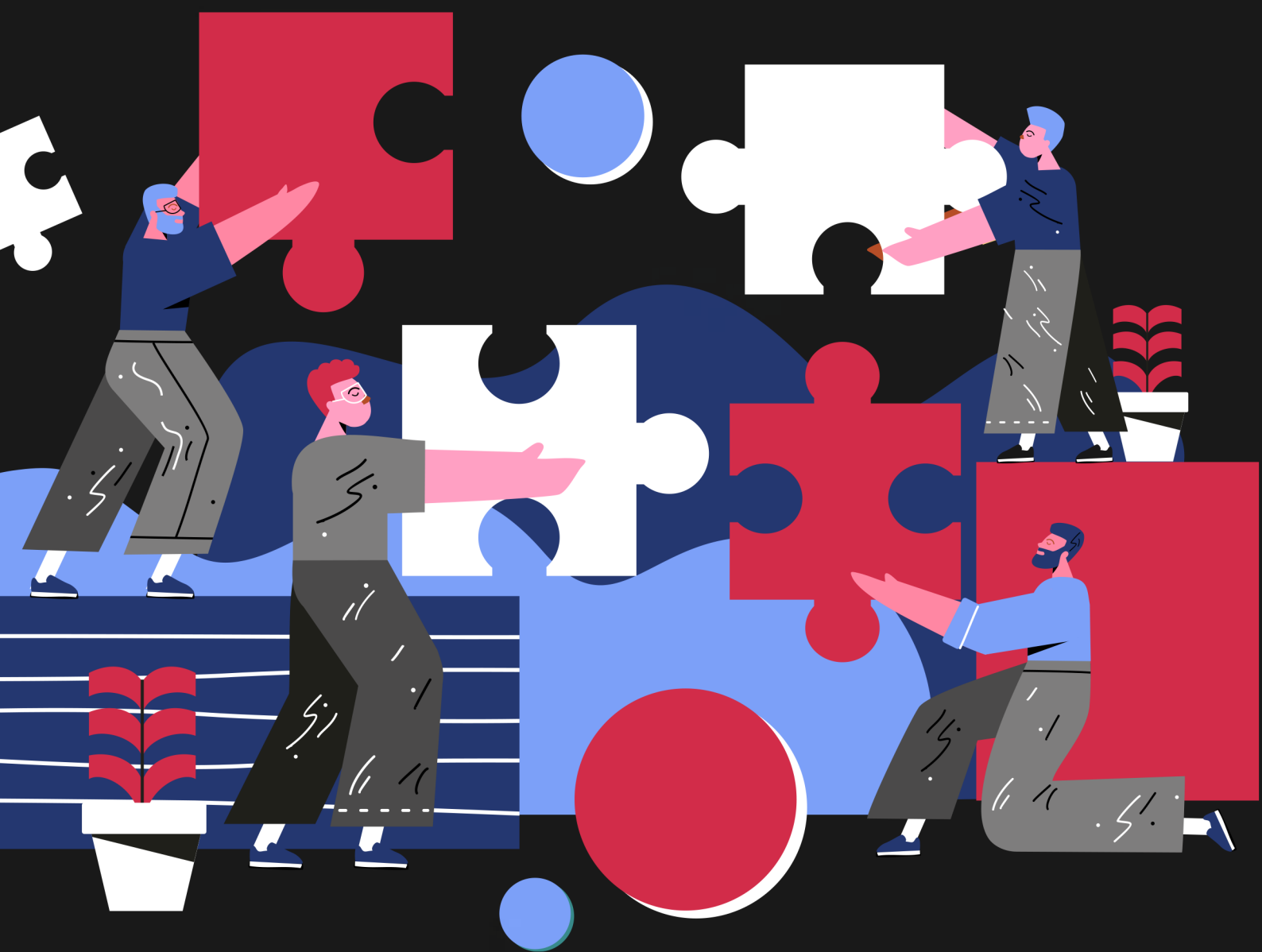


STARTUPS AND BUSINESS ECOSYSTEM:

COMMON STEPS TOWARDS
THE REINVENTING UKRAINE

REPORT 2023



CREATED BY



IN COOPERATION WITH



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INTRODUCTION

As shown by the "Polish Ukrainian Startup Bridge" study conducted in 2021, Ukraine was a region of dynamic development of start-ups. Development of this area of the Ukrainian economy in recent years has given grounds for optimism and the perception of the start-up segment as a development lever for the country's economy. A development stimulus from start-ups would be particularly valuable because, by their nature, they support the development of modern technologies and foster the building of international relationships. The tragic day of February 24, 2022, nearly obliterated those hopes and presented Ukrainians with challenges that most of the inhabitants of Europe have not faced for almost a century. Russian aggression and the conflict that has been going on for many months have changed the country's development priorities as well as the life goals of many ordinary people.

Despite ongoing difficulties, the Ukrainian economy has not collapsed, and many companies skillfully maintain their operations. This study is an expression of the exceptional determination and resilience of Ukrainian business leaders who, despite the wide range of challenges posed by the difficult economic and political situation, do not lose faith in the success of their ventures.

This report that the reader holds in his hand focuses on providing insight into the needs, challenges, and potential development paths of Ukrainian startups, as well as the entire innovation support ecosystem in Ukraine. It is not just a collection of dry data, but a story about the steadfastness of companies and individuals who, despite the war, decided to continue to strive for development. It is a story about hope, support for Ukraine in the face of conflict, and readiness to participate in the process of rebuilding the country after the end of aggression.

INTRODUCTION

For the third year, we have been providing you with a report on the Ukrainian startup industry. When we implemented this idea in 2021, we expected that the effects of the pandemic would be the most difficult challenge that Ukrainian entrepreneurs would have to deal with. However, it turned out that new challenges are much more fundamental.

Full-scale Russian aggression against independent Ukraine was an attack on a free and democratic country, undermining the security architecture across the continent, destroying the work of many generations of Ukrainians, and causing a tragic fate for thousands of Ukrainian heroic soldiers and civilians. But against all this, Ukraine has shown extraordinary steadfastness, readiness to defend Ukrainian values, and faith in victory. Ukraine's friends and allies have also shown that they are willing to sacrifice a lot to assert Ukraine's right to self-determine its own fate. These facts give us the right to start a discussion about the future of Ukraine.

In the public discussion on this topic, voices often appear that talking about the future reconstruction of Ukraine in the situation of still ongoing fighting on the front is pointless. Nevertheless, we and our partners assume that the future, whatever it may be, will come anyway, and we must be ready for it and have answers to the new, huge challenges that will undoubtedly await Ukraine after the expected victory.

Therefore, we asked those we understand best - entrepreneurs, innovators, and founders of Ukrainian technology companies and startups to share their opinions with us. Also, we asked our key Ukrainian partners - representatives of business environment institutions and organizations - about what they will need in the future to be an effective tool in building a modern structure and economy of the Ukrainian state.

When assessing the current state of the Ukrainian innovation support ecosystem, we must bear in mind that at the moment **Ukraine is under a huge war effort to which most of the available resources are being allocated**. It will not be an exaggeration to say that the very fact of the functioning of the ecosystem and efforts to develop dual-purpose technologies, bringing Ukraine closer to victory, can already be called a miracle today.

As Polish-Ukrainian Startup Bridge, **we would like to thank 107 representatives of Ukrainian startups and 54 business environment institutions and organizations who found time to share their achievements, needs, and plans for the future**. We would like to thank all our partners who shared their opinions and advice in the substantive part and on whose help we can always count on achieving our mission. We especially thank the teams of the Ukrainian Startup Fund and the Warsaw Stock Exchange, who are the main partners of the this report.



**Łukasz
Wawak**
Manager,
Polish-Ukrainian
Startup Bridge

A WORD FROM UKRAINIAN STARTUP FUND

In the heart of Eastern Europe, a dynamic transformation is unfolding, one that has the potential to redefine the technological landscape not only in Ukraine but also on a global scale. The Ukrainian Startup Ecosystem is swiftly on the rise, and as we delve into the pages of this report, we will explore how it is not only overcoming the challenges that come its way but also creating a future where Ukraine stands tall on the global stage.

The world has watched in awe as Ukraine, a nation known for its rich history and resilience, rises as a strong player in the realm of technology and entrepreneurship. From Kharkiv to Lviv, Kyiv to Odesa, a growing number of talented individuals and visionary startups are embarking on a journey that holds the promise of transforming the country's economy and influencing the tech landscape.

As a driving force behind the country's innovation development, the Ukrainian Startup Fund is fostering an ecosystem where ideas are not just born but are nurtured into transformative technologies and businesses.

Thanks to the collaborative efforts with the Polish-Ukrainian Startup Bridge, Warsaw Stock Exchange, and the insights provided by several joint reports, each time we are gaining a clear understanding of the trajectory of the technological ecosystem's development in Ukraine. Furthermore, the active engagement and responses from startups vividly demonstrate their eagerness to play a pivotal role in the country's reconstruction and in forging an innovative path for Ukraine's future.

Join us as we dive into the Startups and Business Ecosystem, a story of entrepreneurial path towards the reinventing Ukraine that is sure to inspire and captivate.



**Pavlo
Kartashov**
CEO,
Ukrainian Startup Fund

A WORD FROM WARSAW STOCK EXCHANGE

In the face of a global economic crisis triggered by the COVID-19 pandemic, increased inflation, and the tragic events related to the conflict in Ukraine, the Ukrainian economy has faced enormous challenges. **The latest edition of the report prepared by our partner – PUSB – provides an in-depth analysis of the impact of these events after one and a half years of the war.** This analysis sheds light on the resilience and flexibility of the Ukrainian startup sector, which, despite adversities, reveals the impressive determination of participants and benefits from international support, allowing us to look optimistically toward the future.

The Warsaw Stock Exchange (WSE), in its quest to expand cooperation with startups in our market, has also strengthened ties with PUSB to engage with the Ukrainian startup market. We have participated in projects, seeking opportunities for collaboration with founders beyond our eastern border. After Russia's aggression against Ukraine, we have supported projects that wanted to start their operations in Poland.

It's encouraging that Ukrainian startups remain functional amidst war. I have admired the earlier research results that indicated the strong ability and willingness of Ukrainian startups to expand into foreign markets. In the face of globalization, such an approach provides entrepreneurs with a wide range of collaboration opportunities and greater resilience to events in their country of origin.

The current edition of the report indicates that not only the founders of startups, but the entire Ukrainian startup ecosystem is ready for international cooperation. It is particularly noteworthy that these organizations prioritize the development of competencies in network management and the development of more effective partnership strategies.

As the person responsible for collaboration with the startup environment, I can confirm that the activity of projects from Ukraine is increasing in the Polish market. Therefore, overseeing the WSE Venture Network project and knowing the report's results, I would like to interest representatives of the Ukrainian ecosystem in our solution. WSE is the largest stock exchange in the Central and Eastern Europe region, and I am convinced that it can also be a natural partner for startups from Ukraine.

The WSE Venture Network initiative is a decisive step by the Warsaw Stock Exchange towards opening the WSE ecosystem to external stakeholders and building effective relationships between WSE-listed entities and startups. Our goal is to address existing challenges to development in the startup ecosystem. Thanks to this initiative, we plan to broaden our offer to reach businesses at every stage of development. We will focus on startups, accelerators, venture capital funds, and business angels. We believe that our initiative will bring benefits to all parties, enabling synergistic collaboration between startups and industry leaders.



**Ignacy
Bobruk**

Deputy director for
communication and
marketing, Warsaw
Stock Exchange;
Head of WSE
Venture Network

MAIN CONCLUSIONS: STARTUPS

1. 31% of startups successively obtained investment capital over the last year.
2. **90% of startups see high growth potential in the future.**
3. **81% believe that their products/solutions will help rebuild Ukraine in various aspects.**
4. 46% of startups, despite the war, still believe that the ecosystem operates at the AVERAGE level, which can be considered a good enough result. They regard the startup ecosystem as being active.
5. 66% of startups target their audiences both in Ukraine and around the world.
6. 59% of startups have not changed their place of residence since February 24, 2022.
7. **46% of startups will stay in Ukraine after the end of the war. 33% do not know whether they will leave Ukraine after the end of the war, and 21% want to do so.**
8. 47% of startups that left Ukraine will return to the country after the end of the war.
9. 66% of startups assess their current situation positively.
10. **66% of startups in Ukraine and 35% of startups abroad need access to investment capital.**
11. 62% of startups see their advantage in flexibility and the ability to adapt to changing circumstances.
12. **69% of the respondents (startups) indicated that cooperation between startups, government, investors, and the international community will play a crucial role in the economic recovery process.**
13. **78% of startups are considering working on a new project supporting reconstruction in the future.**
14. 53% of startups believe that the startup ecosystem needs investment from government sources and international funds.

MAIN CONCLUSIONS: BUSINESSES ENVIRONMENT INSTITUTIONS (BEI)

1. 85% of BEI provide support not only for traditional businesses, but also have an offering for startups.
2. 57% of BEI participating in the survey have confirmed they have competences to provide market research and product development services.
3. **69% of BEI have confirmed they have previous experience in obtaining grant support.**
4. **83% of BEI have previous experience and competencies cooperating with foreign partners (incl. donors).**
5. 39% of BEI have mentioned providing educational technologies and e-learning opportunities as their input into rebuilding Ukraine.
6. **70% of BEI see startups as a vital group to play the role in revitalizing local communities (incl. by providing new high-skilled jobs).**
7. **81% of BEI already have experience in cooperation with startups.**
8. **78% of BEI stated that they have competencies to cooperate with startups.**
9. **93% of BEI want to develop further competencies necessary to cooperate with startups.**
10. **50% of institutions want to develop competencies in providing financial assistance to startups.**
11. 83% of BEI want to learn how to obtain foreign investments and financing through international partnerships.

SOCIO-ECONOMIC CONTEXT

This report is being published as we are nearing a second dreadful anniversary of full-scale incursion of the Russian Federation in Ukraine. The socio-economic situation in Ukraine has stabilized to some extent, new value creation chains have been established. Most of those who were able to leave the country in the first 9 - 12 months have already settled in new locations, and those who were not able (or not willing to) adapt had returned home. **IT companies - both service and product-focused - were also able to distribute staff in such a configuration as to maximize their utility towards the business goals.**



Mykhailo Khaletskyi
External Expert and
Jury Member,
Ukrainian Startup Fund

This year's study had a difficult goal in mind: taking into account the above-mentioned dispersion of people and organizations in IT and general business environment organizations ("BEI") **to see their current views on rebuilding Ukraine. That information is important for domestic and international partners in order to efficiently channel their efforts and monetary support.** And the responses were quite optimistic, as over 90% of Ukrainian startups are positive about the future and see a chance to rebuild their country.

Such positive feedback presses **BEI to acknowledge the need to develop competences related not only to cooperation with traditional SME's, but also with technology-focused companies.** Networking, market research and product development competences are the key areas of interest for almost half of sampled BEI. Those can be addressed **by distributing a supervised grant support, which can be utilized for both BEI capacity building and - through an existing institutional infrastructure - for direct financial support distribution towards startups. This new support will not be a Hail Mary token,** as over 60% of the organizations surveyed have previous experience in applying for grant support, and well over 70% have confirmed existing capacity for efficient grant management.

We at Ukrainian Startup Fund have already piloted a number of such projects ("Growth Ukraine" with Startup Wise Guys and EBRD; Demo Day with YZR Capital; Innovation Vouchers with EBRD) and can confirm that increasing support volumes through qualified BEI brings increasingly positive results.

THE RISE OF STARTUPS IN UKRAINE

The study included 107 startups, which is a solid number of innovative enterprises, providing diverse material for analysis. These numbers are particularly important because they allow us to obtain a good picture of the state of the Ukrainian startup ecosystem. It should be noted that all results presented in the analysis are based on data collected during the study. This means that the information presented is based on direct responses from startup representatives, which adds credibility to the results obtained. Every number and every trend are the result of reliable information collected during the survey process. The diversity of participating startups adds a robustness of analysis, as each company may represent different sectors, strategies, and challenges. This provides additional context for reading the results and enables a more comprehensive interpretation of the state of the Ukrainian startup ecosystem.

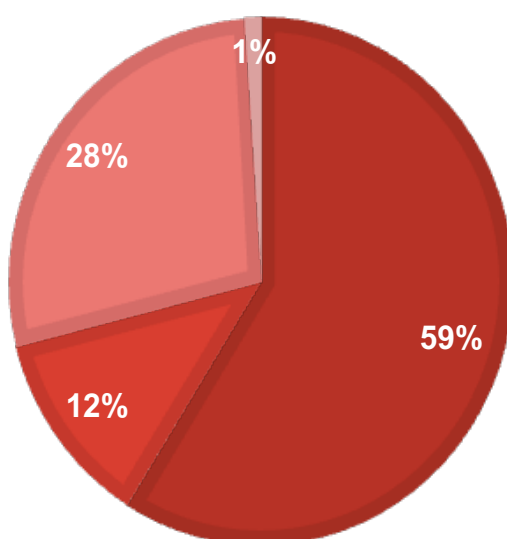
The results of this study constitute a valuable resource of information that can be used to understand the main trends, problems, and potentials of Ukrainian startups. All this contributes to a more complete understanding of the dynamics of this sector and to the development of specific actions to support and develop it.

Basic aspects

In the survey, almost 60% of respondents were company founders, while 28% of respondents were co-founders. This proportion shows that the answers provided can be considered particularly valuable and reliable in the context of assessing the startup's activities. There is a reasonable assumption that these answers best reflect the reality of the company.

