

ECOSYSTEM PERFORMANCE RESEARCH

CONNECTING *THE* MACEDONIAN STARTUP *ECOSYSTEM*

Resolving challenges and finding opportunities to improve collaboration between key support organizations and startups.

By Startup Macedonia, supported by USAID BEP



THANK YOU FOR BUILDING AN ECOSYSTEM WITH US!

the founders of Startup Macedonia

Startup Macedonia was founded as a collective by the startup community who wanted to stay relevant and competitive within the Balkan region first, then to conquer Europe and the World!

That desire to build something great is fueled by the Macedonian tech-savvy entrepreneurs who have the talent and potential to create innovative companies.

Yet, the ecosystem support has failed them. Macedonia does not rank among the most innovative countries, and its startups are finding too hard a challenge to get to new markets.

This is why we - as a community - must step up. Startups have potential to improve all walks of life, all industries, and make a huge impact on our society. We've seen local positive examples and it is obvious to everyone that startups and innovation is the only way forward.

Our collective was founded to find ways to empower every stakeholder in the ecosystem, to support the ecosystem, and inspire innovation and partnerships.

To do that - we'll need your support. Only by working together we can build something great!

STARTUPS ARE ESSENTIAL FOR A DYNAMIC MARKET

Mirjana Makedonska, Chief of Party, USAID BEP

Even though Macedonia's startup ecosystem has a long way to go, its potential should not be understated. When looking at the challenges ahead, we must remember why startups offer such unique value to the economy.

Through their capacity for innovation, they can be a major driving force behind economic development. No other form of enterprise is better suited to producing inventions and developing the best mechanisms for commercializing innovations

Perhaps most important of all, startups are essential to a dynamic and competitive market because their fast-paced development and capacity for disruptive innovation keep established companies on their toes. Improved competition means that the economy stays healthy, vital and diligent, while individual companies find it harder to rest on their laurels.

Motivated by the startup's potential, the USAID BEP is taking an active role in aligning the supply and demand of services within the ecosystem. Over the next three years, we will use our grants program to support startup organizations in collaborating on bridging the ecosystem's gaps.

By incentivizing strong collaborating, aligning aims and investments, together, through continual efforts, we can build a self-reliant ecosystem in which startups can thrive and create value that will benefit everyone.



At the USAID Business Ecosystem Project, our goal is to develop and implement sustainable solutions to employment, revenue and productivity growth. Because we strongly believe that startups can play a major role in Macedonia's economic development, we are working to support the development of a self-sustainable ecosystem. But before we could set off on this journey, we needed to know where we needed to go and what lay on the road ahead.

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Identifying gaps and opportunities where the Macedonian ecosystem can improve and start producing more and better startups.

SOLVING THE OBSCURITY OF “WHAT IS A STARTUP?”

“**Innovation**”, is application of a new or a significantly improved product, technology, process or service, including significant improvements of technical characteristics, components and materials, built-in software, user orientation or other functional characteristics, or marketing methods or new organizational methods in operations, organization of work relations or relationships between a legal entity and environment.

“**Startup ecosystem**” is formed by people, startups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new startup companies.

“**Accelerator**” is a legal entity that provides services for startups such as: office space (optional) and administrative support, training, counseling and/or mentorship, access to business support resources, as well as financial investments and access to capital. Accelerators implement programs designed to assist and accelerate the activities of startups.



**“STARTUP IS A NEWLY
ESTABLISHED COMPANY
WITH SIGNIFICANT
GROWTH POTENTIAL AND
SCALABLE BUSINESS MODEL
BY DEVELOPING AN
INNOVATIVE PRODUCT,
PROCESS OR SERVICE.”**



"Implementing and developing successful, competitive and digitally enabled ecosystem for entrepreneurship and innovation, should be considered as a systematic process with a long-term mission that requires proper and careful planning for structure and resourcing. Ecosystem Operators role is to serve various ecosystem functions equally and be a neutral and sustainable organization, with proper resourcing, long-term and data-driven development perspective, with a strong mandate from all ecosystem key actors."

Oscar Ramirez, Startup Commons CEO

INTRODUCTION TO THE METHODOLOGY

What Startup Commons' ecosystem development framework provided was not only the necessary standardization of services, which was much needed in the Macedonian startup ecosystem; but the framework itself can also predict trends and future ecosystem development.

In its current form the "Startup Development Phases Framework" is being used in Estonia, Finland, Canada, Malaysia and other countries for an ecosystem development.

It is an extensive framework that enables the creation of a progressive ecosystem while clearly identifying the role of each stakeholder.

The framework can be used to guide the Macedonian ecosystem towards the final goal - to develop a multi-organizational structure that can support startups in their journey from idea to creating a product, to growth and expansion phases, and increase the volume of companies that can grow and compete on the international markets.

THE STARTUP DEVELOPMENT FRAMEWORK

The Startup Development Framework is a powerful tool that can determine not only the correlation between startup support organizations and their performance in the ecosystem, but it can also implement standardized services for startups in various development phases, hence the name.

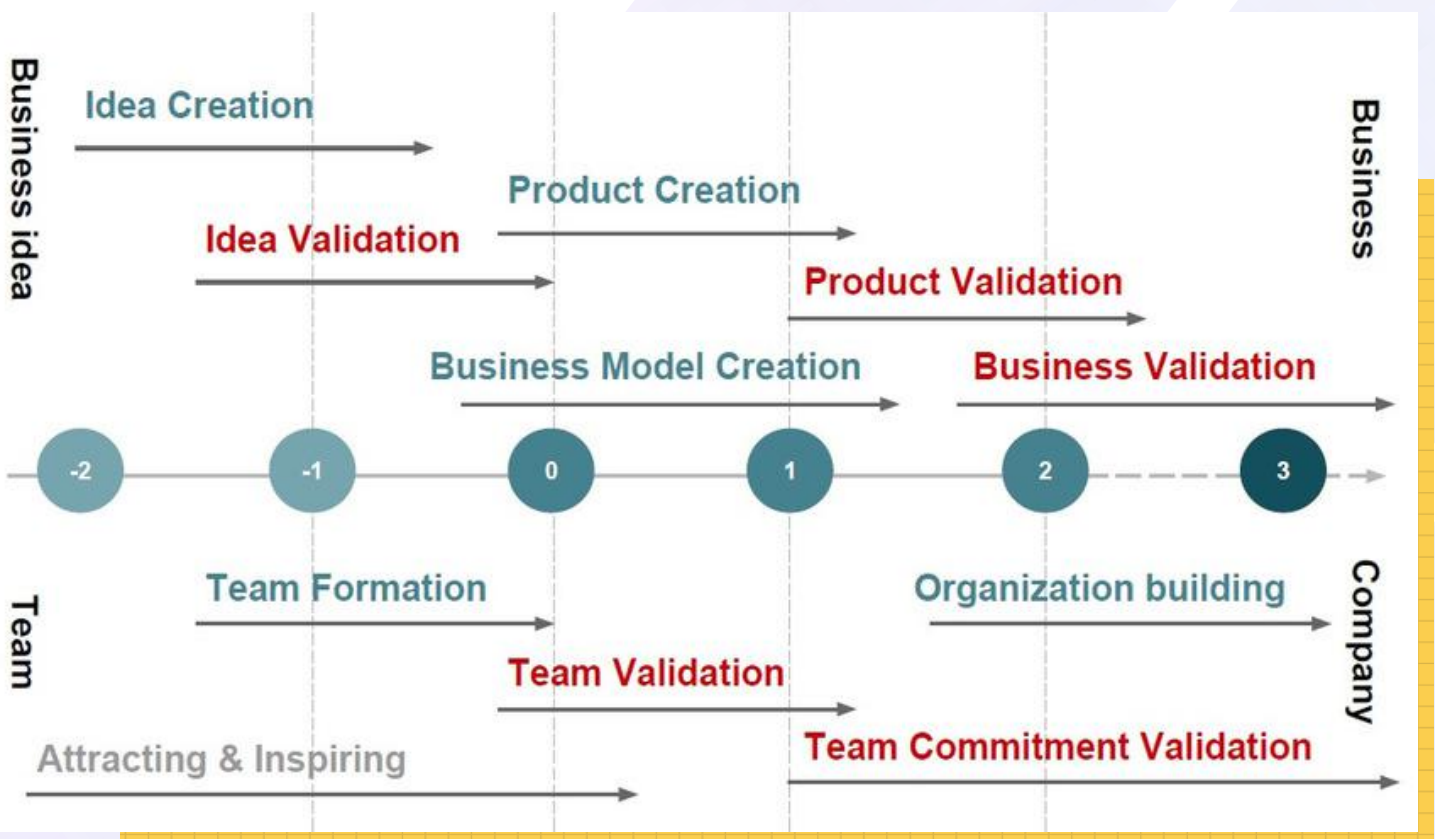
The framework can help support organizations to structure their agendas towards services that will benefit the startups in a different development phase.



STANDARDIZATION OF SERVICES

The framework provides standardization by prioritizing particular services according to a specific phase of development. Thus, allowing all stakeholders in the ecosystem to clearly understand what support is needed for each startup.

