20 years of ‘Gründerwettbewerb’
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20 years of ‘Gründerwettbewerb’ – a success story

The last few decades have been defined by the “digital revolution”: From the first ever computer to the development of GPS, to multimedia technologies ranging from the CD to Blu-ray, the speed at which digital innovations have been created has become ever more breathtaking. Not to forget smartphones and the roll-out of high-speed internet. Parallel to these developments, the ‘Gründerwettbewerb’ organised by the Federal Ministry for Economic Affairs and Energy has also evolved.

When the competition was introduced in 1997, it was the first of its kind at federal level. Today, the competition (which started out as the ‘Gründerwettbewerb Multimedia’) is credited with driving much of the change that has since occurred in the information and communications technology (ICT) start-up scene. Over 20 years, more than 800 start-up teams have been given awards for their innovative business ideas. A total of DM 8.5 million and of over EUR 4.5 million has been disbursed to support pioneering start-up ideas.

Far from being completed, the digital revolution is in full swing. And as the process of digitisation continues, the Competition for Business Start-ups also keeps evolving.

A new start-up culture

It is not only technology that has changed in the course of the last 20 years. So has the start-up environment for young ICT firms. Former participants in the ‘Gründerwettbewerb’ say that Germany has become a better place for start-ups, and they give two reasons for this:

First of all, it has become easier for start-up entrepreneurs to access financing. Policy-makers have created new financing mechanisms such as the High-Tech Start-Up Fund and other KfW funds that operate on behalf of the Federal Government and receive up to 400 million euros in capital. Then there are programmes such as INVEST that provide incentives for investments in start-ups. Furthermore, there are also alternative models of financing such as crowdfunding and crowd investment. Back in 2015, the crowd invested some 45 million euros in young companies.
Something else that has changed is the entrepreneurs’ mindset: today’s entrepreneurs in Germany are bolder than previous generations. They are less afraid to fail. It is still true that Germany is not among the countries with the strongest cultures of second chances, but there is growing recognition and appreciation of entrepreneurship by the media, policy-makers, and society as a whole.

All in all, the start-up scene looks very different from the one 20 years ago – and financing options and a new spirit of entrepreneurship are not the only things that have changed. Back in the 1990s, most young entrepreneurs, irrespective of the sector they were working in, would have been honing their ideas for innovative products in dedicated technology and start-up centres. These centres served as networking platforms and gave young creative minds room for fresh ideas.

At the dawn of the new millennium, the New Economy was all the rage. The philosophy then was to abandon products and go for services. An increasing number of start-up competitions were focusing on start-ups developing web-based services. Business angels (seasoned entrepreneurs with a great deal of capital) were injecting their money into ICT start-ups. Today’s start-ups are likely to be found in open work spaces and start-up accelerators.

At the end of the 1990s, German universities and higher education institutions also began to foster a spirit of entrepreneurship among their students, with some starting to offer dedicated programmes on entrepreneurship.

The German start-up scene going international

Over the past 20 years, the ‘average’ entrepreneur has also changed. Between 2005 and 2015, the number of start-ups registered by people with non-German roots increased by 30 per cent to 737,000. This is a trend that is likely to continue at a dynamic pace. The participants in the 2016 edition of the ‘Gründerwettbewerb’ said they expect that there will be a growing number of refugees among Germany’s entrepreneurs.

Much of this international drive will benefit the ICT sector. Around two thirds of the start-ups that took place in the competition on 2016 are already employing people with non-German roots; 20 per cent of the start-up entrepreneurs fall into this category themselves. The ‘Gründerwettbewerb’ will pick up on this trend and others in the ICT start-up scene.
The first start-up competitions designed to support your entrepreneurs in Germany were organised in the 1990s. The ‘Gründerwettbewerb Multimedia’ was launched in 1997.

The ‘Gründerwettbewerb Multimedia’ (Multimedia Competition for Business Start-ups) was the first German-wide start-up competition and was aimed at young technology-driven companies. The idea was to allow as many innovative high-tech companies as possible to take part in the competition. This is why not only multimedia start-ups in the stricter sense, but also young companies working in fields associated with the multimedia sector were allowed to enter and presented with awards. When the competition was first launched under the auspices of the Federal Ministry of Education and Research, the organisers did not expect more than 100 or, at best, 200 applications from the high-tech scene. In fact, more than 1,400 start-up entrepreneurs submitted their business ideas, surpassing everyone’s expectations. The competition continued to be popular and attracted an average of 300 to 400 applications per year.

This was at a time when many of the digital goods and processes that would later revolutionise industry were created.

