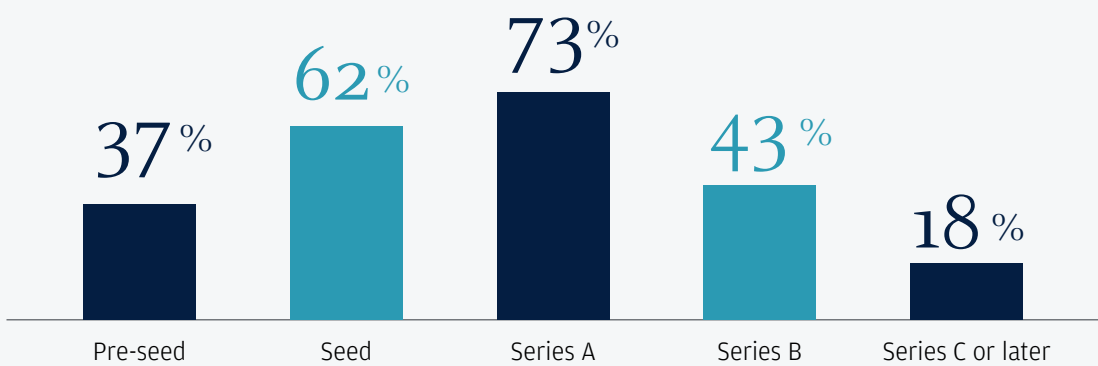
## Company size by number of employees



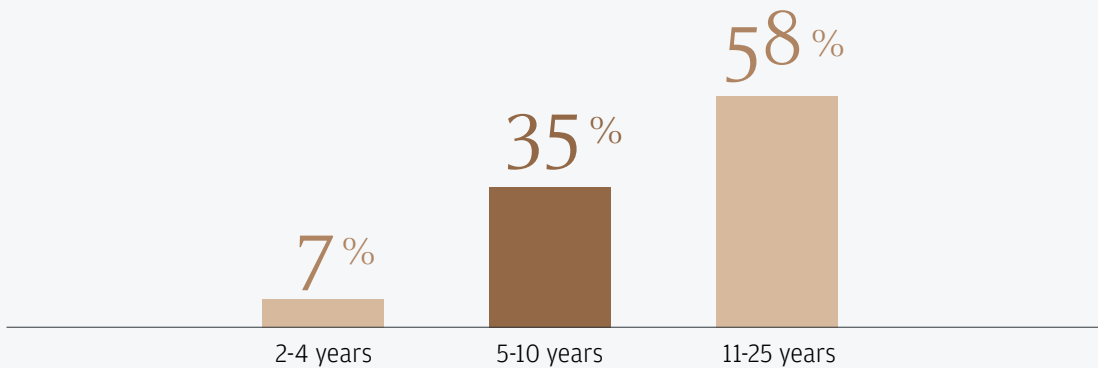
# About the survey

(Continued from the previous page)

