



techstars

**2024
State of
Innovation
Survey**

About Techstars

Techstars invests in early-stage startups led by unstoppable entrepreneurs with transformative businesses. With 45+ accelerators worldwide, an unrivaled network of alumni, mentors, commercial partners, investors, and dedicated operating teams, Techstars supports entrepreneurs throughout their entire startup journey while helping to build thriving startup communities. Since 2006, we have invested in more than 4,400 portfolio companies, accelerating the growth of businesses including Chainalysis, Zipline, DataRobot, Alloy and many, many more.

www.techstars.com

4,400+

accelerator companies

9,600+

accelerator founders

20

\$1B+ accelerator
companies

\$113.6B

cumulative market cap
(accelerator companies)

\$27.6B

total lifetime raised
(accelerator companies)

17

years backing
early-stage startups

Contents

I. Introduction from Techstars CEO David Cohen	04
II. Market Confidence: Pragmatic Optimism	06
Outlook for 2024	
Exits	
Long-Term Ambitions	
III. Startup Life: R.I.P. The Old Way of Working	12
Working Week	
Future is Flex	
Founder Flywheel	
Mental Health	
IV. Firestarters: It Takes an Ecosystem	17
Innovation Drivers Today	
Innovation Drivers Five Years from Now	
V. Innovation by Sector: All About AI?	21
Sectors	
AI Tag is a Must-Have	
VI. Innovation by Hub: Valley Leads, as Asian Hubs Rise	25
VII. Innovation by Region: North America Surging	28
Most Startup Growth	
VIII. Methodology & Respondent Profile	31



Introduction from Techstars Founder & CEO David Cohen

It's my great pleasure to welcome you to the second Techstars State of Innovation Survey, our annual deep dive into how our global network of entrepreneurs, aspiring entrepreneurs and venture capital investors view innovation in their sector, startup communities, and around the world.

Techstars currently operates 48 accelerator programs in 35 cities in 13 countries. Last year we channeled more capital to more startups than ever before (684 portfolio companies graduated Techstars in 2023, up from 611 in 2022). Well over 4,000 startups have graduated from our accelerator programs since inception. Together those companies cover just about every vertical in tech from Advanced Manufacturing to Web3, and have a cumulative market cap of \$113.6B. That scale enables us to help more entrepreneurs succeed – with high quality content and personalized support, and the vast Techstars network startups can access post-accelerator. It also results in an ever-expanding set of data to crunch and a unique vantage point from which to track the trends shaping early-stage entrepreneurship.

As the “[Great Venture Capital Reset](#)” continues, this year’s survey returned to many of the topics we covered in 2023, and added some new questions to get to the heart of the global innovation economy and find out what it’s really like to be a founder (and VC) today. Among many interesting findings from the 1,550 responses we received, these seven stood out to me:



IPOs are out: Entrepreneurs are no less ambitious, but those ambitions are less likely to include an IPO. With fewer startups going public overall, just 15% of all the founders surveyed say their primary long-term goal for their startup is to go public. One third (34%) say their goal is to be acquired by Big Tech or a large corporation, while a similar number (30%) would opt to remain private/independent.



Startup culture is nose-to-the-grindstone: In a tight market, nothing less than utter conviction and a flat-out approach are required to beat the odds. This is reflected in the hours entrepreneurs work, with nearly one-third (31%) working at least 60 hours per week, and almost one in five (17%) working 70 hours or more.



Nearly half of founders have experienced anxiety in the past year: How well can startups truly serve their customers if founders are suffering poor mental health? Long hours and an always-on mindset are clearly taking a toll throughout the industry. With respondents (entrepreneurs and VCs) able to check as many boxes as are applicable to them, 45% say they have experienced anxiety in the past year, with 23% experiencing “depression”.



Founder flywheel – entrepreneurs keep coming back for more: A pattern of entrepreneurs going on to found other startups continues apace, showing how momentum within an ecosystem becomes self-sustaining. Three-quarters (79%) of current entrepreneurs have worked for other startups, while 44% say that at least some coworkers have gone on to establish other startups.



As AI proliferates, the majority of founders still focus on other tech: Despite AI being the megatrend of the moment, the majority (60%) of founders surveyed worldwide are not building an AI solution. However, 33% are using AI as an enabler of their business and 41% say the technology is a direct component of their business.



The Valley still rules, but Asia is on the march: Almost half (48%) of entrepreneurs and VCs believe Silicon Valley will still be the world's most innovative hub five years from now, up 3% on last year's survey. However, the great Asian cities are gradually making up ground, thereby confirming the shift towards a more multipolar technology world. Singapore remains in second place at 31%, up 1% on 2023, according to respondents. Fifth-placed Shanghai increases its share by 2% to 24%, Beijing (up 4 to 23%) leapfrogs London (up 1 to 22%) to take sixth spot, while Seoul (up 2% to 20%) and Tokyo (down 1% to 17%) also make the cut. Overall, there are five Asian cities in the top 10, vs. three U.S. hubs.



The U.S. will see the greatest spike in new startups, as Africa eclipses Europe: Entrepreneurs and VCs in 2024 (29%) are significantly more likely to believe North America will see the greatest spike in new startups (vs. 22% in 2023). But a surging U.S. is only part of the story. Nearly three times as many respondents (17%) predict that Africa will produce the most startups this year compared to Western Europe (down 4% to 6%).

With rising challenges across society from climate change to human longevity, to national resilience and defense, there has never been a more important time to support early-stage innovation. We hope this survey can continue to play its part in casting a spotlight on this vital stage of the entrepreneurial journey.

David Cohen
Founder & CEO
Techstars

II.

Market Confidence: Pragmatic Optimism



The past 12 months have continued to be bumpy for both entrepreneurs and VCs – the VC industry has contracted, funding is tight, valuations have dipped, downrounds have surged, and IPOs have shown only flickers of life. Against this backdrop, here’s a snapshot of how founders and investors view the current state of the market:

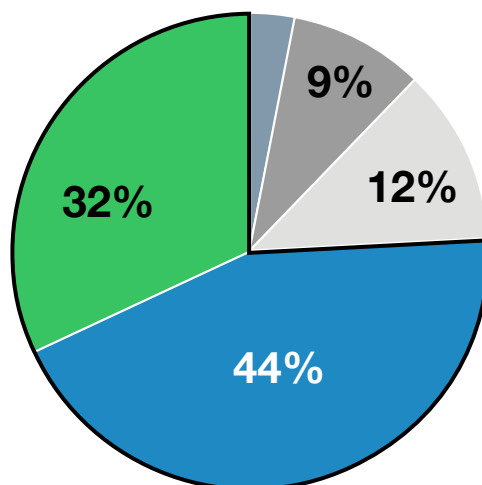
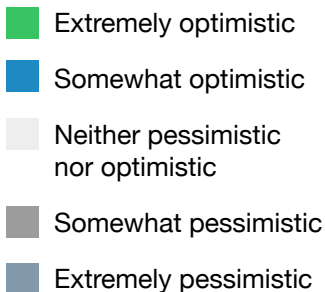
2.1. OUTLOOK FOR 2024

76% of founders remain “optimistic”

The Techstars Take:

Being an entrepreneur is a leap of faith. The odds are stacked against you (industry-wide, three in four VC-backed startups fail to return investors’ capital), and the journey itself is fraught with challenges, many of them potentially existential. Yet vast numbers embark on this path annually – hundreds in Techstars accelerator programs alone. Why? Because founders are innate optimists. They launch and build despite strong headwinds and unfavorable market conditions, and remain resolutely upbeat about their prospects, with 76% of them broadly optimistic in their outlook for their startup. But the finest founders always temper their idealism with a heavy dose of pragmatism. Their lack of confidence that M&As and IPOs will rebound anytime soon reflects the reality of a still moribund liquidity market. The fact that so few (just 15%) have a long-term goal of an IPO, and comparatively so many (30%) intend to stay private, shows how self-sufficiency and early profitability are prized over the scale-at-all-costs model that dominated until just a few years ago.

Outlook for Startups in 2024

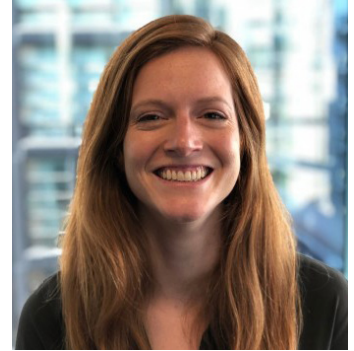


Founders:

Despite the myriad challenges, three-quarters (76%) of current entrepreneurs say they are either “extremely optimistic” (32%) or “somewhat optimistic” (44%) in their outlook for their startup in 2024, underscoring how successful entrepreneurship requires innate market-defying confidence and self-belief.



