

Nature of Start-up Ecosystems in the Slovak and Czech Cities: Evolution, Growth and Culture

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Introduction

- Object of the research: city, start-up ecosystem, territorial factors
- Focus: the factors of the startup ecosystem formation
- Conceptual and robust research applied to different location – Bratislava, Košice, Žilina, Prague, Brno, Ostrava
- Examples: Pittsburg city and The Boulder thesis

Pittsburgh city

- Size of the city: being the „right size“
- Significant local financial base
- Strong university involvement in the ecosystem
- Government involvement

Boulder thesis – Start-up ecosystem

- Entrepreneurs must lead the start-up community.
- Leaders must have a long-term commitment.
- Anyone with any kind of professional background can join the start-up community.
- The main task of the start-up community is to create an environment for its members to gather and network with business.

Start-up definition

- Company in early stage (usually first 5 years)
- Highly innovative product,
- Extreme growth potential and global ambitions,
- Scalable and repeatable business model,
- Limited financial resources, external forms of capital especially during early stage,
- International network and public recognition,
- Active member of local or national ecosystem.

The Basic Elements of Start-up companies

- *potential to grow fast (global ambitions),*
- *initial stages of formation of companies and development of products are financed by the outside capital,*
- *flexible and repeatable business model (scalability),*
- *newly developed or innovative product which observes mostly unmet needs,*
- *team spirit, creativity and corporate culture represent the basic values of the company.*

Attributes of Entrepreneurial Ecosystem (Feld 2012)

- Leadership - strong group of entrepreneurs
- Intermediaries - well respected mentors and advisors across the whole ecosystem
- Network density - well connected environment
- Government – strong support
- Talent – employees in all sectors of expertise
- Support services – available professional services for appropriate price
- Engagement – opportunities to connect through various events
- Companies – companies should encourage cooperation with high-growth start-ups
- Capital – support of venture capitalist and other investors

Methodology

- Based on interviews
- Sample: 12 respondents (incubator team members, accelerator team members, start-up entrepreneurs and freelancers, institutional investors and venture capitalists, university science park team members)
- Representatives of communities in individual local start-up ecosystems
- Case studies of Bratislava, Žilina, Košice
- Comparison of ecosystems : Bratislava – Prague, Košice – Ostrava, Žilina – Brno

Researched factors

- Leadership
- Entrepreneurial culture
- Duality in the ecosystem
- Formal institution engagement – universities, research labs
- Community engagement
- Competition, inclusiveness
- Mobility of talents
- City and places – involvement of mentors, ...

Research questions

RQ1: Are there any differences between individual ecosystems of Slovak start-up centres in respect to their previous history?

RQ2: What knowledge base is dominant in the Slovak start-up centres? Are the start-up companies and local ecosystems in Slovakia formed in the business or academic environments?

Researched cities

- Capital cities : Bratislava – Prague
- Cities with different size and characteristics : Bratislava – Košice, Prague - Brno
- Same size and same characteristics:
 - Košice – Ostrava
 - Žilina – Brno

