

New Ideas Captured. The Startups

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ABSTRACT: This article mentions the new trends in the use of technologies for the creation of emerging companies in order to support large industries, observing the great growth of opportunities for obtaining and satisfying market needs. From how to create it with its characteristics, what skills of the founders, types of startups and how they are distributed in the Mexican territory based on the sectors they impact. An exhaustive search for statistical information regarding the country of Mexico was carried out, to know the states with the largest share in this type of emerging industries, as well as the sectors that most impact the creations of ideas for the satisfaction of the markets in the country. Likewise, mention is made of the company that currently supports the incubation of these scalable companies and that can have a quick positioning in the market depending on their type.

KEYWORDS: Innovation, startup, markets, satisfaction, trends

INTRODUCTION

In a changing world that seeks to be at the forefront day by day, innovation in the attention of a product or service is essential, this is because currently the pace of life of people is accelerated, seeking to obtain the fulfillment of a need, this without interfering with both work and personal life.

Innovation in the world has brought about the creation of new ways to meet the needs of the market, whether for a product or service. That is why today, new ways of selling and creating a scalable company result in the creation of startups. At a global level, organizations are looking to create new ways to reach markets that they had not targeted.

Technology has been a fundamental part of this innovation. The creation of new digital and virtual companies has been the trend in recent years and even more so after the COVID-19 pandemic. This situation created a watershed to meet the needs of the market.

In the new era of the digital world, the acquisition of a product or service is done in a matter of minutes, due to the wide variety of options and market proposals. This is where a company that is quickly scalable and has positioning comes into play, but with little investment at the beginning, called startups.

STARTUP

We need to separate the concepts a little and not get confused. There are two words that sound very similar, but this can cause deviations in their implementation. The term start-up, written with a hyphen, refers in English to the generic act of starting a business, whatever the type of company or size. When we talk about start-ups, we are referring to companies in a very early stage of entrepreneurship.

However, a startup is a very specific type of company that refers to organizations in a very early stage, but with enormous potential for growth. A startup is generally immersed in growth and development processes, with investors, business angels and venture capital (Steve Blank).

Now that we can identify the difference, let's focus on what a Startup is, this being a fashionable model for the creation of companies and seeking to satisfy needs at a greater speed than other options.

A startup is an emerging company that focuses on innovation and technology to create a scalable business model. In other words, it is an organization that is born from an idea but seeks to be a profitable company. These types of companies are characterized by being creative and innovative, as this will allow them to create new, unique and competitive products in the ever-changing market. Given the way the term is mentioned and its tendency, it can be confused with an SME, but they have different characteristics:

- **Orientation:** SMEs are generally oriented towards a local or national market, while startups tend to show more global ambitions from the outset.
- **Innovation:** It is the hallmark of startups, not only with regard to the way they market their products or services, but also in terms of the creative solutions that form the basis of their activity.
- **Investment:** For startups, external investments are essential for their development, while external capital is not usually decisive for SMEs.

New Ideas Captured. The Startups

- **Talent:** SMEs tend to look to the local market to find employees, while startups look for talent globally.
- **Employment:** In startups, technology-oriented profiles are highly valued, something that is not so common in SMEs.
- **Growth and risks:** Startups tend to have an all-or-nothing mentality; if the idea doesn't succeed, it's much harder to get them back on track. However, if they do succeed, their growth is exponential. As for SMEs, their growth is slower and more linear, but they usually see results and benefits in the short term, since the start of their activity is usually geared towards making money as soon as possible.
- **Scalability:** These are businesses that seek to increase their size and revenue in short periods of time, without this leading to an increase in their expenses. SMEs, on the other hand, have more traditional visions and are in the market with the aim of achieving a more linear trajectory. Consequently, the latter tend to have higher survival rates.

