



The Frankfurt Region as an Entrepreneurial Ecosystem



Chances and Challenges for Startups Between the Towers

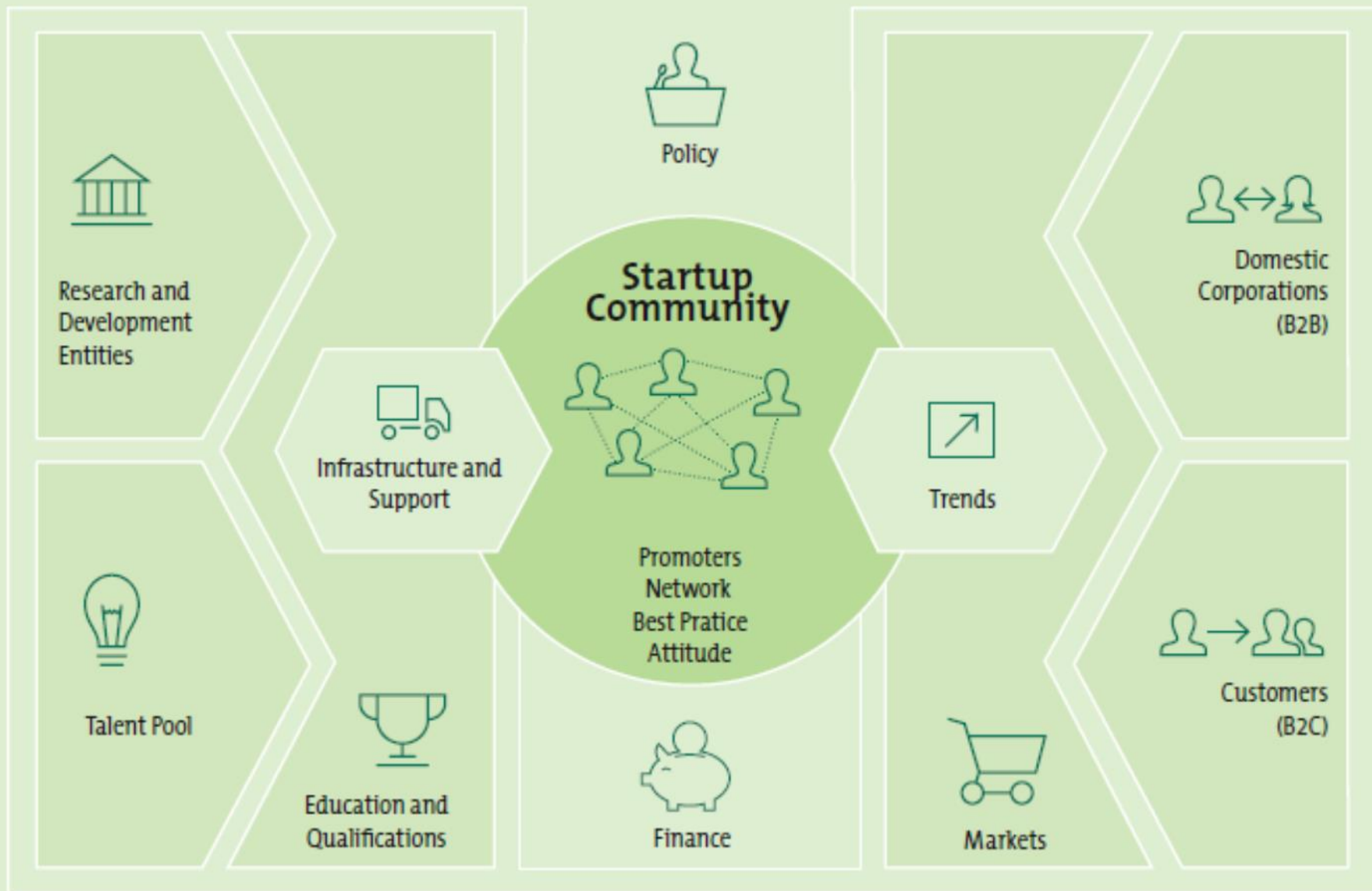
Dr. Thomas Funke, Dr. Matthias Wallisch, RKW Kompetenzzentrum

Why Entrepreneurial Ecosystems?

