START UPS IN GREECE 2018

A maturing ecosystem
points to a brighter future

eit Digital

IN PARTNERSHIP WITH VELOCITY PARTNERS

CONTENTS

FOREWORD

Dimitris Kalavros-Gousiou
Co-Founder & Partner
Found.ation &
Velocity.Partners

Setting and exceeding expectations

When we published the first edition of this report in late 2017, we managed to portray and analyze the Greek Startup Ecosystem for a period of almost 5 years, from its humble beginnings to the launch of the JEREMIE Programme, an initiative that created and fueled the first wave of modern web-enabled solutions. Its epilogue was dedicated to the launch of the EquiFund platform, the inception of a new generation of Venture Capital funds and the side-effects this can bring, directly or indirectly to the Greek economy. It was and still is about creating and managing expectations regarding the next day of the Greek Technology community as one of the key drivers of the next day of the Greek economy. After all, we should not underestimate the fact that the Equifund platform is the largest, by size, intervention of the European Investment Fund on a Member State level in the European Union. Its impact has to be bold, in economic terms, and visible to the general public.

The report you are reading monitors the development of the Greek Startup Ecosystem one year after the inception of the EquiFund platform and examines the opportunities and challenges Greece will face in the coming years in order to create a self-sustain industry that will eventually position itself in the global market. Allow me to focus in the following key parameters: narrative, focus and Venture Capital culture.

What kind of narrative do we want to establish as a country in the years to come? Profoundly, we cannot directly compete with more mature ecosystems and countries in B2C software solutions that require huge markets, economies of scale and deep pockets. Athens should not seek to replicate Silicon Valley. It should seek its unique offering and narrative - its position as an innovation destination, as a brand if I may say within the Tech world - in industries it understands and serves well. Life sciences, travel, maritime are such industries we understand, and we can penetrate and invest in, by leveraging the top-notch research Greek Universities and Research Centers are producing, the available human capital and the relevant historical knowledge. Interestingly, this view gains momentum among startup founders as we see more people from the so-called traditional economy shifting to venture creation. Expect to hear more about companies from sectors such as agri-tech, maritime-related tech and travel-tech, as the ecosystem matures and more experienced professionals enter the (startup) field.

Creating a VC culture in Greece has a dual meaning and challenge. For the entrepreneurs, it is of paramount importance to be able to raise, by definition and reality, high risk capital that comes with operational and networking value. Entrepreneurs must do their own diligence when seeking for an external partner, an investor. And they must come prepared. Some of the most common reasons for rejection are that the market they are addressing is relatively small (or huge, with a superficial Go-to-Market strategy), they come too early (pre-MVP phase) asking for a capital injection that's relevant for ventures on later stages, and even because the core team is not committed full time.

For high-net-worth individuals and institutional investors, this new asset class can be a new darling, a fresh way to invest their capital and expect high returns while they exposure themselves to new and modern solutions that have the potential to affect the traditional industries their wealth is coming from. The new funds managed to mobilize and include in their ranks angels, family offices, old money and institutional investors, as Limited Partners. Their trust and capital are the core assets in creating a VC investing culture in the local market.

The European Investment Fund organized a European-wide event for fund-managers working with the institution in mid October, under the theme "The Ugly Duck". It's a beautiful narrative to follow and build, not just for the European Startup scene but also for Greece. The ugly duck that may become a black swan.

ABOUT

EIT DIGITAL

EIT Digital is a leading European digital innovation and entrepreneurial education organisation driving Europe's digital transformation. EIT Digital delivers breakthrough digital innovations to the market and breeds entrepreneurial talent, by mobilising a pan-European ecosystem of almost 200 top European corporations, SMEs, start-ups, universities and research institutes.

As a Knowledge and Innovation Community of the European Institute of Innovation and Technology (eit.europa.eu), EIT Digital is at the forefront of integrating education, research and business. It invests in strategic areas to accelerate the market uptake of research-based digital technologies: Digital Industry, Digital Cities, Digital Wellbeing, Digital Infrastructure and Digital Finance.

EIT Digital breeds T-shaped entrepreneurial digital talent focused on innovation through a blended Education Strategy that includes a Master School, Doctoral School and Professional School.

The collaboration between Found.ation and EIT Digital takes place within the framework of ARISE Europe, EIT Digital's implementation of the EIT Regional Innovation Scheme (RIS). Its objective is to connect local and regional innovation centres and their ecosystems to EIT Digital's ecosystem.

www.eitdigital.eu

FOUND.ATION

Found.ation is a top-notch, privately funded and operated technology venture builder located in Athens, Greece. Originally established in 2011 as one of the first co-working spaces in Southeastern Europe, it now provides a full range of support services for the emerging community of Greek technology enterprises. It is a leading startup-enabling platform for tech-oriented products & services, a digital transformation accelerator for corporations and a tech education hub.

Found.ation has been a key player in the startup scene since the beginning. It has provided a great number of startups with valuable advice and access to a big network of key players in the startup ecosystem, such as mentors and investors. Having some of Greece's largest companies among its clients, Found.ation has contributed to the organisation of a large number of competitions, hackathons and technological transformation activities, supporting the local innovation ecosystem in the greater Balkan region.

In 2016, Found.ation started cooperating with EIT Digital, under the ARISE Europe Programme. The aim of the collaboration is to support startups, give them faster access to the wider European market and hook them up with potential investors.

www.thefoundation.gr

VELOCITY.PARTNERS

Velocity.Partners is an industry agnostic pre-seed and seed stage VC fund, focusing on B2B startups with a strong tech foundation. Its target sectors include but are not limited to FinTech, Maritime, Tourism/Travel, HealthTech, CleanTech, Logistics, Retail. Velocity.Partners is also keen on investing in hard-tech sectors, such as robotics & automation, nanotechnology, biotech, aerospace, etc.

Velocity.Partners brings value through access to smart capital and talent, together with life-long operational support and a global network of co-investors, corporate partners & industry experts.

velocitypartners.vc

Technology as a solid bet FOR GROWTH

Konstantinos Mavros
Co-Founder & Partner
Velocity.Partners

Greece is gradually transforming into a favorable location for startup activity and investment. Possessing a highly educated talent pool, situated at a geographical crossroad with access and cultural affinity with Western and Eastern Europe as well as the middle East, a hub of democratic -if not financial recently- stability in a region that is often maligned in these areas, surrounded by major markets and providing excellent living conditions as well as quality of life, the country is emerging as a hub for innovative startups.

As capital is becoming a commodity, a sustainable and longstanding startup ecosystem requires much more than monetary, liquidity investments. Startups, especially in the earliest stages, require operational support and guidance, as well as mentoring at all stages. Venture Capital funds must contribute by supporting in critical operational functions of their portfolio companies. The much referenced, yet often non-existent in practice, concept of 'smart money' is more of a necessity than ever. Furthermore, collaboration among universities and government agencies can provide growing startups with a competitive edge. Research and development within the Greek academia in the past has been more theoretical than market-focused, but there are signs that this is rapidly changing, spurred on by a growing entrepreneurial ecosystem and increased access to capital.

In terms of basic structural development axis, the country is focusing on a collaborative innovation network, a friendly business ecosystem oriented towards rapid and global growth, excellent human capital and talent and sustainable and sufficient funding. Greece can and should aspire to be a global startup destination and hub. This is more a necessity than a luxury: it is critical to nurture and enlarge the startup scene in order to improve the forward moving momentum Greece currently has and contribute to its sustainable growth in the near future.

In short: The time is now and the place is Greece. The country, the people and the timing are a solid bet.

The business activity of the country is improving after a record-long recession. The investment platform of EquiFund is creating business aspiration and fuels entrepreneurship. Looking at this unique generational opportunity with a bold and clear vision for fundamental change, legislative and structural reforms, innovative collaboration initiatives, along with an alliance of the Greek state, large corporations and academia, will lead to success for the Greek startup ecosystem and the new technology high impact companies will become the centerpiece of a new economic focus.

In short: The time is now and the place is Greece.
THE COUNTRY, THE PEOPLE AND THE TIMING ARE A SOLID BET.

Evolution and the NEXT FRONTIER

Filippos Zakopoulos
Managing Partner,
Found.ation

A country in transition could very well describe the current situation in Greece. Athens being awarded the prize for the European Innovation Capital for 2018 by the European Commission during this year's Web Summit in Lisbon maybe came as a surprise to many, but not for those following developments closely. For the ones who have been paying attention to the development of the local scene over the recent years, this recognition came as an indicator that the work and progress that has been made is now visible also to the outside world. Found.ation, one of the oldest surviving innovation and startup institutions of the ecosystem, has witnessed this creative transition first-hand.

Access to seed funding should not be a concern anymore. The EquiFund platform is providing to the Greek entrepreneurial ecosystem up to €450 million for seed, early-stage and growth-stage funding. Yet one of the key challenges for the next frontier of the startup ecosystem is to enlarge its footprint, its quantitative and qualitative metrics. To put it plainly, we need more people with deep and real industry insights who will work together or even decide to join the startup ship. An old friend might be able to help with just about that: the corporate world.

Incumbent corporates with established experience do exist and, if anything, the regional crisis has made the survivors more resilient than ever. Make no mistake, the corporates are already present and active in the startup world, mainly via their Corporate Social Responsibility programs. The main assumption in these programs was that a big and well-structured organization was less likely to gain value when working with a small team of entrepreneurs. But as the ecosystem matures, so does the corporate world, that nowadays sees a startup as a potential partner for a new product line, as an acquisition target for tech and talent, or simply as an inspiration and a lesson for its own internal digital transformation journey.

We believe corporates will play an important role in nurturing the startup ecosystem by working together on accelerating innovation, partnering in product development, and funding support or mentoring programs. This isn't simply a case of 'giving back'; rather this is a long-term strategy that tangibly benefits both sides. A positive side effect of the crisis seems to be that the corporates that have survived understand the inherent benefits and synergies that lie in playing such a role.

In order to unlock the next frontier for the local technology scene, and for this scene to be able to grow and thrive outside the country, one must accept that the country's largest incumbents have to be part, in a meaningful and win-win way, of this innovative equation.

We are bridging these two worlds and we will continue to do so in the years to come.

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BE PART, IN A MEANINGFUL AND WIN-WIN WAY, OF THIS INNOVATIVE EQUATION.

EXECUTIVE SUMMARY

This report is a study of the Greek startup ecosystem in relation to the country's financial situation. It is the 2nd consecutive year it is being authored, and the goal is to continue publishing it on an annual basis in order to provide valuable insights of the Greek startup scene and its development over the years.

The majority of investments in 2018 comes from VC funds, minimizing the role of angel investors. Yet, so far, only a small portion of the funding available has been allocated (approximately €14m of the €213m targeting the early stage and innovation windows), proving a much more careful selection of ideas/projects that can result in encouraging more mature entrepreneurial ventures in the future.

The report takes a closer look into the data concerning startups in the pre-seed and seed stages and attempts to paint a picture of the Greek startup scene. The total amount of investments continued to grow in 2018, showing signs of a maturing ecosystem. A total of €116,5m were raised by startups in 2018.

Based on the insights gained via this report, we draw conclusions and make recommendations, looking to contribute to the further development of the Greek startup ecosystem.

WHAT'S NEW IN 2018?

The data from the 2017 report were updated to include the latest deals and information up to the moment of writing, as well as a "Top 10 most funded Greek Startups in 2018" list. We also included testimonials from two of the largest exists of all time: Beat and Quizdom.

The report presents the EquiFund programme, the independently managed funds responsible for managing the financing it provides, as well as the startups that received investments. Based on data shared with us by Velocity.Partners, one of EquiFund's Innovation Window funds, we showcase the status of the Greek startup ecosystem, focusing in the pre-seed and seed stages.

Objective

In addition to offering an analysis of the current startup scene and all the activities that occurred within the past year, we pinpoint potential opportunities, draw conclusions and make suggestions on improving any drawbacks. By identifying the most successful startups we aim at drawing attention to the country's entrepreneurship potential and encourage further communication between all the parties involved.

Limitations & Methodology

The major limitation of this report was access to data, as there is no publicly available database of Greek startups. Most of the data was hand-picked and curated by individuals interested in monitoring the ecosystem.

The report is based on data that were publicly available or shared with us via direct contact with startups and investors. The information we share is not meant to be exhaustive, as there is no active official register of the startups in Greece. Yet, we do believe that our research is based on data that are representative and that justify the presented analysis and conclusions.

For the purpose of the research we documented and analysed more than 500 transactions that occurred over the last decade. For several deals the amounts were approximate, or they have been converted from US dollars and British pounds to euros, taking into account the average conversion rate in the month of the transaction announcement. The startups were ranked either based on the total amount of capital raised since each company was founded or based on the total amount of acquisition. When the exit values were not fully disclosed we resorted to educated guesses, based on market estimations and the details on the funding rounds.

We considered a startup as Greek if currently, or at some point in the past, maintained headquarters in Greece or one of its founders is a Greek citizen.

THE GREEK ECONOMY

Greece's exit from the stability programme after eight years was certainly one of the highlights of 2018. Although several indicators paint a positive picture of the current status of the Greek economy, a deeper look still leaves a lot to be desired.

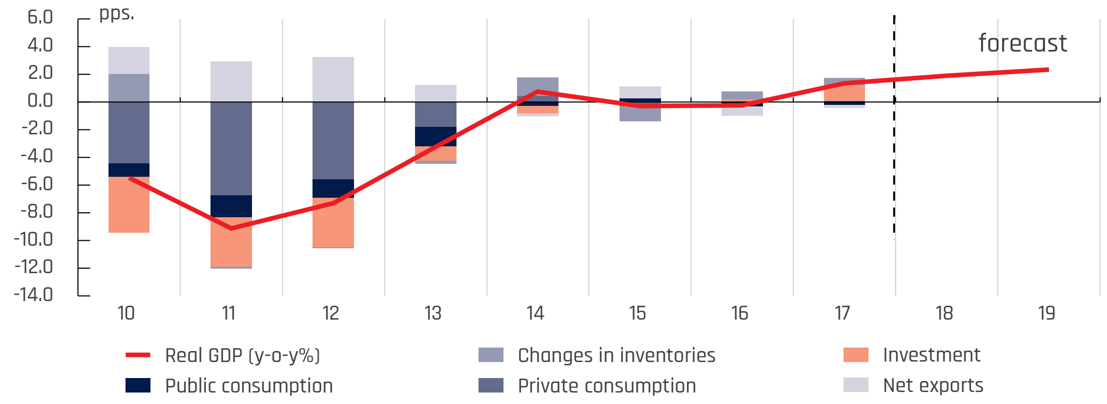
Data from the Hellenic Statistical Authority[1] demonstrate that the unemployment rate in 2018 continued to decrease (19% in July 2018) and for the first time after 2011 fell under 20%. According to Eurostat[2], Greece was among the EU countries registering a government surplus (+0.8%) in 2017 and had the highest registered government debt ratio (176.1%). Greece's GDP for 2018 was at 180 billion euro, representing 0.32% of the world economy[3].

In the first quarter of 2018, Greece continued to show signs of growth, with the GDP growth rates being at 0.8% compared to the last quarter of 2017, with the rest of the EU averaging at 0.4%. The European Commission estimates a final 1.9% GDP growth rate for 2018, which is expected to increase to 2.3% in 2019[4]. As stated in the Commission's Summer 2018 forecast, investment is anticipated to be the primary factor fuelling the Greek economy, driven by the advancements in its business environment and an increased foreign interest for direct investments.

However, in its annual Global Competitiveness Report[5], the World Economic Forum (WEF) continues to sound the alarm on the Greek Economy. According to it, in 2018 Greece retreated by 4 positions in the international country rankings of competitiveness. It is now holding the 57th position among the economies of 140 countries, with a general score of 62.1, out of a maximum of 100. This decline puts Greece at the bottom of the 28 EU countries, scoring 20 points below Germany, which ranks 1st in the EU with a score of 82.8.

