An Overview of the Polish Startups and "Start in Poland" Program

Dr inż. Janusz Marszalec, MBA

Founder & CEO, Edison Centre

Lecturer, Warsaw University of Technology

Seminar "Current Trend in Start-ups and Innovation in Warsaw"
for Japan Productivity Center

Warsaw, 7 November, 2017.

Table of Contents

1. Polish Startups

   (based on Startup Poland Report, 2016 & 2017)

2. "Start in Poland" Program

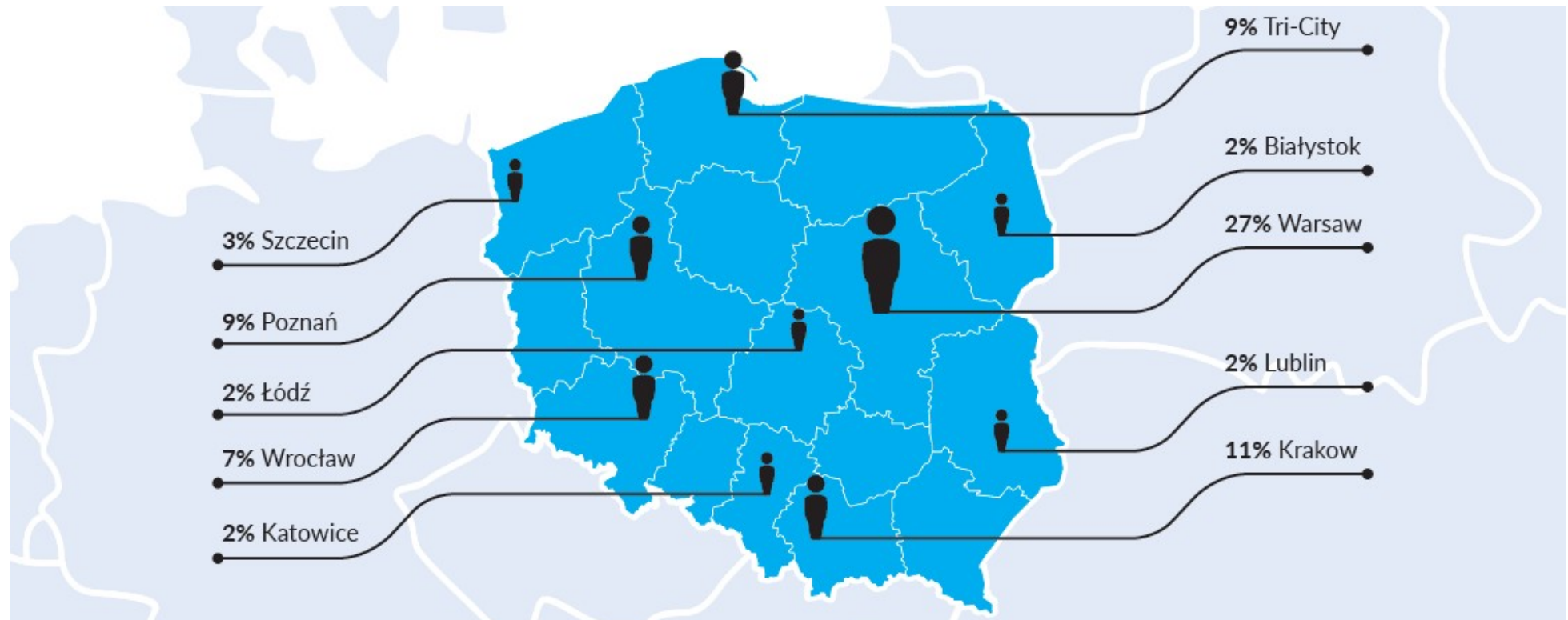3. Some Startup Ecosystem Related Issues

4. Conclusions

Polish Startups

(based on Startup Poland Report, 2016 & 2017)

Startup Metrics

9% Tri-City
2% Białystok
27% Warsaw
2% Lublin
11% Krakow
3% Szczecin
9% Poznań
2% Łódź
7% Wrocław
2% Katowice

- 74% of startups are registered in largest Polish cities,
- 23% of startups are registered in other Polish cities,
- 3% of abroad.

