The Greek Start Up Scene

New Opportunities for International Investors

November 2018
Greek startup ecosystem was brought into the spotlight during the financial crisis and it keeps growing ever since.
The last years the Greek startup scene saw a stage of consolidation with new successes and a lot of balancing out.
Greece is home to many aspiring entrepreneurs who are working on promising new ideas and innovative business models.

The size of Greek startups is not easily measurable. It is estimated around 2000 startups.
According to AngelList, a social network for startups and investors there are recorded:
✔ 562 startups
✔ 2807 investors
Additionally, according to F6S an other social network for startups and investors there are recorded:
✔ 925 startups

The Greek startup scene (II)

500+ Startups

~20 Incubators & Accelerators

~10 Venture Funds

1. List encompasses startups at all stage of lifecycle, from pre-seed to acquired (i.e. Workable)
   Note: Images not exhaustive

Source: BCG Analysis, Crunchbase, Desktop research
The main features of Greek startups (I)

According to data from **European Startup Monitor (ESM Survey 2016)**:

- **The overall age of the ESM 2016 startups** was, on average, **2.4 years**, while the startups with the **youngest average age** were located in Greece (**1.3 years**)
- **The highest shares of seed stage** startups come from Greece (**48.6%**) and Israel (**45.7%**)
- **The countries with the highest percentage of female founders** are the United Kingdom (**33.3%**), Greece (**28.4%**) and Ireland (**23.3%**)

- **Founding a venture** in a team seems to be more common in Greece (**94.3%**) and Finland (**92.1%**) and less common in Ireland (**62.3%**) and in the Netherlands (**63.0%**)

Source: ESM Survey 2016
The main features of Greek startups (II)

- The **lowest effects on employment** can be found mainly among Southern European countries and countries that struggled after the **2008 financial crisis**, such as Greece (2.6 + 2.9), Israel (3.2 + 2.5), Ireland (4.0 + 1.9) and Italy (3.5 + 3.1).
- The **least international workforce** can be found among Polish (4.8%), Hungarian (7.3%) and Greek (10.7%) startups.
- The most **important strategic field** for Greek startups is product development.
- Founders from Greece are most likely (42.3%) to use their own savings as the only source of **financing** and from family and friends (38.5%).

Source: ESM Survey 2016
Athens ranks 8th

There is a long tail of hubs with a high density of developers

% Developers within population

Density of talent is key to building strong ecosystems

Source: https://talent.balderton.com/European_Tech_Talent_Landscape.pdf
The Greek Ecosystem (I)

- Most of the Greek startups operate on the **Industrial Technology / Production Hardware category (17.1%)** and their business model is “mainly B2B with some B2C” (20%), followed by “mainly B2B” (17.1%) and “mainly B2C with some B2B” (17.1%)

- Greece presents a high degree of **internationalization (43.8%)**

- Out of the startups that are already having some revenue, the **majority (71.5%)** are earning **up to €50,000**, holding the **lowest position** among European countries overall. Another **14.3% earned €50,000-€150,000** and **14.3%** had an annual revenue of **€150,000-€500,000** in the past year
The Greek Ecosystem (II)

- Greeks have a **strong tendency** towards entrepreneurship.
- In the years following the Greek crisis, entrepreneurship in Greece has emerged as a key lever for **growth restoration and job creation**.

- The domestic IT sector (SMEs and larger enterprises) contributes **value added** of €830 million, of which approximately ¼ concerns companies integrated in clusters and startups.
- According to NBG estimates (taking into account the value that private investment funds attribute to Greek startups), the value added of the IT sector may **top €1.8 billion in 2020**, offering circa 20,000 new jobs – the key growth vehicles being startups and cluster enterprises, which account for ¾ of the increase.

Source: NBG, Survey of Greek SMEs: IT clusters and tech startups
The strengths that differentiate Greek IT startups are their superior performance in terms of:

- **Innovation** (with 29% of their turnover being invested in R&D, versus 15% for other IT SMEs)
- **Human resources** (rated excellent by 60% of the sector, versus 39% for other IT SMEs), and
- **Technology absorption** (achieving 53% of turnover through e-commerce versus 10% for other IT SMEs, and ¾ of the sector having set up an integrated information system versus 41% for other IT SMEs)

Source: NBG, Survey of Greek SMEs: IT clusters and tech startups
Greece is a favorable market for investment