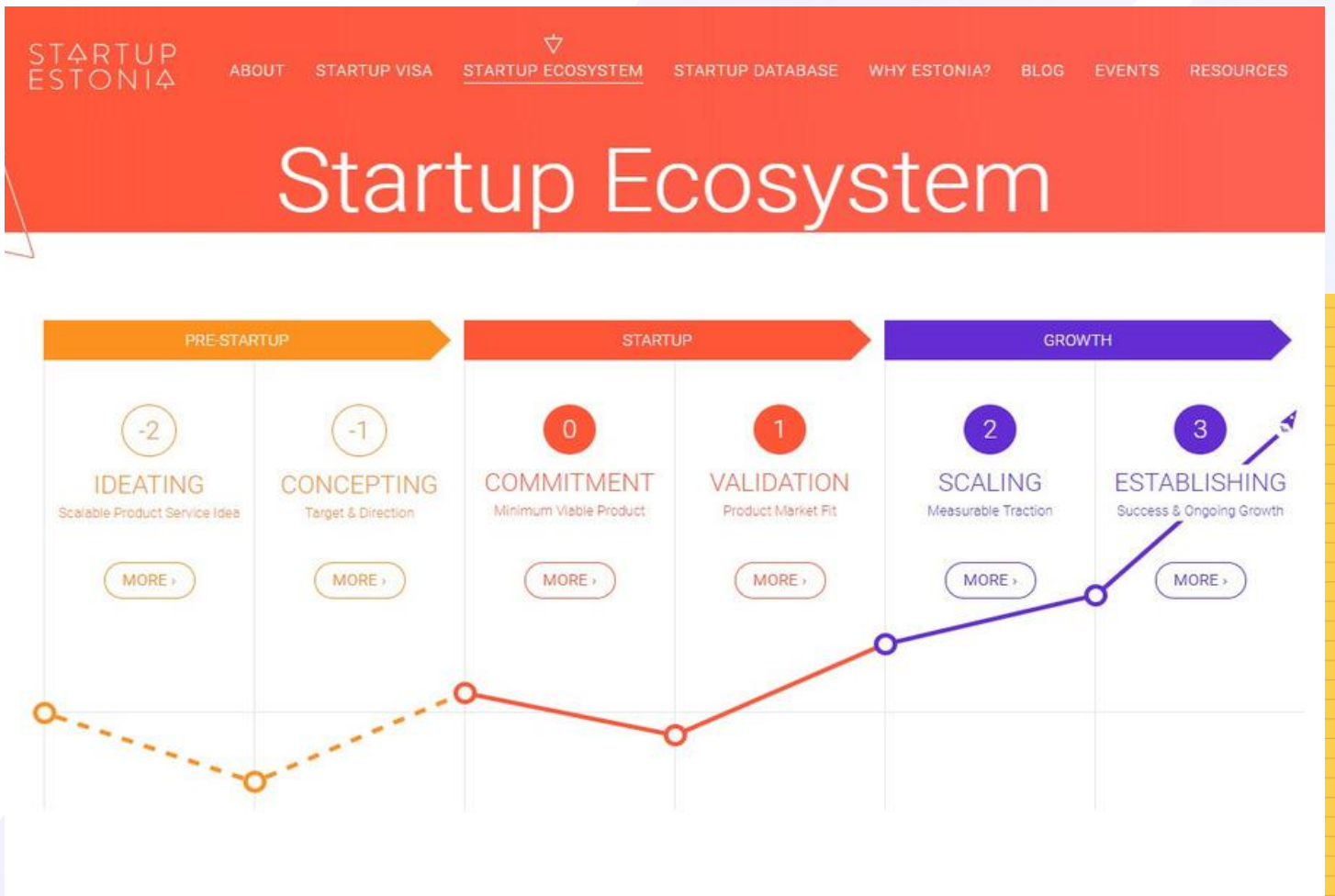
Furthermore, standardization means that organizations can easily identify further development and growth according to what startups need the most to move forward, grow, and scale. The data is also standardized according to each phase, which allows further research, tracking relevant KPIs, and empowering the ecosystem to predict future trends in development.



CASE STUDY: STARTUP ESTONIA

“To make Estonia one of the world's best places to start a company, we need to have a strong startup ecosystem. For that, we are partnering with and uniting the best of startups, incubators, accelerators, public and private sector to support the next Estonian startup success stories as well as we can. From the graph below, you can find all the different organizations and programs that are directly supporting startups in Estonia during every step of their way from an idea to international rockstars”.

Startup Estonia



WHAT WE WANTED TO FIND OUT?

WE TALKED TO 20 SUPPORT ORGANIZATIONS

... AND 65 RELEVANT STARTUPS .

The objective of the research was to set the foundations for creating a multi-organizational structure for the Macedonian ecosystem.

Our goal, with this research and beyond, was to find ways to standardize, strengthen, and empower the startup organizations to be able to offer the much-needed support to startups and entrepreneurs who have the courage and the drive to build innovative companies.

Social Innovation Hub, Organization for Social Innovation "ARNO", Development Association Startup Zone Ohrid, South Central Ventures, SEEU Tech Park Tetovo, Macedonia2025, City of Skopje innovation Center – SkopjeLab, Seavus Educational Centar, Startup Academy, Crimson Capital, Faculty of Information and Communication Technologies, Fund for Innovation and Technology Development, CEFE Macedonia, Swiss EP, SEAF, Ceed Hub, World Business Angels Investment Forum, CEED Business Angels Club, Business Angels of Macedonia - I2Ban, Social Impact Lab

Solveo, Microtica, Modular, Bastet Noir, Inplayer, Embed Social, Teachhoot, Smart Bumps, Vision Dynamix, Envice, Systems for Enterprise, Brainster, Letz, Gordian Systems, Ice Technology, When in X, Moj Vozduh, Adaptive Scale, Vapour Aps, Clicon, X3M, E2, Gentlight, Claxi, Bike Computer, Opfolio, Cognism, HAS Inzenering, Kamai Media, Buzz, Rezerviraj.mk, Final Frontier Games, Audified Reality, Slice, GG.mk, Wow Box, AutoProductivity and many, many more...

RESEARCH SUMMARY:

1. RESEARCH STARTED IN JANUARY 2018 WITH A **STARTUP COMMONS WORKSHOP** AND TOOK 3-MONTH TO DEVELOP.
2. FIRST INSIGHTS SUGGESTED THAT THE FOCUS OF THE SUPPORT ORGANIZATIONS IS **TOO BROAD**, IGNORING FOR MOST PARTS THE NEEDS OF THE MACEDONIAN STARTUPS.
3. THE BULK OF THE STARTUPS ARE EXPLORING **PRODUCT/MARKET FIT STAGE**.
4. THIS PHASE HAS AN INHERENTLY HIGH RISK OF FAILURE, WHICH IS WHY STARTUPS NEED TO FIND FIRST CUSTOMERS QUICKLY.
5. OVER **78%** OF STARTUPS PRIORITIZE SALES TO GROW FURTHER.
6. BUT ONLY **36%** OF ORGANIZATIONS PROVIDE SALES SUPPORT.
7. **80%** OF ORGANIZATIONS OFFER MENTORING AS A FREE SERVICE.
8. **66%** OF STARTUPS SEE FUNDING AS A CHALLENGE.
9. BUT INVESTORS THINK STARTUPS ARE **NOT INVESTMENT-READY**.

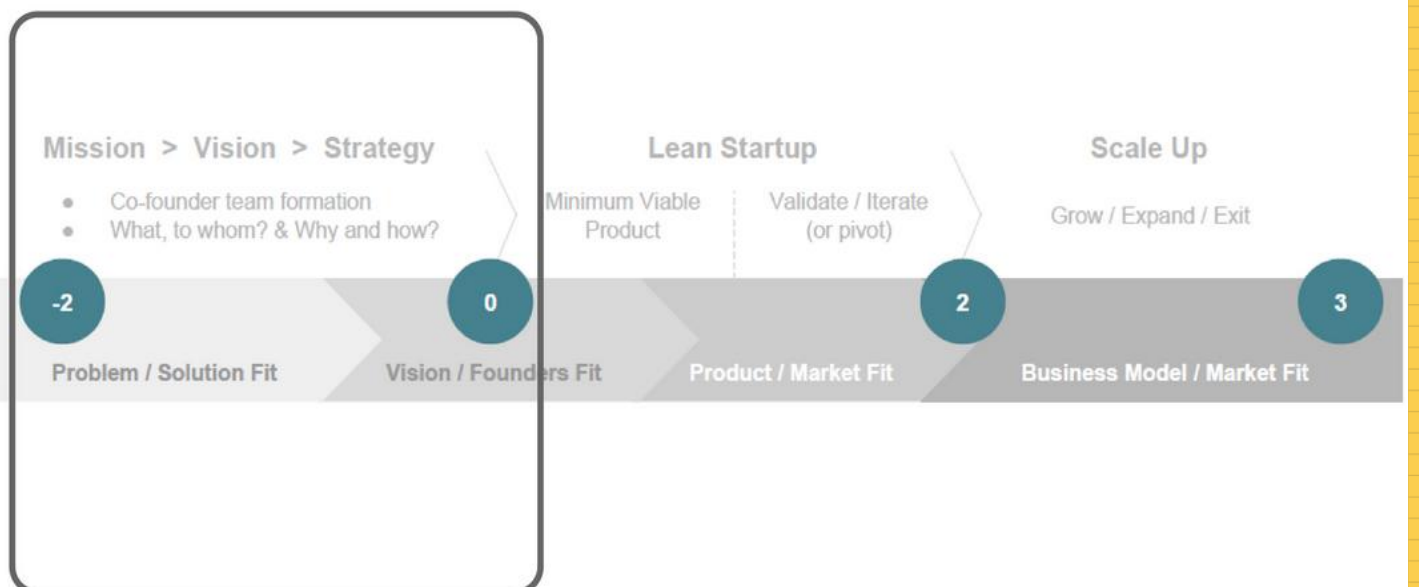
WHERE IS THE MACEDONIAN ECOSYSTEM NOW?

The Macedonian ecosystem is currently struggling to go beyond startup education. The current focus of the ecosystem is placed on knowledge acquisition supported by improved access to capital.

Yet, the research gives insights that the ecosystem is not providing enough support for startups who have committed themselves to launching products on the market. Education is great, but real expertise comes from the experience of pivoting products based on customer feedback.

While the majority of the startup support organizations are providing support in the very early stage of creation of ideas or teams, the startups - and those are rare - who have managed to launch a product are struggling to adapt to the market forces.

Product/Market Fit stage is where the ecosystem needs to move if we want startups, as well as support organizations, to truly take on lean startup processes and generate actual revenue and growth.