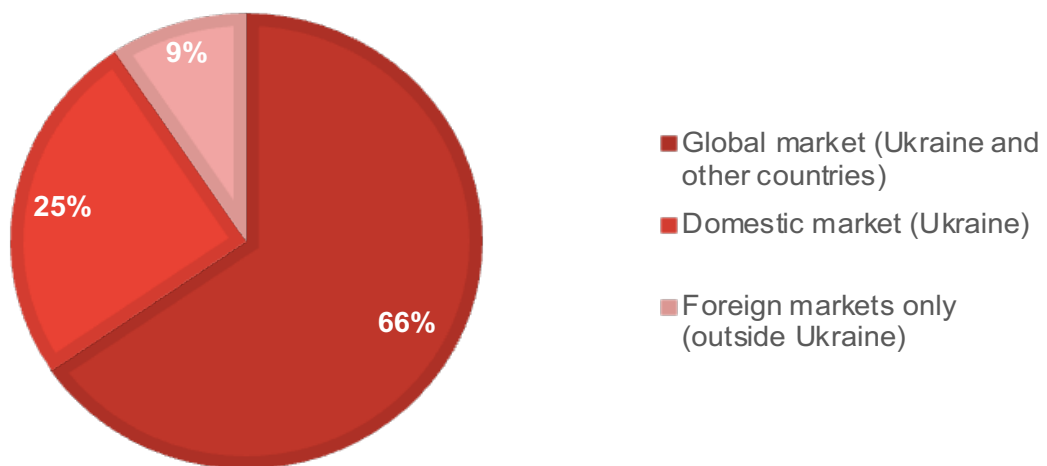
WHAT IS YOUR ROLE IN STARTUP

■ Founder ■ Team member ■ Co-founder ■ Partner

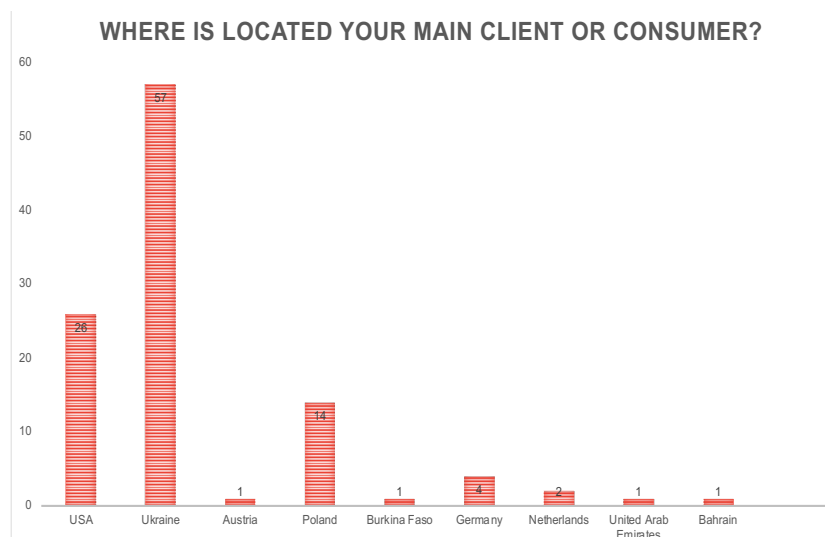


Looking at the scope of activities of individual companies, it can be noticed that 25% of Ukrainian companies operate or have operated only on the local, domestic market. Most companies work globally (66% of respondents indicated the international nature of their work), both on the Ukrainian market and abroad. 9% declared that they direct their services and products only to foreign markets, not including local ones. This means that Ukrainian start-ups operations affect markets far beyond the country's borders and influence all entities cooperating with them or purchasing their services and products. At the same time, for some of the analyzed enterprises, the fact of providing work for foreign clients and cooperating with them is a chance to survive the very difficult economic, political and social situation in the country. These data also prove the great market potential of start-ups from Ukraine and their resourcefulness, which allows them to provide services for international clients.

IN WHICH MARKETS DOES THE COMPANY OFFER ITS SERVICES?



This data suggests that the vast majority of the startups customers are within Ukraine. **However, 24% of respondents have indicated that their main customers are located in the United States and 13% of have main customers in Poland.** This phenomenon may indicate a tendency to focus business development activities on acquiring customers in the US, and not necessarily in Europe. Interestingly, despite the ongoing armed conflict, customers from Ukraine are still the largest group of recipients of services offered by startup respondents. This phenomenon seems to prove the exceptional stability of business relations, even in difficult circumstances.



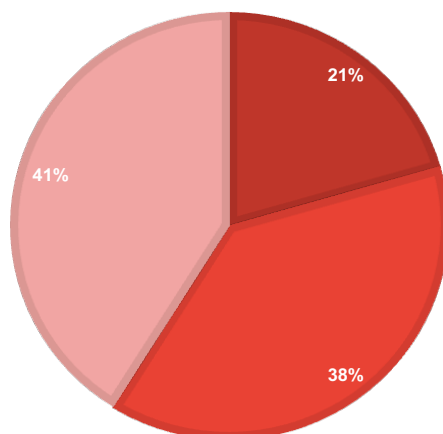
When asked about the preferred form of business, as many as **47% of analyzed enterprises are operating in the form of limited liability companies - this legal form dominates among Ukrainian start-ups in the analyzed sample. Sole proprietorship are less common - less than 28% of organizations run this type of business.** Quite often, in 15% of cases, companies do not yet have an established legal form, which may be due to the early stage of activity and the selection of the optimal form of activity. There are as many as 7% of other solutions used by entrepreneurs - from limited partnerships to non-governmental organizations.

In response to the question about the change in the number of team members compared to the previous year, as many as **41% of companies indicate an increase in employment.** For 38% of enterprises, the situation remained unchanged, while only 21% of startups recorded a decrease in the number of employees. This picture suggests that enterprises are successfully adapting to market conditions and becoming more efficient, which translates into employment growth.

The intensification of the recruitment process in over 40% of companies can be interpreted as a positive signal from the perspective of business development. At the same time, the fact that for the majority (38%) the staffing situation remained stable proves that the employment structure has remained balanced. In the case of 21% of startups that reported a reduction in the number of employees, this may be the result of effective optimization of resources or adaptation to changing market conditions.

HAS THE NUMBER OF TEAM MEMBERS CHANGED COMPARED TO THE SAME PERIOD LAST YEAR?

■ Yes, it has decreased ■ Remained unchanged ■ Yes, it has increased



What are the secret factors of Ukrainian startups?

When life gives you lemons, make lemonade. That's how Ukrainian startups act now. War-torn Ukraine and the circumstances in which startups operate make them think, act, and run their businesses in many ways differently than their European peers do.

Since the war started, ISE Corporate Accelerator (ise-gro-

up.org) expanded its activity into Europe and worked with several joint cohorts of European and Ukrainian startups. In spring 2023 our team of ISE Corporate Accelerator conducted the first international acceleration program Inno-booster for startups from Eastern Europe including Poland, Czech Republic, Hungary, Slovakia, and Ukraine, which

gave me many insights. Our mentors noticed some peculiarities and differences in how Ukrainian startups stand out from others.

In many ways, all innovators are similar with similar challenges and questions, but Ukrainian startups operate out of an extreme stress position, higher risks, and a sense of urgency. When someone is in such stressful positions, to survive you have to grow. So, there are some mental and behavioral patterns that define Ukrainian founders.

How Ukrainian startups differ from their European peers:

- Lost comfort zone and security. Adjustment to Uncertainty. Ukrainian founders already plan their lives out of extreme uncertainty. Venture slowdown in Europe multiplied by extreme uncertainty within Ukraine and personal lives doesn't stop them. Vice versa, despite all this, in the second year of life, they keep running. They do not expect a stable life. Thus, most of them experiment and pivot quickly and easily.
- Global perspective. Many Ukrainian startups already plan their markets as global. They understand that the local Ukrainian market is not enough, and due to the war Ukrainian market is currently shrinking. So, they are already thinking of their product as international and scalable.
- Intensive experiments and agility. They have to make more attempts to sell themselves and their products and their European companions, this makes them in a good way more aggressive and assertive. Many startups rediscovered and repositioned themselves to new realities by adapting civilian technologies for military or dual use. Alternatively, others start to think about how to use their products for Ukrainian recovery and rebuilding.
- Proactiveness of founders. They are more proactive. They have made so many attempts to change several countries. No sense in waiting when the situation will change.
- Booming industries and verticals. As a response to the country's needs plenty of new startups emerged in the

areas of Cybersecurity, AI - artificial intelligence, Robotic financial assistant programs, cybersecurity and defense technology, Digital education, and Augmented and virtual reality Agri-Food tech.

- Accelerated internationalization and forced expansion. Many Ukrainian startups already learned how to operate in foreign markets. They were forced to make international expansion earlier than was planned. Many Ukrainian startups are aware of cultural shock, multicultural business environment, and peculiarities of operation in foreign markets and gained intracultural expertise.

- Realism instead of fantasies. European venture funding halved in the second quarter of 2023 compared to a year earlier and was down two-thirds from the peak two years ago, Crunchbase data shows. And this is a huge factor when you try to fundraise in 2023. But when you are a Ukrainian startup, it is even worse as there are additional risks involved. Ukrainian founders already realize that they will have additional barriers and difficulties during the fundraising process just because a part of the team or all of the team is still physically in Ukraine. Thus, founders have to be even more rigorously prepared to convince investors to invest.

Thus, we believe Ukrainian startups will thrive. In our turn as accelerator, we see our job as helping startups to internationalize, and build ties with European ecosystems, bringing all opportunities from Europe to Ukrainian startups but also discovering the Ukrainian market to foreign startups, as they also can contribute to the recovery.



Elena Malitskaya

Founder and CEO
at ISE Corporate Accelerator

Faces and Challenges in the Startup Ecosystem

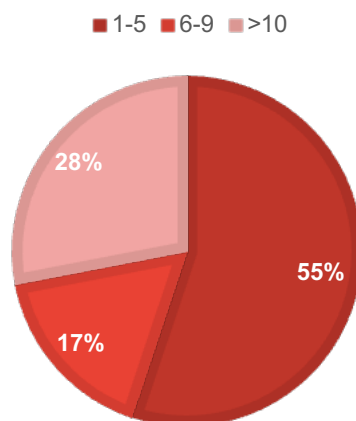
The vast majority of startups, as many as **55%, employ 1 to 5 employees, while 17% are enterprises employing 6 to 9 people, whereas companies employing 10 or more employees constitute 28% of the respondents.** This distribution of the number of employees is understandable and is typical of young companies that have been operating for a relatively short time and are at an early stage of development. This, in turn, determines two further implications - due to the small scale of operations, employing more staff does not seem necessary, and it is also possible that low turnover may limit the availability of equity capital to increase staff.

An additional factor influencing the employment situation is the ongoing war in Ukraine. This conflict resulted in a significant number of men being drafted into military service, which may have further limited the availability of workers on the local labor market.

Additionally, many people left the country due to difficult living conditions resulting from the war, which additionally affected the availability of human resources for enterprises.

Such conditions force startups to flexibly manage human resources and look for innovative solutions to function effectively in changing business and social realities.

HOW MANY TEAM MEMBERS DO YOU HAVE?



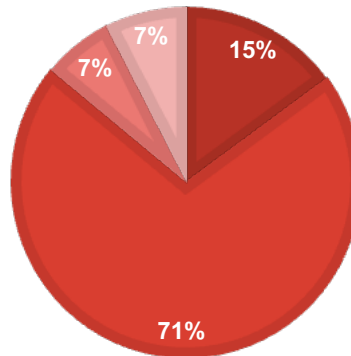
In response to the question about the participation of women in the team, as many as 15% of respondents admitted that there were no women in their team. Another 7% indicated that the number of women was between 6 and 10. Also, 7% of startups noted, that they have more than 11 female members onboard. The vast majority, **71%, said that the number of women on their team was between 1 and 5.** Although objectively speaking, these numbers may seem small, it is worth noting the important context. An analysis of the chart above shows that most startups (of any size) focus on hiring 1 to 5 employees.

Therefore, the number of women in this category can be interpreted as proportional to the overall employment structure in startups.

While the percentages may suggest gender inequality, this context highlights that gender equality in hiring is achieved in proportion to the overall composition of startup teams. This opens up a conversation about equal access to career opportunities for women, while also highlighting the challenges of maintaining gender diversity in entrepreneurship.

HOW MANY FEMALE TEAM MEMBERS DO YOU HAVE?

■ 0 ■ 1-5 ■ 6-9 ■ >11



Basic information about the beginnings of startups

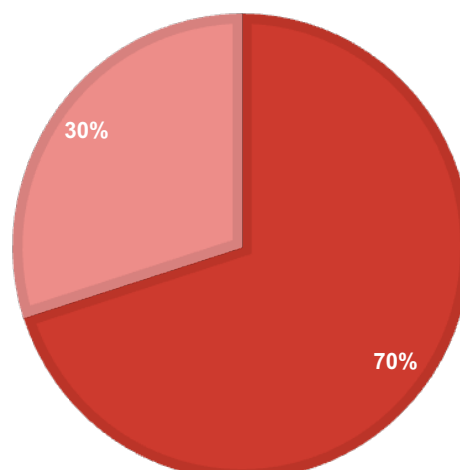
All surveyed startups were analyzed to determine whether they were founded before or after the outbreak of the war on February 24, 2022. **Unsurprisingly, 70% of companies declared their startups before this key date. However, there is also a significant percentage of 30% that are startups founded after February 24, 2022.** These data demonstrate the exceptional resilience and strength of the Ukrainian startup scene.

Even in the face of war difficulties, the continued flourishing of entrepreneurship is noticeable.

The actual emergence of new startups after the outbreak of the conflict suggests that creativity and the entrepreneurial spirit in Ukraine are not only inextinguishable but can even emerge stronger in difficult circumstances. It is clear that the war not only did not stop the process of establishing new companies but also became a catalyst for some entrepreneurs who, despite difficult conditions, decided to take the risk and create their own innovative projects. **This demonstrates unwavering determination and strong belief in the potential of entrepreneurial development, even in the face of geopolitical challenges.**

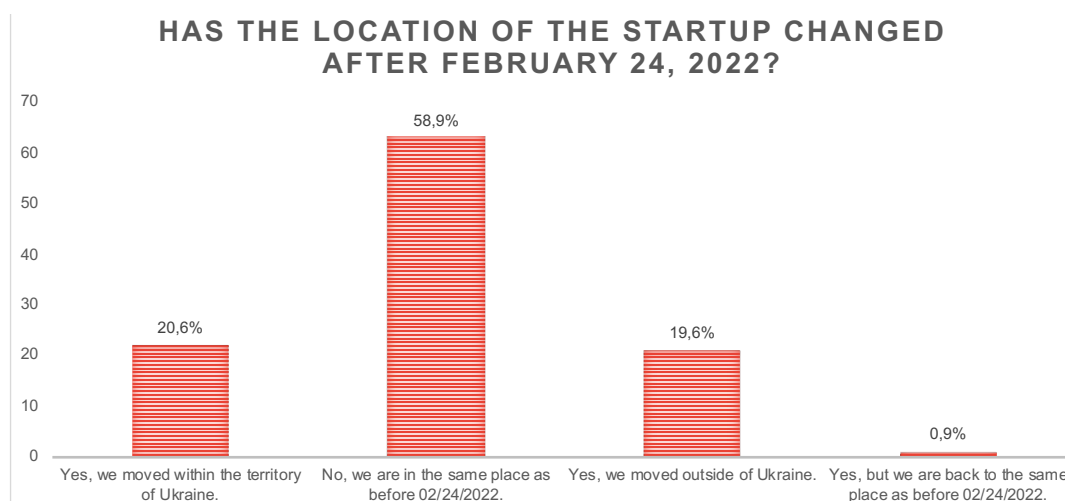
WHEN WAS YOUR STARTUP ESTABLISHED?

■ Before February 24th 2022 ■ After February 24th 2022



The answers to the next question again point to the exceptional resilience and determination of Ukrainian startups. Of the **107 surveyed companies, as many as 58,9% reported that their main project development centers still operate in the same locations as before the invasion of Ukraine.** 20,6% of respondents, however, changed their location within the territory of the state. About 19,6% of companies indicated that they were forced to move abroad. These numbers show that the structure of startups, despite the difficult conditions resulting from the war, has not changed significantly.

It must be realized that maintaining stability in such exceptional conditions must have been extremely difficult, but these startups not only survived, but also maintained their main operation centers in their previous locations. **It is worth emphasizing that moving abroad for 19,6% of startups was probably a strategic decision resulting from the need to adapt to the changing environment.** However, the dominant number of companies remaining on site highlights the ability of Ukrainian startups to adapt to difficult conditions and maintain business continuity, which is extremely impressive. This is proof of entrepreneurs' determination to turn challenges into opportunities.

