The unicorn factory

Examining Stockholm tech-startups and their pursuit of internationalization

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Abstract

The idea behind this thesis was born from the success of the so-called unicorn companies originating from Stockholm. Unicorn companies are highly successful tech-startups which reached an evaluation of 1 billion USD while remaining private companies. This has created international attention to Stockholm, and the number of tech startups in the city has increased dramatically. The purpose of this thesis is to achieve a deeper understanding of how tech-startups in Stockholm design their internationalization strategy. To do this, comprehensive information regarding the background of this situation was given, which was then used to form the research questions. To answer them, research regarding internationalization, entrepreneurial strategies and business networks and relations were collected. The theories were then formulated into a conceptual synthesis. To answer our research questions, qualitative data was gathered through four semi-structured interviews with tech-startups operating in Stockholm. The abductive research approach was found to be the most useful approach for our research design. The analysis chapter was built upon the structure of our theories and analyzed through the lens of our conceptual synthesis. Formulating a discussion on the similarities between the theories and the empirical findings as well as unforeseen differences.

Concluding our analysis of the gathered empirical data, we found an implication that there was a connection between the environment, the company and the strategy that they choose in order to internationalize, and that all factors impact each other. Following the analysis, the theoretical synthesis was adjusted based on the gathered data and restructured into a conceptual framework. This thesis stresses the importance of networks in entrepreneurial businesses and showcases why this is. It is of interest to entrepreneurs wishing to establish their own companies in Stockholm, but can also be of interest to entrepreneurs at large concerning their presence in tech-hubs.

Keywords

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1 Introduction

This chapter will introduce the foundation that the rest of the thesis will build upon. The entrepreneurial environment, tech-startups in general and Stockholm as a hub for entrepreneurial activities will be explained, in the context of internationalization. An explanation why the thesis is of interest will be given, and a purpose which is to be answered by research questions will be formulated.

1.1 Background

In 2015, Apple was valued at 700 billion USD, which meant that the company was the highest valued company in the world (Cnn, 2015). That same year, they announced Apple Music, moving away from the digital purchase of music and instead focusing on streaming. This heel-turn can be seen as a response to the success of Spotify, indicating that Spotify had correctly guessed the future of how music would be paid for and used in the future (Telegraph, 2015). This meant that a start-up company from Stockholm, Sweden, founded just six years earlier had fundamentally changed how the world’s highest-valued brand operated. (Ibid).

The case of Spotify is not unique: to date, five tech-startups from Stockholm has managed to achieve one billion dollars in evaluation while remaining a private company (Atomico, 2018). One important aspect that they shared in common was that they all internationalized at an early stage (Veckans Affärer, 2016). Meanwhile, the number of tech-startups in Stockholm is increasing together with the number and size of investments (The Nordic Web. 2017). It is therefore argued that the coming years will see more tech-startups successfully internationalize from Stockholm (Ibid).

1.1.1 The entrepreneurial environment

According to Paul Burns (2016), the business environment has become more favorable for entrepreneurs the last decade. Global connectivity brought by technological advancements has increased the complexity of interconnections. Actions in one part of the world can directly affect other parts. Through globalization, companies have experienced an increase in competitiveness, as they must now compete on an international scale. Meanwhile, the western countries have continued to move from a production economy to a service economy. This has increased the demand for customization from the customers, which in turn has paved the way for small-sized businesses to find a niche to adapt their products and services to (Ibid).

Effective entrepreneurial architecture is dependent on its' environment, which means that it is important for the operating units should be organized to work with its’ environment appropriately to be effective. Operating units should have inner-structures within its overarching structure as well as sub-cultures within its cultures, and a varied leadership dependant on the overall environment they face (Burns, 2013).
Corporate Innovation and Entrepreneurship describes that the business environment is contained with several contradictions and forces, such as; chaos in a competitive landscape as well as complexity. These factors have increased in the latter years. (Kuratko, Morris, and Covin. 2011). As a result, entrepreneurial corporations develop in environments of change, chaos, complexity, competition, uncertainty, and contradictions (Burns, 2013). This proves that the competitive landscape or environment that corporations and entrepreneurs are situated in are facing similarities in their business environment or entrepreneurial environment.

1.1.2 Tech-startups

“Tech-startups” are startups with a technological product or service, that is in its’ first phase of growth and development (Knight and Cavusgil, 2004). They are started by its’ entrepreneurs founding and tries to win a profit by selling their product or service. Tech-startups usually lack funding and thus have to rely on either private financings or their intangible assets (Investopedia, 2018, Knight and Cavusgil, 2004). Despite this, they usually internationalize rapidly and early. As such, they function like a Born Global firm. Therefore, it is of interest to give a brief explanation regarding how Born Global businesses facilitate internationalization.

The early internationalization of Born Globals challenges two significant aspects of earlier theories regarding internationalization: that it is a slow, incremental process, and that is solely done by companies having reached maturity in their home market, thus having access to a considerable amount of resources (Cavusgil and Knight, 2015). These resources are usually tangible, from which the large companies draw upon to support their internationalization. Born Globals instead rely on intangible knowledge-based assets, which they use to target their chosen markets. Their capabilities of fast internationalization are attributed to their lack of organizational routines, found in older, more established companies. The fact that Born Globals does not have to unlearn these routines facilitates fast expansion (Knight and Cavusgil, 2004).

1,4 billion US dollar was invested in tech-startups in Sweden during the year of 2016. This amount represents 54% of total investments in the tech-sector in the Nordic region (The Nordic Web, 2017). In an article from Business insider Nordic, The Nordic Startup Awards, nine of the winners were all tech-startups in various industries, food, medical assistance services, etc. out of 14 different categories. That decides partly that the tech-startups are the primary type of startups that are successful internationally from Stockholm (Business Insider, 2018).

Tech-startups that grow into successful startups and reaches a valuation more than one billion dollars have been called unicorns because the likelihood of achieving this amount is as rare as meeting upon the mythical unicorn. Out of all tech-startups, it is only around 0,07 % that reaches this scale of success (Investopedia, 2018).
375 Swedish startups generated over 1.6 billion US $ in growth capital. Breakit (2016) states that there is more than 787.6 US $ million invested in growth and venture capital into Swedish companies in 2014. The same source reports that among the tech-startups, 38 of them excelled in raising 160 million US $ during their initial public offering. Inward Foreign Direct Investment (henceforth FDI) has also increased dramatically to Sweden since 2015, showing an international interest in the nation as a whole (Santander Trade, 2018). Spotify, for example, has been in deficit since their founding, relying on investments to expanding their user base, with the promise of turning a profit at a later date. (Investopedia, 2018). The international interest in tech-startups from Sweden, especially Stockholm creates a hype on the valuation of the startups. Startups reach high valuation numbers and can quickly lose their valuation due to the competition that is global (Breakit, 2017) However, many companies are affected by this hype that can lead to increased uncertainty as the investments on company valuation will fluctuate more sharply. However, it is argued that the hype is an international phenomenon that tech-startups simply have to deal with (Ibid).

An issue for Swedish tech-startups is the recruitment of new employees, as it is difficult for the companies to find employees nationally with the right skillset. The Swedish labor institution Arbetsförmedlingen is not used as a possibility for supporting these startups. Instead, Swedish tech-startups find their recruits through their social network and social media, according to a report from Svenskt Näringsliv (2018). Further on the tech-startups are the primary source of new startups in Sweden; they have grown due to globalization and low production costs. It is of importance for the Swedish State to promote the rapid growth of these companies in terms of potential Multinational Corporations as they can evolve to, which means potential tax income for the state. (Medium, 2016). However, these tech-startups have the opportunity to go elsewhere where the business climate is more favorable. The competition of the skilled international labor force is strong in this industry, and the startups have the opportunity to attract employees globally even though their geographical spot are distant (Svenskt Näringsliv, 2018).

1.1.3 Stockholm- the unicorn factory
Among European capitals, Stockholm is ranked third on the number of unicorns produced in a city since 2003, with London in the first place with eleven companies, followed by Berlin with seven. As of early 2018, Stockholm has produced five unicorn startups (Atomico, 2018). With a population size of just over 900,000 (Statistik Stockholm, 2018), Stockholm has generated, on a per capita basis, the second most unicorn companies in the world. Only Silicon Valley has produced more per capita (Wharton, 2015, Atomico, 2018).

Several factors have been attributed to this success. Some point to substantial spending by the government in the technology sector during the previous decades, arguing that this has paid off today, with a technologically knowledgeable population (Telegraph, 2015).
Government incentives and tax breaks for purchasing a personal computer in the 1990s meant that the percentage of citizens owning a personal computer rose from 23.5% to 72% between 1994 and 2002 (SCB, 2016). In comparison, between 8 and 9 percent of the total world population had access to the internet in 2002 (Internet World Stats, 2018). In 1994, the government built the then largest open-fiber network in the world in Stockholm, giving all companies in the area the ability to connect through it. Today, more than 94% of the population has access to the internet, and 91% uses the internet at least weekly (Wharton, 2015).

Others point to societal and cultural factors; willingness to collaborate is high in Sweden, which is indicated by the strong presence of startup-hubs, connecting new companies with large, established ones (Veckans Affärer, 2016). The small size of the nation had and continues to have an impact on the entrepreneurial mindset. Volvo, Ikea, and Ericsson all had to internationalize to grow. New startups thus have the mentality that they must internationalize quickly to grow (Wharton, 2015).

Several challenges have also been brought up which decreases the attractiveness of Stockholm as an entrepreneurial region, in an international context. In an open letter Daniel Ek and Martin Lorentzon, the founders of Spotify, together with Klarna and King, a payment solutions company and game creator company respectively, outlines which aspects make them consider moving their offices abroad (Medium, 2016). According to the letter, the housing situation in Stockholm, together with Swedish laws prohibiting companies making employees part-owners of the firm restricts companies from attracting foreign experts. They also bring up that the comparatively high taxes of Sweden makes it less attractive for expats. On finding educated employees locally, Ek and Lorentzon argue that education regarding programming lacks in the current school system, claiming that programming should be taught in elementary school.

1.2 Problem Discussion

Historically, Sweden as a country has been forced to export their products and services, due to the small population and domestic market maturity, which forced companies to internationalize (Wharton, 2015). Examples include Swedish companies like; Ikea, Volvo, Saab-personal vehicles, and ABB, to mention Large Scale Enterprises. However, these companies expanded incrementally, while still keeping their headquarters in Sweden. As such, Sweden benefitted from the employee-positions, as well as tax income. This tax income could then be invested in providing the groundwork for new companies. In other words, firms in Sweden has, on a historical basis, indirectly paved the way for the next wave of businesses (Veckans Affärer, 2016).

In addition to this institutional cycle of business, the same thinking has been apparent in the B2B sector where LSEs invest in SMEs, allowing the large enterprise to diversify and the small enterprise to acquire funding for their ideas.
Hollensen (2017) argues that these functions, be them through a joint venture, strategic alliance or a more informal approach, requires a lot of trust and time for the cooperation to be practical.

As has been mentioned in the introduction, this sort of trust has been accredited as a factor for success in internationalizing Swedish enterprises. One element that supports this claim is that in an international context, the Swedish culture is indulgent and resistant to uncertainty, producing a willingness to restructure businesses if necessary. (Hofstede insights, 2018). In this environment, an entrepreneur finds little resistance (Veckans Affärer, 2016).

Schumpeter (1949) argues that the entrepreneur is an agent of change, that redefines a market or industry by creative destruction. By introducing a new way of producing or otherwise changing how the market operates, the contemporary mode of business becomes obsolete, hence the "destruction"-aspect. Should the entrepreneur succeed, she will force the competitors to imitate her idea. This is what happened in the case of Apple- their business plan with Itunes was made obsolete with the advent of Spotify (Telegraph, 2015). Paul Burns (2016) stated that the current business environment is favorable for entrepreneurs, as the market is dynamic and complex. Since the entrepreneur is an agent of change (Schumpeter 1949), these environmental factors are likely to increase. Considering the cultural factors of Sweden (Hofstede Insights, 2018), Stockholm can answer to these dynamics. For entrepreneurs operating Born Global firms, this environment suits their operations, as their primary resource are intangible; they do not need to, for example, make costly changes to production to answer to a new demand (Hollensen, 2017).

The case of the unicorn companies shows growth can be achieved rapidly in this global environment. The increase in FDI to Stockholm indicates that foreign actors have taken notice, and considers tech-startups from Stockholm as viable investments. Still, the highest achievers, the unicorn companies, are vastly different regarding what they actually do. Music streaming, internet communication, payment solutions, game developers, are all categories which have succeeded in their respective fields (Atomico, 2018). We, therefore, believe that relevant data can be gathered from examining the strategies current tech-startup uses in their objective to internationalize.

Today, we see a global customer trend in service and consuming of digital products as well as the importance of SMEs in the global economy. Stockholm as a tech-startup hub already plays a role in this environment, due to the great variety of tech companies with different solutions in this city. We as researchers find a practical problem in describing how these tech-startups can create a global customer base, and how their immediate surroundings factors into this aspiration.
1.2.1 Research Gap

Much literature has been written regarding how the successful Stockholm-founded unicorns achieved success, and what aspects helped propel Stockholm as the "unicorn-factory." However, the majority of articles refers back to Wharton (2015), which in turn draws its conclusions from analysts and professors. The arguments made by Wharton (2015) are overarching, referring to institutions, culture and government subsidiaries as aspects that drive the successful internationalization of startups. The literature does not go into detail how these factors impact the individual company, or to what extent. The fact that Stockholm has started to attract international attention from investors is also mentioned as a result, rather than a factor that can impact future entrepreneurship.

