



Crescent Cove Conversations

featuring

Harald Kroeger

President of Automotive Business, SiMa.ai

Board of Directors, SiMa.ai



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What is it and why was it created?

Fundamentally, people do business with people. Our founder series is a place where we can show the person behind the business. It will tell the story of how and why the business was started. Our series will be personal and pointed. Our founders are impressive people. Sometimes, they are following a calling to right a wrong, fill a gap, be of greater service, but in all cases, they have a great story to tell.

We look forward to you listening to their stories and learning more about these entrepreneurs.

Crescent Cove Conversations:

Harald Kroeger, President of Automotive Business, SiMa.ai Board of Directors, SiMa.ai

In this series, Crescent Cove invites the insights and life lessons from the founders and leaders we've worked with over the years. Acknowledging there is no 'secret sauce' to success, these vignettes explore the human dimension of high-performing individuals and the companies they lead.

Harald "Harry" Kroeger spent more than 20 years at Mercedes-Benz. He was a former top executive at Bosch and Daimler before taking his current role with [SiMa.ai](#), a Machine Learning company delivering the industry's first software-centric, purpose-built Machine Learning System-on-Chip platform. Harry spoke with Crescent Cove about how a perceived career mistake became a true career maker, what board games teach about negotiation in life and business, and why the trumpet is his all-time favorite instrument.

Crescent Cove (CC): Where are you calling from now?

Harald Kroeger (HK): I live now in Stuttgart, Germany – the automotive heart of Europe – but I'm not from here. I'm originally from northern Germany, from Münster. No, not the one famous for the cheese. But if you're a history buff, [Dan Carlin's podcast](#) has an episode on it titled "Prophets of Doom," and he does a fantastic job telling the story of the place during the wars of religion. Times were so bad, people were thinking judgment day must be really close. There was a group claiming that Münster was the new Jerusalem and they took control – in the end they were killed and placed in cages in the highest tower of the church. Those cages are still there today, and it makes you think, "This must be made into a movie." I simply couldn't stop listening.

CC: What a fascinating chapter of European history. Was your childhood in Münster as eventful? What was your family like growing up?

HK: I had a very good childhood – loving parents, a great sister and brother, great friends. It was honestly uneventful. I was the typical nerd. I loved math and physics – it was easy.

I decided to become an electrical engineer. I had considered math, but my dad gave me a nudge. He said, "If you optimize some finance formula in the dungeon of some insurance company, that's not a good job. Do something different." So, I picked electrical engineering.

Electrical engineering is the most mathematical, and I loved it all – all the theory, all the math. But to this day, I still cannot repair my own TV. And that's been the only drawback. If my wife gives me something to repair, I always try, but usually I can't do it. The trick however is to open the device, look at it, and say 'hmm' before you determine that you can't do it. Things you do to impress your wife.

CC: How did you go from electrical engineering to the automotive industry?

HK: I was this typical auto guy – I knew all the cars and brands. I was fascinated by them. I still think sitting in something man-made out of steel that runs 130 mph on the Autobahn is something fantastic. Generations have dreamed of that – well, maybe not of the Autobahn. The Ancient Greeks thought of flying horses, for example. Today, a lot of people love being able to own something like that and go somewhere far from home.

I did a masters in electric engineering at Stanford. When I told them I'm joining a car company, they thought I was crazy. My friends would tell me, "Cars are old and boring. Why are you doing this?" But I had this fascination with the product, and I never dropped that.

Sometimes you hear people say, "Cars aren't that important anymore. The next generation cares more about smartphones, Uber, and car sharing." I disagree. There is still something about having that piece of freedom, something about being able to pack up and go a thousand miles to see the ocean. Cars are a piece of freedom.

One of my favorite kinds of vacations is the road trip. And the US is an incredible place for it.

CC: While we're on this topic of freedom and the automobile, do you think there is a tension between autonomous driving and human freedom?

HK: I don't see a real rivalry. We're not that far from a situation where it's going to be illegal to drive a car that doesn't have some kind of guardian angel on board. The unnecessary deaths from texting while driving, for example, make that clear. SiMa will have tech made for this purpose, actually.

