# Sifted/Reports

# The future of work

## Why post Covid startups won't ever look the same

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## Why post Covid startups won’t ever look the same

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Get in touch with Christopher Sisserian,
head of Sifted Intelligence via **chris@sifted.eu**

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# Closing out a decade of growth

If the 1990s were the dot com years, and the 2000s the era of boom and bust, then the 2010s may deserve the epithet "decade of the startup".

Between 2010 and the beginning of 2020, technological innovation and the resulting swell of the sharing economy and cloud computing technology created a propitious landscape for companies to hatch and thrive.

Investments in new business climbed exponentially, aided by record low interest rates that fuelled a fierce hunt for yield. The tide of cash inflated not just valuations, but also egos and aspirations — frequently propped up by speculation more than fundamentals.

A thrilling startup culture began to proliferate across Silicon Valley, New York, London, Berlin, Paris and a clutch of cities across the Nordics, characterised by creativity and ingenuity but ample bravado too.

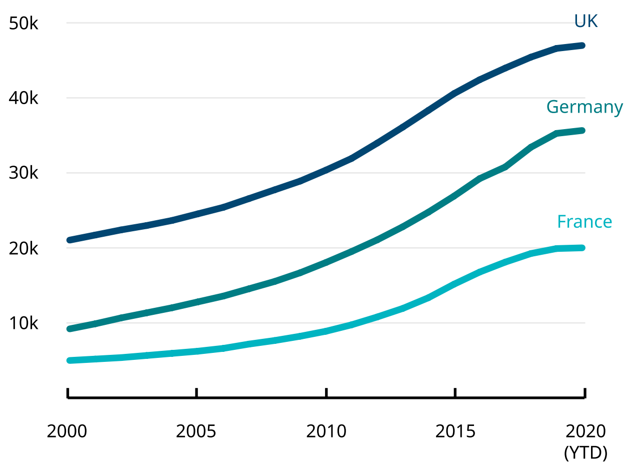
Startups also proved competent at moulding the world of work. They waged a war on far larger, more established businesses for the hottest talent by chipping away at the parameters that had been cemented in place for decades: the workforce became a family, the workplace a transient concept. The quirkier the perk the better. Free food was a given and concepts like unlimited paid holiday no longer obscure.

But even before the onset of Covid-19, cracks had started to appear in the foundations of the record-breaking bull market that had stoked the startup boom. The term "irrational exuberance" — popularised by Federal Reserve chairman Alan Greenspan ahead of the dot-com bust — seeped back into our vocabulary as WeWork and Theranos delivered modern-day Icarus tales, shaking the foundations of the global entrepreneurial ecosystem.

So when coronavirus started to spread, it was not surprising that a new sense of wariness and prudence did too. Now, as economies adjust to the prospect of a more socially-distanced world, many of even the most blustery startups and bold venture capitalists are taking stock.

In this paper we speak with leaders at startups, accelerators and investment firms to understand how Covid-19 is transforming their work, from its impact on investment, mental health to office space to perks of the job. It seems that despite the strength of startup culture, the pandemic has left no stone unturned.

Some are already displaying a more measured and humble approach. Idealism has made way for realism and ostentation for modesty. Something that was previously lavish and desirable may now just seem unnecessarily garish. Is the startup world on the cusp of a new era of humility? And might these changes be for the best?




**Total startups in the top 3 European countries**

*Source: europeanstartups.co*

# Interview with Nicole Sahin

## CEO, Globalization Partners

**What long-term impacts has Covid had on the geography of work?**

There has been a short-term shift of existing employees wanting to move internally around the country, and in Europe, we are seeing customers who want to go back home if they are working in another European state. This has been exacerbated by Brexit, as everyone has been on edge for years, wondering if they are going to be able to keep their right to work in the UK and how that's all going to play out.

You might think now that remote work is being embraced that everyone would now be saying 'let's move to Fiji', but more often people want to move home to be closer to their families, or just a little further out of cities so they can have more space. Typically they are not making drastic life changes to go live on the other side of the planet.

But there is also a bigger shift, which is that, regardless of how quickly the vaccine comes through, companies are now thinking differently about where they source talent. When I talk to CEOs and senior executives, they have realised they don't always have to hire talent from London, Hong Kong and Singapore. Now they are asking, can we put some of our offices in Barcelona or Romania? Mexico or Poland? People are getting more comfortable with those ideas and are now considering them whereas they may not have been an option previously.

**Is this a shift of talent sourcing across business, or for certain roles and specialisms?**

It very much depends on the roles. If you need a rockstar VP of product with a background of working for a major company, you might have to pay them a San Francisco or London salary no matter where they are. And nobody is going to go out there looking for the cheapest CFO. But you would start looking at lower cost areas for accountancy roles where you can find competent talent.

***"If you need a rockstar VP of product, you might have to pay them a San Francisco or London salary no matter where they are."***

It is inefficient for an HR team to say 'we are open to hiring anyone from anywhere' in my opinion. You still have to advertise the position in specific locations and think critically about the cost of filling a role and where you'll find the skill sets you need. My recommendation is that companies figure out where the talent is and build their hiring plan around that rather than saying 'anyone anywhere' and assuming somebody's going to find the opportunity on their website.

**Have executives become more comfortable with remote hiring and management?**

Things have changed permanently. Companies will be hard pressed to get their team members to go and sit in an office five days a week, 10 hours a day — and frankly,

*Image: Globalization Partners team*

executives don't want to do that either. They have also realised that the productivity of their workforce has greatly improved in some cases. The scary thing for CEOs was always a concern that if they are not deeply engaged with staff on a daily basis, they wouldn't be working as well. By and large, you can ascertain if somebody's doing their job or not remotely. We've gotten over that fear factor now. We've all had a boot camp and psychological training towards remote work this year. And there are the technologies and platforms out there to help.

***"We've all had a boot camp and psychological training towards remote work this year."***

**What have been the biggest challenges for companies trying to expand their staff footprint globally, to date?**

There have been two hurdles. The first was finding talent in the first place, but this has become a lot easier in the last few years now that the whole world is on LinkedIn! But the real hurdles come with the legal issues. In the old way of doing business, if I wanted to hire somebody in Brazil, it might take me a year to set up a company, and it wouldn't be possible for me to do it alone. I would need to involve my legal team, my finance team, my tax team, my HR team, in a very interconnected effort, costing hundreds of thousands of dollars and thousands of man hours to figure it out, with a lot of compliance risk.

Our AI-driven, automated, fully compliant global Employer of Record platform offers the opportunity for companies to quickly and easily hire talent anywhere in the world and not worry about the vast majority of these issues. Our solution is a kind of legal infrastructure overlaid by software that digitises the entire experience for the customer and puts everything at their fingertips. The way it works is that our customers find the talent, and we employ the person in the country where the person works. This makes it easy for our clients to have global talent without the traditional headaches of global compliance.

**What do you say to the view, already out there before Covid, that globalisation is slowing or going into reverse?**

I say, that's ridiculous — and you can quote me on that! I know there are credible economists out there saying that globalisation is dead but I don't agree. Globalisation just got a booster shot. We've accelerated societal progression of global remote work 10 or 15 years in the last six months. It's an extraordinary and exciting time.

***"Globalisation just got a booster shot."***

# The big shake up

Will history mark 2020 as the year that Covid-19 brought startups down to earth from their meteoric rise in financing and cultural zenith?

