

The first-ever comprehensive
startup research on
24 countries of Central
and Eastern Europe

STARTUP INVESTMENT & INNOVATION IN EMERGING EUROPE

**PRESENTATION
& KEY FINDINGS**

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ICO bench

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ABOUT THIS REPORT

The result of a one-year-long research across 24 countries, this report highlights the main facts, numbers and trends of startup investment and innovation in Central and Eastern Europe. It can be downloaded at no charge from <http://cee.ewdn.com>

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ABOUT THE PUBLISHER



East-West Digital News is a news and research agency dedicated to the vibrant tech markets of Central and Eastern Europe.

Founded in 2011, the agency publishes news sites (Russia: www.ewdn.com , Ukraine: www.uadn.net) and industry reports (<http://ewdn.com/reports>).

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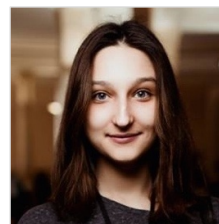
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MEDIA AND INDUSTRY RESOURCES



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DEVELOPMENT AGENCIES



EVENT ORGANIZERS



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LOCAL PLAYERS



GLOBAL COMPANIES



KEY FINDINGS

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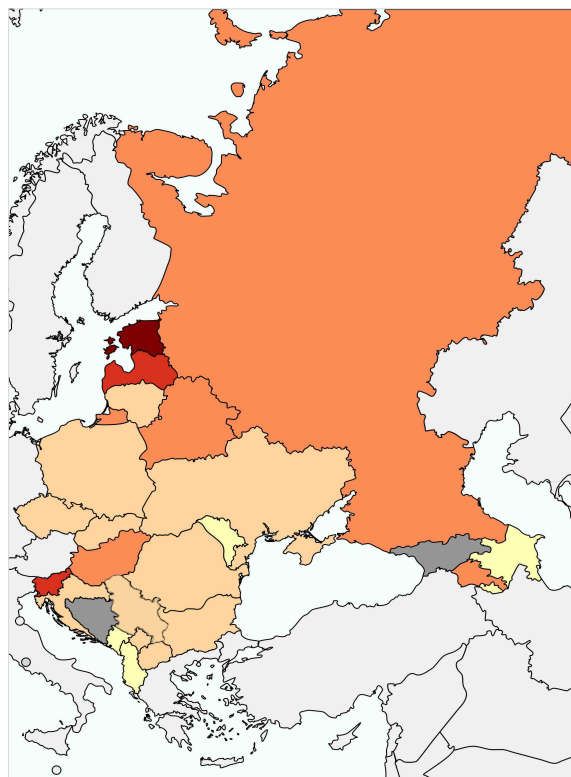
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KEY FINDINGS: CEE STARTUP ECOSYSTEMS

1. The region is very diverse: it comprises some of Europe's most advanced innovation ecosystems (Estonia, Slovenia) and some of the least developed (certain republics of the former Soviet Union and Yugoslavia) – see "Local Landscapes" http://ewdn.com/files/cee_countries.pdf.
2. In absolute terms, Russia is by far the regional leader in technological assets, number of startups and volume of investment (read more: http://ewdn.com/files/cee_russia.pdf). Estonia and Slovenia are ahead in relative terms (per capita).
3. Many countries of the region display strong technological and engineering assets along with a high educational level. This is partly a legacy of their communist past. In a range of countries, these assets laid the foundations of internationally-integrated software development capacities; these countries are now switching to a more product- and innovation-oriented model (read more: http://ewdn.com/files/cee_trends.pdf).
4. In most countries, the local innovation ecosystem has progressed in spectacular fashion over the past few years. A few countries, however, still lag behind – this is the case, in particular, with Albania, Azerbaijan, Bosnia and Herzegovina, Moldova, Montenegro and some others.
5. In most countries, governments and public institutions have played an active role in supporting the emergence of local startup and venture activities. In some cases, for example Russia, the local landscape has been structured to a large extent by state-backed organizations and programs. In member states of the European Union, European funds have brought considerable support to the emerging venture activity (see interview with EIF Chief Executive in "Regional Trends" http://ewdn.com/files/cee_trends.pdf).
6. Brain drain and startup emigration affect many countries of the region, due to the appeal of the US market and, to a lesser extent, Western Europe. Other issues for startups emerging in the region include the limited size of the local market, limited access to capital, and in certain cases a negative political or social context. However, the impact of emigration is not completely negative: many startups do keep a foot in their country of origin, and successful entrepreneurs do invest back in their homeland (read more: http://ewdn.com/files/cee_trends.pdf).

