



The Start-up and Innovation Ecosystem in Sofia

Sofia is home to one of the most developed start-up ecosystems in Central and Eastern Europe and is the start-up hub of the Balkans.

Sofia, with 1.3 million inhabitants has a global reputation of a vibrant technology centre, and offers easy access to the EU investment funds and the European 550 million consumer market.

THE ENTREPRENEURIAL ECOSYSTEM IN SOFIA

Sofia has one of the most vibrant start-up and entrepreneurial ecosystems in Central and Eastern Europe. In 2012, the European Investment Fund allocated 21 million Euro through the JEREMIE program to two funds – the accelerator and early-stage fund Eleven (Eleven Ventures) and the seed fund LAUNCHub (LAUNCHub Ventures). This has been a catalyst for a substantial rise in the number of start-ups and the investment activity in the city.

Alongside the two funds, a community of angel investors started investing in idea-only or early-stage companies. Incubators and pre-accelerator programs provide knowledge and skill set to first-time entrepreneurs. The formation and expansion of the VC community in Sofia has supported the more mature start-ups and companies in their growth stage.

But this rapid entrepreneurial growth cannot be solely attributed to the availability of EU funds. Other reasons behind the development of the start-up ecosystem include the historical development of the technological sector in Bulgaria since the 1930's; the accumulation of experience, knowledge and skills by Bulgarian SMEs and start-ups, the easy access to international know-how, the improved information and knowledge exchange between firms and entrepreneurs, among other reasons.

STARTUPS IN SOFIA

Around 2000 start-ups were created in the country between 2013-2018, and about half of the start-ups that received funding still exist today, according to data from the Bulgarian Ministry of Economy. An overwhelming percentage of the start-ups were created in Sofia.

There were a total of 415 start-ups in Bulgaria by the end of 2017, with 219 of them operating either in the field of digital product development (30%) or offering digital services (70%), according to data from the [InnovationShip 2017](#) Report by EDIT.BG that focuses on the development of the innovation ecosystem in the country.

The new [InnovationShip 2018](#) survey maps the Bulgarian digital ecosystem for the third time in a row and contains data on 213 different companies.

STRATEGIC FOCUS ON INNOVATION

The Bulgarian Ministry of Economy defines the role of innovation as key for Bulgaria's development. Thus, Bulgaria's [Innovation Strategy for Smart Specialization 2014-2020](#) (ISIS) defines four key economic sectors: mechatronics and clean technology, informatics and ICT, healthy living and biotechnology, and new technologies in the creative and recreational industries.

Sofia Municipality became the first municipality in Bulgaria with its own strategy for intelligent specialization – the [Innovation Strategy for Smart Specialization of Sofia](#), which once again underlines the importance of two of the four sectors in from the national ISIS for the development of Sofia – Informatics and ICT and new technologies in the creative and recreational industries.

SOFIA AND BULGARIA IN INTERNATIONAL RANKINGS

In the last years Sofia has managed to attract top talent from all neighbouring countries and has become one of the growing entrepreneurial hubs on the Balkans. In 2015, [Forbes magazine](#) ranked Sofia in the top 10 cities around the world to launch a start-up.

In 2017 Bulgaria became the second most innovative upper-middle income country in the world, the most innovation efficient country and the top innovation achiever in Southeastern Europe (SEE), according to the [Global Innovation Index 2017](#) and the [Southeast Europe – Fintech and Innovations 2018](#) report by Seenews.



With 70 active start-ups and scale-ups, Bulgaria ranks second in number of fintech companies in SEE.

ADVANTAGES FOR STARTUPS IN SOFIA

BUSINESS-FRIENDLY TAX RATES

The lowest corporate tax in EU – 10% flat

The lowest personal income tax in EU – 10% flat

COMPETITIVE BUSINESS COSTS

One of the most affordable rates in the European Union to start a business – it takes only 3 days to register a business and the required company capital is 1 euro (all among EU's registration fees are less than 100 euros)

Sofia has one of the most competitive costs of labour among EU's largest cities

Cost of living is lower than in the EU capitals and other major cities

TALENTS & THE START-UP ECOSYSTEM

23 universities, 100 000+ students, 63 research centres and independent software schools

Highly-skilled workforce and abundance of talent – Sofia has a competitive human capital of well-educated and experienced professionals, especially engineers and IT specialists

3rd in Europe and 10th worldwide in terms of the absolute number of certified IT professionals

72%+ of the IT specialists in Bulgaria work in Sofia

90% of the ICT and technological companies are situated in Sofia

DIGITAL INFRASTRUCTURE

Developed digital infrastructure, including wireless, LTE and complete fiber optic coverage at low broadband cost.

