

UK/Romania
Business

Technology Report

understanding and advancing the
UK/Romania opportunity

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Introduction

Technology Report: understanding and advancing the UK-Romania opportunity explores ties between the technology ecosystems of the UK and Romania, and opportunities for their further strengthening.

Covering the Romanian tech diaspora in Britain, UK VC backing Romanian founders, partnerships in software engineering and outsourcing, and tech communities and verticals to watch, the publication provides a comprehensive examination of knowledge networks between the two countries, and the value they generate for both economies.

Through interviews with startup founders, leading VC and prominent organisations in the Information Technology ecosystem, the report is a detailed study of the bilateral commercial landscape and its potential, barriers to further growth and those working to overcome them.

Uncovering insights into the UK/Romania tech relationship, and by evaluating its strengths and weaknesses, our purpose is to better understand and support bilateral tech entrepreneurship and to establish a framework and recommendations to enable the development of a UK/Romania Tech Hub as an integral part of the UK/Romania Business initiative.

Technology Report is the first in a series of sector studies from [UK/Romania Business](#), and is produced in partnership with [CMS](#), [Endeavor Romania](#) and [How to Web](#).

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Foreword from Endeavor Romania

On the cusp of a transformative decade

The Romanian tech entrepreneurship ecosystem stands at a pivotal juncture, poised for remarkable growth over the next decade. As we navigate this journey, it is crucial to acknowledge both the challenges and the unprecedented opportunities that lie ahead.

Romania's tech landscape has evolved significantly, particularly after the country's EU accession in 2007. With a robust foundation in STEM, an advantageous position reinforced by a strong academic tradition and a growing number of high-quality science and engineering graduates, cities like Bucharest, Cluj-Napoca, Iași, Oradea, and Timișoara are emerging as key innovation hubs, fostering vibrant tech communities and attracting significant international interest.

The ecosystem is still facing notable challenges. Until 5 years ago, a major hurdle was the limited access to early-stage funding, which constrained the growth of startups from pre-seed to later stages like Series B and beyond. The investment landscape is now seeing a much-needed influx of early-stage capital, which promises to seed more companies and support their scaling efforts.

Another critical issue is the brain drain caused by high levels of emigration, particularly post-EU accession. This loss of talent has hindered the ecosystem's capacity to retain highly skilled professionals and foster a culture of innovation. Nevertheless, the presence of major tech companies and a growing startup scene offer hope. Legislative support is crucial here, serving as both a facilitator and accelerator of positive changes. By creating a conducive policy environment – from supporting founders in setting up startups, to stimulating corporates to “consume” more startup products, or unleashing the potential of pension funds to invest in VC/PE vehicles – the government can significantly bolster the growth and development of the tech sector.

Despite these challenges, the opportunities for growth are immense. The Romanian tech sector is witnessing a shift from service-based models to product-led innovation. Success stories like UiPath, DRUID AI, FintechOS or FlowX, are not anomalies but harbingers of a

broader transformation. These companies exemplify the potential for Romanian startups to achieve global scale, drawing on the country's strengths in automation, cybersecurity, and fintech.

Romania is also competing with more advanced ecosystems, like Silicon Valley and Western Europe, which boast greater funding, larger technology bases, and extensive education-to-entrepreneurship support initiatives. These regions have long been established as innovation leaders, with ecosystems that seamlessly integrate academic excellence, entrepreneurial training, and ample venture capital. In contrast, Romania must navigate these competitive trends by leveraging its unique strengths, fostering local talent, and enhancing its support mechanisms for startups.

An especially powerful factor in the growth of tech ecosystems is the role of successful entrepreneurs in supporting the next generation of founders. When seasoned entrepreneurs give back to the startup community, they create a multiplier effect, significantly amplifying the ecosystem's growth. This effect can be seen when experienced founders mentor new entrepreneurs, directly invest in startups, and inspire their own employees to become future entrepreneurs. The culture of paying it forward fosters an environment where success begets more success, creating a virtuous cycle of growth and innovation.

Given that the technology gap with more advanced ecosystems is likely to remain a limiting factor, the multiplier effect offers a way to hack and accelerate local development. By focusing on building a culture of mentorship, investment, and inspiration, Romania can amplify the impact of its current successes and create a robust, self-sustaining ecosystem. This approach helps to clear paths and reduce barriers for new startups, creating a thriving, interconnected environment where each success story inspires and supports countless others.

Looking ahead, the ecosystem stands to benefit from enhanced collaboration with international markets, particularly the UK. British investment in Romanian startups has been a catalyst for growth, and deeper integration through bilateral programs and market discovery

initiatives will further support this trend. The presence of a significant Romanian diaspora in the UK also provides a valuable network for emerging entrepreneurs.

In conclusion, the Romanian tech ecosystem is on the cusp of a transformative decade. With strategic investments, supportive policies, and a concerted effort to nurture talent, Romania is well-positioned to become a leading tech hub in Eastern Europe. By fostering a culture where successful entrepreneurs mentor, invest in, and inspire new founders, we can harness the multiplier effect to drive exponential growth and innovation. As we embark on this journey, our optimism is grounded in the tangible progress already made and the vast opportunities that await.



Mihnea Craciun
Managing Director
Endeavor Romania



1. The contours of Romania's tech ecosystem

1.1 Geography

The eighth largest EU country by landmass and sixth largest by population (around 20m people), tech is especially present in five Romanian cities – Bucharest, Cluj-Napoca, Iași, Oradea and Timișoara.

Agenția pentru Dezvoltare Regională Nord-Est (ADR Nord-Est), centred on Iași, leads efforts in the north east of the country, partnering with [RubikHub](#) to develop the local entrepreneurial ecosystem. The Agency also takes the lead in facilitating [ROstartup](#), a joint public-private initiative created to support the development of a national startup ecosystem strategy, and in the formation of a representative body, the ROStartup Association. Bordering the country of Moldova, and historically connected to it, the startup ecosystem halo in the north east extends to Chișinău, with [Moldova](#) starting to attract early stage Romanian VC money.

If the capital, Bucharest, is the inevitable hub of Romania's economy – and its startup scene – Cluj made its commercial reputation on tech. Home to many software engineering and outsourcing companies, including major representative offices of UK-listed corporations like [Endava](#) and [Flutter Entertainment](#), this concentrated development expertise underpins the Transylvanian city's startup community and standing as a leading innovation hub in Central and Eastern Europe. The principal voices here are [Cluj Startups](#), [Transylvania Angels Network](#) and [Transilvania IT Cluster](#).



Oradea's status as an emergent national tech hotspot is a story of local political leadership and effective use of EU funds.¹ Home to [Make IT in Oradea](#) and [Oradea Tech Hub](#), its the founding location of UNCHAIN Fintech Festival, set to become one of Central and Eastern Europe's major showcases for fintech innovation.

Timișoara doesn't yet have that same cohesiveness, but the elements for a startup community are present – a good technical university and a local software engineering industry – and benefiting from a spotlight in 2023 as a European Capital of Culture, the city is ready to take its next steps via initiatives like the local angel platform, [Growceanu](#) and [Timișoara Startups](#).²

1.2 Sector strengths

Automation, cybersecurity and fintech serve as the pillars of Romania's current startup successes, with enterprise a particular focus.³

The country's first unicorn, [UiPath](#), is a leader in Robotic Process Automation and its example – plus the talents of alumni – are helping to generate a next wave of

innovation in the domain through startups like [DRUID AI](#) and [FlowX](#). These three companies have attracted investment from UK VC.⁴



Unfavourable general market conditions in 2022/23 delayed an expected [Bitdefender](#) IPO but its future listing will likely confirm a valuation over \$1bn for the cybersecurity leader. Bucharest is also host to the European Cybersecurity Competence Centre, a testament to national cyber proficiency.

[FintechOS](#) is described as a unicorn in waiting, while the [Romanian Fintech Association](#) has built a reputation as one of the more effective trade bodies, well-positioned to influence fintech-friendly legislative reform. RoFinTech is behind a recent [comprehensive survey of the Romania's fintech sector](#) and an animating force in the creation of Oradea's UNCHAIN

Festival.

The rapidly developing proptech ecosystem tops the list of verticals to watch – the March 2024 [Romanian PropTech Report](#) identified 129 startups active in the sector in Romania led by [Bright Spaces](#) – within a broader growth trend around smart cities/sustainability.

The importance of farming to the wider national economy inspires activity in agritech, while a medtech scene is starting to catalyse including via a UK/Romanian bilateral project, [BioMentorHub](#). Blockchain and Web 3 is also attracting growing local attention and through the developer community clustered around [MultiversX](#).

1.3 Funding Landscape

Carrying the particular distortions of Ceaușescu’s communist dictatorship, a lack of significant local capital, the mindset of those that held it, and the hesitancy of western investors to deploy funds in the country has proved a challenge for Romania (as across much of Central and South Eastern Europe).

A fundamental strength in STEM created

Romania’s early IT successes and the 2003 acquisition of RAV, and then subsequent products from GECAD group, became an early instance of smart angel money.⁵

Romania’s accession to the EU in 2007 provided new assurance for external VC and [Seedcamp](#) led the first British investments in the country with Ubervu and Brainient – both now successful exits – joining its portfolio in 2008 and 2009, respectively.

Since 2016 infusions from the European Investment Fund have been key to the creation of domestic VC funds like [Early Game Ventures](#) and [GapMinder](#).

This money continues to play a significant role in the venture capital landscape with GapMinder’s €80m Fund II – the country’s largest – benefitting from €30m,⁶ and Early Game Ventures’ €60m Fund II similarly anchored by a substantial sum. A milestone came in 2023 with the closing of [Underline Ventures](#) fully private-money €20m fund.

But the number of active local VC continues to grow – including two female-focused angel syndicates, [Bravva](#) and [WIT](#) – and as connections across the regional ecosystem solidify, venture money flows from the Baltics, Central and South Eastern Europe.

Research for this report reveals 13 UK-based VC now invested in Romanian startups, while two British-origin startups founded by Romanians, [OutThink](#) and [FilmChain](#), each have later round investment from Romanian funds.

Successes elsewhere in Romanian business see the emergence of CVC-like funds, notably eMag Ventures and Fortech Investments, and more conventionally, BCR Seed Starter, Bitdefender Voyager Ventures (launched April 2024) and SuperBet Ventures. Romania-based SuperBet’s founder has also established [Hellen’s Rock](#) as a tech-inclined family office. Meanwhile Daniel Dines, Co-founder of UiPath, is a founder of New York-based, [Crew Capital](#), together with several UiPath alumni.⁷

Sitting alongside these are local crowd-funding platforms, [Seedblink](#) in particular, itself now expanding across Europe through partnerships and acquisitions.

1.4 The Conferences



Romania’s original startup event, co-founded by Bogdan Iordache, its first edition dates to 2010. Now regularly attracting top tier speakers from around the world, **How to Web** is the meeting place for technology and innovation enthusiasts from across Central and Eastern Europe.

2024 edition: 2-3 October, Face Convention Centre, Bucharest



Mirroring the evolution of its host city, Cluj, **Techsylvania** catered first to a more technical audience before broadening out to a wider array of startups and investors. Hosted since 2014 its Romania’s largest tech conference.

2024 edition: 26-27 June, Cluj Innovation Park

UNCHAIN

Billing itself as the beating heart of fintech innovation in CEE, **UNCHAIN** is bringing the financial industry and financial technology providers together in Oradea since 2022.

2024 edition: 19-20 June, Oradea Fortress



Entering its third year the **ROStartup Conference** fosters cooperation and collaboration across the startup ecosystem.

2024 edition: 11-12 September, Bucharest



Operating since 2011 **DefCamp** is the largest cybersecurity conference in Central and Eastern Europe.

2024 edition: 28-29 November, Bucharest

Others to consider

Bucharest Tech Week; CodeCamp, Iași; Prow, Timișoara; Tigers Summit, Bucharest.

1.5 Ecosystem catalysts

Supporting Romania’s startup ecosystem are the incubators, accelerators and communities assisting companies as they grow. Amongst these are ABC Incubator, Bright Labs Incubator, Commons Accel/ idEA, FIX Cluj, FreshBlood, Innovation Labs, RubikHub, Spherik Accelerator, Startup Reaktor, StepFWD and Techcelerator.

Programmes are both generalist and vertical-specific, the latter often run by third parties like Spherik with designated EU funds (EIT Climate-KIC, EIT Urban Mobility Startup Support Programme, Synergist EIC Accelerator). Noticeable across the programmes – a function of Romania’s still relatively small startup ecosystem – are an overlapping community of mentors contributing to the success of their activities.

In those operating outside of Bucharest e.g. Bright Labs Incubator (Oradea) and RubikHub (Iași), public authorities typically play a larger role as part of efforts to foster a local

innovation ecosystem.

Alongside these are corporate programmes such as **EquiP** from CMS (a partner in this report), **InnovX**, a programme funded by Banca Comercială Română (part of Erste Group) and **Orange Fab**, together with locally active presence of transnational startup programmes, **Endeavor** (also a partner in this report), **Founder’s Institute**, **Startup Wise Guys** and **Techstars**. Venture builder studios are starting to appear.

Post its 2021 IPO, **UiPath** alumni are increasingly visible offering consultancy to startups in areas like product strategy and company growth. Crucial to recognise (if harder to classify) is **Activize** – a data and research source, accelerator programme manager and community organiser for the Romanian startup ecosystem.



1.6 Business and policy environment

In countries burdened by communist legacy government plays an important role creating the climate for innovation to flourish. Estonia is the poster-child in this regard, and while Romania likes to boast of the fastest internet speeds in Europe, its transition has been slower in other respects with the country struggling to shake off a reputation for burdensome bureaucracy and a challenging business culture.

Detailed studies of these considerations for startups are found in two World Bank publications, [Starting Up Romania: Entrepreneurship Ecosystem Diagnostic](#) (2022) and [Scaling Up Romania: A Policymaker's Toolkit](#) (2022), but a key finding is highlighted below:

“entrepreneurship in Romania is characterised by high entry rates and low levels of scaling up and innovation compared to regional and global peers. Even among digital and tech startups, which is a sector of the economy that is known for being innovative and eager for high growth, there is a large share of firms whose founders lack the appropriate academic background, business experience, and international

exposure. Most of these young firms are not innovating, nor do they have ambitions to significantly scale up to external markets in the next five years, or through acquisitions and IPOs in the long term. Thus, Romania’s policy strategy should focus on improving the quality, rather than the quantity, of entrepreneurship. Second, Romania has a high flow of human capital from the educational system that is neither being absorbed by the private sector nor being attracted to entrepreneurship activity. Despite Romania’s high share of science and engineering graduates, firms have limited use of research and development (R&D) personnel, low usage of digital technologies, and low levels of collaboration with public sector and academia. The supply of human and knowledge capital is disproportionately concentrated in Bucharest. Third, Romania needs to improve the policy mix and institutional capabilities. There are important gaps in support for entrepreneurs and early-stage startups and few instruments focus on the private sector. Additionally, many instruments lack robust evaluation mechanisms.”⁸

Unmentioned are high levels of emigration especially post 2007 EU accession, so

while the UK benefits from over a million Romanians contributing to its economy, the loss of workforce talent – particularly those most highly-skilled and sought after – has clearly impeded Romania’s progress.

