2019

THE STATE OF TURKISH STARTUP ECOSYSTEM

An In-Depth Analysis and Evaluation
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The State of Turkish Startup Ecosystem 2019

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Quick Look at the Ecosystem

Turkey is a dynamic and growing G20 economy, uniquely linking east with west. Successful ongoing economic reforms and support programs back in-ward investment proposition including startups.

With a modernizing economy supported by a young and educated demographic and high internet penetration (Facebook users: 9th globally, Instagram users: 6th globally, Twitter users: 7th globally, YouTube users: 10th globally), Turkey is an attractive growing market for startups.

Turkey has been positioned as the international hub for key sectors endorsed by unique and strong market fundamentals. Currently Turkey, with about 550 startups being established each year and 488 million dollars in angel & VC funding raised between 2010-2018, is the largest startup hub in Southeast Europe.

With a number of new investment funds kicking off in 2019, the level of startup investment is expected to reach new heights of $200 million annually, enabling Turkish startups to become even more competitive on the global stage.

And, while still lagging behind Western Europe in terms of total startup funding, Turkey had displayed a series of impressive exits in recent years. In 2018 alone, three Turkish startups were acquired for more than $250 million each. And this trend is set to continue in 2019, with two startups acquired for more than $100 million each in the first quarter alone.
Youth-Driven, Digitally Active Hotbed of Innovation

Turkey has an official population of 82 million in 2018, with half of that population under the age of 32, giving the country the largest youth population in the EU area.

This growing population is both digitally connected and active, evidenced by being the 9th largest market for Facebook, 6th largest market for Instagram, 7th largest market for Twitter, and the 10th largest market for YouTube globally. Furthermore, according to the State of Mobile 2019 Report, Turkey was the 7th largest top market for mobile apps, as determined by the total number of Google Play downloads.

Turkey is currently the 17th largest economy in the world with an average annual GDP growth rate of 5.5% between 2003-2018 (compared to Poland 4.0%, Romania 3.9%, Czechia 2.8%, & Hungary 2.1%).

Turkey also places 8th among the top 34 upper-middle-income economies in the Global Innovation Index 2018 with human capital & research, and creative outputs as the top strength characteristics of the country.

According to European Innovation Scoreboard 2018, Turkey is a “Moderate Innovator” but the Turkish innovation ecosystem specifically is performing well above the EU average. Its performance relative to the EU, outperforming the average by 15.1% between 2010-2018.

The size of the Turkish ICT sector has almost doubled since 2014, growing at an annual average rate of 17%, reaching a total size of 131.7 billion Turkish Liras. The information technologies sector also grew dramatically, expanding to 44.7 billion Turkish Liras in 2018, compared to 22.1 billion Turkish Liras in 2014.

Meanwhile, the E-commerce market has reached 59.9 billion Turkish liras in Turkey with a 42% growth in 2018 compared to the previous year. In 2013, online shoppers were only 23 percent of Internet users in Turkey. In 2018, this ratio reached 67%.

In 2014, e-retail sales accounted for 2.4 percent of all retail sales in Turkey and it reached 5.3 percent in 2018. In 2018, this ratio was 5.9 in developing countries and 11.1 in developed countries. Turkey was above Russia and India in 2018.
Prior to 2010, there were only six active startup accelerator programs in Turkey. By the end of 2018, this number had reached 47, almost an 8-fold increase in 8 years.

Furthermore, in 2017, KOSGEB launched a broad grant program to support organizations establishing accelerator programs abroad as well as startups looking to take part in such programs. This program helped to enable Turkish startups to get high-level training and mentoring from a broader global experience base, thereby jumpstarting their globalization operations into international markets.
Co-working Spaces

Co-working spaces have become the hip working and gathering hub for entrepreneurs and freelancers alike in recent years. While the co-working space model first emerged in Turkey in the early 2010s, the concept only began to gain popularity in 2015 when a handful of successful examples demonstrated the economic viability of the concept, emboldening copycats to quickly diversify and multiply available co-working spaces across the ecosystem. By the end of 2018 the total number of co-working spaces in Turkey had reached 41, with over 5,000 startups, scaleups, & freelancers renting space in these communities.