The new and highly promising industry also attracted investments, and new funding instruments were developed and established. Successful entrepreneurs and executives turned into ‘business angels’ providing capital and expertise to young companies. There was also a growing trend towards venture-capital financing in the

1990s: investors bought a stake in a new company, without the need for that company to be listed on the stock exchange. These new financing options were presented to innovative high-tech start-ups that were looking for financing and seed capital. The ‘Multimedia Investment Forum’, which brought together young entrepreneurs and investors so they could discuss business ideas, was established as part of the ‘Gründerwettbewerb’.
Ableton – a success story
(award winners of 1999)

“We never even dreamed we’d be this successful, but it was of course a major morale booster.”

Ableton’s customers are just as diverse as the music they produce with the help of the ‘Live’ software. ‘Live’ is appreciated by professional performers and producers and amateur enthusiasts alike. The software can be used to digitally compose and arrange music.

Ableton AG was set up by Gerhard Behles and Bernd Roggendorf in 1999. Initially, the start-up team developed ‘Live’ out of pure necessity, for their own musical projects. The technology that was available at the time was rather limited. The hardware was too big and too expensive to take on stage. The software was good for creating songs, but not so much for improvisation purposes – let alone live performances. “We wanted to break out of those limits by developing software that would give the user the feeling of creating music on a computer, but without using a computer”, says Gerhard Behles. “At the time, there were some good music tools for general purposes, but nothing that would have been similar to improvisation, let alone live performances.”

This is how a passion for music paired up with high-level IT expertise gave rise to a successful business idea. The main award in the 1999 ‘Gründerwettbewerb Multimedia’ was the first of many awards the team went on to win for developing ‘Live’.

Jan Bohl joined the start-up team in 2000 as their CFO and his background as a financial adviser helped the company find strong investors and partners in the seed phase. Today, the company is headquartered in Berlin, with additional offices in Los Angeles and Tokyo, and employs some 250 people from 28 countries.

‘Live’ is now used by more than 2 million registered users worldwide who use it to create their own sound – among them amous artists such as Hans Zimmer, Radiohead and Richie Hawtin. “We never even dreamed we’d be this successful”, says Gerhard Behles, “but it was of course a major morale booster.” ‘Live’ is now available in its ninth version.

In 2013, Ableton released ‘Push’, a hardware instrument designed to be used with ‘Live’ which can be used to fashion melodies, rhythms and sound compositions by hand and in a flexible and expressive way.

Today, Ableton develops not only software and hardware instruments for musicians, but also creates learning resources such as ‘Making Music’ (a book) and online tools like learningmusic.ableton.com that are aimed at beginners and advanced musicians. Ableton also regularly hosts ‘Loop’, a conference in Berlin that brings together musicians for inspired talks about music, technology, and creativity.
In the noughties, a new social trend emerged: our industrial society began to turn into an information and science-based society.

Web-based services were gaining traction, it became possible to exchange digital information more quickly, and, with the internet, the combined knowledge of humankind was only a mouse click away. All of these new trends were also successfully picked up on by the ‘Gründerwettbewerb – Mit Multimedia erfolgreich starten’, a competition for ICT-driven start-ups in the multimedia sector. The objective underpinning this competition was to support creative and innovative business ideas designed to better harness the technical potential that existed in Germany.

This led to greater involvement of new target groups with massive and hitherto untapped potential for entrepreneurship: women, people above the age of 50 and people with non-German roots were now called upon to turn their business ideas into practice, with support. This worked out very well.

Another group that were also encouraged to venture into entrepreneurship were the unemployed. As of 2002, individual people who were unemployed were given the option of setting up their own small business, using a grant provided by the Federal Employment Agency. Some 268,000 people made use of this opportunity between 2002 and 2004 and registered a small business. This new kind of benefit designed to give the unemployed fresh prospects started a new international trend.

Newly established companies added to the strength of the German Mittelstand (German SMEs) and created an impressive number of jobs. The ‘Gründerwettbewerb – Mit Multimedia erfolgreich starten’ (Competition for Business Start-ups – Using multimedia to drive success) played its own important role in this. Between 2004 and 2009, the more than 500 start-ups established by teams participating in the competition created some 3,000 new jobs. By no means all of them had won an award. In fact, more than half of all the teams participating in the competition went on to put their business ideas into practice.

Originally, the ‘Gründerwettbewerb – Mit Multimedia erfolgreich starten’ was scheduled to run from 2004 to 2006. Each year, there were three rounds of the competition, which provided support to start-ups developing ideas for innovative products and services from the realm of the media, communications and the information industry. All of these ideas were based on interactive digital media and sought to use these to improve private or business communications or create new channels of communication.

