UBI GLOBAL

Research Methodology

World Benchmark Study 2019–2020
Of Business Incubators & Accelerators

2019-06-03
research@ubi-global.com

ASSESSING INCUBATORS & ACCELERATORS SINCE 2013

Dear Innovator,

UBI Global's World Benchmark Study (WBS) assesses business incubators and accelerators worldwide. Each time we review the WBS Research Methodology, we face the intriguing challenge of balancing the desire for consistency with the necessity need to integrate the latest research findings. For this 5th iteration of the study, **the overall framework** – based on 3 categories, 7 subcategories, and 21 KPIs – **remains unchanged**.

However, we implemented a few updates to reflect developments in the global innovation industry, including:

1. Previous iterations of the WBS focused on university-linked incubators and accelerators. This group continues to be our research focus. However, to create a holistic picture of the innovation landscape, we now invite public, private, and corporate programs to participate in the WBS. To ensure comparability, all programs are ranked and benchmarked within their peer groups.

2. Based on the fantastic feedback we received from incubators and accelerators that participated in the last iteration, we have tightened several definitions and provide additional examples to further facilitate data collection and interpretation.

3. Startups play a crucial role in addressing the world's most urgent challenges. We will explore how programs and their startups develop solutions to issues such as poverty, famine, or climate change. This information will not influence the rankings. However, we will recognize outstanding incubators, accelerators, and startups at the World Incubation Summit 2019.

We look forward to helping all participating incubators and accelerators to become more effective, efficient, and competitive.

Welcome to the World Benchmark Study 2019–2020!

Dr. Holger Meyer
Head of Research

WHY BENCHMARK YOUR INCUBATOR/ACCELERATOR?

DESIGNED TO

1. Identify distinguishing features of business incubators and accelerators

2. Assess each participating program's capacity to create value for
   a. their Ecosystems
   b. their Client and Alumni Startups
   c. themselves

3. Rank all programs by absolute impact and relative performance in their respective categories

4. Benchmark each program against
   a. Global Top Average (top 10%)
   b. Global Average (all participants)

THE WORLD BENCHMARK STUDY 2019 - 2020

PARTICIPATING PROGRAMS GAIN

✓ A thorough understanding of their impact and performance – strengths as well as areas of improvement

✓ Access to best practices and actionable insights into how to become more effective, efficient, and competitive

✓ Access to an extensive global community of peer programs and innovation experts

✓ Matchmaking opportunities with Corporations for themselves and their Client Startups

What is a benchmark study?
A research project that compares each participating organization's performance metrics to those of one or more reference groups. It identifies characteristics that differentiate leading organizations from their peers and produces recommendations how to improve each organization's impact and performance metrics.

# BUSINESS INCUBATORS VS. BUSINESS ACCELERATORS

BUSINESS INCUBATOR

✓ Focuses usually on supporting early-stage client startups in becoming viable businesses

✓ Provides client startups a large array of business, marketing, counseling, financial, infrastructure, and other services

✓ Quality-controlled intake of client startups with regular time bound exits

✓ Often provides services for free or in exchange for program or membership fees

✓ Longer duration – usually 1 to 5 years

HYBRID PROGRAM

Mix of both
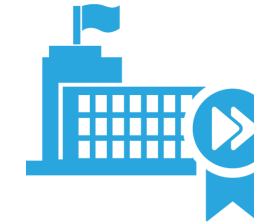
BUSINESS ACCELERATOR

✓ Focuses usually on supporting client startups with product development, scaling, and gaining customer traction

✓ Fixed-term, cohort-based program that provides intensive mentoring, networking, and education services, usually culminating in a "demo day"

✓ Quality-controlled – often competitive – intake of client startups with regular time bound exits

✓ Often invests in client startups or provides a stipend in return for a small equity stake
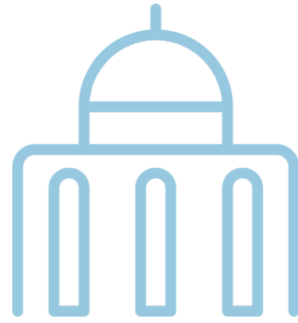
✓ Shorter duration – usually 3 to 6 months

INCUBATOR & ACCELERATOR GROUPING

UBI Global

UNIVERSITY

The incubator/accelerator derives its business objectives primarily from one or more universities by which it is often operated and primarily financed.

