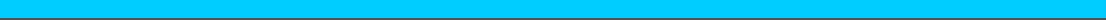


STARTUP ECOSYSTEM KOSOVO

NEEDS EVALUATION REPORT



INNOVATION
CENTRE
KOSOVO



CONTENT

- 
- Introduction
 - Methodology
 - Purpose of the document
 - Entrepreneurs Profile
 - Startups Profile
 - Startup Needs and Support

INTRODUCTION

- As one of the strategic sectors of the country while playing a major role in economic growth, government institutions and international organizations have given their support towards empowering key stakeholders in this sector. As such, Kosovo' ICT sector has become a sensational destination for international companies outsourcing services.
- With the development of the ICT sector, the establishment and the ongoing increase of the number of start-ups, the Kosovar government and various organizations in Kosovo have turned their attention to enhancing the startup ecosystem.
- Yet, despite the received support and the fragile economy in Kosovo, many start-ups struggle in their journey to success and the rate of startup failure remains high.
- In this regard, this study aimed at evaluating the needs in the present startup ecosystem with the purpose of increasing their survival rate by identifying the key challenges they face as well easing their various attempts to overcome obstacles and become sustainable and profitable.

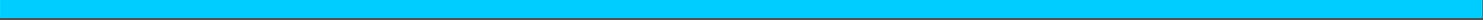
METHODOLOGY

- The purpose of this document is to present the results from the research conducted to evaluate the needs of start-ups in Kosovo and indeed will help to measure the current state of startups and their potential for further growth. The quantitative research, is conducted through Computer Assisted Web Interview via Odds of Roller's platform "Pyper". The participation on the survey was voluntary and is conducted with Startup owners or shareholders, form a list of Startups provided by ICK.
- The research methodology is based on the technological infrastructure that is designed in such a way that enables the answers (opinions) through the platform, PYPER. In addition, the methodology also incorporates the Panel, an online-based platform that serves as a recipient of feedback (opinions) and generates reports based on information obtained from PYPER.
- The methodology of conducting questionnaires through web/mobile applications is based on two concrete elements which are based on the population, ie, the total group of individuals to target and the relevant representative research sample. Opinions provided on the web/mobile app were automatically forwarded to the platform. The web/mobile application developed is an innovative way of collecting data and interacting with the interviewee. The overall sample size consist of 105 startups in the ICT sector. Meanwhile, the questionnaire was shared with ICK management team for adapting, adding and re-structuring the questionnaire.



THIS DOCUMENT IS
INTENDED TO
PROVIDE
IMPORTANT
INFORMATION
THAT WILL HELP IN:

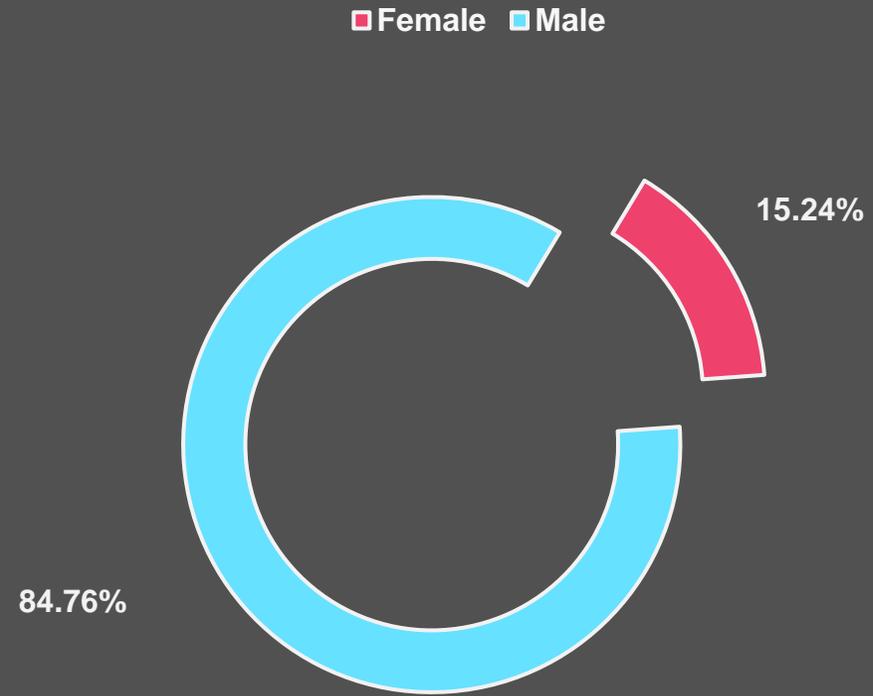
- 
- Perception of entrepreneur's profile in the ICT sector
 - Perception of Start-ups profiles in the ICT sector
 - Perception of Start-ups development stages in ICT sector
 - Perception of main challenges start-ups in the ICT sector
 - Perception of main needs for start-ups in the ICT sector
 - Perception of most beneficial support for start-ups in ICT sector
 - Perception of most needed support for start-ups in ICT sector
 - Defining the ways to strengthen startup-ups in ICT sector
 - Making decisions by stakeholders of ICT sector in Kosovo



ENTREPRENEURS PROFILE

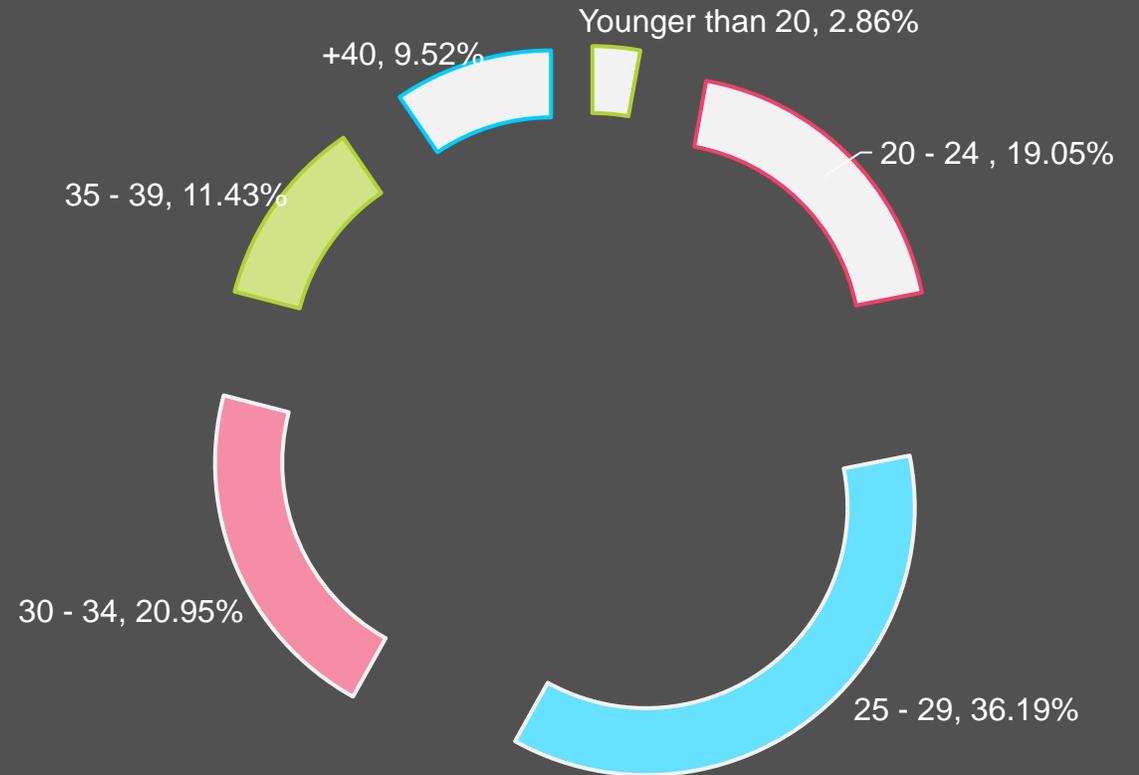
GENDER

Entrepreneurship in ICT is highly disproportionate with the number of entrepreneur males being 5.5 times higher than the number of female entrepreneurs.



