

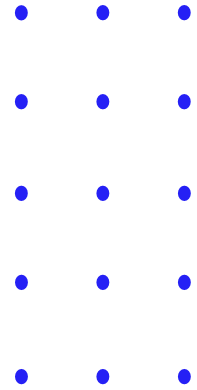
# Mapping

• • • Cyprus  
• • • Entrepreneurial  
• • • Ecosystem  
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2022

Centre for Entrepreneurship  
of the University of Cyprus

# con ten ts



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# **Mapping Cyprus Entrepreneurial Ecosystem**

# **2022**

This report was written by Anna Margaritova from the Center for Entrepreneurship, University of Cyprus, with the contribution of its strategic partner PwC.

Special thanks go to the stakeholders of the Cyprus entrepreneurial ecosystem, most specifically to the partners, entrepreneurs, and supporters that contributed with key information to the development of this study.

# 01 About

For decades Cyprus has been established as a vibrant business hub with a thriving economy. Cyprus' economic performance is indicated in various global reports documenting the set of factors that contribute to its developed high-income status.

With this report the Centre for Entrepreneurship of the University of Cyprus intends to evaluate these favorable conditions in relation to the formation, operation and evolution of entrepreneurship in Cyprus.

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Not only is the Cyprus startup scene very young but so is the entrepreneurial ecosystem. The status, operation and success of the startup scene is greatly dependent on the competence and support of the entrepreneurial ecosystem's mechanisms.

The nature of developing high risk enterprises is such, that it requires different types of resources and infrastructure. With this report we want to understand the drivers for entrepreneurial activity in Cyprus, analyze the conditions for fostering entrepreneurship, look into the history of entrepreneurship in the country, but

most importantly, to identify and document the stakeholders representing the Cyprus Entrepreneurial ecosystem.

The main objective of this research is to create a report and a database, documenting all available supporting entities and mechanisms, the number and type of nascent companies in Cyprus, along with information on the profile, the status and performance of the existing startups.

The information and database can grow into a registry for policy formulation and for speeding up the formation and growth of such ventures.

# **+ Centre for Entrepreneurship of the University of Cyprus**

The Centre for Entrepreneurship (C4E) serves the entire University of Cyprus community, namely undergraduate, postgraduate and doctoral students, researchers and young scientists, faculty, and staff. Beyond the University, C4E contributes to the emergence of Cyprus' "start-up" ecosystem, participating in relevant initiatives and liaising with people and support structures, such as accelerators, incubators, and maker spaces. C4E considers Entrepreneurship in its broadest sense, namely as a mindset in scientific and scholarly work that embraces creativity, critical thinking, imagination, risk-taking and the bold experimentation with new ideas and transformative scientific approaches.

C4E promotes the uptake of innovative results, the exploitation of scientific know-how and the use of advanced research infrastructures of UCY by existing private and public organizations, contributing to the competitiveness and growth of the Cypriot economy. The center works with policy makers and the government to promote policies that support research, innovation, and entrepreneurship. Furthermore, during the last 8 years the Centre has developed an extensive experience in entrepreneurial education and currently maintains enduring partnerships with high ranked academics, successful entrepreneurs, investors, VC Funds and distinguished people from the Cypriot and global business and research ecosystem, who actively contribute to the center's activities and mission.

The mission of the Centre for Entrepreneurship (C4E) of the University of Cyprus is threefold: a) to foster a culture of innovative entrepreneurship within the University and to develop relevant in-house expertise; b) to provide the entire University community with high-quality services and the connections required to bring scientific innovations and novel ideas produced inside the University to global marketplaces, and c) to contribute to the creation of a sustainable innovation ecosystem in Cyprus.

In the University of Cyprus, we are surrounded by a community that is driven and focused on turning new knowledge into real "value" that can serve the common good through

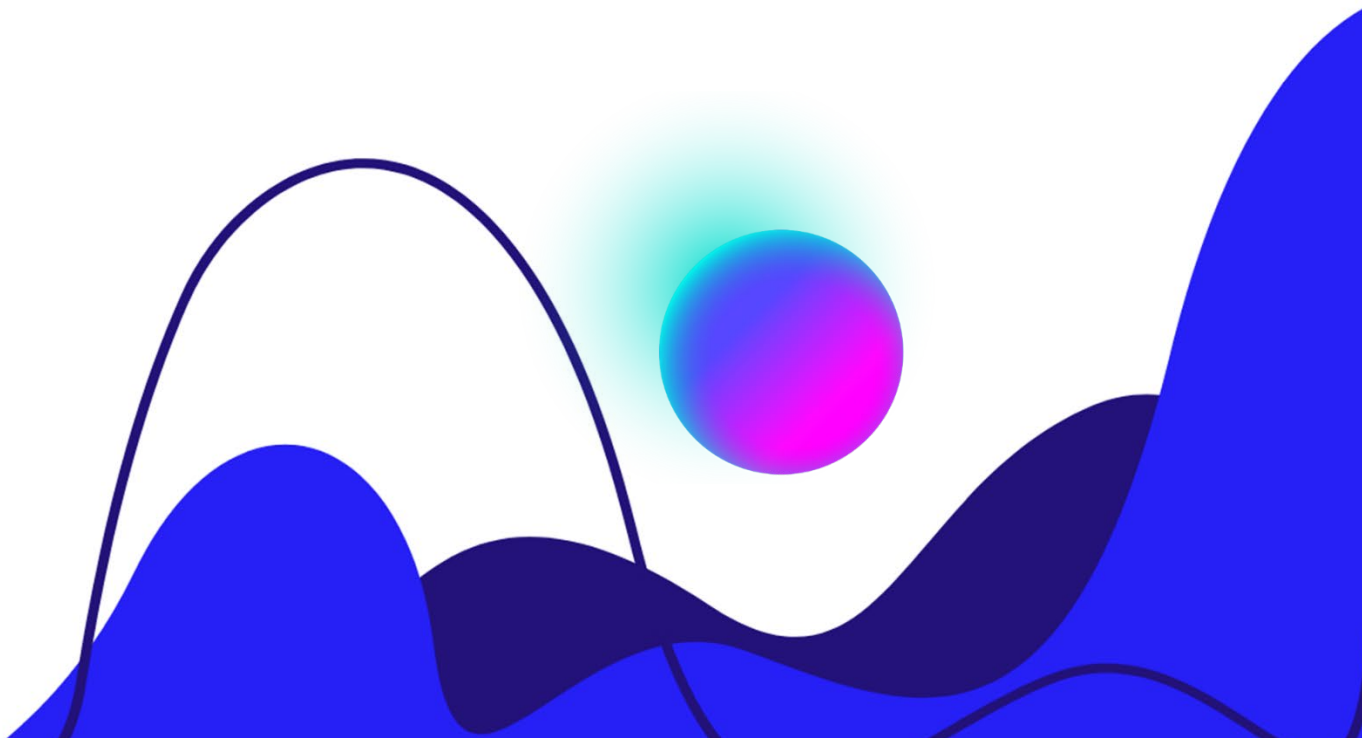
novel products, processes, and services, implemented by new or existing ventures, private or public organizations, governmental institutions or non-governmental initiatives.



PwC Cyprus supports our community and promotes youth entrepreneurship and innovation by establishing strategic collaborations with leading academic and business organization such as Junior Achievement Cyprus, Chrysalis LEAP, the University of Cyprus and the Research and Innovation Centre of Excellence in Cyprus (CYENS).

PwC signed a ten-year agreement with the University of Cyprus. As part of the agreement, the Centre for Entrepreneurship (C4E) organizes on an annual basis the Innovation and Entrepreneurship Forum. Moreover, PwC supports various activities of the C4E e.g. the Training and Education activities and the Mentoring support service towards the members of the University Community.

Amid an environment filled with challenges resulting from the COVID-19 pandemic, the need to support entrepreneurship as a basic tool for economic recovery seems more imperative than ever.



## **+ Objectives**

The aim of the study is to analyze the current startup scene in Cyprus in relation to the country's economy in order to draw conclusions regarding existing and potential opportunities.

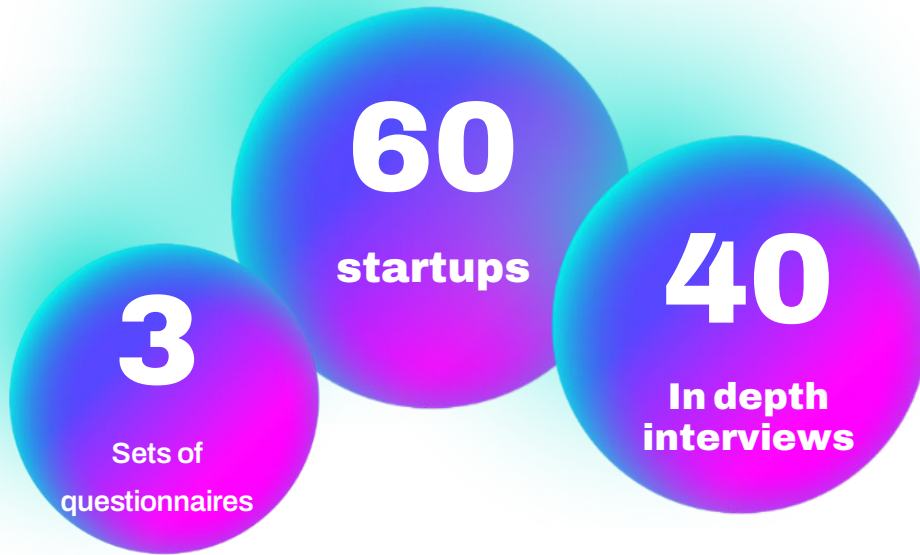
The main objective is to create a comprehensive catalogue of the existing ecosystem's stakeholders, clearly indicating their role and contribution in the ecosystem in order to speed up the process of entrepreneurship, and to encourage the development and investment in innovative enterprises.

With the identification of the most successful startups in Cyprus, the report intends to highlight the importance and necessity of multi stakeholder collaboration and knowledge management for successfully achieving and maintaining economic growth.

## **+ Methodology**

The methodology used is based on desk-based research, and qualitative and quantitative data analysis. The primary research involves collection of qualitative data from semi structured interviews with partners and stakeholders, such as investors, mentors, educators, and startup founders, and quantitative surveys.

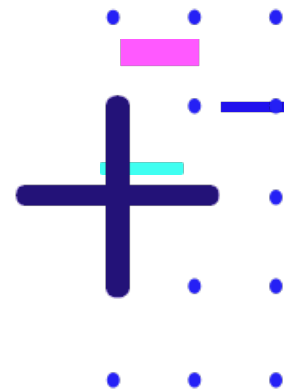
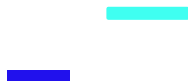
Currently there is no official entity that monitors and assesses the startup ecosystem in Cyprus, the data that was collected was accessed through different official sites such as the Cyprus Statistical Service, official websites of the Cyprus Government, The European Statistical Office, the European Investment Bank and the World Bank. Additionally, information on the Cyprus startup scene was gathered from information sites and reports from CrunchBase, Startup Blink Report, Invest Cyprus, Cyprus Inno, Trepers and other.



## + Limitations

The study it is not exhaustive since there is no public registry of nascent innovative companies nor official report documenting all such companies and their prior and current status.

The main constrain of the research is direct access to primary data. The results of the findings are generalizable since they are gathered from a representative set of startup companies, nevertheless they can be treated as applicable to a larger population.





# 02 The Cyprus Economy

The economic crisis of 2014 in Greece had a profound effect on Cyprus economy due to our close socio-economic exchange. Despite being closely linked both countries performed differently in the years following the crisis, resulting in parallel but distinct economic and entrepreneurial landscapes in both countries.

While Cyprus had a “robust” recovery only two years after the collapse of the banking sector, Greece managed to emerge from the stability program in 2018. While Greece had been restricted regarding access to international markets and borrowing at reasonable rates, Cyprus had a free access with a very positive economic growth rate of 6.44% in 2016, while Greece suffered a negative rate of just below zero. Having said that, we have observed these

events have painted a different picture when it comes startups. Contrary to the economic climate in both countries, Greece experienced a significant boost and growth in the area of entrepreneurship, with its first unicorns and many other startups with strong growth signal and many successful exits.

In Cyprus the startup scene and ecosystem seem to be lagging on several indicators, primarily in the early and growth stage of a venture, with limited infrastructure and access to funding.

To understand better the factors contributing to the adoption and promotion of entrepreneurship in Cyprus we will examine closely different parameters to determine the degree and rate at which entrepreneurial activity is performed in relation to the country's conditions.

# + Cyprus Economy

Services are the predominant sector in the Cyprus economy, accounting for 83.7% of the gross value added in 2020, followed by industry sector with 7.9%, construction 6.3% and agriculture 2.1%.<sup>1</sup>

Tourism remains a major sector with its value-added contribution due to its wider economic impact on other sectors such as retail, construction, transportation and employment, but it has been displaced as leading economic factor by the professional services sector, due to the diversification of economic activities that has taken place during the last decade. Other major sectors contributing to the GVA (Gross Value Added) are the financial, communication services and real estate.

Cyprus' economy has performed well in recent years, as indicated in the Global Competitiveness Report, jumping up through the countries ranks by more than 8 places in 2021, in comparison to 2019, when it ranked 41<sup>st</sup>.<sup>2</sup> Based on the IMD survey, listing 64 countries in total, Cyprus was placed 33<sup>rd</sup>, while the WEF Global Competitiveness Report encompassing 141 countries has shown Cyprus moving to the 44<sup>th</sup> place in 2019 from 64<sup>th</sup> the previous years.<sup>3</sup> The overall score of the country is 66.39 out of 100 and just 16 points below the Netherlands which ranked as the 1<sup>st</sup> in the European Union, with a score of 82.39.

Key contribution factors behind the significant economic performance are: 1) the ability of the country to attract international investment, 2) ability of adapting government policy and 3) constant growth of the employment rate. Health infrastructure and level of education are additional contributing factors that strengthen Cyprus's position.

The recent adjustments of the local government to the regulatory framework have made it easier when it comes to doing business. The business-friendly climate has appealed to many new investors and other European companies who have chosen Cyprus as a base

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<sup>1</sup> <https://www.cyprusprofile.com/page/economy?lang=en>

<sup>2</sup> [https://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](https://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf)

<sup>3</sup> <https://worldcompetitiveness.imd.org/countryprofile/overview/CY>

for setting up headquarters or branches in Cyprus, thus contributing positively to the economy through investment, talent attraction and job creation.

Examining closely the performing indicators of the ranking report will give us better understanding of the critical factors and favorable conditions that the country displays in regard to entrepreneurship.

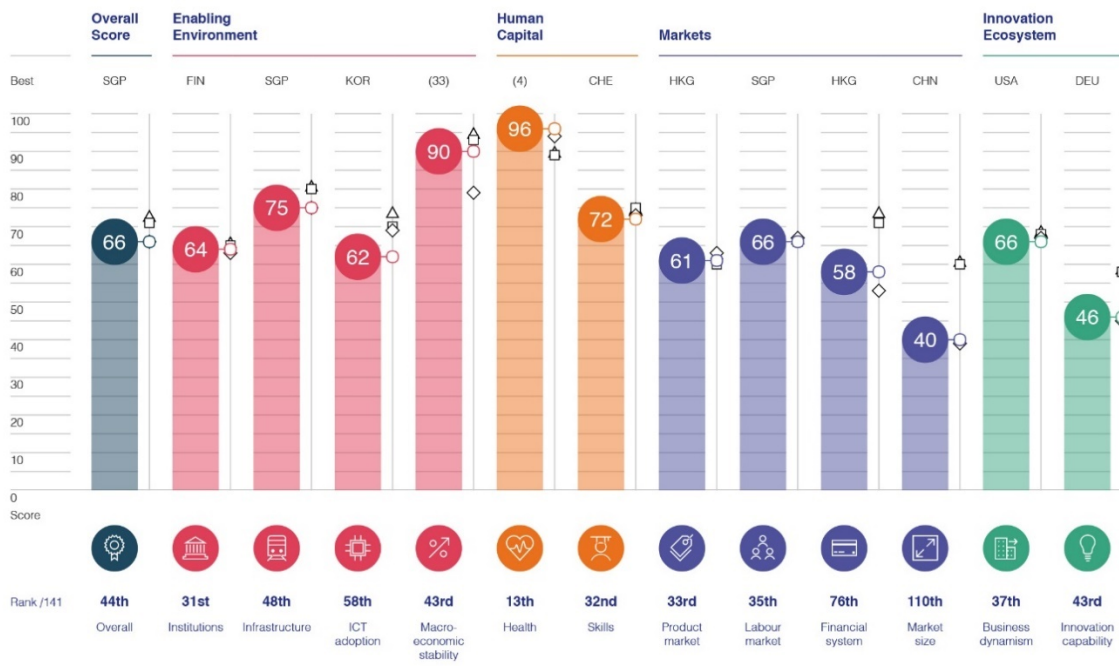
Cyprus holds a relatively good position in the “Enabling Environment” axis, holding 31<sup>st</sup> position in the “Institutions” pillar, 48<sup>th</sup> in “Infrastructure” and 43<sup>rd</sup> in the “Micro-economic stability” pilar, however in the “ICT Adoption” it has 58<sup>th</sup> position, which is low in comparison to other developed countries. In comparison to Greece, who is ranked 57<sup>th</sup>, compared by the ICT adoption, Cyprus has indicated lower performance by 8 points, thus ranking 58<sup>th</sup>. In the “Innovation Ecosystem” axis, Cyprus ranks 37<sup>th</sup> in “Business Dynamism” and 43<sup>rd</sup> in “Innovation Capability”.



