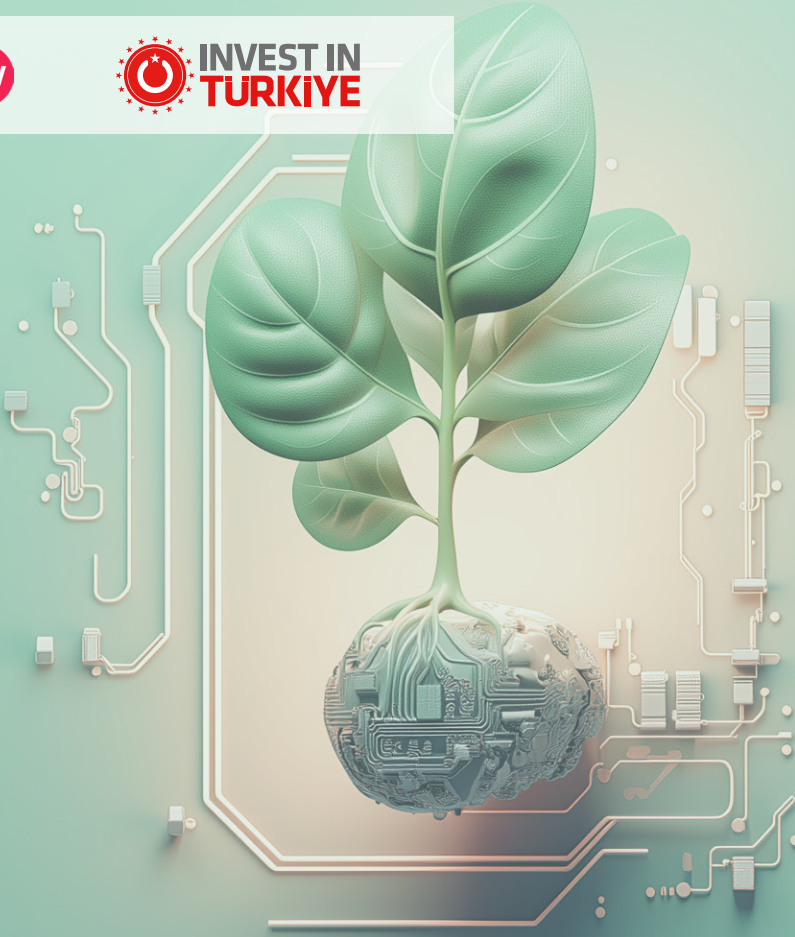




**INVEST IN
TURKIYE**



2024

THE STATE OF TURKISH STARTUP ECOSYSTEM

An In-Depth Analysis and Evaluation

WELCOME TO THE TURKISH STARTUP ECOSYSTEM

NEXUS OF THE WORLD



Credits & Contact

Startups Watch
Istanbul, Türkiye

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support@startups.watch

Serkan Unsal Founder, CEO

The State of Turkish Startup Ecosystem 2024
Version 2.0 // January 10, 2025



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Istanbul, Türkiye

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KEY TAKEAWAYS

A Brief Overview of the Ecosystem

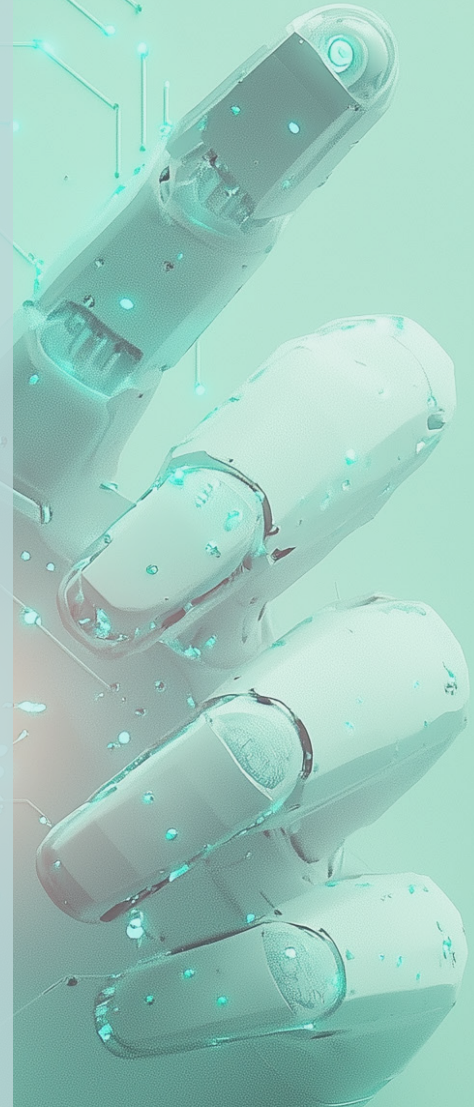


By 2018, Türkiye's startup ecosystem had made substantial progress during its early stages, driven by collaboration among investors, entrepreneurs, and key ecosystem stakeholders. In the following years, Türkiye emerged as a regional leader in funding for ideation and seed-stage startups, gaining a competitive edge in Central and Eastern Europe (CEE) and Southeast Europe (SEE). This success was facilitated by several factors, including the rise of multiple fund-of-funds, the development of traditional investment funds, the establishment of numerous Venture Capital Investment Funds (VCIF), and the steady increase in equity crowdfunding platforms.

Post-2018, Türkiye's competitive positioning was further strengthened through initiatives like the Turcorn program, aimed at giving rise to more unicorns, and the Türkiye Tech Visa program, designed to attract global talent and high-potential startups. Additionally, the TÜBİTAK BiGG fund, which annually supports an average of 300 idea-stage startups, has positioned the country for another significant leap in the near future.

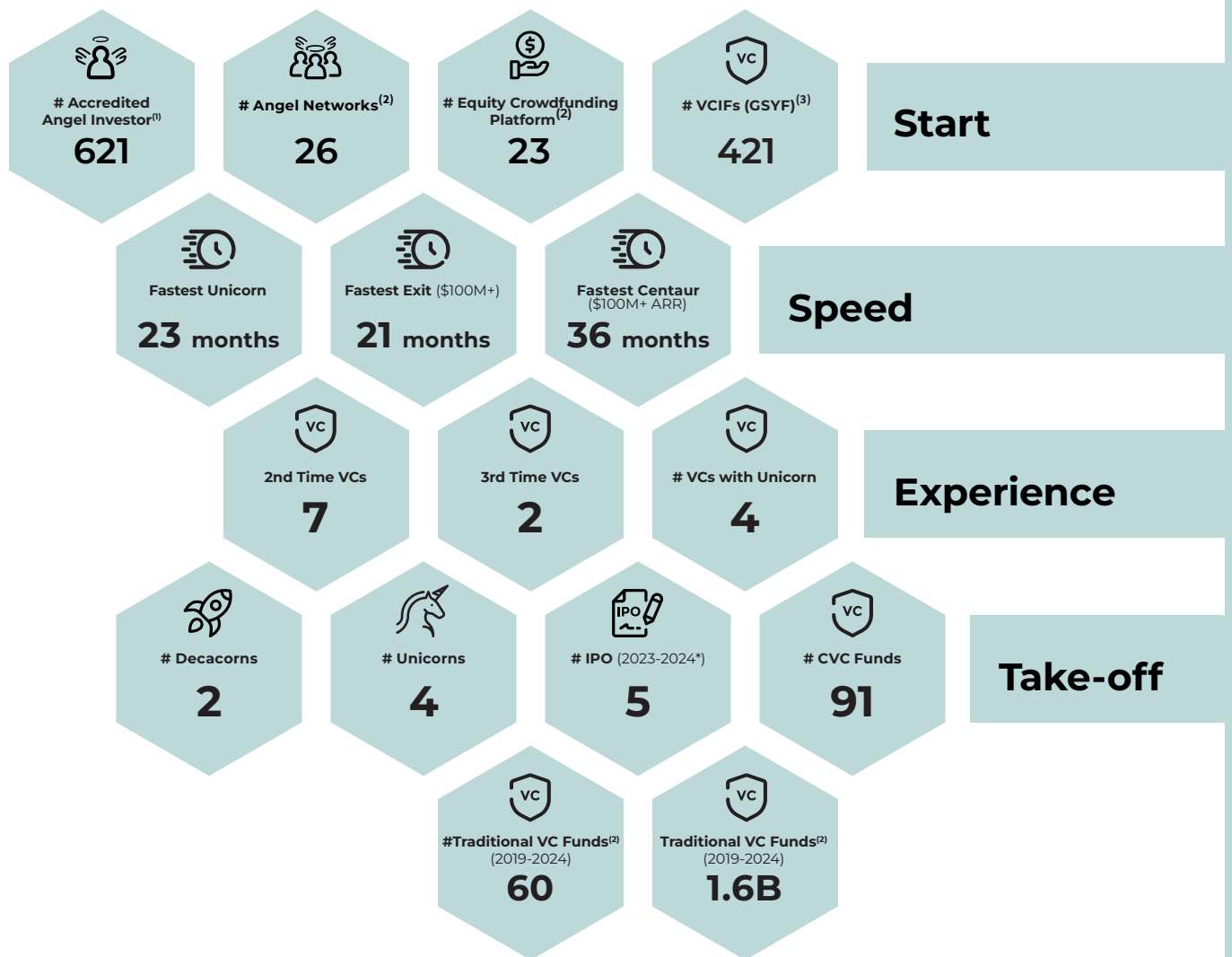
This anticipated breakthrough is expected to be driven by Türkiye's focus on high-growth sectors, including gaming, fintech, and artificial intelligence (AI). Notably, new regulations in the fintech sector, combined with a growing appetite for international expansion and acquisitions by fintech companies, point to fintech as a flagship industry within Türkiye's startup landscape.

