
**RIISING INNOVATION &
EMERGING TALENTS**

**FROM
THE
EAST**



RUSSIA

ECOSYSTEM OVERVIEW

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RUSSIA (RUS)

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KEY ATTRIBUTES OF THE STARTUP ECOSYSTEM

Russia is the world's 12th largest economy, with a GDP of USD 1.3 trillion, and it is highly dependent on natural resources such as oil and gas. One possible way to reduce dependence on natural resources is to develop innovation. Moreover, the government has developed an even more ambitious plan to transform Russia into a global (leading) innovation hub, with a strong network of world-class tech startups. The Russian innovation startup ecosystem is already diverse, multi-sectoral and has many business models. This diversity is shown by the following figure (Figure 1.).

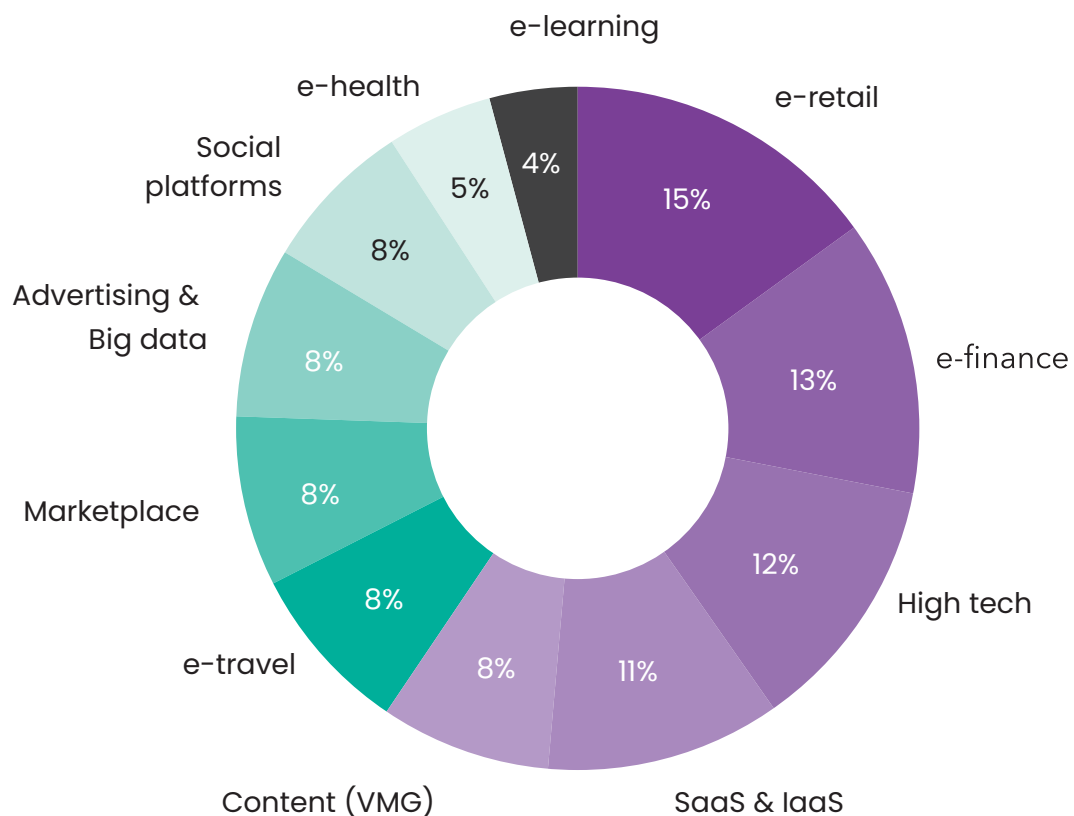


FIGURE 1. Sectoral breakdown of the innovation ecosystem in Russia.
Source: OC&C (2018)

Regarding the most relevant players, the next figure (Figure 2.) reflects the diversity of the Russian startup ecosystem.