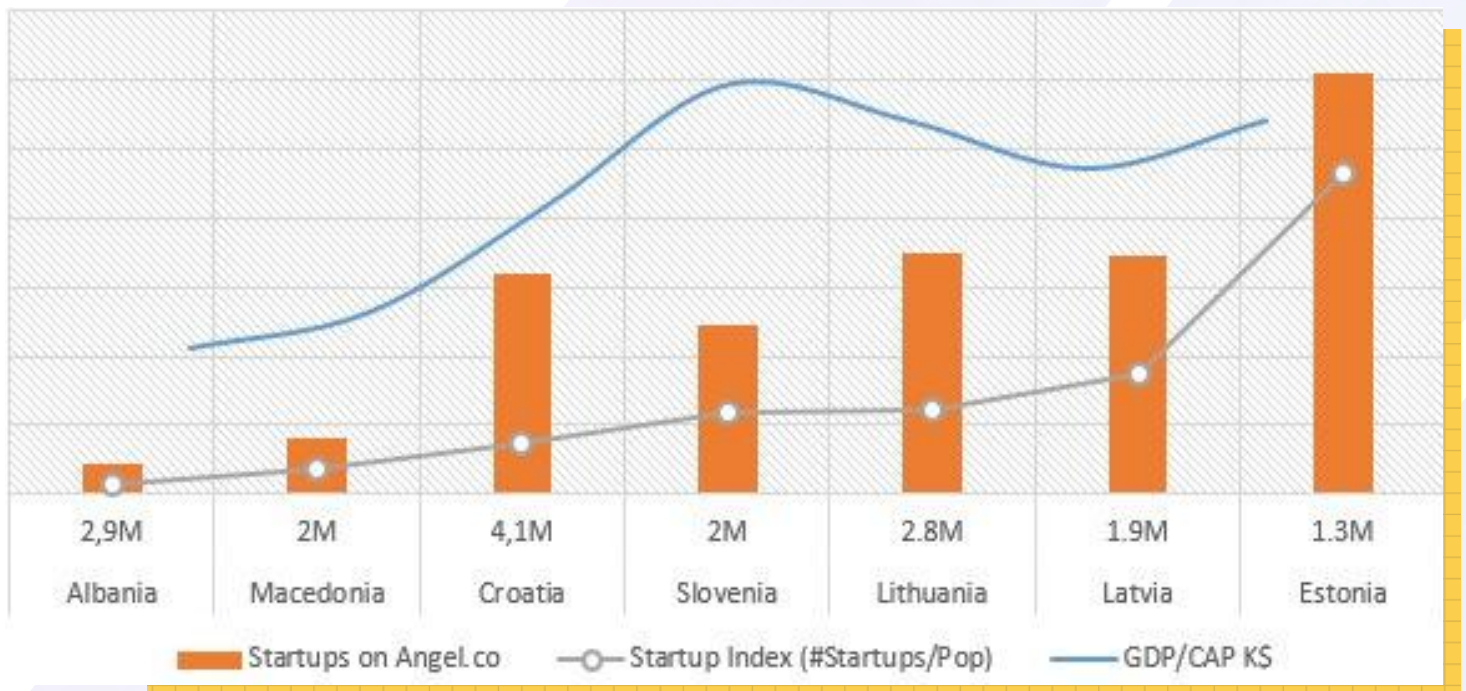
THE MYTH OF SMALL MARKETS

Comparing startup ecosystems of neighboring and EU countries of similar size gives an interesting insight that Macedonia is lagging behind in the # of startups.

It's all well to have a large volume of ideas, but the creation of products is where the ecosystem needs to improve. The benefits of improving are many, with the main asset being bringing innovation in various industries

Further data can be drawn from the State Statistical Office which states that Macedonian has been producing over 10.000 graduate students per year, of which 2,000 are from master studies or specializations.

This is a significant pool of talent that can be either motivated to be new founders, or as a part or teams that can build innovative products.



LOW VOLUME OF LAUNCHED PRODUCTS

The influential Lean Startup practices teach us that startups can improve only with the feedback from customers. Only by discovering what value they offer to customers, startups can unlock the potential to grow. But, in our research, we discovered that the Macedonian ecosystem is not creating products as only 30% of startups who have entered some kind of program developed a demo or a product, and more often than not, those prototypes will struggle to generate early revenue.

Did you launch a product at the end of the program?

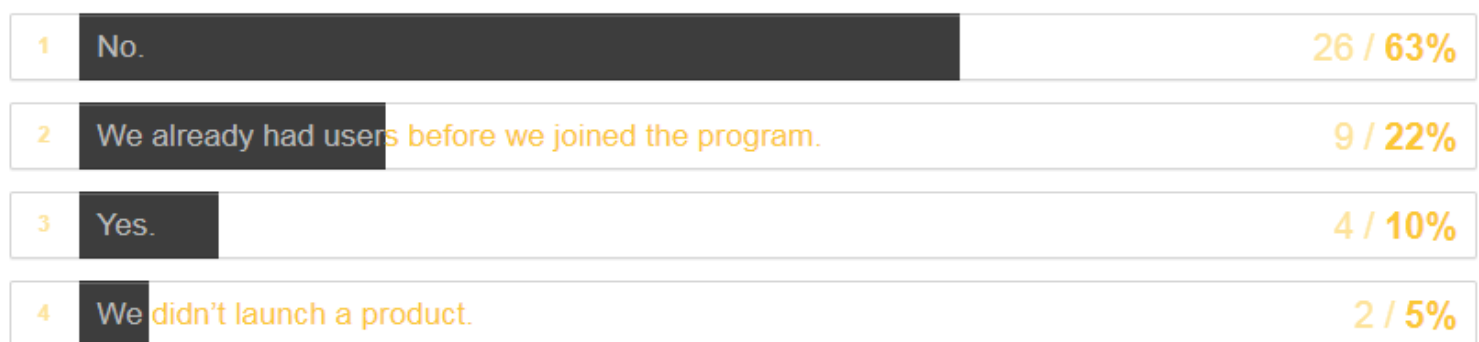
41 out of 65 people answered this question



This is a huge challenge for the Macedonian ecosystem that needs to be resolved as soon as possible. The support organizations, and the ecosystem as a whole, need to encourage the creation of products that can develop further.

Did you acquired first customers after or during the end of the program/workshop?

41 out of 65 people answered this question



UNDERSTANDING THE FRAMEWORK CANVAS

To create a precise map of the ecosystem, the Framework uses a blank canvas that position organizations and services according to their focus on the development phases, but also in accordance of the objectives - do they focus on the product or on empowering the team?

Knowing their role, both organizations and startups can easily identify what support is required in each phase. The canvas is flexible, but knowing the current roles of the stakeholders can help in restructuring the ecosystem and predicting future trends[.



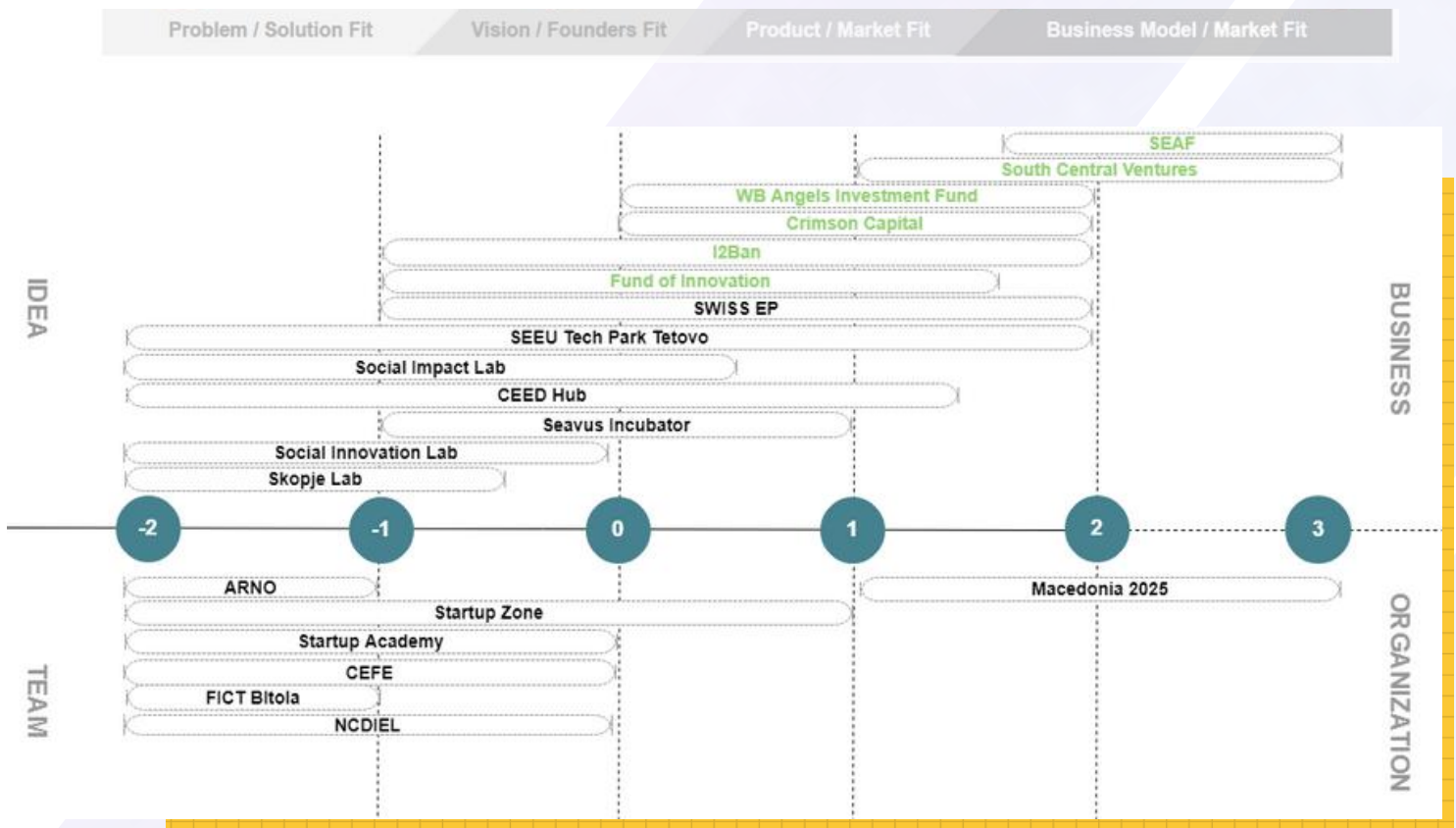
THE CURRENT ROLES OF ORGANIZATIONS

To determine the maturity of the Macedonian ecosystem and the organizations that build it, we took a holistic approach to understand the position by using a set of relevant KPIs.

Using the KPIs according to the Startup Development Phases framework, we worked with 20 startup support organizations to determine their role in the ecosystem.

This is the map of the Macedonian ecosystem, based on what stages of development the organizations are focusing on.

Instantly, we see that the main issue lies in organizations focusing on early education, while investors are interested in startups with traction - thus both creating a big gap in the product/market fit stage.



Note: The organizations in green are offering financial support.

FEATURED ECOSYSTEM BUILDERS...



"Today's ecosystem has solid grounds but it has to make efforts in terms of cohesion and effective transfer of know-how and cooperation. However, it is a vibrant and hard-working and dedicated community of young entrepreneurs who are absolutely able to "think outside the box" and come up with original and innovative solutions. I think we can freely say that the FITD has largely contributed to securing the right directions and the concrete financial assistance when it comes to the startup ecosystem development".

**Jovan Despotovski, Director,
Fund for Innovation and Technology Development**



The startup ecosystem in Macedonia in the last 5 years tracks an increased dynamic which motivates young, creative people to realize their entrepreneurship potential. Having in mind the open possibilities and increased needs of the entrepreneurs, this is a right time for a strong support by the state institutions and private sector in form of an expertise for leading a successful business, easier access to finances, simplified legal regulations, more support in research, and improved communication within the ecosystem. CEED Hub Skopje will continue to give its support with all the possible means.

Elena Hadzi Pecova, Manager at CEED Hub Skopje



This generation of ecosystem builders definitely has the problem-solving capacities to focus its creative potential into the creation of excellent startups and encouraging the growth of existing ones, simply by converting the collective expertise into supporting actions. We have hundreds of issues to face, but we also know that we want to leave a better ecosystem for the next generation of entrepreneurs that follows. I believe that one day, the Macedonian economy will be driven by creative, tech-based business developed by talented leaders. Let's make this happen!