Types of past funding and investment received



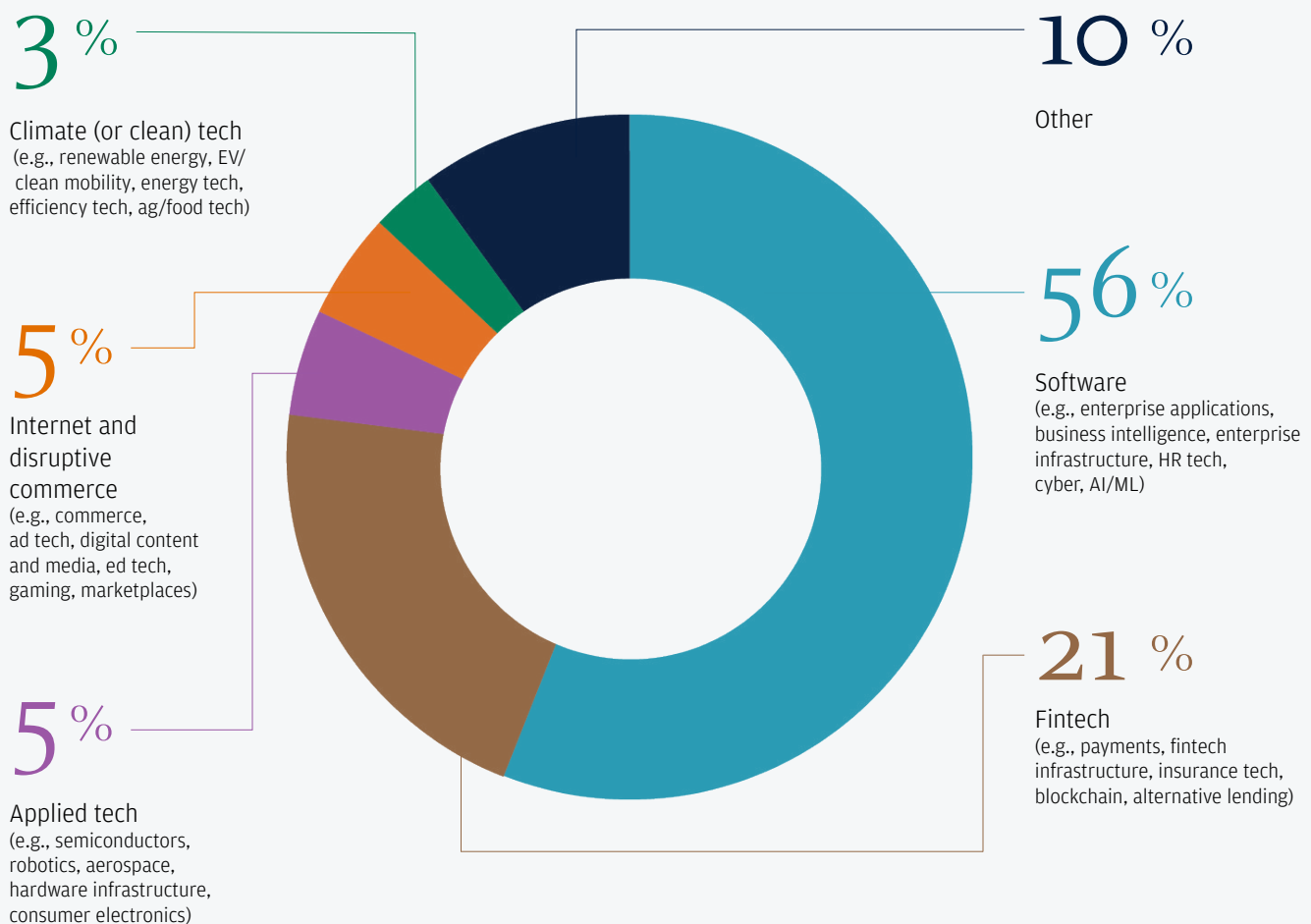
Age of company



# About the survey

(Continued from the previous page)

## Innovation Economy companies by offering:





# Our experts



**Alex McCracken**

Innovation Economy  
EMEA Tech Sector



**Rosh Wijayarathna**

Innovation Economy  
U.K. & Ireland



**Dorothée Stik**

Innovation Economy  
France, Benelux & Southern Europe



**Max Hauer**

Innovation Economy  
DACH Region



**Dhaval Shah**

Innovation Economy  
India



**Peter Bairaktaridis**

Innovation Economy  
Australia

# Innovation Economy Banking at J.P. Morgan

J.P. Morgan Commercial Banking has Innovation Economy specialists on the ground in nearly 20 countries, serving companies in this sector in more than 30 countries around the world. Our major presence includes:

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Brazil



Canada



Mexico



U.S.

## EMEA



France



Germany



Ireland



Israel



Italy



Sweden



Switzerland



U.K.

## Asia Pacific



Australia



China



Hong Kong



India



Japan



Singapore



South Korea

J.P.Morgan

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