



# ACCELERATION IN MEXICO: INITIAL DATA FROM MEXICAN STARTUPS

MARCH 2017

## DATA AT A GLANCE

THIS DATA SUMMARY INCLUDES INFORMATION FROM 461 VENTURES OPERATING IN MEXICO, CONTRIBUTED BY 21 ACCELERATOR PROGRAMS.

	<p>Mexican ventures that applied to accelerator programs were primarily early stage, for-profit ventures. Most ventures had not earned revenue in the previous year, and had not raised investment capital.</p>
	<p>Ventures that were selected by the accelerator programs to participate tended to demonstrate a track record. In particular they were more likely to have reported equity.</p>
	<p>Two-thirds of applicants had previously founded an organization. These experienced founders were more likely to have raised equity.</p>
	<p>Ventures led by women were four times less likely to raise equity than ventures with all-male teams.</p>
	<p>Ventures that reported intellectual property were more likely to have raised equity, earned revenue, and have employees.</p>
	<p>Mexican ventures most often ranked the development of their network and access to mentors as the most important benefit accelerators provide.</p>
	<p>Most ventures were hoping to raise debt or equity in the coming year and aimed for a median target of \$30,000.</p>



## ABOUT THE DATA

**Since 2005, hundreds of accelerator programs have emerged around the world.** Funders, including governments, corporations, and private foundations, are investing in these accelerators for their potential to grow successful ventures, create jobs, and build investor pipeline.

**Despite this interest we know little about accelerator effectiveness or how differences across programs influence venture performance.**

To address this gap, Social Enterprise @ Goizueta at Emory University and the Aspen Network of Development Entrepreneurs (ANDE) launched the Global Accelerator Learning Initiative (GALI) in collaboration with a consortium of public and private funders. GALI builds on the Entrepreneurship Database Program at Emory University, which works with accelerator programs around the world to collect and analyze data from the entrepreneurs that they attract and support.

Since 2013, the Entrepreneurship Database Program at Emory University has been partnering with accelerators and entrepreneur support programs to collect detailed data from entrepreneurs during their application processes. These entrepreneurs, including those not selected into a program, are then surveyed annually to gather valuable follow-up data.

**In Mexico, early stage entrepreneurs are increasingly the focus of government, local, and international investors.** Since 2013, the pace of venture capital has grown, supported by government, banks, and corporations. In addition, Mexico City has become a social enterprise and impact investing hub for Latin America, with a high density of intermediaries that support entrepreneurs. Impact investors often struggle to develop pipeline and are interested in accelerators as a way to build investment-ready businesses.

**With the support of Citibanamex, through Fomento Social Banamex, GALI is working to increase our understanding of acceleration and early stage ventures in Mexico.**

**This report summarizes application data** collected from ventures operating in Mexico that applied to participating accelerator programs between 2013 and early 2016. After setting aside duplicate application surveys, surveys with too much missing information, and surveys from entrepreneurs who declined to share their application information with the Entrepreneurship Database Program, the observations in this Mexico Data Summary are based on 461 early-stage ventures. The majority of questions focus on prior-year data, in other words, on business results from the year before applying to acceleration programs.

# 1

## WHERE DO THE DATA COME FROM?

11 accelerators and 461 ventures contributed data to this report.

The dataset includes information on 461 ventures operating in Mexico, 9% of the full sample of 5,224. Eleven accelerators contributed data from 21 programs,

including some programs operating in Mexico and others that operated elsewhere but received applications from ventures based in Mexico.

TOTAL:  21 PROGRAMS

 461 APPLICANTS FROM MEXICO

VILLAGE CAPITAL	 6	 136	ILAB	 1	 6
UNREASONABLE INSTITUTE	 1	 107	ECHOING GREEN	 1	 1
AGORA PARTNERSHIPS	 3	 71	NMOTION	 1	 1
STARTUP MEXICO	 1	 48	OTHER	 1	 1
PROEMPLEO	 3	 47	UNIVERSITY OF SOUTH FLORIDA	 1	 1
NEW VENTURES GROUP	 2	 42			

**Note on the Full Sample:** This summary often compares data from “Mexico” to the “Full Sample.” This refers to those ventures that operate in Mexico compared to the entire dataset. The full sample includes data from 5,224 ventures that applied to one of 82 accelerator programs. These ventures primarily operate in the USA and Canada (35%), Sub-Saharan Africa (28%), Latin America & Caribbean (21%), and South Asia (11%).

**Note on Statistical Significance:** The summary often mentions “significant” differences. This refers to differences significant at the  $p < 0.05$  level, and always to differences between categories within the Mexico sub-sample or the full sample, rather than differences between the two samples.

