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INTRODUCTION

In the years following the Greek crisis, entrepreneurship in Greece has emerged as a hot trend and a key lever for growth restoration and job creation. At the same time, **a burgeoning discussion about business opportunities and a shift towards entrepreneurial activity have emerged** in the absence of career alternatives and in pursuit of national competitive advantages, outlined in a number of studies conducted by various local and international institutions, banks or consulting firms.

Collectively, these studies highlight and substantiate multiple growth opportunities, covering broad areas in traditional sectors (e.g., in Tourism, Agriculture & Food, Energy), 'niche' sub-sectors, such as waste management, logistics or aquaculture, but also technology- and knowledge-intensive areas.

These opportunities and the natural tendency to refer to entrepreneurship as a key enabler to materialize them have been often used by the involved parties as a means to highlight the impor-

tance of public policy changes. The State itself, in its inability to promote structural reforms to facilitate growth, has also ridden the entrepreneurship trend, typically lacking a clear strategy on how to effectively promote and support it. A number of new local and international institutions have been set-up to promote entrepreneurship and support entrepreneurs. New local funds have been activated and - as of recently - an increasing number of foreign funds attempt to explore opportunities to invest in promising Greek entrepreneurs. In addition to being an actual lever for growth and investment, entrepreneurship has also emerged as a powerful CSR tool.

This report does not attempt to re-identify the broad growth opportunities, nor does it outline the required policy changes. It takes the growth opportunities as given, and the policy changes as needed (but unfortunately not granted). Instead, it aims to take the discussion one step further and address a few very practical questions:

1 To what extent has the widely discussed **'entrepreneurial shift'** really materialized and translated into new business ventures?

2 To what extent is the mix of these new ventures **post-crisis different from the pre-crisis** one? Do the new ventures capture Greece's competitive advantages or do they still follow the pattern of the country's old and unsustainable growth model?

3 What are some **specific opportunities for entrepreneurial activity** based on the country's competitive profile and current situation?

4

What are some **examples of existing high-impact entrepreneurship** in the various growth sectors? Along the same lines, what are the most interesting **investment opportunities** for local and international investors?

5

What is the **profile of these new entrepreneurs** and what are their priorities and needs?

6

What do investors and other stakeholders see when dealing with Greek entrepreneurs?

7

Finally, what are the **gaps of the current entrepreneurial landscape**, and how does this evolve to reach a more comprehensive 'version 2'?

This report tackles the questions above from a number of perspectives. It presents facts on company registries and de-listings across Greece; it leverages primary quantitative and qualitative surveys conducted on investors, entrepreneurs and institutions; it builds on existing knowledge and it tests validity through interviews with business leaders, as well as own experience from Endeavor's first year of operation in Greece.

We hope that the report's key conclusions will be useful for multiple stakeholders:

- **Existing entrepreneurs**, to help calibrate priorities and needs based on the multiple perspectives presented.
- **Aspiring entrepreneurs**, to spot potential in specific growth-relevant areas.
- **Investors**, to identify potential investment opportunities in existing or new ventures.
- **Professionals**, to see the emerging trends and potentially explore career transition toward newer, smaller employers in different sectors.

- All **private, corporate or institutional players in Greece and beyond**, to clarify myths and realities, through hard facts and figures, with regards to Greece's current and aspired growth model.

Of course, this report does not aim and cannot -by nature- be exhaustive. It includes a subset of the material and knowhow and outlines the major conclusions of our work, in order to hopefully spur a more detailed discussion, tailored to each stakeholder, with regards to **the present and future of Greece as an entrepreneurial hub, investment destination and ultimately job and wealth creator.**

Haris Makryniotis
Endeavor Greece MD
Athens, October 2013

1 THE BUZZ ABOUT ENTREPRENEURSHIP

Greece has always exhibited a strong tendency towards entrepreneurship. With ~75 established businesses per thousand inhabitants and more than 55,000 new businesses established every year, **pre-crisis Greece demonstrated almost double the average EU figure in terms of per capita business activity.** The vast majority (97%) of these businesses were classified as micro (1-9 employees). Therefore, while productivity in larger business segments had been comparable to other European countries, the low productivity associated with microbusinesses drove down the overall productivity of Greek companies.

In this environment dominated by small businesses, a significant portion of economic activity had focused on low-value-adding sectors. Retail and wholesale were dominant,

manufacturing and agriculture constituted a small share of the economy, and focus on R&D and technology was minimal. What's more, with the exception of a few companies, the overall sophistication of products and service offerings had been low.

Making matters worse, businesses were hindered by bureaucracy and administrative hurdles, and entrepreneurship had been associated with corruption and informality. The most prestigious path for young graduates involved a salaried work or 'high-profile' self-employment in law, medicine, or engineering, rather than an aggressive pursuit of high-impact entrepreneurship.

Leading to the economic crisis, entrepreneurship was - to a large extent - an unattractive career choice with bad connotations.

The crisis shifted the public perception of entrepreneurship. In an environment of unforeseen unemployment levels and almost complete lack of traditional employment options, entrepreneurship was declared by many as the way out and forward. Sporadic success stories were identified and widely publicized in the media. The crisis revealed or highlighted business opportunities and - although criticism and suspicion remained, especially for certain businesses and their occasional interdependency with the State; entrepreneurship became a hot topic in Greek web and social networks.

The new local trend was strengthened by the shift of the global spotlight onto Greece. Beyond

the focus on the country's 'sinful' past and the State's inability to effectively carry out reforms, international attention supported a positive inflow of international institutions related to entrepreneurship. These were supplemented with multiple local organizations. A number of contests and awards were established, while more than 15 incubators, accelerators and funds were launched. A new growth model - less focused on retail and more geared towards value-adding sectors - was described, while the new entrepreneurial landscape familiarized itself with terms like mentoring, networking, and smart capital.

In 2012, entrepreneurship in Greece had already become a 'hot' discussion topic.

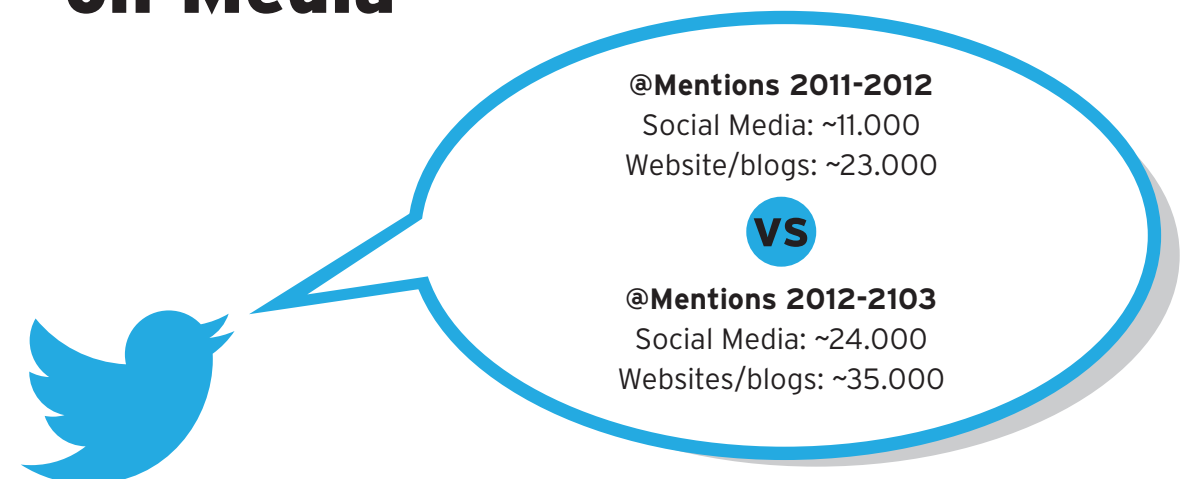
Greek entrepreneurship pre-crisis

2x
number of companies per capita vs. EU

97% classified as micro

>55.000 new businesses every year

Greek entrepreneurship on Media



2 JUST A DISCUSSION OR AN ACTUAL ENTREPRENEURIAL SHIFT?

Even though there has been extensive discussion with regards to the so called 'entrepreneurial boom', little attention has been paid to the measurement of the magnitude of this shift. In other words, to what extent has the discourse about entrepreneurship actually translated into more successful entrepreneurs towards a more sustainable growth model?

The actual figures on registrations of new businesses across Greece are pretty revealing.