But first, I think first we have to get to autonomous vehicles. Fully autonomous cars are a task much harder than anyone thought five years ago. At the time, there were companies saying they'd achieve autonomous cars coast to coast "by the end of the year." What people realized was that it's super easy to set up a cool demonstrator, and much, much harder to set up a 30-day autonomous drive with no incidents. The curve is flattening like crazy, and people are taking next steps – they are just taking longer, and it is more difficult than they first thought. It takes tons of cash and tons of data.

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Second, I clearly differentiate between a boring traffic commute and driving to Lake Tahoe on a two-lane road for the weekend. Even if autonomous driving is fully available and every car has it, people will still love to take the wheel for that trip. There will be some safety nets built in, of course.

CC: So you got into the automotive industry by 'following your passion.' That's a phrase many people use, but does it make sense? Some people's passions aren't necessarily lucrative. Is it better to follow your curiosity?

HK: Curiosity is a key thing. With my kids, I think the most important thing as a father is to help them find their destination. What's interesting for them? I don't push anything on them, saying "Oh, I'd love you to do this." But I do believe it's part of my job to help them find their thing that they want to follow.

For me, automobiles felt right. I was in love with technology, this way of understanding how things work. For other people, it's other stuff that really gives them a kick.

CC: You were with Mercedes for more than two decades. Can you give us a sense of how you developed yourself within one company over that time?

HK: October 1, 1995 was my first day at Mercedes. I remember sitting in my office in Germany as the rain hammered the window. I was just out of grad school at Stanford, and I had the recent experience of the eternal California sun in my memory. I remember wondering if I had made the biggest mistake of my life coming back to Germany's dark, cold weather. I definitely had the blues.

But fortunately, it lifted, and I saw this huge company and all the potential. I stayed for 21 years with them, but I did five totally different jobs within it. I could have changed companies five times and had the same experience. I look back on that with great joy.

Some people look for stability in life. They don't go outside the path. I was always extremely curious. How do other things work? I was in very different roles, and I enjoyed learning completely new things very much – opposed to somebody always trying to stay in his or her home turf.

CC: What were some of those things you learned about yourself in some of these new roles?

HK: The biggest part of my career was in tech, but, for example, I found I loved sales, and I loved to learn how communication works, and how you create a brand image. Or, when I went into purchasing, I did the purchasing for electronics and introduced modern auction theories. No one else was doing that in the car industry at that time because electronic control units and the development work behind it were considered to be too complex for an auction.

I argued that you could monetize all these complex features in an auction if you put in enough prep. So then even the most complex parts can be compared on a one-dimensional dollar value in an auction. That was something totally new in the car world. I had read books on Nobel Prize winners who had done work on auction theory. For example, 3G frequencies were being auctioned at that time. We just transferred these ideas of modern auction theory and game theory to the car business. My pattern is always: Look for the stuff that wasn't there before, to ask how could we do it new or better?

CC: Tell us more about your interest in games – where did that originate?

HK: German board games – I love them! My kids and I play them, and the more complicated, the better. Settlers of Catan

is an easy one, but we like games where you need at least one and a half hours to understand what you're doing. In our family, board games are now a tradition during Christmas. We learn and play at least three new board games every Christmas.

And a good negotiation is like a strategic board game, and that's another thing I learned in that purchasing role. In the end, life is a big negotiation, whether you're trying to sell something or trying to pick different jobs. And that's what I'd tell young entrepreneurs now: every job can teach you a huge lesson, but you must look for that lesson. Sometimes you learn something you don't expect when you take a job. I first needed to find out about my being a negotiator, and I didn't know anything about game theory before I went into this job.

CC: What would you say has been your most valuable mistake?

HK: Coming out of research, accepting a position as a head of communications for a board member was a mistake. To be totally honest, I got tapped by someone. This person asked if I would be interested in being interviewed. As a total nerd, I wasn't even aware of who this person was on the board. But I thought it'd be cool to meet them. It would be a great party talk for the coming weekend.

