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Training: Funding and investment readiness

Venture Capital and Funding Sources

Presenter

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UEFISCDI

Content

- Startup & Funding stages
- Overview of venture capital (VC) schemes
- Accessing European VCs, family offices, corporate funding
- Understanding the interaction between public funding and private investments

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About the presentation

Innovation drives progress, but it requires financial backing. Startups, research projects, and new technologies need funding to grow. VC and grant funding play crucial roles in fueling innovation.

This presentation will help you understand how to **access the right investors, secure public grants, and blend different funding sources** effectively.

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Startup stages

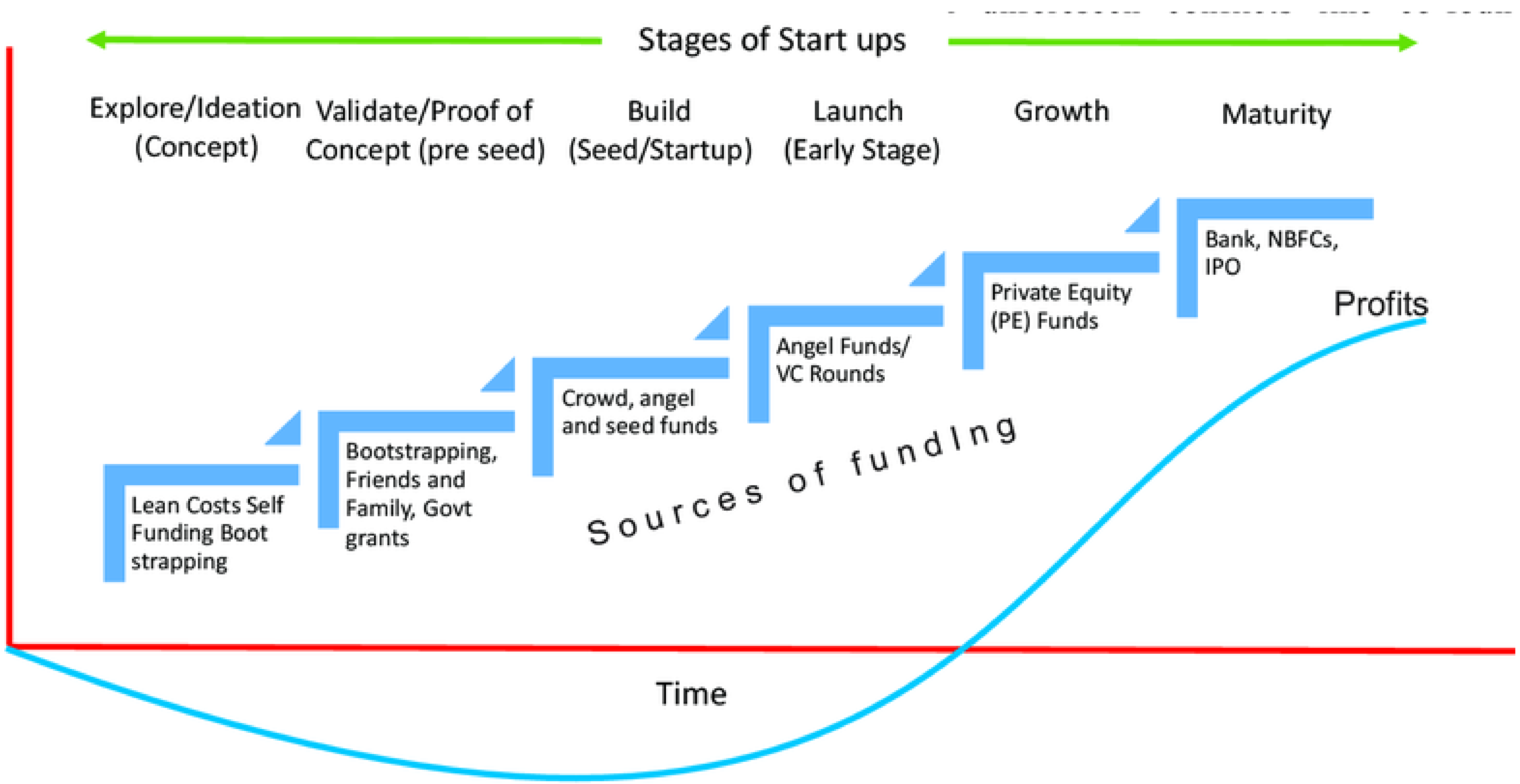

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Image source: https://medium.com/

