

Coronavirus pandemic crisis impact on startups and technologies

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Abstract

One of the most ambitious economic crises development in the world economy is considered, which was caused by the coronavirus pandemic. The development trends of startups and technologies are analyzed. New government programs to support the development of startups and technologies are considered.

Keywords: crisis, startup, technology, pandemic

1 Introduction

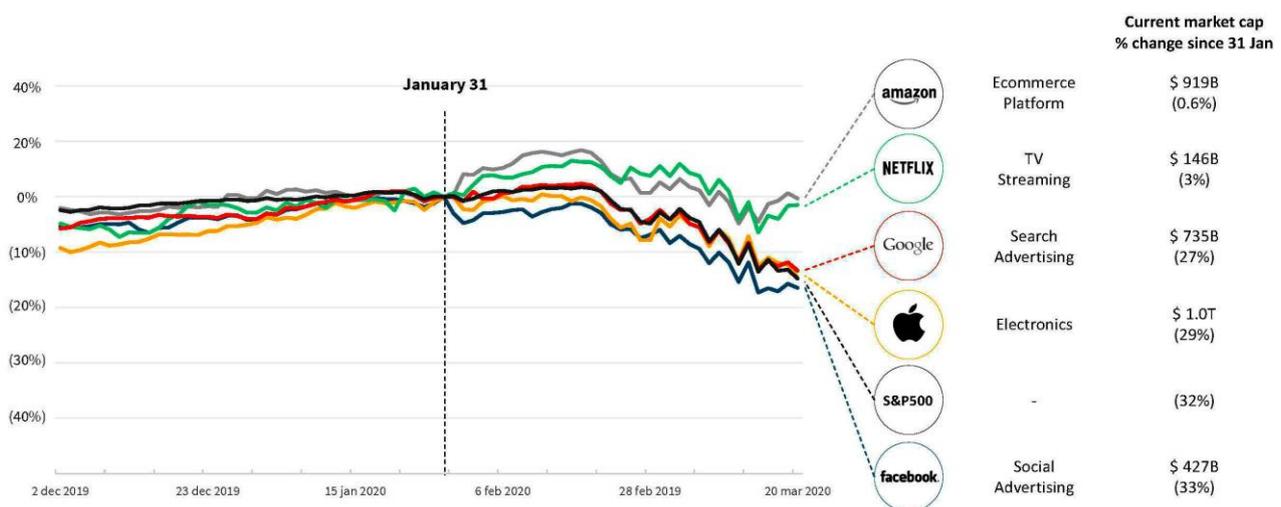
Obviously, no one “wins” when it comes to the coronavirus pandemic, which has now spread around the world to infect more than 1.2 million people (at the time of publication). In Europe, the residents of Italy, Spain, Germany and France suffered the most, and the situation unfortunately only becomes worse. In the context of pandemic, one of the largest economic crises in the global economy is developing.

2 Overview

Coronavirus hit the global economy hard. In the United States, stocks of the largest companies that find themselves in a difficult situation on stock exchanges are actively

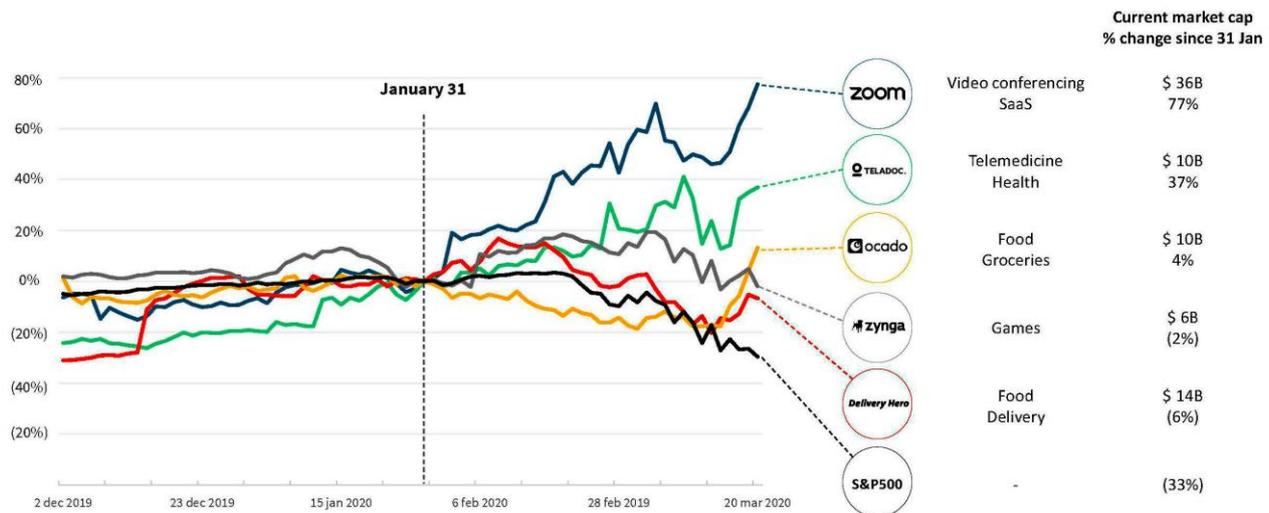
buying up. Shares of Microsoft, Apple, Facebook, Amazon and Alphabet jointly lost more than \$1 trillion per month (Figure 1 [1]). However, there are those whom the crisis has brought to new heights. One of the most important and well-known companies in the world suddenly became one of the successful and brisk startups of Silicon Valley, a rare “unicorn” that managed to reach profit even before the IPO – Zoom, a video conferencing service. Now the company, which entered the IPO in April last year, is worth \$36 billion (Figure 2 [1]).

The consequences of coronavirus for startups and technologies are more depressing, but some companies, on the contrary, show development dynamics.



Source: Dealroom.co, Google Finance as of March 21.

Figure 1 Share price performance



Source: Dealroom.co, Google Finance as of March 21.

Figure 2 Share price performance

At a time when many companies are struggling to work in bustle movement conditions, others are capitalizing on the health crisis, providing much-needed medical solutions. This year, some London founders even launched a brand new start-up to help keeping track of contacts between employees and visitors by tracking where they visited and analyzing the calendar on their smartphone.

European unicorn companies have a margin of safety to deal with this situation, but not everyone can afford to stop working and go to quarantine and remote mode.

Obviously, it will affect dozens of sectors: concert booking apps, dating apps, edtech educational technology, fitness apps, remote work tools and recruiting startups are just some of them.

3 Conclusion

Amid the general crisis, governments, realizing the importance of supporting the economy, are actively starting to develop plans to support the development of startups and technologies. The German government will provide additional financial support of 2 billion euros to innovative and promising start-up companies to overcome the effects of the pandemic crisis [3]. In France, they plan to allocate up to 4 billion euros for startups as part of government business support plan [4]. The British government decided to allocate £ 330 billion to support business, which suffered from the outbreak of coronavirus, the amount is called unprecedented: it is about 15% of British GDP and more than a third of the Kingdom's budget [5].

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