

INTERNATIONAL ENTREPRENEURS: RISK AND SUCCESSES , A COMPREHENSIVE STORY OF STARTING BUSINESSES IN SWEDEN



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Theoretical reflections

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Abstract: The creation of new opportunities and ventures due to international entrepreneurs is not something new. Theory suggests that international entrepreneurs in their aim to grow and expand their ventures leave their national boundary looking for new business opportunities. International entrepreneurs face different social, political and cultural barriers.

Problem discussion: In this thesis I will try to unveil some of the situations and obstacles an international entrepreneur faces when his intentions are not related in growing an ongoing business rather creating a new venture.

Purpose: The purpose of this thesis is to provide a comprehensive guide to international entrepreneurs that wish to start a business in Sweden in a specific framework.

Method: To perform the study data was acquired from personal experience making having an auto ethnographic approach.

Results: The results of this thesis suggest that the main barriers that an international entrepreneur faces when creating a business abroad are the political constraints that the country arises towards the entrepreneur.

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Introduction

In this chapter I will discuss the background of my topic followed by the presentation of the problem. This chapter will also include limitations of the findings and suggestions for further research.

Background

Many factors influence when an entrepreneur decides to startup a business in Sweden. The process that the entrepreneur must go through is not easy especially when it is an international entrepreneur. International entrepreneurs are persons that startup or extend their businesses across their national boundary (Hisrich et al, 2010).

When starting a business in Sweden as an international entrepreneur the identification and development of a successful idea (Archidvili, Cardozo, Ray, 2003), are often determined by educational background, experience on the industry, motivation, access to customers, suppliers or in other words, personal network, customs and legal framework (Hisrich et al , 2010).

One of the critical social factors the international entrepreneur has to deal with is the foundations of legitimacy (Zimmerman and Zeitz, 2002), another critical social factor international entrepreneurs must overcome is the foundations of a team that possesses not only the necessary qualifications, but also a positive interaction between feasibility and desirability. The idea behind finding the right people with the right motivation toward starting up a business is because the Swedish government will not let an international entrepreneur register or enjoy additional financial benefits to start a company unless an EU resident is legally involved (www.bolagsverket.se).

Dealing with barriers of such kind can be softened by embracing pure entrepreneurial approach. For that reason the shift from economic inevitability to the entrepreneurial contingency (Sarasvathy, 2001), is one of the most valuable intangible assets an international entrepreneur must have.

Problem

In this thesis I will try to unveil some of the situations and obstacles that may arise for international entrepreneurs during the process of starting up a new venture. Many of the

information gathered and presented in this paper is based on personal experience and it will use auto ethnographic explorations to support it. Also it will be discussed how little it is known of the problems international entrepreneurs face since many research has been made around immigrant entrepreneurship rather than international entrepreneurship.

Limitations

This paper is limited to a personal experience in a specific environment which is described below.

- Experience of an international entrepreneur studying as a student in Lund University the master program of Entrepreneurship.
- International Entrepreneur, non EU, with an 11 month visa and no personal number in Sweden
- International Entrepreneur with previous entrepreneurial experience, technical and business background and industry experience.
- International Entrepreneur developing businesses in the Skane region, Sweden.
- International Entrepreneur with no relationship /partnership with an EU or Swedish resident.
- This thesis is limited to the analysis of one complete entrepreneurial experience and only some circumstances of a second, this is due to the nature that the second entrepreneurial experience is still ongoing and cannot be analyzed as a whole.

Suggested research

Often research is focused on the behavior of immigrant entrepreneurs. Some of the barriers may be shared such as personal network, market knowledge among others (Rosing, 2003), however little is known of the barriers an international entrepreneur has when it has no legal identification in the Sweden and it has the desire of start a business. This thesis present some of the situations an international entrepreneur faces with certain environmental factors, further research should be focused on the study and different barriers an international entrepreneur faces.

Theoretical Framework

Entrepreneurship with an international taste

In order to understand the reflections and experience of an international entrepreneur in Sweden this thesis will first provide the theory behind what is an entrepreneur, what the objectives are of the international entrepreneurs and the entrepreneurial process. Since there is very little research on how international entrepreneurs behave in Sweden most of the comparisons and assumptions are made on a personal experience.

Entrepreneurship is the process of creating value adding the necessary resources in an environment of risk and uncertainty (Hisrich et al, 2010). This process can be domestic or international (Hisrich et al, 2010). International entrepreneurship is the process in which business is done across national boundaries (Hisrich et al, 2010). The entrepreneur is the one that takes the initiative to execute the tasks in an innovative way (Hisrich et al, 2010).

Entrepreneurs can be catalogued between domestic and international entrepreneurs (Hisrich et al, 2010) and each has different types of intentions according to Fitzsimmons and Douglas. An international entrepreneur is the person responsible of doing business across his or her national boundary (Hisrich et al, 2010). According to Hisrich et al, the motivations for an international entrepreneur to go global are profits, competitive pressures, unique products or services, excess production capacity, declining home country sales, unique market opportunity economies of scales, technological advantage, and tax benefits. It also discusses around how the entrepreneurial process is completed before hand and the going global or abroad is seen as a possibility of growth such as exporting, turn-key contracts, licensing, franchising, joint ventures, wholly owned subsidiaries (Hisrich et al, 2010).

According to Fitzsimmons and Douglas there are different types of entrepreneurs in relation with their intentions.

Fitzsimmons and Douglas describe an entrepreneurial event model where the entrepreneurial intentions, the intentions of the entrepreneur to set up a new business in the future, are linked to three elements (Fitzsimmons and Douglass 2010).

1. The perceptions of desirability: On the study that Fitzsimmons and Douglas did revealed that people who are afraid of becoming entrepreneurs are less inclined to entrepreneurial action and more inclined into organizational employment.

2. The propensity to act:
3. The perception of feasibility: Fitzsimmons and Douglas comment on the perceived competences that the entrepreneur sense and it is related to its performance.

Other individual level characteristics have been shown to be associated with entrepreneurial intentions, such as age, education, prior business experience and previous entrepreneurial experience however, the author comes to the conclusion that entrepreneurs can be catalogued into four categories accidental, inevitable, natural and not starter or non-entrepreneur (Fitzsimmons, 2010). International entrepreneurs usually carry a big risk going abroad trying to start up a business that is why from the perspective of this thesis the desirability , propensity to act are high, whereas the perception of feasibility goes cyclical depending on results and success of the entrepreneur. However in this thesis it is presumed that the intentions of the entrepreneur are high.

Circumstances of the international entrepreneur

The international entrepreneur is also affected by the process of entrepreneurial learning described by Politis. This process is divided into three main components (Politis 2005).

1. Entrepreneurs' career experience
2. The transformation process
3. Entrepreneurial knowledge in terms of effectiveness in recognizing and acting on entrepreneurial opportunities and coping with the liabilities of newness.

Also it is discussed that research has identified at least two factors that influence the probability that particular individuals will enhance their likelihood to discover entrepreneurial opportunities (Politis 2005).

