

The Startup Ecosystem in Germany

A comprehensive introduction to the German startup scene



A note from the author

The purpose of this guide is to squeeze the German startup ecosystem into a nutshell. Our aim was to go through the most important elements of the ecosystem like capital, crowdfunding, startups, coworking spaces, competition and conferences. Although we didn't want to create an encyclopedia, we did want to make sure that anyone reading it would get a basic yet solid knowledge of the German startup scene. We are aware that the ecosystem is very fluid and things change quickly, so we're going to update this guide when necessary.

We encourage you to give us feedback—we want this guide to be a comprehensive source of knowledge, so don't hesitate to tell us how we could improve it and what you'd like to add. By the same token, we'd also love to hear specific comments on things you liked about the guide.

Happy reading!

—Karola Morawska

Overview

If you're looking for a place to grow your startup fast, Germany is one of the best choices.

It's known to many as Silicon Allee. The name reflects the dynamic nature of the startup scene and how it resembles that startup hub of Silicon Valley, California in its beginnings. As the biggest country in the European Union, with a population of 81.5 million people, it's little wonder that Germany provides a good infrastructure to build a startup. For a start, it's a wealthy state with a stable political situation, good economics and social welfare, not to mention a very high education level and plenty of prestigious universities nourishing the national pool of talents.



Germans also have a long legacy of entrepreneurship—and founding your own company seems like a natural step to take when you’re thinking about business. It could even be said that the tendency towards entrepreneurship resides in the German spirit.

When we think of Germany, we immediately think of Berlin. It is a great city, but there’s so much more to Germany! Each city has its own atmosphere and area of expertise—for example, Munich is known for its universities and thriving engineering and automotive industries. Hamburg leads the way in advertising and creative work, while Berlin pioneers food delivery.

So, it's easy to see that Germany is historically strong in all kinds of startup sectors, like e-commerce and adtech, following in the footsteps of its major successes in fashion, music, transportation and e-health—just look at Delivery Hero, Zalando, SoundCloud, 6Wunderkinder and Kreditech.

In Germany, there are many government programs, venture capitalists, business angels and accelerator/incubator programmes. However, it can still be difficult to obtain funding—entrepreneurs need to locate investments internationally if they want to scale and grow on a global scale. Recently, a few startups raised more than €10M in financial rounds, not only from international VCs, but also German VCs.

Far from a paradise, however, the German ecosystem is not without its flaws—a significant one being language. Knowledge of German is needed to trudge through administration. As a general rule, the smaller the city is, the harder it will be to communicate and deal with bureaucracy. Most young people have a good grasp of English, though, and as an international city, Berlin offers many services for expats, such as translation and accounting.

Another problem denting Germany's startup ecosystem is the lack of specialists; although Berlin and other cities are full of gifted developers and designers, senior-level talent is hard to come by. According to research, the top five challenges for German startups are marketing, finance, human resources, product development and business development.

So, there's an overview. Now for the stats!

German Startup Association

Since 2013, the German Startup Association has collaborated with the Berlin School of Economics and Law to conduct a survey among German startups each year, helping us to understand the development of the ecosystem and its trends. The results are compiled in an online annual report called the Deutscher Startup Monitor Report, whose three main objectives are to:

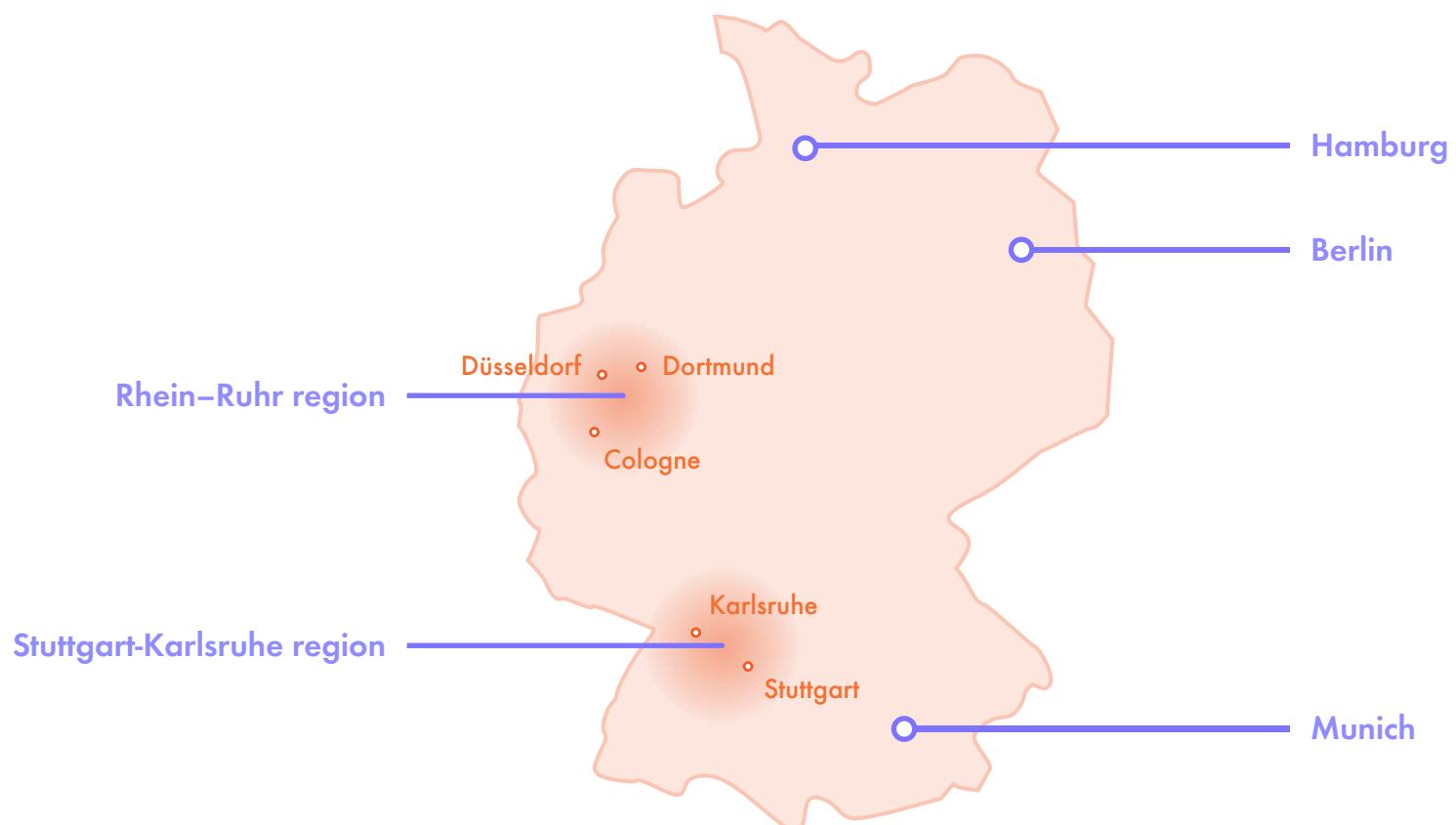
- present the development and significance of startups and identify a research gap,
- map out economic policy initiatives to strengthen Germany as a startup location and its regional ecosystems,
- drive entrepreneurship in German society.