# 2

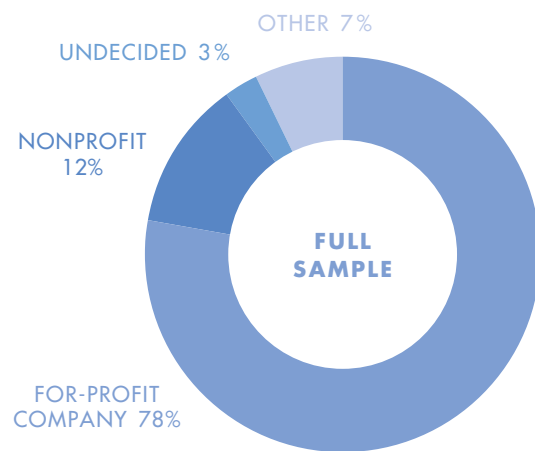
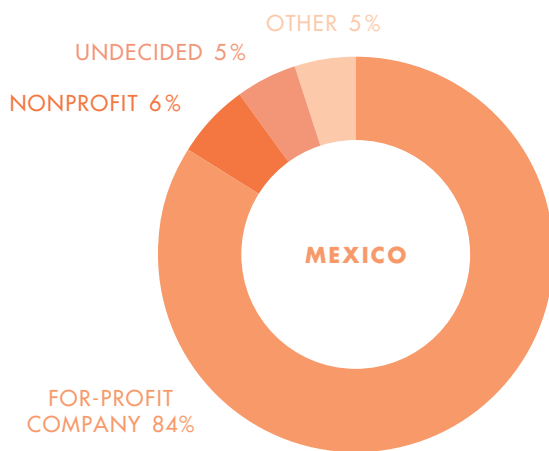
## WHAT TYPES OF VENTURES APPLY TO THESE PROGRAMS?

These are early stage, for-profit ventures, many in the financial services industry.

The typical venture was between two and three years old at the time of

application, and the majority are structured as for-profit companies.

