

# Not your usual factory...

AmCham members had the opportunity to hear Simon Schaefer live at AmCham's conference "The Conversation: Startups & Corporates", held in January of this year. As one of the main speakers, he introduced the concept of Factory, which took the Berlin startup scene by storm. This success inspired him to take the concept to other destinations, so we may soon expect Factories in other cities.



**SIMON SCHAEFER**  
Founder & CEO,  
Factory

**A few months have passed since your visit to Bratislava where you spoke at AmCham's THE CONVERSATION conference. What has stuck with you from the conference or your stay in Bratislava?**

What struck me is the enthusiasm and energy that the people in the audience had. I was not aware that Bratislava has such a big tech workforce, and it felt like that there is a change imminent: From working for established tech companies to a spike in entrepreneurship, where with all that knowledge gained working for sizeable tech enterprises people seem to be eager to start a business of their own. Which is great!

Not to forget that the Minister of Economy took the time to interact with our part of economy and its corresponding culture; it is great to see that the government is so highly supportive.

**Is the Slovak startup scene, or any specific startups or projects, recognized in any way in Berlin?** I think specifically in Berlin, which took a long time to develop as an ecosystem and which was hyped long before it had significant substance, founders are very aware of technology entrepreneurship to happen everywhere around them.

There is a built-in respect for the struggle of a smaller ecosystem in a smaller country to catch up to the big guys, because that is what happened in Berlin. In 2009 everyone was looking at London, and no one was looking at Berlin. So yes, I think both founders and VC's think a lot more European and international today than they

have eight years ago, and will watch very closely as the Slovak ecosystem continues to grow.

**Where do you see the biggest potential for smaller European countries such as Slovakia to benefit from a digital economy?**

From a local economy's perspective, the impact is very real: Tech entrepreneurship is a great way to create a more future compatible, diverse and tolerant society. Bear in mind the culture of startups is intrinsically open-minded, and has the desire to create a sustainable work/life balance at its core – something every region can benefit from.

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In general, I think we have to understand Europe's cultural diversity as an opportunity, rather than a challenge. I have very close relationships to many

cities across Europe, among them Lisbon. And Lisbon is in a very similar position: A small home market, and a lot of positive growth potential in the technology and startup sector. I think if founders all over Europe take the challenge to scale inside Europe first, and bridge cultures from the beginning, the resulting company's DNA has the better potential to go global – not just to conquer a home market or succeed small and go elsewhere to scale.

It is not a coincidence that the European Digital Single Market aims to play a role in improving the chances and opportunities for ecosystems with a smaller home market, and we work intensely at Factory to support this undertaking. We are bridging technology and policy from an understanding of being entrepreneurs ourselves, and as such we created a conference together with the European Commission, called the Startup Europe Summit. This year's edition will take place on June 9 and 10 in Berlin. I'd like to invite your readers to come and join the discussion, and positively influence the legislation that is being designed, for politicians to become better at supporting tech entrepreneurs.

**In your opinion, what are currently the most prominent digital innovation drivers which are likely to shape the future of entire industries?**

I honestly think none of us can know that yet, and whoever tries to look into the future usually ends up being surprised by reality. That is the common denominator in our industry: Nobody really knows where it is heading, that's what's so



## CURRENT OCCUPATIONS

- Angel Investor •
- Member of the Board of Directors, **Allied for Startups** (since 2015)
- Member of the Advisory Board, **The Lisbon Council** (since March 2014)
- Founder & CEO, **Factory** (since November 2011)
- CEO, **totalCommerce GmbH** (since 2010)



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But if there is a trend that I personally find intriguing it's definitely Internet of Things (IoT) / Industry 4.0. This is a new interface within our established economy, that blurs the lines of our past understanding and vertical categories in tech. We used to think in mobile, Saas / Software, Hardware, etc. But IoT blurs those lines: Every product has a hardware and a software component, it is a strong intersection between all the elements we built on so far. I do believe that it will have significant impact in the future, but hey, nobody predicted mobile phones to arrive so let's see what happens. The only thing we can be sure of is, it will be interesting!

