

BALTIC STARTUP SCENE

REPORT 2017-2018

FIND OUT:

The Biggest
Funding Deals

The Most Active VCs
in the Baltics

Hand-picked Startups
to Watch

Inspiring Corporate
Innovation Cases

And more...

LONGER READS ON:

How tech runs
deep in Latvia

How Lithuanians have managed
to raise 500M in ICOs

How digital nomads praise
e-residency in Estonia



P U R P O S E

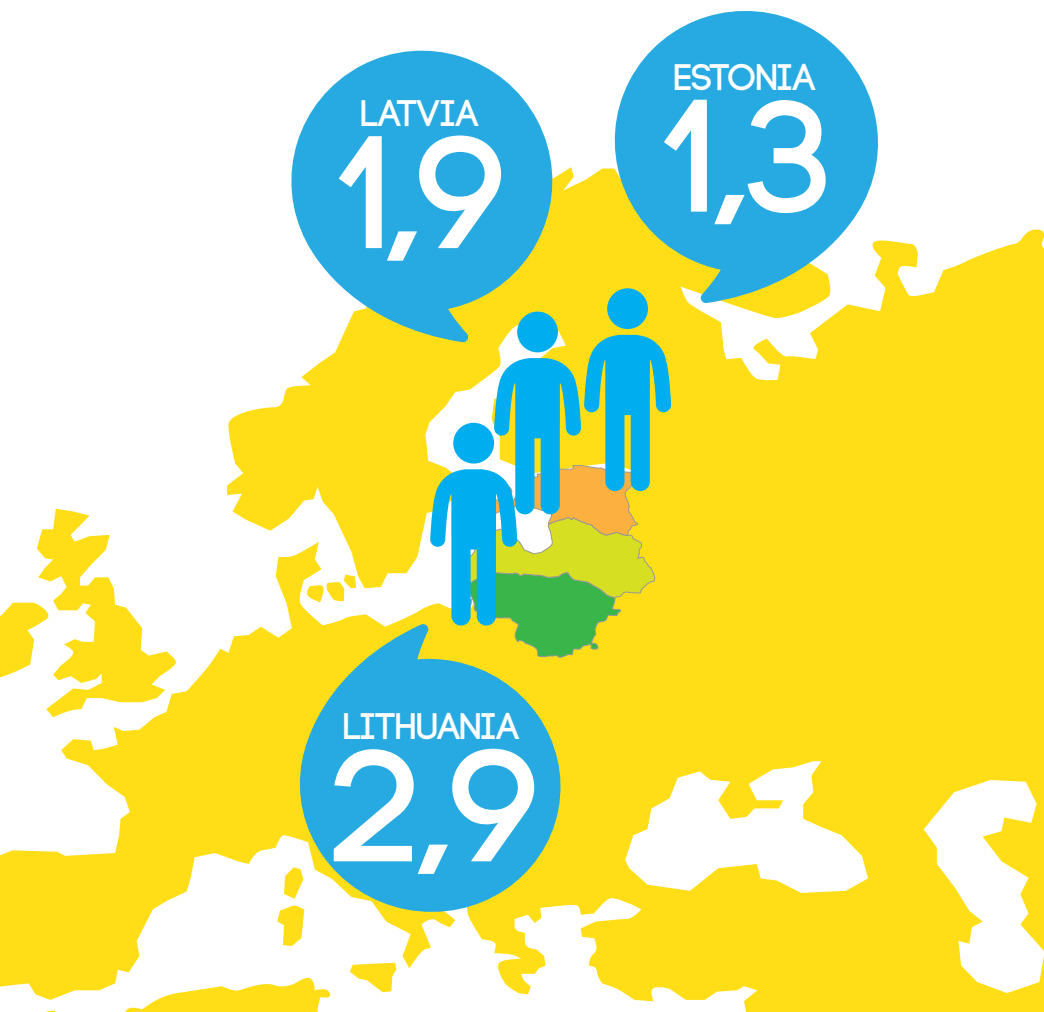


"The Baltics is one of the most actively developing regions we've seen in recent years, and that's because the ecosystem is quite advanced and in a stage where all the actors needed are there - you've got the VCs, the banks, the founders, the universities, and you've got markets where you can test-trial any viable products."

Fabio Pianesi

Research Director at EIT Digital

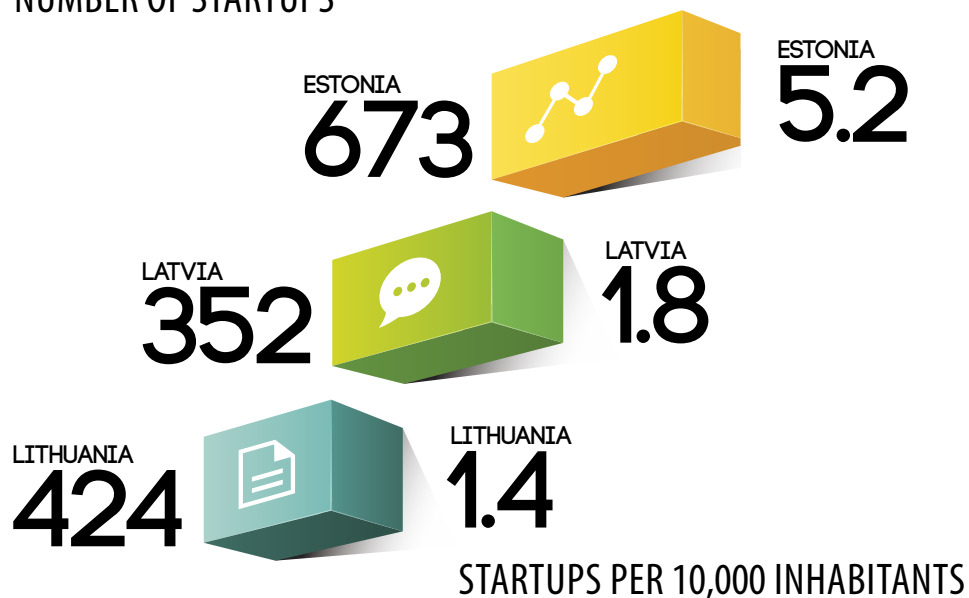
The Baltic startup ecosystem is often lauded as a booming space, filled with perspective and tech talent. While each country of the Baltics - Estonia, Latvia, Lithuania - has conducted its own research into its startup ecosystem, it is rarely analyzed as a whole, and benchmarked against surrounding regions. By understanding where the Baltics stand compared to neighbouring regions, such as the Nordics and Central and Eastern Europe, we're able to provide more precise insight to the state of the region, its progress, its potential, and ultimately, it's status in the world of startups. This report, created by EIT Digital in collaboration with Startup Wise Guys, aims to provide of the state of the Baltics in startups to any onlookers, as well as participants of that ecosystem themselves. This will let us make better judgments about investments and possible growth channels for Baltic startups and scale ups.



BAL-TICS IN A NUT-SHELL

POPULATION (IN MILLIONS)
TOTAL BALTIC POPULATION - 6.1 MILLION

NUMBER OF STARTUPS



INVESTMENT PER CAPITA (2017)

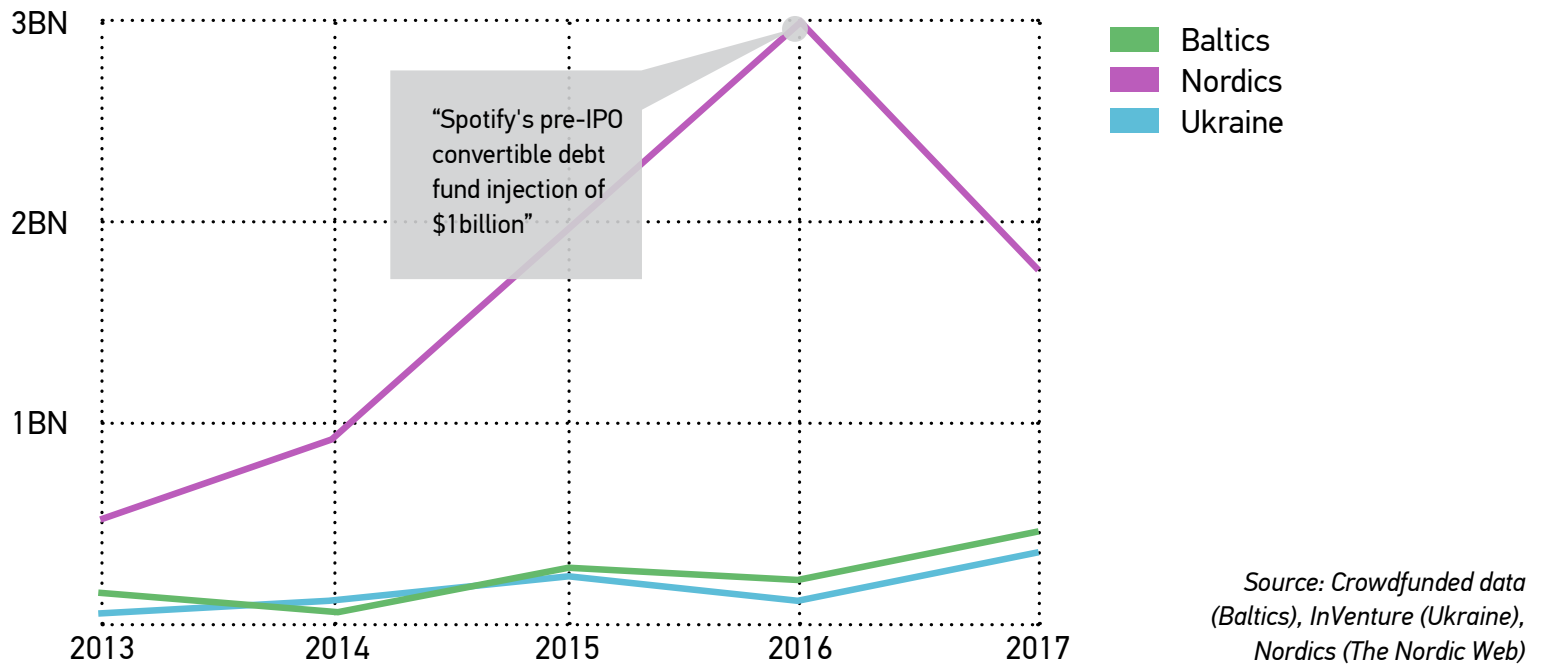
	TOTAL (EUR IN MILLIONS)
Estonia	271,4
Latvia	62,2
Lithuania	18,5
	POPULATION (MILLIONS)
Estonia	1,3
Latvia	1,9
Lithuania	2,9
	PER CAPITA (EUR)
Estonia	208
Latvia	32
Lithuania	6

Interesting fact:

Estonia is an outlier in terms of raised investment per capita in 2017 - 208, performing and raising incredible amounts, when compared to other regions. As a whole it brings up Baltic performance to 57,56 eur per capita, not far off from the Nordics' 80,71 per capita. CEE (Central and Eastern Europe), with a significantly larger population, is left in the dust with 8,31.