As a result of the success of the unicorn companies, FDI is increasing in Stockholm at a fast pace, with foreign multinational corporations establishing themselves in the capital (Invest Stockholm, 2018). Ordinarily, the existence of more large corporations would mean more chances for collaboration for a new startup. However, it is uncertain if these corporations will share the same collaborative corporate culture of the earlier Swedish corporations, considering the difference in culture from their domestic countries (Hofstede Insights, 2018). In addition, there is a lack of research regarding the impact that the new investments have had on the tech-startups. While it might give firms the ability to gain new investments, it could also mean more competition between the firms.

In the pursuit of understanding how the changes in the business environment affects the firms in it, researchers have put forth several theories regarding certain aspects of it; from seeing a industry as a business ecosystem (Moore, 1993), stressing the importance of the entrepreneur (Hollensen, 2017) and defining strategies that are distinctly entrepreneurial (Drucker, 2007). However, there has been no concerted effort to examine how whether these theories overlap, correlate or contradict each other.

We have also noted that in the articles using Wharton (2015) as a source, the goals and ambitions of the company to strive for internationalization is not given any particular focus. We believe it is therefore of interest to research to what end tech-startups pursue internationalization. In this pursuit, we also wish to stress the difference between goals and ambitions, as the two are often confused. (Difference Between, 2016). The Oxford dictionary defines ambition as “a strong desire to do or achieve something," and goal as "The object of a person's ambition or effort; an aim or desired result." (Oxford Dictionaries, 2018). Goals can be said to be the end-point, while ambition is the vehicle to reach this (Difference Between, 2016).

Making the distinction between goal and ambition when conducting our research is therefore important, as, for example, internationalization can be either an ambition or a goal, meaning it can be the ambition for success or the goal for the overarching strategy.
Cavusgil and Knight (2015) argue that there is a lack of research regarding the impact of industrial clusters and economic ecosystems have on Born Globals ability to reach success. They consider to what extent these companies access resources from complementing firms, and whether their goal to achieve international performance impacts the national region, in regards to policy and other companies' ability to leverage resources. In other words, Cavusgil and Knight (Ibid) state that the effects and impacts of networks lack in the Born Global theory.

1.3 Problem Definition
We have concluded that there is a need for further research into how tech-startups in Stockholm achieve internationalization. Following this, we have also acknowledged that there is a research gap in regards to how the immediate surroundings and the subsequent networking impacts companies that strive to become Born Globals. We hold the opinion that the result of this thesis will be of interest to actors in the market, or to anyone who has the motive to establish a tech-startup in Stockholm, as well as contribute to the existing body of knowledge.

Main research question
Having defined the problem, the following research question has been developed:

*How do tech-startups in Stockholm design their internationalization strategies?*

Sub-question A
The first sub-question aims to research how the business environment of Stockholm affects the companies strategy to achieve internationalization.

*How does the business environment play a role in the creation of an internationalization strategy?*

Sub-question B
The second subquestion aims to differentiate between the goals and ambitions of the company, and how these drive the internationalization of the companies.

*How do the goal(s) and ambition(s) of the companies formulate a strategy that drives internationalization?*
1.4 Purpose
The purpose of this thesis is to gain a deeper understanding of how tech-startups in Stockholm design their internationalization strategies, and how their goals, ambitions and the business environment affects their strategies. The thesis will achieve this through qualitative interviews with tech-startups situated in Stockholm, from which we will explore how the companies have structured their internationalization strategies.

1.5 Delimitations
This thesis will not consider other geographical areas other than Stockholm, nor other business sectors other than the tech-sector. The empirical data will not be gathered from tech-startups with no international aspirations. As a result, the thesis will not consider companies with a product, service or solution exclusively aimed at a domestic market.
1.6 Outline

**Introduction**
- In chapter 1, we will discuss the background surrounding our thesis, together with a problem discussion, which in turn states our research gap. Through it, we will achieve a problem definition, from which we can outline our purpose from. The chapter will also include delimitations for the thesis.

**Literature review**
- In chapter 2, we will present the literature written regarding the subject. It will be divided into the following chapters: Internationalization, Entrepreneurship and Business network and relations. These different subjects then come together in our conceptual synthesis, which forms the basis of how we will structure our interview in order to achieve empirical findings.

**Method**
- Chapter 3 will explain how we aim to gather our empirical findings, as well as why we choose the methods we do.

**Empirical findings**
- Chapter 4 presents our empirical findings which is then used in the following chapter.

**Analysis**
- Chapter 5 analyses our empirical findings in correlation to our conceptual synthesis, as well as earlier research into the subject matter. From the results, we can then state our conclusions.

**Conclusion**
- Chapter 6 concludes the thesis with answering our research questions, stating limitations we have found along the way and will also include proposals for future research subjects.
2 Literature review

The following chapter will explain the theories and models we aim to use in the pursuit of answering our research questions. The theories are divided into the subject matters Internationalization, Entrepreneurship, and business networks and relations. The described theories will then be formalized into a theoretical synthesis, which explains how they impact each other.

2.1 Internationalization

2.1.1 The Uppsala model

The Uppsala model, or the incremental approach, outlays several characteristics found in successfully internationalized firms. The keyword is incremental: the internationalization process was slow and gradual, focusing on improvements of the firm, integrating acquisitions and using knowledge of the foreign market to minimize uncertainty. This knowledge is gathered through the incremental expansion, meaning that the company will only invest significant capital when they feel they have the necessary understanding of the market. (Buckley and Ghauri, 1999)

The incremental expansion (internationalization process) can lead to an FDI, and in the decision process towards an FDI. The first area of analysis is the organization and environment. The organization carries out and establish a strategy, procedures, and standard operating policies. This is then settled by the individuals of the organization, which have their own agenda, which can be influenced by other subordinate systems (Buckley and Ghauri, 1999).

Secondly, the time dimension is another part of the decision process. There is no decision made regarding investment decision that is set at a specific time point. It is instead a "long time process" that involves several people. During the decision process, many smaller decisions are made as well, also called as sub decisions. The sub decisions affect the final decision, due to the many various perspectives that comes with a group decision on a matter concerning eventual market expansion internationally (Buckley and Ghauri, 1999).

Thirdly, uncertainty is an area regarding internationalization process that leads to an FDI. Businesspeople are operating in a world of uncertainty, and the uncertainty creates anxiety, which people try to avoid. So, the businesspeople seek to create a reasonable and manageable decision situation by shying away from plans that depend on predictions of future conditions, and by focusing on planning where the plans can be issued by self-confirming through some control device (Buckley and Ghauri, 1999). Further on, businesspeople are willing to take risks, which is issued by the type of company and their role within the company. The uncertainty is, therefore, an important aspect in internationalization decision processes (Ibid).
There are also forces that affect FDI decisions; it is often in first hand suggested by one or plural high-ranking officers within a company. Examples of such forces are as follows (Buckley and Ghauri, 1999):

- An outside suggestion, like a foreign government or the distributor of the company products as well as its’ customers.
- Risks of losing the market
- The success of competitors in foreign markets that is within the line of company product segments
- The heavy competition from abroad in the market

Swedish firms that have international operations have a historical relationship to incremental expansion strategy, according to the Uppsala Model (Johanson and Wiedersheim, 1975), much due to the small and domestic market that have been matured for the company, so medium-sized companies have expanded gradually and then used FDI after achieving international operations. There are four stages or modes when entering a foreign market (Ibid):

- stage 1, no regular exports activities
- stage 2, export via interdependent representatives
- stage 3, establishing a foreign sales subsidiary
- stage 4, foreign production/manufacturing units.

It stands to reason that other nations with similar domestic market sizes are using the same strategy (Buckley and Ghauri 1999).

2.1.2 International Entrepreneurship

In comparison, the modern internationalization is more integrated, much due to technology and digital commerce. An example is the digital payments across national borders at an increased frequency. Studies of electronic markets show results of fast internationalization that is a requirement for all competitors, is normative for small and medium-sized firms. Furthermore, there is less than one to two percentages are global at startup. From the start, International New Ventures seek competitive advantage by taking advantage of resources and the sale of outputs in several countries (Oviatt and McDougall 1997).

International Entrepreneurship (Henceforth IE) is a combination of innovative, proactive and risk-seeking behavior that moves over international borders and should create value in organizations (McDougall and Oviatt 2000). IE has developed from a sole focus on new ventures to combining this with corporate entrepreneurship (Zahra and George 2002). However, to define IE is still under discussion by several researchers, characteristics of IE finds its background in strategic management literature (Miller, 1983).
Entrepreneurship has two parts (Oviatt and McDougall 2005): opportunities and individuals that strive for gaining an advantage from them. The idea is that issues are resolved and discovered by individuals, by that people act and interpret what they have found for problems, that can be economic opportunities (Oviatt and McDougall 2005). The entrepreneur's ability to detect and discover technology, for example, is due to their idiosyncratic interpretation of their capabilities that resulted in the creation of opportunity (Oviatt and McDougall 2005).

Oviatt and McDougall (2005) further analyze the speed of internationalization, that the speed is partly due to the entrepreneurial behavior of viewing markets as one global market. The technological aspects of transportations, communication, and computers have given entrepreneurs to form new ventures that internationalize rapidly (Knight and Cavusgil 1996). To add to the technological aspect as a valuable resource, the network is also a tool that provides a sustainable advantage that is transferable in foreign locations (McDougall, Shane and Oviatt 1994). The Speed of internationalization in IE is due to environmental influences, industry conditions and the mindset of entrepreneurs (Oviatt, Shrader and McDougall 2004). In comparison to the larger multinational firms, the intelligence is individualized by the founder of the entrepreneurial team. Adding an entrepreneur with former international experiences, the likelihood of creating an international business idea is arguably a stronger reason (Oviatt and McDougall 2005).

2.1.3 Born globals

Born globals is described by Oviatt and McDougall (1994), as “A firm that from its inception pursues a vision of becoming global and globalizes rapidly without any preceding long-term domestic or internationalization period.” Svend Hollensen (2017) adds some characteristics of Born global firms: that they are generally small companies, utilizing new technologies to offer a unique service or product. New technologies give the ability for more effective communication, making managing operations on even an international scale more efficient for the entrepreneur. This gives credence to Hollensen’s claim that one of the primary characteristics of a born global firm is that the entrepreneur views the world as a single borderless market: this is made possible due to the new technology. Hollensen (2017) further argues that the advent of the internet, and the global connectivity it brings, allow SMEs from the beginning to sell to a global market, by utilizing a centralized e-commerce business-structure.

Globalization based on e-commerce shares many dilemmas that face the more traditional globalization-models, outlined by Hollensen (2017): Standardization versus Localization, Centralization versus Decentralization and In-house versus Outsourcing. Singh (2011) also states that web globalization-strategies are still developing at a quick rate, which means that structures and structural theories are still being developed. A consequence of this is that job description tends to be unclear; the framework and therefore direction of the company can then be muddled.
To counteract this, Singh (2011) stresses the importance of having a standardization set for how the localization of products are done, with the examples of solutions being having clear job descriptions and a defined web globalization department and having clear goals for this department. The goal is to achieve a balance between a global web design (standardization) and local responsiveness (adaptation).

Singh (2011) adds that the prospect of localization has in general been trivialized to some extent in regard to e-commerce. He exemplifies by stating that merely translating web pages or keeping the company name as is can have unforeseen consequences when the language has a phonetically different structure (A direct translation of Coca-Cola to mandarin becomes ko-kä-kö-la, which means “to bite a wax tadpole”). It is therefore required that the company in addition to standardizing their localization, spends time and effort making sure there are no errors in the local adaption.

2.2 Entrepreneurship

2.2.1 Entrepreneurship strategies
Drucker (2007) argues for four strategies that are distinctly entrepreneurial. These can be used exclusively, but companies can use several at the same time:

*Being fustest with the mostest,*
*Hitting them where they ain’t,*
finding and occupying a specialized “ecological” niche,
*Changing the economic characteristics of a product, a market, or an industry.*

This chapter will explain these strategies.

*Being fustest with the mostest* can be explained as "being first with the most." Though a military term from the beginning, Drucker (2007) argues that the same strategy holds true in the entrepreneurial environment. It entails entering, or creating a whole new market and then pooling massive resources into the product to leave the competition far behind and establish a permanent leadership position. It follows, however, that spending vast amounts of resources into a highly uncertain market is coupled with significant risk. As such, the entrepreneur utilizing this strategy will usually see great success or spectacular failure; there is no in-between.

*Hitting them where they ain’t* sums up two strategies that are somewhat different in execution, but similar in their goals. As can be referred from the name, these strategies aim to gain a leadership position by making products similar to the market leader but differentiate it in one or several key areas (Drucker, 2007).

The first way this can be done is by "creative imitation." This strategy can be the natural follow-up after another company to some extent successfully utilizes *being fustest with the mostest,* establishing or opening the door to a new market.
Creative imitation can be utilized when the other company does not manage to figuratively close the door, by not using their new idea or product to its full potential. The latter company can then use the same ideas or products, but more refined and focused (Drucker, 2007). Furthermore, Corbett, McKelvie, and Katz (2015) also argue that this lets the imitating company save time and energy on refining a wholly unique value proposition, instead focusing on adapting the proposal of the first mover to suit specific markets better.

"Entrepreneurial judo" aims to overtake the market leader by exploiting the standardization that occurs when the company tries to make their product attractive to as many customer groups as possible, or disregard potential customers as irrelevant (Drucker, 2007). In other words, the company has, to a significant extent standardized its product offering, disregarding the need for adaptation, as outlined by Hollensen (2017). Instead, the company focuses in on one particular customer group, creating a solution that fits them better than what the market leader can propose if they even do that. Having entrenched themselves in the market with a steady revenue stream, the company moves forward to the next customer base, then the next, until they have established market dominance. The former market leader meanwhile is usually to entrenched in routine to mount an effective counterattack.

