



Background and specifics of the Czech environment for business development in the digital age

Economic base of the Czechia, Digital age, Start-up companies in the Czechia

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Content of the presentation

- Economic base of the Czechia
- Digital age – challenges for innovative entrepreneurship ahead
- Start-up companies in the Czechia
- (Non)traditional financing

Economic base of the Czechia

The Czech Republic has a long-standing traditional industrial base, which is caused historically

- 19th century - influence of availability of raw materials on development of industrial centers, development of transport networks, labor force - quality education
- Bohemian Lands the most industrially developed part of the Austro-Hungarian Empire (approx. 60-70% of industry)
- 1918 Establishment of Czechoslovakia - was one of the most industrialized countries in the world
- Since February 1948 - part of the block of socialist states → international division of labor - emphasis on heavy industry, centrally managed economy

Economic base of the Czechia

Development after the Velvet Revolution

- After 1989 - change of political economic and social conditions - transformation of economy from centrally controlled to market, privatization of industrial companies
- change of the industrial structure, new industries due to technological development
- the role of foreign capital (foreign direct investments),
- industrial zones, business incubators, clusters.

Economic base of the Czechia

Current situation

- The manufacturing industry is dominated by car production.
- Since 2005, the production of the automotive industry has doubled. In 2018, the production of cars in the Czech Republic approached the limit of 1.44 million.
- The digital age - "*moving production eastwards*" is not and will not be a risk for the future, but on the contrary, as a result of industry 4.0, the possibility of moving production back to home countries can be expected. The Czech Republic must invest heavily in IT technologies and new forms of production, because it will not be possible to compete through cheap labor.
- Investments in human resources – training courses

Investments in human resources development

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Using mixed method approach in measuring effects of training in firms: Case study of the European Social Fund support



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ABSTRACT

Public support of training in firms corresponds to the long-term importance of the quality of human capital in the competitiveness of firms and nations. Thus, the EU supports such training via the European Social Fund (ESF). The evaluation community evaluates the support by using either qualitative or quantitative methods. The simultaneous application of these two approaches is rare. The purpose of this paper is to combine quantitative (counterfactual impact evaluation) and qualitative (qualitative comparative analysis) methods in order to fill the methodological gap. Based on the combination of both approaches, it explores their strengths, complementarity and disadvantages to evaluate public support for employee training in the Czech Republic. The combination of methods makes it possible to identify not only the impacts but also their causes. Linking the ESF support to corporate competitiveness is crucial for demonstrating the effectiveness of public spending.



Digital age *challenges for innovative entrepreneurship ahead*

Rural Development in the Digital Age

Exploring Neo-Productivist EU
Rural Policy

3 **Analysis of Period 4.0 factors in the
context of theoretical approaches to
rural studies**

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Digital age *challenges for innovative entrepreneurship ahead*

- The current period is often referred to as the beginning of Period 4.0
- ‘Smart’ (or ‘intelligent’) - smartphones, smart development, and smart city, smart village -- Society 4.0
- These changes have accelerated over time in connection with trends in information availability, ICT development and commercial integration in the process of globalisation

Digital age *challenges for innovative entrepreneurship ahead*

Multidimensional cyberspace environments presents new spatial opportunities for socio-economic development as evidenced, for instance, by:

- the application of ICT and related technology to various types of activities carried out from and facilitated by the presence of high-speed Internet;
- such activities encompass e-commerce, e-payments, e-learning, e-banking, e-government, e-cohesion.



Start-up companies in the Czechia

The term start-up is not new, but in the Czech Republic it is becoming increasingly popular and the number of start-ups is increasing - at present we can talk about about two thousand of start-up companies in the Czech Republic.

Although technology is the most numerous area of activity, gastronomic start-ups are also popular.

In the field of start-up financing in the Czech Republic there have been significant changes in recent years - on the one hand, the volume of venture capital has increased, on the other hand, new instruments have been created to finance start-up projects.

Start-up companies in the Czechia

What do Czech startups have in common?

- The start-up environment in the Czech Republic is considered relatively young in the context of global comparison.
- Companies are predominant in the initial stages of development, most of which state their existence within three years.
- The question arises whether this is due to the nature of this segment or the lack of long-term planning experience?





Start-up companies in the Czechia

Who knows the term "startup" best?

- There is still a significant proportion of those who hear the word 'startup' for the first time - more than a quarter of the general population does not know the term 'startup' at all.
- Knowledge of the concept of startup is higher in larger cities, in the more educated childless part of the population with higher income.
- Awareness is highest among younger men. Women even twice as often as men do not know the term "startup".



Start-up companies in the Czechia

What is considered a key feature of startup?

- It should be a company that offers a unique, scalable solution that ideally *“changes people's lives”*.

What is the demographic profile of a Czech startup?

- A childless, university-educated man of about 30 years.

Which companies perceive the general population as a startup?

- Most often “new” companies with strong PR regardless of whether they are usually considered startup (e.g. Letgo, Uber, Zonky).



Start-up companies in the Czechia

Human resources

- 44% of startups are started by people aged 18 to 29;
- two thirds of startups perceive the lack of quality workers as the main problem;
- About 70% of start-up companies in the Czech Republic are looking for new employees through the StartupJobs.cz portal database.