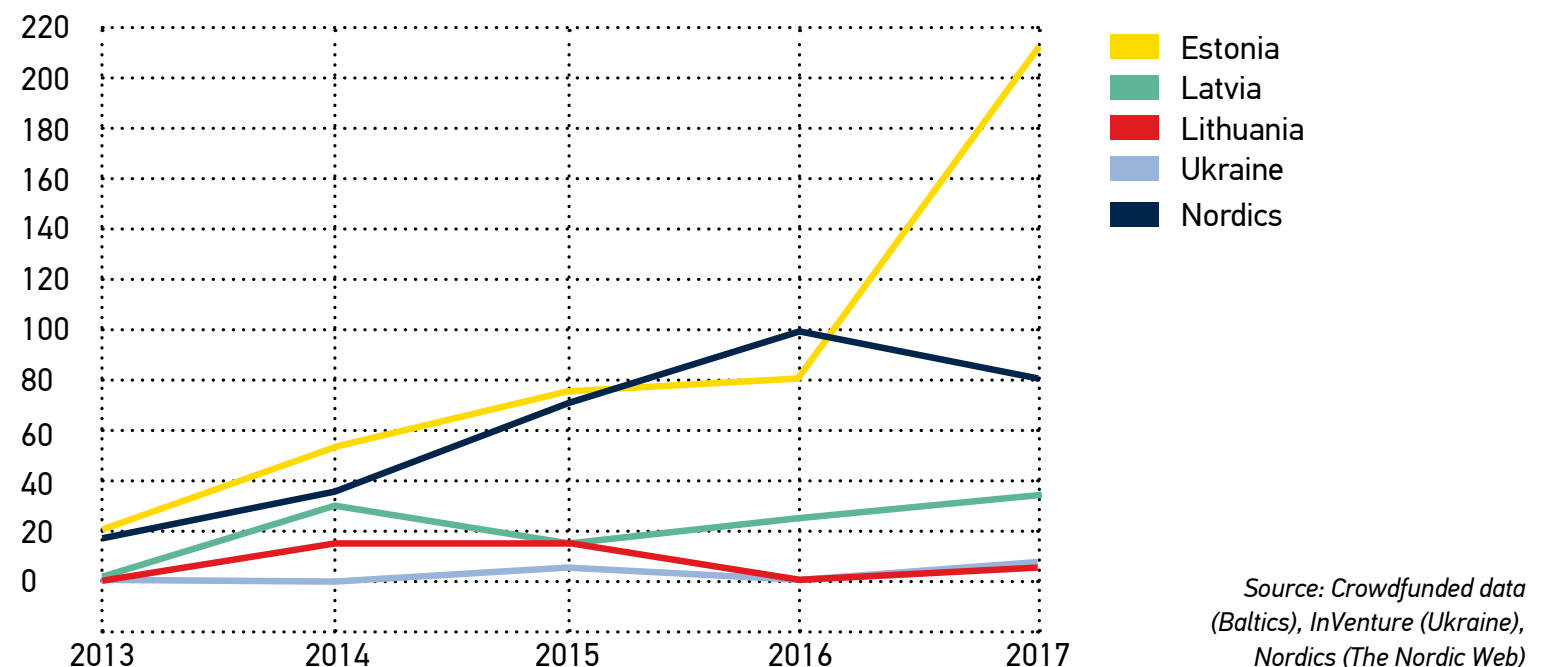
Source: Crowdsourced data, thenordicweb.com, 150sec.com

FUNDING GROWTH OVER THE LAST 5 YEARS



In 2017 the Baltics experienced a noticeable jump in funding, while the Nordics and CEE experienced a slight decrease. The Nordic decrease is simply a result of a lack of high profile funding (Sweden's Spotify IPO greatly increased that year's statistics) in 2017. The Baltic's increase, though each country experienced growth, has the noticeable jump thanks to a funding round for now-unicorn Transferwise.

FUNDING GROWTH OVER THE LAST 5 YEARS - PER CAPITA (EUR)



When comparing the Baltics to the nearby regions, namely the Nordics and Central and Eastern Europe (CEE), we can observe that as smaller countries, the Baltics have smaller investment amounts. However when comparing per capita data, they often meet or even exceed neighbouring region statistics. Estonia especially stands out as a country with a very small population, yet high amounts of funding.

BIGGEST DEALS

INTERESTING FACT:

While Switzerland is the leading country with the most ICOs occurring within Europe, Lithuania is following in its footsteps with already 220mn EUR in Q1 of 2018 recorded by the Bank of Lithuania.

Estonia

Transferwise - 237,800,000

Taxify - 151,970,000

Skeletontech - 40,000,000

Pipedrive - 70,031,000

Starship - 39,900,000

Monese - 66,224,449

Latvia

BitFury - 106,164,030

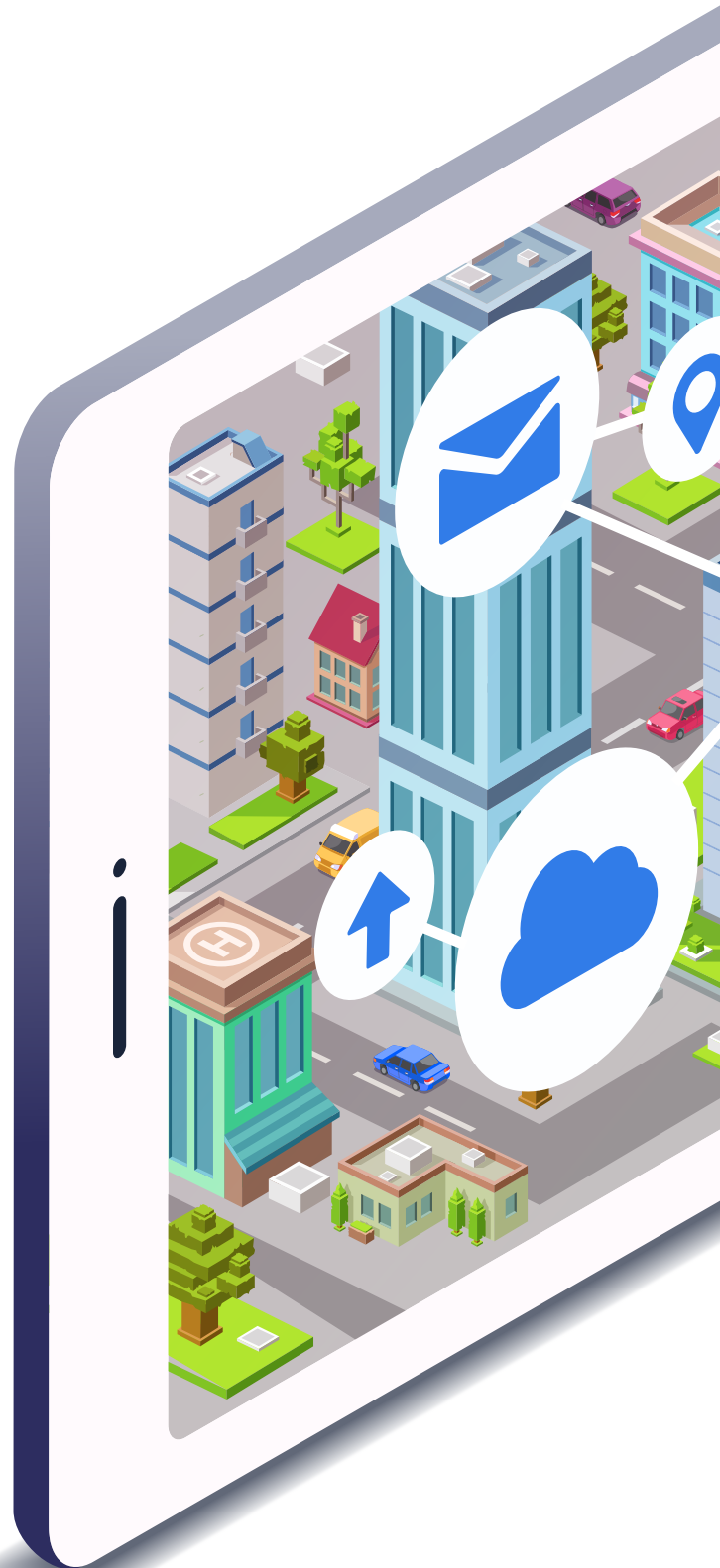
CreamFinance - 27,200,000

Lithuania

Vinted - 49,756,329

GetJar - 31,500,000

yPlan - 31,400,000



INITIAL COIN OFFERINGS (ICO)

FUNDS RAISED THROUGH ICOS IN EUR
(UP TO MAY, 2018)

Estonia	350M
Latvia	28,65M
Lithuania	500M
Baltic countries	878.65M
Poland	59.5M
Nordic countries	33 M

The Baltics as a whole are evidently more active in raising funding via ICOs than the surrounding regions, particularly in Lithuanian and Estonia. This heightened success can be partially attributed to Estonia's already existing blockchain-based e-residency system, and Lithuania's crypto-friendly fintech regulations.

Source: ICO Bench, Crowdsourced data, Tech.eu, E&Y



STARTUP FUNDING IN THE BALTICS

VC FUNDS

Ambient Sound Investments

***BaltCap**

***Buildt**

Capitalia

***Change Ventures**

Commercialization Reactor
Fund

Contrarian Ventures

***Contriber Ventures**

Expansion Capital

Flycap

Goldfish fund

***Imprimatur Capital**

iTech Capital

*** Karma Ventures**

LitCapital

*** Livonia Partners**

NCH Group of Funds

Nextury Ventures

Open Circle Capital

Overkill Ventures

***Practica Capital**

***Proks Capital**

RubyLight

Smartcap

***Spring Capital**

Superangel

***Tera Ventures**

Trind Venture

***United Angels VC**

***Wise Guys Ventures**

ZGI Capital

BUSINESS ANGELS

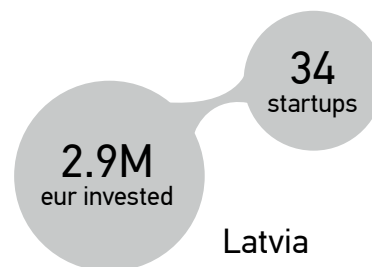
MEMBERS OF BUSINESS ANGEL ASSOCIATIONS

125 Estonia

75 Latvia

66 Lithuania

BUSINESS ANGEL INVESTMENTS IN 2017

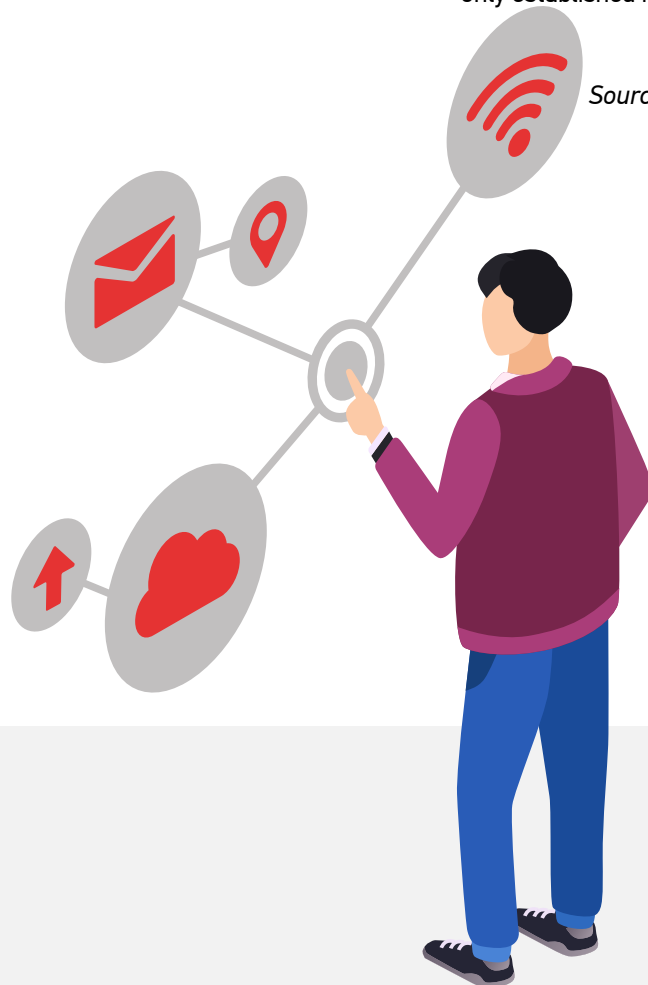


Average investment per project: 104 600 eur

Average investment per project: 85 000 eur

Lithuania - data not available, as LitBan was only established in 2018

Source: EstBAN, LatBAN, LitBan



INTERESTING FACT:

Average investment size from Baltic Business Angels in 2016 was 2.01 EUR per capita. This is higher than both Poland (0.33 EUR per capita) and the CEE region (0.62 EUR per capita). Estonia ranges at 6.73 EUR per capita, while Latvia follows at 1.24 EUR and Lithuania - 0.38 EUR.

