



D3.5 Report on the MY-GATEWAY meetup

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Contents

1	Introduction	3
2	The process of identifying learning opportunities	4
3	Comparison of the quality level of key elements of the three CEE entrepreneurial/start-up ecosystems	7
	3.1 Identified key learning opportunities	9
	3.2 Identified other learning opportunities	9
4	Detailed presentation of key learning opportunities	10
	4.1 Opportunities for mutual learning between CEE partners (Weak – Strong combinations)	10
	4.2 CEE partners seeking outside support (Weak – Weak combinations)	12
	4.3 Opportunities for sharing CEE partners’ best practices (Strong – Strong combinations)	19
	4.4 Facilitating connections between relevant stakeholders	21
5	Conclusion	23
6	Resources	25

1 Introduction

The MY-GATEWAY project aims to help promising high-tech start-ups and innovative small and medium enterprises (SMEs) grow and scale up on a Pan-European level through expanding sound innovation ecosystems and stimulating tech entrepreneurship. The project is achieving this by reinforcing three ICT start-up ecosystems (Czech Republic, Slovenia and Romania) with the further aim of transferring the knowledge and seeking maximum synergies in the EU and beyond.

The purpose of WP₃ titled “Access to Networks and Finance”, which represents one of the central activities of the project, is to address the shortage of networking partnering opportunities and the difficulties to access finance within and beyond the abovementioned three ecosystems. Project MY-GATEWAY identified access to finance from outside their own ecosystems as one of the biggest challenges for Central and Eastern Europe (CEE) start-ups.

With Task 3.2.1 “Learning from each other”, MY-GATEWAY does not only create connections with other ecosystems, but also facilitates learning from each other and strengthening the position in the CEE region by defining synergies and sharing experience. The main point of the task was to find the similarities between the three CEE ecosystems (Czech Republic, Romania and Slovenia) and the strengths as well as the weaknesses where potentially they can learn from each other or they need to seek outside support that can help. To achieve this, the MY-GATEWAY project consortium organised a specific meetup on Wednesday, June 27, 2018 in Prague where the partners identified and shared best practices of start-up support with the focus on the barriers of access to finance from various local and foreign “funding suppliers”.

As the (sub)task leader, IRP moderated the process of identifying barriers and sharing the best practices of start-up support. To facilitate this process, IRP developed a specific tool that allows comparison of key elements of entrepreneurial/start-up ecosystems, i.e. access to finance, access to support services, policy framework conditions, access to markets, access to human capital (talents), access to new technologies, and knowledge and promoting entrepreneurship and innovation.

This deliverable (D_{3.5}) summarises the key findings and serves as an input to Task 3.2.2 of the project, during which the MY-GATEWAY consortium will develop the MY-GATEWAY Funding Template to facilitate access to finance for start-ups in MY-GATEWAY’s ecosystems and beyond by easing the application process and accelerating the access to foreign investment. In addition, the learning opportunities identified during the task and presented in this document can be used as a starting point for future support activities addressing the further development of entrepreneurial/start-up ecosystems in the CEE region and beyond.

2 The process of identifying learning opportunities

In order to identify the similarities between the Czech Republic, Slovenian and Romanian ecosystems as well as the strengths and weaknesses where the involved ecosystems could learn from each other or they need external support by other more developed ecosystems, we first had to decide what elements of entrepreneurial/start-up ecosystems should be analysed. As the next step, we had to gather information on the perceived quality level of the key elements of their respective entrepreneurial/start-up ecosystems by selecting, which elements are:

- **weak** (i.e. where partners feel a gap and would like to learn how to improve),
- **neutral** (i.e. where partners are eager to discuss potential improvements) and
- **strong** (i.e. where partners feel they could share best practices).

In the last step, we defined learning opportunities based on comparing the quality level of key elements of entrepreneurial/start-up ecosystems. The following combinations were foreseen, where the first three combinations provide key learning opportunities and are presented in detail in the following sections, and the other combinations (with no significant strengths or weaknesses in any of the three entrepreneurial/start-up ecosystems) provide additional learning opportunities:

- **Weak – Strong combinations:**

With at least one CEE partner highlighting a particular key element of its entrepreneurial/start-up ecosystems as strong and at least one CEE partner highlighting the same key element as weak, these combinations provide the biggest opportunity for mutual learning between CEE partners about what works and what does not in entrepreneurial/start-up ecosystems. These combinations are considered as the most important objective of the analysis since they are directly in line with the main point of the task, which is mutual learning between the three CEE ecosystems.

