Artificial intelligence, Data and Robotics ecosystem

https://adra-e.eu/

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[2] **R**: Report, **DEC:** Websites, patent filling, videos; **DEM:** Demonstrator, pilot, prototype; **OTHER:** Software Tools
[3] **PU:** Public**; CO:** Confidential, only for members of the consortium (including the Commission Services)

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Document summary

This document presents the second edition of the Regional Ecosystems events, as part of the Task 4.2 activities of the Adra-e project.

This report reflects in detail the depth of the discussions that took place in the different panels, and also summarises the main take-away messages of this event.

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1. Introduction

Within the **WP4 "Boosting the adoption of AI technology"**, the **Task 4.2** activities of the Adra-e project include to support the interconnection of regional ecosystems, with two events for ecosystems leaders to share best practices, disseminate success stories from local public-private partnerships and promote region to region exchange via case studies from national AI programs, and Adra.

The **second edition of the Regional Ecosystems events**, which took place on the 12th December 2024, gathered leaders from various Central and Eastern European AI ecosystems in Zagreb (Croatia).

The purpose of this second event was to showcase the unique strengths, potential, and collaborative spirit of the Central and Eastern European (CEE) tech ecosystem. By highlighting the region's advancements in innovation, digital transformation, and cross-border partnerships, the event aimed to provide greater understanding and support for the CEE as a vibrant, interconnected tech hub.

Lorena Barić, Executive Director of CroAI, welcomed the audience and highlighted how their organisation is working very hard to support and build the AI ecosystem in Croatia. She emphasized how events like this are always a great opportunity to further strengthen national partnerships, but stressed that this edition had a very strong regional focus on Central and Eastern Europe.

Mei Shan Krishnan, ADRA Campaigns and Events Manager, thanked CroAI for hosting this event and for giving visibility to ADRA in the Central and Eastern Europe region. She also provided with a brief background about the Adra-e project, whose aim is basically to support all forms of AI, Data and Robotics partnerships in Europe, to build more maturity across all three communities, and just try and expand the AI breadth, especially what AI has done at regional level, to the other communities and to the European level.

2. Keynote and panelists

The keynote and panelists of the programme included:

Ana Marija Kostanić is a Croatian tech journalist and editor, currently serving as the Editor-in-Chief of The Recursive, a media platform headquartered in Bulgaria focused on Central and Eastern Europe's startup ecosystem. She was also a part of Netokracija, Croatia's leading tech media outlet, where she advanced from a journalist position to an Executive Editor role. Over almost 7 years there, she played a pivotal role in its content production, business development, and building the outlet's influence in the tech community.

Boban Poznanović is the co-founder and chairperson of the Serbian AI Society, a non-governmental organization established to support the development of the local AI ecosystem. Founded in 2020, the Serbian AI Society is a community of over 300 experts dedicated to connecting the key pillars of Serbian AI ecosystem: academia, industry, and government. The organization has played a pivotal role in AI education, innovation, and ethics.

Mitja Trampuž is the president of the AI4Slovenia association, the director of CREAPLUS, and the Vice President of the Cybersecurity Section of the Association for Informatics and Telecommunications at the Chamber of Commerce and Industry of Slovenia.AI4SI is a non-profit think tank and platform of SRIP GoDigital, that aims to promote, coordinate and organize efficient knowledge transfer from AI research to implementation in companies and organizations.

Martina Silov is the president of the Croatian AI Association and a lead in partnerships at Mindsmiths. She is renowned for her ability to foster meaningful collaborations in the tech ecosystem. With a focus on bringing together professionals from various backgrounds, she excels in mentoring individuals keen on understanding the dynamic world of the AI ecosystem.

Frane Borozan is the Vice President of CISEx, the Croatian Independent Software Exporters Association, and the co-founder of SysKit where he has been a consultant since 2009. He is a tech savvy person, focused on server-based computing and specializes in Windows Remote Desktop Services and Citrix Xenapp. Frane made it his daily task to solve real world problems with monitoring, alerting, and reporting on Microsoft and Citrix servers. With many successful years behind him at SysKit, Frane is a Product Owner of SysKit Monitor (formerly Terminal Services Log) and SysKit SQL Manager.

Vedran Blagus is the principal at South Central Ventures, a first choice investment partner for early-stage companies from South-Eastern Europe with global ambition. After creating a portfolio of 30 tech companies with their previous fund, they announced a €70 million SCV Technology Fund III in the year 2022. Vedran is also a board member of Daibau, the biggest construction marketplace in the CEE region, connecting over 60,000 contractors with 200,000 investors and consumers, a consultant for Q Institut, as well as an advisor for MVT Solutions Group.

Renata Brkić is a serial entrepreneur and impact investor, strongly devoted to fostering social impact orientation in businesses she has been running with her teams, or consulting others. Renata is Founding and Managing partner of Feelsgood Social Impact Investment Fund for Croatia, Qualified Angel Investor and Global Mentor.