In search of the magic formula

- Startups give fresh momentum to the economy and society
- Top-Down Strategies anchored in investments and incubators often have failed (“Myth & Reality”)
- Need of a new approach: Creation of startup communities characterized by dense connections





Aim of the Study, Data and Methodology

The Frankfurt Region as a startup hub

- Description of strengths & weaknesses
- Identification of missing links and recommendations

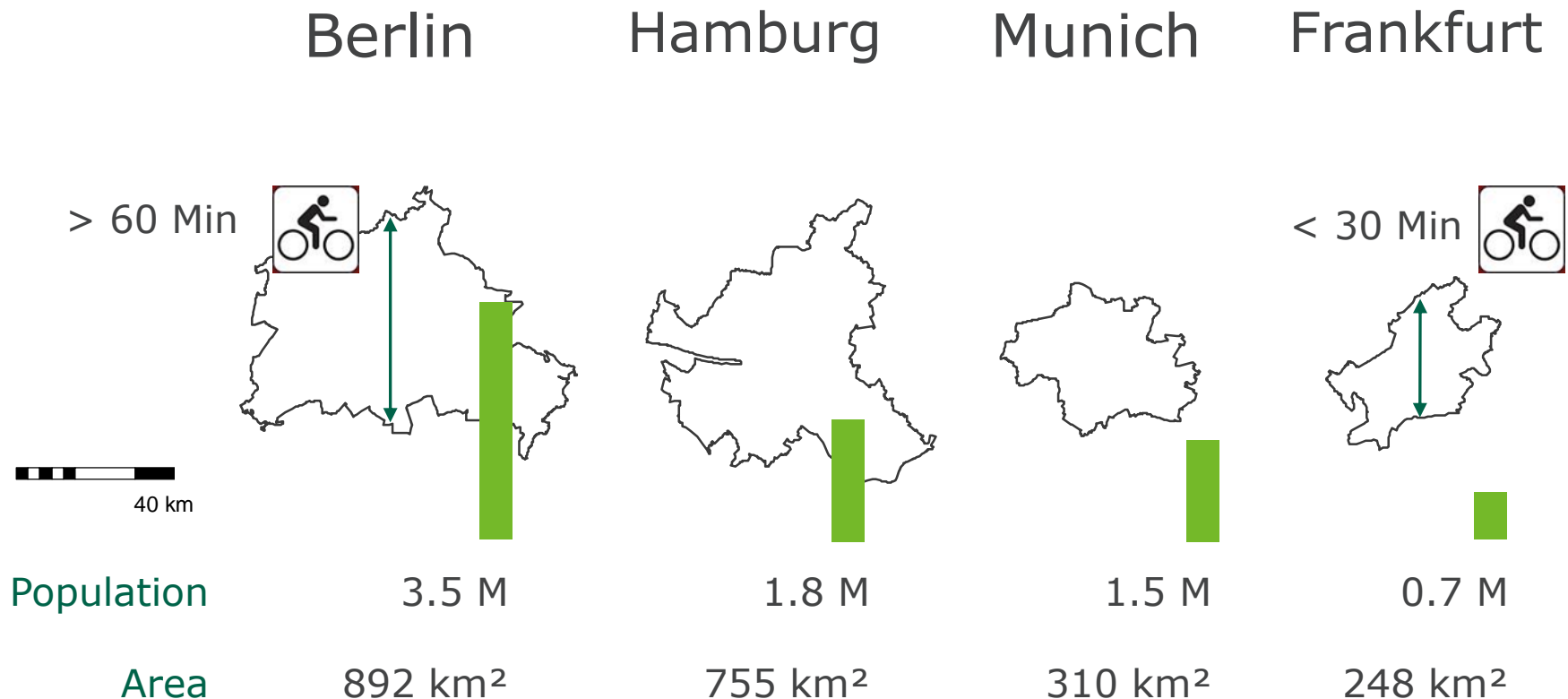
Quantitative and qualitative research

- Development of a startup database, analysis of statistics
- Interviews with Startups, Venture Capitalists and Supporters



What has Frankfurt to Offer?

