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“You’re Crazy, My Child. You Must Go to Berlin”

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**An explorative study on what attracts
founders of International New Ventures to Berlin**

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Abstract

Researchers have observed the phenomenon of International New Ventures (INVs) since the beginning of the 90s. Driven by a closer integration of international markets and developments in communication technology, these companies address global markets from their very inception. This approach to internationalization is contradicting traditional patterns that are marked by incremental development through a multi-stage process. Literature suggests that the ability to internationalize at a higher pace can be explained by identifying resources that INVs have access to. Building on this theoretical approach of the resource-based-view, it has further been identified how a location can influence an INVs resource base. As INVs are not focusing on selling to their local markets, it can be assumed that they have a higher flexibility in choosing a geographic location. It has not been investigated though, if and how the varying access to resources among different locations is playing into the locational decision of INV founders.

We address this identified gap by investigating why founders of INVs decided to move their venture to Berlin. Based on INV literature and using the resource-based-view we conduct a qualitative study including eight interviews with Berlin-based INV founders, as well as five experts on INVs in Berlin. Based on our empirics we identify how the access to tangible and intangible resources is influencing the decision to move to a specific location. We highlight the fact that the alternative location that Berlin was compared to plays a major role in determining the most important decision criteria. Founders deciding between minor technology startup hubs, such as Munich or Barcelona and Berlin often make their decision based on access to intangible resources like local networks and talent pools. If entrepreneurs choose between Berlin and major startup hubs, such as London or San Francisco, the choice pro-Berlin is mostly based on access to intangible resources like cost savings. We then point out how the resource-based-view cannot accommodate all criteria brought forward in the location decision, particularly quality of life and a creative environment. In a last step we build an argument how these factors play an indirect role in resource optimization for INV founders by allowing them to source resources internationally.

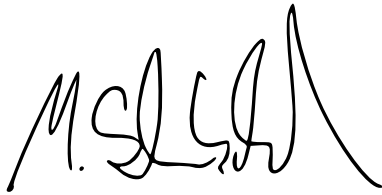
Keywords: International New Ventures, Entrepreneurship, Creative Class, Resource-Based-View

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Moritz Schiebold



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Für Opa Gerd und Opa Karl

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List of definitions and abbreviations

| | |
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| Startup ecosystem | The concentrated interaction of talent, different startups in various stages, and local institutions, such as investors or interest groups in a specific geographic location |
| INV | International New Venture |
| RBV | Resource-Based-View |
| VC | Venture Capital(ist) |
| SME | Small and medium sized enterprises |

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1. Introduction

"Berlin has the most potential of all cities in Europe" says investor legend Peter Thiel (as in Kuepper, 2013). In its online column Schumpeter, The Economist is calling the Berlin startup ecosystem *"the living laboratory other cities want to be, providing an inspiring urban environment and great Petri dish for new ventures."* (2013). In the study "Berlin gründet", management consulting company McKinsey is arguing in a similar way by portraying the German capital as an important hub for entrepreneurship with the potential of competing globally against the likes of San Francisco, Tel Aviv and London (2013). Venture capitalist Ciaran O'Leary follows en suite by writing that Berlin *"is already now one of the great places in the world to build a company – with plenty of room for improvement"* (2013). All these observations point out the rising importance of Berlin as an ecosystem for entrepreneurs in the digital sector, while also acknowledging its untapped potential. The development of Berlin's startup ecosystem can also be expressed with data: In particular, Berlin has managed to attract founders in the field of digital tech. Within this sector McKinsey categorizes 618 new found ventures in 2012 alone. According to the McKinsey report, this segment has been growing at an average of 10% annually for the past five years (2013).

International media is covering the rise of Berlin's ecosystem increasingly, exemplified by The Economist's coverage in 2013. As the magazine is pointing out, rather than only being shaped by locals, the growth is created by an international crowd. According to them Berlin is international to a level that if you are walking down Torstrasse (considered to be one of the hotspots of the Berlin startup ecosystem), you are *"almost as likely to hear English as on City Road in London - or Hebrew, Spanish or Swedish."* This internationality is reflected in the local talent pool. As Iljad Madisch, founder of ResearchGate says: *"In Berlin I found what our young company requires: creative and well educated people from all across the globe"* (as in Thomas, 2013). Jon Soberg, Managing Director of American venture capital firm Blumberg Capital is adding to this by saying: *"Berlin is a young and cool city where talent wants to go - and it is much cheaper than London"* (As in McKinsey, 2013). One of these international talents is Eric Wahlforss, Swedish co-founder of music streaming service SoundCloud. Before he started his venture in Berlin he went on a tour around multiple startup hubs to identify the best location for starting his company. What set Berlin apart in his opinion, *"[...] is a crazy mixture of creativity and cutting-edge*

*tech*¹ (as in The Economist, 2013). Young talents seem to be following Franz von Suppe's advice from 1800: "*You're crazy, my child. You must go to Berlin.*"

Internationals coming to Berlin to start companies like Eric Wahlforss did are not there to build companies for a German market (The Economist, 2013). Behind the development of international talent coming to Berlin seems to be a bigger trend, a new generation of companies. These companies (e.g. SoundCloud, Researchgate, HowDo, Readmill, Klash, etc.) are focusing on attracting an international followership from the start. The digital nature of their products enables them to provide services to a global audience from the get-go, which makes them seemingly less sensitive to geographical boundaries. As Alexander Kudlich, CEO of Rocket Internet says: "*it is a new development that by now companies are developed in Berlin, that have their home base in Berlin, but take the majority of their revenues from abroad*" (as in Thomas, 2013).

To sum up, whilst Berlin is emerging as a European hotspot for digital tech startups, it is becoming increasingly international. The international talent pool it attracts is both of interest for local startups, as well as the origin of new emerging ventures. These ventures are not focusing on the German market but rather, they are addressing a global audience from the start.

Academic literature describes such companies as "born-global-companies" or International New Ventures (INV) (Rialp et al., 2005). These companies have been drawing attention from researchers since the beginning of the 1990s and have been defined as: "*small, technology-oriented companies, that operate in international markets from the earliest days of their establishment.*" (Knight & Cavusgil, 1996). As opposed to serving a local market initially to then expand gradually, these companies are striving for international success from an early stage in their development (Oviatt & McDougall, 1994).

Since these companies are by now a global phenomenon (Rialp et al., 2005), studies have been conducted linking their access to resources to early internationalization (e.g. Rialp & Rialp, 2006; based on the resource-based-view developed by Wernerfelt, 1984; Barney, 1991). Further it also has been studied how location can possibly affect this resource base on different levels, e.g. by providing better access to

¹ Wahlforss commented on other hubs by saying: "London was very expensive, Vienna was too boring, in Barcelona not much was going on, San Francisco didn't have the right vibe" (as in The Economist, 2013)

knowledge, networks and reputational capital (Fernhaber et al., 2007). A question that so far has been neglected by the academic discussion is how the varying access to resources of different locations influences founders' decision to start a venture in a particular geography, in our case Berlin. Further the question arises what other factors beyond resource-optimization are decisive in such a locational decision.

1.1. Purpose

This thesis will contribute to existing theory on INVs through examining how entrepreneurs make locational decisions. Building on research focusing on how access to resources affects the early internationalization efforts of INVs and how this access is connected to geographic location, we will examine how access to resources influences the decision to start an INV in a particular location. Research on the topic of INVs has so far not integrated this perspective of an entrepreneur on a micro level and how she approaches a locational decision. Instead it is taken a general perspective on how location affects the resource base of an INV. In doing so, we will extend the existing theory by providing explanations of how the decision for a certain location is made and what role a location's influence on the access to resources plays. First, the takeaways from this thesis are meant to provide insights for both researchers on INVs that want to understand how resource optimization is factoring into decision-making regarding the location of INVs. Second, it will be of value for emerging entrepreneurs deciding on where to position themselves geographically when starting an INV.

1.2. Research Question

The observed lack of theoretical explanation on how resource optimization plays into a locational decision for founders of an INV leads us to the following research question:

Why do founders of INVs make the locational decision of moving their venture to Berlin?

The question is targeting the general reasons put forward by entrepreneurs making the conscious decision of finding a location for their venture. In particular we want to understand what factors entrepreneurs bring forward as driving their location decision, how these different factors co-relate, what role access to resources plays in this process, and lastly, what makes entrepreneurs choose between different locations offering a comparable mix of resources. Our research question therefore can be divided in four sub-question:

- What are the factors mentioned by entrepreneurs in favor of Berlin in their location decision?
- How do these factors co-relate?
- How do INV entrepreneurs link their locational choice to the resource base of their INV?

- How do INV entrepreneurs decide between different locations offering a similar mix of resources?

1.3. Structure of thesis

The thesis will proceed in answering these questions by keeping the following structure.

2. Theoretical framework

The theoretical framework will point out how the resource-based-view is applicable in the context of locational decisions for INVs. In this section we will draw on relevant theory in this field and lay the foundation of our analysis.

3. Methodology

The methodology will address our qualitative research approach, give further insights into how we selected our interview partners, their background, our approach to data handling, coding and analysis.

4. Empirics

In this section we will present the collected data from our semi-structured interviews. We will structure these findings in accordance with our question outline in the interviews. This will start with an overview of the INV characteristics of the companies we talked to, to then move on to locational factors, and their impact on the companies resource base.

5. Analysis

In this section we will break down our findings on INVs in the light of our theoretical framework and outline locational decision-making patterns found in our research.

6. Discussion

By drawing on criteria put forward as decisive in a locational decision that are not covered by our theoretical framework we will build an argument explaining how soft factors such as a creative environment and quality of life can become critical for optimization of globally mobile resources.

7. Conclusion

Lastly, we will give an overview of the thesis, our findings and the implications of them. We will then point out limitations and end by addressing possible future research directions.

2. Theoretical Framework

This section introduces the current status of research on International New Ventures, how the phenomenon of INVs relates to the resource-based-view, and how location may affect an INV's resource base. The funnel graph below displays the structure of our theoretical discussion. The research will be presented in a two-step process by first pointing out the underlying concepts of INVs, and how they can be examined using a resource-based-view, to then move into more specific reasons of how a location can affect the resource base of an INV.

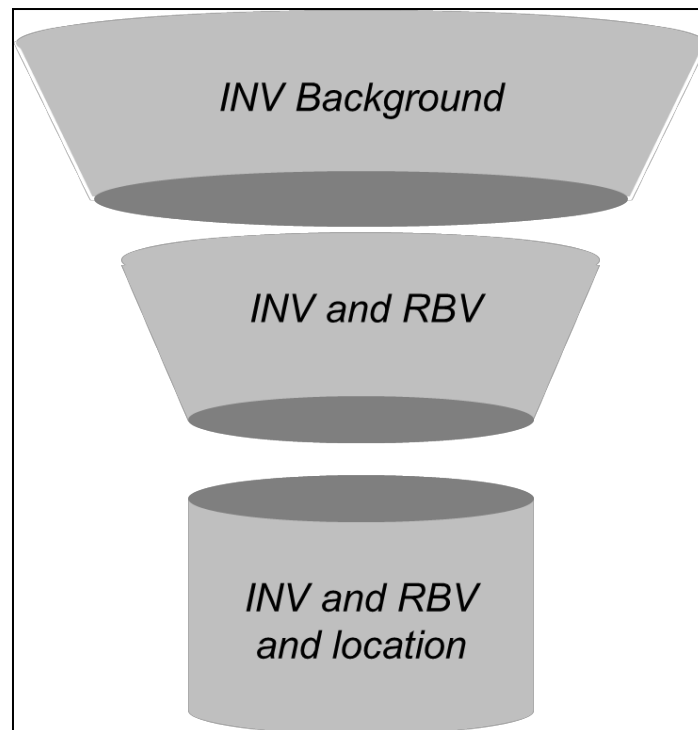


Figure 1: Overview of literature review

2.1. INV background

This section will provide an overview of INV theory and establish the link between INV and the resource-based-view. As mentioned earlier, research on companies addressing a global market from an early stage in their development has been conducted since Rennie first observed this phenomenon in 1993. While the observation of such companies by him and fellow researchers like Oviatt and McDougall in 1994 happened in a pre-internet era, the characteristics of the companies described in their research, as well as the underlying trends enabling an early global push, remain the same. The following paragraphs will provide an overview of the research conducted on international new ventures, point out how this theory is applicable in today's context of young online enterprises, as well as how the forming of an INV relates to specific locations.

2.1.1. Definitions of international new ventures

Research on international new ventures, or “born-global” companies has brought forward various definitions emphasizing different aspects of this type of companies. This section will present different definitions to then specify the definition used in this thesis.

Oviatt and McDougall defined an INV as “*a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*” (1994, p. 49). Knight and Cavusgil narrow it down to “*small, technology-oriented companies that operate in international markets from the earliest days of their establishment.*” (1996, p. 11) and further: “*business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries.*” (Knight & Cavusgil, 2004, p. 124).

Madsen and Servais add, these companies see the world as a global market with opportunities rather than threats and therefore do not confine themselves to a single market (1997). As a consequence, these companies have a lower reliance on their local markets, up to a point where they can neglect these markets (Chetty & Campbell-Hunt, 2003).

What these definitions share is the emphasis on an international market orientation at an early stage of enterprise development as well as the emphasis on resources contributing to competitive advantage and superior performance.

As this thesis particularly focuses on companies within digital technology, it will mainly rely on Knight and Cavusgil's definition.

2.1.2. How INVs differ from a traditional approach to Internationalization

This section will identify the differences of INVs to companies following a traditional pattern of internationalization. Doing so will allow for a better understanding of how INV behavior changed, and what drives this change.

As described above, INVs are following a global strategy from the start (Oviatt & McDougall, 1994). As Rialp et al. (2005) point out, the research on INV is unified in its observation that the issue under study: “constitutes an increasingly distinctive pattern of the internationalization process of some small- and medium-sized firms when seen in comparison to other type of businesses”. This research indicates that INVs follow a pattern of internationalization that is opposing a traditional pattern.

The “Uppsala Model” developed by Johanson and Vahlne in 1977 best describes this traditional pattern of internationalization. This model describes firm internationalization as an incremental process in which firms gradually expand internationally after they have been established nationally (as in Rialp et al., 2005). Johanson and Vahlne argue, that resource investment into specific markets has a positive correlation with knowledge and understanding of that market: the more a company learns about a specific market, the more it is willing to commit to this market. According to the “Uppsala Model”, international expansion therefore occurs along a chain of four different steps: a company starts with no exports, it then seeks exports by using local agents with local market knowledge, to then found an overseas sales subsidiary, and in a last step set up production facilities overseas (Johanson & Vahlne, 1977). The chosen markets are also determined by the level of knowledge: initially firms tend to expand into markets with a close psychic distance, markets that show similar characteristics as their home markets, to then gradually expand into market with a higher psychic distance. As companies lack market knowledge, as well as experimental knowledge, the expansion into new markets comes with a high level of risk and is therefore taken in small steps (Johanson & Vahlne, 1977).

2.1.3. Common characteristics of International New Ventures

This section will identify common characteristics of INVs. These characteristics will be used later as the foundation of our case selection criteria.

As Oviatt and McDougall point out, the defining characteristic of an INV is that their origins are international, which is demonstrated through observable and significant commitment of resources (e.g. material, people, financing, time) in more than one nation (Oviatt & McDougall, 1994, p.49). As Autio et

al. add, INVs perceive foreign markets as less risky and less costly and therefore have a higher likelihood of expansion (2000).

According to Knight and Cavusgil, these businesses are characterized by scarce financial, human and tangible resources and therefore rely on their innovativeness, knowledge and capabilities to achieve success in markets other than their home markets (1996).

Since inception of the concept of INV, academia has defined a variety of characteristics and minimum thresholds that are assigned to such companies. These can be summarized by level of international revenue, time to internationalization, amount of foreign markets the company is operating in, number of employees, level of independence, as well as the year of founding (Böhm & Tschauner, 2011).

According to Pock (2010), international revenue is essential for the definition of INVs. Kuvailainen et al. (2007) specify, that this amount should be at least as high as 25% of total company revenue. The minimum threshold for time from inception of a company to internationalization for INVs is varying in the literature, with Autio et al. and Oviatt and McDougall setting it at 3 years, whereas Böhm and Tschauner (2011) define a new set of digital “fast born-globals” that from inception not only have the intention of going global, but have a global presence from the start. Given the digital nature of companies we have been investigating, we will follow the definition by Böhm and Tschauner. The amount of foreign markets is also seeing various definitions for a minimum threshold, e.g. five by Böhm & Tschauner (2011). It appears to be though, that this factor is almost irrelevant when talking about globally available digital products. As Pock (2011) observes, these companies are usually young small and medium sized enterprises with a high level of agility and the ability to internationalize quickly. The number of employees in these companies is therefore low. Böhm and Tschauner further add that the founding date of INVs cannot be dating before 1993, given that this is the first observation of the phenomenon.

2.1.4. Driving trends behind International New Ventures

This section will more specifically address trends that enable companies to internationalize at a higher speed.