Adrian Poznić is an Associate at the International relations department at the Croatian National Bank. Adrian is also a PhD student at the Faculty of Economics and Business Zagreb and the President of KUT, a networking association for young entrepreneurs in Croatia.

Matija Srbić is a founder and coordinator of deep-tech venture builder Nuqleus. He has been involved in startup development since 2016, firstly working on his startup and later starting different programs and activities to build a Croatian deep-tech ecosystem and create spin-offs at the Innovation Centre Nikola Tesla. In the last 3 years, Nuqleus created 16 spin-offs which raised more

than 1.8 Mil. Euros. In 2023 and 2024, Matija worked for The World Bank as a project lead for the Scinergy project, organizing the biggest matchmaking program in Croatia for more than 100 scientists and firms in Croatia.

Marijana Šarolić Robić is an attorney at law, one of the founders of the Croatian AI Association, currently serving as the Vice President of CRO Startup - Croatian Startup Ecosystem. She has been a startup mentor for the past 10 years at the ALGEBRA LAB. In 2016 Marijana co founded PWMN CROATIA /PWN ZAGREB pwn.hr NGO that promotes gender balanced leadership in a professional environment and she has been president of the organisation since then. In addition she has been an active member of MBA Croatia and for the moment she serves her second mandate as Supervisory Board member.

Dražen Oreščanin is one of the three founders and partners of the company Solverhip, originally known as Poslovna Inteligencija, the leading implementer of analytical IT systems in Croatia and the region, with nearly 200 employees in Croatia and branches in the UK, Austria, Sweden, and other regional countries. He is one of the initiators and a member of the Board of Directors of the Association Glas Poduzetnika and one of the founders and mentors at BIRD Incubator for Artificial Intelligence and Analytics.

Dina Hrastović is the manager of TG Studio, Telegram Media Group's internal agency, and content manager for Money Motion, the largest FinTech conference in Central and Eastern Europe (CEE). She has extensive experience in native and content marketing with numerous internationally awarded projects. Her experience includes leading teams and projects in established Croatian media and establishing the first digital native agency in the region.

Vlaho Hrdalo is a lawyer, partner at Hrdalo & Krnić Law Firm, and has been a member of the Croatian Bar Association since January 2009. In 2012 he established his own law firm which specializes in FinTech and IT. He is the Chairman of the Croatian Union for Blockchain & Cryptocurrencies - UBIK. Hrdalo is also a certified court interpreter of English, has authored several research papers and currently advises several ICOs.

Stefan Martinić is a lawyer with years of experience in leading law firms in Zagreb, specializing in commercial law and corporate law, with a particular focus on the IT sector. Throughout his career, he has advanced through all positions, from trainee to partner, before establishing his own law office. He obtained his education and experience in EU law and technology law (GDPR, AI, IP, etc.) at leading global legal institutions.

Marija Bošković Batarelo is the founder and director of Parser compliance. Marija's work focuses on legal compliance, privacy and data protection, and information security. Marija also has extensive experience in regulatory aspects in the banking industry, where she worked for several years and has served as a data protection officer. She has been teaching on Data Science and Digital Marketing studies at the University of Algebra. Currently, she is one of the mentors for AI start-up entrepreneurs in Bird Incubator, the member of the ICC Commission for the Digital Economy, the head of the Compliance Committee of the International Network of Business Women and one of the founders and Vice President of Croatian Compliance Association.

Sandra Ćatović Stručić is a lawyer with a STEM background and a strong foundation in legal practice, with over 5 years of experience in various legal fields. She is also a co-founder of Ulpian – an AI-powered tool for searching legal resources

3. Agenda

AI Regional Ecosystems event Zagreb, 12th December 2024		
10:00 - 10:30	Registration & Welcome coffee	
10:30 - 10:45	**Welcome & opening remarks CroAI & ADRA**	**Lorena Barić** Executive Director CroAI **Mei Shan Krishnan** ADRA Campaigns and Events Manager
11:00 - 11:40	**Keynote speaker** **State of AI in Central & Eastern Europe**	**Ana Marija Kostanić** Editor-in-Chief, The Recursive
11:40 - 12:30	**ExYu AI Talks: Croatia, Slovenia & Serbia**	**Moderator: Frane Borozan** Vice President at CISEx **Martina Silov** President at CroAI **Mitja Trampuž** President at AI4Slovenia **Boban Poznanović** Chairperson at Serbian AI Society
Lunch break		
14:00 - 14:40	**MoneyTalks: VC Ecosystem Building**	Moderator: **Adrian Poznić** (KUT Projekt) **Vedran Blaguš** Principal at South Central Ventures) **Renata Brkić** Managing Partner at FeelsGood Capital
14:40 – 15:10	**Why Ecosystems play a crucial role in Innovation**	Moderator: **Dina Hrastović** Head of Native at Telegram & Head of Content at MoneyMotion **Matija Srbić** Managing Director at Nuqlues