After peaking in 2008, the number of new companies in Greece dropped by ~30% at the start of the crisis. Following this sudden drop, the number of company registrations remained relatively stable between 2010-2012, showing remarkable resilience throughout a period of a 25% GDP

contraction. During the first half of 2013, the number of new companies dropped by another 14%, corresponding to a **total ~45% decline vs. the 2008 peak.**

In terms of sectoral focus, the analysis on all new companies established in Greece since the beginning of the crisis yields one major conclusion:

Greece has largely failed to shift focus of entrepreneurial activity to capture the country's competitive advantages and opportunities; however, we do observe gradual yet sporadic emergence of new ventures with high growth potential and focus on extroversion and innovation.

Data shows that the majority of the new ventures still tend to persistently follow patterns of the pre-crisis unsustainable growth model.

In 2008, the top-5 categories of new businesses (in terms of number of companies registered) were:

1. Construction companies
2. Retail stores, selling clothes and/or shoes
3. Real estate
4. Accounting and business consulting services
5. Restaurants, bars, catering and food retail outlets

In 2012-2013, despite the radical drop in disposable income, as well as a dearth of investments in public infrastructure and residential/commercial buildings, the mix of new businesses keeps following a similar growth logic.

The undisputed 'winner' of 2012 is the category of restaurants, bars and catering and food retail outlets, by a factor of 4 vs. the second runner that is the clothes and shoes-selling shops. Accounting/business consulting services follow. Even if in lower position compared to 2008, construction companies still appear in 2012's top 5, with the fifth position reflecting the inflow of solar panels in energy generation and trading. One needs to go down to position #9 to come across ICT companies, #15 for tourism accommodation providers and #17 for food processing ventures.

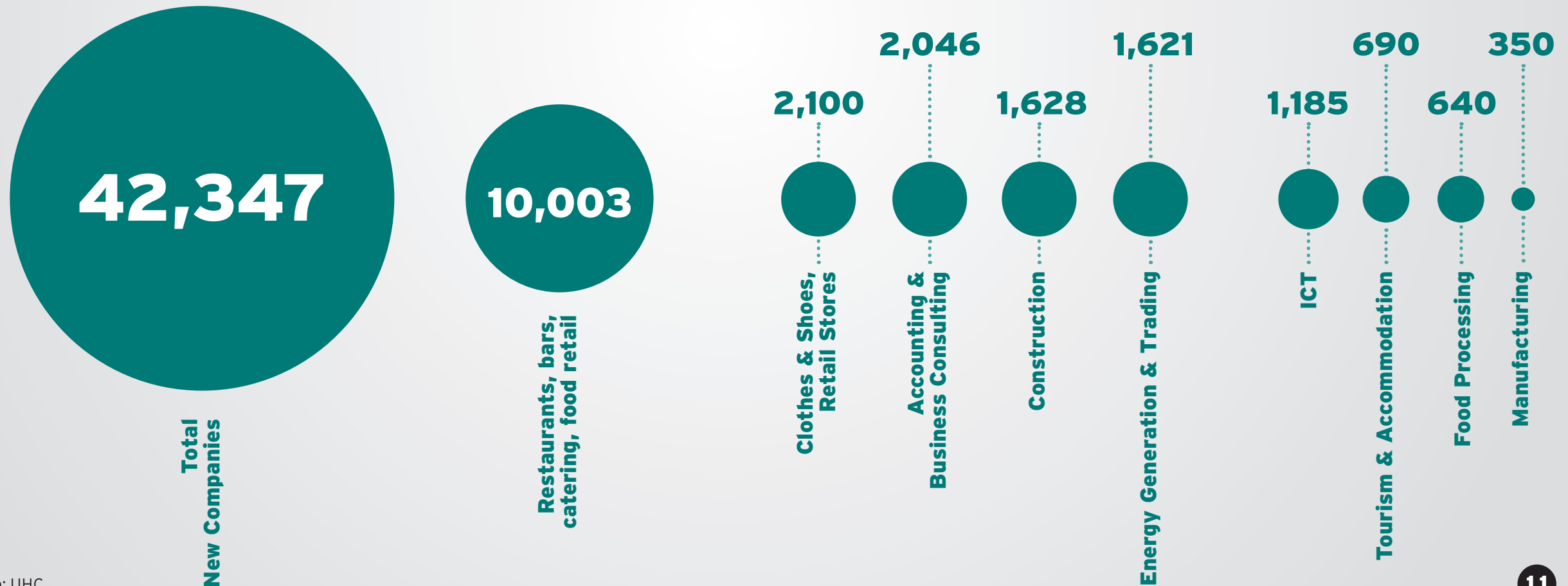
In sum, 93% of ventures that were launched in Greece in 2008 did not focus on high value-adding sectors; by 2012, this figure was still around 90%.



Top 5 categories of new ventures established in Greece



Greece's Growth Model in 2012



Source: UHC

The law of the 10% of the 10% of the 10%

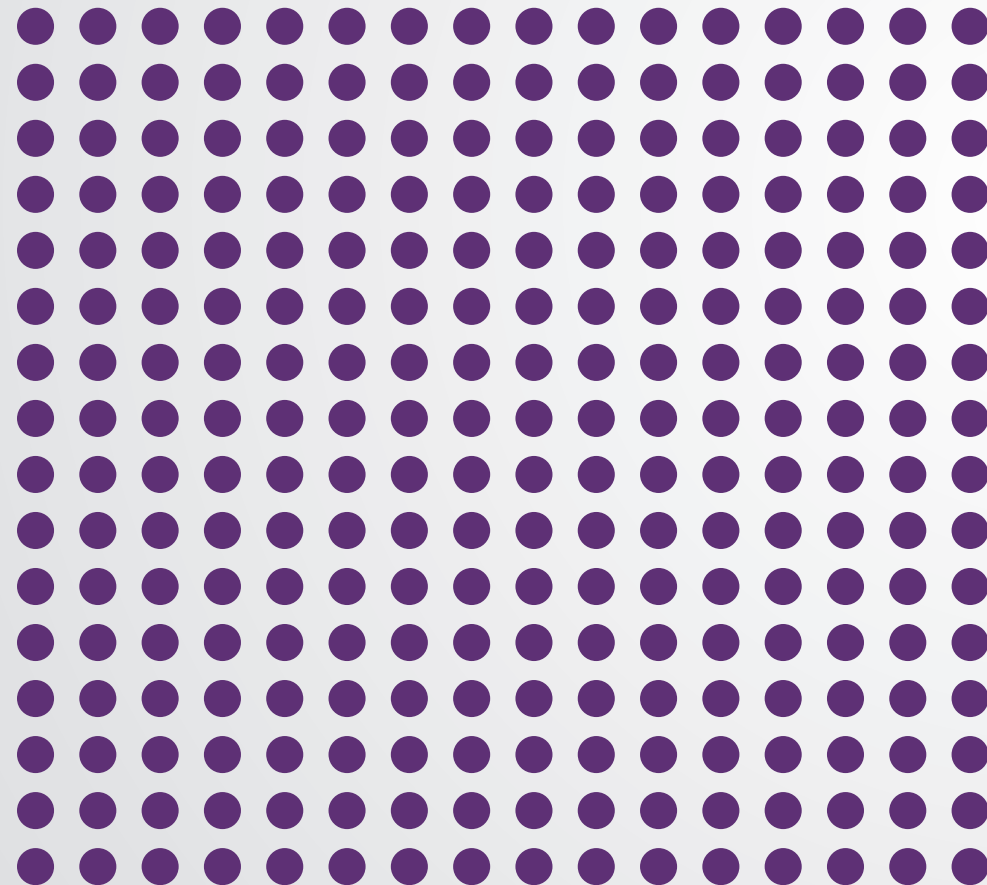
On a positive note, **the 10% of companies that focused on the 'correct' sectors represented a 40% improvement over the equivalent pre-crisis figure.**

Out of these companies, one tenth exhibit higher probability for survival and growth as a result of more sophisticated business

