

2024

Business Leaders Outlook

**INNOVATION ECONOMY
AROUND THE WORLD**

J.P.Morgan

Table of contents

- Executive summary 3
- Economic outlook and expectations 4
- Leaders upbeat on revenue, profits 6
- A shield against declining valuations 8
- Capital raising paused, rethinking funds 10
- Artificial intelligence’s time to shine 12
- About the survey 14
- Our experts 17
- Innovation Economy Banking at J.P. Morgan 18



EXECUTIVE SUMMARY

Leading with optimism, tackling challenges

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

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

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

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

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

Economic outlook for 2024

Optimistic Neutral Pessimistic

Global economy



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

National economy



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

Industry performance



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

Company performance

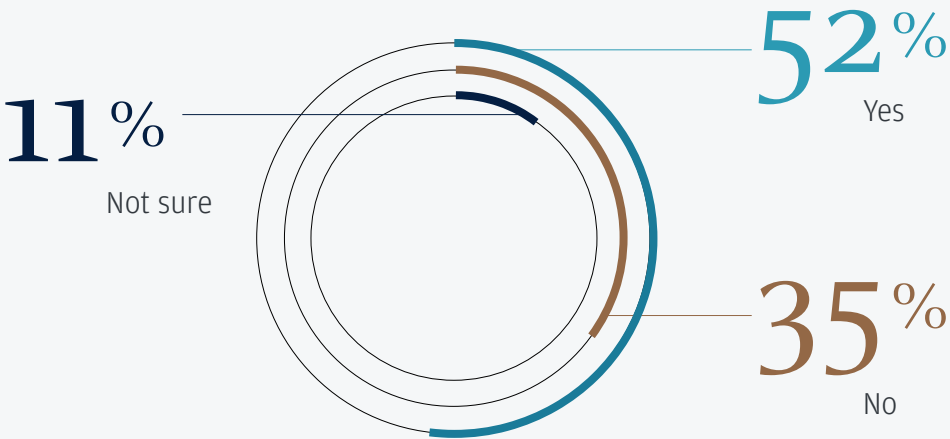


Optimistic - 82%, Neutral - 9%, Pessimistic - 9%

Economic outlook and expectations

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

Recession expectations



Economic outlook and expectations

Insights from our Innovation Economy leaders

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



Alex McCracken

Innovation Economy
EMEA Tech Sector

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



Dhaval Shah

Innovation Economy
India

Leaders upbeat on revenue, profits

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

Business expectations

■ Increase ■ Remain the same ■ Decrease

Revenue/sales



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

Profits



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

Capital expenditures



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

Credit needs



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

Leaders upbeat on revenue, profits

Insights from our Innovation Economy leaders

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



Peter Bairaktaridis

Innovation Economy
Australia

A shield against declining valuations

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

Effects from declining tech valuations

■ Negative impact ■ No impact ■ Positive impact

Hiring/talent management



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

Growth projections



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

New product development/innovation



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

Current liquidity/runway projections



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

Fundraising/capital raising



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

A shield against declining valuations

Insights from our Innovation Economy leaders



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



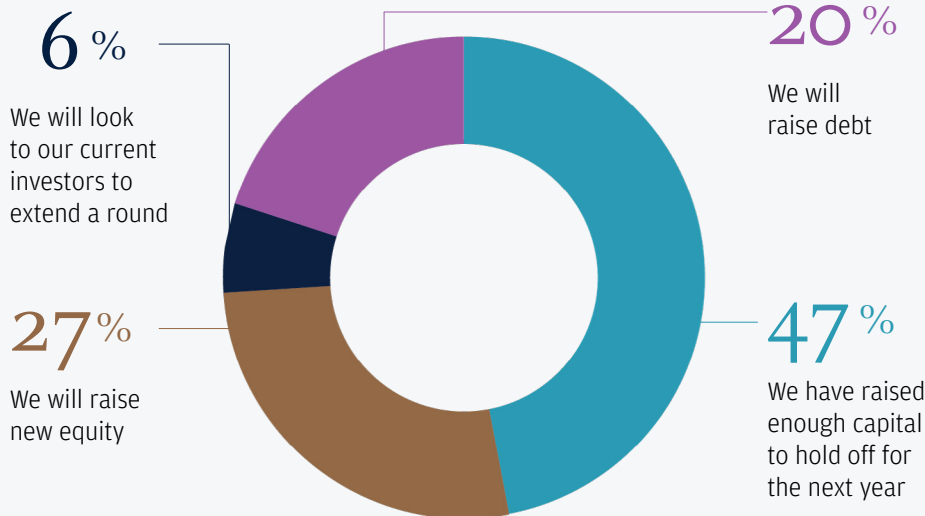
Rosh Wijayarathna

Innovation Economy
U.K. & Ireland

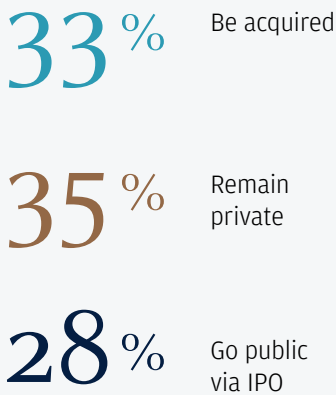
Capital raising paused, rethinking funds

