

Coming of age: Central and Eastern European startups

Google for Startups

atomico°



October 2021





Google's initiative to help startups thrive across every corner of the world.

At their best, startups solve complex problems. When they succeed, they move us all forward.

That's why Google for Startups supports a global network of top tech hubs, accelerators, and diversity-focused organizations across 125 countries. Since 2015, we've supported Central and Eastern European startups and can't wait to see what comes next.



We partner with Europe's most ambitious tech founders at Series A & beyond.

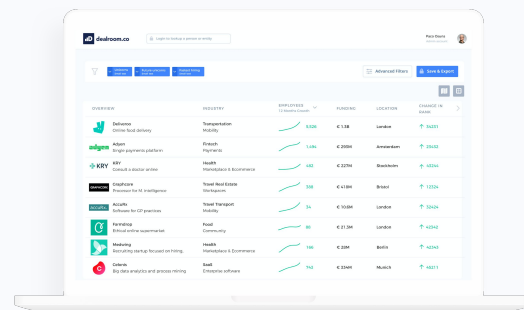
Built by founders for founders, every single aspect of our firm, every part of our culture and every decision we take is designed with the sole ambition of helping our partners succeed. Because it's through these pioneers that change happens. Rewiring our world to be a fundamentally better place. One entrepreneur at a time.



Global startup & venture capital intelligence platform.

Dealroom.co is the foremost data provider on startup, early-stage and growth company ecosystems in Europe and around the globe.

Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.



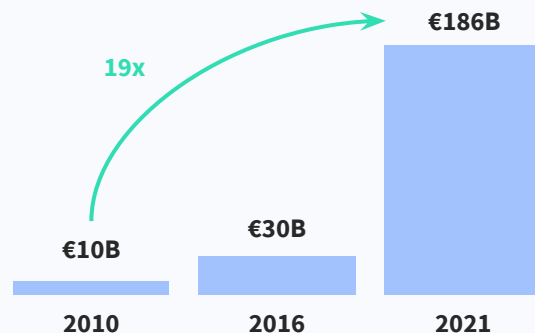
What you need to know.

The CEE ecosystem has come of age.

Companies founded in CEE have now a combined enterprise value of over €186 billion, up 19x since 2010. But it has not been an overnight success.

Tech giants such as AVG, Avast, Skype, Allegro, LogMeIn attracted the attention of international investors and activated the positive flywheel, posing the base for the next generation of successes such as Bolt, Rohlik, Zego.

Valuation of CEE tech companies

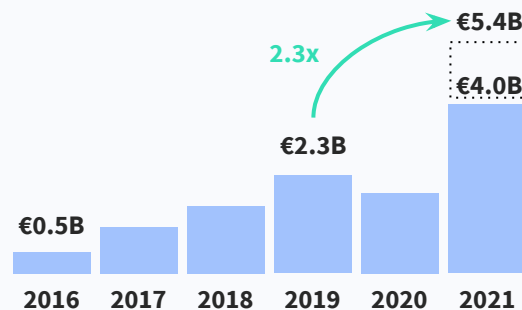


Record venture capital investment.

Venture capital investment in CEE founded companies has already smashed previous records with €4.0B already raised in 2021. At this pace, 2021 would see a growth of 2.3x from previous all-time-high in 2019.

This is not only driven by megarounds, early stage investing is also booming. Pre-series B funding grew 2.1x in the first half of 2021 compared to last year.

Venture capital investment into CEE

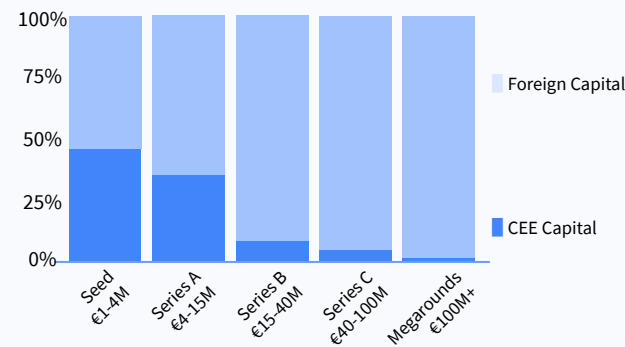


CEE tech has strong fundamentals.

The CEE region has created huge success stories, especially in enterprise software thanks to some of the best tech developers in the world.

However, many of these successes have been bootstrapped for a long time and the region still lacks a strong VC scene, especially at later stages beyond series A.

VC funding in CEE companies by source and size





Sasha Vidiborskiy



“I strongly believe that CEE has a massive potential to become a cradle of Europe's most valuable companies.”

“Ever since our early days with Skype, at Atomico we've been watching technology transform every industry and region in Europe and CEE is no exception.

Specifically, as someone who was born in Moldova, I strongly believe that CEE has a massive potential to become a cradle of Europe's most valuable companies. Most of the ingredients are already there - determined founders, skilled talent and clockwork execution. We have historically seen it through many of our investments, such as Skype, Supercell and Aiven among others, and one can also clearly see that through the data presented in this report.

Personally, I am thrilled to continue supporting companies close to my home, and help breed the next generation of global game changers.”

1

Central and Eastern Europe - a scaling tech ecosystem

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Venture Capital investment and exits

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Ecosystem fundamentals and attention points

1

Central and Eastern Europe - a scaling tech ecosystem

Central and Eastern Europe has produced global market-leading unicorns - a startup ecosystem that has come of age.

Most valuable tech companies founded in CEE after 2000

	Name	Current HQ	Founding location	Founded	Valuation
#1	 UiPath™	US	Romania	2005	€25B
#2	 Wise	UK	Estonia	2011	€14B
#3	 InPost	Poland	Poland	2006	€8.4B
#4	 Skype	US	Estonia	2003	€7.6B
#5	 JetBrains	Czech Republic	Czech Republic	2000	€6.4B
#6	 GitLab	US	Ukraine	2014	€6.0B
#7	 CD PROJEKT™	Poland	Poland	2002	€4.5B
#8	 Bolt	Estonia	Estonia	2013	€4.0B
#9	 LogMeIn	US	Hungary	2003	€3.9B
#10	 Vinted	US	Lithuania	2008	€3.8B



Joanna Nagadowska

Google for Startups

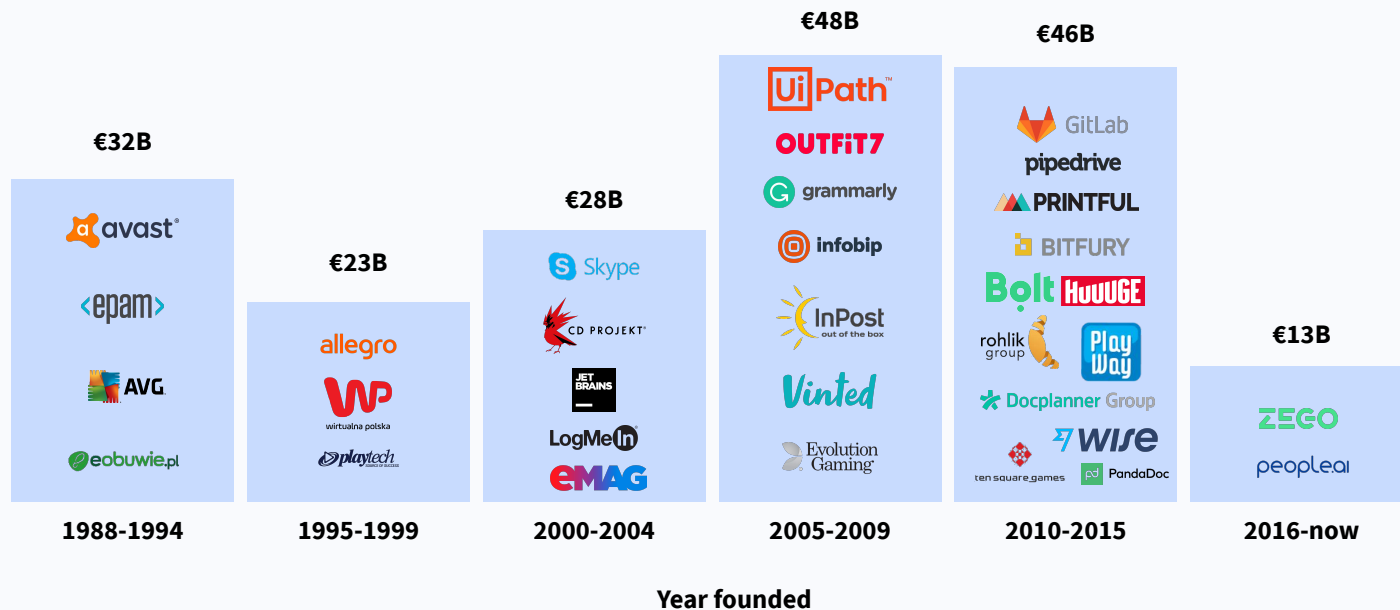
“Successful CEE tech startups are attracting the attention of international investors and activating the positive flywheel, providing a base for the next generation of successes.”

“Back in 2019, before the Covid-19 pandemic hit, we made an effort to compile better data about how the tech ecosystem in Central and Eastern Europe has developed. In the first edition of our report, we showcased a dozen unicorns that had sprung out of the region, investment in CEE companies that reached €0.7 billion, and overseas VCs just beginning to invest more in local startups.

“The world is a different place now. Some industries experienced drastic slowdown, while others saw a significant increase in demand for their products and services. CEE region withstood many of the turbulences. This edition of the report shows another record-breaking year for the region. Companies founded in CEE now have a combined enterprise value of over €186 billion (up 19x since 2010), VC investment soared to €4.0B in the first nine months of 2021, projected €5.4B by the end of the year and we have now 34 unicorns born in CEE.”

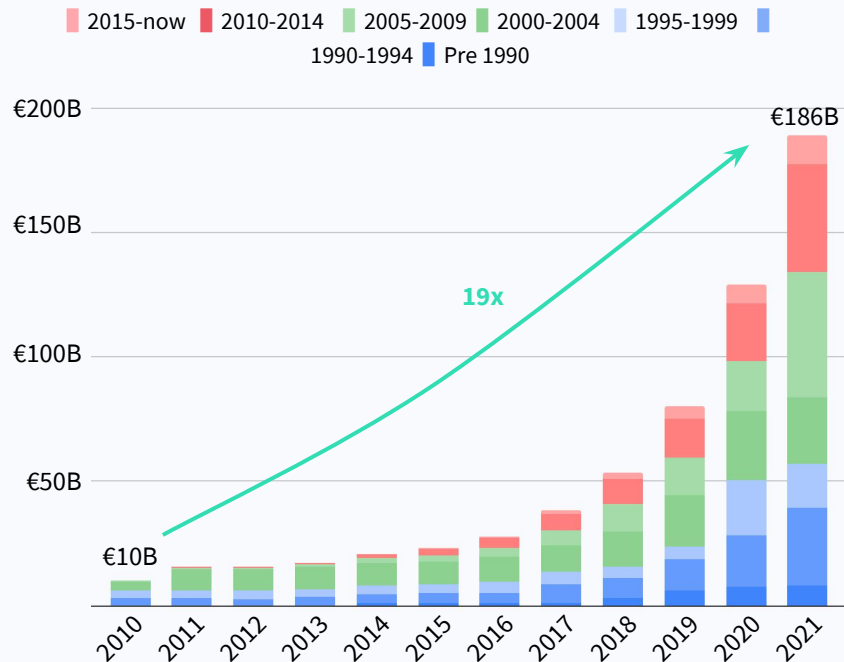
The CEE startup ecosystem is no overnight success, but built on the shoulders of homegrown global software companies, back to the 80s.