Gjorgji Rafajlovski, CEO at SEEUTechPark

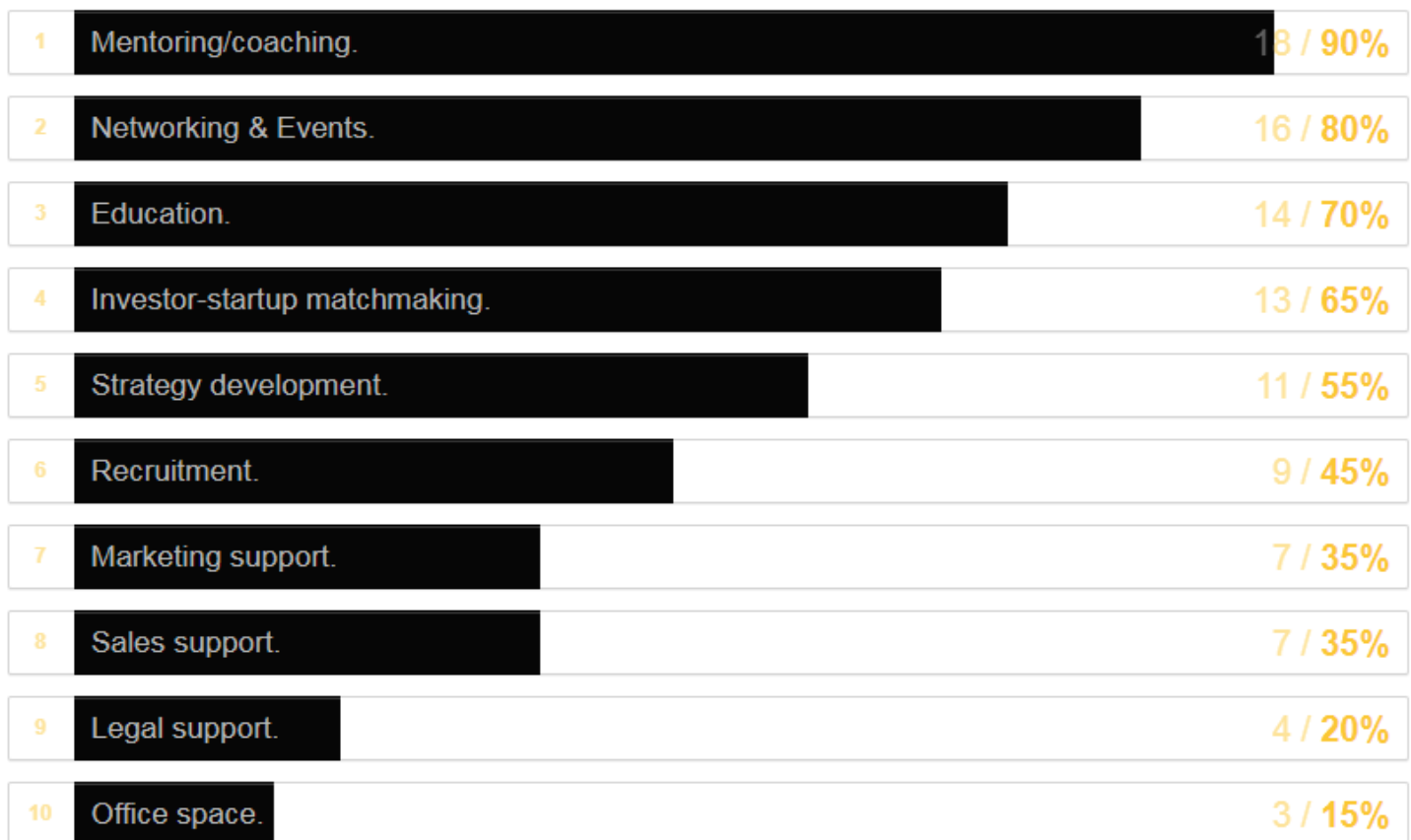
THE SUPPORT PROVIDED

More than half of the support organizations are focusing on "All" industries, trying to get as many various startups on board. Most common problem is that the criteria for entry is non-existent, resulting in low-quality ideas and startups entering programs or being offered support, which varies.

The lack of clear-cut focus from organizations is something that needs to be addressed as most have an overlapping interest or targeting the same cohort - usually young students who are interested in entrepreneurship.

What type of support does your organization provide to startups?

20 out of 20 people answered this question



MENTORS CAN GUIDE THE ECOSYSTEM TOWARDS GROWTH

**Jakob Modéer, Program Manager - Western Balkans,
SWISS EP**

The ecosystem in Macedonia has come a long way since Swiss EP started almost three years ago. It now involves more organizations offering structured startup support programs, also outside of Skopje.

The ecosystem now includes key annual startup events such as CodeFest, business angel groups, growth-oriented startups, spontaneous coworking spaces such as Public Room and an emerging sense of community, which put together bodes well for the future.

Mentors, in particular, Macedonian mentors, have a crucial role to play in the ecosystem. It is in their hands to share their practical business experiences, skills and networks with the next generation of entrepreneurs and make an impact. Being an entrepreneur can be a lonely profession. Mentoring offers the entrepreneur a space to discuss challenges and opportunities with like-minded people.

The Macedonian ecosystem is full of individual talent and committed entrepreneurs. However, alone does not make a vibrant and viable ecosystem.

Entrepreneurs and organizations need to open up, engage with others, talk, share experiences and collaborate. Then the magic will really start happening in Macedonia.



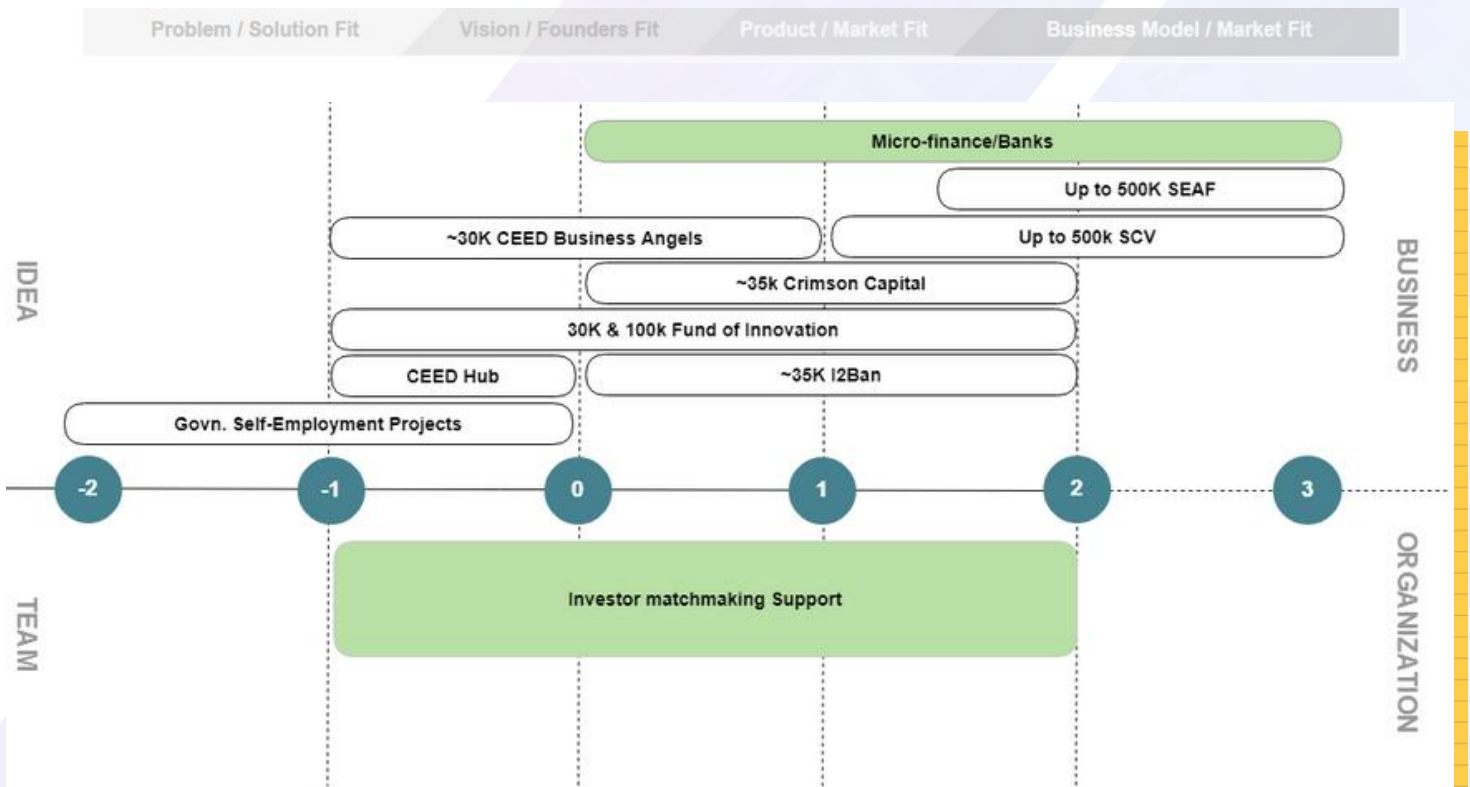
***The goal of the Swiss
Entrepreneurship Program is to
create jobs by strengthening the
entrepreneurship ecosystem.
The program works with relevant
ecosystem organizations and
provides strategic support in
improving their business model
and acceleration programs and
thus increase their performance.***



"Venture Capital is essential for the growth of a startup, but it's also just a piece of the puzzle in their complex journey to success. For startups to thrive, it is necessary to provide a stimulating environment through establishing healthy foundations and support throughout all the stages of growth and development of a young business. Throughout our experience as an investor in the region, we have learned that ideas are a dime a dozen, execution is key for startup success or failure, and funding is always available where opportunities are present."

Ivana Stankovic, Investment Manager at SCV

THE POSITIONING OF FINANCIAL SUPPORT



THE CURRENT LEVEL OF DEVELOPMENT

The research has identified an interesting insight that support organizations and investors are not really confident of the ability of Macedonian startups to create innovative businesses. Yet, organizations are those who play an important role in educating and guiding startups towards traction, first customers, and increased revenue.

As startups improve in creating better and more valuable products, so will improve their attractiveness to investors who at this point do not see Macedonian startups as valuable to invest large sums to.

How would you evaluate startups regarding product development?

20 out of 20 people answered this question



3.10
Average rating

How would you evaluate startups regarding business know-how?