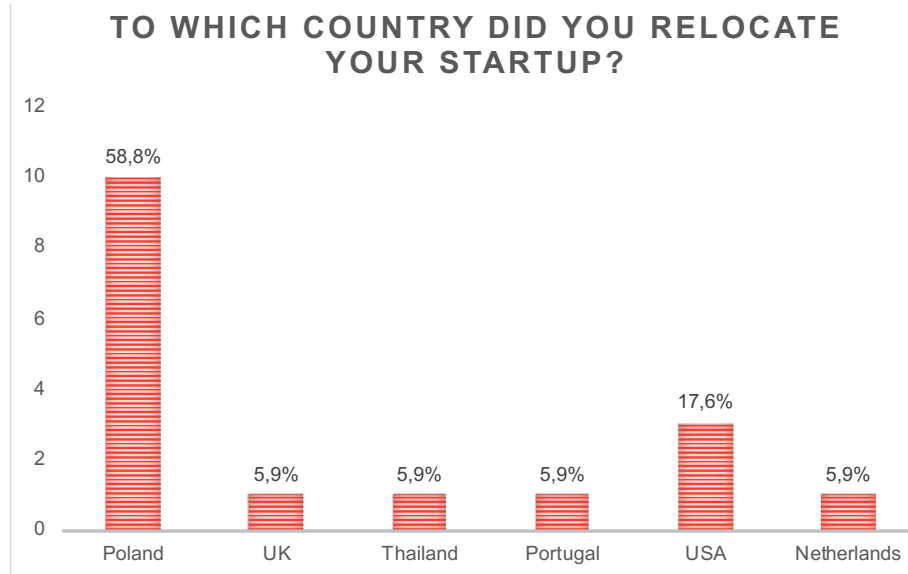


The next question concerned startups that remained within Ukraine's borders. **An impressive 51% of companies have chosen to maintain their operations in the heart of the country, in Kyiv, the capital of Ukraine.** This is particularly important considering the complex geopolitical situation, the associated threats and the intensity of military operations, directed towards Kyiv. Analysis of this data suggests that both business owners and their employees are showing extraordinary determination, staying put even in the face of difficult realities.

Kyiv, as a major center for entrepreneurship, is an important axis for the Ukrainian startup ecosystem, and the choice to stay there during such a crisis is a testament to the strong ties, both emotional and economic, with this location. It is also worth noting that a few startups were recorded in other regions of Ukraine. This may suggest that although conditions in Ukraine are difficult, it is in Kyiv that companies are focusing their efforts, perhaps convinced of the key importance of the capital for long-term development.

Of all the surveyed startups, **85% of respondents indicated that the startup was headquartered in Ukraine. Of the remaining group - those companies that decided to relocate abroad - over half (58,8%) chose Poland as their relocation country, and 17,6% chose the United States.** This fact may result from the specific nature of the study itself - it is obvious that the study organizers, due to the location of the main operational activities, most often reached startups located in Ukraine and Poland. However, it is worth pointing out that Poland, as the country of most frequent choice among the startups

surveyed, can point to favorable factors such as geographical and cultural proximity, which may suggest an easier understanding of the business environment - thus it is interesting from the point of view of a Ukrainian founder. **The second country of choice - the United States (17,6% of those relocated)** certainly shows its advantages in access to the global market, a developed startup ecosystem, and, consequently, investment capital.

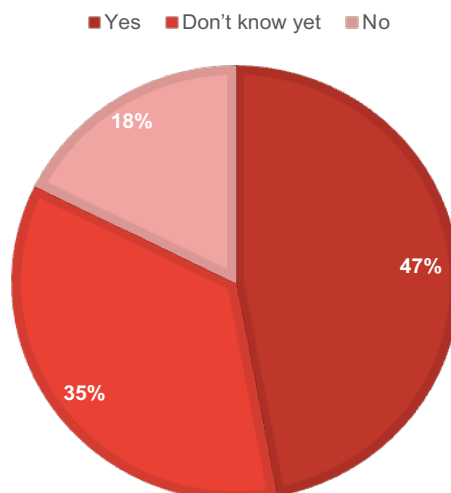


Startup Development Prospects: Vision for the Future

Among those currently abroad, 47% of respondents expressed a positive intention to return, but 35% said they could not yet make a clear decision.

This suggests that this decision will depend strongly on the development of the market and geopolitical situation, as well as on how long the ongoing conflict will last. It is important that a significant percentage of respondents, 18%, clearly expressed that they did not plan to return. This group clearly reveals that, as a result of the changes caused by the war, existing conditions do not convince them to return, which may be due to the better development conditions abroad, establishing a strong positioning on a new market, or not being ready to rebuild business from the start on the domestic market. It is worth monitoring these trends, as these decisions will be largely shaped by events unfolding (the outcome of the war, and the market reforms).

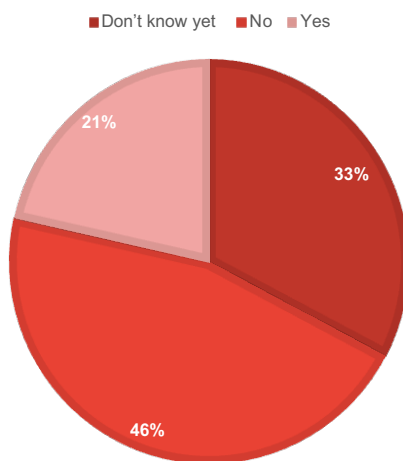
DO YOU PLAN TO RETURN IT TO UKRAINE AFTER THE VICTORY?



In response to the question about the possible transfer of business abroad after the end of the war in Ukraine, **46% of companies clearly stated that they did not plan such a step.** This clearly indicates the deep bond of these enterprises with the country and their preference for the domestic market. This response suggests that for these companies, local affiliation and connections with the local community are a priority. It is worth noting that 21% of respondents chose a clear "yes", which means that they plan to move their business after the conflict ends. This proves that some companies see moving their operations abroad as a strategic decision related to development and future opportunities.

Another interesting observation is the fact that 33% answered: "I don't know". This suggests that startup representatives make prudent decisions and are ready to adapt their plans to changing market and political conditions. This flexible approach reflects the ability of entrepreneurs to respond to changing realities and adapt to the situation, which is crucial in times of uncertainty.

DO YOU WANT/PLAN TO MOVE YOUR BUSINESS ABROAD AFTER THE VICTORY OF UKRAINE?



EXPERT'S OPINION

One of the most significant takeaways from the war in Ukraine is the crucial role of stability and peace in fostering economic growth and innovation. Full-scale war provoked its negative impact, affecting the startup ecosystem like many other sectors, and forcing companies to adapt even faster to a new competitive global landscape. Our startups continue to operate their businesses and fundraise no lower than other teams while having this war/life

balance in the background. With numerous entrepreneurs facing tough decisions about whether to stay, relocate, or return, understanding their perspectives is crucial. And current survey data reveals a complex picture of the intentions of Ukrainian startups.

From an investor's perspective, investing in Ukrainian startups always entailed supporting compa-

nies with Ukrainian national identity, but typically with a global outlook, international clients, accounts, and entities. So our investment strategies have not undergone significant changes, primarily because Ukrainian founders have always looked outwards. But after the full-scale war started it became even more important to facilitate globalization and open new access to resources, contacts, and opportunities, so partly relocated teams are seen as a strategic decision determining future growth.

Nevertheless, Ukraine now has two primary tasks: Victory and the restoration of the country's economy. The fact that a substantial number of respondents (47%) have expressed a clear intention to return their businesses just indicates that after our victory, Ukraine will be a new Klondike for every type of investor. So it's better to reserve this chunk of pie while it's still in the oven. Meanwhile, understanding the reasons and addressing the concerns of those who have chosen not to return (18%) or are not yet able to make a clear decision (35%) is vital for Ukraine's future reforms and business support organizations shaping their forthcoming initiatives.

Conversely, when it comes to decisions regarding business relocation, multiple factors come into play. Still, loyalty and a strong connection to the local market are evident, with a significant number (46%) expressing their commitment to staying

in Ukraine. While only 21% currently have a clear intention to relocate, which could reflect their determination to minimize risks by not relying solely on a single market.

In summary, the data presented in this report highlight the diverse range of perspectives for Ukraine's startup ecosystem. Monitoring these trends is essential, as the adaptability of Ukrainian entrepreneurs will play a pivotal role in shaping the future of the country's economy.



Daria Yanieeva

Investment director
at Sigma Software Labs

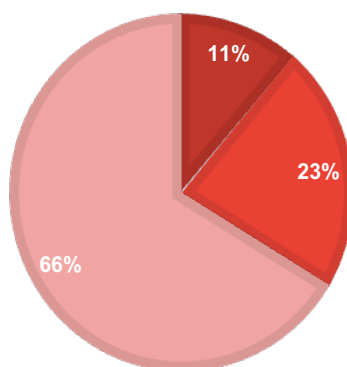
Startups: Current Affairs and Challenges

When asked to assess the current situation of their startup compared to the same period in 2022, **66% of company representatives expressed a positive outlook.** These are significant percentages, indicating that despite the ongoing war, most startups assess their situation as more promising than in the same period a year earlier. This demonstrates the ability of companies to adapt and take advantage of new circumstances. Only 11% of respondents indicated that the situation was negative. This is a minority, but it is important to understand that for some companies the war may have adversely affected their operations, perhaps through changes in the business environment or difficulties in accessing resources.

An interesting phenomenon is the group of 23% of respondents who assess their situation as neutral, i.e. similar to that before the war. This suggests that some startups may have adapted to the new reality, and some industries may have been less affected by changes resulting from the war. Taken as a whole, these results highlight the flexibility and adaptability of Ukrainian startups in the face of difficult conditions related to armed conflict.

HOW DO YOU ASSESS YOUR STARTUP SITUATION NOW COMPARED TO THE SAME PERIOD IN 2022?

■ Negatively ■ Neutral ■ Positively



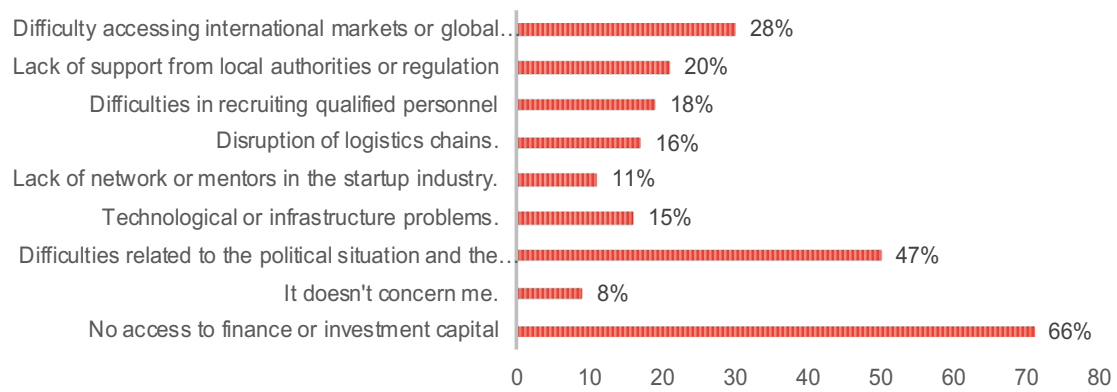
The next issue concerned the main challenges faced by Ukrainian startups. The first question was a multiple choice question and concerned the problems startups face in Ukraine. The most frequently mentioned problem, highlighted by as many as **66% of respondents, is the lack of access to financing and investment capital.** This difficulty is closely related to the ongoing war and general financial difficulties in Ukraine. In the face of these challenges, lack of access to capital becomes an understandable and difficult to overcome problem for many startups. Another frequently raised issue, not surprisingly, is the difficulty of socio-political environment and the current armed conflict. The importance of this problem was indicated by as many as 48% of those responding to the question.

These factors affect the stability of the business environment and may generate additional uncertainties for enterprises. Additionally, many entrepreneurs (28% of respondents) pointed out the difficulties associated with entering international markets and implementing global expansion. Although this is a problem independent of the war situation, Ukrainian startups are struggling with access to global markets, which requires support and strategies aimed at international development.

Another significant challenge raised by entrepreneurs is the need of additional and more comprehensive support from local authorities and legal uncertainties (20% of respondents). The Ukrainian reality requires

thorough structural changes, both in the area of politics and legal regulations, to create a more friendly environment for startups. It should also be noted that entrepreneurs point out the difficulties associated with recruiting highly qualified personnel (18% of respondents considered this problem to be important), which is another challenge in the context of their further growth and scalability, therefore requires a comprehensive approach and cooperation between the public and private sectors in order to create a favorable ecosystem for Ukrainian startups. Less important problems indicated by a smaller number of respondents include disruption of supply chains (17% of respondents said so), problems with technology and infrastructure (16% of respondents), as well as lack of adequate access to the knowledge of mentors and the startup network (11%). This shows that last year's problems with energy infrastructure and interruption of supplies are not as severe as they were at the beginning of the war.

WHAT ARE THE MAIN CHALLENGES YOU FACE IN UKRAINE?



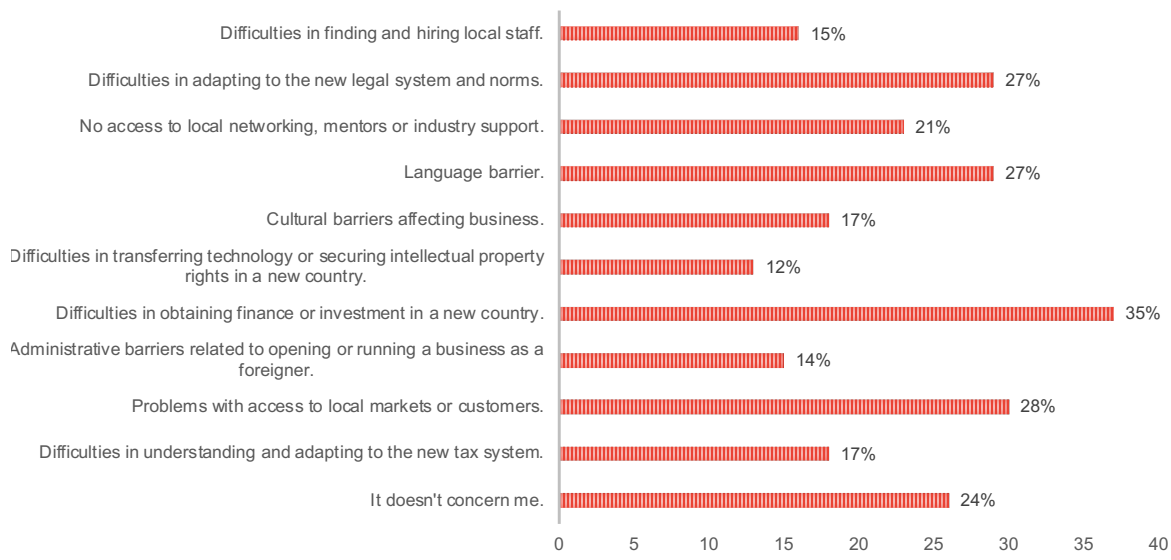
The difficulties faced by Ukrainian startups in the international arena were also considered, and also it was a multiple choice question. The most frequently mentioned aspect was difficulties related to obtaining financing and investments - 35% of respondents think so. This indicates the global nature of competition for capital and the challenges of adapting to different norms and expectations of investors in the international market. Another key aspect (indicated by 29% of respondents) was the problem with access to local markets and customers, which results from the need to effectively adapt the new company to the specificity of a given region. Adapting to local market conditions and customer preferences is a key element of success on the international stage.

29% of respondents admitted that they faced by difficulties related to language barriers in countries where they emigrated. Communication and understanding local business languages and customs are crucial to operating effectively in an international environment. Adaptation difficulties also include problems with converting to the new legal system and applicable standards in new countries - this was indicated by 27% of respondents. Cultural and legal differences can pose challenges for startups, requiring flexibility and understanding of the local context.

Additionally, it is more difficult to network and gain access to people who can help you navigate a new place. Using the resources of local networks and mentors is important for building effective business relationships in a new market. Less significant problems encountered abroad in Ukraine, indicated by a smaller number of respondents, include the lack of appropriate mentors or industry support (23% of respondents said so), difficulties in understanding the new tax system (17% of respondents), difficulties in finding and employing local staff (16%), difficulties in opening and running a business in the country of emigration (14%) as well as problems in transferring and securing intellectual rights to technology (12%). The set of these problems can basically be classified into one category of problems related to the lack of substantive knowledge helping to

navigate the realities of the country chosen as a new place to do business. It is worth emphasizing that these challenges highlight the need for flexibility, adaptation and the ability to build international relationships for Ukrainian startups that aspire to success on the global stage. **As many as 24% of startups indicated that the set of problems presented to them did not concern them at all.**

WHAT ARE THE MAIN CHALLENGES YOU FACE ABROAD?

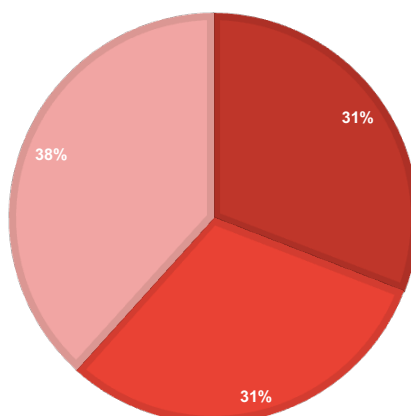


In response to the question about attempts to raise funds after February 24, 2022, 31% of companies immediately stated that they had not made such attempts. At the same time, **31% of other companies strongly indicated that they had made fundraising efforts that were successful** and that their efforts were rewarded with funding. In the face of current objective difficulties with access to venture capital on the European market, it must be admitted that this result is very positive. In turn, **38% of enterprises also made efforts to raise funds, but unfortunately in their case they failed** to collect the necessary funds.