Deutscher Startup Monitor

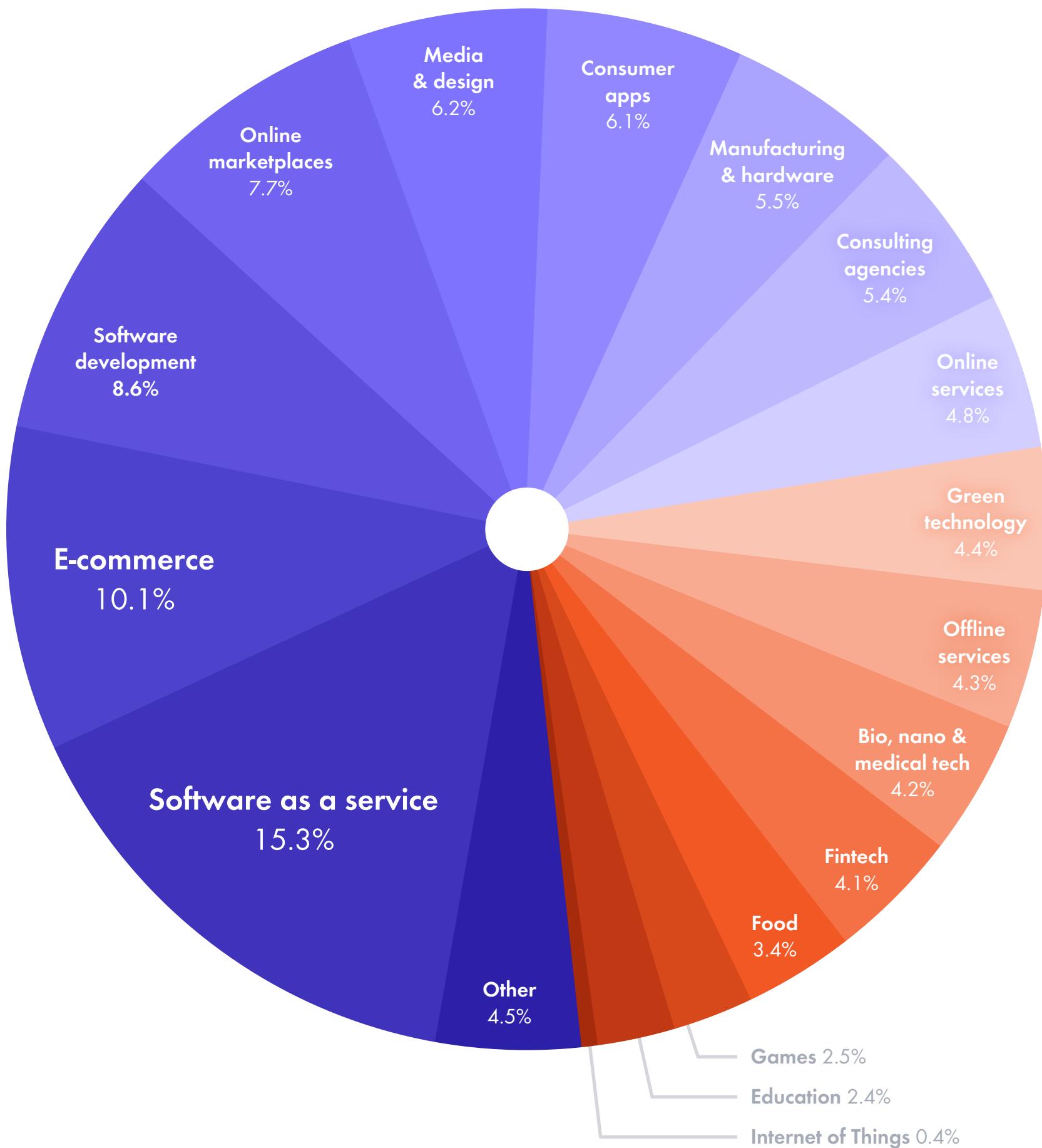
The report is based on a survey, which counted 1,000 participating startups, 3,000 startup founders and 16,000 startup employees in 2015. DSM defines a startup as a company younger than 10 years old, featuring innovative technologies or business models. A startup also strives for significant employee and sales growth. Here are the key takeaways from the report.

Ecosystem

There are 5 main startup hubs in Germany:



Startup sectors



Founder demographics

13%

13% of founders are women. The average age of a entrepreneur in Germany is 35 (for both female and male founders), but:

48%

Almost half of all founders are between 25–34 years old.

33%

There's a culture of failure: about one third of startup founders have shut down a previously established startup.

45%

Roughly half of entrepreneurs already have a startup under their belt.

10%

Just under 10% of startup founders are not from Germany.

Business

89%

89% of startup founders are satisfied with their current business situation.

Business, cont.

76%

76% predict improvement during the next 6 months.

22%

22% of startup employees are not from Germany.

75%

Around 75% of startups take further internationalisation into account.

Markets

38%

38% of startups operate exclusively on the German market.

24%

Nearly quarter of German startups operate worldwide.

21%

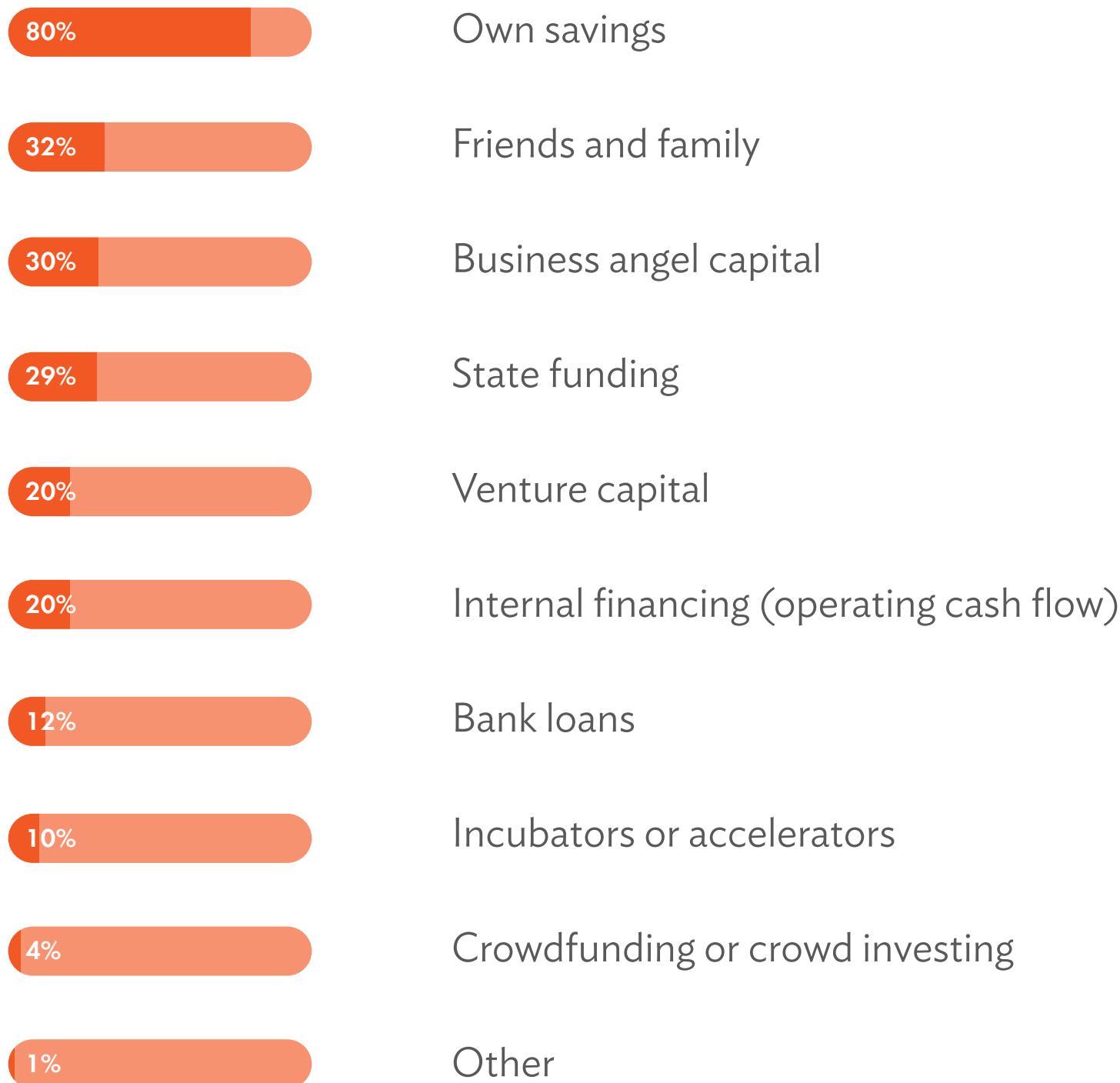
21% operate in other German-speaking countries, Austria and Switzerland.