20 out of 20 people answered this question



2.80
Average rating

How do you evaluate startups regarding how investment ready they are?

20 out of 20 people answered this question



2.25
Average rating

LOW LOCAL INNOVATION IS AN ECONOMIC OPPORTUNITY

It is obvious that the level of startup development is correlated with the level of innovation in Macedonia, which is confirmed by various reports suggesting exactly that. For example, GEDI's 2017 Global Entrepreneurship Index says that Macedonia lags behind other EU countries in performances tied to startups.

Similar insights have been reported by European Union's Interreg National Study of Macedonia. This study lists the strengths and weaknesses of the overall economy, among which the level of in-house innovation in companies which is at 11.3%, two times lower than the European average of 28.8%.

Macedonia



Overall GEI score

29%

Individual score

56%

Institutional score

43%



14 Pillar Performance:

Opportunity perception	0.33
Start-up skills	0.36
Risk acceptance	0.11
Networking	0.26
Cultural support	0.29
Opportunity start-up	0.20
Technology absorption	0.38
Human capital	0.43
Competition	0.31
Product innovation	0.21
Process innovation	0.31
High growth	0.45
Internationalization	0.37
Risk capital	0.29



ECOSYSTEM (LACK OF) COOPERATION

Despite having a large number of startup support organizations, the number 1 concern for all ecosystem stakeholders is that they are struggling to work with each other.

However, at some point connectivity and cooperation must emerge in the form of action to a specific goal. Instead of isolated existence and operations, the startup support organizations should find a way for mutual cooperation.

Rather than blindly partnering, both sides should have a clear, shared focus on specific issues and long-term objectives.

The programs and events that are organized should not overlap between each other and the organizations should not be seen as competitors, but as partners that can work together for reaching the same goal-straightening of the Macedonian startup ecosystem.

What are the biggest top 3 challenges your organization is facing?

20 out of 20 people answered this question

1	Low level of cooperation between different actors	10 / 50%
2	Other	9 / 45%
3	Lack of finances.	5 / 25%
4	Lack of startup 'know-how' and expertise.	5 / 25%
5	Low number of high quality ideas.	5 / 25%
6	Unrealistic expectations of startups.	5 / 25%
7	Lack of experienced staff.	4 / 20%
8	Lack of supporting legislation.	3 / 15%
9	Lack of non-financial resources(e.g. space, staff, time).	2 / 10%

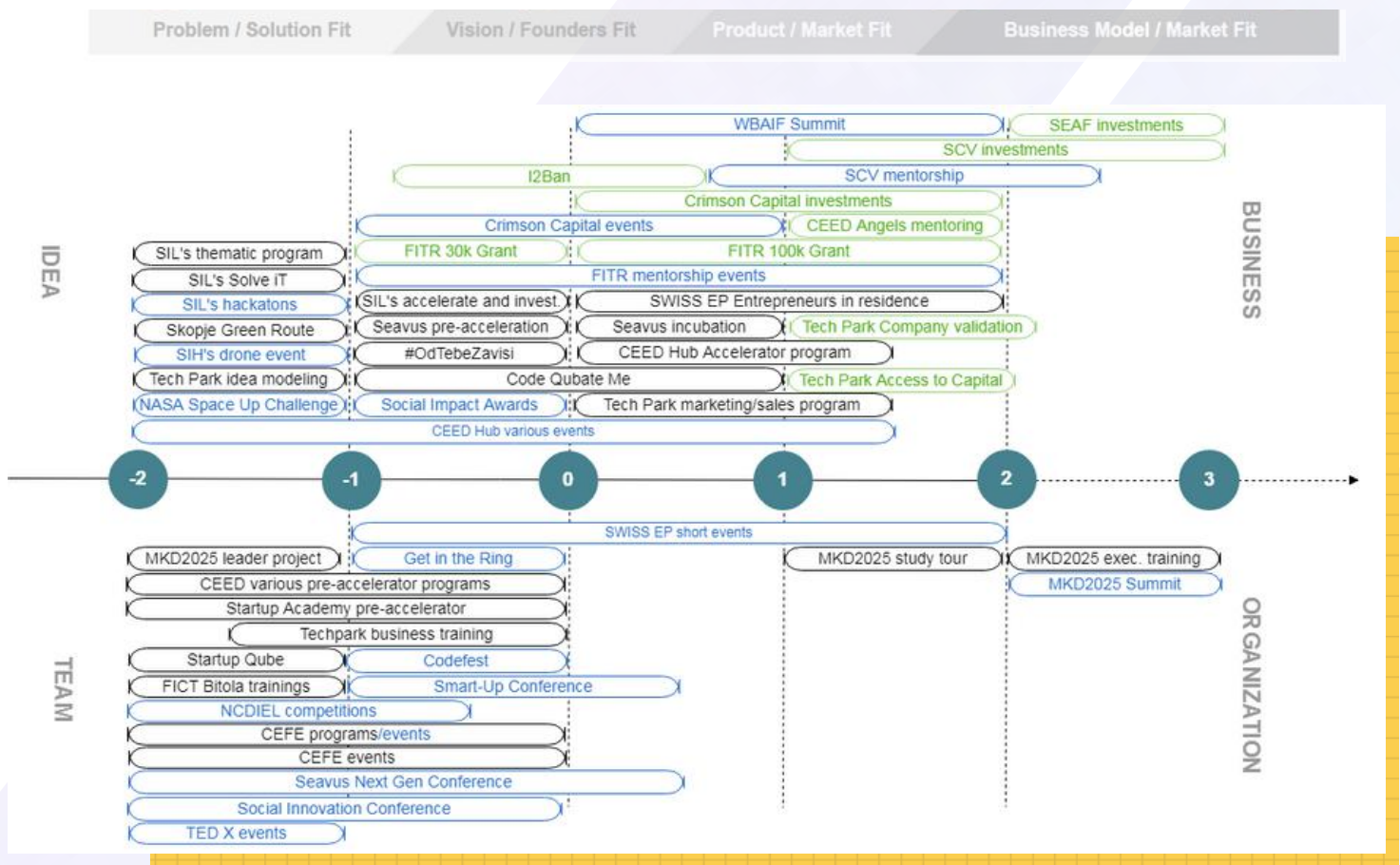
THE CURRENT POSITIONING OF SERVICES OFFERED

Determining the positioning of the support and services provided to startups is based on relevant KPIs provided by the framework itself.

With this image, it should be easier to understand why the Macedonian ecosystem is in its early stages. As we can see, most of the support organizations have focused their resources on early entrepreneurial education and creation of demo/prototype products from ideas.

Now we can also identify the large gap that exists in the ecosystem, which is the lack of company building support in the product/market fit phase.

Once startups start to generate first revenue, they need to continue growing, but not as a team - instead, as a business organization. The ecosystem needs to see startups not as creative and smart ideas, but as innovative and disruptive businesses.

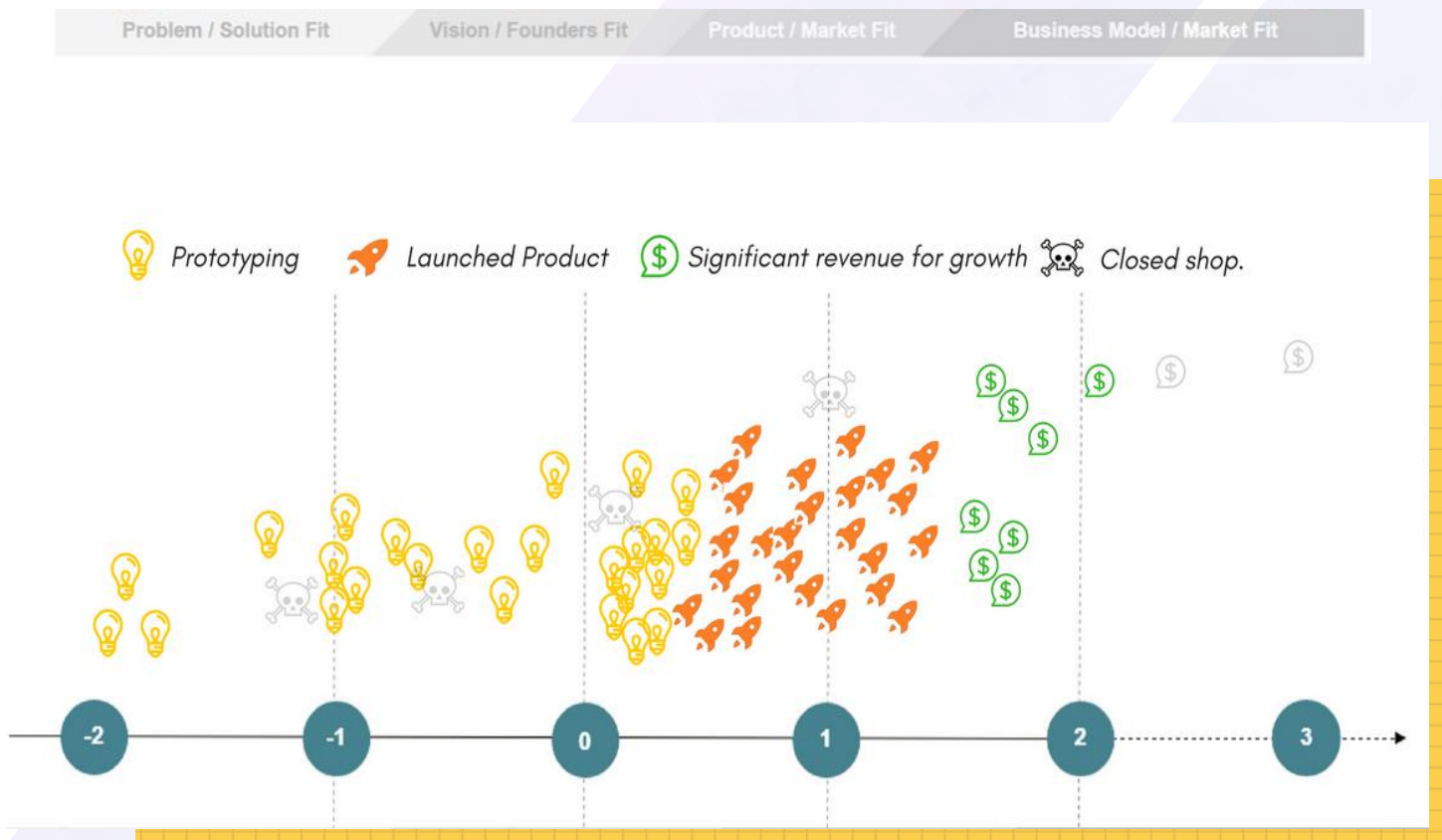


Note: Programs, Events, Financial support.

WHERE HAVE THE STARTUPS GONE?