KEY FINDINGS: CEE STARTUP ECOSYSTEMS

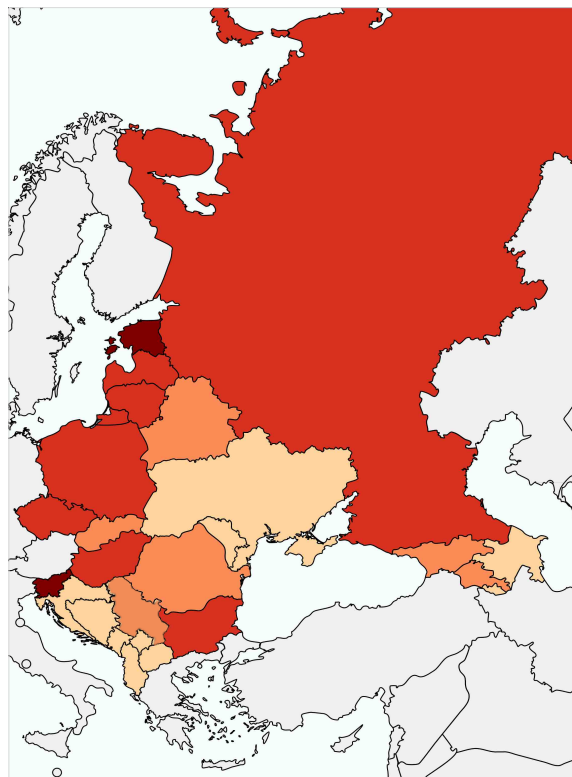
STARTUP INVESTMENT PER CAPITA



- Less than €1
- From €1 to €5
- From €5 to €10
- From €10 to €30
- Around €50
- No data

BASED ON ESTIMATES RELATED TO 2016, INCLUDING INVESTMENT IN STARTUPS WITH CEE ORIGINS BUT ESTABLISHED IN OTHER COUNTRIES

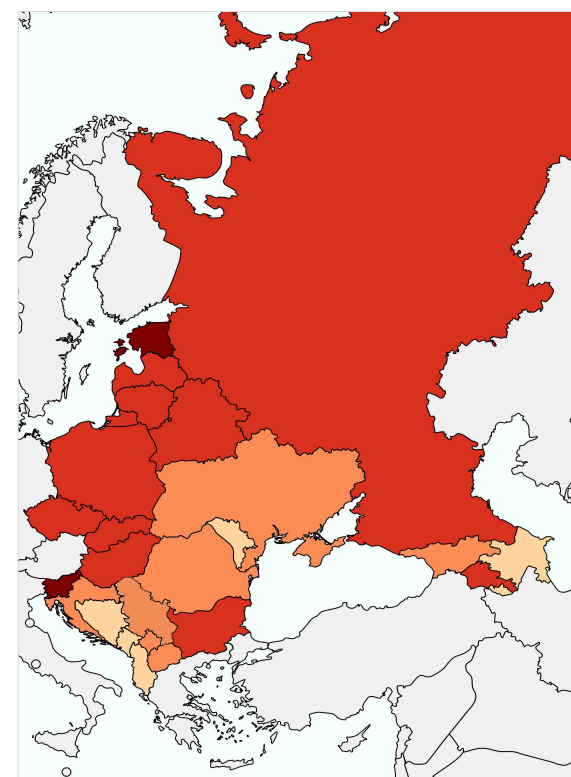
STARTUP ECOSYSTEM MATURITY



- Nascent startup ecosystems
- In development
- Nearing maturation
- Highly-developed ecosystems

BASED ON EWDN KNOWLEDGE AND EXPERT ASSESSMENTS IN EACH COUNTRY (SEE COUNTRY SECTIONS IN PARTS 4 AND 5 OF THIS REPORT)

