Digital Serbia Initiative founders
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OUR MISSION

The whole world is in transition towards a digital economy and we see this as an opportunity for Serbia to join the exclusive club of countries who are leading in the 21st century. We know this is achievable, for Serbia has already demonstrated its capability in creating unique and valuable digital assets.

We aim to create an environment where Serbian technology companies are regional leaders in their fields, providing ample local employment opportunities and an excellent quality of life for Serbian citizens.

OUR OBJECTIVES

**Digital Serbia Initiative** aims at building and strengthening all aspects of a successful digital and high-tech innovation ecosystem.

Our objectives are:

• improving government policy and modernizing the regulatory framework in order to create a stimulating business environment, which will foster technological entrepreneurship and attract domestic and international investors.

• enhancing education through strengthening the formal education system, deepening the Serbian talent pool and creating new offerings in adult education, aimed at helping the existing workforce to keep pace with ever faster-changing job requirements.

• providing assistance to the entrepreneurial start-ups and scale-ups in the creation and the scaling-up of new businesses (i.e. by building communities, providing access to mentoring, workspaces and acceleration programs, and by attracting national and international angel and growth capital).

• fostering the exchange of ideas and facilitating co-operation through:
  - our own local and international events;
  - the creation of opportunities for dialogue across the country, enabling Serbian society to discuss the possibilities and address concerns;
  - using combined Business Networks and Media to increase the awareness of the digital ecosystem and the attractiveness of Serbia as a place to invest, to work and to live.
WHO WE ARE?

**Digital Serbia Initiative** was founded by Infostud, Microsoft Development Centre Serbia, Nordeus, PricewaterhouseCoopers, Ringier Axel Springer, Seven Bridges Genomics, Startit, Telekom Srbija and Telenor, all of which are combining their resources, the passion of their leaders and their broad relationship networks to drive a joint national initiative.

Digital Serbia Initiative sees the government as one of its main partners in the effort to digitalize Serbian economy and society. We have already established good co-operation with the relevant government departments and agencies and are open for further collaboration.

OUR CULTURE

Serbia is a small country, but we have great objectives for rapid growth. Our members are high-calibre business executives and founders with high standards and big ambitions. We love tech, particularly when it is used for smarter, better outcomes. Our aim is to be transformative in the programmes we deliver and collaborative in our approach. We encourage co-operation across organisations, stimulate different opinions and foster discussion. What unites us all is the desire to make a distinctive contribution to a prosperous future for Serbia.

DIGITAL MANIFESTO: STRATEGY 1.0

We are ambitious and eager to drive positive change through our strategic plan and framework. We seek engagement and invite discussion to further develop and keep ourselves relevant.

Workflows and programmes

- We work towards a comprehensive digital ecosystem and its various elements, ranging from framework conditions and education to global communications.
- We design clear objectives, activities, budgets and measurements with longevity and longer-term strategy in mind. We will report regularly in public.
- We want to make a visible short-term impact, so we are acting as a digital start-up ourselves, exploring, piloting and quickly pivoting ideas and concepts.

As of our launch, which is planned for 29 May 2017, we will move from strategy to execution, start building our organisation in detail and execute the initiatives and projects as set out in this Manifesto.
INRODUCTION

Innovative digital products and services are continuously transforming our everyday life. Our whole world is in a dynamic process – the creation of the digital economy will enable us to perform daily activities in a faster and simpler way, while enriching our lives. The digitalization process is the most relevant catalyst for innovation, competitiveness and growth.

Our activities in Serbia look at the best practices from other digital ecosystems, such as Switzerland, where several years ago the Digital Switzerland initiative contributed significantly to the digitalization process, as well as the recently formed organisation Digital Poland. Serbia has a unique opportunity to take a step forward into its digital future, while avoiding beginners’ mistakes and applying good practices from other countries.

