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empower

Berlin: a startup bridge between Asia & Europe

A closer look at Berlin's startup ecosystem using the SFI | Landing in Berlin for startups featuring Scaler8 | The importance of well-being for entrepreneurs | Using an accelerator to expand to Asia | Does Berlin's LGBTQ-friendliness provide its startup ecosystem with a competitive edge? | Scaling to Asia: when to go, why, and how | Firsthand insights scaling to Asia | Addressing cultural differences in venture capital investment

enpact

AsiaBerlin

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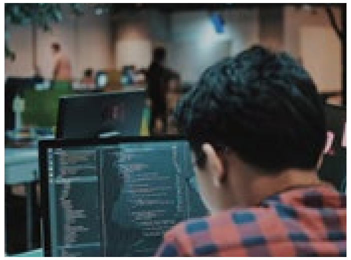
enpact works to empower entrepreneurs globally

table of contents

02
introduction
foreword: challenges and opportunities of international expansion 02
foreword: our mission at enpact 04
our data empowers startup ecosystems globally 06

08
the Startup Friendliness Index
what is the Startup Friendliness Index? 10
how does the SFI work? 11
how to read the SFI 12

14
Berlin as an entry-way to the European market
an SFI analysis of Berlin 15
from Asia to Berlin featuring Kristin Eckert of Scaler8 20
the importance of well-being for entrepreneurs in a startup ecosystem 23
does Berlin's LGBTQ-friendliness provide its startup ecosystem with a competitive edge? 25



28

scaling to Asia: when to go, why, and how

expanding to Asia: firsthand insights 30

why you need an accelerator to help you 34

addressing cultural differences in venture capital investment 36

39

conclusions

conclusions 40

recommendations 42

44

appendix

human capital 45

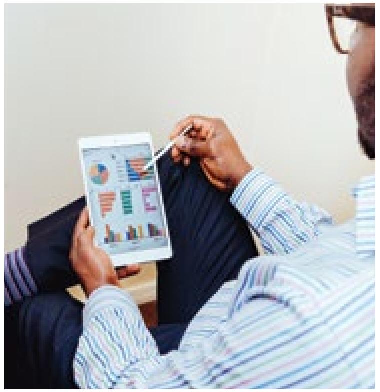
finance 46

startup scene 47

infrastructure 48

macro 49

market 50



51

about us

enpact empowers entrepreneurs 52

about AsiaBerlin 53

acknowledgements 54

references 55

sources 56

foreword: challenges and opportunities of international expansion

By Heather Dannyelle Thompson

Heather Dannyelle Thompson is Manager of Data & Research for enpact. Originally from Los Angeles, CA, USA, she moved to Berlin to pursue a Masters of Public Policy from the Hertie School, which she completed in 2021.

At enpact, we focus on empowering entrepreneurs and their support systems through our programs and research. It is powerful work, and all the more so with the bulk of our focus being primarily on ecosystems not based in the Western world. In our past programs in Egypt, Ghana, Kenya, Tunisia, Uzbekistan, India, Jakarta, Mexico, and more, we have worked to create networks, instill confidence, and bring visibility to the incredible work of entrepreneurs around the world serving their local economies and communities.

Yet, in our work to date, we have neglected to address the startup ecosystem in our home community — Berlin in our Data & Research. That's not to say we don't regularly include Berlin's startup ecosystem in our programs. Before the COVID-19 pandemic crisis, we regularly brought entrepreneurs around the world to Berlin to participate in bootcamps, mentoring programs, and networking events. These trips were modelled on the notion that one of the hardest challenges to overcome as an entrepreneur is acquiring the right network. Again and again, this theme runs through our work. It's all too well known that cronyism is still at large and too often the right person is not exposed to the right opportunities.

Even more relevant is our work to build bridges between Berlin and multiple Asian startup hotspots. Through our delegation trips and, most notably, our AsiaBerlin Summit, we connect ecosystem participants and builders from Japan, India, Singapore, Jakarta, Vietnam and more. Naturally as our network grows and our partnerships expand beyond Asia (AfricaBerlin Network has just been announced by the Berlin Senate this fall), our Data & Research team began to ponder a central question: can our data shed light on how to facilitate these connections? Beyond that, what are the driving forces beyond these connections? Expanding a company internationally has obvious benefits to the economy and to the growth of the company, but what does it take to do it better?

The answer, unsurprisingly, is not straight-forward or one-size-fits-all. To compile this edition of empower, we have drawn on our networks across Asia and within Berlin, interviewing entrepreneurs, incubators, activists, government organizations, and academics who study the topics of entrepreneurship and internationalization. The result is a compilation of diverse perspectives on what it takes to make Berlin an even more imminent destination for startup culture and what it takes to support Berlin-based startups that aim to expand and create more trade, connections, and business with the world, particularly Asia.

We hope you enjoy this issue.

foreword: our mission at enpact

By Jan Lachenmayer

Jan Lachenmayer is the Managing Director of enpact. He is a Tech Entrepreneur, has a background in Political Science and Business Consulting, and a guest lecturer at Fresenius University.

In my time working with and witnessing entrepreneurs around the world, I've been fascinated by how universal the mindset of an entrepreneur is. No matter where they are in the world, they typically have more in common with each other than even with their fellow citizens. It matters not their background, culture, or socialization; they have the entrepreneurial mindset.

The entrepreneurial mindset is that of a problem solver. An entrepreneur is an individual who sees a problem and takes it upon themselves to create a solution. They are then not just business owners, but innovators and drivers of positive change. So, it stands to reason that if you want to bring positive change to society — if you want to create hope, optimism, jobs, growth and prosperity — you should aim to empower these types of high potentials and support them to become successful. What empowers them most is not money, but access to knowledge and international networks. This is what we have realized working with them over many years.

Since 2013, enpact e.V. has worked with thousands of entrepreneurs in emerging economies. Its mission is to empower entrepreneurs to drive positive change, create innovative solutions and prosperity in their respective world regions.

From mentoring programs to delegation trips, accelerator programs and founder scholarships, we strive to create arenas that build networks of trust and exchange. Our programs are designed to put the people first. We focus not on developing only their business or their capital growth, but the person themself. In this way, even if the first venture does not succeed, the entrepreneur themself remains changed and remains a lifelong learner.

Many entrepreneurs in the regions we are active in are brilliant and motivated, but they are confined to their local communities and expertise. By creating programs embedded in their ecosystems, enpact gives them access to an international network of experienced mentors and experts. We aim to empower them in becoming successful.

leveraging the power of entrepreneurship to change the world

As it often happens, you first begin by helping the individual entrepreneurs; then you begin to understand patterns and wonder how you can impact the environment to enhance the likelihood that other entrepreneurs will become successful. This is when we started to take a systematic approach and look into the framework conditions for entrepreneurship to flourish or hinder — what we call an entrepreneurial ecosystem.

enpact's Data & Research team was founded to do just this: build an understanding of what makes a strong entrepreneurial ecosystem. The core of Data and Research's offering is its ability to quantify the strengths and weaknesses of an entrepreneurial ecosystem and compare one to the other in spite of geographical differences. By understanding the ecosystem, down to specific indicators and policies that affect people in real-time, enpact can lend support to decision-makers at all levels: policymakers, businesses, individuals, and organizations. Most importantly, it can give recommendations and provide action-points for improvement.

The data can describe an ecosystem, but the Data and Research team also works to bring those data-points to life. In qualitative analysis, research, and storytelling, enpact works to build connections between regions, nations, and people. In sharing insights and highlighting change-makers, enpact works to share insights for learning and growth. This is why we have called our publication, "empower". It is through bold and specific insights, stories, and perspectives that we can empower all of you to make a difference in your community.

introduction to the report

enpact's Data & Research division began with the vision that, equipped with the right data and analysis, we could understand what factors contribute to a successful startup ecosystem and from there give informed insights to improve, strengthen, or alter it. And so we compiled that data, and before us stood a mountain of decimals and digits that somehow stood as a viewpoint to a global network of entrepreneurs, investors and policymakers. But we still needed to find a way to communicate the value of what we created.

When I sought to create the concept of this report, I wanted to show our audience why our data could be valuable to them. Here at enpact, we truly find the SFI fascinating; a few minutes scrolling through the columns of digits and I find myself asking questions: What policies have constrained the workforce in Singapore to give it a score of 44.87? How can Mexico City and Jakarta have such similar SFI scores (44.2 and 45.5) and yet their ecosystems are markedly different in their lived experiences? What contributes to those differences and in what ways are they the same? Can one solution work for both places or do we need to be more creative and holistic in the solutions we propose?

All of these questions are ones our reporting attempts to answer. What exactly makes an ecosystem operate the way it does? As Jan mentioned earlier, though ecosystems may differ in their geography and culture, entrepreneurs around the globe have a remarkable amount in common. This is why the SFI normalizes its score, to compare two unlike places and mark them on the same scale. In this way, one ecosystem can be informed by another.

In this report, you will find that we not only worked to bring our SFI to life but also to elevate voices of direct stakeholders in the ecosystems we analyze. Through interviews and guest articles, investors, entrepreneurs, corporations, and government entities speak on why they are excited about their respective ecosystems and, even more importantly, why they are eager to bring more connections to it to show the amount of energy and innovation that is developing. Their contributions paint a picture of what the startup culture is like, where future trends may be, and what opportunities there are to get involved at any level.

our data empowers startup ecosystems globally

Our hope is simply to demystify, make connections, and highlight stories, innovation, and insights that might propel the ecosystems forward. By understanding in frank terms the strengths, weaknesses, and opportunities, we can learn from other ecosystem builders and propose policies, solutions, and perspectives that create real change and empower change-makers.

How to read this publication

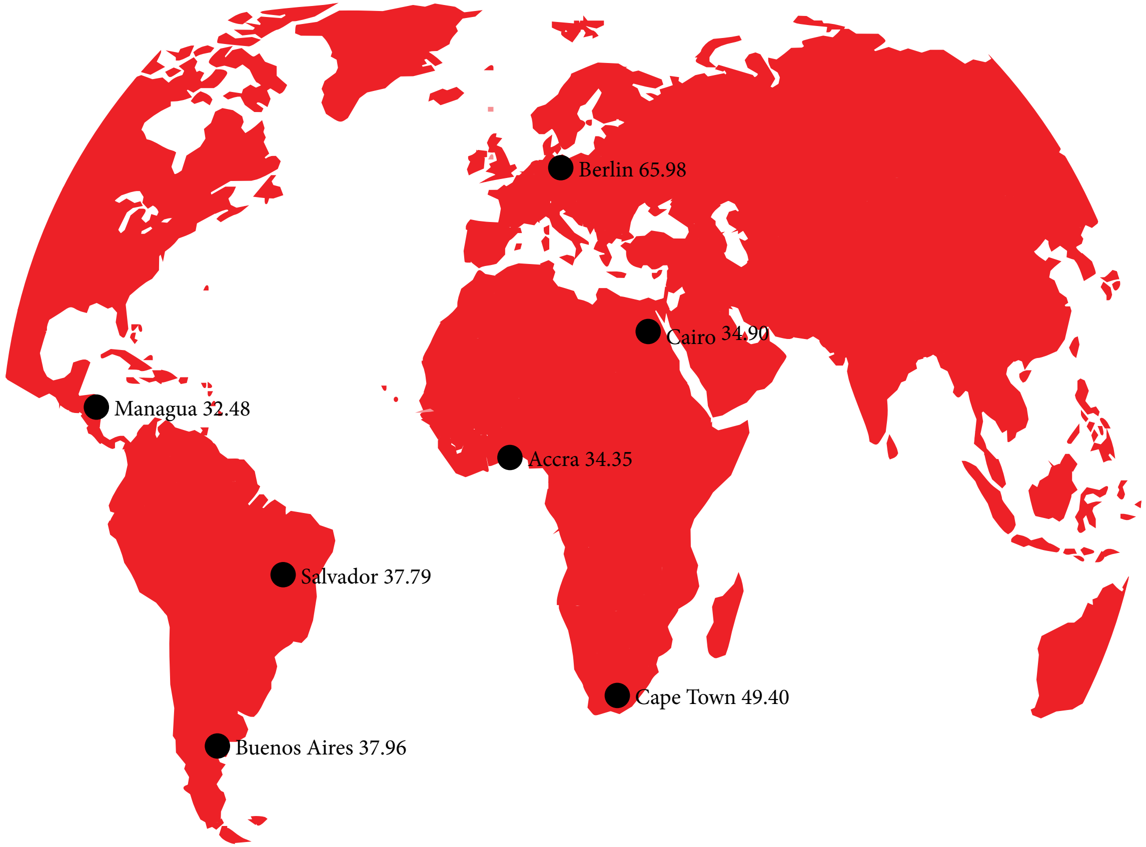
After a brief introduction to the Startup Friendliness Index, its 6 domains and 17 subdomains, methodology, and how to interpret it, we will dive right into the topic of outbound and inbound internationalization for Berlin. The first chapter focuses on inbound internationalization and kicks off with an analysis of Berlin through the lens of the SFI. This piece serves to describe the current state of Berlin's startup ecosystem and what an entrepreneur can expect when getting started here. From there, we move onto pieces featuring experts in this field: an interview with an accelerator helping startups to expand from SoutheastAsia into Germany, a think piece about the importance of entrepreneurial well-being and Germany's advantage there, and finally how Berlin's LGBTQ-reputation affects its startup ecosystem.