Similarly, its smaller market size, and persistent reservations about the commercial and political environment in the country, act against initiatives encouraging the return of its expat professionals.

The five themes touched on above offer base level understanding of the ecosystem. Below we explore them in greater depth, identifying opportunities to work with local actors to positively influence outcomes through stronger UK/Romania business partnerships and links.





2. Outsourcing – the foundation of the Romanian tech economy

Romania's IT industry has been one of the fastest-growing in Central and Eastern Europe. This made it a favoured software outsourcing location and prime partner for UK companies seeking team extension and project development talent. Updating and enhancing these ties is an important part of the UK/Romania Business project.

2.1 Understanding Romania's IT Sector

Building on its strong academic tradition in STEM, computer science disciplines developed quickly in Romania's universities, and especially after the fall of communism.⁹ These universities, in turn, were hubs from which software engineering and outsourcing companies recruited resulting in particular concentrations of employers around Bucharest, Cluj, Timișoara and Iași.¹⁰

While similar is apparent in other parts of CEE, Romania's relative size creates a larger talent pool for the IT industry and something approaching a critical mass.

A challenge has been retaining that talent in country, particularly following Romania's 2007 EU accession, with heavy emigration of graduates, together with those choosing to study and remain abroad, depleting its human capital.¹¹

For all that, and with the benefit of a highly successful 0% income tax rate policy for qualifying IT workers,¹² an estimated 240,000 people now work in Romania's IT and communications sectors,¹³ comprising about 5% of its active labour force, contributing approximately 7% to national GDP in 2022 and reaching a value of €9 billion. With a growth rate three times higher than the general Romanian economy, the value of the sector is predicted to touch €12 billion in 2025.¹⁴

This concentration of software engineering skill – and strong English language knowledge – has made Romania an attractive option for global tech giants with Amazon, Cognizant, Google, Intel, and Microsoft amongst others establishing in the country since 2006. They've been joined most recently by Stripe and Tractable, a UK-based unicorn with a Romanian co-founder.¹⁵

Big tech's presence, Karolina Mrozkova,

General Partner at Credo Ventures, argues is important to ecosystem transition

“Romania is one of the few countries that also attracts big tech and that element is super important... They typically bring some of the international talent but hire locally strong technical talent. They learn there and we will start to see a lot of great talent coming out of the local big tech offices starting something new having been inspired.”¹⁶

Karolina Mrozkova, Credo Ventures

UK corporate presence is also strong with Endava operating 10 offices across Romania, the London Stock Exchange Group employing around 1200 in two locations, and Betfair Romania Development, the technology hub of London-listed Flutter Entertainment, with over 1600 people in Cluj.

2.2 The evolution of Cluj

Cluj, indeed, has been a major winner from Romania's software engineering and outsourcing boom. If smaller in absolute terms than the industry in Bucharest – 60% v 18% according to ANIS – software is more dominant as a proportion of the local economy.¹⁷ Its story reflects the evolution of the tech economy in Romania.

As with other leading IT cities universities in Cluj, particularly Babeș-Bolyai University and the Technical University of Cluj-Napoca anchor local industry, but Bianca Muntean, Cluster Manager at Transilvania IT, also points to political factors as a reason tech took root in the town post-communism “for a long time we had an ultra nationalist mayor who didn't allow multinational companies to come. This helped local entrepreneurs establish their own businesses and be there to benefit from new outsourcing opportunities in the lead up to EU membership.”¹⁸

Outsourcing, Muntean adds, has led to a generalised technical offering able to cater for the many industries and use cases served. As demands became more complex this helped these companies naturally acquire greater amounts of knowledge and

project management skill – the competencies needed for future innovation. This, she believes, together with comfort working with international clients and an intrinsic sense of being European, positions Cluj strongly both within Romania, and to adapt to changing demand in the global IT market.

Muntean’s organisation Transilvania IT reflects this shifting landscape.

Alongside locally originating IT companies including AROBS, Evozon, Fortech and RebelDot, sit global enterprises like Cap Gemini and NTT. Meanwhile 30% of its membership is now startups, indicative of attempts to move from service-led to product-minded companies as new knowledge and entrepreneurial ambition filter through the local ecosystem.

In Cluj this shift is further aided by successful local IT companies supporting startups via their own investment spin-offs e.g. Fortech Investments and Rebel Ventures, or through sponsoring local incubators. These supplement the work of longer established startup support networks – particularly that of Activize, Spherik Accelerator and the Transylvania Angels Network.

The debate now in Cluj, as elsewhere in Romanian tech, is how best to future proof the IT economy.

“I didn’t like it a few years ago when ‘the product will save Cluj and outsourcing is bad’ voices were shouting others down,” says Emmett King, co-founder of Transylvania Angels Network.

“Outsourcing puts bread on the table, it cuts our teeth and teaches us how to do things. There’s a natural transformation, its not binary. Startups will have the best chance to succeed – and to become a major force in Cluj – only when they have the deep business skills, the network and the funding to sustain the ecosystem locally.”

Emmett King, Transylvania Angels Network

Who to know in Cluj

- ABC Incubator** Support system for technology enterprises in the early stages of development
- Activize** Everything you need to know about the Eastern European tech startup ecosystem
- AROBS** The largest technology company listed on the Bucharest Stock Exchange
- Cluj Startups** Empowering startups to connect, build and grow
- ClujHub** The meeting place of the IT business community, entrepreneurs and freelancers
- ClujIT** A cluster based organisation for those active in the information technology field
- FIX Cluj** a community-driven incubation program to build entrepreneurial mindset
- Fortech Investments** Investment fund and strategic partner for early-stage startups
- Freshblood** Supporting health innovation by connecting innovators to things they need
- Rebel Ventures** The investment vehicle created by RebelDot
- Spherik Accelerator** The first accelerator launched in Romania (2013)
- Techsylvania** Techsylvania’s conference scene represents the core of the community
- Transilvania IT** A thriving tech community fostering innovation, growth and global connectivity
- Transylvania Angels Network** Working with the whole ecosystem to raise entrepreneurship skills and angel investment knowledge

2.3 Changing dynamics in outsourcing

Yet market dynamics – Romania no longer the low-cost option it once was – are driving changes in the sector both within the country, and from regional and international IT companies.

AROBS, the largest technology company listed on Romania’s stock exchange reports 10 acquisitions since 2021,¹⁹ while four major Romanian firms have recently been acquired by international groups – Tremend by Publicis Sapient (2022), Qualitance by ALTEN Group,²⁰ Softelligence by Encora and Fortech by Global Logic (all 2023).

The industry also faces challenges from change at a national policy level.

In August 2023 alterations were proposed to the 0% income tax policy for qualifying IT workers – around 100,000 people – with the industry particularly concerned by the lack of consultation involved and the rapidity of it coming into effect via emergency ordinance.²¹ While the Romanian government rowed back on this, an erosion of the tax regime that helped the sector to flourish is now underway.²²

The talent question remains a factor too –

both the size and skill set of the available pool, and how it is distributed across the tech industry.

Jonathan George, CEO of [Carbon](#), a British company placing engineers in tech jobs, notes

“outsourcing was a double-edged sword. It brought tens of thousands of jobs to the local market, but many projects tended to be siloed, low-level maintenance and execution work, not cutting edge software development projects.”

[Jonathan George, Carbon](#)

This has improved, George says – particularly with the arrival of Big Tech companies and their more demanding product-focussed development centres – but more needs done both to encourage skilled and senior tech engineering talent to return to Romania, and to support the development of the additional entrepreneurial skills and knowledge needed to supplement that technical side.

He believes only then will high-end IT be able to sustainably drive the national economy and helping steer this change is something Carbon is keen to be part of, for example through its April 2024 [“Technology Brainwaves: Shaping Romania’s Future”](#) conference.

For London-listed [Smarttech247](#), a global cybersecurity company counting the Institute of Cancer Research amongst its clients, the decision to build its operations in Romania was clear – excellent quality of available talent, technical and cybersecurity capabilities in Romanian universities, convenient timezone, strong english language skills, good value, an EU and NATO member – but competition for the right workers especially from Big Tech, says CEO Raluca Saceanu, has become more intense. Smarttech247 is continuing to invest in its Cluj operations and is planning to open new offices in other Romanian cities in 2024.

Evozon Co-founder, Claudiu Crețu, takes a slightly different view – yes, he believes, the pull of working at an Amazon or a Google is great, but those tech giants are more likely to restructure global operations and lay-off workers locally.

In parallel to this, Romanian outsourcing businesses are no longer able to depend on western companies turning to them as skilled but low cost contractors. A growing challenge is to proactively sell into markets like the UK with a new and clear value add.

One organisation viewing this as an opportunity is [Techmatch](#).

Facilitating fast, curated, vetted connections, Techmatch sees its niche as derisking partnerships for both sides – proactively positioning the capabilities of Romanian software engineering companies with UK customers while taking out some of the top of funnel guesswork.

Brokering initiatives like this can play an important role in future bilateral collaboration, and it is a proposition UK/Romania Business seeks to build on through additional tools and pathways to connect IT expertise with market demand, trade missions and research collaborations. It has already secured a Romanian partnership for Sumitomo Corporation Europe, headquartered in London.

We take a look now at three Romanian IT companies and how they are positioning themselves for changing UK demands.



Gabi Crețu
CEO

Evozon – a two decade UK journey

“We love the UK and UK customers” says Claudiu Crețu “and that's mainly because of their maturity in understanding the software development life cycle and how things happen.”

Working with British customers for nearly 20 years [Evozon](#) are well-placed to comment on industry change, both in terms of what Romanian companies need to offer and how to position the benefits of an ongoing relationship.

“Initially we were just firing up cold emails as outreach and because we spoke English in the company it was easiest for us to prioritise the UK.” The challenge at the time, he says, was getting customers comfortable working with the unknown of Romania and at this stage low-cost was certainly an advantage. As trust grew projects became more complex and this enabled Evozon to develop a fuller spectrum of competencies across the software development lifecycle. Their positioning now is to be a one stop shop for customers, offering simplified project management and long-term stable partnerships and here they can cite a ten year collaboration with Save the Children International as a compelling example.

At 500 engineers, Evozon is one of the largest remaining independent outsourcing companies in Romania and the UK continues to be its main international customer base “What’s important,” says co-founder Gabi Crețu, “is we can visit each other often, two or three times a year. When you associate the face with the email address it has a lot of benefits for us – so when people change companies or when they are asked about a software company, they recommend us based both on our work and that personal relationship.”

Having access to a suitably-skilled talent pool also keeps them relevant and the Crețu brothers talk of frequent engagement with local universities explaining how they evaluate interns and new employees, the gaps they identify in student knowledge and attitude, what they need as a company to stay on top in the market, and the roles and technologies they think need better incorporated in the curriculum e.g. AI, Virtual reality, UI/UX.

Beyond this, Gabi says, they have tested the idea of their own UK sales office although this didn't work as well as expected. While reviewing this strategy Evozon is working with independent sales reps and organisations like Techmatch who can position their offer and are motivated to find projects on a commission basis.

In parallel they work internally on building their own software products, “we buried some of the startups we created but now we have three which are actually doing quite well and we spin them off from the main company.”

RebelDot – pushing software engineering up the value-chain

“Outsourcing established Romania in the IT economy but this can’t sustain long-term commercial advantage” says Tudor Ciuleanu, Founder and CEO of RebelDot.

Less equipped to compete as product-based providers, Ciuleanu believes the right approach for Romanian companies now is to work in close partnership with those at this higher-tier in the value chain as a technology partner. He points to software developed by RebelDot for Danish company Lautec, and now used in 80% of offshore wind turbines worldwide, as an example.

Successes such as this brought a steady stream of referrals and powered early growth. Now employing around 250 people at main offices in Cluj and Oradea (and 53% of its engineering staff are women), [RebelDot](#) is ready to step up its customer acquisition efforts in the UK led by a locally based VP of Growth. They also acquired steepsoft in 2023 – a leading AI development company – to bolster their offering in this high-demand area.

Ciuleanu often invites prospects to their offices in Cluj – an approach that self-selects strong leads – to have them spend time both with the company and in the country. This, he thinks, helps them get a better sense of how Romania has moved on, how widely English is spoken, and where RebelDot positions itself in the landscape.

How much is the erosion of Romania’s price competitiveness a function of talent leaving the country? His sense is that many go abroad for the experience rather than because of income. Indeed Ciuleanu believes that in relative terms you are better off in Cluj than London – even as local property prices have soared as a side-effect from its technology boom.

An active angel investor and early member of the Transylvania Angel Network, Ciuleanu launched Rebel Ventures as the company’s investment arm providing both cash and services in return for equity – including to a UK-based startup, [Finmile](#).

In this investor role, he says, the flip side of the software engineering ecosystem is visible – the comfort of the lifestyle dampening risk appetite meaning fewer startups and fewer people willing to take the leap into entrepreneurship. Ciuleanu similarly bemoans burdensome Romanian bureaucracy for investors and the absence of a SEIS/EIS equivalent in the country – an ecosystem advantage, he sees, as one of many things Romania could import from the UK.



Tudor Ciuleanu
Founder and CEO



Andrei Resmerita
CRO

FORT – bringing a sector specific service

“It’s the second largest global banking hub” says CRO Andrei Resmerita, “financial institutions, neobanks and fintech providers in London all require high-end specialised cybersecurity services so it’s a natural place for us to come.”

A leader in providing complex cybersecurity services for the financial sector in Romania, and with FintechOS and DRUID AI amongst its clients, the UK presents an obvious opportunity for **FORT**.

A service company whose ability to deliver to high standard is directly tied to the resources it has, organic growth, Resmerita believes, is the responsible path. “Everything is related to the quality of the services we provide. Having local partners able to introduce us to potential clients, and to help us transfer trust, is crucial for us now to build reputation and brand.” This is part of a strategy to increase their UK visibility and ultimately lead to opening a full-time office in London by the end of 2024.

Part of the broader Bittnet Group, FORT listed independently on the Bucharest Stock Exchange in May 2024 another step, he says, important in demonstrating their solidity and credibility when entering new markets.

With trust being so vital in the sector does Resmerita believe Romanian companies are disadvantaged when selling in the UK? “I’m sure some still think of Romanian providers as lower tier companies” but, he stresses, “our internal champions – the information security professionals – will understand FORT’s value proposition and the relevance of our offer. They are more ready to place their confidence in our technical and professional skills so any bias about where we come from quickly disappears.”