1. Possession of the prior information necessary to identify an opportunity: this gives the entrepreneur more creativity and associations that have never considered before.
2. The cognitive properties necessary to value it (individual's ability to identify new means–ends relationships in response to a particular change)

Politis explains that experienced entrepreneurs are likely to search information within a more specific domain of business ideas based on their past experiences in terms of routines and information sources that have worked well in the past while novice entrepreneurs with no

prior experience may have fewer benchmarks to access whether the information they have gathered is appropriate to identify an entrepreneurial opportunity (Politis, 2005).

When these ideas are compared on how an international entrepreneur behaves abroad it is true that prior information leads to more creativity when choosing an idea or perusing an opportunity. However it is also different how this experience may be sometimes useless since the entrepreneur is facing the challenge of coping with liabilities of newness (Politis, 2005) that are affected by other environmental factors such as political and legal environment which can bring a hard stop to the venture, language which is one of the biggest problems international entrepreneurs find(Hisrich et al, 2010), culture in which the international entrepreneur has to understand and adapt in a small period of time .

Social circumstances

Legitimacy is a barrier that an international entrepreneur in Sweden faces. According to Zimmerman and Zeitz, legitimacy is the social judgment of acceptance, appropriateness, and desirability (Zimmerman and Zeitz 2002). It is of great importance to the international entrepreneur in Sweden, since it is a core value in Swedish culture when it comes to selling for the first time, communicates a business to others or acquiring the trust of other Swedish people that the international entrepreneur possesses the right qualifications.

As discussed in Zimmerman and Zeitz the need of overcoming the liability of newness enables organizations to access other resources needed to survive and grow, and lowers high percentage of new venture failure (Stinchcombe, 1965).

Different methods can be used to overcoming the liability of newness (Zimmerman and Zeitz 2002) such as:

- Conformance: involves following the rules.
- Addressing regulations: involves adjustment to government regulations.
- Selection: it involves locating in a favorable environment.
- Manipulation: involves innovation and preemptive intervention in the cultural environment.
- Creation: meaning the introduction of new social context rules, values, beliefs, models etc.

Developing trust for an international entrepreneur is very important, however depending on the culture there are various forms of developing this trust (Doney et al, 1998).

Doney et al, trust-building processes suggests that a trust or's willingness to act based on trusting expectations develops through a pattern of cognitive analysis. Although the cognitive trust-building processes are conceptually mutually exclusive, in practice they may be interrelated (Doney et al, 1998). The cognitive trust building process relies on calculative, prediction, intentionality, capability and transference process (Doney et al, 1998).

Other suggestions that Doney et al suggest are that the trust-building process can be applied into three different domains: (1) relation to self, (2) relation to others, and (3) relation to risk (Doney et al, 1998). When Doney et al talks about the calculative process related to risk he states the following:

- “The calculations required for calculative trust to form may be shaped by orientation to-ward risk. The fact that people in high uncertainty avoidance cultures show a strong resistance to change suggests that targets are not likely to engage in opportunistic behavior, because doing so jeopardizes continuation of the relationship. Similarly, targets will attach high costs to being caught acting opportunistically. Conversely, targets in low uncertainty avoidance cultures may engage in opportunistic behavior, even if doing so risks damaging the relationship. Proposition 11: Relative to counterparts in high uncertainty avoidance cultures, trustors in low uncertainty avoidance cultures are more likely to form trust via a calculative process” (Doney et al, 1998).

Personal circumstances

Entrepreneurial Activities often involve a lot of stress, obstacles and high uncertainty on the possible outcomes (Politis and Gabrielsson 2009), these activities usually result in bad decisions due to lack of information, failure fear and many errors(Politis and Gabrielsson 2009). Politis and Gabrielsson discuss how starting up a business and closing down a business is a dynamic process of trial an error. When errors or failures occur to the entrepreneur he/she react positively and enhance the willingness to learn from that situation. In my opinion for an international entrepreneur failure is just a phase just as for any other entrepreneur.

Business circumstances

When developing a new idea, a few theories can be applied from growth strategies. For example when a company wishes to develop a new product, this company should go one way or another to a similar process that the entrepreneur follows. The process is as follows (Ahlström et al, 2007).

- 1) Idea generation: there is a discomfort in the market, gap, need or an unsolved problem. (Ahlström et al, 2007). There are different ways of coming up with ideas one of them is having a creative problem-solving technique (Hisrich et al, 2010), however only three techniques will be described here.
 - Brainstorming: Generate ideas that are neither too broad nor too narrow. (Hisrich et al, 2010).
 - Reverse brainstorming: Is when ideas are generated in group focusing on the negative (Hisrich et al, 2010).
 - Gordon Method: is a method when individuals are not aware of the pain or problem (Hisrich et al, 2010).
- 2) Idea Validation: An idea must be validated somehow based on four validation point of view: “Technological feasibility, financial viability, benefits for the potential customer and marketability” (Ahlström et al, 2007).
- 3) Concept development and planning: Here the product must be selected and described at an efficient cost.
- 4) Piloting & Product Development: At this stage the process needs to be improved, modified to be ready to launch.
- 5) Marketing and Commercialization: At this point an intense marketing is needed to develop the identity and branding of the product.

Another activity that every entrepreneur faces when starting up a venture is the need to sell their product or service. For the entrepreneur the first customer reference is crucial for competitive B2B markets, usually for this kind of scenarios without a proof of functionality and a customer reference from a third party it would be impossible to convince another customer (Ruokolainen, 2008).

Ruokolainen also discusses that when it comes to investments in technological companies' credibility is key and it is a more important factor than the potential of the idea.

The international entrepreneur as any other entrepreneur must face business strategy decisions in their ventures. There are many courses of actions in this matter however it can be divided into two categories: causation and effectuation (Sarasvathy, 2001).

Sarasvathy discusses that the entrepreneur can build different types of firms regardless of the industries, which means that the original idea (in set of causes) does not imply any one single strategic universe for the firm (effect) (Sarasvathy, 2001). This is what Sarasvathy describes as an effectuation process whereas causation, Sarasvathy describes it as, the process focused on the predictable aspects of an uncertain future: To the extent that we can predict the future, we can control it (Sarasvathy, 2001).

Some of the key aspects of causation of effectuation that an international entrepreneur should consider are:

- Successful early entrants in a new industry are more likely to have used effectuation processes than causation processes, with later entrants, the trend could be reversed (Sarasvathy, 2001).
- Successful firms, in their early stages, are more likely to have focused on forming alliances and partnerships than other types of competitive strategies, such as sophisticated market research and competitive analysis, long-term planning and forecasting, and formal management practices in recruitment and training employees (Sarasvathy, 2001).
- In marketing decisions in contrast to traditional decisions makers, effectuators are less likely to use traditional types of market research, such as carefully designed surveys and test marketing: Instead they are likely to dive straight into seat-of-the-pants marketing selling activities and alliances (Sarasvathy, 2001).
- Effectuators are more likely to fail more often but are also more likely to manage he failures more effectively and to create larger, more successful firms in the long run (Sarasvathy, 2001).

When it comes to acquiring resources for an entrepreneur it is a common denominator that startups find themselves in poor resource environments (Baker and Nelson, 2005). Baker and Nelson suggest that it's hard for entrepreneurs to gain economical and human resources in an early stage for this their study focuses on the use of Bricolage and its impact when creating something out of nothing.

“Entrepreneurial Bricolage might well be characterized as the pursuit of opportunity through close regard to the resources at hand “(Baker and Nelson, 2005). According to Baker and Nelson there are two types of Bricolage: parallel Bricolage and selective Bricolage (Baker and Nelson, 2005).