In part two, we take a turn: outbound internationalization. We start by covering the experience of one Berlin-based company that successfully scaled to Asia, including an infographic covering the pros and cons of different Asian ecosystems. Next, the German Accelerator adds their thoughts on why an accelerator is the right choice to help your company expand internationally. Finally, in an interview with two entrepreneurs, we analyze how to navigate cultural differences in venture capital investments in Germany, Japan and South Korea.

After some conclusions and recommendations, you will find an explanation of each domain and subdomain of the SFI, with a description and some important information about how to interpret it. The full data set is available on our website.

We hope you leave this report feeling informed, inspired and, most of all, ready to take action.

the startup friendliness index



what is the Startup Friendliness Index?

the SFI measures how well a city supports entrepreneurship

The SFI consists of six major domains. In the field of entrepreneurship, startup ecosystems play an important role. A startup ecosystem is formed by entrepreneurs, startups in their various stages, and numerous other entities such as universities, investors, accelerators, co-working spaces, legal and financial service providers, and government agencies. Through the complex interaction of these players, a startup ecosystem has the capacity to empower entrepreneurs to develop new ideas and bring innovation to the market.

The composition and maturity level of startup ecosystems are essential components of the success rate for entrepreneurs and new enterprises. By understanding the strengths and weaknesses of a startup ecosystem, as well as the cultural context it finds itself in, enpact can offer targeted solutions and recommendations to policy makers on strengthening and growing startup ecosystems of their cities.

To achieve this, enpact has developed the Startup Friendliness Index, or SFI. We've designed the SFI to quantitatively compare ecosystems across the globe using objective measures of development and maturation.

how does the SFI work?

Each domain is vital for entrepreneurs and no city can support a startup culture without all six elements.

At the city level we measure:
Human Capital measures the quality of and access to educated or talented people to fill the workforce of a startup, to start their own enterprise, or a startup's ability to pay for the right talent. This domain also analyzes the inclusiveness of a city, as the more economic opportunity there is for women and minorities to participate in the economy, the easier it is to find talent.

Access to **Finance** is crucial for the equity and advancement of any startup scene. It is the first hurdle any viable business must face, the pre-requisite for successful exits and the best way to inject more money and attention into an ecosystem.

The liveliness of the **Startup Scene** — from the number of hubs to facilitate connections, to the number of events and startups in a city, to the entrepreneurial culture of an ecosystem, each can play a role in encouraging entrepreneurs to dive in and to grow.

The **Infrastructure** of a given city is often a challenge for emerging economies. In the worst scenarios, this means that roads are unpaved or dangerous, internet access is spotty, and people experience shortages to water or electricity that makes it hard to get by, let alone start a business.

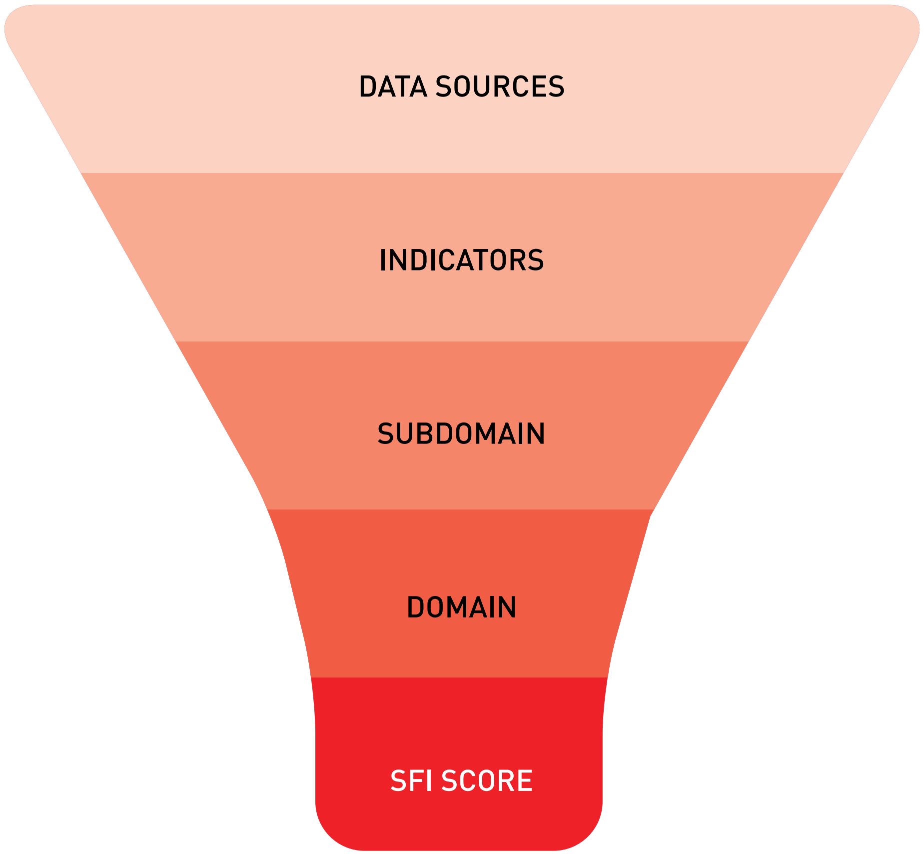
On the country level we measure:
The political and legal context of a country, as well as crime and corruption, are measured in the **Macro** domain.

Lastly, the connectedness and performance of an economy's **Market** play a role in a startup's ability to expand both regionally and globally. This domain also looks at how well developed the digital market is, vital for startups whose business models rely on a digitally connected economy.

the SFI scores cities holistically, emphasizing interconnectedness

how to read the SFI

how the final score is calculated



e.g. World Economic Forum
DoingBusiness.org

e.g. Women's Participation in Entrepreneurship

e.g.Talentpool

e.g.Human Capital

e.g. 48.5 / 100

the SFI compiles normalized indicators into one objective score, regardless of location or culture

Three tips you should know to read our report:

1 There are 90 indicators, divided into 6 domains and 17 subdomains. Each city receives a score for each indicator. The indicators are then aggregated into a domain score and a final SFI score.

2 The data for the indicators are collected from reputable primary and secondary sources such as the World Bank or World Economic Forum.

3 Each indicator is normalized on a scale from 0 to 100. The best performing city for a single indicator is given a score of 100. In a score such as the Pollution Index, for instance, Singapore is given a score of 100, meaning it has the least pollution of all cities in the index.

part I:
Berlin as an entry-way to the European market

a closer look at Berlin's startup ecosystem using the SFI

By Heather Dannyelle Thompson

SCORES :

Human Capital	58.80
Finance	52.27
Startup Scene	54.35
Infrastructure	62.99
Macro	79.85
Market	69.00

To understand how to read the SFI, see page 12

When it comes to the startup scenes of Europe, no list is complete without mentioning Berlin. Once the meeting point for east and west, Berlin has been transformed over 30 years into a hotspot of innovation, community, internationalization and connections. With a large English-speaking and highly educated population, favorable startup policies, a thriving startup scene, and a well-connected economy, expats pour into Berlin from all over the world looking for opportunity and to begin their own ventures.

In addition to the insights of our SFI, I was also fortunate to speak with Bernhard Friedrichs, who served as the Vice President of Global Strategic Partnerships for the APAC region for Uberall. During his tenure, he successfully helped Uberall open its offices in Southeast Asia and Japan. We'll be hearing more from Bernhard when we cover German international expansion to Asia in the next section of this edition. But first, we start with a discussion on Germany and Berlin as a potential entry point to the European market for external companies.

London	Barcelona	Paris	Berlin
63.62%	49.11%	57.11%	62.21%

HUMAN CAPITAL
58.80

TALENTPOOL: 55.28
LABOR MARKET: 49.18
INCLUSIVENESS: 71.94

FINANCE
52.27

SOURCES: 57.03
SYSTEM: 47.51

STARTUP SCENE
54.35

HUBS: 69.98
ACTIVENESS: 54.02
ENTREPRENEURIAL CULTURE: 39.06

INFRASTRUCTURE
62.99

TRANSPORT: 77.45
UTILITIES: 69.30
ICT: 42.22

MACRO
79.85

POLITICAL: 85.67
LEGAL FRAMEWORK: 65.82
CRIME: 88.07

MARKET
69.00

PERFORMANCE: 74.16
CONNECTEDNESS: 42.92
DIGITAL MARKET: 89.91

According to our SFI, Berlin is among the top cities globally in the index, competing with startup powerhouses such as London and Singapore. In the context of its place on the European scale, Berlin excels due to its lower cost of living and, after Brexit and over a decade of Merkel's leadership, as the legal and regulatory capital of the EU. For several years, Germany and its capital have been gaining in their reputation for welcoming innovation, strengthening governance, and encouraging entrepreneurship.

Many of the strengths for Germany's startup ecosystem are quite obvious: a strong economy, high average wealth, a highly connected society and dense populations, strong currency in the Euro, and an overall market size that is twice that of the United States. This can all be said with certainty of Western Europe at large — what, then, really separates Berlin from its fellow European startup ecosystems? In our index, the most comparable ecosystems are London, Barcelona, and Paris.

Berlin's human capital is on par as a European capital, but has been somewhat sacrificed in the name of laborer protections.

In comparison to many of its peers here in Europe, Berlin is widely known as one of Western Europe's cheapest capital cities. While the Minimum Wage in Germany is higher than say London and Paris (giving Berlin the lowest score in the index), these two cities have much higher living expenses in comparison. In accordance, companies looking for high-end talent will be expected to pay a higher salary than they might in Berlin. This is reflected in their scores for Average Salary with London at the most expensive, giving it a score of 0.00 (note that a score of 0 reflects that it is the worst in the index), Paris at 19.65, and Berlin at 29.55.

