



Startups and venture capital in Cologne

July 2021

INITIATED BY



SUPPORTED BY



DATA PARTNERS



Table of contents

1

Investment trends

2

Startup landscape

3

Ecosystem actors

1

Investment trends

Key takeaways:



Cologne and its surroundings form one of Europe's key economic hubs.

Located at the heart of one of Europe's most innovative regions, Cologne stands out as a natural home for entrepreneurs. A world-renown innovation hub closely linked to other leading German and European metro areas.



The value of the Cologne startup ecosystem has increased 2.4x since 2016.

ESL - the esports giant - is the most valuable Cologne-based startup. Others like Nextmarkets, Homelike, and Cannadamedical are leading Cologne's growth in all key verticals.



Cologne is a tech and industrial powerhouse, where *Mittelstand* firms and startups meet.

Cologne has a strong industrial base for startups can tap into. Its unique blend of large corporates, industrial SMEs and leading knowledge institutions make the Cologne ecosystem a resourceful network of business-minded partners.

Snapshot of the Cologne tech ecosystem

550+

startups &
scaleups with HQ
in Cologne

145

Active investors

10M

Rhine-Ruhr region
inhabitants

€325M+

VC investment
2016 to 2020 (combined)

€2.2B

Combined enterprise
value from startups

Cologne stands out as an innovation hotspot.

Cologne is the largest city in North Rhine-Westphalia, Germany's most populous State. The city is part of one of Europe's largest polycentric urban areas, the Rhine-Ruhr region. Its proximity to other German metropolises and other major German and European hubs, make Cologne an attractive and convenient base.

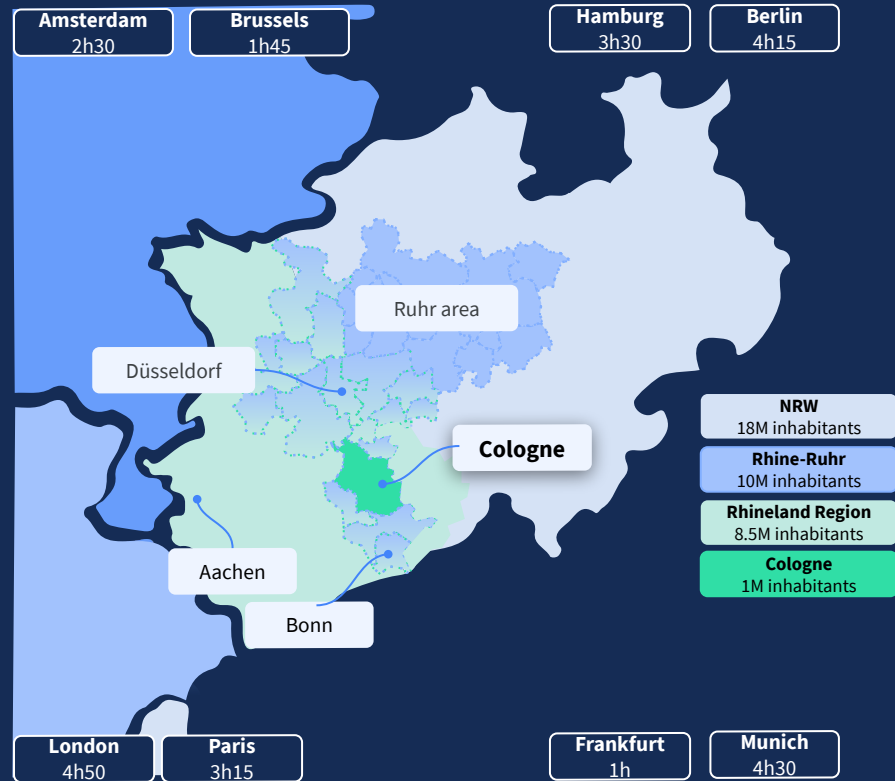
With a strong industrial base, Cologne and its surroundings form one of Europe's leading economic hubs. The region benefits from a strong reputation in strategic industries, from manufacturing (automotive, chemicals) to services (logistics, insurance, media).

A regional and European technological hotspot, the Cologne area is home to some of Europe's largest and most innovative companies. Large corporates headquartered in and around Cologne include Lufthansa, Bayer (Leverkusen), T-Mobile, DHL (Bonn). The region's economic landscape is also shaped by hundreds of small and medium export-oriented "Mittelstand" companies, contributing to the region's international outlook.

