



Venture Capital for tech startups in Latvia 2015. Demand vs supply



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Altum, Doma laukums 4, Riga, Latvia

Half-day conference

Rihards Gailums

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 Latvenergo

 ABB

 ALCATEL

 **BETA**
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 **LABACA**
Latvian American
Business Association
of California

 LABS
OF
LATVIA

 R

RIGA HIGH TECH
UNIVERSITY



**Tech Startups are main
driving force of
competitiveness for small,
knowledge based
economies**

MVU

STARTUP

**NOT-
SCALABLE**

SCALABLE

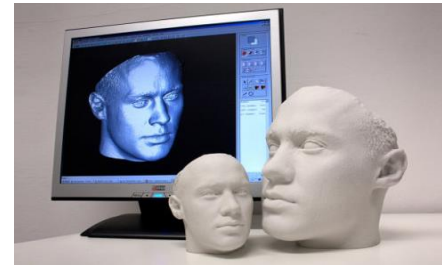
EXPONENTIAL TECHNOLOGIES



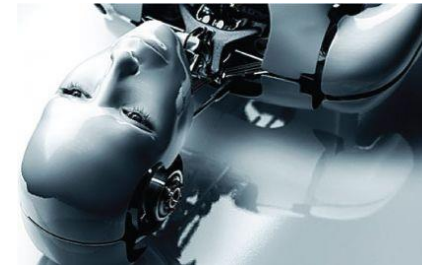
DRONES