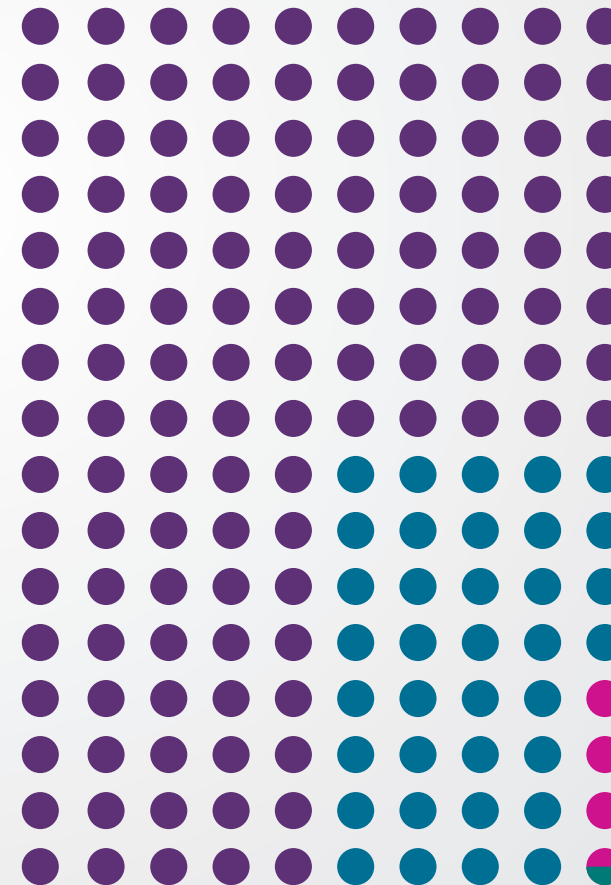
practices compared to local competition; of those, a further 10% can be characterized as truly **high-impact companies**, led by visionary entrepreneurs that have the aspiration and the potential to significantly scale-up their business and create multiple jobs and revenues compared to peers. Even if this 1/1000 may sound trivial, it still

corresponds to **approximately 40 new high-impact companies per year that focus on growth-relevant sectors. These firms can help transform the Greek economy and constitute attractive investment options.** With proper support, these are the companies that in a 5- to 10-year horizon can

grow enough to absorb a significant part of the unemployed workforce and establish healthier role models. Rather than a theoretical exercise, it is a practical mandate: as we will further discuss, these high-impact entrepreneurs can already be identified and their profile and needs can be effectively described.



● = 100 companies



42,347
new companies
in 2012

~4,000
growth relevant

~400
high probability
for growth

~40
high-impact

3 THE OPPORTUNITY TO GO AFTER

High-impact entrepreneurs in Greece and investors with interest in Greek market pursue **four types of business opportunities** that are either structural or have emerged during the recent crisis and extend beyond the country's aggressive privatization plan:

1. Opportunities in **areas in which Greece possesses competitive advantage** (e.g., tourism, agri&food), that is still untapped. A number of reports (by institutions like the Foundation for Economic and Industrial Research, consulting firms like McKinsey and BCG, as well as local and international banks) are of one voice in regards to the nature of these sectors and the policy changes necessary to facilitate their growth.
2. Opportunities in **sectors that undergo a broad restructuring** (e.g., financial services, energy), allowing for market shares to move between existing or to new players, typically typically through consolidation.
3. Opportunities driven by **global trends** (e.g., in ICT) which can be captured by Greek entrepreneurs at local, regional or global level.
4. Sector-agnostic opportunities in **individual companies** whose potential can be maximized if they address their current liquidity issues and/or go through operational and organizational restructuring.

There is a **golden window for entrepreneurial activity** in Greece, as the country goes through a period of total restructuring, and local players start competing at a regional and global level. Investors, too, can benefit from this **golden window**, as low-cost opportunities in the Greek market often outweigh the risks, barriers to entry, and the State's failure to create a business-friendly environment. This golden window is not expected to last too long; most likely it will have **duration of 12-24 months**, before it gradually scales back to steady-state levels.

Rather than re-stating the broad growth opportunities and relevant sectors, this report identifies the specific **sub-sectors or niche areas that 'make sense' for Greece** to develop and therefore for entrepreneurs and investors to consider. Depending on the nature of the opportunity, the capital intensity, the importance of innovation vs. scale and sophistication, these opportunities can become a game for capital-backed investors, for innovative entrepreneurs, but also for solid professionals with structured thinking and business sense.

In tourism and travel,

the country's starting point is a largely uncompetitive, unsophisticated and mono-thematic product, severely constrained by current liquidity drainage, but still with huge growth potential; entrepreneurial and investment opportunities are driven by 5 trends and needs:

- Need for total **upgrade of product offering** - to compensate for higher cost compared to neighboring countries- but also for clearer distinction between the various traveler segments: budget/mass, upscale, luxury. This upgrade will entail acquisition and restructuring of old units, better management and services in existing units, but also new targeted developments in certain geographical areas and thematic segments.
- Need for higher sophistication and infrastructure in less traditional, but **rapidly growing products**, e.g., cruises, sailing/yachting, mixed-use resorts integrating golf courses, vacation homes and/or marinas.

- Need for **better services** beyond accommodation to create a holistic experience to the traveler and establish links with other locally relevant activity, e.g., in food sector or culture. This could include B2B services to accommodation or cruise providers - which could then be promoted to the end customer - but also direct B2C services.
- Need for more sophisticated **support services and customer care**, covering pre-visit experience, booking and transportation.
- Need to utilize **technology** to allow disintermediation. Online marketplaces can facilitate exchange between customers and service providers, and analytics technology can offer tailor-made, locality-driven experiences. This could include not only domestically developed communities but also support to local providers to establish reliable presence in international schemes, such as AirBnB.



 **12-24 months duration**

of 'golden window' for entrepreneurs and investors

In agriculture and food,

the currently sub-scale, unbranded, non-standardized, domestically-focused agricultural production allows for huge improvements by both investors and entrepreneurs. The needs to be addressed by existing or new players include the following:

- Need to shift to large-scale production in certain **'commodity'** products (e.g., tomatoes), with proper use of innovative technology, product standardization and traceability.
- Need to increase production in **'niche'** products, such as herbs and superfruits (e.g., walnuts, berries, pomegranates, kiwis) that are relevant for Greece and can serve for exports or import substitution.
- Need to ride international trends that boost attractiveness of certain **Greek products** (e.g., greek-style yogurt in US/UK market).
- Need to approach international distributors with a **portfolio of products**, rather than with a single product. This would require producers and product champions to collaborate in order to penetrate international markets.
- Need to build a **Greek/Med-diet concept**, based on portfolio of products, with link to the local producers, and offer it directly to end-customer, through upmarket **restaurants and delis**.
- Need for **product innovation and marketing strategy** to address specific customer segments and trends (e.g., gluten-free products, purity over diet, ready-to-eat meals), where big multinationals may allow for new or smaller players to emerge.
- Need to **re-think focus on organic** to address specific needs of specific international markets (e.g., Germany, Austria, Scandinavia).
- Need to grow local players to provide local and international food champions with **raw materials** that are currently imported; need to develop underlying **R&D and biotech** capabilities to create and sustain competitive advantage.
- Need to develop/embrace high-end **agri-related technological tools and solutions** to increase quantity and quality of output (e.g., remote land monitoring, measurement of resources consumption).
- Need to address recent trends on **disintermediation** (direct producer to consumer) and urban farming.



In energy,

following the recent unsustainable boom in renewables, focusing mainly on small scale solar and wind farms, we are ahead of a broad sector restructuring. And targeted opportunities exist mainly in energy efficiency and energy-related R&D:

- **Photovoltaic bubble** is deflating, while a large scale and capital heavy **consolidation effort** is expected in on-shore wind, relevant for business players with access to capital; efforts will likely focus on creation of a large portfolio of assets (typically at pre-environmental study stage) acquired from investors that want to exit the market due to regulation, taxation and pricing instability.
- Sporadic opportunities will still lie in **alternative types of renewables** (small hydro, geothermal, biofuel, waste-to-energy), while offshore wind appears to be still pre-mature for large-scale installations.

- Entrepreneurial potential will be largely driven by the long-term need of industrial and commercial players, public institutions (e.g., large hospitals), and secondarily residential customers to reduce energy consumption in buildings and other facilities; this need, which grows increasingly relevant and intense, creates the opportunity for entrepreneurial activity along the entire **energy efficiency value chain** from measuring use and designing solutions to implementing smart grids, building retrofits, and monitoring consumption.
- Local large-scale production of components for RES installations has proven unsustainable; however, **high-quality R&D** centers are emerging in specific areas of Greece, developing sophisticated materials and techniques for energy generation, efficiency and storage, with the vision and the ability to become relevant at a global level.



In ICT,

beyond creating 'another mobile app', a number of international trends call for attention:

- Need to 'crack' **mobile marketing and advertising**, to capture a rapidly growing global market and a smartphone-dominant world, which however, has not yet been properly addressed.
- Need for **B2B cloud services** across sectors to allow for integration of services currently provided by different players in different geographies.
- Need for increased **information security** and related services for large corporations (e.g., financial institutions, telecoms), but also for small and medium enterprises.
- Need for products and services to address **core functional areas** (e.g., HR, sales, supply chain) and transform operations of specific business segments (e.g., SMEs) with efficient and user-friendly technology.
- Need to provide tools for effective **behavioral profiling of consumers** to allow for customization of product offering and dynamic pricing, while abiding by data protection regulation and avoiding head-to-head competition with large established players.
- Need to explore **"second-screen"** solutions to allow consumers to interact with the content consumed on TV (e.g., sports, shows, movies, music).

