Sofia in the Emerging Venture Capital Ecosystem of South-East Europe

WEBIT.FESTIVAL Europe 2019
Emerging Startup Destination

“Sofia is Among the 10 TOP Cities Around the World to Launch Your Startup”
- Forbes

01 ICT
02 Cheap costs of living
03 45% English-speaking people
04 Low business costs
05 Strong tech skills
06 R&D

- 96% internet users with speed higher than 4 mbps
- 89% higher are the living & working costs in Berlin compared to Sofia
- 50% of students study a 2nd foreign language
- 10% flat corporate and personal income tax
- 44.6% of the workforce in the technology sector are women
- 3rd city in Europe in number of start-ups, 90% of them in the ICT sector

Source: Invest Sofia Agency
Sofia in 2012: Kick-starting the development of VC ecosystem

The key goal of developing JEREMIE Bulgaria risk capital strategy was to foster the development of entrepreneurial ecosystem.

Start-up funds
Private equity funds for start-up capital in Bulgaria did not exist prior to 2012

Business angels
Developing the paradigm of angel investing that was in embryonic stage

Structured mentorship
Providing first-time entrepreneurs with access to mentorship from industry captains

Venture capital
Providing ‘classic’ Venture Capital funding for emerging high-tech businesses
Risk capital for high-tech businesses at every stage of their development

- EUR 125m VC funding under JEREMIE Bulgaria
- 4 risk capital instruments deployed
- Via 6 different equity funds based in Sofia
- Crowding-in >EUR100m additional private capital

SME Development Stages:
- PRE-SEED PHASE
- SEED PHASE
- START-UP PHASE
- EMERGING GROWTH
- DEVELOPMENT
Sofia in 2015: Among the top 3 cities in Europe for accelerated start-ups
Sofia in 2019: Key local players in the innovation ecosystem

Source: Bulgarian Venture Capital Association
Building blocks of the maturing Venture Capital ecosystem

**Talent**
- Preferred career path
- Attracts high potentials / managers
- Next generation of founders

**Experience**
- 1st generation founders as mentors
- Execution infrastructure ready
- Excellence building blocks available

**Capital**
- Former entrepreneurs invest
- Business angels are everywhere
- Every good idea gets funded

**Exits**
- Successful exits via M&A and IPOs
- Entrepreneurs reinvest in the ecosystem
- Powerful role models for young talent

**Thinking Big**
- Strong teams are ambitious
- Looking beyond building small
- Focus: big international opportunity
Venture Capital on the rise across South-East Europe

**Bulgaria**
Local Fund-of-Funds pushing forward a new vintage of equity funds for start-ups, tech transfer, venture capital and growth capital funds with >EUR100m public funding

**Greece**
EIF-managed EquiFund of EUR 260m for commitment to 9 new venture and growth capital funds with >EUR 400m total capital

**Romania**
2 acceleration funds for startups with EUR 59m and 2 growth equity funds with EUR 88m launched in 2017-2018, further EUR 50m for VC funds expected in 2019

**Croatia**
First VC fund with EUR 40m launched under the Croatian Venture Capital Initiative
Sofia launches regional equity platform

InvestBG Equity initiative will invest EUR 110m in new generation of regional VC and growth capital funds to support emerging high-tech champions in their global expansion.

“Scale-up capital
Emerging high-tech innovators need bigger investment rounds to compete globally.”

“Regional integration
Developing connections b/n local ecosystems across the Balkans.”

“Private Investors
Larger equity funds with commercial focus will attract more private capital.”

“Attracting Talent
Faster track to global expansion will expand existing pool of talent in the region.”