Finding and occupying a specialized "ecological" niche differs itself from the strategies mentioned above primarily in concern to visibility. While the other strategies aim to dominate the market and become the market leader, users of this strategy instead seek to control a small area and avoid being challenged. It can do so by becoming essential to the processes in the industry and remain inconspicuous (Drucker, 2007). The strategy could, therefore, be said to echo the sentiment of Kim and Maubrogne (2015): that it is favorable for a company to make the competition irrelevant by strategic placement and through its actions.

To achieve this, the company can employ three different versions of this strategy. The first is the "toll gate," where the company has the patent for a specific part of a system. To keep a low profile, the cost of the part must be dwarfed by the cost of the process, in order not to attract rivals. This is a double-edged sword, however, as the limited scope of the businesses helps keep the company discreet, it also severely limits the degree to which the company can grow. In addition, the strategy can become obsolete overnight should a better solution for the process be found (Drucker, 2007).

"Specialty skill strategy" is the second version of the strategy. The opportunity to start to employ it exists in a limited time-frame, just at the beginning of a new industry, market or trend. In this new emerging situation, the company positions itself to become the leader in one specific niche, continually improving their product competence and knowledge.
Successful users of this strategy can be found in B2B markets where their technological competence, coupled with customers indifference to who supplies a specific part of the whole package they buy, greatly deters competitors. At the same time, as the company becomes highly specialized for their chosen niche, they lose the ability to adapt should the market they operate in great change (Drucker, 2007).

The third and last version of the strategy is "specialty market strategy." It is similar to the specialty skill strategy in that it aims to gain a dominant position within a niche market, which then deters competitors from entering. It differs in that the product or service that users of this strategy sell are not particularly innovative. Instead, the company sees a new market being formed due to external events and quickly moves in to secure a dominant position. However, this strategy also shares the weaknesses of users of the skilled strategy. Paradoxically, their most significant threat is the success, as increased business increases the chance a competitor will take an interest (Drucker, 2007).

Changing the economic characteristics of a product, a market, or an industry is the last strategy, which differs in that it is the strategy itself that is innovative, rather than the product or service. This can be done in several ways. One way is to create customer utility, making a standard product more attractive to the customer as it provides utility the customer might not even have considered (Drucker, 2007).

The second way of changing the characteristics is in concern to the price. Though this could be done in several ways, Drucker (2007) gives the example of shaving razors, more specifically what Gillette did. They sold the razor itself for one-fifth of the manufacturing cost and instead earned their profit on the shaving blades, as the razor could only take the blades Gillette produced. The company could then actively compete based on the price of the razor.

The third aspect is in regard to the amount of concern the producer takes to the customer's reality: can they afford the product, and can they do that now? The solution would then be to offer alternative payment solutions. Drucker (2007) uses the sales of farming equipment as an example: the usage of the equipment would pay itself back over just a few seasons, but the farmers did not have that capital now. Instead, the manufacturer offered to receive payment after each season. As such, both benefited.

The last strategy is in regard to delivering value. It stresses the importance of seeing the product from the customer's perspective: what is the value that the product brings? By asking this question, Drucker (2007) argues that the main objective should be to find why the customer is buying the product, and consider if their needs can be better answered by changing their operations somewhat. Drucker (2007) uses the example of a producer of oil lubricant for heavy machinery.
The lubricant itself is used to prevent machine failure, which would mean heavy costs for the user. The producer, instead of merely selling the lubricant, offered a subscription. By doing so, the need for safety from suffering heavy losses due to machine failure was more alleviated than from what the competitors could offer.

2.3 Business network and relations

2.3.1 The Network theory

In general, the network theory argues that a company cannot be analyzed as an isolated player but should be regarded in relation to other players in the environment. A company is therefore dependent on resources that are in the position of others (controlled). Furthermore, domestic relationships can give access to other networks internationally (Hollensen 2017). The network approach includes implications as well as opportunities to exploit in the network. The understanding of connectedness or integration is a commencing point for the company to evaluate decision-based opportunities from, the type of business relationships companies also have a wish to enter into (Löfmarck Vaghult 2002).

Earlier studies on internationalization and networks have a dyadic relationship according to International Business Marketing in Emerging Country Markets by Jansson (2007), meaning that there are two parts in a relationship, which also is a direct relationship, while networking is an indirect relationship. The direct relationship or dyads are linked to three grand types of networks, which are activity patterns, resource constellations, and actor bonds. Jansson further explains that four network components determine the capability of the network, the four capabilities provide the link between external and internal network. Specialized networks are for example used by a customer specialist. Product specialists are using more standardized networks, and distribution specialist uses their direct- and indirect network, while the distribution network specialist through indirect and distant coupling to the customer (Jansson 2007). Network capability profile impacts the opportunities of the range of entry modes to an MNC (Multinational Corporation) that it can enter through subsidiaries or agents, historical situations suggests of establishing indirect relationships towards clients via the intermediary. Usually, frequent usage of the distributor network specialist capability should be used (Ibid). A strategic tool of Network theory is the Network Mapping, which analyzes the plural actors within a network.

It can help the marketing section within the company to focus where marketing efforts should be pulled into. The map has a vertical, horizontal and diagonal dimension when network mapping. Giving results of tiers levels, that explains which relations that are the closest to the company and the complexity towards the outer tiers (Ibid).
In addition, culture has an important aspect of business networks, as it is a part of the environment that affects relationships (Ivanova Gongne, 2015). Ivanova further formulates that the culture affects the individuals interacting in a relationship, due to the origin of the individuals that appear from a different set of culture and how the origin culture affects the interaction point in the form of communication for example. Lack of competence in the counterpart’s cultural origin can be an issue in B2B-relationship, after commencing a relation between two parts (dyadic relationship), it can later be found distances of the relationship. One could, therefore, apply and convince of one’s own cultural identity to overcome or refer to the counterparts’ origin of culture (Ibid).

### 2.3.2 Networks – industries or ecosystems?

Business Relationships have for long been an important study in business marketing, from the perspective that managers make decisions and apply specific strategies, which eventually affects business relationships (Forkmann. et al. 2012). Business Relationships are ongoing, and the focus should aim at enduring relationships (Löfmarck Vaghult 2002). The Business relationships concept was introduced in the industrial marketing and purchasing group, the idea behind the formation of the group was to analyze the environment of the relationship between companies in complex industries.

While the traditional view on networking is used extensively in business strategy, James F. Moore (1993) argues that the existing theories fail to explain how the industries can shift so rapidly the last few decades, with companies opening up whole new markets, only to lose their leadership position, or worse, becoming irrelevant on it. He believes that a company should not only be seen as a member of an industry, but rather as a part of a business ecosystem. His model is that different industries overlap and that companies gather around innovations, which they then continually push using both cooperation and competition, profiting together. Moore (1993) instead argues that competition between business ecosystems drives industrial transformations, not the competition between individual companies.

As the ecosystem evolves, it becomes more structured. Moore (Ibid) argues that a business ecosystem continuously goes through four stages in its "evolution," each with its own set of cooperative and competitive challenges. The last stage, Self-Renewal, correlates with the cooperation between established firms and new innovators and entrepreneurs outlined by Wharton (2015): it states that an ecosystem risks becoming obsolete if new innovators are not brought into it.
18

The Evolutionary Stages of a Business Ecosystem

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cooperative Challenges</th>
<th>Competitive Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth</td>
<td>Work with customers and suppliers to define the new value proposition around a novel innovation.</td>
<td>Protect your ideas from others who might be working toward defining similar offers. The so-called “first to market” concepts.</td>
</tr>
<tr>
<td>Expansion</td>
<td>Bring the new offer to a large market by working with suppliers and partners to scale up supply and to achieve maximum market coverage.</td>
<td>Defend alternative implementations of similar ideas. Enforce that your approach is the market standard in its class through dominating key market segments.</td>
</tr>
<tr>
<td>Leadership</td>
<td>Provide a compelling vision for the future that encourages suppliers and customers to work together to continue improving the complete offer.</td>
<td>Maintain strong bargaining power in relation to other players in the ecosystem, including key customers and valued suppliers.</td>
</tr>
<tr>
<td>Self-Renewal</td>
<td>Work with investors to bring new ideas to the existing ecosystem.</td>
<td>Maintain high barriers to entry to prevent innovators from building alternative ecosystems. Maintain high customer switching costs in order to buy time to incorporate new ideas into your own products and services.</td>
</tr>
</tbody>
</table>


2.3.3 Entrepreneurial networks – networking in Start-ups

As the importance of SMEs, including start-ups increases on the market, so too does the networks these companies possess. The manner in which a start-up or a born global firm structure their network is quite different from the more traditional ways, which is what will be explained in this chapter.

While the business network and relations of a large, established firm are clearly defined, the networks of entrepreneurs and their start-ups tend to be much more blurry concerning what constitutes a personal or a business network. The former is called a uniplex relationship, meaning that the role of the two actors is clearly defined; only private, or only business for example. The latter is referred to as a multiplex relationship, meaning that the entrepreneur can both conduct business with and be good friends with the other partner. (Kregar, Antončič 2016).

As the entrepreneur relies on her network to receive resources and information (Ibid), maintaining good relations in the network has become even more crucial. This is especially true in international entrepreneurship, as the information gained can translate into knowledge regarding foreign markets, allowing for the spotting and seizing of opportunities (McDougall and Oviatt 2005).
2.4 Conceptual synthesis
In the literature review, it has been made clear that the view of internationalization and the business environment are changing. Companies are finding new ways to use entrepreneurial strategies.

For internationalization, the rise of Born Global firms has challenged the traditional theories which emphasize an incremental approach. Their rapid internationalization creates uncertainty regarding what it takes for a company to internationalize. The Born Global theory, championing the entrepreneur as the most crucial aspect, is becoming increasingly more important.

The business environment is seeing a change both from the way business relationships are seen, as well as new ways to view the whole industry, instead of putting the focus on the theory of a business ecosystem. What they both have in common is that the relationships and the actors are becoming less centralized, and more informal.

To succeed with their company, an entrepreneur needs a strategy. With the rising importance of entrepreneurship, it follows to reason that strategies that are distinctly entrepreneurial, such as the one championed by Drucker will become more important.

These three factors all depend on each other and are affected by one another. They come together in the model, (Figure 1). It, along with an explanation of the different parts can be found below.
The business environment refers both to the immediate actors that the company has some connection to, as well as the business ecosystem that the company operates in. The official partners and investors, together with informal connections in the context of the business environment affect both the company and the entrepreneurial strategy from the resources and information that the company can receive from the environment.

The entrepreneurial strategy concerns what strategy the company will use to further their success. It entails the goals the company have, the characteristics of the product and whether the strategy strives to standardize or localize. The strategy, which is entrepreneurial in nature, shapes the business environment, as depending on which strategy is chosen, the company will seek specific networks to enhance this choice. It also affects the company, which can see its product or service be changed based on the factors mentioned.

The company refers to both the entrepreneur, considered the most important actor in the Born Global theory, as well as the product or service that the company produces. While the company is influenced by its environment and strategy, it can also do the same to them. The entrepreneur will shape the environment based on which formal and informal connections she makes, and the strategy based on her mindset and personal goals and ambitions.

Internationalization, while started by the company, is influenced by all three aspects mentioned above. These, in turn, influence each other and creates an internationalization that is comparatively unique for each company.
3 Method

The following chapter will explain the methods that will be used in our pursuit of answering our research questions. Ranging from how the questions will be answered theoretically to matters concerning reliability, validity and ethical considerations.

3.1 Abductive approach

The abductive approach is one of three types; (deductive, inductive and abductive). The deductive approach points at certain characteristics. To start with, the researcher tries to understand and describe the relationship between concepts and variables. By that formulating a hypothesis that should provide a result by gathering quantitative data or qualitative data. Secondly, the researcher operationalizes the concepts, and thirdly, the deductive approach should include generalization (Saunders. et al. 2016). The inductive approach tends to aim at the use of qualitative data and gather the data in hope to get different views of the phenomena. The abductive approach is different from the other two approach styles; it is more or less a combination of the two. The researchers work from theory to data as well as data towards theory (Ibid).

The abductive approach meanwhile is a creative process, different from deductive- or inductive approach according to Timmermans and Tavory (2012). The authors further on claims that it is a creative process by the researchers since they produce a new hypothesis and supported theories which are founded on new research evidence. In this way, the researchers are drawn away from theoretical insights. Abduction is further argued to be conjectural of deduction, induction, and abduction since it searches a situational fit between facts and rules (Ibid).

Abduction is further argued to be conjectural of deduction, induction, and abduction since it searches a situational fit between facts and rules (Ibid). To simplify, abductive approach moves back and forth from theory to data, which is quite frequently used by business managers researchers (Saunders.et.al 2016). To further describe the abductive approach, by observing surprising fact one could then figure out a theory of how the surprising fact could have happened (Ibid).

Lipscomb (2012) exemplifies abduction, which can be an everyday event and also arguably a problematization: "I see my wife's car in the drive, and I abduct that she has arrived home before me" (p. 244, Ibid). It is of relevance to support the abduction with facts and data towards the empirical findings that come from the qualitative research in the form of interviews (Ibid).

Our thesis sprung from learning the surprising fact about the unicorn factory in Stockholm and how today's tech-startups in Stockholm are designing their internationalization strategies. By conducting interviews with tech-startups in Stockholm, which results in empirical findings, we will apply the abductive approach in our research.
In addition, since our subject is relatively unexplored in comparison to international business studies, it is more validated to build our thesis studies upon the theoretical framework which have been formulated earlier in this thesis, as tech-startups have not been theorized in Stockholm before. A pre-understanding of the study area is needed to understand the patterns from the empirical insights.