Area and population by city



INKAR <http://www.inkar.de>

Frankfurt as a Business Location

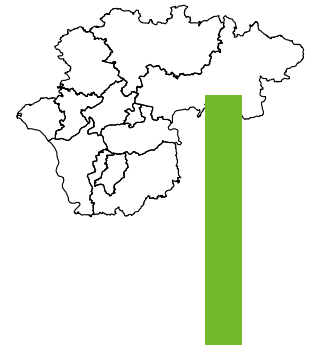
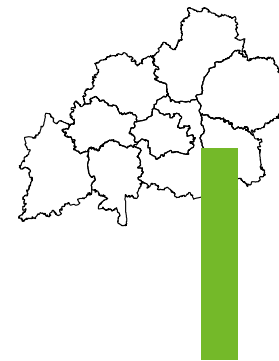
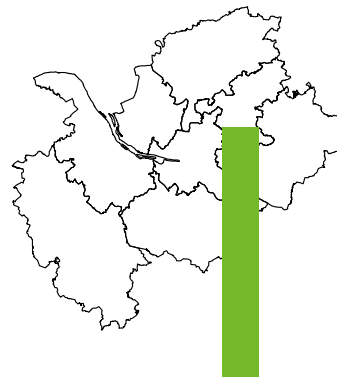
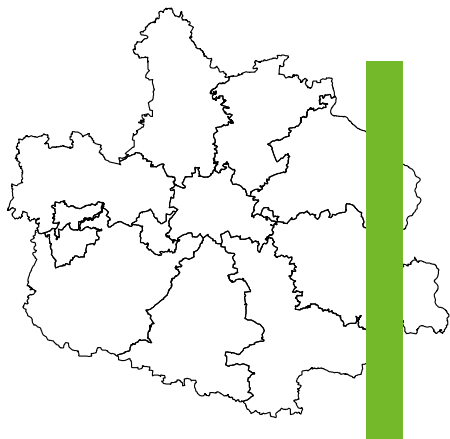
The Regional Perspective

Berlin

Hamburg

Munich

Frankfurt



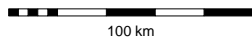
Population

5,0 M

3,3 M

2,8 M

3,3 M



INKAR <http://www.inkar.de>



Frankfurt as a Business Location

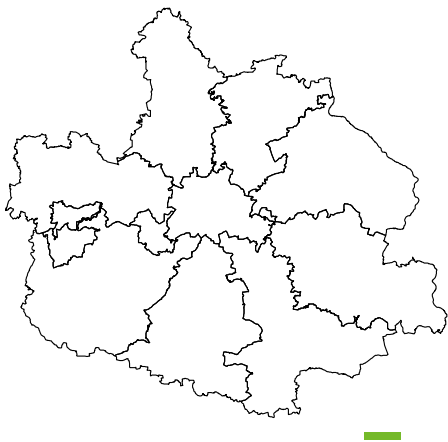
Market capitalisation by Region: DAX, TecDAX and MDAX

Berlin

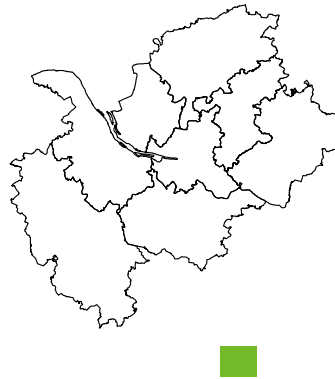
Hamburg

Munich

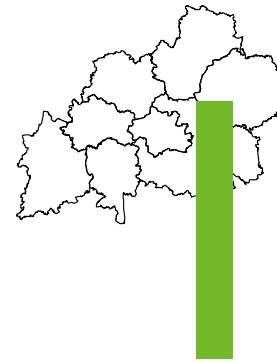
Frankfurt



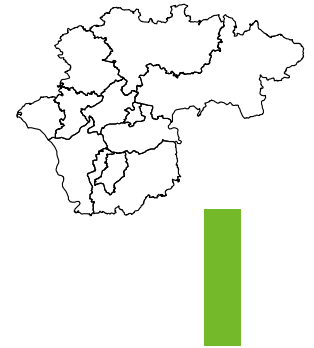
5 bn €



35 bn €



340 bn €



180 bn €

Market
Capitalisation
(July 2015)

<http://www.finanzen.net>

Startup Hubs in Germany

Startup-activities by sector (Gründungsintensitäten)

Berlin

Hamburg

Munich

Frankfurt



Number of startups per
10.000 „employable residents“
(2010-2013)

