

# BALTIC STARTUP UPMAG

BALTIC STARTUP MAG 2018

Baltic Startup List

Investment card

Financial data report

Baltic Startup Outlook

dienas  
bizness

accenture

MAGNETIC  
LATVIA



## STARTUP THINKING IN EVERY SECTOR AND COMPANY

Latvia does not have valuable mineral deposits or large volumes of primary industry exports, except timber. Nor do we have large-scale manufacturing. But we do have the so-called intangible industry – everything done by sophisticated IT companies. We have something that even much bigger economies envy – a highly developed and rapidly expanding startup segment. On several occasions, foreigners have asked me – what is the secret of Latvia (and the Baltics overall)? Why are we so successful in startups? We have numerous startups which have become global success stories. Perhaps some deficiencies in other sectors of the economy have encouraged the strong growth of qualities most needed in today's world. Of course, not every new idea earns millions, nor does every startup survive and

thrive. But even if in the early stages a startup looks like a game played by hipsters, startups have an ever-increasing role in the real economy. In Latvia, startups and the creative, enterprising people behind them are exactly what we need to escape from the so-called middle-income trap. Startup thinking, which regards the whole world as its home market, is vitally important for every sector and company. Startups are something we Baltics can truly be proud of and from which we can continue learning.



**LĪVA  
MELBĀRŽDE**

Editor-in-chief, Dienas bizness

Photo: Ritvars Skuja

## WE DON'T JUST SIT AND DRINK COFFEE

Last year, Accenture opened a Liquid Studio in Riga to help clients speed up innovation and software development cycles. At the Liquid Studio, clients work alongside Accenture engineers to quickly turn concepts into products, taking days to achieve what used to take months. Experimenting with innovative technologies including artificial intelligence and the internet of things helps organisations to rapidly evolve their operations and customer experiences. Why, am I telling you this? We don't just sit and drink coffee and wait for a better life. We create it. The Baltics need startups thinking and experience in every business field, regardless of whether a company is large or small. Accenture is a global management consulting, technology services and outsourcing company. We see great opportunities in synergies with startups, and we already have startup thinking in our Liquid Studio. We see Accenture as a bridge, and we can help our Latvian startups by arranging meetings in a matter of minutes which could otherwise take months. The role of contacts is highly valuable and sometimes underestimated as it cannot be measured with money. Every year Accenture acquires or invests in other companies, including startups, and if we find the right company we would love to invest in the Baltic States.



**MAKSIMS  
JEGOROVS**

Accenture Lead in Latvia

Photo: Andrejs Losevičs



# LATVIA EARMARKS 75 MILLION TO SUPPORT STARTUPS

*Latvia is planning to give significant support to the startup movement both financially and by creating adequate infrastructure*

This is revealed in the following interview with Olga Barreto Gonçalves, Chief StartUp Instigator at the Investment and Development Agency of Latvia (LIAA).

**The second version of Law on Aid for Startup Companies was passed in early 2018. What further changes are planned?**

Essentially the law was written by the startup ecosystem and is now managed by LIAA. After its adoption in January 2017, together with the Ministry of Economics we gathered the recommendations of the startup ecosystem on how to improve it. Startup founders were very responsive and gave constructive suggestions, while for our part we created a list of things to be changed, and we met with all the relevant parties to discuss the options. As a result, the law's second version covers around 80% of all the issues we wanted to amend. The remaining 20% are related to the cases when startups receive investments in companies registered outside Latvia. We would like to address that issue, too. The way we see it: if you a startup which receives an investment abroad but has a solid business operation – the “brain”, so to say – in Latvia, then we would like to support you. We are looking for the precise wording of this clause now, but the main idea is: we want to open the support door wider and empower more startups.

**How much funding is earmarked for startups in Latvia?**

Regarding state support, currently early-stage startups have access to 15 million euros from the acceleration funds. This is intended for startups which have an idea or and MVP (minimal viable product), and now need to test and fine-tune it. A larger sum – 60 million euros – soon will be made available for growth stage startups. Another interesting news: at the end of 2017, Latvia adopted the Social Entrepreneurship Law, under which 12 million euros will be available to companies seeking to solve social issues.

WE WANT TO ENSURE  
SUPPORT AND PROVIDE  
INFRASTRUCTURE  
FOR STARTUPS REGISTERED  
IN LATVIA, SO THEY  
HAVE NECESSARY  
TOOLS  
TO GROW AND  
MOTIVATE  
TO STAY  
HERE.





Based on my experience working in Asia, I am confident that this programme can produce a number of successful social startup stories.

### Where does LIAA see itself in the context of the startup movement?

In early 2017 LIAA was not yet a significant player in the startup movement, so following adoption of the Law on Aid for Startup Companies which we were designated to manage, we had to educate ourselves fast. In the beginning it was hard, and it's still not easy, if I'm completely honest. Startups is a rapidly developing field and, as quite a newbie, we needed some time to catch up with it. So, several months went by while we were managing the law and in parallel trying to define our strategic approach and our role in the ecosystem. We had quite an immersion into the startup vibe and we studied the best practices from around the world. For example, thanks to state support, the startup movement in Chile – also known now as Chilicon Valley – has witnessed a substantial progress in just five-seven years. There are excellent models to learn from and from early days we aspired to do exactly that, but – as I said – this requires time and resources.

In May 2017 I joined the LIAA team to lead agency's strategic startup-related work, and now we are a two-person team dedicatedly working with and for startups. We envision that LIAA should become a startup one-stop-shop-responsive, proactive and transparent. We want to be startups' best friend, who would not only mediate the relationships between the ecosystem and the Ministry of Economics, but who would also add value to the ecosystem by providing growth and development opportunities for startups world-wide. We want to become the place where startups can ask all the questions that bother them, be it business-related or – what can be most relevant for foreign startup founders – how to, say, “hack life” in Riga. This is our intended way to, first of all, good and from there – to great.

So, this is the medium-term vision. In the short-run, we will keep ourselves busy with currently pressing things. For example, there is no proper database of Latvia-based startups, listing their fields and contact details, as well as tracking their progress. Labs of Latvia made a great attempt at that but the database was not complete. In absence of a database, we have no way to reach out to startups, communicate with them and inform them about opportunities. That is why we're currently setting up such a database, and at the end of 2017 we surveyed startups (whoever we could reach at that point) to learn their views on what is happening. Speaking of Labs of Latvia, in early 2018 LIAA took it over from Altum, with intention to keep it going and growing the impact it's been having on the startup community.

Among other LIAA's priorities, we want to ensure support and provide infrastructure for startups registered in Latvia, so they have necessary tools

to grow and motivation to stay here, even if in part. We also want to put Latvia on foreign startup founders' map and convince them that we are a worthy startup destination. We want to promote Latvia as a great launchpad to found startups. What works in our favour: compared with the other Baltic capitals, Riga is the most liveable city. It is of optimal size, it's safe, it's clean, the culture is rich, the nature is stunning, it's a smart city when we speak of technology but it is also emotionally intelligent, if one can say such thing about a place. Riga – and Latvia in general – can cater to all types of people, extroverts, introverts – you name it. It's just more fun here!

### What is the plan for attracting startups from other countries?

The first thing to do is to let them know we exist and tell our story, because while people don't know a thing about Latvia, we won't get anywhere. Then we need to invite them to travel here and check us out. What follows: if all stars align right, they will consider staying here. For this to happen, it's vital to work with strong partners around the world, and to make friends with other startup ecosystems. The usual idea is that companies and countries compete with each other, and you don't want to say too much because someone will use it against you or steal it. Yes, that is somewhat rational, but if you think globally and try capturing the big picture, the benefits of cooperating far outweigh possible losses. So currently we are trying to make friends with other countries' startup ecosystems at the Baltic level. But we're not just talking about the Baltics or Europe, we're looking at the whole world. I've already had conversations with several ecosystems, including Brazil, Chile, the Philippines, South Korea, Portugal, and Denmark.

Furthermore, LIAA would also like to send its missions to countries which already have some knowledge and interest in Latvia, but which lack information about current processes. In short: we want to convince those who know about us but are not fully sold yet on the idea of moving here. There's already demand in former Soviet countries like Ukraine, Belarus, Russia, Kazakhstan etc. Latvia is an entry point to the European Union: often startups founders from other countries can't move straight away to Germany or France because they are too expensive – and Latvia wins a point in this battle. Another advantage for Latvia is the multilingualism of its people, who speak English and Russian (and often more), in addition to Latvian. There's interest not only from the CIS countries, but also from Asia and South America. There's a slightly different scenario here, as we got to know, because some time ago small companies from those regions tried to enter the European market through the Western gate, but they didn't succeed. While the Western European market is dynamic and aggressive, the Baltic states are relatively inexpensive and more laid back. So some foreign non-European entrepreneurs see the Baltic states as a second chance to enter the European market. Good news for us!

# BALTIC STARTUP UPLIST

STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
3D creationist	EE	AirDog	LV	Atlas drones	LV
3D rilbits	LT	Airpatrol	EE	Ato id	LT
3Dprinter0s	EE	Airthemes	LT	Attitude	LV
3plet	EE	ALINA	LV	Autlo	EE
4fit	EE	Alloy Advisor	LV	Autobahn	EE
4SmartStreets	LV	Alone.today	EE	Autodaktaras.lt	LT
5sec	EE	Along	LT	Autolevi	LV/EE
Abili	LT	Alovita	LT	Autoproceeding	EE
Aciety	LT	AlphaBlues	EE	Aviacijos laboratorija	LT
Actual reports	EE	Alternativa platform	LT	Avizu	LV
Adaplab	LV	Altero	LV	Avizu technologies	EE
Adcanvas	EE	Amber Housing	LV	Avokaado	EE
Adcash	EE	Aminostream	LV	B1.lt	LT
Addgoals	EE	Ampler bikes	EE	Baltic Embedded	LV
Addivide	EE	Ampple	LV	Balu	LV
Adduplex	LT	Anatomy Next	LV	Banacar	LT
Adeo imaging	EE	Animals Life NET	LV	Barking	EE
AdForte	LV	AntiChat.me	LV	Basaar	EE
Adia Nano Tech	LV	Applava	LT	BaseMeter	LT
Adpos	LT	AppStrand	LV	Batcrab	LT
Adtarget	LT	Apwiser	EE	Beirate	LT
Advanced Vector Analytics	LV	Arambla	EE	Benjamin river productions	LT
Aerones	LV	Arlabion	LV	Benroy business app	LT
Agile Stacks	LV	Art Fairs Service	LV	Bescouted	LT
Agileworks	EE	ASADRA	LV	Bestimulated	LV
Agility Sports (Winmill)	LV	Aspice	LV	Beta media	LT
AgirVision	LV	Assistentis	LV	Be-with	LV
Agrello	EE	A-steroids	LT	Beyondpad	LV
Aimbrain	LT	AstroSecret	LV	Big data scoring	EE
AirBoard	LV	Asvertinu.lt	LT	Bikeep	EE

STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
Bindie	LV	Bulkestate	LV	Cityntel	EE
Bindio	LV	Bumfix	LT	Claimscontrol.com	LT
Bioanalizės sistemas	LT	BuyerDeck	LV	Clanbeat	EE
Biomė	LT	BuzzTale	LV	Cleantastic	LT
Bioseka	LT	CakeHR	LV	Cleveron	EE
Biotap	EE	Callmidwife	EE	Clevertalents	LV
Biovala	LT	CancanIT	EE	Click done	EE
Bitcalm	EE	CapOne Research	EE	Click&grow	EE
Bitcoin platform	LV	Capster	EE	Clickatick	EE
BitFury	LV	Capsulink	LV	ClientCallUp	LV
Bitrec	LT	Captomatic	LV	Clipman	EE
Bizrecommends	LT	CaptureIn	LV	Clouddesktop.me	LV
Blindsense	EE	Carbocove	LV	Cloudwebops	EE
Bling	LV	Cardinity	LT	Clusterpark	LV
Bliu bliu	LT	CarrotArrow	EE	Clusterpoint	LV
Blokas	LT	Cartskill	EE	Cobalt engine	EE
Blue Bridge Technologies	LV	Cash on go	EE	Cody	EE
Blue Shock Bike	LV	Cast Print	LV	Coffee Pixels	LV
Blue Shock Race	LV	Catalyco	LV	Cognuse	EE
Bondckick	EE	Catch Box	LV	Coinfide	LV
Bondora	EE	Cellin technologies	EE	Comodule	EE
Boogsie	LT	CEnOS	LV	Conelum	LV
Booking Group	LV	Ceramic Framework Print	LV	Connect Baltic	LV
Boredpanda	LT	Certes Technologies	LV	Connection codes	LV
BranchTrack	LV	Cflow	LT	Contriber	EE
Brandlyse	EE	Cgtrader	LT	Copictures	LT
Breakmyboard	EE	Champick	LV	Cora	EE
Breathcount	LT	Change	EE	Coshared	LV
Brocreation	LV	Change Ventures	LV	Couplelizer.com	LT
Brolis semiconductors	LT	Charlie oscar	LT	CozyCell	LV
Browserbite	EE	CheeksUp	LV	Crabsec	EE
BrowserID	EE	Chillweek	EE	Crassula	LV
Budget.to	EE	Chocolate bar	LT	Creamfinance	LV
BudgetMatador	EE	Chop e	EE	Creative mobile games	EE

STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
Creatomus solutions	EE	Digimist	EE	Ekspertas.lt	LT	ExploreCams	LT	Folderit	EE	Getshopin	LT
Crowdestate	EE	Digipulse.io	LV	Elebeam	LV	ExtendLaw	EE	Foodout.lt	LT	Gettabox	EE
Crrency	LT	Digital sputnik	EE	Electo.online	LV	Eylean	LT	Foody app	LV	GetZuper	LV
Cruting	EE	Digital trade solutions	EE	Eligo games	LT	Fabula	LV	Force Servo	LT	Gifty	LT
Crystalsol	EE	Dimple	LV	Energetikos sprendimų grupė	LT	Fabulonia	EE	Forex Hero	LV	Giraffe360	LV
Crystalspace	EE	Disabled enabled	LT	Englishlab.net	EE	Factory	LV	ForexTeam	LV	Globalreader	EE
CS Games	LV	Displio	LV	Entora	LV	Faralong	EE	Forgamer	LV	Globitex	LV
Cubehub	EE	DoFinance	LV	Envoice	EE	Farmis	LT	FormSchema	LT	Glog home	EE
Cuber	EE	Dragdis	LT	Epicwander	LT	Fastercourse	LV	Formyoula	LV	Glowforth	EE
Curonians	LV	DreamApply	EE	Epratybos	LT	Feedpresso	LT	Fortumo	EE	Go4price	LT
Dalinuosi	LT	Dreamerlink	LT	Eprotai	LT	Feelingstream	EE	Foxcademy	EE	Gohisto	LT
Dash & dot	LT	Dribsnis	LT	Ernest	LV	Fėjana	LT	Frank	EE	Goliath	EE
DaSMS	LV	Dripit.io	LV	Erply	EE	Feltmore	LV	Frank Taxibot	LV	GONEPLAN	LT
Datame	EE	Driways	LV	Esensorics	EE	Ferentis	LT	FROONT	LV	Goodzy	EE
Datamuse.eu	LT	Drone Plan	LV	Eshoprent	LT	Festivality	EE	Frozen kingdom	EE	Goswift	EE
Datazenit	LV	Dronee	EE	Especha	EE	Fidens	LT	Fuffy	LV	Goworkabit	EE
Dayrent.lt	LT	Dropbyke	LT	Esquoia	LT	Finch	LV	Fulfilli	LV	Grafomap	LV
Deallink.biz	LT	Dropship.lt	LT	Estate guru	EE	Findigo	EE	Full profile	EE	GRANDMA	LV
Dealoyal.com	LT	Duomenų tinklas	LT	Estelon	EE	Finerium	LV	FullContact	LV	Greatest games	LT
Deekit	EE	Earth Pump	LV	Etaksi	LT	First party software	EE	Funderbeam	EE	Green fuel energy	EE
Deeper	LT	Easyrider.me	EE	Etaxi24	EE	Fitnessant	LV	Funderful	LV	GreyNut	LV
Degudegu.lt	LT	Eat with me	EE	Eteronas	LT	FitRadar	LV	Fundwise	EE	Growth Race	LV
Deltabid	EE	eazyBI	LV	E-tikete	LT	Fixelp	LT	Furnny	LV	Guaana	EE
Dentilink	EE	ECOM 2.0	LV	Etnobird	EE	Fixipro	LT	FusionPedal	EE	Guardtime	EE
Dermtest	EE	eComCharge	LV	EUROLCDs	LV	Flazm	LT	Fututec	EE	Guestjoy	EE
DeskTime	LV	Chop e	EE	Evebuzz	LT	Fleep	EE	Fysabi	EE	Gymdiary	EE
Devs.lt	LT	Edrk.ee	EE	Eventech	LV	Flexibell home	EE	Gagabeer	LV	Gymwolf	EE
DevtoDev	LT	Edukacinės sistemos	LT	EVENTSAROUND	LV	Flexypress	EE	Gallerist	EE	HackMotion	LV
Devulco.eu	LT	Edurio	LV	Everypay	EE	Flipflic	EE	Gamecan	EE	HALA	LV
CEnOS	LV	Egzaminatorius.lt	LT	EvoLED	LV	Flirtic	EE	Ganttic	EE	Hands	EE
DexLab	LV	eHarvesters	LV	Exacaster	LT	FlowHow	EE	Gateme	EE	Happr	LV
Dietbooster	EE	EHO Textiles	LV	Excip.io	EE	Flydog solutions	EE	Gelatex	EE	Harba	LT
Difrotec	EE	Eile.lt	LT	Exerius	LV	Flyover.world	EE	Genosity	EE	Hashcoins	EE
Digidone3d	LT	Ekologiškos statybos centras	LT	Exobike	EE	FlySolo	EE	Get.style	EE	Hashtago	EE



STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
Health circle	EE	Estate guru	EE	Istabai	LV	Lainergy	EE	Lurento	EE	Mèlynė	LT
Healthchecks	LV	Inaa	LT	Itjobsco	LT	Lastmin	LV	Lynxreports	EE	Memgrid	EE
Healthdiary	EE	Inboard	LV	Jetcat games	LT	LeanCon	EE	M3MSCAPE	LV	Messente	LV
Hedgehog	EE	inBudget	LV	Jiffi	EE	Leansite	EE	Maakler.ee	EE	Messente communications	EE
Heelosophy	EE	Indoor.ninja	EE	Jobbatical	EE	LeapIN	EE	Mageflow	EE	METRICS Directions	EE
Heimdallr	EE	Industry files	LT	Jobrely	LT	LED chemicals	LV	Magma solutions	LT	Micro Pilot	LV
Hello hungry	LT	Infomeka	LT	Juro	LV	Ledakis	LT	Magnafield	LV	Militera	LT
Helmetrex	EE	Ingenium	LV	Kaytek solutions	EE	Ledigma	LT	Mahydy	LV	Mindscopus	LV
Helpific	EE	InHub	LV	Keitra	EE	Lėkštė.lt	LT	MailerLite	LT	Mint app	LV
HeptaGroupEnergy	EE	Inloga	LT	Keystroke DNA	EE	Lenndy	LT	Mailigen	LV	Minter	EE
Herbo	LV	Inovatas	LT	Kided	EE	Levidera e-musicschool	EE	Maintenel Automation	LV	Mintos	LV
High mobility	EE	Inovatyvių procesų sprendimai	LT	Kidibam	LT	Lidaris	LT	Manodaktaras.lt	LT	Mobassurance	LT/EE
Hirehoo	LT	Inpeak	LT	Kidzy.ee	EE	Lightspace Technologies	LV	ManoDantukai.lt	LT	Mobifor.com	LT
hitcontract	LT	Inselly	LV	Kimba.lt	LT	Like a local	EE	Manomarsrutas.lt	LT	Mobile worker	LT
hitmiksas	LT	Inside warehouse	LT	Kinasera	EE	LingoJungle	LV	Manorezervacijos.lt	LT	Mobili antenna	LT
holtida	LT	Insightsforce	EE	Kindervibe	LT	Lingvist	EE	Mapon	LV	Mobili karta	LT
Hoopy	EE	Insly	EE	Kinotehnik	EE	Link labs	EE	MapOnShirt	LV	MobilityBee	LV
horas mpm	LT	Insta kindlustus	EE	Kitareklama	LT	Linkify	LV	Margn	EE	Mobilily	LV
Horny	LV	insta.ad	LV	Kitoks.com	LT	LinkTail	LT	Marina ahoy	EE	Mobocars	LV
Hourdini	EE	Integrated optics	LT	Kiuto	EE	Lipdukai.eu	LT	Marketing sharks	EE	Mobofree	LT
Hundred5	EE	Intentex	LT	KLEAN	LV	ListFellas	LV	Mass Portal	LV	Model cat	LT
hunt me	LT	Interactio	LT	Klip	EE	Listthings	EE	Matcher	LV	Mo'joes	EE
Hunters	LT	Interactive echo games	EE	Klovvy	EE	LittlePilots	LV	Maxify group	EE	Mokipay	LT
Huntloc	EE	Inv24	EE	Koatum	LV	LiveOnRiviera	LV	MaxTraffic	LV	Mokslincius.lt	LT
HUUM	EE	Invenis	LT	Kompaktfilter	EE	Llamasvalley	LT	Get.style	EE	Moleql	EE
Hybridsolarengineering	LT	Inventory	EE	Konku	EE	Loadoo	LV	MAZE	LV	MolPort	LV
IDkliendikaart	EE	Investly	EE	Kookon	EE	Localdrive.me	EE	Mealdeal	LT	Monai	LT
Idroo	EE	Investorise	EE	Kosherdev	EE	Lokacijos sistemos	LT	Medihub	EE	Monday calendar	EE
iGotClient	LV	InvoiceBerry	LT	Kula-tech	LT	Lokalise	LV	Medikeep	EE	Monea	LV
Imeetyou.at	LT	InvoicePool	LT	Kurp.es	LV	Look4care	EE	Meduza	EE	Monese	EE
ImeScoop	EE	Inwise	EE	Kvanto.lt	LT	Loquiz	EE	Meetfrank	EE	Monify	LV
Import2	EE	INZMO	EE	Kypsis	EE	Lounger	EE	Megastud.io	EE	Monimen	EE
Impresspages	LT	IQ polls	LT	Labtowellness	EE	Lu lu	EE	Megusto	EE	MOSES	LV
Imubuta.lt	LT	Iron digital	LT	Laika	EE	Lucky loot	LT	Melior games	LT	Motionchart	EE

STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
Mower	EE	Nimi	EE	Parim	EE	Plate culture	LT	Qminder	EE/LV	Rikai games	EE
Mozello	LV	No brakes games	LT	Partscosting	EE	Plawius	LT	Qoderoom	EE	RMR Motorbikes	LV
Mrpeasy	EE	Nodeswat	EE	Pay4results	EE	PlayGineering Systems	LV	QPANO	LV	R-nox	LT
Mtaxi	EE	NomadicScooter	LV	PayB	LV	Playgong	LT	Quatrodev	LT	Roamer	LV
MultiCord	LT	Nordic Automation Systems	EE	PayBis	LV	Plumbr	EE	Quickmage	EE	ROBOCASH	LV
Multiloginapp	EE	Nordigen	LV	Paych	EE	PLUS Pedal / Gamechanger Audio	LV	Qwixi	LV	Rotten wifi	LT
Municipality tools	EE	Noriunoriunoriu.lt	LT	Payment.Ninja	LV	Pluss id	EE	Raceoptimizer	LT	Rubbee	LT
My ads agency	EE	Notakey	LV	Paype	EE	Pocopay	EE	RAIBUM	LV	Safecommunity	EE
My iq live	LT	Notesnote	EE	Paytailor	EE	Pogritech	LV	Rangeforce	EE	Safetoact	EE
My3d.house	LT	NotifyUs.net	LV	PayTraq	LV	Poker Art	LV	Ranklog.com	LT	SalesEyes	LT
Myday	LT	Okay.lt	LT	PAYYAP	LV	PolyLab	LV	Rastas.lt	LT	Salonium	LT
Mydrinkbeverages	LT	Okta	LT	Payzoff	EE	PomoDoneApp	LT	RCG Lighthouse	LV	Sama sama studios	EE
Myinnergo	EE	Olly Bee	LV	Pazymetas.lt	LT	Postpal	EE	Realeyes	EE	SASAP	LV
Mywind	EE	On5	LT	Pedagogas.lt	LT	Ppsteem	EE	Realmailers	EE	Satrian	EE
Mywinetour	EE	Onbo	LT	Pepi play	LT	Practican	LV	Rebelroam	EE	SATU Laboratory	EE
N Capture	LV	One cv	EE	Persimonas	LT	Prana Jet	LV	Recap Guide	LV	Savy	LT
Naaber	EE	Online dog	LV	Perso.lt	LT	Pricer.lt	LT	ReContact	LV	Scaledrone	EE
Naco Technologies	LV	OnlyOffice	LV	Phantom	LT	Prime Peaks	LV	Redbee	LT	Scard	LT
Nakvok.lt	LT	Opencluster	EE	Photo1moment.com	LT	Printagram	LT	Registration.lv	LV	Scarfmaker	EE
Nano 55	LV	Operose	EE	Photofing	EE	Printful	LV	Rehobby	LT	s'COOL	LV
Nano RAY-T	LV	Opportunity	LV	Photry	EE	Printify	LV	Reikia bus	LT	ScoreMusic	EE
Nanoavionics	LT	Optimaltrans	EE	Picax	LV	Pro motu	LT	Relade	EE	Scoro	EE
NanoOptoMetrics	LV/EE	Optofluid Technologies	EE	Pick&try	EE	Probiomas	LT	Relative CC	LV	Scriptor	EE
Narratif	LV	OrangeLV	LV	Piedarbs	LV	Probiosanus	LT	Relax gaming	EE	Seatwizer	EE
Nartest	EE	Eile.lt	LT	Piletimasin	EE	Promorepublic	EE	Rention	LV	Seenehunt	EE
Natufia labs	EE	OROCON	LV	Pilot Automotive Labs	LV	Proofofyou	EE	Rentmarket	EE	Seguru Corp	EE
Need2park	EE	Osm games	LT	Pipedrive	EE	Protect-ID	EE	Rephop	EE	Selfdiagnostics	EE
NeoSound	EE	Outlander studios	LT	Pipelinepharma	LT	Publification	EE	ResultsOnAir	EE	Selfikon	LV
Netiarst	EE	Ovao	LT	Pixel punch	LT	Pulsetip	LT	Retechas	LT	Sellfy	LV
Neuromarketing tool	LT	Overly	LV	Pixelhero	EE	Purfect	LT	Reverse resources	EE	Semantic Intelligence	LV
Nevercode	EE	Ovi Watch	LV	Placeilive	LT	PVStream	LV	Rewild	EE	Semu	EE
New garage time	EE	P4	LV	Plag	LT	Pyromind	LT	Ria Wolf	LT	Sender.net	LT
Niche Media	LV	Packpin	LT	Planner5d	LT	Qfer	LV	Ridango	EE	Sendigo	LV
NimeGa	LV	Palleter	EE	Plantishare	LT	Qlaara	EE	RigaVision	LV	SENDS.IM	LV

