

How to Improve Soft Landing for Startups moving to Berlin



Natalia Zamoshchik
CEO, OrelTech GmbH

OrelTech is a high-tech startup originally from Israel producing conductive inks for printed electronics and catalysis. The team was comprised of 3 members, Zvi Shteingart (CEO at the time), Natalia Zamoshchik (CTO) and Konstantin Livanov (Head of R&D). They participated in INAM's acceleration program Advanced Materials Competition (AdMaCom) in 2017 and won the grand prize. This was the start of a new personal and professional experience. They decided to move to Berlin and 1 year later, they have finally settled in the city. Berlin Partner and INAM supported them from the beginning and arranged access to laboratory space and test infrastructure at Humboldt University. As an international high-tech startup, OrelTech has faced some challenges before succeeding in Berlin. We wanted to share their story with you with the hopes that upcoming startups have an improved soft landing when moving to Berlin.

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"We are happy to have high-tech startups like OrelTech moving to Berlin and we will be happy to support the efficient landing process."

Christian Rickerts
Secretary of State for the Berlin Senate
Department for Economics, Energy and
Public Enterprises

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"We want to attract high-tech international startups in order to promote the sustainability of the Berlin innovation ecosystem. Hardware companies are a long-term investment for the future of the city. Berlin Partner wants to support the soft-landing process and it was a pleasure to help OrelTech."

Stefan Franzke
CEO Berlin Partner für Wirtschaft und
Technologie GmbH

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"IBB is interested in the acquisition of international startups to establish Berlin as an international tech-location. Difficulties for companies who are relocating from abroad are often in the overcoming of bureaucratic hurdles. Also overcoming the language barrier is a challenge for many of the companies, since the staff often don't speak German (official applications and requests usually must be in German language). Here a free translation service could help at least for the first months."

Konstantin Hanssen, Investitionsbank
Berlin

Let's start from the beginning. How did you hear about AdMaCom & INAM?

We participated in a HighTechXL program in the Netherlands, and it was there our CEO heard about AdMaCom as an alternative program. The two programs were taking place at the same time, so we had to choose one. We chose AdMaCom because it seemed compact and effective. It also had a specific focus in the field of advanced materials so it seemed tailored to our needs as a small tech startup.

What were the highlights of the program for you? What made it special for you?

The mentoring sessions and the organisers were both extremely helpful in different ways. The sessions really widened our worldview and changed some preconceptions about starting a company in Europe (and Berlin specifically). The organisers helped us to make a great presentation and to get a deeper understanding of our product from a business point of view.

When did you decide to move to Berlin and was this always an option for you?

The move from Israel was always on the table for us, since Israeli markets for advanced materials are not too large. Germany was always an option, but it, and specifically, Berlin, definitely became a number one candidate for relocation after AdMaCom. After the competition, we got a lot of traction and name recognition. INAM provided us with access to local infrastructures and institutions, such as research facilities and funding agents. Several INAM members took interest in our company and technology and approached us with business propositions. Most importantly, maybe for the first

time, we felt that our technology was not just an "interesting idea" but a solid and promising business.

Why did you decide to move and was it a difficult decision?

It was both a business decision, and a personal one. We saw more business potential in the Berlin startup scene. A move is always a difficult decision but we were prepared for it, largely thanks to all the help from Berlin Partner that we got in the past year.

What was your strategy?

We opened a subsidiary company in Berlin, applied for work visas and several funding programs, namely KMU-Microloan and GründungsBonus at IBB. We had a lot of guidance from Berlin Partner, INAM and IBB, all of whom helped choose the right programs for us.

What were your personal, professional, legal, IP, funding, bureaucratic challenges?

We had plenty. One of the biggest was our nonexistent German language. Communication is incredibly important to get through this process and unfortunately, every form and every conversation had to be in German. This made it difficult for us and was also the reason why the process was so time consuming.

Another issue was that our visas took way more time than we hoped for, cost us a few trips back to Israel as well. On the business side, we had some bureaucratic problems, mostly to do with our visas, since everything depends on them. A delay here resulted in an overall delay, so a planned 2-month move turned into something like [...]

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"I think it is important that international hardware startups like OreITech have the opportunity to settle fast in order to keep developing their innovative products. That is why I was happy to temporarily host them in my lab at Humboldt University, where they could immediately start working. In order to do speed up the process, there should also be a more flexible bureaucracy."