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

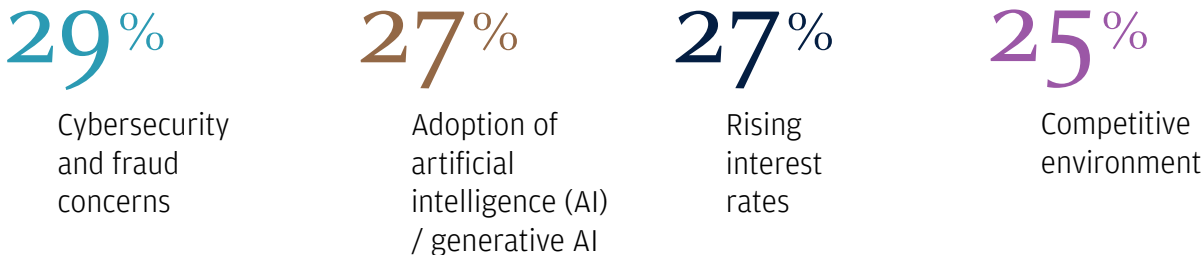
Effects from declining tech valuations



Long-term goal for startups



Largest challenges for startups



Capital raising paused, rethinking funds

Insights from our Innovation Economy leaders

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



Dorothee Stik

Innovation Economy
France, Benelux & Southern Europe

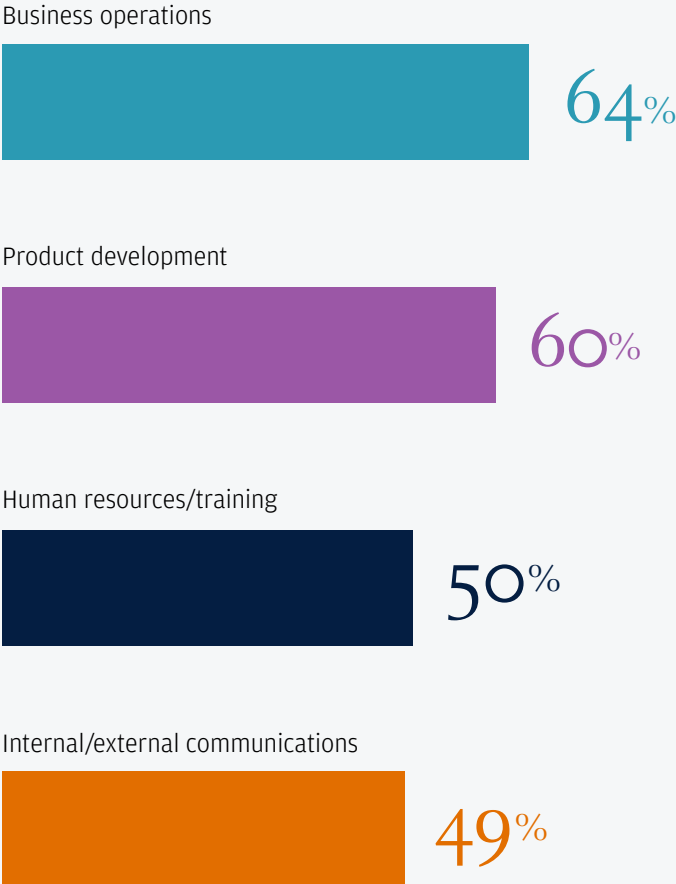
Artificial intelligence's time to shine

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

Use of AI tools like ChatGPT, virtual assistants and chatbots



Areas of AI applications



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

Artificial intelligence's time to shine

Insights from our Innovation Economy leaders



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



Max Hauer

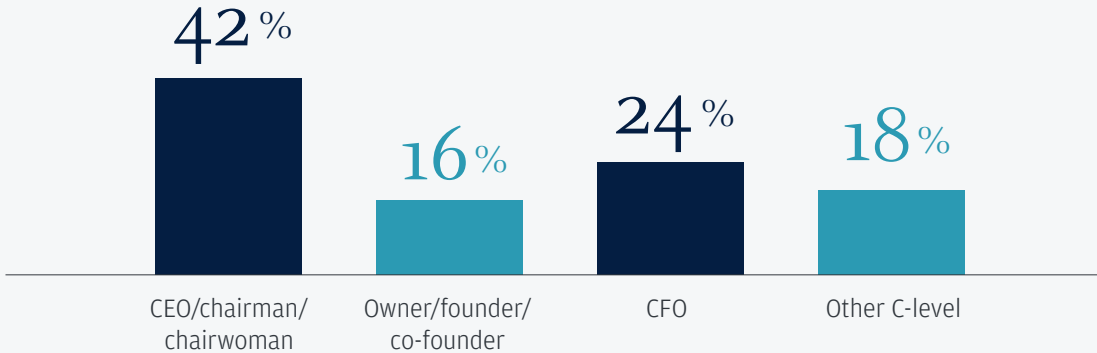
Innovation Economy
DACH

About the survey

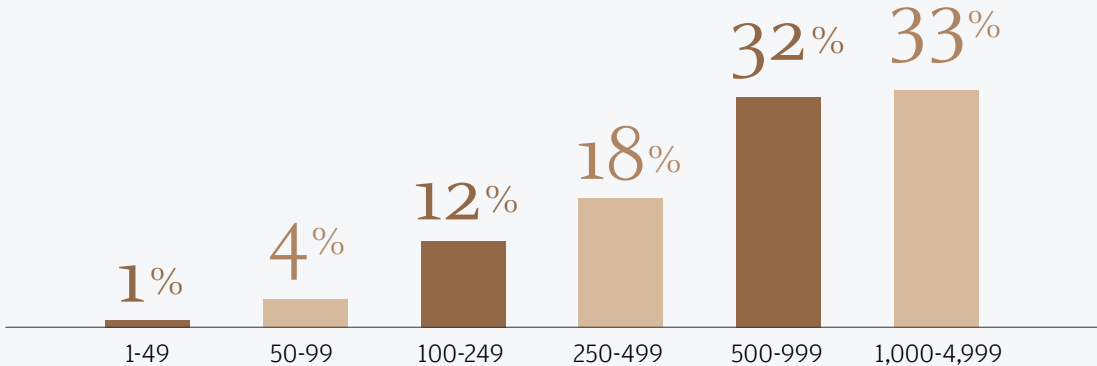
In its first year, the Business Leaders Outlook Innovation Economy Around the World survey includes highlights capturing the concerns and expectations of senior business leaders at early stage, venture-backed, high-growth companies from major global innovation hubs.