Source: EWDN CEE Report

STARTUP ACCELERATORS*



STARTUP WISE GUYS

2012 - ongoing

7 programs, 73 accelerated startups

B2B focus

Privately funded



SUPERANGEL

2018 - ongoing

partly EU funded



BUILDIT

2013 - 2017

7 programs, 38 accelerated startups

Hardware

Privately funded



STARTUP WISE GUYS

2016 - ongoing
4 programs, 27 accelerated startups
B2B & Fintech focus
Privately funded



COMERCIALIZATION REACTOR

2009 - ongoing
40 accelerated startups



BUILDIT

2018 - ongoing
IoT & Hardware focus
partly EU funded



OVERKILL

2018 - ongoing
Smart workplace focus
partly EU funded



BALTIC SANDBOX ACCELERATOR

2018 - ongoing
SaaS & Fintech focus
Privately funded



70 VENTURES

Launching in 2019
partly EU funded



STARTUP WISE GUYS

Launching in 2019
Fintech, ICT, Blockchain, CyberTech,
DeepTech focus
partly EU funded

* List of accelerators that provide investment and run acceleration programs for startups. There are plenty more incubation and pre-acceleration possibilities for startups in the Baltics that are not listed here.

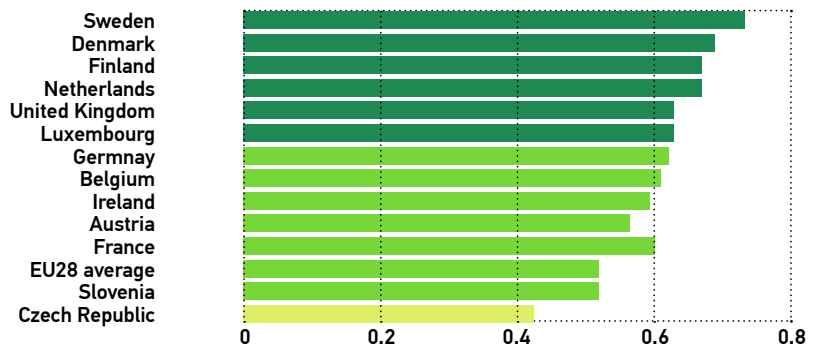
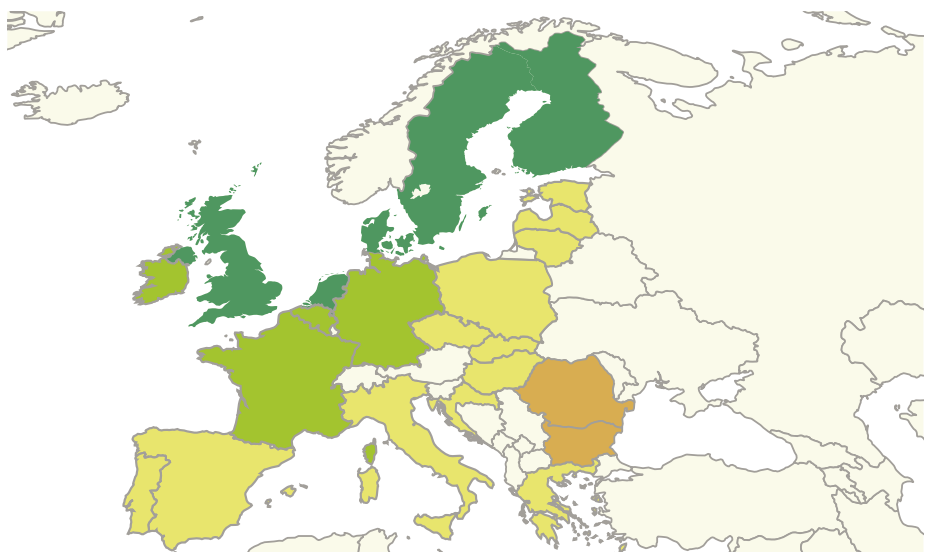
Source: Accelerator websites, PitchBook.com



CORPORATIONS + STARTUPS

According to the European Innovation Scoreboard, all Baltic countries are considered Moderate Innovators, compared to the Nordics that fit into the category of Innovation Leaders. Although this scoreboard depicts innovation in the SME sector, some similarities can be drawn in terms of startup and corporation collaboration. Apart from some long-term strategic collaboration cases between banks, telcos, tech companies and startups, most corporate innovation in Baltics still fall into the category of shorter-term and curiosity-driven activities such as hackathons, startup competitions, support to existing innovation platforms or NGOs and similar, and mostly based on internal resources such as innovation teams, intrapreneur programs, internal R&D projects. There are only few cases, where enterprises work with startups by investing, piloting or buying their services. It is probable that the more Baltic startups mature, the stronger and higher level the collaboration with corporations will be.

CORPORATE INVOLVEMENT/INNOVATION
European Commission Innovation Scoreboard 2017





EXTERNAL

ACCELERATORS:

Wise Guys Fintech accelerator

In 2018 Startup Wise Guys accelerator partnered up with Swedbank to run the first Fintech accelerator program in the Baltics. In addition to classic 3 months mentoring program and seed funding, 10 Fintech startups also got access to bank's premium APIs, customers, and mentors. Currently second Fintech program is about to start in late fall 2018. While bank offers various benefits and potential piloting, this is not a corporate accelerator program as it is run by an external party, namely, Startup Wise Guys.

OPEN INNOVATION & INTERNAL ACCELERATORS:

VUNK by Telia

This corporate startup program has evolved from a hackathon and classic accelerator bootcamp to a case-by-case piloting with more mature startups disrupting smart cities, e-commerce and wellness industries. Program offers market access, integration with Telia APIs, incubation, office space, and mentoring.

Open Banking

PSD2 regulation has span Open Banking initiatives by almost all banks in the region. Apart from online API access for developers, SEB bank has gone further to organize a series of Fintech hackathons together with Garage48 and launching Innovation Center, whereas Swedbank has created a co-working for Fintech startups at their Riga HQ.

COLLABORATION PLATFORMS:

Level 11

Level 11 is a collaboration between Startup Estonia along with several private businesses. It is a program that aims to bring together startups with corporates to fuel innovation. They boast a membership of over 130 startups and 400 corporates, and offer events, mentoring, acceleration, matchmaking, and innovation audits.

Demola

International innovation platform Demola is active in Latvia and Lithuania. Creative students are paired up with representatives of companies and organisations to tackle their challenges and offer solutions. In both countries on average 150 international students from various universities are involved in the modern problem-solving annually.

CORPORATE VC FUNDS:

Lietuvos Energija fund

State managed energy company Lietuvos Energija runs Energy venture capital fund, which also happens to be the first corporate VC fund in the Baltics. It is a combination of a fund and acceleration program for specifically energy-centric startup ideas. Selected teams receive seed funding after the pre-seed idea validation round, and eventually, based on a case by case scenario, have additional funding to develop business into a full-fledged innovation. Fund is managed by Contrarian Ventures.

SEB Venture Capital

SEB Group has also launched a corporate VC fund in the fall of 2018, looking at investing in innovative Tech and Fintech startups in the Nordics and Baltics.

LIVING & WORKING IN THE BALTICS

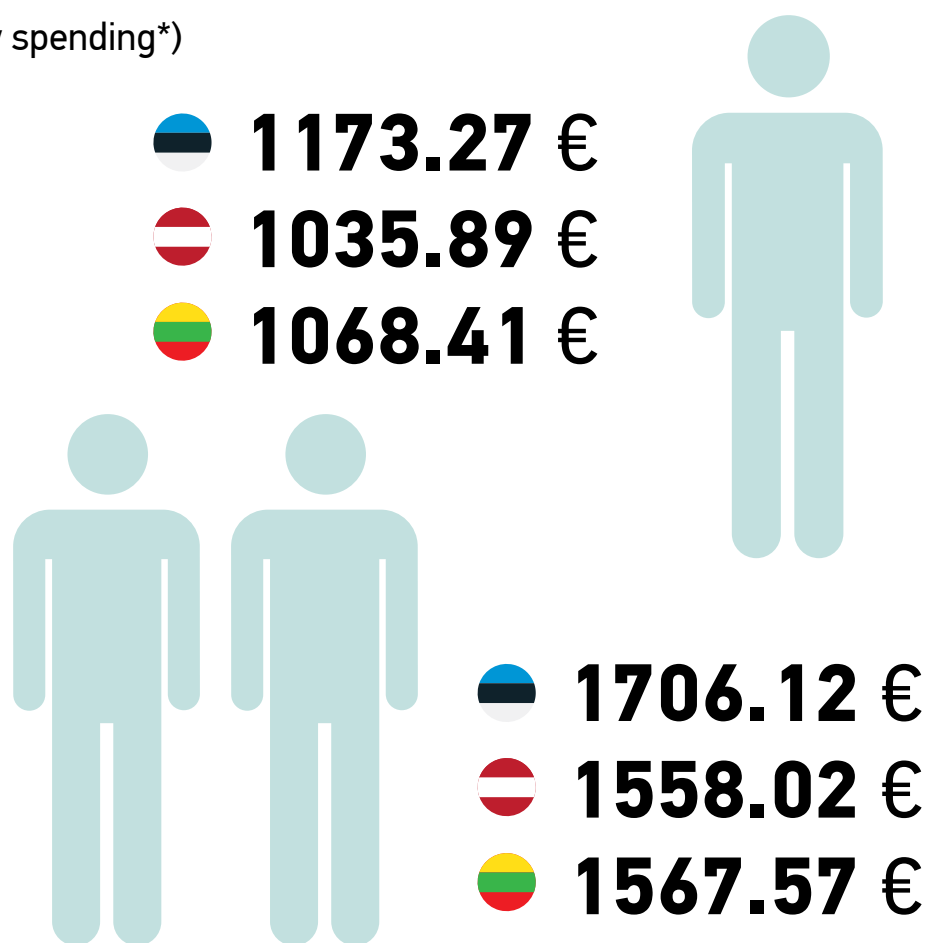
When comparing the cost of living in the Baltics to other countries of Europe, it becomes evident that there are opportunities to be taken advantage of. With rental prices approximately 72% lower than in Oslo, 57% lower than in Berlin, and 81% than in London, it is possible to significantly reduce day to day living costs. This becomes particularly advantageous from a startup perspective, where every cent counts. With the combination of a well-connected airport and central location, it could be considered ideal for early stage startup development and testing.

Cost of living

Monthly expenses (moderate/low spending*)

INTERESTING FACT:

Average monthly expenses for a single person with a "startup-y" lifestyle in the Baltics = 1093 EUR



Source: Numbeo.com

* These calculations are based on Numbeo.com algorithms and assumptions about a lifestyle that includes: renting a small apartment outside of the city center, using public transit, not spending much on eating out, leisure, clothing, moderate spending on coffee, alcoholic beverages, travel, and not including child-related expenses.



1093 EUR lasts*

- Baltics: 31 days
- London: 11 days
- Stockholm: 17 days
- Warsaw: 31 days
- Berlin: 19 days
- Kiev: 52 days

Source: Numbeo.com

* This comparison is based on Numbeo.com algorithms, calculating monthly spending for each city using the same lifestyle indicators.

Quality of Life Index

Tallinn ranks 23rd in Europe in terms of quality of life, that is the highest ranking among cities analyzed here, followed by Berlin (27th) and Stockholm (28th). London, on the other hand, ranks below all 3 Baltic capitals. Not only you would burn less cash living in the Baltics, you'd also probably enjoy it more.

