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Leipzig

links past and present

TECHNOLOGIES OF THE
FUTURE TAKE HOLD IN A
TRADITIONAL TRADING CITY



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Leipzig steps up

LEIPZIG'S REPUTATION AS A CENTRE FOR TRADE DATES BACK TO EUROPE'S ANCIENT TRADE ROUTES. NOW THE CITY ACTS AS A GATEWAY TO YOUNGER EU STATES AND HOSTS A RAFT OF HI-TECH AND GROWTH INDUSTRIES, AS WENDY ATKINS REPORTS

Driving around Leipzig, it soon becomes apparent that past and present live harmoniously side by side – from the ancient Old City Hall and brutalist architecture of the German Democratic Republic-era Gewandhaus concert hall to the slick public transport system and modern buildings housing futuristic production lines.

Leipzig's long-standing reputation as a centre for trade holds true today as it offers cross-sector oppor-

tunities for companies and workers. The German city, which has a population of 1.7 million, has seen employment grow by 22% since 2005. Its GDP rose by 3.4% in 2016, well above the German national average of 1.7%.

Leipzig also fares well in the rankings. In June 2017, it was number one for population growth in Germany and came second in a ranking for 'German Cities with the Best Prospects' (Hamburg Institute of International Economics and private bank Berenberg, September 2017). HHL Leipzig Graduate School of Management was also ranked sixth for master degrees in management provided by the world's leading universities (*The Economist*, May 2017).

A host for growth

Located at the intersection of the Via Regia and Via Imperii trade routes, Leipzig is home to several growth industries. These include automotive; plastics; chemicals; energy and environmental technology; food and packaging; manufacturing; IT and e-commerce; life sciences and biotechnology; logistics; media and creative; and start-ups.



LEIPZIG HAS A STRONG EDUCATION SECTOR, BEING HOME TO 11 UNIVERSITIES AND ABOUT 40,000 STUDENTS



It also has a strong education sector, being home to 11 universities and about 40,000 students. Major names with bases in the region include Amazon, Basf, Siemens, BMW, Porsche, DHL, Vattenfall, Verbundnetz Gas and Arvato Systems.

Unsurprisingly, trade fairs are an important part of Leipzig's business environment. "Leipzig won its city and market charter some 850 years ago, beginning one of the world's greatest and oldest trade fair traditions, and setting the rhythm of the city since that time," says Steffen Jantz, executive director and spokesperson of trade fair company Leipziger Messe.

"Trade continues to define Leipzig's economic, political, architectural and social development. Leipziger Messe – together with its five subsidiaries and the Congress Center Leipzig – is among the 10 leading trade fair companies in Germany, and one of the top 50 worldwide," he adds.

About 280 trade fairs, conventions and other events attracting up to 12,000 exhibitors and more than 1.2 million visitors take place in Leipzig every year. "The most important events include the Leipzig Book Fair, which includes Europe's biggest reading festival, Leipzig Liest; the Intec and Z twin fairs – leading European trade fairs for the metalworking industry and supplier industries; the world's leading industry event for orthopaedic and rehab technology, OTWorld; and Denkmal, Europe's leading trade fair for conservation, restoration and old building renovation," says Mr Jantz.

The portfolio also includes the annual International Transport Forum, the world summit of transport ministers, which takes place annually at the Congress Center Leipzig, and important medical conventions such as Leipzig Interventional Course.

The right connections

The city enjoys a well-developed road network with direct connections to three major motorways. Since the start of the 21st century, investment has continued to improve the transport infrastructure. Projects include the creation of a high-speed rail link for Berlin-Leipzig/Halle-Erfurt-Nuremberg-Munich; the completion of the Wahren Multimodal Terminal; the completion of the A72 motorway between the Borna and Leipzig intersection; and the expansion of Leipzig/Halle International airport, including the opening of an air-freight transshipment station. Funds have also been put into other transport network schemes.

Such investments are boosting the city's logistics industry. The airport handles cargo



Photo credit: Philipp Kirschner

Good numbers: Leipzig's GDP rose by 3.4% in 2016, well above the German national average of 1.7%

24 hours a day, and high-speed rail services on new and upgraded tracks ensure good regional and national connections. Since 2008, DHL has used Leipzig/Halle Airport as its European hub, with some 60 flights daily.