The second highest average internet connection rate in the region, downloading and uploading of 24 and 15 MBPS respectively.

VENTURE CAPITAL IN SOFIA

Sofia has a dynamic and rapidly developing start-up and entrepreneurial ecosystem with an expanding venture capital (VC) community. Most of the VC firms are headquartered in Sofia.

Apart from offering entrepreneurs from all around the world opportunities to get in touch with local businesses and investors, Sofia also provides a multinational business environment and the chance to meet international stakeholders and investors.

[Bulgarian Private Equity and Venture Capital Association](#) (BVCA) unites private investors, venture capital funds and the entrepreneurial community in Bulgaria. The association works alongside its members to improve the business environment and to drive innovation and growth in the country and the CEE region.

VC Funds

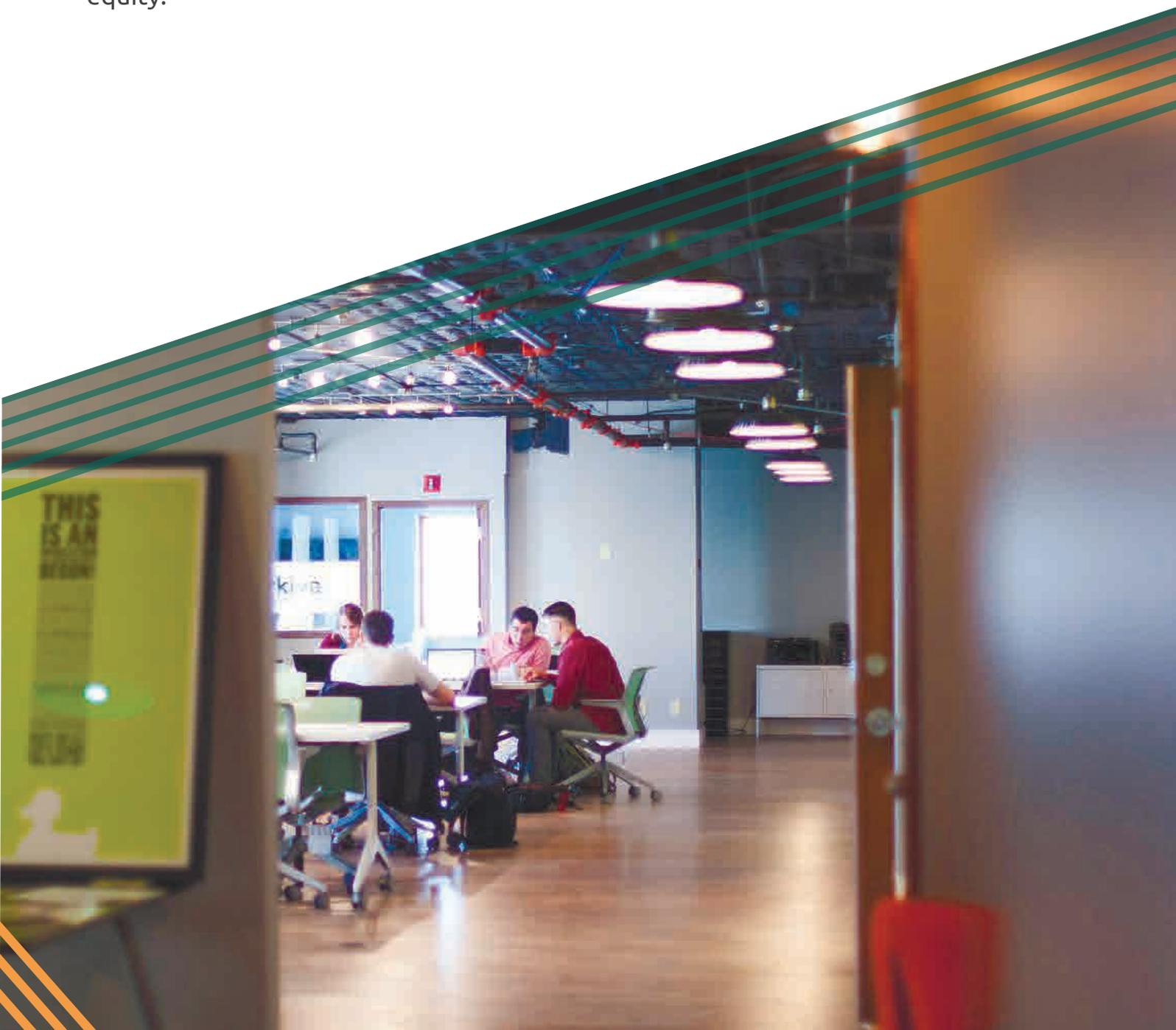
- [BlackPeak Capital](#) – a co-investment growth equity fund focused on investing in high-growth Southeast European small and medium enterprises.
- [Empower Capital](#) – a EUR 21m private equity fund, providing access to equity and quasi-equity funding to growing Bulgarian companies.
- [LAUNCHub Ventures](#) – an early stage VC Fund, based in Sofia and investing in digital start-ups in the wider Southeastern Europe region.
- [Postscriptum Ventures](#) - an early-stage venture capital fund with a broad portfolio of investments in start-up and niche situations, primarily in the renewable energy and technology sectors.
- [Eleven Ventures](#) – an early-stage investment fund based in Sofia, which also supports more mature companies that have already built a product and are looking to scale.
- [NEVEQ Capital Partners](#) – the oldest VC fund manager in Bulgaria and one of few in CEE to manage more than one VC fund. NEVEQ has made investments in enterprise applications software, infrastructure software and industry vertical applications, web and mobile businesses.
- [NEVEQ II Fund](#) – supports growth and performance in such sectors as enterprise software, analytics, health, energy efficiency, etc.
- [Rosslyn Capital Partners](#) – a private equity and investment management firm based in Sofia investing in various industries and sectors such as manufacturing, food and beverage, telecommunications, IT, renewable energy, agriculture, and real estate development.
- [BrightCap Ventures](#) - an entrepreneur-led, globally-supported and tech-focused VC fund, Bright Cap invests in accelerator (up to €200,000 per company) and early-stage (up to €3.5m per company) businesses in the software and applied engineering fields that address global market needs.
- [Morningside Hill](#) - the manager of the VCF of the Fund of Funds. The fund is expected to amount to BGN 67m. The resources will be used for equity and quasi-equity investments in innovative high-tech SMEs at the early stage of their development. Investment per company will range from BGN 1.7m to BGN 7m.
- [Innovation Accelerator](#) - a EUR 15.6m fund, providing access to equity and quasi-equity funding to Bulgarian startup companies. Key priority sectors include Healthcare, Education, Care for the elderly, FMCG, Transport and Logistics, Media and Enterprise Software.