PREREQUISITES FOR DIGITAL TRANSFORMATION

Joining forces across Serbia
To prosper, the new digital economy needs a social and business environment which stimulates innovation, entrepreneurship, investment, and close co-operation. Digital Serbia Initiative aims at gathering and motivating all the relevant stakeholders: state institutions, companies, academia, entrepreneurs, start-ups, non-government institutions and individuals, to unite around a common vision. We need to combine all our efforts and resources in order to create an environment which is beneficial for the development of the digital economy.

Basic infrastructure
We believe that it is important to keep improving the internal IT infrastructure to ensure that our businesses and our citizens have access to effective and efficient digital services.

State support
In its strategy paper on IT industry development, the state outlined decisive steps with regard to technological entrepreneurship, including the modernisation of tax policy, and the legal and administrative business environment. The government committed itself to assisting the promotion of technology companies abroad and to driving IT solutions. Digital Serbia Initiative therefore not only recognizes the state as a partner for digital transformation but also as its ardent promoter.
BENEFITS OF DIGITAL TRANSFORMATION

Opportunities for qualified employment
Digital transformation offers numerous opportunities for economic growth and broader social development. On a yearly basis, 200 IT companies are established in Serbia and estimates show that around 100,000 jobs will be created in the IT industry by 2020. Every digital service is potentially an international business, without the need for substantial additional investment or state aid.

Sustainable future
Facing the future, the digital economy is “green” and it promotes the broader principles of sustainable development. Its impact on the environment is expected to be more subtle and more positive than is the case with traditional industries.

A place called home
For almost three decades now, young people have been leaving Serbia to seek a better economic future elsewhere. The digital economy can reverse this negative trend as it is naturally oriented towards younger generations which adapt easily to technological improvements. It also allows for the creation of businesses on a global scale which at the same time operate locally, thus creating opportunities for employment and a prosperous society at home.
In a rapidly-changing environment, even the largest companies need to find development partners in order to address complex technology issues and develop timely market propositions. In a digital economy, high value is created by collaboration between established corporations (today’s market leaders) and pioneering start-ups (today’s ideas leaders). Digital Serbia Initiative aims to lay the foundations for lucrative and successful future partnerships.

**Putting Innovation to good use**

Digital technologies are typically lean and less capital intensive, fast to implement, often allowing users to leapfrog entire generations of business model development. As such, they continue to disrupt established structures and organisations all around the world.

**SERBIAN BIG BETS**

The digital revolution is affecting all sectors at nearly the same time. However, we believe Serbia should focus its efforts and resources on the technologies and business segments where competitive advantages already exist, be they skills, expertise or reputation. Digital Serbia Initiative will support the entire innovation ecosystem, and initially we will focus on the “Big Bets”, areas in which Serbia can achieve tremendous growth and remarkable international market share.

**Agriculture and Food** is one of our largest industrial sectors and a key contributor to Serbian exports. We believe in the creation of first-mover advantage, despite existing competitive markets.

**Automotive industry** is one of Serbia’s strengths, as we have heritage, a skilled workforce and expertise. Serbia can create strong a competitive advantage by focusing its digital transformation efforts in this segment.

**Digital entertainment** combines performance in the arts and maths, and Serbia boasts talent in both areas. In recent years, Serbian IT companies have had remarkable success in gaming, exemplifying the potential for developing the future of digital entertainment (i.e. Virtual and Augmented Reality).
**Connected machines** as a sector combines mechanical and software engineering skills. The Internet of Things (IoT/IIoT) seeks to combine machines, sensors, data and intelligent computing power. Serbia has a great history of machine manufacturing and requires some support to make them digital and connected.

**Biotechnology and Life Sciences** is a rather new sector of industry which combines biology, physics, chemistry, technology and mathematics to gain a better understanding of how living organisms function at the molecular level. Serbian scientists and companies can contribute to the reinvented approaches to medicine, food production and fuel generation.

**Data Science** combines statistics, mathematics, statistical modelling, IT and computer science to interpret large amounts of complex data. We see great capacity in Serbia for developing global solutions for decision-making and product development based on data mining, machine learning (including artificial intelligence) and analytics.