Global Competitiveness Index 4.0 2019 edition

Rank in 2018 edition: 44th/140

**Performance Overview** 2019 **Key** ◇ Previous edition ▲ High-income group average □ Europe and North America average



Source: World Economic Forum

In the rest of the sub-indexes Cyprus performed relatively low, with scores of 57 in the “Burden of government regulation”, 45 in “E-Participation”, 87 in “Government long term vision”, 78 in “Government responsiveness to change” and 70 in “Legal framework’s adaptability to digital business models”. Cyprus faces some challenges when it comes to physical infrastructure and despite being 2<sup>nd</sup>, when it comes to electrification, nevertheless it does not provide great road and air connectivity, ranking 89<sup>th</sup> and 66<sup>th</sup> respectively. Cyprus has experienced a decrease in “Fixed broadband internet subscriptions” with a score of 52.7, and an increase in “Internet users” ranking 31<sup>st</sup>.

It is important to highlight that in the 5<sup>th</sup> pillar, Health, Cyprus ranks 13<sup>th</sup> globally, in terms of healthy life expectancy, and 1<sup>st</sup> in “Domestic credit to private sector”. Nevertheless, the financial system faces challenges, ranking among the lowest in “Soundness of banks” (129) with “Non performing loans” (137), while at the same time lacking support from “Venture capital availability” (99) and “Financing of SMEs” (78).

When it comes to Business dynamism, Cyprus appears relatively high on the index in terms of “Time to start a business”, being 32 in rank, which might be affected by the “Cost of starting a business” (89), followed by the low rank in “Companies embracing disruptive ideas” (93) and in “Growth of innovative companies” (104). In the Innovation Capability pillar, Cyprus is being placed 43<sup>rd</sup>, with higher scores in the sub-indexes of “International co-invention” and “Patent application” both being 37, while there is still more to be desired and improved, when it comes to “State cluster development” (62), “R&D expenditure” (63) and **“Multi-stakeholder collaboration”** (92).

Some of the key challenges that Cyprus had to deal with in 2021 are:

1. Manage the health crisis as a result of the covid-19 pandemic
2. Implement structural reforms and policies to support sustainable development
3. Encourage strategic investment
4. Preserve fiscal sustainability
5. Continue non-performing loans resolution around foreclosure framework <sup>4</sup>

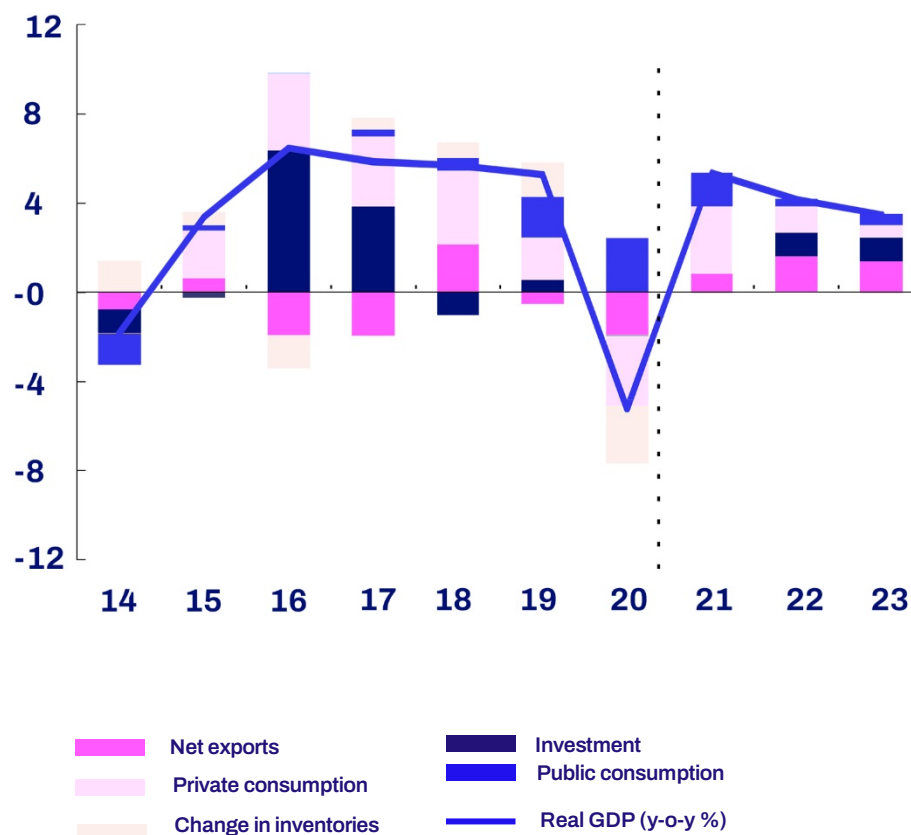
In 2020, Cyprus GDP shrunk drastically due to the pandemic, but it was able to recover gradually in 2021 by 1.5% in each quarter based on forecast, registering an increase of 5.3% in 2021. The growth was a direct result of the government stimulus, public demand, and export of services. Additionally, investment coming from the Recovery and Resilient plan along with net export, help support the Cyprus economy, which is forecast to grow by 4.1% in 2022 and then ease to 3.5% in 2023<sup>5</sup>. However recent developments in global politics have surged the rate of inflation resulting from the energy crisis as a result of the

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<sup>4</sup> <https://worldcompetitiveness.imd.org/countryprofile/overview/CY>

<sup>5</sup> [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2022-economic-forecast-growth-expected-regain-traction-after-winter-slowdown\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2022-economic-forecast-growth-expected-regain-traction-after-winter-slowdown_en)

Russian invasion on Ukraine. The inflation rate for the period of January- March 2022 stood at 5.7%.<sup>6</sup>



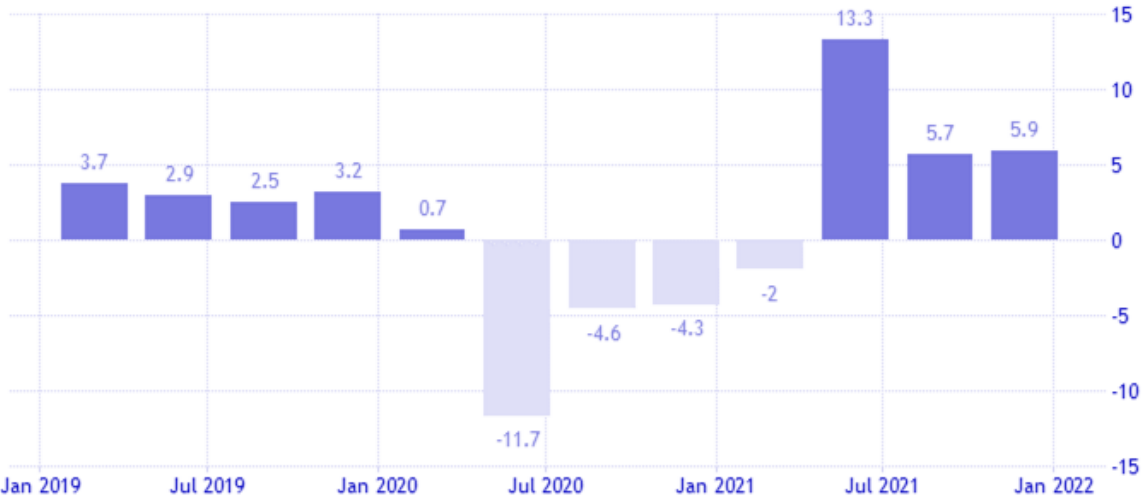
Source: Cyprus Ministry of Finance

Economic Forecast for Cyprus				
Indicators	2020	2021	2022	2023
GDP growth (% ,yoy)	-5.2	5.4	4.1	3.5
Inflation (% ,yoy)	-1.1	2.3	2.6	1.2
Unemployment (%)	7.6	7.5	7.1	6.6
Structural budget balance (% of GDP)	-4.4	-4.8	-1.8	-1.5
Government dept ( %of GDP)	115.3	104.1	97.6	93.4
Current account balance (%of GDP)	-10.1	-9.1	-7.3	-5.7

<sup>6</sup> <http://mof.gov.cy/en/economic-indicators/macroeconomics/main-economic-indicators/2-hicp-inflation>

The fast adoption of policy measures to limit the effects of the covid-19 pandemic, helped tremendously in preserving employment and contain unemployment rates. In 2021, we observe a gradual recovery in unemployment with an increase of 0.8% thus going down to 6.6% from 7.5% in the beginning of 2021. The gradual growth in the private sector deposits from 2.5% in 2020 to 5.3% in 2021 is indicative of the precautionary measures and fear associated with the uncertainty of the pandemic, but also is a result of the reinstating economic activity.

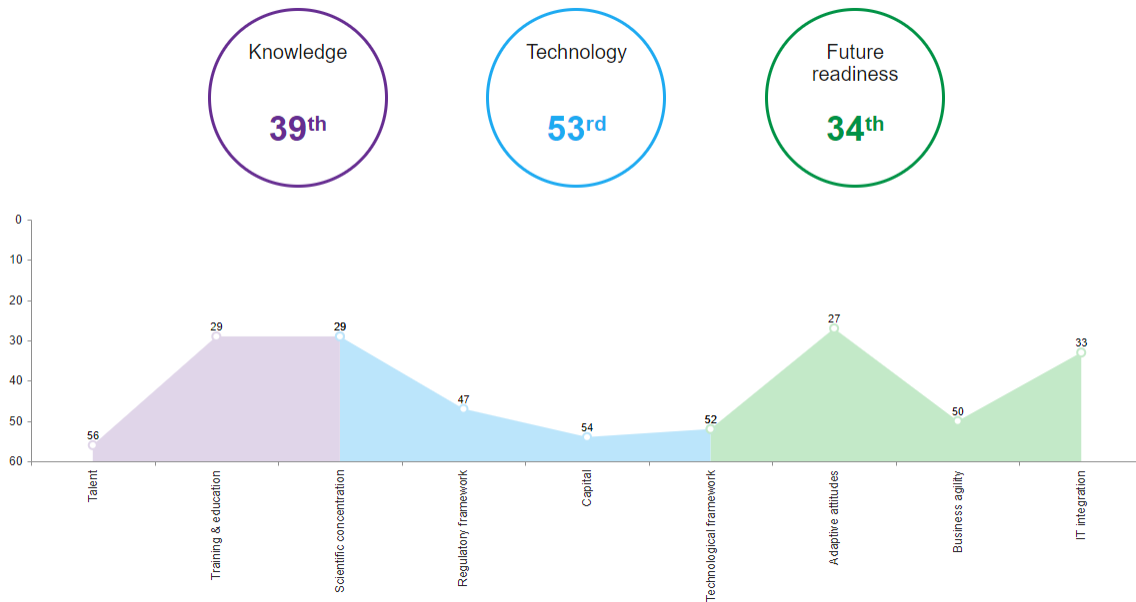
**GDP growth rate 2021 (compared to 2020)**



Source: tradingeconomics.com/ National Statistical Service of Cyprus

**Cyprus digital competitiveness**

Cyprus overall performance is much better and higher ranking in relation to its digital competitiveness. Despite being 33<sup>rd</sup> on the IMD ranking, when looking into the digital competitiveness, Cyprus, hold 43<sup>rd</sup> place, lagging in several areas as indicated below. Those are factors critical to entrepreneurial success such as talent, regulatory framework, capital, technological framework, and business agility.



Source: IMD

The talent factor is problematic due to the low graduates in STEM disciplines, and it is not related to higher education achievement. Cyprus has a high (6) place in “scientific and technical employment” and “high tech patent grants” .

The area of IT integration could benefit more from **strengthening the public-private partnership**, when it comes to knowledge transfer and using “big data” and business analytics for achieving better business agility. What is more the country is lacking significantly in terms of funding for technological development along with the unavailability of venture capital to support technological advancement.

Key areas in which Cyprus has improved in 2020, regard the long-term growth of the labor force, business expenditure on R&D, public expenditure on education, medium and high-tech value added and the sustainable development goals.

Key areas that have recorded a decline in 2021 regard the brand image of the country abroad, bureaucracy, transparency, and government dept.

Based on the IMD survey, Cyprus main attractiveness relies on its competitive tax regime (corporate tax at 12.5%), the “Cost of living index” is among the highest globally (9) and the “Business friendly environment” and “Skilled workforce”, makes it an ideal place to

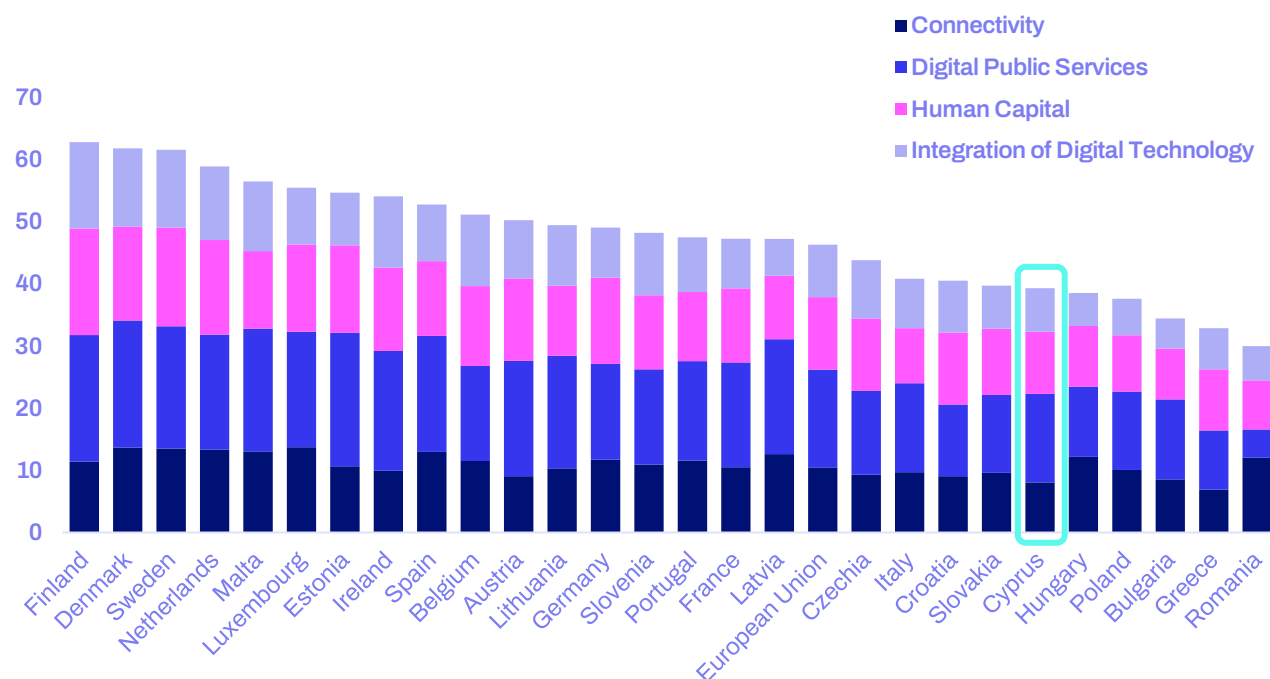


set a business. The “Policy stability” and “Reliable infrastructure” offer an additional security and growth prospects.

## Digital Economy and Society Index (DESI) 2021 Ranking

		Cyprus	EU average
	rank	score	score
DESI 2021	21	43.5	50.7
DESI 2020	24	44.0	52.6
DESI 2019	24	41.5	49.4
DESI 2018	23	39.4	46.5

## Digital Economy and Society Index (DESI) 2021 ranking

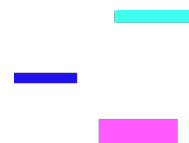


According to the Digital Economy and Society Index (DESI) report, despite having improved its performance in almost all dimensions, Cyprus still scores low, below the EU average. Significant improvement has been made regarding Connectivity.

The digital skills of the population are also being low, indicating that one in two Cypriots is lacking basic IT skill. Cyprus also ranks below EU average when it comes to ICT specialists, despite the increasing demand in the labor market.

On the other hand, Cyprus has improved significantly in the mobile broadband coverage, being above EU average on Very High-Capacity Networks, with 67% in the 5G readiness indicator.

