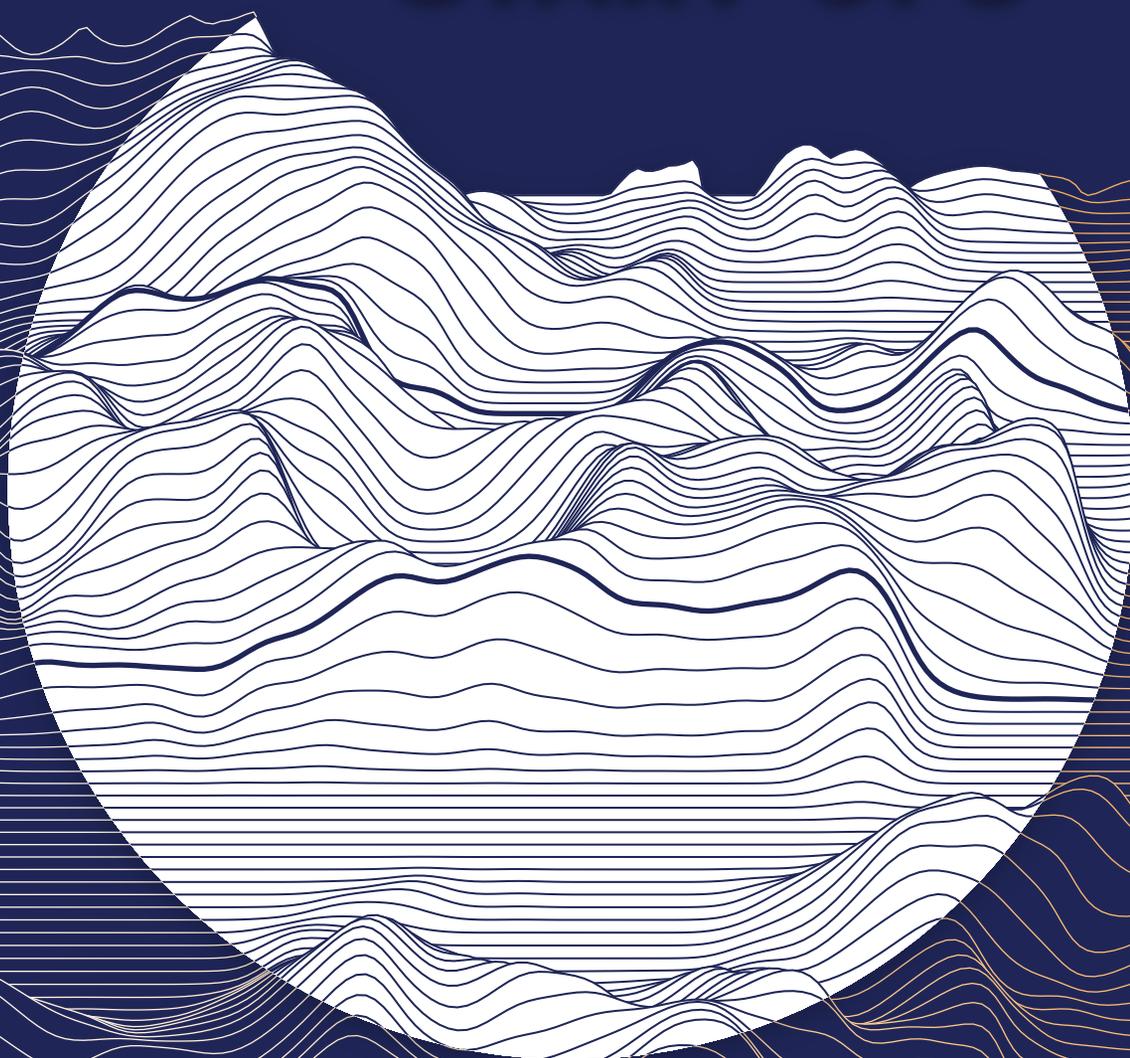


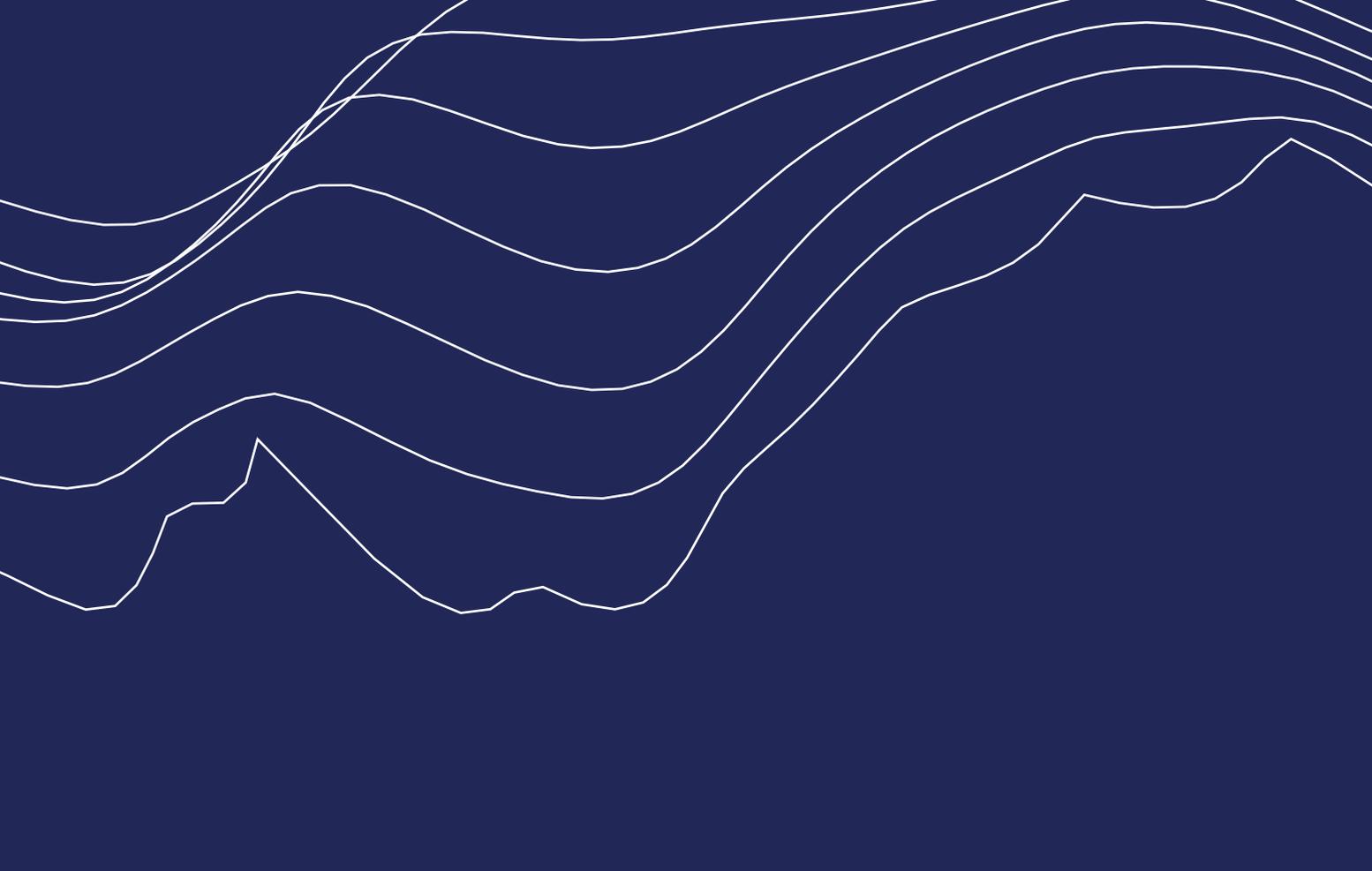
# THE COUNTRY AT WAR: THE VOICE OF UKRAINIAN START-UPS



Ministry  
of Digital Transformation  
of Ukraine



TA VENTURES



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### Disclaimer

This research has been conducted in partnership with TechUkraine, the Ukrainian Start-up Fund, the Ministry of Digital Transformation of Ukraine, Tech Emerging Europe Advocates, Global Tech Advocates and TA Ventures.

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# A WORD FROM THE PARTNERS



**Oleksandr Bornyakov**  
Deputy Minister of Digital  
Transformation of Ukraine for IT  
Industry Development

Even during Russia's full-scale invasion, the Ukrainian IT market has continued to operate. The results of this research will allow us to better understand the way the IT industry and the start-up ecosystem has developed during the war, as well as to identify priority spheres for building better cooperation between government, business, international funds and investors.



**Pavlo Kartashov**  
CEO of Ukrainian Start-up Fund

To support the national start-up ecosystem, we must respond in time to the challenges of the war facing the innovation industry. It is essential to hear the voice of every start-up during this challenging period for the country. That's why in the first days of the war, we launched a series of online surveys addressed to Ukrainian start-ups. This is the second study and it once again confirms the extraordinary resilience of the ecosystem. After all, most start-ups adapted as much as possible to the new reality in order to survive, continue to work and support the economy. They proved in practice that a business could grow, scale, and attract investment despite difficult times. Ukrainian start-ups are solid and competitive even during the war. Now they are a supporting industry, which can become the basis for the post-war reconstruction of Ukraine.



**Russ Shaw, CBE**  
Founder, Tech London Advocates  
and Global Tech Advocates

Despite the adverse conditions created by the war, like Ukraine as a whole, the country's tech sector is showing remarkable resilience. Unsurprisingly, the economy is expected to shrink this year — yet exports of Ukraine's IT services continue to grow. As the tech sector refuses to buckle under the pressure of war, Ukraine's 200,000 tech pioneers, entrepreneurs and innovators continue to demonstrate the resilience and determination of their sector. The indefatigable spirit and raw talent of its people stand Ukraine in good stead on its trajectory towards becoming a truly global tech hub. And we are really proud that in March, the launch of the Ukraine Chapter of Tech Emerging Europe Advocates went ahead as planned.