Funding stages

- 1. Pre-seed Stage: Idea validation, early product development
- 2. Seed Stage: Product-market fit, first users
- 3. Series A: Scaling the business, expanding market reach
- 4. Series B & Beyond: Growth, international expansion, acquisitions
- 5. Exit Strategies: IPO, acquisition, or continued growth

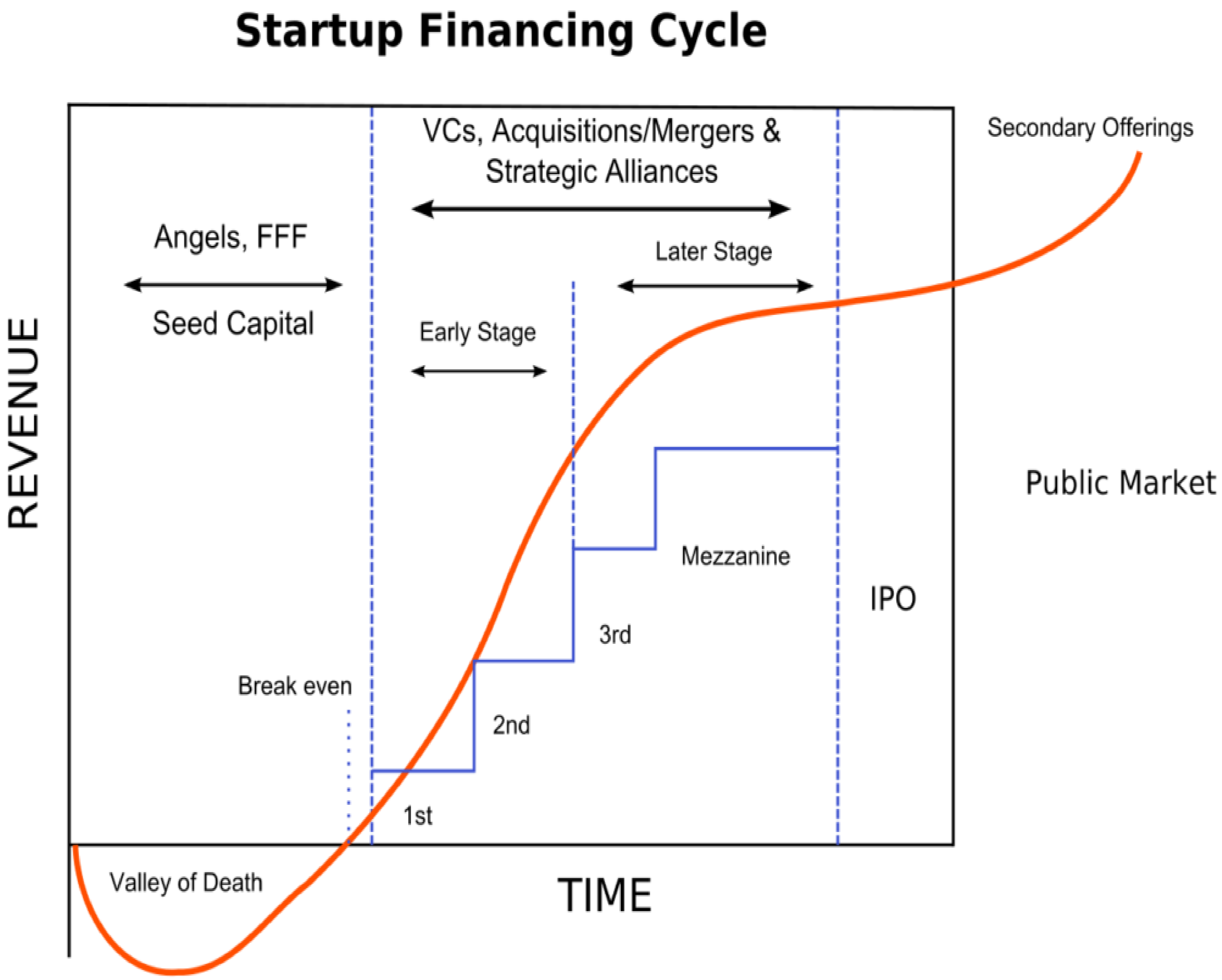

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Image source: Policy Brief: Fostering Entrepreneurship in Agriculture through Incubation Centres in National Agricultural Research & Education System (NARES)

Bootstrapping & Self-Funding

Using personal savings or reinvesting early revenues.

- Pros: Full control, no dilution of equity.
- Cons: Financial risk, limited scalability.

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Government Grants & Public Funding

Advantages: No equity dilution, supports R&D-intensive startups.

Examples:

- EU programs (Horizon Europe, EIC Accelerator)

- National grants & innovation funds

- Research and university commercialization grants

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Friends, Family & Angel Investors

Friends & Family: Informal investments from personal networks.