However, while the city has good air and rail links to other German cities, some believe its international airport connections could be improved to make travelling easier and faster. "Our employees frequently travel to our international offices via plane," says Peter Reitz, chief executive at the European Energy Exchange. "Often the flight connections to these locations are not ideal because no direct flights are offered."

Leipzig's popularity is reflected in its expanding property market. In 2016, property sales totalled €2.9bn – the highest since the city's valuation committee began recording the figures in 1992 and a 3% increase on 2015's total.

The city is also becoming increasingly attractive to tourists. In 2016, total turnover for tourism was €1.33bn for the region compared with €1.11bn in 2015, according to the Leipzig Chamber of Commerce. Tourist arrivals were also up. "For the 11th year in a row, Leipzig surpassed the figures of the previous year in 2016," says Volker Bremer, CEO at Leipzig Tourism and Marketing. "With a total of 1.57 million arrivals, the city recorded an increase of 2.4% compared with 2015. The total number of overnight stays was 2.89 million, an increase of 2.5%."

Portal to the east

The city's location as a gateway to the new EU accession states of eastern Europe, its links to

the markets of both western and central Europe and its educated workforce have all encouraged businesses to invest here. Leipzig now plays host to Bucher Emhart Glass's sales and service centre for northern Europe, while furniture maker USM Haller is moving its assembly operation from Baden-Württemberg to the city. The move should be complete by 2018, and will initially result in 300 new jobs.

Security tech company Giesecke & Devrient has also shown its confidence in the region, investing an eight-figure sum in a new building in Leipzig into which it moved in September 2016. Insurer Generali opened its new offices in Leipzig in October 2016 with a workforce of 30, which grew to about 100 by mid-2017.

Other firms investing in the area include Bosch, which opened a centre for business services here in May 2016; HL Komm, which is constructing a new data centre in Leipzig; IT2 Solutions, which is investing €3m in its new office block in the north-eastern district of Heiterblick; and Deutsche Telekom, which is building an ultra-modern four-storey office complex in the city.

Support for investors includes the Joint Scheme for the Improvement of Regional Economic Structures, which is aimed at investment in the manufacturing industry and production-related services. SMEs can tap into non-reimbursable investment grants, plus there are several grants available via state schemes, such as the European Social Fund, and low-interest credit from the state of Saxony. ■

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Bright sparks

AS HOST TO THE EUROPEAN ENERGY EXCHANGE, LEIPZIG IS ENJOYING A GROWING REPUTATION AS AN ENERGY HUB AND ATTRACTING AN INCREASING NUMBER OF COMPANIES FROM THE SECTOR. **WENDY ATKINS** REPORTS

Leipzig's energy and environment sector has a long history and now boasts well over 1000 companies – including start-ups – involved in energy, environmental and transport transition. The sector has grown from 1062 firms employing 9115 people in 2005, to 1358 with 12,345 employees in 2016.

One of the Leipzig's home-grown successes is the European Energy Exchange (EEX), which has transformed from a local energy bourse into a leading regional exchange. It develops, operates and connects secure, liquid and transparent markets for energy and related products. It offers contracts for power, emission allowances and coal, as well as freight and agricultural products.

"We started out as an electricity exchange for the German market and evolved into a European energy exchange with a broad portfolio of products," says EEX chief executive Peter Reitz.

Powerful surge

The company's exchange operations started in 2000 with the support of a number of local shareholders, including Sachsen Bank, the State of Saxony and the City of Leipzig. Its first office was located in Neumarkt in the city centre, with about 30 staff. Today, EEX Group employs more than 200 at its Leipzig

offices, spread over six floors.

"We're a growing company and feel very committed to Leipzig as our main location," says Mr Reitz. "We want to continue this growth and position ourselves as a global commodity exchange. Today, we have more than 450 employees in 16 locations worldwide, with Leipzig as a strong base."

He believes Leipzig attracts organisations such as EEX because of its status as an energy hub, with a growing number of companies from the energy and environment sector choosing to be based there. "Leipzig is a university city, which enables us to recruit potential junior staff. Looking at a supplier level, we're also close to various service providers in and around Leipzig who support our business segments," adds Mr Reitz.