While Berlin has an active university scene and many students, compared directly to universities in London in Paris (such as the London School of Economics, Oxford, and the Sorbonne in Paris), Berlin's universities lag a bit. Berlin's strength in human capital most likely comes from its status as a global destination and a large influx of expatriates willing and excited to work in the city's startup scene.

The scores for *Unemployment Rate* (86.25), *Women's Participation* (70.23), (100.00), and LGBT Legal Equality (100.00) are all about the same between Paris, London and Berlin. The metric for Gender Legal Equality is used to determine if women hold the same legal grounds as men, say to inheritance of estates, etc., by no means implying there is 100% gender equality in any city. The LGBT Legal Equality metric is structured similarly.

However, there is one area where Berlin falters in human capital: Labor Regulation Constraint (60.08). These are representative of a larger trend when analyzing the Berlin startup ecosystem or indeed Germany at large — a daunting amount of bureaucracy.

Germany's bureaucracy is a two-sided coin. On the one hand, the average worker in Germany benefits from considerable security. As a result of strong collective bargaining and diligent governance, Germany's labor

force is considered well protected (though this never halts the pressure to do even more to protect work and livelihoods). This is surely a massive benefit, and speaking from personal experience as an expat, it is a very strong draw for international talent to flock to Berlin seeking security and quality of life.

However, our index measures how these factors affect business, as is evident from high rates being marked as detrimental from an SFI score perspective. “With stronger social security and more labor protection come some more risks and costs for companies to hire new employees. Compared to the US and UK, Berlin brings more risk, but is still cheaper and less expensive than Paris.” This is certainly not a surprise as the UK and the USA have their roots in a liberal market economies (LME) framework compared to Germany’s foundation from a coordinated market economy (CME). One of the hallmark’s of a CME is the protections for workers at the cost of the flexibility of the market to employer needs. For these reasons, many more firms in Germany are recorded by the World Bank’s Enterprise Survey identifying labor regulations as a major constraint (36.20% of firms who identified this as a problem) when compared to London (21.72%) though not quite as high as Paris (65.86%).

Overall, when accounting for both the strong supply of talent and the high regulatory barriers, Berlin’s human capital is largely on par with London and Paris. What Germany has gained in workers rights has mostly come at a cost to the flexibility of the market. It excels ahead of Barcelona (*Human Capital* score of 49.11) and is positioned highly overall in our index. Later in this section, we’ll take a look at where Germany’s strong governance can often translate into an overwhelming level of bureaucracy. First, we’ll examine its scores in *Finance*, *Startup Scene*, and *Infrastructure*.

The scores for the Finance and Startup Scene domains in Berlin are adequate, but could improve with steady investment over time. The largest issue in the Infrastructure domain is Germany’s poor internet speeds.

When it comes to *Infrastructure*, Berlin is well connected and boasts an overall high quality in terms of transport, even for a country with such a rich culture and appreciation for cars. The country ranks highly for its pollution score and quality of electricity, water, and utilities. However, a well known issue in Berlin is the strength of the internet. “It is not a secret that mobile and broadband connections in Germany urgently need an upgrade,” says Bernhard. In 2018, even Economics Minister Peter Altmaier publicly criticized Germany's internet technology. “It feels like not too much has changed since then. But with the implementation for 5G we can hope for change,” Bernhard finishes. Accordingly, Berlin receives a score of 31.22 for *Internet Download Speed* — not great for one of the world’s leading economies. Overall, Germany struggles with upgrading digitally due in large part to the nature of its government.

Next, we’ll take a look at the domains of *Macro-Political Context* and *Market*, where we’ll see the continuing trends of overwhelming bureaucracy juxtaposed with a very well connected market.

Reducing red tape is the biggest improvement Berlin can make to its startup ecosystem.

Broadly speaking, Germany is a great market to do business in, considering its strength of governance (*Democracy Level* 96.10, *Effective Governance* 82.91), steady regulations (*Contract Enforcement* 80.71, *Informality as a Constraint* 99.37), and strong currency (*Bank Account Penetration* 100.00). Everything is close, well connected and there is a high average wealth. Trade agreements are stable and the market size is large and wealthy.

Germany is decentralized in terms of governance and centers for commerce — not confined to one region such as France (where basically all major business is in Paris) or London, which is a strong powerhouse. For Germany, Munich, Berlin, Hamburg, Frankfurt and Stuttgart are all major cities with different strengths and sectors.

Germany's score for *FDI Foreign Net Inflows* stands at 37.80, far and away higher than London at 3.78, Barcelona at 10.38, and Paris at 29.17. Germany is the largest market in Europe at the moment, automatically making it quite an attractive choice. And perhaps the most attractive trait for Germany in the SFI is its first place in the index for the *Gini Index* (100.00). This metric for equality is considered advantageous for entrepreneurship, again speaking to the strong governance of a state, where a strong safety net and low cost of living can often encourage more would-be-entrepreneurs to take the leap.

Perhaps it is a testament to Berlin's many strengths as a startup ecosystem that my conversation with Bernhard quickly turned to the elephant in the room and by far the hardest hurdle for entrepreneurs (especially international entrepreneurs) to jump: challenging bureaucracy.

"Generally speaking, most markets compared to the incredibly free market of the United States are more risk averse and generally have less money floating around. The UK is similarly a freer market and attracts more capital," Bernhard begins. "But in terms of what are attractive places to start and grow a company, Germany has so much room to grow." He points to Germany's ranking in the World Bank's Doing Business score for Ease of Doing Business where the country earns the 22nd place. In the sub category of Starting a Business, Germany places a startling 125th place. Clearly, there is some room for improvement.

"In Germany, there is red tape everywhere," he points out. To his perspective, a lot of these regulations don't have a net positive effect anymore, are out of date, or are overzealous in their outcome even if they come from a well-meaning place. "It is very pleasing to see that the new government recognizes this and states in its coalition's contract to reduce bureaucracy. It really is time!"

"When you incorporate a company in Singapore, for instance," Bernhard says, "you need maybe 15 minutes or at the most two days. For the United States, you don't even have to be in the USA to incorporate the company. It can be done in 15 minutes, and online, in Estonia, [sic a leader for digital governance]. This is impossible to do today in Germany. In most cases, you need a lawyer, a notary, a tax consultant and patience. It is really good news that the new government finally put it in writing by saying 'The goal is to enable business to be able to start within 24 hours'".

There are other governance drawbacks for German startup culture. Bernhard cited German taxes — at

highlight 1
Germany is the largest market in Europe

highlight 2
For all its support in governance, red tape continues to be a nightmare in Germany

highlight 3
Berlin's startup scene largely operates in English, making it friendly to international expats

highlight 4
The heterogeneity of Europe's market make it a better jumping off point for international expansion

Bernhard Friedrichs is an entrepreneur and AsiaBerlin Ambassador. He recently founded his new startup, PartnerXperience, which helps SaaS Companies to grow and internationally expand through partnerships.

about 30%, when the EU average is 21% — which are admittedly high for corporations as well (*Corporate Tax Rate* score is 18.18 where the lower the score, the worse the tax rate is for entrepreneurs and businesses).

In short, it's not the easiest place to start a company. And the burden can be exponentially higher for internationals. Given that German is not a widely spoken, global language in the way that English is, German language skills already stand as a huge barrier for internationals. And while the startup scene and even many large companies in Berlin operate entirely in English, the same can not be said for the tax forms, forms of incorporation, registration forms, etc. "It's even worse than that," explains Bernhard, "because the laws and regulations you need to consult tend to be written in this archaic, legalese German language, so it would be extremely difficult for non-native speakers to understand well." In short, he explains, you need to hire someone to help you, which increases the barrier to becoming an entrepreneur in Germany.

The support needed to grow Berlin's start-up ecosystem

Between Bernhard, a serial entrepreneur, and myself, an expat in Berlin, the discussion of Germany's bureaucracy was a great bonding moment for us. Moving on, we pivoted to talk a bit more about the solutions and innovations coming out of these challenges.

We started with the number of tech solutions that are cropping up to help people and firms overcome the mountain of regulations.

"For instance, I've seen some companies that offer entrepreneurs a bank account that already comes with a tax consultant to help navigate the initial steps you need to get started as an entrepreneur," Bernhard begins. "There are also startups that specialize in offering fully digital solutions that completely cut out the very burdens we mentioned." A great example is the FinTech company, N26, which is far easier for expats to register for in comparison to some legacy Germany banks like Deutsche Bank.

"The biggest thing we can do to help entrepreneurs, especially international ones, is assist them in navigating these issues. Someone who can explain to you what type of legal entity you need (each kind requires different steps), someone to help you register at the Chamber of Commerce and the Finance office. I'm glad to see more political initiatives that have been announced recently that will definitely help to make Germany an even more competitive startup hub." Programs like enpact's Landing Pad, for example, are designed to do exactly that.

Beyond the bureaucracy, of course, there are questions about product and market that every company, no matter where they go, will need. Berlin could adapt even more to help entrepreneurs figure out how to fit new innovations into the German market rather than resisting new innovations entering the market. There are numerous startups or products that have faltered in Germany for reasons such as violating personal data laws or being 'too disruptive', like Airbnb and Uber. While the regulation of these disruptive companies is largely recognized as crucial, there is an argument to be made to work proactively with the firms to serve the market rather than locking them out.

I finished our interview by asking Bernhard if there are specific barriers for startups, founders, or firms coming from the APAC region. Of course, there is no easy answer and it depends greatly on the individual country, culture and person. Some countries, like Japan, have a similar regulatory framework. Some have more cultural connections, such as Vietnam. But, as is the usual culprit, there can be a large gap between business cultures.

read more ...

See our feature piece "***Addressing cultural differences in venture capital investments***" by Anna Wiese of Berlin Partner on page 36.

Overall, Berlin is still a great place to start or grow a business: it is cheap, centrally located, it is well governed and protected, open, international, and "as a city, it's very well positioned to be a future success story," concludes Bernhard. As a multicultural, capital European city, it has so much to offer and attracts talent from all over the world.

In the rest of this edition, we explore what it's like to expand to Berlin from Asia, the importance of well-being in the startup ecosystem and Berlin's competitive advantage there, and how Berlin's LGBTQ-reputation affects its startup culture. From there, we take a look at the opposite side: outbound startups from Berlin to Asia.

landing in Berlin from Asia featuring Kristin Eckert of Scaler8

By Heather Dannyelle Thompson

read more ...

See our feature piece "*Why you need an accelerator to help you expand internationally*" by Claus Karthe of the German Accelerator on page 34.

There's no easy way around it — adapting a business to a new market takes time, expertise, and flexibility. Moving to Germany (at large) and Berlin (specifically) can likewise be daunting as language barriers, challenges with bureaucracy, and cultural differences can intimidate those who are not ready or do not have the right helping hand.

One fantastic 'helping hand' is an accelerator. Thankfully for startups and scale ups looking to enter the German market, there are numerous private and public firms available to help companies bridge the gap. Their goal is to strengthen economic and cultural ties with the Asian region and therefore provide valuable help with market research, language barriers, and navigating not only basic German bureaucracy but also highly specific industry knowledge in Germany and various Asian countries.

I sat down with Kristin Eckert of Scaler8, a market exploration and market access program by German Entrepreneurship in Asia, to discuss how she works to assist Asian companies in entering the German market. Below is an editorialized version of our conversation.

***Heather:** Thank you for taking the time to speak with me about this expansive topic Kristin.*

Kristin: It's my pleasure!

***Heather:** Let's start with a relatively easy question — why do it? What are the factors that founders consider when they want to expand their business abroad?*

Kristin: The answer is always growth. More specifically, the key question is 'can I find clients here?'. Other prerequisites, like talent or capital, are all secondary to that central question. It goes without saying that before expanding to a different continent, the most obvious step is to expand within the region first — other Asian countries and Australia — purely for proximity.

