**RISING INNOVATION &
EMERGING TALENTS**
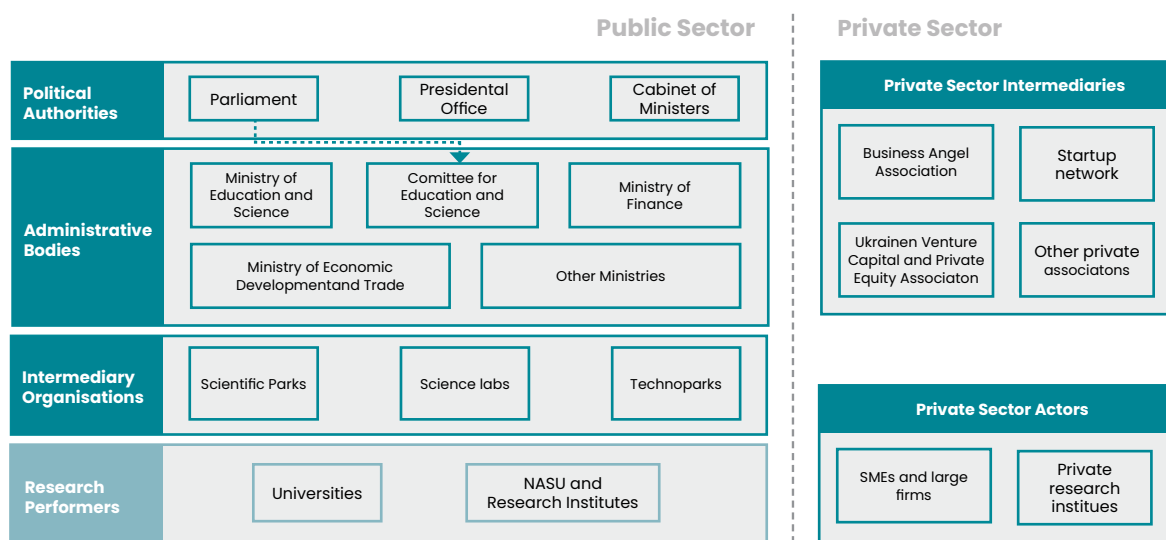
FROM THE EAST

UKR

UKRAINE

ECOSYSTEM OVERVIEW

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OVERVIEW**

UKRAINE (UKR)
ECOSYSTEM OVERVIEW

KEY ATTRIBUTES OF THE STARTUP ECOSYSTEM

In 2020, Ukraine climbed up to 64th position out of 190 countries in the World Bank's Ease of Doing Business ranking. Ukraine is also rated second in terms of speed and depth of business climate improvement. And these favorable conditions can also be observed in relation to the startup ecosystem. Ukraine is 34th among 100 countries in the Global Startup Ecosystem Index in 2021. With over 2,000 startups, the country has a fast-developing startup ecosystem. Kyiv – the largest IT hub in Ukraine – is home to over 1,000 successful startups and other innovative companies. Simultaneously Kharkiv, Odessa, Dnipro, Lviv, and Vinnytsia are also developing as major centres of IT activity and startup clusters, reducing such an unhealthy concentration like in Moscow-centric Russia. Ukraine's startup ecosystem is in the take-off phase. Ukraine's startup ecosystem is in the take-off phase, thanks to its talents, diverse innovation structure and the necessary players who contribute to the development processes. The next figure (Figure 1.) shows us the structural shape of the ecosystem.
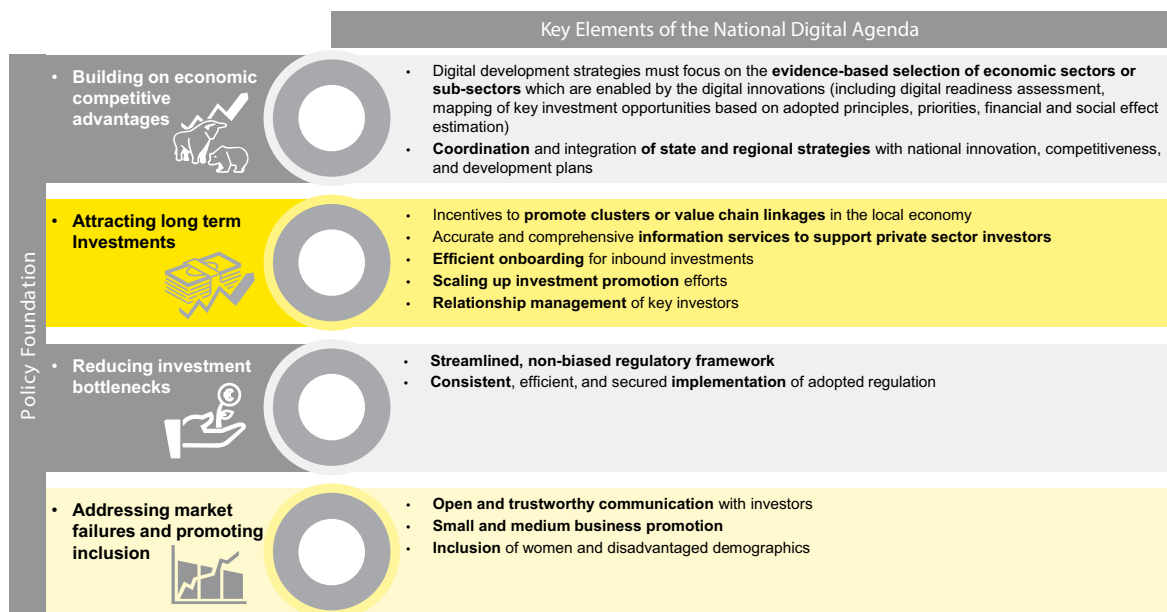