3.2 Qualitative research

In scientific research, the research most frequently starts with a problematization; it can either be theoretical or practical. The problematization should aim at an interest that is appreciated by the research field of study (environment); such as institutions, companies or by scientists for example. The problem can be found in several ways that lead to motives for research within the field of interest (Patel and Davidson 2011). The distances between development, improvement, analysis, and research are somewhat diffuse. Research studies aim to produce knowledge and make use of the research-based knowledge, improvement or development studies primary use is to contribute to scientific research (Ibid).

Qualitative research is most frequently done by researching literature and articles as well as conducting interviews based on the gathered theories. The theories should prove the answers from the interviewees, or prove the contrary (Ibid). During the gathering of data, it is common to get secondary opinions that can develop the area of research. It is, according to the writers Patel and Davidson (Ibid) of reasonable interest to write down the opinions or ideas during the research to save it for the analysis, which can improve the research, together with the gathered answers from the interviewees, which strengthens the discussions in the analysis.

Denzin and Lincoln (2003) describe that qualitative research is a performed activity that can locate the observer in the world. Observations depend on interpretive and material exercises that make the world visible. The exercises turn the world into subsequently of representations, field notes, interviews, and conversations to exemplify what observations can include. These examples prove that qualitative research is interpretative and naturalistic viewings of the world. Researchers, therefore, study matters in their naturalistic settings, with the belief that they can make sense of phenomena for example to the people they aim their research for.

The difference between qualitative research and quantitative research is that qualitative studies are relevant when there is a limitation concerning timespan, smaller scale and a social way of thinking, while quantitative studies are based on scientific principles and techniques that are more relevant in time as in how people are living today. Findings might even be more defined which enables specific conclusions, which can take longer time when used as a research method (Davies, 2007).
Secondarily, questions are towards questions of paradigm. Which, according to Saunders, et al. (2009), is defined as the basic coordination of belief system or worldview which guides the researchers to the investigation.

We have chosen the qualitative method to gain accurate information regarding the strategies that the tech-startups have or will utilize in their pursuit of internationalization and to receive their perspective of the business environment they operate in.

3.3 Research design

Qualitative research is related to plural varieties of strategies, each of the strategies has their specific emphasis, scope as well as a separate set of procedures. A sum of the principal strategies that are used with qualitative research is; action research, case study research, ethnography, grounded theory and narrative research. Some strategies can be used in quantitative research as well (Saunders. et al. 2016). The research design should provide with an oversight view of the method chosen as well as the reason for it (Saunders et al. 2009).

It is preferable to explain where the researcher carries out the research. A research topic aims to explain specific areas of an economy for example, and the researcher chooses this area given (Ibid).

In the deductive approach, it is relevant to include all the independent, moderator, mediator and control variables which bring validity to the qualitative research and the interviews (Feldman, 2004). Which brings the validity to an important factor to the research design, together with types of research approaches such as; case study, experiment, survey, archival analysis and history (Yin, 2014). The different designs are optimal for different types of research, obviously dependant on chosen research method and approach (Ghauri and Grönhaug, 2010).

Research design should counter in problematization of validity and reliability and have a basis upon different approaches of experimental design, by cross-cultural surveys of case studies and comparative formation for its' purpose (Bryman and Bell, 2011).

3.3.1 Multi-case study design

In the design of the case study, the researcher(s) must decide whether to conduct a single or multiple-case study design. As the names imply, the single-case study uses a single case to build its analysis, while multiple-case studies use several cases to conduct their thesis. Yin (2012) argues that a multiple-case study design can yield data from which findings can be construed with greater confidence. As our thesis is built on the assumption that the environment impacts a localized industry in regards to internationalization, a multi-case design is appropriate for this thesis. A single-case design would be challenging to draw conclusions from in this instance.
3.3.2 Purposive sampling

According to Merriam (2009), it is of importance to select a type of sample which should be linked to the questions that are asked in the interviews as well as to how the problem is formulated in the study.

By that, the sample gives the selected unit of the analysis. There are two types of samples: purposive and probability. Purposive sampling explains the assumption which the researchers would like to discover, understand as well as provide insight and by that selects a sample from what most can be learned (Ibid). This suits the thesis since we use qualitative research method.

By the requirements of the text mentioned above, we have chosen purposive sampling since we can identify and select the interviewees and their companies for this thesis. According to Merriam (2009), purposive sampling includes a selection of the criteria which are applicable when finding and selecting the interviewees.

We will, therefore, choose companies in different stages of their internationalization process which are startups in the technology sector based in Stockholm. With that stated, some of the companies are situated in an innovation hub or have their own offices.

As a result, we have developed a criterion based on the research questions and to limit the sampling to companies and interviewees which applies to these criteria:

1. Are Swedish
2. Startups developed in Stockholm
3. Have offices or rent office space in central Stockholm
4. Have an international business or aspire to
5. Have or aspire to have an international customer base
6. Have started in the last five years
7. Be in a managerial position, due to the strategic perspective and the responsibility to initiate internationalization.

3.3.3 Cases

Based on the criteria of the purposive sampling, we have contacted and will interview the following companies. Two of the four wished to be anonymous, which means that the interviewees will be referred to as X and E respectively. The company name has also been changed on their request.

**Company name:** Shortcut Labs AB (Flic)

**Interviewee:** Pranav Kosuri Co-Founder, Head of Marketing and Sales

Shortcut labs are selling their product Flic, a physical button that can serve a variety of functions for a mobile phone, such as a camera button, a snooze-button for an alarm, or as an assault alarm. The production was funded through Indiegogo, a grassroots financing site. Shortcut labs have been collaborating with companies such as Spotify and Logitech to have Flic integrated into their services. The company was found 2013 in Stockholm.
**Company name:** E-sports inc. (Anonymous)

**Interviewee:** E, Founder, CEO

E-sports inc, founded in 2014 in Stockholm, is creating a platform for e-sports (competitive gaming), which can be utilized by their users for training and in the organization of competitions and events. As e-sports are a relatively new phenomenon, the goal is to act as a bridge between aspiring gamers, competitive teams, and sponsors. Their employees come from a variety of backgrounds and companies, such as Spotify, Google, and Ikea.

**Company name:** Ugglo

**Interviewee:** Jens Malmqvist, Co-founder, Nils Ohlsén, Co-founder

Ugglo is creating an app with the same name, which offers schools children's books in a digital format, to be read on tablets. They achieve this by cooperating with publishing companies and collaborating either directly with schools, or through municipalities. The app was released in November 2017 in Stockholm.

**Company name:** X-treme app (Anonymous)

**Interviewee:** X, Founder, CEO

X-treme app gives a service for adventure-minded users. It is a social network platform where users share their adventurous experiences with each other. The company was created in 2016. X-treme is a relatively young company which offers a service that is trending and will bring innovative approaches to our thesis work. Its' network is partly why we believe they are relevant to our thesis.

### 3.4 Data collection

The area regarding data collection (primary and secondary data), should be precise and neutral, in the way that the language used from the data collection should not be discriminatory, further on the data collection should be relevant for the area that is being researched upon. Data collection of the topic should also match with the interviews as in our thesis, where we will be using interviews as a first data (Saunders et al. 2009). Merriam instructs that type of data collection methods should be identified that will be used in the thesis or study for example. Also, there is a need for subsections, that is separated for each method (Merriam, 2016).

The gathered intelligence from data, by that the amount is relative and should be adjusted to the subject and its timespan as well as the research problematization (Ibid). The researchers should not only provide data that support their research, but they should also enable non-supportive data to give the research a reliable opinion, by being neutral somewhat (Ibid).
3.4.1 Primary data
Primary data or primary sources are eyewitnesses, or first handed given documents (Patel, Davidson, 2011). Primary sources in qualitative research are most frequently interviews or observations. When interviewing, one should be precise on what type of interview that is conducted, for example, the semistructured interview or structured interview, by defining the structure of interviews in the thesis and how the interviews are conducted, the research becomes somewhat more valid (Merriam, 2016).

A study containing observations can find issues with timespan, like when the observations should be made and how many observation sessions that should be done. They (observations) can be done formal and informal which can produce different results. Another task that faces researchers when conducting observations is how to get access to the observations, as well as authorization for making observations at the specific spot and the people or companies being observed. Researchers must also plan for the observation, why are the researchers observing the problematization and why are the individuals concerned with the problematization. This should be written to give confirmation and validity (Merriam, 2016).

3.4.2 Structure of interview
There is a difference in sampling primarily data, interviews or surveys. As the qualitative approach requires interviews as the primary data source, the purposive sampling in this thesis should include interviews. Interviews and surveys have different purposes, questionnaires or surveys gathers a quantitative understanding by having a collection of a significant, numerous score of filled in questionnaires. To gather depth in the primary data, the researcher should conduct interviews (Gillham, 2005). There are several styles to conduct an interview, to exemplify (ibid); unstructured interview, élite interview, group interviews and semi-structured interviews.

• Unstructured interview creates and gives responsibility to structure the interview, to the interviewee, which is accountable for the path and structure of the interview. As we relate our interview based on background findings, through the theoretical synthesis, we have a targeted area to achieve answers from. Therefore this is not an optimal style of interview.

• The élite interview has a distinct value, by interviewing people with specialized knowledge within an area, due to their background of power or authority, the interviewees possess more knowledge than the researcher. The élite interview could stop us from asking secondary questions which makes the interviewee’s first answer restricted from other perspectives, and we need to conduct secondary questions.
• Group interviews, for example of a group interview, is a focus group. Group interviews are suggested to be used in a preliminary stage of the research. The interview is recorded as a discussion by several parts. With individual interviews, we will be able to get more unique answers.

• The semi-structured interview, is a flexible interview style, due to a balanced structure and the quality of the gathered data has been obtained.

In this thesis, the semi-structured interview will be used as a tool. We believe it is relevant to ask the startups the same questions, that is based on our research and accordingly provides with potential answers to our research questions. It is essential that our questions are not only based on the research but also have a focus on providing answers to possible researchable angles.
3.5 Operationalisation

It is of relevance that the literature review and background are in depth in correlation to what the thesis, in this case, is about. That provides thoroughness to the qualitative research, the interviews. Merriam (2009) states that qualitative research should relate to details in the way the study has been conducted and to present relevant evidence which supports the findings. The qualitative research, interviews will include operationalization, and in these columns, we describe what areas of the literature review that will be covered with their specific questions in our interviews.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Interview questions</th>
<th>Theory</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>1-3</td>
<td></td>
<td>The background aims to assess that the information we have gathered about the company is up to date and whether the respondent has any additional information to add.</td>
</tr>
<tr>
<td>Internationalization</td>
<td>4-11</td>
<td>Born Global theory</td>
<td>This segment aims to provide insight into how the company views their internationalization in regards to our chosen theories regarding the subject. It will assess what the goals are for the companies to internationalize.</td>
</tr>
<tr>
<td>International strategies</td>
<td>12-18</td>
<td>Entrepreneurial strategies</td>
<td>By further examining the strategies the company employs, both in regards to internationalization and general strategy, this segment will look at aspects such as adaptation to see how the strategy is formed, and how it affects internationalization. It does so both on a domestic and international level.</td>
</tr>
<tr>
<td>Environment</td>
<td>19-27</td>
<td>Network theory</td>
<td>The questions in this segment regards to which extent the environment in Stockholm has affected the companies’ general strategy, in terms of networks and relationships.</td>
</tr>
</tbody>
</table>
3.6 Method of data analysis

According to Andersen (1994) researchers that are conducting qualitative methods, are criticized for being somewhat subjective. Due to that facts and gathering of data are dependent on the individuals who choose to research in a qualitative method. That argument is supported as well by Schutz in 1955, who claims that qualitative methodology is affected by the human judgment (Denzin and Lincoln 2018). On the other hand, qualitative studies have a background in gathering- and can generate a significant amount of data, whereas the researchers can analyze the data and access insights in the work they conduct in their research (Ghauri and Grönhaug, 2010).

To further describe a problem, there is an issue of generalizing data as in that a few cases will most likely not describe a theoretical found problem, there are more cases needed likely to answer what for example most companies work in a specific scenario, therefore the scope of findings in qualitative studies are restricted (Bryman and Bell, 2015). The same authors claim that it can be an issue with transparency in a qualitative study (ibid).

Case studies can be done in several ways. Commonly, the researcher document a specific event in detail. The particular can be a person as in this thesis (Leavy, 2014). Types of case studies can be; instrumental, collective, theory- led or theory generated, e.g. (Ibid).

We have further on used the qualitative data and formed the conceptual synthesis for this study to be able to analyze this study. The conceptual synthesis is based on the empirical findings as well as theory from our literature review.

To be able to be as precise as possible in recording our interviews as well as asking the interviewees if it is okay with them to record, have helped to give and be able to save their unique answers as well as giving our thesis a more valid point of view, which will be mentioned later in this chapter. The Semi-structured interviews have helped us bringing up secondary questions which bring value to the analysis, from which the interviewees can develop their answers for example.

In this thesis have therefore identified and reviewed our data and empirical findings carefully to be able to answer our research questions. Our identified data have been structured to the area of Stockholm and tech startups, as well as our literature review, gives depth in internationalization, entrepreneurship and business ecosystems which includes networks and relationships. By that our empirical findings and analysis will give us a conclusion to the stated research questions and by that a thorough answer.

Based on our structure of the interview, we see that there is a relevance to structure the operationalization areas as follows; internationalization, international strategies, and environment. As our conceptual synthesis works under the assumption that there is a connection between the areas, clarity into this matter will be efficiently presented by structuring the empirical findings on a case-by-case basis.
3.7 Quality of research
For the thesis, the research design should be of quality. To specify what quality of research design in this thesis is (Saunders et al. 2016), quality of research design refers to how data is collected and how it is evaluated, and its’ relevance in comparison to the research. It is of relevance to the researchers to address terms such as validity, reliability, method criticism and ethical considerations.