		Dražen Oreščanin Co-founder at BIRD Incubator **Marijana Šarolić Robić** Vice President at CRO Startup
15:10 – 15:45	**Has the EU regulated itself into irrelevance?**	Moderator: **Sandra Ćatović Stručić** Co-founder at Ulpian AI **Marija Bošković Patarelo** Parser **Vlaho Hrdalo** Head of Legal Tech at Croatian Bar Association **Stefan Martinić** Lawyer
15:45 – 16:00	**Closing remarks**	**Lea Sorić** Community Manager at CroAI

4. Venue Studio Katran, Zagreb

Studio Katran is located 30 minutes away from the historic centre of Zagreb. It is easily accessible by public transport.

5. Communication and marketing

The information regarding the event was first posted on the 14th November 2024 on the Adra-e website. It was regularly updated with new information about the speakers and the venue until the day of the event. The registration page was also accessible through the Adra-e website.

The Social Media campaign ran since mid-November 2024, promoting the event and the speakers on the Adra's LinkedIn account and the CroAI's LinkedIn account.

During the days leading up to the event, TrustIT, the dissemination partner, and CroAI posted on the event's social networks one post per speaker's card.

Some of the posts in LinkedIn can be found here below:

Adra - AI-Data-Robotics-Association
3.347 volgers
1 w

Join the last Regional Ecosystem Event of 2024! 🚀 🙌

On December 12th, Zagreb will become the latest hot spot highlighting the strengths in the region's tech innovation. ⚙️ 💡

By connecting industry practitioners and decision-makers, the CroAI (Croatian AI Association) organised event will showcase the competitiveness and advancements made in AI and Robotics in the Central & Eastern Europe (CEE) ecosystem, and how it can best catalyse its potential.

Registrer today : https://lnkd.in/ggE2dJqE

#techstartups #CEEecosystem #AIRoboticsData #techinnovators #AIforGood

Adra - AI-Data-Robotics-Association
3.347 volgers
3 d

Calling all CEE - based startups!

Are you still looking for your tech tribe? 🤔 🚀

Don't miss out on this CroAI-hosted event, aimed at fostering connections between policy-makers and experts in innovation and digital tranformation.

Lea Sorić, Community Manager at CroAI shares her insights into what you can expect from the event, and why it should be the next stop for any startup.

This is your chance to learn about the region's strategic capabilities, and gain insight into the CEE's potential in shaping Europe's digital future. Be a part of the innovation movement!

Register here today : https://lnkd.in/ggE2dJqE

CroAI (Croatian AI Association)
10.000 volgers
1 d

We're only 2 days away from our Regional Ecosystem Event 2024! 💥 🚀

Join us this Thursday, December 12th, at Studio Katran (Radnička 27) for a day of discussions about the future of technology, innovation & AI in the CEE region.

📅 Thursday, December 12th
🕐 10:00 AM - 4:00 PM
📍 Studio Katran, Radnička 27

We'll dive into the state of AI in Central & Eastern Europe, see how our region is performing on the global stage, share real, practical insights about funding, regulations, and the role of community organizations. 🎯

Participation is free, and lunch is on us - but space is limited!

If you haven't signed up yet, now's the time as registrations close tomorrow:
🔗 https://lnkd.in/dkfrJFvM

Let's shape the future of the CEE tech ecosystem together.
See you in two days! 😉

6. Panels and workshops

6.1 Keynote speaker - State of AI in Central & Eastern Europe

Ana Marija Kostanić presented the conclusions of the second edition of the report on the "State of AI in CEE", the most extensive research of the future of AI in the innovation ecosystem in Central and Eastern Europe. This research was conducted by The Recursive, an independent community-born online media focused on the emerging tech and startup ecosystems in Central and Eastern Europe, where Ms. Kostanić currently serves as Editor-in-Chief.

The first edition of this report, in 2023, mapped out the AI trends in the innovation ecosystem in Central and Eastern Europe. The second edition, in 2024, showcases the front-running AI product companies, explores the funding opportunities, the growth potential and the talent pool available, by highlighting best practices and ongoing challenges from the different CEE countries.

The Recursive analysed over 1.350 AI start-ups, conducted a survey which comprised of 150 companies and 130 investors and interviewed more than 40 experts. The purpose of this research is to paint a picture of the current state of development of AI innovations in the CEE region and to demonstrate the region's potential to international investors, talent, and corporates.

The Central and Eastern European region has seen **significant growth in AI start-ups**, with around 80% of the companies analysed for this report being founded between 2015 and August 2024. **Most AI start-ups are located in Poland, which is definitely a leading CEE hub, followed by Greece and Romania.**

The region has seen around €5 billion in funding for AI start-ups from 2021 to 2024, though this has declined recently due to the 2021 valuation bubble. **Poland is also the clear leader in terms of funding, followed by Greece and Croatia**, with Croatia's standout performance driven by Verne. Greece benefits from more stable funding base with funding rounds distributed to more start-ups. Poland and Croatia have more sporadic funding rounds from outsiders like Verne, as mentioned before. Verne's funding round of €100 million is actually comprising most of the total funding for Croatia in AI.