Perhaps. Shifting focus and new priorities seem to be the prevailing themes of 2020. For example, famous office perks, and even offices themselves, are falling to the wayside, while investors are taking a more critical look at profitability and pausing investments. The glamorous startup world may never look the same.

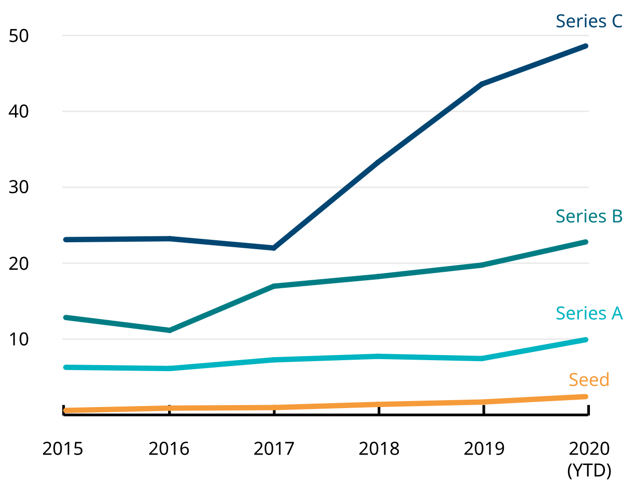
## INVESTMENT INTERRUPTED: BEYOND THE SHORT-TERM MEGA-ROUND

2020 kicked off with predictions that valuations of European startups would likely decline over the coming quarters, limited by a collective sense of caution. This chimes with a new conservative tone that many enterprises had started to adopt, even before the full extent of Covid-19's impact became apparent.

Back in January, San Francisco-based micromobility startup Lime announced that it was withdrawing from a dozen cities and shifting its "primary focus to profitability". For years, making a profit had been, at best, a secondary concern for many startups, but that's now changing on both sides of the Atlantic.

***For years, making a profit had been, at best, a secondary concern for many startups, but that's now changing on both sides of the Atlantic.***

"As an entrepreneur, you need to think beyond your short term mega-round with a mega valuation," Karim Kaddoura, cofounder and co-chief executive of car rental app Virtuo, told Sifted earlier this year. "I don't think that's showing a lack of ambition. I think it's about turning your attention back to the fundamentals and being wise about making sure they are sound."




**Average Round Size (€m) in Europe**

*Source: europeanstartups.co*

US venture capitalist Fred Wilson recently penned an article arguing that the narrative driving valuations over the last decade had gone too far and was "falling apart".

Emma Steele, who manages an impact fund at Ascension Ventures, a UK-focused early-stage investor, says that the immediate reaction of many venture capitalists when Covid-19 started spreading was to take a step back and focus on ensuring that their portfolio companies were secure in terms of cash.

"Many actually paused new investments," she says. Since then, activity has picked up again but the approach has changed. "There's more focus on the cash runway. Requirements may have been a minimum of 12 months before, but an 18-month runway when a founder raises is more widely expected now," she adds. Steele says that investing in "lean and agile teams is essential to weather the storms of the recession".

Research by Sifted shows that dozens of European startups have laid off or furloughed staff. In February, digital bank Monzo told Reuters that it planned to hire around 500 people in 2020 as it aimed to continue its rapid growth. It has since cut well over 100.

In his 2001 letter to Berkshire Hathaway shareholders, Warren Buffett said you only find out who is swimming naked when the tide goes out. "It's now obvious that a lot of founders had been swimming naked, confident that the ocean of cash would protect not just their dignity," said one VC cofounder who declined to be named. "The tide has definitely pulled out and many of the businesses left stranded may well never float again. That's just a reminder of how capitalism works."

"In 2019, I felt like the [funding] environment was getting very bullish and opportunistic," says Joanna Dai, who founded her online retail label Dai in 2017 after an eight-year banking career in New York and London. She closed a $1.25m investment round in April led by New Look founder Tom Singh, just as Covid-19 infections and deaths were starting to spread. Even back then, she adds, she was concerned that the market was getting "saturated".

"I'm sure that post-Covid the scrutiny on businesses is going to be much more intense. Investors are going to look for businesses with solid foundations, real innovation, strong economics and resilient business models. Margins will have to be super solid and compelling," Dai says. "It'll basically just be, how future-proof are you?"

> ***"Unless you're pitching video conferencing or a vaccine, you need to convince an investor your business can survive the crisis."***
>
> ***Peter Briffett***
> *Chief executive and cofounder of Wagestream*

Peter Briffett, chief executive and cofounder of Wagestream, an app that allows employees to channel earned wages directly into their accounts, emphasises that when you do pitch, it's now paramount that you have a "meaningful response to Covid" and are able to explicitly address the threat of the pandemic. "Unless you're pitching video conferencing or a vaccine, you need to convince an investor your business can survive the crisis," he says.

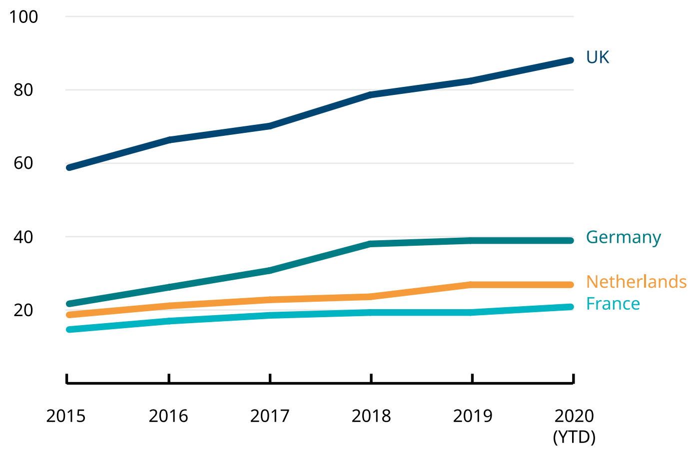
"Risk appetite amongst VCs hasn't evaporated," Briffett says, "but you have to prove your business is Covid-proof and your growth won't slow as a result of a pandemic."

## NEW CONTRACTS, NEW CONNECTIONS: VIRTUALLY DEMOCRATISING

The world of work — everything from pitching to hiring — is starting to reflect a new sense of constraint and caution.

Advertising spend has evaporated and many businesses have cancelled or renegotiated co-working contracts. Anecdotal evidence suggests that nice-to-have perks, like free meals and complimentary fitness classes, are being scrapped in favour of essential benefits like childcare subsidies and mental health support. And while a more dispersed workforce as a result of lockdown and shelter-in-place orders has raised concerns about the possible impact on culture and team cohesion, some are already recognising an upside.

Fergal Mullen, cofounder and partner at Highland Europe, a growth-stage technology fund that invests




**Number of companies founded since 1990 that reached $1 billion valuation in the top 4 European countries**

*Source: europeanstartups.co*

in European internet, mobile and software companies, said that in the past he had explicitly stipulated that he would find it "very challenging" to buy into a company without meeting management face-to-face.

"But I've had to eat my own hat on that one," he admits. In July, he invested in a meditation app called Meditopia, headquartered in Berlin and Istanbul, without ever having met the founders in person. Instead, Mullen and his team spent more than 40 hours with the cofounders and team members on video calls.

"In the end, I probably spent more dedicated and focused time with them all than I would have done if we'd met in person and it worked really well," he says. The time saved on not traveling, meanwhile, has led to an uptick in productivity.

Others are predicting that the change in work patterns may also make a historically homogenous industry more diverse and create opportunities for founders who can't afford to — or simply don't want to — reside in the metropolitan hubs where most investors still congregate.