- **Weak – Weak combinations:**

With at least two CEE partners highlighting a particular key element of their entrepreneurial/start-up ecosystems as weak and none of the CEE partners highlighting the same key element as strong, these combinations inevitably require seeking outside support to help fill the identified gaps of the entrepreneurial/start-up ecosystem. These combinations are considered as the second most important objective of the analysis since all involved CEE partners have identified similar weaknesses and require external support, expertise and knowledge.

- **Strong – Strong combinations:**

With at least two CEE partners highlighting a particular key element of their entrepreneurial/start-up ecosystems as strong, these combinations provide opportunities for jointly transferring knowledge of the involved CEE partners to other CEE countries and beyond.

- **Other combinations:**

These combinations without extreme strengths and weaknesses offer opportunities for improvements of the entrepreneurial/start-up ecosystem either within the CEE partners or with potential outside support that can facilitate the process of fine-tuning certain aspects.

With the tool, which was designed as a shared spreadsheet using Google Sheets, IRP gathered information on how MY-GATEWAY partners located in CEE (CzechInvest in Czech Republic, SPHERIK Accelerator in Romania and IRP in Slovenia) perceive the quality level of the key elements of their respective entrepreneurial/start-up ecosystems by selecting, which elements are weak, neutral or strong in their respective entrepreneurial/start-up ecosystems.

As a starting point for defining the relevant ecosystem elements, we used the key elements of the ecosystem defined by the Aspen Network of Development Entrepreneurs (ANDE) in the Entrepreneurial Ecosystem Diagnostic Toolkit (December 2013). The non-exhaustive nature of ANDE's toolkit allowed us to build upon by expanding the list of key elements based on the needs of the analysis.¹ In order to conduct a comparison of the quality level of key elements of the three CEE entrepreneurial/start-up ecosystems, the following elements of the entrepreneurial/start-up ecosystems were selected:

- **Access to Finance**

- Access to Family and Friends money
- Access to business angels
- Access to Venture Capital
- Access to public Grants (national)
- Access to public Grants (EU)
- Access to crypto assets (ICOs)
- Access to crowdfunding

¹ Entrepreneurial Ecosystem Diagnostic Toolkit, Entrepreneurial Ecosystem Diagnostic Toolkit (December 2013), p. 5

- Access to stock markets (IPO)
- Access to debt capital (loans)
- Other financial sources...
- Access to Support services
- Access to consultants/advisors
- Access to Incubators/accelerators
- **Policy framework conditions**
 - Administration
 - Tax Rates
 - Business Licensing and Permits
 - Labour Regulations
- **Access to markets**
 - Access to International Markets
 - Availability of Market Information
 - SME/start-up-friendly public procurements
- **Access to human capital (talents)**
 - Availability of top managers
 - Availability of scientists and engineers with the right qualifications
- **Access to new technologies and knowledge**
 - R&D collaboration between businesses and university researchers
 - Spin-offs & spin-outs from Universities
- **Promoting Entrepreneurship and Innovation**
 - Programs to promote entrepreneurship and innovation

3. Comparison of the quality level of key elements of the three CEE entrepreneurial/start-up ecosystems

Input provided by the CEE partners allowed a comprehensive overview of the quality level of key elements of the three CEE entrepreneurial/start-up ecosystems (see Fig 1).

As regards the Czech Republic, the total of 7 key elements were indicated as weak and 4 were indicated as strong. The quality level of the remaining 12 key elements was indicated as neutral.

As regards Slovenia, the total of 4 key elements were indicated as weak and 4 were indicated as strong. The quality level of the remaining 15 key elements was indicated as neutral.

As regards Romania, the total of 6 key elements were indicated as weak and 1 was indicated as strong. The quality level of the remaining 16 key elements was indicated as neutral.

Comparing the quality level of key elements of the three CEE entrepreneurial/start-up ecosystems identified 9 combinations that provide key learning opportunities and additional learning opportunities that are presented in the following section.