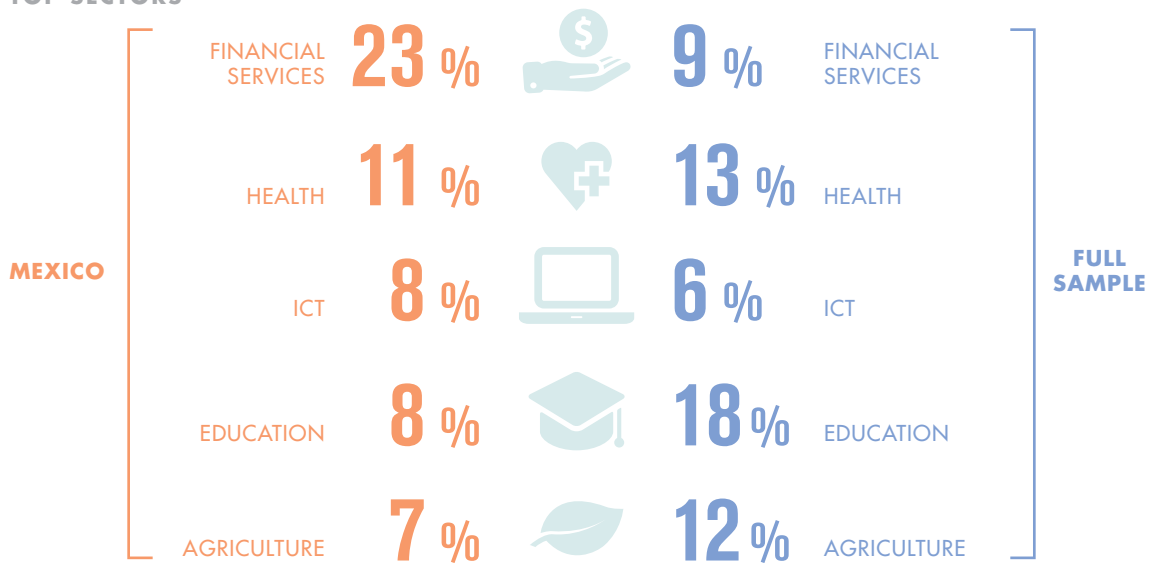
### BUSINESS STRUCTURE



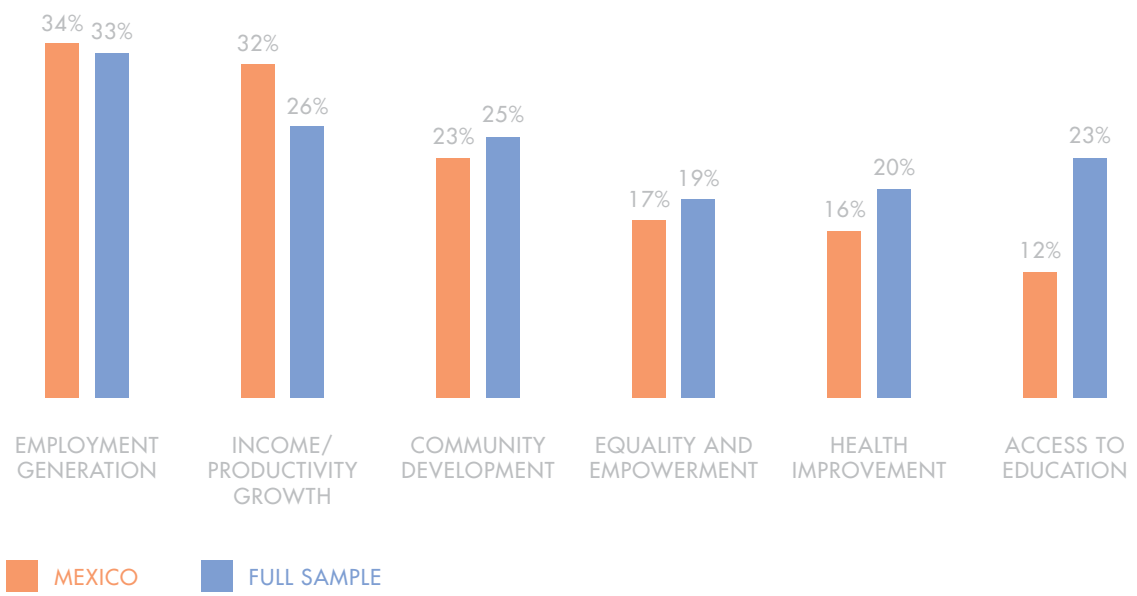
Nearly a quarter of ventures in the sample are in the financial services sector, followed by health, education and information and

communication technology (ICT). Job creation and livelihoods are the most common impact focus areas.

### TOP SECTORS



TOP IMPACT OBJECTIVES



3

HOW ARE THESE VENTURES PERFORMING?

Most ventures did not earn revenue in the previous year, and had not raised investment capital.

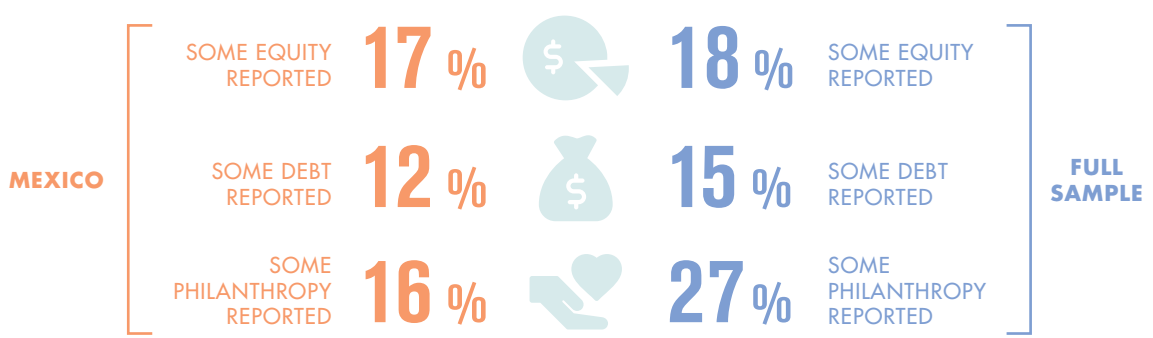
44% of Mexican applicants reported prior year revenue, just slightly less than the full sample where 47% report prior year revenue.

of which 63% reported prior year employees.

64% of Mexican applicants reported prior year employees, about the same as the full sample,

A slightly smaller proportion of Mexican ventures raised equity and debt, and a much smaller proportion raised philanthropic capital compared to the full sample.

INVESTMENT RAISED SINCE FOUNDING



# 4

## WHAT KINDS OF VENTURES GET ACCELERATED?

Ventures that were chosen to participate in a program tended to demonstrate a track record. In particular, they were more likely to have reported equity.

Eighty-two ventures, 18% of the Mexico sample, were selected to participate by the accelerator programs. Ventures that accelerators selected more often

showed signs of a track record: they more often reported revenues, equity, and philanthropic capital.