"We suddenly have the appreciation that this is a truly global market," says Neil Cocker, a Cardiff-based entrepreneur and startup mentor. "Covid-19 has proved that there's absolutely no reason you can't approach a VC who's on the other side of the world and who you've never met... Previously, as a founder, there was an expectation that you had to meet a middle-aged white man and shake his hand and look him in the eye before he would write you a cheque. But that's all changed."

Ascension Ventures' Steele also makes the point that going entirely virtual could democratise the industry. "The dreaded 'warm intro' and subsequent coffee is something we try to minimise and lockdown very much opened up an opportunity to think about how to open up pitching to more people," she says.

One of Ascension Ventures' founders, Kieran Hill, recently helped to set up an open source partnership initiative with a host of other pre-seed investors. Founders can apply online and submit their deck and pitch video. Once a month the investor group will select a number of applications and invite them to pitch directly, albeit remotely. Steele says that Ascension has committed to investing in at least two startups over the next six months.

"We truly believe that this gives founders the best chance to access a group of fantastic pre-seed investors and, by default, their networks," she says.

By the same logic, a remote set-up may also make conferences and internships more accessible to a wider socio-economic demographic. In the past, the prohibitive cost of living in cities like London would've been a deal breaker for graduates and other young people seeking work experience or a first job. But the prospect of living further afield and perhaps commuting in a few times a month naturally changes that.

## VALUATIONS AND PERFORMANCE: REDEFINING SUCCESS

But what about the longer run? Have we definitely moved on from the days of meteoric growth fuelled by hope and optimism rather than cold hard balance sheets? And is an industry that's so focused on facetime and networking really ready to embrace a truly virtual way of working? Opinions are divided.

In response to the latter question, Oleg Mukhanov, chief operating officer at SteadyPay, an app launched in 2018 to help gig economy workers protect their pay, says that on the one hand setting up meetings has become easier because the commute is taken out of the equation, but "pitching is a lot about personal connection and storytelling — both of which are difficult over video conferencing systems".

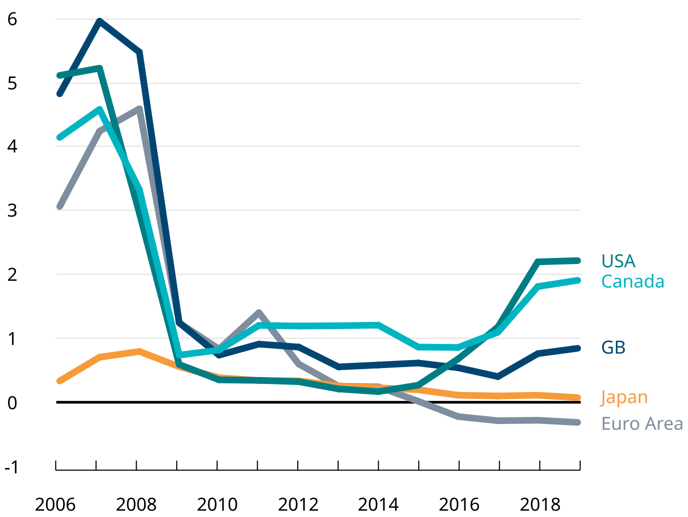
As for the former question, the boom-and-bust cycles that shaped much of modern economic history are testament to the short-term memory of markets, and there's certainly reason to believe that this time won't be any different.

***"There tends to be big opportunities after a crisis and that's what we'll see here too."***

***Neil Cocker***
*Entrepreneur and startup mentor*

"What we have to remember is that when it comes to disaster capitalism or reset economics — whatever you call it — there tends to be big opportunities after a crisis and that's what we'll see here too," says Cocker, adding that although some of the hot air might've filtered out of the current market, valuations could quickly creep up again.

And there's one particularly notable force that may ensure this new humility is more of a fleeting trend than a lasting shift — at least economically. Interest rates across much of the developed world remain




**Interest rate trends across developed world 2006-2019**
*Source: data.oecd.org*

anchored at record lows. That's been one of the key dynamics that's kept so many startups flooded with cash over the last decade.

With growth likely to be sluggish at best across many countries in the coming years, investors' hunt for yield will probably continue to squeeze money into assets that have both ample upside but also undeniable downside — startups, of course, being the prime example of that.

In fact, Freddy Kelly, chief executive and cofounder of challenger credit bureau Credit Kudos, points out that fintech funding has remained very much intact throughout the crisis so far, underscoring just how eager investors still are to tap into promising startups despite the uncertain economic environment. In April, Credit Kudos raised £5m in Series A funding in a round led by AlbionVC.

“VCs are clearly noticing fintech startups are experiencing growth despite the challenging market,” Kelly says.

But one relatively undisputed and lasting impact of Covid-19 is likely to be a greater awareness of the broader responsibility of founders and businesses. The pandemic has not only highlighted the interconnectivity of the world, but also the social responsibility individuals and organisations bear.

“There's definitely been a huge acceleration in the trend towards sustainability, for example,” says Joanna Dai. “With the consumer being completely slowed down, we've all had a chance to really reflect on the environmental impact of our consumption and behaviour.”

In May, B Lab UK, a non-profit behind the B Corporation movement in the UK, and ReGenerate, an organisation promoting purpose-driven business, surveyed 2,175 members of the UK public on their attitudes toward capitalism and the role of business in addressing environmental, societal and economic challenges during the post-Covid-19 recovery.

It found that 72% believe that businesses should have a legal responsibility to the planet and people alongside maximising profits.

Certified B Corporations are businesses that meet certain standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose. Since Covid-19 started spreading, scores of businesses, many of them startups, have applied for certification.

*Image: B Leader guiding through B Corp certification*

According to Chris Turner, executive director at B Lab UK, over 1,770 companies started the process of getting certified as a B Corporation in the UK between mid-March and the start of August, up 80% on the same period a year ago.

“B Corps, along with many other purpose-led businesses, plan for the long term and build their business around trust and relationships, which provides a solid foundation during times of crisis,” says Turner. “We've also seen B Corps responding to the crisis and innovating in a way that puts their people, communities and environment first — prioritising the stakeholder relationships that will lift us all out of the crisis together.”

Over the last decade, startups have proved capable of redefining the way we socialise, consume, entertain, travel and even the way we think. In the post-Covid-19 world, they'll no doubt be instrumental in determining the way we work.

“For me, Covid-19 has highlighted the responsibilities we as founders of new businesses have towards the world around us and generations to come. It's a real privilege but also a huge responsibility,” says Dai. “It's absolutely key that we get this right.”

# Startups and wellbeing

## A complicated love affair

In early 2020, as countries around the world started recording their first cases of the novel coronavirus, which would eventually send the global economy into a tailspin and push scores of businesses to the brink of survival, another pandemic was silently gathering pace.

Fuelled by upended routines and an unfamiliar socially-distanced lifestyle, a mental health crisis was building momentum, with entrepreneurs, startups and freelancers — many operating on slim margins and under intense pressure at the best of times — in its crosshairs.

## PASSION, PERSPECTIVE AND BURNOUT

In May, the UK's Royal College of Psychiatrists warned of a "tsunami of mental illness" linked to Covid-19 and said that both adults and children were experiencing psychotic episodes, mania and depression.