Source: Numbeo.com

Running a business

A lack of developers is a global challenge in this technology-heavy society. The Nordics and the Baltics both have high amounts of tech talent available per capita. The Baltics, however, have lower salary points of the two regions, making the main costs of running a business noticeably lower in the Baltics than elsewhere.

AVERAGE SALARIES (EUR)

	AVERAGE GROSS MONTHLY SALARY	AVERAGE GROSS MONTHLY DEVELOPER SALARY	TAX WEDGE ON LABOUR COSTS
Latvia*	1,013	2013	41,9%
Lithuania	885	1846	39,2%
Estonia	1,221	2286	38%
Baltic countries	1,039	2048	39,7%
Poland	1,102	2280	33,7%
Nordic countries	3,970	4095	36,75%
CEE	1,358	1893	38,54 %

*Where salaries for startup employees are concerned, the Latvian government has passed a "Startup Law" that foresees a fixed tax rate on salaries of 253 EUR for a salary up to 4,050 EUR per month

Source: Eurostat, Numbeo.com

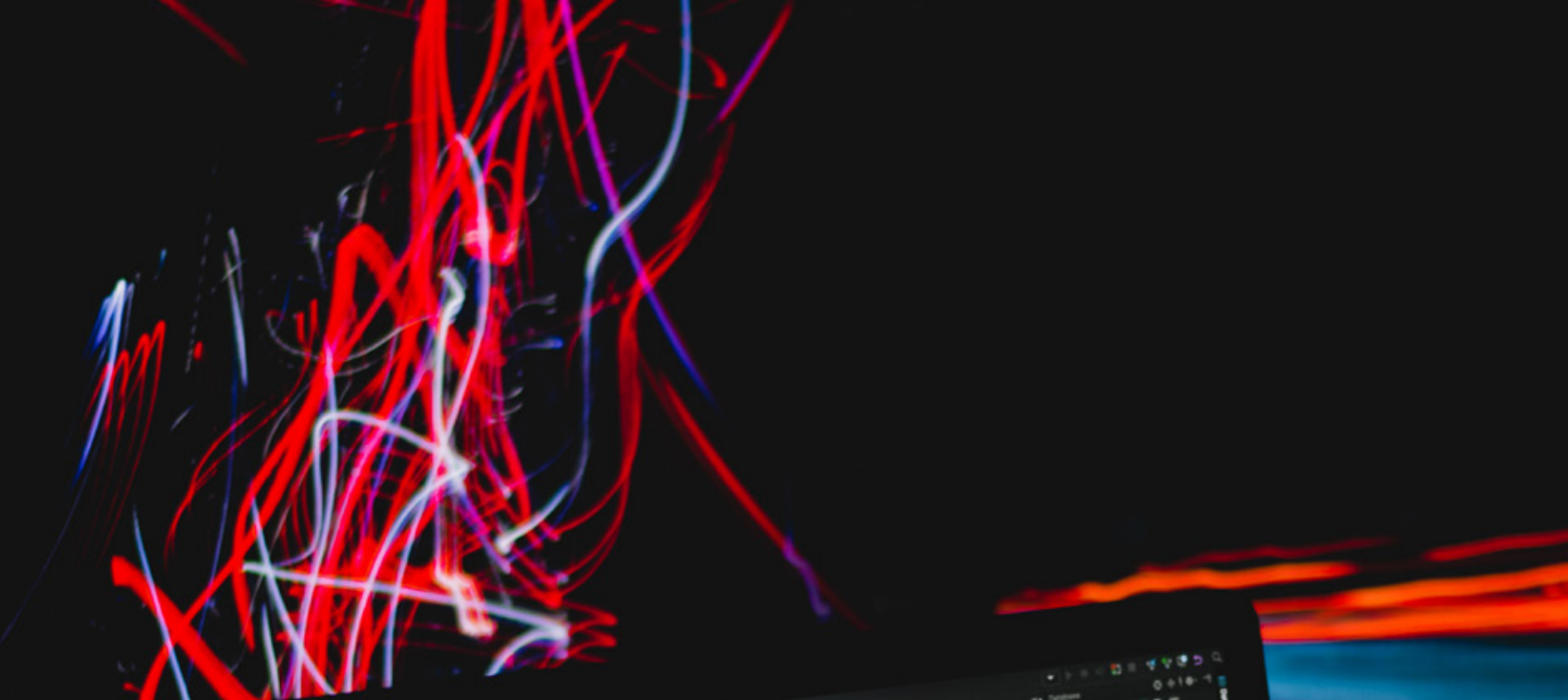
INTERESTING FACT:

All 3 Baltic countries rank rather high on the ease of doing business and ease of paying taxes scale according to Doing Business 2018. In both cases, Estonia, Latvia, and Lithuania are among the top 10, and above the EU average.



Availability of tech talent

While Poland is famous for running R&D centers for large global corporations, they rank at only 6 developers per 1000 inhabitants. Nordic countries, on the other hand, including Finland, Sweden, and Norway, have on average 16 developers per 1000 inhabitants.



AVAILABILITY OF DEVELOPERS

AMOUNT OF EMPLOYED DEVELOPERS CURRENTLY REGISTERED IN NATIONAL EMPLOYMENT AGENCIES

Estonia: **20000**

Latvia: **17531**

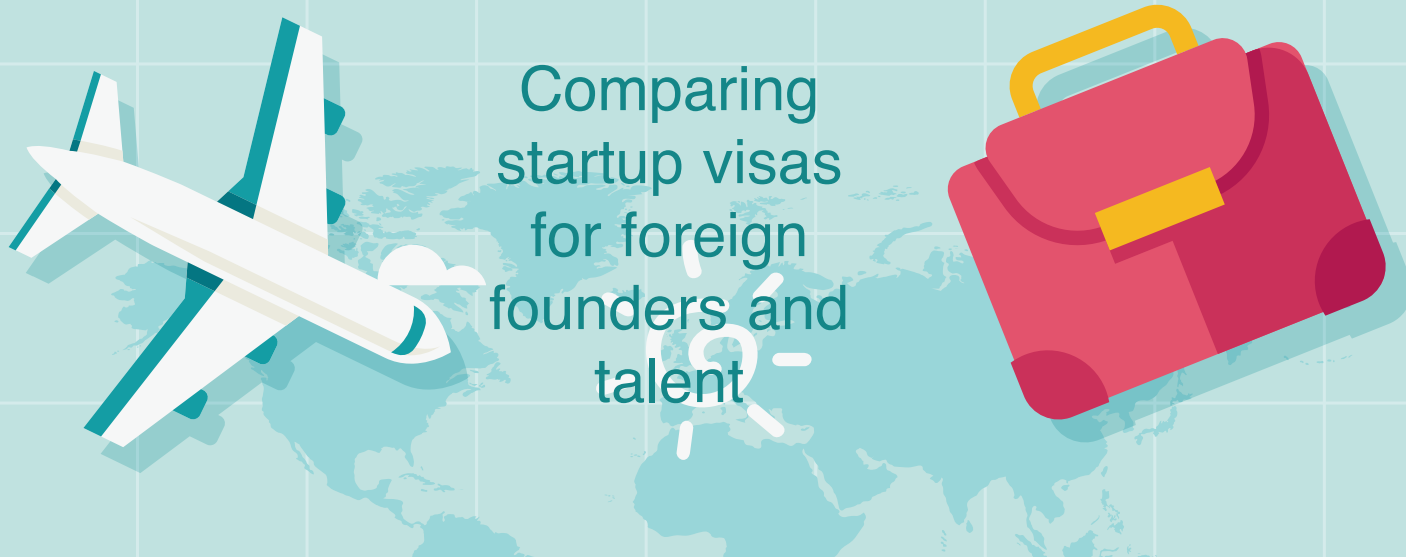
Lithuania: **29347**

Poland: **254 682**

Nordic countries: **433 171**

FOR NON-EU FOUNDERS: STARTUP VISAS

All three Baltic states have identified the need to facilitate the entrance of foreign talent into their countries. With comparatively small populations, specialists must often be sourced from a wider talent pool. As a result, each country has enacted a startup visa (or residence permit), that offers a legal foundation and added perks to work in the country. Here they are, side by side, to get a better idea of the process of each.



	ESTONIA	LATVIA	LITHUANIA
Time it takes to register and receive a decision	1-2 months	30 days	1 month (expedited) - 2 months (regular)
Online application	No	No	Yes
Application 100% in English	Yes	No	Yes
Price of application	60-180 EUR	90.60 EUR	114-228 EUR
Level of innovation will be reviewed	Yes	Yes	Yes
Length of stay	1 year	Max. 5 years	1 year
Length that can be renewed	183 days	5 years	1 year
Interview required	No	No	Yes (video)
Application location	Home embassy, or in Estonia	Home embassy, or in Latvia	Home embassy, or in Lithuania
Amount of financial "buffer" required in bank account	1680 EUR	4560 EUR	Nothing set, you decide how much you'll need
Prior investment necessary	No	No	No

KEEP IN MIND:

ESTONIA:

If you are not residing in Estonia for developing the startup, your visa may be cancelled.

LATVIA

Your startup is required to raise 30.000 EUR within 6 months, and 60.000 EUR within 18 months, from qualified VCs.

LITHUANIA

Your company must be established in Lithuania within 30 days after receiving the residency permit.

Sources: Startup Estonia, Labs of Latvia, Startup Visa Lithuania

REGISTERING A COMPANY IN THE BALTICS

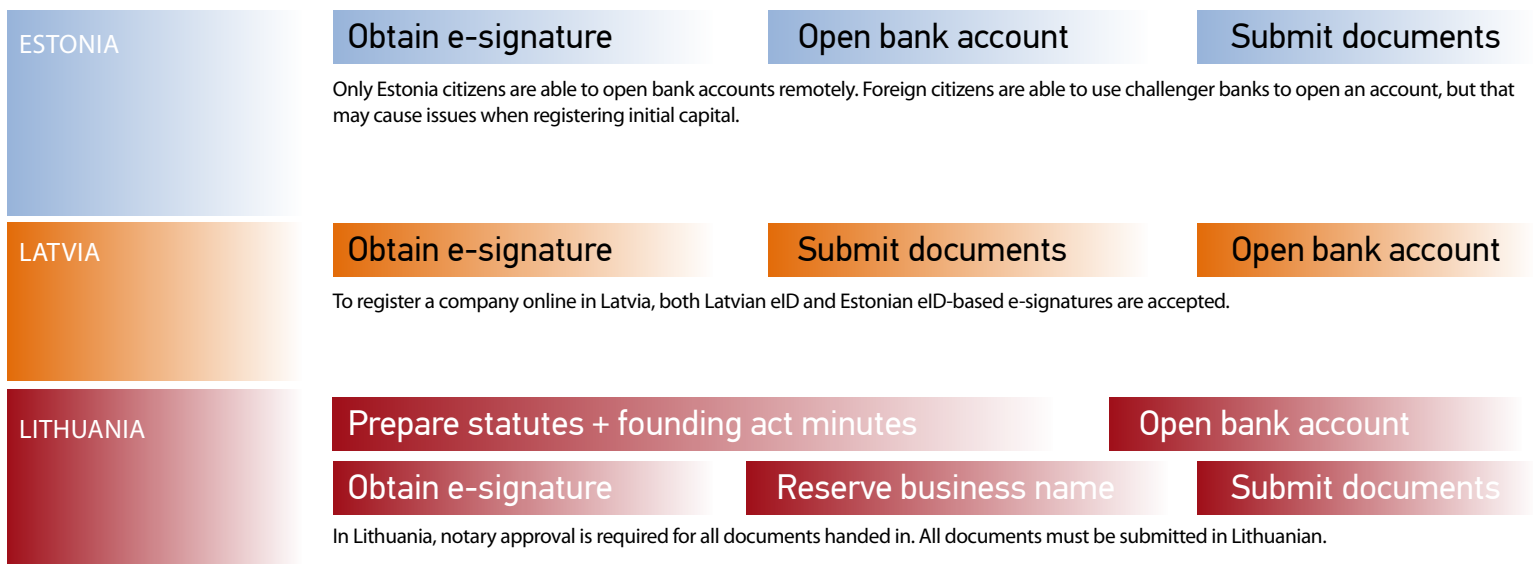
Registering a company within the Baltic states is an incredibly accessible thing to do, even for a non-citizen. With comparatively quick turnaround times and small fees, forming a business is not out of reach.