As a founder, if you didn't believe in your startup and that you have an unfair advantage in the market, you just wouldn't do it. We're optimistic because we see how much better expert dermatology care can be today. And as a healthcare company, once you figure out your regulatory pathway, how to make money, and what problem you solve for the various stakeholders, you can grow disproportionately quickly, just like Techstars company PillPack, which was acquired by Amazon after figuring these things out.



Susan Conover, Co-founder & CEO of [Piction Health](#)

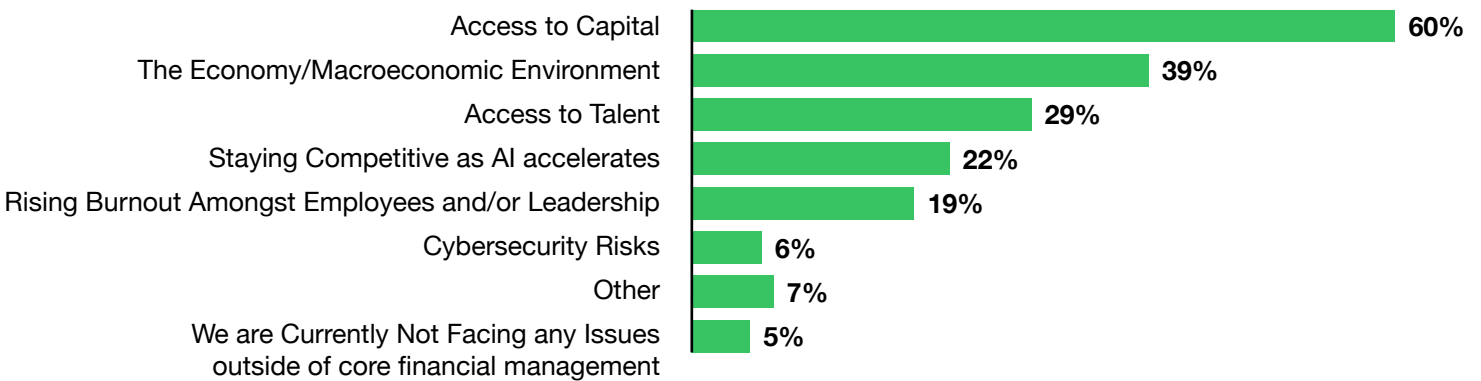


Entrepreneurs tend towards optimism, and like most founders, I'm largely positive in my outlook for Sendbird and the tech industry as a whole for the rest of 2024. With inflation stabilizing, layoffs slowing and rumblings of rate cuts, the vital signs are good. But the elephant in the room? IPOs.



John S. Kim, Co-founder & CEO of [Sendbird](#)

Most Important Issues Affecting Company Today Outside of Core Operations and Financial Management



When asked what are the most important issues affecting their companies today (outside of core operations and financial management), 60% of entrepreneurs cite "Access to Capital" (respondents could select up to three options). The difficulty entrepreneurs have in accessing capital correlates directly with the 'optimism gap' between founders and VCs. Only 50% of investors are "somewhat optimistic" (44%) or "extremely optimistic" (6%) for their VC firm this year compared with 76% of entrepreneurs.



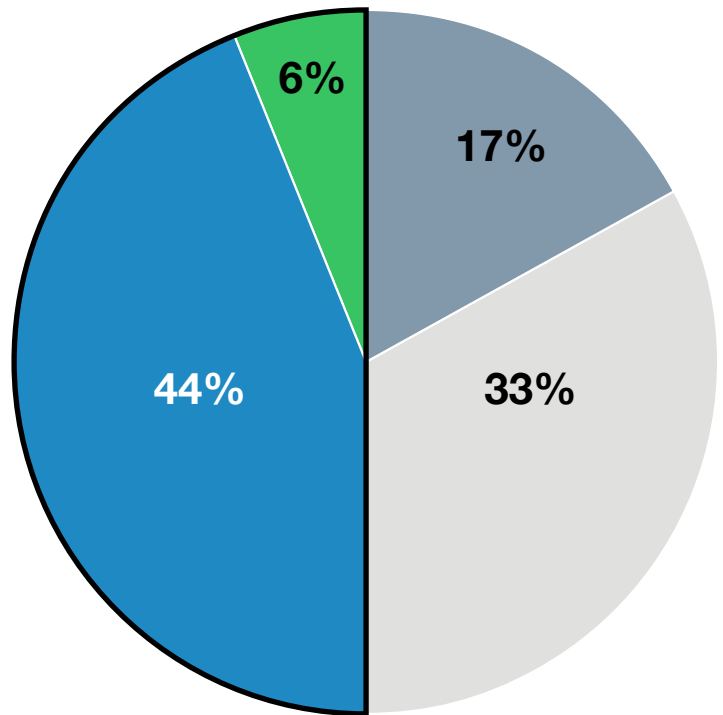
The difficulty entrepreneurs have in accessing capital correlates directly with the ‘optimism gap’ between founders and VCs.

Outlook for Startups in 2024

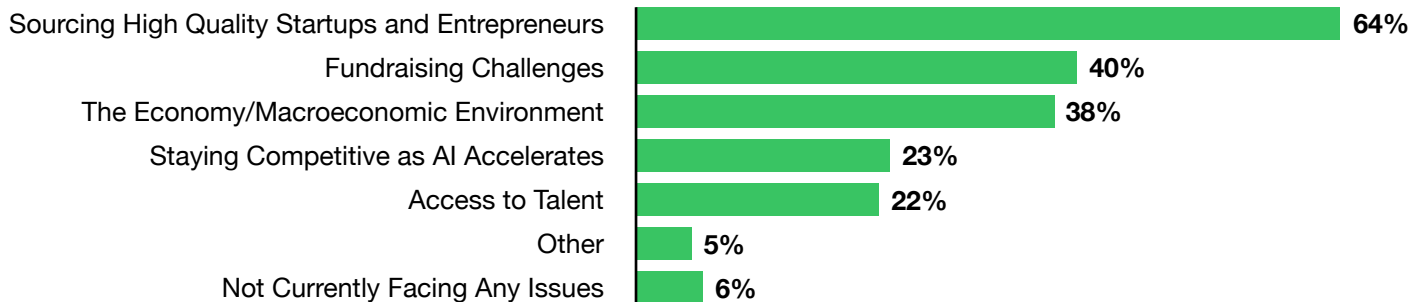
- Extremely optimistic
- Somewhat optimistic
- Neither pessimistic nor optimistic
- Somewhat pessimistic

VCs:

Optimism is part of a VC’s job description. Each investment, especially at the earlier stages, is also a leap of faith: they place these bets for the long term, often with scant information and few metrics to go on. But while half of the VCs in our survey do indeed profess to have a positive outlook for their firm this year, that optimism doesn’t necessarily translate into action; retaining huge amounts of dry powder (aka committed but unallocated capital), the industry’s global startup deployment in 2023 was at a five year low (Source: [Crunchbase](#)).



Most Important Issues Affecting VCs Today



It’s notable that when asked for the most important issues facing them today, a staggering 64% of VCs surveyed say “Sourcing High Quality Startups and Entrepreneurs” (respondents could select up to three options). For this reason, we see a growing role for high quality accelerator programs that can provide VCs with a steady stream of pre-vetted startups which have been through a rigorous selection process followed by an intensive entrepreneurial bootcamp.

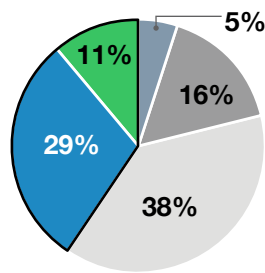
2.2 EXITS

Confidence low for M&A and IPO comeback

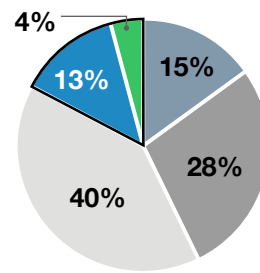
Exits this year: Entrepreneurs and VCs in our survey do not have much confidence that either Tech Mergers and Acquisitions (M&As) or Initial Public Offerings (IPOs) will return this year. While those who are “moderately confident” are roughly the same in both categories – 38% vs. 40% – there is palpably more confidence about M&As and significantly less about IPOs returning. 40% are either “very confident” (29%) or “extremely confident” (11%) that M&As will recover this year, with just 21% either “slightly confident” (16%) or “not at all confident” (5%). Meanwhile, only 17% are either “very confident” (13%) or “extremely confident” (4%) that IPOs will be back, with 43% either “slightly confident” (28%) or “not at all confident” (15%).

