

**S**pend a few days in Berlin and it's not long before a clear parallel becomes apparent: London, circa 2000. The difference? One of them has a significantly larger economy. According to the IMF, Germany – with a GDP of \$3.3 trillion (£2 trillion) in 2010 – has by far the biggest economy in Europe (the next largest GDP is France, with nearly \$2.6 trillion. The UK's is \$2.2 trillion).

Where Europe's most populous country differs from the UK is in its level of economic decentralisation. According to Hilmar Schmundt of news magazine *Der Spiegel*, Frankfurt is where the money is; Hamburg and Munich are the centres of media and venture capital; whereas Berlin is the creative – and tech – hub of the country.

Since reunification in 1990, Berlin has re-established itself as a thriving cultural centre and, in the last five years, as a tech hub for entrepreneurs from throughout the world, not just Germany.

Berlin might just be Europe's hippest city. Relatively cheap rents and its status as a gateway location between east and west Europe have attracted creatives from across the continent. The art scene is commonly held up as the focus of creativity in the city, but the tech community is equally vibrant.

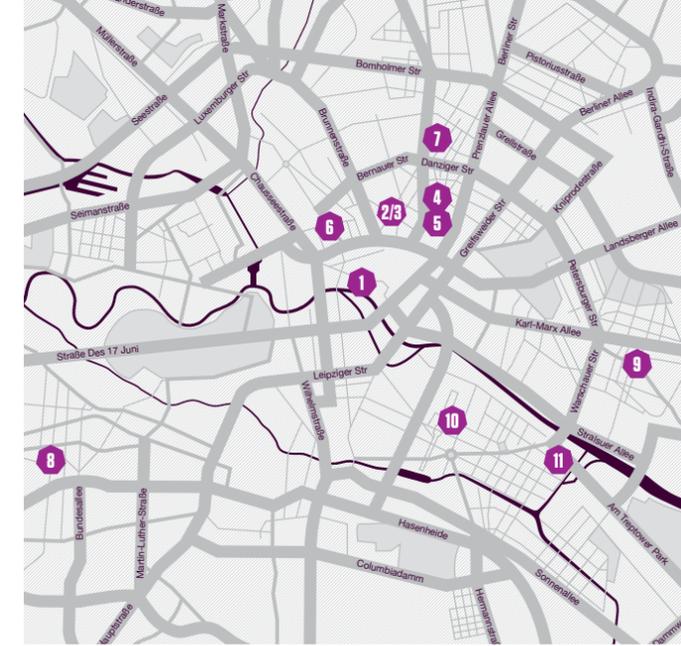
"The low costs and the ample supply of programmers, students and designers mean that the seed funding and startup scene has moved here," says Joana Breidenbach of the Berlin-based online donation platform *betterplace.org*.

"The main issue with the Berlin scene has always been the cloning of US internet startups – 'Can you guys only clone?' is what people ask," Breidenbach says. "Now there are some original startups here too." This is the criticism commonly levelled at the most controversial figures in the German tech scene, the Samwer brothers. The three siblings (Alexander, Marc and Oliver) are both admired and criticised for their strategy of quickly producing early clones of US products for the German market.

Berlin has had some significant successes, including Brands4Friends, an online auction site selling brand goods, that was bought by eBay for \$200

Left: Lukasz Gadowski launched Team Europe in September 2008

BERLIN'S  
GDP IN  
**2010**  
=  
**€94.72**  
BILLION



**WHERE TO FIND...**

- 1 **TEAM EUROPE**  
Monbijouplatz 10, 10178
- 2 **ATLANTIC VENTURES**  
Rosenthaler Straße 13, 10119
- 3 **SOUNDCLOUD**  
Rosenthaler Straße 13, 10119
- 4 **WOOGA**  
Saarbrücker Straße 38, 10405
- 5 **REBATE NETWORKS**  
Saarbrücker Straße 37, 10405
- 6 **SPONSORPAY**  
Ackerstraße 14/15, 10115
- 7 **OLIVER BESTE**  
Lychener Straße 14, 10437
- 8 **M10**  
Uhlandstrasse 47, 10719
- 9 **BETTERMARKS**  
Reichenberger Straße 124, 10999
- 10 **MADVERTISE**  
Oranienplatz 2, 10999
- 11 **BETTERPLACE**  
Schlesische Straße 26, 10997

million in December 2010. "There are more startups created in this town than in Munich, Cologne and Hamburg combined," says entrepreneur Christophe Maire. "For all kind of reasons – lower opportunity costs, sure, but also a free spirit and social openness that is conducive to innovation."



