

# CEE: THE RESOURCEFUL REGION

AN OVERVIEW OF THE  
STARTUP ECOSYSTEM  
IN CENTRAL AND  
EASTERN EUROPE



**CENTRAL  
EUROPEAN  
STARTUP  
AWARDS**



**GLOBAL  
STARTUP  
AWARDS**

A Report by CES Awards, the CEE circle of Global Startup Awards

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# A WORD OF WELCOME

**It was a sunny, unusually warm November day in bustling Sofia**, and the excitement in the room was palpable. We were just hours away from announcing the winners of the 2017 Central European Startup Awards, the culmination of a year-long process that saw a field of 1,600 startups narrowed down to 100 national winners and, soon-to-be-announced, the 13 regional winners, the best of the best according to the distinguished international jury and 15,000 votes.

But before the Grand Finale and the frenetic after-party, participants had some serious business to do. Some of the brightest minds, makers and future shapers of the region got together in the workshops of the CEE Ecosystem Summit to share knowledge and discuss the state of the startup ecosystem in Central and Eastern Europe.

Shared among the participants was a sense that even though Central and

Eastern Europe is a region full of innovation, talent and opportunity, its success stories—including its locally bred unicorns like Hungary's LogMeIn or Czech Avast—aren't widely known or associated with the region, and a lot remains to be done to articulate CEE's competitive advantages in comparison to other startup hubs in the world.

So in this report, we set out to do just that. Building on the key takeaways from the workshop, survey data and various publicly available secondary sources, **we hope once again to showcase the very best of the CEE startup ecosystem and its unique strengths, while—staying true to our no-bullsh\*t Central European form—being frank about its challenges and the hard work that still remains to be done.**

We hope that you will enjoy reading the report, and that it will help you see this up-and-coming, resourceful region in a new light.



# ABOUT CENTRAL EUROPEAN STARTUP AWARDS

**Central European Startup Awards, aka CES Awards, is the CEE circuit of Global Startup Awards, the biggest independent startup ecosystem competition in the world.** Launched in 2014, CES Awards has since grown to span ten countries (Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia) to become the region's biggest no-pitch, no-conference startup festival aiming to inspire, stimulate and recognize entrepreneurship throughout Central and Eastern Europe while connecting a community of startup enthusiasts to an entire ecosystem of collaborators and supporters at all levels.

In 2016, CES Awards received over 800 nominations, growing to 1,600 nominations in 2017 and over 3,700 in 2018, showcasing the region's incredible drive to create inspiring and socially conscious innovations that deserve all the attention and support we can give them. Our event is about celebrating and connecting the change-makers and industry-disruptors who dare to challenge the status-quo and endure bumpy roads and failures until finally realizing their dream. We call them the #futureshapers. We are here to applaud them and spread their open-minded attitude further.

# ABOUT THIS WHITEPAPER

This report is created based on the community voice of Central European Startup Awards, with the contribution of its 480 active contestants from its 10 participating countries, 132 Jury Members, 36 Ambassadors, 34 Regional Partners, 16 Country Partners in the 2017 edition, as well as its 16 Special Guests from outside the region.

# IN A NUTSHELL

We know you are busy, so we have summarized the report's key takeaways below. If you would like to dive deep into the details, just follow the links in the summary or feel free to contact us anytime at [hello@globalstartupawards.com](mailto:hello@globalstartupawards.com) for more information.

## DIVERSITY AND GROWTH: THE CEE REGION AT A GLANCE

- ✔ **Bigger than you might think**  
At 112 million people, CEE's combined population is not far behind that of economic powerhouses like Russia or Japan
- ✔ **Powering European growth**  
In recent years, CEE has been one of Europe's most important growth engines, with real GDP growth expected to surpass the EU average in the future, too
- ✔ **Doing business is getting easier**  
It might surprise you, but doing business in a number of CEE countries is easier than doing business in France, the Netherlands or Switzerland, according to the World Bank
- ✔ **A diverse region with shared values**  
We bet you won't learn all the languages spoken in the region anytime soon, but navigating the culture might be easier than you think, even if it takes some getting used to

## IN A NUTSHELL

### GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

- ✔ **Multiple funding sources, but small amounts**  
Startups in CEE benefit from a wide range of funding sources, but early-stage investment rounds are relatively small compared to other parts of the world
- ✔ **Reaching growth in 2-3 years**  
The leading startups in the region reach product-market fit and turn on their growth engines within 2-3 years of their launch
- ✔ **Global ambitions from day one**  
Given the small size of domestic markets, CEE startups must step on the world stage early on

### CEE: A REGION OF TALENT

- ✔ **A safe haven in the war for talent (for now)**  
For the time being, access to digital talent is relatively painless in CEE compared to other parts of the world
- ✔ **Twice as much runway for the same amount**  
A more affordable talent pool means a lower burn rate and a longer runway for startups in the region
- ✔ **The talent game is a marathon, not a sprint**  
Startups must continuously up their talent game to prevent the growing pains that typically occur as an organization increases in size



## IN A NUTSHELL

### STARTUPS AND CORPORATES: STRONGER TOGETHER

✔ **Startup-corporate collaboration is seen as a win-win by both sides**

Startups and corporates overwhelmingly agree that collaboration would enhance their global competitiveness and give them access to new markets

✔ **Third parties can facilitate fruitful connections**

Startup-corporate collaboration is fraught with challenges, and both types of players indicate strong interest in getting help from third parties to facilitate the connection

✔ **It all starts with trust and clarity**

Startups and corporates need to get clearer on the goals and frameworks that will ensure mutually beneficial collaboration

✔ **Accelerators can play a key role**

The region's accelerators, many of which are funded by corporates, can connect startups to networks and resources on an international scale

# DIVERSITY AND GROWTH: THE CEE REGION AT A GLANCE

Home to **112 million people**, the ten countries examined in this report—Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia—have a total population not far behind that of countries like Russia and Japan, and roughly equal to the combined population of France and Spain. These 10 countries together represent a diverse, heterogeneous region, yet have a lot of things in common.