These diverse responses shed light on the diverse experiences of Ukrainian startups in the context of obtaining financing. The group's successful efforts provide a positive picture of the possibilities and attractiveness of certain projects for investors. However, a significant number of companies that, despite their efforts, have not achieved their intended goal, emphasize the challenges related to competitiveness and the availability of financial resources on the market.

DID YOU TRY TO FUNDRAISE IN THE LAST 12 MONTHS?

■ No, I didn't try ■ Yes, I successfully fundraised ■ I tried, but didn't fundraise

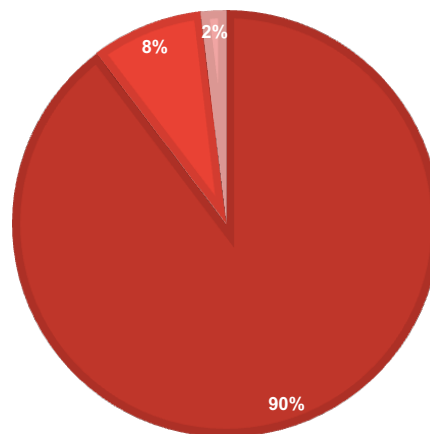


When asked about their perception of development potential in the current environment, as many as 90% of respondents expressed a positive opinion. This means that the overwhelming majority of startups see favorable growth prospects. Only 8% indicated that they did not see any clear potential, and only 2% said that they did not see any prospects at all.

These clear results suggest that most startups expect the conditions in which they operate to improve and see huge growth potential. Analyzing this fact more deeply, it should be noted that Ukrainian startups operate in different environments - some stay in Ukraine, some relocate abroad, and finally, they also have customers located in different countries - which determines the chance to increase revenues. Nevertheless, the high percentage of positive responses should be appreciated, because optimism and readiness for development indicate that most respondents see the darkest point of the crisis behind them.

DO YOU SEE THE POTENTIAL FOR YOUR STARTUP TO KEEP GROWING IN CURRENT CONDITIONS?

■ Positive growth potential ■ I don't see clear growth potential ■ I don't see any potential



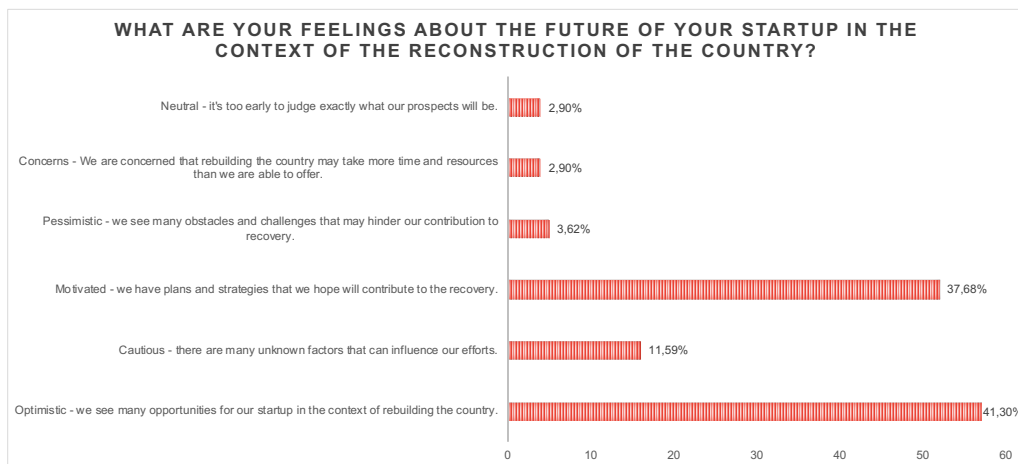
The question about startup representatives' feelings about the future in the context of rebuilding the country caused varied reactions. As many as 53% of responses referred to a very optimistic vision, in which entrepreneurs see numerous opportunities for further development of their companies. This clearly demonstrates a positive approach to the future, indicating confidence in Ukraine's potential for reconstruction and economic growth.

Also, **49% of startup representatives admitted that they are very motivated and have plans and strategies** that will help them actively participate in the country's reconstruction process. This proves commitment and readiness to take actions that have a real impact on economic development and recovery.

It is worth noting that **15% of responses in which entrepreneurs expressed caution**, noting that there are still many unknowns that could affect their efforts. It is a realistic view that takes into account the current uncertainties and changing conditions resulting from the ongoing war.

However, **5% of respondents have a neutral approach** - according to them, it is too early to assess future prospects. **The same number of answers (5%), in turn, show a pessimistic approach**, understood as noticing many obstacles and challenges that may prevent them from contributing to the reconstruction of Ukraine. Slightly more subdued answers - those indicated as "concern" were indicated by 4% of respondents. These people fear that rebuilding the country may take much more time and resources than a given company could offer.

Despite these differences, the overall picture is definitely positive, dominated by the belief in the huge potential for the development of startups after the end of the war. This approach can constitute a strong foundation for the active involvement of entrepreneurs in the process of economic and social reconstruction of Ukraine.

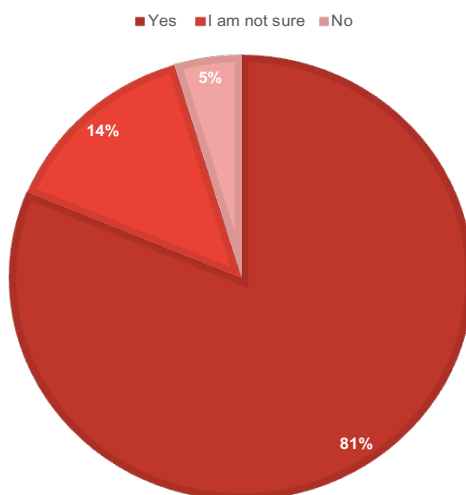


When asked whether the solutions offered by startups can help in the country's reconstruction process, as many as 81% of respondents answered affirmatively. This is a significant number, suggesting that entrepreneurs in the startup sector are convinced of the potential of their innovative solutions to create a positive impact on rebuilding the economy and changing the geopolitical scene.

It is worth noting that **14% of respondents were unsure about their usefulness in this capacity**, which may be connected to the inability to influence the situation in any way other than paying taxes, reflecting an awareness of the complexity of the situation and the changing factors influencing the reconstruction process. It is a realistic approach that takes into account the variety of challenges facing the country. **Only 5% responded negatively, which is a minority.**

These results emphasize that the startup community not only thinks about its own business success, but also realizes the role they can play in rebuilding the country and transforming geopolitical reality. This is a positive and responsible approach that can contribute to building sustainable and dynamic economic development.

CAN YOUR STARTUP'S SOLUTION HELP REBUILD UKRAINE?

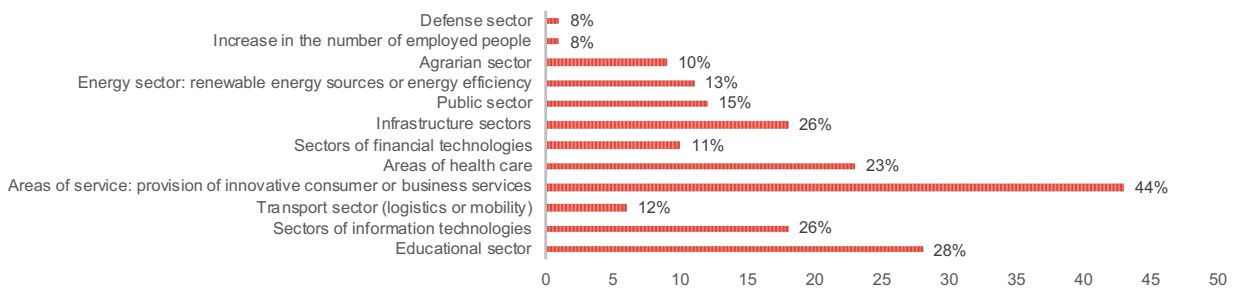


When asked about the sectors in which startups can contribute to the reconstruction of Ukraine, as many as 44% of respondents pointed to the services sector, where they offer innovative solutions for both consumers and enterprises. This means that entrepreneurs believe in the transformational potential of their services in creating a positive impact on Ukraine’s economic recovery. Other significant responses include 28% of cases where startups focus on the education sector, developing educational technologies or e-learning platforms. This clearly indicates the role of education as a key element of future development, which can contribute to increasing the level of competence and knowledge of society.

In the health sector, 23% of responses focus on providing innovative medical solutions, including telemedicine. In the context of the pandemic and the growing importance of healthcare, these innovative approaches can play a key role in improving the quality of healthcare services provided in Ukraine. 26% of answers draw attention to the infrastructure sector, where startups are involved in creating solutions for the construction or renovation of infrastructure. This is particularly important given the role of infrastructure in the country's post-conflict reconstruction. The same percentage of respondents (26%) see their strengths in rebuilding the country in the IT sphere, in particular the creation of software, applications or systems ensuring security.

It should be emphasized that although these were the main areas of response, the diversity of sectors indicates the flexibility and variety of activities undertaken by startups. This indicates their ability to adapt to the country's diverse needs and willingness to support it as much as possible.

IN WHAT AREAS OF ACTIVITY YOUR STARTUP CAN CONTRIBUTE TO THE RECONSTRUCTION OF UKRAINE?



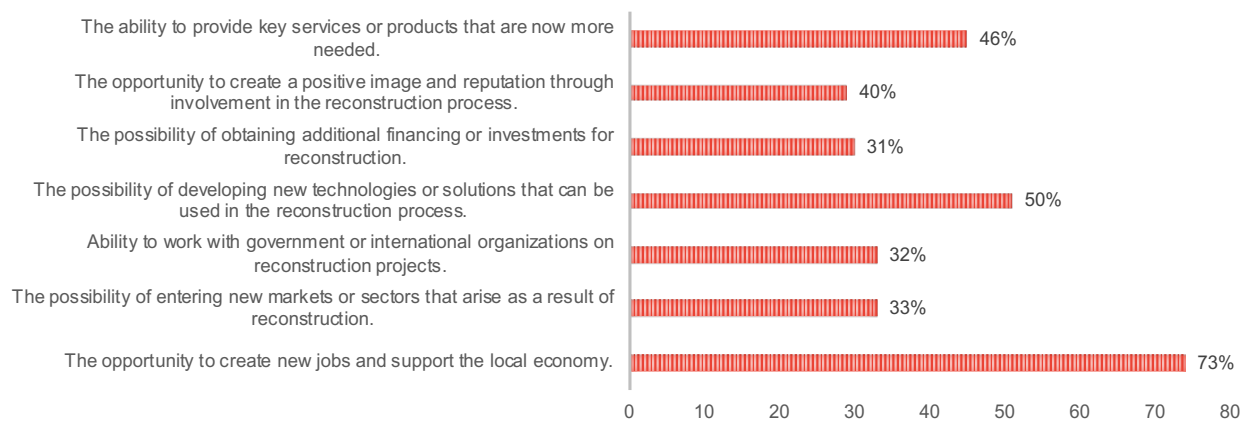
In response to the question about the opportunities that startups see in the context of rebuilding the country, varied answers were obtained, which show the diversity of entrepreneurs' views on the potential of their activities. As many as 73% of responses focused on the prospect of creating new jobs and supporting the local economy. This clearly demonstrates an understanding of the role of startups as catalysts for economic growth by generating employment and strengthening the local community.

Other relevant responses include 50% of cases where companies see an opportunity in developing new technologies or solutions that can be applied to the reconstruction process. This highlights the role of innovation as a key element of the country's successful recovery. Additionally, 46% of responses focused on the opportunity to provide key services or products that are now more needed. This indicates the flexibility of startups in adapting to the current needs of society and the market. Very popular responses included the opinion of startups that engaging in the reconstruction process helps build their positive image and reputation - this was admitted by 40% of respondents.

It is also worth noting that other answers, remaining at the level of 33%, raised questions about the possibility of entering a new market, 31% admitted obtaining additional financing, and there were even answers

where 32% of companies confirmed that they would be willing to work with the government or international organizations to develop projects for the reconstruction of the country. This shows that startups not only see opportunities in areas key to recovery, but also look for various ways to engage in the process. Overall, the results show that startups see great potential in the country's recovery opportunities and are ready to bring their innovative approaches to the good of communities and the local economy.

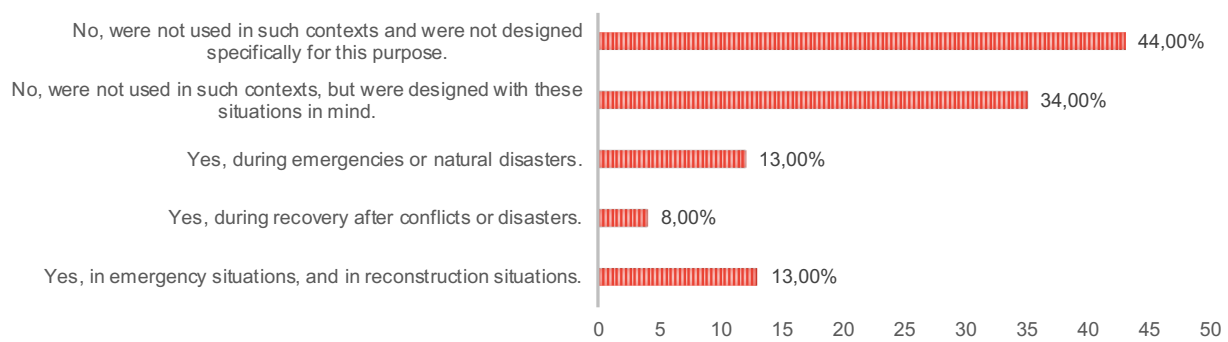
WHAT OPPORTUNITIES DO YOU SEE FOR YOUR STARTUP IN THE CONTEXT OF THE COUNTRY'S RECONSTRUCTION?



In response to the question about the use of startups' products or services in emergencies, disasters or crisis situations, 44% of respondents stating that their products or services have not yet been used in these types of contexts, and not been even designed specifically for using in such situations. 34% of responding startups similarly admitted that their products had never been used in crisis situations before, although their products and services were designed with such situations in mind. Of the startups that responded affirmatively about experience in dealing with various crises, 13 projects reported that their solutions were used during natural disasters and general emergencies, 13 startups indicated that their solutions were used during reconstruction after natural disasters, and 8 companies indicated that they had gained experience in reconstruction after the effects of conflicts.

Undoubtedly, these results suggest that most startups were not previously prepared for the specific challenges associated with emergency or disaster situations. Nevertheless, the above statements show that, despite the lack of previous experience, startups express their readiness and willingness to support the country in the reconstruction process. This understanding of their role in rebuilding the country is important, especially considering their positive attitude and willingness to take action in the face of a difficult situation.

HAVE YOUR PRODUCTS OR SERVICES BEEN USED BEFORE IN AN EMERGENCY, DISASTER OR RECOVERY SITUATION?



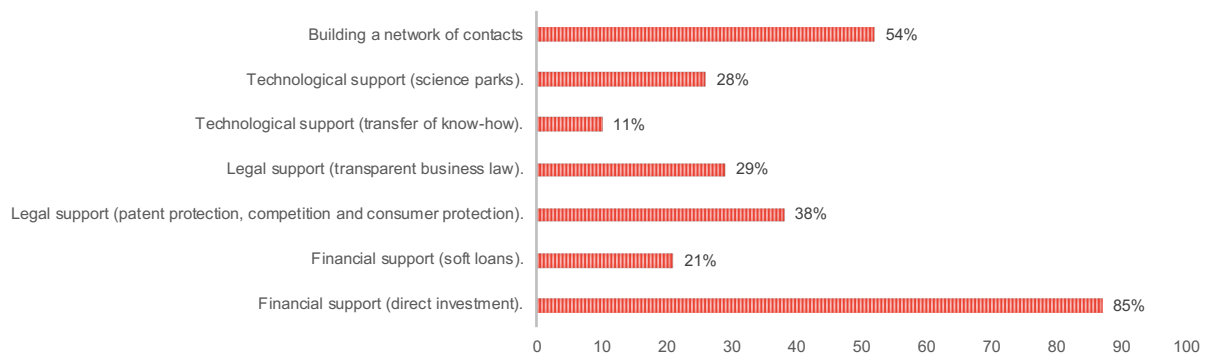
When asked what forms of support or resources would most help the startup participate in the reconstruction of the country, as many as **85% answered that financial support in the form of direct investments would be necessary. 21% of respondents count on financial assistance in the form of preferential loans.** This confirms that for many startups, the main challenge is access to financial resources, which are crucial for development, innovation and maintaining operations in difficult times.

In another **54% of responses, entrepreneurs emphasized the importance of building a network of contacts.** This indicates the need to establish cooperation, exchange experiences and synergies between startups and other entities, which can accelerate the economic recovery processes. However, 38% of responses concerned legal support, especially in the areas of patenting, competition and consumer protection. Moreover, **29% indicated that from a legal point of view,** transparent legal rules in the area of the economy are also important to them. This reflects entrepreneurs' awareness that ensuring legal security may be key to maintaining competitiveness and securing their innovative solutions.

28% of respondents believed that technological resources in the form of technology parks would be a strong help for them in taking part in the reconstruction of Ukraine.

These results show that a variety of forms of support are important to effectively support startups in the economic recovery process. Financial support, networking and legal aspects constitute a comprehensive approach that can create more sustainable conditions for business development in difficult times.