Moreover, Istanbul's airport, projected to be the most connected airport globally by 2024 with 309 destinations, further reinforces Türkiye's strategic role as a leading candidate for becoming the regional hub for innovation and business expansion.



01

TÜRKİYE SNAPSHOT

Achievements
Unlocked2ndTürkiye ranked
2nd in number of
pre-seed deals in
2024⁽²⁾1stIstanbul is the
world's most
connected
airport! ⁽⁴⁾13thIstanbul ranked
13th in emerging
ecosystems
worldwide⁽⁵⁾
(16th in 2023)2ndIstanbul ranked
2nd in number of
gaming studios in
Europe ⁽⁶⁾

02

QUICK HISTORY

The Emergence of the VC-Backed Ecosystem

Prior to 2010, Türkiye's startup ecosystem was predominantly driven by bootstrapped startups, with minimal presence of venture capital (VC) firms or angel networks. At that time, only a single Fund of Funds, iVCi, was active in the space. However, the rapid growth of startups like Peak (later acquired by Zynga), Markafoni (acquired by Naspers), and Trendyol (acquired by Alibaba), following external investments in 2009 and 2010, laid the groundwork for the development of a VC-backed startup ecosystem in Türkiye.

In the years that followed, Türkiye's startup ecosystem saw the emergence of angel networks, venture capital firms, incubators, and accelerator programs, marking its transition into a more structured and dynamic environment. This phase can be regarded as the ecosystem's learning period, during which entrepreneurs, investors, and other stakeholders gained valuable experience, though early missteps and growing pains were common.

One of the key misconceptions during this early phase was the assumption that Türkiye's large population would be sufficient for startups to succeed within the domestic market alone, given its large population. Unlike smaller countries that had to prioritize global scalability from the outset, Turkish startups focused on local growth before seeking international expansion. However, a handful of precedents existed to guide Turkish startups in navigating the challenges of scaling beyond the domestic market.

At the beginning of the 2010s, the number of funded startups barely exceeded a handful. However, with the establishment of the first angel network (GBA) and the first VC firm (212) in 2012, combined with the increasing support for entrepreneurs and investors, the number of

investments began to rise year by year. Catalysts such as grants for early-stage startups and tax incentives for angel investors significantly accelerated the growth of the ecosystem. As a result, the total investment volume, which stood at \$20 million in 2010, surged to \$116 million by 2017.

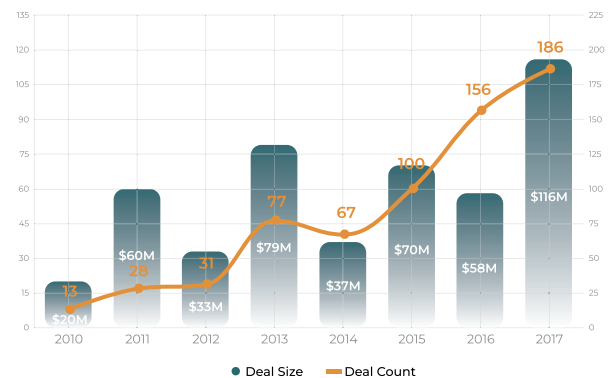


Chart 1- Angel & VC Deals in Türkiye in the Learning Phase⁽⁶⁾

By the mid-2010s, accelerators and investors began to recognize that globalization was essential, leading to a significant increase in visits and programs focused on Silicon Valley. This shift marked the beginning of efforts to explore and enter new markets, as entrepreneurs sought to expand beyond local boundaries.

During this period, the number of incubators, accelerator programs, and co-working spaces grew exponentially.

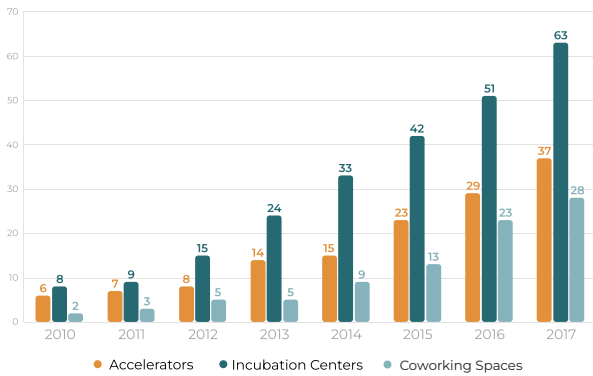


Chart 2- # Accelerators, Incubation Centers, Coworking Spaces in the Learning Era⁽²⁾

Restructuring

Following the learning phase, many funds reached the end of their investment cycle without producing a global success story. As a result, 2018 and 2019 saw investors focusing on recovering returns and raising new funds. Despite this, some VCs successfully exited with local champions, which facilitated the faster launch of their second funds and maintained momentum in the ecosystem.

Pandemic

Despite being early in the pandemic, Zynga's \$1.8 billion acquisition of Peak and the acquisition of 80% of Rollic for \$180 million just 21 months after its founding gave a significant boost to the ecosystem.

As the pandemic intensified, Türkiye, like the rest of the world, experienced an accelerated digital transformation, advancing sectors by 5-6 years. E-commerce, logistics, and gaming industries reached milestones during the lockdown that would have otherwise taken several more years.

In 2021, Getir achieved unicorn status, followed by Dream Games just 23 months after its inception. Hepsiburada's IPO on Nasdaq and Trendyol's rise to decacorn status further propelled Türkiye's startup ecosystem, setting an all-time investment record that year.