## **Not Yet a Gold Rush, but Also Not the “Wild East” Anymore**

With the exception of Serbia, which is also slated to join the EU by 2025, the region’s countries are all EU member states, benefiting from being part of the largest single market in the world. No wonder that, together with other EU countries, eight of the ten countries **rank a joint first** on the World Bank’s ease of doing busi-

ness index on the **trading across borders** dimension.

Other aspects of business that are easier to do in at least some parts of Central and Eastern Europe than in most other regions of the world include **getting credit** (especially in Romania, Poland and Hungary, which all occupy Top 30 spots on this dimension of the index), **enforcing contracts** (with Austria, Hungary, Romania and Croatia all within the Top 30 of the rankings), and **resolving insolvency** (with Slovenia, Poland, Austria and the Czech Republic in Top 30 spots).

In the overall ease of doing business ranking, three CEE countries (Austria, Poland and the Czech Republic) are within the Top 30 in the world, ahead of countries like France, the Netherlands or Switzerland, six others (Slovenia,

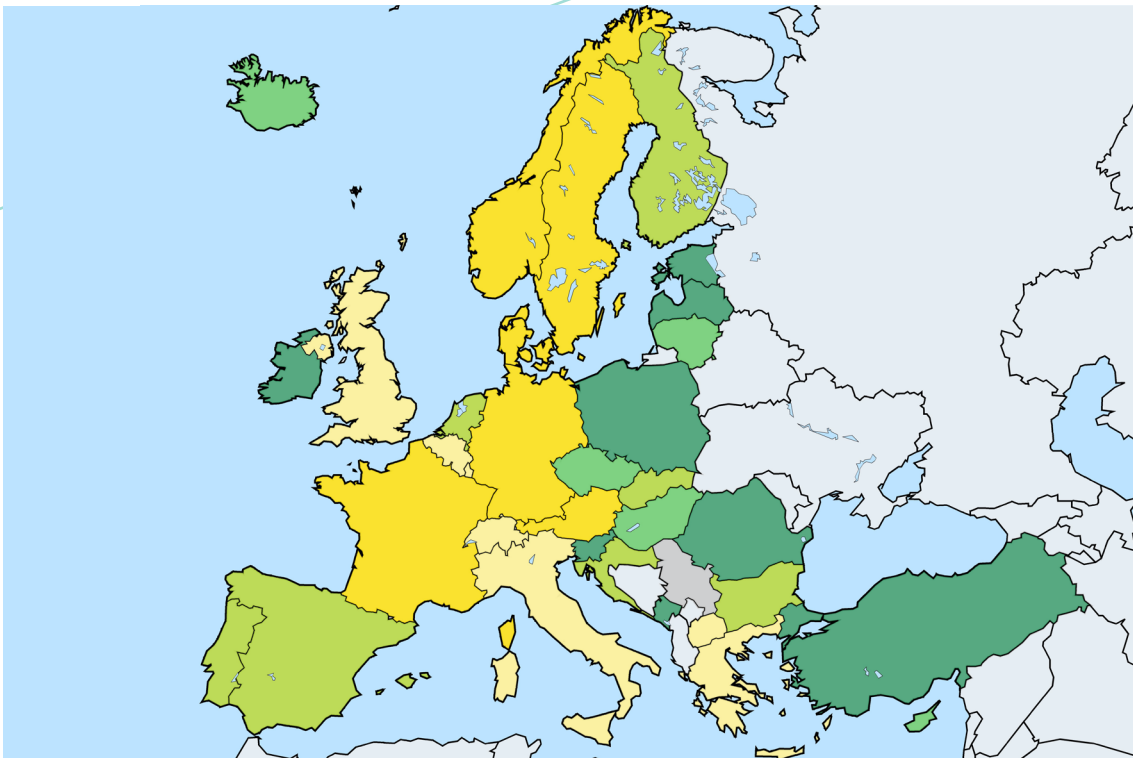
## DIVERSITY AND GROWTH: THE CEE REGION AT A GLANCE SHELL

Slovakia, Serbia, Romania, Hungary and Bulgaria) have top 50 spots, and Croatia, too, just outside of the Top 50 at 51st place, scores better than countries like Belgium or Israel.

In recent years, the region has been one of Europe's most important growth engines, with eight out of ten CEE countries registering real GDP growth of 3% or more in 2017, well above the EU average.

### A Diverse Region with Shared Values at Heart

Despite the growth, the integration of the markets that comes with the countries' EU membership, and the relative ease of doing business, however, participants at the CEE Ecosystem Summit also highlighted the fact that a lot remains to be done to position Central and Eastern Europe as a coherent regional entity in the eyes of investors and other players in



*"Europe's eastern tigers roar ahead," reported Politico in January 2018, citing the European Commission's expectation that high growth in the CEE region is set to continue (Map source: Eurostat)*

## DIVERSITY AND GROWTH: THE CEE REGION AT A GLANCE SHELL

the startup ecosystem, including the region's startups themselves.

With a diversity of local languages, customs, and a complicated regional history to share, the local market players themselves are sometimes unaware of the opportunities that lie in cross-border cooperation, networking and information sharing.

As one participant suggested, part of the answer may lie in identifying the values that unite us. And indeed, according to the esteemed Dutch psychologist, Geert Hofstede's [\*cultural dimensions model\*](#), such shared values exist.

The first such value that is perhaps most apparent to people outside the region is that most CEE countries are what Hofstede calls "restrained" societies. Hence the somewhat pessimistic and in some cases downright cynical attitude that can take some getting used to for those who are new to the region. But such restraint has upsides, too, man-

ifested in people's strong work ethic, their preference for order, low crime rates, and in being comfortable with delayed gratification, according to the research.