VENTURE CAPITAL IN SOFIA

Business Angels

Alongside the early-stage and seed funds, a growing community of angel investors backs idea-only or early-stage companies.

- [The Bulgarian Business Angel Association](#) aims to provide a connection and interaction between entrepreneurs and Business angels.
- [The CEO Angels Investment Club](#) is a group of senior executives and entrepreneurs related to Bulgaria, investing their own money in early stage start-ups in return for equity.



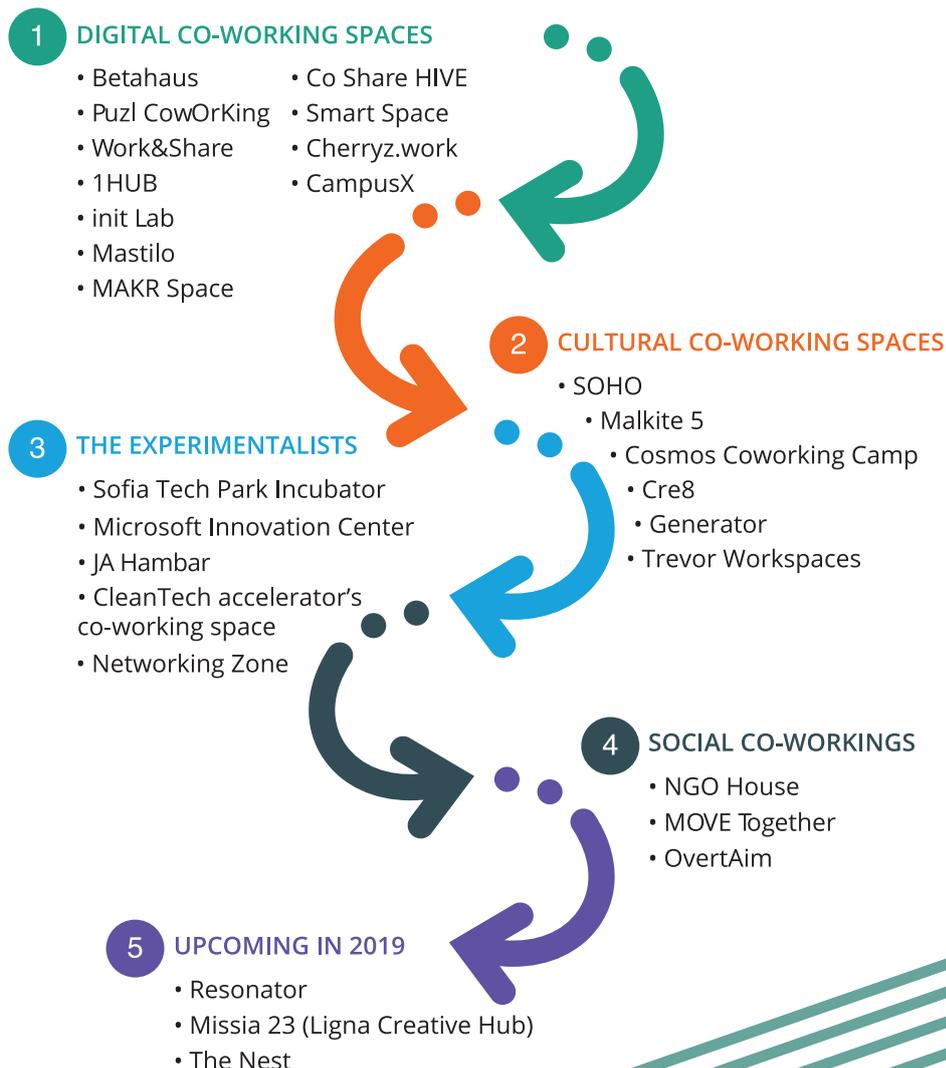
THE CO-WORKING SPACES IN SOFIA

There are 25+ co-working spaces in Sofia, with several new ones due to open by the end of 2019. Some of them include: [Puzl CowOrKing](#), [Betahaus](#), [Work&Share](#), [1HUB](#), [init Lab](#), [SOHO](#), [Cosmos Coworking Camp](#), [NGO House](#), [MOVE Together](#).

[Sofia Tech Park](#) opened in 2016 and is one of the few dedicated science and technology parks in the region. The Park includes a vast laboratory complex, an innovation forum, an interactive children's center TechnoMagicLand, and an incubator for innovative companies.

The co-innovation hub [Resonator](#) is expected to open in 2019. Resonator will provide 800 sq.m. of creative workplace with labs, equipped with state-of-the-art technologies, devices and prototyping gear to spark co-innovation, applied learning and collaboration opportunities for startups and innovative companies.

[MISSIA23](#), a creative hub for design, visual arts, advertising, gaming, media, music and movies is also expected to open in April 2019.



Source: EDIT BG map of the co-working spaces in Bulgaria, Puzl CowOrKing, Sofia Investment Agency

Accelerators and incubators can play a crucial role in the growth of start-ups as they have a lot to offer for their development: know-how, expertise, mentorship, networking opportunities and seed capital. Some of the accelerators and incubators operating in Sofia include:

- [CampusX](#) – one of the leading incubators for tech companies and talent in South-East Europe, Campus X supports innovative ideas and accelerates on their path to growth.