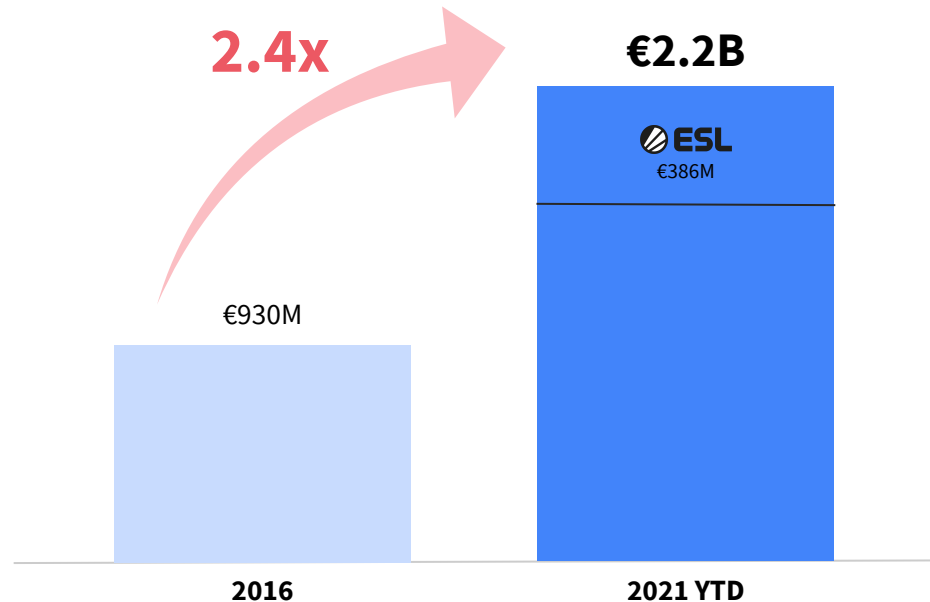
Cologne's knowledge economy ranks high in Germany and beyond. The City benefits from close ties to some of Germany's largest and most renowned research Universities in its immediate vicinity (University of Cologne, RWTH Aachen, Bonn University) and (international) research facilities and institutions, including the German Aerospace Center, the European Astronaut Centre, the European Aviation Safety Agency and four Institutes of the Max Planck Society.

Cologne is at the centre of one Europe's most dynamic regions

Cologne in its regional setting: Rhineland Region, the Rhine-Ruhr area, NRW and surrounding countries



The value of Cologne's startup ecosystem has more than doubled since 2016, now valued at over €2.2B.



“We’re a global company, with offices from Sydney to LA and production hubs around the globe, but we started our journey in the heart of Cologne. We are very proud of our roots and we definitely established the city as one of the biggest gaming and esports hubs in Europe, with lighthouse events like the Intel Extreme Masters Cologne and Gamescom.”

[Read the full interview](#)