- “Parallel Bricolage is used to create something from nothing in almost every aspect of a firm's operation” (Baker and Nelson, 2005).
- Selective Bricolage is used as parallel Bricolage but in a more selective way (Baker and Nelson, 2005).

Other methods entrepreneurs use for maximizing resources and getting things for free is when using financial bootstrapping concept is used. Financial bootstrapping is “...the use of methods for meeting the need for resources without relying on long-term external finance from debt holders and/or new owners” (Winborg and Landström, 2010).

Winborg and Landström describe different groups of bootstrapping methods that are mentioned below

- 1) Owner Financing Methods
 - a. Use of managers credit card
 - b. loan from relatives
 - c. withholding managers salary
 - d. assignments in other businesses
 - e. relatives working for non-market salary
- 2) Minimization of Accounts Receivable
 - a. Cease business relations with late payers
 - b. use routines for speeding up invoicing
 - c. use interest on overdue payment
 - d. offer same conditions to all customers

- 3) Joint Utilization
 - a. Borrow equipment from others
 - b. own equipment in common with others
 - c. Coordinate purchases with others
 - d. Practice barter instead of buying/selling
- 4) Delaying Payments
 - a. Lease equipment instead of buying
 - b. Delay payments of suppliers
 - c. Delay payment of value added tax
 - d. Use routines in order to minimize stock
 - e. Best conditions possible with suppliers
- 5) Minimization of Capital Invested Stock
 - a. Share premises with others
 - b. Share employees with others
 - c. Offer discounts if paying with cash
 - d. Choose customer who pays quickly
 - e. Raise capital from factoring company
- 6) Subsidy Finance
 - a. Subsidy from County Admin Board
 - b. Swedish National Board for Industrial and Technical Development

For an entrepreneur these techniques are very useful when they are trying to raise capital for their venture.

Sweden offers other types of sources when the entrepreneur wants to acquire financial resources. One option is to look for sponsorships. Some of the sponsorships that exist now in Sweden for the Skane region are as follows (<http://www.investorab.com>)

- “VENTURE CUP: The Venture Cup is a business plan contest on university level that aims to stimulate the establishment of innovative companies with growth potential in Sweden. This competition produces ideas and knowledge that can be used in practice. The Venture Cup has proven to be an effective school for successful company start-ups. “(<http://www.investorab.com>)
- “YOUNG ENTERPRISE SWEDEN: Young Enterprise Sweden is a non-profit organization that has been promoting the introduction of enterprise and entrepreneurship in the Swedish education system since 1980. The organization gives

high school students the opportunity to test their business skills by letting them run their own companies based on their own business concepts.”

(<http://www.investorab.com>)

- “STUDENTS IN FREE ENTERPRISE: Students In Free Enterprise (SIFE) is a global, non-profit organization that teaches university students important concepts through educational outreach projects, including market economics, entrepreneurship, personal and financial success, and business ethics to better themselves, their communities and their countries. Each year SIFE competitions are held worldwide, drawing thousands of students and business leaders to projects. SIFE works through teams at more than 1,800 university campuses in over 40 countries, involving about 15,000 students.”
(<http://www.investorab.com>)
- “THE INTERNATIONAL ENTREPRENEUR ASSOCIATION IN SWEDEN: We support the International Entrepreneur Association in Sweden (Internationella Företagarföreningen i Sverige, IFS) which is an organization who work to provide support to persons in Sweden of foreign heritage with starting and developing companies. Every year IFS hands out the award ”New Entrepreneur of the Year” (Årets Nybyggare). The award is intended to go to a person of foreign background, that with limited resources, a clear vision and hard work has achieved success at building his/her company” (<http://www.investorab.com>).
- “TRANSFER: The non-profit organization Transfer provides a platform for transferring knowledge between the business community and schools. The aim is to create an insight into working life while at the same time inspire to further studies, own initiatives and entrepreneurship. Transfer was established in the year 2000 and the network is expanding rapidly in Sweden” (<http://www.investorab.com>).
- “INVESTOR CUP: Through our sponsorship with the Swedish Tennis Association are we the title sponsor of the Investor Cup. Investor Cup is the largest team competition for the best 12-year-old girl tennis players in Sweden. Each district creates one team which represents the district in Sweden’s own mini “Fed Cup”” ”
(<http://www.investorab.com>).
- “THE IK-PROGRAM : Investor and Kunskapsskolan, a holding within Investor's Operating Investments, have jointly established two novel programs called IK (short for Investor and Kunskapsskolan), with the purpose of promoting more students to choose university technology and science programs and also to encourage and support the interest of girls to become managers, innovators or entrepreneurs. Kunskapsskolan opened its first schools in 2000 and is today the leading independent school operator in Sweden. Kunskapsskolan currently operates 23 secondary schools for pupils between the ages of 12 and 16, and nine sixth form schools for 16 to 19 year olds, totaling 10,000 students. Since 2010, Kunskapsskolan also operates two schools in UK” (<http://www.investorab.com>).
- Almi: Support for small ventures (www.almi.se)

Political circumstances

Sweden has implemented since 1947 a system for tracking all residents in Sweden. This is done through a personal number. This number is issued by skatteverket and it is used by many authorities in Sweden including health care, schools and universities, banks insurance companies, business registration, libraries, supermarkets among many others ([http://en.wikipedia.org/wiki/Personal_identity_number_\(Sweden\)](http://en.wikipedia.org/wiki/Personal_identity_number_(Sweden))).

To the case of an international entrepreneur that has not been in Sweden before and it has a visa of less than a year, they can receive a co-ordination number (samordningsnummer) instead. However this number is only issued if the entrepreneur manages to find a temporary job. This number needs to be requested to the tax authority and can be used to register a company that is not limited liability (verksamt.se).

When it comes to resource acquisition of grants by the government (Almi), those grants cannot be given to people that are not residents in Sweden (<http://almi.se/>).

Other theoretical studies

The study of international entrepreneurship focuses on how entrepreneurs grow by entering new markets (Hisrich et al, 2010). Also many studies have been done around immigrant entrepreneurship and the reasons why they start a business in foreign soil, revealing that is mostly because of scarcity of jobs (Narayan and Andersson, 2005).

Methodology

For this thesis the methodology followed to acquire data was auto ethnography which is reports that are presented in the form of personal narratives (Duncan, 2004). An assumption taken by Duncan is that auto ethnographic reports are interpretations of the writer based on different sources of evidence (Duncan, 2004), meaning that an auto ethnographic method accounts not only on the writers opinion but also by the support and triangulations of other data (Duncan , 2004).

The narrative described in this thesis describes my experiences of an international entrepreneur during the studies of the master program of entrepreneurship in this experience I describe the different business ideas that I worked along with the entrepreneurial process that I went through.

Findings

Background

In order to understand the process of my international entrepreneurial experience, first I will describe my background and how this influenced my decisions in a later stage.