In their overview of research conducted on INV, Rialp et al. (2005) put forward four factors that have a significant impact on the rise of this phenomenon. According to them, this development is the result of new market conditions in many sectors of economic activity, technological development in areas of production transport and communication, an increased importance of global networks and alliances, as well as more elaborate capabilities of people involved in the development of such firms (e.g. founders).

Looking at Knight and Cavusgil (1996), these categories are more defined. They specify capabilities by linking them to a higher level of experience of entrepreneurs who found such ventures: With an ongoing process of a more interconnected, globalized world, entrepreneurs today enter the process of starting a new venture with a much higher awareness for international possibilities. Chetty and Campbell-Hunt add to this by stating that the approach of INVs requires founders to have the foresight of identifying opportunities on a global scale that other players in the same market have so far neglected (as in Chetty & Campbell-Hunt, 1996; based on Knight and Cavusgil 1996; Madsen and Servais, 1997; McDougall, & Oviatt, 1994). Secondly a higher level of exposure to business in an international economy through prior working experience equips a new generation of entrepreneurs and managers in INVs to create organizations with an increased speed of learning in their internationalization process. And third, underlying the entire process of the emergence of INVs is the emergence of technological capabilities that enable entrepreneurs to acquire and access knowledge, develop strategies, as well as maintain client relationships on a global scale. These technological advances are significantly lowering transaction costs. The impact of technology becomes especially apparent when looking at advances in communication technology, especially the development of the Internet (Chetty & Campbell-Hunt, 1991). The result of this is the ability of companies directly exchanging information with individual potential users/customers on a global scale at a marginal cost of near zero.

Whilst originally focusing on trading patterns, application of this theoretical concept has been extended to digital business by Böhm & Tschauner (2011), who found that specifically in the mobile applications industries a variety of companies can be described using existing definitions on international new ventures.

2.1.5. Geographical and sectorial distribution of International New Ventures

This section will point out how the concept of INVs is distributed geographically and throughout different sectors. This understanding will help in explaining why Berlin has only recently been in the focus of such companies.

As Rialp et al. point out (2005), a rapid approach to internationalization of ventures seems to be particularly relevant in the high tech industry sector with small, knowledge intensive companies that are operating in markets in which globalization effects are highly critical. They further point out, that these companies have been observed in countries with a small local market first, but by now are emerging even in countries with large home markets. It appears that the size of the home market is still influencing the level of variety among these companies though: Where as in in countries with large home markets INVs

tend to be found in the high-technology-sector, countries with smaller home markets tend to produce INVs in a variety of sectors due to the lack of potential customers (Andersson & Wictor, 2003).

As pointed out, the approach is in its nature apparent in young companies, as such companies are generally more flexible, less bureaucratic and provide conditions that support a high level of innovativeness (Rialp et al., 2005).

In the case of Berlin, it can be argued that the size of the German market explains a concentration of INVs in the digital high-tech sector.

2.2. INV and RBV

This section deals with how the resource-based-view is used to explain the capabilities of INVs to internationalize at a more rapid pace.

A commonly used framework to explain the ability of a company to internationalize at an early stage is the resource-based-view and capability perspective (Rialp & Rialp, 2006; Weerawardena, Mort, Liesch and Knight, 2007; Karra, Phillips and Tracey, 2008; Fernhaber, Gilbert and McDougall, 2008). The approach is based on the idea, that the available resources for INVs lay the foundation for capabilities that allow them to approach a global market from the start (Rialp et al., 2005).

The resource-based view can be traced back to Wernerfelt, who in his article “The resource-based-view of the firm” (1984) suggested to take an inside-out perspective on the firm: instead of looking at a company's external environment and its strategy (as suggested by Porter, 1980), Wernerfelt suggested to identify the resources of a firm to then identify the market where these are best deployed. Barney (1991) took this view one step further by suggesting to view the firm as a bundle of resources, with different firms possessing different combinations of resources. These different bundles of resources provide the basis for competitive advantage if the resources are valuable, rare, inimitable and not easily substituted. Literature also describes this as Resource-Based-Theory (Peteraf and Barney, 2003). Grant describes this further by adding a core stream to resource-based theory that integrates resources, capabilities, competitive advantage and strategy, in which: “[...] *resources are the source of a firm's capabilities, capabilities are the main source of its competitive advantage*” (Grant, 1991, p. 119).

Such capabilities are of particular importance to international new ventures, which traditionally have only access to a limited amount of tangible resources (e.g. financial resources), since they are dealing with various environments in their differing target markets (Knight & Cavusgil, 1996).

While the link between resources and competitive advantage is undisputed among scholars, there are several different definitions of resources. Wernerfelt described them 1984 as a strength or weakness of a firm, while Barney used a more specific definition (p. 101, 1991): He defines resources as “[...] *all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that [...] improve its efficiency and effectiveness.*” Cox and Coviello divide the entrepreneurial resources in two stages: A first stage with financial, physical, human and organizational capital and a second, broader stage, which also includes social capital, with the ties a firm holds (2006). Social capital in this interpretation is more of an “instrumental resource” because it is a source and facilitator of all other resources. Technology is according to Barney not a resource in its own right because it can be copied. The skills needed to use technology are a resource and part of human capital. Fernhaber and McDougall on the other hand divide the resources in tangible (e.g. financial resources) and intangible resources (e.g. knowledge) and include reputational capital among the intangible resources.

In our approach we will follow Fernhaber and McDougall in dividing between tangible and intangible resources.

In the context of INVs it is argued that the capability of companies to internationalize at a higher speed is the outcome of a resource mix of tangible and intangible resources. What resources specifically will be further extended on below.

2.3. Locational impact on resource base for International New Ventures

After pointing out how these early internationalizing companies differ from a traditional pattern of internationalization, and how access to resources is helping them to do so, this part will now point out how the specific location of a venture can influence its resource base.

According to Fernhaber et al. the location of an international new venture (INV) has multiple influences on the resources of the company. Based on Porter (2003) and Dunning's research (1998) on cluster theory they identify the geographic location's resources as a key determinant of a company's international activities. Their work focuses on how joining a cluster or regional network affects an INV's resource base. This study follows their approach by looking at a cluster as a potential access to resources for INVs. It includes both tangible and intangible resources by focusing on costs, access to capital, talent, knowledge, and reputation. By identifying how these factors played into a venture's location decision, we hope to get a better understanding of how these decisions are made.

In the following we identify the ways how geographical location can affect an INVs resource base in the relevant literature.

In doing so we use theory from the field of International New Ventures and where necessary add further studies from the fields of Entrepreneurship to supplement our argumentation. As the research field of International New Ventures is built on research in entrepreneurship (McDougall & Oviatt, 2000), this is a feasible approach. In this approach the foundation of each influencing factors is drawn from arguments within research on International New Ventures and only complemented with theory from the wider field of Entrepreneurship.

Within the field of International New Ventures Fernhaber et al. have investigated the relationship between industry clustering in a geographic location and the ability to acquire the needed resources to internationalize (2009). They use ecological arguments to predict results of an inverted U-shaped relationship. That means that they predict that clustering is beneficial for companies to acquire resources to internationalize to a certain point when it becomes less and less beneficial. For our research purpose it would mean that they argue that it is only reasonable for founders to move to a cluster when the competition for resources within that cluster is not too high. They argue that clustering signifies both the availability of resources in a specific location and a competition for the resources. Rocha investigated the relationship of entrepreneurship and clusters in the wider field of entrepreneurship. He came to similar results and argues *“both positive results and caveats are found at different levels of analysis and at different stages of development of a cluster”* (p. 365, 2004).

Within the field of international new ventures the amount of literature is heavily skewed in favor of intangible resources compared to tangible resources as being influenced by the location.

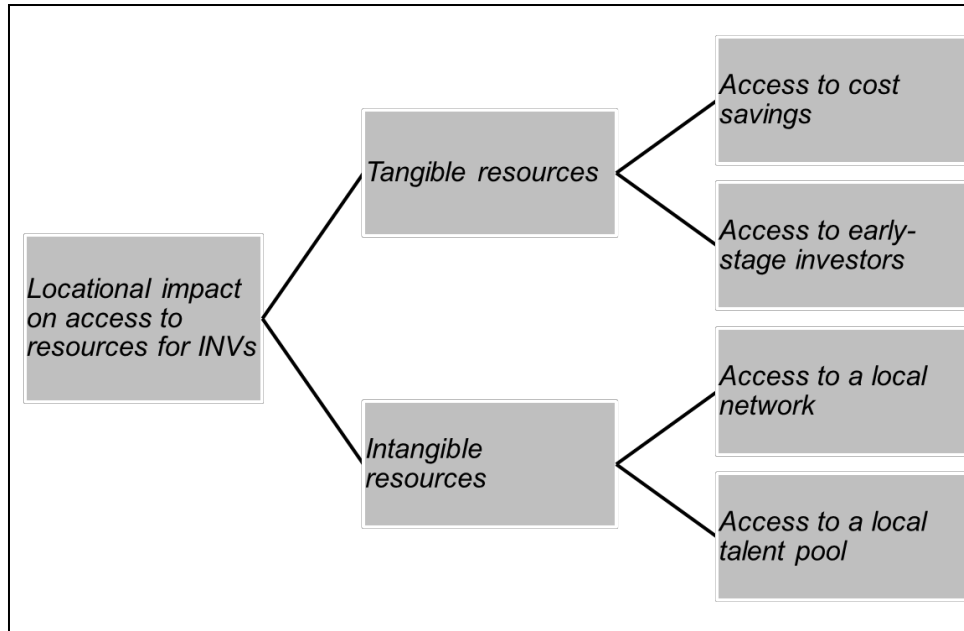


Figure 2: Locational impact on access to resources for INVs divided by resource type

2.3.1. Access to tangible resources

INVs are constrained in their financial resources (Knight & Cavusgil, 1996). A location can directly impact this in two ways: by reducing the cost side, as well as by improving access to capital. As INVs are not primarily selling in a local market, the effect of settling in a higher revenue market can be neglected. Gaining access to cost savings as well as external financing therefore becomes critical for INVs.

2.3.1.1. Access to cost savings

New ventures have a lot of expenses, even pre-revenue. Salaries, rent costs or transportation costs vary from country to country and even city to city. Within the field of International Economics Fernhaber et al. argue that costs are a factor specifically for INVs since *“reducing costs enable a firm to improve its profitability, internationalizing operations to exploit lower costs becomes an attractive motivator for internationalizing a firm”* (p. 269, 2007) and therefore see the cost factor as a reason for going global early. Based on Barney’s definition that resources is something the firm possesses that improves the efficiency, being in a cheap location is clearly a resource that can lead to competitive advantage compared to a company that is located in a more expensive place.

Under the assumption that INVs sell globally their income should not be dependent on their location. Thus, to increase the profitability, their focus should be on reducing the costs by choosing a location,

which offers lower rents, salaries and transportation costs than other locations. Through the level of these expenses a company's geographic location has an effect on its financial capital.

Literature on Entrepreneurship, which is one of the roots of the field of International Entrepreneurship (McDougall & Oviatt, 2000), is arguing in a similar way when investigating how locational costs affect financial resources (Fonseca et al., 2001; Pennings, 1982). Pennings argues that entrepreneurs will establish themselves in environments that are most advantageous under cost considerations (1982) and assesses other scholar's perspectives: He sees that economists tend to stress economic conditions when it comes to the attractiveness of the environment for entrepreneurs, which is a quite general view. From the perspective of environmental scholars, Pennings writes, the availability of economic resources, such as real estate and labor force, is conducive to the creation of new ventures, which is therefore a more specific approach. Inexpensive labor, transportation and real estate are financial resources that can be provided by a location and help companies to build a competitive advantage.

Various other theoretical fields have studied the background of firms moving or establishing operations in a different location for efficiency reasons. Classical firm migration theory (Pellenberg, 2001) explains the move of companies to the periphery with the lower wages there. Outsourcing theory gives insight into companies moving some of their operations to save resources (Vining & Globerman, 1999).

2.3.1.2. Access to funding by early-stage investors

As Fernhaber et al. argue, concentration of industry clustering can increase presence of venture capital in a region. This in return may provide a better access to these venture capitalists for INVs (Fernhaber et al., 2008; based on Porter, 1998; Saxenian, 1990)

They then further argue, that many high-growth INVs are financially backed by venture capitalists (VCs) (Fernhaber et al., 2008; based on Makela & Maula, 2005). This helps overcoming financial constraints typically experienced by INVs. Beyond that venture capitalists often have a higher influence on ventures than just increasing the financial resources: They are involved in operations and influence the strategic vision (e.g. Fried, Bruton & Hisrich, 1998). VCs are able to execute such influence since venture capital deals often include a guaranteed board seat, or at least a high level of influence. Active involvement in the company's strategy in this context can then be seen as a protection of the own investment. As a result VCs often play an active role in their portfolio ventures (Baum & Silverman, 2008). Florin et al. even considered VCs as part of the human resources (2003). Further, affiliation with a VC firm can allow an INV to draw on that firm's reputation. As INVs often have a limited track record, this can help them overcome a trust barrier with potential partners and clients (Fernhaber & McDougall-Covin, 2009).

Bruno and Tyebjee have investigated the relationship between outside funding and performance of high-tech companies (1985). They conclude that *“large capital infusions through the relinquishment of most of the equity leads to higher performance as compared to firms in which the founders continue to maintain control”* (p. 69, 1985) in terms of sales and employee growth.

Drawing on the resource-based view Fernhaber and McDougall investigate the *“multiple resources that VCs bring to a new venture and in particular, how intangible resources individually and jointly contribute to new venture internationalization”* (2009). Although they make the case for the importance of intangible resources that VCs can provide, they portray their importance for the tangible resource base as obvious. They conclude that VCs *“are in a position to serve as a catalyst to new venture internationalization”* (2009).

Summing up, through providing a network of potential investors, a location can have significant influence on the financial situation of an INV. Further, these investors can have a positive impact on the INV beyond pure capital.

2.3.2. Access to intangible resources

Beyond access to tangible resources such as costs and investment, a location can also provide access to intangible resources (Fernhaber & McDougall-Covin, 2009). Specifically, a location can affect the resource base of an INV in this regard on two factors: access to local talent and as well as to local networks. It further can influence an INV's reputation through affiliation in the local cluster.

As Grant argues, knowledge is viewed as the most strategically influential resource a company has (1996). Anand et al. define knowledge as *“any information, belief, or skill that the organization can apply to its activities”* (2002, p. 88; as in Fernhaber & McDougall-Covin, 2009). A company can access knowledge both internally and externally: it can either integrate talent into the company that brings knowledge, or it can access local networks to get access to external knowledge (through e.g. investors, industry organizations, etc.).

2.3.2.1. Access to local talent pool

Karra, Phillips and Tracey identified the capabilities for international success for INVs through a resource-based-view approach and write that ventures have the need for *“attracting and retaining talent from the local labour force”* as an essential resource (2008). According to Reuber and Fischer it is especially important for INVs to have knowledge in the company on how to internationalize (1997). They

assume this particular knowledge should be within the management team but it could as well be acquired in the local talent pool.

Looking into the wider field of entrepreneurship literature there is little doubt that the local level of human capital has an influence on firm formation rates. Armington and Acs conclude that formation rates are differing depending on the share of adults with college degrees, especially for industries that normally require college-educated founders (2004). This shows that talent sparks entrepreneurship. Almeida and Kogut (1999) argue that *“the flow of knowledge is embedded in regional labor networks”*, which means that one way to acquire knowledge is to hire local talent. The supply of local talent determines the company’s level of human capital.

2.3.2.2. Access to local networks

As new ventures are characterized with having a *“high ratio of assumption to knowledge”* (McGrath & MacMillan, 1995, p. 4 as in Fernhaber & McDougall-Covin, 2009), they must also look at external sources beyond their own talent pool for knowledge. In doing so, they can verify that they are on the right path to success. As indicated above, another factor playing into the level of knowledge that INVs can tap into locally is provided through investors. As these have a self-interest in firm value increase of their portfolio companies, they channel knowledge on how to optimize the process of building an INV to these companies (Fernhaber & McDougall-Covin, 2009).

Joining a geographic cluster means joining a local network, which is in line with Rialp et al. (2005). According to their conceptual framework for INVs, local and international networks are part of environmental factors, which *“may (also) play a critical role in moderating the way in which intangible resources creating firm international capabilities contribute to [...] sustainable competitive advantage abroad”* (2005). According to this framework networks do not have a direct influence on the resources a firm possesses and are only moderating how the capabilities contribute. Coviello and Cox present network theory and resource-based view as opposing theories that they try to integrate (2007). They argue that social capital is derived from the network of relationships. Social capital is, according to Brush et al. (2001), an instrumental resource that facilitates the development of other resources.

Coviello and Cox see networks as a set of connected actors, which may be organizations, individuals and the relationships that tie them together. Among these actors are customers, service, providers, suppliers or government agencies. Obviously not all of them are determined by the location of the firm but some of them are. Based on Oviatt and McDougall, Coviello and Cox establish the relationship between RBV, networks and INVs as networks providing access to resources an INV cannot develop itself. Fernhaber

and McDougall state that *“recent research drawing on the resource-based view has begun to highlight the ability of firms to leverage intangible resources possessed externally”*. They deduct two ways of leveraging from research: Knowledge spillovers (Anand, Glick & Manz, 2002; Audretsch, 1998) and associating with other, reputable firms (Pfeffner & Salancik, 2003; Podolny, 1994).

