

Are CEE startups on your innovation radar? They should be!

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The region of Central and Eastern Europe has entered the global tech startup scene. The region has around one million developers and investors' interest in it has increased significantly in recent years. Since 2012, the investments in the CEE region increased more than tenfold¹. The CEE region has produced more than 10 unicorns, whose value is around €30 billion². Most of these unicorns were founded in Estonia, followed by Poland, Romania and the Czech Republic (see Table below). In 2018, CEE startups recorded record investments. Out of €0.7 billion invested, more than €0.2 billion were invested in *Taxify* and *CityBee* (Lithuania).

Unicorns from the CEE region (by country)

<i>Estonia</i>	Skype, TransferWise, Bolt (Taxify), Playtech
<i>Poland</i>	Allegor, CD Project
<i>Romania</i>	UiPath, eMAG
<i>Czech Republic</i>	Avast, Kiwi.com
<i>Hungary</i>	LogMeIn
<i>Slovenia</i>	Outfit7
<i>Lithuania</i>	Vinted

Source: <https://www.eu-startups.com/>

Furthermore, there are a considerable number of potential future unicorns in this region, such as *Pipedrive* (Estonia), *Brainly*, *DocPlanner* and *Huuuge Games* (Poland), *Alza.cz* (Czech Republic), *Prezi* (Hungary)³. The spectrum of solutions that these startups offer is very broad – from gaming and e-learning, to CRM and e-commerce. *Pipedrive* is a Web-based Sales CRM. *Brainly* is an edtech and social learning network platform, *DocPlanner* is a booking platform and management software provider for doctors, while *Huuuge*

¹ <https://www.reuters.com/article/us-tech-startups-cee/battle-hardened-eastern-european-tech-entrepreneurs-draw-global-interest-idUSKBN18K0HQ>

² <https://www.eu-startups.com/2019/11/whats-up-with-the-cee-how-eastern-europes-tech-startup-ecosystem-is-booming/>

³ <https://blog.dealroom.co/the-rise-of-central-eastern-european-tech-with-google-for-startups/>

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Games is a real-time social casual gaming platform. *Alza.cz* is one of the leading European e-commerce companies and *Prezi* is the interactive, cloud-based presentation platform⁴.

Currently one of the most promising startups from the CEE region is *Senuto*, founded in 2014 in Warsaw, Poland. It provides a SaaS-based toolset comprehensively supporting Search Engine Optimization and smart content planning to rank higher in Google. This marketing tool uses AI and Big Data technologies to improve of webpage and marketing campaigns. Their clients include *Axel Springer*, *Pracuj.pl* and *Onet.pl*, as well as over 11,000 professionals. *Senuto* won the third place at this year's competition *CEE Startup Challenge*, which is organized by *Vestbee*, a leading regional platform that connects accelerators, business angels, corporates and global investors with startups from the region^{5 6}.

Besides *Senuto*, four other CEE startups entered the final round of this competition: *Biotts* and *Talent Alpha* from Poland as well as *DoDo* and *IP Fabric* from the Czech Republic. *Biotts* is a MedTech startup that develops a technology which enables the creation of new, more effective drug formulas based on the existing active substances in a more efficient way. *Talent Alpha* is a recruitment platform for hiring engineers. *DoDo* is the smart delivery service, which specializes on same-day and last mile delivery of goods to the end customer. And *IP Fabric* provides cybersecurity to companies⁷.

Where VCs invest: Poland, Estonia, and Lithuania in the lead

Poland is the leader among the CEE countries when it comes to VC funding⁸. In the last five years, this country has developed one of the most startup- and innovation-friendly ecosystems in CEE and in Europe as a whole. The reason for this is the existence of many startup hubs, accelerators, incubators, and venture capital firms in its capital, Warsaw. Perhaps one of the best known hubs in Warsaw is *Google Campus*, operated by *Google for Entrepreneurs*. Besides coworking and networking spaces, it offers special support programs focused on mobile gaming startups. Other startup hubs comprise *The Heart*, *Mindspace*, *Reaktor* and *WeWork*. They all offer coworking spaces and various other amenities.

Important accelerators in Warsaw are *GammaRebels*, *MIT Enterprise Forum Poland*, *OrangeFab Poland*, and *ReaktorX* (a pre-acceleration program), while the best known incubator, present in 26 locations in Poland, is *AIP Warsaw*. The Polish startup ecosystem is complemented by many venture capital firms that provide a combination of financing and expertise to selected companies. Some of them are *Experior Venture Fund*, *Giza Polish Ventures*, *HardGamma Ventures*, *IdeaBox Capital*, and *Market One Capital*.

