



Startup Ecosystem Award

YOUR NOMINEES

Moscow Government (public sector)

REASONS FOR NOMINATION

Rise of the Moscow startup ecosystem

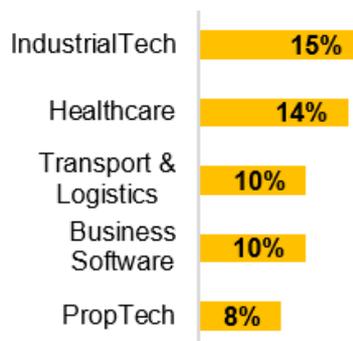
Due to active commitment and comprehensive innovation policy of Moscow Government that included diversification of innovation infrastructure, implementation of new types of PPPs and introduction of tools for targeted support of startups, Russian capital has become *one of the key technology hubs* both nationally and globally.

Moscow has more than **133,800** tech-based companies, more than **4,500** of them are startups. The share of innovative companies is **2** times higher than the average in Russia (**45%**).

The sub-sector strengths of Moscow startup ecosystem are industrial technology, healthcare, transport and logistics.

Top-5 market areas of Moscow startups

% of the general number of companies



On the national level, Moscow has become an established trendsetter in innovative development. In 2021, Moscow ranked **1st** in the all-Russian



ranking “Russian Regional Innovation Scoreboard” issued by National Research University Higher School of Economics¹.

Globally, according to Startup Genome (2020), Moscow is one of the most dynamic startup ecosystems (ranking **top-20**). In the Startup Ecosystem Rankings by Startup Blink, Moscow propelled from 14th place (2017) to **9th place** (2020) among the best startup systems of the world.

International observers agree that in the last years, Moscow Government has substantially improved *conditions for startups*. This was underlined, for instance, by fDi Intelligence: in its 2021 Tech Cities of the Future ranking, Moscow took **14th place** among 76 European cities, moving up four positions – thanks to improvement in conditions for tech-based entrepreneurship.

The volume of innovative products and services produced by Moscow companies **doubled** in 2019 compared to previous year (**\$7,5 bn** in 2019 vs. \$3,9 bn in 2018).

High dynamics of Moscow innovation ecosystem are also reflected in the growth of its VC market, making Moscow one of the top-10 cities in Europe by volume of VC capital. In 2020, Moscow startups closed **157** public deals with a general volume of **\$535,3 mln**.

I. Extensive growth of innovation infrastructure

The first element of innovation policy that contributed most to these dynamics is comprehensive development of innovation infrastructure – technology parks, coworking spaces, acceleration programmes and networking spaces.

Technology parks

Moscow has **42** technology parks, each with a specific industry focus such as mechanical engineering, IT, aircraft industry, electronic engineering, pharmaceuticals, construction materials, biotechnology, nanotechnology, light industry, power engineering. Government of Moscow invested **\$34 bn**

¹ URL: <https://www.hse.ru/mirror/pubs/share/492403134.pdf>



in development of technology parks, which made the city the leader among all Russian regions in terms of their number (**24%** of the total number of technology parks in the country). Over the past 5 years, the number of technology parks has increased **1.6-fold** and the number of their resident companies has **doubled**.

Coworking spaces

The number of coworking spaces in Moscow increased **2.3 times** over the past 5 years, with more of 50% of them in the premium segment. The total area of coworking spaces in Moscow increased **5.8 times** during this period.

Acceleration programmes

The number of Moscow-based accelerators has increased **5.5 times** over the last 5 years. The average annual growth rate of the number of programmes in 2016-2020 is **56%** and the increase in 2020 alone is **74%**. More than **1.600** start-ups revived acceleration support in 2020 (**1.6** times more than in 2019).

The number of public accelerators (run with support of Government of Moscow) **doubled** in 2020. Most accelerators focus on startups with a working prototype (MVP) and first sales. Many accelerators are moving from a classic general training programme to forming an individual support track for each startup.