**Victoria Tigipko**  
Chair of the Supervisory Board of  
the Ukrainian Start-Up Fund, and  
Managing Partner, TA Ventures

We must preserve the potential of Ukrainian start-ups and help Ukrainian tech innovators to develop even in these difficult times. The project *The country at war: The voice of Ukrainian Start-ups* will provide an opportunity to identify the main needs and the most effective ways to support the Ukrainian start-up ecosystem. In addition, the TA Ventures team has already developed a map of start-ups with priority verticals that will help rebuild Ukraine and the Ukrainian economy. We are already finalising this map together with the Ministry of Digital Transformation of Ukraine and the Ukrainian Start-Up Fund.



**Nataly Veremeeva**  
Director, TechUkraine

The Ukrainian tech sector continues to perform miracles. Miracles of resistance, keeping operational even in these challenging times and supporting clients, employees, the army with donations and the economy with taxes. We believe the tech sector of Ukraine will be one of the locomotives of the sustainability of the Ukrainian economy now, and one of the main pillars of post-war economy recovery and growth. Therefore, it is so important to gather information about the needs of start-ups and develop programmes to support them in every possible way. The fight is not only on the battlefields, but also in the economy, that needs to keep being strong. We at TechUkraine are happy to be a valuable part of this important process.



**Andrew Wrobel**  
Founding Partner, Emerging  
Europe, Leader of the  
organisation's Tech Emerging  
Europe Advocates community

Over the last few months, we have been asked multiple times about the state of the IT sector and the start-up ecosystem in Ukraine. The global tech community and investors are vividly interested in the developments of the sector and the country's incredible resilience and its citizens' hard work. We all know by now that the tech sector and the entrepreneurs are playing and will continue to play an important role in rebuilding and strengthening the economy. It is then vital that we understand the challenges that the sector is facing right now so we are all able to offer a helping hand. This report is here to give an overview of the start-up and tech ecosystem and showcase some of the excellent solutions and founders who are behind them.



## KEY FINDINGS

**1**

Despite the ongoing war, Ukrainian start-ups — similarly to the country's IT sector — have demonstrated resilience and entrepreneurs continue to operate their businesses and remain committed to their success even in these dire circumstances.

**2**

Some Ukrainian start-ups have relocated but the vast majority have kept at least a part of their operations or team in Ukraine. Also, those start-ups that have not relocated are not planning on doing so at the moment. And more than half continue their operations exclusively from Ukraine.

**3**

More than one in ten start-up employees has had to leave their respective firms since the beginning of Russia's invasion. Not all start-ups, however, have experienced team reduction. More than four in ten start-ups have not seen any change.

**4**

Nine out of ten start-ups confirm they need financial support to continue operations and/or expand. But there is a small percentage that say they do not require any assistance.

**5**

Whether they need financial support or not, more than half of all start-ups surveyed say they expect to expand their operations in the short-term. Every fourth start-up says they will maintain the status quo. Only four per cent of start-ups believe their operations might be reduced.

# THE UKRAINIAN IT SECTOR 2010 - 2022: TWELVE YEARS OF DEVELOPMENT

The Ukrainian IT sector has in recent years been recognised as one of the main drivers of the country's economy, and it is a perception that that is backed up by data. The information and communication sector creates a significant share of value added (almost five per cent of GDP in 2020), while export of computer services made up almost 8.5 per cent of Ukraine's total exports of goods and services in 2021.

These impressive numbers have been made possible by the constant development of the sector over the last decade. In 2010, Ukraine's information and communication sector contributed only 3.1 per cent to GDP and accounted for just 1.1 per cent of exports of goods and services. Computer services made up just 0.6 per cent of exports.

"Ukraine, with its modern IT infrastructure and possibilities for international business development, has become one of the main tech hubs in Europe," says Liliia Mitina, head of the export office at the Kyiv IT Cluster. "More and more foreign companies choose Ukraine as

their R&D destination, as it offers a large tech talent pool, a convenient location, compatible prices, and opportunities for growth."

The evolution was not easy – the whole Ukrainian economy experienced significant turbulence during the first Russian invasion of 2014, Covid-19 lockdown periods and, of course, the invasion and subsequent war that began earlier this year.

Despite this, the ability to adapt, openness to cooperation at an international level, export orientation and innovation have allowed the tech sector to become an engine of the economy.

Data show that from 2010-2014 the computer services sector saw a period of steady linear development of export capabilities. The value of exports increased from 83 million US dollars in the first quarter of 2010 to 340 million US dollars in the first quarter of 2014.

The second quarter of 2014 (when Russia invaded Crimea and Donbas) was tough, however, and computer services ended it with a quarter-to-quarter increase in the value of

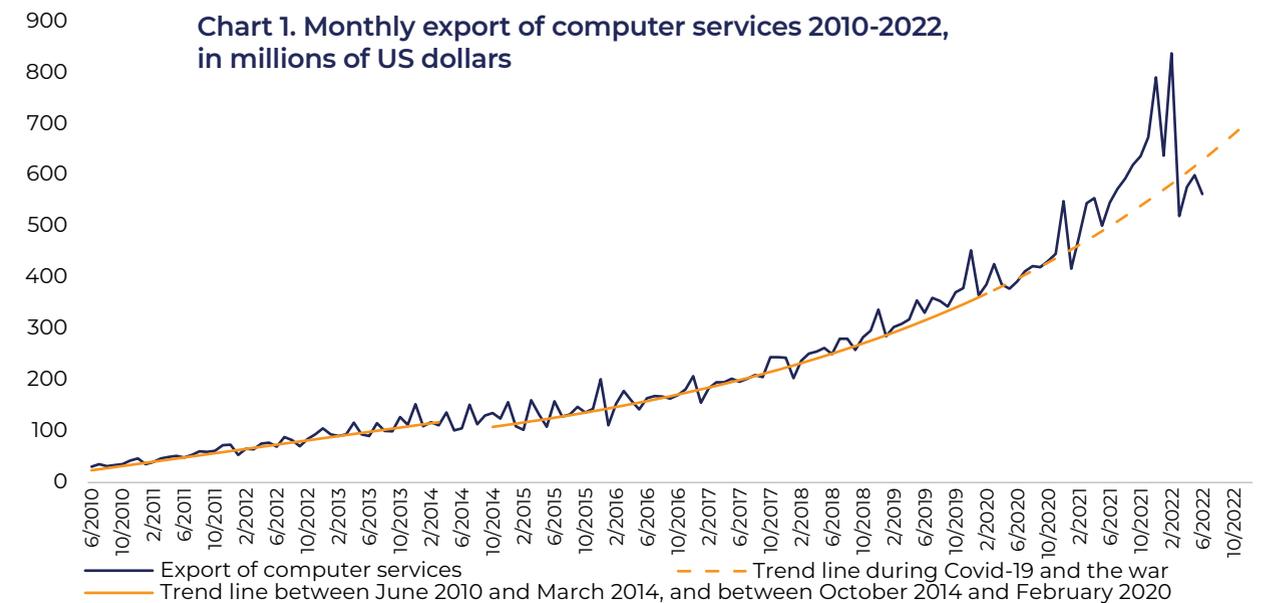
exports of just 1.5 per cent. Since then, only the second quarters of 2020 (Covid-19) and 2022 (the Russian invasion) saw weaker results.

From the third quarter of 2014 onwards however, the sector started developing at an even faster pace, changing the linear pattern to an exponential one – a flat recovery took place from 2014-17, while 2018-19 were years of rapid growth. The value of exports in the sector in the third quarter of 2014 reached 397 million US dollars. In the fourth quarter of 2019, 1.2 billion US dollars.

Covid-19 restrictions caused markets to fluctuate – it is no surprise that the results of the tech sector varied wildly from month to month. Nevertheless, 2021 was a year of extremely rapid growth for computer services exports, which didn't follow the pattern of previous years.

The beginning of the war in February 2022 slowed down the development of the sector for a couple of months, but the pattern of exponential growth, developed between 2014 and 2020, has not been broken yet.

Chart 1. Monthly export of computer services 2010-2022, in millions of US dollars



## The Ukrainian IT sector during wartime

Despite the unfavourable conditions caused by Russia's invasion and its brutal war, the Ukrainian IT sector showed incredible growth in February 2022 – the single-month export figure amounted to 839 million US dollars, 31 per cent higher than January 2022, 45 per cent higher than the monthly average for 2021 and 75 per cent higher compared to February 2021.

"IT companies received surplus profits. The average profit of Ukrainian IT businesses that work with foreign clients increased by 29 per cent over the year, according to the data of the Payoneer payment platform. We can see an incredible increase in the value of computer services exports specifically in February as a result of the scaling of lead generation and sales development, and growing confidence in the Ukraine IT industry as a whole," says Liliia Mitina.