Importantly, he believes, companies want to find a partner that brings the least amount of hassle and discomfort for a service that is by its nature a pain. “Let’s face it, cybersecurity is like using dentist. It’s not something you want to do. It’s not something that will directly bring business for a company. It’s just a necessary pain, right? It’s something that you have to do for compliance and regulatory approval and because obviously you need to protect your business and your client data. But nobody is excited about getting a new cybersecurity provider.”

Understanding the mindset of the client is where Resmerita considers FORT to be attuned – a provider ready to be in partnership with them, wanting actively to solve their problems, not just expose failures. “At the end of day, we’re not auditors, we’re not penetration testers, we’re not IT professionals, we’re consultants. And the reason we’ve managed to grow as much as we have is because we help our clients fix their problems, not just point at the issue and leave them to solve it.”



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3. Building in and scaling from Romania

Conversations in Romania, or with those who know its startup scene,²³ quickly come to focus on key areas where its ecosystem is challenged (1) building appropriate products – those capable of scaling beyond Romania (2) building them in a better way i.e. with the right customers in mind and a better understanding of go to market, and (3) having access to sufficient funding at key points in the startup journey.

Linked, and not considerations unique to Romania, their interplay explains a lot about where the country is and what needs to change for its ecosystem to level up. Below we examine the constraints shaping the environment, how the UK connects to these, and where it can contribute to their improvement.

3.1 The Romanian Builders

Shifting mindset from service-based to product-led thinking is one task for those

keen to encourage Romania's startup ecosystem. A second is for founders to design product with some realistic prospect of venture backing and scaling beyond Romania.

Atomico's Irina Haivas, a native of Romania, sees this challenge as both an ecosystem maturity and mid-size market problem. "There's a reason why a lot of the Baltic and Nordic countries punched above their weight in terms of number of founders and entrepreneurs, because the companies have to globalise much quicker. Romania has a 20 million population, the second largest country in eastern Europe after Poland. Poland showed one can actually build and list multibillion dollar company locally in Poland."

She continues

"if you looked at the Romanian ecosystem ten years ago, a lot of the businesses were targeted at the local market. That was a combination of funding availability, the kind of role models available and the ecosystem being still incipient. I don't want to call it a lack of

ambition, because I think people did have ambition, but did they actually think they could break those barriers? So they would start locally and solve things that could be done in the country and maybe got locked into that market. I think that's changing as the ecosystem is maturing, not just with UiPath but also other companies that are breaking out and scaling, that next change is starting to happen with a new generation of entrepreneurs looking more globally."

Irina Haivas, Atomico

Andreea Pleşea, Co-founder of DRUID AI, one of Romania's scaling successes, puts this from a company builder perspective,

"what we had in mind first of all was enterprise customers, and when we are talking

about enterprise customers, we are talking about security, high availability, scalability. So this is what we focussed on when we built the architecture of the platform, and everything, all the new features that we have added since were connected to this main goal."²⁴

Andreea Pleşea, DRUID AI

DRUID, she says, "wanted to develop from a local startup to a global company and to do that you need to work with a lot of partners. So the "beauty" of the platform – that partners can easily be trained to operate DRUID and to provide further solutions to their customers is a second thing that we had in mind. We focus a lot on partners and treat them as our customers and at the same time build community."

Marius Istrate, the President of Tech Angels, and former Chief People Officer at UiPath where he grew the company from 120 to 3000 people and from 4 to 25+ offices worldwide, frames it more starkly:

“100% of the founders we fund have traveled extensively, and have been awed and humbled by the startup scenes in places like London, New York, or Silicon Valley. They all think beyond Romania from Day 0, at least from the point of view of mentality. Those who try to build a Romanian business do not typically manage to raise any VC/business angel capital.”

Marius Istrate, TechAngels

“Thinking beyond” is not just geography.

Founders are part of the wider national environment in which they’ve developed and in Romania that is a history shaped by larger neighbours and empires, a 50 year scarring from communist dictatorship, and a broader business culture not especially friendly toward startups, nor encouraging of risk taking generally.

Mircea Vădan, Managing Partner of Activize and with a host of advisory roles in

organisations across Romania’s tech ecosystem,²⁵ points to red tape as one challenge

“Our complex regulations and bureaucratic procedures can be daunting and do slow the growth of startups. There needs to be a simplification here and effort to adapt laws to the specific needs of digital and technological startups, to give them a different status than SMEs generally, and reduce or eliminate taxes for startups. Support could also be provided for business internationalisation through government programs and partnerships.”

Mircea Vădan, Activize

Another intervention, championed in Romania by the crowdfunding platform Seedblink, is wider and more effective use of Employee Share Option Programmes and simplification of their administration.

Using the UK’s Enterprise Management Incentives as an example, Stefan Catoiu, the Romanian co-founder of UK-based Vita Mojo agrees “I think adopting the EMI scheme we have in the UK could be such a powerful method to incentivise Romanian businesses to grow beyond their founders as right now there seems no good way to give ownership in a company that’s both safe and incentivises long-term employees to be rewarded with ownership in the business.” Catoiu continues “all of our employees have shares in the business and it completely changes the culture and the conversation in the business – it allows everyone to act as an owner.”

Romania’s founders are also products of an education system which as Jonathan George, CEO of Carbon notes, prioritises formal proficiency over critical thinking, a weighting that seems to produce an excess of technical founders over commercially-minded operators, and can impede company growth beyond a certain size.

Iași-born Sebastian Gabor, Co-founder of Digitail, agrees there is a problem

“you have amazing engineers, amazing mathematicians, all of

that, but the mindset is we just deliver for others what we are told – tell us and then that’s it. And this I think was the most frustrating part for me”

Sebastian Gabor, Digitail

Alex Fenechiu, the Romanian co-founder of UK-based Finverity adds

“What we lack, I believe, is management capability, how to run and scale a business above a certain level. People can get to a million, two million, but if a company is doing 50, a hundred million plus, not many of them are managed by locals because there isn’t the culture or understanding of what it takes to scale. What is needed is success stories and training. We’re not great at that.”

Alex Fenechiu, Finverity

Addressing this deficit is amongst the challenges of Romania's incubators and accelerators, most prominently Techcelerator (founded 2018) and InnovX (2019), together with RubikHub (Iași, 2016), Bright Labs (Oradea, 2020), Spherik (Cluj, 2013) and, indirectly, Innovation Labs (2012).

Around 500 startups appear to have been handled between them and while no obvious breakout success, there is a general sense founder standards are both improving and skillset broadening.²⁶

Marius Istrate observes this too from an angel investor perspective “over the past year at TechAngels for the first time in our history we've seen founder teams made up of exclusively non-technical people.”²⁷

A further step can be for these accelerators to more effectively incorporate overseas market discovery elements within their programmes, or partner with international equivalents. InnovX, assisted by the British Embassy in Bucharest, has provided a level of UK discovery. More substantively RubikHub's 'Scale to USA' programme included a multi-week delegation to that market. The value of these experiences can be useful.

Startup Reaktor, a programme initiated by Techcelerator in collaboration with Seedblink and TechAngels, and supported by the UK's Global Tech Connect, however sees its niche as to help triage founder growth expectations:

“It doesn't serve a business well to commit time and resources to European or global expansion if the product won't scale this way. We want to see more companies capable of breakout success, but its important both for those companies, and for the health of Romania's startup ecosystem overall, to right-size founder expectations and tell them if the local market, maybe parts of SEE, are natural boundaries for what they're currently building.”

Global Tech Connect

Significant international exposure is often

the big win for Romanian founders here.

Speaking of their time with Fast Track Malmo, Sebastian Gabor, Co-founder of Digitail considers it one of their best experiences:

“It was super helpful for us. We learned that the world is a lot bigger than Romania, that scale is different and from it were able to raise our seed round.”

Sebastian Gabor, Digitail

Importantly, he continues, “after we finished FTMO we bridged the gap between it and RubikHub. FTMO became more familiar with the Romanian market and RubikHub became more in tune with the values and mindset of being more global. You start seeing these green shoots – we help light the path for the next company from Romania, and Romania becomes more of a global ecosystem.”

Specificity also matters.

Bright Spaces joined both the Pi Labs Growth Programme and PWC Scale I

PropTech as one of five European startups selected from 700 applicants. Focused on strategic mentoring, collaboration with the real estate community and networking with accelerator alumni, and investors, they say the experience propelled their development forward by at least a year.

Such sectoral initiatives are starting to appear in Romania for example Freshblood (health), Spherik's Urban Mobility and SynergistEIC (greentech) programmes – both driven by Mircea Vădan and Activize – and from Techcelerator through its offerings, Advancing AI and NEXT Fintech.

Global Tech Connect, the alliance of UK-based bilateral startup programmes, delivers sector specific and international orientated interventions e.g. cleantech, cybersecurity and fintech, to help international founders gain meaningful UK market knowledge.

Now regularly including Romanian startups as part of their multinational selections, this approach brings targeted practical benefit through connections to relevant investors, to corporate partners important to the cohort, and includes more specialised knowledge i.e on financial services regulation, something superficial soft-

landing approaches forego.

A further benefit comes from the cross national blend GTC cultivates e.g. mixing Romanian startups with Swiss or Israeli counterparts, and encouraging opportunities for learning.

Deepening integration with GTC is a key part of the UK/Romania Business mission, together with establishing further relevant partnerships such as with RACC-IT.

Most importantly, we are working to develop of a UK/Romania Tech Hub, modelled on the work of the UK-government sponsored UK-Israel Tech Hub (also a founding partner of Global Tech Connect).

Commenting for this report Keren Shurkin, Director, UK-Israel Tech Hub, highlights its purpose to strengthen and raise the profile of the UK-Israel bilateral tech partnership.

“We have proven that forging partnerships around emerging technologies drives social and economic value for both countries. We are proud to have brokered over 300

partnerships since our inception and that today there are over 400 Israeli tech firms operating in the UK, with UK-Israel tech business generating an estimated £1bn GVA for Britain.”

Keren Shurkin, UK-Israel Tech Hub

If few places boast the dynamism of Israel’s tech ecosystem, the model is still one that can be adapted – something apparent in the UK’s deployment to five other strategically significant countries.

The Hub’s efficacy also comes from the philosophy behind its operation – evident in its primary sponsoring departments: DCMS (now DSIT) and FCDO.

Although working in cooperation with local presence of the Department for Business and Trade, UK-Israel Tech Hub adopts a wider aperture on measuring benefit and cultivating partnership.

This is something that others could learn from.

The UiPath effect

Tracing its origins to 2005, but in its now recognisable form since 2015, UiPath became Romania’s first accepted unicorn following an Accel-led \$153m Series B in March 2018. Listing on NYSE in April 2021 its valuation peaked at over \$40bn with early investors, including UK VC Seedcamp, said to have made a 2200x return. Unquestionably helping investors reimagine Romania, the larger hope is its success will impact the ecosystem in a way similar to Skype in Estonia. And these ripples are starting to be felt.

Kubeark, another Seedcamp investment was founded by six UiPath alumni and Goodlegal by its former general counsel, Vasile Țiple. Ioana Vieru, once a senior legal officer, is General Counsel at MultiversX. Gabriel Pana, a SVP of Sales, created Traction Keys, a venture builder and incubator, advising Romanian companies including Bright Spaces, DRUID AI and Vatis Tech. Radu Bozga, part of the Corporate Strategy team prior to UiPath’s IPO, joined UK-based VC Notion Capital. Meanwhile Marius Istrate, Chief People Officer from 2017-2020, is president of TechAngels Romania, a Venture Partner at 3VC, and an investor and adviser at Crew Capital, the New York-based VC firm set up by UiPath co-founder, Daniel Dines. Istrate believes there is more to come:

“UiPath only went public in 2021. It took 7-10 years for the Skype mafia in Estonia to help the ecosystem level up – a full investment cycle – I don’t believe it will take less in Romania. Plus, we’ve had this switch from the ZIRP era. Exit opportunities for ex-UiPathers, but also for employees of Bitdefender for example, have been significantly limited. It’s all part of the broader economic cycle though. With patience, we will see the effects in the long run.”

Marius Istrate, ex-UiPath





Oradea – tech by design

With a small local tech presence and universities, historically, more focussed on the humanities, the effort to develop Oradea’s startup ecosystem is a strategic choice.

Founded in 2020 as a public-private initiative [Make IT in Oradea](#) has the ambition to cultivate 100 product companies in the city by 2040. Pointing to Oradea Tech Hub and to startups like Appointfix, Creatopy, Paymo, Prime Dash and TypingDNA, Make IT in Oradea Executive Director, David Achim notes



“the ecosystem here was growing organically, but not at the same pace as elsewhere in Romania. We needed to accelerate that development – to have more entrepreneurs, more founders coming to Oradea and to start building their products here.”

David Achim, Make IT in Oradea

This focus on product companies, Achim emphasises, is key. “Its hard for us to compete with Cluj or Timișoara for software developers, but we have an opportunity to build a startup first ecosystem – small teams creating products and with international scaling ambitions.” A prosperous, outward-looking trading hub this objective, he thinks, aligns well with

Oradea’s history and the region’s business culture.

Funders of Make IT in Oradea, Achim is naturally quick to recognise the role of the municipal authorities, but this praise, as The Recursive notes, is well-merited: “Local governance, particularly, has been actively involved in the transformation of Oradea, mainly by accessing and deploying European funds. Between 2007-2016, Oradea had the highest absorption of European funds among Romanian cities, around €140 million, and invested a total of €240 million (€1.225 per capita). Between 2014-2020, Oradea further contracted European funds of €284 million, twice more than in the previous period.”²⁸

And Achim observes a willingness of the authorities to listen and learn and to limit interventions to those areas where they can provide specific value e.g. funding for Make IT in Oradea, tax breaks for companies setting up in the city, or working with local schools and universities on curricula development.

Partnership between the municipality and Make IT in Oradea helped land UNCHAIN Fintech, a conference, they hope, that will firmly establish the city on the CEE startup map.



Already assessing the feasibility of their own startup event they were approached by UNCHAIN's founders seeking a host city. Importantly for Achim the sector focus of the conference (fintech) would help Oradea target a narrow and specific audience – the kind needed to build reputation, draw international attention, and further catalyse the community.

Three years into a 20 year strategy is too early for firm results but Achim believes a shift in local founder mindset is underway. Pointing to applications for their Bright Labs Incubator, and surveys of alumni, he sees more now believing a scaleable enterprise can be built from Oradea not just Bucharest or Cluj. And, he hopes, Creatopy's \$10m Series A in 2023 will be a further inspiration for a next generation of Oradea-born startups.

Make IT in Oradea's impact is also evidenced by the visits they receive from other Romanian cities wanting to learn from their approach. Achim welcomes this "Oradea is only one part of the operating environment and the more ecosystem builders we have the better it will be for the country." For this reason he too is active in ROStartup, the organisation working to build a startup strategy for Romania and create the leverage to push for policy change at national level.