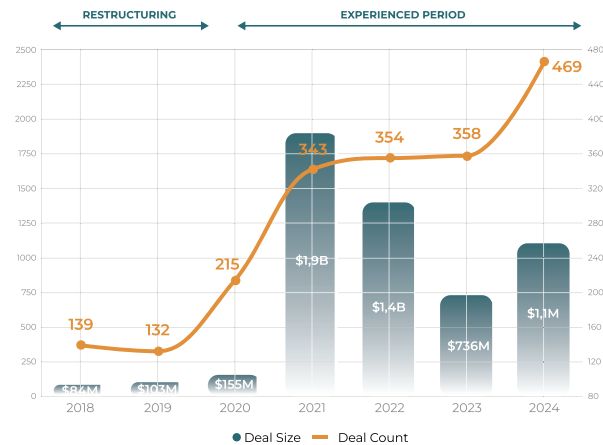


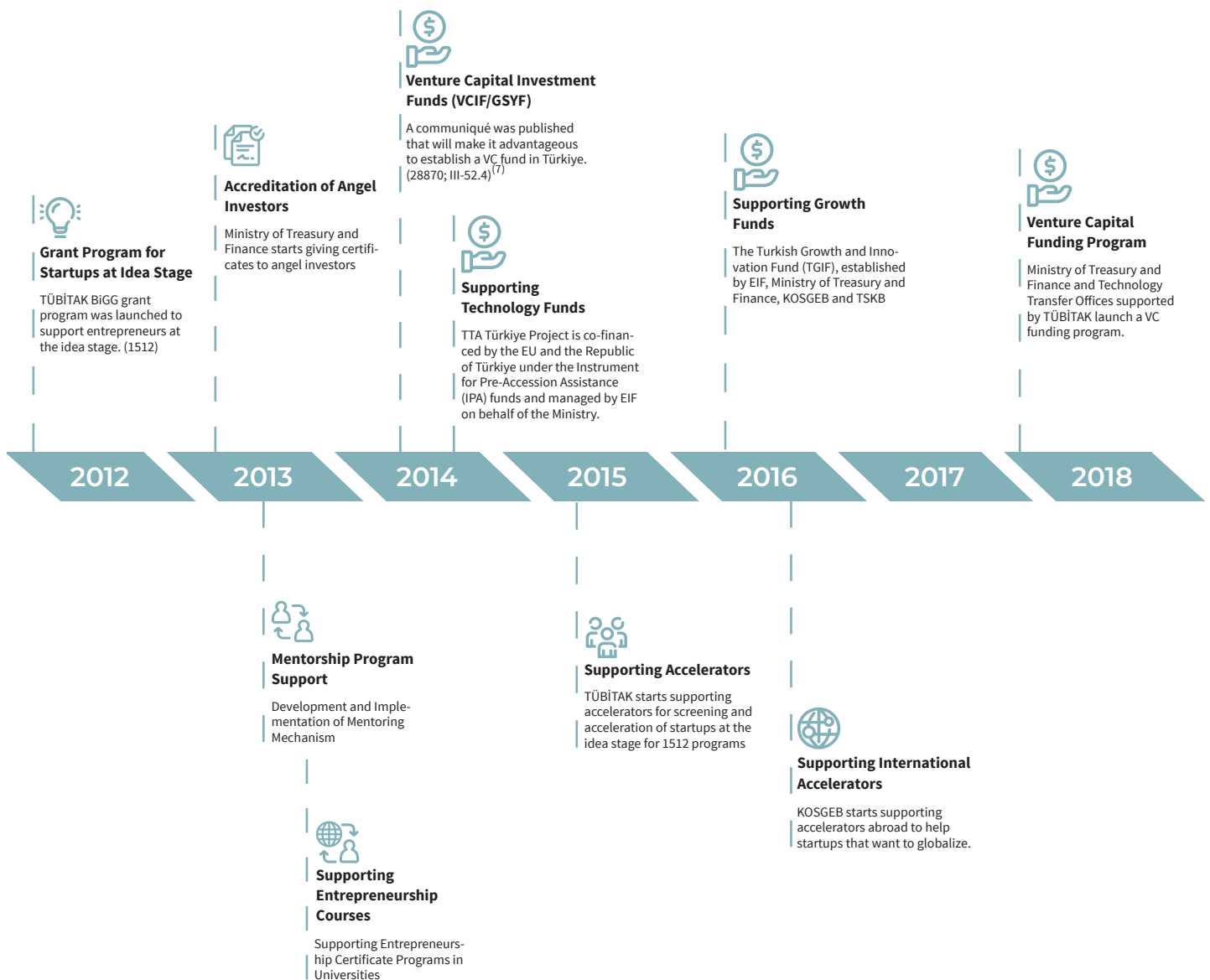
Chart 3- Angel & VC Deals in Türkiye 2018-2024⁽⁶⁾

Economic Downturn

Valuations in Türkiye did not drop significantly because they had not surged dramatically during the pandemic and remained at reasonable levels. Additionally, the funding shortage had little impact on pre-Series A stages. This was due to several factors: the introduction of equity-based crowdfunding regulations in 2019, allowing startups to secure financing through crowdfunding; the establishment of three fund of funds between 2020 and 2022 to support VCs; the 2021 regulation allowing R&D firms to accelerate their investments in Venture Capital Investment Funds (GSYFs); and the transformation of the BiGG program from an idea-stage grant initiative into a pre-seed investment fund by the end of 2023, now investing in nearly 300 idea-stage startups annually. These measures fostered an abundance of early-stage capital.

The only similarity Türkiye shares with the global trend is the capital shortage observed in the post-Series A stage, which has been keenly felt in the local market. The abundance of seed-stage capital, combined with a more experienced investor base—many of whom have unicorn and decacorn success stories—positions Türkiye to achieve new milestones in the coming years.

03

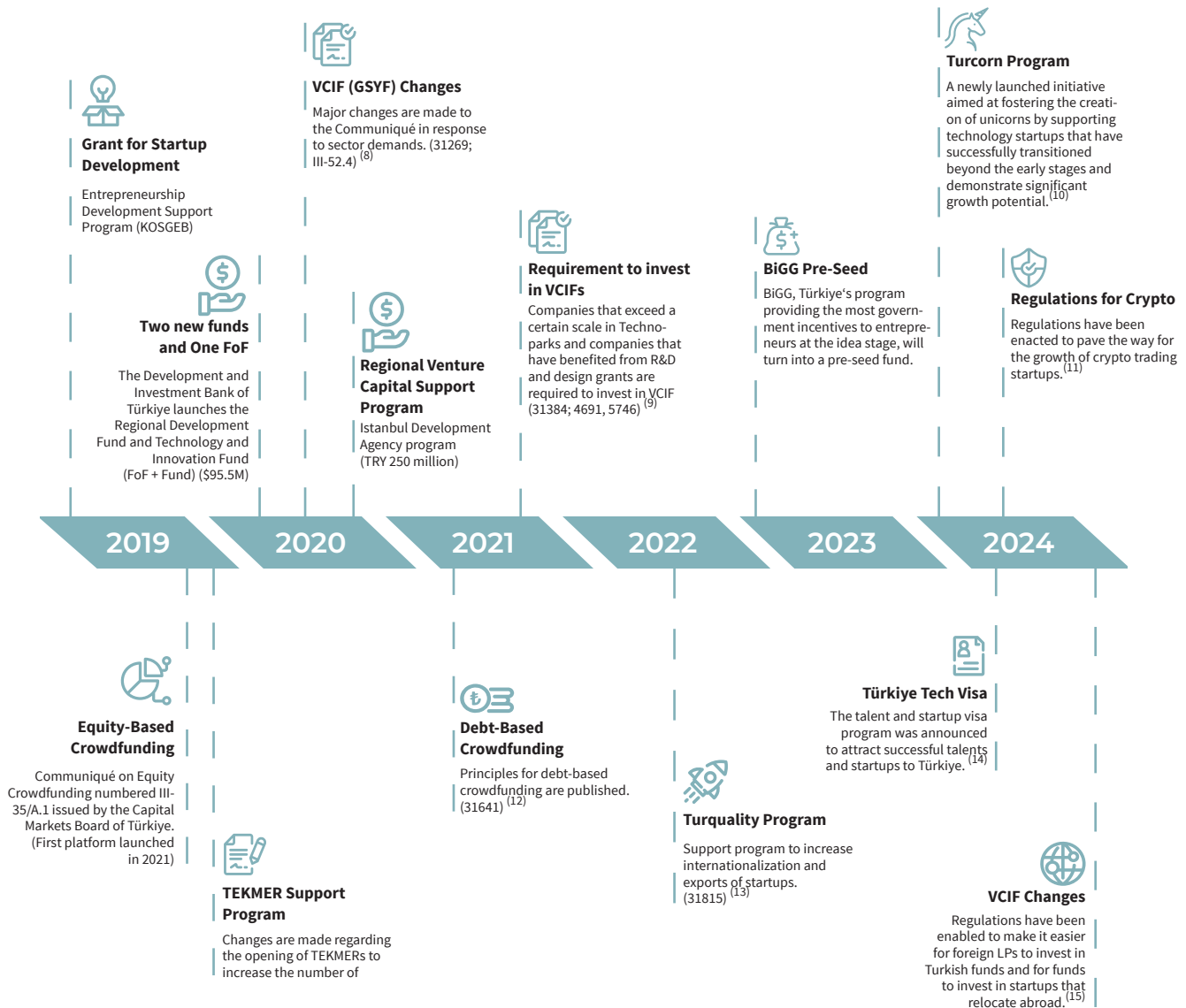
SUPPORTIVE
ECOSYSTEM

The Turkish government is a very active and strong supporter of the startup ecosystem in Türkiye and offers various programs and policies to help startups start, grow and scale globally.