Confidence That Tech M&As and IPOs Will Return This Year

- Extremely Confident
- Very Confident
- Moderately Confident
- Slightly Confident
- Not at all Confident



Tech Mergers & Acquisitions

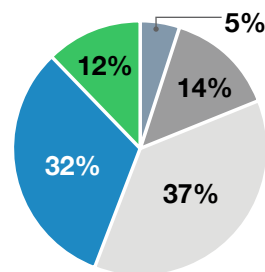


Tech IPOs

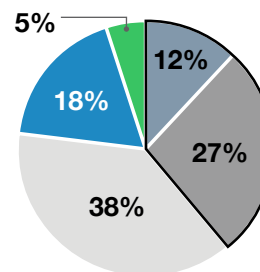
Exits over the next two years: What difference does extending the horizon by another year make to market confidence today? Not much, according to the majority of entrepreneurs and VCs in our survey, especially when it comes to IPOs, with 39% answering that they are “slightly confident” (27%) or “not at all confident” (12%) that IPOs will spring back within the next two years.

Confidence That Tech M&As and IPOs Will Return in the Next 2 Years

- Extremely Confident
- Very Confident
- Moderately Confident
- Slightly Confident
- Not at all Confident



Tech Mergers & Acquisitions

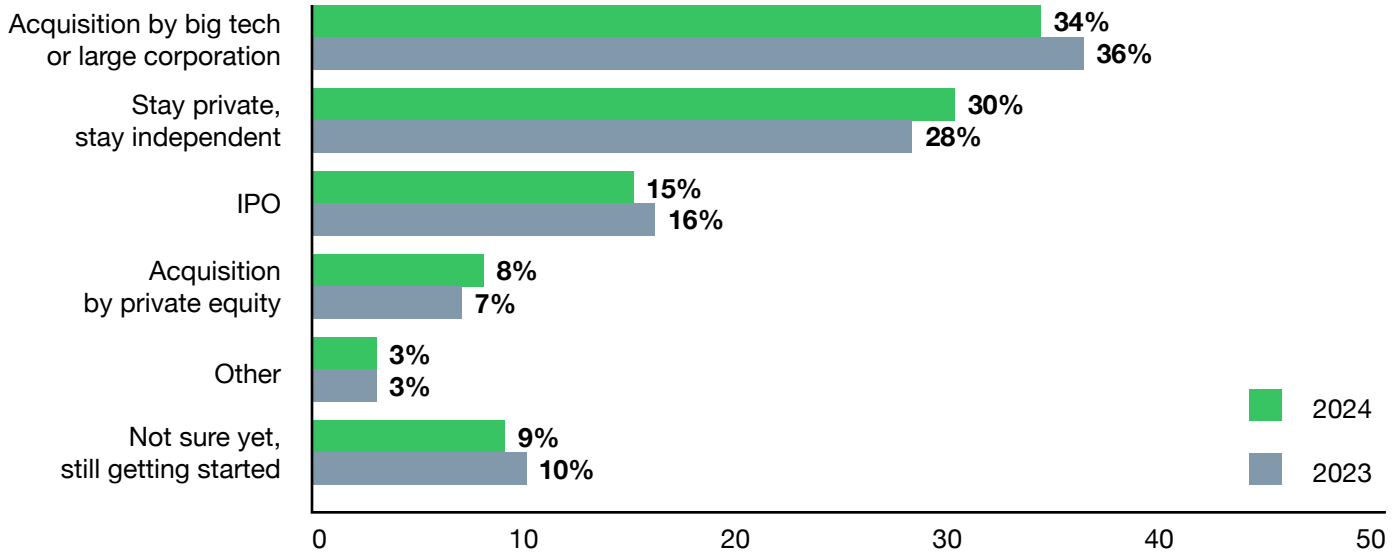


Tech IPOs

2.3 LONG-TERM AMBITIONS

IPOs fall further out of favor

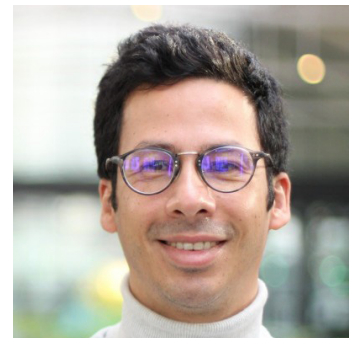
Startups' Primary Long-Term Goal



One-third (34%) of entrepreneurs say their primary long-term goal for their startup is to be acquired by a big tech company or large corporation, while a similar number (30%) would opt to remain private/independent. Just 15% say they favor an IPO. These numbers are broadly consistent with 2023. In combination with the lack of confidence that IPOs will bounce back in short order, this year’s data further underlines the trend that startups are staying private for longer, and IPOs are out of favor with the vast majority of early-stage entrepreneurs.

“We are keeping our options open about our long-term ambitions. It’s too early to determine the strategic moves that will allow us to become world leaders in air-to-water harvesting, but we are always discussing collaboration opportunities that may get us closer to our goals.

Iheb Triki, Co-founder & CEO of [Kumulus Water](#)



“Great companies are built during the toughest economic environments. By persevering when times are harsh, they gain market share to eventually lead their entire industry towards long-term growth. At Paperstack, we are relentless in our pursuit of building a global fintech platform to help millions of businesses access working capital. And because our market is so huge, we believe in our strategy to wait out the downturn and eventually reach the necessary scale to IPO.



Assel Beglinova, Co-founder & CEO of [Paperstack](#)



**III.
Startup Life:
R.I.P. The Old
Ways of Working**

This year we wanted to get a deeper sense of the people behind the companies, and what it's really like to be a startup entrepreneur today. So in addition to the two questions in last year's survey about how and where founders work (remote vs. flex vs. in-office), and whether they have previously worked at other startups or have coworkers who have gone on to become entrepreneurs themselves, we added two more questions addressing founders' typical working week, and the impact of starting and leading a business on their mental health.

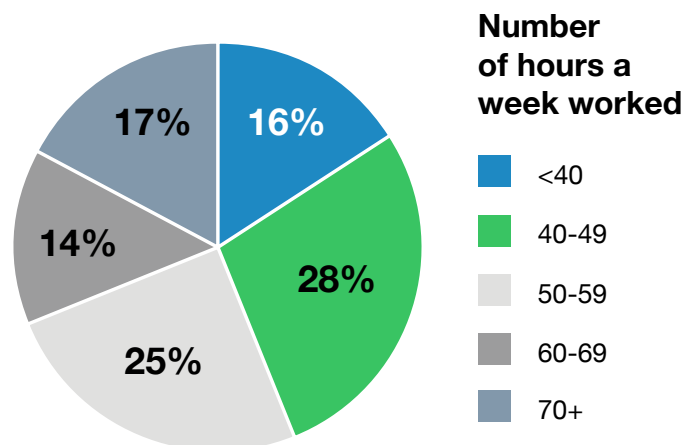
The Techstars Take:

It's true that few, if any, founders have ever worked the traditional 'nine to five'; set hours and short working weeks are an anathema to entrepreneurship. Nevertheless, the old working life's rhythms and rigidities appear to have changed for good. Today nearly a third of founders work at least 60 hours per week, with almost one in five (17%) working 70 hours or more. And they're increasingly doing so alone, without the camaraderie of coworkers or – when you work at a kitchen table – the ability to draw a clear line between the working day and a personal life. Perpetually online, it's little wonder that many entrepreneurs report high levels of stress, with 23% of those in our survey saying they have experienced depression in the last 12 months. It's therefore vital that mental health continues to be discussed openly in startup circles, as it is at Techstars.