The positive signs are that more than half of the interviewed startups are generating (some) revenue. Most have products that they are trying to find customers for, and most are not afraid of taking risks. Their position on the framework is determined by how are they progressing.

Most of the startups are eager to launch products, and some have done this with great success, relative to Macedonia. Yet, despite the positive signs, as well as the negative low numbers of startups created, what startups need is mostly being ignored.



MEET (SOME OF) THE STARTUPS...



"Today, the geographical constraints mean very little to Macedonian startups who have an advantage of employing talented developers at a relatively low cost. There are opportunities to expand, as we did with our previous company. We were able to become a Facebook Marketing Partner and compete globally. Now, with EmbedSocial we have connected with clients like CNN, Harvard Uni., Cannes Lions, and we'll continue to work towards creating a globally recognized marketing platform".

Nikola Bojkov, CEO at EmbedSocial



"We returned to Macedonia from London because we had this desire to share the progressive mindset to the younger talents through introducing new work processes, and because we saw an opportunity to build Solveio into a global brand for thousands of new minds. Even though the Macedonian ecosystem is still in its "high school" days, there is the potential we need to teach it to play a functional part in the society, albeit it will require a lot of effort and patience. "

Ivan Zografski, Co-founder of Solveo



Macedonia has a wealth of talented software engineers and operations staff that can help build quality software and processes for a global company. The ecosystem is still young but it is growing, with the support of South Central Ventures and growth companies like Cognism we need to ensure we feed back and help grow the ecosystem to support the next generation of entrepreneurs and ultimately create more jobs and wealth in Macedonia.

James Isilay, Founder of Cognism

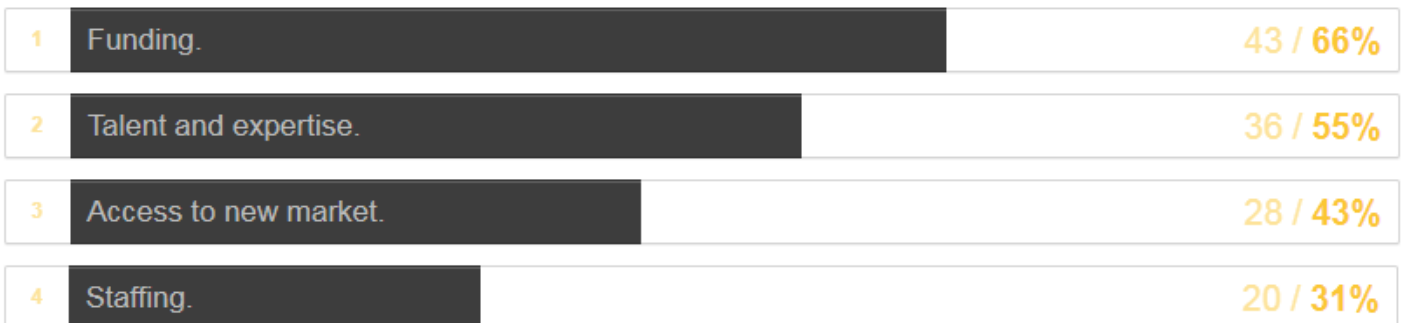
SOME STARTUP DATA TO CONSIDER

Over half of interviewed startups say they generate revenue. But 78% of them also say they need more support and education in sales. This is a challenge in itself as only 38% of organizations offer sales support.

There is a mismatch in the demand vs need, as startups are being offered services that they don't need. This can be recognized by looking into the top priorities and challenges startups face to grow further.

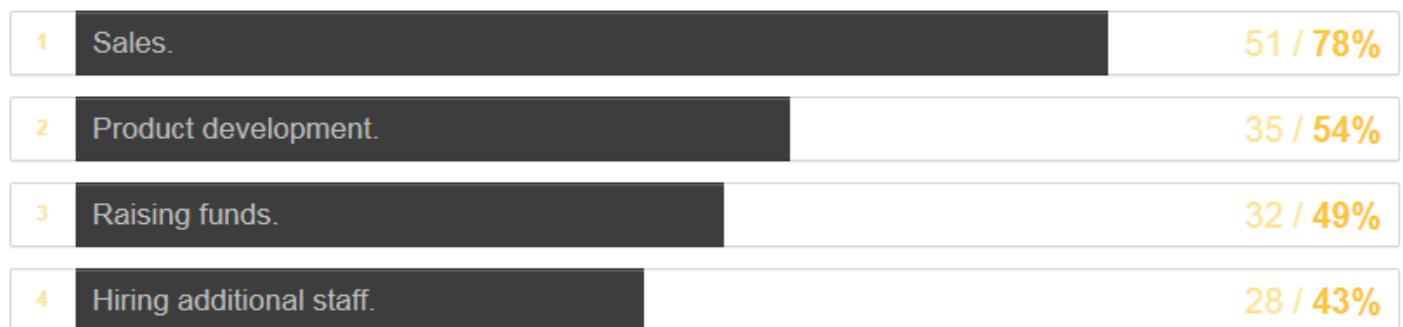
What are the top 3 challenges your company is having to improve its growth?

65 out of 65 people answered this question



What are the top 3 priorities that will improve your company's growth in the next 12 months?

65 out of 65 people answered this question



THE CRITICAL MISMATCH

The research has proven in few occurrences that there is a mismatch between what support organizations are offering, and what startups need to improve.

The most obvious insight is that organizations are struggling to talk to startups and adjust their services in accordance with the demand. Actually, they don't change their programs because they are dutifully tied with their donors, which also share the responsibility of creating a mismatch of services and programs.

As much as the research has presented us with the clear picture what is wrong with the Macedonian ecosystem, it has also delivered a critical insight on opportunities that can be explored.

Both support organizations and their donors should act accordingly to the market demand, creating services and support that is required to create first success stories which can be catalysts for future startups. What we lack, is an ecosystem that supports each other and creates a complete startup journey.

Startups:

- 75% are prioritizing sales
- 11% prioritize mentorship.
- 38% have NOT recruited in last 6 months. 35% have recruited 1-2 person.
- 32% feel they are scaling. 12% feel that they are in expansion stage.
- 39% don't have collaboration with other businesses.

Services offered:

- 35% of organizations offer sales support.
- 80% offer free mentorship services.
- 45% of organizations offer recruiting support.
- 63% are targeting scaling, 47% expansion phase.
- 80% offer networking services for free.

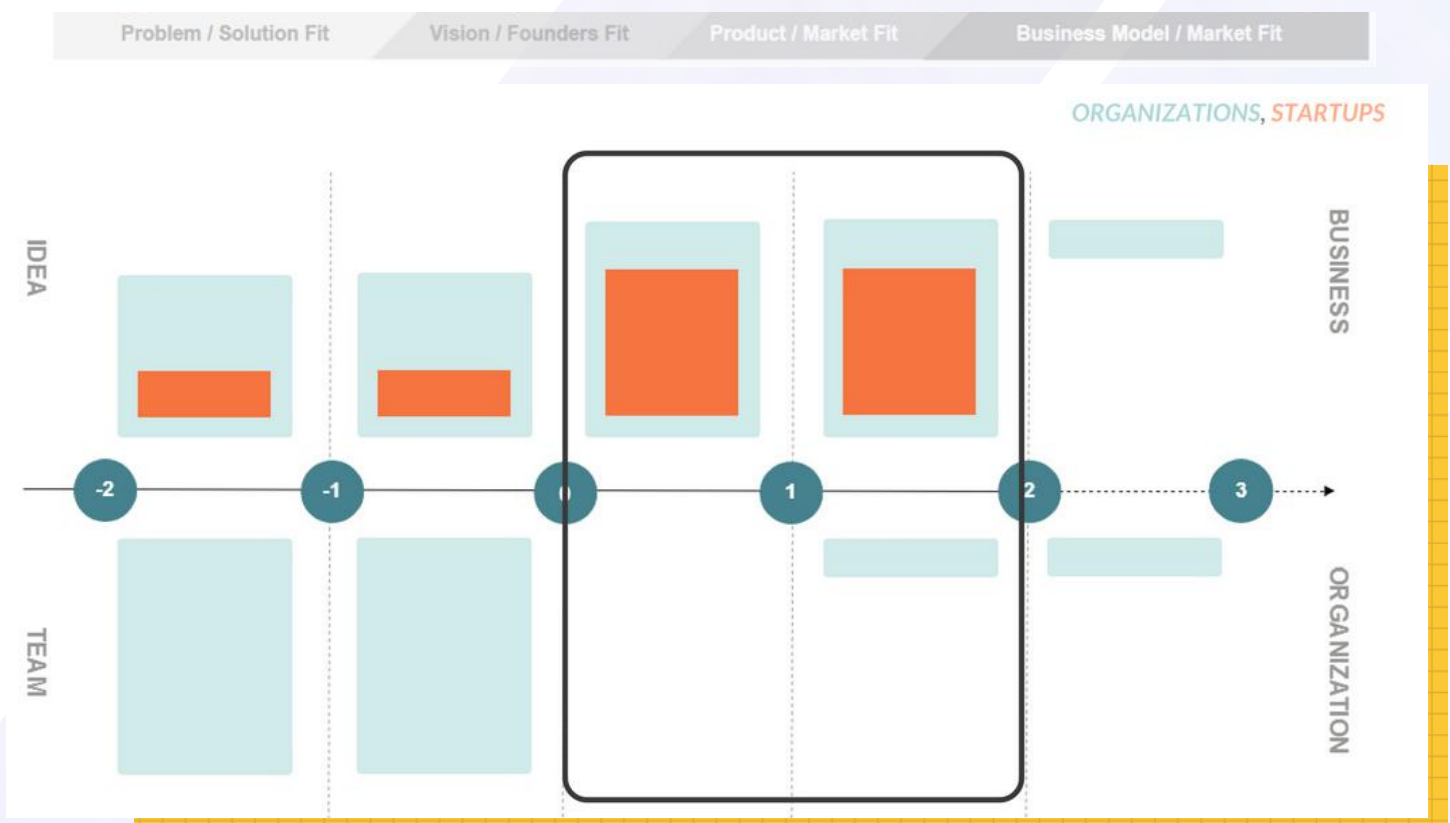
THE FRACTURE IN THE ECOSYSTEM

Despite more than half of support organizations claiming that they do market research before they introduce new services, we can only conclude that there is a misunderstanding of what a market research is.

There is a fracture in the ecosystem that is as much an opportunity for all organizations, as it is a critical gap that needs to be occupied by services that can connect products with investors.