- Need to develop globally scalable but locally customized services to address **user needs and behaviors in routine tasks** - from transportation and booking to digital archiving.

- Need to address the \$70bn global **gaming industry** and its intersections with different platforms and purposes (e.g., social gaming, marketing campaigns).

- Need to selectively explore **emerging sectors** such as 3D printing, wearable technology and Internet of things which may evolve to game-changing trends globally.

More importantly, beyond the above international ICT trends, which often entail fierce global competition and potential conflict with large international players, there is significant opportunity for local entrepreneurs **to address the technological needs of sectors where Greece has a structural advantage and strong presence**. In practical terms, this would entail the development of local ICT champions that create solutions for Tourism, Shipping, or Food & Agri customers and thus become centers of excellence at a national and subsequently regional or even global level.



Beyond the above core sectors, a number of additional opportunities arise in other areas, driven by the current status of Greek economy, but also by international trends. Indicatively:

- In **Insurance**, the online, direct to customer channel is expected to grow in importance and market share, leading to reduced cost and better service to customers; at the same time, the restructuring of the broader financial sector and the liquidity pressure on insurance players create opportunities for shifting large customer portfolios among established players as well as entrants in the market.

- **Mobile payments** are expected to drastically grow and integrate offering of other products (e.g., ticketing, booking), especially in certain emerging markets where mobile evolves to the dominant channel of transactions (e.g., sub-Saharan Africa); at the same time, the broader financial sector is expected to move towards 'the bank of tomorrow' with increased integration of financial services and diminishing physical presence.

- In **Health**, the aspired increased penetration of generics creates opportunities for product development and production at local level; in order to effectively compete vs. large international players, local players would need to pursue scale and focus on R&D to address segments that fall out of the scope of large multinationals; local talent and infrastructure can be leveraged for clinical research and trials, while population aging creates the need for elderly care and long-term condition management and solutions, entailing m-health tools, and targeted services, but also physical infrastructure.

- In **Biotechnology and Nanotechnology**, the top quality of Greek researchers with international exposure can form the basis for local R&D hubs, with spin-offs and commercialization where relevant.

- In **Waste Management and Green-Tech**, the compliance with EU regulation

already creates investment opportunities, mainly for asset-backed players.









- In **Retail & Commerce**, mom-and-pop stores will continue to lose ground at a quickening pace. In malls and shopping neighborhoods, stores will segment themselves along price point: discount, popular consumption, and upscale. They will also brand themselves as 'fun and leisure destinations', instead of mere shopping experiences.

As the pressure in disposable income persists, planning of purchases and dynamic price comparison become more relevant. Online ordering is expected to increase, especially for commodity products and repeated purchases. For planned purchases, user experience will be critical, but always in combination with the cost element. A total re-thinking of in-store experience will be required. 'Next-day' stores are expected to become showrooms that provide personalized customer experience and insights, allow for direct online ordering and delivery and/or price comparison, and are ultimately linked to the customer's existing inventory of goods (e.g., personal wardrobe) and social networks.

It becomes evident that - beyond photovoltaic panels, mobile apps and olive oil - there are plenty of investment and entrepreneurial opportunities, relevant not only for the local market, but even more so at a regional and global level.

The level of required investment and the importance of scale and innovation vary among opportunities. Still, in many of the identified opportunities, more than innovation and mass capital, what is mainly required is **execution in a professional and structured way**. In addition to, or even before seeking to apply ultra-innovative practices adopted in extreme geographies, one could start with the basics; the input (quality raw material, natural resources, human capital) is already there.

49 Areas of Opportunity

Sector	Opportunities		
	Capital Intensive	Sophistication-based	Innovation-based
 Tourism	<ul style="list-style-type: none"> • New mixed-use resorts • New/upgraded marinas • Restructuring of large hotels • Segment-specific accommodation 	<ul style="list-style-type: none"> • Large scale hospitality management across segments • Integrated online travel agencies • Physical travel experiences and services across themes (e.g., sailing, culture, gastronomy) 	<ul style="list-style-type: none"> • Disintermediation/tech-enabled communities and marketplaces • Devices and tools for improved travel experience (e.g., in museums and cultural sites)
 Agri-Food	<ul style="list-style-type: none"> • Commodity products in large scale (e.g., tomatoes) • Aquaculture • Consolidation of olive-oil market 	<ul style="list-style-type: none"> • Niche products, such as herbs and 'superfruits' (e.g., pomegranates, walnuts, limes, berries) • Focused organic targeting selected markets • Product portfolios rather than single products • International delis and restaurants focusing on Greek/Med diet 	<ul style="list-style-type: none"> • Segment-focused processed products (e.g., gluten-free, healthiness, ready-to-cook meals) • Food biotechnology and agri-related technology • Tech-enabled disintermediation/direct farmer to consumer
 Energy & Green-Tech	<ul style="list-style-type: none"> • Consolidation of wind farm assets • Alternative renewables (small hydro, geothermal, biofuels) • Waste Management 	<ul style="list-style-type: none"> • Integrated energy management services (measuring/monitoring, retrofits, smart-grids) 	<ul style="list-style-type: none"> • High-end R&D focusing on generation, efficiency and storage • Tech-enabled mobility solutions, including transportation sharing schemes (e.g., bike sharing)
 ICT	<ul style="list-style-type: none"> • Mobile marketing & advertising 	<ul style="list-style-type: none"> • Tech-solutions for sectors relevant for Greece and the region (e.g., tourism, agri, shipping) • B2B cloud services integration • Information security as a service • Functional B2B tools (e.g., HR, Sales) with focus on SMEs • Functional B2C tools (e.g., transportation, digital archiving) • Social media management • Gaming 	<ul style="list-style-type: none"> • Behavioral-driven data management and profiling • Second-screen solutions • 3D printing, wearable tech. Internet of things
 Financial Services	<ul style="list-style-type: none"> • Online/direct to consumer insurance • Mobile payments with focus on emerging markets 	<ul style="list-style-type: none"> • Integrated personal finance tools and interfaces 	<ul style="list-style-type: none"> • 'Bank-of-tomorrow' solution
 Health	<ul style="list-style-type: none"> • R&D-heavy manufacturing of generics • Elderly and LTC care services and infrastructure 	<ul style="list-style-type: none"> • Patient support services and adherence • Clinical trials 	<ul style="list-style-type: none"> • M-health tools and solutions
 Biotech/ Nanotech			<ul style="list-style-type: none"> • Focused R&D for commercialization
 Commerce	<ul style="list-style-type: none"> • Segment-based shopping and leisure destinations 	<ul style="list-style-type: none"> • Online price comparison and purchasing 	<ul style="list-style-type: none"> • New in-store experience, combining physical and online presence, linked to customers' inventory

4 EXAMPLES OF HIGH-IMPACT ENTREPRENEURSHIP IN GREECE

As discussed, out of the opportunities described above, a fraction is already being addressed by a small share of entrepreneurs and their companies. These companies represent only 10% of total new ventures established in Greece every year. Of those, 1%, corresponding to ~40 new companies annually, can be truly characterized as high-impact, in the sense that they have the entrepreneur and business fundamentals to disproportionately grow to become the key

In terms of **Start-up companies** (typically relevant for angel to Series A financing), the entrepreneurial landscape includes:

- **Two main clusters** of activity:
 - In **ICT** - with high number of new ventures, geared towards mobile applications, demonstrating low revenues.
 - In the **broader agri and food sector** - with high number of new companies, offering both single products and portfolio of products, still fragmented, but already demonstrating revenue traction.
- **Fragmented activity in other sectors**, with emerging, but still weak, clusters of activity in certain niche areas:
 - Gradually growing number of new ventures in **tourism and travel**, with focus on digital travel services/experiences, hospitality management and online travel agencies.
 - Small number of players in **financial services**, with focus on insurance and payments.
 - Emerging clusters of activity in **niche areas**, such as biotech, med-tech and nano-tech.
 - Sporadic and low scale efforts in other areas.

drivers of Greece's wealth and job creation in the years to come.

What are the characteristics of this high-impact entrepreneurial activity recently emerging in Greece? What are some remarkable investment opportunities for investors that are interested in companies in early or scale-up stage? What are, therefore, the gaps that remain unfulfilled and the opportunities to be captured?