WHAT FORMS OF SUPPORT OR RESOURCES WOULD BE MOST USEFUL FOR YOUR STARTUP IN THE CONTEXT OF THE COUNTRY'S REBUILDING?



In response to the next **question regarding the most important advantages of a startup in the process of rebuilding the country compared to traditional companies or corporations,** varied and interesting answers were obtained that express specific features characterizing startups. **As many as 62% of responses emphasized the startup's flexibility and ability to quickly adapt to changing circumstances.** This clearly indicates the advantages related to the smoothness of operations, which may be crucial in crisis situations and a dynamically changing environment.

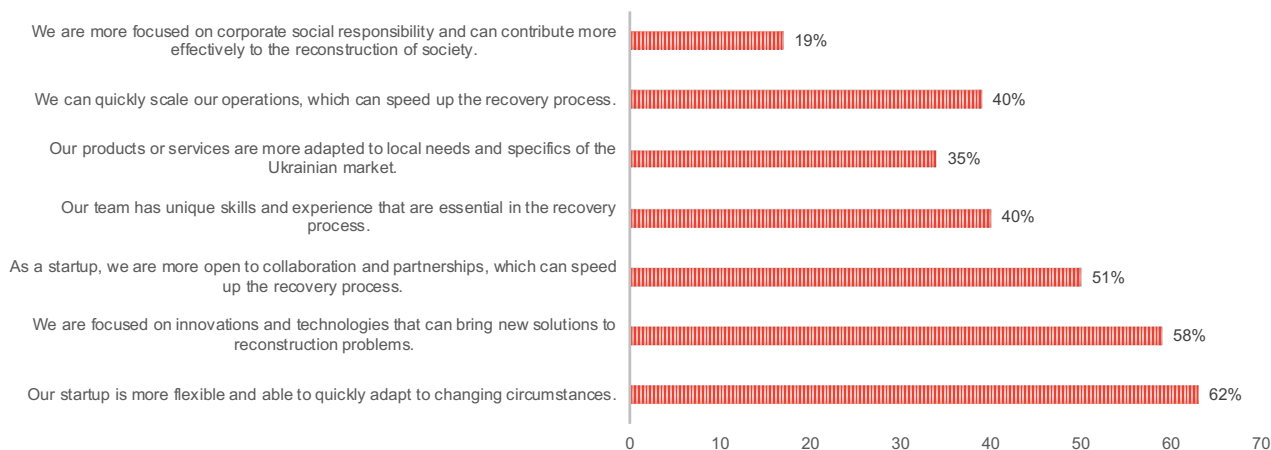
Moreover 58% of responses focused on innovation and technologies as key elements that can bring new, effective solutions to problems related to the country's reconstruction process. This confirms the role of startups as a source of fresh and effective approaches to difficult challenges.

However, **51% of responses emphasized openness to cooperation and partnership, which can speed up the recovery process.** This points to the social and relational aspects that are an accelerating force for startups compared to more institutionalized structures.

These three main answers shed light on the diversity and uniqueness of the features that startups consider to be their most important assets in the context of rebuilding the country. This confirms that startups see their advantages as important tools in the process of repairing and rebuilding society.

Other aspects indicated by more than one third of startups are also interesting. 41% of startups indicated an advantage in unique skills (not specified in more detail), 40% of them noted the large potential for scaling, which can speed up the reconstruction process. Finally, 35% of representatives pointed out that their products and services are more adapted to the Ukrainian market and its local specificity. Among the less frequent, but still important, answers, it is worth pointing out that 19% of startups indicated their advantage in the fact that they are more focused on corporate social responsibility and can respond more effectively to society's needs.

WHAT ARE THE MOST IMPORTANT ADVANTAGES OF YOUR STARTUP IN THE PROCESS OF REBUILDING THE COUNTRY, COMPARED TO TRADITIONAL COMPANIES OR CORPORATIONS?



In response to a follow-up question regarding current special regulations or government policies that may support startup efforts to rebuild the country, mixed responses were received, revealing a limited understanding of the current legal framework.

It is significant that almost half, i.e. **49% of respondents do not know or are not sure of the answer to this question.** This may suggest that all possible forms of support available to people who want to take part in the reconstruction of Ukraine should be better communicated, and this information should be disseminated and better communicated to entrepreneurs. Nevertheless, **42% of respondents indicated that they are aware of the existence of international financing programs, and 28% are perfectly familiar with Ukrainian support programs** for startups dedicated to reconstruction support purposes. **14% know about Ukrainian programs subsidizing technological innovations for startups.**

It is worth emphasizing that the lack of clear knowledge about existing regulations may be an obstacle for startups in using available support measures. Therefore, it is important that governments and institutions responsible for economic support of enterprises clearly communicate available opportunities and regulations so that startups can make the most of available resources in the country's reconstruction process.

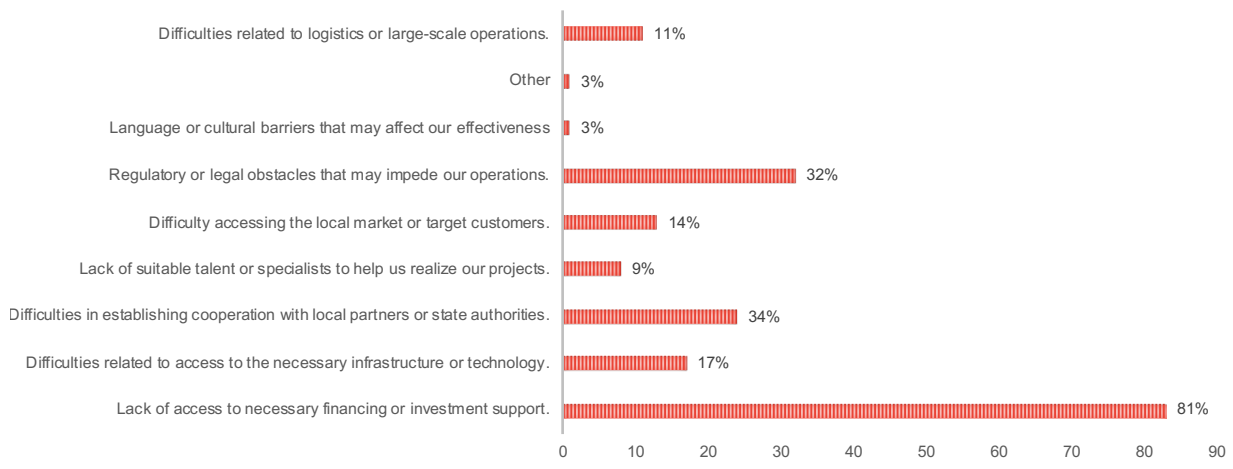
When **asked about potential obstacles or challenges** that may hinder the startup's contribution to the country's reconstruction process, **81% of responses repeat previous indications, drawing attention to the high need of additional financing or investment support.** This consensus suggests that the problem of access to finance is one of the most common challenges startups face.

Another important aspect is regulatory or legal obstacles, which were highlighted as potential challenges - this is indicated by **32%** of startup representatives. Additionally, difficulties in establishing cooperation with local partners or state authorities were also a significant point for **24%** of all responders.

Indicating these three main areas of potential obstacles helps to identify areas where action and support from the government or other institutions are necessary to create a more favorable environment for the development of startups and their positive impact on the reconstruction of the country.

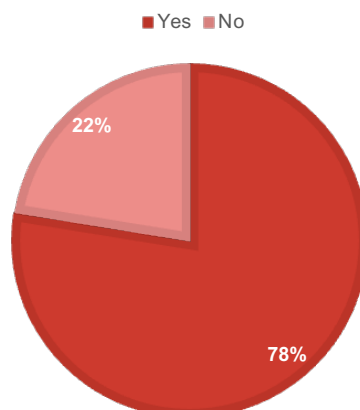
It is also worth looking at the least common answers from an analytical perspective - because they show what Ukrainian startup entrepreneurs are least worried about. The least frequently mentioned obstacle was the lack of talented specialists (9% of responses) and language and cultural barriers affecting efficiency (3%). This shows that startups are less afraid of the lack of specialists and communication difficulties than of the above-mentioned lack of capital or inadequate law. This clearly shows from which side changes should be introduced as a priority.

WHAT ARE THE POTENTIAL OBSTACLES AND CHALLENGES THAT COULD HINDER YOUR CONTRIBUTION TO REBUILDING THE COUNTRY?



When asked whether they **would consider creating a new (different) re-development project in the future, as many as 78% answered affirmatively, while 22% answered negatively.** These responses suggest that startups are ready for long-term involvement in the reconstruction process and the development of innovative solutions. The vast majority of those planning new ventures point to a positive and proactive approach of enterprises in the context of a long-term development strategy. This may also mean that companies understand the importance of a continuous innovative approach to the country's recovery, which allows them to contribute to long-term socio-economic transformation.

ARE YOU CONSIDERING CREATING A NEW REBUILDING PROJECT IN THE FUTURE?

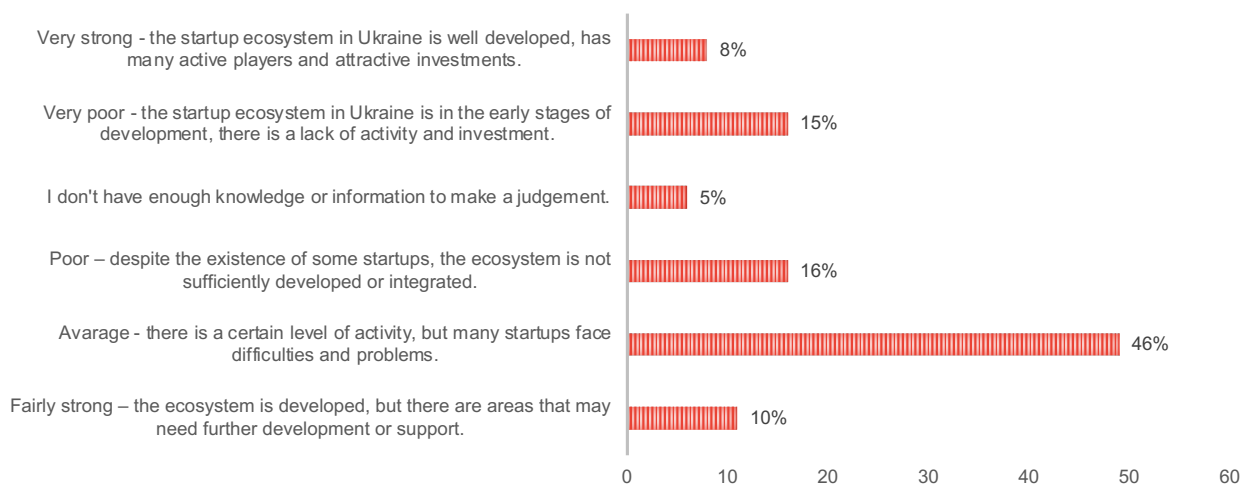


The question about assessing the current state of the startup ecosystem in Ukraine is very interesting. It should be particularly noted that Ukraine is engaged in an extremely exhausting war effort, defending its territory and devoting most of its resources to its army. Despite this, the state of the Ukrainian ecosystem is not assessed by those most interested (startups) as bad, as it might seem at first glance.

Most responses (46%) assessed the state of the ecosystem as "average" - startups indicated that the ecosystem is active, despite the fact that many startups are struggling with difficulties. Some answers also indicated that the ecosystem is even **"very strong" (8%)** or **"fairly strong" (10%)**. The condition was clearly bad - in the form of answers "very poor" (15%) or "poor" (16%), a total of 31% of the responses were received - which, however, is not that worrying, taking into account the very difficult war situation mentioned above. Moreover, a total of 5% of respondents were unable to assess the state of the ecosystem, or they answered directly that they did not know.

Even if the state of the Ukrainian startup ecosystem cannot be clearly assessed as positive, in the current situation the efforts of all those who maintain its functioning despite dramatic difficulties should be strongly appreciated. This collective assessment demonstrates the difficult situation faced by young enterprises in Ukraine, but it also indicates their adaptability and steadfastness. Therefore, this assessment may be a positive signal for the entire ecosystem that it is worth continuing efforts and working towards creating more favorable conditions for start-ups. **Effective assistance and support in this area can contribute to creating a more favorable environment for the development of innovative enterprises in Ukraine.**

HOW DO YOU ASSESS THE CURRENT CONDITION OF THE STARTUP ECOSYSTEM IN UKRAINE?



An extremely important **question was "Do you think the Ukrainian startup ecosystem is ready for the challenge of rebuilding the country?"**. The most popular answer, **53% of respondents, said yes, although they added that it would require additional support and investment from the government and the international community.** In turn, 20% of respondents also confirmed the readiness of the ecosystem, indicating that it is full of innovative companies ready for the challenge. In addition, 10% of respondents believed that the Ukrainian ecosystem has strong international connections that will help in returning to the path of development.

It should be added that **29% of respondents were not ready to give a clear opinion, stating that they were not sure about it** - because further analysis and public discussion on this topic were needed. People with more negative thoughts indicated that the ecosystem is not ready for the challenge of

rebuilding the country, as many Ukrainian startups have problems with funding and support (7%), or that the ecosystem is not yet strong enough to take on such a big challenge (6%).

Among these multiple-choice questions, there is a clearly positive attitude and faith in the possibilities of further development of the startup support ecosystem that will help rebuild the country from the destruction of war. It is also a realistic voice pointing to basic needs - significant financial resources and investments from abroad are required.

Another positive aspect is that startups are not ready to answer directly - indicating the need for analysis and discussion on this topic. This shows that there is also awareness of the need to program the development of the ecosystem carefully and to find out what it looks like in other ecosystems. The shared belief in the difficulties and need for cooperation indicates a general awareness that rebuilding the country through innovative enterprises will require joint efforts, resources and commitment of various parties, including the government, investment funds and the startups themselves.

When **asked whether startups can play a key role in the recovery of local communities, 50% of companies answered affirmatively**, emphasizing that startups can bring innovations and new technologies that will accelerate the recovery of those communities. Additionally, **26% of startups said yes, but indicated that they would need additional support such as financing**, infrastructure and network access to effectively facilitate the recovery process.

A very small percentage answered no pointing out that the reconstruction of local communities will require coordinated efforts of various sectors, not just startups (6%) or arguing that startups may not have enough resources, skills and experience to make this effort effectively (4% of answers). Some part, i.e. 8% of startup representatives, were not sure of the answer.

These answers clearly indicate the readiness of startups to play a key role in the process of rebuilding local communities. Enterprises see their potential in providing innovations and new technologies that are key to accelerating the process of returning to normality. However, it is also important to emphasize that startups need additional support, which highlights the existence of challenges that they must overcome. Overall, these responses show that startups are ready to engage in the reconstruction process of local communities and see their role as an important factor in creating innovative solutions to support the reconstruction process.

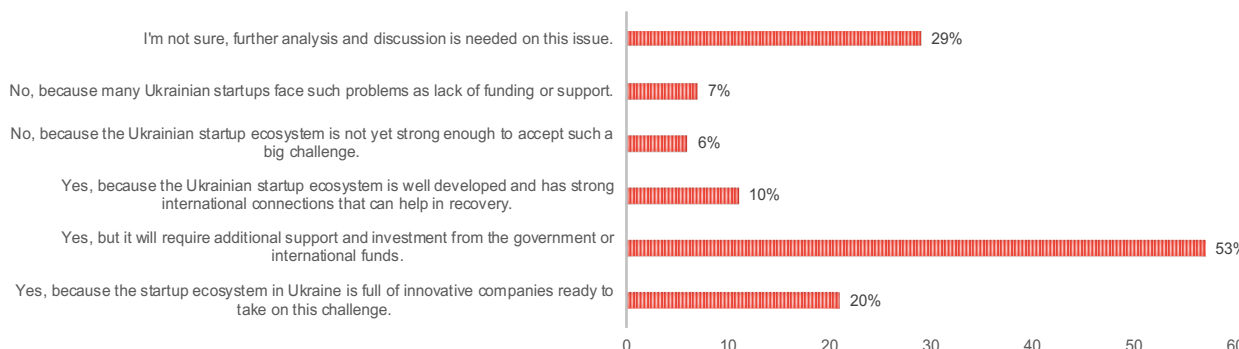
The last question for startups was: **"What role should the government, investors and the international community play to help Ukrainian startups in the economic recovery process?"** The vast majority of the responses (69%) indicated that all these groups need to work together to create synergies and coordinate efforts.

However, 54% of responses referred directly to the role of the government, arguing that the government should provide a stable legislative and regulatory framework that will facilitate the work of startups, and also that the government should provide direct financing and support to start-ups involved in economic recovery, which was noted by 41% of respondents.

