



BULGARIAN PRIVATE EQUITY AND  
VENTURE CAPITAL ASSOCIATION

# FUNDING INNOVATION

...FROM GRANTS TO INVESTMENTS

CESC 07/12/2017

Evgeny Angelov

# Investment highlights



#3 in the world for **certified it professionals** per capita



#1 **business process outsourcing** destination in Europe and #3 in the world



**growing exports of ICT services** 4x & electrical machinery 5x since 2008



**8 out of 10 cars** produced in Europe with components from Bulgaria



96% **internet users** with speed higher than 4 mbps

R&D



ORACLE



IBM vmware

CISCO UBER

## Bulgaria ranks among the high-achievers in innovation efficiency

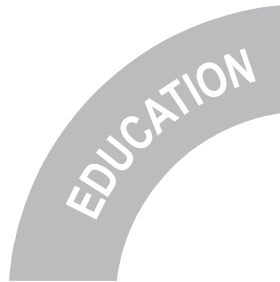
Early-stage entrepreneurship at low rate but high percentage become established businesses

Strong science & technology base supporting the creation of world-class new technology-based ventures

Innovation-oriented businesses with remarkable efficiency

Taxes are not a burden for new and growing firms & regulations are applied predictably and consistently

# The innovation ecosystem is thriving



# SME funding for innovation and growth over 5 years...

**>350M**

public revolving  
funding