17%

17% are also active in the European Union.

Source of financing

From many sources of cash sustaining German startups—including multiple rounds of funding for some—here are the most common:



Startup Hubs

Berlin does deserve its reputation as the startup capital of Germany.

However, there are other great cities to start a business! For a better comparison, though, we'll start with Berlin and then go through the rest of the startups hubs.

Berlin

Berlin comes in at #9 on Compass' 2015 Global Startup Ecosystem Ranking, making it the second European city—after London—to appear in the global top 10. It's growing rapidly, too. In 2012, it was ranked #15, but zoomed to the top due to its two large IPOs, Rocket Internet and Zalando.

Certain data and researchers both suggest that Berlin is the fastest-developing startup ecosystem in the world. You could even say that you can feel energy and enthusiasm in the air, similar to the early days of Silicon Valley.

Berlin has become synonymous with creativity and innovation, with its magnetic atmosphere drawing in designers, developers and creatives seeking to start the adventure and join the existing startup scene. This is backed up by statistics: almost 44% of entrepreneurs come from outside Germany.

Berlin's success comes down to its comparatively low cost of living, good transportation infrastructure, international business connections, multicultural vibe and active investors. Unlike other German cities, there is almost no *old money*, as most angel investors are ex-entrepreneurs actively investing. Furthermore, nine of the 10 most important VCs in the country are located in Berlin. No wonder, then, that the Deutsche Startups Monitor reports 31.1% of all German startups being located in Berlin.

Many people will insist that Berlin is not Germany, due to its international demographic and different history and culture. It is certainly a unique ecosystem in itself, meriting its own guide.

However, we still wanted to give you a feel for its spirit. For that reason, in our chapters, we'll be giving a little more time to Berlin when talking about coworking spaces and accelerator programmes.

Hamburg

Hamburg has always been considered an international city and an open door to the global economy. According to DSM, 8.3% of startups come from Hamburg, with many of them enjoying great international success, like Bigpoint, Kreditech and Dreamlines.

Hamburg is famous for its creative industry and advertising sector, as well as for being the birthplace of the first VCs in Germany. The city is full of well-respected universities and has a good infrastructure.

The high quality of living and high level of happiness in the city makes it the perfect atmosphere for a startup. On the flipside, it is also known for high prices in business rentals, so it may not be as easy.

The local startup scene is not yet as big as Berlin, but it is a tight-knit community eager to help. Hamburg is also famous for its high number of female entrepreneurs (25%).

Munich

The capital of Bavaria is known for its big business, money and famous universities—naturally, it became a place for the startup ecosystem to grow. It's one of the richest cities in Germany, known for its high quality of life. As a result, though, its rent and transportation is very expensive. It is well-connected well with other parts of Germany and Europe.

The startup community is young and on the rise. Bits and Pretzels, Europe's biggest founder conference, is held in Munich every September. According to DSM, 11.5% of startups in Germany are based in Munich.

The city is well-known for traditionally lucrative sectors like cars and engineering, and is the birthplace of startups like eGym, Commercetools, Westwing (more information on these in the successful startups chapter) and home to venture capitalists like Wellington Partners and Holtzbrinck Ventures (read more in the VC chapter).

Rhein-Ruhr

This is the largest metropolitan region in Germany, with over 11M inhabitants and important cities like Cologne, Düsseldorf, Dortmund and Bochum. According to DSM, 10.3% of startups originate from Rhein-Ruhr. It's considered a good place to start a startup because of its access to a pool of talent, a network of universities, outstanding public inter-city and inner-city transportation and the presence both of capital and industrial business.

Rhein-Ruhr's startup scene is in its infancy, but the community is steadily growing, with the organisation of local events like Beyond Silicon Valley in Düsseldorf and Lean Startup, Pirate Summit and dmexco in Cologne—the latter being one of the biggest startup festivals in Europe and one of the most important conferences on advertising.

The region has been named a centre of fashion, media, insurance, telco, consulting and logistics, and is the home of the most active VCs in the country: High-Tech Gründerfonds, Earlybird, eCAPITAL, Holzbrinck. The most famous Rhein-Ruhr startups are Sedo and Reputami.

Stuttgart-Karlsruhe

This region, consisting of Stuttgart's metropolitan area and the city of Karlsruhe, was mentioned by Deutscher Startup Monitor for the first time in 2015, and counts for 7.9% of German startups. It is a region that could be difficult for startups, which stand to compete with many corporations. At the same time, there is a large number of people who have quit corporation routine to start something new and exciting. Stuttgart-Karlsruhe's successful startups include Blue Yonder and Internetstores.

The Most Active VCs

The German startup ecosystem has reached maturity, with money being successfully invested in startups and creating liquidity in the German investment market.

There is an increasing trend in investments from German VCs.

In 2013, German startup investment totalled \$2,040B, and \$2,924B the following year. This is expected to grow significantly, seeing as investment in the first half of 2015 already totalled \$1,638B. Between 2014 and 2015, startups like Delivery Hero, Kreditech and FoodPanda raised record-breaking funding rounds through national and international ventures, lending new importance to the German market.

In Berlin alone, 64% of money comes from German capital.

Germany is representing Europe within global tech innovation. After the UK, it is the place with the most VCs. Using data from CB Insights on the most active VCs in German tech since 2009, we chose 10 (a difficult task!) plus some concentrated on the Berlin market, seeing as it's the biggest in Germany.

High-Tech Gründerfonds Bonn

Germany's leading and most active early-stage seed investor, focused on high-tech startups in Germany. Since 2005, they have made 434 investments, launched 400 companies and made 58 portfolio company exits. They have two funds (HTGF I and HTFG II) with about \$576M. They invest in many sectors, from chemistry to hardware & automation, information & communication technology to life sciences. They offer up to €600K in the seed stage for 15% of company shares and €1.4M for follow-up financing.

From the portfolio: eWings.com

Professional and fast flight booking and an easy management tool. eWings is B2B software that helps to find, book and manage flights via web and mobile in the most convenient way possible.

T-Venture Bonn

The venture capital company of Deutsche Telekom. It is one of the largest and significant corporate venture funds worldwide. It was founded in 1997 and has since made around 200 investments totalling \$800M, with around 90 companies in their portfolio. T-Venture focuses primarily on companies from Europe, the US and Israel. They invest mainly in seed through later (mezzanine) stages, from €250K up to €40M. Investments are made in companies that show economic and technological connections with the Deutsche Telekom business.