Networking spaces

The Moscow innovation ecosystem is highly integrated and dynamic. Every year, thousands of events for startups take place here, including such prominent ones as the Open Innovations Forum and Startup Village. A new impetus to these dynamics was given by **Digital Business Hub** – venue run by the Moscow Agency of Innovations.

Since its opening in 2017, it has established itself as the central hub for the Moscow startup community. More than **400** events are held here every year, which include innovation and technology forums, events for young and



experienced entrepreneurs, venture capitalists and potential customers of innovative solutions.

Located in the center of Moscow (47, Pokrovka street), Digital Business Hub is an offline version of the platform for startups, venture capitalists, business angels and corporations looking for technological solutions. In 2019, the Hub welcomed **100,000** visitors – mostly startups and entrepreneurs. They are given an opportunity to show investors and representatives of the city their ideas and prototypes, exchange ideas and find partners. Top managers of leading companies, digital and IT specialists, representatives of different creative professions musicians, designers, journalists were also among visitors.

II. Innovative public-private partnerships

As important is infrastructure for innovative development, the key improvement in conditions for startups over the last years has to do with introduction by the Government of Moscow of new PPPs, the key of which are the Moscow Innovation Cluster and its flagship services – Moscow Accelerator Programme and Moscow Innovations Piloting Programme.

The Moscow Innovation Cluster

In 2019, Moscow Government launched the megaproject “Moscow Innovation Cluster” – a platform for introducing innovations and developing cooperation between startups, SMEs, large corporations, industry, educational and scientific organizations, development institutions and the city. The cluster IT platform (<https://i.moscow>) unites the entire innovation ecosystem of Moscow (more than **27,000** participants) and provides new and unique opportunities for interaction between its actors.

The platform is *accessible to all participants of the innovation market*: scientific and educational organizations, industrial enterprises, IT companies, startups, venture funds and infrastructure. The platform provides companies with tools to build cooperation chains and create projects that can gain direct access to all government support measures; tools to promote their products and services; tools to interact with authorities, development institutions and state corporations; opportunities for concluding deals by



means of a smart contract system – through highly reliable blockchain technologies and much more.

In 2020, participants of Moscow Innovation Cluster initiated **170** innovative projects on the cluster IT platform. **18** support measures provided by city government are available for startups, among them the Moscow Accelerator Program and Moscow Innovations Piloting Program.

The Moscow Accelerator Program

Moscow Accelerator is run by Moscow Agency of Innovations and the Moscow Innovation Cluster Foundation, subordinate structures of the Department of Entrepreneurship and Innovative Development of the Moscow Government.

Since its launch in late 2019, more than **4.000** startups applied for the Program and competed for **\$1 mln** prize fund. They launched **195 pilot projects** with partner corporations and attracted **\$5.5 mln** investments. **14** alumni companies entered the foreign market.

In 2020, the Program won the “**BRICS Solutions Award**” in the Business Solutions category and was recognized as a “social, economic, and technological breakthrough”, one of the best policy practices in BRICS countries.

The key goals of the Program are:

- To ensure exponential growth of Moscow innovation ecosystem, overcoming barriers to the innovative development of the city, startups and corporations.
- To foster citizen engagement in innovative development.
- To provide other cities with a new tool of innovative development.

Each launch of the Program a separate accelerator (track), implemented in partnership with major corporations. A working group that consists of representatives of the Moscow Government and partners of the track supervises each accelerator.

The Program ensures a triple “win-win situation”: startups find investment, networking, mentoring support and new sales channels, improve their long-term development strategy and get the opportunity to conclude contracts



with anchor corporations. Corporations get access to relevant innovative companies for integration into the internal technological loop, as well as opportunities: to test new solutions and business hypotheses without significant costs, to increase the rate of expansion of the product line and to form a competitive advantage due to attracted high-tech solutions. The city receives innovative products tailored to citizens' needs that improve their quality of life, and fosters growth of urban innovation ecosystem.