- Greece has a highly educated talent pool: 25% of 25-to-65 year old have a bachelor's degree (the OECD average is 16%), with 25% holding a science technology, engineering, or mathematics degree (the OECD average is 22%)

- Most Greeks are fluent English speakers

- Situated at the crossroads of Europe, Asia and Africa, Greece is surrounded by major markets and it is part of the European Union

- Properties and wages are low compared to the rest of the Eurozone

- It has also excellent living conditions: mild temperatures and a low crime rate
Co-working spaces are offering cheaper alternatives to offices for bootstrapping startups and accompanying services such as the network of people and connections inside the community. Some of the most well-known co-working spaces are the following:

- The Cube
- Found.ation
- Orange Grove
- Impact Hub Athens
- Stone Soup
- Romantso
- HIGGS

Source: Foundation_EIT_Startups_Greece_report
Incubators, Accelerators

Accelerators and incubators are important parts of every startup ecosystem, but the distinction between the two is often unclear. In Greece, there are only a few accelerators that act strictly as so, and the same goes for incubators as well. Incubators usually support startups at their early stages, while accelerators aim to advance their growth and are time specific. Below is a list of the most important organisations of Greece:

- Metavallon
- Startech Ventures
- Venture Garden
- Stage Two
- Iqbility
- EGG (enter•go•grow) by Eurobank
- Corallia
- Technology Park “Lefkippos”
- Thessaloniki Technology Park
- VIVA Nest
- Athens Digital Lab
- Innovathens
- Athens Centre for Entrepreneurship and Innovation (AceIn)
- The Athens Startup Business Incubator (Th.E.A.)

Source: Foundation_EIT_Startups_Greece_report
Angel Investors:
- EVEA Business Angels Network
- Angels Group by StartTech Ventures Incubation Fund
- AngelList or CrunchBase (portfolio of Greek or Greek-origin private investors)

Venture Capital Investors that supported the Greek startups:
- Openfund II
- Piraeus Jeremie Tech Catalyst Fund
- Elikonos Jeremie Sicar
- Odyssey Venture Partners
- Fundbox Capital
- NBG Business Seeds

Source: http://magazine.startus.cc/athens-is-where-future-is-all-about-startups/
StartupGreece is an information, networking and collaboration space, aimed at creating a new generation of entrepreneurs in Greece. It is supported by the Ministry of Economy, Development and Tourism and the Greek Government in collaboration with communities of young entrepreneurs.

Objectives
- promotion of entrepreneurship
- support the business ecosystem of Greece
- targeted information and an online environment for networking and developing co-operation

Recent Survey of StartUpGreece
- Mapping of business needs of Greek start-ups
- The survey lasted from 21/10/2016 to 25/11/2016,
- resulted in 128 completed questionnaires from 65 existing businesses and 63 businesses at various stages of development

Support Mechanisms have created many success stories...

- clickdelivery.gr
- SWAPDOM
- econais
- workable
- TOTAL ECLIPSE
- Cookisto
- inaccess
- incrediblue
- olive MEDiA
- locish
- taxi BEat
- persado
- Intelen
- THE SINGULARITY LAB
- bugsense
- parkaround
- captaiwise
- Pollfish
- offerial
- rasioJar
- longaccess
- dopios
- warply
- discoveroom
...more than €250mn investments since 2012

- Foreign investors have acquired majority stakes in Greek startups
- Four Greeks were in the 2017 edition of Forbes 30 under 30 and two Greeks made it to the 2018 list
A total amount of more than 200 million euros have been invested in Greek startups during the period 2010-2016. For 2017, almost 100 million euros were added to this amount, as two of the biggest exits were announced, Taxibeat’s and Innoetics, for a combined total of almost €80m.

<table>
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<tr>
<th>Rank</th>
<th>Company</th>
<th>Total Funding (in millions)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Persado</td>
<td>€83.46</td>
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<tr>
<td>2</td>
<td>Workable</td>
<td>€30</td>
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<tr>
<td>3</td>
<td>Hellas Direct</td>
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<td>4</td>
<td>Metamaterial Technologies</td>
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<td>5</td>
<td>Book ‘n’ Bloom</td>
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<td>6</td>
<td>Resin.io</td>
<td>€10.78</td>
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<tr>
<td>7</td>
<td>Blueground</td>
<td>€6.94</td>
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<tr>
<td>8</td>
<td>Taxibeat (Beat)</td>
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<tr>
<td>9</td>
<td>Transifex</td>
<td>€5.47</td>
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<tr>
<td>10</td>
<td>Intale</td>
<td>&gt;€5</td>
</tr>
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Profile of the top 10 most funded Greek startups