Beginning in 2012, governmental agencies enabled and supported the development of local startup mentors, accelerator programs, angel networks, business internationalization programs, venture capital funds, and crowdfunding platforms.

In 2024, the TÜBİTAK-funded BiGG program facilitated record pre-seed investments for startups at the idea stage, reinforcing Türkiye's strengths in this initial phase of development.

The announcement of the Turcorn program for startups in the growth stage, combined with the introduction of Türkiye's Tech Visa to attract talent and startups, and the initiatives to enable Venture Capital Investment Funds (VCIFs) to raise additional capital, marked the first steps toward significant growth in the coming years.



Timeline 1 - Prominent Milestones for Government Support in Turkish Startup Ecosystem

04

A NEW ERA

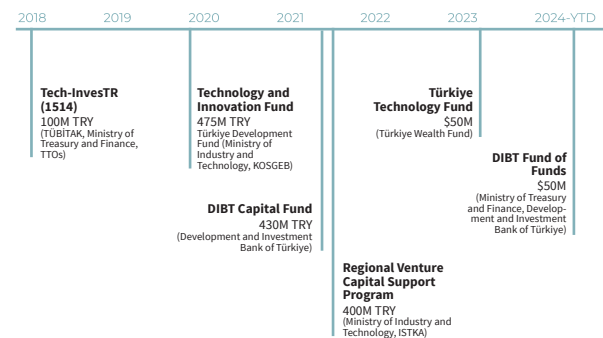
Multiplicity of Financing Options

As success stories made headlines in quick succession as the ecosystem gathered pace quickly, Türkiye has made significant strides in giving rise to unicorns, achieving global expansion, and securing exits at a much faster pace compared to the pre-2010 era when startups grew through bootstrapping. Before 2020, the ecosystem had yet to produce a unicorn, but post-2020, it has generated six unicorns, two of which have reached decacorn status.

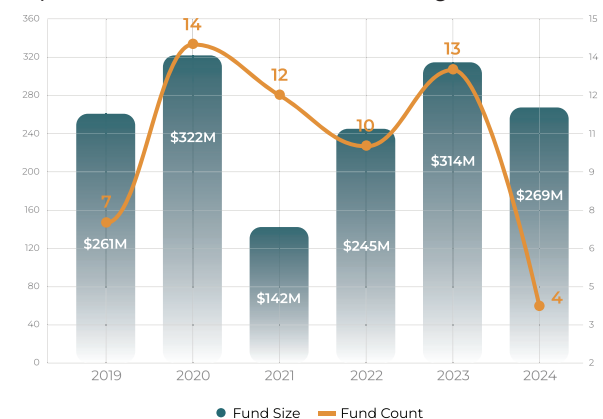


List 1 - Billion Dollar Club Members

The rise in success stories can be attributed to the groundwork laid and the experiences gained during the 2010-2017 period. The belief in the ecosystem's exponential growth established a robust financing infrastructure. Between 2018 and 2024, six fund-of-funds (FoFs) were created to target Turkish VCs, enhancing investor appetite and facilitating the establishment of new funds. The creation of 60 new Funds, totaling \$1.6 billion, serves as clear evidence of this progress.

Timeline 2 - Fund of Funds in Türkiye Timeline⁽¹⁶⁾

However, it's important to note that not all of these funds are exclusively mandated to invest in Türkiye; some focus on startups in Southeast, Central, and Northern Europe, or target Turkish diaspora-led startups abroad. Additionally, nearly all of these funds concentrate on seed and Series A investments, highlighting a notable lack of capital available for Series B and later stages.

Chart 4 - # Traditional VCs Founded⁽⁶⁾

In 2014, Türkiye introduced a new venture capital structure alongside traditional VCs under the regulation of the Capital Markets Board, known as the Venture Capital Investment Fund (VCIF). Regulatory changes in 2021 allowed companies receiving R&D incentives in Türkiye to invest in VCIFs, leading to the creation of 399 VCIFs, with a total size of \$1 billion between 2018 and 2024. With average fund sizes under \$5 million and a local focus, VCIFs are often referred to as “onshore funds” or “micro funds,” providing startups with more diversified financing options. The main difference from traditional funds is that VCIFs are mandated to invest exclusively in Turkish startups. However, a 2024 regulation expanded their scope, allowing VCIFs to invest in startups with a presence both in Türkiye and abroad, with a particular focus on targeting Turkish diaspora-led startups.

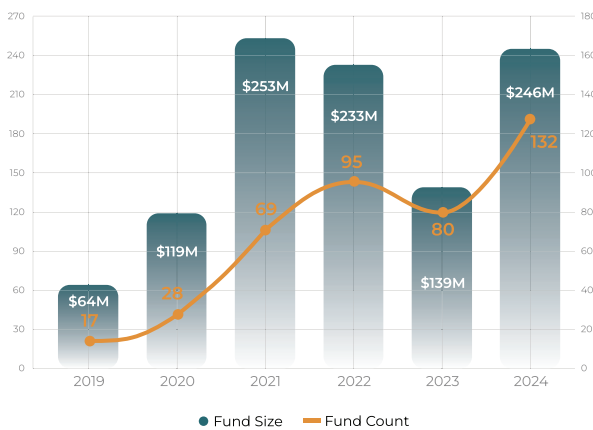


Chart 5 - # VCIFs (GSYF) Founded⁽⁶⁾

Since 2013, the Ministry of Treasury and Finance has been licensing angel investors for 5 years to benefit from tax advantages. As of 2013, 1123 licenses were issued and the number of angel investors with active licenses reached 621 by the end of 2024.

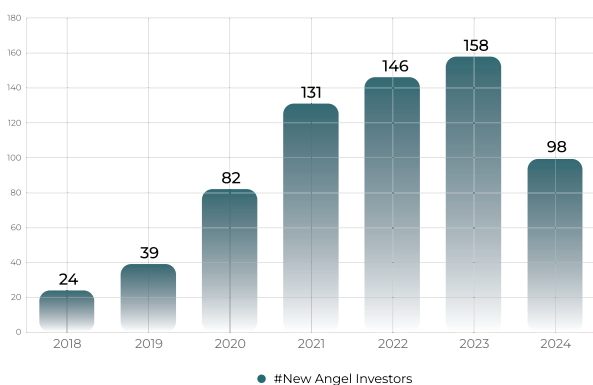


Chart 6 - # Newly Licensed Angel Investors⁽¹⁾

With the introduction of equity-based crowdfunding campaigns in 2021, platforms rapidly began to emerge. To date, 25 platforms have received operating licenses, with 11 actively launching campaigns. Although the number of successful campaigns in the first nine months of 2024 decreased compared to the previous year, crowdfunding has proven to be a valuable financing option, particularly for seed-stage startups.

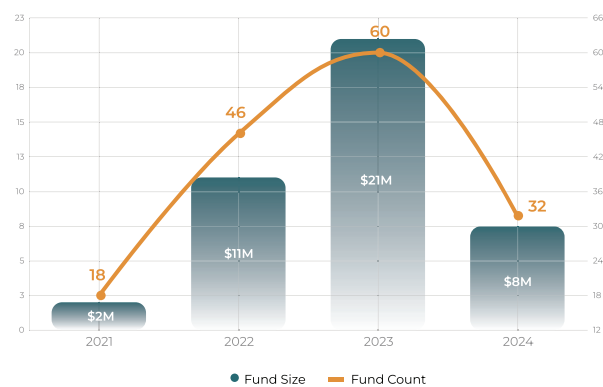


Chart 7 - Successful Crowdfunding Deals⁽⁶⁾

Another factor contributing to the increase in financing options has been the growing investment appetite of corporations. Companies became more eager to establish new funds, driven by both the favorable investment environment created by the VCIF regulations and the fear of missing out (FOMO) following successive success stories. This led to the creation of 91 corporate venture capital (CVC) funds to date. This growing appetite has been reflected in funding rounds, with CVCs or corporations participating in at least one out of every three investments in Türkiye over the past five years.

