

MAGNETIC LATVIA

LATVIAN DELEGATION AT SLUSH

Swing by Startup Demo Area D.23 and D.25
and say 'sveiki'



#MAGNETICLATVIA

Photo by Nora Krevņeva Baibakova

NACIONĀLAIS
ATTĪSTĪBAS
PLĀNS 2020



EIROPAS SAVIENĪBA
Eiropas Reģionālās
attīstības fonds



Latvijas Investīciju un attīstības aģentūra
Investment and Development Agency of Latvia

IEGULDĪJUMS TAVĀ NĀKOTNĒ

INFOGRAPHIC

LATVIAN NUMBERS

OVERVIEW

1.96M
POPULATION

MEMBER OF
**EU, NATO,
IMF, WTO,
OECD**

BEST CONNECTED
AIRPORT IN THE BALTICS
80+
DIRECT FLIGHTS

55%
OF THE COUNTRY IS FOREST

Latvia
HAS BEAUTIFUL SANDY WHITE BEACHES
LINED WITH LUSH PINE WOODS

TOP 5
FASTEST INTERNET IN EUROPE

2018
100TH ANNIVERSARY OF LATVIA

Latvia is multi-lingual and has
a highly talented labour pool



**STRONG
FINTECH
AND
DEEPTech
STARTUPS**

STARTUP LAW
3

Monetary support
programmes for
qualifying startups

DEDICATED STARTUP
PROGRAMMES IN
6
UNIVERSITIES AND
BUSINESS SCHOOLS

4
STARTUP HUBS
TechHub, Teikums,
The Mill, Oraculetang

STARTUP WISE GUYS
ACCELERATOR
FOR DIGITAL B2B
STARTUPS

**#STARTUPLATVIA
#STARTINLATVIA**

€12M
PUBLIC FUNDS FOR
SOCIAL ENTREPRENEURSHIP

300+
SOLID
STARTUPS

COMING SOON
Startuplatvia information portal about the
Latvian startup ecosystem and opportunities

WHAT'S HOT NOW

EVENTECH
will participate in Luna-27
mission to space

CONELUM
disrupts food and beverage
microbiological diagnostic
testing market

VORTEX OIL
revolutionises oil
recovery technology

ATLAS DYNAMICS
raises \$8 million to release
its drones in North America

3
MAJOR STARTUP
EVENTS

**DIGITAL
FREEDOM
FESTIVAL**

iNOVUSS

techchill

€60M
PUBLIC FUNDS FOR SEED
AND GROWTH STAGE

9
EXITS

15
PUBLIC GEOGRAPHICALLY
DECENTRALISED
BUSINESS INCUBATORS

€15M PUBLIC FUNDS FOR ACCELERATION STAGE

**STARTUP VISA FOR
FOREIGN FOUNDERS**

SEARCH ON LABS OF LATVIA FOR
'HOW TO APPLY FOR THE LATVIAN STARTUP VISA GUIDE'

3
ECOSYSTEM ASSOCS.
REPRESENTING
INTERESTS OF
STARTUPS, BUSINESS
ANGELS AND VCS

startin^{.lv}
Go Global.

LATBAN
LATVIAN BUSINESS ANGELS NETWORK

LVCA | LATVIAN PRIVATE EQUITY
AND VENTURE CAPITAL
ASSOCIATION

LEARNING TO RUN

Arvils Aseradens, Deputy Prime Minister, Minister for Economics of the Republic of Latvia

For the past few years, the world's economy as we see it has been shaped and challenged by many new and powerful entrepreneurs and small companies, which we now proudly call startups. Generally, it has been an arms race between countries to gather the best masterminds and boost the startup ecosystem. I am glad to say that development of startup companies has been defined as one of the priorities of our government. Not only has the number of startups increased over recent years, but a network of business incubators and entrepreneurship centres 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.

Dividing the development of the Latvian startup ecosystem into three phases really puts everything into an easily-understandable perspective. Looking back at the year 2016, we have laid the foundation for Latvian startups and seen the first strong steps in the ecosystem's growth. A strong growth in the private sector led the public sector to create support instruments specifically targeted to startups. This sparked a chain of actions, such as an introduction of the Law On Aid for the Activities of Startup Companies. This law not only defined the significance of startups in the whole economy, but also introduced special support tools for tax rebates and recruitment of highly-skilled team members. In addition, a panel of competent ecosystem members joined forces to create the Latvian Startup Association.