2.4. Summary of theoretical framework

To sum up: a new generation of companies is seeking global success from the earliest stages of their development. These companies are able to do that, since their founders have a higher awareness for international opportunities, have gathered work experiences in international environments, and are enabled by newly emerged technology to reach their stakeholders globally. Theory has examined such companies by using the resource-based-view. This concept seeks to explain the competitive advantages that enable these companies to internationalize quickly by looking at the access to resources of these companies and how they translate these resources into capabilities. Further, research on INVs has identified that their location affects their resource base for both tangible (through access to cost savings and access to early stage investors) and intangible resources (through access to local networks and talent pools).

3. Methodology

This sections addresses the methodological choices we made and the reliability of our research. We will begin by explaining our research approach of doing qualitative research with qualitative interviews. After that we will explain our research relationships and the interviewee selection. Finally we will outline the data collection of our 13 interviews and give an outline of our analysis.

3.1. Approach

As we established in our theory section, the location decision of INVs has not been studied explicitly. Therefore the purpose of our research is of explorative nature. In the exploratory phases a qualitative approach is more suitable than a quantitative one (Conger, 1998). Creswell explains a qualitative approach as collecting *“[...] open-ended, emerging data with the primary intent of developing themes from the data”* (p. 21, 2003). We want to understand the choice of INVs on location and generate theory. To do so a qualitative approach is the most appropriate way to understand social processes and build theory, which we intend by exploring our research question. Our research approach is informed by the theory in our theoretical framework and the various ways location can influence the resource base of an international new venture (INV).

We will use an abductive analysis approach to be able to move back and forth between induction and deduction (Suddaby, 2006). This combines the advantages of both ways and is appropriate for this study.

3.2. Method

To study the location-decision of entrepreneurs the most useful and quite obvious method is to talk to the founders themselves and ask them about their choices. Since our research goal is to understand the perspective of entrepreneurs and enrich the theoretical framework with our findings, we want to gain insight into their subjective understanding and experience. We can observe the fact that founders come to Berlin but have to ask them themselves to understand their reasoning and decision-making behind it. Other than research methods like surveys or questionnaires, interviews allow personal interaction and follow-ups on answers that are particularly interesting. We are investigating a subjective perception, which is difficult to capture on paper and can be investigated more precisely through a personal conversation. But also they have advantages for the interviewee, since clarifications can be done immediately on procedure or intentions of questions. We will use semi-structured interviews as suggested by Scheele and Groeben (1988), with a structure that is influenced by the previously introduced theoretical framework. The underlying assumption is that the interviewee is more likely to express subjective viewpoints in such a setting compared to a questionnaire or a fully standardized interview. Semi-structured interviews allow for different types of questions to reconstruct the interviewee's subjective theory (Flick, 2009).

Additionally we will conduct semi-structured expert interviews as suggested by Meuser and Nagel (2002). These experts are not of interest as a study object for their own biography but because of their expert knowledge. We follow Bogner and Menz' argumentation that experts "[...] have technical process oriented and interpretative knowledge referring to their specific professional sphere of activity" (p. 46 2002, as in Flick, 2009). The aim in our study is to collect context information to complement insights from our interviews with founders, which is one possible aim of expert interviews according to Bogner and Menz (2002, as in Flick, 2009).

3.3. Selection

The selection of study subjects and experts was constrained by our own selection criteria and the accessibility of potential interviewees. Our selection process started with defining our target interviewees and then formulating selection indicators based on this. After identifying the most relevant participants for our study we contacted them in a number of different ways.

3.3.1. Defining the target interviewees

Our target participant group was selected according to the following criteria: Firstly, they recently founded a company and consciously decided to headquarter the company in Berlin. This way the location decision is still fresh and can be recalled easily. Given that Berlin has only emerged as a startup-hub during the last years, the “recent decision criterion” gains further relevance to make the sample of interviewees somewhat representative of the overall population of INV founders in Berlin. Secondly, we are interested in a sample that chose Berlin in a competition between relevant startup-ecosystems. Therefore the second selection criterion should be a conscious decision for Berlin in comparison to other ecosystems, such as London, Tel Aviv or San Francisco for example. Thirdly, the founded company needs to have the potential to become a scalable business aiming for high-growth. Fourthly, the entrepreneur needs to aim for international success from the beginning and not focus on the regional or domestic market. Given that many startups do not generate revenue in their earliest stage (and therefore the time period that we are interested in), the before mentioned definition of an INV is likely to not be applicable for all of our study objects. To substitute for this, we selected our target entrepreneurs focusing on having a highly international user base, which is the indicator for our fourth selection criteria. Finally we restricted our sample to companies in the technology sector - the sector that Berlin is known for.

The target expert is someone, who knows the Berlin startup scene very well. Experts should especially know many founders that came from outside of Berlin to the city and therefore understand the reasoning for their location decisions. Ideally an expert has accompanied and consulted founders in their location decision. Important is that the expert knowledge is based on professional experience and that the connection to our studied entrepreneurs originates from a professional relationship. Since we do not want the experts to mix their professional expertise with their own more subjective biography, they should not have moved to Berlin to found a company themselves. We also want them still to be heavily involved and still active in the local startup scene.

3.3.2. Formulating selection indicators

The four outlined decision criteria for selecting entrepreneur participants explained above are represented in the following set of concrete selection indicators:

- The company is not older than two years, to ensure a fresh memory of the location decision and that the decision was made during the recent hype surrounding Berlin as a startup ecosystem.
- The interviewee and the co-founders are not from or close from Berlin and the founding team is not all-German.

- The company is a technology company with the ambition for high-growth with a scalable business.
- To ensure the international ambition of an INV we only focused on companies that
 - Present themselves in English
 - Have a multinational team
 - Can show an international customer base and international customer acquisition efforts
 - Offer a product that can be purchased/consumed internationally.

To select experts we set the following criteria:

- They have intimate and long-term knowledge of the technology startup scene in Berlin through their professional experience.
- They did not come to Berlin to start a company themselves.
- They currently are in a position within the Berlin ecosystem that connects them with entrepreneurs in Berlin consistently.

3.3.3. Finding and Contacting interviewees

To search for potential interviewees we mainly relied on two approaches: Online research and snowball sampling. Firstly, we contacted suitable candidates via email and attached a one-pager describing our research question and purpose. Secondly, we approached professional contacts that we had from the past, working in Berlin and through SSES networks. We subsequently asked these professionals to further refer us to other suitable candidates, which is also known as snowball sampling.

For researching potential interviewees in Berlin we mainly used the online databases berlinstartups.com and berlinstartupmap.com as well as online magazine grunderszene.de, which has an online database of startups in Berlin. This strategy offered us to investigate very broadly and subsequently get a good overview of the range of potential interview partners. Using these sources as a basis for our research, two major challenges were observed. Firstly, some required information about selection criteria, such as the level of internationality can hardly be assessed through online research. A second issue is that these databases are incomplete: Companies like HowDo are not registered in Berlin. In total we contacted 15 potential entrepreneurs and experts via email after online research. Out of these one founder responded. Given the low response rate of potential interview candidates, new avenues of recruitment needed to be explored.

Both authors of this paper have lived and worked in Berlin before and therefore knew a number of professionals within the startup scene to ask about eligible interview candidates. Through our own personal network we were able to get the interviews with experts Saskia Seifanek, Florian Uhlig, Robert Langer and Jess Ericksen and founders Olga Reimgen, Luis-Daniel Alegria, and Alex Napetschnig.

Furthermore, we were able to make use of the resources of Stockholm School of Entrepreneurship (SSES). As we obtained a spot in their newly established Beta Room² to work on this study during summer 2013, we had good access to their personal. Based on this connection, Marie Sundström from SSES was willing to provide us with potential contacts. Most of our first contacts were able to provide us with contacts for further potential interviewees, which in the end made it possible for us to reach a target of 13 total interviewees. First contacts from SSES were Emma Rose Metcalfe (HowDo) and Henrik Berggren(Readmill) and they connected us to Christian Thaler-Wolski, Tor Rauden Källstigen and Naren Shaam.

3.3.4. The interviewees

In the following we present our interviewees with a quick introduction about their company and their personal background. Based on our collected empirics, we will then point out further in the analysis how the interviewed companies are meeting our definitions of an INV.

3.3.4.1. The entrepreneurs

Emma Rose Metcalfe

Emma Rose Metcalfe is co-founder of HowDo. She is from the UK. HowDo is an iOS app that offers a platform for short instructional storyboards. It lets its users take a series of still shots, to then for each shoot explain up to 8 seconds what to do. The result are storyboards explaining how to do things (e.g. construct a new lamp). HowDo has received a seed round of financing and is backed among others by VC company Wellington Partners. It was founded in 2012. Emma is an alumni of Stockholm School of Entrepreneurship.

² a space to create and meet for people interested in entrepreneurship

Henrik Berggren

Henrik Berggren is co-founder of social e-reading startup Readmill. He is from Sweden. Readmill is an app that lets you read your e-books on mobile devices (both Android and iOS), highlight text, comment on the text, as well as sharing passages and comments with other users. Readmill recently partnered with Penguin Books, a major publishing house. Readmill has received seed and series A financing rounds and is backed among others by VC company Wellington Partners. It was founded in 2011. Hendrik is an alumni of Stockholm School of Entrepreneurship.

Alex Napetschnig

Alex Napetschnig is a co-founder of Klash. He is from Austria. Klash Is a daring app, that lets its users post challenges to each other, as well as document how these challenges are being addressed. Klash was founded in 2012 and has received seed round investment.

Ben Jones

Ben Jones is a serial entrepreneur who founded BigBlogMap. He is from the UK. The BigBlogMap is a website showing geographically tagged travel blogs. Using this website it is easy to find local blogs about a possible travel destination. This facilitates the information collection of travelers. The BigBlogMap was launched in 2013 and was bootstrapped without any investors.

Tor Rauden Källstigen

Tor Rauden Källstigen is the founder of Loopcam. He is from Sweden. He is a serial entrepreneur, who founded a jeans venture (NOKO) before creating Loopcam. Loopcam is an iOS app that lets you easily create and share animated GIF loops. Loopcam was founded in 2012 and has received seed round investment.

Luis-Daniel Alegria

Luis-Daniel Alegria is a co-founder of Vamos app. He is Swedish-Chilean and has studied and worked in London and Stockholm before settling in Berlin. Vamos app aims to become an event compass for a local urban environment. Taking into account locational data it lists events happening close to a user. As a result the user is offered a list of potential events to attend immediately. Vamos is available on the iOS platform. It was founded in 2012 and has received a seed round investment.

Olga Reimgen

Olga Reimgen is a co-founder of Epiclist. She is Kazakh-German and has lived and worked in Estonia and Chile. Epiclist is building a micro-community for action lifestyle. It provides a solution that lets you easily formulate your life goals, break them down into steps and share these steps with your social network. In doing so it claims to bring people closer to actually following their dreams. Epiclist was founded in early 2012, moved its operations to Berlin later that year and has now moved on to Chile where it is part of the venture incubation program “Startup Chile!”.

Naren Shaam

Naren Shaam is the founder of GoEuro. Naren was born in India, received his education at Harvard Business School in the US, and later moved to Berlin to start GoEuro. GoEuro is an online search engine for travel route solutions. It enables search from door to door by integrating bus, train, and air travel for the European market. Users can then compare all possibilities to get from start to finish along different criteria like travel costs and travel time. The company was founded in 2012 and has received seed round investment.

3.3.4.2. The experts

In addition to the entrepreneurs we also interviewed experts on the Berlin ecosystem and the role that internationals play in this ecosystem. The experts we interviewed have a background in different institutions in the Berlin startup ecosystem and include investors (Christian Thaler-Wolski, Saskia Sefranek), a founder of knowledge and exchange network Berlin Geekettes Jess Erickson, as well as experts from the field of business incubation (Florian Uhlig, Robert Langer).

Saskia Sefranek

Saskia Sefranek is an associate at GMPVC. She formerly founded qipoqo, a sharing platform. GMPVC is a media for equity fund that helps emerging ventures to start cross-media campaigns in exchange for company equity. As a spearhead for new potentially interesting companies, she has deep insight into the Berlin startup scene. Saskia is German.

Christian Thaler-Wolski

Christian Thaler-Wolski is a Principal with the Digital Media and Software team at VC company Wellington Partners. He is primarily focusing on identifying investment opportunities, building relationships with the entrepreneurs behind these companies, as well as leading due diligence processes

prior to investment. In this role, he has had exposure to and invested in various companies moving their location from outside of Germany to Berlin to benefit from the local startup ecosystem. Among others, these investments include Readmill and HowDo. Christian is German.

Jess Ericksen

Jess Ericksen is the founder of Berlin Geekettes. She is from the USA. Berlin Geekettes is an organization that unites female entrepreneurs, engineers and designers in Berlin. As such, she is in constant exchange with all levels of talent in emerging startups in Berlin. Further, with her international background as a US citizen, she has a particular understanding of what drives foreigners to come to Berlin to join the local startup scene.

Florian Uhlig and Robert Langer

Both of them are working with “Gründungs Service” at TU Berlin. “Gründungs Service” is helping research projects from TU Berlin to spin off companies. In addition, the service is supporting the interaction between startups in the Berlin ecosystem and the local talent pool of TU Berlin students. As such they have an expert understanding of how startups within the startup ecosystem are looking for talent. Both are German.

3.4. Data collection

In total, thirteen interviews were conducted. Eight of these interviews were with entrepreneurs that fit our criteria and five with people that we considered experts on the field of INV companies moving to Berlin in accordance with our criteria. The number is limited by the availability of relevant interviewees for our research question that responded to our request for an interview. The interviews lasted between 30 and 60 minutes depending on the available time of the interviewee and the extent of the answers. Five of these interviews were held in-person (Emma-Rose Metcalfe, Henrik Berggren, Alex Napetschnig, Robert Langer, Florian Uhlig) and the others via Skype or phone for logistical reasons. All interviewees agreed verbally at the beginning of the interviews to taping the interviews and publishing their names. We sent the interviewees a one-pager of our research focus beforehand to prepare them and to convince them to participate, which is in line with Voss et al. (2002). All except six interviews (Christian Thaler-Wolski, Alex Napetschnig, Olga Reimgen, Saskia Sefranek, Florian Uhlig and Robert Langer) were held in English.

As explained earlier, the interviews were semi-structured and therefore followed a number of fields of interest for each of the interviews but allowed for spontaneous follow-up questions. We chose this

approach to ensure comparability between the interviews whilst keeping the possibility to dig deeper into interesting constellations.

The beginning of our protocol focused on neutral background information and then went on towards the internationality of the company. The first main part of the interview was about specifics of the interviewees' born-global companies. We wanted to make sure that the interviewee fit our previously formulated selection criteria and wanted to know more about the implications of running an INV.

The second part of the interviews was focusing on finding answers to our research question: Why do founders of INVs make the locational decision to move their company to Berlin? The outline for our interviews can be found in Appendix III.

In our interview design we prepared for the following tendencies of interviewees asked about their location decision:

1. The tendency to have a choice-supportive bias, which means that they retroactively ascribe positive attributes towards a decision they have made. For this study it means that entrepreneurs tend to justify their decision to move their operation to Berlin.
2. The tendency to generalize the deciding factors for companies to move to Berlin. For the purpose of our study it is important that the interviewees do not guess what might be important for other companies or entrepreneurs in general, but rather focus on what in fact played or still plays a role for them.
3. The tendency to argue for things that they are specifically asked about. On the one hand we want to hear which factors are spontaneously important for entrepreneurs to move to a location but on the other hand we want to find out also how entrepreneurs would rate a variety of factors.
4. The tendency to be not very specific - or "fluffy" - when asked about the importance of various factors. Almost all factors were considered to be very important when asked.
5. The tendency to try to sound more pragmatic, serious and thoughtful than they might be or have been. For this study it means for example that interviewees tend to not argue for the great nightlife of a city although it might have played a role or that they actually have not thought about it very much and followed someone else.

One strategy to address these issues was to create an interview structure that tries to avoid these tendencies. In line with Flick (2009) we designed an interview guide that includes several topical areas, which were for us

- the events and preparation leading up to the locational decision,
- the decision itself with the most important criteria, other considered alternatives and a post-evaluation and
- the importance of specific areas of potential decision criteria (derived from our theoretical framework).

These areas gave us the opportunity to get both a spontaneous, open answer to our question of criteria for moving to Berlin, as well as the assessment of specific criteria that we are interested in, which addresses issue 3. Drawing on Flick every area is introduced by an open question and ended by a confrontational question. While the open questions have the purpose of getting knowledge that the interviewee has at hand, the confrontational questions are asked to re-examine the theories the interviewee has presented (2009). *“Additionally theory-driven, hypotheses-directed questions are asked [...],”* writes Flick (p.156, 2009), to *“serve the purpose of making the interviewees’ implicit knowledge more explicit.”* This technique addresses issues 1,2,4 and 5 by questioning the founders constantly with confronting questions, while also giving them the open questions they can express their opinion on.