The Western Balkan countries (Serbia, Albania, Kosovo, North Macedonia and Bosnia-Herzegovina) present extremely low values. There is a lot of room for improvement in terms of assessing capital itself and actually supporting new start-up emerging when it comes to that part of the CEE region.

Despite the adverse conditions, 23 CEE Venture Capitals managed to raise new funds (€1,2 billion). It is worth also mentioning the role of 9 non-CEE Venture Capital firms investing in CEE start-ups.

The key industries where AI start-ups are active include **healthcare and life sciences on the first place, information technology on the second place, and marketing, sales and customer service on the third place.**

For healthcare and life sciences, usually solutions are pertaining to either drug discovery, diagnosis or more elaborate and advanced patient care.

In the case of information technologies, those are usually related to cloud computing infrastructure and cybersecurity, but also workforce automation.

As for the marketing, sales and customer service, solutions refer to generative AI, especially in terms of chatbots and personalization of content.

There are also some other industries worth mentioning, such as finance, retail and manufacturing, coming up right after the abovementioned top three.

The speaker provided examples of key AI players in the region, such as ElevenLabs (Voice Cloning Startup - Poland), which was the first AI unicorn, Keboola (Self-service data management platform - Czech Republic), Colossyan (AI video generator - Hungary), AdTech (Advanced-technological design - Romania), Iris.ai (AI for scientific text understanding - Bulgaria) or Kinvent (Technology that enhances physical rehabilitation - Greece).

The region has a strong talent pool for AI, but faces challenges around brain drain and lack of research funding.

Romania and Czech Republic are the only countries having prepared a national strategy, and they even managed to update it to the current EU AI Act that was coming in for summer of 2024. Croatia is still lagging behind, as many other countries are. Their digital strategies are not serving the purpose of actually bringing AI into the focus and tackling the societal acceptance and the ethical challenges.

The national strategies of the countries in the region lack thus clear actions, timelines and measurable outcomes. There is a limited clarity on financial resources for proposed AI initiatives. The effective translation of the strategic goals into actionable outcomes remains an issue.

As for the EU AI Act, the report also shows a strong division among the AI players in the region. Most founders are concerned that it stifles the EU reduced technology start-ups and research. On the other hand, lawyers, as well as some VC funds, actually believe that the EU AI Act is in the best interest of everyone.

According to the European Commission, 85% of AI systems in Europe fall under the "minimal risk" category when it comes to the EU AI Act compliance. However, nearly 60% of start-ups and founders in the CEE region are not even trying to adapt or to comply with the EU AI Act as of now.

The foundation of the CEE's ecosystem growth lies in the elements fueling innovation: capital, talent and entrepreneurial mindset.

6.2 Panel discussion: ExYu AI Talks: Croatia, Slovenia & Serbia

The objective of this panel was to discuss the current state of the AI ecosystems in Croatia, Slovenia and Serbia, the challenges and the opportunities that they face, and how their countries compare to the global AI landscape, particularly the United States.

During this session, we were joined by the following presidents of AI associations:

- Frane Borozan, Vice President at CISEx, moderated the discussion
- Martina Silov, President at CroAI
- Mitja Trampuž, President at AI4Slovenia
- Boban Poznanović, Chairperson at Serbian AI Society

In Croatia, they realised that they had a lot of start-ups, scaleups, great engineers and good academia, but they were not well connected: the ecosystem did not exist and that is the reason why they started CroAI in 2019.

They believed that AI would be very soon in every sector and in every part of our lives. For this reason, from the very beginning, they managed to get together politicians, policy makers, engineers, scientists, creative people, art people, experts in business, in marketing, in product management, in design, all of them with totally different brains, who can understand and create what the consumer wants.

CroAI educated 1% of the population and 10% of high school teachers across the country. They also had more than a hundred meetups during these five years, where they gathered people from different backgrounds and perspectives.

Croatia has only 3.8 million citizens, however, it has had significant success in AI, with two AI unicorns and being ranked 10th globally in AI usage. The Croatian AI startup Photomath, for example, was the biggest success ever and it was acquired by Google in 2023. Photomath is known worldwide for solving mathematical problems through a scan and for showing the steps for their resolution.

Slovenia has the highest number of AI researchers per capita in Europe, but struggles to translate that research into real-world business applications. AI4Slovenia was established four years ago to accelerate the adoption of AI in the business sector, to connect all the stakeholders in this field and to lead with the strategy forward.

