

# Born Globals -

## A comparison of success factors between manufacturing and digital firms

Thomas Bergsten & Alexander Gertzell  
Division of Production Management  
Faculty of Engineering, Lund University

Born Globals – A comparison of success factors between manufacturing and digital firms

Copyright © 2017 Thomas Bergsten & Alexander Gertzell  
Division of Production Management

Faculty of Engineering, Lund University  
Box 118  
SE-22100 Lund  
Sweden

Printed in Sweden

# Preface

This master thesis was conducted during the fall of 2016 with several case companies. It is our final academic project and it ends our studies in Mechanical Engineering and Industrial Engineering and Management at the Faculty of Engineering, Lund University.

The master thesis project has helped us gain insights in the phenomenon of Born Globals from the perspective of both manufacturing and digital start-up companies. Neither of the authors had any previous knowledge on the subject. Therefore, it has been a very rewarding and inspiring process with many important insights that have prepared us well for our future careers.

Furthermore, we would like to thank all case companies that we got the chance to interview and the companies who participated in our survey. It was helpful and inspiring for us to get the chance and time to interview and discuss your companies' success factors. All interviewees have been very passionate about their businesses and have had strong entrepreneurial minds that have inspired us.

We would also like to express our gratitude to Ola Alexanderson who provided help in identifying Born Global firms in the Skåne region.

Finally, we would like to thank our academic supervisor, Bertil I Nilsson, for his support, important feedback and quick responses throughout the whole project.

Lund, December 2016

Thomas Bergsten & Alexander Gertzell



# Abstract

**Title** Born Globals – A comparison of success factors between manufacturing and digital firms

**Authors** Thomas Bergsten  
Industrial Engineering and Management  
Faculty of Engineering, Lund University

Alexander Gertzell  
Mechanical Engineering  
Faculty of Engineering, Lund University

**Supervisor** Bertil I Nilsson  
Division of Production Management  
Faculty of Engineering, Lund University

**Background** The digital evolution has created many new types of companies. One of these types are the so called Born Global (BG) firms. BG companies can be defined by that they internationalize the major part of their business right at the start or within a few years of their birth. Their internationalization strategies differ from those of traditional firms.

Today's literature on the BG phenomenon is limited, due to it being a relatively new phenomenon. The studies that have been made have been primarily based on manufacturing firms, that need to physically distribute their products globally. Therefore, a knowledge gap has been identified, that includes other types of firms. This project has decided to study digital BG firms that produce and distribute digital products that can be accessed by for example computers, tablets and smartphones.

A comparison has been made between manufacturing and digital firms in order to investigate the potential differences in success factors between the two types.

**Purpose** The purpose of the master thesis is to investigate the knowledge gap within the BG research area, build a knowledge base for further research, as well as to inspire future research. A second purpose of the project is to help and inspire new potential BG companies.

## **Research Questions**

The goal of the project is to answer the following research questions:

*RQ1: What characterizes a successful BG company?*

*RQ2: What are the success factors for BG companies?*

*RQ3: How do the success factors differ for a digital BG company compared to a manufacturing BG company?*

*RQ4: What success factors are unique for digital BG companies and why do the success factors differ for a digital BG company compared to a manufacturing BG company?*

*RQ5: How can the results from this project be used by potential BGs and for further research?*

## **Limitations**

BG firms constitute a relatively new phenomenon with a limited amount of research that focuses mainly on manufacturing BGs. This makes the BG concept vague and difficult to define.

There may be differences within certain types of companies. There are many different types of digital BGs due to its nature of operating in many different types of markets. Case companies investigated in the project have been chosen based on its publicity or their willingness to participate in an interview.

## **Delimitations**

The focus in this study have been the success factors of BG firms, more specifically the internal success factors. The types of companies investigated are digital and manufacturing firms, that produce and distribute digital and physical products. The focus has been on the early stages of the company life cycle. A case study has been performed where most case companies have been chosen that have some kind of connection to Sweden.

## **Methodology**

The project was carried through with a qualitative approach. An extensive literature review was conducted to outline the theoretical framework that has primarily been based on manufacturing firms.

A survey was sent to founders and managers of potential BG firms, both digital and manufacturing.

The main source of data for the analysis was constituted by a case study of eight BG firms, categorized as SME or unicorn and digital or manufacturing. The collection of this data was

primarily based on interviews, but also on various internet sources.

An analysis was conducted, comparing the success factors between manufacturing and digital BG firms. This analysis was based on the theoretical framework, the survey and the case study.

## **Conclusion**

The identified success factors for Born Global firms that correlated between digital and manufacturing firms were to have a global mindset, an ability to identify specific market opportunities and a customer oriented strategy.

To have a unique product, a narrow customer segment and a commitment to internationalize did not seem as important for digital firms.

Digital firms do not necessarily need previous industry and international experience, market knowledge and networks. However, this must be obtained at a later stage.

Digital firms can launch unfinished products at an early stage to get feedback, which makes it easier for them to have a customer oriented strategy.

A large user base is very important for digital firms. There is a need to capture as much of the market as possible at an early stage. For manufacturing firms, a large customer base may be detrimental to the quality of the distribution chain. A freemium business strategy can be used by digital companies to grow their user base.

Digital firms do not necessarily have to rely on partnerships to the same extent as manufacturing firms do. This because they are not as dependent on distributors for distribution and marketing.

In the early stages of internationalization, financial resources are not as important for digital firms as for manufacturing firms. Investments should rather lead to acquiring the market knowledge, networks and experience that they may lack. Therefore, sources like crowdfunding is not an ideal source of investment.

New ground-breaking innovations open up for new types of products. With innovations like the smartphome, countless of new types of companies and products emerge. At this time, this seems to be most beneficial for the digital companies.

For manufacturing firms, e-commerce has provided a way to reach a global market and to reduce costs. This may also lead to manufacturing firms shifting towards resembling digital firms in the future.

**Keywords**

Born global, Manufacturing, Digital, Software, SME, Internationalization, Globalization, Success factors



# Terminology and Acronyms

The definitions and acronyms used in the report will be described below.

<i>Born again global (BAG)</i>	A company that shift focus from their home market to start expand the major part of their business on a global scale.
<i>Born Global (BG)</i>	A company that internationalize the major part of their business right at the start or within a few years of their birth.
<i>Crowdfunding</i>	Investments for projects or companies through monetary contributions from a large number of people.
<i>Digital company</i>	A company that offers digital services or products.
<i>Digital product</i>	A product that only exists in digital form. It can for example be accessed through computers, smartphones and tablets.
<i>E-commerce</i>	Buying and selling of goods and services over the internet.
<i>Freemium business model</i>	A pricing strategy where the basic product is offered for free. Payments can unlock premium features.
<i>Global awareness</i>	The awareness of a product's existence on a global scale.
<i>Manufacturing company</i>	A company that produce physical products.
<i>Physical product</i>	Merchandise, apparel and other physical goods that physically need to be produced and distributed.
<i>Small and medium-sized enterprises (SME)</i>	A company with less than 250 employees and with a yearly turnover up to a maximum of 50 million euro.
<i>Start-up</i>	A company that is in the first stage of its operations.
<i>Success factor</i>	A factor that lead to the success of a company. In this project, success has been defined as having a global customer base.

*Unicorn company*

A company that has been backed by venture capital and is valued to more than a billion dollars or has a user base of over 100 million people.

*Word-to-mouth marketing*

Oral or written recommendation of a product or service from a satisfied customer.

# List of Tables

**Table 1:** Barriers ranked by SMEs using the top ten ranking method

**Table 2:** The survey respondent companies

**Table 3:** The survey results, categorized by type of company and the number of markets

**Table 4:** Case study results, ranking each case company on each success factor with red, amber or green

**Table 5:** Case analysis comparison between unicorn and SME companies

**Table 6:** Case analysis comparison between manufacturing and digital companies



# Table of Content

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
1.1	<b>Background and problem discussion .....</b>	<b>1</b>
1.2	<b>Purpose .....</b>	<b>1</b>
1.2.1	Purpose 1.....	2
1.2.2	Purpose 2.....	2
1.2.3	Target group.....	2
1.3	<b>Limitations and delimitations .....</b>	<b>2</b>
1.3.1	Limitations .....	2
1.3.2	Delimitations.....	3
1.4	<b>Scope definitions.....</b>	<b>4</b>
1.4.1	Manufacturing companies.....	4
1.4.2	Digital companies.....	4
1.5	<b>Research Questions.....</b>	<b>4</b>
1.6	<b>Expected Results .....</b>	<b>5</b>
1.6.1	Results.....	5
1.6.2	Deliverables.....	5
<b>2</b>	<b>Methodology.....</b>	<b>7</b>
2.1	<b>Research Approach .....</b>	<b>7</b>
2.1.1	Orientation .....	7
2.1.2	Dimension .....	7
2.2	<b>The process.....</b>	<b>8</b>
2.3	<b>Case study.....</b>	<b>8</b>
2.3.1	Studied objects .....	9
2.3.2	Case companies.....	9
2.4	<b>Data collection methods.....</b>	<b>10</b>
2.4.1	Literature study .....	10
2.4.2	Interviews .....	11
2.4.3	Survey .....	11
2.5	<b>Quality of the results .....</b>	<b>12</b>
2.5.1	Reliability.....	12
2.5.2	Validity.....	12
<b>3</b>	<b>Theory .....</b>	<b>13</b>
3.1	<b>Traditional internationalization .....</b>	<b>13</b>
3.1.1	The Uppsala model.....	13
3.1.2	The Network model .....	13
3.1.3	Internationalization in general .....	14
3.2	<b>Born Globals .....</b>	<b>14</b>
3.2.1	Introduction .....	14
3.2.2	Barriers for SMEs .....	15
3.2.3	Success factors .....	16
3.2.4	Obstacles for BG firms.....	19
3.2.5	Digital companies.....	20
3.2.6	New Zealand exporters.....	20
3.3	<b>Global changes.....</b>	<b>21</b>
3.3.1	Specialization.....	21
3.3.2	Information technology & transport .....	22
3.3.3	Globalization .....	22
3.4	<b>The future for Born Globals .....</b>	<b>23</b>
3.5	<b>Theoretical models .....</b>	<b>24</b>
3.5.1	Freemium Business Model.....	24

3.5.2	E-commerce.....	24
3.5.3	Unicorn companies.....	25
<b>3.6</b>	<b>Summary of success factors .....</b>	<b>25</b>
<b>4</b>	<b>Case study.....</b>	<b>27</b>
<b>4.1</b>	<b>Introduction .....</b>	<b>27</b>
<b>4.2</b>	<b>Unicorn companies .....</b>	<b>27</b>
4.2.1	Case 1 - Soundcloud.....	27
4.2.1	Case 2 - OnePlus.....	30
4.2.2	Case 3 - Airbnb .....	33
4.2.3	Case 4 - Skype .....	36
<b>4.3</b>	<b>SME companies.....</b>	<b>38</b>
4.3.1	Case 5 - Mapillary.....	38
4.3.2	Case 6 - Friendbase .....	40
4.3.3	Case 7 - Cimco Marine AB.....	42
4.3.4	Case 8 - Learnifier .....	44
<b>5</b>	<b>Empirical study .....</b>	<b>47</b>
<b>5.1</b>	<b>Introduction .....</b>	<b>47</b>
<b>5.2</b>	<b>Survey .....</b>	<b>47</b>
5.2.1	Questions.....	47
5.2.2	Target group.....	47
5.2.3	Respondents.....	48
5.2.4	Results.....	48
<b>6</b>	<b>Analysis.....</b>	<b>51</b>
<b>6.1</b>	<b>Case study - Case company analysis .....</b>	<b>51</b>
6.1.1	Case 1 - Soundcloud .....	51
6.1.2	Case 2 - OnePlus.....	52
6.1.3	Case 3 - Airbnb .....	54
6.1.4	Case 4 - Skype .....	55
6.1.5	Case 5 - Mapillary.....	57
6.1.6	Case 6 - Friendbase .....	58
6.1.7	Case 7 - Cimco Marine AB.....	59
6.1.8	Case 8 - Learnifier .....	60
6.1.9	Summary.....	61
<b>6.2</b>	<b>Case study - Unicorn &amp; SME company analysis.....</b>	<b>62</b>
6.2.1	Unicorn companies.....	62
6.2.2	SME companies .....	63
6.2.3	Comparison.....	64
<b>6.3</b>	<b>Case study - Manufacturing &amp; digital company analysis .....</b>	<b>64</b>
6.3.1	Manufacturing Born Global firms .....	64
6.3.2	Digital Born Global firms .....	65
6.3.3	Comparison.....	66
<b>6.4</b>	<b>Empirical study .....</b>	<b>67</b>
6.4.1	Survey .....	67
<b>6.5</b>	<b>Success factors.....</b>	<b>68</b>
6.5.1	Global mindset.....	68
6.5.2	Previous experience.....	68
6.5.3	Market knowledge .....	68
6.5.4	Networks.....	69
6.5.5	Unique product .....	69
6.5.6	Narrow customer segment .....	69
6.5.7	Customer oriented strategy.....	69
6.5.8	International commitment.....	70

6.5.9	Ability to identify opportunities .....	70
6.5.10	Intangible assets.....	70
<b>6.6</b>	<b>Further analysis .....</b>	<b>70</b>
6.6.1	Digital BG success factors .....	70
6.6.2	Differences among digital firms.....	71
6.6.3	Financing .....	71
6.6.4	Partnerships .....	72
6.6.5	Future trends .....	72
<b>7</b>	<b>Conclusion and discussion.....</b>	<b>73</b>
<b>7.1</b>	<b>The successful BG firm .....</b>	<b>73</b>
<b>7.2</b>	<b>The success factors of BG firms.....</b>	<b>73</b>
<b>7.3</b>	<b>Differences in success factors between digital and manufacturing BG firms .....</b>	<b>73</b>
<b>7.4</b>	<b>How digital BGs differ from manufacturing BGs .....</b>	<b>74</b>
<b>7.5</b>	<b>How the results can be used.....</b>	<b>75</b>
7.5.1	Future research.....	75
7.5.2	Academic and General Contribution.....	76
<b>References</b>	<b>.....</b>	<b>77</b>
<b>Literature</b>	<b>.....</b>	<b>77</b>
<b>Articles</b>	<b>.....</b>	<b>77</b>
<b>E-sources</b>	<b>.....</b>	<b>78</b>
<b>Interviews</b>	<b>.....</b>	<b>82</b>
<b>Appendix</b>	<b>.....</b>	<b>83</b>
<b>Survey questions</b>	<b>.....</b>	<b>83</b>
<b>Interview questions</b>	<b>.....</b>	<b>83</b>





# 1 Introduction

*This chapter will introduce the reader to the context of the project. It will be an introduction to the project as a whole and a description of the context in which it has been carried out. After a brief presentation of the background, purpose and delimitations of this study, the research questions will be constructed followed by the expected results and deliverables of the project.*

## 1.1 Background and problem discussion

One of these new types of firms are the Born Global (BG) firms. BG enterprises can be defined by that they internationalize the major part of their business right at the start or within a few years of their birth (Halldin 2012).

New digital technologies have had a large impact on the rise of BG companies. New methods have been discovered that for example enables full-time availability, personalized treatment and instant delivery of standardized offerings to a large market, also at a low cost and risk. The new technologies can help make smaller firms that lack financial resources appear large and worldwide (Knight & Liesch 2016). Companies can now reach out and distribute their services online to virtually the whole world overnight, and be acquired by or merged with other firms for incredible sums before the company has even existed for a year. Facebook, Spotify, Skype and Minecraft are all examples of large companies that most people know, all of which have been BG firms. Common to these companies is that they do not constitute a physical product to be produced and distributed worldwide, but a digital product that can be distributed online.

Today most literature of BG firms is based on high tech manufacturing companies that operates in niche markets (Knight & Liesch 2016). Therefore, there is a knowledge gap and a need for future research in other industries than for high-tech manufacturing companies (Cavusgil & Knight 2015). Digital firms are included in this gap and will therefore be studied further in this project. Other types of firms that are included in the knowledge gap are for example biotech companies and service providers. These will however not be studied in this project.

The problem in this area can be concluded as that there is a gap in the research regarding BG firms. This is because most research has been done on manufacturing firms in high-tech industries. There is therefore a need for further research on the BG phenomenon where other types of firms are studied. In this thesis, firms that produce and distribute digital products are studied.

## 1.2 Purpose

A comparison is made with the focus on the differences between a digital company that wants to become global compared to a manufacturing BG company. The manufacturing BG firm's success factors have already been studied in previous literature and will

therefore outline the theoretical framework that the study will be based upon. The purpose consists of two sub-purposes.

### **1.2.1 Purpose 1**

The first purpose of the project is to investigate the knowledge gap that exists within the research of the BG area. Furthermore, it is also to provide a knowledge base for further research to build upon. By doing this project, the intention is to inspire further research within the BG phenomenon, not just for digital companies but for any type of firm that may differ from the current theory that is based on manufacturing firms.

### **1.2.2 Purpose 2**

The second purpose is to create a better understanding of the startup process for BG firms. This in order to help companies that aspire to become global fast to get a better overview and better knowledge of the success factors and barriers for BG companies. Another part of this purpose is to inspire any companies that wish to rapidly become global. These companies will hopefully be able to see their potential in becoming BG and what obstacles that may arise when rapidly going global.

### **1.2.3 Target group**

The target group of the project can be divided into targeting two different groups. The first one is to help research, while the other one is to help businesses. Both are similar in the sense that the purpose is to build knowledge and inspire. For research, the purpose is to investigate a knowledge gap and to inspire further research. For businesses, the purpose is to provide knowledge and to inspire rapid international expansion. In both cases, the provided knowledge is meant to be used for the receiver's own use and interpretation.

## **1.3 Limitations and delimitations**

In this sub-chapter, the limitations and delimitations of the project will be described. These are circumstances that will affect the methods used as well as the analysis.

### **1.3.1 Defining limitations and delimitations**

Limitations are factors that the researcher cannot affect, which may influence the results (Höst et al. 2006). In this project, the limitations are the factors that are the result of the BG phenomenon being new and unexplored, as well as the limited amount of potential case companies willing to participate.

Delimitations are the boundaries that the researcher has chosen to set for the project (Höst et al. 2006). Throughout the project, these are the factors that the authors have decided to include in the data collection. For example, these are which types of firms, what part of the life cycle and what type of success factors that have been investigated.

### **1.3.2 Limitations**

There is a limited amount of research done within the area of BG companies. This is because it is a relatively new phenomenon. As mentioned earlier, the current research

has primarily been based on manufacturing firms. While this may limit the result of the literature review, it is however a part of the reason that this project is carried out in the first place.

As a result of that this is a relatively new phenomenon, the BG concept is vague. Therefore, it may be difficult to define the BG concept and to identify companies that truly fits within the definition. Furthermore, BG companies can be divided into several types of firms, and even digital BG companies may have several sub-groups. This may have an impact on the case-study as the digital firms studied may differ a lot.

Another limitation is that the companies chosen for the case-study are those that get the most publicity or that are willing to participate in an interview. Therefore, these are mostly successful BG firms. It is hard to identify unsuccessful BG firms that could have been used to get a wider perspective. The fact that a case study has been chosen as the primary focus in this project is a limitation itself, as case studies are difficult to analyze and to acquire a generalizable result from.

### 1.3.3 Delimitations

The type of companies that are the general subject of the project are BG firms. As mentioned above, there are several types of sub-groups within the BG area, as well as sub-groups within those sub-groups. The firms chosen as study objects in this project are manufacturing and digital companies. Manufacturing firms were chosen since they outline the current literature that has been produced within the BG area. While there are studies of other types of firms, a majority of the research that has been carried out has been based on manufacturing companies. Therefore, these firms were chosen in order to validate the theoretical framework upon which the comparison would be made with the other type of chosen firm.

The type of firm that was chosen for the comparison was BG companies that produce and distribute digital products. This was because it was the first type of company that came to mind when thinking about what firms that outline the knowledge gap in the current BG research area. It was also considered to be a type of firm with many potential research objects.

The factors to compare between the two types of firms were the success factors to become global at an early stage. These factors were chosen since it was considered an interesting subject whether they would differ between manufacturing and digital firms or not. If they would differ, it would be interesting to try and explain why.

For the success factors of BG firms, only internal factors were studied. These are the factors that the companies can control themselves. External factors like, for example, industry conditions and governmental policies were not studied.

The comparison between digital and manufacturing firms can be studied throughout the whole life cycle of a typical BG firm. However, since it was the success factors of becoming global at an early stage that were chosen to study, the life cycle phase most relevant to the study was the upstart phase. Therefore, the case study was based on the inception and first few years of the studied firms.

Since BG companies by definition are global, it is difficult to have a geographical delimitation. All studied companies are active worldwide. However, regarding the origin of the companies, it is a lot easier to study firms that have some kind of connection to Sweden. They may have been started in Sweden or just have had a Swedish founder. This was chosen due to the fact that it would be a lot easier to get in contact with the relevant people in the case study. However, not all studied companies were related to Sweden.