PUBLIC

The incubator/accelerator derives its business objectives primarily from one or more public entities by which it is often operated and primarily financed.

PRIVATE

The incubator/accelerator develops its business objectives largely independently, often operates autonomously and primarily finances its operations.

CORPORATE

The incubator/accelerator derives its business objectives primarily from one or more for-profit corporations by which it is often operated and primarily financed.

Why do we group and differentiate?
The different groups are used for appropriate ranking, benchmarking and recognition categorizations.

ELIGIBLE PROGRAMS

PROGRAM TYPE

Business Incubator

Hybrid Program

Business Accelerator

PROGRAM GROUP

University

Public

Private

Corporate

Program variations

BENCHMARK CATEGORIES

University Incubator	University Hybrid Program	University Accelerator
Public Incubator	Public Hybrid Program	Public Accelerator
Private Incubator	Private Hybrid Program	Private Accelerator
Corporate Incubator	Corporate Hybrid Program	Corporate Accelerator

BENCHMARK FRAMEWORK

0-100
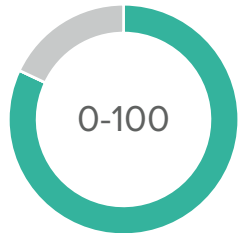
Program Impact & Performance Score

Weight: 100%

Categories

Value for Ecosystem

Weight: 33.3%

Value for Client Startups

Weight: 33.3%

Value for Program

Weight: 33.3%

Subcategories

SCORE CALCULATION

1. *The Program Impact & Performance Score* is calculated by averaging the Category Scores.

2. The three (3) *Category Scores* are calculated by averaging the respective weighted Subcategory Scores.

3. The seven (7) *Subcategory Scores* are calculated by summing the respective Key Performance Indicators

4. The twenty-one (21) *Key Performance Indicators* are normalized and weighted (cf. next slide)

Economy Enhancement

Weight: 22.2%

Talent Retention

Weight: 11.1%

Competence Development

Weight: 8.9%

Access to Funds

Weight: 11.1%

Access to Network

Weight: 13.3%

Program Attractiveness

Weight: 15.5%

Post-Graduation Performance

Weight: 17.8%

Renamed Subcategory

Key Performance Indicators

KEY PERFORMANCE INDICATORS

UBI Global

Value for Ecosystem

Economy Enhancement

- 1.1 Jobs created & sustained (#)
- 1.2 Sales revenue ($*)
- 1.3 Graduates (#)
- 1.4 Self-generated revenue ($*)

Talent Retention

- 1.5 Client startups accepted (#)
- 1.6 Graduate retention (#, %)

21 KPIs measured

Value for Client Startups

Competence Development

- 2.1 Services offered (#)
- 2.2 Coaching & mentoring hours (#)

Access to Funds

- 2.3 Total investment attracted ($*)
- 2.4 Average investment attracted ($*)
- 2.5 Seed funding attraction (#, %)

Access to Network

- 2.6 Partners (#)
- 2.7 Events (#)
- 2.8 Alumni engagement (#, %)

Value for Program

Program Attractiveness

- 3.1 In-state applications (#, #/spot)
- 3.2 Out-of-state applications (#, #/spot)
- 3.3 Sponsorship attraction ($*)

Renamed Subcategory

Post-Graduation Performance

- 3.4 1-year survival rate (%)
- 3.5 5-year survival rate (%)
- 3.6 High growth enterprises (%)
- 3.7 Qualified Exits (#)

Updated definition

KPI Weight

● High   ● Medium   ● Low

All fiscal information is converted to and represented in 2018 US dollars.