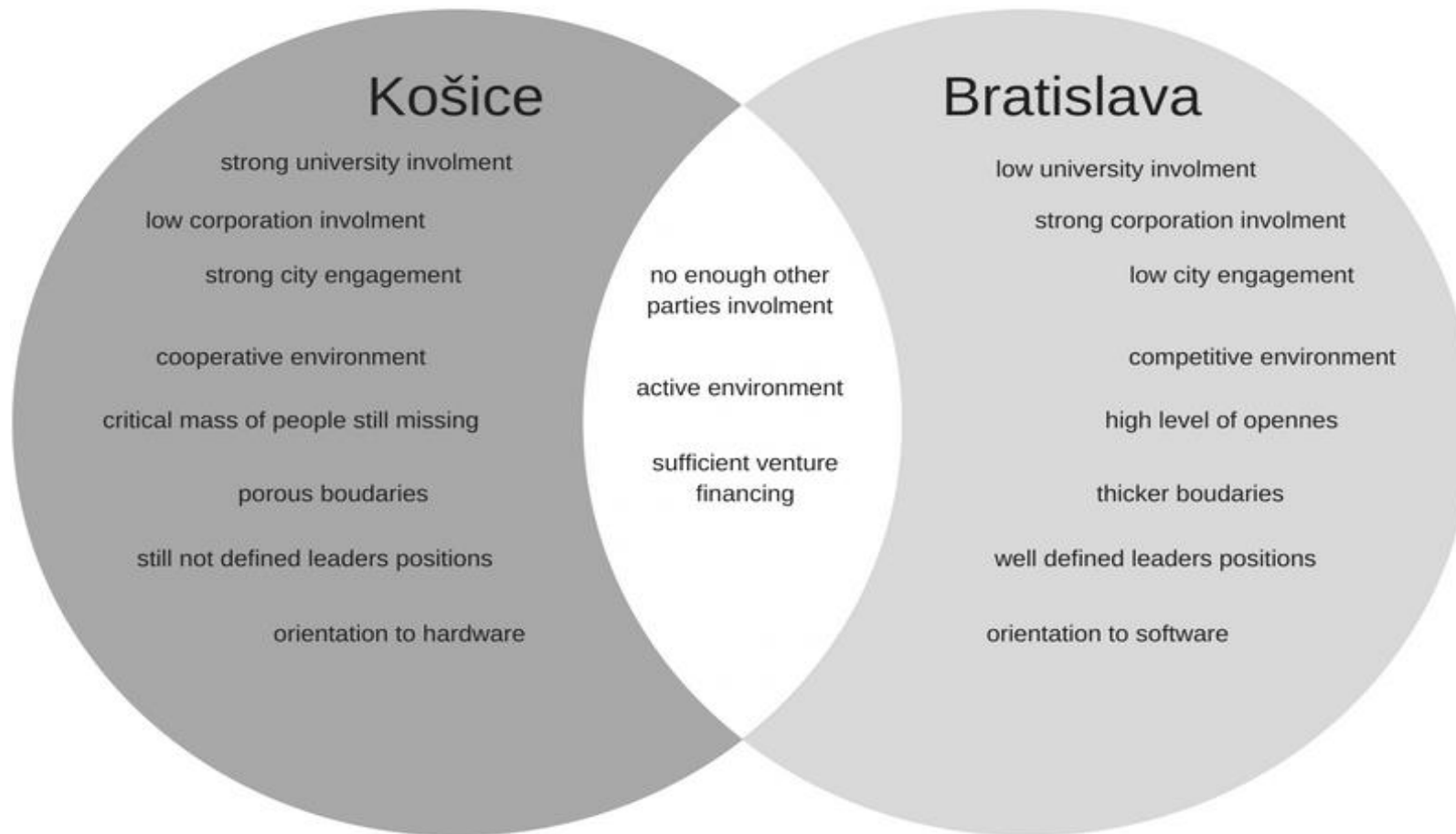
Bratislava

- *„The fact that start-ups have become a part of culture and lifestyle is normal. However, regarding the number of mentors and potential partners as well as the size of our community, it is still more and more difficult to keep a track of what is going on and who is who. When you come to a co-working centre, you will find people with headphones in their ears who do not want to be disturbed “ (Jaro – venture capitalist).*

Košice

- *„Košice is a small town where everyone knows everyone. If you need help with something, you usually know somebody who can help you or someone who knows the right people to help you. It does not matter whether you want to open a restaurant or found a start-up, people help each other, they are friendly and sincere”*
(Marek – start-upist – hardware developer)