Fig. 1: Matrix of quality level of key elements of the three CEE entrepreneurial/start-up ecosystems

Entrepreneurial/Startup Ecosystem Elements	Czech Republic		Slovenia		Romania	
	Strong	Neutral	Strong	Neutral	Strong	Neutral
Access to Finance						
Access to Family and Friends money		X		X		
Access to business angels					X	
Access to Venture Capital		X		X		X
Access to public Grants (national)						X
Access to public Grants (EU)		X	X	X	X	X
Access to crypto assets (ICOs)	X		X			X
Access to crowdfunding	X		X			X
Access to stock markets (IPO)	X			X		
Access to debt capital (loans)		X		X		X
Other financial sources...						
Access to Support services						
Access to consultants/advisors		X		X		X
Access to incubators/accelerators	X			X		X
Other ...						
Policy framework conditions						
Administration				X		
Tax Rates					X	
Business Licensing and Permits		X			X	
Labor Regulations		X			X	
Other ...						
Access to markets						
Access to International Markets				X		
Availability of Market Information		X		X		X
SME/startup-friendly public procurements		X		X		X
Other ...						
Access to human capital (talents)						
Availability of top managers		X		X		X
Availability of scientists and engineers with the right qualifications		X		X		X
Other ...						
Access to new technologies and knowledge						
R&D collaboration between businesses and university researchers				X		X
Spin-offs & spin-outs from Universities				X		X
Other ...						
Promoting Entrepreneurship and Innovation						
Programs to promote entrepreneurship and innovation		X	X			X
Other ...						

3.1 Identified key learning opportunities

As per the methodology, the following three combinations provide key learning opportunities and are presented in detail in the following sections.

Weak – Strong combinations (WS): Opportunities for mutual learning between CEE partners

- **WS₁** Access to stock markets (IPO) – Romania (Weak) – Czech Republic (Strong)
- **WS₂** Access to public grants (national) – Czech Republic (Weak) – Slovenia (Strong)

Weak – Weak combinations (WW): CEE partners seeking outside support

- **WW₁** Establishing spin-offs & spin-outs from universities – Czech Republic, Slovenia, Romania
- **WW₂** Access to business angels – Czech Republic, Slovenia
- **WW₃** Administration – Czech Republic, Romania
- **WW₄** Tax rates – Czech Republic, Slovenia
- **WW₅** Access to international markets – Czech Republic, Romania

Strong – Strong combinations (SS): Opportunities for sharing CEE partners' best practices

- **SS₁** Access to crypto assets (ICOs) – Czech Republic, Slovenia
- **SS₂** Access to crowdfunding – Czech Republic, Slovenia

3.2 Identified other learning opportunities

Without extreme strengths and weaknesses, the following combination offer opportunities for improvements of the entrepreneurial/start-up ecosystem either within the CEE partners or with potential outside support that can facilitate the process of fine-tuning certain aspects.

- Access to Incubators/accelerators
- Programs to promote entrepreneurship and innovation
- Access to public Grants (EU)

- Access to Venture Capital
- Access to debt capital (loans)
- Access to consultants/advisors
- Business Licensing and Permits
- Availability of Market Information
- Availability of top managers
- Availability of scientists and engineers with the right qualifications

4 Detailed presentation of key learning opportunities

The following sections present the key learning opportunities by providing a brief insight about the entrepreneurial/start-up ecosystem element, why the CEE partners feel either strong, weak or neutral about that particular element and some remarks about the identified key learning opportunities.

4.1 Opportunities for mutual learning between CEE partners (Weak – Strong combinations)

With at least one CEE partner highlighting a particular key element of its entrepreneurial/start-up ecosystems as strong and at least one CEE partner highlighting the same key element as weak, the following combinations provide the biggest opportunity for mutual learning between CEE partners:

Ad. WS₁ Access to stock markets (IPO)

Initial public offering (IPO) allows companies to raise investment capital to expand by offering their stocks to the public. Only when a company's stock is offered for sale to the public, the public can invest in it. While it is possible to approach the owners of a company about investing, but they are not obligated to sell should they decide not to do so. On the other hand, public companies sell a portion of their shares to the public to be traded on a stock exchange.

A Feeling strong

- **Czech case:** In 2017, Prague Stock Exchange announced START Market. START is a market for small innovative companies worth more than 1 million EUR that want to raise new capital. The advantage of START over other similar markets in Europe is minimal costs for the issuer, e.g. simplified prospectus, Czech accounting standards, independent analysis.

B Feeling weak

- **Romanian case:** There is a low activity for IPO opportunities in Romania. The stock market is not yet a priority as not so many start-ups have reached that point in their development. The Romanian Stock Exchange launched Made in Romania, a program targeting innovative companies - 35 have been accepted in a program dedicated to supporting long-term business development, covering topics such as marketing and branding, strategy and innovation, audit and development finance.

C Feeling neutral

- **Slovenian case:** Although Slovenia has its cases of successful IPOs, improvements on making IPOs more relevant as sources of new capital to start-ups are sought.

With varying level of quality and success, there is an apparent opportunity for learning in the topic of accessing the stock markets, where the Czech Republic can transfer its knowledge to Romania and Slovenia.