From the portfolio: Iversity

Iversity is an online platform offering high-quality online courses. There are free and paid courses, targeted to individuals as well as business organisations. Courses are conducted by well-respected institutions and international experts.

Holtzbrinck Ventures Munich

One of the leaders in European early-stage funds. Since their inception in 2000, they have invested in over 150 companies. Their current fund size is €285M.

Holtzbrinck Ventures invests in European startups at seed or early stages, mainly from the sectors of consumer internet and enablers. The size of an initial investment is €0.5M to €2.4M, which can grow up to a total investment of €40M in the next rounds.

From the portfolio: Zalando

One of Germany's unicorns, Zalando has grown into Europe's largest and leading fashion platform. Up until now, the company has had 18 million clients and more than 1,500 brands available in their shop. It has become an international company, available in most of the European markets and employing people from over 100 countries.

German Startups Group Berlin

Private VC from Berlin established in 2012, already with two successful IPOs under their belt. They invest in highly scalable and disruptive ideas, mainly from German-speaking countries, in the sectors of e-commerce, social network & sharing economy, SaaS, BigData & AdTech, online services and digital content. German Startups Group usually starts investing with €100K in the seed stage, up to €500K in the early stage and from up to €3M per financing round in the growth stage. They also acquire secondary shares of the founders, business angels and other early investors in more mature companies.

From the portfolio: Auctionata

Auctionata is an online auction house. It offers a curated gallery of art, antiques, vintage luxury and collectibles, with international experts offering new distribution models, selling fine art and collectibles via live stream auctions or in an online shop.

Early Bird Venture Capital Munich and Berlin

Early Bird Venture Capital has been a stalwart of the German VC market since 1997. Since then, they have invested in more than 90 companies (including IPOs) and raised €600M in funds. Early Bird VC invest in companies at all stages, focusing on technology and medical technology, consumer electronics, hardware software, Medtech and Health IT. They are seeking companies in Europe that want to grow globally. They invest from €250K to €10M, with the average initial investment amount being €2.5M.

From the portfolio: Seerene

Seerene provides clients with new insights and analytics into mission-critical software, in order to actively drive IT change and balance productivity and innovation, while reducing risk and increasing transparency.

IBB Beteiligungsgesellschaft Berlin

One of the most active VCs in Berlin was founded in 1997, following an initiative by the Investment Bank Berlin (IBB) and the State of Berlin. Since then they have invested €252m into more than 75 startups. Since 2015, they have raised two funds: €60M for Tech Fund II and €40M for Creative Fund II. IBB Beteiligungsgesellschaft (IBB Bet) invests in Berlin-based start-ups in the sect. In the initial investment round, they put in between €0.2M and €1M, which can be increased to up to €4M in subsequent rounds, with existing and/or new investors for minority shares.

From the portfolio: Babbel

Language-learning app with 14 high-quality language courses. It is available for iOS, Android and desktop. They recently announced hitting 1M customers in their premium-only, subscription-based app.

Bayern Kapital Landshut

Established in 1995 as a subsidiary of the LfA Förderbank Bayern (Bavaria's development bank). So far they have invested in 235 companies and currently manage funds of €340M. They have five funds: Seedfonds Bayern, Clusterfonds Start-Up!, Innovationsfonds, Innovationsfonds EFRE and Wachstumsfonds Bayern, focusing on different stages of companies from seed to growth.

Depending on the fund, Bayern Kapital invests upwards of €250K in tech startups and companies.

From the portfolio: Commercetools

This company from Munich offers a cloud-based commerce platform for fast-growing businesses. As the basis for modern Microservices architecture, it allows retailers to deliver engaging shopping experiences across all channels and master their digital transformation in a disruptive marketplace.

Target Partners Munich

Founded in 1999 and has since been one of the leading VCs in Europe, founding numerous companies including IPOs. They manage a budget of €300M funds, investing in German-speaking countries (DACH area). The main target sectors are high-growth technology markets, such as mobile, software, green IT, e-commerce and internet. They invest up to €3M in early-stage companies, while later investments can be between €6M and €8M.

From the portfolio: Dreamlines

Dreamlines is the biggest cruise portal in Europe also making waves internationally, selling cruises online to destinations worldwide. They operate in nine countries on four continents.

E.ventures Hamburg and Berlin

A German VC targeted at internet and software founders, established in 1998. E.Ventures are open to startups from many countries, investing in companies with global ambitions. Their main areas of interest are adtech, commerce, fintech, media, mobile and software. They invest in companies at all stages, from seed to growth. The typical investment would be from \$50K to \$30M.

From the portfolio: Blinkist

Blinkist is a platform providing key insights from top nonfiction books – the emphasis is on getting the core lessons points from more than 1000 books in 15 minutes. It is available online and on a mobile app.

Wellington Partners Munich

Wellington Partners was founded in Munich in 1998, with current total funds of €800M. Focusing on startups from the UK, Germany and the Scandinavian countries, they invest in digital media, software for both consumers and enterprises, foodtech, agtech and artificial intelligence. Wellington Partners seek companies at seed, series A and B stages. They invest between €0.2M and €5M.

From the portfolio: Dalia Research

Founded in Berlin in 2013, Dalia Research is a company specialising in understanding global audiences by providing organisations with real-time data on market trends, opinions, attitudes and other insights in an accessible and pleasant manner. They use mobile technology to change the way data is collected, analysed and presented.

Point Nine Capital Berlin

This may be one of the youngest VCs in Germany but it is already popular and respected. They have invested in companies from 16 different countries since 2011, focusing on early-stage startups as their first institutional investor. Their area of interest is SaaS, marketplaces and mobile. Point Nine tend to invest between a few hundred thousand dollars or euros up to one million.

From the portfolio: CANDIS

CANDIS is an online tool for automated accounting. It helps collect and process all invoices in one place, making sure everyone in the database is paid on time. It also makes it possible to work with colleagues and tax advisors within the platform.

HP Ventures Potsdam

Hasso Plattner Ventures is the investment fund of Hasso Plattner, co-founder and chairman of SAP. It was founded in 2005 in Potsdam and has \$100M in funds. At the moment, they have 87 investments in 58 companies, mainly from Europe, South Africa and the USA, focusing on IT. Seed companies must be located in proximity to the VC office, but growth companies can be located anywhere.

Investment size is between €5M and €25M.

From the portfolio: Valsight

Valsight enables companies to make strategic decisions from enterprise data, combining big data technologies and predictive analytics with classical controlling processes in a user-friendly way. It supports data-driven decision-making based on discussion of alternatives and thinking in scenarios and probabilities, helping the decision-maker to create ad hoc simulations of strategic measures or macroeconomic influences and their impact on KPIs.

b-to-v Partners Berlin

Leading venture capital firm based in Berlin, established in 2011, managing proprietary funds and private investor networks for entrepreneurs. 80% of their investments are made in the DACH area, with the remaining 20% going to Asia, Israel and the US. They invest in areas internet, medtech and cleantech. The value of typical investment is from €50K to €2M.

From the portfolio: Nestpick

Nestpick is a platform connecting tenants and landlords in Europe. Users can find a room, studio or flat to rent for a long-term period. The platform provides an easy requesting and booking experience. Currently, Nestpick offers 16,000 nests in five cities: Paris, Berlin, Barcelona, London and Rotterdam.