But maybe those countries are not the best fit for their product. Sometimes the solutions they offer are more suited to Western countries. A great example is Health Tech, where the aging populations and very sophisticated healthcare systems in the West are more relevant. In general, deep tech solutions find an attractive market in Europe, specifically Germany, with a strong understanding of such technology and a large customer base to build their reputation in the new market.

The last thing I would mention is that familiarity is always a factor in where you decide to expand to. It's one of the benefits of a diverse founding team and company in general. If a founder has experience or ties to a certain startup ecosystem, that will certainly weigh in on the decision.

***Heather:** Let's talk about Germany as a whole and then Berlin specifically. When companies look to expand towards Europe, why would they choose to enter through Germany and then why would they choose Berlin?*

Kristin: There are many attractive points to entering Germany. There isn't just one vibrant market in Germany. In France, it's a more centralized ecosystem around Paris, for instance.

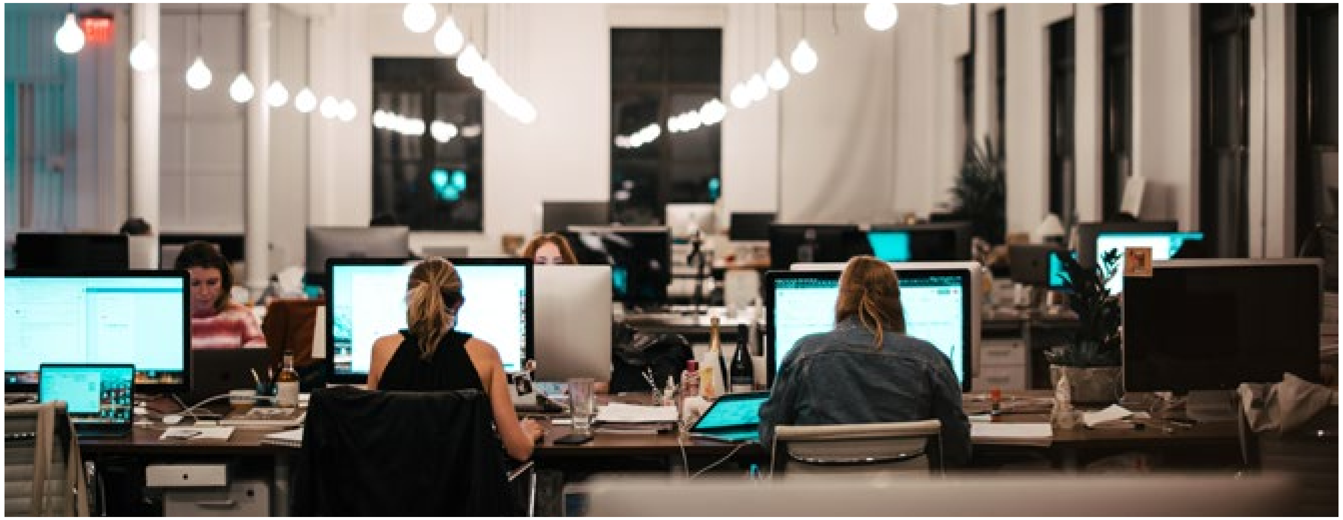
In Germany, there are business centers in Hamburg, Berlin, Frankfurt and Munich to name a few. Frankfurt is a financial powerhouse, not only of Germany but of Europe. Hamburg is known for logistics as a port city. Berlin has a huge startup scene that focuses a lot on e-commerce and healthcare. Another factor is the spread of English in the startup and corporate world in Germany, especially in Berlin where the German language disappears more and more.

However, that is just the tip of the iceberg for reasons why companies look to Germany. We think of Germany as a lighthouse market: it has advanced regulation, a stable economy, and if a company can enter the market in Germany, they are often well-established to expand to the rest of Europe.

For example, Germany is the first EU country to allow a doctor to prescribe an app to a patient through DiGA (Medizinprodukte-App ist die Digitale Gesundheitsanwendung). DiGAs can be reimbursed through the public health system and it works because they know who is paying and it is a more reliable income. And other economies are following.

There are many trends like this right now in Germany that stem from the KHZG (Krankenhauszukunftsgesetz or 'Future Hospital Act') of October 2020, the Hospital Future Act that aims to digitize German hospitals and we are seeing lots of international companies in Health Tech looking to capitalize on that movement.

***Heather:** So, if you're an entrepreneur or the lead of a company. Your business is targeting the market here in*



SCALER8

Kristin Eckert is a Senior Program Manager for Scaler8, a market exploration and market access program by German Entrepreneurship in Asia.

Germany, how long does it realistically take to break into the market?

Kristin: I would say it takes around 6-12 months - from understanding the market trends and dynamics, your potential customers and how you need to localise your product to the market and customer needs - in order to land an actual (pilot) customer and to have a real presence. But it depends on the company's product and business model, its fit to the market and the industry. It also depends on their resources. Can they afford to expand comfortably? That's not just the basic costs but also can they spare someone from their executive team to oversee it? You really need someone from the C suite doing the pitching and negotiations with potential clients.

Heather: *It sounds like the amount of work needs to really be factored into the decision. Just wanting to be international is not enough. You need to know that the market here is a good fit for your business.*

Kristin: That's exactly right. The good news is that Germany is an interesting market for international startups. Germany is not only home to the heavyweights like Siemens and BMW but also full of what we call "Hidden Champion" or 'Mittelstand' companies - medium sized companies that are usually family run and family owned. These companies are very often niche-oriented and therefore make for very interesting partnerships for external startups who don't know the lay of the land here in Germany and need a foot in the door. 90% of businesses in Germany are medium-sized.

Heather: *That's really a big difference between Germany/Europe and the American market. Which makes me wonder what other advantages might there be to expanding in Europe rather than the States. While Europe is certainly wealthy and has plenty of customers waiting, the US is large, operates under one language and (more or less) one central government. Consumer culture is also larger there and disposable spending seems to also be quite a bit higher.*

Kristin: That's certainly true. And if you have the capabilities to expand to the USA, you certainly should. Europe and the US are two large markets to enter, which usually isn't possible to tackle at the same time with the limited resources of startups. However, depending on the industry in question, you might work on preliminary approval in parallel, such as FDA and CE mark in the healthcare sector to pave the way for future expansion.

Heather: *Excellent, well thank you for your time and valuable insights!*

Kristin: Certainly, my pleasure!

the importance of well-being for entrepreneurs in a startup ecosystem

By Iulia-Maria Stroilia

Iulia Stroila is a Research Associate at the Science-to-Business Marketing Research Centre and a PhD candidate at the University of Adelaide (Australia), a collaborative PhD programme with the FH Münster University of Applied Sciences (Germany). In her research, she focuses on the well-being of entrepreneurial ecosystems.

In the last decade, the well-being and health of individuals have gained prominence across the world. In this vein, global leaders have already started initiatives that place people's well-being and mental health as a societal goal and a national success measure. These latest policy developments show a significant shift in attitudes towards economic and social progress and point out the need to change how we measure and perceive entrepreneurial ecosystems.

Indeed, measuring entrepreneurship activity in economic outcomes is vital for job creation, economic growth, and resilience. However, non-economic benefits of individuals such as subjective well-being, inclusion, access to ecosystem resources, and equal opportunities also need to be considered by ecosystem stakeholders in their policies.

Unlike most traditional occupations, entrepreneurs enjoy more freedom and higher levels of satisfaction with their jobs, enabling them to fulfil their talents and engage in purposeful activities. Despite entrepreneurs exhibiting higher levels of well-being compared to employees, 72% of them are directly or indirectly affected by mental health issues. Venture creation is recognized as being a stressful, unpredictable, and ambiguous journey. Not only do entrepreneurs have to fulfil a large number of tasks requiring extended working hours, they have to do so in an environment characterized by high risk and uncertainty. Trying to start a business is even more challenging when the well-being of individuals is low. People living in factor-driven economies have lower levels of well-being compared to those living in innovation-driven economies. Being confronted with the distress associated with living in substandard housing conditions or not having access to essential health services are all factors that contribute to individual well-being.

Germany as a startup location

Well-being indicators play a crucial role when entrepreneurs need to decide where to locate their business and Germany performs well in many measures of well-being relative to top European startup locations such as the UK, Sweden, France, and the Netherlands. Germany ranks first in wealth, job security, and education and second after the Netherlands in subjective well-being and work-life balance. These aspects attract many internationals with diverse ethnic and cultural backgrounds that call Germany their home and start a business. A knowledgeable and skilled group of individuals is perhaps the critical element of a healthy entrepreneurial ecosystem and Germany has one of the best-educated labor forces thanks to a strong education system and effective policies to boost STEM skills. On top of these advantages, an essential aspect of well-being is the amount of time a person spends at work and overall life satisfaction. In Germany, people are generally more satisfied with their lives than the European average, and only 4% of employees work very long hours (compared to the European average of 11%).

But why Berlin and not other cities in Germany?

Berlin's entrepreneurial ecosystem stands out from the many ecosystems within and outside Germany due to its openness, quality of business infrastructure, and attractive living environment. A healthy ecosystem depends on collaboration between entrepreneurs, universities, investors, and the government. Berlin as a creative environment hosts numerous network and founder events such as Berliner Gründungsnetzwerk, Entrepreneurs Club Berlin or Science & Startups that offer entrepreneurial education and training as well as engaging all stakeholders in the startup scene. The scientific landscape further strengthens the ecosystem's health by engaging more than 100 higher education institutions and research facilities. They act as a gateway to innovative research, infrastructure, scientific mentors, access to infrastructure, and grants. Regarding its business infrastructure, Berlin has the densest network of more than 200 co-working spaces and business incubators and eight technology parks in Germany.

When it comes to its attractive living environment, Berlin is a vibrant city with diverse residential boroughs, ranging from quarters with old buildings to extensive single-family home districts to refurbished modern buildings. While increasing rents and space shortages are becoming noticeable in Berlin, it still has significantly lower rent prices among Germany's large cities.

does Berlin's LGBTQ-friendliness provide its startup ecosystem with a competitive edge?

Interview with Athena Lam
By Heather Dannyelle Thompson

Athena Lam works as an activist for intersectional diversity includes advocating for equal rights for LGBTQ+ persons globally. She is the creator of the Berlin Queer Tech Directory.

If Berlin is considered a competitive site to draw diverse talent from all over the world, we would be remiss to overlook the impact that Berlin's LGBTQ+ reputation has on this. Of course, at enpact we strongly believe in the power of strengthening human capital as a road to strengthening economies. There is little debate on this generally; when it comes to education, health, and other improvements to the minds and well-being of a populous, we know that productivity can soar.

When it comes to diversity, there is a body of work attempting to dissect the advantages that diversity brings to human capital. Diversity in this research more often refers to 'diversity of opinion' or even how open a society is to outside cultures. Researchers have attempted to link the degree of 'cultural diversity' and 'geographic openness' to the free flowing of ideas, a more vibrant democratic process and meritocracy, and overall increases in abundance. When it comes to improving the inclusion of marginalized groups in the workforce, recent reports and studies have attempted to quantify the impact of diversity on the global economy. Some studies, such as this one by McKinnsey & Company attributes $12 trillion dollars in growth to the global economy from improvements to women's equality.

Given the clear links between diversity and economic improvements, what then, is the link between diversity of identity (such as class, gender, sexuality, global origin and race) and improvements to the startup scene if any? More specifically, does LGBTQ-friendliness give Berlin a competitive advantage over other startup ecosystems?