Lastly, one delimitation is the choice of research strategy. The primary method chosen was a case study. While it is a limitation, due to the limitation of the results, it is also a delimitation since other study methods could have been used. The case study and why it was used will be described in Chapter 2.

## 1.4 Scope definitions

The two chosen types of companies that are included in the study are manufacturing and digital BG firms. These will be defined in this sub-chapter.

### 1.4.1 Manufacturing companies

The majority of studies that have been made on BG firms have been performed on manufacturing companies. This type of company will be defined as a business that creates physical products that will need to be produced and distributed physically. The products can be defined by that they can be touched and felt. Example of products from these companies can be electrical equipment, furniture and clothes.

### 1.4.2 Digital companies

The firms that were chosen to compare to the manufacturing BG companies were digital firms. This type of company will be defined as a business that creates digital products that can be used in or is operating with an electrical device. Example of digital products can be games on computers or mobile phones, web sites, operating systems and other software applications.

## 1.5 Research Questions

The research questions for the project are listed in this sub-chapter. The questions constitute the goals of the project and were put together to help divide the goal and purpose of the project. The research questions will set the framework for which the analysis will be built upon. However, some questions might be fully answered before the analysis, for example in the theoretical framework.

**Research question 1:** *What characterizes a successful BG company?*

The first research question is meant to help create an overview of the common denominators for BG companies. These will apply to any BG firm, regardless of what type of company they are categorized as.

**Research question 2:** *What are the success factors for BG companies?*

The second research question is meant to help divide common success factors that have been found for BG companies. The current research in this subject has been primarily based on manufacturing firms.

**Research question 3:** *How do the success factors differ for a digital BG company compared to a manufacturing BG company?*

The third research question is meant to help compare the success factors between digital and manufacturing based BG companies. This is the main question as it reflects the primary purpose of the project.

**Research question 4:** *What success factors are unique for digital BG companies and why do the success factors differ for a digital BG company compared to a manufacturing BG company?*

The fourth research question is meant to create knowledge in why these differences in success factors exist and what success factors are unique for digital BGs.

**Research question 5:** *How can the results from this project be used by potential BGs and for further research?*

The fifth research question is meant to create an understanding of how to put together and use the results from the research questions 1-4. This is aligned with the purpose of the project that is to inspire potential BG firms to try and go global, as well as to inspire further research.

## **1.6 Expected Results**

The expected results and deliverables will be described in this sub-chapter.

### **1.6.1 Results**

The first expected result is a scientific basis for further research on the BG phenomenon. In this project, this basis will consist of a comparison of digital and manufacturing BG firms.

The second expected result is to inspire continued research on BG firms. This will primarily be on the identified knowledge gap where other firms than just manufacturing BG companies need to be studied.

The third expected result is to inspire and facilitate for potential BG firms to go global or act globally. While primarily for digital firms, the intention is for it to be applicable on other types of companies as well.

### **1.6.2 Deliverables**

The main deliverable from this project is a master thesis report that can be used to inspire further research or to inspire companies that wish to become BG. The report will present the common characteristics needed to become a successful BG company. Other

deliverables consist of a public presentation, summary and an article of the project and its context.

## 2 Methodology

*Presented below is the methodology used in the project, which can mainly be defined as a case study. This chapter will outline the research approach, process, data collection methods and quality of the report. This to provide a base for further research to be performed within this particular field. The aim of this presented methodology is also to ensure the validity of the data and methods used.*

### 2.1 Research Approach

The research approach used in this study will be described below. The approach has been divided into the orientations and dimensions that were used during this study.

#### 2.1.1 Orientation

To do a research study may have several goals and purposes. A common way to group these purposes together is to divide them into four studies. These are descriptive, exploratory, explanatory and problem solving studies. The goal of descriptive studies is to describe the use or function of the studied subject, while the goal of explanative studies is to get a deeper understanding of why the studied subject functions or is used as it is. Explorative studies are used to get a deeper knowledge of the use and functions. Problem solving studies are usually based on an identified problem that needs to be solved (Höst et al. 2006).

Chapter 1 presents the aim of this study, that is not to solve an identified problem, but that it might be used by companies that either are on their way of becoming BG or wish to be, in order to help identify potential problems and how to solve these. The study itself is however more of a descriptive study, since the problem formulation is clearly formulated. The key success factors for BG companies will be described and mapped. It is also an explanative study, where connections and underlying reasons for the problem are explained. This is characterized by studying what impacts the success factors, as well as how they differ between two different types of industries.

One goal, that was also brought up in Chapter 1, is to gain a deeper knowledge of what affects the success of a company going global early, while the other goal is to understand why this is the case. Furthermore, the study aims to provide a deeper understanding of how these factors can be exploited, which adds another dimension or perspective to how and why BG firms end up the way they do. Therefore, this study is also has an explorative orientation.

As mentioned in Chapter 1, this is a relatively unexplored zone within the BG research area. By performing this study, with descriptive, explanative and explorative orientation, the report will hopefully create a base from which further research can be made. It may also be used in order to inspire researchers to dig further into this subject.

#### 2.1.2 Dimension

There are two dimensions of data that can be collected. These are divided into qualitative and quantitative data. Quantitative data typically consists of numbers and such data that can be used for a statistical analysis. Qualitative data however, typically consists of words and descriptions. While quantitative data can provide numbers and

statistics, qualitative data provide details and different perspectives that must be categorized for further analysis to be performed (Höst et al. 2006).

This Thesis will primarily be based on qualitative data, as the majority of the data will be collected from interviews and the literature review. A case study is typically based on qualitative data (Höst et al. 2006). Since this study is based on case studies, most data will be qualitative. The survey used in this project could have provided quantitative data, had the response frequency been higher. Due to the low frequency of answers, it provides more of a qualitative result.

## 2.2 The process

The study may be divided into a process consisting of six different phases.

The first phase is to identify questions that need to be solved. This, together with the context and purpose of the study is described in Chapter 1.

The second phase consists of a literature review in order to provide a theoretical framework for the case studies. The results of this literature review can be found in Chapter 3. The data collection methods can be found later in this chapter.

With the theoretical framework as a base, case studies can be performed as the third phase of the process. The data collection methods used in this phase can be found later in this chapter. The results of the case studies can be found in Chapter 4. The interview questions and can be found in the Appendix.

As a further base for analysis, the fourth phase consists of a survey that was conducted in order to provide more empirical data. The description of this data collection method can be found later in this chapter. The description of this particular survey, as well as the results, can be found in chapter 5. The survey questions can be found in the Appendix.

As the literature review has been concluded, the case studies have been performed and the survey answered, an analysis will be made based on the data collected combined with the theory. This is the fifth phase of the study. The results of the analysis can be found in Chapter 6.

In the sixth and final phase, a conclusion will be drawn as a result from the performed analysis. The results will also be discussed. This can be found in chapter 7.

## 2.3 Case study

A case study is meant to describe a phenomenon on a deep level of knowledge. These descriptions are typically on current phenomena. In a case study, an object or case is chosen because of a specific purpose (Höst et al. 2006).

In this report, a case study was performed with the purpose to describe how the success factors between digital and manufacturing firms in the early stages of rapid globalization.



### 2.3.1 Studied objects

The amount of studied objects or cases is one factor that affects the probability of the results being correct and a generalizable pattern (Höst et al. 2006). Therefore, eight companies were studied instead of doing a case study on a single digital firm.

If the preconditions are the same for two cases, the probability of having the same result will be higher (Höst et al. 2006). Due to this effect, the authors have categorized the studied objects or cases into four different categories, presented below.

The first category is based on digital firms. Since this type of firm is what the focus of this study was all about, six companies were identified and chosen in this category.

The second category is based on manufacturing firms. This type of company is what the theoretical framework has been based on and therefore only two companies were chosen for the case study in this category. This type of firm was primarily included to confirm the current research performed on BGs.

The third category are so called unicorn companies. The cases used in this category are extreme examples of successful BG companies. Half of the studied case companies were in this category.

The fourth category are SMEs. The cases used in this category are examples of companies that are in the early phases of becoming BG. Half of the studied case companies were in this category.

### 2.3.2 Case companies

Presented below are the chosen case companies, together with an explanation why these were chosen.

#### **Case 1 - SoundCloud**

SoundCloud provides a platform to upload and listen to music. The company was chosen because of its Swedish founders and due to its global success.

#### **Case 2 - OnePlus**

OnePlus produces mobile phones that are sold globally through e-commerce. The company was chosen because one of the founders is Swedish and due to its global success.

#### **Case 3 - Airbnb**

Airbnb has used the concept of shared economy to provide a service in between couchsurfing and hotel bookings. The company was chosen due to its global success.

#### **Case 4 - Skype**

Skype provided the first IP-telephone service. The company was chosen because one of the founders is Swedish and due to its global success.

### **Case 5 - Mapillary**

Mapillary generates and sells geo-data acquired from uploaded street view pictures on their website. The company was chosen because of it being awarded as a promising start-up, and because the office was located in Malmö, Sweden.

### **Case 6 - Friendbase**

Friendbase provides a virtual world for chatting. The company was chosen because of it being Swedish and that it had just recently participated in an accelerator program for promising global start-ups.

### **Case 7 - Cimco Marine AB**

Cimco Marine produces a high-tech diesel outboard engine. This company was chosen as an example of a manufacturing firm and because it is Sweden based.

### **Case 8 - Learnifier**

Provides a product to help digitalize the education industry. The company was chosen because of it being Swedish and that it had just recently participated in an accelerator program for promising global start-ups.

## **2.4 Data collection methods**

Several sources of data have been used in this project. The methods to gather the data are all stated below.

There are mainly two dimensions concerning the collection of data. These are gathering primary and secondary data. Primary data is extracted from the original source. Secondary data is collected from information based on former research (Lekvall & Wahlbin 2014).

The primary data sources will be from performing interviews and conducting a survey, while the secondary data sources will be from the internet and the literature study.

### **2.4.1 Literature study**

The purpose of a literature study is to establish a foundation to build further knowledge upon. Within technical subjects, it is common that the literature study is only a base for the students to further explore empirically (Höst et al. 2006). However, in this report it will also be included as qualitative data in the case study which the analysis will be built upon, together with the data from the empirical study and case study.

To produce a theoretical framework to build the case study upon, there will be an extensive literature study performed. The literature study will consist of scientific articles and reports that are of relevance. Not only will scientific articles on the specific subject of BGs be used, but also articles and reports of global changes and any theoretical models that may be used in the analysis.

The case study will, as mentioned before, also use the internet as a source. This data will mainly come from newspaper articles and the companies' own web sites. Scientific articles may also be of use, due to previous studies performed on these companies.

### 2.4.2 Interviews

Interviews can be divided into three different structures. Structured interviews are performed with a list of questions that are asked in a specific order. During half-structured interviews, the questions do not have to be followed in the exact order and they may be altered during the interview. Open interviews are mostly controlled by the interviewee while the interviewer makes sure the responses are still within the right subject (Höst et al. 2006).

In this study, the interviews will primarily be half-structured. They may lean closer to structured depending on the time frame of the interview.

In addition to face-to-face interviews, email correspondence was also used before, after or instead of the interviews. This was either to get in contact with specific people, to get help to identify other people that would be interesting to interview or to get answers on any additional questions that may have appeared after the interview.

The main source of data for the case study will be gathered from the companies that have been chosen as cases. People within the chosen organizations, with relevant background for the studied subject and who can provide relevant information, have been identified and interviewed.

Since success factors for BG firms are of the most importance in the earliest stages of the rapid internationalization, people who have been involved during this stage have been identified.

These interviews, while still half structured, will tend to be closer to a structured interview as these questions were based on the theoretical framework. Therefore, there was a limited amount of information relevant for the case study. The questions were based on the identified success factors that have had an impact on the success of BG firms. To have had more of a structured interview was also in line with the time constraint of interviewing professionals within an organization.

### 2.4.3 Survey

Surveys are a way of mapping a phenomenon systematically. This is done by asking a number of questions to a target group. The aim of a survey is to describe the phenomenon. It is a method that is fast, easy to implement and that potentially can provide a lot of data. The same questions are asked to all participants. The questions can either be bound or open. Bound questions limits the possible answers that the participants can choose from, while open questions opens up for an unlimited amount of possible responses (Höst et al. 2006).

This survey had the goal to describe the phenomenon of how different success factors differ between two different types of BG firms. The participants were founders and managers of Swedish firms that are a part of a BG accelerator program. The questions were derived from the theoretical framework established in Chapter 3. The questions used were only bound questions, in order to be able to analyze the results easier. The survey and its structure, as well as results, are presented in Chapter 5. The survey questions can be found in the Appendix.

## **2.5 Quality of the results**

In this sub-chapter, the quality of the results will be discussed. This will be divided into reliability and validity of the chosen methods. The reliability and validity of the results have been balanced with the time constraint and resources available for the project. The problem has been described clearly and the target groups chosen carefully to fulfil the purpose.

### **2.5.1 Reliability**

The interviews were performed at times decided by the interviewees. This in order to make sure that stress or other factors would not have an influence on the responses. To avoid misunderstandings, the interviewees were clearly informed of the purpose of the study and what the result of the project would come up to.

Triangulation has been used in order to make sure that the theoretical framework is reliable.

### **2.5.2 Validity**

In order to make sure the research methods were measuring what they were intended to measure, the results were continuously evaluated and reconnected to the purpose.

When doing a case study, it is hard to be objective and it is easy for the writers to choose companies that are in line with their own interests and thoughts. It is also a risk that the interviewed person is subjective and perhaps will answer the questions in favor for his company. There is also a chance that the interviewed person does not know the answer for the question and comes up with a misleading answer instead.

### 3 Theory

*The following chapter will outline the theoretical framework upon which the case study and analysis will be built. The chapter starts explaining the traditional internationalization models in order to further understand how the BG phenomenon differs from traditional internationalization processes. The BG phenomenon is then explained according to current research, that is mainly based on manufacturing firms. Lastly, any other theories used in the analysis are presented, followed by a summary of the key findings that will be used for the case study. The theory is based on an extensive literature review. The main source was LUBsearch, provided by the Lund University library. Other sources were found through Google search. The main keywords used were born global, manufacturing, digital, software, SME, internationalization and globalization.*

#### 3.1 Traditional internationalization

The traditional way to internationalize your business have for a long time been dominated by theories rooted in a slow and gradual internationalization process. The common denominator for these theories is the process where the companies gradually internationalize their business. The focus has mainly been on the geographically placed home market and then slowly step by step developed their business to foreign markets. This has normally been done through export and building up a sales office in the new country followed by production. The models that best describe this kind of internationalization are the Uppsala model and the Network model (Halldin 2012).

##### 3.1.1 The Uppsala model

The Uppsala model describes that the largest liability for a company's internationalization to a new country is based on its differences in language, culture, educational level, industrial development, business climate and the political system for the potential market. The larger this difference is, the larger is the liability of foreignness (Johanson & Vahlne 2009). Large differences indicates potential harm for the information flow between the internationalizing company and their foreign market. The differences do not always have to be correlated to the geographical distance, but it is very common that they are. One example where this is not true is Australia and Great Britain where the geographical distance is huge but the differences are very small (Halldin 2012).

The knowledge of the export market is central for an international engagement according to the Uppsala model. The experienced risk on a market gets lower depending on how much knowledge and information it is possible to get from the certain market. If the acquisition of knowledge is slow the companies who use the Uppsala model normally tend to overestimate the risk on that certain market. Normally acquisition of knowledge takes time and therefore the entry into new markets becomes a gradual and slow process (Halldin 2012).

##### 3.1.2 The Network model

The Network model's focus is on the knowledge of actors, activities and resources which can contribute to getting to know the strengths and weaknesses in the company's operational processes. The most important part from this model is that the market is perceived as a process of networking which links together market actors, their activities

and resources (Tikkanen 1998). The model shows that the interaction between market actors is the driving force which enables internationalization. With the help of a network of actors the company can get knowledge about their foreign markets through acquisition (Halldin 2012).

The difference between these two models is that the Uppsala model's focus is on getting knowledge about the market and in the Network model the focus is on the market as a whole. The Network model has built an insight that companies never work alone but rather act in a constant interaction with both formal and informal networks. This realization has had a great impact on internationalization theory (Halldin 2012).

### **3.1.3 Internationalization in general**

Internationalization is complex and there is never a “solo” effort, it is a result of network relationships that are both formal and informal. To be able to take maximum advantage of the firm’s network it is important to also have knowledge about third party contributors to an internationalization. This involves governmental assistance programs, local or foreign partners, foreign distribution and marketing agents (Mtigwe 2006).

Traditional start-up growth models typically consist of unstructured and short term planning at an early stage. Focus is on product development and acquisition of resources, while eventual market expansion strategies come up at later stages. Since the development of the traditional firm is seen as a process with distinct phases, the company must overcome these stages and progress forward in the process before it arrives at the market expansion phase (Wren & Gabrielsson 2011).

## **3.2 Born Globals**

This following part will investigate the theory that can be found about the BG phenomenon in the literature. It will be organized as such that BG firms first will be introduced. Then, any success factors that can be found in the literature will be described. Different factors are important within different areas of the company. So therefore, the success factors will first be divided and described in different categories. This will be followed by a model that describes the process of becoming Born Global. Since the current literature is mainly based on manufacturing companies, this type of company will be the focus.

### **3.2.1 Introduction**

BG firms are organizations that seek to use resources and have sales performance in multiple countries in an early stage as a strategy to gain competitive advantage. The term early stage often refers to within two to four years after the birth of a company (Wren & Gabrielsson 2011). A more quantitative definition is that BGs start to export within two years of inception and that the exports are at least a quarter of the total sales (Andersson et al. 2015).

Many BG companies are in the high-tech industry and outlined by small manufacturing companies that has developed a significant breakthrough in a technology or process, either by unique ideas or new business approaches. However, there are many examples

of BG companies that are not high-tech and produce standardized products in very specialized niche markets within mature markets (Andersson et al. 2015).

Unlike the traditional start-up firms, BGs do not progress through stages of a process, but instantly internationalize. This is because they already have the relevant experience, networks and commitment that is needed from start (Wren & Gabrielsson 2011).

One type of BG firms are the Born again globals (BAG). These companies have normally been focused and successful on their home market for a significant time period followed by a decreased demand and profitability in their region. The changes in the market forced them to increase their customer base by going global to survive and become profitable again (Bell, 2001).

Important factors that facilitate the rapid internationalization of BGs are global changes in the business environment (Wren & Gabrielsson 2011). These global changes will be described in 3.3 Global changes.

### 3.2.2 Barriers for SMEs

SMEs have limited resources and this makes it hard for them to manage the potential downsides of expansion abroad. Competence-related obstacles that occur for SMEs when internationalizing their business activities are limited resources and management skills, a perceived lack of demand for the product offerings, regulations, cultural differences and lack of language skills (Achtenhagen 2011).

These barriers for SMEs are often similar or the same for BGs who want to internationalize (Halldin 2012). Limited market knowledge intensifies the effects of these barriers. This leads to difficulties in knowing which foreign markets that SMEs should focus on and try to enter. Lack of interaction with key actors such as customers and suppliers leads to a lack of expertise and the will to go through with an internationalization (Achtenhagen 2011).

Rank – Weighted factor	Description of barrier
1	Shortage of working capital to finance exports
2	Identifying foreign business opportunities
3	Limited information to locate/analyze markets
4	Inability to contact potential overseas customers
5	Obtaining reliable foreign representation
6	Lack of managerial time to deal with internationalization
7	Inadequate quantity of and/or untrained personnel for internationalization
8	Difficulty in matching competitors' prices
9	Lack of home government assistance/incentives
10	Excessive transportation costs

Table 1 - Barriers ranked by SMEs using the top ten ranking method (Achtenhagen 2011).

To overcome these barriers to internationalization, three motivational factors are proposed that may stimulate the internationalization. The first is to focus on developing an international strategy. The second is to have an entrepreneurial vision and experience. The third is to use firm networks and also making use of external assistance to fill competence gaps (Achtenhagen 2011).

### 3.2.3 Success factors

The key success factors of BG companies found in the literature will be described in this sub-chapter. These will be categorized as entrepreneurial, organizational, product, marketing, network and learning capabilities.

#### **Entrepreneurial capabilities**

The internationalization process for a BG is normally driven by an entrepreneurial owner or manager who has a global mindset which helps them to find and exploit international market opportunities (Weerawardena et al. 2007).

Part of the importance of a global mindset is that it is important to not see the targeted markets as domestic or foreign, but as a single and domestic market. Going international has to be one of the reasons for even starting the company in the first place, and the business structure must be aligned with this (Coelho et al. 2014). The desire to compete internationally has to be strong and opportunities abroad are searched for continuously (Andersson et al. 2015).