AUTOMOTIVE



3D PRINTING



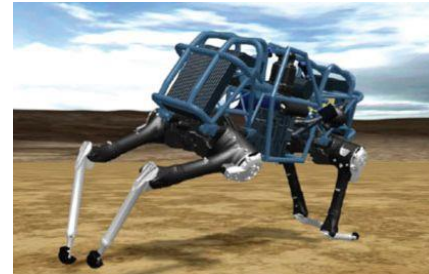
ARTIFICIAL INTELLIGENCE



BIOTECHNOLOGY



DESIGN

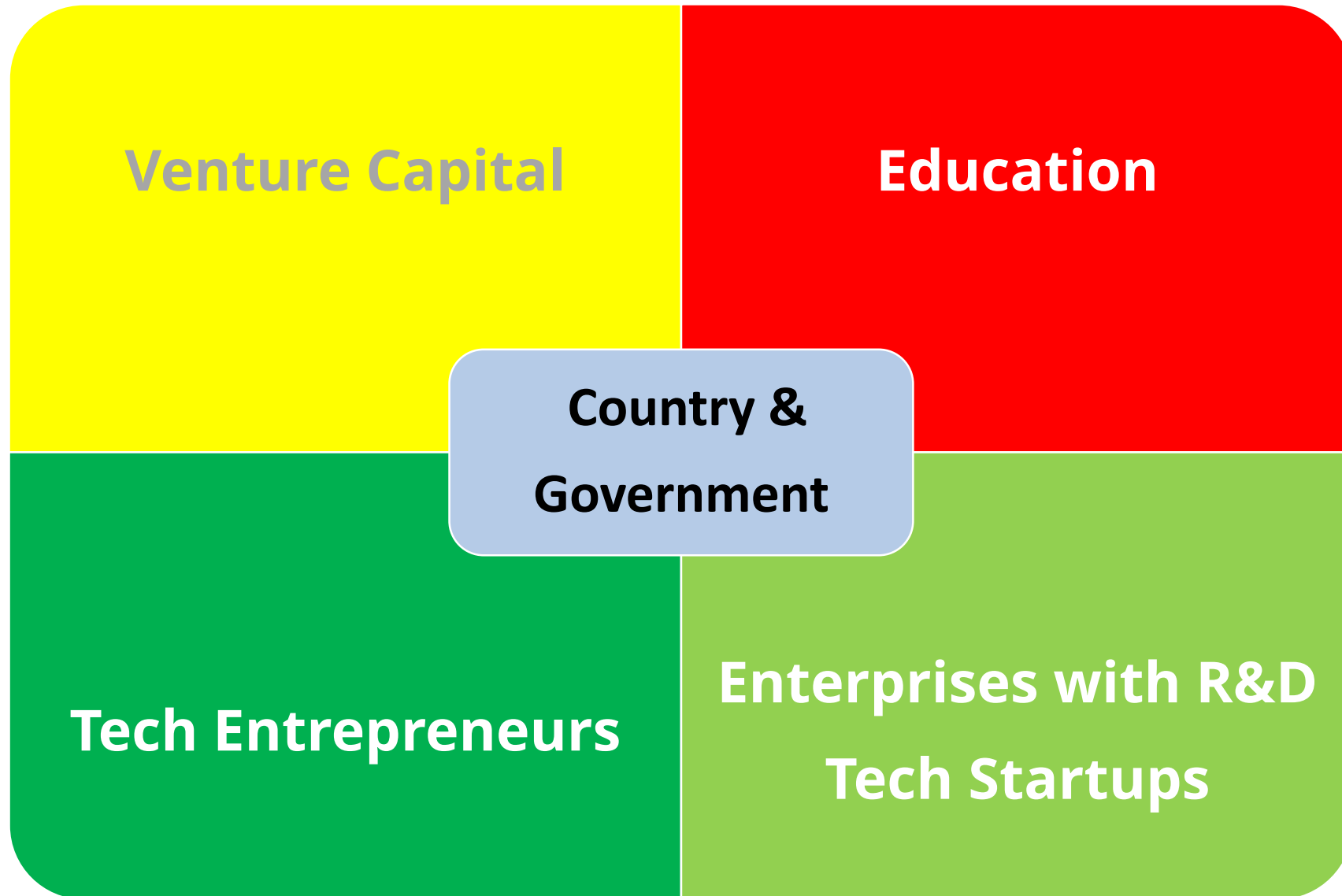


ROBOTICS



COMPUTER VISION

SUCCESSFUL NATIONAL TECHNOLOGY INNOVATION ECOSYSTEM



Questions/Problems

- Should Latvia to become startup nation and leading technology ecosystem?
 - Do we have ambitions and resources?
 - Importance of Tech Startups for LV economy?
 - How to raise (do we need?) Latvia born Unicorn startup?
- Is there a mismatch between VC supply and demand?

Goal of Discussion

- To improve understanding of perceptions, preferences and needs of Tech Startups for Venture Capital;
- To help align mismatch between VC supply and demand.