1. Hellenic Statistical Authority, Labour force monthly data, http://www.statistics.gr/en/statistics/-/publication/SJO02/-
2. Eurostat, News Release Euro Indicators, https://ec.europa.eu/eurostat/documents/2995521/8963555/2-07062018-AP-EN.pdf/d65783a4-bb0b-450e-9497-415fd436e551
3. Trading Economics, Greece Unemployment Rate, https://tradingeconomics.com/greece/unemployment-rate
4. European Commission, Economic forecast for Greece, https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/greece/economic-forecast-greece_en
5. World Economic Forum, The global competitiveness report 2018, https://www.weforum.org/reports/the-global-competitveness-report-2018

GREECE – REAL GDP GROWTH AND CONTRIBUTIONS



Source: European Commission

SEPE, the Federation of Hellenic Information Technology & Communications, stresses the country's very low position in the "Enabling Environment" axis, as it holds the 87th position in the "Institutions" pillar, the 38th in "Infrastructure", the 57th in "ICT adoption" and the 83rd in "Macro-economic" stability[6]. In regards to the "Innovation Ecosystem" axis, Greece ranks 72nd in "Business dynamism" and 44th in "Innovation capability".

It is worth noting that the country scores extremely well on the "Electrification rate" (1st) and "Pupil-to-teacher ratio in primary education" (6th) sub-indexes and was in the top 20 for "Shareholder governance" (15th), "Exposure to unsafe drinking water" (17th), "Fixed-broadband internet subscriptions" (18th) and "Healthy life expectancy" (20th). On the other hand, it comes as no surprise that after a decade of recession, Greece's ranking is among the lowest on the Financial System pillar, being in the 137th position on both the "Soundness of banks" and the "Non-performing loans" sub-indexes. Greece also ranks very low (123rd) on both the "Diversity of workforce" and "Multi-stakeholder collaboration", and 127th on the "State of cluster development".

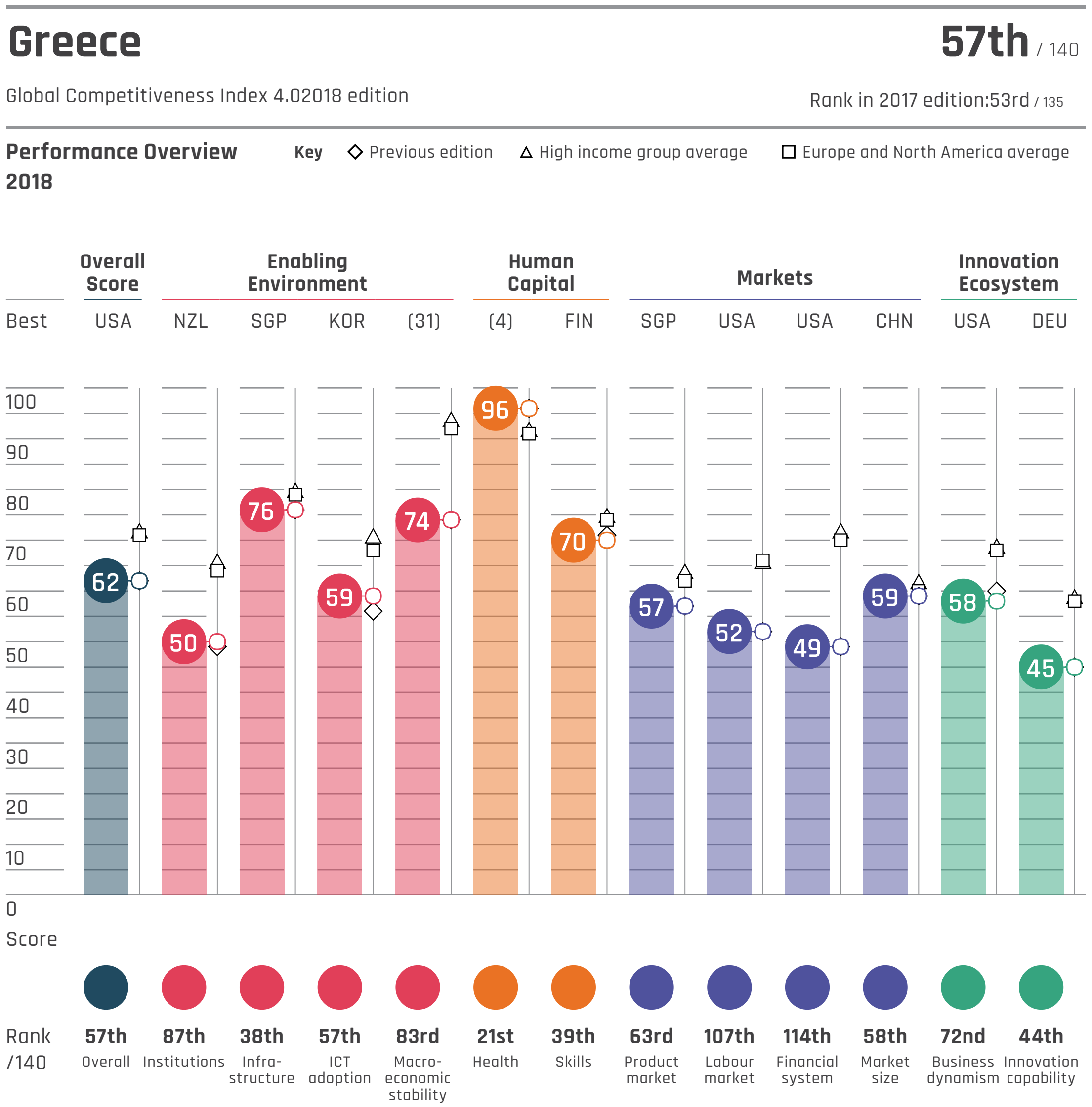
Greece's ranking is among the lowest in "Financing of SMEs" (137th) and "Venture capital availability" (129th). Yet there is an ongoing initiative to change this situation. A new funding programme was launched in 2018 under the name EquiFund which is presented in full detail in the corresponding section of this report. Through EquiFund, which was established by the Greek government and the European Investment Fund (EIF), nearly half a billion euro will be injected into the Greek economy, aiming to reinforce the venture capital market and elicit the potential of entrepreneurs and young talent.

What's more, Greece is not performing well on "Business dynamism" and "Innovation capability pillars", placing 120th in "Growth of innovative companies" and 126th in "Companies embracing disruptive ideas". Government regulations appear to be holding the country back in terms of bureaucracy and lack of digitalization, as it ranks very low on "Quality of land administration" (135th), "Efficiency of legal framework in challenging regulations" (127th), "Burden of government regulation" (131st), "Efficiency of legal framework in settling disputes" (133rd) and "Future orientation of government" (135th).

The good news is that according to the Greek Ministry of Economy and Development, within 2018 several adjustments to the legal framework took place, updating the legal landscape and creating a friendlier and welcoming environment for entrepreneurs. Specifically, law 4548/2018 modernises the institutional framework governing Sociétés Anonymes (SA) by reducing administrative burdens and law 4541/2018 meets the current needs of Limited Liability Companies (LLC), whereas law 4512/2018 set a framework for supervising economical activities and aims at limiting bureaucracy. Additionally, a new law on transformations and mergers is expected to pass by the end of the year, to facilitate the development and enhance the adaptability of entrepreneurship in the country.

6. SEPE, World Economic Forum: The competitiveness of the Greek economy retreated by 4 positions (in Greek), http://www.sepe.gr/gr/research-studies/article/12089129/world-economic-forum-upohorise-kata-4-theseis-i-adagonistikotita-tis-ellinikis-oikonomias/

THE GLOBAL COMPETITIVENESS REPORT 2018



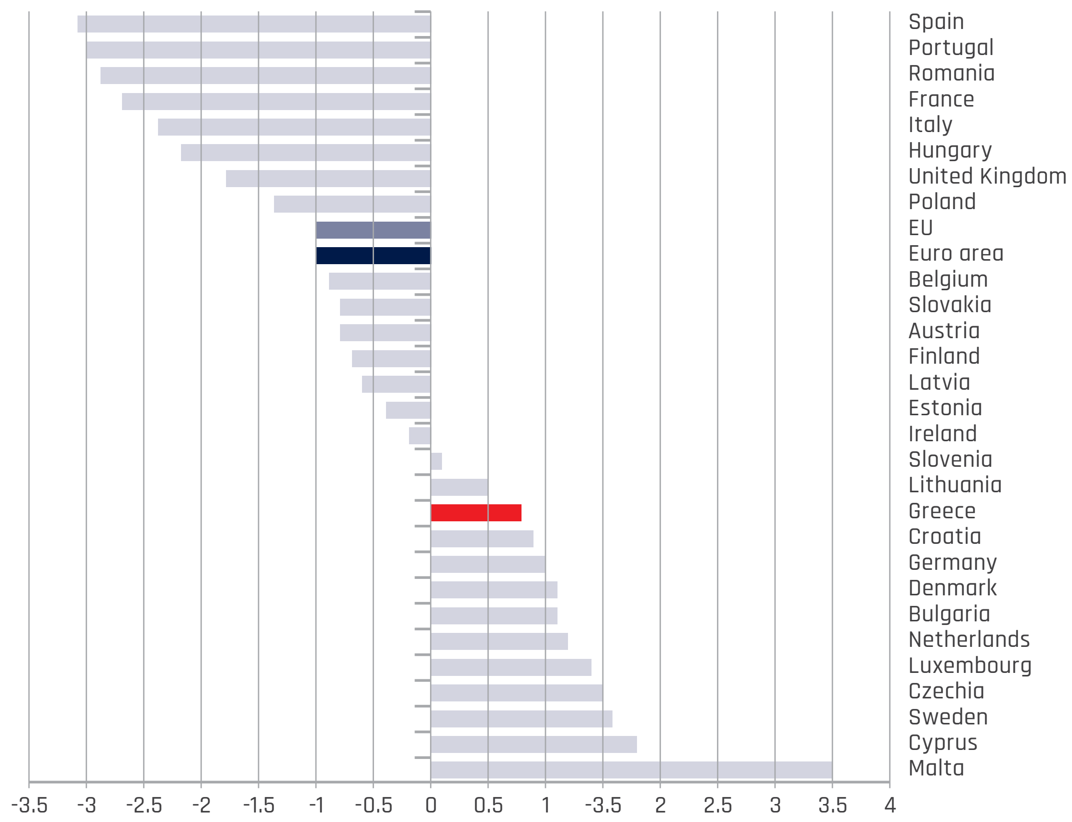
Source: World Economic Forum

Progress has also been observed in the digital transformation front, as in the second quarter of 2018, the General Commercial Registry (G.E.MI.) announced the availability of an updated central database of business registries. This is a big step immeasurably contributing to simplify the creation and change of a business registration and the publication and submission of "corporate information" certificates for almost all transactions of a company. The goal is to make it possible for companies of all legal forms to be established electronically via the one-stop platform "e-YMS"[7] by the end of the first quarter of 2019. The service went online in July 2018 and since then a total of 784 companies have registered through it. 90% of applications have been completed within one day, with the fastest time for the completion of the process being 9 minutes and the average time 19 hours. Most companies have been established in Attica (453) with Thessaloniki coming second (80).

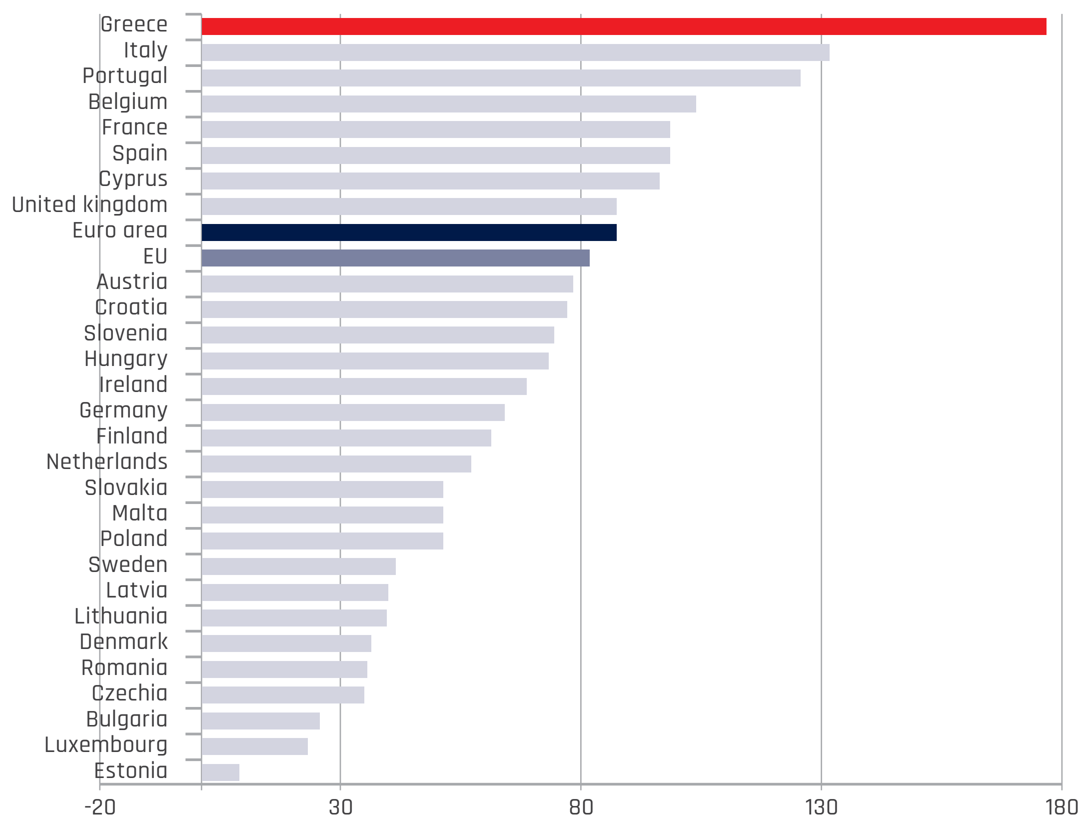
The transition from the current paper based mode of information processing to a single automated processing environment shall result in higher efficiency for all the parties involved. Furthermore, it provides a user-friendly online environment with a variety of search criteria, improving the publicity of enterprises through the structured presentation of information. The creation of an electronic legitimisation file of the company, the development of interoperability of GEMI with other systems such as banks and the National Electronic Public Procurement System (EIDHR) and the public availability of open data for the creation of new applications in the private sector are all mentioned as the intended outcomes of a procedure that makes the Public Sector agile and flexible.