At the beginning of 2017, an action plan for the development of a startup ecosystem was created by the Ministry of Economics and the startup community stakeholders. 2017 marked international awareness of the increased marketing activities of the Latvian startup ecosystem. Latvia has presented a Startup Welcome Pack, a unique toolbox for new businesses in Latvia. It includes such instruments as a startup visa, startup flat tax rate, innovation vouchers, startup-friendly loans, various venture capital funds and much more. I am happy to see that the community is growing: Riga is attracting technology enthusiasts to events such as Digital Freedom Festival and TechChill. Up to this point, all

the actions taken have resulted in weekly and even daily meetups and networking events amongst those involved in the startup community. During this year alone, 6 hackathons have been organised with the support of the Investment and Development Agency of Latvia (LIAA) and the Latvian startup association, Startin.lv. Furthermore, the Latvian startup ecosystem is not only still holding its ground domestically, it is going global. This year's activities include the National Delegation visit to the DLD Innovation Festival in Israel and, for the first time, Latvia will participate at Northern Europe's largest startup festival, Slush, in Finland, where everyone will be able to meet not only the proud Latvian companies but also the members of the Latvian startup ecosystem. Additionally, during the recent National Delegation's visit to Silicon Valley in the United States, the LIAA reopened its representation office in the United States, which is intended to give a boost of endorphins to the Latvian startup community.

In terms of the leaps and jumps that are still ahead, Latvia has got some big plans to look out for. The upcoming year is going to put the human capital of business at the front of the value chain. We are about to see a great increase in the involvement of universities and students in the startup ecosystem. More students will be able to work on their ideas within the framework of the Innovation Grants programme, which will kick off next academic year. Also, startups and large companies will work together jointly for the development of innovation by learning, with the involvement of corporate investors and an increased presence of international venture capital funds. I am happy to say that sources of finance will be available in seed and growth capital funds totalling 60 million euros.

We are working towards building an environment where the Latvian and international startups can not only learn how to walk, but also to run and, in the end, jump from the excitement of their business growth. 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. ■

2017

3 accelerator funds
with €15 million total
public funding

2018

2 venture capital funds
for seed and 2 growth
capital funds with €60
million public funding

[LEFT TO RIGHT]

Mr. Juris Gulbis, CEO of Lattelecom;
Mr. Arvils Aseradens, Deputy Prime Minister,
Minister for Economics of the Republic of
Latvia; Ms. Dagnija Lejina, cofounder and CEO
of Digital Freedom Festival.

INFOGRAM

LATVIAN VISIONS

We met with Alise Semjonova, co-founder of Infogram, on a crisp autumn morning at a coffee shop in downtown Riga to discuss the story of a 5-year-old data visualisation startup that was sold earlier this year to Prezi.

INTERVIEW BY Tarmo Virki

What was the beginning of Infogram?

Infogram, the company, was born in 2012 – it was registered then. But as an idea of democratisation of data visualisation, or simplifying the process of creation of DataVis, it had started to develop before the company was registered.

It was envisioned by Uldis Leiterts, the idea owner and co-founder, who was working at the time in one of the biggest media companies in the Baltics, Delfi, and his colleague, Infogram's technical co-founder, Raimonds Kaze.

They started playing around with the idea of DataVis. For their first clients here in Latvia – media companies, ad agencies – they created interactive data visuals, charts, combined them and called them infographics. At first, they said that

“They created interactive data visuals, charts, combined them and called them infographics.”



Infogram Co-founder Alise Semjonova

there was a data tool that created this material, but they were actually doing it manually. Then Uldis went around to all the tech conferences and startup gatherings, pitching the story, refining it, shaping it. Somewhere along the way Uldis shared his vision and I thought, “it’s a really interesting idea, but let’s see how it evolves when there is a proof of concept from the industry professionals.”

At first, every accelerator that we approached would not accept us, but they shaped the idea by asking us the right questions. Eventually HackFwd and Lars Hinrichs believed in the idea and offered us our first seed investment in early 2012. That was our sign to say, “OK, let’s quit our day jobs and do this full time as a company.”