Business Models

The structure of customers (multiple choices)

42% Individual clients

16% Freelancers

40% micro--enterprises

39% Small companies

36% Medium companies

30% Large companies

29% Corporations

23% Institutions

14% NGOs

The structure of sales models

51% Only B2B

18% Only B2C

26% B2B & B2C

5% Other

The structure of categories of products/services

14.2%
Mobile
(software
& services)

13.8%
E-commerce

13.8%
Business
software

11.4%
Education

10.4%
Internet of
Things (IoT)

10.1%
Big Data

9.3%
Marketing
Technology

8.9%
Web services

8.9%
Analytics/
Research/
Business
Intelligence

7.8%
Life Science/
Healthcare/
Biotechnologies

7.6%
Games,
entertainment

6.7%
Electronics/
Robotics

The structure of categories of products/services

5.8%
Content and/or social services

5.7%
Programming & Developers Tools

4.7%
Design/ Applied design

3.5%
Financial services

3.4%
Power generation/ Energy

3.2%
Transport and logistics

3%
Telecommuni- cations
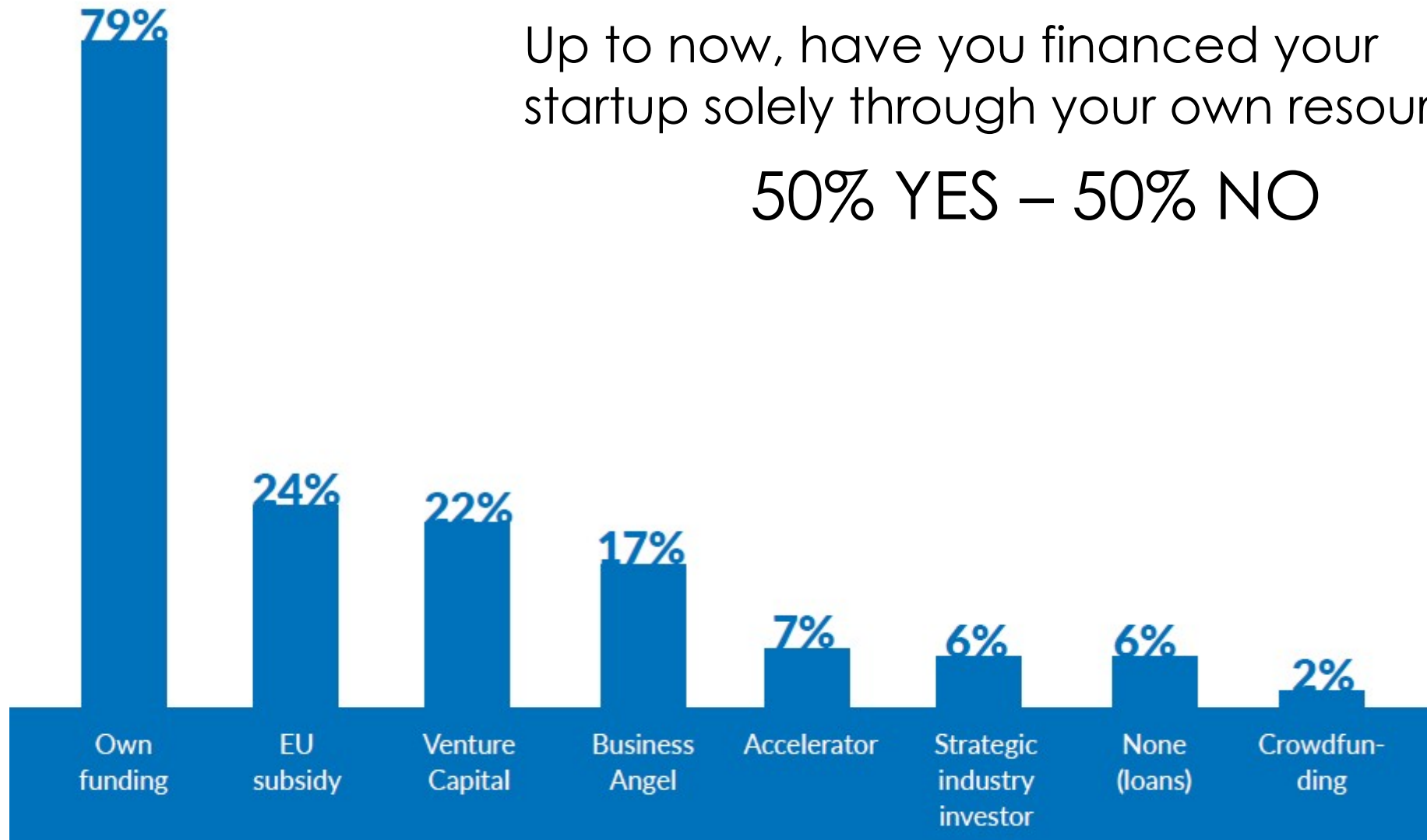
2.6%
Virtual/ Augmented Reality