Chart 2. Change in the month-to-year volume of computer services exports in 2011-2021 (before the war) and in 2022 (during the war)

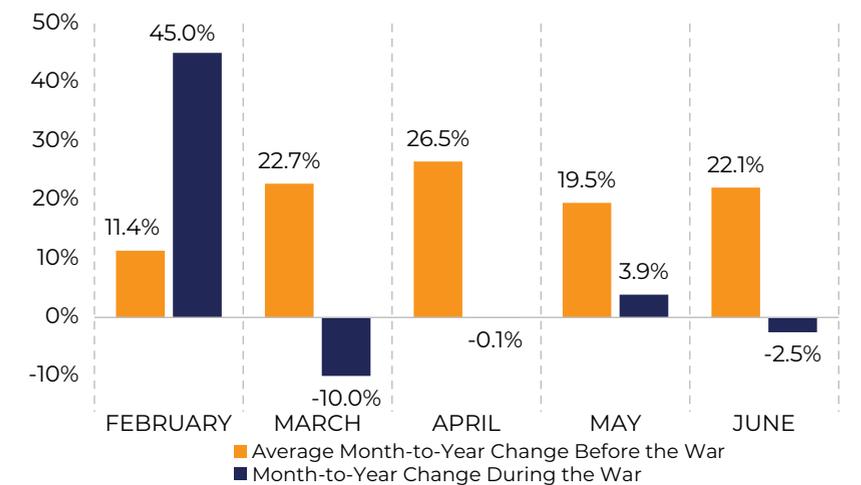
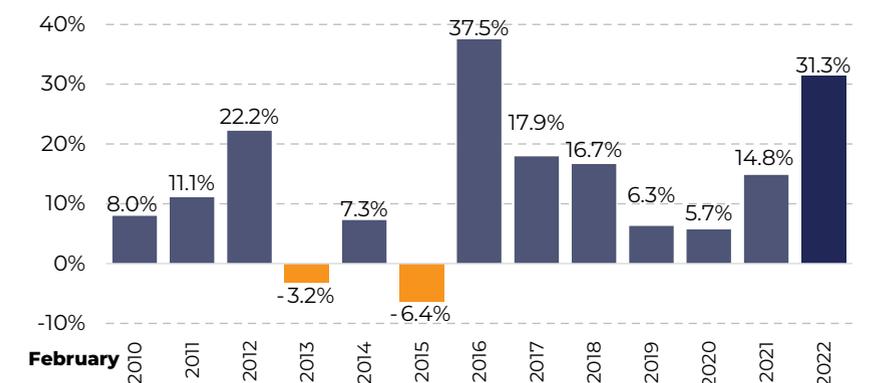
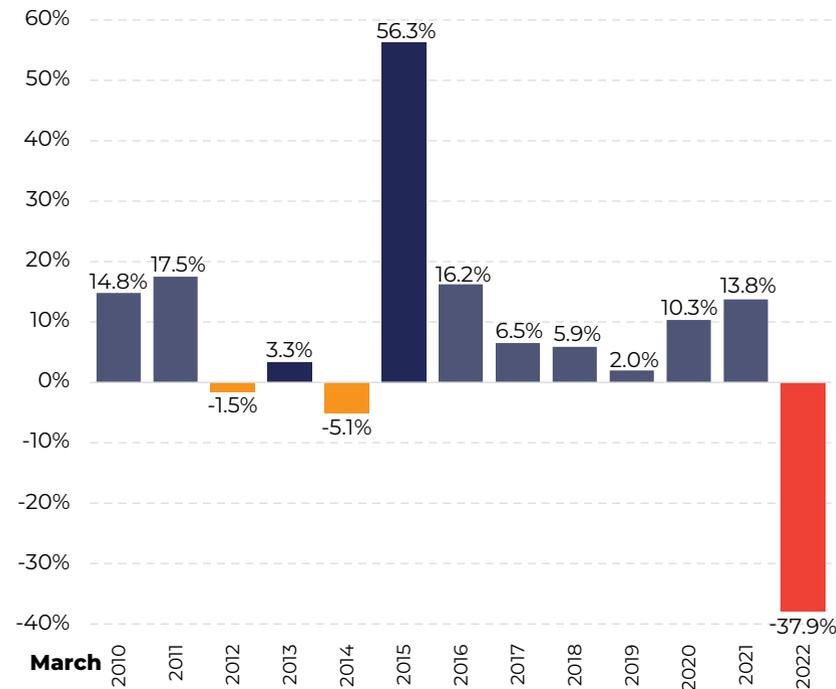


Chart 3. Change in the monthly volume of computer services exports in February as compared to January (2010-2022)



**Chart 4. Change in the monthly volume of computer services exports in March as compared to February (2010-2022)**



However, March – perhaps unsurprisingly given the circumstances - turned out to be less successful – an increase in February was followed by a 38 per cent month-on-month drop.

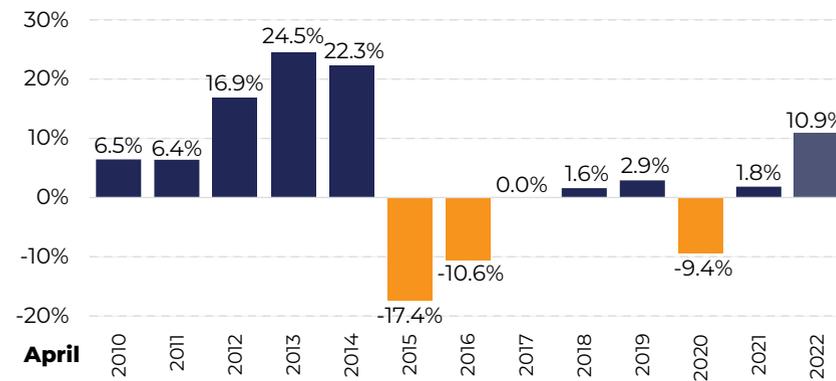
“Despite that, in March 2022 Ukrainian tech retained 96 per cent of computer services exports compared to March 2021,” says Konstantin Vasyuk, executive director of the IT Ukraine Association.

“In fact, the reduction of computer services exports in March by only 38 per cent compared to the record growth of February, and compared to the decline in other export industries by 50-60 per cent, shows a margin of Ukrainian tech stability.”

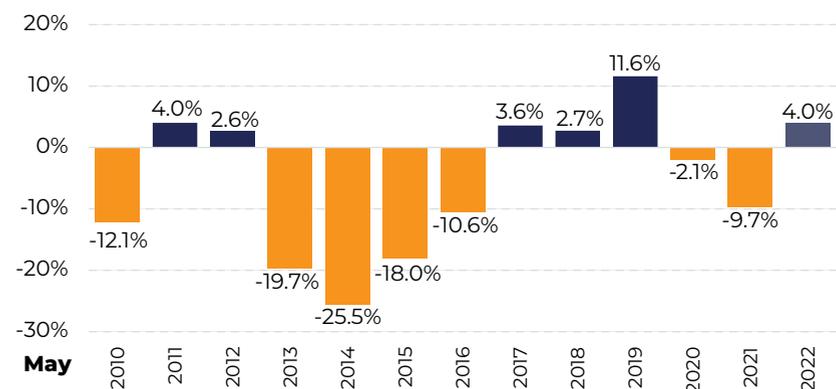
A rebound in April and May followed the downturn and shows signs of stabilisation on the market.

“The sector has already adapted to the new reality of life and business in April was already rebounding. The war caused drastic changes in the IT industry of the aggressor country and it caused a profound impact on increasing the Ukrainian IT sector market,” adds Liliia Mitina.

**Chart 5. Change in the monthly volume of computer services exports in April as compared to March (2010-2022)**



**Chart 6. Change in the monthly volume of computer services exports in May as compared to April (2010-2022)**



Results in June follow the pattern of high fluctuation, showing a decrease of 6.2 per cent compared to May, but remain within the last five year’s maximum and minimum values.

“Changes in the exchange rate policy of the National Bank of Ukraine in May, the uncertainty of new procedures regarding the possibility of booking IT professionals and their temporary travel abroad were likely factors of the downward trend in June,” explains Konstantin Vasyuk.

Given that July is usually a positive month for the export of computer services, we would expect an increase in exports this month, with the same level being maintained in August.

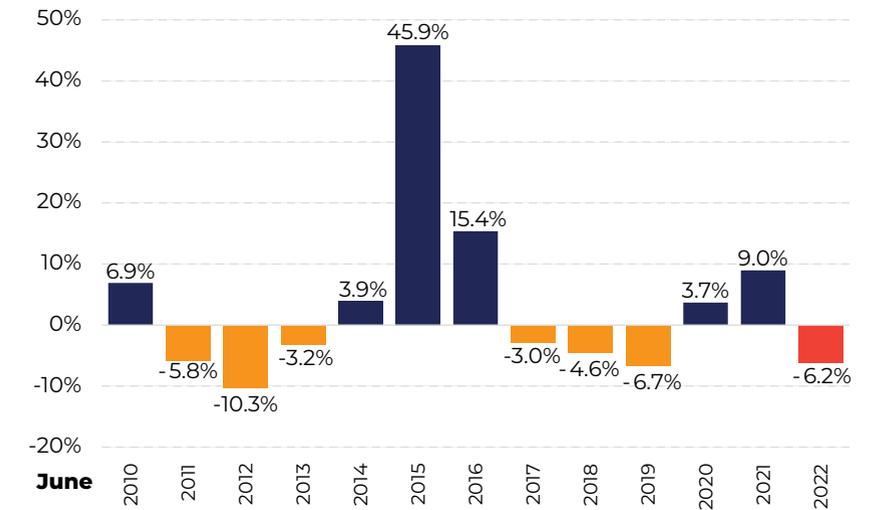
**What to expect for the rest of 2022?**

Considering the development of the sector over the last few months, we expect it to maintain a trend-line level of growth, reaching about 1.96 billion US dollars in export revenue by the end of the third quarter of 2022, and about 2.08 billion US dollars in the fourth quarter.

Moreover, in the first half of the year computer services exports constituted almost 47 per cent of Ukraine’s total service exports – a figure constantly increasing since 2010.

“We strongly believe the sector is capable of reaching a stable share of more than 50 per cent of services

**Chart 7. Change in the monthly volume of computer services exports in June as compared to May (2010-2022)**



exports in the next few years,” says Liliia Mitina. “The rapid development of the sector is not just mere words but hard and dedicated work which has led to impressive results. Even though Ukraine’s IT industry is working in, its steady evolution is impossible to deny.”