Technoparks

The establishment of technoparks in Turkey started in 2001, and now has reached 81 technology parks across the country at the end of 2018. Taking up residence in these technology parks are 5,334 startups, scaleups and grown-ups which employ a total of 51,574 people. The total turnover (2018) of these companies increased by 23.1% compared to the previous year, eclipsing 16 billion Turkish Liras, and the total amount of exports increased by 31% compared to the previous year, reaching 3.8 billion Turkish Liras.
# Government

The Turkish government is a very active and strong supporter of the startup ecosystem in Turkey, offering a variety of programs and policies to enable the establishment and growth of startups. A few of the government’s key entrepreneurial policies are as follows:

## Startup Support Organization or Program

The Small and Medium Enterprises Development Organization of Turkey (KOSGEB), The Scientific and Technological Research Council of Turkey (TÜBİTAK), Regional Development Agencies and Ministry of Treasury and Finance (MTF) are the top state organizations continuously supporting startups and investors in the ecosystem.

## Startup Funding/Access to Capital

TÜBİTAK has been providing grants via its program called TÜBİTAK BiGG to idea-stage startups since 2012. Between 2012 and 2017, 955 such entrepreneurs received 158 million Turkish Liras in early-stage funding grants. In 2018, 136 startup ideas were approved for grant funding and started operations. (12)

The Treasury Undersecretariat (Ministry of Treasury and Finance today) launched an angel investor accreditation program in 2013 and since then nearly 500 individuals have gone through the investor certification process, thereby becoming eligible for tax incentives linked to startup investments in Turkey. (13)

The Technology Transfer Accelerator (TTA Turkey) Initiative, designed by the European Investment Fund (EIF) in cooperation with the Ministry of Science, Industry and Technology, the Delegation of the European Union (EU) to Turkey and the DG Regional Policy of the European Commission, established two funds (ACT Venture Partners €25M, DCP €30M) in 2015 to provide early-stage investment to deep-tech, intellectual property-based startups in Turkey.

TÜBİTAK and MTF launched a fund-of-funds program to support the formation of new Venture Capital funds in 2018; currently 10 fund applications have been shortlisted for matching funding with the final selection and funding process ongoing. (16)

## Startup Globalization Support

Since 2016, KOSGEB has been providing support grants to acceleration programs abroad to help the globalization of Turkish startups, and to Turkish entrepreneurs looking to participate in accelerator programs abroad.
Entrepreneurship & Technology Education

Within the last 5 years, bachelor’s degree programs in entrepreneurship have been accredited in four universities to go along with graduate-level programs in seventeen universities in Turkey. In 2018, more university students graduated with computer science degrees than ever before, 14,000 from computer-related undergraduate programs and 9,000 from computer-related associate degree programs.\(^\text{[15]}\)

Startup Funding/Access to Capital

Technology Transfer Offices (TTO) at universities serve as a bridge between those universities and the private sector, helping to commercialize research and facilitate joint projects between academia and private companies. Since 2013, thanks to grants provided by TUBITAK and the Regional Development Agencies, the total number of TTOs has exploded, exceeding 80 in 2018, with nearly 50 of them having been established through public grants.\(^\text{[16]}\)

Private corporations have become active players in the startup ecosystem, organizing and sponsoring a variety of events and activities to support the formation and growth of local startups. Specifically, leading Turkish banks have launched both accelerator programs and venture capital funds to reach and support startups, while leveraging network resources to scale their growth. Just in the last five years, eight accelerator programs and four corporate venture capital funds have been established by Turkish banks.

In 2010, there were only two Corporate Venture Capital (CVC) entities specifically established to invest in early stage startups. By the end of 2018, this figure had ballooned to 25, thanks to the relaxation of regulations and availability of incentives designed to encourage private corporations to establish CVC funds.
Until 2010, bootstrapping was considered the funding norm for startups in Turkey. The first generation of successful externally funded startups such as Markafoni, Peak Games and Trendyol demonstrated to the ecosystem that high-flying startups have the potential to raise capital from a growing network of angel investors and venture capital funds in order to grow bigger, faster. Now, the VC-backed startup has become the new norm.

