

**TÜSİAD**

TÜRKİYE:  
A LEADING HUB  
for STARTUPS  
and TECH COMPANIES  
in EMEA





# **TÜRKİYE: A LEADING HUB for STARTUPS and TECH COMPANIES in EMEA**

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Meşrutiyet Street, No: 46 34420 Tepebaşı/İstanbul  
Phone: +90 212 249 07 23 \* Telefax: +90 212 249 13 50  
[www.tusiad.org](http://www.tusiad.org)

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**Editors:** Tamer Şen, Kadir Yusuf Öztürk, Esin Arslan

**Report Design and Layout:** Maske Medya Reklam ve İletişim Hizmetleri Limited Şirketi

**Cover Page Design:** Atilla Erkmen - Marslı Video Ajansı

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# Preface

TÜSİAD (Turkish Industry and Business Association) is a civil society organization established by Turkish industrialists and businesspeople in 1971 to represent the business world.

TÜSİAD aims to contribute to the formation and development of a social order based on the adoption of the universal principles of human rights, freedom of thought, belief, and action, a secular state of law, concepts of participatory democracy, a liberal economy, the rules and regulations of a competitive market economy and a sustainable environmental balance.

TÜSİAD works to achieve the realization of the main objectives stated above based on the belief that businesspeople working in line with the targets and principles envisaged by Atatürk guided by a concept of Türkiye's reaching and surpassing the norms of contemporary civilization and boding to the equality of men and women in politics, the economy and education, comprise a pioneering and enterprising group in society.

As a representative body of the Turkish business world working for the public good, TÜSİAD strives to manifest activities to entrepreneurs in conformity with the universal principles of business ethics. TÜSİAD constantly aims for progress and enhancement in Türkiye's competitiveness, social welfare, employment, and productivity, as well as the country's capacity for renewal and the scope and quality of education and training during globalization.

TÜSİAD contributes to the formation of national economic policies by correctly evaluating regional and sectoral potentials in Türkiye's economic and

social development in an environment in which social peace, compromise, and reconciliation are maintained.

TÜSİAD promotes Türkiye globally and supports the EU accession process through efforts to develop international political, economic, social, and cultural relations and communication, representative, and cooperative networks.

TÜSİAD conducts research, forms views, and develops projects and activities to accelerate international integration and influence-building regional and local development.

TÜSİAD aims on behalf of the Turkish business world to encourage and develop a unity of thought and action in line with these objectives through the direct and indirect dissemination of its views and recommendations to the Turkish parliament, government, other states, international organizations, and public opinion, through the press and other means.

TÜSİAD, by its mission and the context of its activities, initiates public debate by communicating its position supported by scientific research on current issues.

The TÜSİAD Entrepreneurship and Youth Affairs Round Table addresses entrepreneurship from multiple perspectives. The Round Table performs extensive work aiming to strengthen the Turkish entrepreneurship ecosystem and follow global trends across a wide range of fields.

The Round Table is dedicated to carrying out activities to help bring Türkiye into the league of the

most advanced entrepreneurship ecosystems in the world by:

- identifying areas for improvement in policies and regulations, and advocating for change;
- supporting the Turkish entrepreneurship ecosystem to strengthen its global ties;
- bolstering the capabilities of the country's entrepreneurship ecosystem and fostering the entrepreneurial spirit among the youth; and
- raising awareness of corporate entrepreneurship to reinforce the innovation culture and skills of the Turkish business community.

The TÜSİAD Entrepreneurship and Youth Affairs Round Table commissioned this report to spotlight Türkiye's entrepreneurship ecosystem potential as a vibrant player in the regional ecosystem. With its strategic geographic position bridging Europe and Asia, an increasing number of highly skilled entrepreneurs, and a young, dynamic population, Türkiye represents a confluence of factors that

make it an attractive destination for startups and technology investors.

We are grateful to TÜSİAD's Entrepreneurship Ecosystem Working Group Co-chairpersons Barış Özistek and Kerem Turunç for their valuable support and guidance during the preparation of the report. We also thank the members of the Working Group for their contributions throughout the process.

We thank Boğaziçi Ventures, Esas Holding, TURUNÇ, and Türkiye İş Bankası for being the promotional sponsors of the report.

This report was authored by Berç Çubukciyan and Deniz Kayahan, with contributions from Mustafa Alper Kulak, representing Maven Insights, a management consulting firm.

The report was edited by TÜSİAD Deputy Secretary General Tamer Şen, Entrepreneurship and Youth Affairs Director Kadir Yusuf Öztürk and Entrepreneurship and Youth Affairs Junior Expert Esin Arslan.

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\*The data included in the figures of the report are the most current data available when the report was written. The graphs were prepared according to data in 2023.

# Abbreviations

<b>B2B</b>	Business to Business
<b>B2C</b>	Business to Consumer
<b>CVC</b>	Corporate Venture Capital
<b>EBAN</b>	European Business Angels Network
<b>EMEA</b>	Europe, Middle East, and Africa
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>GERD</b>	Gross Domestic Expenditure on Research and Development
<b>ICT</b>	Information & Communications Technology
<b>IMF</b>	International Monetary Fund
<b>ITU</b>	International Telecommunication Union
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PPP</b>	Purchasing Power Parity
<b>R&amp;D</b>	Research and Development
<b>STEM</b>	Science, Technology, Engineering, Mathematics
<b>TDZ</b>	Technology Development Zones
<b>TURKSTAT</b>	Turkish Statistical Institute
<b>UN</b>	United Nations
<b>US</b>	United States
<b>VAT</b>	Value Added Tax
<b>VC</b>	Venture Capital
<b>VCIF</b>	Venture Capital Investment Fund
<b>WIPO</b>	World Intellectual Property Organization

# Executive Summary

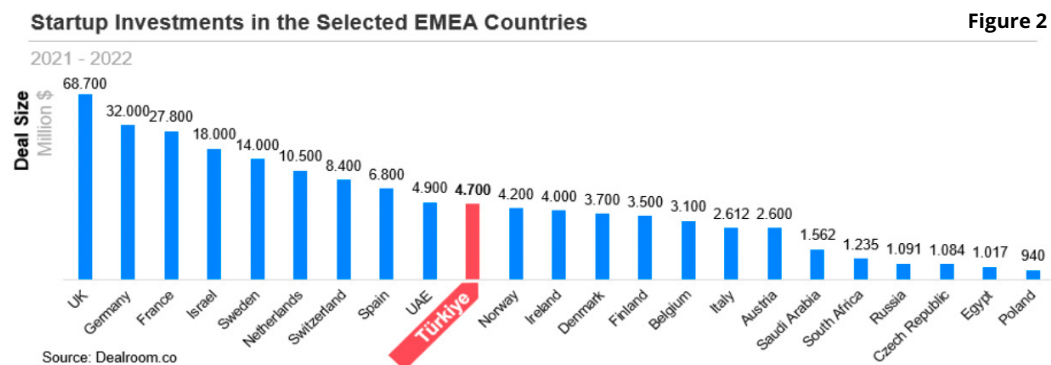
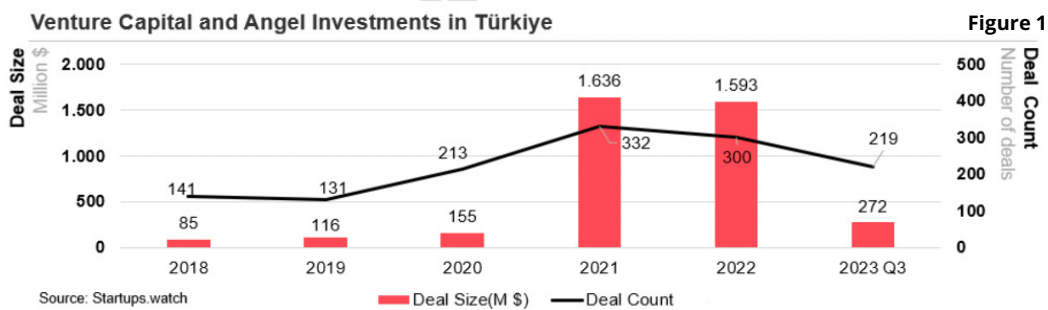
## Overview: A Thriving Entrepreneurship Ecosystem

Türkiye's entrepreneurship ecosystem has demonstrated remarkable growth and dynamism in recent years. In 2018, the country observed an investment volume of \$84 million spread across 139 deals. Fast forward to 2021, and the figures dramatically increased to \$1.9 billion with 340 deals. This momentum continues. 353 deals were realised in 2022 and 344 deals in 2023. The 161 deals realised in the first quarter of 2024 show that investors' interest continues.<sup>1</sup> This growth trajectory illustrates Türkiye's approach to fostering innovation. With a rich history of trade and commerce, coupled with recent strategic initiatives, the ecosystem has cultivated an environment for entrepreneurship. The increasing involvement of venture capitalist and corporate venture capitalists and angel investors highlights the current achievements and points toward a promising future for the entrepreneurship ecosystem in Türkiye.

The ecosystem stands out prominently in the Europe, Middle East, and Africa (EMEA) region investment

landscape in 2021-2023 with the total investment of \$5.7 billion<sup>2</sup> underscored its growing influence and success in the entrepreneurial domain. This achievement is particularly noteworthy considering the competitive nature of the region. Türkiye's performance highlights its effective strategies in nurturing innovation and showcases its evolving role as a leader in the broader EMEA region. The consistent growth demonstrates resilience, potential, and the robust foundation it has laid for future endeavors in the global startup arena.

The emergence of Türkiye as a rising entrepreneurship ecosystem is accelerated with its six industry pioneers namely Dream Games, Hepsiburada, Getir, Peak Games, Insider, and Trendyol. These unicorns exemplify entrepreneurial success and reflect the capacity to foster high-caliber innovations. Since 2010, Türkiye has witnessed 274 exits, emphasizing the maturity and attractiveness of its startups to



<sup>1</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0) <https://startups.watch/reports>

<sup>2</sup> Dealroom.co. State of Türkiye Tech 2023 Report. <https://dealroom.co/reports>

<sup>3</sup> Startups.watch. (2023). Exit Activity in Türkiye Report. (v.1.6) <https://startups.watch/reports?utf8=%E2%9C%93&q=exit>

<sup>4</sup> Dealroom.co. Explore the Most Promising Ecosystems Data. <https://l24.im/hOzrQC8>

global investors.<sup>3</sup> Further, the ecosystem has seen 1,826 funding rounds since 2015, indicating consistent investor confidence and an entrepreneurial spirit.<sup>4</sup>

The factors behind this achievement are described in more detail in the later sections of the report. Below are some key aspects of the country's entrepreneurship ecosystem.

Figure 3



offers a fertile ground for startups. The country's strategic geographic location bridges Europe and Asia, providing access to multiple markets. Its population of over 80 million, with a large middle class and high internet penetration, presents a golden opportunity for tech startups.<sup>5</sup>

**Investment Landscape:** The investment climate in Türkiye has seen substantial growth, with a significant increase in local and international venture capital (VC) funding. Türkiye's startups have attracted approximately \$4.4 billion in cross-border investments between 2021 and 2022, confirming the global confidence in its entrepreneurship ecosystem.<sup>6</sup> The presence of more than 80 VC funds and 140 corporate venture capital (CVC) and corporate investors underlines the diversity of actors within the local investment community.<sup>7</sup>

**Research and Development (R&D) and Innovation:** Türkiye's commitment to R&D is evident in its government and private sector investments. In 2021, the country allocated 0.23% of its Gross Domestic Product (GDP) to direct government funding and tax support for business R&D, surpassing many regional counterparts.<sup>8</sup> Moreover, Türkiye's gross domestic spending on R&D has shown consistent increase, reaching \$37,144 million in 2021.<sup>9</sup> The growing number of patent applications, totaling 8,663 as of 2023 the burgeoning innovation within the country.<sup>10</sup>

**Industry Strengths:** Türkiye's key sectors, including defense, automotive, fintech, and gaming, have grown remarkably in the recent past. The defense industry, with arms exports reaching \$4.5 billion in 2022 and hit \$ 5.5 billion in 2023, showcases significant advancements.<sup>11</sup>

**Market Dynamics and Consumer Base:** Türkiye's market, with its diverse and large consumer base,

<sup>5</sup> Türkiye's current population is 85,279,553 according to the official statistics of Turkish Statistical Institute's (TurkStat) address-based population registration system results 2022. <https://data.tuik.gov.tr/Bulten/Index?p=The-Results-of-Address-Based-Population-Registration-System-2022-49685&dil=2#:~:text=TRKSTAT%20Corporate&text=The%20population%20residing%20in%20T%C3%BCrkiye,million%20575%20thousand%20441%20people.>

<sup>6</sup> "Cross Border Investment" refers to startup investment received from investors outside the startup's jurisdiction of incorporation.

<sup>7</sup> Startups.watch. (2022). VC – CVC Statistics for Türkiye. (v0.1). <https://startups.watch/reports?utf8=%E2%9C%93&q=cvc>

<sup>8</sup> OECD. Tax Incentives for R&D and Innovation. <https://www.oecd.org/innovation/tax-incentives-RD-innovation/>

<sup>9</sup> OECD. Gross Domestic Spending on R&D. <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

<sup>10</sup> Turkish Patent and Trademark Office (TurkPatent). <https://www.turkpatent.gov.tr/en/patent-istatistik>

<sup>11</sup> Türkiye Exporters Assembly. Export Figures. <https://tim.org.tr/en/export-export-figures> (Numbers have been rounded.)

Similarly, the automotive sector produced 1.4 million vehicles in 2023, contributing to the country's industrial prowess.<sup>12</sup> The fintech and gaming industries have seen exponential growth, with Türkiye ranking third in EMEA for gaming startup investments, amounting to \$695 million between 2021 and 2022 where global investment reached its peak.<sup>13</sup>

### **Information & Communication Technology (ICT)**

**Infrastructure and Talent Pool:** Türkiye's robust ICT infrastructure and a highly skilled workforce with strong academic backgrounds significantly contribute to the startup environment. The country's universities and research institutions are essential in nurturing talent for sustaining innovation and technological advancement.

### **Ease of Doing Business and Legal Framework:**

Türkiye's legal framework, based on the continental European legal system and aligned to a large extent with the European Union (EU) regulations, enhances its business environment. Legal incentives in free zones, technoparks, and technology development zones offer numerous benefits to startups, including tax exemptions and R&D support.

**Global Integration:** Türkiye's integration with global markets facilitates smooth trade and investment flows, primarily through its Customs Union agreement with the EU. This integration positions Türkiye as an attractive destination for startups looking to expand internationally.

**Opportunities and Challenges:** While Türkiye's entrepreneurship ecosystem offers significant potential, challenges in increasing its share of global VC funding and fully leveraging its talent pool remain. Addressing these issues can further unlock growth and innovation in Türkiye's tech industry.

## **The Three - Pillars of Türkiye's Entrepreneurship Ecosystem**

After the analysis of the report on developing entrepreneurship ecosystem factors, three pillars are defined in the benchmarking methodology

section. Türkiye has demonstrated a strong presence across the EMEA countries where the report identifies a secret sauce triangle of the achievements mentioned above.

### **Hub for Scaling Startups in the Domestic Market:**

Türkiye's economy, marked by its dynamic growth and diverse sectors, provides a fertile ground for startups looking to scale domestically. With a population exceeding 80 million, the country boasts a large, young, and increasingly tech-savvy consumer base. This demographic profile presents an opportunity for startups to test, refine, and grow their solutions in a substantial and varied market, making Türkiye an ideal environment for them aiming to establish a strong domestic presence.

### **Local Pilot Base for Global Growth Startups:**

Türkiye serves as an effective springboard for startups aspiring to expand globally. The country's location as a bridge between Europe and Asia and its wide startup and talent network offer startups a unique advantage. Access to emerging and established markets and a diverse and skilled talent pool enables startups to pilot their products and services in Türkiye before scaling to international markets. This blend of local grounding and support for access to global positions Türkiye as a strategic base for startups with global ambitions.

### **Incubator of Deep Tech Startups for Global Markets:**

The country's commitment to R&D and deep tech is evident in its substantial investments in these areas. Türkiye's deep technical skill set, rooted in a solid educational foundation and industry collaboration, fosters an environment conducive to innovation in advanced technologies. The corporate sector's engagement in startup development further amplifies the focus on deep tech. This synergy between academia, industry, and entrepreneurial ventures makes Türkiye an incubator for deep tech startups aiming to impact global markets. The presence of technoparks and technology development zones, offering incentives and support, underscores Türkiye's commitment to nurturing deep tech initiatives.

<sup>12</sup> Investment Office. Sectors – Automotive. <https://www.invest.gov.tr/en/sectors/pages/automotive.aspx>

<sup>13</sup> Maven Insights and Solutions Analysis

Türkiye's unique combination of favorable economic activity, a large consumer base, strategic global positioning, a vivid talent network, and a focus on deep tech and R&D establishes it as a multifaceted

hub for startups. Whether scaling in the local market, piloting for global growth, or incubating deep tech solutions, Türkiye presents a dynamic and supportive ecosystem for startup development and success.

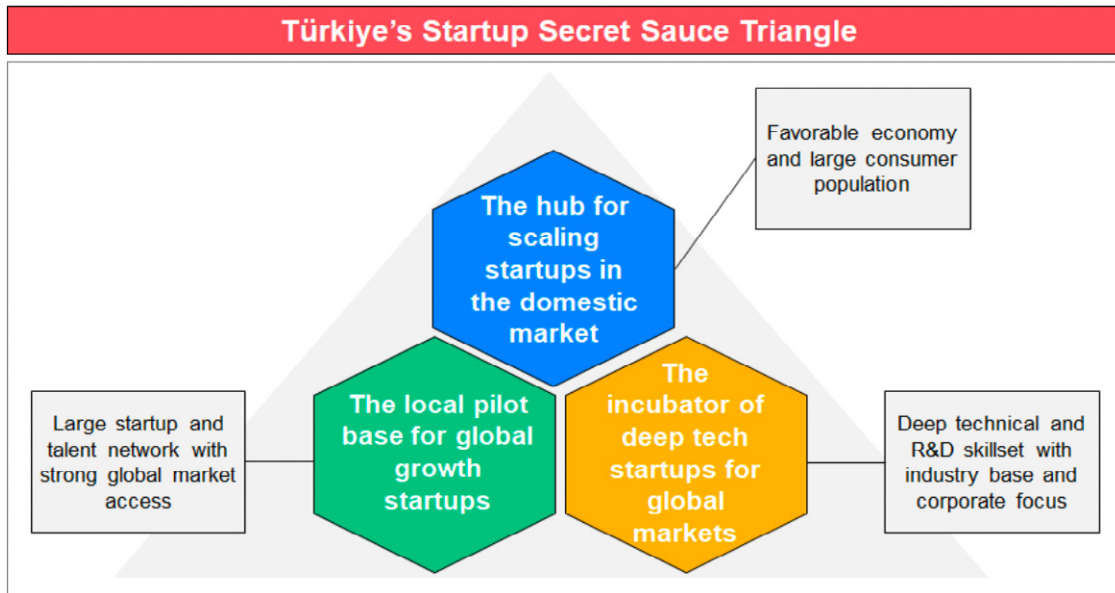


Figure 4

# Yönetici Özeti



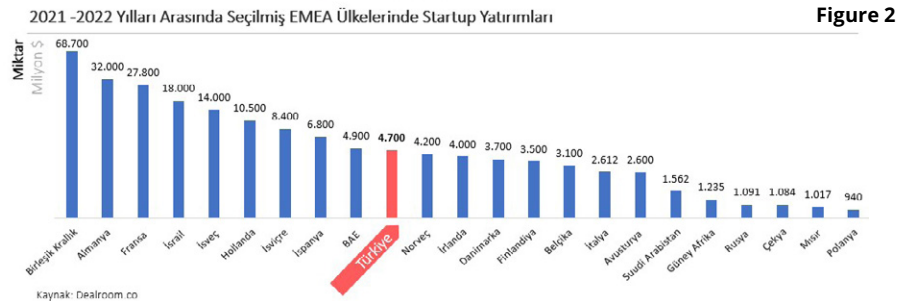
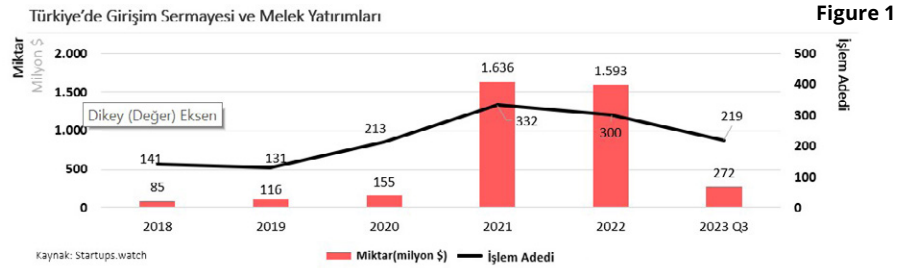
## Genel Bakış: Hızla Gelişen Bir Girişimcilik Ekosistemi

Türkiye girişimcilik ekosistemi son yıllarda dikkat çekici bir büyüme ve dinamizm göstermektedir. 2018 yılında, ekosistemin 139 yatırım ile toplamda ulaştığı yatırım hacmi 84 milyon dolardır.<sup>14</sup> 2021 yılına gelindiğinde ise Getir'in aldığı yatırımların da dahil edilmesiyle rakamların belirgin bir artışla 340 yatırım adedinde toplamda 1,9 milyar dolar seviyesinde oluştuğu görülmektedir.<sup>15</sup> Ekosistemin yakaladığı bu ivme, 2022 yılında 353, 2023 yılında 344 yatırım ile devam etmektedir. 2024 yılı ilk çeyreğinde alınan 161 yatırım ile gelecek yıllarda ekosisteme yatırımcı ilgisinin artacağını öngörmek mümkündür.<sup>16</sup> Bu büyüme eğrisi Türkiye'nin, inovasyonu teşvik etmedeki yaklaşımını yansıtmaktadır. Zengin ticaret geçmişi ile birleşen stratejik atılımlar sayesinde, Türkiye girişimcilik için elverişli bir ortam sunmaktadır. Giderek daha fazla sayıda melek yatırımcının, girişim sermayesinin ve kurumsal girişim sermayesinin dahil olması, Türkiye'deki girişimcilik ekosisteminin elde ettiği başarıları ve umut vaat eden geleceğine dikkat çekmektedir.

