Central and Eastern Europe Technology & Innovation

Young talent leads a push into an age of enterprise

The region has become acutely aware of the need to hang on to its best and brightest, reports Henry Foy

It is a feature that has brought billions of hours of fun to Snapchat users. Want to have a rainbow flow from your open mouth? How about replacing your eyes with big pink love hearts? Turn yourself into a dog complete with cartoon tongue?

If your social media feed is filled with photos of your friends sprouting fluffy rabbit ears or transforming themselves into zombies, it is likely a group of Ukrainian app developers are to blame.

The facial-recognition start-up Looksery was dreamt up in eastern Europe and acquired by photosharing app Snapchat last year for a reported $150m. The acquisition was the largest technology deal in Ukraine's history.

Almost as quickly as Looksery's technology became an integral feature of Snapchat, the purchase has inspired hundreds of other tech developers in central and eastern Europe.

Since overthrowing Soviet-imposed communism more than a quarter of a century ago, central and eastern Europe has mainly relied on low-cost manufacturing and primary industries like mining and agriculture to fuel its economic growth and bridge the wealth gap with western countries.

Over the past five years, however, the region's top economies have been striving to move from traditional industry to businesses focused on innovation, technology and entrepreneurialism.

While governments fear the “middle-income trap”, where rising living standards bring wages up to a level where manufacturing is no longer competitive enough to entice investors, they are also keen to keep the brightest minds from joining the millions who have emigrated from the region over the past decade.

“Let us invest in research and innovation, let us prepare our society for young people, to provide them with opportunities to be here,” Slovakia’s president, Andrej Kiska, said this month. The priorities, he added, would be “education and research and development, and innovation and startups”.

But despite a number of initiatives, such as state-backed investment funds, tech hubs and support from international technology companies, output in eastern Europe still lags behind start-up centres such as London or Berlin, to say nothing of Silicon Valley or Tel Aviv.

“There is no manual on how to transform a traditional economy into an innovative environment,” says Marek Rosinski, partner at the Warsaw office of law firm Baker & McKenzie. “This is not an easy or obvious process. The creation of a new ecosystem takes time.”

The EU’s European Innovation Scoreboard for 2016 shows no eastern member state with an above-average innovation rating. The eastern region accounts for only 16% of Europe’s total scientific publications but 33% of its population.

Aviation Valley

How Poland hopes to build on tradition and government support to nurture a startup cluster

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Breding unicorn: CD Projekt, maker of the Witcher games, is one of Poland’s success stories — CD Projekt

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Flying motorbike concept takes off

Hungary

The ‘tricopter’ will fly for one person at an hour at up to 100kph and cost €100,000, says Adam Easton

U ngarian entrepreneur Mr Kerulo made a flying motorbike in a garage with help from a crowd- funding campaign, according to a report. The project won Mr Kerulo a place on YouTube and we got more than 1m hits. The project is called Flike, it is a tricopter, a hybrid vehicle with three rotor disks, powered by a hybrid electric motor. It is not up to me,” Mr Kerulo says. “We made some calculations and found that it was possible, so we started getting funding. Without a couple of months we managed to lift one man in the air. We put it on YouTube and we got more than 1m views within two weeks. The project won Mr Kerulo a place on YouTube and we got more than 1m hits. While trusting his own judgment on hard skills, Mr Khermayer was forced to re-evaluate his previous focus on rapidly deploying first aid personnel in search and rescue missions and the military. “When you are part of the architecture of something that is undiscovered”, Mr Khermayer declares, “you have to think that way.”

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Zeljko Khermayer

Realising how lonely and isolated their lives could be, Mr Khermayer realised how lonely and isolated their lives could be. Building the company, Mr Khermayer says he has been forced to re-examine how he thinks about innovation. “It is not up to me.” Mr Kerulo says. “It was a big challenge to us,” Mr Kerulo says. “We made some calculations and found that it was possible, so we started getting funding. Without a couple of months we managed to lift one man in the air. We put it on YouTube and we got more than 1m hits. While trusting his own judgment on hard skills, Mr Khermayer was forced to re-evaluate his previous focus on rapidly deploying first aid personnel in search and rescue missions and the military. “When you are part of the architecture of something that is undiscovered”, Mr Khermayer declares, “you have to think that way.”