For a new company that aspire to become global at an early stage, it is paramount for managers to have the global vision from the start (Wren & Gabrielsson 2011). This is identified as one of the most important factors, since it does not bind the business to certain markets. The whole world is seen as a potential market and competitive advantage is sought after from the start (Andersson et al. 2015).

BG companies often have a very dedicated founder who takes care of the leadership of the company and push the initiative for internationalization. They often possess a mindset that rather sees the opportunities with internationalization rather than the risks (Cavusgil & Knight 2015).

Knowledge of the market and commitment to expand to these markets are both important for the success of BG firms (Wren & Gabrielsson 2011). The desire to expand and compete globally has to be strong and new markets are continuously searched for and identified. Therefore, there is not just a need for the desire, but also the capability to find market opportunities and to identify any specific demands that the potential customers may have (Andersson et al. 2015).

In order to gain knowledge of the market, the managers or founders of BG firms need a high degree of experience from previous international ventures (Wren & Gabrielsson 2011). This affects the choice of which countries to be active in. The experience leads to the ability to start and maintain international relationships. This in turn leads to a higher quality of the organizational routines, which reduces the risks of international business (Andersson et al. 2015).

International experience may come from working abroad, in international companies or with international marketing. However, the relevant international experience does not have to come from international business ventures. It can also come from working in relevant industries and from life experience abroad (Andersson et al. 2015).



### **Organizational capabilities**

BG firms are flexible and therefore have an ability to quickly adapt to sudden external changes (Wren & Gabrielsson 2011).

Intangible assets are important for BG firms. These assets have to be unique for the BG firm and have to be created and maintained through knowledge management (Wren & Gabrielsson 2011). Intangible assets that a BG company have are the innovative capabilities that lead to the development of unique high value products (Andersson et al. 2015).

BGs normally have a strong innovative nature and culture in certain areas of their company. This leads to development in organizational capabilities that support great performance in international markets and early internationalization (Cavusgil & Knight 2015).

### **Product capabilities**

Product differentiation creates high value, which is important for BG companies in order to be competitive on the global market (Wren & Gabrielsson 2011). Unique products are developed from a unique resource that the company possesses. The products have to be inimitable. These unique products are targeted to niche markets (Andersson et al. 2015).

An important aspect of the products of a BG company is that in order to be inimitable they should be knowledge intensive products. These are products that are designed with high knowledge and understanding of its market, high creativity and cutting-edge design. To survive in high competitive markets, it is important for BGs to be at the leading edge in the development of their product or capability niche (Weerawardena et al. 2007).

Deep knowledge of existing products in the current markets and close relations to potential customers can allow BG firms to outperform their competitors. This is why market focused learning creates knowledge intensive products gives them great potential in niche markets and chances to avoid competition from large multinational companies (Weerawardena et al. 2007).

Knowledge intensive products can be created with market focused learning, that will be described under the learning capabilities. Consistent innovation and organizational learning approaches lead to that BGs can be at the leading edge of the development of its products or capability niche in developing knowledge intensive products (Weerawardena et al. 2007).

For manufacturing BG companies, service and contact with their customers is a key factor for success. The successful companies do not only focus on selling their product but also their product-service systems or just integrated product-service systems. With this approach the companies can continue to make money with its products even after the sale of the product. These customer connections and their continued work with the products helps them with innovation and their ability to build products that their customer wants to buy and use. The type of service described above is called servitization which is a known factor for success in BG companies. Servitization embraces the differences between selling a product and selling a product-service system

and it will be interesting to see how the future's and today's technology will help improve companies servitization ability (Knight & Liesch 2016).

### **Marketing capabilities**

As mentioned previously, there is a need for a capability to identify new markets, opportunities and specific demands. This, together with the product differentiation strategy leads to the next important factor, which is to not target a too broad customer segment, but to narrowly define the targeted customer groups and maintain a strong customer oriented strategy (Wren & Gabrielsson 2011). The unique products that the BG company offers are targeted mainly to these niche markets (Andersson et al. 2015).

As a combination of the previously stated key traits, BG firms need to immediately establish an international niche-strategy in lead markets spread globally, where there is a strong need for commitment to overcome any obstacles that may be in the way of internationalizing (Wren & Gabrielsson 2011). BG firms are built on distinctive dynamic marketing capabilities that allow them to effectively access multiple markets with their cutting-edge innovative products. These marketing capabilities are developed through a process where the company's employees solve marketing problems that can occur by using their knowledge in that area (Weerawardena et al. 2007).

Nations with small domestic markets tend to have a higher frequency of BGs. The limited domestic market has quickly constrained high-tech companies from growing. Therefore, in order to expand further, the company needs to internationalize (Wren & Gabrielsson 2011). This is why companies in such small countries tend to have a higher tendency to become BG (Andersson et al. 2015). Finland is an example of a small country that has been a great source of BG companies with this early market constraint (Wren & Gabrielsson 2011).

### **Network capabilities**

One key trait for BGs is to exploit and use any personal networks or business networks that are available (Wren & Gabrielsson 2011). Entrepreneurs with experience from the relevant industry may have a broad network that can be exploited for financial support and strategic partnerships (Andersson et al. 2015). Successful BGs tend to be very effective in building global networks of collaborators, such as agents, distributors, representatives, and suppliers (Cavusgil & Knight 2015).

BG firms do not have the same resources and financials as large multinational companies do. Many BG companies are dependent on a single product and are much more vulnerable for market changes. To meet these fluctuations, they often seek partners who can complement their own competences in their leading markets. This helps them reduce the risks, uncertainties and makes it possible to test ideas and gather resources. It is very important for companies to maintain and take care of their networks in order to be able to have a successful internationalization process (Weerawardena et al. 2007). By establishing an international business network, any gap of international experience and knowledge of foreign markets can be filled (Andersson et al. 2015).

Partnering with a multinational brand is a common way to be able to distribute and create awareness around the globe. The BG firms are valuable for these multinationals

as they themselves may lack innovation capabilities and the ability to create new innovative products. This is compensated by their knowledge in distribution, marketing and supply chain management. Therefore, it is not uncommon for BGs to have that included in the strategy to be acquired by these multinationals, once established (Coelho et al. 2014).

For already globally established BG firms, the international business network continues to be important. BGs heavily relies on their suppliers, investors and distributors. The connection with these are of utmost importance (Andersson et al. 2015).

### **Learning capabilities**

Two types of learning capabilities that are important for BG companies are found in the literature. These are market-focused learning capability and internally focused learning capability (Weerawardena et al. 2007).

Market-focused learning capability is characterized by the acquisition and distribution of market information and useful knowledge. This ability is important for the management to reach their goals in international markets. Unlearning is also important which is about learning from previous mistakes. Proximity to markets and customers is very important and beneficial for a rapid internationalization (Weerawardena et al. 2007).

To remain competitive and successful BG firms have to maintain a market-focused learning capability. This is to continue to be able to create products that are superior to the competitors and to create them before the customers even know that they have a need for the product (Weerawardena et al. 2007).

Internally focused learning capability is the acquisition and distribution of technological and non-technological information which is created inside the company. Examples of this can be how the company generates information into knowledge and unlearning routines. BGs normally operate in high-tech industries but they are also representative in all different types of industries, whether they are high-tech, low-tech or non-tech. To create value for the company it is important that BGs are innovative in all these areas and not just one. This requires distinctive internally focused learning capabilities (Weerawardena et al. 2007).

#### **3.2.4 Obstacles for BG firms**

Following is a description on how the identified success factors can be used in order to overcome the identified obstacles for BG firms.

### **Distribution**

One obstacle that is key for manufacturing BG firms is distribution. The company needs to get their physical product delivered to the customers around the world. This can for example be solved by partnering with a large multinational firm that already have the logistics, factories and markets to distribute around the globe (Coelho et al. 2014). Examples of possible partnerships are hybrid structures like network partners and joint ventures (Andersson et al. 2015). This however limits the marketing opportunities for the BG firm in countries where the large multinational does not operate (Coelho et al. 2014), since there is a lack of previous experience from these markets (Andersson et al.

2015). These types of partnerships may also be risky due to the fact that a multinational company may end the collaboration, leaving the BG firm with resources spread around the globe but no remaining customers (Altshuler 2012).

### **Product awareness**

Another obstacle is that there is a need to create awareness of the product. People around the world need to know that the product exists (Coelho et al. 2014). This is the case for both manufacturing and digital firms. However, it could be easier for a digital BG to make the product available for potential customers for testing before buying, for example through downloading via the internet.

### **Financial capability**

There are a lot of studied case examples of successful BG firms that have had the goal to develop a high end product for a niche market on the global arena, like the literature suggests. Developing such a product, as well as marketing and distributing it to these customer segments requires capital (Coelho et al. 2014). The economic capability may limit the company to certain markets, not reaching the global goal (Andersson et al. 2015). It is common for BGs and sometimes vital for them to have collaborations with multinational companies. This can help them secure their funding for the first critical years. This is not only important for the funding but also helps them in other areas such as R&D, networking and information sharing (Altshuler 2012).

#### **3.2.5 Digital companies**

While the majority of research within the BG phenomenon have been conducted on manufacturing firms, there are some studies on digital or software firms.

New digital technologies have had a huge impact in the rise of BG companies. New methods that for example enables full-time availability, personalized treatment and instant delivery of standardized offerings to a large market and also at a low cost and risk. The new technologies can help make smaller firms with low funding appear large and worldwide (Knight & Liesch 2016).

#### **3.2.6 New Zealand exporters**

When investigating the BG phenomenon, it is a good idea to look at New Zealand firms. New Zealand is an industrialized country located at the far edge of the world. The only country considered a neighbor is Australia, still located a significant distance away and only accessible by air or sea. What is interesting about New Zealand firms is that they cannot use the traditional internationalization models presented earlier in this chapter. After Australia, the next most popular countries to expand to are the Pacific Islands, the US and the UK (Shaw & Darroch 2004).

Once New Zealand firms decide to internationalize, they might as well go global, since the only barriers of entering a new market are the barriers of going international in the first place. Therefore, once a New Zealand firm decides to go international through exporting their business, they may be considered global. This can happen from the inception of the company, similar to the BG firm, but also after the company has matured on the domestic market, similar to the Born again Global. However, there are firms that never go international, perhaps because of the perceived barriers. In this New Zealand

case, these types of firms will be categorized as exporters, likely exporters and non-exporters. Exporters are firms that have internationalized, likely exporters are those that plan to go international and non-exporters are the firms that are unlikely to internationalize (Shaw & Darroch 2004).

It is found that the perception of the barriers to internationalization have a bigger role than the actual barriers do. The important decisions are firstly whether to go international in the first place, and secondly which markets to enter and the level of international involvement. These decisions are all influenced by the perceived barriers (Shaw & Darroch 2004).

In the case of exporters and likely exporters, the perceived barriers to internationalization were primarily financial and cost-related factors. Another barrier for these two types was the lack of incentives from the New Zealand government. The likely exporters saw their lack of international experience as a barrier. For the non-exporters, the firm size was considered the primary barrier to internationalization, but also the lack of international experience and market knowledge. For New Zealand firms, industry does not seem to have an impact on how the barriers to internationalization are perceived (Shaw & Darroch 2004).

The small size of the New Zealand economy is seen as a hinder for the growth of the domestic firms. Therefore, there is a need for successful international operations in order to continue to grow. These international firms are in turn important for the country itself and its economy (Shaw & Darroch 2004).

In most cases, the exporting New Zealand firms use some kind of collaboration or partnership when going international. These can be third-part agents, joint ventures or strategic alliances. By using agents or partners, the companies themselves may focus more on their product and offer (Shaw & Darroch 2004).

### **3.3 Global changes**

The following part investigates how the global market has changed and expects to be in the future, which may have an impact on the rapid internationalization of companies.

Some of the reasons that BG companies have started to appear are due to global changes in the business environment and in the social progress. The traditional internationalization models, like the Uppsala model presented earlier in this chapter, have been developed in a time when international trade was not as big as it is today. The development in international trade has led to a global market that facilitates the emergence of young firms that have the possibility to go global from inception (Halldin 2012).

#### **3.3.1 Specialization**

One global trend that has led to the emergence of BG companies is the degree of specialization. This applies to most industries, and especially the high-tech industry. Due to this, there has been an emergence of niche markets in industries like medicine, biotechnology and IT. In these types of industries, a high degree of specialization may lead to competitive advantage due to unique high-tech products. However, these unique

niche products do not have a very large potential customer base, especially in the domestic market. Therefore, many firms start looking internationally, or even globally, from very early stages. Due to this, the emergence of more niche markets should lead to the emergence of more BG companies (Halldin 2012).

### **3.3.2 Information technology & transport**

Another factor due to global changes that affects the success of BG firms is that communication and transportation technologies have been heavily improved (Wren & Gabrielsson 2011).

There have been a lot of development in production technologies and information technology in the near past. Automation has increased and is used to a much greater extent than just a few decades ago. Because of this, the potential for small and newly started firms to compete internationally has increased. Another factor is that the international distances has decreased due to that computers, phones and other similar technologies are used to a much greater extent. This distance has also decreased because of developments and progress in logistics. All these developments have made it easier for companies to internationalize in a very early stage, something that was not possible before (Halldin 2012).

### **3.3.3 Globalization**

Globalization and reduced international trade barriers have had a huge impact on the emergence of BG companies. One example is because of the World Trade Organization. This has facilitated the flow of information across borders and an increased knowledge of the outside world. Much effort is put on small countries that are dependent of export in order to remain sustainable. Because of this export dependence, the companies in these small countries often get help to internationalize, since it favors the country as a whole. This importance for the prosperity of these countries is known globally and these efforts facilitate the early internationalization of BG companies (Halldin 2012).

Globalization has also resulted in that people travel more, as well as study or work abroad. Therefore, international experience from other countries or cultures is more common than it used to be. The risks of early internationalization have been reduced since entrepreneurs and business leaders have been able to gain international experience at a much earlier stage. Their knowledge of international markets have also had an impact because of this and therefore much more open to international expansion. These factors have led to that the founders of BG companies often have international experience, knowledge of foreign markets, as well as they have been able to build up an international network. Because of the developments in communication technologies presented earlier, it is much easier today to maintain these networks. The result of these changes is that many parts of the society and social life have been internationalized, which has led to that companies today have a much easier time to internationalize their business (Halldin 2012).

Another aspect of globalization that facilitates the rapid growth of BG organizations is the global standardization of consumer tastes (Wren & Gabrielsson 2011).

### 3.4 The future for Born Globals

The future indicates for a day in the near future when entrepreneurs make little or no distinction between markets and opportunities based on national boundaries, especially for digital BGs. Differences between nations will lose importance over time as entrepreneurs' focus will be on differences in business contexts. They will therefore rather look at the culture, political systems and economic conditions for their potential market instead of looking on country borders (Knight & Liesch 2016).

Analyses of BGs have shown that any firm undependable of their size, base of experience or resources can participate in trade across borders. They represent an optimistic, modern trend for an international business (Cavusgil & Knight 2015).

To survive and succeed today and the in future industries it is important to have a continued high focus on innovation and entrepreneurial competence for BGs. This because of rapid changes in the market (Cavusgil & Knight 2015).

It gets easier and easier for newly started firms to internationalize and become successful globally. This is due to continuous developments in technology that changes the business environment for these types of firms. There is however a need to acquire new capabilities in order to make use of these developments in technology. This constitutes a huge risk for newly started firms that go global, since they need to continuously optimize the value chain globally (Cavusgil & Knight 2015).

Companies need to be more innovative along their value chains, both in identifying and exploiting their opportunities. This in order to more effectively predict and control the continuous changes in the business environment. Successful companies in the future will more often be characterized by their agility and flexibility toward the market. BG firms should develop and try to find collaborative ventures and network relationships. This can help them to identify potential risks and dangers early and to avoid these potential costly missteps. The relationships will also be able to contribute to discover new business opportunities, collaborations and so forth (Cavusgil & Knight 2015).

The amount of information that the potential customers can get worldwide is increasing every year and the information flow is in favor for the customer. To take advantage of this young firms can collaborate with consumers to enable more effective buyer interactions, optimize the customer experience and of course develop new products and services. Increased focus on international growth markets with a target on emerging markets and middle class consumers will require companies to develop new business models and skills, cut down costs and highlight the importance of being agile. Underserved niche markets which will be found in emerging markets and developing economies is a very promising market for BGs in the future (Cavusgil & Knight 2015).

In the near future startup founders will pay little attention to the location of their suppliers and their customers. The concept of an internationalization may become irrelevant to next-generation entrepreneurs. A lot of these founders will not care about the location of their sales and value chain activities. This is especially true for digital companies that are specialized in information-based services and coordinate their value chains with the aid of iPads, iPhones and similar devices (Cavusgil & Knight 2015).

There are some key factors that will be important for BG firms to continue to flourish in the future. They need to continue to focus on entrepreneurial orientation and innovation. There is a need for the ability to revise and refine the firm's offer in order to continue to have a technological edge. The engagement of networks of customers, suppliers, partners and other stakeholders need to be dynamic. When transitioning to a more complex organization, the firm has to keep the entrepreneurial prowess. The ability to balance opportunity and risk will still need to be maintained and sharpened. The organization as a whole has to remain agile and experimenting (Cavusgil & Knight 2015).

### **3.5 Theoretical models**

In this sub-chapter, any additional theory that will be used in the analysis will be presented.

#### **3.5.1 Freemium Business Model**

The freemium business model is a business model that is popular within the internet and smartphone application industry. The word "freemium" is a combination of the words "free" and "premium". For internet and smartphone application start-ups, it has become a business model that dominates the industry. The basics of the model is that basic features are available for free, while the full product is available after a subscription fee is paid. This business model is used in many types of companies, including B2C and B2B (Kumar 2014).

The features available for free constitutes a marketing tool. New start-ups are able to attract users with basically no marketing costs. The main purpose of using this strategy is to attract as many users as possible. These freemium strategies have turned out to be more successful than to offer a limited free trial to try the product, where a credit card has to be registered (Kumar 2014).

Most products based on a freemium business model incorporates social networks in the product, providing benefits for people who invite their friends to use it. The fact that the product is free makes these features very successful (Kumar 2014).

This business model does however have to be maintained in order to be successful. There has to be a balance between the free and premium features. Too many features cannot be available for free, while the free version cannot leave too many features out. This balance may be difficult, as users may leave if they have to pay for features that previously were available for free. The premium features also have to be clear for the users, in order to attract people to pay for the product (Kumar 2014).

The right balance of free and premium features in a product using the freemium business model can be a great way to quickly attract a large user base (Kumar 2014).

#### **3.5.2 E-commerce**

E-commerce is defined as the buying and selling of goods and services over the internet. The transactions are normally divided in the categories business-to-business (B2B), business-to-consumer (B2C) or consumer-to-consumer (C2C) (Rouse 2012).



Retail sales direct to customer from an online shopping page is for example a B2C. In this category of retail e-commerce, the sales increased with 23.7% between 2015 and 2016 worldwide. In 2020 the sales are expected to double from 2016 (Chaffey 2016).

E-commerce has increased the customer's ability to be informed of their purchase. It is much easier to compare products and get more objective reviews from previous customers rather than taking advice from the sales person in a physical store. The price competition has intensified and the fact that you can order your product from anywhere in the world has led to lower price differences between countries (Economist 2010).

The increased information flow has also helped the companies with managing their supply chains. An increased and more direct contact with their potential customer online instead of with their distributor has helped companies to easier plan and handle their demand and inventory levels (Lim 2015).

### 3.5.3 Unicorn companies

So called unicorns are private start-up companies that have been backed by venture capital and are valued to more than a billion dollars. When looking at market capitalization, start-ups with venture capital backing have been growing faster and faster the last couple of years. Start-ups today grow twice as fast as those founded ten years ago. One explanation of this fast growth is that there may be a bubble, due to many venture capitalists who want equity in these unicorn companies, and therefore over valuating the firms. Another explanation is simply that new products and services are discovered and adopted much faster that they were before. This due to the word-to-mouth effect via social media. There are also new types of products being made available, for example when the smartphone with its applications was released. This opened up for a much faster and more effective way of distributing software. With the App Store and Google Play, three billion customers can be reached worldwide without having to establish a distribution system (How Unicorns Grow 2016).

These tech start-ups are creating new product categories, and this at a faster and faster pace as the time goes by. In some categories there is a winner-takes-it-all factor in play. This can be seen for Facebook and LinkedIn as two examples. In their categories, these two have captured over three quarters of their markets, with barely any potential for other actors (How Unicorns Grow 2016).

## 3.6 Summary of success factors

In this sub-chapter, the key findings of the literature study will be summarized and listed below. These key findings are those that primarily will be used for the case study, survey and analysis. All the identified success factors to rapidly go global will be listed and shortly defined below.

### **Previous experience**

Any industry or international experience. This can be acquired from working abroad, working in the relevant industry, working with international marketing or life experience abroad.

**Market knowledge**

Any knowledge of the targeted markets that can be used in the internationalization.

**Networks**

Any personal or business networks that can be exploited. These can stem from the previously mentioned international experience.