Angel Investors: High-net-worth individuals investing in early-stage startups.

- Provide capital, mentorship, and networking opportunities.

- Usually invest in exchange for equity.

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Understanding Venture Capital (VC)

Venture Capital (VC) is a form of private equity funding where investors provide capital to high-growth startups in exchange for equity.

Types of VC Firms:

- Early-stage VC (Seed, Series A)
- Growth-stage VC (Series B & beyond)
- Corporate VC (investments from corporations)

• How VC Works:

- Funding rounds
- Due diligence process
- Terms and valuation negotiations

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Understanding Venture Capital (VC)

Venture Capital (VC) is not just about money! It's about identifying and supporting visionary entrepreneurs who have the potential to change industries, revolutionize markets, and create significant value for society.

Venture capitalists play a critical role in the entrepreneurial ecosystem by offering not just financial backing but also mentorship, strategic guidance, and valuable connections to help these companies succeed.

This unique combination of capital and expertise is a key reason why venture capital is crucial for fostering innovation and helping companies navigate the challenging startup phase.

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The VC investment process

Key factors VCs evaluate in investment opportunities:

- Strong, innovative product/service that addresses a significant market need
- Growth potential: Scalable business models that can generate substantial returns
- Management team: Founders and key executives must demonstrate industry expertise, resilience, and leadership potential

Due diligence process:

- Thorough analysis of financials, intellectual property, market potential, and competitive landscape
- Assessment of the unique value proposition and market differentiation
- Evaluation of the risks associated with each investment

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VC Funding in Europe

- Europe has a thriving VC ecosystem, with major hubs in London, Berlin, Paris, and Amsterdam.

- The EU Commission collaborates closely with EU member states to enhance the efficiency of equity investment markets, ensuring that strong projects can connect with the right investors.

- In 2013, the EU introduced the Regulation on European Venture Capital Funds (EUVeCa) to create a pan-European venture capital market. This regulation established a new "European venture capital fund" label and introduced measures that allow venture capitalists to promote their funds across the EU under a unified set of rules.

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VENTURE CAPITAL IN EASTERN EUROPE

- Once considered an emerging market, the region has transformed into a powerful player, combining capital efficiency with exceptional engineering and technological expertise.
- CEE startups and scaleups are shaping technological advancement – particularly in AI – rather than just adapting to economic shifts.
- The region's strength lies in its collective potential rather than just individual country capabilities.
- Historically fragmented, CEE countries share common challenges and ambitions, driving them to compete globally.
- Eastern Europe is home to a highly skilled workforce, supported by strong technical education and a dedicated employee base. This talent has been instrumental in the success of companies such as Bolt, Infobip, UiPath, and others.