**x2.6**

private funding  
multiplier

**>875M**

total financing  
mobilised

a regional success story



**>10,000 SMEs**  
financed

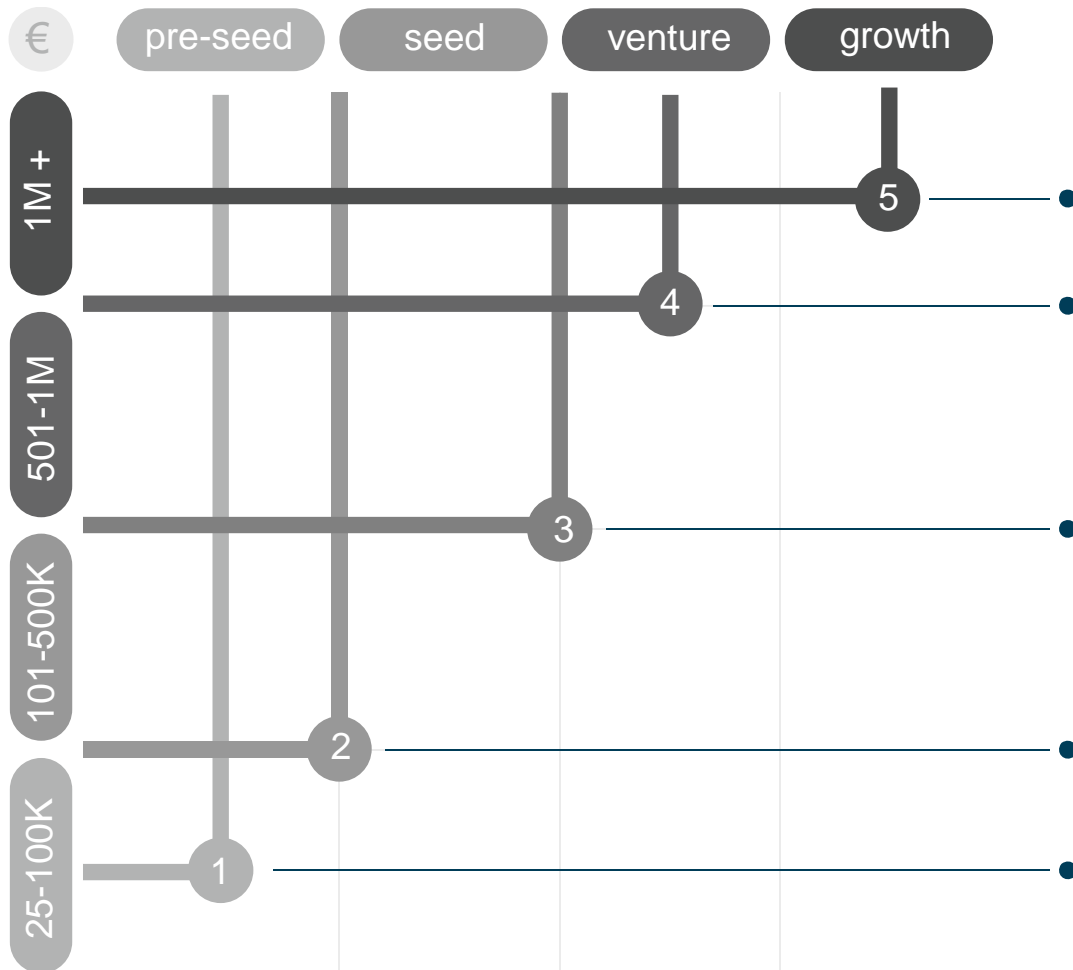


**>25,550 jobs**  
supported



**210 start-ups**  
& growth stage  
companies funded

# Bulgarian-based equity funds



Post Scriptum

BlackPeak  
CAPITAL

Rosslyn

LAUNCHUB  
VENTURES

eleven

digimark  
ventures

FunStartUp

NEVEQ

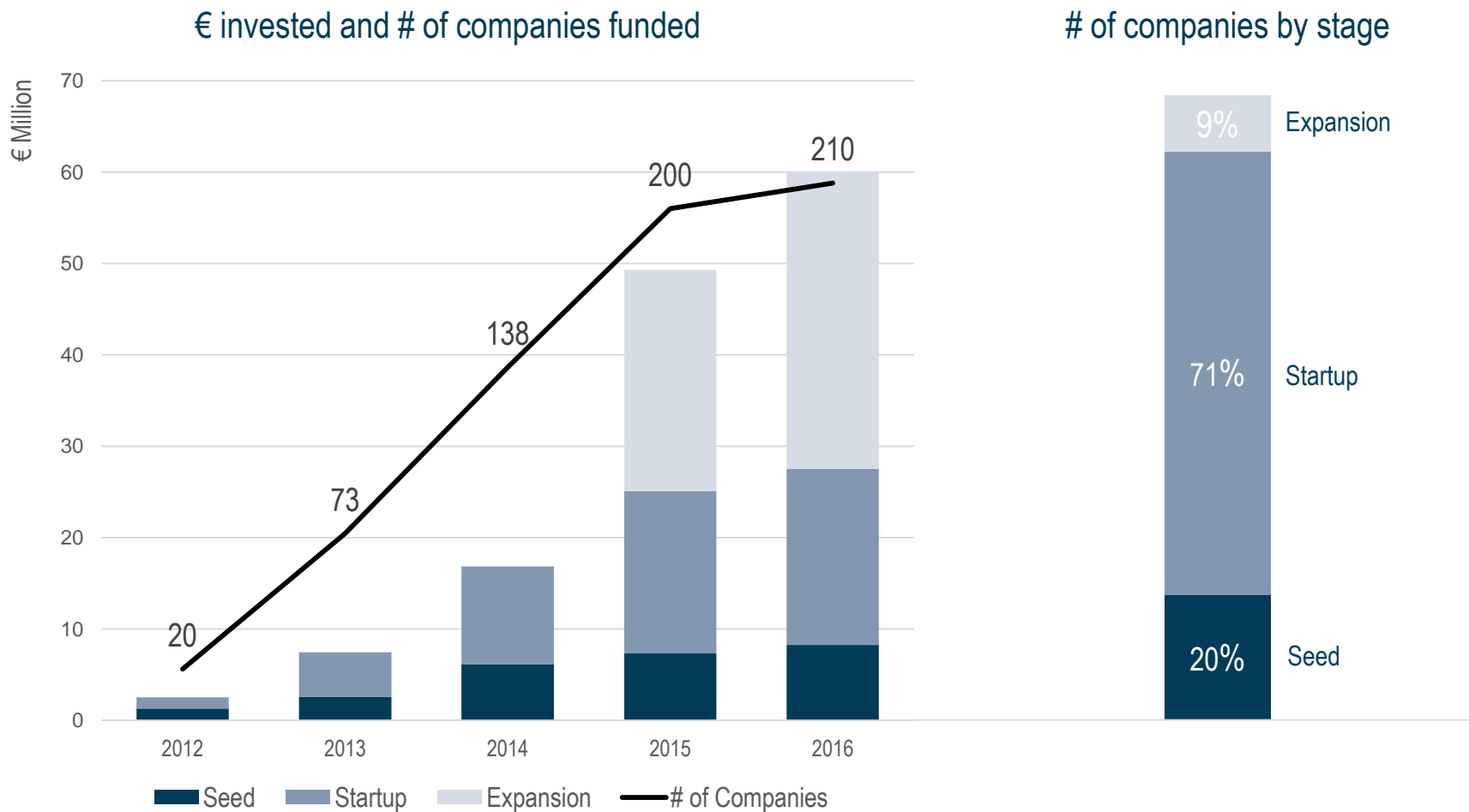
EMPOWER  
CAPITAL

UniCredit Bulbank

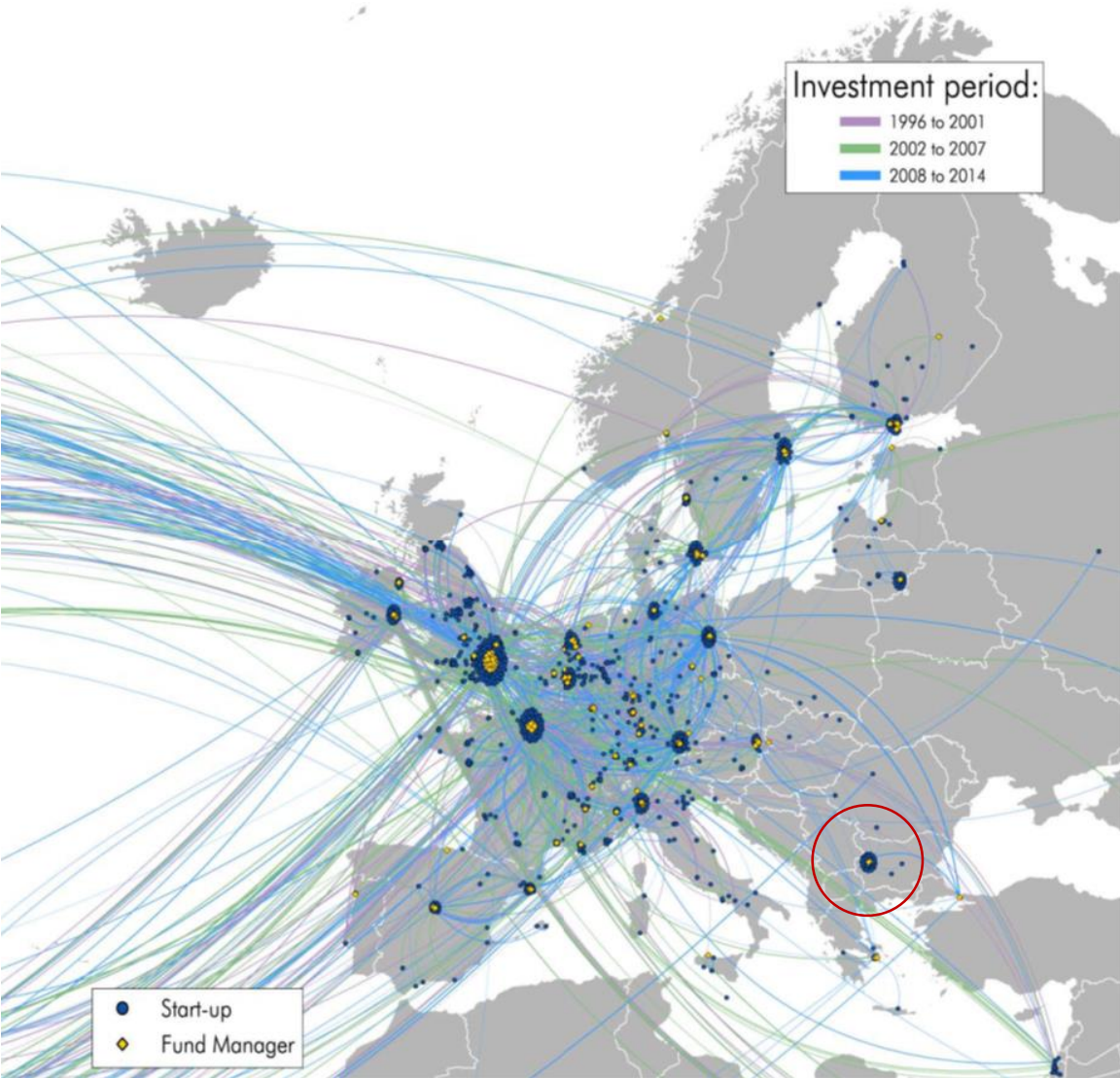
CLEANTECH  
BULGARIA

start it  
smart

# Investment activity by stage (publicly funded funds)



# VC activity



**Forbes**

“ SOFIA IS AMONG THE 10 TOP CITIES AROUND  
THE WORLD TO LAUNCH YOUR STARTUP ”



# Results

> 5000

applications  
for funding

> 60

entrepreneurial  
conferences & workshops

> 30 %

of start-ups set up  
by non-Bulgarians

## Majority of funded companies by sectors

ICT

Engineering

Digital

Med-tech

## Follow-on investors from top tier firms

EARLYBIRD  
VENTURE CAPITAL

Y Combinator

Si  
Speedinvest

techstars

NORWEST  
VENTURE PARTNERS

DFJ

# Why was the approach successful?

## Public funds

market approach