The president of AI4Slovenia highlighted the achievements made by Croatia in connecting and supporting the community, as this is not existing in Slovenia, and would like to learn from that model. He also stressed that Slovenian companies do not tend to set up an AI strategy, and the existing AI start-ups in Slovenia are not being financially supported, as the investors need to see the tangible value created with AI: digital solutions that might make processes cheaper, faster, more accurate and more efficient.

In Serbia, they created the Serbian AI Society also four years ago to boost the development of the AI ecosystem. They realised that, besides the national strategy, there needs to be a dedicated body to make things happen in the AI ecosystem by educating, networking, connecting and basically building community.

The chairperson of the Serbian AI Society also agreed that **the most important strength of the region is the talent**, as they all had strong universities where they have been building an

engineering mindset for many decades, which constitutes a really good foundation. However, he also emphasized that creating innovative companies that can make a global impact is really hard in this part of the world.

He considers that **there is fundamentally a very big mindset difference between the United States and Europe.** The big techs in the US are the ones really putting money into start-ups and they know that in innovation they are going to fail. In Europe there is not yet such acceptance of failure.

Many Serbians having made part of the entrepreneurship network in the US are making their way back to the Balkans region with a different attitude towards failure, and trying to empower local growth. An increasing number of VC funds and investors are thus entering the region, which should improve the funding landscape.

They all convened that universities in Serbia, Slovenia, and Croatia are making progress in offering AI-related courses and programs, but **there is a need for stronger collaboration with industry to ensure the relevance and applicability of the research**. Universities should understand that the funding that they get for their researches would have broader benefits for the society if they involved the industry too.

As for the sector in which they think the AI will make the highest impact, **healthcare is identified as the most promising area**, but the regulatory environment poses challenges for start-ups and innovators. It might also have a significant impact on industries like banking and consumer behavour.

The moderator closed the discussion with a final question on the most important challenge to overcome regarding AI. The panelists underscored the importance of making AI more approachable and understandable for the general public, the need of creating tangible value and the urgency of connecting people that share the same energy and vision.

6.3 Panel discussion: MoneyTalks: VC Ecosystem Building

The objective of this panel was to discuss the current state and future prospects of the start-up and venture capital landscape in Croatia and the broader Balkan region. The session also aimed to highlight the challenges and opportunities for founders.

During this session, we were joined by the following representatives from the VC ecosystem:

- Adrian Poznić (KUT Projekt), moderated the discussion
- Vedran Blaguš, Principal at South Central Ventures
- Renata Brkić, Managing Partner at FeelsGood Capital

Vedran Blaguš, from South Central Ventures, manages a €60 million fund with a focus on early-stage technology investments, particularly B2B and marketplaces. Renata Brkić, from FeelsGood Capital, represents a €30 million social impact venture fund, which is "sector-agnostic" although, after four years' experience, they have now some preferred areas like health, education, creativity, and sustainable IT.

What is different in the case of FeelsGood Capital is the focus on social impact: the companies and the projects need to come up with a positive social and have it embedded. They do not think software is anymore the priority, it is just a tool, and what they look at is the business model, is how the company, the team and the story will evolve.

The speakers highlighted significant developments in the regional VC landscape, including increased competition from international European funds flying in to Zagreb searching for deals.

Renata Brkić highlighted the **growth of the start-up ecosystem since Croatia's accession to the EU in 2013**. Croatia is now the leading country in Europe in terms of growth of the start-up ecosystem with a 7% growth rate last year.

When regional VCs are raising money for the funds, the investors doubt that they will have enough deal flow and they really need to convince the investors and describe the situation to them that the demand for money in the region is higher than the supply.

The quality of the local start-ups has also considerably improved in the last years, as **founders are now more experienced and better prepared**. It is not only a matter of how good they are at pitching, as this is something that can be learnt thanks to the incubators and accelerators which are heavily funded by the EU. Whoever wants to learn how to present the case to the investor, to the buyer or to the customer, they can have this service for free in Croatia, they just have to choose the right mentor. However, after an impressive pitch, VCs also have to ask questions: **founders need to understand their own business models, know where they are positioned in their industry, and prove their team integrity**, their maturity and their seriousness.

It is not true, as many people tend to believe, that regional VCs want their start-ups to reach the breakeven point as quickly as possible. On the contrary, the seed early deals subject to risk investments are not supposed to be profitable. **If they are immediately profitable, then they do not need the VCs**. If the start-ups can live from the sales and if they can get the right papers to be bankable for bank credits, this is much cheaper money. When start-ups go to the VCs is because they are far from the breakeven.

They discussed the evolution of start-up funding, with Vedran Blaguš noting that 80% of their portfolio companies have secured follow-on funding from international investors. If founders have proven to

be successful in the region and want to jump to another region, it is normal that investors from the country where they want to grow come into scene.

Founders should focus on sales and customer relationships as the main driver of their business. Fundraising and investing is just one portion of the start-ups business, the main business needs to remain the sales and the easiest money is to live from their sales and from their customers, and not from the investors and banks.