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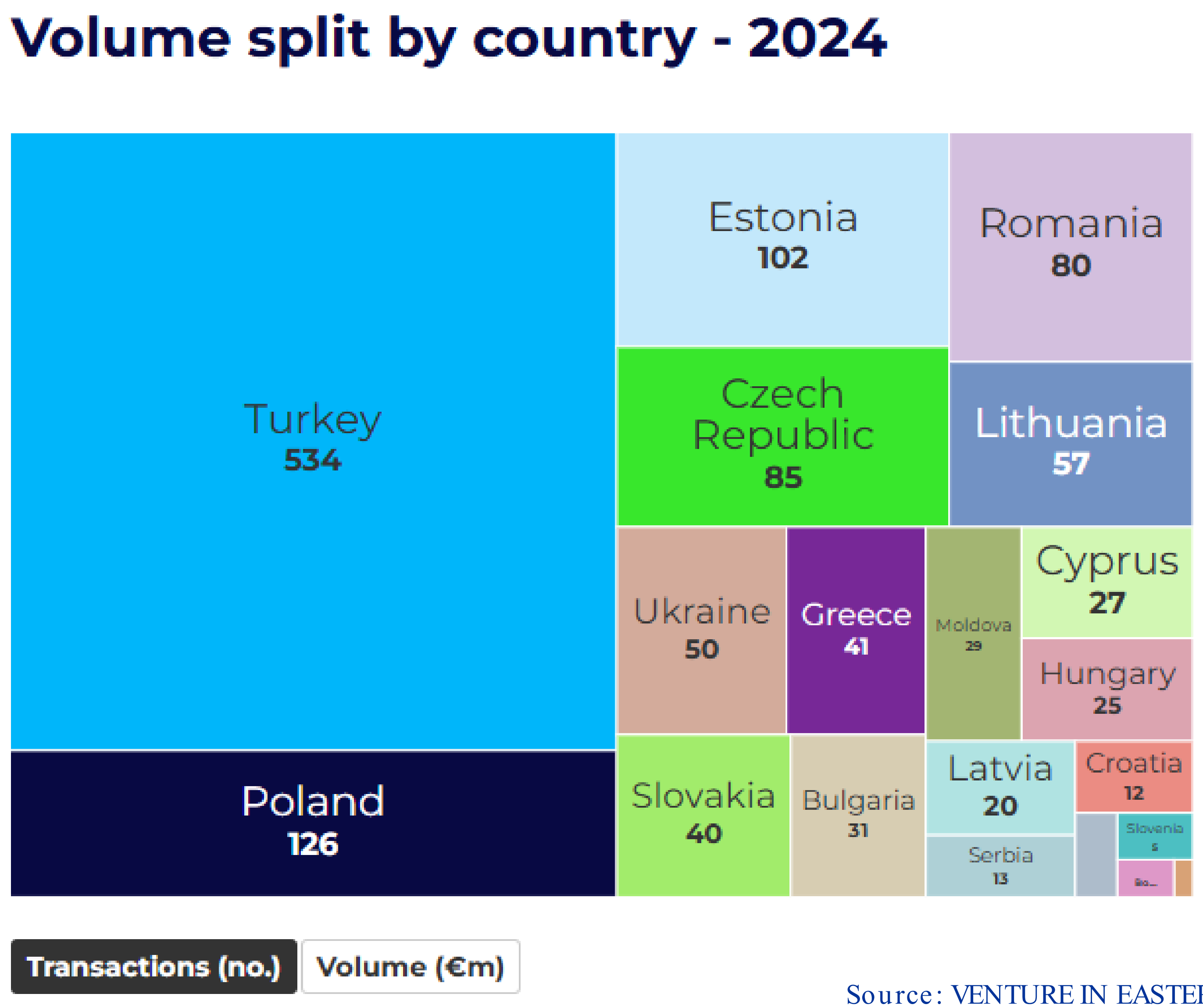
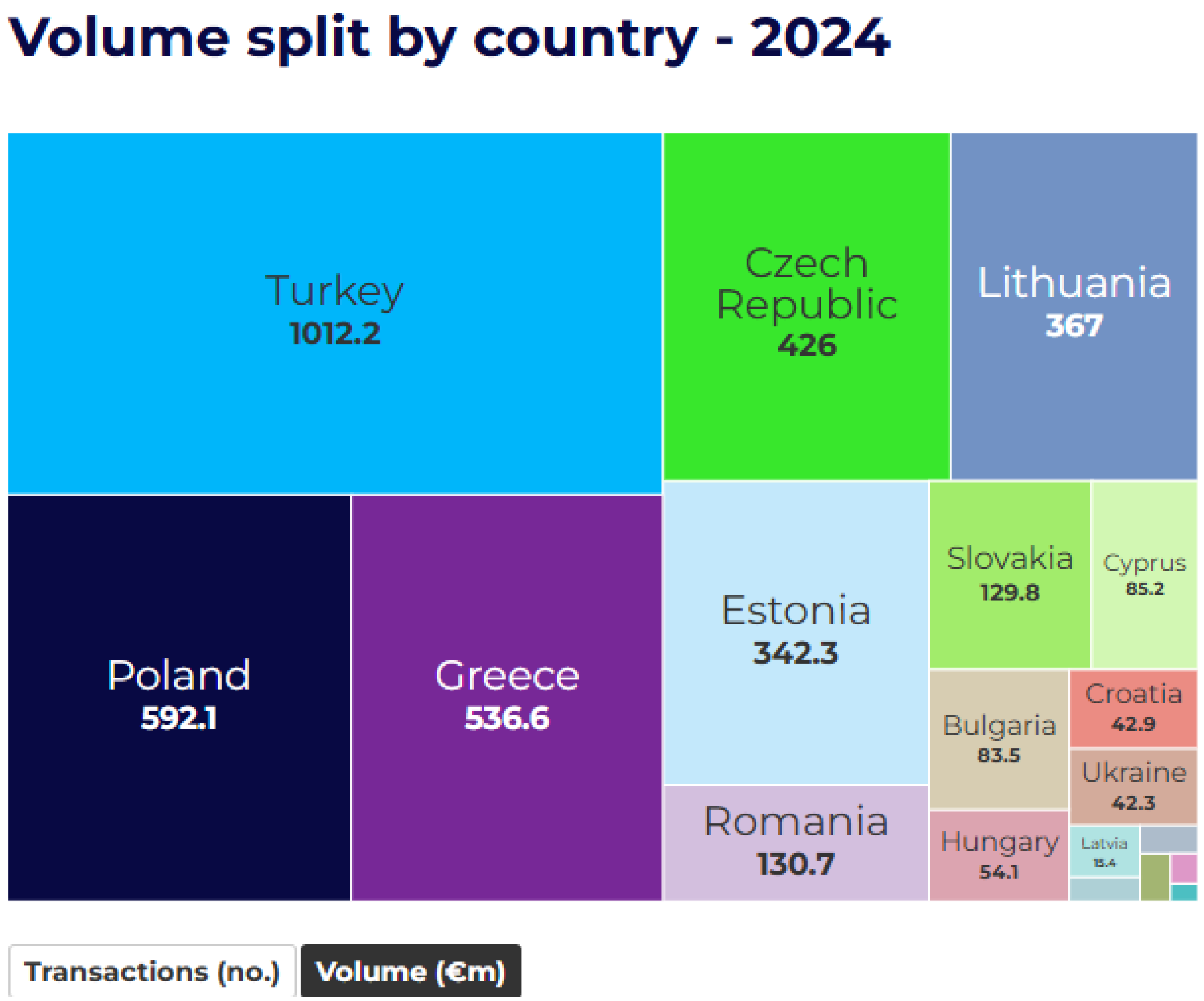
VENTURE CAPITAL IN EASTERN EUROPE 2024 – HOW TO WEB REPORT