Incubators and Accelerators

Germany is full of incubators and accelerating programmes, but Berlin is home to most them.

There's money here, that's for sure! However, according to statistics, only 10.4% of startups choose these incubators, company builders or accelerator to acquire financing.

Accelerator programmes are for startups needing small amounts of investment. They receive intensive coaching and mentoring to help them make the first step in their business. Every young entrepreneur should consider applying.

We've compiled a list of the biggest accelerator programmes in Germany, which includes ones backed by corporations, incubators or specialist "startup builder" companies. However, the list does not include government-funded accelerator programmes.

Axel Springer Plug and Play Berlin

Axel Springer Plug and Play is a joint venture between the Plug and Play Tech Center, a Californian international startup accelerator, and Axel Springer SE, leader in print business and digital publisher in Europe. Lasting for 100 days, this accelerator programme is dedicated to startups wanting to start their path to Silicon Valley. Startups get financing (€25K for 5% equity), as well as mentoring, introduction to investors and ongoing support.

Hub:raum Berlin

Hub:Raum is Deutsche Telekom's startup accelerator, targeted at early-stage startups in the areas of telecommunication and connectivity, TV, video & multiscreen, cloud-based business solutions, mobile payment & commerce, customer analytics and big data. Hub:raum offers a seed financing package for the first 6-12 months. In addition to money injections, Hub:raum offers coworking over the incubation period, plus mentoring and infrastructure.

Berlin Hardware Accelerator Berlin

An intensive, 14-day accelerator programme from Berlin, dedicated to international and European hardware startups, built around the idea of working with a team on a prototype or business plan. During the programme, startups have access to networking expertise and workshops, as well as the chance to interact with more than 40 mentors and professionals, such as investors, lawyers, designers, manufacturers, suppliers, engineers, developers and product managers. The programme concludes with the demo day in front of investors.

Techstars Berlin

One of the most sought-after accelerator programmes in the US now has a division in Berlin. The programme is for companies predicted to have national or worldwide reach - typically web-based or software startups. They invest \$100K into a convertible note with 6% equity. The 90-day programme offers startups numerous benefits, such as 300 perks worth over \$1M, free office space and \$20,000 of living expenses to cover the duration of the programme, connections to the 5,000-strong Techstars network of alumni and mentors, plus a demo day with investors. Techstars also offers something very unique in the startup world: an equity-back guarantee for those startups who are not satisfied with the programme.

You is Now Berlin

Real estate company ImmobilienScout24 founded this programme in 2010 for early stage start-ups in their sector. The three-month accelerator programme covers all aspects of a company launch, from inception to product market fit, customer acquisition to fundraising. You is Now invest €15K, no equity taken. Startups receive mentoring, co-working space at ImmobilienScout24 and weekly training and events at Berlin's Founders' Institute.

Startupbootcamp Berlin

Startupbootcamp is a global network of startup accelerators concentrating on connecting startups with the most important partners, investors and mentors from their sector. They have two programmes in Berlin:

Startupbootcamp Digital Health

3-month programme dedicated to medical technological startups with a special focus on behavior change, diagnostics, genomics, big data and analytics. They invest €15K without requesting equity in return. As well as financing, startups get free, six-month access to coworking space during and after the programme, plus support from more than 100 mentors, investors and industry partners.

Startupbootcamp Smart Transportation & Energy

This accelerator programme focuses on people's mobility in terms of transportation and energy. The length of the program is flexible, depending on the startup. Participating startups receive €15K in financing, €400K in partner services and six months of free office space in Berlin's Rainmaking Loft, in exchange for 6% equity. They will also get access to over 150 mentors over the course of the programme. Startupbootcamp's demo day unfolds in front of over 300 investors, mentors and partners.

ProSiebenSat.1 Munich and Berlin

The ProSiebenSat.1 Group is one of the largest media corporations in Germany and is behind one of the leading accelerator programmes in Europe. They run twice a year, selecting five teams to join the accelerator. They are open to startups from all industries, with particular preferences for B2C businesses like media, entertainment, e-commerce, internet of things, smart home, health and fintech. ProSiebenSat.1 invests in B2B adtech and online video space companies. They also invest €25K in cash and €500K worth of TV advertising time on the various channels under their media group. The investment package is provided in the form of a convertible note valued at €175K. Startups are also provided with space to work, coaching and mentoring.

German Accelerator Berlin

German Accelerator is a private initiative supported by the German Federal Ministry of Economics and Technology, as well as other sponsors and partners. Their 2 programmes are aimed at tech and life science startups wanting to enter the US market:

Tech Program

German Accelerator seeks out tech startups from sectors like cleantech, hardware, internet of things, mobile, semiconductors, software and SaaS. The initial phase of the accelerator lasts three months - for selected partners, nine months - and its free office is located in San Francisco, Silicon Valley or New York. The no-equity programme gives all startups network access and numerous workshops and support in areas including marketing & PR.

Life Science Program

Dedicated to the sectors of therapeutics, diagnostics, digital health, medical devices, platform technologies and services, German Accelerator offers free office space located in Cambridge, Massachusetts. Startups also get network access, mentoring, consulting, operational support and the opportunity for long-term collaboration.

Seedcamp Berlin

Seedcamp is a Founder's First Round Fund that invests in pre-seed and seed stage startups. They offer three different investment options: seed investment of up to €200K, €75K investment with 7% equity, or a 3% warrant for startups that have already gained some capital but are looking for growth to reach their Seed or Series A stage fundraise. All these options involve access to the Seedcamp Platform—standing on the pillars of Learning, Network and Capital—encouraging startups to share knowledge with fellow founders and learn from a great network of experts via workshops. There are also trips to the US to meet some of the world's best companies and investors, plus €200K worth of tools and services from partners.

Microsoft Ventures Berlin

This is Microsoft's global accelerator programme for early-stage startups or first-time entrepreneurs. The average investment by Microsoft Ventures is about \$2.1M. Startups don't just benefit from financing; they also get access to a wide network of angel investors, venture capitalists, Microsoft executives, local media and industry experts. VCs from Berlin also provide technical training and support to all participants of the four-month programme, finishing off with a demo day.

Wayra Munich

Telefónica's startup accelerator, investing in companies from Europe and Latin America. The telecommunications giant is concerned with early-stage tech startups. Besides €80K to €120K of funding, startups get access to Telefónica's network of 322 million customers across 21 countries, connections with investors and mentors, office space and international events.

Rocket Internet Berlin

This isn't a typical incubator, but a studio specialised in building and investing startups. They have more than 100 companies and startups in their portfolio like Foodpanda, Home24, Westwing and HelloFresh. They focus on online and mobile retail services, like fashion, food and groceries, general merchandise, home & living and travel. Operating in over 110 countries with 36,000 employees, they build and support their companies with concept, technology, teams and capital.

Team Europe Berlin

Another startup studio, building and co-founding internet companies while investing in existing startups through their partner Point Nine Capital. Team Europe has created and co-founded many successful companies, such as Delivery Hero and Trivago.

Crowdfunding

Crowdfunding in Germany officially kicked off in 2010, when the first rewards-based platform started operating. Six years later:

There are more than 80 crowdfunding platforms and the idea is growing in popularity.

However, it is still not the first port of call for most people trying to raise capital. In a 2015 study on crowdfunding, 52% of the respondents had heard of crowdfunding, yet only 25% claimed to know what it exactly is.

Therefore, the potential is huge, taking into account Germany's population of 81 million and \$47K GDP per capita, but it's still important to educate and build trust on this topic.