Now that the characteristics that differentiate an SME are known, for startups the factors that must be paid attention to are the competition, the investment made, the market to reach in a given time and the sales forecast, this leads us to several reminders that must be kept in mind:

- **See the gaps in the market:** Look for aspects that you can improve with your product or service so that customers are more inclined to choose what you offer.
- **Finding dissatisfied customers:** Identify which customers are not happy with products or services similar to the one you offer and think about how yours will change that situation.
- **New technologies:** every day the technological world advances by leaps and bounds and these changes will surely be very useful to grow your business.
- **Economic changes and new laws:** Stay informed about economic news in your country and around the world and changes in legislation governing the product or service you are going to offer. This will help you stay one step ahead of your competitors.
- **Other perspectives:** You have to learn to listen to other people, even if they are not involved with the product or service you offer. This will help you hear new voices and see new alternatives from different points of view. You can also travel and see experiences in other cultures that you may be able to apply to your company.

The latter is more important because, in most cases, people are asked to bring new ideas for products or services to offer. Remembering that the main source of use for a startup is technology, youth and innovative ideas.

Within the creation of this type of emerging organizations, it is important to know the type of founder that is established:

- **The Delegate:** Actively seeks input from their team not just on execution issues, but on the entire idea of their company. These founders often fail to set clear boundaries about what can and cannot be discussed, which creates conflict when team members suggest ideas that the founders don't like.
- **The Dictator:** is much more territorial about his ideas. This style also limits opportunities for new team members to influence the direction of the company, making it difficult to stay engaged and invested.
- **The Designator:** strikes a delicate balance between the two approaches described above. These flexible founders clearly designated which parts of their original idea were "off-limits" and which parts were open to discussion.

An important issue is the combination of both to create a more harmonious environment among the members of the organizations. Some of the skills that must be complemented with the type of leadership are: Organization, Vision of the Future, Discipline, Charisma, Creativity, Honesty, Negotiation, positivism, among others. Together they will lead a startup to scale quickly for its positioning.

TYPES OF STARTUPS

Scalable startups

Scalable startups are possibly the most common type of business. They stand out for having an idea that can be exploited at low costs and replicated in different contexts. These startups usually belong to the technological field, since with moderate resources they can reach global audiences and provide the same service in different places.

Social Startups

These companies are distinguished by focusing on the scalability of a business model without prioritizing significant profits. Although the proposition must be profitable, the main focus is social responsibility.

Buyable Startups

Buyable startups are projects that seek to attract a larger buyer or prove profitable enough to convince someone to acquire them and integrate them into their organization.

New Ideas Captured. The Startups

Primary Startups

In contrast to purchasable startups, primary startups are those that emerge as a life project by developers, entrepreneurs and investors. They do not seek to be acquired by other companies, but rather to consolidate themselves in the market and have their own identity.

Secondary startups

Secondary business units that do not constitute the main project of a company, but rather function as laboratories of ideas. Some developers work in them or compete to generate innovative platforms, solutions or software, which can receive financing from large companies looking to adopt profitable solutions. Unlike other startups, they do not arise out of interest from their creators, but as a service for other entrepreneurs.

STARTUPS IN MEXICO

One of the key issues impacting the country is the constant creation of new emerging organizations to help others, as well as to meet market needs.

Mexico has stood out in the global entrepreneurial landscape for supporting the creation of startups through innovative legal mechanisms.

Fintech Law / A pioneer in Latin America, it established a regulatory framework to promote the transparency, competitiveness and security of fintechs.

Simplified Joint Stock Company (SAS) / A new type of commercial company for the creation of companies in just one day.

Timely Payment Initiative / Currently in process, it would reduce the deadline for making payments to SMEs to 45 days in order to improve their liquidity.

Entrepreneurship Law / Proposed by the Employers' Confederation of the Mexican Republic (COPARMEX) in 2022, it would seek to support the consolidation of SMEs.

In Mexico, unicorn companies are those that are success stories and have a track record, to mention a few such as: Kavak, Bitso, Clip, Confío, Merama, Incode, Clara, Nowports and Stori.