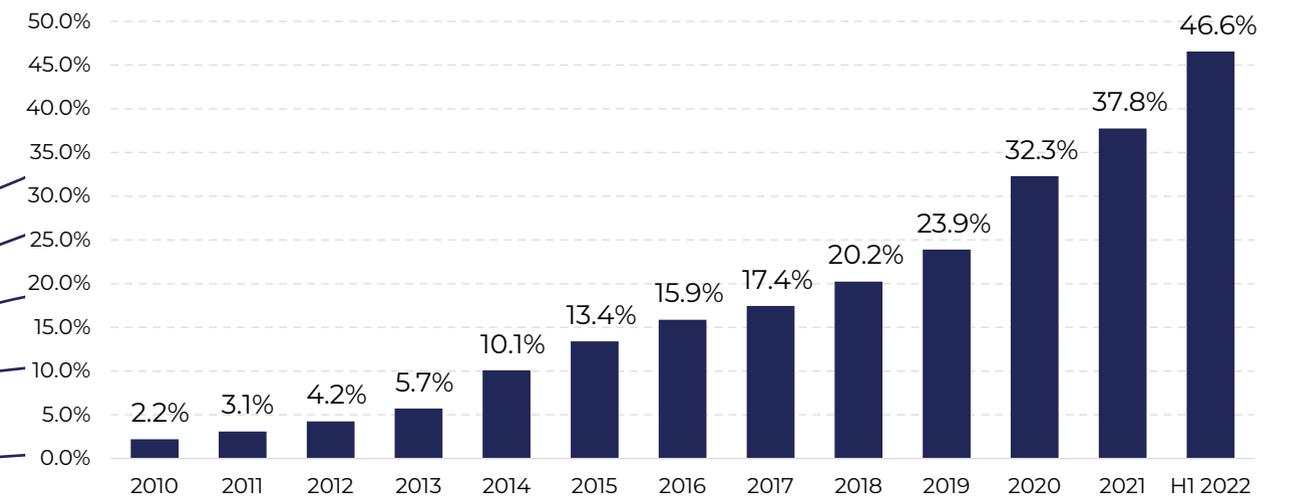
“According to our data, 56 per cent of tech companies expect to grow by five-30 per cent this year. Some 41 per cent of companies forecast the preservation of existing volumes at 50-100 per cent. Only three per cent of companies expect volumes to fall by 50 per cent or more,” adds Konstantin Vasyuk.

“During the war, most companies saved customers and contracts despite

all the risks stated by customers, such as failure to implement projects due to the war, mobilisation of key engineers, instability in the country, physical data security, cyber threats, lack of internet, inability to work with developers located in areas of active hostilities. In general, 52 per cent of companies kept 100 per cent of their contracts, 32 per cent of companies - 90-99 per cent of contracts.”

The outlook for the development of the IT sector in Ukraine remains positive for the second half of 2022, as the sector stabilises its processes and returns to operational activities, continuing to ensure the country’s economic security through stabilisation of export revenue inflows.

**Chart 8. Share of computer services in total export of services**



# THE COUNTRY AT WAR: THE VOICE OF UKRAINIAN START-UPS: ANALYSIS

The survey, *The country at war: The voice of Ukrainian Start-ups*, was aimed at understanding the impact of the Russian invasion on the start-up scene in Ukraine and at defining the most suitable tools to support Ukrainian start-ups.

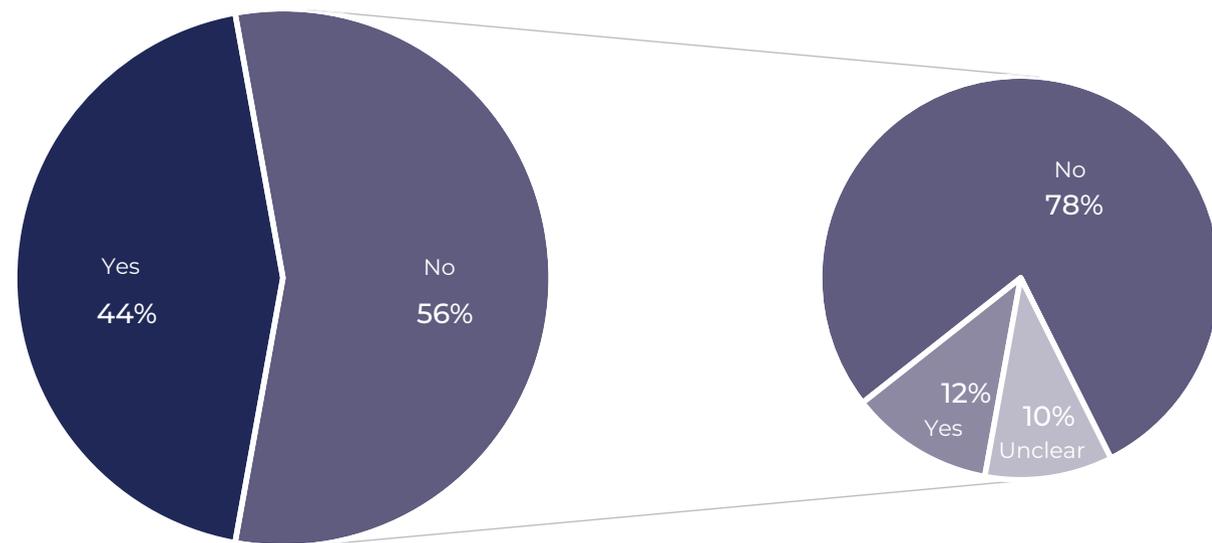
The survey covers important topics, such as the relocation of start-ups and their teams, financial stability, support for start-ups that is already being offered - or can be offered in the future, as well as short-term and long-term planning.

## Location and key markets

Russia's war on Ukraine significantly impacted the location of start-ups. Many had to relocate from regions of active hostilities, others moved abroad to save existing value chains and to be able to continue operations while assisting the Ukrainian army with donations.

While 44 per cent of start-ups have already relocated, 56 per cent remain settled in their previous location. Moreover, 78 per cent of those who have not relocated yet are not considering relocation at the present time, while just 12 per cent are thinking about it. Another 10 per cent have yet to decide whether or not they will relocate.

**Chart 9. Has the location of your team changed since the beginning of the war? Among those who have not relocated yet - does your team plan to relocate due to the war?**



**Alyona Mysko**  
Founder and CEO,  
fuelfinance



I'm in western Ukraine. Our company is normally located in Kyiv. We have 23 employees, all in Ukraine, although some have left the country. Others are serving in the armed forces. My priority when the war started was to ensure the safety of employees. Fortunately, all of them are safe. That was the first challenge.

After that, we are renewing our work. We started that in the second week of the war. It was complicated because team members were in the process of relocating or they didn't have WiFi, or they were in bomb shelters.

But we've adapted now. I'm still having many one-to-one meetings with all employees to support them and their families. We still have much internal communication. We have to run our business and serve our clients. We are doing that. Plus, our country needs financial support.

Ukrainian businesses need to remain viable. Employees need salaries. Most of Fuel's employees are still in Ukraine. We're working hard on Fuel while volunteering and helping military forces and other businesses.

Through a first aid kit page, we help Ukrainian entrepreneurs to find all the information they need on how to reorganise and keep working during the war.

Another really cool initiative we have embarked on in the first two months is a platform that aggregates donations to physical-first businesses that take an active part in stopping Russian aggression in collaboration with Lift99.

Our mission is to save businesses from bankruptcies and unlock trillions of dollars in world GDP growth. We started saving Ukrainian businesses and boosting Ukrainian GDP in order to win the economic war

*In 2022, we plan a summer launch. This means gathering more than 2,000 active and proven Ukrainian farmers in ZEMLYAK, becoming a start-up that generates income. We also want to develop the ZEMLYAK brand and start a partnership with a venture capital fund. In 2023, we want to launch ZEMLYAK in other developed agricultural countries of Europe (Romania, Bulgaria, etc.) and reach a net profit of 500,000 US dollars.*

**Brayton Power**

*We are looking for support in the implementation of Oranta-AO in medical protocols in Ukraine and expertise in entering the markets of Europe, Asia, America. We plan to participate in grant programmes for further research and development and small and medium enterprise development. The possibility of travelling abroad to participate in exhibitions, conferences, and marketing would be very welcome.*

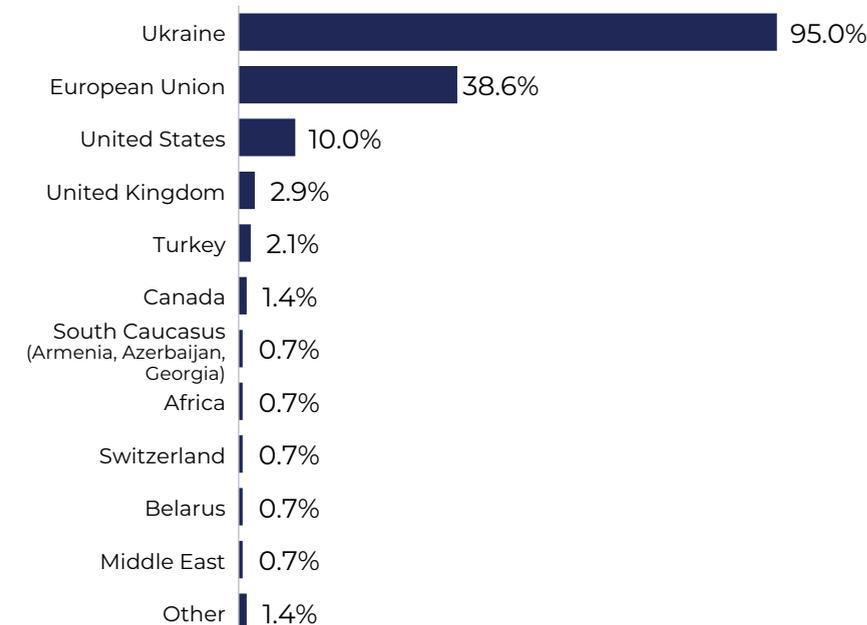
**WheelKeep**

*We have made some changes in our plans regarding the construction of the minimum viable product (in EU countries). Partial relocation, financial support from EU investors, and consultations with architects and specialists from EU countries are also required.*

