BERLIN

U.S. INSIGHTS

AI

Berlin Business Office, USA | BERLIN

We were delighted to interview Peter Leroe-Muñoz, Esq., General Counsel & SVP of Technology & Innovation at Silicon Valley Leadership Group, about what sets the San Francisco area apart as a prime destination for AI companies.

How has the AI industry in San Francisco evolved over the years, and what trends are you seeing currently?

Silicon Valley (the whole of the San Francisco Bay Area) remains the world leader in innovation, and that includes the recent explosion of consumer technology associated with artificial intelligence (AI). The region has long been home to the development of the underlying technology for AI and we've seen local companies focused on predicting the hardware/software needs for increased AI computing. One trend has been a concentration on building the "scaffolding" that allows for AI deployment and adoption.

Are there programs or initiatives that support AI companies in San Francisco? Do any funding opportunities exist for tech startups in this area?

The federal CHIPS and Science Act, passed by Congress and signed into law by President Biden, will allocate billions of dollars of funding for semiconductor design, R&D, manufacturing and workforce development. Companies in the Bay Area that work in these areas may apply for funding.

What kind of resources or connections are there to help Berlin-based startups expand to San Francisco? Can you name any initial points of contact for start-ups considering San Francisco as a location?

Any startup considering presence in Silicon Valley should first speak with the Governor's Office of Business and Economic Development. This office is the gateway for companies looking to settle in the Golden State. They can assist in identifying funding opportunities, tax incentives or deferrals and other state resources. They can be found online at: https://business.ca.gov/

What are some of the biggest mistakes that (AI) startups make when trying to expand to San Francisco, and do you have any tips on how they can avoid them?

The Bay Area and Silicon Valley are relatively small, all things considered. Don't miss the opportunity to network across industries and share lessons learned with others in the tech ecosystem. This is a very collaborative region: get out and meet new people!

We were thrilled to have Eva-Maria Olbers, Operating Partner at Point72 Ventures, share her insights on the AI sector in the US.

Did you always have a passion for AI? How did you get to where you are today, working as an Operating Partner at Point72 Ventures in San Francisco?

I have always been fascinated by the concept and the possibilities of Artificial Intelligence, but I really started to develop a passion for the space when I joined a Machine Learning startup in the education space in my early twenties. Here I learned how powerful AI/ML models can be specifically in the education sector, and how AI can improve and enrich existing applications and industries.

After my experience of working in the AI startup sector, I was excited to switch to the investor side to monitor the emerging trends and work with inspiring founders around the world. I worked at the Microsoft Ventures Accelerator in London where I predominantly focused on the European and Israeli startup ecosystems, before pursuing a Masters degree at the Harvard Kennedy School, where I focused on AI policy and ethics. I decided to join Point72 Ventures and move to San Francisco to learn about current AI trends in the heart of Silicon Valley.

What trend in AI are you most excited about?

Personally, I am very excited about how AI can be leveraged in systems and processes which humans are dependent on, but which have shown shortcomings when put under pressure, as for example during the COVID-19 pandemic. Many of the world's supply chain processes as well as manufacturing systems were heavily disrupted, while, in parallel, a global workforce needed to reinvent itself and adapt to be fully or partially remote. I am excited about the possibilities of AI

to improve and automate critical processes and think that there is great potential in areas including supply chain automation, next-gen manufacturing, and Future of Work applications.

How important is Foreign Direct Investment & Innovation from overseas for the AI industry in your opinion?

I believe that a direct investment and innovation exchange between different ecosystems is critical in ensuring growth in the AI industry. Looking at the United States and Germany specifically, we see greater access to capital and venture funding in the US, as well as beneficial legal and policy incentives, making starting and funding a company comparatively easier for early-stage founders based in the US.

Germany, by contrast, has fundamental strengths including sector specialization in manufacturing, automotives, and semiconductors. The country provides strong access to talent and research hubs centered around its universities, benefits from access to generous government funding, and its startups excel at being highly adaptable in their go-to-market strategies when expanding to other European countries.

I also observe interesting differences in the type of innovation that comes out of the two ecosystems, in AI and beyond. The US is known for producing rapid innovation, while Germany is excellent at incremental innovation, where processes are improved - incrementally - over a long period of time.

This is directly embedded into Germany's education and labor system which encourages vocational training at a young age and benefits from employees often staying with a company for a long period of time, allowing them to perfect a certain mastery and/or process.