The development of crowdfunding is still in its beginnings, but we can already observe significant growth. These are the stats for 2015, according to the Für Gründer report:

- Reward-based crowdfunding: €9.8M
- P2P consumer & business lending: €66.8M
- Equity-based crowdfunding: €37.3M

Another source, Crowdfunding.de, reports that €48.9M was raised on equity-based platforms. This means the market size has more than doubled since 2014, at 169%.

This popularity wasn't just acknowledged by Kickstarter, who launched their platform in Germany in 2015 as the world's first non-English version. Its huge potential did not go unnoticed by Germany's government and authorities, leading to the introduction of new regulations on crowdfunding. After much criticism, authorities organised public consultations and took into account the voice of the community.

These are the most important points on the regulation of crowdfunding in Germany:

Total investment limit

This remains at €10K for investors, if they can show that they can handle the risk of a loss. In other situations, the investment limit is €1K.

Investment amount

The amount per project should not exceed the threshold of €2.5M.

Advertising

Crowdfunding campaigns may now be advertised through any channels, e.g. social media, whereas before this was only allowed on economic media. However, all adverts must contain warnings about risks associated with the investment.

Crowdfunding platforms

As mentioned, there are more than 80 crowdfunding platforms in Germany, of which the full list is available here. This is our shortlist of each type of crowdfunding platform:

Innovestment

Innovestment is a tech-focused, equity-based crowdinvesting platform. Investors can invest in early-stage companies, starting at €250. Pricing for equities is set by bidding. Innovestment was launched in 2011 and has since had 30 projects, invested €2.6K in capital and, at the moment, has 6,800 registered users.

Seedmatch

Seedmatch is the largest crowdinvesting platform for startups in Germany. According to official statistics, there are currently 47,000 registered users and 89 funded projects for €27,630,750.

Startnext

The first and biggest crowdfunding community for the DACH countries, Startnext has a market share of almost 90% of capital from successfully-financed projects. It is a reward-based platform, focused on creative and sustainable ideas, projects and startups—its target being artists, inventors and social entrepreneurs. According to official statistics, Startnext currently counts 635,000 users and has funded 3,597 projects for €29,986,722.

Kickstarter

US crowdfunding platform—the biggest in the world. It was launched in Germany in May 2015, finally making it possible to detail projects in German and raise money in euros.

Indiegogo

US crowdfunding platform and a world leader. Indiegogo started its official operations in Germany in 2012 through Gründer-Garage, in partnership with Google and Stiftung Entrepreneurship, a crowdfunding competition for German-speaking entrepreneurs with €150K in matching funds from Google for the most successful campaigns.

Bergfürst

Launched in 2011, is an equity-based crowdfunding platform and at that, one of the few with the approval of BaFin (the German Federal Financial Supervisory Authority). Private investors can invest from just €10 in startups, while young growth companies and individual properties can issue shares (with real equity, not just loans or silent partnerships). Bergfürst currently has 13,000 registered users.

Companisto

Companisto is a crowdinvesting platform launched in 2012. It is the leading equity-based crowdfunding platform in Europe, with business angels, corporate finance specialists and venture capital companies in its network. More than 40,000 registered Companisto users have invested a combined total of over €22 million in growth companies and start-ups.

The most successful crowdfunding projects

On Kickstarter alone, there are 2,261 crowdfunding projects, and that's not counting the other platforms mentioned. We've narrowed it down to the five most-funded campaigns on Kickstarter in Germany to provide you with an overview of what German crowdfunding is capable of.

The Dash

The Dash is wireless smart earphones, allowing the user to listen to music with its 4GB memory, as well track exercise performance and communicate. It combines three features: a one-touch standalone music player, a live sports assistant and a smartphone companion.



Source: bragi.com

The project, by Bragi, was launched on 9th February 2014—after just one day they hit the \$100,000 mark. At the end of the project, The Dash successfully raised \$3,390,551 with 15,998 backers.

Mr Beam II

A desktop laser cutter and engraver with an integrated camera, Mr Beam II is simple to use: after choosing a design and wirelessly connecting to a computer or tablet, it can cut or engrave a wide variety of materials (wood, leather, fabric, even mirrors). The Kickstarter campaign started in April 2016 and finished on 7th May 2016, having raised €942,673 with 791 backers.



Source: mr-beam.org



Source: miito.com

MIITO

It's a simple and intelligent device designed to heat liquids directly in a vessel, while cutting down excess water and energy usage. MIITO works with non-ferrous vessels of any size, like coffee cups and teapots, allowing the user to select the temperature of the liquid. The project was launched on 12th May 2015, ending one month later with €818,099 from 6,052 backers.



Source: bonaverde.com

Bonaverde

The first IoT coffee machine, roasting, grinding and brewing in 15 minutes. Bonaverde is a machine that not only prepares coffee but also changes the way coffee is traded, by allowing the user to choose where they want to order their coffee from. Bonaverde is available in Berlin cafés. The project was launched in November 2013 and finished one month later, successfully raising \$681,461 USD with 2,254 backers. They later ran two more successful crowdfunding campaigns. Since the beginning of sale, they have sold 3,500 machines in more than 50 countries.

eBlocker

A smart device that anonymises your online behaviour, recognising and stopping all forms of tracking to keeps your session private. eBlocker also offers a possibility to check who is trying to profile you. It works with all connected devices, such as computers, tablets, smartphones, games consoles and smart TV devices. The project was launched on 20th January 2016 and completed in one month, raising €565,398 with 3,244 backers.



Source: eblocker.com

Success Stories

Germany is definitely a breeding ground for unicorns!

The short history of startups in Germany is full of happy endings and startups are buzzing in the ecosystem ready to rock the world. The country is full of successful IPO companies, like Delivery Hero or Rocket Internet and many more.

We acknowledge that our list is definitely too short and doesn't include rising stars like Dubsmash, viral app for creating short selfie videos dubbed with sounds, or Telegram, chat app now used by a quarter of people in Iran. That's not to mention the giants of the German startup scene like Wooga, Friendsurance and Remerge.

We selected the following 10 startups based on total funding value in September 2015 before exit or IPO.

Delivery Hero Berlin, food delivery

Delivery Hero is an online food and beverage delivery service, operating in 34 markets across five continents, with over 73,000 restaurant partners worldwide. Delivery Hero was founded in 2011 and has since transformed into the largest food network in the world. It raised \$1.41B in 12 rounds from 19 investors and is currently valued at \$3.1B.

Bigpoint Hamburg, mobile games

Free-to-play game developer—the biggest game portal in Germany and belonging to the top three gaming portals worldwide. Bigpoint has 300 million registered users and 1,000 *global* distribution partners. It was founded in 2002 and had grown to 800 employees by 2011, creating and publishing prominent titles like Battlestar Galactica Online, Farmerama and Rising Cities.

In its 14 years of existence, Bigpoint has raised \$461M in two rounds from 4 investors. Recently, Chinese online publisher Youzu Interactive acquired Bigpoint for €80M.

Kreditech Hamburg, bit data

Kreditech is a fintech company offering loans to individuals based on their creditworthiness, which is analysed by online data. Kreditech uses big data, proprietary algorithms and automated workflows, offering an extended range of tailored financial services. Since their establishment in 2012, Kreditech has gathered \$366M in seven rounds from 19 investors.