7. https://eyms.businessportal.gr/auth

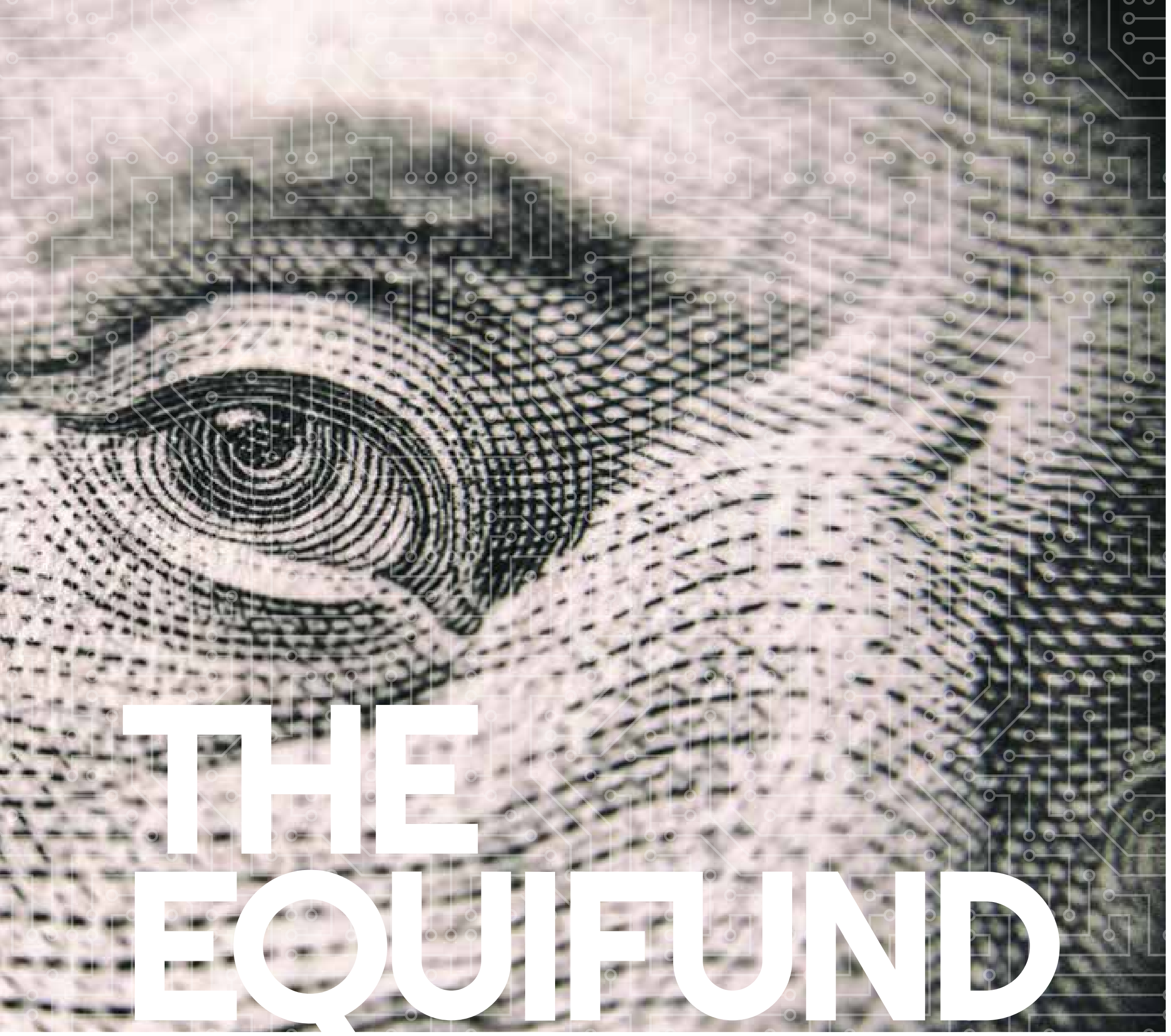
GOVERNMENT DEFICIT 2017 (% GDP)



DEBT 2017 (% GDP)



Source: Eurostat



THE EQUIFUND

Following the expiry of the JEREMIE (Joint European Resources for Micro to Medium Enterprises) funds investment period (2007-2013), a new fund-of-funds programme, EquiFund, was specifically established for Greece. Through EquiFund, nearly €500 million are expected to be invested in the Greek market, aiming at boosting entrepreneurship and creating a lasting impact on local businesses.

For this initiative, the Greek government has collaborated with the European Investment Fund (EIF) in a public-private partnership that includes both national funds and private capital. Funds will be provided by the European Union and the Hellenic Republic and will also be financed by the EIF and the European Investment Bank (EIB), via the European Fund for Strategic Investment (EFSI). 200 million euros come from national funds, 60 million from the EIF and another 40 million from the EIB. The remaining 200 million euros are to be supplied by the private sector. Local organizations like the Onassis Foundation and the National Bank of Greece are also participating in and are committing funds to this initiative.

This available capital has been used to create 9 Venture Capital funds managed by teams of private individuals. These funds are to be invested among companies with an establishment or branch in Greece. A big proportion of this flow of private and public capital is to be directed towards Small and Medium Enterprises (SMEs) that develop innovative products and services and are at the early stages of their idea or business development. In addition to software solutions, modern technologies that are on the rise, such as Machine Learning (ML), Artificial Intelligence (AI), Data Science, Internet of Things (IoT), Robotics and Virtual Reality (VR) are anticipated to be among the top choices of the funds.

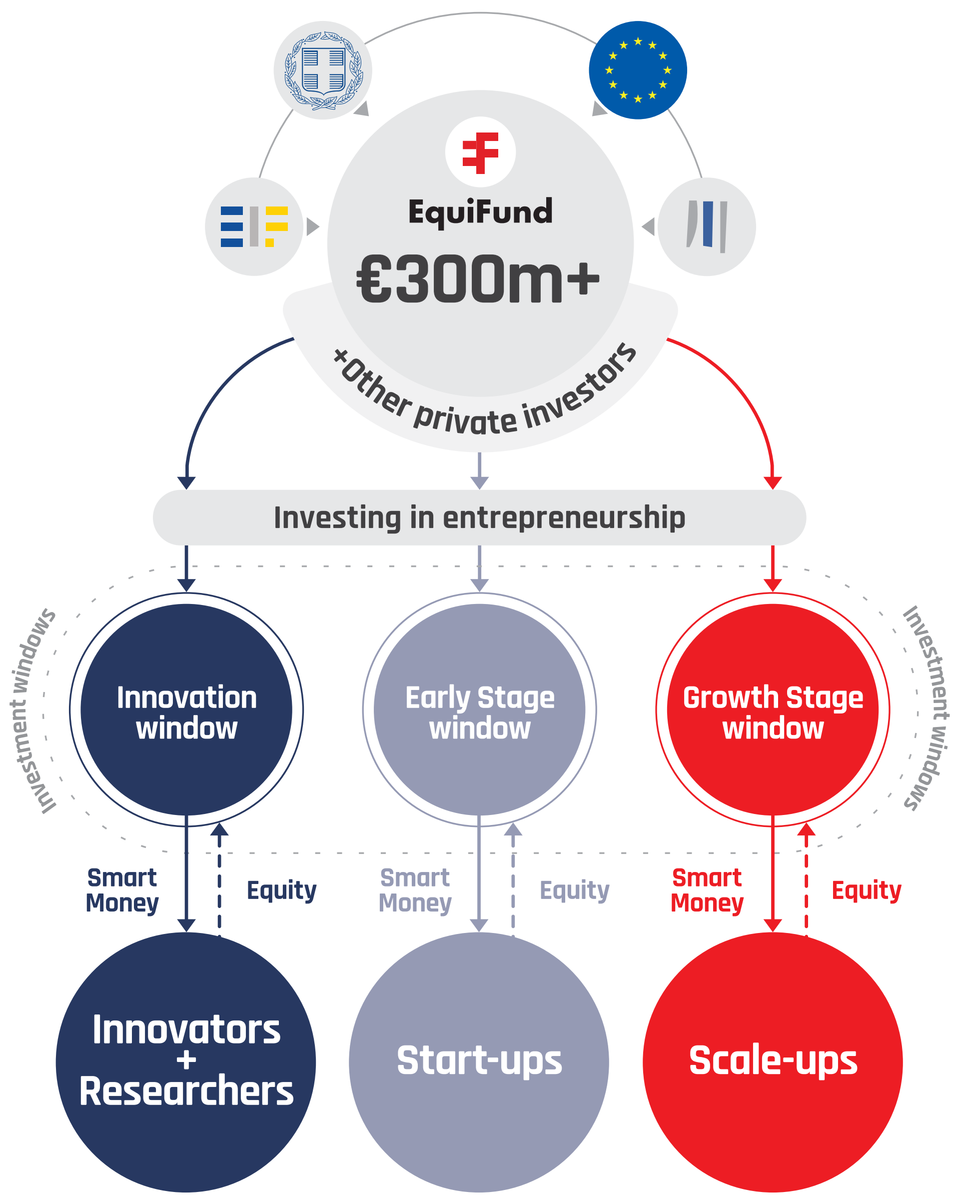
> Through EquiFund, nearly
> **€500 MILLION ARE EXPECTED TO BE INVESTED IN THE GREEK MARKET**

All investments via EquiFund will have the form of equity financing, giving ideas the chance to flourish and businesses the much-needed capital to scale up in exchange of shares in the company.

Of course, the investors' support is not limited to financial investments. Founders and teams will be offered invaluable access to knowledge, in addition to connections to the local startup ecosystem and guidance on how to make the most of their potential.

In accordance with the growth cycle of startups, the EquiFund investments will be split among three parts, called windows, each involving a different set of funds which are directing their investments to specific market areas.

PUBLIC PRIVATE PARTNERSHIP



Source: EquiFund

Innovation Window
(pre-seed and seed stages)

The innovation window aims to financially support researchers and innovators in the very early stages of development of their projects, encouraging them to bring their ideas to life and make their first public releases. Three funds (Metavallon VC, Uni.Fund, Velocity.Partners VC) invest between €0.05m and €0.5m, whereas BigPi ventures focuses on science-based technologies and deep tech innovation that require significant capital for their R&D and Go-to-Market activities, hence their typical initial investment ranges from €0.5m to €3m. If we include the follow-on investments of this window, the invested amount can reach up to €5m in total.

Here the focus is on conception and origination and two main constituents can be distinguished: Technology Transfer and Accelerators. The goal for Technology Transfer is to enable innovative research to enter the market in a commercialized way. Accelerators are to act as a nurturing environment for young startups to grow in.

Four funds were selected for an aggregated target size of €133m. More than €4.3m in total have been invested so far.

1. BIG PI VENTURES (€50M TO MANAGE)

The Big Pi Ventures fund is targeting the Business to Business (B2B) segment, focusing on the technology transfer element and looking into research-based projects and companies. Its targeted sectors include but are not limited to: Software (Data analytics, Machine Learning, Software as a Service [SaaS]), Electronic based hardware (Robotics, Optics, Sensors), Materials Science, Energy technologies, Clean Technologies.

At the time of writing this report the fund has not publicly disclosed any investments.

2. METAVALLON VC (€32M TO MANAGE)

Metavallon's focus is on investing in start-ups that offer B2B solutions in ICT and High Tech. Its targeted sectors include but are not limited to: Robotics, Microelectronics, Artificial Intelligence, Data and Machine Learning, Cyber Security, Energy, Transportation, FinTech.

The fund has so far invested €1.45m in the following companies:

- **INTELISTYLE (€600K)** – an AI styling application
- **PURPOSEFUL (€200K)** - computational drug repurposing
- **RACECHECK (€250K)** - endurance events aggregator platform
- **SPEEN (€200K)** - electric mobility solutions
- **USEBERRY (€200K)** - data driven UX optimization tools

3. UNI.FUND (€27M TO MANAGE)

Uni.Fund is aiming at making investments in the broad technology sector, particularly in the R&D and Tech space. Its targeted sectors include but are not limited to: ICT, E-business, Robotics, Maritime, Supply Chain, IoT, Energy Informatics, FinTech, Insurance Tech.

The fund has so far invested more than €1.55m in the following companies:

- **CLIO MUSE (UNDISCLOSED)** – smartphone self-guided audio tours in multiple themes
- **COLLEGE LINK (€150K)** - platform for entry-level job positions and internships
- **KINVENT (€300K)** - biomechanics equipment and measuring tools for the physical abilities
- **M-HOSPITALITY (€400K)** - a guest engagement platform for the hospitality industry
- **PLIN (€350K)** - stable and functionalized nanomaterials to the market
- **TEKMON (€350K)** – digitized daily operations and critical communications

4. VELOCITY.PARTNERS VC (€24M TO MANAGE)

Velocity.Partners is an industry agnostic pre-seed and seed stage VC fund, focusing on B2B startups with a strong tech foundation. Its target sectors include but are not limited to FinTech, Maritime, Tourism/Travel, HealthTech, CleanTech, Logistics, Retail. Velocity.Partners is also keen on investing in hard-tech sectors, such as robotics & automation, composite materials, nanotechnology, semiconductors, biotech, aerospace, etc.

The fund has so far invested €1.3m in the following companies:

- **LOCEYE (€290K)** - online eye-tracking study services
- **PUSHME BIKE (€400K)** - network of battery swap stations for electric bike transport
- **SYNCBNB (€331K)** – synchronization of BnB bookings across multiple channels

Early Stage Window
(seed and Series A stages)

The early stage window is tailored for the needs of entrepreneurs who have already launched products that are beginning to gain momentum and have high potential for future growth. ICT is the favoured sector in this case, with investments ranging between 0.4 and 5 million euros and the focus being on immersion and evolution.

Two funds were selected for an aggregated target size of €82m. More than €8.8m in total have been invested so far.

1. MARATHON VC (€32M TO MANAGE)

Marathon VC targets mainly SMEs developing B2B products. Its targeted sectors include but are not limited to ICT.

The fund has so far invested more than €6m in the following companies:

- **AUGMENTA (€512K)** - automated variable inputs application in real-time
- **CAUSALY (€900K)** - biomedical cause & effect discovery AI
- **CENTAUR ANALYTICS (€2.5M)** - post-harvest quality monitoring chain
- **CUBERM (€800K)** – revenue management platform for life sciences
- **INACCEL INC (€512K)** - accelerators-as-a-service for cloud computing applications
- **LANDOOP (€850K)** - real-time scalable Data Operations platform

2. VENTUREFRIENDS 400W (€50M TO MANAGE)

VentureFriends 400W will invest in SMEs in the ICT industry. Its targeted sectors include but are not limited to Marketplaces and SaaS.

The fund has so far invested €2.8m in the following companies:

- **BLUEGROUND (UNDISCLOSED)** – high-quality accommodation for business executives and expats
- **HOME-MADE (€2m)** – an alternative to traditional estate agents
- **INSTASHOP (UNDISCLOSED)** – a grocery delivery application
- **MYJOBNOW (€380k)** – job seeking platform for blue-collar workers
- **PLUM (UNDISCLOSED)** – a money saving and investments platform
- **STASHER (€470k)** - the world's first sharing economy left luggage service

Growth Stage Window

The growth stage window is mostly suited to already established companies with healthy revenues that are in the process of scaling up their business and expand their activities, reaching a wider audience. Consequently, the amounts here are higher, with investments expected to reach up to 2-12 million euros and will be spread among all industry sectors, aiming at expansion and globalisation.

Three funds were selected to handle the investments for an aggregated amount of €210m.

- **ELIKONOS 2 (€60M TO MANAGE)** targets all sectors.
- **EOS CAPITAL PARTNERS (€100M TO MANAGE)** targets all sectors, with special focus on food & beverage, tourism, fintech, retail, energy efficiency and pharmaceuticals.
- **SYNERGIA HELLENIC FUND IV (€50M TO MANAGE)** targets Greek SMEs across all sectors, with a special focus on food & beverage, agri-business, tourism, hospitality, environment and energy efficiency.

Due to its nature, this window falls out of the spectrum of this report, as the related funds are mainly targeting companies outside the startup ecosystem. Consequently, we did not proceed with any further research and analysis.

From the €215m available in the Innovation and Early Stage Windows, only €13m approx. have been invested so far

THE GREEK STARTUP ECOSYSTEM

INNOVATION IS KEY FOR THE GREEK ECOSYSTEM

Several developments within 2018 demonstrate the progress that is happening in Greece on the innovation front and set a promising path towards a technologically fuelled economic growth.

Athens, where the heart of the Greek ecosystem beats, was awarded the title of the European Capital of Innovation 2018 and received a €1 million prize by the EU research and innovation programme Horizon 2020. Barcelona (2014), Amsterdam (2016) and Paris (2017) received the prize in the recent past. Innovative projects that were promoted include:

- **POLIS2**, bringing life to abandoned buildings[1].
- **KYPSELI PUBLIC MARKET**, a historical building hosting social entrepreneurship activities[2].
- **SERAFIO**, a community playground now hosting novel events and initiatives like Athens Digital Lab, Open Schools or Athens Culture Net[3].
- **CURING THE LIMBO**, enabling active citizenships and empowering refugees and migrants in limbo state to ignite housing affordability[4].
- **DIGITAL COUNCIL**, where technology companies and educational institutions offer training on digital literacy and civic technology.
- **THIS IS ATHENS**, a campaign inviting volunteers to share their stories on the city's past and present with tourists[5].

The EIT Innovators award[6] was won by a team led by the Greek Ioannis Tarnanas (supported by EIT Health), president and CSO of Altoida, a startup developing ADPS (Alzheimer's Disease Prediction Service), a validated solution that predicts the risk of Alzheimer for people over the age of 50.