For all these early signs Achim recognises that tangible results take time and is conscious that pressure to demonstrate money is being well-spent can have a distorting effect on priorities. "Impact in terms of VC funding or numbers employed in Oradea will come, but we can only get there by staying consistent in our mission, in what we are saying and what we are doing."

The logo for 'Make <IT> in Oradea' is displayed in a stylized, pixelated font. The text is white and set against a dark blue, irregular background that resembles a splash or a cloud. The words 'Make' and 'in Oradea' are on the top line, and '<IT>' is on the bottom line.

UK startups in Romania

Not the obvious expansion market for British startups, Romania – as Revolut's success demonstrates – can be lucrative and attractive for particular types of business, an appeal to grow stronger as the country gets richer.

With 3.5m customers Romania represents Revolut's second largest national customer base after the UK. This is the segment Romania's own neobank, Salt Bank, is now targeting via an offering developed with the expertise of UK banking spin-off, Engine by Starling.

Less visible than consumer facing products, we have been able to identify some UK B2B/enterprise solutions operating in Romania i.e. serving financial, manufacturing or industrial clients. One is Dexory, a warehouse robotics company, and which given Romania's place in global logistics and supplychain counts a growing user base there. Addressing remote work and the globalised digital economy we note two further startups purposefully targeting the

country – Carbon and Native Teams.

In parallel our research has identified three UK startups with investment from Romanian VC:

FilmChain (RocaX, TechAngels and Growceanu), **OutThink** (GapMinder) and **FinMile** (Rebel Ventures).

Seedblink, meanwhile, cite 20 UK-based companies listed on its platform "Many of these founders have connections to regions where SeedBlink has established offices. This can play a role in how they discover and decide to engage with SeedBlink" says Managing Partner, Andrei Dudoiu. He continues this link can also provide unique opportunities for expansion to new markets

"Our investors often become ambassadors or door-openers for the startups they fund, leveraging their networks and resources to facilitate the startup's expansion into new territories."

Andrei Dudoiu, Seedblink

3.2 The Fundraising Environment

Building a strong company and scaleable product requires accessible investment capital and here Romania has also struggled.

Indeed while Romania’s ecosystem has developed during a period of cheap global money, finance as TechAngels’ President Marius Istrate emphasises, has never been present at a level to catalyse its growth:

“more capital would seed more companies which statistically would yield better longterm results. We're simply not there yet.... we don't know right now that founders who can build a pre-seed or seed company can take it to Series B and C and D. We haven't seeded enough to know.”²⁹

Marius Istrate, TechAngels

This is both an availability question – constrained by broader history and its still emerging startup ecosystem – and one of

allocation, with investors often preferring traditional assets like real estate.

Addressing the funding gap is essential to future success.

Istrate believes one step would be for the Romanian Government to push forward with the ‘Business Angel Law’ initially drafted in 2015. “It’s now in the Chamber of Deputies IT Committee for review, to amend it and to better align it with European regulations. There is room for some incentives to be added, in alignment with what other countries have done recently (like France) and similar to SEIS/EIS in the UK.”

Recognition of Business Angel status, he says, would do two things. “It would allow authorities to accurately measure what is invested in startups by individual investors, and open the door for right-sizing some incentives in the future – or at least aligning them with what is currently done for public market investors, where the capital gains tax has been reduced from 10% to 1% for holding assets more than 1 year, and from 10% to 3% for assets held and sold in under 1 year. It seems kind of strange that investments in the public markets, which are lower risk than angel investments, are better incentivised than those in startups. I

believe the same strategy should apply to individual LPs in Venture Capital and Private Equity Firms.”

Typical LPs, says Cristian Munteanu, Managing Partner at Early Game Ventures, are high-net-worth individuals and a few corporate investors like real estate developers and software development companies.

“The missing giants are the pension funds, and legislation must be improved to allow them to invest.”

Cristian Munteanu, Early Game Ventures

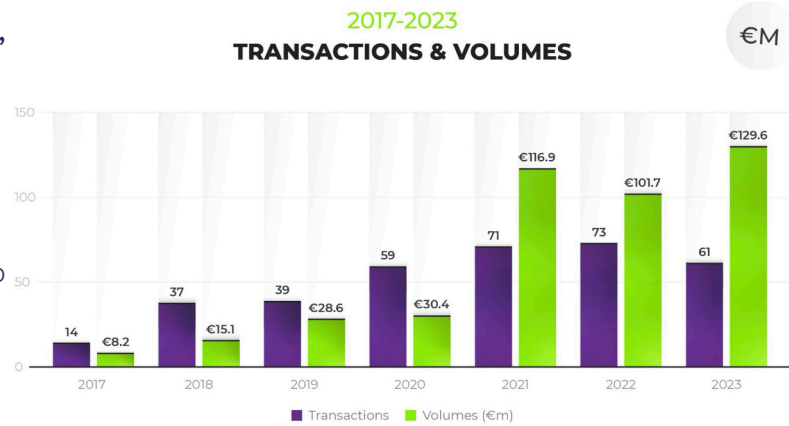
In the longer term the need is to recycle capital from local tech successes e.g. UiPath and Bitdefender, or expat founders, back into the ecosystem.

Crowdfunding also has an important role. The leader here is Seedblink through its efforts both to diversify the funding pool and work on the practical aspects of captable management, compliance, reporting, secondary transactions and

Employee Stock Ownership Plans – what they describe as “a holistic ecosystem for managing and growing equity within the European tech landscape.”

140 startups have now listed on the platform, including DRUID AI and FlowX.

As documented by How to Web, Romania has seen a steady upward trend from these various sources both in transaction numbers and total value of investment secured by locally originating startups – a pattern expected as an ecosystem matures.



How to Web, Venture in Eastern Europe 2023³⁰

But this does not come without caveats.

Firstly Romania has been reliant on two major EIF supported funds, Early Game Ventures and GapMinder, both of whose first funds were largely exhausted by 2023.

Secondly, the higher volume is skewed by large, often later stage investments, in five startups: FintechOS (2021), DRUID AI (2022 and 2023), Creatopy (2023), Digitail (2023) and FlowX (2023).

While a positive indicator of Romanian companies scaling – and attracting UK VC amongst others to do so – it seems to conceal a lack of growth in the number of pre-seed companies securing funding, an indicator, as How to Web note, that could mean fewer startups (or fewer of quality) are being founded than one might expect in a healthily funded and growing ecosystem.³¹

At the same time, an abrupt tightening of the investment market post zero interest rate era hit companies that did have earlier pre-seed success with 2022-23 offering limited opportunity for them to raise crucial international money at Seed and Series A. Squeezed at a pivotal stage, this vintage of Romanian startups faces significant scaling challenges.

Yet a reboot of Romania could be imminent.

With a combined €140m of new money, much of it from the European Investment Fund, the second funds of Early Game Ventures and GapMinder launched in early

2024 introducing a volume of investment capital never before seen.³²

If availability doesn't mean "cheap money" exactly – and Cristian Munteanu is quick to emphasise the robust processes created by the EIF both in selecting capital allocators and designing locally tailored fund criteria – Romania may now have the local deployable money needed for the ecosystem to be more widely seeded.

This availability may address Istrate's concern of too few startups having access to money, and create the base of early stage companies from which successful scalers – and a self-sustaining ecosystem of exits and reinvestment – can emerge.

That, at least, is the optimal outcome.

A risk, as Emmett King co-founder of Transylvania Angels Network cautions, is

“its a lot of money for a small ecosystem to absorb.”

Emmett King, Transylvania Angels Network

This places a lot of responsibility on the two funds involved, both in terms of how they

allocate, and how much they invest in individual companies.

3.3 The Regional Context

While many similar limitations have affected startup ecosystems across Central and Eastern Europe, Romania has nonetheless lagged behind its regional peers.

The successes of the Baltic nations, particularly Estonia, are well-known. Poland and Czechia can point to concentrations of venture capital giving each standing as hubs for funding across the region. And within the former communist parts of Southern and Eastern Europe more narrowly, Bulgaria is the standout.

As noted in The Recursive, this relative achievement is the result of concerted early action on the part of Bulgarian policymakers.

“A wave of new funds emerged in Bulgaria post 2012, spurred by the establishment of the Bulgarian Fund of Funds which allocates targeted public funds from EU

programs and national co-financing, using different financial instruments...

Bulgaria leads in Southeast Europe when it comes to the number of locally-based VC funds, with around €500M capital under management by Bulgarian-based GPs”³³

The Recursive

A startup ecosystem much smaller than Romania's this can be a significant source of comparative advantage. Maximising this opportunity is a motivating factor behind the creation of [Bulgarian Expansion Bridge](#).

A non-profit organisation uniting private companies – including local VC – public bodies, amongst them the British Embassy in Sofia, and the Bulgarian tech diaspora, BEX supports the expansion of Bulgarian startups to the UK.

“Effective internationalisation is essential to the success of Bulgarian startups. We're helping them establish

connections with strategic international clients and investors, and encouraging collaboration between the two communities.”

Georgios Kolovos, Bulgarian
Expansion Bridge

Also part of Global Tech Connect, Kolovos sees collaborative regional initiatives both as valuable in their own right – increasing the international exposure of Bulgarian founders – and a necessary recognition of how the CEE funding environment is shifting “local funds are an important part of the picture, and Bulgaria has benefitted from strong local VC, but this is not enough for our startups to succeed.”

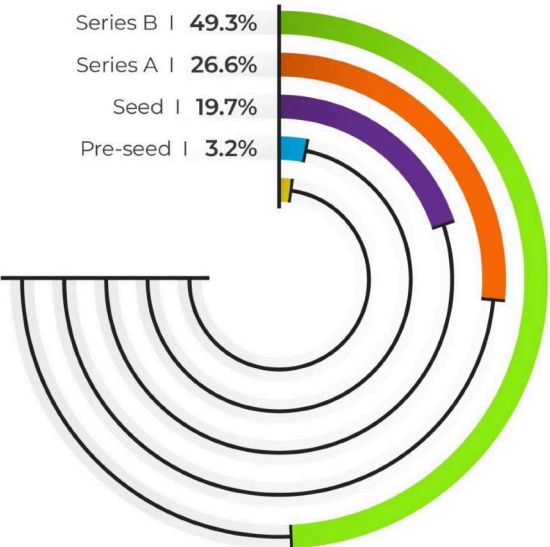
For all the strengths of individual nations, the “discovery” of CEE likely heralds further, potentially far reaching changes. Here Bogdan Iordache, General Partner at Underline Ventures, observes

“The Eastern European venture landscape is undergoing a deep transformation. It is

becoming part of the European tech scene. That means that your competition is not only the next fund located in Bucharest, or in Sofia. Your competition is every seed fund in Berlin or London, and you have to be relevant in comparison to them. And if all you have is leveraging your personal relationships on the ground, soon that may no longer be enough.”³⁴

Bogdan Iordache, Underline Ventures

TOTAL VOLUME SPLIT BY INVESTMENT TYPE

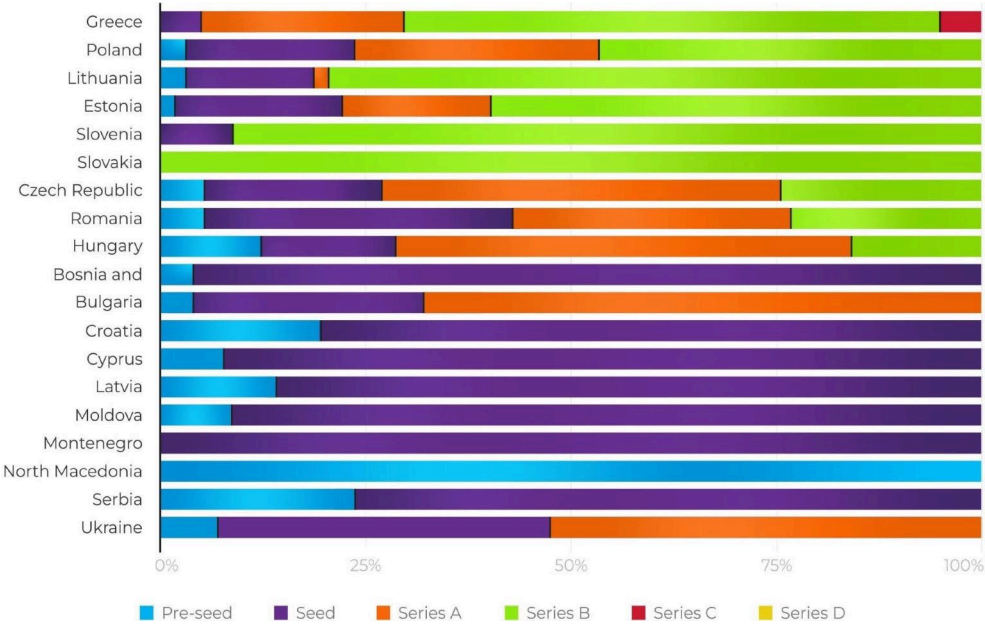


CEE fundraising in 2023

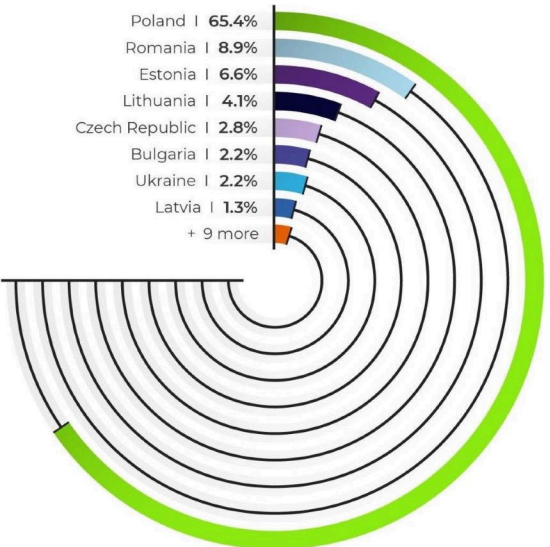
CEE startups saw €1.85bn investment in 2023, with six countries recording volumes over €100m:

Poland: €466M
Greece: €422.7M
Lithuania: €214.2M
Czechia €173.1M
Estonia: €158M
Romania: €129.6M

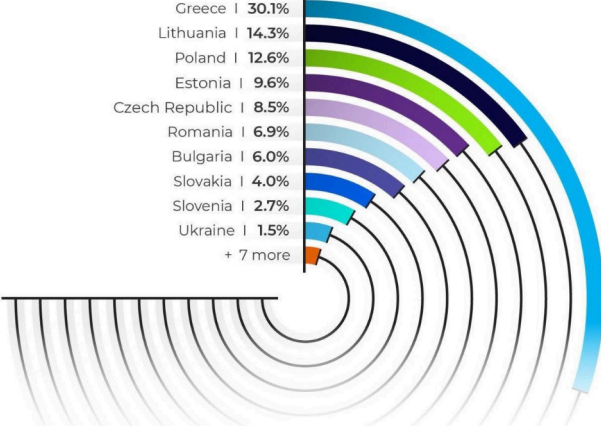
DISTRIBUTION OF INVESTMENT VOLUME BY TYPE



FIRST ROUND VOLUME



FOLLOW ON ROUNDS



How to Web, Venture in Eastern Europe Report 2023

3.4 UK Investment in Romanian startups

Local money is one part of the fundraising journey. More important now to scaling are touch points with Central and South East European regional funds at seed, and the larger UK or US VC at Series A and above.