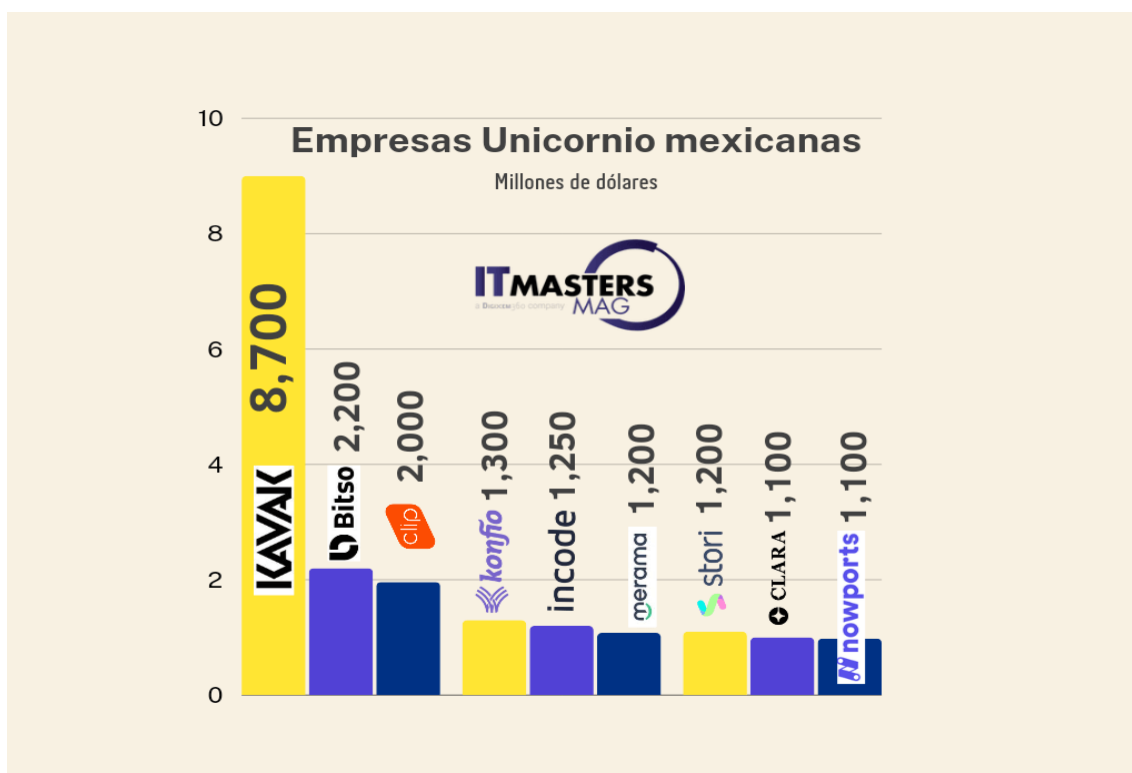


Figure 1. The nine Mexican startups in the unicorn category

If there is one thing that Mexicans have, it is that we are creative and entrepreneurial. According to statistics from [statista.com](https://www.statista.com), Mexico City, Monterrey, Puebla, Guadalajara and Chihuahua are the states with the highest number of startups.

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Leading cities for startups in Mexico in 2023, by total score