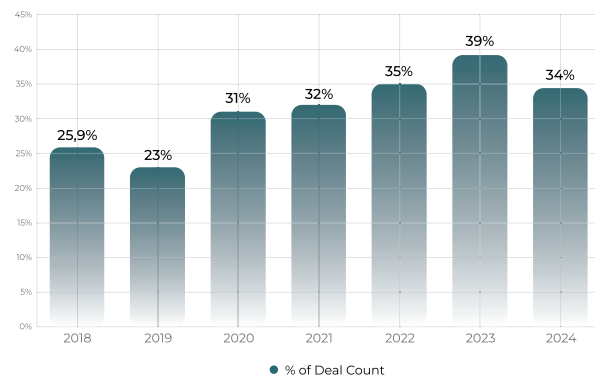


Chart 8 - CVC+Corporate Participation in Deals⁽⁶⁾

* : TÜBİTAK BIGG Fund excluded

Hot Verticals: Gaming

Türkiye's gaming ecosystem, which began with local success stories in online games in the early 2000s, gained momentum with social games in the early 2010s and accelerated further with mobile games by 2012. Since 2018, a series of exits has heightened the interest of both game developers and investors. The gaming sector peaked during the pandemic, producing two unicorns. During this period, Dream Games set a record for both Türkiye and the gaming industry by raising \$467.5 million in just two years after its founding in 2019.

Although the gaming vertical faced challenges in early 2022—stemming from the end of the pandemic, the Russia-Ukraine war, liquidity tightening by the Federal Reserve, and interest rate hikes by the European Central Bank—key milestones have demonstrated that the vertical's momentum remains robust. Significant developments include Good Job Games selling a portion of its game assets, Ruby Games being acquired by Rovio, and Spyke Games—founded in 2020—raising \$105 million over three funding rounds in just four years. Additionally, with 844 active game studios, Istanbul ranks second in Europe, just behind London. Post-2020, Türkiye has seen the establishment of 8 game-specific investors, including four gaming-only funds, as well as 12 gaming incubators and 21 game-focused accelerator programs, further solidifying its position as one of the top gaming ecosystems globally.

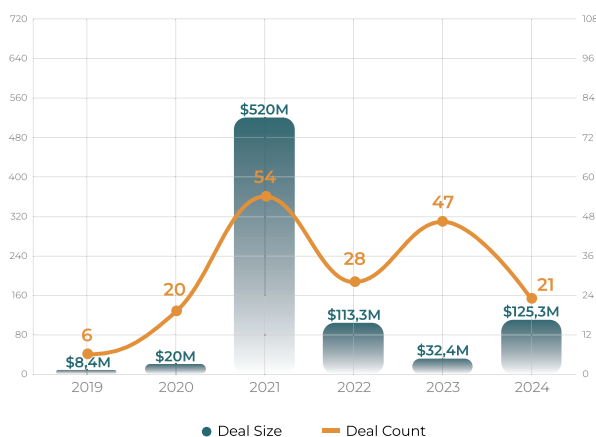


Chart 9 - Gaming Deals in Türkiye⁽¹⁷⁾

While investment volumes dipped in 2023 compared to the previous year, early indicators suggest a rebound in 2024. This trend points to an uptick in activity within the gaming sector in the upcoming months.

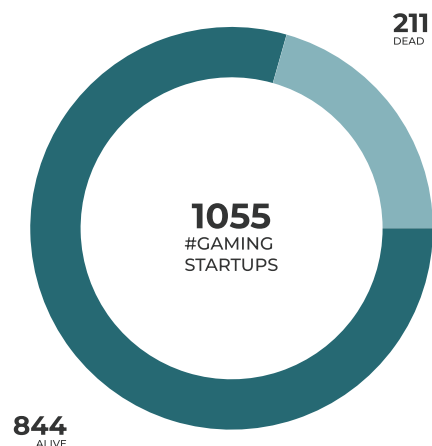


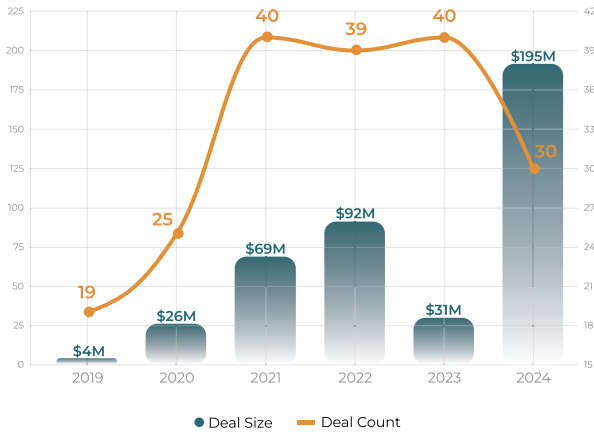
Chart 10 - # Gaming Studios in Türkiye⁽¹⁷⁾

Hot Verticals: Fintech

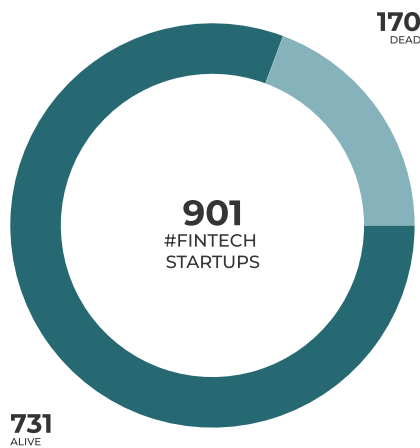
Following the gaming sector, fintech has emerged as one of the most vibrant industries in Türkiye, particularly for generating exits and creating local champions. Historically, the fintech vertical was known primarily for producing local success stories but faced challenges in achieving global growth. However, this trajectory began to change post-2023, as Turkish fintech startups increasingly set their sights on global expansion. Several companies have pursued international acquisitions as a means to enter new markets, signaling a shift toward a more aggressive global growth strategy.

As a regulation-driven ecosystem, the fintech vertical is undergoing significant changes, particularly in areas such as digital banking and open banking. The recent introduction of regulations governing cryptocurrency assets in 2024 will also contribute to shaping the future of Türkiye's fintech ecosystem.

2024 is set to be a watershed year for fintech investments, with substantial funding awarded to key players such as Colendi, Dgpays, Midas, and Sipay. This influx of capital is playing a pivotal role in positioning Türkiye's fintech ecosystem as one of the most dynamic and high-potential verticals in the industry, further accelerating its growth and expanding its global footprint.

Chart 11 - Fintech Deals in Türkiye⁽¹⁸⁾

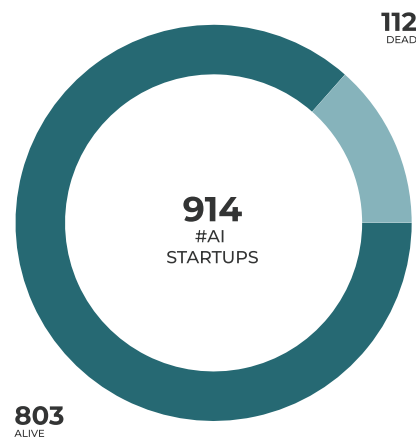
With 710 active fintech startups and numerous regulations in place, Türkiye has a strong likelihood of producing its next unicorn from the fintech vertical.

Chart 12 - # Fintech Startups in Türkiye⁽¹⁸⁾

Hot Verticals: Artificial Intelligence

While artificial intelligence (AI) is a hot topic globally, Türkiye is experiencing remarkable momentum in this vertical, with 803 active AI startups.

75 AI startups in Türkiye raised money in 2024. The rise of AI-specific accelerator programs and dedicated funds further underscores the evolution of Türkiye's AI sector into a thriving and robust ecosystem.

Chart 13 - # Artificial Intelligence Startups in Türkiye⁽¹⁹⁾

Exit Diversity & Top Exits

In recent years, Türkiye has gained prominence not only for its diverse investment opportunities and dynamic verticals but also for the variety of its exit options.

Over the past two years, the startup ecosystem has seen several notable IPOs, including companies such as Altınay Savunma, Binbin, ebebek, Mackolik, and Odine. Additionally, Martı went public in the U.S. via a SPAC within the same period. Good Job Games demonstrated the potential for asset sales as an exit strategy by selling some of its game assets. Global companies have also increasingly turned their attention to Türkiye for acquisitions. Alibaba, Zynga, and Rovio are just a few of the global companies that have made acquisitions within Türkiye's startup ecosystem over the past five years. In a recent significant deal, Kaspi.kz acquired Hepsiburada for \$1.1 billion. Moreover, 212's fund-secondary transaction with Isomer Capital, delivering over 2x returns to investors in its first fund, marks a key milestone in advancing the Turkish VC ecosystem and highlighting alternative exit opportunities.