OVERALL MARKET MATURITY



- Group 1: Underdeveloped startup markets
- Group 2: Early-stage startup markets
- Group 3: Maturing startup markets
- Group 4: Highly-developed startup markets

THIS RANKING COMBINES STARTUP INVESTMENT PER CAPITA (CHART 1) AND EXPERT ASSESSMENTS OF ECOSYSTEM MATURITY (CHART 2)

Read more: http://ewdn.com/files/cee_trends.pdf

KEY FINDINGS: CEE STARTUP INVESTMENT TRENDS

1. With less than 1% of the global investment volume, venture activity in the region remains very weak. Russia boasts significant numbers in absolute terms (nearly \$900m in 2016), but its venture activity looks extremely modest when compared with the world's leading markets (\$70 billion in the USA, \$30 billion in China). The Russian numbers are low, too, if calculated per capita: just \$7 in 2016 (read more: http://ewdn.com/files/cee_russia.pdf).
2. The only country in the region with high venture activity in relative terms is Estonia, with around \$60 of venture investment per capita (compared with \$185 in the USA and \$33 in France). Investment per capita is significant in Slovenia and Latvia as well. But in certain countries, such as Albania, Azerbaijan, Moldova and Montenegro, local venture activity is almost unnoticeable (see "Local landscapes:" http://ewdn.com/files/cee_countries.pdf).
3. Only a few international VCs come to Central or Eastern Europe. This is due to the relatively small size of the local markets and, even more often, to a lack of information about these markets and their opportunities. In some cases, moreover, the local political or legal context is not favorable, tending to discourage international investors. However, some foreign investors have enjoyed huge returns on investment after investing in startups from the region.
4. Meanwhile, a number of venture funds and wealthy individuals from the region are asserting themselves on the global venture scene. This is typically the case of investors with Russian, Polish and Ukrainian roots. Some of these globalized investors invest even more abroad than in their country of origin.
5. In contrast with its modest VC activity, the region boasts an impressive record on the global ICO scene. Companies with roots in the region account for around 17% of the ICOs and pre-ICOs conducted globally in 2017, and 22% of the funds raised. Fully 130 ICOs or pre-ICOs came from Russia (out of 237 from the region as a whole) – making this country by far the regional leader. Next comes Estonia (22 identified operations), then Slovenia and Ukraine (22 and 13, respectively) (read more: http://ewdn.com/files/cee_tokens.pdf).

THE CEE VENTURE MARKET COMPARED WITH OTHER REGIONS OF THE WORLD

(ORDERS OF MAGNITUDE IN 2016)