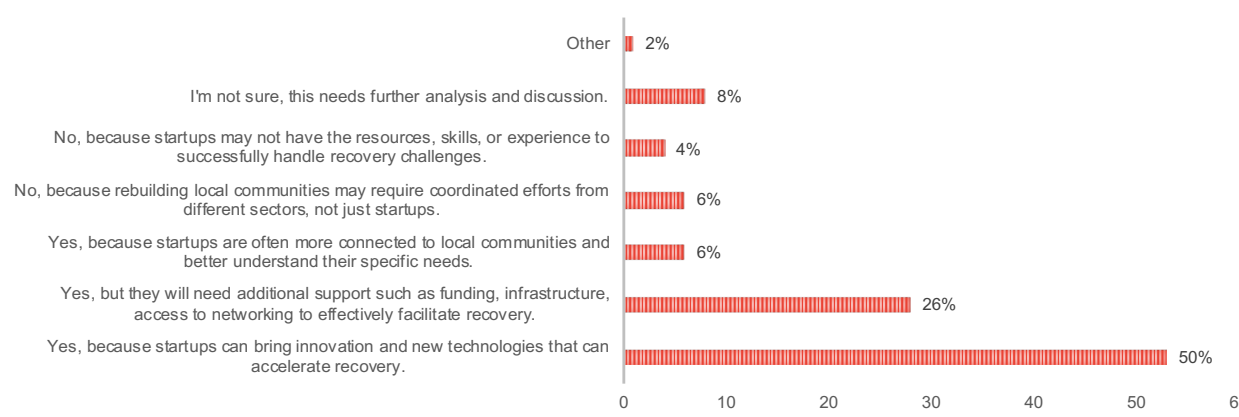
Additionally, **two responses addressed the role of investors, suggesting that investors should provide funding (41% of answers) and they should help startups establish international contacts and create partnerships (33%)**. The other answers are very interesting. The international community should play a special role in the eyes of startups, which, according to them, should provide additional investment funds (36%) and help startups gain global visibility and recognition (30%).

These responses clearly demonstrate the key role of cooperation between the government, investors and the international community in the economic recovery process through support for Ukrainian startups. Joint work of these three entities is perceived as necessary to achieve synergy and maximize positive effects in the process of supporting young entrepreneurs.

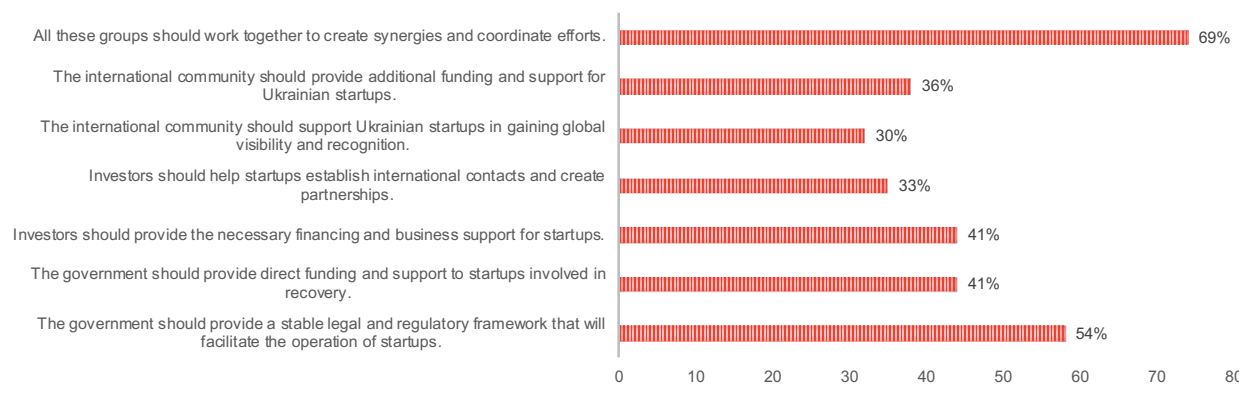
IN YOUR OPINION, IS THE UKRAINIAN STARTUP ECOSYSTEM READY FOR THE CHALLENGE OF REBUILDING THE COUNTRY?



DO YOU THINK STARTUPS CAN PLAY A KEY ROLE IN REBUILDING LOCAL COMMUNITIES?



WHAT ROLES SHOULD THE GOVERNMENT, INVESTORS AND THE INTERNATIONAL COMMUNITY PLAY TO HELP UKRAINIAN STARTUPS IN THE RECOVERY PROCESS?



Today's Face of Startups: Global Collaboration, Growth and Impact

Despite the challenges and difficulties it faces, Ukraine continues to actively position itself in the world of innovation. As the modern world enters a new era of technology, our country is not lagging behind in this process, having every chance to become a future technological hub. Our innovative companies are entering new markets, opening up a high-tech state to the world.

The technology sector stands out as the most resilient in terms of the economy, owing to effective collaboration among various stakeholders and the unification of ecosystem players towards a common goal. The key aspect of the Ukrainian tech sector's development is active support received from international partners, both within Ukraine and abroad. Some companies are experiencing domestic growth, focusing on strategic verticals such as Cybersecurity, Healthtech, HRtech, Edtech, Agritech, and Energytech, actively implementing AI-driven technologies. A significant number of startups have partially relocated, opened new export markets, scaled up their operations, or attracted investments.

Active participation of official delegations at international technological events, supported by relevant ministries, ecosystem organisations, and international donors, has become a crucial aspect of Ukraine's tech image development. In 2023, startups brilliantly represented themselves and the country at high-profile events such as the SelectUSA Investment Sum-

mit, London Tech Week, TechCrunch Disrupt, and, in mid-November, the Web Summit is coming up. Investments in small and medium-sized businesses, especially technological startups, serve not only as a source of their growth but also directly impact incorporation, creation of new jobs, technologies development, and the sector's contribution to the country's GDP. Despite the war, Ukrainian startups have not halted their vigorous development. On the contrary, they have shown resilience, serving as catalysts for rapid growth of new technologies and innovations at the highest level of creativity. For instance, this year's review, "Rising UA Startups: Resilience Edition", showcases 100 of the most promising startups, along with up to 50 successful scale-ups that have already scaled effectively, attracted investments, and can serve as examples to follow for others.

The support from international partners is crucial for technological and economic development. Research and analytics are the foundation for assessing the situation, forming strategies, and making timely decisions. Techosystem had the honor to participate in the creation of this Report organized. We are confident that this material will become a unique source of information for businesses, governments, and non-governmental organizations. Today's relentless work and unprecedented approaches will pave the way for tomorrow's wise use of technology. We hope that readers will also join us on this journey.



Kateryna Hrechko

CEO
at Techosystems

KEY INDICATORS FROM BUSINESS ENVIRONMENT INSTITUTIONS

This year's edition of the study, in addition to startups, also looked at business environment institutions ("BEI") supporting entrepreneurship in Ukraine. This procedure will allow for a more complete picture of the Ukrainian startup ecosystem. **The study involved 54 different entities supporting entrepreneurship**, which allowed for a more comprehensive understanding of the dynamics and interactions between enterprises and business environment institutions.

Introduction to Business Environment Institutions

Entities participating in the study were most often represented by the Department of Innovation or Entrepreneurship Support Institutions in local government structures at the municipal and territorial level, such as regional development agencies or business/IT clusters. In the face of the ongoing war in Ukraine, innovation is becoming a key element of the response to mounting challenges.

It is also extremely important that the second-largest number of entities represented are Business Incubators/Accelerators operating as non-governmental organizations. In this context, those organizations play a key role because they are exposed to multiple challenges while becoming fundamental institutions in the process of supporting entrepreneurship development.

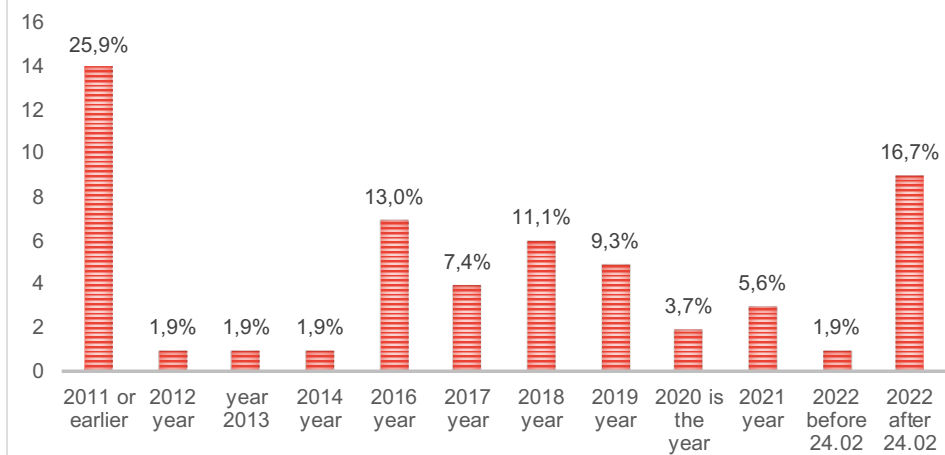
It is worth noting that Business Incubators/Accelerators operating as commercial organizations and financing institutions, such as credit associations, banks, or investors, rank third, playing an equally important role in the entrepreneurship ecosystem. This highlights the diverse landscape of supporting institutions that play a key role in developing innovation and entrepreneurship in Ukraine.

From all respondents, 14 of the analyzed institutions were established in 2011 or even earlier, which indicates the presence of experienced partners in the area of entrepreneurship support. Interesting dynamics can be observed in the Ukrainian market of entities operating in the field of business support, where a significant increase in the number of newly established business support entities was visible from 2016 until the outbreak of the pandemic in 2020.

However, what attracts even more attention is the sharp increase in the number of entities opening after 2022. The analysis of these data suggests that after the period of difficulties related to the war in eastern Ukraine, business environment institutions began to experience a period of intensive development. This may be the result of economic reconstruction, reforms introduced after 2014, the revival of innovation, or increased readiness for entrepreneurship in society.

It is worth considering what factors exactly influenced the similarly dynamic growth in the number of newly established entities after 2022 in order to better understand the mechanisms and trends prevailing in the Ukrainian entrepreneurship market. This positive change may be dictated by the inflow of foreign aid to Ukraine from various sources - both in the form of private investments and public funds from the budgets of supporting countries. One effect appears to have been increased funding and efforts to innovate and support existing and new businesses.

IN WHICH YEAR WAS YOUR ORGANIZATION ESTABLISHED?



The organizations were asked in which district they were based and whether they were established before February 24, 2022, or after the start of full-scale Russian aggression against Ukraine. Most of the organizations participating in this research were founded before the conflict escalated. It is significant that most of these business environment institutions are located in Kyiv, which is consistent with observations regarding the concentration of startups in this region. This shows that even though Kyiv is one of the most threatened places in the course of the war so far, organizations are still actively operating in the heart of Ukraine.

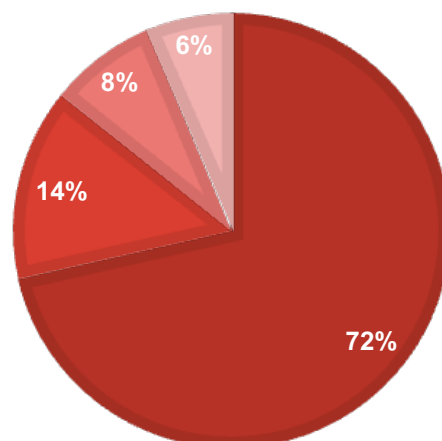
Personnel analysis in business environment institutions

Most respondents reported that they employed up to 10 employees, and some employed up to 20 people. The two most senior scientific research institutes that were founded before 2011 had 100 and 150 employees.

The analysis of data on the staffing situation indirectly describes the organizational potential of business support entities in Ukraine. It is worth emphasizing here that both large and complex structures as well as BEI with relatively few employees can play an important role in supporting the startup ecosystem. The first category of BEI has the organizational and structural potential to coordinate large, multiannual, and complex activities. At the same time, small entities are characterized by much greater flexibility and thus adaptability, enabling them to undertake unusual projects that require a dynamic operation.

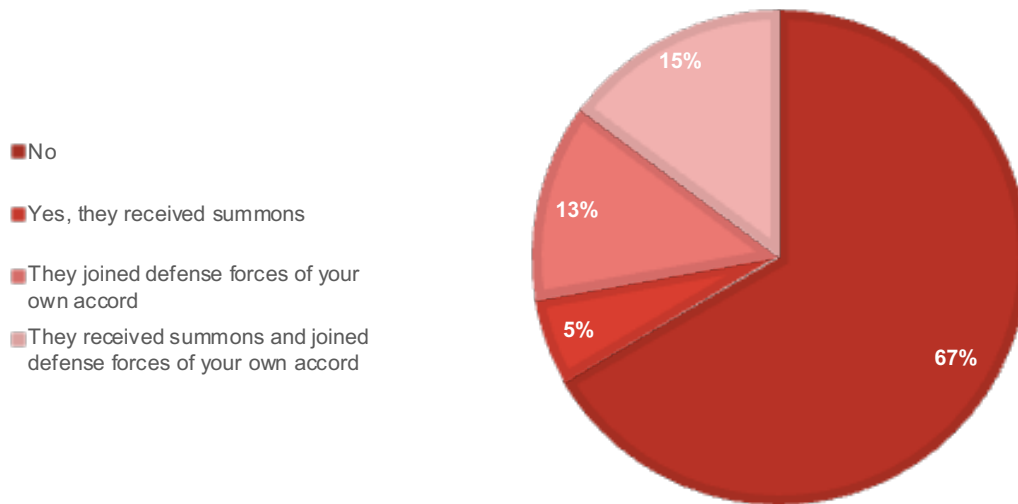
HOW MANY EMPLOYEES DOES YOUR ORGANIZATION EMPLOY?

■ 1-10 ■ 11-20 ■ 21-50 ■ >51



When asked about the mobilization of employees for military service, 31 institutions (67%) answered that employees were not involved in such service, which is the majority of most business environment institutions covered by the study. Only 3 entities reported that their employees were called up for military service. In the case of 7 entities, employees voluntarily joined combat operations, and in 8 organizations, employees received a call and voluntarily joined the defense of the country. These figures suggest that in most organizations, the employment structure has not changed significantly due to military mobilization.

HAVE ANY OF YOUR EMPLOYEES BEEN MOBILIZED?



“Sometimes it is better to jump right in and start doing something rather than trying to think of the best way and best time to do it. Such time is NOW!”

Many Ukrainians are finding the courage to abandon the old and start a new one. This may seem counterintuitive, since we’re in a war and not enjoying the ease that peace brings. We, as well as other sentient beings on the earth, perform to our maximum ability and capacity when under pressure. A harsh, new reality has cornered Ukrainians, and our choice is simple: either give in or stand up and become more of the best of what we can be.

With this in mind, I would like to share some thoughts about rebuilding Ukraine with those who choose to stand up, along with others from around the world who still believe that Ukraine has a bright future and wants to take part in the "new Ukraine." People frequently talk about what should be done, but less often

about who will do it. With this in mind, I’d like to use the framework of comparing Ukraine with a commercial organization. **To succeed, the company needs three things: 1) Talent (people are always the key asset), 2) Products (solutions/offerings), and 3) Sales and marketing. Let us keep it simple.**

Talent—is the most important and the most painful issue currently. It is painful not because we do not have enough talented Ukrainians but because a great deal of them are either at the battlefield, volunteering or have fled from war abroad. In a company, it’s the HR department that manages the talent; in a country, it’s the government. The brighter the HR team is, the more prosperous the company will be. Simi-

larly, the government can strive to improve its headcount or “retention rate,” be wise in assigning managers, and create intelligent incentive mechanisms for its “employees” (citizens). We need to make people want to live in Ukraine, pay taxes, spend their money in the country, and support the army in a more centralized way (via taxes and other kinds of legal withholdings that can provide a better work environment that suits their tastes and needs), and be confident about their status and options. Supporting Ukraine should be obligatory, but the government should give clear options on how to do it. People will then choose the one that best fits their health, soul, brain, finances, and creative capabilities. The country is at war, and the HR department must be strict, but it should also be smart and give people a feeling that they still have the freedom to make choices, and then they will do their best.

Products/solutions/offerings—usually, this part of the puzzle is easy to define. However, due to strains on the workforce (talent), we see suboptimal and sometimes chaotic management problems. Nevertheless, entrepreneurs, investors, and start-ups are on the frontline. They are responsible for creating value for the nation and external stakeholders. We at ICU Ventures are happy to be a part of a community that keeps investing in Ukrainian products, and we are excited to have the privilege of meeting young, bright inventors and innovators every day. **According to the UVCA report, the volume of investments into Ukrainian startups increased in 2022 to almost \$800m from \$780m in 2021 (despite ongoing Russian aggression).** We expect it to increase even further in 2023. To Ukrainian investors and startups: let’s keep up the excel-

lent work, and soon, foreign investors will pile on to join us.

Sales & Marketing — It might sound ridiculous, but we should work on the marketing front as hard as we did during UEFA EURO 2012 and Eurovision 2017. Of course, it isn’t possible to invite foreigners to Ukraine just yet. But it is very reasonable to think of a long-term, large-scale, countrywide marketing campaign. People should be encouraged to read about Ukrainian history, watch Ukrainian films (there are many more of those lately; check them out!), and try Ukrainian cuisine (luckily, a lot of Ukrainians abroad are not sitting still and are constantly increasing the number of UA cafés and restaurants abroad, so welcome!), import/buy Ukrainian products (by the way, Spend with Ukraine is still live, check it out!), and invest in Ukrainian companies and with Ukrainian asset managers. It would not be wrong if a coalition of top marketing firms decided to take the responsibility to create something big, comprehensive, long-lasting, multi-stage, and ascending on a promotional front as perfectly as they did in 2012 and 2017.

We should think not only of engaging the Big 3 consulting companies and Tier-1 investment banks to advise Ukraine on how to rebuild and with fundraising. But we should also involve Tier-1 law firms to seize the aggressor’s assets and use the proceeds for reconstruction.

I started this piece somewhat emotionally, but then turned it into pragmatic business thinking. This should apply to everything we do these days. Reignite the passion of our beliefs and bolster our willpower, but then use our brains and creativity to become more of ourselves and share it with the rest of the civilized world. And, of course, thank everyone for their support.