Additional suggestion: MY-GATEWAY should collaborate with Startup Europe Partnership 2.0 to learn from their experience in accessing the stock markets.

Ad. WS2 Access to public grants (national)

Although not applicable to all start-ups, national public grants are for various reasons an often overlooked source of financing for start-ups. Grants are typically non-repayable fund and are made to fund a specific project and require some level of compliance and reporting.

A Feeling strong

- **Slovenian case:** The Slovene Enterprise Fund – established with purpose of improving the access to financial resources for different development – business investments of micro, small and medium-sized enterprises (SMEs) including with financial resources for SMEs start-up and micro financing in the Republic of Slovenia. Every year, the

Fund offers proper financial solutions for development – business projects in Slovenian entrepreneurial sector via financial engineering, which is mainly based on financial instruments with refundable means (loans, guarantees for loans, subsidised interest rates, venture capital) which allows combining of financial resources of different financial institutions (financial lever). Its P2 instrument offers 75k EUR grants to start-ups while its SK75 and SK200 convertible loans offer the most widely used financial support for Slovenian start-ups.

B Feeling weak

- **Czech case:** According to Startup Report 2016 only about 9% of Czech start-ups have used public financial resources and only 18% start-ups are planning to use in the next six months.

C Feeling neutral

- **Romanian case:** In Romania, the governmental programme "Start-up Nation" is mostly designed for small companies and not innovative start-ups. As noted in the MY-GATEWAY In depth country analysis, Romania has SME Initiative Romania, which is a joint EIB Group/EC financial instrument launched to address financial constraints faced by European SMEs and national economies slowly recover from the recent economic turmoil.²

The MY-GATEWAY In depth country analysis shows that the access to grants is considered a moderate, major or very severe obstacle by more than half of the companies involved in the survey.³ As such, it presents a topic with significant learning opportunities for the Czech Republic and Romania with Slovenia sharing the lessons learned of setting up the Slovene Enterprise Fund and its financial solutions for start-ups.

Additional suggestion: MY-GATEWAY project will compose a "Hitchhiker's guide on procurement opportunities for startups" (December 2018) as well as a face-to-face 2-days "Training programme on public and private funding" (March 2019) that will also supplement this knowledge transfer.

4.2 CEE partners seeking outside support (Weak – Weak combinations)

² MY-GATEWAY "In depth country analysis" (D2.1), p. 18

³ MY-GATEWAY "In depth country analysis" (D2.1), p. 60

With at least two CEE partners highlighting a particular key element of their entrepreneurial/start-up ecosystems as weak, the following combinations inevitably require seeking outside support to help fill the identified gaps of the entrepreneurial/start-up ecosystem:

Ad. WW₁ Establishing spin-offs & spin-outs from universities

University spin-offs & spin-outs transform technological inventions developed from university research that are likely to remain unexploited otherwise. As such, these companies can help generate employment and quality products and services which can also benefit society as a whole. All three CEE partners highlighted this key element as weak in their respective entrepreneurial/start-up ecosystems. The MY-GATEWAY In depth country analysis shows that universities follow the more traditional approach and rarely utilise the bottom up approach.⁴

A Feeling weak

- **Czech case:** There is little motivation for the creation of spin-off companies in the Czech Republic, as there are plenty of job opportunities and good wages. R&D offices of research institutions, with some exceptions, suffer from low or no professional qualifications of the staff.
- **Romanian case:** This area is low in general in Romania, because it lacks proper incentives and intellectual regulations that would clarify who gets what and when. MY-GATEWAY In depth country analysis mentions that according to European Commission Report, there is very limited evidence of academic spin-offs from universities in Romania, and even less so of successful academic spin-offs, although there are no figures available to support this.⁵
- **Slovenian case:** Legislation obstacles in Slovenia due to which universities cannot be company owners, which is otherwise standard practice in successful, entrepreneurship-focused American and British university centres, should be addressed and eliminated.

Universities can typically contribute to the development of an ecosystem through direct involvement in the creation of spin-offs. However, as the MY-GATEWAY In depth country analysis shows, brain drain, insufficient funding opportunities, and the low

⁴ MY-GATEWAY "In depth country analysis" (D2.1), p. 47

⁵ MY-GATEWAY "In depth country analysis" (D2.1), p. 49

entrepreneurial culture at universities require radical policy actions if the current state of affairs is to change faster.⁶

With this element identified as weak in all three entrepreneurial/start-up ecosystems, there is an apparent need to seek outside support to help fill the identified gaps.

Next steps: MY-GATEWAY project will develop a specific methodology for creating an entrepreneurial – academic connected ecosystem to find value in university R&D (March 2018) which will be advocated in Romania, Slovenia and Czech Republic.