INDUSTRIES AND TECHNOLOGIES

UBI Global

Industry categorizations

Creative & Cultural

AdTech, Art/design, Entertainment FashionTech, Gaming, Heritage, Lifestyle, MusicTech, Media, Social Media, TravelTech,

Finance & Accounting

Accounting, Compliance, FinTech, InsurTech, Payments, Real-Estate-Tech

Materials & Manufacturing

Construction, Chemicals, Hardware, Mechatronics, Photonics, Production processes, Robotics, Semiconductor

Communication & Transportation

Aerospace & Defense, Geolocation IT-services, Mobility, Navigation, Satellite-enabled services, Security, Shipping/logistics, Smart Cities, Smart home, Telecommunication

Green & Energy

AgriTech (food production), BioTech, CleanTech, Environmental protection, Fossil fuels, Marine, Renewable energy, Waste Management, Mining

Retail & E-Commerce

B2B, B2C, C2C, Consumer products, Food & Beverages (distribution), SalesTech, Supply chain

Education & Governance

Consulting, Contracting, EdTech, HR-Tech, LegalTech, Outsourcing, Public sector

Health & Fitness

FoodTech, HealthTech, MedTech, Pharmaceuticals, SportsTech, Wellness

Social Focus

Economic Empowerment, Education, Environment, Critical Human Needs, Human Rights Healthcare, Others

Technology Trends

3D printing	Additive manufacturing
Artificial intelligence	Augmented reality
Automation	Big data
Biometric authentication	Blockchain
Cyber security	Deep tech
Digital health	Digitalization
Distributed ledger tech.	Edge computing
Gamification	Genomic technologies
GIS	GPS
Internet-of-Things	Laser material processing
Machine learning	Machine to machine
Micro-manufacturing	MEMS
Nanotechnology	New materials
Omics technologies	Quantum computing
Remote sensing	Robots with sensing
Smart-grid	Telematics
Unmanned aerial system	Virtual manufacturing
Virtual reality	Wearables

METHODOLOGICAL ROBUSTNESS & RELIABILITY

Research Design

PIONEERING RESEARCH METHODOLOGY

- ✓ Continuously refined since 2013
- ✓ Developed in close collaboration with international researchers, consultants, and incubator and accelerator managers
- ✓ Optimized for different programs' multidimensional impact and performance assessment

Research Advisory Board

INTERNATIONAL RESEARCHERS, CONSULTANTS, AND PROGRAM MANAGERS

- ✓ Assure that UBI Global's ranking and benchmarking methodology reflects the latest research
- ✓ Advise on selection and definition of relevant performance dimensions and appropriate Key Performance Indicators (KPIs)
- ✓ Support the data verification process

Innovation Ambassadors

NATIONAL AND REGIONAL INCUBATION AND ACCELERATION EXPERTS

- ✓ Provide insights into idiosyncrasies, challenges, and opportunities
- ✓ Engage, inform, and educate incubators and accelerators as well as their key stakeholders
- ✓ Support the data verification process

METHODOLOGICAL PROCEDURE

UBI Global

1 Data Collection

Assessment and grouping of all applying incubators and accelerators

Collection of impact, performance, and descriptive data from all accepted programs

2 Data Treatment

Data cleaning and validation, detection of input errors, outliers and anomalies

Impact and performance data normalization and weighing, reflecting each dimension's relative importance

3 Performance Assessment

Preliminary score calculation by summing each program's KPI scores

Impact evaluation of program type, age, size, ecosystem, and other variables

4 Program Ranking

Relative ranking of programs based on verified impact and performance data

Identification of top performers in multiple global, regional and national categories

5 Program Benchmarking

Benchmark level calculation, including global top, average, and regional levels

Benchmarking of all programs within their peer groups and against multiple benchmark levels

Verification & Validation

After step 2 and 3: Automatic flagging of unusual or suspicious data: desk research; request for supporting documentation; input from research advisory board members, innovation ambassadors and other industry experts; qualitative interviews with randomly selected incubators and accelerators. After step 4: Qualitative interviews with all top-performing incubators and accelerators.