2021-2023 yıllarında toplam 5,7 milyar dolar ile Avrupa, Orta Doğu ve Afrika (EMEA) bölgelerinde ön plana

çıkması, ekosistemin girişimcilik alanında büyüyen etki ve başarısını vurgulamaktadır.<sup>17</sup> Bu başarılar, özellikle bölgenin rekabetçi doğası dikkate alındığında kayda değerdir. Bu performans, Türkiye'nin yeniliği beslemedeki etkili stratejilerini ve EMEA bölgesinde gelişen liderlik rolünü sergilemektedir. İstikrarlı büyüme gösteriyor ki Türkiye'nin dayanıklılığı, potansiyeli ve küresel startup arenasında gelecekte gösterilecek çabalar için sağlam temelleri bulunmaktadır.

Her biri sektörünün önde gelenlerinden olan Dream Games, Hepsiburada, Getir, Peak Games, Insider ve Trendyol olmak üzere toplam 6 unicorn şirketi ile Türkiye, yükselen bir girişimcilik ekosistemidir. Bu unicorn şirketleri girişimcilik başarısını örneklerken aynı zamanda yüksek kalibrede yeniliği teşvik etme kapasitesini de yansıtmaktadır. 2010 yılından bu yana Türkiye, startupların olgunluğu ve uluslararası yatırımcılar nezdindeki albenisini vurgulayan 274 exit sayısına ulaşmıştır.<sup>18</sup> Ayrıca 2015 yılından bu yana 1.826 fonlama turuna ulaşmış olması, yatırımcı güveni ve girişimcilik ruhunun süregeldiği bir ekosisteme işaret etmektedir.<sup>19</sup>



<sup>14</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0). <https://startups.watch/reports>

<sup>15</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0). <https://startups.watch/reports>

<sup>16</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0). <https://startups.watch/reports>

<sup>17</sup> Dealroom.co. State of Türkiye Tech 2023 Report. [https://dealroom.co/reportshttps://app.turkiyetechnohub.org/transactions.rounds/f/growth\\_stages/not\\_mature/rounds/not\\_GRANT\\_SPAC%20PRIVATE%20PLACEMENT/slug\\_locations/anyof\\_turkey/tags/not\\_outside%20tech?showStats=YEAR&statsType=rounds](https://dealroom.co/reportshttps://app.turkiyetechnohub.org/transactions.rounds/f/growth_stages/not_mature/rounds/not_GRANT_SPAC%20PRIVATE%20PLACEMENT/slug_locations/anyof_turkey/tags/not_outside%20tech?showStats=YEAR&statsType=rounds)

<sup>18</sup> Startups.watch. (2023). Exit Activity in Türkiye Raporu. (v.1.6). <https://startups.watch/reports?utf8=%E2%9C%93&q=exit>

<sup>19</sup> Dealroom.co. Explore the Most Promising Ecosystems Data.

Ekosistemin elde ettiği başarıların arkasındaki etmenler raporun ilerleyen bölümlerinde daha detaylı olarak açıklanmaktadır. Türkiye girişimcilik ekosisteminin bazı temel belirleyici yönlerine aşağıda yer verilmektedir.



**Pazar Dinamikleri ve Tüketici Tabanı:** Türkiye pazarı, geniş ve çeşitli tüketici tabanı ile startaplara verimli bir zemin sunmaktadır. Avrupa'yı Asya'ya bağlayan stratejik coğrafi konumu ise birden fazla pazara erişim imkânı sağlamaktadır. Türkiye 80 milyonu aşan nüfusu, büyüyen orta sınıfı ve yüksek internet kullanım oranı ile teknoloji startapları için bulunmaz fırsatlar sunmaktadır.<sup>20</sup>

**Yatırım Ortamı:** Türkiye yatırım ortamı, yerli ve uluslararası girişim sermayesi fonlamasındaki kayda değer artışla önemli bir büyüme görmüştür. Girişimcilik ekosistemine duyulan uluslararası güveni doğrular bir şekilde Türk startapları, 2021 ve 2022 yılları arasında yaklaşık 4,4 milyar dolar sınır ötesi yatırım çekmiştir.<sup>21</sup> 300'den fazla girişim sermayesi yatırım fonu şirketi ve 84 kurumsal girişim sermayesi varlığı, yatırımlardaki aktörlerin çeşitliliğini göstermektedir.<sup>22</sup>

**Araştırma ve Geliştirme (AR-GE), İnovasyon:** Türkiye'nin AR-GE aktivitelerini artırmaya olan bağlılığı

devlet ve özel sektör yatırımlarında belirgindir. 2021 yılında, Gayri Safi Yurt içi Hasıla'nın (GSYH) %0,23'ü doğrudan devlet finansmanı ve işletmelere verilen AR-GE'ye yönelik vergi destekleri bölgedeki birçok muadilini geride bırakmaktadır.<sup>23</sup> Dahası, Türkiye'nin AR-GE'ye yönelik brüt harcaması yakın zamanda tutarlı bir artış göstererek 2021 yılında 37.144 milyon dolara ulaşmaktadır.<sup>24</sup> Ülkede gelişen inovasyonla birlikte artan patent başvuru sayısı 2023 itibarıyla 8.663 olarak kayıtlara geçmektedir.<sup>25</sup>

**Sanayi Gücü:** Türkiye'nin savunma, otomotiv, fintek ve oyun gibi kilit sektörleri yakın geçmişte dikkate değer bir büyüme kaydetmektedir. Savunma ve havacılık endüstrisinin, 2022 yılında 4,5 milyar dolara ulaşan ihracatı 2023 yılı itibarıyla 5,5 milyar doları bulması bu alandaki önemli ilerlemeyi göstermektedir.<sup>26</sup> Benzer şekilde otomotiv sektörü, 2023 yılında 1,4 milyon sayıda araç üretimi ile ülkenin sanayi gücüne katkıda bulunmaktadır.<sup>27</sup> Fintek ve oyun sektörlerinde hızla artan bir büyüme görmüş Türkiye, 2021 ve 2022 yılları arasında 695 milyon dolar tutarında olan oyun startapları yatırımı ile EMEA bölgesinde üçüncü sırada yer almıştır.<sup>28</sup>

**Bilgi ve İletişim Teknolojileri Altyapısı, Yetenek Havuzu:** Türkiye'nin güçlü BIT altyapısı ve akademik geçmişi zengin oldukça vasıflı iş gücü startup ortamına hatırı sayılır bir katkıda bulunmaktadır. İnovasyonu ve teknolojik ilerlemeyi sürdürülebilir kılabilecek yeteneklerin yetiştirilmesinde üniversiteler ve araştırma enstitüleri önemli bir yere sahiptir.

**İş Yapma Kolaylığı ve Yasal Çerçeve:** Türkiye'nin kıta Avrupası yargı sistemine dayalı yasal çerçevesinin, Avrupa Birliği (AB) düzenlemeleri ile büyük ölçüde uyumlu olması iş ortamını geliştirmektedir. Serbest bölgelerdeki yasal teşvikler, teknoparklar ve teknoloji geliştirme bölgeleri startaplara vergi muafiyeti ve AR - GE destekleri de dahil sayısız faydalar sunmaktadır.

<sup>20</sup> Türkiye İstatistik Kurumu'nun adrese dayalı nüfus kayıt sistemi 2022 yılı sonuçlarına göre mevcut nüfus 85.372.377'ye ulaşmıştır.

<https://data.tuik.gov.tr/Bulten/Index?p=Adrese-Dayali-Nufus-Kayit-Sistemi-Sonuclari-2023-49684>

<sup>21</sup> "Sınır Ötesi Yatırım, startapın kuruluş yetkisi dışındaki yatırımcılardan alınan startap yatırımı ifade eder.

<sup>22</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0). <https://startups.watch/reports>

<sup>23</sup> Startups.watch. (2024). CVC Snapshot - May 2024. <https://startups.watch/reports>

OECD. Tax Incentives for R&D and Innovation. <https://www.oecd.org/innovation/tax-incentives-RD-innovation/>

<sup>24</sup> OECD. Gross Domestic Spending on R&D. <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

<sup>25</sup> TürkPatent. <https://www.turkpatent.gov.tr/patent-istatistik>

<sup>26</sup> Türkiye İhracatçılar Meclisi. İhracat Rakamları. <https://tim.org.tr/tr/ihracat-rakamlari> (Rakamlar yuvarlanmıştır.)

<sup>27</sup> Yatırım Ofisi.Sektörler - Otomotiv. <https://www.invest.gov.tr/tr/sectors/sayfalar/automotive.aspx>

<sup>28</sup> Maven Insights and Solutions Analizi

Fırsatlar ve Zorluklar: Türkiye girişimcilik ekosistemi önemli bir potansiyel ortaya koyarken küresel girişim sermayesi finansmanından aldığı payı artırma ve yetenek havuzundan tam olarak yararlanma konusunda zorluklar süregelmektedir. Bu meselelerin ele alınarak çözüme kavuşturulmasıyla Türkiye'nin teknoloji sektöründeki büyümeyi ve inovasyonu daha ileri taşıması mümkün olacaktır.

## Türkiye Girişimcilik Ekosisteminin Üç Ayaklı Yapısı

Raporun girişimcilik ekosistemi faktörlerinin geliştirilmesine ilişkin analizinin ardından kıyaslama metodolojisi bölümünde üç temel tanımlanmaktadır. Yukarıda bahsedilen başarılarla ulaşılmadaki gizli bileşenleri tanımlayan rapor, EMEA ülkeleri genelinde Türkiye'nin güçlü bir varlığa sahip olduğunu göstermektedir.

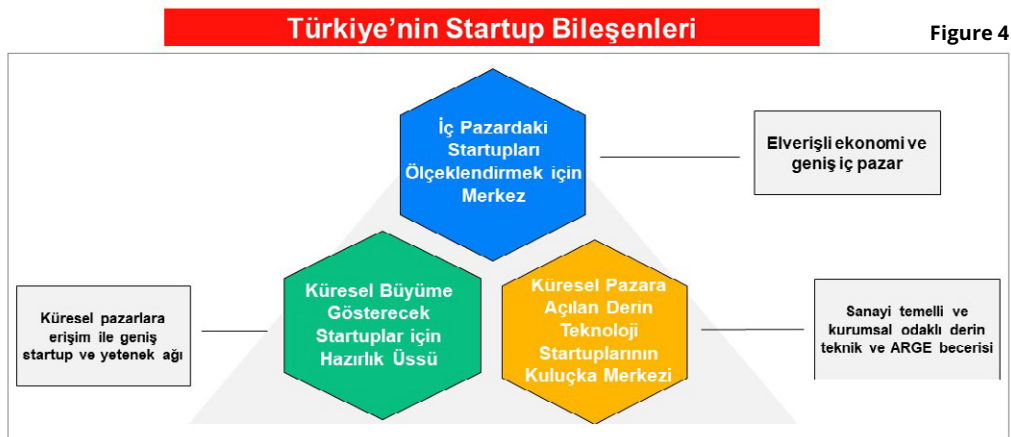
**İç Pazardaki Startupları Ölçeklendirmek için Merkez:** Türkiye'nin dinamik büyümesi ve sektör çeşitliliği ile ayrılan ekonomisi, iç pazarda ölçeklenmeyi hedefleyen startuplar için besleyici bir zemin sağlamaktadır. 80 milyonu aşan nüfusuyla ülke, geniş, genç ve giderek artan düzeyde teknoloji meraklısı bir tüketici tabanına sahiptir. Bu demografik profil, çözümlerini büyük ve çeşitliliğe sahip bir pazarda test etme, geliştirme ve büyütme fırsatı sunarak Türkiye'yi iç pazarda güçlü bir varlık göstermeyi hedefleyen startuplar için ideal bir ortam haline getirmektedir.

**Küresel Büyüme Gösterecek Startuplar için Hazırlık Üssü:** Türkiye, küresel olarak genişlemek için istekli olan startuplara etkili bir sıçrama tahtası olmaktadır. Avrupa

ile Asya arasında köprü konumunda olmasının yanında geniş startup ve yetenek ağına erişim sunması ile benzersiz faydalar sağlamaktadır. Halihazırda var olan ve gelişen pazarlara, çeşitli ve kalifiye yetenek ağına erişim imkânı ile Türkiye, startuplara uluslararası pazarlarda ölçeklenmeden önce ürün ve hizmetlerini deneme sahası yaratmaktadır. Yerel temelin ve küresele erişim desteğinin bu karışımı Türkiye'yi, küresele açılmayı hedefleyen startuplar için stratejik bir üs olarak konumlamaktadır.

**Küresel Pazara Açılan Derin Teknoloji Startuplarının Kuluçka Merkezi:** Türkiye'nin AR-GE ve derin teknolojiye bağlılığı bu alanlara yaptığı önemli yatırımlarla belirgin hale gelmektedir. Türkiye'nin kökleri sağlam eğitim temeline ve sanayi iş birliğine dayanan derin teknoloji becerileri bütünü, yeniliğin ve ileri teknolojilerin büyümesine elverişli bir ortamı beslemektedir. Startupların gelişmesine kurumsal sektörün de dahil olmasıyla derin teknoloji odağı daha da güçlenmektedir. Akademi, sanayi ve girişimlerin arasındaki sinerji, Türkiye'yi küresel pazarları etkilemeyi hedefleyen derin teknoloji startupları için hızlandırıcı bir etki yapmaktadır. Sundukları teşvik ve desteklerle teknoloji geliştirme bölgelerinin ve teknoparkların varlığı, Türkiye'nin derin teknoloji girişimlerine olan bağlılığını vurgulamaktadır.

Elverişli iktisadi koşullar, geniş tüketici tabanı, stratejik küresel konumu, canlı yetenek ağı ve derin teknolojiler ile AR-GE odağının oluşturduğu benzersiz kombinasyon Türkiye'yi startuplar için çok yönlü bir üs yapmaktadır. İster yerel pazarda ölçeklendirme yapın, ister küresel büyüme için pilot çalışmalar yapın, ister derin teknoloji çözümlerini kuluçkaya alın, Türkiye, startup gelişimi ve başarısı için dinamik ve destekleyici bir ekosistem sunmaktadır.





# Hub for Scaling Startups in the Domestic Market

## Benchmarking on Scaling Startups in the Domestic Market

In the report's ecosystem benchmarking analysis, one of the significant findings for Türkiye's entrepreneurship ecosystem is a favorable economic activity. The sizeable domestic market makes the ecosystem appealing for startups to flourish and acquire a considerable customer base. In the report's benchmarking ranking, Türkiye is the eighth in providing a supportive landscape to startups in scaling their businesses domestically.<sup>29</sup> There are several factors contributing to this position.

Driven by favorable economic activity and a vast domestic market, the country offers an ideal backdrop for startups to thrive and secure a substantial customer base.

Significant VC investment in recent years and the consistent inflow of cross-border investment to the country's startups speak volumes about local and international confidence in its entrepreneurship ecosystem.

Furthermore, Türkiye's extensive angel network ensures that young enterprises have the mentorship and financial backing they need in their early stages.

On startup valuation, the average deal in Türkiye is both competitive and promising, showcasing the high potential returns for investors. The public

institutions promote innovation through the support for R&D endeavors.

For startups, human capital is vital. In Türkiye, the salary for software engineers is favorable in terms of balancing quality and affordability. Coupled with reasonable living costs, the country becomes a magnet for tech talent across the region.

From a fiscal perspective, Türkiye's cross-border tax policies attract foreign investors. The individual tax structure is equally appealing, ensuring that companies and their employees enjoy financial benefits.

The country is home to many individuals with advanced ICT skills. The academic sector is critically important in rewarding skilled professionals whom startups need.

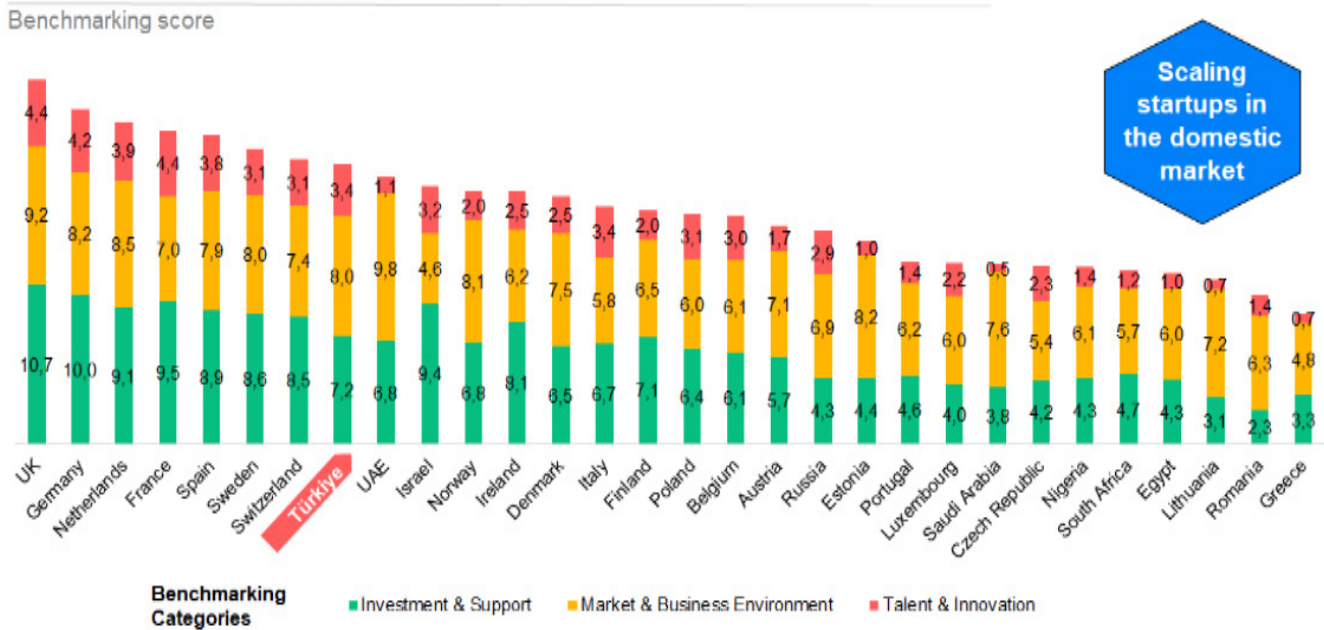
Startup density and diversity in Türkiye are noteworthy. Established startups' sheer number and depth cover a broad spectrum of industries, indicating a mature and vibrant ecosystem ready to support new entrants. In the summary of the pillar of the ecosystem's performance of scaling the startups domestically of the benchmarking study, Türkiye offers a compelling blend of funding, talent, support, and market opportunity, making it a top choice for startups aiming for domestic growth in the EMEA region.