Additional suggestions: In addition to this SOA (P4), leader of the Startup Europe Universities Network may collect existing best practices among the members.

Ad. WW2 Access to business angels

Business angels are affluent individuals who provide capital for a start-up, usually in exchange for convertible debt or ownership equity. Unlike venture capital investors, these private investors not only provide money, but are also generally interested in becoming involved in start-ups by acting as mentors or advisors. Along with capital, they also invest their time as well as provide connections to their larger network in order to help guide the start-ups in their business ventures.

A Feeling weak

- **Czech case:** 13% of respondents received financial support from local business angels or their own networks (so-called 3F: friends, family and fools) (Startup Report 2016); Czech Republic has 5 members of EBAN, all members are accelerator or P2P loans.
- **Slovenian case:** There are too few business angels on the Slovenian start-up scene. Instead of being the driving force, they only contributed \$1.2 million investments in 2017. Therefore, locally available capital is not sufficient to fuel the growth of local start-ups.

B Feeling neutral

- **Romanian case:** There are some angel investor networks doing around 1 million EUR investments yearly and some of them joined EIF projects to bridge between angel and VC.

Czech Republic with total angel investment size of 5 million EUR (2016) and 200 business angels is a bigger player in the early stage investment market compared to Slovenia and

⁶ MY-GATEWAY "In depth country analysis" (D2.1), p. 47

Romania. Still, a lack of early stage angel investments is apparent in all three CEE countries as the MY-GATEWAY In depth country analysis shows.⁷

The MY-GATEWAY In depth country analysis mentions that there are high hopes for growing the angel community and creating new early stage funds, which can support start-ups.⁸ Due to the underdevelopment of angel investing in all three entrepreneurial/start-up ecosystems, there is an opportunity for them to learn from ecosystems where individuals are more eager to invest their own funds in hope of high returns of their investments.

Additional suggestion: MY-GATEWAY should collaborate with NAP – Nordic Angel Programme to better understand the interest of the angel investors and develop connections.

Ad. WW3 Administration

Public administration, which implements government policies, is an inevitable component of any entrepreneurial/start-up ecosystem. As the MY-GATEWAY In depth country analysis argues, nowadays, complicated and time-consuming business registration processes, bureaucracy and tax burdens often force entrepreneurs to set up companies outside of their own country.⁹

A Feeling weak

- **Czech case:** Digitalisation of the state administration. Czech government implements of control reports, EETs, mandatory electronic submissions (and severe penalties for non-compliance) or tightening of VAT registrations. According to the World Economic Forum, the Czech Republic has the highest bureaucratic burden in Europe. For example: obtaining a building permit lasts 247 days. The Czech Republic reached 165th place in 185 countries in the Doing Business ranking, published by the World Bank.
- **Romanian case:** Bureaucracy is complex, people are reluctant of dealing with it and many start-ups are considering to incorporate abroad; even if bureaucracy is not considered an obstacle in opening a company it becomes once you start running the company.

⁷ MY-GATEWAY "In depth country analysis" (D2.1), p. 22

⁸ MY-GATEWAY "In depth country analysis" (D2.1), p. 26

⁹ MY-GATEWAY "In depth country analysis" (D2.1), p. 53

B Feeling neutral

- **Slovenian case:** Slovenia feels neutral in respect of the administration, however as indicated in the MY-GATEWAY In depth country analysis the public administration is often considered as inefficient.¹⁰

Bureaucracy was indicated by start-ups involved in the project MY-GATEWAY interviews as the main obstacle that entrepreneurs face in their respective countries.¹¹

The challenges presented by public administration and bureaucracy in all three CEE entrepreneurial/start-up ecosystems, require measures, such as e-government solutions, that can help public administration and authorities be perceived by start-ups more as service providers than controllers.

Additional suggestion: CEE partners of MY-GATEWAY project are open to the discussion with the Startup Europe Unit to provide valuable contribution to policy actions and trainings that can help start-ups understand the public administration aspects of their businesses.

Ad. WW4 Tax rates

Tax rate is the ratio at which a business is taxed and defines the tax burden together with other factors, such as income level and jurisdiction. Taxation in general does not only greatly and directly affect how start-ups do their business, but it may also effect any investment decision, thus understanding taxation obligations is highly important for start-ups.