Then it all started; we joined Startup Sauna. All three team members went to live to Helsinki, and we were also selected for the Silicon Valley trip. That was a huge milestone for us, shaping the company and the team. The pitching was like a team-building activity. At that time, we were actually in two accelerators – Startup Sauna and HackFwd.

How did you join Infogram?

I was a university friend of Uldis. I helped as a freelancer and then I did graphic design work, user interface design and became a co-founder on the go.

So your background is actually in design?

Like Uldis, yes. The two co-founders of this company are designers – it’s really a core part of this company’s DNA. That’s the value that we bring to customers – design is woven throughout the process.

In the classic hacker, hipster, hustler world you are like two hipsters and a hacker, although Uldis became the hustler in the process?

Yeah. In that formula, I am a hipster.

How have the three of you managed to work together?

We are both different and similar. In some things, like on a cultural level, we were close. But Uldis was always the driver, until the company grew into having a strong executive team. Until then it was driven by Uldis’s passion and our reactions to that.

Starting with three people and then growing to a team that was 10-times larger can change things. Some cultural things that you could see in the beginning are still present as the team grows – there is a kind of opening up and being yourself, but still professional. Not being afraid of showing your weaknesses but also growing and being strong.



Infogram Data visualised

After the initial investment in 2012, what happened next?

That investment gave us a kick to start working on the product full-time, to be 100% devoted to it. The team didn’t grow very much at that time; it was 5 people, then 6, 7, 8, until we reached 10. We were part of the first co-working space in Latvia: TechHub.

When we started, it was like the beginning of a startup ecosystem here in Latvia. I’ve tried to picture the pioneers in the startup world here in Latvia. I usually do it by first picturing the co-working space – who were the startups sitting there, next to us. That was the beginning of the startup world here.

What has happened to them?

Some grew bigger, but some died. It was the beginning and we were among them.

With the second investment in 2014 we grew the team to 30 people, moved to our own office and were looking for the market fit. That was the second boost to the business – maturing the company and our whole attitude towards sales, business, KPIs etc.

The responsibility was bigger and our delivery had to be better.

How difficult has it been selling the idea of a visualisation tool to media companies? Where were your first clients?

Our first clients were local media companies. It usually starts with one passionate editor who finds the solution as an improvement to the whole workflow. Once the story is ready journalists can publish it, but they still have to reach out to two more people: the designer and developer, or even sometimes a data scientist who approves the DataVis. Now, instead of that, you have the tools in your hands and it is really easy to use.

So at first it takes one passionate editor, then there are a few more editors in the team, and finally they build the demand from the ground up.

My bigger question is how difficult it has been

“With the second investment in 2014 we grew the team to 30 people.”

for you to find that product market fit?

We are still a startup, we are still fast at reacting to market changes and opportunities.

We started with media, because of our personal background as founders working in a media company, and our industry insight came from there. For Infogram it was important to get visibility first. For every free infographic published, there was a logo included on the background. The reach and visibility from each i-frame was the starting point for our visibility. But the media industry lives from other industries, so it is not as fast-growing as FinTech, it's not as sexy. I was trying not to say that word, but now I have.

Education found the real power of Infogram, so education was a huge use-case at one point. There were librarians and teachers publishing stories about how classes of 30 kids worked in different parts of the world. Some really inspirational, powerful stories came from education.

Then there were business-use cases: internal reporting, marketing and sales. Industry is currently in focus, but it always changes and evolves.