In terms of **Scale-up companies** (typically relevant for Series B+ financing), we observe:

- Low number of **ICT** companies that have shown relevant traction and meaningful revenues, more so in areas such as mobile marketing and B2B services, and less in the universe of mobile apps; few successful e-commerce examples exist, mainly in the price-comparison area.
- Significant number of **agri and food** companies, with significant revenues, more in cases of portfolios of products, but also and to a lesser extent, in the cases of champions at a product level or selected food retail ventures.
- Sporadic cases of success in the areas of **online travel agencies, financial services/ payments and med-tech/bio-tech**; growing success for hospitality management companies in Tourism and selected high-tech ventures; still low scale and revenues for energy-related firms.

What are the implications of the above?

Growing activity in Tourism and Travel, but still sub-scale and not addressing full spectrum of services

There are signs of success stories in the area of online travel agencies that manage to effectively compete internationally and are likely to go through consolidation in the mid-term; there is still need for higher quality accommodation in the various traveler segments and higher scale in hospitality management companies to address industry gaps and specific needs, such as revenue management. There is still opportunity in effectively addressing other tourism themes (e.g., sailing tourism, gastronomy, culture) and in offering an end-to-end experience to the traveler, customized to their needs, budget and personal preferences, which could also be offered as a B2B service to accommodation or cruise providers. There is a new generation of companies focusing on online communities and marketplaces for 'local' experiences, which do need to further strengthen their business model and aggressively grow.

Positive signs in agri and food, but still lacking scale, branding and route-to-market

Innovation has almost monolithically focused on olive oil production in a boutique/up-market. This trend already reaches saturation. Greek entrepreneurs still lack scale, brand strategy, and route-to-market. National champions gradually get dominant position in different product categories (e.g., snails, balsamic vinegar, mushrooms), large industrial players shift to primary production (e.g., in tomatoes) mainly for imports' substitution, product aggregators that put together portfolios of products start emerging. The latter appear to be more successful in scaling up and addressing exports, thus being the most effective vehicle to achieve significant size for international standards.

Unsophisticated energy and green-tech sector

There is opportunity in selected examples of quality ventures with international outlook and scale-up potential.

Vibrant community of ICT start-ups with few success stories

Aspiring tech start-ups, driven by international success stories, are predominant in the entrepreneurial landscape. There is need to shift focus from mobile applications to more value-adding products and services in areas where technology serves as enabler, in sectors that are regionally relevant, and in business segments that are internationally attractive (e.g., SMEs).

Emerging players in financial services, leading sectoral transformation

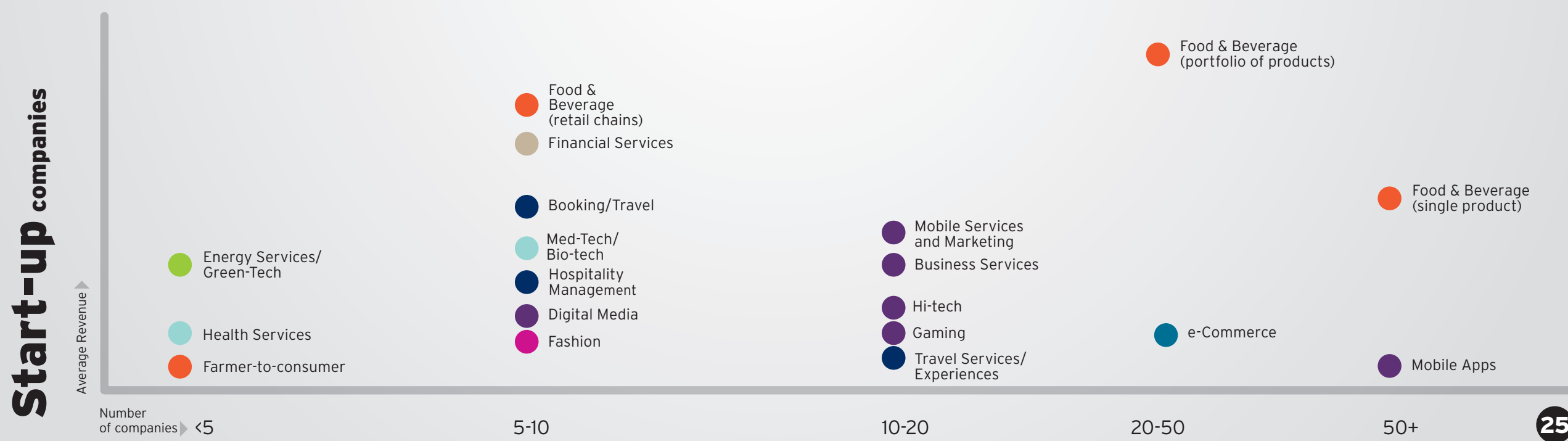
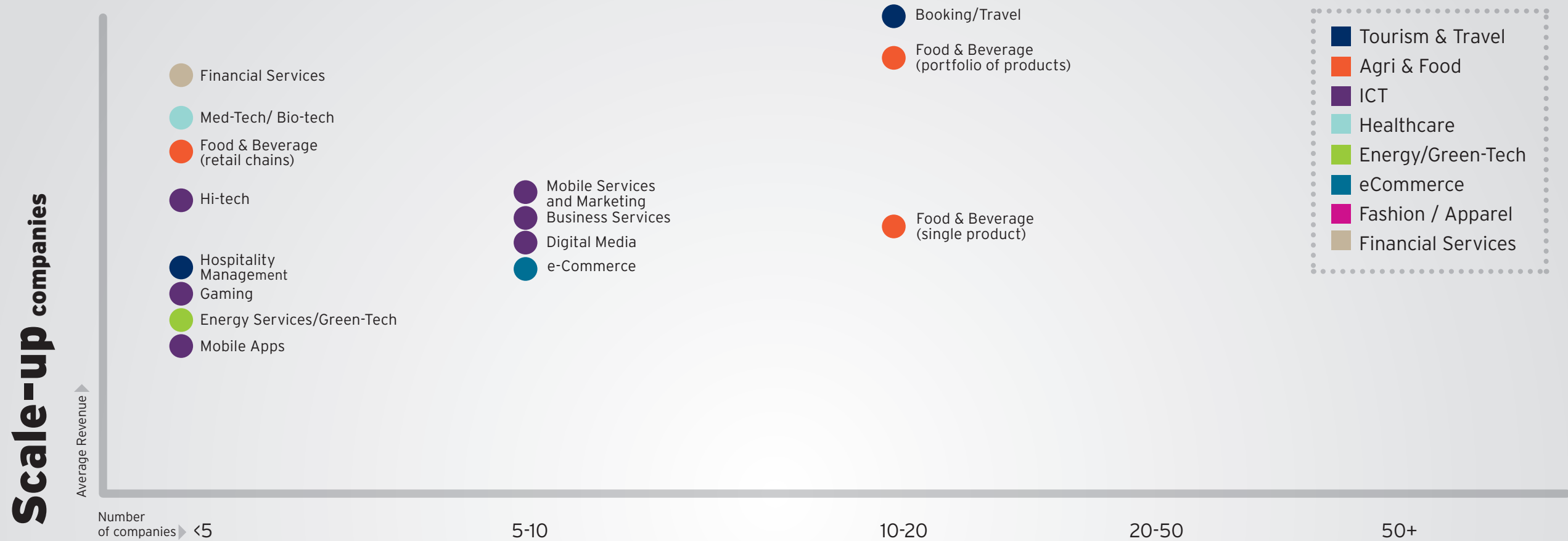
A small group of players in financial services seems to be in the forefront of innovation in terms of online distributions channels, in insurance, mobile payments, price comparison. More traditional players seem to be slow in following, both due to their size and inflexibility, but also driven by the ongoing recapitalization and consolidation effort in the entire sector.

Niche players in niche high-tech areas (nanotech, biotech), pursuing larger scale

Despite the very high quality of research in niche areas, such as biotechnology or nanotechnology, and the sporadic examples of commercialization, there is still potential in three areas: gap between R&D and commercial prototypes, better connection to industry, and aggressive corporate culture that will sustain strong R&D.

Overall, we have identified a **portfolio of more than 100 high-impact/high-performing companies** in their scale-up phase, followed by a new wave of promising start-ups. They do seem to address relevant sectors, but they occasionally need calibration in terms of focus and scale. At the same time, there is still significant room for new ventures in nearly all sectors. In addition to filling these opportunity gaps, focus should be given to scaling-up the existing promising businesses. To do so, it is critical to better understand the profile and needs of these high-impact entrepreneurs.