Maryam Meddin is a trained psychotherapist and the chief executive of The Soke, a London-based private clinic integrating mental health care, wellbeing, support and performance coaching that opened in 2020. She explains that both the professional and personal pillars upon which we generally build our lives have been challenged hugely by Covid-19. Isolation, uncertainty and fear have all played into an already stressful situation for many. "That's bound to disrupt our equilibrium at the very least."

There are other factors too. The ritual of going to the office can create predictability and rhythm from which many of us derive comfort and stability — even without realising it. Spending all day on video calls is also exhausting.

A state of remote work survey conducted by Buffer established 'loneliness' as the second biggest struggle with working remotely, closely following the top challenge of unplugging after work.

***Though stress, burnout and depression can affect anyone in any industry, research has demonstrated that individuals in some occupations are generally more susceptible than others.***

Though stress, burnout and depression can affect anyone in any industry, decades of research has demonstrated that individuals in some occupations are generally more susceptible than others. In particular, those in good psychological health and most competent in their jobs.

Rajvinder Samra, a lecturer at the Open University, later concluded that this was likely because "these individuals had high internal standards and were trying to live up to these ideals but the external demands and growing complexity of work created the conditions for burnout".

## Burnout: A history

*One of the first burnout epidemics materialised among air traffic controllers who were forced to perform high-risk tasks during long shifts with inadequate resources and under immense pressure. In the US in the late 1960s, the Professional Air Traffic Controllers Organization started reporting and staged protests in response to sub-standard working conditions and intolerable levels of stress. A newsletter penned by the organisation actually referenced being "burned out" and described a form of severe exhaustion that was seriously compromising the quality and quantity of work produced.*

*By the early 1970s, awareness of burnout in the profession had grown to such an extent that the Federal Aviation Administration felt compelled to commission research into the newly coined phenomenon. A resulting three-year study confirmed that burnout was a bona fide psychological and physical condition.*

*Strikingly, the study also found that that it was most likely to develop among individuals who had a history of good psychological health at the start of the research period, and who had demonstrated a superior ability to manage anxiety and stress to those who did not develop burnout later on. Those deemed to be the most competent controllers were also found to be at a heightened risk of burning out.*

It is not surprising then, that many entrepreneurs today display high personal standards and elements of perfectionism. Indeed, it's often the engine that powers their success. Author Jennifer Moss writes that when we equate work we love with "not really working" — as entrepreneurs often do — it propagates a belief that if we love it so much, we should do more of it.

It can be like "being involved in a complicated love affair", she writes in an article for Harvard Business Review. "One minute it's thrilling, passionate, engaging. The next, it's exhausting and overwhelming."

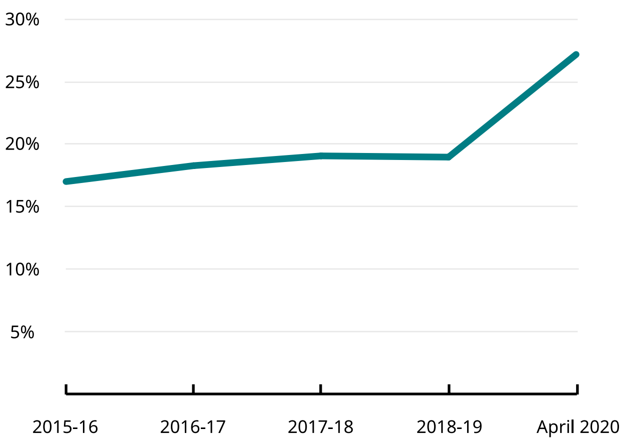
A 2010 study published in the Journal of Personality provides additional academic rigour to this argument: purpose-driven labour, defined as work that employees might admit to loving or having a strong personal vested interest in, is much more likely to breed an obsessiveness that can lead to burnout, it found. "Obsessive passion produces conflict between work and other life activities because the person cannot let go of the work activity," the researchers conclude.

Peter Cheese, chief executive of the Chartered Institute of Personnel and Development (CIPD), agrees. "Startups are driven by passionate and committed leaders, and developing a business can be deeply rewarding, but it's critical that we understand the risks associated with it too," he says.

"It can be easy for the lines between professional success and personal success to blur, and similarly for patterns of work, particularly when a home becomes a place of work," he adds. This can lead to significant stress, which is not good for individuals, but importantly also impacts others in the workforce. Leaders as much as any of their employees also need to take the rest they need to be able to function and stay healthy."

In March, the CIPD published extensive research showing that the number of sick days recorded by employers has dropped across the UK, but the practice of presenteeism is rampant. Presenteesim is where employees feel the need to work when unwell — and even use their holiday allowance to work.

"We need to raise awareness of these issues, shift away from cultures of presenteeism, particularly now digital presenteeism, and understand the true value of wellbeing both within the workplace and for the wider communities in which we live," says Cheese.




**Proportion of participants with a clinically significant level of mental distress by year**

*Source: The Lancet*

## AN OPPORTUNITY IN CRISIS

Though startups and entrepreneurs may be at the epicentre of a burgeoning mental health epidemic, they are also displaying the energy, acumen and agility to be part of the solution. And although the US healthtech landscape still dominates globally, Europe is quickly catching up.

For example, it was the UK's Babylon Health, a startup that works with employers and healthcare providers to give users quality healthcare services through their phones, that closed 2019's biggest healthtech deal: a $550m cash injection from a group of investors led by Saudi Arabia's Public Investment Fund.

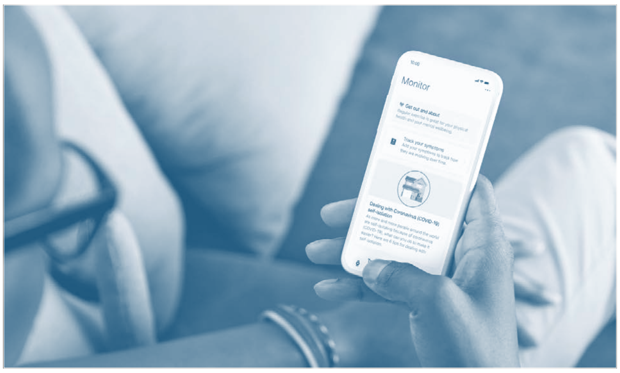



*Image: Babylon Health*

Another healthtech startup, Clear Review, provides clients with software to conduct holistic reviews of employees and track their wellbeing by aggregating data collected through regular surveys. The aim is to enhance employee wellbeing and thereby productivity.

Stuart Hearn, a former HR director at Sony Music Publishing, launched Clear Review in 2016. He says that managers still shy away from conversations about wellbeing in the workplace because they're fearful of "getting them wrong". That's one of the reasons why Clear Review provides templates and prompts that are designed to aid in communication and break down those barriers. Today, Clear Review has around 300 corporate clients and just under 40 employees.

Hearn recognises that his people-centric approach to leading his own organisation, and helping clients lead theirs, is still not commonplace, but he's also hopeful that Covid-19 has catalysed progress. "I hope and think it's made us realise just how important it is to treat everyone as human and to create a lot more empathy in the workplace," he says. "It seems obvious and yet so many companies still don't seem to understand that if you truly put your people first, they do just do really well."

Scores of studies, including one published in the JAMA Psychiatry journal in January 2019, have shown that physical activity is an effective way of improving mental health, and that's something that a growing number of startups are acknowledging too. Many are adapting their wellbeing policies to meet the needs of a remote Covid workforce.