A Feeling week

- **Czech case:** According to OECD CZ businesses spend 248 hrs/year as a time for: prepare, file and pay the corporate income tax, value added or sales tax, and labour taxes, including payroll taxes and social contributions. We have one of the higher social security contribution payable by employer in EU. The Czech Republic had the 7th highest tax wedge among the 35 OECD member countries in 2017. Registration for VAT payroll (if turnover exceeds 1 M CZ crowns) comes with problems for small companies with high administration (it can take up to 6 months) and especially for voluntary registration. No special rates for start-ups or investors into start-ups (like in Italy - Business Angel Act).

¹⁰ MY-GATEWAY "In depth country analysis" (D2.1), p. 54

¹¹ MY-GATEWAY "Report on the interview results" (D2.3), p. 31

- **Slovenian case:** In Slovenia, capital reinvestments are not encouraged. In addition, as shown in the MY-GATEWAY In depth country analysis stock options are prohibitively expensive and stock deals are taxed in full.¹²

B Feeling neutral

- **Romanian case:** The tax rates in Romania are good per revenue/profit and the new law of quarterly dividends helps founders. In addition, fiscal codes are changing every year with major impact on the cash flow, predictability and medium term strategy.

Tax rates provide yet another area, where the three CEE entrepreneurial/start-up ecosystems could learn from other entrepreneurial/start-up ecosystems on how to improve framework conditions for start-ups. It should be of utmost priority for the three CEE entrepreneurial/start-up ecosystems to introduce (additional) tax relief for investors into start-ups by following the examples of SEIS and EIS schemes from the Great Britain and introducing tax relief for young innovative companies, such as tax deferral following the example of Estonia, where the tax on profits is paid for the first time at the first dividend payment. In addition, the tax burden on salaries, which is the reason why young capable talent prefers to choose jobs abroad, should be reduced.

Additional suggestion: CEE partners of MY-GATEWAY project are open to the discussion with the Startup Europe Unit to provide valuable contribution to policy actions.

Ad. WW5 Access to international markets

Access to international markets can provide start-ups with valuable learning opportunities and with new ideas and networks that can support their innovation processes. Thus, the access to international markets can help significantly increase the market size and the performance of start-ups.

A Feeling weak

- **Czech case:** According to SME Performance Review is Czech Republic under EU average in Internationalisation; According to SBA 2017 Factsheet: Based on data from 2013, Czech SMEs are the second worst in the EU for extra-EU exports. Limited exposure to international markets is considered in the MY-GATEWAY In depth country analysis as one of the common obstacles faced in the Czech Republic.¹³ On the other hand, CzechInvest with its CzechAccelerator provides selected companies

¹² MY-GATEWAY "In depth country analysis" (D2.1), p. 53

¹³ MY-GATEWAY "In depth country analysis" (D2.1), p. 54

with office space and other services in Silicon Valley, New York, London or Singapore for 3 months as described in detail in the MY-GATEWAY In depth country analysis.¹⁴

- **Romanian case:** In Romania, there is an apparent need for more connections and network in bigger markets.

B Feeling neutral

- **Slovenian case:** Slovenia has cases of start-ups with great international success, however much can be done to improve the access to international markets systematically.

Although there is much that the three CEE entrepreneurial/start-up ecosystems can learn from each other in terms of access to international markets, particularly from the Czech case of providing start-ups a direct access to some of the most vibrant international start-up hubs, outside ideas and support on how to better assist local start-ups with their internationalisation endeavours can help immensely, especially when considering the fact that most CEE countries are not helped by their size: as MY-GATEWAY In depth country analysis shows, their domestic markets are generally too small to support the development of start-ups after a certain stage.¹⁵ Moreover, it is important to emphasise the Made in Romania project, which is an initiative that could facilitate access to international markets in order to exchange ideas and lessons learnt together with the Czech Republic.

Next steps: MY-GATEWAY project will address this need with several actions in the upcoming period such as “Access to finance workshops” where the focus should be the Access to International Markets.

Additional suggestion: MY-GATEWAY project should set up collaboration with SoftLanding and Startup Lighthouse projects and the startups & ecosystem builders from the CEE region should participate in their activities (e.g. soft-landing missions and the deep dive weeks).