Perhaps more appealing is the fact that most countries in the region also score high or moderately high on Hofstede's **long-term orientation** dimension, meaning **the peoples of CEE tend to be pragmatic, thrifty, and always keeping an eye on the future.**

Aren't these wonderful characteristics for startups to have?

### **Now Is the Time**

"Europe is home to the largest single market in the world. New EU initiatives are set to boost VC fund sizes and attract larger private investors. Now is the time for global investors to look to Europe and harness the opportunities on offer."

*Nenad Marovac, Invest Europe  
Vice-Chair, Founder & Managing Partner  
of DN Capital*

Source: [\*Invest Europe 2017\*](#)

# GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

Can a startup from a small CEE country conquer the whole wide world? Are global success stories like that of Hungary's Prezi or Romania's UiPath the exceptions or likely to be followed by others? To get a data-driven perspective, we have analyzed data from over 300 of the region's startups to find out.

## Money, Money, Money: Partly Sunny?

When asked about access to capital, most of the participating startups at the CEE Ecosystem Summit were neither over the moon, nor down in the dumps, but overall cautiously optimistic that access to funding would improve.

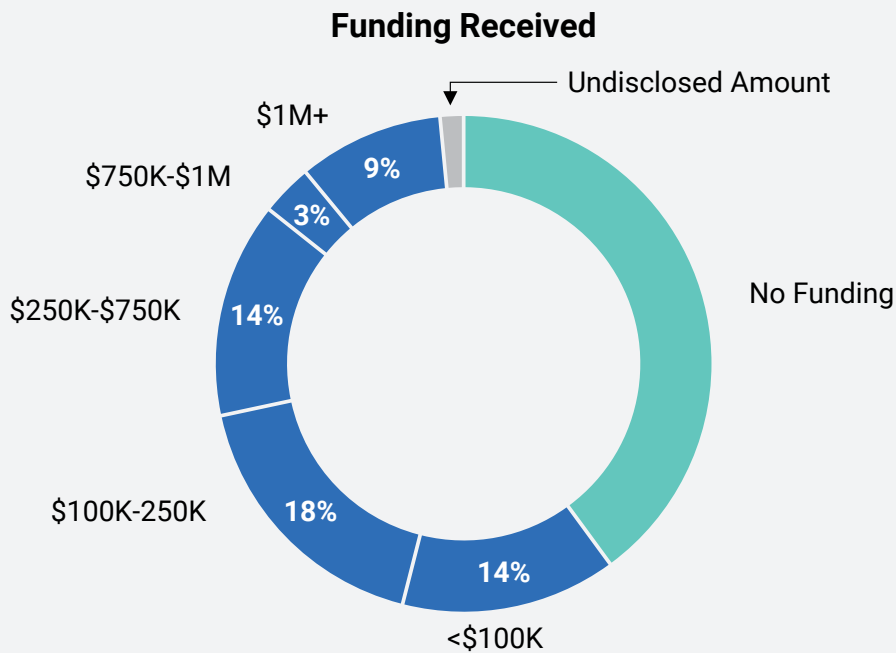


## GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

Our data analysis also paints a mixed picture. While a relatively high share, just over 60% of the 300+ CEE startups we analyzed have received funding to date, only a quarter of them have received more than \$250K in total. Compared to the multimillion-dollar seed rounds that are increasingly becoming the norm in the US and elsewhere, funding amounts in CEE seem modest even if adjusted for the lower cost base that startups enjoy

in the region. In addition, only 22% of the startups with less than \$250K in funding are VC-backed, with the majority financed by the founders' own investment, business angels, and grants.

Out of the 42 startups with over \$750K in total funding in our research, 80% come from five countries—Austria (8), Hungary (7), Poland (7), the Czech Republic (6) and Romania (6)—



**Not a rich man's world yet:** The majority of the startups in our research were able to secure funding, but the amounts tend to be modest in comparison to other regions in the world, and founders often need to rely on their own investment, grants or even loans to get their business off the ground.

## GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

indicating that the startup ecosystems in these countries may be more mature compared to the other countries in the region.

### From 0 to 100 km/h in 2-3 Years

With such relatively limited resources, how fast can the region's startups find product-market fit and turn on their growth engines? Our research indicates that a fair share of CEE startups can match the speed of their global competitors, with one-third entering the growth phase in their second year of operation and almost half in their third year.

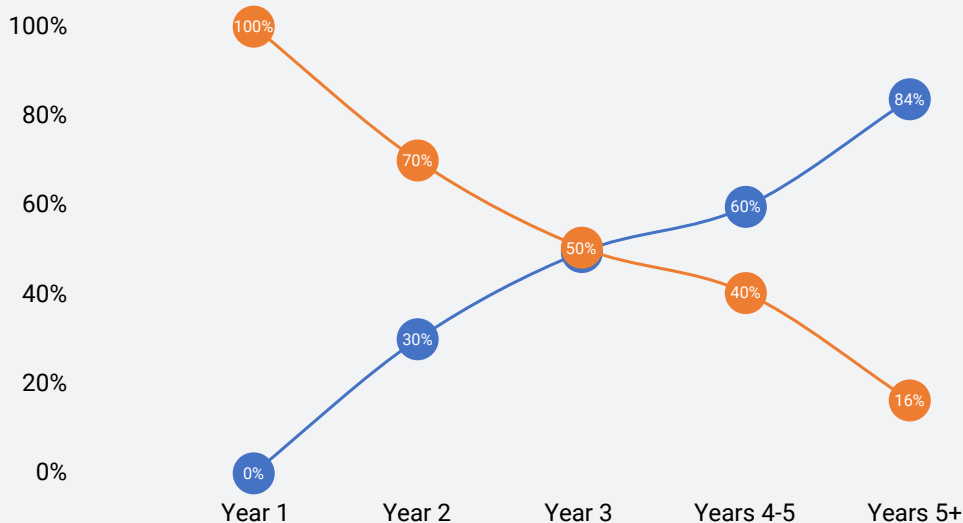
Somewhat surprising is the fact that a rel-

atively large percentage of startups survive into their fourth and fifth year without validating their value proposition. These are predominantly financed by grants or the founders' own investment or have received no funding at all. Even so, most of them are likely to falter if they cannot find product-market fit within five years.