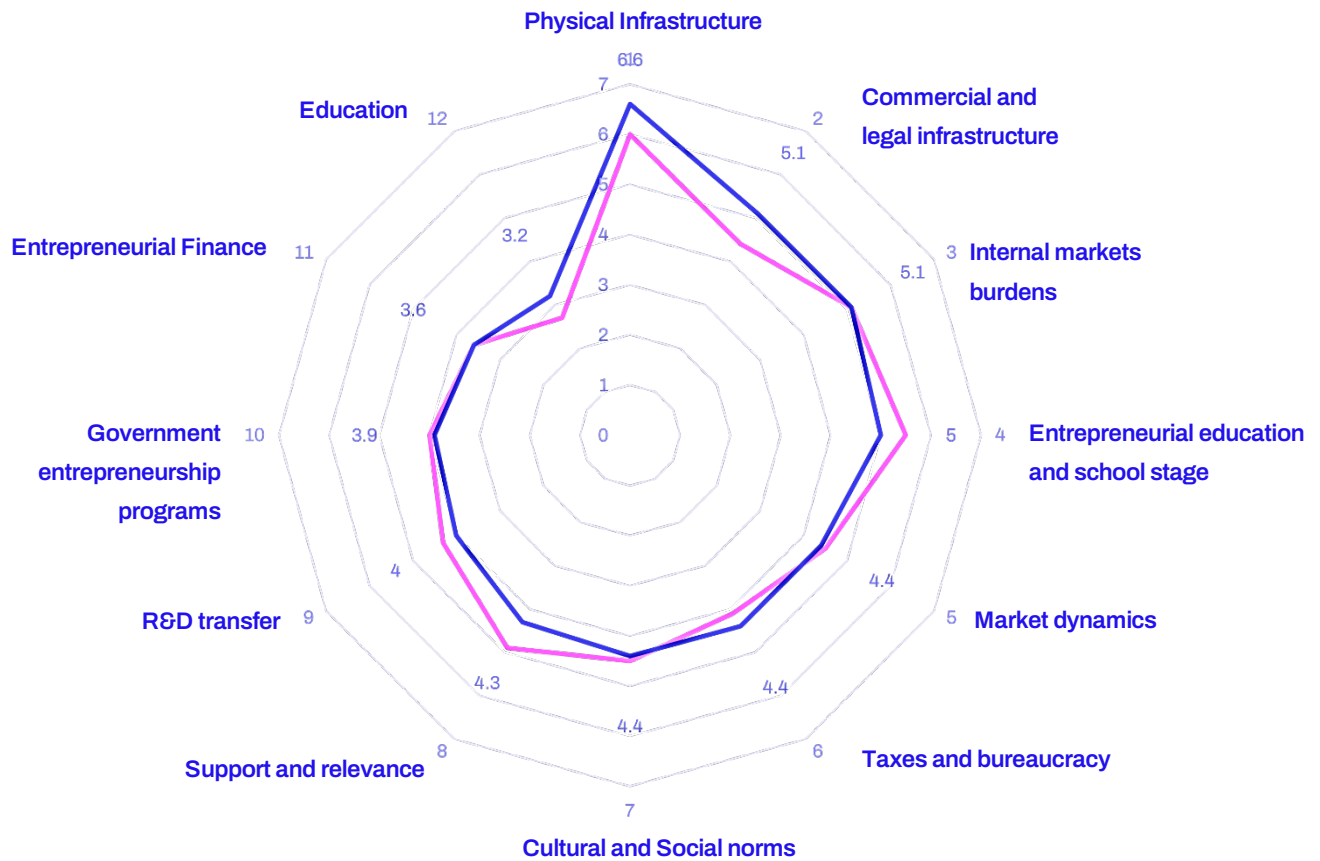
With the new policy of the Ministry of Research, Innovation and Digital Policy, “Digital Strategy for Cyprus 2020-2030”, Cyprus has committed to the implementation of the EU strategy “2030 Digital Compass: The European Way for the Digital Decade”, to help accelerate economic growth and increase productivity.<sup>7</sup>



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<sup>7</sup> <https://www.dmrid.gov.cy/dmrid/research.nsf/home/home?openform>

## Cyprus Entrepreneurial framework<sup>8</sup>



source: Gem Report<sup>9</sup>

- 2019 - 2020
- 2020 - 2021

The chart from the Global Entrepreneurship Monitor (GEM) report, indicates the significant changes and improvements that have been registered in comparison to the previous period. Those include major development in the entrepreneurial education, support and relevance, R&D transfer, entrepreneurial funding, and cultural and social norms.

<sup>8</sup> The Centre for Entrepreneurship is responsible for the research and analysis of the GEM framework in Cyprus

<sup>9</sup> <https://gemconsortium.org/report/gem-20212022-global-report-opportunity-amid-disruption#:~:text=Entrepreneurs%20are%20increasingly%20seeing%20more,Report%20entitled%20Opportunity%20Amid%20Disruption.>

# 03 Cyprus Equity Fund (CEF)

## + CEF

A new era is set to begin with the announcement of the Cyprus Equity Fund (CEF) on 4<sup>th</sup> of May 2022, when the Republic of Cyprus (ROC) announced the establishment and implementation of an equity instrument that will provide finance to innovative SME's, who are active in Cyprus.

To be eligible to participate, a company needs to be registered in Cyprus, headquartered, or represented by Cypriots.

With the establishment of the CEF, the state aims to address the equity financing gap for supporting innovative enterprises with the required initial capital and follow-on investment. This will be a big step forward to the development of Cyprus emerging ecosystem, which has previously been supported by government grants, business accelerators and angel investors.

The new fund of funds (FOF) is structured with resources from the Recovery and Resilience Facility of Cyprus (RRF) and reflows of the JEREMIE fund, with a budget totaling 30 million EUR.

The equity instrument aims to boost the economic growth, enhance the competitiveness of SMEs and provide access to alternative financing sources with the aim to speed up the maturity of the ecosystem and future readiness for venture capital investments.

CEF will concentrate on developing the pre-seed and seed phase through social impact funds, VC seed and early stage, and inclusive finance.

## + Other Funds

Currently there are only few other VC funds operating in Cyprus, the KV fund by Kinisis Ventures, being the most prominent amongst them.

Kinisis Ventures, is an acceleration company that helps promote highly promising Cypriot startups, with unique value proposition to scale in the USA market, has announced in May 2022, that they have set a fund, the KV Fund, to scale the process of innovation and entrepreneurship in Cyprus.

According to Kinisis Ventures, the Fund will help accelerate the growth of their portfolio companies, with their vast business experience in the USA, strategic advice, and networks. KV is the only venture capital firm that offers Cypriot startups a **soft landing** into new markets.

Their recent collaboration with the independent fund management company AIFCAP Managers, regards the setting up of the Kinisis Venture Fund, which is a sub fund of the KV Kinisis Ventures Fund RAIF VCIC PLC, that is registered with CySEC, that focuses on supporting innovative local projects that can compete and scale globally.

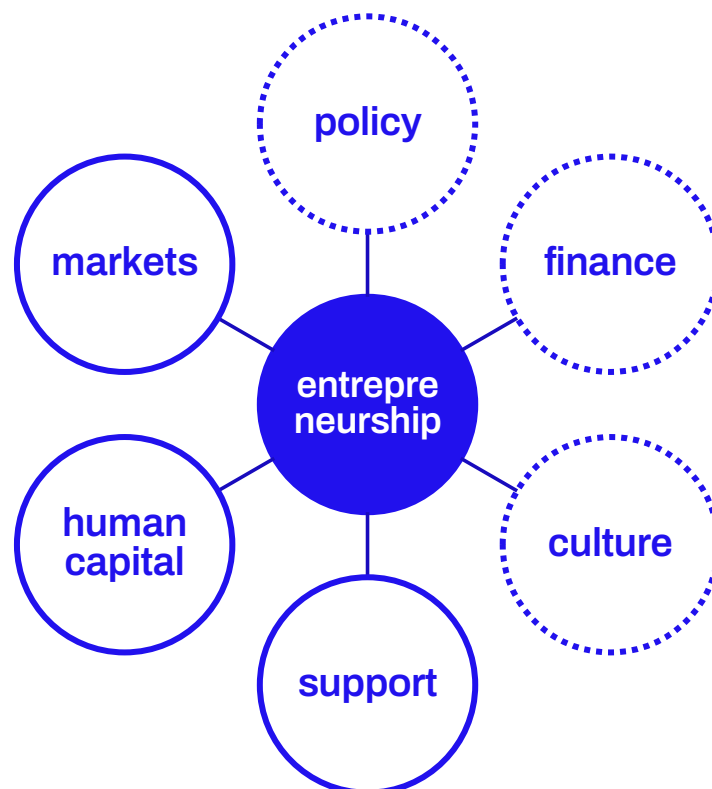
The aim of the first of its kind KV Fund is to bridge the finance gap in Cyprus with seed and growth capital to allow for tech and innovative companies to scale successfully. Locally produced success stories will be instrumental to the cultural shift, attracting global investors and establishing similar investment funds in the future.



# 04 Startup Ecosystem

The idea behind the entrepreneurship ecosystem, as stated by the Financial Times Lexicon is connected to “the collective and systematic nature of entrepreneurship”. Companies are emerging, because of the idea of being in an environment/ecosystem developed by public and private entities. (Margaritova et al., 2021)<sup>10</sup>

Following Isenberg’s model of the entrepreneurial ecosystem, we identify the six important elements of that model as: 1) culture, supportive to entrepreneurs, 2) enabling policies, 3) leadership, 4) appropriate finance (angel investors, venture capitals and private equity firms 5) human capital and workflow 6) venture friendly markets for products. Another crucial element is the availability of a range of institutional support to accelerate the process of entrepreneurship. All these elements not only should they operate simultaneously but should also be developed simultaneously.



<sup>10</sup> Margaritova, A., & all. (2021). Transforming the Centre for Entrepreneurship. [Master's thesis, MBA program, University of Cyprus]. University of Cyprus

## **+ The course of the ecosystem**

The Cyprus entrepreneurial ecosystem is an emerging one, and if we had to define the versions of it, we may say that we are at the end of the second cycle and approaching the third version.

**“Right now, if I had to create versions of the ecosystem, I would say we are approaching the end of the second one, the second version”**

**– Michael Tyrimos, Capacitor Partners**

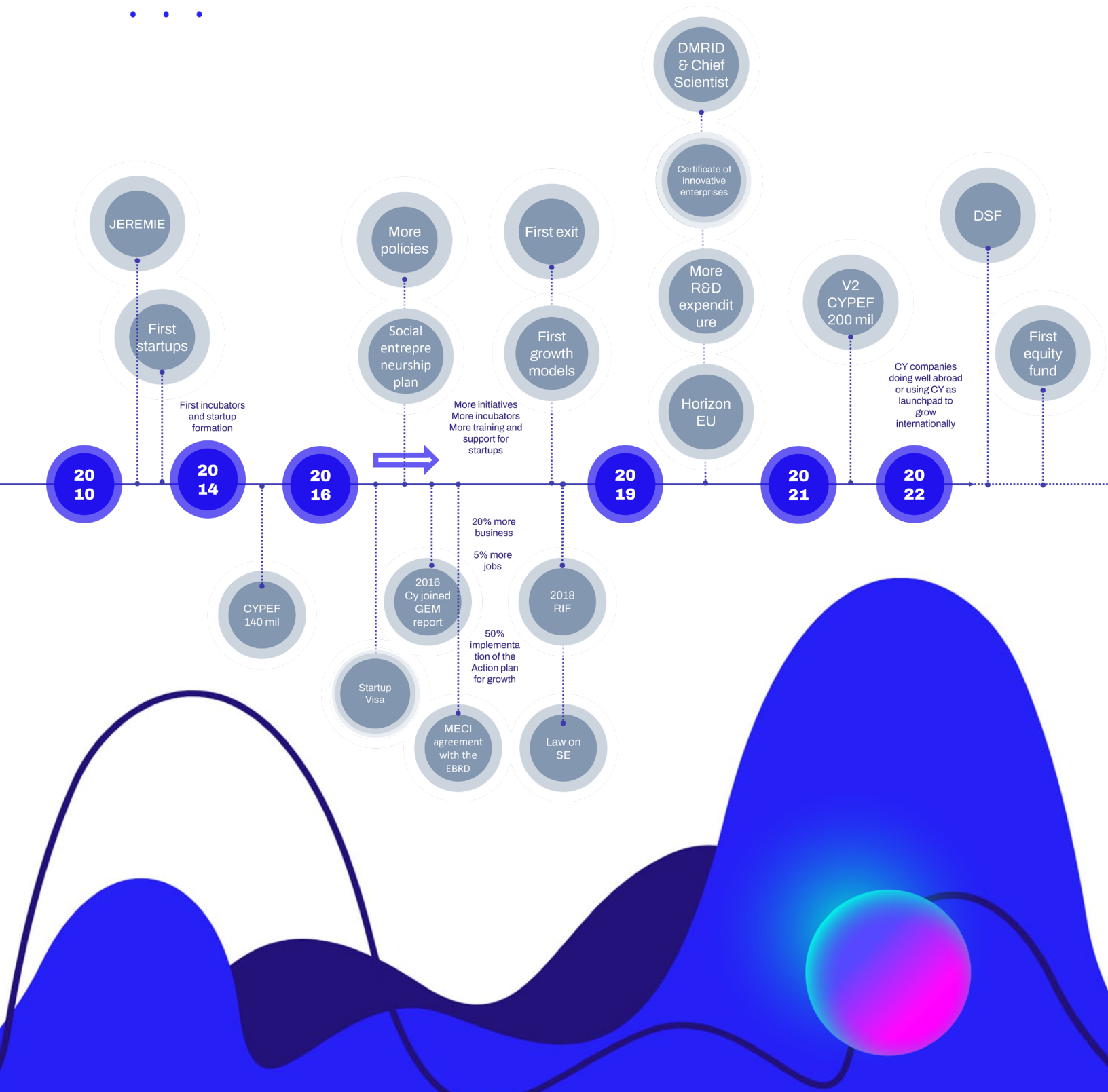
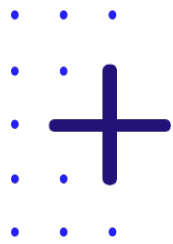
The very first steps in shaping the entrepreneurial ecosystems were made back around 2011-2012, when we noticed the first initiatives and startup formations, such as Proto.io, Hellas Direct, the first business incubator by the university of Cyprus, Diogenes, Chrysalis Leap, Cyprus Enterprise Link and other.

The beginning of the last decade marked the formation of some of the first startups in Cyprus, but also the death of many of them. One that succeeded is Pollfish – a market research platform, which in fact, started in Greece but has a Cypriot DNA. Pollfish has recently been acquired by the US based Prodege.

With those initial startup formations, we also observe the first shift in the “mentality of culture of the ecosystem”. This led to the establishment of more solid companies such as Ergodotisi, a job platform that created its own capital and workforce, which reinvests back to grow.

Foody is another success story. Created back in 2015, Foody has marked Cyprus’ first big exit in 2019, when it was acquired for an undisclosed amount by a German company, called Delivery Hero.

# Course of the ecosystem





The first formal commitment that was established by the government in cooperation with the European Investment Fund, took place in 2010, with the signing of the agreement for the **JEREMIE fund** (Joint European Resources for Micro to Medium Enterprises), between the bank of Cyprus and the European Investment Fund (EIF) for the distribution of 20 million EUR for financing SME with loans up to 100 000 EUR. With the expiration of the JEREMIE initiative, in 2014, the Republic of Cyprus (ROC) signed another agreement with the European Investment Bank (EIB) for the establishment of the **Cyprus Entrepreneurship Fund (CYPEF)** with 70 million EUR, entrusted to the EIF. CYPEF, which was co-financed by the government and financial intermediaries, was made available to the interested SMEs through commercial banks, the latter being Ancoria Bank (10 mil EUR) and BOC (60 mil EUR). With the government providing the other half for the fund, CYPEF has been totaled 140 million EUR.

The fund was approved for Phase II in 2021 for the amount of 200 million to help ROC finance the need of SMEs in the aftermath of the health crisis of the covid -19 pandemic.<sup>11</sup>

Subsequently, in the period between 2016 and 2019 we observe some major milestones in the history of entrepreneurship in Cyprus.

The government's **Action Plan for Growth** developed in 2016<sup>12</sup>, identified entrepreneurship as the main pillar for economic growth. The overall policy for the development of an entrepreneurial ecosystem in Cyprus has been approved and supported by the EU Directorate for Structural Reform Support Service (SRSS).

This support was catalytic for the evolution of the ecosystem, through which we have the formulation of an action plan for social entrepreneurship (SE), support measures for the **Global Entrepreneurship Report (GEM)** and the exchange of global best practices on the digitization of grant schemes and methods for improving the export performance of businesses.

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<sup>11</sup> [https://www.eif.org/what\\_we\\_do/resources/cypef/index.htm](https://www.eif.org/what_we_do/resources/cypef/index.htm)

<sup>12</sup> [Πέμπτη Έκθεση Προόδου.pdf \(dgepcd.gov.cy\)](#)

In that same year Research and Innovation Foundation introduced the Restart 2016-2020 program, which is a multinational framework for supporting RTDI in Cyprus. The program has been instrumental in addressing the various challenges that Cyprus was facing at the time, both in developing and economic terms, and to enhance the competitiveness of the economy.

