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# TECHMUTINY

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new thinking, new technology for the creative sectors

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A MediaTainment Finance supplement

## TechMutiny Insights Research Report

March 2016

*A JayKay Media Inc Product*

# TechMutiny Insights

## Research Report

March 2016

### Research Identifies Gaping Investment Shortfall Hurting Tech Start-Ups

TechMutiny Insights, an exclusive research report, interviewed 16 start-ups located in the UK, the US, Scandinavia and Europe and analyzed more than 420 tech services and products targeting the international media, entertainment and creative (MEC) sectors.

The report concludes that fledgling MEC tech ventures are struggling to find the money needed to fill one particular chasm that could make the difference between success and failure: growth stage funding.

Based on the interviews and the qualitative study of tech products and services, the report calls for the investment community to offer more funding options between initial seed investment and venture capital finance.

Despite declarations of governments worldwide that the digital economy and the creative industries are among the fastest growing contributions to global GDP, the investment communities are not responding in terms of the opportunities they offer MEC start-ups.

**The main findings of the TechMutiny Insights research report include:-**

*\*A majority of the interviewees (56%) said they had a tough time topping up their original seed investment.*

*\* A majority (56%) also said they were not depending on state-supported funding; in fact, one openly stated, “No sane strategy would,” as public support came with far too many restrictions.*

*\* Corporate investment from the MEC industries is also lacking as the biggest single share of those questioned (43%) said they struggled to find senior decision makers who understood the benefits of digital technology.*

The start-ups approached for this report are not struggling, near bankruptcy enterprises.

In fact, more than 60% had steady regular clients. Some 62% felt no reason to pivot as their original concepts remained robust.

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Moreover, a majority (75%) had seen the number of employees and revenue grow since they started or remain the same.

Yet, obtaining those extra financial reserves to take the business to the even faster growth stage has been much tougher than has been implied by media coverage of digital tech investments.

In addition, TechMutiny Insights looked at the MEC sectors that attract the most attention from digital start-ups and at their survival rates.

**We asked what percentage of these fledgling enterprises are most likely to collapse a year after launch.**

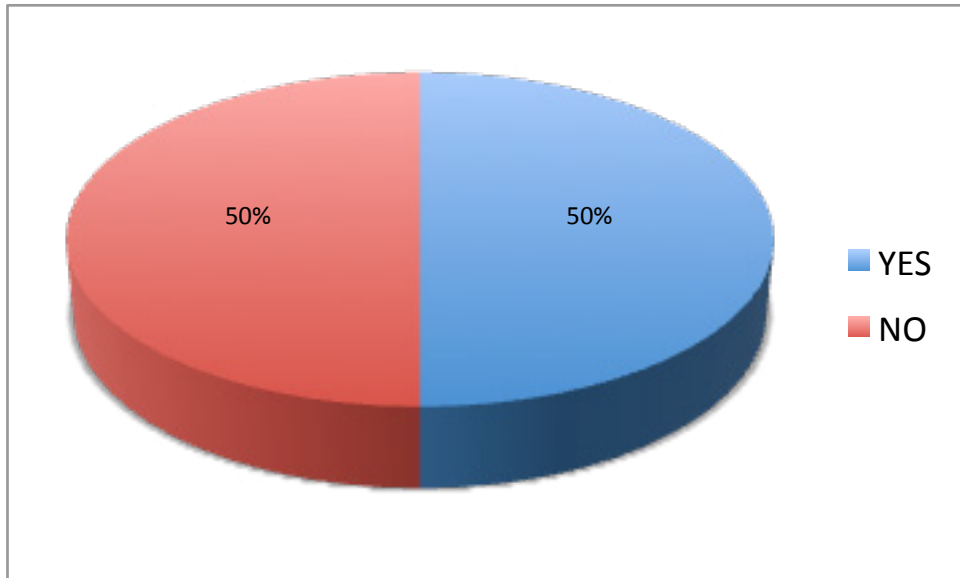
*\* Music had the most casualties in terms of the proportion (37.2%) of related start-ups that burned out, crashed and closed during the period surveyed. But acquiring licensing rights to music is a brutally complex business that most fledgling tech companies are rarely prepared for.*

*\*After music, Social Media start-ups hoping to be the next Facebook or ride on its coat-tails were the next most vulnerable (32.6%) to the challenges of running a business, followed by Books and Print Media tech ventures (29%).*