This is neatly illustrated by the DRUID AI investment path as described by Andreea Pleşea: “we started raising money from angel investors initially then we had the first VC investing, Early Game, and a second GapMinder, again, a Romanian VC. These were in the first two years. After that we raised a significant round in 2022 – a €10m investment led by two VC, one an Estonian fund, Karma Ventures, and Hoxton Ventures a US based fund with UK offices. Hoxton pushed us a step forward for US entry helping us to accelerate the process so in 2023 we closed a new round led by TQ Ventures with the support of Endeavor Network and Smedig Capital.”

Keeping with our bilateral focus we have identified 15 Romanian startups backed by 13 different UK-based venture capital firms:³⁵

Brainient (Seedcamp); Bright Spaces (Pilabs); Cyscale (Seedcamp, Notion); Deepstash (Connect Ventures); Digitail

(Atomico); Druid AI (Hoxton Ventures, Smedvig Capital); FintechOS (Molten); FlowX.ai (Dawn Capital); Kubeark (Seedcamp); Machinations (Seedcamp/Hiro); Ogre AI (MMC); Sessions (StrideVC); Traderion (Seedcamp); Ubervu (Seedcamp); UiPath (Accel, Seedcamp, Molten).

The longest standing of these investors is **Seedcamp** tracing its first deals to 2008 and 2009, in Ubervu and Brainient, respectively. They are two of seven commitments in Romanian companies – all initially (and atypically) at pre-seed stage – making it the most active UK VC locally. To date three are successful exits, most notably UiPath.³⁶

And UiPath’s success, as Underline Ventures’ Bogdan Iordache notes, has shifted investor attitudes to Romania

“UiPath has de-risked Romania overall from a venture fund perspective. Before UiPath, it was sort of unclear if you could start from Bucharest and build a big enterprise-focused sales-led organisation... But UiPath did that, and right now

we see way more interest from reputable venture funds in Romanian startups.”³⁷

Bogdan Iordache, Underline Ventures

Prime amongst these post-UiPath breakout investments are the \$11m Series A of Digitail (Atomico, 2023), the \$35m Series A of FlowX (Dawn Capital, 2023), the \$60m Series B of FintechOS (Molten, 2021) and the \$30m Series B of DRUID AI (Hoxton Ventures, Smedig Capital, 2023). Another rising star, Creatopy, raised its recent \$10m Series A from Austrian and German funds.

All four startups raising Series A or B from UK funds – Digitail, DRUID, FintechOS and FlowX – were founded by veterans of outsourcing companies. Three of the four raising from UK investors – Digitail, DRUID, and FlowX – announced their rounds during the 22/23 downturn.

UiPath de-risking also shows up as a willingness by UK funds to get involved at earlier stages with Hiro, MMC, Pilabs and Stride VC each now having invested in a Romanian startup at pre-Seed/Seed, with larger UK funds, if not active at this stage, reporting a greater interest in tracking the ecosystem and in strengthening their

relationships with locally engaged early stage investors.

“when we source, it is helpful for us to know local early-stage funds that are on the ground”

Daniela Raffel, Dawn Capital

Similarly Irina Haivas, Partner at Atomico

“we're very used to investing in companies in multiple countries across Europe, and we don't treat any of those particularly different. We generally know the activity of the seed funds, whether it's Romanian or European, and those companies come up on our radar. So that's how Digitail came up on the radar. They'd been backed by a seed fund we know.”

Irina Haivas, Atomico

Navigating legal challenges for UK Investors in Romanian startups

Investing in tech startups always involves a degree of risk, and when these investments cross international borders, the legal landscape becomes even more complex. For UK investors considering the dynamic tech scene in Romania, understanding the legal intricacies is essential. Mircea Moraru, counsel at CMS, offers valuable insights into the unique challenges and opportunities for these investors.

"Startups don't pay sufficient attention to the legal side of things," notes Moraru, highlighting a key issue among Romanian tech ventures. Many startups are so focused on innovation and market entry that they often neglect critical legal aspects. This oversight can lead to significant vulnerabilities, particularly in areas such as intellectual property (IP) protection, employment agreements, and regulatory compliance. In addition, their corporate structure is not always tailored to an investment and startups could well prioritise this workstream when preparing for a funding round.

Moraru continues, "They don't have the necessary legal advice to avoid the pitfalls." This lack of legal guidance can expose startups to a variety of risks, including IP disputes, contract misalignments, and regulatory non-compliance. UK investors must ensure that the startups in which they invest have access to robust legal counsel, preferably from firms like CMS that understand both local nuances and international investor expectations.

IP and Employment Agreements

Protecting IP is paramount in the tech industry. Investors should scrutinise employment agreements to ensure that any IP created by employees is properly assigned to the company. This is critical to avoid future disputes over IP ownership, which can derail a startup's progress and diminish its value.

The structure of contracts, including patents and trademarks, is another area that requires meticulous attention. Properly drafted contracts help safeguard the startup's innovations and secure both the founders' and the investor's interests. UK investors may need to work with startups to ensure that patents are properly filed and trademarks effectively protected, thus providing a solid foundation for future growth and market expansion.

Negotiating Legal Issues

Moraru observes, "Legal issues in Romanian startups tend to be seen not as problems, but as negotiating points." While this flexibility can be advantageous, it also underscores the need for UK investors to be diligent. Investors must ensure that legal issues are not merely glossed over but are addressed comprehensively to prevent future complications.

Balancing Risk and Innovation

Investors often face a dilemma between being risk-averse and fostering innovation. While a cautious approach can safeguard against losses, it can also stifle creativity and growth. UK investors need to strike a balance by providing strategic support without overly constraining the startup's innovative spirit.

To mitigate risks, UK investors often place their own financial experts within the startup team and either act as mentors or instead ensure that the team has access to valuable advisors. This not only provides the startup with valuable financial oversight but also ensures alignment with investor expectations. Moreover, investors sometimes reserve the right to take control if specific

milestones are not met, offering a safety net while still allowing the startup the autonomy to develop its product initially.

Shareholder Dilution for Protection

Another strategy that may be employed by investors is the dilution of the founder's shareholding in certain scenarios. By securing a larger stake, investors can have greater influence over the company's direction and ensure that their interests are safeguarded.

Conclusion

To summarise, Romanian tech startups offer substantial potential to UK investors, but these investments can be fraught with legal complexities. UK investors must prioritise legal due diligence, protect intellectual property, and structure contracts meticulously to safeguard their investments. By balancing risk management with support for innovation, and by leveraging the expertise of firms like CMS, investors can maximise their chances of success in Romania's vibrant tech sector.

Mircea Moraru
Counsel
CMS Romania



DIGITAIL

cash raised: \$13.75m

employees: ~50

notable partners:



Ruxandra and Sebastian

Sebastian Gabor, Co-founder and CEO
Ruxandra Pui, Co-founder and CPO

A three time previous founder – one a software development agency, and two earlier startup adventures – Sebastian Gabor, together with Co-founder Ruxandra Pui, are transforming pet health care practice. “It’s a huge, huge market. The vet is at the centre of the ecosystem and we get the chance to impact the lives of pets and pet parents – a market that is close to 300 billion estimated to go to 500 billion.” Built out of Iași, via the Fast Track Malmö accelerator in Sweden (2019), and now with a US headquarters, [Digitail](#) recorded an \$11m Atomico-led Series A in January 2023.

Gabor describes FTMO as an important experience leading to their first external investment. More than just the money he says, what really helped “was the know-how we got from mentors with incredible experience and vision, and the benefit of the extremely well-built mentorship and financial structure in Sweden to support our growth as a startup.”³⁸

The FTMO reference secured a \$2.5m seed investment from Byfounders,³⁹ Partech and Gradient, this in turn helping derisk them for Atomico⁴⁰ and closing the deal just as the market was freezing up in 22/23 “we were running for the last train leaving the station. I was really grateful for existing investors and all the intros they were making.” This network surely helped, but impressive metrics – 8x year on year growth – also meant Digitail were hard to ignore “We ended up with five term sheets on the table and oversubscribed.”

Their growth is what got the attention of Irina Haivas at Atomico:

“when we come in at Series A we want to see a strong sign of expansion. When we invested in Digitail they had launched in the US – Romania is not large enough so you really have to crack a larger market – but we saw a very strong product market fit, a very good product, and therefore came in at Series A to help them further scale into the US.”

Asked if the Romanian connection at Atomico was a factor in their choice Gabor says it helped in some conversations, but “ultimately the reason we picked them is that Niklas⁴¹ had a really genuine view of making the world better. It was contagious, and it was so great to be in a room with someone that had a similar outlook. All the big questions were like how do you envision the future? how are you going to make that happen? how can we help? – it was all about building together towards a better outcome. You could see the drive and the experience in the other VC, but Atomico was a bit more impact driven and that felt more aligned to who we are.”

Did he feel Haivas’ cultural bridge was helpful for Atomico too? “we had three VCs that came to Iași to visit us. Irina was one of them and maybe because of her connection to Romania they were more likely to come versus someone that saw it as a far away and remote country. I think they felt more comfortable thinking about the deal with Irina being there in Iași and being able to explain how things are setup in Romania. That seemed like something that was helping.”

An example of outsourcing experience inspiring a product-based company, **FintechOS** provides comprehensive digital transformation solutions for the financial services sector.

Says Co-founder Sergiu Neguț, “The whole thing emerged from our ambition to create something global and more powerful than a simple services firm. We [Softelligence] were implementing solutions in insurance and financial services more generally and what was in our mind was, hey, many of those digital transformation journeys weren’t that different – we could launch and manage a new generation of digital products.”

With the sector experience and customer contacts needed for early traction the biggest challenge was raising money. “There was no real Romanian based VC when we started until GapMinder launched. We were talking to CEE based funds, some conversations in London, some other early-stage seed funds like LAUNCHHub from Bulgaria.”

“What we were trying to do was position ourselves for Series A. We were a lot more focused on fundraise than others, a lot more intentional. We prioritised high growth and building a company that would have all processes and things that are needed to scale and to become meaningful as fast as possible.”

Seed validation and further growth set FintechOS up for that quick Series A anchored by OTB. It also coincided with a first bit of fortune “at the moment we were raising UiPath hit unicorn. I said to Teo they’ve just qualified Romanian-origin as something good in tech as opposed to neutral or negative.”

Adding Earlybird, a UiPath investor, as co-lead of their Series A further derisked FintechOS for later rounds, but it was external circumstances that turbocharged growth “our Series B, frankly, was timing because Covid hit in 2020/21. Digitalising was now much more commercially important and urgent for our clients, and investors were pouring large amounts of cash into this.”

Led by UK-based VC Molten, their Series B also added Endeavor to the captable “we’re now part of this very strong entrepreneurs network. The membership of the Endeavor community has brought us opportunities in terms of interaction, mentorship and peer-to-peer coaching from other entrepreneurs and other companies like ours.”

Covid likely pulled forward demand creating a later rebalancing problem for FintechOS and in autumn 2023 it restructured letting go of some staff “it’s a good practice [says Co-founder Teo Blidarus] to try to figure out and realign your operational strategy to your go to market strategies.”⁴² This hard decision appears to have paid off with a new \$60m “Series B+” round led by BlackRock, Cipio Partners and Molten Ventures announced in May 2024 “if I were to tell my younger self something about today’s learnings, I would say, focus on fewer markets, try to become an established player in those markets, and then scale.”⁴³



cash raised: \$135m
employees: ~200 (May 2024)
notable partners: Admiral, RBC, Societe Generale



Teodor and Sergiu

Teodor Blidarus, Co-founder and CEO
Sergiu Neguț, Co-founder and Chief Strategy Officer



Photo credit: Danil Korbut

4. Connecting to the UK

Our research has identified 19 Romanian startups with a UK presence or actively and meaningfully exploring establishing in Britain: Aggero, Bright Spaces, Cord AI, CyberSwarm, Cyscale, Digitail, DruidAI, Fagura, FintechOS, Footprints AI, iFactor, inki, Kfactory, Nordensa, Ogre AI, Prime Dash, Smart Fintech, Questo and Tinia.⁴⁴

Eight of these companies – Cord AI, CyberSwarm, Fagura, Footprints AI, iFactor, Prime Dash, Smart Fintech and Tinia – participated in Global Tech Connect Bootcamps to solidify this interest and strengthen their sector specific understanding of the UK opportunity.

4.1 Attraction and challenges

Global Tech Connect report three major reasons for the startups it works with to want to come to the UK (1) sales market size (2) as a place to raise funds and, (3) for operational benefit.

The latter two touch on credibility – that presenting as a British company can simply carry more weight – and beyond a certain size operating from a more well-known jurisdiction does indeed have commercial and reputational advantages for Romanian startups. At early stage, eligibility for SEIS/EIS, UK R&D allowances or grant opportunities e.g. InnovateUK, may also be compelling incentives to flip corporate structure. Additionally, as FintechOS co-founder Sergiu Neguț observes, basing in the UK helps send positive signals regarding future intentions e.g. an aspiration to list on the London Stock Exchange.

For Digitail, funded by UK VC Atomico, operational benefit means logistic convenience. Prioritising the north American market, but with most of their team based in Iași, having management in the UK both smooths time-zone difference and provides an easier location from which to travel.

Matei Stratan, Founder and CEO of Ogre AI and who lived in the UK for 11 years before returning to Romania, sees the UK not only as culturally the natural place to base the company and the most important market for their product, but also as a strong location

from which to grow internationally:

“I see the UK as the most competitive electricity market and the most advanced in terms of digitalisation – for Ogre AI it's a good nut to crack because it's the hardest nut to crack.”

Matei Stratan, Ogre AI

He continues “if I build a strong sales team within the UK it serves our efforts there but also to sell out of the UK to Germany, to the Nordic countries, to Holland, to Belgium, to Spain, to Portugal – it’s actually a very favourable environment to sell from.”

Prime Dash share a similar sentiment “we set up in London to sell here but have since started to build a product for emerging markets so basically we scale from the UK – the commercial vehicle for the Middle East and Africa is our UK company.”