1. DATA COLLECTION

Applicant Assessment

ELIGIBILITY CRITERIA

✓ Business incubator, accelerator, or hybrid program

✓ Quality-controlled intake of client startups

✓ Structured systematic incubation or acceleration process

✓ Regular time-bound exits of client startups

Survey Questionnaire

SURVEY GOAL

Collection of descriptive, impact, and performance data for:

a. A holistic assessment of participants' absolute impact and relative efficiency in creating value for: their ecosystem, their client startups, and themselves

b. A realistic and representative evaluation, mapping, and communication of the state, trends, successes, and challenges of global, regional, and national innovation ecosystems

QUESTIONNAIRE SECTIONS

a. 50 Questions — **Incubator/accelerator**
Profile, approach, size, financing, services, and stakeholders

b. 16 Questions — **Client and alumni startups**
Profiles and performance

c. 10 Questions — **Optional**
Social incubation and acceleration

d. 5 Questions — **Feedback**

2. DATA TREATMENT

Data Validation and Cleaning

KPI Normalization and Weighing

DATA TREATMENT & VALIDATION

1. Translation of non-English data entries

2. Detection and correction of erroneous data entries

3. Flagging of outliers, pattern entries, inconsistencies, and other anomalies

   ↓

4. Data verification

DATA CONVERSION

1. **Conversion** of impact performance data into KPIs for each of the 21 assessed dimensions

2. **Treatment of outliers** e.g. capping of top outliers

3. **Conversion of KPIs** to 0-1 range

4. **Weighing of normalized KPIs** according to relative importance: high, medium, low

DATA VERIFICATION

1. Contact incubators and accelerators to

   a) clarify unusual data entries

   b) probe randomly selected data entries

2. Request supporting documentation for unresolved cases

3. Examine unresolved cases with research advisory board

4. Reject cases that fail to provide supporting documentation or cannot be resolved in any other way

KPI CONSTRUCTION EXAMPLE

Dimension name	Guidance
Dimension weight	Medium
Dimension data points	1. Coaching hours per client startup/month (#)
	2. Mentoring hours per client startup/month (#)
Dimension KPI	Impact (50%):
	Coaching hours (#) + Mentoring hours (#)
	Performance (50%):
	Coaching + Mentoring hours (#) / Budget ($)

3. PERFORMANCE ASSESSMENT

0-100

Preliminary Score Calculation

IMPACT & PERFORMANCE SCORE CALCULATION

1. **Impact** measures absolute results (e.g. the number of jobs created and sustained by client and alumni startups in 2018). Wherever necessary, the collected data is annualized for comparative purposes

2. **Performance** measures relative efficiency (e.g. cost per job created or sustained). It is calculated by dividing the annualized impact number by the incubator's/accelerator's annual operating budget
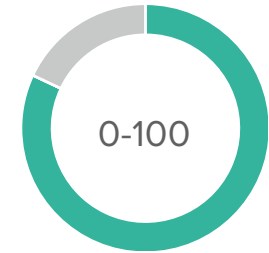
Impact Effect on Score

50%

Performance Effect on Score

50%

0-100

Program Impact & Performance Score

STATISTICAL EXPLORATION OF

✓ Type   Incubator, Accelerator, or Hybrid

✓ Age   Years of operation

✓ Size   Budget

✓ Sector/industry Industry idiosyncrasies

✓ Ecosystem   National ecosystem's level of development

Analysis of Additional Factors

4. PROGRAM RANKING

Ranking

Validation

MAIN CATEGORY RANKINGS

Incubator and accelerator ranking categorization depends on two dimensions:

a) Program type: Business Incubator, Business Accelerator, or Hybrid Program

b) Program group: University, Public, Private, or Corporate

While contingent on sample size and composition, we expect the following main ranking categories:

- Top University Business Incubator
- Top Public Business Incubator
- Top Private Business Incubator
- Top Corporate Business Incubator

- Top University Business Accelerator
- Top Public Business Accelerator
- Top Private Business Accelerator
- Top Corporate Business Accelerator

DATA VALIDATION

To assure accuracy and reliability of the rankings, top-ranked incubators and accelerators in all categories undergo additional validation steps:

1. Qualitative interviews with program managers

2. Re-assessment of all performance data provided by all top-ranked programs

   Conducted by UBI Global internal research team in collaboration with research advisory board members, innovation ambassadors, and additional industry experts
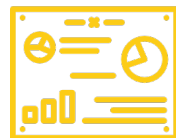
5. BENCHMARKING

