



**The Right Place for the
Startup Community in
Latvia**

What is TechHub Riga?

- Co-working space for new technology startups
- Startup event organiser
- We help establish international contacts, incl. via TechHub UK
- Goal is to help create the environment for the “Skype of Latvia” to emerge
- Non-profit foundation
- 0% government financed - our main supporters are Telia Latvija and LMT



Different Kinds of New Companies

All new companies

Lifestyle businesses

- Self-employed (e.g. graphical designers)

Family businesses

- Often retail stores

Companies competing in existing markets with conventional products

- E.g. new shoe maker or law firm

Startup (“innovation company”)

- A company creating a product or service the either has never existed or that is a radical departure from present

What is Different about Startups?

They are not executing a business plan

**They are LOOKING FOR A
BUSINESS MODEL**

What to sell?

To which customers?

In which way and for ?

With a goal to *become* a normal
company

Different Risks and Rewards

Startups

Key risk:

Uniqueness of invention
and ability to find use
cases

**Potential
scalability:**

Very fast growth to global
company

**Market
focus:**

Creation of new markets
(or radical attack on
existing)

**Role of
innovation:**

Creation of new knowledge
is central to success

Other new businesses

Execution

“Normal” growth rates

Existing markets (taking
market share)

Better use of current
knowledge

What support is needed?

Startups

Incubators staffed by people with startup experience

Research grants and soft loans

“Smart” venture capital (government can co-invest)

Other new businesses

Business support centers (especially in the regions)

Traditional business finance (loans, export credits/guarantees, etc.)

Private Capital for Startups in Latvia

- The number of private investors in Latvia with startup experience is close to zero
- We need to attract foreign venture capital to help build the foundation - a class of ex-startup angel investors
- We need to understand that the upside offered to foreign VCs needs to be very attractive - they have easier places to do business

Where to Look for Inspiration?

Israel

- The only really successful government-driven incubator program (government entered and then LEFT!)
- The incubators were staffed by people with real startup experience
- BIRD Foundation collaboration program
- Chief Scientist Office

Estonia

- Active and growing angel investor group
- Lessons can be learned from Estonian Development Fund
- Active government support – up to President

Guidelines for Government Support

- **PEOPLE** are much more important than buildings
- The incubator operators must have the opportunity to invest as a minority in the startups - to align incentives
- The support must help startups create a permanent team, not outsource everything - teams are the key to success

Contacts

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Some suggested reading:
<http://steveblank.com>

<http://steveblank.com/2011/09/01/why-governments-don't-get-startups/>