AGE

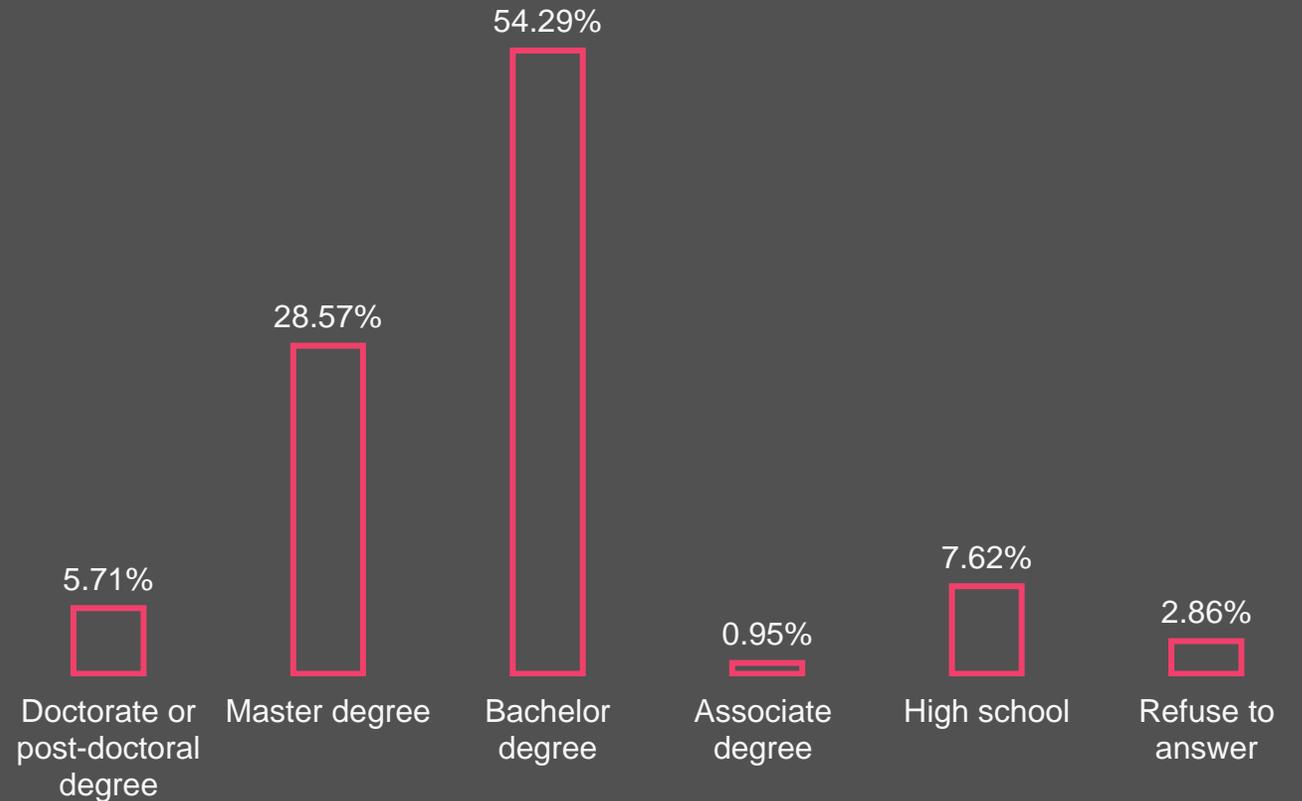
The highest number of entrepreneurs belong to the age group 25-29 years old. However, with the increase of age, the number of entrepreneurs rapidly declines.



EDUCATION AND ENTREPRENEURSHIP

The majority of entrepreneurs, almost 90%, have received a higher education with more than half of them having a bachelor's degree.

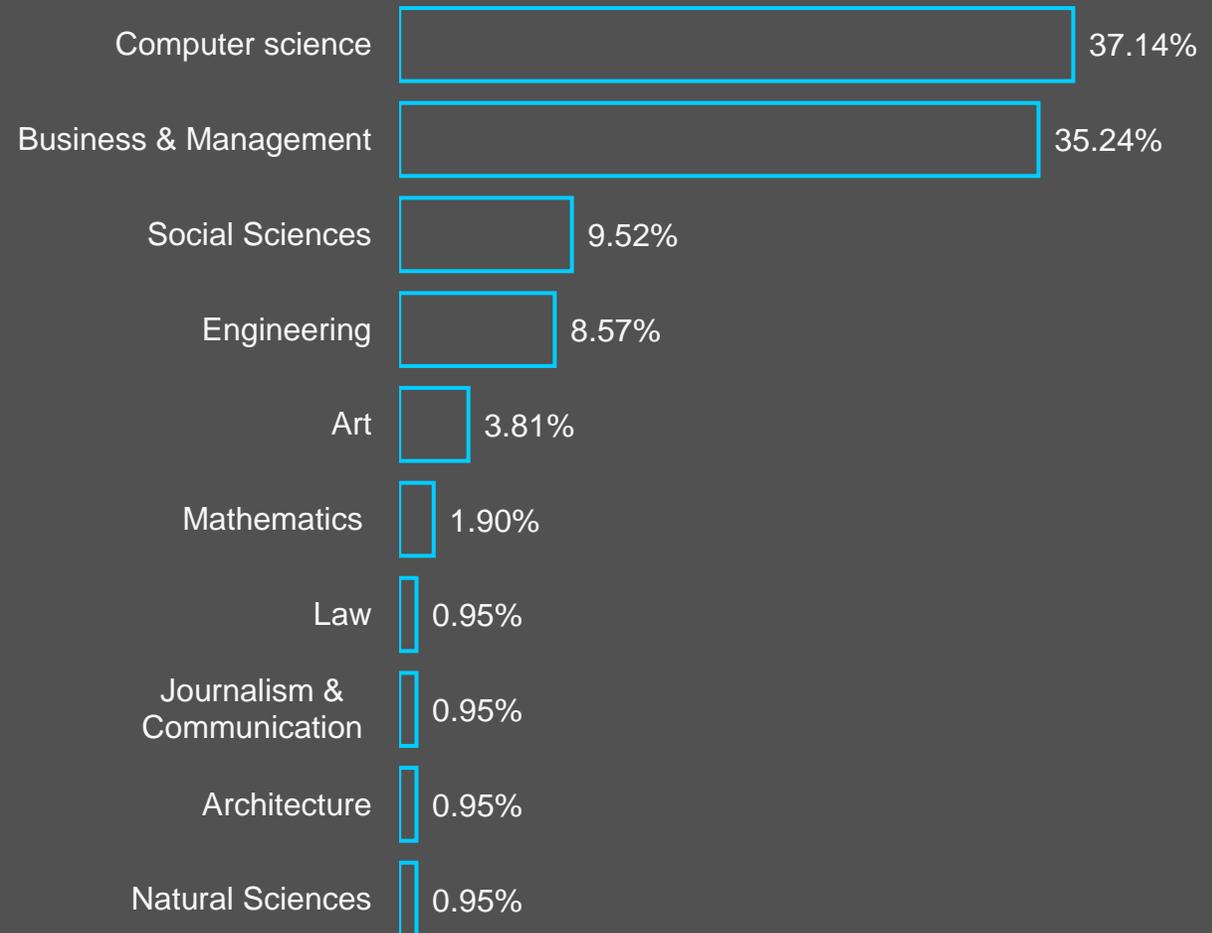
With the increase of the higher education qualifications, namely master's, doctoral or post-doctoral degree, the percentage of entrepreneurs possessing such a degree decreases.



FIELD OF STUDY

The majority of entrepreneurs hold good knowledge of the required skills to operate in the ICT market.

More precisely, their field of expertise includes computer sciences or business management which are crucial in terms of business operation in the ICT sector. Interestingly, some entrepreneurs' background consists of uncommon fields of study for the field of ICT.



PREVIOUS INVOLVEMENT IN STARTUPS AND FAILURE

Except the current startup(s) established by entrepreneurs in Kosovo, 43.8% of the entrepreneurs have established a startup(s) in the past. In addition to that, a significant number of entrepreneurs (80.4%) have experienced personal startup failure.

Such a phenomenon greatly emphasizes the impact of challenges in the startup ecosystem, which if not addressed will increase the rate of startup failure.

Have you established any other startup in the past?