1.5%
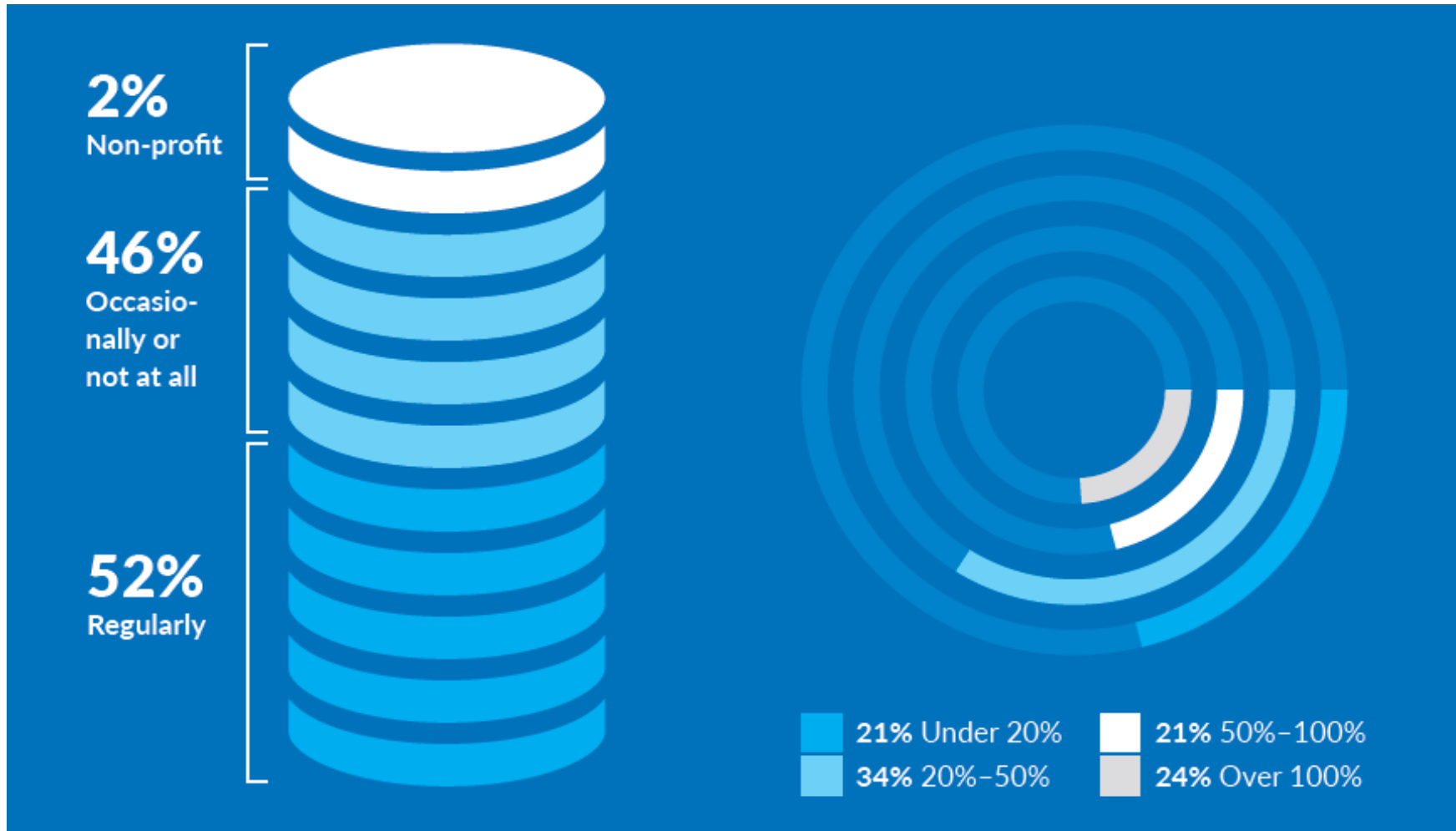Sematic Web/ Artificial Intelligence

15.5%
Other

Financing

Up to now, have you financed your startup solely through your own resources?