Additionally, in 2018 global leading companies chose to invest in Greek services and products. **Tesla** established Tesla Greece, based at the Lefkippos Technological Park of the National Center for Scientific Research (NCSR) Demokritos[7]. The company hired local engineers and will focus on the research and development of electric motor engines. What's more, **Apifon**, a Thessaloniki-based startup developing messaging solutions to simplify and speed up business communication, announced partnerships with the tech giants Google on Rich Communication Services (RCS) Business Messaging[8] and IBM on integration with their Universal Behavior Exchange (UBX) product[9]. Apifon is now being supported by EIT Digital in its internationalisation efforts.

The characteristics of the ecosystem from the founders' perspective

According to data shared to Found.ation by Startup Heatmap Europe[10], an initiative aiming to map the perceived quality of startup hubs in Europe, Athens moved 28 ranks higher in the most important category of "Founders' Choice".

Within 2018, Athens was selected by 1.67% founders in Europe, which placed it in the 32nd position overall. It is worth noting that 52% of the votes for Athens originated from the Mediterranean region and 31% from the UK.

ORIGIN OF FOUNDERS VOTING FOR ATHENS BY REGION	
Rank 2018	32
BeNeLux	7%
Baltic	1%
Mediterranean	52%
West Europe	10%
Central and Eastern Europe	0%
Non-EU	0%
UK and Ireland	31%

Source: Startup Heatmap Europe

Restricting the attention to the Mediterranean region, Athens ranks 15th with 3.79% of startup founders including it on their list.

Industries in which Athens scored high among founders include eCommerce and Saas & Entreprise, whereas it scored very low on FinTech.

88% of founders who voted for Athens mentioned "Value for money" as the most popular factor, followed by Talent availability. Business regulations had extremely low approval rate (12%) among founders. It is a task for the Greek government and lawmakers to work hard on changing this negative perception over the following years.

OVERALL APPROVAL RATINGS	
City	Athens
Funding availability	41%
Business regulations	12%
Talent availability	59%
Industry connections	41%
Startup ecosystem & culture	35%
Value for money	88%

Source: Startup Heatmap Europe

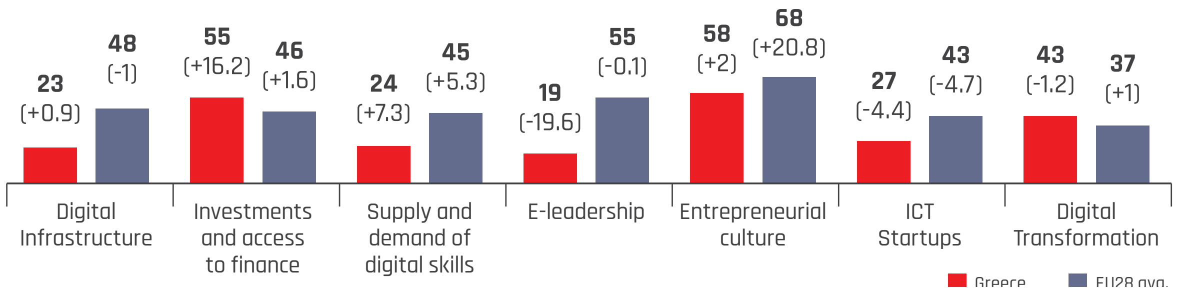
In terms of investments, Athens seems to lack in international interest, with only about 27% of the related deals coming from international investors. What's more, Greece continues to lose founders, with only 49% of startup founders born in Greece remaining here. Greece is part of the Mediterranean Region, which suffers from a -4% net migration deficit, with the total inflow of the region being 14% and outflow 18%.

Greece's Digital Transformation status directly affects the Startup ecosystem

According to the EU's Digital Transformation Scoreboard for 2018[11], Greece performs lower than the EU average in six of the seven dimensions. The country ranks significantly lower than the EU average in the areas of "Digital Infrastructure" and "E-leadership". The situation is also moderate

1. Municipality of Athens, POLIS², http://www.polis2.thisisathens.org/en
2. Impact Hub Athens, Kypseli Municipal Market, https://athens.impacthub.net/en/kypseli-municipal-market
3. Municipality of Athens, Serafio, http://www.serafio.gr
4. Urban Innovative Actions, Curing the Limbo, https://www.uia-initiative.eu/en/uia-cities/athens
5. City of Athens, This is Athens, http://www.thisisathens.org
6. European Commission, The power to innovate: winners of EIT Awards 2018 announced, https://eit.europa.eu/newsroom/winners-eit-awards-2018-announced
7. Demokritos, Greek innovation drive catches Tesla's attention, http://www.demokritos.gr/greek-innovation-drive-catches-teslas-attention
8. Apifon, Google Choosing Apifon as partner in RCS business messaging (in Greek), https://www.apifon.com/blog/press-release/8-3-2018-google-partnership-rcs
9. Apifon, UBX Integration, https://www.apifon.com/ubx-apifon-integration
10. European Startup Initiative, Startup Heatmap Europe, https://www.startupheatmap.eu European Commission, Digital Transformation
11. European Commission, Digital Transformation Scoreboard 2018, https://ec.europa.eu/growth/tools-databases/dem/monitor/sites/default/files/Digital%20Transformation%20Scoreboard%202018_0.pdf

2018 DIGITAL TRANSFORMATION SCORES BY FRAMEWORK CONDITIONS
(in brackets the comparison with 2017)



Source: European Comission

for the “Supply and demand of digital skills”, “ICT Startups” and “Digital Transformation”, where there is a lot of room for improvement. In the dimension of “Entrepreneurial culture” Greece scores better but still below EU average.

The situation appears to be positive in terms of “Investments and access to finance”, with Greece scoring 9 points above EU average and showing significant progress (+16.2) when compared to the previous year.

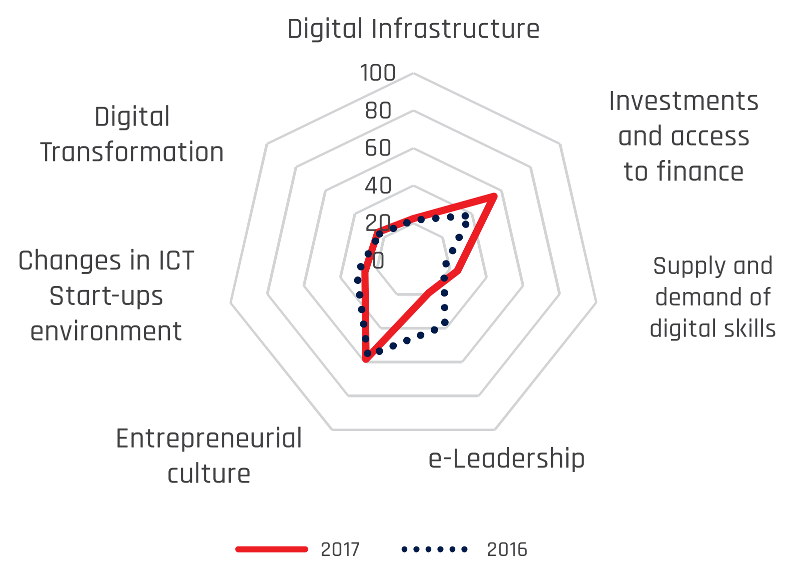
In the EU's Digital Technology Integration Index, Greece ranks very low – in 23rd position with 24.4 points, much lower than the EU average of 37.3. Denmark ranked 1st with 62.4 points and Romania last with 18.6. Furthermore, Greece was included in the “Modest enabling environment” group, which was the lowest ranking among 4 groups. The country scored 60.54 points, with the Netherlands coming 1st with 196.67 and Romania last with 19.55. The EU average was at 100 points.

The expected impact of EquiFund on the Startup scene

In our 2017 report, we pointed out the funding gap in the pre-seed stage in the Greek startup ecosystem. EquiFund and its targeting of the early stages of startup development comes to close that gap and help the ecosystem mature and hopefully become more self-sufficient over the following years.

As the funds are being invested in the Greek market, they are expected to act as a catalyst of future growth and strengthen the efforts of an established ecosystem that includes Incubators, Accelerators and Co-working spaces, all aiming to give life to ideas, develop prototypes and MVPs and nurture the development of related businesses.

GREECE'S FRAMEWORK CONDITIONS FOR DIGITAL TRANSFORMATION



Note: Based on the average of the latest three imputed values.
Where no data was available, the EU average was used.

Source: European Comission

An analysis of the startups in the Pre-Seed and Seed stages

(based on data by Velocity.Partners VC)

For the needs of this report we partnered with Velocity.Partners VC, a pre-seed and seed stage fund, part of EquiFund's Innovation Window for innovators and researchers. The data made available to Found.ation regarding the market's early stage startups and investments enabled us to build an overview of the current status of the ecosystem, the attributes of the founders, the sectors that are more active and the general flow of capital. Velocity.Partners VC's comprehensive database covers an important majority of the startup companies in this particular stage and allowed us to draw conclusions on the related trends and characteristics of the ecosystem with a significant degree of confidence.

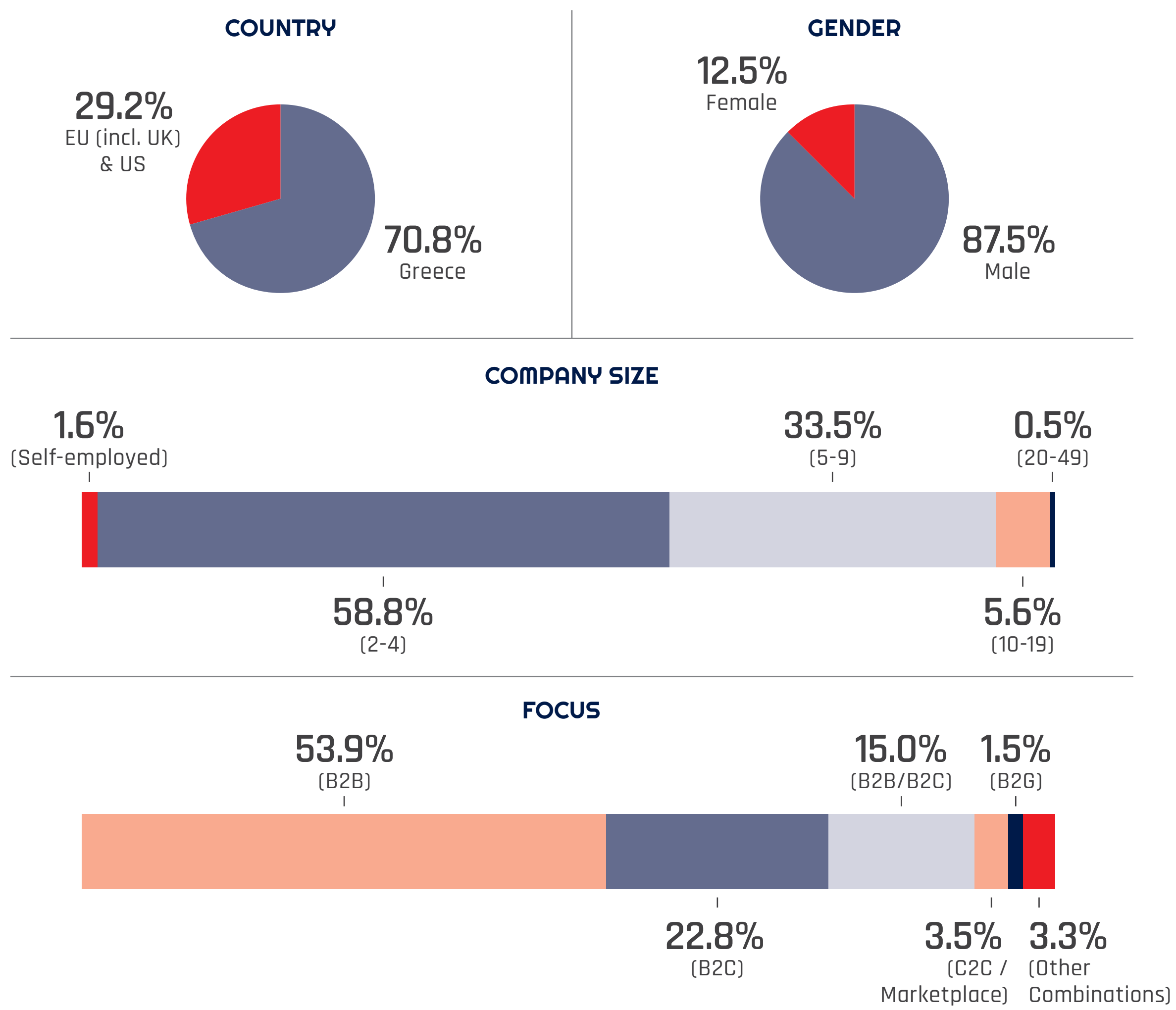
Inevitably the distribution of startups revolves around Greece, with 7 out of 10 startups being based in the country for which the EquiFund is intended for. The remaining startups, even though based abroad, are linked to Greece either by their founders' nationality or by maintaining an active local branch.

As anticipated by the focus of the Innovation window on new and emerging projects and teams, most of the startups are very small in size, with more than 92.7% of them employing 2 to 9 people.

The very low percentage of solo founders is not uncommon, stressing the importance of building a team with talented individuals before seeking VC funding. Every additional member of the team will bring in complementary skills (including technological, business and sales knowledge), valuable for the startup.

It is noteworthy that very small startups in the range of 2 to 4 employees account for 58.8% of the total companies, having nearly double the percentage of smaller companies with 5 to 9 employees (33.5%). Medium and larger companies mostly fell out of the spectrum of the database in question.

PROFILE OF PRE-SEED AND SEED STAGE GREEK STARTUPS



The startup ecosystem unfortunately remains a male-dominated field, with only 1 in 10 individuals involved being female. Yet, considering that on a global scale the percentage of companies that have at least one female founder is 16%[12], the figure for the Greek ecosystem (12.5%) shows that along with a potential for improvement, the ecosystem is maturing.

The focus of the startups in the seed/pre-seed phase, as defined by the commercial transactions among companies and their clients, is on Business to Business (B2B) services, who constitute more than half (53.9%) of the companies listed.

Another 22.8% of companies are engaged in Business to Consumer (B2C) activities. The long history of Tourism and Travel, as well as other B2C products and services surrounding them, is encapsulated in this percentage, suggesting that entrepreneurs continue following this tradition. At the same time, the data concerning B2B and B2C businesses suggest that there is a shift from the more familiar to the Greek entrepreneur B2C model towards B2B services, this being an important indicator of a maturing ecosystem.

15% of startups are active in the B2B/B2C sectors. Included here are marketplaces or similar platforms that allow transactions to occur both within businesses, and between businesses and consumers. Companies offering services both to businesses and consumers are also included in this group.

There is also a small percentage of companies (3.5%) offering services in a Customer to Customer (C2C) model, mostly revolving around online marketplace platforms that allow their customers to interact commercially. Only 1.5% of startups are focused on Business to Government (B2G) services, indicating either a small interest from entrepreneurs to enter this field, or that selling products, services or information to Greek government agencies is still undertaken via traditional pipelines, outside the startup ecosystem. Finally, the remaining 3.3% of companies are essentially a mixture of the above models, combining to various extends B2B, B2C, B2G and C2C services.

With the ecosystem in Greece still being young, small in size, and not already adopting a distinguished orientation, new founders are not urged to focus on a specific sector of the industry. Consequently, startups are formed and operate in a variety of sectors across the market. As Velocity. Partners VC is industry agnostic, this distribution among sectors can be regarded as a valid representation of the Greek startup ecosystem.