**Global vision**

The desire to expand and compete globally. The business is not bound to certain markets. The whole world is seen as a market.

**Commitment to internationalization**

The commitment to internationalize and to overcome any obstacles that may arise.

**Capability to find market opportunities**

The capability to find international market opportunities and to identify specific customer demands.

**Limited domestic market**

At a certain point, a small market in the home country limits the growth of a business. In order to grow the business, it must expand internationally.

**Adaptability**

The ability to quickly adapt to sudden external changes. These can for example be sudden changes in customer demands.

**Unique products**

Providing unique differentiated products that are inimitable. The products are highly unique compared to the competitors' products.

**Niche markets**

Marketing of the product is targeted to narrow customer segments. Too broad customer segments is detrimental for the rapid internationalization. BG firms tend to be successful in high-tech niche markets.

**Customer oriented strategy**

A strong customer oriented strategy when developing the product. The product is adapted to the customer by integrating the customer in the development.

**Intangible assets**

Any assets that make a product or service inimitable and unique. These can be innovative capabilities, knowledge management, innovative culture and unique resources.

## 4 Case study

*In this chapter the case study, that the analysis will be built upon, will be presented. The case study will be analyzed in chapter 6 together with the theoretical framework and empirical findings.*

### 4.1 Introduction

The aim of the case study is, as mentioned previously, to gain an understanding of how digital BG companies differ from the current literature that is mainly based on manufacturing BG firms. The focus is on how these two types of firms differ regarding the success factors of rapid internationalization.

In chapter 3, a list of success factors was presented for BG firms, based on literature of mostly manufacturing firms. In this chapter, these factors will be tested on several cases, consisting of digital and manufacturing BG firms. Within these types, the companies will be categorized as either SMEs or unicorns. This will provide data that will then be analyzed in chapter 6 together with the theoretical framework already presented.

### 4.2 Unicorn companies

The first four case companies that will be studied are the examples of very successful BG companies that are known worldwide. Unicorn companies are as previously defined start-up companies backed by venture capital that are valued at over one billion dollars. These are the extreme examples of successful BG companies.

#### 4.2.1 Case 1 - SoundCloud

SoundCloud is a social platform for sound and music. Anyone can create and share sounds, as well as comment on others. The audio can easily be shared to other social media, like Twitter, Facebook and blogs (SoundCloud n.d.).

#### **Internationalization**

SoundCloud was founded in 2007 by two Swedes. It was started in Berlin, where the headquarters are located. While founded in Berlin, the company was registered in the UK (Aronsson 2014). Even though the idea was born in Sweden, Berlin was considered a much more start-up friendly environment (England 2015).

The product was launched in 2007 (Carlsson, 2016). The company got self-sustainable very quickly (Ahlfort 2013). However, there was a bump during the financial crisis in 2008 (Aronsson 2014).

In April 2009, Doughty Hanson Technology Ventures invested €2.5 million in SoundCloud (CrunchBase 2016b).

In January 2011 Index Ventures and Union Square Ventures invested together €10 million in SoundCloud (CrunchBase 2016b).

In January 2012 Kleiner Perkins Caufield & Byers invested €50 million in SoundCloud (CrunchBase 2016b).

In January 2014 IVP (Institutional Venture Partners) and The Chernin Group invested €60 million in SoundCloud (CrunchBase 2016b).

In 2013, SoundCloud had 200 million users listening to music, where 40 million were registered users (Mederyd Hårdh 2014).

In 2014, there were 250 million users (Aronsson 2014). There were also rumors of an acquisition by Twitter, priced at 1 billion dollars. The acquisition never happened (Cook 2015).

In 2015 there were over 100 million tracks uploaded on the music service (England 2015). The same year, a service was launched for podcasts, meaning SoundCloud would include the spoken word and not just music (Cook 2015).

In January 2016 Tennenbaum Capital Partners invested 35 million in SoundCloud and in June 2016 Twitter Ventures invested €70 million (CrunchBase 2016b).

While SoundCloud was initially a place for independent artists and DJs, it has grown into one of the biggest streaming sites (Cook 2015). Today, it is one of the top online platforms for audio distribution (Luo 2014).

## **Findings**

The founders of SoundCloud are Alexander Ljung and Eric Wahlforss. They met in 2006 at university, both studying at KTH Royal Institute of Technology in Stockholm, Sweden. There they got to know each other and ended up doing their master thesis together (Ahlfort 2013). The thesis was performed in Silicon Valley, interviewing companies about start-ups (Tatsis 2015).

The founders both had a passion for music (England 2015). They were both frustrated that there was no smooth solution for the distribution of audio. As musicians, they needed a platform where large audio files could be transferred. This is where the idea was born of a platform where anyone could record, put up and share their audio files online (Tatsis 2015). With this platform, artists would be able to share their work and get inputs from both other artists and listeners (Luo 2014).

One of the founders, Alexander Ljung, was used to hopping between countries. He was born in the UK and during part of his childhood he was located in the Middle East. His mother was British and his father was Swedish. They ended up moving to Sweden eventually (England 2015).

The other founder, Eric Wahlforss, had an entrepreneurial mind. He knew that ideas were possible to fulfil. He also knew that he wanted to reach out to the world and create something big. Before starting his studies in Stockholm, Eric spent time in Berlin recording an album. He went to a school in Italy and also had plans on going to school in the US (Tatsis 2015).

Before ending up in Berlin, the founders were looking at opportunities to start their business in London and Vienna. One of the reasons that they ended up in Berlin was that

they got in touch with Eric's old boss who believed in their idea and gave them his support (Tatsis 2015).

The founders wanted to create a platform that would be similar to Flickr, but for sound instead of photos (England 2015). The founders recognized a gap in the market where there was a platform for people working with audio, like Flickr had been for photographers (Luo 2014).

The product is described as the YouTube of audio, where anyone can upload audio files and comment. The aim is for the creators and listeners of music to communicate, unlike Spotify that is just a music provider (Aronsson 2014). The product is very easy to use. It is the simplicity of the product that attracts artists (Ahlfors 2013).

There was no direct competition from the start (Ahlfors 2013). However, indirect competitors have been identified because of SoundCloud being both a music platform as well as a social media. These are therefore ranging from Spotify and Tidal in one end, to Facebook and Twitter in the other end. With the rumored acquisition of SoundCloud by Twitter, it was clear that Twitter wanted to get involved in music (Cook 2015). Unlike the competitors, SoundCloud does not put a lot of time into spreading the word about its achievement. Focus is instead on building a platform and growing (Cook 2015).

Anyone who plays an instrument is regarded as a potential customer for SoundCloud. For example in the US, this refers to 200 million people. These customers are identified since anyone playing music might be interested in sharing and getting comments on their music (Ahlfors 2013). The product ended up attracting everything from aspiring musicians, mainstream artists, DJs, and podcasters (England 2015). These users were offered a way to advertise their music for free (Carlsson 2016). In order to get an artist's music on Spotify, the artist would have to go through a distributor. With SoundCloud, anyone can upload any music or audio free of charge (Cook 2015).

SoundCloud has targeted both independent musicians and copyright holders. Adjusting the product to both types of customers has been difficult and a lot of work has been put into simply keeping the service the same, not changing too much (Cook 2015).

Apart from the creators of music, the listeners are also considered customers of SoundCloud. Since music is important to most people, the potential customers are in the billions (Levine 2015).

When SoundCloud was launched, they did not have any secured licensing deals with record companies. They started building these up as the product had already been launched. This can be compared to for example Spotify who started in the other end, and made sure to have secured license deals with multiple record companies before launching their service (Carlsson 2016).

Regarding the corporate culture at SoundCloud, it is a very relaxed culture, with employee perks like being able to work out of any SoundCloud office. This is a benefit that has become common among start-up firms and in SoundCloud's case means that employees can work in any office, like for example Berlin, San Francisco, New York and London. This way, they may experience new cultures and working environments, which

promotes a global mindset in all employees. According to the founders, creativity is also an important factor when running a startup. A creative mindset is helpful when the challenges of starting a company arises (Luo 2014).

SoundCloud is a great example of a company that has solved a niche problem very well. By doing this, it is likely that that other people's problems are also solved, leading to an inevitable growth. The aim was always a unique business niche, however with a global focus. This was instead of copying an already existing business model and apply it to a local market (Weverbergh 2013). Profitability was never a primary goal and the plan was always a long-term one (Levine 2015).

#### **4.2.1 Case 2 - OnePlus**

OnePlus is a Chinese company that produces high-tech smartphones for half the price of their equivalent competitors, such as Apple, Samsung and HTC (Arthus 2015). The company is focused on E-commerce, their phones are only available to buy online through their own website and at online stores such as eBay (Cermak 2016).

#### **Internationalization**

OnePlus was founded in December 2013 by Pete Lau and co-founder Carl Pei (Cermak 2016).

They unveiled their first smartphone in April 2014 in China (Lai 2014) and in May 2014 they released their phone to the whole of Europe and North America. In the end of 2014 OnePlus had sold 1 million units, which was ten times more than what the company had expected (Arthur 2015).

In December 2014 they went into India exclusively through Amazon (Cermak 2016) and in January 2015 they partnered with the e-commerce company Lazada for their expansion to Southeast Asia (Bridget 2015).

Today in 2016 they have been established for two years in three of the biggest smartphone markets in the world, which are the US, China and India. They have released four different smartphones (Agarwal 2016). The phones have been sold in 42 different countries (King 2016).

In the future, the focus will be to continue to market OnePlus in Europe, the US and India. The focus is to go deeper in the markets that the company is already present in, rather than going broader (King 2016).

#### **Findings**

The two founders of OnePlus are, as mentioned, Pete Lau and Carl Pei. Lau is a Chinese businessman who left his job as vice president of Oppo Electronics. Lau had worked his way up in the company from his starting job as a hardware engineer (Kastrenakes 2013). Oppo Electronics is a Chinese company focused on home electronics and Lau was specialized in the company's Blu-ray division for most of his years in the company. He left his job as a trusted person with a large personal network in China (Cermak 2016). When starting OnePlus Lau had the same financial backers that were behind the former company he had worked for. He had a lot of experience and knowledge from the production of hardware products in China (Cermak 2016).

According to Lau the three main success factors behind OnePlus' quick and successful globalization with 16 countries in just eight months were as followed. Firstly the product had high quality which was important since it was the core of the company. Secondly a global mindset was and still is really important. Thirdly, experienced workers from other countries has played a huge part. After one year OnePlus had 30 employees from over 10 different countries. They recruited people to the company online who showed great interest in their product and what they were doing. This gave them valuable input about how foreigners think and insight of what they look for in a smartphone (Kastrenakes 2013).

The co-founder Carl Pei was born in China but moved to the US when he was four years old. Later, he moved to Sweden where he lived and went to school for the larger part of his life. Pei did not have the same experience as Lau had. He was young, did not speak Chinese fluently and had dropped off from his studies at Stockholm School of Economics. However, he had worked for the same company as Lau, Oppo Electronics, with focus on internationalization and e-commerce (Cermak 2016).

At OnePlus, Pei got trusted with the responsibility to be in charge of the internationalization outside of China. From his time living abroad and being active on different tech-forums, he had established a broad global personal network that helped them hire co-workers with international experience (Cermak 2016).

At a young age, Pei had been very entrepreneurial and created a lot of different websites where he made money from advertising. At the age of 18, he made 50 000 SEK a month from a web page he created that let people download backups of their computer software that they legally owned. His parents did not like his business and therefore he started studying. However, he got tired of the studies. Pei knew that if he was to make it as an entrepreneur, he would have better chances if he moved to China (Cermak 2016). He took a gap year and moved to China. There, he started selling electronic products from China to other countries through eBay, Blocket and Tradera, as well as his own web page. Pei managed to search engine optimize the web page to the extent that the sales increased. After increasing the sold quantities, leading to better deals, he was able to put his own brand on the products (Wallenberg 2015). After having managed a fan website for the Chinese electronics company Meizu, he got an offer to help Meizu expand globally. The expansion did not turn out as it was supposed to, mainly because Meizu was not ready to change their focus from China. Pei then contacted Lau through an online forum and said he was in China, interested in the hardware industry and ready to make a change. He got a response in 6 minutes, a job at Oppo electronics and then later they created OnePlus together (Cermak 2016).

The vision for OnePlus was to reach the whole world. The expectations were that the Chinese market would dominate. However, after one year, 65 percent of the revenue was from outside of China (Cermak 2016).

OnePlus does not want to be identified as a budget manufacturer of mobile phones. It wants to produce the best phone available on the market, regardless of the price, focus on e-commerce and remove all unnecessary functions that other companies only have for marketing purposes (Cermak 2016).

OnePlus only sells the phones online and mainly through the company's own website. The reason for this, according to co-founder Pei, is that the channel cost for a physical store with staff can be up to 30-40 percent of the phone's price. This is the reason why OnePlus can produce a better product to a lower price (Wallenberg, 2015). The price of their phone has increased with each model released from \$299 to \$399 for their latest phone "OnePlus 3" and their next phone is expected to cost around \$480 (Agarwal, 2016).

Large investments are required for a hardware company to get going and there is a lot of risk for hardware start-ups that do not apply to digital firms, with the main issue being cash flow and inventory risks according to Pei (Chavis 2014). OnePlus was initially financed by the same Chinese investment companies that had invested in Oppo Electronics. However, the company continued to search for investments from foreign companies, mainly for their expertise and not for their money. The founders behind OnePlus are looking for more knowledge in how to expand globally (Wallenberg 2015).

Before the "OnePlus 3" phone was released, there was a need for an invitation in order to be able to buy and get a hold of a OnePlus phone. Early adopters, who were active in the forums or contests on the company's website were able to get these invitations (Cermak 2016). The early adopters also help the company to make decisions on specifications and features on their phones through the online forum and in social media (Richard 2014). All people who later bought a phone also got new invitations that could be distributed to friends and family. This worked out well for the company. The phone sold itself and OnePlus could still maintain control of their capacity in production. According to Pei this was possible because the phone really turned out as expected, since a high quality product sells itself. A lack of quality would have led to that people would not have given away invitations to their friends. That is why the company put a lot of money in making the product great rather than spending money on marketing. Pei believes that in the long run, consumers will get smarter and will have greater knowledge in what kind of product they are buying. Therefore normal marketing will have less value in the future, e-commerce will grow and high quality products will market and sell themselves (Cermak 2016).

At first, marketing was only directed towards the core users. These are the ones described above, who are very active on the company's website. Later on, the targeted customer segment has shifted towards the mainstream market. The marketing has however heavily relied on the users of the product to like the phone and spread the knowledge of it through word-to-mouth. By continuing to make high quality products, the products will market themselves towards the mainstream market (King 2016)

OnePlus received criticism after having launched the "OnePlus 2" without the recent NFC technology included. NFC is a solution for paying in stores with a chip that is implemented in the phone. This was a mistake due to the primary customers being early adopters who want to use the latest technologies. After this mistake, OnePlus has become more customer oriented when developing the products. The NFC technology was implemented in the "One Plus 3" phone (King 2016).



Pei has stated that one of the reasons for the company's success is how the process of buying and selling mobile phones has changed recently. One example is that the previous two-year contract lock-in scheme has been disposed of by most carriers. The sales of unlocked smartphones has grown by 150% in 2016 on the US market. The traditional way of selling locked phones at different carriers is decreasing and is estimated to continue to do so. OnePlus wants to position itself in the unlocked phone market as a premium player (King 2016).

#### 4.2.2 Case 3 - Airbnb

Airbnb enables people to list or rent short-term lodging through their website (Brennan 2011). It can be described as a peer-to-peer apartment rental service that provides alternative options to hotel rooms (Shontell 2014). The company receives percentage service fees from both guests and hosts with every booking that goes through (Brennan 2011).

#### **Internationalization**

Airbnb was founded in 2007. Six days after the start of the company they had three paying guests (Salter 2012).

One year later in 2008 they still did not have a customer base (Wakeford 2012). They relaunched their website in August 2008 and started taking percentage fees from both sides of the deals in people who listed and rented. In the beginning of 2009 they already had got listings from outside the U.S in countries such as Germany, the UK and Brazil (Hahn 2015).

By the end of 2010, it was announced that Airbnb had 700 000 nights booked, of which 80% had been booked in the last six months (Wortham 2014). They now had listings online all over Europe, Australia, New Zealand and South Africa (Hahn 2015).

In February 2011, Airbnb got its one millionth booking since the website had reopened in 2008 (Wortham 2014).

In January 2012, the 5 millionth night booked was announced. Six months later, this had doubled to 10 million nights booked (Airbnb 2012). This represented a growth of 400% in just a year (Salter 2012). At this time, 75% of the business was now made outside of the US (Airbnb 2012). Most bookings were located in Europe at this time (Salter 2012).

By 2014, Airbnb had become a leader of the so called shared economy, which will be described under findings. During this year, 11 million guests had stayed at over 600 000 listed hosts in 160 countries. The company was valued to 10 billion dollars (Konrad 2014).

Today, in 2016, Airbnb has nineteen offices around the world, over 60 million guests in more than 2 million residences in over 191 different countries (Airbnb n.d.b). In September 2016, they were valued at \$30 billion by Google Capital and other smaller investors who together funded Airbnb with \$855 million (Farrell & Bensinger 2016).

## **Findings**

The founders of Airbnb are Brian Chesky and Joe Gebbia who were two young broke design students with a shared vision of coming up with an idea and creating something together (Salter 2012)

Brian Chesky majored in industrial design at university (Hartmans 2016). He did not have any relevant experience from either managing a business or developing websites (Gallagher 2015). In fact, before founding Airbnb, he had no knowledge of what a tech-firm was (Hartmans 2016).

Joe Gebbia had an entrepreneurial mind at an early age (Airbnb n.d.a). He had some entrepreneurial experience within the design industry. He had designed a cushion that was for people with back pains. He had also developed a website where product designers could find resources that were eco-friendly. The site has been described as an Amazon for sustainable materials (Salter 2012).

The idea was born when the two founders struggled to pay rent and decided to rent out three airbeds in their living-room during a design conference in town. The day after they created [airbedandbreakfast.com](http://airbedandbreakfast.com), six days later they had three paying guests and were now able to pay rent (Salter 2012). At this moment, they knew that this would be a great business idea that could become huge, they just needed to convince investors the same thing (Wakeford 2015). In 2008, one year after the inception of the company, the founders still did not have a customer base or any financial backers. Despite a lot of credit debit but they still strongly believed in their idea (Wakeford 2012).

Nathan Blecharczyk with a background in computer science joined as the third co-founder of Air Bed & Breakfast and became responsible for the technology aspects of the company (Malik 2011). Blecharczyk learned how to code at an early age. He taught himself by reading books on programming. At the age of fourteen, he had already made 1000 dollar by charging for his programming services. This triggered an entrepreneurial mindset. Two years later, he had a one million dollar business that he ran from his parents' basement (Cocozza 2016). This company had customers in over 20 countries (Airbnb n.d.a). With the money from this business, Blecharczyk could fund his own tuition fees at Harvard (Salter 2012). Before starting at Airbnb, he had experience from working for Microsoft, OPNET Technologies and Batiq (Airbnb n.d.a).

The focus was still on events such as conferences but it was soon realized that it was not the primary reason for the use of the service. In the summer of 2008 the idea came up to build a website where rooms could be booked room anywhere around the world, which is still the concept of Airbnb to this day (Malik 2011).

The primary problem was to get people to use the website. The founders continued to focus on marketing the company in high-profile events where there was a lack of housing. To help fund the website, the founders created and sold breakfast cereals with focus on the ongoing US presidential election between Obama and McCain. During this time there was a huge focus on the use of keywords online to get search results. Focus was also to try and get bloggers to write about the website. The goal with this was not only to get marketing in the US but also worldwide because they knew that when any of

the big newspapers released an article it would spread around the globe. This got them in contact with the venture capitalist Paul Graham (Malik 2011).

Paul Graham was the co-founder of a start-up mentoring program, called Y Combinator (Salter 2012). Airbnb got into this tech incubator in 2009 where they ended up with funding from both Graham, as well as Sequoia Capital, for around 600 000 dollars. After this first investment, more funding continued to come from a range of investors (Konrad 2014).

Later on, in 2009, the business model was redefined to fill a gap in the market between hotels and couchsurfing (Lagorio-Chafkin 2010). The name was changed to airbnb.com and soon after the content on the site had changed and expanded from air beds and shared spaces to a variety of properties including apartments, boats, castles, igloos and private islands (Malik 2011).

A partnership was established with the famous Hollywood actor Ashton Kutcher in May 2011 who made a big investment in the company and became their strategic brand advisor (Wortham 2014).

Most of Airbnb's growth comes through word-to-mouth by people who have had a great experience with the service. One of the biggest problems in the beginning was to get people to learn to get comfortable meeting people they had only been in contact with online. A big focus to solve this problem has been to work with a rating system where people can build trust and confidence from other peers' ratings to get confident and encouraged to also stay at a places with good ratings (Malik 2011).