50% YES – 50% NO

Revenue

Regular revenue from main products/services

Revenue growth for the last 6 months

2% Non-profit

46% Occasio-nally or not at all

52% Regularly

21% Under 20%
34% 20%–50%
21% 50%–100%
24% Over 100%

Number of startups at different stages of development

STAGE1

14%

PROBLEM-SOLUTION FIT, or formulation of business model assumptions and team building.

STAGE2

41%

SOLUTION-PRODUCT FIT, or intensive work on the product, registration of the company, prototyping, first revenue and/or users.

STAGE3

29%

PRODUCT-MARKET FIT, or stable sales and user base, functioning business model.

STAGE4

16%

SCALING / EXPANSION or rapidly growing the number of customers and/or users, and revenue.
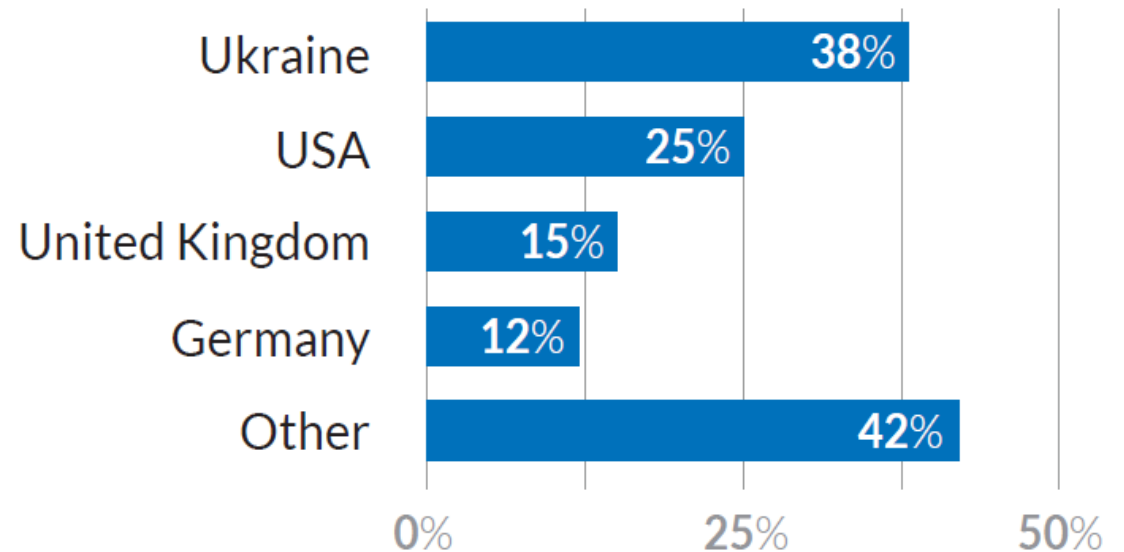
Foreign owners and foreign employees

12%

of startups have a foreign founder

Ukraine — 38%
USA — 25%
United Kingdom — 15%
Germany — 12%
Other — 42%

0%   25%   50%

Most of foreign co-founders come from the USA or Ukraine.
Most startups with foreign co-owners are in virtual and augmented reality (VR).

28% of startups employ foreign employees.

"Start in Poland" Program

by The Ministry of Development of Poland

Start in Poland objectives

- Development of the ecosystem and tools for startups – their creation, development and international expansion