The panelists emphasized the importance of building relationships early with VCs and potential clients, recommended that founders should not be afraid to raise more capital than less, and reminded that, on average, founders spoke to between 40 and 80 different funds during their fundraising process.

The panelists reminded that **fundraising is a long-term process**. Founders need to be persistent: this means that there is no success and no reliable business overnight. It means that this night always lasts at least ten years and start-ups need to be ready for that. Whoever expects that this plan will evolve within a year, it will not, that is why **resistance is important**. Croatia and Slovenia are lucky because funding is available.

The neighbours from Western Balkans are not as lucky, as they are not EU Member States, so they still depend on the Swiss capital, the American capital, the Asian capital and so on. There are great talents there as well, however, the regional VCs do not have the mandate to invest there and they are thus losing half of a market which would be naturally the same, but it is cut by a border.

6.4 Panel discussion: Why Ecosystems play a crucial role in Innovation

The objective of this panel was to discuss the challenges and opportunities within the start-up ecosystem in Croatia and the broader region, how their organisations are contributing, and how they see their role in this whole process.

During this session, we were joined by the following representatives from the AI regional ecosystem:

- Dina Hrastović, Head of Native at Telegram & Head of Content at MoneyMotion, moderated the discussion
- Matija Srbić, Managing Director at Nuqlues
- Dražen Oreščanin, Co-founder at BIRD Incubator
- Marijana Šarolić Robić, Vice President at CRO Startup

The panelists discussed **the difficulties faced by deep tech start-ups in securing funding, particularly from VCs, which may not understand their specific industries**.

Mr. Srbić, Managing Director at Nuqlues, which is similar to an incubator, explained that from their structure they are not even pushing their start-ups to raise from VCs that do not understand their industry or the technology behind the product that they are building. They prefer to secure funding from investors who actually understand biotechnology, or understand how to sell to pharma companies, or understand how to build a medical product and so on.

Mr. Srbić also highlighted that another challenge, which is applicable not only to the CEE region but to all the globe, is that **researchers are not willing to develop proper business skills and are not interested in learning how to market and manage their products**. His incubator is training the entrepreneurs on that area and helping them to develop their business plans. Mr. Srbić reminded that the incubators are the actual builders of the start-up ecosystem, however, this role has not yet been acknowledged in countries as Croatia. He emphasized that, for example, this is the first panel they have been invited to, whilst the VCs are always represented in every conference on the start-ups ecosystem.

The fact that researchers have to think as founders and take into account so many different business aspects that are not necessarily natural to them might hinder innovation, however, these are the rules of the game for entrepreneurs. They can get funding and marketing support, but the actual work has to be done by the founders. The actual workload is on the founders: they have a drive, they want to succeed and, if they finally succeed, they will ride with benefits. As also discussed during the previous panel on VCs, it is reminded that the sooner they fail and get up, the easier it will be: the whole process will necessarily take long.

Ms. Šarolić Robić, Vice President at CRO Startup, highlighted the lack of business angel investment in the early stages, with many start-ups relying on family support or small grants. The speakers discussed how this gap particularly affects creation-specific industries, where development costs can be high.

The discussion also covered the **historical context of entrepreneurship in Croatia**, with the panelists noting the legacy of socialist-era attitudes towards private business. They reminded that, during five decades, any private property was deleted and being entrepreneur or having your own business was frowned upon. Croatia is a young democracy and this mindset is still somehow sticking on. Croatian people should thus be reminded that it is completely legit to make profit and to pay taxes out of it.

The incubators are also there to try and show the academia that start-up world is also something for them and not only for the college dropouts, as this statement also makes part of the mentality that should be revisited. Scientists shall be made aware that it is completely legit to monetise their researches and to belong both to the academic and to the business world.

The speakers discussed potential strategies for advancing the start-up ecosystem, including changing investment mentality, fostering legacy-building among successful entrepreneurs, increasing collaboration among ecosystem stakeholders and also increasing the involvement from corporations and government in supporting start-ups development.

6.5 Panel discussion: Has the EU regulated itself into irrelevance?

The objective of this panel was to discuss the role of the EU regarding technology regulation, particularly in relation to AI and data protection.

During this session, we were joined by the following representatives from the legal and compliance fields:

- Sandra Ćatović Stručić (lawyer and co-founder at Ulpian AI) moderated the discussion
- Marija Bošković Patarelo, CEO of Parser Compliance
- Vlaho Hrdalo, lawyer and partner at Hrdalo & Krnić Law Firm
- Stefan Martinić, Attorney at Law Office Stefan Martinić

The discussion opened with a debate about Europe's position as the "moral conscience of the world". Mr. Hrdalo expressed skepticism about Europe's ability to take on this role, and argued that **the EU is attempting to protect the EU citizens seeing itself as one island detached from the rest of the world, without realising that they cannot be disconnected from the global reality**. He also considered that regulation is always brought to increase the compliance costs so that only few players remain.