SECTOR	%
Life Sciences (HealthTech,BioTechnology, Medical Devices)	9.25%
Lifestyle/Social/Entertainment (Fashion, Sports, Gaming, Media, Social Networks)	8.22%
Tourism/Hospitality	7.93%
ICT (Software, Security, Networking, Services)	7.05%
Energy/Infrastructure (Industrial, CleanTech, SmartCities, Telecommunications)	6.31%
Deep tech (Aerospace, Automation, Robotics, Semiconductors, Nanotechnology)	6.02%
FinTech	5.87%
Agro/Food	5.73%
Retail/eCommerce	5.43%
Logistics/Transportation	4.41%
BigData/Analytics	3.96%
AdTech/MarTech	3.67%
EdTech	3.38%
MaritimeTech	3.23%
HRTech	2.94%
Business Services	2.94%
RegTech/InsurTech	2.64%
IoT	2.64%
AR/VR	1.76%
Other	6.61%

12. TechCrunch: The portion of VC-backed startups founded by women stays stubbornly stagnant https://techcrunch.com/2018/01/15/the-portion-of-vc-backed-startups-founded-by-women-stays-stubbornly-stagnant/

Intriguingly at the top of this list are Life Sciences, with HealthTech being the sector contributing the most to this high percentage. The insufficient funding for medically oriented research could serve as a possible explanation to this finding. Medical researchers might be turning to the startup path as they recognize the possibilities for funding that are not offered via traditional research pathways, including the often underfunded public university institutions. Driven by the inefficiency of the local health care system and acknowledging the possibilities to disrupt the struggling health market, researchers and teams of innovators could be turning to the -proven to be more agile- startup model. This is in accordance with the global trend of increased funding on startups active in the Health sector[13]. Additional contributing factors could also include the aging population and the increased availability of sensors tracking and analysing biological activities.

With Tourism and its surrounding services contributing more than 20% of Greece's GDP[14], it comes as no surprise that the representation of Tourism and Hospitality remains strong on the list, placing 3rd with 7,93%.

The emergence of new companies in the Energy/ Infrastructure and Deep tech is certainly something to keep an eye for, demonstrating the potential of a highly skilled pool of engineers graduating from the Greek Technical Universities and their efforts to enter the startup ecosystem by investing their resources in modern technologies.

The vast majority (77.6%) of startups in the pre-seed and seed funding rounds requested up to €500k in funding, with another 9.7% requesting more than €1m and the remaining 12.8% asking for an amount between €0.5m and €1m.

Due to Velocity.Partners' specialization in the innovation window of EquiFund, the data here are not easy to generalize to the overall startup ecosystem. The requested amounts are spread rather evenly up to €500k, but notably only 7.7% request amounts smaller than €100k.

However, if kept within the spectrum of the pre-seed to seed funding rounds, one could build an informed overview of the amounts requested by startups for their estimated needs at these stages of their fundraising journey.

Diving deeper into the data, we can observe how the requested amounts are distributed for each particular funding round. A confounding variable to keep in mind is that Velocity.Partners' investment strategy implemented a €500k loose ceiling in the seed phase, a fact that has potentially influenced the distribution of the data.

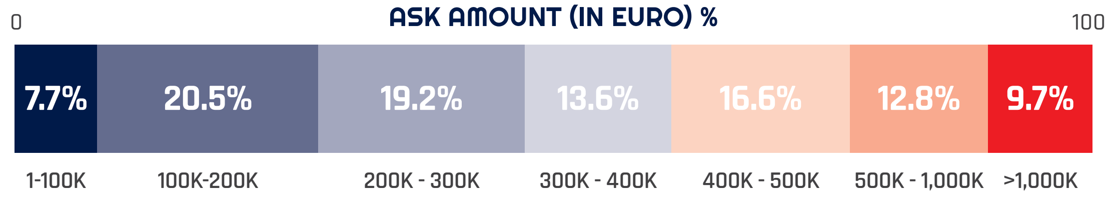
From this review we can conclude that nearly 6 in 10 startups (58.89%) estimate that they require up to €200k to get past the ideation stage. It is worth noting that 24.86% of startups requested €400-500k, possibly overestimating their needs or attempting to maximize the funding amount. For the prototype stage, the amounts between €300-400k reach 19.95% and increase even more for the MVP stage (31.84%), where more than half (55.4%) of the startups requested an amount ranging between €200k and €400k.

Predictably, as startups move on to the seed phase, the average amounts increase, concentrating around €300 to €500k and 16% of them requesting more than €1m. 1 in 4 startups in the seed plus phase are requesting more than €1m, aiming to capitalize on the possible traction they have gained by raising the fundraising stakes. Notably, 44% continue to request lower amounts (€100-200k), maybe because they are underestimating the costs involved at this phase, whereas 24.4% request just below half a million (€400-500k).

In the Series A phase, as startups are looking to scale up and increase their revenue, nearly all (93.2%) are requesting amounts higher than €1m, with the remaining 6.8% requesting €400-500k.

Perhaps one of the most insightful parts of our findings is the list of reasons why startups have been denied access to venture capital.

The analysis of Velocity.Partners' database suggests



13. Startup Health, Startup Health Insights: Global Digital Health Funding Report 2018 Midyear, https://www.slideshare.net/StartUpHealth/2018-startup-health-insights-global-digital-health-funding-report-2018-midyear
14. World Travel & Tourism Council, Travel & Tourism Economic impact 2018 Greece, https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/greece2018.pdf

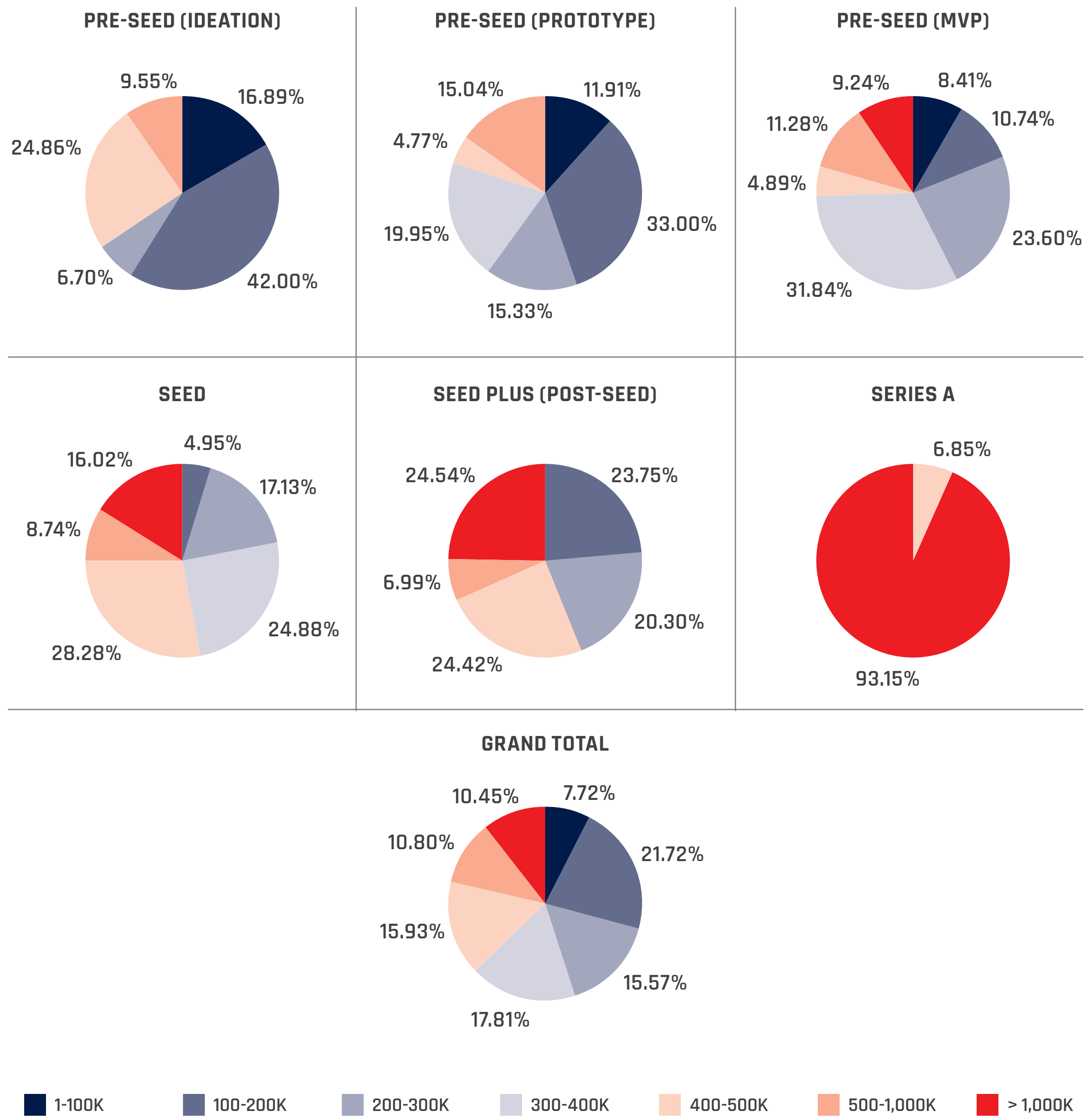
that nearly 1 in 3 startups being rejected are making a proposal that does not fit their investments thesis, and the gap between this reason and the ones following is definitely noteworthy. This observation is not uncommon and is often listed among the main reasons that prevents startups from getting funded[15]. An investment thesis can be summed up as the guidelines that a particular fund follows in order to decide why, when and how to proceed with an investment. In other words, this indicates that 30.87% of startups reaching out to the fund fell out of the spectrum of its investing plan. Provided that most funds usually make their investment thesis apparent, this could very well mean that founders fail at preparing and making efficient research that will enable them to contact the funds that suits their startup.

The second reason coming to the surface is the small market size and the difficulty to expand the product or service to other markets. Greece is a small starting market which leaves little room for the further scaling up of startups within the country. However, not all businesses are able to become global from the start, or have not planned for such a path. Consequently, founders need to be aware of the possible hurdles when attempting such an expansion, including but not limited to cultural, legal and financial barriers. Different markets require different strategies, rebuilding your brand and adjusting accordingly to fit the market you are about to enter. The existence of competition is a strong validation of demand and the existence of a relevant market. Hence, lack of such completion is something founders should be taking very seriously into consideration when they are entering a specific market.

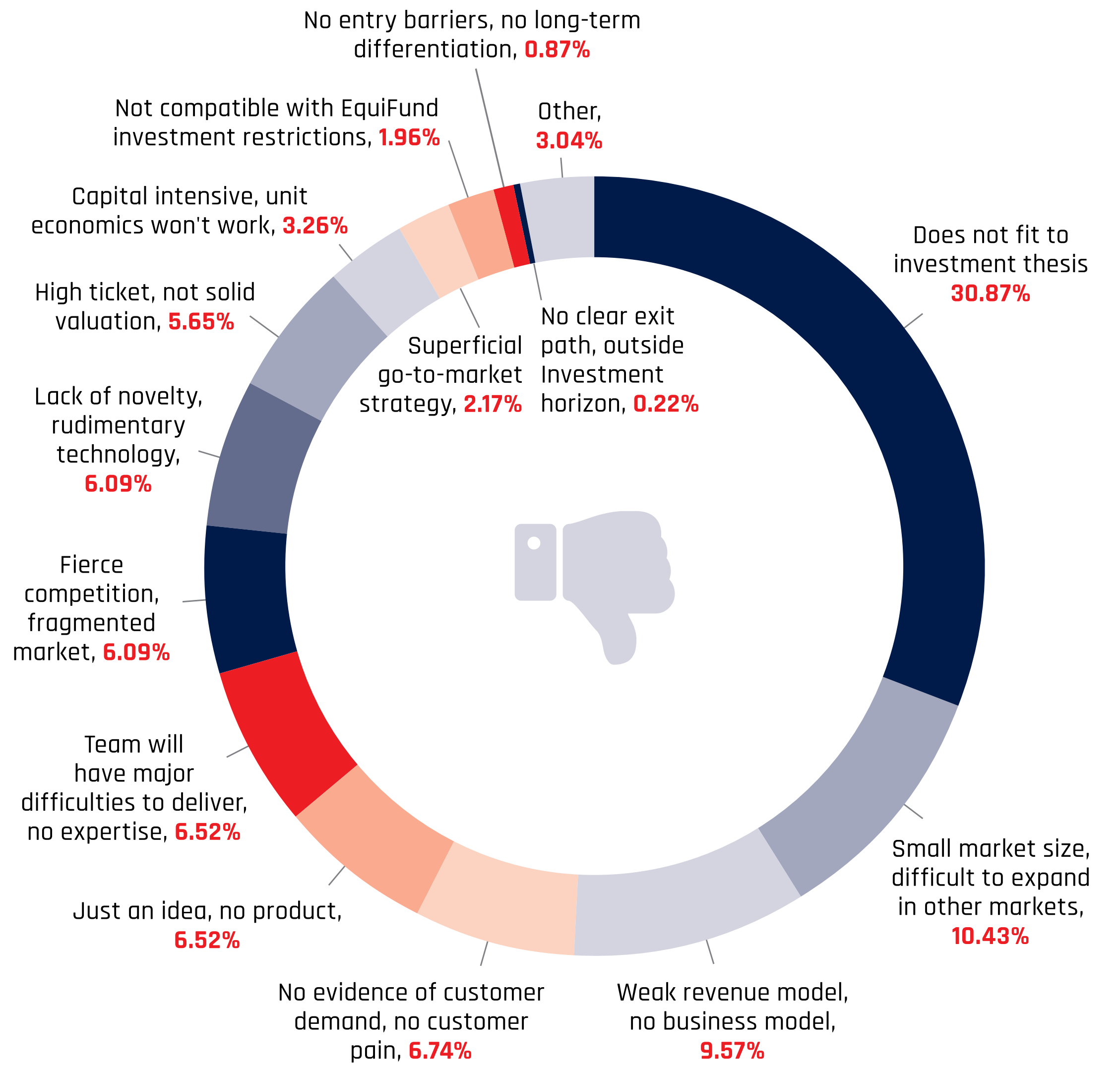
Following very closely at 3rd place on the table of rejection reasons is "Weak revenue model, no business model". Before approaching the funds, the founders are expected to have a clear idea of how their startup is positioned in the market and how they plan to put to use their available resources, including their customers and partners, in order to generate profits. 1 in 10 startups appears to be failing at constructing a framework that will drive revenue to the company via the product or service they are offering. Such a framework would include a detailed plan of their value proposition, by targeting the right audience, pricing their product and positioning it in the market, and identifying the channels to sell it to potential customers.

One might have expected the "No entry barriers, no long-term differentiation" to be higher in the list, but our understanding is that while this may be true for many startups contacting them, it is rarely the main reason for the startups being denied funding. There are advantages and disadvantages related to both entering a market as a first-mover and a second-mover. A first-mover might not come across fierce competition and will have a chance to establish brand recognition, consumer loyalty and control over resources, but will have to tackle new challenges, convince consumers and spend resources on developing a novel product or service. On the other hand, second movers benefit in terms of saving on research and development, identifying and avoiding mistakes made by first-movers, limiting risks and being able to adjust to better fit an already established market.