BENCHMARK LEVELS

Each program's impact and performance score is benchmarked against:

1. The average score of the top 10% best performing programs
   - Top Global Avg., Top Regional Avg., etc.

2. The average score of all participating programs
   - Global Avg., Regional Avg., etc.

Benchmark Levels

BENCHMARK OUTPUT

All participating incubators and accelerators

✓ Receive a personalized scorecard infographic with a comprehensive overview of their performance relative to their peers
✓ Are mentioned in the World Benchmark Report 2019 - 2020

All top-ranked programs

✓ Receive an award and are highlighted at the UBI Awards ceremony at the World Incubation Summit 2019 in Doha, Qatar
✓ Are recognized through press releases, publications, social media, and international events

Reporting
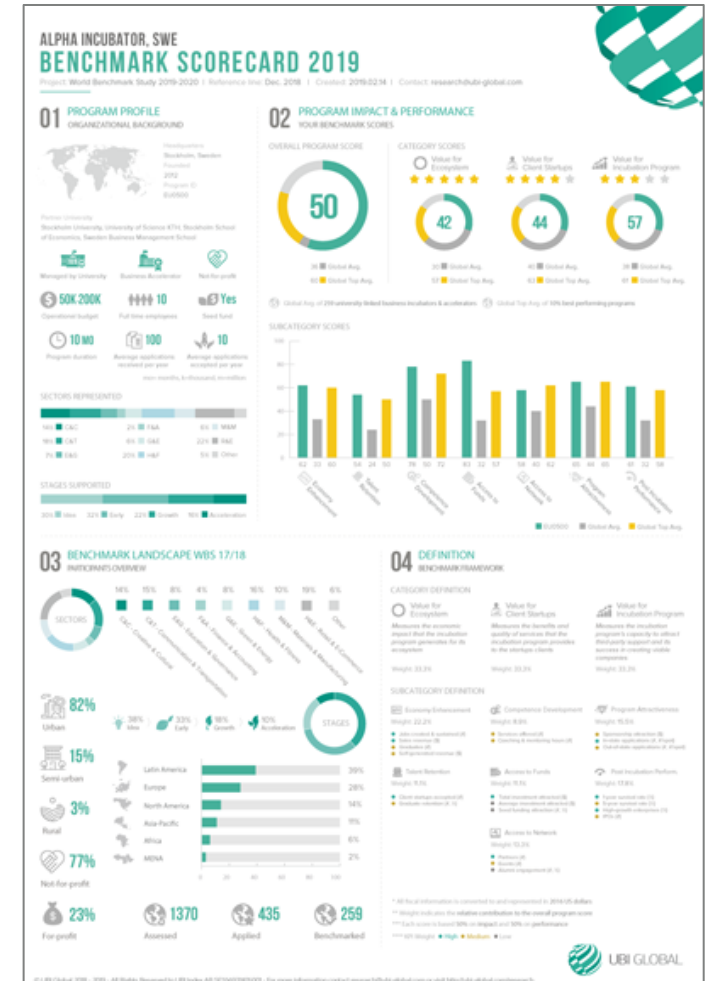
ASSESSING INCUBATORS & ACCELERATORS WORLDWIDE

UBI Global

Dr. Holger Meyer
Head of Research
holger@ubi-global.com

THE IMPORTANCE OF CONTEXTUALIZATION

UBI Global's research methodology is designed to comparatively assess business incubators and accelerators worldwide. Based on industry-accepted KPIs, it provides an intuitive way to compare these programs across multiple dimensions.

However, even the most meticulous ranking and benchmarking studies can never provide a complete picture of reality. In order to fully understand a program's performance, the UBI Global impact and performance scores should always be interpreted within each program's particular context.

We hope that the insights generated by our studies are useful to all participating program in their efforts to become more effective, efficient, and competitive.

Thank you for your interest in our research.

We look forward to further collaborating with you in the near future!

Activate Your Innovation With Industry Intelligence

Questions?

Dr. Holger Meyer
Head of Research

WeWork Urban Escape
Malmskillnadsgatan 32
Stockholm, Sweden

📱 +46 (0) 72 561 09 18

✉ holger@ubi-global.com