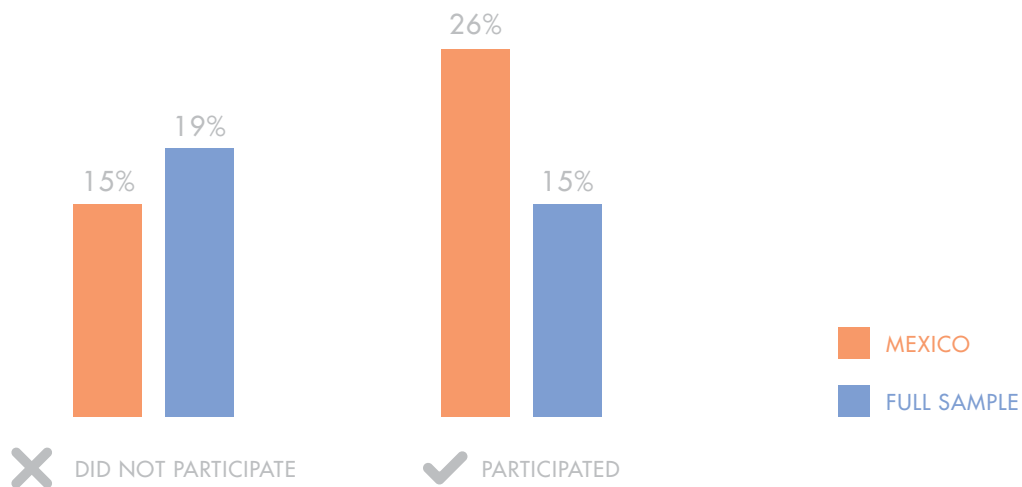
### ACCELERATOR SELECTION AND VENTURE PERFORMANCE

	ANY PRIOR-YEAR REVENUES	ANY PRIOR-YEAR EMPLOYEES	SOME PHILANTHROPY
DID NOT PARTICIPATE	42%	64%	15%
PARTICIPATED	50%	65%	22%

Unlike the full sample, where participating ventures were significantly more likely to have reported revenues and employees,

but significantly less likely to report equity, **ventures that were selected in Mexico were more likely to report equity.**

### ACCELERATOR SELECTION AND EQUITY REPORTED



# 5

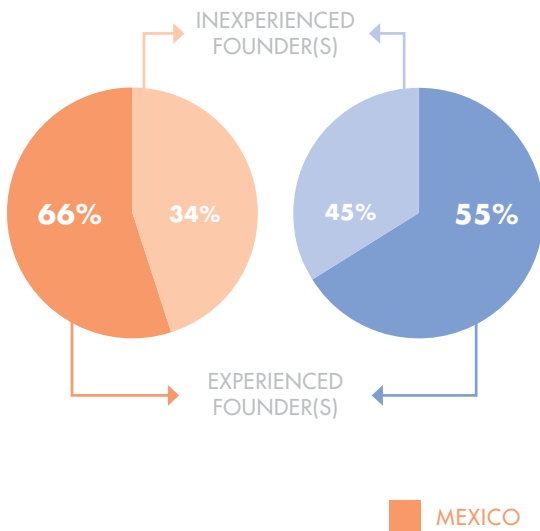
## WHAT ARE FOUNDERS' BACKGROUNDS?

Two-thirds of applicants had previously founded an organization. These experienced founders were more likely to have raised equity.

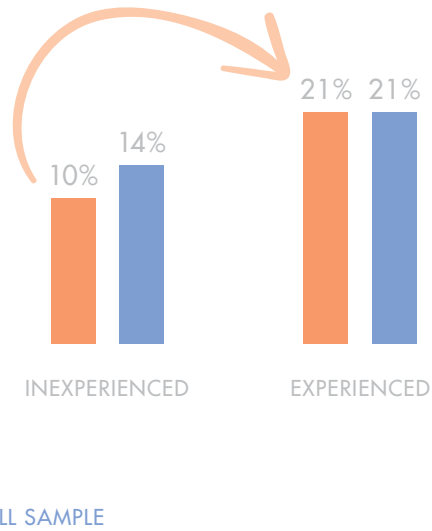
**Mexican applicants tend to be more experienced than the full sample of applicants:** 66% report founding a previous venture, compared with 55% of the full sample. That experience matters. In

particular, experienced founders are significantly more likely to have attracted equity investors. 21% of experienced founders report equity raised, compared to only 10% of inexperienced founders.