Combined enterprise value of CEE-born companies by cohort

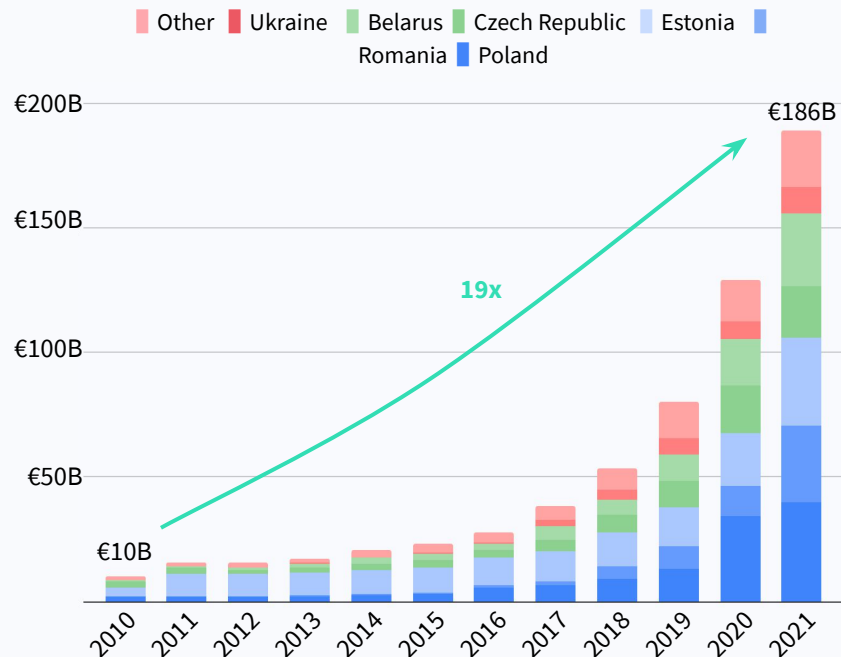


Today, the combined enterprise value of CEE startups is €186 billion, up 19x since 2010.

Combined enterprise value of CEE-born tech companies by launch year

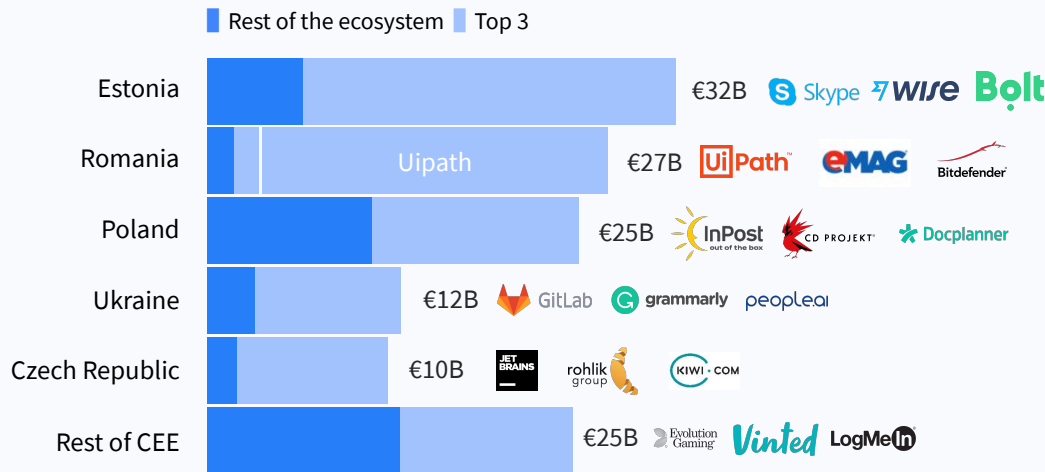


Combined enterprise value of CEE-born tech companies by country



Estonia, Romania and Poland have created the most startup value since 2000, though Romania's ecosystem is predominantly driven by UiPath.

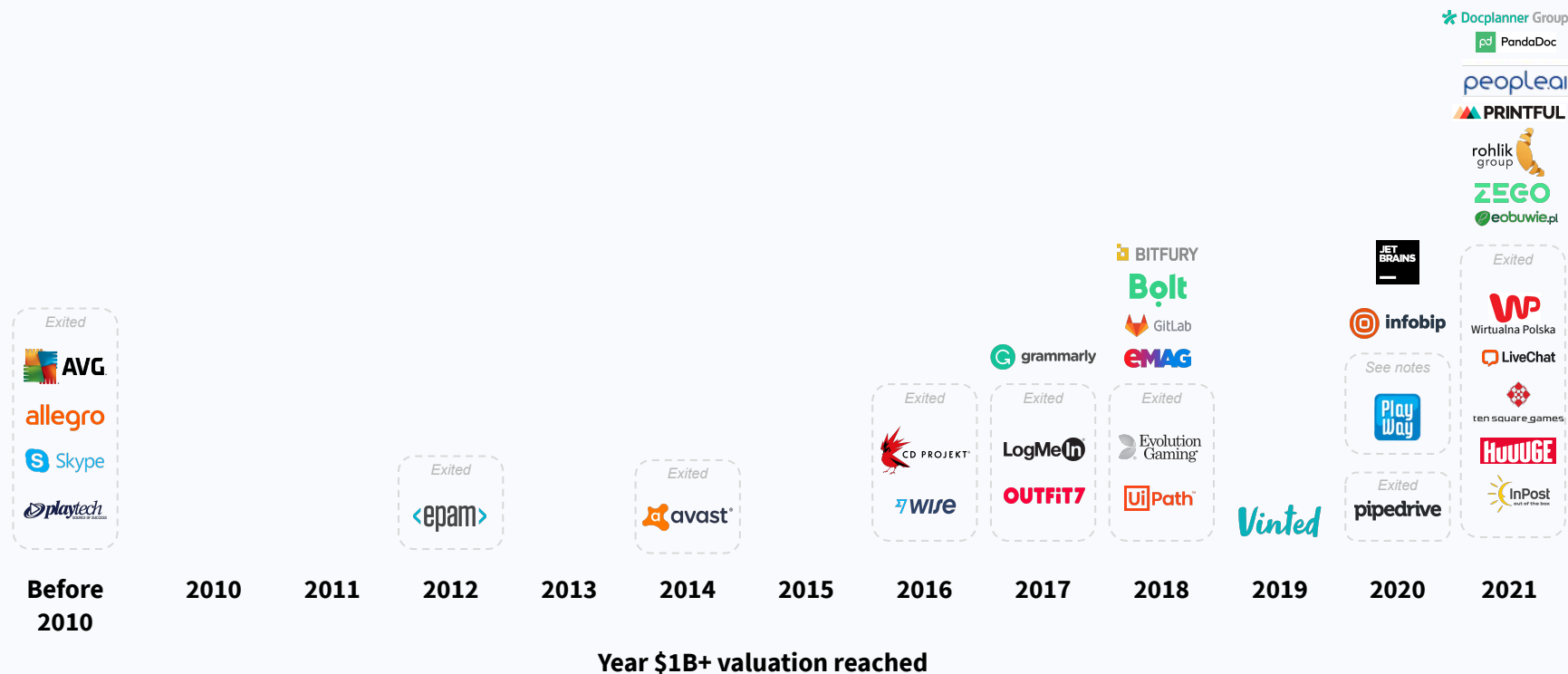
Combined enterprise value of CEE tech companies founded after 2000



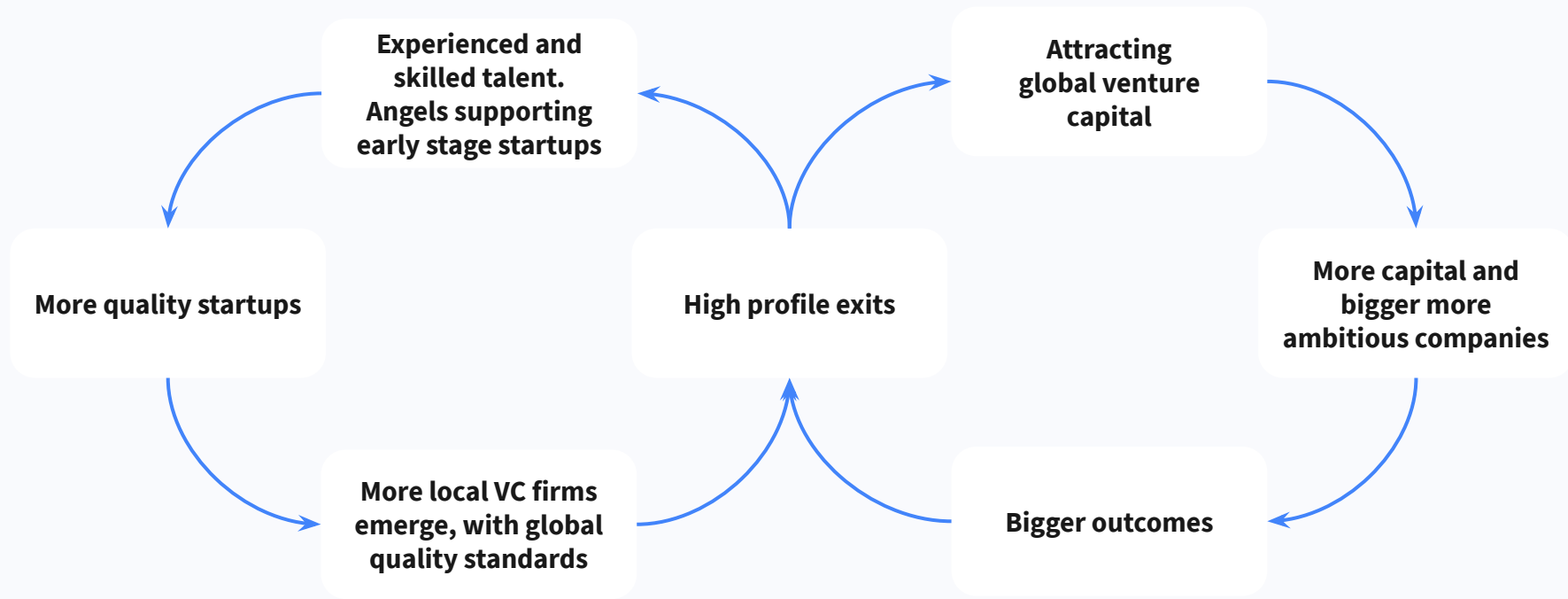
Cumulative number of unicorns and \$1B+ exits