05

WHY TÜRKİYE AND WHY NOW?



Interviews



Türkiye's startup ecosystem is entering a pivotal phase, marked by notable milestones and rising global prominence. At 212, we are proud to play a part in this evolution, fostering innovation and helping to unlock the country's latent potential as a technological hub. For those seeking to tap into this promising market, the right partnerships are key.

The year 2024 proved transformative. Insider's \$500 million funding round, led by General Atlantic, underscored the region's growing stature, while also enabling 212's partial exit from Fund I—a moment that reaffirmed Türkiye's credentials as fertile ground for SaaS unicorns.

Yet the backdrop was anything but benign. Inflationary pressures, macroeconomic uncertainty, and currency volatility loomed large. In response, many startups displayed resilience by recalibrating their strategies, tightening operational discipline, and adopting cost-efficient technologies, notably artificial intelligence and automation.

Investor sentiment, while tested, remained buoyant. Trio Mobil's funding from NewSpring Capital to fuel U.S. expansion, and SOCradar's investment from PeakSpan Capital for its cybersecurity push, reflected enduring confidence. Moreover, Türkiye's inaugural fund-secondary transaction—led by 212—provided early investors with liquidity, paving the way for broader institutional participation.

Looking to 2025, the outlook is promising. Improved access to international markets, robust investor interest, and strides in deep tech, AI, and cybersecurity augur well for further growth. Larger funding rounds signal increasing market maturity, while an abundance of talent and entrepreneurial energy continues to attract global capital. As startups scale, competition is set to intensify—signs of a maturing ecosystem poised for its next leap forward. For those ready to embrace Türkiye's potential, there has never been a better moment to engage.



Ali Karabey

Founder & General Partner
at 212



Ali Şahin

General Partner at
Founder One

In recent years, Türkiye has made significant strides in impact investing, a movement propelled by visionary funds like Founder One. Founded by the Turkish Entrepreneurship Foundation, Turkish Informatics Foundation, and Türkiye İş Bankası, Founder One is a leading impact investment venture capital firm in Türkiye. Founder One has been at the forefront of nurturing and scaling innovative startups that promise not only financial returns but also substantial social and environmental impact.

Founder One's commitment is evidenced by its strategic investments in more than 40 early-stage startups across vital sectors such as climate tech, edtech, agrotech, healthtech, disaster tech, and sectors promoting an inclusive society. These investments reflect a robust commitment to addressing some of the most pressing challenges of our time such as a sustainable climate, healthy and safe living conditions, and an inclusive

society while fostering a sustainable and equitable growth ecosystem within Türkiye.

The Turkish Startup Ecosystem has benefitted immensely from this focus on impact investing. Founder One's approach has not only catalyzed other investors to consider the broader implications of their investment choices but also encouraged a new wave of entrepreneurs to innovate with purpose. As Türkiye continues to evolve its market dynamics, the influence of impact investing is expected to expand, driving more inclusive and sustainable development.

This transformative wave led by Founder One is a clear testament to the potential of impact investing to reshape economies and uplift societies. As a result, Türkiye is rapidly evolving into a flourishing hub for responsible and impactful entrepreneurship on the global stage.

Over the last decade, Türkiye has emerged as a dynamic and rapidly growing startup ecosystem. Annual venture capital investment has soared from \$20M fifteen years ago to nearly \$1B today. Our fund alone has produced three unicorns, with numerous others—both locally rooted and globally oriented—emerging over the past decade.

Gaming remains a key driver, led by giants like Dream, Spyke, and Ace, alongside innovative startups attracting global funding. Two of our portfolio companies, Agave and Cypher, raised over \$15M this year, backed by investors like Balderton, Raine, Felix Capital, and Play Ventures.

Beyond gaming, established players like Insider continue to shape the ecosystem. Insider has secured \$500M from General Atlantic, reaffirming the firm's commitment to Türkiye after past investments in Yemeksepeti and

Trendyol. Meanwhile, major investors like Northzone, a16z, First Round Capital, and Javelin have joined the ranks of investors backing e2vc startups, underscoring the growing international appetite for Türkiye's innovation.

A particularly exciting trend is the growing ambition among founders to build globally-focused businesses. Our portfolio companies like UbiCloud, Fal, Refine, and Huma/Arf, which have collectively raised over \$120M, are based in San Francisco with local offices in Türkiye, showcasing a global-first mindset. We expect 2025 to amplify this momentum, cementing Türkiye as a hub for global-first companies.

With our new e2vc brand and a €100M Fund III launching in 2025, we're thrilled to join this incredible journey and be a part of the next wave of global success stories!



Arın Özkula

General Partner at e2vc



Aslı Kurul Türkmen

Managing Director at Endeavor Türkiye

Türkiye's entrepreneurial ecosystem has become a thriving hub for innovation, attracting global attention with its mix of talent, ambition, and resilience. As part of this dynamic environment, Endeavor Türkiye plays a key role in supporting high-impact entrepreneurs, helping them scale their businesses and multiply their impact. By providing mentorship, global connections, and access to funding, Endeavor empowers entrepreneurs to grow not only within Türkiye but also on the global stage.

2024 was a standout year for Turkish entrepreneurial ecosystem with several achievements highlighting the ecosystem's potential as well as Endeavor Entrepreneurs success stories. Endeavor Entrepreneur Insider, a global leader in marketing technology, secured a \$500M Series E investment led by General Atlantic, showing global confidence in Turkish companies. Spyke Games, one of Endeavor Türkiye's newest Entrepreneurs, represents the country's strength in gaming with over 10 million users. Similarly, Codeway, another new Endeavor Entrepreneur,

leads in AI-powered mobile apps, reaching more than 150 million users worldwide. Endeavor Entrepreneurs from fintech to cyber security are also booming, with companies like Colendi raising \$65M in a Series B round and Picus securing \$45M in a Series C. These examples show how Turkish startups compete globally across different industries.

At Endeavor Türkiye, we are proud to support 78 high-impact entrepreneur companies across diverse industries. While we help established companies scale, we engage with early-stage entrepreneurs primarily through targeted programs designed to prepare them for the next stage of growth. Today, Endeavor supports four of Türkiye's seven unicorns—Yemeksepeti, Insider, Papara, and Peak Games. By continuing to support entrepreneurship ecosystem, Endeavor aims to position Türkiye as a global leader in innovation, driving economic growth and inspiring the next generation of game-changing founders.

Türkiye's entrepreneurial ecosystem has undergone a remarkable transformation, moving from modest growth until 2020 to surpassing the \$1 billion annual investment threshold in 2021. In total, \$5.5 billion flowed into startups between 2021 and 2024, with 53% of those funds directed toward Revo Capital's portfolio companies—92% of which came from global investors. During 2021 and 2022, the ecosystem attracted \$1.7 billion each year, followed by \$1 billion in 2023. Consequently, Türkiye's share in global venture capital rose from 0.3% in 2021—when global investments reached \$580 billion—to a projected 0.5% of an anticipated \$200 billion market in 2024.

Despite the ecosystem's impressive growth, significant challenges remain. While Türkiye has made notable progress, only ~3% of its startups advance from seed to Series A, compared to over 15% in Europe. The average Turkish VC fund size is just \$2.6 million, and only three funds exceed \$100 million, backed by a global LP base and DFIs. This shortfall underscores a pressing gap in large-scale funding opportunities and the need for sufficient capital to

empower Turkish startups to expand globally and become category-leading companies. To address this gap, Revo Capital is launching a third \$100 million fund, building on the success of its first two funds—totaling \$180 million in assets under management, 40 investments, 2 unicorns, and 17 exits. In the next 5 years, we will invest in 25 technology startups spanning 6 verticals: fintech, B2B SaaS, cloud operations & cybersecurity, health IT, energy, and gaming. Each startup will harness AI as a transformative force, featuring R&D teams in Türkiye, Turkish founders abroad, and innovators from Central and Eastern Europe.