Start-up environment in Bratislava - Košice



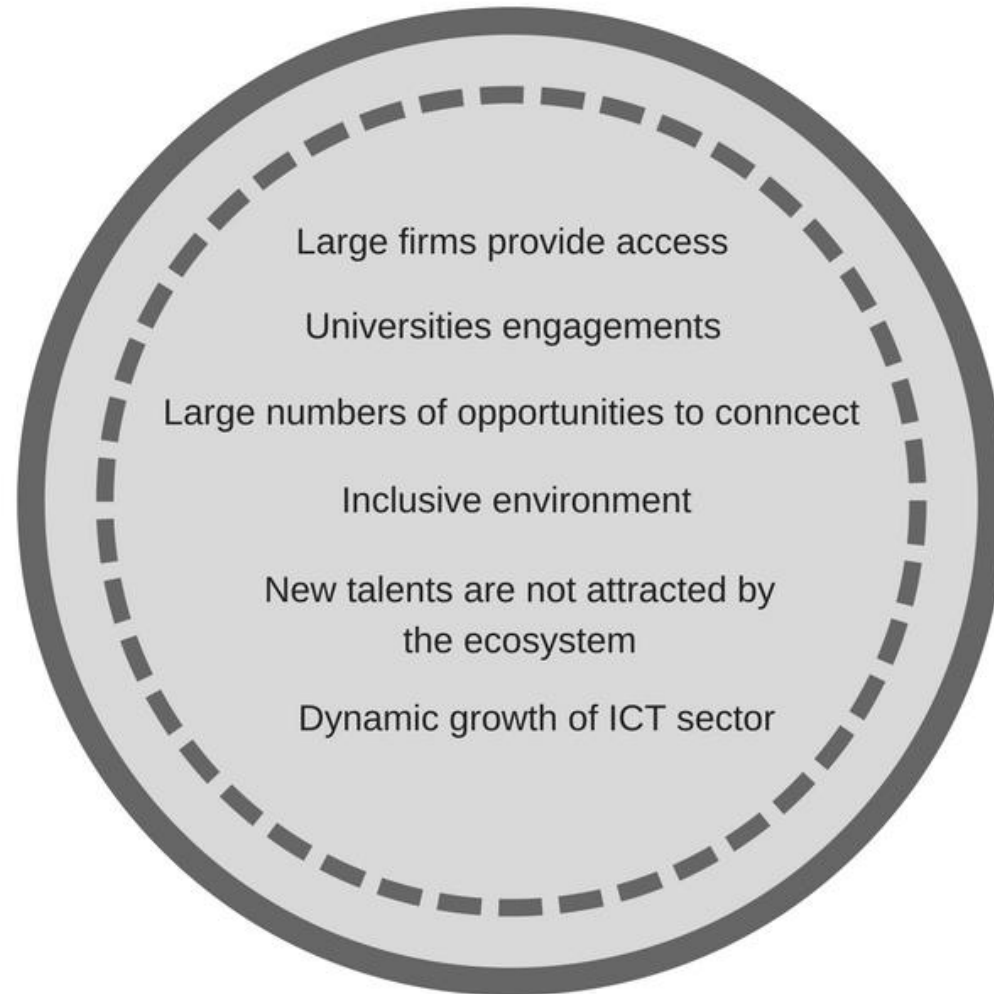
Start-up environment in capital cities Bratislava - Prague



Bratislava - Prague

- Capital cities
- Concentration of important businesses and entrepreneurs
- International environment
- Strategic position of city – airport, government...
- Capital city matters, if it is dominating the (smaller) country , one dominant centre

Start-up environment in Košice – Ostrava



Košice – Ostrava

- Similar size of the city (Košice – 248,8 km², Ostrava – 214,23 km²)
- Similar size of population (Košice – 239 332 , Ostrava – 295 653)
- Steel industry (Košice - U.S. Steel Košice, Ostrava - Vítkovické železiarne)
- Old industries and IT, technological evolution, Technical university etc.
- Start-ups are more IT or technology focused
- Technology trajectory matters
- City context forms the ecosystem

Start-up environment in Žilina - Brno



Žilina – Brno

- Industry has a huge impact in both cities
 - Technological park in both cities
 - University-industry interconnection
 - More entrepreneurial universities historically, willing to work together with innovative companies + European funding utilized
- CEIT
- South Moravian Innovation Centre

Conclusions

- We can distinguish 3 types of ecosystems:
 - Capital cities
 - Ecosystems led by universities
 - Ecosystems led by growth of ICT sector
- Capital cities – large amount of opportunities because of size and concentration of important intuitions and people
- „University cities“ – shape the ecosystem and provide opportunities for its students
- Areas where ICT sector is developed – concentration of large companies that provide access to different markets (with international impact)

Thank you for your attention.