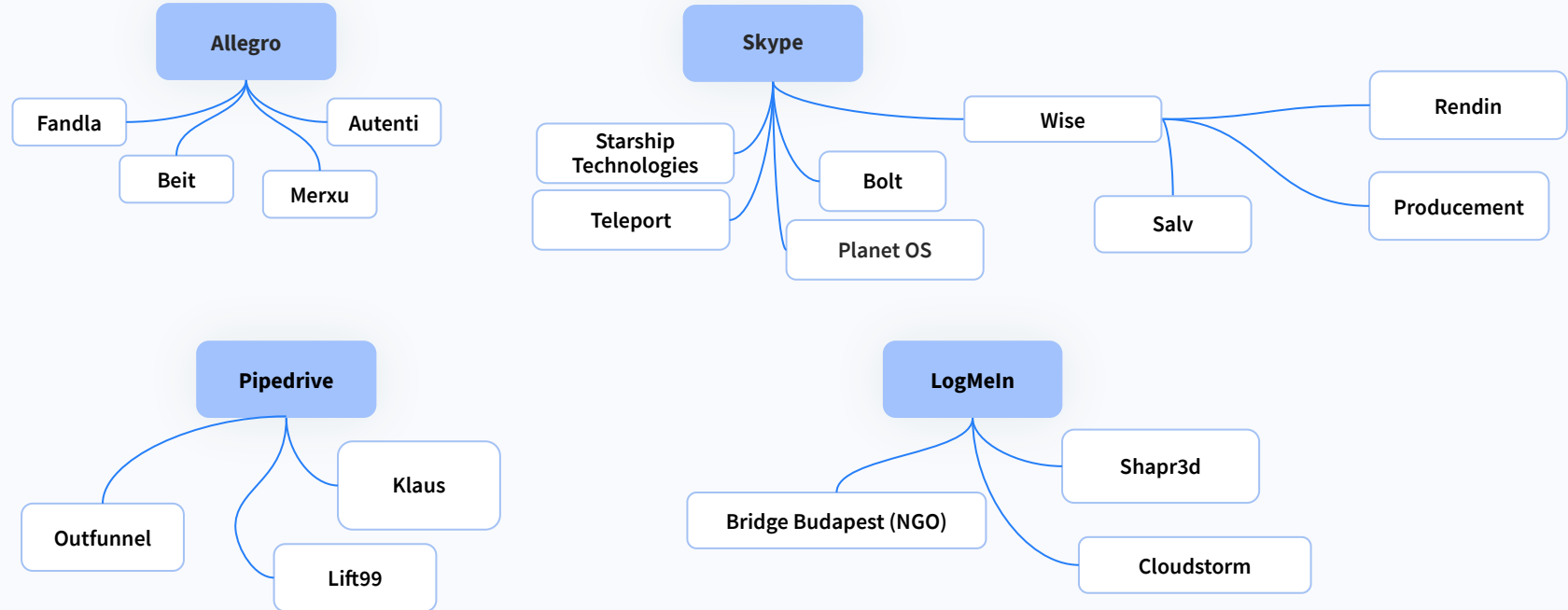
34 unicorns have been created in CEE to date, up from just 6 in 2015.



The positive flywheel is going into full effect, with startup success driving continued ecosystem growth.



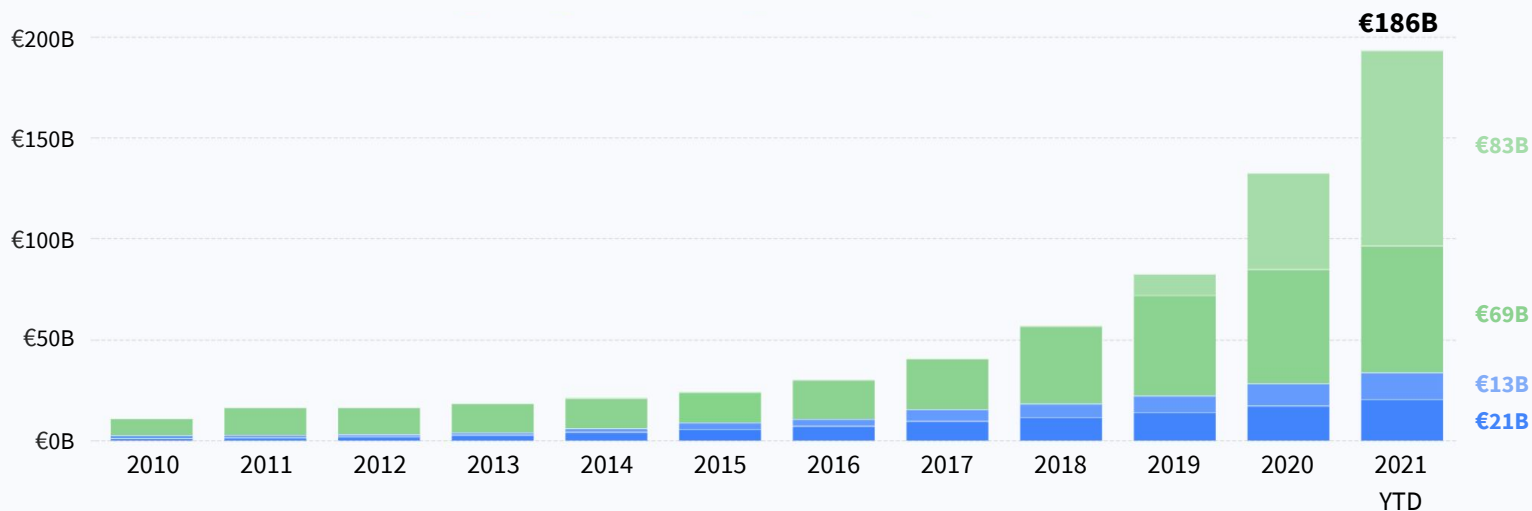
The region's biggest successes have a snowball effect, producing talent that go on to found the next generation of startups.



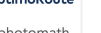
CEE-born startups now have a combined value of €186B, driven by unicorns and decacorns.

Combined enterprise value of CEE-born tech companies by size

■ \$0–250M ■ \$250–1B (Future unicorn) ■ \$1B–10B (Unicorn) ■ \$10B+ (Decacorn)



Aside from the big exits and known unicorns, there is a strong pipeline of rising stars & future unicorns in CEE.

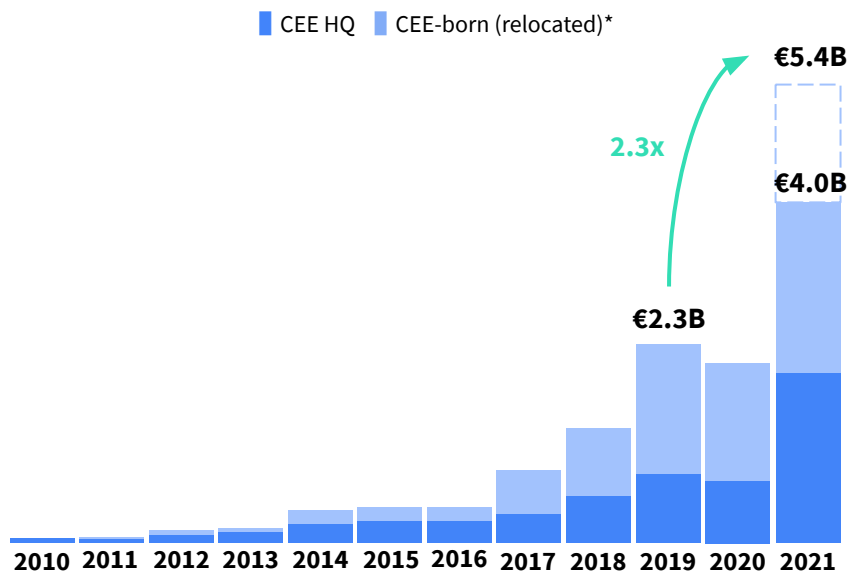
Exited	   	      100% POLSKIE GRY		  A place where business portal  	    	 				 		   
Private \$1B+		 			 	  				 		
Future unicorns \$250M-1B	  	  	  			 	 					
Rising Stars <\$250M	 CLICK & GROW™   	     	  	    	   	   	  	   	     	  	    	     
	Estonia	Poland	Romania	Hungary	Czech Republic	Ukraine	Bulgaria	Latvia	Lithuania	Belarus	Croatia	Rest of CEE

2

Venture Capital in CEE

CEE-founded companies have already raised record investment in 2021.

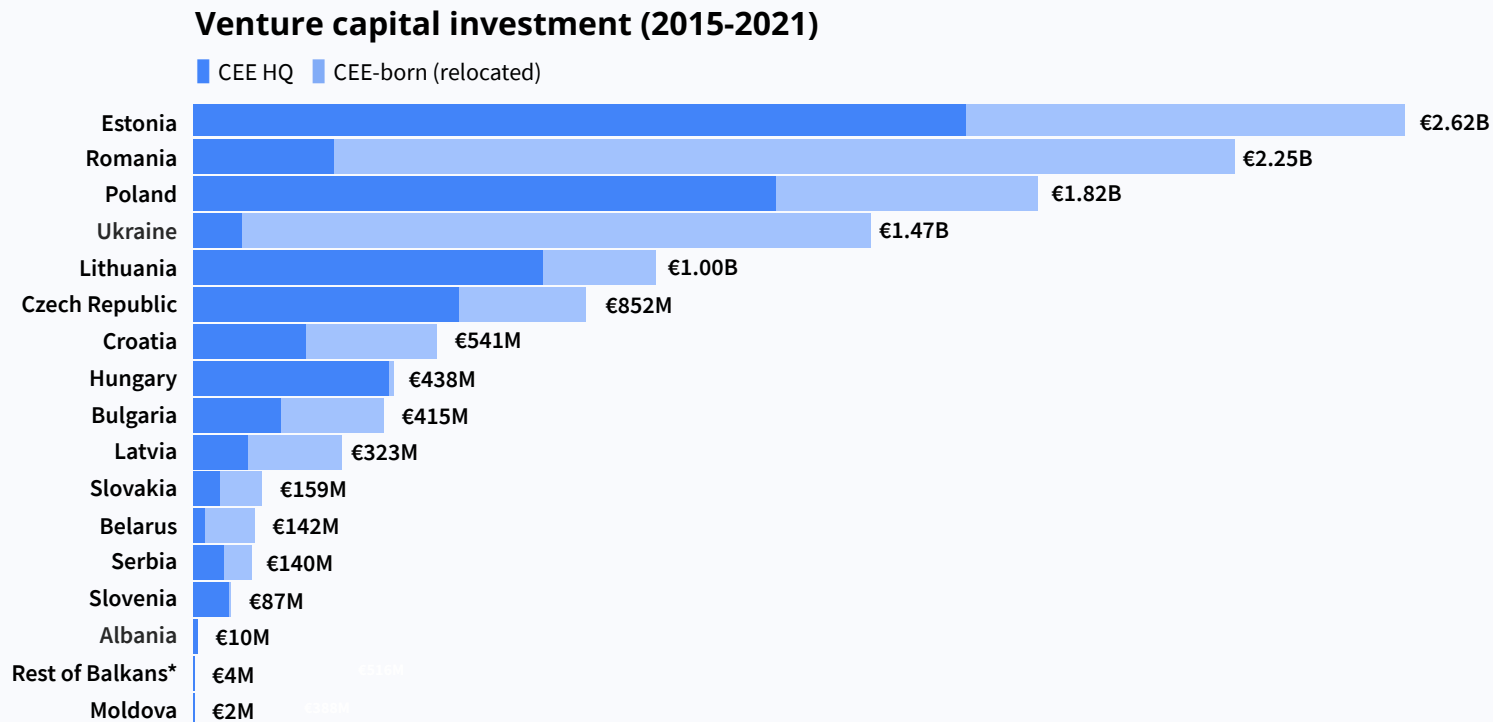
Combined venture capital investment into CEE