Financial Services

High-Tech

Mannheimer Unternehmenspanel ZEW

Frankfurt as a business location

Reminder: Geographical and economic aspects

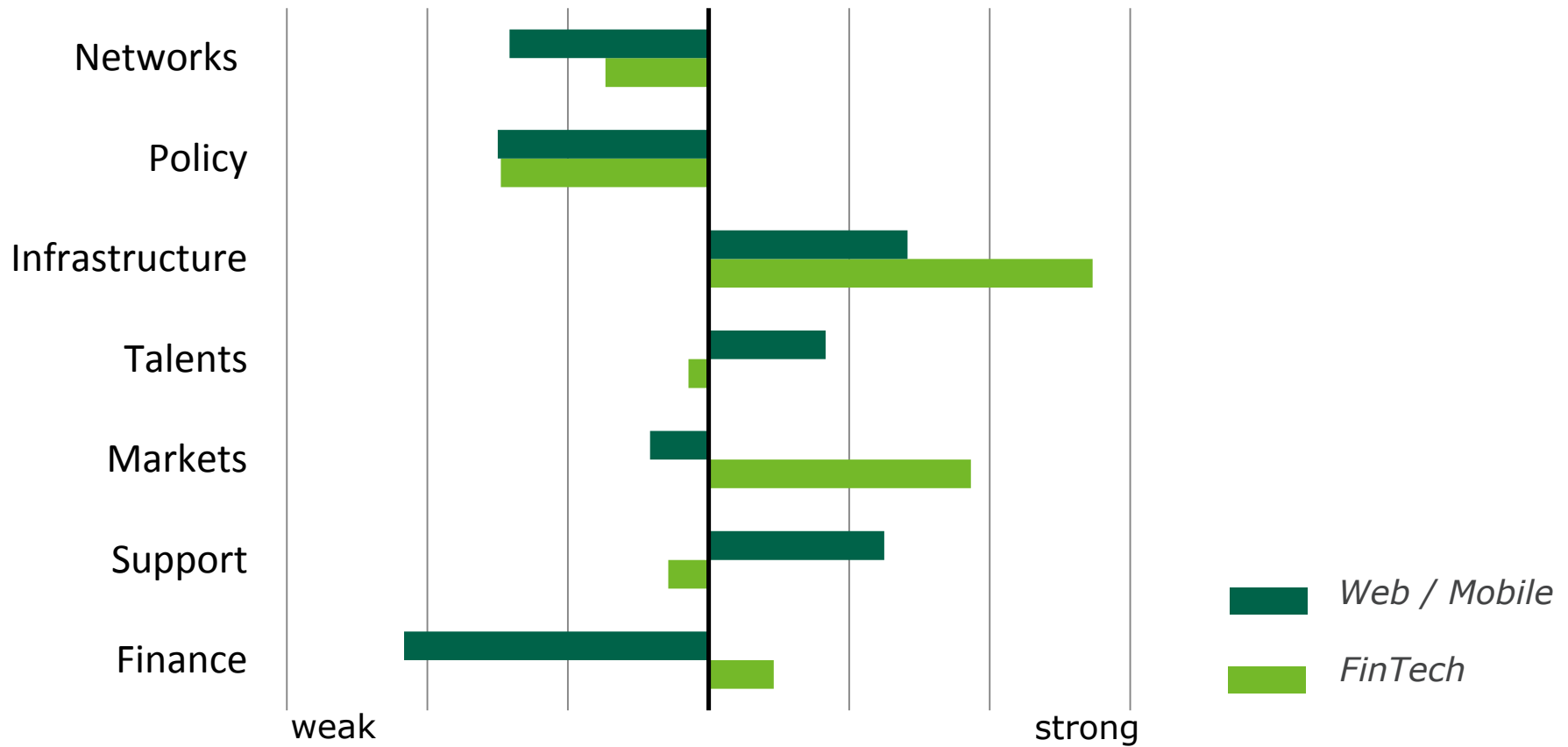
- Short ways within the city
- In the regional perspective Frankfurt catches up
- Strong corporate power
- Best international connections in Germany
- Good startup-activity

But what is the perspective of Entrepreneurs on Frankfurt and its region?



