

## Business

### Europe's Old Money Mingles With Tech Startups Family-owned industrial firms that have thrived for generations are now fighting digital disruption



Venture capitalist Jeannette zu Fürstenberg runs Berlin-based La Famiglia, which connects technology founders with seasoned business owners.

*PHOTO: DPA FOR DLD/HUBERT/ZUMA PRESS*

By  
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BERLIN—Old-money families in Europe are seeking new-technology investments as they look to bolster their financial returns and, increasingly, remake their companies.

Europe has a higher proportion of fortunes controlled by heirs, not innovators, than do the U.S. or Asia, according to a study from the Peterson Institute for International Economics. And many of those riches are tied to aging companies. Up to 80% of [European family wealth](#) is from one, typically illiquid asset, said Thomas Zellweger, a professor of management at the University of St. Gallen in Switzerland.

Those companies' long success in 20th-century industries "makes it very hard to jump off that train now" and go digital, Mr. Zellweger said.

Venture capitalist Jeannette zu Fürstenberg understands the predicament well and wants to bring cloud technologies to Europe's old-economy companies. Her grandfather expanded Ludwig Krohne & Sohn from an eight-person producer of mechanical factory meters into a global supplier to industrial giants. Today, family companies like the nearly century-old Krohne Group face digital disruption from upstarts.

Seeing that pressure prompted her to start her firm, La Famiglia. From an office in the heart of Berlin's booming startup scene, La Famiglia connects technology founders chasing growth with [seasoned business owners seeking a high-tech edge](#).

"When you put entrepreneurs face-to-face, they always speak the same language," said Ms. zu Fürstenberg, who wrote a doctoral thesis about entrepreneurship in Renaissance Italy and has a noble lineage that traces back more than a millennium.

La Famiglia is a hands-on example of a growing trend. European family offices are starting to "dip their toes into technological investments," said Rebecca Gooch, director of research at Campden Wealth, a firm in London that studies moneyed families. European family offices allocated 20% of their assets to private-equity investment last year—more than in any other global region, according to Campden.

Venture-capital investments by European families and individuals almost doubled between 2014 and 2018 to €2.2 billion (around \$2.5 billion), according to trade group Invest Europe.

Approaches vary. The [heir to Italy's Fiat fortune](#) in 2018 allocated \$100 million within his family's holding company, [Exor NV](#), for tech startups. The unit, Exor Seeds, has invested in companies tangentially related to Exor's core holdings, such as digital taxi advertising, and in unrelated fields like wellness.

Joen Bonnier's family has, for over 200 years, owned Stockholm-based Bonnier Group, now one of Europe's top media companies. In response to digital upheaval, the company launched a venture-capital arm in 2013. Mr. Bonnier soon after connected with [Skype co-founder and fellow Swede Niklas Zennström](#), also a founder of venture-capital firm Atomico in London.

"Families that have been around generations culturally have a very long-term investment perspective," said Mr. Bonnier, now an Atomic partner whose role includes helping to draw in family investors. "Families can bring value to founders when they start to think long-term."

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Some family-owned companies invest directly. Century-old heating-equipment maker Viessmann GmbH, based in rural Germany, in 2015 opened a subsidiary in Berlin, WATTx, to foster startups that could help its core business.

Managing Director Martin Unger said passive financial investments in tech won't help family businesses transform: "Companies have to have the guts to go forward and make the change."

Yaron Valler, managing partner of Berlin-based venture capital firm [Target Global](#), said business families that start investing through Target often grow more active. The young generation of a family in industrial-paints came to Target for financial returns and thought tech investing was cool, Mr. Valler said. They later began co-investing in selected portfolio companies "when they saw it was relevant to their business."

Ms. zu Fürstenberg works with businesses owners who already see that relevance. If she finds a promising business-tech startup, she taps an industry-

spanning circle of lifelong friends who can assess the concept. Companies she invests in don't just get money—La Famiglia also opens doors to customers who can be hard for business-focused founders to reach.

By connecting business-to-business startups with their target clients, La Famiglia aims to accelerate its portfolio companies' growth. "We provide unfair advantages," Ms. zu Fürstenberg said.

A princess by marriage, Ms. zu Fürstenberg represents a new, distinctly European blending of modern financier and old-style industrialist, with a dash of high society. The family castle of her husband, a German prince, is the kind of home that rich Americans have long copied. The couple socializes in circles few tech founders ever know.

Ms. zu Fürstenberg puts her connections to work through personal introductions, like at a small dinner she recently organized with another Berlin fund that links old- and new-economy companies, Cavalry Ventures Management. Cavalry managing partner Rouven Dresselhaus's family has made industrial fasteners since 1950.

Over plates of pasta at a storefront Italian restaurant in Munich, founders of two enterprise-software companies pitched their offerings at a gathering that included other tech entrepreneurs, the chairman of [Siemens AG](#) and the former chief executive of [BMW AG](#).

"La Famiglia's network in the old economy is phenomenal," said Hanno Renner, chief executive of cloud-based human resources startup Personio GmbH and one of the founders who pitched at the dinner. "They can help you make really meaningful connections."

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