I increasingly see US investors seeking these types of innovation in Germany, and vice versa, many German startups are still relying on expertise and capital investment from the US. The two ecosystems are complementary and unique in their own right, and an ongoing innovation and capital exchange is fundamental to maximize their potential.

Is there anything in particular that companies and startups from Berlin could have in mind while looking at the AI industry in the U.S.?

Startups from Berlin should focus on the unique sector and innovation strengths they bring to the table and understand what they can contribute to the US-based

AI industry. Further, they should be aware of some fundamental cultural differences, especially when raising capital in the US. Take the word "venture capital" for example. "Venture" implies something new and positive, a beginning, an exciting undertaking.

The translation of this word in German is "Wagniskapital" which focuses on the potential hazard and risk element of startup financing. This subtle but important difference also shows in how American and German entrepreneurs typically pitch to investors.

In my personal experience from hearing both American and German founders pitch to me on a daily basis, the former often have more assertive pitches ("this will work" vs. "this might work"), have more aspirational growth projections, and tend to ask for more money, while German entrepreneurs are often more conservative in their pitches and growth projections and ask for less funding at every stage of company growth.

Finally, I have observed a cultural difference in how failure is being perceived. In Germany we often try to hide our failures, while in the US and in Silicon Valley specifically it is accepted and even celebrated to have started a company that eventually failed, as long as the founder can demonstrate that he/she has developed learnings and resilience from this experience.

These are just a few of the subtle but important cultural differences that I would encourage Berlin startups to be aware of when looking at the AI and VC industry in the US.

Eva-Maria Olbers is an Operating Partner at Point72 Ventures in San Francisco where she focuses on Artificial Intelligence and DeepTech investments. She works closely with AI startups in the US and globally, including in the Robotics, Natural Language Processing, and Voice AI space. Originally from Germany, Eva is passionate about connecting the startup and VC ecosystems between Berlin and Silicon Valley.

POINT72 VENTURES

We had the pleasure of talking to Dr. Matthias Brendel, CEO of Footprint Technologies GmbH, about the company's roots in Berlin and their expansion plans to the US.

How did the vision to start Footprint Technologies develop?

It started with my personal problem: I often ordered several sizes of my desired shoe model and often needed to return all of them, as the model simply was too narrow for my wide feet. Standing in the return queue again, I thought there must be a solution to solve this problem in the 21st century with technology. Being a trained environmental engineer, I love to leverage technology to enable sustainability. That is exactly what we are doing at Footprint.

Can you briefly explain the service Footprint Technologies offers?

We are a B2B Software company and integrate our service into the online shops of our clients. They are either shoe brands with their own D2C webshop or multi brand online shoe retailers. Once integrated into the website, end consumers are able to utilize our foot measurement and size recommendation service seamlessly within their shopping experience, starting with the product detail page of their preferred shoe model and ending up with the best fitting size of that shoe in their shopping cart. If users measured their feet once, our service will show the best size for each shoe they are browsing within this partner shop, as almost all shoe models fit differently. To build up this deep fitting knowledge on article level, we collaborate directly with shoe brands and integrate all their fitting-relevant data into our database.

You started your business in Berlin, why did you choose Berlin as a business location?

Berlin is a perfect location for what we are doing: we are building software to transform the fashion and retail space towards more sustainability - sounds perfectly like Berlin, doesn't it? We needed Computer-Vision and other Software Engineers and people who are experienced in building first-class digital experiences. Berlin's startup-Ecosystem offers exactly this talent from all over the globe: In our 18-person team, we are proud to have team members from 12 different nations.

Have you already expanded to other countries?

We are already doing business in 5 European countries and Japan. These days we are starting with our first US based client and are talking to many potential clients.

What are your plans when it comes to expanding in the U.S.? What opportunities do you see in the U.S.?

I see enormous potential in the US! As the US shoe market is one of the biggest and there are several D2C shoe brands that sell enormous volumes online, that you simply cannot find in Europe. The US brands and retailers are also more open for trying innovative stuff, than many European players are. Americans simply test it while Europeans often try to assess it to any detail before giving it a try. The first way is much easier and faster and thus the preferred option for startups, like us.

What AI-driven technologies or applications do you see as the most promising for the fashion industry in the near future?