FIGURE 1. The structure of the Ukrainian innovation ecosystem.
Source: European Commission–Kantor Management Consultants (2018)

However, the path of development is bordered by serious challenges.

- Ukrainian innovation system requires additional reform of universities and academies inherited from the Soviet economy,

- poor conditions for the researchers have caused significant brain-drain over the last 20 years,

- outdated equipments are relevant problem for the most Ukrainian R&D institutions,

- universities are not involved in R&D activities at a desired level,

- in the economy prevailed traditional sectors (agriculture, metals and heavy manufacturing), which generally have low demand for R&D,

- lack of motivation and ability of financial institutions to support R&D,

- lack of the dialog and cooperation between innovation ecosystem players,

- in spite of the large amount of innovation infrastructure organisations in Ukraine, there is still a deficiency in providing services for startups and innovation companies in general,

- Ukraine has an insufficient level of consulting services,

- despite its innovative technologies and a booming IT industry, Ukraine is not well-known as a technology startup hub,

- shortage on relevant information regarding financial and funding opportunities,

- weak protection of Intellectual property rights,

- there are no tax credits for R&D in Ukraine,

- public support on venture capital funds is weakly developed,

- international cooperation and international knowledge sharing should be improved,

- need to develop critical business skills: many Ukrainian startups pursue innovative ideas or work with world-class technologies, but lack a complete understanding of how to develop a globally-competitive business model,

- legislature concerning ICT (in particular PPP) is still incoherent in Ukraine, which generates disturbances for innovative companies.

Most of the governmental strategies focusing on digital transformation ended in 2020. (See for example: Strategy of innovation development of Ukraine for 2010-2020 in the context of globalisation challenges; Strategy for the development of the information society in Ukraine.) Reliable data on their successful implementation are not yet available. In fact, governmental support for the digital transformation has not stopped here and additional concepts are being developed or their implementations have already started. The following figure (Figure 2.) summarizes the key elements and their contents of the National Digital Agenda.

	Key Elements of the National Digital Agenda
Building on economic competitive advantages	• Digital development strategies must focus on the **evidence-based selection of economic sectors or sub-sectors** which are enabled by the digital innovations (including digital readiness assessment, mapping of key investment opportunities based on adopted principles, priorities, financial and social effect estimation) • **Coordination** and integration **of state and regional strategies** with national innovation, competitiveness, and development plans
Attracting long term Investments	• Incentives to **promote clusters or value chain linkages** in the local economy • Accurate and comprehensive **information services to support private sector investors** • **Efficient onboarding** for inbound investments • **Scaling up investment promotion** efforts • **Relationship management** of key investors
Reducing investment bottlenecks	• **Streamlined, non-biased regulatory framework** • **Consistent**, efficient, and secured **implementation** of adopted regulation
Addressing market failures and promoting inclusion	• **Open and trustworthy communication** with investors • **Small and medium business promotion** • **Inclusion** of women and disadvantaged demographics

FIGURE 2. Key elements of the Ukrainian National Digital Agenda.
Source: EY–USAID (2021: 51)

There are various incubators and accelerators in Ukraine to help the benefits of the digital transformation and the development of startups.

1991 Open Data Incubator is Ukraine's first non-commercial incubator, that helps to transform tons of open data into startups that serve citizens, businesses and governmental institutions.