What makes the service profitable is the commission that Airbnb gets for each booking (Konrad 2014). The founders realized early that Airbnb would have to handle the payments of the service, in order for it to not simply turn out as a messaging site (Salter 2012). The host pays a booking fee where Airbnb takes three percent. From the fee that the guest pays, a commission of six to twelve percent is paid to Airbnb (Konrad 2014).

The founders believe that the idea for Airbnb is not a new thing. It is more of a reinvention of the old way to travel according to Chesky. When asking his grandfather, he thought that it was no big deal and that when he was young it was normal to stay at other people's homes when travelling. The new thing with this idea was the internet which lets people get the first connection easier. Hotels is a pretty modern thing and Airbnb lets people travel and live more like people did before hotels, in other people's homes (Malik 2011). This is part of why Airbnb has been so successful. There is currently a trend going on, named collaborative consumption, or the sharing economy. This trend is based on the old ways of sharing, borrowing and renting, reinvented with new technologies like the internet. This is the core of which Airbnb is based upon (Salter 2012).

To learn more about the product and service, the founder Chesky lived with the Airbnb service for six months in San Francisco and changed place to stay each fifth day. By doing this he got a lot of new insights regarding the service and product which has helped him and the company to improve the offer (Malik 2011). Chesky also rents out his apartment from time to time, in order to test the service himself (Shontell 2014).

The problem with growing and becoming really big is that problems arise that has not existed before. Therefore, it can be hard to get expert help with these problems. Smaller companies' problems are normally related to money. Expertise is often easy to find at first while money is not. However, as the company gets big, money gets easier to find and expertise gets harder to come by (Malik 2011).

#### 4.2.3 Case 4 - Skype

Skype was founded in 2003. Its headquarters is in Luxembourg and it is based in London (Skype n.d.). It is a voice-over-Internet protocol (VoIP) service provider. In other words it is a telephone service through the Internet free of charge (Hosch 2015).

##### **Internationalization**

Skype launched in 2003 and was available globally from the start. After half a year, it had 2.4 million users from 200 different countries. One year after launch, the user base had grown up to 9 million users (Mets 2009).

Only two years after the inception, 2005, Skype had more than 50 million users, principally in Europe and Asia (Hosch 2015). Skype was sold to eBay that year for 2,6 billion dollars (Roos 2016). The purpose was for eBay to facilitate the negotiations between customers. The founders remained at Skype, with the promise of even more money should various performance goals be reached (Hosch 2015).

The following years, Skype continued to grow to 100 million users in 2006, 196 million users in 2007, 308 million users in 2008 and 405 million users in 2009 (Mets 2009).

In 2011, Skype was sold for a second time. This time it was sold to Microsoft (Roos 2016). Microsoft bought Skype from eBay for 8,5 billion dollars (Hosch 2015).

In 2012, Skype accounted for 167 billion minutes of voice and video calls across national borders in a year. This represented a growth of 44% from 2011. The increase in minutes was in fact double of how much all international carriers worldwide increased combined (Tänavsuu 2013).

Today, Skype is part of Microsoft (Skype n.d.).

##### **Findings**

One of the founders of Skype was the Swede Niklas Zennström. His dream was to become economically independent by becoming rich off the internet. After graduating from both engineering and business school in 1991, he started working high up at the telecom company Tele2. In 1999, Zennström decided to leave Tele2 in order to pursue his dream of becoming rich off the internet. However, he did not have any money, no investors or even an idea (Roos 2016).

During Zennströms time at Tele2, he got to know Stefan Öberg who later turned out to be a development manager at Skype (Roos 2016). In 1997, Zennström hired the Dane Janus Friis, the other founder of Skype, to work at Tele2. Friis had dropped out of high school and was a self-learned programmer. He had worked at a customer help desk at one of the earliest internet service providers in Denmark up until he was hired at Tele2.

They worked together in various IT projects and business ventures (Hosch 2015). Four Estonian programmers had helped in a project at Tele2 (Mets 2009).

Both Zennström and Friis worked at Tele2 up until they both quit in 1999. They started the file-sharing program Kazaa in 2000. It was primarily considered a genius solution for accessing and downloading music online. However, it turned out to be hated by all record companies, and after being sued they could not even pay their employees their salaries. Kazaa was sold for a very small sum (Roos 2016). For Kazaa, the same four Estonian programmers that had helped the founders in a project at Tele2 were used to develop the peer-to-peer solution (Mets 2009).

It was not until after the fiasco of Kazaa that the idea for Skype was first brought up (Roos 2016). The same peer-to-peer technique used in Kazaa was used for different projects, as well as Skype (Hosch 2015), with the same four Estonian programmers (Mets 2009). Finding good developers in Sweden was hard in these times of IT boom. The founders were lucky to find as outstanding developers as they did. They were living at different locations in the world and were constantly disturbed by the cost of the frequent phone-calls when the idea for Skype emerged. That was when Zennström introduced Friis to his technical solution for sharing broadband, where the actual internet phone solution was just a part of the product. This was what later turned out to become Skype (Roos 2016). The opportunity recognition took place before founding the actual company, and the technology and business models were basically the same as in Kazaa (Mets 2009).

The founders' new venture was turned down by more than two dozen venture capitalists (Rowan 2010). One investor in the early days of Skype, when it was just a vague IT project, was Mattias Köling, who Zennström knew from school (Roos 2016). There was also an investment made by the investor Steve Jürvetson, who had Estonian roots. The investment came from the American company Draper Investment Company (Mets 2009).

Skype was finally launched in 2003. The product itself was a voice-over-Internet protocol (VoIP). This meant that it offered basic telephone service through the Internet free of charge, including long-distance and international calls. The earnings came from services like voicemail, downloaded ring tones and calling to land-based phones (Hosch 2015). By using the internet, there were no limits worldwide and the global connection came without any costs. After having reached the market, the complexity of the product was expanded. Skype is an example of a company that has had a different development trajectory than traditional firms, by going global with one product in order to later leverage it with improvements and additional functions after the global breakthrough (Mets 2009).

When Skype was sold to eBay, the founders' reduced responsibilities let them to continue with various other IT ventures (Hosch 2015).

There was never any real need for marketing. In the end, the global final customers were reached and attracted with basically no marketing cost (Mets 2009).

Zennström has later on stated that when becoming successful overnight, nobody will see all the hard work and failed efforts that preceded. Failure should just be seen as experience for the next project, and not something to be afraid of. As soon as there is some resistance, the entrepreneur should not give up (Rowan 2010). As a founder, you have to be confident that everything is going to be fine. Hiring the smartest and best people is important (Shead 2016). It is important to be surrounded by smart and dedicated people, and not just rely on your own efforts. It is also important to think big and globally, otherwise the firm will not become big. With Skype, he made sure that it was an international business from start by moving to London while having software developers in Estonia and being incorporated in Luxembourg. According to him, there are no country borders within the internet. Money cannot be the only motivation, but there is also a need for a drive to change something. Zennström has also stated that the UK is the best country for setting up a company (Rowan 2010).

### 4.3 SME companies

The following four case companies that will be studied are examples of SMEs that are categorized as BG firms. These are, or have recently been, in the early stages of rapid internationalization.

#### 4.3.1 Case 5 - Mapillary

Mapillary is a user-generated street view service with a focus on image analysis. It allows users to view and upload street view pictures from anywhere in the world. This makes it possible to cover a much broader variation of images, anything from railroads to commercial highways can now be uploaded with a high refresh rate and for a very low cost. The service is available for free to individuals, non-governmental organizations, and educational institutions (Mapillary 2016).

#### **Internationalization**

Mapillary was launched in early 2014. By late 2016, 100 million photos had been uploaded in 190 countries (Solem 2016a).

In January 2015 six different companies invested \$1.5 million in Mapillary with the lead investor being Sequoia Capital (Crunchbase 2016a).

In March 2016 five different companies invested \$8 million in Mapillary with the lead investor being Atomico (Crunchbase 2016a).

#### **Findings**

For Mapillary the whole world has been seen as a single market from the start. There has been no categorization of a domestic market and international markets. The international markets have not been divided into specific segments (Solem 2016b).

From the start, any user anywhere in the world have been able to upload pictures. However, regarding the data that is sold, the most prominent markets are in North America, Asia and Europe. The customers in these areas are GIS teams and systems, energy companies, any actors in charge of the maintenance of cities and the mapping industry. Later on, Mapillary has moved into the automotive industry as well. There are currently no customers in Sweden and there are no plans for this either (Solem 2016b).

The founder Jan-Erik Solem has experience from other international business ventures. One is Polar Rose, a facial recognition company that was sold to Apple. These businesses have provided experience when it comes to running a business and within image analysis. However, they have not provided much experience regarding the markets that Mapillary is involved within, being GIS systems, mapping solutions and the automotive industry, among others. This lack of experience has been shared by the majority of the employees (Solem 2016b).

While being a Swedish company, it is not until recently that swedes have been hired. The workforce has been recruited throughout the world. Business development is primarily performed in New York, while other operations are carried out in other parts of the US as well as in other countries. Recruiting has been performed globally. However, it has primarily been focused on knowledge rather than geographical location. Some positions are needed at certain geographical locations though. The business development has gained from being performed in the US rather than, for example, Europe (Solem 2016b).

Looking at the countries that the pictures are uploaded from, there is no focus on obtaining knowledge of, for example, what legal issues may arise. The users are allowed to upload any pictures that they want. Any pictures uploaded that are not allowed are deleted, provided that they are reported. No extra resources are currently put into overcoming these issues. Should the company grow further, a legal team might be implemented to prevent these issues. Currently, there is knowledge of which countries where it is free to upload any pictures, which ones where it is unclear if it is allowed and which ones where it is certainly not allowed (Solem 2016b).

In order to find co-founders, key recruits and to get help with starting up the company, contacts have been found through investors and employees. These contacts have also been from relations through the previous businesses (Solem 2016b).

Solem has a background as an academic professor, one of his former PhD students Yubin Kuang is one of the co-founders for mapillary. Personal relations have also been established through his other co-founder Peter Neubauer who he had known for several years. Contacts and networks from Solems previous businesses have been used and some partnerships to increase the number of images (Solem 2016b).

The product itself is not a mapping solution, but rather a platform. The competitors are other street-view services. The idea and product was the first of its kind when Mapillary was started. After its release, other similar services have been brought up. For example, Google launched a similar crowdsourcing service for its Google Maps service. Mapillary has focused more on image analysis than the competitors have. Today, there is no other service with the same focus on this (Solem 2016b).

The targeted customers can be categorized into two categories. The first is outlined by the users, this being anyone who uploads pictures. These are people that are interested in the service and early adopters. While the targeted segment in this category is anyone with a smartphone, it will probably turn into a narrow segment in the end. The other category are the ones who buys the data produced via the service. These are the previously mentioned GIS systems, mapping services, among others (Solem 2016b).

For the development of the product, the community is used to a great extent. The product was released at an extremely early stage when it was still unfinished. This in order to let the users give feedback on what needed to be fixed or updated. This type of feedback is still used to further improve the product. Early adopters are attracted by the fact that they have a chance to affect the development of the product. The company is very public and transparent, not only due to its community and forums, but also with its blog. The community is also used to find key individuals that can be recruited or used as ambassadors to represent Mapillary in different countries (Solem 2016b).

There has been a vision of mapping the world through pictures for a long time. There have been other businesses that have attempted this previously, but that have failed. The technology has been available to build this service and there have been visions of putting this to use in the academic world. There have not really been a need for this kind of service earlier. However, it was when Solem was working in California that he recognized the need from several companies to obtain sensible geo-data for new products. It was at this time that he saw the opportunity to put this technology to use. According to him, Mapillary would not have been as successful had it been founded a couple of years earlier or later (Solem 2016b).

The culture of the business has played an important part for the success of Mapillary. Solem states that the company and its culture has a huge impact on the knowledge and capabilities of its employees. The same team of individuals in one organization may produce a whole different output in another company with a different culture or environment. Some employees at Mapillary have worked at other companies where their ideas or knowledge have not been put to use or resulted in a feature or product. These same employees have been able to produce features or functions that have been used in Mapillary's service after just a couple of months. This because of the strategy to release any new features or functions on the market at an early unfinished stage and then using the feedback from the community and users to improve the product (Solem 2016b).

According to Solem, financial resources from investments are not just about capital. Other positive benefits may be the access through the investors to networks and experienced people. Sources like crowdsourcing does not have this benefit as it just raises money (Solem 2016b).

#### **4.3.2 Case 6 - Friendbase**

Friendbase is an avatarbased social platform in 2D where you can create a character and find new people from all over the world to chat and play games with. The platform allows you connect with your Facebook account or create a new personal account on Friendbase that allows you to meet new people rather than keeping in touch with your existing friends like Facebook (Friendbase 2013).

#### **Internationalization**

Friendbase was founded in 2013 (Lygonis 2016).

In 2015 the company passed one million members (Lygonis 2016).



In 2016 the user base had grown to over two million around the globe (Lygonis 2016).

### **Findings**

Friendbase was available and targeted towards the global market from day one. The aim was to become the world's biggest virtual world. There was never any perception of a domestic market and international markets. Currently, there are close to no users from Sweden. The game was available worldwide from start in order to see which countries that would adapt the product, without putting any resources into marketing. Brazil was by far the biggest market from the start. India and the US also turned out to be large markets (Lygonis 2016).

The focus has been on those countries that turned out to use the product. Since there was basically no marketing budget, Friendbase has like most other applications had to rely on word-to-mouth marketing. As a startup with virtually no external funding, it is not sustainable for them to have a large marketing budget to market towards a global market (Lygonis 2016).

Among the three founders there is a lot of previous experience from similar businesses. All three have had businesses or worked in the same industry on a global scale and have had contact with customers worldwide. From these experiences, many relationships have been built that have been beneficial when starting Friendbase. These relationships have been used to get suppliers, enter new markets, to be introduced to partners and for recruiting (Lygonis 2016).

Partnerships have been used to some extent when starting Friendbase. The company was involved with an incubator from the start. Cooperation with distributors and networks have been sought after continuously. Lately, the company has been participating in an accelerator program for companies with global potential to further accelerate the internationalization (Lygonis 2016).

Friendbase has been funded by the founders while financial resources has been sought after continuously. It is not until later on that a higher extent of financing has been brought in (Lygonis 2016).

The product itself is not really a unique product. There have been similar products. This was however the first of its kind that is completely cross platform for smartphones, tablets and the Webb. There is a continuous search for ways to differentiate themselves from the competitors (Lygonis 2016).

The targeted customers are teenagers between the ages of 14 and 16 in any country worldwide. The customer base is very homogenous (Lygonis 2016).

In the early phases of Friendbase, the customers were used to a great extent in order to understand what the users wanted in the product. Today, there are events where the users can give feedback that may be used. This is however mostly to make the users feel like they are a part of the development of the game (Lygonis 2016).

As mentioned earlier, most of the focus has been put on the markets where the product has turned out to be the most popular. There are efforts put into attracting other

markets as well. One example of this is that other alphabets have been introduced to let more nationalities to be able to communicate in other languages than English. Rooms have been introduced that are flagged as certain countries. Campaigns will be carried out to find smaller markets (Lygonis 2016).

The knowledge and capabilities of the people at Friendbase are what makes the company unique and hard to duplicate. People are brought in who have specific knowledge that help them get more competitive. A community manager was employed who knows seven different languages in order to be able to communicate with the users. Practically everything apart from these competences is imitable for eventual competitors (Lygonis 2016).

#### **4.3.3 Case 7 - Cimco Marine AB**

Cimco Marine is a Swedish based company in the marine motor engine business. The vision of the firm is to develop the world's first high performing diesel outboard engine. The first product that has been developed is the OXE engine. This is an engine that uses an Opel engine converted to outboard marine use (Collén 2016).

##### **Internationalization**

Cimco Marine was founded in 2012 by three different companies. The Swedish entrepreneur behind Marine Diesel bought the patent for this type of diesel engine. Marine Diesel founded Cimco Marine together with the British Camco Private Equity and the Australian Power Equipment (Collén 2016).

Since 2012, and even before, the product has been developed and tested. During this time, distributors have been searched for worldwide (Collén 2016).

The first delivery was in august 2016, primarily to the Norwegian market, among some other markets (Collén 2016).

##### **Findings**

Cimco Marine has targeted a global market from the start. The ambition was to create the world's first high performing diesel outboard engine and to sell it on a global scale. The Nordic countries potential customer base is too small and therefore, distributors have been sought after worldwide (Collén 2016).

Among the people working at Cimco Marine, many have international backgrounds. The CEO has been working in the US for many years. Most of the employees have been working in the marine or engine industry (Collén 2016).

The networks of the owners and management of the company have been used to a great extent. Over two thirds of the network that the company has today have been derived from exploiting previous contacts. These contacts have been in the marine or engine industry (Collén 2016).

As mentioned above, a search for distributors has been conducted during the development of the product and is still ongoing. There are now over 20 distributors globally. These distributors have a lot of experience from selling marine engines to their markets and therefore have a high market knowledge. Therefore, they are in charge of

the marketing towards the specific markets. Today there is no central marketing performed by Cimco Marine (Collén 2016).

The fact that the engine itself is an Open engine converted to marine use has led to marketing advantages. Any marketing activities or press releases that Opel has had towards their global market, that has been connected to the OXE engine, has had a much greater impact than what a press release from Cimco Marine has had (Collén 2016).

The owners of the company have all provided knowledge, networks and financing. Financing from external sources has not been easy to come by (Collén 2016).

While there have been diesel alternatives before, there has never been one with this kind of horse power. In the future, the hope is to produce engines with even higher power (Collén 2016).

There are several factors that make the OXE engine beneficial. While the price for the engine is triple of other alternatives, the maintenance costs are much lower. After just one year, there is a break-even point compared to alternative engines. The lifespan is twice as long as the competitors (Collén 2016).

Another benefit is that the fuel used is diesel instead of gasoline. This is safer, cheaper and less flammable. This is a prerequisite for some industries, such as oil platforms and other governmental activities. These types of industries, along with coast guard and fishing industry, are the ones that Cimco Marine is targeting. These industries need a reliable engine that can be used all day for a long period of time. Because of the price of the OXE engine, it is only for these industries that it is economically sustainable to buy it, and not for private boat owners. Therefore, the private boat industry is not a targeted customer segment for Cimco Marine (Collén 2016).

The customers have been involved with the development of the product to some extent. It has been developed after the market needs that have been identified. Both internal and external market knowledge has had an impact on the product development. Test engines have been distributed in order to receive feedback that has been used. After the first delivery of engines, feedback has been received to be used, and still is. This type of feedback will also have an impact on the future versions that will be launched (Collén 2016).

In order to be profitable, all targeted groups' demands have to be met. The product has to be developed to meet these demands. Since the targeted customer segment is small, it has to be sold worldwide (Collén 2016).

The technology of the product has not been available before. There was a demand for this type of engine, and with this technology the demand could finally be met. The product was developed from this demand, and covered by a patent (Collén 2016).

The patent of this engine is a huge advantage as it protects the design from being copied by competitors. The knowledge available for Cimco Marine, both from internally and externally, also outlines inimitable capabilities (Collén 2016).

One important factor for a company in the marine engine industry is to have a working distribution flow. Everything from production to the aftermarket has to work flawlessly in order to survive. Other actors in this industry, like for example Mercury, already have many years of experience from this. Though they cannot provide this specific type of product, they will still be preferred over an alternative with a flawed value chain. The aftermarket is very important when it comes to the specific market segment that Cimco Marine targets, as they always need a working engine and cannot wait for it to be repaired (Collén 2016).

#### 4.3.4 Case 8 - Learnifier

Learnifier believes that how people learn will fundamentally change in the future. They want to play an important role in this change and offers solutions for the education industry in the step from being analogue to digital in their learning methods. This is offered through Learnifier's online platform (Learnifier 2014).

#### **Internationalization**

Learnifier was founded in Stockholm, Sweden, in 2010 with the ambition to change how training companies operates. In 2011 the first version of Learnifier was launched with full focus on playing a big part of the shift in how people are learning and developing (Learnifier 2014). The service is now used in over 20 countries (Borg 2016).

#### **Findings**

For Learnifier, the aim has always been for a global market. This is expressed by that they would rather be a broad player globally than a big company in Stockholm. When the company was started, there were customers both locally in Stockholm and in San Diego, USA (Borg 2016).

The founders have worked a lot within education, as well as consulted on the subject. They have all worked within the areas of technology and education, and developed similar products before. One of the co-founders have worked in the US. Otherwise, there is not a lot of international experience (Borg 2016).

No resources have been put on market analyzes and getting to know the markets that they have targeted. Instead, a network has been exploited to reach these markets (Borg 2016).

This network was obtained through one of their customers. They saw an opportunity to exploit the network and in turn reach out to over twenty countries. This has been described as a mix of strategy and luck (Borg 2016).