Foodpanda Berlin, food delivery

Foodpanda is a global online food delivery marketplace with a focus on emerging markets. Launched in 2012, today it operates in over 40 countries across five continents, partnered with more than 38,000 restaurants. They are specialised in emerging markets around South America, Asia, the Middle East, Eastern Europe and Africa. Since 2012, they have raised €318M in six rounds from six investors.

BestSecret.com Aschheim, shopping community

BestSecret is an exclusive shopping club, with membership only via recommendation by premium partners. Members can buy a selection of designer brands at affordable prices. Best Secrets was launched in 2007 has since raised \$248M in funding.

Hello Fresh Berlin, food boxes

Hello Fresh delivers meal kits to subscribers for them to make their own meals at home. They send recipes with all pre-portioned and pre-measured ingredients to the customer's door. It has raised \$278M since 2012 and has become Europe's fourth most valuable company. Hello Fresh operates in 7 countries across 3 continents!

Westwing Munich, online furniture store

An online platform providing products and services for interior design, showcasing the latest trends in home décor at exceptional prices. They operate worldwide in 14 countries, after starting in 2011 and raising \$170M.

SoundCloud Berlin, music platform

SoundCloud is a social sound platform for anybody to make music and post it wherever they like; users record and upload sounds, then can share them with friends or publicly to blogs, sites and social networks. SoundCloud became the first global sound website for artists around the world. They launched the platform in 2007 and have raised \$158M in six funding rounds.

Home24 Berlin, online furniture store

Europe's largest online store for home décor. All the high-quality furniture is available online at affordable prices with free delivery.

Home24 operates in Germany, Austria, Switzerland, Italy, France, the Netherlands and Belgium, plus Brazil under the name Mobly. Since its launch in 2009, Home24 has raised \$155M in 3 rounds of funding.

Auto1 Group Berlin, automobile marketplace

Combining the tech and automotive industries, Auto1 Group is an online marketplace for buying and selling used cars. It's a wholesaler that's brand-independent and exclusively targeted to car dealers. Operating in 20 European countries, Auto1 Group has been a continental leader since becoming active in 2009, managing to raise \$118M in funding. They operate in 20 European countries and have more than 15,000 active partners.

Coworking Spaces

In such a developed startup ecosystem, coworking spaces are the natural habitat of young startups.

Entrepreneurs aren't just looking for a desk to rent—they look for the whole package and community feel, brought in by events, networking and mentorships.

Coworking is not a new concept, but its popularity is growing yearly, as can be seen from research in some of Europe's main startup hubs, like Berlin, London and Copenhagen.



Ahoy Berlin

Nearly 56% of coworkers have been in a coworking space for less than a year and 57% are in a coworking space for the very first time. 61% choose a coworking space in order to grow their network, which can clearly be seen in Berlin. A coworking space becomes a veritable home for a startup community, offering office rentals, events space, a bar and even apartments.

Despite the lack of official data on coworking spaces in Germany, we do know it's a high-growth market, particularly in startup hubs like Berlin, which boasts more than 80 coworking spaces. Here are some of the main coworking spaces in each of Germany's startup hubs (since Berlin is the biggest, it has a few more in its section).

Berlin

Ahoy Berlin

Wattstraße 11, 13355 Berlin

Coworking space covering more than 3000 m² for both individuals and teams. They offer standard flex desks, conference room and a café with healthy smoothies. They organise tech meetups, hackathons and corporate events.

Betahaus

Prinzessinnenstrasse 19-20, 10969 Berlin

Opened in 2009, Betahaus is both one of the oldest and most popular coworking spaces in Berlin, with 1500 m² of working space. They organise coaching and consultancy events, as well as the popular Betabreakfast and even live comedy shows.

Factory Berlin

Rheinsberger Straße 76/77, 10115 Berlin

Factory is a workspace with 80 desks over 1000 m². They have standard flex desks, a kitchen, café area, terrace and best of all... a nap room. They make use of their huge basement space for organising events like workshops, jam sessions and community brunches, as well as FuckUp Nights or Meet & Pitch meetups.

Co.up

Adalbertstraße 7-8, 10999 Berlin

Coworking space located in Kreuzberg with 330 m² of loft workspace. They organise internal events like co.breakfast and host local events like up.front, Berlin.JS, Geek Girls Carrots and Python UG.

St. Oberholz

Rosenthalerstraße 72a, 10119 Berlin

This 600 m² space with a hipster reputation is located above the St. Oberholz café. They host various events, lie photo shoots, art exhibitions, lectures, networking events, fashion showrooms, conferences, hackathons and cooking events.

Silicon Allee

Address to be announced

Silicon Allee is one of the most important startup communities in Berlin's ecosystem (read more on this in the community section). Although not yet officially open, the Silicon Allee Campus will be a home for startups, with coworking offices, a rooftop lounge and terrace, café and bar, corporate & studio apartments and, of course, workshop and event spaces. Located in a 7000 m² building in Mitte, you can already make enquiries about reserving a desk.

Munich

Impact Hub

Gotzinger Straße 8, 81371 Munich

An organisation focused on social entrepreneurship, Impact Hub also offers great coworking options. The space holds events, but please note these are often in German.

Werk1

Grafinger Straße 6, 81671 Munich

Werk is the largest coworking space in Munich, with standard offers for renting a desk or a conference room. There's also a coffee shop and a gaming station for the team can cool off a bit! Werk1 also organise and host events like is Werk1breakfast, startup event BayStartup, or fintech events. It's also a startup incubator.

Rhein-Ruhr

CoWork-Lab

Machabäerstraße 28, 50668 Cologne

One of the best and most quiet coworking space in the centre of Cologne, ideal for freelancers. Alongside their standard office offer, they also host events like Startup Blink.

GarageBilk

Bilker Allee 217, 40215 Düsseldorf

Clocking up 500 m², Garage Bilk is an ideal place for startups, creatives and digital nomads in Düsseldorf, with desks, a conference room and events. It hosts many community events like breakfast meetups and workshops.

StartPlatz

StartPlatz has two coworking spaces: one in Cologne, 3200 m², and one in Dusseldorf, 1000 m².

1. Im Mediapark 5, 50670 Cologne
2. Speditionstraße 15a, 40221 Düsseldorf

Founded in 2012, Startplatz is now well-known for its thriving community and for being an incubator, with team offices and spacious meeting rooms for regular events like Startup BBQ or the Rheinland-Pitch. There are also free expert consulting sessions and a chilled coffee bar. Startplatz also offers bootstrapping and scholarship programs for small startup teams with innovative business ideas. In those three months, scholarship startups get free desks, coaching, workshops and network access.

Stuttgart–Karlsruhe

Profitable

Epplestraße 5a, 70597 Stuttgart

Located 10 minutes away by foot from Stuttgart's centre, Profitable's 230 m² coworking space is ideal for freelancers, creatives and entrepreneurs.

Coworking 07011

Coworking 07011 has two coworking spaces in the city, respectively covering 350 m² and 80 m²:

1. Gutenbergstraße 77a, 70197 Stuttgart
2. Teckstraße 62, 70190 Stuttgart

A part of Startup Campus, which runs regular workshops and training sessions with experienced entrepreneurs. Coworking 0711 hosts local meetups, such as Foreign Startups & Entrepreneurs near Stuttgart, as well as user groups for Drupal and WordPress.

Hamburg

Social Impact Lab

Pastorenstraße 16-18, 20459 Hamburg

Coworking dedicated to founders, entrepreneurs, experts, consultants and creatives. The Hamburg Social Impact Lab hosts events on all aspects of social entrepreneurship and run the Social Impact Start programme, where scholars receive coaching and consulting and more support to set up their social businesses.