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<sup>29</sup> Maven Insights and Solutions Analysis

Figure 5

### Startup Ecosystem Benchmarking Based on 3 Categories



## Favorable Economic Activity

Türkiye's domestic market is undeniably significant when it is viewed through the lens of its economic indicators, and this holds substantial implications for startups.

In 2022, Türkiye's Gross Domestic Product (GDP) at Purchasing Power Parity (PPP) reached \$3.26 trillion.<sup>30</sup> This figure indicates the country's substantial economic activity and ability to produce goods and services at a scale that rivals several advanced economies.

Over two decades, from 2002 to 2022, country's nominal GDP increased from \$240 billion to an impressive \$907 billion.<sup>31</sup> This growth also reflects the adaptability and vigor of its industries, businesses, and workforce.

An essential metric that offers insights into the health and potential of an economy is its average annual GDP growth. Between 2002 and 2022, Türkiye experienced

an average growth rate of 5.4%.<sup>32</sup> Persistent growth over two decades indicates sustained economic momentum, which is crucial for startups looking for promising environments.

A strong GDP growth rate and a sizeable GDP (PPP) translate into several startup opportunities. These figures signify a substantial consumer base with the purchasing power to explore new products and services. A growing economy results in the expansion of sectors, the emergence of new industries, and the evolution of consumer behavior. For startups, this means a plethora of avenues to introduce innovations, cater to emerging needs, and carve out niches in a diverse market.

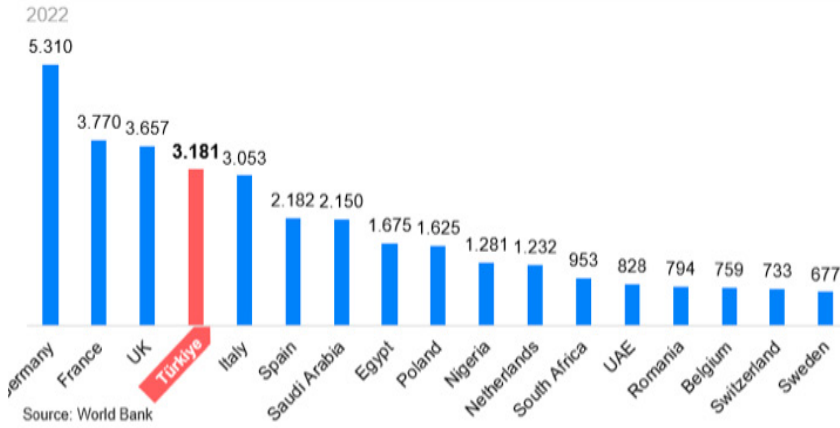
The data underscore the potential within Türkiye's borders, making it an attractive destination for entrepreneurial ventures looking for growth and success.

<sup>30</sup> World Bank. World Development Indicators Data – GDP, PPP Türkiye. <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?locations=TR>

<sup>31</sup> World Bank. National Accounts Data – GDP (current US\$) Türkiye. [https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2022&locations=TR&most\\_recent\\_year\\_desc=false&start=2002](https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2022&locations=TR&most_recent_year_desc=false&start=2002)

<sup>32</sup> World Bank. National Accounts Data – GDP Growth (annual%). Türkiye <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

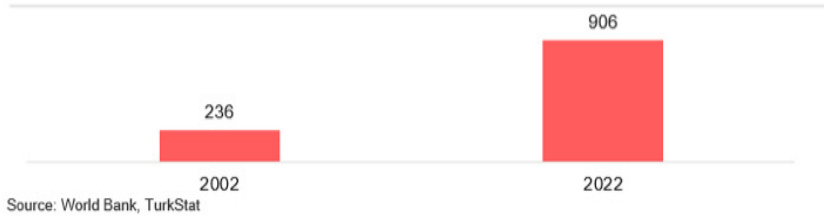
**GDP at Purchasing Power Parity, PPP (Billion \$) Figure 6**



**Average Annual GDP Growth(%) Figure 8**



**Turkish Economy Size (GDP at current prices, Billion \$) Figure 7**



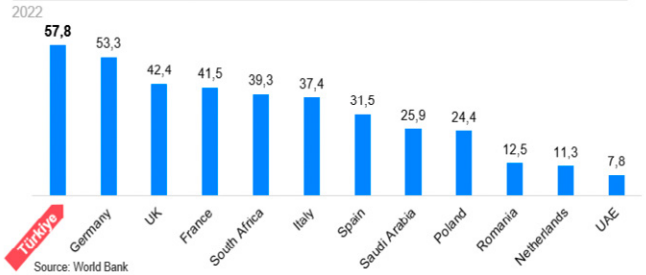
## Sizable Market with a Purchasing Power

Türkiye's domestic market emerges as a fertile ground with potential, particularly for startups eager to establish and expand their footprint. The demographic data illuminated a significant fact: Türkiye is home to 57.8 million individuals aged between 15 and 64.<sup>33</sup> This vast population segment serves a dual purpose.

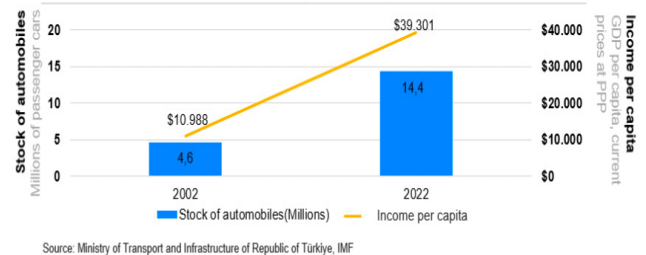
Primarily, it provides a considerable pool of talent, encompassing a range of skills and expertise vital for innovation and business growth. Secondly, this segment signifies a massive consumer base open to exploring, adapting, and spending on novel products and services.

Delving deeper into the consumer landscape, the evolution in Türkiye's automobile ownership offers a good example for insightful observations. The progression from a stock of 4.6 million automobiles in 2002 to a robust 15.3 million by 2023 underscores a population with growing purchasing capabilities.<sup>34</sup>

**Size of Population of Working Ages 15-64 (Million people) Figure 9**



**Stock of Automobiles and GDP Per Capita of Türkiye Figure 10**



<sup>33</sup> World Bank. World Development Indicators Data. <https://databank.worldbank.org/source/world-development-indicators>

<sup>34</sup> Investment Office. Sectors - Automotive. <https://www.invest.gov.tr/tr/library/publications/sayfalar/default.aspx>

This trend is further solidified by the ascent in income (PPP) per capita from \$10,988 million in 2002 to \$42,064 million in 2023.<sup>35</sup>

Such metrics indicate a society experiencing an uplifted standard of living, endowed with more significant financial means, and exhibiting a propensity for enhanced discretionary spending within two decades.

Equally noteworthy is the economic vigor exhibited by the 15-64 age demographic. As the primary driver of economic activity, the 15-64 age demographic foster increased consumption, invigorate production processes, and channel investments, thereby ensuring a bustling economic milieu.

The implications for startups are manifold. Those aligning with business to business (B2B) models can find prosperous avenues amidst heightened production and investment activities.

Concurrently, business to consumer (B2C) oriented startups can leverage the expanding purchasing power and the evolving consumer landscape to their advantage.

Furthermore, the number of individuals with internet access and shoppers is 72 million and 39 million, respectively.<sup>36</sup> The e-commerce industry comprises more than 20% of total retail sales.

In conclusion, Türkiye's domestic market, characterized by its robust demographic composition, ascending consumer potential, and spirited economic environment, holds exceptional opportunities.

This translates to many avenues for startups to innovate, establish, and prosper in the domestic market, positioning Türkiye as a conducive environment for entrepreneurial endeavors and sustained growth.

**Highlights from the Online Market**



## Sound Information and Communication Technology Infrastructure

Türkiye's domestic market is notably advantageous for startups, especially when analyzing its robust ICT capabilities.

The presence of 62 secure internet servers per million people in Türkiye signifies a considerable commitment to digital infrastructure.<sup>37</sup> Such a foundation is indispensable for startups, facilitating

deployment, optimization, and scaling of their digital ventures.

The score of 97% on the International Telecommunication Union (ITU) Global Cybersecurity Index showcases its proactive stance on cyber threats.<sup>38</sup> In an era where digital security is paramount, startups can operate with the assurance

<sup>35</sup> Investment Office. Large Domestic and Regional Markets. <https://www.invest.gov.tr/en/whyturkey/top-reasons-to-invest-in-turkey/pages/large-domestic-and-regional-markets.aspx>

<sup>36</sup> TurkStat. Survey on Information and Communication Technology (ICT) Usage in Households and by Individuals, 2022.

[https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-\(BT\)-Kullanim-Arastirmasi-2022-45587](https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-(BT)-Kullanim-Arastirmasi-2022-45587)

<sup>37</sup> World Bank. World Development Indicators Data. <https://databank.worldbank.org/source/world-development-indicators>

<sup>38</sup> ITU. Digital Development Dashboard – Türkiye Data. <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/Digital-Development.aspx>



that their digital assets and customer data reside in a secure environment.

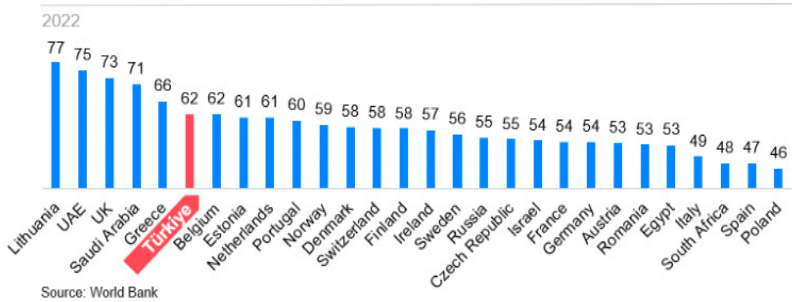
With an Online Service Index score for E-Government at 86%, Türkiye's momentum towards digitized public services is clear.<sup>39</sup> This simplifies government-citizen interactions and presents startups with potential avenues for partnerships and collaborations in the public sector.

The importance of ICT development extends beyond domestic operations. A robust ICT foundation enables startups to venture into service

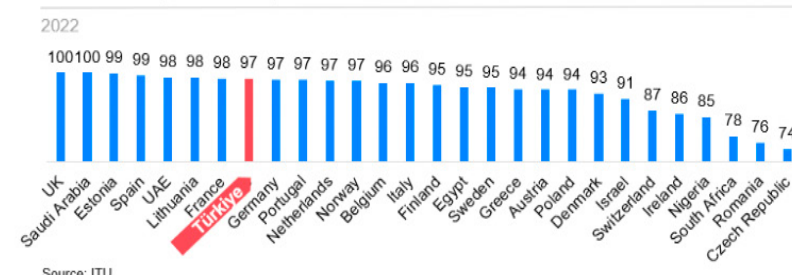
exports. With the proper infrastructure and skills, startups can develop ICT services tailored for international markets, turning Türkiye into a hub for digital service exports.

This global outreach can significantly boost revenue streams, diversify client bases, and enhance the brand image internationally. Türkiye's advanced ICT indicators suggest a market that is not only digitally equipped but also poised for international outreach. Startups here are positioned for domestic growth and exporting digital solutions, making Türkiye a strategic location in the global ICT landscape.

Secure Internet Servers per 1 Million People Figure 12



ITU Global Cybersecurity Index Score Figure 13



Online Service Index Score for E-Government

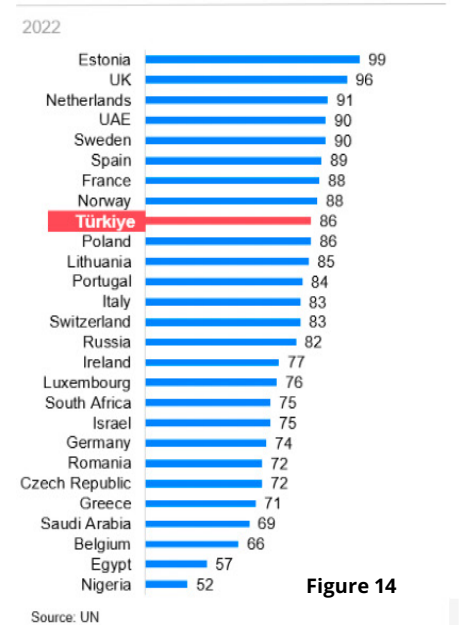


Figure 14

## Deep Local Investor Network

Türkiye's domestic market has steadily emerged as a promising ground for startups, accentuating the country's evolving fundraising environment.

Delving into the data from recent years narrates an impressive tale of expansion and sophistication within the fundraising ecosystem.

From 2018 to 2022, the fundraising trajectory displayed notable momentum. Beginning with a collection of \$151 million across 25 funds in 2018, the landscape transformed, registering \$378 million through 79 funds by 2021.<sup>40</sup> Despite variations in subsequent years, 2023 culminated with a substantial \$498 million raised via 92 funds.

<sup>39</sup> United Nations (UN). E- Government Knowledgebase Country Data. <https://publicadministration.un.org/egovkb/en-us/Data-Center>

<sup>40</sup> Startups.watch. (2023). Turkish Startup Ecosystem Year in Review 2022 Report v1.0. <https://startups.watch/reports>

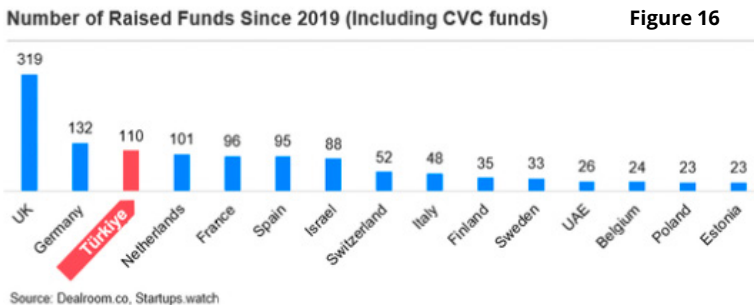
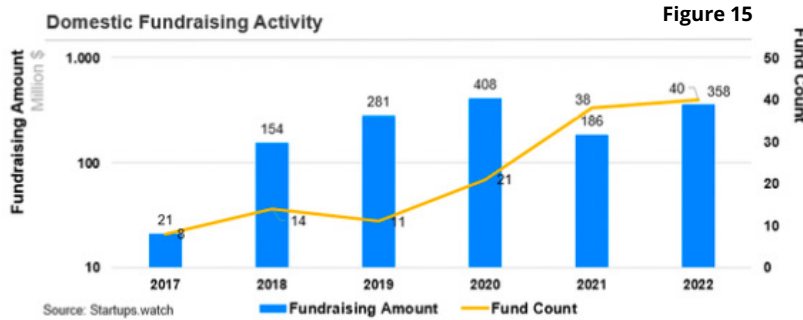


Figure 15

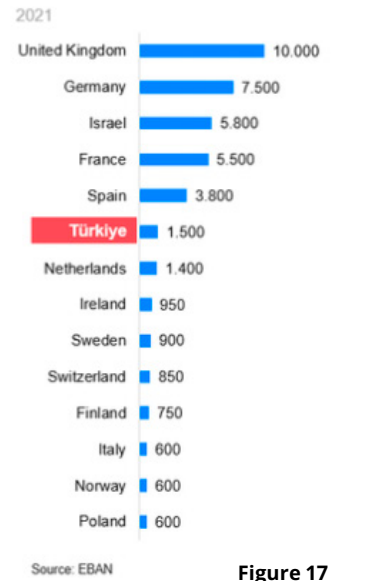


Figure 17

This consistent fundraising escalation in volume and count epitomizes the escalating investor confidence and the maturing entrepreneurship ecosystem in Türkiye.

Another dimension spotlighting Türkiye's fundraising prowess is the aggregate of funds raised since 2019. 110 funds, including CVC funds, Türkiye is a strong contender in the regional entrepreneurial arena.<sup>41</sup> This metric underscores Türkiye's capability to magnetize investments and its ascending prominence as a nexus for pioneering enterprises.

The angel investor landscape in Türkiye further amplifies this narrative. With a network of 1,650 angel investors, the country possesses a reservoir of seasoned individuals primed to champion developing startups.<sup>42</sup>

These angel investors are not merely sources of capital but are repositories of industry wisdom, experience, and connections, making them instrumental allies for budding companies.

The realm of equity-based crowdfunding in Türkiye has also undergone a transformative journey. From its inception with a singular deal in 2020, the domain burgeoned to accommodate 60 deals, aggregating \$20.9 million in 2023.<sup>43</sup> This evolution signifies the diversification and democratization of fundraising avenues, granting startups a broader spectrum of capital acquisition methods.

Several developmental factors lie behind this impressive growth. Türkiye's strategic geographic location, bridging Europe and Asia, makes it an attractive destination for cross-border investments.

The government's initiatives to promote entrepreneurship and favorable policies catalyzed the investor ecosystem. Furthermore, the country's growing digital infrastructure and increasing technology adoption across sectors have created a conducive environment for tech-driven startups, enticing investors. Collaborative platforms and networking events have also fostered connections between investors and startups, streamlining the investment process.

<sup>41</sup> Dealroom.co. Number of Raised Funds. <https://dealroom.co/products/global-data-platform>

<sup>42</sup> European Business Angel Network (EBAN). Statistics Compendium European Early Market Statistics 2022. <https://www.eban.org/eban-annual-statistics-compendium-for-2022/>

<sup>43</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024 Q1 Report. (v.1.0) <https://startups.watch/reports>

Türkiye's fundraising environment has a dynamic, diversified, and supportive atmosphere. Historical growth, wide investor networks, and factors for strategic development position the country as a burgeoning hub, ripe for startups seeking robust foundations and vast horizons.

Türkiye is a hub for scaling startups in the domestic market because of its robust foundation built on several components. Its favorable economic condition is underlined by a sizable market that wields significant purchasing power,

giving startups a broad and receptive audience for innovative solutions. What further bolsters the entrepreneurship ecosystem is Türkiye's sound ICT infrastructure, which serves as the bedrock for tech-driven startups, ensuring they have the digital support crucial for today's business landscape. Beyond these factors, the depth of the local investor network in Türkiye is noteworthy. With a rich tapestry of seasoned angel investors and diverse funding avenues, startups are assured of capital, invaluable mentorship, and guidance.