Although Learnifier quickly expanded to over twenty countries, the main focus has lately been on the Nordics and the US. Asia has never been a primary target as those countries are already more digitalized (Borg 2016).

Locally in Stockholm, personal networks have been used to establish the business. The customers have been educational companies that in turn may lead to fifty other companies as end users. One customer has been used to reach many international markets (Borg 2016).

There have been no external investors. All the financing has been by either reinvesting the profits or through the customers. One aspect that has been difficult for Learnifier is to persuade customers to invest in the development of a product that will be sold to their competitors. External financing has not been looked at until just recently. There seems to be potential investors interested in Learnifier (Borg 2016).

The product is not able to be protected by patents. While there are unique features, the business model is what makes the product unique. One of the co-founders expresses that it is difficult to have a unique tech company (Borg 2016).

The product was primarily targeted towards B2B companies within education. Later on, other types of firms were also interested. The product has therefore turned towards a broader customer segment (Borg 2016).

As previously mentioned, the customers themselves have invested in the development of the product. This has led to a deep customer involvement in the development as well. A lot of work is now put in to how to further digitalize the product, as well as how to further involve the customers. The aim is also to try and involve the customers that have not invested in the product to also be involved in the product development (Borg 2016).

There is a strong driving force to be internationally present. There are already many international customers and the goal is to spread to even more countries. However, there does not seem to be a strong commitment to pursue this goal at the time being. Focus has lately been on the markets that have been seen to have the highest demand. A new internationalization wave is expected to happen in the future (Borg 2016).

The idea for Learnifier came up when one of the co-founders worked for a large American educational company as a consultant. This was during the same time that smartphones and videos got popular. One example of this was the Khan Academy on Youtube. This was when the opportunity to digitalize the educational industry was identified. This would lead to a whole new market to open (Borg 2016).



## 5 Empirical study

*In this chapter the empirical study for the analysis will be presented.*

### 5.1 Introduction

An empirical study was conducted in order to further gain an understanding of how digital BG companies differ from manufacturing BG firms, regarding success factors.

The empirical study is based on the success factors presented in chapter 3. A survey was created in order to empirically study these factors. The result of this survey will be analyzed in chapter 6 together with the theoretical framework already presented in chapter 3.

### 5.2 Survey

A survey was conducted as an empirical study. The questions, target group, respondents and results will be presented below.

#### 5.2.1 Questions

Out of the identified success factors in chapter 3, six factors were chosen to investigate. These were the following:

- To have a global mindset
- To have previous international experience
- To have an extensive network of potential partners
- To have a narrow customer segment
- To have a unique product
- To be able to adapt to sudden external changes

These six factors were chosen because the authors believed that they might differ between manufacturing and software BG firms.

Furthermore, the companies were asked how many countries they were currently active in. The alternatives for this question were 1-3, 4-9 or more than nine countries.

The survey questions can be found in the Appendix.

#### 5.2.2 Target group

The target group of the survey were companies that had participated in an accelerator program for potential BG firms at Chalmers University of Technology. While most of these companies have in fact not yet gone global, they have been selected due to the fulfilment of certain criteria. Therefore, the conclusion can be drawn that these companies have the potential of becoming BG, and therefore they were selected as a target group to represent the minds of the managers and founders of BG companies.

In these companies the survey was sent primarily to the founders, but also to people having high managerial positions, such as CEO, CFO, CTO, chairman of the board, among

others. This was because most of the questions and success factors were depending on factors regarding the founders and managers of BG companies.

The survey was sent to 100 people.

### 5.2.3 Respondents

Responses were received from 16 different companies. In order to be able to analyze the results, the companies were divided into either digital or physical companies. These breakdowns will be presented below. In order to let the responding companies be anonymous, they will be assigned a letter.

Company	Type	Description
A	Digital	Codes applications and solutions for several purposes.
B	Digital	Provides a platform for event creators.
C	Digital	Uses offline location data to mobile marketing.
D	Digital	Provides a job portal for nurses.
E	Digital	Cloud based platform solution for innovation management.
F	Physical	Sells locally produced ecological food for children.
G	Digital	Application for sharing information and following races
H	Physical	Sells hardware and software for scanning feet.
I	Digital	Solution for small hotels and hostels for management and lower commission costs.
J	Physical	Solutions for accessing internet in remote areas.
K	Physical	Application for managing the energy consumption at home. Requires equipment and installation.
L	Digital	Solution for accounting and paying out salaries digitally.
M	Digital	Platform for hosting and booking dinner in people's homes.
N	Digital	Solution for digital accounting.
O	Physical	Application for managing the energy consumption at home. Requires equipment and installation.
P	Digital	Smartphone application for surveying road conditions.

*Table 2 - The survey respondent companies*

### 5.2.4 Results

Out of the 100 people that the survey was sent to, 21 people from the 16 presented companies responded. This makes a response rate of 21%. In other words, around one fifth of the receivers of the survey responded. The results are presented below.



Company	Global mindset	International experience	Network/partners	Narrow customer segment	Unique product	Adapt to sudden external changes
<b>Digital</b>	<b>8,1</b>	<b>5,2</b>	<b>6,4</b>	<b>7,8</b>	<b>6,3</b>	<b>8,5</b>
<b>10+</b>	<b>9,0</b>	<b>7,0</b>	<b>6,0</b>	<b>8,0</b>	<b>8,0</b>	<b>6,0</b>
Company P	9,0	7,0	6,0	8,0	8,0	6,0
<b>4-9</b>	<b>8,5</b>	<b>6,0</b>	<b>6,3</b>	<b>7,8</b>	<b>5,5</b>	<b>7,3</b>
Company A	10,0	8,0	8,0	5,0	3,0	5,0
Company C(1)	9,0	7,0	5,0	8,0	9,0	10,0
Company C(2)	6,0	3,0	8,0	10,0	8,0	5,0
Company I	9,0	6,0	4,0	8,0	2,0	9,0
<b>1-3</b>	<b>7,9</b>	<b>4,7</b>	<b>6,5</b>	<b>7,8</b>	<b>6,5</b>	<b>9,2</b>
Company B(1)	3,0	4,0	7,0	6,0	4,0	10,0
Company B(2)	6,0	3,0	3,0	6,0	6,0	7,0
Company D(1)	7,0	3,0	8,0	10,0	9,0	10,0
Company D(2)	8,0	1,0	1,0	10,0	4,0	10,0
Company E	10,0	8,0	8,0	8,0	8,0	10,0
Company G	8,0	6,0	8,0	6,0	8,0	9,0
Company L	10,0	3,0	5,0	9,0	9,0	10,0
Company M	7,0	7,0	8,0	6,0	6,0	8,0
Company N(1)	10,0	7,0	7,0	7,0	8,0	10,0
Company N(2)	10,0	5,0	10,0	10,0	3,0	8,0
<b>Physical</b>	<b>8,7</b>	<b>8,0</b>	<b>5,8</b>	<b>7,2</b>	<b>7,8</b>	<b>8,7</b>
<b>10+</b>	<b>9,0</b>	<b>9,0</b>	<b>5,5</b>	<b>7,0</b>	<b>9,0</b>	<b>8,5</b>
Company H	9,0	9,0	5,0	9,0	9,0	7,0
Company J(2)	9,0	9,0	6,0	5,0	9,0	10,0
<b>4-9</b>	<b>7,0</b>	<b>9,0</b>	<b>9,0</b>	<b>8,0</b>	<b>9,0</b>	<b>8,0</b>
Company J(1)	7,0	9,0	9,0	8,0	9,0	8,0
<b>1-3</b>	<b>9,0</b>	<b>7,0</b>	<b>5,0</b>	<b>7,0</b>	<b>6,7</b>	<b>9,0</b>
Company F	9,0	7,0	7,0	8,0	10,0	10,0
Company K	8,0	6,0	4,0	5,0	6,0	10,0
Company O	10,0	8,0	4,0	8,0	4,0	7,0
<b>Total</b>	<b>8,3</b>	<b>6,0</b>	<b>6,2</b>	<b>7,6</b>	<b>6,8</b>	<b>8,5</b>

Table 3 - The survey results, categorized by type of company and the number of markets

The results show how each type of firm ranked on the six success factors. The results also show how each specific firm responded, as well as the differences regarding how many countries the companies perform sales in.

These results will be analyzed in chapter 6.



## 6 Analysis

*In this chapter, the findings from the case study and empirical study from chapters 4 and 5 will be analyzed against the theoretical framework outlined in chapter 3.*

### 6.1 Case study - Case company analysis

All case companies will be analyzed separately below. The purpose of this analysis is to categorize which success factors each separate company fulfills and which ones they do not.

#### 6.1.1 Case 1 - SoundCloud

Even though SoundCloud started up in Berlin, Germany was not a primary market. The platform released worldwide from the start with the whole world perceived as a potential market. The company was global from the inception and therefore qualifies as a BG. Considering the growth of tracks and users, it is a very successful BG.

As stated, the founders never had any specific geographical locations in mind when starting the company. They only had a solution to a problem they had faced themselves, and that they thought others might have as well, regardless of geographic location. Therefore, it is safe to say that there was a global mindset in play when starting this BG company. This global mindset has been perceived as an important factor in the corporate culture of SoundCloud and efforts are still made in order to promote this mindset in the employees. In addition to the global mindset, a creative and innovative mindset has also been promoted in this company.

The founders had different sets of previous international experience. While one had grown up in three different countries, the other had experience working and studying abroad. The latter also resulted in a contact that would end up as a valuable asset when starting the company. Both founders did their master thesis together in the US, where they were interviewing companies on start-ups in their industry. This international experience has however not led to a significant degree of market knowledge.

Regarding established networks, SoundCloud has taken a different approach than, for example, Spotify. While Spotify has made sure to have license agreements set at launch, SoundCloud started in the other end and has established these after launch. Therefore, there were no significant partnerships in the early phases of the company. The investors have provided knowledge and benefits that can be perceived as a sort of partnership, however not formal ones.

The previous mentioned contact from one of the founder's time abroad is an example of a personal network that was used in order to facilitate the success of the company. This is however a very small personal network.

The founders of SoundCloud have very clearly showed that they are able to identify market opportunities and specific demands, at least in their own areas of interest. While their potential customers segment is broad, it is still a somewhat niche market that they have targeted.

The product itself is unique in the sense that it is a simple way for artists to advertise and get feedback on their products. Later, it has shifted towards the standard music streaming service that competes with companies like Spotify and Tidal. They have however tried to keep the core product the same, while still trying to please all the different types of customers that they have.

While the product of SoundCloud is the platform where artists can upload their music, it is the user generated content that makes up the product. The fact that there have been more features implemented, like podcasts, indicates a customer oriented strategy.

The focus has always been to grow. Even though the company has not been much profitable, its strength is the user base. Therefore, there is a need to continue to grow and to get more users. This indicates a strong commitment to internationalize and to continue to grow.

Another strength for SoundCloud is the corporate culture. The culture and the ability to be able to work from any office in the world creates a mindset among the employees that benefits the company and constitutes an intangible asset.

#### 6.1.2 Case 2 - OnePlus

OnePlus' product offer is mobile phones that have the same performance and quality as the phones made by Apple and Samsung, but at half the price. Mobile phones are physical products and therefore OnePlus is a manufacturing firm. That the company is a BG firm is proven by the fact that there have been sales in 16 countries the first year and in 42 different countries within three years of the inception.

The first founder, Pete Lau, had previous experience working with hardware electronics. He did not have a lot of experience with international ventures. However, he did have a substantial personal network in China. Because of his network and previous work, he was able to attract the same investors who had backed Oppo Electronics.

The second founder, Carl Pei, had some entrepreneurial experience. He also had a lot of international experience. He had lived in the US, Sweden and China. He had worked at Oppo Electronics with the internationalization of the firm. This work provided some knowledge of the markets that OnePlus would target. Additionally, he had established a broad global network from both living abroad and being active on different tech-forums. The previous experience in working with a company's internationalization led to him being in charge of OnePlus' expansion. The global network he had acquired was exploited by hiring people from this network as co-workers.

The employees of the firm were after just one year from ten different countries. The primary reason for hiring these people was to boost the international experience of the firm. This is an important success factor for BG companies, and is therefore one of the reasons of the company's success.

The founder, Lau, has expressed that a global mindset has been an important factor behind OnePlus' quick and successful globalization. This is in line with the theoretical framework presented in chapter 3, where a global mindset was identified as one of the

primary success factors for BG firms. The vision was from the start to reach the whole world, while still having China as a primary market.

Though a part of the offer has been to provide a phone for half the price of its competitors, OnePlus has never been expected to be identified as a budget alternative. On the contrary, it has had high quality and creating the best mobile phone on the market as the foundation of company. This has had a huge impact on the success of the company's rapid globalization. Focusing on the product and its quality, as well as lowering the price, has been made possible by performing all sales online.

To have a unique product is one of the success factors for BG firms. The unique thing with OnePlus is not the phone. What makes the company unique is the focus on e-commerce which not only lets them cut down costs, they can also sell their product with a lower margin to gain market shares and at the same time expand to new markets with less risks compared to a company with physical stores.

Regarding financial resources, OnePlus was able to receive the funding it needed from the start, which is an important factor for all BG firms. The company has however been looking for foreign investments, to further boost the international experience, knowledge and networks.

Primarily, OnePlus had a narrow customer segment. They were targeting the early adopters that were active on their forums and website, by providing invites. Targeting a narrow customer segment is in line with the general success factors for BG companies. These customers were not only targeted, but also used to help the company make decisions on specifications and features. This customer oriented strategy is also in line with the general BG success factors.

The forums let OnePlus to be able to handle changes in customer demands and to find weaknesses in their product, like with the example of the lacking NFC technology. The invitation system used in the first years also helped them to control the risk for sudden external changes in their company and gave them the possibility to grow in a controlled way.

No heavy marketing was really needed. The core users that were targeted at first got invites that they could distribute to their friends. The knowledge of the product spread through word-to-mouth, and sold itself, much thanks to e-commerce. The target group has now shifted towards the mainstream market.

One important success factor for BG firms is the ability to identify and exploit market opportunities and specific customer demands. The founders of OnePlus saw the opportunity to use e-commerce to cut down the costs while still providing the same quality as the competitors. They were also able to predict the current trend of increased sales of unlocked smartphones, which has also contributed to the company's success. The opportunity identified is that OnePlus may position itself as a premium player in this new market. By taking advantage of this opportunity early on, other smaller players have had a harder time to penetrate this market later on.

The number of customers had to be held down with the invite system in order to ensure product quality and a smooth distribution. However, the goal was still to reach a global market and resources was still put into reaching this goal. Therefore there was to some extent a commitment to internationalize the business.

OnePlus has tried to avoid partnerships, in the form of wholesalers and distributors. However, in the end they had to use partnerships to be able to reach the targeted markets, not the least India.

### 6.1.3 Case 3 - Airbnb

Airbnb is an example of a successful digital BG firm. It may be considered a BG company since the website was used in several countries after just a couple of years. The website was available world-wide from the reopening of the website in 2008. Since it is a website, that can be accessed anywhere in the world as long as there is an Internet connection, it is a digital firm.

When it comes to the founders, they are very different regarding previous experience and knowledge. While Brian Chesky had basically no relevant experience or knowledge, Nathan Blecharczyk had established a million-dollar business operating in 20 different countries, based on his self-learned coding skills. Joe Gebbia would be placed somewhere in the middle of the two, due to him having some entrepreneurial experience. Out of the three, two of the founders had basically no knowledge of the market or any international experience. Blecharczyk was the only one who had any of these, as well as working experience from other large firms, like for example Microsoft. It was also first when Blecharczyk joined, the company really started to grow and expand successfully globally. The lack of experience also resulted in that the founders had close to no networks to exploit when starting the company.

As mentioned, the website was reinvented in 2008 and was then available worldwide. This indicates for a global vision as the founders wanted anyone to be able to book or host a room anywhere in the world. However, since the website was available worldwide for anyone to use, there was no specific customer segment targeted at this time.

A lot of effort was put into trying to get people to actually use the website. These efforts were everything from targeting bloggers and newspapers to selling breakfast cereals just to be able to cover their costs. This indicates for a commitment to overcome any obstacles that may be in the way of expanding.

Airbnb did eventually get the funding needed after participating in a start-up mentoring program. This was a primary threshold since the investments just kept coming after overcoming it. The mentoring program can be seen as a partnership as the company got relevant expertise apart from just the financial resources needed. There was also a partnership with the famous Hollywood actor Ashton Kutcher, whose fame and own brand helped spread the knowledge of Airbnb. However, this was during a later stage of the global internationalization.

An opportunity was found when there was a gap identified in the market between hotels and couchsurfing. As mentioned in the theoretical framework, there is a need for a

capability to find market opportunities and identify specific demands in order to become a successful BG firm. The identification of this market gap indicates just that. Additionally, Airbnb was started in a time when the trend of the shared economy was on the rise. Creating a company that is based on a trend that is on the rise may also indicate for the ability to identify market opportunities.

The fact that there was a gap between hotels and couchsurfing suggests that Airbnb was a unique product. It was however not really a niche product targeted towards a niche market. Anyone who wants to rent or rent out accommodation are considered customers.

Regarding marketing, Airbnb relies a lot on the knowledge of the firm being spread through word-to-mouth. Because of the focus on the rating system implemented in the service, the company can almost market itself.

One of the founders, Brian Chesky, has used the service himself a lot of times. He has used it both for living outside of his home for long periods of time, as well as renting out his own apartment. This has led to him getting a lot of insight in the service and how the customers perceive it. Since these insights have been used to improve the service, there is a high degree of a customer oriented strategy in the development of the offer. The fact that the customer is free to rent out any type of housing, such as castles, igloos and airbeds, is also proof of Airbnb being a customer oriented service.

#### 6.1.4 Case 4 - Skype

The fact that Skype just six months after launch had 2.4 million users from 200 different countries is proof enough that it is a great example of a successful BG company. Due to the product being built on internet technology and only accessible via the internet through for example computers, smartphones and tablets, it is a pure digital firm. There are no physical components in the product and its offering. Skype therefore represents a successful digital BG company.

Zennström did have a personal network that he could benefit from when starting the Skype project. At Tele2, he got to know all the other five people involved in the founding of the company, and the development of the product. He also got to know Öberg who ended up as a development manager at Skype. During school he had got to know one of the people who would end up investing in the vague project that Skype was at the time. The personal network has played a large part in the success of the company, especially when finding programmers in a time when that was not an easy task.

Apart from the network, there was a fair amount of previous business experience in the same industry that Skype was a part of. Zennström had been involved in several IT projects and ventures, with and without the other five first Skype employees. The biggest one was starting Kazaa, that ended up a disaster. However, they did not fail because of an inferior product or a bad business plan. It was the legal issues that made Kazaa go down. When starting Skype, they used the same technology and business plan, but with experience from the previous failure and a better knowledge of the market. This market knowledge was however not on the telecom industry market in general, but rather on the early adopters of the internet. This indicates a relatively low market knowledge for Skype. Compared to today's internet companies, there was not a lot of

customer involvement in the development of the product. This might be because of Skype being a very early actor within the IP phone technology. During this time, an important factor was to just have a working product. Because they were very early actors, and the only ones in the business, there was no real need for partnerships in the early stages.

Identifying the need for a way to communicate globally free of charge shows an ability to recognize a market opportunity and identifying a specific demand. This is also supported by the other IT projects that Zennström was involved in, not the least Kazaa even though it turned out the way it did.

Skype turned out to be able to get the investments and funding that it needed at an early stage, which is an important factor for all BG firms. However, they were turned down many times. In the end they received the funding from an old friend of the founder, which indicates difficulties to find investments.

The product itself was at the time very unique. There were VoIP-solutions already in use. However, Skype was different in the sense that people now could call land-lines, get voice mails, as well as other features. The complexity of the product increased after having reached its market.

Where BG firms usually do not have much capital to finance marketing, as well as a lack of resources in general, Skype did not have a problem with this. The global final customers were reached without basically any marketing costs. For Skype the lack of resources as a barrier for rapid globalization was no problem in the sense of marketing. In this case, the business model, the product being accessible via the internet and that it was free of charge was enough for it to market itself.

Zennström truly had a global mindset, as he himself stated that it is paramount to think big and global in order to become big. He made sure it was an international firm by having the company incorporated in Luxembourg, acting from London and having the developers in Estonia. He also stated that the internet erases all national borders.

Another factor that is important for BG firms is for the founders or managers to have a commitment to expand and to overcome any obstacles. As seen in the previous paragraph, the commitment to expand was certainly there with the founder's global mindset. As for the commitment to overcome any obstacles, Zennström has stated that there is a need to continue to fight when resistance or any obstacles get in the way, in order to successfully compete on a global scale.

According to the literature, BG firms need to focus on a global niche market in order to be successful. Skype has however targeted a very wide market, practically the whole world, and challenged a whole industry, the telecom industry.