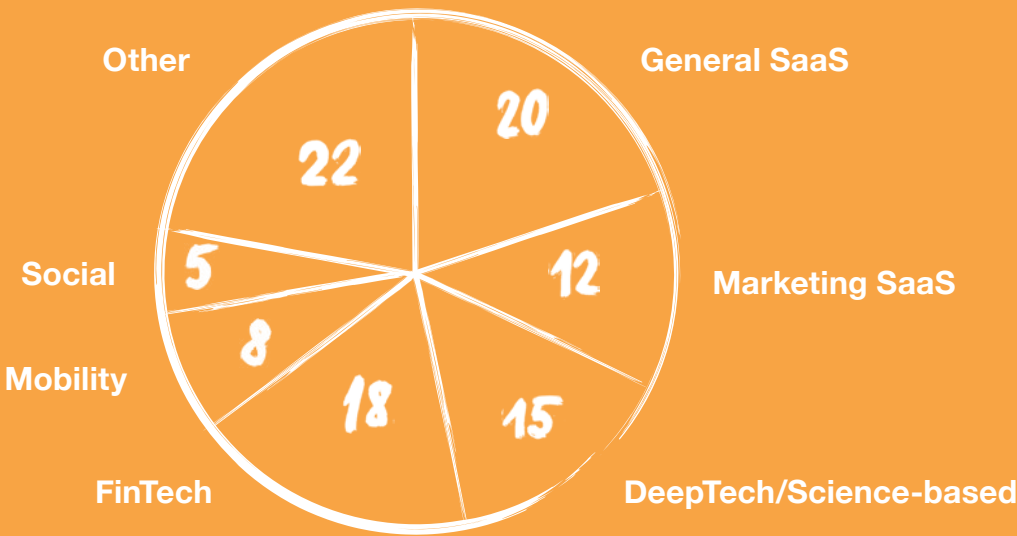


STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY	STARTUP	COUNTRY
Sensation	EE	Sneakybox	LT	sStoru analytics	LT	Taxify	EE	TitanGrid	EE	Tutotoons	LT
Sentab	EE	Snowision	LV	Stalčius.lt	LT	Taxigo	EE	Toitla	EE	TV zaidimai	LT
Serpyou	LT	Socialiniai algoritmai	LT	Stallion rockshore	EE	Taxistartup	EE	Tokia.lt	LT	Tvarkytojai	LT
Sessionstack	EE	Socialphotos	LV	Starship technologies	EE	TeamBot.ai	LV	Toneboard	LV	Tweetdeleter	LV
Shaka	EE	Socialshop	LT	Stepshot	EE	Teamgate	LT	Toona technologies	EE	TWINO	LV
Sharecruit	LT	SocWifi	LV	Stepsi	LT	Teamscope	EE	Tooth Fairy's Tools	LV	UAV Factory	LV
Shareswall	EE	Solid State Architects	LV	STERCUS Solutions	LV	Teamweek	EE	Toyze	LT	Ubique calculus	LT
Shipitwise	EE	Solidus mokslas	LT	Stigo	EE	Tebo	EE	TRACE	LV	Upgraded	EE
Shoperb	EE	Soltecha	LT	Stipulor	LT	Teisės vartai	LT	Trackduck	LT	Upitech	EE
Shoproller	EE	Somno	EE	Stock Invest.us	LT	Telšė	LT	Traffel	EE	UpMatched	LV
Sickets.lt	LT	Sonarworks, Soundigo	LV	STROPS Technologies	LV	TelTel	LV	Trafi	LT	Upsteam	EE
Sidewalk	LT	Songtive	LV	Sublimemeal	EE	Tennis Battle	LV	Trainedon	EE	Urbahn works	LV
Signwise	EE	Sorry as a Service	EE/LV	Supakis	LT	Testlio	EE	Trako sfera	LT	Uselio	EE
SilverHull	EE	Soter Analytics	EE	Superschool	EE	Text2reach	LV	Transferfast	EE	Va komanda	LT
Silverticket	EE	Soundest	LT	Surface labs international	EE	Texta	EE	Transfergo	LT	Vaikodiena.lt	LT
Simformer	LT	Soundsfor.me	LV	Surfzone	EE	The family places	EE	Transferwise	EE	Vakare.lt	LT
Simplefin	LT	Spatial Initiatives	LV	Sutaisyk.lt	LT	The FixHub	LV	TransfoElectric	LV	Valdo	EE
Site.pro	LT	Speak languages	EE	Svipe	EE	The top	LT	Transformative	EE	Vardoetikete.lt	LT
Siuntinukas.lt	LT	Spectrocoin	LT	Sweepst	LT	Theme tuner	EE	TravelUnion	EE	Vartus	LV
Skanu.lt	LT	SpectX	EE	Swipe	LV	Themeshaker	LT	Treasury View	EE	Veleza	LT
Skeleton technologies	EE	SPHEBOTICS	EE	Sympower	EE	TheMonetizr	LV	Tree social	EE	Velmenni	EE
Skillific	EE	Spicetone	EE	Syncui	EE	Thinktoolkit	LT	Treinio	LV	Velvet	LT
Skuuper	EE	Split metrics	EE	Tableair	LT	Thinnect	EE	Triggimine	EE	Vendon	LV
Skybiometry	LT	Sportage	LT	Tactile Eyesight	LV	Thorgate	EE	Trinyte	LT	Veriff	EE
Skylat	LV	Sportid	EE	Tag of joy	LT	Threod Systems	EE	Trip locators	EE	Verslobirza.lt	LT
Sliptree	EE	Sportlex	LV	Taggye	LT	Ticcet	EE	Trip.Center	LV	Verslokursai.lt	LT
SMART ID Estonia	EE	Sportlio	EE	Tamo	LT	Timbeter	EE	Tripify	EE	Veset	LV
Smart iMap	LV	Sportlyzer	EE	Tanwize	EE	Time plus q	EE	Tripmatch	EE	VialInvest	LV
Smart load solutions	EE	Sprayprinter	EE	TapCore	LV	Timebase	LT	Triptriphurray	EE	Viatax	EE
Smart museum	LT	Square Audio	LV	Taptender	EE	Timegt	EE	Tripvariator	EE	Viatender	LT
Smartad	EE	Square mountains	EE	Targetta	EE	Tinggly	LT	Trumpam.lt	LT	VideoDone	LV
SmartAdEx	LV	sSarchnode	LT	Taskenger	LT	tinyCam	LV	TruQuiz	LV	Vidulus	LT
Smartbnb	EE	sSgfoltas	LT	tawk.to	LV	Tinygain	LV	Tsekk.ee	EE	Viks	EE
Smartly	EE	sSmseye	LT	Taxi Pocket	LV	Tippy	EE	Tunman	EE	Vinted	LT

STARTUP	COUNTRY	STARTUP	COUNTRY
Visualoop	LV	Wisemile	EE
Vite.io	EE	Wiseteam	LT
VITS	EE	WISY	LV
Vittamed	LT	Wivel	EE
ViVentor	LV	Wolferion entertainment	LT
VIVIDLY	LV	Wolfprint 3D	EE
VizKey	EE	Woodpecker systems	EE
Voog	EE	Worapay	LT
Vortex OilEngineering	LV	World virtual office	EE
Vorty	LV	Wowtto	LT
VRNET.IO	EE	Wozber	LT
VRV Solutions	LV	WPBakery	LV
WaardeX	EE	Wulfcounter	EE
Wakespots	LT	Xpressomics	EE
Walmoo	LV	Xylo	LT
WebARX	EE	You.Support	LV
Webrobots	LT	Youweler	LT
Weekdone	EE	Zamphyr	EE
Wellbiome	EE	Zazler	EE
Wellness travels	LT	Zeew	LV
Wellnessorbit	EE	ZeroLiving	EE
Welltrado	LT	Zeroturnaround	EE
Weps	EE	Zerply	EE
Whatagraph	LT	Zev motors	EE
WhatTheBus	EE	Zlick	EE
WiDE	LV	ZoomCharts	LV
Widerfi	LT	Zuumly	LV
WIFIGarden	LV	Žymiausi fotografai	LT
Wifigo	LT		
WildWeel	LV		
Willdigital	EE		
Wincreator.com	EE		
Wineta	EE		
Wire	EE		

Source: Latvian Startup association Startin.  
LV, Startup Estonia, Startup Lithuania; as of  
November, 2017

# STARTUP FIELD %



QUALIFIED LABOUR CO-FINANCING  
INNOVATION VOUCHERS  
**BUSINESS INCUBATORS**  
**STARTUP LAW** 15 M EUR ACCELERATION FUND  
INNOVATION MOTIVATION PROGRAMME OUTREACH SUPPORT  
**STARTUP VISA** 60 M EUR SEED AND GROWTH VENTURE CAPITAL TAX SUBSIDY  
**SUPPORT FOR SCIENCE COMMERCIALIZATION**

Not only has the number of startups increased over recent years, but a network of business incubators and entrepreneurship centers has also been created in universities and the regions supporting the development of startups at various stages. Moreover, alternative sources of finance in the form of venture capital is available for startup companies. Latvia is determined to support all the businesses every step of the way, no matter how many bumps there might be on the track to greatness, and we are definitely on our way to expecting Latvian unicorns in the near future.

- Arvils Ašeradens, Minister for Economics of the Republic of Latvia

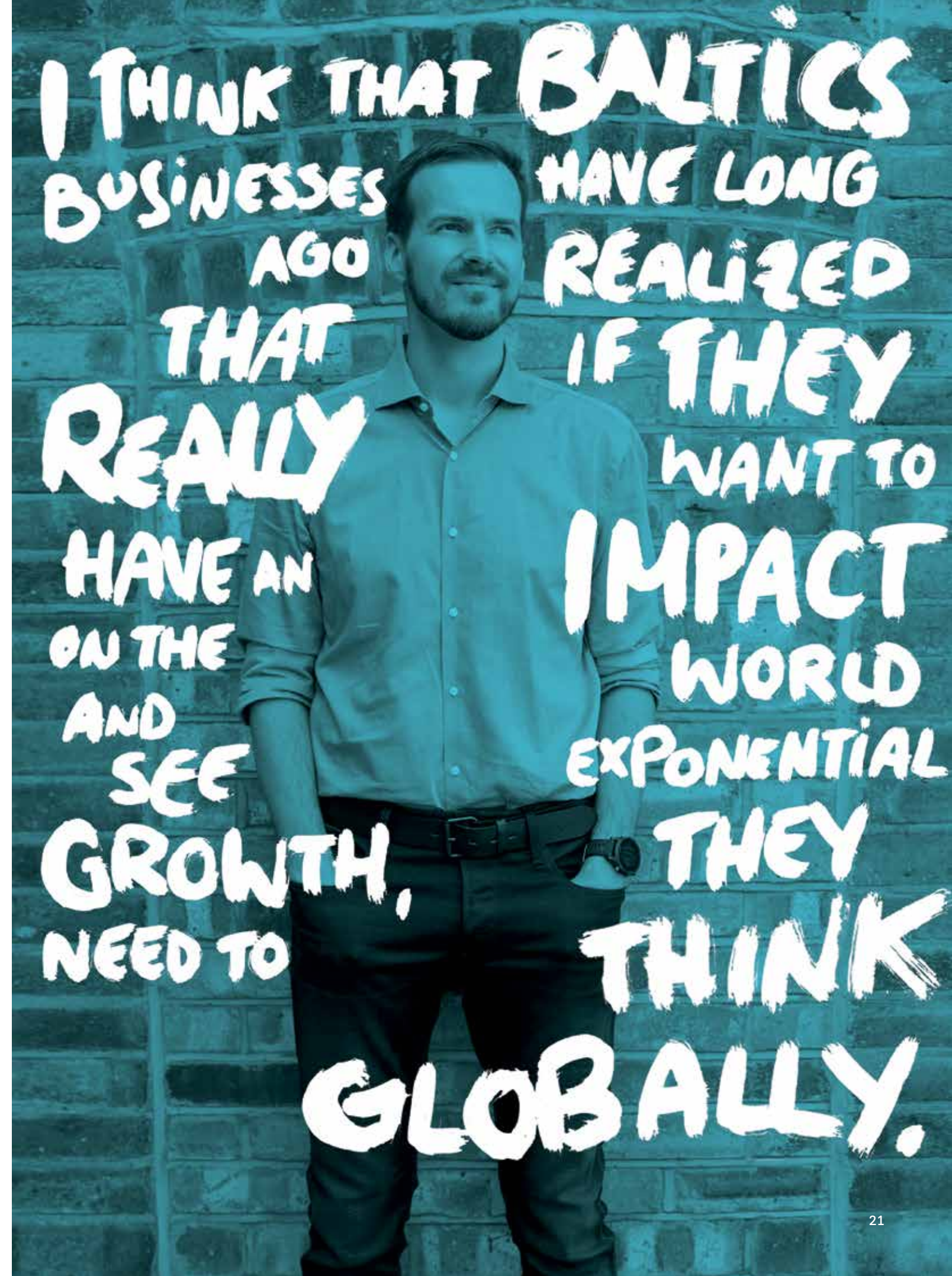


# THE BEST KNOWN ESTONIANS ON THE STARTUP SCENE

*TransferWise is one of the world's most successful FinTech startups, having raised 397 million dollars from such investors as IVP, Old Mutual, Andreessen Horowitz, Sir Richard Branson, Valar Ventures and Max Levchin of PayPal*

Co-founded by Taavet Hinrikus and Kristo Käärmann, TransferWise was launched in 2011. Last November TransferWise announced a 280 million dollar investment round as the company focuses on new products and APAC expansion. The round was led by asset management giant Old Mutual Global Investors, which invested through funds managed by its small and mid cap UK equities desk, and IVP, a Silicon Valley venture capital firm. IVP counts SNAP, Dropbox and Twitter amongst its portfolio. Silicon Valley's Sapphire Ventures, Japanese company Mitsui & Co, Ltd, and US Japan venture firm World Innovation Lab also joined as new investors. The round was supported by existing investors Richard Branson, Andreessen Horowitz and Baillie Gifford, who all reinvested.

«TransferWise is one of the most exciting tech companies in the world and we've been watching them from afar for years. We're thrilled to be part of their mission to give everyone a fair deal managing their money across borders. It's rare for us to make an investment in a European company but this opportunity was too good to miss,» said IVP general partner Jules Maltz. Old Mutual Global Investors team looks to invest in companies with the potential to significantly disrupt an industry, adds Richard Watts, a fund manager at Old Mutual UK Mid Cap Fund. «TransferWise, with its innovative product and customer-centric service, offers people a cheaper way to send money and is rapidly gaining market share from the traditional money transfer providers. The opportunity to invest now in a private company, with a hugely exciting global growth story, is particularly compelling and we believe this holding will benefit investors in the funds we manage,» he told.





TransferWise announced its new Borderless account in May, allowing small and medium businesses across the US and Europe to hold money in up to 28 currencies with access to local bank account details. A consumer Borderless account and card is planned for launch in the UK and Europe in 2018. TransferWise serves over 2 million customers and offers 750 currency routes. In October the company launched its Borderless account in Australia, with further expansion across APAC planned. The company already has hundreds of thousands of customers in the region, having announced a hub office in Singapore this year, with satellite offices in Tokyo and Sydney.

«We have a mission to bring TransferWise to everyone in the world who needs it. Today customers send well over a billion pounds using our platform each month for every conceivable reason – whether to help out relatives back home, pay bills overseas or expand their own business into new territories. But one billion pounds is just a slice of the market, which

**I think that Baltics businesses have long ago realized that if they really want to have an impact on the world and see exponential growth, they need to think globally from the start,» says Taavet Hinrikus, TransferWise co-founder and chairman.**

means millions of people are still being ripped off by banks and traditional currency brokers every day. It's great to have the support of Old Mutual Global Investors and IVP in bringing fair and transparent financial services to more people through our Borderless account,» said TransferWise co-founder and chairman Taavet Hinrikus. He had more to say about the TransferWise success story in an interview with the magazine.

**Tell us once more about TransferWise – how it all started and where the company is now?**

TransferWise started when I and Kristo realised how much money it cost to transfer money between the UK and Estonia. At the time I was based in London but was paid in euros; Kristo worked in London and paid a mortgage in Estonia in euros. We each needed the currency that the other had so we figured out a fair way to exchange money between ourselves, using the mid-market rate – without the mark-up rate and fees charged by the bank. We ended up saving thousands of euros and realized there were millions of people across the world who could do the same. So TransferWise started out as an online international money transfer platform. Now we have

TransferWise Borderless accounts: a virtual, multi-currency account that allows you to make payments and send money around the world easily, quickly and cheaply and with a local account number. Basically, it's like having a local account in any country you need, but without all the hassle. We have more than two million people over the world using us actively, and they're moving more than a billion euros each month. But, obviously, there's still a long way to go.

**What is needed to make a successful business in Baltics?**

I think that Baltic businesses have long ago realized that if they really want to have an impact on the world and see exponential growth, they need to think globally from the start. Also, they need to figure out if they are solving a real problem. Successful businesses usually address a widespread frustration. In TransferWise's case, it started with our personal frustration, but we quickly understood that there are millions of others with the same problem.

**TransferWise started with your private money. How important is money for accelerating business? In which phase of development will there be a need for additional investments?**

Ideally, you need to set up your business so that you're not desperately dependent on external funding. If you can make it work and still get investors that are sincerely interested in backing your business, that's when you get the best deal. We're lucky to have had investors that really believe in what we do and that have a long-term view. Now we've been profitable since early 2017, so we don't need new investments for day-to-day operating costs. However, we're continuing to grow at an accelerated pace and need to maintain a strong balance sheet while doing so, which was also the reason for our recent funding round.

**How would you describe Baltic startup scene? What tendencies do you see here?**

I'm obviously most familiar with the scene in Estonia. The investments into Estonian startups have grown each year, which is certainly an indicator of investor interest in the whole region. Entrepreneurship inspires entrepreneurship and so the ecosystem goes from strength to strength. But I would also say that it's up to the Baltic states to create the conditions to enable entrepreneurship to flourish. For one, the free movement of talent within Europe has been one of the key ingredients for success so far. I cannot stress enough the importance of immigration. TransferWise's Tallinn office is home to people from over 30 different nationalities. We need to be open to global talent.



### What are your favorite startups in the Baltics?

I am not going to name any one, but I always favor startups that set out to solve a real, painful problem, and startups that have a strong focus on their users. How do you make your service easier, faster and cheaper? Everyone in the company must be thinking about these questions. This will create a culture that's focused on customers, which will, in turn, create a successful company.

### TransferWise, as well as other Estonian and Baltic startups have their headquarters in London. Why? Why it is important and how it can help develop a business on a different scale than in the home market alone?

Choosing the market you're initially going to focus on is a very important decision. Focusing on a big market means having a big and diversified group of potential users. The population of London alone is bigger than the Baltic states combined. So, going for a big market makes sense. There are other factors here, such as being close to your investors and in their preferred legal jurisdiction, which is why a lot of startups opt for the US. But the main focus needs to be on being close to customers.



### And the same time – a lot of companies have their biggest offices in Riga, Tallinn and Vilnius. Why is that important?

I think it comes down to the founders and their personal connections. Some of the first people I reached out to when starting TransferWise were people that I had been working together building Skype. It's also a nice little secret: knowing that there are lots of powerful brains and dedicated people here who are motivated and skilled enough to take on something ambitious.

### Sometimes skeptics might think startup is just a trendy term. Why are startups important for the local and global economy?

If you look at disruption, it's less likely to come from big, traditional companies, and more likely to come from small startups whose whole existence is built around changing the status quo. So eventually it's the small upstarts that drive innovation and challenge the big players to change the world.