Specifically we asked the entrepreneurs to quantify the importance of different factors to them on a scale from one to ten. We did this not to make a quantitative study but to make the interviewees compare and decide upon different factors. Based on inputs from our first interviews, we further adapted the interview outline by adding factors such as the social scene in Berlin that had been mentioned as decision criteria repeatedly.

A central element of addressing potential biases of the entrepreneurs are the expert interviews. They help to put opinions by founders in perspective and provide a macro perspective of the topic to complement the entrepreneurs’ micro-perspective.

3.5. Data documentation and coding

This section will explain how we documented and coded our data.

3.5.1. Data documentation

All interviews were recorded with the voice taping function of smartphones and saved electronically. After the interviews we transcribed immediately and added notes taken during the interviews.

3.5.2. Coding

To analyze our data and get a better understanding of how founders make the decision of locating the headquarters of their international new venture, we conduct a thematic analysis. The goal is to identify themes among our data. In order to do so we code our interview data, which allows us to discover themes then by our interaction with the data (Patton, 2002). We use a sequenced approach of inductive and deductive analysis, which strengthens the data according to Miles and Huberman (2002). The inductive approach that we use enables us to repeatedly refine categories to sort our data. Working with the data led us to generate initial codes, which we later also refined and then applied to all interviews. We started to code after the last interview was discussed and used open coding, which means that we can create as many categories as needed to organize and explain our data (Lee, 1999). In total we assigned 21 codes, which describe especially decision criteria to answer our research question but also other topics, such as aspects of the internationalization or details about the decision-making process, and kind of questions, which is an important aspect for the analysis to know if a criteria gets mentioned because it comes to the entrepreneurs mind or because we specifically asked for it. Some of the codes therefore complement each other, while others are opposites. The logic of the codes includes the initials of the interviewee and all themes that we could assign to a certain quote. For example, if Tor Rauden Källstigen (TRK) talks about office rents (9) as a response to the specific question (20) the code would be TRK.20.9. The order of the assigned themes is not of importance. A full list of codes can be seen in the appendix.

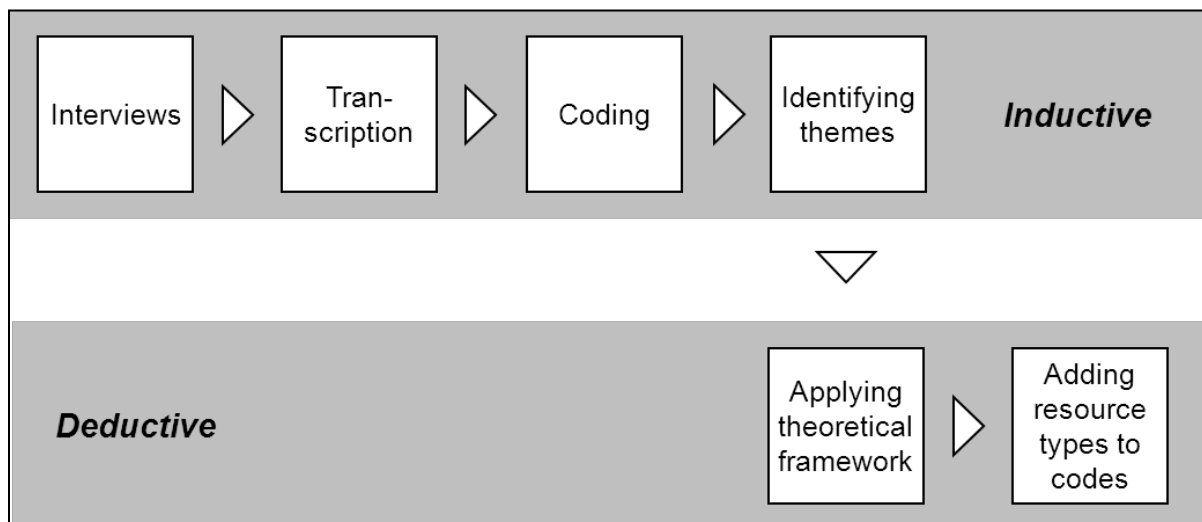


Figure 3: Coding process

| Codes | Categories |
|----------------------------------|-------------------------|
| 1. Geographical Hubs | Internationalization |
| 2. Internationalization approach | |
| 3. Internationality of the team | |
| 4. Local market | |
| 5. Alternative cities | Decision-making-process |
| 6. Involved People | |
| 7. Decision preparation | |
| 8. Decision evaluation | |
| 9. Office Rent | Decision criteria |
| 10. Wages | |
| 11. Taxes | |
| 12. Talent | |
| 13. Community | |
| 14. Investors | |
| 15. Creativity | |
| 16. Quality of Life | |
| 17. Language Barrier | |
| 18. Bureaucracy | |
| 19. Open, unspecific question | Type of question |
| 20. Specific question | |
| 21. Cross-city evaluation | |

Table 1: Overview of codes and categories

As mentioned before we complement the inductive approach with a deductive analysis, in which we compare our data in the category “Decision criteria” with our theoretical framework. Then the resource type that this decision criteria gives access to is assigned to every code. As we did in our theoretical framework we divide between tangible and intangible resources. Those that cannot clearly be identified to a resource, as derived from our framework are in the group “Others”:

| | |
|------------------|-----------------------|
| Office Rent | → Tangible resource |
| Wages | → Tangible resource |
| Taxes | → Tangible resource |
| Talent | → Intangible resource |
| Community | → Intangible resource |
| Investors | → Tangible resources |
| | → Intangible resource |
| Creativity | → Other |
| Quality of Life | → Other |
| Language Barrier | → Other |
| Bureaucracy | → Other |

While the codes office rent, wages and taxes can be clearly identified as influencing the tangible resource base of an INV, the case is more complicated when it comes to the investors. Investors, as explained by Fernhaber and McDougall influence both the financial capital of INVs as well as their intangible resources reputational capital and international knowledge. The codes creativity, quality of life, language barrier and bureaucracy did not emerge from the literature review and do not clearly influence a specific resource.

3.6. Analysis outline

With our analysis we aim to get a better understanding of the locational choice of founders of INVs by identifying the influence of location on the resource base of a company. Doing this should show us if, when and to what extent the resource-based-view can explain the locational choice. We aim to identify and analyze the most important factors for the decision. Furthermore we want to get a better understanding of the circumstances under which the decision gets made.

The purpose of our outline is to structure it to help us answer our research question and only draw on content that we can be compared with current literature in the field. Other emerging decision criteria, dynamics and potential explanations are subject in the subsequent discussion section. The structure in the analysis follows closely our identified categories and draws upon the influenced resources for the part of decision criteria. The outline is as follows:

- Matching our sample with INV criteria
- Decision criteria
 - Tangible resources
 - Access to cost-savings
 - Access to funding by early-stage investors
 - Intangible resources
 - Access to local talent pool
 - Access to local networks

The analysis is also supposed to shed light on the dynamics among the decision criteria, the importance when they are compared to each other, which ones get mentioned if not specifically asked for and which ones make the difference when Berlin is compared to other potential destinations for the founders.

3.7. Data quality

To discuss the quality aspects of our method to investigate the locational decision of founders of INVs we follow Miles and Huberman's criteria for evaluating the trustworthiness of empirics (2002). Their criteria objectivity, reliability, internal validity and external validity are appropriate for our purpose because our thesis is based on qualitative data. We want to show how we aim to achieve all of these criteria.

3.7.1. Objectivity

To achieve relative neutrality we tried to avoid researcher bias by researching in a pair of two. All interviews were conducted in pairs of both, which is supposed to minimize subjective biases. The coding and categorizing processes were done separately and then later we compared and discussed our results. In general we used a dual control principle to increase objectivity.

3.7.2. Reliability

To make our research stable over time and across researchers we explain our process of collecting, coding and analyzing extensively. This should help to make our research approach understandable and reproducible.

3.7.3. Internal validity

Although we undertook several techniques, such as checking by talking to experts in the field, to make our findings represent reality we acknowledge that our research study is our interpretation of reality. This is inevitable in qualitative research.

3.7.4. External validity

The question remains if our study on founders of INVs moving to Berlin can be generalized over all people starting INVs and making location decisions. Since we only spoke to people moving to Berlin the generalization potential is unquestionably limited and the selection of decision criteria biased towards those that are in favor of Berlin. We acknowledge this bias but on the other hand chose to focus on one city because we were able to approach our own network and gain access to many interesting interviewees, which we could not have done in London for example. We also chose comparability among our interviewees and having a number of experts to put answers in perspective over interviewing entrepreneurs from different locations. As we mentioned before we were much constrained by the lack of access founders give to outsiders like us. Nonetheless, since this is an explorative study, we do not claim to create a complete decision making model for founders of INVs choosing a location. We cannot even

claim to build a complete model for locational decisions of founders of INVs in Berlin. Instead we try to gain a better understanding of factors that play a role in this decision by talking to people who have made this decision using the example of Berlin as a destination.

4. Empirics

In this section we present relevant data gathered from the interviews. First, we present specifics on the internationalization and how we made sure that our interviewees met our previously formulated criteria (see methodology section). In the following we outline our findings according to our research questions: We present further information about the decision-making process including the alternatives, the involved people, the preparation and an evaluation of the decision. Finally, we detail the decision criteria and what our interviewees said about the importance of these different factors influencing the location decision.

4.1. Internationalization of interviewees' companies

To verify that the companies we talked to in our interviews are meeting our requirements we started off our interviews by investigating their current geographical focus, their approach to internationalizing, the internationality of the team, as well as their perception of Germany as a local market. We asked broad, open questions regarding the geographic distribution of their user base, approach to internationalization, as well as the internationality of the team, to then specifically ask for the importance of the local market.

4.1.1. Geographic distribution of user base

As pointed out, most of the companies we talked to are in a pre-revenue phase. Our focus in determining their international ambitions was therefore centered on their user base. The results of this are presented below. Whilst some of the companies emphasized an entirely global market penetration, other companies concentrated on certain geographic hubs.

Naren Shaam for example emphasized that:

Right now we have customers coming from 140 countries. Europe is the biggest market right now." (NS.1).

Luis-Daniel Alegria added that his company is live in 50 countries, available in 16 languages and used in all major capitals of the world (LDA.1).

Almost all founders particularly emphasized the importance of the US market for them (Alex Napetschnig, Emma Rose Metcalfe, Henrik Berggren, Tor Rauden Källstigen, Ben Jones). This was then combined with other, often European, hubs: Alex Napetschnig highlighted that the countries of origin of the founders (Austria, Turkey, Italy, Germany) could be considered hubs in Europe (AN.1). Emma Rose Metcalfe emphasized UK, Germany and Sweden as most penetrated markets (ERM.1). Tor Rauden Källstigen stated that they have a 50/50 split between the US and Europe, while Henrik emphasized the country of location (Germany) and of origin (Sweden) as locations of higher importance (TRK.1).

Overall the founders emphasized that whilst they have some geographic hubs such as the US and Europe, their user base was distributed globally due to the high accessibility of their app or web based solutions.

4.1.2. Approach to internationalization

Whilst the empirics on where people were using the services of our interviewees allowed for identifying clear patterns, their approaches to internationalization differed slightly. A part of our interviewees underscored the importance of building on personal networks to develop a first user base, others highlighted the need to identify groups of early adopters to then actively seek contact with them to activate them. Throughout the interviews it was mentioned that even though the product is globally available, active user acquisition was limited to specific target markets.

As Alex Napetschnig pointed out, Klash started its internationalization largely by relying on their personal networks both locally in Berlin, as well as in the home countries of the three founders (Italy, Austria, Germany and Turkey). He further points out that whilst his product was downloadable globally from day one as an app in the iTunes app store, Klash was relying on locally targeted marketing in specific markets such as the US to activate first users (AN.1.2).

VC Christian Thaler-Wolski is adding to this by arguing that with consumer apps:

“it is always the question: how local do you want to make your product? Which partnerships are you seeking? (...) local presence is always helpful for local partnerships, but those things can be done in other ways as well.” (CTW.2)

Emma Rose Metcalfe argued in a similar way by saying that HowDo never was meant to start in a specific geographic region first, but from inception was thought to be a global product. She emphasized that this was the reason they choose to make their product in English available only even though being in a German market: *“The most international language to be available for the biggest group of people*

possible.” But she then further also mentioned the need to support a globally available product with local initiatives. According to her, HowDo does this particularly in cities that provide a creative environment (e.g. Portland, Berlin, Brighton, or London) since this is a signal for a good product market fit (ERM.2).

Tor Rauden Källstigen on the other hand spoke about the impact that PR can have for a startup that is globally available. To ensure that their company is growing beyond its Swedish origins, he actively sought the contact with American media to build publicity that can then lead to a user base on site (TRK.2). Another strategy for internationalization was mentioned by Ben Jones, who was seeking affiliate partners in the markets he specifically wanted to penetrate (BJ.2).

4.1.3. Internationality of the founding team

To further verify that the companies chosen for our sample are meeting our requirements we took a closer look at the background of the team. The result of this was that in fact not only were most of these companies founded by non-Germans, but also the people working within these companies were very international. Further they showed a high level of diversity. As Henrik Berggren expressed:

"If you build an international product, you have to have an international team." (HB.3)

This was expressed as follows: with less than 10 employees Klash had five nationalities represented, HowDo had 7 nationalities at less than 15 employees, Readmill similarly had 7 nationalities at around 20 employees, BigBlogMap had 4 nationalities at 8 employees, Epiclist had 4 nationalities at 7 employees, GoEuro 14 nationalities at 37 employees, and Vamos 7 nationalities at 15 employees.

The only outlier in our sample in this respect was Loopcam, who in Berlin had a team entirely made up of Swedes.

4.1.4. Lack of focus on the local market

We further inquired on the importance the local market and its user base specifically provided to the companies. All interviewed founders argued that the German market is not of particular relevance for them. As VC Christian Thaler-Wolski put it:

"In the case of HowDo and Readmill the local market is irrelevant. That are global products that are targeting a group of global early adopters. They are addressing one percent of mankind and if they attract one percent of those then they are huge companies." (CTW.4)

In line with this Emma Rose Metcalfe pointed out that Germany is not their first target market, but that Berlin is providing them with a:

“good group to test our product” (ERM.4).

Still, Klash, HowDo and Readmill mentioned Germany as one of their international user hubs (AN.4; HB.4).

4.2. Decision Criteria

To take a closer look at the decision criteria that founders based their decision on, we divide between the types of resources that are influenced, derived from our theoretical framework. First, we outline, which answers we received that fit the identified influences on the tangible resource base of startups. Second, we present the answers we received that represent decision criteria we identified as influencing the intangible resources of INVs. Third, we outline decision criteria that cannot clearly be attributed as influencing tangible or intangible resources. Finally, we highlight decision criteria that the founders stated when specifically explaining the decision-making process in comparison to other alternative cities they considered moving to.

As pointed out, a significant amount of our interviewees came through contacts in the Stockholm ecosystem. Therefore the main route of migration observed in our thesis is from Stockholm to Berlin. Companies in this pattern are Readmill, HowDo, Loopcam, and Vamos. All of these companies considered staying in Stockholm.

Readmill, HowDo and Vamos also thought about settling in London instead of Berlin. So did Alex Napetschnig with Klash, Naren Shaam with GoEuro and Ben Jones with BigBlogMap. Only Olga Reimgen and Tor Rauden Källstigen did not consider locating in the British capital.

Other cities that were mentioned as potential location were Barcelona (Alex Napetschnig), San Francisco (Alex Napetschnig), Munich (Olga Reimgen) and New York (Naren Shaam),

4.2.1. Tangible resources

To investigate the decision criteria that are influencing the tangible resources as identified in our theoretical framework, we divide between criteria that were mentioned by interviewees as a response to an open question and a specific question.

4.2.1.1. Open question: What were the decision criteria why you moved to Berlin?

Six entrepreneurs mentioned the access to tangible resources to the open question of why they chose Berlin: The cheap costs of living and running a business. Alex Napetschnig mentioned that with the little money they had at the time of their company founding the cheap rents in Berlin made it possible for them to survive for some time without funding or revenues (AN.9.19). Emma Rose Metcalfe, Henrik Berggren, Ben Jones, Naren Shaam and Luis-Daniel Alegria also mentioned costs immediately when asked about their reasons to found their company in Berlin. Luis-Daniel Alegria summarized his decision criteria when asked openly:

“The city is a startup itself: cheap rents, talent, ambitious people who want to be part of it, centrality in Europe and companies that like to share their knowledge.” (LDA.9.19)

His comparison of the city being like a startup in itself can be understood in the context of tangible resources, that everything has to be cost-efficient and is somewhat improvised in the city. Furthermore he mentions the cheap rents first as the main reason why he chose to start his company in Berlin.

Henrik Berggren mentions access to another tangible resource why he chose Berlin: Access to office space. In his opinion:

“you can find cheap office space in Stockholm as well, it is just super hard to find.”(HB.9.19.21).

He focuses more on the access to physical resources than to financial resources.