### All the World's the Stage

When you come from a small place, you have no choice but to aim big. An interesting feature of the CEE startup ecosystem is that the region's local markets, with the possible exception of Poland, aren't quite big enough to be worth the trouble and the risk of launching

Growth Phase By Age



## GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

a venture that is merely local. In contrast to a startup in the US, UK, Japan or Germany, a CEE startup must garner applause on the world stage, from day one.

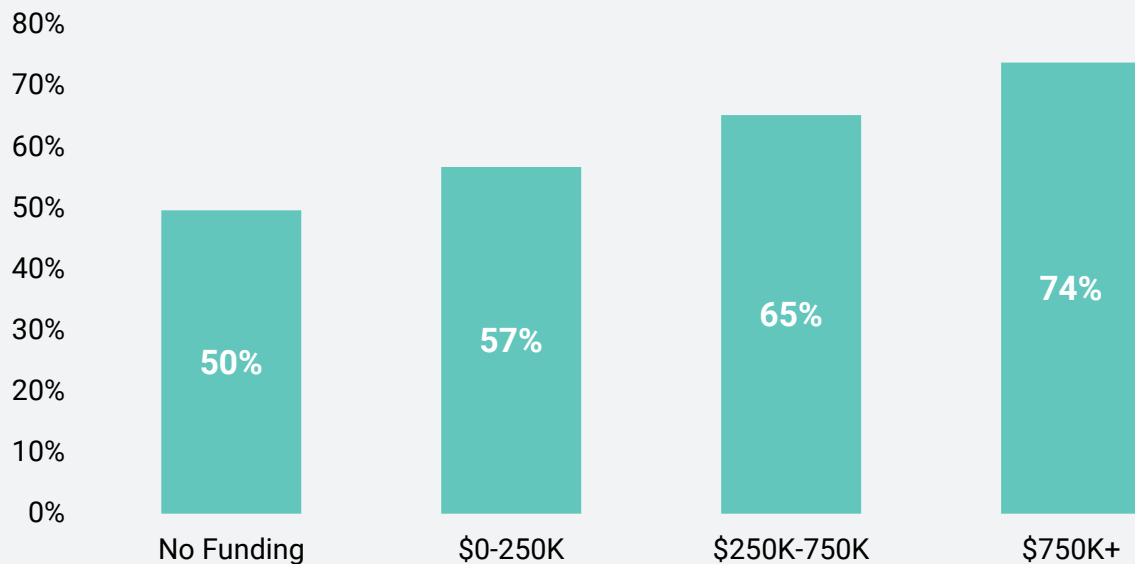
This is reflected in the finding that even among the startups with no funding to date, as many as half have some sort of presence—clients, partners or even offices—outside their home turf. Of course, money helps, too: the more funding a startup has, the more likely it is to have a presence abroad.

But a myopic, provincial attitude is definitely not characteristic of the region's startup ecosystem. If anything, CEE startups' admirable ambition to go against the odds and be part of the global scene is worthy of attention and support.

### Standing Together for Fair Market Access

What else does a healthy and vibrant startup ecosystem need besides exceptional talent and financial resources? In the aftermath of the EU's data regula-

### Has Presence Outside Home Country





## GOING GLOBAL: THE STARTUP ECOSYSTEM IN CEE

tion (or GDPR) many entrepreneurs who have reached some traction have realized that laws and regulations can become a problem for them and not only for corporates. Their business models and market access can be enhanced or curtailed by the decisions of policy-makers just the same way. And even with the best intentions, governments can hardly calibrate these decisions without hearing the voice

of the affected small but innovative players of the economy.

That is why startups have joined forces and formed alliances in some CEE countries (such as [Startup Poland](#)) to speak up and represent their interests. As the ecosystem matures across the region, more such organizations should see the light of day.

# CEE: A REGION OF TALENT

## Enough Talent to Power Tech

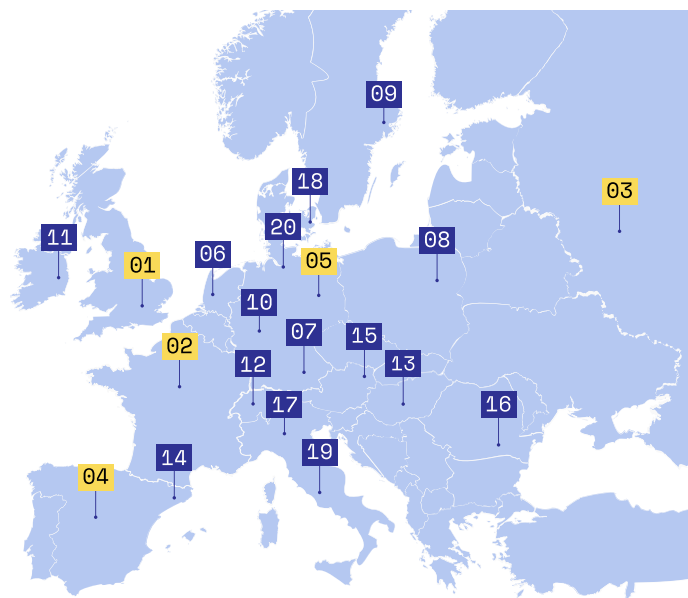
With over 800,000 developers, the region has as much tech talent as Germany or the UK, more than France and Spain combined, and over twice as much as Russia. According to London-based investment firm Atomico's [The State of European Tech](#) report, four of the region's

capitals—Warsaw, Budapest, Vienna and Bucharest—are among Europe's top 20 tech hubs when it comes to the number of professional developers.