My work experience it's been a mix within many areas, since I've always been interested in knowing how business are made through different organizations and markets. I began my professional career as an entrepreneur during my engineering bachelor. I started up a company focused on B2B and B2C web based portals, network consulting and web hosting services. This company still exists and it's self sustainable. After this experience I decided to nurture myself with the managerial techniques used in large corporations. (Mendez, 2010)

I worked for a German company as a procurement intern where I had the opportunity to deal with suppliers and negotiations. Later I joined a big telecom company and acted as tech support engineer focused on networking issues worldwide. (Mendez, 2010)

The last experience I was able to acquire from a large corporation was from another telecom company where even though I started as a technical support engineer I took a shot presenting a business plan and a strategy to the services director. The objective was to create a new business unit to save money and spot and take advantage of new business opportunities while I proposed myself as manager. My chance to implement my plan was given and I was able to give great results in just three months. Later I became manager for the whole Field services division. (Mendez, 2010)

Last but not least I wanted to apply this knowledge to my Father's company so I named myself venture manager. I basically created a structure within the company to build new product portfolio to the company, and took part in two ventures which are already in place as I speak. (Mendez, 2010)

I wanted to create something different and I wanted to create a business in Europe. That is why I applied to the master program of Entrepreneurship not only to provide me the time but to test my managerial experience and my entrepreneurial background.

After I got accepted to the master program I decided to start analyzing possible business ideas that can be commercialized in Sweden based on my experience and perception of needs in Mexico. However I wasn't able to verify this until I got to Sweden.

Once in Sweden the perception of the culture here was that there were two different groups, foreigners and Swedish this is my perception since I was not able to interact with any Swedish until the master program started. Also based on observation on the streets and the fact that every corner there is beauty salon I perceive that the Swedes are much into looks.

Based on this observations none of the ideas I had from the beginning seemed to fit the culture here.

When the master program started very good things happened that exposed me even more to Swedish culture. I and my team had a startup challenge where more characteristics raised from the Swedish culture (Mendez, 2010). Since I was visiting virtually every single business in Lund we notice that many small businesses are run by immigrants. I also tried to sell our ideas to different people and the best way to approach them and gain legitimacy was with a speech that I represented Lund University. When I approached people stating that I am a student, the reaction was negative. The last thing that I spotted is that when selling stuff in Sweden with a cheap price, the perception of people is that it is something of low quality.

The master program also exposed me for the first time as entrepreneurs in Sweden to generate ideas and transform them into opportunities. For this case I followed the methodology of idea generation via brainstorming (Hisirch, 2010).

The master program provided not only a theoretical framework of what an entrepreneur is and the different theories of how an entrepreneur manages to identify an opportunity and start up a venture. But it also provided other ways to try and see how people behave when working together in a work environment.

The master program has a close relationship with LUIS, the organization in charge of commercializing the most feasible products. Since there was a project that fitted my background and area of expertise a project from LUIS was initially assigned to a group of people including myself.

This project represented many things for me as an international entrepreneur. First of all it gave me the opportunity to commercialize something that fits my background, thus increasing the chances of success as described on the theories of entrepreneurial experience (Politis, 2005). However a problem that arose in the beginning was the desirability and intentions of the team to actually bring this idea into a success (Fitzsimmons and Douglass 2010). This led into poor results when we used methods such as brainstorming, attribute listing and reverse brainstorming (Hisrich, 2010) for a business model and the business plan to commercialize the idea.

Second of all it also provided me more insights about the Swedish culture such as:

- Even though I had previous entrepreneurial experience and industry experience, the perception people had from me is that I was still a student. In my perception this is because Swedish people often continue their studies up to master and PhD without having industry exposure
- Swedish culture avoids conflict and confrontation, and in my perception this leads to snowlines in decision making and avoidance of verbal communication.

If I relate these events to the theory of entrepreneurship I can see that the foundation of trust (Doney et al, 1998) when Swedish people are not able to fully trust a student and more important someone from abroad. Also from the influence of previous entrepreneurial experience (Politis, 2005) I can infer that the reason of this not being successful was lack of planning and finding the right team members with the right motivation and skill sets.

This project was one of the most valuable failures during the master program not only because it showed me a lot of how to deal with the Swedish culture, but also because it showed me something I wasn't able to distinguish before, the ability to see the potential of ideas and the feasibility of success.

This experience was not all was bad; I was able to win the first round of Venture Cup that helped me gain more legitimacy within the Swedish culture (Mendez, 2010, Learning Journals). I was also able to increase my personal network and to asses more ideas that were to become the foundations many projects. As described in (Politis and Gabrielsson 2009), if the failure is embraced with a positive attitude, it just becomes another phase within the entrepreneurial process.

I was determined to start up a business in Sweden so after that failure I kept looking for business opportunities. At this point of time I started planning how can I continue the development of any of the ideas I had in my mind since I only had a visa for 11 months I had to be very careful of choosing an idea not only feasible but easy to implement and with rather immediate results, otherwise all the effort put into a new venture will be trashed by a government technicality.

Researching more into setting up a company it was a fairly simple process

- 1) Have a bank account in Sweden
- 2) Use that bank account access to create a company via verksamt.se
- 3) Start your business

However this is all based on an assumption that everyone has a personal number. The personal number in Sweden is a unique identification number that give the person rights and benefits into the Swedish system. This number is granted to students with visa longer than 1 year, to Swedish residents or to EU residents upon request. However to all other entrepreneurs from abroad that do not fulfill this requirement are not entitled to have a personal number (skatteverket.se).

Without this number it is not possible for an individual neither to register a company, get a bank account that is useful for business purposes nor to receive any money.

Once I had this information I decided to pursue two different ideas with two different approaches one quick and easy and another that required more dedication and time. (Mendez, 2011, learning journals).

With these two ideas a lot of controversies arouse. It has been unofficially discussed that an entrepreneur cannot work in two projects simultaneously. My answer to that statement is that an international entrepreneur has no option if he wants to create a new business in a limited period of time. However I strongly believe that there are limitations to this statement.

The ventures

From the two projects I decided to pursue, the process I followed for evaluation of the idea was based on the technological feasibility, financial viability, benefits for the potential customer and marketability (Ahlström et al, 2007).

Also the way to approach the market was in both cases an effectuation approach however each one of them with different degree of effectuation (Sarasvathy, 2001).

Photographic services

The photographic services venture was one of the ventures that was successfully launched, commercialized and marketed. This venture's objective was to provide professional photographic coverage to events of all types. The entrepreneurial process for this venture is more or less associated with the different theoretical perspectives of the entrepreneur described by Hisrich et al, Ruokolainen, Ahlström et al, Sarasvathy, Winborg and Landström, however here I will describe how all these theories were put into place to create a venture with lots of ups and downs to the perspective of an international entrepreneur.

When I first discussed the idea was in one of our entrepreneurial mix and mingle activities within innovationsbron, there we decided to start up a venture that gave photographic services. We thought that it should not be planned at that this project will be pure effectuation. Being a pure effectuator comes with some drawbacks you have no financial certainty and you plan and adapt to survive (Ahlström et al, 2007).

When approaching our first partners the fact that international entrepreneurs approach them in English was a show stopper and many of the partnerships were not followed up and not accepted because of the mistrust the Swedish culture presented. This was later solved by the effect of the first customer reference (Ruokolainen, 2008)

Since we lacked of an established network in Sweden information of potential customers, contacts within businesses was minimal or not existent. The way to solve this was pure effectuation and to go present to anyone to get a potential contact or more information that could lead into the right direction (Mendez, 2011, learning journals).