**Smart Infrastructure** is all about bringing efficiency into infrastructure and making it more environmentally-friendly. The Serbian ICT sector can develop globally applicable solutions for managing city traffic, food distribution, electric grids and many other indispensable aspects of everyday life.

**IMPORTANCE OF BIG BETS**

By focusing on Big Bets, Digital Serbia Initiative will develop a number of programs to address large and intricate issues, enabling accelerated growth within these industries. These issues are too complex for one organisation to solve on a stand-alone basis. They require intense collaboration in order to create substantial value for a larger number of ecosystem participants.
FRAMEWORK CONDITIONS
(Economic, Administrative, Regulatory)

E-GOVERNMENT

eUprava, the portal of electronic services for citizens which was established in 2010, hadn’t been adequately utilized until 2016, when three new services were introduced: the electronic replacement of health cards, e-baby (child birth registration) and online enrolment into kindergartens. Digital Serbia Initiative sees immense room for improvement and development in this area. For example, integrating data from several major state institutions would reduce the number of paper documents citizens have to submit by seven million documents per year.

E-PAYMENTS

Digital Serbia Initiative will work on the final goal of full implementation of e-payments, so that citizens or legal entities can pay their all taxes, fees and public services electronically without any obligation to provide paper evidence. We are already working on the legislative steps needed to enable electronic payments for digital content. For example, we are addressing payment for purchases of digital products via monthly mobile phone bills (for Google’s Play Store and Apple’s App Store).

DIGITAL SIGNATURE AND IDENTITY

Although digital signature was introduced ten years ago, only 5% of citizens use it. Its usage requires special hardware and software which are not user-friendly. At the same time, the costs of issuing qualified electronic certificates are high. There is a pressing need for a solution which will utilize existing software and hardware (such as mobile phones or bank cards) in order to make electronic signatures available for everybody.
TAX POLICY

The tax system in Serbia needs urgent reform in order to grant tax incentives for digital businesses and provide stimuli to entrepreneurship. Some of the most pressing examples include income tax exemptions for individuals and companies investing in start-ups (Angel/Seed Capital), tax incentives for companies investing in R&D and digital business models, payroll tax incentives for new employees, tax deductions and incentives for supporting education programs and initiatives.

FREE DATA FLOW

The free flow of data is one of the requirements for future technologies, services and businesses that will be based on cloud platforms. However, Serbian businesses cannot utilize technologies such as cloud services because cross-border data transfer is not allowed. Digital Serbia Initiative will recommend developing legislation to enable free data flow in line with EU data regulations.

OPEN DATA

Open data is one of the key drivers of disruptive innovation that no aspiring economy and society can afford to miss. It creates new social and commercial value through transparency, participation and the engagement of broader society. Governments collect vast amounts of data, most of which is public and Digital Serbia Initiative will work on ways for the Serbian Government to grant access to the data it possesses.

ICT INFRASTRUCTURE

A framework of internationally synchronized and aligned regulations will be an important catalyst for the rapid and effective expansion of the ICT infrastructure, and respectively for private and public investment. Digital Serbia Initiative will propose to regulators in Serbia how they can intensify efforts for the creation of a legally superb ICT ecosystem.
CHALLENGE

Despite recent improvements in the area of education, Serbia faces many challenges. Designated schools and universities are under-resourced and Science, Technology, Engineering and Math are not the preferred choice for the majority of high-school pupils. Official support for informal education is not in place, while start-ups and entrepreneurs find it difficult to receive structural support. There is a pressing need to organise adequate transfer programmes and opportunities for career change.

OUR PRIORITY INITIATIVES

Our short-term goal is to facilitate a breakthrough on all levels of education.

Primary education
We expect Informatics to become a mandatory subject from the 2017/18 academic year. Our plan is to facilitate this by implementing the free platform Petlja (BubbleBee).

