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It's Berlin game, tech and match

The German capital's low cost of living is helping it challenge London as Europe's technology hub, writes Christopher Goodwin in Berlin

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Berlin, home to Silicon Allee, is threatening London's place as Europe's tech hub (spreephoto.de)

LONDON should be worried by Steven Gilmore. The online games developer looks harmless enough but Gilmore, 31, is part of a brain drain to Berlin that threatens to end London's place as Europe's technology and start-up hub.

Generation Y programmers from across the world now see London as too expensive or fusty, or are

kept out of Britain by its strict immigration policies. Instead they are increasingly flocking to Berlin's Silicon Allee.

“When I was living in London I was sharing a really small flat with three people,” said Gilmore, who works for the online games company Wooga. “When I moved here I could have a similar-sized flat on my own for less money.”

With tech salaries comparable in the two cities, the cost of living is 40% lower in Berlin where the technology business is booming.



Steven Gilmore says living in Berlin is much cheaper than London

When Gilmore joined Wooga in July 2012 the company, which makes titles such as Jelly Splash and Diamond Dash, had 140 employees. Less than 18 months later it has 275 staff from 41 countries with an average age of 30.

When Angela Merkel paid it a visit last October to tout Berlin as Europe's new start-up hub,

the German chancellor was surprised to discover that the corporate language at Wooga — and almost every other tech company in Berlin — is English.

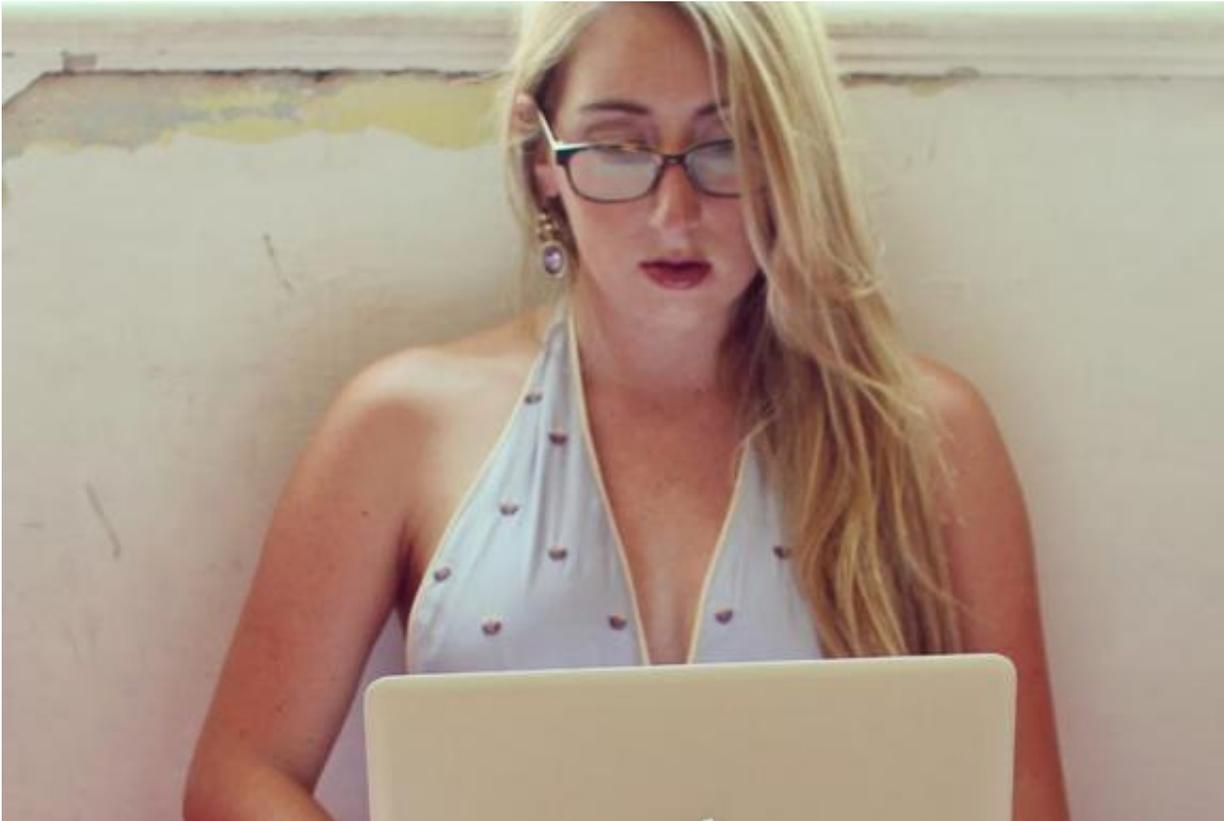
In the funky workplaces and cool Berlin cafes where twentysomething programmers and developers beaver away on their laptops, being unable to speak German is no hindrance.

