



Polish and CEE tech ecosystem outlook

Supported by



July 2020



Polski Fundusz Rozwoju

Polish Development Fund is a group of financial and advisory institutions for entrepreneurs, local governments and individuals investing in the sustainable social and economic development of the country.

PFR Ventures is a fund of funds manager which, together with private investors, business angels, and corporations, invests in Venture Capital funds. The objective is to use this capital to support innovative Polish enterprises at an early stage of their development.

Currently, PFR Ventures has over 50 funds in its portfolio that have made a total of 250 investments.



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

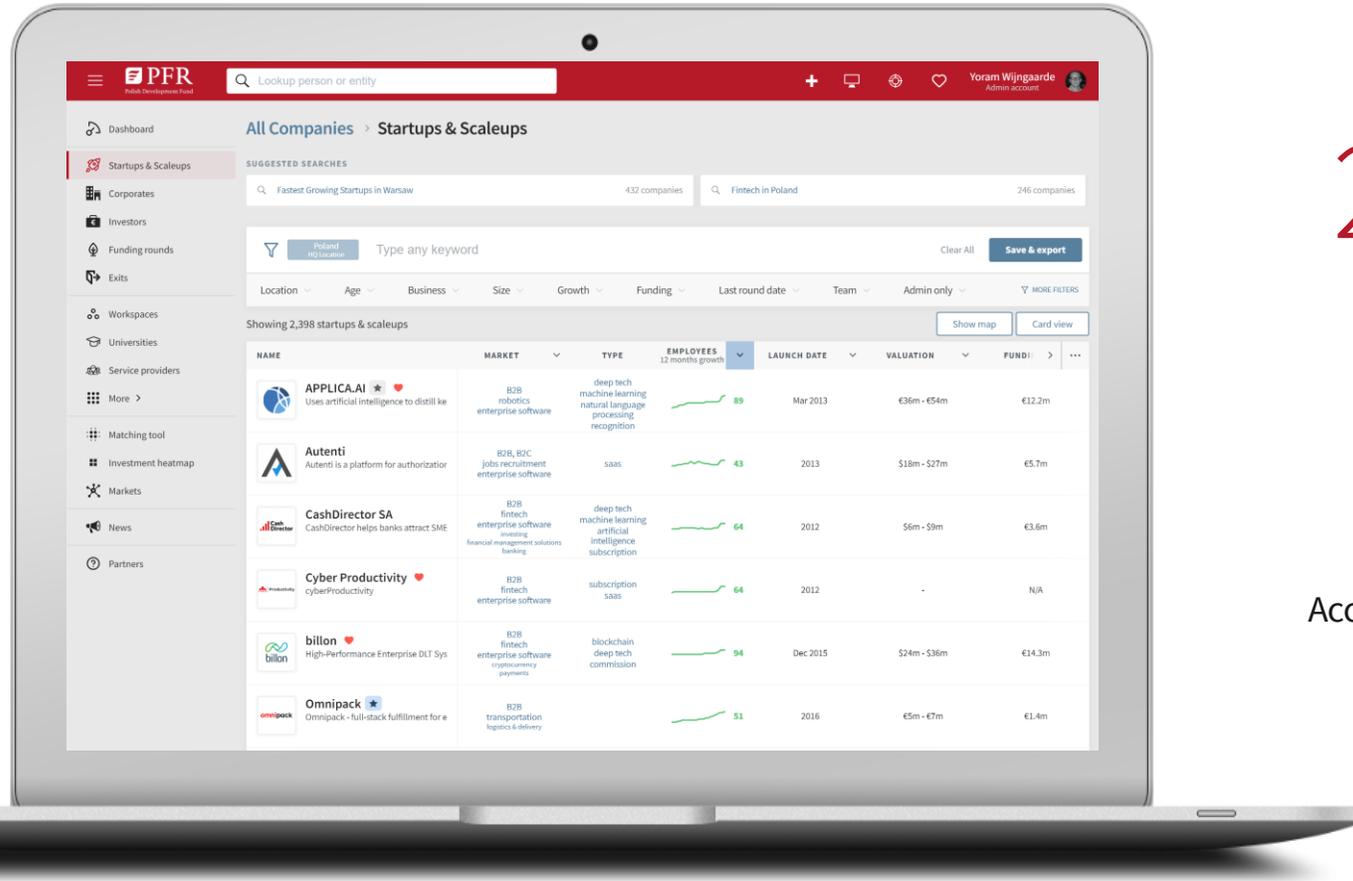
Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.

Our offerings include data sets via SaaS and API as well as custom reports and bespoke ecosystem solutions.

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PFR, Dealroom and local partners jointly have launched the Polish startup database.



2,200+
startups & scaleups

90+
VC funds

100+
Accelerators, workspaces

1,600+
Funding rounds & exits

[Explore the underlying data online»](#)

CEE has become Europe's fastest emerging startup ecosystem.

On the back of recent successes, a new generation of startups is rising in CEE, whose potential caught the attention of top-tier foreign investors.

With \$1.8B invested, 2019 was a new record VC investment in the region's history by far. In 2020 so far, investment has slowed down due to Covid-19 but investment has absolutely not stopped.

The CEE region is well positioned to navigate the crisis as cash-burn of startups tends to be lower and a relatively high share of startups involved with developing software. In the long run, Covid-19 has only accelerated digital adoption.

Poland, the region's largest economy.

Poland ranks #2 in CEE by invested venture capital; by number of rounds, it ranks #1 by a large margin, mostly thanks to the remarkable Seed rounds increase throughout last year.

The country's tech ecosystem found success leveraging its top-class pool of developers; not surprisingly, Enterprise Software startups are the most predominant, along side Marketing and Fintech.

Success stories such as Booksy, Docplanner and Brainly, are clear examples of the potential of the Polish tech ecosystem.

Conclusion

2019 was a record year by far for the CEE region and Poland.

The ecosystem, which is still at an early stage of development, is bound to further grow as more innovative startups are produced and supported by the many funding options available at the seed-stage.

Polish tech ecosystem status: on fast track

Interview with **Eliza Kruczkowska** & **Maciej Ćwikiewicz**, Polish Development Fund Group (PFR)

Recent developments in the local tech ecosystem

For many years, the domestic start-up market used to be highly underfinanced. Grants and subsidies, which not always reached the most innovative companies, were of high popularity and rather scarce. Since the turn of 2018/2019, the situation has changed significantly. Through PFR Ventures injection of nearly PLN 4 billion into prospective investments, we have introduced over 30 VC teams to the local market. We have managed to attract interests among a number of international teams who are seeking other companies like Booksy or Docplanner in our country. The outcome of these activities is the record-breaking 2019 in terms of the amount of capital invested. As many as 269 transactions

totalled over PLN 1.2 billion. Although the pandemic situation has been trying to thwart our plans, we do believe that 2020 will have also ended with record-breaking results.

Challenges for Polish tech companies

The first challenge is that start-ups are still afraid of VC funds, while equating financing from such a source with huge problems to overcome. Thanks to educational schemes, such as the PFR School of Pioneers or online courses, we show innovators the manner how investors operate and how to cooperate with them.

The second challenge is that many great ideas lie dormant in the universities' drawers and laboratories. In both cases, the cure for this may be market

professionalisation. Mature managers, with a good track record, will not only be able to find good projects, but also convince the originators thereof that together they can achieve success.