Fagura have an additional operational reason for prioritising the UK. A crowdfunding platform connecting the Romanian and Moldovan diaspora with

commercial opportunities in their home countries, the 1.2m+ nationals from the two and resident in the UK are their functional base

“there is a big network of diaspora or expats from both Moldova and Romania and they have ties and affinity with their home country markets where our clients on the investment side of things are based.”

Cristian Pasa, Fagura

But COO Cristian Pasa also stresses the credibility element particularly when speaking of their use of Seedrs, the UK crowdfunding platform “Fintech is a lot about trust and we thought doing it on a UK based platform regulated by the FCA helped emphasise the fact that we are a trustworthy company especially because at the time we didn’t yet have our European crowdfunding license so it was important to send the message.” Intriguingly, Pasa adds, Fagura’s listing prompted Seedrs to make changes to its terms and conditions in order to accept investments from Moldova.

For Bright Spaces the UK is both a prime sales market and the optimal operating base “It has the largest real estate market in Europe presenting us with a big opportunity and offering a fertile ground for our proptech offerings to thrive and evolve further.”

“By focusing on the UK market first we can refine our strategies, fine-tune our offerings, and leverage our success as a springboard for future expansion into other regions. Indeed the UK serves as a strategic gateway for us including to the US, MENA and Asia. This interconnectedness not only expands our market reach but also enables synergistic partnerships and collaborations, enhancing our global footprint and fostering growth opportunities.”

Bogdan Nicoară, Bright Spaces

It is similar for iFactor “Despite the

saturated and competitive nature of the UK fintech scene its status as a global financial centre, the presence of a sophisticated financial services ecosystem, and the openness to innovation make it a highly attractive market for a startup like us aiming for global recognition and scalability.”

With one co-founder already based in London they too have been able to use the UK as a springboard through participation in Grow London Global, the Mayor’s International Business Programme.

Having ambition to come to the UK and making a success of it, however, are two very different things. Much of that comes down to levels of knowledge, network and preparation.

“For people that have settled in the UK and have familiarity with the ecosystem it's a lot easier. For someone coming new to it, there seems to be quite a lot of barriers to understanding the ecosystem, for example, leveraging the SEIS/EIS schemes that exist in

the UK to raise money. It’s super hard when you're coming into the UK to know the people who can invest, so at early stage its very difficult.”

Călin Drimbau, Agent Herbie

To date, UiPath and Bitdefender aside, only two Romanian startups – DRUID AI and FintechOS – appear to have established solid presence and revenues in the UK. Both are Endeavor Romania companies.

Aggero, Bright Spaces and Cyscale show encouraging signs but for others the challenge of gaining a foothold has proved greater, especially in the tightened investment climate of 22/23.

Their experiences can provide lessons for others to follow.

Prime Dash set up in London in 2020 with the intention of selling its fintech solution in the UK but found penetrating difficult

“It's a totally different approach to build the right infrastructure for operating in

such a mature market and it requires having the capital to take you to breakeven. In fintech especially it's not easy because you need to work with big banks that are difficult to penetrate. You have to find the right sponsor and then prove to them that you can do it. We still want to work here, but I think we need to be more prepared and very well funded first if we are to challenge.”

Cătălin Rus, Prime Dash

The experience, they continue, has positively shaped the company and its offering – they are working to develop an innovative financial inclusion model in FMCG – even if initial goals for the UK have not been realised.

iFactor framed their experience as a Catch-22 “UK investors wanted strong trading presence (traction, team, company established in the UK) before committing, but we needed this funding to get to that stage. This has caused delays for us – in

order to have the financial means to achieve presence, we have to demonstrate powerful traction in a small market like Romania.”

This has brought a change in their market entry strategy but iFactor’s commitment to UK expansion remains strong

“Our goal in the next 2-3 years is to establish a solid foothold in the market through POCs and then a localised product and service offering. We can leverage these successes to secure additional funding for further product development and to expand the iFactor user base and partner network. We’re aiming for a pre-Series A funding round with the participation of specialised fintech investors from our UK and international network.”

Cosmin Curticăpean, iFactor

Asked what advice he would give to other

Romanian startups targeting the UK, Cosmin Curticăpean, iFactor’s Founder and CEO, is blunt:

“One, understand and comply with UK regulations from the beginning to avoid costly adjustments later. Two, market research to identify unique needs your product can fill. Three, leverage every opportunity to build relationships within your sector. Four, be prepared for competition – ensure your value proposition is clear, compelling, and differentiates your offering from existing solutions.”

Cosmin Curticăpean, iFactor

4.2 Romanian founders in the UK

Romanian startups want to come to the UK. Over a million Romanian nationals are already here providing, potentially, a valuable network of support, introductions

and experience.

This diaspora is part of a long pattern of emigration from the eastern European state – those fleeing dictatorship, those seeking more than its post-communist economy could provide, and those enjoying opportunities from EU free movement.

That exodus means there is both a deep penetration of Romanian talent at many of the world’s leading tech companies, and a growing number founded by expat Romanians.

At least five startups with internationally-based Romanian co-founders – Branch, Databricks, MaintainX, Tractable and Whoop – have achieved \$1bn valuations. More are on the way.

Our research identified 56 UK-origin startups with at least one Romanian co-founder. Of those, 50 appear operational as of April 2024 and three have been acquired. In 14 of these companies a Romanian woman is part of the founding team, while 13 had wholly Romanian co-founder teams. Three companies, including Tractable – the first ‘unicorn’ with a UK-based Romanian founder – were products of Entrepreneur First.⁴⁵

Tractable, with £140m raised (\$180m) skews the statistic, but three other companies – Dexory, Hackajob and Vita Mojo – have each raised in excess of £25m as of March 2024. Overall our survey tallies more than £250m raised by these Romanian founder, UK-origin, startups.

Revenues are not a useful metric for early stage companies, but two standout in terms of cash generation – Hackajob exceeding £20m in 2023 (Dealroom) and Tractable with revenues over £17m in 2022. We also choose not to tally cumulative valuation in this report as most available data does not reflect recent general market repricing.

Survey responses and public filings, however, point to these companies generating over 600 jobs for the UK economy. Tractable, again, leads the way with around 220 employees, but Dexory, Hackajob and Vita Mojo each employ over 100 people.

Below we take a look at the founding stories of five of these companies – Dexory, Neurolabs and Vita Mojo, with all Romanian-founding teams; FilmChain with an all-female Romanian founding team; and Tractable, the first UK-origin unicorn with a Romanian co-founder.

Starting life as BotsAndUs in 2015, and rebranded in 2023, **Dexory** is paving the way for artificial intelligence and robotics to completely transform logistics. It is the only system to combine stock-scanning robots with powerful warehouse analytics to provide accurate, real-time visibility of inventory and warehouse operations to help optimise efficiency.

“We go way, way back” says Co-founder Oana Jinga “we actually kind of went to school together. Adrian and Andrei went to the same university in Romania, and then we each moved over to the UK for our own reasons. Myself and Andrei came to finish our studies here, mainly driven by the sectors we were studying at the time. So I was doing comms and PR, Andrei was doing engineering, but very interested in motorsports. The UK is very well known for both our sectors and to have some of the best schools and the best opportunities after graduation.”

Oana’s PR work took her into tech, first at Telefónica then Google; Andrei joined the Force India Formula One team on graduation before moving to Jaguar Land Rover to work on autonomous cars. Adrian meanwhile started his career in Romania at Endava and IBM before moving to London and a houseshare with Oana and Andrei where a home DIY project, dreamed up over a summer barbecue, proved the spark to inspire the company. “We wanted something to keep an eye on the house, not CCTV, but something that could go around the rooms so the guys started to work on this little project – the idea of an autonomous home-use robot – 10, 11 years ago.”

Quickly finding more practical use cases for their creation in retail and hospitality the project shifted to B2B before the pandemic forced a fortuitous pivot. “Everything was shut in the UK. We’re enjoying the sunshine but thinking retail isn’t coming back anytime soon so we need to figure out something new. In fact we kind of stumbled into the use case with customers coming to us and asking ‘can you do what you were doing in our stores inside our warehouses instead?’”

In principal everything they had built for retail could support warehousing, but the challenge was applying it in much much larger spaces “The tech is the same – we use autonomous technology, we use data capturing facilities to get the information about the product, and then we visualise all of this in our digital twin platform – but the scale of it is significantly different. So rather than a bottle of coke, you had a pallet, rather than the robot needing to reach a maximum of two meters high, we were going up to 14-15 meters of height inside a warehouse.” A huge design challenge, their reimagined robot was launched at the start of 2023, and with it product-market fit for the logistics industry.

“March 2023 was actually the first time that we implemented our new product into a warehouse but adoption has been incredible. We’ve gone from just 30 people to about 130 – new offices, a new production facility – and customers based in the US, in the Middle East, Central and Eastern Europe, all over. While we have some pretty ambitious goals for the next 24 months, I can’t even imagine where we’re gonna end up because, at least right now, every time we make plans we seem to kind of outgrow them and need to make them even bigger.”

DEXORY

cash raised: \$38m (as at September 2023)
employees: ~130 (March 2024)
notable partners: Maersk, DB Schenker
and Menzies Aviation



Andrei, Oana, Adrian

Andrei Danescu, Co-founder and CEO
Oana Jinga, Co-founder and Chief
Commercial and Product Officer
Adrian Negoita, Co-founder and CTO



cash raised: \$4.5m (as at April 2024)

employees: 9

notable partners: British Film Institute, HBO, WME, German Film Producers Association, Academy Award nominated films



Maria and Irina

Irina Albița, Co-founder

Maria Tâncuță, Co-founder

FilmChain is the fintech solution for money to flow from point of sale to Rights Holders' pockets. Running on a combination of smart contracts and trusted banking partners, the system offers a secure and transparent way to collect, allocate and analyse revenues in film, TV and digital.

"We've known each other from the age of 5," says Irina Albița of her co-founder Maria Tâncuță. "My background is in economics and mathematics. I spent my academic life either being on Math Olympics or pursuing other computer science activities and competitions. Maria's academic background is in sociology and in film production. She did some of her studies in Romania and then moved to the UK a few years after me to pursue a masters and we reconnected."

Already immersed in the startup scene – and a previous founder – Irina had long been drawn to fintech. Inspired now by Maria's love and knowledge of film-making a new idea was forming. "I reached out to a number of people to see who was going to be with me in a new venture and Maria was the first person that was all in. She wanted to make an impact in the film and TV industry beyond what she could as a producer, so a fintech with a media and entertainment angle captured her too."

This first company was started in 2014, but realising early that the original idea wasn't going to scale as fast and as transformative as they wanted, they moved from managing payments for a subset of film crews, to running payments for the entire value chain in the film, TV, and video game industry. What started as Crew Funding in 2014 became FilmChain in 2018 and a fintech infrastructure, alongside blockchain technology, to ensure every dollar of revenue generated is equitably distributed among stakeholders, and royalties management is executed with unambiguous precision.

"One thing that really helped us, especially in the early days, was access to talent in Romania" Albița says. "We found great people we could work with and to help us develop and grow as a company. We're grateful. They can go and work anywhere – huge corporations, tech companies that have offices in Romania – but they're opting to work with a startup. I think us being Romanian, having that cultural closeness, has really helped here in being able to attract them."

An all female-founding team, a demographic historically underfunded, the Romanian connection has paid off in other ways too. In 2022 FilmChain received an investment from local VC, RocaX. In April 2024 a second investment followed, joined by two Romanian syndicates, TechAngels and Growceanu.

Already present in the UK, Europe, and Australia this new money will help a further strategic expansion into North America – the next and biggest market in FilmChain's quest to revolutionise global payments in the film and TV industry.

Founded in September 2018, **Neurolabs** is a Machine Learning company led by three Romanian Masters and PhD computer scientists and mathematicians – all three graduates of Edinburgh University. Its groundbreaking image recognition technology, ZIA (Zero Image Annotations), offers unparalleled accuracy, speed, scalability, and affordability in the retail automation industry.

“I picked Scotland because the university was good and because it was free. I don’t understand why I got so good of a deal but I’m grateful that it happened and that I had the opportunity to study there” says Patric Fulop, Neurolabs Co-founder and CTO. “You come to a new place, a new country, you kind of tend to congregate a bit more with your culture at least in the beginning. All three of us were there doing some kind of AI. I was studying toward a PhD, the now CEO was in computer vision engineering, the third a Masters. We graduated and went our separate ways for a while, but stayed friends, and in 2018 Paul visited Remus and I in Edinburgh and suggested we should start a company and build upon the research and engineering experience we’d gained. That’s when Neurolabs started.”

They landed on computer vision as a service about a year later – an alternative approach to how it could be done using synthetic data – and securing initial investment from Techstart, Lunar Ventures and 7percent as well as FTMO and angel investors. Their seed round in 2022 included follow-on from those existing investors and the addition of LAUNCHub Ventures, a Bulgarian-origin fund, as lead investor.

Itinerant in their early days – joining FTMO in Malmo, the same incubator so important to Digitail, and with a period in Paris at Station F – Edinburgh and London were places that pulled them back finding it much easier to integrate here, and to have the UK as a base for European operations.

Neurolabs’ ties to Romania also remain strong, “we just loved that there were loads of people in Cluj specifically really interested in AI. We didn’t have investment at that point, so we kind of grew the company by hiring young talent there and a few years later down the line we moved some of them to the UK.”

A team of technical founders, they now find themselves deeply enmeshed both in product iteration and cracking enterprise sales

“we were very academic and very engineering focused and making that transition to thinking about sales, thinking about how you’re going to market things was not straightforward for us. You’re building what you think people want but you’re not really sure and it takes a lot of energy and effort to really get deep feedback and iterate fast. Trying to learn what product to build on top of the existing R&D, without actually delivering it in the early days, coupled with a long enterprise sales cycle, proved to be a challenge initially. As you mature and you find that initial product market fit, new challenges await in building robust systems to deliver at scale for enterprise clients.”

A learning experience for the Neurolabs teams, and sometimes frustrated at the pace of progress, their client base has still grown four times since their Seed round in 2022. Gearing up now for a new fundraise, an issue that may await could be hiring the AI skills they need in this new era of Artificial Intelligence.



cash raised: \$4.9m
employees: 19 (April 24)
notable partners: CPM International, One Door, Grupo CTC, Cona Services LLC



Patric, Remus, Paul

Patric Fulop, Co-founder and CTO
Paul Pop, Co-founder and CEO
Remus Pop, Co-founder and CRO

Tractable

cash raised: \$180m

employees: ~210 (April 2024)

notable partners: Aviva, Geico, Tokio Marine



Razvan and Alex

Alex Dalyac, Co-founder and CEO
Razvan Ranca, Co-founder and CTO

Tractable streamlines and automates processes in the automotive industry improving customer experience, reducing operational costs and total loss claims and saving vehicles from being written off. Its AI solution reviews estimates quickly and accurately, helping insurance companies settle claims faster and get their customers back on the road sooner.