**«The investments in Estonian startups have grown each year, which is certainly an indicator of investor interest in the whole region. Entrepreneurship inspires entrepreneurship and so the ecosystem goes from strength to strength. But I would also say that it's up to the Baltic states to create the conditions to enable entrepreneurship to flourish, » says Taavet Hinrikus, TransferWise co-founder and chairman.**

### How are startups changing business?

If we look at financial services, it practically stood still for a long time. Now in the last six years we've been able to start a revolution when it comes to money transfers. There's still a long way to go for us, but the number of companies that have sprung up in our footsteps are all changing consumer expectations around financial services. And when you have the perfect storm of changing consumer expectations and new technology like the mobile experience, it will result in a whole industry being disrupted. I'm quite sure that in five years' time, the financial services sector will look completely different.

### How important are local startup success stories? How has the TransferWise and Skype story changed Estonian minds about business and startups?

I think they are very important, because they create a virtuous circle. Not too far in the future, we'll see a circle of people called #TransferWiseMafia go on to found new success stories with all the skills and inspiration they gained from building TransferWise.



# CONTACT NETWORKS MUST BE CREATED WISELY

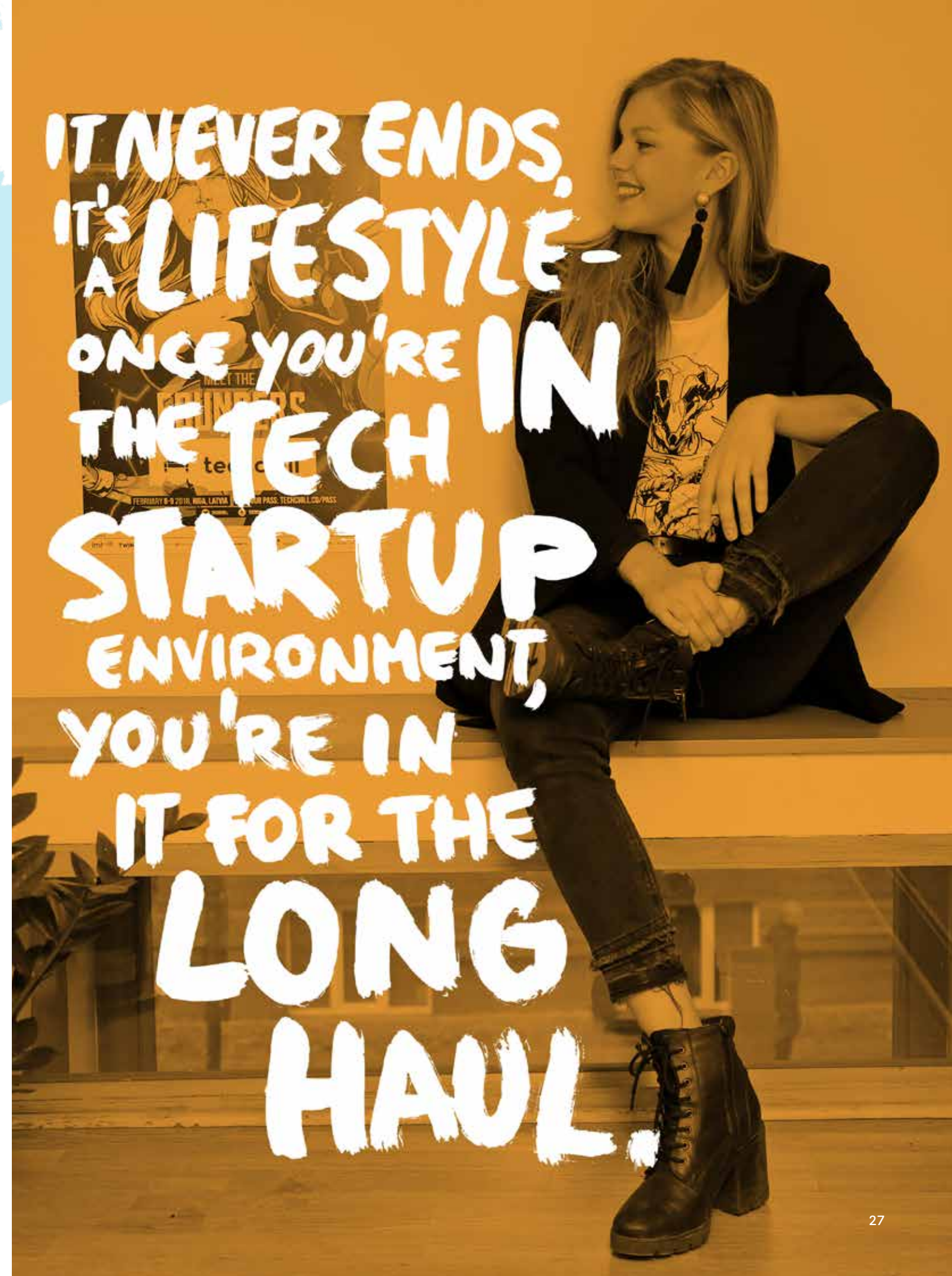
*The greatest assets of Latvia and the Baltics on the global stage are smart, skilled and talented people who have proved to foreign partners that they are serious, reliable and ambitious allies in business*

This is the view of Marija Ručevska, CEO of TechChill, the leading tech event in the Baltics. Every month, Marija travels to at least two startup and tech events outside Latvia to make new contacts with people interested in the Baltics. She wants the first point of serious contact for them with Baltic startups to be TechChill. In this interview, she speaks more about Latvia's startup environment and its development over the last three years.

**To organise TechChill, you've been to many conferences overseas. What conclusions have you drawn from your experiences? What does Latvia have going for and against it in terms of a good startup ecosystem?**

Latvia's startup ecosystem started taking off around 2012. In the last three years when I have been more actively involved, I've seen much faster growth than in the early days when TechHub Riga was the only co-working space in Riga. Then it was a closed community where everyone interested in tech gathered. Things are totally different now, and there are so many new initiatives that it's hard to know who is working on what and who has contacts.

I'll start with what we're missing. We lack cooperation at the local level. We have very close cooperation with Estonia and Finland, and partnerships with them develop much quicker than with similar organisations in Latvia. Sometimes it's easier to collaborate with people you don't see every day than ones who live in your own city. Maybe it's due to information overload. I think we lack global connectors. I don't know whether I'd describe myself as one, but I have quite a large network and if I see that I can introduce and bring together people, then I do. The big tech media such as TechCrunch





and VentureBeat have written about Latvia, but only because we've met at some event and I've had the chance to charm them – I know such-and-such people and can make recommendations about local startups. But to develop advanced networks takes a lot of effort, and you can't do it just sitting in Latvia. Startup founders need to travel to different conferences to build their network. Although everything is digitalised today, one thing will never ever change – the value of meeting person-to-person. So startup events will live forever.

**So we're all clear about the problems. What are the good things we have at the global level?**

At the global level, our greatest assets are our people. Many foreigners I've talked to (especially from the USA) think that we're just like them in being able to adapt to any situation. There are big differences, for example, with Portuguese and Spanish companies. Several US investors have said that we think alike about priorities, the way we do business, make friends and collaborate. There are lots of smart people in the Baltics who speak three languages, which is a rarity globally. When I tell people abroad that we speak three languages, few of them believe me at first. They see us as serious, balanced, reliable people who don't exaggerate or get overly emotional.

The infrastructure and standard of living here in the Baltics is excellent. We have nothing to complain about. Whenever I return home from abroad, I feel like I've returned to paradise – everything is handy, everyone speaks good English and it's a good environment for foreigners as well. The opinion that foreigners aren't welcomed here is bullshit. Of course, you can't just approach random strangers on the street. You need to find your community and environment where you feel comfortable – you have to make an effort to create a circle of contacts. Even the state is increasingly supportive to business. Naturally, state institutions still rely on partners in the ecosystem to show them the way. At TechChill we also devote time to helping state institutions like the Investment and Development Agency of Latvia and the Ministry of Economy “catch up.”

**There are so many conferences. How do you choose which ones to go to?**

I travel at least twice a month to events in Europe or further afield to build my network. These events give me access to people who could be useful. Before I go I do background research to understand who will be there. I make the first ping before the event, then continue during the event, continuing with meetings and then follow-up when I return home. For a long time, I was almost the only one from the Baltics at these events. But lately there have been others, which is good news. At some events all of us are

the initial Baltic point of contact for foreign investors, community builders and startups interested in the Baltics. We're forming their first impression. Don't get me wrong – there's a lot of interest! The problem is we don't have any individual or organisation to refer them on to that I can be sure will give them a fantastic onboarding, to convince them that it's worth visiting and possibly in the future investing or settling in here.

**“You need to understand that if you sit at home, no one will find out about you. If you travel and you move in these circles, new opportunities and horizons open up, and you start getting interesting e-mails.”**

Earlier, when I was less experienced, I went to the events which people talked about most. Now I only go to conferences whose organisers I already know, as well as events which are relevant to our ecosystem. I don't think our priority should be to go to the huge markets as for example, USA or Asia to try and attract one particular investor. It is more doable to first make connections in Europe, a closer market and more accessible. I think it's crucial we work with the Nordic countries, which are right on our doorstep and are the regional leaders in technology. The same goes for Western Europe. At the same time, we're also visiting Belarus, Ukraine and parts of Russia, because we're looking for ideas and we want to entice startups and foreign talent from there to move to Latvia at some point – but without dreaming about unicorns. They see us as a gateway to Europe, the only thing missing – how to make it easier to invite them to come over?

**You mentioned that Baltic people rarely venture outside their home region. Is that down to Baltic shyness?**

I don't think it's Baltic shyness, it's more to do with inadequate networks. When I go to an event, I'm immediately invited to different kind of side-events with more tailored audiences. Perhaps people are afraid of the entry fees, which can be quite expensive. But you need to understand that if you sit at home, no one will find out about you. If you travel and you move in these circles, new opportunities and horizons open up, and you start getting interesting e-mails, for example people in my contacts list regularly write to me saying I should meet this or that person. Things are moving faster! Business is all about relationships! It's up to you how good or close they are.

**I've heard quite a few people say, “I don't go to conferences anymore, because my business has grown so much that there's nothing more to be gained.”**

Bullshit! It never ends, it's a lifestyle – once you're in the tech startup environment, you're in it for the long haul. Of course, involvement depends on priorities and what you want to get from startup events – early stage founders are interested in investors, networks, and feedback about products, while scale-ups want recruiting, catch-ups and culture vibe.

### What about money – does Latvia have enough?

I think the money is there. The days when we could complain about a lack of money are gone. And that's good.

### And what about exits? Are there enough in Latvia? Or is the startup field in Latvia too new to expect big exits yet?

In terms of development we are still very young. Just over five years have passed, and now theoretically there should be more exits. The good news is that four accelerator programs are in the pipeline in Latvia, with 50 startups in each, so theoretically in another five years there should be considerably more exits. Also, crowdfunding is growing and there's an ICO (initial coin offering) boom, which is a totally different way of attracting

investment and can potentially raise new companies to another level very quickly.

### In your opinion, which Latvian startups have the most potential and why?

My favourite is Nordigen – I've seen it develop from a three-person team to over a dozen people in quite a short time, moreover they work in the FinTech field, which right now is in my top three. Atlas Dynamics, because Latvians are quite familiar as drone makers regionally, and they have just attracted 16 million for further development, most importantly they plan to open a factory here in Latvia, which will create many new tech-savvy jobs. Funderful – Raimonds Kulbergs' team has already attracted the world's top universities as clients and is focusing on the US market with incredible tenacity. Another personal favorite is Printify, because e-commerce is a great industry to be in today and stats show, that lately most new startups from Latvia tend to be in e-commerce. It's a trend. Sure, it's not rocket science, but it requires an excellent working structure and cooperation with many different parties involved. Then there's Sonarworks, in sound processing technology, which has a wonderful team, big ambitions and a product which is used worldwide. They've already reached several startup milestones and we'll hear about more soon.

### What would you like the Latvian startup environment to look in five years' time?

My dream is that the Baltics and the Nordics are seen as an indivisible whole – we cooperate with each other and we are seen as a single region. I'd also like to see the smartest people from other former Soviet republics here in the Baltics, because we want to be their gateway to Europe. Also I hope that one day the education system here will change, and that schools will send their top students for summer internships to startups here in Latvia, or neighboring Finland, or even better to Silicon Valley.

We need to attract fresh blood. In the last five years, I haven't seen many new faces joining the startup environment. I don't think it's because we're a closed community – it's more because many people still don't know much about us and they think you have to be a programmer to be in tech. To change these prejudices, together with Swedbank we held guest lectures for around 500 students across Latvia, Lithuania and Estonia to tell them what startups are and how they can get involved. In the end one hundred bright minds will be able to visit TechChill for free. We want to see young, adventurous, passionate people in our sector. Every year the TechChill organising team includes several students, and every year we deliberately assemble parts of team from scratch, because we want to make sure that as many young people as possible get involved.





# THE SKY IS THE LIMIT

*One of the best-known Lithuanian startups Vinted aims to make secondhand the first choice worldwide*

To do it, the company has raised more than 60 million dollars from investors, including Accel Partners, who have also invested in Etsy, Facebook, Dropbox and many more. Vinted brings together around 20 million women around the world, who sell, buy, and swap clothes they don't wear anymore. The company's headquarter is in Vilnius and Vinted employs 160 people. Founded as a hobby website in 2008 by Milda Mitkutė and Justas Janauskas, up to now Vinted has raised over 60 million dollars and is considered to be the most valuable startup in the Baltics. Milda Mitkutė reports on the Vinted story.

**It's interesting how Vinted helps monetize someone's wardrobe. Where did this idea come from?**

In the very beginning I had a selfish goal – to create a platform for myself and my friends to upload all the clothes we weren't wearing anymore and to exchange them. Our society is shifting – people switch clothes not because they are worn out, but because they are bored, or their style has changed. It's more consumer-like thinking, and on Vinted there are so many new items. Our idea was to open all the wardrobes in the world for a giant swap session!

**For the first three years you had no plans to do this as a business. What changed after these initial years?**

I think one of the things that changed was our mindset and the realisation that we were moving forward. We came to the point where we realized this is a business, not a hobby project anymore. We became much more businesslike – having expectations for myself and for all of us at Vinted at that time, planning, discipline, strategy. In the early years it was – if I like it, I do it, if I hate it, I skip it. We understood that wasn't working anymore and we needed to have a vision of where we were going, and wasn't just a playground for our selfish needs.

SOMETIMES YOU  
NEED TO GO THROUGH  
LEARNING PROCESS  
AND THAT'S OK -  
YOU CAN'T GET  
KNOWLEDGE  
WITHOUT  
LEARNING.  
IT'S PART  
OF THE  
GAME.

### So what is Vinted's vision today?

Our vision is to make second hand the first choice worldwide – whenever someone thinks about buying new shoes or a new dress, they should go to Vinted first.

### How close are you to achieving this goal?

Almost 20 million people using Vinted already. In terms of penetration, the biggest market is Lithuania, but in terms of absolute numbers it is very small. Our biggest markets are Germany and France, and Vinted is also widely used in the US, UK, Czech Republic and Poland.

### Are you happy with these results?

Yes, especially right now, when we have the highest growth rates. We are back on track, because a while ago we were more focused on fine tuning our product, developing our app etc. We invested a lot and now we are ready to grow.

### In your presentation at the Digital Freedom Festival about being a leader, you mentioned that getting the job done is better than being perfect. How it possible to do this in everyday business life and not try to polish everything to perfection?

I'll rephrase it like this – it is better that something is on the table than not finished at all. If you want to make something perfect, you will not finish it at all. If you follow the strategy of getting the job done, you at least you will have some results.

### Your story is also interesting because you weren't searching for investors - they found you. Why you were so interesting for them at that stage?