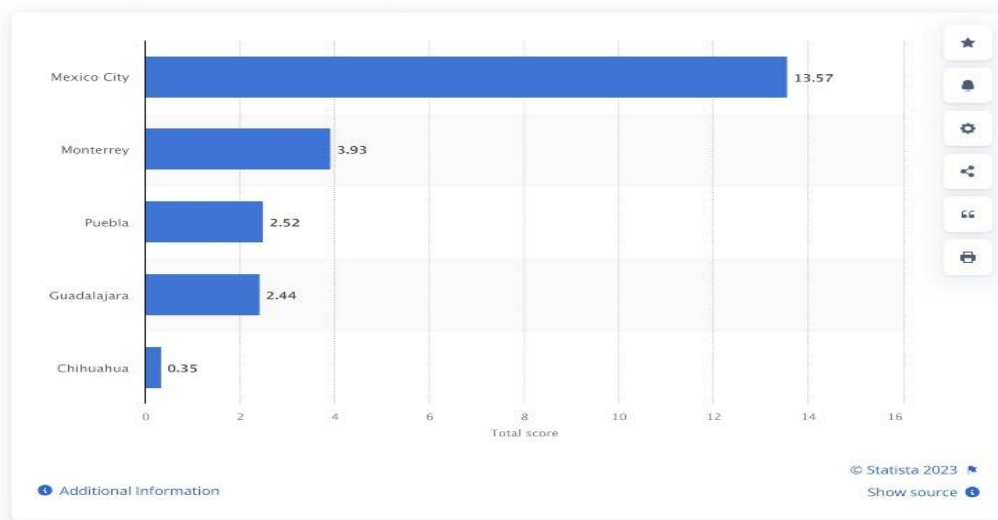
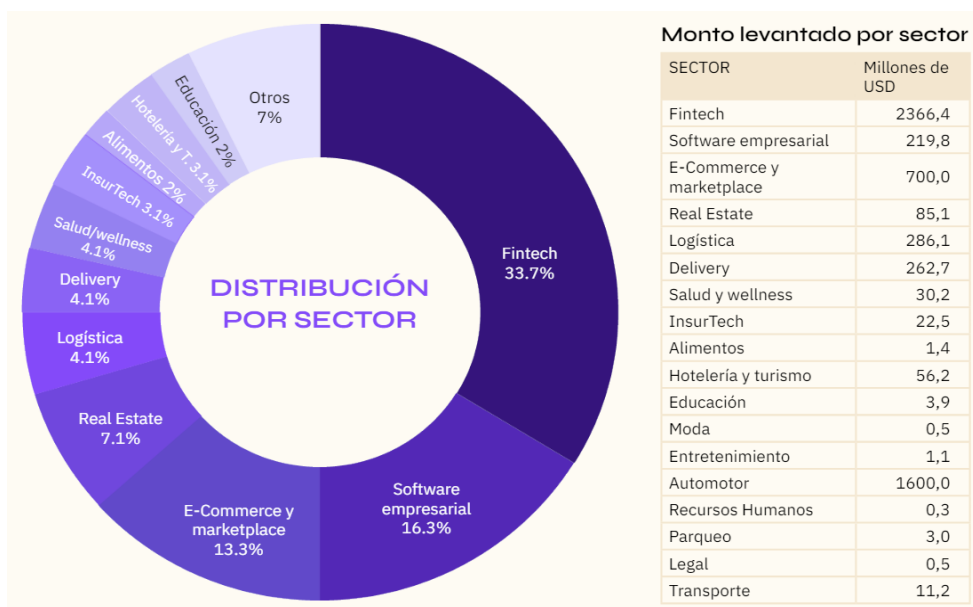


Figure 2. Leading cities for startups in Mexico.

It is also important to know how emerging companies are distributed and categorized in the country.



Monto levantado por sector

SECTOR	Millones de USD
Fintech	2366,4
Software empresarial	219,8
E-Commerce y marketplace	700,0
Real Estate	85,1
Logística	286,1
Delivery	262,7
Salud y wellness	30,2
InsurTech	22,5
Alimentos	1,4
Hotelería y turismo	56,2
Educación	3,9
Moda	0,5
Entretenimiento	1,1
Automotor	1600,0
Recursos Humanos	0,3
Parqueo	3,0
Legal	0,5
Transporte	11,2

Figure 3. Distribution of startups in Mexico

Three sectors are attracting investment in Mexico thanks to their ability to explore markets and strategic opportunities: finance, e-commerce, and logistics and transportation.