- Attention paid to all phases of startups' development

- Startups should contribute to solving problems of big companies

- Legislative activities supporting innovations and startups

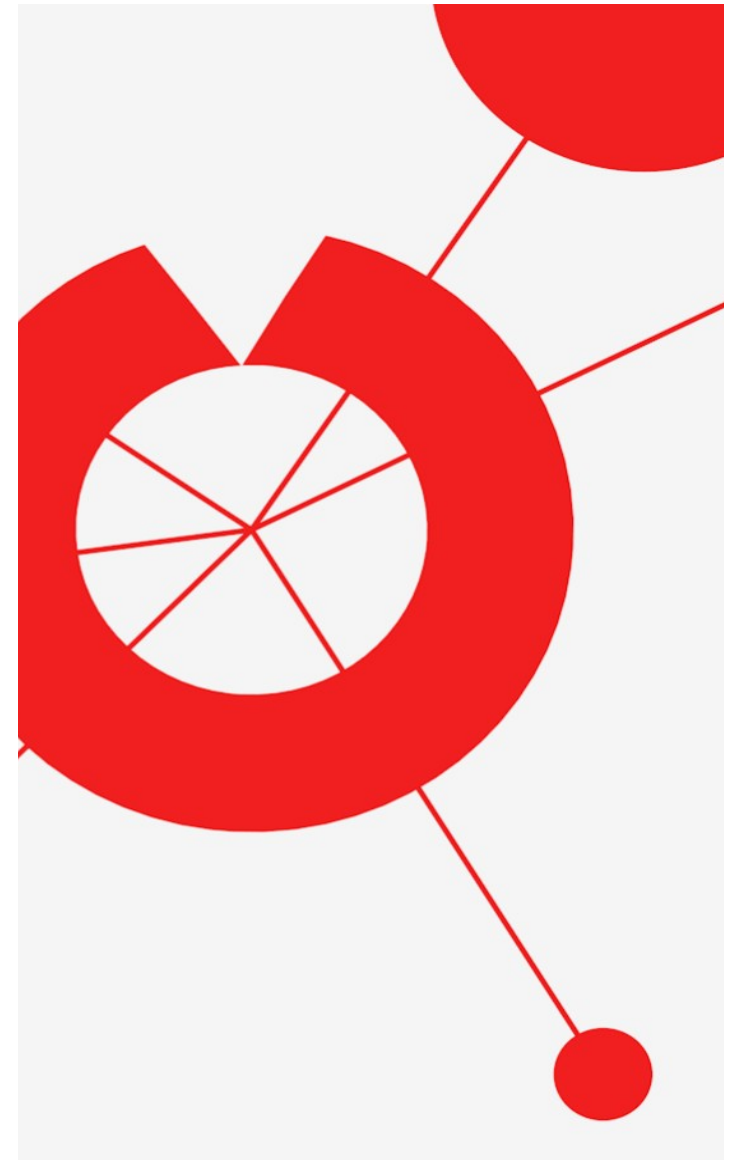- Bringing startups from abroad to Poland
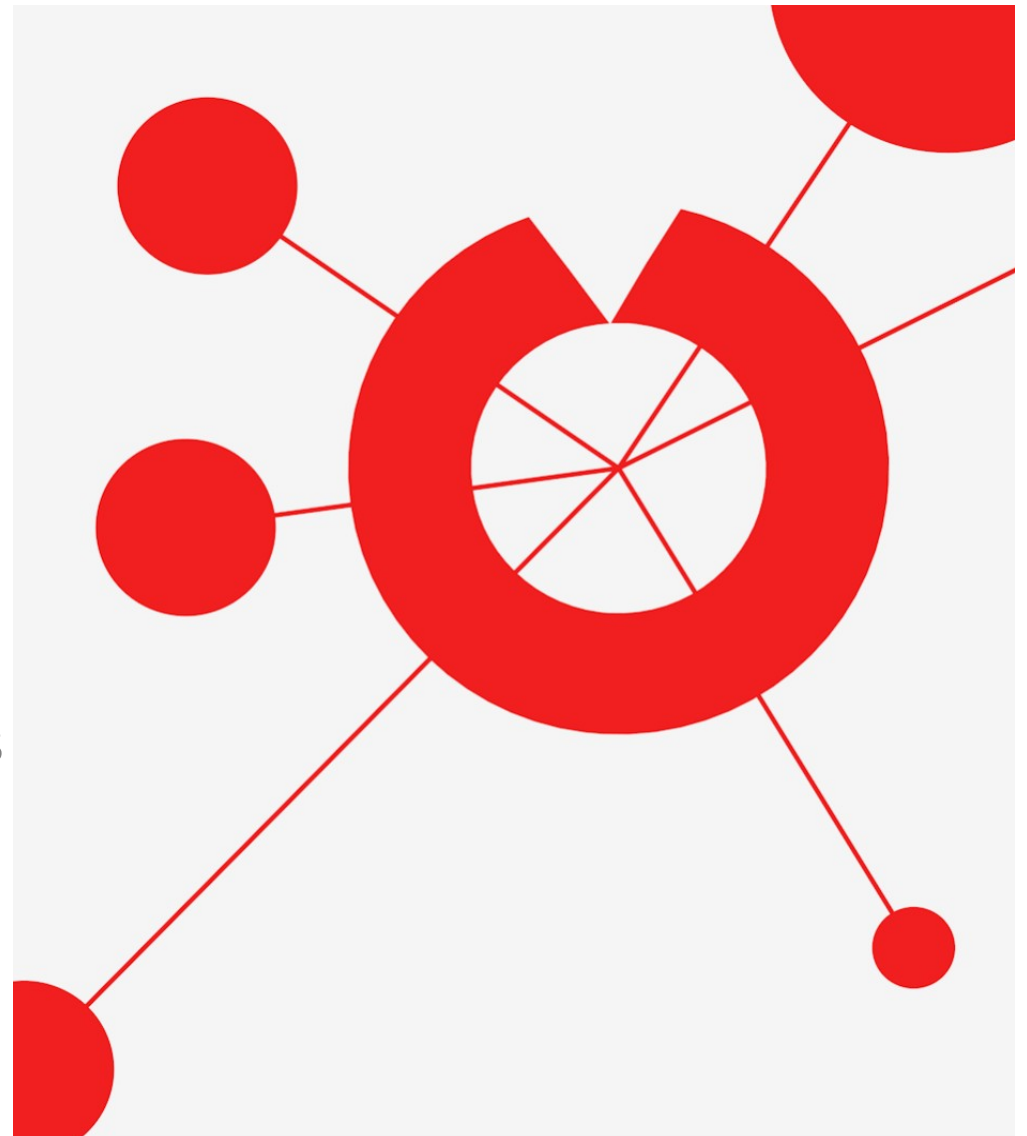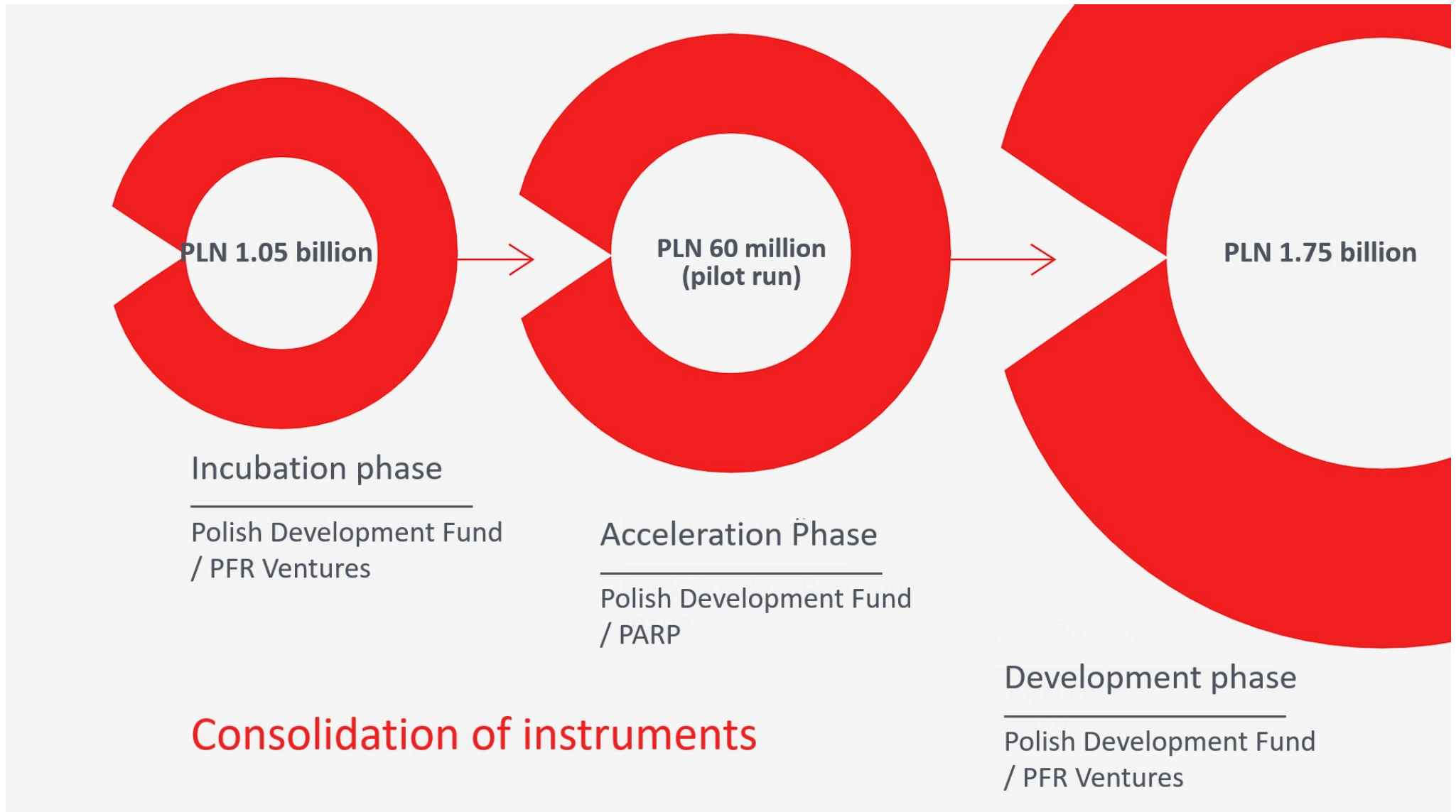
Creation of Startups