The panel considered it unfortunate that the same approach applies in many aspects to start-ups, SMEs and big companies, since the small companies are finding it extremely difficult to face exactly the same obligations as the big companies towards the state.

The panel discussed the relationship between regulation and innovation, particularly in the context of GDPR. Ms. Bošković Patarelo noted that, while GDPR is often seen as a barrier to innovation, she considers this is a misconception, as **bureaucracy has considerably reduced since its approval, especially in the banking sector, and it has contributed to create a more unified digital market**.

Ms. Bošković Patarelo has worked until November 2024 for a very ambitious EU-funded project, Olivia, developing a virtual teacher and assistant for GDPR compliance. Olivia contains a small online academy that offers for free a series of learning modules to improve the knowledge in the field of personal data protection. The Croatian and Italian data protection authorities, the University of Zagreb, the Vrije Universiteit Brussel and the University of Florence are part of the consortium, and their mission is to empower Croatian and Italian SMEs to achieve compliance with data protection regulations.

Unfortunately, only lawyers, compliance officers or anti-money laundering officers are interested in receiving this kind of training, whilst programmers and developers do not find it attractive or do not see the necessity of understanding their legal obligations regarding GDPR.

The panel believes the **data protection agencies should make a bigger effort to try and train the wider public and to enforce compliance**, however, sometimes these agencies lack specialised lawyers, information security experts or AI experts.

Mr. Martinić considers that **it is important to find a balance between protecting consumers and fostering innovation**. In this sense, the **regulatory sandboxes**, which allow companies to test new products in a controlled environment without facing penalties for regulatory violations, **might help to reach such a balance**, particularly in the context of the EU AI Act, as the Member States can see how product service develops and decide how to interpret the law serving both the purposes of stimulating innovation and protecting the consumers, and thus avoiding overly formalistic interpretations of the law.

The panel concluded with a discussion about who should actually decide the boundaries of development: the democratically elected representatives or the big tech leaders. Speakers emphasized the importance of democratic processes in decision-making by paraphrasing Winston Churchill "Democracy is the worst form of government, except for all the others".

7. Participation

The venue had a maximum capacity of 100 people. The registration opened on the 14th November 2023 and closed on the 11th December 2024. Registration was free of charge, but it was mandatory.

The final number of registered participants was 108. From the 108 registrants, 76 finally made it to the venue.

The no-show percentage at business free events is usually of 30%, which has been confirmed in this occasion, as the no-show rate was exactly of 29,6%.

Among the participants, 50% of the audience represented innovative SMEs and start-ups. Financial institutions, AI business developers, AI ecosystem builders, AI scientists, AI policy makers, professional associations and NGOs were also represented. There were ample networking opportunities for them throughout the event.
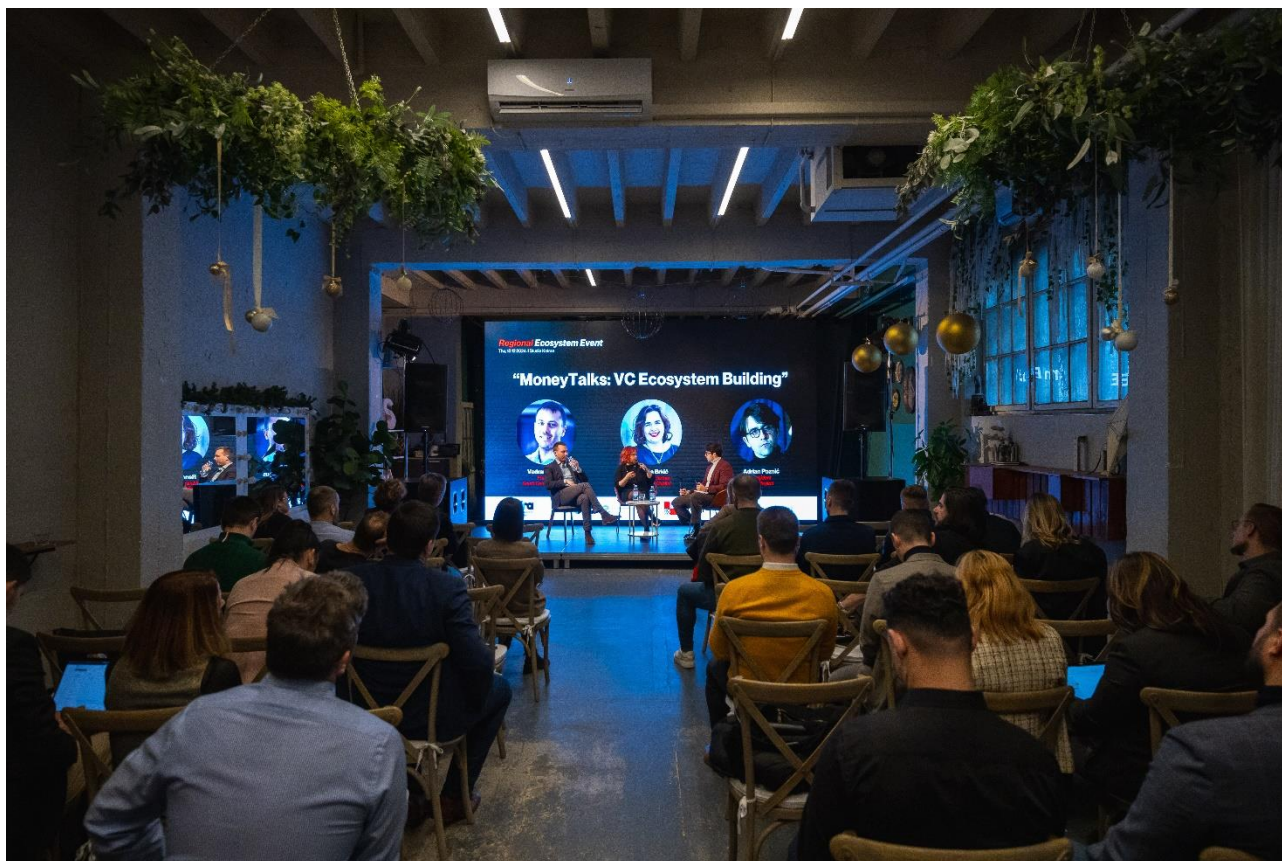
8. Key takeaways from the AI Regional Ecosystems event