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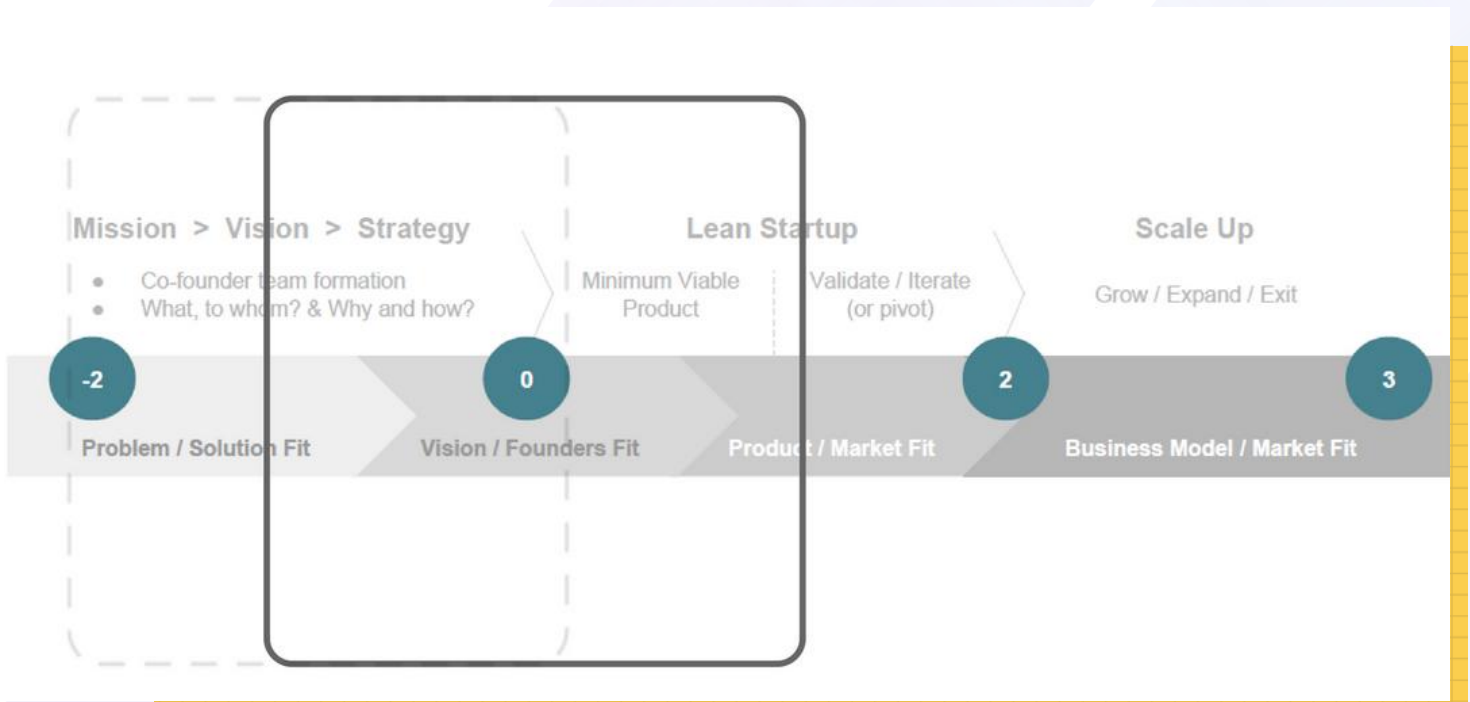
WHERE THE ECOSYSTEM NEEDS TO MOVE **TO PRODUCE**

Macedonia needs a more vibrant ecosystem driven by innovative products and disruptive business models. But to achieve that we need startup support organizations, and the whole ecosystem in general, to follow the fast-paced development of startups.

The only way to make the Macedonian ecosystem more accomplished, more innovative and capable to do great things, is by supporting product growth!

The only way is moving forward - but this time is in the literal sense. The ecosystem should move past early entrepreneurial education and ideas, and focus on creating and delivering products that are generating revenue.

The ecosystem needs to show results! It needs to consider startups not as ideas, but as a real company - innovative of course, but also driven and managed by business logic dictated by the amount of revenue generated.



The background of the slide features a pattern of overlapping, semi-transparent umbrellas in various shades of gray, creating a textured, geometric effect. The umbrellas are arranged in a way that suggests a crowd or a collection of objects, with some appearing more prominent than others. The overall aesthetic is clean and modern, with a focus on geometric shapes and light colors.

SOLVING FEW PROBLEMS AT A TIME

- 1.** ALL STAKEHOLDERS SHOULD USE **ONE FRAMEWORK WITH CLEAR RULES** TO BE ABLE TO UNDERSTAND EACH OTHER AND WORK TOGETHER.
- 2.** NEW SERVICES SHOULD BE FOCUSED ON **SPECIFIC PHASES OR INDUSTRIES**, WITH PRIORITY ON PRODUCT/BUSINESS BUILDING.
- 3.** ORGANIZATIONS SHOULD HAVE **COMPLETE TEAMS** TO PROVIDE A BETTER SUPPORT TO STARTUPS.
- 4.** IMPLEMENT **LEAN STARTUP PRACTICES** WITHIN ORGANIZATIONS, PROGRAMS, AND THE WHOLE ECOSYSTEM - LAUNCH PRODUCTS, GATHER FEEDBACK & ITERATE FAST, WITH A GOAL TO GENERATE EARLY CUSTOMERS AND REVENUE.
- 5.** ORGANIZATIONS NEED TO CREATE A **BETTER VALUE PROPOSITION** FOR THEIR PROGRAMS TO INCREASE THE VOLUME OF IDEAS THAT WILL LATER CONVERT INTO QUALITY PRODUCTS.
- 6.** THE ECOSYSTEM NEEDS MORE **PRE-SEED AND SEED INVESTMENTS** TO IMPROVE COMMITMENT IN CREATING COMPANIES.

OPPORTUNITIES FOR ECOSYSTEM GROWTH

While the Framework is used to assess the ecosystem development, it can also provide insights on where saturation and bottlenecks have appeared.

By finding solutions for each phase the whole ecosystem and its stakeholders can quickly adapt and support startups throughout their development journey – from ideation to finding product/market fit to developing a scaling business model.

Looking at the provided data, we can see that the opportunity for providing product and business development support in product/market fit phases is a crucial opportunity for startups to increase their chances of survival and developing a product that generates a significant amount of revenue.

Generating revenue can also bring interests from early-stage VC and traditional investors who can financially support startups towards growth.

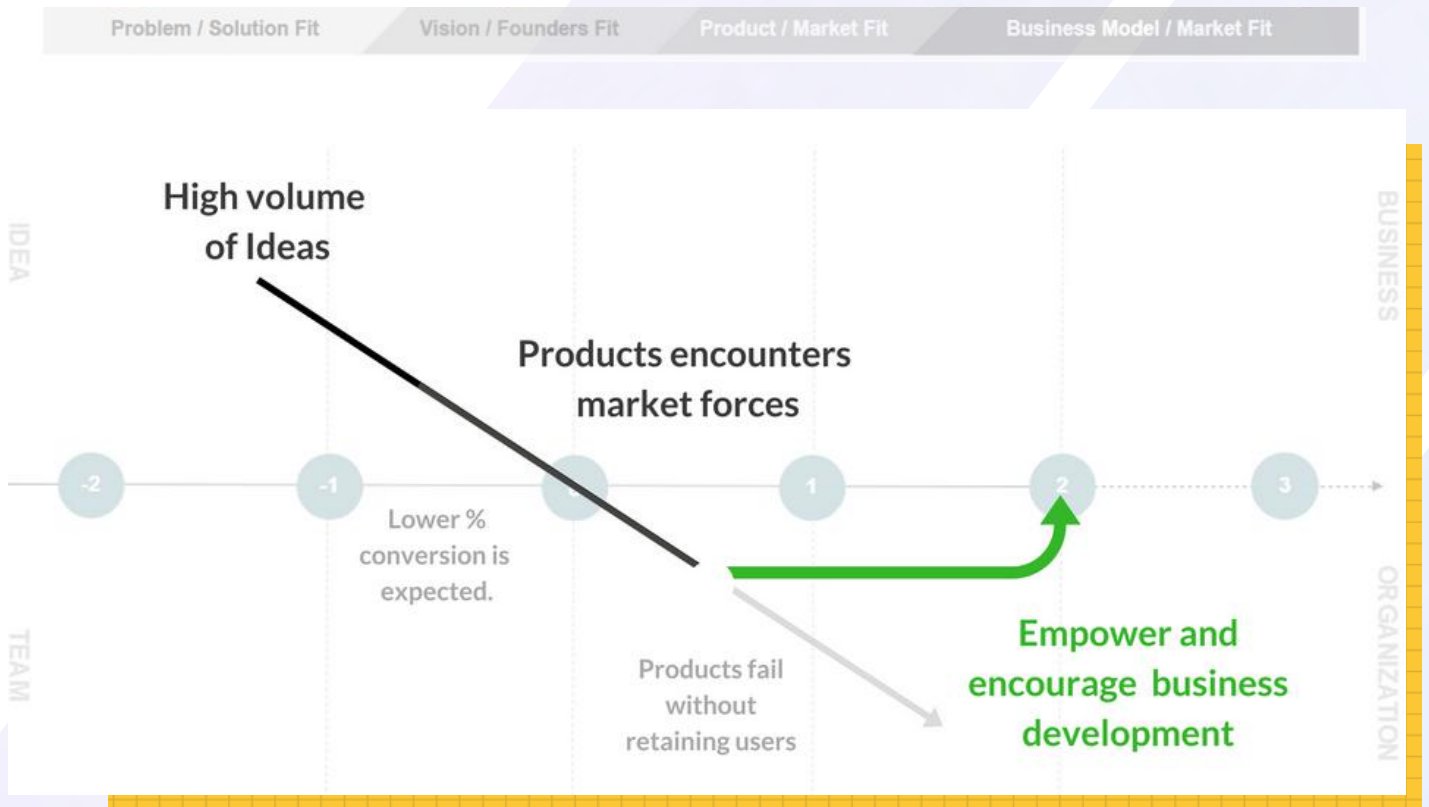


EMPOWERING STARTUPS

There is a limit to how far startups can go without the relevant support. The support organizations must respond to the needs of startups and encourage further growth.

Low conversion from ideas to products leads to a low number of startups, and without a support in the product/market fit phase their risk of survival increases.

And now that the ecosystem can see itself within the Startup Development Phases Framework; it should respond adequately. The opportunities are identified, multiple and most importantly obvious to ignore.



RECOGNIZING THE LOCAL SUPPORT

It is no coincidence that what the ecosystem is failing to provide is a top priority for startups. Sales training, business development, and funding are all skills needed once the product has been developed, launched, and generated its first revenue from its first users.