3.1 WORKING WEEK

Nearly one in three founders work 60+ hours a week

It's a given that there's no such thing as overnight success in entrepreneurship, and building a company demands relentless grind, reservoirs of resilience and the ability to sustain long hours of work for long periods of time. But how many hours exactly? Unsurprisingly, current entrepreneurs we surveyed tend to work far more than the once typical 40-hour work week – with well over half (56%) working more than 50 hours a week, and almost one in five (17%) working 70 hours or more.



“My working day ranges from eight to 14 hours, but I’m always thinking, so never ‘off’. Obviously that means high stress levels, but I keep my sanity by doing high intensity workouts to offset the anxiety and stress, and by going on long walks with my dog.

Melis Dural, Founder & CEO of [Ekos.ai](#)



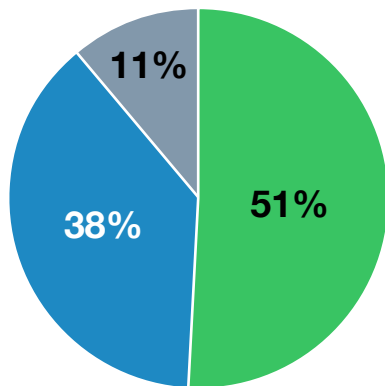
See [Techstars documentary series on mental health](#) and our [mental health toolkit](#)



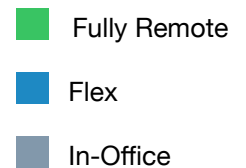
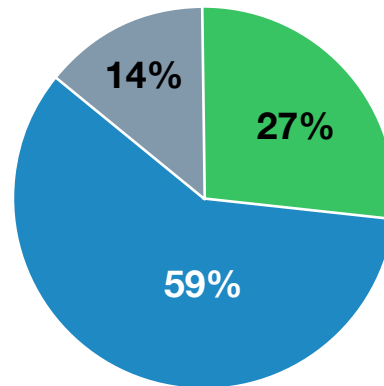
3.2 THE FUTURE IS FLEX

Just one in 10 founders expects a full-time return to the office

Current Work Location



Expected Work Location in 5 Years



Despite the many headlines declaring that certain large employers are demanding staff return to the office, there is little sign of that happening in the world of tech startups. The number of current entrepreneurs reporting that they work in-office or flexibly (partially in-office, partially remotely) today has actually gone down year over year, while over half (51%) say they work fully remotely.

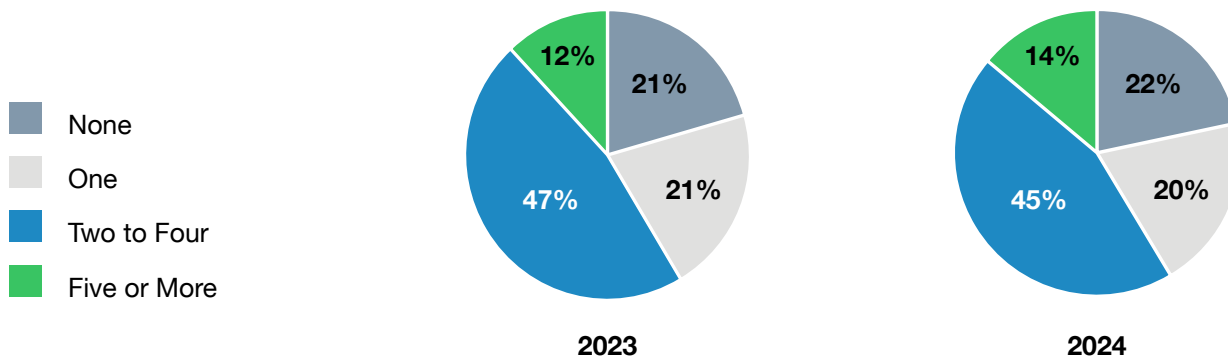
And few expect a headlong rush back to the office anytime soon, with well over half (59%) of respondents expecting to work flexibly and just 14% predicting a full-time return to the office five years from now. Significantly, the number expecting to be fully remote by then almost halves from 51% currently, to 27% in five years time, suggesting that the future looks very much flex.

When the numbers are broken down further, fully remote entrepreneurs today are most likely to work in startups based in the U.S. (46%), and are far more likely to work remotely than founders in India (6%), the U.K. (5% – down from 11% in 2023), Nigeria and Canada (both 5%) or Germany (4%). They are also more likely to say their U.S.-based startup is located in California (23%) or New York (10%).

3.3 FOUNDER FLYWHEEL

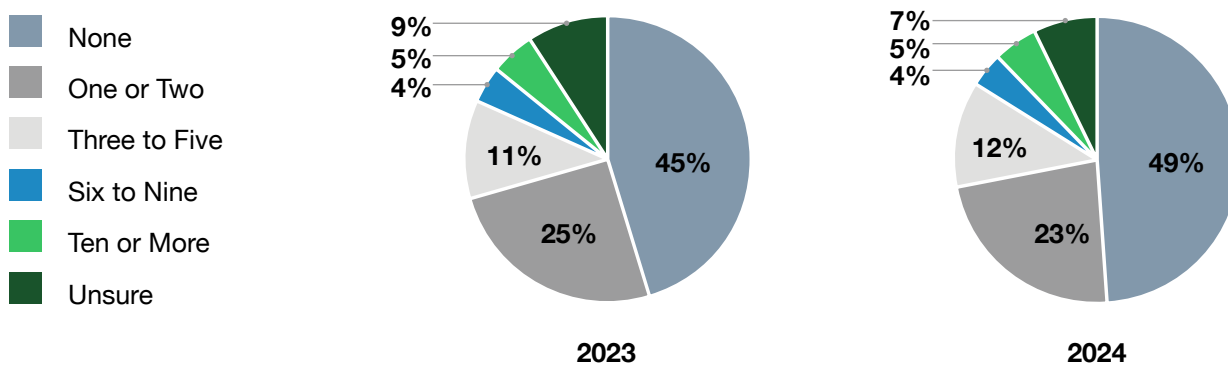
Founders tend to be serial entrepreneurs

Startups Worked at Before Current Startup



A pattern of entrepreneurs going on to found other startups continues apace, demonstrating how momentum within an ecosystem becomes self-sustaining. Our survey finds that entrepreneurs tend to be the rarest of breeds: undeterred by the long hours, around the clock demands and psychological impact, they keep returning to the startup well. Over three-quarters (79%) of current entrepreneurs have worked for other startups in the past with nearly half (45%) having worked for two-to-four startups previously. A whopping 14% of current entrepreneurs say they have worked at five or more startups.

Company Employees who Left to Found Other Startups



44% of current entrepreneurs say that anywhere between “1 to 2” and “10 or more” coworkers have gone on to establish other startups, with about a quarter (23%) saying that “1 to 2” employees have left to start other companies, and 12% saying that “3 to 5” coworkers have gone on to found other companies.

3.4 MENTAL HEALTH

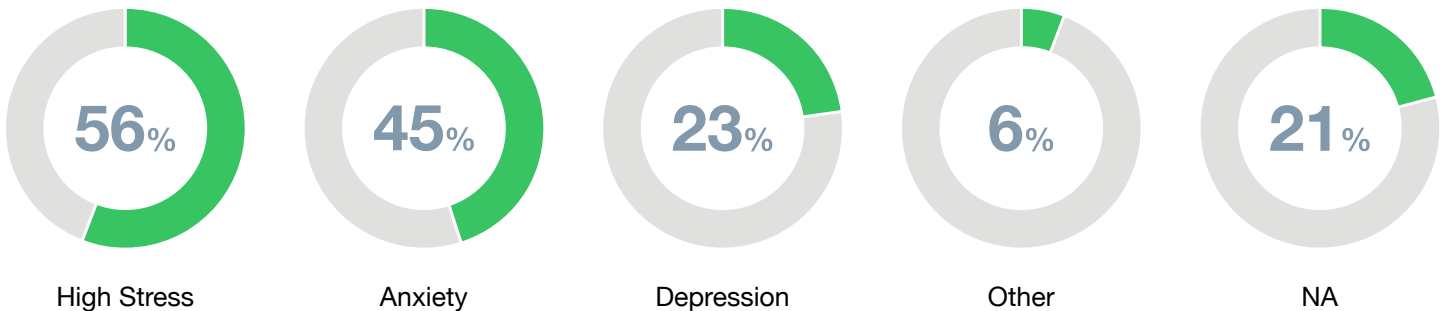
56% of entrepreneurs say they have experienced 'high stress' in the past year



“I categorize the way I work on improving my mental health into “habits” and “rhythms”. My habits include things like sleeping enough (now about eight hours a night), no longer drinking alcohol, minimizing caffeine, avoiding drugs, and carving out time for myself. My rhythms include things like meditating daily, running, reading, taking a digital sabbath (no email or work on Saturday), and taking a week off the grid with my wife each quarter.