Small and medium businesses in Lund are not willing to grow its neither market share nor sales, thus a service that provides value is not of their interest.

When starting the strategy was pure effectuation and we were only focusing on surviving, getting customers, getting a brand name known (Mendez, 2011, learning journals). This process is not only described by Sarasvathy on the effectuation process but also with Ahlström et al, in the different growth phases of a company.

Summarizing the photographic services venture I would consider the following key characteristics.

- **Low investment project:** This project was a low investment project and we combine two different entrepreneurial theories:
 - Bootstrapping (Winborg and Landström, 2010) since we provide the services using resources for free, for instance we were able to get free uniforms, among many other things (Mendez, 2011, learning journals).
 - Bricolage (Baker and Nelson, 2005) since we started our webpage, giving photographic services using our own resources and skills to pull it through (Mendez, 2011, learning journals).
- **Organization:** The team was a good team however the intention of some of the team members was only to create a school project rather than a business. This ultimately led for this project to have a slow growth rate.
- **Market:** The target market we were able to capture was about 90% international market and 10% Swedish market. This I assumed it since the beginning when we launched the venture (Mendez, 2011, learning journals).
- **Selling:** Once we had the reference of our first customer (Ruokolainen, 2008), we could use that reference and thanks to my previous industry experience I was able to convince customers to pay.
- **Invoicing:** This was a big problem, Sweden only has one option to register a company with limited liability which include an investment of 50,000 SEK (bolagsverket.se), however this scenario was not possible. Half of the team members were not willing to invest for company registration and the other two realized that it will be too much work since they were already in another project. There are few services in Sweden that help people invoice (bolagskraft.se) however in my experience they never answered our enquiries so we had to look for other alternatives.

The commuting service

The commuting service is still being developed and it is indented to provide a platform for commuters. For this venture I had the opportunity to work with a Swedish entrepreneur that provided more insight of the Swedish culture and was able to move things quicker (Hirsch et al, 2010).

From the beginning this idea seemed to be quite ok, previous entrepreneurs have been working on this and apparently we had a finished product. However I and my team decided to verify the idea and the market in a different way, rather than planning the approach to customers we decided to take a combination of effectuation (Sarasvathy, 2001) and some techniques learned from a guest lecturer in the entrepreneurship master program (Karin Bryskhe). We took the approach of going out and create value through a co creation approach, this turn out very well and we were able to spot the true business opportunity, however this represented a challenge since the original product did not met the new business model (Mendez, 2011, learning journals).

Resource acquisition and more meetings were required to gather as much information (Mendez, 2011, learning journals), thanks to the Swedish entrepreneur that was now in the team we were able to expand our personal network and get things moving. We were able to meet CEO's of a lot of ongoing companies and we were suddenly involved in different industries at the same time (Sarasvathy, 2001). This venture has been compared to the photographic service much better since we were able to adapt, analyze market and increase our network in a way that without the knowledge of the language would have been more difficult (Hisrich, 2010).

Results

Based on the data provided by my own experience as an international entrepreneur the results can be divided into Social, Political, Personal and Business.

Social Results:

Swedish culture all along the international experience has the following characteristics.

- Language is the main barrier to enter into the Swedish Society.
- Closed to foreign entrepreneur culture unless you are an immigrant or you do business with another EU or Swedish citizen.
- Swedish culture relies on trust and when new ideas come they evaluate the risk and are usually reluctant to change. (Mendez, 2011, learning journals)
- Most of the small businesses are managed by immigrants.

Personal Results:

- An international entrepreneur not always wants to expand an ongoing business but rather start a business abroad.
- Legitimacy of an international student is very low (Mendez, 2011, learning journals).
- Legitimacy can be built using the university as a reference
- The number of the projects an entrepreneur can handle is directly related to the number of team members and inversely proportional to the complexity of the project.

Business Results

- Cheap pricing denotes low quality for Swedish culture.
- Lack of market information due to other factors slow down any venture run by international entrepreneurs in Sweden.
- Sweden somehow has a socialistic approach in which their small businesses are not interested in growth both immigrant and non immigrant (Mendez, 2011, learning journals).
- Due to all the barriers established by the industry and by society towards international entrepreneurs the best approach is to innovate and use other techniques to start a venture (Mendez, 2011, learning journals).
- It is wise to partner with a local entrepreneur (Mendez, 2011, learning journals). However the process of finding an entrepreneur with both the motivation and determination is hard.
- The reference of the first customer is very important.

Political Results

- There is no possibility to acquire a personal number when an international entrepreneur has a visa of less than a year.
- A coordination number can be acquired but it only allows the international entrepreneur to register a company that has not limited liability (Mendez, 2011, learning journals).
- All organizations favor immigrant entrepreneurs, and Swedish citizens, without a personal number an international entrepreneur has no access to this help.

Analysis

Features of an international entrepreneur

Based on my theoretical framework an international entrepreneur is an entrepreneur doing business abroad (Hisrich et al, 2010). The intentions of this entrepreneur of going abroad are to expand a current business in the entrepreneurs' native soil (Hisrich et al, 2010).

As discussed in the findings and results chapter, my experience as an international entrepreneur can be defined as also doing business abroad. However my intentions have not been to expand a business that already initiated abroad. Rather my intentions are to start a new business from scratch in Sweden.

From Idea to Business in Sweden

An entrepreneur usually uses his experience if any to enhance the probability of success or to discover entrepreneurial opportunities by using the information he possesses and nurturing his creativity (Politis 2005). A systematic approach of creating a new business can be used to from idea generation to market for the entrepreneurial process (Ahlström et al, 2007). However under a lot of stress entrepreneurs tend to fail (Politis and Gabrielsson, 2009). Failure can be positive making a learning experience for the entrepreneur. (Politis and Gabrielsson, 2009)

The data revealed that when I tried to set up a business here in Sweden the first approach was to use my previous experience as an edge to setup a business however I took a high risk choosing an idea without the right support team and with an idea that was too early to be marketed. This can be perceived as failure since if I would have considered the model and idea evaluation provided by Ahlström, I would not have accepted working in that project from the beginning.

On the other hand that failure provided me great insights on the Swedish culture, so by the approach of Politis and Gabrielsson, that failure had a positive reaction which aided me later on understanding even more Swedish society.

The intentions of the entrepreneur are a factor to be taken into consideration to forecast the success of the venture it depends on the desirability, act desire and the perception of feasibility (Fitzsimmons and Douglas, 2010).

Applied into the entrepreneurial experience I had in Sweden it provides a comprehensive guide not only to understand myself and desire of creating a business abroad, which ultimately was the case. But also to analyze the people that surround the entrepreneur, maybe a further analysis from a human resources point of view can provide a broader view of recruiting the right entrepreneur for each venture.

Social barriers to entry

Liability of newness is a phenomenon that every entrepreneur faces when creating a new venture (Politis, 2005), another aspect that prevents an entrepreneur to enter a market is the development of legitimacy (Zimmerman and Zeitz, 2002) and the development of trust (Doney et al, 1998).

As presented in my experience an international entrepreneur in Sweden faces all of these barriers plus the barrier of language (Hisrich et al, 2010). The theory of Hisrich suggest to partner with a local entrepreneur which I did and resulted of great help, however as stated before the process of finding the right entrepreneur to work is a hard task.