- 1500 startups to be created in 7 years

- Business categories:
  - engineering, high-technologies
  - IT systems design and development

- Nationality
  - Poland
  - CEE – Central and Eastern Europe region
  - Other countries

- Introduction of the new simplified joint stock company ("SJSC") in order to enable development and investments in start-ups
  based on the French *société* par actions *simplifiée* company ("SAS")

Development of Skilled Personnel

- Entrepreneurial education at universities and scientific institutions

- Educational programs organized by many existing startup foundations and societies

- Development of networks of mentors and business angels

- Education of innovation and technology brokers at universities and scientific institutions

- Entrepreneurial education of youths and children

PLN 1.05 billion

PLN 60 million
(pilot run)

PLN 1.75 billion

Incubation phase
_____

Polish Development Fund
/ PFR Ventures

Acceleration Phase
_____

Polish Development Fund
/ PARP

Development phase
_____

Polish Development Fund
/ PFR Ventures

Consolidation of instruments

Poland Prize component

- Bringing talents to Poland

- Help to foreign startups to move to Poland or to start a venture in Poland, and to join the Polish startup ecosystem

- Legislative support

- Creation of positive image of Poland as a country of innovations and startups

Some
Startup Ecosystem-Related Issues

Government, Science & Industry Cooperation

NCBiR – The National Centre for Research and Development – implements governmental policy and coordinates R & D programs with participation of scientific institutions and industrial companies (scientific-industry consortia)

- <u>EU financing-based programs</u>: Intelligent Development, Knowlegde-Education-Development, Digital Poland)

- <u>Strategic sectoral programs</u> (energy, materials, mining, space, biotechnology, defence and security)

- <u>National programs</u> to bridge science and industry, and increase commercialisation of the results of scientific research

- <u>International programs</u> – in cooperation/ partnership with many countries