An easy cell

The city has also captured the interest of international investors such as OC3 Solar. Based in Leipzig's Zwenkau district, the company develops and manufactures products for renewable energy production and energy saving, including thin film solar cells, electrochromic films for intelligent windows, electrically controlled glass and thin film batteries, and it builds integrated solar modules under the Solarion brand.

"We were thinking of making an investment in the solar field in 2015," says Ceyhun Derinboğaz, product development manager at OC3. "Initially we thought of starting a production unit at our base in Turkey, but there was an opportunity to acquire Solarion, and there was a lot of potential in Leipzig, so it made sense to invest in Leipzig rather than Turkey, because the know-how, assets, employees and everything else was already here."

Mr Derinboğaz says OC3 took over the German company and 15 core employees in 2015. Since then, its workforce has grown to 33 permanent employees (four Turkish, 29 German) plus eight temporary staff.

He acknowledges there is stiff competition from China in the solar energy industry, but says OC3 can exploit a niche in the industrial customer market by producing technology that does not require metal frames and mounting parts to house solar modules on industrial roofing.

"People also ask why we don't produce solar cells in China and import them," he adds. "But there's a minimum import tax for Chinese cells, and if you add this to the price, it's about the same amount of money as buying from Germany – and people prefer to buy from Germany because of the higher quality of goods." ■



IT MADE SENSE TO INVEST IN LEIPZIG, BECAUSE THE KNOW-HOW, ASSETS, EMPLOYEES AND EVERYTHING ELSE WAS ALREADY HERE



An engine for growth

LEIPZIG'S LOCATION NEAR MAJOR ROAD AND AIR CONNECTIONS HAS HELPED IT BUILD A SUBSTANTIAL AUTOMOTIVE HUB OVER THE PAST 15 YEARS, ATTRACTING SUCH HIGH-PROFILE NAMES AS PORSCHE AND BMW, AS WELL AS PARTS SUPPLIERS AND LOGISTICS COMPANIES. WENDY ATKINS REPORTS

Leipzig's automotive and supplies cluster includes a strong base of original equipment manufacturers (OEMs), networking organisations and research institutes, as well as major manufacturers such as Porsche and BMW.

Porsche opened its Leipzig assembly plant for the production of its Cayenne model in 2002. According to Gerd Rupp, chair of the executive board at Porsche Leipzig, the firm initially opted to come to the city because of its openness as well as its excellent road, rail and air infrastructure.

"Our site has a direct connection to the Autobahn 14 from Dresden to Magdeburg. In the immediate neighbourhood is Leipzig-Halle Airport, which – as the international centre of DHL – is one of the main airfreight hubs in Europe. Furthermore, Leipzig has a high quality of living, which helps attract employees," he says.

Porsche powers on

Since the first Porsches rolled off the city's production lines 15 years ago, the firm has drastically expanded its output. "Two-thirds of all Porsche cars are produced in Leipzig. That's about 170,000 Cayenne, Macan and Panamera models," says Mr Rupp. "From a small production site



Power steering: Porsche produces two-thirds of all its cars in the Leipzig facility

employing 259 people in 2002, one of the most modern production facilities in the automotive industry has emerged. Our workforce has played a major role in this success story."

When it comes to recruitment, Mr Rupp says the past six years have been challenging because the firm has grown its Porsche Leipzig team by 400%.

"It was not easy, but due to the attractiveness of the brand and the sustainability of the jobs, we had thousands of good applicants," he explains. "Saxony has an automotive history and still offers a good base for qualified workers. As a young company, we have a team with an average age of 36 with an urban catchment area of about 100 kilometres."

One of the company's latest initiatives is its €4m investment in a new 2000-square-metre training centre.

"Since April 2017, the new training centre, located in Leipzig, provides ideal learning conditions such as modern workshops and seminar rooms, innovative teaching tools and a very good infrastructure for the continual shift of the automobile industry towards digitalisation. Every year we train 30 young people in the professions of mechatronic engineer, automotive mechatronic engineer, industrial mechanic and tool mechanic," says Mr Rupp.