3.7.1 Validity
The term validity describes in research methods if one is observing, identifying or measure in relation to qualitative research. There are two sides of validity when conducting research, internal- and external validity. Internal validity regards the correlation of the researcher’s observations and theoretical formulation of the idea that develops during, in our case this thesis. If the correlation or match between these factors exists, the validity of the research becomes strong. External validity concerns to the level findings of data, for example, can be generalized over social settings (Bryman and Bell 2011).

3.7.2 Reliability
In a research method and its’ quality, the aspect of the research method reliability refers to how the researchers have dealt with their data collection techniques as well as their analysis; the analysis should be based upon the theory and data findings (Saunders et al. 2009). Similar to validity, there is an internal and external perspective on reliability. External reliability describes what level a study can be replicated by others, which is an issue for qualitative research. Internal reliability regards if or if not the researchers agree with their observations for example (Bryman and Bell 2011).

3.7.3 Ethical considerations
Research in business meets upon ethical considerations in different parts during the research process. Ethical considerations can, according to Bryman and Bell (2011), relate directly to the integrity of the research and its tools that are involved in the research. There are two exemplified questions, that can assist the ethical considerations done in the research (Ibid);

- “How should we treat the people whom we conduct research?”
- “Are there activities in which we should or should not engage in our relations with them?”

The ethical considerations are relevant to analyze from the answers of the observations that have been made or the data that the researchers have collected. By for example conducting interviews with managers in a company, the question that will be posed to them can affect their answers due to ethical reasons or dilemmas. One should, therefore, consider the questions and their ethical background and potential answers that researchers can receive from their interviewees (Saunders et al. 2009).
According to Wyse, Selwyn, Smith, and Suter (2017), researchers should regard the confidentiality and security of the people or companies when they observe or conduct an interview. Researchers should not demand answers in situations whereas the other part feels uncomfortable in that situation, company regulations that can be violated should also be considered for example.
4 Empirical findings

This chapter will present the empirical findings we have made during the interviews with the tech-startups. The chapter is structured by first giving a brief introduction of the company, then delving into their thoughts on internationalization, international strategies and their surrounding environment.

4.1 Esports Inc

The company wished to be anonymous and will, therefore, be referred to as Esports Inc, while the interviewee will be referred to as Mr. E.

Although e-sports are considered to become the world’s largest sport in the future, Esports Inc acknowledged the lack of structures surrounding the competitive gaming scene. As a result, three years ago the company set out to create a platform where players, teams, sponsors and event organizers could all congregate.

4.1.1 Internationalization

The company has a current focus on Europe, with a future stated prospect of expanding globally. They utilize a focused targeting based on the popularity of games when choosing their markets. They do not recognize culture as an aspect to consider when choosing a market, instead focusing on language and distance. Distance is important as it affects the latency in the games should the customer be far away, reducing the value of the experience. Concerning flexibility, Esports Inc has a preconceived plan when internationalizing, as this approach has worked so far. The fact that most games are standardized across national borders helps in this endeavor. The adaption necessarily concerns language primarily, keeping in mind to which extent the customer base in that nation can speak English. The company also has to adapt their current system to the taxes and regulations of the countries they wish to internationalize to. They have considered other companies set-backs in this regard, but also their successes. They continually combat the risks in the foreign markets by being proactive from information gathered from the news, market news and customer satisfaction ratings.

When asked whether the company saw value in the prospect of internationalization for the company, Mr. E stated the following:

“We don’t see a value as being international, everyone can be international, it is more about quality and creating a large customer base.”

Mr. E considers the board the reason for the internationalization, though he argues there is a consensus amongst the founders that the market is too small in Sweden to sustain their company. As a result, there has been a dream to become global, but not take too great leaps if it affects the quality of the product.
The company has both foreign and domestic investors, with some individual foreign investors being considered essential for the company's internationalization process. Everything is created in-house, as it considered by the company to ensure the creation of value.

4.1.2 International strategies
When asked whether their product was more suited to be sold locally or on a global scale, Mr. E stated the following:

“Our target group is similar globally, we don’t have to adapt in that way, however looking at marketing and certain national requirements of operating in these markets we have to adapt.”

In general, the primary goals of the company is to maintain a high-quality product and create and maintain a large customer base. It aims to do so by continuous engagements and by utilizing unit economics. As for the timeframe of their strategy, Esports Inc generally plans 3-5 years ahead, which Mr. E acknowledges is a long time-frame for companies in the tech-sector.

In regards to digitalization and the necessity of being adapting to change, Mr. E wholeheartedly agrees. He argues that utilizing the latest tech can cut years from how long their initial plan(s) would take, which means that being up-to-date is important. However, he also argues that this is a balancing act, as finding employees that can work with the cutting-edge tech is difficult, and that the tech that is used primarily must be in line with what the mass market uses. In general, though, the company finds it optimal to be adaptable to the markets, even though it can incur obstacles in time management.

4.1.3 The environment
Mr. E is of the opinion that Stockholm is generally the only city in Sweden of "high quality" in terms of the business environment. He refers to the number of intelligent people in the industries, and the fact that they can all be gotten into contact with easily as some of the most significant contributing factors. As a result, he questions if the company could have worked outside Stockholm.

On the question, if the environment affected how the product was shaped, Mr. E instead points to that there was an international demand for Esports Inc. Still, he believes that their network helped them get access to the environment to fulfill this demand.

Mr. E holds that the company has been very selective in the building of their network:

“KTH, however, we have a selective network, we are reasoning our relations on the same basis as you would choose a partner in life.”
Of the current relationships, the company has, KTH is considered to be one of the most important ones, which helped them with office space, finding employees and obtaining networks from. On the subject of the international view of Stockholm, Mr. E draws upon the similarity between Stockholm and Silicon Valley, with many people working in the same fields all in one small area. In short, he believes Stockholm is a good city for entrepreneurs.

On the other hand, Mr. E concurs that the housing issue in Stockholm is real and that it is difficult to find international expertise. The company instead focuses on the universities in the city, strengthening their relations and using them as a source for recruiting new talent.

4.2 Shortcut Labs
Shortcut labs were founded in 2013 with Mr. Kosuri, our interviewee (now CEO), as a co-founder. Their product, Flic, is a multipurpose button that connects to the customer's phone and can be used for everything from a camera button to an assault alarm. Their initial capital was crowdfunded through Indiegogo. Today, Flic is sold in over 110 countries and 3,000 stores globally. Apart from this, the product is also sold through e-retailing channels such as Amazon, as well as B2B businesses with for example Clarion hotel. Of the current customer base, 40% of the sales are made in the US.

4.2.1 Internationalization
The current focus of the company is to enter the Indian market, with the reasoning that a significant proportion of the population can speak English. The fact that the language is a large factor in the internationalization is something they have realized, and have shaped their strategy: they focused on the UK, US, Australia, and Canada initially, then moved into Germany, Italy, and France which all required dual languages on the product, increasing costs. The latter also increased the costs of the customer support, as they had to have bilingual support staff to answer to their demands. Mr. Kosuri argues that the language and tech-friendliness of the nations have been the deciding factors in choosing countries, rather than language. The connection to the crowdfunding, which was mostly from the US, also impacted their decision to focus mostly on the states. Furthermore, Mr. Kosuri states that while earlier experiences in the US taught them methods to attract and retain customers in the states, the same methods did not work as well in Sweden, as they were considered "too aggressive."

When creating an internationalization strategy, the company studied the market before-hand and utilized their network of fellow entrepreneurs that operated in the market that they wished to expand into.
This included considerations of communications and working with the domestic press. This information also helped with uncertainty in the market brought by regulations and policies. Still, Mr. Kosuri does not consider the obstacles of internationalization too demanding:

“Markets are quite similar today, the strategy can basically be global with our retailers [...] how people use our technology is the same”.

When asked whether Shortcut Labs has had sources for inspiration in regards to their internationalization, Mr. Kosuri mentioned their expansion into India. He stated that they had contacts with the Swedish firms Wellington and Truecaller, a clock manufacturer and app-developer respectively. The experiences of Truecaller was highlighted as especially helpful in regards to information regarding India.

Concerning the connections between tech-startups, Mr. Kosuri believes that there are entrepreneurial "co-herds," startups which were established at the same time primarily cooperating with each other rather than established firms cooperating with new ones. Mr. Kosuri states Mr. E as a primary source of collaboration, though they did communicate with Mr. Lorentzon, one of the Spotify founders.

"Spotify and Klarna [...] were hanging out at tech meeting when they were in their start-up phase. There was a second wave with Truecaller and Narrative. For me, it has been with Mr. E."

In concern to their motivation for internationalizing, Mr. Kosuri states that they had to go abroad immediately as the Swedish market was too small to sustain their product, both in terms of the customer base as well as the production of Flic. Concerning risks in the foreign market, specifically due to the rapid development of technology, Mr. Kosuri stated that the largest risk they faced now from competitors as if they were to create a similar product, extremely niched toward a specific group. He felt that this would cause an issue in product development and their market share. He still had an optimistic view of the challenge, however:

“[...] as start-ups we are agiler and can counter-attack in comparison to old, large companies. “

When asked who initialized the internationalization, Mr. Kosuri stated that there was a consensus amongst the founder to go international; they never considered not to. As all the founders had international experience, the goal was to reach the international market "again," to not be "stuck" in Sweden. He also added the following regarding entrepreneurs from Sweden specifically:

“We also believe that by being Swedish, we all have that innovative gene in us, we have several successful companies and individuals out there, even though we’re small players geographically, coming from Sweden.”
Mr. Kosuri also explained that the localization the company undertook included localization of language on the application and the package, together with the marketing focusing primarily on specific functions of the app in specific markets: markets with high crime rates benefited more from marketing highlighting its use as an assault alarm, for example. On the question of outsourcing, Mr. Kosuri explained that the company currently have product manufacturing in Malaysia, packaging in China and a hub in Taiwan. Research, development and engineering are done in Sweden.

4.2.2 International strategies

Mr. Kosuri stated that due to the functions of the product, Flic could be sold globally. Although he had this knowledge from the start, the intentions were not international in the very beginning, in concern to strategy. When asked to elaborate on the strategy that Shortcut labs have used, Mr. Kosuri stated the following:

“The strategy in the US was to first go to Premium outlets [to establish ourselves] and then move towards the mass market, through Best Buy. In India on the other hand, it as to see what the market demand was, and we learned that safety was an issue over there.”

Mr. Kosuri also stated that through their experience, they concluded that their ambition should be to provide Swedish quality and bring customer satisfaction regardless of the price of the product. Being asked to elaborate on the time-scale of their strategy, Mr. Kosuri stated that they did not have an overarching international strategy, instead stating that they had specific strategies for each market and sales goals for them.

On the question, if there is a need for flexibility in terms of tech-improvements and changes in the market, Mr. Kosuri stated that some time ago, Amazon invested heavily in a similar product that could be used to re-order wares. As a response, Shortcut Labs partnered with Domino’s pizza to work out a similar usage of the product.

“We understood and wished to show that our product could be used in several ways, not only sourcing customer info as Amazon wished to do. We believed that our product could be used for varying purposes, and Domino’s pizza was a good deal at the moment.”

On the question whether the business environment has affected their company strategy, Mr. Kosuri stated that it had partly helped them through providing meet-ups with fellow entrepreneurs and through incentives from the state. However, he stresses that the most important part of the business environment for them was to gather information from the consumers and companies operating in foreign market thought and said.
Mr. Kosuri concluded that their overarching strategy had been based on the “moonshot”-thinking, meaning that they invested heavily in marketing and expanding their customer base. This decision, he argued, was helped by the fact that as start-ups, they had no previous business to lose and could focus all their efforts on growth, accepting the risks. He summed it up as follows:

“Go big or go home!”

4.2.3 The environment

Mr. Kosuri believed that their product had in some form been shaped by their domestic business environment, as they had made Flic per Scandinavian design and quality, which in turn helped them in the international markets.

When asked if certain relationships had been more important to the company than others, Mr. Kosuri again stressed the importance of the “co-herd,” together with the previous “generation.” He also referred to Narrative, another startup that helped Shortcut Labs get in touch with Hardware-club, one of the largest hardware network in the world, which he now considers their most important business relationship.

“The co-herd entrepreneurs have been important to us, as well as the generation above us. They introduced us to the international investors.”

Mr. Kosuri went on to state that they were assisted in learning about institutional opportunities and state incentives from KTH. He stated that different companies had been the most important during their growth: first KTH, which apart from the mentioned benefits also provided facilities, then US investors when they moved to that market, and lastly Narrative which assisted with retail management and how to sell B2B to them. Focusing in on Stockholm, Mr. Kosuri concluded that Stockholm City, KTH, and Stockholm invest had been the most important institutions for the company. He further remarked that the start-up scene had grown tremendously in popularity since he first started.

Concerning the international view of Stockholm and its opportunity for entrepreneurs, Mr. Kosuri continued on the growing popularity of Stockholm:

“Yes, Stockholm has a preferable environment for start-ups. However, there is a cultural difference than before. When I started these hubs weren’t there. But now these innovations hubs has created a hype as well as making entrepreneurs a “cool” thing to be.”

Regarding the government's investments into the tech-sector, Mr. Kosuri agreed that the subsidiaries had helped the companies in Sweden.
However, he pointed to the welfare system as a larger contributor, stating that it creates a safety-net that makes it more incentivizing for entrepreneurs to test their idea. He compared it to the US, where the leap of faith is much wider than in Sweden.