The **startup visa policy** intended for skillful non – EU entrepreneurs, on individual and team basis, introduced on a pilot basis in 2017 until 2019, has been renewed for another 150 visas in 2019. The visa scheme is a mechanism to enhance the ecosystem by allowing third country nationals to establish and develop high potential startups.

In 2018 the Government introduced the **law on SE**, which is to be supported by funding from the European Social Fund.<sup>13</sup>

The startup visa scheme was further accompanied by schemes for tax incentives for innovative firms and angel investors, while the Ministry of Energy, Commerce and Industry went into an agreement with the European Bank for Reconstruction and Development (EBRD) for the provision of consulting and training activities to assist export oriented startups. Other initiatives provisioned in that Action Plan include the revision of the legislation to establish spin offs from university, which to this day remain problematic, disincentivizing many who wish to create a research-based startups.

Another major milestone has been achieved through the efforts to develop the Cyprus entrepreneurial ecosystem (CEE), with the establishment of the Deputy Ministry for Research, Innovation and Digital Policy (**DMRID**) in 2020, and the appointment of the **Chief Scientist**, the role of whom is to contribute in the development and implementation of Research and Innovation (R&I) strategies and policies and ensure effective communication and collaboration between stakeholders. With that in place a new era has begun, helping set up the various measures and mechanisms for supporting innovative enterprise through the establishment of set of policies, funding schemes and further incentives for the creation of high value companies.

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<sup>13</sup> [Enhancing the Entrepreneurial Ecosystem in Cyprus \(europa.eu\)](https://europa.eu)

From 2020, innovative companies could apply and obtain the **Certificate for innovative Enterprise**, through the DMRID. The certificate acts as a tool for incentivizing investors to support innovative companies by adding credibility.

In early 2022, the government introduced more policies and incentives for talent attraction and relocation with the Digital Nomad Visa<sup>14</sup> and family reunification package part of the Business Facilitation Unit (BFU), a single point of contact for third country nationals, wishing to establish a startup or who are working for foreign companies on the island. The BFU purpose is to provide a fast track for establishing or for relocating high growth enterprises.<sup>15</sup>

Following the development of these policies, in 2022, the government in collaboration with the European Investment Fund (EIF) announced the call for managing a Cyprus Equity Fund investment fund to support innovative enterprises. With that major milestone, Cyprus has bridged yet another gap in its entrepreneurial model in the financing area, which is one of the most problematic factor for developing new ventures.

Before we continue exploring this section it is mandatory that, we provide first, the basic concept and definition of a startup. This is important to make a distinction between a traditional business model but also comprehend that the different nature of being a startup requires different approach, when attending to its needs at the various stages. Understanding this will provide the bases for our argument later that we need more resources and support at the different stages of being a pre startup (idea/innovation stage), a startup and a scale up.

## **+ So, what's a startup?**

The European Startup Monitor defines startups as enterprises younger than 10 years with highly innovative technologies or business models, that have high potential and are able to achieve growth. These 3 main characteristics are what set apart startups from

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<sup>14</sup><http://www.moi.gov.cy/moi/crmd/crmd.nsf/All/FE2829CCA899862DC22587EA002E321F?OpenDocument>

<sup>15</sup> <https://www.businessincyprus.gov.cy/business-facilitation-unit/>

traditional SME business. Startups are growing with the goal to create wealth and drive innovation. (ESM, 2016)



Forbes describes startups as young companies, who are formed to develop a unique service or product, then bring it to market and make it irresistible or irreplaceable to customers.

The primary difference between a traditional SME and a startup is that the former is duplicating a model already tried by others, while a startup aims to create an “entirely new template”. As startups strive for growth, this new template needs to be easily scalable. Speed is of an essence, and they should be able to test ideas quickly, and build upon through iteration and continues improvement gained from data analytics and feedback.

## **+ Key players who significantly influence entrepreneurial success**

Cyprus relatively young ecosystem is growing at a steady pace, a growth, which has accelerated significantly since 2018, with the establishment of the RTDI Governance. The National Research and Innovation Governance System has contributed to the development of institutions and bodies responsible for the formulation and implementation of policies for enabling further entrepreneurial activity. The four pillars of

the R&I Governance system are: 1) Knowledge generators, 2) Knowledge exploitation, 3) Financing system, and 4) Support system.<sup>16</sup>

**The Deputy Ministry for Research, Innovation and Digital Policy** along with the appointed **Chief Scientist**, play a key role on a macro and policy level, thus influencing entrepreneurial success in a significant way through the implementation of the framework for supporting research and innovation. The “government has played a pivotal role” in the formation of the ecosystem.

The state has achieved major milestones as provisioned in the Various Action Plans for strategic growth and competitiveness. It has formulated a strategic framework, “Innovate Cyprus”, for achieving its long-term goals to ensure sustainable growth. Innovative Entrepreneurship has been identified as a major pillar of the framework, through which the government is to provide useful tools for expanding its R&I activity, through sufficient financing for innovative enterprises at all stages. The Co-Investment (Equity Fund) is one such tool, for strengthening the equity financing of innovative Cyprus based startups, that is to take place within 2022.

**The Research and Innovation Foundation (RIF)** has been instrumental in the development of R&I in Cyprus, by supporting research teams and innovative startups through their funding programs at the various stages of venture, something that is especially important given that in Cyprus the financing part is the missing link of the entrepreneurial model. Many successful startups are thriving today with the support from those funding programs<sup>17</sup> such as Malloc, ProMed, Amadema, Embio Diagnostics, among many others.

RIF is not the only one who provides funding opportunities to startups. Funding can be vital, but most importantly, what startups need at the very early stage is a direction, understanding of their product and value proposition, market insight and business development. In that regard we have the different incubators and accelerators, who have been giving business training and facilitating the access to funding through their programs and large networks of mentors and advisors.

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<sup>16</sup> <https://www.research.org.cy/en/strategic-planning/rtdi-governance/#toggle-id-2>

<sup>17</sup> RIF Pre-sees, Seed and Innovate programs for the development of startups, internationally competitive products

**Academia** has an integral role when it comes to innovation from research and providing the talent to the industry. Academia will have the responsibility to incorporate programs and encourage more students in STEM disciplines. Currently we have shortages of talent in areas such as UX design, data science, and software development. However, producing graduates with specific skills will not be enough, it will require a close collaboration with the private business sector and even exchange programs, that will equip the students with vital experience to be able to enter the workforce and drive the growth of the future companies.

The main protagonists of the ecosystem are **the entrepreneurs and the startups**, who are the ultimate testimony of the level of entrepreneurial activity and success in Cyprus. The drive, entrepreneurial mindset and outward looking approach of many of the Cypriot founders, have placed Cyprus on the map as an emerging, vibrant and competitive entrepreneurial ecosystem. Some of them are serial entrepreneurs and others have achieved global recognition by competing with giants like Google and Adobe. What is more, those companies, who not only have succeeded but had also an exit, are those, who can provide more synergies, produce knowledge, and even turn to investors themselves through the exit deals.

## **+ Factors that promote or hinder entrepreneurship in Cyprus**

The provided support for developing an ecosystem along with the introduction of major policies and the law on SE, has proven beneficial for the development and promotion of entrepreneurship. The tax incentives for investing in innovative companies further enhances the acceleration of the entrepreneurial ecosystem and the formation of new ventures. The government has taken measure to address the shortage of talent in the tech industry by providing incentives for foreign talent to relocate. Having high caliber individuals and foreign tech companies, can motivate and encourage local talent and

young graduates, to join the IT, ITC sectors through education and internships, giving them opportunity to gain valuable experience.

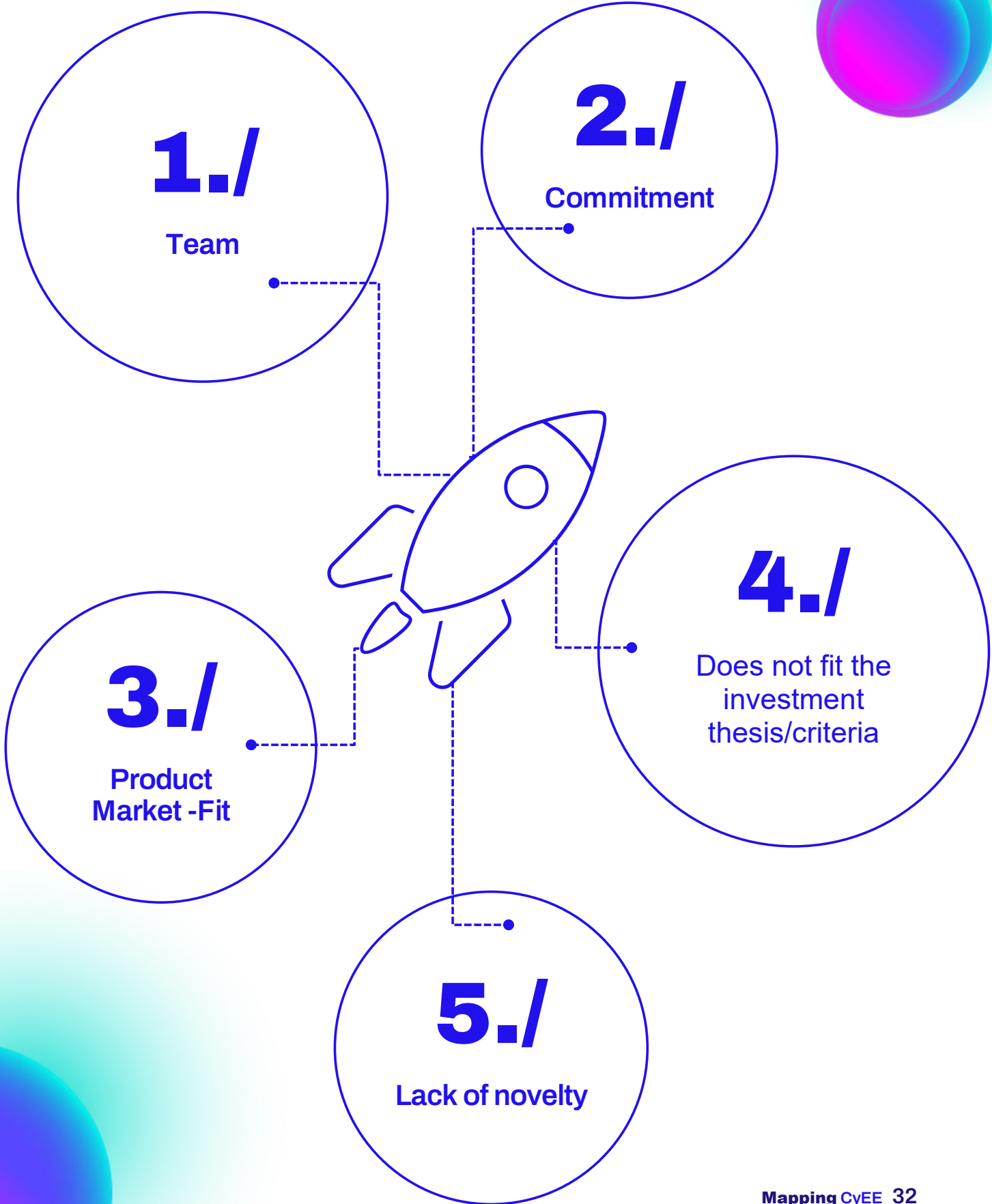
The new Co-Development program from RIF, further aims to strengthen the collaboration between private enterprises and the research/academic community to work in identifying the challenges and co-develop solutions to address them, which is another factor that can further accelerate the commercialization of research and help diffuse the innovation coming from that research.

The new Horizon Europe program, that will be implemented by the government through RIF, is a continuation of the Horizon 2020 (designed for building capacity and infrastructure), with the mission to create and measure scientific, societal, and economic impact.

On the other hand, despite having good infrastructure in place and more support to undertake entrepreneurial activity, as documented in the GEM report, there are still factors that hinder entrepreneurship in Cyprus. Mainly that regards transparency, embracing entrepreneurial mindset, fear of failure, bureaucratic processes, restrictive legislation for spin offs from public universities, lack of diverse funding opportunities for very early-stage startups, dealing with banks, and the size of talent pool with experience and skills.

Angel investors, VC, Entrepreneurship advisors, and executives, participating in our study have identified the following as major reasons for rejecting a startup from receiving a funding or being accepted into an acceleration program.

Our research has shown that, when asked, **what are the biggest challenges for local startups when it comes to entry, scaling and exiting**, most participants indicated funding, quality support at all stages of development and the lack of outward looking approach as main barriers.





## + Incubators/accelerators and co-working spaces

Despite having a clear distinction between them, the terms incubators and accelerators are used interchangeably, thus blurring the lines between their nature and operation. This stems from the fact that many of the accelerators and incubators offer a range of services that fall under the same category. This certainly applies to Cyprus, especially with its young and emerging ecosystem, where we are only now beginning to identify the differences. Nevertheless, one may argue that exactly this interchangeability has been also very contributive to venture formation.

However, as we are maturing and expanding, we need to develop a better understanding of the two types to offer more tailored solutions to the needs of the startups during the different phases of development.

### Incubators/Accelerators

There are three types of support organizations in Cyprus, which are:

1. Private funded
2. State funded
3. Corporate funded

All the entities have been instrumental in developing and sustaining the entrepreneurial ecosystem in Cyprus. In this section we will briefly examine those supportive entities.

**Cyprus Seeds** is an NGO focused on commercializing research by facilitating the access to pre seed funding, providing mentoring and networking opportunities to research teams. The incubation period is cohort-based ending in a demo day. Cyprus Seeds helps teams realize their market potential, while minimizing the risk for investors.

**IDEA CY** was established in 2015, with the support of the Bank of Cyprus (BOC), which offers a nine-month business training and finance support to startups, to develop their MVP. Additionally, it facilitates access to a large network of mentors and angel investors.

**Chrysalis LEAP** is the first accelerator in Cyprus specializing in Clean Tech, and the official organizer of the EIT Climate Launchpad for Cyprus, through their partnership with the EIT Climate-KIC. Established in 2012, the accelerator helps teams develop business ideas focused on environmental sustainability.

**ARIS** is an accelerator, established by Deloitte in partnership with BOC, specializing in accelerating the growth of startups, whose solutions are focusing in the area of shipping, fintech and renewable energy with the intention of transforming them into scalable and viable business.

**Gravity** is a deep tech incubator, the only certified Business Innovation Centre in Cyprus, founded in 2016 by CyRIC. Gravity is a member of the Business Angels Europe and has partnered with Fast Capital, which is an online incubator/accelerator based in Dubai. Gravity offers support from concept to commercialization and facilitates the access to network and capital.

**Nicosia2** from CYENS, offers a 3-month acceleration program to promising teams at the early stage, providing them with training in business modeling, service design, project management and finance.

**PwC Scaleup Program** is a 10-week training program designed to prepare fast growth startups become investor ready, reduce risk and scale effectively. With its masterclasses, it provides innovative companies the tools to meet the growth objectives and achieve commercial success.

**Other** corporates such as KPMG also offer support and mentorship to startups at all stages to help them develop their ideas and scale up.

**Cyprus Inno** is an NGO dedicated to the support of Cyprus entrepreneurs from both communities by organizing events, offering bootcamps, mentorship program and workshops.

## Co-working spaces

A Coworking space offers affordable hosting solutions with some office perks, to likeminded individuals, working on different projects, while providing social opportunities to interact and network.

**Hügge** in Paphos, is an inclusive community offering “digital folks” the opportunity to develop their potential while having fun together.

**Antwork** provides tech enabled, coworking office space in Limassol to the local and international community to work and meet.

**The Business Bar**, located in the heart of Limassol, provides co-working space to everyone with packages “designed to suit the future of work”.

**iDesk.Space** in Larnaca, offers dedicated desk space with to professionals in a relaxing atmosphere.

**Ecastica** In Limassol, provides flexible office space and services for all budgets.

**HUB Nicosia** is a combination of an educational center and shared office space, with seminar and meeting rooms, providing resources to socially focused individuals, projects, and enterprises.

**Yfantourgeio (The workplace)** in Nicosia, offers office like amenities in a relaxed environment, to local entrepreneurs, small teams, freelancers and startups. Additionally, it provides hot desk and private meeting rooms.

## + Competitions and events

Resuming from the pandemic, 2022, has seen Cyprus society and entrepreneurial community being more active than ever, with many events taking place following the

global trends. We experienced the promotion of educating the public about crowdfunding, investing in high-risk enterprises, the new economic drivers such as the green and blue economy, digital transformation but also the world of the digital currency and virtual reality.

The location of major events starts to become irrelevant, with most events being either in a hybrid or an online format, giving the public the opportunity to attend from everywhere.

Following the global trends, we witness how our local ecosystem is responding to them, though the various initiatives that has been organized in the second half of 2021 and the beginning of '22, up until now. This will give us a boost in understanding and interest in the new economy, technology, innovation, and entrepreneurship.