I am deeply convinced that services like Augmented Reality Try-On, that give users a better feeling, how a shoe or apparel item will look on their body, is on its way to mass adoption. Similar Technologies that measure body parts and ensure your will get the best fit size without a return will be standard in three years. Beyond that I assume generative AI will disrupt the design process for fashion items and enable people to design their apparel and shoes on their own and get them delivered within just a few days. Think of a 3D printed shoe, that perfectly fits both of your feet and is styled as you imagine it - made just for you without any overproduction. Much more sustainable than producing stock and dumping a relevant amount of it at the end of a season, as it is standard today...

Can you recommend what type of partners are helpful in expanding to the U.S. or any other pertinent advice to Berlin companies exploring U.S. markets?

We already attended a full program of GACC West to learn about the West Coast and US market entry in general. That already helped to improve our understand-ing and adapt our communication. Additionally we do have a sales partnership with SAP, that enabled us to attend several conferences and fairs. Thanks to the endorsement of SAP, we were able to win our first US client, and many more are in the pipeline.

Do you have any advice/tips for emerging businesses in Berlin? What shouldn't they miss when they are about to start their startup journey?

Besides attending networking events to hear about the very latest insights and trends, I can only recommend talking to an expert for subsidies and grants. There is a wide variety of programs that help you in the early years of building up your startup with support and money, so make use of it - the rest is hard enough. ;-)
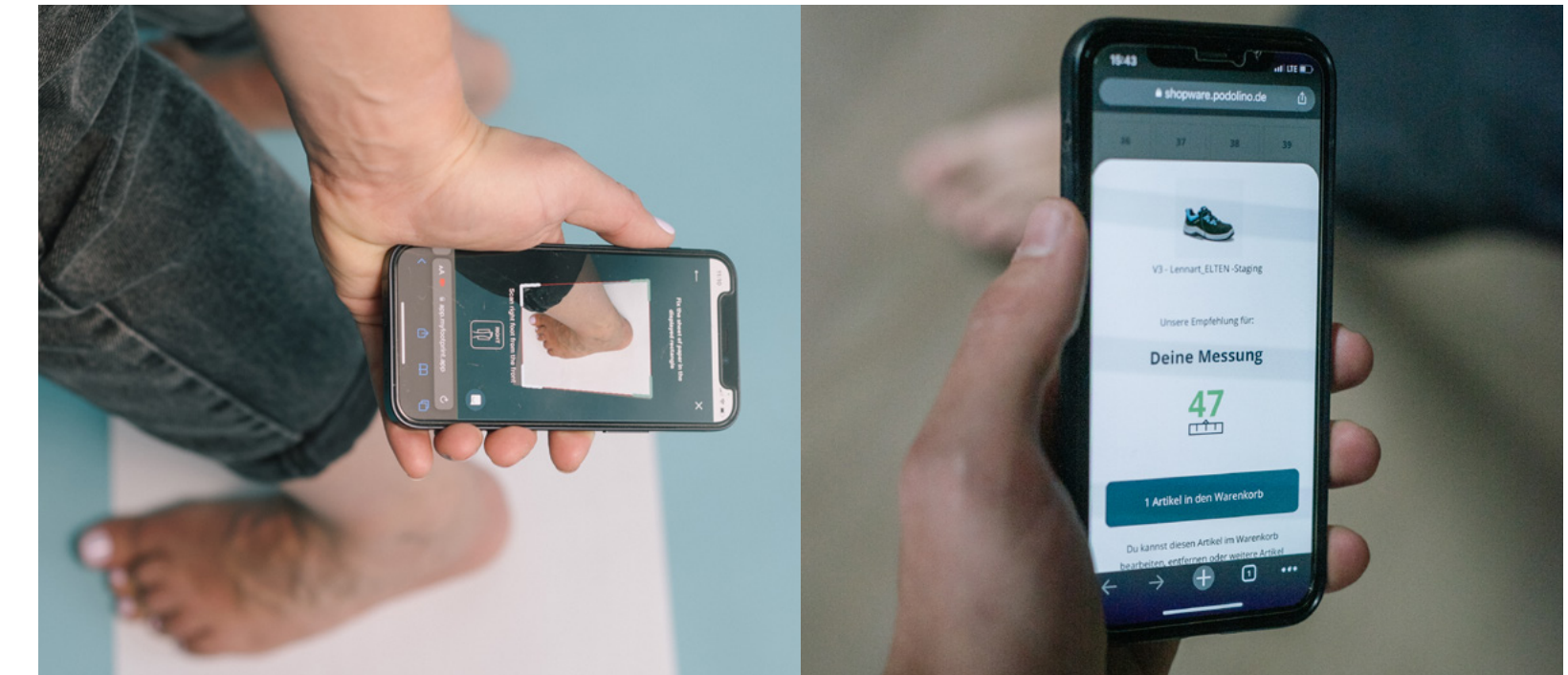
NUMBERS & FACTS