Berlin is consistently listed as one of the most LGBTQ+ friendly cities in the world. Combined with the city's affordability as a capital European city, many consider these qualities a great addition to Berlin's thriving startup ecosystem.

* * *

LGBTQ+ rights in Germany took a major step forward in 2017 when the country extended its existing same-sex marriage law to include all couples irrespective of their gender. With this step, all couples are able to secure virtually all the rights that heterosexual married couples receive with regard to tax, family and custody aspects, such as joint adoption rights. There are however still many areas for improvement, which is evident in the ILGA Rainbow 2020 ranking placing Germany at number 16 in Europe. The ranking in particular shows shortcomings in the area of measures against hate crime and hate speech. Furthermore, countries such as Finland and Denmark are doing more to enable families for LGBTQ+ persons including automatic co-parent recognition and support for artificial insemination. The active Nodoption movement in Germany to automatically recognize same sex parents has recently added visibility to this cause and pressing for change. There are signs that changes are ahead in these areas in Germany.

To understand better how Berlin's LGBTQ+ worldwide reputation may or may not affect its startup scene, I spoke with Athena Lam. As an AsiaBerlin Ambassador, Athena's work as an activist for intersectional diversity includes advocating for equal rights for LGBTQ+ persons globally. She has also supported Planet Ally, a queer feminist-led international nonprofit dedicated to allyship and advocacy for people with diverse sexual orientations, gender identities and sex characteristics (SOGIESC). When she moved to Berlin, she created the Berlin Queer Tech Directory. I asked her if Berlin's reputation for its thriving queer community was a draw in her decision to relocate here.

She said directly. "I didn't even consider it when I thought about moving to Berlin. I came to Berlin because I really liked the way that people here think about products — considering the societal implications or how alternative team structures can shape them, not just an MVP to generate revenue. In Hong Kong, the discussions around startups and products sometimes felt a bit one-dimensional by comparison."

On further reflection, she granted that it could have been a subconscious choice. "Of the people in my network, many did come for certain freedoms, whether it's access to health care or different subcultures." Where you come from will shape your reception to Berlin's freedoms and drawbacks, Lam says. Though she relocated from Hong Kong, Lam is originally from Vancouver, Canada. For her, and likely for others from North America, they may not find Berlin's queer visibility did not necessarily translate to better work environments or awareness of intersectionality. "I can see other queer people, but that is different from seeing visibly queer people in leadership, speaking out at work, speaking up about microaggressions."

"But for others directly from APAC countries, and at least for my friends, they find Berlin more free than where they came from." Okay, fair enough. My conversation with Athena was not the first indication I had that Berlin and Germany could certainly be doing more for LGBTQ+ rights.

But between the two of us, we also strongly believe that a lot of progress and push for change can come from the private sector itself. In fact, many would say that is one of the benefits startups provide to their city — to be a driver of change and in more ways than one. In this way, I wondered if diversity and inclusion and the startup ecosystem are in a sort of symbiotic relationship — each thriving off of the growth of the other. I asked Athena if she thought that could be true for Berlin's startup scene for its impact on LGBTQ+ rights and progress.

She responded with an anecdote: “Hong Kong is not exactly a great place to be queer — same-sex marriage is still not possible locally. But corporate activism is visible and powerful there. With Berlin, LGBTQ+ initiatives in the workplace are not necessarily visible. In some cases, this is because of normalization — the number of people out or companies that have good policies without advertising them for PR purposes — while in others, it really is just a lack of investment in diversity”.

She noted that Berlin’s LGBTQ+ activism roots are a good reason to stay and try to reactivate it. “Berlin's roots in activism are really beneficial and I think the startup scene would do well to engage more with radical activists and have the difficult conversations to create products that serve people in more humane ways.”

We closed the interview by mutually pondering the core question of this article: does diversity of identity lead to greater returns in the startup scene, particularly for Berlin and for queer equality?

Athena didn’t hesitate to say she believes, “the companies that embrace diversity have better products and teams.”

Of Berlin, even though her stance is quite critical, she was sure to add, “It is still a city where you can meet many different people. You can meet people who embody the intersections of identity if you look for them and have deep, difficult, and enriching conversations.

“There are great people who have taken the time to sit down and think: ‘how do I intentionally build a good team that amplifies the right voices and that also eventually grow into leadership?’ Even if it’s the small things, like adding pronouns to everyone's title. Or something bigger like benefits for families even if it’s not covered in German law. Berlin is a city of people who put imagination into practice.”

Even if it’s the small things, like adding pronouns to everyone's title. Or something bigger like benefits for families even if it’s not covered in German law. Berlin is a city of people who put imagination into practice.

part II:
scaling to Asia

when to go, why, and how

By Heather Dannyelle Thompson

This issue of empower has two key areas of focus: inbound and outbound internationalization. The first we covered in the previous chapter: what is the experience for international expansion into Berlin?

We explored not only the basics of the Berlin startup ecosystem with the insights from the SFI, but also spoke with Kristin Eckert from Scaler8 about her experience helping startups from the APAC region expand into Germany. Beyond the details of actual expansion, we attempted to understand what culture entrepreneurs would find in Berlin. Europe and Germany is known around the world for its high quality of life, and this is unsurprisingly one of the biggest draws for international talent. To that end, Iulia-Maria Stroilia contributed a piece based on her research about the importance of the entrepreneur's well-being in a startup ecosystem and why Berlin is one of the most competitive places for that. Finally, we spoke with Athena Lam, a tech employee and LGBTQ+ activist with experience in Vancouver, Hong Kong, and Berlin, about Berlin's inclusivity and how that contributes to its startup ecosystem.

Second, with this next section we will hop over to the opposite perspective — what is it like to take a business international from Berlin or Germany to the APAC region? What considerations should you have and what kind of support will you need?

To begin, we will first understand how one entrepreneur helped his company expand to Asia. We'll look into their perspective covering location considerations and what kinds of support they needed.

After that, we will hear from the German Accelerator, a support system designed specifically to help German business expand, grow, and create connections internationally. They will give us great insight into how an accelerator can help your business plans.

Finally, we will close this section with an interview with two phenomenal entrepreneurs: one, Maria-Liisa Bruckert, a German founder and entrepreneur who is currently working on expanding her startup to the Korean market, the second, Chika Yamamoto, an entrepreneur originally from Japan who runs a successful business helping Japanese startups break into the European market. Anna Wiese of Berlin Partner steps in to interview these women on their experiences navigating cultural differences in pitching and investor circles.

expanding into Asia: firsthand insights featuring Bernhard Friedrichs

By Heather Dannyelle Thompson

Bernhard Friedrichs is an entrepreneur and AsiaBerlin Ambassador. He recently founded his new startup, PartnerXperience, which helps SaaS Companies to grow and internationally expand through partnerships.

There's no better way to understand how and why a German-based startup would expand to the APAC region than to speak to someone who has experience expanding to Asia. That's where Bernhard Friederichs comes in. Bernhard has been a friend of enpact as an AsiaBerlin Ambassador for some time and he is currently supporting the enpact Landing Pad that helps entrepreneurs from Asia navigate the ups and downs of bureaucracy of German business, as we discussed in part one.

But when Bernhard and I originally sat down, we had a different matter to discuss: his work with Uberall. Uberall is a software as a service (SaaS) company that focuses on business to business (B2B) digital marketing. The company is Berlin based and was founded in 2013. It now has seven offices around the world and Bernhard was a large part of making that progress happen. He has since left Uberall earlier this year to found his own company, PartnerXperience, helping SaaS Companies to grow and internationally expand through partnerships.

Bernhard joined Uberall, a global SaaS provider that helps businesses maintain their online presence for optimal online visibility, when there were just over 30 employees and he was charged with opening the business development department. They were attempting to determine how to find more clients and how to expand: first in the German market, then the European, then the American. They have since grown to over 400 employees.

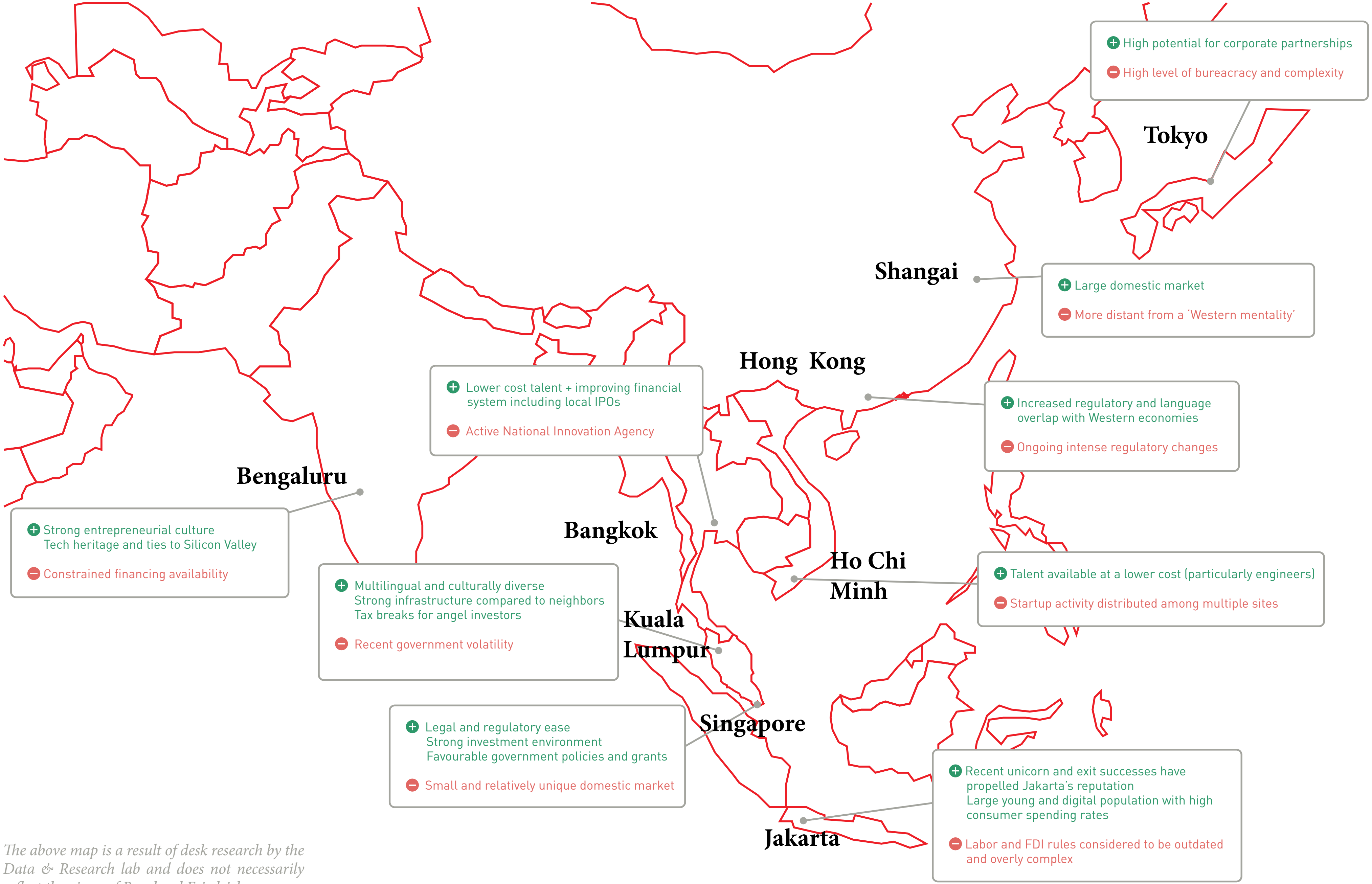
When I asked Bernhard about the expansion, he started off by stating something that is simultaneously obvious and yet desperately needs to be said: "Asia is not just Asia". The large region is home to a diverse set of populations, languages, cultures, and subregions and subcultures. So when we talk about expanding to Asia, it's often not helpful to generalize for the whole continent. One of the first things we discussed is the different landscapes and what each has to offer.