***"Over the last few years, the connection between physical and mental health has become increasingly clear, but Covid has probably magnified that even more."***

***Jamie Ward***
*Cofounder of Hussle*

"Over the last few years, the connection between physical and mental health has become increasingly clear, but Covid has probably magnified that even more," says Hussle cofounder Jamie Ward. Hussle launched in 2012, and partners with businesses to offer their employees gym membership for multiple venues as well as online classes and virtual workouts.

Hussle currently works with around 50 companies, including Facebook and the British Transport Police, and has 40 employees. Ward says that he particularly appreciates the importance of discussing mental health with founders and those working in passion-driven professions.

But startups that don't explicitly operate in the health and wellbeing space are also waking up to the importance of making employee wellbeing a strategic priority — and physical health is a popular place to start.

Panaseer, for example, a London-based cybersecurity technology company founded in 2014, launched a distance challenge for its approximately 50 employees this summer. The aim was to create a sense of community despite remote working, and to encourage people to remain active while doing their job from home. Employees were encouraged to collectively cover as much distance as possible through walking, running, cycling and swimming, with the ultimate goal of covering 5,500km — the distance between London and New York.

"As with most startups, we ask our team not just to turn up, but to bring their 'whole selves', wave goodbye to comfort zones, and become part of something bigger," says Panaseer cofounder Sophie Harrison. "Given the ask, it seems only reasonable that the company assumes at least some responsibility for our team's wellbeing."

*Image: Panaseer*

A Harvard Business Review article suggests the following two ways to build resilience in a remote environment: establishing a 'resilience inventory dashboard', which includes knowing the 'resilience-factors' of your employees and checking in with them individually; and fostering resilience-oriented conversations, as customised individual coaching has been shown to be the most effective way of increasing resilience at work.

## "NOT JUST LEARNING TO LIVE WITH IT"

Many founders, employees and health experts agree that progress starts with talking about mental health and wellbeing more frankly. That's exactly what Gian Power, the 28-year-old founder of a startup called TLC Lions, is trying to do.


*Image: TLC Lions*

In 2018, TLC Lions was set up with the aim of making conversations around wellbeing commonplace in corporate environments through events and online resources, delivered by a roster of influential people who have overcome personal challenges to achieve professional success.

Power spent several years working at Deutsche Bank and PwC before launching the business to share his own story of trauma and struggle after his father was murdered in India in May 2015. Today, he tries to set a positive example, despite sometimes facing his own struggles in the pursuit of balance.

"As a founder, I feel switched on 24/7, full of energy, new ideas, but equally forever solving issues and managing a never-ending level of anxiety I have to learn to live with. Even during my sleep I have new ideas and my room is like a living whiteboard and so I know how important it is to manage my mental health to balance this," he says.

"Wellbeing isn't just something we talk about, it's something we practice all day everyday." Even on the busiest days, Power says, he'll encourage his team to "take a mindful moment" or perhaps "start a meeting with a meditation".

But entrepreneur, coach and author Louise Nicolson says that real change must run much deeper than this. It's not something we should learn to live with, as Power says; instead, we need to shift expectations and attitudes. In her book, The Entrepreneurial Myth, she examines the dangers of mythologising founders and how that's had a substantial and detrimental impact on not only their health, but on the entire economy.

"We've created unrealistic ideals and aspirations for entrepreneurs through which we're setting ourselves and our employees up for failure," Nicolson says. "Startups and small businesses represent the backbone of the economy in much of Europe and further afield. Getting this right is absolutely vital to creating an effective business ecosystem that's sustainable in every sense."

***"We've created unrealistic ideals and aspirations for entrepreneurs through which we're setting ourselves and our employees up for failure."***

**Louise Nicolson**
*Entrepreneur, coach and author*

But she also acknowledges that we can't put the responsibility for changing entrepreneurship solely on entrepreneurs' shoulders. "There has to be a holistic system approach from enterprise policy downwards," she says. "At the moment, we are skewed — we accept the jobs and taxes and wealth when entrepreneurs succeed; but they end up shouldering the burden of failure and the material and mental health cost of that failure alone. So this is also about a form of entrepreneurial justice."

Nicolson says that it's "great that we're talking about health and wellbeing and responsible attitudes to management and leadership", but that "it really runs so much deeper than this... We need to move on from glorifying the all-nighter and equating all-out exertion to success." She adds: "We need to wake up and actually understand what we're doing here."

# Europe's startup geography

## The same, but different

Covid changed the ability to work at home from a perk to a necessity. But at startups, for whom premium office space was often deemed critical to marketing, networking, and managing a growing company, working from home has created a degree of panic.

But as it turns out, the famed adaptability of startups has enabled them to leap this hurdle as well. Leaders have found they can still attract investment and talent from a home office – and many have started looking beyond their usual borders to do so. After all, when everybody works from home, why does it matter where in the world 'home' is?

## ELASTIC CITIES

After 9/11 and the financial crisis, doomsday predictions circulated about the fate of cities in general, and London and New York in particular. Neither listened, ferociously and proudly bouncing back. The bell has often tolled for the office too. One author proclaimed the 'death of distance' in 1997, arguing that the advent of digital technology would make location irrelevant. She underestimated the powerful gravitational effects of physical proximity on innovation and economic growth.

Analysis of three decades of US intellectual property data found that inventors cite locally-filed patents with increasing frequency over time. Innovation seems to coil itself more tightly around geographical clusters, even as technology eases communication over long distances.

Covid-19 has brought forward a new wave of predictions about urban atrophy, and Europe's cities are certainly hurting. Regional and city-level GDP statistics lag national ones, but signs of economic pain already abound in company-level data. In the UK, for example, sales are down 60% year on year at Pret A Manger, the sandwich store chain that targets office workers. So will this time be different, with the pandemic dealing a more lasting blow to urban centres?

However many urban experts think cities will recover again, and maybe even become more dynamic as they shake the gentrification that was narrowing their population. Urban studies theorist Richard Florida predicts that young people will continue to flock to cities in search of both professional opportunities and a social life. Their statistically very low likelihood of suffering severe complications from Covid-19 mean the deterrence of cities, as virus pools, is less offputting.

> ***"If rents plunge, that is good for startups. Those costs were getting crazy [in London]."***
>
> ***Rob Moffat***
> *Partner at Balderton Capital*

Falling rents may help younger people gain a foothold — and would be good for startups that had been frozen out by high costs. "If rents plunge, that is good for startups. Those costs were getting crazy [in London]," says Rob Moffat, partner at venture capital firm Balderton Capital.

But the urban ecosystem that Covid-19 leaves behind for startups may be very different. Coffee and sandwich shops are not just places to buy lunch, but also often to work and network — and they are being decimated by the pandemic. Other physical nodes of startup culture are also being transformed.

## CO-WORK NO MORE

Co-working spaces have been a crucial infrastructure supporting SMEs on the continent, but are struggling, as tenants opt out of renewing short-term contracts, or downgrade membership options. London's TechHub, at the heart of 'Silicon Roundabout', announced its closure over the summer (although its spinoffs in Riga and Bucharest, which operate independently, are still running for now).

In the US, IWG, the world's largest provider of flexible workspace and owner of brands including Regus, has put parts of its operations into bankruptcy. The last time this happened was in 2003, after an aggressive expansion during the dotcom boom. The company says its suburban spaces have fared better than urban ones.

In Europe, Talent Garden, which operates coworking spaces in six EU countries, has seen occupancies fall by about 20% during the crisis, says Davide Dattoli, the company's chief executive and cofounder. "But the


*Image: Talent Garden*

impact has been uneven, with hubs in the largest cities worst hit."