'Fintech' | Boosting the banking sector for the population.

10 MUSD | Average investment ticket in 'fintech' startups.

650 | Fintech companies in Mexico in 2023 (+26% compared to 2022).

Open finance and API | Most widely used technologies (60%)

51% of venture capital raised by Mexican companies in 2022

E-commerce | New sales channels and opportunities.

\$34.2 billion | Value of the e-commerce market in Mexico in 2022.

'Logitech' | Optimization, reduction in cost and efficiency of the distribution chain.

2.5% | Expected increase in Mexican GDP over the next six years thanks to 'nearshoring' (outsourcing of production to nearby countries)

37% of venture capital raised by Mexican companies in 2022 (as a whole)

New Ideas Captured. The Startups

25% of startups have at least one female founder. On average, startups in the Top 100 have only 0.31 female founders. The sectors with the highest number of female founders are: Fintech, Software, Real Estate, E-commerce and Wellness

But not everything is honey in flakes. It is also important to highlight that startups also fail and most of the time it is due to not having the necessary product team, followed by not meeting the needs of the market, the product is not competitive, few recurring customers, among other factors and it is represented in figure 4.

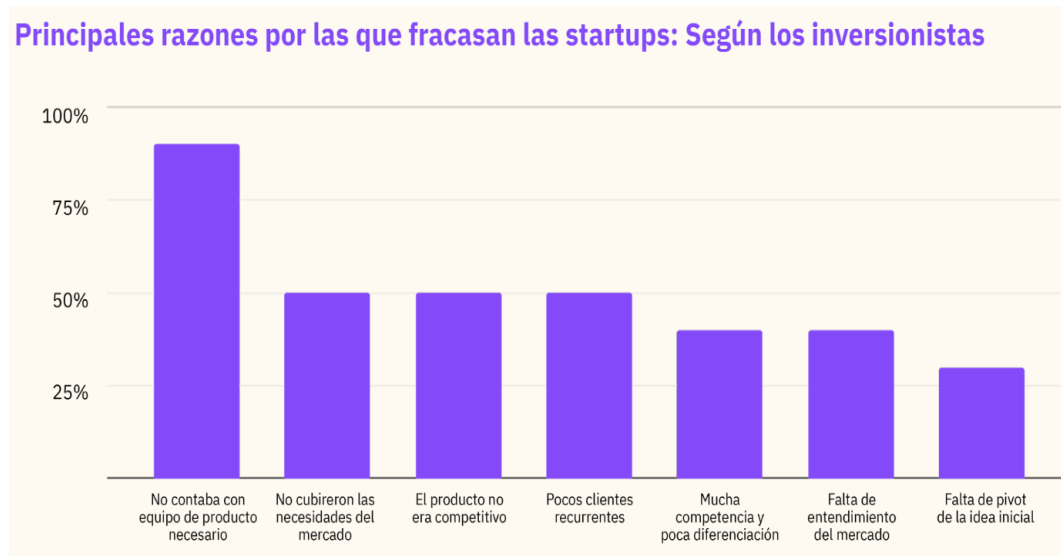


Figure 4. Main reasons for failure

CONCLUSIONS

The constant creation of new emerging companies or startups has attracted the vision of large investors for the creation of new products, but with a greater focus on the technological and financial areas. Mexico is in this development being a great incubator of ideas and new products.

Startups are here to stay as they have established a different rhythm for people's work, generating greater emotional stability and time for both personal and professional work, helping people grow.

Every process involves ups and downs, but one of the main characteristics of this type of company is resistance and patience. This is because the first idea is not always going to be a success, but rather it will lead to having a different vision of what the market is asking for versus what one proposes. It is also a good option to be a secondary company to provide service to the same primary startup.

People who are creating a startup must have a clear idea of the type of service they want to offer and the market they want to reach. It is important that there is an upsurge in the number of founders of these companies being women.

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