We talked about the biggest considerations for expanding to a new market:

1. Is there a need in the market?
2. How big is the market for my product?
3. Will I have access to the right talent?
4. Will I be able to bring on investors in this market?

"The first step is to map your product to the region. That is, what is your product? We assume that at this stage it works in your home market and now you are trying to determine if it will work in another market. Firstly, *is there a need in that market?*"

Among the first questions Bernhard asked: do people use smartphones widely in this region and what are the publishers there? For example, in China, Google and Facebook are not widely used, so is the Uberall product even applicable? And would the product definitely need to be in another language to adapt? Following initial considerations, he said, Southeast Asia (SEA) was a more obvious place for Uberall



The above map is a result of desk research by the Data & Research lab and does not necessarily reflect the views of Bernhard Friedrichs.

to look: their network was closer to his own, and their MVP (minimum viable product) was already suitable for their market. Moreover, in parts of SEA such as Singapore and Malaysia, English is widely spoken and used, so the product can remain in English. SEA also had the advantage of being highly connected, with many flights in and out.

Secondly, how big is the market for Uberall in SEA? To understand this, Bernhard underwent a process of identifying competitors in the markets they were considering, how many consumers there are in total, how many of them could be potential customers, and how they could be reached. None of this is exceptional or different than the process you would use for a new market in general, but new factors often arise when you are considering new regions, explained Bernhard. For instance, when looking at Singapore, by and large the usual suspect for international expansion into SEA, Bernhard had some doubts. "They are a powerhouse for startups in general, but we are a B2B company, and there are not as many companies in Singapore that we could service. It is a small country with a small number of local businesses. For another company, this market might be perfect. There are so many companies headquartered in Singapore. But for our purposes it didn't make a lot of sense."

Singapore is indeed a popular choice for international expansion, as we wrote about in our first edition of empower earlier this year. There is high country stability, ease of moving money in and out, and foreign ownership is allowed. "But you pay a premium to headquarter in Singapore," says Bernhard, "it's a very expensive place. So even though it might seem the obvious choice, I really recommend that startups think on a deeper level about their business targets and growth plans. Because there might be another location that fits your company better. A lot of startups start by incorporating in Singapore for the ease of doing so and then later find out they need to move for some specific reason."

Those reasons might include our next point: ease of access to talent. This is a very important point for startups. In some locations it can be hard to compete for leading talent to develop a product for the market. There may be competition from large corporations, whose prestige and pay check can be too strong an allure for startups to compete with in some places, as we discussed in our Bangkok report. There may be a fear of entrepreneurship as a career that holds back would-be talent from taking a leap of faith in a company. Or it could be too expensive to pay the prevailing wage in the city. "For instance, a lot of companies make the jump from Singapore to Vietnam, where there are many brilliant engineers but a cheaper cost of living," says Bernhard. "Or in the case of operations, there are many people who specialize in that field in the Philippines or Thailand, so if that is your focus, you may want to consider whether or not those countries would be right for you."

Access to investors and finances is the final major consideration a startup needs to consider, according to Bernhard. "Many companies simply create a holding in Singapore," he explains. Its stability, ease of moving foreign money, and reputation are all compelling reasons for this approach. "If you really need the access to the Singaporean market, maybe it makes sense, but for scaling maybe it's better that you go to other areas," he concludes.

After going through the analysis himself, Bernhard came away with an improved view on how to make the process of scaling to the region work. "I really found Kuala Lumpur in Malaysia a compelling site for expansion," he said, "I found there was great access to talent for any level of your company and any department as well. It is a regional hub with connecting flights all over, and the cost and process of incorporation is economical

and straightforward overall," he raved. "But what I think is the most important for entrepreneurs to know is to open their minds up to the region. There is so much to offer all over the region. There's great talent in Vietnam, for example, and a great domestic market in Thailand. It's good for us to be aware of the distinctions and possibilities."

When asked why Uberall was compelled to expand to the Asian market in the first place, Bernhard applied the same logic he used when choosing a location: "well, of course, it matters what your product is and if it makes sense to go." In other words you shouldn't go just to go. "But the Asian market is a growing population, it's a very young market in comparison to ours in Europe. Consumers there tend to be more open to new technology. And of course it's a massive market!" Not to mention, we're a global economy — it pays to think ahead and forge new connections across cultures.

Finally, we discussed what support Bernhard had in making this leap. His first answer was how invaluable the help of the German Accelerator was. "If you are a small startup, you can only gain from taking on an accelerator," he said. "They help you frame your decision, get connected with key people, and overcome legal and bureaucratic challenges."

Which leads us to our next topic: why you need an accelerator to help you expand internationally at the right time and for the right reasons.

read more ...

See our next piece "***Why you need an accelerator to help you expand internationally***" by Claus Karthe of the German Accelerator on page 34.

why you need an accelerator to help you expand internationally

By Claus Karthe of the German Accelerator

Claus Karthe is Founder and CEO of German Accelerator Southeast Asia. With over 25 years experience in multinational companies and startups as well as currently serving on multiple corporate boards, he helps young German businesses to Scale in Asia. German Accelerator is financed by the Federal Ministry for Economic Affairs and Energy and run by German Entrepreneurship.

Introduction: Why Asia?

After successfully exploring opportunities in other European countries, the direction of scaling globally for German startups had usually pointed West. Primarily, German startups followed this route due to culture, language, and ease of access to market. However, while the San Francisco Bay Area and New York still feature at the top of startup hub rankings, Asian cities like Singapore, Beijing, Bangalore, and Tokyo have grown in prominence and show the increased importance of developing business relationships with Asian countries. Many of the important Asian startup hubs have created business-friendly legal frameworks including tax reliefs, governmental programs for support, and easy business registration, coupled with large consumer markets with an openness to foreign products. Although every country has been affected by the COVID-19 pandemic, experts anticipate Asia's economy to bounce back quickly and predict an 83% increase in money raised by startups in 2021.

Starting early

As a founder, it is important to determine a clear path to scaling and growing at an early stage because structuring the business with the possibility of going global at a later stage can help save valuable resources and time. That includes not only starting off with an international mindset, but also gearing products and business models to potential expansion plans as well as starting to gather a basic understanding of culture, economy, and regulations in potential target markets in Asia. Each region offers different benefits, but also different risks. There is no one-size-fits all solution.

To expand or not to expand

Being well informed can lead to a successful expansion into one of Asia's markets. But it can equally lead to a deliberate decision *against* an expansion, avoiding potentially costly mistakes.

Forto, a Berlin-based, European-leading online platform for freight forwarding, rose into the ranks of unicorns in June 2021 after raising $240M in an international funding round. The company serves more than 2,000 customers via offices in 9 different countries all over the world, including Hong Kong. In 2020, the startup decided to participate in an internationalization program offered by the German Accelerator for possible market discovery in Southeast Asia. "We joined the program in order to better understand the logistics landscape in Southeast Asia. We especially appreciated the diverse and exceptionally experienced mentor network that is not shy to say what needs to be said," said the founders of Forto.

Over the course of several months, the founders connected with experts from a network with more than 350 mentors. They met local industry leaders, addressed market opportunities as well as individual next steps in workshops and identified Singapore as a suitable location for their business. Supported by this knowledge, they were able to open a local office, and built a Singaporean team —- all during the global pandemic and with new plans in mind: "We will expand our platform for organizing trade shipments between China and Europe. We are actively present in Asia with offices in Hong Kong, Ningbo, Shanghai, Shenzhen and Singapore." The program was able to reduce Forto's risk with internationalization not only by providing knowledge but also by helping prioritize their individual next steps and establishing first contacts without delays or wasting resources.

Success does not only come in the form of actual expansion, as proven by startup Homefully. The online platform offers fully furnished rooms as co-living spaces in Germany's most attractive cities, as well as in Zürich, Switzerland. Their online-based concept with more than 1,000 units not only addresses German locals, but 50% of their clients are international expats from other European countries.

In 2019, the founders of Homefully decided to join German Accelerator's program to explore opportunities in the Southeast Asian market. "Our expectation was to gain valuable knowledge about a market that is geographically quite far from our home turf as well as a deep-dive into the industry, best practice approaches, different customer segments, funding opportunities etc.", says founder Sebastian Wuerz. Experts and local contacts helped with gaining an overview of opportunities, problems and needs in order to take their successful European concept global. "We were still quite early in the startup lifecycle. Furthermore co-living is operationally heavy, involves a physical product and local markets, which was also part of the reason why we decided against an expansion". One might be quick to judge this as a failure but it is not. The founders made an informed decision and gained the confidence and management strength to focus on Europe. In 2021, they were acquired by Berlin-based startup Habyt and thus secured a buyout for their company. That, too, should be seen as a success.

The help of an experienced global organisation

The challenge of expanding to Asia lies in identifying product market-fit in a region with different countries, languages, religions, historical backgrounds, and cultures. Participation in a program from German Accelerator provides unbiased support as it is financed by the German Federal Ministry of Economic Affairs and Energy, does not take any equity and the majority of the programs are cost-free. This allows German Accelerator to focus solely on finding the right solution for every participant. Since its inception in 2011, German Accelerator has supported more than 300 startups through all its programs. These are fitted to the individual and to their business, to consider their respective needs, match the participants with local experts, identify the right market and introduce them to the regional ecosystem. It is not a crash course MBA, but it helps startups evaluate and develop their value proposition for potential clients in the target market. That is what makes a good accelerator: individual approach to reduce the risk for each startup and enable them to make a confident decision.

> ***Being well informed can lead to a successful expansion into one of Asia's markets. But it can equally lead to a deliberate decision against an expansion, avoiding potentially costly mistakes.***

addressing cultural differences in venture capital investments

Interview with Maria-Liisa Bruckert and Chika Yamamoto
By Anna Wiese of Berlin Partner

BERLIN

Anna Wiese is the Manager of International Startups at Berlin Partner for Business and Technology, based in Berlin. Driven by the vision to build bridges between international start-up ecosystems, Anna has gained international experience from her time abroad in China and France.

The opportunity for growth in Asian economies is clearly at the forefront when it comes to the internationalization of Berlin-based startups. According to KPMG, in the first quarter of 2021, $31.0B USD of venture capital was invested in startups in Asia, while startups in Europe raised already $21.0B USD (more than $1.5B raised in Berlin). Accordingly, it makes sense to look beyond Berlin and through to Asia not only for expansion, but as a source of VC money.

But how do you get a share of this venture capital and what new considerations might there be? When engaging in business practices in a cross-cultural setting, it is important to adapt in order to be successful rather than end up in situations of mutual confusion or worse.

I interviewed Maria-Liisa Bruckert, a successful entrepreneur from Berlin, who expanded her investor network to include firms from Asia. In general, one challenge for entrepreneurs crossing borders is that investment practices vary significantly from location to location not only due to regulatory factors but also varying local business cultures and customs. In this article, we discussed Maria's personal experiences in pitching to investors in Japan, Taiwan, and South Korea and how she adapted to different investor audiences.

To complement Maria's contributions, I asked Chika Yamamoto, a founder and investor originally from Japan and now based in Berlin and an AsiaBerlin Ambassador, to join us. Together we discussed differences in pitching and approaching investors between Japanese and German startups and how cultural differences can create unexpected misunderstandings.