He says "Milan is much more impacted than the rest of the country, because people have gone back to their home cities or the countryside," Rome, for example, is much less impacted because more people are from the city itself so they have remained."

Udai Dhamija, founder of Lisbon-based Tuki, which provides staff scheduling services to the hospitality industry, is sitting out the pandemic in London, choosing to be closer to family. He remains part of the Startup Lisboa incubator but has a less expensive remote membership and does not expect to return to the organisation's downtown Lisbon office space this year.

***[Conferences and events] tend to take place in major cities. But here too we are witnessing a change.***

Conferences and events are also key for founders looking to fundraise and network, and tend to take place in major cities. But here too we are witnessing a change. Web Summit, by far the continent's largest tech and startup conference with up to 70,000 attendees, moved completely online this year. It's North American version, Collision, also went virtual in June.

Web Summit attendees have long been able to directly approach and message each other through a mobile application built for the conference, and the organisation is focused on improving recommendations of who each attendee should message.

Sean Curtin, head of startups at Web Summit sees benefits to remote attendance for founders who can avoid the costs of accommodation and travel associated with conference attendance and still gain the networking benefits. Once the economy recovers, the question is whether European startups and SMEs, as well as the network of organisations that service them, will choose to stay distributed and remote and use the upheaval to re-evaluate their physical footprint.

There are some productivity and wellbeing benefits to remote work. According to a Forbes analysis of Gallup, Harvard University, Global Workplace Analytics and Stanford University data, remote-working can increase the bottom line of a company in many ways (see box). Remote workers demonstrate higher productivity, performance, engagement, retention and profitability. Altogether, it reinforces the idea that traditional corporate culture, which prioritises in-office attendance, should fall to the wayside.

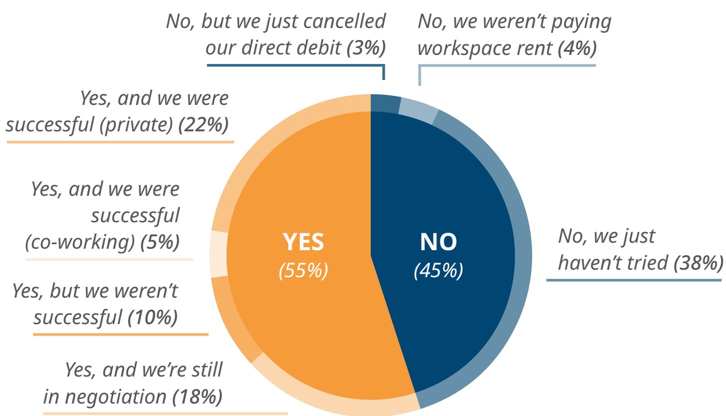
## Remote workers versus office counterparts

- *35-40% **more productive** than their office counterparts*
- *produced results with 40% **fewer quality defects***
- *reported 41% **lower absenteeism***
- *have 12% **lower turnover rates***
- *register 21% **higher profitability***

*Source: Forbes analysis of of Gallup, Harvard University, Global Workplace Analytics and Stanford University data*

## BELT TIGHTENING

In the short term, small companies are tightening their belts and the flexibility of offices and co-working spaces, along with enforced lockdown regulations, allowed them to quickly make adjustments. A survey of around 140 startups, mostly from Europe, found 45% are undergoing or have successfully completed a renegotiation of workspace rent (compared with 60% of startups in a UK-focused survey).




**Did you try to renegotiate with your landlord?**

*Source: LocalGlobe, Latitude and europeanstartups.co, in collaboration with 33 international VCs*

But Balderton Capital's Moffat sees a change in tone among founders and chief executives in recent months. "If we spoke to the chief executives in our investment portfolio three months ago, a lot of them would say 'we are giving up our leases or getting out of our commitments. Everyone's going to work from home forever'. Now, the conversations I'm having are more balanced, and people are going to keep some kind of office in place".

However, leaders are re-thinking the single-office approach, as they realise how straightforward remote work has been. "Once you get to a certain size, or go beyond Series B funding, you realise you can't do everything in London and start asking if you should add offices in other cities. Can you take your R&D to Ukraine or Romania?" asks Moffat.

***[Leaders] are realising that some job functions transition to remote working better than others.***

They are also realising that some job functions transition to remote working better than others. Coders tend to prefer it — it's no coincidence that the two most renowned remote-native pioneers, Basecamp and Automattic, are both in software.

But sales roles might not transition well, says Moffat. "It's tough, emotionally, to get out there and speak to clients day after day remotely and not be able to return to the office and be with your team". Product development is a job category that benefits from physical interaction and collaboration. "Doing creative work on your own is hard," says Moffat.

Dhamija of Tuki has been experimenting with remote sales techniques using Zoom, WhatsApp and Facebook Messenger. He thinks the company could end up fully remote with the team distributed geographically; however, he says it will still be essential for him to live in a city, even if he is more flexible about which one.

"We're social animals and cities offer the opportunity to cross pollinate ideas when you go for lunch or have a drink after work," he says. I still want that, but what I've realised in the pandemic is that doesn't mean being in the city I'm trying to sell into. I could be in Portugal selling into the US, or in Bali selling into Europe."

## GEOGRAPHIC INCONSEQUENCE HELPS SPREAD THE WEALTH

One key question is what all of this may mean for Europe's innovation geography. Although London clearly dominates in terms of venture funding and density of unicorns, plenty of other cities and hubs have emerged in recent years, from the fintech boom in Vilnius to cybersecurity in Tel Aviv.

The pandemic will spread more wealth around, in part because it has finally made the venture industry comfortable with remote pitching and funding. A belief in the importance of face-to-face meetings and 'chemistry' has been one of the biggest competitive moats around the big innovation hubs. "VCs have shown they are comfortable doing deals by Zoom and going through the whole process remotely," says Moffat. "I just did my first completely remote deal with a company I've never met in person."

Matt Clifford, chief executive and cofounder of accelerator Entrepreneur First, says his company has raised 80% more capital in the first half of 2020 than over the same period in 2019, and most of it has been via Zoom. "If you are in Riga or Tallinn or Athens, once you might have tried to move to London or the Bay Area to start a company," he says. "Now we will see more UiPaths [Romania] or Skypes [Estonia] being started in places that are off the beaten track, as they don't need to relocate to raise funds and get going".

Europe would do better if startups spread themselves around. Data from McKinsey shows job growth in Europe is heavily concentrated in megacities like London and Paris and superstar hubs like Munich and Stockholm — these groups have generated 43% of the region's GDP growth and 35% of net job growth since 2007. They could capture more than 50% of job growth through 2030, unless Covid-19 permanently shifts preferences to less dense communities through remote work.

## SECONDARY HUBS EMERGE FROM THE SHADOWS

Some experts do not expect companies already present in these cities to go remote. For one thing, many founders will have built their lives in those cities and would see little benefit paying to live there if their company was no longer based there. But it will lead to more remote-first companies being started. “There is a playbook now for how to do remote work well. There are enough experiments that we are starting to see best practices coming through,” says Clifford.

This will please many EU governments, which have long sought to foster regional tech hubs and ecosystems as a way to drive economic growth outside of urban centres

Italy, for example, has encouraged innovation hubs in southern regions including Puglia and Calabria, and before the pandemic was seeing signs of success. Historically, Milan accounted for about one in three of all Italian startups, but that is now down to one in five, according to the European Startups database operated by Sifted and Dealroom. By contrast, Paris and London’s share of French and UK startups respectively has remained consistent over time. Covid-19 has in some ways encouraged this.