Bernhard Mogk

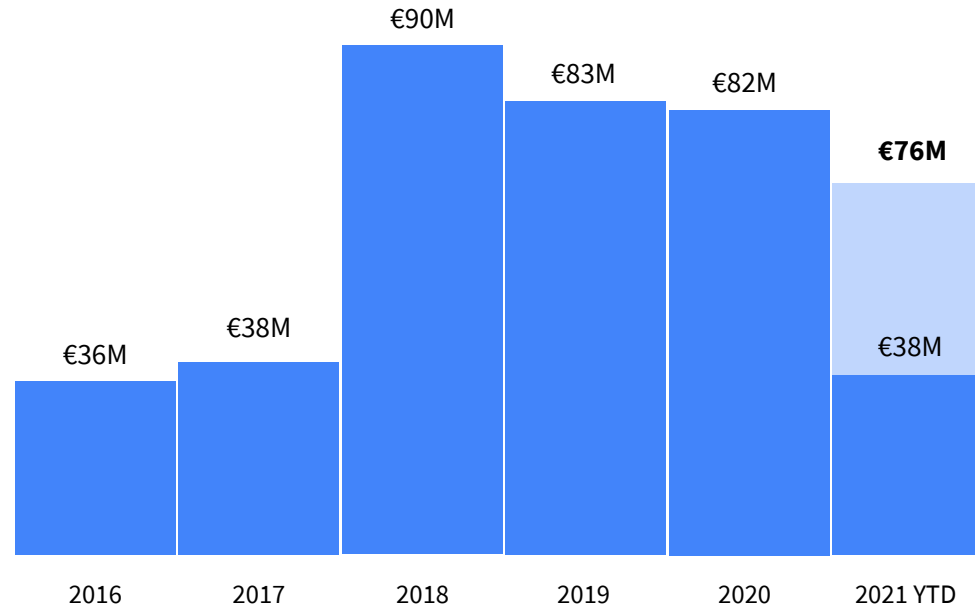
SVP Global Business Development



Cologne-based startups have been posting consistent VC investment totals in recent years.

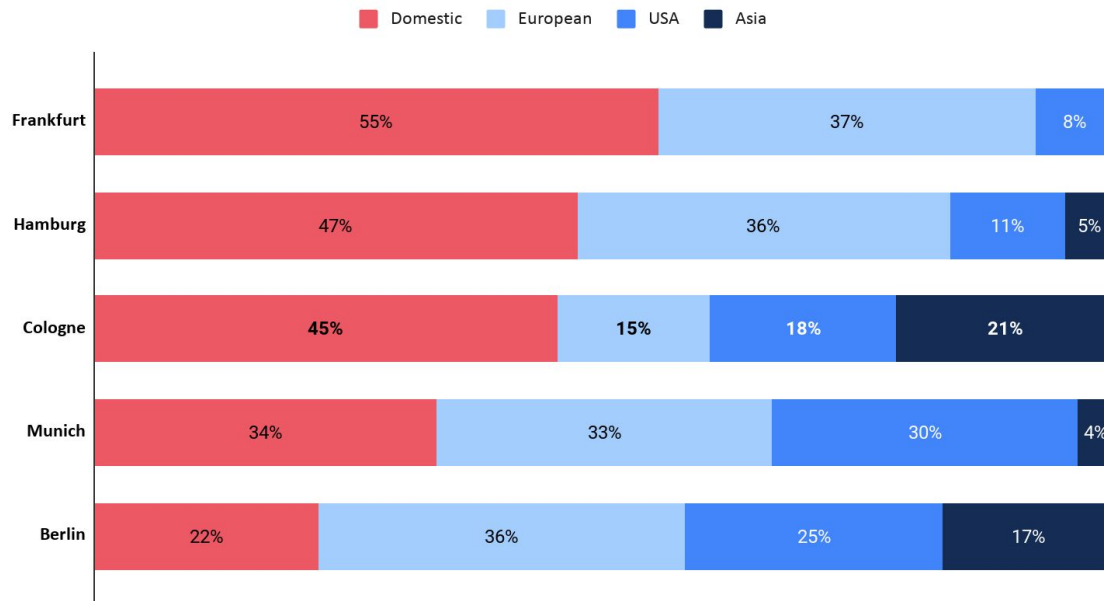
VC investment into Cologne founded of HQd startups¹

Actual 2021 annualized based on Jan-Jun



45% of Cologne startup investment comes from German investors, with big potential remaining to attract international capital.

Funding mix by source of capital (2018-2020)



“**Things escalated very quickly on our end. Sponsors cancelled their commitments or postponed their decisions, almost all revenues for 2020 were gone within the first two weeks of March. In May we had our first sales for the newly created virtual event agency & in August we started hiring again. One of our first customers has been the KölnBusiness Wirtschaftsförderung. From May until now we organized more than 90 virtual events, fairs, workshops etc - it's been an absolutely crazy ride.**

[Read the full interview](#)































Till Ohrmann














Co-Founder & CEO

PIRATE^x

Though major international funding players are increasingly getting involved, particularly at later stages for funding.