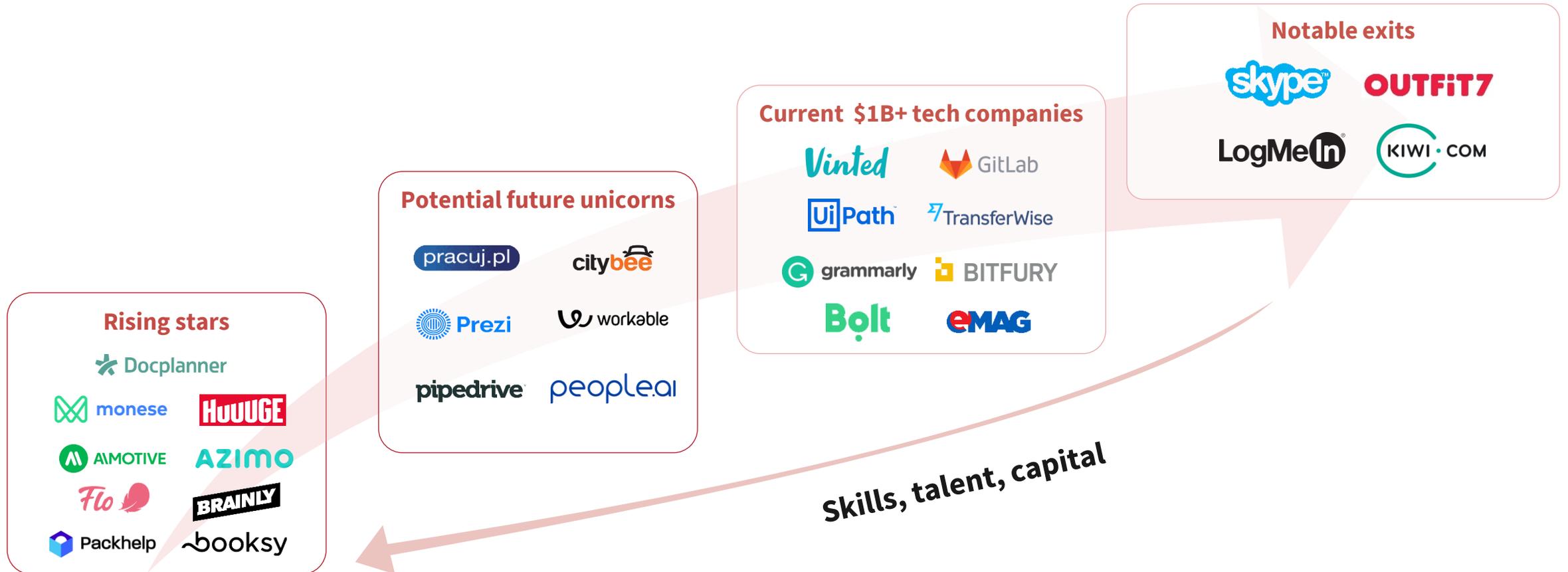


Eliza Kruczkowska
CIO, PFR



Maciej Ćwikiewicz
CEO, PFR Ventures

Central & Eastern Europe (CEE) has created eight unicorns and six \$1B+ exits. A large pool of rising stars is emerging rapidly.

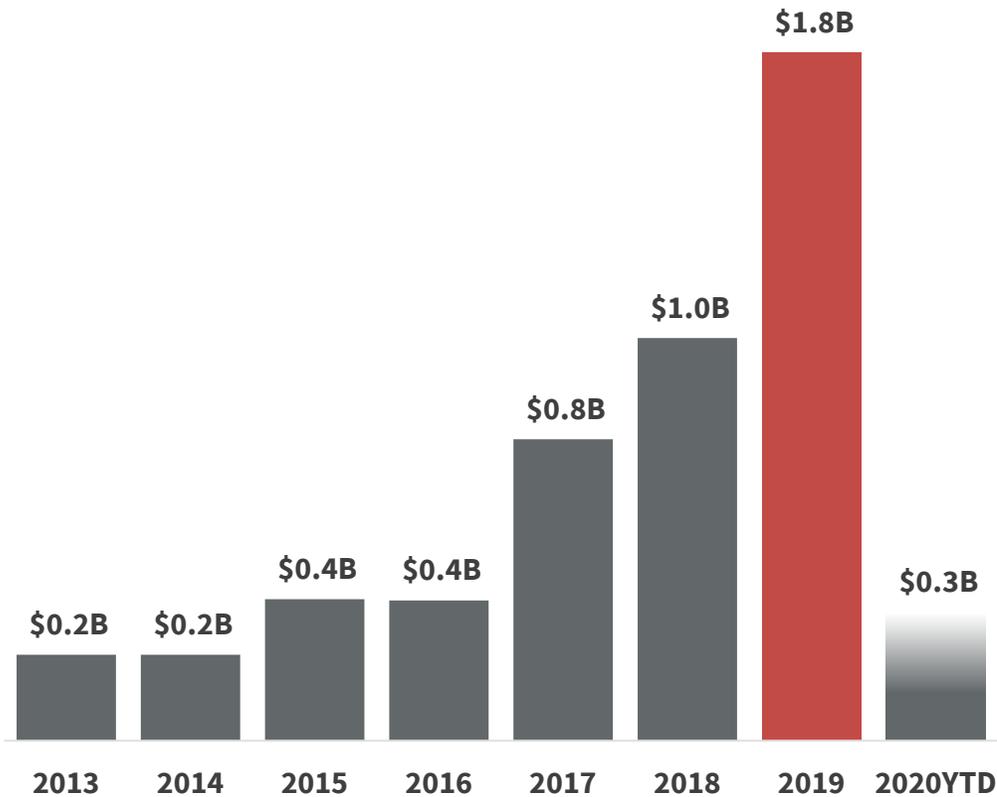


Source: Dealroom.co

Note: only includes companies founded after 2000. Additional \$1 billion+ companies are Allegro (Poland), Avast, AVG, Playtech.

As a result, investor appetite in CEE tech has increased dramatically, from top-tier investors in the USA, Asia and Europe.

Venture capital investments in CEE



USA
(2019 - \$0.9B) »

SEQUOIA | DRAPER ASSOCIATES | INSIGHT VENTURE PARTNERS | BainCapital VENTURES | BESSEMER VENTURE PARTNERS
ANDREESSEN HOROWITZ | TCV | intel Capital | GENERAL CATALYST | khosla ventures

Europe
(2019 - \$0.5B) »

Point Nine THE ANGEL VC | ACCEL PARTNERS | TARGET GLOBAL | hoxton ventures | LocalGlobe
Si Speedinvest | Index Ventures | EARLYBIRD VENTURE CAPITAL | korelya capital | enern

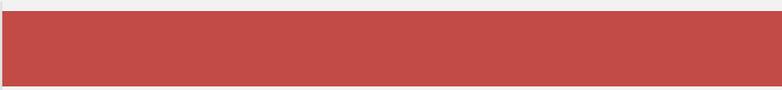
Rest of World
(2019 - \$0.1B) »

SAMSUNG CATALYST | Korea Investment Partners Co., Ltd. | CAPITAL | Rakuten | pitango VENTURE CAPITAL | BECO CAPITAL | NASPERS

Source: Dealroom.co

CEE has become the fastest emerging region in Europe in terms of venture capital invested, growing well over twice as fast as Western Europe. It is still a relatively small market.