The National Centre for Research and Development
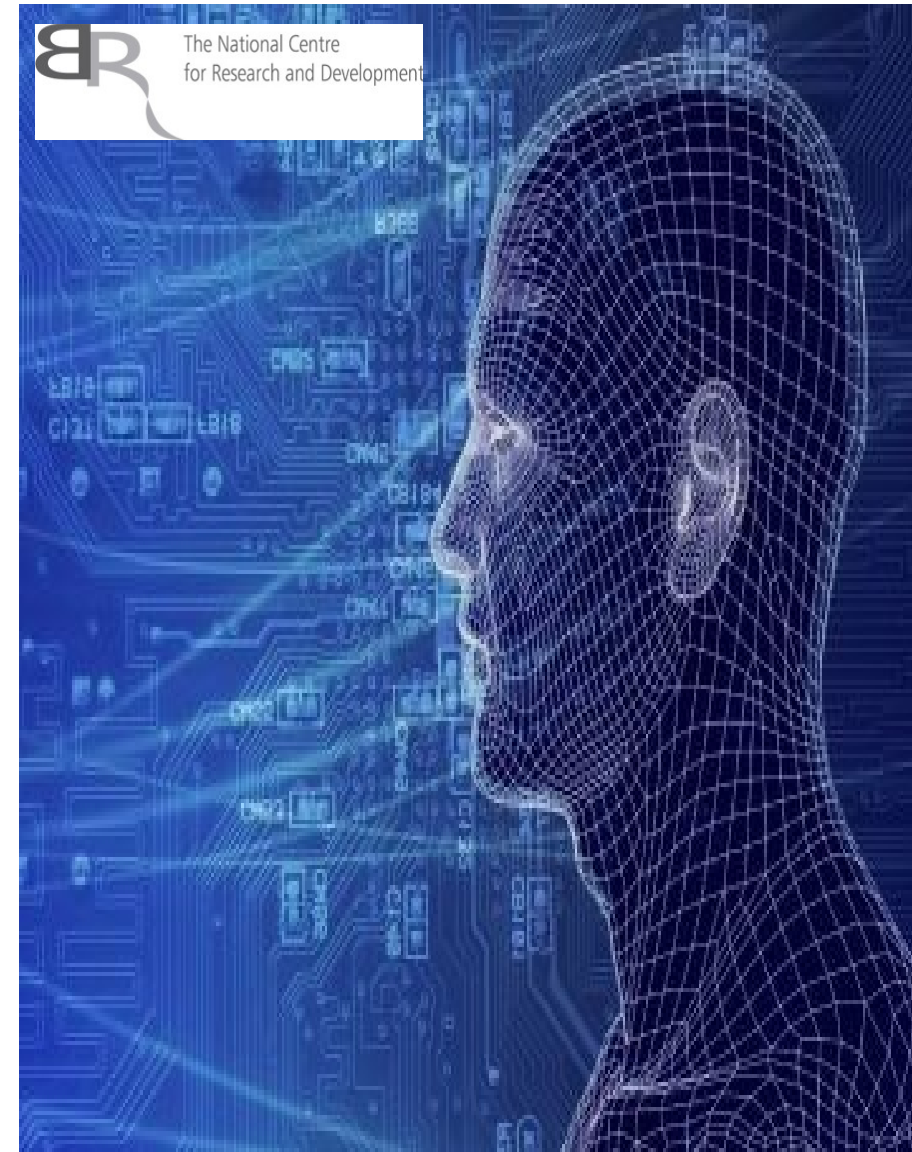
Environment for Promotion of Innovation

- Inspirations from well developed innovation ecosystems of USA, Israel, Finland, UK
  (also related to "Start in Poland" Program)

- Development/training of skilled personnel

  - emphasis on innovations and creativity in <u>education</u> (e.g. project-based education, design thinking, etc.)

  - efforts to change <u>mindset</u> towards entrepreneurial approach, acceptance of failure and learning from it

  - business <u>practitioners</u> participate in education process

  - support of <u>mentors</u> in business-oriented projects

Google Campus Warsaw

Main Google objectives

- Support of entrepreneurship and startups, shearing knowledge and experience is Google DNA

- It is a platform, ecosystem, incubator, accelerator & regional (CEE) startup hub

- Help entrepreneurs and companies to grow by connecting them to Google global network (with hubs London, Madrid, Seoul, Tel Aviv, Sao Paulo and Warsaw)

- To develop talents and projects with Google mentors

- To match investors with promising companies which can become global

- Promotion of Google products

Good models and failure cases of startup support

- AIP – Academic Incubators, large network created
- Business subjects introduced broader in technology universities and other non-business schools
- Creation of local/regional incubators

- Technology parks – more investments in buildings, less in methods and maintenance, small number of companies located in technology parks
- Investments in modern research infrastructure in technology parks – quickly becomes obsolete; no return on investment if the most modern equipment not used by companies

Collaboration with Japanese companies

- Governmental programs support foreign companies to invest in Poland

- Good relations between Japan and Poland (governmental visit in 2017)

- Japanese investments in Polish startups (e.g. Saule Technologies)

- Polish startups want to grow and look at global markets, also to Japan; some companies are present today

- Strong potential for partnerships of Polish and Japanese companies

Conclusions

- Poland becomes one of the European centres of startups and a leading hub in CEE.

- "Start in Poland" program of the Polish Government will increase investments in development of the startup infrastructure and creation new fast growing businesses.

- Emphasis on cooperation of government, science & industry and commercialization of the results of scientific research.

- There exist a strong potential for cooperation between Polish and Japanese companies and organizations.

Thank you for your kind attention

Janusz.Marszalec@CentrumEdisona.pl
mobile +48 602 237 923
www.CentrumEdisona.pl

Participated in Tokyo seminar

Initiatives to Encourage Business Startups in Tokyo

Yuriko Koike
Governor of Tokyo