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France, a favourable country for the development of start-ups?

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By Coface Group Economists



The democratization of the Internet access in the 1990s has led to the creation of many companies. This period of high economic dynamism has seen the intensive use of Information and Communication Technologies (ICTs) through a decline in IT services prices. This breakthrough innovation has quickly become accessible to all economic agents. It has contributed to the rise of Start-ups whose one of their founding principles is innovation. For this reason, a strict definition of the concept start-up does not exist. Externalities generated by the innovations of these "companies" are subject to continuously make the surrounding environment evolve and vice versa. If the innovative feature marks the difference between a con-

ventional company and a start-up, the latter nonetheless remains a fragile entity, particularly in the early years of their lives. In this context, we question ourselves about their health: is their dynamic more favorable comparing to French companies as a whole? Is the French environment more favorable compared to other countries? We first define the framework within which the concept of start-ups emerged and explain that innovation is a creative destruction vector. As defined by Larousse (a French publishing company), innovation is "a process of influence that leads to social change and its effect consists in rejecting the existing social norms and proposing new ones". Indeed, if the product and process innovations still have a significant weight, marketing and organisation innovations are getting more and more importance.

They represent, within French SMEs, 37% of innovations between 2008 and 2010. Then, we look at the dynamics of start-ups creations, their weight in the economy but also the evolution of their failures in France in order to assess the risks related to their very particular status. Are start-ups more fragile players? We analyse afterwards the French ecosystem using three main pillars, by comparing it with other countries. We place France on its ability to train individuals, specificities related to the behavior of the French population and the access to financial resources. We highlight the importance of public participation and the limits caused by the hexagonal specificity. Finally, we draw a conclusion on the quality of this ecosystem linked to the development of start-ups in France.

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