Venture capital investment: 2015 vs. 2019

			2015	2019
CEE		4.9x	\$0.3B	\$1.8B
France		2.6x	\$2.1B	\$5.5B
Sweden		2.5x	\$1.2B	\$3.1B
Spain		2.2x	\$0.8B	\$1.7B
United Kingdom		2.1x	\$5.8B	\$12.3B
Western Europe		2.0x	\$6.5B	\$13.2B
Germany		2.0x	\$3.3B	\$6.7B
Netherlands		1.5x	\$1.2B	\$1.8B

**Central & Eastern Europe (CEE) is a region of 148 million people.
Poland is its largest economy with 30% share of total GDP (\$1.59T).**

148M

People in CEE excluding Russia

~38M

Polish population (25% of CEE)

#2

Population in CEE (after Ukraine)

#1

Economy in CEE by GDP

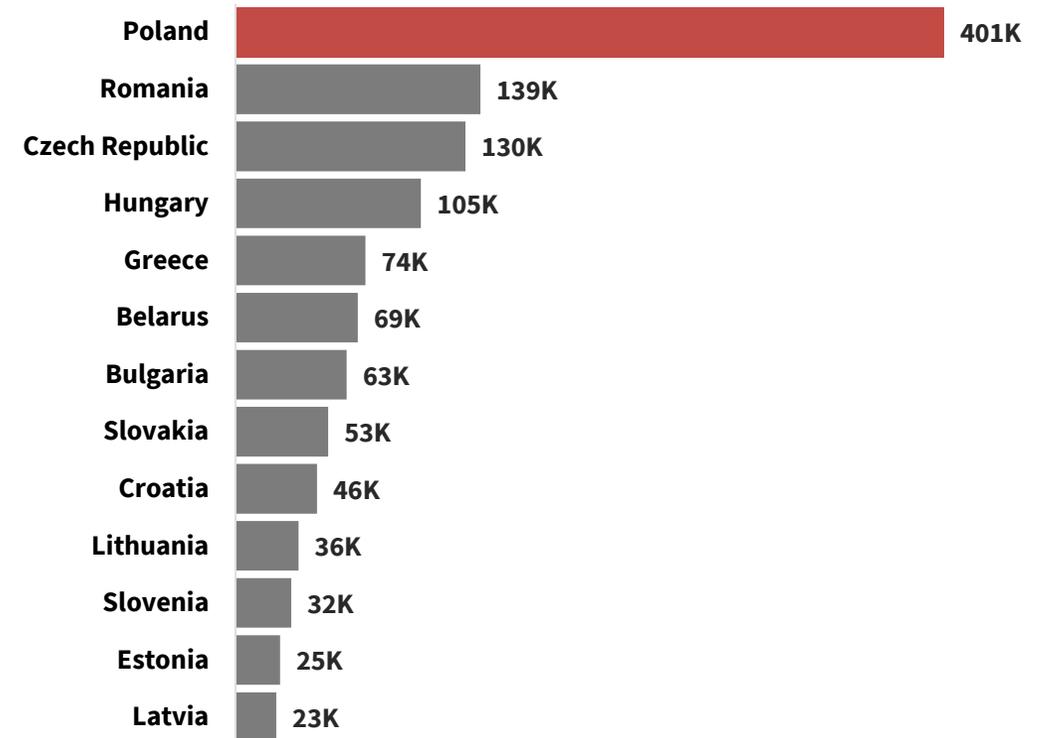


Poland has the largest pool of developers in CEE, over 2x the size of #2 Romania.

Polish developer talent pool is top-class globally ⁽²⁾

#1	China	
#2	Russia	
#3	Poland	#1 in Java, 2# in Algorithms
#4	Switzerland	
#5	Hungary	#3 in Java, #3 in C++, #5 in Databases
#6	Japan	
#7	Taiwan	
#8	France	
#9	Czech Republic	#2# in Mathematics, #4 in Security
#10	Italy	
#11	Ukraine	#1# in Security, #4 in Mathematics
#12	Bulgaria	#2# in Java, #4 in Security

Number of developers in CEE region ⁽¹⁾



1. Stack Overflow report 2019.

2. Hacker rank 2016.

Polish tech ecosystem: opportunities and challenges

Interview with **Sylwester Janik**, Cogito Capital Partners

Recent developments in the local tech ecosystem

Polish technology companies are becoming more sophisticated and many have a truly global potential. At Cogito, we have two positive observations:

Firstly, we see a new wave of entrepreneurs, quite often serial ones, having a global mindset and looking to address international markets from day one, especially in software, marketplaces and gaming sectors. This is quite different from the early 2000's when companies were focused mostly on the Polish market, and only a few embarked on international expansion.

Secondly, there is a growing number of scale-ups i.e. companies that have already established both a product / service and a revenue model, who operate in international markets and need financing to fuel further grow and expansion. This lifts the Polish tech ecosystem to the next level and increases its credibility as these companies become visible in the international markets and to global investors.

Challenges for Polish tech companies

One of the key challenges is a clear equity financing gap for later and growth stage companies who are raising B or C rounds, especially as compared to many funding options available at the seed and early-stage stage. Also, while the majority of Polish companies build their advantage on technical competence and operational efficiency, they need to improve their managerial capabilities in the area of international business development to scale and build value.

At Cogito, we are committed to the Polish market and investing in that underserved segment of later stage tech companies and to help their teams to scale, increase value and enter global markets.

COVID-19 impact

While some sectors have had to confront significant challenges from early days of the pandemic, our view is that (1) despite a huge challenge, the overall impact of COVID-19 may be less damaging to b2b companies and (2) some sectors such healthtech, automatization & remote work solutions, online entertainment / gaming & education could actually leverage current situations and keep growth momentum in the long-term.



Cogito Capital Partners is a venture Capital firm investing in later-stage European tech companies with global ambitions.

Predominantly, we partner with entrepreneurs and companies operating in or entering CEE and we support their global expansion.