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

Who took the survey



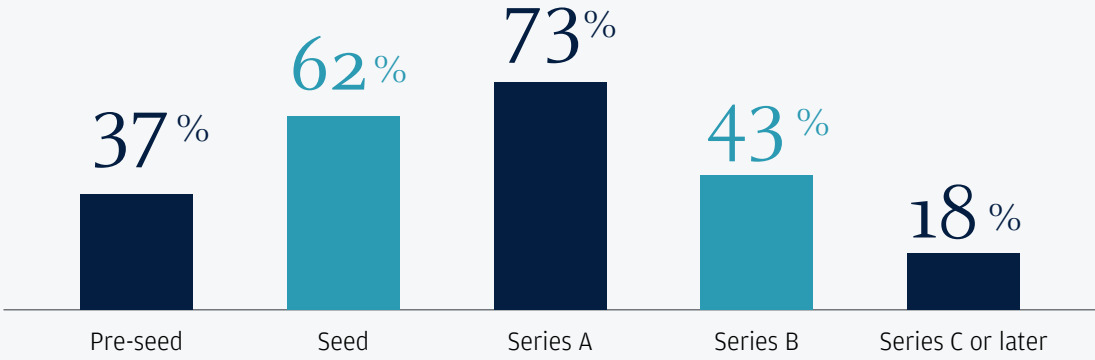
Company size by number of employees



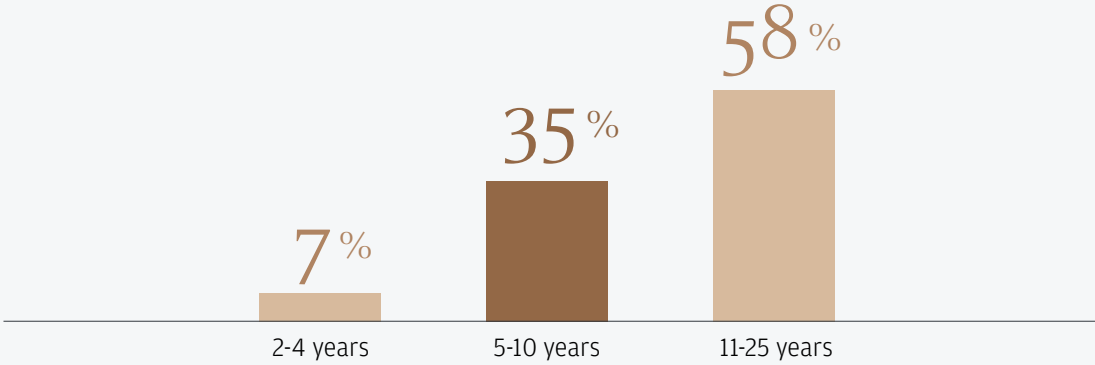
About the survey

(Continued from the previous page)