Investor	Target	Investor HQ	Industry	Transaction
 XILINX	 SILEXICA 	 San Jose	Enterprise software	Acquisition June 2021
 cryptology asset group	  NEXTMARKETS	 Sliema	Fintech	€25M Series B Mar 2021
 Shell	 	 The Hague	Energy	Acquisition Feb 2021
 endeit	 CHRONEXT	 Amsterdam	Fashion	\$34M Series D Jan 2018
 IEQT VENTURES	 SILEXICA 	 Stockholm	Enterprise software	\$18M Series B Jun 2018
 ORKILA CAPITAL LLC.	 CANNAMEDICAL® PHARMA GMBH	 New York	Pharmaceutical	€15M Early VC Jan 2019
 SPARK CAPITAL	 Homelike	 Boston	Real estate	\$14M Series B Aug 2018
 Hg	 MeinAuto.de	 London	Automotive	€8M Late VC Jan 2018

German corporates play an important role in the startup investment landscape of North Rhine-Westphalia.

Investor	Investor HQ	Startup	Startup HQ	Transaction	Funding details
	Bielefeld	 flaschenpost.de Online platform to order drinks and have them conveniently delivered home.	Münster	Acquisition Nov 2020	Acquisition by Dr. August Oetker KG
	Ladenburg	 ETX EMERGENCE THERAPEUTICS European biopharmaceutical company developing novel ADC immuno-therapeutics to treat high-unmet need cancers.	Duisburg	Seed Nov 2020	Seed Round led by High-Tech Gründerfonds, comprising leading European investors, including Bpifrance, Gründerfonds Ruhr, Heidelberg Pharma, idinvest Partners, Kurma Partners and NRW.Bank.
	Hamburg / Bonn	 LeanIX Helps companies to create and sustain a smart information hub about their application landscape.	Bonn	Series D Jul 2020	US\$80 Series D led by Insight Partners, Iris Capital, Capnamic Ventures and Deutsche Telekom Capital Partners
	Essen	Greenergy Offers a unique white-label online portal which enables energy providers to offer their customers energy-efficient products.	Bielefeld	Acquisition May 2019	Acquisition - undisclosed amount
	Berlin	 FinanzRitter Digital insurance broker to provide highly standardized and automated insurance consultancy and management.	Iserlohn	Seed Feb 2018	Accelerator programme of the Alex Springer Group
	Munich	 identity™ Provider of digital and offline identification solutions.	Düsseldorf	Acquisition Mar 2021	Acquisition - undisclosed amount
	Bonn	 from A to B Multimodal search and booking platform that uses data to find the cheapest and fastest route to a destination.	Aachen	Acquisition Mar 2018	Acquisition - undisclosed amount

2

The startup landscape

Despite a number of startups successfully scaling to Series B+, Cologne remains a relatively early-stage ecosystem, with a large pool of startups at pre-Series A.







Cologne is a hub for science and education: with over 100k students^[1] and renowned research facilities, creating and attracting university spinouts.

Spintout	Research institution	Launch year	Description
		1999	Software for market research, it merged with QuestBack in 2011.
	Technology Arts Sciences TH Köln	2018	Real-time steel measurement
		2017	Develops a photobioreactor for microalgae production
	RWTH AACHEN UNIVERSITY	2014	Provides software development tools, in 2017 it established its HQ in Cologne.
		2016	Surgical education company via AI & 3D printing
		2011	Jet turbines & turbo generators
		2016	Computational chemistry tools
		2007	Precision measurement technology for concentrating solar power

What is a spinout?

A spinout can be defined as a new, small, startup formed to exploit IP developed during the course of an individual's employment in a large organization e.g. university or research centre².

Institution	Employees	Annual budget
	7,393	€725M
Technology Arts Sciences TH Köln	440	€177M
	8,127	€3.8B
 MAX PLANCK INSTITUTE FOR CHEMICAL ENERGY CONVERSION	/	/
	/	/

“Top talent like a creative, open and congenial atmosphere. This also includes the cultural environment and all the amenities that a big cosmopolitan city has to offer. Cologne is well positioned in this respect. Most people like the Rhineland and like to stay there. And that's understandable, because there's a lot of economic substance here, a base of 100,000 students and good opportunities.”