For Naren Shaam the cost focus is more on the salaries than it is on the rents. He mentions “cheap talent” as something that lured him to Berlin (NS.10.19).

Expert Florian Uhlig emphasized how big the difference is:

“The resources are much cheaper than elsewhere. Rent is cheaper, employees are cheaper, going out is also cheaper.” (FU.9.10.19)

In conclusion, two thirds of the entrepreneurs we spoke to mentioned the access to tangible resources in form of low costs as one of the major decision criteria to come to Berlin.

4.2.1.2. Specific Question: How important is the following criteria for you and your company?

In the following we asked the founders to rate different criteria on how important they are for their company. Even though we asked about the criteria before in an open question, we considered that the entrepreneurs might have forgotten things that were of importance for them or just wanted to know more about them. We also generally were interested in what the founders value in a location.

We asked specifically about geographically influenced costs, such as the level of rents, wages and taxes as a way to influence the financial resources and how much these factors play a role. Another factor that we asked for was the importance of financing options within the city.

Alex Napetschnig saw the costs as a medium important factor for their move to Berlin. More specifically he argued that the importance of rent or wages is very much dependent on the stage of the company and that the importance of rents for example decreases once a company receives funding. From his perspective the importance of financing options is high. (AN.9.20)

Emma-Rose Metcalfe also mentioned the connection to funding, although she was in a different position since HowDo received financial backing even before the move from Stockholm to Berlin:

“If we would have stayed in Stockholm, we would have adjusted our runway or the amount of money we were looking for. If we wanted to move to London, we would have looked for more funding.” (ERM.9.20)

She acknowledged that wages are more important than rent because of the higher importance of good people:

“If you employ good people, then you can move quickly. But you have to pay a lot and it is hard to get them in.” (ERM.10.20)

Taxes were never an issue for HowDo and Emma Rose Metcalfe admitted that although she knew that taxes in Stockholm are quite high, she did not even know how much they were paying in taxes. The level of costs is for her only of low to medium importance overall. (ERM.11.20)

When it comes to financing options, HowDo is in a special situation because their founders invested in the company before they decided to move to Berlin. They did not need the proximity to founders in Berlin. Nonetheless, Emma Rose Metcalfe acknowledges:

“It is good to be surrounded by investors, whether they are VCs or angels.” (ERM.14.20)

The proximity to investors is of medium importance for her, although HowDo is not in need of financial resources.

Henrik Berggren has a very similar stand on the importance of costs. As mentioned before, the availability of office space is much more important than cheap rents (HB.9.20). Salaries are more important to him, since it is a much bigger part of their total spending but in total Henrik rates costs only of low to medium importance (HB.10.20). The proximity of investors is of no importance at all for Henrik Berggren as he explained that he raised money from investors from London (HB.14.20).

For Tor Rauden Källstigen the costs are of medium importance because of their limited resources. Since 95% of their expenses are labor costs, the salary level is for him more relevant than taxes or office rent. The financing options within the city on the other hand are of major importance: he thinks that his product Loopcam would not have raised money in Stockholm because of its status as a “high-risk consumer oriented product” (TRK.21.20.14).

For Ben Jones the costs are of medium importance, but he also mentioned, that the people he employs are not necessarily located in Berlin (BJ.10.20). He outsourced some of the work for his company and explained:

“You can hire people of LinkedIn and it doesn't matter where you are.”

The availability of financing options on the other hand is of high importance for Ben Jones (BJ.14.20).

Olga Reimgen rated the importance of costs very low but also acknowledge that it is more important before receiving funding (OR.9.20). Although German investors back EpicList, they looked for financing internationally and Olga Reimgen sees the access to investors as being crucial (OR.14.20).

Luis-Daniel Alegria also argued that the importance of costs is dependent on the financial background of the company, but saw it a little bit different than the others: He thought that it is not very important in the very beginning and before having funding because they could not spend much anyway, which would have been about the same anywhere. What he means is that as long as an office space is not rented and employees not hired the level of costs of a geographical location is not of high importance (LDA.9.10.20). Of high importance was to be close to investors, especially because of the international ambition of Vamos:

“It is really difficult to think big without the injection of money early.” (LDA.14.20)

Naren Shaam thought that the level of costs was important, especially the talent, but that is not the most important factor for him and GoEuro (NS.10.20). He ranked higher that there is access to investors. Although it is possible to acquire funding internationally, he thought that it is helpful to have investors within the city (NS.10.20).

The founders’ opinion of the importance of low costs is similar overall. They see it as being a factor but not a very important one. The relevancy of the amount of funding a company received is mentioned by most entrepreneurs to the question of costs. Funding on the other hand is something most see as much more important. Only Henrik Berggren, who received funding from investors in London, is an outlier. To put these opinions in perspective we conducted expert interviews.

Christian Thaler-Wolski sees the level of costs as of medium importance for the decision. While he sees office rent as something that early-stage companies always figure out to get cheap, the level of wages is a bigger part of the spending and therefore determines the runway even more.

“Early-stage companies often have some office partnerships or something similar. You always can make something work for a while. I don’t believe that it’s crucial. Sure, the cheaper you rent, the more happy are you, but it’s not crucial.” (CTW.9.20)

His take is that, while companies in Berlin have double the runway than in London, the locational influenced costs are not making the difference between succeeding and failing. He gave us examples of companies Wellington VC portfolio companies Hailo and Yplan that made the move to London and have grown substantially since. He also agrees with most of our founders that taxes do not play any role. (CTW.11.20)

Christian Thaler-Wolski has a different perspective on the question of importance of proximity of investors:

“The locational presence of investors and startups influence each other. Investors are not where nothing is going on. The whole world flies to Berlin all the time because there is so much going on.” (CTW.14.20)

Jess Ericksen argues similarly, when it comes to the costs issue:

“The cost factor is not important when more money is coming in. If people rather want to be in London or New York it doesn’t stop anyone. Great to have but not a big factor.”
(JE.9.10.20)

Jess Ericksen hence somewhat agrees to the entrepreneurs’ view of a an existing but small influence of the costs for the location decision. She also thought that a proximity to investors is more important and specifically asked about Henrik Berggren’s stand she answered:

“Henrik is a special case because he got the introductions by the SoundCloud guys. Usually it (Editor’s comment: being geographically close to investors) is really important.” (JE.14.20)

Saskia Sefranek added another important reason when it comes to the importance of costs:

“One basic factor why people come to Berlin is because it is relatively cheap to live here. For startups cost of living is definitely a factor.” (SS.9.20)

Therefore she rated the costs higher than others, but looked at it from a different perspective. She saw costs as more relevant for founders who have not managed to get funding or generate revenues and therefore struggle to pay their personal costs. Because Berlin is relatively cheap they can live longer of their savings and work on ideas before they reach out for financing. Saskia Sefranek also stated that access to funding options is very important. She explained that historically most VCs are still located in Munich, although that is changing and more and more move to Berlin (SS.14.20). Florian Uhlig was adding, adding that these costs are not only interesting on an individual level, but also for companies as talent for example is cheaper in Berlin than elsewhere (FU.9.20).

In conclusion costs seem to be of relevance but not considered a major factor, other than the availability of funding. The expert’s opinions helped to put for example Henrik’s outlying stand in perspective and offered to look at the issue from different angles.

4.2.1.3. Cross-city evaluation: How does Berlin compare to your other options?

Additionally we wanted to know how people chose Berlin in direct comparison to their alternative options. This adds another perspective of comparison and pins down the decisive factors. It also offers insight into the dynamics of different criteria, depending on what the cities in comparison are.

Six of our eight founders mentioned the access to tangible resources when comparing Berlin to their alternative destinations.

Alex Napetschnig said that Klash considered moving to London or San Francisco but both were ousted because they were deemed too expensive.

Henrik Berggren argued in respect to London similarly. He said that for his taste London is too expensive and too cramped:

“There are 15 people in an office as big as this room. It just didn’t feel like a place I wanted to work in.” (HB.21.9)

As he pointed out, the problem there was not so much the cost of space, but rather the scarcity: getting access to a good space seemed very difficult there. He argued that the same held up for Stockholm. For him the issue is more about the access to the physical resource office space than financial capital.

Emma Rose Metcalfe, a UK native, commented, that the HowDo team had also looked at London before deciding for starting in Berlin. As she said:

“London got ousted quickly because it is so expensive (especially hiring people)

Tor Rauden Källstigen also mentioned the other side of financial capital: The funding. He explained that he saw a better chance to receive funding in Berlin than Stockholm with his kind of product (TRK.20.21.14).

Naren Shaam from GoEuro commented that he was looking into London, New York and Berlin before making his decision. He decided to go to Berlin:

“[...] because we are a real tech company. Not an advertising, marketing, or social media company. Because of that focus on technology Berlin has many benefits: lower cost of labor, higher tech resources compared to London.” (NS.21.10)

Luis-Daniel Alegria claimed that his move to Berlin came quite natural without any active decisions being taken against other startup hubs. He did mention that at the back of his head he had the thought though, that London would be too expensive for him in terms of living costs. (LDA.21.9.10)

4.2.2. Intangible resources

To investigate the role of factors that we identified as influencing the intangible resource base we first outline the decision criteria that were mentioned to an open question. Second we present the responses to the specific question about the importance of criteria.

4.2.2.1. Open question: What were the decision criteria why you moved to Berlin?

All of the founders mentioned, without being asked about specific reasons, factors that we can identify as having an influence on the base of intangible resources of an INV.

Alex Napetschnig, Naren Shaam and Luis-Daniel Alegria stated that Berlin's talent pool was a reason to make the move. Alex Napetschnig was specifically looking for developers and was hopeful to find them in Berlin (AN.12.19). Luis-Daniel Alegria focused more on ambitious people, who would be willing to be a part of building a company, which he intended to find in Berlin (LDA.12.19).

Very relevant for all of our founders seemed to be joining the so-called ecosystem in Berlin. All of them mentioned this "community" specifically when asked about their most important decision criteria for the move. Emma Rose Metcalfe explained it more in detail that all the events and meet-ups with other companies and exchanging knowledge was something that played a role for her (ERM.13.19). She also pointed to something that she called the "vibe" within the scene that she found appealing:

"Berlin is full of people doing startups. Although most of them are not good, the energy is great." (ERM.13.19)

Henrik Berggren mentioned his connection to the founders of SoundCloud and how that available network made moving to Berlin much easier for him (HB.13.19).

The spontaneous answers to this question show that joining the ecosystem of Berlin played some role for all of the entrepreneurs. Although the interviewees looked at it from a different perspective, the local network was something that everybody found appealing.

4.2.2.2. Specific Question: How important is the following criteria for you and your company?

To find out more about the importance of the influence on the intangible resource base on the locational decision, we asked the founders and experts about specific factors that have an impact on the intangible

resources. We asked for the importance of the local talent pool and the community, which includes both other tech startups and investors that help with their knowledge.

Alex Napetschnig rated both the talent pool as well as the community highly. What stood out for him was the availability of tech talent to help develop their mobile app. But he also mentioned that it was much more difficult to succeed in acquiring the needed developers than expected. He also claimed that he was actively visiting events to connect with people that give access to valuable networks (AN.20.12.13).

Emma Rose Metcalfe agreed and rated both the community and talent pool highly as factors:

“It is great to have people around that have experience and can help and are also happy to help.” (ERM.20.13)

She also values networking events and knowledge exchange within Berlin’s tech scene. Also, the way she valued having VCs and angel investors around although HowDo took more funding in than they planned to, shows the value she sees in investor knowledge (ERM.20.13.14).

Henrik Berggren had a very interesting take on these factors. He agreed that both talent and community are very important but it was not the reason he came to Berlin:

“Super important (Editor’s note: The talent pool), but the talent pool in Berlin ‘sucks’. But being in Berlin gives us the opportunity to have entire Europe or even the entire world as a talent pool. We move people over from the US. One part is that people want to live here but the big part is that it is possible to move people over easily, because getting an apartment in the middle of the city is super easy [...] and the immigration is not an issue as well.” (HB.20.12)

By asking for the importance of the local talent pool we discovered other factors that might be of importance, which we had not considered so far. Henrik Berggren argued that the locational impact on the knowledge base of a company was not through providing access to a local talent pool but through providing an accessible environment that people want to move to. He also saw Berlin’s community negatively:

“Important but not very good in Berlin. Very few successes coming out of Berlin, but we will change this.” (HB.20.13)

It was obvious that Henrik Berggren was in a different position than the other founders we interviewed: He was friends with the successful founders of SoundCloud, had received funding from reputable investors and spent a lot of time meeting people in the US or Asia. His view of the Berlin ecosystem was significantly different from the others’.

Tor Rauden Källstigen rated the local talent pool very lowly and explained:

“I am working now with people from my closest network so the talent pool in Berlin was never an issue short-term. Long-term it might become more important.” (TRK.20.12)

The people that work for Loopcam know each other from Stockholm and moved together to Berlin to pursue the idea. The community on the other hand was of very high importance for Tor Rauden Källstigen:

“All the advisers Loopcam has in Berlin helped the company to grow out of being an experiment.” (TRK.20.13)

Similar to Henrik Berggren and Emma Rose Metcalfe, Tor Rauden Källstigen also profited from knowing the founders of SoundCloud and being introduced by them to valuable contacts within the scene.

Ben Jones rated both the talent pool and the community as being of medium to high importance. Compared to Alex Napetschnig, Olga Reimgen or Henrik Berggren he thought that it was very easy to find “good people” in Berlin.

Olga Reimgen rated both criteria highly and argued that both were the main factors why they decided to move to Berlin: Because they were looking for tech talent and people with knowledge about building a company like theirs:

“Entrepreneurship is a risk and it helps to have people with knowledge and experience around you to guide you. It helps to have like-minded people around you and it pushes.” (OR.20.13)

Luis-Daniel Alegria rated the local talent pool as being of medium importance and explained that he did not have the financial resources yet to hire from the local talent pool. He was optimistic though that this was about to change and that subsequently the talent pool would become more important. The community aspect was of high importance for him:

*“Sharing knowledge is the most important thing for an ecosystem to flourish.”
(LDA.20.13)*

Naren Shaam rated the talent pool higher:

“This is a ten (Editor’s note: on a scale from one to ten with ten being the most important), this is the most important thing in a location. People are the most important thing in every company.” (NS.20.12)

He rated the community much lower and even installed a no-event policy in his company, because he did not believe that these networking events help his company.

Christian Thaler-Wolski agreed with Naren Shaam, that the local talent pool is the most important feature of a location. But he also confirmed Henrik Berggren’s opinion about the impact of being in an attractive city to hire worldwide:

*“I think that is the most important part, the local talent pool. And if you don’t find the right people then you should be in a place where people are willing to move to. That’s how you build a company. And if there is a talent pool and you are able to hire talent, then you’ll be able to raise money as well. It doesn’t work that you get the money first and build a product based on this and then attract the talent, but the other way around. It works like a spiral. You first need someone to believe in you. Then you need to build a good product. Then the first talents come to you. With the first people you are able hire you’ll get the attention of some specific people. Then you are in the position to have another, bigger round of financing, which means you’ll get more and better talent afterwards.”
(CTW.20.12.16)*

He also saw the importance of joining a startup community but raised the question if that is something unique for the location Berlin:

*“It’s very important. But I think that is kind of similar everywhere, because it is a global startup culture. You will never go somewhere and join the local startup culture and then find out that it is completely different than somewhere else. People are similar: They read the same blogs, think alike, work on similar topics. The culture is just very similar.”
(CTW.20.13)*

Christian Thaler-Wolski thought that the community is of value but not as a mean to differentiate one location from the other. When asked to further clarify this, he argued that even though knowledge was similar everywhere, it still required access through knowledge brokers:

“It’s about a “pay-it-forward”-culture that I mean. That is what Alex and Eric (Editor’s note: Eric Wahlforss and Alexander Ljung, founders of SoundCloud) are doing. The knowledge is fragmented and spread unequally.” (CTW.20.13)

Jess Ericksen also highlighted the importance of the talent pool and community factor while explaining:

“So many people come here and think they have a chance to find developers here. But it’s hard.” (JE.20.12)

Saskia Sefranek agreed when it comes to the need for developers that moves many founders to Berlin:

“Important is access to talent, especially to developers. They are always hard to find, but if you’re searching in Germany, Berlin is the best place. And because of the large number of internationals in the city, there is a high supply of people for international online marketing, where a lot is about content, that you can recruit.” (SS.20.12)

Florian Uhlig commented on this by adding that international startups are approaching the technical university in Berlin in the hope of finding coding talent. Still he argued, that the economic crisis in southern Europe was actually helping to create a situation in which more talent was locally available:

“Young people from Spain and other European countries with a great education are here like ten a penny.” (FU.20.12)

So the internationality of the city helps startups to pursue their international growth strategies by supplying international employees to make marketing globally.

