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Final Report

Peer Review on Startup Internationalisation

3 - 4 JULY 2019

BERLIN SENATE DEPARTMENT FOR ECONOMICS, ENERGY AND PUBLIC
ENTERPRISES (SENWEB), BERLIN, GERMANY





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1. BACKGROUND AND MOTIVATION

We, the Senate Department for Economics, Energy and Public Enterprises, would like to get advice from peers working in large urban startup ecosystems resp. startup hubs comparable with Berlin such as London, Paris and Amsterdam as well as with selected members of the SCALE.CITIES network. The target of the suggested action is a review of our new strategy “Internationalisation and Transnational Cooperation within the Programme Berlin Startup Scholarship“ launched in 2018 as described below and to get recommendations in order to further develop and improve it. As startups are also an essential part of the target group of our Berlin “Programme for Internationalisation” launched in 2015 we want to include single aspects of this programme in the peer review.

Berlin is Germany's startup capital. In terms of the city's share of the national population, more people in Berlin set up businesses than in any other federal state. Berlin's range and depth of support and services tailored to the needs of young entrepreneurs have also played a significant part in this success. With around 40,000 business registrations per year and around 500 startup companies, Berlin is undisputedly Germany's founder capital. The capital is particularly attractive for founders in the creative sectors and technology. In 2018, venture capitalists invested around 2.6 billion euros in Berlin. Promising and well-established startups have emerged in recent years, such as Soundcloud, Gameduell, Mister Spex, Zalando, Helpling, Delivery Hero, Home24, HelloFresh, ZipJet, movinga, Auto1, Foodpanda, Raisin, GetYourGuide, or N26. Berlin is popular with foreign VC investors.

An important background for this success story are the universities and research institutions in the capital region and their comprehensive knowledge transfer, networking and startup support activities. Based on a survey from 2016 during the last 10 years more than 650 startups were incubated at universities, 60 percent of them with wins in the first year after their launch, comprising 22,000 newly created jobs and a turnover of 3 billion euros in 2015. The Senate Department for Education, Youth and Families together with our Senate Department supports these activities incl. ESF and ERDF funding.

The **Berlin Startup Scholarship (ESF)** has contributed considerably to this impressive development. Since 2005 it has supported technology-related startups in the context of "Startup Workshops" at Berlin universities, companies with research and development focus as well as at future-oriented locations with the help of the European Social Fund. In the current ESF funding period 2014 - 2020/23, a budget of 39.8 million (ESF and Land of Berlin funds) is available for this purpose, which supports some 1,330 founders. The aim of the projects is to increase the competence of the founders and to further develop business ideas and prototypes to market maturity. The startups are made up of teams of two to four people (in some cases one person only) mostly with academic education and receive monthly scholarships of between € 1,000 and € 2,000 per person over a period of six to twelve months. Within the “Startup Workshops” they can



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use fully equipped workplaces as well as the other technical equipment of the incubators and are target-oriented coached and qualified.

As part of an extension of the funding portfolio and in order to fill a funding gap against the background of the increased importance of internationalisation in the business world, options to support internationalisation and transnational cooperation have been developed in 2018. Cooperation of those involved in the programme in Berlin with those in other European metropolitan regions with comparable startup ecosystems, as part of similar ESF programmes or other programmes and strategies is aimed at.

The Berlin **Programme for Internationalisation (ERDF)** includes three different strands of public funding: a) Community projects, b) SME-funding and c) networking projects. The first one is focused on trade fairs, where professional associations receive financial support for the organization of a common stand for Berlin businesses. Additionally, international delegations trips are supported by this funding line. The second part of the programme is focused on individual funding for SMEs for participating in trade fairs, exhibitions, conferences and other international events. The third funding line supports development of international cooperation, mainly focused on Berlin cluster topics. Several questions related to this scheme are currently of high relevance:

- How can we adapt our SME project funding in order to support international activities of startups (e.g. amount and quality of eligible expenditure), without increasing the share of bureaucratic costs? Are there experiences in the peer cities?
- How can we establish partnerships through Network Projects that are self-sustaining at the end of the funding period?
- How to evaluate the achievement of goals in network projects?
- Are there similar public programs for creating international partnerships through networks in the peer cities and how can we cooperate?