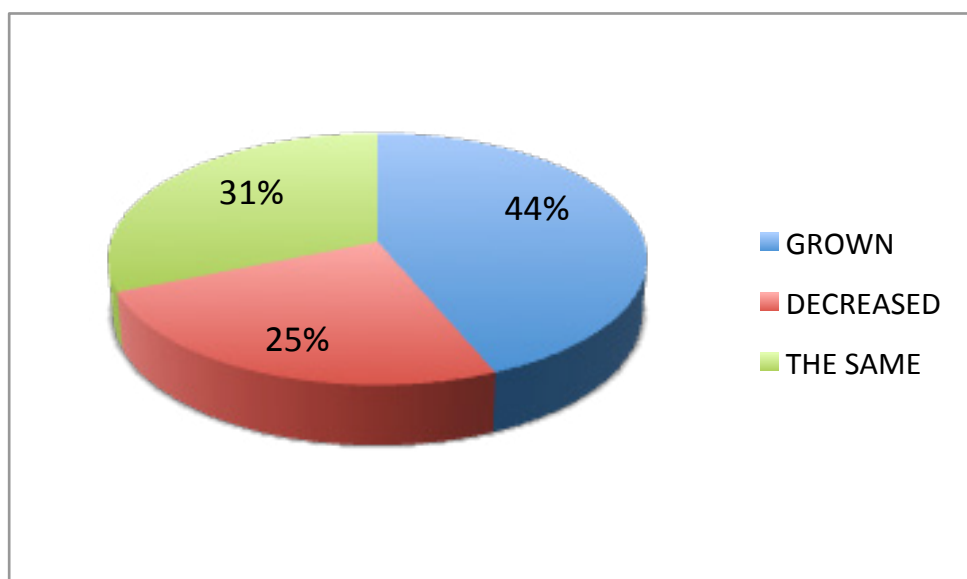
*\* Start-ups targeting Sports had the highest survival rate (100%), followed by Fashion (96.6%), then Film and Video (83.3%).*

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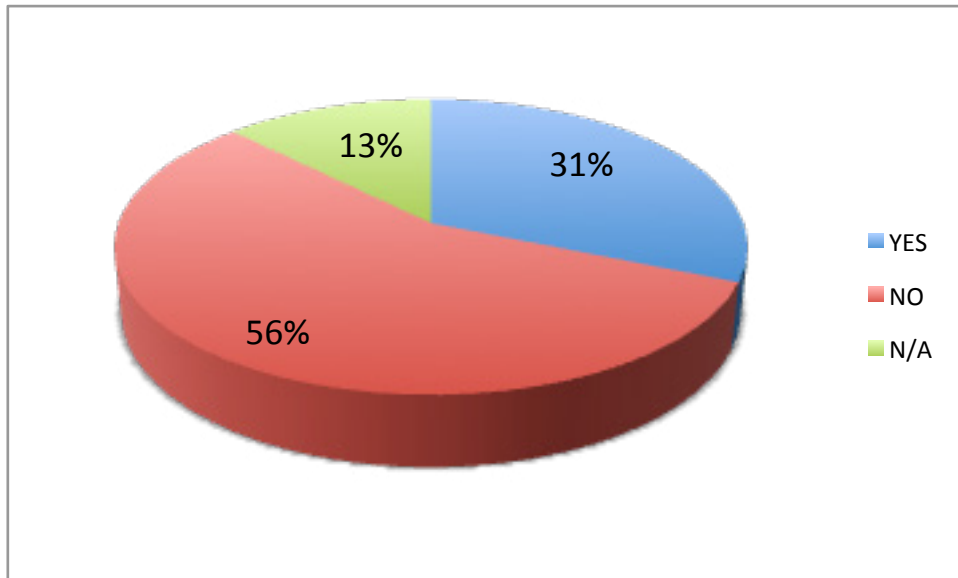
**Chart 1:** *In terms of revenue growth, are you happy with the current status since your company's launch?*