Summarizing, both the local talent pool and community aspect of the location are valued by almost all interviewees. Only the ones that do not have the funds to hire talent, rate the talent pool not highly. A very interesting point gets raised by Henrik Berggren: the local talent pool fades in importance when a company is able to hire globally and is located in a city that people are able and interested in moving to. This point gets approval by the experts Christian Thaler-Wolski and Saskia Sefranek. Only Naren Shaam thought that the community aspect was overrated, while Christian Thaler-Wolski put the importance in perspective by arguing that the community aspect within different startup hubs is similar because of a

global startup culture that developed. Nonetheless, he acknowledged that the amount of knowledge within locations differs and is of importance.

4.2.2.3. Cross-city evaluation: How does Berlin compare to your other options?

In the following section we present the decision criteria that give access to intangible resources that our interviewees mentioned when asked directly why they did not choose their other options. We wanted to find out if decision criteria change depending on the city or place Berlin is compared to.

Four of the eight founders mentioned factors that we identified as improving the access to intangible resources.

Alex Napetschnig from Klash claimed that before founding the company in Berlin, they had also taken a closer look at a variety of startup ecosystems in Europe and the US. Barcelona – the city where he and his co-founders met through their studies – was their personal favorite but lacked support structures of a major startup ecosystem, especially the talent pool for web developers that they needed and thought to only find in bigger hubs. Because of the superior talent pool for their purposes they chose Berlin over Barcelona.

Henrik Berggren had a history in Berlin after working for SoundCloud, so he already had a network (HB.21.13) and that factor was not to his disadvantage when thinking about leaving Stockholm and moving to Berlin. He also considered intangible resources when thinking about a completely different ecosystem: San Francisco and Silicon Valley:

"If you want to be in the rice business you should be in China, if you want to be in the fashion industry you should be in Paris and if you want to be in the heart of where technology is created today you should be in San Francisco. Everything is going on there. There is an abundance of capital, knowledge, history and experience on how to run a business effectively. [...] There is also a lot more talent, but it is also a lot more scarce because of the competition." (HB.21.12.13)

Loopcam's founder Tor Rauden Källstigen was working in advertisement in Stockholm prior to his departure to Berlin and was close to the music industry. For his job he travelled to Berlin on a regular basis and got to know the Swedish-founders of SoundCloud. Through this connection he developed an extensive network in the Berlin startup scene. After a "hack" of what would be the Loopcam product in Stockholm, he decided to turn this into a product and a company.

"I went to Berlin to see what the city could offer to make this idea something bigger than it was already. When I came here I met with Henrik (Editor's note: Henrik Berggren, Readmill co-founder) and Alex and Erik (Editor's note: Alexander Ljung and Erik Wahlforss, SoundCloud founders) and they introduced me to a lot of people like entrepreneurs, VCs and just interesting people from all over the world [...] People had a lot of connections all over the world, far more than in Stockholm, which got me super excited and made me stay in Berlin to give it a try." (TRK.21.13)

Epiclist's founder Olga Reimgen described the journey taken by Epiclist before ending in Berlin. The company started in Munich, Germany, which soon turned out to not be a suitable location. She cited the lack of local knowledge networks supporting new ventures as well as the lack of access to financing as the main reasons (OR.21.13.14). At some point the Epiclist team went to Berlin for a weeklong entrepreneurship program, liked the scene and decided to move the company there. Subsequently they entered a startup incubating program in Tallinn, which brought them to Estonia for some time. Ultimately they settled back to Berlin. By summer 2013, the company was on the verge of moving to Chile to join a venturing program called Startup Chile.

4.2.3. Other

During our interviews, decision criteria came up that did not fit into our structure of influencing tangible and/or intangible resources. We therefore list these criteria separately. Again, we divide between the type of question that was asked: an open question about how the locational decision was made, specific ones about the importance of certain criteria

4.2.3.1. Open question: What were the decision criteria why you moved to Berlin?

To our open question of decision criteria to come to Berlin, we got answers that did not clearly fit in our framework of how they influenced the resource base of our interviewees' company.

Emma Rose Metcalfe mentioned a quite different reason as of why to move the company to Berlin: its creative culture. She said that especially the clash of the tech scene with the creative scene of the city created an atmosphere that HowDo was especially interested in (ERM.15.19).

Something else that got mentioned is the quality of life in Berlin and how that influenced the decision. The factor *quality of life* is something that does not have the well-being of the company in mind but rather reflects the founders' personal life choices. The city of Berlin is evaluated as a place to live and not as a place to found a company in. Four founders (Tor Rauden Källstigen, Alex Napetschnig, Ben Jones and

Luis-Daniel Alegria) stated that one of the reasons they founded their company in Berlin is because they wanted to *live* in Berlin. Alex Napetschnig explained more specific that he and his co-founders decided that Berlin was especially a great place to live for internationals because of its cosmopolitan character (AN.16.19).

4.2.3.2. Specific Question: How important is the following criteria for you and your company?

We also asked for other factors that might have played a role in the locational decision that could not be derived from theory as influencing the tangible or intangible resource base of INVs. Because they came up as topics in early interviews we asked specifically about the importance of quality of life and a creative environment in further interviews. This included the art, culture and party scene, language barriers and bureaucracy or the lack thereof.

Alex Napetschnig rated the overall quality of life very high and argued that startups work more efficiently if everybody feels good. The creativity factor was less important for him and he declined that they moved to Berlin for the party scene (AN.15.16.20)

Emma Rose Metcalfe rated the quality of life of the city of medium importance (ERM.16.20). The creativity was more important for her, although it was not the party scene:

“[...] it is good to attract other people from outside to join the company. The culture and party scene might have been a factor for Nils (Editor’s note: Nils Westerlund, co-founder of HowDo), because he is much closer to that scene.” (ERM.15.20)

The importance of the life quality factor is therefore used similarly to the way Henrik Berggren answered the question about talent pool: The attractiveness of the city helps to find talent from outside the city. She explained that the creativity of the city helps to attract the people that are “the crazy ones that you want to be around” and that “people want to move to a city that is exciting and where a lot is going on.” (ERM.15.20)

Specifically asked for the importance of quality of life as a factor Henrik Berggren neglected a high importance and answered:

“Good for employees to have a quality of life. For us founders, we did not come here to live in another city, it was all about the company. But now it becomes more important since we grow and not everybody is like David (Editor’s note: David Kjelkerud, co-founder of

Readmill) and me 250 percent invested in the company. They have other interests.”
(HB.20.16)

Again Henrik builds a strong bridge between the quality of life and creativity and the talent pool.

Tor Rauden Källstigen on the other hand gave these factors a high importance and admitted:

“The art, culture and party scene is the reason I originally got to the city (Editor’s note: Berlin).” (TRK.20.15)

Ben Jones argued similarly by answering:

“From an entrepreneurial perspective it is not that important but personally I don’t want to work in a city that I don’t enjoy living in.”(BJ.20.16)

Luis-Daniel Alegria also agreed:

“The reason why I moved to Berlin. You can find a lot of great things in other cities, too, but it was a great fit for me personally. I live here for three years now and I don’t plan to move away.” (LDA.20.16)

Olga Reimgen’s answer was more in line with Henrik Berggren when she explained that life quality was not important for her personally but for the team (OR.20.16).

Naren argued similarly in regard to the art, culture and party scene:

“To be honest, I have no time to explore these things at all. It is nice for a lot of people. I have also attended some events but I not going every week. I am not here for that. I never considered this before coming to Berlin. It is necessary for the ecosystem, but it is not something that I personally use. It is also necessary to attract talent and Berlin has this brand that it is cool and has a high quality of life and you can attract talent from elsewhere. Most people we hired moved here for us. We are recruiting Europe wide and then people move to Berlin.” (NS.20.12.16.15)

While three of our founders articulated that the personal affection to Berlin as a place to live played a great role (Luis-Daniel Alegria, Ben Jones, Tor Rauden Källstigen), the other five interviewed founders (Alex Napetschnig, Henrik Berggren, Emma Rose Metcalfe, Olga Reimgen, Naren Shaam) refused that a

personal affection for the city of Berlin as a place to live was important. All of them admitted on the other hand that it did play a role for their team or to hire people from outside of the local talent pool.

Christian Thaler-Wolski refused to comment on the specific question concerning the importance of the creative scene but he mentioned:

“[...] the whole world is looking at Berlin, because it is still so raw. In the age group of the mid-20s to mid-30s, who make up 80% of all founders, Berlin is among the best they can find.” (CTW.20.15)

Saskia Sefranek argued that Berlin is a cool city and makes fun, while Jess Ericksen explained from her own perspective:

“Incredible amount of diversity and cool things to do. You never really get bored but it also has a calmness to it. The lifestyle in Berlin is a perfect balance: the big city life but you can always escape to a park.” (SS.20.15.16)

While our experts thought it was difficult to assess how much of a role the quality of life and the creative scene play for entrepreneurs they all confirmed that Berlin offers a lot from this perspective.

Henrik Berggren argued for a the existence of a language barrier:

“This is a bigger issue than people think. In the long-run how integrated you are is going to affect the willingness to stay.” (HB.20.17)

Nobody else saw this as an issue, though. Only Ben Jones, Tor Rauden Källstigen and Luis-Daniel Alegria mentioned that a language barrier existed when dealing with bureaucratic and legal issues like registering the company.

Christian Thaler-Wolski explained:

“In a global startup culture English is the dominant language. And in an urban environment this is just not critical anymore. You can also go to Tallinn and only speak English. The local language is less important. Of course, you should make a little effort, but I won't tell anyone to learn German.” (CTW.20.17)

None of the people we interviewed saw bureaucracy or legal issues as a factor for the locational decision. Emma Rose Metcalfe said that “[...] it's a pain, but you can get around it.” (ERM.20.18)

4.2.3.3. Cross-city evaluation: How does Berlin compare to your other options?

Other factors, that we did not identify as clearly improving the access to tangible or intangible resources were also mentioned by the interviewees when asked about choosing Berlin over alternative locations. Five of the eight founders mentioned those factors as reasons to move to the German capital.

Readmill's team started to work on the company in Stockholm for three months but according to founder Henrik Berggren got annoyed by the lack of understanding for the amount of work and dedication needed to start the company by the people around him:

"They thought I just had a new job [...] We said it was the best way to cut everything off in my life and move: family, friends, girlfriend, whatever... and really focus on building a company." (HB.21)

The reason why Henrik Berggren and Readmill chose Berlin over Stockholm can be considered to be personal by us. He also stated that moving together would tie the people together:

"It's like you are together on a mission and not only about the company."

While Emma Rose Metcalfe did not agree on the binding effect of moving somewhere else together, she saw something else when comparing Berlin to London:

"We asked ourselves: What is the focus? In London the focus is finance. The banks are there and design is very much driven on agency work and startups are driven around making slick, nice, simple solutions to simple problems." (ERM.21.10.15)

The comparison of London and Berlin came down to the creative culture in both cities.

Comparing Stockholm to Berlin she admitted that the Swedish capital would have been her personal favorite. They opted for Berlin though because:

"[...] the believe in HowDo was so big that the future of the product was the main goal for us. Therefore it became decisive that moving to Berlin felt like the next step for the project. The clash between the creative community and the tech community creates so much energy here. Also the infrastructure, the meet-ups, the scene was a reason to choose Berlin. Our project and Berlin were the best match." (ERM.15.13.21)

Besides the networking and community factor Emma Rose argues for something else: Berlin also was the choice over Stockholm because it could provide a creative energy that Stockholm could not, according to Emma Rose Metcalfe.

Tor Rauden Källstigen on the other hand liked that Berlin felt very close to his hometown Stockholm:

"It feels like taking the red line and after Hornstull and Liljeholmen you are in Berlin. Everything is just so easy." (TRK.16.21)

Naren Shaam considered New York and London but opted for Berlin:

[...] New York isn't good because we are called GoEuro.com. [...] It is difficult to compare Berlin to other ecosystems. It is not Tel Aviv, it is not London, it is not San Francisco, it is Berlin." (NS.21.13.10)

He also saw a cultural fit between the city and his company.

Ben Jones from BigBlogMap argued that his only other option would have been London where he had previously gotten his education. As he said though:

"London is a rat race that I didn't want to run." (BJ.21.16)

Expert Florian Uhlig draw parallels between New York and Berlin in the case of the creative environment:

"New York and Berlin a kind of similar. There are all kinds of people: the fancy ones, the rockers, the artists, the middle-class. Very heterogeneous. And on top you can find a lot of empty space that you can experiment with." (FU.15.21)

Robert Langer added:

"There is a lot of creative space and tensions within the society. [...] Nothing here is polished, even 24 years after the fall of the Berlin wall. This dynamic leads to things being mobile and uncertain. That is just attractive for a lot of people who want to be part of change processes." (RL.15.12)

5. Analysis

In the following section we will present the analysis of our empirics in the light of the previous state of the subject as described in our theoretical framework. First we will point out how the selected sample corresponds to the presented literature on INVs. We will then apply the theoretical locational impacts on resources in the theoretical framework to identify what role access to tangible and intangible resources played in the decision to start an INV in Berlin. Lastly, we will point out how the theoretical approach of the resource based-view does not explicitly accommodate all of our collected empirics.

5.1. Matching our sample with INV literature

The following section will match our collected empirics with the presented theory on INVs. This will be done on a general level first, to then directly address the identified characteristics of INVs, as well as the driving trends of INVs and how they relate to our sample.

Thinking back to the definition of INVs mentioned in the theoretical framework describing “*small, technology oriented companies, that operate in international markets from the earliest days of their establishment*” (Knight & Cavusgil, 1996, p. 11), it becomes apparent that the companies observed in the Berlin ecosystem are meeting this definition. All companies observed were working in the digital technology sector and had an explicitly international focus. This focus was recognizable both in terms of outwards market focus, as well as inwards team-focus. This shows in statements by Emma Rose Metcalfe (ERM.1), Alex Napetschnig (AN.1) and Tor Raude Källstigen (TRK.1), that highlighted a highly distributed international user base, but also Henrik Berggren (HB.3) emphasized the importance of an international team. As observed in statements by Napetschnig and Berggren (AN.4 and HB.4), this does not imply a complete neglect of the local market. Metcalfe (ERM.4) for example specified a specific use case of Berlin as a test market. But as Christinan Thaler-Wolski’s comment (CTW.4) shows, it is apparent that there is neither a particular emphasis nor dependence on the local market. This outward focus is in line with Madsen and Servais’ observation of INVs seeing the world as an opportunity rather than threat (1997), as well as Chetty and Campbell-Hunt’s argument that INVs are not relying on a local market to a point where they can neglect these other markets (2003).

5.1.1. Characteristics

This section will compare the identified characteristics of INVs with the characteristics of the observed companies in our sample.

As pointed out in the theoretical framework (section 2.1.3), research on INVs has identified a set of characteristics that are inherent to such companies. These can be summed up with international revenues, short time to internationalization, a minimum amount of markets a company is active in, a small number of employees due to the emerging status of the company, as well as a certain maximum age.

5.1.1.1. International revenue

Based on the observation that the majority of our companies was either in a pre-revenue phase, or reluctant to share the data on their revenue, we focused on gathering data on the spread of the user base of the companies. Looking at our empirics we find that most of the interviewed companies have certain user hubs (as displayed in empirics/geographic distribution of user base). But besides these “peak” locations, the companies reported vastly distributed user bases throughout (e.g. LDA.1) with as many as 140 countries accessing a single service (NS.1).

5.1.1.2. Short time to internationalization

As pointed out, the time period for INVs for foreign markets has been described as a maximum of three years after venture inception by Pock (2010). The companies observed in our thesis are more in line with the observation by Böhmer & Tschauner (2011) who observed a new generation of “*fast born globals*” that are global from inception. As Metcalfe (EMR.2) for example is showing international thinking from the very beginning: to ensure international the possibility of global market reach, she kept her product in English from the start. Based on section 4.1.2 it can therefore be said that our sample companies not only had a short time to internationalization, but were planning internationally from the start. What was apparent in the collected sample though is a differentiation between product accessibility on an international scale and a geographic focus in which companies actively sought traction in a certain region (AN.1.2., ERM.2, CTW.2). For a more specific geographic focus, a globally available product requires localization in the form of e.g. local marketing campaigns.

5.1.1.3. Amount of foreign market the company is active in

Böhmer and Tschauner conclude that research on INVs lays a minimum threshold for the amount of penetrated foreign markets at around five foreign markets. As reported in section 4.1.1, the observed companies had a user base coming from the entire world, with up to 140 different countries (NS.1) and an availability in 16 different languages (LDA.1). As all products were accessible and usable globally, this minimum threshold is not only fulfilled, but almost seems irrelevant.

5.1.1.4. Number of employees and time of inception

According to Pock (2010), INVs are usually young SME's with a high level agility and the capability to internationalize quickly. This is corresponding with our observed sample: all of the companies we talked to had a number of employees below 50 (see section 4.1.3) and were founded not before 2011 (see section 3.3.4.1).

5.1.1.5. Level of independence

As pointed out by Bell et al. (2004; as cited in Böhm & Tschauer, 2011), a prior merger of a company might cover up the origins of an internationalization drive. Whilst none of our observed companies was subject to a merger or acquisition, all companies with the exception of one have received external financing. It can be assumed that this can have an influence on the internationalization of the companies.

5.1.2. Trends

This section will compare the identified trends enabling fast internationalization for INVs with the circumstances of the companies observed in our sample.