[Read the full interview](#)



Prof. Dr. Kai Thürbach

Professor of Management and
Entrepreneurship at TH Köln

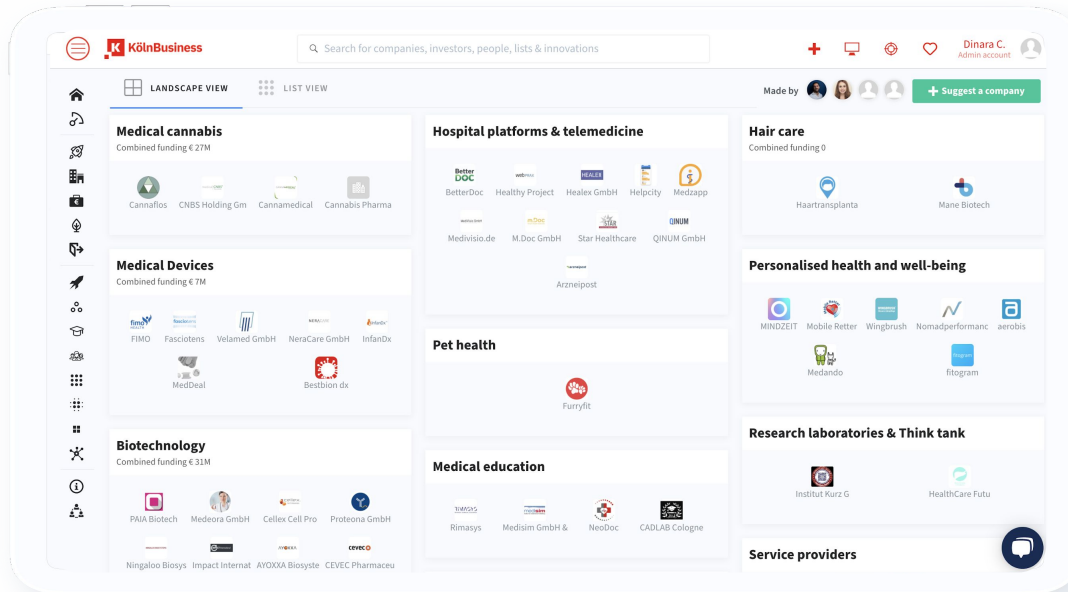
Technology
Arts Sciences
TH Köln

Cologne has reached critical mass in its number of healthtech startups.

CANNAMEDICAL®
PHARMA GMBH

Founded: **2016**
Location: **Cologne, Germany**
Latest round: **€12M, 2020**

Medical Cannabis in Germany



Visit the platform

The Cologne ecosystem is producing a cohort of startups targeting impact outcomes as well as scale.

Name	Founded year	Description	Impact goal	Impact focus	Total funding raised
 GreenPocket	2009	Energy management software for real estate	Affordable and Clean Energy #7	CORE	€7.7M
 vyal	2019	Reusable packaging	Responsible consumption and production #12	CORE	€2.0M
 E/NHUNDERT ENERGI	2017	Digital green energy supplier	Climate Action #13	CORE	€1.5M
 sunvigo	2020	Solar systems for homeowners	Affordable and Clean Energy #7	CORE	€1.1M
 foodloop	2014	Food waste mobile app	Responsible consumption and production #12	SIDE	€100K
 radbonus	2015	Cycling reward program	Sustainable cities and communities #11	CORE	Undisclosed
 GOODGIVE	2019	Reusable fabric gift packaging	Responsible consumption and production #12	CORE	Undisclosed

“**In Cologne alone we have estimated there is the potential to put solar on 15k-20k multi-tenant buildings. Right now we have solar on about 300. So Cologne alone would be enough for us to become a huge company. The potential is there, and progressive policy makers at every level can make all the difference.**”

[Read the full interview](#)



Ernesto Garnier

Founder & CEO

E / NHUNDERT

3

Ecosystem actors

Cologne is a tech and industrial powerhouse, where *Mittelstand* firms and startups meet.

Know-how: internationalisation, scaling, IP transfer
Resources: investments, R&D cooperation

Mittelstand



Startups / Scaleups

Driving change: solutions for digitisation, innovation
Partnerships for growth: industrialisation, manufacturing

***Mittelstand* firms are Germany's 'hidden champions'**

Whilst most German SMEs (firms with a turnover of up to €50M p.a. and up to 500 employees) are usually (self-)described *Mittelstand* firms, the concept is usually associated with more specific characteristics. This includes (majority) family-ownership, family-management, companies with a high degree of specialisation and an export-oriented business model.