USA: Around
\$70bn



China:
Around
\$30bn



Russia:
Around **\$0.9bn**

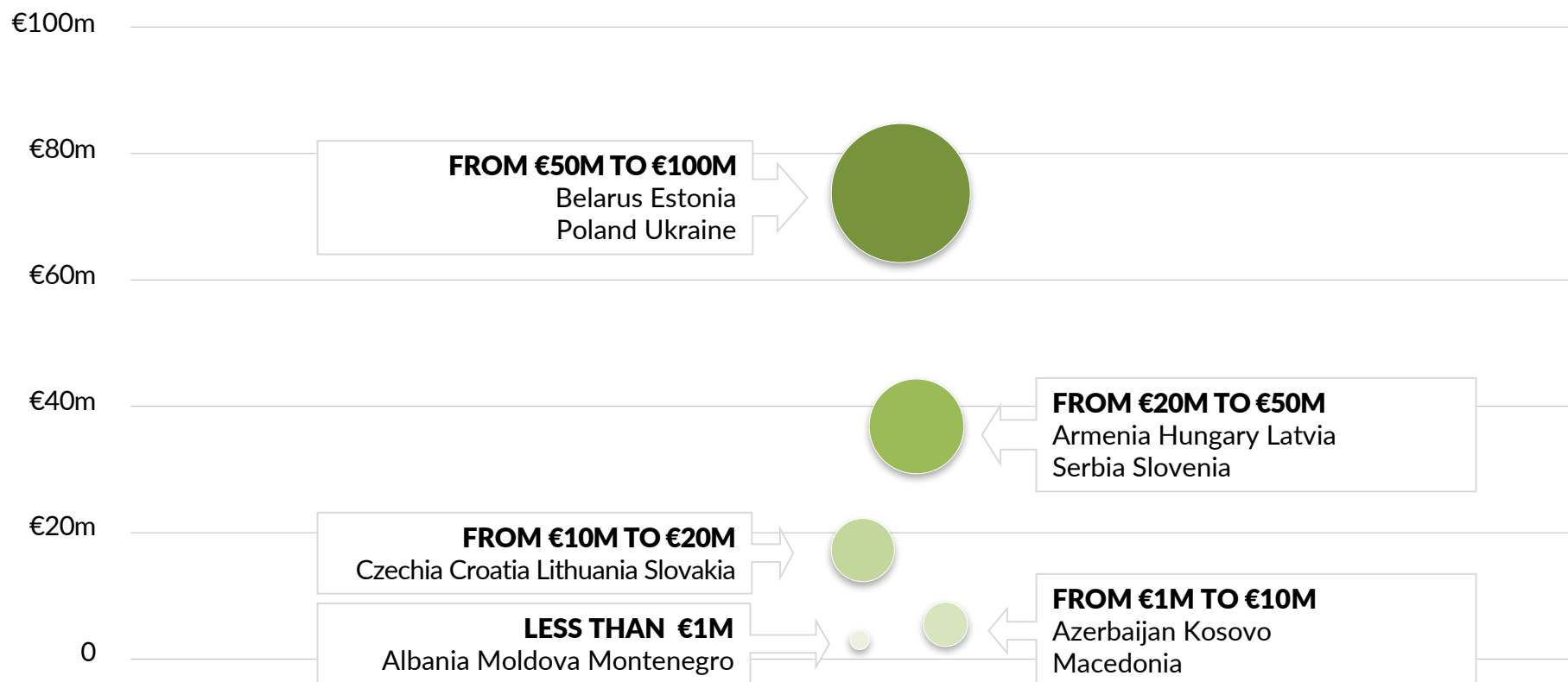
CEE (excl. Russia):
around **\$0.6bn**

EU: Around **\$15bn**

These orders of magnitude are based on the compilation and comparison of various sources. For CEE, we have aggregated the country estimates provided by local experts and communities – which usually take into account deals with an international dimension and, in certain cases, undisclosed deals (read more: http://ewdn.com/files/cee_trends.pdf). The Russia figure is taken from the RG Partners-EY research, the most reliable of available ones (http://ewdn.com/files/cee_russia.pdf)

VENTURE INVESTMENT IN CEE COUNTRIES

(ORDERS OF MAGNITUDE IN 2016)

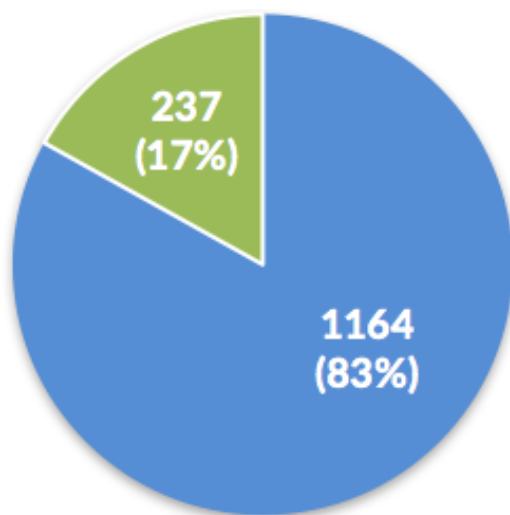


These orders of magnitude (not exact data) have been estimated based on one or several local sources, which usually take into account deals with an international dimension and, in certain cases, undisclosed deals – usually far above InvestEurope’s data (see *Methodological Note in Part 1 of this report* http://ewdn.com/files/cee_trends.pdf). No data was found for Bosnia-Herzegovina and Georgia.