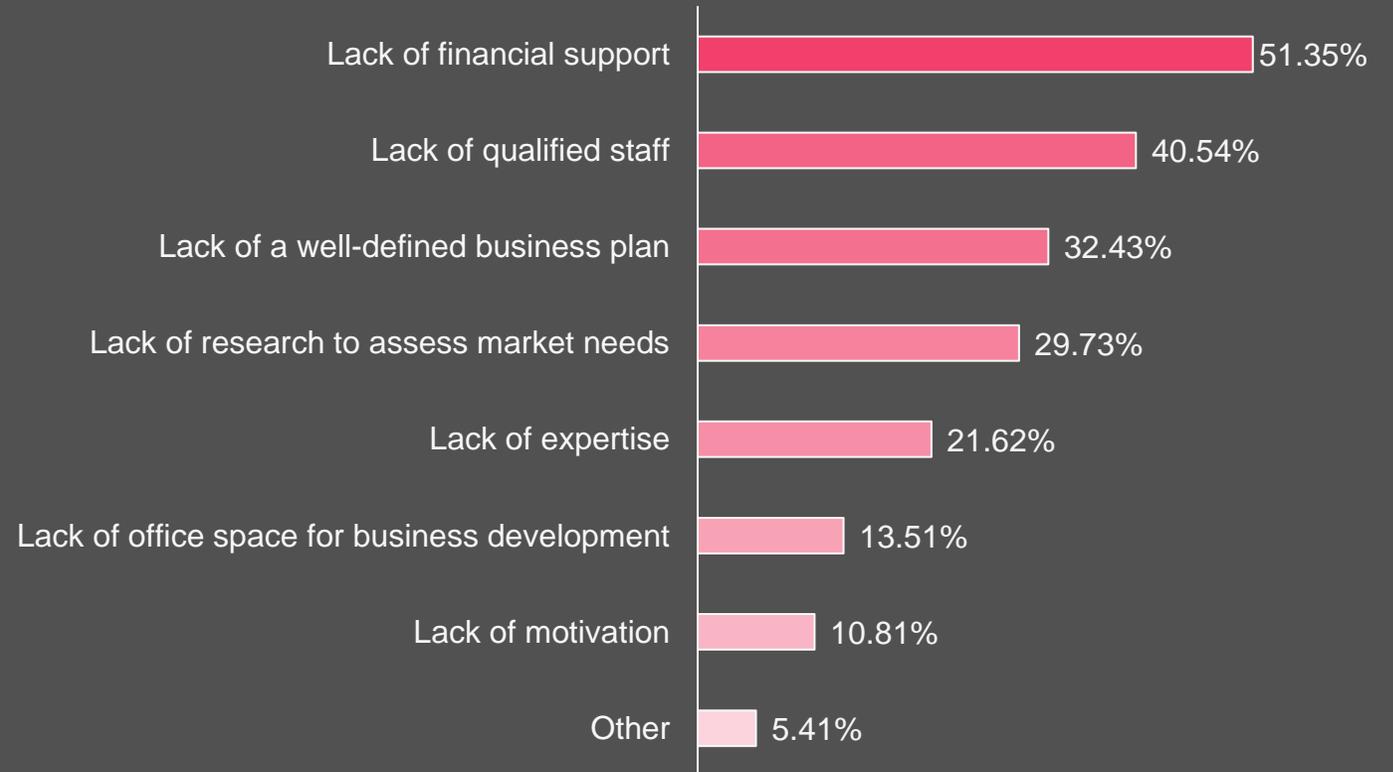


Has any of the startups you have established in the past failed?



REASONS FOR STARTUP FAILURE

The startups that had been established have evidently failed to survive in the market for a myriad of reasons ranging from lack of financial support to personal issues such as lack of motivation.

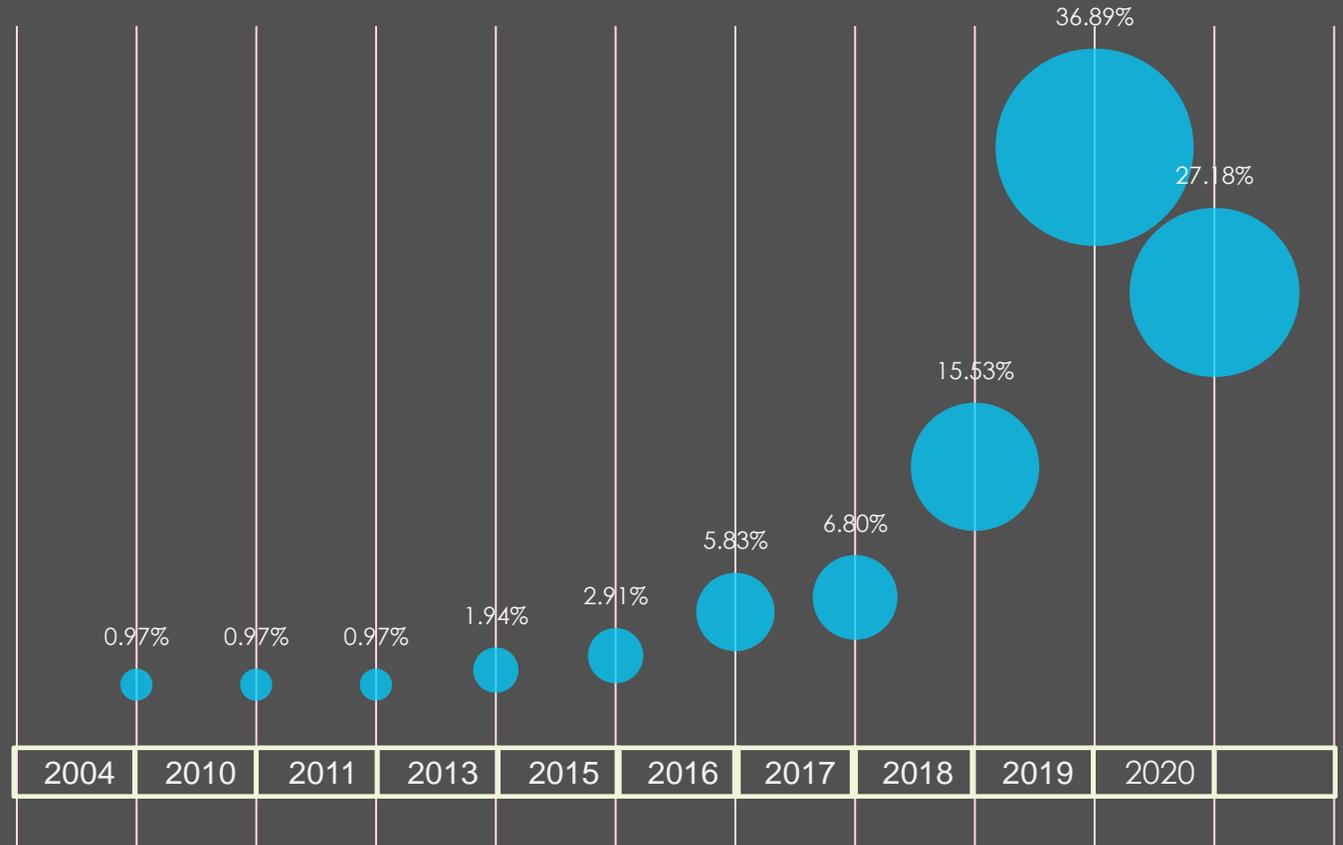


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**START-UPS
PROFILE**

YEAR STARTUP IS FOUNDED

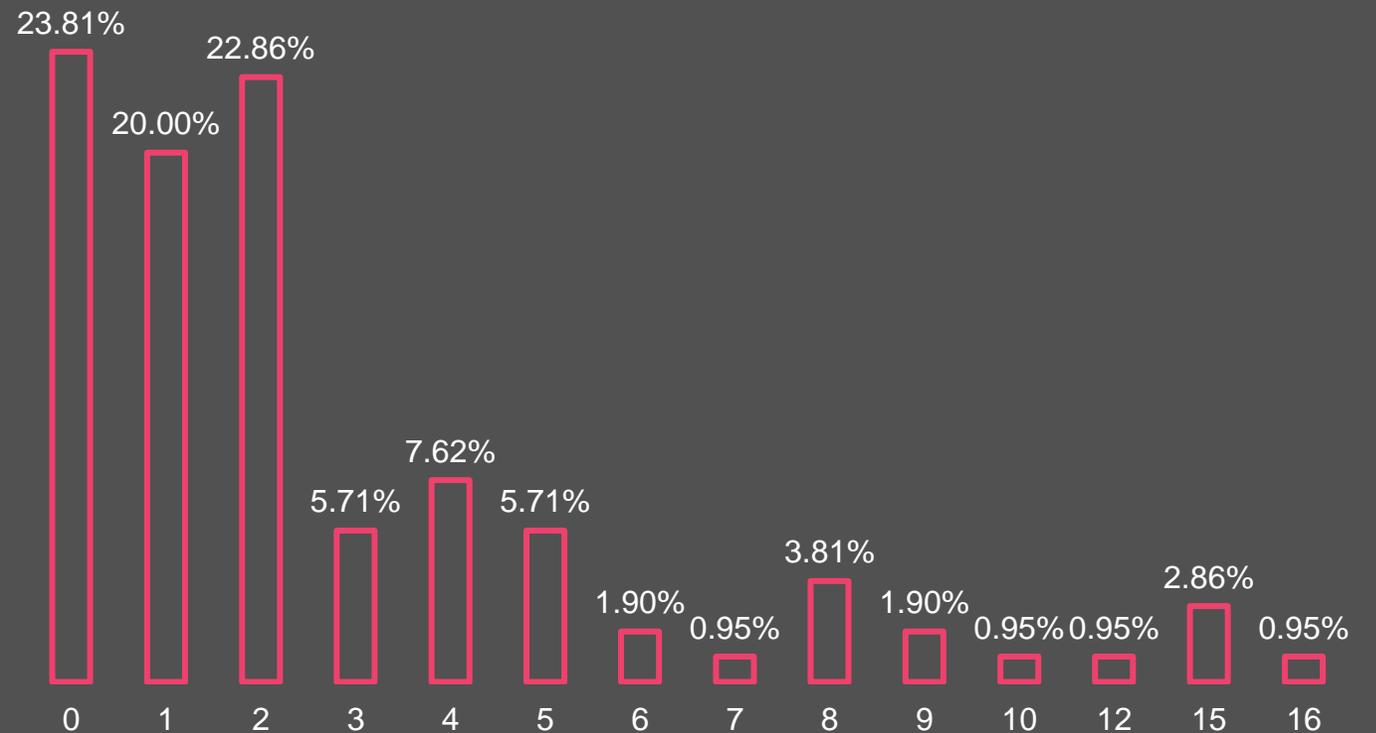
Based on the data obtained from participants of this research, **79.6%** of them have established their startup between 2018-2020.