Map of emerging entrepreneurial landscape in Greece



Indicative examples of high-impact entrepreneurs in Greece

Agri & Food

Papadimitriou
Terra Creta Fereikos-Helix
Kriton Artos Mastiha Shop
Figourmet Cretan HerbalChem
Radiki Gaea Epsa Unismack
Krocus Kozanis Products Pure Greek
Concepts Loux Ergon
Macedonian - Thrace Brewery
Gineagrotis Kayak

Financial Services

ZuluTrade
Hellas Direct
Viva

Price Comparison

Insurance Market
Skroutz

High-Tech

Nanophos
Fasmatech
Fasmetrics
Helic

Fashion & Design

Netrobe
Zeus+Dione
Yatzer

Mobile Marketing

Out There Media
Warply

Digital Media

Daily Secret

Tourism & Travel

Hotelbrain
Incrediblue Airtickets
Travelplanet24
E-travel

Gaming

Aventurine

Health & Biotech

Bioaxis
Protatonce

Energy & Green-Tech

Intelen
Brainbox

Business Services

Persado
Obrela Security Industries
Workable HR
Intale

Mobile Apps

Taxibeat
Pinnatta

5 PROFILE & NEEDS OF HIGH-IMPACT ENTREPRENEURS IN GREECE

A lot has been said about the link between the public sector's inability to absorb new talent as a driver of entrepreneurial growth, about the distinction between 'out-of-necessity' entrepreneurs versus those who start their companies by choice, and about the importance of business experience as a prerequisite for a successful entrepreneur.

We surveyed an extensive sample of high-potential entrepreneurs in the country in order

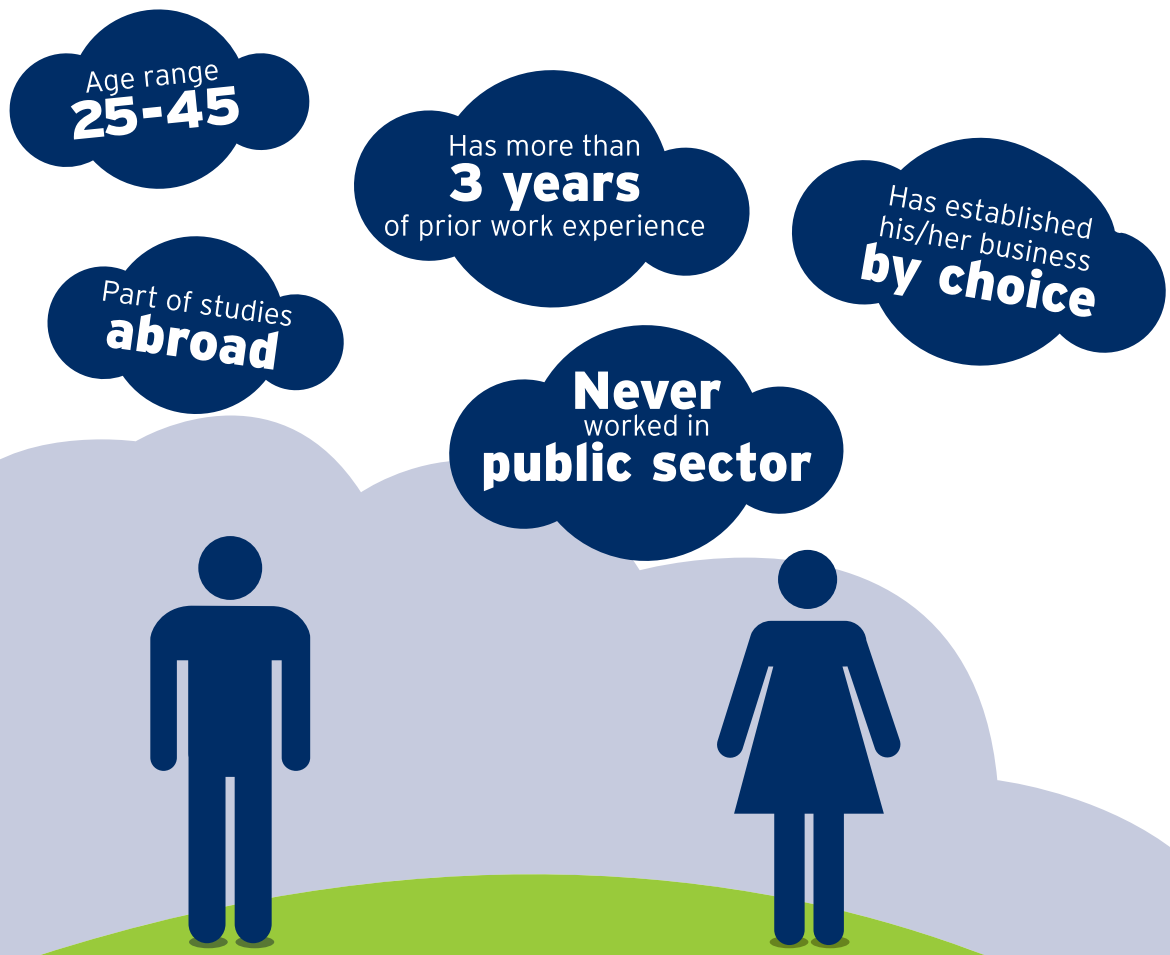
to identify the **'typical' profile** of a Greek high-impact entrepreneur, i.e., of a business leader that has the vision and capacity to build a strong company, and generate multiple revenues and jobs compared to peers.

Knowing in advance that not a single profile is sufficient or necessary pre-condition for somebody to become a successful entrepreneur, the conclusions of this survey are still important in identifying certain pattern.

The survey results imply that the common Silicon Valley entrepreneurial stereotype is not the dominant or the most successful one in Greece. Next to the attractive model of the 22-year old entrepreneur, that starts his/her career in a garage in Silicon Valley a new profile arises: that of the more seasoned individual, with solid work experience, international exposure during or after studies, an already developed personal network and motivation that lies in an identified business

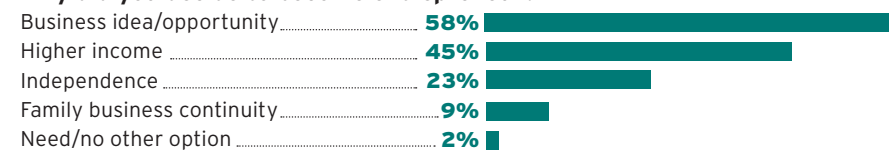
opportunity, rather than in the lack of any career alternatives.

All surveyed high-impact entrepreneurs in Greece declared that they have never worked or aspired to work for the core public sector, busting the myth that the current public hiring freeze will spur an equivalent burst of high-impact entrepreneurial activity.

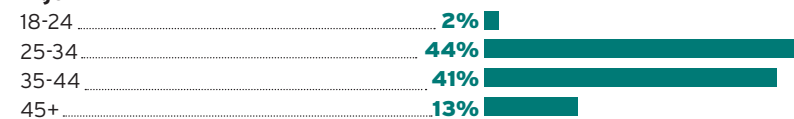


Detailed results

Why did you decide to become entrepreneur?



Age



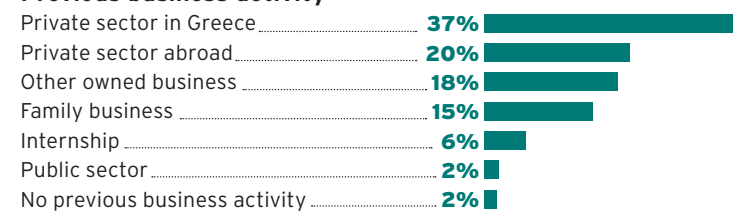
Gender



Studies



Previous business activity



Similarly, the most competitive entrepreneurs seem to fit a certain mold. They are experienced businesspeople who are extroverted and eager to supplement their knowledge with advice from the business community. They are willing to invest in high-quality resources, and they are always ready to join networks and pursue alliances

that will allow their business to move to the next level. Finally, many are willing and eager to compete internationally. These results contradict the stereotype of the introverted entrepreneurial leader, with no international aspirations, often associated with corruption and informality.