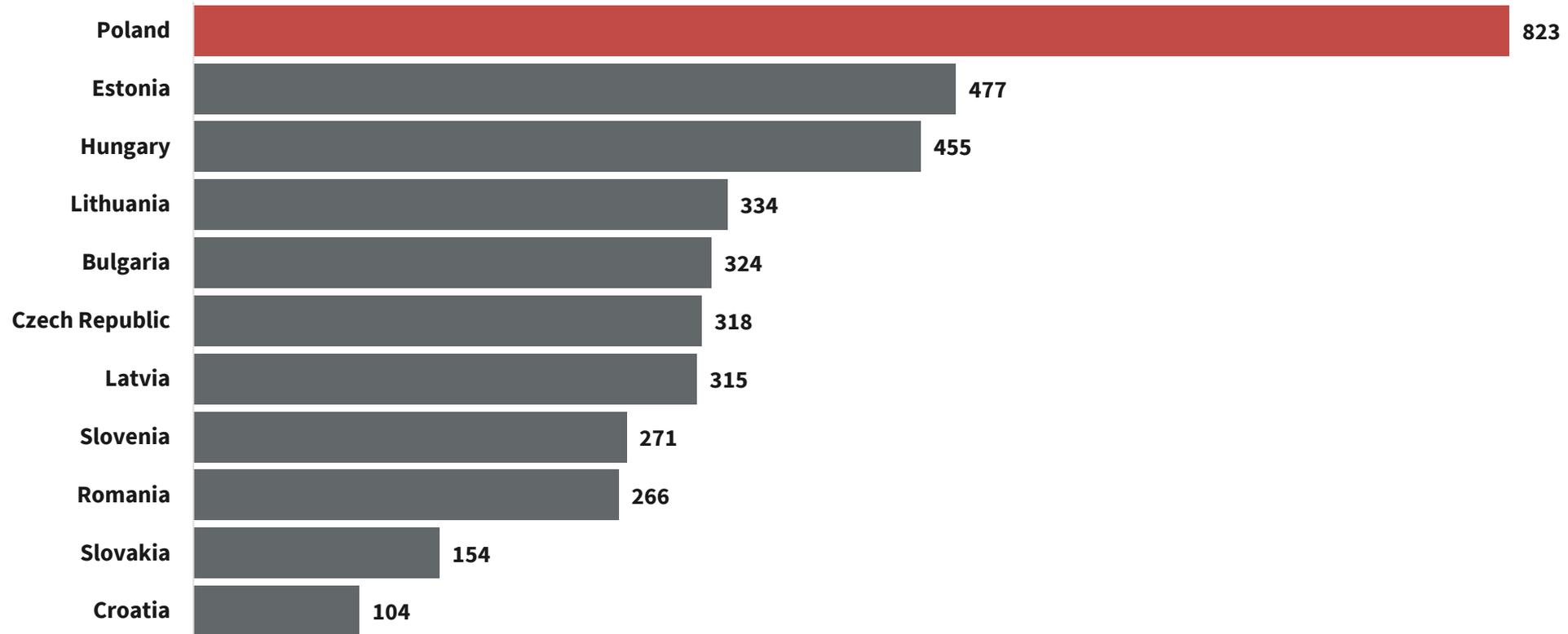
Our team is based in Warsaw and New York, giving us a unique capability to support our portfolio companies in their international growth.

Selected investments:



By number of venture capital rounds, Poland ranks #1 in CEE.

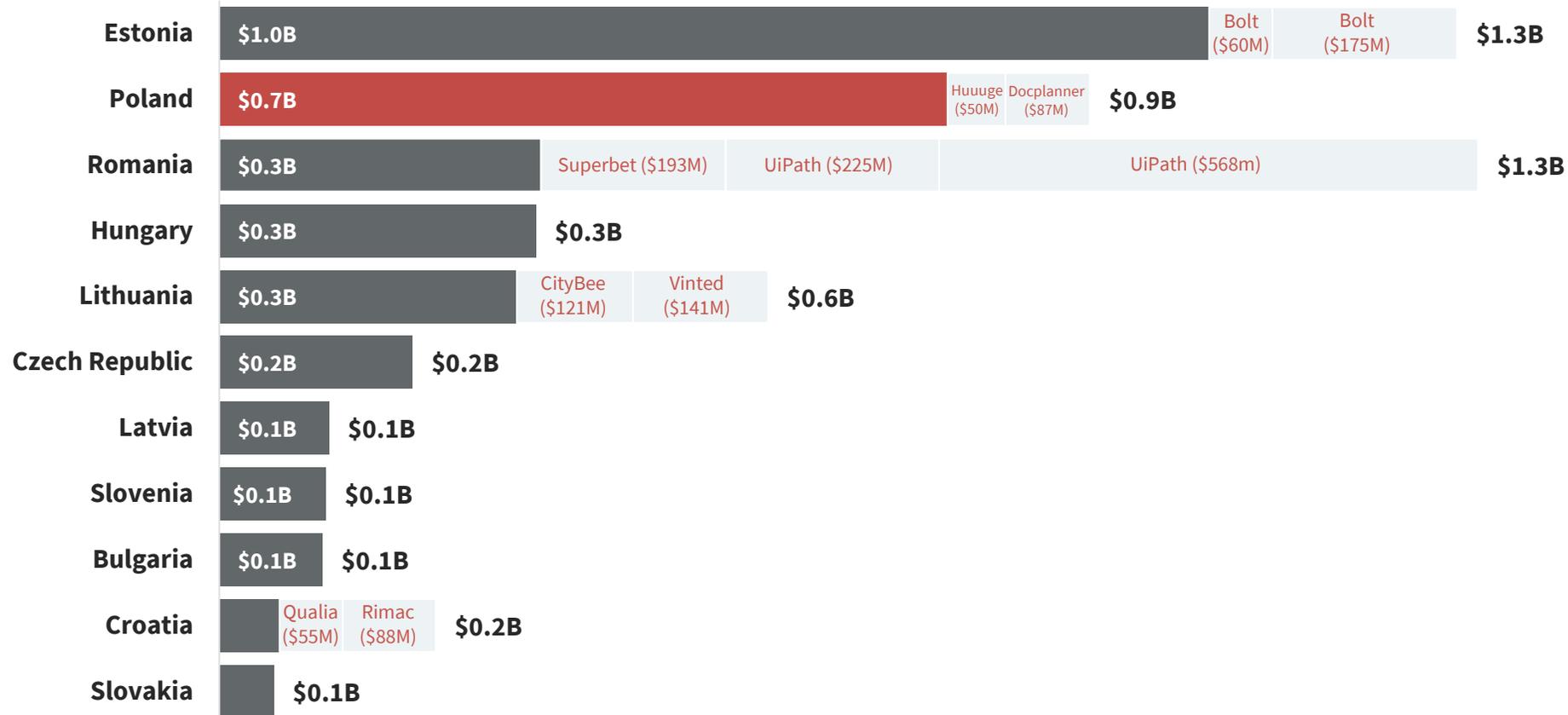
Number of funding rounds since 2013



Source: Dealroom.co, PFR Ventures

By invested venture capital, Poland ranks #2 in CEE.

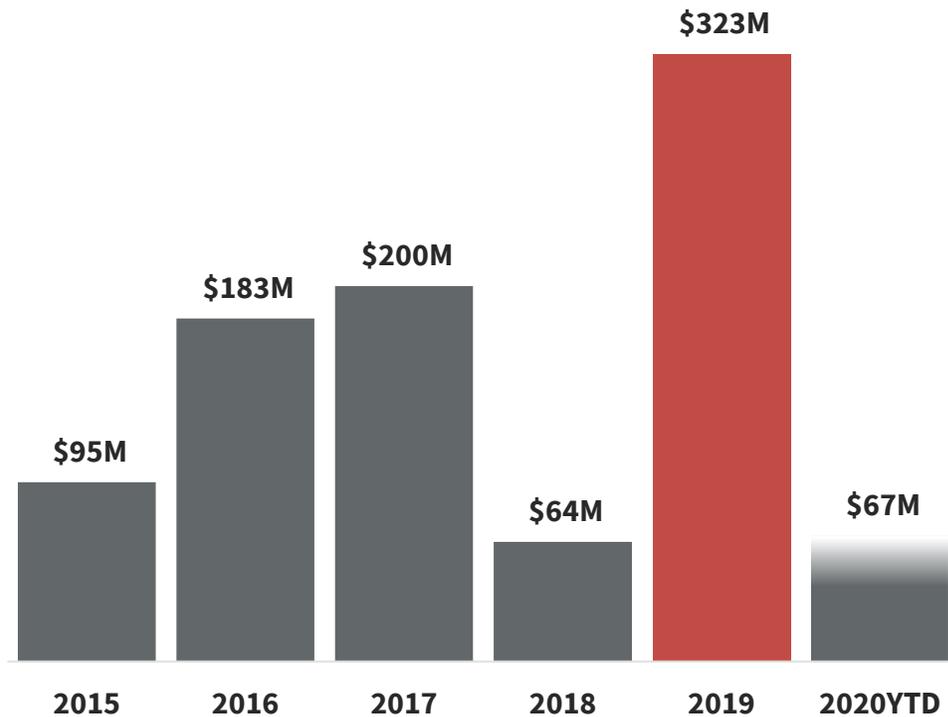
Amount of venture capital investment since 2013



Source: Dealroom.co

2019 was a record year by far for the Polish startup ecosystem, which is still in an early stage of its development.