When asked about the challenges regarding start-ups in Stockholm, namely taxes, housing and attracting skilled foreign employees, Mr. Kosuri agreed on the housing problem but stated that this was not a problem unique to Stockholm: all capital cities have the same problem. He also remarked that when they lived in Silicon Valley, for example, they had to pay a lot more than in Stockholm. On taxes, Mr. Kosuri stated that the taxes could be seen as a problem, as they meant a significant loss of capital for start-ups in employee costs. He felt there was a positive to them, however, which connected to the last point made: the taxes, he stated, ensured the prevalence of top universities which could mean future employees for the company. Instead, he felt that the largest challenge facing Stockholm was of cultural origin:

"The biggest negative aspect is the Swedish mentality and Jantelag, how it is hard for people internationally to get friends and communicate over a night, people are restrained here. Whereas in the USA I could get a lot of friends over a spontaneous meeting at the bar over a beer. It doesn't work that way in Stockholm."

Concluding our interview, the final question regarded whether society and the business environment were in favor of the entrepreneur. Mr. Kosuri agreed to a large extent, but stated that he felt a discrepancy between the public perception of entrepreneurship and the reality:

"People have an optimistic view of how it really is to be an entrepreneur. There are so many variables and responsibilities to the role. The society is supportive, but the expectations to spend money and live like the surrounding people in Stockholm is weird to me."

4.3 X-treme Sport

X-treme app gives a service for adventure-minded users by our interviewee Mr. X; it is a social network platform whereas users share their adventurous experiences with each other. The company was created in 2016. Mr. X has been running X-treme Sport for 1,5 years together with a couple of his friends. They found the idea by sharing the same interest in extreme sports. Mr. X further describe his background of work experience with the product- and business development in Stockholm and Oslo. There has always been an interest in extreme snow sports, snowboarding especially. This, together with an interest in entrepreneurship and a passion for starting new projects gave life to X-treme sport. Mr. X further adds into that the income is not important and there is a drive to go his own way instead of accepting well-paying jobs at more established firms.
4.3.1 Internationalization

For X-treme Sport, the current focus is to build the community base in Sweden exclusively; the application aims to build a community with like-minded individuals, instead of only being on Facebook for example. Mr. X further argues that the aim is to build a critical mass to expand internationally as well as to focus on growing from country to country, region to region. Mr. X also describes that casual networking is a key for building clusters of users which are geographically focused.

In the line of growing internationally from country to country, the next step is to expand into Norway, due to the similarities between the Norwegian and Swedish markets. After this, the company wishes to expand further, by forming communities in the chosen countries. Otherwise, the company is interested in expanding to Germany, much due to the social networks Mr. X and his colleagues have established in Germany. X-Treme Sport wishes further to expand into France; it is of importance for the company to take the French culture into account as they try to create a social group. It is also mentioned in the interview that cultural aspects include economic aspects, such as the fact that the group of people going skiing in the US are usually well off; the large middle-class skiers are not as widespread as in Europe. Considering the economic aspect internationally, Mr. X explains that the company has partly been invested by a foreign actor since the investment company was foreign and the investor was Swedish. Regarding the international strategies for X-treme Sport, the interviewee state the following regarding their current stage:

“We are in an early stage, [...] Still, we have a general plan for achieving internationalization; contacting influencers and getting them onboard. This is done by network marketing, contacting different companies to synergize with their campaigns and X-Treme Sports influencers”.

When asked about uncertainties or issues in foreign markets, Mr. X explains that the company has not met any obstacles or issues abroad for their application, aside from adapting to local regulations. X-Treme Sport believes that moving into China for example with their regulations for foreign companies would mean an increase in work on foreign operating issues.

The company received inspiration from Swedish firms like Fishbrain and the networking as a concept helped this endeavor. The thinking from the company was that this should work for skiing as well. What is further of value for Mr. X and his company is what the internationalization brings;

"as of larger market it entails, but it also helps for investment rounds; it shows the app and indirectly the idea is feasible, and by that be adaptable for several markets."
The interviewee further expresses his opinion on the speed of digitalization and how it affects the company. Mr. X mentions that most companies will eventually be obsolete, as it is the natural cycle of businesses even if this cycle has been shortened. The interviewee further explains that the rapid expansion is necessary for the firm. In addition, from his point of view, a startup is called startups precisely because it does not have a set business plan. Instead, it can adapt to, for example, risks. In addition to that opinion the thinking is;

"We have nothing to lose and everything to gain at this stage."

Whether the reason for internationalization was something that was important for Mr. X personally or the team behind the startup, Mr. X states that it was a consensus in the company behind the international expansion. The product for X-treme Sport have a global function according to the interviewee, but certain aspects need to be focused on in different countries, based on the aspects that were earlier treated in this interview regarding internationalization. Product marketing in new markets should be treated in forehand by economic and cultural reasons, according to Mr. X. The interviewee further states that they are sub- outsourcing in Ukraine whereas the programmers are developing the application.

4.3.2 International strategies

When the interviewee was asked about international strategies for the startup, Mr. X states that;

"the product can function on a global scale, but that local adjustment needs to be made on the national level initially."

Regarding the importance of the set strategy, X-treme Sport believes that it is relevant to create community hubs in areas that are popular for skiers, with the ambition of gaining influencers that facilitates the growth. Mr. X further explains that he has a vision together with the company that;

"in more than five years with our conceptual ideas where they want to or to do next. But the rollout- strategies are generally adjusted for one year, for strategic choices specifically".

Mr. X stresses that it is important to be flexible with strategies in regarding changes to some extent. With their rollout- strategy are generally adjusted for one year, for strategic choices specifically. The functions of the community app will be the same regardless of where it is used, only small changes as language settings will be locally adapted.
Regarding the effect of the business environment on their international strategy, X-Treme Sport mentions that it is difficult to say to what extent the environment has affected their company strategy. However, according to Mr. X, they have been affected in some ways;

"Establishing in especially Germany showed that our idea works internationally, and was something we learned from our tech startup hub [...] Seeing that other take risky decisions makes it feel okay for us to do the same".

Following this, on the question which entrepreneurial strategy suits the company and their internationalization design of strategies, Mr. X describes that if they manage to become a market leader, they will not expand in other aspects. Instead, they would focus on making the product better and better. The focus will always be the same.

4.3.3 environment

X-treme Sport confirms that their product has been shaped by talking to ski-enthusiasts, product developers, and investors. To answer if certain relationships have been more of value in their network;

"The first investor is the most important for us, as the investor introduced them to a wider network. [...] Red Bull has promised that when our product is ready, they will expand our content with their own".

The company has set up offices in Åre, Sweden as it is a popular resort for Winter Sports for Swedes as well as international tourists. The company also has networks in Engelberg, Switzerland and their investors have contacts in Zermatt, Switzerland.

Regarding Stockholm as a provider of networks and supportive institutions for entrepreneurs, Mr. X explains that;

"it is easier to get in contact with other people due to them being close, it is a cluster with people, money, and ideas that are quite unique for Sweden."

On the prospect of the global market and the global competition, Mr. X believes that the access to the global market outweighs the negative aspects of global competition. The company acknowledges the new perspective of entrepreneurship; where the company aims at becoming big internationally from the start with a global product and heavy investments internationally. This is partly the company strategy, as they wish to become a global leader, but they want to slightly decrease the risk and earn some money during the rise. Therefore, they want to create profitability quite soon. However, the interviewee describes that the "go big" mentality can be applicable in general in Stockholm, but there are still some differences between Stockholm and Silicon Valley, concerning funds for example.
While the entrepreneurial environment in Stockholm is good according to Mr. X, it is hard to pinpoint precisely what makes it good. The interviewee believes there are similarities between Stockholm and Silicon Valley:

"A spiral of companies helping each other. Which can be seen in Silicon Valley as well: they have the know-how and how-to-build large-scale enterprises as well from scratch. [...] Stockholm in comparison is a small player, but we possess many same qualities”.

Mr. X further entails that the substantial investment in technology and IT in Sweden at the beginning of the 1990s is one of the most important initiatives the government has issued for entrepreneurs, due to the possibility to practice programming since childhood, to give a boost in tech know-how. The interviewee further argues that it is quite impressive if the government understood this already in the 90s. Broadband and excellent mobile connectivity, e.g., have been helpful according to Mr. X. Regarding the housing situation in Stockholm, X-treme Sport as a company and the owner of the company as well agree upon that;

“Housing prices are quite steep, which also impacts wages. You have to pay higher wages so that your employees can afford to live in Stockholm.”

Mr. X finds it hard to define if today's society and the business environment are in favor of an entrepreneur and how the company has used the surrounding environment to design the product. He agrees tentatively: in favor of the service, yes. However, the increase of usage with smartphones helps the company. Mr. X further describes that there are similar services, but no clear market leader. They do not necessarily have to compete with them, they have different goals, and X-treme Sport believes they can coexist with these other services.

4.4 Ugglo

Ugglo is creating an app with the same name, which offers schools children's books in a digital format, to be read on tablets. They achieve this by cooperating with publishing companies and collaborating either directly with schools, or through municipalities. The app was released in November 2017 in Stockholm together with the co-founders Jens Malmqvist and Nils Ohlsén. The founders state that the company was founded and they are currently handling the sales, and in essence "pulling the weight." They further explain that they have two partners that work part-time and they also have two additional employees whereas one of them are currently in Egypt who handles the recordings of the books and the other employee are managing the municipalities. Ugglo works with the largest publishers in Sweden, which is also represented on their webpage. Their operations are to publish their e-books on their app.
They have recently started to ignore the publishing level and instead worked directly with the authors, they have also started adding audio to their books, by either reading in Swedish or other languages. The idea behind the company was to create from talking and continuing ideas, start to develop a platform, acquiring partners, then the focus on the school was created.

4.4.1 Internationalization

The co-founders described their international possibilities with their product and the countries they are operating in; the app can be downloaded everywhere in the world, but currently, the app can only be downloaded in the Swedish language. However, there are Swedish people spread on the world, but in small numbers, the co-founders mention that they are having a customer-base in Finland, and they have approached the Finnish market with a proposal just recently. They have also considered private alternatives. Since according to the co-founders they have the systems, what they need is content for their new markets. Their current plan is to create an audio content themselves in English which later on can be distributed worldwide as a language learning tool. Uglo further entails that in the Finland case it was the language that impacted the choice;

“The focus on English lessons will probably not be based on cultural or market factors.”

On the question if there were any similarities in the domestic market that affected their foreign entry market mode. Uglo was never invested by any domestic or international investors; they were instead self-funded.

Malmqvist and Ohlsén expressed their idea on how to be flexible with decisions regarding international strategy;

“We are continuously reflecting on our business. What works, what can be done better. I would say that it has steadily grown, we have discovered a need. We are continuously looking for the next step”.

The company aims to continuously check up on their product and look for improvements, says the co-founders about uncertainties in foreign markets. They also mention that since they work towards the school, which have not reached so far, the product is at the forefront. Still, they have seen that Ipads are becoming more used in Sweden foremost and elsewhere abroad as well, which is good for Uglo. However, they need to monitor changes in trends so they can adapt to their service. Regarding Swedish firms as inspirations for internationalization, the co-founders state that;
“Maybe not directly, but many services are subscription based,...] Meanwhile, Storytel can be considered as a source of inspiration based on how they give audio to books. Otherwise, the drive that Storytel have is a big source of inspiration. Believing in their product is important”.

Internationalization as a value is important for Ugglo since the co' founders have studied abroad and "seen the world," have created a drive to reach out to the world again. Regarding their role as founders if the reason for internationalization were theirs they mention that;

“In a meeting recently, we agreed that we had to reach milestones in order for this to feel relevant and worth it. As such, there is a consensual agreement regarding it,”.

Ugglo's product is somewhat standardized since it is of use for everyone. However, according to the co-founders, the focus is on the countries that do not need to learn English but in foreign markets that lack the systems for learning English as we do in Sweden. The co-founders believe that there is a need for a service such as the Ugglo product globally. Malmqvist and Ohlsén confirm that the programming is done in-house, while the reading of the books and transcribing them are outsourced.

4.4.2 International Strategies

When asked whether their product was more suited for a global or local strategy, Malmqvist and Ohlsén stated that they believed the current content is too lacking to be considered a global product.

They hope to remedy this by their current set international strategy, adding content for customers wishing to learn to speak English, thus reaching a large international market. When asked about the time frame of this strategy, Malmqvist and Ohlsén stated the following:

“We work primarily with target images, in one-two years. [...] We feel that such long-term goals can become too abstract for us. Changing and modifying our service is something we continue to do.”

Due to their primary customer base being municipalities and by extension schools, the speed of tech improvements is not as notable as the general market according to Malmqvist and Ohlsén. They further believed that changes would be easier to spot because of this.

On the question of how the business environment had affected their company strategy, Malmqvist and Ohlsén stated that the drive their fellow entrepreneurs have has impacted how they designed their strategy. They did not feel that Stockholm as a city had affected them much, but more the tech-hub they operate in.
4.4.3 Environment
When asked how their product had been shaped by their domestic environment, they referred back to their tech-hub, and how their fellow entrepreneurs drive pushed them to go further with their ambitions.

Delving into the relationships of the company, Malmqvist and Ohlsén stated that the publishers were their most important relationship, and while they varied in importance based on their size, the number of partners Ugglo has means they do not have to rely on a specific one.

Malmqvist and Ohlsén also stated that their tech-hub had been imported from a networking perspective, letting them get in touch with other entrepreneurs and actors. They furthermore stated that the institutions in Stockholm had not played a part in their creation of their company.

When asked about their view on global competition brought forward by globalization, Malmqvist and Ohlsén stated the following regarding their view on the matter:

"The opportunities outweigh the negative aspects of competition, it creates a drive. As our product is based on learning a language, the aspect of globalization which makes the language more important is in our interest."

Moving into the international perception of Stockholm as an environment supportive of Stockholm, Malmqvist and Ohlsén stated the following:

"We don't have much to compare with, but we agree with the sentiment. Still, we think our business could have been run from anywhere. Still, we feel Sweden is quite unique in how easy it is to handle contact with governmental agencies."