Types of past funding and investment received



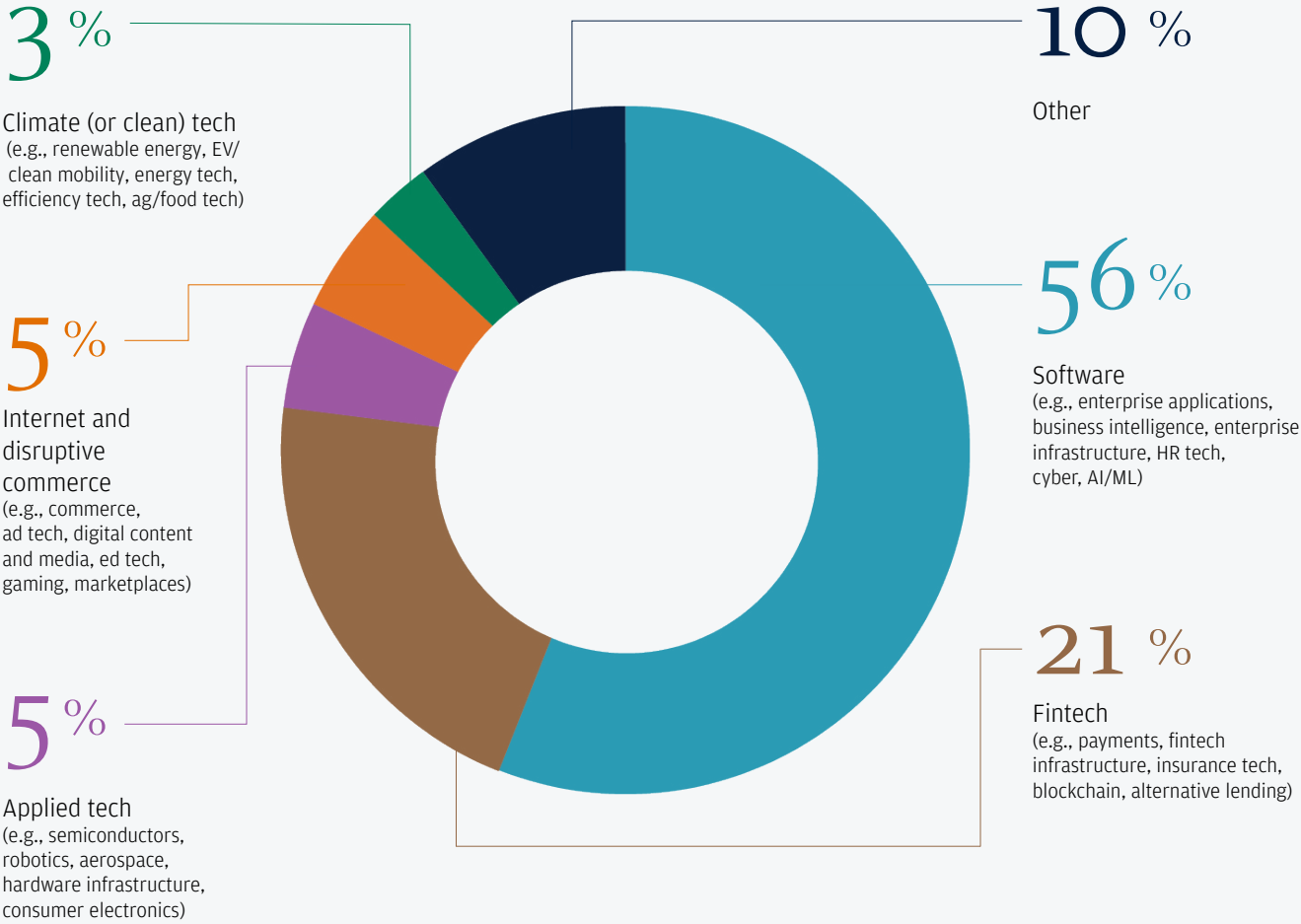
Age of company



About the survey

(Continued from the previous page)

Innovation Economy companies by offering:



Our experts



Alex McCracken
Innovation Economy
EMEA Tech Sector



Rosh Wijayarathna
Innovation Economy
U.K. & Ireland



Dorothee Stik
Innovation Economy
France, Benelux & Southern Europe



Max Hauer
Innovation Economy
DACH Region



Dhaval Shah
Innovation Economy
India



Peter Bairaktaridis
Innovation Economy
Australia

Innovation Economy Banking at J.P. Morgan

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

Americas



Brazil



Canada



Mexico



U.S.

EMEA



France



Germany



Ireland



Israel



Italy



Sweden



Switzerland



U.K.

Asia Pacific



Australia



China



Hong Kong



India



Japan



Singapore



South Korea

J.P.Morgan

© 2024 JPMorgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC. Visit jpmorgan.com/cb-disclaimer for full disclosures and disclaimers related to this content. 1782683



Chase, J.P. Morgan, JPMorgan, JPMorgan Chase, and Story by J.P. Morgan are marketing names for certain businesses of JPMorgan Chase & Co. and its affiliates and subsidiaries worldwide (collectively, "JPMC", "We", "Our" or "Us", as the context may require).

The information in this content (website, article, event invitation or other form) does not represent an offer or commitment to provide any product or service. The views, opinions, analyses, estimates and strategies, as the case may be ("views"), expressed in this content are those of the respective authors and speakers named in those pieces, and/or the JPMC departments that publish the content, and may differ from those of JPMorgan Chase Commercial Banking and/or other JPMC employees and affiliates. These views are as of a certain date and often based on current market conditions, and are subject to change without notice. Any examples used are generic, hypothetical and for illustration purposes only. Any prices/quotes/statistics included have been obtained from sources deemed to be reliable, but we do not guarantee their accuracy or completeness. To the extent indices have been used in this content, please