The key questions of the peer review for both programmes were:

- 1) Would you recommend an internationalisation strategy for startup cities rather as top down process initiated by a city government or bottom up driven by startups and incubators?**
- 2) Do you think the proposed strategy is well structured and addresses all relevant aspects?**
- 3) At which state of development startups should launch international activities? From the very beginning of their business plan development or rather later when they are more mature and already have entered markets?**
- 4) Do you think startups should rather enter international markets and seek partners in similar ecosystems, in our case startups from Berlin in other large startup cities like London, Paris, Amsterdam etc.?**
- 5) What kind of public funding would be suitable to support internationalisation activities of startups and already exists in other European regions?**



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We were looking for peers as experienced experts for the internationalisation of startups and transnational cooperation of large urban startup ecosystems in Europe and beyond. We think that we can learn a lot from large urban startup hubs such as London, Paris or Amsterdam as they practice international cooperation already for a long time, whereas particularly in our programme „Berlin Startup Scholarship“ the internationalisation of funded startups as well as transnational cooperation of programme and project managers is a new element. Furthermore, we want to improve also our Berlin “Programme for Internationalisation”. Based on recommendations we want to learn from other cities for the remaining time of the current ESF and ERDF funding period until 2023 as well as for the coming funding period. The organization of a peer review by the [Interreg Europe Policy Learning Platform](#) seemed a good opportunity to tackle the above mentioned issues.



2. PARTICIPANTS OF THE PEER REVIEW

After approval of the project call and the drafting a background paper, Interreg Europe and the host made a selection of peers from Amsterdam, Genoa, Helsinki, London and Paris. The representative from London was unfortunately not able to join the meeting on short notice. SenWEB also invited local stakeholders, mainly incubators involved in supporting the startups funded by the scholarship scheme to join the discussions.

List of participants:

Team Interreg Europe:		
Luc Schmerber	Interreg Europe Policy Learning Platform	Thematic Expert SME competitiveness
Rene Tönnisson	Interreg Europe Policy Learning Platform	Thematic Expert SME competitiveness
Thorsten Kohlisch	Interreg Europe Policy Learning Platform	Project Manager
Peers:		
Bas Beekman	City of Amsterdam, The Netherlands	Director Startup Amsterdam
Pietro De Martino	FILSE SpA, Genova, Italy	Representative of Italy at EBN Board - European Business and Innovation Centres Network
Carin Saloff-Coste	City of Paris, France	Director, Attractiveness and Employment Department
Marie Monjauze	City of Paris, France	Head of Innovation Unit, Attractiveness and Employment Department,
Christine Chang	Helsinki-Uusimaa Council, Helsinki, Finland	Senior Advisor
Stakeholders Berlin:		
Mathias Kuhlmann	Senate Department for Economics, Energy and Public Enterprises	ESF Policy Officer, Innovative Training and Startups
Dr. Rainer Seider	Senate Department for Economics, Energy and Public Enterprises	Head of Unit Foreign Trade, European Economic Policy, Development Cooperation
Dr. Rolf Knütter	Senate Department for Economics, Energy and Public Enterprises	Head of Foreign Trade
Elvir Becirovic	Senate Department for Economics, Energy and Public Enterprises	Policy Advisor Foreign Trade
Türkan Dogan	Senate Department for Economics, Energy and Public Enterprises	ESF Implementing Body, Innovative Training and Startups
Max Maurenbrecher	Senate Department for Economics, Energy and Public Enterprises	Interreg Coordinator
Anastasia Zagorni	Kunsthochschule Weißensee Berlin	Projekt lead, Design Farm Berlin
Emma Nogueira	Robert Bosch España S.L.U.	Business Development (RBIB/BUD)



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Anna Hünemohr	Bosch Software Innovation GmbH, Bosch Startup Harbour Berlin	Computer-Software
Christian Gurol	Berlin School of Economics and Law, Startup Incubator Berlin	Head of Startup Incubator
Arne Meyer-Haake	Berlin School of Economics and Law, Startup Incubator Berlin	Deputy Head of Startup Incubator
Steffen Terberl	Freie Universität Berlin	Head of Profund Innovation
Dr. Robin Tech	AtomLeap High-Tech Accelerator	Co-founder & managing director
Julie Winter	AtomLeap High-Tech Accelerator	Projekt lead
Zheng Tian Chen	AtomLeap High-Tech Accelerator	Event & Communication Manage

The agenda included a number of presentations of startup support initiatives involved in supporting startups in very early stages benefitting from the Berlin Scholarship and detailed insights into the two funding schemes mentioned here above. This enabled the peers to get a good understanding of the specific issues raised by SenWEB and provide targeted recommendations.