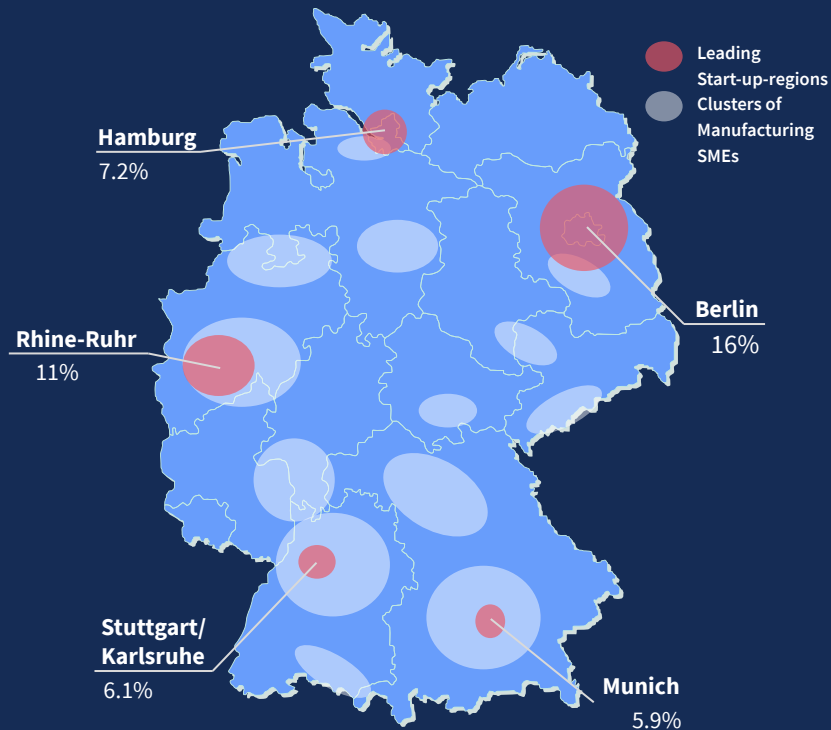
In practice, the overwhelming majority of German businesses (~99%) are (self-)proclaimed *Mittelständler*, employing ~60% of the country's workforce and accounting for a significant proportion of Germany's private R&D expenditure and value-added creation.

Source: IfM Bonn, European Commission, BVMW

Spatial focus of startups and medium-sized manufacturing companies

Source: Institut der Deutschen Wirtschaft, IW Policy Paper 19/2020 "Cooperation of Start-ups and SMEs in Germany" Kollmann et al., 2018, 23 (for start-up centres), expertise of the authors (manufacturing clusters)


Shares of the 5 leading start-up centres of start-ups covered in 2018, in percent, and clusters of industrial SMEs



Startups and *Mittelstand* firms have a wide range of cooperation instruments to choose from.

From capital investments, financial backing, to more flexible arrangements, ranging from Memoranda of Understanding (MoU's) to more formal registered partnerships (Interessengemeinschaft, GbR, ...) or Strategic Alliances and Partnerships, Startups and businesses have plenty of frameworks and cooperation instruments they can resort to in order to take their projects to the next level. More structured contractual agreements may eventually be signed, allowing business relationships to adapt to both parties' needs. These include Licensing, Joint-Venture and Franchising, as well as hybrid solutions, such as co-working arrangements or shared R&D projects.

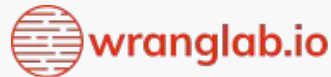
Cologne *Mittelstand* firms supporting startups

 plastics for longer life®



Cologne *Mittelstand* Igus partnered up with London's Mura impact start-up in 2020, to support the construction of the first commercial Cat-HTR plant in the north-east of England.

Cologne startups supporting *Mittelstand* firms



Cologne-based Startup Wranglab.io, founded in 2019, supports the digitisation of *Mittelstand* businesses in the motorcycle industry.



Cologne-based Operaize provides an AI platform focussed on cognitive operations for production and supply chain operations, tailored for (*Mittelstand*) manufacturing firms.

Cooperation Platforms Startups x *Mittelstand*

DIP.COLOGNE



BUSINESS CLUB












Cooperation Platforms : Vertical platforms

BioCampus
Cologne



140+ investors are based in Cologne, investing locally and globally.