ASK AMOUNT PER FUNDING ROUND (IN EURO) %

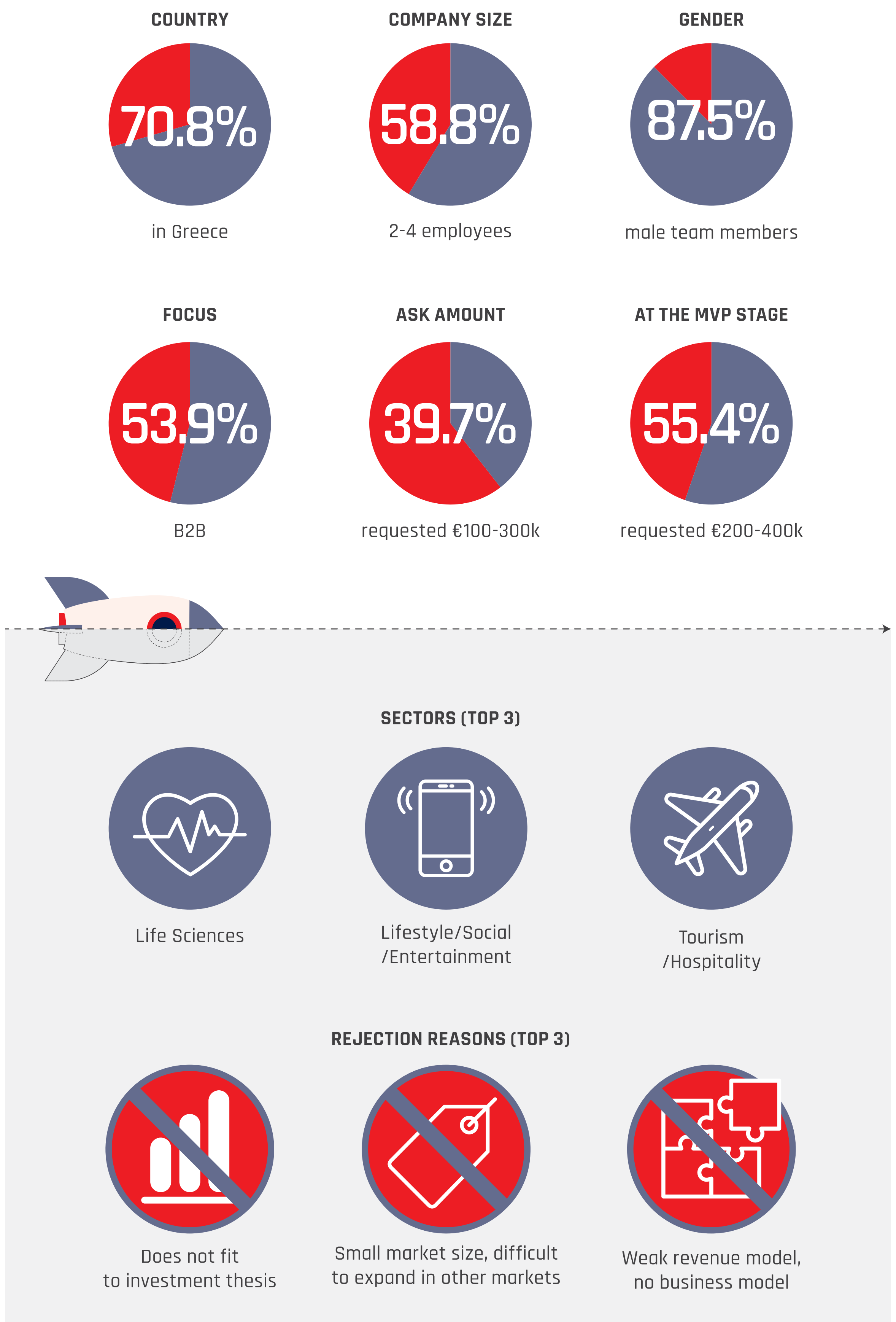


REJECTION REASONS



15. Sean Wise, The 1 Top Reason Investors Are Ignoring Your Startup Opportunity, https://www.inc.com/sean-wise/the-1-top-reason-investors-are-ignoring-your-startup-opportunity.html

PROFILE OF THE EARLY STAGE GREEK STARTUPS



Based on data by Velocity.Partners VC

INCUBATORS, ACCELERATORS & CO-WORKING SPACES

The limits between incubators, accelerators and co-working spaces are not always clear and this stands true in the Greek ecosystem, as several organisations undertake tasks that fall under all spectrums.

In general, there are three kinds of startup support organizations in Greece: private funded, state funded and corporate funded. Up to recently, the second one could be considered as the weakest. Yet the new funds being invested into the Greek ecosystem via EquiFund are expected to strengthen the state funded organizations significantly.

All these entities are key to building and maintaining a healthy and maturing startup ecosystem.

Below we present the most important initiatives in a non-exhaustive list, grouped according to what we considered as their main activity.

Incubators

Incubators are organizations that support startups in the very early stages of their development.

This can occur via providing them with access to office facilities, financial resources, experienced business mentors, and connections to related companies and other entities.

- **ATHENS CENTRE FOR ENTREPRENEURSHIP AND INNOVATION (ACEIN)**, part of the Athens University of Economics and Business, is focused on student innovation.
- **ATHENS DIGITAL LAB**, a smart city research and development lab, created by Athens Partnership.
- **CORALLIA**, operating in Athens and Patras, acts as a cluster facilitator in sectors such as gaming and creative technologies, nano/microelectronics and space technologies.
- **EGG (ENTER-GROW-GO)**, a long-running Athens-based incubator and accelerator supported by Eurobank.
- **INDUSTRY DISRUPTORS - GAME CHANGERS**, a non-profit/non-governmental organisation running the local chapter of the Founder Institute, as a US-based acceleration program.
- **INNOVATHENS**, a state funded initiative by the City of Athens, managed by Technopolis.
- **IQBILITY**, an Athens-based incubator by Quest, focused exclusively on IT enabled industries.
- **MICROSOFT INNOVATION CENTRE**, one of the oldest incubator and startup events space in Athens, established in 2008.
- **OK!THESS**, a new entry based in Thessaloniki, aiming to create a vibrant innovation ecosystem in the city.
- **SCIENCE AND TECHNOLOGY PARK OF CRETE (STEP-C)**, established in 1993 by the Foundation for Research and Technology-Hellas (FORTH), offering incubating facilities and services to startups.
- **THE ATHENS STARTUP BUSINESS INCUBATOR (TH.E.A.)**, an initiative of the Athens Chamber of Commerce and Industry (ACCI) for entrepreneurship promotion.
- **TECHNOLOGY PARK "LEFKIPPOS"**, established in Athens by the National Centre for Scientific Research "Demokritos", aiming at strengthening the link between research and production.
- **THESSALONIKI TECHNOLOGY PARK**, founded by the Centre for Research and Technology Hellas (CERTH) to promote innovation, competitiveness and entrepreneurship.
- **VIVA NEST**, a fintech-focused incubator, part of Viva Wallet Group in conjunction with Athens Centre for Entrepreneurship and Innovation.

Accelerators

Accelerators provide a blend of education, finance, guidance and access to a network of experienced consultants. They focus on growth and run over specific time periods that boost product-development.

- **BE FINNOVATIVE**, a FinTech accelerator program awarding each team with €3.000, is organised by the National Bank of Greece.
- **ARISE EUROPE VENTURE PROGRAM** is organised by Found.ation in cooperation with EIT Digital, and is designed to help entrepreneurs develop and finalize their MVP and establish their startup company, awarding each of the teams with €15,000.
- **STAGE TWO**, a Thessaloniki-based program

offered by Innovation Farm and Atlantis Research, emphasizing market strategy and access to finance.

- **VENTURE GARDEN**, an education-centric acceleration program running simultaneously in Athens and Thessaloniki, supported by the Hellenic Initiative.

Co-Working Spaces

Co-working spaces bring together groups of people working independently on different projects or for different companies under the same roof.

In addition to the offered office space, participants benefit from the social and business connections.

- **3VENIZELOU**, offering office solutions and more luxurious working spaces in Thessaloniki.
- **ATHENS INVESTMENT CENTRE**, promoting the cooperation between Greek and foreign enterprises to facilitate business development.
- **ATHENS PLACE**, provides business spaces to startups and other small enterprises.
- **COHO**, a collaboration, business development and shared workspace in the centre of Thessaloniki.
- **FOUND.ATION**, one of the first co-working spaces in Athens, also acting as a leading technology and innovation enabling platform in SE Europe, a startup hub and a tech education hive.
- **H2B HUB**, a new space created in Heraklion, Crete, which is supported by the University of Crete, the Foundation for Research & Technology - Hellas, the Technological Educational Institute of Crete and the Heraklion Chamber of Commerce and Industry.
- **HIGGS (HIGHER INCUBATOR GIVING GROWTH & SUSTAINABILITY)**, aims to reinforce non-profit organizations operating in Greece, through educational and supportive activities at its premises in Athens.
- **IMPACT HUB ATHENS**, part of Impact Hub Global Network, is focused on social-entrepreneurship and also acts as an incubator.
- **MAKE CREATIVE SPACES**, a co-working space which also offers a creative space equipped with all the tools to design and implement packaging, objects and other design projects.
- **ORANGE GROVE**, a corporate social responsibility driven initiative by the Dutch embassy in Athens, involving a number of Greek and Dutch corporate sponsors and charity foundations.
- **POM**, a modern co-working space in Heraklion, Crete.
- **POS4WORK**, Patras' first co-working space, also offering meeting room solutions, a makerspace and events space.
- **ROMANTSO**, mostly addressing creative entrepreneurs in Athens and also acting as a cultural centre.
- **SPACES**, a creative space in the heart of Athens (Ermou str.), and another one on the Northern part of the city (Green Plaza, Maroussi) are two of the latest additions and part of the Spaces brand.
- **STONE SOUP**, a space in Athens emphasizing community cooperation.
- **THE CUBE**, in Athens, remains the largest in size private co-working space in Greece.
- **TZAFERI 16**, one of the latest additions in Athens' co-working scene, offering a boutique office, meeting and event space.

COMPETITIONS AND HACKATHONS

A series of competitions revolving around startups and innovation took place in Greece over the past year, with most of them happening in Athens. Cities like Piraeus, Thessaloniki, Patras and Larissa also hosted events.

The topics of the competitions included Climate and GreenTech, HealthTech, DairyTech, FinTech, MarineTech and SpaceTech, among others.

- **BEYOND HACKATHON**, encouraging open innovation in FinTech. It was held for the 3rd consecutive year by the Eurobank Innovation Centre, in partnership with The Cube and Found. ation.
- **BLUE GROWTH COMPETITION** promotes products and services relating to the blue economy. Organized by Aephoria and local Municipalities, in 2018 it took place in Piraeus for the 5th time and Patras for the 3rd.
- **CHIVAS VENTURE**, a global competition in which Greece participated for the 2nd time.
- **CITY CHALLENGE CROWDHACKATHON #SMARTCITY 2**, organised by KEDE (Central Union of Municipalities of Greece), asks contestants to develop pilot services and applications solving problems that Local Authorities face and supporting local and national development through new technologies.
- **CLIMATHON ATHENS**, a tree inventory challenge organized by EIT Climate-KIC Hub Greece, Organization Earch, Athena Research and Innovation Centre, Sustainable Development Solutions Network Greece and Aephoria.
- **CLIMATHON PIRAEUS**, focused on fishing marine litter (macroplastics) to recycle and reuse. It was organized by BlueGrowth, The Cube and Aephoria.
- **COSMOTE HACKATHON**, asking teams to write code for the better good, is organized by the largest ICT provider in Greece, Cosmote.
- **COPERNICUS HACKATHON IN ATHENS**, facilitating solutions based on Copernicus space data and services. It was organized by Corallia and is part of the European Union Copernicus Start-up Programme.
- **DISRUPT GREECE**, took place for the 2nd year, aiming to promote innovation and entrepreunership. It was designed by Fortune Greece and Industry Disruptors-Game Changers (ID-GC), with Papastratos as strategic partner.
- **ENVOLVE AWARD GREECE**, formerly known as the Hellenic Entrepreneurship Award, running for the 6th consecutive year. It was founded by the Libra Group on behalf of The Hellenic Initiative.
- **GREEN TECH CHALLENGE**, with topics revolving around the environment and energy, smart cities and innovative green products and materials. It was organized by the department of Environmental Economics and Sustainability Unit (ESU) of the Natural Technical University of Athens (NTUA).
- **HELLENIC INNOVATION FORUM**, was organized by Ethos Events and took place in Athens for the 2nd time.
- **IDEAS THAT CHANGE US** supports HealthTech and particularly the Prevention and Wellness sectors. It was organized for the 1st time in Greece by NN Hellas and Orange Grove.
- **INNOVATION AND TECHNOLOGY COMPETITION**, organized by the National Bank of Greece in cooperation with several Greek Universities for the 9th time. Its scope was defined by the topics of e-business, environment and culture.
- **ISRAEL AT 70: INNOVATION AT ITS BEST**, aiming to promote the Israel-Greece relationships among entrepreneurs, was co-organized by the Embassy of Israel in Greece and Industry Disruptors - Game Changers (ID-GC).
- **NASA SPACE APPS CHALLENGE** took place in several cities in Greece, with Athens, Larisa, Piraeus and Thessaloniki participating.
- **NBG I-BANK #FINTECH3.0 CROWDHACKATHON**, a FinTech competition that was organised by the National Bank of Greece for a 3rd year.
- **NOYNOY IDEA CHALLENGE** was organized for the 1st time, promoting innovation and research in the Greek Dairy Tech sector.
- **RETECH INNOVATION CHALLENGE**, focused on retail-related innovations. It was organized by organized by LAMDA Development and Industry Disruptors Game Changers (ID-GC).
- **START HAIFA**, co-organized by the Embassy of Israel in Greece and MIT Enterprise Forum Greece.
- **STARTUP WEEKEND** was organized by Techstars at Thessaloniki and Volos in 2018. It is a 3-day event that includes business model creation, coding, designing, and market validation.
- **STELIOS AWARDS GREECE** took place for the 11th year. It is organized by Stelios Philanthropic Foundation and is addressed to upcoming, young Greek entrepreneurs.

Most events like hackathons and competitions require participating teams to suggest solutions to known problems and provide planning for their business development within a period of a couple of days. In addition to giving new entrepreneurs the ability to present their ideas, receive valuable feedback and make connections in the market, these events can be useful for companies, both as a marketing but also as a recruiting tool, as they are a great place to identify talents.

However, in a small ecosystem like the one in Greece, having several events every month can eventually cause a saturation of events and fragmentation of ideas and talent. At the same time, it might also lead to confusion and complexity among new and young entrepreneurs looking for ways to enter the startup ecosystem and distinguishing the proper paths to follow in order to bring their projects to life.

STARTUP FUNDING AND EXITS

MOST FUNDED STARTUPS & EXITS

A total of €116,5m were raised by Greek startups in 2018 with 70% of that amount being received by the 3 most funded startups. This is an increase over the nearly €100m that were invested in 2017. In the previous years, and specifically between 2010-2016, a total amount of more than €200m was invested in Greek startups[1].

Despite the number of exits (2) being lower in 2018 compared to the recent past (5 in 2016 and 5 in 2017), there is an evident increase in investments over the last couple of years that can only be perceived as a positive step for the Greek startup ecosystem and the country's economy in general.

The total number of employees increased for the top 10 most funded startups (101-250 employees), which on average maintain offices in 3 different countries and 70% having a branch in the USA. This is higher than the European average (54% have offices in the US)[2]. Many startups continue to have offices abroad in order to expand and reach bigger markets, increase their chances of receiving international funding or benefit from lower corporate tax rates. At the same time, these are indicators that established startups are maturing as organizations, attracting new talent and expanding their operations.

A decrease in funding from Angel investors among all the startup deals that took place in 2018 and an increase of Venture Capital funding is observed. One could argue that Angel investors in the Greek ecosystem are in the process of redefining their investment status, shifting from direct angel investments to participating as limited partners in VC funds. Moreover, Angel investors are often providing capital in VC deals that are announced but the particular investors and amounts are not being disclosed.

1. Chris Gasteratos, Investments in Greek Startups, 2010-2016, https://marathon.vc/investments-in-greek-startups
2. European Startup Initiative, Startup Heatmap Europe, https://www.startupheatmap.eu

Found.ation has been keeping record of most tech startups and their progress since 2010 and has maintained a thorough database, from which the following statistics have been drawn. So far, there has not been a more complete central database from which to draw the data needed for a more analytical report. In terms of funding received, the following are the most successful startups that are still active at the time of writing.

Disclaimer: *Ranking for all tables was based on announced values. When no public information was available, market estimations were taken into consideration.*

Data sources: *Found.ation, Crunchbase*

TOP 10 MOST FUNDED GREEK STARTUPS IN 2018

	Company	Total Funding (€ in millions)
1	Workable	43.83
2	Softomotive	21.75
3	Viva Wallet	15
4	Blueground	10.44
5	Hellas Direct	7
6	Pollfish	5.48
7	Balena (Resin.io)	4.35
8	METIS	4
9	Centaur Analytics	2.5
10	Home-Made	2

Who is who

- **WORKABLE** operates a cloud-based recruitment platform for companies, helping them manage their recruitment process with simple tools to promote their jobs online, review candidates and schedule interviews.
- **BLUEGROUND** is a hospitality company that offers high-quality accommodation for business executives, expats and individual renters.
- **HELLAS DIRECT** is an online insurance company providing car and house insurance.
- **BALENA (RESIN.IO)** provides the infrastructure and tools to help develop, deploy and manage IoT projects at any stage.
- **METIS** develops a system that enables performance management in the Global Maritime via wireless data acquisition and real-time diagnosis and prediction.
- **CENTAUR ANALYTICS** offers monitoring technologies for the post-harvest quality chain, using wireless sensors and implementing AI solutions.
- **HOME-MADE** is a data driven property-technology company connecting landlords to tenants.