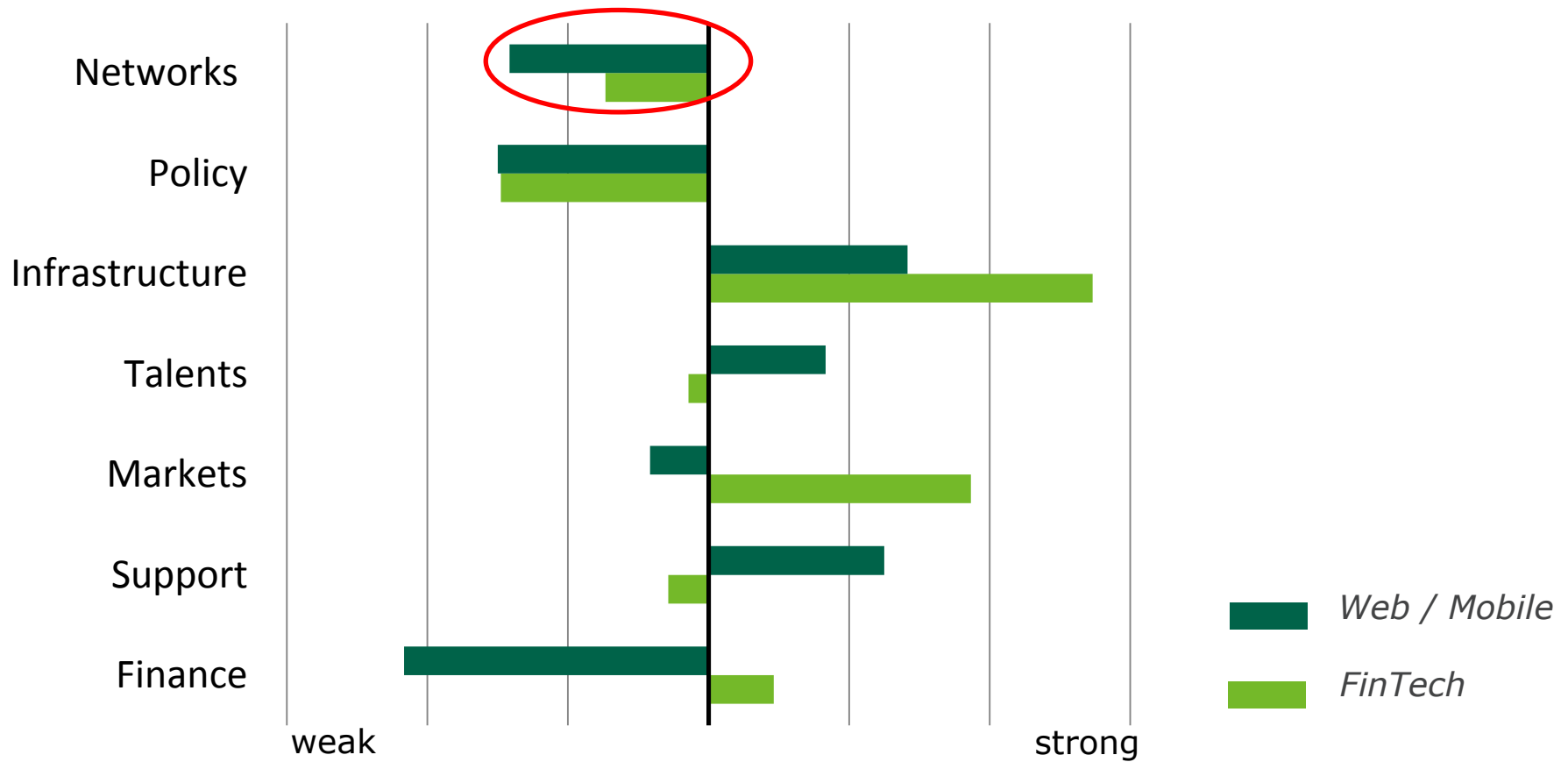
Frankfurt as an Entrepreneurial Ecosystem