Brad Feld, Co-founder of Techstars

Experiences in Past Year



In recent years, founder mental health has become less and less of a taboo. The always-on nature of the role, combined with the squeeze it places on friends and family time, clearly does have an impact on psychological well-being. With respondents (entrepreneurs and VCs) able to check as many boxes as are applicable to them, 45% say they've felt "Anxiety" in the past year, with just under a quarter (23%) saying they've experienced "Depression".

“I work 40+ hours a week, and have a one-and-a-half year old and an almost three-year-old. From the long work weeks and young kids I developed localized vitiligo, and after living in Bali for three years, and leaving in 2022, it's been a struggle for us to get back into our 'groove'. So I now meditate five times per day for 14 minutes each time, fast for 18 hours per day and brain dump into a journal app on my phone called Day One.”

Brandon J. McGill, Founder of [NGHBR](#)





**IV.
Firestarters:
It Takes an Ecosystem**

The Techstars Take:

What are the elements an ecosystem needs for innovation to thrive?

Startup Genome's annual rankings, for example, measure a combination of a tech hub's "performance", "funding", "talent & experience", "market reach" and "knowledge". This dovetails with our own perspective on innovation: an accelerator itself is just one driver, alongside access to VCs and angels, community and proximity to other startups, corporates, universities and government bodies. Most markets do not (yet) have the requisite density, which is why ecosystem development – where we partner with corporates, universities and government entities – is an essential part of what we do. Across 2023, we ran 308 Startup Week/Startup Weekend events in 261 cities in 65 countries, and 10 Founder Catalyst programs in five cities in four countries, because it is only when all those elements come together that the sparks of innovation fly.











For startup ecosystems to reach escape velocity, entrepreneurs need a critical mass of risk-takers in venture capital (including accelerator programs like Techstars), corporate investment, supportive and active government engagement, other entrepreneurs with whom to exchange ideas, experienced mentors, and large-scale suppliers of talent such as universities. When all of those things are mixed together, that's when the magic happens. And we're seeing that in Tokyo today.

Noriya Tarutani, Deputy Director-General, [Japan External Trade Organization \(JETRO\)](#) & Head of JETRO Startup, partner for Techstars Tokyo Accelerator

4.1 INNOVATION DRIVERS TODAY

No single institution or factor is the standout driver of innovation today, according to entrepreneurs and VCs. When asked for the biggest innovation driver in their sector currently, answers are spread evenly between “VC/Angel Investors” (22%), “Accelerator Programs” (19%), and “Community/Proximity to Other Startups” (18%).

Biggest Driver of Innovation Currently

	Venture Capital/ Angel Investors	22%		Universities	10%
	Accelerator Programs	19%		Government	10%
	Community/ Proximity to Other Startups	18%		Corporate Social Responsibility	3%
	Corporates	11%		Other	7%








Reasons: When those who select “Venture Capital/ Angel Investors” as the biggest driver of innovation are asked why they think this, answers include “They are providing not just resources, but also a common belief in causes like Generative AI, Autonomous Agents, etc. This builds a positive reinforcement feedback loop”.

Among those who select “Accelerator Programs”, providing “opportunity for local innovators to be seen”, the ability “to expedite their growth and develop market-ready products or services” and “a community and critical boost to get going” are typical reasons cited. Similarly, entrepreneurs and VCs who check “Community/Proximity to Other Startups” as the biggest innovation driver explain their decision, for example, by saying that “Community encourages collaboration, connections and growth,” and “as a founder, the biggest challenge is ‘knowing what you don’t know.’ Proximity with other founders can help navigate this unknown landscape.”

4.2. INNOVATION DRIVERS FIVE YEARS FROM NOW

Are we seeing the beginning of an emergent trend towards “Corporates”, “Government”, “Universities”, and “Other” innovation drivers? On the face of it, our survey reveals little change on last year’s data on what entrepreneurs and VCs perceive will be the biggest driver of innovation in their sector five years from now: “Venture Capital/Angel Investors” has dipped by 2%, “Accelerator Programs” by 3% and “Community/Proximity to Other Startups” has remained steady. But there has been a cumulative 6% shift towards “Corporates” (up 2%), “Government” (up 1%), “Universities” (up 1%), and “Other” (up 2%), reflecting a growing role for these alternative drivers as investors deploy less capital. Techstars’ deep and ongoing partnerships with multiple corporates, governments (national, regional and city) and universities over the years are both a proven means for ecosystem development and for empowering entrepreneurs with capital, connections and domain expertise.

Biggest Driver of Innovation Five Years from Now

	2023	2024
 Venture Capital/ Angel Investors	26%	24%
 Community/ Proximity to Other Startups	22%	22%
 Accelerator Programs	17%	14%
 Corporates	10%	12%
 Government	11%	12%
 Universities	9%	10%
 Other	5%	7%

Among the explanations for what will be the biggest driver of innovation five years from now for those who pick “Venture Capital/Angel Investors” are “risk appetite,” and that “access to funding allows startups to move quicker and do more experiments”. For those who select “Community/Proximity to Other Startups”, “being close to other startups creates a vibrant community that encourages the exchange of knowledge, resources and support”, and “Ecosystem will drive innovation - think Silicon Valley effect” are among the answers. For “Accelerator Programs”, a typical justification is “accelerator programs provide mentorship, networks, resources, and investor readiness, accelerating startup growth.”

From a regional perspective, African respondents (24%) are significantly more likely than all other regions to say “Accelerator Programs” will drive innovation five years from now, while Eastern European VCs and entrepreneurs (30%) are second most likely, after those from Africa (32%), to say “Venture Capital/Angel Investors” will be the biggest driver. Those in APAC are significantly more likely to say “Government” (20%). Eastern European (26%), Western European (23%) and North American founders and VCs (also 23%) are the most likely to check “Community/Proximity to Other Startups” as the biggest driver five years from now.



“Founders thrive around other founders. I always feel I’m learning the most when surrounded by smart, ambitious entrepreneurs changing the world with their ideas and relentless execution. It reminds me of why we decided to start a company in the first place.

John S. Kim, Co-founder and CEO of [Sendbird](#)

V.

Innovation by Sector: All About AI?

Web3 dips, as DeepTech and HealthTech still seen as most innovative

The Techstars Take:

While there is little movement at the very top of our Most Innovative Sectors table year over year, there are some interesting fluctuations lower down. Fintech, for example, has dipped by 3% year on year, with entrepreneurs and VCs in Africa (49%), LatAm (45%) and APAC (41%) significantly more likely to say that the sector is among the most innovative compared to those in North America (25%), and Western Europe (30%), where the fintech markets are far more developed. Similarly, Aerospace & Defense, which rose by 1% this year, was far more likely to be selected by respondents in Eastern (33%) and Western Europe (31%), than founders and VCs overall (25%), arguably reflecting the importance of innovation in those spheres due to the ongoing war on Europe's doorstep. The ubiquity of AI in our survey, with 74% of entrepreneurs claiming it is either a direct component or an enabler of their business, is reflected in the number of new companies in the Techstars portfolio with an AI/Machine Learning vertical listing, which surged by nearly 40% between 2022 and 2023. However, it should be noted that even as AI proliferates, the majority of entrepreneurs (60%) say that technology is used only as an enabler of their product or service or they do not use it at all.

5.1. MOST INNOVATIVE SECTORS TODAY



“Last year saw the winds of the crypto bear market blow away many of the unsustainable, hype-driven companies that probably shouldn't have started in the first place. Clearly that's affected the perception of Web3 as a whole. But the good news is that the clearout has left those startups with genuine value – the ones with staying power that do need to see the light of day – and fertile ground for new projects as well.”