NUMBER OF EMPLOYEES IN STARTUPS

Considering the present startup ecosystem in Kosovo and the challenges that many startups face on the journey to growth and a well-establishment, the number of employees in a startup is quite fragile.

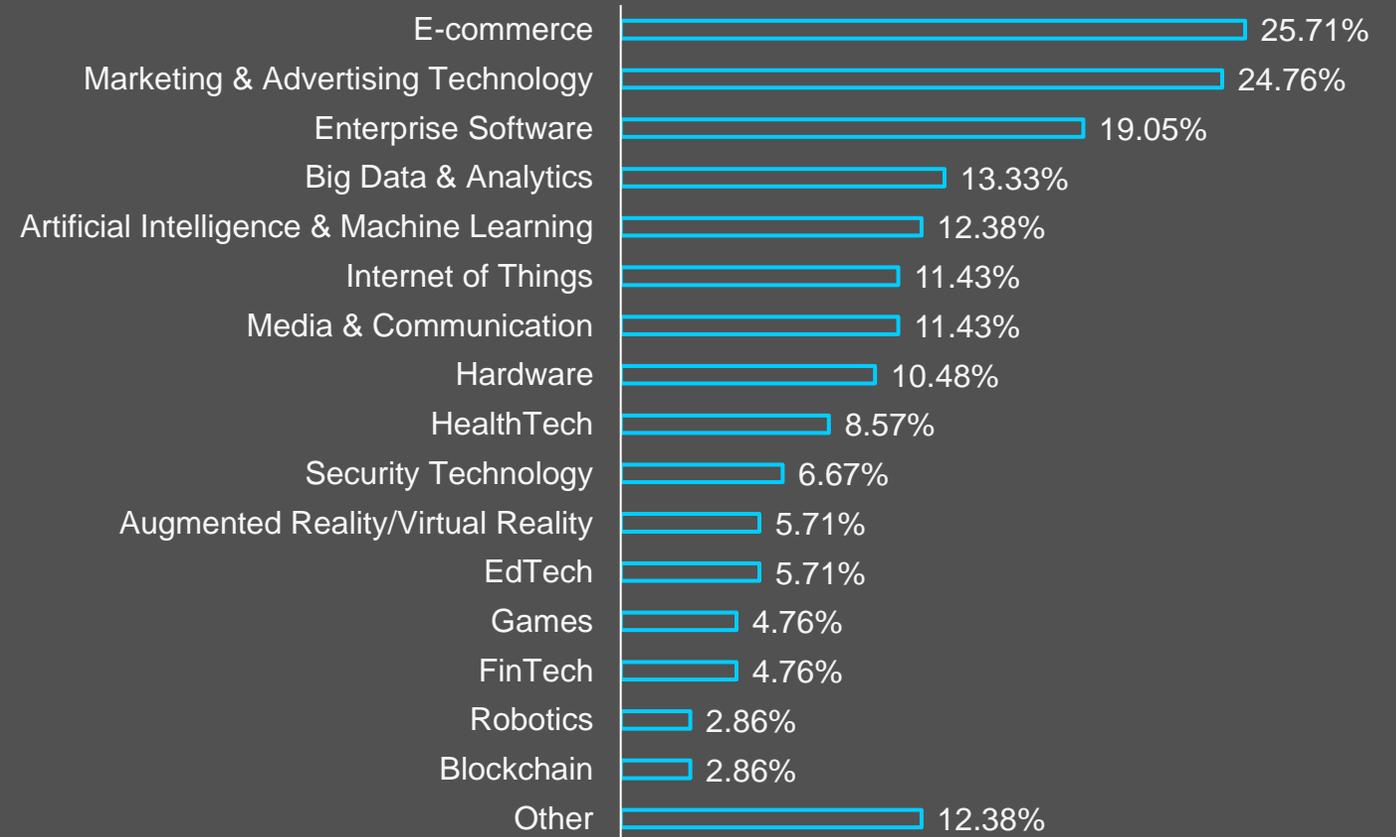
Thus, not surprisingly, almost a quarter of the startups in Kosovo have no employee(s). In addition, **42.86%** of the startups consist of one or two employees.



OPERATING INDUSTRY

With the development of technology, e-commerce has been the focus of many entrepreneurs in Kosovo. Thus, from the total number of startups participated in this research, e-commerce scores the highest market share of **25.71%**.

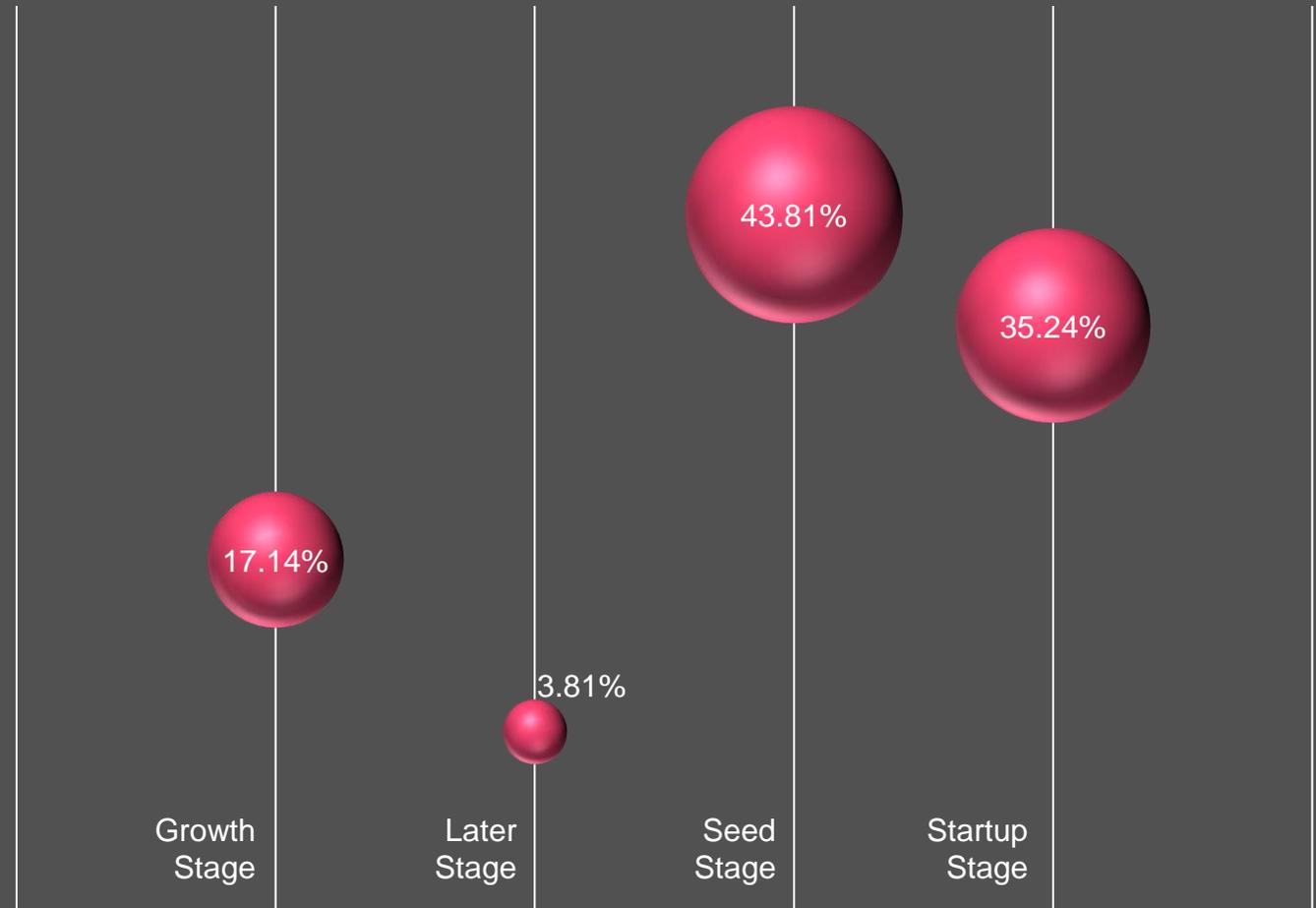
Not far behind e-commerce stands also the field of Marketing and Advertising Technology with **24.76%**. As opposed to these two, fields such as Blockchain and Robotics make up for the lowest market share.



DEVELOPMENT STAGE

In coherence with market data obtained from this research, ICT startups in Kosovo currently are at different stages.