◆ WORDS BY GREG WILLIAMS PHOTOGRAPHY: NICK WILSON

**BERLIN**

**ATTRACTING ENTREPRENEURS FROM ACROSS THE WORLD, BERLIN HAS BECOME A CITY WITH A TRULY GLOBAL FEEL – AND ECONOMIC ASPIRATIONS TO MATCH**

- ✦ **Co-ordinates:** 52°30'N 13°23'E
- ✦ **Population:** 3,450,000
- ✦ **Size:** 892km<sup>2</sup>
- ✦ **Global Cities Index ranking 2010:** 16



**TEAM EUROPE**

◆ MONBIJOUPLATZ 10, 10178

In 2000, Lukasz Gadowski, now 34, set himself a goal: "I wanted to know what it was like to employ 1,000 people," he says. Two years later he launched Spreadshirt – an ecommerce site selling T-shirts – while at business school in Leipzig. In 2006, a first round of financing valued the company at €50 million (£45m).

"I'm very proud of what I achieved with Spreadshirt as I did it with no money: not a single euro was invested," says Gadowski. "We created a large company out of nothing."

A few months before bringing investors into Spreadshirt, Gadowski cofounded StudiVZ, a Facebook clone aimed primarily at students. "We sold it ten months after launch for €85 million," he says of the sale to the publisher Holtzbrinck.

"We had three quarters of a million members and more than 50 per cent used the site more than once a day."

After the successes of Spreadshirt and StudiVZ, Gadowski's visibility in Germany was high – he was held up as a home-grown, successful entrepreneur who had started from nothing. Gadowski switched to making angel investments and cofounding new companies. "In 18 months I invested in 80 companies and cofounded another ten," he laughs.

"It was kind of crazy. Some of them failed, but some were successful, like Brands4Friends [a fashion flash-sales site] which was a €150 million sale, and Mister Spex [a spectacles retailer], which will be worth around €100 million."

In September 2008 Gadowski set up Team Europe Ventures, an incubator to build fast-growing internet companies that offers a suite of services for those hoping to start their own businesses by helping with finance, management and scaling. "After a while I decided that it would be better to focus on a smaller set of companies and to make all of them successful," he says. "It's a much more focused approach. Right now we have the capacity to build three or four really high-quality companies per year." In June this year, the "Ventures" was dropped from the company title, and the venture arm spun off to become Point Nine Capital.

Current investments in its portfolio of 12 companies include Digitale Seiten, an online directory for small businesses; online food-delivery company Lieferheld; digital recruitment agency iPotentials; and SponsorPay, whose 120 million users can monetise virtual currency across multiple platforms.

"The criteria is: does it have the potential to be worth €100m or more two to three years after we launch it?" Gadowski says. "In the last two years, we launched five companies that are clearly on track to become €100m companies. The business model is clear, it's straightforward – it works." [teameurope.net](http://teameurope.net)

Right: Germany has more internet users – 62 million – than any other European country

BERLIN



## ATLANTIC VENTURES

◆ ROSENTHALER STRASSE 13, 10119

"Making a product or company that is being used is the highest reward," says Swiss-born, Berlin-based serial entrepreneur and partner in Atlantic Ventures Christophe Maire. His record for building and exiting companies is exemplary: one of his businesses, gate5, which offers mapping and location-based services for mobiles, was sold to Nokia for €250 million in 2006; two years later, he and two others exited from plazes.com, a mobile geolocation platform that foreshadowed Foursquare and Gowalla, again to Nokia, for an undisclosed amount.

Maire is developing other disruptive businesses from his headquarters just north of Hackescher Markt. There's SoundCloud (opposite); Readmill, a social sharing platform for ebooks; photosharing site Eye'em; and txtr, a free service that allows users to access downloaded ebooks on any platform. "The ereading revolution has just started," Maire says. "Our aim is to help retailers, publishers and hardware operators to compete with Amazon by providing their own alternative and competitive ebook offering. People overestimate the short-term impact [of tablets] and underestimate the long-term impact – it's only been two years since the launch of the Kindle."

Maire is a veteran of the Berlin tech scene, having set up shop in the east in 1993 – long before gentrification. He has witnessed firsthand the city's rise as a global tech hub.