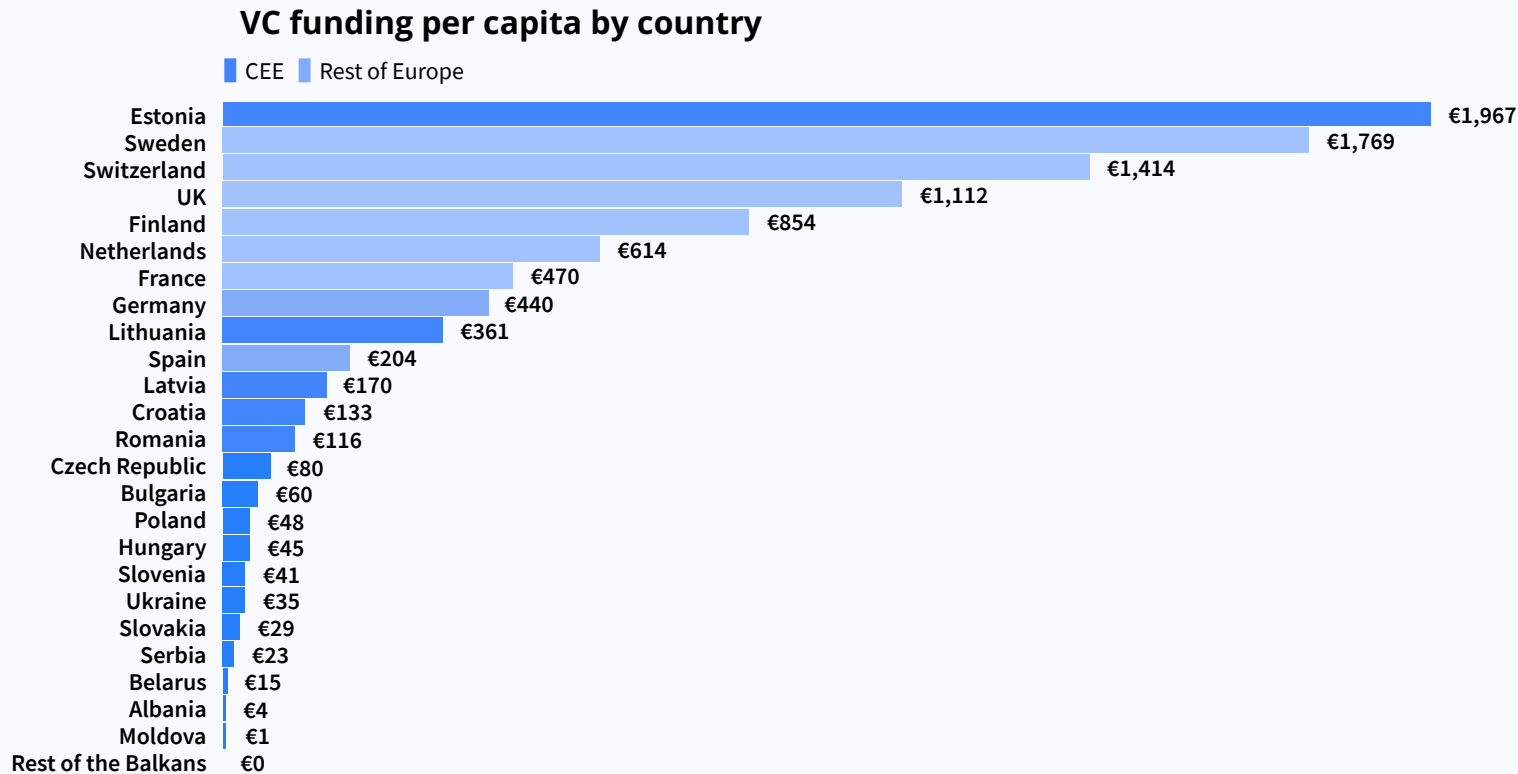
Top rounds in 2021: [» view online](#)

NAME	INVESTORS	MARKET	LOCATION	VALUATION	LAST ROUND
UiPath Designs and develops robotic proc...	Index Ventures Management Sequoia Capital Institutional Venture Partners Dragonair Investment Group	enterprise software	New York, United States	€27.6b	\$750m SERIES F
Bolt One platform that connects you wi...	Sequoia Capital Tolme Capital D1 Capital Partners G Squared Naya Capital	food transportation food logistics & delivery logistics & delivery mobility	Tallinn, Estonia	€4.0b	€600m LATE VC
Vinted The largest online international C2...	Accel EQT Group Insight Partners Lightspeed Venture Partners Bunda Principal Investments Index Ventures	fashion apparel	Vilnius, Lithuania	€3.8b	€250m SERIES F
Rohlik Online supermarket that is changi...	European Bank for Reconstruction and Development (EBRD) Kaya VC (Enern) Quadrille Capital	food food logistics & delivery	Olomouc, Czech Republic	€1.1b	€190m SERIES B
Zego Global insurtech business providi...	Balderton Capital General Catalyst Partners Target Global DST Global Taavet Hinrikus	fintech insurance	London, United Kingdom	€1b	\$150m SERIES C
Printful A global leader in print-on-deman...	Bregal Sagemount	fashion marketing	Charlotte, United States	€909m	\$130m GROWTH EQUITY
Eobuwie.pl An ecommerce store selling footw...	Softbank Capital	fashion footwear	Zielona Góra, Poland	€1.4b	PLN500m CONVERTIBLE
Rohlik Online supermarket that is changi...	Index Ventures Partech Quadrille Capital	food food logistics & delivery	Olomouc, Czech Republic	€1.1b	\$119m SERIES C
People.ai Delivers the industry's leading ROI...	Lightspeed Venture Partners ICONIQ Capital Mike Oinsdale Abdulla AlBanna	marketing enterprise software crm & sales	San Francisco, United States	€1b	\$100m SERIES D

Startups founded in Estonia, Romania, Poland, Ukraine and Lithuania have all raised over €1B in VC funding since 2015.

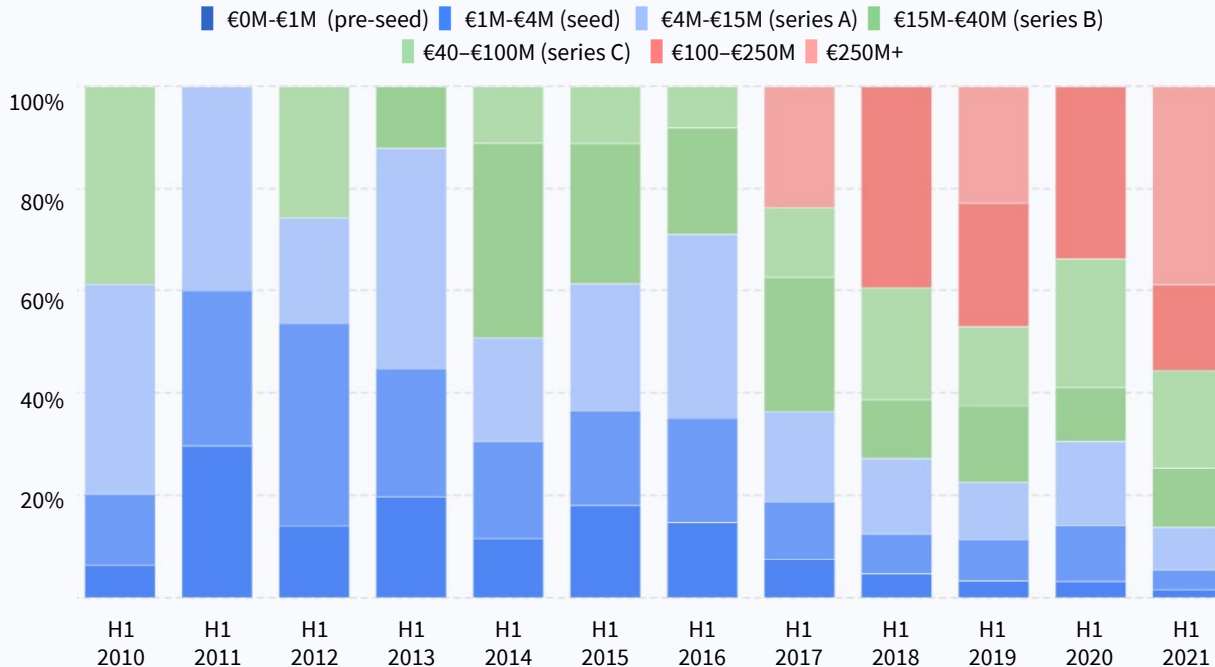


Estonia has raised the most investment per capita of any country in Europe.



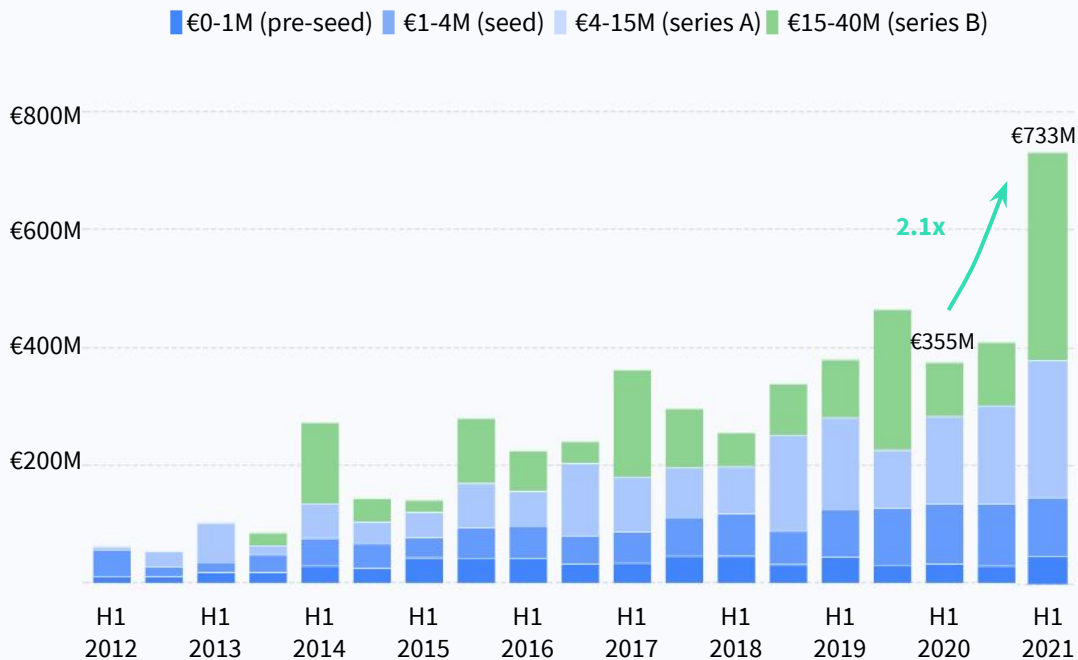
Megarounds started appearing in CEE starting in 2017, and now account for 55% of the funding in 2021.

VC investment in CEE founded startups by round size [» view online](#)



CEE startups raised record levels of early-stage investment in the first half of 2021, with €733M raised at pre-Seed to Series B.