CEE IN THE GLOBAL ICO MARKET IN 2017

WITH SUPPORT FROM  **ICO bench**

NUMBER OF IDENTIFIED ICOs AND PRE-ICOs

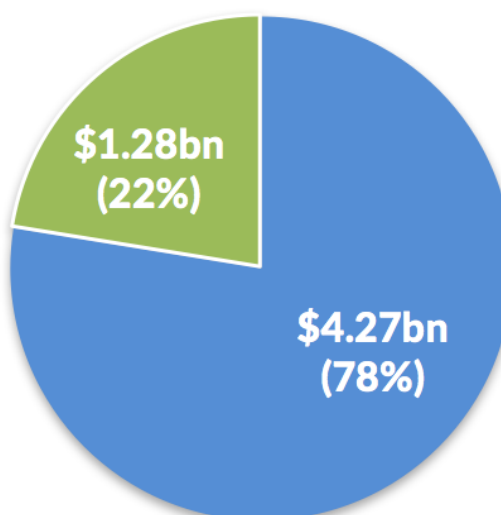


■ CEE ■ Rest of the world

NUMBER OF IDENTIFIED ICOS AND PRE-ICOS CONDUCTED BY COMPANIES FROM CEE, OR WITH CEE ROOTS, BASED ON COMPANY REGISTRATION OR FACTUAL ORIGIN.

SOURCES: ICOBENCH (GLOBAL), ICOBENCH+EWDN (CEE), COMPANY INFORMATION

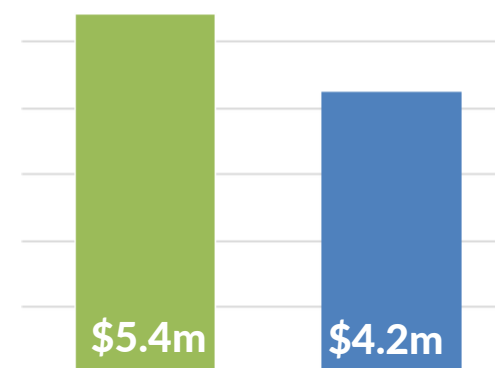
RAISED AMOUNTS IN IDENTIFIED ICOs AND PRE-ICOs



■ CEE ■ Rest of the world

AMOUNTS RAISED THROUGH IDENTIFIED ICOS AND PRE-ICOS BY COMPANIES FROM CEE, OR WITH CEE ROOTS, BASED ON COMPANY REGISTRATION OR FACTUAL ORIGIN. DOES NOT INCLUDE UNIDENTIFIED OPERATIONS AND UNDISCLOSED AMOUNTS.

AVERAGE AMOUNTS RAISED IN IDENTIFIED ICOs AND PRE-ICOs



■ CEE ■ Rest of the world

See comprehensive ICO market analysis and case studies in Part 2 of this report http://ewdn.com/files/cee_tokens.pdf

DOWNLOAD LINKS TO THE FULL VERSION:



PART 1: Regional Trends

- Trend analysis & executive interviews
- Venture deals & VC market data
- How EIF supports venture activity in CEE
- How corporations are getting involved
- Key regional events and industry resources

http://ewdn.com/files/cee_trends.pdf



PART 3: Artificial intelligence: The New Powerhouse of Europe?

- Trend analysis & expert opinion
- Case studies & entrepreneur interviews
- Select articles

http://ewdn.com/files/cee_ai.pdf



PART 5: Special Russia section

- Country data & trend analysis
- Executive interviews & expert opinion
- Select articles

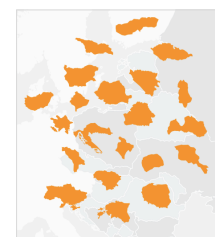
http://ewdn.com/files/cee_russia.pdf



PART 2: The Token Spring of Central & Eastern Europe

- ICO market data
- Trend analysis & expert opinion
- Case studies & select articles

http://ewdn.com/files/cee_tokens.pdf



PART 4: Local landscapes

Discover the startup and venture ecosystems in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine

http://ewdn.com/files/cee_countries.pdf



PART 6: Featured startups & entrepreneurs

Case studies and interviews to discover some of the region's most remarkable entrepreneurs and technologies!

http://ewdn.com/files/cee_featured.pdf

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