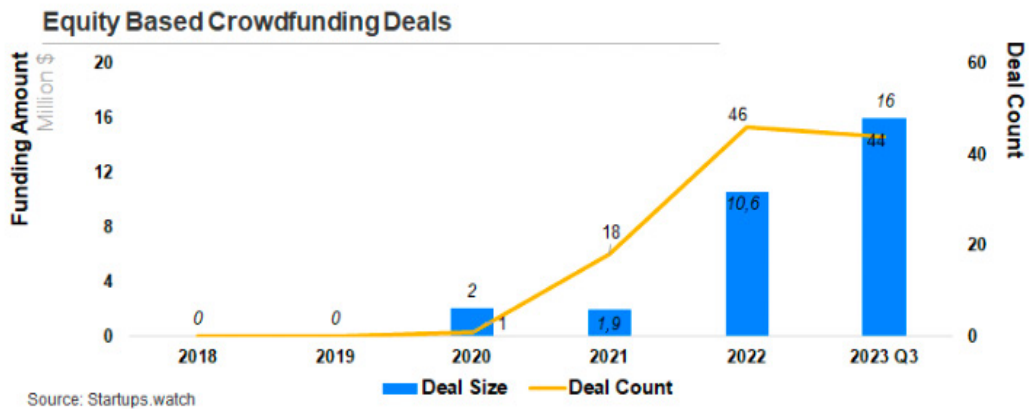


Figure 18

## Selected Locally Scaled Success Stories

Domestic Market Focus	Investment / Acquisition	Notable Global Investors
<b>hepsiburada</b> E-commerce shopping	Nasdaq IPO \$3.9B Valuation	IFC, THE ABRAAJ GROUP
<b>trendyol</b> E-commerce shopping	Growth Equity Round \$1.5B Investment	GENERAL ATLANTIC, SoftBank Vision Fund, KLEINER PERKINS
<b>Yemeksepeti</b> Food ordering	Delivery Hero Acquisition \$689M Valuation	endeavor, GENERAL ATLANTIC
<b>iyzico</b> Payment receipt management	PayU Acquisition \$165M Valuation	endeavor, Amadeus Capital Partners, IFC
<b>VIVENSE</b> Furniture ordering	Private Equity Round \$130M Investment	EARLYBIRD, F J LABS

Figure 19

Validating the potential of scaling startups within Türkiye's sizable economy has created numerous success stories. Startups like Hepsiburada, Trendyol, Yemeksepeti, Iyzico, and Vivense have made their mark domestically and garnered attention and support from global investors. Their success underscores the potential of Türkiye's market and demonstrates the country's capability to nurture and propel startups to significant heights.



# Local Pilot Base for Global Growth Startups

## Benchmarking on Piloting Global Growth Startups Effectively

Türkiye's economic activity and expansive domestic market allow startups to pilot their ventures locally before scaling globally. The fact that Türkiye is in the top ten among EMEA region countries in terms of effectively piloting global growth startups, one of the three main benchmarks on which the report is based, speaks volumes about its conducive startup environment.<sup>44</sup>

One of the primary attractions for startups in Türkiye is the robust angel investment scene. The country boasts a network of investors keen on supporting promising early-stage ventures, ensuring capital infusion and mentorship. This investor interest is augmented by cross-border investment-friendly policies, fostering international collaborations and funding.

Türkiye offers favorable cost of living conditions. This advantage is evident when considering the software engineer salary, which is competitive, attracting tech talent essential for digitally driven startups.

Regarding valuation, startups in Türkiye often witness competitive and realistic figures, making it an attractive proposition for founders and investors. The VC funding landscape is also burgeoning, providing ample financial support for growing ventures.

Taxation policies in the country, particularly cross-border taxes, and individual taxes, are formulated

to encourage business activities and foreign investments. The ICT Infrastructure is advanced, ensuring startups have the digital backbone to support their operations.

Regionally, Türkiye stands out in logistics, particularly with its central location between Europe and Asia. According to the Eurocontrol European Aviation Overview report, Türkiye positions among the top 10 busiest states while İstanbul Airport ranked 1<sup>st</sup> on the airport ranking list.<sup>45</sup> Consecutive reports demonstrate that Türkiye and even İstanbul maintain their positions for multiple time periods.<sup>46</sup> The extensive network of connected flights makes Türkiye a strategic hub linking Europe, Asia, and Africa. This connectivity enhances its appeal for startups aiming for a broad market reach.

Streamlined regulations and processes facilitate the ease of doing business in Türkiye. Moreover, the country has a growing talent pool with advanced ICT skills, ensuring startups have access to skilled professional's adept at leveraging modern technologies.

In summary, Türkiye offers a harmonious blend of financial, infrastructural, and human capital advantages, making it a hotspot for startups aiming for domestic growth and global scalability. The following pages of this section demonstrate each aspect separately.

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<sup>44</sup> Maven Insights and Solutions Analysis

<sup>45</sup> Directorate General of Civil Aviation. Eurocontrol European Aviation Overview Report. <https://web.shgm.gov.tr/tr/haberler/7158-eurocontrol>

<sup>46</sup> Eurocontrol. European Aviation Overview – Archive 2023. <https://www.eurocontrol.int/publication/eurocontrol-european-aviation-overview-archive-2023>

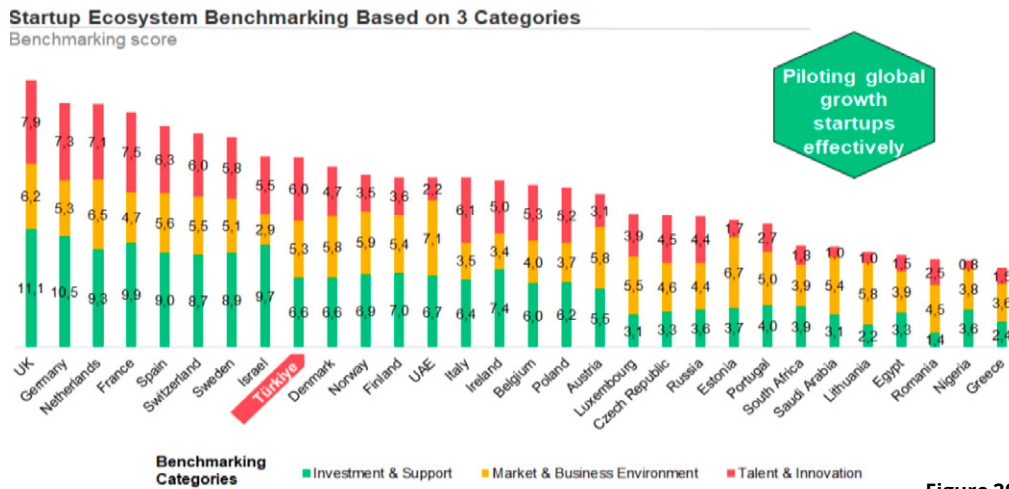


Figure 20

## Robust Technical Talent

Piloting startups locally for global growth effectively refers to the strategy where startups begin their journey in their home country, leveraging local resources and understanding, before expanding their reach to international markets. This approach offers several advantages, especially when considering the backdrop of Türkiye's entrepreneurship ecosystem. Türkiye's technical prowess is evident in its talent pool. The country has a substantial presence in platforms like Stack Overflow and GitHub, gives a hint of a nation's technical expertise. With 1% of Stack Overflow Survey Respondents and a 1.2% share in GitHub Traffic, Türkiye showcases a vibrant community of developers, programmers, and tech enthusiasts.<sup>47</sup> Such platforms are not just knowledge repositories but are collaborative spaces where innovation thrives.

This solid technical foundation in Türkiye offers several advantages:

**Local Testing Ground:** With proficient technical talent, startups can develop, iterate, and refine their products or services in real time, ensuring they meet global standards.

**Cost-Efficiency:** Access to local talent means startups can avoid the high costs of hiring international experts or outsourcing.

## Percentage of Developers in Stack Overflow Globally

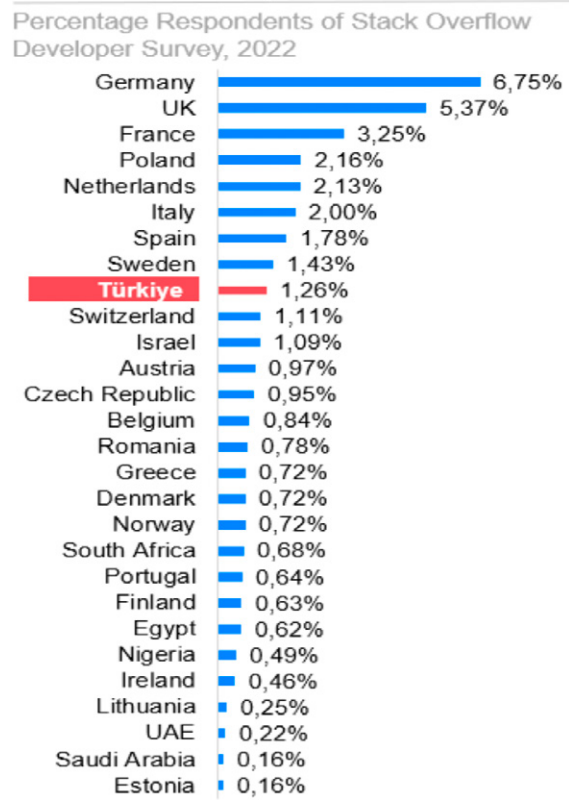


Figure 21

<sup>47</sup> Semrush. Traffic Analytics. <https://www.semrush.com/analytics/traffic/>  
Stack Overflow. Developer Survey 2022. <https://survey.stackoverflow.co/2022/>

**Cultural Understanding:** Local talent inherently understands the nuances of the domestic market, ensuring products are tailored to local preferences and adaptable for global audiences.

**Rapid Prototyping:** With a pool of skilled professionals, startups can quickly move from ideation to prototype, accelerating their go-to-market strategy.

**Global Readiness:** A product or service refined and proven in the Türkiye market, backed by its technical talent, stands a better chance of acceptance and success in international markets.

By piloting in Türkiye, startups can harness these benefits, ensuring they have a product or service that's both market-ready and globally competitive.

Once this local foundation is solidified, scaling globally becomes more streamlined and effective. The outcomes are manifold: increased investor confidence, broader customer reach, diversified revenue streams, and enhanced brand credibility on a global scale. Türkiye's technical talent is the linchpin facilitating startups' seamless transition from local success stories to global phenomena.

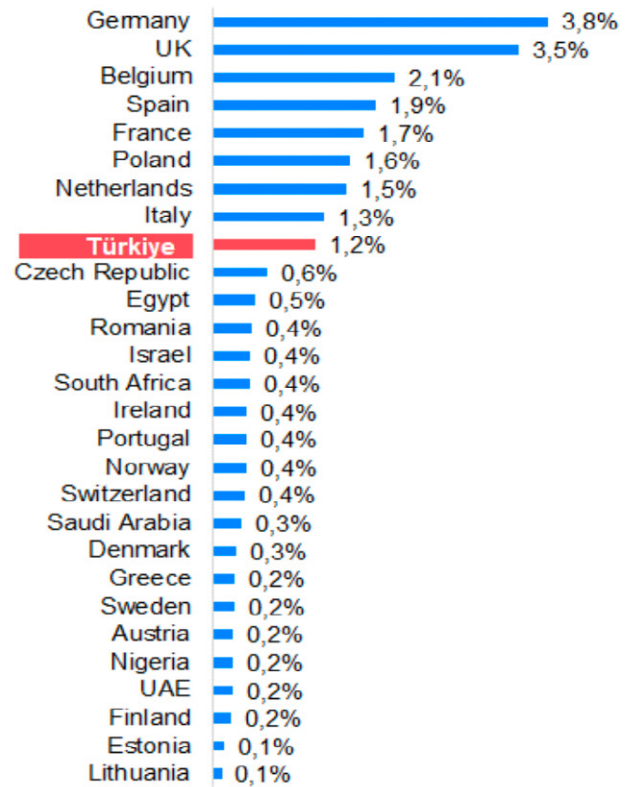
## Affordable Costs

Türkiye's position as a preferred location for piloting startups locally for global growth effectively is significantly bolstered by its affordable costs. The Cost of Living Index for Türkiye stands at 28 %, markedly lower than many of its European and global counterparts.<sup>48</sup> Such affordability extends across various facets of life and business operations, making it a strategic advantage for startups.

This cost-effectiveness is further highlighted when the salaries are considered. Despite Türkiye's solid technical talent, as evidenced by its prominent presence on platforms like Stack Overflow and GitHub, the average software developer salary in the country is \$22,000 thousands.<sup>49</sup> This discrepancy between the high skill level and comparatively lower

## Share of GitHub Traffic Globally

Semrush Report on Github Traffic, 2023



Source: Semrush

Figure 22

wage demands offers startups access to top-tier talent without the burden of high payroll costs.

Several advantages arise from Türkiye's advantageous cost structure:

**Operational Efficiency:** Startups can maintain lean operations without compromising on quality. This ensures that startups achieve substantial developmental milestones even with limited initial capital.

**Talent Acquisition and Retention:** The ability to hire skilled professionals at a fraction of the cost compared to other regions ensures a consistent influx of expertise into the entrepreneurship ecosystem.

<sup>48</sup> Numbeo. Cost of Living Index by Country, 2023. [https://www.numbeo.com/cost-of-living/rankings\\_by\\_country.jsp?title=2023](https://www.numbeo.com/cost-of-living/rankings_by_country.jsp?title=2023)

<sup>49</sup> Glassdoor. Software Engineer Salaries. [https://www.glassdoor.com/Salaries/software-engineer-salary-SRCH\\_KOO,17.htm](https://www.glassdoor.com/Salaries/software-engineer-salary-SRCH_KOO,17.htm)

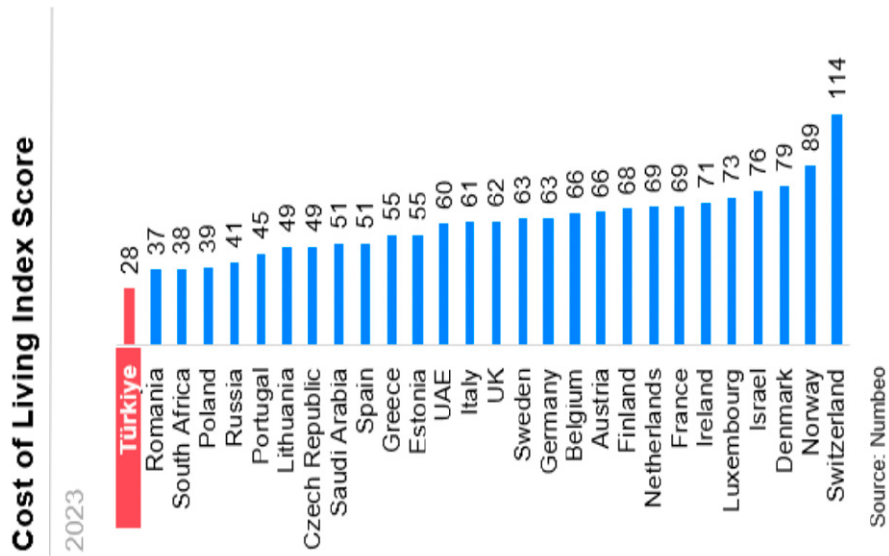


Figure 23

**Extended Runway:** Reduced operational costs mean startups can grow their cash runway, allowing them more time to refine their product, gain market traction, or secure additional funding.

**Resource Allocation:** With savings on overheads and salaries, startups can allocate resources to other critical areas like research, marketing, and global expansion strategies.

**Competitive Pricing:** Startups can price their products or services more competitively in domestic and global markets due to lower production and operational costs.

**Investor Appeal:** A cost-effective operational model is often appealing to investors, as it suggests prudent financial management and offers higher potential returns on investment.

The synthesis of affordable cost of living, reasonable operational expense, and access to skilled yet cost-effective talent positions Türkiye as a strategic launchpad. Startups can establish a solid local foundation, perfect their offerings, and then, with the insights and stability gained, venture into global markets with confidence and a competitive edge.

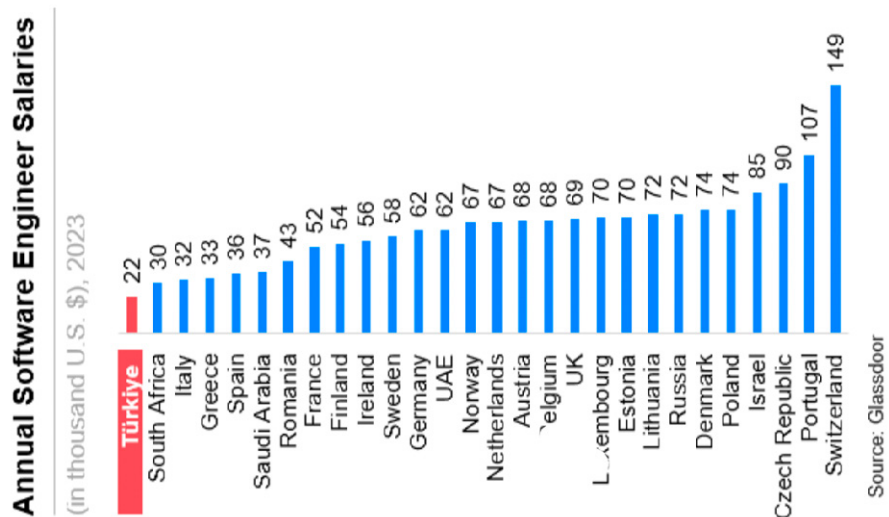


Figure 24



## Globally Accessible Markets

Türkiye is a unique destination among globally accessible markets, making it an ideal locale for startups to pilot and scale to international heights. A nexus of strategic agreements and favorable geographic positioning amplifies this advantage.

Türkiye's Customs Union with 27 EU countries facilitates seamless trade relations and reduces bureaucratic hurdles, allowing startups to tap into the vast European market easily. This is complemented by the Free Trade Agreement with 23 countries, ensuring preferential trade terms.<sup>50</sup>

Furthermore, Türkiye's treaties to avoid double taxation with 90 countries and bilateral investment protection treaties with 86 countries offer financial and investment security. These agreements protect startups from potential fiscal burdens and foster investor confidence.<sup>51</sup>

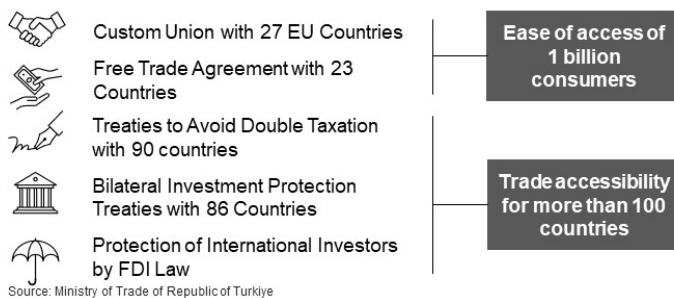
The Foreign Direct Investment (FDI) Law in Türkiye protects international investors, reinforcing the

nation's commitment to creating a favorable business environment. The strategic geographic positioning of Türkiye provides startups with easy access to 1 billion consumers, creating an expansive potential customer base. Additionally, the country's trade accessibility extends to over 100 nations, further broadening market reach.

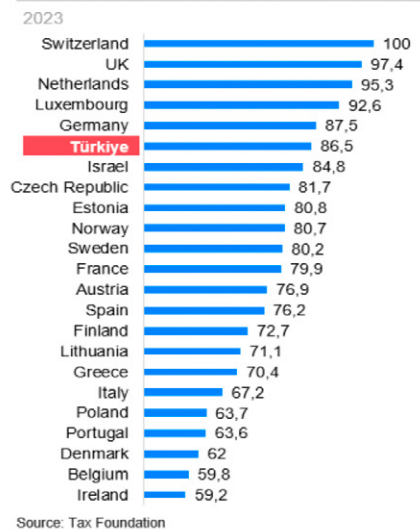
On the taxation front, Türkiye's Cross Border Tax Score 2023 stands at 86.5, indicating a favorable tax environment for cross-border activities. Its position on the International Tax Competitiveness Index 2023, which scores 78.6, further validated this, underlining its global tax competitiveness.<sup>52</sup>

Türkiye's multifaceted agreements, strategic geographic position, and favorable tax structure converge to offer startups a springboard for global growth. Startups piloted in Türkiye have the advantage of a local foundation coupled with a vast, accessible global market, setting the stage for international success.

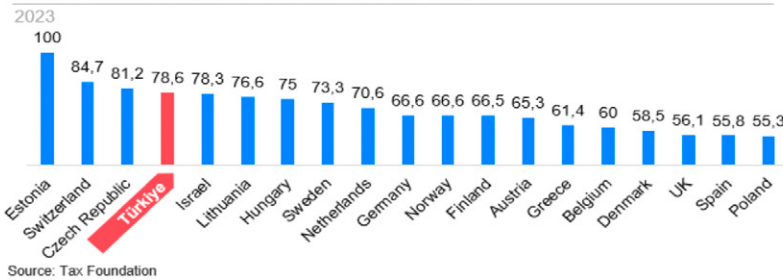
Figure 25



Cross-Border Tax Score Figure 27



International Tax Competitiveness Index Score Figure 26



<sup>50</sup> Ministry of Trade of Republic of Türkiye. <https://www.trade.gov.tr/free-trade-agreements>

<sup>51</sup> Ministry of Trade of Republic of Türkiye. [https://www.trade.gov.tr/legislation/bilateral-investment-treaties#:~:text=Bilateral%20Investment%20Treaties%20\(BITs\)%20are,their%20investments%20and%20related%20rights.](https://www.trade.gov.tr/legislation/bilateral-investment-treaties#:~:text=Bilateral%20Investment%20Treaties%20(BITs)%20are,their%20investments%20and%20related%20rights.)