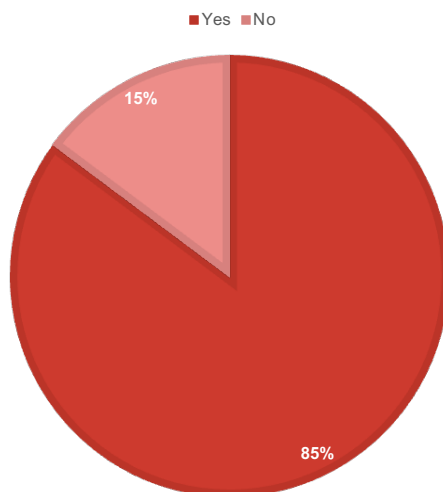
Zakhar Deriuga

Investment Manager, ICU Ventures

Cooperation and Innovation

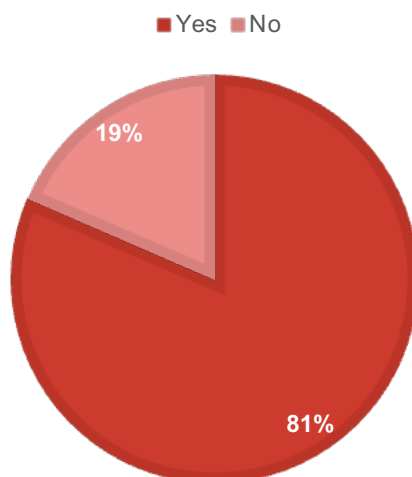
When asked whether the organization provides support to startups as part of its activities, **85% of organizations answered affirmatively.** These answers clearly demonstrate the commitment of most organizations to promoting and supporting startups and their innovative ventures.

DOES YOUR ORGANIZATION SUPPORT STARTUPS AS PART OF ITS ACTIVITIES?



When asked about their experience in working with startups, as many as 81% organizations gave a positive answer. This confirms that most of these organizations have practical knowledge and a history of working with this type of technology project. This is a base that will enable us to expand the scope of cooperation with startups in the future. Of course, experience in this area is not absolutely necessary to participate in joint projects, but understanding the specificity and needs of startups is an experience that can facilitate future joint projects.

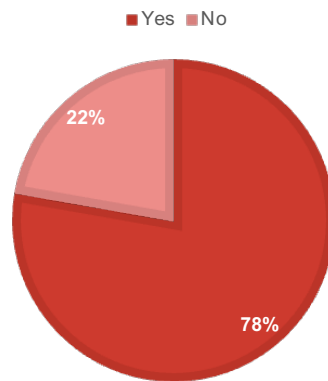
DOES YOUR ORGANIZATION HAVE EXPERIENCE IN COOPERATION WITH STARTUPS?



Competence Development in Business Support Institutions

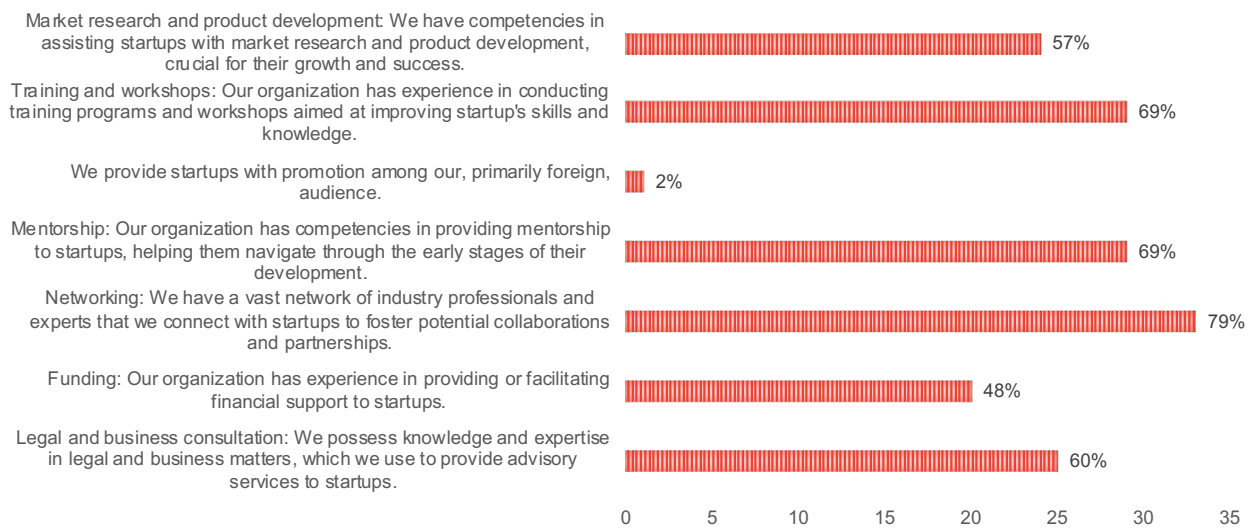
When asked whether the organization has the competencies to cooperate with startups, as many as 42 (78%) of the 54 surveyed BEI answered affirmatively, which proves their preparation for this type of cooperation. At the same time, 12 (22%) entities admitted that they did not have competencies in supporting startups, which may indicate the need to develop such capabilities in the future.

DOES YOUR ORGANIZATION HAVE THE COMPETENCE IN COOPERATION WITH STARTUP?



Organizations that declared they had competencies were further asked about the nature of their experience. As many as **79% of the respondents indicated that they had an extensive professional network, including industry experts**. Support consists of providing startups with access to networking opportunities in order to facilitate potential cooperation and establish partnerships with potential customers or investors. The second form of support, indicated by 69% of organizations, offers mentorship programs as well as training and seminars helping to acquire business-useful knowledge. In turn, 60% organizations supporting entrepreneurship specialize in career counseling. In addition, 57% organizations have competencies in the area of market research and product development. These various skills prove the wide range of competencies that business support organizations have, which allows them to partially meet the expectations of startup representatives.

WHAT KIND OF COMPETENCE DO YOU HAVE?

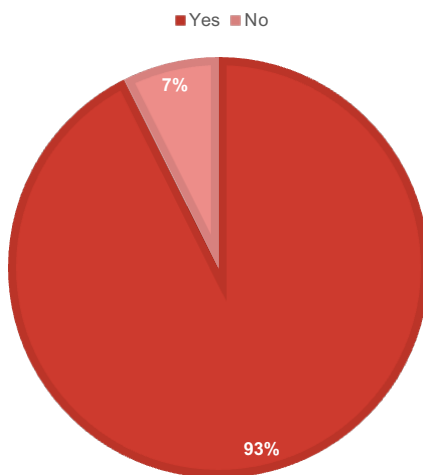


The chart is built on the basis of a question, where respondents chose several answer options. That is why the sum of all answers in the columns is more than 100%.

When asked whether a given business support entity wants to develop competencies in cooperation with startups, only 4 of them (7%) gave a negative answer. This may indicate that these organizations specialize in the area of traditional business, which does not necessarily seek advantages in innovation. Virtually all the others confirmed their willingness to develop competencies in this area. This proves

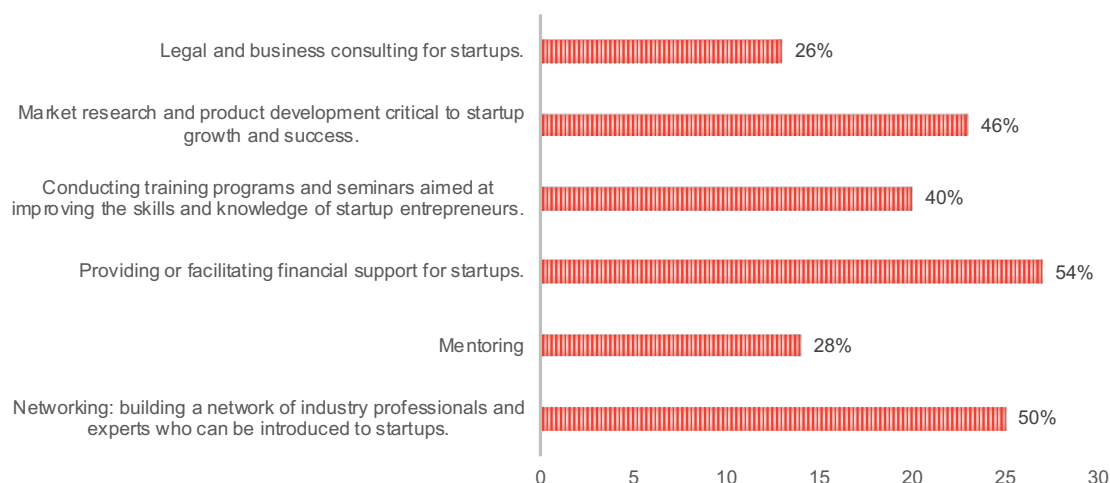
the huge potential of transferring know-how to Ukraine in the area of modern business services, including incubation programs, acceleration, and networking practices for startups.

DOES YOUR ORGANIZATION WANT TO DEVELOP COMPETENCES IN THE FIELD OF COOPERATION WITH STARTUP?



Entities that indicated the need for further development of competencies in the area of startup support were asked to indicate detailed information about their needs. As many as 50% respondents indicated the need to increase competencies in the area of networking management. 46% respondents expressed interest in developing competencies related to market research and work on product development. Great importance is also attached to conducting training programs and seminars aimed at improving the soft skills and knowledge of entrepreneurs developing projects with startup potential. This clearly shows that there is a significant demand for key skills, both soft and hard, that business environment organizations could share with their beneficiaries as part of fulfilling their mission.

WHAT COMPETENCIES DO YOU WANT TO DEVELOP?

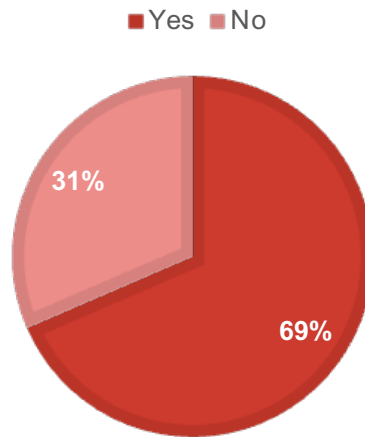


The chart is built on the basis of a question, where respondents chose several answer options. That is why the sum of all answers in the columns is more than 100%.

A particularly interesting competence demonstrated by BEI in this study is the area of obtaining funds from grants. **As many as 69% of respondents confirmed that they had experience in obtaining funds from grant sources, while 31% of them admitted that they did not have such experience.** These answers indicate that most of the surveyed entities have gained experience in obtaining funds

from grant sources. Knowledge about how to seek funding from public funds/granters and how to properly submit applications can be a valuable help for startups in this field - especially when access to investment capital is difficult.

DOES YOUR ORGANIZATION HAVE EXPERIENCE TO OBTAIN GRANT FUNDS?

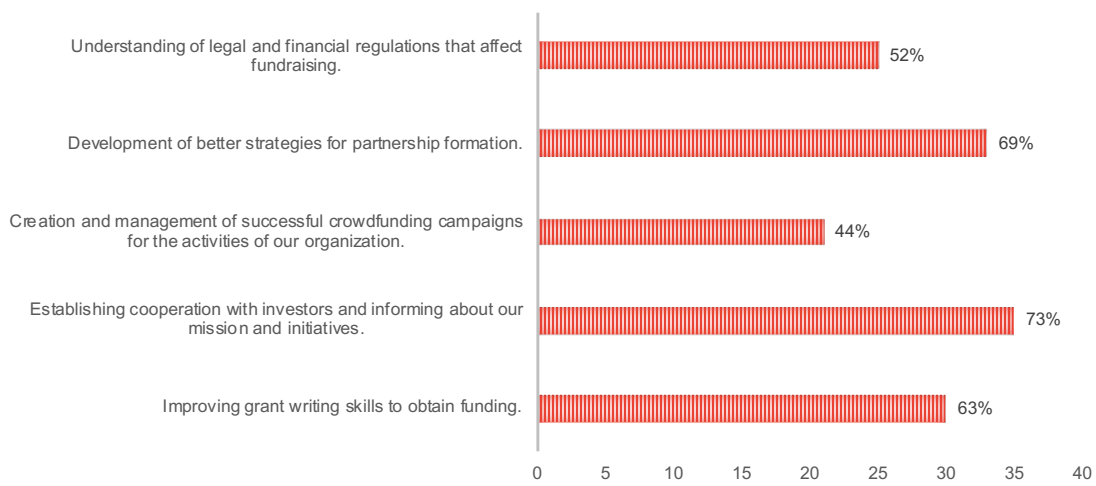


When **asked about having the competences to obtain and effectively use grant funds**, as many as 41 respondents (76%) answered affirmatively. It suggests that these organizations have not only the ability to raise funds, but also the ability to effectively manage these funds, which is an important advantage in the context of acting as an operator of funds intended to support the development of innovations and startups.

Despite having experience in obtaining and managing grant funds, as many as **89% of the organization's representatives, when asked about their willingness to further develop their competences in obtaining external financing, gave affirmative answers.**

Entities supporting entrepreneurship were also asked about specific competences that their staff would like to acquire. **33 (69%) responses concerned developing better partnership strategies.** This seems to be a step in the right direction, with great potential for strengthening business relationships and networking of organizations. Additionally, 30 responses (61%) (focused on improving grant applications writing skills in order to obtain funding), demonstrating the importance of effectively obtaining funds from external sources. 25 (52%) responses related to understanding the legal and financial regulations affecting fundraising.

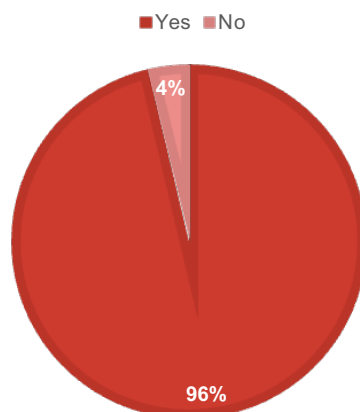
WHAT COMPETENCIES DO YOU WANT TO DEVELOP IN THE FIELD OF OBTAINING EXTERNAL FUNDS?



When asked about pre-existing experience in establishing partnerships with other organizations in Ukraine, as many as 52 out of 54 organizations responded affirmatively.

This result indicates the existence of a large potential for cooperation, networking and building relationships among the organizations present on the Ukrainian market. Opening to partnerships is a key element for organizations that realize the benefits of cooperation and creating synergies with other entities on the local market.

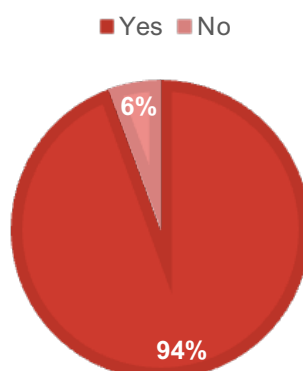
DOES YOUR ORGANIZATION HAVE EXPERIENCE TO BUILD PARTNERSHIPS WITH OTHER ENTITIES IN UKRAINE?



When asked whether the organization has competences in building partnerships with other organizations in Ukraine, as many as 51 out of 54 organizations, i.e. 94%, gave a positive answer.

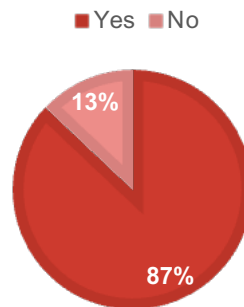
This result confirms that most of the surveyed organizations have developed skills not only in establishing, but also in effectively managing partnerships with other entities on the Ukrainian market. This is an important advantage in the context of building stable relationships and supporting joint initiatives.

DOES YOUR ORGANIZATION HAVE THE COMPETENCE TO BUILD PARTNERSHIPS WITH OTHER ENTITIES IN UKRAINE?



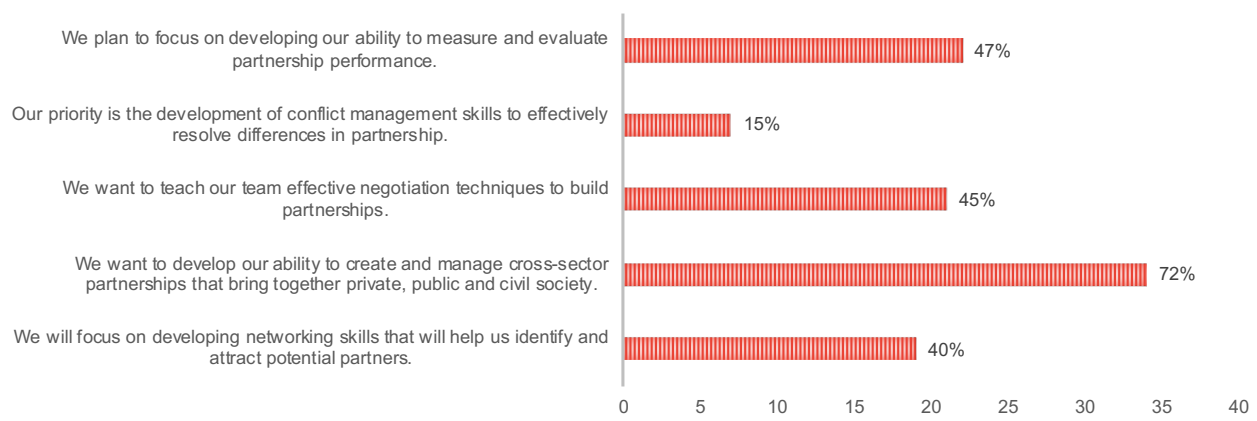
It is already certain that organizations have the potential and competences to build partnerships. When asked whether they wanted to develop these skills in the context of establishing cooperation with other organizations in Ukraine, as many as 87% organizations answered affirmatively. Even though the results of the previous question indicated that 94% organizations already have these competencies, the fact that over 87% of them are interested in their further development proves their awareness of the growing importance of cooperation and partnerships on the Ukrainian market. This is a positive signal for the further development of business relations in the region.