The intangible assets for Skype has been its knowledge and experience with the technology and business models that were used in the previous projects, like Kazaa. An international team has been used, visionary ideas has been promoted and the technical capabilities have been there from the inception of the company.



### 6.1.5 Case 5 - Mapillary

Mapillary is a digital product both for its users and customers. For the users it is an application for smartphones. For the paying customers, it is digital data. The fact that the company has been available globally from the start and that the product is sold in North America, Asia and Europe after just a couple of years proves that it is a BG company. Mapillary is therefore an example of a successful digital BG company.

There was a global mindset in play when the company was founded. This is clearly seen as the service was available worldwide from the start, and data is sold to companies in three different continents. The global vision was present from the start.

The experience from the previous business ventures has proved to be useful, even though there has been no experience within the specific markets that Mapillary are currently active in. The international experience within the company has been really high due to a very diverse workforce from around the globe.

The knowledge of the markets is low, as it is limited down to a vague understanding of legal issues in specific countries. Where legal issues arise, no extra resources are put to overcome these issues. This signals a low commitment to international expansion and to overcome any barriers that may arise. It is however limited to the user-generated content. Regarding the commitment to internationalize the sales of the data produced there is a lack of information.

Both business and personal networks have been used to a great extent when establishing the company. Business networks have primarily been found via investors and employees. The personal network has been from the industries of the previous businesses that the founder has started or worked within.

Some partnerships have been used in order to scale up the amount of images in the service. This in turn affects the ability to find customers to sell the data to. No partnerships have been used to target specific markets.

The financing needed has been obtained which signals the ability to raise capital.

That the product was the first of its kind, and that similar products have appeared after the launch indicates that it is a unique product. What also makes the product unique is the focus on the image analysis.

The targeted customer segments are divided into two different groups with different purposes. The users who generate the data is a broad segment as it targets anyone with a smartphone. However, it is stated that this segment probably will be turned into a narrow customer segment. Regarding the buyers of the data, this is a relatively narrow customer segment, since it currently consists of the customers mentioned in the case-study that are in very specific industries. They are however moving into new segments, like for example the automotive industry. This indicates that this segment, while still narrow, is getting broader.

There is a strong customer oriented strategy used by Mapillary. The community and forums are used to a great extent. The product was released at an early unfinished stage

in order to let the users give their feedback and input. New features are also released early and use the same customer oriented product development. The community is also used to come up with any new features. Furthermore, the community has generated key-recruits and ambassadors for the company.

Solem was able to identify the right time to introduce this service. The technology and vision had been there earlier, but it was not until a demand for sensible geo-data emerged that the time was ripe. He was able to identify this moment which shows a capability to identify specific market demands and opportunities.

As mentioned in the case study, the culture of Mapillary has been important according to the founder. This together with the knowledge of the employees outlines the intangible assets that makes Mapillary and its outputs unique and inimitable.

#### **6.1.6 Case 6 - Friendbase**

Friendbase is a digital product that is available on smartphones, tablets and computers. It was available and targeted towards a global market from the inception of the company. Considering its user base after just a couple of years, it is a BG firm. Friendbase will therefore be considered and analyzed as a digital BG firm.

Since there were never any categorizations of domestic and international markets, and it was tested on a global scale from the start, there was a global mindset among the founders. The aim was to be the most globally widespread product of its kind. Although some markets have stuck out from the rest, they are still on a global scale.

Word-to-mouth has been a very important factor. By letting the product be available for free worldwide, this has led to close to no marketing costs.

Regarding the previous experience of the founders, there is a high extent of international, industry and market experience. All the founders have been involved in businesses within similar industries on an international scale.

The experiences from the previous international ventures have led to a broad network, both business networks and personal networks. These networks have been beneficial and used to a great extent when starting Friendbase.

No partnership with a large multinational entity has been used to be exposed and able to market globally. However, a lot of other partnerships have been used in the form of cooperation with incubators, suppliers and networks.

Regarding financing, not a lot of funding has been brought in. From the start, Friendbase has been funded by the founders and it is not until at a later stage that money has been brought in from external actors. This indicates problems with the ability to find investors.

There have been similar products, and more are on the rise. Therefore, the product is not a unique product.

The targeted customer segment are teenagers between the ages of 14 and 16. While this might be considered a narrow segment, it outlines a very large potential customer base globally. Therefore, the targeted customer segment is a relatively broad segment, although narrow in the sense of the age group.

The customers' influence on the product was used to a great extent in the early phases of Friendbase. It has decreased up until today. Feedback is however still used in the development of the product. Since the scope of the project focuses on the early upstart phases of BG firms, Friendbase will be considered to have a high extent of customer oriented strategy.

While the primary focus is put on the markets with the highest popularity, efforts are still put to reach new narrower markets. Issues in the form of users not being able to use their own alphabets are overcome by implementing these. This indicates an effort to internationalize and overcome barriers that may arise, while still at a medium extent.

The technology had not been available previously. However, now when it was possible, together with the fact that there were no similar products available at the time, indicates the ability to identify a specific market opportunity. Considering that more similar products are on the rise proves that this was the right time to create Friendbase.

The intangible assets are outlined by the knowledge and capabilities of the employees. As stated, the rest is imitable by competitors. The intangible assets are therefore important, while they do not cover all of the operations.

#### **6.1.7 Case 7 - Cimco Marine AB**

Cimco Marine is an example of a manufacturing firm, since it develops and produces marine engines. While sales have only just started, there are distributors in every continent which makes it a BG firm. The company has not had sales globally from the inception. Four years have been spent on development and production. However, since distributors have been found during this time in order to be able to sell on a global scale from the launch of the engine, it will still qualify as a BG company.

The fact that there are so many distributors around the globe indicates that there has been a global mindset from start. This because there is a need for global sales in order to be profitable.

There is a high amount of previous experience among the people working with or at Cimco Marine. International experience is outlined by the many international recruits and that people have been working abroad. There is also a lot of experience within the marine and engine industry.

Because of these many experiences, there has been a broad network that could be exploited. This network was used to a high extent when founding the company.

Partnerships have been used in many forms. The distributors can be seen as partners with the expertise within their specific geographical markets. While not a formal partnership, the fact that Opel's marketing campaigns has had such a big impact on the marketing of the OXE engine makes up an informal partnership. The founding

companies can also be considered partners to some extent, due to their support of financial resources and knowledge, though strictly speaking they are the owners.

The product is unique since it is the first product of its kind. The high power, together with the safety, durability and financial benefits makes it unique compared to other marine engines.

The targeted customer segment is narrow. The company does not target private boat owners, but commercial actors with high demands. This is why Cimco Marine needs to sell on a global scale.

Customers have been involved in the development of the product to some extent. With test engines and a very market oriented strategy, there is a customer oriented strategy to some extent. This will also be used when developing future versions.

Because the engine has to be sold on a global scale, there is a strong commitment to internationalize. New distributors are brought in to reach new markets and the product is developed to meet the standards of these markets.

Like for many of the other case companies, there has been a demand for this type of product, but no technology to create such a product. When the patent of this technology was available, it was bought and the development of the engine started. This indicates the capability to identify specific market demands and opportunities.

The most important intangible asset of Cimco Marine is the patent. This makes the technology of the engine inimitable for competitors. The knowledge and experience of the people working at Cimco Marine are also a part of the intangible assets.

#### **6.1.8 Case 8 - Learnifier**

Learnifier is a digital product that differs from the other cases. All the other digital case companies have products that are available online for free on a global scale. Learnifier's product is actually similar to a physical product in the sense that it has to be marketed and sold to specific customers. It is however a digital product, and will be considered as one for the remainder of the analysis. Because the company was present in several countries from the inception, it is considered a BG company. Learnifier will therefore be considered a digital BG company for the case analysis.

There has been a global mindset from the inception of the firm. The goal is to be a broad player on a global scale, rather than really big in specific markets.

The founders of Learnifier has had a lot of previous experience. This has been constituted by both international experience, working abroad, as well as industry experience, working within the educational industry.

The founders have had very low market knowledge, and no capital has been put on market analyzes. Apart from the network exploited via one of their first customers, there has not been a lot of networks used at the early phases of the company. However, the network that was used through one of their customers can be seen as a partnership. This

partnership is similar to what was brought up in the theoretical framework, following a large actor in order to reach out to the same markets.

There has been no commitment to internationalize and to overcome any barriers that may be in the way of this. Although there is an international strategy, the main focus is now on the companies that have turned out to have the highest demand for this type of product.

Financing has not been an issue for Learnifier. The fund needed have been acquired from both internally and from customers. Even though no external funds have been brought in, this seems to be available should they wish to do so.

The product itself is not unique, although it has unique features.

The targeted customer segments are slightly vague. While Learnifier started to target B2B companies within the educational industry, the targeted segments have broadened as the time has gone by. This indicates that there has not been a very narrow targeted customer segment. However, it has not been very broad either.

A strong customer oriented strategy has been used. Apart from investing in the development of the product, the customers have also been involved in this development. Learnifier seeks to have even more customer involvement in the future.

The founders were able to identify the time to digitalize their industry. This indicates a strong ability to identify opportunities and specific market demands.

The data provided was not enough to analyze the intangible assets of the company.

**6.1.9 Summary**

In this sub-chapter, the results of the case company analysis will be illustrated by table 4. The colors represent how the companies ranked in each success factor, with green meaning high, amber meaning medium and red meaning a low fulfillment of the factor. Grey represents lack of data.

	Soundcloud	Oneplus	Airbnb	Skype	Mapillary	Friendbase	Cimco	Learnifier
Global mindset	Green	Green	Green	Green	Green	Green	Green	Green
Previous/international experience	Amber	Green	Red	Green	Green	Green	Green	Green
Market knowledge	Red	Amber	Red	Amber	Red	Green	Green	Red
Networks	Red	Green	Red	Green	Green	Green	Green	Amber
Partnership	Red	Green	Amber	Red	Amber	Amber	Green	Green
Financing	Green	Green	Amber	Amber	Green	Red	Amber	Green
Unique product	Amber	Amber	Green	Green	Green	Red	Green	Red
Narrow customer segment	Red	Green	Red	Red	Amber	Amber	Green	Amber
Customer oriented strategy	Green	Green	Green	Red	Green	Green	Amber	Green
International commitment	Green	Amber	Green	Green	Red	Amber	Green	Red
Ability to identify opportunities	Green	Green	Green	Green	Green	Green	Green	Green
Intangible assets	Green	Grey	Grey	Green	Green	Amber	Green	Grey

Table 4 - Case study results, ranking each case company on each success factor with red, amber or green

Regarding the intangible assets of the firms, there was not enough information to come to a conclusion. This might be because it is a factor that is difficult to measure. The use of, or ability to find, investors received too mixed results to be analyzed. Therefore, these two factors will not be analyzed in 6.2 and 6.3.

## **6.2 Case study - Unicorn & SME company analysis**

In this part of the case study analysis, the success factors will be compared between the two different types of BG companies that have been categorized as unicorns and SMEs. In each category, there will be a comparison between the digital and manufacturing firms. The comparison will be concluded with an analysis of the differences between the unicorn and SME companies.

### **6.2.1 Unicorn companies**

Below is the analysis of the digital (SoundCloud, Airbnb and Skype) and manufacturing (OnePlus) unicorn BG firms.

The factors that seem to be fulfilled by all four companies are to have a global mindset and to have the ability to identify a specific market demand or opportunity.

For SoundCloud, Airbnb and OnePlus, there has been a strong customer oriented strategy. This was not the case for Skype. However, as mentioned in the case analysis of Skype, they were very early within their industry and had all the technological expertise that was needed. Therefore, it might be that a customer influenced product development was not important at the time, but that it is today for both digital and manufacturing firms.

Looking at the customer segments of the companies, there seems to be a significant difference between the digital and manufacturing firms. SoundCloud, Airbnb and Skype all had very broad customer segments, targeting basically everyone with a computer. OnePlus on the other hand targeted early adopters through invites and the e-commerce market which is a very narrow customer segment. Having a narrow customer segment does not seem to be an important success factor for digital BG firms.

Another factor where there seems to be a significant difference between the two types is the networks available from the start. SoundCloud and Airbnb had basically no networks that could be used when starting their companies. However, it was not until the companies had received funding and been introduced to business networks that their businesses started to grow at a much faster rate. Skype had a network from the beginning and ended up having 50 million users after just two years. This indicates that there is no need for a network when founding a digital company, but that there is a need to obtain such a network. OnePlus already had a huge network available from the start. This is in line with the theory of BG success factors that is based on manufacturing firms.

SoundCloud and Airbnb lacked international and industry experience. Similar to the network factor, Skype and OnePlus had a lot of experience when the companies were founded. This experience is also something that was possible to obtain after having received funding and been introduced to networks. Therefore, it is also an indication of that digital firms do not need international or industry experience, but that it has to be

obtained in order to grow. In this case, the manufacturing firm OnePlus had this experience from the beginning.

Contrary to the theory, OnePlus did not have a very strong commitment to internationalize compared to the digital firms. This was because they had to limit their number of users in order to be able to ensure a working supply chain. A growing number of users did not have any negative impact for the digital firms. For the digital companies, the user base does not affect the quality of the product, but rather constitutes a large part of the product. In order to get the user base to grow, these companies had to target new geographical markets.

There seems to be differences among the unicorn firms regarding the success factor of having a unique product. Airbnb and Skype were unique products, while OnePlus and SoundCloud were less unique. No common denominators or differences were able to be found between the digital and manufacturing firms.

This comparison shows that OnePlus has used partnerships to a much greater extent than the digital unicorn companies.

### 6.2.2 SME companies

Below is the analysis of the digital (Mapillary, Friendbase and Learnifier) and manufacturing (Cimco Marine) SME BG firms.

Among the four SME BG companies there are many factors that seem to be shared among the firms. These are to have a global mindset, previous experience, networks and to be able to identify specific market opportunities.

The theory suggests that a success factor for BG companies is to have a very narrow customer segment. This only seems to be the case for Cimco Marine, which supports the suggestion that the theory of BG firms is heavily based on manufacturing firms. The digital firms only benefits from having a larger user base.

Cimco Marine has more of a market oriented strategy rather than a customer oriented strategy. The digital firms have had a very strong customer involvement in the development of their products. There seems to be a difference of the importance of having this customer orientation between digital and manufacturing firms. Contrary to the theory, it does not seem to be as important for the manufacturing firm, while it is an important factor for the digital firms.

The commitment to internationalize the business and to overcome any barriers that may be in the way of this strategy seems to not have been that important for the digital firms. While there is a global vision for Mapillary, Learnifier and Friendbase, they do not put a substantial amount of resources into entering markets where there seems to be strong barriers of entry. For Cimco Marine, it is vital for the survival of the company to enter the markets that they are targeting. This suggests that it is important for manufacturing firms to have a strong international commitment.

Market knowledge and to have a unique product do not seem to be important for the digital SME companies, while they are for the manufacturing SME.

This comparison shows that Cimco Marine has used partnerships to a greater extent than most of the digital SME companies. Learnifier has however relied heavily on one large partnership when internationalizing. This might be due to the fact that this digital product differs from the other firms', since it has to be sold to customers and is not available online for free.

**6.2.3 Comparison**

Table 5 illustrates the differences between the unicorn and SME BG companies. The same color ranking is used as in table 4.

	Unicorn		SME	
	Digital	Manufacturing	Digital	Manufacturing
Global mindset	Green	Green	Green	Green
Previous/international experience	Red	Green	Green	Green
Market knowledge	Red	Green	Red	Green
Networks	Red	Green	Green	Green
Partnership	Red	Green	Yellow	Green
Financing	Grey	Grey	Grey	Grey
Unique product	Grey	Grey	Red	Green
Narrow customer segment	Red	Green	Yellow	Green
Customer oriented strategy	Green	Green	Green	Yellow
International commitment	Green	Yellow	Red	Green
Ability to identify opportunities	Green	Green	Green	Green
Intangible assets	Grey	Grey	Grey	Grey

Table 5 - Case analysis comparison between unicorn and SME companies

What can be derived from the analyzes of the unicorn and SME companies is that both seem to have benefited from having a global mindset and the ability to identify specific market opportunities. The analysis of the factors to have a narrow customer segment and market knowledge seems to correlate between the two types of firms. The factors that differ between the two are previous experience, networks, customer oriented strategy and international commitment.

**6.3 Case study - Manufacturing & digital company analysis**

In this part of the case study analysis, the success factors will be compared between the two different types of BG companies that have been categorized as digital and manufacturing firms. In each category, there will be a comparison between the unicorn and SME companies. The comparison will be concluded with an analysis of the differences between the digital and manufacturing firms.

**6.3.1 Manufacturing Born Global firms**

Below is the analysis of the manufacturing unicorn (OnePlus) and manufacturing SME (Cimco Marine) BG firms.



Both OnePlus and Cimco have had a global mindset, previous experience, networks, a narrow customer segment. Since both firms are of the manufacturing kind, the number of high rankings on the success factors is in line with the fact that the theory is based on manufacturing firms.

There are some differences between the unicorn and SME manufacturing firms. These are however based on just one case company in each category, why it is difficult to draw any conclusions.

The differences that were the clearest between the firms were the customer oriented strategy and having a unique product. Cimco Marine had more of a market oriented strategy, while OnePlus heavily relied on their community when developing their product. For OnePlus, the product itself did not differ a lot from the competitors. Therefore, it was important to include the customers in the development of the product. The engine that Cimco Marine produces is the first of its kind. To be competitive, the focus is put on the whole value chain rather than involving the customers in the development.

Both firms have used partnerships to a great extent.

For the remaining factors, there is a lack of information in order to draw conclusions. This is also because there are just two case companies. These factors are market knowledge, international commitment and intangible assets. For the comparison between the manufacturing and digital firms in 6.3.3, these will be ranked as in table 4.

### **6.3.2 Digital Born Global firms**

Below is the analysis of the digital unicorn (SoundCloud, Airbnb and Skype) and digital SME (Mapillary, Friendbase and Learnifier) BG firms.

Like in the previous analyzes, the two factors that both types of companies have had to a great extent are a global mindset and the ability to identify specific market opportunities.

One factor where both types of digital firms scored low was market knowledge. The unicorn companies had less market knowledge than the SME firms. This might be explained by that the unicorn firms were the first companies of their kind in the digital industry. The fact that they are the examples of very successful BG firms may suggest that to be first is important for digital firms to grow globally. To be one of the first players and to build up a customer base weighs more than to have knowledge of the market. There is also an indication for this in the factor of having an international commitment, where the unicorn companies rank much higher than the SMEs. Another reason for the importance of being first may also be that digital products are much harder to protect through IP rights than other types of products. Having a large customer base from an early stage can therefore ensure competitiveness.

Another factor where both types of digital firms scored low was narrow customer segment. The unicorn companies had a broader targeted customer segment than the SME firms. This is also explained by that the user base is vital for both types, while even more important for companies that are the first of their kind.

Skype, Friendbase and Mapillary has had more networks and previous experience than SoundCloud and Airbnb. In paragraph 6.2.1, the result was that while these two firms did not have these from the start, they had to be obtained in order to grow. It was not until they had received funding and were introduced to networks that their expansion accelerated. That result, together with the SME companies having broad networks and a lot of experience, suggests that there is not a need for these factors from the start. There is however a need to obtain these success factors in order to rapidly globalize. For the SME companies, the data suggests that these factors are important from the start.

To have a customer oriented strategy seems to be important for both the unicorn and SME companies. Skype is the only company that differs from the others. This has been explained in paragraph 6.2.1 with that Skype was an early actor in the internet industry and therefore did not need a customer oriented strategy. Today, a customer influenced product development seems to be an important success factor for both types of digital firms in order to achieve a rapid globalization.

Partnerships have not been used to a great extent by any of the two types of digital firms. These products have been available online worldwide, and therefore not needed distributors. Unicorn companies have used partnerships to a less extent than the SME. This may be explained by that the unicorn companies have been first movers.

Regarding the factor to have a unique product, the data was too mixed to draw a conclusion.

**6.3.3 Comparison**

Table 6 illustrates the differences between the digital and manufacturing BG companies.

	Manufacturing		Digital	
	Unicorn	SME	Unicorn	SME
Global mindset	Green	Green	Green	Green
Previous/international experience	Green	Green	Red	Green
Market knowledge	Yellow	Green	Red	Red
Networks	Green	Green	Red	Green
Partnership	Green	Green	Red	Yellow
Financing	Grey	Grey	Grey	Grey
Unique product	Yellow	Green	Grey	Grey
Narrow customer segment	Green	Green	Red	Yellow
Customer oriented strategy	Green	Yellow	Green	Green
International commitment	Yellow	Green	Green	Red
Ability to identify opportunities	Green	Green	Green	Green
Intangible assets	Grey	Grey	Grey	Grey

*Table 6 - Case analysis comparison between manufacturing and digital companies*

What can be derived from the analyzes of the digital compared to manufacturing companies is that both have benefited from having a global mindset, a customer oriented strategy and the ability to identify specific market opportunities.