<sup>52</sup> Tax Foundation. International Tax Competitiveness Index 2023. <https://taxfoundation.org/research/all/global/2023-international-tax-competitiveness-index/>

## Support for Access to Global Markets

Türkiye's entrepreneurship ecosystem offers significant advantages for globally accessible markets, making it an ideal location for piloting startups with ambitions for international expansion.

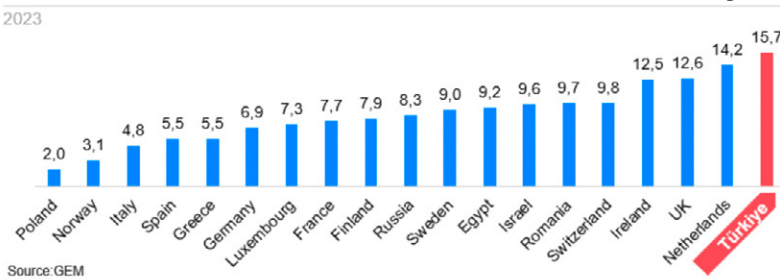
A key indicator of Türkiye's potential is its Early-stage Entrepreneurial Activity Index Score from the Global Entrepreneurship Monitor (GEM), which stands at a notable 15.7.<sup>53</sup> This score reflects a dynamic entrepreneurial environment, indicating a high level of startup activity and an ecosystem supportive of new business ventures. Such an environment is vital for fostering innovation and creating businesses with global market potential.

Another critical aspect of Türkiye's appeal is its rapidly growing ICT service exports. The consistent increase in these exports, reaching \$2.596 billion in 2022, demonstrates Türkiye's strength in the digital and technology sectors.<sup>54</sup> This growth suggests a robust ICT infrastructure and a talent pool skilled in tech-driven services, crucial for startups in today's digital economy.

Furthermore, Türkiye's extensive network of direct flights, with a total 1,965, enhances its global connectivity.<sup>55</sup> This vast network facilitates ease of travel and signifies Türkiye's strategic position as a crossroads between continents, making it an accessible hub for international business. Also, according to Eurocontrol data, Türkiye is the sixth country with the highest number of flights (departures and arrivals).

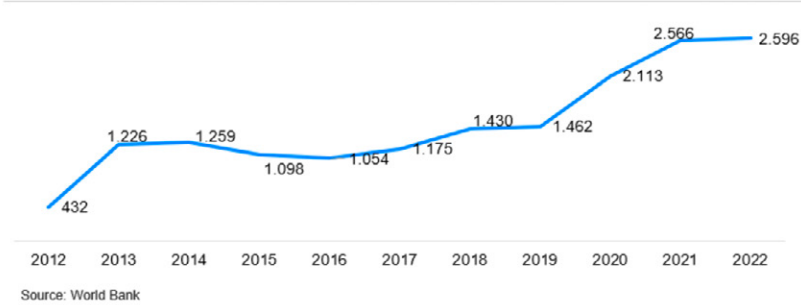
These factors collectively position Türkiye as an outstanding ecosystem for startups. The high level of entrepreneurial activity signals a thriving market for new ventures. The booming ICT sector provides a strong foundation for tech startups and broadens the scope for global service exports. Lastly, the exceptional global connectivity through direct flights ensures that businesses based in Türkiye can easily reach and engage with international markets, making it a strategic choice for startups looking to pilot locally and expand globally.

**Early-stage Entrepreneurial Activity Index Score**



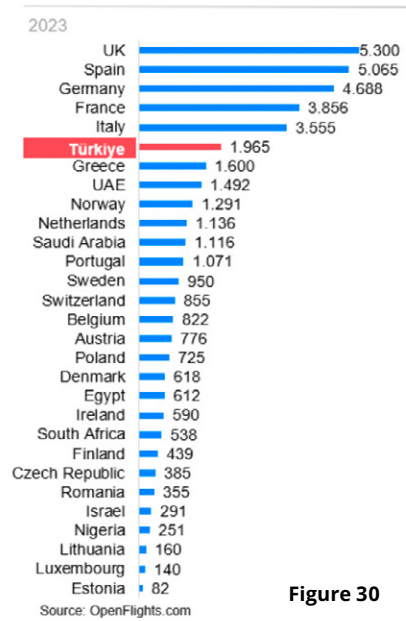
**Figure 28**

**Türkiye's ICT Service Exports (Million \$)**



**Figure 29**

**Number of Direct Flight Locations of Country**



**Figure 30**

<sup>53</sup> Global Entrepreneurship Monitor. 2022 – 23 Global Report. <https://www.gemconsortium.org/reports/latest-global-report>

<sup>54</sup> World Bank. World Development Indicators Data. <https://databank.worldbank.org/source/world-development-indicators>

<sup>55</sup> <https://openflights.org/>

## Business – Friendly Environment

Türkiye's entrepreneurship ecosystem offers an exceptional blend of globally accessible markets and a business-friendly environment, making it an attractive destination for startups aiming to pilot locally and scale globally.

A distinguished factor in this ecosystem is Türkiye's favorable taxation policies. The Tax Foundation's Capital Gains/Dividends Index Score places Türkiye at 87, indicating a competitive tax environment for businesses and investors.<sup>56</sup> This high score suggests that startups and their investors can benefit from more efficient capital distribution and reinvestment, an essential aspect of growth and scalability in the global market.

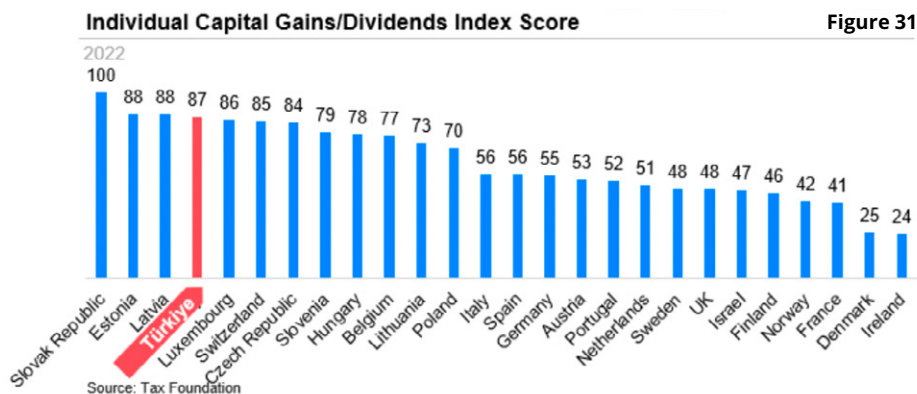
In addition to tax advantages, Türkiye demonstrates strong investor protection which

reflects a legal and regulatory environment that safeguards investors' rights, particularly those

holding minority startup stakes. Such protection is crucial in attracting and retaining both domestic and international investors, fostering a climate of trust and stable environment.

Furthermore, such favorable conditions underscore the relative ease businesses can access financial resources, a critical factor for startups in their early stages. Access to credit and financial services enables startups to invest in innovation, expand operations, and explore new market opportunities.

For the Starting a Business Index, Türkiye's score is 88.8 and the total number of days require to register a firm is 7 days.<sup>57</sup>



<sup>56</sup> Tax Foundation. International Tax Competitiveness Index 2023. <https://taxfoundation.org/research/all/global/2023-international-tax-competitiveness-index/>

<sup>57</sup> Presidency of the Republic of Türkiye Investment Office.(2024). Why Invest in Türkiye. <https://www.invest.gov.tr/en/library/publications/pages/default.aspx>

Collectively, these factors highlight Türkiye's position as a hub for startups. The combination of a favorable tax regime, strong investor protection, and accessible credit creates a nurturing environment for startups. This setting facilitates the local piloting innovative business ideas and serves as a

springboard for global expansion. Türkiye's strategic location, bridging continents and markets, further enhances its appeal, providing startups with a unique opportunity to test, refine, and scale their ventures in a globally accessible and business-friendly ecosystem.

## Growing Global Information and Communications Services

Türkiye's strategy to strengthen its technology sector to access global markets involves a system of incentives for companies operating in Free Zones and legal reforms aligned with the EU.

**Free Zones:** Türkiye's 18 free zones provide tax and operational advantages, including value added tax (VAT) and corporate tax exemptions on profits.<sup>58</sup>

**Tax Advantages:** Companies benefit from VAT exemption for products manufactured within these zones. Additionally, profits earned in the free zones are exempt from corporate tax.

**Customs Exemption:** These zones are treated as outside the customs territory of Türkiye. Hence, imports and exports are exempt from customs duties, facilitating smooth flow of international trade.

**Foreign Currency Trading:** Businesses in these zones can conduct transactions in foreign currencies, providing flexibility in international dealings.

**Foreign Capital Operations:** The zones are open to foreign capital companies, allowing for an influx of international investments and collaborations.

**Legal Reforms:** Türkiye's legal reforms, particularly in the context of its aspirations for the EU membership, have significantly influenced its entrepreneurial landscape. Embracing the continental European legal system, Türkiye has aligned many of its laws with the EU *Acquis Communautaire*. This alignment extends across various sectors, enhancing legal predictability and transparency. For startups and technology companies, this means operating in a legal environment consistent with the EU standards, facilitating easier cross-border collaborations and investments.

The harmonization has been a strategic move, advancing the accession efforts of Türkiye to the EU and its appeal as a competitive and stable environment for business and innovation. This legal congruence with the EU norms provides a solid bolstering foundation for entrepreneurs and investors looking towards Türkiye as a hub in the global technology sector.

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<sup>58</sup> Ministry of Trade of Republic of Türkiye. <https://www.trade.gov.tr/free-zones/general-outlook>

## Selected Global Growth Success Stories

	Domestic Market Focus	Investment / Acquisition	Notable Global Investors
	Food Ordering	Serie E Round \$ 768M Investment	SEQUOIA  ALPHA WAVE TIGERGLOBAL
	SaaS	Serie D Round \$ 121M Investment	SEQUOIA  RIVERWOOD CAPITAL
	Gaming	Growth Equity \$ 1.5B	 Index Ventures  Balderton Capital BlackRock
	Gaming	Zynga Acquisition \$ 1.8B	 EARLYBIRD Hummingbird
	IT Management	Atlassian Acquisition \$ 295M	 Battery Ventures BV
	Gaming	Zynga Acquisition \$ 250M	Hummingbird

Source: Dealroom.co, Crunchbase

Figure 32

Getir, Insider, Dream Games, Peak Games, OpsGenie, and Gram Games are prime examples of Turkish entrepreneurial success on the global stage. These companies have transcended local boundaries,

showcasing remarkable growth internationally. These companies serve as benchmarks for aspiring Turkish startups, illustrating the potential for international expansion and recognition.



# Incubator of Deep Tech Startups to Global Markets

# Benchmarking on Incubation of Deep Tech Startups to Global Markets

The third pillar of the benchmarking category demonstrates the strength of supporting the high-tech startups of the countries. Türkiye is the fourteenth as a leading entrepreneurship ecosystem among 30 major economies in the EMEA region, based on an analysis of 89 data points, which is a testament to its multidimensional strengths:<sup>59</sup>

**R&D Support:** The country benefits from robust R&D support, which is visible in government incentives and strategic investments in technoparks and technology development zones, fostering a vibrant environment for innovation.

**R&D Workforce:** A growing pool of R&D professionals, bolstered by supportive government policies and academic collaborations, strengthens the ecosystem's innovation capacity.

**Received Cross-Border Investments:** Türkiye's strategic location and integration with global markets have attracted significant cross-border investments, fueling the growth of its entrepreneurship ecosystem.

**Key Industry Strengths:** With diverse sectors such as automotive, manufacturing, textiles, and agribusiness, Türkiye provides a rich landscape for startups to innovate and scale across various domains.

**ICT Infrastructure:** The investment in ICT infrastructure has been important in creating a digital backbone that supports the tech startup scene.

**Ease of Doing Business:** Ongoing reforms have streamlined business operations, enhancing Türkiye's attractiveness to domestic and international entrepreneurs.

**Academic Skills:** Leading Turkish universities, increasingly emphasizing science, technology, engineering, and mathematics (STEM) education, are nurturing a workforce with skills essential to the evolving needs of startups.

**Startup Density and Diversity:** The high density and diversity of startups across sectors, powered by a dynamic entrepreneurial culture, contribute significantly to the ecosystem's vitality.

**Innovation Output:** The rising number of patents and tech products showcases Türkiye's increasing output in innovation, indicating a growing startup environment.

These factors collectively introduce Türkiye as a competitive player in the regional startup landscape, reflecting its potential for sustained growth and innovation.

Our Report's Startup Ecosystem Benchmarking Score From 89 Data Points\*

Benchmarking score\*



Figure 33

<sup>59</sup> Maven Insights and Solutions Analysis

## Deep Tech Talent

With the number of patent applications and top-quartile universities, Türkiye stands out in the EMEA region for its commitment to research and innovation.<sup>60</sup> This record is a testament to Türkiye's focused efforts in talent retention and attraction, which are essential for nurturing a skilled workforce. The commercialization of research, a key strength, indicates a mature ecosystem where academic discoveries are effectively transformed into marketable innovations. This synergy between academia and industry fosters a dynamic environment conducive to scientific and technological advancement. Türkiye's approach to bridging the gap between research and practical application positions it as a significant player in the global innovation landscape, contributing to its growing reputation as a hub for technology and innovation. These achievements reflect the country's appetite to invest in education, research, and development, essential for sustained growth in the competitive global market.

**Technoparks in Türkiye:** There are over 90 technoparks hosting over 8,000 companies and

84,280 employees, including 69,880 research and development employees.<sup>61</sup> These technoparks are generally located in or near major universities and research centers, fostering collaboration between academia and industry. Technoparks, dedicated to promoting innovation and R&D, offer several benefits:

**Corporate Tax Exemption:** Profits from R&D activities within technoparks are exempt from corporate tax, encouraging more investment in R&D.

**VAT Exemption:** R&D services, including software development within these zones, are not subject to VAT.

**R&D Support:** Various incentives and grants are available to companies for their R&D projects, promoting innovation.

**Qualified Personnel Collaboration:** The proximity of these zones to universities enables companies to access and collaborate with a pool of skilled professionals, enhancing their R&D capabilities.

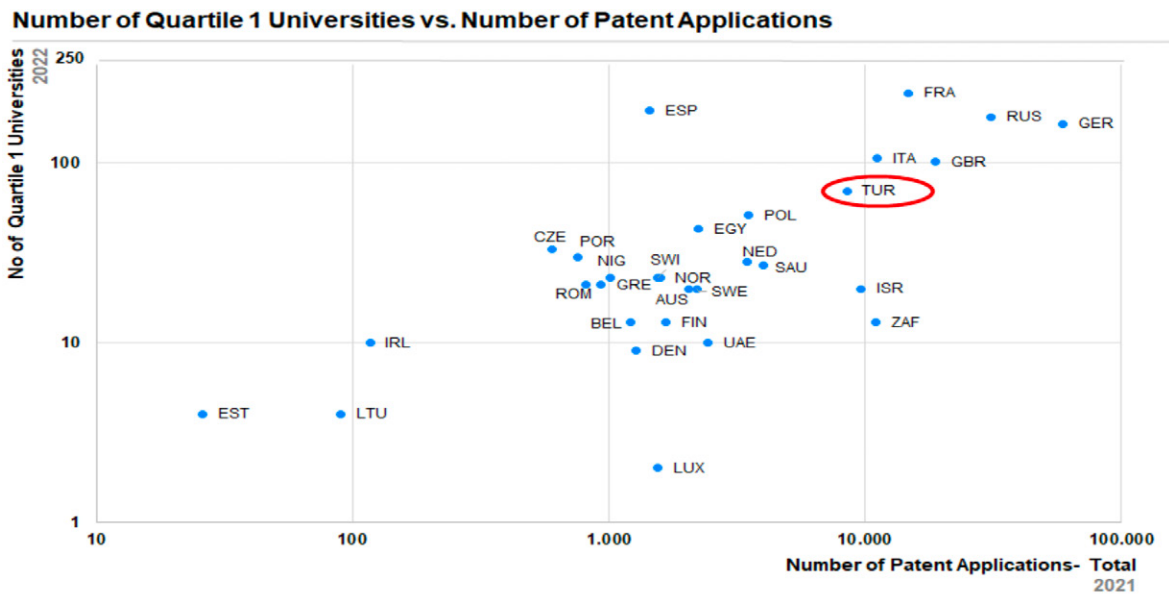


Figure 34

<sup>60</sup> Scimago Institutions Rankings. University Rankings. <https://www.scimagoir.com/rankings.php?country=TUR&ranking=Research>

<sup>61</sup> Ministry of Industry and Technology of Republic of Türkiye. <https://www.sanayi.gov.tr/istatistikler/istatistiki-bilgiler>



## Strong Public Research and Development Support

**Technology Development Zones:** TDZs across Türkiye are focused on accelerating technology development with notable incentives.

**Tax Benefits:** Earnings from R&D and software activities in TDZs are exempt from corporate tax.

**VAT Exemption:** Services related to R&D and software activities are exempt from VAT, lowering operational costs.

**R&D Personnel Incentives:** Salaries of R&D staff in TDZs are exempt from income tax withholding, making these positions attractive for top talent.

**Innovation Support:** TDZs provide various supports, including grants and incentives, to encourage innovative projects and research.

Türkiye's significant investment in R&D, evidenced by its allocation of 0.23% of GDP to direct government funding and tax support for business R&D in 2021, positions it prominently within the OECD.<sup>62</sup> This commitment is further highlighted by the fact that 61.4% of Türkiye's Gross Domestic Expenditure on

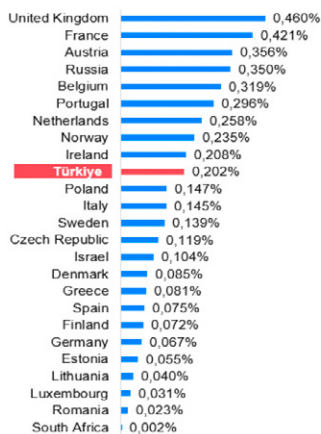
R&D (GERD) is financed by businesses, showcasing a robust public-private partnership in fostering innovation.<sup>63</sup>

Over two decades, Türkiye's R&D investment has grown remarkably from \$4,508 million in 2000 to \$37,144 million in 2021.<sup>64</sup> This consistent increase underscores Türkiye's dedication to creating a dynamic and innovative research environment.

Türkiye's approach integrates government incentives with significant private sector engagement, creating a conducive research and technological advancement ecosystem. This synergy has driven national economic growth and contributed to global scientific researches. The sustained investment in R&D is a testament to Türkiye's strategic focus on enhancing its research capabilities and maintaining its competitive edge in the global market. This commitment to R&D is pivotal in Türkiye's journey towards becoming a key player in the international arena of innovation and technology.