Venture capital investment into CEE founded companies (pre)seed-series B

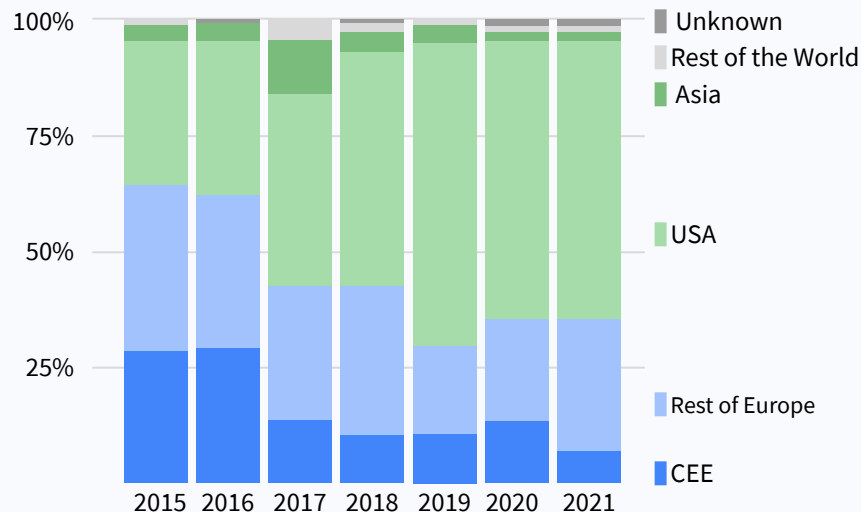


Explore 269 early-stage rounds in CEE in the first half of 2021 [» view online](#)

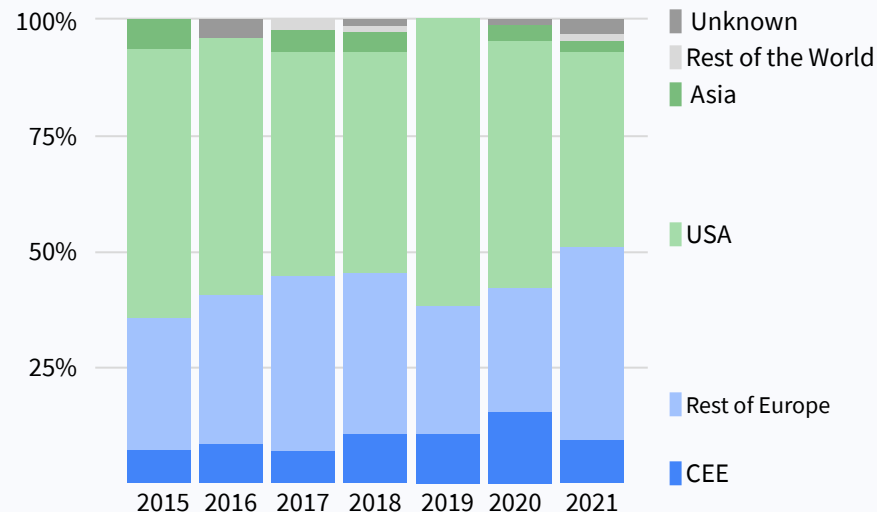
NAME	INVESTORS	MARKET	LOCATION	VALUATION	LAST ROUND
AirSlate Workflow Automation Solution	Morgan Stanley Expansion Capital Highstage Ventures	enterprise software	Boston, United States	€145–218m	\$40m SERIES B
MaintainX MaintainX is a mobile-first worklo...	August Capital Bessemer Venture Partners Vulcan Capital Ridge Ventures Amity Ventures	enterprise software	San Francisco, United States	€142–213m	\$39m SERIES B
Preply A global language learning market...	Point Nine Capital Hoxton Ventures Owl Ventures All Iron Ventures Full in partners	education	Boston, United States	€118–177m	€29.5m SERIES B
Skeleton Technologies Developer and manufacturer of hi...	Marubert Corporation Harju Elekter Group MM Grupp	energy energy storage	Tallinn, Estonia	€207m	€29m SERIES D
Interactio We build bridges to limitless know...	Eight Roads Ventures Notion Capital Practica Capital Young Sohn Jaani Tallinn	event tech enterprise software	Klaipėda, Lithuania	€113–169m	\$31m SERIES A
Gideon Brothers Gideon Brothers - Autonomous Ro...	Lucia Ascani DB Schenker Koch Disruptive Technologies Prologix Ventures Taavet Hinrikus	robotics	Zagreb, Croatia	€113–169m	\$31m SERIES A
Gtmhub Helps companies align strategy an...	Insight Partners Launchub Ventures CRV Singular VC	enterprise software	Sofia, Bulgaria	€109–164m	\$30m SERIES B
EStoreMedia.com eStoreMedia - Digital Brand Intellig...	Kennet Partners Digital-Partners	marketing	City of London, United Kingdom	€101–152m	€21.1m SERIES A
tylko	Pitango Venture Capital Brian Walker Eventio Ventures	home living	Warsaw, Poland	€88–137m	€22m SERIES C

Investment growth in CEE has been driven mostly by foreign investors, who account for 90% of the funding since 2017.

VC funding in CEE startups by investor source

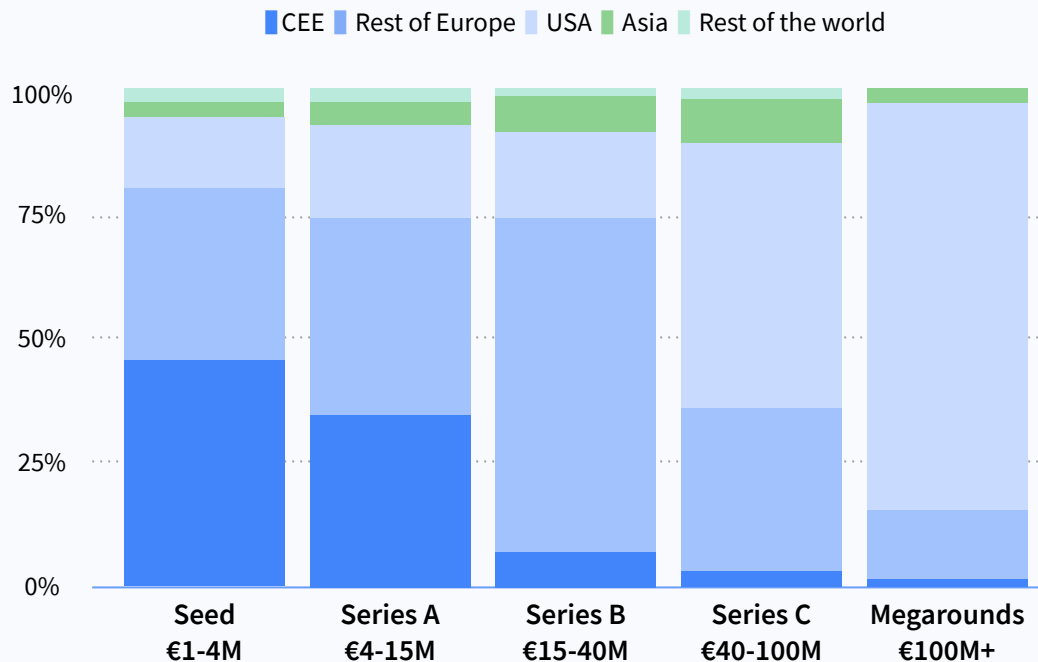


Number of rounds in CEE startups by investor source (>€1M)

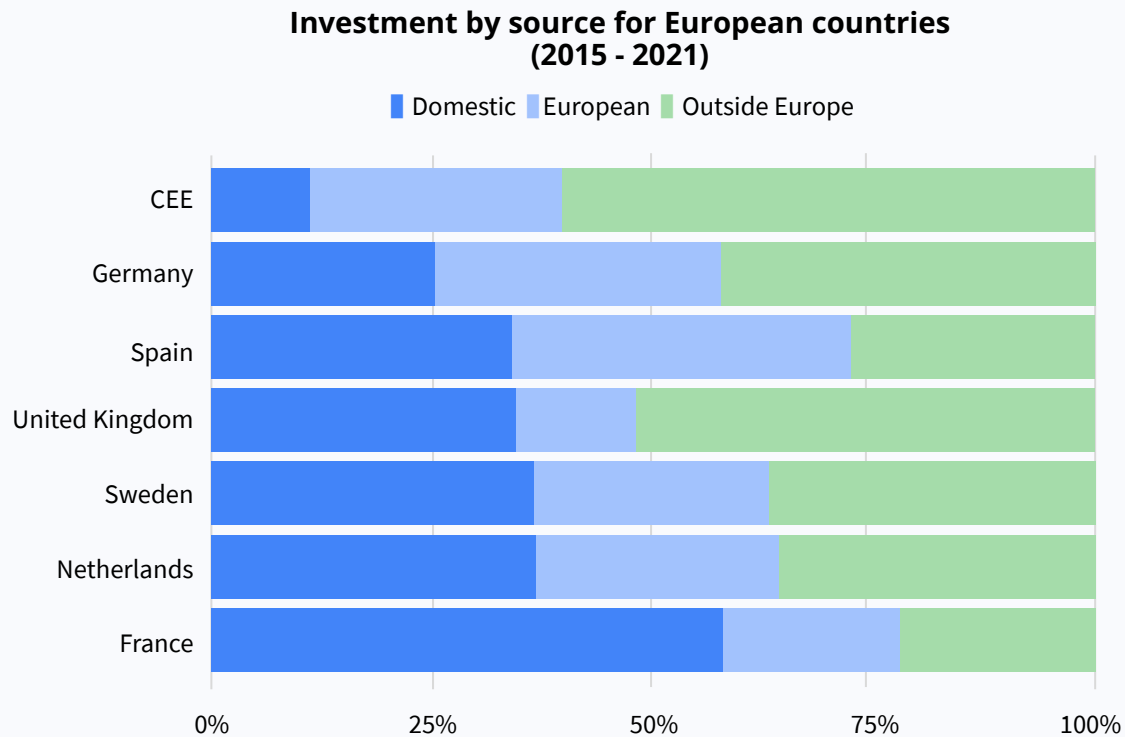


Local investors underpin the early-stage investment landscape, but at later-stage, companies look overseas for bigger cheques.

VC funding in CEE founded companies (2015-2021) by source and round size



Due to the lack of late-stage domestic capital, CEE is more reliant on international investors than all major European ecosystems.

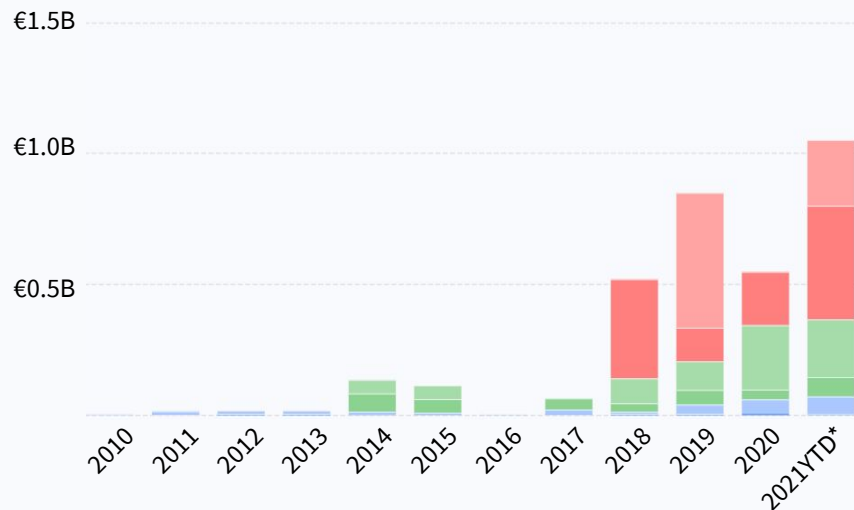


International investors have started to ramp up their activity in CEE in recent years, with 2021 already reaching record levels.

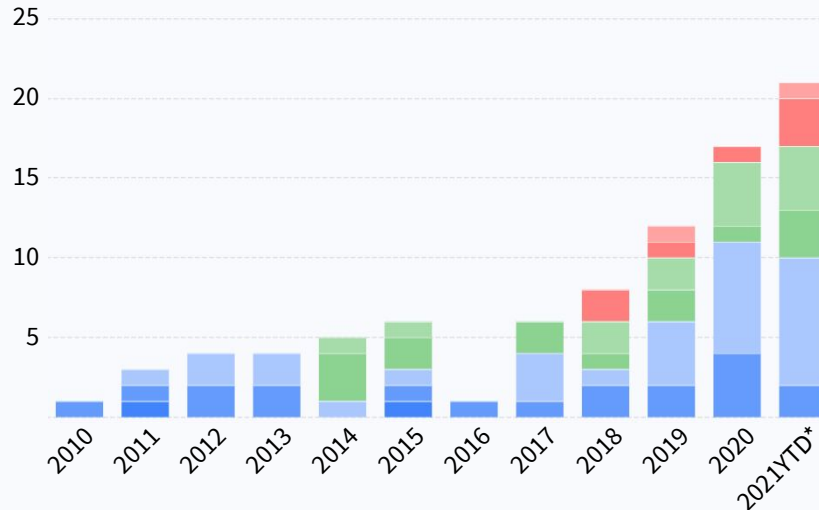
Investment into CEE-born companies by selected tier 1 international investors*

■ €0-1M (pre-seed) ■ €1-4M (seed) ■ €4-15M (series A) ■ €15-40M (series B) ■ €40-100M (series C) ■ €100-250M ■ €250M+

Amount invested



Number of rounds



Several international investors have built strong portfolios in CEE in just the last 3 years.