Venture Capital

DEMAND

SUPPLY

TECH STARTUPS

**VENTURE CAPITAL
FIRMS**

DEMAND

Latvian startups raising over

€ 5'000'000

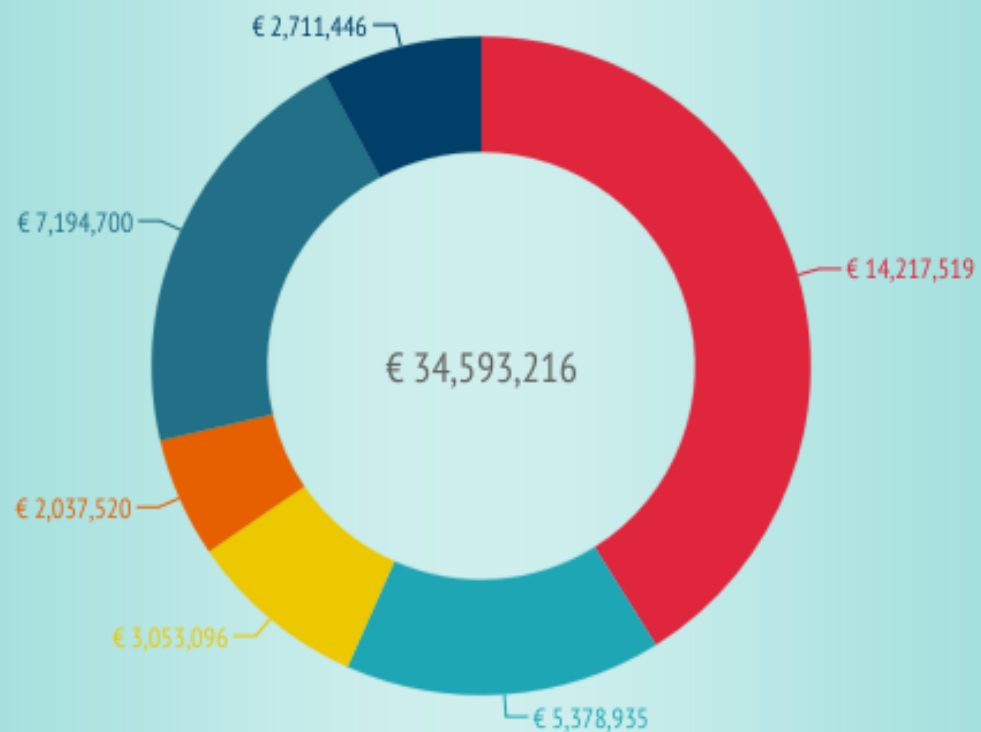
seed money

Demand [startup] needs

- Networking and introduction opportunities;
 - Management competences;
 - Access to further funding;
- Recruiting, Mandating, Strategizing, Mentoring, Consulting, Operating activities

SUPPLY

Investments of Latvian public venture capital funds: 2007-2015



Supply [VC] needs

- Low dealflow;
- General lack of basic knowledge about VC;
- Venture founders' aversion to losing control rights;

Demand / supply mismatch

- Low valuations;
- Unacceptable term sheet conditions;
- Low international (industry) reputation & recognition of LV VCs ;

Definitions

- What is Tech Startup?
- What is Smart Money (in Venture Capital)?
 - What is successful startup? (metrics)

	SME	Startup
	NOT - SCALABLE	SCALABLE
Goal	Create company and start earning money	Create value for customers, then form a company and earn money. Create New Big Thing.
Ambitions	Low or moderate	High
Team	Hired Employees. Zero tolerance.	Co-Founders. High tolerance.
Work pattern	Go to the work (office)	50% virtual. No need for office desk.
Markets	Existing categories, Life-style	New or not existing, disrupt existing, Technologies
Founders	Spinoff employees, graduates	Passion + Expertise + Opportunity
Funding	Angels, Banks	Bootstrapping, Tech Angels, VC
Business plan	5 year cash projections 100 pages Business plan	Business model canvas. 1 year cash prediction
Money matters	Bookkeepers	Accountants

Smart Money

- Operational experience and support;
 - Industry networking;
 - Reputable money;
- Recruiting, Mandating, Strategizing, Mentoring, Consulting, Operating activities

Ecosystem problems

- Latvian VC funds are not international (do not aim to attract foreign startups & talent);
- VC limited in their ability to provide «smart money»;
- Latvian venture capitalists are not perceived to be technology investors;
- International VCs do not recognize LV VCs, low reputation.

Polycymaking prerequisites?

- To officially define «Tech Startup»?
- To officially define «Smart Money Venture Capital»?
- «Labs of Latvia» /tech startup association working group?

Agenda

- 10.20 - 10.45 “SMART” vs “DUMB” MONEY. Perceptions about Venture Capital of Latvian Start-Ups and High-Growth Firms. Research paper presentation. Edgars Lapiņš, Anna Plaudiņa, SSE Riga;
- 10.45 - 11.00 Role of the business accelerators in smart startup development. Results of MBA thesis, Artūrs Zandersons, RTU;
- 11.00 - 11.10 Latvian Startup dealflow 2015. Rihards Gailums;
- 11.10 - 11.20 Latvian VCs: What we need. Andris K. Berzins, TechHub Riga;
- 11.20 - 11.30 Coffee break;
- 11.30 - 11.45 Latvia gov policy and strategy towards tech startups and venture capital alignment. Edmunds Valantis, Director of EU funds implementation department at Ministry of Economics;
- 11.45 - 12.00 Current situation in Latvian Venture Capital. Matching the needs of government policy and tech startups. Edgars Piņoznis, LVCA;
- 12.00 - 12.15 Startup Success. Creating a World Class Eco system. Gary A. Fowler, GVA LaunchGurus;
- 12.15 - 12.30 Real experience of Infogram venture capital raising. Why Latvian startup is not funded by Latvian VCs? Uldis Leiterts, Infogram;
- 12.30 - 13.15 Panel Discussion. How to align Latvian tech startup venture capital supply to Latvian tech startup demand?