Venture capital investment in Poland



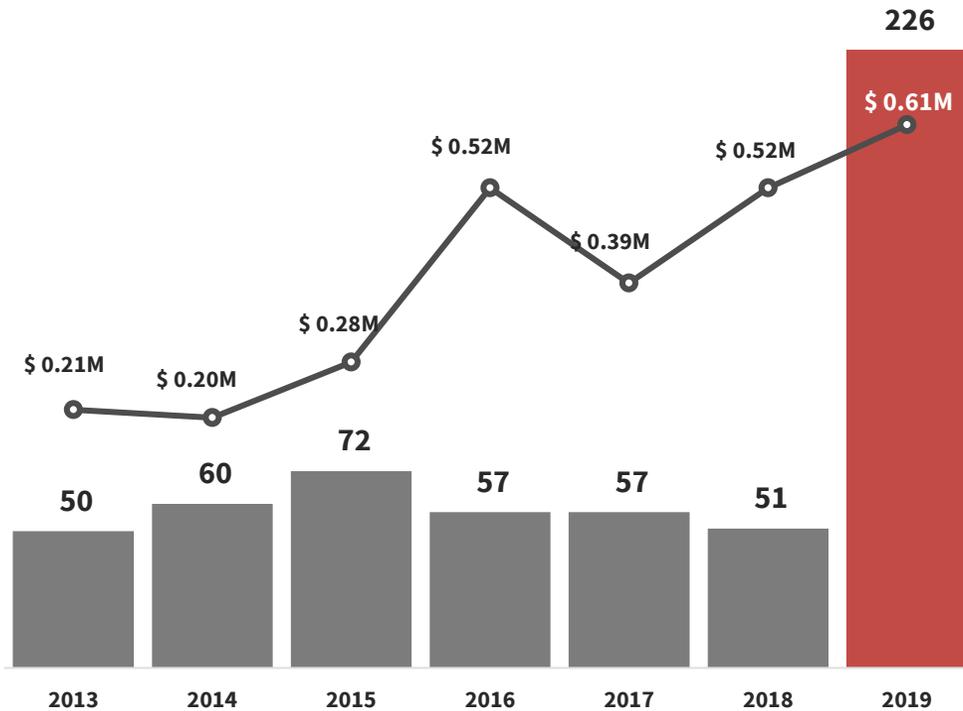
Top funding rounds in Poland in 2019

 \$88M Series E	 \$29.7M Series C
 \$28.6M Series B	 \$12M Series A
 \$9.7M Series A	 \$7.7M Series B
 \$5M Seed	 \$3.6M Seed
 \$3.6M Series A	 \$3.3M Early VC

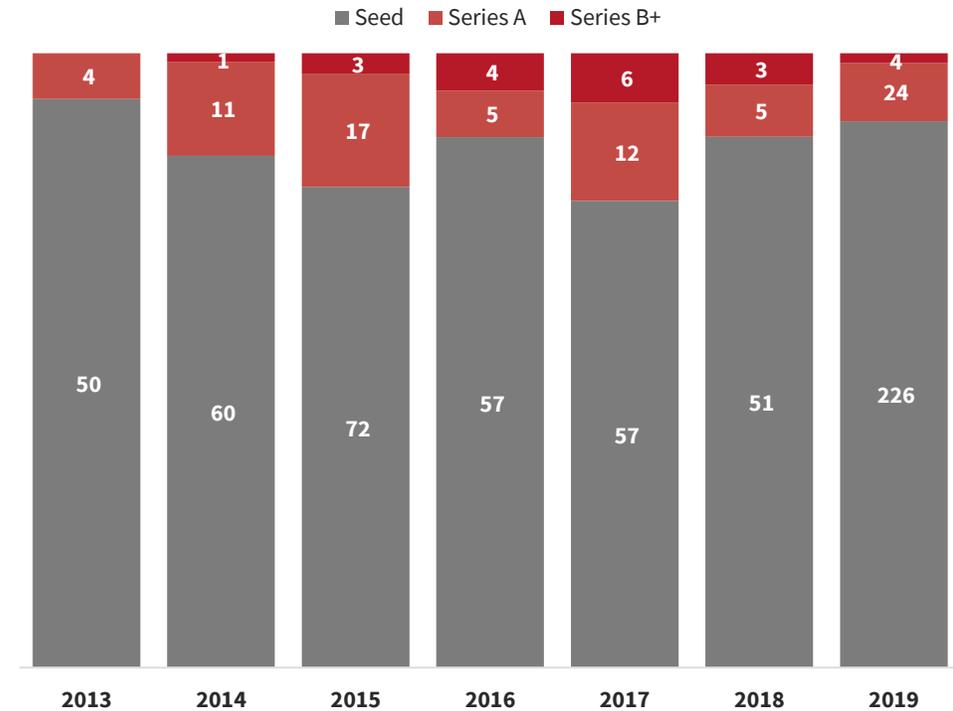
Source: Dealroom.co, PFR Ventures

The Polish (pre)-Seed landscape has been transformed in recent years: the average size of a seed round is increasing, and the number of seed rounds has exploded.

Number and average size of (pre)seed round in Poland



Number (pre)seed rounds in Poland vs Series A vs Series B+



Source: Dealroom.co, PFR Ventures.

Today, Poland counts at least 97 venture capital funds, many seed focused.

	Fund	Founded	Stage	Selected portfolio companies
	Inovo Venture Partners	2012	Late Seed / Series A	Booksy, Infermedica, Tidio, Allset, Eyerim, Restaumatic, Brand24 (exited), ECC Games (exited)
	Market One Capital	2018	Seed	Packhelp, Eversports, Genial.ly, Tier Mobility
	OTB Ventures	2017	Seed / Series B	BabbleLabs, FintechOS, Cosmose, Minit, Silent Eight Search, Spaceknow, SEGRON
BlackPearls.vc	Black Pearls VC	2008	Seed / Series A	Autenti, Insly, Eagronom, Deep.BI, Teamscope, MN Diagnostics, IGrid
	Cogito Capital Partners	2019	Series A-C	MarketFinance, APPLICA.AI
	TDJ Pitango	2017	Seed / Series A	Cosmose, StethoMe, CallPage, Neptune.ml, Tylko
	Innovation Nest	2010	Seed	Silvair, Infraspark, Perfect Gym, UXPin, Cobalt Labs, Elmodis, Callpage, Infermedica, HCM Deck, Estimote
	bValue Angels VC	2016	(Pre-)Seed	Shoplo (exited), Tidio, Senuto, PushPushGo, Spinbackup, CallPage
	Experior Venture Fund	2013	Seed / Series A	ZenCard (exited), Cosmose, Tylko, RevDevBug, iTaxi
	Montis Capital	2018	Seed	Talkkin' Things, Skriware
	Alfabeat	2015	Seed	Wolt, Andiamo, RoboCamp, Recruitment Smart, Intiaro, Coinfirm, Hotailors, Perfect Gym, Promo Republic, Monetizr
	Speedup Venture Capital	2009	Seed / Series A	StethoMe, Lets Deliver, Fitatu, Omni3d, Survicate
	Fidiasz	2017	Seed / Series A	Versabox, Emys, FinAI

Source: Dealroom.co, PFR Ventures, Startup Poland.