note that it is not possible to invest directly in an index. This information in no way constitutes research and should not be treated as such. Any information related to cybersecurity provided is intended to help clients protect themselves from cyber fraud, not to provide a comprehensive list of all types of cyber fraud activities nor to identify all types of cybersecurity best practices.

Copying, re-publishing, or using this material or any of its contents for any other purpose is strictly prohibited without prior written consent from JPMorgan. In preparing this material, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was acquired from public sources. Any mentions of third-party trademarks, brand names, products and services are for referential purposes only and any mention thereof is not meant to imply any sponsorship, endorsement, or affiliation unless otherwise noted. Notwithstanding anything to the contrary, the statements in this material are not intended to be legally binding. Any products, services, terms or other matters described herein (other than in respect of confidentiality) are subject to, and superseded by, the terms of separate legally binding documentation and/or are subject to change without notice.

The information in this content is not advice on legal, tax, investment, accounting, regulatory, technology or other matters. You should always consult your own financial, legal, tax, accounting or similar advisors before making any financial or investment decisions, or entering into any agreement for JPMC products or services. In no event shall JPMC or any of its directors, officers, employees or agents be liable for any use of, for any decision made or action taken in reliance upon, or for any inaccuracies or errors in or omissions from, the information in this content. We are not acting as your or any client's agent, fiduciary or advisor, including, without limitation, as a Municipal Advisor under the Securities and Exchange Act of 1934. JPMC assumes no responsibility or liability whatsoever to you or any client with respect to such matters, and nothing herein shall amend or override the terms and conditions in the agreement(s) between JPMC and any client or other person.

