

From Idea to Start-up 3. November 2014



Workshops: Main Findings

Workshop 1: What can politics do?

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Notes: *Matthias Schäfer, KAS*

Cultural Preconditions

- Not core task of politics but important to set upon
- Societal acceptance of entrepreneurship, role models, emotional access/positive storylines
- Narrative of debate, e.g. in 1990, Israel started to label itself as “Start up Nation” (and needed 20 years to succeed)

Start up culture/entrepreneurship in education

- What skills and attitudes have to be educated in schools (role of teachers/professors)? And how to implement that?
- Entrepreneurship as a part of vocational training agenda
- Meaning of STEM-studies for Start ups

Reduce red tape/bureaucracy to enhance starting up

- How to treat early birds/start ups by tax administration: (registration, VAT-advanced payment); by Social Security system: Employer-obligation and Employer-liability; by labor law: free lancers
- Application of Start ups in Public-Procurement-Procedures
- Labor market access for (Non-EU-)migrants (working-VISA)
- See what others do: e.g. UK regulation on Start ups/Business Angels

Create market access

- Market access and consumers acceptance is crucial for the sustainability of start up ideas
- Reducing borders and hurdles for (global) market access helps to improve early bird activities

Use strengths of German Economy to boost start up culture

- How to integrate SME (German Mittelstand) into the debate on start up culture: its financial resources, its experience on global markets...
- Economic Value added by industrial production as backbone of German Economy: How to create a eco system to enhance start ups in this context?
- Vocational training and entrepreneurship

Workshop 2: What can Investors do?

(Florian Stegner *Senior Investment Manager hub:raum*)

Notes: Skrollan Olschewski, KAS

Recruitment of Start-ups

- Events, networks, Mentor-network, $\frac{1}{3}$ cold recruitment
- VCs are really approachable, contact VCs early, look for advices, discuss company and plans
- “Social conversation” instead of a pure pitch
- Building **trust**

Seed-funding

- Stage: Prototype, enter market within 12 months
- Big driver in value is **market proof** (Also a good team- less a good idea)

Valuation

- No fixed scheme
- Calculated in time, perspective, possible market-share

“You can not foresee how much money you will need in the whole lifespan of your company.”

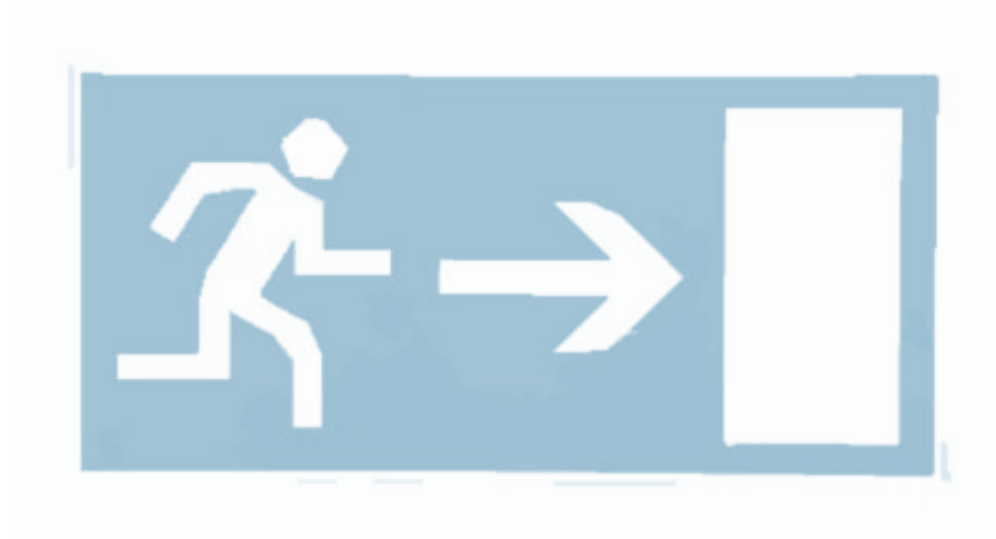
- Think in steps/ milestones

Shares

- 10-15% of shares keeps the team motivated

“When the majority of shares is held by others, the team loses the motivation to develop the company further.”

- Don` t give away too much shares.



Exit opportunities

- US: A lot of exit opportunities at every stage
- Germany: Exit opportunities are less clear
- Possible to sell a German Start-up in the US, but more complicated
- Israel: More evolved market in terms of the quality of the Start-ups & structure of selling companies



Workshop 3: What about global trends?

(Maximilian von der Ahé *Betahaus Coworking Berlin*)

Next big thing: **Internet of Things**

Chances

- + innovative Start-ups
- + A lot of business opportunities

Risks

- hard to get funding
 - hard to create hardware devices (lacking of know-how, equipment)
- Upcoming companies need **more professional spaces** for serious products

New Entrepreneurs emerge

- **Babyboomer** increasingly found companies as a reaction to a longer working life

Cultural / Educational Dimension

- Does German educational policy encourage entrepreneurship sufficiently?
- How can we allay the fears of founding?
- Unconditional Basic Income

Workshop 4: Having been an early bird: What is next?

(Prof. Dr. Anabel Ternès *IISM Institute*, Dr. René Latotzky, Dr. Markus Wiedemann *Zirngibl Langwieser*)

Notes: Vivien Boche, SRH

Different Forms of Company

Offer distinct legal framework for entrepreneurs

1. **Joint partnership** (Personality-based structure- focus on a single person)
2. **Capital company** (capitalistic structure – focus on anonymous equity investment)
3. **Legal entity under private law** (focus on services / products for the public good)

Legal Challenges

Change with the growth of the company

1. Protection and implementation of the idea (trademark, design, patent and copyrights)
2. Organisation of rights (freelancers, equal partners)

You cant protect your business against imitation

- Capitalism needs competition

However:

- Registration of trademark (200€) secures rights
- Technological progress is protected by patents (global proof, takes 3-5 years, costly)
- Protection of Design (90€ Germany, 300€ Europe)
- Secure rights within contracts with employees and freelancers