Polish VC and startup ecosystem becoming more experienced

Interview with Marcin Zabielski, Market One Capital

What is your take on the development of the Polish startup ecosystem?

There is no surprise that Poland became a vibrant startup scene having access to domestic seed capital, experienced founders and top-notch developers. The effects of investments in startup ecosystem we have seen throughout more than a decade started to pay off. This fact was noticed by some institutional investors with European Investment Fund among others, who selected a few promising managing teams to begin their investing activities not only in CEE countries but also in Western Europe. With participation of Polish fund managers, these funds start to compete with notable VC trademarks bringing into the table not only capital but access to the big, domestic market and qualified workforce.

Taking into consideration our example of Market One Capital – we also support the founders of marketplaces with deep expertise regarding this business model. We review more than 4000 startups yearly investing at seed and round A stages. We actively co-invest with such funds like Enern, Point Nine Capital, Piton, Speed Invest, or White Star Capital, to name a few. Having offices in Warsaw,

Barcelona and Luxembourg, almost half of our portfolio has been done outside of CEE countries.

Due to some programs managed by Polish Development Fund (PFR), more than 50 Polish funds started to invest in last years. The vast majority of them operates investing at the seed stage. It creates a sufficient supply of startups to further back up. But this situation is a double edge sword: it also creates a pressure on valuations and war for talents. Thankfully, compared to Western European countries, valuations are still attractive.

Successes of DocPlanner or Brainly start to kindle the entrepreneurs' and investors' imagination, therefore, I expect better quality startups being created in Poland. There will also be more LPs interested in allocating their financial resources; we are already noticing a growing professionalization among private LPs. Entrepreneurs who successfully sold their businesses are returning to the VC market this time as investors. We observe such stories in our historical investments, where founders come back to us as LPs. Market One Capital is here to support founders brave enough to create another success of marketplace business.



Market One Capital is a seed stage fund empowering marketplaces and network effects platforms across Europe.

13 active investments in 2020

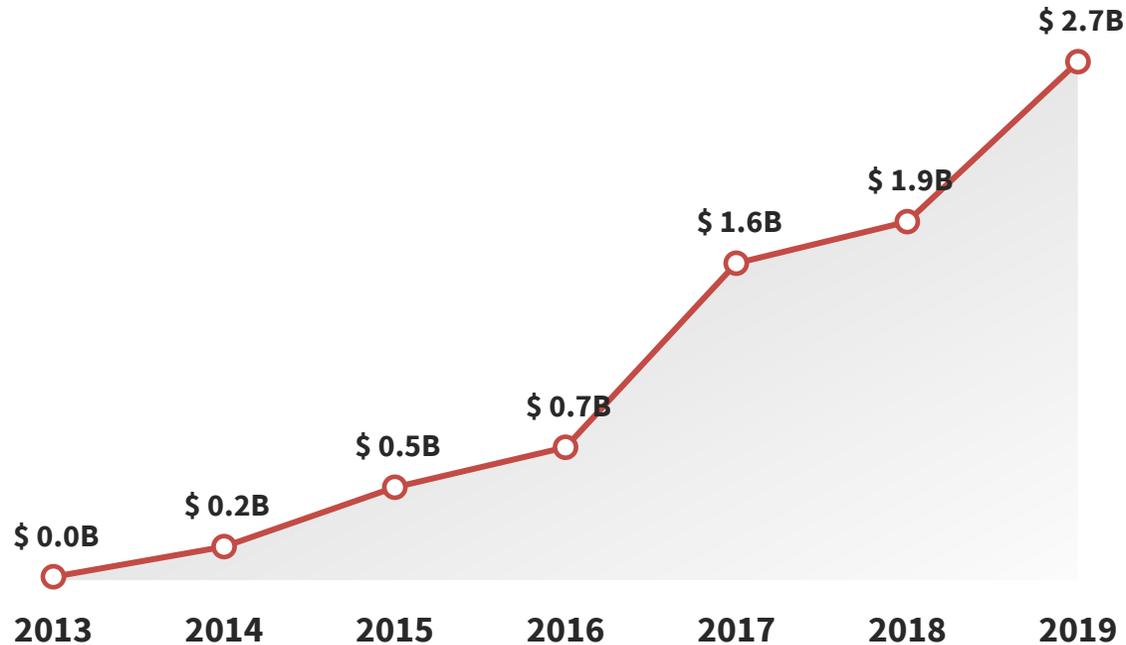
Selected investments:

TIER  symmetrical

 Packhelp  genially

The top 5% of Polish startups, alone, have created \$2.7 billion in value since 2013.

Combined market value of top 5% of Polish startups since 2013



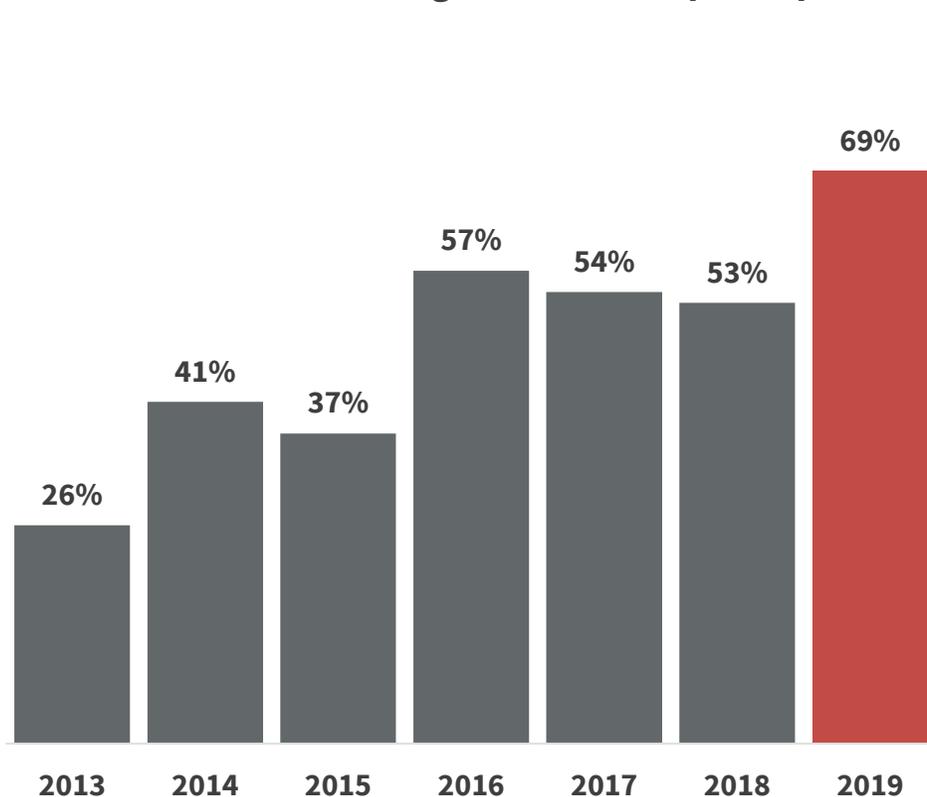
Source: Dealroom.co

Most valuable startups in Poland

 \$300-500M	 \$200-300M
 \$100-200M	 \$100-200M
 \$50-100M	 \$50-100M
 \$50-100M	 \$50-100M
 \$30-50M	 \$15-20M

Foreign investors appetite in Polish tech dramatically increased.