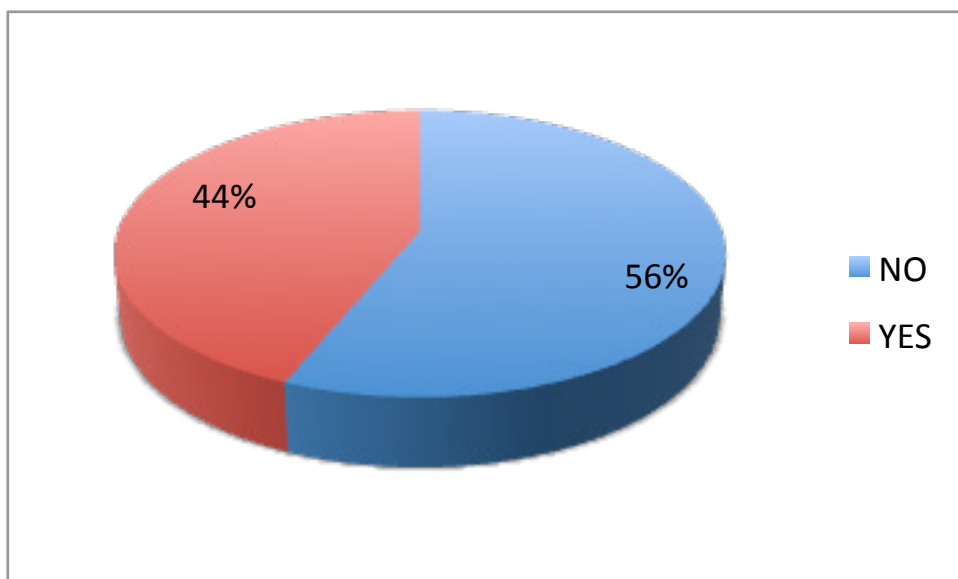
**Chart 2:** *Has the number of employees grown/ decreased/ stayed about the same since launch?*



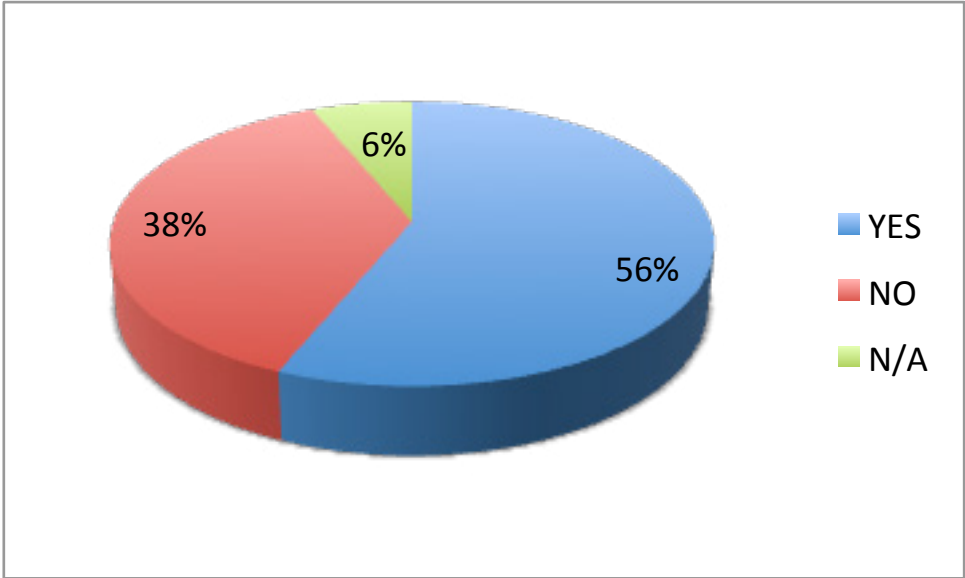
**Chart 3:** *Has it been easy finding private investors?*