Start-up companies in the Czechia

StartupJobs

Hledám zaměstnance Zaregistrovat se Přihlásit se

Nabídky Startupy Testy znalostí Newsroom Proč pracovat pro startup? O StartupJobs

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Start-up companies in the Czechia



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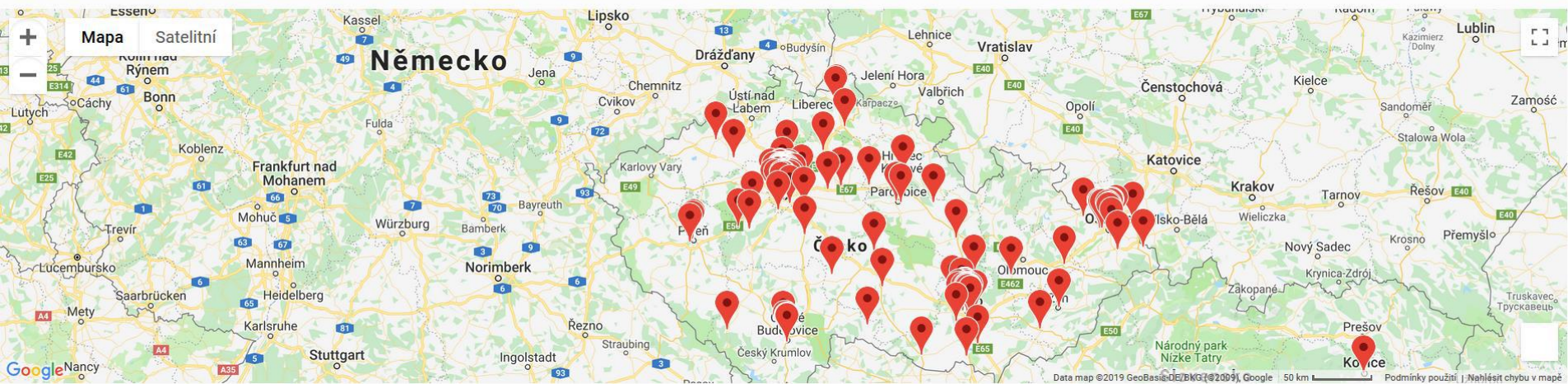
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- Wolves Summit – meet 300+ startups, 200+





Start-up companies in the Czechia

Limits of further development

- Start-up Czech companies end most often because they have developed a product that is not sufficiently marketed.
- Even if a product might be useful, startups can't promote it enough to turn potential leads into real customers.
- The lack of experience is also a problem.
- It is absolutely crucial for founders to keep startups alive during the first months or years.



Start-up companies in the Czechia

Limits of further development

- Czech startups have significantly more difficult conditions than a large part of their foreign competitors. According to a World Bank study, setting up a company in the Czech Republic is much more complex than in most countries in the region. Much better conditions for start-ups are provided by neighboring Slovakia, but also by Slovenia, Hungary, Moldova or Ukraine.
- Another problem is the availability of financing for start-up projects. Especially in their initial phase.



Start-up companies in the Czechia

Non-traditional financing

- **The Ministry of Industry and Trade** - the originally considered "National Innovation Fund" was not created and the Czech Republic joined the trend of European countries in which state support is provided through private venture capital funds, not the creation of a state-managed fund to distribute funds.
- **CzechInvest** supports Czech start-ups through its programs (e.g. **CzechAccelerator project**, which provides selected companies with office space and mentoring in Silicon Valley, New York, London or Singapore). Czech Startup Europe ambassador.



Start-up companies in the Czechia

Private start-up investors in the Czech Republic

A number of funds and investment groups have emerged in the Czech Republic in recent years, focusing on investments in small businesses that come with technology innovations usually associated with the Internet.

However, these start-up projects must be in a more advanced phase of their development.



Start-up companies in the Czechia

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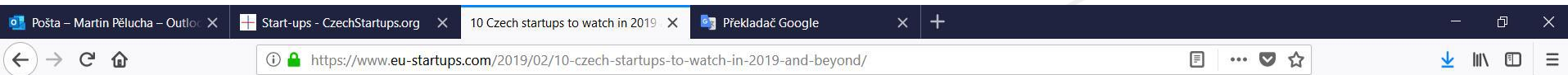
Startup News – sorted by country

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Start-up companies in the Czechia



Spaceti is one of the first firms to offer an all-in-one indoor location-based building digitisation solution combining a mobile app, sensory devices, and a web-based dashboard. Founded in 2016, Spaceti's mission is to redefine how people digitally interact with buildings, increase their well-being, and boost collaboration among occupants while simultaneously providing an effective building management tool.



Motionlab is a cloud-based video platform which provides customised scenarios, leverage customers historical data and consider their behavior to deliver unique, personalised advertising experience. Founded in 2018 and based in Brno, Motionlab already has an impressive clients list – among them several big corporates in the CEE region. Most recently Motionlab started its US expansion.



Yieldigo generates prices that maximise profit and revenue for retail and ecommerce – usually by 5-20%. Yieldigo is an AI price optimisation plugin that uses deep learning and statistical algorithms to model shoppers' purchasing behaviour. The algorithm uses machine learning, so it continuously reflects actual buying decisions of shoppers. Every time retailers reprice their goods, Yieldigo equips them with optimal prices – on hourly, daily and weekly basis.



Finding and booking quality outdoor activities should be as easy as booking a flight ticket or a hotel from any location, at the click of a button. Moreover, at the exact moment when customers plan their active vacation. With **OutdoorTrip**, which was founded in 2018, everyone can find and choose the right activity that fully suits their physical and mental abilities – from cycling to kayaking or skiing.

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