## Competitions

Competitions can play a vital role, and even be defined as an **anchor events** to specific parts of their ecosystems, because they provide strong support to participants.

According to Stoltz, these events not only expose participants to opportunities to network, form partnerships and get feedback, but also act as a platform for stakeholders' coordination, co-production, and communication. (Stoltz, 2022)<sup>18</sup>

Summarized below are some of the most important competition events that are regularly organized.

**Cyprus Entrepreneurship Competition (CyEC)** is a business plan competition, organized by the Centre for Entrepreneurship of the eUniversity of Cyprus, that brings to the foreground bold innovative ideas and startup activities. goal is to identify and transform those bold ideas into viable startup ventures with the potential to compete on a global scale, that either drive substantial market value or create social change through different business models.

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<sup>18</sup> <https://www.tandfonline.com/doi/epub/10.1080/04353684.2022.2052739?needAccess=true>

**Student Innovators Competition (SINN)** is organized by the Centre of Entrepreneurship of the University of Cyprus, and it is an annual student competition featuring early-stage business ideas! Student teams are invited to present creative ideas and solutions for challenging problems with impact to the economy and/or society

**Junior Achievement Beyond Pre-Accelerator and Startup** are programs that give students in secondary education and university students (18 to 30 years old) the opportunity to experience running their own company, giving them an insight into how their talents could be used to set up in business for themselves. The programs conclude in Demo days where teams are called to compete by pitching their ideas.

**Hack Cyprus** was created by CEL, with a clear ambition in mind — putting Cyprus on the technology map. Hack Cyprus, believes Cyprus is able to attract and produce world-class technologists, and we envision Cyprus being a prominent startup hub in Europe and the world.

**Robotex** is a Pan-Cyprian Robotics Competition is an annual event organized by the Cyprus Computer Society. The objectives of the competition are the development of educational robotics, the introduction of robotic technology in the educational aspect, the advancement of STEAM (Science, Technology, Engineering, Arts, Mathematics) fields and the promotion of innovative learning ways in Cyprus educational system.

## Events

**Reflect Festival** is the biggest tech & entrepreneurial festival in Cyprus where the region's doers' network, brainstorm and learn from their peers

**Decentralized Conference** is the world's premier learning conference on Blockchain and digital currencies. Established in 2017 and running annually by the University of Nicosia.

**EcoX Cyprus Meetups** are focused on how a startups approach investors. The organizers invited angel investors, venture capitals from Cyprus, Greece, US, Europe, Russia, Middle East to discuss on hot startup questions and topics.

Blockchain Fest is one of the most interactive hybrid European events on Blockchain, Exchanges, Cryptocurrencies, Decentralized Finance (DeFi), NFTs, Mining, Gaming and Gambling, Online Payments and Investment.

**Digital Democracy** Hackathon is looking for innovative and sustainable digital solutions that will encourage dialogue and cooperation between civil society and policy makers.

**Startup Grind** was first launched back in 2012 and hosted more than 10 events in Nicosia since then. The chapter was reactivated with a new team in 2020 and with some exciting changes! Aligned with the Startup Grind's values, the chapter aims to reunite the entrepreneurs, startups, and investors in Cyprus within a community that is focused on helping one another, giving, and receiving information and support.

**The Cyprus International Investors Summit** this year has the topic "Cyprus: A new tech hub for Europe and beyond". The summit aims to showcase Cyprus as a dynamic and competitive economy driven by research, innovation, and technology.

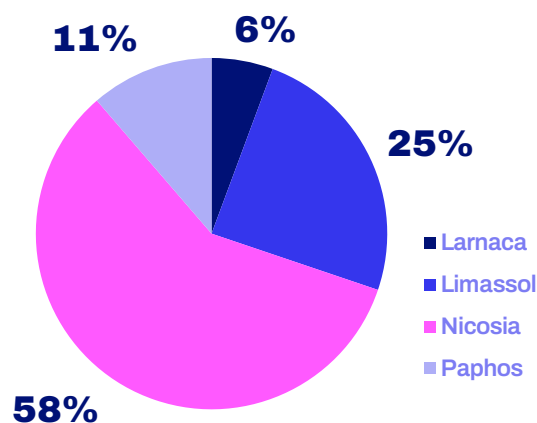
**Cyprus Summit** is an annual event, which is being organized for the 17<sup>th</sup> time this year, with the key theme being the sustainable and resilient growth of model of Cyprus, will focus on digital transformation and green transition.



## + Basic characteristics of Cyprus startups

The core of our research is to provide insights into the characteristics of the Cyprus Startups and understand the predominant trends.

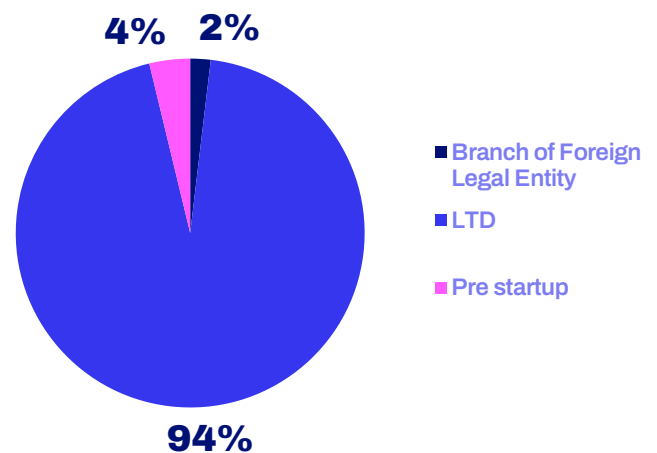
### Startups by region



Based on our survey the majority of the startups come from the Nicosia region, accounting for 58% (31) of the total number of startups, followed by Limassol with 25% (13), Larnaca is at the bottom of the chart with only 6% (3). No companies were accounted for Famagusta region.

The majority of the startups, 94% are private limited companies (LTD), where the shareholder's liability is limited to the

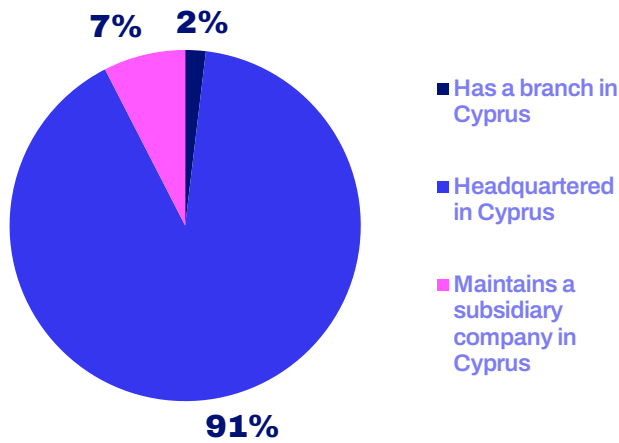
### Startups by legal entity



capital they have initially invested, while only 4% of those are identified as pre startup companies. Most of these pre startup companies are spinouts from research and despite having a product or MVP they are not yet registered companies. Restrictive legislation for spin-offs from public universities has been found as the main reason for that.

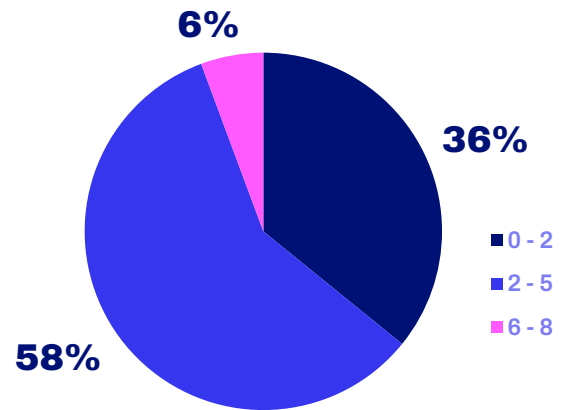
The remaining 2% are a branch of foreign entity.

### Company' Headquarters



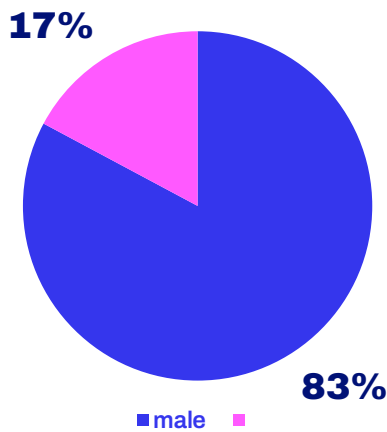
Most of the startups (91%) are headquartered in Cyprus with an average age of 3.5 years. 7% of them maintains a subsidiary on the island, these usually are limited companies and separate legal entities that are run by the

### Age of the startup

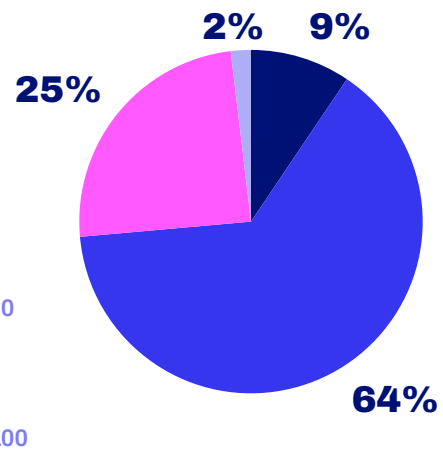


parent company. The remaining 2% are branches, thus extensions of the parent company that are being subjective to the laws of another country' jurisdiction.

### Gender of founders



### Company size

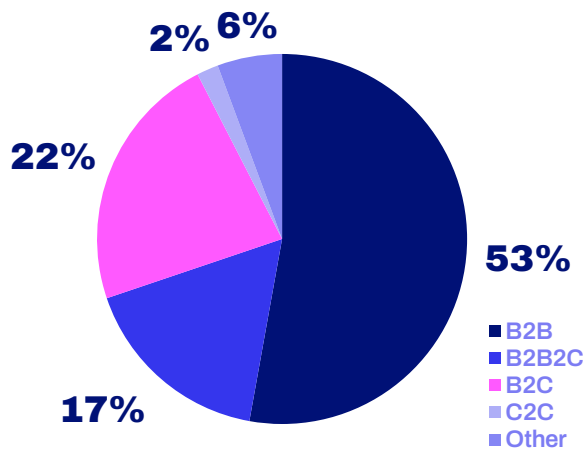




The team formation is predominately male with only 17% of the startups having either a female founder or a co-founder. Most startups consist of small teams of 2-5 employees, thus

accounting for the lion share of 64%. Teams with 5 to 10 employees represent 25%, followed by companies with 10-50 being at 9%, and only 2% have large teams of up to 100 employees.

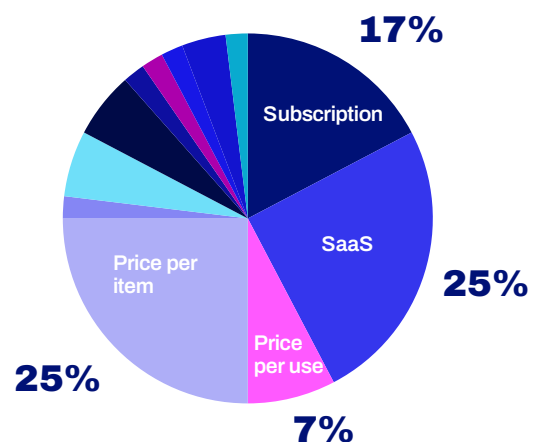
### Type of Business model



The predominant business model is B2B and it accounts for the 53% of the startups. The remaining shares belong to the B2C model with 22%, followed by 17% of the B2B2C and only 2% are C2C. The 6% that have indicated using other business model refer to having a hybrid business model, or either being a B2C or B2G.

The dominance of the B2B model over the B2C in recent years, indicates the

### Type of revenue model



shift from the traditional business model in the tourism and travel sector, that it has been happening in recent years. As the ecosystem is maturing and as Cyprus is taking actions towards a more sustainable economy, it is natural that this shift becomes more prominent with some more innovative business models emerging as well. The C2C, mainly regards marketplaces, where consumers interact directly with each other. This

model it is still underdeveloped in Cyprus, however as we advance technologically and the consumer needs change, it is predicted that the C2C model will grow substantially.

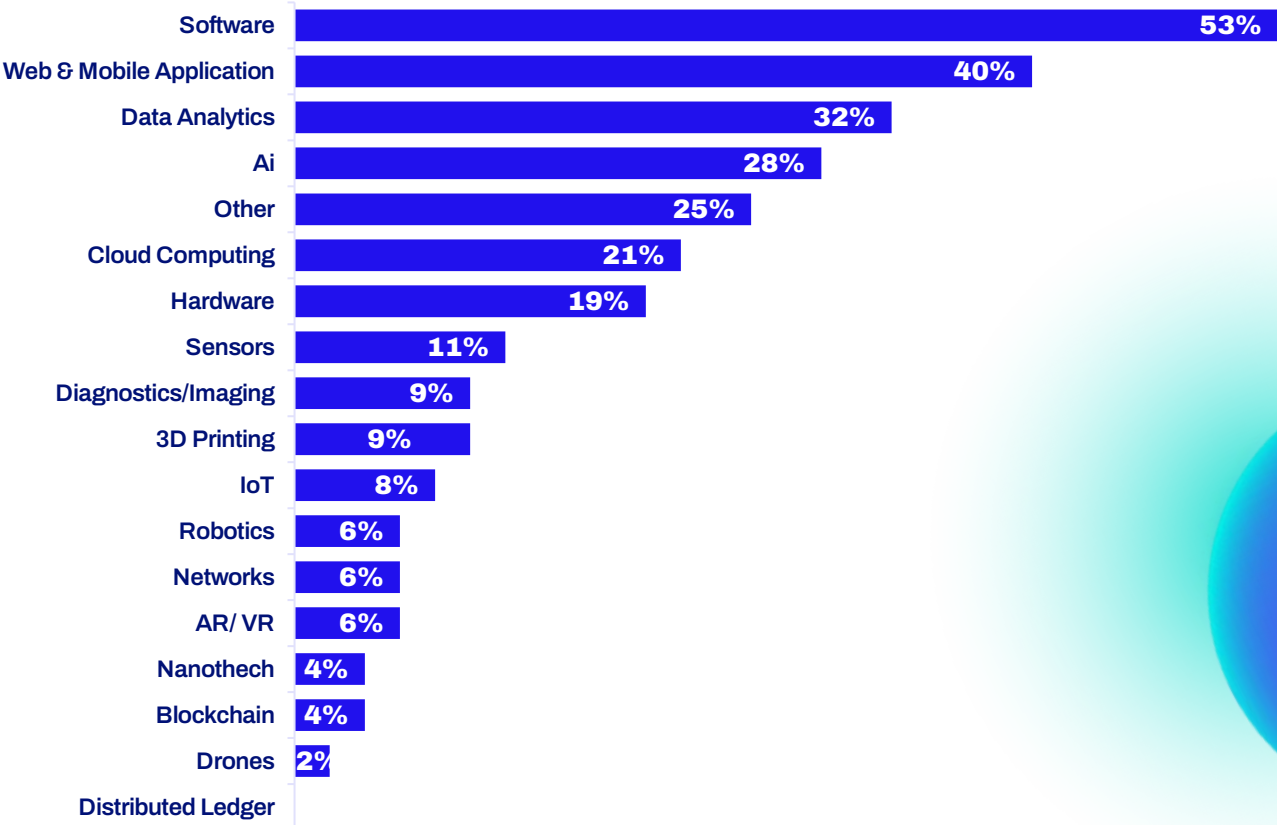
In terms of revenue model, we observe that we have an equal share of 25% between “Price per item” and “SaaS” (software as a service). The following

17% belong to the “Subscription” model and 7% for the “Price per use”.

The rest of the shares belong to the models of the “Marketplace” (6%), “Annual subscription for real time monitoring” and “Annual fee for regulatory compliance services” (2%), “Licensing” (6%), Commission fee (4%), “Consulting services (2%), and “Multiple” (2%).

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## Technology



Most of the startups are leveraging software (53%), web and mobile technologies (40%) for their operation and products, which are one of the most widely used tools, allowing tech companies to manifest new systems and processes. Many of these companies use software as a service (SaaS) model.

Today most tech companies and especially startups are data driven, using analytics to determine benchmark performance or using analytics as their main product/service.

This trend is also observed among the companies in the study. In a fast-developing world of startups analytics and big data play a tremendous role in identifying gaps, provide solutions and identify opportunities. Insights from analytics help decision makers reduce risk and cost when crafting or redefining their market strategies.

Some startups have indicated that they are either working with these technologies or developing them. The majority of them have a strong R&D component.



## Sector

Sector	%
Other	29%
FinTech	15%
Life Sciences (HealthTech, Biotechnology, Medical Devices)	9%
RetailTech (E-Commerce, Fashion)	9%
Entertainment/Media (Games, Social Media)	7%
Human Resources	7%
Environment & Energy (GreenTech, CleanTech)	5%
Data Analytics	4%
Manufacturing	4%
AdTech ( Advertising & Marketing)	2%
Cyber Security	2%
Maritime	2%
Mobility	2%
Real Estate ( Construction)	2%
Insurance	2%
Hospitality & Travel	2%
FoodTech (Agritech)	0%
Logistics & Transportation	0%
LegalTech	0%

A growing number of Cyprus startups do not identify themselves within the more established industry sectors. This is expected, as most of them are creating either new markets or their solutions deviate in more than one way from the established sectors. To name few, we have a company specializing in real estate and design in the metaverse, while another is generating 3D assets for

the metaverse, and other that offers a no code development tool.