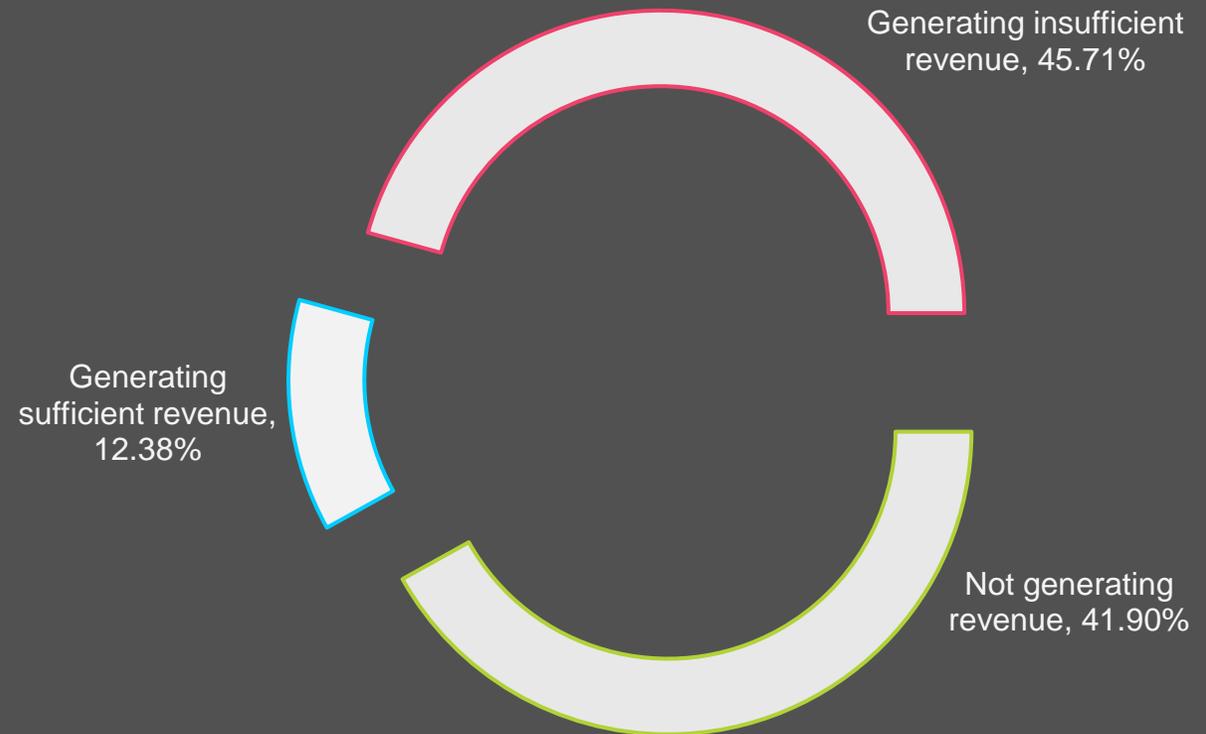
While 17.14% of the total startups are currently successful, namely they are at the growth stage, almost 80% of startups are in the beginning stage. More precisely they are at the seed stage and startup stage.



GENERATING REVENUE

Having in consideration that generating revenue is a crucial factor in a startup's success, a great number of startups in Kosovo are not performing well in regard to the financial aspect.

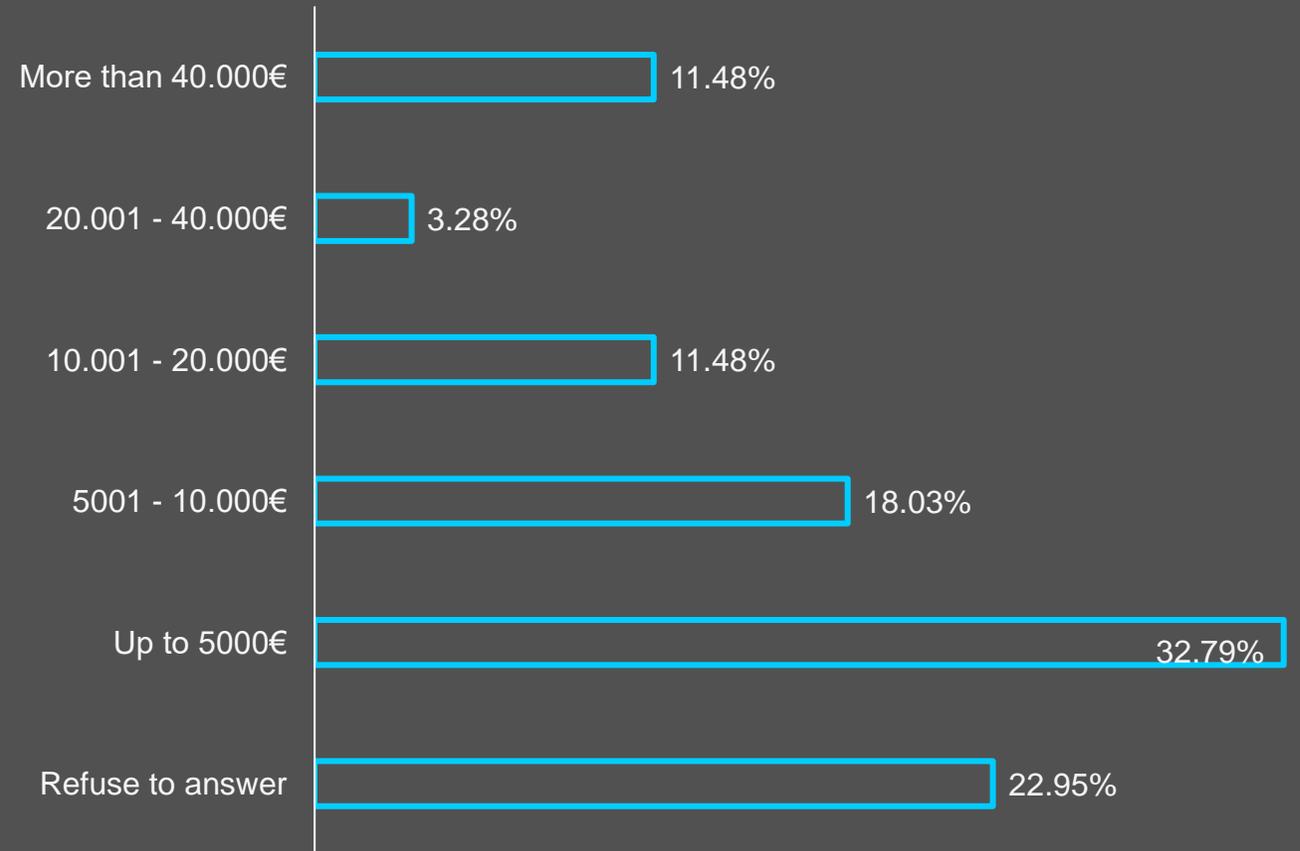
With the exception of **12.38%** of startups that are generating enough revenue, **45.71%** are not generating enough revenue for their needs and another **41.90%** are not generating revenue at all.



STARTUP'S REVENUE

From the total number of revenue generating startups, **32.79%** of them had generated a revenue of up to 5,000 Euro in 2020 by the time the study was conducted.

In addition to that, a smaller number of startups, **18.03%**, had successfully generated 5,001 – 10,000 euros.