- 1,286 venture deals added up to a total volume of €3.89B
- Top countries with investment volumes of more than €100M (8 in total, in descending order): Turkey, Poland, Greece, Czech Republic, Lithuania, Estonia, Romania, and Slovakia





Source: VENTURE IN EASTERN EUROPE 2024 REPORT, https://www.howtoweb.co/venture-in-eastern-europe-report-2024/

VENTURE CAPITAL IN EASTERN EUROPE 2024 – HOW TO WEB REPORT

- **Late-stage investments dominate**
- Series A to C accounted for **63%+** of total investment volume (€2.44B).
- Breakdown:
  - **Series A:** €633.7M
  - **Series B:** €609.6M
  - **Series C:** €1,192M
- **Key driver:** Eastern Europe's deeper integration into the European venture market.

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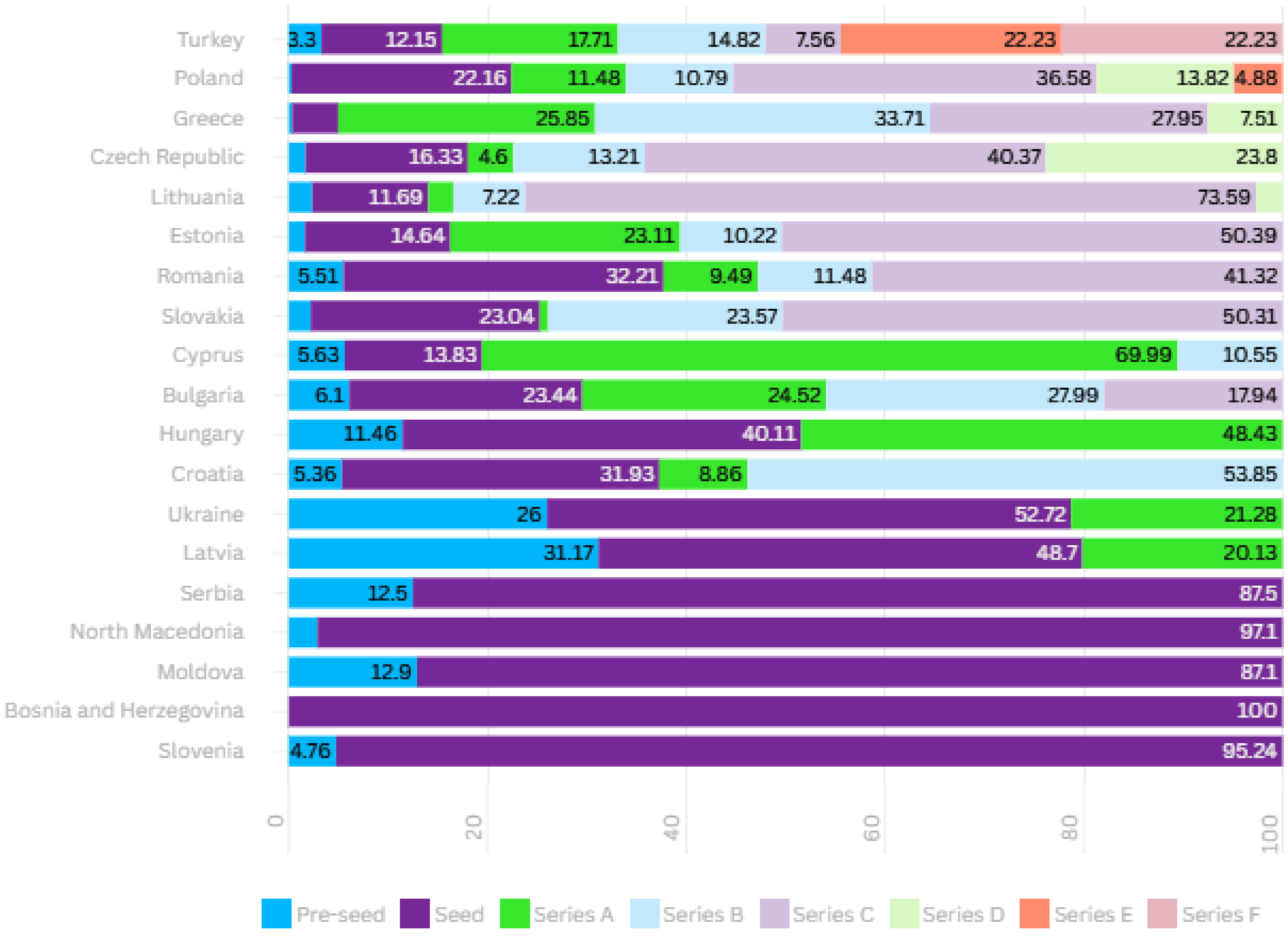
VENTURE CAPITAL IN EASTERN EUROPE 2024 – HOW TO WEB REPORT

