

# estonia – the new nordic silicon valley

Estonia is roughly the same size as Switzerland, but with 6x fewer people - just 1.3 million - we compensate in other ways, as any tiny overachiever would. Our superpower - startups.

Index Venture, the international venture capital company, evaluated the business policies of different countries in the world and found that Estonia's economic environment ranks first in terms of startup friendliness. Startups are less prone to fail here, and Estonia is perceived as an extremely attractive place for business thanks to its reasonable business policy.

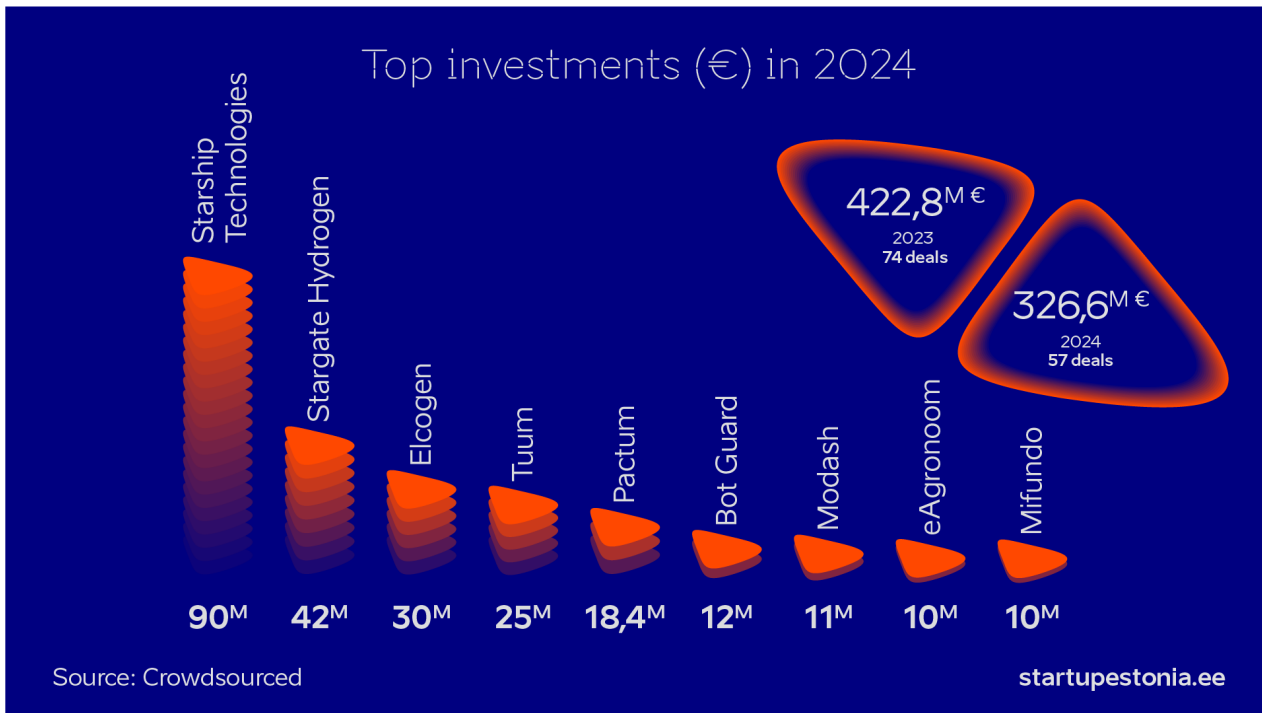
Estonian successive governments have, indeed, been eager to cement Estonia's reputation as a startup miracle. They've adapted laws to reflect fast-growing companies' needs, from introducing startup visas to killing silly rules that held founders back.

## 2024 in the estonian startup sector

In 2024, Estonia's startup sector balanced between progress and pressure. Over the past year, we've seen this trend solidify as the country's startup ecosystem navigates the highs and lows of innovation, growth, and global economic uncertainty.

According to the crowdsourced table, investors allocated 326.6M EUR to Estonian startups in 2024, a 23% decline from 2023 and the lowest annual investment volume in five years. This more selective funds-allocation trend aligns with broader European movements amid macroeconomic uncertainties, where venture capital activity has adjusted following the peak years of 2021–2022.