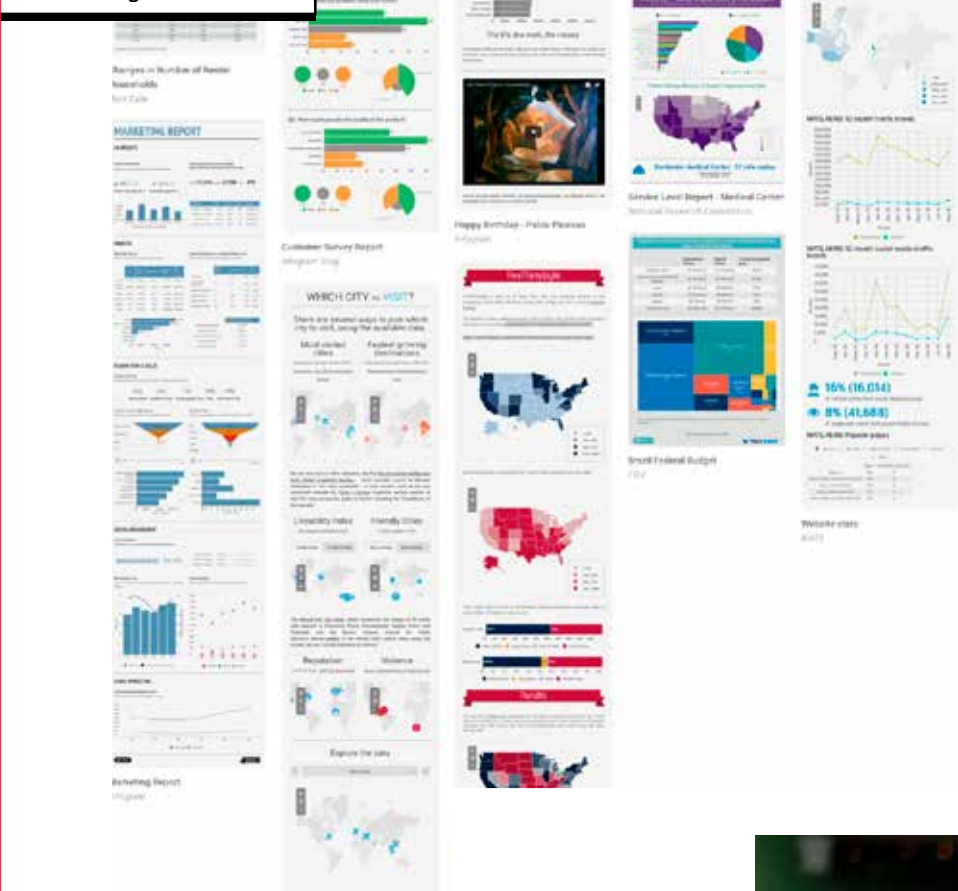
Your mission of "easing data communication" probably means that, on an ideology level, Prezi was a perfect match for you.

They're a perfect fit in many ways. Culturally, they are so close that the transition is smooth, I don't know if it is a national thing or a cultural thing – like eastern- or central-Europeans on the startup map: a nameless place that builds something powerful and cool that everyone uses and knows. Data communication in our case, in their case ideas communication in a new powerful way.

It's a perfect fit in terms of the powerful communication of ideas through data stories or personal inspirational stories. Communication is our battlefield.

Data communication and how the need for it evolves through time is interesting. My first

Infogram Data visualised



assumption was that infographics would be some kind of temporary trend – there is an icon, chart, a nice picture, and that's an infographic. I thought about how we should react: was it a temporary trend? I can see now that it evolves more and more and the need doesn't go away. There is more data, more complex information, and the attention span of human beings, our readers and media users, gets shorter and shorter. Now, in the post-truth era, with false facts and all those issues, the quality of easy-to-understand content is as crucial as ever. The demand is for growth and powerful tools for the communication of true stories. It's a nice conclusion that is not a trend – the need just keeps growing.

How did the Prezi merger happen?

At the point of acquisition, we referred to it as a dating and marriage thing. The dating had actually started a very long time ago. It is not like a Las Vegas marriage. Instead, we got there eventually. When we were part of Startup Sauna, Uldis and I went to San Francisco and we visited their offices to show them our product. We had some common investors, they introduced us and then we met personally. So we were on each others' radars for five years. Time after

"Now, in the post-truth era, with false facts and all those issues, the quality of easy-to-understand content is as crucial as ever."

time we met, updated each other on new things, inspired each other.

The whole dating before marriage part lasted eight months and it was a really transparent process. Our team went there, their team came here, we had hackathons together. Eventually we realised it was the perfect match. We had a wedding ceremony in May and then a honeymoon trip to Budapest with the whole team.

Now you are six months into the marriage. All well?

Yes, and still no ugly surprises.

What is the main rivalry for Infogram?

Not visualising data, or not paying any attention to making content digestible – that is my biggest enemy. Not thinking about the reader at all is the worst thing that can happen.