### PREVIOUSLY FOUNDED A VENTURE



### FOUNDER EXPERIENCE AND EQUITY RAISED



# 6

## HOW DO WOMEN ENTREPRENEURS COMPARE TO MEN?

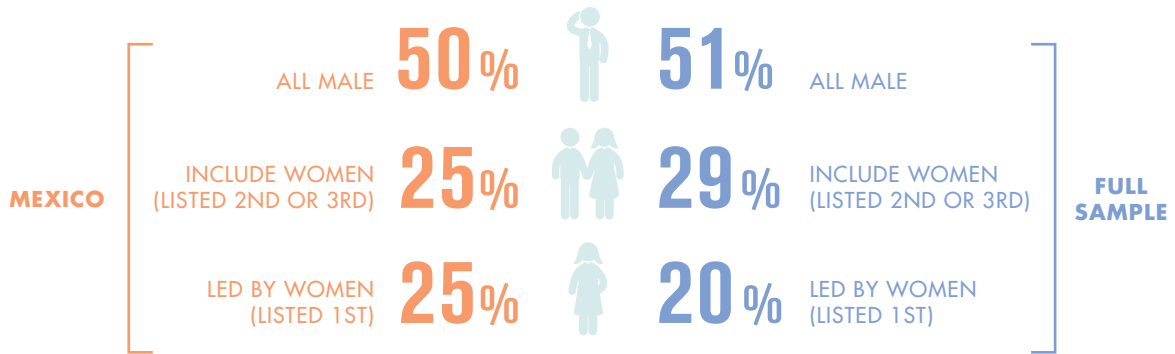
Ventures led by women were four times less likely to raise equity than ventures with all-male teams.

Half of Mexican applicants include women on the founding team, including 25% that

appear to be led by a woman founder.



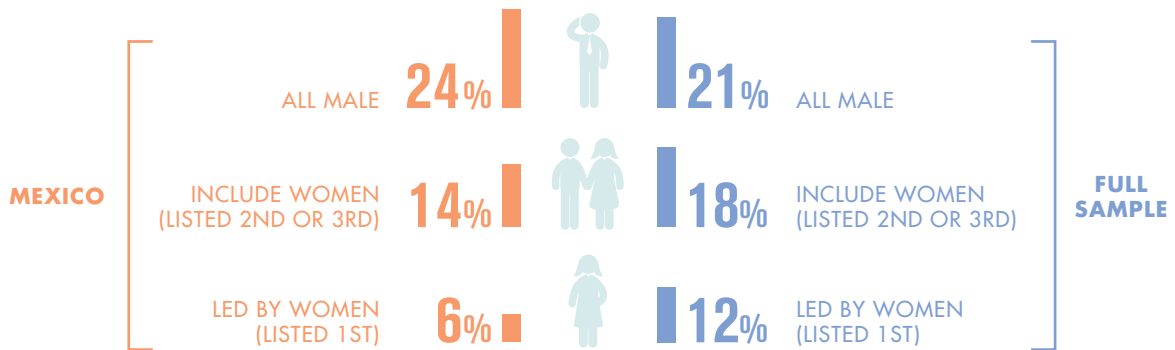
GENDER COMPOSITION OF FOUNDING TEAMS



Ventures with women on the founding team are significantly less likely to have raised equity. **Just 10% of these ventures reported any equity, compared to 24% of all-male teams. The difference is even starker for women-led teams, where only 6% report**

**equity.** This gender-related disadvantage is stronger for Mexican ventures than the patterns we see in the full sample, where teams that list women founders second or third performed about the same as all-male teams.

EQUITY REPORTED FOR TEAMS THAT...



Similar proportions of all-male teams and teams with women reported some debt, philanthropic capital, and revenue in the

previous year. However, teams led by women are significantly less likely to report prior-year employees.

TEAM GENDER AND REVENUE + EMPLOYEES	ANY PRIOR-YEAR REVENUES		ANY PRIOR-YEAR EMPLOYEES	
	MEXICO	FULL SAMPLE	MEXICO	FULL SAMPLE
ALL MALE	43%	42%	69%	62%
INCLUDE WOMEN (LISTED 2ND OR 3RD)	47%	55%	68%	73%
LED BY WOMEN (LISTED 1ST)	43%	49%	49%	58%