Despite the downturn, the sector demonstrated adaptability by closing 57 deals, 29 of which exceeded 1 million EUR in size. While the total number of deals and those exceeding 1 million EUR decreased compared to the previous year, this trend does not necessarily apply to every startup life stage.



Notable investments in Estonian startups in 2024 reflected the broader industry trends shaping the European startup ecosystem. The largest funding rounds in Estonia included Starship Technologies (90M EUR), Stargate Hydrogen (42M EUR), Elcogen (30M EUR), Tuum (25M EUR), Pactum (18.4M EUR), Bot Guard (12M EUR), Modash (11M EUR), eAgronom (10M EUR), and Mifundo (10M EUR).

These investments align with Dealroom's heatmap for Estonia, highlighting Energy, FinTech, Security, Marketing, and FoodTech as key sectors that secured funding last year. Such a trend reflects Europe's increasing emphasis on sustainability, digital transformation, and economic resilience and mirrors a global investor shift toward impactful, future-focused technologies.

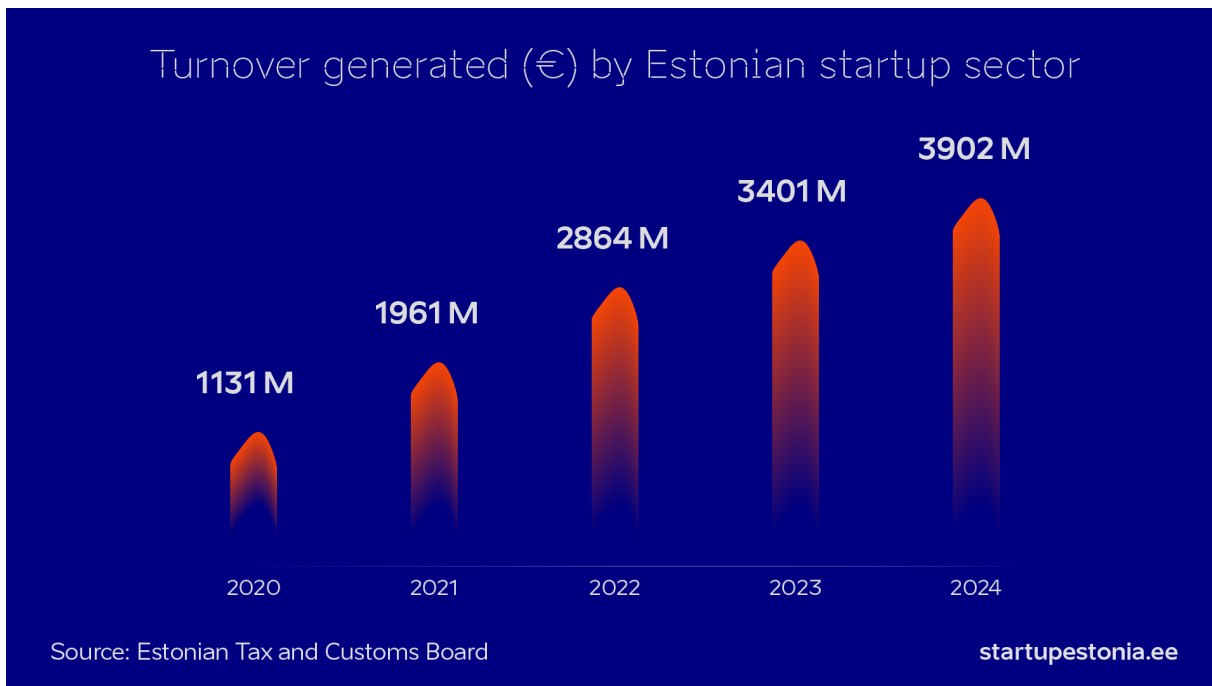
Estonia remains a leader in VC investment relative to GDP, underscoring continued investor confidence in the local ecosystem.

With VC funding representing 1.17% of its economy over the past decade, Estonia is a prime example of startup success.

Bolt, a ride-hailing company and one of Estonia's global tech champions, aims for an IPO in 2025, which signals ongoing confidence in the country's innovative potential and high-growth trajectory.