As pointed out in the theoretical framework (section 2.1.4), the development of INVs is driven by different trends. Based on Knight and Cavusgil (1996), these trends are: first, a higher level of experience of such founders, including a better ability to spot international opportunities, second, prior working experience in an international environment, and third, technological developments facilitating communication. All of these trends were clearly reflected in the observed sample. First, due to the selection of non-Berliners, our sample resulted in a very international group of entrepreneurs. As shown in section 3.3.4.1, all of the interviewed entrepreneurs have had international exposure which is decisive for the spotting of international opportunities. Second, not only the founders in our interviews, but also the employees had a widely international background. This was shown in section 4.1.3, which addresses the internationality of the teams. Berggren (HB.3) argued that an international team is the essence of an international company. Further, without exception all founders have had working experience in other international settings. And third, since all the companies we interviewed are reliant on the internet for their core business (see section 3.3.4.1), a case can be made that the emergence of the internet is at the very heart of why these companies can interact with a global audience.

Thus it can be said that the trends observed in facilitating the emergence of INVs by Knight and Cavusgil (1996) have had a severe impact on all companies observed in our study as well.

5.1.3. Summary of INV matching

As shown in this section, the observed sample is fitting the literature on INVs. On a general level the definitions of INVs are fitting with the observed companies. Whilst the observed characteristics of INVs are differing due to the pre-revenue stage of the observed companies, as well as a potential external force in the internationalization efforts through investors, the overall fit seems to be given. Further it can be observed that the trends enabling INV to internationalize at a quicker pace are inherent to the observed companies.

5.2. Decision Criteria

After identifying the fit of our sample with INV literature, we will now apply the theoretical decision-making elements regarding a location that we have outlined in section 2.4. Using these elements, we will point out how founders of INVs are taking access to resources into account for their decision for a specific location.

As laid out in section 2.4 we will divide between the kind of resources – tangible or intangible – that are influenced by said criteria. Additionally we will look into criteria that do not clearly influence the resource base as derived from theory.

5.2.1. Access to tangible resources

The following section will display the influence of tangible resources on the location decision of founders, based on the presented theoretical background in section 2.4.1.

In our literature review we establish the notion that a location can directly affect the resource base in two ways: By providing access to cost savings and to early-stage investors. While the investors can increase the financial resources by helping the founder with funding of their operations, the cost savings increase the financial resources by decreasing the expenses.

5.2.1.1. Access to cost savings

As pointed out in section 2.4.1.1, whilst the idea of firms choosing the location of their operations based on low costs has been a subject in a number of different theoretical fields, the field of international new ventures (INVs) has not dealt with this extensively. Still, Fernhaber et al. have concerned themselves with costs to a certain degree and have argued that “reducing costs enable a firm to improve its profitability, internationalizing operations to exploit lower costs becomes an attractive motivator for internationalizing

a firm” (2008). This explains that a firm not only has to reduce costs to become more profitable but also that internationalizing operations helps with that.

Six of our eight interviewed entrepreneurs mentioned costs in some way to the open question of based on which criteria they chose Berlin (see section 4.3.1.1). It is a marking and prominent feature of Berlin as a European startup hub. However, when asked more specifically about the importance of rent, taxes and salaries as geographically influenced costs none of the interviewees – including the experts – considered costs to be of high importance (see section 4.3.1.2). More specifically none of our interviewees consider taxes as an issue, while the level of salaries did actually play a role in some cases.

To summarize, it seems that costs do play a role for almost everyone, but that it is never the most important characteristic of a location for INVs.

Things looked different when we asked for the reason why entrepreneurs decided to settle in Berlin instead of their other choices (see 4.3.1.3). Five of eight founders argued that the access to affordable space and employees was a reason to choose Berlin. Besides that raw number it was interesting to see how the importance of this criterion was raised when comparing Berlin against other potential locations: Costs played a role in the decision against London, which can be considered as Europe’s major startup-hub. Our interviews show clearly that the comparably low level of costs in the German capital were a – if not *the* – major factor for the interviewees choosing between London and Berlin.

Based on this we argue, that access to cost savings in a location for an INV increase in importance if the founder is deciding among two locations with otherwise similar startup ecosystem infrastructure, such as London and Berlin.

5.2.1.2. Access to funding by early-stage investors

The assumption that the proximity to investors helps to increase the financial resources is largely based on Fernhaber and McDougall. As described in section 2.4.1.2, they investigate the influences VCs have on both the tangible (e.g. financial) and intangible (e.g. knowledge and reputational) resources of an INV. As emerging INVs are often subject to financial constraints, Fernhaber et al. point at their particular need of access to financing sources. Due to this, many INVs seek external financing through VCs (2008). Our interviewees support these arguments for the importance of early-stage investors, such as VCs. While none of our interviewees came up with proximity to investors as an explicit reason on why they moved to Berlin (see section 4.3.1.1), most rated it highly important when asked specifically (see 4.3.1.2). Luis-Daniel Alegria from Vamos argued that thinking “big” is just very difficult without external money

(LDA.14.20), which is very much in line with Bruno and Tyebjee. Only Henrik Berggren rejected the importance of local investors (HB.14.20) on the basis that he was able to find investors outside his geographic location. Commenting on this Jess Ericksen pointed out that not every entrepreneur is in the comfortable position of being able to attract international VCs (JE.14.20). Asked about why they chose Berlin over their other options, only one founder, Tor Rauden Källstigen, mentioned investors to choose Berlin over Stockholm, since he considered VCs in Berlin as more interested in high-risk consumer oriented products (TRK.20.21.14).

While investors were not the first thing that came to mind of entrepreneurs when choosing Berlin as a location, it is certainly something that they cared about. Our impression throughout the interviews was that the presence of investors is something of a minimum standard: highly important but almost considered to be given when choosing between different larger start-up ecosystems. The general impression was that people were more confident to attract VCs if they are located in an interesting city. A possible explanation for this was given by Christian Thaler-Wolski, who argued that the locational presence of startups and investors influence each other and that VCs basically follow the entrepreneurs (CTW.14.20).

5.2.1.3. Preliminary conclusion

This section will summarize the findings regarding access to tangible resources and draw further conclusions based on these findings.

The dynamics of influences on tangible resources are very different: While the presence of local investors is considered to be important by most of our interviewees, only one mentioned it as a reason to choose Berlin as the location to build an international company. Therefore we conclude that access to local investors is considered to be relevant up to a minimum threshold for our interviewees. It could be interpreted as a hygiene factor: something that draws attention only when it is not present.

The level of costs on the other hand is not considered by many interviewees to be of high relevance, even though it was articulated repeatedly when answering open questions on which criteria the founders chose to come to Berlin. When asked specifically about it, the majority of interviewees considered it to be less relevant. Only when contrasting it explicitly to another ecosystem with an asymmetric cost structure like London it was considered decisive. Thus we conclude that the low cost structure of Berlin only becomes relevant for founders of INVs if they decide among two different start-up ecosystems with a similar resource offer otherwise.

Tangible resources are not very much in the focus of current research in INVs. Looking at our empirics, the lack of interest by academia is understandable: access to resources was generally not given a very high relevance. Compared to intangible resources the access to tangible resources was not rated very important overall. Asking for direct comparisons between different locations offered insight into an interesting dynamic though and suggested a potentially bigger influence of tangible resources on the locational decision

Another interesting observation is how the responses of our interviewees reflect the different situations they are in: Emma Rose Metcalfe and Henrik Berggren have gained public attention, are backed by reputational international VCs and as a consequence have less pressure when it comes to financial resources. As a result it is understandable that they rated the proximity to investors lower and did not come to the city because of the low costs. Other companies such as Klash with founder Alex Napetschnig or BigBlogMap with founder Ben Jones are more following a bootstrapping approach and thus are more heavily affected by access (or lack-there-of) to tangible resources. They rate the access to financial resources, such as cost savings or funding higher. These different perspectives showed throughout our interviews and always have to be kept in mind when analyzing different responses.

5.2.2. Intangible Resources

The following section will display the influence of access to intangible resources on the location decision of founders, based on the presented theoretical background in section 2.4.2.

As presented in our theoretical framework literature from the field of international new ventures suggests that the location cannot only provide access to tangible resources like funding or cost savings but also intangible resources such as a talent pool and knowledge.

5.2.2.1. Access to local talent pool

Knowledge can be integrated into a company through integration of talent. Therefore the local talent pool is of special relevance for INVs according to Kara, Philipps and Tracey (2008). Literature further indicates that INVs especially require knowledge on how to internationalize (Reuber & Fischer, 1997). Our interviewees mostly support this theory. Three of our eight entrepreneurs mentioned the local talent pool as a reason to choose Berlin as a location for their company (see section 4.3.2). It turned out that founders of technology-focused companies were mostly looking for technical talent that they specifically expected in Berlin. Although Alex Napetschnig (AN.20.12) or Jess Ericksen (JE.20.12) limit this notion by mentioning the high competition for web developers for example, this is important to many founders.

Asked specifically about the importance of the local talent pool it was widely regarded as being very important to have local talent around. Only Henrik Berggren, Naren Shaam, and Ben Jones would not agree with Kara et al., because they rejected the idea of limiting themselves to a local labor market (HB.20.12, NS.20.12, BJ.20.12). Instead, they argued that by sourcing talent globally they could bypass the local talent market which limits the role of location for a talent pool. Others, such as Tor Rauden Källstigen or Luis-Daniel Alegria rated the importance of the local talent pool low because their company did not need or could afford to hire a lot from the local labor market anyway (see section 4.3.2). In general, the interviewees all agreed that the people within the company and their knowledge were the most important resource for a company. This was exemplified by Christian Thaler-Wolski who argued that people are the most important thing for an emerging company. According to him entrepreneurs should position themselves in attractive locations that allow to recruit talent from outside to extend the local talent pool (CTW.20.12.16). Since talent is attracted by good people, good ideas and good products (CTW.20.12), entrepreneurs should be able to increase the available talent pool to them beyond a local region.

Taking a closer look at why our entrepreneurs chose Berlin over other destinations only one interviewee mentioned the supposedly superior talent pool: Alex Napetschnig chose Berlin over Barcelona to find engineering talent for their mobile application (AN.21.12). Opposing the quality of the local talent pool, Henrik Berggren argues that the talent pool in Berlin is lacking (HB.20.12) but Saskia Sefranek on the other hand thought that it is still the best in Germany for developers and that especially its internationality is a big plus (SS.20.12). With such an international labor force the content-driven activities such as online marketing make it possible for INVs to flourish.

Summarizing it therefore can be said that access to talent was ranked highly important by almost all interviewees. When it came to the quality and accessibility of local talent in Berlin opinions differed. Further some entrepreneurs and experts pointed at the option of attracting outside talent by positioning themselves in an attractive location.

5.2.2.2. Access to local networks

As pointed out in section 2.4.2.2 scholars highlight the fact that joining a cluster means joining a local network (Rialp et al., 2005). Networks help to provide access to resources an INV cannot develop itself (Coviello & Cox, 2007). This very much applies to our interviewees Emma Rose Metcalfe, Henrik Berggren and Tor Rauden Källstigen (see section 4.3.2.2). All of them made the move from Stockholm to Berlin and were close to SoundCloud founders Eric Wahlforss and Alexander Ljung. They profited from

being introduced to the scene quickly. Especially Tor Rauden Källstigen acknowledged the importance for the development of his company. In general the feedback from the founders about the importance of the community or local network was big. Expert Christian Thaler-Wolski had his doubts about the importance of networks from the standpoint of a decision-maker though: His take was that the community or knowledge pool or network was just not unique for the location Berlin. He thought that something like a global startup community developed, which is in place in major startup hubs (CTW.20.13). Asked why choosing Berlin over other cities only Tor Rauden Källstigen and Henrik Berggren mentioned the network because they got the introduction by the SoundCloud founders. Asked specifically the local networks were ranked very highly but rarely mentioned when asked about the reason for coming to Berlin.

We can therefore conclude that networks were of high relevance to our interviewed founders, but even more so for those who came to Berlin with already established connections in the ecosystem.

5.2.2.3. Preliminary conclusion

As pointed out, both talent pool and networks are ranked highly when asked specifically but seem to be afterthoughts when it comes to making the actual decision, especially when deciding between Berlin and London.

Additionally the knock on the talent pool that we could identify is that some founders did not accept the limitations of the local talent pool and therefore relied on sourcing talent internationally.

The local network on the other hand seemed to be of high value for almost everybody, especially to those that had early access to it. As a reason to move it was only mentioned when Berlin was compared to Munich and Stockholm. No entrepreneur cited the local networks in Berlin when explaining why choosing Berlin over London.

Overall it seems, that similar to the perception of access to investors as a hygiene factor in the previous section about the access to tangible resources, the access to local intangible resources seems to be something like a hygiene factor. A certain level needs to be fulfilled, but beyond that optimization of resources is possible through other means. This is in line with Christian Thaler-Wolski's remarks about talent that can be attracted by good products and does not have to be sourced locally and ecosystems that are equal when it comes to their level of knowledge.

Concluding, it has to be stated that the access to resources alone does not fully explain the observed locational decisions. Based on our collected data, it seems that other reasons beyond direct resource-

optimization play into the decision. Nonetheless, they do in fact play a role: as illustrated in Figure 4, when deciding between Berlin and a minor startup hub like Munich or Barcelona, the local network and talent pool play a major role. The low costs in then rather play a role when choosing between Berlin and London or San Francisco. The special case of Henrik Berggren, Emma Rose Metcalfe and Tor Rauden Källstigen, who also chose Berlin because of their already existing connections to the scene is left out for better overview.

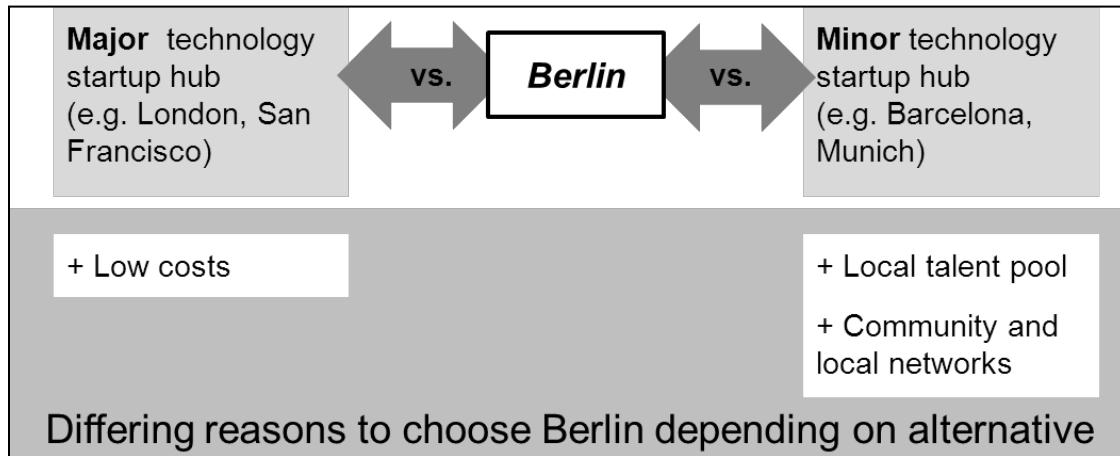


Figure 4: Differing reasons to choose Berlin depending on alternative

6. Discussion

Building on the analysis of our empirics, this part will further discuss the implications of our findings. Starting with an overview of the limitation of access to resources as a factor in the locational decision, this section will then point at other factors that cannot directly be accommodated in our theoretical framework that seem to play a role in the locational decision. These are a creative environment and quality of life. It will further point out how these locational factors can be a factor in attracting further talent and through that can be a decisive factor in optimizing the resource base of INVs in a more indirect manner.

As pointed out, both the need for access to early stage investors and local talent and networks were considered to be somewhat of hygiene factors: resources that are essential in an ecosystem and missed if not available. But if a certain standard is fulfilled, these resources are of less interest. Looking at this, a reasonable conclusion is to argue that access to resources in this case is an acceptable explanation for choosing a startup ecosystem like Berlin over smaller cities that were mentioned such as Barcelona or

Munich. Arguing that a minimum threshold of access to these resources is required in a location can then further explain why these companies are not optimizing further on access to costs by choosing a location that would bring even more radical cost savings than Berlin, e.g. a more rural area or a developing country. The access to cost savings in this case would be beyond anything available in any major startup ecosystem. As these locations would not meet the minimum requirements for access to other resources, they are disregarded.

When deciding between different start-up hubs that can offer a similar access to resources, other factors gained in importance. Based on our empirics it can be argued that cost savings actually do increase in importance when founders directly compared Berlin with a city like London. This it can be argued that this played a part in the decision of moving the venture to Berlin before London. Still, it emerged from our interviews that this is alone is not explaining the locational decisions done by our interviewees. Rather, the role of creativity and quality of life was brought up repeatedly. We therefore expand Figure 4 with “Creativity” as another factor when comparing major startup hubs (Figure 5).