**Yoway**

*We cannot raise investments while we are in Ukraine, since we are in direct danger of physical harm. For that reason, we are looking for opportunities to relocate.*

**BKT**

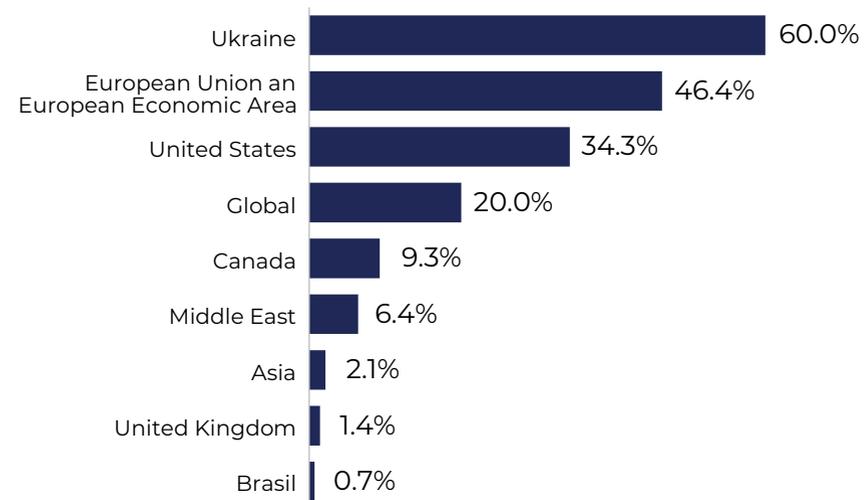


**Chart 10. Where is your team located now?**

95 per cent of start-ups stated that they remain in Ukraine at least partially, while 55.7 per cent continue their operations exclusively from Ukraine. The most popular foreign destinations include the countries of the European Union (38.6 per cent) and the United States (10 per cent).

Ukraine remains the key market for 60 per cent of the country's start-ups, followed by the European market (EU and EEA; 46.4 per cent) and North America (United States 34.3 per cent, Canada 9.3 per cent). Every fifth Ukrainian start-up considers the global market as their main target.

**Chart 11. What are your key markets now?**



**Team**

According to the survey data, start-ups in Ukraine have lost about 12.7 per cent of team members since the war began. In some cases, start-ups had to reduce the number of employees to reduce costs, while in

other cases start-ups are waiting for team members to return from the military or volunteer service.

At the same time, 43.2 per cent declared that they have not experienced any change in the count of employees. More than half of start-ups who remain in their initial

locations reported that the war has not impacted their team count. 37.4 per cent of start-up teams became smaller, while every fifth start-up declared expansion of the team. For relocated teams this figure is even higher – a quarter of teams grew in size.

*Entering the African market together with the World Health Organisation (WHO) as part of the mission to save people's health and lives. Now the main goal is to start sales in Ukraine and the EU. In the long-term — the source market is the USA and Asia.*

**Tendido**

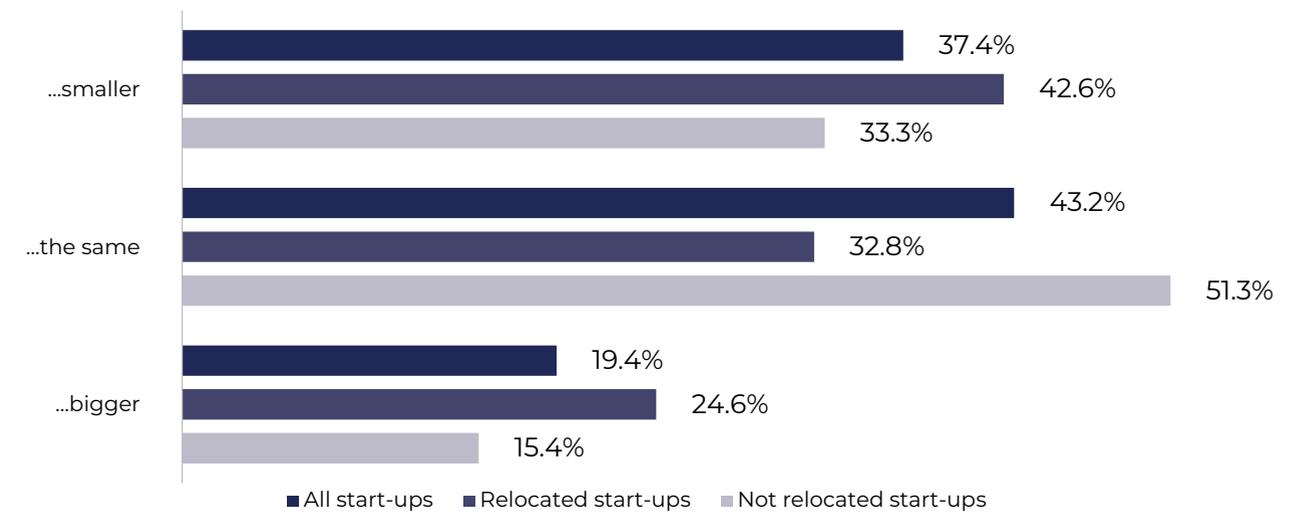
*What we are planning is expansion of the volume of clients in Ukraine on an area of one million hectares, expansion to EU markets. What we require is financial support, partnerships in Ukraine and the EU, recommendations to potential clients, PR, trips abroad to find partners.*

**WARM WALL**

*In the next few months, we plan to complete the development of two new egg products in order to enter the international arena. In October, we will take part in the exhibition of Orgatec ergonomic products in Germany, and in December we plan to launch a Kickstarter. About 100,000 US dollars and help in promoting the brand both on the territory of the country and abroad are needed for implementation. Informational and financial support is the most important thing we need now.*

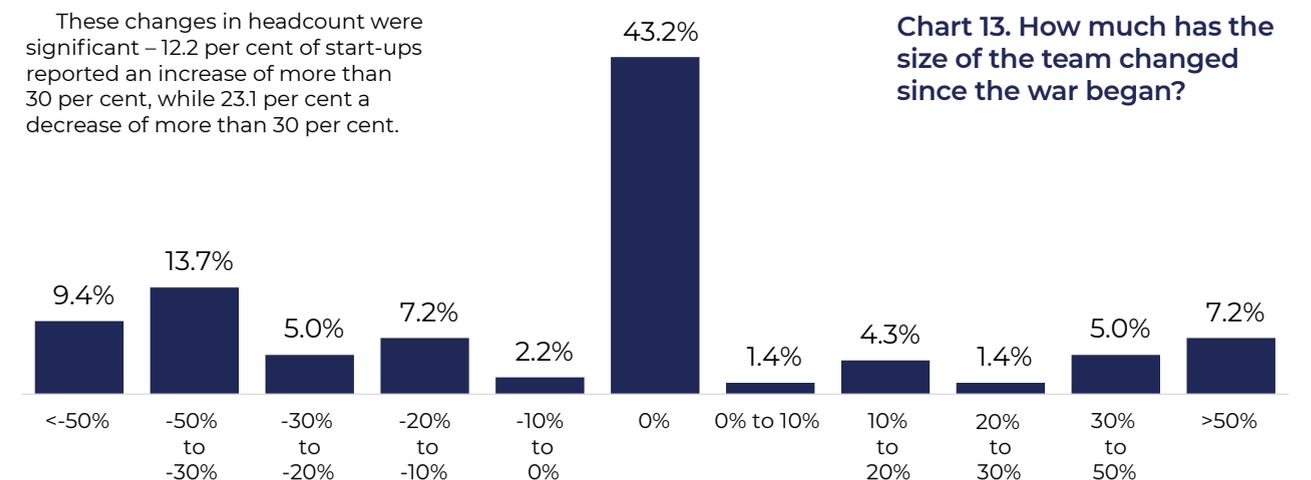
**Yaware**

**Chart 12. Since the beginning of the war the size of our start-up team became...**



These changes in headcount were significant – 12.2 per cent of start-ups reported an increase of more than 30 per cent, while 23.1 per cent a decrease of more than 30 per cent.

**Chart 13. How much has the size of the team changed since the war began?**



*We want to build a network of Mobile Modules for the disposal of food waste. To begin with, we will install the first Industrial Power Module on the territory of the supermarket to demonstrate the prospects for network development.*

**Vanongo**

*We are focused on the EU market. We have started doing marketing and sales in the EU. We continue to open showrooms in the European Union and sign new supply contracts. To implement the plans, we are preparing a logistics hub in Poland to speed up the delivery of products from Ukraine and avoid potential force majeure.*

**AGK Ukraina**

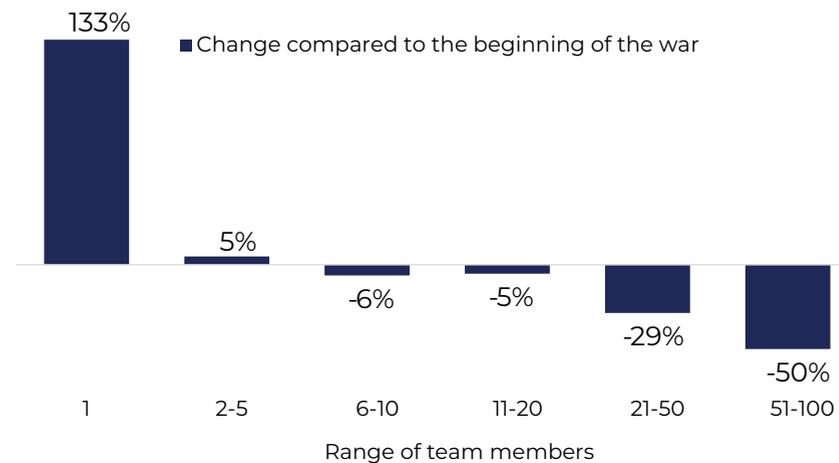
*We plan to expand to the English-speaking market. For this, we will need legal support (consultations regarding the legal field of other countries, organisation of the GDPR process, etc.). In addition, we need financial support for localisation (translation of existing materials into English, involvement of dubbing specialists, etc.)*

**Decodery**

Since the start of invasion, the number of enterprises with up to five team members rose, while teams with a higher number of team members became rarer. The average team count decreased from 9.0 to 7.8 persons per start-up, while the median team size fell to five people (from six before the war).