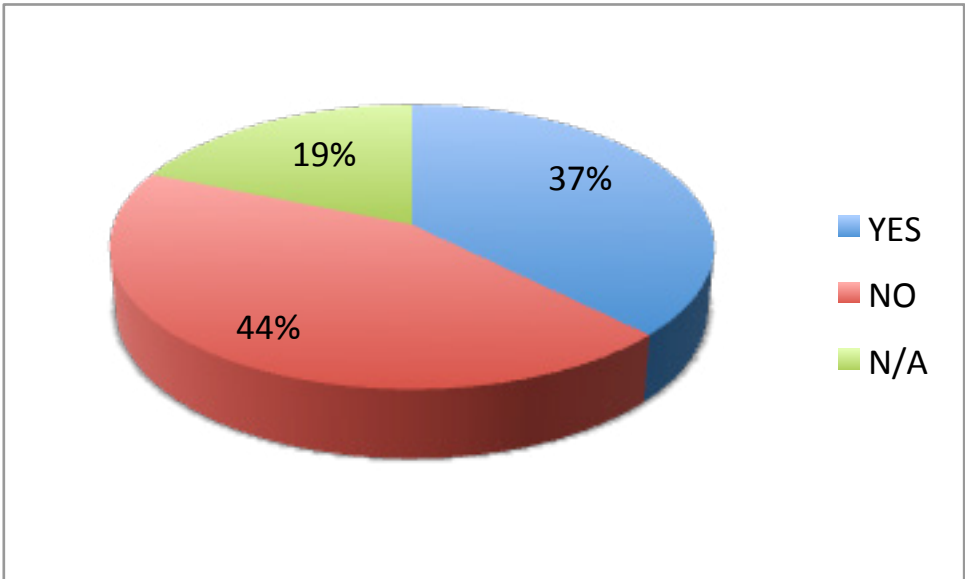
**Chart 4:** *Have you depended on government funds in your country?*



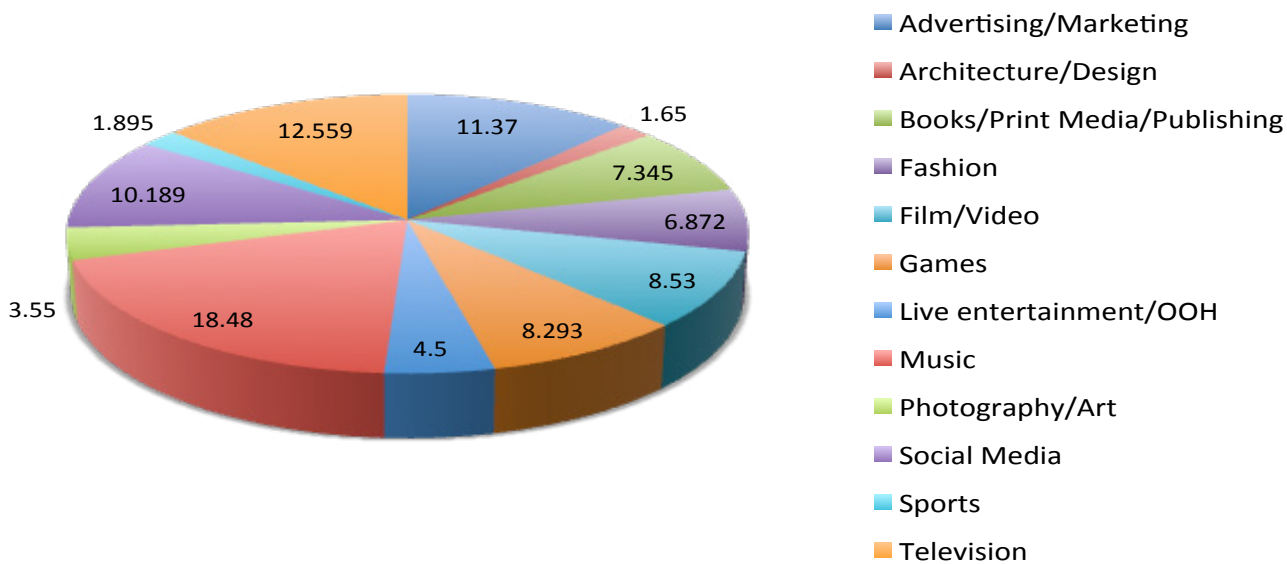
**Chart 5:** *Has it been easy finding relevant clients in the creative sectors who understand the benefits of your technology?*