Werkheim

It has two locations in Hamburg:

1. Planckstraße 13, 22765 Hamburg
2. Schützenstraße 9, 22761 Hamburg

A coworking space with a modern, design feel, Werkheim offers various desk and office options, conference rooms and lounge areas.

Conferences and Competitions

Germany is bursting with IT, startup and new tech events, bringing in international audiences in the thousands.

There are also a wide range of important local events that develop and unify the startup ecosystem from the insights they generate.

We've put together a calendar of events that we think should be on every startupper's radar.

January

DLD15 Munich

Digital-Life-Design is a global conference on innovation, digitisation, science and culture. An invitation-only event, it connects business, creative and social leaders, opinion-formers and influencers.

March

Startup Camp Berlin Berlin

One of the largest early-stage startup events in Berlin offering numerous talks, mentoring sessions and 1:1 office sessions with experts.

Pitch competition

The competition is called The Pitch Marathon; a game where participants are given fake money by the investors and business angels in the audience. Each audience member hands out their share of money to the startups they find interesting. At the end of the exercise, the three startups that raised the highest number of investments receive a trophy.

CeBIT Hannover

One of the largest and most important global conferences on new technologies, IoT, marketing & sales, big data, research & innovation and digital. The four days comprehend numerous talks within a huge expo area, frequented by exhibitors from around the world.

April

Apps World Germany Berlin

With its second edition taking place this year, Apps World is a new conference on the German map, dedicated mainly to mobile app developers. There are talks, an expo area and a hackathon.

May

Re:publica Berlin

A conference about internet and society, with 850 international speakers and more than 700 participants in 2015. A place for activists, scientists, hackers, entrepreneurs, NGOs, journalists, social media and marketing experts. This fosters innovation and creates synergies between net politics, online marketing, network technology, digital society, and pop culture.

June

Heureka Berlin

Conference for founders and entrepreneurs of digital companies, gathering more than 700 entrepreneurs, investors and industry experts. More than 40 talks and workshops on two stages and in three workshop rooms go on during this one-day conference.

Pitch competition

Heureka Speed Pitching is a five-minute pitch in front of 10 top-class investors. Three finalists get the chance to go on stage pitching in front of a jury.

NOAH Berlin

One of the most important events for executives, NOAH aims to give CEOs and investors deep insights into the latest proven concepts, network with senior executives and establish new business relationships.

This conference is invite-only. Everybody can apply for a ticket on their website, though.



Tech Open Air in July, by Stefan Wieland

IoT Berlin

A two-day conference in June focused on internet of things and related industries, like including automotive, manufacturing, transport, health, logistics and energy. More than 100 exhibitors and 200 speakers highlight the most innovative advancements in technologies around IoT.



Tech Open Air, by Stefan Wieland

July

Tech Open Air Berlin

The world's first interdisciplinary tech festival connects top-tier entrepreneurs, artists and scientists at an interesting location in Berlin. Unfolding in a unique space in the city, the three days are packed with inspirational talks, interactive forums, art installations, live music with more than 120 speakers and more than 175 satellites, this is more than your regular tech conference.



August

GDC Europe Cologne

The Game Developers Conference Europe (GDC Europe) is the largest professionals-only game industry event in Europe. GDC Europe is both a conference and expo, showing off learning, inspiration and networking for creators of computer, console, handheld, mobile, social, and online games in Europe.

September

Pirate Summit Cologne

The Pirate Summit is Europe's biggest invitation-only gathering of early-stage startups and investors. It connects entrepreneurs and founders with approximately 200 VCs and business angels. There's also its Startup Bus component, where teams of strangers in seven buses travelling from Belgium, Estonia, Germany, Italy, Spain, Switzerland and the UK try to conceive and launch a new startup within 72 hours before showing it off at the Pirate Summit.

Pitch competition

The Walk the Plank competition is for registered startups selected from the local event series Pirates On Shore, taking place in more than 30 countries in 2015.

DM Exco Cologne

The most important conference and exhibition on online marketing, with more than 950 exhibitors and 50,000 visitors. The conference focuses on sectors like digital commerce, advertising, social media, mobile and affiliate marketing.

Next Hamburg

A two-day conference on digitisation in general. The program focuses on insights into consumer behaviour and the latest trends in experience design. The conference is merged with the Reeperbahn Festival, making it perfect for professionals active in the music and creative digital industries, featuring sessions, showcases and networking events. This is an invitation-only event.

Bits & Pretzels Munich

Three-day event with 5000 participants, making Bits & Pretzels the biggest founders festival in Europe, held in none other than the Oktoberfest tent. There is a stage for startup pitches, panel discussions, talks with international speakers, plus the Oktoberfest tables to liaise with investors.

October

IdeaLab Vallendar

First European student-led startup conference. Speeches, workshops, networking and four-minute speed dating with investors.

Startup community

The following list includes community events—mostly local and organized more frequently, but on a looser schedule.

FuckUp Nights

International franchise event all about sharing business failure stories. Three or four entrepreneurs share their failures in seven minutes. There is a Q&A and time for networking.

Silicon Allee

One of the most important startup and tech communities in Berlin's ecosystem, on the first Tuesday morning of every month. Grab breakfast at St. Oberholz and get networking! All entrepreneurs, businesses, investors and startppers are welcome.

Pirates on the Shore

A local branch of one of the most popular startup events, Cologne's Pirate Summit. It is a startup event with the pitch competition. Winners will receive tickets for the Pirate Summit's Walk the Plank pitching competition. Pirates on the Shore is held in all the main German startup hubs, plus several other spots around Europe and the Middle East.

Silicon Drinkabout

Following the lead of London, Silicon Drinkabout is international weekly, evening meet-up over drinks in Munich and Berlin, aimed at getting startups and techies talking in a relaxed setting. It goes on every Friday of the year at a different bar in the city.

Startup Safary

Event franchise organised locally in two cities, Berlin and Leipzig. It's a two-day event, held in various venues all over the given city, where startups, VCs, accelerators, incubators, coworking spaces and other community hotspots open their doors for attendees. It all consists of office sessions, CEO dinners, expert talks and outdoor parties.

Startup Bus

The challenge is to create and launch a startup in 72 hours, while crossing Germany on a bus at 80 km/h. 30 hackers travel through 6 cities in 4 days, clocking up 2,000 km. Each bus ends up at the Pirate Summit in Cologne, where the Grand Finale is held.

Startup Weekend

A 54-hour event simulating the experience of creating and launching a startup idea, taking place in a few different cities, like Bremen, Cologne, Paderborn and Hamburg.

Closing

So, that was our guide! We hope you've had a useful glimpse of the startup ecosystem in Germany, with some practical information where to find money, which accelerator programme to choose, which startup events to attend and where to rent a desk.

Brought to you by Pilot

We are aware that the ecosystem is very fluid and things change quickly, so we're planning to release occasional updates to this guide. If you have any suggestions or corrections, please do get in touch.

About the author

Karola Morawska is a marketing and growth specialist at Pilot, passionate about startups and the community around them.

Further reading:

- Local Facebook groups about startups:
[Berlin](#), [Munich](#), [Hamburg](#), [Cologne](#), [Düsseldorf](#)
- Local Facebook groups about startup jobs:
[Berlin](#), [Munich](#), [Hamburg](#), [Cologne](#), [Karlsruhe](#)
- [The list of Hamburg startups](#)
- [The list of all accelerator programmes in Europe](#)
- [The periodic table of German tech](#)