OBSTACLES ENCOUNTERED BY STARTUPS

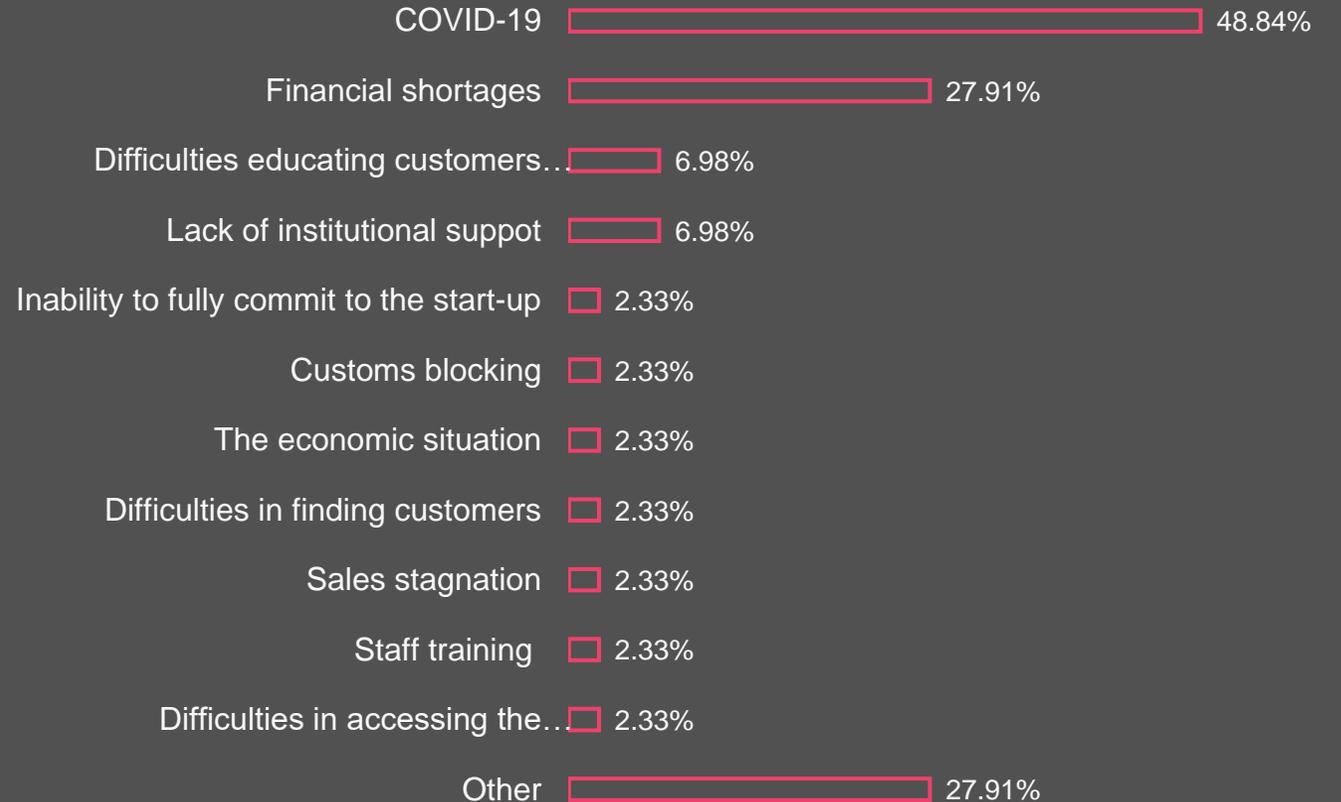
The present obstacles encountered by ICT startups have resulted in the stagnation of **44.76%** of startups and if startups cannot overcome the current situation, many, if not all, can experience failure through time.

Has your
startup
currently
stagnated?



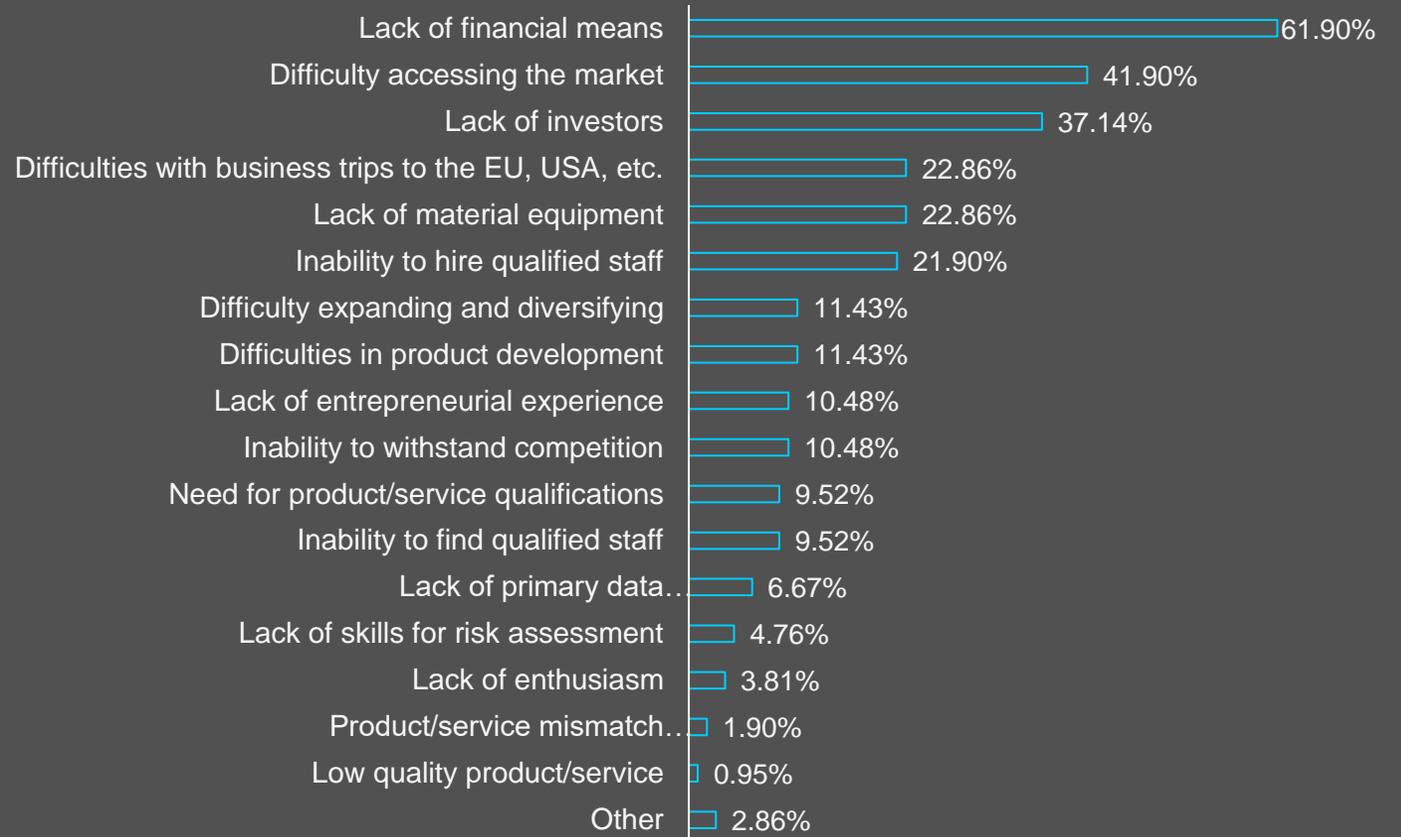
REASONS FOR STAGNATION

Concerning the factors that have led to stagnation, almost half of the participants have attributed the stagnation of their start-ups to COVID-19 (48.84%).



CHALLENGES FOR GROWTH

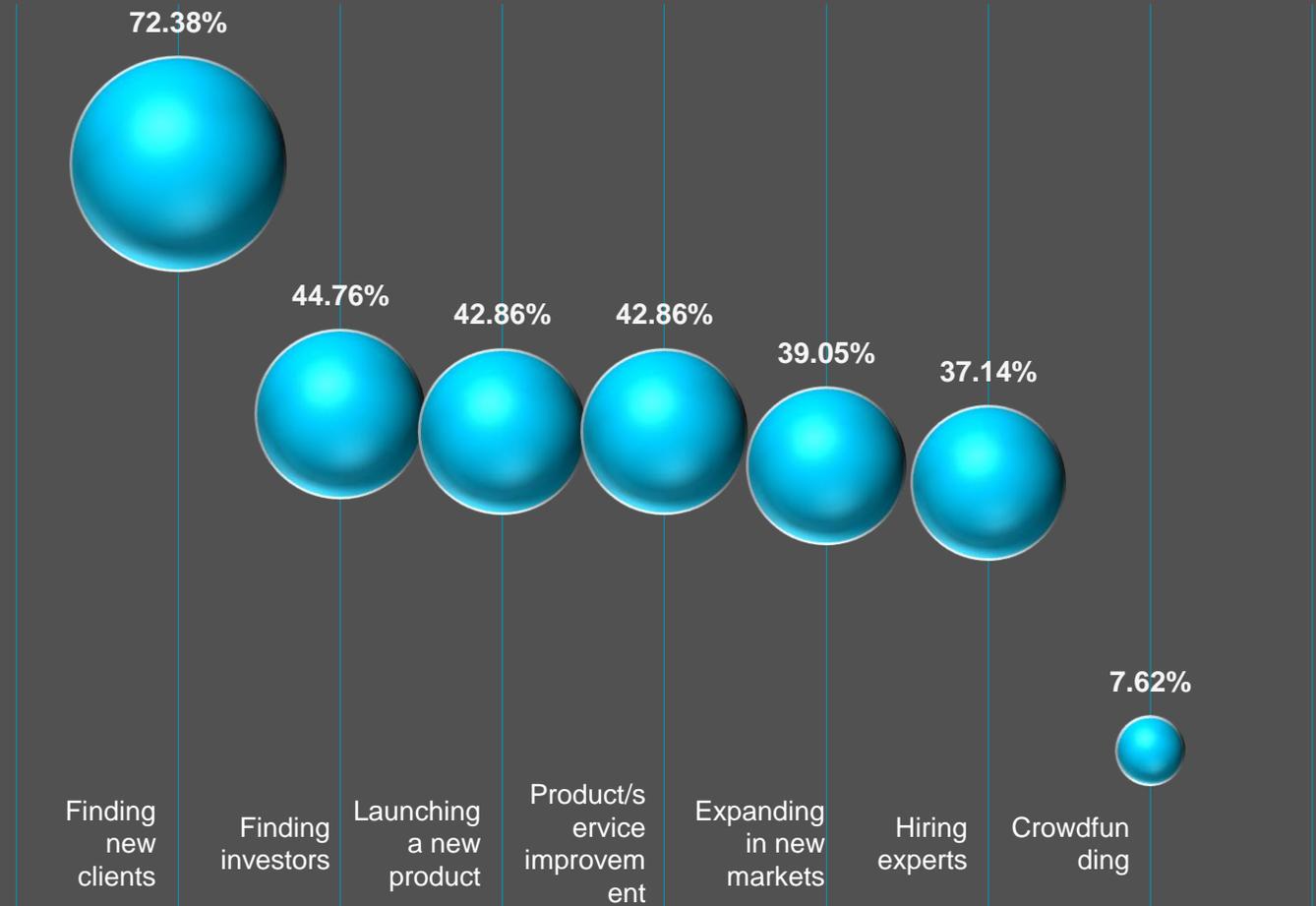
A diverse number of obstacles prohibits the expansion of startups in Kosovo. The three most important challenges lie in the lack of financial means (61.90%), difficulties in market access (41.90%) and lack of investors (37.14%). It is important to note that such lack of financial support has mostly been reported by the interviewed entrepreneurs as the main reason for their startups' failure in the past.