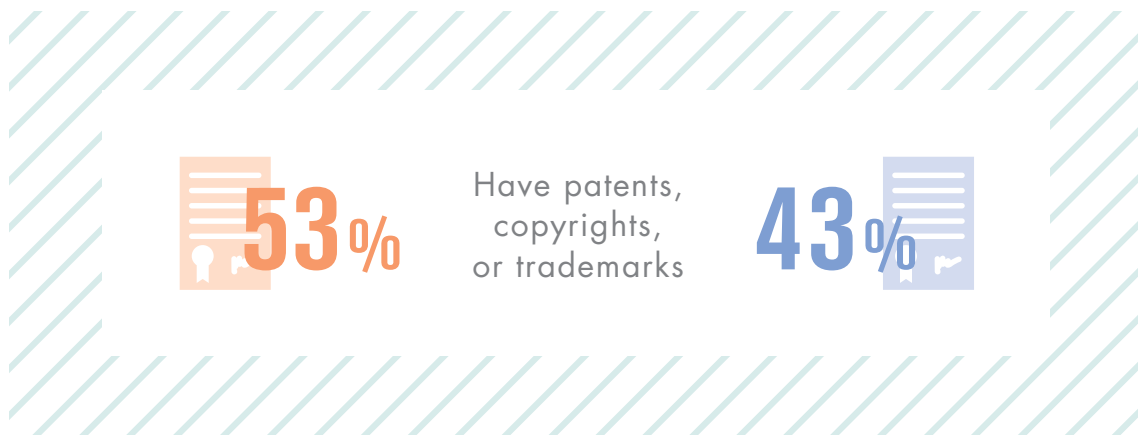
# 7

## DO THE VENTURES OWN INTELLECTUAL PROPERTY?

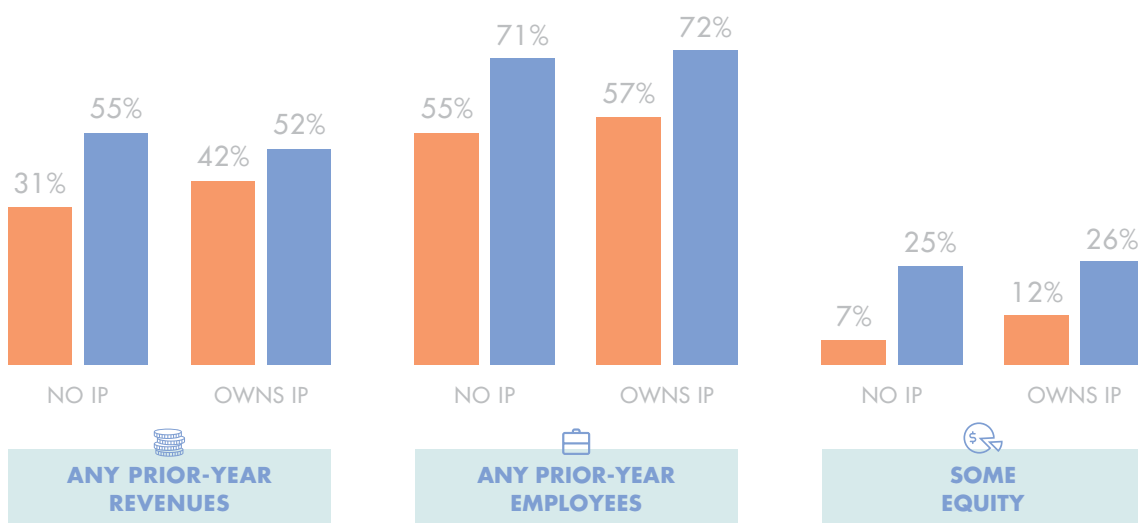
Ventures that own intellectual property are more likely to have raised equity, earned revenue, and have employees.

Over half of the Mexican applicants report owning patents, copyrights, or trademarks, compared to just 43% of the full sample. Those ventures that report this

intellectual property are significantly more likely to report equity and prior-year revenue and employees.