Overall, teams that had up to 10 employees before the war have shown greater resilience than those employing 11+ people.

**Chart 14. How much has the team size of start-ups changed since the war began?**



**Viktoria Nalyvaiko,**  
Co-founder of BazalT  
**and Oksana Gorbunova,**  
CEE & Co-founder

The life of everyone in Ukraine changed dramatically on February 24, the life of our team is no exception. Circumstances brought own challenges. The war brought instability and uncertainty, fear for the stability of the team, worries every day for the safety and emotional state of everyone. We have lost paying customers, received unpredictable sales. The general situation in the country added fear of investors to invest into Ukraine as not stable location. We work in the labour market and this is the first thing that was affected and of course its affected us, we are waiting for a return to the previous volumes.

But the circumstances, no matter how hard to admit it, brought their own opportunities. We realised that our product will be mega needed after the victory and concentrated on improving the product, even took two new people to the team. Now there are many specialists who want to sell themselves, and we give them an opportunity to create own portfolio. We also went to Product Hunt and saw the interest of international representatives in the Ukrainian products. We want to build and bring Ukrainian local product companies to the international arena, develop the IT of our country.

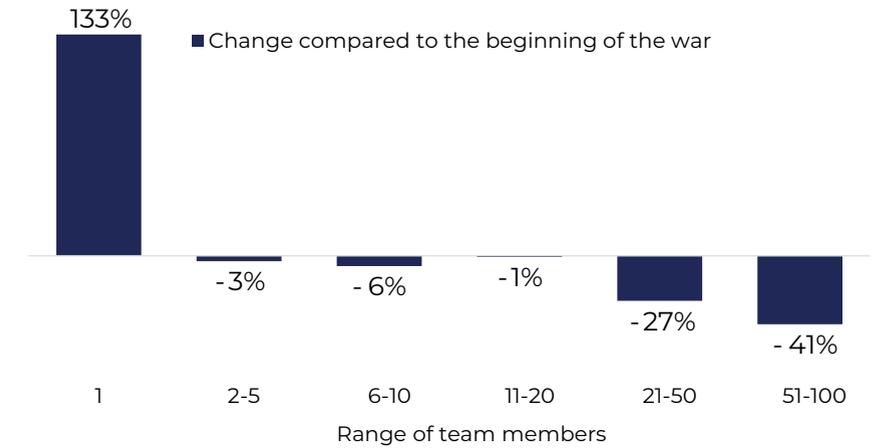
*We are planning to expand the product line (we want to develop men's clothing), we would like to start production of sleeping bags, raincoats, shoulder bags. From a strategic point of view: we received support from a European partner and are starting work on the creation of the module. We also plan to expand our partner network in Europe and the US. For implementation, we need investments, expansion of the team, consulting support.*

**Voziy**

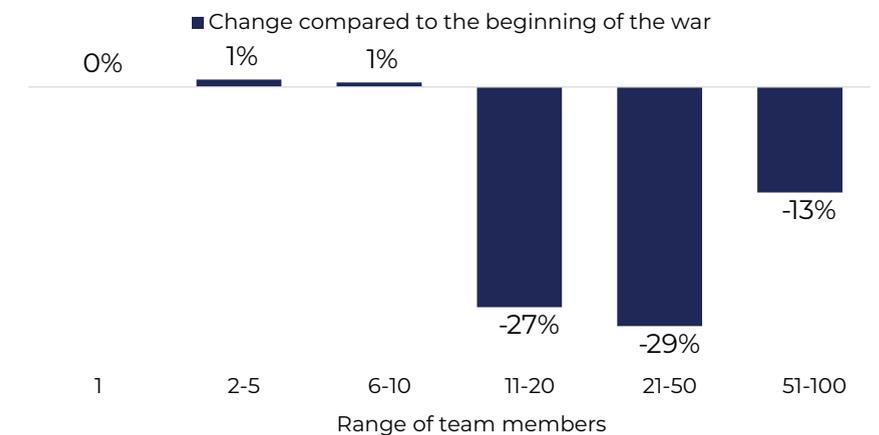
*The main problem is the lack of service stations; we are standing still. But we want to develop, we need financing for implementation.*

**Аромахореографія**

**Chart 15. Changes in the number of employees at start-ups since the war began (taking into account the change in the size of the start-up itself)**



**Chart 16. How have teams in start-ups of different sizes been affected by the war? (using the pre-war classification of the size of start-ups)**



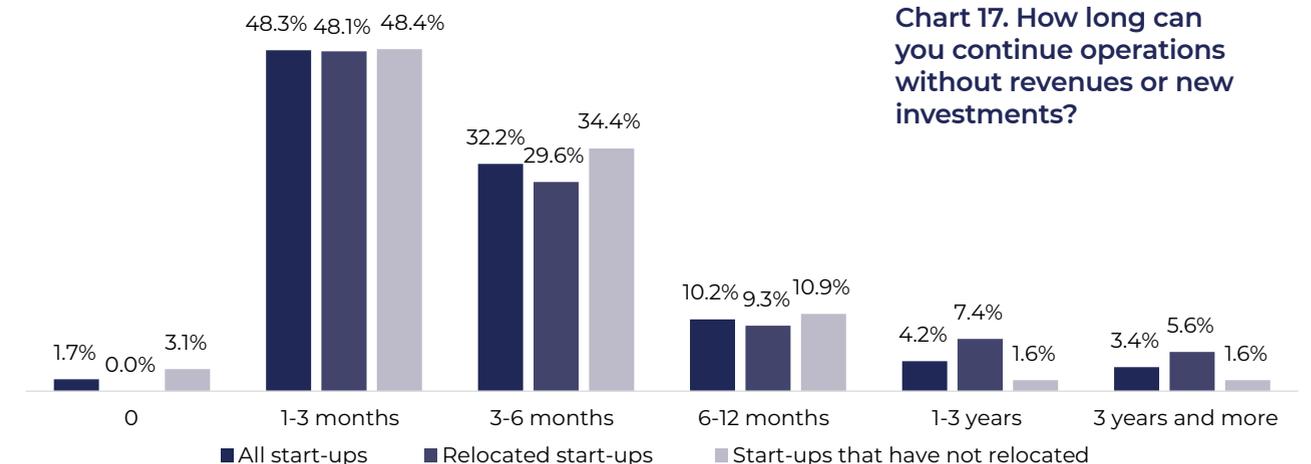
**Financial state**

The financial state of Ukrainian start-ups is considered to be unstable, with almost half having a run rate of one to three months. Despite the fact that in general teams who relocated have been more financially stable, the figures are

almost the same for those who didn't relocate. It is worth mentioning that 1.7 per cent of all start-ups say that they cannot continue their activities in the current circumstances – even looking just one month ahead.

The difference between teams which relocated and those that didn't

can be clearly seen however when it comes to those which forecast being financially sound more than a year from now. 13 per cent of relocated teams say that they will manage going forward, while among non-relocated start-ups that figure reaches just 3.2 per cent.



**Chart 17. How long can you continue operations without revenues or new investments?**

### Support for development

It therefore comes as no surprise that nine out of 10 start-ups indicate that they require financial support. However, only one in five say that they have already received support. Just 1.4 per cent of respondents stated that they did not need any support to continue their operations.

A quarter of respondents indicated that they have got new contacts to

help retain and grow their business during the war, while 35.7 per cent are seeking new contacts in their field. Similarly, 15.8 per cent of start-ups indicated that they got support from value chain partners ("partnerships"; mainly in the form of non-financial support in product improvement, development or distribution). Almost half of start-ups are still looking for such partnerships.

Some untraditional ways in which respondents received support include participation in events (conferences and pitch days, accelerator summits). Meanwhile, 3.6 per cent of respondents stated that they require help with human resource management to continue their operations, while some teams are awaiting their colleagues to return to work after the end of military service or volunteering.

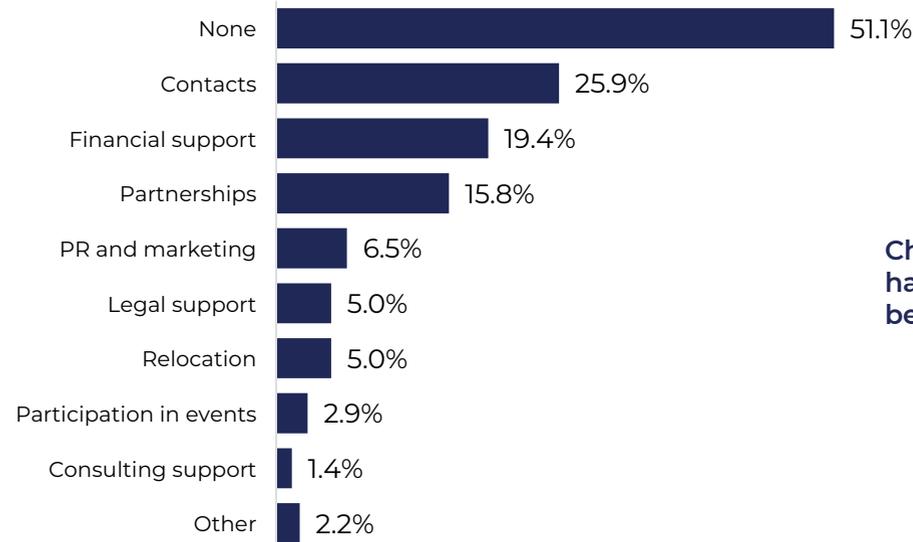


Chart 18. What support have you received since the beginning of the invasion?