A \$60m Series D in April 2021 announced Tractable as the world's first computer vision unicorn for financial services, the UK's 100th and the debut accomplishment for Entrepreneur First. It also became the first British company with a Romanian co-founder to achieve unicorn status.

"I left Romania after high school, did my undergrad at Edinburgh and then a masters at Cambridge. It was either continue to a PhD in machine learning or start a company" says Co-founder and CTO, Razvan Ranca. "I didn't really know people who had started companies at that point, so when I heard about Entrepreneur First it was a really interesting prospect."

EF invests in exceptional individuals to build startups from scratch, bringing together a carefully selected cohort of people, giving them the chance to find a co-founder, and supporting them in the process of company building.

The use case Tractable settled on was automotive insurance claims – applying computer vision research and machine learning techniques to visual assessment – but going from this idea to its practical implementation proved difficult.

"With insurance companies and claims there's a high barrier to entry, you need to get these companies to entrust you with their data and be willing to work with you. That was another big challenge and it took us a couple of years to break through and start accumulating data before having a real product and getting into customer acquisition."

Beyond simply the legal hurdles of operating in a regulated environment Ranca talks of the "barriers to transformation" – the norms of how the industry operates and its resistance to doing things in different ways especially where established practices are actively enforced by incumbents benefiting from their complexity. "The biggest challenge at a high level is how to leverage the technological breakthrough and technological advantage we have to actually change the workflow and change the way things are done to realise the full potential of Tractable's technology."

Operating now across multiple jurisdictions the UK remains its core operations centre and a good place to hire the right talent. Over the past 18 months, however, Romania is starting to become a second technical hub for Tractable with a number of new local hires "there's a first team we're forming there now. We've kept the same high bar as in London and been able to find the people who meet that standard."

Vita Mojo is transforming the chaos of order management to deliver calm to kitchens worldwide. By providing one central menu to update, one system to see every order from every channel, and one source for all sales data, Vita Mojo gives scaling hospitality brands the breathing space to expand.



Acquaintances from high school, both Stefan Catoiu and Nick Popovici attended college in the US with Nick then moving to London for a finance career, and Stefan returning to Romania keen to contribute to the country's economic and political modernisation. After six years, and frustrated now by its domestic political culture, he and his partner moved to London in 2013. Reconnecting with Nick their friendship deepened over mutual love of food and the challenges of operating a modern and efficient hospitality business.

cash raised: \$60m (as at what date)
employees: ~140 (April 2024)
notable partners: Nando's, Leon, Subway,
YO Sushi, Gails and Honest Burgers

In 2015 they opened the first of three cashless and cashierless quick service restaurants – the debut of this setup in the UK and the research labs for the Vita Mojo concept. Their goal was to redefine how hospitality should be run by using an order management system built from the ground up and centred on the lifecycle of the order. Says Catoiu “we were displacing point of sale systems or point of sale system solutions that are kind of stitching together multiple systems – a system for loyalty, a system for kitchen management, a system for how you interact with delivery platforms. We replaced these piecemeal approaches with one system that manages everything.”



What they didn't expect was how difficult it would be to communicate this paradigm shift

Nic and Stefan

Nick Popovici, Co-founder and CEO
Stefan Catoiu, Co-founder and COO

“when we explained it, it just sounded wacky until we had people walk into a restaurant. It's like the penny drop moment was only when they came into a fully loaded 300 orders an hour central London restaurant that was buzzing in the kitchen and was buzzing in the front and they were like, okay, I understand what you guys are doing here - it all makes sense now I see it in practice.”

A cost saving measure in its early days, much of Vita Mojo's engineering efforts were at first outsourced to Moldova. Their needs have evolved as the company matured but some development work continues to be done both in Moldova and Romania.

Covid, however, proved a major dislocation forcing the closing of its three locations, slowing down product development and setting back customer acquisition. Now rebounded – and in May 2024 it added Subway to its client list – today Vita Mojo empowers over 150 brands across five countries, boasting more than 58m orders through its kiosks and a suite of products cementing its claim to be “a full restaurant tech stack from a single provider.”

 Agent Herbie

bankio

 Bold Health

DEXORY

 Etiq AI

 FilmChain

 FINVERITY




FlairMakers.

 flowpoint.ai

 Global Database

 Graphy



hackajob

H O L O F Y

 Hypersay

index.

 Inner Trends

 Inova Sight

K O B L E

 KOPE

 Line 21

 localisr



 **LUMINR**

 Lumminary

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 Myneral
Labs.

 Neurolabs

 NOBLY

 NOSSADATA

 OPINSTA


outdid.io

OutThink

 PicFinder

 Plato

Proportunity

 Proptee

 RacketPal

Re:infer

 READYFLY

 StatusToday





 SuperOkay



se▼▼a

 Tractable


**two
worlds**

VerbalEaze

 vita mojo

VOOLU

yayzy

YUMIDocs

Founding a company in the UK has been straightforward for these Romanian-origin entrepreneurs – and this possibility remains for those qualified for EU Settled Status – but the future pipeline is under threat.

Patric Fulop, Co-founder and CTO of Neurolabs, says fee-free education was a big attraction for him choosing to study in Scotland, something no longer on offer post-Brexit. Employers large and small now need visas for new overseas talent, many of these coming with restrictive conditions that effectively prohibit a visa holder founding a new startup in the UK. If the smartest people find it cheaper or easier to study or start businesses elsewhere, Britain will fall behind.

This is something we might already be seeing according to research by The Entrepreneurs Network

“While under 15% of UK residents are foreign-born, 39% of the UK’s fastest-growing startups [in 2023] have at least one immigrant co-founder.... Compared to our 2019 Job Creators research, we recorded a 10 percentage

point drop. Although this may not be a trend (the covid dislocation is likely a factor), it should nevertheless be a reminder for UK policymakers to continue working to attract foreign talent.”⁴⁶

The Entrepreneurs Network

Lyuba Guk, Co-founder of Blue Lake VC, an investment firm whose thesis is to back immigrant founders, agrees

“Its a self-selecting group that achieves outsized success and is frequently overlooked by investors at early stages”

Lyuba Guk, Blue Lake VC

On the other side of this are the startups founded in the UK by Romanians and needing to attract suitably skilled workers – companies like Dexory, Neurolabs, Tractable and Vita Mojo.

Those we spoke with for this report recounted generally good experience hiring

through the Scale-up Worker visa but the cost of applications and associated tariffs, salary thresholds and treatment of employee equity schemes, and lack of consultation and notice around changes to these rules are worries for them.

And Britain must stay competitive in other ways too. Currently living in the UK Agent Herbie’s Romanian founders set it up in Delaware from the outset “US investors understand the generative AI space better. We want to tap this network and knowledge and signal from the beginning we will move to the US.” Expanding on that thinking Călin Drimbau, Agent Herbie’s CEO, continues

“I feel a lot of what we see at policy level in the UK is putting the brakes on rather than encouraging early startups to take more risk. Many of my most driven friends here are setting up shop in the US from the get-go.”

Călin Drimbau, Agent Herbie

In terms of expansion destination Cristian Munteanu, Managing Partner at Early Game

Ventures, feels Britain has already lost some of its lustre for Romanian startups:

“When it comes to their internationalisation plans, I see more of them looking directly at the American markets. London is no longer a stepping stone for them, especially since Brexit. Practically all the companies in our portfolio that opened an office abroad opened it in the US, not the UK.”

Cristian Munteanu, Early Game Ventures

This assessment might be too stark, and targeting the US first does not mean ignoring Britain – both Digitail and FlowX have it on their roadmaps – but startups are especially sensitive to new bureaucratic frictions, things that do impact the cost/benefit calculation of market prioritisation.

One way to mitigate this is by strengthening cultural affinities and creating corridors between the countries – a mission core to UK/Romania Business.

4.3 Mobilising the Romanian tech diaspora

London boasts Romanian nationals working in VC, private equity and finance adjacent roles. It has lawyers with tech related expertise and relevant commercial knowledge. Others work in policy, academia and marketing, or in industries thirsty for innovation.

Mobilised effectively this diaspora network is a source of investment, connection, assistance and experience – resources both able to support startups as they scale to the UK, and recyclable back into Romania through mentoring, repatriation of talent or as examples of entrepreneurial success.

Already happening informally and through ad hoc association, the force multiplier is activated by bringing relevant parts of the community together in structured and deliberate ways.

Together with Endeavor Romania, How to Web and Global Tech Connect, UK/Romania Business is mapping this network with a view to engaging them as supporters of a UK/Romania Tech Hub.



Photo credit: spotyphoto

Mapping UK-based Romanians in tech adjacent roles



Andrei Brasoveanu
Accel



Cosmina Dorobantu
Alan Turing Institute



David Fogel
Alma Angels



Iulia Tudor
Ascension



Irina Haivas
Atomico



Georgia Diaconescu
Canva



Diana Comsa
Condé Nast



Adina Goga
Dawn Capital



Raluca Ragab
Eurazeo



Diana Olar
Google



Miruna Girtu
Heritage



Manuel Costescu
JP Morgan



Mircea Danila Dumitrescu
LocalGlobe



Diana Florescu
Media for Growth



Iustin Iftime
Microsoft



Andrei Dvornic
MMC



Madalina Sergentu
Nomura



Radu Bozga
Notion



Luciana Lixandru
Sequoia



Daria Gherghelas
Speed Invest



Sabina Coifu
TechUK



Bogdan Gogu
UBS



Remus Rădvan
Wayra



Josephine Hus
Angel Investor

The people above are referenced here only as part of an ongoing mapping exercise. The list is partial and indicative.

5. Conclusions and recommendations

Romania's startup ecosystem is emerging and high potential. Technical skills are broadly held and widely prized; the need to evolve away from lower cost outsourcing is understood, and the supporting infrastructure to offer startups more chance of success is beginning to solidify. In companies like Digitail, DRUID AI, FintechOS and FlowX, the country has a cohort capable of achieving the level of international favour associated now with Bitdefender and UiPath. There are others building in their wake.

At the UK side there is growing awareness and engagement with Romania from investors and a tech diaspora willing both to assist startups as they expand, and to mentor at early stages. It is an objective of UK/Romania business to encourage and sustain this momentum and we are not alone.

Its increasing geopolitical relevance has made closer alignment between Romania and the UK of growing importance. This was

a factor behind the revised Romanian-British Strategic Partnership (March 2023), and in which we are pleased to see as an objective:

“promoting dialogue between the startup communities in Romania and the UK, in order to focus on innovation and entrepreneurship and to better expose Romanian startups to UK investment funds”⁴⁷

Joint statement on the Romanian-British Strategic Partnership, March 2023

The challenge is to ensure this intention is meaningfully enacted and that is where UK/Romania Business can play a pivotal role.

The problem

In interviews for this report no startup, ecosystem organisation or investor highlighted contact with the Department for Business and Trade (DBT) at British Embassy Bucharest as important to them in their work or growth journey.

Commenters noted that tech operates to a different cadence than traditional trade promotion activities, meaning misalignment between startup and ecosystem needs, and local DBT KPIs. The gap between the two creates risk that current efforts will be misdirected or – in the extreme – may distract and damage the startups they hope to assist.

As UK-Israel Tech Hub demonstrates the more effective structures are animated by wider considerations of purpose and value. This is what UK/Romania Business is able to deliver by incubating a network of startups, investors, corporates and mentors to support companies as they scale, and connect businesses with the innovation they need.

Recognising Romania does not yet boast the vibrancy of Israel's tech ecosystem we set five work priorities to advance a UK/Romania Tech Hub:

- Further strengthen partnerships with ecosystem organisations in Romania to identify startups most ready for international expansion

- Create tailored UK market entry programmes to address general knowledge gaps, and offer increased opportunities for Romanian startups to join Global Tech Connect Bootcamps

- Facilitate soft-landing in the UK via a physical community and access to established tech mentors from the diaspora

- Develop additional work streams addressing the needs of outsourcing providers and corporate innovation/CVC, and to encourage research partnerships between universities

- Foster an innovation culture by connecting UK-based entrepreneurs with young Romanians

1. Strengthen partnerships with ecosystem organisations

Through this report and from past programmes of work we have cultivated extensive relationships across Romania’s tech ecosystem – with organisations like Activize, Endeavor, How to Web, Launch, Make IT in Oradea, RubikHub, ROStartup, Spherik and Techcelerator who are helping create the environment for startups to flourish.

UK/Romania Business will deepen and formalise these ties, creating a network of enablers and to better connect them to UK market knowledge and best practice e.g. SEIS/EIS, growth opportunities, grants and funding, and organised presence at conferences.

Romanian startups are fuelled by capital deployed via funders like Early Game Ventures, GapMinder, Growceanu, Seedblink, TechAngels, Transylvania Angels Network, Underline Ventures and the regional and UK-based VC stepping up their interest in Romania.

We propose to organise a VC forum bringing together investors interested and active in Romania and the wider region to strengthen awareness and support joined up deal flow.

2. Market understanding and Bootcamps

At a basic level, and on an ongoing basis, UK/Romania Business will deploy the Global Tech Connect ‘bringing your startup to Britain’ curriculum as an offering to Romanian companies, equipping them with vital introductory knowledge of the UK tailored to startup needs. This includes direct interaction with the Global Entrepreneur Programme and other relevant support partners.

The greater value-add, however, is to integrate companies ready to scale into the sector-specific Bootcamps operated by our partners at Global Tech Connect – deeper dives into, for example, the cleantech, cybersecurity and fintech landscapes. These twice yearly programmes are designed to offer focussed insight into the operation of those respective markets and to provide connections with UK corporates, customers, and investors of most relevance to the startups.

3. Soft landing and mentoring

Injecting diaspora tech expertise back into the Romanian ecosystem is a core priority. This will both help equip startups for internationalisation and ease their transition

into new markets such as the UK.

With the support of partners including Endeavor Romania and How to Web we are developing a mentor database through which to match UK-based tech professionals with startups at various stages in their growth journeys. Our objective is to close a knowledge gap that has impeded the scaling of Romanian companies.

In addition, and as a clear statement of intent to visibly put Romanian tech on the London map, we propose to establish a UK/Romania Tech Hub as a venue and ultimately a permanent location. In the first instance this might be organised at the Rațiu Family Charitable Foundation – already a frequent host both for diaspora events and those of Global Tech Connect – and in the longer-term at Level 39, part of Sir George Iacobescu’s Canary Wharf estate.

This permanent office location would serve as a base for visiting tech delegations and provide branding and sponsorship opportunities, illustratively the ‘UiPath UK/Romania Tech Hub at Level 39.’ The initiative would also act as an information point for British startups helping them to understand Romania’s growing vibrancy.