Türkiye's startup ecosystem has undergone a remarkable expansion, rising from 2,500 active startups in 2013 to over 10,500 today, with more than 1,000 new companies launching annually since 2020. Hosting 300 seed rounds each year, the country ranks second in Europe for seed-stage investment, reflecting a strong early-stage environment. Fueled by growing global confidence and vibrant domestic innovation, Türkiye is rapidly emerging as a leading hub for entrepreneurship—both regionally and worldwide.



Cenk Bayrakdar

Founding Partner and
Managing Director at Revo
Capital



Dilek Dayınlarlı

Managing Partner at ScaleX

The Turkish Nexus is at the heart of our strategy, focusing on emerging tech startups with high engineering capabilities and a relentless pursuit of global leadership. Türkiye, now at an inflection point fueled by the spillover effects of past successes, is proving its ability to produce transformative, globally competitive startups.

Normalizing the ZIRP environment and the COVID boom, Türkiye's startup ecosystem has grown nearly 5x compared to pre-pandemic levels, making it the fastest-growing early-stage market in Europe. Successes like Insider's \$500 million Series E and Picus Security's \$45 million raise, are inspiring a new generation of resilient entrepreneurs, which I was fortunate to support or witness in their early days.

Historically known for gaming and e-commerce, Türkiye is now

experiencing a fintech boom, while laying the foundation for the next wave of deep tech and defense tech. Key verticals like AI, machine learning, and robotics are thriving in early-stage, driven by exceptional engineering talent and strong diaspora connections. Companies like Kondukto, securing Fortune 500 clients, and Atlas Robotics, advancing automation with autonomous robots, exemplify this evolution. Emerging fields like quantum computing, AI agents, and vector databases are flourishing.

If I could describe Türkiye's startup ecosystem in one word, it would be resilience. This resilience drives exceptional talent to not just create local champions but redefine global innovation. Now is the time to seize Türkiye's momentum and support founders shaping the industries of tomorrow.

In recent years, the Turkish startup ecosystem has grown into a vibrant hub of innovation and entrepreneurship, even against a backdrop of global economic uncertainties. Over the last four years, it has attracted a noteworthy \$4.7 billion in investments. Much of this success is due to the ecosystem's diversity, with fast-growing sectors such as e-commerce, fintech, gaming, cybersecurity, and artificial intelligence playing key roles. While a few aspects are still in the process of being fine-tuned, including access to later-stage funding and strengthening of product-market fit, the ecosystem is actively at work on them. Early-stage fundraising opportunities are already vibrant and supported by angel networks and specialized early-stage investors.

Picus Security has capitalized on this environment, recently securing a \$45 million Series C funding round, bringing its total raised capital to \$80 million. Being the first to bring Breach and Attack Simulation

(BAS) technology into the market, Picus transformed the sector by setting new standards for proactive security. Today, this company leads in Adversarial Exposure Validation, enhancing the threat readiness and resilience of enterprises around the world. Recognized by top analyst firms like Gartner, Forrester, and Frost & Sullivan, Picus Security is one of the best examples of how Turkish startups can deliver globally impactful and world-class cybersecurity solutions.

Building on its existing strengths, the startup ecosystem of Türkiye continues to be on a promising path. With a foundation in innovation, diversity, and an expanding network of strategic partners, it is well-placed to attract even greater international attention in the future and lay the groundwork for long-term growth, which will cement its place as an emerging global leader in technology and entrepreneurship.



**Dr. Süleyman
Özarslan**

Co-Founder at Picus



**Elif Altuğ,
PhD, CFA**

CEO and Board Member
at Türkiye Development Fund

Türkiye Development Fund plays a pivotal role in strengthening Türkiye's startup ecosystem by addressing key challenges and providing capital from pre-seed to Series A stages, while also investing in venture capital funds and growth-oriented initiatives. Recognizing the cyclical nature of venture capital investments, we remain confident in the transformative potential of startups as drivers of economic expansion.

In 2024, TDF's strategic focus has centered on three areas: direct vc investments into startups, fund-of-funds investments, and private equity investments targeting SMEs. We manage nine funds with a total portfolio size of \$144 million. These funds have supported investments in 27 startups and five venture capital funds, engaging 175 investors. Our latest fund-of-funds initiative targets to meet the funding gap in the ecosystem. With offices in İstanbul and Ankara, we work closely with entrepreneurs and ecosystem stakeholders across Türkiye.

Our initiatives contribute to the ecosystem from idea generation to growth financing. By channeling investments into innovative sectors such as deep tech/dual use, advanced manufacturing, healthcare/biotech, mobility and startups with horizontal and vertical AI solutions, we aim to position Türkiye as a global leader in entrepreneurship and innovation. Through fund investments, we amplify the reach of early-stage startups, reaffirming our commitment to building a sustainable startup ecosystem.

Türkiye has already established a competitive edge over many European nations in terms of creative capital. At TDF, we are dedicated to fostering this momentum, leveraging our expertise to empower startups and expand their global footprint. We are confident that our efforts will elevate Türkiye's standing in the global innovation landscape.

The Turkish venture capital (VC) ecosystem is at a pivotal juncture, and Startupfon stands at the forefront, shaping its future. With a surge in innovation across fintech, gaming, and artificial intelligence (AI), Türkiye is increasingly recognized for its potential to transform global markets. However, challenges like limited institutional investor participation and fragmented capital access underscore the need for advanced investment mechanisms to realize this potential fully.

The integration of AI and data-driven strategies is reshaping venture capital worldwide, and Türkiye is embracing these trends to align with global standards. AI applications in deal sourcing, predictive analytics, and portfolio optimization are proving to be game-changers, enhancing precision and driving superior returns. This evolution positions Türkiye not just as a regional player but as a key contributor to the global innovation



Koray Bahar

Co-Founder & CEO at
Figopara

narrative.

Amidst this ecosystem transformation, Startupfon has positioned itself as a unique co-investment platform, seamlessly connecting institutional expertise with individual investor participation. By enabling qualified investors to co-invest alongside top-tier VC funds, we democratize access to high-potential startups, particularly in fintech, gaming, and AI. Our adoption of cutting-edge AI technologies underscores our commitment to staying ahead of global trends while providing robust investment opportunities.

By connecting Türkiye's untapped investor potential with globally competitive startups, Startupfon accelerates innovation, fosters economic growth, and positions Türkiye as a key player in the regional and global VC landscape. We are not just a platform; we are the catalyst for the next wave of transformative investments in Türkiye and beyond.

For the last couple of years, the world economy has been going through a period where uncertainties peaked under the shadow of macroeconomic imbalances and geopolitical risks. During such a time, Türkiye's entrepreneurial ecosystem continued to present considerable opportunities for investors. Despite the macroeconomic challenges, 2024 was a year when the entrepreneurial ecosystem grew rapidly, which greatly pleased investors. This can be seen in the investments raised by Turkish startups in 2024. The fintech sector alone attracted nearly \$500 million in investments. Considering the uncertainty, these investments are remarkable and hold great promise for the future. One of the most important aspects of Türkiye's entrepreneurial ecosystem for investors is that it is a highly liquid market. In fact, we observe both global companies exiting their investments in this market successfully and Turkish companies acquiring startups within Türkiye.

We predict that 2025 will be a year when the entrepreneurial ecosystem continues its rapid growth, especially as interest rates are cut to more significant levels and the downward trend in



Gülsüm Çıracı

Founding Partner at Startupfon

inflation accelerates. I firmly believe that the fintech sector will produce more than one unicorn in 2025. As interest rates fall, we anticipate that SMEs will experience rapid growth in 2025. As a company that provides SMEs with fast, easy, and convenient funding and facilitates commercial enterprises in instantly converting their receivables into cash, Figopara will continue to act as a mediator for SMEs' access to financing in 2025. Through our partnerships with strong banks and financial institutions, we have mediated over \$1 billion in resources for SMEs so far. In 2025, we aim to increase this figure to \$1.5 billion.

With our strong investor base, which includes JIMCO, IFC (a member of the World Bank Group), Eczacıbaşı Momentum, Finberg, İş Bankası Maxis Innovative Venture Capital Fund, L2G Ventures, Logo Yazılım, Sabancı Ventures, ScaleX Ventures, TechOne Venture Capital, and TKYB Capital Fund under the umbrella of the Türkiye Development Fund, along with more than 20 financial institutions we collaborate with, we will continue to contribute to the Turkish economy and strengthen the Turkish fintech ecosystem with all our resources.