**Direct Government Funding and Tax Support For Business R&D**

As a percentage of GDP, 2020

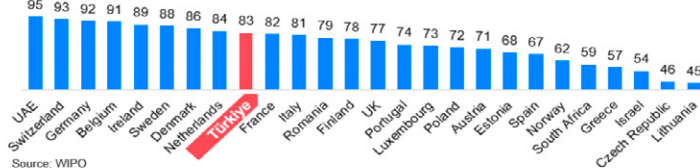


Source: OECD

**Figure 35**

**Percentage of GERD Financed by Business**

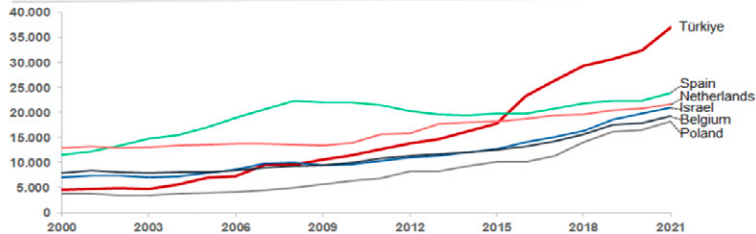
Country Ranking Score, 2020



Source: WIPO

**Figure 36**

**Gross Domestic Spending on R&D (Million \$, PPP)**



Source: OECD, WIPO

**Figure 37**

<sup>62</sup> OECD. Tax Incentives for R&D and Innovation. <https://www.oecd.org/innovation/tax-incentives-RD-innovation/>

<sup>63</sup> <https://data.tuik.gov.tr>

<sup>64</sup> OECD. Gross Domestic Spending on R&D. <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

## Corporate Presence in Innovation

Türkiye's evolving entrepreneurship ecosystem is significantly supported by the increasing involvement of corporate entities in venture capital investments and R&D. The rise in the establishment of Venture Capital Investment Funds (VCIFs) by corporate companies in Türkiye is a strong indicator of this trend. From 11 new VCIFs in 2017, there has been a remarkable increase to 95 in 2022 and 27 by the third quarter of 2024.<sup>65</sup> This growth not only signifies the growing interest of corporates in the startup sector but also reflects their confidence in the potential of these ventures.

Furthermore, the participation of CVCs in deals within Türkiye has seen a consistent uptick. In 2017, CVCs contributed 16% of the fundraising amount, which impressively rose to 38% by the third quarter of 2023.<sup>66</sup> This indicates a deepening commitment of corporates in the entrepreneurship ecosystem, moving beyond financial support to more strategic and long-term investments.

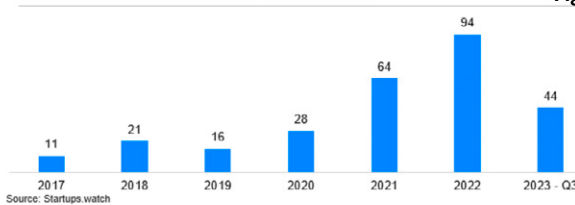
Türkiye's ranking in The World Intellectual Property Organizations' (WIPO) Research Talent in Businesses Index Score also highlights its strengths. With a score of 93, it stands out in the region, underscoring the country's focus on integrating skilled research talent within the business sector.<sup>67</sup> This focus on fostering research skills within businesses is critical

to drive innovation and technological advancement, contributing to a vibrant and sustainable entrepreneurship ecosystem.

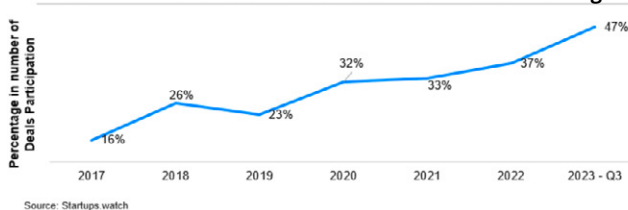
The combined impact of these factors – the growth of VCIFs, increasing CVC participation, and the cultivation of research talent in businesses – positions Türkiye as a dynamic and emerging leader in corporate involvement in startups and R&D. This trend enhances Türkiye's standing in the global market and sets the stage for future innovations and economic growth.

Türkiye's legislation fostering CVC growth and advantageous tax policies has significantly contributed to the boom in VCIFs. The legal framework provides a conducive environment for startup corporate investments, encouraging innovation and economic growth. Key features include tax exemptions for profits earned from these investments and incentives for R&D activities. This supportive legal and fiscal landscape has been pivotal in attracting corporate entities to the venture capital sector, boosting the number and scale of investments. These measures incentivize corporate participation in the entrepreneurship ecosystem and enhance Türkiye's attractiveness as a hub for entrepreneurial activity and innovation.

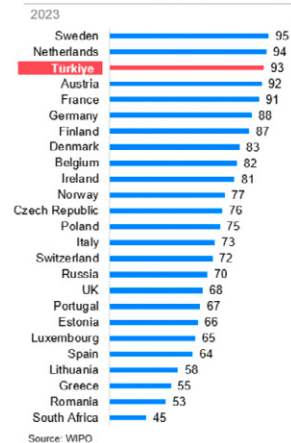
**New VCIF Established by Corporate Companies** **Figure 38**



**CVC Participation of Deals in Türkiye** **Figure 39**



**Research Talent in Businesses Index Score** **Figure 40**



<sup>65</sup> Startups.watch. (2024). Turkish Startup Ecosystem 2024-Q1 Report v1.01. <https://startups.watch/reports>

<sup>66</sup> Startups.watch. (2023). Turkish Startup Ecosystem 2023-Q3 Report v1.01. <https://startups.watch/reports>

<sup>67</sup> WIPO. (2023). Global Innovation Index 2023: Innovation in the Face of Uncertainty. [https://www.wipo.int/global\\_innovation\\_index/en/](https://www.wipo.int/global_innovation_index/en/)

## Key Industry Success

Türkiye's achievements in its defense and automotive industries are significant contributors to the nation's R&D landscape and entrepreneurship ecosystem. With 1,3 million vehicles, Türkiye ranks highly in automotive manufacturing among European countries.<sup>68</sup> This sector's growth fosters increased R&D investment as it demands advanced technologies and continuous innovation. Additionally, Türkiye's flourishing defense and aerospace industry exports, which have shown a consistent rise from \$883 million in 2011 to an anticipated \$6 billion in 2023, further underline the dynamic nature of its defense industry.<sup>69</sup>

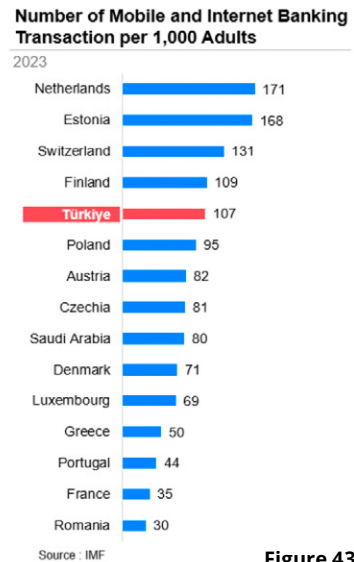
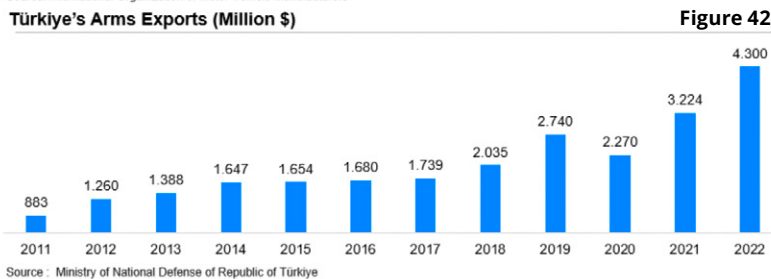
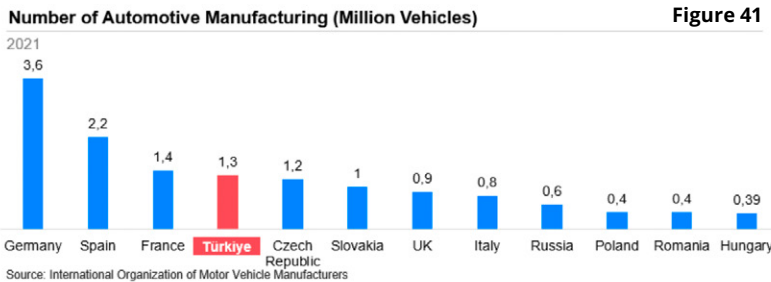
This expansion in the defense and automotive industries facilitates significant technology transfer.

Complex technologies and engineering solutions developed in these sectors can be leveraged by startups, providing a rich ground for innovation and development. The synergy between established

industry players and emerging startups leads to a vibrant, collaborative environment. Startups specializing in related technologies find ample opportunities to partner with larger corporations, benefiting from their experience, resources, and market access.

This intersection of industry growth and startup collaboration creates a fertile ecosystem for R&D activities, driving technological advancements and economic development.

The figure of 106,981 mobile and internet banking transactions per 1,000 people highlights a strong and technologically adept banking industry.<sup>70</sup> This high level of digital banking engagement reflects the sector's success in adopting technology. It signifies a customer base that is increasingly digital-savvy and comfortable with conducting financial transactions online, positioning Türkiye as a leader in digital banking within the region.



<sup>68</sup> The latest data on the number of vehicles manufactured in Türkiye was 1,3 million when the graph was prepared. Thus, relevant data may vary throughout the report. For updates please visit : International Organization of Motor Vehicle Manufacturers. <https://www.oica.net/category/production-statistics/2021-statistics/>

<sup>69</sup> Investment Office. Sectors – Defense & Aerospace. <https://www.invest.gov.tr/en/sectors/pages/defense-and-aerospace.aspx>

<sup>70</sup> International Monetary Fund (IMF). <https://data.imf.org/?sk=85b51b5a-b74f-473a-be16-49f1786949b3>

## Strong Innovation Results

In the report's scope, the innovation outputs of countries have also been reviewed, with seven variables relating to the innovation outputs based on the World Bank and the WIPO data. Türkiye's score of 53.5 is grounded in a multifaceted approach to technology and intellectual property.<sup>71</sup> High-tech imports, comprising a noteworthy slice of total trade, indicate Türkiye's participation in the global technology market, reflecting a demand for and utilization of advanced technologies. Software spending is the proof of the country's digital infrastructure investment, which is crucial for supporting a growing economy. Türkiye is developing a niche in high-tech manufacturing, showing a progressively modernizing industrial capacity.

The score also mirrors the country's vibrant creative sector, with outputs that likely include a variety of digital media, design, and entertainment, contributing to cultural and economic dynamism.

Türkiye's focus on intangible assets, particularly within the top 15%, may signal a strategic prioritization of research and development, branding, and design essential for innovation in a knowledge-based economy.

While a smaller percentage of total trade, creative goods (digital product and services) exports reveal a cultural export capacity that can enhance soft power and economic returns. Lastly, ICT service exports, quantifiable in billions, point to an expanding digital services sector. This aspect of the economy showcases Türkiye's role not just as a consumer of technology but also as a provider, potentially hinting at a growing expertise in IT services on a global scale. These indicators suggest a country leveraging its geographic and economic position to enhance its technological and creative industries, aiming for balanced growth in tangible and intangible innovation sectors.

The Report's Innovation Output Index Score

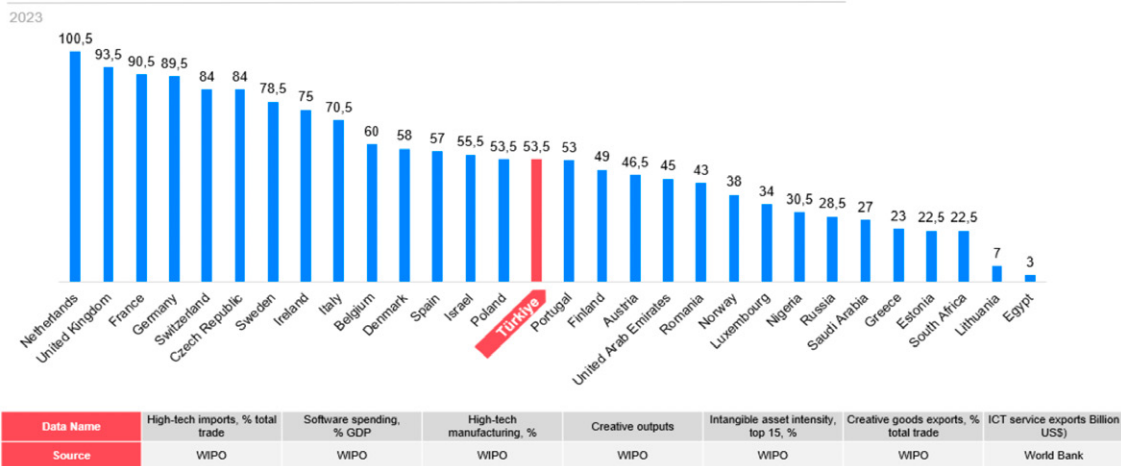


Figure 44

<sup>71</sup> WIPO. (2023). Global Innovation Index 2023: Innovation in the Face of Uncertainty. [https://www.wipo.int/global\\_innovation\\_index/en/](https://www.wipo.int/global_innovation_index/en/)

# Two Key Startup Verticals: Gaming & Fintech

## Gaming Vertical in Türkiye

Türkiye's gaming industry has witnessed substantial growth in recent years. A notable aspect of this development is that Turkish gaming studios have created several popular games in the United States (U.S.). (3 of the ten most popular games in the U.S. market are from Türkiye's game developer companies.) The industry's evolution is evident in the number of active gaming startups in the country, totaling 798.<sup>72</sup>

The increasing size and number of gaming deals further highlight the industry's growth. In 2021, the gaming sector in Türkiye saw deals amounting to \$520 million across 54 transactions. The investment in Turkish gaming startups between 2021 and 2022 reached approximately \$695 million, placing Türkiye as a significant player in the EMEA region and on the global stage.

The Turkish gaming ecosystem has also experienced a notable number of exits since 2018, totaling 20,

with a combined value of \$2.7 billion. Additionally, the industry has seen the emergence of two unicorn (Dream Games, Peak Games) companies, reflecting the sector's potential for high valuation and success.

Turkish developers have achieved significant numbers in mobile game downloads with over 20 million times. This performance raises Türkiye prominently within both EMEA and global rankings.

Various infrastructural elements support the gaming industry's growth in Türkiye, including two gaming clusters, 12 gaming incubators, and 21 gaming accelerators. These institutions support startups, fostering a conducive environment for innovation and development within the gaming sector.

Overall, the data indicate that Türkiye's gaming industry is expanding rapidly and carving a significant niche in the global gaming landscape, driven by investments, successful exits, and a supportive ecosystem for startups and developers.

Number of Gaming Startups

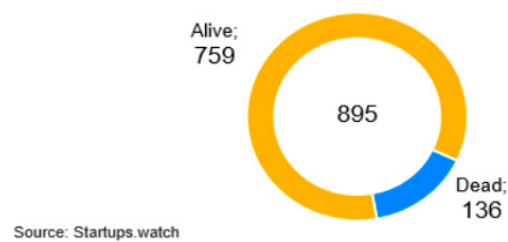


Figure 45

Gaming Investment Size and Deal Count

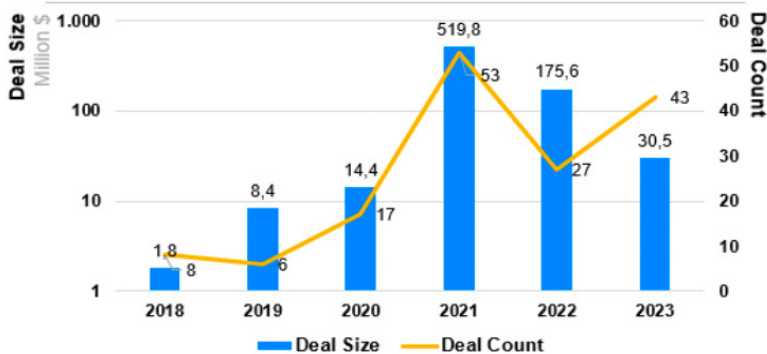


Figure 46

Highlights from Gaming Vertical

	Number of Unicorns	2
	2021-2022 Investment	\$695M
	EMEA Rank	3
	Global Rank	7
	Number of Exits Since 2018	19
	Exits Since 2018	\$2.6B
	Number of Mobile Game Downloads by Developer Company Country*	20M
	EMEA Rank	3
	Global Rank	6
	Number of Gaming Clusters	2
	Number of Gaming Incubators	12
	Number of Gaming Accelerators	21

Source: Startups.watch, Dealroom.co, data.ai

\*The data belongs to download numbers between December 2022-June 2023 where developer companies HQ are in Türkiye

Figure 47

<sup>72</sup> Startups.watch. (2024). Gaming Snapshot for Türkiye. (v3.2). <https://startups.watch/reports>

## Fintech Vertical in Türkiye

Türkiye's fintech industry has shown remarkable progress in recent years, evidenced by the growing number of fintech startups and increasing investment activities. Currently, there are 696 active fintech startups in Türkiye.<sup>73</sup> This dynamic ecosystem is a clear indicator of the vivid fintech scene in the country.

From 2018 onwards, the Turkish fintech sector has steadily increased deal sizes and counts. In 2021, the industry witnessed 69 deals which climbed to 91 in 2022. During the first five months of 2024, \$166 million investment was a record for fintech ecosystem, demonstrating the sector's ongoing appeal to investors. The total investment in Turkish fintech startups between 2021 and 2022 amounted to \$160 million.

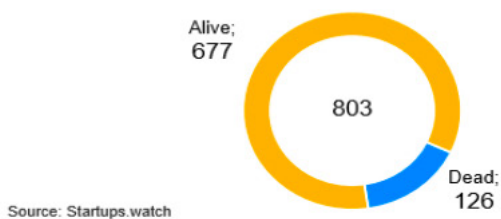
Regarding market exits, the Turkish fintech scene has been quite active with 44 exits since 2018, totaling \$661 million. These exits validate the sector's growth potential and points out lucrative opportunities.

The fintech startups in Türkiye span various verticals, with payments leading the way with 273 startups. This is followed by banking technology with 111 and blockchain/crypto with 101 startups. Other significant areas include corporate finance, with 91 startups, insurance with 57, and a diverse range of other fintech sectors, totaling 212 startups.

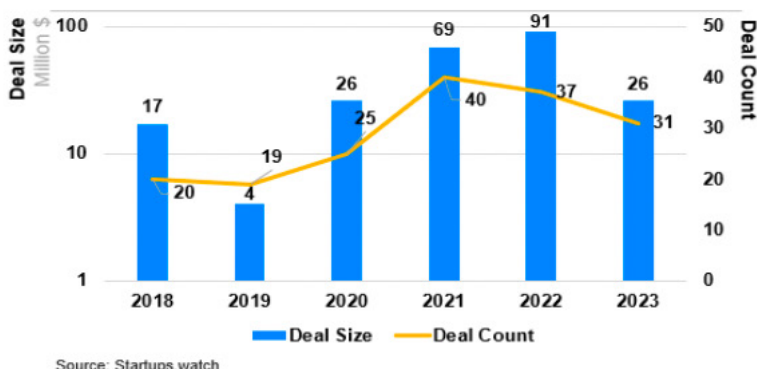
This diversity in fintech verticals reflects the comprehensive nature of Türkiye's fintech ecosystem. It shows the sector's capacity to innovate across various financial services, from traditional banking solutions to emerging technologies like blockchain and cryptocurrency.

The fintech sector is primed for prominence with the launch of the İstanbul Financial Center and Türkiye's robust legal and technological foundation. The Turkish digital payment market is set to hit \$300 billion by 2023.<sup>74</sup>

**Number of Fintech Startups** **Figure 48**



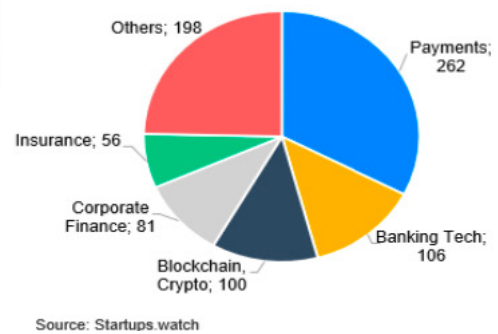
**Fintech Investment Size and Deal Count** **Figure 49**



**Highlights from Fintech Vertical**



**Number of Startups Based on Fintech Vertical**



**Figure 50**

<sup>73</sup> Startups.watch. (2024). Fintech Snapshot for Türkiye. (v3.4). <https://startups.watch/reports>

<sup>74</sup> Maven Insights and Solutions Analysis

# What Does Türkiye's Future Promise for Global Investors?



## Attractive Destination for Global Investment

### Realized Interest from Global Investors

Türkiye's entrepreneurship ecosystem exhibits a compelling dynamic, attracting \$4.673 billion in investments from global investors, significantly surpassing its domestic investment of \$327 million.<sup>75</sup> This disparity emphasizes the international investor community's recognition of Türkiye's unique position in the startup landscape. The country's growing enthusiasm on technological innovation and supportive policies has created fertile ground for startups to thrive. Türkiye's increasing alignment with the EU regulations and standards further enhances its appeal to international investors. The robust inflow of foreign capital signifies an economic boost and a validation of Turkish startups' innovative capabilities and growth potential. This trend positions Türkiye as a significant player in the global startup arena, with a diverse, tech-savvy entrepreneurial culture that continues to draw international attention and investment.