- [Founder Institute Sofia](#) – a 3,5-month pre-seed start-up accelerator, helping start-ups to build an enduring company by establishing a support network of local start-up experts and providing a structured business-building process that has helped our alumni raise over \$700M.
- [Climate-KIC Accelerator Bulgaria](#) – Climate-KIC Accelerator is Europe’s largest green tech accelerator for early stage start-ups. In Bulgaria the Accelerator is executed by Cleantech Bulgaria. Its programme is suitable for young companies, spin-offs and non-incorporated teams of entrepreneurs focusing on sustainable business solutions, clean technologies and climate innovation. During its three editions the programme has invested in 24 teams which have attracted over 1 mln BGN external investment and have launched a number of innovative products on the market.
- [Eleven Ventures](#) – the Bulgarian innovative accelerator and venture fund offers a wide range of support for early-stage European start-ups, providing mentorship and critical initial capital to entrepreneurs and their ideas.
- [Start it Smart](#) – an intensive 10-week pre-accelerator, offering a mentorship program of over 40 trainings and a coworking space. One of the oldest incubators in Bulgaria, Start It Smart has helped more than 300 start-ups, has around 150 partners in this field, and has built a great community around its events.
- [Strategy+Business Lab PrEXCErator](#) – a pre-accelerator supporting idea-stage start-ups in their validation stage, pivoting, search for appropriate funding, and expanding to proper international markets. The programme of the PrEXCErator expands to 15+ industries, 13+ digital technologies, and takes place in cooperation with 5 Bulgarian universities and 100+ industry experts and mentors in 15 Advisory Boards.
- [Sofia Tech Park and Source Institute program](#) - starts in 2019, the programme will be focused on applied science and commercialization of research developments.