“Fintech” startups are leading the way with 15%, followed by “Life Sciences” at 7%, “Retail Tech another” 7%, “Green Tech “and “Clean Tech” are at 5% and “Data analytics” holds 4%. The banking services have always been one of the prevailing services in Cyprus, therefore,

it is only natural that we have a growing number of fintech startups relocating or being internally developed to address gaps and issues existing in the traditional banking system.

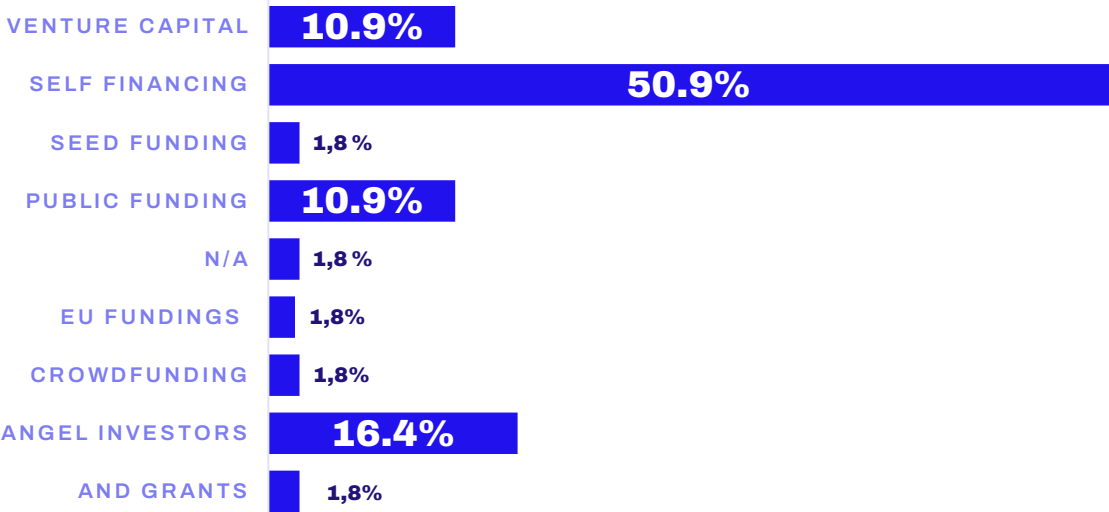
The “Life Sciences” sector, through the many research centers, that have been developed in Cyprus shows great response to the changing global landscape with many innovative companies not only trying to address existing and emerging issues but also through the use of technology. We observe sectors such as “Health” and “Pharma” are now becoming more relevant and patient centric.

“Game shows”, E-sports, game development and gaming startups relocating to Cyprus, have given a rise to the “Entertainment” sector with new trends emerging and offering profitable opportunities in areas that were traditionally overlooked.

Similar trends and approaches are noticed when it comes to “Human resources”, “Environment and Energy”, as well as “Data analytics”. This provides evidence of the talent pool of skillful professionals and graduates that Cyprus have, who are invested in developing the Cyprus ecosystem and economy through new technologies and models.

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### Main source of funding

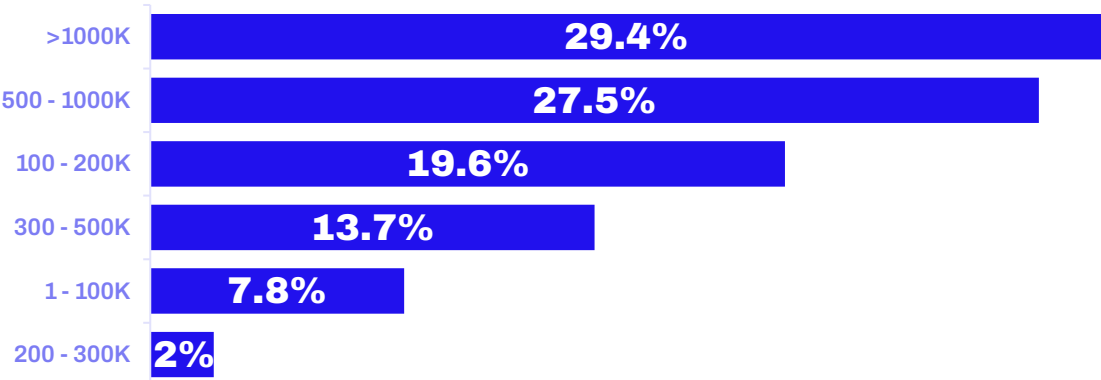


The majority of startups that are in the pre startup and early-stage, are self-financing their ventures. This stems from the fact that in Cyprus there are not sufficient and diverse sources of funding for pre startups (idea stage) and pre-MVP stage. This may be also attributed to the lack of sufficient entrepreneurial experience, know-how, transparency, and communication.

Startups with experienced founders and those with better due diligence, or strong R&D background, have managed to secure better funding from angel investors and in the rare cases from VC, who are mainly abroad, in countries such as UK, USA and Greece.

Teams with strong R&D activity, have reported securing funding from EU schemes for research and innovation projects, and grants from RIF.

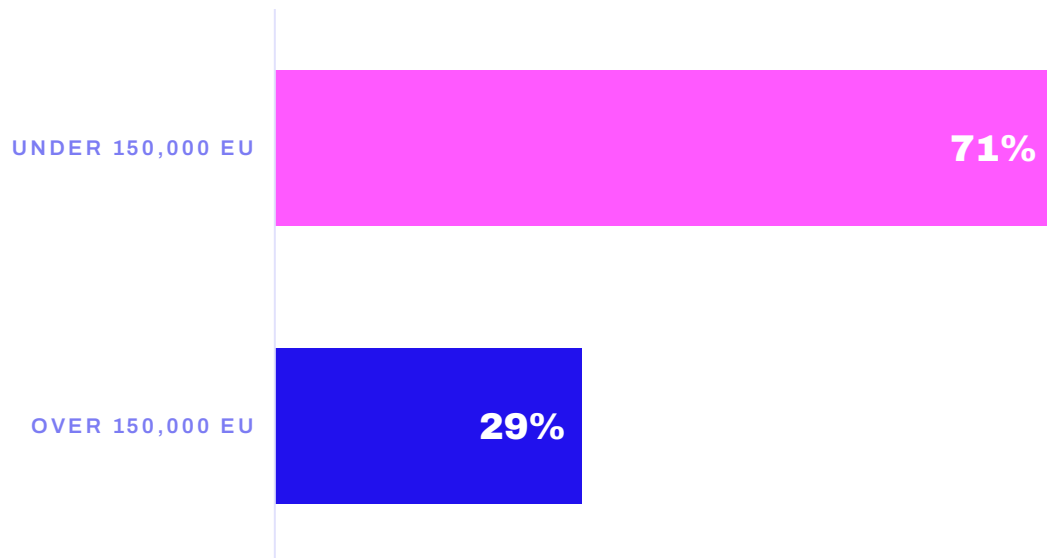
**Ask amount per funding round**



The majority of startups (43.1%) at the pre seed and seed stage have requested up to €500 K in funding, while surprisingly 27.5% need up to a €1 mil. This might be due to the fact that startups might overestimate their needs or wish to maximize their funding.

Those requesting over €1 mil are usually more mature startups, who intend to emphasize on their traction and looking to scale.

## Revenue



The prevailing 71% of startups have indicated revenue below €150 K and only 29% of them above that number.\*

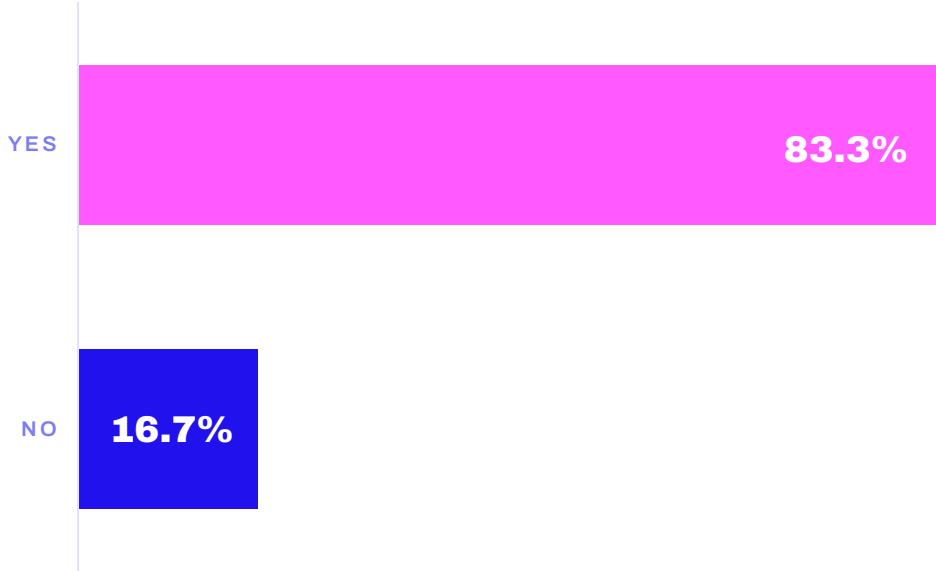
To determine whether these are **successful ventures**, these startups, otherwise referred as **Gazelles** in other ecosystems, **need to be monitored**. The evaluation process requires:

1. Measurement period of analysis up to four years (long term data is the most comparable)
2. Information of how the size of the company changes during the evaluation period
3. Determine and evaluate the profitability and growth indicators of the startups
4. The size of the turnover needs to double during the period of analysis (usually the starting point is above €150 000)
5. The startups need to report positive cash flow and positive cumulative operating results

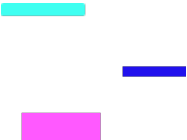
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\* To determine success metrics, we benchmark startups based on global examples from other ecosystems, however, to be somehow conclusive we need to monitor these startups for a period of at least 4 years, thus monitoring their growth rate in order to have a clear idea of their success.

### Raising capital in the next 12 months



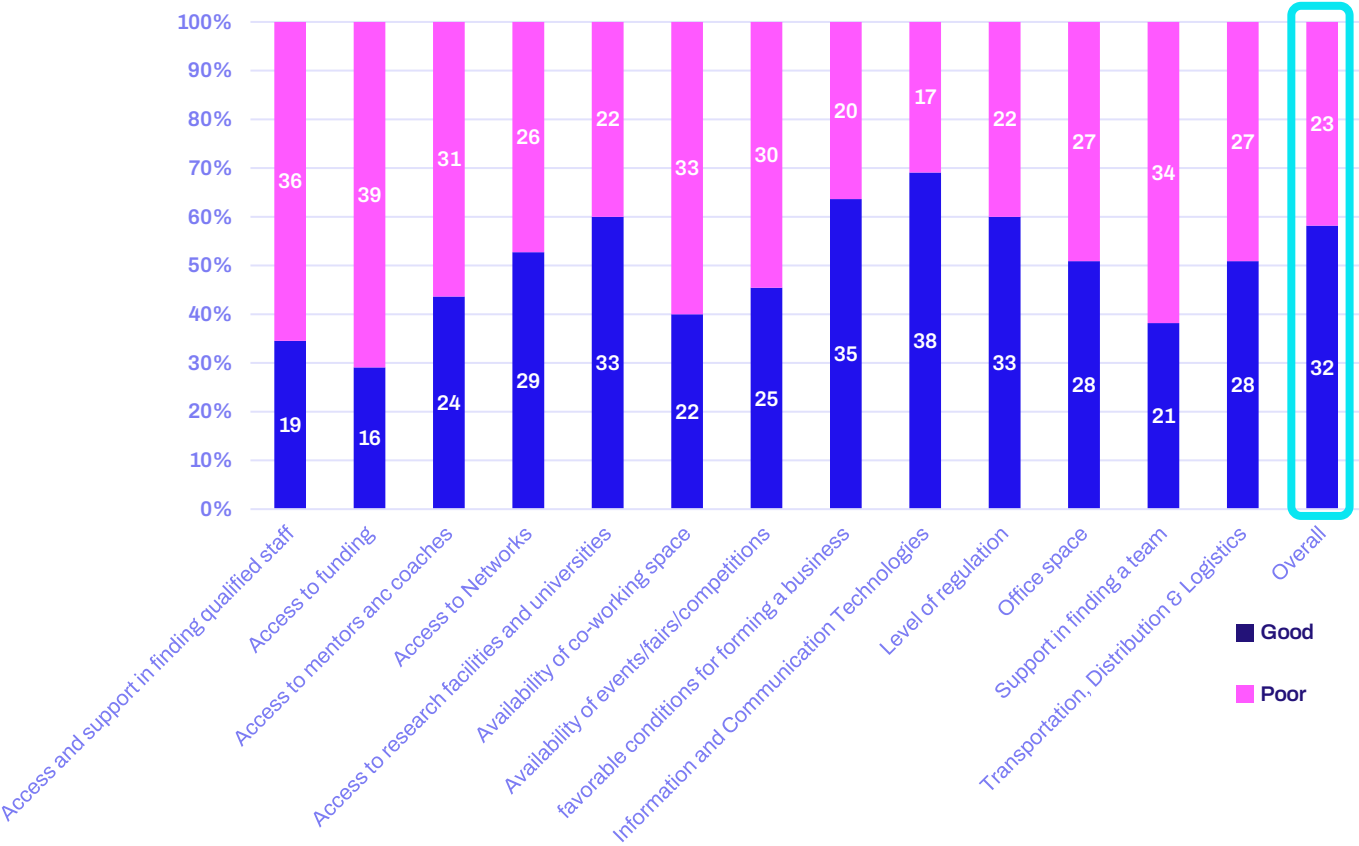
With an astonishing 83.3% the majority of startups are planning to raise capital in the next 12 months, this being valid for both startups going for seed and series A funding rounds. The remaining 16.7% refers to startups who either went recently through a funding round or are not investment ready for their next funding round.





# + Perceptions of the startups regarding existing conditions and infrastructure

One of the objectives of the study is to evaluate the perceived notions and attitudes of the participating startups, when it comes to the existing conditions and infrastructure in Cyprus. The survey aimed to understand which are the weakest links and the factors that hinder the development of innovative enterprises.



60% of the population sample, believe that there are favorable conditions and good infrastructure in place in Cyprus for being a startup, while 40% believe there is still “huge room for improvement”.

The best aspects according to the survey regard the “Information and Communication Technologies” and “Favorable conditions for starting a business”, followed by the “Level of regulation” and “Access to research facilities and universities”.

On the downside, “Access to funding “ along with “Access and support in finding qualified staff” have been the two factors that are quite problematic.

### **Other factors reported as negatively affecting startups**

Startups have indicated few more factors that present an issue when setting up and developing a venture. The following are among the most prevailing ones:

1. Difficulty in finding funding at an early stage
2. Level of awareness of investors when it comes to startups and their needs
3. Government grants (coming from EU) take forever to be distributed along with underqualified grant evaluation personnel
4. Cyprus market size can be constraining for VCs or angle investors
5. University spin-offs are hard to develop due to restrictive university policy (it is more the case with public universities)
6. Setting up a bank account and transferring money from foreign investments

## + Most funded CY startups

Most funded CY startups			
	Company	Funding	Round
1	Hellas Direct	€67.8 mil	Series C
2	Plum Fintech	€56.2 mil	Series A*
3	Trouva	€33.5 mil	Unknown
4	LearnWorlds	€30.8 mil	Series A
5	Pollfish	€16.4 mill	Series B
6	Nodes & Links	€11 mil	Series A
7	Locum's Nest	€4.8 mil	Series A
8	Covve	€4.3 mil	Seed
9	Imactech	€3.54 mil	Unknown
10	THREEDIUM	€3.3 mil	Pre-Series A
11	Avocarrot	€2.2 mil	Seed
12	Ascanio <sup>19</sup>	€*	Seed
13	Malloc	€1.9 mil	Seed
14	NIPD Genetics	€1.5mil <sup>20 21</sup>	Unknown
15	Embio Diagnostics	€1.3 mil	Seed*
16	ProMed Biosciences	€1.2 mil	Seed
17	Wire FS	€1 mil	Seed
18	Avrio	€0.77 mil	Pre-seed
19	Stagedoor	€0.67 mil	Seed
20	bialoom	€0.59 mil	Unknown
21	The Mighty Kitchen	€0.65 mil	Seed
22	Blendapp	€0.5 mil	Seed

<sup>19</sup> The information of the funding amount is not disclosed. The estimation is made based on similar investment in the investor's portfolio.

<sup>20</sup> The funding regards grants from RIF, however based on unofficial information they have raised more capital from private investors

\* no information available

## Who is who

**Hellas Direct** is a technology company in the insurance sector offering advanced analytics with cutting edge technology.