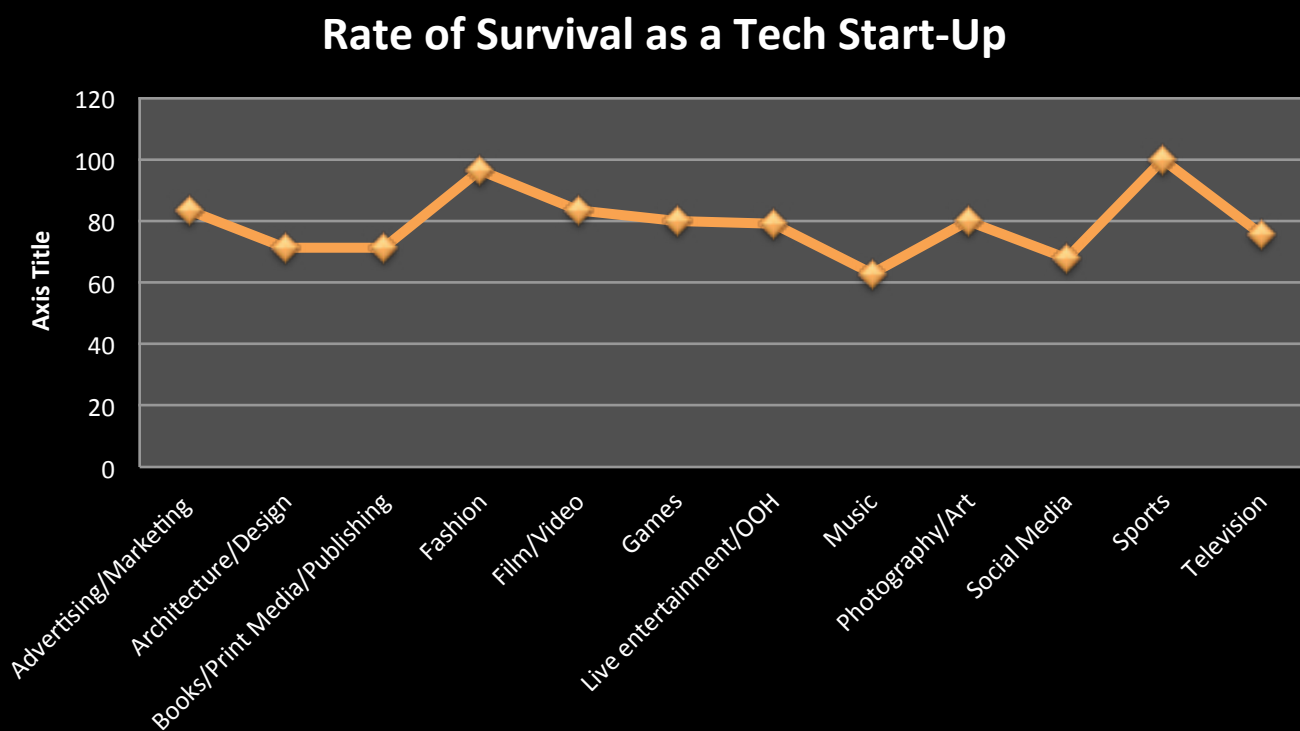
**Chart 6:** *Has it been easy finding private investors who understand how technology can help the media, entertainment, creative sectors?*



**Chart 7: MEC Categories:**  
as % of total tech products and services analyzed  
for research



**Chart 8: Survival Rate of Start-ups in each MEC category**  
for at least one year after launch



# About TechMutiny Insights

## ABOUT THIS REPORT

The TechMutiny Insights study is based on interviews with tech start-ups located in the UK, US, Scandinavia and Europe.

It also covered the 12 media, entertainment and creative (MEC) industries they focus on.

These are: Advertising, Architecture and Design, Art and Photography, Books and Print Publishing, Fashion, Film and Video, Games, Live Entertainment, Music, Social Media, Sports and Television.

Those interviewed were selected because they are award winners, have comfortably caught the attention of business angels and seed financiers and been resilient enough to have businesses that lasted at least one year during the period spanning October 2012 and January 2016.

The more than 420 international digital tech products and services analyzed about their vulnerability as businesses were chosen because they had originally received high-profile media coverage in at least three international specialist and general business publications, and/or had approached TechMutiny directly.

## ABOUT TECHMUTINY INSIGHTS

TechMutiny Insights is a unit of TechMutiny, an international news and analysis resource serving the MEC (media, entertainment and creative) sectors. Founded in 2012, TechMutiny produces a range of sector specific reports, thought leadership content and analysis and offers dedicated research to both the start-up communities and established media and entertainment players at the point where technology meets MEC. For more information, please go to [www.techmutiny.net](http://www.techmutiny.net). TechMutiny is a subsidiary of London-based multimedia venture JayKay Media Inc Ltd.

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