For an international entrepreneur in Sweden overcoming the barrier of legitimacy the only way I managed to do it is by addressing the regulations and following rules (Zimmerman and Zeitz, 2002). I did this by partnering with a local entrepreneur so that a limited liability can be registered in the future since an international entrepreneur with a visa of less than a year is not able to do this. As for overcoming the barrier of trust, Swedish culture can be described in my perception as people who develop relationship based on risk and people who avoid uncertainty (Doney et al, 1998). The best advice for an international entrepreneur once again is to partner with a local entrepreneur as I did. Once these barriers have been removed then for me it was easier to take advantage of my previous experience and move ventures to the next step.

Network and its impact on success

A new venture, whether it is a product or service, has to rely on selling the value they have spotted. However selling for the first time without a customer reference can be very hard (Ruokolainen, 2008) because the venture does not possess the necessary legitimacy (Zimmerman and Zeitz, 2002) and trust is difficult to achieve (Doney et al, 1998).

For an international entrepreneur in Sweden getting the first customer reference can be done in two ways, the easy way is to partner with a local entrepreneurship so that simple barriers can be removed and only the sales and negotiation barrier is in place, something that for every entrepreneur and non entrepreneur exist. The other option is to think out of the box and start using techniques such as effectuating (Sarasvathy, 2001) and little by little overcome those barriers by creating a business network and start selling the product or service the venture offers. However creating a network is also of great importance before even selling the product, since if the international entrepreneur has the need of finding additional resources and using bootstrapping (Winborg and Landström, 2010) or Bricolage (Baker and Nilsson, 2005). For my experience as an international entrepreneur I experienced both ways and in both ways the network is of great importance since not only enables the possibility of resource acquisition, but also provides the necessary contacts that later become your customers.

Support from government

When it comes to the support of the Swedish government in a normal entrepreneurial perspective it might be perceived that it is the right environment to be an entrepreneur. However it is a very different story. An international entrepreneur that has a visa of less than a year is not entitled to the Swedish support for entrepreneurial growth. In my experience the only way to overcome this is yet again to partner with a local entrepreneur.

Conclusion

An international entrepreneur intentions are not only looking to expand an existing business overseas, but also to create a new business not related to his experience nor businesses that he/she might possess in others parts of the world. International entrepreneurs that wish to establish a business in Sweden and are not from EU and do not have a visa longer than 1 year have more barriers than a domestic entrepreneur.

Most of these barriers are imposed by the government and when assessing the business idea needs to be performed before an international entrepreneur tries to start up a business in Sweden.

The best way for an international entrepreneur to overcome those barriers is to partner with a domestic entrepreneur. However intentions and desirability when finding a domestic entrepreneur should be assessed before hand to increase the chance of success.

Beside those barriers, the international entrepreneur in Sweden faces the same uncertainty and stress from other entrepreneurs. Those barriers are explained from different authors such as Doney et al with the concept of trust, Zimmerman and Zeitz with the concept of legitimacy and Politis with the concept of liability of newness.

This thesis proposes more research on the different intentions of international entrepreneurs not only in Sweden but in other countries. This way government could assess the potential of changing regulations into a more favorable environment for the international entrepreneur.

Also it suggests that a more comprehensive process of entrepreneurial team recruitment can be analyzed when creating different types of ventures related to international entrepreneurs.

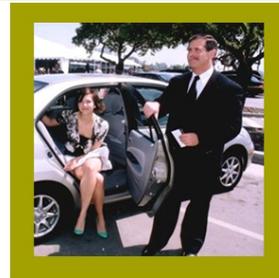
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pendla lätt

Business Plan



Pendla Lätt, is a service that connects commuters. We target the Swedish market and expect 36% net margin.

This business plan has been modified for publication purposes.

Mariana Rojas
Ludwig Mendez
Marcus Fütö

5/6/2011

This business plan is confidential and is intended only for the person or entity to which it is addressed. It shall not be divulged to a third party, without written consent from the authors of this business plan.

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Executive Summary

Type of business

Pendla Lätt (Pendla Lätt), provides a technological platform to do car-sharing. It will provide the technological means to reduce CO² emissions and increase social responsibility among individuals and organizations

Company Summary

Pendla Lätt will offer a technological platform for ride sharing to companies and individual commuters. Our main customer segments will be companies and government institutions that are interested on reducing their Carbon Footprint as part of their environmental responsibility goals; through them we will reach their employee base. A third customer segment is private users that are interested in commuting. Our platform will consist of one mobile application, and an online community.

Added Values

Pendla Lätt is able to quantify the CO² emissions that have been reduced by using the ride sharing service.

Customer Benefits

Our mobile application will help corporations and government institutions to get their greenhouse emission reduction goals.

Drivers that offer a ride will reduce the total cost of ownership on their vehicles.

Riders will save time and money when commuting on someone else's car.

Revenue Streams

We will have two main revenue streams.

Business System

Pendla Lätt will create and constantly improve over time a mobile application for active ride sharing as well as an online community for environmentally responsible corporations and individuals, all these in the different languages of the markets we penetrate over time. Partnerships with corporations and municipalities are the key factor on which the service will rely.

Management Team and Staff

Our management team, is formed by two engineering professionals with a solid background in the telecommunications industry, and one marketing strategy professional with previous expertise in startups. Together, they possess international management,

corporate strategy planning, marketing, organizational structure, project management, process consulting and technology deployment skills which make the team a solid entity. Refer to the Organization section for more information.

We need to complement the team with competences on sales, finance, accounting and software development. Please refer to the cost structure section of the Business Model section on this business plan to see the breakout of employees we plan to involve and in which phases of the company formation. Together, the team members speak fluently five languages: Swedish, English, Hungarian, German and Spanish.

Finance

Our growth forecast predicts a break even in the beginning of the second year, with net margin of 36% with a high grow potential rate.

The founders have provided start-up equity of 30,000 SEK, which is currently being invested in proof of concepts shown to the customers.

Exit Strategy

Pendla Lätt is an application that has the potential to be used all around the world in different contexts, mainly in the corporate and institutional one but also in universities. Eventually, an IPO can be considered as an exit for the VC/shareholders. Pendla Lätt can be an interesting acquisition for a worldwide environmental organization or government institution looking for a platform to reduce CO² emissions, so a trade sale is a possible exit strategy as well.

Business Idea

The problem

Finding a car-sharing partner is an unsolved problem in Sweden. None of the current systems for car sharing have succeeded on identifying people with the same commuting patterns, getting them in contact, providing them a fair expense share system and providing security measures for them to do car sharing.

Cars produce 30% of CO² emissions in Sweden (Reference 9). Millions of short trips are made by car every day in Sweden (Reference 1). Around 50% of all car journeys are work and study related, and 50% of these are shorter than 5 km (Appendix Figure I).

The climate impact per person in Sweden can be reduced when commuting if sharing a car. CO² emissions are reduced and money is saved when buying fuel.

The solution

Pendla Lätt is a service that connects individuals with similar commuting habits. Pendla Lätt will give you the possibility of getting in touch with them instantly through the

platform, a functionality that can be leveraged in many ways during the process of setting up any ride sharing agreement.