**Do you perceive Europe's current decentralization on the digital front as an advantage or a weakness on the global scope?**

I think it will be a huge advantage in the future, and I believe there is a very simple analogy to support that thought: The technology layer that most of the current innovation cycle is built on is TCP/IP, which is the protocol designed by scientists for the decentralization of the network, and for the network to survive an enemy attack. Now, if the underlying technology is per definition decentralized, why would the innovation that is built on top of it be centralized?

I think that in the near future there will be no business without some networked component, somehow using technology and the internet to create efficiency, either in marketing or operations. So the internet, technology and the resulting entrepreneurship will happen everywhere, and Europe is in a great position to be an integral part of it!

**What is your opinion on the EU's Digital Single Market strategy?**

I think it is the right step. I think it needs to happen as fast as

possible and I truly believe it will only be successful if implemented together with the Privacy Shield to regulate transatlantic data flows.

In general I think that there is a very big task ahead of the political landscape on both sides of the Atlantic, not just in Europe: It is paramount to reinstall trust, to make sure the damage done by mass surveillance and its uncovering in recent years is not in the way of innovation and user adoption. The main difference between the first dot com boom in the nineties and the current one is user adoption – the possibility of reaching such a sizeable part of our population with the technology you design. Anything that endangers that is in the way of moving forward. And founders and entrepreneurs need to engage in the discussion around that, and help shape the environment in which we can come up with the next big thing!

**What has made Berlin one of Europe's top destinations for startup capital and talent?**

I believe it has a lot to do with a tolerant, open minded and internationally thinking society. Berlin is special, because it has been occupied by four nations for a big part of the 20th century, and everyone speaks some second language to communicate with foreigners, from the cab driver to the silver surfer. And that is where the sweet spot is – being able to attract international talent, being able to think beyond the borders of the home market, being able to speak, travel and work freely is what makes Berlin such a great place right now.

**What makes Factory such a unique project and what is your vision of its further development in the upcoming years?**

Factory is special because we adopted the flexibility of co-working to larger companies. Bear in mind that fast growing companies have huge difficulties finding an office suitable for more than a year, and all the trends in office

design show how important a great workplace is for the development of a company. At Factory we understood this from the beginning, and have developed a corresponding offering for all sizes of tech companies and startups.

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In addition, and that is what my team focuses on after we have started the first campus in Berlin, we have created a mechanism

we call organic acceleration. That is a mechanism that supports growing rather than established ecosystems, and that is also how we choose our next locations to open a Factory. Lisbon, Warsaw and Bratislava are much more interesting to us as regards the impact we want to have than London or New York. We will announce our next two locations in the coming weeks, so stay tuned!

**Could you explain the concept of organic acceleration as applied in Factory and the results it had brought so far?**

Organic acceleration builds on the intrinsic motivation of startup culture to help each other, to benchmark your ideas with your peers, and for those that are successful to give back to the community. We facilitate that, and rather than developing our own acceleration curricula, we bring international experts that develop programs in our locations.

The results are more soft and long-term than immediate, but I can say the startups in our first location have delivered fascinating numbers in the first year of operation. In a building of roughly 7000 square meters more than 100 jobs were created, more than 180 million euro of risk capital were raised and the workforce consisted of almost 40% female members. That's quite different to the common belief of startups being run by pizza eating geeks!

**ABOUT FACTORY**

Factory concept was developed in 2011. Its founder, Simon Schaefer, described it as follows: "We are creating a campus where startups can learn from each other and use collective knowledge to overcome early stage hurdles." The first Factory was officially opened on June 11, 2014, in Berlin, Germany. In its very first year of existence, 102 events were held at Factory campus

and the resident startups managed to raise 83 million euro combined. Positive reactions and international interest triggered by the success of Factory Berlin confirmed the need for similar spaces developing tech ecosystems around the world. Simon Schaefer and his team are currently working on expanding Factory model to other destinations.

Startup Europe Summit 2015, photo by Ralf Rühmmer