Pete Townsend, Managing Director of [Techstars Web3 Accelerator](#)

Most Innovative Sectors Currently

	2023	2024
DeepTech	42%	43%
HealthTech	43%	42%
Fintech	36%	33%
Sustainability	32%	29%
Enterprise & SaaS	27%	29%
Gaming, Media & Entertainment	29%	27%
Aerospace & Defense	24%	25%
Advanced Manufacturing	21%	23%
Web3	31%	22%
Future of Work	22%	20%
Travel, Infrastructure, Logistics	16%	14%
Consumer Goods & Retail	11%	11%
Natural Resources	10%	9%
Proptech	5%	6%
Other	5%	6%

While there is remarkable stability year over year when it comes to which sectors entrepreneurs and VCs perceive as the most innovative today – DeepTech and HealthTech continue to top the chart – one thing stands out dramatically: the fate of Web3. With respondents able to select up to five sectors, 43% pick DeepTech (up 1% on 2023), 42% choose HealthTech (down 1%), 33% say Fintech (down 3%), 29% each say Sustainability (down 3%) and Enterprise/SaaS (up 2%). However, Web3 plunges by 9% from 31% in 2023, to 22% this year – a sign no doubt of the “clearout” in the sector that Techstars MD Pete Townsend refers to.

Most Innovative Sectors Currently by Region

	2024 Overall	Africa	Asia Pacific	Eastern Europe	Western Europe	LatAm	Middle East	North America
DeepTech	43%	35%	38%	48%	55%	29%	32%	43%
HealthTech	42%	38%	41%	39%	44%	48%	41%	42%
Fintech	33%	49%	41%	24%	30%	45%	24%	25%
Enterprise & SaaS	29%	37%	30%	26%	22%	25%	24%	33%
Sustainability	29%	26%	32%	35%	33%	26%	37%	25%
Gaming, Media & Entertainment	27%	27%	32%	29%	29%	27%	34%	23%
Aerospace & Defense	25%	14%	26%	33%	31%	28%	27%	24%
Advanced Manufacturing	23%	18%	27%	20%	25%	18%	17%	24%
Web3	22%	26%	24%	30%	23%	22%	29%	19%
Future of Work	20%	18%	16%	17%	18%	23%	39%	23%
Travel, Infrastructure, Logistics	14%	20%	19%	14%	10%	25%	24%	10%
Consumer Goods & Retail	11%	22%	15%	8%	5%	10%	12%	9%
Natural Resources	9%	11%	13%	11%	8%	9%	17%	8%
Proptech	6%	5%	4%	6%	6%	7%	5%	6%
Other	6%	5%	4%	8%	5%	4%	7%	7%

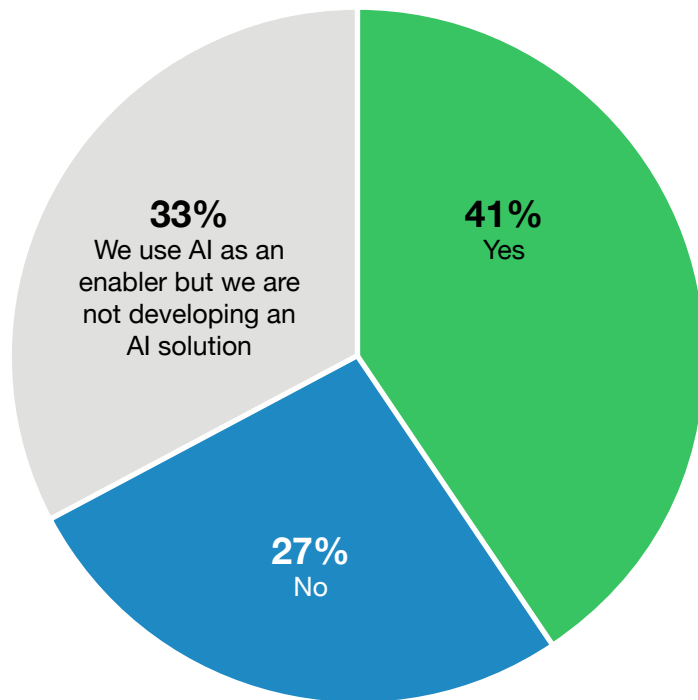
When considered by region, respondents in Western Europe (55%) and Eastern Europe (48%) are more likely to see DeepTech as the most innovative sector, with those in LatAm (48%) Western Europe (44%), and North America (42%) most likely to select HealthTech. Entrepreneurs and VCs in Africa (49%), LatAm (45%), and APAC (41%) are significantly more likely to say Fintech is among the most innovative sectors – whereas in Western Europe and North America, just 30% and 25% respectively, and 24% each in Eastern Europe and the Middle East, view it that way. Meanwhile, 33% of Eastern Europeans select Aerospace & Defense as the most innovative – where the overall figure is 25%.

5.2 AI TAG IS A MUST-HAVE

Three-quarters of entrepreneurs say AI is a component or enabler of their business.

Ever since ChatGPT erupted into the mainstream making Generative AI the technology megatrend of last year, investment has deluged the sector with a record \$29.1B invested globally across 691 Gen AI deals in 2023 – a 268% increase in deal value over 2022 (Source: [PitchBook](#)).

Artificial Intelligence is a Direct Component of Business Proposition



When we asked current entrepreneurs in our survey whether AI, in the wider sense, is a direct component of their business, 41% say that it is. However, despite the scramble to attach an AI-tag to many tech businesses today, the majority (60%) of founders focus on other tech, either using AI as an enabler or not at all.

A satellite view of Earth at night, showing the curvature of the planet and the glow of city lights. The lights are concentrated in several large urban areas, with a prominent one in the lower-left quadrant. The background is the dark, starry space.

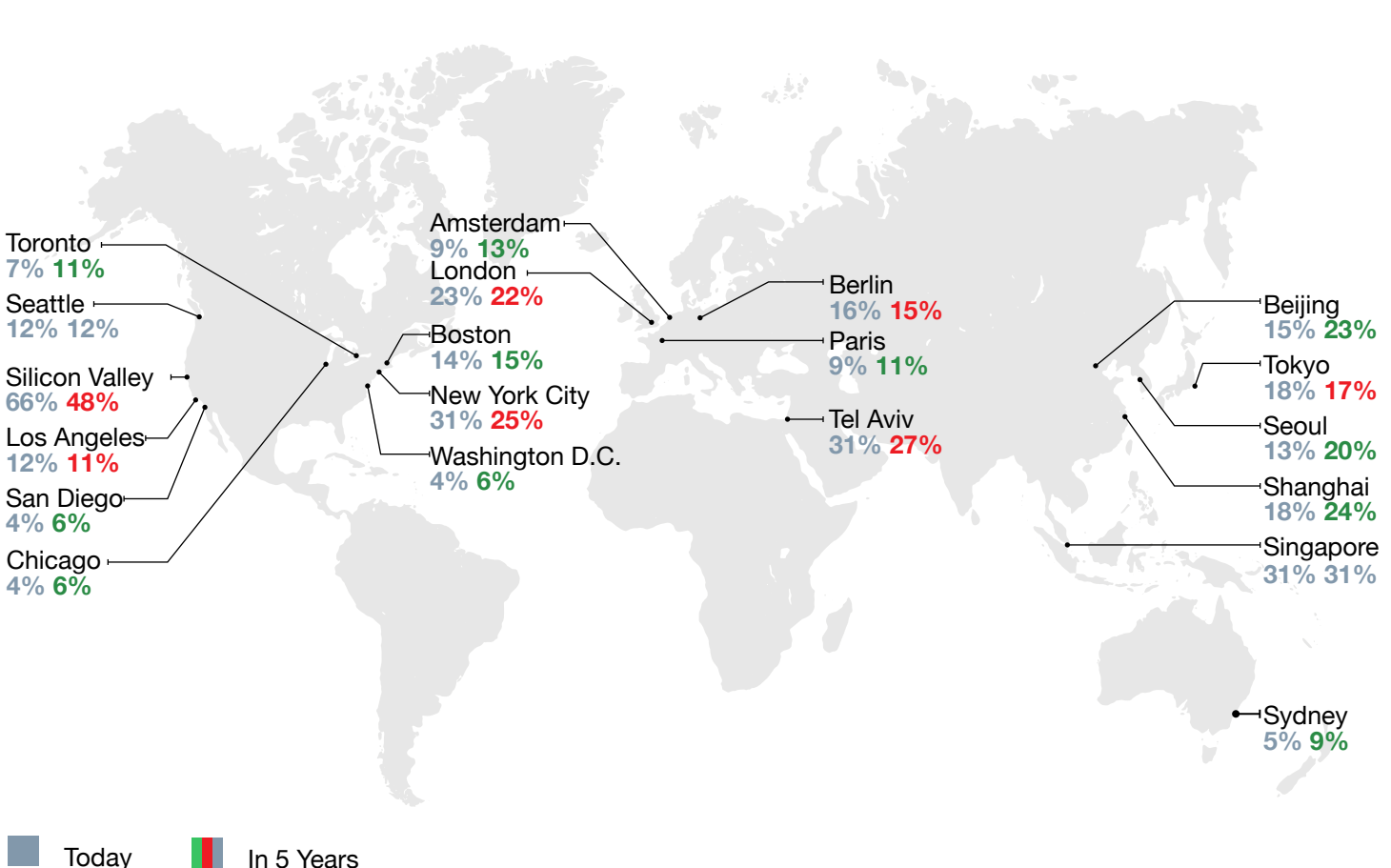
VI.