Business mentoring

75% already receive some sort of strategic advice, more often from other business owners on an ad-hoc way, rather than in a structured manner

issues:

- advanced sectors (e.g., ICT): lack of sufficient and truly knowledgeable mentors
- more traditional sectors: lack of access to knowledgeable mentors

Financing

aggressive pursuit of **alternative** funding sources to bypass the lack of bank financing

maximize use of own funds, **reinvest** all profits and **seek** access to smart capital

20% have access to smart financing

issue: no access to value-adding investors

Presence in international markets

75% plan expansion both in Greece and abroad

46% have or plan to move HQ abroad

issues:

- lack of access to solid partners in the destination market
- unclear mechanics of international markets
- funding to support expansion
- **NOT the country's negative image**

Networking

Most entrepreneurs attend minimum **1-2** relevant events annually

35% attend more than 3 events per year

issues:

- low share of international participants
- lack of proper networking during the event

Skills & recruitment

80% search additional talent to implement their growth plans

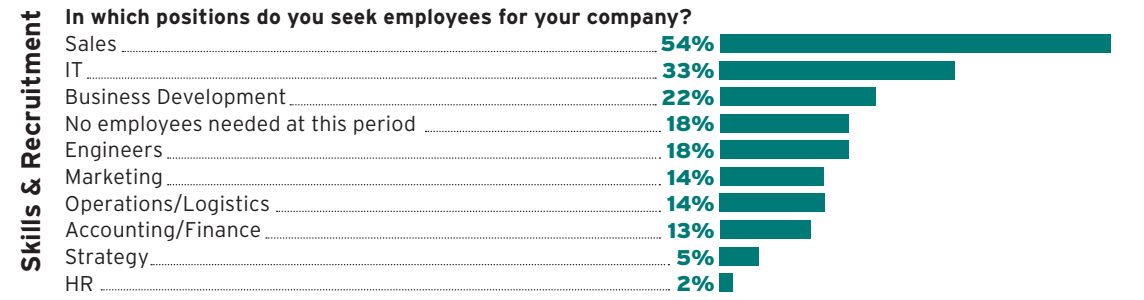
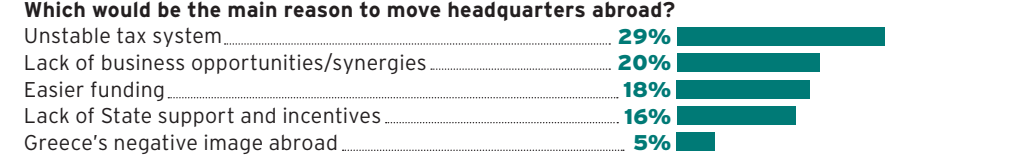
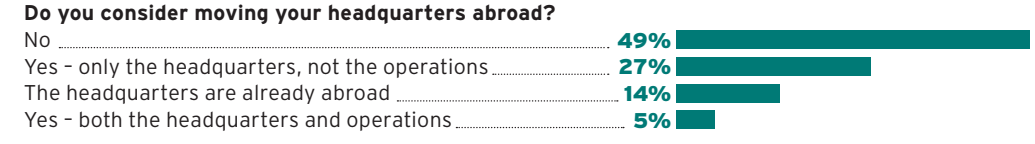
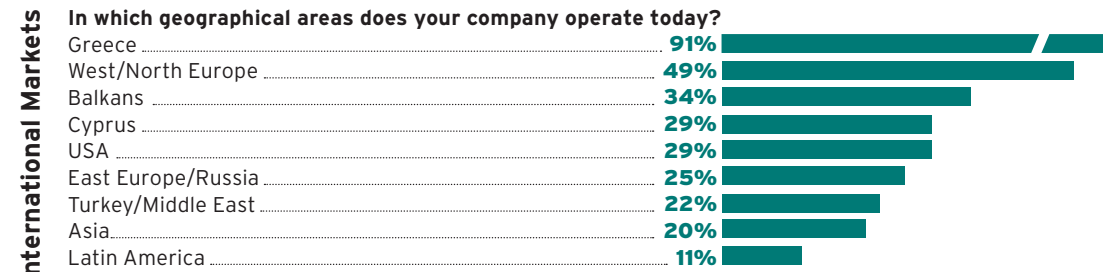
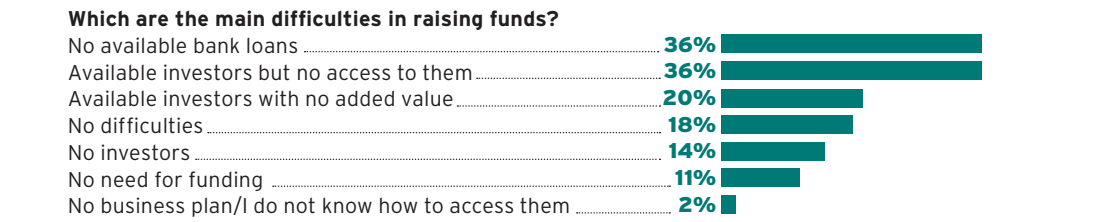
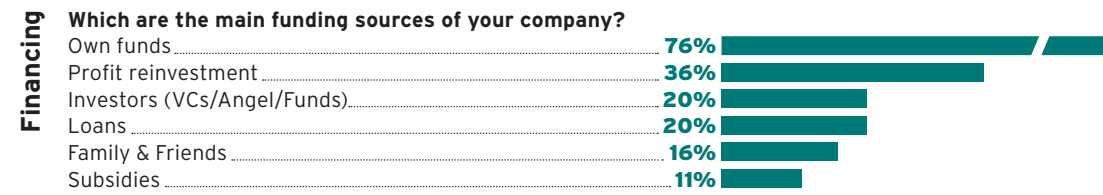
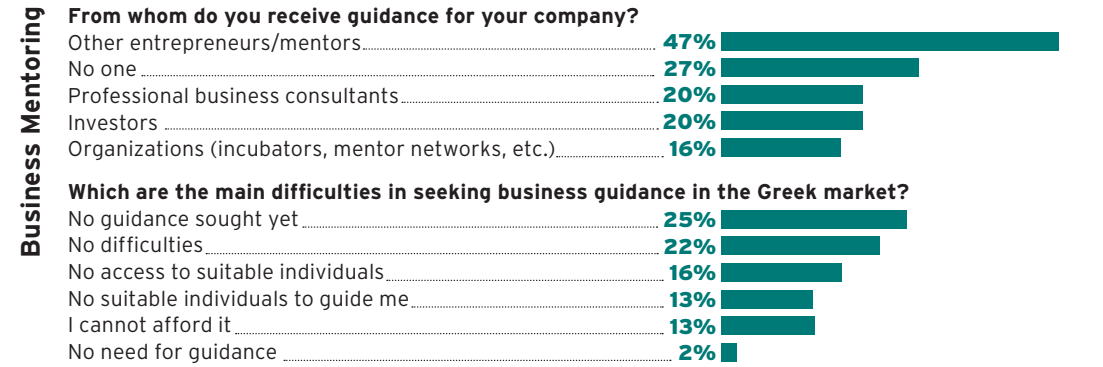
60% seek resources in sales and business development

35% want to add talent in their IT team

most effective recruiting channel: **personal network** of entrepreneur

issue: mentality of candidates

Detailed results



6 THE VIEW OF INVESTORS AND OTHER STAKEHOLDERS

In creating a holistic understanding of the Greek entrepreneurs' strengths and development needs, it is important to also consider the perspective of the organizations that have been established to serve them as potential investors, mentors, or supporters. What do the executives in Greece's leading investment funds, incubators, accelerators, co-working spaces and other organizations say about the entrepreneurs and the ventures they assess? By surveying them, we get to 4 main conclusions:

1. Issue with overall quality rather than quantity of ventures: 50% of the organizations believe there is an issue with the overall quality of the ventures they assess; in general the amount of incoming requests seems to be sufficient, but the quality is lower than expected.

2. Entrepreneurs are praised for their commitment, aspiration and strong academic background; **weaknesses** are observed mainly with regards to their limited business experience, their ability to execute and their general openness to feedback.

3. Business ideas and ventures are praised for their innovation, but there are issues with regards to the clarity/focus of the underlying business plan, the monetization model and the future competitiveness of the assessed ventures.