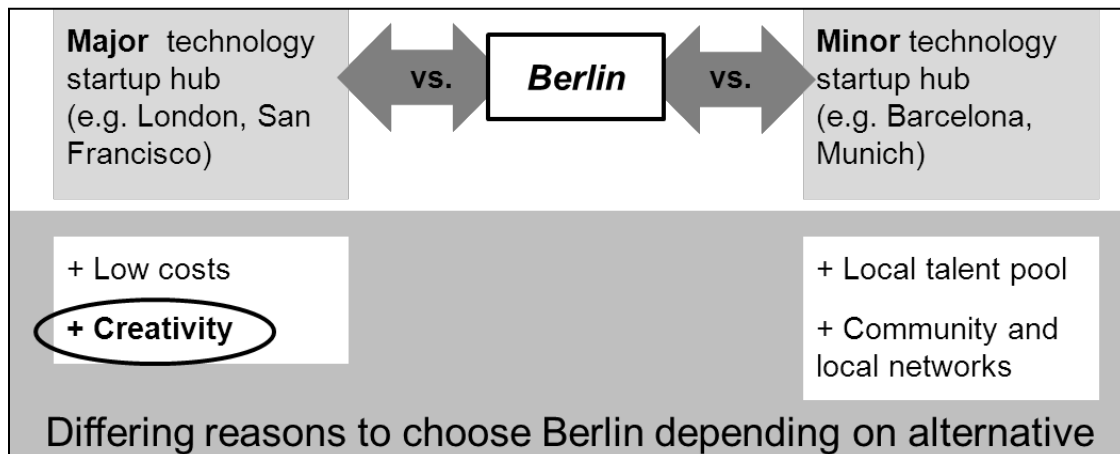


Figure 5: How the decision criteria for choosing Berlin differ depending on alternatives

6.1. Creative city as a criteria of locational decisions

This section will point out the importance of a creative environment and quality of life as a factor in the locational decision.

As pointed out in the empirics (see section 4.3.3), this has been brought forward by e.g. Tor Rauden Källstigen, Ben Jones and Luis Daniel Alegria as a reason on an individual level for coming to Berlin. According to the empirics, this included in particular the local creative scene, including the art and

nightlife offerings of Berlin. Throughout our interviews it was mentioned that beyond a purely professional perspective Berlin was perceived as a generally good place to live in. And these founders went so far as saying that this good place to live in was a decisive factor in moving their venture to Berlin.

Robert Langer explained how Berlin's recent history contributed to its creative culture and created a dynamic scene that many people want to be part of (RL.15.12). His colleague Florian Uhlig confirmed this and added that this mixture is attracting a very heterogeneous group of creative people (FU.15.21).

A creative environment as a factor of attraction of an urban environment has been described in research by Richard Florida in his book "The Rise of the Creative Class" (2002). In this book Florida describes a new economic group - the creative class - that consists of two sections: the super-creative core, which includes those that are fully engaged in the creative process and who are considered to be innovative and creative, and the creative professionals who are knowledge-based workers in industries, such as healthcare, business, finance or education. The primary work of those in the creative class is to find new problems and new solutions. What is particular about this group, is that it is attracted to a certain kind of environment. Florida describes this environment as centered around the three T's: tolerance, technology and talent. That means that cities with a highly skilled population, a diverse community and technological infrastructure are the most attractive ones. Florida suggests to measure for example tolerance using his "Gay Index" and "Bohemian Index".

Looking at the case of INVs moving their location to Berlin, Florida's approach can stand as a possible explanation of why founders on an individual level are attracted to the city as such.

6.2. Creative city as a talent magnet

This section will point out how a creative environment and quality of life can help in attracting further resources to a location.

Founders brought up the local quality of life and creative environment as an argument for placing the company in the location, since it was seen as something beneficial for the employees (e.g. AN.16.19, OR.20.16, NS.20.12.16.15, ERM.15.20). Emma Rose Metcalfe explained that Berlin for example, provided "*the crazy ones, that you want to be around*" to highlight that the city offers an environment that is fruitful for her company. As our title – a quote from 1800 – suggests, Berlin has a knack for attracting special characters for a long time. As pointed out, Henrik Berggren and Naren Shaam interpreted this even further: by placing themselves in a creative environment, they were better able to attract resources from outside the local environment (HB.20.12, NS.20.12.16.15). They argued they did

not make use of the creative offer of the city themselves, but it was an important piece of the puzzle to attract the right talent. These statements provided an insight into how entrepreneurs approached the question of how to attract talent: instead of relying solely on a limited, local talent pool, these founders were approaching potential hires Europe-wide, some even globally.

According to Berggren and Shaam, this global talent pool is characterized by a high level of mobility, such that it is possible to recruit these talents on an international basis and then get them to Berlin. As a consequence, by locating themselves in a creative city with a high quality of life, these companies created a scenario in which they had access to not only a local talent pool, but also to a larger global talent pool attracted by such. Berlin as a backdrop allowed them to attract outside talent that would not be available locally. Even more, given that Berlin is creating an increasingly strong brand as a cultural and creative hub this might give the companies a competitive advantage as employers.

The concept of recruiting creative talents internationally is in line with research that has been conducted by Richard Florida, who in his book “The Flight of the Creative Class” describes that this new generation of creative people attracted by creative urban environments are mobile globally (2006). The result, he argues, is an increasing competition between cities, regions, and countries to attract these.

Figure 6 illustrates how the factors creativity and quality of life both have a direct and indirect influence on the location decision of founders of INVs. Some are attracted by these factors themselves, others cite them when explaining how to hire talent internationally.

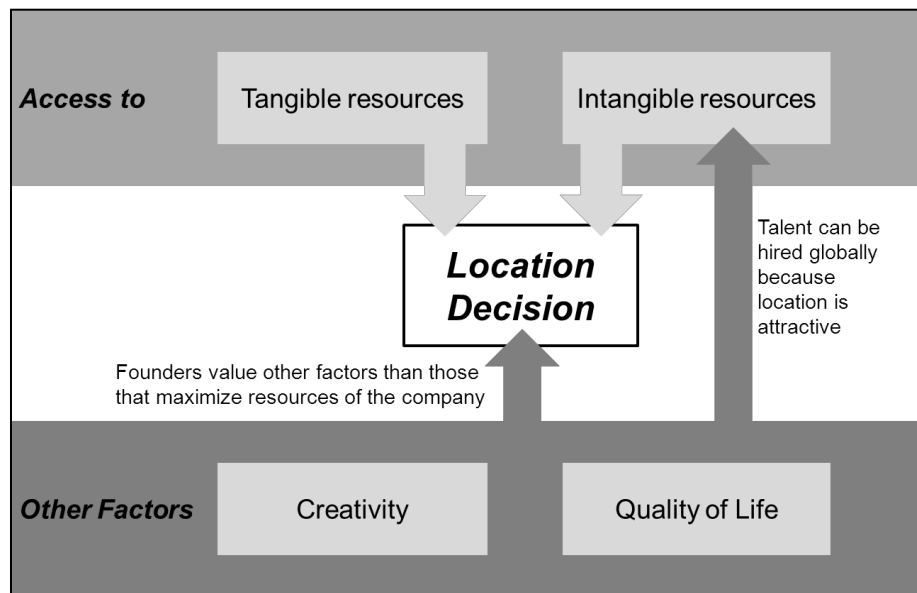


Figure 6: Direct and indirect influence of other factors on location decision

6.3. Creative city as a mitigator of resources

This section will build an argument how resource optimization can be achieved for INVs by placing themselves in locations with a high quality of life and a creative environment.

Looking back to how location affects the resource base of an INV, a case therefore can be made that beyond direct access to tangible and intangible resources locational factors like a high quality of life and a creative environment have an impact on the resource base as well. Instead of providing a direct access to resources within the local environment, these factors allow for an optimization of resources by attracting mobile resources that are attracted by such environment. Especially regarding the attraction of talent, this goes beyond what Kara et. Al (2008) observed when talking about attracting and retaining talent from the local labor force. Through attracting mobile resources from outside the location, a true resource optimization can thus be achieved.

Interestingly, this approach again requires an awareness of opportunities on a global scale. Thus a case can be made that founders of INVs are aware not only of market opportunities for their product on a global scale, but are also trying to source their resources globally. As a consequence they are trying to place themselves in environments that allow for resource optimization on a global scale. Given that the main resource sought after is talent, a location should therefore provide a background that is attractive for such.

7. Conclusion

In this section, we will draw a conclusion of our thesis. It will first provide an overview of our findings, to then specifically point out how founders of INVs are taking resource-optimization into account when choosing a geographic location. It will then further identify the limitations of this study, as well as point at further research directions emerging from this thesis.

The purpose of this thesis was to extend the knowledge on INVs by exploring why founders of such make the locational decision to move their venture to Berlin. To investigate this purpose we intended to answer the research question:

Why do founders of INVs make the locational decision of moving their venture to Berlin?

This was then further broken down into four sub-questions specifying our interests:

- What are the factors mentioned by entrepreneurs in favor of Berlin in their location decision?
- How do these factors co-relate?
- How do INV entrepreneurs link their locational choice to the resource base of their INV?
- How do INV entrepreneurs decide between different locations offering a similar mix of resources?

We studied these questions by both interviewing founders of INVs who had made the decision of moving their venture to Berlin, as well as interviewing experts with insight on how this decision is made. Our approach was based on the resource-based-view, by investigating how the location can provide access to both tangible and intangible resources and how this affects the locational decision.

Our results suggest that whilst access to resources is an essential driver of attracting people to Berlin as a location, it is not enough in itself to explain the decision. Whilst founders argued that moving their venture to Berlin optimized their access to resources for both tangible and intangible resources, they also put the creative environment and quality of life forward as reasons for choosing Berlin.

These factors were mentioned on both an individual as well as a company level. On a company level an argument can be made that locational factors like creativity and quality of life are contributing indirectly to an INV's resource optimization: by locating themselves in an environment that is attractive, the interviewed founders were able to attract mobile resources, such as talent, from outside the locally available resources. Thus, they were essential in optimizing internationally sourced resources.

7.1. Limitations

In our conducted study we have identified three potential limitations: data bias as a result of a hindsight explanation of personal decisions, generalizability of our findings beyond our observed cases, as well as our own bias in the process of coding the collected data.

First, by asking founders of INVs about a decision they have made personally in the past, our collected data is subject to their own subjective experience of the situation. As pointed out in our section on data quality, this bears the potential for choice-supportive bias, a generalization of criteria, or a tendency to theorize the decision beyond actual events. As an outcome, the results of our study might be biased on the personal experience of the decision to move to Berlin by founders themselves. Whilst we tried to account for this in the design of our interview structure, possible bias cannot be excluded from the collected empirics. To minimize this bias, we are trying to give a holistic picture of the collected empirics by

extending the empirics section of our study. By conducting expert interviews we always tried to put subjective experiences of entrepreneurs into perspective. Nonetheless, a subjective bias remains due to the chosen approach of a qualitative study.

Second, the generalizability of our study is limited. As our focus was on understanding the decision of INV founders from outside of Berlin to start a venture in Berlin, our findings cannot ensure generalizability beyond this specific decision. In order to discard this limitation we could have maximized our sample both within Berlin, as well as beyond Berlin towards other start-up hubs such as San Francisco, London or Tel-Aviv. Due to the limited time frame of our thesis project, as well as the difficulty in obtaining access to the entrepreneurs, a wider approach was not feasible.

Third, the process of coding our data provides a potential source of bias. As we build the coding structure on the basis of our understanding of the collected data, it could be subject to our own perception bias. As a result, it could be that we misinterpreted parts of our empirics and present them in a differing constellation than intended by the interviewees. To minimize such bias, we relied on conducting interviews in a pair of two. This allowed us to maximize our collection of further context information during the interviews. By applying the dual control principle also during the coding process, we always could crosscheck the interpretation of one code by relying on two opinions and taking further context information such as the interviewees' behavior into consideration.

7.2. Outlook

As we have shown in our theoretical background, research on how tangible resources of INVs are affected by location is limited. Further the link between tangible resources and capabilities of INVs to internationalize early has equally gathered little attention in comparison with research on the same link with intangible research. Whilst our empirics are justifying this focus, we do believe that tangible resources such as cost savings can contribute to a local creative environment through processes like gentrification. As shown, a creative environment in return can have an impact on the intangible resource base of an INV. We would thus encourage further research on the indirect link between an INV's resource base and locational factors that offer access to tangible resources.

As pointed out further in our discussion, we draw the conclusion that locational factors can help founders of INVs to attract mobile resources. In the case of Berlin the locational factors of relevance that enabled founders to extend their talent pool beyond Berlin's borders were quality of life and the creative scene in the city. As pointed out, Florida's research on how a creative environment is influencing the economic development of urban areas has been conducted. Based on our findings, we would encourage further

research on the question of how a creative environment is helping INVs to globally source further resources beyond talent to a location.

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Appendix

Appendix I: List of codes:

| | |
|--------------------------------|-----|
| Alex Napetschnig : | AN |
| Emma Rose Metcalfe: | ERM |
| Henrik Berggren: | HB |
| Tor Rauden Källstigen: | TRK |
| Ben Jones: | BJ |
| Olga Reimgen: | OR |
| Luis-Daniel Alegria: | LDA |
| Naren Shaam: | NS |
| Christian Thaler-Wolski: | CTW |
| Jess Ericksen: | JE |
| Saskia Sefranek: | SS |
| Robert Langer | RL |
| Florian Uhlig | FU |
| Geographical Hubs: | 1 |
| Internationalization approach: | 2 |
| Internationality of the team: | 3 |
| Local market: | 4 |
| Alternative cities: | 5 |
| Involved people: | 6 |
| Decision preparation: | 7 |
| Decision evaluation: | 8 |
| Office rent: | 9 |
| Wages: | 10 |
| Taxes: | 11 |

| | |
|----------------------------|----|
| Talent: | 12 |
| Community: | 13 |
| Investors: | 14 |
| Creativity: | 15 |
| Quality of Life: | 16 |
| Language Barrier: | 17 |
| Bureaucracy: | 18 |
| Open, unspecific question: | 19 |
| Specific question: | 20 |
| Cross-city evaluation: | 21 |

Appendix II: List of interviews

| Interviewee | Institution | Code | Type of interaction | Date |
|-------------------------|--------------------------|------|------------------------|------------|
| Founders | | | | |
| Alex Napetschnig | Klash | AN | In person in Berlin | 23/07/2013 |
| Emma Rose Metcalfe | HowDo | ERM | In person in Berlin | 23/07/2013 |
| Henrik Berggren | Readmill | HB | In person in Berlin | 24/07/2013 |
| Tor Rauden Källstigen | Loopcam | TRK | In person in Berlin | 25/07/2013 |
| Ben Jones | BigBlogMap | BJ | Via Skype | 29/07/2013 |
| Luis-Daniel Alegria | Vamos | LDA | Via Skype | 01/08/2013 |
| Olga Reimgen | Epiclist | OR | Via Skype | 06/08/2013 |
| Naren Shaan | GoEuro | NS | Via Skype | 14/11/2013 |
| Experts | | | | |
| Christian Thaler-Wolski | Wellington Partners | CTW | Via phone | 01/08/2013 |
| Jess Erickson | Berlin Geekettes | JE | Via Skype | 08/08/2013 |
| Saskia Sefranek | GMPVC | SS | Via Skype | 10/10/2013 |
| Florian Uhlig | Gründerservice TU Berlin | FU | In person in Stockholm | 02/12/2013 |
| Robert Langer | Gründerservice TU Berlin | RL | In person in Stockholm | 02/12/2013 |

Appendix III: Interview structure

- Introduction Research Team SSE
 - *Who are we?*
 - *What is our interest?*
- Introduction Interviewee
 - *Who are you?*
 - *What do you do?*
 - *How many employees?*
 - *What is your business model?*
 - *What is your main source of revenue?*
- Internationality
 - How international is your company on the customer side?
 - *How many different markets are people using your product in?*
 - *What are the geographical hubs of your user base?*
 - *Was your product international from the start?*
 - *How did the international penetration evolve?*
 - How international is your team?
 - *How many nationalities/expats do you have within the company?*
 - *How much international experience do you have within the company?*
 - How do you serve a global audience?
 - *What implications does this internationality have on your daily tasks?*
 - *Do you differentiate within the organization between different markets?*
 - *Do you have an expansion plan/focus regions?*
- Past: Decision-Making
 - *Looking back at the time before you started ____ (company name) ____, how did it happen that you founded the company in ____ (city of company) ____?*
 - *Why did you start the company in ____ (city of company) ____ instead of ____ (alternative city) ____?*
 - *Who was involved in the decision-making process to found the company in ____ (city of company) ____?*
 - *Which were the criterial/location factors in the decision-making?*
 - *How many information did you collect before making the decision?*
- Present:

- *From today's perspective: was your decision the right one?*
- *How would you change the criteria you used back then to make the decision?*
- Importance for your company on a scale from one (low) to ten (high):
 - Office Rent
 - Salaries
 - Taxes
 - Legal issues
 - Talent pool
 - Financiers
 - Knowledge Pool
 - Language barrier
 - Local market
 - Life Quality (added after first iteration)
 - Art/Culture/Party Scene (added after first iteration)