Kaspar Korjus

Kaspar Korjus runs a start-up with a difference: it is state owned. The 28-year-old Estonian has headed his country’s novel virtual identity system since its inception just over two years ago. It allows anyone in the world to create a secure, government-issued digital identity allowing them to register a bank account, open a business, buy a car, apply for a mortgage, vote, even open a bank account. It is not up to me,” Mr Kerulo says. “It was a big challenge to us,” Mr Kerulo says. “We made some calculations and found that it was possible, so we started getting funding. Without a couple of months we managed to lift one man in the air. We put it on YouTube and we got more than 1m hits. While trusting his own judgment on hard skills, Mr Khermayer was forced to re-evaluate his previous focus on rapidly deploying first aid personnel in search and rescue missions and the military. “When you are part of the architecture of something that is undiscovered”, Mr Khermayer declares, “you have to think that way.”

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Martynas Gudonavicius is an entrepreneur and cost €100,000, an hour at up to 100kph

For the advisory firm, has set up an operations centre in Warsaw where some 240 polco blogs will be monitored. The operation is expected to increase headcount to 500 per year. “We are part of the supply chain, through essentially providing our very own software.” Don’t expect to see Mr Kerulo. “I [used to be] the guys that physically built things and now we are becoming the guys that think things up.”

Employees

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Employees
Ease of doing business

Central and Eastern Europe in numbers

Changemakers seize their moment in turbulent times

The 2016 New Europe 100 is the third annual list of central and eastern European brightest and boldest people — the individuals who are changing the region's politics, business environments and daily lives — and the approaches to prevailing problems. The aim is to rate the quality of the challenging changemakers in emerging Europe and to build connections among them in the region.

The changemakers were selected by our editorial board through an appointment process and in consultation with other sources of information. They are the people who have been identified by our correspondents and journalists as the region's biggest names and future leaders. The list presents a snapshot of the region's most innovative individuals and organizations, as well as an overview of the major challenges Europe faces.

Young, multilingual and frustrated with government

And yet there were 100. Three decades years of searching, selecting and honouring 100 outstanding innovators, entrepreneurs and changemakers in central and eastern Europe — and you have created a small but dynamic community of people who are changing Europe.

The New Europe 100 list has included heads of state, small-scale social activists and groundbreaking scientists, the inventors of a flying car and individuals who have risen in prominence in recent years as the region's innovators. Almost a quarter of our 100 are women, and 15 per cent of them are under 40. They speak only their mother tongue.

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The results are fascinating. Changemakers are on average young; they are in the 30s. They are multilingual, with 21 of the 100 speaking English fluently, 18 speaking German and 17 speaking French.

Budapest has sought to claim the title of region's hub for raising finance. The Lombardy region in Italy is working to protect systems from online threats. Serbia is exploring virtual reality applications or new architectural approaches. In Prague, the Václav Havel Library commemorates one of the region's most celebrated sons.

Sustained: 50 challenges

And then there were 300. Three independent new websites, investigative journalism and community magazines have risen in prominence in recent years as the region's innovators. Almost a quarter of our 100 are women, and 15 per cent of them are under 40. They speak only their mother tongue.

Media and Culture

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The wigmaker who brought Hollywood to Hungary

Film industry

Generous tax breaks, scenic locations and high-quality sound stages attract US film crews, writes Andrew Byrne

A ndy Vajna, one of Hungary’s most prominent movie tycoons, started his film career as a wig-maker in Hollywood, where he fine-tuned his skills in the high-pressure industry of film. He later used his knowledge to build Bucharest Film Studios, one of the largest post-communist-era film production complexes in Romania. He is now a world-renowned film producer.

Mr Vajna said his wig-making movie workshop in Hollywood was his first in-house studio, where he honed his skills while working on ‘Flashdance’, a film starring Jennifer Grey.

The US film industry has taught him how to make films and which roles to play. He knows what it takes to make a successful film — the right cast, the right script and the right distribution. He has also learned that the film industry is an international business, with production teams coming together from around the world.

Mr Vajna said: “I have a lot of experience and I know how to make films. I have made a lot of films in Hollywood and I have worked with a lot of famous directors. I have made films with big stars, like Tom Cruise, Tom Hanks, and I have worked with some of the best directors in the world.”

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