The Turkish startup ecosystem has emerged as a dynamic hub for innovation and entrepreneurship, driven by a young, tech-savvy population and favorable incentives. Venture Capital Investment Funds (VCIFs – Girişim Sermayesi Yatırım Fonları), relatively new to Türkiye’s financial system, have been pivotal in this growth. By bridging the funding gap between early-stage investments and private equity, VCIFs enable startups to scale while offering investors access to private companies, including high-potential startups, before IPOs. This early access has attracted significant interest, as IPOs have delivered strong returns while supporting the development of groundbreaking businesses.

The VCIF market has seen remarkable expansion, with a 190% growth in 2023, followed by a 86 percent year-on-year increase in 2024, with the the total VCIF market volume

reaching \$6.8 billion. Tax incentives and regulatory measures, such as requiring R&D companies to allocate part of their budgets to VCIFs, have further supported this growth.

Up until the past year, the VCIF market has mainly grown thanks to institutional investors getting involved. But with access to VCIFs going digital for the first time in 2024, it’s expected that individual investors will also play a part in driving the market’s growth.

With VCIFs driving growth, Türkiye is solidifying its position as a global innovation hub. RePie Asset Management is committed to fostering this transformation, creating value for startups, investors, and the broader entrepreneurial ecosystem, while attracting international partnerships to further strengthen Türkiye’s economic future.



Mehmet Ali Ergin

Vice Chairman at RePie Asset Management



Melis Abacıoğlu

CEO, Founder at Wellbees

Being a startup founder is like living with a constant dual reality. You can be absolutely convinced that you’re building a unicorn and facing imminent collapse—both within the same five minutes.

In my own entrepreneurship journey, no year has been as dramatic in its highs and lows as 2024. It’s been a strange, gray, uncharacteristic year—neither good nor bad. Macroeconomic conditions improved, but only slightly. Wars ended, but not quite. Elections concluded, but their impact still lingers.

Yet, uncertainty breeds innovation, and innovation attracts investment—even in the most challenging environments. In 2024, we did both: we launched our boldest update yet—6.0, transforming into a true wellbeing superapp—while also closing a bridge round that fueled our global expansion beyond our home turf.

This ability to thrive in uncertainty is exactly what makes Türkiye unique. We are a generation that grew up in

a country where triple-digit inflation, overnight political shifts, and economic turmoil weren’t anomalies but part of the rhythm of life. And yet, each time, Türkiye found its way forward. It’s no coincidence that the most common last name in Türkiye is Yılmaz—meaning “resilient”—shared by nearly 500,000 people. We were born into struggle, and we know how to overcome it.

As Altos Ventures puts it beautifully, every founder must answer two key questions: Why you? and Why now? The first answer is easy—Turkish founders are built for resilience. The second? Some of the most iconic companies in the world were built during downturns, and 2025 presents a rare window where founders with grit, adaptability, and vision will define the future. For investors willing to look beyond the obvious, Türkiye isn’t a risk—it’s an untapped advantage.

So if 2024 felt like a familiar storm, 2025 might bring more of the same. But with the resilience of Turkish entrepreneurs, it could also be one of the finest years yet.

In recent years, Türkiye has established itself as a dynamic hub for entrepreneurship, driven by a young, tech-savvy population and a surge in innovation-led ventures. Industries such as artificial intelligence, deep technology, SaaS, gaming, and e-commerce are producing globally competitive startups that attract international investors. Türkiye's strategic location at the crossroads of Europe and Asia, coupled with its vibrant entrepreneurial spirit, provides a unique advantage in driving innovation and growth.

Government support has played a pivotal role in this transformation. Institutions like the Presidency's Investment and Finance Offices, the Ministry of Industry and Technology, and the Capital Markets Board (SPK) have implemented comprehensive initiatives to promote entrepreneurship. Through legal reforms, tax incentives, R&D grants, and technology development zones, the government has established a

favorable investment climate. These efforts provide entrepreneurs with the tools and resources to transform ideas into successful businesses, fostering a supportive ecosystem for startups and investors alike.

Türkiye's startup ecosystem has gained strong momentum through collaboration among its institutions, entrepreneurs, and investors. Continued utilization of resources and strengthening stakeholder partnerships will be critical to sustaining this growth, enabling businesses to innovate, scale, and compete globally.

Arz Portföy is deeply embedded in Türkiye's entrepreneurial ecosystem. Looking ahead to 2025, the firm plans to leverage its expertise and network to support high-potential ventures and drive strategic investments. With a focus on sustainability and innovation, Arz aims to expand its global presence and reinforce its position as a key player in the region.



Murat Onuk

Managing Partner at
Arz Asset Management



Mustafa Keçeli

Head of VC Funds at
APY Ventures

The venture capital landscape in 2024 showed promising signs of recovery, with IPO activity rebounding and exit opportunities on the rise. As global markets stabilized, investor sentiment improved, setting a more optimistic tone for 2025. Key sectors such as fintech, gaming, and deep tech garnered heightened attention, driven by innovation and international collaboration. Türkiye stood out as a vibrant hub within this global narrative, with Istanbul emerging as Europe's second-largest gaming hub and Turkish fintech startups gaining traction through mergers and significant funding rounds. The country's talent and entrepreneurial spirit continue to attract global recognition, cementing its role as a regional powerhouse.

At APY Ventures, we've remained steadfast in navigating these evolving market dynamics by adhering to our core principle: investing in exceptional teams and companies with solid unit economics, irrespective of market trends or hype. Since our inception in 2019,

this disciplined approach has led to over 60 investments, including 14 new deals and \$9.5 million deployed in 2024. This resilience has been instrumental in driving value for our portfolio and our investors, even during challenging periods.

In 2024, we also launched our second publicly traded fund, focusing on B2B, B2C, and hardware sectors, further expanding our footprint across diverse industries. With six active funds and a sector-agnostic approach, we are well-positioned to capitalize on improving investment conditions and the increasing international interest in Türkiye's thriving ecosystem. As we look ahead to 2025, our focus remains on scaling impact through strategic investments, fostering innovation, and building stronger global connections.

06

APPENDIX

Disclaimer

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

All information in this report is up to date as of January 10, 2025

Key Terms and Definitions

Startup : A product-focused private tech company with lots of blurry elements like revenue model, customer and product. Tailor-made solution providers are not considered as startups.

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

Venture Capital Funds (VC): VC funds are structures that invest in startups and receive minority shares in return. Investment periods are limited and generally five to six years. The goal is to sell the shares at much higher prices when the fund expires.

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

Pre-Seed Investment : The initial round of funding used to build and demonstrate the viability of a product idea. Pre-seed round size in Türkiye is usually less than \$50 thousand.

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

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

References

Series B, C, D, E.. :Funding rounds made by VCs with higher valuations compared to the preceding round.

Convertible Debt : This is an “in-between” round of funding to help companies hold over until they want to raise their next round of funding. When they raise the next round, this note “converts” with a discount at the price of the new round.

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

Private Equity : A private equity round is led by a private equity firm and represents a late-stage financing round. At this stage, the firm has already moved beyond generating revenue and has developed profitable margins along with a stable cash flow.

Equity Crowdfunding : A method of raising collective funds through online platforms where individual users can invest in companies in exchange for equity. Typically, these platforms allow investors to contribute smaller amounts, often through syndicates. In such syndicates, a lead investor evaluates the investment opportunity and pools funds from a group of individual backers.

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

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

Exit : The method by which an investor and/or entrepreneur

intends to “exit” their investment in a startup. Common options are IPO and buyout from another company.

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

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

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

Buyout : The purchase of a controlling share in a company

Unicorn : Startup valued at over \$1 billion

Decacorn: Company valued at over \$10 billion

Ticket Size : Average investment amount made by an investor.

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

Due diligence : A comprehensive analysis conducted by an investor to audit and verify all relevant facts and figures of a potential investment.

VCIF/GSYF (Venture Capital Investment Fund): A fund structure established under the supervision of the Capital Markets Board of Türkiye and based in Türkiye.

VCIT/GSYO (Venture Capital Investment Trust): A company structure established under the supervision of the Capital Markets Board of Türkiye to invest in startups.

Centaur: Company with \$100 million in annual recurring revenue.

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