We weren't looking for investment and yes, the first two investors really found us. Usually investors look for something in the market that is a bit different, and our growth at that time was exponential. I think they noticed this. We were focused on how to make the greatest product, so we didn't care about money. In the very beginning we were volunteers – we only had costs. Later it was like a company and a business, and we needed to think further ahead.

Investment helps to accelerate a business. If you want to grow faster, you need external money. Investor money lets you enter the market much faster, which is very important.

### What was your reaction when Accel Partners firstly contacted you?

They offered to come to Vilnius and we checked their portfolio only the day before they arrived. We saw they have invested in Dropbox, Spotify, Slack, Facebook, Supercell, Etsy etc. It was a very stressful period and it was hard to control our nerves when we realized what a prestigious venture capital company they are. But looking back, it was funny too.

### Vinted has been working for ten years now. What were the biggest changes in the company during this time?

A year ago, I would still have considered us as a startup, but now I would say we are a company. If we compare this with a person's development, we have passed childhood and adolescence and now Vinted is an adult. Now we are mature, we have found our business model and understand the key issues. Teenagers are searching for their identity and they change a lot. Later people are more mature, and they start to know themselves. Now it is not a sprint anymore – we are running a marathon. We are not changing our strategy every year anymore. Now we know who we are, and this is the main change during these past ten years. I have changed a lot too. Vinted made me from scratch, because I was only 21 when it all started. I didn't have any leadership skills, I was a quiet, reserved girl. At school, when the teacher asked a question, I was the last one who raised her hand. Not because I didn't know the answer, but because I was afraid to talk.

### So, the startup pushed you talk more and be brave?

Yes, much more. And I'm happy about that. I have a small child at home and in February I will give birth to my second child. I have learned to balance my personal and professional life as well. For the last year I have not been very active in business. Yes, I still do presentations, speak at conferences and I'm involved in strategic things, but I'm not in active everyday business. Vinted has a strong management team. It's not just one or two people who own the company, it's a team of professionals.

**«Investment helps to accelerate a business. If you want to grow faster, you need external money. Investor money lets you enter the market much faster, which is very important.»**



### What are the biggest challenges in growing a startup from idea to company?

You need to analyse your business model and think about your monetization strategy, value proposition etc. These are theoretical, but very important questions you need to answer. Usually one of the biggest challenges is – how we are going to survive and earn money? Also – in the beginning you need to invest some money not knowing whether it will succeed or not.

But I think in most cases the main challenges are soft ones – it is more about believing in yourself and «I can do this». In business you need to understand it is OK to ask for help or invite other people to join the team. Usually most of the challenges are soft ones that rooted in your mind.

### I guess those are the hardest ones.

Yes, it is very hard to change them. You have to work with yourself and you won't see changes in one or two days. Usually it takes a lot of time.

### You were 21 when it all started. What would you do differently if you had today's knowledge?

I wouldn't have that knowledge and so I wouldn't change anything. Of course, if I started a new business today, I would do it differently, because now I know what a business needs, how to make better strategy etc. But I wouldn't change anything about Vinted because I didn't have this experience back then. Sometimes you need to go through a learning process, and that's OK – you can't get knowledge without learning. It's part of the game.

### What do you like the most about this game?

I truly believe that the sky is the limit; it's all in your hands. And not only in business, but also in my personal life – every year my limitations are expanding. A while ago I thought I couldn't do something, but a year later I can do much more without problems. I like challenges – I solve them, overcome them and move forward.

«In the very beginning I had a selfish goal – to create a platform for myself and my friends to upload all the clothes we weren't wearing anymore and to exchange them.»



### You are quite a mature startup in Lithuania. How would you describe newcomers in this field in Lithuania?

We have more and more startup companies. I have read in the Lithuania media that we need to wait for two to three years, because the best startups are now starting.

I'm glad our startup scene is super open. All startups share their knowledge; they are more open as they ever imagined they would be. Also, me and everyone else in Vinted are open about our failures and mistakes and if someone asks how to develop strategy, we say – come and we will share our experience. And others besides us are like this, and I think it is very helpful.

I think one good thing about Lithuania and all three Baltic states is that we don't think locally – we start doing business globally from day one. We create product for the global market, not the Lithuanian market. This is a huge shift in our minds.

### Can you share some of your failures?

You can call them failures or lessons. I'll give you one example. Five years ago, we felt pressured to monetize Vinted and for a while we were a bit lost about our priorities. We came to realise that our first priority is people – our members. So that's why we don't charge a commission, but our business model includes advertising. I think this is why we are growing so fast right now. It was one of our biggest lessons – our members are our priority.

# THINKING GLOBALLY FROM DAY ONE

***The Baltic countries have small domestic markets, and local businesses have to start thinking internationally and learn how to work on the global market from very early on***

This makes Baltic startups more competitive in global markets. "In large markets like Poland, Germany or Spain, the company usually initially focuses only on their domestic market and it is much more challenging to shift to international markets in the later stage. In a way, our pain of having a small domestic market has become our advantage," says Karoli Hindriks, founder of Jobbatical. "The Baltic and Lithuanian startup scene is rapidly growing and catching up with more mature ecosystems. Entrepreneurs have acquired a lot of know-how on building and scaling startups and I think we will see amazing success stories emerging from this background in the next few years," predicts Dalia Lasaite, CEO of CGTrader.

## Some real muscle

"The Lithuanian startup scene, with several high-volume A and B series investments into the strongest Lithuanian startups such as Trafi, Aimbrain, and TransferGo, and a couple of sizable ICOs made by Monetha, Mysterium Networks and Bankera, means the Lithuanian startup ecosystem is showing some real muscle. The biggest tech hub, Vilnius Tech Park, which opened at the end of 2016, has also been a major attraction for all of Lithuania. After all, it's the biggest tech hub of its kind in the entire CEE region with 8,000 m2 of startup offices, co-working spaces, cafeterias, conference rooms, and recreational areas," says Živilė Maldeikytė, communications manager at Startup Lithuania. Looking at the latest investments into Lithuanian startups, Vilnius Tech Park and other co-working spaces openings, the Lithuanian startup scene is growing really fast. 2017 was the Lithuanian startup breakthrough year. "The notable 2017 events for Lithuania were the Monetha, decentralized trust and reputation system, and Oberlo, a dropshipping solution. Monetha collected 37 million dollars during ICO and Oberlo made exit for 15 million dollars," explains Vytas Taujanskas, CBDO at TeleSoftas. As a big fan of data analytics, his favorites are companies which

operate in data collection, aggregation and prediction. The first is bitRec, a recommendation engine for ecommerce platforms and online content. The other is the data scraping solution webRobots, which creates structured data from unstructured web content.

Taujanskas sees two trends in Lithuania. Firstly, there are startup companies which are not actively seeking funding. The other trend is very much related to blockchain technologies and ICO. Biotechnology startups are also trending in Lithuania, adds Aurelijus Liubinas, CEO and member of the board of Deeper. Currently they are small, but they have big potential to create great inventions that change our lives in the next 5–10 years. Startups have become much more mainstream and entrepreneurship is often a top career choice for young graduates. There are multiple successful startups and some successful exits, which builds the talent and investment pool. Specialized VC funds such as Practica Capital in Lithuania have also appeared and completely changed the ecosystem from the funding standpoint. "The Lithuanian ecosystem had a recent success story with the dropshipping app Oberlo that was sold to Shopify in 2017 – they have shown amazing growth within an extremely short period of time. From earlier stage startups, my personal favorite is Interactio, a simultaneous translation app for events, which is a very practical solution for event organizers," says Lasaite.

**After all, our combined population is only 6 million. I would also suggest creating more diverse programs for inviting highly skilled professionals from places like Berlin, London, Amsterdam, Paris, Helsinki, and Stockholm to the Baltic region, because here administrative costs are much lower. These small changes would transform and enhance our startup ecosystem.**

**- Aurelijus Liubinas, CEO and member of the board of Deeper**



## Seed stage startup

Five years ago, startups were mentioned in the media perhaps ten times a year, whereas now there are almost daily reports, observes Jekaterina Novicka, former chairwoman of the Latvian Startup association Startin.LV. She compares Latvia itself to a seed stage startup. "We've received the first funding, sized up our clients, started presenting ourselves abroad. We've received an advance to develop. It's a question of execution – how we use all of this. I think we have all the essentials to become very successful," she explains.

The key is maturity, and the new business and innovation sector is undergoing a process akin to growing up, explains Mareks Matisons, startup



and digital communications practitioner. Companies with the capability of working, even teams formed accidentally by people meeting at hackathons, are much more prepared to cooperate for the long term than they were five years ago. There is also greater maturity in society as a whole, especially amongst young people who do not need to be told what a startup is. He thinks that Latvia needs a clear direction and understanding of what sectors are priorities, from a military, commercial and possibly also emotional focus. "Do we want to be the Baltic FinTech centre, attracting the best talent in the region? Do we want to develop medical technologies and harmonise higher education programmes with startup growth in this area? Is it important that we develop avionics and utilise the intellectual capital already accrued in the pilotless plane sector? These questions need to be discussed at various levels by startups, the ministries of Economics and Defence and investors," he adds.

Asked about Latvia's stars, Novicka mentions Sonarworks, Printful, Printify, Nordigen, Notakey, Swipe, Funderful, Zoomcharts, and Mailigen, adding that there are many more. "For the last few years, my favourite in Latvia has been without doubt AnatomyNext, and it could be the calling card of Latvian startups in terms of ideas, execution and team energy," says Matisons. Another Latvian startup star is Infogram. Founded in 2012, Infogram has exploded in popularity and emerged as an innovator in the area of data visualization. Prezi, the visual presentation platform that helps people connect more powerfully with their audiences and customers, acquired Infogram last year.

**One good performance also affects the others – all three countries are giving out new mandates for VC funds for early stage capital supply and also concentrating on topics which will enable them to make the ecosystems stronger.**

– Mari Vavulski, head of Startup Estonia.

#### One performance affects others

"One recent report (Startup Genome 2017) pointed out that Estonia is clearly punching above its weight and it describes Estonia's current startup scene as pretty good. Two Estonians, Hindriks and Kaidi Ruusalepp, are amongst the most influential startup founders in Europe. Many Estonian startups have attracted world-class VC funds – Starship Technologies, Pipedrive, Jobbatical, Funderbeam, Taxify – to name just a few. Every year we see at least one startup exit, and the Startup Visa is in place and widely used by Estonian startups and non-EU residents for relocating to Estonia. The same goes for the entire Baltics. One good performance also affects

the others – all three countries are giving out new mandates for VC funds for early stage capital supply and also concentrating on topics which will enable them to make the ecosystems stronger. The talent-side Startup Visa scheme is up and running and flagship events (Latitude59, sTARTUp Day, TechChill, Login) are growing bigger and becoming stronger, with growing international participation," explains Mari Vavulski, head of Startup Estonia. Asked about her favorite startups in Estonia, Vavulski likes Estonia's female founders and their companies, Jobbatical, Testlio and Funderbeam, but she also highlights Lingvist, Taxify, Starship, Pipedrive and TransferWise. Also, she favors co-working spaces like Spring Hub, Lift99, Spark and sTARTUp HUB. "You need to visit Estonia at least twice a year, during Latitude59 and sTARTUp Day," adds Vavulski. "Things in Estonia are going quite well. I think recent big funding of TransferWise worth 280 million is a clear sign that the next generation of startups after Skype is actually coming up, is able to grow, business models are working and it's becoming an important part of the economy," says Martin Villig, co-founder of Taxify.

Latvia and Lithuania are in similar situations – the startup scene is getting more and more active, there are bigger events, the government is paying more attention, doing Startup Visas and different kind of legislation, so now there is even a bit of competition between the countries.

#### Close, but different

"Estonia may not currently be number one in the Baltics in terms of producing new startups, but it has large startups as employers," thinks Zane Bojāre, CMO at Startup Wise Guys. Another important trend in Estonia is the positive impact of EstBAN and their overall business angel network in the country. It can serve as a positive example for the region. Also, many large VCs out of London and Berlin have Estonia on their map. In her mind Latvia is, as usual, in the middle. There are lots of new startups and also plenty of recent high-school graduates jumping straight onto the startup bandwagon without going to corporate jobs. There have been some very good newly created startups. However, the angel investment out of the country is still very minimal and there is a lot of wait and see ahead of the accelerators funded by the government/EU funds coming into play. "Although happening almost 18 months late, the new funds should have a positive impact at least in terms of the quantity of new startups," says Bojāre. The Baltics need more angel investment locally and across countries, faster response from investors and clearer investment criteria communicated to startups. "Corporates in the region are doing five or ten pilots yearly with local and regional startups pushing both their revenues, talent acquisition, but also helping startups scale faster and understanding what it takes to grow when dealing with large companies," she explains. More startups from Russia, Belarus and Ukraine



are moving to the Baltic countries and developing their activities here. This has a positive effect on the Baltic ecosystem, because they bring not only ideas but also know-how, adds Liubinas.

### Female in IT sector

A lot more women have gone into the tech business, notices Hindriks. In 2014 Ruusalepp, the founder of Funderbeam, was the first female founder in Estonia to raise an investment round, but now many more women have taken the role of a founder, she says. To educate and inspire women to join the IT sector, the Riga TechGirls community has been established in Latvia. "At present women only comprise 24% of the IT sector (Eurostat, 2015). This means women are not adequately represented in shaping the digital future. The situation is unlikely to improve soon, because women are just 21.3% of IT students (Ministry of Education and Science, 2015), and just 2.1% of girls in 8th grade are considering a career in IT compared with 12.7% of boys (Tele2 Shared Service Centre, 2017). Yet in 2022, Latvia will have a shortfall of 16 000 IT workers (Ministry of Economics). We really want to improve this situation by helping women to be creators of technology, not just consumers. We will try to encourage women to start careers in IT by creating inspiring stories about women already working in IT, as well as holding workshops teaching practical programming skills," says Alise Semjonova, Riga TechGirls co-founder and InfoGr.am co-founder.

### Success stories inspire

"Local success stories are essential for a well-functioning ecosystem, as they draw talent and funding into startups and away from conventional career options or real estate investments," thinks Lasaite. The more success stories, the stronger the belief that it is possible to repeat the success of being an entrepreneur and startup founder, adds Vavulski. "Each story can be another story of success, so I would like to see more events or private initiatives that invite young people to hear the success stories of local entrepreneurs. When I began to work with my partners to create Deeper in Lithuania there were practically no success stories to inspire me. But, on the other hand, this did encourage me to create our own success story and share it with others," explains Liubinas. The startup scene is not big and all participants know the successes either directly or via connections, says Taujanskas. This influences other attempts and it is very important to have good feedback (including negative views) for the whole startup community.