% of rounds where a foreign investor has participated



USA Goldman Sachs	Austria Si Speedinvest	USA khosla ventures	Germany Point Nine THE ANGEL VC	UK passion capital
Docplanner	Packhelp <i>Depilacja.pl</i> DEPILACJA LASEROWA	nomagic	Docplanner inFakt unamo BRAINLY Oferteo	luna
UK FINCH CAPITAL	UK piton CAPITAL	UK WHITE STAR CAPITAL	UK hoxton ventures	France kima ventures
PerfOps symmetrical	Docplanner Booksy	Packhelp uncapped.	nomagic	luna
UK PROfounders CAPITAL	UK DN Capital	Korea true friend Korea Investment Partners Co., Ltd.	Germany GFC	France partech
Packhelp	nomagic	HUUUGE	symmetrical	symmetrical

Source: Dealroom.co, PFR Ventures.

Polish tech ecosystem: foreign investor perspective

Interview with Pawel Chudzinski, *Point Nine Capital*

What has been your investment experience in Poland?

We have been investing in Poland since the very beginning of our activities. In fact, my personal first ever tech investment was as a business angel into a Polish startup called niania.pl back in 2008. This experience was one of the drivers behind my departure from banking and moving to Berlin in 2009 to help start Team Europe and eventually Point Nine.

With Point Nine we have made numerous investments into Polish startups, most notably Brainly, Docplanner, inFakt or Oferteo, to name a few of the more well known ones. While in the early days of our activities in Poland many startups were focused on tackling the Polish market, this

has changed dramatically since then. Many Polish entrepreneurs are building and scaling internationally significant companies right now and we expect this trend to accelerate.

In our view the strengths of Polish startups typically lie on the technical and product side and ability to do more with less, aka. ability to be very efficient. Where I think there still is room to improve, on average, is the commercial side of things and the level to which the Polish scene and entrepreneurs are networked internationally.

Overall we are super happy with our Polish investments and impressed by what the Polish startups we backed have achieved and are very keen to make more investments in Polish Tech.



Point Nine Capital is a seed stage venture capital fund in Europe beyond

143 new investments
since 2013

\$4.5B raised by portfolio since 2013

Selected investments:



PFR Ventures is the largest institutional investor in the CEE region.

PFR Ventures Portfolio



- ▶ In 2018-2019, PFR Ventures launched almost 30 new VCs that started to invest on Polish market
- ▶ Almost 90% of them already invested in at least 1 company
- ▶ One-third of the teams are supported or run by international partners
- ▶ All the funds have nearly \$1B dry powder, \$400M of which provided by PFR Ventures.

Source: PFR Ventures

Most active CVC funds in Poland.

	Sector	LPs	Investments in Poland
Independent CVC funds	 ENERGY INNOVATION POWERED BY PGE ventures	Energy SpeedUp Group, PFR Ventures	 ZENCARD  StethoMe  OMNIBD  InStream  SMART PHARMA
		Energy Tauron Polska Energia SA, PFR Ventures	 TakeTask  Challenge Rocket.com  SINTERIT  Reliability Solutions
		Food/Energy Nouryon, Bühler Group, Royal Cosun, Akzo Nobel	 Reliability Solutions
Polish Corporations investing in startups		Energy PGE Capital Group	 Connect Point  Scanway  PYSENSE  altlight.  lerta  ABYSS GLASS
		Fintech Alior Bank	 AUTENTI  PayPo
		Fintech mBank	 HCM Deck  DIGITAL TEAMMATES  S/AMITO  chatforce  CYBER RESCUE  DIGITAL FINGERPRINTS
		Oil & gas PGNiG Group	Currently screening applicants.

Source: Dealroom.co, PFR Ventures



Comment from Małgorzata Walczak, PFR Ventures

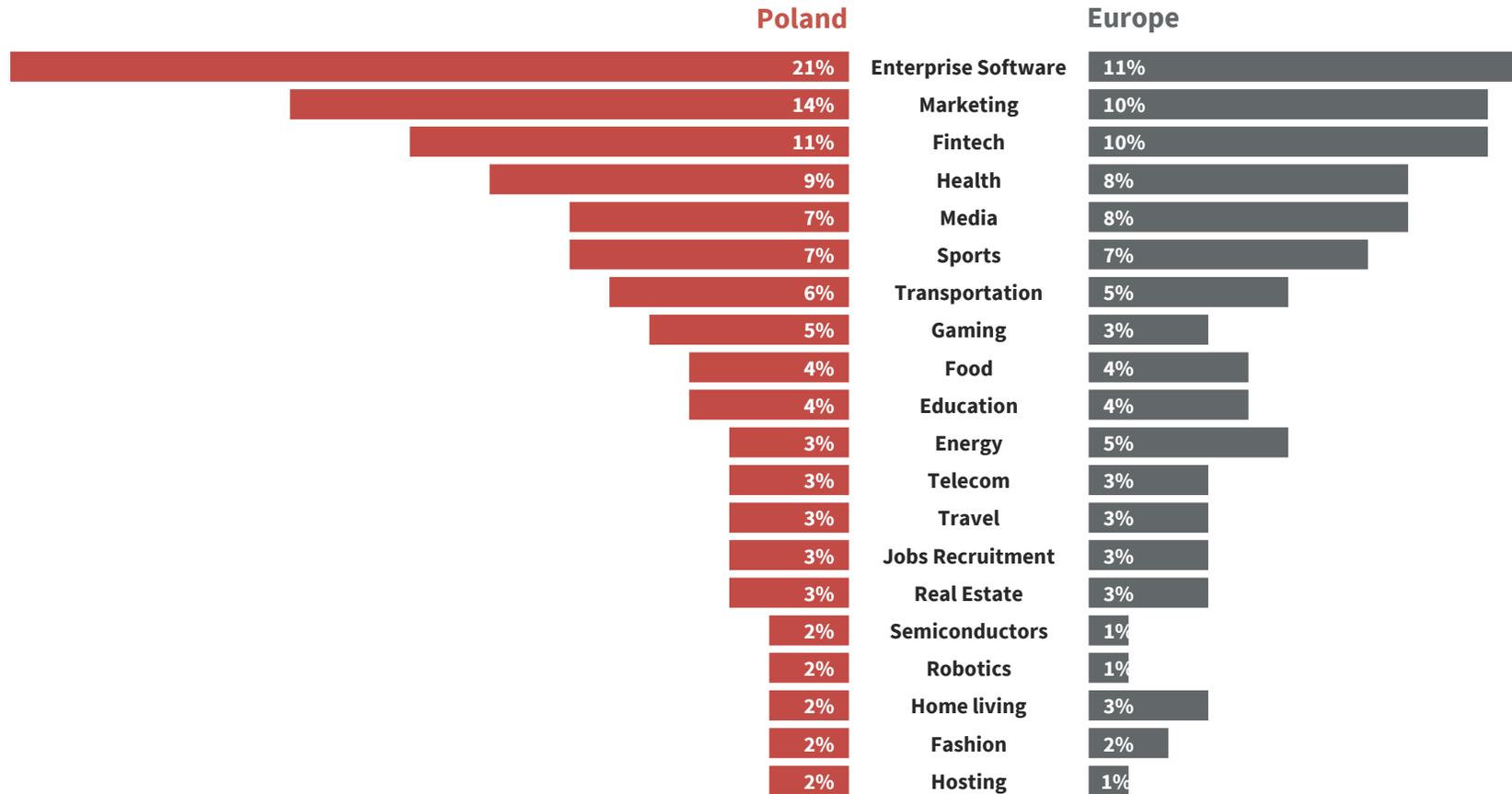
“The Polish CVC market began its development in 2019. It was then when the first investment teams, independent of corporations, were established.