Malmqvist and Ohlsén furthermore stated that they had no strong opinion whether the government investment into the tech-sector had assisted in the success of tech-startups in Stockholm. They had also not been affected by the negative aspects mentioned regarding Stockholm, namely taxing, housing and difficulties of attracting foreign experts. They had however talked to other entrepreneurs in their network that had faced these issues. To conclude, Malmqvist and Ohlsén find it difficult to answer whether today's society and business environment of Stockholm are in favor of an entrepreneur. They suggest this is due to them not having had to use their business environment to any considerable extent when designing and implementing their service.
5 Analysis

Following the presentation of our empirical findings, this chapter will connect the findings to our theoretical synthesis in order to analyze similarities and differences between the two. The analysis will be structured in accordance with the fields our synthesis and interview questions were: Internationalization, International strategies, and Environment.

5.1 Internationalization

Examining the answers given by the interviewees, it is clear that neither has used the Uppsala model nor the incremental approach in their aspiration to achieve internationalization. It is possible to see similarities with slow and gradual expansion to minimize uncertainties (Buckley and Ghauri, 1999), in the case of X-treme Sport. Their stated goal was to start by focusing on gaining control of the Scandinavian user-base in Sweden and Norway. They explained this decision because of the similarities in language and user-friendliness with tech. However, the internationalizing of X-treme Sport cannot be solely described using the Uppsala Model. Instead, their reasoning stems from a need for control of the user base and an increase in their customer base. Therefore, for them, it makes sense to create a Scandinavian customer base in their inception to grow exponentially at a later stage. The same finding is applicable with Ugglo as they offer their global service only in the Swedish language as of now. But they have larger intentions with the use of English language in their application. Additionally, Ugglo is not expanding incrementally due to cultural or market factors in terms of similarities. It is foremost the language that is of importance in their internationalization, according to Malmqvist and Ohlsén. In comparison to the Swedish historical incremental expansion strategy (Johanson and Wiedersheim, 1975).

It seems that tech startups intend to focus their marketing on a regional basis due to language similarities; North America, Europe, and Scandinavia for example, to then be able to gather international networks and international investors.

Oviatt and McDougall (2005) describe that the international entrepreneur has a vision of the world as a global market. This goes in line with the founders of the companies we have conducted interviews with. The entrepreneurs have a goal of being global with their companies and puts a significant amount of focus on their marketing, to be able to effectively operate in foreign markets. There is a consensus within the startups that internationalization is a natural step they have to take, rather than a choice they can make. This stems both from their aspirations from the inception of the company, as well as pragmatism: the Swedish market is considered too small to achieve the measure of success they strive. Another pull-factor was described by Mr. Kosuri, in that the markets today are quite similar. This, together with the fact that most tech-solutions are used the same way around the globe creates a strong incentive for tech-startups to internationalize. These factors facilitate a view of the world as a global market.
Internationalization and networks have a dyadic relationship, and a company is not an isolated player but is related to other players in the environment they are situated in (Jansson, 2007). The findings showed that the companies interviewed have network relationships to other startups in Stockholm which can assist them with their internationalization elsewhere, Mr. Kosuri from Shortcut labs stated that experiences of other Swedish SMEs like Wellington and Truecaller had assisted them as they had aspirations on establishing themselves in the Indian market. Their experiences could be translated into valuable information about the market which Shortcut labs could use. This goes in line with the Born Global theory, stating that startups have to take advantage of their limited resources (Oviatt and McDougall, 2005). Additionally, this confirms that there is a need for startups to take advantage of existing networks and relations to access information of foreign market as in this case. Continuing on networking theory, the interviews confirmed that Stockholm as a city has many actors on a small area which creates network possibilities to take advantage from; the likelihood of meeting upon a new business partner in the city is more prominent than elsewhere in the country. That this was a valuable aspect of being situated in Stockholm was a consensus amongst the interviewees. This goes in line with what Löfmarck Vaghult (2002) stated, that by being connected to other companies gives the ability to better evaluate opportunities and the decisions they entail. The connectedness and integration of the network (in this case Stockholm) serve as a commencing point for these aspects.

As entrepreneurs have to scramble their resources to market their products or services, it is crucial for them to maintain good relationships with their network, including partners and companies. Through the company, they can seize opportunities in a framework of International Entrepreneurship (McDougall and Oviatt 2005). Mr. X mentions that to achieve internationalization, they are currently contacting influencers through network marketing and contacting different companies to be part of their campaigns. The stated goal is to create a synergy between the companies and the influencers with the campaigns as a catalyst. This strengthens the argument that the network can provide information as a resource but also be of use in marketing for instance. Entrepreneurial networks, Born Global and International Entrepreneurship as well as Network theory are all suggesting that the entrepreneur is interlinked with its network (Oviatt and McDougall, Janson, 1994, 2005, 2007).

Johanson and Wiedersheim (1975) suggest that companies should gradually expand their business internationally, due to, e.g., uncertainties in foreign markets. The interviewees agree that being flexible on global market trends and considering uncertainties are important. However, as the Born Global theory argues that via technological development and communication, the methods to combat these aspects have changed. The entrepreneur can take advantage of this to access news on trends or uncertainties.
Malmqvist and Ohlsén from Ugglo explain their methods on business development and their view on these aspects in the foreign market; that they are continuously reflecting on their businesses, based on factors such as product quality, market trends and market uncertainties. It becomes even more of importance as they internationalize.

In the theory of entrepreneurial strategies, one angle is Hitting them where they ain't (Drucker 2007). Concerning internationalization, this angle is specified with the concept of *creative imitation*, whereas an entrepreneur can create a natural follow up on a company. Interestingly the findings see former Swedish startups as a source of inspiration and a possibility to follow up and niche their specific idea from their inspirations. Ugglo co-founders show that by mentioning that many services in the industry are subscription based, which according to them can be done in several ways. However, Storytel was a company that inspired them with their service idea, as well as their ambitions to become internationally known as a company

5.2 International strategies

Drucker (2007) argues that entrepreneurs can find success through finding and occupying a specialized "ecological" niche. The core parts of this theory suggest that the entrepreneur establish her company at the beginning of a new industry or market, and positions herself to continually improve the company's product through increasing the knowledge of the company.

Users of the strategy are usually concerned with B2B connections, and the end customer generally has no interest in who provides the part of the product or service that the entrepreneur's company creates. Taking these aspects into account, E-sports Inc shows a lot of the same thinking - the industry of e-sports have only recently begun with no solid framework to build from. Mr. E has stated that the quality of their service is the biggest factor for the company and learning how to keep the customers content. Meanwhile, the customers' interest is in actually playing or watching the e-sports; who provides the service of organizing is not the most important matter. Meanwhile, as the e-sports scene is growing, should E-sports Inc become too niched in their role, they run the threat of not being able to adapt should the market, or scene, greatly changes for some reason.

Shortcut Labs saw no similar product on the market when they launched Flic, and therefore, in essence, opened the market for "smart buttons" with a large width of user applications. Although there was clear interest from the market based on the fact that they could receive the initial funding from crowdfunding, there were large risks in launching their product. Still, Mr. Kosuri and his fellow co-founders invested heavily into their expansion; "go big or go home" was the mantra. As such, their strategy bears a strong resemblance to Druckers (2007) model of being "fastest with the mostest," which also states that users of this strategy will see either great success or great failure. In Shortcut labs case, it was the former.
Additionally, Mr. Kosuri had identified a strategy that competitors could use that challenged their business: that they would create a similar product niched to a specific customer base. Such an instance could be seen with Amazon, who launched an app which could be used to re-order items from their site. As such, this strategy is in line with Druckers (2007) strategy of "entrepreneurial judo," which combats the market leader by gaining market shares through a focus on specific customer groups, gaining a foothold in the market this way.

The strategy of X-treme sports bears resemblances to two of Druckers (2007) entrepreneurial strategies. The first is the "specialty market strategy," which states that the entrepreneur aims to achieve a dominant position on a niche market, through a service that is not necessarily particularly innovative. This market is dedicated to skiers and snowboarders, and while there are competing firms, none have reached market dominance yet. While X-treme sports hope to gain this dominance, their success could mean that the exposure it would create in the mainstream media would create more exposure for this market, heightening the possibility of competitors trying to enter it.

The second strategy is "Creative imitation." Mr. X stated that they were inspired by Fishbrain and that X-treme sport utilizes the same kind of community-building that Fishbrain is built upon. The strategy states that a company can utilize holes left in the market after the first company has established their idea. However, it is contradicted by the fact that Fishbrain had no interest in pursuing the customers on the same basis X-treme sports do: fishing and skiing are quite different endeavors. Fishbrain is also stated to have provided assistance to X-treme sport in their design and how to build their community. This can be explained by the theory regarding business ecosystems (Moore, 1993): the two companies both share the same industry, online communities, but both have different customer bases. By moving the industry, the business ecosystem forward, both parties stand to gain on it, by innovating or creatively imitate each other, without competing for customer bases.

The core strategy of Ugglo is reminiscent of a mix between Specialty market and skill strategy, in that they strive to gain a dominant position in a niche market, namely as a supplier of digital books for children, issued through schools. Meanwhile, the digitalization of the school system is comparatively new, happening slowly as Malmqvist and Ohlén put it. As such, they face both challenges of the strategies: should schools move towards more traditional ways of lecturing, the company would find it challenging to maintain their core business. The same is paradoxically true in the opposite direction; if the school system becomes digitized to a large extent, larger companies will take notice, challenging Ugglo. Their stated strategy for internationalizing through English courses through literature is instead reminiscent of "entrepreneurial judo." Other language-courses exist, but Ugglo could gain market shares by providing language-courses in English connected to their portfolio of literature, instead of a simple glossary or sentence-writing courses.
5.3 Environment

The environment is stated to have, in one way or another, a high impact on the interviewed companies. Ugglo, together with X-treme Sports states that the innovation hub that they are situated at for the moment have helped them to push their ambitions, both as entrepreneurs and startups, as well as aspiring for their goal, to become global market players. Stockholm has indeed become an entrepreneurial city, both stated by several researchers as well as our theory, which implies that entrepreneurial networks are important for the entrepreneurs (Kregar et al., 2016).

They are also important for the startups, with the city or businesses or individuals, e.g., supporting the tech-startups for further development both domestically and internationally. The findings point to that Stockholm has the functions needed for entrepreneurialism and tech-development, together with the general safety afforded by the safety-net of the Swedish welfare state. Much due to the people of the city and the talent they possess within entrepreneurship and tech. However, much has changed, both in Stockholm as well as on a global scale. The articles in the background have pointed towards that entrepreneurship is including tech-startups, have somewhat of a hype surrounding them (Breakit, 2017). Mr. Kosuri shared this sentiment, stating that the general view of the entrepreneur in Sweden has changed. He points to the innovations hub as a source for the hype, creating the perception of the entrepreneur as an attractive position to have.

Paul Burns (2016) theorize that the entrepreneurial environment is more favorable as of today due to technological advancements, creating a global connectivity which has resulted in an emerging amount of technologically based startups. In this new environment, Stockholm based startups are facing global competition which enforces them to continuously develop and be on the lookout for new potential competitors. However, the findings have proven that startups within this industry do not see this as a threat, more of an opportunity, which also goes hand in hand with what Oviatt and McDougall states of the global market (2005). To further analyze the environment that affects the startups, it is, according to Paul Burns (2016) important for the entrepreneur to ensure that the operating units are working flexibly and accordingly with its' environment.

In our findings with Ugglo, the co-founders mention how they work with their long strategic international goals. They understood that it is of relevance for the company to interact with its' network and continuously work with their product for quality. Overall, the findings indicate that the companies have been flexible and have a consensus that it is important to work with development and ensure quality. As mentioned by Mr. Kosuri, the product they are selling have the advantage of being Swedish, which has an association to high quality. In this way, the historical examples of large Swedish companies, together with the fact that the product is Swedish and from Stockholm creates an expectancy for some characteristics. The primary one is an expectancy of quality from the international customer base.
These findings go along with Paul Burns (2016) theory regarding cultures and structures, as well as the cultural aspects of business networks (Ivanova Gongne, 2015).

The conceptual synthesis describes the business environment, which refers to the immediate actors and business ecosystem which the startup operates on as well as the informal connections of the business environment. The findings have also proven the theories behind the synthesis, in that the entrepreneur is directly affected by her surroundings, both in Stockholm and the prospects of internationalization that startups face in foreign markets. The findings all shared the consensus concerning the prospects of networking in Stockholm through, for example, spontaneous meetings in the city. These aspects also validate the previous research regarding the positive aspects and explain the international attention the city has been given. Establishing themselves in Stockholm allows tech-startups the possibility to access new international partners as well as the network given to the startups if, or rather when, they go abroad.

Kregar and Antončič (2016) identified that SMEs generally tend to have multiplex relationships, in that there are several roles in the relationships. Mr. Kosuri and Mr. E, while perhaps not having a formal business relation, have a personal relation which positively impacts each others companies. Ugglo points to the drive of fellow entrepreneurs as affecting how they conduct their strategy, and Mr. X compares Stockholm to Silicon Valley, in that they both have a plethora of entrepreneurs that are willing to share their ideas and collaborate with each other. On the other hand, this strengthens the argument that the entrepreneurial environment is complex and hard to understand from an outside perspective (Kuratko, et al. 2011). Taken in this context, Mr. Kosuris statement regarding the Swedish cultural norm jantelag, and a general deviancy from interacting with strangers, it can be reasonably expected that a foreign worker would find it difficult to integrate themselves in this environment.