Anna: *Hello Maria-Liisa, hello Chika, thank you so much for speaking with me. Can you please briefly introduce yourselves and tell us more about your work?*

Maria: Hello Anna, thank you for having me. I am Maria, the co-founder of SQIN. At SQIN we work with skin health and we want to help people treat their skin in a personalized way. Currently, there are two billion people that suffer from dermatologic issues worldwide, but there's a global shortage of specialists. That's where SQIN comes in.

Chika: I came to Berlin in 2010, after living in New York, London, Helsinki and Tokyo. In 2020, I founded CROSSBIES, where we support Japanese startups with finding investors in Germany and vice versa. So, in a nutshell, we help Japanese startups to expand to Germany and German startups to expand to Japan.

Anna: Maria, where in Asia is SQIN already active and why did you choose those locations? And Chika, why did you choose to set up shop in Berlin?

Maria: We have some experience in Japan — an interesting market because the e-health sector is very strong. Besides that, we have been working with Perfect Corp from Taiwan. So these were our first touch points to gain some expertise before joining the German Accelerator program.

Chika: The startup ecosystem in Berlin is very mature and diverse. But what makes Berlin so outstanding — besides for instance New York or London — is its inclusiveness and its diversity. Though, from my point of view, many other cities are diverse, I found them less inclusive in that they have well-known districts such as Chinatown, etc. In Berlin, it's all a bit more mixed. From my experience as a Japanese woman in a Western economy, this was a huge draw and a large part of my decision to stay here.

Anna: How do your pitching practices vary in front of different audiences?

Chika: In Japan, it is very important to first tell who you are and build a relationship with investors, before you present the problem and your company's solution. In Germany, in contrast, you typically do not start with introducing your team, it is usually the last thing you talk about. It is kind of the cherry on top after talking about your business idea and then convincing investors that you are the right team to execute.

So the pitches are quite different but it is getting increasingly similar due to the influence of incubators and accelerators such as Techstars, which publish guidelines on how to construct your pitch. Also, I advise Japanese startups that are going to pitch in Berlin to start talking about your business model and then about your employees. Then, you can answer additional questions during the Q&A session.

Maria: Of course, pitching is very important for every founder. By now we have a library of different pitches for different audiences. There are different business cultures to keep in mind when you are pitching. When pitching to American investors, for instance, I've found that they responded well to a captivating story and a bit of showmanship. German investors often look for more proof in the numbers and in the concept. I would say of the people I pitched to in Asia, I found they responded less to my storytelling and more to information about the progress I've made, the numbers about my reach, etc.

But there are of course, many ways that investing pitches stay the same: you should always be ready to say what you have already achieved or if you have a partner or customer in the local market. We also learned that it is very important to connect personally with local investors in the beginning before starting a pitch which is one way of showing you understand business practices in different cultures.

Anna: That's a great insight. In fact, to Maria's point, research shows that the American direct-style, for instance, might be perceived as rude in Japan. So it is important to carry respect and adapt to a different cultural setting when pitching. Can you tell us more about how you learned to adapt to pitching in different environments?

Maria: I mean, we made a lot of mistakes in the beginning because of the different cultural practices, not only in business but personally, and of course those often mix. At first, I did not feel that confident because normally I pitch an emotional story and US investors, for example, would generally respond positively to it. But, according to my personal experience, other

Chika is the Founder and Managing Director at CROSSBIE, and is an active ecosystem builder and entrepreneur. In 2018, Chika began shifting her focus towards cross-border open innovations between Japan and Europe in Berlin. She is also an AsiaBerlin Ambassador.

Maria-Liisa Bruckert co-founded SQIN, a unique AI based skin coaching app, supporting the users in terms of their skin health and well-being.

investors didn't necessarily engage with the storytelling part of my pitch as much. And as a founder you have to deal with that because you have to push past it.

So we decided to wait to meet with investors until we were *really* ready. We established relationships with three or four Korean brand partners through a beauty trade-fair which helped me to adapt to a different business culture after I had more face-to-face time with the contacts I met. I learned to listen to what they needed to hear.

Chika: Yes I agree. Also, in Japan it is very important to have connections in the Japanese network. Generally, I think opening the first door in Japan is the hardest and takes a long time. But once you open the first door, then you have proof that other investors and business partners can trust you. Therefore, it is easier to open the second and third door. In Germany, however, after you successfully open the first door, it may take you the same amount of effort to open the next one. So I think in Japan once you have initial trusted relationships they can be extended through the network.

Anna: *Why did you want to reach out to investors from the APAC region instead of staying connected with European or American investors?*

Chika: Since I am in Berlin, it is much easier for me to help Japanese startups to come to Berlin. The expansion from Japan to Berlin usually takes a long time and I can help them shorten the process, which in turn increases the chance of them succeeding with their expansion. My goal is to really create a big ecosystem between Japan and Berlin, where internationalization happens more naturally.

Maria: We reached out to investors from South Korea and Japan because we think it is important to reach people that have a great network in our target market. In addition, local investors can bring in specific knowledge, speak the local language (literally) and are already based in the target countries. For us, to have a local investor also shows very strongly that we understand the market. We consider convincing a local investor as kind of a due diligence that shows that your product or service fits the market. It tells other players in that market to take notice and have more trust in you and in your business idea.

Anna: *Amazing. Thank you so much for your insights!*

[pitching styles between the West and Asia] are quite different, but it is getting increasingly similar due to the influence of incubators and accelerators.

conclusions

conclusions

By Heather Dannyelle Thompson

We started this issue on a mission to understand internationalization, both inbound and outbound from the perspective of Berlin. As the capital city of Europe's strongest economy, and a long-hailed startup ecosystem, Berlin has many attractions for startups looking to expand to Europe.

From our conversation with Bernhard, we learned the many advantages of the Berlin ecosystem and of the challenges that still remain. In our interview with Kristin, we understood more about why Germany's imminence as a regulatory giant is an attractive appeal to startups looking for validation of their business model and a foot into the industries that are strongest here. Iulia's article on the importance of well-being highlighted one of Germany's brightest points: the care it takes to protect workers and establish well-being for its people. And finally, Athena and I took a critical stance on what diversity and inclusion means for a startup ecosystem and the symbiotic nature of the two.

In our second part, we turned to the other side of the story: Berlin based startups who seek to take the step to expand to Asia. We started by speaking again to Bernhard to hear about his experience in expanding a startup to Asia and what considerations went into that move. Next, Claus provided us with his expertise on why you need an accelerator to expand internationally. Finally, a phenomenal interview by Anna with Maria and Chika explored how to navigate cultural differences in venture capital investment.

By no means did we or could we cover every topic of consideration when it comes to internationalization, but we did come away with some key takeaways. Firstly, the decision to internationalize needs to be founded primarily on your product and the product-market fit, much like the initial decision to found the company depends on these two factors. The difference is that with different regions and subregions, you have to do the due diligence to understand how different the market is, how different the culture assesses their problems and solutions, and how to create connections with the right people in the right way to realize this goal.

To overcome these core questions, there is plenty of help, whether through accelerators, lawyers, non-profit organizations, and landing pads from all kinds of industries. This help is key, because there is a wealth of information and there is no need to start from scratch. More than that, the right connection can not only reduce work, but make the transition (both business-wise and culturally) seamless.

Finally, we understand that in the landscape of a global business environment, the need to understand and appreciate our cultural differences is imperative, and that work in diversity and inclusion can run in parallel and complement our goals in building startups that are more effective at solving problems, both locally and globally.

Overwhelmingly from the experts we consulted with and collaborated with, we see the future of this type of international cooperation between Europe and Asia brightly. Join me in our final piece as we make our recommendations for the areas to improve.


Berlin has many attractions for startups looking to expand to Europe.

recommendations

By Heather Dannyelle Thompson

Recommendations for Berlin to improve itself as a destination:

1 **Cut red tape.** Berlin would benefit from a shorter and cheaper incorporation period to remove barriers for internationals who will struggle with German bureaucracy. The incoming government has outlined various targets to support startups including enabling speedy incorporation that can be completed within 24 hours.

2 Residents and news sources agree: the internet is outdated. **Improving the internet** would help make German businesses more efficient and address essentially the only negative aspect of Germany's infrastructure.

3 Continued and extended **support of soft landing pad programs** that help to navigate the complexities of Germany, ease the process of entering the German and European markets and help entrepreneurs to avoid errors and save money on tax and law consultants.

4 **Expand efforts for diversity and inclusion** in Germany's tech scene to aid the symbiotic relationship between inclusion and innovation.

Recommendations for startups going international:

1 Going international is a big step. **Seek out support from an accelerator program** and look for the right connections to avoid extra work.

2 Carefully weigh out the **most important factors for your company** when deciding where to land in Asia. A decision based on product-market fit, market size, access to talent, and access to capital is much more grounded than a trendy or easy choice.

3 **Adapt to local pitching standards** and seek to understand the culture of doing business for where you are expanding to.

appendix

human capital

the right talent at the right price

A crucial ingredient for startups to thrive is talent. The Human Capital index measures the availability and affordability of local talent.

The subdomain *Talentpool* looks at the supply of skilled workers by taking into account the quality of the wider education system and the strength and reach of local universities. In addition, surveys with local businesses consider the level of skilled labor shortages. Overall, cities with a strong education system and conditions to retain skilled workers score well in this sub-domain.

The subdomain *Labor Market* looks at the ease of accessing local talent by taking into account female participation in the workforce, the level of jobseekers and the complexity and stringency of labor regulations. Furthermore, on the affordability side, the subdomain looks at the minimum wage and the average salary for the engine behind many startups, software developers.

The subdomain *Inclusiveness* was designed to understand how much of a city's or country's citizens can participate freely and actively in the economy. While there are numerous reasons to increase the inclusivity of a region, including the moral and human rights implications, higher inclusion in the economy leads to more economic activity.

finance

procuring funding to start and to grow

Financing gives early-stage startups the funding to test innovations during a pre-revenue phase and equips established startups with the resources needed to rapidly grow both regionally and internationally. Without adequate financing, startups may have to cease operations or face being left behind by competing startups.

The finance domain evaluates access to funding by measuring the availability of different funding sources and the systematic factors that impact the wider funding environment.

The *Sources* subdomain takes into account data from startup funding databases to measure the level of funding raised by startups across the spectrum ranging from seed to venture capital. Furthermore, scores on the availability of loans for SMEs are taken into account.