Secondary education
Reform of the informatics curriculum should follow the example set by primary education. High-school teachers will receive support to modernize and expand their expertise. We will also recommend opening additional specialized computing classes in high schools across Serbia and further promoting programming competitions.

Tertiary education
These combined improvements should have a cumulative effect on tertiary education, both by improving students’ knowledge and by developing the interest in Science, Technology, Engineering and Math (STEM) departments. Industry professionals are willing to help relieve the pressure building up on STEM faculties, either through their involvement in the education process as teaching assistants and research assistants from industry, or as visiting/adjunct professors.

At the same time, teaching staff at all levels of the education system should have the opportunity to become actively engaged in the IT industry, gaining specific expertise and industry benefits.
The entire education system should be data-driven and transparent, whereby key indicators are carefully collected, benchmarked and made public.

In parallel, we need a significant increase in informal education activities, with the aim of retraining individuals and developing their IT capabilities to a level that is sufficient for employment in the IT industry. In this way, Serbia will be able to quickly and significantly increase the number of IT and digital professionals.

**OUTCOMES / DESIRED SCENARIO**

Our strategic goal is brief and ambitious: a tenfold increase in the number of engineers, STEM professionals and digital experts in Serbia by 2025.

In order for this to happen, both academia and industry, together with IT related organisations, need to form a unified ecosystem. The education system should teach relevant IT skills from an early age, and recognize and empower talented students to become IT professionals. Universities should develop into centres of research and innovation, which in turn are interconnected with the IT industry. Finally, the entire Serbian society needs to recognize IT and digital tech as relevant and attractive areas of study and work. The media plays a major role in passing this message to the public.
START-UP (EARLY STAGE)

We want to assist start-ups with knowledge, coaching, the development of community spaces, networking opportunities, raising funds and the constant improvement of the business environment. We also want to remove the stigma of start-up failure.

CHALLENGE

The start-up ecosystem in Serbia is vivid and dynamic; so far there has been substantial funding and start-ups continue fundraising. The Serbian start-up ecosystem has great developers and founders, but has little expertise in product design and marketing, due to the lack of a well-developed product making culture.

OUR PRIORITY INITIATIVES

Developing a product-centric culture
The key to developing the right culture through community efforts is the coaching and nurturing of entrepreneurial initiative, i.e. through coaching sessions and seminars on topics relating to building a product and the business. We will enable founders to have easier access to the technical expertise of our larger member organisations, including proof of concept partnerships.

Removing the stigma of start-up failure
Many start-ups will fail. This is the nature of entrepreneurship and it happens when taking risks to set up a business. With our activities we aim to remove the stigma of start-up failure. Our members will encourage intrapreneurship and provide opportunities to learn from those who dared yet failed.

Connecting internationally
We need to promote investment opportunities in Serbia, especially for top firms in the US and UK. This should be done through bold media campaigns and building long-term relationships. In the area of international communication, our top priority is making Serbia more attractive for venture capital investment.
**Working with the government to improve the business environment**

Serbia needs a legal framework which will introduce the possibility of granting stock options to employees in any kind of closed joint-stock company - not only listed ones. These arrangements are essential to compensate top talent. Moreover, start-ups need legal ways to register subsidiaries in Serbia, and to be awarded grace periods for tax until they show sufficient growth.

**Providing necessary infrastructure**

The government could substantially help the start-up community by supporting the expansion of community spaces beyond the renowned hubs of Belgrade and Novi Sad. We see opportunities for repurposing in every unused or underutilized public property, as a part of the ICT Sector development plan.

**OUTCOMES / DESIRED SCENARIO**

Digital Serbia Initiative is looking to create a comprehensive ecosystem and business environment which will encourage entrepreneurship, starting one own's business based on technological innovation and enable collaboration with the large corporates and educational institutions.
SCALE-UP

CHALLENGE / INITIAL SITUATION

Scale-up companies expect significant growth over the medium-term period, and as such, are in need of a larger number of employees with specific skill sets. Roles and job descriptions are more specialized and more demanding than for start-up companies. Finding and hiring top talent with appropriate experience and expertise is challenging, in turn making the transfer of knowledge even more difficult.