**WE REALLY WANT TO IMPROVE THIS SITUATION BY HELPING WOMEN TO BE CREATORS OF TECHNOLOGY, NOT JUST CONSUMERS. WE WILL TRY TO ENCOURAGE WOMEN TO START CAREERS IN IT BY CREATING INSPIRING STORIES ABOUT WOMEN ALREADY WORKING IN IT, AS WELL AS HOLDING WORKSHOPS TEACHING PRACTICAL PROGRAMMING SKILLS.**

**— ALISE SEMJONOVA**  
RIGA TECHGIRLS CO-FOUNDER  
AND INFOGR.COM CO-FOUNDER



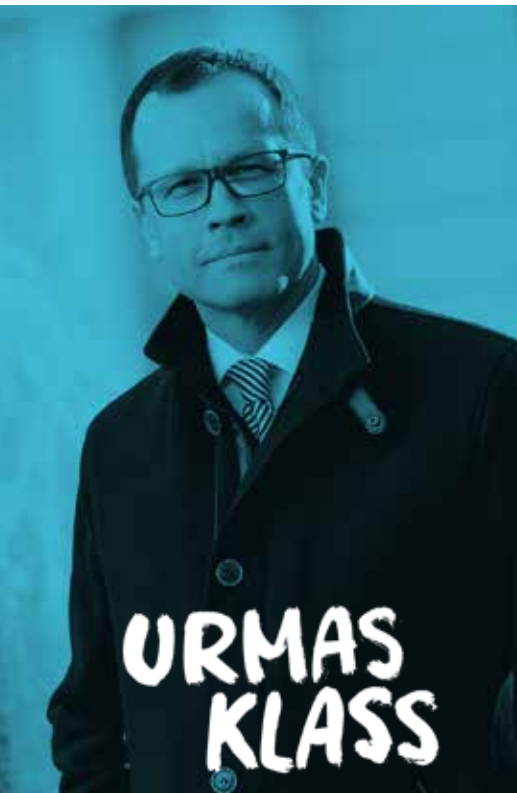
## TARTU HAS SOMETHING THAT MANY OTHER CITIES DON'T HAVE

E-stonia is the land of opportunities, startups and business. Tartu, the second largest city of Estonia, is the birthplace of several successful international ICT companies and startups, including Playtech, Sprayprinter, Fortumo and Nortal. Tartu has something that many other cities don't have – a successful cooperation between universities, local government and the private sector. These three parties exert significant effort into creating an effective ecosystem where everyday life and entrepreneurship coincide. The density of startups and ICT companies currently located in Tartu is a good indication that we

are on the right path towards becoming the startup capital of Europe! The University of Tartu, in the top 2% of the world's best universities, is Estonia's leading centre of research as well as its oldest. In recent years, cooperation between our stately university and local government has been very productive, as both parties see Tartu's development and goals similarly. For example, we are eager to contribute to the development of an innovation-friendly business environment in Tartu as well as joint leadership and support for sTARTUp Day, the biggest business festival in the Baltic States. We also focus on marketing Tartu's internationally competitive education, science and environment-friendly innovation both in Estonia and abroad. Last but not least, we ensure effective integration for foreign employees and students.

Tartu has an ambition to become the top centre for startups in the Nordic countries. We also have a dream of helping 5,000 startups become established. Although there is still a long way to go until we achieve this target, I am pleased to see that the city is becoming more attractive by the day. Its compactness, easy and green lifestyle, and entrepreneurial environment attracts young and creative people and the startup scene is growing rapidly.

Tartu is planning to apply to be the European Capital of Culture for 2024 – we have already made significant preparations for this title. Tartu is currently in the process of developing Tartu's Cultural Strategy until 2030, and we have held a number of discussions with various parties from different fields. We can bring the title to Tartu only when we use our strengths in every field. Tartu's versatile culture and lively startup scene are definitely some of our biggest strengths.



**Mayor of Tartu**

Photo: Tartu City Government

## RIGA AIMS TO BE THE TECHNOLOGY STARTUP CENTRE OF THE BALTICS

Riga is an economically energetic city with enormous potential for further development. We want to position Latvia's capital as an internationally recognised metropolis with great quality of life, an innovative economy, smart and sustainable management of resources and a modern administration in which residents are actively involved.

Riga's startup environment has great growth potential, as IT is one of the city's most competitive sectors with high added value and development prospects. This is also driven by Riga's strategic location in the middle of Europe's most dynamic markets, with direct access to 500 million potential consumers. Our location is also ideal for reaching the eastern markets. This creates unlimited opportunities for business, combined with the fact that Latvia is a fully-fledged member of the world's most important political and economic organisations.

Riga is an education metropolis, with 80% of all students in Latvia studying in the capital. Our city has a qualified workforce, as 47% of economically active persons holding tertiary qualifications. Furthermore, 70% of residents aged 40 and under 40 speak English and over 85% of residents speak Russian. Work is underway on a science and technology centre in the Torņakalns neighbourhood, which will facilitate synergy between research and business. Riga's goal of being a centre for technology startups is the logical next step. Everything indicates that we can do it.

The municipality is also focusing on big infrastructure projects which will further stimulate business. By 2021, we will have developed a conference and concert centre in Riga's modern hub, the Skanstes neighbourhood. Given the international competitiveness of Riga International Airport and its close proximity to the city centre, Riga is an ideal location for conferences, congresses and corporate events.

The attractiveness of Riga for investors is demonstrated by big projects like the new IKEA store, with total investments of 80 million euros planned. The retail chain Rimi will invest 75 million euros in creating a logistics centre in Riga, and this will be the largest building constructed in the city since Latvia regained its independence in 1991. In the next four years it will become the most important logistics centre in the Baltics.



**Deputy Chairman of Riga City Council**

Photo: Publicity photo

## WELCOME TO THE FAST AND OPEN CAPITAL OF LITHUANIA – VILNIUS

On the occasion of launching a new branch of his company in Vilnius, the multi-millionaire founder of the US payment giant Harbortouch, Jared Isaacman, said, "After my first visit to Vilnius I just felt that this city is a small version of Silicon Valley, and this was absolutely unexpected. The city, its infrastructure, and the prevalence of technology made an impression on me." Harbortouch is an inspiring example for anyone implementing new ideas and striving for success. In 1999, then 16-year-old Jared Isaacman founded the company in the basement of his family's house in New Jersey. Today,

the company is one of the biggest payment solution providers in the US. Its first overseas office was opened in Vilnius in 2017. Vilnius has a very clear policy of striving to be fast and open.

Vilnius is the capital of open data. Finance, real estate, public transport, public procurements and other data that the municipality operates with, including meeting schedules of officials, have been made open to the public. Open data not only gives citizens better access to information, creates better administrative solutions, and ensures more transparency, it also involves IT talent from the city and abroad in creating smart solutions for the city. This is exactly what was done in a series of workshops and hackathons in Vilnius, like Code4Vilnius.

Vilnius is also the first city in the region to become a member of the Startup City Alliance Europe SCALE, which is working to create a connected European city-to-city startup ecosystem. The City of Vilnius is determined to support the sharing economy by allowing companies established in Vilnius to test out their new services live in our market. This gives startups and companies like Uber or Trafi invaluable access to the city's ecosystem. Given its size and the fact that the number of residents is quickly approaching the 543,000 mark, Vilnius is an excellent sandbox for businesses trying out new ideas and launching pilot projects.

The idea of building Vilnius' reputation as a fast and open city is reflected by the fact that all procedures to establish Uber in Vilnius were completed within a record four weeks – the shortest time it has taken Uber to set up operations in any city. With its policy of open data, Vilnius has proven to be an excellent place for the world-famous transport application Trafi to launch its pilot mobile platform. These are just a couple of examples of the city's bustling tech and startup scene.

Young talent, openness, speed, technology and entrepreneurship. This is the explosive mixture that is throwing the City of Vilnius into the new orbit. Come join us in Vilnius!



**Mayor of Vilnius**

Photo: Go Vilnius

## LITHUANIA – THE RISING STARTUP ECOSYSTEM WITH FINTECH STARS

Lithuania has a notable history of successful startups like Vinted, Deeper, Trafi and others. With this background and favorable legislation in place the talent pool in Lithuania is up for new challenges, especially in the fast growing FinTech sector.

The scoreboard issued by the European Commission shows that in 2010–2016, the Lithuanian innovation ecosystem improved the most EU-wide with the highest growth of innovation activities in 2016 which accounted for 21% compared to 2010. Considerable progress was achieved in business spending on innovation, venture capital investment, clustering, etc.

In 2017, almost 400 startups were functioning in Lithuania with attracted 16 million euros of investment (not including cryptocurrencies), which is nearly three times more than in 2016. Oberlo, TrackDuck and Tvarkytojai.lt startups were sold to foreign investors in 2017.

The number of startups that search for investment has significantly increased, which demonstrates the maturity of the ecosystem and its main players. Startup Lithuania implements a Startup Lithuania Roadshow programme aimed to present startups to foreign investors. In 2017, four Lithuanian startup presentations to foreign investors were held in Tel Aviv, San Francisco, Helsinki and Berlin. The project is to be continued in 2018 in London, Berlin, Helsinki and Stockholm.

The Startup Visa procedure has been launched to encourage non-EU residents to create startups in Lithuania. This programme has inspired a great deal of interest: until 1 December 2017, 121 applications were processed, 27 were assessed positively, 5 non-EU startups have already started business in Lithuania. Extensively growing attention from foreign startups, especially FinTech, is among important indications that the startup ecosystem is dynamic and favorable. The recently developed legislation regulating financial technology companies enable the most liberal, fastest and innovation-friendly procedures EU-wide. In one year, Lithuania attracted more than 10 FinTech startups from the UK, Israel, Singapore, China, etc. and was chosen by Revolut, DeVere, InstaRem and others.

The Ministry of Economy is in the process of drafting legislative amendments to further reduce tax burden on innovative startups and staff retention costs as well as lower the corporate income tax rate for those investing in the expansion of startups. I hope these measures will help increase the number of startups to 720 in 2020 and attract 26 million euros of investment.



**Minister of Economy of the Republic of Lithuania**

Photo: Judita Grigelytė (UAB Verslo Žinios)

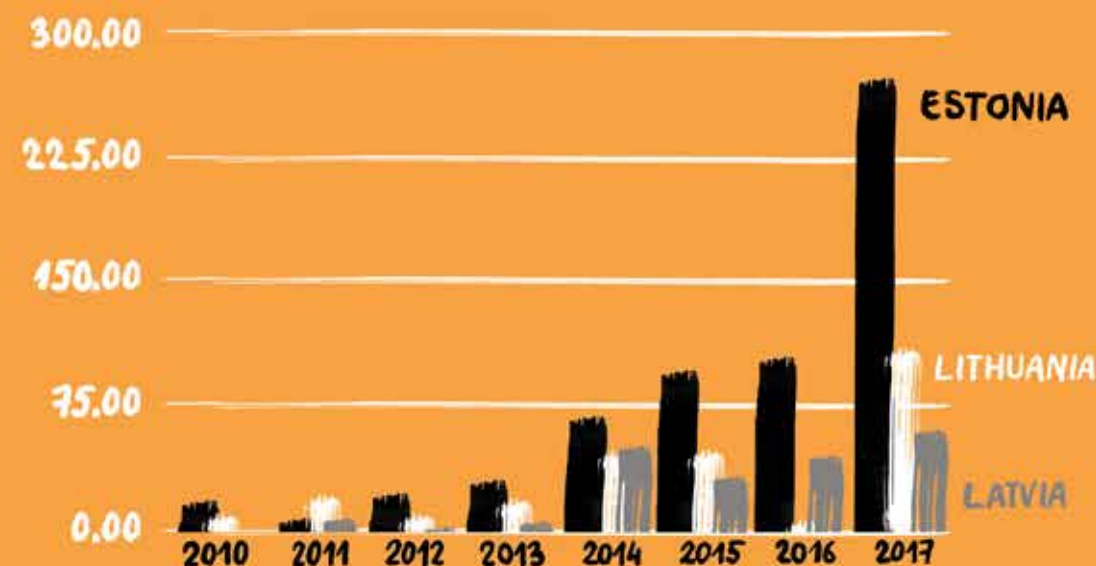


# FIGURES AND FACTS ABOUT **BALTICS**



# INVESTMENTS RAISED BY BALTIC STARTUPS, M EUR

	ESTONIA	LATVIA	LITHUANIA
2010	18.50	0,40	8.00
2011	8.28	7.04	19.23
2012	23.39	2,35	7.76
2013	30.88	6,13	16.24
2014	68.68	51,15	44.89
2015	96.57	31,89	45.91
2016	104.08	44,18	5,25
2017	270.91	62,13	107,60







# INVESTMENT CARD

*Doing business in the Baltics – a snapshot of the most relevant commercial terms. Effective 1 January 2018*

INDICATOR	ESTONIA	LATVIA	LITHUANIA
Ease of doing business (World Bank Report 2017 ranking)	12	19	16
Registering property (World Bank Report 2017 ranking)	6	22	3
Enforcing Contracts (World Bank Report 2017 ranking)	11	20	4
Time taken to register company	From 1 business day online with ID card	From 1 business day	From 3 business days
Minimum share capital (private limited liability companies)	EUR 2,500	EUR 2,800	EUR 2,500
Residence/ citizenship requirements for management/ shareholders	None	None	None
Minimum gross monthly salary	EUR 500	EUR 430	EUR 400
Average gross monthly salary (estimate)	EUR 1,201	EUR 894	EUR 850
Corporate income tax	0% on retained or reinvested earnings / 20% postponed to payment of dividends	0% on retained or reinvested earnings / 20% postponed to payment of dividends	15% (5% reduced rate)
Taxation treaties with	58 countries	60 countries	53 countries
Currency	Euro	Euro	Euro
Incentives available	Yes	Yes	Yes

# ESTONIA

## Corporate laws

- Company registration online with ID card in a matter of minutes.
- Natural persons can register a company without paying in share capital.
- Only one management board member required; no citizenship or residence requirements.
- Corporate changes can be registered and annual reports filed online.

## Employment regulation

- Broad freedom of contract.
- Termination notice (for economic reasons) 15 days to 3 months; one month's average salary compensation.
- Few trade unions and collective agreements.
- Favourable immigration regulations for hiring qualified non-EU nationals and intra-group transfers of foreign employees.
- Low costs on redundancy.
- High social security and good public support system on unemployment and redundancy.

## Tax system

- Dividends, interest and royalties not subject to withholding tax.
- Value added tax (VAT) – 20%; reduced rate – 9%.
- Personal income tax rate – 20%, including capital gains.
- Resident companies pay CIT deferred to actual distribution of profits.
- Reduced CIT rate 14% on regular dividend payments.
- Social security contributions: employer pays social tax (33% of gross salary) plus unemployment contribution (0.8%) and withholds employee's unemployment contribution (1.6% of gross salary).
- Online tax declarations.
- Easy to claim VAT refunds.

## Investment incentives

- The cost of running a business in Estonia is far lower than in neighbouring Scandinavian countries.
- Buildings not subject to real estate tax (only land is).
- Resident companies can apply for grants from EU structural funds.
- Estonia offers e-Residency — a transnational digital identity available worldwide for managing a location-independent business online + company formation and administration online.
- Among the leading countries in Central Eastern Europe in terms of foreign direct investment per capita.



Photo: Ilya Orehov



# LATVIA

## Corporate laws

- No residence requirements for the management board.
- One-person management board sufficient.
- Most establishment steps can be done under a power of attorney.

## Employment regulation

- Possibility to apply flexible work-time organisation forms.
- The social security system is run by the state and removes costs from the employer.

- Favourable immigration regulation for hiring qualified non-European Union nationals and for intra-group transfers of foreign employees.

## Tax system

- Corporate income tax 0% on retained or reinvested earnings / 20% postponed to payment of dividends
- Capital gains on sale of shares held at least 3 years exempt from corporate income taxes.
- Personal income tax rates – 20%, 23% and 31.4%.
- Standard value added tax rate – 21% (12% reduced rate).
- Social security contributions: employee rate – 11% of gross salary, employer rate – 24.09% on top of gross salary.
- Social security contributions not payable for salary over EUR 55,000 threshold annually.
- Salary over EUR 55,000 subject to solidarity tax: employee rate – 11% of gross salary, employer rate – 24.09% on top of gross salary.
- Holding regime – no withholding tax on interest and royalties and participation exemption for withholding taxes on dividends.
- Online tax reporting.

## Investment incentives

- Tax and other benefits for businesses within special economic zones and free ports.

- Special measures and tax framework available for developing startups.
- Corporate income tax rebates for investment projects exceeding EUR 10 million.
- Credit guarantees of up to EUR 1.5 million.
- Five state aid programmes to improve competitiveness, to support startups.
- Subordinate or mezzanine loans up to EUR 5 million for ordinary, developing companies.
- Funding for R&D incentives.