COMPARING COMPANY REGISTRATION PROCESSES IN THE BALTICS

	ESTONIA	LATVIA	LITHUANIA
Online company registration	Yes (with Estonian eID)	Yes (with any Baltic or EU eID)	Yes (with e-signature)
Open bank account online	Yes, but only for citizens of Estonia (e-residents not included)*	No	No
Notary required?	Not with eID signature	Not with eID signature	Yes
Registration in English, 100%	Yes	No	No
Days to register	3 business hours	1.5-3.5 business days	3 business days
Steps to complete	3	3	5
Registration fee	190 EUR	34 EUR	57.34 EUR
Initial capital required	2500 EUR	1 EUR	2500 EUR
Legal address permission required	No	Yes	Yes

*Non-citizens of Estonia can use a fintech challenger bank ex. Holvi, Transferwise Borderless, Payoneer

Steps to register a company



"I'm sure you can find good business initiatives in every country, but what Estonia has managed to do wonderfully, is the accent on one specific aspect - away with paperwork!"

Eugeniu Gira - founder of GAUS, from Moldova, registered a company in Estonia while going through the Startup Wise Guys accelerator.

STARTUP VISA APPLICATIONS

RUSSIA, UKRAINE AND BELARUS DOMINATE IN STARTUP VISA APPLICATIONS

UNTIL AUGUST, 2018

694

ESTONIA

8

LATVIA

257

LITHUANIA

ACCELERATORS AS STARTUP MAGNETS

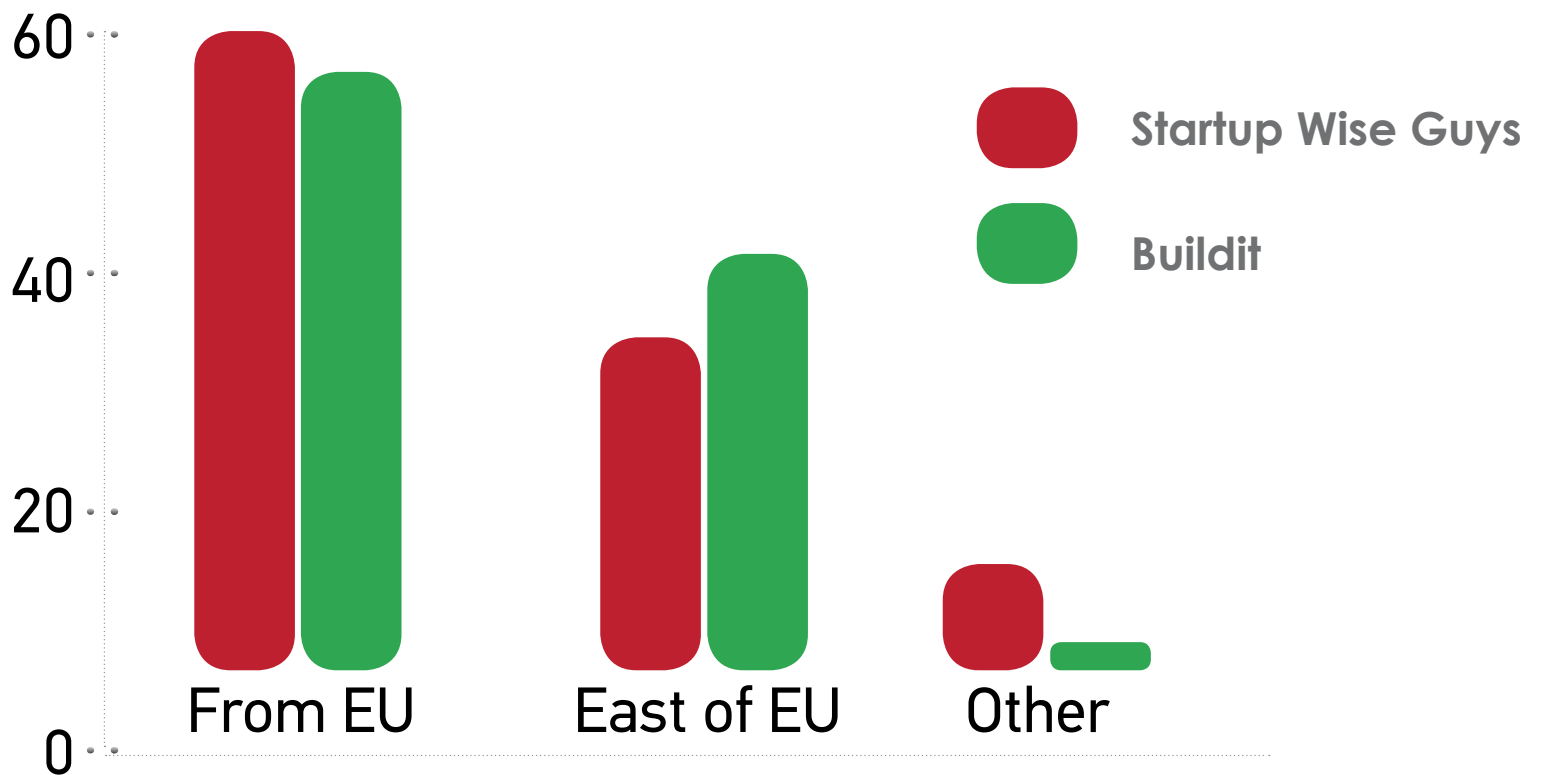
Analysis of geographic split of deal-flow from 2 most active and long-running accelerators in the region.

“While accelerators in large markets can rely on the local deal-flow, Baltic accelerator programs are famous for being very international. At Startup Wise Guys we get more and more incoming teams from Ukraine, Turkey, Armenia, also India – showing that for non-EU startups, the Baltics serve as an entry point to the EU market.”

Cristobal Alonso,
Global CEO at Startup Wise Guys



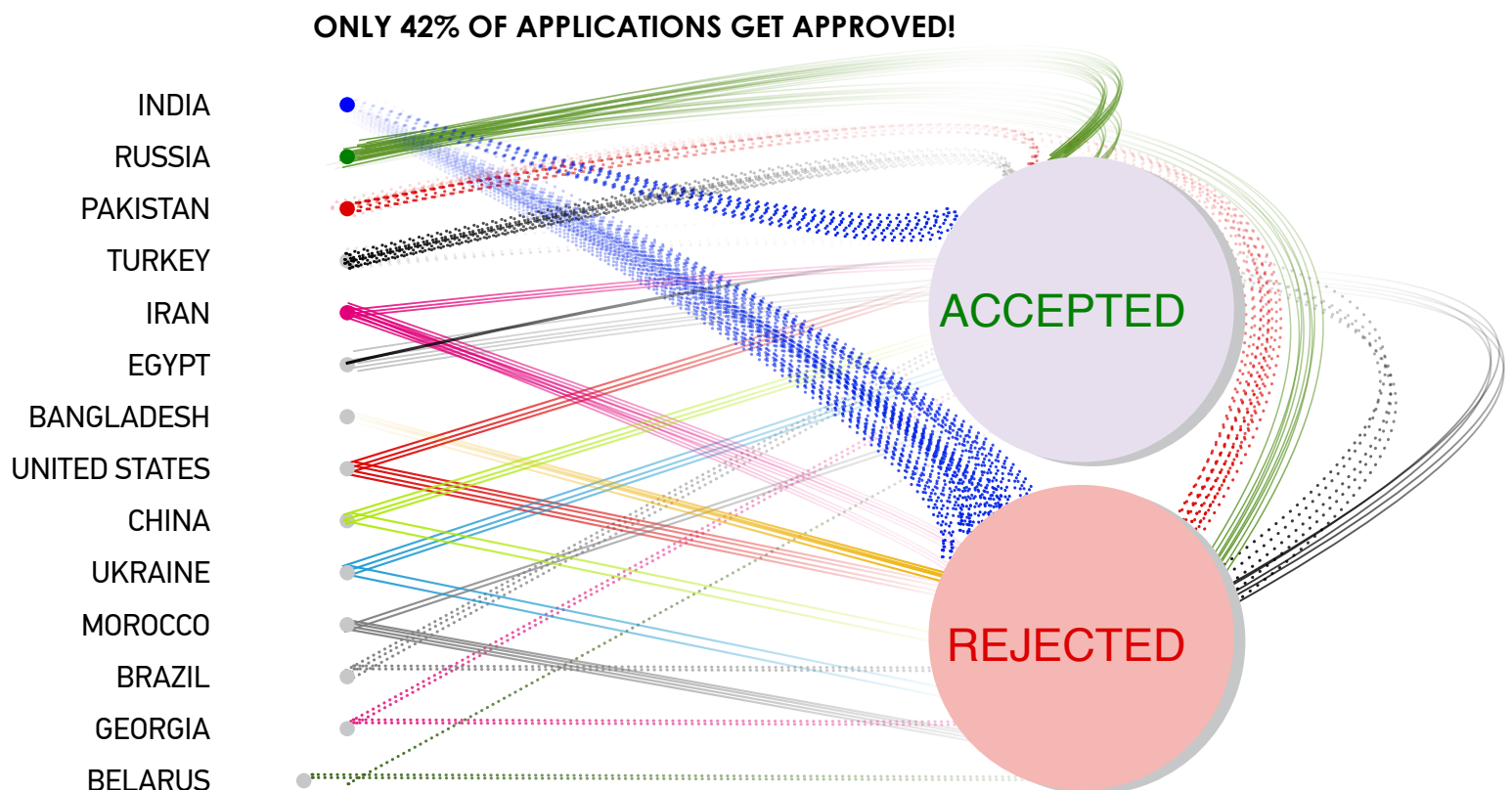
Startup Wise Guys and Buildit



Source: Startup Estonia, LIAA, Startup Lithuania, Startup Wise Guys, Buildit

Quote: "Among the most successful applicants are companies from countries where Startup Estonia has met the local teams. While there is a lot of interest and successful examples from fellow former Soviet nations, there are also other countries like Japan, Argentina and even China, who are interested in relocating their startups to Estonia," says Merilin Lukk, Project Manager for the Startup Visa programme.

STARTUP VISA DATA ABOUT H1 2018 FROM TOP-APPLICANT COUNTRIES



ACCESSIBILITY to EUROPE

Infrastructure plays a major role in the Baltics as a key destination. Conveniently located in the crossroads between the East, West and North, the Baltic States offer easy and affordable access to meetings, conferences, and other important events.

Air transit connects the Baltic region to every corner of the earth, as well as ground transit, which connects it to closer destinations in the regions. Here are some of the most important features of accessibility to consider.

AIR TRANSPORTATION:

Of the three Baltic states, the Riga International Airport (RIX) is the largest and the best-connected serving direct flights to 100 destinations in 30 countries. The annual passenger numbers at Riga Airport have been growing steadily over the past few years exceeding 6 million passengers in 2017.

Riga International Airport is accessible in approximately 4 hours by bus from Tallinn and Vilnius. Alternatively, the flight from both neighbouring capitals to Riga takes 50 minutes.