¹⁴ MY-GATEWAY “In depth country analysis” (D2.1), p. 19

¹⁵ MY-GATEWAY “In depth country analysis” (D2.1), p. 46

4.3 Opportunities for sharing CEE partners' best practices (Strong – Strong combinations)

With at least two CEE partners highlighting a particular key element of their entrepreneurial/start-up ecosystems as strong, the following combinations provide opportunities for transferring knowledge of the involved CEE partners to other CEE countries and beyond:

Ad. SS1 Access to crypto assets (ICOs)

Initial Coin Offering (ICO) are an important new fundraising method centred around cryptocurrency, which can be a source of capital for start-up companies. In an ICO, a quantity of the crowdfunded cryptocurrency is sold to investors in the form of "tokens", in exchange for legal tender or other cryptocurrencies such as bitcoin or ethereum. As explained in the MY-GATEWAY In depth country analysis, ICOs provide a means by which start-ups avoid costs of regulatory compliance and intermediaries, such as venture capitalists, bank and stock exchanges, while increasing risk for investors.¹⁶

The MY-GATEWAY In depth country analysis argues that the CEE region seems overrepresented on the global ICO map. With more than \$1.2 billion raised in 2017 by companies registered or founded in it, the region now accounts for more than 20% of the global ICO market – compared with an insignificant proportion of the venture market.¹⁷

A Feeling strong

- **Czech case:** Czech Republic is one of the most "connected" to the cryptocurrency countries. In August 2017, the Czech National Bank issued a statement urging banks not to fear bitcoin and calling Prague "home for cryptocurrency users." At the end of the publication, it was concluded that one should not be afraid of traditional monetary system of the country being replaced "with a fixed money alternative."¹⁸
- **Slovenian case:** Slovenia is often referred to as the ICO Capital of the world. It has the highest concentration of experience with blockchain in the world. Start-ups founded by Slovenians at home and abroad raised a record-breaking \$140 million in 2017 as they took full advantage of the cryptocurrency craze, show fresh data by Silicon

¹⁶ MY-GATEWAY "In depth country analysis" (D2.1), p. 16

¹⁷ MY-GATEWAY "In depth country analysis" (D2.1), p. 25

¹⁸ <https://prague.bc.events/en/news/chehiya-i-bitkoin-kak-respublika-stala-krupneyshim-kriptoalyutnim-habom-evropi-85399>

Gardens, a community connecting Slovenian start-ups. Start-ups which sought to raise capital in initial coin offerings (ICO) are responsible for \$80m or more than half of the total capital raised (Origintrail, which raised \$22 million in an ICO, Tokens and cofound.it, which raised \$15m each). Venture capital added \$48 million.

B Feeling neutral

- **Romanian case:** On February 6 2018, the National Bank of Romania (BNR) issued a statement in which it classified cryptocurrencies as speculative assets, extremely volatile and risky, therefore it discourages any kind of involvement in virtual currencies, including the provision of services for entities which offer investment or transaction services for these currencies. Still, as the MY-GATEWAY In depth country analysis shows, the ICO investment in Romania is a growing trend with 6 fundraising ICO projects already executed.¹⁹

Czech Republic had 10 ICOs with the average quality of 2.72 rating according to icobench site. Romania had total 6 ICOs with the average quality of 3.08 and Slovenia had 20 ICOs with the average quality of 3.59. If we consider the population of each country, Slovenia shows 5 times better performance in number of ICO companies than Czech and 17 times better than Romania according to the MY-GATEWAY In depth country analysis.²⁰

As global role models, the three CEE entrepreneurial/start-up ecosystems have much to offer to other CEE ecosystems and beyond when it comes to sharing skills and experience on how to successfully raise funds with methods centred around cryptocurrencies.

Next step: These experiences might be collected and shared with other ecosystem in the CEE region and the members of the Balkan Committee (Macedonia, Bosnia and Herzegovina, Serbia) upon request.

Ad. SS2 Access to crowdfunding

The MY-GATEWAY In depth country analysis explains that the crowdfunding works on the principle that people contribute smaller or larger amounts to a particular project. However, the donor receives either a reward (e.g. a start-up product) or a stake in the company for its contribution.²¹

¹⁹ MY-GATEWAY "In depth country analysis" (D2.1), p. 8

²⁰ MY-GATEWAY "In depth country analysis" (D2.1), p. 29

²¹ MY-GATEWAY "In depth country analysis" (D2.1), p. 25

A Feeling strong

- **Czech case:** There have been several platforms in the Czech Republic in recent years, such as HitHit, Starter, and Fundlift having the greatest success. The first online portal Startovac.cz was established in 2015. Over 150M CZK (7 million EUR) were invested through biggest portal Fundlift in the Czech Republic in one and a half years of its existence. Through P2P platform Zonky people invested almost 7 million EUR in 2017.
- **Slovenian case:** Slovenia is an absolute regional leader in crowdfunding, which represents 80 per cent of all financial means. In 2016, Slovenian start-ups launched 80 campaigns on crowdfunding platforms Kickstarter, Indiegogo and Adrifund. They sought a combined 1.3 million EUR but got 1.8 million EUR. Almost 40% of campaigns were successful.