Investments into CEE founded companies by selected International investors (2018-2021)

Index Ventures



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Venture
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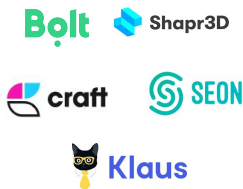
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Balderton
capital



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KLEINER PERKINS.



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Gradient Ventures



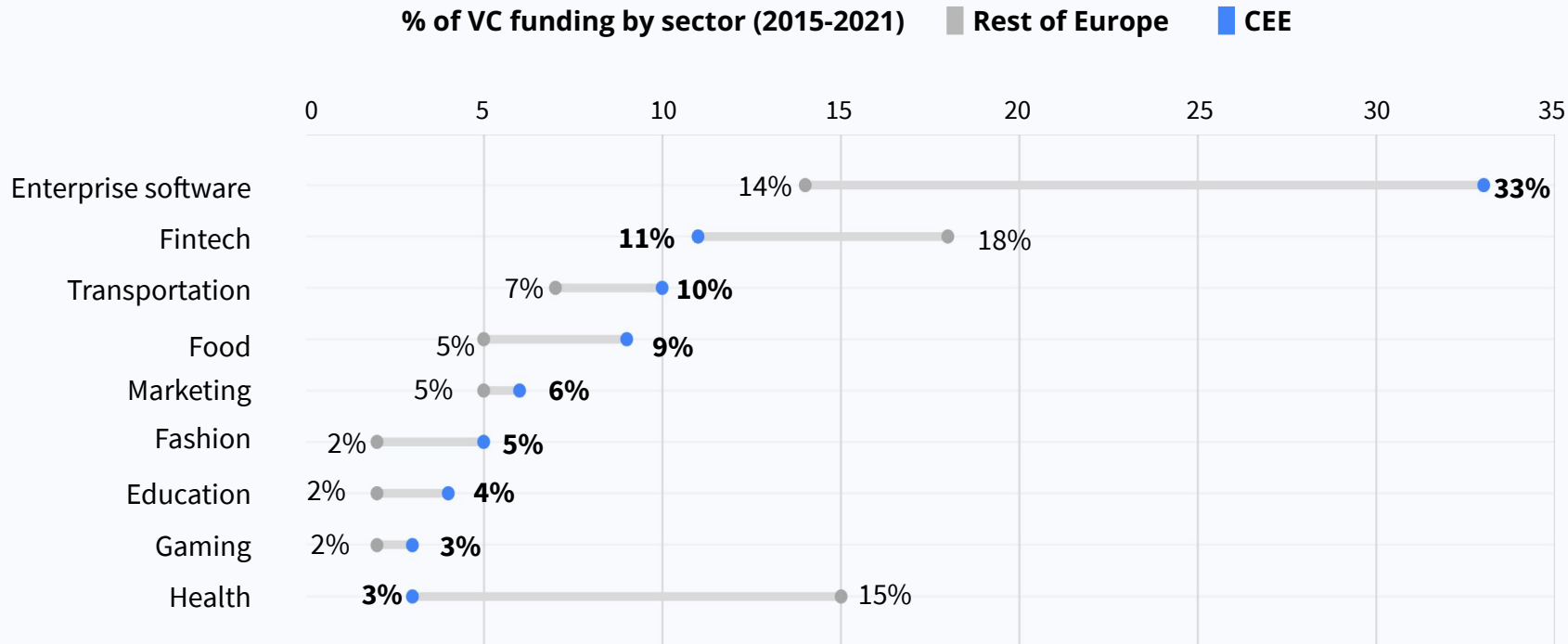
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SoftBank
Capital



[See more](#)

CEE's particular strength lies in enterprise software, which attracts more than 2x the share of VC funding than in the rest of Europe.



Process automation, developer and collaboration tools, software development, cybersecurity and marketing & sales have created €90B of the €96B of Enterprise software and B2B software value in the CEE region.

Total Enterprise value €96B

Process automation:
€26B



Developer tools:
€13B



Collaboration tools:
€4.1B



Software development:
€31B



Cybersecurity: **€9.9B**



Marketing & sales: **€5.9B**



Business tools:
€0.3B



Education:
€1.3B



Industrial:
€0.4B



Health & Pharma:
€0.3B



Fintech:
€1.0B



Legal:
€1.0B



Hosting:
€1.0B



Travel:
€0.2B



Jobs recruitment:
€0.1B



Translation:
€0.2B

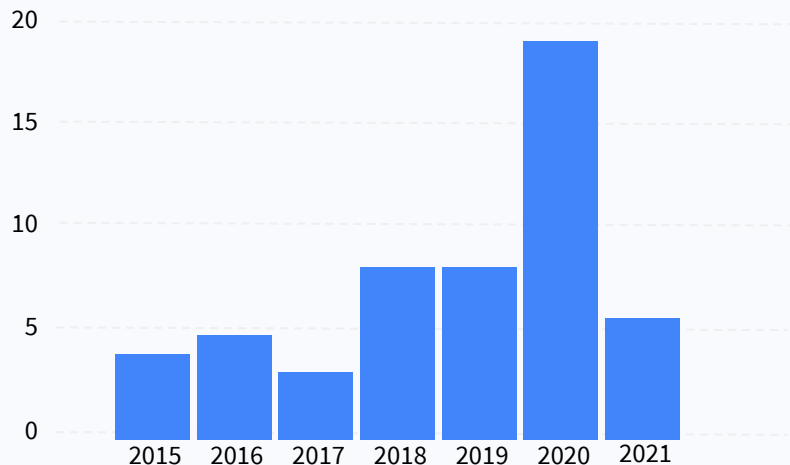


Wellness & beauty:
€0.4B

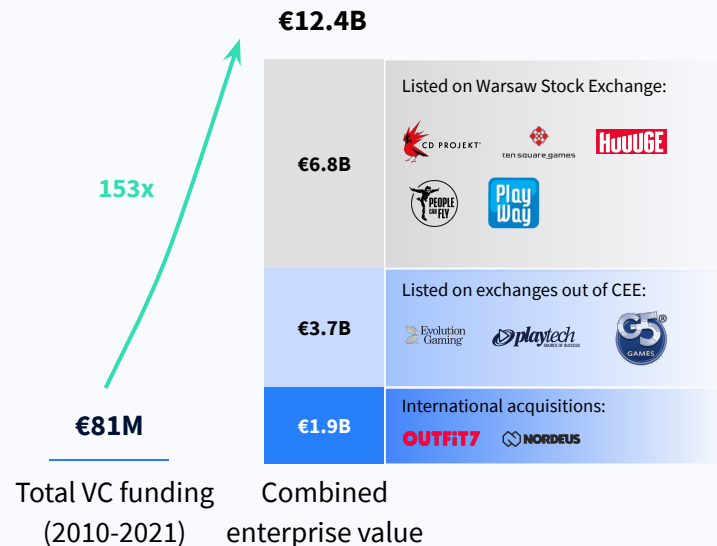


Gaming companies in CEE, Poland especially, are exiting fast and staying in the region. They also do not rely much on VC funding.

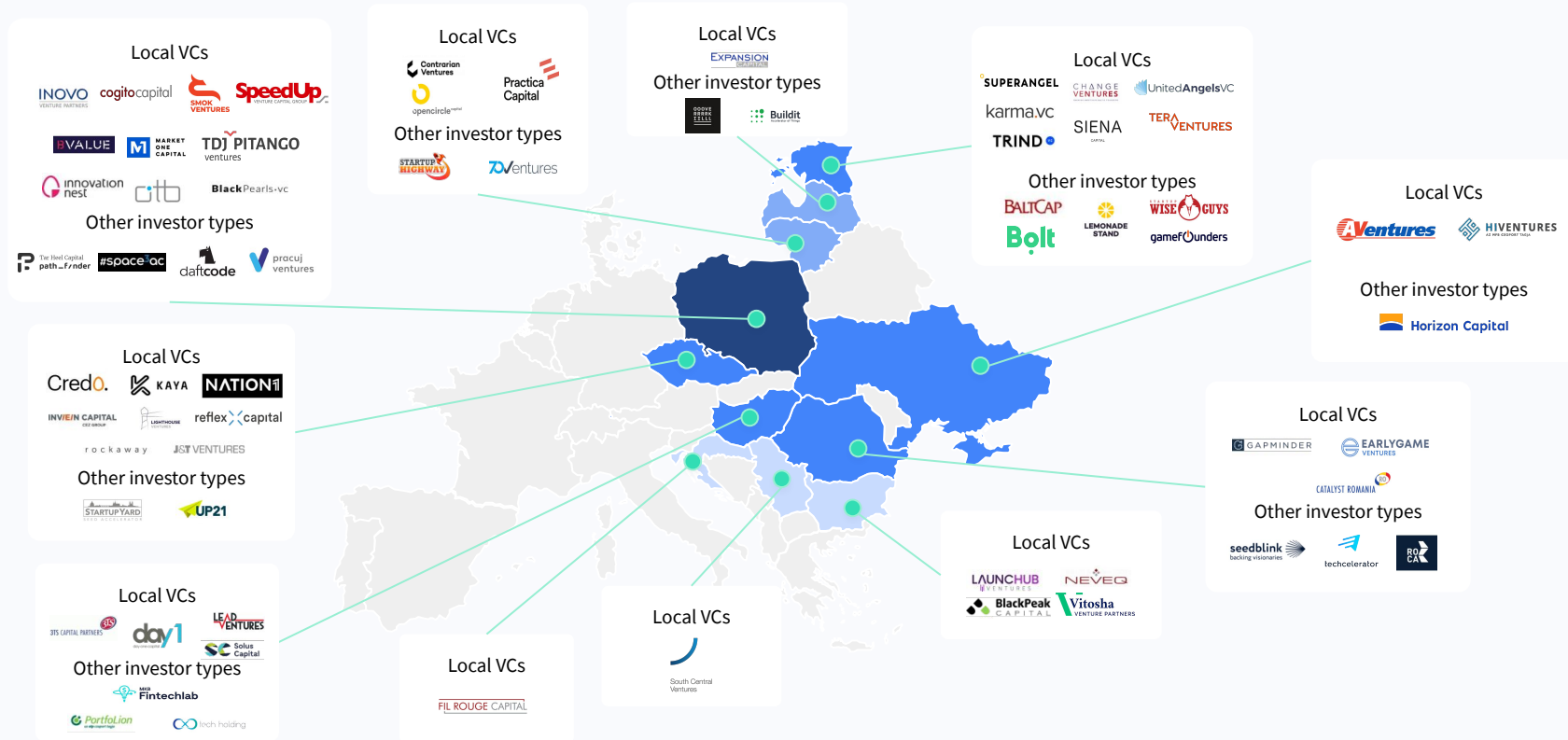
Number of exits of CEE founded gaming companies*



VC funding and enterprise value of CEE founded gaming exits



CEE VC funds continue to raise new funds ready to deploy into the early-stage CEE ecosystem.





Peter Bialo



“The local VC investor ecosystem has dramatically improved over the past years.”