Photo: Anita Austvika



# LITHUANIA

## Corporate laws

- No residence requirements for management.
- One-person management sufficient; formation of board optional.
- Most establishment steps can be done under a power of attorney.

## Employment regulation

- New Labour Code (in force from July 2017) provides more flexible employment regulation, lower dismissal costs, more options for fixed term contracts etc.
- Flexible rules for overtime work.
- Cost-efficient approach to working time rules.
- Social security system run by the state removes costs from the employer.
- Collective action rare; statutory regulation and court practice limit strike possibilities.
- Favourable immigration regulation for hiring qualified non-EU nationals, especially by using EU Blue Card system and for intra-group transfers of foreign employees.

## Tax system

- Standard personal income tax rate – 15%.
- Value added tax (VAT) rate – 21%.
- Social security contributions: employee rate – 3% withheld from gross salary; for employer – 28.18% (including payments to long-term employment benefit fund and guarantee fund) on top of gross salary. Additional 1.4% levied on salary paid under fixed term employment contracts.
- Compulsory health insurance contributions: employee rate – 6% withheld from gross salary; for employer – 3% on top of gross salary.
- Participation exemption for withholding taxes on dividends.
- Unlimited carry-forward of losses.
- Intra-group transfer of losses permitted.
- Binding advance tax rulings and advance pricing agreements available.

## Investment incentives

- Corporate income tax and real estate tax exemption in free economic zones.
- Financial incentives for high value-added projects.
- Compensation of training and employment costs.
- R&D costs deducted three times.
- Possible land lease reduction and land tax exemption from municipalities.

Photo: Gediminas Mažeika





# COMMUNICATION – A TOOL FOR HELPING STARTUPS

*Everyone needs to communicate – only the aims and objectives differ*

Communication strategy and tactics are usually closely related to a startup's long-term and short-term business goals. Therefore, it depends on what the priorities are right now – convincing potential investors and partners, attracting talented team members or gaining the first clients and users. Usually this latter objective – attracting the first users – is what companies initially consider. If the clients for a product or service are other firms, it is possible to also achieve quite a lot through personal contacts, referrals and direct sales. However, startups aimed towards B2C or the private sector, which offer their services to the general public and have attracting clients as a priority, will find it virtually impossible to get anywhere without marketing. Līva Pērkone, head of communications for the startup event TechChill and a Startin.lv board member, thinks that it is all about choosing the best communications strategy and finding a balance between advertising, marketing, PR, and social media. The time to begin communication is when this will be most useful to furthering the company's goals, for example attracting investors, stimulating public demand for the startup's service or product, introducing potential users to the already-available product or service by trying out a demo version, visiting a store or website, downloading an app etc. Since startups usually have limited financial resources, Komunikācijas aģentūra/Edelman Affiliate project director Evita Bille urges giving a high priority to systematic and precisely targeted communication.

## Make a plan

Although a startup's communication plan is as important as its business plan, the former often gets put aside. The company's communication objectives should be based on its business goals, subsequently defining the audience, messages and channels. If the aim is to attract investors, communication will most likely take place in the business environment, i.e. in business media, business networking events, or directly addressing specific business people. This may take place in Latvia or the Baltics, a specific

EVERYONE NEEDS TO  
COMMUNICATE, REGARDLESS  
OF WHETHER THE PRODUCT/SERVICE  
IS INTENDED FOR THE B2B OR B2C  
SEGMENT. THE ONLY DIFFERENCE  
IS IN THE AIMS AND  
IT IS IMPORTANT  
COMMUNICATION  
AID TO  
BUSINESS  
RATHER THAN AN  
END IN  
ITSELF.

– EVITA BILLE  
KOMUNIKĀCIJAS AĢENTŪRA/  
EDELMAN AFFILIATE PROJECT  
DIRECTOR



European country or the USA. But if the goal is to have the first 1,000 users download and test an application, other channels will be used. Bille stresses that it is vital to know your target audience and its needs and habits, choosing communication channels used by its members and addressing them in a language they understand. Due to limited financial resources, it is also important to use unorthodox opportunities and creative ideas to attract attention rather than big budget campaigns. While there are cases where a new product or service is so innovative that the media will report on it, usually it doesn't work that way. If an innovation is too specialized for the media or a wider audience to understand, you must look for specific forms and channels of communication.

### It's up to you

In the early stages, startups can choose from a number of strategies. They may speak about themselves from day one when the product may not even be ready, then seek to maintain interest in the long term. Or they may begin communicating only when the product is already available and it is essential to address its potential customers or users. «There are successful and unsuccessful examples of both strategies, and the right choice will always depend on the experience of the founders, their internal resources and what the product is, » says Pērkone. In only very rare cases, a company does not need to communicate about itself at all. There are just a handful of cases in very specific sectors where marketing does not play a role in the long-term and the firm can rely solely on reputation building and internal communication. Pērkone warns that there is no such thing as an information vacuum – if a company does not tell its own story, it will be judged by what others say, so you can either hope for the best or decide to build your reputation proactively. Moreover, communication in the startup environment helps the ecosystem as a whole to grow. «Everyone needs to communicate, regardless of whether the product/service is intended for the B2B or B2C segment. The only difference is in the aims and objectives. It is important that communication is an aid to business rather than an end in itself, » says Bille. At Riga's annual Digital Freedom Festival, J. Ryan Williams, sales coach at 500 Startups and founder of SalesCollider, said that communication is essential for startups to be successful in fundraising. There is no way around it. No matter what one has done before – been a two – or three – time entrepreneur, investor etc. – communication can always be improved. «I still rehearse before every speech, although I've done it 100 times before » says Williams.

### When to hire an expert?

For startups in the early stages of development with limited budgets, it is important to understand how much they can do themselves with their own resources, when to hire specialists for the team and whether it is worth

bringing in consultants. There are many tools available which cost nothing, such as internet resources and free publicity gained by participating in big events. These include accelerators, incubators, startup competitions, events and conferences, state delegations, and exhibitions which provide resources to tell the stories of startup teams. For example, at the Riga Comm conference you could have met Ivans Tolčinskis, founder of the drone manufacturing startup Atlas Dynamics, who was at the event looking for new professionals for his team. Ilze Zaharāne, founder of the speech therapy startup CheeksUp, was there in search of both potential clients and cooperation partners. «IT is an important component of our product, and at this IT conference we hope to find cooperation partners like IT wholesalers, because we need specific computers with cameras for our clients,» says Zaharāne, adding that her startup's marketing strategy includes both general advertising and providing information about itself and its products.

The startup environment is unusual in that founders often become excellent communicators through telling their stories as convincingly and clearly as possible hundreds of times to the media, investors, partners and on stage. This is how edible coffee bar producer Coffee Pixels won second prize and a special award from Japan at the Latitude 59 event in Tallinn. Company co-founder Raivis Vaitekūns says that these successes drew the attention of other firms and allowed Coffee Pixels to take its next development steps. At the same time, it should be remembered that a startup's most precious resource is its manager's time. «When the manager realises that her time and knowledge are much better invested in developing the business, yet communication is critically important to the company's growth, this is the moment to seek professional assistance, » says Pērkone.

### A comfortable testing environment

During this period, the first investments are vital, and Latvia's environment is small enough to make it possible to arrange meetings with local investors, even if there is no public information about the company. Conversely, international investors want to see evidence that the company even exists and information about its reputation and accomplishments to date. One of the greatest advantages for Latvian and Baltic startups is that, because of the small domestic market, they have to think globally from day one. At the same time, the home market is a great place to test products and services, get feedback and experience in a relatively friendly environment, and to discover and fix mistakes. Pērkone believes that the same principal applies to communication, as startups will always find it easier to get publicity and attention at home, as well as gaining valuable experience appearing in public and explaining their ideas to journalists.

# THE ABC OF AVOIDING MISTAKES

## *Seven suggestions for startups from a Baltic investor*

Compared with the situation five years ago, when they were living in a twilight world, today Baltic startups have made a quantum leap. Hundreds of events have been held to educate young entrepreneurs, such as TechHub, The Mill, and Garage 48, as well as conferences like Techchill, the Digital Freedom Festival in Latvia, Latitude59 and Startup Day in Estonia and Login in Lithuania. Everyone knows that the target market for a business idea is gigantic, you must be unique and stand out from the competition, the team must be committed full-time to the business, and investors must first be sent a nice presentation called a «Pitch» or «Investor deck». In addition, Jānis Skutelis, board member for the Latvian Private Equity and Venture Capital Association and board chairman of the FlyCap venture capital fund, offers seven suggestions about what investors really expect from startups and what criteria they are evaluated.

The first thing is having experience in the respective industry. It is preferable for the founders of a startup to come from the same field as that covered by their business idea, otherwise there will be many mistakes and the chances of survival will be lower. For example, FlyCap invested in the startup Tapcore, which is now growing rapidly. The company's founder had a deep understanding of the problems with earning revenue facing his clients – game designers – and today Tapcore is resolving this very question.

The second thing is to know your competitors. The entrepreneur must be well informed about competitors throughout the world, including the functionality of their products, differences, minuses, pluses, current strategies, potential future strategies, and segmentation. If an investor senses that the entrepreneur does not have a good grasp of the nuances of global players, the chances of getting money are slim. For example, the founders of the Latvian drone manufacturer AirDog stood out from the field by their ability to explain technical details.

The third thing is selling. The entrepreneur must be able to clearly show the most effective sales channels and those which are already producing revenue, and demonstrate why she will be able to do it better than the competition. In many sectors, customer acquisition costs are so great that it is hard to make a profit, therefore companies stop at revenue levels between 300,000 to one million euros and are unable to grow further. Skutelis believes it is better to give money to fantastic salesmen with a mediocre product than someone with a great product with no sales talent. In the view of Dutch Rockstart accelerator founder Oscar Kneppers, at present Balts are, unfortunately, not good salespeople, perhaps because they are from small countries and don't know the cultures and habits of other countries, which makes communication difficult. Therefore, they must seek team members from Western countries. Kneppers says that Baltic startup teams are talented and they produce very high – quality products, and the lack of sales talent is a relatively simple problem to resolve. One of the suggestions given by investors is to only invest in Baltic companies if they have team members from Sweden, Denmark, Norway or Finland – essentially, from the Nordics or Western Europe – because these people are better at sales. Skutelis agrees, saying that startup teams need specialists with a global citizen mentality. It would be a good idea for one member to live part time, say three months of the year, in the USA, and try and get larger customers, because the US market is much bigger than Europe. Furthermore, the European market is fragmented between many different countries, each with their own languages and systems.

The fourth thing is earning export revenue from different countries at an early stage. This is evidence that a startup team can operate internationally, not just selling their products to their friends in Latvia. Foreign customers from a number of countries show that a product really is good if they are prepared to trust a team from a different (small and new) country. Several Latvian startups have been able to achieve this, for example Mailigen, Molport, Branchtrack, and Sonarworks.

The fifth thing is that annual growth must exceed 100%. While Latvian funds may look the other way and invest money at smaller growth rates, when they go looking for the next source of money, it will be almost impossible to interest investors unless they are achieving 10% every month or 100% annually. That is the minimum requirement in this new world which demands mega growth rates. Jekaterina Novicka, former chairwoman of the Latvian Startup association Startin.LV, adds that one of the mistakes startups make when speaking to investors is not talking enough about money. You can go on and on about your amazing idea, but you must be able to say who will buy the product, where revenue will come from and how much it will be, otherwise investors just won't be



interested. While a detailed business plan is not required, you should at least have basic calculations setting out the main trends in an excel file.

The sixth thing – focus. In many cases, growth must be planned gradually from one country to the next, because if you try to enter several markets at once, there may be insufficient resources. This was the biggest mistake made by Latvian cosmetics maker Stenders. Another typical mistake is that several revenue sources are presented for a single business idea rather than having a single clear and strong one. FlyCap has seen cases where several ways of earning revenue are tried, with the result that none of them work and they require excessive resources to manage and confuse clients.

The seventh thing – the team's ambitions. You must have the ambition to create 100 million euros, not one with an annual turnover of 1 million euros. Skutelis admits that he doesn't see many firms with those sorts of ambitions, passion and 24x7 work rate. But without that sort of mindset and character, nothing great will emerge.

## DON'TS

- Bombard with data
- Have more than a dozen slides for a 3-minute pitch
- Use too much text in your deck
- Make unrealistic market projections
- Say you don't have competition. Show a good understanding of the market
- Try to solve too many problems. A problem well stated is a problem half solved
- Use an excuse like 'Sorry, I can't answer this question, better to address it to my team member'. Prepare well for Q&A
- Instead of making general requests, go into details. For example, don't say 'We need 10000 € for product development' – say 'We need 5000 € for a market research and 5000 € for a PR campaign'. Know your numbers!
- Lie about or hide any obvious problems – it's better to openly explain all the difficult circumstances

Source: LIAA

## ANATOMY OF A GOOD INTRODUCTION:



SOURCE: J. RYAN WILLIAMS AT THE DIGITAL FREEDOM FESTIVAL 2017, RIGA, LATVIA

## HACKS FOR PITCHING IN THE VALLEY:

BE SUCCINCT. LESS IS MORE  
IF YOU HAVE GOOD DATA OR TRACTION - USE IT  
SELL THE PROBLEM, NOT THE SOLUTION  
SELL MOMENTUM  
MAKING PEOPLE LAUGH HELPS  
CLOSE STRONG, WITH CTA (CALL-TO-ACTION)  
DON'T BE SO DAMN MODEST!

SOURCE: SEAN PERCIVAL AT THE STARTUP DAY 2017, TARTU, ESTONIA



# LATVIAN STARTUP FINANCIAL DATA REPORT ( > 300 000 EUR )

The financial data indicated for the Latvian company (turnover, profit etc. data from the Enterprise Register and State Revenue Service) may not apply 100% to the respective project/ brand, or the Latvian company may only reflect part of the project's overall business.

Risk class – each company is assigned to one of ten risk classes. Classes one to eight reflect current solvency – the lower the risk class, the greater the solvency, and conversely the higher the risk class, the greater the chance of insolvency at this or another level. The risk class is assigned based on the latest financial data about the company, as well as its credit history and many other indicators. Risk classes are not assigned for banks, insurance companies and other financial enterprises.