<http://1991.vc/en/about-incubator/>

Blue Lake Accelerator is a UK based early-stage VC with a unique vision. The accelerator uncovers, invests and supports exceptional founders before they come on to the radar of the mainstream investor community. The focus is on B2B, SaaS Pre-Seed and Seed stage startups although we might be open to other opportunities.

<https://www.bluelakevc.com/>

INDAX production accelerator is a system platform for servicing and scaling small and medium-sized businesses in the industrial sector.

<https://indax.com.ua/>

IoT Hub Accelerator is an accelerator for IoT startups. IoT Hub community unites result-oriented people with laser focus and passion in one place and time to build tech organizations from idea to cash out.

<https://iothub.xyz/#about>

RadarTech is a technology cluster that unites industrial corporate startup accelerators.

<https://radartech.com.ua/#about>

Sector X is an innovative platform that combines acceleration and study programs for startups, corporate innovation programs for business, and services for venture investors. Sector X is a B2B/B2C startup accelerator for teams from Ukraine and Eastern Europe in the field of big data, VR/AR, IoT.

<http://sectorx.city/aboutus/eng>

Scythia Ventures Accelerator is a partnership between early stage venture fund Scythia Ventures and investment platform <startup.ua> that teamed up together to develop early stage ideas with angel and pre-seed investments of up to USD 100,000 in the ICT focused startups based in the CIS (ex-USSR) region.

<https://angel.co/company/scythia-ventures-accelerator>

YEP is a network of academic business-incubators. They provide a business-related education for youth, contributing to the development of the entrepreneurial ecosystem of Ukraine.

<http://www.yepworld.org/en/>

REMARKABLE STARTUPS:

It is an interesting fact that many startups that are already known worldwide and all of us use their services all started their journey from Kyiv. A non-exhaustive list follows: Ajax Systems, Grammarly, MacPaw, Netpeak Software, People.ai, PetCube, Preply, Reface and Restream. Other remarkable startups are mentioned below:

Adtelligent Inc. The company is headquartered in New York City, NY, USA with offices in London, U.K, Odessa and Kyiv, Ukraine and expanding geographies around the World. Adtelligent produces all of its technology in-house and has been acknowledged as one of the fastest growing independent technology companies by Inc. 5000 in 2016 and 2017. Adtelligent is a sell side ad technology company providing fully-featured Ad Monetization Platform and Header Bidding Management solutions for publishers. By integrating ad serving for display and video, header bidding wrapper capabilities, and outstream functionality into one holistic stack, Adtelligent has established a new standard for selling inventory to programmatic buyers.

‹https://adtelligent.com/about/› ‹https://www.linkedin.com/company/adtelligent/›

CEX.IO was one of the first platforms to make fiat-to-crypto transactions accessible by offering card payments and bank transfers to the clients. The company places a great effort into developing and maintaining robust relationships with dozens of reputable banks across the key markets.

‹https://cex.io/about›

Jooble is the 2nd largest job site in the world. It operates in 71 countries and is visited by 80 million candidates. The company simplifies the job searching process for candidates by displaying thousands of active job ads on Jooble aggregated from different job boards, recruitment companies through XML feeds.

‹https://www.linkedin.com/company/jooble/about/›

Let's Enhance is a deep tech AI company that builds End-to-End imaging solutions for photo enhancement and optimization. This helps to get control over the quality of user-generated content and make it look better for higher conversion rates. The services are used by more than 4m people worldwide and the company's API is automating image enhancement for Fortune 500 companies.

‹https://letsenhance.io/›
‹https://www.linkedin.com/company/letsenhance/about/›

Letyshops is a company that over 6 years has grown from a startup to the largest cashback service in Ukraine and the CIS region. They have an office in Hungary and R&D centers in Vinnytsia and Kyiv. The service has become popular in Spain, Portugal, Germany, Poland, France, Italy, India and some Latin American countries. LetyShops has more than 8m users.

‹https://www.linkedin.com/company/letyshops/about/›

Mobalytics was founded by a group of passionate gamers, Mobalytics is a rapidly growing esports and gaming startup with a big vision: To help all gamers achieve their full potential while maximizing enjoyment of their favorite games.

<https://careers.mobalytics.gg/?int_source=homepage&int_medium=footer>

Restream allows you to broadcast live video to 30+ social networks at the same time. Millions of people around the world use Restream to reach, engage and monetize their audiences. Their customers include professional and amateur gamers, Fortune 500 companies, media, politicians and celebrities.

<https://restream.io/about>

Template Monster is a large digital marketplace with a wide choice of website themes, premium-quality graphics, stunning presentation templates and visuals for online marketing campaigns. The company is in the top 3 of global vendors for web development solutions.

<https://www.templatemonster.com/about.php>
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