No wonder, then, that availability of talent is one of the bright spots for startups in CEE according to participants of the 2016-2017 CES Awards survey,

Top 20 cities by number of professional developers

01	London	303,594
02	Paris	181,659
03	Moscow	144,488
04	Madrid	104,102
05	Berlin	93,517
06	Amsterdam	90,058
07	Munich	82,877
08	Warsaw	77,318
09	Stockholm	62,594
10	Frankfurt	62,004
11	Dublin	61,260
12	Zurich	60,046
13	Budapest	57,944
14	Barcelona	57,607
15	Vienna	56,776
16	Bucharest	53,758
17	Milan	52,004
18	Copenhagen	51,420
19	Rome	47,051
20	Hamburg	46,582



*Worried about Brexit? Berlin no longer as cheap as it once was?*

*CEE has a number of tech hubs, too, with easier access to more affordable talent.*

*(Source: Atomico, [The State of European Tech 2017](#))*

## CEE: A REGION OF TALENT

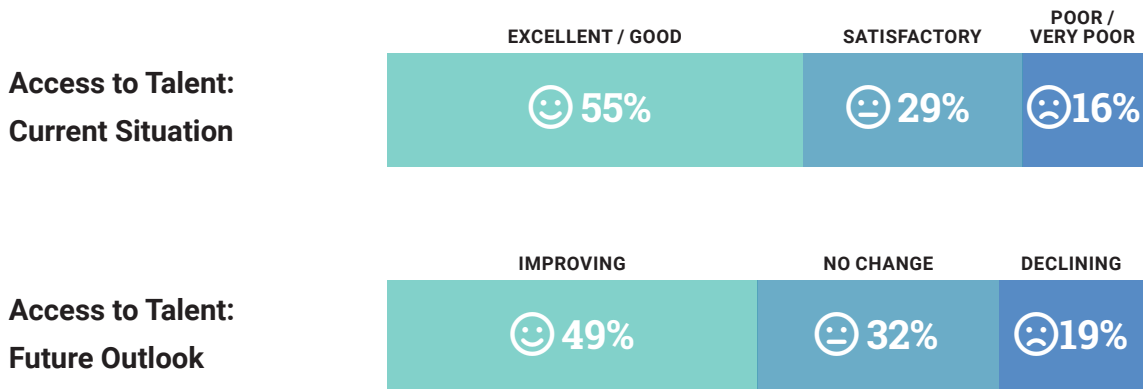
with 85% of startupperers rating access to talent in the region as satisfactory, good or excellent, with a generally positive outlook for the future.

### More Affordable Talent = Longer Runway

With software startups spending as much as **70-80%** of their budget on payroll, CEE's comparative advantage when it comes to living costs and salaries can go a long way in extending the region's startups' runway.

Even in *Austria*, the region's economically most developed country, software engineer salaries are, on average, 20% lower than in neighboring *Germany*, according to Glassdoor. In Poland, another one of Germany's CEE neighbors and the region's largest hub for developers, software engineering talent is 2.5 times more affordable than in Germany.

Even if salaries in the region continue to slowly converge with those in Western Europe, for the time being, this means



## CEE: A REGION OF TALENT

that a Polish startup has roughly half the burn rate and, given similar funding, twice the runway of a startup in Germany—a difference that can make or break a business especially in the crucial early stage of looking for product-market fit.

### Management Competencies Not up to Par Yet

While access to high-quality, affordable talent is generally not a challenge for startups in the region, many struggle when it comes to managing, motivating and retaining their talent, according to

The *People Book for Founders*, an upcoming book whose author contributed as an editor to this report.

Once a startup reaches around 15 people in size, people management competencies emerge as a crucial prerequisite for sustained growth. Around this stage, and definitely by the time a startup is ready for a Series A, a number of competencies, processes and systems need to be in place for startups to successfully tackle the next stage of their growth.

Focus Area	Key Question To Answer	What Can Go Wrong
Professional HR	What mechanisms do we put in place to attract, develop and retain great talent?	<ul style="list-style-type: none"><li>• Not hiring a professional HR person</li><li>• Hiring an HR person to do HR admin / office management as opposed to professional talent management</li></ul>
Culture	What are the values that guide how we work?	<ul style="list-style-type: none"><li>• Defining culture in vague, general terms rather than in terms of specific values</li><li>• Not translating cultural values into specific day-to-day behaviors</li><li>• Leaders failing to model the culture</li></ul>

## CEE: A REGION OF TALENT

Focus Area	Key Question To Answer	What Can Go Wrong
<b>Hiring</b>	How do we make sure we hire the right people?	<ul style="list-style-type: none"> <li>• Ad hoc hiring processes, resulting in mis-hires</li> <li>• Impressionistic evaluations, leading to bias in hiring</li> <li>• No training for interviewers</li> <li>• Poor candidate experience</li> </ul>
<b>Onboarding</b>	How do we set up new hires to succeed?	<ul style="list-style-type: none"> <li>• Subpar performance</li> <li>• Poor employee experience</li> <li>• High first-year employee turnover</li> </ul>
<b>Communication</b>	How do we communicate, especially across teams?	<ul style="list-style-type: none"> <li>• Silos begin to develop even at a small size</li> <li>• Strategy is not or only poorly understood</li> <li>• Projects are delayed</li> <li>• Poor customer experience</li> </ul>
<b>Feedback</b>	How do we continuously improve performance and the work environment?	<ul style="list-style-type: none"> <li>• Performance standards go down</li> <li>• Trust in management declines</li> <li>• Tensions don't get addressed, leading to politics and toxicity</li> </ul>
<b>Middle Management</b>	How do we build out a strong second layer of management?	<ul style="list-style-type: none"> <li>• Ineffective middle managers who cannot drive results</li> <li>• Founders get bogged down in details rather than focusing on the big picture</li> <li>• Increasing micromanagement and stress levels</li> </ul>
<b>Compensation</b>	How do we set salaries to be able to attract and retain top talent?	<ul style="list-style-type: none"> <li>• Not giving employees a financial stake in the success of the startup</li> <li>• Failing to create liquidity opportunities</li> <li>• Personnel budgets spiral out of control as the startup grows</li> </ul>

# STARTUPS AND CORPORATES: STRONGER TOGETHER

“The growth capacity of a startup is strongly correlated to its ecosystem, that is to say the network of players and structures with which it interacts. Corporates are a fundamental piece of the puzzle—they can serve as a startup’s customers, investors, buyers, partners, and distributors,” as the [\*The French Tech Barometer of Startup-Corporate Collaborations\*](#) aptly pointed out.