## Partnership

## Multiple intermediaries

more competition

### Simple, clear products

SMEs understand how they work

### Clear selection criteria

transparency, no arbitrary rules

### Experts vs. civil servants

no political influence,  
independence

### Financial engineering

recycling effect

### Government

clear strategy

### EIF

experienced debt &  
equity manager

### EU

flexibility

### No bureaucracy

SMEs choose the intermediary they  
want to work with

### Remove non-performers

Experiment with different  
channels...  
help or remove failures

### Leverage existing infrastructure

# Investment vs. grants

## Company level

**Access to funding** when it is needed - namely, prior to investment thus switching to “what I need” instead of “what grants are available”

**More flexibility** regarding eligibility of costs used to address the specific & evolving needs of companies

**Predictable cost of funding.** Grants are not “free” - incur various indirect costs (i.e. time, consulting expenses, etc.)

## Public policy level

**Multiplying public resources** (x2.57 in Bulgaria)

Support a **higher number of companies**

Disciplining effect on companies for **sustainable development**

Market approach to managing public funds - professional approach to project assessment that **minimizes bureaucratic interventions**

# Key takeaways

Local investment scene is energised...  
but still a long way from significance

Government/ EU has an important role to play...  
as arms length LP investor

Seed/ VC funds needed in new verticals-  
medtech, electronics, industrial innovation

Large gap/niche between seed &  
Series A funding

Policy discussion - ease the regulatory  
restrictions & increase tax incentives

US vs European partnerships / investors /  
customers

**Equity capital for innovation and growth –  
3x over the next 24 months**

**> €40-60M**

2-3 new EIF backed  
VC & Seed funds

**> €120M**

Fund of Funds backed  
VC, Seed & Mezzanine funds

**> €50M**

Private fundraising by  
existing funds

# BVCA at a glance

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Focal point of private investors, venture capital funds and the entrepreneurial community in Bulgaria

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V

Popularise the role of private investment as a reliable and sustainable source of funding