Essentially, as the interest in entrepreneurship and startups grew, local VC funds began to emerge and the number of angel investors multiplied. This growth was further accelerated by government incentives, helping to reduce the risk of startup investing for individuals, one of those programs being the angel investment accreditation launched in 2013. Through this program, the MTF not only accredited angel investors, signaling to startups the trustworthiness and intent of such accredited investors, but also provided tax benefits to those investors for every startup investment made.

Moreover, the MTF also began to accredit angel networks as well, providing much needed transparency and standardization to the ecosystem.

Chart - The Number of Accredited Angel Investors in Turkey
As for local VC funds, their establishment dates back to the beginning of 2012, led by 212 Ventures and Revo Capital. Since then, the investment appetite and total number of local VC funds have drastically increased. While many of these new VC funds came to the end of their investment period cycle at the end of 2017, by the first quarter of 2019, most had already closed their next round of funding and started making startup investments.

The interest from international investors in Turkey has also increased year-over-year, fueled by a series of impressive recent startup exits. Despite the fluctuating local economic and currency situation, Hummingbird’s Gram Games exit and Tiger Global’s Trendyol exit has helped to increase the international investment risk appetite towards the country, with Wamda Capital and MEVP having become the most active international investors in recent years.
M&A Activities

Most of the startup exits in Turkey have been through acquisitions. During the early 2010s, most of the exits were driven by bootstrapped startups, however this trend has shifted since 2015, with VC-backed startup exits taking the lead role.

The five biggest acquisitions in Turkey between the years 2010 to 2018 are as follows.

1. **Trendyol**
   - Alibaba, $728M, 82%

2. **Yemeksepeti**
   - Delivery Hero, $589M, 100%

3. **Gram Games**
   - Zynga, $250M+, 100%

4. **Gittigidiyor**
   - eBay, $218M, 100%

5. **Markafoni**
   - Naspers, $203M, 100%

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Chart - Exits and Secondary Transactions in Turkey

If the exits of startups from the Turkish diaspora (i.e. startups that host their software team in Turkey while their sales and marketing team are located abroad) are also taken into consideration, the top five exits are as follows.

1. **Trendyol**
   - Alibaba, $728M, 82%

2. **Yemeksepeti**
   - Delivery Hero, $589M, 100%

3. **Gram Games**
   - Zynga, $250M+, 100%

4. **Opsgenie**
   - Atlassian, $295M, 100%

5. **Gittigidiyor**
   - eBay, $218M, 100%
As the number of VC funds, angels and angel networks have expanded, so has the number of Seed, Series A, Series B, Series C and Series D+ deals. With the added participation of deep-tech funds like ACT and DCP, a record number of investments was made in 2017.

The primary reason for the sharp drop in equity funding from 2017 to 2018 was the timed end of many VC funds’ investment period in 2017. These same funds spent most of 2018, with some even creeping into the first quarter of 2019, raising money for their second funds. Thus, although startup investment activity dropped in 2018, we expect this trend to reverse to 2017 levels this year as these second funds ramp up activity and investment. Furthermore, in 2019, 10 new VC fund candidates (some are still seeking additional LPs for their second close) are in negotiation stage with the Treasury Undersecretariat, who will provide a significant portion of the funding base. Once the Treasury process is completed, currently estimated at mid-2019, these new VC funds will begin to participate in the startup investment scene, propelling the overall investment landscape to new heights.

Finally, as seen in the chart below, the total number and monetary amount of investments in Series B and following stages are still very small in comparison. International investors have recently been scouting deals at this level, driven by the number of recent successful exit stories from the country, but the gap is still wide and investment opportunities are still plentiful for later stage investors.

If we are to analyze deal types by startup stage, governmental grants and accelerator programs are the primary funding vehicle in the pre-seed stage. Following, the seed stage is driven by the growing crowd of local angel investors and angel networks; currently in Turkey, the vast majority of deals and funding is available at this stage.