Creating a cluster

BMW has also backed Leipzig by first investing in a plant for the production of its 3 Series cars. Since then, it has expanded production and today the 1 Series five-door hatchback, the 2 Series Coupé and Cabriolet, the 2 Series Active Tourer and the BMW M2 as well as the BMW i3 and i8 all roll off the production lines at the factory.

A number of OEMs have set up base in the city and the surrounding region, encouraged by the presence of the two major car brands. According to the City of Leipzig Department of Economic Affairs and Employment, the local automotive and supplies sector has grown from 584 companies employing 8900 staff in 2005 to 766 firms employing 16,655 in 2016.

Leipzig's automotive sector has provided plenty of opportunities for logistics firms, too. For example, DB Schenker runs a shared logistics centre in the city that repackages automotive parts for BMW for the automaker's production supply in China and South Africa. A spokesman for DB Schenker says it won the contract for the new logistics facility in 2010 and has since expanded the facility.

"Today we handle 3000 cubic metres of shipping volume per day. We have 1100 employees, ship 12,600 containers per year and have 125,000 square metres of warehouse space," he says. ■

FROM A SMALL PRODUCTION SITE, ONE OF THE MOST MODERN PRODUCTION FACILITIES IN THE INDUSTRY HAS EMERGED



Start-up orders

LEIPZIG BOASTS A CLOSE PROXIMITY TO BERLIN BUT COMES WITHOUT THE CAPITAL'S COSTS, FACTORS BEHIND THE CITY BOASTING ABOUT 200 START-UPS COVERING A DIVERSE NUMBER OF FIELDS. WENDY ATKINS REPORTS

Leipzig's start-up scene spans sectors as diverse as e-commerce, big data, infrastructure, mobility, life sciences, health and medical technology. Nearly 200 start-ups are estimated to be operating in the city, and entrepreneurs believe it is a good place in which to set up. "There's a young, energetic community, low costs compared with other cities and a well-connected entrepreneurial infrastructure," says Andreas Dunsch, co-founder and CEO at FlyNex.

Justus Nagel, head of Business Development, Sensape, agrees: "It's perfect for start-ups because of the many universities and the cheap and flexible living conditions. Financing is less problematic in Leipzig than in other cities, and it's open for new business as it is growing pretty fast."

Marilu Valente, co-founder of Binee, describes the city as "a perfect testing ground". "Everything is much more accessible than in a big city. And because the start-up ecosystem is not excessively big, you get the full attention of your partners," she adds.

SpinLab chief executive Eric Weber champions the location as well. "We're unique in that we are close to Berlin – one of the biggest European ecosystems – but we have all the advantages of a smaller city," he says. "We don't see any start-ups leaving Leipzig and going to Berlin, but we do see start-ups from Berlin relocating here."

University boost

Universities in the city and the wider Saxony region are responsible for more than 70 spin-offs, with Leipzig University and HHL Leipzig Graduate School of Management notable for success here.

SpinLab is another key player. It offers a support programme for early-phase start-ups that includes an initial funding bonus, consulting,



Cradle of creativity: Leipzig University has had notable success with technology spin-offs

networking, co-working, as well as access to technology, a recruitment network and an international exchange programme.

"We have a very good investment network," says Mr Weber. "We know 80% of the German investment scene personally and can connect them to our start-ups. They trust us, so it makes it easier to create links."

FlyNex, Sensape and Binee have all benefited from SpinLab's support. "Since we started the SpinLab process, we've closed a funding round, generated more leads, found new customers and grown our team to eight people," says Mr Dunsch.

Sensape was established in 2015 and has since expanded its workforce to 17. Mr Nagel says SpinLab provided a great co-working space where the new business could share its experiences with other start-ups. "Additionally, it helped us gain our first customers and investors," he adds.

Binee's Ms Valente says SpinLab "helped us develop a strategy to enter the market, decide which customers to prioritise, build a minimum viable product and test it". It also gave Binee a space to work,

"which is valuable as we are more productive when the whole team is in one place", adds Ms Valente.

Burgeoning biotech

Science-based start-ups often turn to Bio-Net Leipzig, which supports all stages of business development, helping transfer life science, biotechnology and healthcare research results into industrial applications. "The biotech sector has grown thanks to the Bio City Leipzig Campus and the BioCube facilities," says André Hofmann, CEO, Bio-Net Leipzig. "Bio City connects business and science under one roof in our 20,000-square-metre space. The great thing is that it is compact and close to the university, making it easy for people to talk to each other."