- **Seed-stage investments gain traction**
  - Reached €634M, nearly matching Series A volume.
  - Slight increase compared to 2023.
- **Pre-seed investments remain weak but show slight recovery**
- **2024:** €104.6M (up from €99.8M in 2023 but below €140M in 2022).
- Investor caution remains high, favoring startups with clear traction.
- Market stabilization suggests **early signs of renewed confidence** in early-stage startups.

Distribution the investment volume per country 2024



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Top Companies Raising the Largest Venture Deals – Danube Region Countries (I)

Top deals—Bosnia and Herzegovina

- Adriatic Crypto Exchange (€3.2M, seed, investors: Modulus Global)
- Biokript (€303K, seed, investors: unknown)
- Companions Corp (€46K, seed, investors: unknown)

Top deals—Bulgaria

- AMPECO (€23.4M, series B, investors: BMW i Ventures, Cavalry Ventures, LAUNCHub Ventures, Revaia)
- Eldrive (€15M, series C, investors: European Bank for Reconstruction and Development)
- Nasekomo (€8M, series A, investors: Invenio partners)
- Iris AI (€7.6M, series A, investors: Silverline Capital, the European Innovation Council)

Top deals—Croatia

- All eyes on screens (€10M, series B, investors: Taiwania Capital Management Corporation)
- Entrio (€9M, series B, investors: Invera Equity Partners)
- Orqa (€5.8M, seed, investors: Lightspeed Venture Partners, Radius Capital, Decisive Point, Day One Capital)
- Gideon (€4.1M, series B, investors: Prologis Ventures, Toyota Industries)
- Pythagora (€3.6M, Seed, investors: Polish Inovo VC, 500 Emerging Europe, Moonfire, Rebel, Uphonest Capital)

Top Companies Raising the Largest Venture Deals – Danube Region Countries (II)

Top deals—Czech Republic

- Rohlik (€160M, series C, investors: European Bank for Reconstruction and Development, European Investment Bank, Ilavska Vuillermoz Capital, Index Ventures, Quadrille Capital, Sofina, TCF Capital)
- Mews (€101.3M, series D, investors: Goldman Sachs, Kinnevik, LGVP, Notion Capital, Revaia)
- Woltair (€12M, series B, investors: Fifth Wall, Inven Capital, ArcTern Ventures, Westly Group)
- Adalid Sciences (€12M, series C, investors: BTL Medical Development)
- Daytrip (€9.2M, series B, investors: Taiwania Capital, Euroventures, J&T Ventures, N1)

Top deals—Hungary

- Colossyan (€20.2M, series A, investors: Lakestar, LAUNCHub Ventures, Emerge Education, Day One Capital, Oktogon Ventures)
- Parkl (€4M, series A, investors: Lead Ventures)
- Deligo Vision (€3M, seed, investors: Frontline Ventures, Interactive Venture Partners, Grep VC, angel investors)
- OpenMeter (€2.7M, seed, investors: Y Combinator, Haystack, Sunflower Capital)
- Top deals—Moldova
- NodeShift (€2.8M, seed, investors: 10xFounders, Inovo, Intel Ignite, Kestre10X, Notion Capital)
- GreenO (€1.2M, seed, investors: Signet Global)
- Aspect.Health (€900K, seed, investors: Angel Investors, EWOR, Techstars, u Ventures)