In the early years of the ecosystem, raising money in Series A locally in Turkey was quite difficult but, with the emergence of local VC funds from 2012 onward, the availability and accessibility of funding at Series A has become quite widespread.
Corporations have also become quite eager to establish corporate venture capital (CVC) funds in recent years due to a plethora of new government legislations and incentives. Last year, almost 1 out of every 3 investment deal included participation from a corporate investor.

Similar to other countries and startup ecosystems, seed stage startups in Turkey are being funded primarily by local angel investors and angel networks. However, for Series A and later, increasingly international investors are showing interest in promising Turkish startups, and are filling out the funding gap accordingly. Last year, international investors participated in 1 out of every 2 Series A or later deal in Turkey.
WHY TURKEY AND WHY NOW?

Interviews
We established 212 in 2012 to invest in high-tech companies in Turkey. Our thesis was that there is entrepreneurial and technical talent in Turkey to create worldwide success stories. We’ve confirmed that with investments such as Insider, iyzico, HotelRunner and Solvoyo. In our second fund, we will prove that these success stories are repeatable. We aim to invest a minimum of 50 million euros in 15 enterprises over the next 5 years. We believe Turkey is a great hub for entrepreneurs, and our investment thesis is simple: ‘test local, go global. fast’. Local developer talent pool is sizable and affordable, creating a great launchpad for upcoming startups, especially for their R&D work. There continues to be tremendous potential in Turkey due to the positive transformation happening in the last five years in the startup ecosystem with 770 R&D centers, 163 C/VC and Investment offices, 19 GE, PE and FDI’s, 63 Techno-parks and more than 50 incubator & accelerators.

Even though per-capita investment amount is well below $1 (compared to $30 EU average) Turkey delivers; out of the top 11 VC-backed regional exits in 2018, 3 are from Turkey (Gram Games, Trendyol and Opsgenie).

We are impressed by the local talent daily, have a very strong pipeline and remain bullish on Turkey.

As a second time early stage technology fund, Collective Spark continues to primarily focus on ventures coming out of Turkey in areas such as fin-tech, SaaS, big data and industry 4.0. The three founding partners all relocated back to Turkey because they believe in the talent and the huge potential Turkey has to offer and they are excited to back world class entrepreneurs who are super passionate to take on global opportunities.

The entrepreneurs and investors are fortunate to have witnessed the significant progress in the Turkish startup ecosystem in the past couple of years. The healthy growth can be observed on all fronts from accelerators, to angel networks, from exited entrepreneurs to founders with engineering roots and from new investors to research and development grants.

The strong investment to exit ratio and recent lucrative exits are promising signs that show the investment gap is going to close in the upcoming years. The government and NGOs have been doing their fair share in this pursuit through KOSGEB and TUBITAK grants and most recently through Turkish Treasury’s bold Tech-InvesTR Program to directly invest in venture capital funds. Development Finance Institutions (such as EIF, EBRD, IFC) also continue to back the venture capital funds and more global venture capital firms will increasingly invest or co-invest in Turkish startups. Turkey is the next hotspot for tech startups and now is the right time!
Turkey is an emerging market, and international investors follow emerging markets very closely to be able to act quickly as soon as they discover a potential among the startups in the market. This is a win-win situation both for the ventures and the investors because the seed stage and early era investments help enterprises to grow and develop faster while the investors make profitable investment decisions. Before establishing iyzico, Tahsin and I both had successful professional careers in Germany. During the time when we met in 2011, the entrepreneurship environment and the technology market in Turkey were on the rise. After analyzing the market, we saw that Turkey had a big potential for the tech industry and there was a high demand for payment solutions targeting SMEs in Turkey. As a startup you need to be solving a real problem and offering a tool that adequately addresses these issues. I think as iyzico with our B2B and B2C solutions, we were always able to solve such problems making us attractive for the investors in all the rounds that we raised money. Today, entrepreneurship is even a hotter topic in Turkey and to some extent there are more investment opportunities in Turkey and from abroad. I’m aware that some might perceive the current agenda and financial indicators as risky, but we’ve raised the two biggest investment rounds during Turkey’s most unpredictable times: Gezi Park Protests and July 15 Coup Attempt. As a startup if you understand your customers’ needs and offer a concrete solution even such unforeseen times could actually serve as great advantages for international investors in the long run.