**Innovation by Hub:
Valley Leads, as
Asian Hubs Rise**

The Techstars Take:

While Silicon Valley appears to dominate both tables (Most Innovative Hubs/Cities today and in five years), an underlying trend that we first highlighted last year continues. Whereas 66% of respondents consider the Valley to be the most innovative hub today, that number falls to 48% when participants are asked to predict the world's leading innovation hub five years from now (the corresponding 2023 figures were 63% and 45%). So while the Valley continues to enjoy a healthy gap with its nearest competitors over the five year horizon – second-place Singapore is 17% behind, Tel Aviv lags by 21% and New York City by 23% – other hubs, especially the great Asian cities are advancing, thereby confirming the shift towards a more multipolar technology world. Fifth-placed Shanghai increases its share by 2% (vs. 2023's figures), to 24%, Beijing (up 4 to 23%) leapfrogs London (up 1 to 22%) to take sixth spot, while Seoul (up 2% to 20%) and Tokyo (down 1% to 17%) also make the top 10. Overall, there are five Asian cities in the top 10, vs. three U.S. hubs (the third being Boston).

2024: Most Innovative Hubs/Cities Today vs. Five Years From Now



Most Innovative Hubs/Cities Today

	2023	2024		2023	2024		2023	2024
Silicon Valley	63%	66%	Beijing	12%	15%	Sydney	4%	5%
New York City	29%	31%	Boston	17%	14%	Washington D.C.	5%	4%
Singapore	29%	31%	Seoul	14%	13%	Chicago	5%	4%
Tel Aviv	38%	31%	Seattle	11%	12%	San Diego	4%	4%
London	26%	23%	Los Angeles	11%	12%	Other	19%	20%
Tokyo	17%	18%	Paris	7%	9%			
Shanghai	15%	18%	Amsterdam	12%	9%			
Berlin	20%	16%	Toronto	10%	7%			

Thanks in part to the AI boom, Silicon Valley's prestige has only been burnished over the past year, according to our survey, with two-thirds (66%) of entrepreneurs and VCs, who could select up to five cities, considering it to be the leading global innovation hub today, compared with 63% in 2023. Tel Aviv, placed second last year with 38%, falls 7% to 31% today, where it is joined in second place by New York City (up 2% on last year) and Singapore (also up 2%). The leading European hub, London, remains in fifth place, albeit slipping from 26% last year, to 23% today.

When looked at from a regional perspective, Silicon Valley is considered the most innovative city across all regions, with almost three-quarters (73%) of Western Europeans, 70% of North Americans and 65% of those in Asia-Pacific viewing it as such. Just over half (54%) of African respondents consider the Valley to be the most innovative today, while a similar percentage (52%) of APAC respondents consider Singapore to be the most innovative.

Most Innovative Hubs/Cities Five Years From Now

	2023	2024		2023	2024		2023	2024
Silicon Valley	45%	48%	Tokyo	18%	17%	Sydney	7%	9%
Singapore	30%	31%	Berlin	19%	15%	Washington D.C.	6%	6%
Tel Aviv	35%	27%	Boston	16%	15%	Chicago	7%	6%
New York City	24%	25%	Amsterdam	14%	13%	San Diego	6%	6%
Shanghai	22%	24%	Seattle	11%	12%	Other	21%	22%
Beijing	19%	23%	Toronto	12%	11%			
London	21%	22%	Los Angeles	12%	11%			
Seoul	18%	20%	Paris	11%	11%			

Almost half (48%) of entrepreneurs and VCs believe Silicon Valley will still be the world's most innovative hub five years from now, with Singapore remaining in second place on 31%. However, respondents in 2024 are significantly less likely to believe third-placed Tel Aviv will be the most innovative in five years (27%) compared to those in 2023 (35%). Meanwhile, just under a quarter (23%) predict that Beijing will be the most innovative in five years time, versus 19% in 2023, with both Beijing and Shanghai (24%) edging out London (22%).

Half of those in Western Europe (52%) and North America (56%) believe the Valley will continue to be the most innovative hub five years from now, while just 39% of respondents in Africa and 35% of those in LatAm agree. 41% of those in APAC believe that Silicon Valley will still be the most innovative, while the same percentage of APAC respondents believe Singapore will be on a par with the Valley in five years. 35% of North Americans predict New York City will be the most innovative in five years, with 30% checking Tel Aviv.

VII.

Innovation by Region:

North America

Surging



U.S. set to see the greatest spike in new startups, as Africa eclipses Europe

The Techstars Take:

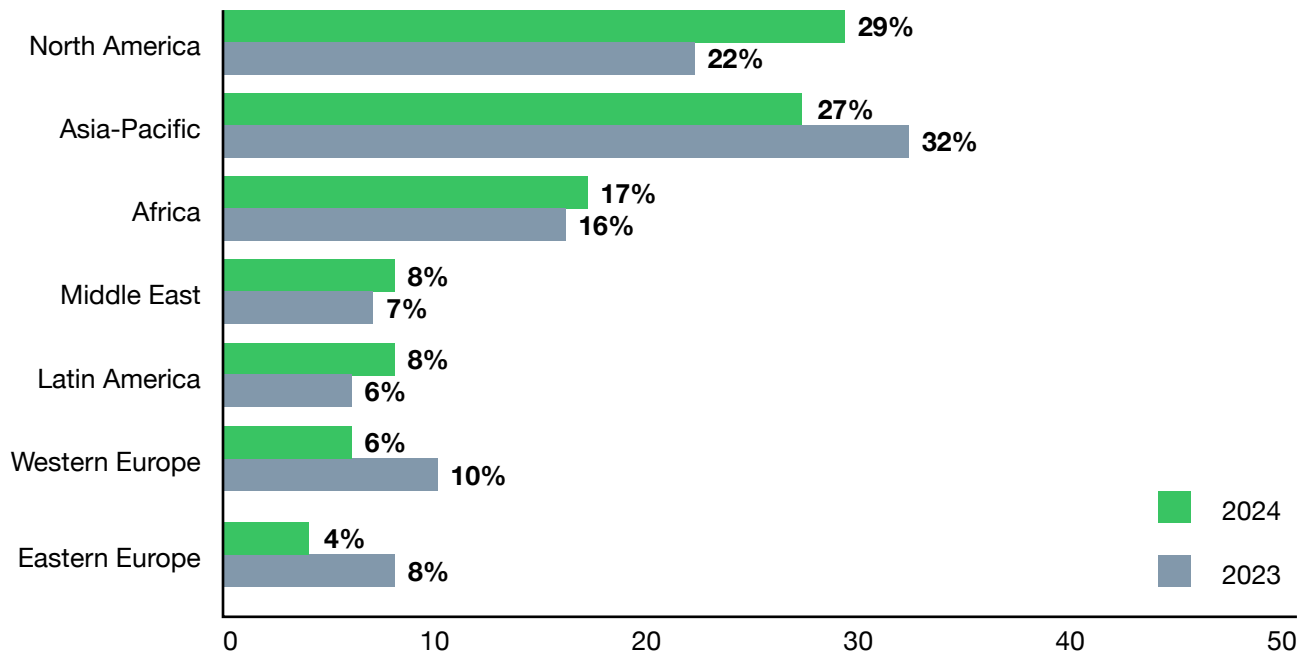
Last year, 32% of respondents predicted that APAC would create the most new startups globally, ahead of North America with 22%. Thanks to an AI-fueled investment frenzy, **\$11B in federal government cash** pouring into chips R&D and the dominance of U.S. tech giants like Nvidia, Microsoft and Alphabet, North America turned the tables and is once again in the driving seat with 29% (up 7%, year over year) of respondents forecasting it will create the most startups this year, while APAC slips by 5% to 27%. But a surging U.S. is only part of the story. With 17% of entrepreneurs and VCs (up 1% year over year) believing that Africa will see the largest number of new startups this year, the continent looks set to outperform the other rising regions, including the Middle East (up 1%, to 8%), LatAm (up 2% to 8%) and Eastern Europe (down 4% to 4%). Tellingly, nearly three times as many respondents predict that Africa will produce the most startups this year compared to Western Europe (down 4% to 6%), despite the latter hosting 20% of the survey's participants compared with Africa's 11%.