Strengths and weaknesses: evaluation of startups



Frankfurt as an Entrepreneurial Ecosystem

Strengths and weaknesses: evaluation of startups



Networks 1

Fragmented activities

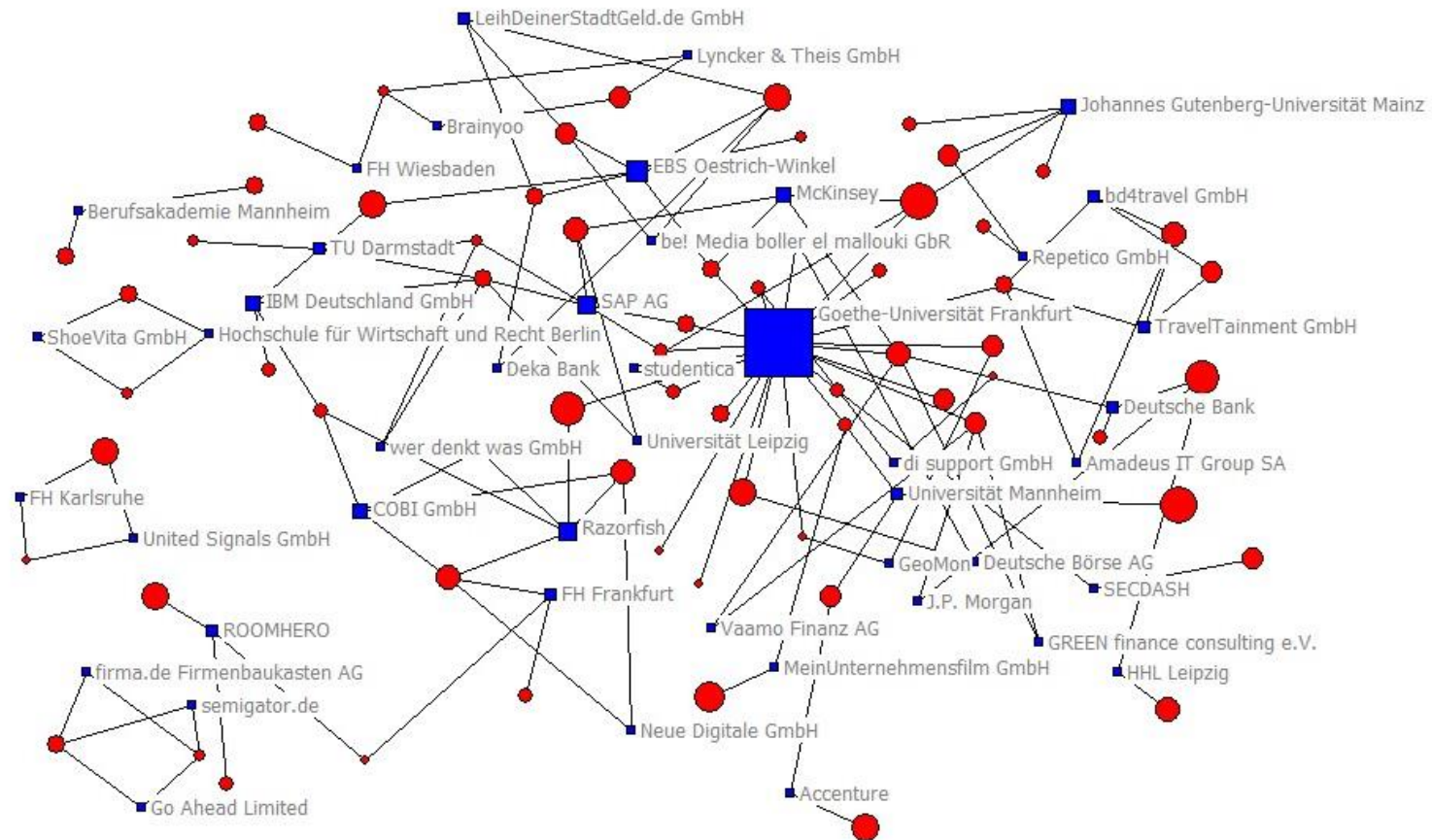
„These mutual support you wish to find is not as strong as in the United States. The people there are much more open towards startups compared to Germany.“

- Exchange of information is too slow – too little useful business insights
- „Pay-it-forward-culture“ is not established yet
- Fear to communicate critical information: lack of confidence among startups, supporters and investors