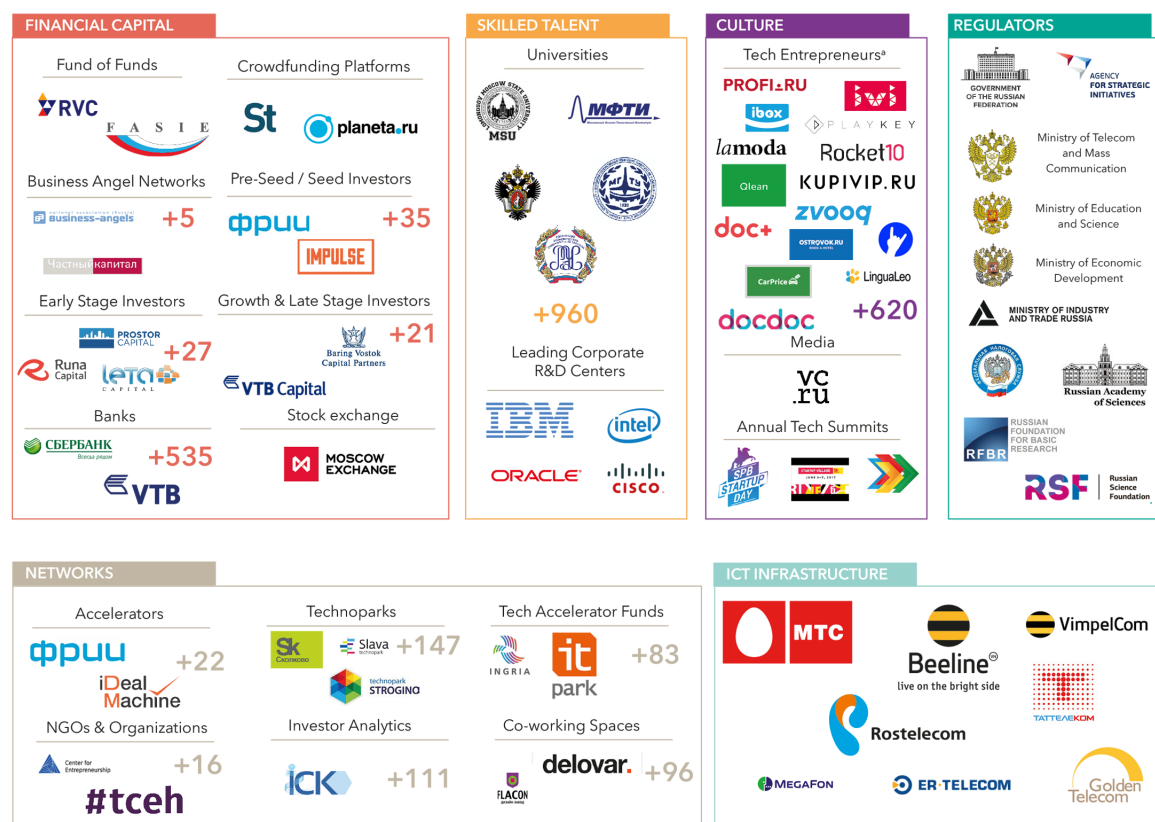


FIGURE 2. Most relevant startup ecosystem players in Russia.

Source: OC&C (2018)

To reach the governmental goals a huge stock of resources needs to be mobilized, including talents, infrastructure and financial resources. In this context, a well balanced (regarding private–public actors) development across all ecosystem dimensions will be essential. This means that the government’s top–down approach – focusing on an extensive physical innovation infrastructure including technoparks and funds – should be completed with other critical elements produced by the activated private sector.

However, the conscious and intelligent development of the ecosystem is limited by a number of circumstances and challenges:

- economic challenges, sanctions, devaluation of the Russian Ruble,
- constrained markets and fewer possibilities to expand and growth due to the above mentioned factors,

- uneven distribution of both startups and the infrastructure, for example 79 percent of all Russian startups are located in Moscow, while this type of concentration is obvious and caused by natural processes in many developing countries in the CIS region, in such a large country more, and more diversified innovation hubs would be necessary,
- low level of R&D expenditures, it currently stands at 1.1% of GDP, 31% of the total funds comes from the government, however increasing private sector participation in R&D would be better,
- Russia's science and innovation culture has not evolved so to value strong business skills, which are necessary features for a strong tech ecosystem,
- policy regulations on digital transformation are often broadly focused,
- much of Russia's private sector is highly concentrated, with a small number of large companies, the oligopolistic market situation does not support intense technological competition and at the same time it reduces the prospects for young tech companies in terms of market entry.

Government investments in a large physical infrastructure and institutions marked by technoparks and incubators, these efforts have contributed significantly to ecosystem development.