I had never done communications. I had never been an essay writer. I thought there was no chance they'd pick me. There's always some linguist out there who will snatch up a job like this. But I knew I'd get a free shot talking to an important guy at the company for thirty minutes, so why not?

So, I went into the office with a super thick carpet, and this guy was so impressive in the way he talked to me. He had me write a speech about a topic. He gave me one hour. He liked what I wrote, but what he didn't know was that if I had had ten hours, I wouldn't have gotten it any better. But he got to see my way of thinking, reasoning, and storytelling.

After talking for thirty minutes or so, he assessed me and said, "If I say I want you, will you accept?" I realized "Shit, I'm in a trap." So I said, "Yes, I'm dying for this job."

I got the call the next day that I was hired, and I immediately thought, "I made a huge mistake." I actually couldn't sleep that night. I hated language in school. My essays were always the shortest. I was born for tech - how could I have been so vain?

And then I thought "You're going to screw up. They're going to see you're not a language guy. They're going to find you out." I'm no Shakespeare. I can't do wordsmithing that will blow someone away. But I couldn't say 'no' to this board member now. The

only way out I could think of was to quit the company.

As it turned out, this person and this role were just amazing in terms of what I learned about the power of communication. I got to sit at his side and see how he ran a 100,000+ person organization. I would never have gotten that experience had I stayed on my original technical path. There is just so much more out there than differential equations. It was a career-maker for me - and even later, when I was back in hardcore technology, I could still use so much of the communication skills that I acquired in that job.

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CC: Given that unexpected benefit, what's your advice for entrepreneurs today?

HK: If you're an entrepreneur, you've decided to go all in on something. You're focused and driven. But you've got to make sure you're open for whatever comes your way, that you're not too much on a track. You've got to pick up on the signs to the left and right of you, and you cannot miss the valuable stuff lying right in front of you because you're so focused on something else.

Being curious is important. You must understand the new. And highly successful people are indeed curious about the facts, the tech, the topic. But I would extend that curiosity beyond the topics and say this: be curious about people. See the world through their eyes. What are they doing, how are they thinking, what ideas do they have? A lot of leaders fall very short on this - missing out on so much.

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I sometimes play a fun game with my kids when we’re on vacation in some hotel. I tell them “We’re going to sit at a table with other people every evening. We’re not going to pick our own table. We’re going to sit with other people because we’re going to learn about them.” My kids at the beginning said, “That’s awkward, that’s cringe.” But in the end, they were totally into it, because it’s so fascinating. You get into topics you would never do before. You learn new views.

Sometimes you’re sitting with people you can quiz and who will talk about themselves for three hours, and they’ll never ask you a single question. Other times, you encounter people who are totally reciprocal. It really shows you how different people are.

CC: You had a quote in the press release announcing you’re joining the SiMa.ai board as President of Automotive in 2023. You said, “I can spot the early signs of an industry disruptor and SiMa.ai has what it takes.” What are those early signs you look for?

HK: It needs to flash. Your first gut feeling has to be “Wow this is really cool.” It needs to be a feeling of not being just 10% better, like an app good for dog sitting or something. That’s all good, but it’s not disrupting anything. To be disruptive, it’s got to grab you.

If you have a cool idea, there will be attrition on that idea big time, anyway. If you start with something that has a margin of being 20% better, you’ll end up with something that already exists. You need to start with something that’s so good, you can lose 30% of it and still be way better than everyone else. That’s disruptive.

Sometimes you have a moment where you think there’s no question this thing is going to make it, it’s only a matter of time. For example, I remember my first ride on an e-bike. It was very early, maybe 2006. Nobody was driving them in Germany or anywhere else. Maybe in Japan, a couple of guys would drive them.

But I was curious because I’ve been riding bikes my whole life. Münster, where I grew up, is a town where everyone rides a bike. The mayor takes a bike to the town hall. It’s really a bike city. They have entire parking garages for bikes.

I remember the first time I sat on this e-bike, and I thought “This is going to be such a huge success.” You can get to work without having to ask for a shower when you arrive. At the same time, it’s not a motorcycle creating noise and you can take nice bike paths. When I came back from that first ride, I thought “This is going to be something we’ll see in the millions.” And today in Germany, more than half of all bikes sold are e-bikes.