100
destinations

6M
passengers in 2017

39
destinations

2.6M
passengers in 2017

48
destinations

3.8M
passengers in 2017

FLIGHTS FROM RIGA TO THE MAIN STARTUP HUBS IN EUROPE AND BEYOND:

DESTINATION	TRAVEL TIME	FLIGHT FREQUENCY	PRICE (ROUND TRIP)
LONDON - 2 hours 50 minutes away from Riga, with at least 5 flights serviced daily by several airlines. Round trip price starting from €75	2hr 50 min	5 flights daily	From €75
BERLIN is only 1 hour 40 minutes away with minimum 3 daily flights. Round trip price starting from €80	1hr 40 min	3 flights daily	From €80
PARIS - RIX also provides daily flights to Paris with the flight duration of 2 hours and 50 minutes. Round trip price starting from €170	2hr 50 min	1 flight daily	From €170
AMSTERDAM is 2 hours and 30 minutes away and has daily flights by Air Baltic. Round trip price starting from €140	2hr 30 min	1 flight daily	From €140
BARCELONA - There are at least 8 flights per week from Riga to Barcelona. The flight time is 3 hours and 45 minutes. Round trip price starting from €100	3hr 45 min	8 flights weekly	From €100
MOSCOW - 7 flights per week, several times per day. Flight time 1 hour 35 min. Round trip price starting from €140	1hr 35 min	7 flights weekly	From €140
ISRAEL - direct flights 6 times per week (May-September), duration 4 hours 30 minutes. Round trip price starting from €100	4hr 30 min	6 flights weekly	From €100



The fintech sector is known for its fast-moving development, and its tendency to challenge older, stagnated financial industries. It is no surprise that fintech initiatives develop faster than the typically slow-moving government can pass legislation to regulate it.

FINTECH

REGULATION IN THE BALTICS

Each Baltic country has made efforts to develop initiatives to support and regulate the fintech industry, and thereby creating trust, transparency and safety through providing a regulatory body. Here are what each country have come up with.

It should be noted that the Ministries of Finance of all three countries have even come together to sign a joint MoU to announce their commitment to support blockchain initiatives. This is a takeoff from other countries, which have made a point of denouncing it and even banning crypto currencies. Here is what each country has come up with.

ESTONIA:

The competent authority on fintech: EFSA (Estonian Financial Supervision Authority)

Initiatives to support fintech: Specialized P2P lending policy, ICO frameworks



We are constantly monitoring the area of financial innovation, reacting to the distortions of the products, assessing risks and taking proportionate measures without hindering the innovation.

-EFSA-

As a result, the institution is quick to pass laws relevant to fintech startups that support, regulate and legitimize their industry, without stifling their progress. This includes the P2P lending industry, which is covered by the Creditors and Credit Intermediaries act, which came into force January, 2018, as well as creating a framework for ICOs, depending on their specification.

As ICOs are unique, each is advised to consult the EFSA. Most are covered under the Securities Market Act, as well as the Law of Obligations Act. However if tokens are used as a means of providing a loan, then the Credit Institutions Act may be invoked.

Source: EFSA

LATVIA:

The competent authority on fintech: FKTK (The Financial and Capital Market Commission)

Initiatives to support fintech:
Diminished licencing fee for innovative payment services. Originally 5000 EUR, now cut to 450 EUR



The FKTK innovation sandbox allows for efficient access to expert consultations of a variety of industries. The experts immerse themselves in the relevant finance and capital market topics from different perspectives (legal, financial, conformity, etc.). We help and consult a variety of projects, in a variety of development stages.

-Guna Janelsiņa, FKTK-



The Latvian financial regulatory body has established a financial innovation support program, which is currently named the Innovation Sandbox. They invite all fintech initiatives - either existing or simply conceptual - to visit the innovation center to be consulted for the best way to implement their idea, and help them with any licences they might need to obtain to be compliant with local laws.

They are currently developing legislation suggestions to regulate the P2P lending industry, noting that current legislation is not enough to ensure transparency and safety between lenders and borrowers. Current P2P projects are forced to paste together different ill-fitting licences to continue work. This supports the activities of P2P lenders, such as Twino, Mintos, and CreamFinance, which has been recognized as one of the fastest growing startups in Europe for 2 years in a row.

FKTK have an open doors policy and invite any fintech initiatives, including ICOs, to make use of the Innovation Sandbox, and be consulted as to the necessary licences that may be needed.

LITHUANIA:

The competent authority on fintech: Bank of Lithuania

Initiatives supporting fintech:

Diminished required registered capital for bank foundation of specialized banks (to 1M EUR, down from 5M for standard banks), blockchain sandbox, newcomer banking licence package - P2P lending regulation



Lithuanian authorities have made a concerted effort to embrace financial innovation. As a unique case with such a small country with the most funds raised through ICOs per capita, (and in total surpassed only by the US and China), the government has been quick to appreciate the opportunities provided by blockchain.

Lithuania is the only jurisdiction in the EU to have a special-purpose banking license, allowing the foundation of a bank with registered capital of just €1M EUR. Additionally, they've created a "newcomer banking licence package" for alternative tech banks, passed a P2P lending law to regulated the industry, and have announced the launch of a blockchain sandbox, set to go live in 2019. The Bank of Lithuania has stated that they intend to make Lithuania the preferred gateway to EU payment market.

Source: Bank of Lithuania

STARTUPS to WATCH

Rather than bombard you with the typical startup success stories, we've curated a list of startups that are in some ways under the radar, promising, or interesting. The list is curated by startup organisations, selected Business Angels and VCs, accelerators and other players over the entire Baltic region.





TRANSFERGO (LT)
NORDIGEN (LV)
INSLY (EE)
INVESTLY (EE)
ESTATE GURU (EE)
MONETHA (LT)
VERIFF (EE)
MINTOS (LV)
PAYTIPTOP (EE)

FINTE



ECH



TRANSFERGO

(Lithuania)

Founded: 2012

Funding: 20.6M USD



The pan-European money transfer service that targets migrant workers provides the fastest transfer times - 30 minutes (compared to 1 business day for its competitors). The startup reached hockeystick growth in 2017 when it doubled its user base to 600k, is now growing 10% every month, and has reached an average of 1000 new customers every day.

MINTOS (Latvia)

Founded: 2015

Funding: 2M EUR



Mintos is a global marketplace for a loans that provides retail investors with an easy and transparent way to invest in loans originated by a variety of alternative lending companies around the world. This is a unique platform that helps to facilitate free and efficient movement of capital around the globe. It has attracted almost 70 000 investors and reached almost EUR 1 billion in cumulative investments in loans funded by investors. Three years after launch Mintos is profitable, has offices in Riga, Warsaw and Mexico City, and plans to increase their turnover by 2-3 times by the end of 2018.

ESTATE GURU (Estonia)

Founded: 2013, launched

December 2014

Funding: 0.5M EUR

Currently looking for: Series A investment



EstateGuru is a Pan-European marketplace for short-term property-backed business loans. The startup has an investor base of more than 16 000 investors across 45 countries and nearly 90M EUR worth of investments facilitated. The firm has now reached 5-6M EUR monthly investment volume and is expanding to new markets. To top it all off, the firm has established a historic annual return of 12.2% with a 0 EUR loss of credit for its investors.

INVESTLY (Estonia):

Founded: 2014

Funding: 2.1M EUR



Investly is an invoice financing service that helps businesses bypass cashflow barriers. In May of 2017 they closed a financing round of 700,000 EUR through crowdfunding, and moved their HQ to London. They are negotiating with Nordic and Baltic banks to implement their product into the banks, and have already secured an agreement with one of the largest banks in the Baltics. But their largest amount of traction comes from non-bank lenders, thanks to the many integrations Investly has with different bookkeeping and accounting services.

DASHBIRD (EE)
PRINTIFY (LV)
WELLPARKO (LT)
ALPHABLUES (EE)
SAYAT (EE)
REBELROAM (EE)
FRACTORY (EE)
CENOS (LV)
HALA (LV)
PLAYGINEERING (LV)
PRINTFUL (LV)

SOFTWARE AS A SERVICE



ARE

ALPHABLUES (Estonia)

Founded: 2017

Funding: Bootstrapped



Alphablues is a vertically integrated AI-startup that has built virtual customer assistants, which help large corporations automate their customer service. Their solution is language agnostic, available in 8+ languages, and already used by companies like Telia, LHV Bank, Latt telecom, and others. Having started out as 100% bootstrapped, Alphablues has secured positive cash flow in 1.5 years. They are already offering virtual assistants that integrate with companies' backend systems and provide more authenticated and personalized customer service.

PLAYGINEERING (Latvia):

Founded: 2015

Funding: 1M EUR

Currently looking for:
€1.5-2M series A
funding



PlayGineering has built a video analytics technology for team sports, whose uniqueness lies in its simultaneous use of AI, computer vision, machine learning, big data and video processing. The startup doubled their revenue from \$0.9M to \$1.7M in 2017, and experienced their first moment of glory when the PlayGineering technology was used in The 2018 IIHF World Championship. They are currently being considered as service providers for the NHL.

FRACTORY (Estonia)

Founded: July 2017

Funding: 0,35M EUR



Within 1 year of having the platform launched, the on-demand manufacturing platform has gone from 0 users to 400 clients. Founder Martin Vares emphasizes that the disruptive nature of the solution, along with comparatively few competitors and a strong founding team have led to getting noticed in Europe, characterized by the inbound leads coming from Scandinavia and the UK, particularly the traditional manufacturing city of Liverpool.

CENOS (Latvia)

Founded: March 2017

Funding: 180,000 EUR



Cenos makes computer aided engineering available to small and medium sized businesses, making R&D processes more accessible to those who don't have the same amount of financing as major corporations. 40% of their clients opt for their annual subscription plan, proving that these businesses see value in the service. The startup has won multiple awards, including the 2017 Digital Freedom Festival pitch competition, and the 2017 LATA award for open technology.

REBELROAM (Estonia)

Founded: October 2015

Funding: 0,1M EUR



RebelRoam is currently the only cloud-based, hardware and network-agnostic Wi-Fi network optimization solution for the transportation and travel industries. Having recently been awarded the "most innovative startup in air-travel" by the FTE awards, alongside Lufthansa and Gatwick Airport, and the runner-up prize for Finnair's Pitch for Future event, RebelRoam provides Wi-Fi network optimization in 38 European countries, and opened a new office in the USA in the spring of 2018. Their cloud-based solution can be implemented remotely within minutes, worldwide and at present optimizes Wi-Fi networks for over 2M passengers on board ferries, trains, and buses every month.

PRINTIFY (Latvia):

Founded: September 2015

Funding: 0.87M EUR



After having received an 870,000 EUR investment from Gokul Rajaram (aka the Goodfather of Google AdSense), Printify is continuing to develop its global platform that connects print on demand companies with ecommerce sellers. They intend to empower sellers to offer custom print products on their online stores from the best product providers worldwide. With over 100,000 active users, Printify is on track to reach 8,700,000 EUR annual revenue by the end of 2018.

SONARWORKS (LV)
AERONES (LV)
3DSOLAR PANEL (LT)
SMARTVENT (EE)
CASTPRINT (LV)
TRIUMPH HEALTH (LT)

HARDWARE



CASTPRINT (Latvia)



Founded: September 2016
Funding: 60,000 EUR
Currently looking for: 300,000
EUR seed investment

CastPrint has recently finalized their end-to-end 3D cast printing services for clinics and hospitals, making 3D printing technologies available to healthcare institutions without having to invest in the hardware of software, and with minimal training required. Since launching the product in January, CastPrint is now working with four private clinics and two state hospitals, and is experiencing 50% MoM growth.