Barbaros Özbügütü  
Cofounder & CEO at iyzico

Baris Ozistek  
General Partner at Bogazici Ventures

Turkey is mostly well known with its blue sea, amazing history and nice weather. Under that beautiful scenery, thousands of tech startups, qualified engineers and ambitious founders lie. The tech eco-system in Turkey is growing faster than any country. The market has most of the requirements which a tech company is looking for. I call this “hometown” rule. Turkey is an ideal place to establish your tech company, hire the talented people, test and polish the product. For sure, thanks to its location, it’s the most ideal place to scale up the tech company to Europe, Russia, Middle East and Africa. Despite its strong sides and huge growth potential, the global large funds have not discovered the market, yet. Obviously, there is clear opportunity for the investors. I believe, Turkish tech companies will dominate the markets especially in Europe, Middle East and Africa region in the next 10 years.
We have been investing in Turkish startups out of our Luxembourg-based $150m early-stage fund since 2014. We are attracted to the Turkish market for the quality of Turkish tech talent and the large, vibrant, young local consumer market. Our focus on Turkey has been rewarded by strong returns from our investments, including our exits from GittiGidiyor (acquired by eBay), YemekSepeti (acquired by Delivery Hero) and Trendyol (acquired by Alibaba), all $500m+ outcomes. Our portfolio companies Hazelcast, Peak, oBilet, Vivense, Apsiyon are developing very strongly and we expect to create significant value from these investments.

We are also excited about Istanbul’s development as a hub for Southeast Europe and the Levant region.

For startups eyeing global markets, whether they are local or hailing from the region, Istanbul is an ideal location to base your operations.

With global logistics connectivity, served by two great airports and one of the world’s biggest airlines, teams can cover large swaths of the globe from Istanbul. Talent is high quality, abundant and cost of living is reasonable, so a startup’s dollar goes a long way in Turkey.

Our fund was founded on the belief that there is an abundance of talented, technically sound, and ambitious entrepreneurs in Turkey. The country has leading universities that nurture excellent engineers and entrepreneurs who have the ability and the aspiration to create global businesses. In recent years, we’ve seen our investment thesis crystallize with a number of Turkey-founded startups that had expanded globally getting acquired by leading global companies like Zynga, Atlassian, Alibaba and Microsoft. Another proud example is our fund’s recent exit of Foriba, leading regtech player in this region, to Sovos, the global leader of tax compliance solutions backed by Hg Capital. Our other recent exit of Parasut, Turkey’s leading SMB SaaS, to the dominant ERP player Mikro-Zirve also signifies that incumbents are start to see our ecosystem as an acquisition pool.

We believe that these effects will only accelerate in coming years as a greater level of knowledge is passed on to new entrepreneurs by ex-founders and investors. We also expect more startups outside of Turkey to realize the country’s large market size and shift more of their focus on expanding to the Turkey market. We believe that all of these developments will strengthen the local ecosystem both in terms of know-how and level of investment in coming years, positioning Turkey as an important up-and-coming startup ecosystem for the next decade.
Demet Mutlu
Founder of Trendyol

After discovering Turkey’s online shopping potential, in 2009 I decided to launch Trendyol. Now, Trendyol is the largest and fastest growing e-commerce company in Turkey & MENA; we serve more than 16 million customers a year and sell 200 million items in fashion, home, kids, beauty, FMCG and electronics.

Turkey is a huge market with strong strategic advantages;

1. Turkey is global sourcing hub with +1M suppliers; largest textile and durable goods manufacturer in Europe and one of the largest home appliances, automotive and FMCG suppliers in the world.
2. Turkey is well-positioned geographically and its logistics infrastructure is developed. A 2 billion population can be reached within 3 hours flight distance from Istanbul. Shipments can be done in 2-3 days to Europe, Russia and surrounding countries.
3. Turkey has a large population (80 million), of which the majority is under the age of 30 with good education, hard working culture, engineering talent and high credit card penetration.
4. And most importantly, Turkey offers a considerable tech-savvy consumer base. Eighty percent of Turkish households have internet access and 59 percent of Turks own smart phones. As of 2023, the number of smartphone users in Turkey is estimated to reach 56 millions.