## Great Expectations

Participants of the CEE Ecosystem Summit—the exclusive, invite-only daytime activity of the Grand Finale Day that gathered most of the finalists, partners, jury members, corporates, investors and special guests—agreed, with over 75% of startups and 80% of corporates saying that their regional collaboration would enhance their global competitiveness. Participants also identified a number of areas where stronger collaboration would lead to mutual benefits.

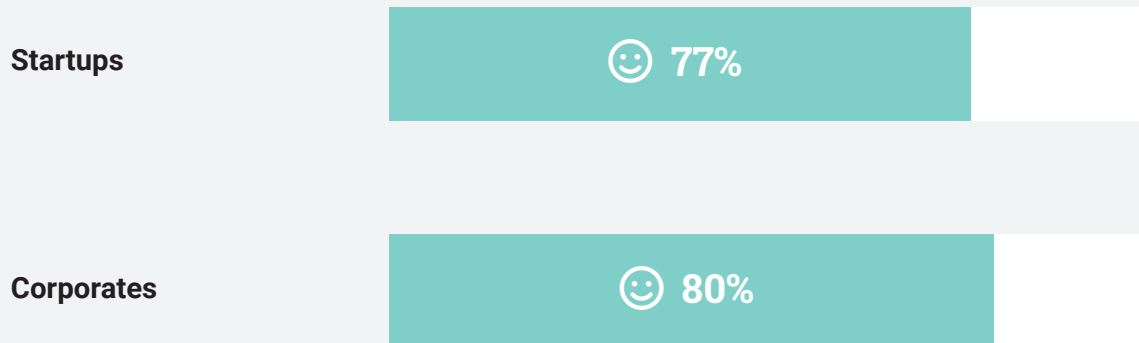
Access to new markets was listed as a strong driver on both sides: for startups, working with corporates can be key in gaining credibility, while corporates expect collaboration to speed up innovation. Corporates also indicated strong interest in working with startups to solve specific business challenges, while startups were optimistic that cooperation could help them access additional financial resources.

## Crossing the Chasm

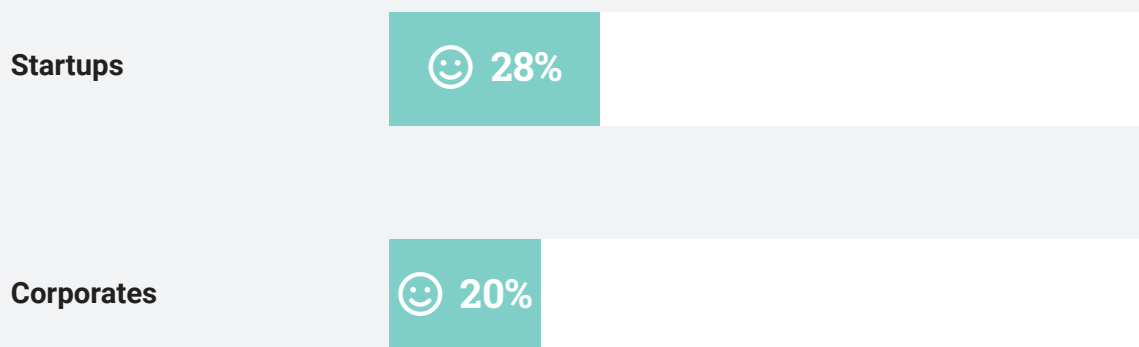
However, it is clear that a lot remains to be done according to both sides to make a marriage of true minds a reality between startups and corporates. Only 20% of corporate participants and less than 30% of startups rated the level of cooperation between startups and corporates in their country as good or excellent.

**STARTUPS AND CORPORATES:  
STRONGER TOGETHER**

**“Startup-corporate collaboration would enhance  
our global competitiveness”**



**“Startup-corporate collaboration in my country is  
good or excellent”**



## STARTUPS AND CORPORATES: STRONGER TOGETHER

Part of the difficulty stems from the fact that the two types of players operate on different time scales. Corporate decision-making processes can last anywhere from a few months up to a year, which can literally be a lifetime for a startup. Other ways of doing business, such as contracting, can be markedly different as well, with security and privacy concerns prompting corporates to draft lengthy, elaborate terms that would put a Tolstoy to shame even for a limited free pilot, while startups' understanding of what it takes to navigate processes and deliver value to a corporate partner is often limited. Overall, both the startups and the corporates at the CEE Ecosystem Summit overwhelmingly agreed that third parties were needed to facilitate collaboration between them.

### **Trust and Clarity Are Key**

When it comes to improving startup-corporate collaboration, improving trust and clarity emerged as key themes.

On their side, corporates can do more to clearly communicate the specific business problems they are looking to solve by working with startups. As Michael Ofredi, Total's Digital Ecosystem & Innovation Officer put it to [La French Tech](#): "As a former startup team member, I try to

avoid the 'innovation tourism' that is rampant in corporates. I make it a point to educate peers and colleagues about the difference between working with partners with big pre-sales budgets and working with startups. It's better to invite startups to pitch when you have a pretty clear idea of your potential collaboration."