“Europe’s startup ecosystem will spread way more than before Covid because founders will make location decisions based on quality of life,” says Dattoli from Talent Garden. The company is looking to open a major campus in Barcelona to take advantage of this trend. “Before, if you were developing a startup in Spain, you simply had to move to Madrid for the connections. Now you might move to Barcelona because the quality of life is so high,” he says.

## GOVERNMENT SUPPORT

For now, the survival of many existing startups, rather than where the next crop will come from, is at stake — and so is the vitality of existing urban hubs. Founders, venture capitalists and other industry figures have been eagerly eyeing the €750bn in EU funds promised to alleviate the impact of the pandemic, in the hope that it will translate into tangible support for startups.

“Governments have a choice between investing billions to save jobs in existing companies, or investing to save the companies that will create jobs in the future,” says Dattoli.

Many EU states have rolled out some kind of support specifically targeting loss-making startups. The UK and German governments have launched schemes to match fund equity injections from private investors, while France has replenished existing government-backed schemes. But Dattoli says that the way support is being structured betrays a lack of understanding about how startups work. For example, he says, the Italian government has targeted support at companies that have seen a 30% drop in revenue. “Startups are in trouble if they’re not growing revenues at 2x or 3x last year. A 30% drop in revenues to qualify for support? It’s crazy. It’s not for startups,” he says.

There are early signs that companies, incubators and governments are taking a twin-track approach to supporting ecosystems.

There are certain industries or types of innovation that require highly specialised expertise, which may be found in a specific city. Portugal’s Bluetech Accelerator, which seeks to attract startups focused on ocean research into its programme, is an example of this.

On the other hand, some companies, especially those reliant on more commodified coding skills, may truly dispense of geography. Estonia has already made an aggressive push to lure startups and grow its digital economy, with an e-residency program providing access to EU customers and funding for startups located anywhere in the world. It recently approved a digital nomad visa, reducing immigration hurdles to attracting talent by allowing solo entrepreneurs to live in Estonia for a year while doing business remotely.

The Portuguese government is also looking to ride the remote wave, with plans for its own digital nomad visa. It recently circulated a questionnaire to entrepreneurs potentially interested in establishing a Portugal-based company from abroad. Successful applicants would have access to digital banking and government services, but not necessarily the right to travel to Portugal at all.

As Europe looks ahead to a new year in which we may turn the corner on Covid thanks to vaccine breakthroughs, time will tell whether the region’s geography of innovation reverts to pre-pandemic norms or if new dynamics have been unleashed.

# Solopreneurs and the self-employed

## Europe's freelance economy after Covid-19

Becoming an entrepreneur, a freelancer or any other rank of the self-employed has always come with risks. Covid both expanded those risks and exposed the insecurities to the public, prompting governments to take action. Not all acted effectively — many workers fell through gaps in funding and security programmes — but it has arguably turned the wheels of progress.

In time, we may look back at 2020 as the period when freelancers were first noticed in their many forms, and when policy and innovation started to evolve to meet their nuanced needs.

## LIKE IT OR NOT, THE WORKFORCE IS FLYING SOLO

Europe already had a substantial self-employed workforce before the pandemic hit, estimated at 14% in 2018 and as large as 29% in Greece and 22% in Italy. The community stretches from highly paid programmers, creative professionals and doctors through to hairdressers and Uber drivers.

For optimists, the rise of freelancing was a positive trend. Digital innovations like worker-task matching platforms and apps to enabling infrastructure like cloud-based software and co-working spaces made it ever easier to find work and run a business independently. Full-time jobs have become steadily less secure over the years, leading many people to question whether they would be better off on their own than at the mercy of the accounts department.

"Nearly every day, you see large job losses announced from some high street brands and well-known companies," says Chris Eastwood, cofounder of Penfold, a pensions app for the self-employed. "There is much more structural instability and fluidity in the labour market."

Some worry about a bifurcated freelance labour market, with well-paid white-collar freelancers at one end and lower-skilled workers at the other, fending for themselves on zero-hours contracts, at the mercy of gig economy platforms and lacking labour protection like sick pay and holiday leave. It is no coincidence that Europe's largest welfare economies, like Denmark, Sweden and Germany, have some of the lowest levels of self-employment, while the likes of Greece and Italy have the highest. The pandemic has added significant stress to independent workers.

These concerns are becoming more urgent as the pandemic accelerates structural shifts towards the gig economy. Upwork, a marketplace matching freelancers with paid work, reported strong financials, beating results for April through June in the teeth of the pandemic. Similarly, company formation in France was up 10% year on year in June and July, driven by a surge in transport company formations as individuals took to food delivery apps like UberEats and Deliveroo to replace lost income.

According to a Gartner poll on the future of work, following the initial reduction in organisations' contractor budgets there has since been a shift. According to the Gartner release, "companies now plan to expand their use of contingent workers to maintain more flexibility in workforce management post-Covid-19, and will consider introducing other job models they have seen during the pandemic, such as talent sharing and 80% pay for 80% work."

According to a report on work and automation by the RSA, the pandemic will accelerate the pace of technological change due to public health considerations. One example is that businesses could use automation to minimise interaction between workers. For instance, Amazon is opening its first cashier-less stores in the UK and mobile robots are already delivering services to guests in hotels in Hong Kong.


*Image: Amazon Go store*

Consumer preferences may change permanently through greater engagement in digital services, e-commerce and delivery platforms. The cost of labour also changes in a pandemic — since social distancing measures and sick leave don't apply to machines they may be more cost effective, leading to increased adoption of robots in manufacturing and fast food restaurants. Industries at high risk of automation due to Covid include hospitality, sports and recreation, as well as some parts of manufacturing and construction.

## A career on the edge of crisis

- *69% of UK freelancers say* ***demand for their work has decreased****; 81% predict less income in the next three months; 45% may have to close their business if they don't get support within three months*
- *64% of self-employed Europeans say their* ***financial situation deteriorated*** *since the crisis began, and 52% worry about it worsening in the next 3 months*
- *One in four self-employed European workers lack autonomy and are largely financially dependent on a small number of clients*

*Sources: Eurofound, IPSE*

### THE FREELANCER'S DILEMMA: A GROWING NATIONAL PRIORITY

The self-employed are overexposed to pandemic-vulnerable sectors like wholesale and retail trade, arts, entertainment and recreation and accommodation and food services (see box). Although European governments pumped billions of euros into the economy, from furlough payments to grants and bounce back loans, freelancers have largely fallen through the cracks.

***Although European governments pumped billions of euros into the economy, freelancers have largely fallen through the cracks.***

The UK and Ireland extended sickness benefits to the self-employed who were infected with Covid-19 or quarantined, and the UK Treasury created a £330bn Covid fund that included support measures for the self-employed; however, the scheme had "sharp edges", according to Andy Chamberlain, director of policy at the Association of Independent Professionals and the Self Employed (IPSE).

"We spoke to the Chancellor [Rishi Sunak] in the days leading up to the announcement and negotiated the terms. What we got to was good for people when they're eligible, but hopeless for the excluded," he says, adding that those frozen out include anyone whose income was one pound over the £50,000 mark "with no taper in place".

Whether £50,000 constitutes affluence depends on a large number of variables, such as whether that forms the only income stream for a household, or where in the country the person lives. A survey by Collective Benefits, an insurance platform for the self-employed, found 71% of people could not access government self-employment schemes.