TRIUMF HEALTH (Estonia):



Founded: July 2017
Funding: 200,000 EUR

Triumf Health has developed a mobile game to provide psychological support to ill children. Their early adopters have been pediatric cancer patients. Currently they're moving into clinical trials to gain scientific backing to the effectiveness of the technology, which is a major differentiator from their competitors, as well as the real-time summary dashboard for the care team, which provides big data analysis from the game. The game is available in Estonian, Finnish, English, Russian, and soon - Spanish. The game is in the process of being evaluated as digital medicine under the Estonian Health Insurance Fund, and they plan to expand to other childhood chronic disease treatment and prevention.

BITDEGREE (LT)
CHANGE BANK (EE)
WEPOWER (LT)
NOIA NETWORK (LT)

ICO



BITDEGREE (Lithuania)

Founded: August 2017

Funding: 32 000 ETH
(~ 8M EUR) through ICO



BitDegree is an online education platform for digital skills with blockchain-based token incentives for learning motivation and tech talent recruitment. Six months after the launch, BitDegree has already managed to gain substantial traction: 130k+ learners globally enrolled in 1.1m+ courses collectively and a community of 700+ instructors. Besides that, BitDegree has recently won the 1st place in EdTech x Europe Global Startup Super League and is ranked among TOP 10 EdTech startups from Europe based on the web traffic.

CHANGE BANK (Estonia)

Founded: 2016

Funding: 15.3M EUR through ICO



Called the “Paypal of Bitcoin” on BBC, Change Bank lets their platform users buy and trade crypto currencies for free. The Change Wallet can be connected to a Change Card, which can be used as a regular debit card around the world. Change Bank converts the currencies, with zero transaction fees. Change Bank’s CEO has been a visitor on major news networks, commenting on the state of cryptocurrencies, demonstrating their relevance in the industry.

ESTONIA

AND THE WORLD'S FIRST e-RESIDENCY

When the country who brought us Skype is also the first nation in the world to introduce e-Residency - a digital nation for global citizens, powered by the world-changing blockchain technology - you know you've got a force to be reckoned with.

What is e-Residency?

Named **one of the most important governmental experiments of the 21st century**, e-Residency is a government-issued digital identity available to anyone in the world. It empowers entrepreneurs to set up and run a location-independent business. This means - **you can start a company 100% online from anywhere in the world.**

And yes - this idea was first launched in the tiny, yet IT-savvy Baltic state, the Republic of Estonia.

When the program was introduced in 2014, Edward Lucas, the Senior Editor of The Economist, made history by becoming the first-ever e-Resident. The program has come a long way since then, boasting **nearly 40 thousand e-Residents from 156 countries**. More than 10% of all e-Residency applicants come from Finland, which is not surprising considering the cultural similarities between these neighboring countries. But it is not just the historical background that plays a role here.

Since 2002, Estonians have been able to run their companies entirely online from anywhere in the world. By offering e-Residency, Estonians are sharing those benefits with more people around the world - particularly those who value access to the EU market.



FACTS:

The Estonian e-Residency program has **declared war to the twists and turns of bureaucracy**. All paper management - even your taxes and opening your bank account - can be done online. No more posting and scanning, everything's now securely encrypted online. You can be the full owner of the company with much less hassle, no local administrator needed. It is clear that for Estonians it's the passion for business that matters, not paperwork.

As with everything else in life, it's not all rainbows and unicorns. The e-Residency program does have its limitations. The program does not offer citizenship, a residence permit, or rights to reside either in Estonia or in the EU. So **if you're looking for a more traditional residency** or a citizenship deal, the program might not be the ideal choice for your needs.

Furthermore, after the recent Latvian banking scandal, there have been issues with **Estonian banks refusing to open accounts** for non-resident entrepreneurs and closing accounts that have already been opened.

Estonian banks are not, however, the only banking options for e-residents. As Adam Rang, the spokesperson for the e-Residency program explains, approximately half of e-Resident companies have obtained online business banking from **the fintech industry**. This number is expected to increase, as fintech companies provide more options and lower prices.

All things considered, if you're looking for better business mobility in a continuously developing digital environment, e-Residency is definitely worth giving a try.

But here's the main question: why did this happen in Estonia among other places?

Ever since restoring their independence in 1991, Estonians have been working towards building **a strong tech culture**.

The foundation was laid when Mart Laar became Prime Minister of Estonia in 1992. His young radical government (average age - 35; average EU government leader age - 52) gave the country a flat income-tax, free trade, and privatization. Many new businesses could be registered smoothly and without delays.

- In 1998, Estonia equipped all schools with internet
- In 2000, Estonia declared internet access to be a human right
- The e-Residency programs is named one of the most important governmental experiments of the 21st century
- The program hosts 50,000 e-Residents from 157 countries
- e-Residents have brought 14.4 million EUR (\$17 million) back to Estonia in net financial proceeds and indirect socio-economic net benefits
- The financial benefits are predicted to rise to 1.84 billion euros (\$2.17 billion) by 2025
- There are ~3700 IT companies in Estonia that generate 7% of GDP

Then, when Finland offered its old 1970s analogue telephone-exchange for free, Estonians declined and instead built a digital system of their own.

In 1998, Estonia equipped all schools with an internet connection and two years later declared **internet access to be a human right**.

Fast-forward to today, Estonians have established their **own digital ecosystem called e-Estonia** - a ground-breaking movement that introduces electronic solutions to facilitate citizen interactions with the state. By incorporating blockchain technology, almost all public services in Estonia are digitised and accessed through secure digital identities. This includes e-services such as e-Tax, i-Voting, Digital ID, e-Health, and the latest brick in the sturdy digital wall - the e-Residency program.

“The decision to launch e-Residency was unanimously approved by the Estonian Parliament with no votes against it. We can now see clearly that the program is helping people around the world overcome the barriers to entrepreneurship,” says Rang.

What’s in the future?

As a part of the e-Estonia ecosystem, e-Residency has increased the attractiveness of Estonia not only as a place of residence, but as **a great destination for profitable business**.

Since the launch of e-Residency three years ago, approximately 3000 companies have been created, paying 2.8 million euros in labor taxes.

According to a cost-benefit analysis, e-Re-

sidents have brought 14.4 million euros (\$17 million) back to Estonia in net financial proceeds and indirect socio-economic net benefits. This number is predicted to rise to a whopping 1.84 billion euros (\$2.17 billion) by 2025.

But the ingenious Estonians have many other tricks up their sleeve. They’ve increased the investment in the e-Residency programme significantly and the President of Estonia

Kersti Kaljulaid is leading an initiative called e-Residency 2.0, aiming to radically improve what Estonia offers to its e-residents. While the main focus of the programme so far was to help e-residents establish and manage their companies, the next stage is expected to focus more on the growth of their businesses. To support this, a range of business tools and community features are already under development. Watch this space.”

More importantly though, Estonia’s example of how government services can be digitized is a competitive product in itself, and other countries are taking notice. Estonia is already working with around 40 other governments around the world, recently signing an e-government agreement with France. Or take the United Nations, for example. They partnered with e-Residency to launch a groundbreaking initiative called e-Trade For All. It’s got such potential that G20 recommended all its member to actively support the initiative’s policies.

Nowadays, approximately 3700 IT companies generate 7% of Estonia’s GDP. It’s no wonder the smallest Baltic state of only 1.3 million people runs with the big dogs of the information technology field, if not leading the pack.

As Adam Rang says, “more of our lives move online, and it is inevitable that more countries will find more ways to serve people there. And we think e-Residency will become the new normal.”

So if you’re planning to unleash the potential of future technology within your business, look no further. Here’s Estonia, the Little Baltic Engine that Could.



*Estonia is already
working with around
40 other governments
around the world*



LATVIA

A FLAT COUNTRY WHERE TECH RUNS DEEP

‘Still waters run deep’ - this could be said both about the Deep Tech field in Latvia and the country itself.

It’s not a coincidence that the **World Economic Forum** marked **Latvia among the top three Europe’s most entrepreneurial countries**. A set of qualities, like intelligence, resilience and hard work has helped the small nation with a turbulent history produce a number of innovative startups.

As Latvian FinTech startups are taking the spotlight with two-thirds of total funding attracted, Deep Tech might not appear to be Latvia’s strength from the first glance.

But those who dive deeper into Latvia’s tech scene will discover ingenious **startups that have impacted industries like medicine, climate, agriculture** and are literally changing people’s lives. Startups like Naco Technologies and Anatomy Next are the flag-bearers that have attracted the attention of global industry giants and made the tiny nation proud.

But they are by far not the only ones.

So what’s unique about the Latvian Deep Tech scene and what’s their secret to success? Excellent science education, renowned engineering skills or... enthusiastic people? To find the answers, let’s take a trip into the depths of tech.

What is Deep Tech?

Deep Tech is just as mysterious as it sounds. A hidden corner of tech accessible only to those with special knowledge, education or skills. Often developed from years of research and lab testing, **Deep Tech refers to fundamental discoveries in science, technology, and engineering that impact industries and people’s lives.**

Deep Tech spans across many technological areas and often **solves previously-intractable**





real-world issues. Currently, industries most disrupted by Deep Tech include medicine, natural sciences, aerospace, smart home/cities, energy efficiency, robotics, agtech, etc.

As opposed to regular tech startups, Deep Tech ventures are built around unique, often protected or hard to reproduce, technological or scientific advances.

The distinction between a “regular” technology startup and a Deep Tech startup makes a great difference to investors as the business potential of a Deep Tech startup can only be evaluated through an in-depth investigation of the intrinsic technology. But then, if the startup proves to be successful, **the return would typically be significantly higher than with a regular technology venture.**

CEO of Startup Wise Guys accelerator Cristobal Alonso believes that the complexity of the code and the product itself is what indicates if a particular software startup represents Deep Tech: “Basically - if the MVP of a startup cannot be replicated by a large team of developers within 6 months, we internally consider that a Deep Tech startup.”

C. Alonso has noticed that Latvia has significantly more Industry 4.0 and Science Tech companies compared to other countries in the region: “When scouting for startups for our accelerator in the Baltics and CEE, we see a clear trend in Latvia for ventures that combine software with deep knowledge in specific industries, machinery, manufacturing.”

Latvian Deep Tech success stories

Latvia, which is celebrating its centenary this year, has been heavily promoting and investing in its startup ecosystem. Some important support initiatives include:

- **The Startup law** - Latvia is the first country in the region to have a special law for budding entrepreneurs.
- **Startup visa** for foreign founders allowing non-EU entrepreneurs to receive a residence permit if they set up a company in Latvia.
- A special tax regime for startups that lightens the burden of employee wages.
- The government has provided **€60 million for seed and growth stage companies** and offers a **€50,000 soft loan** to early-stage startups who have difficulty accessing capital.

These efforts have not been in vain. Together with other Latvian strengths - a multilingual population, one of the highest university attendance rates in the world, and an innovation-friendly environment - the small country has hatched many successful Deep Tech startups.

INTERESTING FACTS:

- Minox, the sub-microscopic camera built in Riga, was used by spies from both sides during the Second World War
- The world’s first skydive from a drone was performed from a 28-propellor Aeronos drone
- Sonarworks headphone calibration technology is used by producers who work with Beyonce, Pink, Taylor Swift, Maroon 5 and more

Some of the most notable success stories:

Anatomy Next is a simulation software for medical students that includes a 3D human atlas and augmented reality (AR) tools. Anatomy Next has over 70,000 users from more than 1,760 schools and university programs across the Globe. Since 2017, Anatomy Next has been integrated in Microsoft HoloLens - the mixed reality smart glasses.

Naco Technologies has developed groundbreaking technology for nano-coating. In 2015, the startup was acquired by Schaeffler Group - a leading global integrated automotive and industrial supplier.

Conelum is a Riga Technical University (RTU) startup that deals with the detection of unwanted micro-organisms in food developing rapid microbiological diagnostic tests.

Cenos is a platform for engineering simulation that offers tools for niche industries to support automation and customisation of R&D. It unites proven open-source simulation tools into a single, user-friendly platform.