[Startup Sofia Accelerator](#) – an initiative of Sofia Municipality in support of innovative, start-up and social entrepreneurs in their process of preparing for application for funding from banks and investors. The 3-month accelerator offers grants of up to 5000 euro per project and provides mentoring, communication and institutional support, access to shared workspace and the startup environment, etc.

There is a strong entrepreneurial community and a great variety of organisations in Sofia that could provide start-ups with information and guidance, and help them to develop and scale. Some of them include:

Government and municipal bodies:

- [Sofia Investment Agency](#)
- [Bulgarian Small and Medium Enterprises Promotion Agency](#)
- [Municipal Guarantee Fund for SME-s, Sofia](#)

Foundations and associations:

As of 2018, the local ecosystem has its first start-up association representing the interests of the start-up founders. The [Bulgarian Startup Association](#) (BESCO) is a non-governmental organisation that acts as a bridge between start-ups, private and institutional investors, the government and other stakeholders in the innovation industry.

Other notable organisations supporting the start-up ecosystem include (and are not limited to):

- [Bulgarian Association of Business Angels](#)
- [Bulgarian Outsourcing Association](#) (BOA)
- [Bulgarian Private Equity and Venture Capital Association](#) (BVCA)
- [Association of the Bulgarian Leaders and Entrepreneurs](#) (ABLE)
- [StartUP Foundation](#)
- [Bulgarian Association of Software Companies](#) (BASSCOM)
- [Bulgarian Chamber of Commerce and Industry](#) (BCCI)
- [Bulgarian Fintech Association](#)
- [Bulgarian Industrial Association](#) (BIA), and many more

Networks and entrepreneurial platforms:

- [Enterprise Europe Network Bulgaria](#) (EEN Bulgaria)
- [European Business Angels Network](#) (EBAN)
- [International Business Alliance](#) (IBA) Bulgaria
- [Economic Development via Innovation&Technology](#) (Edit.bg)
- [Global Entrepreneurship Monitor Bulgaria](#) (GEM)
- [Move.bg](#), and many others.

In 2018 Sofia hosted events like the [European Business Angels Network's Annual Congress 2018](#) and in 2017 - the [Central European Startup Awards](#).

In addition to the daily meetups, knowledge-sharing events and highly specialised conferences, Sofia hosts two of the flagship annual start-up events in South East Europe – [Digitalk](#) and [WEBIT](#). In June 2018 the city welcomed the [Digital Assembly](#) – an event co-organised by the EU Commission and the Bulgarian Presidency of the Council of the European Union. The first Bulgarian exposition for start-up innovative companies [Sofia Startup Expo](#) also took place in 2018.

Other notable innovation and start-up events include [Innovation Explorer](#), [JPrime](#), [HackConf](#), [Startup Weekend](#), and many others.

IN THE GLOBAL MEDIA

- [Podcast: Bulgaria reverses the IT brain drain](#) (VentureBeat)
- [Bulgaria Rising: Can a Growing Startup Movement Reinvent the Country's Economy?](#) (VentureBeat)
- [Bulgaria – Open for Business](#) (Euronews)
- [Innovation Nation: Ten Tech Startups in... Bulgaria?](#) (Balkan Insight)
- [List of innovative Bulgarian companies & organizations](#) (project of the Ministry of Economy and BESCO)
- [10 Top Cities Around The World To Launch Your Startup](#) (Forbes)
- [Is Sofia the Real Digital Capital of the New Markets?](#) (Forbes)
- [Bulgaria – 'Europe's Greatest Sandbox'](#) (BBC)
- [Mergers and Acquisitions in the Bulgarian Tech Ecosystem in 2018](#) (Trending Topics)



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