Pendla Lätt is not pursuing protection from a patent because it is software. If patented, the published algorithms could be easily copied. This software creates economic, social and ecological value for its users, the community and the planet.

Revenue streams

From the initial phase, Pendla Lätt will focus on the following two main revenue streams:

1. Licensing the software.
2. Professional services.

Pendla Lätt is a software company focused on selling product licenses and associated services.

The growth potential

The global market for mobile telephone services is the largest and fastest-growing segment of the telecommunications industry. Up to 4,628 billion worldwide mobile subscribers were reported at the end of 2009, a figure expected to double by 2014, according to iSuppli market intelligence. Regions that are in economic expansion such as Europe, India, Latin America and the US are the target markets for Pendla Lätt; refer to Appendix Figure V for car industry expansion in Sweden. We have come up with a name that represents our product in the Swedish market; easy to pronounce and meaningful: Pendla Lätt. Our Website is <http://www.pendlalatt.se>, and we already own the domain.

Business model

Pendla Lätt will follow a combination of licensing and "freemium" business model. A freemium business model offers a basic product or service free of charge (i.e. software) while charging a premium for advanced features or functionality.

Marketing Plan

General Market Description

The commuter market in the Skåne region consists of 577,000 private use cars (Reference 13). The market of people that have a Smartphone mobile phone, with an add-on Internet subscription, is approximately 85,500 individuals in the Skåne region according to the TeliaSonera's executive we met.

Potential Market

This idea has a big potential market in the future. We can extend this concept to the rest of Sweden, Denmark and in the future the rest of Europe.

Trends show automotive commuting is estimated to increase in the coming decades, reaching 50 percent in 2030. This means more CO² emissions concerning European governments. The European Council's goal of reducing CO² emissions by 30% in by 2020 stresses that developed countries must take the lead; therefore it is the right time and place to market this product (Reference 4).

We estimate our target potential market in the future is the universe of approximately 200 million private cars in the European Union (Reference 7).

The Industry

There are several competitors in the car sharing industry. The industry has been active in Sweden for several years, the oldest carpooling websites started in 2000. It is an active industry that few competitors have taken advantage of. Two competitors are worth mentioning, both are strong firms that currently operate in Sweden and other European countries: Avego and Commute Greener! by Volvo.

Avego started in 2009 in the UK, rapidly expanding to Ireland and the US. It has a major presence in the US, and since 2009 its user base has been steadily increasing.

They offer an iPhone application that offers a real-time ride sharing service. The software has features such as meeting points where drivers can pick-up riders. Their revenue stream is charging a brokerage fee in the form of a percentage of each kilometer traveled by the riders. Under Avego's scheme, riders must pay drivers for the service.

Commute Greener! by Volvo, headquartered in Gothenburg and launched in 2010, consists of a web portal and a mobile application for iPhone. Both calculate the user's CO² emissions of their commuting habits. Users specify the start and end points of the travel, the distance and the transportation mean used (walk, bike, car, train, subway, etc.).

Commute greener! has a regular user community in Sweden and continental Europe. This year Commute Greener launches a potential rival product for Pendla Lätt: a ride-sharing module for its iPhone application (Reference 6).

The main revenue stream of Commute Greener by Volvo is the 2 USD fee users must pay when downloading the application from the iPhone App store.

Pendla Lätt is a missing player in this industry as none of the current competitors offers the features we do. The ride-sharing application industry is starting as an industry and there have been first movers with satisfactory results.

Porter's five forces analysis

Threat of new entrants - Medium. Ride sharing became an identified need recently, due to the greenhouse gas emission reduction goals that the European Parliament has recently approved. In spite of this, the industry is not attractive to new entrants. We believe it is due to the perceived poor interest on social responsibility by the majority of industries, and the lack of attractive business models in the market.

The intensity of competitive rivalry- Low. Competitors have each taken a different approach. Some offer the option to create carpools and promote available car seats among riders through web pages, others focus on measuring the CO² emissions and creating competitions within a community of green people, challenging everybody to lower their CO² emissions. Other competitors focus on the general public transportation.

The threat of substitute products or services - High. Developing an application with a similar functionality is something very feasible to do. A large investment might be needed but it would be possible to copy. Copying or replicating the matching algorithm in the program would be complicated but not impossible to do.

The bargaining power of customers- High. Our customers can choose not to use this product and continue with their current commuting habits unaffected.

The bargaining power of suppliers - Low. We need to buy or rent hosted servers from any Web Hosting provider. There are several providers in the market and all of them offer similar prices. There is no room for bargaining negotiations from the suppliers.

Marketing Strategy

We will introduce this product to the market through direct sales. We will reach our final users (drivers and riders) through institutions

To reach our individual paying customers, we will use social media.

Product

Pendla Lätt will offer services for ride sharing and CO² calculations. The mobile application will be developed for both the iPhone and Android platform. The application will be developed for each platform, but can be modified for the different sets of functionality.

At the webpage of our community www.pendlalatt.se, the user will navigate through the different functionalities of the product.

Organization

Pendla Lätt's organization will initially focus on Sales and Project management.



Mariana Rojas (CEO) - has 4 years of Project Management and CDMA engineering experience in the Telecomm industry with the Canadian Nortel. She holds a Lean-Six Sigma Green Belt certification and has 3 years of process consulting experience. She has previous intrapreneurial experience within Nortel planning and executing the transitioning of business unit functions from US and Canada to Mexico.



Ludwig Mendez (CTO) has 2 years of experience as technology consultant and 3 Years of experience as service manager in Telecom Industry. He has previous entrepreneurial experience launching new products and services in the pharmaceutical industry, Telecom industry and software services industry. Currently owns an IT services company and holds the position of Innovations manager at a pharmaceutical product retailer.



Marcus Fütö (CMO) graduated in 2011 as economist from Lund University. With great knowledge in marketing and strategy he will provide essential knowledge to the company. Entrepreneurial enthusiasm has long been an important motivation in his life. He has been involved in the initiating phase in some smaller businesses and is currently a member of the board at KullensBilservice AB.

Refer to Appendix Figure XV for detail on the management team competences. For detail on the employee breakout, and in which phases of the company formation they join, refer to the table Cost and Personnel Assumptions in the Appendix Figure IX.

Our mission is: "*No more cars on the road with a single rider*". Our vision is to reduce the CO2 emissions to the atmosphere, by becoming the *de facto* commuting platform all over the world. Our product, our service and our company must show an image of environmental care, sustainability and corporate responsibility.

Profitability and financing

Summary of Financials

The most relevant financial data are presented in more detail in the Appendix Figure IX; Sales and costs Assumptions, Income statement, Cash flow statement, Balance sheet and Key figures

Profitability

Pendla Lätt will start generating net margin of 36%. The profitability in the following years grows at high rates as a result of increased licenses sales to different companies around the region. This company can be then moved to the next step to bigger markets such as Continental Europe, India, US, Latin America where the need and the market are much bigger.

Operational costs are a bit high in the beginning, however due to the nature of the growth potential.

Revenue Assumptions

Sales - We are assuming first customer sales in the end of Q3 of the first year. It is also taken into consideration that we will have a 5% organic growth in each region after the second year.

Since this application is ready for delivery to customers as soon as the deal is closed, no delays are introduced, as no installation is necessary in the customer premises. Therefore the revenue can be recognized 30 days after the contract is signed.