According to Moore (1993), as a business ecosystem evolves, it becomes more structured. Compared to other industries, the tech sector is still young. The unstructured prospects that this would entail coincides with the arguments put forth regarding the prevalence of multiplex relationships, in that it allows for companies to have multi-faceted relationships. However, the last step of the evolutionary stage of an ecosystem is "self-renewal," which entails cooperation between new innovators and established firms. The same evolution can be found in Stockholm amongst the startups. Mr. Kosuri argued that their predecessors, Spotify and Klarna, had a multiplex relationship where they assisted each other.
The same held true for the next "generation" of Truecaller and Narrative, followed by his own, with Shortcut labs and E-sports Inc. These "co-herds" as Mr. Kosuri calls them bears a strong resemblance to the "self-renewal" activities outlined by Moore (1993), however in a much faster pace than what he suggested. As such, the rapid evolution of tech ecosystem allows for unstructured relations to remain as multiplex relationships, as the ecosystem continually changes from unstructured-structured and then back again.
6 Conclusions

The following chapter will answer our stated research questions from the insights we have found from the analysis. Furthermore, from this, we will reconfigure our conceptual synthesis. The chapter will also consider limitations that have been identified during the project, as well as give proposals for future research.

6.1 Research questions

To answer our main research question, the two sub-questions will first be answered.

6.1.1 Sub-question A

*How does the business environment play a role in the creation of an internationalization strategy?*

Through the empirical findings and the analysis which was derived from it, we can see that the environment has played a large role when the companies internationalized, both informal as well as informal ways.

All companies, however, saw the internationalization of the company as a natural, necessary step, rather than a choice the company could make. As such, the network they built was created with this reasoning in mind.

In the formal environment, investors were stated to play an important part, and the startups both gained investors from their network as well as was provided with an extended international network through their investors. Institutions were also stated to have helped in establishing a network, which in turn assisted the companies in their pursuit of internationalization.

In the informal environment, casual relations between the entrepreneurs assisted in both gathering knowledge regarding markets the companies wished to internationalize to, as well as influence and strengthen their will to achieve success on a global market. For the latter, the startup-hubs played a prominent part. The hubs can be considered a combination of a formal and informal environment: the relations within between the entrepreneurs are informal, as in no contract are written between them. It is however done in the context of the hub, which is a formal platform.

6.1.2 Sub-question B

*How do the goal(s) and ambition(s) of the companies formulate a strategy that drives internationalization?*

We have come to understand that while there is a difference between the goals and ambitions of the company, these are not as prominent as the difference between the personal goals of the entrepreneurs and the goals that benefit the company.
Due to the empirical findings and the subsequent analysis of this, we also saw a link between the personal goals being long-term oriented, while the company's goals were short-term oriented.

Personal goals include working in an international context and a view that only working in Sweden would feel like a failure for the entrepreneurs. Their goals are therefore long-term and unspecified: internationalize for the reasons mentioned above.

Company goals can be considered more pragmatic, looking at what benefits the company the most. In this context, internationalization can, for example, create legitimacy which in turn attracts investors. It can also increase the revenue of the company, with the stated goal of maintaining the high quality of the product. The company goals are thus short-term oriented and specific.

Even though the end result in both these cases are the same, internationalization of the company, the mentioned factors impact how the company will formulate their strategy.

6.1.3 Main Research question

*How do tech-startups in Stockholm design their internationalization strategies?*

Through our thesis, it has been made clear that the network of a company and the business ecosystem they are in strongly impacts the internationalization strategy the company undertakes. The network influences the company both in a formal and informal context, ranging from investors assisting in creating an international network to casual discussions between entrepreneurs regarding how to enter specific foreign markets. This, coupled with the goals, be that personal- or company goals, further impacts how they choose to design the strategy.

The strategy that the entrepreneurs choose is also distinctly entrepreneurial, with an emphasis on context in the market and the available solutions to the need the industry wishes to fulfill. As such, the choice of strategy is based heavily on the current environment.

The entrepreneurs base their decision and design the internationalization strategy based on these factors. The factors also influence each other; goals can be dictated by the network and the opportunities they bring, but it can also be the other way around; the entrepreneur can design their network to achieve their goals. The strategy is then designed based on these premises.
6.2 Implications

6.2.1 Conceptual framework

Having collected and analyzed our empirical findings, it has become apparent that the three subjects brought up in the conceptual synthesis, central to internationalization, did, in fact, impact each other, which is the main point we wanted to make with our synthesis. However, some aspects were overstated and could be further simplified. As a result, we have updated the synthesis and created the following conceptual framework.

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**The company** refers to the entrepreneur and the product as its core subjects. The product is shaped by the strategy that is formulated, and the environment affects the entrepreneur in her entrepreneurial desires.

**The Business environment** has been changed to emphasize the difference between formal and informal relations, while also showing the importance of the first relation the company creates. The point is that informal relations can be as important as formal. If the company, and in extent the strategy is defined, the business environment will be shaped by the entrepreneur based on her needs.

**The entrepreneurial strategy** has been simplified as the companies generally did not emphasize standardization versus localization, nor the product characteristics. Instead, personal and company goals and the difference between them impacted the strategy the most. Company goals, in this case, refers to specific achievements, such as gathering more investors.
Personal goals, on the other hand, refers to general achievements, such as becoming a global company. There was also a correlation between company goals being short-term-oriented, and personal goals being long-term. As such, we have highlighted it in the model.

6.2.2 Theoretical implications
The findings of this thesis reinforce the main subject of born global and international entrepreneurship-theory, in that the entrepreneur is an important actor in the internationalization-process of the company. It also shows that the proposed characteristics of the entrepreneurs, that they are willing to take risks and see the world as one market, have merit.

The theory regarding entrepreneurial strategies proved relevant, as all companies utilized a strategy that was comparable to the ones proposed in the theory, especially in concern to the market conditions which make the strategies useful. However, there was significant overlap between the strategies, and defining the companies with only using one strategy was rather difficult. Additionally, the companies, in their developing process, changed which strategy they used, which is an aspect that is not made distinct in the theory.

As the companies generally did not put much emphasis on competitors operating the same industry, the theory regarding business ecosystems showed merit. The globalization, and in effect the growth of the industry, was considered a positive aspect rather than a source of competition. However, our findings suggest that the evolution of the business ecosystem is faster than the theory suggests; that the self-renewal proportion of the ecosystem happens often and rapidly. The network theory has been proven of use in this thesis, as it has accessed internationalization of the companies, due to network contacts which have assisted the companies to new foreign markets for example. It also showed that the networks have an exponential effect; connections within the network leads to new connections, which can be on a global scale.

6.2.3 Managerial implications
The managerial implications of this thesis are generally directed at tech-startups in cities with similar companies to them. It showcases the importance of creating a network, both in the formal as well as the informal sense. The entrepreneur, and in extension the company, can form their network to suit their pursuit of internationalization. The same is true the other way around; the strategy can be formed from information gathered from the network, and the opportunities that are identified from it.

The constraints, however, are also implicated with the network for the entrepreneur. The network and the actors in it can mislead the entrepreneur on what is the optimal strategy for the company.
It is of importance for the entrepreneur to balance the information gathered from the network with the knowledge the entrepreneur possesses. Following this, the entrepreneur should consider the information gained from informal and formal relationships; how trustworthy is the source. In conclusion, the entrepreneur should strive to balance the three aspects mentioned in figure 2, letting them influence each other but not letting just one dictate the other two.

6.3 Limitations

Our thesis was conducted using four interviews, which is a limited sample size. It is possible that other companies would give different answers than the ones we interviewed. However, as the companies expressed a similarity between themselves and other entrepreneurs, we believe this difference to not be drastically high. Another limitation we have identified during the writing of this thesis is that all the interviewees are Swedish, and thus looks at Stockholm from a national perspective, comparing to other Swedish cities. Mr. Kosuri briefly touched on the fact that the challenges that faced Stockholm was not unique, but was prevalent in virtually all capital cities.

While this might be true, our thesis focuses on the opinion from tech startups in Stockholm regarding the stated issues, such as; housing and high-tax pressure. However, this results in the international view of Stockholm as an entrepreneurial hub is limited. Following that all interviewees are Swedish, the thesis is limited in how working in Stockholm is seen from a foreign perspective, both in regards to networking but also culturally. A third limitation we have acknowledged is the different stages of internationalization that the findings were situated in. Thus, in some cases giving different findings and not generalizable findings on questions regarding our thesis. However, we also understood that it could give an interesting viewpoint from the startups, as it meant that they delivered their specific answers and associations.
6.4 Future research

We believe our thesis has showcased that there is a need for additional studies regarding the subject matter. During the writing, we have also discovered additional subjects that can be studied further.

- While it has been made clear that the different aspects we have mentioned impact each other, we have found it difficult to state which aspects were the first to influence the other: a "chicken and egg" scenario. Further research into the relations between the aspects could shed light on the subject.
- During our interviews, the subject of co-herds was brought up. This was referred to as a generational group of entrepreneurs, which cooperates mostly with each other. A study looking into the relationships between entrepreneurs, and whether they can be grouped into co-herds might be of interest.
- Swedish cultural customs, such as "Jantelag" and general unwillingness to interact with strangers was brought up as a point of challenge for foreign workers operating in Sweden generally, and Stockholm specifically. A study focused on expats, and their view of working in Sweden could shed light on these aspects.
7 References

Interview participants
E, CEO, Esports Inc. Interviewed in person. 09/05-18

Kosuri, Pranav, Shortcut Labs, Co-founder, and CEO, Interviewed in person. 10/05-18

X, X-treme sports, CEO, Interviewed in person. 09/05-18

Malqvist, Jens, Co-founder, Ohlsén, Nils, Ugglo, Co-founder. Interviewed in person. 11/05-18

Books


**Articles**


Feldman, D. C. (2004). *What are we talking about when we are talking about theory?* Journal of Management


Online Articles


8 Appendices

8.1 Appendix A Interview questions

Interview questionnaire

Background

• Do you wish to be anonymous?
• Brief information about the interviewee: - We have understood after reading about the company (XXXX) that you have this role and out of the educational knowledge that your position stands responsible for these requirements. How long have you worked for the company, and is there anything you wish to fill in? Regarding your tasks or else?
• Brief information about the company: - After reading about the company in articles as well as the company's webpage, we have understood that they are selling this product/service and in the industry, whereas they sell this kind of a product/service. How did the idea come up on working with this company or creating this company and its product/service?

Internationalization

• We have further understood from reading articles and searched at the webpage of the company (XXXX) that they are operating in this amount of countries and specifically in these certain countries.
  - Have you considered any new foreign market to expand to, and why this/these in particular?
  - Are some foreign markets operated at but not mentioned?
• Have the likeness to the domestic market and culture played a role as your company went to foreign markets and established offices there?
• Have foreign investors in your company been important for the company’s internationalization?
• Would you consider your company to be flexible in regards to decisions regarding international strategy, or do you follow a preconceived plan?
• How is your company acting on uncertainty issues in foreign markets, such as regulations and policy? What are important to check up on or deal with?
• Have your company considered other Swedish firms as sources for inspiration in regards to internationalization, if so which ones?
• Is the internationalization of the start-up a value for you? In what way?
• How is your company dealing with challenges in foreign markets or the industry as such, since the development of technology is rapid?
• To what extent is the founder of the start-up the reason for the internationalization? Or what were the motives, if yes- why?
• Do the company have any issues with selling and buying via web pages? Do you have to localize your product/service in certain markets? Or are you relying upon that the product/service can be sold everywhere globally?
• Are you outsourcing part of your product/service or do you produce everything "in-house"?

International Strategies

• Have you considered that your product is most suitable to be sold globally or locally due to the technical functions of the product/service?
• What is the company’s set strategy for international goals? And what are the important ambitions for reaching this goal?
• Would you describe your set strategy to have less than 3 years or longer than 5 years? What are the reasons behind that?
• Due to the digitalization and speed of tech-improvements, do your strategy have to be flexible in adapting to changes? And if so, how are you flexible with adapting to changes?
• Do the company have to regard adaptation or standardization of the product/service in your marketing strategy when establishing a business in other markets than the Swedish market?
• How does the business environment affect your company strategy?
• (If there is time in the interview, explanation of theories, interviewee chooses the appropriate one and tells why). Based on your given answers, we believe the following entrepreneurial strategies best describes your strategy:
  - Hitting them where they ain’t
  - Being first with the most
  - To overtake the market leader by exploiting the standardization that occurs when the company tries to make their product attractive to as many customers as possible?
  - Finding and occupying a specialized niche?
    ○ (Explanation of strategy): Do you agree?

Environment

• To what extent has your product been shaped by the domestic business environment?
• Are certain relationships within your business network more important and why?
• Do you have relationships with business partners or other actors in other international markets or domestic relationships?
• Have any specific company been important in a network/relationship perspective?
• Have Stockholm provided your company with networks, and/or institutions for the company?
• The global environment includes global competition, how is the start-up acting on this matter and do the interviewee see that as an opportunity or a constraint for the certain product or service?
  - Several international newspapers such as NYT and The Guardian have
remarked that Stockholm has a preferable environment that is supportive for start-ups, do you agree?

- The government is argued to have been a substantial reason for the success of Stockholm, by investing in the technology sector. In your opinion, do you concur to that or are you pointing to other reasons for the success and amount of tech-startups in Stockholm? If so, what are they?

- Taxes, housing, and difficulties in attracting skilled employees internationally to move to Stockholm have been lifted as challenges facing tech-startups in Stockholm. Is your company affected by these aspects?

- Do you agree that today’s society and its business environment are in favor of an entrepreneur? Has your company used its’ current surrounding environment, and designed the product/service due to the lack of such a product or service in the environment that surrounds him or her? If yes, how so?

Conclusion

- Is there anything surrounding these aspects that you believe we have missed?

- Do you have anything else to add?
8.2 Appendix B Figures

Figure 1

[Diagram showing the business environment and entrepreneurial strategy]

Figure 2

[Diagram showing the company, entrepreneur, product, and business environment]