Up to three award winners per round were granted EUR 25,000 in seed capital, a maximum of ten other award winners were given EUR 5,000. A special award worth EUR 5,000 was also presented in each round, always with a different focus.

One of the novelities in the competition was that each award winner was offered a large-scale training programme tailored to their needs. It was this new element, combined with the seed money granted to award winners, that would help the ‘Gründerwettbewerb’ really take off. The competition was extended until 2009, with then two rounds per year. The number of prizes was raised to up to five main awards and up to 15 other awards per round.

For the first time in 2006, a Multimedia Start-up Convention (‘Gründerkongress Multimedia’) was hosted by the Federal Ministry of Economics and Technology (today: Federal Ministry for Economic Affairs and Energy) and served as a platform for young and innovative start-ups in Germany. This convention would then be held on an annual basis. Award winners in the competition were invited to attend the convention and the exhibition, and to also apply for the Multimedia Start-up Of the Year award.
mymuesli – a success story
(award winners of 2007)

mymuesli GmbH – Your favourite muesli

“We knew full well that our idea would polarise opinions. That didn’t stop us believing in it.”

“Mixing is possible”: The success story that would be written by three friends from university started in a flatshare in Passau and involved 80 ingredients and 566,072,745,535,503,000 types of muesli. In 2017, the mymuesli team celebrated 10 years of their company, which had won a main award in the 2007 ‘Gründerwettbewerb – Mit Multimedia erfolgreich starten’.

On the back of winning the competition, the three founders of mymuesli, Hubertus Bessau, Philipp Kraiss and Max Wittrock, were able to launch a fast-paced entrepreneurial career. Their idea for a customised breakfast cereal that could be ordered online marked the beginning of a new trend in eCommerce. At the time, eCommerce had not had its breakthrough in Germany and ordering food online was almost unheard of. mymuesli also introduced another innovative component that was equally important: it gave consumers an opportunity to purchase a customised product. They were able to create their own, perfect muesli mix, choosing from 75 ingredients – a number that has grown further since. The jury of the ‘Gründerwettbewerb’ recognised the potential of this business idea, which combined online sales and individual product design and presented the young start-up team with a main award. The jury were particularly impressed by the simple, yet compelling notion of mass customisation combined with online sales.

Today, mymuesli employs 800 staff operating in six countries. The young company has broadened its activities to supermarkets and more than 50 dedicated mymuesli stores. The team’s multichannel sales approach has made them famous in the start-up scene and beyond. Says Hubertus Bessau, one of the start-up’s three founders: “Online is still our main sales channel, with the offline channels – food retailers and our own stores – providing a valuable add-on.”

For mymuesli, winning the ‘Gründerwettbewerb – Mit Multimedia erfolgreich starten’ was important in that it gave the company the seed money and the attention it needed to thrive, and highlighted the potential of the team’s business idea. “In the early days, in particular, the award gave us reassurance and confidence”, says Hubertus Bessau. Today, the team, whose idea had not always been taken seriously, are posting ever better sales figures and constantly widening their breakfast product range, which now also includes porridge, organic tea, Fairtrade coffee, oranges for juicing, and non-dairy milk products. The team are showing no signs of losing their creative drive.

The mymuesli team (from left): Philipp Kraiss, Max Wittrock, Hubertus Bessau
“Start-ups create fresh momentum to the economy and to established industries.”

Wolfram Groß, project manager for the VDI/VDE-IT agency, has been heading up the team organising the ‘Gründerwettbewerb’ since the competition was first launched by the Federal Ministry of Education and Research in 1997. In 1998, the competition was moved into the remit of the Federal Ministry for Economic Affairs and Energy, where it has remained since.

Over 20 years, Wolfram Groß has seen more than 800 start-up teams receive awards from the jury. He shares with us his view on the development of the Competition for Business Start-ups over its 20-year-old history.

The Competition for Business Start-ups has had a number of different titles, from ‘multimedia’ to ‘digital innovations’. Would you say that these reflect the developments we have seen in information and communications technology?

When the competition was launched in 1997 – at a time when the internet was only starting to gain traction – there was a clear focus on website development, advertising online, and the formation of expert communities. Since then, the focus of the competition has shifted several times, parallel to the technical, economic, and social developments we have gone through as a society. In recent years, for instance, additive manufacturing in all its different forms has featured prominently in the competition, as have augmented and virtual reality. At present, artificial intelligence and innovative solutions for ‘Industrie 4.0’, big data, and cloud computing are all the rage.