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Top Companies Raising the Largest Venture Deals – Danube Region Countries (III)

Top deals—Romania

- FintechOS (€54M, stage, investors: Bek Ventures, BlackRock, Cipio Partners, Gapminder VC, Molten Ventures, OTB Ventures)
- Leanpay (€10M, series B, investors: Catalyst Romania, BlackPeak Capital)
- dotLumen (€5M, series B, investors: Catalyst Romania, European Innovation Council Fund, Sweden's Tigrim Capital, Seedblink)
- MOOV Leasing (€5M, seed, investors: TBA)

Top deals—Serbia

- Lupa Technology (€1.6M, seed, investors: South Central Ventures and the World Bank/EU Commission)
- Hunch (€1.5M, seed, investors: Catalyst Romania)
- KOKODI (€990K, seed, investors: Avalanche, Dutch Crypto Investors, Kangaroo Capital, Merit Circle, Purechain Capital, SWGI ventures, Tenzor Capital)

Top deals—Slovakia

- CloudTalk (€25.2M, series B, investors: henQ, KPN Ventures, Lead Ventures, ORBIT Capital, Point Nine, Presto Ventures)
- InoBat (€20M, series C, investors: Amara Raja Group)
- GA Drilling (€13.5M, series C, investors: Alfa8, Nabors, Neulogy Ventures, Thomas von Koch, Underground Ventures)
- Brightpick (€10.8M, series C, investors: EBRD Venture Capital, Avast founders Pavel Baudiš and Eduard Kučera, and ESET founder Miroslav Trnka)

Top Companies Raising the Largest Venture Deals – Danube Region Countries (IV)

Top deals—Slovenia

- SaleSqueze (€1.4M, seed, investors: Bjoern W. Schaefer, Christoph Zoeller, Fortech Investments, Klub 20, Robin Capital, Super Angels, Underline Ventures, Xenia Muntean)
- Juicefast (€600K, seed, investors: Feelsgood)

Top deals—Ukraine

- OneNotary (€4.5M, series A, investors: Jackson Square Ventures, Tom Gonser, u.ventures, DocuSign Ventures, GoodPaper Ventures, Digital Future, and The LegalTech Fund)
- Esper Bionics (€4.5M, series A, investors: YZR Capital)
- Portal AI (€4M, pre-seed, investors: AGI House Ventures, Amanda Schloss family office, BBQ Capital, Broocknell Ventures, Patel family office, StratMinds)

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EU Funding options for innovation

Horizon Europe (Pillar II & III)
•Supports collaborative R&D across EU and associated countries.
•Focuses on breakthrough research, sustainability, health, AI, and deep tech.
•**Best for:** Universities, research institutions, and industry-academia collaborations.

European Innovation Council (EIC) Accelerator & Pathfinder
•**EIC Pathfinder**: Funds early-stage, high-risk research projects.
•**EIC Transition**: Helps researchers turn validated prototypes into market-ready solutions.
•**EIC Accelerator**: Provides up to **€2.5M grants** + **€15M equity** for scaling innovative solutions.
•**Best for:** Research teams with validated technology seeking commercialization.

European Structural & Investment Funds (ESIF): Regional innovation support
These grants can help de-risk early-stage investments.

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Key EU funding programs for researchers & market transition

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Project Financing & Public-Private Partnerships

- Blending public and private financing is a powerful strategy.
- Public grants provide non-dilutive funding to de-risk R&D.
- Private VCs bring in capital and expertise for scaling.

Blending public and private financing is a powerful strategy to support large-scale projects, especially in infrastructure and innovation. Public grants provide non-dilutive funding, which helps de-risk research and development (R&D) activities.

This funding allows companies to focus on developing their products or services without the immediate pressure of giving up equity or incurring debt.

On the other hand, private venture capitalists (VCs) bring in capital and expertise for scaling these projects. VCs offer not only financial support but also strategic guidance and networks that are critical for turning early-stage developments into scalable, market-ready solutions.

Accessing VCs

Accessing venture capital is a critical step for startups aiming for rapid growth.

To secure funding, startups must connect with the right investors who align with their vision and sector.

Some key platforms for connecting with venture capitalists include Dealroom, Crunchbase, and AngelList, which provide access to VC networks and investment opportunities.