FAISE – a foundation formed by the government to promote small innovative enterprises and young innovators. The services provided by the foundation also include startup incubation and acceleration.

<https://fasie.ru/>

GenerationsS. is a corporate accelerator. RVC organized the first tech startup accelerator under the GenerationS brand, which immediately received widespread response from entrepreneurs. The main goal is to help startups efficiently cooperate with corporate partners. We also help corporations find challenging technologies and introduce them into their production chains.

GenerationS is a platform for corporate innovations development; it is the largest corporate accelerator across Russia and CIS. Part of Russian Direct Investment Fund. GenerationS implements comprehensive corporation development programs including in-house programs for intrapreneurship development, acceleration programs for scouting and external project acceleration, and international programs for staff training in innovations development and management methods based on international leading corporations.

The accelerator infrastructure today includes more than 18 000 startups from more than 60 countries and more than 1300 corporate and ecosystem partners. In 2017 GenerationS was recognized as one of the largest Russian accelerators according to the RBC magazine. In 2018 GenerationS became the best corporate accelerator in Europe according to the Corporate Startup Summit. GenerationS is also in the top- 5 best state-owned accelerators in the world according to the UBI Global. Winner of 2020 ITU Innovation Challenge in the category “Ecosystem best practice”. In 2020 GenerationS became a member of the INSME Association, the international network for small and medium-sized businesses under the auspices of the OECD.

[<https://en.generation-startup.ru/>](https://en.generation-startup.ru/)

[<https://www.linkedin.com/company/techstartrussia/>](https://www.linkedin.com/company/techstartrussia/)

IIDF The Internet Initiatives Development Fund (IIDF) is a Russian venture capital fund. The mission is to help Russian-speaking entrepreneurs create tech companies and turn them into global companies that contribute to positive changes and add value to the lives of people around the world.

Their goal in working with entrepreneurs is to ensure the team’s transition to the state necessary for global business scaling and to help it allocate all the necessary resources to fully unleash its potential.

[<https://iidf.vc/>](https://iidf.vc/)

RVC Russian Venture Company (RVC JSC) is a state fund of funds and a development institution in the Russian venture capital market. The mission of the company is to create a mature venture capital market through the consolidation and development of resources, competencies and initiatives on the part of investors, investment portfolio managers and entrepreneurs so as to create and promote innovative products and technologies in priority technology areas, making Russia a leader in the global technology market.

[<https://www.rvc.ru/en/>](https://www.rvc.ru/en/)

Skolkovo Innovation Center Skolkovo Foundation’s overarching goal is to create a sustainable ecosystem of entrepreneurship and innovation, engendering a startup culture and encouraging venture capitalism. The Skolkovo Foundation identified five key areas of potential growth: energy efficiency, strategic computer technologies, biomedicine, nuclear technologies and space technologies. The strategic goal of the Skolkovo Innovation Centre is to concentrate international intellectual capital, thereby stimulating the development of break-through projects and technologies. In the course of implementation of the project, companies that are engaged in innovative

development are discovered. After a selection process, some of these become project participants of the centre.

[<https://old.sk.ru/foundation/about/>](https://old.sk.ru/foundation/about/)

[<https://www.linkedin.com/company/skolkovo-foundation/>](https://www.linkedin.com/company/skolkovo-foundation/)

According to the data of the Russian Association of accelerators and business incubators (AABIC), in 2018 there were 260 functioning business incubators. Where 151 of them were working in regions and 91 were created on the university bases, 13 incubators were working in clusters and technoparks. Considering accelerators, according to the data of the AABIC, in 2018 there were 103 accelerators. Where 26 of them are private, 22 are corporate and 19 are university-based. Some of them are listed below:

Fintech Lab helps financial market participants find and refine potentially interesting projects in the field of fintech, as well as solve industry-wide tasks, and achieve results faster and cheaper than any participant alone or in a less coordinated interaction could have done. For startups, Fintech Lab offers the opportunity to work with potential customers in the same location and tailor their products to the real needs of financial institutions.

[<http://fintech-lab.ru/>](http://fintech-lab.ru/)

Global Venture Alliance (GVA) is an international company with sites in Silicon Valley and Moscow. GVA brand is a private innovation ecosystem and unites acceleration programs for startups, educational initiatives on professions of the future, investments from our funds and large-scale projects with corporations and the government, aimed at the development of the environment of innovations, which responds to the global challenges.