Networks 2

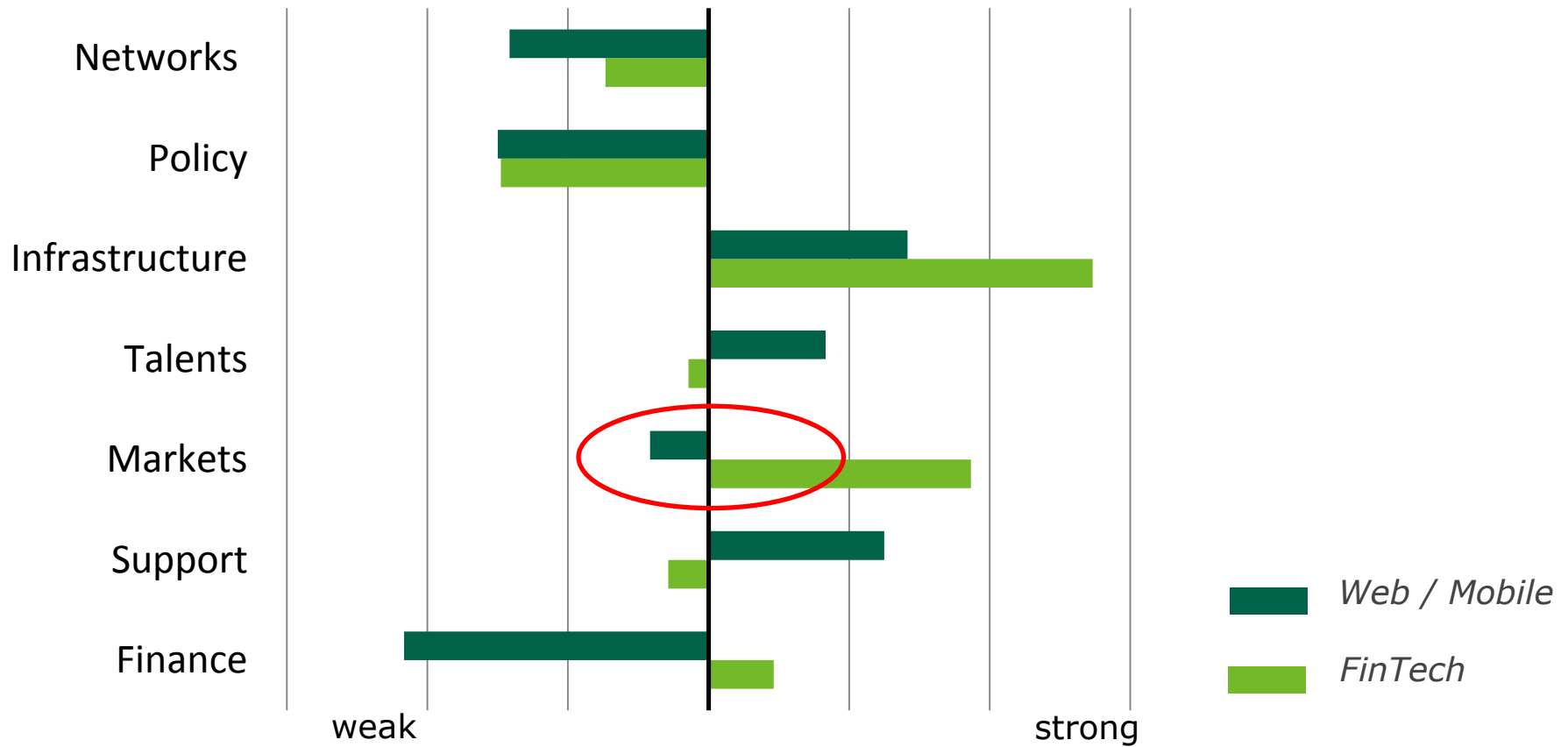
Strong local origin of startups and their networks