The Program consists of *acceleration and post-acceleration programmes*. *Acceleration programme* is 10 weeks of intensive practice, comprised of practical workshops and master classes, group weekly traction meetings, individual consultations with trackers, expert sessions and networking. Within 3 months after the completion of the acceleration program, participants continue to receive support in the development of their business and individual support within the framework of the *post-acceleration follow-up program*. Experts help graduates formulate an individual development plan and monitor their success. Also, startups get support in launching a pilot project at one of the pilot sites in the Moscow city (over 140 private and public pilot sites), where they are tested by citizens.

Example:

The Program's most well-known alumni startups include:

- *Skillfolio*. A platform of complex diagnostics and soft skills development – key competences in digital era. URL: <https://skillfolio.ru/>
- *Malivar*. Technology for creating, producing and automatization of virtual models, artists and bloggers based on the neurolink and computer graphics. URL: <https://malivar.io/>
- *Eyeimprover*. Eyetrainer for saving and improving of vision both for children and adults. It allows to prevent eye surgery just because of 2,5 minutes trainings per day. URL: <http://eyeimprover.com/>
- *Checkme*. Personal checkup consulter and clinics booking service. <https://checkme.ru/>
- *VR CONCEPT*. Virtual prototyping application for collaborative work with digital twins in virtual. <https://vrconcept.net/>



The Moscow Innovation Pilot Program

The Moscow Innovation Pilot Program was developed *to fill the gaps in innovative development of the Moscow city*, especially the following problems (typical for most megapolises):

- Startups are rarely familiar with the real needs of the city administration; their solutions often do not meet these needs.
- Startups experience difficulties in proving economic viability of their products to potential customers due to the lack of ability to test their products in practice and receive professional feedback.
- Startups experience serious difficulty in passing the complicated public procurement system and, in general, in accessing large customers.
- Citizens are poorly included in the process of testing innovations, which results in fear, and rejection of innovations.

The Program *provided startups and technological SMEs with a tool to test their innovative solutions* on the objects of urban infrastructure – **140** urban and commercial facilities – and to receive direct feedback from the representatives of city departments, corporations, and citizens (which did not exist before). This helped them enter the public procurement system and find potential partners and investors.

In 2020, more than **80** innovations have been piloted in framework of the Program; as a result, **\$1.68 mln** worth of these products have been procured. The number of pilot sites available for startups increased **5.8 times** (from 24 to **140**), which makes the Program is the largest innovations piloting program in the world.

The key goals of the Program are:

- To connect large business and startups in order to test important hypotheses and to customize products according to business needs.
- To help tech startups and SMEs receive feedback from potential customers and place their products onto the market.
- To foster citizen engagement in innovative development by involving people of all gender, ethnicity, class and age in testing innovations, and to make city innovation policy more transparent.
- To improve the quality of life, especially of citizens with special needs, by introduction of cutting-edge innovative solutions.



- To provide other cities with an easily replicable tool of innovative development.

The Program is a *unique easy entry point* for smart city market and procurement of public and large private actors. It allows startups to drastically reduce the time between idea and the real market and swiftly pass the most critical stage of development, avoiding lobbying or spending time on communication with the city and corporations – who, in return, receive the cutting-edge products.

Wide participation of citizens in the Program allowed to make the city innovation policy more transparent, involve more communities in the process of testing innovations and build up trust in innovations. On the basis of this feedback (and organizational support from the Moscow City Government) innovators can improve the potential of their products for application and scaling, drastically reduce the time between idea and the real market and swiftly pass the most critical stage of development, avoiding lobbying or spending time on communication with the city administration and corporations – who, in return, receive the cutting-edge products.

Institutional design of the Program is a result of open innovation approach: it was developed during multilateral dialogue conducted in working groups with representatives of the key stakeholders – citizens, startups, SMEs, city administration, large corporations, etc.

The underlying principle of the Program is to involve citizens of all gender, ethnicity, class and age in testing innovations so that Moscow would become a more inclusive city, comfortable for everyone. Many of piloted innovations are aimed for improving quality of life of people with special needs.