Failure to fully support the self-employed has come at a time when the public and governments have started to realise just how essential and diverse this population is, according to Anthony Beilin, Collective Benefits founder and chief executive.

"What's been highly exposed during the pandemic is our reliance on the flexible or gig economy, from delivery drivers to prescription delivery people, to people stacking shelves in warehouses all the way to locum nurses and doctors roped in at the last minute on flexible contracts," he says. "The whole country has been pinned up by a section of people in this flexible economy."

Other governments have responded with more flexibility, either setting the income ceiling above which support can't be accessed at a much higher level, or ensuring support is available to all self-employed people who suffer an income hit.

For example, in Denmark, any freelancers with an income below 800,000 Danish Krone (a little over €100,000) in 2020 will qualify for support of up to 23,000 Danish Krone (around €3,000) if they expect their revenue to decline by more than 30%.

Portugal initially set a hard — and very low — income ceiling support, only compensating freelancers for lost income if their pre-Covid revenue was less than €658.22 per month. But the government has since relented, compensating two thirds of income lost by higher earners, up to a maximum of €635 per month. The government scheme to cover lost earnings for those forced to quarantine at home for 14 days also does not differentiate between employees and the self-employed.

Greece, with its army of freelancers, has perhaps been most accommodating, essentially choosing to treat freelancers and employees the same in its Covid-19 response. The government's Stability Programme published in April acknowledged that the self-employed would be hardest hit by the pandemic. Its main support scheme, which it expects to benefit 640,000 self-employed individuals, comes on top of 1.4m employees offering a 'special allowance' of €800 for 45 days for freelancers and the employed alike. The Greek government also extended unemployment benefits to cover freelancers and individuals qualified for the same tax deferrals as employees.

***Greece, with its army of freelancers, has perhaps been most accommodating.***

Other European governments created specific support measures, including a €1,500 cash grant with additional regional support for small businesses, the self-employed and micro-entrepreneurs with fewer than 10 employees, in France.

## GIG ECONOMY 2.0

Prior to the pandemic, labour groups and governments were already scrutinising problems like zero-hours contracts, the absence of labour protections like holiday pay and sick leave in the gig economy, and the stress and anxiety that have long been the lesser-discussed realities of life for the self-employed, even at the higher end of the income chart.

Startups have also been ramping up their product and service offerings to help independent workers manage their finances, from easy-to-use cloud systems for taxes to business modelling and automation. The hope is that the shock waves from Covid — and the likely expansion of the self-employed workforce in the near term due to large and ongoing layoffs — will ramp up the support infrastructure from legislation to technology.

"There is a natural shift to 'Gig Economy 2.0', where having an engaged, retained, motivated and supported workforce is paramount not just because of the social implications but also because, as many people move into this space, attracting, retaining and rewarding this workforce is a business challenge," says Collective Benefit's Beilin.

European governments are taking different approaches on the regulatory side. France has a blended model where private sector partnerships are becoming legislated to provide protection for those outside of the national insurance system, adds Beilin, while Sweden offers unemployment and sickness insurance schemes.

Digital innovation can help the self-employed too. Covid Credit, a consortium of fintechs, quickly built a service that aggregates data from an individual's banking accounts to generate a validated income statement to use as proof of loss of income when applying for government support. It uses an open banking API from Credit Kudos, a UK-based fintech company. Dinghy, a digital insurance platform for freelancers, backed by Allianz, offered two months of free professional indemnity insurance to protect freelancers from legal claims, and two months of its "Freelancer Assist" insurance to help them collect unpaid invoices over £250.

Anyone pushed into independent work quickly realises they have to wear multiple hats — becoming their own accountant, lawyer and human resources officer. But in many ways, individuals were already having to take more responsibility for managing key aspects of their working lives, such as pensions and savings, even when they worked for companies.

"The big shift over the last three decades is that people used to work for a long time for their company and their company would guarantee their income in retirement through final salary pension schemes," says Penfold's Chris Eastwood. "Gradually the risk and ownership of a safety net for later life has shifted entirely to employees, as we've moved from defined contribution pension schemes to [a system] where employees have to pay into the scheme enough to save for later life."

***"The risk and ownership of a safety net for later life has shifted entirely to employees."***

***Chris Eastwood***
*Cofounder of Penfold*

Most freelancers don't bother with pensions, and only partly because we are all, as a rule, bad at long-term thinking (a behavioural insight that lies behind the emergence of mandatory pension contributions in countries like the UK). Eastwood says only 15% of the UK's self-employed population is saving for retirement.

This is not entirely the fault of freelancers. The products available are complex, cumbersome and not built with them in mind. Penfold's model was to create a simple, easy-to-use app with flexibility — a two-tap process is all that's needed to adjust payments, which is likely given the financial turbulence their customers are going through. Eastwood says that, despite the uncertainty, their customers have held their contributions steady with only 5% stopping payments over lockdown. In fact, their overall customer base grew by 140% since the start of lockdown as people realised the importance of long-term financial security in a world that is increasingly fraught. "With a recession looming, they are making sure they're protecting that future income," he says.

For tech companies, these digital innovations can play into a much wider project to assemble a solid infrastructure to help freelancers deal with both the immediate challenge and put the sector on a sustainable long-term footing.


*Image: Penfold*

"When I talk about needing to be innovative, it's not some techie spin on just using an API," says Anthony Beilin. "This is about rethinking how financial products need to adapt to a fast-moving industry. How can we create a win-win where independent workers are happier and more engaged, and these platforms can drive a more sustainable model?"

For Beilin, the gig economy is in reality made up of incredibly diverse communities, each with their own financial dynamics and needs. "There is a cross-class, cross-industry transformation around the way we work. The impact of putting an umbrella solution in place will be important for not just a small segment of society," he says.

***"There is a cross-class, cross-industry transformation around the way we work."***

***Anthony Beilin***
*Chief executive and founder of Collective Benefits*

IPSE's Andy Chamberlain, while not fully supporting the government packages that were eventually released, believes the increasing number of conversations with the UK Treasury, select committees and senior officials has helped to highlight the diversity of the self-employed community.

"There is a positive sense of long-lasting improvements coming down the pipe towards a safety net for the self

# Where will we go from here?

The very idea of working for a startup in a big city tends to evoke visions of open office spaces, enviable perks, lunchtime and after-work comradery with brilliant and like minded officemates. So what does the vision adapt to when offices face downsizing or are stripped away entirely? When teammates, partners and investors are increasingly spread across the globe, and when stress management and mental health programmes become priorities instead?

Startups will persevere. New challenges require new solutions and startup cultures, founders and investors are already showing incredible resilience to the pressures of 2020 and the Covid-19 pandemic. In some cases, they are coming out ahead and benefiting from the new mindsets the year has imposed on them. Already investors are searching for the next cohort of lean and distributed startups that have been seeded by the crisis, operating in sectors that only 12 months ago were unimaginable.

Now the prospect of newly developed vaccines brings talk of a return to normalcy — but in every aspect of our lives we must ask if pre-pandemic norms will ever truly return, and whether it is best that they do so. Startups have been given an arguably overdue dose of wariness, humility and frugality, and asked to operate with even more agility and open mindedness. Their ability to do so will continue to set them apart from their big corporate counterparts, and help them attract the ever-competitive investments from investors increasingly spread around the world.

We would like to thank the following for contributing their time and insights to the report:

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