STRATEGIES FOR FURTHER DEVELOPMENT

With so many factors constricting startup expansion, startups in Kosovo aim to overcome these by finding clients (72.38%) and investors (44.76%).

The third and fourth most selected alternatives focus on improving products/services or by changing the trajectory of the offered services/products and by offering new ones. In addition, crowdfunding is the least chosen alternative which may be used to expand one's startup



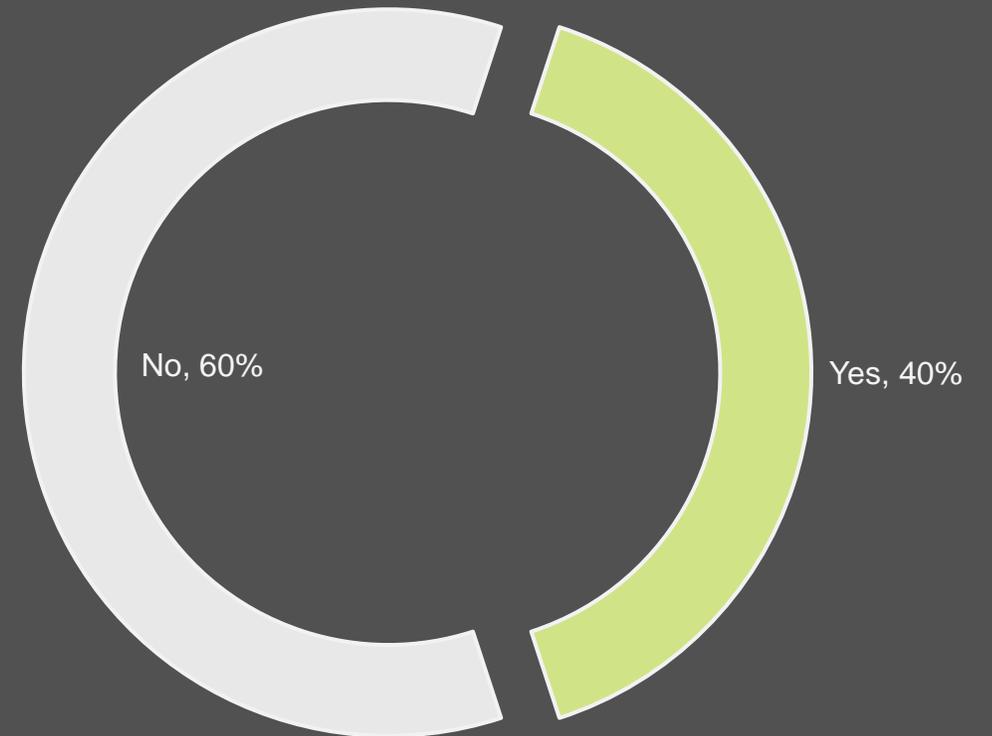
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**START-UPS
NEEDS &
SUPPORT**

HELP FOR STARTUPS

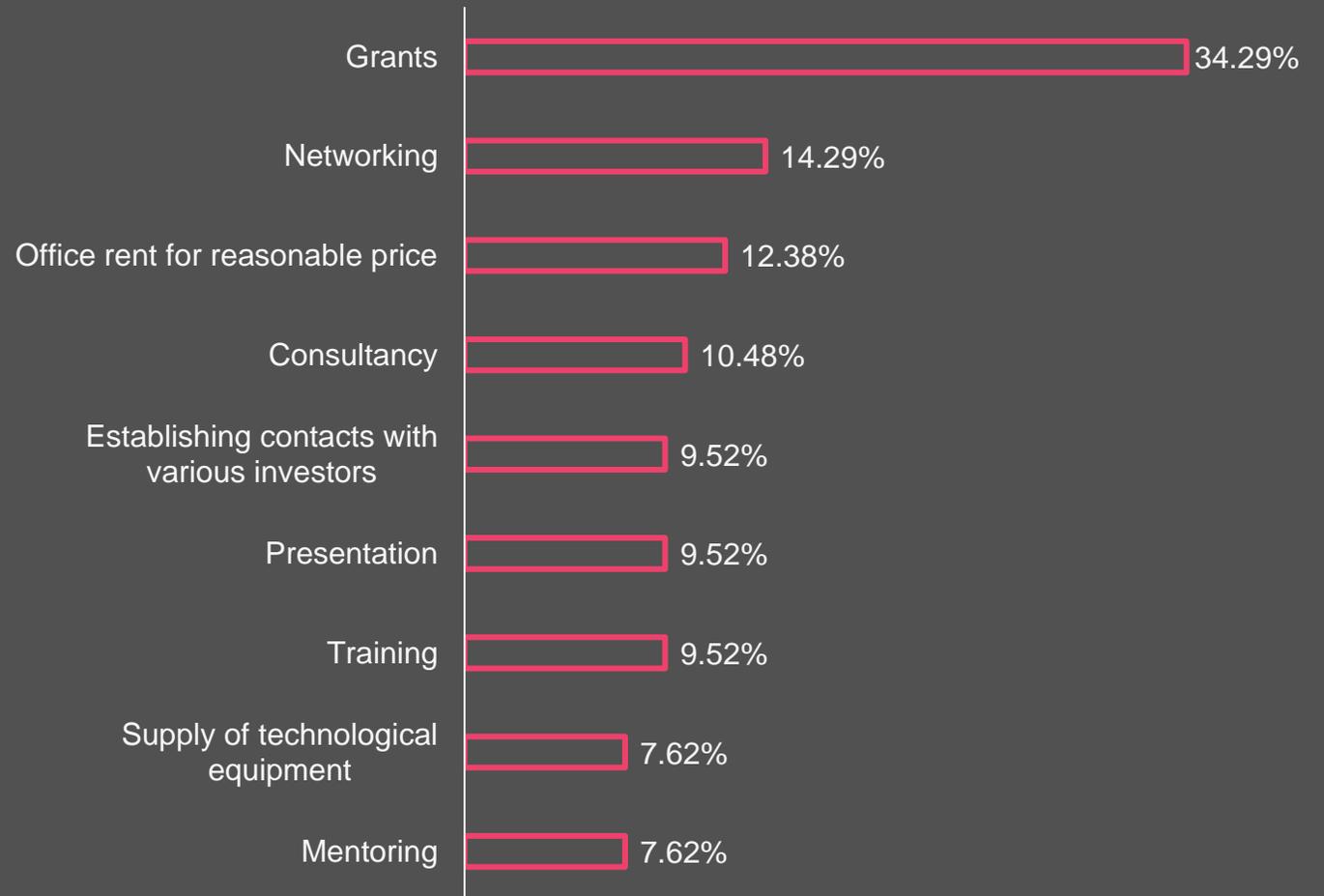
While a considerable number of startups (40%) have been a beneficiary of any type of help or service for their startup, 60% have received none.

Has you ever received help for your startup?



MOST BENEFICIAL SUPPORT FOR STARTUPS

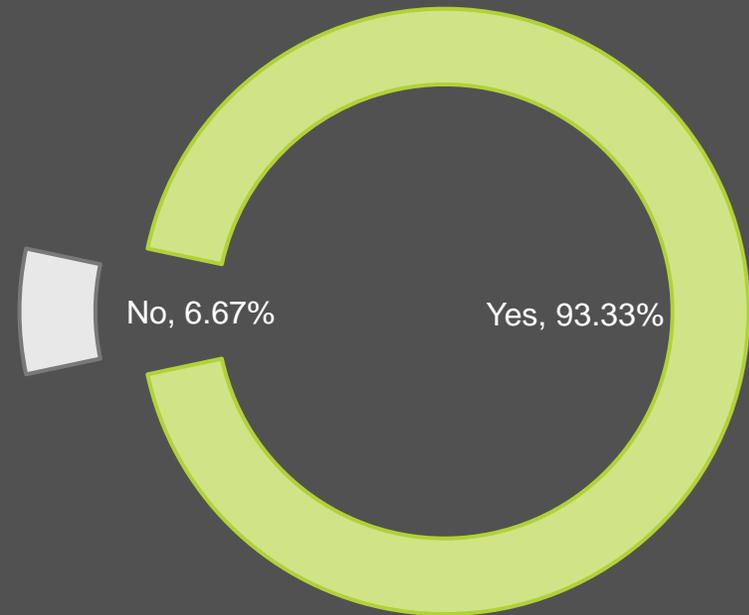
The three most helpful ones have been the receipt of grants (34.29%), networking (14.29%) as well as the availability of an office for use at a reasonable price(12.38%) .