### Hidden Potential for Large Startup Base

Türkiye's entrepreneurship ecosystem, with a 0.2% share of global VC funding, has yet to achieve its true potential. Home to many startups, the country presents an untapped opportunity for investors. Despite receiving noteworthy cross-border investment, Türkiye's share in VC funding does not fully reflect its entrepreneurial capacity, indicating room for substantial growth. This disparity suggests an underexplored market brimming with possibilities. The Turkish tech industry, rich in talent and innovation, could significantly benefit from increased venture capital. Based on the report's findings, we believe that Türkiye has the potential to capture around 1% of global VC funding with its robust startup scene. Investors looking to discover new markets with high growth potential will find Türkiye's tech sector ripe for exploration. Supporting Turkish startups could be the key to unlocking a further new wave of innovation and economic growth within the country.

**Cross-Border vs. Domestic Venture Capital Investment in EMEA Countries**

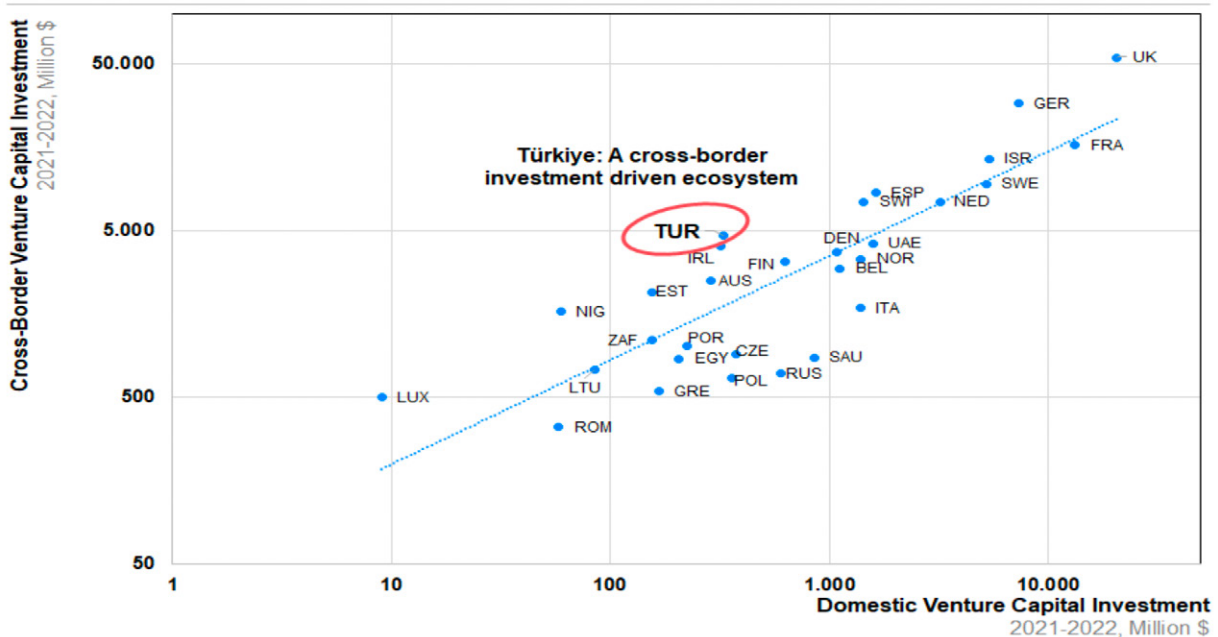


Figure 51

<sup>75</sup> Dealroom.co. Explore the Most Promising Ecosystems Data. <https://l24.im/hOzrQC8>

## Affordable, Smooth Investment Opportunities

As one of the pivotal contributors to the global tech landscape, the report’s mentioned scenario underscores an opportunity for local and international investors to engage more deeply with Türkiye's vibrant and diverse entrepreneurship ecosystem.

### Affordable Deals

Türkiye's entrepreneurship ecosystem offers global investors a unique opportunity for affordable, smooth cross-border investment. With a median Series A round of \$1.7 million, Türkiye stands as an attractive market compared to its European counterparts. This affordability is a significant advantage for investors seeking value and growth potential.<sup>76</sup>

### Investors Are Going Global: Why and How?

One of the analysis points of this report is to understand the global investors’ decision-making process while making cross-border investments. The other aspect is their tools and approaches when investing in other countries.

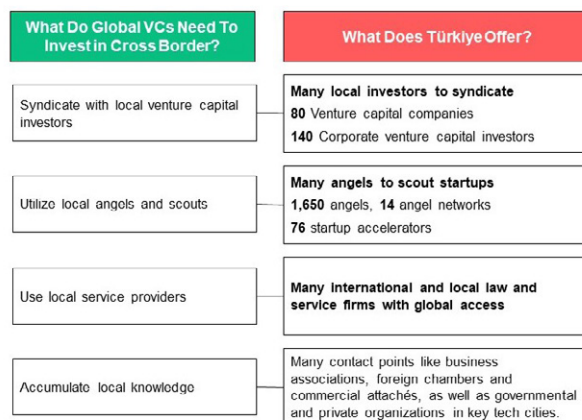
Global investors take four actions while making a cross-border investment and syndicating with local venture capital investors, utilizing local angels

and scouts, using local service providers, and accumulating local knowledge.

Türkiye has significant local investor depth (venture capital companies, angels, and accelerators) in helping navigate the global investors to invest in Türkiye’s startups.

The Turkish venture capital landscape is rich and diverse, with more than 80 companies and 140 corporate venture capital and corporate investors. This robust network allows global VCs to easily syndicate with local partners, ensuring better market understanding and risk mitigation. Additionally, Türkiye is home to approximately 1650 angel investors, 14 angel networks, and 76 startup accelerators, providing a wealth of local expertise and scouting opportunities for emerging startups.

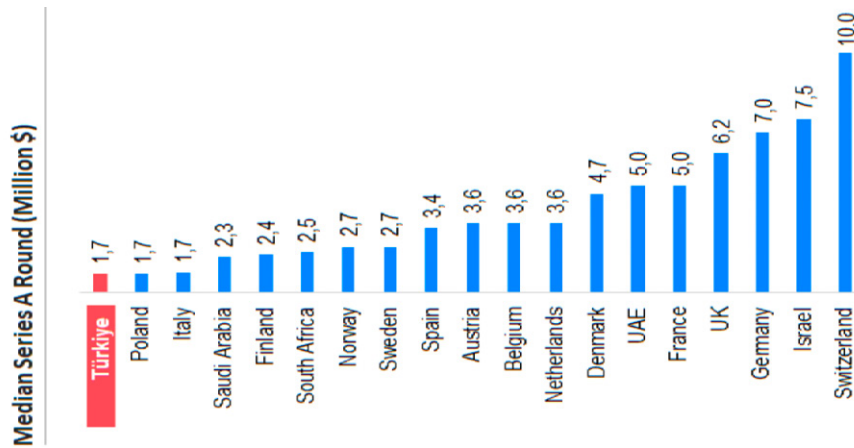
The presence of numerous international and local law and service firms in Türkiye, well-versed in global business practices, further facilitates cross-border investment processes. These firms offer necessary legal and professional services, ensuring compliance and smooth operational transitions. Moreover, Türkiye's strategic position and its strong network of commercial attaches and government branches in key tech cities provide invaluable local knowledge. These resources are crucial for understanding the market dynamics, consumer behavior, and regulatory landscape, offering a comprehensive view of investment opportunities.



Source: Startups watch, Startup Genome

Figure 52

<sup>76</sup> Maven Insights and Solutions Analysis



Source: Startups.watch, Startup Genome

Figure 53

## Opportunities of the Unexplored Ecosystem

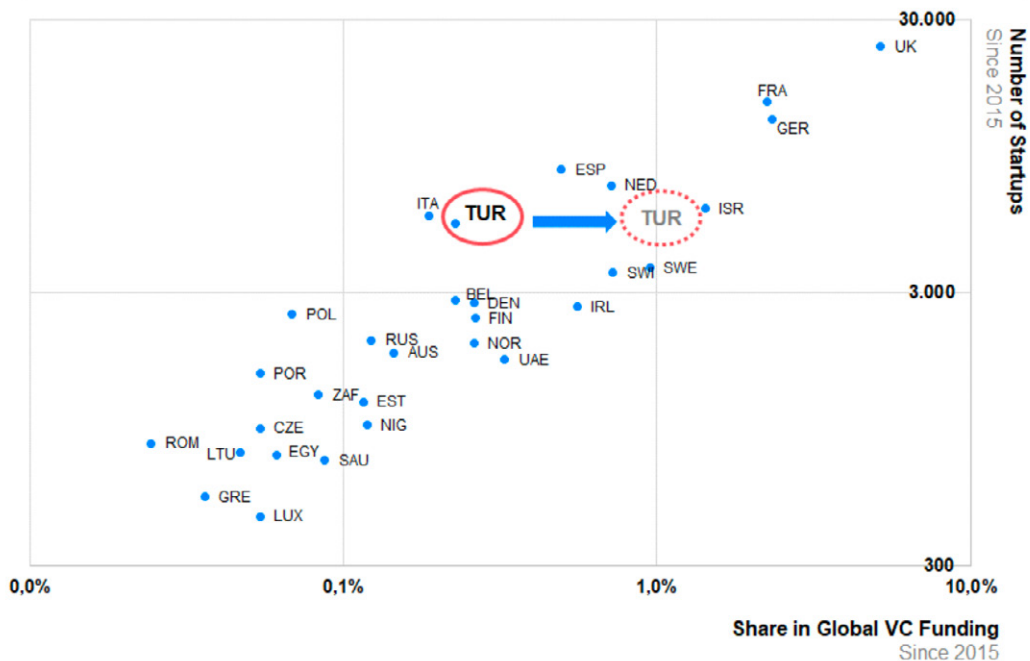
For global VCs looking to expand their portfolios, Türkiye presents a compelling case. They combine affordable investment options, a vibrant startup scene, strong local support networks, and access to critical market information, making Türkiye an appealing destination for cross-border venture capital investments.

As the Turkish entrepreneurship ecosystem evolves, it will be transformed from an underexplored market to stronger and more sustainable cross-border investment interest and startup success cases.

The ecosystem invites global venture investors to explore and collaborate with local partners.

Number of Startups vs. Share in Global VC Funding

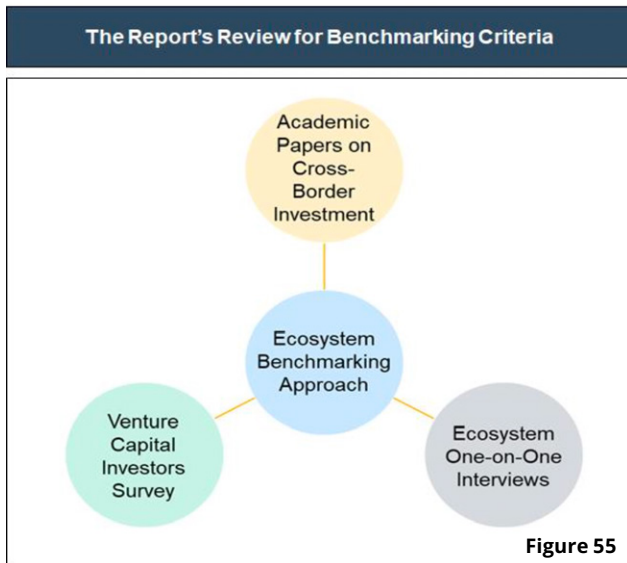
Figure 54





# Report's Entrepreneurship Ecosystem Benchmarking Methodology

## Attractive Destination for Global Investment



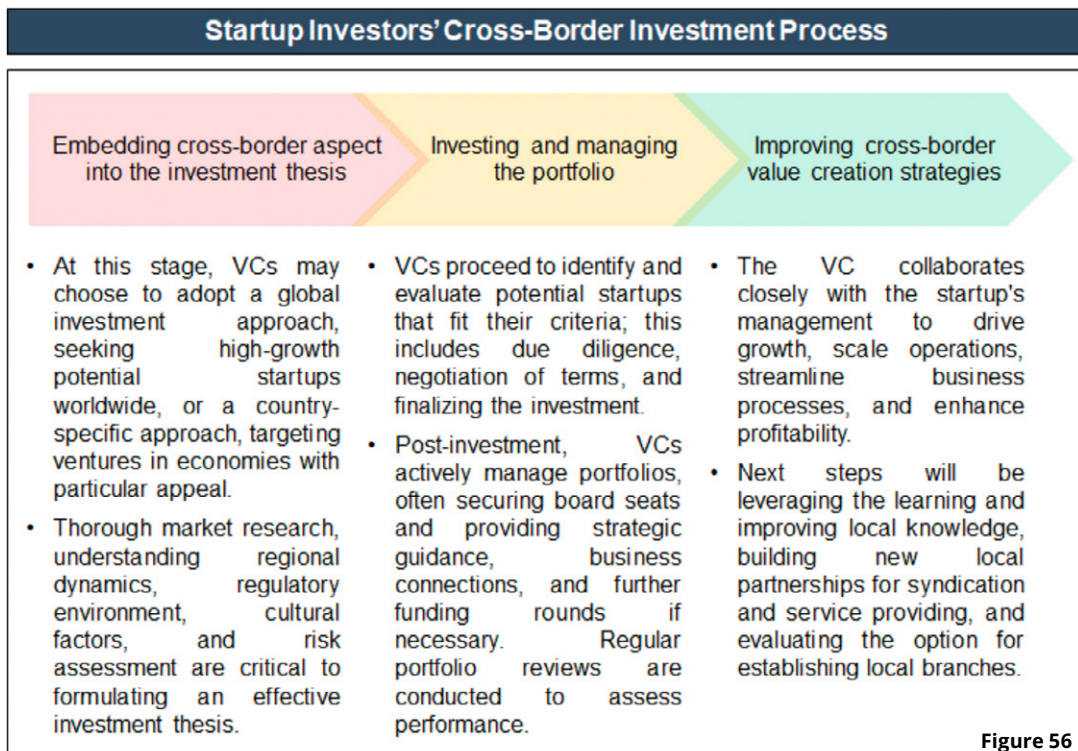
In most global entrepreneurship ecosystem reports that develop benchmarking entrepreneurship ecosystems, the frequently used approach is categorizing them as developed and emerging ecosystems and ranking based on investment activity, talent, and performance metrics like exits and acquisitions. However, this approach does not

effectively spotlight the emerging entrepreneurship ecosystems in differentiating their strengths and weaknesses. Since the center of this report is Türkiye as an emerging ecosystem, and to make more meaningful insights and gauge the critical aspects of the emerging entrepreneurship ecosystems, the analysis focused on how global investors make cross-border investments in emerging ecosystem startups.

The report team comprehensively reviewed multiple academic research surveys and interviewed venture capital investors on the following questions. In this investigation, the following questions have been asked.

**What is the Investment Focus?** Is the VC firm's primary focus on specific industries, technologies, or business models? Are they interested in certain stages of companies (early-stage, growth-stage, etc.)?

**What is the Geographic Preference?** Does the VC firm invest globally or focus on specific regions?



**What are the Key Investment Criteria?** What financial metrics, market sizes, growth rates, or other benchmarks does the VC firm look for in its potential investments?

**What is the Risk Profile?** How does the VC firm assess and manage the risks associated with cross-border investments?

**What are the Value Creation Strategies?** How does the VC firm add value to their portfolio companies, especially those based in foreign countries?

Also, investors' cross-border investment process is reviewed.

It has been found that all else being equal, certain factors drive venture capital investors to focus more on cross-border investments and devise strategies to overcome related challenges.

Focusing on global investors' approach to cross-border investment allowed to provide a perspective from a venture capitalist viewpoint. Cross-border investments open a vista of untapped markets, innovative technology, and new business models that can offer robust returns.

The findings suggest that some investors lean more toward cross-border investment who are more deep-tech, later-stage focused, more tenured, and have large funding sizes.

Figure 57

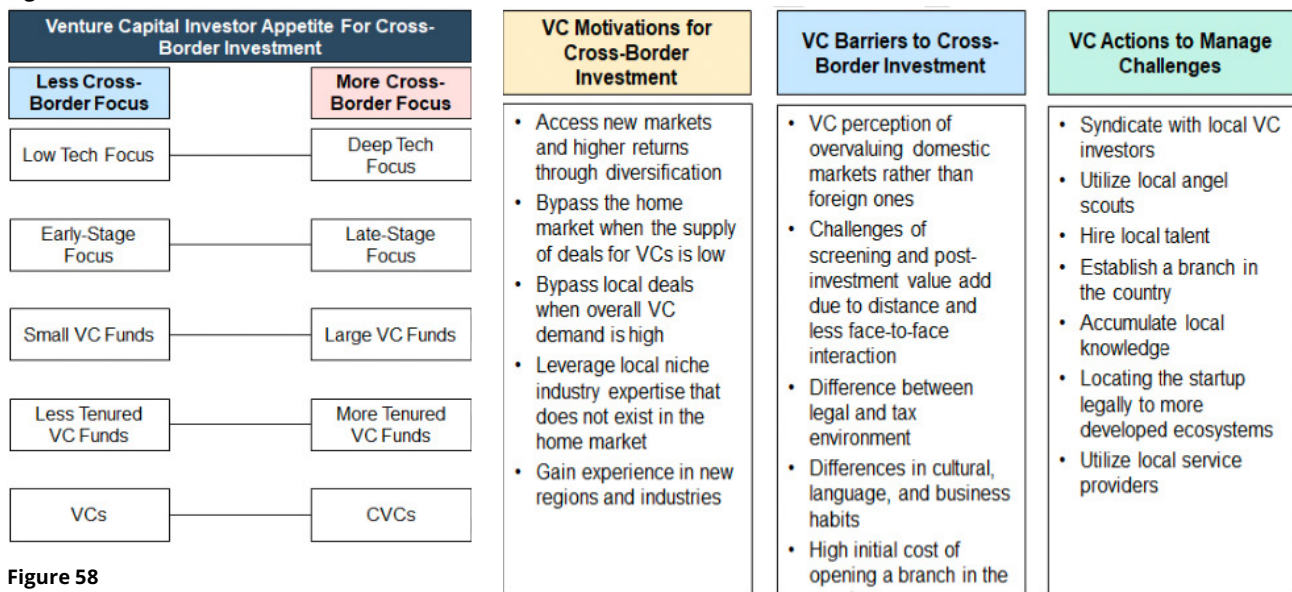
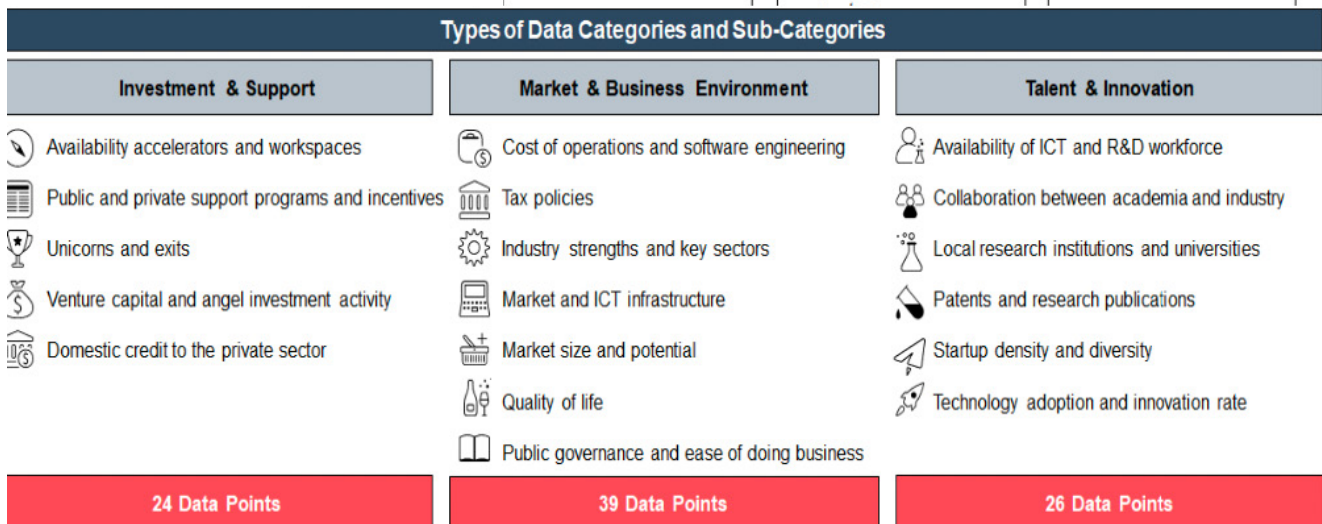


Figure 58



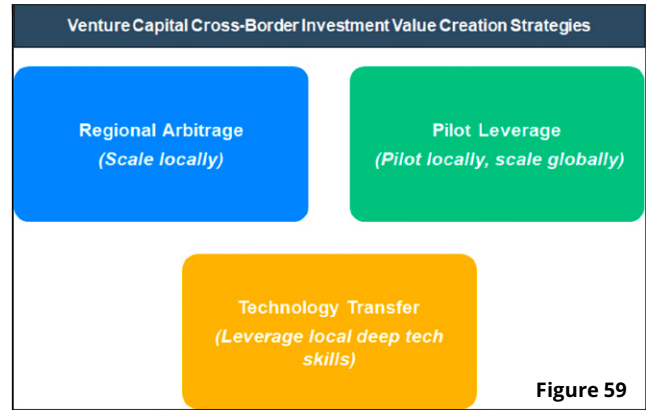
## Data Collection and Analysis

From a VC’s perspective, the report’s emphasis on cross-border investment is critical as it delineates market potential, reveals growth trajectories, and demonstrates the dynamics of varied ecosystems. This outlook offers new benchmarking insights into the competitive advantages that different ecosystems provide, whether it is unique tech proficiency, lower costs, or expansive market reach.