Participants at the CEE Ecosystem Summit also highlighted the need for a convergence of legal frameworks to make cooperation easier, such as by creating standardized cross-industry best practices for startup-corporate collaboration and startup selection processes. Startups could also benefit from more targeted corporate mentorship programs and bootcamps, potentially facilitated by third parties, to develop an in-depth understanding of corporate challenges and processes.

### **Foot on the Gas:**

#### **The Role of Accelerators**

With close to 40% in the CESAwards survey funded by corporates, accelerators can play a key role in boosting startup-corporate collaboration. In addition to support with product and go-to-market strategy, networking opportunities and initial funding—on average, around



## STARTUPS AND CORPORATES: STRONGER TOGETHER

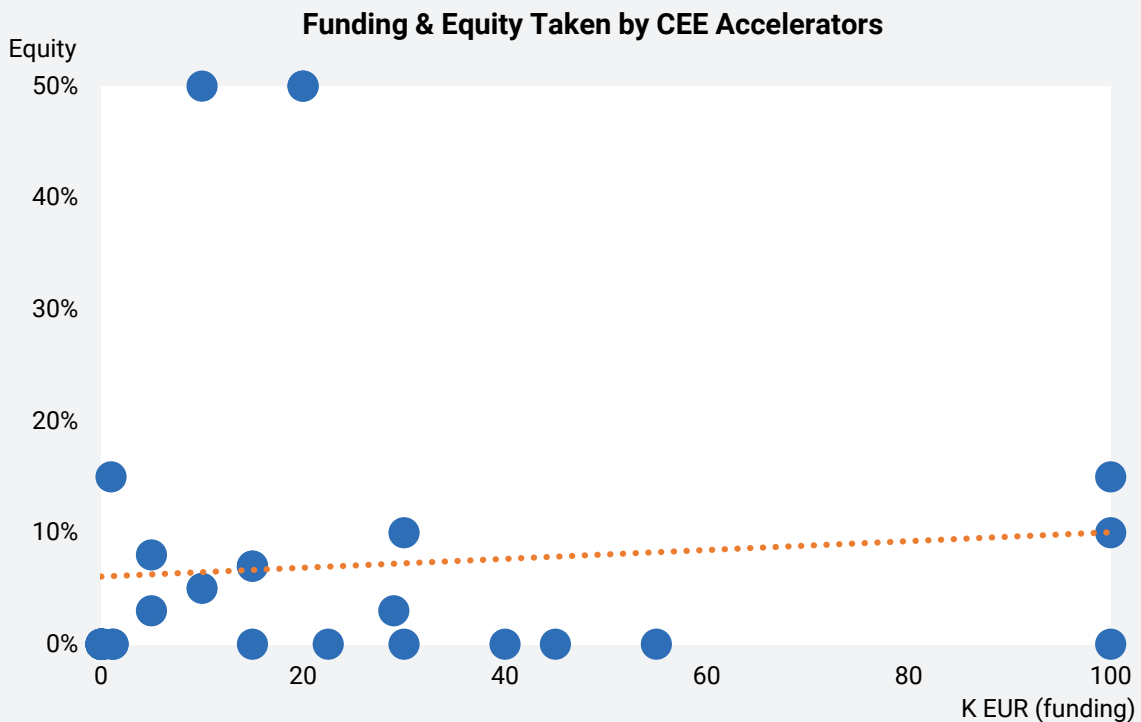
EUR 20K, but some in our survey offering as much as EUR 100K, typically in exchange for a 5-15% stake—corporate-funded accelerators like Hungary’s MKB Fintechlab or Telenor Accelerate can also offer startups access to their global partner and customer bases as well as corporate sandbox environments in which to test their solutions.

With the relative lack of successful serial entrepreneurs in most CEE countries, startups in the region can benefit from the network and know-how provided by accelerators to create products that can

scale successfully on the international market. As the quotes below also illustrate, many accelerators in the region see that as a key part of their mission.

### Hackers at Heart, but Maturing: The View from CEE Accelerators

“Our experience has been that it can be challenging to turn models into practice, especially in our emerging ecosystem where entrepreneurs are pioneers. So we draw on our own practices and those of local and international entrepreneurs, and we ‘hack’ these examples to support



## STARTUPS AND CORPORATES: STRONGER TOGETHER

startups in adapting them to their situation. To do so, we work with founders individually and match them with peers, mentors and potential partners, both locally and internationally.”

↑ *Pavle Krivokuća,  
Portfolio Manager & Mentor at Impact  
Hub Belgrade, Serbia*

“Innovators need to be linked to a well-connected international network and have access to real-time market information, know-how and capital. Otherwise they risk coming up with great research and technologies that never pass the threshold to the market or fail to reach their potential users.”

↑ *Cristina Toncu, Program Director at  
Techcelerator.Ro and x-Program Manager  
at RICAP, Romania*

“Our ten-week program is specifically designed to support founders with business essentials that help them kickstart their companies. Each week, experts from different industries share their knowledge and support founders in developing their businesses. Our workshops provide a mix of hard and soft skills, combined with unique experiences and a peer group of

highly motivated founders, helping participants to reach the next step in their entrepreneurial journey while enjoying an unforgettable summer together.”

↑ *Tanja Sternbauer,  
Co-Founder and Board Member at Female  
Founders Club, Austria*

“The PwC Startup Collider acceleration program, realized under the wings of PwC, one of the most recognizable companies in the world, is a great opportunity for CEE startups focused on improving their business model and entering new markets. We are one of the strongest global brands, present in 157 countries worldwide. In Central and Eastern Europe alone, PwC has several thousand clients. Potentially, there are several thousand recipients of the technologies developed by CEE startups undergoing acceleration at Startup Collider. Our customers eagerly await startups that are recommended by us and their technologies. Solutions developed by the participants of the Startup Collider program will be implemented as part of PwC services in Central and Eastern Europe, and thanks to PwC’s global position, they will gain new clients from all over the world.”