CC: Touching on the importance of networks, how did you first connect with Crescent Cove?

HK: As I recall, we were first put in contact through Morgan Stanley. The team there had known me for a couple of years, and they connected me to Crescent Cove. At that time, Crescent was looking for a board member for one of its companies and they thought I might be a good fit.

When I met with Jun over several meetings, I came away each time feeling that we just had a good understanding of one another. Really from the first second, we talked. Jun has that gift for simplifying complex, core issues. I ended up not being able to take that offer, as SiMa was already in the back of my mind. But we’ve stayed in contact.

CC: Departing from business and entrepreneurship for just a moment, I see you have a piano and a trumpet behind you in your office. So, I have to ask you about music. Do you play? What are your tastes?

HK: I got this classical piano education when I was eight years old. I practiced one hour before I went to each class because I didn’t practice at all during the week. Of course, I love to play now.

It's a funny thing: music is my one big hobby. I like classical, pop, jazz, R&B, and anything Motown. Old and new. And when it comes to R&B, the stuff I like most always has a cool trumpet part in there.

So about ten years ago, I bought a trumpet. And I thought it was three buttons. Two to the power of three. Eight combinations. How hard can this be? I pushed a few times, and there was no sound. Then I realized that it's about how you get your lips to creating. The sound and the buttons just tune the resonator, so it gets loaded. I put this trumpet on my shelf and thought that if I ever got some time, I'd try to learn it.

Now with this break at Bosch, I have a non-compete phase of one year. I suddenly found myself with the time. I looked for a teacher and sent a few of them a YouTube clip saying "This is the portion I would like to be able to play." Some sent back a note saying "sure, but we start with scales." One guy immediately said, "Let's go for it."

I've been playing the trumpet for seven months, and I'm totally hooked. I practice for one hour every day. And I just can't believe

how hard it is. But I love the challenge, and my teacher gives me so much encouragement. Now, I'll play in-between meetings and calls. I generally practice when my family is out of the house because it's not easy on the ears. But I have a recital next month where I'll play [Bill Withers' Studio Rio version of "Lovely Day."](#) I'm very much into songs that are classics, but where somebody puts a totally fresh take on them.

CC: Last question – and it's one we ask everyone. What is happiness?

HK: Striving for happiness is built into our genome. The biggest responsibility for your happiness lies on your own shoulders to achieve it. Happiness is definitely not wealth. In fact, I think striving for money is anti-correlated with happiness at some point. People get richer, and they're less happy.

In the end, happiness is about being together with people that you love. The conversation, the interaction, having fun together, having deep talks about a lot of things. For me, that's the material that happiness is made of. ■



Harald Kroeger

President of Automotive Business, SiMa.ai
Board of Directors, SiMa.ai

Harald Kroeger, automotive industry expert and seasoned executive, has joined SiMa.ai as President of Automotive Business and to the SiMa.ai Board of Directors.

Previously, Mr. Kroeger served five years as president and member of the board of management of the automotive division of Robert Bosch GmbH. He had P&L responsibility for car multimedia, body electronics, automotive steering, chassis control, driver assistance, automated driving, cross domain computing, and automotive electronics. During his tenure, he was the driving force behind the setup of the pioneering Cross-Domain Computing Solutions division and the expansion of Bosch's semiconductor business. He was responsible for more than 100k employees and more than \$20B in Revenue for the automotive division at Bosch.

Prior to Bosch, Mr. Kroeger served 21 years with Mercedes-Benz where he held a variety of positions including Head of Quality and Head of Development of batteries, motors and power electronics for pure battery powered cars and plug-in hybrids. During this time, Mr. Kroeger was also a member of the board of directors at Tesla Motors for two years. He recently joined the Rivian Board of Directors in August 2022.

A native of Münster, Germany, Mr. Kroeger is married with three children. He studied engineering and economics at the Leibniz University of Hannover and holds a MSEE from Stanford University in the United States.



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