LATVIAN DELEGATION AT SLUSH

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

#MAGNETICLATVIA

Photo by Nora Krevņeva Baibakova
OVERVIEW

1.96m
POPULATION

Latvia
HAS BEAUTIFUL SANDY WHITE BEACHES LINED WITH LUSH PINE WOODS

55%
OF THE COUNTRY IS FOREST

BEST CONNECTED AIRPORT IN THE BALTICS

80+
DIRECT FLIGHTS

MEMBER OF
EU, NATO, IMF, WTO, OECD

80+
DIRECT FLIGHTS

WHAT'S HOT NOW

EVENTECH
will participate in Luna-27 mission to space

CONELUM
disrupts food and beverage microbiological diagnostic testing market

VOXEL
revolutionises oil recovery technology

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

TOP 5
FASTEST INTERNET IN EUROPE

2018
100TH ANNIVERSARY OF LATVIA

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

STARTUP VISA FOR FOREIGN FOUNDERS
SEARCH ON LABS OF LATVIA FOR ‘HOW TO APPLY FOR THE LATVIAN STARTUP VISA GUIDE’

€12m
PUBLIC FUNDS FOR SOCIAL ENTREPRENEURSHIP

300+
SOLID STARTUPS

STARTUP LAW
3

Monetary support programmes for qualifying startups

STARTUPWISE GUYS
ACCELERATOR FOR DIGITAL B2B STARTUPS

€60m
PUBLIC FUNDS FOR SEED AND GROWTH STAGE

ECOSYSTEM ASSOCs. REPRESENTING INTERESTS OF STARTUPS, BUSINESS ANGELS AND VCs

3

STARTUP HUBS
TechHub, Talkums, The Mill, Oraculstart

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TechHub, Talkums, The Mill, Oraculstart

STARTUP WAVE

3

DEDICATED STARTUP PROGRAMMES IN
6
UNIVERSITIES AND BUSINESS SCHOOLS

9 EXITS
PUBLIC GEOGRAPHICALLY DECENTRALISED BUSINESS INCUBATORS

€15m
PUBLIC FUNDS FOR ACCELERATION STAGE

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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 are 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 capital funds totalling 60 million euros and boost the startup ecosystem. I am glad to say that sources of finance will be available in seed and growth capital funds. I am happy to say that sources of finance will be available in seed and growth capital funds. I am happy to say that sources of finance will be available in seed and growth capital funds.

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.
What was the beginning of Infogram? Infogram, the company was born in 2012 – it was registered then. But as an idea of democratization of data visualization, 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 Kazė. 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 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. Somehow 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, 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 technical 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 passion and our reactions to that. Starting with three people and then growing to 30 people, moved to our own office and called them informations. At first, they said that

Starting with three people and then growing to a team that was 50 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.
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 ideas had come 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, and we are still a startup, we are still fast at reacting to market changes and opportunities.

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 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 to work on their ideas and help them. With Infogram 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: Ulldis 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 asked them to co-host a 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 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.
Posters at his home in Los Angeles, Liberts and Tamanis launched Printful, which creates drop-shipping service for online e-commerce stores. 

"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 Siksnans 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-language website and marketing around it, which really helped us," Siksnans notes.

Manual, but also quality and speed of orders had to be there," says Siksnans. 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," Siksnans explains.

Printful has recorded surging growth and now employs 345 people globally. 

"It was the right decision to continue to experiment and put more resources into this novel new idea. It paid back in spades. It was the right decision to continue," Siksnans explains.

Notakey was founded in 2015 by Janis Graubins, who was then a business developer at London-based Innovation agency, Unit9. 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.

"There are two parts of Notakey," Marija Odineca, founder of EdTech startup Edurio, put together the Kisteins brothers and Graubins, who were then what is the business side. I thought that if Ernests, one of the smartest programmers from Latvia, who were really great," he says. Graubins remembers.

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 Pauls Stradiņš 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 increasing globally 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.
ANATOMY NEXT
3D human atlas

The team expects their 3D simulations to turn the mindless memorization 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 he knew 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 anatomy.sculptors.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.

NACO TECH
Great science exit in coating tech

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 toxic chemicals. Physical nano coating takes place in a vacuum environment and it does not produce harmful chemical vapor 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 company, as its clients include Volkswagen, Daimler, Toyota and Mercedes, among others. Schaeffler’s industrial bearing parts range from 7mm components in the London Eye and wind turbines all the way down to 1mm parts in high-performance drills.

After the acquisition, Naco became the Baltic R&D division of Schaeffler. Its team of 15 has remained in Riga and continues to develop its technology. Naco’s co-founder, Aleksandrs Purinovics, 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 R&D division of Schaeffler.

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

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.

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.

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

SUPPORT FOR COMMERCIALISATION OF SCIENTIFIC RESEARCH RESULTS

OUTREACH SUPPORT

ALTUM MONETARY SUPPORT

This 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.

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.

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.

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