Example:

One of the Program participants is startup “**VOICE VISION**”. Its sound vision solution “VoiCe vision” includes glasses with built-in video camera and bone conduction headphones. The device is designed with use of the Peter Meyer's sensory substitution algorithm. The unique technology allows you to “see” the surrounding space using your hearing. The device converts the image captured by the external camera into an audio track according to the specified algorithm. The users of “VoiCe Vision” turn from blind to visually impaired – with prolonged use of the device, the brain zones responsible for visual sensations are activated. The person senses the picture.



In 2019, with the support of the Moscow Innovation Pilot Program the pilot testing of the solution was carried out at the site of the "Boarding House for Visually Impaired persons" (Moscow City Government, Department of Labor and Social Protection). As a result, the institution purchased several devices for its own needs, and a decision was made on the further larger-scale implementation of the device in the urban infrastructure. After first successful implementation, Moscow Innovation Pilot Program helped scale up the project. Preparation for mass use of the product was conducted in cooperation with the Russian State Library for the Blind, the largest specialized library in the Russian Federation.

III. Targeted support of startups

Tailored services provided by Government of Moscow are another important driver of the ecosystem. They range from educational and informational support to financial one.

StartHub.Moscow, run by Moscow Agency of Innovations, is a free software development programme for the growth and development of technology startups with its own co-working space in the centre of Moscow. The programme includes a range of tools for business development, expert support, industry events and networking, **5 months** of "subscriptions" to expert resources and co-working space, **4,500** "expert hours" for business growth, **200+** training events annually. The expert community of the Program includes **600** top managers and founders.

Startups – participants of the Program enjoy free educational development programme (workshops, webinars, masterclasses), mentorship (one-to-one consultations, expert sessions), tracking (Individual and group meetings on business dynamics), free coworking space in the centre of Moscow for work and communication, as well as networking with corporations and investors (pitch sessions, business breakfasts, theme events).

Department of Entrepreneurship and Innovative Development of Moscow provides various kinds of subsidies for innovative companies, such as:



- subsidies for reimbursement of costs for education programmes for employees of startups;
- subsidies for reimbursement of costs for certification of goods and management systems;
- subsidies for reimbursement of patenting costs;
- subsidies for reimbursement of expenses for participation in exhibitions and congresses;
- subsidies for reimbursement of lease and credit payments;
- subsidies for reimbursement of equipment acquisition costs.

In 2020, the total volume of financial support by the Department amounted for **\$232,8 mln.**

The Department also provides other tailored services: in 2020, more than **133.000** Moscow entrepreneurs received consultation support, more than **69,000** entrepreneurs received educational support by participating in government-organized online courses on business development.

For COVID-19 recovery, the Moscow Government in 2020 allocated **\$530 mln** to support Moscow companies.

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SUPPORTING INFORMATION: Please send any supporting information to the address above, including information from candidate (i.e. excerpt from program description, web site print-out, press release, etc.)

Moscow Accelerator. URL: <https://ma.innoagency.ru/index-en.html>

BRICS Solutions Award (earned by Moscow Accelerator):
<https://drive.google.com/file/d/1zqbNEsML4y35iyudc7jxNtM6QoVzOLn3/view>

<https://asi.ru/eng/news/178470/>

On December 18, 2020, the Moscow Accelerator was recognized as the Best Infrastructural Project of 2020 in the Investment and Innovation category of the 4th Russian Regions Development Award. The award is presented



annually to companies and organizations spearheading the development of Russia's regions. URL: <https://madeinrussia.ru/en/news/2899>

Moscow ecosystem in international rankings:

Moscow among top 20 best 'tech cities' in Europe. URL: <https://www.rt.com/business/493254-moscow-best-tech-cities/>

Moscow is in the Top7 Intelligent Communities in the world. URL: <https://moderndiplomacy.eu/2021/08/01/moscow-is-in-the-top7-intelligent-communities-in-the-world/>

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