Founded: 2019 in Berlin
Employees: 18 Employees
Locations: We are based in Berlin, but serve clients internationally from Japan to San Francisco
Industry: B2B Software Service for Ecommerce Shoe Retail

Footprint Technologies offers the leading service that enables people to measure their feet precisely via phone and recommends the perfectly fitting size & fit of the desired shoe model to prevent returns in online shoe business. The foot measurement works on every phone without even installing an app and leverages latest Computer-Vision technology as well as a unique shoe database to constantly improve the recommendation quality.

We had the opportunity to talk to Sercan Esen, CEO at Intenseye, about the decision to open an office in Berlin and Berlin as a business location for AI companies.

Can you explain Intenseye's mission in a few sentences?

At Intenseye, our mission is to disrupt the traditional approach to workplace safety by empowering safety teams with real-time, data-driven insights. We aim to replace lagging indicators with leading indicators, enabling safety teams to identify and address hazards that are unseen before. By providing an innovative, AI-powered solution, we strive to transform the way safety teams operate, making workplaces safer and more efficient around the world.

Intenseye was founded in 2018 in New York, when did you expand to Berlin?

We expanded our company to Berlin earlier this year in January. Our Co-Founder and CTO, Serhat Çillidağ, and I had the opportunity to visit Berlin a couple of times, and we were impressed by the city's thriving tech ecosystem, which is home to over 100 AI startups. We are excited to be a part of this, and we believe that this expansion will help us to better serve our customers and further contribute to the development of AI technologies globally.

Can you tell us something about Intenseye's expansion strategy? What factors influenced your location decision in Germany?

Our company has a presence in 25+ cities around the globe, empowering safety teams and helping leading manufacturers and Fortune 500 companies to protect 100K+ workers. Our headquarters is located in New York, where our go-to-market team operates, and our engineering hub is based in Istanbul.

In terms of our expansion plans in Europe, we have been focused on establishing a strong presence there. One of the main reasons behind expanding to Berlin is the city's rapidly growing tech hub, which is home to a diverse, international group of talented AI engineers. We are excited about our growth trajectory and remain focused on establishing a strong presence in the region.

What opportunities do you see in the AI sector in Berlin? What advantages does Berlin offer as a location for AI research and development?

Berlin is a hub for research institutions, universities, and start-ups and is at the top level in AI research worldwide. The city's expanding startup ecosystem, coupled with its established tech firms and collaboration between academia and industry, makes it a flourishing environment for AI innovation. Institutions such as the German Center for Artificial Intelligence, the Zuse Institute, the Einstein Center for Digital Future, and the Berlin Institute for the Foundations of Learning and Data (BIFOLD) also play a crucial role in fostering the AI innovation ecosystem. This presents a huge potential for R&D to improve people's lives with AI.

At Intenseye, we are passionate about using innovative tech to make a positive impact on the lives of frontline workers and help safety teams save more lives. Our mission and vision align with Berlin's potential for R&D to improve people's lives with AI. By leveraging the city's AI ecosystem, we can further develop and enhance our solution to provide safety teams with even more advanced tools to identify and address workplace hazards in real-time. We believe that our shared commitment to innovation and making a positive impact can bring us closer to a world where zero accidents are a reality.

Can you recommend what type of partners are helpful in expanding to Berlin or any other pertinent advice to US companies exploring the Berlin market?

When expanding to Berlin, it's important to take a collaborative approach when working with different stakeholders across all industries, as well as NGOs and unions in our case. It's also crucial to listen to the experts in the field of AI, as well as to the engineering talent, to understand their local needs and ensure that the process is smooth and our expansion is beneficial to all. Building lasting relationships and prioritizing longevity over short-term benefits are key to success in the Berlin market.