According to quarterly data from the Estonian Tax and Customs Board, Estonian startups achieved a record turnover of 3.902 billion EUR in 2024, representing a 14.7% increase from 2023 (3.401 billion EUR). However, the sector's growth rate has slowed compared to previous years.

Bolt generated the most considerable turnover among all sector companies, at 1,414.3 M EUR, followed by Pipedrive with 282.1 M EUR, Veriff with 102 M EUR, Yolo with 79.6 M EUR, and BetPawa with 68.1 M EUR. Additionally, the total turnover of the top 10 companies in 2024 represented 56% of the sector's total turnover.



According to the Estonian Tax and Customs Board, the top 10 startup employers account for 45% of all jobs in the sector. The data does not indicate whether the positions are new or existing; instead, it shows the changes in employment positions compared to the previous period. The top recruiters are Wise, with 2,006 employees and 107 new hires compared to the same time last year, followed by Bolt, with 1,329 employees; Playtech, with 661 employees; Yolo, with 554 employees; and Swappie, with 436 employees.

According to statistics from the Estonian Tax and Customs Board, employment tax contributions in the startup sector increased slightly in 2024, reaching 366.9 M EUR—a 4.3% rise from 351.8 M EUR in 2023. Major contributors included Bolt (41.8 M EUR), Wise (38 M EUR), Playtech (18.1 M EUR), Yolo (15.6 M EUR), and Pipedrive (14.5 M EUR). According to Statistics Estonia, the average gross monthly salary in Estonia's startup sector is 3,650 EUR, twice the national average.

## Top 5 biggest employers among Estonian startup sector

(2023 and 2024 employee count as of 31st December)



Source: Estonian Tax and Customs Board

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Employment trends in Estonia's startup sector indicate both stability and change. According to the Estonian Tax and Customs Board, local startup companies employed 14,396 individuals by the end of 2024. Although employment figures have remained relatively steady since 2022, there has been a slight decline of 1.4% from 14,580 employees at the end of 2023.

More established companies and scale-ups are critical in job creation, employing 46% of the sector's workforce. Employment has grown in early-stage startups (2.5%) and scale-ups (3.5%), while companies aged 6 to 10 have faced an 8.5% reduction in workforce. Reducing the workforce in startups aged 6 to 10 highlights mid-stage companies' challenges sustaining workforce growth.

## Employee count in the Estonian startup sector

(as of 31st of December)