⁴ <https://www.crunchbase.com/home>

⁵ Shortlisted were also three startups from Austria, one from Serbia and one from Ukraine.

⁶ <https://www.startupvalley.news/uk/cee-startup-challenge-organized-by-vestbee/>

⁷ <https://www.vestbee.com/blog/articles/Meet-The-Top-10-CEE-Startups-&-Scaleups-From-CEE-Startup-Challenge>

⁸ <https://blog.dealroom.co/the-rise-of-central-eastern-european-tech-with-google-for-startups/>

Additionally, there are many tech and startup events which gather various entrepreneurs and serve as platforms for networking and exchange of experience⁹.

Estonia ranks second and Lithuania third among CEE countries in terms of total VC funding in 2018¹⁰. Tallinn is ranked as one of the leading startup hubs in the CEE region. Estonia is the first country that declared Internet access a basic human right and introduced online voting and digital signatures. In 2018, it was also one of the first countries to introduce 5G network capabilities¹¹. Many startup hubs (e.g. *Palo Alto Club*, *LIFT99* and *Spring Hub*, *Baltic Cowork*) located in Tallinn offer coworking spaces for young entrepreneurs. Tallinn also offers a large number of incubators and accelerators. For example, *VUNK* is a startup lab founded by *Telia Estonia*. *Tallinn Creative Incubator* offers 24-month development programs and *Startup Wise Guys* supports early-stage B2B SaaS, Defense AI and Fintech & Cyber startups¹². According to *Startup Heatmap Europe*, Tallinn is ranked ninth on the list of the favorite European cities when it comes to building a startup company.

Lithuania and its capital Vilnius also have a very favorable entrepreneurial environment. Some taxes in Lithuania are the lowest in Europe. A new business can be set up in just two days, costs are low, and the workforce is highly educated. Vilnius is very attractive for fintech firms since a European banking license can be obtained in only three months. Nevertheless, various smart city policies and sandbox initiatives make it a good place also for startups beyond fintech¹³. Vilnius offers many startup hubs, accelerators and incubators. *Vilnius Tech Park* opened its door to tech startups in November 2019. It is the largest tech startup hub in the Baltics and Nordics¹⁴.

Romania is up and coming

The *Startup Heatmap Europe* also features Romania, specifically Cluj-Napoca, the city with the largest talent availability¹⁵. Almost 10% of people in Cluj-Napoca are working in the IT sector. Although Cluj-Napoca is a relatively small city with a total population of about 300.000, it offers many startup hubs and coworking spaces. *Cluj Startups*, which supports and promotes the growth of the startup ecosystem in this city by organizing workshops and events, *Cluj Hub*, *Tech 'n Trade*, *Startup Grind Cluj* (powered by *Google for startups*), and *Silicon Forest* are some of them.

⁹ <https://www.eu-startups.com/2019/01/warsaws-startup-ecosystem-at-a-glance/>

¹⁰ <https://blog.dealroom.co/the-rise-of-central-eastern-european-tech-with-google-for-startups/>

¹¹ <https://www.nationalgeographic.com/travel/features/smart-cities/tallinn-estonia/>

¹² <https://njordtech.eu/start-ups>

¹³ <https://www.eu-startups.com/2019/03/fintech-centre-smart-city-and-aspiring-proptech-hub-vilnius-aims-to-turn-itself-into-a-giant-sandbox-for-startups/>

¹⁴ <https://vilniustechpark.com/news/biggest-tech-startup-hub-baltics-nordics-opens-vilnius/>

¹⁵ <http://www.startupheatmap.com/>

March 2nd, 2020



When it comes to incubators, business accelerators and VC funding, Cluj-Napoca has a very developed network. *GapMinder* is a VC fund focused on early-stage IT software firms, *Risky Business* is the first acceleration fund in Romania targeting startups in the pre-seed phase, while *Spherik* offers post-acceleration support to the new companies¹⁶.

In sum, the CEE region is clearly becoming a very interesting region for tech startups. These regions and cities should be on the innovation radar of every multinational corporation.

¹⁶ <https://www.eu-startups.com/2019/04/cluj-startup-ecosystem-at-a-glance/>