Scale-up companies focus on international markets and all their products and services are designed for these markets. They are hardly ever able to find a vertical ecosystem in which to thrive in Serbia.

All of these factors lead to funding needs (EUR 1 million and more). Raising large amounts of funding for a scale-up incorporated in Serbia is very difficult, as Venture Capital firms are reluctant to invest in a jurisdiction they are not familiar with.

OUR PRIORITY INITIATIVES

Short-term activities
In order to attract employees with international expertise and to retain top talent, Digital Serbia Initiative will work on rebranding Serbia and Belgrade as a desirable destination to work and live. At the same time, we will make recommendations to the government on how to make immigration policies and regulations simpler for highly qualified personnel. The skills brought in by foreign experts and the knowledge transfer are clear benefits, not only for individual companies, but for the state as a whole. Countries such as Denmark introduced income tax incentives for highly qualified personnel from abroad and we would encourage the Serbian authorities to adopt a similar model.

We will also design programmes to promote internal entrepreneurship in big companies in Serbia. We intend to build a database of start-up and scale-up companies in Serbia, so that founders, investors and the entire ecosystem may benefit from transparency and ease of interaction.
Long-term activities
Digital Serbia Initiative will focus on the overall branding of the long-term vision of a digital transformation in Serbia. We will recommend best practices to the government on how to align the relevant jurisdiction with UK and US jurisdictions in order to encourage Venture Capital investments. We will look to create mechanisms for “importing” entrepreneurs from other countries (regionally and wider). In parallel, we will encourage more multinationals to follow the examples of Microsoft and Telenor (and many other companies operating in the country) in establishing operations in Serbia and thus demonstrating the attractiveness of the country.

OUTCOMES / DESIRED SCENARIO
Digital Serbia initiative will aim to support the creation of a business environment that offers a competitive advantage to IT companies based in Serbia.
We aim to engage in a vivid dialogue and interaction with the public in order to raise awareness about the opportunities that the digital transformation is bringing. We want to outline the challenges which the digital transformation will pose to the economy and society at large. We also want to share possible solutions and work on their implementation with the whole ecosystem.

Our key message to the international community will be that Serbia is joining the club of leading 21st century countries in the digital economy.

We will co-operate with state institutions, international agencies, NGOs and reputable individuals in an effort to jointly broadcast the message of Serbia’s digital potential.

**EVENTS AND VISIBILITY**

**DIALOGUE WITH THE PUBLIC AND INTERNATIONAL REACH**

Digital Serbia Initiative will maintain contact with the public and raise awareness of issues related to digital innovation and transformation. We will promote good examples in business, education and entrepreneurship to inspire individual talents and innovative companies.

We will invest in international reach to ensure better visibility for Serbia as a great destination for investors and a place where professionals can find a balance between work and free time.

**INNOVATIVE STRENGTH AS A TRADEMARK**

We continually use our resources and our combined strength to boost the momentum of the Digital Serbia Initiative brand. The attractiveness of our brand makes us a highly regarded contributor to the digital innovation ecosystem. Our communication programmes seek to amplify the Serbian brand and to build awareness of our striving ecosystem among entrepreneurs, corporate innovation leaders and international investors alike.
EVENTS WITH SPECIAL INTEREST GROUPS

Digital Serbia Initiative will organise and facilitate events where digital entrepreneurs, established companies and financial investors can make those all-too-important connections. We will support networks and events, through which young people will be able to get enough information about trends and opportunities in industries which are technology-driven (such as meetups, expos, and open days in technology companies). We will support the unemployed and those employed already who are looking to advance their skills and expertise to match the opportunities in technology. Internationally, Digital Serbia Initiative will participate in conferences and trade fairs, providing opportunities for entrepreneurs to present their concepts to a global audience.