2023

14 580

2024

-1,4%

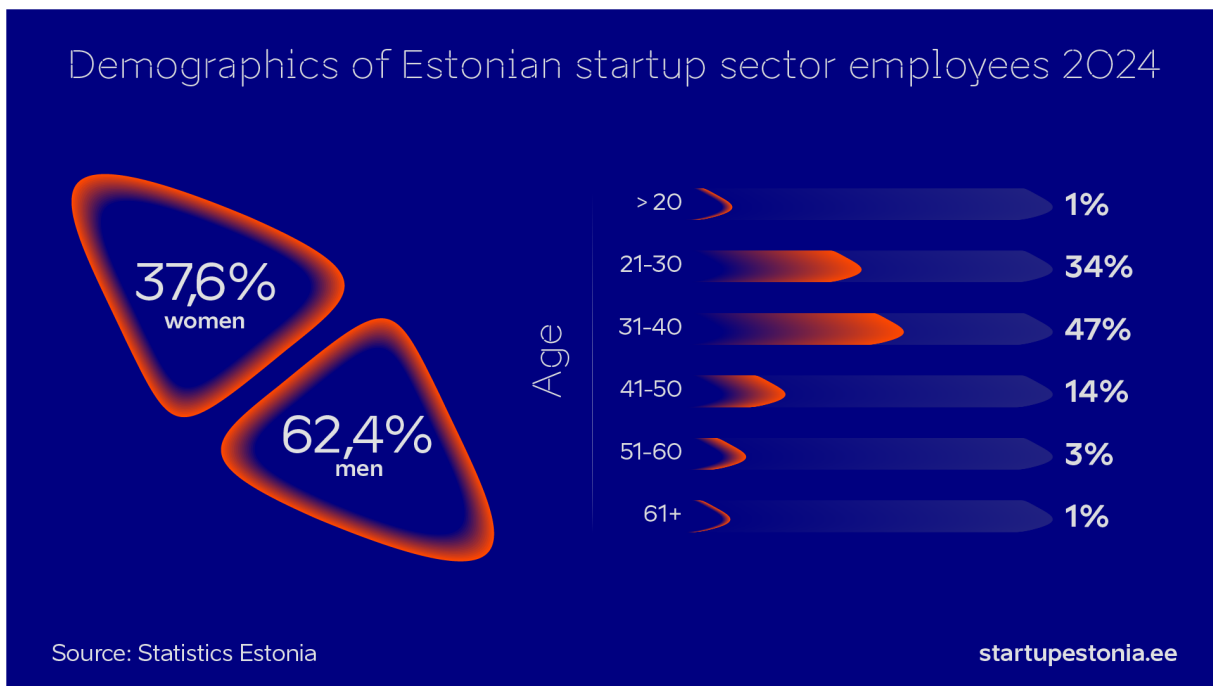
14 396

Source: Estonian Tax and Customs Board

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Demographics in Estonia's startup sector remain stable compared to previous years. Women comprise 37.6% of the workforce, while men comprise 62.4%.

Foreign talent plays a vital role in Estonia's startup sector, with 31% of employees possessing foreign citizenship—5% from EU countries and 26% from non-EU nations. Global talent high density in the startup sector highlights the ecosystem's dependence on international expertise and the necessity for policies that promote worldwide hiring and talent retention.



The prevalence of employees in the 31–40 age group indicates that startups attract professionals with significant experience, while the strong presence of younger employees (21–30) highlights startups' appeal to early-career talent. Together, these trends illustrate a well-rounded workforce capable of driving the sector through experience, youthful energy, and cultural diversity.

Education levels in the Estonian startup sector are high. 67% of employees possess a bachelor's, master's, or doctoral degree, which increases to 82% among foreign employees. The high amount of graduate and post-graduate employees in startups highlights the sector's need for highly skilled professionals to foster innovation.

Regarding roles, 50% of the workforce comprises top specialists, reflecting the sector's demand for advanced skills and expertise.

## mergers and acquisitions

The year started with several key acquisitions and mergers in the Estonian startup sector. In January, Zendesk acquired the AI-powered quality management platform Klaus. In April, the global settlement banking platform Arf merged with Huma Finance. French cybersecurity group Neverhack took full ownership of Security Software OÜ, which operates under the Cybers brand in Estonia.

In June, Up Group, a leading provider of employee benefits services in France, acquired a controlling stake in Stebby. In the second half of 2024, notable mergers and exits occurred in the Estonian startup ecosystem. In July, Germany's digital tax filing platform Taxfix acquired TaxScouts. In August, Swedish banking group Swedbank AB purchased Tallinn-based fintech Paywerk. In September, Wisnio and Assessio Group merged, while in October, UK fintech Pockit acquired Monese, an Estonian-founded pan-European fintech firm.

December closed the year with two significant developments: Admicom acquired Bauhub, and Salto X announced the shutdown of its platform, merging with Australia-based Cake Equity, marking the end of its equity management service for growth companies.