State of AI in Central and Eastern European

The Central and Eastern European region has seen significant growth in AI start-ups, with around 80% of the 1.350 AI start-ups analyzed in the "State of AI in CEE" report being founded between 2015 and 2024.

Poland, Greece, and Romania are the leading hubs for AI start-ups in the region, with Poland being the clear leader in terms of funding and number of deals.

The region has seen around €5 billion in funding for AI start-ups from 2021 to 2024, though this has declined recently due to the 2021 valuation bubble.

Key industries where AI start-ups are active include healthcare, information technology, marketing/sales/customer service, finance, retail, and manufacturing.

Nearly 60% of start-ups and founders in the CEE region are not even trying to adapt or to comply with the EU AI Act as of now.

The foundation of the CEE's ecosystem growth lies in the elements fueling innovation: capital, talent and entrepreneurial mindset.

ExYu AI Talks

Compared to the US, the region faces difficulties in securing large sums of funding and a more risk-averse culture, but has a strong talent pool to build upon.

Universities in the Balkan countries are making progress in offering AI-related courses and programs, but there is a need for stronger collaboration with industry to ensure the relevance and applicability of the research.

Healthcare is identified as a promising area for high-impact AI applications, but the regulatory environment poses challenges for start-ups and innovators.

Is it important to build a diverse ecosystem beyond just technical talent (business, marketing, design, product management and so on) to create successful AI products and companies.

Money talks

The EU funding landscape is more favorable for start-ups in Croatia and Slovenia compared to the Western Balkans, which still rely more on international capital.

Fundraising is a key challenge for founders, and they need to be persistent and build relationships with VCs early on.

Founders should focus on sales and customer relationships, not just fundraising, as the main driver of their business.

Why ecosystems play a crucial role

The speakers emphasized the importance of finding investors who understand the specific industries and technologies involved.

The panelists agreed on the need for cultural change in investment mentality and legacy-building among successful entrepreneurs.

They also discussed the importance of developing a more robust ecosystem that includes better support for early-stage start-ups and greater involvement from corporations and government.

Has the EU regulated itself into irrelevance?

The EU is attempting to protect the EU consumers seeing itself as one island detached from the rest of the world, without realising that they cannot be disconnected from the global reality.

GDPR is often seen as a barrier to innovation, but this is a misconception, as bureaucracy has considerably reduced since its approval and it has contributed to create a more unified digital market.

Data protection agencies should make a bigger effort to try and train the wider public and to enforce compliance.

It is important to find a balance between protecting consumers and fostering innovation. The regulatory sandboxes could help balance innovation and consumer protection, particularly in the context of the EU AI Act.

9. Conclusions

The second edition of the AI Regional Ecosystems events highlighted the region's strengths in tech innovation and fostered vital cross-border collaboration. By connecting visionaries and decision-makers, the event showcased the growth and global scale competitiveness that the Central and Eastern Europe ecosystem has shown over the past few years.

Attendees gained insights into the region's strategic capabilities, explored opportunities for collaboration, and engaged in discussions that promoted the CEE's role in shaping Europe's digital future. From regulations and funding to the role of support organizations, and the importance of collaboration among all stakeholders in building a healthy and thriving ecosystem, all the different perspectives were covered in the panel discussions.

This event was a great opportunity to strengthen the partnerships in the region and reminded us of the incredible potential that the CEE region holds: a region filled with talent and a strong sense of community, which will continue to push boundaries, overcome challenges, and shape a brighter future for technology and innovation.