Then there are the ones that did a little better: visualising in a bad way, not being interactive, not using a tool that supports being responsive to different screen sizes. My thing is that those are like yesterday's problems to me. There are still solutions and we are spending a lot of resources on DataVis.

Are there any good competitors out there?

It depends on the market. Canva is growing very quickly. They started out as a presentation tool, but now you can build anything there.

Basically, Canva vs Prezi is the big picture?

We share that view. There are different, bigger and

Infogram Co-founder Alise Semjonova



smaller tools, but not for visualising things and thinking about the reader, I think that is the biggest enemy of using PowerPoint – you kill your audience.

What's next?

With Prezi it's amazing that we have this opportunity, and the resources and knowhow to boost us to

the next level. We can join forces in visual communications. We have some ideas and some projects that we are working on together as joint projects, as well as Infogram projects we had already started.

We're launching a completely new product that allows us to build reports and multipage data visualisation output. That is the next thing that we are passionate about.

Is there a history of data visualisation in Latvia?

I wouldn't say that DataVis has a long history. We have been learning from global knowledge and talent. Media is quite a big industry so it is like we were raised in the media environment. That is the logical explanation for why Infogram was born here – communications and media.

What is Infogram's impact on the Latvian ecosystem?

There are some employees who are starting to work on their own ideas – one just moved to Canada to build a startup.

The founders are very active in the local ecosystem: Uldis initiated Digital Freedom Festival, a startup conference. Since the early days we have organised meetups – Mobile Monday was the first. I co-initiated a Women in Tech NGO here. It is called Riga Tech Girls, and we have monthly meetups and coding workshops for girls.

There is a responsibility for not just consuming the power of the startup ecosystem, but also learning and sharing your knowledge. Being reachable to all people in the ecosystem is a must-have, must-do thing – you don't keep your knowledge within the company or at home, you share it and organise yourself. It's a living organism and you are responsible for being part of it. I can start any new idea I think of: with Riga Tech Girls I just reached out to women in the ecosystem and they were ready to come to the meetup, share their ideas and host us in their companies.

It's the same everywhere. It is totally cross-functional and cross-cultural. You can go to any part of the world and although you don't share the same food or language, in the startup world they are the same and speak the same language.

What is next for the Latvian ecosystem?

I think next will be something really powerful, like a local Skype story. We are seeing more and more success stories that invest back into the ecosystem as angels and mentors, so we are in the process of this now. The bigger the successes are, the more the ecosystem gets back in return. I truly believe that it is simply a matter of time and of getting the machinery going. We are on our way, this is happening.

There are no shotgun solutions?

I don't think there is magic that will solve everything – the nice feeling is that we are getting there. The culture is there and it is just a matter of time for the success stories to gain a critical mass to boost the ecosystem. ■

"We're launching a completely new product that allows us to build reports and multipage data visualisation output."

"It's a perfect fit in terms of the powerful communication of ideas through data stories."

Infogram Team photo



STARTUP PROFILES

PRINTFUL

Bootstrapped startup eyes New York IPO

Printful provides a platform for easy on-demand online printing, fulfilment and shipping.

ts founders have built something bigger than Facebook (in Latvia, but still). It has never raised venture capital. Moreover, it is eyeing up an IPO in New York.

“If all the cards fall right, we want to be the first company from the Baltic states to go public in New York,” co-founder and CEO Davis Siksnavs said in an interview. It just has to keep on growing to do that.

Printful prints T-shirts and other merchandise for online e-commerce stores and provides a drop-shipping service for them. “Not necessarily every business idea has to be a giant leap forward in terms of innovation. You don’t have to be building flying cars,” Siksnavs says.

Like many stories of successful startups, Printful was born out of a problem with founders. It is one of the ventures of Draugiem Group founders Lauris Liberts and Agris Tamanis. Draugiem has made Latvia the only country in the western world where the most popular social network has not been Facebook. The success has enabled the team to search for many other businesses.

Fast forward to 2012, when Siksnavs launched, with Liberts and Tamanis, Startup Vitamines – a Shopify-based online store printing motivational quotes on posters, mugs and other promotional products.

“Lauris was physically printing these posters at his home in Los Angeles, California. At one time he wanted to start selling T-shirts. The problem was that a T-shirt is a thing that doesn’t really scale in a home environment,” Siksnavs remembers.