## STARTUPS AND CORPORATES: STRONGER TOGETHER

↑ *Magda Kwoska,*  
*Startup Collider Accelerator Project*  
*Manager at PwC Polska, Poland*

“Innovation in industry requires more than just the creation of technology. It requires accelerated commercialization or aptly called go-to-market processes. Many companies are searching new ways to rapidly validate the match between the market and their innovative ICT-intensive technology. The aim of the Accelerate project is to address head-on the ‘European Paradox’—great science, poor marketable innovations—and to create and accelerate services based on technological innovation, advanced processes, and new software technologies that will enable massive adoption of acceleration know-how in the European technological industry.”

↑ *George Suci,*  
*R&D and Innovation Manager at BEIA*  
*Consult, Romania*

**“Things Have Changed” –  
Interview with Andrea Kozma,  
Director at CEU InnovationsLab**

*Andrea Kozma*, the director of the CEU (Central European University)

InnovationsLab and herself an alumna of CEU’s MBA and LLM programs, has worked in various senior legal and business roles at global companies in the CEE region and the UK. We asked her about the accelerator and incubator program at the CEU InnovationsLab, as well as the opportunities and challenges of startups in the CEE region.

***In your opinion, what is the single best thing and the single worst thing running a startup in Central and Eastern Europe?***

The best thing is the pool of talent we have here. There is something uniquely genuine about the people, who have the guts to go against all odds. The worst thing is the corrupt institutional ecosystem and government managed funds.

***What do you see as opportunities and challenges for the startups based in this region?***

The concept of innovation and the constant search for new technologies began to blossom fairly recently in this region, especially when compared with the rest of the world. **But things have changed. The CEE region is now making a mark and moving into a new age of doing business, with thriving local startup ecosystems.** More and more companies and

## STARTUPS AND CORPORATES: STRONGER TOGETHER

organizations are opening up to cooperation with young tech companies and numerous acceleration programs are being developed to offer support for new entrepreneurs.

Yet the challenges startups face are many. They include those faced by all entrepreneurs, like the need for rapid growth, human resources and of course money. There is undoubtedly still a number of social and market differences compared to the rest of the world that startups from CEE need to overcome. But they do so successfully.

When establishing a startup with an innovative product or solution, you need to have experience in managing a business. New entrepreneurs typically lack the experience and knowledge necessary to effectively build a company and capitalize on their technologies.

It often turns out that the local market where the startup operates is still only in its infancy or is too small for the business to survive and grow successfully. Such a threat exists, particularly when there isn't enough demand for a highly innovative product. In such cases, it is worth considering an expansion of business activity, including into foreign markets.

As for opportunities, a lot was said at CE-  
SAwards. First and foremost, CEE countries are already famous for their human capital and innovation. Investors are increasingly eager to look this way, too. The development of new technologies, superbly progressive innovation and support from foreign investors are also conducive to pioneering undertakings. This has become one of the best places to start up a startup, pun intended.

### ***How do you see the role of accelerators in the development of the CEE startup ecosystem?***

First and foremost, we are partners in creating an environment where startup teams can flourish. It is a mutual learning process, in which we learn from startups as much as they learn from us. Involvement is key: we need to show that we are there for them, we want them to succeed, and we do everything we can. There has to be an ongoing conversation.

# METHODOLOGY AND SOURCES

CESAwards has covered the CEE start-up landscape working with various types of ecosystem players for a number of years. To prepare this report, we have used data from several online surveys of CESAwards partners and contestants, transcripts from the Grand Finale Day, a number of interviews, and various secondary sources.

While not all of our findings may pass a strict threshold for statistical relevance,

we nevertheless feel they are very much in line with the perceptions gathered over a number of years and can therefore give you a useful picture of how players in the CEE startup ecosystem see themselves and their current challenges and opportunities.

For more information on startup life in CEE and beyond, we recommend the following publications, which we have also relied on in preparing this report:



*[The Visegrad Startup Report](#)* by Magdalena Beauchamp and Agnieszka Skala



*[The Acceleration Point: Why Now is the Time for European Venture Capital](#)* by Invest Europe



*[The State of European Tech](#)* by Atomico



*[Startup Corporate](#)* by La French Tech

***This white paper has been compiled by CESAwards based on proprietary research and analysis, as well as the above-listed publicly available secondary sources. If you would like to quote our findings, you are welcome to do so by indicating CESAwards as the source, with a link to this white paper.***

# EDITORS

## **JÓZSEF LAKINGER**

*Józi* has a long track record of working in different CEE regional roles and at some of the highly successful startups in the region, having also helped a number of startups in growing their business. His stubborn diligence in digging deeper and deeper while editing parts of the report, together with his analysis of the data and insights on the various countries in the region, were immensely valuable.

## **CSABA KUCSERA**

*Csaba* has held various academic roles and has worked at EU organizations focusing on innovation. As a research methodology mastermind, his strict adherence to rigorous standards was a great help in making the report more accurate.

## **DANIEL BODONYI**

As the author of *The People Book for Founders*, an upcoming book based on interviews with 100+ startup founders and HR leaders on the organizational and people-related challenges startups face at the different stages of their growth, *Daniel* has contributed some of his own research to the report, and helped give it its final form applying a bit of stylistic polish.

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Our Exclusive Regional Partners. In alphabetical order:

[\*Bisnode\*](#)

[\*BlackBelt\*](#)

[\*Bridge to MassChallenge\*](#)

[\*Warsaw\*](#)

[\*Codecool\*](#)

[\*DIGITALIK\*](#)

[\*EO ClimLab\*](#)

[\*European Space Agency\*](#)

[\*GE\*](#)

[\*Google\*](#)

[\*Grafacity\*](#)

[\*Hungarian Intellectual\*](#)

[\*Property Office\*](#)

[\*IBM\*](#)

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