To date, we have 3 players operating within the classic model and several companies that have created internal teams to invest in young, innovative projects (including Alior Bank and mBank). According to the research we have conducted along with the SpeedUp Group, many corporations present in Poland are still thinking about start-ups. It is mainly through the prism of image and marketing.

We do hope that this will undergo change alongside the increased positive activity of the newly-created funds.”

Poland's strength in software development is reflected in its startup industry distribution. Compared with EU, Poland has a higher concentration of startups in Enterprise Software, Marketing solutions and Gaming.

Industry distribution by number of startups



Source: Dealroom.co. Only includes industries with >2% share of total number of startups.

Industry dive: Enterprise software

Poland has emerged as a leading software development hub in CEE

Marketing



Fintech



Jobs recruitment



Manufacturing



Health



IoT



Education



Workforce



Piotr Surma
Co-founder & MF



"I'm very excited to see that Poland has emerged as one of the European tech hubs. We are playing well on our strengths which is a tech-savvy population with passion for financial services. This in combination with a progressive regulator focused on enabling the good innovators, is a winning formula. Plenty of challenges ahead but I'm positive we are on the right track."

Poland has a proven track-record of producing important exits.

	NAME		ACQUIROR	SELLER	INDUSTRY	LOCATION	TRANSACTION	DATE
	FIBARO Home automation developer		Nice SpA	Manta Ray Ventures	IoT	Poznań	\$ 73M ACQUISITION	Jul 2018
	Pizzaportal.pl Food delivery		Glovo	AmRest	Food	Łódź	\$ 39M ACQUISITION	Aug 2019
	Frisco.pl Online food supermarket	Supported by PFR 	Eurocash	MCI Capital	Food	Klaudyn	\$ 31m SECONDARY	Feb 2019
	ECC Games Games developer	Supported by PFR 	-	Inovo Venture Partners	Gaming	Warsaw	\$ 11M IPO	Feb 2019
	Teroplan Transport connection search engine	Supported by PFR 	Wirtualna Polska	Giza Polish Ventures	Travel	Oświęcim	\$ 1.75M SECONDARY	Mar 2019
	Brand24 App to grow customer satisfaction and sales		-	Inovo Venture Partners	Marketing	Warsaw	\$ 1M IPO	Jan 2018
	Telematics technologies (formerly NaviExpert) Location-based services and insurtech		-	MCI Capital	Mobility	Warsaw	Undisclosed SECONDARY	Jan 2019
	Shoplo Online bus ticketing platform		SumUp	bValue	Marketing	Warsaw	Undisclosed ACQUISITION	Feb 2019
	Base CRM Web-based sales platform		Zendesk	OCA Ventures	Marketing	Kraków	Undisclosed ACQUISITION	Sep 2018

Source: Dealroom.co. Only includes exits since 2015

Success stories



Booking platform for beauty and health services



Doctor appointment platform



Largest social learning network for students, by students

Industry: Wellness & Beauty

Launch year: 2014

Employees: 290+

Industry: Healthcare

Launch year: 2011

Employees: 300+

Industry: Education

Launch year: 2009

Employees: 250+

Founders: Konrad Howard, Stefan Batory

Investors: Piton Capital, Inovo Venture Partners, Enern, XG Ventures, Industry Ventures, OpenOcean

Founders: Luca Puccioni, Lucjan Samulowski, Mariusz Gralewski

Investors: Point Nine Capital, Piton Capital, Goldman Sachs, One Peak Partners, Target Global

Founders: Lukasz Haluch, Michał Borkowski, Tomasz Kraus

Investors: Prosus, Point Nine Capital

Polish success story

Interview with Peter Bialo, CFO

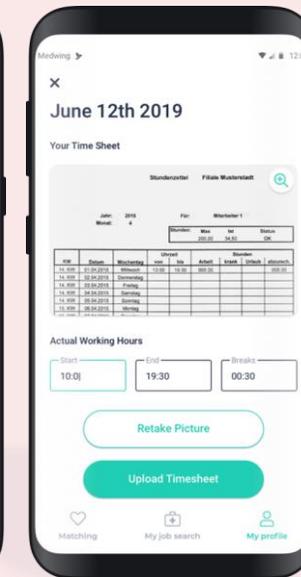
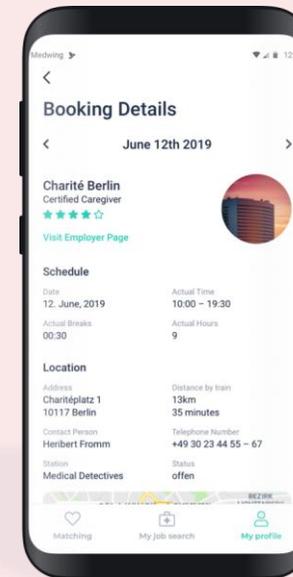
What's the story behind Docplanner? What's next?

DocPlanner currently serves 30 million patients and processes over 2 million bookings every month. It lists more than 2 million healthcare professionals with a total of 3 million patient reviews on its websites in 15 countries. The company was founded in 2012 in Poland and now boasts a team of more than 1,300 based across offices in Warsaw, Barcelona, Istanbul, Rome, Mexico City, Curitiba and Bologna. With a global mission to 'make the healthcare experience more human' the company provides free doctor reviews and booking for patients via its online marketplace. In addition, it offers doctors and clinics a SaaS tool used to optimise their patient flow, reduce no-shows, and digitize their practices in order to be able to spend more time with the patient and ultimately improve healthcare outcomes. Via its TuoTempo brand, the company offers a more sophisticated suite of optimisation products for large healthcare

institutions. DocPlanner is backed by leading venture capital funds including Point Nine Capital, Goldman Sachs Private Capital and One Peak Partners, raising a total of €130 million to date.

About the potential of the local tech ecosystem?

Relative to the West and even some of our smaller neighbours, we are still in the early phases of the development of the start-up scene in Poland. However, we remain optimistic as many important elements are now in place for the ecosystem to thrive. VCs are getting more interested in the region, as are local governments through various innovation programs, which is resulting in better access to funding. The emergence of second- and third-time founders means money and valuable experience are being recycled back into the ecosystem. The flywheel (aka. virtuous circle) which is turbo difficult to budge initially is starting to slowly turn.



Methodology and data sources.

Data source

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-generated data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process

Most underlying data from the report is available online via <https://poland.dealroom.co/dashboard>

The database includes companies raised in the ecosystem, regardless of where they are currently registered.

For more info please visit dealroom.co or contact support@dealroom.co

Venture capital investment

Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds

It excludes 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

Valuation

The combined valuation of startups based on their market cap or latest transaction value. Transaction value is realised from exit or implied unrealised valuation from the latest VC round, which is either announced or estimated by Dealroom based on market-based assumptions for dilution.

An expanding combined network: each new member adds more value.





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