"I believe the comparatively sparse availability of funding and the lack of official help produce a more resilient breed of entrepreneur," he says. "For me, this is a work of love more than anything else." [atlanticventures.yolasite.com](http://atlanticventures.yolasite.com)

## ONES TO WATCH

A selection of Berlin's hot tech companies

4

### WOOGA

Wooga is the largest social-games developer based in Europe. The company behind *Brain Buddies*, *Diamond Dash* and *Monster World* is now the third biggest of its type on Facebook. At the end of May it secured \$24m in second-round funding. [wooga.com](http://wooga.com)

6

### SPONSORPAY

With \$9.6 million of investment, SponsorPay is a monetisation service for virtual goods. Its ad-funded payment solution gives developers access to virtual currency. The company says it has 120 million customers. [sponsorpay.com](http://sponsorpay.com)

5

### REBATE NETWORKS

While Groupon has been grabbing headlines, Rebate Networks, a Berlin-based company cofounded by Stefan Glaenger, has been building a network of 30 daily-deal sites across Europe, South America and Asia. [rebatenetworks.com](http://rebatenetworks.com)

7

### OLIVER BESTE

With cofounder Fabian Hansmann, Beste runs FoundersLink, a venture firm that invests in startups with the potential for exits of €50m. Beste founded [myToys.de](http://myToys.de), a company with more than €100m in sales. [founderslink.com](http://founderslink.com)

PHOTOGRAPHY: NICK WILSON. MAP ILLUSTRATION: ALEX BLOOM



## SOUNDCLOUD

◆ ROSENTHALER STRASSE 13, 10119

In 2008, Alex Ljung, now 29, and Eric Wahlforss, 31, had a problem. Both were keen electronic musicians, but sending their creations to friends online involved huge email attachments. "There were a lot of things happening around the social web, and there was a lot of stuff happening around music consumption, but there wasn't really anything built for the creator side," Ljung says. "We wanted to build an application that would allow us to send a track to somebody privately, a work in progress, without any hassle, and have that person be able to give feedback."

As of June this year, their audio platform SoundCloud – which allows users to upload and share music and has an interface that enables visualisation of sound through a scrolling "waveform" – had five million users, €12.5 million in funding and an office in San Francisco. In May, SoundCloud collaborated with Moby to release his music/photography project, *Destroyed*. Ljung and Wahlforss continue to expand the business – there are now SoundCloud meetups in 116 cities and the company has just signed a deal with social music recommendation site [headliner.fm](http://headliner.fm) – and stress that SoundCloud is still a creator-centric platform.

Left: Alex Ljung (left) and Eric Wahlforss, cofounders of audio platform SoundCloud

"If you look at the other large social sharing sites – YouTube, Flickr, Facebook – we see no reason why SoundCloud couldn't be right up there in the top 20 websites in the world," says Wahlforss. [soundcloud.com](http://soundcloud.com)

8

### M10

Jörg Rheinboldt and Stephan Schwahlen launched M10 in 2005 to make seed/early-stage investments. Before that, Rheinboldt cofounded auction site [alando.de](http://alando.de) in 1999 and, a few months later, became MD of eBay Germany after the retail giant bought the company. [m10-partners.com](http://m10-partners.com)

9

### BETTERMARKS

Arndt Kwiatkowski and Marianne Voigt founded property website [ImmobilienScout24.de](http://ImmobilienScout24.de) in 1997 and sold it in 2008 to Deutsche Telekom for €360m. Their latest venture is Bettermarks, a web-based maths-improvement initiative for students. [de.bettermarks.com](http://de.bettermarks.com)



## ✕ WHERE TO MEET

St Oberholz Rosenthaler Straße 72a, 10119  
Betahaus Prinzessinnenstraße 19-20, 10969

Walk into the St Oberholz (above) at any time of day and you'll find it hard to squeeze between the hordes of people writing code on their laptops or discussing marketing strategy for their startups. And, if you're looking for more than one of its salads, coffees or – this is Germany, after all – pilsners, St Oberholz offers accommodation in apartments upstairs, which can also double as a meeting area. If you need a workplace in Berlin, try Betahaus in Kreuzberg. Harking back to the Berlin of the 90s, it's a relaxed, collaborative digitally networked open space that welcomes "knowledge workers" and creatives.

10

### MADVERTISE

A mobile-ad company that helps app developers monetise their business via advertising with easily scalable technology. It says its hyperlocal banner ads can geotarget a user's location to within 50m. It has serviced more than 700m ad requests. [madvertise.com](http://madvertise.com)

11

### BETTERPLACE

Thirty per cent of the €4bn raised each year for charities in Germany goes back into fundraising. Cofounder Joana Breidenbach (WIRED 12.10) is trying to disrupt this by establishing a direct link between donors and beneficiaries via this online platform. [betterplace.org](http://betterplace.org)