- 5.4 years of age
- 3.5 investment rounds
- 11-50 employees
- Received funding from 5.3 investors
- First funding within 2 years of operation
- Offices in more than 2 cities/countries
- 5 out of 10 have a branch in the USA

Data Source: Foundation/Crunchbase
Equifund: a fund-of-funds to support innovation and SMEs

A new fund-of-funds programme, created by the Greek ministry of Economy and Development in cooperation with the European Investment Fund (EIF) to provide small and medium-sized enterprises (SMEs) with the private equity and venture capital ecosystem they need in order to thrive.

EquiFund aims to strengthen the venture capital market in Greece, to provide entrepreneurs with the crucial financing they need to grow their businesses (and attract private sector investment).

Its goal is to attract private investment at all stages of entrepreneurship, from start-ups to mature expansion companies.
**Equifund** was launched with:

- **200 million euro** from European and national funds
- **60 million** from the European Investment Fund
- **40 million** from the European Investment Bank European Fund for Strategic Investments, the core of the so-called ‘Juncker Plan’ and
- another **100 million** is calculated to receive from other private investors.

In total, **400 million euro** is expected to be deployed in the period **2018-2023** in venture capital investing.
Equifund: The funds

**Innovation window for innovators & researchers**
- Big Pi Ventures (www.bigpi.vc)
- Metavallon (www.metavallon.vc)
- Velocity.Partners (www.velocitypartners.vc)
- Uni.fund (www.uni.fund)

**Early Stage window for start-ups**
- Marathon VC (www.marathon.vc)
- VentureFriends 400W (www.venturefriends.vc)

**Growth Stage Window for scale-ups**
- Eikonos 2 (www.elikonos.com)
- EOS Capital Partners (www.eoscapitalpartners.com)
- Synergia Hellenic Fund IV (www.synergiahellenicfund4.com)

Source: EquifundGreece2018
Another alternative source of funding is the EU Horizon 2020 project which includes ICT actions of €9 billion.

The Digital Single Market – one of the EU’s priorities – holds out significant prospects: it is expected to have a beneficial impact, both directly, through infrastructure investments totalling €21.4 billion, and indirectly, as according to estimates the Digital Single Market should contribute €415 billion per year to the European economy.

Source: NBG, Survey of Greek SMEs: IT clusters and tech startups
Greek tech startups and IT clusters are able to generate high value added and new jobs

- If the **business environment in Greece** (legislative, infrastructures, private financing, academic support) approaches the European average the sector’s value added could reach **€5.8 billion in 2020**, 
- by **increasing threefold** the number of startups and almost **fourfold** their average valuation (with the value added of the system amounting to **€3.7 billion** from **€80 million in 2015**), and  
- higher participation of enterprises in clusters (**25%** from **3%** in 2015)

Source: NBG, Survey of Greek SMEs: IT clusters and tech startups
National Research and Innovation Strategy for Smart Specialization 2014-2020

The **ICT priority area** will mainly be supported by electronic infrastructures (e-infrastructures) targeted to:

- Effective support for research & innovation-driven needs for "big computing" and "big data"
- Support other high added value sectors such as **life sciences, with special requirements to computing resources** (capitalizing and reinforcing cores of excellence and reinforcing background knowledge and innovation in bioinformatics, bio-imaging etc.)
- Promotion of **cultural heritage, the arts and humanities**, through development of **virtual infrastructures** that leverage and expand content management technologies, interoperability of digital repositories and language technologies and applications

Source: RIS3 Executive Summary_2014-2020
Government Revenue from Startups

Projected Annual Government Revenue from Startups (€M)

Government revenue in 2023: 3x higher than losses in 2018

Source: BCG Greece’s Startup Ecosystem
Reforms and incentives can create a positive net fiscal impact within four years:

- more than 1,600 startups
- more than 15,500 jobs

Source: BCG Greece’s Startup Ecosystem
Enterprise Greece is the official agency of the Greek State, under the supervision of the Ministry for Economy and Development.

To showcase Greece as an outstanding destination for investment and to promote the highly competitive products and services produced in Greece for export.
Enterprise Greece
Your partner for growth

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