B Feeling neutral

- **Romanian case:** There are 8 crowdfunding platforms in Romania with one of them dedicated to tech start-ups (Startarium). It is not very active and does not have enough relevant results. In 2018, Impact Hub started a public campaign to raise awareness about crowdfunding with SPHERIK helping them disseminating the know-how.

With their start-ups having great success in raising funds through crowdfunding, the three CEE entrepreneurial/start-up ecosystems have reasonable knowledge on what works and what does not in the world of crowdfunding. This knowledge can be utilised by transferring the best practices of crowdfunding to other CEE countries and beyond.

Next step: These experiences might be collected and shared with other ecosystem in the CEE region and the members of the Balkan Committee (Macedonia, Bosnia and Herzegovina, Serbia) upon request.

4.4 Facilitating connections between relevant stakeholders

In order to improve the framework conditions for start-ups and other start-up stakeholders in their respective ecosystems and to better promote external knowledge spillovers, this report proposes steps that can be taken to further facilitate connections between CEE partners as well as CEE partners and other organisations in the CEE region and beyond.

To go beyond mere sharing of knowledge and experience and in order to build comprehensive solutions and sustainable linkages among relevant start-up stakeholders, this report suggests actions that are summarised below:

- where a potential for learning is identified between CEE partners, workshops on the relevant topics can be organised in order to facilitate the drafting of policy recommendations of measures for tackling obstacles that interfere with the key elements of the entrepreneurial/start-up ecosystems;
- establishing cross-regional acceleration programmes that build on strengths of each of the CEE partners' entrepreneurial/start-up ecosystem and thus support start-ups in their scaling and internationalisation endeavours;
- "stepping up the game" of CEE partners in their collaboration efforts with Startup Europe Partnership 2.0 and other relevant partnerships to gain critical knowledge in accessing funding opportunities, such as stock markets;
- leveraging networks of all CEE partners by seizing networking opportunities in order to pave the way for joint activities that can bring new insights and ideas for improving the key elements of the entrepreneurial/start-up ecosystems.

5 Conclusion

In order to address the shortage of networking/partnering opportunities and the difficulties to access finance within and beyond the three CEE ecosystems, MY-GATEWAY identified access to finance from outside their own ecosystems as one of the biggest challenges for CEE start-ups.

To go beyond mere creating of connections with other ecosystems and in order to facilitate learning from each other and strengthening the position in the CEE, the MY-GATEWAY consortium organised a specific meetup on Wednesday, June 27, 2018 in Prague where the partners identified and shared best practices of start-up support with the focus on the barriers of access to finance from various local and foreign “funding suppliers”.

By comparing the key elements of the entrepreneurial/start-up ecosystems, we identified the following combinations and key learning opportunities:

- ***Weak – Strong combinations which provide the biggest opportunity for mutual learning between CEE partners are as follows:***
 - Access to stock markets (IPO)
 - Access to public grants (national)
- ***Weak – Weak combinations which inevitably require seeking outside support to help fill the identified gaps of the entrepreneurial/start-up ecosystems are as follows:***
 - Establishing spin-offs & spin-outs from universities
 - Access to business angels
 - Administration
 - Tax rates
 - Access to international markets
- ***Strong – Strong combinations which provide opportunities for transferring knowledge of the involved CEE partners to other CEE countries and beyond are as follows:***
 - Access to crypto assets (ICOs)
 - Access to crowdfunding

The comparison of key elements of the entrepreneurial/start-up ecosystems also highlighted other learning opportunities for improvements of the entrepreneurial/start-up ecosystem either within the CEE partners or with potential outside support that can facilitate the process of fine-tuning certain aspects.

This document will serve as an input to Task 3.2.2 of the project MY-GATEWAY, during which the project consortium will develop the MY-GATEWAY Funding Template to facilitate access to finance for start-ups in MY-GATEWAY's ecosystems and beyond.

6 Resources

1. Entrepreneurial Ecosystem Diagnostic Toolkit, Entrepreneurial Ecosystem Diagnostic Toolkit, Aspen Network of Development Entrepreneurs (December 2013)
2. MY-GATEWAY "In depth country analysis" (D2.1)
3. MY-GATEWAY "Report on the interview results" (D2.3)
4. Input provided by MY-GATEWAY CEE partners during their presentations at the MY-GATEWAY Meetup in Prague on June 27, 2018
5. Input provided by MY-GATEWAY CEE partners with the CEE Entrepreneurial/Start-up Ecosystems Comparison tool