TOP 10 MOST FUNDED GREEK STARTUPS (ALL-TIME)

	Company	Total Funding (€ in millions)
1	Persado	83.6
2	Workable	73.83
3	Hellas Direct	23.8
4*	Softomotive	21.75
5	Blueground	17.38
6	Metamaterial Technologies	16.26
7	Balena (Resin.io)	15.13
8*	Viva Wallet	15
9	Book 'n' Bloom	12.55
10*	Pollfish	7.76

**New entries in 2018*

Who is who

- **PERSADO** develops the Marketing Language Cloud, a cognitive content platform that uses AI generated language which resonates the most with any audience.
- **METAMATERIAL TECHNOLOGIES** is a smart materials and photonics company designing a new class of multi-functional materials that facilitate advanced light manipulation.
- **BOOK 'N' BLOOM** is a management tool that is integrated into Facebook and helps freelancers and small appointment-led businesses to organize their schedule and bookings and increase their reach.

New entries in 2018

- **SOFTOMOTIVE** is a company specializing in Robotic Process Automation. It was founded in 2005 and it serves more than 8,000 companies worldwide. In 2018 it received new funds by Grafton Capital and moved its offices to London.
- **VIVA WALLET** offers transparent multi-channel payment solutions through cloud-based systems architecture. It was founded in 2000 and in 2018 it received funding from DECA Investments.

○ **POLLFISH** is a startup developing a hybrid-service survey platform that delivers surveys online and via mobile applications. The Series B funding round led by the European Bank for Reconstruction and Development (EBRD) in 2018 places Pollfish into the top 10 of the most funded Greek Startups.

TOP 10 GREEK STARTUP EXITS (ALL-TIME)

	Company	Exit deal (€ in millions)	Exit year	Age of startup at the time of the exit (years)
1	Beat (Taxibeat)	€40.48*	2017	6
2	Innoetics	€*	2017	11
3	Avocarrot	€17.85	2016	4
4	E-food	€*	2014	3
5	Crypteia Networks	€*	2014	3
6	Quizdom	€*	2017	3
7	Antcor	€8.5*	2014	10
8	AbZorba Games	€*	2015	4
9	BugSense	€6.74	2013	2
10	ClickDelivery	€*	2015	6

**Undisclosed amount, market estimations were taken into consideration for the ranking.*

Who is who

○ **BEAT (TAXIBEAT)** is a mobile application that transforms the way people move in their cities and beyond.

○ **INNOETICS**, developing advanced synthetic voices and offering solutions that integrate with their text-to-speech technology.

○ **AVOCARROT** is a leading programmatic native ad exchange & mediation solution for mobile publishers, offering an all-in-one platform for optimizing and monitoring mobile ad revenue.

○ **E-FOOD** is a website that enables its users to order food online from restaurants in Greece.

○ **CRYPTEIA NETWORKS** delivers a zero-day threats identification technology based on threat intelligence and analytics.

○ **QUIZDOM** is a social trivia game with the most downloads for a mobile game application in Greece and more than 2 million users.

○ **ANTCOR** is a leading provider of Wi-Fi IP for the communications and connectivity chip industry,

○ **ABZORBA GAMES** is a world leading mobile social casino operator that develops a series of casino game apps.

○ **BUGSENSE** provides application performance reports to mobile developers, helping them identify issues and create better mobile app experiences.

○ **CLICKDELIVERY** was the first online food ordering service in Greece, developing and using breakthrough technology to dispatch online orders to restaurants via terminals.

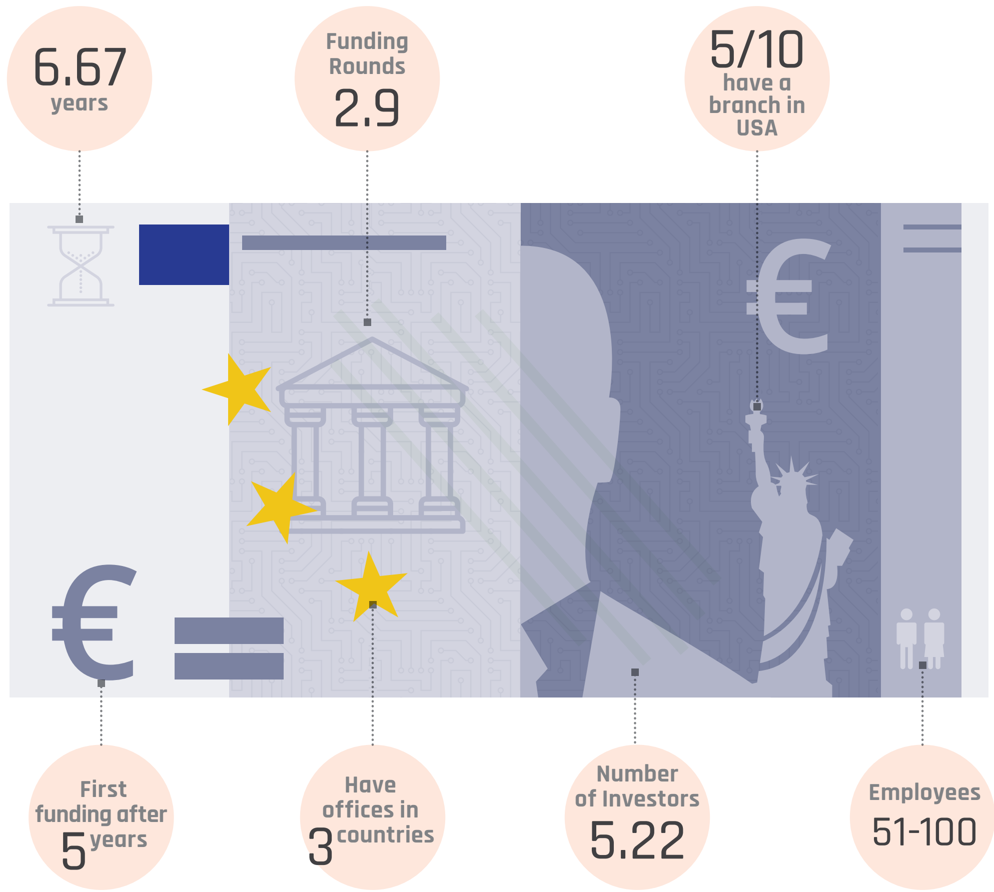
New exits in 2018

○ **INCREDIBLUE** is a Greek founders London-based luxury yacht charter platform with a large variety of luxurious vessels. It was founded in 2012 and it had raised nearly €2m before being acquired in 2018 by the Spanish based Nautal, a company active in the same market.

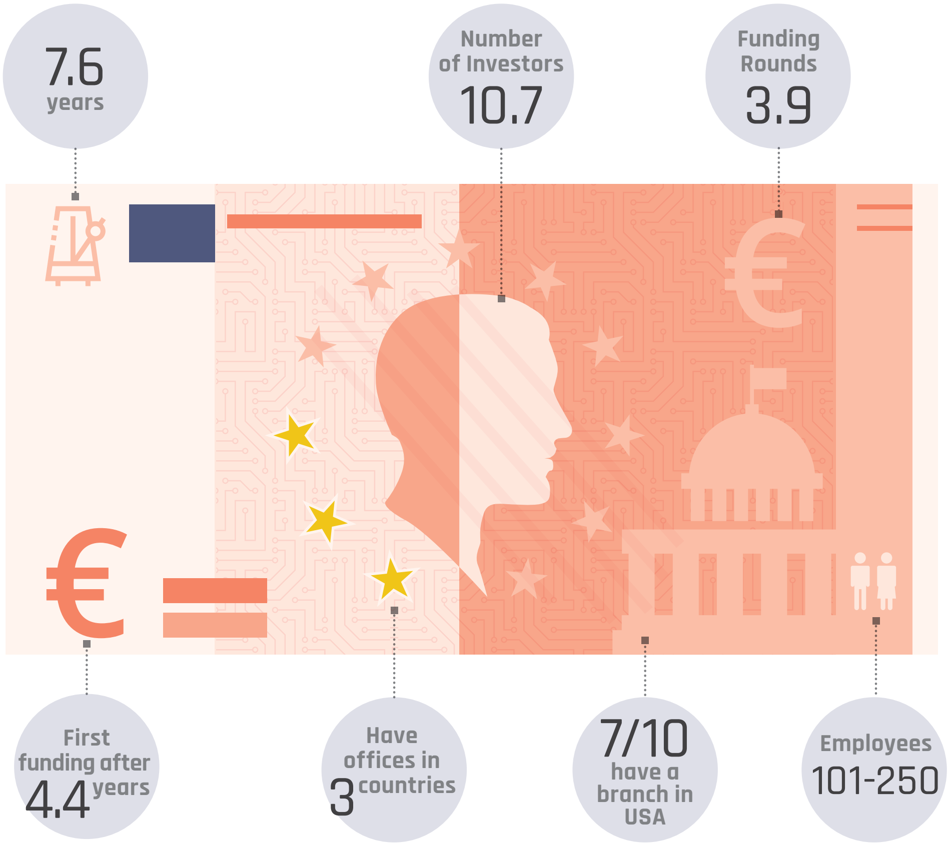
○ **DELIVERAS** is an online food delivery service that was founded in 2012. It was acquired for an undisclosed amount by the German-based Delivery Hero in 2018, which also controls e-food.gr and clickdelivery.gr, hence taking over the vast majority of the food-delivery service in Greece.

The amounts for the two exits of this year were not announced and not enough data to base an estimation upon were gathered. Consequently, we did not include them in the top 10 list.

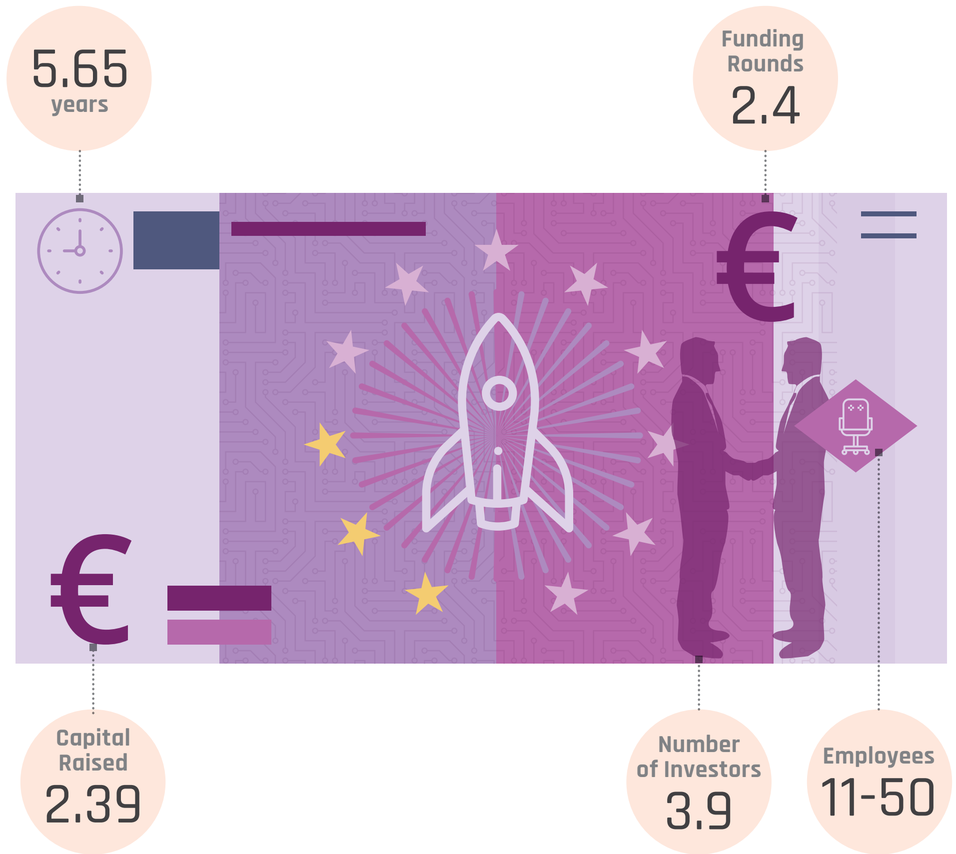
PROFILE OF THE 10 MOST FUNDED STARTUPS IN 2018



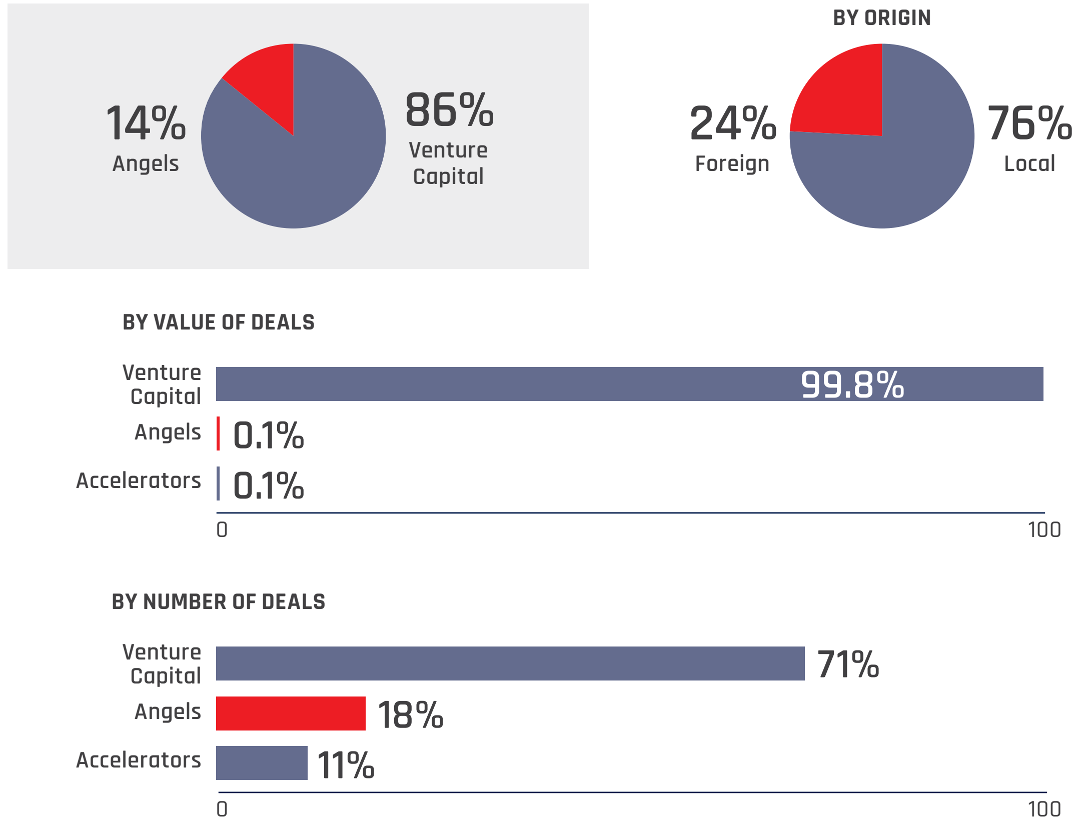
PROFILE OF THE 10 MOST FUNDED STARTUPS (ALL-TIME)