So the team looked for a good print-on-demand supplier. “It was really important that we did not have to send orders

STORY BY
Tarmo Virki

HOW TO BUILD A TEAM FAR FROM HOME?

“One thing I heard from other founders: use LinkedIn, type in Los Angeles and under languages put Latvian or Estonian. A Baltic fellow might be more open about speaking to you.”

Davis Siksnavs speaks from experience, having started by reaching out to his personal network of American, Canadian and Australian Latvians. “If there was a fit, we hired them, and they helped us to build a very credible, trustworthy, sort of native speaker-like website and marketing around it, which really helped us.”

manually, but also quality and speed of orders had to be there,” says Siksnavs.

Printful was born as there was no such service available. “We naturally felt that if we had this need for a print-on-demand drop-shipping service, there were going to be thousands of others out there who had the same need,” Siksnavs explains.

The rest is history – Printful has recorded surging growth and now employs 325 people globally.

Printful first built its presence in the United States and has now started to expand operations elsewhere. “The US market is so big and exciting, and now we are increasingly playing on a global stage. We are all having fun right now, especially at this fast growth stage,” he says.

When looking back, the decisions are sometimes very obvious. When the team decided to focus on Printful, Startup Vitamines was growing and doing well. “It was the right decision to continue to experiment and put more resources into this novel new idea. It paid back in the end, because Printful is now 100 or more times larger than the original idea,” Siksnavs notes. ■

Printful CEO Davis Siksnavs



TOTAL FUNDING
NEEDED
€0

STARTUP PROFILES

NOTAKEY

The smartest kids in the country

Notakey is a smartphone-based solution for strong and smooth authentication and authorisation. They provide a viable alternative to cumbersome hardware solutions, while also complying with the new EU PSD2 directive. Notakey offers a money-back guarantee if you don't see increased employee productivity and customer engagement.

STORY BY Marija Odineca

Every digital payment processor is caught between regulators, who set strict security requirements, and customers, who want fast and seamless mobile transactions. Some opt for printed code cards, some provide physical code calculators, some send authentication codes via SMS. Notakey promises to eliminate the need to choose between security and convenience.

The team promises to take all the effort away from the user and leave it to the technology. Instead of retyping codes, each person can sign requests with their digital signature.

Notakey was founded in 2015 by Janis Graubins, who has a background in finance and marketing, and brothers Gints Kirsteins and Janis Kirsteins, who developed Latvian State ID Card and electronic signature architecture.

Notakey The team



TOTAL FUNDING RAISED
€190k

Ernests Jenavs, founder of EdTech startup Edurio, put together the Kisteins brothers and Graubins, who was then a business developer at London-based Innovation agency, Unit9.

“He introduced them as the smartest programmers from Latvia, who were building an incredible product for banks and would need someone, to help with the business side. I thought that if Ernests, who previously worked at McKinsey says they are the smartest, they must be really great,” Graubins remembers.

“I had a chat with them on Skype and after it decided to quit my job and move back to Latvia to join them. I was blown away with what they had achieved and felt that we were on the same page on what we wanted to achieve and how. In a way it was a blind marriage but has turned out really great,” he says.

The company is one of the few Latvian companies who have ever received a Horizon 2020 grant in Latvia. Their clients include Latvian Mobile Telephone, Pauls Stradins Hospital and they have been awarded with joint Proof-of-Concept with Swisscom, UBS and Credit Suisse. Out of

that company they further developed their product to provide video identification and Know Your Customer (KYC) data exchange between companies.

N-VideoID lets you onboard and identifies users via video calls. With the increasingly global nature of work and business, video authentication is perfect for regulated use-cases when a bank would typically require the client to show up in person, such as opening bank accounts, issuing digital signatures and signing legally binding agreements. Once the user is identified, the identity then can be re-used with other companies to decrease friction even further.

To ensure easy and secure access to all employees, Notakey offers a 2-factor authentication system for internal Virtual Private Networks (VPNs) that can be shared with remote employees, contractors and partners. Their multi-factor security system can be integrated with Windows terminal servers and workstations, while their N-SSO product lets users eliminate passwords and access issues altogether, creating a single-sign-on identity for all applications. ■

STARTUP PROFILES

ANATOMY NEXT

3D human atlas



Anatomy Next The team

Anatomy Next changes anatomy classes for medical students. The team has completed a digital atlas of the human head and neck, along with detailed 2D maps and interactive 3D visuals of the cranial nerves. They plan to have the whole male body completed by spring 2018.