Nicola Pinna
Director of the Chemistry Department at Humboldt University

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"I was involved from the beginning of the process and I helped them to understand the benefits of their relocation like access to research infrastructure and strategic partners in the industry. Due to the tight financial situation of the business and the time consuming process of applying for funds and providing the necessary legal documents it was necessary to interrupt the relocation process several times for several weeks."

Ferdinand Bartels
Managing Director, SPECS GmbH
Head of the Board, INAM

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"Giving international startups access to the research and infrastructure of Humboldt-Universität zu Berlin is an efficient instrument to strengthen Knowledge and Technology Transfer and the Berlin economy. The access is organized via research collaboration contracts and is supported by Humboldt-Innovation."

Volker Hofmann
Managing Director,
Humboldt Innovation GmbH

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"High-tech hardware companies like OreITech need more flexible financial support in their starting phase. My group at HU has the resources and the interest to support one or two innovative startups like OreITech, but if we want to increase this number, we need money to pay the lab personnel who trains them."

Emil List-Kratochvil
IRIS Adlershof
Humboldt University

a 3.5-month process. In general, company transfer requires finding a large contact network from the beginning. Accountants, notaries, materials suppliers, lab equipment - everything has to be found from scratch. In addition, all the paperwork has to be in German, and that was a time and money consuming issue.

The other important issue was the IP. Our current patents are owned by the Israeli company, and in order for the German company to use them, we had to find a solution that did not involve a "tax event" - two of the scariest words in the English language.

This would be our advice - do not save money on an IP attorney, and if you are planning a move, find one that specializes in IP and taxation. Each country might have special regulations concerning IP transfer.

How were they solved? Was it difficult?

Two of the most important qualities here are patience and assertiveness. Luckily, an academic background can help with both - if you've spent 4-5 years of your life on a research project, you've surely encountered enough red tape and heel-dragging and learned that you have to know exactly what you want in order to eventually get it.

And, of course, Berlin Partner and INAM were a great help for both solving the bureaucratic blunders and providing with some crucial connections. Most of the personal stuff is difficult because it is nerve-wracking. It all sorts out in the end, but it may take some time, and the wait is usually the hardest part.

Your CEO left the company in order for you to make this big change. Could you explain the situation and how it affected you?

It was a strategic decision of co-founders that for a German company we would have to hire a local CEO that was highly integrated in the local network. Meanwhile, I (Natalia) will take the position of CEO. Zvi continues to be highly involved in business decisions.

Looking back, would you go through this again?

It's still a bit early to tell, I think - but as of now, definitely, yes. All the signs tell us that it was a right business decision. And, personally, we enjoy Berlin so much!

Any advice to other startups? To INAM? To Berlin?

I think that start-ups need to have information in advance regarding German

administrative laws, including taxes, insurances and the process of hiring employees.

One of the main difficulties was how to transfer IP from other countries to Germany, taxation of international IP transfer.

We are a high-tech startup and everything depends on the IP. This is an issue that should not be overseen and it would have been nice to have collected info in advance on how to do this in an efficient way without compromising the long term strategy of the company. Support from both the country of origin as well as Berlin is extremely relevant.

It would be very helpful if the following database of contacts would be available for startups:

IP Tax Consultants; Patent bureaus; Accountants; Notaries; Insurance agents; Translation services; Chemicals and lab instruments suppliers.

Maybe it would help to consider adding some additional training sessions to the AdMaCom program like how to deal with financial forecast tables and workshops about patents including:

Basic knowledge about patents, it's structure and application stages, costs; How to write patents in the field for materials - options for structure, what are the most important points in patent, how different parts of a patent are related and affect other patents of same authors; and How patent structure is related to company strategy.

Any last remarks?

All in all, moving to Berlin as a high-tech international startup has been quite a demanding experience. Nonetheless, all the support, adaptability, stamina and friendliness of all the involved actors made all the difference for us and made the OreITech story a successful one.

We believe that our experience serves as an inspiration and as a clear example that with motivation, the right networks and resources, anything is possible. Considering the adaptability of everyone involved, we believe that the different services and offices are on the right track in making a change to facilitate the process for a soft landing of high-tech startups in Berlin. We are thankful to everyone involved for making our journey less bumpy!

For more info visit: www.inam.berlin