Partners who can provide knowledge on local laws and regulations can also be a valuable asset. Both our CTO and I visited Berlin a couple of times and met our Berlin partner, who introduced us to other partners. By taking the time to find the right partners and establish strong relationships, you can navigate the Berlin market successfully and make a positive impact on the lives of those you serve.
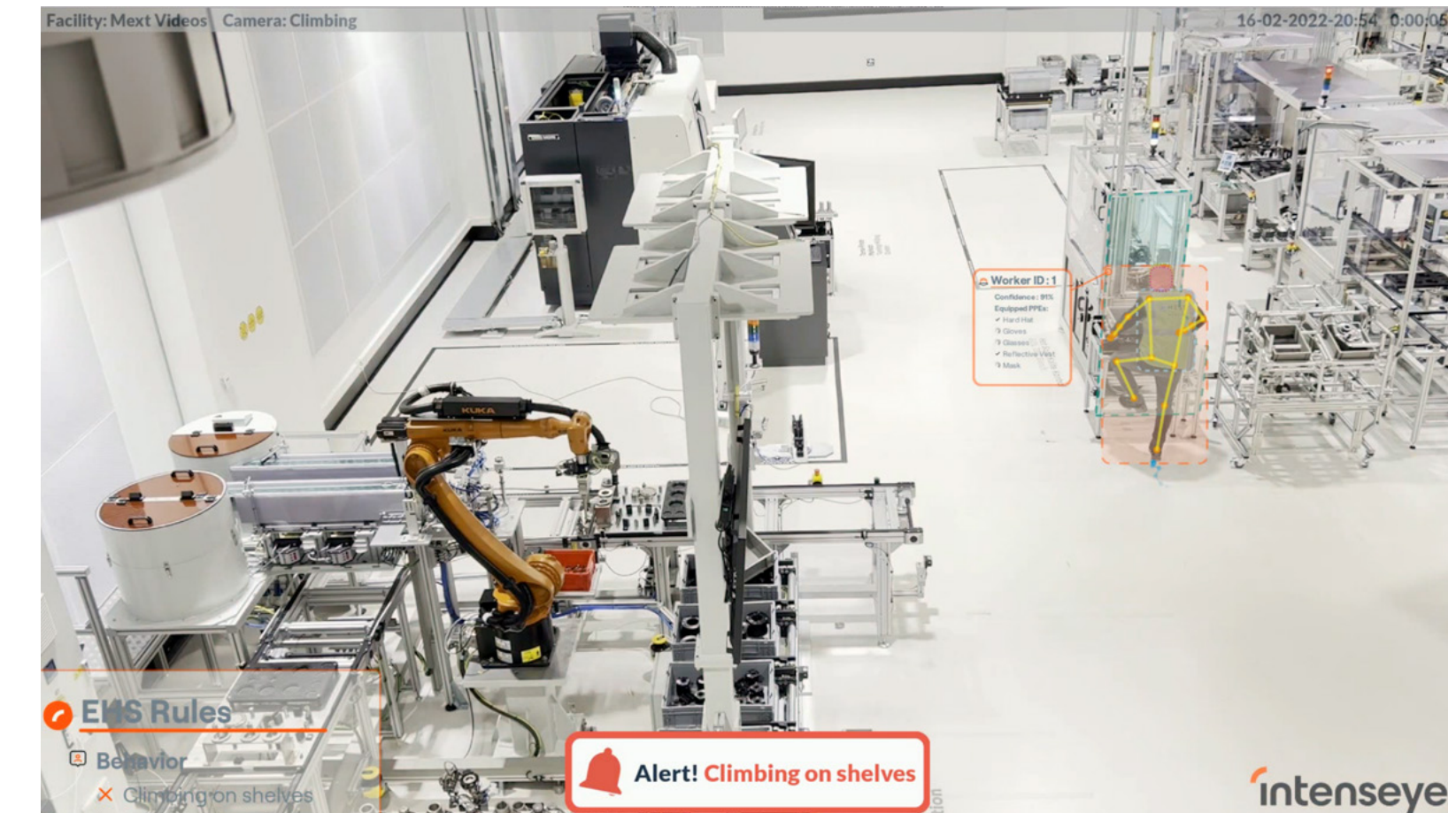
NUMBERS & FACTS

Founded: 2018
HQ: New York, NY
Employees: 100+
Locations: New York, Istanbul, Berlin
Industry: Artificial Intelligence, Software Development

Intenseye is a category defining environmental health and safety (EHS) platform powered by cutting-edge AI. Using existing cameras within facilities, Intenseye empowers EHS leaders to see the unseen hazards and save lives proactively, through 24/7 analysis of workplaces and real-time leading indicator data.