

WB EDIF

Western Balkans
Enterprise Development
and Innovation Facility



ENIF

Enterprise Innovation Fund

UNECE Workshop, 22 March 2021



South Central
Ventures

ENIF overview

Set up as a venture capital fund operating under market terms

Variety of investors:

- European Commission (DG NEAR), KfW
- EIF, EBRD
- Beneficiary countries
- Private investors (regional corporates, pension fund, HNWIs)

Regional focus

- Small countries with (too) small national markets
- Common history – established business relations
- Different languages, cultures, development stage of the markets

Sector agnostic

- Early stage tech companies
- Predominantly SW, but applied in various (also traditional) industries

Observations & lessons learnt

Limited knowledge and experience with equity financing >> educational role of investors

- On the side of start ups
- In support services (e.g. lawyers)
- Emphasized need for collaboration with other market players – incubators, educational centres, government agencies...

In underdeveloped ecosystems, the founders tend to incorporate in other countries:

- Weak regulatory framework and legislative not adapted to fast growing tech companies
- Complicated procedures
- Insufficient support services (e.g. Payment processing, implementation of online services)
- Problem of trust on the customer side

Multi-location companies:

- Mixed teams
- Development teams in the region; business development, sales & marketing close to customers >> strong tech talent
- The role of diaspora / expatriats; preventing brain drain

The strategy

Looking for two types of companies:

- Global challengers
- Regional leaders
- The first institutional investor in most cases
- Investing past the initial technology risk (i.e. once product is developed), enabling founders to focus on business development
- ENIF's investment intended to get a company to a stage where it becomes interesting for follow-on funding on the international markets.
- Targeting 2x pre-money valuations in the international follow-on funding >> increasing value for the founders and ENIF investors

ENIF impact in the first 5 years



- 29 investments in tech companies originating from the region
- More than 2/3 of our portfolio companies have raised follow on rounds or got a strategic investor
- More than 30 co-investors, mainly from W Europe and US
- Over €45m of additional funding attracted on top of €30m invested
- Over 1000 jobs across the portfolio, more than half newly created

Case studies: Cognism



- B2B sales and marketing lead generation platform, providing B2B revenue teams with a blend of real-time company, people and events data
- Co-founded by a British CEO and a Croatian CTO, with a team in North Macedonia (6 people in total)
- Initial seed stage investment in 2017 of €100k with some co-investors, valuing the company to roughly €1.5m pre- investment
- Lead another round of investment in 2018, valuing the company to €7.7m
- Participated in Series A round at the end of 2018 lead by a new investor at €13m valuation
- The company then raised additional funding from Western European and US based investors of over €20m and is currently valued at €120m
- Teams in North Macedonia, Croatia, UK, USA; total of 180 people, growing revenue at 80% annually

Case studies: Daibau



DAIBAU

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- Professional construction network, connecting all adjacent markets, offering full support to investors, developers and construction professionals.
 - Founded by two Slovenian co-founders, based in Croatia
 - Initial investment in late 2018 of €450k (lead investor), valuing the company to € 2.8m pre- investment
 - Doubled the revenue in 2020; expanded from one to four markets, two of them are already profitable, with 4 more in trial phase
 - Attracted a corporate investor in the end of 2020, that invested at 3x the valuation from 2018
 - Plan to add 2 larger markets in 2021 (Hungary and Poland)

Case studies: Orgnostic



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- Organizational capabilities diagnostics tool; aiming to make organizational capabilities a standard KPI set
 - Serbian company, co- founded by ex CTO of Seven Bridges Genomics and ex- Head of HR of Infobip
 - Good connections in US due to their previous positions & studies
 - Seed investment of \$160k, in a round of \$800k, with some angel investors including Serbian entrepreneurs network (Serbian expatriates organization)
 - Round provided to allow them to get from pilot projects to initial regular sales
 - Entire team based in Belgrade, Serbia

Thank you!

Tatjana Zbasu Mikuž
tatjana@sc-ventures.com

South Central Ventures
www.sc-ventures.com

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