BRAND	WEBSITE	COMPANY	Date of registration	Turnover 2016, 000 EUR	Turnover 2015, 000 EUR	Change compared to 2015, %	Profit 2016, 000 EUR	Profitability 2016, %	Number of employees 2016	Taxes in the General State Budget 2016, 000 EUR	Personal Income Tax 2016, 000 EUR	State Social Insurance Mandatory Contributions 2016, 000 EUR	Taxes in the General State Budget 2015, 000 EUR	Risk class
AirDog	www.airdog.com	Airdog, SIA	06/28/2012	1,657.52	188.29	780.32	-2,083.98	-125.73	19	-111.61	87.30	144.96	15.79	8
Art Fairs Service	www.artfairsservice.com	Art Fairs Service, SIA	02/05/2014	825.56	543.60	51.87	97.11	11.76	5	-47.00	9.41	14.46	-40.73	3
Blue Bridge Technologies	www.bb-tech.eu	Blue Bridge Technologies, SIA	06/20/2007	698.82	511.12	36.72	16.88	2.42	13	223.61	64.66	99.14	207.36	2
Booking Group	www.bookinggroup.com	Booking Group, SIA	05/09/2008	16,382.79	16,549.77	-1.01	-78.80	-0.48	51	283.78	115.03	203.84	310.93	4
BranchTrack	www.branchtrack.com	BranchTrack, SIA	04/08/2014	301.78	69.09	336.80	53.11	17.60	4	37.65	14.41	23.52	-0.79	3
Catch Box	http://getcatchbox.com	Catchbox, SIA	11/13/2014	2,055.52	992.38	107.13	667.31	32.46	8	200.18	27.52	46.35	34.18	2
Clusterpoint	www.clusterpoint.com	ClusterPoint, SIA	08/21/2006	430.40	415.69	3.54	-1,239.35	-287.95	28	510.86	194.32	318.32	499.07	4
eazyBI	https://eazybi.com	EazyOne, SIA	03/25/2011	1,103.95	639.72	72.57	564.39	51.12	12	212.61	72.08	69.31	102.07	2
EUROLCDs	-	EuroLCDs, SIA	03/10/2011	784.95	2,069.11	-62.06	-337.01	-42.93	24	51.95	52.78	103.60	301.20	3
Mailigen	www.mailigen.lv	Mailigen, SIA	09/09/2013	467.45	390.89	19.59	4.12	0.88	27	67.11	30.96	58.42	66.82	4
Mapon	www.mapon.com	Mapon, SIA	02/06/2006	2,573.09	2,329.96	10.44	372.19	14.46	25	708.20	137.96	220.38	535.95	2
Mass Portal	https://massportal.com	Mass Portal, SIA	04/25/2012	801.15	288.98	177.24	-342.04	-42.69	23	83.54	63.76	113.03	78.28	8
Mintos	www.mintos.com	Mintos Marketplace AS	06/01/2015	521.43	49.76	947.94	-180.74	-34.66	19	186.32	72.48	125.05	26.09	
Mobilly	www.mobilly.lv	Mobilly, SIA	11/24/2003	1,240.14	1,500.19	-17.33	41.71	3.36	24	302.44	68.53	122.54	182.26	
MolPort	www.molport.com	MolPort, SIA	12/13/2006	2,131.06	1,304.81	63.32	-70.24	-3.30	13	130.87	49.31	80.23	97.13	3
Naco Technologies	-	Schaeffler Baltic, SIA	04/26/2010	564.28	86.03	555.91	-23.91	-4.24	7	65.60	32.47	49.68	31.26	3
NotifyUs.net	www.notifyus.net	TestDevLab, SIA	11/30/2011	3,090.20	2,354.86	31.23	441.14	14.28	59	716.27	261.54	258.03	302.12	2
PlayGineering Systems	http://playgineering.com	PlayGineering Systems, SIA	03/15/2011	777.13	112.33	591.80	256.54	33.01	11	38.10	18.02	38.60	1.07	2
SASAP	http://seniorsasap.com	Lafiko.lv, SIA	04/07/2010	498.77	569.64	-12.44	-92.44	-18.53	20	126.86	44.26	82.51	122.03	
Sonarworks, Soundigo	www.sonarworks.com www.soundigo.net	Sonarworks, SIA	11/29/2012	923.46	288.57	220.01	-58.84	-6.37	18	139.70	65.91	115.45	66.03	3
Text2reach	www.text2reach.lv	T2R, SIA	08/06/2009	1,131.25	901.66	25.46	-3.46	-0.31	4	103.26	22.29	37.38	104.58	3
UAV Factory	www.uavfactory.com	UAVFACTORY, SIA	11/12/2009	3,703.01	1,225.17	202.25	456.85	12.34	58	446.89	207.21	350.07	391.97	2
Vendon	www.vendon.net	Vendon, SIA	05/27/2011	914.16	668.27	36.80	119.57	13.08	10	40.33	46.08	76.34	39.52	2
Veset	https://veset.tv	Veset, SIA	02/08/2011	864.63	200.22	331.84	-413.08	-47.78	15	273.87	99.98	178.65	142.47	4
62 You.Support	https://you.support	Machine Gun Media, SIA	05/06/2011	321.77	248.28	29.60	82.76	25.72	12	50.79	21.98	41.98	26.18	3 63



# STARTUP DEVELOPMENT ACCELERATES

*In the next three years, Latvia must build a firm foundation*

So, says Jekaterina Novicka, former chairwoman of the Latvian Startup association Startin.LV, as she looks back over what has been achieved and what remains to be done.

**There have been many changes in Latvia's startup environment over the last three years – the founding of Latvia's Startup association, the adoption of the Law on Aid for Startup Companies. What do you think have been the most important events?**

A lot has happened in the startup environment these last three years and the differences are very noticeable. The main change has been in public attitudes and how informed society is about the startup environment in Latvia, because three years ago there was very little information, just a few crumbs. That was one of the reasons why the association was founded. Three years ago, the platform Labs of Latvia was created, which presents information about the Latvian startup ecosystem; Estonia and Lithuania already had such portals. Back then, the government analysed a study which showed that there was a lack of information about venture capital funds, startups themselves, ecosystem events etc. Labs of Latvia drew the attention of the local media to startups and discussions about the sector gathered pace. We initiated foundation of the association in 2016 due to growing interest from both the private sector and the state. More and more events were held, and the state provided financial and information support for a number of ecosystem initiatives. But despite growing interest about the sector, there was a feeling that its activities were a bit chaotic and industry was divided. I want to stress the importance of Riga Venture Summit, as it identified pan-Baltic problems and trends. At this event back in 2015 Heidi Kakkko, the head of Estonia's business angels network (EstBAN), convinced us that there were just two ways to influence the process and put it in order: firstly, having a single representative for the startup sector to prevent fragmentation of activities and views, and secondly, involving the media to disseminate information further. There were a lot of people in Latvia at that time who

WE BELIEVE THERE WILL  
BE MORE SUCCESS  
STORIES WHICH CAN  
GIVE FEEDBACK TO THE  
LOCAL ENVIRONMENT





wanted to improve the startup environment, and 30 sector representatives founded the association. It was very important that association represents both deep tech or scientific startups and IT startups, so we could represent truly the whole startup ecosystem and to speak with our partners on a higher level. And then things started moving much faster.

### **Which state institutions are most involved in the startup movement?**

The most important is, of course, the Ministry of Economics, which has two key institutions under its wing. Initially there was the Latvian Guarantee Agency, but following reorganisation Altum is now the body disbursing money through various financial instruments, operating as fund of funds for new acceleration funds and seed venture capital funds etc. In terms of developing the legislation, we have direct communication with another Ministry of Economics body, the Investment and Development Agency of Latvia (LIAA), which is responsible for facilitating entrepreneurship in Latvia, export promotion, developing the brands of state and local enterprises etc. Before the Law on Aid for Startup Companies was adopted, LIAA wasn't actively involved in the startup movement but now it controls the bulk of non-financial state assistance to startups.

### **It is no secret that many startups in Latvia receive EU funding. What will happen to the ecosystem when these funds dry up?**

There's two sides to the story. Right now, there are a lot of positive things happening, but also risks are appearing. In startup terminology, to my

mind, the ecosystem itself is at the seed stage now – we have a product, funding, interest from the first customers and international partners, and now the crucial thing is to turn these opportunities into real business. Remember that nine out of ten startups never move on from this stage. In the next three years, we need to deliver significant results and plan future so the situation is good even without EU money. We believe there will be more success stories which can give feedback to the local environment. As well as there will be greater interest about Latvia in the wider world, because more professionals and entrepreneurs will know about business opportunities here after they will have experienced our local environment. But there is a risk that we could also mess things up – by spending money foolishly, making mistakes in executing initiatives etc. Latvia's Startup association is there to prevent such flops by coordinating existing initiatives and using resources efficiently. The next three years will be very important for Latvia's long-term economic development; if we do it right, we can build a firm foundation. A great deal will depend on parity cooperation between the state, the private sector and investors to achieve a common goal.

### **What are the most common fields Latvian startups are engaged in?**

Of course, fintech, there are more of these firms in Latvia than in the other Baltic countries. Latvia's strong banking sector plays a role here, and we have many banks with local capital. The strength of the sector boosts other areas, so young people study finance and economics at Riga Technical University, BA School of Business and Finance, Stockholm School of Economics in Riga, the University of Latvia etc. Banks are both investors in, facilitatorsof the ecosystem and clients of startups. The state's role is to support science-based startups, which is absolutely the right thing to do, although it is not an easy process. The problem is that scientists are not entrepreneurs; financial startups are much closer to business. There is competition within the scientific community, scientists closely guard their discoveries, often they don't want to modify them for business needs etc. Traditionally, scientists haven't trusted entrepreneurs, but the fact is that successful startups emerge when this trust does develop, and scientists and business people can each do their jobs together. This kind of synergy is rare, but there have been successful cases in Latvia. For example, the Commercialisation Reactor, who since 2009 successfully executes exactly such business model for deep technology startups, just has received state support to form larger acceleration fund. In previous years the Commercialisation Reactor has already produced good results, for example, the sale of the startup Naco Technologies to International holding Schaeffler Group. In the next few years, I'm sure we will see many more such successful exits. And like elsewhere in the world, Latvia also has lots of startups in the virtual reality, AI and other sectors.



**Estonia has the Skype effect, Lithuania has the Game Insight effect, and in Latvia we have what might be termed the social network Draugiem group effect. What impact has this group had or still has on the entire ecosystem?**

It should be remembered that the portal draugiem.lv initially was aimed at the domestic market, and it was small-scale on International area, so although it gave impetus its lasting impact has not been huge. But right now, the Draugiem group is in great shape – its most recent success, Printful, has been a success abroad. Startups emerge within the group and grow out from it, and its recent projects have made Draugiem a vital player in Latvia's ecosystem. In Latvia RubyLight, created by the founders of one.lv and ok.ru, has also been important. They live in Latvia and continue investing in startups, for example Ask.fm, Taxify, and Qfer, and they were amongst the founders of TechHub. However, RubyLight, invests throughout the world and is not focusing on Baltic market, so their influence locally has not been that big. Another success story is Infogram, which was sold in mid-2017 to the international company Prezi; its leader Uldis Leiterts has given a lot to the community. Together with Dagnija Lejiņa he created the festival Silicon Valley Comes to the Baltics, which has transformed now to one of the largest startup events in the Baltics, called the Digital Freedom Festival. Today Uldis is Latvia's ambassador in Silicon Valley. So clearly a lot depends on personalities.

**How has the association itself changed since its foundation in early 2016?**

When the association started we had 30 members, and now we have 85, of whom 70% are startups, and the rest are ecosystem players: funds, accelerators, organisers of startup conferences and festivals etc. We organise internal events for members as well as external ones like Riga Venture Summit, and we help organise hackathons. We also go to international startup conferences to talk about Latvia – last year we went to Latitude59 in Estonia, TOA Berlin in Germany, unbound London in the UK, DLD Tel Aviv Innovation Festival in Israel, and Slush in Finland. We plan to be even more active in connecting with international partners and telling them about our startups and the opportunities open to foreign startup founders in Latvia's startup ecosystem. Two years ago, we had to shake up Latvia's startup environment, but now what matters is guiding the movement already underway in the right direction. The association's board consists of very diverse people with a broad range of views and experience, but we all have an excellent relationship. This helps to attract a variety of startups to the association, including some that no one has heard of before, and gives us a deeper understanding of the development phases of startups. The board's diversity means we can talk to a broad range of partners, who trust as a neutral organisation.

## OUR MAIN PRIORITY IS TO PROMOTE LATVIAN STARTUPS

**Egita Poļanska, chairwoman of the Latvian Startup association Startin.LV**

Our main priority is to promote the Latvian startup scene, connect it to the world and represent its interests. We will continue our close cooperation with stakeholders in the government, startups and associations, working together to develop the environment and policies crucial to support startups and promote their growth in Latvia, as well as empower our startups to be successful internationally.

One of the tasks of the association will be continuous work with the Law on Aid for Startup Companies, which now is being adjusted and amended in Saeima. There are many good changes suggested, but we can already see there is a need to add more conditions, in example, offer tax breaks also to startups which are accelerating and getting investment abroad while actually developing their operations and product in Latvia. We also see that there is a need for creating simple and available information flow from different support initiatives to actual startups. In example with a Startup Visa – the regulations have been created, but now it's a matter of creating a simple explanatory step-by-step process to guide companies through the actual process. We will also focus on helping to attract talents from abroad by working with the information accessibility in English.





CHANGE VENTURES  
WEEKEND RIGA  
HACKSPACE RIGA  
INVEGA  
BALTIC SANDBOX  
STARTUP FAIR  
SUNRISE  
JAVA USER GROUP LATVIA  
LTK CAPITAL  
STARTUP HUB  
PROTOTRON  
LIFT 99  
STARTIN.LV  
VILNIUS TECH PARK  
AJUJANT  
PROTOTRON FUND  
LATA  
TARTU CENTRE OF CREATIVE INDUSTRIES  
AGILE LATVIA  
KAUNAS SCIENCE TECHNOLOGY PARK  
VUNK  
SOCIAL D VENT  
GAMEFOUNDERS  
PRACTICA CAPITAL

FLYCAP  
DEMOLA/VILNIUS  
SILICON VIKINGS RIGA  
DIGITAL FREEDOM FESTIVAL  
LIVONIA PARTNERS  
EXPANSION CAPITAL  
LATITUDE59  
INVESTLY  
LVCA  
TECH PARK  
BUSINESS INCUBATOR OF UNIVERSITY OF LATVIA  
STARTUP LEADERS CLUB  
AMBIENT SOUND INVESTMENTS (ASD)  
BARCAMP LITHUANIA  
IT DEMO CENTRE  
CHANGEMAKERS' ON  
GDC DAUGAVPILS  
CONTRIBER VENTURES  
STARTUP.LT  
BUILDIT ACCELERATOR  
ESTONIAN BUSINESS ANGELS NETWORK (ESTBAN)  
TECHCAPITAL  
VGTU LINKMENU FABRIKAS  
TECHSISTERS  
LATVIAN INVENTORS' ASSOCIATION  
IMPRIMATUR CAPITAL FUND MANAGEMENT  
SSR RIGA MENTOR CLUB  
SPRING CAPITAL  
MEKTORY  
FUNCTIONAL VILNIUS  
NORTHTOWN TECHNOLOGY PARK  
SEBA  
SPRING HUB



## SASHA KOMAREVYCH LUISS ENLABS THE STARTUP FACTORY, ITALY

Recently we spent 36 hours in Riga and Vilnius during our Accelerator Roadshow. Right away we noticed an impressively high level of English by local startups, great hospitality, good pitch and outstanding UX skills. It also seemed to me that all the players in the startup ecosystem (government, startups, universities, investors) work well with each other. In brief, the Baltic startup communities are young, dynamic and hungry for action.

## TUOMAS KOSONEN INVENTURE, FINLAND

I have been following the Baltic startup ecosystem to develop the past +5 years. And I'm really happy to see how things are picking up. After few big success stories, especially from Estonia, there are more and more experienced teams building next gen startups. All the 3 countries have their own characters and strengths, especially on deep tech, robotics, space tech and certain software fields, just to name some. We from Inventure see Baltics as natural extension to our home market and have been investing in the region since 2012. We are currently active investor in 3 companies, 2 from Estonia and 1 from Latvia and with our new fund I would like to find more interesting companies from Baltics in all the stages.

## JUHA RUOHONEN SUPERHERO CAPITAL, FINLAND

I would comment on two things. Number one is the significance of role models. Every country/market needs their own Skype. This was the case back in the days in Finland before we had any unicorns. Then MySQL showed us that it is possible to build one from Finland. And naturally Supercell et. al. have proven that even more. The same can be seen in Estonia with Skype. The experience is extremely valuable and without the right mindset you cannot be successful. Another thing is the urgency to get out there. As the Baltic states are even smaller than Finland, entrepreneurs should be looking into European (or global) markets from day one. There is really nothing stopping that, especially if you run SaaS-based businesses. Too many cases are still very homegrown. But all-in-all the trend is definitely going in the right direction.



INVESTING IN YOUR FUTURE

[www.magneticlatvia.com](http://www.magneticlatvia.com)



Accenture career  
opportunities for students:  
[www.bootcamp.lv](http://www.bootcamp.lv)



[www.db.lv](http://www.db.lv)