Considering its large labor force, consumer base, supplier power and geographical advantages Turkey with its growing economy is a strong destination for investors seeking high long-run returns.

Daniel Kranzler
Senior Partner at Capria, IC observer member at idacapital

Capria is a global Fund-of-Funds who looks to invest in the most promising local impact funds and their investments in emerging markets, that deliver great returns to our LPs along with meaningful impact. Along with our capital, Capria brings almost a half century of global best practice in investment process and discipline to the Funds we support. We only work with a few of hundreds of Funds who apply to us. Those funds and their markets are the most promising to set a global model for superior returns from new and growing enterprise in great emerging markets. Turkey represents the kind of market and opportunity that Capria strives to find and support. Turkey has, for centuries, been the crossroads of trade and commerce between East and West. Turkey has an ambitious, passionate, well-educated industrious population with entrepreneurship in their veins. The government, education system and business climate are well suited for significant growth as a tech and startup hub both for the local region and for Northern Africa, a gateway to the largest investment/business-growth opportunity of this century. Turkey has an already powerful and advanced capacity in its industrial centers, yet at the same time, much of the country is still emerging into a strong consumer and entrepreneurial potential making it an ideal and fertile ground for impact investing. To activate our investment passion in Turkey, we have partnered with Idacapital that represents our high level of fund investment maturity and experience requirements.

The State of Turkish Startup Ecosystem 2019
At Hummingbird, we invest in early stage companies globally, including Turkey, in exceptional entrepreneurs, building transformative startups.

We have been investing in Turkey since 2010 and have been fortunate to have backed 7 Turkish startups since 2011, including Armut, Ciceksepeti, Gram Games, Modacruz and Peak investing a total of 13.5M USD, resulting so far in 40X returns, with close to $100M distributed to our shareholders from these investments already. 2018 was a big year for us in Turkey as we had 2 M&A activity in our portfolio last year with Zynga acquiring Gram Games as well as board games studio of Peak, where we invested at pre-seed stage. Moreover, over 90% of total revenues from our portfolio companies in Turkey are generated from international markets.

This shows that global startups can be built (and exited) in Turkey and presents an attractive opportunity for early stage investors given the strong pool of technical talent as well as lower entry valuations compared to rest of Europe. Although 3 out of 10 largest VC backed M&A exits out of Europe were Turkish in 2018, Turkey remains one of the most underfunded startups ecosystems in the world, relative to GDP. We believe this is poised to change as we see more success stories emerge and we will continue to look for exceptional entrepreneurs who are looking to build disruptive startups with global ambitions.

With a 80M dynamic and growing population, coupled with high-calibre and economically competitive human capital, Turkey is a potential hotbed for both consumption and creation of technology. With over 70M mobile subscriptions, spanning an average age of 30 across the country, Turkey consistently ranks among the top users of social media networks globally. Turkey currently has one of the highest growing GDPS across the globe and the 2nd highest credit card rate in Europe, but only 5.3% of total retail is done online. Therefore there is significant disposable income ready for consumption and also a retail economy ripe for digitization. As a likely gateway to both MENA and CIS regions, we believe Turkey is a likely hub for technology and innovation with minimal existing VC activity. We believe this is a deserving, but under-served market and have set up shop in 2016, completing 40 investments in total. 2018 was a record year for Turkey in terms of liquidity technology startups have seen. The likes of Alibaba, Microsoft, Atlassian and Zynga have all made sizable acquisitions in the market, providing handsome returns both to founding teams and their investors.
I came to Turkey mid-2010 to work with Endeavor and then started my company Paraşüt in 2013. What I learned about Turkey then was that it was a big market with needs for fundamental technology products & services. My startup, accounting software for small businesses, was one such fundamental product. 6 years later, there are still many areas left for willing entrepreneurs to build out their startups.