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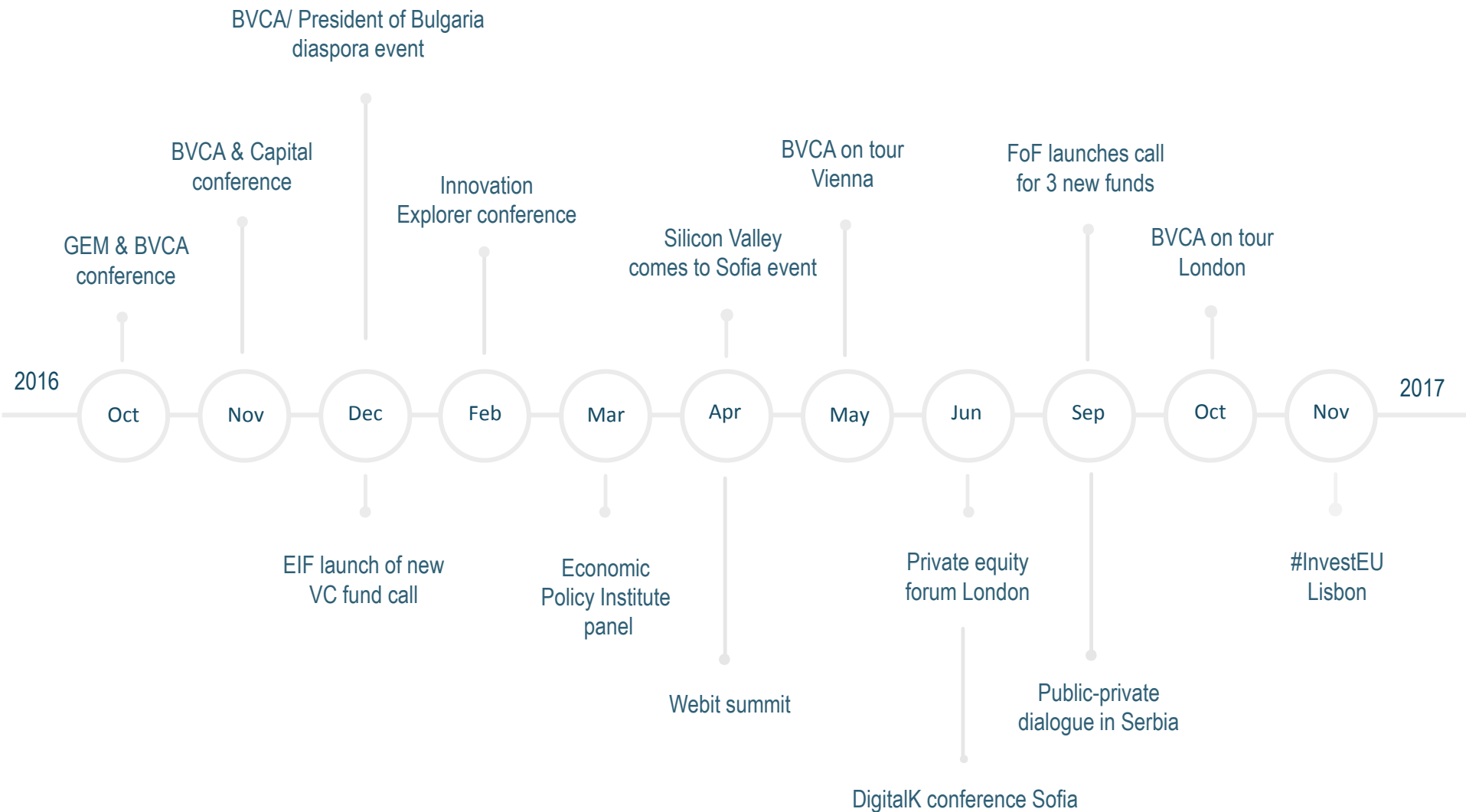
Ensure sound public policy that encourages a favourable investment environment

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Λ

Engage the Bulgarian diaspora

# In the past year...





BULGARIAN PRIVATE EQUITY AND  
VENTURE CAPITAL ASSOCIATION

## members



## partner associations



Stay involved & informed



[www.bvca.bg](http://www.bvca.bg)