DOES YOUR ORGANIZATION WANT TO DEVELOP COMPETENCES IN THE FIELD TO BUILD PARTNERSHIPS WITH OTHER ENTITIES IN UKRAINE?



If respondents answered the previous question affirmatively, the result was a deeper question about **what specific competencies organizations would like to develop in the area of effective partnerships**. In responses, 34 entities (72%) focused on striving to develop the ability to create and manage cross-sector partnerships integrating private, public and civil communities. Another 22 organizations (47%) decided to focus on developing the ability to measure and evaluate partnership results, while 21 of them (45%) expressed a desire to learn effective negotiation techniques to build lasting partnerships. These answers clearly indicate awareness of the needs and search for opportunities by business support institutions to develop these specific competences.

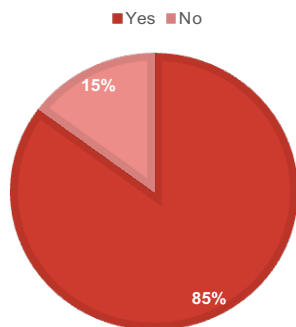
WHAT COMPETENCIES DO YOU WANT TO DEVELOP FOR BUILDING NEW PARTNERSHIPS?



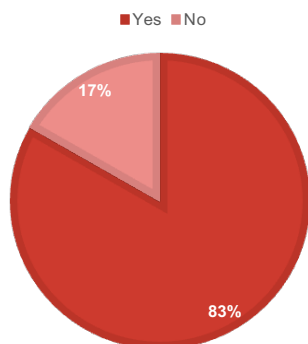
The next question concerned partnerships with foreign organizations. The distribution of responses indicates that 46 (85%) BEI already have experience in such cooperation. Although it should be assumed that these were of a very different nature (from incidental cooperation to jointly conducting complex projects), the fact that such experience is declared by a significant percentage of units should be treated as a resource that will facilitate the implementation of follow-on initiatives.

When asked whether organizations compete for cooperation with other foreign organizations, the majority answered affirmatively, i.e. 45 organizations (83%). This result suggests intense competition in the international arena, which can also be a strong impulse to improve and develop organizational competences.

DOES YOUR ORGANIZATION HAVE EXPERIENCE TO BUILD PARTNERSHIPS WITH OTHER ENTITIES FROM ABROAD?



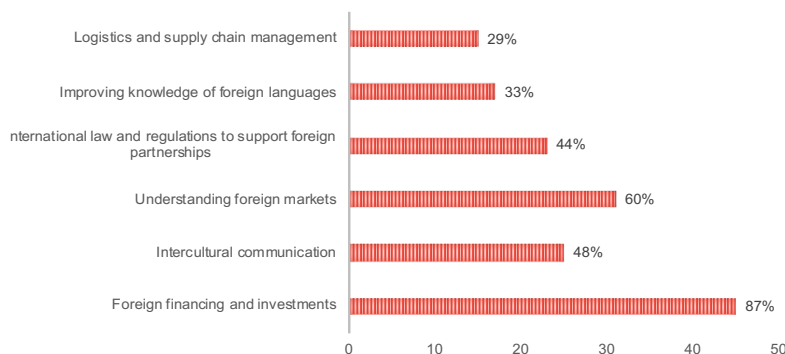
DOES YOUR ORGANIZATION HAVE THE COMPETENCE TO BUILD PARTNERSHIPS WITH OTHER ENTITIES FROM ABROAD?



When asked whether the organization wants to **develop competences in building partnerships with foreign entities**, as many as 52 (96%) answered affirmatively. This result clearly indicates the organization's strong desire to expand its activities to the global market. This is a positive signal suggesting readiness to cooperate with international partners and search for new perspectives and development opportunities on the global stage.

For respondents who gave a positive answer to the previous question, **we asked an in-depth question about specific competencies that organizations would like to develop**. Of the 45 responses, the majority were "foreign financing and investment", while 31 respondents expressed an interest in understanding foreign markets. It is also worth noting that many respondents appreciated the importance of "international communication". These responses indicate the variety of competencies that are considered important for further development.

WHAT COMPETENCES DO YOU WANT TO DEVELOP FOR BUILDING PARTNERSHIPS WITH OTHER ENTITIES FROM ABROAD



EXPERT'S OPINION

The study of the Ukrainian startup ecosystem, in which Simpact Ventures is participating for the third time, shows the surprising optimism, determination, effectiveness, and patriotism of Ukrainian funders. Most of them operate and sell their technologies on international markets. More than half have not left the country and, despite the war, run their businesses in Ukraine.

Ukrainian bands are highly visible in Poland. The businesses they run often have good sales and revenue traction in international markets. This confirms the validity of their business concept and sales and scaling skills.

It is known that there is currently a lack of seed capital in Ukraine, which, together with dispersed human capital, has resulted in a significant reduction in the supply of projects. The general situation in the Venture Capital market in Poland and Europe does not help either. Lower activity in the sector increased the difficulties in raising capital for startups. The problem also affects Ukrainian projects. However, obtaining investment is not impossible - as the research results show. As many as 1/3 of the study participants boasted about effective fundraising. We can treat this as a success of the Ukrainian startup ecosystem, whose institutions, despite the ongoing war, according to the study, are extremely open to foreign contacts and acquiring new ecosystem members.

The Simpact fund invests in impact projects, i.e. technologies that solve specific social or environmental problems. These problems are mostly the same all over the world and have no borders. Technologies tested and positively validated in one market are often effective locally or even globally. Ukrainians are, and after the war, they will be, an even greater participant in the technology sector. This will give many talented people a chance to develop technologies that will change the world for the better. Exactly what Simpact Ventures is looking for.

I hope that the Ukraine reconstruction plan will include significant funds for startup investments. They are very important in building an innovative economy. The evident "entrepreneurial spirit" of Ukrainians combined with greater availability of capital will result in a rapid development of the Ukrainian startup ecosystem and even greater Polish-Ukrainian cooperation in this area.

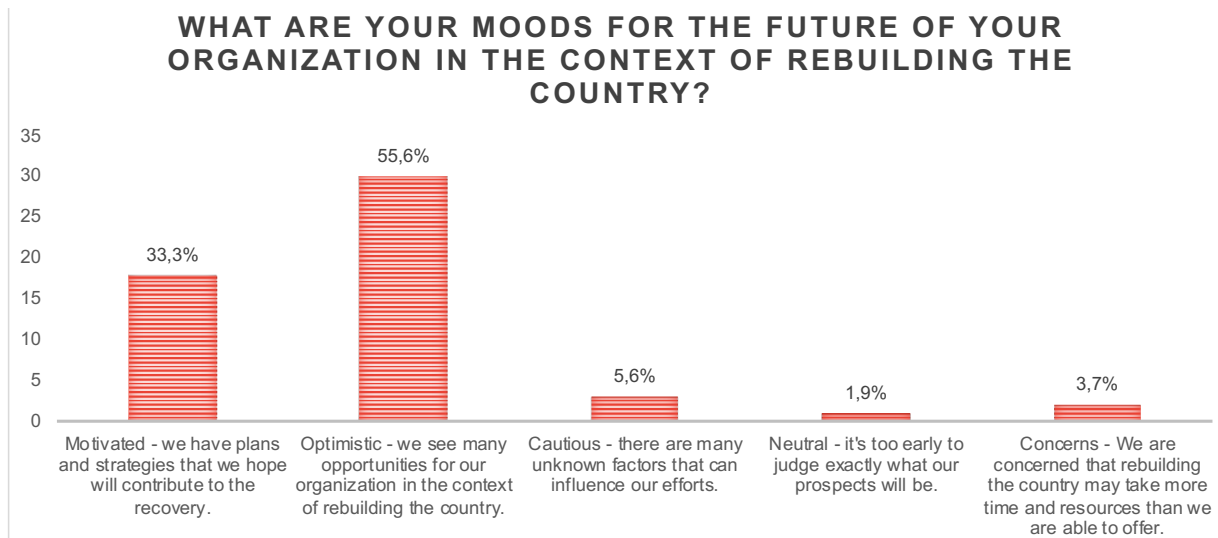


Krzysztof Grochowski

Funder & Managing Partner
Simpact Ventures

Transformation of the Country and the Role of Activities of Business Environment Institutions

When asked about the prospects of one’s organization in the context of rebuilding the country, there were no negative answers. The vast majority of entities (55,6%) expressed a very optimistic view - "we see many opportunities for our organization in the process of rebuilding the country." Moreover, 33,3% responses expressed strong motivation and readiness for action - "we have plans and strategies that we hope will contribute to effective participation in the reconstruction process." These results suggest that representatives of business environment institutions not only look to the future with optimism, but also there high motivation may contribute to quick and positive changes in the process of rebuilding the country in the area of competence of these organizations.



When asked in what areas of activity a given business environment organization can contribute to the reconstruction of Ukraine, the most common answer (80%) was involvement in the general business sector in supporting the development of enterprises. The next most frequently mentioned answer (41%) was the provision of innovative consumer or business services in the service sector. In addition, the answer relating to the education sector, regarding the development of educational technologies or e-learning platforms, was also relatively often indicated (39%).

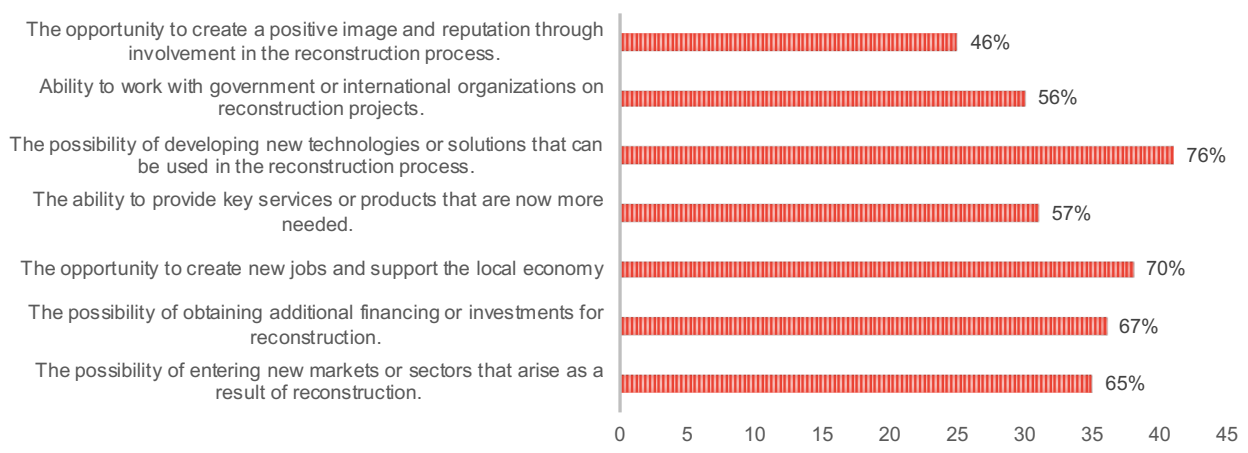
It is extremely important that the organization's support is shown in various areas, which proves their readiness to act on many levels. This also contributes to the emergence of specialized business incubators and startup accelerators, which could specialize from the very beginning in the development of innovative enterprises operating in industries specific to their products and services.



Representatives of business environment **institutions agreed with the opinion that startups can significantly participate in the process of rebuilding Ukraine**. According to them, this involvement can take various forms 76% BEI representatives indicated the possibility of developing new technologies or innovative solutions that may be used in the reconstruction process. And 70% of the responses focused on identifying opportunities for startups to create new jobs and support the local economy, which is key to revitalizing communities. Also, 67% of responses emphasized the chance of obtaining by startups additional financing or investment, which is an important factor driving the reconstruction process.

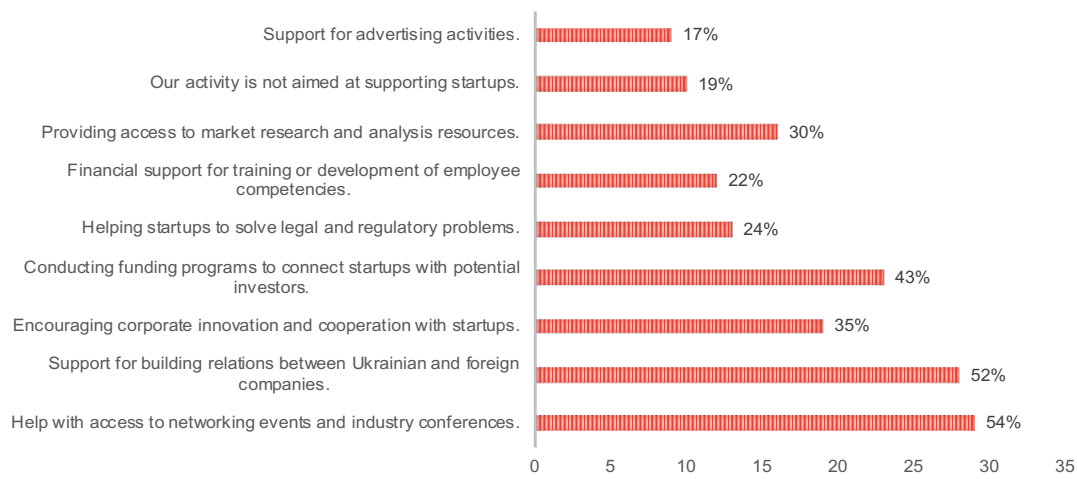
These various answers show that business environment institutions perceive a significant potential for the involvement of Ukrainian startups in the process of rebuilding the country and see this fact through the prism of real opportunities that can contribute to the successful socio-economic development of Ukraine.

DO YOU SEE ANY OPPORTUNITIES FOR UKRAINIANS STARTUP IN THE CONTEXT OF REBUILDING THE COUNTRY?



BEI representatives see activities through which they can support the development of the Ukrainian startup ecosystem. The most frequently mentioned answers coincide with the previously presented trends. Activities related to creating conditions for the development of interinstitutional relations come to the fore. In the area of such activities, it is particularly valuable to support the participation of company leaders in industry conferences and other events enabling business networking (54% of responses). There is an expectation of support in establishing relations between Ukrainian and foreign institutions, which suggests the need to build partnerships and conduct cooperation at the international level (52% of responses).

HOW CAN YOUR ORGANIZATION SUPPORT THE UKRAINIAN STARTUP ECOSYSTEM?



EXPERT'S OPINION

In the face of Russia's aggression against Ukraine, the study reveals an overwhelmingly positive outlook on BEI's role in the country's reconstruction. A substantial 56% recognize "many opportunities for their organization in the rebuilding process," and 18% are highly motivated with clear strategies for effective participation in this process.

BEIs acknowledge the pivotal role of startups in Ukraine's reconstruction. They see startups contributing through technology development (76%), job creation (70%), obtaining additional funding (67%), sector-specific alignment (65%), and providing in-demand services/products (57%). This reflects a strong belief in startups' potential to drive socio-economic development.

Moreover, BEIs identify multiple ways to contribute to Ukraine's recovery. An impressive 80% aim to bolster the general business sector, while 41% focus on innovative services, and 39% emphasize educational technologies and e-learning platforms. This wide-ranging support readiness paves the way for specialized business incubators and startup accelerators dedicated to specific industries.

BEIs also plan to support the Ukrainian startup ecosystem by promoting inter-institutional relations, with 54% prioritizing participation in industry events for

business networking. Furthermore, they recognize the importance of establishing partnerships at the international level (52%), indicating readiness to engage with startups locally and globally. The VC market is already a high-risk investment, and this risk is significantly amplified by the present market conditions and the conflict in Ukraine. Supporting access to industry events and foreign partnerships can significantly boost the growth and success of Ukrainian startups, which often struggle to obtain financing.

It's worth mentioning that several foreign institutions, including certain Polish venture capital funds, have established specialized support programs for startups founded by Ukrainians who had to relocate from Ukraine. The knowledge, expertise, and funding that these startups acquire abroad can be leveraged for the advancement and expansion of Ukraine's native startup ecosystem, as most of these startups still operate in Ukraine.



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METHODOLOGY

During the survey, which lasted from July 26th to October 11th, 2022, the opinions of 107 representatives of Ukrainian start-ups and 54 presenters of BEI were obtained. Respondents were recruited through a multi-channel distribution of information about the study. Representatives of the target group received information about the study by e-mail, but it was also available on social media that profiled their content in the direction of topics of interest to startup leaders. Therefore, the selection of the sample was intentional (non-probability), and the results are a valuable source of information about the surveyed population of start-up leaders.

The study was conducted using the CAWI method (Computer Assisted Web Interview). The method of data collection used made it possible to obtain the respondents' opinions through an online questionnaire and thus quickly reach a large and geographically dispersed group. The platform used for the study (Type Form) enabled full control of the data collection process: access to the survey by specific respondents, response time to individual questions, the number of times respondents entered the questionnaire, and the consistency of the answers provided.

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