What has not changed is the fact that most of the ideas submitted for the competition have been hatched at university or in a research institution. Something that has changed is the size of the teams. In the early years of the competition, there were quite a few individuals presenting their ideas. Now it is usually teams formed by several people with different skill sets that complement each other. The number of women candidates has also been going up. Many successful contributions come from diverse teams.
Over the past 20 years, the start-up environment in Germany has also changed. In your view, what are the best and what are the worst trends we have seen?

A very positive trend in recent years has been the fact that there are now more people recognising that entrepreneurship can be a very good alternative to forging a career as an employee. There is now greater appreciation of start-up entrepreneurs and recognition of their work. On the negative side, we still have very few financing opportunities for start-ups in the seed and growth stages. This is despite the fact that it is precisely during these initial stages that young entrepreneurs depend on external financing.

A very short summary of the 20-year-old history of the ‘Gründerwettbewerb’, complete with some figures could be: More than 800 start-ups have received almost DM 8.5 million and more than EUR 4.5 million in cash awards. What is your summary of the past 20 years?

The ‘Gründerwettbewerb’ is a success story. The many companies that have emerged from this competition have added to Germany’s GDP and its economic strength. And by strength I mean not just sales, competitiveness, exports of products and services, but also a large number of highly skilled jobs. Germany will continue to depend on innovative ideas and technologies that can be used in the development of new products and services. The innovative power of entrepreneurs in the ICT sector and the flexible corporate structures they create will play a decisive role in this.

And the final question: Your greatest moment in 20 years of the ‘Gründerwettbewerb’?

There have been many great moments in the ‘Gründerwettbewerb’. One of them always comes during the award ceremony. It’s when you meet the award winners and they realise that their work has paid off. And it is always great when there is good news from former participants. It shows that they doing well and that we’ve taken the right decision.

Since 2010, the start-up environment for innovative companies in Germany has been continuously improving. Much of this is due to action taken by the Federal Ministry for Economic Affairs and Energy to encourage, support and mentor young entrepreneurs. The Federal Government has a total of thirteen different instruments to support start-ups. One of them is the ‘Gründerwettbewerb’, which, between 2010 and 2015 was called the ‘Gründerwettbewerb – IKT Innovativ’ (Innovative ICT Competition for Business Start-ups).

At the time, the focus of the ‘Gründerwettbewerb’ was on innovative business models for ICT, which were strong enough to succeed on both the national and international markets. Awards were presented to start-ups that provided solutions that could be applied in all sectors producing goods and services. After all, ICT is mainly an enabling technology for other sectors, be it manufacturing, healthcare, commerce, logistics, or distribution. The awards-winning tech start-ups from this period of the competition are adding to the German economy, not least by helping companies in other sectors retain their competitive edge.

Between 2010 and 2015, the Ministry received some 2,400 applications, resulting in 670 successful start-ups.

Young ICT: start-up – invest – grow

As of 2010, the Multimedia Start-up Convention was replaced with an annual Young ICT Companies Convention. This was an event that gave start-up entrepreneurs, interested parties, investors and business representatives an opportunity to meet and discuss potential cooperation, equity investments, strategic partnerships and corporate alliances. This annual convention led to the formation of a network that allowed for lively interaction between IT companies and users, investors, policy-makers, and young ICT start-ups. The young tech companies that emerged from initiatives conducted by the Federal Ministry for Economic Affairs and Energy (such as the Competition for Business Start-ups and EXIST) also had an opportunity to showcase themselves in an exhibition taking place in conjunction with the convention, and to apply for the ‘ICT of the year’ award worth up to EUR 50,000 per winner (a combined EUR 100,000).

In practical terms, the ‘Gründerwettbewerb – IKT Innovativ’ was very similar to its successful predecessor. There were two rounds per year, for which applicants could submit their business ideas. The amount of prize money was once again raised: now, up to six business ideas could receive a main award worth EUR 30,000. A further up to 15 business ideas could receive EUR 6,000. There were also special awards presented in each round. The targeted coaching and skills building programme was further improved. Award winners were invited to attend workshops and seminars and received a great deal of information, including on how to access financing.
Comnovo – a success story (award winners of 2013)

“Think big!” – It only took Comnovo four years to make a successful exit.

It all started four years ago, with a research project at the communications networks faculty of TU Dortmund. Today, the founders of Comnovo have already made a successful exit, selling their assisted driving system to prevent collision. The ‘Gründerwettbewerb’ plays a prominent role in this impressive success story.