“Though still trailing its Western counterparts, the CEE ecosystem is maturing nicely. Deal sizes and volumes are generally rising. The local VC investor ecosystem has dramatically improved over the past years, with less reliance on public sources for funding (and more on commercial LPs), a more founder friendly approach and more competition between funds.

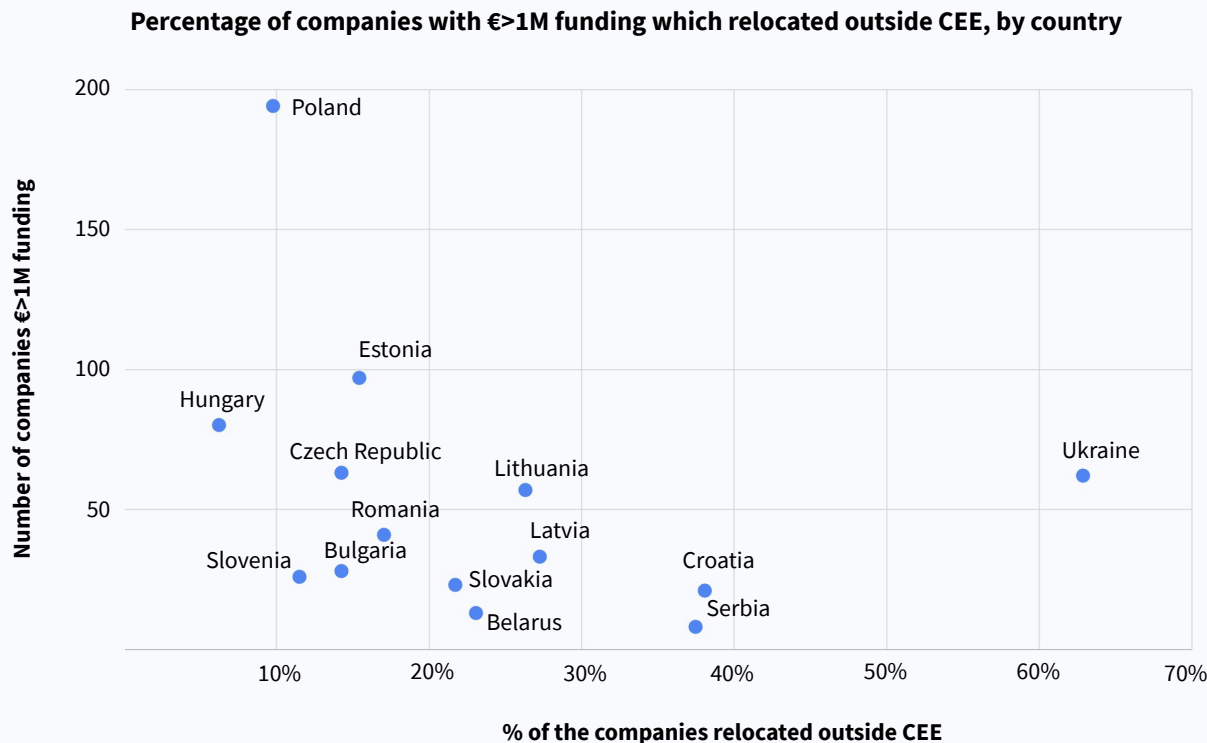
Founders have become more ambitious, often creating regional or global businesses from the start, as opposed to strictly local ones. Repeat founders have become more and more prevalent.

This year’s IPO of Romania-founded UiPath on the NYSE at a valuation of over \$30 billion was a landmark transaction for the region. As a result, we also see that CEE is getting more attention from Western investors.”

3

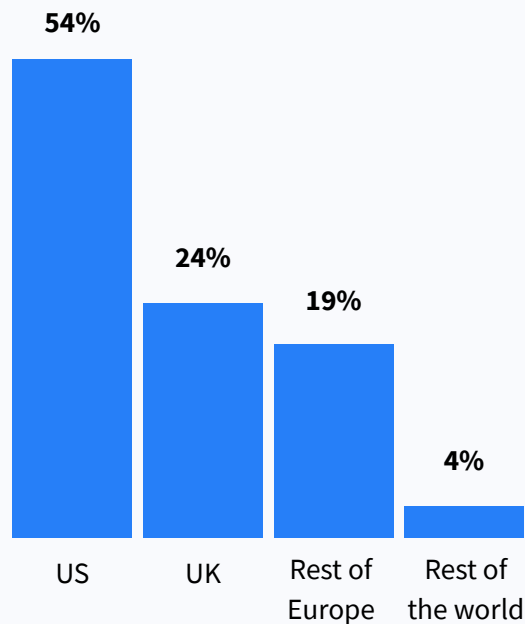
The CEE ecosystem fundamentals

A common narrative is that CEE-born startups tend to relocate overseas, but some of the region's biggest ecosystems are retaining their startups.

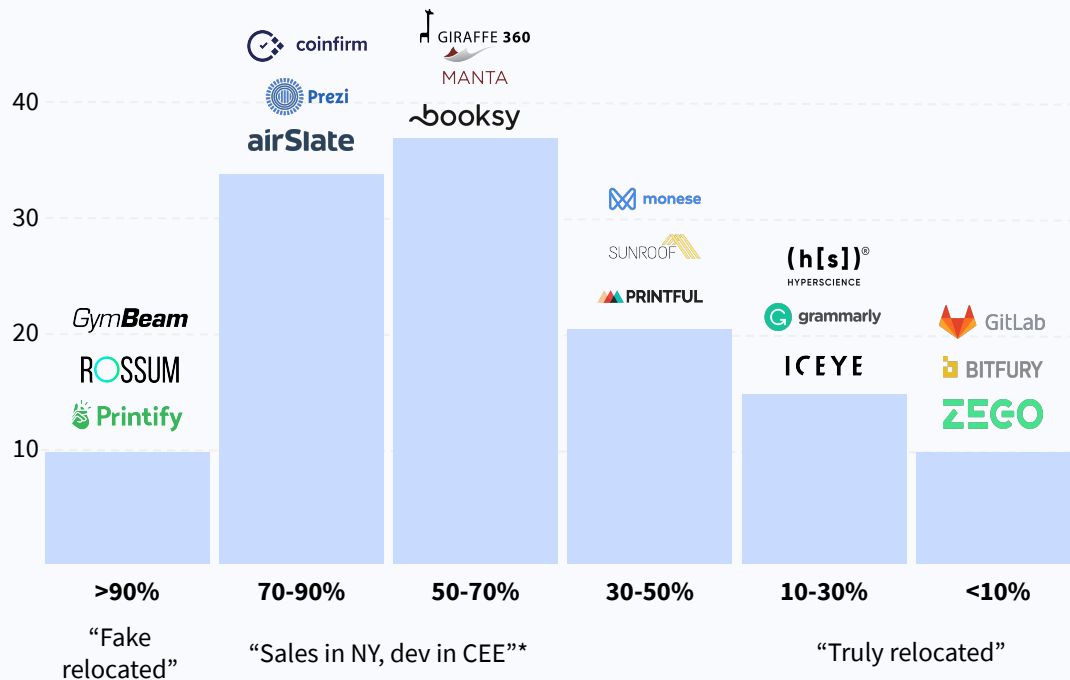


Most CEE-born companies which have relocated, also still retain a large proportion of their employees in CEE, usually around 50-90%.

Country of relocation by % of companies

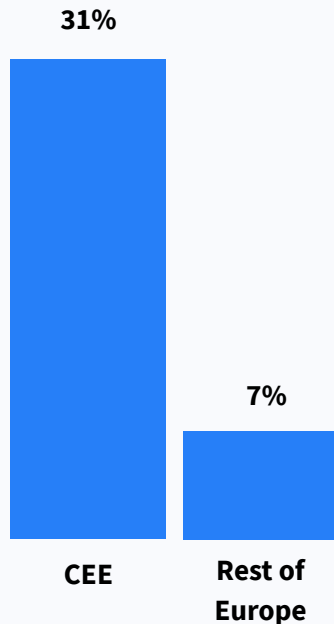


Relocated companies count by % of employees still in CEE



VC funding is not everything: 31% of CEE-founded unicorns have been bootstrapped, compared with only 7% in the rest of Europe.

% of bootstrapped unicorns



Bootstrapped (9)



Almost bootstrapped (5)*

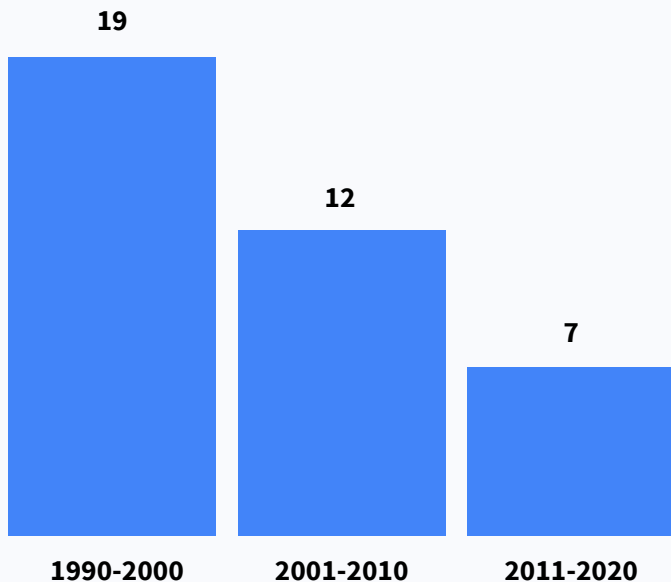


VC-backed (20)

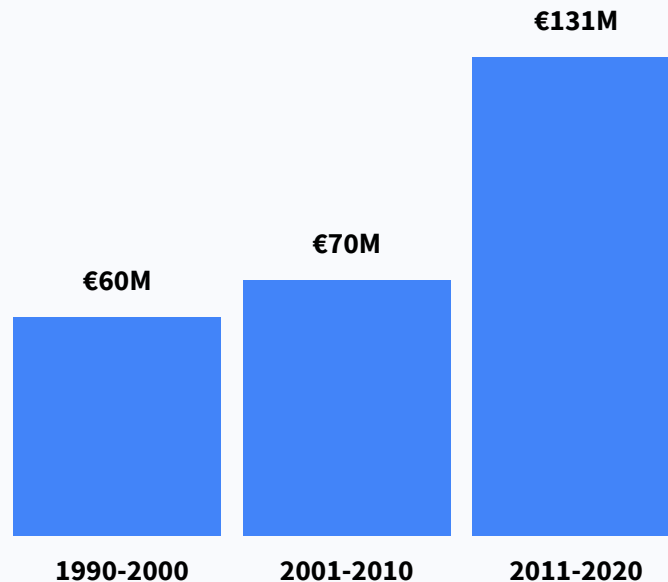


Scaling is accelerating in CEE. Startups born in the last 10 years took almost 1/3 of the time to hit unicorn status compared to the first generation.