Name	Founded year	Investment stages	Last fund raised	Selected investments
 COPARION	2016	Series A	Mar 2016 €225M	Clark, Homelike, Bitwala, Zeotap
 CAPNOMIC VENTURES	2012	Series A	Jun 2017 €115M	Staffbase, GetSafe, Nomagic, How.fm
 DVH VENTURES DIETER VON HOLTZBRINCK	2014	Series A	Aug 2020 €60M	Cashpresso, Liquid, Entrafin, Moneymeets
 neoteg ventures	2020	Seed / Series A	Oct 2020 €30M	/
 STS VENTURES	2013	Seed / Series A	Undisclosed	Snapbus, Audibene, Zooplus, Onvista
 InsurTech.vc	2014	Seed	Undisclosed	Pillar Technologies, Neos, Imageloop
 VENISTA VENTURES	2004	Seed	Undisclosed	Qverse, circuly, stylemarks
 ts ventures	2012	Seed	Undisclosed	Pachama, Usercentrics, eyeo, Snapbus
 media ventures	2000	Seed	Undisclosed	Be2, Make.TV, DiaMonTech

In Germany, Cologne ranks #3 for startups per capita.

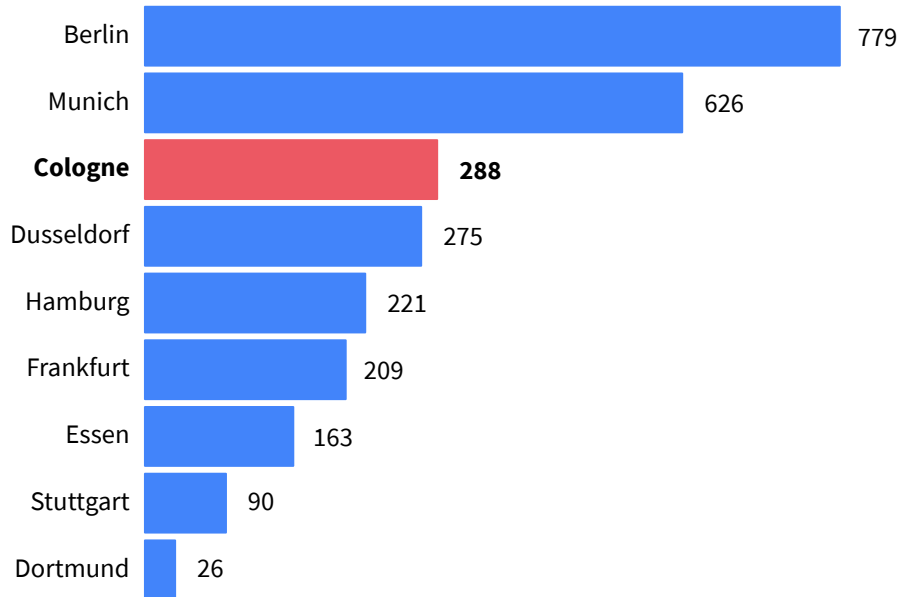


Founded: **2012**

Location: **Cologne and Dusseldorf**

Teams that participated in the accelerator: **170+**

Startups per million inhabitants



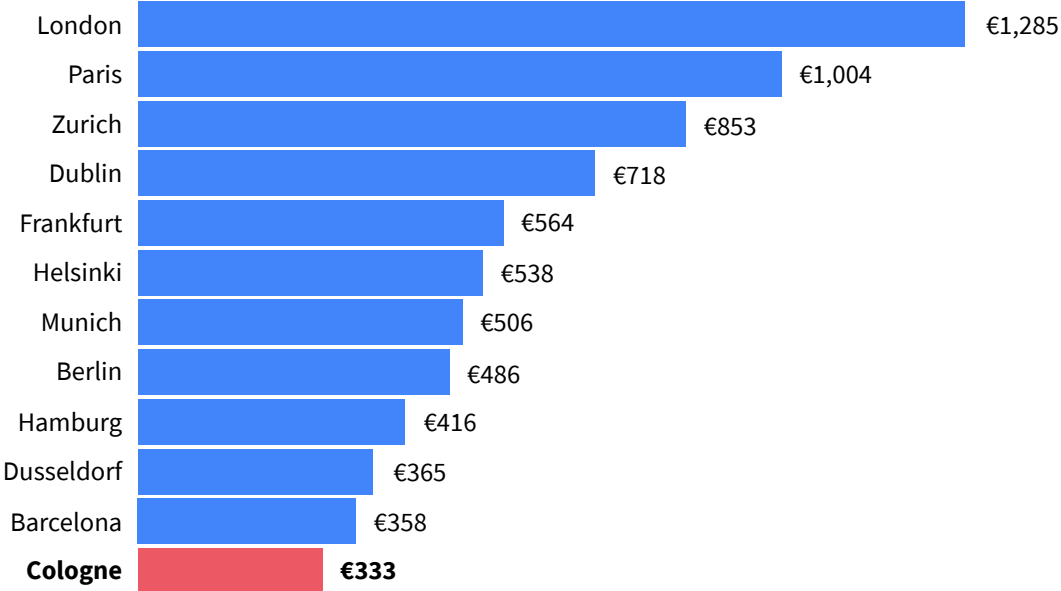
STARTPLATZ is a startup incubator and accelerator with branches in Cologne and Dusseldorf and functioning as hub for the Rheinland ecosystem and the local founders' scene.