[<https://www.linkedin.com/company/gvavc/about/>](https://www.linkedin.com/company/gvavc/about/)

Moscow Accelerator is a joint initiative of the Moscow Agency of Innovations and the Moscow Innovation Cluster Fund and is supported by the Moscow Department of Entrepreneurship and Innovation. The initiative is a unique example of collaboration among the city's government institutions, large corporations and startups to fuel the development and growth of innovative business in Moscow.

[<https://ma.innoagency.ru/index-en.html>](https://ma.innoagency.ru/index-en.html)

Sber500 International Accelerator (Joint initiative of Sber & 500 Startups)

This Startup Development Program is Russia's largest ecosystem, Sber and the 500 Startup, one of the world's strongest teams in venture capital and IT business development.

The program for technology entrepreneurs is based on:

- the expertise and experience of 500 Startups - one of the strongest teams in the world of venture capital and IT business,
- Sberbank's support, thanks to which young startups gain access to 60+ ecosystem companies and dozens of Russian and international partners of the Accelerator.

Mission of the accelerator: We are developing startup ecosystems in Russia and internationally. Since 2018, we have been attracting startups from all over the country to help them grow into successful businesses and enter new markets. From the third wave onwards, we will expand our geographical area and work with entrepreneurs from the CIS, Israel and Northern Europe.

[<https://sberbank-500.ru/>](https://sberbank-500.ru/)

REMARKABLE STARTUPS:

CINEMOOD is a wireless projector designed as a home theater for children that allows them to interact with technology in dynamic ways, while preserving curatorial power for parents.

Though registered in Russia, its manufacturing is in China, and the company has participated in IIDF's incubator that brings Russian entrepreneurs to Silicon Valley. The company has also launched a campaign on international crowdfunding site Indiegogo that will enable it to raise capital from both foreign and domestic investors.

[<https://cinemood.com/>](https://cinemood.com/)

IVI is one of the biggest Russian startups in the world at the moment. IVI is the No.1. online cinema in Russia, with an audience of over 52 million unique visitors per month. IVI is the leader in the number of content units. In addition, on-air and cable TV channels, sports and music broadcasts, fitness training, children's content and much more are available to IVI subscribers.

[<https://www.linkedin.com/company/iviru/about/>](https://www.linkedin.com/company/iviru/about/)

Mail.ru Group is developing a unified, integrated platform for communication and entertainment Internet services. The company owns a leading mail service, one of the most visited portals in Runet, leading Russian-language social networks. The company is actively developing its B2B business, providing companies with tools to simplify workflows and increase their efficiency: among them is the Mail.ru for Business platform, Mail.ru Cloud Solutions and the myTarget advertising platform, which combines the web and mobile audiences of the largest in Russia and the CIS services and social networks.

[<https://www.linkedin.com/company/mail-ru/>](https://www.linkedin.com/company/mail-ru/)

Playrix is the largest gaming company in the CIS region. It is among the TOP 3 most successful mobile publishers in the world. More than 130 million people play their games every month.

[<https://www.linkedin.com/company/playrix-entertainment/>](https://www.linkedin.com/company/playrix-entertainment/)

OCSiAI is the only company with a scalable technology for industrial synthesis of graphene nanotubes. OCSiAI is the world's largest producer of graphene nanotubes. In addition to the synthesis of nanotubes themselves, we create industry-friendly technologies for their use in various materials.

[<https://ocsial.com/about/>](https://ocsial.com/about/)

Ostrovok.ru is Russia's leading online travel booking website for individual travelers. It is about travel, online Hotel booking, international brand, travel industry, and travel technology.

[<http://www.ostrovok.ru>](http://www.ostrovok.ru)

Telegram is a cloud-based instant messaging and voice over IP service. Telegram is the world's fastest and most secure messaging app.

[<https://telegram.org/>](https://telegram.org/)

Yandex is not only a search engine but also many other convenient services including Yandex.Food, Yandex.Taxi, Yandex.Zen, Yandex.Maps, Yandex.Money, Yandex.Maps, Yandex.Music and other multimedia search, cartographic, market search, reference and information, advertising, statistical, social, personalized web services and mobile applications.

[<https://yandex.ru/>](https://yandex.ru/)

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