The most important service Bio-Net provides is connecting people, linking new businesses to venture capital, he says. "We've put Leipzig on the map for biotechnology, and have been successful in hosting the major Bio Deutschland event in 2016. We're helping to change investor perceptions of start-ups in Leipzig and this is helping our sector to grow," adds Mr Hofmann. ■

Small pleasures

WITH AN INTERNATIONALLY RECOGNISED ORCHESTRA AND SUCCESSFUL FOOTBALL CLUB, LEIPZIG SCORES HIGHLY FOR CULTURE AMONG LOCALS AND NEWCOMERS ALIKE, WHO ENJOY ITS LOW COST OF LIVING AND COMPACT SIZE. **WENDY ATKINS** REPORTS

Nicknamed ‘the new Berlin’, Leipzig is a big hitter in Germany when it comes to sports and culture. Residents say they like the city’s compact size, dynamic atmosphere, range of events and outdoor spaces, and employers say this reputation is helping them attract the right talent.

Leipzig is a city of music and culture, including a concert hall, the Leipzig Gewandhaus, which employs 273 people, including 185 musicians. Its multi-award-winning orchestra, the Gewandhausorchester, has the global clout to attract international names such as Boston Symphony Orchestra’s music director, Andris Nelsons, who in 2018 will also take over as conductor at Leipzig.

Happy anniversaries

Gereon Röckrath, administrative director at the Gewandhaus, says Leipzig’s citizens have traditionally had a close relationship with the orchestra, which continues to this day, while “the international reputation of the orchestra is a magnet for many tourists”.

IT'S A RELATIVELY
SMALL CITY, BUT
THERE'S A LOT
GOING ON



Living well: employers cite Leipzig’s outdoor spaces as a factor in attracting talent to the city

The coming year will be a significant one for the city. “As part of the 275th anniversary of the Gewandhausorchester and the 325th anniversary of Leipzig’s opera house, numerous musical highlights are set for 2018, including festival week at the Gewandhaus,” says Leipzig tourism and marketing chief executive Volker Bremer.

“The opera will host a number of major events, including a Puccini weekend and a Verdi weekend, performances of Richard Wagner’s *Ring of the Nibelung* as part of the Wagner festival as well as an anniversary weekend. Additionally, there will be Bach festival and open air concerts as well as a Boston week,” he adds. “There will also be a number of events to commemorate 1989’s peaceful revolution that started in Leipzig and led to the collapse of East Germany’s Socialist Unity Party dictatorship.”

Mr Röckrath believes the value of a high-quality and international cultural offering such as the Gewandhaus should not be underestimated. “This ‘soft’ location factor is important. A 2015 survey by HHL Leipzig Graduate School of Management discovered that the Gewandhaus generates nearly €40m,” he says.

Leipzig also scores well for sports, parks and outdoor leisure facilities. The rise of its football team, RB Leipzig, has helped put the city on the sporting map. “Ever since RB

qualified for the German National League and reached the UEFA Champions League, thousands of fans have visited Leipzig,” says Mr Bremer.

From pits to ponds

Meanwhile, a ‘lakescape’ is emerging from former strip mining pits on the edge of the city, which is proving popular with residents. “In the summer there are many nice lakes for water skiing, kite surfing and wakeboarding,” says Ceyhun Derinboğaz, product development manager at energy solutions company OC3.

The city scores well for Mr Derinboğaz, who relocated from Istanbul in 2015. “I really like living here. It’s not too crowded and getting about is easy,” he says. “When I first came, friends asked, ‘Are you sure you want to go to eastern Germany? Will people treat you badly? I’d never been to eastern Germany before, but I’ve found the people here to be very nice and really well educated.”

Another relative newcomer is Marilu Valente, co-founder of Binee, an electronics waste recycling company. She enjoys the easy access to facilities and lower cost of living, which helps create a good work/life balance. “Everyone has more time for social activities and Leipzig does not fall short on events. It’s a relatively small city, but there’s a lot going on,” she says. ■