



SLOVAKIA

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The status of Slovakia's ecosystem has reached a significant turning point: specialization. This is the next step towards an endogenous development and a more quality-based competitiveness. According to a report on innovation communities, there are five key promising sectors in this regard: healthcare, climate resilience, fintech, digital & creative industries and mobility.

By now, compared to ten years ago, Slovakia is better positioned to direct more attention, support and funding towards sector-specific innovators. Managing this transition period is particularly important, in particular in the light of the fact that the ecosystem is quite young. In order to be as successful as possible an in-depth exploration of the situation and understanding of the challenges are required (CIVITTA Slovakia, 2021).

In Slovakia there are two important ecosystems: Bratislava and Kosice. The startup density reaches the value of 75 startups/1million inhabitants.

According to our literature review the top 3 challenges of the ecosystem are the following:

1. Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support) & Talents, ideas and champions (human resources)
2. Market and networks
3. Policy and regulation

The following table (*Table 18.*) summarizes the frequencies of mentions on challenges and the relevance of these challenges according to their appearance regarding the pillars of ecosystem assessment canvas.

Table 18. Relevance and distribution of startup ecosystem challenges in Slovakia

| Startup ecosystem assessment canvas | Frequency of mentions | Relevance of the challenge according to frequencies |
|--|-----------------------|---|
| Vision and strategy | n.a. | n.a. |
| Policy and regulation | 5 | 3rd |
| Capital and resources (including available information, flow of special knowledge/technology transfer and ecosystem support) | 13 | 1st |
| Talents, ideas and champions (human resources) | 13 | 1st |
| Infrastructure, education, universities, local/available knowledge and programmes | 1 | 5th |
| Market and networks | 8 | 2nd |
| Culture and communities | 4 | 4th |

Source: Andrež et al. (2017); KPMG (2016)

Some notable detailed challenges mentioned by experts and relevant stakeholders:

- *The main challenges related to developing acceleration services in Slovakia are insufficient deal-flow, access to competent international-level mentors, potential corporate customers, and experienced early-stage investors;*
- *While some private incubators and co-working spaces in Slovakia offer some services typically offered by accelerators, there are no dedicated accelerators in Slovakia;*
- *Finance relates to startups' own operations;*
- *Organisations are largely dependent on private funding;*
- *The resources to invest into the startup and innovation system – mostly supplied by European Structural Funds – have to be invested in a coordinated and complementary way to achieve the desired outcomes.*

2. Market and networks

Some notable detailed challenges mentioned by experts and relevant stakeholders:

- *Investors see Slovak Startups' ability to scale as a challenge: access to finance, accessing new markets, lack of distribution channels, shortage of staff;*

- *Lack of product traction;*
- *Low level of cooperations between different actors.*

3. Policy and regulation

Some notable detailed challenges mentioned by experts and relevant stakeholders:

- *The management of the startup ecosystem is a particular challenge;*
- *Problems with non-transparent public procurement, tedious administrative procedures and e-government structures;*
- *Many of the legal, governance, competence and networking barriers, as well as challenges related to appropriateness of incentives or existing university practices and culture, have already been recognised in earlier studies and strategies, some with specific planned actions to address them. However, very little progress has been made (Andrez et al., 2017);*
- *Apart from the startup ecosystem, the government will have its greatest impact on the future course of action by bringing the education and research system, as well as the business environment, up to par with the challenges of this change process (Andrez et al., 2017).*

Other remarkable challenges:

- *Increasing crowding out effect due to mismanagement of the startup ecosystem;*
- *Shortcomings in management team capabilities;*
- *Lack of leadership or management skills among Startups;*
- *Approximately two thirds of Corporate respondents are not engaged in the Slovak Startup Ecosystem. When asked why they weren't engaged, 65% responded that it wasn't an internal priority for their business. Interestingly, 79% of Corporates that are involved quoted this reason as their biggest challenge. It is also noteworthy that the larger corporates (500+ employees) were more likely to be not engaged.*

Sources of the above mentioned opinions and thoughts: Andrez et al., (2017); KPMG (2016).

The first figure (*Figure 11.*) focuses on the investors's opinion, while the other (*Figure 12.*) points out the public sector entities' aspects.

Figure 11. Distribution of startup challenges from investors' aspects. Source: KPMG (2016)

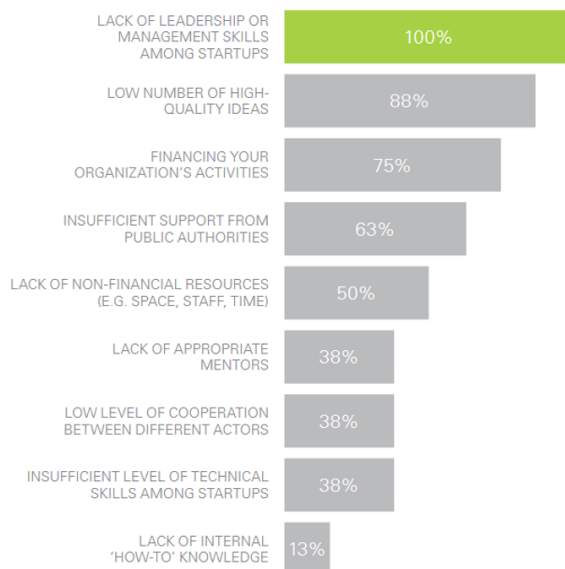
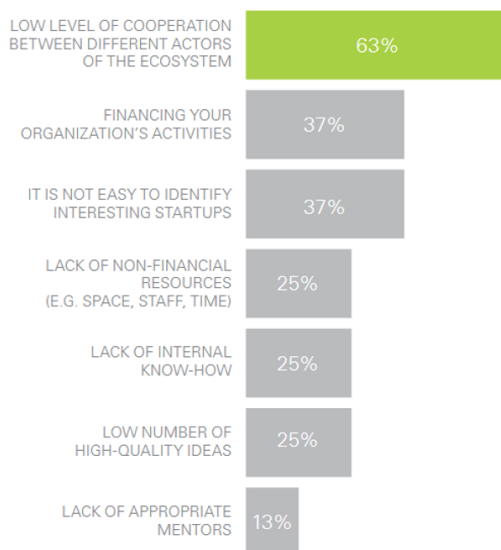


Figure 12. Distribution of startup and startup ecosystem challenges from public sector entities' aspects. Source: KPMG (2016)



Looking back at our results so far, the picture about patterns of challenges is becoming sharper and clearer. The next chapter summarizes the most important outputs of the survey.