STORY BY Tarmo Virki

ANATOMY NEXT ARE LOOKING FOR

€2.5m

The team expects their 3D simulations to turn the mindless memorisation of textbooks (which is forgotten soon after an exam) into a real understanding of human anatomy that students will carry into their professional lives.

The company was started by a Latvian sculptor, Uldis Zarins, who repeatedly failed to correctly sculpt the cheek of a classical sculpture. He tried every trick in the book but could not find a way to measure the vast round area. Teachers sent him to the library, where Uldis tried every book and eventually started deconstructing each element of the human body into basic shapes and posting his discoveries on Facebook.

A successful Kickstarter campaign, together with his co-founder, Sandis Kondrats, helped them publish the first modern anatomy book for sculptors, available at anatomy4sculptors.com. When the two discovered that the digital generation of medical students was still learning

anatomy from books written in the 18th century, they started to ponder the opportunities in digital and Anatomy Next was born.

The timing couldn't have been better. Today, teachers who spend one hour talking about a complicated concept, while reading from their slides, are competing with bright, charismatic YouTubers who complete the same explanation – with witty visuals – in three minutes. The pressure to remain relevant makes universities more open to considering solutions like Anatomy Next.

Based on high-resolution radiological data, the 3D Anatomy Atlas allows students to experience anatomical structures in the finest detail. Students can fully manipulate each structure, using web-based, standalone or web application platforms to rotate, zoom in and view isolated muscles, bones, nerves and blood vessels. The application offers options to hide and fade structures, to see their location in relation to other tissues, bones and important landmarks. Detailed educational descriptions allow students to discover muscle origin, insertion, function, innervation and blood supply. Anatomy Next currently has pilot programmes at seven universities in the US and EU, with 50 more in negotiation.

The team continues to integrate the newest technology for enhanced experiential learning. They use augmented reality and virtual reality, aiming to produce a learning experience as close to real life as possible. If successful, this could mean that surgeons would graduate from the Anatomy Next program already knowing what it feels like to put together any combination of broken bones, severed nerves or torn muscles. The team expects that this can help decrease the share of fatalities and disabilities due to medical errors. They already have over 7,000 downloads to their HoloLens application and are working with Microsoft to make VR more relevant in medicine. ■

STARTUP PROFILES

NACO TECH

Great science exit in coating tech

Naco Technologies developed the world's fastest nano coating process for physical vapor deposition (PVD) and was acquired by German automotive parts supplier Schaeffler Group.

STORY BY
Marija Odiņeca

Naco Technologies was founded in 2009 by professor Valery Mitin, who spent 40 years researching and developing protective and functional coatings. The company was born in Commercialization Reactor, a Riga-based science accelerator, which helped to gather a team of five and take the product to the international markets.

The coating itself is thinner than a human hair, yet using Naco's technology on bearing parts can have a massive impact – it can double the useful life of a drill, while using it on automotive parts can notably reduce the power requirements, thus lowering fuel consumption.

Professor Mitin is the inventor of the physical nano coating technique – an approach that operates contrary to traditional chemical coating, which requires prolonged chemical bathing and produces toxic by-products. Physical nano coating

takes place in a vacuum environment and it does not produce harmful chemical vapour or residue. The team built their own proprietary machinery and claims to possess the fastest and greenest nano coating technology in the world.

Naco Technologies provides a range of high performance multi-layer and multi-component coatings for equipment used in the tooling, automotive, aerospace and micro-chip industries. Its products include oil-enhanced, wear-protective, thermal barrier and liquid repellent coatings. Their method of ion-plasma deposition of multi-component coatings has received international recognition in innovation and industrial applications from the European Patent Office.

In December 2016, Naco Technologies was acquired by the giant automotive and industrial parts supplier, Schaeffler Group. Most cars in the world contain at least one engine, transmission or moving part from the German acquirer, as its clients include Volkswagen, Daimler, Toyota and Mercedes, among others. Schaeffler's industrial bearing parts range from 7m components in the London Eye and wind turbines all the way down to 1mm parts in high-precision dental drills.