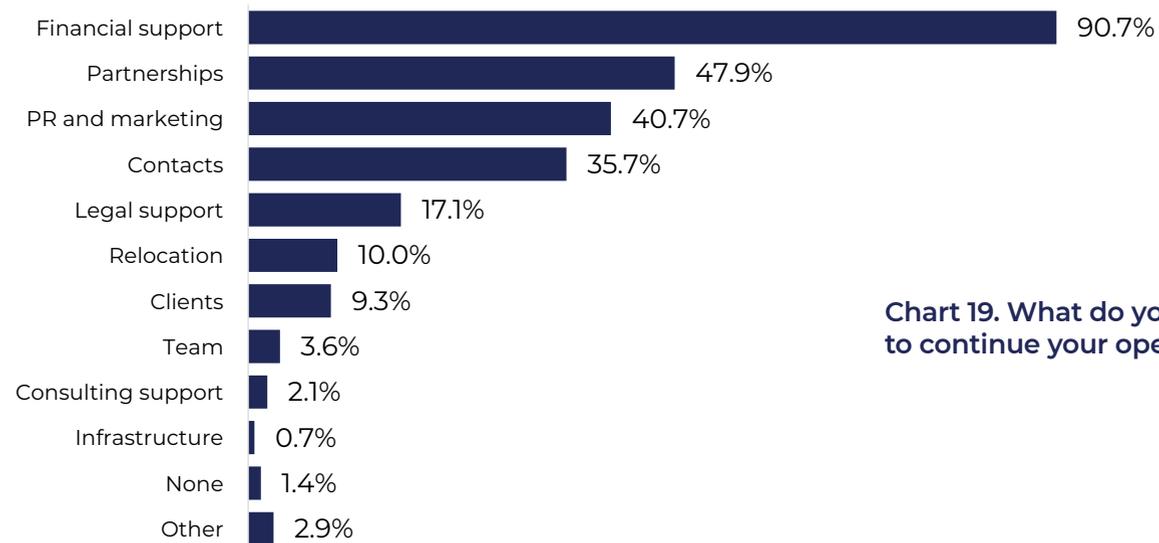


Chart 19. What do you need to continue your operations?

### New unicorns

Despite the tough economic, political and social conditions, two tech companies have joined the batch of Ukrainian unicorns since the war began — airSlate and Unstoppable Domains (US-based

with Ukrainian founders), while Ukraine's Preply raised 50 million US dollars to scale up globally.

Overall, Ukrainian start-ups have demonstrated strong resilience during wartime - a recent Forbes survey suggests that less than four

per cent of more than 250 start-ups in the portfolios of the most active VC players have significantly reduced turnover. The 10 largest venture capital firms reported that among 245 start-ups in their portfolios, none have so far terminated their operations.

*We need functional integration of complex chains for the supply of agricultural products to European countries and export through European ports. What is also needed is launching a digital invoice — a pilot launch in other countries and markets, namely the US, Brazil, Argentina.*

**ComeBack Mobility**

*Our long-term plan is to launch in Dubai and within five years expand to the global market, taking a confident position in the market in which there is a chance to become a monopolist. The war did not affect our plans, even before the war we studied the Dubai market, found partners there and started signing memorandums of intent. Today we see strong support from our customers. For us, this is a sign that we create the right product, in the right place at the right time.*

**Oranta-AO**

*We are now working on the completion of clinical trials in the US and receiving confirmation from insurance companies that our device is covered by medical insurance. And we'll start selling in the US.*

**Lemmi**

*We are planning to set up and expand small-scale production in Ukraine and enter the American market — production and distribution of a large installation, setting up production and sales channels for a small portable version, entering the Brazilian market, scaling in India, Italy, Europe in general. For Ukraine, we have to implement a marketing strategy, service provision. We are looking for partners for local production, distribution, and ways of relocation in the US.*

**GeoDesign**



**Andriy Myrhorodskiy**  
CEO, BioBin



Before February 24, our CleanTech start-up GreenAge (previously BioBin) had gained good traction, converting Kyiv-based HoReCa clients into recyclers of waste and encouraging an eco-driven standard of doing business. 64 restaurants, hotels and groceries separated over 200 tonnes of food scraps and packaging. 75 per cent of waste escaped dumping on landfills, whereas dozens of tonnes of fertile compost were produced and packaging recycled.

Despite growing revenue and client base, the Russian military invasion fully stopped our team's progress, withdrew the equipment and adjusted the service schedule. Some engaged in military action, others relocated, clients closed operations.

While embracing efforts to fight the Russian war criminals, our team were doing research on the massive contamination of the territory and the need for a post-war

clean-up. We believe that post-war Ukraine shall become a more progressive nation with a strong EU-integrated economy and much higher standards of resource and waste management. Since Ukrainians are used to digital solutions in many industries, we decided to relaunch our efforts with a completely new product. We are developing an MVP of the automated recycling bins network run with a smartphone with a sort-to-earn built-in function.

Redesigning customer waste handling culture and enhancing the skills of separating waste at home, will help to manage the huge garbage overload problem and reform the industry in line with the Strategy 2030 Ukraine adopted to comply with the EU integration plan.

We work hard to help the army beat the enemy and waste no time to be prepared rebuilding the country as soon as it is possible.

# VENTURE CAPITAL FUNDS TALK



**Alexandra Balkova**

Partner & Head of Portfolio, Startup Wise Guys



The war has undoubtedly harmed Ukraine's start-up ecosystem. Many start-up founders and employees have gone to the front and devoted themselves to volunteer work. For example, at least three of our start-up founders got mobilised, and several others volunteer daily — working in the medical evacuation of people with low mobility due to injuries, disabilities, or diseases. However, it does not mean the Ukrainian start-ups have stopped and lost their prospects for European investors.

31 of the 40 Ukrainian start-ups in the SWG portfolio remain active, despite the ongoing full-scale war. Including two exits and seven start-ups that closed before the war, there are no start-ups that were closed because of the hostilities. Moreover, two new start-ups — Elai and Knowledgator — got on our acceleration programme and received investment after Russia's invasion of Ukraine started.

The most challenging issue for Ukrainian founders today is fundraising. Unfortunately,



**Ewa Chronowska**

CEO at Vestbee, the largest platform for start-ups, VC funds, accelerators and corporates in CEE, Partner at Next Road Ventures, an early-stage VC fund



Russia's invasion of Ukraine has shaken up Europe's VC scene. Overnight, Ukrainian start-ups from the tech ecosystem that before the war was one of the fastest-growing in CEE found themselves fending off the invader but also fighting for their businesses. Many Ukrainian developers and start-up teams had no choice but to relocate abroad to countries like Poland, Romania, or Germany, while some forwent an evacuation to fight for their country.

Amid the severe war-induced depression of Ukraine's economy, the tech sector has shown unprecedented resilience, adapted to the new reality, and operates despite these extraordinary conditions. Today almost everything is stored in the cloud, and the ability to work remotely is a huge asset that lets Ukrainian start-ups continue operations. We all hear stories of founders working and pitching from bunkers.

After the initial shock and a significant drop in Ukrainian start-ups actively

there are examples of investors pulling out of financing rounds already agreed upon before the war. Moreover, the vast majority of the Ukrainian VC funds were focused on the local market. In war, all funds' assets are at risk, and they are now looking for diversification outside of Ukraine.

Despite the decline in investment activity, the current situation is an impetus for developing rapidly new technological niches in Ukraine. HealthTech and Cybersecurity start-ups have great options today, given the army's needs. Foodtech is in high demand, considering the growing risks in food security. In the coming years, there will be a lot of focus on rebuilding infrastructure projects.

Also, a curious fact: recently, Ukrainian start-up obimy was leading the Lifestyle category in the US AppStore for several days, meaning it's been more popular than Tinder, Pinterest, Discord, Zoom etc. Ukrainian start-ups are showing their resilience no matter what.

fundraising, we've recently observed an increasing number of companies with interesting ideas searching for investments. Ukrainian start-ups do not give up and continue developing their projects despite the raging war. From the investor's point of view, the Russian invasion of Ukraine brought much uncertainty. We've seen a significant drop in investments caused by foreign investors, who delay or hold off on their investments. There is also a positive sign and a growing number of initiatives for the Ukrainian start-up ecosystem, like the recently launched EIC 20 million euros fund to support start-ups.

Looking at the future I can confidently say that the country's fighting spirit won't be broken. As day follows night, this war will come to an end, and when this happens, the Ukrainian start-ups will play a substantial role in rebuilding the country's economy and the potential EU accession.



**Ivan Petrenko**

Founding and Managing Partner, 7 Wings VC



With the beginning of the war, most Ukrainian early-stage start-ups lost their initial market and were forced to either put their projects on hold or go and look for a more stable job, usually in the IT industry.

Another reason for these start-ups to put their activities on hold was volunteering. As start-up founders are usually the most active entrepreneurs around, a lot of them got involved in volunteering and helping the Armed Forces of Ukraine.



**Borys Musielak**

Founding Partner, SMOK Ventures



At SMOK.vc we're looking to invest in the most talented teams across Central and Eastern Europe before everyone else. Ukraine has some of the best engineers in the world who often gained experience working at Silicon Valley start-ups, so it's obviously high on our radar.

Since the beginning of the Russian invasion I've been super impressed by the resilience of the Ukrainian nation. Impressed, but not surprised as someone who studied CEE history. In Polish there is a word "kozak" which means "someone who kicks ass". It's also synonym for "a Ukrainian". This is a nation of fighters.



**Monte Davis**

CEO Demium



The Ukrainian start-up ecosystem has been negatively impacted by Russia's invasion, of this there is no doubt. First and foremost, raising money has become a lot harder. Many local investors are facing serious cash flow problems as their core business revenue has dropped significantly — in some cases to zero. At the same time, foreign investors are moving slowly to commit to start-ups operating in the war-torn region.