Additionally, startup accelerators like Y Combinator, Techstars, and various European hubs offer mentorship, funding, and networking opportunities for entrepreneurs.

Industry events such as Slush and Web Summit are also invaluable for building relationships with potential investors. In the early stages, entrepreneurs should ensure they have a compelling value proposition, a strong management team, and a scalable product to attract VC attention.

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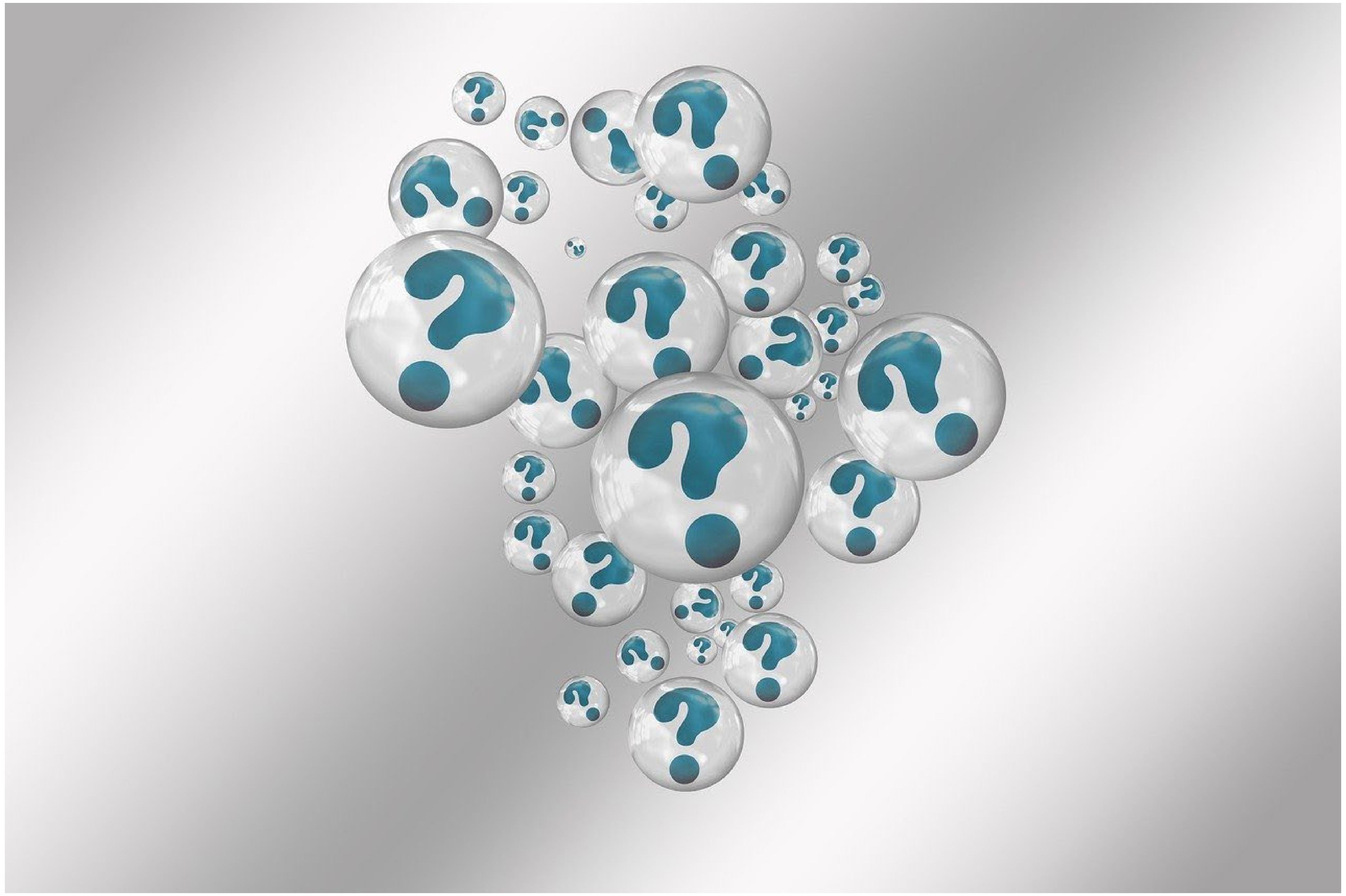
Improving success in securing funding

To improve success rates:

- Develop a strong pitch deck (problem, solution, market, traction, team, funding ask)
- Network early—relationships matter
- Founders should view investment not as a prize, but as an opportunity to enter into a partnership.

Key factors to consider to obtain an investment: a solid management team, innovative technology, a growing market

Q&A



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Enjoy! React! Pitch in!

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