4. Outsourcing, corporate innovation and research partnerships

A theme behind UK/Romania Business is designing a new bilateral marketplace – finding ways to bring together supply and demand. In outsourcing and software engineering we have identified a changing pattern of needs and therefore new platform opportunity. This is in development but we believe the market scope is wider.

Our experience with corporate innovation and venture capital points to a scouting need, and taking that innovation example further, an additional strand of activity can be developed around academic partnerships and research collaborations for example the [Black Sea Interest Group](#).

5. Nurturing an innovation culture

Equipping young people with the skills they need to succeed as innovators is a particularly impactful intervention. Inspired by the work of [Innovation Labs](#), UK/Romania Business will seek to extend this activity by encouraging founders in the UK to participate in this and similar initiatives. A further possible step is to take these founders directly into Romanian schools.

Limitations of a UK/Romania Tech Hub and alternative solutions

If the Israeli example is one to aspire to, the Romanian reality is a constraint on its delivery. We understand this and have developed two additional parallel strategies to support the objectives outlined above (1) building a UK-CEE Tech Hub around Romania and (2) broadening the UK/Romania Business project.

UK-CEE Tech Hub

Part of the consultation group for the FCDO initiative “[The UK's International Technology Strategy - Exploring potential partnerships between the UK and CE](#)”, a process guided by PUBLIC, Global Tech Connect submitted the idea of a UK-CEE Tech Hub developed upon the framework GTC already operates. We are pleased to see this proposal included in PUBLIC’s recommendations.⁴⁸

Beyond Romania, Global Tech Connect’s country affiliations in the region extend to Bulgaria, Croatia, Czechia, Estonia and Poland, the core of Central and Eastern Europe’s tech ecosystem. In its most recent activity, [Fintech Bootcamp 2024 – a programme for female-led fintechs](#), GTC also

included a Lithuanian startup.

These existing bilateral partnerships and a track record of accomplishment from six past Bootcamps provides the foundations for Global Tech Connect to operate a UK-CEE Tech Hub. This might start from the established pairing of UK/Romania Business and [Bulgarian Expansion Bridge](#), the latter itself referenced in the [2023 UK Bulgaria Strategic Partnership](#).

A UK-CEE Tech Hub recognises the limitations of a purely bilateral model but delivered through a federated structure would allow individual programmes to support any specific national needs such as those identified for Romania above. This approach will also compliment the wider recommendations made by PUBLIC in its own report.

Enabling UK/Romania Business

In *Technology Report: understanding and advancing the UK/Romania opportunity* we set out the case for enhanced collaboration in tech between the two countries. This is important independently but the ambitions of UK/Romania Business go beyond this one area.

Tech is one of four pillars – together with defence, energy/infrastructure and financial services – around which the UK-Romania business relationship has most prospect for growth. Each is selected for its strategic significance, their commercial synergies, and where we believe our effort, precisely applied, will deliver the greatest impact.

Anchored in London and working both with business leaders from the technology, energy, defence and financial services sectors, and key decision-makers in government, the UK/Romania Business platform model is being rolled out to these other high value sectors.

For too long the UK has missed out on the full potential of this commercial relationship. Bilateral entities have lacked the credibility, culture, expertise and reach required of a capable and effective partner. Our approach is that of Buckminster Fuller “To change something, build a new model that makes the existing model obsolete.”

UK/Romania Business is trade and investment **evolved**.

6. Acknowledgements and endnotes

We thank the following for contributing their time, knowledge, support or inspiration in the production of this report:

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Cover images: Meagan Carsience

Endnotes

¹The story is well-told by The Recursive in 2022 <https://therecursive.com/oradea-public-sector-involvement-turning-the-city-into-a-startup-hub>

²Additionally we might mention the efforts of Iceberg in Braşov and Start-up-CT in Constanţa

³Romania's two most celebrated tech successes are Bitdefender and UiPath, but also noteworthy are LiveRail's acquisition by Facebook in 2014, and the 2017 purchase of Vector Watch by Fitbit (itself later acquired by Google)

⁴Seedcamp invested in UiPath, Hoxton Ventures and Smedvig Capital in DRUID AI, and Dawn Capital is a 2023 investor in FlowX - Romania's largest round that year.

⁵GECAD Group founder, Radu Georgescu, is now Founding Partner of Gecad Ventures. Additional roles include Chairman of the Board at Seedblink, the leading local crowdfunding platform.

⁶A further €10m came via the European Bank for Reconstruction and Development.

⁷Bitdefender Voyager Ventures, SuperBet Ventures and Crew Capital show no particular bias toward Romania. They are referenced only as funds developed via the success of a Romanian business.

⁸p.10, Marcio Cruz, Natasha Kapil, Pablo Andres Astudillo Estevez, Christopher Haley, Zoe Cordelia Lu, Can Arslan. (2022) Starting Up Romania: Entrepreneurship Ecosystem Diagnostic. Washington, D.C. The World Bank.

⁹A good account of the Romanian IT industry under communism and its immediate aftermath is found in "Romania's Hardware and Software Industry: Building IT Policy and Capabilities in a Transitional Economy" Mihaiela Grundey & Richard Heeks.. Institute for Development Policy and Management University of Manchester, 1998.

¹⁰Leading academic institutions include University Politehnica of Bucharest, University of Bucharest; Babeş-Bolyai University and Technical University of Cluj-Napoca; West University of Timişoara, Gheorghe Asachi Technical University of Iaşi.

¹¹See, for example, OECD, 'Talent Abroad: A Review of Romanian Emigrants' (2019).

¹²Manelici, Isabela & Pantea, Smaranda (2021), 'Industrial Policy at Work: Evidence from Romania's Income Tax Break for Workers' in IT. European Economic Review. 133. 103674. 10.1016/j.euroecorev.2021.103674.

¹³<https://www.romania-insider.com/study-romania-itc-specialists-bestjobs-2024>.

¹⁴Employers' Association of the Software and Services Industry (ANIS) "Industry Study 2022: Software and ITC Services in Romania Current Situation and Outlook in a Local and Global Environment". The full study is available from ANIS <https://anis.ro/resurse> but the press release with these statistics is widely quoted in the Romanian media e.g. <https://www.romanianbusinessjournal.ro/the-it-industry-in-romania-exceeded-the-value-of-9-billion-euros-in-the-next-two-years-it-will-reach-12-million-euros>

¹⁵Stripe's decision to open in Romania is explained in a September 2023 interview <https://www.zf.ro/business-hi-tech/interviu-david-singleton-director-tehnologie-stripe-fintech-evaluat-22129019>. UK regtech startup, ComplyAdvantage, also employs over 60 people in Cluj.

¹⁶Investing and scaling in Romania and beyond, CO-INVESTIN webinar, 18 March 2024. Cited with permission of EU VC.

¹⁷https://anis.ro/wp-content/uploads/Studiu-SITS-2022_Preview-pt-site.pdf

¹⁸All quotes attributed to individuals, unless an alternative source is provided, are from original interviews and email exchanges between the authors of this report and the person indicated.

¹⁹<https://arobs.com/blog/arobs-acquires-infobest-and-consolidates-its-presence-in-romania-and-germany-this-is-the-10th-ma-transaction-of-the-group-since-2021>

²⁰FlowX, with a \$35m investment in 2023 led by Dawn Capital, was spun out of Qualitance in 2021.

²¹<https://emerging-europe.com/news/for-romanias-it-sector-an-end-to-tax-exemptions-offers-cause-for-concern>

²²<https://www.romania-insider.com/romania-it-industry-looks-2024-moderate-optimism-survey>

²³An excellent general account of the Romanian startup ecosystem and its development is the Startup-Ro Documentary, *Roaring Tigers of Eastern Europe*.

²⁴Part of a fireside chat during the Global Tech Connect AI Bootcamp 2023, 8 November 2023.

²⁵These include Co-founder of Transylvania Angels Network; Board member of Spherik; Founder of Cluj Startups; and, Co-founder, Freshblood.

²⁶Some startups are alumni of several programmes and others come from outside Romania.

²⁷Investing and scaling in Romania and beyond, CO-INVESTIN webinar, 18 March 2024.

²⁸<https://therecursive.com/oradea-public-sector-involvement-turning-the-city-into-a-startup-hub>

²⁹Investing and scaling in Romania and beyond, CO-INVESTIN webinar, 18 March 2024.

³⁰A comprehensive data set, compiled by How to Web, is available <https://docs.google.com/spreadsheets/d/15hHP9MUgd5Ik9I6i6d2gPlfOw2XpaWaNSf07IX4CgyM/edit#gid=1753893101>

³¹A point also made by Marius Istrate, President, TechAngels during Investing and scaling in Romania and beyond, CO-INVESTIN webinar, 18 March 2024. Another view on the Romanian early-stage ecosystem is found in Launch Report 2024 <https://launch.ro/report2024>

³²See <https://therecursive.com/gapminder-ventures-launches-e80m-fund-ii-largest-in-romania-to-drive-tech-innovation-across-see/> and <https://outsourcing-today.ro/?p=10580>. Beyond EIF backing for funds, EU money also plays a significant role in supporting incubator and accelerator projects and in regional development funding around innovation and entrepreneurship.

³³ <https://therecursive.com/bulgaria-s-startup-ecosystem-for-beginners-10-key-facts>

³⁴ <https://www.verve.vc/blog/interview-bogdan-iordache>

³⁵ We omit Bitdefender from this list as its funding comes from a private equity firm, Vitruvian Partners. Additionally two Romanian companies that we are aware of, Fagura and iFactor, have used the UK crowdfunding platform, Seedrs, as part of their raising process.

³⁶ Its additional investments are Cyscale, Kubeark, Machinations and Traderion. They have also invested in Ezra, a US-based startup founded by Brainient's Emi Gal, and re:infer, a UK startup co-founded by a Romanian and later acquired by UiPath. Ezra, an AI-powered cancer screening startup, was in part inspired by the work of Hospices of Hope, a UK charity working in Romania.

³⁷ Investing and scaling in Romania and beyond, CO-INVESTIN webinar, 18 March 2024.

³⁸ <https://rubikhub.ro/startup-story-digitail>

³⁹ <https://www.byfounders.vc/insights/why-we-invested-in-digitail>

⁴⁰ <https://atomico.com/insights/our-investment-in-digitail-helping-the-vet-industry-go-digital>

⁴¹ Niklas Zennström, Founder of Atomico and Co-founder of Skype

⁴² <https://therecursive.com/the-insider-guide-to-fintechos-restructuring-ceo-teodor-blidarus-on-strategy-focus-profitability-in-2024>

⁴³ <https://therecursive.com/the-insider-guide-to-fintechos-restructuring-ceo-teodor-blidarus-on-strategy-focus-profitability-in-2024>

⁴⁴ Bitdefender and UiPath are both present but are excluded now from our definition of startup. Similarly cybersecurity companies like Cybourn, FORT and Safetech have UK market presence but their service-based offerings don't fit this report's product-led definition of 'startup' We also exclude companies with nominally registered UK offices.

⁴⁵ Data is compiled using direct responses from the companies together with public sources e.g. Beauhurst, Companies House, Crunchbase and Dealroom.

⁴⁶ <https://www.tenentrepreneurs.org/research/job-creators-2023-the-foreign-born-founders-building-our-fastest-growing-businesses>

⁴⁷ <https://www.gov.uk/government/publications/romanian-british-strategic-partnership-joint-statement-2023/joint-statement-on-the-romanian-british-strategic-partnership-march-2023#promoting-trade-investment-and-entrepreneurship>

⁴⁸ p.104, <https://www.public.io/report-post/technology-and-innovation-in-central-and-eastern-europe>

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A government affairs professional by background he first visited Romania in 1999. Since 2017 he has served as Secretariat to the All-Party Parliamentary Group for Romania. Other roles include Chairman (Romania), Foundation for Jewish Heritage; member of the Advisory Board at the Diaspora Initiative, and as an advisor to the Rațiu Forum.

The views expressed in this report are solely the author's own and do not reflect the opinions and beliefs of the supporting partners.

About UK/Romania Business

UK/Romania Business is trade and investment evolved, the next generation vector for discovery, development and delivery of opportunity – designed to drive targeted commercial success.

Anchored in London we concentrate on areas where our effort, precisely applied, delivers the greatest commercial impact and where our value is amplified through cross-sector synergies. We're starting out by incubating UK/Romania Tech Hub, a network of startups, investors, corporates and mentors to support companies as they scale, and connect businesses with the innovation they need.

About the report partners



Founded in 1999, **CMS** is an integrated, multi-jurisdictional organisation of law firms that offers full-service legal and tax advice. With more than 80 offices across more than 45 countries and more than 5,800 lawyers, CMS has long-standing expertise both in advising in its local jurisdictions and across borders. From major multinationals and mid-caps to enterprising startups, CMS provides the technical rigour, strategic excellence and long-term partnership to keep each client ahead in its chosen markets. The CMS member firms provide a wide range of expertise across 19 practice areas and sectors, including Corporate/M&A, Energy & Climate Change, Funds, Life Sciences & Healthcare, TMC, Tax, Banking & Finance, Commercial, Antitrust, Competition & Trade, Dispute Resolution, Employment & Pensions, Intellectual Property and Real Estate.

CMS equiP

Our award-winning startup programme, CMS equiP, focuses on developing and nurturing early-stage, high growth, technology-enabled startups. This unique initiative offers members access to a three year programme of discounted legal advice, training, mentoring, and access to investors and networking opportunities, including an active peer network. Since its formation in 2015, equiP has served over 200 startups, completed 13 exits, and more than 100 Seed, A & B investment rounds for our members.

For more details visit <https://cms.law/en/int/insight/start-ups>



Endeavor is the world's leading community of high-impact entrepreneurs. Founded in 1997, Endeavor unlocks the transformational power of entrepreneurship by selecting, supporting, and investing in the world's top founders of tech-enabled startups to help them achieve large-scale impact. Today, Endeavor's network spans nearly 40 countries and supports more than 2,000 entrepreneurs, whose companies generate combined revenues of over \$28 billion, have created more than 3.9 million jobs, and, in 2020, raised over \$4 billion in capital. Endeavor's unique entrepreneur-first model, peer-to-peer community, and trust-based network provides a platform for founders to dream big, scale up, and pay it forward to the next generation. Endeavor Romania launched in February 2021 as the seventh Endeavor office in Europe.



One of the most influential Eastern European startup conferences, **How to Web** has championed the regional tech entrepreneurship and innovation scene and has accelerated the adoption of the startup culture through leading events, programs, and knowledge. Every year, through initiatives such as How to Web Conference, Launch, HTW Institute, and more, we help thousands of founders and operators to create better startups, products, and teams, with the support of some of the leading tech companies, experts, and investors. Eastern Europe's leading startup and innovation event, How to Web Conference is a gathering of more than 3,000 startup builders, business leaders, and innovation explorers that relentlessly network and gather knowledge during the conference days.



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