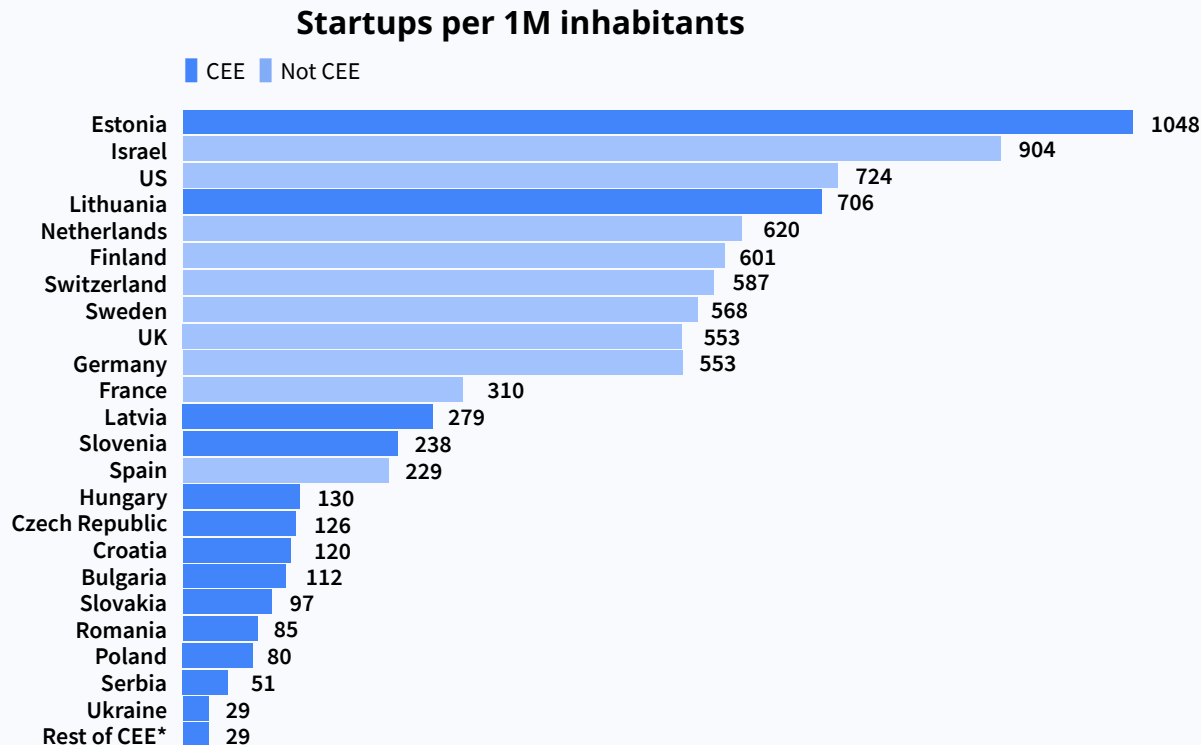
Average years to become a unicorn by launch year



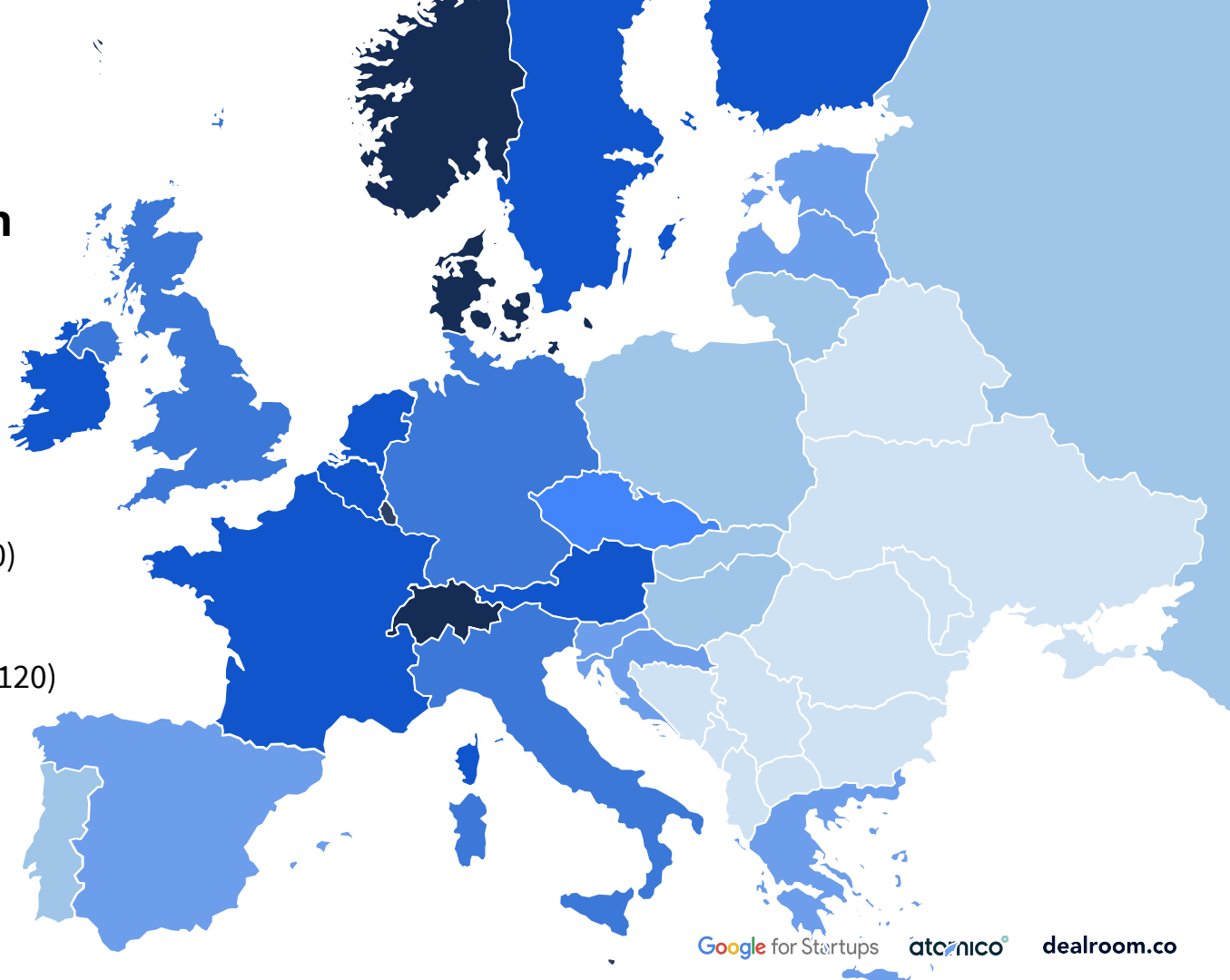
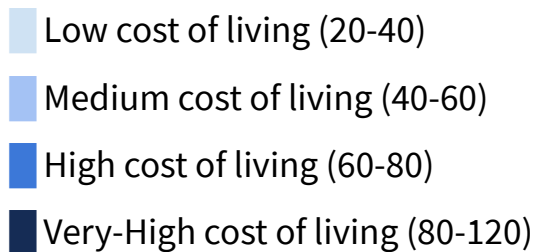
Average private funding raised to become a unicorn by launch year



The Baltics are an entrepreneurial region, with more than 1 startup per 1,000 people in Estonia.



More bang for the buck. Startups in Central and Eastern Europe have significantly lower costs.





Maciej Ćwikiewicz

 PFR Ventures

“Unlike in the 90s and 2000s, founders now think internationally from day one.”

“The biggest challenge for startups based in Poland and CEE historically, has been growing internationally. There have been several reasons for that, but recently there has been marked improvement in these areas.

“Access to capital has been a challenge in the past, with a funding gap particularly noticeable at later stages, but there has also been a lack of the competences and capabilities necessary to grow.

This is changing. With the increasing presence of international funds, who provide not only capital, but knowhow and network, internationalization is easier than ever before. But local funds are also increasingly building their international connections and experience in foreign expansion very fast.”

[» Read the full interview](#)

Visit poland.dealroom.co to explore Poland's tech ecosystem in greater depth.

The only open digital database covering startups, scaleups and funding in Poland.

The platform catalogues the collective regional tech ecosystem, covering areas such as newly founded and scaling companies, funding, investors, accelerators, and job opportunities.

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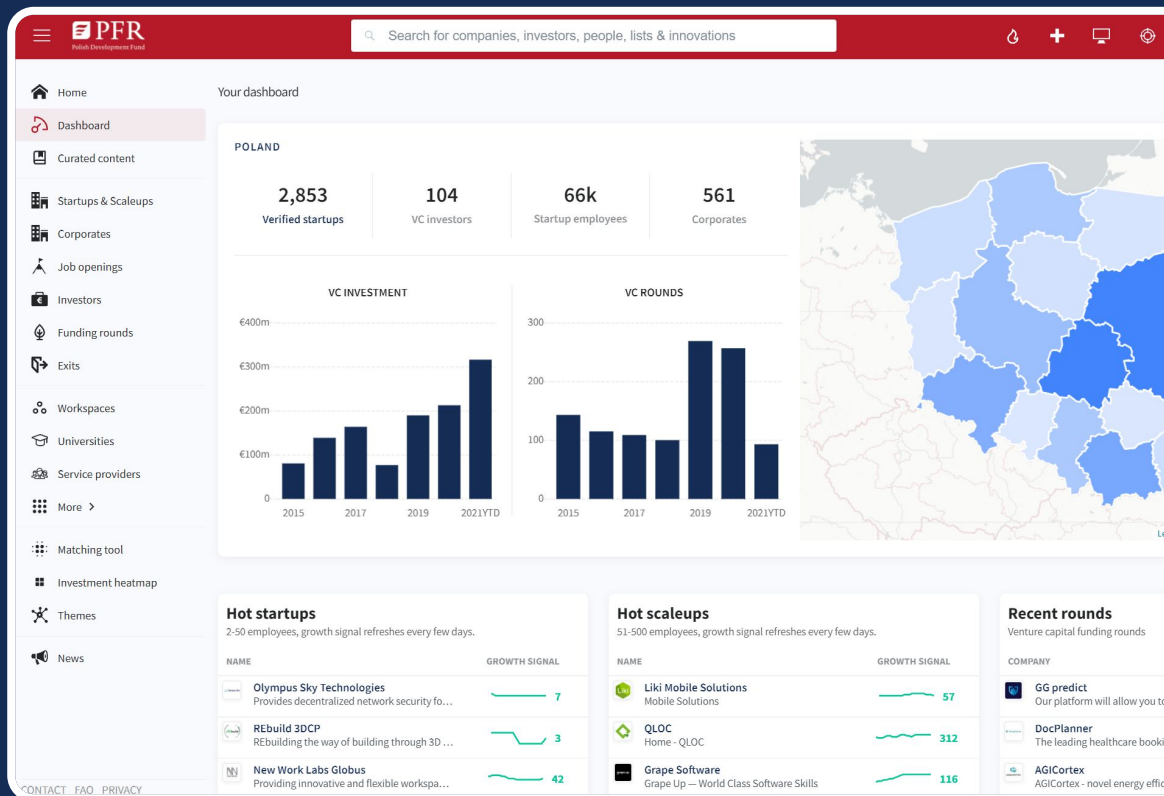


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4

Methodology

Venture capital methodology and definitions.

Startups, scaleups, grownups and tech

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. \$1B+ valuation).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies, like Avast or UIPath.

A unicorn is defined as a rapidly scaling company (and tech enabled) that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).

Venture capital investment

Investment numbers refer to rounds such as Seed, Series A, B, C, late stage, and growth equity rounds.

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

Investment rounds are sourced from public disclosures including press releases, news, filings and verified user-submitted information.

Report focus

This report focuses, unless specified, on companies in the information age, i.e. after 1990.

This report focuses on the following countries considered as CEE: Estonia, Lithuania, Latvia, Poland, Czech Republic, Hungary, Slovakia, Croatia, Romania, Serbia, Bulgaria, Montenegro, Slovenia, North Macedonia, Bosnia and Herzegovina, Albania, Kosovo, Moldova, Ukraine, Belarus.

Definition of headquartered and founded

A company has been considered as founded in CEE based on two main criteria:

- 1) founding location and founders (nationality, education, first)
- 2) employees distribution

Another supporting criteria has been whether the company received support from investors or other entities in CEE. A degree of arbitrariness still remains in the choice, here is the [dataset](#).

A company has been considered as headquartered in CEE if the company indicates a city in CEE as its current headquarters.

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