### INTELLECTUAL PROPERTY AND VENTURE PERFORMANCE



MEXICO FULL SAMPLE

## 8

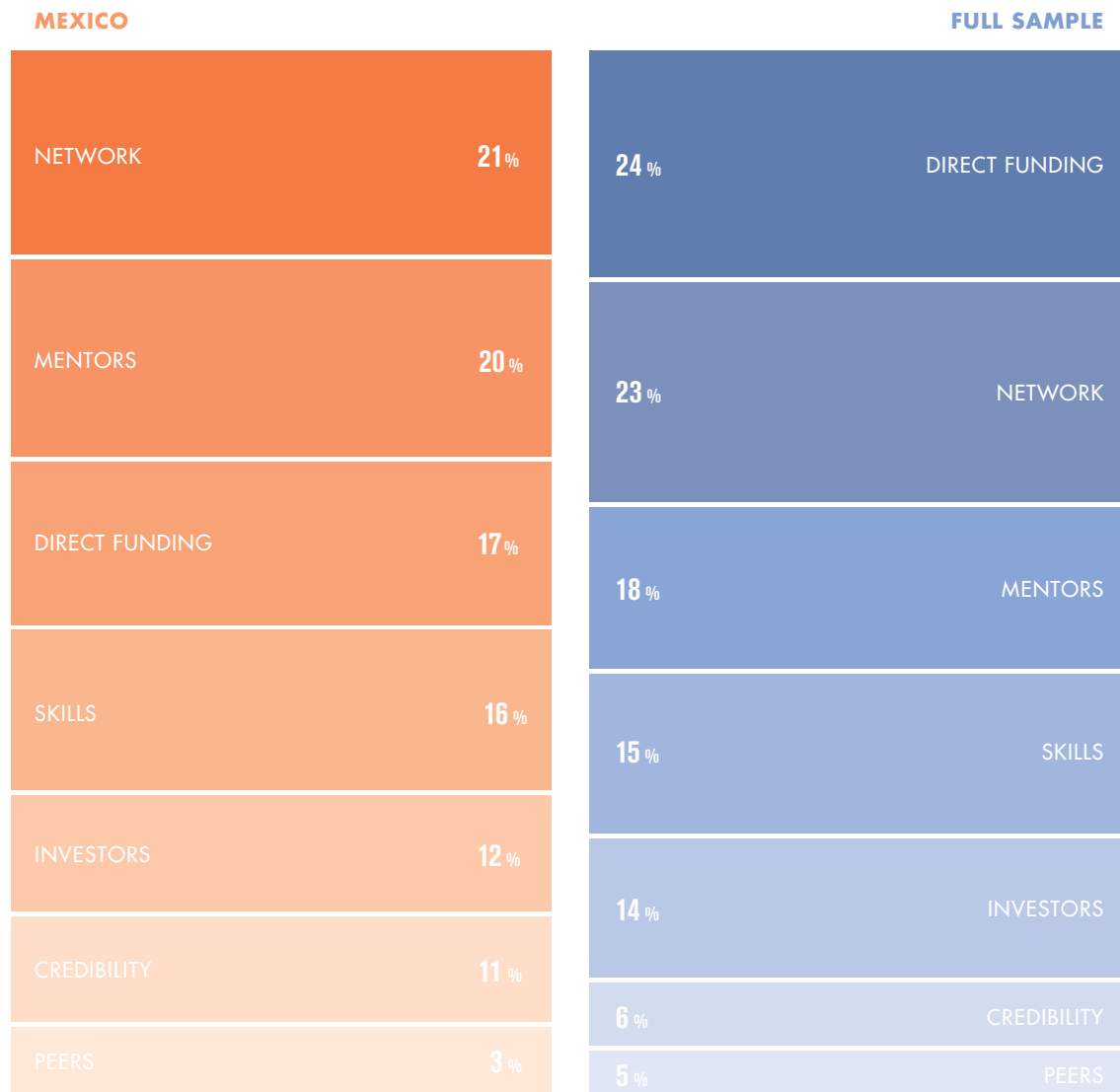
## WHY DO ENTREPRENEURS APPLY TO ACCELERATION PROGRAMS?

Mexican ventures most often rank the development of their network and access to mentors as the most important benefit accelerators provide.

Applicants rank seven possible benefits of accelerator programs from most important to least important for the venture's development and success. **Mexican applicants most**

**often ranked the network development and mentors as their first choice.** They prioritized direct funding less often compared to the full sample of entrepreneurs.

## PROPORTION OF APPLICANTS THAT RANKED THE BENEFIT AS MOST IMPORTANT



## 9

## WHAT ARE APPLICANTS' FUNDRAISING PLANS?

Ventures aimed for a median fundraising target of \$30,000.

**75% of Mexican applicants plan to raise outside debt or equity in the next 12 months,** compared to 64% of the full sample. They

expect to raise higher amounts than the full sample too. The median target is \$30,000 for Mexican ventures, compared to \$20,000 in the full sample.

**75%** of Mexican applicants plan to raise outside debt or equity in the next **12 months**

## 10

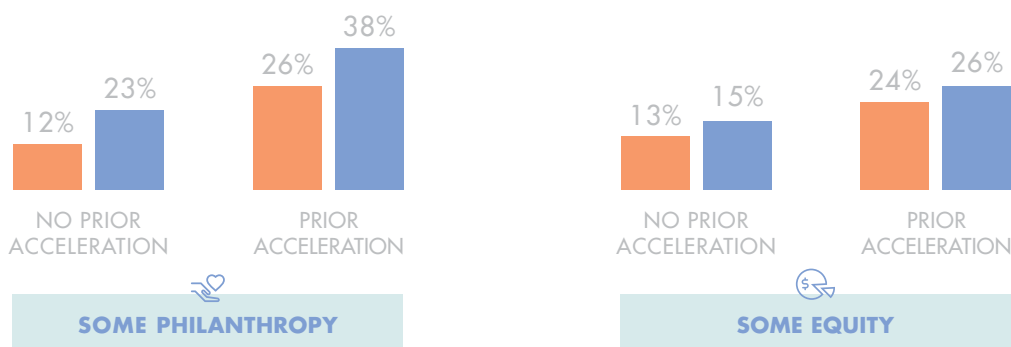
## HAVE THESE APPLICANTS BEEN ACCELERATED BEFORE?