Kalie Moore, a 27-year-old from San Francisco, California, has been living in Berlin for a year. Moore, who has a blog called Berlin Startup Girl, admits she cannot say much more than “ja, nein und danke”. But she says it has never proved a problem since she opened her business as a marketing strategist.

“Within three months I had enough money to support myself,” said Moore. “It’s much more exciting than Silicon Valley. To be in this start-up environment, especially as an American from San Francisco, is really interesting.”

Meanwhile, in east London’s Silicon Roundabout — or Tech City, as it is also known — “the scrappy start-up businesses are clearing out in bulk”, according to the technology writer Cory Doctorow because of soaring rents and property redevelopment.

Some entrepreneurs also blame the UK’s tight immigration policies for making it difficult to recruit non-



Kalie Moore has easily found work in Berlin

European Union talent whereas 16 of Wooga's employees are Brazilians, who would find it far more difficult to get visas to live in London.

Office space is plentiful in central Berlin where old breweries, bakeries and disused Nazi bunkers are still being restored. With two new employees joining every

week, Wooga will take over another floor of its building, a former bakery, next month.

If attracting talent is important for start-ups, finding investors is even more so. Until recently Berlin, whose start-up scene is much less mature, lagged significantly behind London in its ability to find venture capital.

According to Dow Jones VentureSource, however, which supplies venture capital data, in the second quarter of last year Germany received £228m in new venture capital for 67 deals, mainly in Berlin technology companies. In comparison the UK won £176m for 77 deals.

Berlin is now believed to be attracting about £836m a year in start-up investment. Google's office in the city is expanding fast and Microsoft is also quietly investing in Berlin start-ups.

SoundCloud, the online music sharing service, is one of the international companies that have boosted Berlin's reputation as a tech hub. Its Swedish owners decided Berlin was the best location to launch the company and have raised a total of \$83m (£50m) from investors.

"It's definitely cheaper to start a company here than in most other cities," said Alexander Ljung, chief executive.

This year has already seen further deals. Among the biggest are Delivery Hero, an online meal-ordering company that has boosted its funding to £121m, and Outfittery, a menswear service that has secured £11m in US funding.

In this gold-rush atmosphere more tech companies and start-ups seem to be saying about Berlin what used to be said about London.



The games developer Wooga, visited last year by Angela Merkel (Carsten Koall)

“Wooga couldn’t exist in any other city,” said Jens Begemann, the company’s founder and chief executive.

Chips off the old block

From **Silicon Wadi** in Tel Aviv to **Silicon Beach** in Santa Monica, California, there are now dozens of technology

hubs collectively dubbed “Siliconia”.

Silicon Alley in New York is home to trendy viral content and social media sites, including BuzzFeed.

Silicon Roundabout, in the Old Street area of central London, has churned out bestselling apps including Candy Crush Saga. Google and Facebook both have outposts there.

In Bangalore, **Silicon Plateau** houses some of the world’s largest outsourcing companies, along with the offices of several American technology firms.

Other communities include **Silicon Docks** in Dublin, **Silicon Fen** in Cambridge and the lesser-known **Silicon Swamp** in Florida.

Some innovation hubs, including **Cyberabad** in Hyderabad, India, have dispensed with the Silicon moniker entirely.