NEED FOR SUPPORT

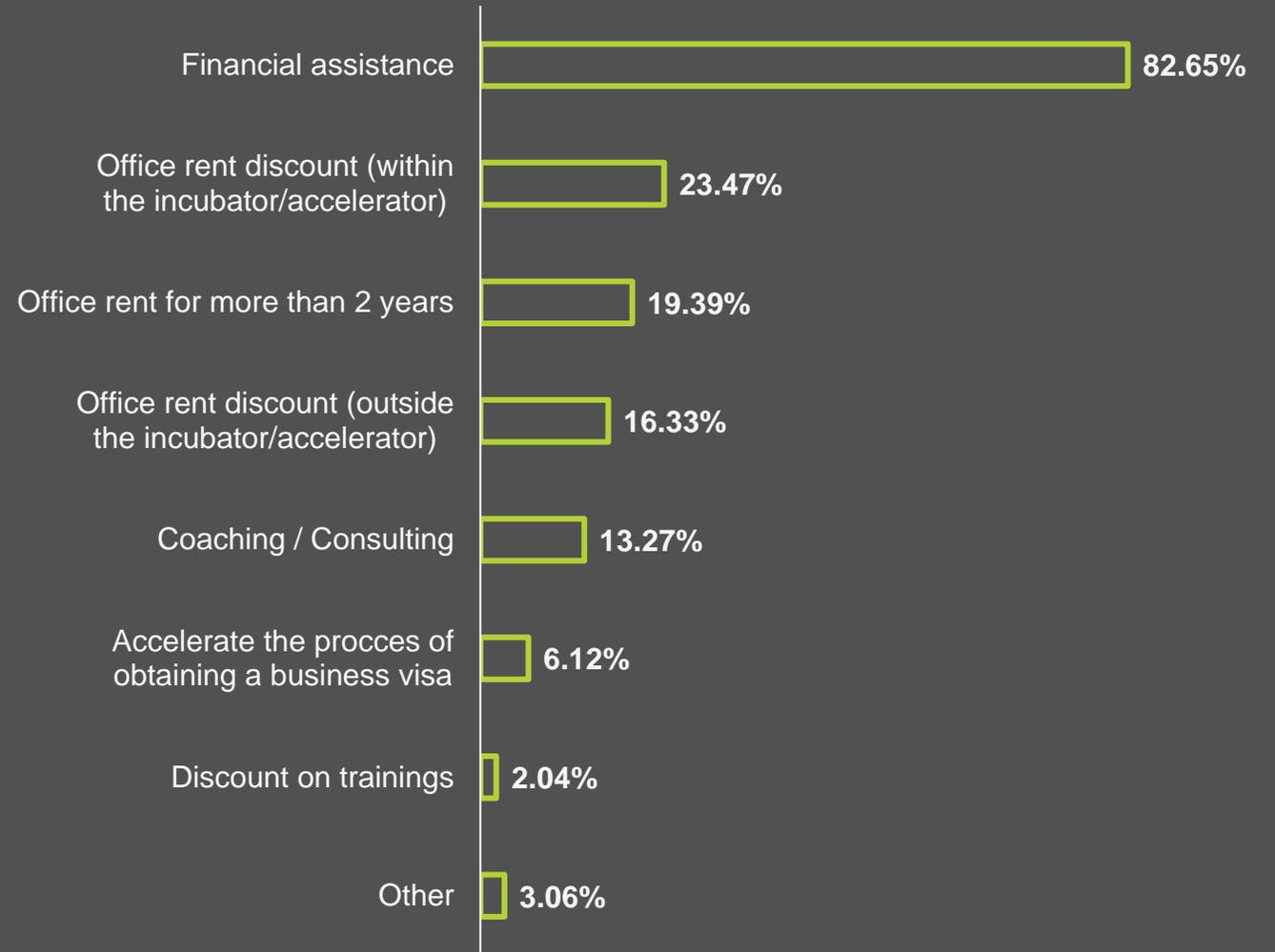
A significant number of startups are in need of support or any other external help which can be offered for startups.

Has you ever received help for your startup?



MOST NEEDED SUPPORT FOR STARTUPS

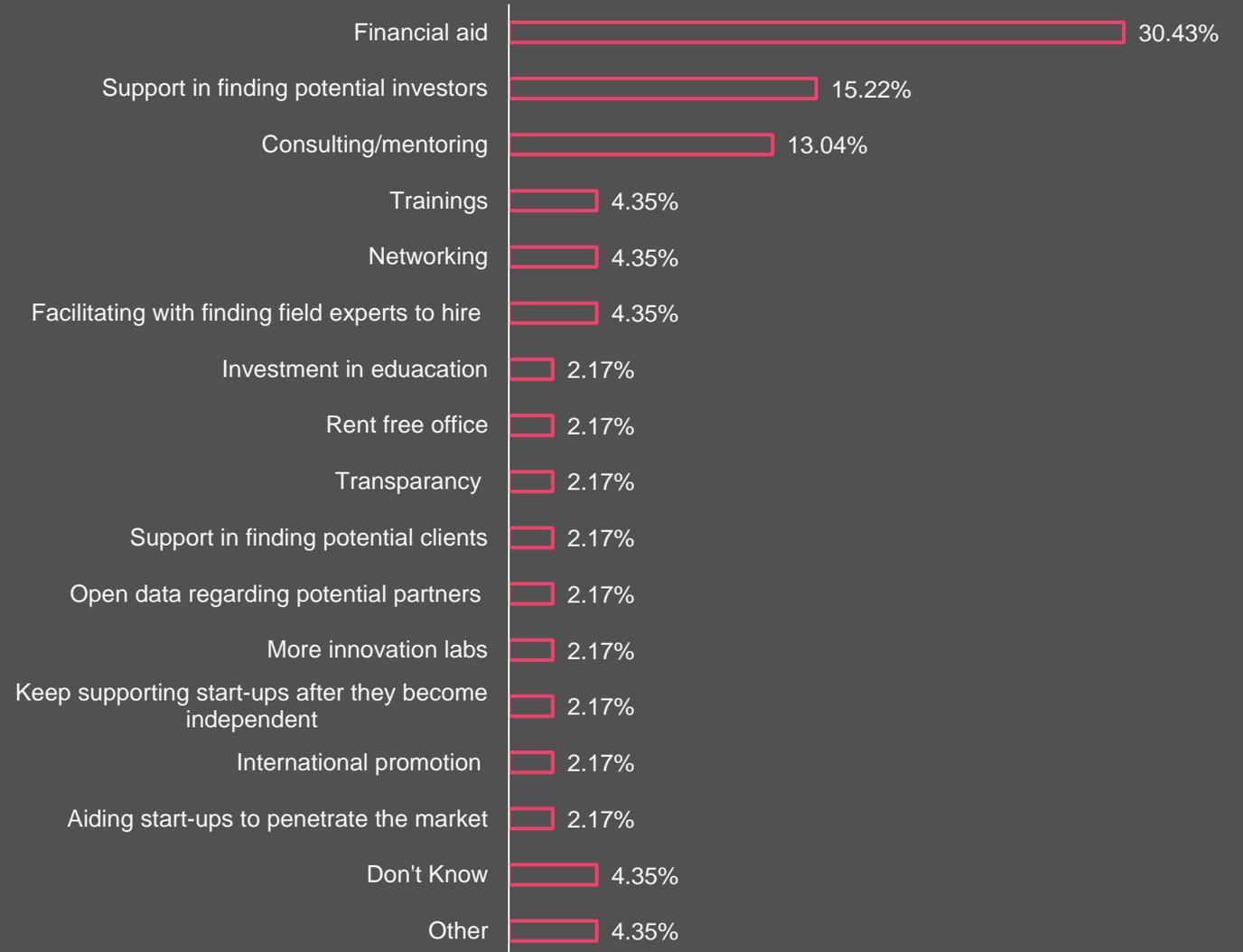
Of paramount importance is receiving financial help (82.65%) followed by the availability of an office of various kinds as well as mentoring/consultancy.



WAYS TO STRENGTHEN THE ICT SECTOR

According to startup entrepreneurs, the necessary steps to strengthen the ICT sector lies mainly in organizations providing financial aid to startups.

In addition to that, of particular importance is also the provision of support in finding potential investors as well as consulting/mentoring.



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