The information in this content does not include all applicable terms or issues, and is not intended as an offer or solicitation for the purchase or sale of any product or service. Our products and services are subject to applicable laws and regulations, as well as our service terms and policies. Not all products and services are available in all geographic areas or to all customers. In addition, eligibility for particular products and services will be determined by JPMC, including satisfaction of applicable legal, tax, risk, credit and other due diligence, and JPMC's "know your customer", anti-money laundering, anti-terrorism and other policies and procedures. Credit is subject to approval. Rates and programs are subject to change. Certain restrictions apply.

Products and services may be provided by banking affiliates, securities affiliates or other JPMC affiliates or entities. In particular, securities brokerage services other than those that can be provided by banking affiliates will be provided by appropriate registered broker/dealer affiliates, including J.P. Morgan Securities LLC and J.P. Morgan Institutional Investments Inc. Any securities provided or otherwise administered by such brokerage services are not deposits or other obligations of, and are not guaranteed by, any banking affiliate and are not insured by the Federal Deposit Insurance Corporation. Certain financial products and services are required by law to be provided only by licensed representatives and affiliates. Inquiries regarding such products and services will be referred to a licensed representative or a licensed affiliate. The information in this content is not an offer to sell, or solicit an offer to purchase, any securities by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which JPMC or the person making such an offer is not qualified to do so, or to anyone to whom it is unlawful to make such an offer or solicitation, or to anyone in any jurisdiction outside of the United States. Nothing in this content constitutes any commitment by JPMC to underwrite, subscribe for or place any securities, or to extend or arrange credit, or to provide any other product or service. JPMC contact persons may be employees or officers of any JPMC subsidiary or affiliate.

Any information requested on this invitation, page or other relevant registration form will be processed for the purposes of preparation and administration of this event. Providing the requested information will also assist us in ensuring that the event is properly tailored to meet the requirements of the attendees. By providing the information requested, you are consenting to your data being processed by employees and agents of JPMC as well as potential co-organizers for these purposes. You expressly consent to our use of your information in the manner described herein and in our privacy policy (www.jpmorgan.com/privacy).

Please note that any JPMC-hosted event or webinar that you register to attend may be recorded, and videos, photographs and other recordings may be taken, where you may be captured participating in the event. By providing the information requested on the registration form, you consent to the publication of such photographs, videos, recordings and/or likenesses (whether edited, adapted, modified or copied), and their use by us and those that we authorize, without prior notice or compensation, in any way which we may see fit now or in the future, including but not limited to, marketing and advertising. Further, you release JPMC and its employees and agents from all claims of every kind on account of such use. You also acknowledge and agree that the replay links, if any, will be shared with JPMC clients and prospects who were invited but did not register/attend, and also potentially to other third parties if the topics are relevant to them. If you do not agree with any statements in this paragraph, please make a member of our staff aware on the day of the event.

The statements made in this content or during this event, or provided in materials as part of this event, are proprietary to JPMC and are not intended to be legally binding. Any products and services described during these events are offered by JPMC subject to applicable laws and regulations and service terms.

We will provide reasonable accessibility accommodations brought to our attention.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult:

<https://www.jpmorgan.com/IBOR>.

© 2024 JPMorgan Chase & Co. All rights reserved. JPMorgan Chase Bank, N.A. Member FDIC. JPMorgan Chase Bank, N.A., organized under the laws of the U.S.A. with limited liability. Deposits held in non-U.S. branches, are not FDIC insured.

United Kingdom:

JPMorgan Chase Bank, N.A. at its London Branch is a bank authorised and subject to supervision and regulation by the Office of the Comptroller of the Currency and is also supervised and regulated with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. (Firm Reference Number: 124491).

Germany:

J.P. Morgan SE is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). For additional information on J.P. Morgan SE and its branches see: [EMEA Regulatory Disclosures](#).

Regulatory disclosures of JPMorgan Chase Bank, N.A. branches in France, Spain, Italy and Belgium, and other JPMC legal entities in EMEA:
Please see [EMEA Regulatory Disclosures](#).

Regulatory Disclosures of JPMC legal entities in APAC:
Please see [APAC Regulatory Disclosures](#).