Other incomes we recognize come from one-shot professional services to companies.

Refer to Appendix Figure IX for best, worst and most likely sales case scenarios.

License Fees - Pendla Lätt have decided to license the mobile application to the companies. For our sales calculations we assumed the licenses revenues are without discounts.

Costs Assumptions

Cost of goods sold - We are assuming the development of the mobile and online application as the cost of goods plus the cost of hosting the server on the Internet to be able to provide full functionality. Hosting includes a dedicated server with enough technological resources to support the online community, premium support and domain registration. We chose to go for a hosted solution since it is more scalable and also the TCO is less than owning in-house infrastructure.

Personnel Development - We are assuming that the founders will perform sales, management and PR tasks during the first two years. All wages have been added 50% extra to include the following taxes plus a safety margin. We are also considering a 5% salary increase per year.

Additional costs - We assume a yearly increase of 15% in costs. Marketing, travel and communication expenses are included among others. Details on the additional costs can be found in table Costs and Personnel Assumptions in the Appendix figure IX.

Exit Strategy

Pendla Lätt plan to expand worldwide so IPO offering is considered as an exit strategy to boost investment and growth into international markets.

Realization Strategy

In conclusion, the profitability of Pendla Lätt will be substantial and will generate high value to its shareholders. It has the potential to become the defacto online social community for tracking and reducing CO² emissions by commuting around the world.

Risk analysis

This risk analysis is based on methods and guidelines as explained in SIS/TK318 (Swedish Standard Institute) for information security. All identified risks that can evolve negatively for the Pendla Lätt's operations and legitimacy are considered.

Our main risk is the unwillingness of end users to commute. This might result in fewer users and less efficiency of the software, since the ride sharing system is benefitted if more people use the application. To avoid the risk of people not using the application, we have chosen to equip it with several functionalities and a general ease of use.

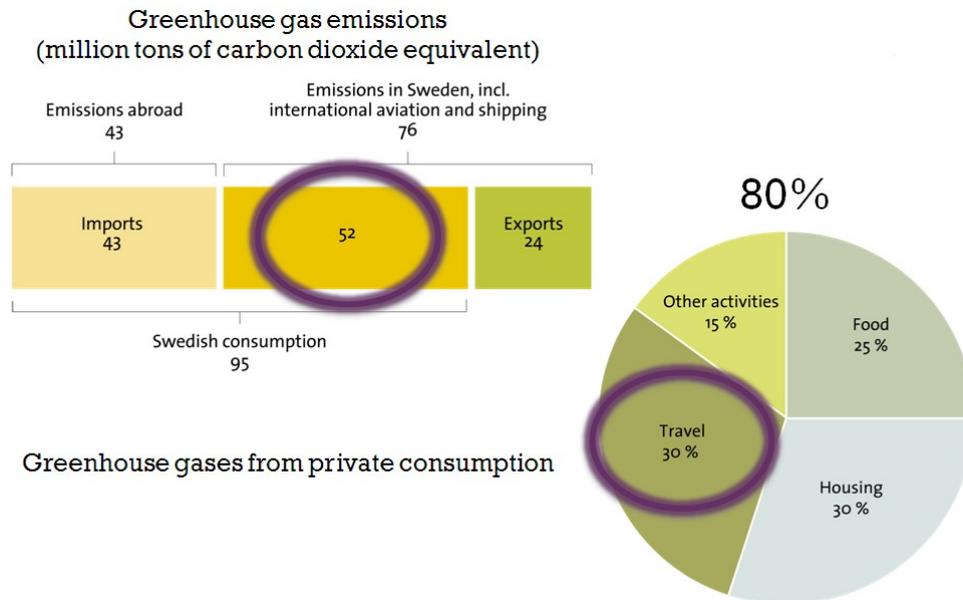
Our second highest risk is competitors developing similar products or products with equal functionality. The probability of competitors developing similar applications is high. To reduce the impact of this risk, we put in place major research and development is key to reduce this risk.

The third highest risk is that friendships might be established among users, leading commuters not to use the application. End users might either forget about the application or stop using it, since they may find it easier to just call the other person.

The fourth and final major risk is that we might not acquire the financial means of developing our venture. The estimated probability of this to occur is low.

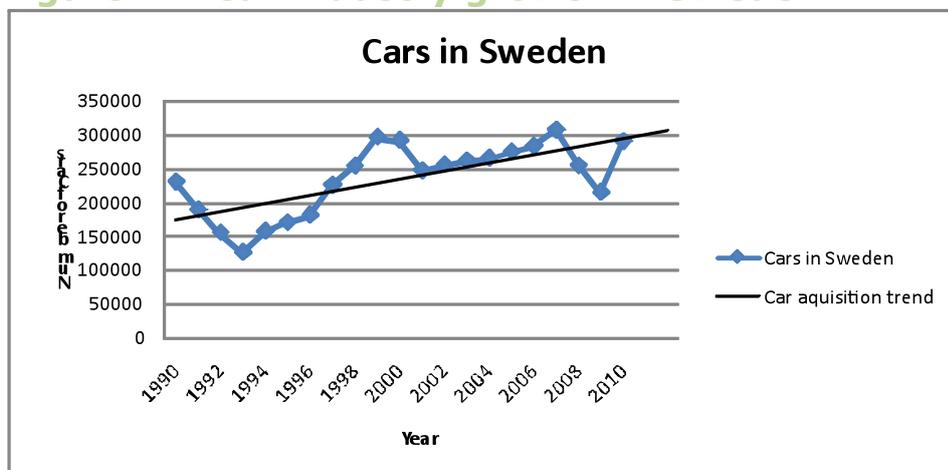
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Figure I – CO² Emissions in Sweden



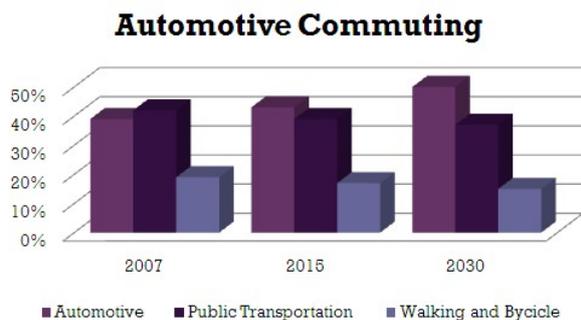
(Reference 9)

Figure V – Car industry growth in Sweden



(Reference 13)

Figure VI - Automotive Commuting trend in Sweden



Source: Klimatet och Trängselfrågorna i trafikplaneringen för Stockholmsregionen (2009).

Figure XV Management Team Competences

Management Team Competence Comparison											
	Mobile Development	IT Administration	Sales Strategies	Negotiation Skills	Network	Communication Skills	Entrepreneurial Experience	Financial experience	Project Management	Human Resources	Business Improvement
Very Good	Green										
Good	Orange										
Low	Yellow										
N/A	Grey										
Mariana Rojas CEO	Grey	Orange	Orange	Green	Yellow	Green	Green	Yellow	Green	Yellow	Green
Ludwig Mendez CTO	Grey	Green	Green	Green	Yellow	Green	Green	Yellow	Yellow	Green	Green
Marcus Fütö CMO	Grey	Green	Green	Green	Green	Green	Orange	Green	Orange	Green	Green