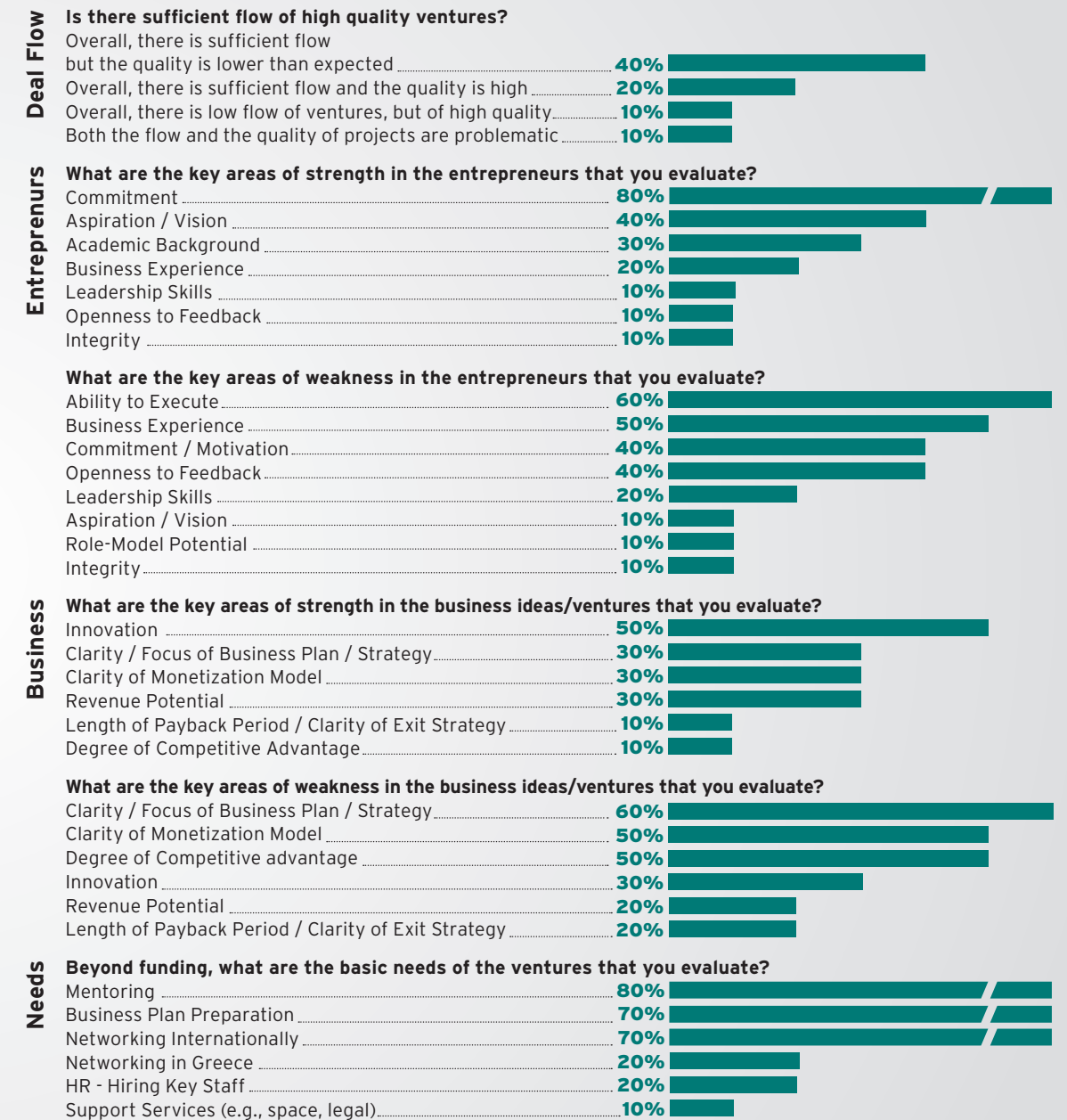
4. Support should primarily focus on business plan finetuning, networking at an international rather than on a local level, and ongoing support and guidance to help achieve strategic aspirations.



Strengths:
commitment, aspiration, academic background, innovation

Weaknesses:
business experience, execution, openness to feedback, clarity of business plan, monetization, competitiveness

Detailed results



7 NOT YET AN ECOSYSTEM

In response to - and further fueling - the attractiveness of entrepreneurship in Greece, **more than 55 institutions** have been recently set up in the country, either as local subsidiaries of international organizations or as domestically developed schemes. **Just three years ago, 95% of them were non-existent**, demonstrating the growing power of entrepreneurship as a trend. Despite their weaknesses and gaps, these players represent the **version 1** of a broader entrepreneurial landscape, which should be built to address the core needs of entrepreneurs- knowledge/skills, networking, and funding - across sectors and stages, and also serve as inspiration for a new generation of entrepreneurs.

This entrepreneurial landscape serves as a great start, though it still lacks many elements of a proper ecosystem. More specifically, the current landscape involves:

- Multiple **one-off awards and competitions**, though these tend to focus on ICT at the expense of other sectors, and many fail to properly follow up after the event.
- High fragmentation in **incubators/accelerators** which are often backed by large players of the ICT, financial or telecom sector; efforts focusing mainly on ICT ventures, with emerging but still low representation of other sectors (e.g., tourism, agri&food, energy) and

varying levels of support provided to the incubated concepts; there have been attempts by the State or quasi-State institutions to develop own incubator facilities, but with low success to-date.

- Four recent **VC vehicles** with available capital in excess of EUR 80 million, backed by EU funds (EIF/Jeremie), with primary focus on ICT ventures; limited number of angel investors, one ICT-focused crowdsourcing and one seed capital scheme in progress; increasing number of international funds exploring opportunities across sectors, however of a larger size.
- High number of **co-working spaces**, demonstrating early signs of consolidation, with main focus on ICT and increasingly on social entrepreneurship.
- High number of **events**, serving as inspiration for local youth, but also addressing the need to project a new or different image of Greece, based on creativity, extroversion and innovation.
- Sporadic examples of bright **academics** in public education system organizing efforts to promote and support entrepreneurship, typically based on individual drive, rather than institutional support; inability of the broader public university system to follow with largely failed implementation of EU-funded innovation

programs on campus; promising efforts and effective programs from private players across stages (secondary and tertiary education), with involvement of entrepreneurs from the private sector.

Most of the above characteristics are common when a new entrepreneurial landscape is being formed. Others are indicative of the global trend that drives big corporations and State players to promote entrepreneurship as CSR or a political tool. As a result, one can observe congestion in certain areas (e.g., awards, incubators/accelerators), excess focus on early-stage ICT and lack of continuity between events and among players. Most importantly, there is a clear **'supply and demand' imbalance**, meaning that the supporting organizations tend to have more capacity than what existing ventures can satisfy. This is reflected both in our survey results (issues with quality of ventures) and in the structure of the entrepreneurial community itself, which often sees the same group of candidates/participants joining the various events organized.

At the same time, there are gaps both in sectors (e.g., tourism, energy, food) and in growth stages (e.g., more mature companies) that are not sufficiently addressed by existing players; there is clear need for improvement also in the servicing itself, which - as discussed - needs to be further enhanced with more and more knowledgeable mentors in certain sectors, international net-

working, more high-quality events with international participation and practical support to access international markets.

Addressing these gaps will bring the entrepreneurial landscape closer to a **more effective and complete version 2**. This new version, still on a way towards a proper ecosystem, will most probably involve:

- **Consolidation or scale-up** of existing players within certain areas (e.g., in co-working spaces, or accelerators). This will allow them to achieve larger size, improve product offering and thus attract high quality candidates, through international networks and access to high level mentor and investor pools.
- **New players** or expanded focus of existing players to cover gaps in sectors and growth stages (pre-revenue, scale-up, maturity), as well as niche areas such as social entrepreneurship.
- **Cooperation** and partnerships between areas to ensure full spectrum and continuity of support.
- Selected **investments** by international funds, mainly on later stage companies; significant angel to Series A financing to be channeled through local players and VCs.
- Channeling of corporate or State-driven initiatives and underlying budget through a selected set of **existing players** rather than pursuing own facilities and infrastructure.

>55 institutions
set up to support entrepreneurs

95%

of them
launched in the last 3 years

>€80 million
of available capital

- **Expanded community** of existing and aspiring entrepreneurs, with more and more successful business leaders, emergence of real role models and calibration of what a true success story looks like.
- More active role of **educational institutions**, via private sector schools/colleges and selected academics in the public sector; as a whole, public education system is expected to maintain its inability to keep pace.

- More active involvement of **Greek diaspora**, mainly through efforts such as The Hellenic Initiative.
 - Partnerships between players to form **public policy groups** that will push through necessary reforms and policy adjustments.
- Changes in the current entrepreneurial landscape in Greece are pretty fast; they are actually already observed and the new version is expected to take shape within the

next 12-18 months. In short, it will be based on fewer and larger players, who selectively choose to work together or with international partners to improve their effectiveness and ability to attract high quality candidates, mentors/investors and sponsors. These players will need to focus on offering as much support as possible to a selected set of high-impact entrepreneurs, who will in turn be able to grow in revenues and jobs, become role models and inspire countless others. In communicating these success stories and multiplying their effect, a small number of

events will further grow in size and importance to serve as platform that provides inspiration in an international context.

This bottom-up approach, rather than a set of top-down, fragmented or one-off efforts, appears to be the most effective in establishing long-term growth and job creation; in bringing about change and reforms, fighting the State's inability or unwillingness to implement them; and most importantly in driving inspiration and healthy role models in a sustainable and replicable way.

Examples of entrepreneurship-related organizations in Greece