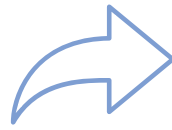
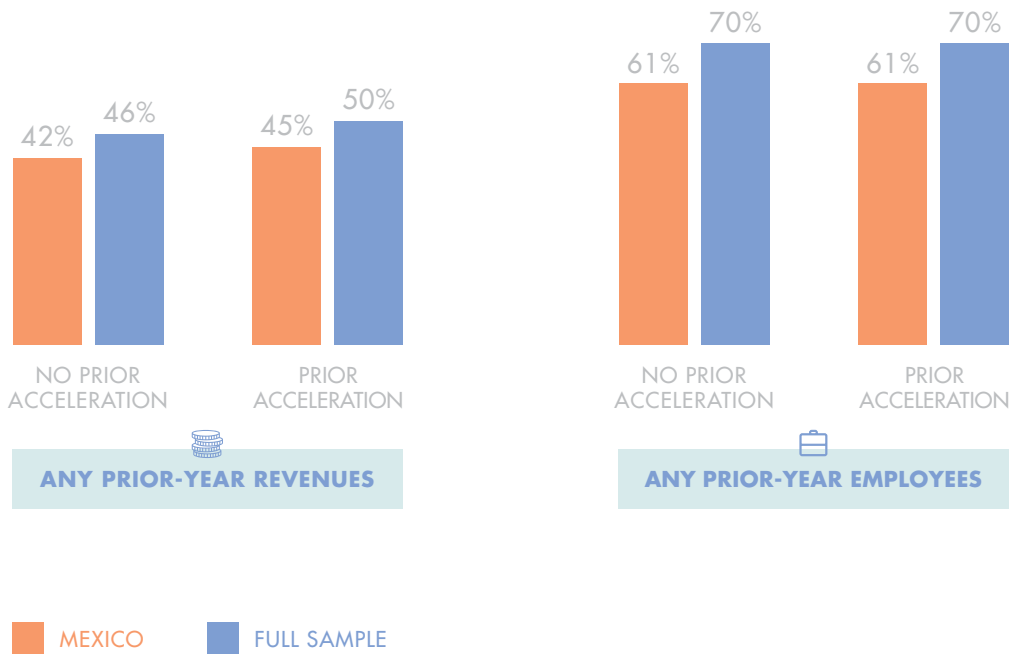
About a third of ventures include founders who had previously participated in an accelerator, and those ventures are more likely to report a stronger track record.

32% of Mexican ventures had at least one founder who had previously participated in an accelerator program, compared to 28% of the full sample. **Those that had been accelerated previously were significantly more likely to report equity raised,**

**employees, and philanthropic capital raised.** However there was no significant difference in revenue reported, unlike the full sample where teams with previously accelerated founders were significantly more likely to report all four.

## PRIOR ACCELERATION AND VENTURE PERFORMANCE





## WHAT'S NEXT?

The initial insights presented in this report would not have been possible without support from leaders at accelerator programs in Mexico committed to learning more about the effectiveness of their work. Thank you!

We look forward to working with these existing partners to collect follow up data from both accepted and rejected entrepreneurs, and examine the impact of acceleration on these ventures over

time. In addition to growing the depth of follow up data from Mexico, we plan to expand our reach and collect data on new ventures in partnership with many additional accelerator programs in the coming year.

As the dataset grows, we will be able to address more specific questions about early stage entrepreneurship and acceleration in Mexico.

The Global Accelerator Learning Initiative (GALI) is a collaboration between ANDE and Emory University designed to explore key questions about enterprise acceleration such as: do acceleration programs contribute to revenue growth? Do they help companies attract investment? GALI builds on the Entrepreneurship Database Program at Emory University, which works with accelerator programs around the world to collect data describing the entrepreneurs that they attract and support.

The Global Accelerator Learning Initiative has been made possible by its co-creators and founding sponsors, including the U.S. Global Development Lab at the U.S. Agency for International Development, Omidyar Network, The Lemelson Foundation and the Argidius Foundation. Additional support for GALI has been provided by the Kauffman Foundation, Stichting DOEN, and Citibanamex.

To learn more about GALI and to access the data presented here, visit [www.galidata.com](http://www.galidata.com)