In other words, these are skills required for startups to pass product/market fit phases and reach to external investors. And we can clearly see from the positioning of the Macedonian startup ecosystem in the Startup Development Phases Framework, that there is almost non-existent support.

What startups need is an opportunity for startup support organizations to provide. Despite only 10% of startups prioritizing mentorships, they all agree they need the right type of mentorships focused on particular phases. Startups are not shy about asking for help.

Another opportunity presented by the startups is that they lack connections with other businesses and startups. This is the gap that support organizations can fill with their networks or by engaging local entrepreneurs to help startups improve.

Do you have a support or collaboration with successful businesses and other startups from Macedonia, the Balkans, or international?

64 out of 65 people answered this question



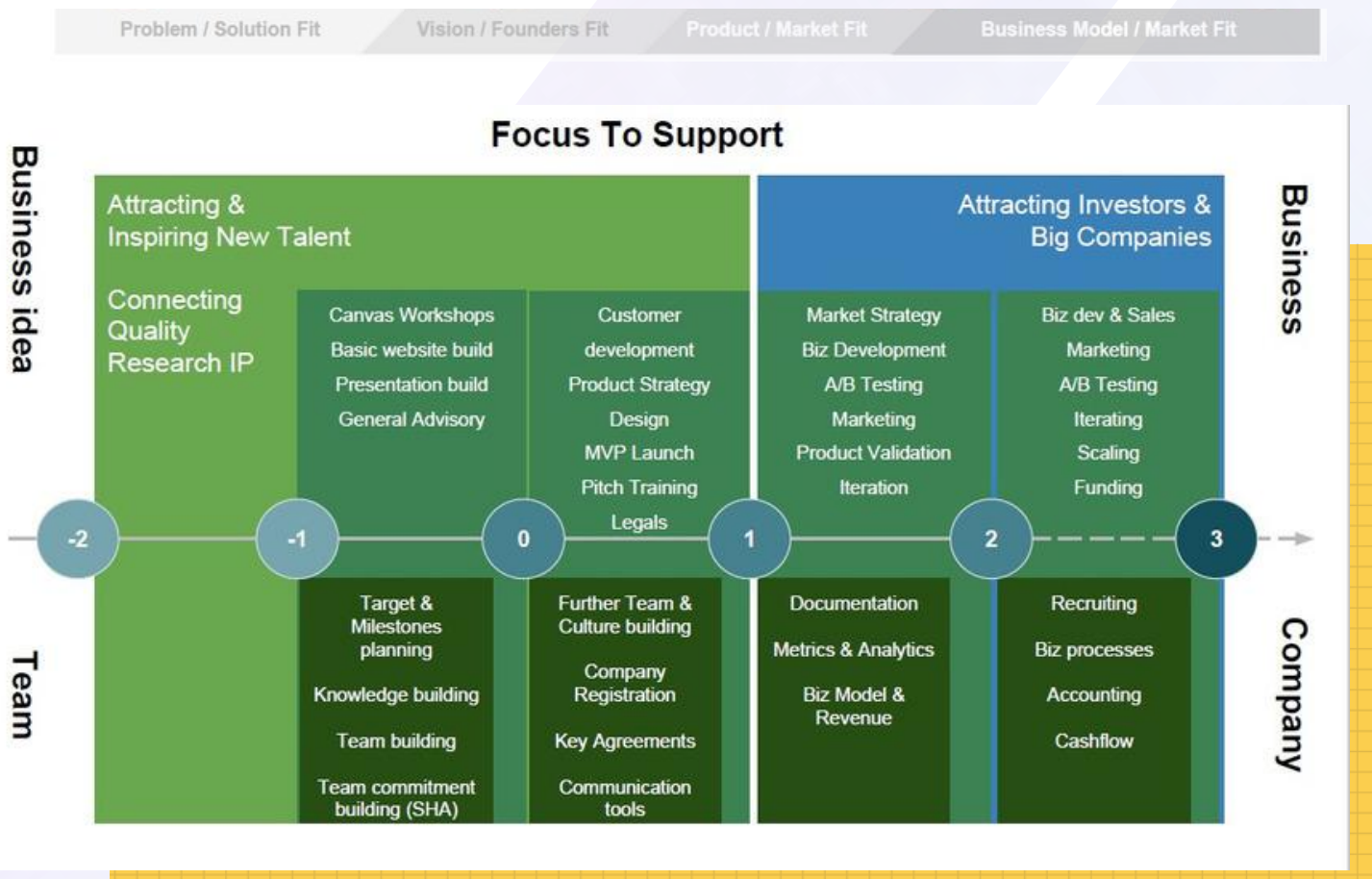
THE ADVANTAGES OF USING A FRAMEWORK

One of the solutions Startup Macedonia suggested was standardization the ecosystem can use to maintain clarity of discourse between stakeholders.

We suggest using the Startup Development Phases Framework, which is purposely developed by Startup Commons for startup ecosystem building.

The framework includes a set of services that follow the development phases, which enables organizations to respond better to the needs of specific startups based on industry or development phase.

Following the framework, startup support organizations can adapt to new startup trends or work with new and more established startups.



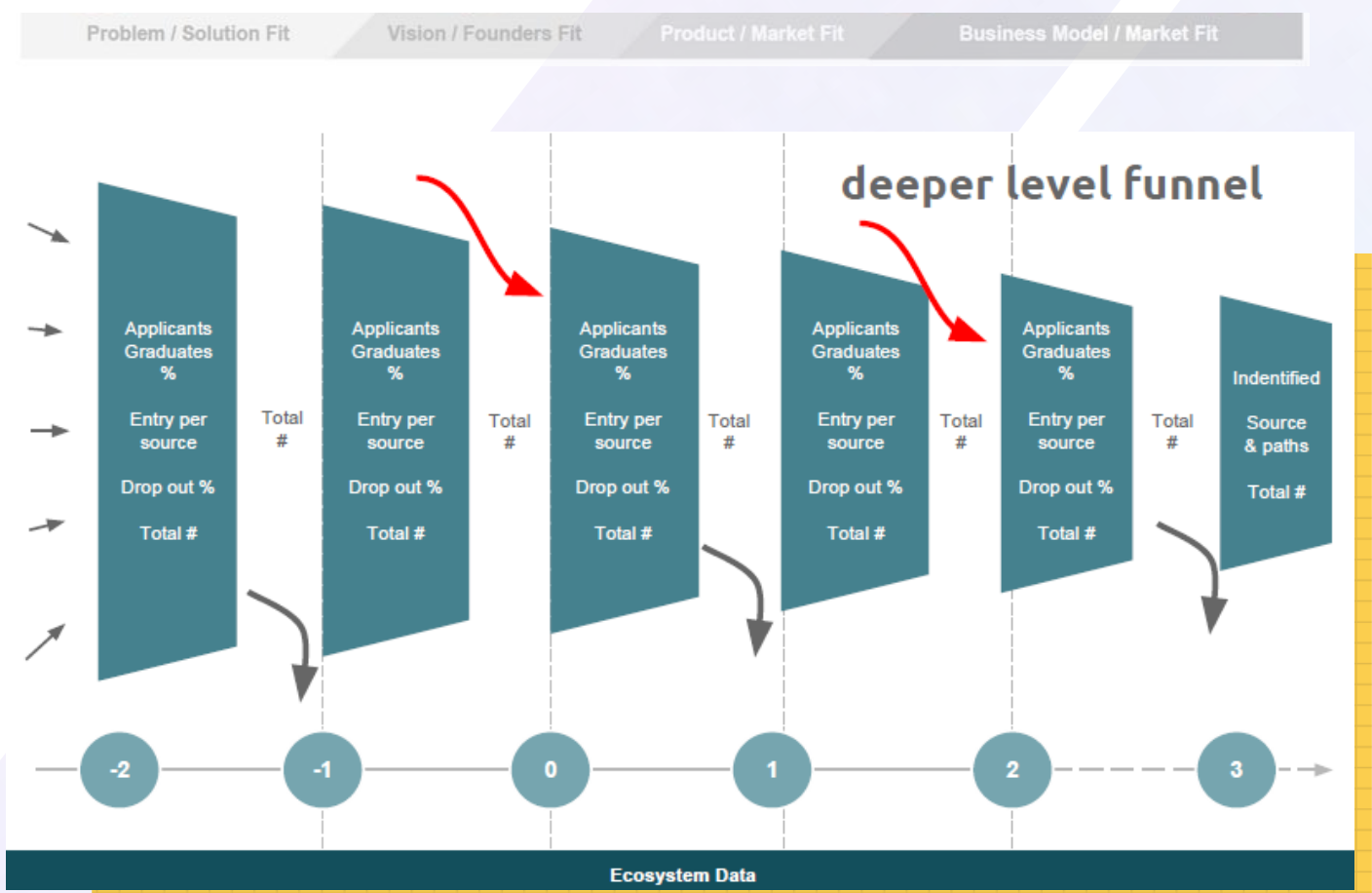
YOU CAN ONLY **IMPROVE** WHAT YOU CAN **MEASURE**

Once standardization is established and accepted by the Macedonian ecosystem, it could also be used to an advantage of generating, collecting, and analyzing data.

Collecting data of startups is a challenge for the whole ecosystems, but it is an essential as a metric to identify and determine bottlenecks in the startup development journey, as well as the progress of the ecosystem as a whole.

Startup Development Framework does not provide details how to use data, it is dependent on the startup support organizations to be able to provide it.

But, the framework encourages the collection and transparent analysis of the collected data according to each phase of development. This way the overall progress of ecosystem can be measured and improved step by step.



CONCLUSION

The Macedonian startup ecosystem needs to improve before it can compete with the EU startups. There are emerging opportunities for growth, but it needs to be a unified ecosystem effort to empower organizations and startups with support to advance.

Now there is a financial support and a bigger interest in entrepreneurship as startups emerge as innovators who are able to create disruptive products faster than the traditional in-house R&D. Open dialogue between support organizations and startups should be improved first.

The ecosystem debate needs to continue towards accepting a standardized framework that will enable all relevant stakeholders to enter a productive discourse with standardized rules of play. Working together should be the first collective objective the Macedonian ecosystem needs to reach.

That being said, it is our duty to support innovation in Macedonia. The traditional businesses have failed to do so in the past decade, and the opportunity has arisen for startups to step up.

**"STARTUPS ARE
BUILT TO INTRODUCE
NEW TECHNOLOGIES AND
INNOVATIVE
BUSINESS MODELS.
AND WE - THE ECOSYSTEM -
SHOULD COLLECTIVELY
SUPPORT THE DISRUPTION!"**

A wholeheartedly **THANK YOU** to all organizations, startups, and contributors who made this research possible.

A special thank you to Oscar who patiently guided Startup Macedonia to understand the Startup Commons' ecosystem building framework. methodology

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