The *System* subdomain evaluates the funding environment by looking at the number of angel investors and VCs in the ecosystem. In addition, the subdomain factors in the proportion of companies reporting funding constraints and data on the availability of loans.

startup scene

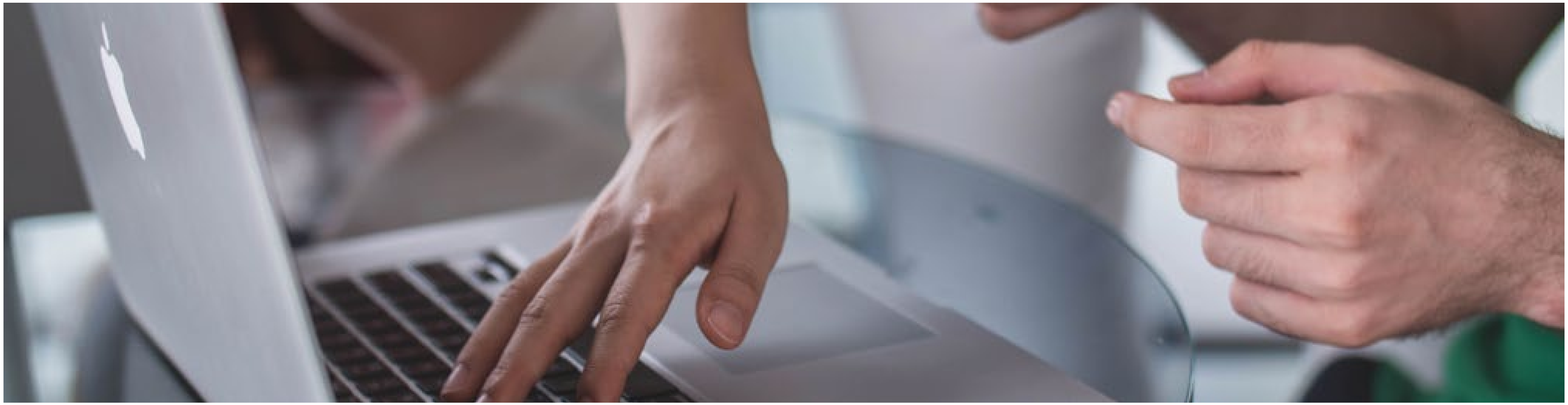
encouraging and propelling entrepreneurs

Entrepreneurs face considerable challenges that often can't be overcome in isolation. It is therefore crucial for entrepreneurs to connect with mentors, peers and potential collaborators. It is also important that entrepreneurs have support closer to home with family, friends and the wider community providing a supportive backdrop to the entrepreneurs efforts.

The *Hubs* subdomain measures the number of accelerators, incubators, co-working spaces and technology parks providing support to startups.

The *Activeness* subdomain measures the number of startups and related events to understand the vibrancy of the startup ecosystem. The more active the ecosystem, the more opportunities there are to network and connect with others in the space.

The *Entrepreneurial Culture* subdomain looks at cultural indices that assess a region's stance and acceptance towards entrepreneurship. The indicators look at attitudes including fear of failure, entrepreneurship as a valid career and uncertainty avoidance.



infrastructure

the basics needed to sustain business

High quality infrastructure helps to reduce friction for startups. The Infrastructure domain is assessed by analysing a city's quality of transportation, electricity, and IT. In particular, there is a focus on the associated costs of accessing these services, and the ease with which they can be accessed.

The *Transport* subdomain takes into account indicators that measure the quality of road, rail, sea and air transport links. This subdomain not only indicates the ease with which a startup can expand domestically and internationally but also to what extent the ecosystem can connect with other ecosystems, for example, is the ecosystem accessible by startup delegations from other cities or countries.

The *Utilities* subdomain looks at both the reliability of basic utilities that entrepreneurs need to be able to conduct their daily lives, e.g. electricity and water supply and also the cost of accessing these utilities. General living costs and working space costs are also considered.

The *ICT* subdomain measures internet availability, speed and cost. This is important for a functioning startup and a healthy digital consumer market.

macro

eliminating barriers through governance

Fair and reliable legal systems, political stability, and low crime are important fundamentals for creating an environment that is conducive to starting a new business. With the wrong conditions, these factors can create obstacles that drain some of a startup's limited resources or even worse, prove to be an insurmountable barrier.

Given the national nature of political and legal systems, these subdomains are composed largely of country-level indicators.

The *Political* subdomain takes into account World Bank and Economist indicators covering political stability and governance. An environment with stability is not only beneficial for the ongoing operations of a startup but also important for attracting investors and key employees.

The *Legal Framework* subdomain takes into account tax levels and the time and cost to register a business. Furthermore, it includes indicators compiled by The World Bank concerning the resolution of contract disputes and insolvencies.

The *Crime* subdomain relies on indicators from several global organizations tracking violent crime, bribery and corruption. Startups are often disruptive in nature and if they operate in a high-crime environment, they might be muscled out by disgruntled incumbents.

market

measuring connection on the global scale

The state of the economy has a direct effect on an entrepreneurs' chances of success. A strong open market with consistent growth provides a tailwind that helps startups to start, receive investment, scale, and reach new markets. .

The *Performance* subdomain considers the size of the economy and how active it is. This is achieved through GDP measures showing the size of the startup's domestic (and initial) market and the wealth of the market's citizens. Economic growth rates are important for sensing the level of optimism about opportunity in an economy while interest rates, if low, provide impetus to invest and take risks.

The *Connectedness* subdomain indicates the startup ecosystem's openness in trade and interaction with other geographies. The indicators track the level of imports, exports, tourism and partnerships with other cities. Furthermore, the digital market penetration indicator assesses the population's openness to using and paying for digital products.

The *Digital Market* subdomain attempts to examine how adapted the population is to online shopping and online payment to goods and services. These indicators are important for any internet based startup, such as e-commerce platforms or for digital banking services. However, low connectivity in the digital market should not automatically be dismissed — oftentimes it can serve as an opportunity for innovation.

about us

enpact empowers entrepreneurs globally

enpact was founded in 2013 specifically to empower entrepreneurs as a new approach to international development. At the core of our work are our programs. Spanning several countries globally including Egypt, Germany, Spain, Ghana, India, Indonesia, Iraq, Kenya, Mexico, Nicaragua, Peru, Singapore, South Africa, Thailand, Tunisia, United Arab Emirates, and Uzbekistan, and with participants from many more countries, we design programs to connect, educate and inspire. Our vision is that joining the enpact community is a life changing experience for our participants.

Our past programs include delegation trips to startup ecosystems to foster international networks, an accelerator program known as Program Design Labs (PDLs) to incubate startups, the Empowering Entrepreneurship Initiative, which delivers relief to over 300 startups globally that suffer from the COVID-19 crisis, and many more events, both virtual and in-person to discuss startup ecosystems and forge connections.

Our network consists of more than 2,500 startups, 600 mentors and experts, 150 support organisations and 10,000 jobs supported to date.

Since its inception, enpact has also analyzed 62 cities that can be compared using our very own methodology: the Startup Friendliness Index (SFI). This data is the foundation of empower, leveraging the SFI into an analysis of ecosystems and how we can work to *empower* them more.

Learn more about how enpact empowers entrepreneurs at www.enpact.org.

about AsiaBerlin

We believe in the power of communities and connecting startup ecosystems across Asia and Berlin.

AsiaBerlin, powered by the Berlin Senate Department, forms the collective platform that brings together communities within the startup ecosystems across Asia and Berlin. We enable relationship-building among investors, startups, and bridge builders by organizing monthly AsiaBerlin events and delegation trips to Berlin and Asia throughout the year.

Our flagship event, the AsiaBerlin Summit is the annual summit of year-long AsiaBerlin activities where policymakers, startups, and investors meet to discuss the newest tech trends and cross-border collaboration between Asia and Berlin. We work closely with our partners in the Asia-Pacific Forum Berlin (APFB) and enpact, along with the ever-growing support of our honorary Ambassadors.

AsiaBerlin

acknowledgements

Our entire ethos at enpact revolves around the concept and development of community and networks. We believe nothing worth doing can or should be done alone. In our work to create a global network filled with entrepreneurs, mentors, governmental entities, private interests, investors, and organizational partners, we have found a community ready to support our vision, not the least of which in the creation and execution of this report.

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Sincerely,

Heather Thompson

Heather Dannyelle Thompson
Creator and Editor-in-Chief

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sources

INDICATOR NAME	SOURCE
Workforce constraint	Default: World Bank
Skilled workers	Default: World Bank
Universities Score	Default: World University Rankings
University Students	Default: 4icu
Tertiary education	Default: World Bank
R&D Expenditure	Default: World Bank
Labor regulation constraint	Default: World Bank
Minimum Wage	Default: Country Economy
Average Salary	Default: Numbeo
Woman Participation	Default: World Bank
Unemployment rate	Default: International Labour Organization
Migrant acceptance	Default: news gallup
Gender legal equality	Default: World Bank and Doing Business.org
LGBT legal equality	Default: equaldex
Woman entrepreneurship	Default: World Bank
Maternity leave	Default: Own Research
Loans access	Default: World Bank
Seed and pre-seed funded amount	Default: Crunchbase Pro

Series funded amount	Default: Crunchbase Pro
Grants funded amount	Default: Crunchbase Pro
Other type funded amount	Default: Crunchbase Pro
SME loans access	Default: World Bank
Funding Constraint	Default: World Bank
Loans Rejected	Default: World Bank
Collateral Required	Default: World Bank
Total VCs / PEs	Default: Crunchbase Pro
FDIs Net Inflows	Default: World Bank
Total Business Angels	Default: Angel List and CrunchBase
Accelerators	Default: Crunchbase
Incubators	Default: Crunchbase
Coworking Spaces	Default: Coworker
Technology Parks	Default. Unesco
Meetup groups	Default: Meetup
Total Startups	Default: Meetup
High equity 5m	Default: Crunchbase Pro
High equity 1m	Default: Crunchbase Pro
Fear of failure	Default: GEM
Entrepreneurship intentions	Default: GEM
Entrepreneurship as career	Default: GEM
Uncertainty avoidance	Default:Hofstede Insights
Overall Quality	Default: World Economic Forum
Roads Quality	Default: World Economic Forum
Railroad Quality	Default: World Economic Forum
Ports Quality	Default: World Economic Forum
Air Transport Quality	Default: World Economic Forum
Air Transport Capacity	Default: World Economic Forum
Water Supply Quality	Default: World Bank

Electricity Access	Default: World Bank
Electrical Outages	Default: World Bank
Pollution Index	Default: Numbeo
Coworking Space Cost	Default: Coworker
Cost of Living	Default: Numbeo
Electricity Quality	Default: World Economic Forum
Utilities' Cost	Default: Numbeo
Internet cost	Default: Numbeo
Mobile internet cost	Default: Own Research
Mobile subscription cost	Default: Numbeo
Internet speed download	Default: broadband speedchecker
Internet speed upload	Default: https://www.speedtest.net/global-index
Mobile subscriptions	Default: ITU
Stability	Default: World Bank
Effective Governance	Default: World Bank
Regulatory Quality	Default: World Bank
Democracy Level	Default: The Economist Intelligence Unit's Democracy Index
VAT	Default: Doing Business
Corporate Tax	Default: KPMG Corporate income tax tables
Contract Enforcement	Default: Doing Business
Resolving insolvency	Default: Doing Business
Business registration (time)	Default: Doing Business
Business registration (cost)	Default: Doing Business
Violent Crime	Econoimc Intelligence Unit (EIU) analysts
Crime as a constraint	Default: World Bank
Informality as a constraint	Default: World Bank
Bribery Depth	Default: World Bank
Corruption Perception	Default: Transparency International
Corruption Control	Default: Worldwide Governance Indicators

GDP ppp pc	Default: World Bank
Economy growth	Default: World Bank
Gini index	Default:World Bank
Deposit interest rate	Default: World Bank
Capacity utilization	Default: World Bank
Trade balance	Default: World Bank
Trade openness	Default: World Bank
Tourism	Default: World Bank
Sister cities	Default: http://en.sistercity.info/countries/
Logistic performance index	Default: World Bank
Bank account penetration	Default: World Bank
Smartphone penetration	Default: Newzoo
Internet penetration	Default: ITU
Digital market penetration	Default: World Bank

about enpact

The non-profit association enpact was founded in 2013 with the aim of empowering entrepreneurship in emerging and developing countries. enpact supports founders and startups in Africa, Asia, Latin America, and the Middle East through diverse programs to improve access to international mentor networks and skills needed to be lifelong entrepreneurs. The enpact Data&Research team works to understand the components of a successful startup ecosystem and deliver quantitative analysis and recommendation to ecosystem builders through the Startup Friendliness Index, or SFI.

www.enpact.org