Equipped with this knowledge, readers of this report can devise approaches that balance risk and reward, thus making the most of emerging opportunities in the vibrant and diverse tech startup scenes.

Initially, from 29 sources, 313 data points are collected to establish a large set of data to analyze the benchmarking of the tech ecosystems.

According to the relevancy and representation capability, the data set is narrowed to 89 data points with three categories, each representing an essential aspect of the benchmarking approach. Investment



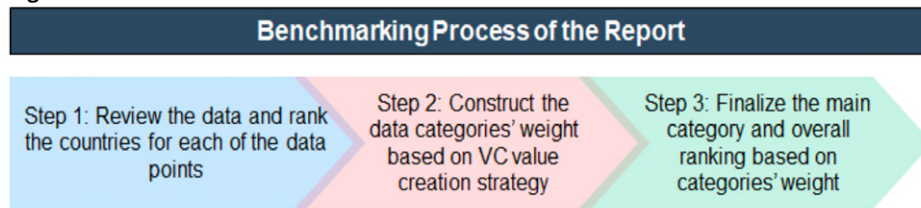
and Support contain startup investment activity and output, and Talent and Innovation represent the size of the startup and technology talent pool. The Market and Business environment have nurturing and scaling potential.

There are 24 data points for Investment and Support, 26 for Talent and Innovation, and 39 for Market and Business Environment.

Figure 60

Venture Capital Cross-Border Investment Value Creation Approach			
	Regional Arbitrage (Scale locally)	Pilot Leverage (Pilot locally, scale globally)	Technology Transfer (Leverage local deep tech skills)
Primary Focus	Successful local business model that can be replicated in other markets.	Startups with globally scalable ideas that are tested in local markets first.	Technologically advanced startups that can leverage local talent.
Investment Criteria	A proven business model, strong local market presence, and scalability potential.	Innovative and disruptive ideas, strong founding team, and a global market potential.	Strong technological capabilities, skilled technical team, and a high-tech product or service with potential for high demand.
Value Creation Strategy	Leverage untapped market potential, lower costs, ecosystem strengths that are undervalued compared to their counterparts in more developed markets for high return potential.	Utilize cost-effective testing and refining value proposition in local markets before scaling globally, capitalizing on proven business models ready to scale. It has a broader market vision and greater potential for growth and returns than domestic investment.	Using local R&D skillsets may not be available or be underutilized in the domestic market, potentially leading to disruptive opportunities and high returns.

Figure 61



The three main categories have 18 categories and 32 sub-categories. The analysis defines three value-creation strategies for venture capital investors using the cross-border investment learnings of global investors.

The “Regional Arbitrage” approach is primarily about scaling startups domestically by utilizing the local market size and opportunities for growth and support. “Pilot Leverage” is related to providing a local testing ground for startups and helping them grow globally.

Technology transfer is about utilizing the R&D and technical skills of the country in expanding global markets.

Using three value creation approaches of investors differentiates the ecosystems in primary focus, investment criteria, and venture capital value creation strategy.

Regional arbitrage emphasizes replicating a thriving local business model across other markets, leveraging untapped potential, and lowering costs.

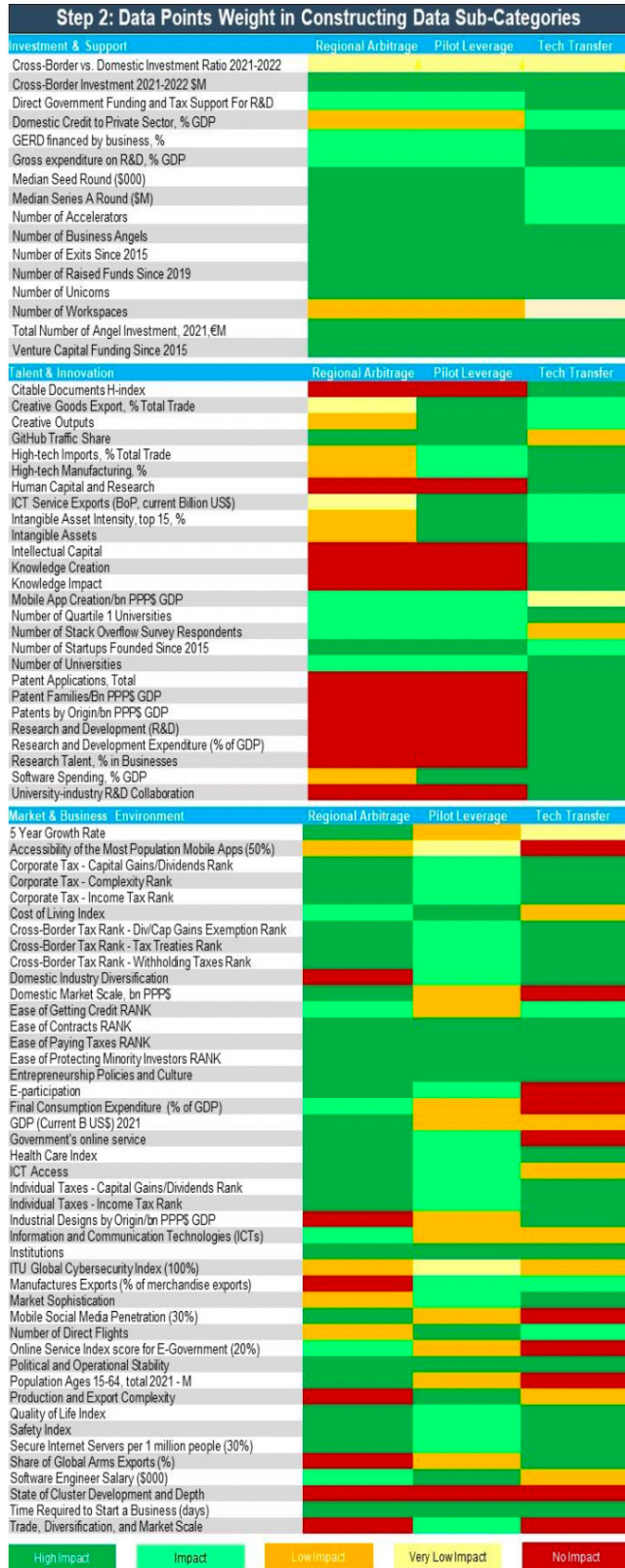
Figure 62

Step 1: Collecting the Data and Construction the Main Categories				
	Investment & Support	Market & Business Environment	Talent & Innovation	
Number of Data Points by Source	WIPO	3	15	16
	dealroom.co	8		2
	THE WORLD BANK		13	3
	TAX FOUNDATION	8		
	NUMBEO		4	
	Startup Genome	2		1
	ëban	2		
	glassdoor		1	
	appfigures		1	
	DATAREPORTAL		1	
	G S C I			1
	IFU		1	
	OECD	1		
	OpenFlights.org		1	
	SOVIKAD INVESTIJSKI BANKING			1
	sipri		1	
	stackoverflow			1
	United Nations		1	
	SEMRUSH			1



Pilot Leverage focuses on startups with globally scalable, disruptive ideas, allowing cost-effective testing and refining in local markets before scaling globally.

Figure 63



This approach presents a broader vision and potential for returns, comparing favorably to domestic investing. Though different in focus and criteria, each strategy offers a way to create value and achieve growth.

The report analysis applied the criteria and weightings to each venture capital value-creation strategy and designed the benchmarking approach to differentiate the representativeness of data and the weights of data categories for three distinct value-creation strategies.

Some data categories have equal importance for three value creation strategies: VC investment amount or unicorn and exit success.

The following is a step-by-step summary of the benchmarking process.

**Step 1:** Initially, the report analysis embarked on a data collection process of 313 data points and scrutinized them for their accuracy, relevance, and representativeness in our benchmarking approach.

In addition, the analysis evaluated the presence and availability of data across different countries. Then, 81 of the most relevant and insightful data points are selected.

The analysis leveraged these selected data points to provide a preliminary ranking of the entrepreneurship ecosystems.

**Step 2:** The data is organized into the 81 chosen data points into 32 sub-categories. This categorization was carried out to offer a more nuanced understanding and analysis of each group.

The analysis acknowledged that each data point does not have the same significance or impact.

Therefore, the 81 data points are assigned specific weights based on their relative importance and impact on the VC value creation strategy in its relevant sub-category.

**Step 3:** The final step involved ranking the countries and identifying and assigning specific weights for each data sub-category for a role in the country rankings.

Once the weights were appropriately allocated, the final rankings were calculated for the main category and each country, providing an overview of each country's relative performance and potential in the benchmarking process.

From the table, each weight defines the impact on the ecosystem benchmarking.

Venture capital investment activity, unicorns, and exits have the highest impact on determining

the position of the ecosystem for three of the approaches.

The regional arbitrage's market and business environment emphasize the market size and cost of operations.

The technology transfer's main driver is R&D talent and innovation output.

The pilot leverage's drivers are in the middle of regional arbitrage and technology transfer.

Figure 64

Step 3: Data Sub-Categories Weight on Final Benchmarking				
		Regional Arbitrage	Pilot Leverage	Technology Transfer
Investment & Support	Availability accelerators and workspaces	3.0	5.0	2.0
	Public and private support programs and incentives	1.0	1.0	4.0
	Unicorns and exits	16.0	18.0	16.0
	Venture capital and angel investment activity	18.0	14.0	16.0
	Domestic credit to the private sector	1.0	1.0	0.0
Market & Business Environment	Cost of operations and software engineering	8.0	7.0	5.0
	Tax policies	5.0	4.0	3.5
	Industry strengths and key sectors	0.0	1.0	1.0
	Market and ICT infrastructure	6.0	7.0	2.0
	Market size and potential	13.0	2.0	1.0
	Quality of life	2.0	6.0	4.0
	Public governance and ease of doing business	11.0	6.0	6.0
Talent & Innovation	Availability of ICT and R&D workforce	6.0	9.0	9.0
	Collaboration between academia and industry	0.0	0.0	6.0
	Local research institutions and universities	1.0	1.0	3.0
	Patents and research publications	0.0	0.0	8.0
	Startup density and diversity	6.0	8.0	4.5
	Technology adoption and innovation rate	3.0	10.0	9.0
<b>Total</b>		<b>%100</b>	<b>%100</b>	<b>%100</b>

# Messages of the Promotional Sponsors



## Barış Özistek

**Boğaziçi Ventures**  
*CEO & Board Member*

Türkiye has been one of the emerging dynamic startup ecosystems driven by high-caliber startups, skilled entrepreneurs, and advancing technology professionals. This vibrant environment has also transformed the country into a global innovation powerhouse.

Early-stage startups thrive due to substantial local investments, enabling rapid growth and global market expansion. As well, Türkiye's geographic position and cultural acumen allow for seamless localization of products and effective global communication strategies.

Country's gaming and fintech industries lead the startup ecosystem, producing successful companies and unicorns globally. Additionally, retail technologies, digital health, B2B SaaS, and defense industries are rapidly growing, establishing Türkiye as a significant global player.

Recent years have seen increased investments from international funds, recognizing the country as a fertile ground for success. Türkiye remains a prime market for early-stage investments, offering rare opportunities.

At Boğaziçi Ventures, we foster innovation by managing investment funds focusing on various stages and verticals. We invite global investors to capitalize on Türkiye's market opportunities through becoming limited partners at local funds.

Türkiye's ecosystem is growing in size and sophistication, positioning itself as a pivotal hub for global innovation and entrepreneurship.



## H. Çağatay Özdoğru

**Esas Holding**  
*Member of the Board & CEO*

We believe that the entrepreneurship ecosystem stands as a key driver of economic growth and progress. As such, we anticipate that the recent growth trajectory of the Turkish entrepreneurship ecosystem will be further propelled by factors such as Türkiye's location, its young population, developing innovation culture, engineering education since 1700s, active participation of venture capitalists, and robust support from publicly funded initiatives. Istanbul, the economic powerhouse of Türkiye with its unique qualities, is at the heart of our entrepreneurship ecosystem. Supported by the Republic of Türkiye Ministry of Industry and Technology's Turcorn 100 program, aiming to reach 100 domestic unicorns by 2030,

Istanbul is poised to gain global recognition as one of the top 20 entrepreneurship hubs. Commitment to maintaining the stable and supportive environment available to startups as well as domestic and foreign investors is crucial for reinforcing the entrepreneurship ecosystem.

At Esas Holding, we have been avid supporters of Türkiye's entrepreneurial landscape since our inception. We firmly advocate for entrepreneurship, one of our six core values and priorities at Esas, to evolve into a culture in our country. Accordingly, we make venture capital and private equity investments in Türkiye to foster creativity and encourage new initiatives.



## Kerem Turunç

**TURUNÇ**  
Managing Partner

The Turkish entrepreneurship ecosystem is an unsung hero of the EMEA region. It has produced multiple unicorns, and attracts a diverse pool of homegrown talent and expatriates alike. Supported by a sophisticated network of angel investors and venture capitalists, it provides opportunities for innovation, funding and growth. One of the standout features of the ecosystem is its robust, continental European legal framework, which ensures the protection of both investors and founders.

Despite these and many other strengths, the Turkish ecosystem often operates under the radar, not

receiving the acknowledgment commensurate with its strengths.

By shedding light on its vibrant community, supportive legal environment, and remarkable track record, this report will serve as a cornerstone in helping the Turkish ecosystem attain the recognition it deserves as one of the leaders in the EMEA region and globally.

TURUNÇ is a full-service law firm, founded in 1990, providing transactional and dispute resolution services to Turkish and multinational clients through its offices in Türkiye and the United States. It has a particular focus on cross-border technology transactions.



## Sezgin Lüle

**Türkiye İş Bankası**  
Deputy Chief Executive

Entrepreneurs play a crucial role in shaping the future of Türkiye's digital economy, and we support them for this very reason. We believe startups are key players working with significant technologies that enhance Türkiye's competitiveness and efficiency. This is why we collaborate with them to develop and integrate their products and utilize their innovations.

Türkiye's entrepreneurship ecosystem has seen remarkable growth and change, making it a key center for innovation and investment. This progress comes from government support, increasing global

investor interest, and the energetic efforts of local entrepreneurs.

Türkiye's entrepreneurship ecosystem is booming, with key sectors like e-commerce, fintech, gaming, health tech, and mobility driving substantial growth and innovation. These sectors highlight the dynamism and potential of Türkiye's entrepreneurial landscape, driven by a supportive government and a young, innovative population. The ecosystem's diverse industries and growing support infrastructure provide fertile ground for startups to thrive and significantly contribute to the country's digital economy.

As İşbank, we create initiatives that have the broadest ecosystem value proposition and strengthen Türkiye's global competitive advantage. With our acceleration programs, funds and ecosystem relations, we invite startups and global funds for collaboration on Türkiye's great potential.

# Appendices

## Benchmarking Analysis References

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## Glossary

**Startup:** Companies designed to grow fast. They are venture capital investable but only sometimes venture capital backed. When startups are successful, they develop into scaleups.

**Unicorn:** Refers to a privately held startup company valued at over \$1 billion, generally after an exit or venture capital deal.

**Exit:** Refers to a way that investors and entrepreneurs can reap the financial benefits of a successful startup, usually through a liquidity event such as selling the company (trade sale) or going public through an initial public offering (IPO), which results in the conversion of the ownership stake into cash.

**Venture Capital (VC) Investment numbers:** Refer to rounds such as the Early stage (Pre-Seed, Seed, and Series A), Breakout stage (Series B and Series C), and Late stage (Mega rounds \$100 million+).

**Venture Capital (VC) Deal:** A venture capital firm financing a startup or a small business with high growth potential. The VC firm typically receives equity in exchange, gaining partial company ownership. These deals help fund innovative companies during their early stages, where risk is often high, but the potential for success is substantial.

**Angels:** Angels or angel investors are individuals who provide capital for start-ups or entrepreneurs, often in exchange for equity in the company. They typically support early-stage ventures with financial backing and industry expertise.

**Pre-seed:** The initial capital entrepreneurs raise to validate their business idea and prepare to launch their startup. This funding, often sourced from the founders themselves, friends, family, or early-stage investors, typically goes towards market research, product development, and business planning.

**Seed:** An early-stage investment that supports a startup in covering initial operational expenses, typically provided by angel investors or friends and family. This capital is essential for market research, product development, and forming a proficient team, paving the way for future growth.

**Series A:** The first substantial round of venture capital financing and follows seed capital. Startups that have proven their potential through a viable product and robust business model usually seek Series A funding. The funds are used for scaling, talent acquisition, and product development.

**Information and Communication Technology (ICT):** ICT encompasses all technologies that facilitate the processing, transferring, and exchanging information and communication services. This report considers modern tools such as digital computers, smartphones, and the Internet.

**Stack Overflow:** An online platform that serves as a forum and community for programmers to learn, share knowledge, and build their coding expertise through question-and-answer exchanges.

**GitHub:** A web-based hosting service for version control using Git. It provides a collaborative platform for software development where developers can store, share, and collaborate on code projects.

**Research and Development (R&D):** A strategic process is undertaken by businesses and governments to innovate and introduce new products and services or improve existing ones. It involves substantial investment in time and resources, crucial in boosting technological advancements, economic growth, and maintaining a competitive edge in the global market.

**Patent:** A patent is a legal document granted by a government giving an inventor exclusive right to manufacture, sell, or use an invention for a specific period. Patents stimulate innovation and protect inventors' rights, encouraging research and development activities.

**Accelerators:** Accelerators are intensive programs designed to support early-stage startups. They provide mentorship, educational components, office space, and sometimes funding in exchange for equity. The program culminates in a public pitch or demo day to attract further investment.

**Workspace:** Workspace refers to where a person works, such as an office or home office. It can be physical or digital and has tools and facilities that enable productive work. It is crucial in facilitating creativity, collaboration, and overall job performance.

**Valuation:** Valuation determines a company's or an asset's current worth. In the context of startups, valuation is often a central aspect of fundraising and investment discussions—specific multiples.



