



Natalie Robehmed Forbes Staff

I cover media and entertainment.

ENTREPRENEURS 7/30/2012 @ 12:00PM | 3,236 views

Mozilla And SoundCloud In Berlin Startup Hub

Internet giant Mozilla will join music



A simulation of The Factory

powerhouse SoundCloud and other local startups in a new hub that aims to bring together some of Berlin's most exciting early-stage companies and successful entrepreneurs into a peer-learning office dubbed the Factory, it was announced today.

Located on the former border between East and West Berlin – a segment of its wall was once part of the city's famous divider – [the Factory](#) is an 8,500 square-meter complex set to house a fitness room, restaurant, and yes, an art gallery, in its five buildings. Part incubator, part accelerator, the Factory hopes to shape the future of the city's burgeoning startup scene in a distinctly Berlin fashion.

Spearheaded by 34-year-old Simon Schaefer, partner at angel and seed financing company JMES Investments, the Factory grew from a simple logistical question: how much time could be saved if all of a company's investments were in one location?

"Berlin today is a place that offers a lot of opportunities both geographically and as a fertile playground for people to develop their ideas," said Schaefer. "What we thought would be really great would be to have companies at different stages in one place and have them work with each other and grow ideas."

Schaefer hopes the Factory will become a creative hub, meaning its allusion to Andy Warhol's nerve centre factory suits more than the building's industrial aesthetic. The Factory follows the idea-exchange model of [San Francisco's](#) now-defunct [Pier 38](#), the birthplace of Instagram, and the shared office concept of places like London's [Techhub](#) and [The Cube](#). With

financing from private investors and JMES Investments, the Factory aims to keep rates affordable for the young entrepreneurs it houses, one third of which will be companies in early stages of formation such as [Views](#) and [Toast](#). Startups don't have to give up a slice of equity to base their offices in the Factory, instead paying less than \$18 per square meter in rent.



Simon Schaefer of JMES Investments

“Berlin is at the very forefront of so many verticals and ideas being not only financed but pulled off by people because Berlin is so affordable,” explained Schaefer.

[Reuters](#) estimates the city is home to some 1,300 startups. The Factory is currently the base of six of those companies, with SoundCloud and Mozilla moving in soon.

SoundCloud, the website that lets users upload and listen to audio as well as embed songs in other sites, was founded in Sweden in 2007 before swiftly relocating to Berlin. The site now has over 18 million registers users and will be one of the biggest companies moving its to the Factory.

“When we came down [to Berlin] there was not that much of a scene,” said Eric Wahlforss, co-founder and CTO of SoundCloud. “In the meantime the scene has exploded and it became clear in the last year that there’s something going on here.”

Wahlforss and Schaefer both hope the Factory will facilitate healthy exchange between startups: “If you are developing an iPad app you can go to the iPad developers from SoundCloud to talk about it,” explained Schaefer. “This is what we are trying to institutionalize.”

“In the valley you have more in terms of established infrastructure versus here in Berlin we’ve built that infrastructure almost from scratch,” said Wahlforss.

Wahlforss concluded: “I think hopefully the Factory will end up being one of those institutions which things revolve around.”

RECOMMENDED BY FORBES

[How Berlin's Women Are Changing The Face Of Tech](#)

[How Alex Ljung Conceived SoundCloud And Plans To Make It Rain](#)

[Healthy Vending Machines: The Future Of Snack Food](#)

[The Richest Person In Every State](#)

[No -- I Won't Bring You Proof Of My Last Salary](#)

This article is available online at: <http://onforb.es/LYVqNu>

2016 Forbes.com LLC™ All Rights Reserved