Data provided by SONEAN: <http://www.sonean.com>

Frankfurt as an Entrepreneurial Ecosystem

Strengths and weaknesses: evaluation of startups



Markets

Four appointments in one building

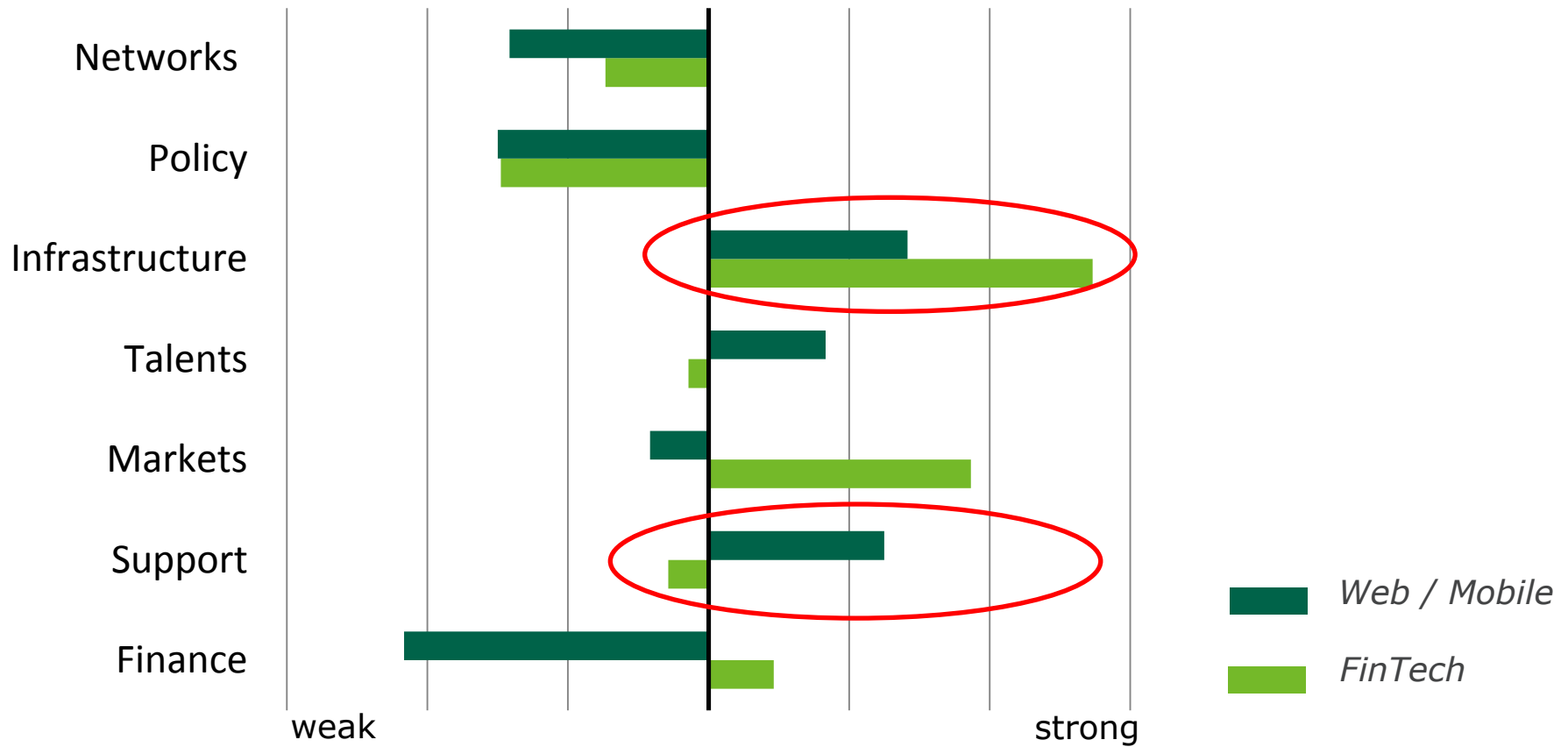
„When you want to establish a cooperative partnership, the personal contact cannot be replaced, you have to sit together at one table“

- Strong business to business (b2b) environment in many sectors
- High purchasing power boosts the business to consumer (b2c) market
- Frankfurt is outstanding in the financial service sector: startups hope to benefit from the reputation of Frankfurt as a financial centre
- b2b market access for many startups is still a challenge: missing networks and contacts



Frankfurt as an Entrepreneurial Ecosystem

Strengths and weaknesses: evaluation of startups



Infrastructure & Support

Short ways but not the right space for startups

„From the city-centre (Frankfurt) to the airport I need ten minutes. From Heathrow-Airport to Canary Wharf I need nearly 1.5 hours. Not to mention New York“

- Five year contracts for commercial space not suitable for startups
- Office rent is too high
- Not enough co-working spaces
- Consulting and support services with a strong technical background but often too expensive for startups – focus on big corporates



Frankfurt as an Entrepreneurial Ecosystem

Preliminary conclusions

- Startup-community is characterised by a strong local embeddedness
- Few interregional-linkages and a weak visibility for outsiders
- Strong b2b environment – but missing networks to support market access
- Support services with a strong technical background – but not (yet) for startups
- Not enough capital to make mistakes
- High average income poses a challenge for recruitment



To be continued...

Thank you!

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