ALINA The Clean Tech startup offers an ecoshield technology for improving paint and composite material durability, while substituting toxic chemicals and heavy metals.

PlayGineering has developed a patented player tracking & video analytics system for professional sports. Tracking is based on computer vision and artificial intelligence.

Eventech develops high-precision time devices for the space industry. The startup has signed a contract with the European Space Agency and will help launch lunar lander mission Luna-27 to space in 2022.

Atlas Dynamics produces hardware and software for data-collection with drones in professional industries from agriculture and infrastructure inspection to medical first aid. In 2017, the startup raised 8M EUR million in a funding round to release its drone solutions into the North American market.

The founders of Atlas Dynamics drone startup also created Atlas Aerospace - a company that manufactures carbon components and aims at creating a European drone building center in Riga. Indeed, Latvia seems to be a hotbed of drone-related startups. Airdog is another notable example producing autonomous drones for the extreme sports market and, more recently, 'Aerones' which can transport heavy cargo and combat fire-related incidents.

As Latvia's Deep Tech startups grow in number and strength, the Latvian government, universities, investors and other stakeholders do their part by initiating support programs, networks and learning events for startups. 2018 has been exceptionally dynamic for present and emerging Deep Tech startups with the international conference Deep Tech Atelier, Garage48 SpaceTech Hackathon and Deep Science Hackathon all taking place this spring.

It all starts at the university

Already during the industrial revolution at the end of the 19th century, Riga became the regional centre for producing high technology - electronics (VEF - State Electrotechnical Factory), mechanical engineering (trains, planes, cars). An internationally recognized engineering school was established, and its tradition continues today. In addition, a number of scientific institutes have been working on groundbreaking inventions for decades.

Solvita Kostjukova from startup ALINA believes that the **Soviet industrial heritage has also been beneficial for the creation of many Deep Tech and science based startups in Latvia**. ALINA is also a good example of generations working together - the underlying chemical technology was invented by Solvita's father and is now being successfully commercialized by Solvita and her business developers team.

For most Deep Tech startup founders, their Alma Mater is still the main springboard for prototyping their ideas and helping them see daylight. **Several successful startups thank universities for nursing their ideas** and helping them reach adulthood. Sandis Kondrats, CEO of Anatomy Next, stresses the invaluable support his startup received from professors and students of Riga Stradins University and the University of Latvia. Conelum is the first technology startup developed under the wing of Riga Technical University (RTU) and uses methods researched within the university.

RTU Vice-Rector for Research, Professor Tālis Juhna believes that Latvian universities offer a strong education in STEM areas making Latvia the region's leader in several niche segments - **robotics, smart materials, and biomedicine**. He points out that "as a country still in the process of economic transit, **Latvia offers a good price-quality balance and this fosters international recognition**. Latvian scientists that work for Airbus, Daimler, Volvo, and CERN are a good example to this."



For most Deep Tech startup founders, their Alma Mater is still the main springboard for prototyping their ideas and helping them see daylight.

T.Juhna's represented RTU is also doing its share in preparing future engineers for CTO positions in startups and includes business as a compulsory subject for all engineering students. Among other initiatives, RTU also offers Design Factory - a student incubator that organizes various support programmes and teaches idea prototyping using technologies such as laser cutting and engraving, 3D printing and scanning, and high-speed CNC machining and post-processing.

Meanwhile, the University of Latvia (LU) has also made efforts to promote science-based startups, organizing events like the first Deep Science Hackathon and Blockchain Pre-accelerator. The LU Institute of Solid State Physics has also developed Materize - a new platform for exporting science services and cooperating with industry in the field of high technologies.

Science working together with business

As a relatively young Post-Soviet country, Latvia is struggling with keeping its talents and paying competitive salaries. This gap is especially wide when it comes to science, and now many scientists see the business world and startups as an opportunity to earn a living. Sigvards Krongorns, co-founder of CastPrint, believes that **it's more difficult for Science Tech startups to attract funding than, for example, Fin-**



At present, the Latvian Deep Tech scene is like a diamond in the rough - brimming with potential but still not properly commercialized.



Tech startups. "That's why many of these startups don't last long, even if the underlying idea is a good one."

Commercialization Reactor is a notable initiative that aims to help science-based startups with making their inventions saleable. This international platform unites scientists, entrepreneurs, mentors and, finally, investors.

Innovation and Technology Transfer Centre of Riga Technical University is another successful program backed by the Riga Technical University and focusing on long-term development of the tech scene. This structural fund has been allocated €40,5 million by the Ministry of Economics of Latvia.

Rūdofls Krese, board member of the Latvian private equity and venture capital association (LVCA) points out: "Science has to go hand in hand and team up with business because investors rarely invest in a purely scientific invention or patent. They look for solutions for actual problems - something that people would be willing to pay for."



The main investors in Latvian startups are business angels, early-stage VC funds, as well as foreign investors. Additionally, ALTUM - a state-owned development finance institution - helps to co-finance investment in startups by business angels. Startup Wise Guys accelerator has already been running 3 programs in Riga, investing in early stage B2B and Fintech startups. Several other startup accelerators are powered by European funds.

What the future holds

Advances in Deep Tech take time - and scientists, engineers, developers, and founders as well as investors have to take this reality into consideration. To create a more mature Deep Tech ecosystem, Latvia still needs years of work, stable seed funding, and initiatives on various levels that work together effectively.

At present, the Latvian Deep Tech scene is like a diamond in the rough - brimming with potential but still not properly commercialized. And when it comes to realizing that potential, the young country has to act smartly and make sure its economy is the one reaping the fruits.



LITHUANIA

AND ICOs - THE PERFECT MATCH

Lithuania may be a small country in the map, but when it comes to the world of cryptocurrencies, it's a giant.

In 2017, the country had 35 Initial Coin Offerings (ICOs) that raised a total of \$500 million in value. The country of just 3 million inhabitants suddenly stood out in the global map and ranked third in terms of funds raised through ICOs. The only two countries that ranked ahead of Lithuania were the US and China.

If you think that's impressive, there's more:

In the first three months of 2018, Lithuanian startups had already managed to raise \$250 million through ICOs. That's half of the total funds raised through ICOs in 2017.

Though the volume of ICOs in Lithuania has diminished over the course of 2018, it seems that Lithuanian startups had found the recipe to ICO success.

ICO-friendly environment

Lithuania's success story is not a coincidence. The country has committed to supporting the development of blockchain technologies, which, consciously, has created a favorable environment for ICOs.

Several initiatives at the national level have taken Lithuania this far. For example, by 2019 the Bank of Lithuania is planning to launch their sandbox platform LBChain to help fintech companies test their blockchain-based products. The local authorities are also supporting the initiative of the world's first ICO crowdfunding platform DESICO to make it easier for startups raise money through ICOs.

Such support from the local authorities has not only played a significant role in the adoption of the technologies, but has also given investors confidence when it comes to ICO funding.



Locals are actively setting up Bitcoin nodes, and Lithuania takes the lead within the Baltic States in numbers of full nodes - programs that fully validate Bitcoin transactions.

A blockchain-enthusiastic community

By becoming one of the first countries in the world to provide legal guidelines for ICOs, Lithuania has increased society's trust in ICOs and cryptocurrencies in general. As a result, the country is experiencing widespread cryptocurrency adoption and blockchain-enthusiasm.

Locals are actively setting up Bitcoin nodes, and Lithuania takes the lead within the Baltic States in numbers of full nodes - programs that fully validate Bitcoin transactions. With 66 full nodes Lithuania has earned the 17th spot in the Global Node Distribution country list.

Large companies are also picking up the crypto-craze. For example, the Lithuanian electronics and home appliances retailer Elektromarkt has announced that they're planning to invest €1.5 million in crypto mining to build the most powerful cryptocurrency mining system in the Baltic States.

Atop of all that, various initiatives are born from within the active community, including the first Blockchain Center in Europe - the crypto-focused co-working space based in Vilnius. It's a great support for startups, as the center that not only provides consultancies, but also organises educational and networking events with investors.

FACTS:

- Lithuanian startups raised \$0.25 billion through ICO in the first 3 months of 2018
- Lithuania was one of the first countries in the world to legally regulate ICOs
- Monetha raised 31,5M EUR in just 18 minutes after launching their ICO

The right people in the right place

The crypto-friendly environment, nation's blockchain literacy and receptive attitude towards innovations has created the right mindset that's needed to launch successful ICOs. In addition to all that, Lithuania's got the talent - their true secret ingredient.

According to Zygimantas Zabieta, the social media and event coordinator at Blockchain Centre, Lithuania has lots of talented young people with an IT and engineering background. These people have been trained and gained experience in international data centres - mostly from the Scandinavian fintech sector - since 2008-2009.

He also notes that Lithuania is finally benefiting from the emigration of young people to countries like UK, Ireland and Scandinavian countries for work and study. Many of these people have returned to Lithuania and brought back the knowledge gained in Western Europe.

Besides, there's this opportunistic gene that Lithuanians have and that differs them from other Baltic nations.

Lithuanians are life-hackers, and they seem to have found a way to successfully hack ICOs. That has led them to grand success stories, like Monetha - the mobile processing company that collected \$36 million in just 18 minutes after launching their ICO.

In the meantime, the life-hacking attitude and willingness to take opportunities may have also paved the way to mistrustful ICOs. The largest ICO in Lithuania's history in terms of funds collected and contributors attracted - Bankera - is now under investigation because of violating the country's security laws.

The point is, even though the Lithuanian authorities are cultivating ICOs, it's still worth keeping in mind that cryptocurrencies are "high risk" instruments...where the risk can lead to champagne drinking in the end.



Lithuanians are life-hackers, and they seem to have found a way to successfully hack ICOs. That has led them to grand success stories, like Monetha



METHODOLOGY

This report is created as a collection, comparison, and analysis of publicly available information, combined with data and insights from 25+ stakeholders from the Baltic startup ecosystem (startup organisations, VC funds, Business Angel associations and individual investors, accelerators, startups, support organisations, governmental entities and opinion leaders). Data about Baltic countries has been benchmarked against other regions, cities and countries to give a different and more comprehensive angle.

Both quantitative and qualitative methods have been used in the research process. In some cases, data has been interpreted and analysis offered through the lense of the joint EIT Digital and Startup Wise Guys perspective.

A lack of publicly available, comprehensive registered data on the current state of startups within the Baltics has caused us to turn to the next best thing - crowdsourced data - which has been compiled by each of the Baltic States since 2008. This data has not only been trusted by us, but has also been used as the foundation for reports by the Ministry of Economics of Latvia, Karma VC, and more.

As the data used mostly relies on publicly available information, a possibility exists that the data does not reflect a comprehensive and definitive status of the topic at hand. With these limitations in mind, analysis has been made to the best of report authors' ability and taking the most trustworthy raw data available. Though the data may contain gaps in information, it does not diminish the report's ability to point to tendencies. Since the startup scene develops rapidly, we must note that the data and calculations were made based on publicly available information by August of 2018.



This report has been a result of the joint effort between EIT Digital and Startup Wise Guys. It could not have been completed without the help of various organizations and individuals who have participated by providing their insight, knowledge and perspectives that shaped this report. It is also made possible by the various previously published research that this report was able to use as a foundation to build on.



EIT Digital is a leading European digital innovation and entrepreneurial education organisation driving Europe's digital transformation. It delivers breakthrough digital innovations to the market and breeds entrepreneurial talent for economic growth and improved quality of life in Europe. It does this by mobilising a pan-European ecosystem of almost 200 top European corporations, SMEs, start-ups, universities and research institutes.



Startup Wise Guys is Europe's leading B2B startup accelerator, present in all three Baltic states with participants from around the world. SWG displays a 77% survival rate, and is one of the most active early stage investors in Nordics & CEE.

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