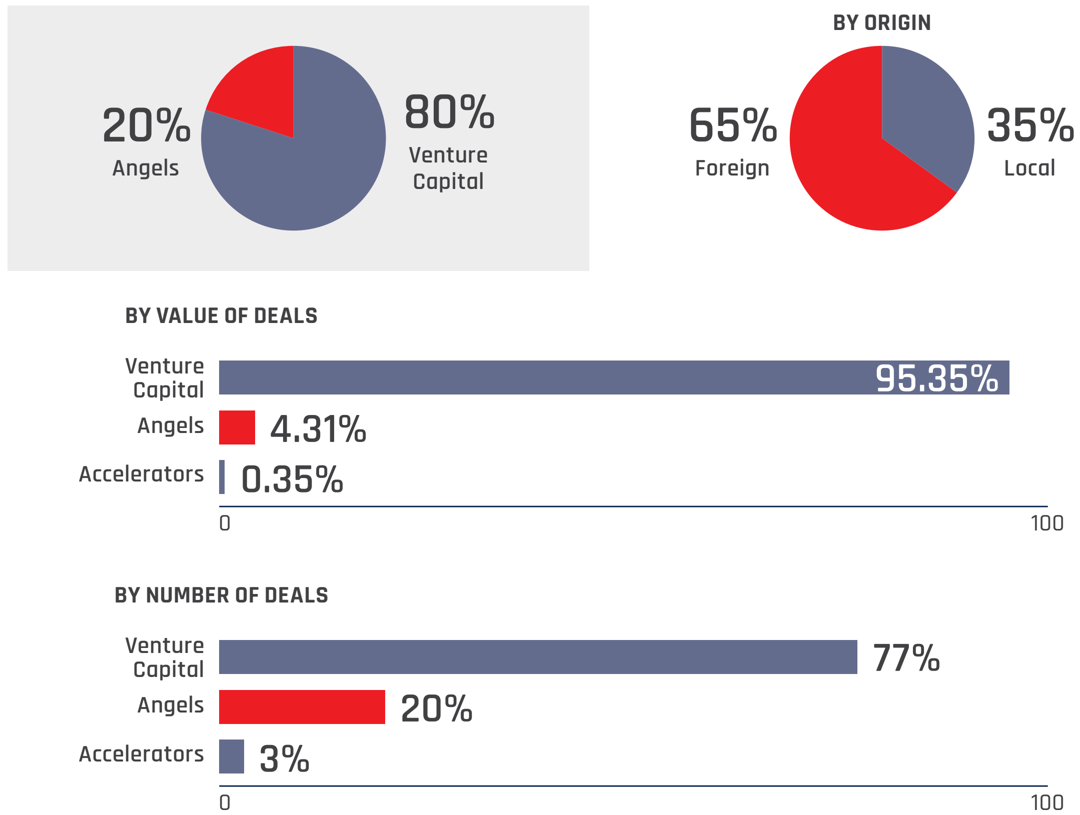
PROFILE OF TOP 10 EXITS (ALL-TIME)



TYPE OF INVESTORS (2018)



TYPE OF INVESTORS (ALL-TIME)



Based on data by Found.ation

LIFE AFTER THE EXIT

TWO CASE STUDIES

An exit can potentially change a startup's structure, culture, and business development plans on many levels. There are cases where startups remain to a large extend independent from the company that acquired them, whereas under other circumstances startups are absorbed by the acquiring company.

To learn more about the life after the exit, the organisational transformations that occurred, the new challenges and the steps that followed, we reached out to two of the top Greek startup exits, Beat and Quizdom, and asked them to share their story and insight based on their particular experience. So, here is their story, in their own words.

BEAT

Beat is a ride-hailing mobile app that is transforming the way people move in their cities and beyond. With just a tap of a button, riders can expect a car to their location within minutes to take them where they need to go.

We started our life as "Taxibeat" in Greece, circa 2011. In three short years, we expanded our operations to Peru where we provide millions of rides every single month. Nowadays, we're present in Greece, Peru, Chile and Colombia—with many new market launches planned within the coming months. Our next big challenge is the launch of our operations in Mexico City in early 2019.

As we continue to grow, we remain committed to offering an affordable, safe, and efficient way for people to move throughout their cities.

Our great success was attested by the acquisition from Daimler A.G. in 2017. The acquisition was a very important step for Beat, as we now belong to a bigger family of Mobility Services and we gain access to more funding and resources. This helps us stay focused on our vision of expanding and becoming a part of people's everyday lives in many cities around the globe.

The acquisition didn't happen overnight of course. It took more than 1,5 years of negotiations and a thorough due diligence process before it was completed. Prior to this, entering new markets was truly difficult as competition in the field is very aggressive and sufficient funding is required for a successful launch.

After the acquisition, the entire Beat team stayed intact. The same goes for the management team. It was also required by Daimler that our key people stay with the company to ensure operational excellence and a smooth transition to the new era. At the time of the acquisition, Beat had about 100 employees. Today, the team has grown to 400 employees worldwide and counting. We expect to add many more people to our workforce across all markets and departments in 2019.

Beat is fully autonomous in the way it operates within the Daimler group. As long as goals are met, we are completely responsible for running the business and developing our Product the way we deem appropriate. Because after all, we have a better understanding of the needs of the markets we operate in.

Beat's focus and primary area of expansion is Latin America. Greece is only a small part of Beat's business, operational wise. Athens remains the heart of the company and is the location of our headquarters. This is where the business strategy is designed, where the key decisions are made, and where the Product, technology, and company culture are developed.

> **OUR GREAT SUCCESS**
> **was attested by the acquisition from Daimler A.G. in 2017.**

Our company culture is constantly evolving. In this area, we set the bar very high and it is an absolute priority for us to ensure that Beat's culture will be protected as more and more people are joining the team in various locations around the world. Beat is committed to creating a state-of-the-art workplace, with equal opportunities for everyone; an agile workplace, productive, efficient and high-performing; an inspiring workplace with A-players that are self-driven, ambitious, open-minded and super receptive to new challenges and change.

What would be our advice to other Greek startups trying to attract investors? Build a strong core team, a good product, and set your priorities straight. Have your team aligned and aware of what matters most (at any time of the business lifecycle), so that they are constantly working to achieve that. Keep them focused and working as a united front, together towards one direction. It is the only way we have learned to achieve results.

FAST FACTS

BEAT

Founded: 2011

Headquarters: Athens, Greece

Number of employees: 400+

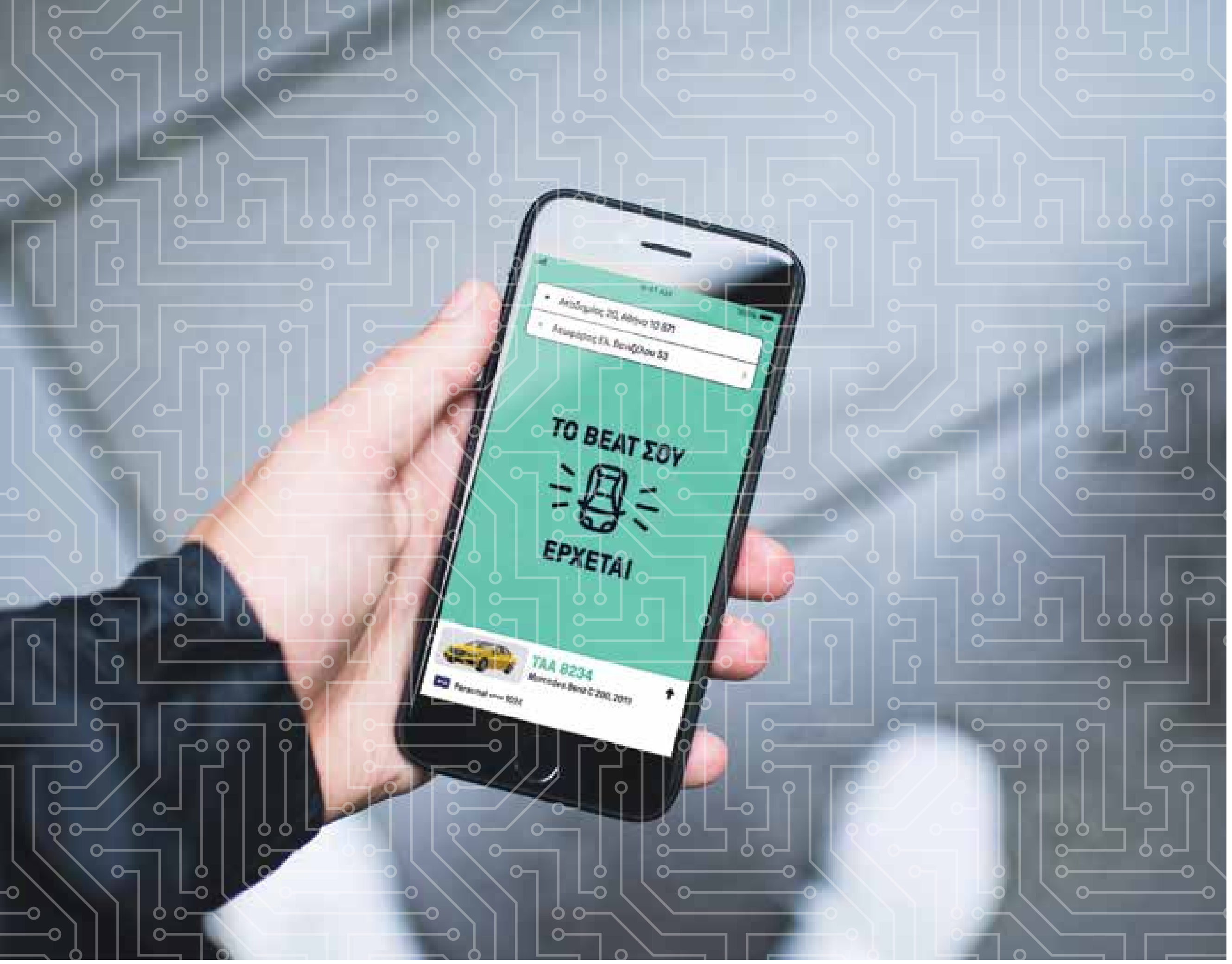
Number of registered passengers: 5.5 million

Number of registered drivers: 200,000+

Investors: Daimler Mobility Group

Cities: Our services are available in one European and three South American cities: Athens (Greece), Lima (Peru), Santiago (Chile), and Bogota (Colombia).

Website: thebeat.co



QUIZDOM

Quizdom is a trivia quiz originally designed and launched in the Greek market. Success was almost instant for the company in terms of awareness and core numbers. The fact that people love quiz games, the game's exceptionally, unique content and its winning component, the social aspect helped Quizdom grow beyond initial expectations. Quizdom took Greece by storm becoming one of the few digital initiatives to make it successfully to the offline world, through its own TV show, broadcasted by Alpha TV for two seasons. It was only a matter of time before investors from abroad would show interest for the company. Late 2016, beginning 2017, the company Friends4media GmbH entered into negotiations to acquire Quizdom. The take-over was completed by June 2017.

After the acquisition, Quizdom expanded as a brand in the UK, Germany, Russia while Portugal and Brazil are scheduled for launch in Q1 2019. The core values of the company with regards to the products created and offered remain the same: quality of content, relevance and social elements are deep in Quizdom's foundations. Friends4media GmbH helped Quizdom in expanding to new markets, giving access to funds and know-how, that would otherwise might have been unobtainable. Quizdom's biggest success came in the summer of 2018, when it became an official licensee of UEFA and the brands of UEFA Champions League, UEFA Europa League and UEFA Nations League.

The acquisition helped attract additional talent and know-how to Quizdom. Some members of the core team have moved on to pursue different endeavors, but their core philosophy and mentality keeps forming an integral part of Quizdom's DNA.

Quizdom's team worldwide has grown to over 80 employees. Company offices are spread in Portugal, Germany, Russia, India and of course Greece. The operational center of the company remains in Greece. We expect to add many more people to our workforce across all markets and departments in 2019. Quizdom works as a brand name for Friends4media GmbH, but also maintains its independent status in the markets it operates in. The product, the development and its strategy are designed and implemented in Greece, where the know-how of the company's values is extremely high. The core philosophy of creating top-of-the-line products, endearing work environment with equal opportunities for people who are open-minded, strive for excellence and ready to face any challenge remains the driving force behind Quizdom's success.

Negotiations took well over six months after the proper due diligence and tweaking of any small

Hard work, confidence and unity are

NECESSARY INGREDIENTS FOR RESULTS & SUCCESS

print. It was Quizdom's adamant attitude towards success and its effort to protect its values that paved the way. The core team set the bar high with its approach to the product and the strategy of expanding its business. Quizdom is independent as a product and the company's management team designs its business plan, autonomously from Friends4media GmbH. The team in Greece is responsible to develop the product in any way it deems fit to ensure success and growth.

Quizdom's next area of focus is education. The company is already working on an educational application with GRE, TOEFL, GMAT and IELTS content set for launch in the Indian market for Q2 2019. Moreover, Quizdom UEFA Champions League Edition is scheduled to launch in Q2 2019 within UEFA Gaming Hub and as a stand-alone application until June 2019.

Our advice to other Greek startups? First of all, to build a solid product with a team where members form parts of the same puzzle. Maintaining focus on what's most important at any given moment, keeping everybody's eyes on the prize as well as, convincing everybody to work and strive against all odds is fundamental. Hard work, confidence and unity are necessary ingredients for results and success.

FAST FACTS

QUIZDOM™

Founded: 2014

Headquarters: Athens, Greece

Number of employees: 80+

Number of registered users: 5.5 million

Investors: Friends4media GmbH

Website: quizdom.com

Afterword

TOWARDS A BRIGHTER FUTURE

MAIN INSIGHTS

Greece evidently has the human capital that is capable to bring change to the country's financial situation and kick-start a technologically fuelled economic growth. This is now matched with great funding prospects, a combination that can move the country towards a brighter future.

The EquiFund is a unique opportunity for an already vibrant startup ecosystem to reach a higher level and is expected to be the main driver for investments in the years to follow. Local Angel investors are shifting into limited partner status in the related funds, turning EquiFund into the main funding vehicle. The investments made by the funds in the past year highlight the capabilities and the work being done by young entrepreneurs.

The legal framework in Greece is being updated to allow for entrepreneurship to flourish and pave a legislative path that would be attractive both to local startups and foreign investors, always taking in mind that any investment being made to local startups can directly lessen the effects of the brain drain phenomenon. Hackathons and competitions are a great way to attract new talent, yet there is strong indication that the ecosystem is being overflowed with such events and this can lead to saturation.

The total amount of investments continued to grow in 2018 and the focus of startups on B2B services has also increased, both facts indicating a maturing ecosystem. The top 3 sectors are a combination of new and old ones for the Greek market, yet all of them are now driven by technology and modern implementations. Individuals and promising teams from new fields such as research and academia are entering the startup ecosystem in search of funding and a chance to develop their business ideas and plans.

Founders, however, need to be better prepared before reaching out in search of venture capital. As the most popular reasons for a rejection by a fund reveal, startups should perform thorough research and prepare a comprehensive business model in order to convince investors and have their proposal stand out.

SUGGESTIONS

Local startups are maturing, offering innovative solutions and competitive services. The possibilities are countless, provided that we set strong foundations and cultivate the proper mentalities among founders and the rest of stakeholders among the ecosystem.

Other industries and especially the corporate world should acknowledge the multiple benefits of partnering with startups and the advantages in terms of innovation and digital transformation that such partnerships offer. Specifically, in regard to corporate innovation programs, a more systematic and business-oriented approach should be considered.

The changes on the legal framework front and the digitalization of public services in relation to company registrations need to be intensified. Furthermore, regional ecosystems across the country need to be further developed. The role of local Universities, Municipalities and Regions in this is instrumental and these entities should be encouraged to contribute their part. At the same time, all these improvements and modernisation need to be more effectively publicised to foreign investors in order to nurture the idea of Greece being an emerging startup hive.

From a within the ecosystem perspective, an argument could be made that organizers of hackathon events should look at communicating more between them and possibly grouping or merging competitions into more focused events that do not overlap and are in accordance with the needs of the market. Extra effort should be put into stimulating the interest of female founders to get more involved into startup teams and the ecosystem in general.

As Greece is a small market to begin with, adopting a fail-fast attitude will be beneficial to both founders and the ecosystem, enabling them to quickly validate their project's long-term viability and allow for the re-distribution of the available talent to new ideas and projects. Before contacting funds, the startup teams need to construct solid and relevant proposals. It is of immense importance to conduct research and select the appropriate fund that suits their product maturity, their project's direction and their investment proposal. For further growth, local startups should start thinking carefully about their expansion to foreign markets and devise wisely their scaling up plans.

Finally, let us not forget the advice given from the founders of successful startup exits: build talented teams, define your priorities, stay focused and work hard to build a solid product and service.

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FOUND.ATION

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