Accelerators and incubators often act as a connector between startups and "mittelstands", enabling strategic cooperations to unlock innovation in the region.

[Visit the platform](#)

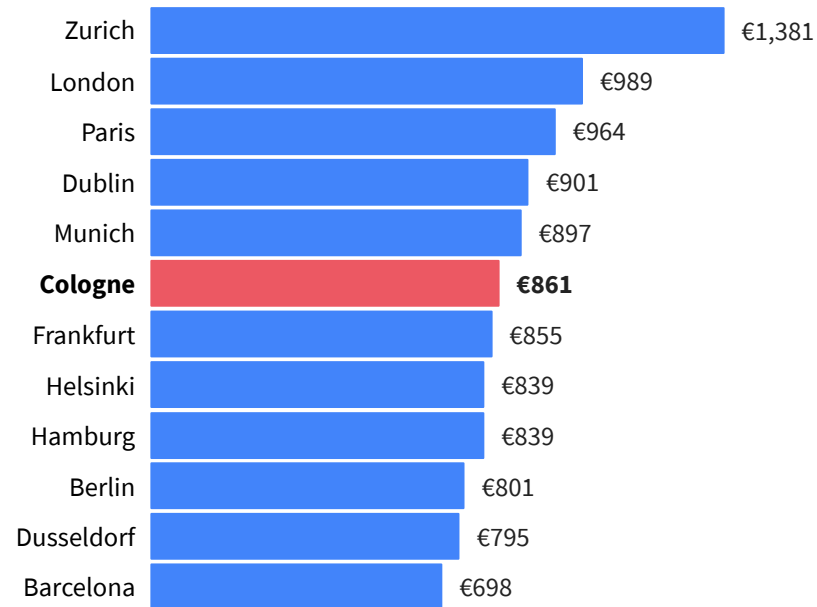
Cologne's office space rent is much more affordable than European and German peers.

Cost of prime rent (€ per square metre per year) for office space by city in selected countries



...and is much more affordable than Zurich, London or Munich for incoming talent.

A single person estimated monthly costs without rent



Venture capital methodology and definitions.

Startups, scaleups, grownups and tech

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. \$1B+ valuation).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies, like Zalando or HelloFresh.

In this report, the term “tech ecosystem” refers collectively to the startups, scaleups and grownups headquartered in Cologne. Only companies founded after 1990 are included in this report.

Venture capital investment

Investment numbers refer to rounds such as Seed, Series A, B, C, late stage, and growth equity rounds.

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

Investment rounds are sourced from public disclosures including press releases, news, filings and verified user-submitted information.

Accelerators and workplaces

Fixed-term, cohort-based programs that include seed investment, connections, sales, mentorship, educational components and culminate in a public pitch event or demo day to accelerate growth.

We consider an accelerator as an ‘investor’ since it takes equity from its startups whereas a ‘workplace’ does not take equity from its tenants.

In this report, co-working spaces, shared office space that also offer community support, are considered as part of workplaces.

Valuation

The combined valuation of the tech ecosystem is based on their market cap or latest transaction value.

Transaction value is realized from exit or implied unrealised valuation from the latest VC round, which is either announced or estimated by Dealroom based on benchmarks.