Turkey has a large engineering labor force with comparatively low labor costs. The Turkish government is heavily incentivizing technology investment with tax and R&D incentives. For example, companies located in technology parks are 100% exempt from VAT tax and 75% exempt from payroll taxes. A startup that is able to locate its R&D team to Turkey while selling to a global market will benefit immensely. A startup can significantly stretch out its initial runway while fine-tuning product/market fit.
APPENDIX

Disclaimer

The information provided in this report is general and does not constitute financial, tax, or legal advice. Whilst every effort has been taken to ensure the accuracy of this report, the editors and authors accept no responsibility for any inaccuracies or omissions contained herein. Financial, tax, or legal advice should always be sought before engaging in any transaction or taking any legal action based on the information provided. Should you have any queries regarding the issues raised and/or about other topics, please contact the authors of this report.

All information in this report is up to date as of 15.07.2019

Key Terms and Definitions

Startup: Product focused private tech company with lots of blurry things like revenue model, customer and product. Tailormade solution providers are not considered as startup.

Corporate Venture: A subsidiary of an established company created to launch a new product or service

Venture Capital Funds (VC): VC funds are structures that invest in startups and receive minority shares in return. Investment periods are limited and generally 5–6 years. When the fund expires, it aims to sell its shares at much higher prices.

Corporate Venture Capital (CVC): CVC funds are the same as VC structures, the only difference is that this fund is financed by a single company. (e.g. Intel Capital)

Pre-Seed Investment: the initial round of funding used to build and demonstrate the viability of a product idea. Pre-seed round size is generally less than $50K in Turkey.

Seed Investment: the funding round used to reach product/market fit. The startups at this stage have a working product and some paying customers with some early metrics. Seed round size is generally $200K in Turkey.

Series A: the funding round used to scale up a startup. Startups at this stage have achieved product/market fit and have repeat customers. Series A round size is generally $1M in Turkey. It’s usually the first round of financing that a startup receives from a venture capital firm.

Series B, C, D, E..: Funding rounds made by VCs with higher valuations compared to preceding round.
Convertible Debt: It is an ‘in-between’ round funding to help companies hold over until they want to raise their next round of funding. When they raise the next round, this note ‘converts’ with a discount at the price of the new round.

Growth Equity: It’s the type of investment for growing well-established, less-risky businesses. The company does not have to be profitable. The firm’s minority or majority shares may be taken by the fund.

Private Equity: Private equity round is led by a private equity firm and it is a late stage round. Th company has gone beyond generating revenue and developed profitable margins, stable cash flow.

Equity Crowdfunding: Equity crowdfunding platforms allow individual users to invest in companies in exchange for equity. Typically on these platforms the investors invest small amounts of money, though syndicates are formed to allow an individual to take a lead on evaluating an investment and pooling funding from a group of individual investors.

Corporate Round: A corporate round occurs when a company, rather than a venture capital firm, makes an investment in another company.

SAFE: Alternative to convertible notes. An investor makes a cash investment in a company, but gets company stock at a later date, in connection with a specific event.

Exit: It’s the method by which an investor and/or entrepreneur intends to “exit” their investment in a startup. Common options are IPO and buyout from another company.

Primary Transaction: Transaction or funding type where investors buy equities directly from the company issuing them.

Secondary Transaction: Transaction or funding type where investors buy equities from the existing shareholders.

Cash Out: Shareholders who sell their shares personally earn money as a result of this second transaction.

Buyout: The purchase of a controlling share in a company.

Unicorn: Startup valued at over $1 billion.

Ticket Size: Average investment amount made by and investor.

Term sheet: A non-binding agreement that outlines the major aspects of an investment to be made in a startup.

Due diligence: Deep analysis an investor makes of all the facts and figures of a potential investment.

ICO (Initial Coin Offering): Fundraising mechanism in which startups sell their underlying crypto tokens in exchange for bitcoin and ether. Unlike IPO, there is no middleman or central authority.

IEO (Initial Exchange Offering): It’s very similar to ICO but there is a middleman/central authority (launchpad).

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THANK YOU!
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