**Plum Fintech** is a money management app that provides personal savings assistance to customers.

**Trouva** is a leading marketplace platform that offers customers access to independent boutiques and brands.

**LearnWorlds** is an “educational amplifier”, in other words one stop shop for creating, selling and marketing online courses and training.

**Pollfish** is a hybrid service survey platform providing innovative solutions for conducting market research.

**Nodes & Links** is a technology company that empowers project teams dealing with complexities, to understand risks and reduce cost.

**Locum’s Nest** aims to revolutionize the way junior doctors and young medical professionals get recruited. It provides them with the flexibility and choice to be matched with the right opportunities through their platform.

**Covve** is personal CRM app that helps people build and nurture meaningful relationships.

**THREEDIUM** is a 3D platform that builds 3D/AR content for retailers and global brands to create digital twins.

**Impact Tech** uses AI-driven software, helping customers increase their business impact, to deliver the sales, support and marketing that the customers want.

**Avocarrot** is mobile advertising platform that allows businesses to make money in a less intrusive way by creating seamless user experience and higher engagement.

**Ascanio** is a mix reality software development company, helping customers create safer, scalable and real time data driven field training for mission critical professions.

**Malloc** is an Ai driven privacy and data security app protecting users from spyware. It monitors and prevents any app from unauthorized access or transmission of your personal data.

**NIPD Genetics** is a biotechnology company developing, and engineering innovative genetic testing

**EMBIO Diagnostics** is a tech company developing bio electric diagnostics device and monitoring software to help detect and protect from harmful bacteria.

**ProMed Bioscience** is a biotech company developing collagen-based biomaterials with wide range of applications in research, skincare, and medical sector.

**Wire FS** is a property technology company offering real estate intelligence and analysis for transparency and accurate decision making.

**Avrio** is a knowledge management tool that allows teams to share data driven insights easily and efficiently.

**Stagedoor** is a theatre guide and booking platform that offers one stop shop for getting information on theatre shows, tickets and shows reviews.

**Bialoom** is a deep tech startup developing the next generation point of care diagnostics utilizing scalable photonic integrated circuits.

**The Mighty Kitchen** is a Food Tech company using data modeling and materials chemistry that offers consumers nutritious and delicious plant-based poultry products.

**Blendapp** is a scheduling and team planning and communication app for the F&B industry.

### Other significant CY startups

**Proto.io** is a prototyping platform offering designers and developers the tools to develop interactive mobile apps with high and low fidelity prototypes.

**Engino** is a startup that advocates for invention through play with its three-dimensional educational construction kits for children. Recently Engino got EU funding of €167 000 for its ERP (Engino Robotics Platform) and programming software.

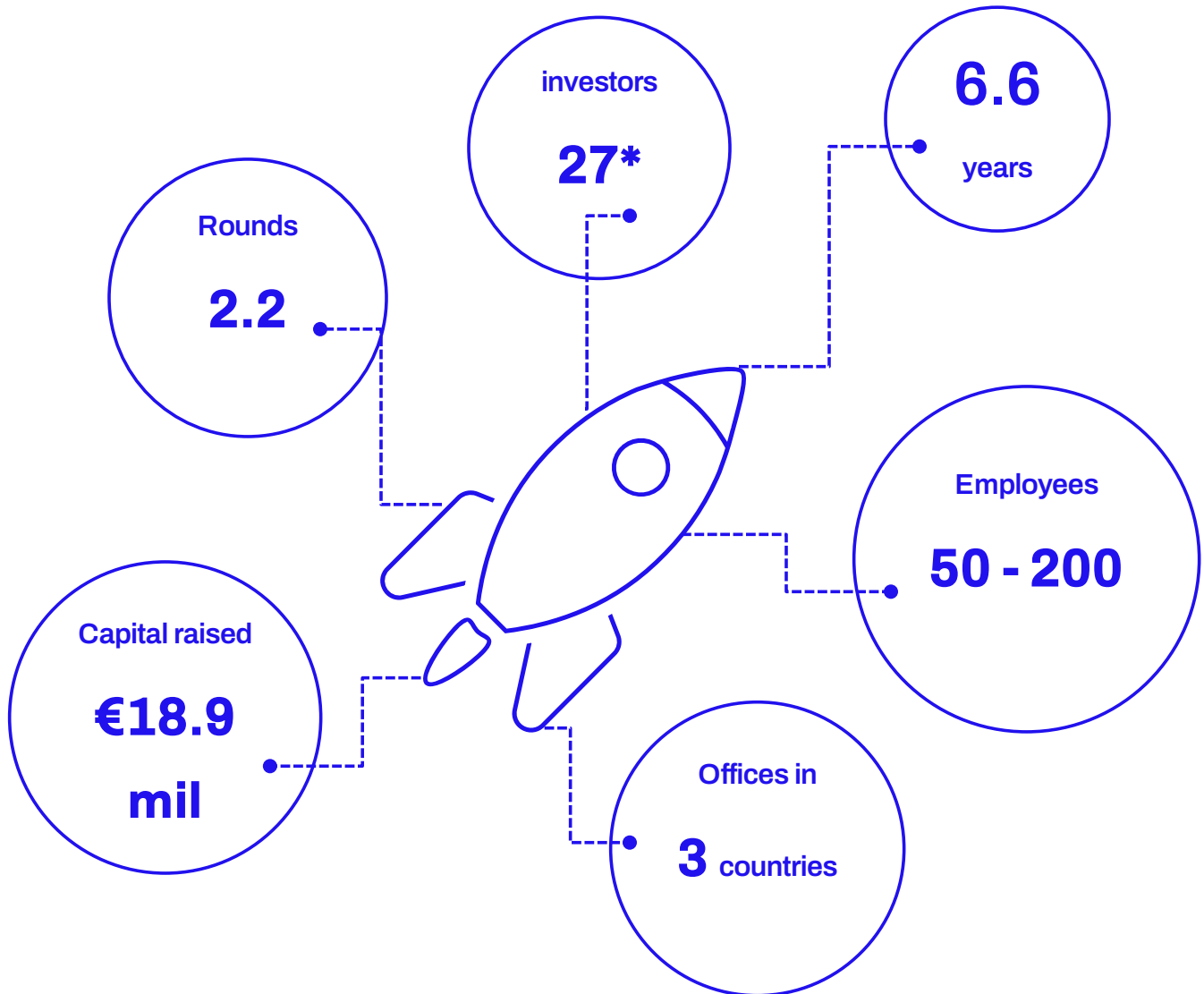
**Zedem Media** is Cyprus' leading and longest running animation studio that produces compelling visual content that is being delivered online, offline and on mobile platforms. Zedem provides script to screen support to clients, helping them create stronger brands.

## + CY startup exits

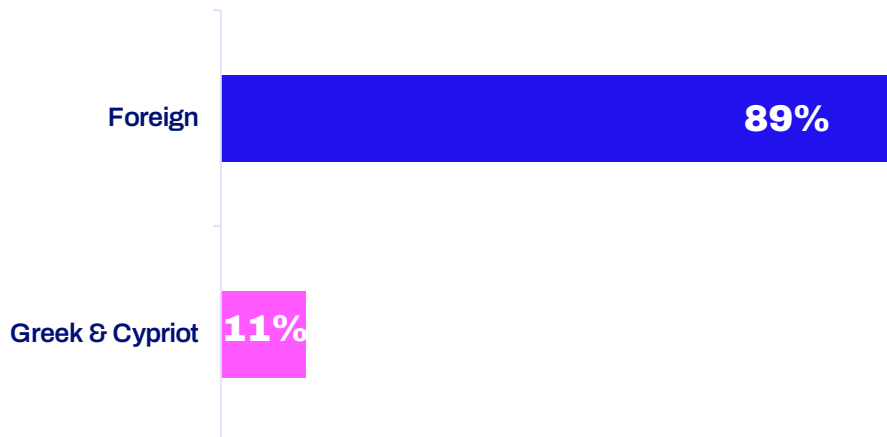
Top CY exits					
	Company	Exit Year	Age of startup	Amount	Company
1	Polfish	2022	8	€70-80 mil	Prodege
2	NIPD Genetics	2022	10	€44.4 mil	Medicover
3	Avocarrot	2016	4	€20 mill	Glispa Connect
4	Trouva	2022	7	€15 – 20 mil	Made.com
5	Foody	2019	4	€ *	Delivery Hero

\* The information of the exit deal it is not disclosed however based on similar acquisitions we estimate it to be in the range of €12-15 mil

## Characteristics of the startups exits



## Investors type



## + Success stories

In an emerging ecosystem as Cyprus, it is important to be more inclusive in our definition of a success story. In general, a success story is considered when we have a successful entry, scaling and exit of a startup, but we can have different types of success stories depending on their impact and contribution. Let's call them little success stories with big contribution to the culture shift and social awareness.

These little successes are inspiring younger generations to embrace, and pursue alternatives to the traditional career paths that can be highly rewarding.

There are different instances, which count as success stories, such as Malloc being backed up by Y combinator, going through several rounds of raising capital from foreign investors.

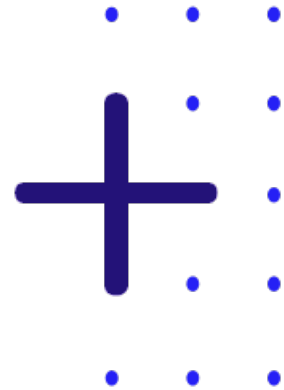
Another such story involves Impact Tech, with their humble beginning, entrepreneurial mindset and global presence, have managed to successfully attract global talent, while operating from Cyprus, and pairing this talent with the local talent to create a skillful workforce. This is great example of engaging the local foreign community for mutual exchange.

Cyprus Seeds is doing an incredible job advertising research teams with huge market potential to foreign investors, locally and abroad, thus paving the way for more success stories to come.

Finally let's take a glimpse at the bigger success stories with the two major successful exits to date.



avocarrot



**Founded:** 2012

**Headquartered:** Athens & San Francisco

**Founders:** Konstantinos Christou, Giorgos Irakleous,  
Giorgos Makkoulis and Panagiotis Papageorgiou

**Size:** 200 – 500 employees

**Investors:** 5 (most recent Odyssey Ventures L.P. & Darling Ventures)

Avocarrot is a mobile native advertising company, offering app developers the flexibility and efficiency they need to handle better, and in a more automatic way complex native ads. Native ads are complex for trying to match the look, feel and function of the format in which they appear.

What differentiated them from the competition was the fact that they were providing expert tools specifically tailored to assist app developers rather than targeting at large the platforms that

the ads will appear on. Additionally, the Exchange infrastructure, allows for automated conversion of banner ads to native ads, offering a less intrusive monetization solution. The Exchange used to deliver 200 million ad requests monthly.

The company raised \$200K, followed by a seed round of \$2.2 million, from Greek and foreign investors, to scale up and develop further their solutions. The funding allowed the company to expand

their R&D team in Greece and their business development team in San Francisco. The round was led by Odyssey Ventures, Darling Ventures, Kayak CTO Giorgos Zacharia, Andy Porteous and angel investor Thanos Triant.<sup>23</sup>

The company success led to their acquisition in 2016, by Glispa Global Group. Although the deal amount

remains undisclosed, unofficial sources reported it to be around \$20 million. The acquisition allowed for the company to realize their vision of allowing developers globally to realize revenues from ads. The seamless integration with the Glispa' Ampiri, a native ad mediation, brought an immediate value to Glispa, making the top independent native advertising on the market.

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The logo for Foody, featuring a stylized orange 'f' icon followed by the word 'foody' in a lowercase, rounded, orange sans-serif font.

**Founded:** 2015

**Headquartered:** Nicosia

**Founders:** Argyris Argyrou, George Hadjivarnava,  
& Michael Oikonomou

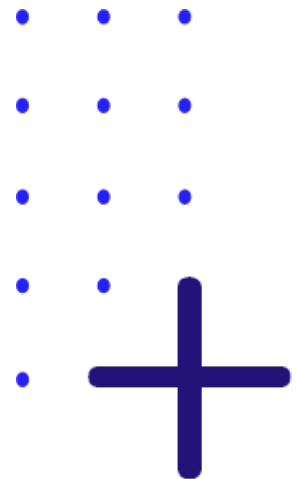
**Size:** 50 - 200

Foody was established in 2015 as the first online delivery platform connecting local restaurants with customers.

Although there were several small competitors, Foody quickly differentiate itself in the market through sheer

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<sup>23</sup> <https://www.goldnews.com.cy/en/financial-services/avocarrot-raises-2mln-usd-in-seed-funding-for-native-mobile-ads>



determination and fast iterating their product to accommodate the growing demand.

Their ability to foresee and adapt allowed them to grow exponentially, and becoming the leading go to platform, when it comes to online food ordering.

Foody 'market dominance and competitive advantage led to the company being acquired by the German food delivery giant Delivery Hero, in 2019, for an undisclosed amount, although acquaintances close to the deal have suggested that the amount might be around €12-15 mil.

The matching culture and aligned vision of both companies allowed for an easy transition. At the time of the deal Foody had 400 restaurants registers and 130 000 orders per month, and today they have around 600 000 orders per month.

After the acquisition the founders and their team continued in their leadership roles contributing greatly to the development of the platform on the island utilizing the resources of Glispa, in terms of technologies, and the vast experience of the group, to enhance the Foody experience for both customers and partners.

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## **Other success stories and lessons**

There are other examples of Cypriot startups that got developed and acquired by foreign companies. These successes allowed for the first serial entrepreneurs on the island to emerge, and for more successful and innovative ventures to be developed.

Not only that but these experiences from developing a venture early on, and then having an exit deal, have taught the founders important lessons when, it comes to raising funds, finding the right investors and strategic partners, negotiating terms, marketing and closing a deal.

Founder's experience today is considered as a valuable tool in the venture arsenal, when it comes to the implementation, scaling, and investment readiness of the startup.



**Name:** Adjelly

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**Founded:** 2016

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**Headquartered:** Nicosia

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**Founders:** Andrew Michael, George Vou, Denis Constantinou

**Product:** AdJelly is the ad creation, deployment and measurement platform for Facebook Ads

**Acquisition:** Brandzooka (a Facebook advertising partner)

**Metrics:** 20, 000 unique visitors per month, 200 000 advertisers, 5800 small business users

**Exit year:** 2017

**After the acquisition:** The founders went their separate ways to create Avrio and The Mighty Kitchen



**Name:** Funifi

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**Founded:** 2013

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**Headquartered:** Nicosia

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**Founders:** Andrew Michael, Denis Constantinou, George Vou, Lachlan Hesper, Chrysovalantis Anastasiou and Kyriacos Georgiou

**Product:** Funifi is a mobile app that makes it easy to set tasks for kits and manage their activities with minimum effort

**Investment:** seed funding of \$450 000

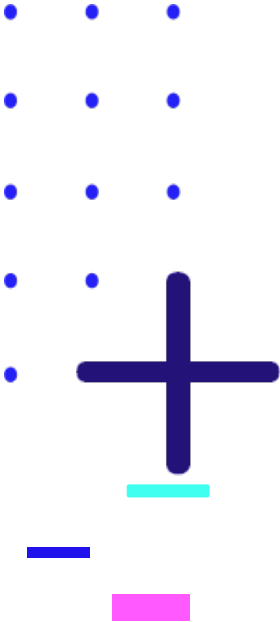
**Acquisition:** Unilever

**Exit year:** 2015

**After the acquisition:** The company was sold for insignificant amount of money to a Danish company. Unfortunately, the company was shut down by the buyers.

2022 has been a milestone year for Cyprus startup ecosystem, as indicated in the previous section, where we have 3 major deals. Two regard the acquisition of Pollfish and Trouva, by Prodege and Made, respectively, and finally NIPD Genetics has been acquired by Medcover, which will allow for the company to further evolve its potential and revolutionary work.

This is a positive indication of the potential and attractiveness of Cypriot startups. Having said that, it is inevitable that these trends will continue to have a positive trajectory with more funding for R&I, more investment funds for high-risk enterprises, the Horizon Europe for creating impact, and with the maturing of the ecosystem and the shift towards new economic models.