“North America provides entrepreneurs with an ideal ecosystem to build thriving tech businesses by providing access to high quality mentorship. The lessons learned from both failure and success of building incredibly ambitious companies is readily accessible here. This institutional knowledge further attracts capital investments, a risk-taking culture, and the brightest minds in the world. This mentorship is in short supply globally.

Mina Mitry, Co-Founder & CEO of [Kepler Communications](#)



Region Expected to See Greatest Spike in New Startups



Of those who believe the Middle East will see the greatest spike, 40% (up from 35% in 2023) believe UAE will lead the way, while they are significantly more likely to say Saudi Arabia will be in pole position (36%) compared to 2023 (19%). They are also significantly less likely to say Israel will see the greatest spike in 2024 (14%) compared to 2023 (29%).

VII. Methodology & Respondent Profile



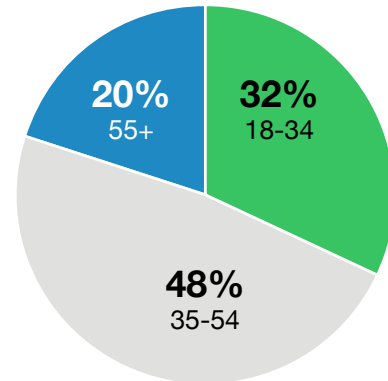
Survey Administration & Survey Sample

- The survey was administered online by Hanover Research in March 2024, and respondents were recruited via contact lists provided by Techstars.
- The analysis includes a total of 1,550 respondents following data cleaning and quality control.

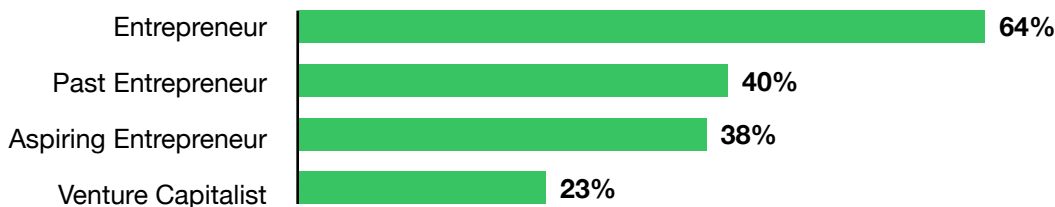
Respondent Qualifications

- Age 18+
- Work or be involved in the following:
 - Currently, or previously, an entrepreneur/work at a startup
 - Planning on/aspiring to work for create their own startup
 - Work in venture capitalism
 - Be a part of a startup ecosystem of mentors, investors or commercial partners

Age

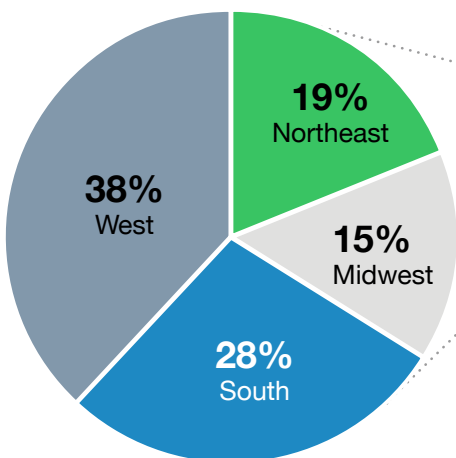


Entrepreneur Status

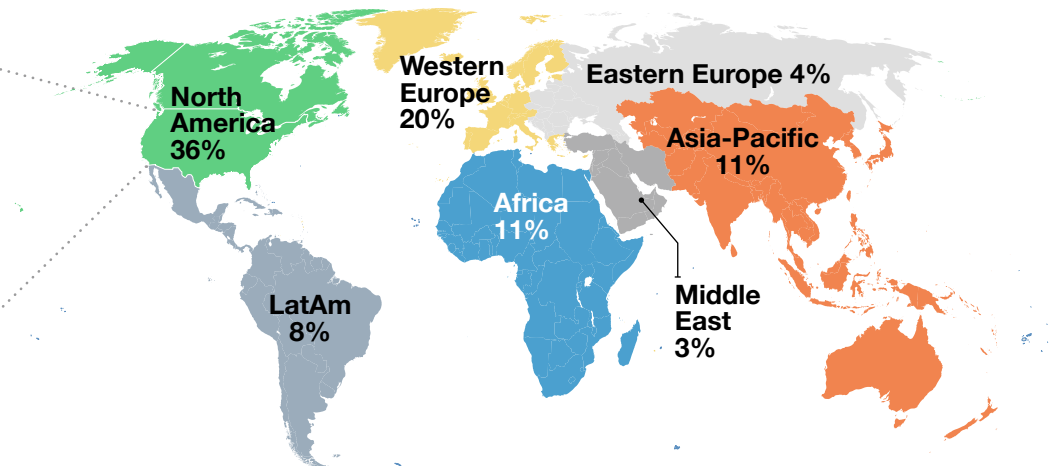


Geography

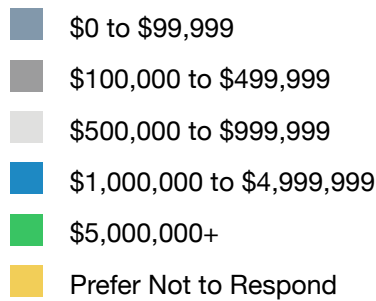
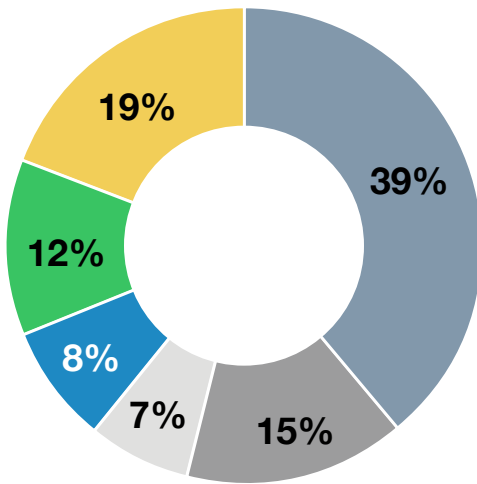
US Region



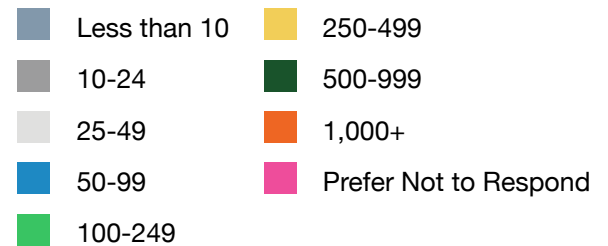
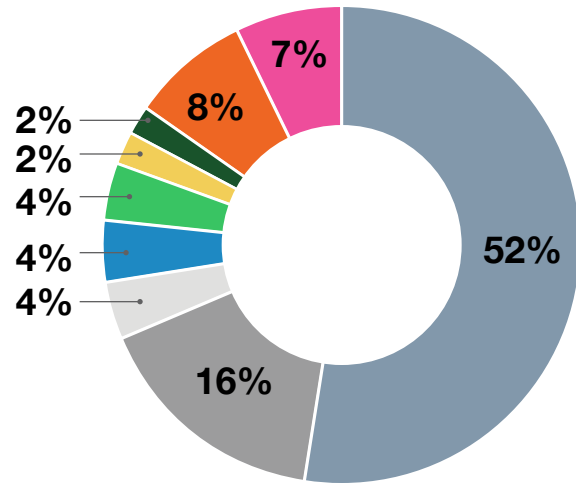
World Region



Company Revenue



Number of Employees



techstars

Better for Founders
4,400+ Portfolio Companies
in 60+ Countries

techstars.com