Independent of this, though, entrepreneurs continue to operate their businesses and remain committed to their success even in these dire circumstances. Those start-ups



**Andrey Kolodyuk**  
Chairman, Ukrainian Venture Capital and Private Equity Association UVCA, Managing Partner, AVentures Capital



Since the beginning of the war, the Ukrainian economy, as well as the start-up and investment ecosystem have suffered major losses.

The main thing start-ups need to do is to continue fundraising, and it is difficult, if not impossible, to attract money while living in a country at war.

There are many companies that managed that anyway. For example, at Voypost, a small IT company with headquarters in Berlin, most of the team chosen to stay in Ukraine.

Many workers decided to donate their educational and entertainment budgets to the Ukrainian army. Voypost is not the only start-up staying in Ukraine.

The Ukrainian Venture Capital and Private Equity Association (UVCA) together with the FREE Ukraine Foundation, have run "Support Ukrainian start-ups NOW" since March to support start-up founders and their families who are staying in Ukraine.

Recently, quite a lot of those get back to their start-ups and are actively searching for new markets and for investments to help them enter those new markets.

To put it short, the rise of the start-up industry we encountered before the war is currently on hold, but I am sure it will get a strong boost right after we win this war.

I believe that Ukraine will come out of this horrific war stronger and more united and so will its start-up ecosystem. There will be a lot of work required to rebuild the country. It will be a perfect chance to use technology to modernise the industries which used to be reluctant to innovate, like construction, the energy sector, and logistics. I'm sure a number of start-ups are going to emerge to fill this void and help in the process of building a new, strong and independent Ukraine.

In the meantime, we're committed to keeping investing in the country and supporting its amazing entrepreneurs one start-up at a time.

who offer services outside of the Ukraine and count on customers throughout Europe and the world have been less impacted. These companies continue to grow and have even had an easier time attracting new foreign customers as the world seeks to support Ukrainians in a difficult time. Those start-ups that depend on the local market are having a much harder time as they find it difficult to gain the momentum that they need.

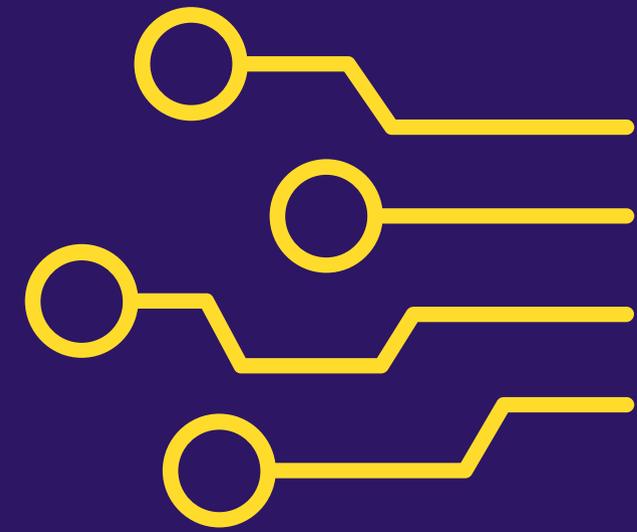
Overall, Ukraine's start-up ecosystem has shown an incredible resilience as they navigate the management of their ventures in a situation that many can simply not fathom.

28 grants have been given away to date to start-ups continuing to work in Ukraine, approximately 5,000 US dollars each alongside in kind services from our members and tech companies. Overall, Ukrainian start-ups have suffered major losses and continue struggling. Even paying salaries to employees is a major difficulty these days.

Ukrainian Venture Capital and Private Equity Association (UVCA) together with EuraTechnologies, FREE Ukraine Foundation, Alliance Tech and the support from the Mayor of Lille, Martine Aubry, have also launched the Ukraine Start-up Integration Programme in France for Ukrainian start-ups that temporarily live in Europe.

But Ukrainian companies also continue working and growing despite everything they are going through, and there is help out there - and the more European investors join the initiatives the easier it will be to support the Ukrainian economy.

# SUPPORT DIGITAL UKRAINE



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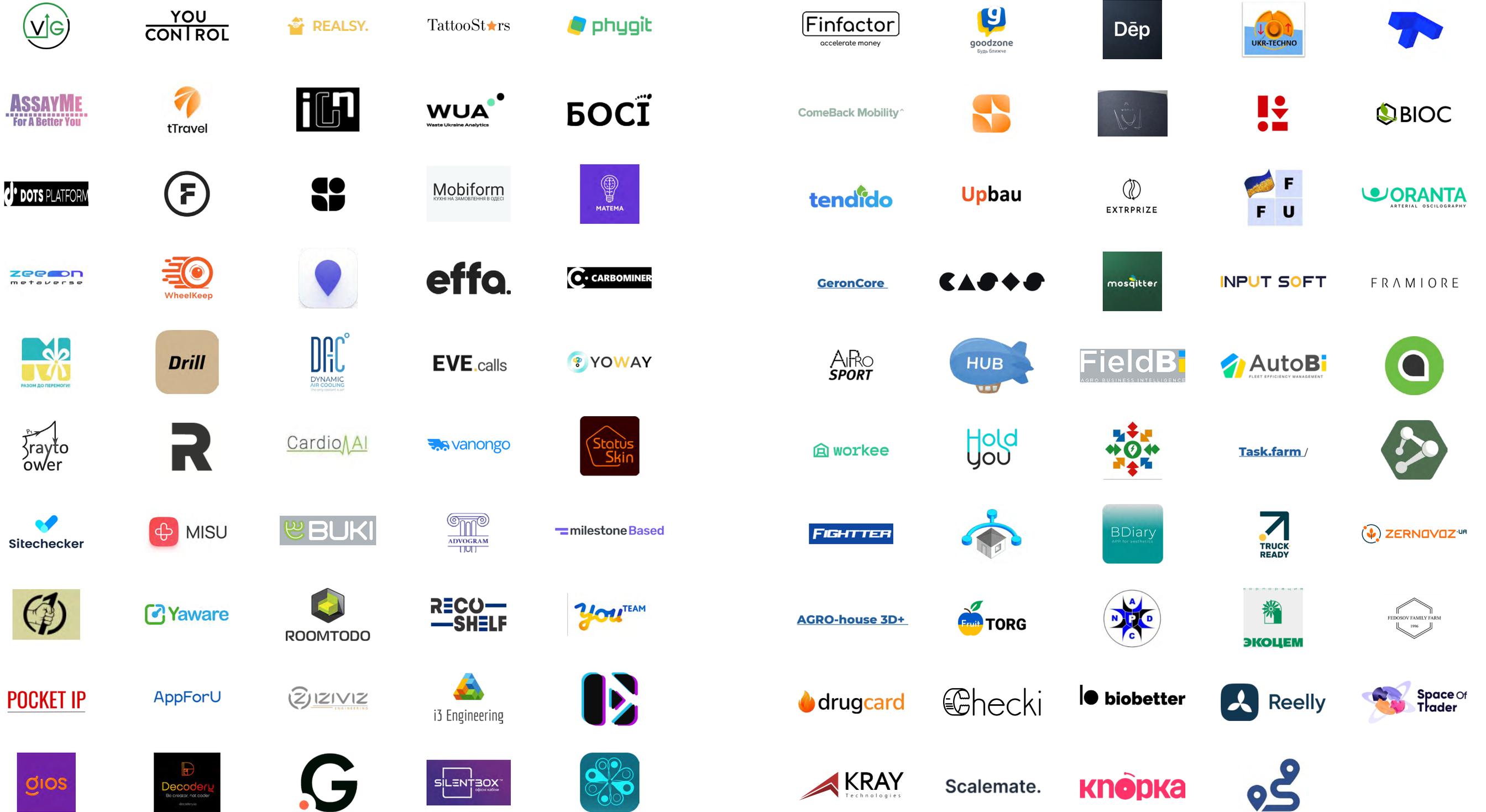


Help us raise global awareness of the potential of Ukraine's tech ecosystem and reassure international partners.

The livelihoods of 300,000 people depend on the tech sector staying afloat.



# UKRAINIAN START-UPS — SHOWCASE



# METHODOLOGY

The survey, *The country at war: The voice of Ukrainian Start-ups*, was aimed at understanding the impact of the Russian invasion on the start-up scene in Ukraine and at defining the most suitable tools to support Ukrainian start-ups.

The survey was delivered through multiple channels, including social media, partners, and private and corporate email communication. During the field period, between June 2 and August 3, 2022, 153 responses from Ukrainian start-ups were received.

## The survey covers five core topics:

1. relocation of start-ups and their teams;
2. impact of the war on start-up teams;
3. financial stability;
4. support for start-ups:
  - that is already being offered
  - that can be offered in the future
5. development prospects of start-ups:
  - short-term plans;
  - long-term plans.

## The survey consisted of two introductory open-ended questions and 12 core survey questions, of which:

- four open-ended questions, of which:
  - two questions require a detailed response;
  - two questions are restricted to numerical values;
- eight closed-ended questions, of which:
  - three single-choice questions;
  - five multiple-choice questions.

## The full list of survey questions may be found below:

1. What is the name of your start-up?
2. What is the link to your website?
3. Has the location of your team changed since the beginning of the war?
4. Does your team plan to relocate due to the war?
5. Where is your team based now?
6. What problem does your start-up solve? Has it changed since the beginning of the invasion?
7. What are your key markets now?
8. How big was your team before the invasion?
9. How big is your team now?
10. What is the financial situation like? How long can you operate without revenues or investment?
11. What support have you received since the beginning of the invasion?
12. What do you need to continue your operations?
13. What describes your short-term plans the best?
14. What are your long-term plans?

Statistical interpretation of the results of the survey was conducted through the qualitative and quantitative assessments of the responses, including generalisation and deductive methods.