After the acquisition, Naco became the Baltic R&D division of Schaeffler. Its team of 10 has remained in Riga and continues to develop its technology. Naco's co-founder, Aleksandrs Parfinovics, says the firm was acquired for the best technology in the world and their task now is to make sure it stays that way. The small team of Naco Technologies has put Riga on the map as an important location in global nano coating research and development.

Naco Technologies was the first notable exit for a scientific startup in Latvia, with public venture capital funds Imprimatur Capital and ZGI Capital, along with the private VC fund Proks Capital, all making a profit from the exit. It has also enabled Commercialization Reactor to prove its case for accelerating scientific startups. ■

NacoTech Hard at work



SUCCESS STORY
EXIT

SUPPORT

GOVERNMENT SUPPORT FOR STARTUPS

Unless stated otherwise, programmes are administered by Investment and Development Agency of Latvia (LIAA). LIAA's vision is to become a one-stop-shop for the Latvian startup ecosystem.

1

STARTUP VISA

This is a residence permit, also known as startup visa, which was created for the benefit of those individuals who want to come to (or already are in) Latvia and be part of a founding team or the management board of a new startup. A key factor to the successful application is a free-form description of the innovative product or service that the applicant intends to work on while in Latvia. Startup Visa is administered by the Immigration Office with support of LIAA.

3

INNOVATION MOTIVATION PROGRAMME

This programme is good for those who do not have a strong business idea but are determined to go down the entrepreneurial path. Usually this person is looking for encouragement to try, and the right people to try it with. The programme organises various hackathons, networking meetups, workshops and other capacity-building activities, which help the entrepreneur to define the next steps.

Get in touch with LIAA at startup@liaa.gov.lv and stay tuned!

2

STARTUP LAW

This law was created for early-stage startups with a defined team and product, with high growth potential and a scalable business model. The Law promotes the establishment of startup companies in Latvia, capping social security payments, waiving corporate and individual income taxes, and offering a co-financing scheme to engage highly-qualified employees.

4

SUPPORT FOR COMMERCIALISATION OF SCIENTIFIC RESEARCH RESULTS

The programme supports commercialisation of the results and innovations achieved by public research organisations, contributing to the Smart Specialisation Strategy of Latvia.

5

OUTREACH SUPPORT

The programme will nurture the competitiveness of Latvia-based startups through supporting participation in trade exhibitions with own stall/booth, participation in business conferences, seminars abroad; and similar activities.

6

INNOVATION VOUCHER

The programme makes product-testing and prototyping services more affordable for startups by covering 60% of the related processes, such as technical and economic feasibility study, Industrial research, experimental and industrial design, and others.

7

BUSINESS INCUBATORS

In October 2016, 15 state-run business incubators were launched in various cities in Latvia. The main goal of the incubators is to help develop new viable and competitive business ideas.

8

ALTUM MONETARY SUPPORT

ALTUM is a state-owned financial development institution offering the following:

- Startup loans of up to €150k on easier terms and competitive interest rates.
- €15m acceleration fund split equally between three fund managers – BuildIt Accelerator, Lattelecom Technology and Commercialisation Reactor, who are currently launching a call for pre-seed and seed applications.
- €60m seed and growth venture capital will be made available for startups in 2018 and will be split between four fund managers, who will be investing €50k-€200k per startup.

EVENTS

STARTUP EVENTS



iNOVUSS

2018: Aug 31 - Sep 2.
www.inovuss.lv

Idea. Excellence. Inspiration. Engagement.
iNOVUSS is the biggest open-air creativity festival in Latvia which invites people to celebrate innovation-for-life



DIGITAL FREEDOM FESTIVAL

Digital Freedom Festival (DFF) is the most influential tech multievent in the Baltics or, as we call it, where "Davos Economic Forum" meets the "Burning man". DFF celebrates digital culture and beyond, just few days before iconic

SLUSH. Consider DFF as a warm up to the bad-ass Finnish conference.

DFF in 2018, same time, same place - end of November. Riga. Latvia.

www.dffestival.com



The leading tech event in the Baltics that brings together founders, entrepreneurs, challengers and curious minds.
2018: February 8- 9.

www.techchill.co

techchill