# + Startup database

Name	Sector	Est.	Business Model	Website
<b>Airland Music</b>	Entertainment/ Media (Games, Social Media)	2017	<b>Hybrid</b>	<a href="http://www.airlandmusic.com">www.airlandmusic.com</a>
<b>AJM Med-i-Caps Ltd</b>	MedTech	2018	<b>B2B,B2C</b>	<a href="https://www.ajmmedicaps.com">https://www.ajmmedicaps.com</a>
<b>AmaDema</b>	Manufacturing	2013	<b>B2B</b>	<a href="http://amdmcposites.com">amdmcposites.com</a>
<b>AppstoreSpy</b>	AdTech (Advertising & Marketing)	2019	<b>B2B</b>	<a href="https://appstorespy.com/">https://appstorespy.com/</a>
<b>Ascanio</b>	AR/VR Mixed reality, Data	2015	<b>B2B</b>	<a href="https://ascanioentertainment.com/">https://ascanioentertainment.com/</a>
<b>Atokes</b>	FinTech	2018	<b>B2C</b>	<a href="http://www.atokes.com">www.atokes.com</a>
<b>Avrio</b>	SaaS - Knowledge Management	2021	<b>B2B</b>	<a href="https://www.avrio.com">https://www.avrio.com</a>
<b>bialoom</b>	Life Sciences/Biosens or	2018	<b>B2B</b>	<a href="http://www.bialoom.com">www.bialoom.com</a>
<b>Bitloops</b>	Dev Tool	2021	<b>B2B</b>	<a href="http://www.bitloops.com">www.bitloops.com</a>
<b>Blend.app</b>	Hospitality   Future of work	2017	<b>B2B</b>	<a href="https://www.blend.app/">https://www.blend.app/</a>
<b>Covve</b>	CRM, Software	2013	<b>B2C</b>	<a href="http://www.covve.com">www.covve.com</a>
<b>Crew</b>	Human Resources	2019	<b>B2B</b>	<a href="http://www.getcrew.eu">www.getcrew.eu</a>
<b>Crowdbase</b>	FinTech	2020	<b>B2B2C</b>	<a href="https://crowdbase.eu/">https://crowdbase.eu/</a>
<b>CYANOXI</b>	Environment & Energy (GreenTech, CleanTech)	2020	<b>Hybrid</b>	<a href="http://www.cyanoxi.wordpress.com">www.cyanoxi.wordpress.com</a>
<b>Datapply.ai</b>	Data Analytics	2022	<b>B2B</b>	<a href="http://www.datapply.ai">www.datapply.ai</a>
<b>EFEVRE TECH LTD</b>	Manufacturing	2018	<b>B2C</b>	<a href="http://www.efevre.com">www.efevre.com</a>
<b>EKCO Maximum Power LTD</b>	Mobility	2021	<b>B2B2C</b>	<a href="http://www.maximumpower.com.cy">www.maximumpower.com.cy</a>

<b>EMBIO Diagnostics</b>	Life Sciences, Biotech	2016	<b>B2B</b>	<a href="https://embiodiagnostics.eu/">https://embiodiagnostics.eu/</a>
<b>ExiPay</b>	FinTech	2021	<b>B2B</b>	<a href="http://exipay.com">exipay.com</a>
<b>Fooderloo LTD</b>	RetailTech (E-Commerce, Fashion)	2019	<b>B2B2C</b>	<a href="https://fooderloo.com/">https://fooderloo.com/</a>
<b>Hegemonic Project Games</b>	Entertainment/Media (Games, Social Media)	2019	<b>B2C</b>	<a href="http://www.hegemonygame.com">www.hegemonygame.com</a>
<b>Hello Radius</b>	Human Resources	2021	<b>B2B</b>	<a href="https://helloradius.com">https://helloradius.com</a>
<b>IMADE3D (Cyprus)Ltd</b>	Industrial-Production		<b>B2C</b>	<a href="http://www.imade3d.com.cy">www.imade3d.com.cy</a>
<b>IMPACT TECH LTD</b>	FinTech	2018	<b>B2B</b>	<a href="https://www.impactechs.com/">https://www.impactechs.com/</a>
<b>INTELLAR INNOVATIVE SOLUTIONS LTD</b>	Insurance	2021	<b>B2B</b>	<a href="http://www.intellar.ai">www.intellar.ai</a>
<b>Introfoc</b>	Environment & Energy (GreenTech, CleanTech)	2015	<b>B2B</b>	<a href="http://www.introfoc.com">www.introfoc.com</a>
<b>Inntenet</b>	Environment & Energy, Smart City Applications	2016	<b>B2B</b>	<a href="http://www.inntenet.com">www.inntenet.com</a>
<b>Irerobot ltd</b>	Assistive and Augmentative Technologies	2017	<b>B2B</b>	<a href="http://irerobot.com">irerobot.com</a>
<b><u>Kodika.io</u></b>	NoCode Developer Tools	2017	<b>B2C</b>	<a href="https://kodika.io">https://kodika.io</a>
<b>LearnWorlds</b>	EdTech, E-Commerce	2014	<b>B2C &amp; B2B</b>	<a href="http://www.learnworlds.com">www.learnworlds.com</a>
<b>Lumoscribe LTD</b>	Optical fiber Sensors and MidIR lasers	2018	<b>B2B</b>	<a href="http://www.lumoscribe.com">www.lumoscribe.com</a>
<b>Malloc Inc / Malloc LTD</b>	Cyber Security	2020	<b>B2B2C</b>	<a href="http://www.mallocprivacy.com">www.mallocprivacy.com</a>
<b>MammoCheck</b>	Health	2022	<b>B2C</b>	
<b>Nodes &amp; Links</b>	Real Estate (Construction)	2018	<b>B2B</b>	<a href="https://nodeslinks.com/">https://nodeslinks.com/</a>
<b>Parsectix</b>	Cloud, Mobile & web	2018	<b>B2B</b>	<a href="https://www.parsectix.com">https://www.parsectix.com</a>
<b><u>ppissis.com.cy</u></b>	RetailTech (E-Commerce, Fashion)	2017	<b>B2B</b>	<a href="https://ppissis.com.cy">https://ppissis.com.cy</a>

<b>Promed Bioscience Ltd</b>	Life Sciences	2017	<b>B2B</b>	<a href="https://www.promedbioscience.com/en/home">https://www.promedbioscience.com/en/home</a>
<b>Regtify</b>	FinTech	2016	<b>B2B</b>	<a href="http://www.regtify.com">www.regtify.com</a>
<b>Renovi</b>	RetailTech (E-Commerce, Fashion)	2021	<b>B2C</b>	<a href="http://Renovi.io">Renovi.io</a>
<b>Rinnoco</b>	Rinnoco LTD is a research, innovation, and education consulting company	2021	<b>B2B2C</b>	<a href="https://rinnoco.com">https://rinnoco.com</a>
<b>RSL Revolutionary Labs Ltd</b>	Life Sciences	2018	<b>B2C</b>	<a href="https://www.rsl-labs.com">https://www.rsl-labs.com</a>
<b>SignalGeneriX Ltd</b>	Research and Develop Technology Company	2014	<b>B2B2C</b>	<a href="http://www.signalgenerix.com">www.signalgenerix.com</a>
<b>SIMLEAD Ltd</b>	New Product Development	2018	<b>B2B</b>	<a href="http://www.simlead.eu">www.simlead.eu</a>
<b>Smart Cyclo</b>	Other	2021	<b>B2C</b>	<a href="http://www.smart-cyclo.com">www.smart-cyclo.com</a>
<b>Soft Surge Ltd</b>	Data Analytics	2019	<b>B2B</b>	<a href="http://www.soft-surge.com">www.soft-surge.com</a>
<b>Startups364</b>	Entertainment/Media (Games, Social Media)	2021	<b>B2C</b>	<a href="http://www.startups364.com">www.startups364.com</a>
<b>Staycee</b>	Hospitality & Travel	2022	<b>B2B2C</b>	<a href="http://www.staycaee.com">www.staycaee.com</a>
<b>Switch Energy</b>	Environment & Energy (GreenTech, CleanTech)	2022	<b>B2B</b>	Stay tuned
<b>Studio 3DX</b>	Construction, Real estate		<b>B2B</b>	<a href="https://studio3dx.com/">https://studio3dx.com/</a>
<b>Syndeseas Integrated Solutions Ltd</b>	Maritime	2017	<b>B2B</b>	<a href="http://www.syndeseas.com">www.syndeseas.com</a>
<b>The Mighty Kitchen</b>	AgriTech, F&B	2019	<b>B2B</b>	<a href="https://themightykitchen.com/">https://themightykitchen.com/</a>
<b>Theramir Ltd</b>	Life Sciences	2016	<b>Other</b>	<a href="https://www.theramir.com">https://www.theramir.com</a>
<b>THREEDIUM</b>	RetailTech (E-Commerce, Fashion)	2017	<b>B2B</b>	<a href="http://www.threedium.co.uk">www.threedium.co.uk</a>
<b>Travel with vr</b>	Computer Generated Images , mainly in the architecture and	2018	<b>B2B</b>	<a href="http://www.travelwithvr.com">www.travelwithvr.com</a>



	property development industry.			
<b>Trouva</b>	RetailTech (E-Commerce, Fashion)	2015	<b>B2B2C</b>	<a href="https://trouva.com">trouva.com</a>
<b>VET EX MACHINA LTD</b>	life Sciences	2018	<b>B2B</b>	<a href="https://www.vetexmachina.com">www.vetexmachina.com</a>
<b>Vevivo</b>	Entertainment/Media (Games, Social Media)	2018	<b>B2C</b>	<a href="https://www.vevivo.com">www.vevivo.com</a>
<b>WIRE FS</b>	FinTech	2020	<b>B2B</b>	<a href="https://www.wire-fs.com">www.wire-fs.com</a>



# 06 Insights and recommendations

The study has shown that the Cyprus ecosystem is maturing and evolving in the right direction. The analysis of the course of the ecosystem, has contributed a lot to the understanding of the different factors that influence **entrepreneurial success significantly**. The number of actions taken by the government to improve the conditions for developing innovative enterprises, the **set of policies** for startups and entrepreneurship that are part of the government sustainable growth strategy, have helped accelerate entrepreneurship tremendously, especially in the last 6 years. These policies have given rise to incentives, both for startups to relocate to Cyprus, but also to local and global investors to invest in Cyprus based ventures.

However, there are still more actions to be taken to fully support entrepreneurship in Cyprus, especially when it comes to university spinoffs. Innovation coming from research has strong potential for commercialization, and Cyprus universities with their significant research activities have all the necessary components for **becoming success stories**. The restrictive legislation regarding IP and ownership, however, leave very little room for development, and incentives for the founders, especially when it comes to seeking private investment with limited equity options, something that it is unattractive to investors, despite the huge potential and promise on return.

University spinoffs can benefit a lot and thrive, if the legislation for the public universities changes. This will propel growth by diffusing the innovation into society, and we certainly have great cases capable of achieving global success. One possible solution could be that each case is examined separately. **The on a case-by-case basis**, can allow for the hypothesis to be tried, monitored, and evaluated. The conclusions can provide the proof for consideration of changing the legislation.

The startup scene started to emerge slowly and hesitantly in 2012 with the first venture formations, and with many events, startup weekends, hackathons and communities being organized. Those communities of the first entrepreneurs and subsequently serial entrepreneurs are the foundation of today's entrepreneurial ecosystem. These founders experienced everything in times when there was nothing to support them, while only depending on their resourcefulness and networking skills to achieve success by going abroad, experiencing ecosystems like Silicon Valley, Y combinator, 500 Startups, as well as incubators in the Netherlands and England, to educate themselves and find funding for their projects, prompting to the saying that **“talent is universal, opportunities are not”**.

Those are the people who had the first success stories and the first exits, and it was all done with local **talent** and bootstrapping, fueled by sheer motivation and dedication.

## **“There are diamonds in Cyprus”** – George Larkou, Impact Tech

Foody, Ergodotisi, Avocarrot, Adjelly and others paved the way for a brighter future. Their experience and success have turned them into mentors and investors themselves, adopting the **“giving back” approach** by reinvesting in our society and economy, but also helping shift cultural perceptions of entrepreneurship.

Nevertheless, early-stage startups and pre startup teams at large, have difficulty lifting off the ground in Cyprus, despite the evidence that the public consider entrepreneurship a good career choice and something that they wish to pursue. The lack of funding for early-stage startup has been one of the most problematic aspects along with the lack of business acumen and quality training to help founders with their investment and commercial readiness. Reasons for rejecting a startup from getting funded relate to product market fit, go to market strategy, team commitment, and strong differentiation.

With the Horizon Europe program that will foresee the implementation of its predecessor Horizon 2020 for supporting R&I and building infrastructure, we will have even more opportunities to achieve high levels of entrepreneurship. That will be further enhanced with the introduction of the CEF fund for early-stage startups, that will become the main mechanism for investing in the years to follow. This will officially close the gap in the entrepreneurial model with the missing link of the funding being set in place.

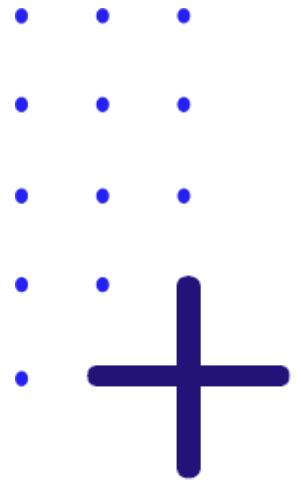
With this new development we **need a better tool for monitoring the ecosystem** course to determine and evaluate the efficacy of the new mechanisms and the signals of the startups based on specific metrics.

More than ever there is a need for an official public database to project these values, promote transparency, centralize information, and provide investors with a cost-effective way to conduct market research on innovative companies and make informed decisions on their investments. This will provide incentives to the startups to register and have more opportunities to grow by attracting local and global investors.

For that to happen effectively, we need **better stakeholders' coordination**. That means better communication and transparency when it comes to information regarding operation and support for startups. Sharing information on current practices but also introducing more collaborations on common projects, in the hope of more co-production, that will have mutual benefits and create a win-win situation. To be more effective the intensity of stakeholder communication needs to increase for solid results if we need solid advancement. This requires more openness for dialogue, and inclusiveness in the decision-making process regarding supporting entrepreneurship, but most importantly to be more aligned with each other's goals by "adopting a common vision".

To conclude, with the ecosystem 2.0 coming to a full circle and going into 3.0 version, there are two more things that we should address, and that is offering more support for educating traditional investors on how to invest in innovative enterprises, and to **encourage more female founders**. Inclusive entrepreneurship, female leadership and diversity in ideas will help diversify the economic activities and contribute even more to the new national sustainable growth model.

# Acknowledgements



Name	Organization
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Alex Loizou	TROUVA
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Andreas Sanidiotis	BLENDAPP
Andreas Theodosiou	LUMOSCRIBE
Andrew Michael	AVRIO
Andy Charalambous	RENOVI
Angela Panayiotou	IDEA CY
Burak Doluay	CYENS & CYPRUSINNO
Christiana Ioannou	3S – SMART SYSTEM SOLUTIONS
Constantinos Loizou	EMBIO DIAGNOSTICS LTD
Constantnos Avgoustu	REGTIFY
Eleni Keliri	CYANOXI
Elias Kokkinos	EKCO Maximum Power

<b>Frixos Larkos</b>	<b>CROWDBASE</b>
<b>Georgios Larkou</b>	<b>IMPACT TECH</b>
<b>George Tziazas</b>	<b>ASCANIO</b>
<b>Georgios Poullaides</b>	<b>INTELLAR INNOVATIVE SOLUTIONS</b>
<b>Hess Adnani</b>	<b>STARTUP GRIND</b>
<b>Julius Georgiou</b>	<b>UNIVERSITY OF CYPRUS, AJM MED-I-CAPS</b>
<b>Konstantina Ioannou</b>	<b>PWC CYPRUS</b>
<b>Margarita Kyprianou</b>	<b>CYPRUS SEEDS</b>
<b>Maria Georgiadou</b>	<b>CYPRUS SEEDS</b>
<b>Marianna Procopi - Demetriades</b>	<b>PROMED BIOSCIENCE, THERAMIR, RSL</b>
<b>Marios Constantinides</b>	<b>CYENS</b>
<b>Marios Messios</b>	<b>PARAMETRICOS, STUDIO 3DX</b>
<b>Mike Charalambous</b>	<b>THREEDIUM</b>
<b>Michael Kalopaidis</b>	<b>ZEDEM MEDIA</b>
<b>Michalis Agapiou</b>	<b>SYNDESEAS INTEGRATED SOLUTIONS</b>
<b>Monica Polemitis</b>	<b>MAP INNOVATIONS</b>
<b>Mychael Tyrimos</b>	<b>CAPACITOR PARTNERS</b>
<b>Natalie Masrujeh</b>	<b>AVRIO</b>
<b>Nicolaos Felesakis</b>	<b>INNTENET</b>
<b>Nicolas Mastrogiannopoulos</b>	<b>CHIEF SCIENTIST OF ROC</b>
<b>Panayiotis Kakourides</b>	<b>CROWDBASE</b>
<b>Pangratos Vanezis</b>	<b>KPMG CYPRUS</b>
<b>Panis Pieris</b>	<b>STARTUP 364</b>
<b>Petros Kkolas</b>	<b>ARUP</b>

<b>Stavriana Kofteros</b>	<b>EPP INNOVATION EXPERT</b>
<b>Stoyanka Stylianaki</b>	<b>DATAPPLY.AI</b>
<b>Vassilis Drakounakis</b>	<b>AMADEMA</b>
<b>Victoria Costic Nola</b>	<b>VIZ VENTURES</b>
<b>Yiannis Gavrielides</b>	<b>INVELOPMENT PARTNERS/COVVE</b>
<b>Yiannis Hadjiconstantouras</b>	<b>STUDENTLIFE</b>

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Centre for Entrepreneurship  
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