## deepTech: a rising force

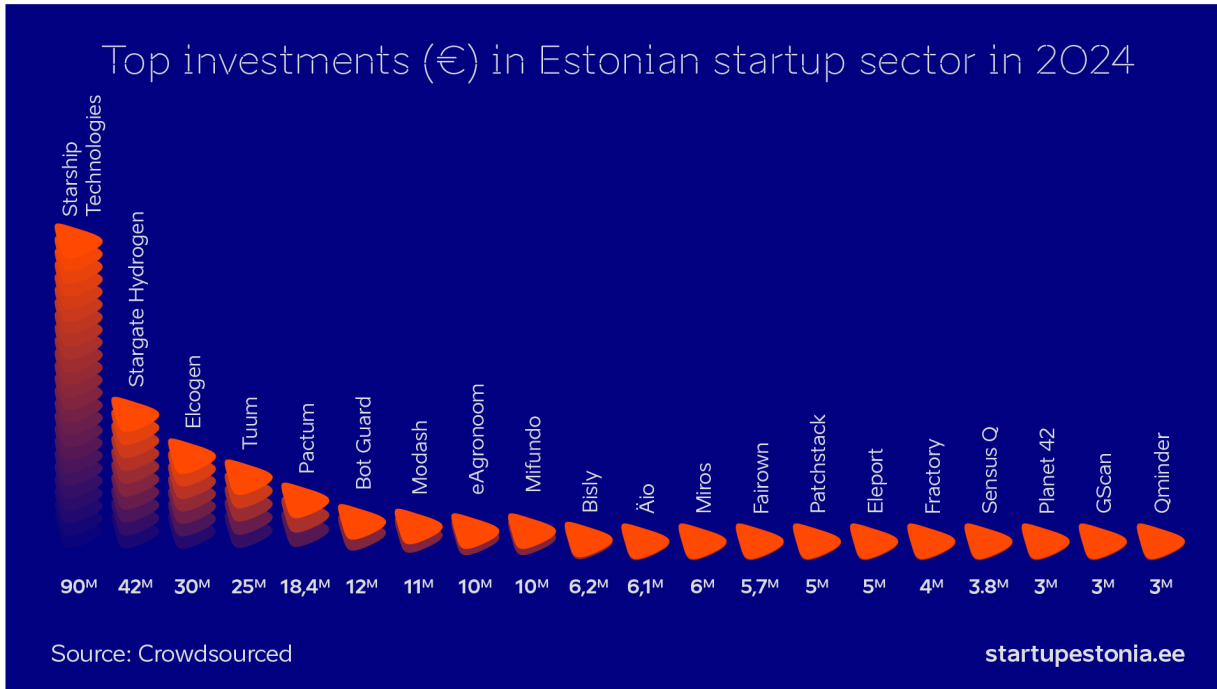
DeepTech continues to gain momentum, accounting for 63% of total startup investments in the Estonian startup sector in 2024. Companies in this sector generated 325M EUR in turnover (+19.3% year-over-year), paid 58M EUR in employment taxes (16% of the entire sector), and employed 2,439 people, representing 17% of all sector employees.

Defsecintel Solutions led the DeepTech sector in turnover with 46M EUR, followed by Cleveron (33.6M EUR) and Threod Systems (32.6M EUR). Milrem is the sector's largest employer (296 employees) and payer of employment taxes (6.1 M EUR).

Furthermore, the Estonian government recently launched a **100 M EUR DefenceTech fund**, which will further increase the development of new defense-oriented DeepTechs in the region.

In 2024, DeepTech companies raised 206,2 million EUR (63% of sector investments) across 20 deals. Of these, 12 deals were 1 M EUR or higher, led by Starship Technologies (90M EUR), Stargate Hydrogen (42 M EUR), and Elcogen (30 M EUR). Other notable DeepTech investment deals included Pactum (18,4 M), Äio (6,1 M), and Miros (6 M EUR).

Estonian DeepTech's success aligns with broader trends in Europe. The State of European Tech Report 2024 has highlighted DeepTech's strong performance. Investment has increased by 17% from 2015, accounting for a third (33%) of all European tech funding.



## looking ahead

According to the European Innovation Scoreboard 2024, Estonia has shown remarkable progress in innovation, achieving a 27-point increase in its performance index between 2017 and 2024. This improvement has elevated Estonia to the category of Strong Innovators. Key contributors to this growth include significant advancements in digital skills, reductions in industrial air emissions, and a strong focus on exporting medium and high-tech products.

The Estonian government has actively supported innovation through initiatives such as reforms in doctoral education funding and mobility programs for postgraduate students. Estonia's startup ecosystem remains resilient, signs of slowing investment and workforce challenges signal a need for adaptation. 2024 has been a year of recalibration, and strategic adjustments now will determine Estonia's position in the global market.

The sector's ability to attract talent, secure funding, and scale innovations will be crucial in maintaining its competitive edge. As we move into 2025, Estonia's startups are not just weathering economic shifts but actively shaping the future with a mindset of adaptability, collaboration, and long-term vision. The trends point to a maturing ecosystem charting its course, empowered by the lessons and adjustments of the past year.