“Our goal was to improve the health and safety situation in the workplace, in logistics and in manufacturing and to bring down the number of accidents in which people are injured”, says Andreas Lewandowski, Executive Director of Comnovo and winner of the main award of round 1/2013 of the ‘Gründerwettbewerb – IKT Innovativ’. Committed to this goal, he teamed up with two fellow students and his professor and set up Comnovo in 2013.

The team developed D2SENSE, a technology that warns drivers and workers whenever there is a risk of a collision with a large construction vehicle such as a forklift truck or an excavator. A unit called KEEPER is fitted within the vehicle and gives active acoustic and visual warning signals (LED) to the driver as soon as a person wearing a BEEPER device enters the danger zone around the vehicle. What is truly special about the system is its ability to send signals through obstacles such as sliding gates or walls.

Once the team had become a winner of the ‘Gründerwettbewerb’, they gave their idea their all. They finetuned the technology, adjusted it to new use cases and swayed customers, cooperation partners and investors including the High-Tech Gründerfonds, SeedCapital Dortmund and Acquarium Partners. The team’s steep career culminated in July 2017, when their company was acquired by Linde Material Handling GmbH, the world’s second largest manufacturer of forklift trucks and warehouse equipment.

“This acquisition is a massive opportunity for Comnovo. Linde MH is the market leader and has an extraordinary network that it can use to roll out our innovative safety solution”, says Andreas Lewandowski. His advice to other prospective founders who are also aiming for an exit is to pitch as often as possible and attend a maximum number of events in order to form a strong network. He also says that it is essential to firmly believe in your business idea, which will help you overcome the stages when things are not working so well.

Further information available from: www.comnovo.de
In 2016, the competition was rebranded as ‘Gründerwettbewerb – Digitale Innovationen’

Self-employment is not for the faint-hearted. For several years now, the number of new businesses being registered has been falling. In 2015, there were 763,000 people venturing into self-employment. In 2016, it was no more than 672,000. This staggering decline of 91,000 is quite alarming. After all, young entrepreneurs are extremely important for the German economy, its strength and drive. Young companies break into new markets, they generate growth and create jobs in forward-looking industries. A notable exception to the downward trend is the ICT sector. In this field, the number of start-ups is stable or even slightly growing. This is due to the fact that digitisation is making its way into all aspects of our lives. For a long time now, the Federal Ministry for Economic Affairs and Energy has been supporting ICT start-ups. Now, this support comes in the form of the ‘Gründerwettbewerb – Digitale Innovationen’.

This new brand of the ‘Gründerwettbewerb’, successor to the ‘Gründerwettbewerb – IKT Innovativ’, is aimed at promising start-ups whose business ideas are based on modern ICT. The new name also came with a new structure: The competition still has two rounds per year. In each round, there are up to six main awards and up to 15 other awards. Each round is now divided up into two phases. During phase 1, experts look at the ideas submitted by participants and give their feedback. The 50 teams whose ideas were rated the most favourable then proceed to phase 2 of the competition, which gives them another chance to revisit and hone their business ideas. A jury commissioned by the Federal Ministry for Economic Affairs and Energy then picks the winners of the competition, who, as in the previous set-ups of the competition, receive a financial award, individual coaching, and help with building a network of partners and mentors. The competition is designed to help promising start-ups clear the first hurdle, which is to acquire sufficient seed capital to enter the start-up phase. The Federal Government has earmarked an annual sum of approx. EUR 600,000 to support young technology companies as they enter the market.

There are also special awards presented as part of the ‘Gründerwettbewerb – Digitale Innovationen’. These are for ideas that help promote the Digital Agenda and support the digital transformation. So far, the Federal Ministry for Economic Affairs and Energy has presented awards for digital education, big data, fintech and Industrie 4.0. The special award for digital education was aimed at start-ups and young companies working in educational studies. This is a field that uses digital media for innovative education, be it in pre-school, school, at university, in vocational training or continuing education. The big data award is aimed at a key technology enabling digitisation: the handling of big data. The jury are looking for the start-up that has the best solutions for three challenges, all starting with the letter ‘v’: large data volumes from a variety of sources that must be processed at high speed (velocity).

The special award for fintech is aimed at IT-based technologies for finance. Fintechs create solutions that allow customers to do their banking on the smartphone, receive investment advice on their laptop, or set up a new bank account from wherever they are. The special award for fintech is reserved for start-ups that use digital technologies to create new opportunities for the financial and insurance industries. The Industrie 4.0 award is about turning the dream of a smart factory into reality. This is already happening, with more and more installations networked to one another, moving towards self-organisation. A great deal of work is happening to further improve the factory for the future, and the ‘Gründerwettbewerb – Digitale Innovationen’ wants to support this.