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3. MAIN CONCLUSIONS AND RECOMMENDATIONS

The key targets of the proposed Berlin internationalisation strategy, confirmed by the peers, are:

- 1) To increase the quality and efficiency of funding through mutual learning of the persons involved in the implementation within the EU
- 2) To support the development of business ideas and business plans at the European Single Market and beyond
- 3) The cooperation of startups with partners abroad (startups and established companies, universities, research institutions etc.)
- 4) The exploration of markets abroad and access to markets abroad by startups

Possible Actions abroad of startups from Berlin and vice versa actions of startups from abroad in Berlin are:

- 1) Research on current technological developments and corresponding markets in other European countries and beyond
- 2) Trade fair, conference and seminar visits, delegation trips
- 3) One to several day trips in order to know each other, for exchange activities (ideas and experiences) and getting to know projects, startup incubators, companies, potential customers, research institutions, investors, funding schemes etc. (networking)
- 4) Work stays abroad lasting several weeks to several months in projects and incubators as well as cooperating startups and companies

As overall conclusions of the peer review participants highlighted the following aspects:

- 1) The need for an overarching strategy with priorities which remains flexible to address startup needs (bottom-up)
- 2) Regions need to be international at first stage in order to create impulse for projects and local partners (if startups need to think global, policy must also)
- 3) Monitoring is needed following the startup life cycle approach
- 4) Compile / aggregate the information available from the incubators and further relevant intermediaries (project providers) on a regular basis
- 5) Follow-up on startups' development after they leave the funding scheme
- 6) An ecosystem monitoring tool from Helsinki (prototype stage) could be shared with host / peers
- 7) Use existing networks between cities (such as e.g. SCALE.CITIES) for developing and opening smart networks (important is contact to ecosystems) to startups, helping them to answer their specific needs
- 8) Develop a team of experts (internal and through selected intermediaries) with specific sector knowledge in order to provide tailored support to startups (contacts with first clients...)
- 9) Amsterdam's trade developers (employees of the city) as a good practice providing added value to international trips and other international activities (fairs, shows...)
- 10) Sector-based international offices in selected locations (e.g. French biotech in Boston area)
- 11) Local welcome culture (insurance, bank, translation of information) for international newcomers / soft-landing packages



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4. FOLLOW UP

As overall result of the peer review the host considers to follow these recommendations:

- 1) Adapt project funding for SMEs and startups
- 2) In the spirit of providing targeted and personalised support (“each need is different”), use voucher schemes (or similar) giving flexibility with respect to the nature of the required support (e.g. legal advice...) and amount of expenses (only a few thousands EUR)
- 3) The vouchers can be combined with international trips (or not)
- 4) A pre-condition for accessing them could be for the startup to be part of a support programme
- 5) Increases the likelihood that startups will apply
- 6) Leverages the professional support delivered by incubators
- 7) Ensure complementarity between the Berlin Startup Scholarship and the Programme for Internationalisation
- 8) Close cooperation with managing authorities and audit authorities to make use of simplified cost options like lump-sums

In terms of networking activities the host considers to follow these recommendations:

- 1) Sustainability of networks (funded in projects) is not the goal in itself but should ensure sustainable impact on the target group (here: internationalisation of startups)
- 2) If the service provided by network partner from Berlin is of value, it might be further funded (sustainability of competence)
- 3) Alternatively, network projects could be allocated upon strong selection of the involved project providers with clear capacity to foster internationalisation and vocation to develop a self-sustained service
- 4) Monitoring of network impacts is generally a difficult task, which requires more time to provide thorough answers. In general: make use of the evaluation expertise developed by Interreg programmes (example: post-closure monitoring approaches, based on semi-formal interviews with selected project partners between 12 and 18 months after the administrative closure of the funded project)

5. CONCLUSION

As host of this event we, the Berlin Senate Department for Economics, Energy and Public Enterprises, would like to say a very warm “**Thank you!**” to all parties involved in this new type of international learning experience:

- **The Interreg Policy Learning Platform** for their brilliant idea, support and moderation of such a smart new format, gathering fantastic experts for two days in order to learn from each other in an extremely inspiring and efficient way
- **The peers from Amsterdam, Genova, Paris and Helsinki** who brought so much expertise and passion for our topic to the table



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- **The involved incubators and startups from Berlin incl. Clever Shuttle Service** who hosted the group perfectly and enabled very valuable insights into their exciting work.

We feel extremely enriched by the presentations, discussions and results. We are quite sure that all persons involved have learned something which will be useful for their work. On behalf of all participants we dare to express our wish to keep in contact with each other, whether under the Interreg umbrella or other programmes, networks and events.