The biggest differences were identified regarding partnerships, narrow customer segments and market knowledge. Digital firms do not necessarily need to target a narrow customer segment or have knowledge of the markets that they are targeting.

Other differences were the factors of previous experience, networks and international commitment. The crucial importance of these factors does not seem to apply to digital firms.

Regarding the factor to have a unique product, the data was too mixed to draw a conclusion. However, among some digital firms there seems to be deviations from the theoretical framework.

## 6.4 Empirical study

In this sub-chapter, the results from the empirical study in chapter 5 will be analyzed.

### 6.4.1 Survey

The six success factors that were chosen to study in the survey were selected because they were considered to be the ones most likely to differ between digital and physical.

Among the 16 responding companies, eleven were digital firms while only five were manufacturing companies. This of course limits the study since, especially for the manufacturing firms, one individual's response has a strong impact on the results.

Looking at the overall results, disregarding the breaking down of the responding firms, the most important perceived success factors are a global mindset, to have a narrow customer segment, to have a unique product and to be able to quickly adapt to sudden external changes. International experience and to already have an extensive network at the start of the internationalization does not seem as important. Here, it must be kept in mind that the respondents of digital firms make up a larger part of the respondents and therefore has a bigger impact on these results.

Looking at the digital and manufacturing firms separately, there are some differences. Among the four highest scoring success factors, there were both similarities and differences. A global mindset scored high for both types of firms, with a slightly higher score for manufacturing firms. On the contrary, a narrow customer segment received a slightly higher score from digital firms, while still high for both types of firms. The ability to adapt to sudden external changes was high for both with no significant differences. The fourth and last of these factors was to have a unique product. This factor seemed to be much more important for manufacturing firms than for digital firms.

For the remaining two success factors studied in the survey, previous international experience differed the most. This scored significantly higher for manufacturing firms than for digital firms. The success factor of having an extensive network of potential partners from the start scored higher for digital firms, while still relatively low for both types of firms.

Regarding the differences between the groups of how many markets the companies were active in (how far into the internationalization the companies were), the response rate was too low to analyze any differences.

For the continued analysis, it has to be kept in mind that these companies were not chosen because they were qualified as BG firms. They were chosen because they had fulfilled the requirements of participating in a BG accelerator program, thus considered to represent the qualities of a BG firm. With this in mind, the aim of the survey is to enhance the analysis rather than for the analysis to be directly based on the survey.

## **6.5 Success factors**

In this subchapter, all the success factors for BG companies that were identified in chapter 3 will be analyzed separately. All the findings from the case study, theoretical framework and empirical study will be included in this analysis.

### **6.5.1 Global mindset**

The case study analysis indicates that a global mindset is important for all firms that want to go global at an early stage. This is backed up by both the theoretical framework and the survey result. Therefore, it is safe to say that a global mindset is a given success factor for all BG firms.

### **6.5.2 Previous experience**

For manufacturing BG firms, the case study indicates that previous international and industry experience is an important factor. This is backed up by both the theoretical framework and the survey.

For digital BG firms, the case study indicates that previous experience is not necessarily important to have from the start. This is backed up by the survey. However, the case study analysis indicates that in order to accelerate the growth of the expansion, this experience should be obtained

For this success factor, there seems to be differences between manufacturing and digital firms.

### **6.5.3 Market knowledge**

For manufacturing BG firms, the case study indicates that market knowledge is an important factor. This is backed up by the theoretical framework.

For digital BG firms, the case study indicates that market knowledge is not necessarily important to have from the start. However, the case study analysis indicates that in order to accelerate the growth of the expansion, this market knowledge should be obtained.

For this success factor, there seems to be differences between manufacturing and digital firms. There also seems to be differences within the digital firms, depending on if the firm is a first mover or not.

#### **6.5.4 Networks**

For manufacturing BG firms, the case study indicates that networks are an important factor. This is backed up by the theoretical framework. The survey contradicts this statement. However, the survey results on this factor were very mixed which makes it difficult to analyze. The respondents were few and were made up by potential BG companies. Therefore, the conclusion will be that networks are an important success factor for manufacturing BG companies.

For digital BG firms, the case study indicates that networks are not necessarily important to have from the start. The survey also indicates a result similar to the case study analysis. However, the case study analysis indicates that in order to accelerate the growth of the expansion, networks should be obtained

For this success factor, there seems to be differences between manufacturing and digital firms. There also seems to be differences within the digital firms, depending on if the firm is a first mover or not.

#### **6.5.5 Unique product**

For manufacturing BG firms, a unique product seems to be an important success factor. This is indicated by all three of the case study, theoretical framework and survey.

For digital BG firms, a unique product does not seem to be as an important success factor. This is indicated by both the case study and survey result.

For this success factor, there seems to be differences between manufacturing and digital firms.

#### **6.5.6 Narrow customer segment**

For manufacturing BG firms, the case study analysis indicates that to target a narrow customer segment is an important success factor. This is backed up by the theoretical framework and survey.

For digital BG firms, the case study analysis indicates that to target a narrow customer segment is not as an important success factor. The survey results indicates that it is important for digital BG firms to target a narrow customer segment. The survey is based on SME companies. There were also indications of differences between the SME and unicorn companies within the digital category of firms in the case study.

For this success factor, there seems to be differences between manufacturing and digital firms. There also seems to be differences within the digital firms. A narrow customer segment seems to be more important for a digital SME compared to a digital unicorn.

#### **6.5.7 Customer oriented strategy**

The case study analysis indicates that a customer oriented strategy is important for all firms that want to go global at an early stage. This is backed up by the theoretical

framework. Therefore, it is safe to say that a customer oriented strategy is an important success factor for all BG firms.

#### **6.5.8 International commitment**

For manufacturing BG firms, an international commitment seems to be an important success factor. This is indicated by both the case study and theoretical framework.

For digital BG firms, the case study indicates that an international commitment does not seem to be as an important success factor. A commitment to internationalize seems to be more important for a digital first mover.

For this success factor, there seems to be differences between manufacturing and digital firms. There also seems to be differences within the digital firms.

#### **6.5.9 Ability to identify opportunities**

The case study analysis indicates that the ability to identify specific market opportunities is important for all firms that want to go global at an early stage. This is backed up by the theoretical framework. Therefore, it is safe to say that this is an important success factor for all BG firms.

#### **6.5.10 Intangible assets**

According to the theoretical framework, intangible assets constitutes an important success factor. Some of the case studies indicate that this is indeed important for all types of firms. No case company studied contradicted this importance. However, this is difficult to measure and therefore no analysis of this success factor could be performed.

### **6.6 Further analysis**

In this sub-chapter, any other aspects regarding how and why digital firms differ from manufacturing BGs will be analyzed.

#### **6.6.1 Digital BG success factors**

During the case studies, there have been some factors that seem to differ between digital and manufacturing BG firms. One is that basically all but one of the digital firms have had somewhat of a freemium business strategy, that was described in the theoretical framework. It has also been identified that these firms rely heavily on their user base. Too many buyers can be detrimental for manufacturing firms, while it is essential for digital firms to survive. A freemium business model has led to attracting users with basically no marketing costs. The marketing has heavily relied on word-to-mouth marketing instead.

New types of products arise when there are groundbreaking innovations. This seems to be especially true for digital products. This indicates that it is easier to become a first mover for digital firms than for manufacturing.

A third factor that was identified from the case study was the importance to meet the right people at the right time. Many of the digital case companies have participated in incubators, acceleration programs and conferences. Many have also relied on one or a couple of people believing in their idea. This indicates that there is an importance to meet the right people and that luck plays its part as well. However, this does not necessarily have to be unique for digital companies compared to manufacturing ones.

Manufacturing firms are not independent, they depend on the support of investors, suppliers and distributors. Therefore, an international business network is a critical success factor for this type of company. Digital firms have a higher degree of independency, why an international business network does not seem as important.

### **6.6.2 Differences among digital firms**

Apart from differences between digital and manufacturing BG firms, there also indications of differences within the digital firm category. These differences are depending on when the firms were started or what type of product the company has.

Digital companies that were founded early in the internet era seemed to rely more on networks and knowledge of the markets and technologies, than those that have been started more recently. Skype grew very fast, while the other digital unicorn companies were slow started. Today market and technology knowledge is more easily acquired. Instead, a customer oriented strategy has become more important recently than it was in the earlier internet times.

All but one of the digital firms had products that were available globally online for free from the start. This because the product differed a lot from the other digital firms. This was developed to be marketed towards and sold to specific customers. Therefore there are some types of products that are more suited to use a freemium strategy than other digital products.

### **6.6.3 Financing**

The theoretical framework states that a shortage of working capital to finance exports is the prime barrier for SMEs that want to internationalize. Financial resources are important for any company going international and not a success factor exclusive for any type of firm. The case study has shown very mixed results that have been difficult to analyze.

Some digital firms seemed to have become successful without investors and capital. This might be explained by the previously mentioned fact that no large marketing budgets are required for these firms.

Furthermore, all types of financing do not seem to be beneficial for BG companies. As the founder of Mapillary stated, crowdfunding leads to capital but nothing more. Obtaining capital from investors may lead to other benefits. These investors may introduce the company to networks, which in turn could lead to obtaining partnerships, market knowledge and experience. Networks, market knowledge and experience were identified as success factors that may not be important for all types of BG companies

from the start, but that had to be obtained at a later stage. Receiving funds from investors who possess these factors can therefore be a way to obtain these.

Large investments are normally more important for manufacturing firms compared to digital in the startup phase. It requires more money to get a manufacturing company going and to release their first product. A digital company can release their product early in a test phase without large investments needed. This can help them to find investments later on and to develop their product with a more customer related strategy.

#### **6.6.4 Partnerships**

According to the theoretical framework there are two obstacles that can be overcome with partnerships. These obstacles are the global distribution of the products and to create awareness of the product. This seems to be important for manufacturing firms, while not as important for digital firms. An explanation for this is that the digital products market themselves, through word-to-mouth. No large marketing budgets are needed to create global awareness. Another explanation is that the digital products are available worldwide through the internet, why there is no need for local distributors around the globe. This is not the case for manufacturing firms, that need to physically deliver a product to a specific geographical location, marketing towards those markets.

One type of partnership that was introduced in the theoretical framework was collaborating with a large global actor, following them to their markets. There have been no clear examples of this in the case study performed in this project. However, there are some collaborations that could somewhat be seen as partnerships. One example of this is the iPhone Appstore that enables ratings and rankings. It provides a way to reach a global market. Another informal partnership that was identified is that Cimco Marine has turned an Opel engine into a marine engine. Therefore, press releases from Opel may have a huge effect on the global marketing of the OXE engine. Learnifier is the company that has been closest to the partnership of following a multinational actor abroad. Through the original customer, over twenty countries were reached.

#### **6.6.5 Future trends**

One trend that has affected BG firms is that new products arise because of new innovations. One example that has been brought up in this project are the mobile applications that became available with the smartphones. This has opened up for countless of new products and companies. The future may hold new innovations that will lead to both new digital and physical products. Some current trends that could lead to new types of products are the virtual reality technology and 3D-printing.

Another trend is e-commerce that is on the rise. E-commerce and automatization will make it easier for manufacturing firms to develop products and reach out to a global market. It may also lead to manufacturing firms shifting towards digital firms. A hybrid manufacturing and digital firm can let the customer have a much larger impact on the design of the product.



## 7 Conclusion and discussion

*In this chapter, the conclusion of the research questions in chapter 1 will be presented and discussed. These findings will be derived from the theoretical framework in chapter 3 and the analysis in chapter 6.*

### 7.1 The successful BG firm

A BG company is defined as an organization that has customers and performs sales on a global scale from or within a couple of years from the inception. In this report, a global scale has been defined as more than one continent. The success of a BG company has been defined as having a customer base on a global scale.

### 7.2 The success factors of BG firms

The identified success factors of BG firms as described in paragraph 3.6 are the following:

- Global mindset
- International and industry experience
- Market knowledge
- Networks
- International commitment
- Ability to find market opportunities
- Limited domestic market
- Adaptability
- Unique product
- Narrow customer segment
- Customer oriented strategy
- Intangible assets

A limited domestic market was not studied in this project, since a majority of the firms studied were originated from Sweden.

No emphasis was put on the ability to adapt to sudden external changes, since it is difficult to measure.

### 7.3 Differences in success factors between digital and manufacturing BG firms

The success factors that seemed to correlate fully to the theory for all types of BG firms were the following:

- Global mindset
- Ability to identify specific market opportunities
- Customer oriented strategy.

The success factors that seemed to not be as important for digital compared to manufacturing BG firms were the following:

- Unique product
- Narrow customer segment
- International commitment

- International and industry experience
- Market knowledge
- Networks

Some of the deviating success factors that still seemed important to obtain later on to achieve success were the following:

- International and industry experience
- Market knowledge
- Networks

The deviating success factors that seemed to differ within the categories of digital BG firms were the following:

- Narrow customer segment
- International commitment
- Market knowledge
- Networks

#### **7.4 How digital BGs differ from manufacturing BGs**

A global mindset and a customer oriented strategy were important for both types of firms. To have a customer oriented strategy seems to have become more important recently than it has before. Today the internet can be used by all types of firms, both digital and manufacturing, to get customer feedback and involvement. This can for example be acquired through online communities like forums. It is easier for digital companies to launch unfinished products and use the feedback to improve the product. Therefore, it is easier for digital BG companies to have a customer oriented strategy.

To have market knowledge, previous industry and international experience and networks from the inception of the firm did not seem to be as important for digital BG companies as for manufacturing. If a digital company is a first mover of its industry, there may be very limited market knowledge available to begin with. There were however indications that these three factors had to be obtained at a later stage in order to accelerate the growth. This could be achieved through simply being active on the market or through investors. Since digital firms do not need financial resources in the early phases to the same extent as manufacturing, these investors and success factors can be obtained at a later stage.

For digital firms, the lack of a unique product and to target a broad customer segment seemed to correlate. This can be explained by the fact that for digital firms, the user base is of more importance than the financial results. To have a large user base is even more important for digital first movers. The products of these companies are difficult to protect through IP rights. Therefore, it is of most importance to build up a large customer base in order to ensure competitiveness. To achieve this, there is a need for a broad targeted customer segment and a commitment to internationalize. Manufacturing firms have to focus on being able to handle their existing and future customers in a good way. Manufacturing companies have a much more complex user base where different customers can have different deals, some more profitable and some less. The fact that they handle physical products does not just make it harder for them to distribute their products globally but they also need to be able to take care of their aftermarket globally.

The whole value chain should be flawless before they even can start sell and gain profits from their product.

Partnerships are important for manufacturing BG firms to enable global distribution and marketing. These firms heavily rely on their distributors for both distribution and marketing purposes. This is not as important for digital BG firms, as their products are available globally online. They therefore do not rely on distributors to be able to distribute and market the product on a global scale. The global availability and a freemium business model can make the digital products market themselves through word-to-mouth.

Due to the low distribution and marketing costs, financial resources are not as important for digital firms. They can be more self-dependent from start and normally have a greater need to obtain business networks and market knowledge. One way to achieve this is through investors. Therefore, choosing the right investor with the right networks can be crucial for the company's success. Manufacturing firms tend to have a much higher need for financial resources in their early stages of internationalization. Financial sources like crowdfunding can be a way to get over the obstacle of lack of funding. However, networks and market knowledge are still needed. For digital companies, money does not seem as important. Instead, investments should result in networks and expertise. Therefore, crowdfunding might not be beneficial for digital firms.

Groundbreaking innovations, such as the smartphone, has opened up for many new types of digital products. This seems to primarily be the case for digital products, rather than physical products. As the world gets more and more digitalized, the number of new types of digital products seem to grow at a faster pace than that of physical products. This makes it easier for digital companies to become first movers in their industries. These new innovations and technologies also make it easier for digital firms to appear large and worldwide at a low cost.

For manufacturing firms, e-commerce seems to provide benefits that are similar to digital firms. It makes it easier to reach out to a global market and reduces the costs of distributors and marketing. As e-commerce is on the rise, this may lead to manufacturing BG firms to shift towards resembling digital firms.

## **7.5 How the results can be used**

This subchapter will discuss how the results of this project can be used.

### **7.5.1 Future research**

Since the BG area in general is so unexplored, there are many ways to continue this research. Differences among digital firms can be investigated. Other categories can be explored such as service companies, consulting firms, among others. There are potential differences between BG firms depending on the time that they were founded. Other phases in the company life cycle can also be explored, by for example looking at mature BG firms. There may also be differences between BG firms and Born again globals.

What has been shown in this project is that there are differences between digital and manufacturing BG firms, regarding success factors. However, exactly what those

differences are have not been thoroughly investigated. Future research may include a larger number of case companies in order to further outline exactly what factors differ between the two.

### **7.5.2 Academic and General Contribution**

Most of the previous research in this field have been made on manufacturing firms. The aim of the project has been to look at this from a new perspective. The project has compared and tested the theory from the literature on digital BG firms. The range of the sector the different BGs where active in was pretty wide in this project and especially in-between digital firms.

The result showed that there seems to be differences regarding success factors between manufacturing and digital BGs and also in-between different types of digital BGs. For example, digital BGs do not seem to require all the same success factors as a manufacturing firms does. Moreover, it also seems to be factors that are more relevant to digital BGs than manufacturing. These factors and the importance of them also differ more within the groups of digital BGs compared to manufacturing BGs.

## References

### Literature

Höst, M. Regnell, B. & Runeson, P. 2006, Att genomföra examensarbete, Lund, Studentlitteratur.

Hahn, J. (ed.) (2015) Rapid internationalization of Internet companies how do success factors of 'Born Globals' apply to Internet companies?, Twentysix.

### Articles

Achtenhagen, L. 2011. "Internationalization competence of SMEs." Entreprenörskapsforum, forskningsrapport, pp.13.

Altshuler, L. 2012: "Competitive Capabilities of a Technology Born Global", p.162

Andersson, S. Danilovic, M. & Huang, H. 2015: "Success Factors in Western and Chinese Born Global Companies", iBusiness, Issue 7, pp.25-38.

Bell, J, 2001: "'Born-again global' firms: An extension to the 'born global' phenomenon", Journal of International Management, Volume 7, Issue 3, pp.173-189.

Cavusgil, S-T. Knight, G. 2015, "The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization" , Journal of International Business Studies, Vol. 46, Issue 1, pp. 9-14

Coelho, B. de Mello, R. & da Rocha, A. 2014: "Leblon Cachaça: A born global in a traditional industry", Journal of Business Research, Issue 67, pp.567-575.

Knight, G.A. & Liesch, P.W., 2016. "Internationalization: From incremental to born global", Journal of World Business, Vol. 51, Issue 1, pp.93-100.

Halldin, T. 2012: "Born Globals", Entreprenörskapsforum

'How Unicorns Grow', 2016, Harvard Business Review, vol. 94, Issue 1, pp.28-30.

Johanson, J. Vahlne, J-E. 2009: "The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership" , Journal of International Business Studies, p.1412

Kumar, V. 2014: "Making Freemium Work", Harvard Business Review, vol. 92, Issue 5, pp.27-29.

Mets, T. 2009 "Creating global business model for knowledge-intensive SMEs: The small transition country cases", Economics & Management, pp.466-475.

Mtigwe, B. 2006: "Theoretical milestones in international business: The journey to international entrepreneurship theory", p.16

Shaw, V. & Darroch, J. 2004: "Barriers to Internationalisation: A Study of Entrepreneurial New Ventures in New Zealand", *Journal of International Entrepreneurship*, Vol 2, pp.327-343.

Tikkanen, H. (1998) "The network approach in analyzing international marketing and purchasing operations: A case study of a European SME's focal net 1992-95", *Journal of Business and Industrial Marketing*, Vol. 13, NO.2, pp.110-126

Weerawardena, J., Mort, G., Liesch, P., & Knight, G. 2007. "Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective", *Journal of World Business*, Vol. 42, Issue 3, pp. 299-303.

Wren, J. & Gabrielsson, M. 2011: "The early development of Born Global firms in the software industry", *Int. J. Transfer and Commercialisation*, Vol. 10, Nos. 3/4, pp.332-353.

### E-sources

Agarwal, S. (2016) How OnePlus is casually swooping in the premium market. Available at: <http://techpp.com/2016/11/07/oneplus-premium-market/> (Accessed: 9 November 2016).

Ahlfort, K. (2013) SoundCloud – digital scen för världens alla ljudskapare. Available at: <https://www.kth.se/forskning/artiklar/soundcloud-digital-scen-for-varldens-alla-ljudskapare-1.363139> (Accessed: 1 November 2016).

Airbnb (n.d.a) Grundare. Available at: <https://www.airbnb.se/about/founders> (Accessed: 15 November 2016).

Airbnb (n.d.b) Om oss. Available at: <https://www.airbnb.se/about/about-us> (Accessed: 11 November 2016).

Airbnb (2012) Airbnb celebrates record growth with 10 Million guest nights booked. Available at: <http://www.marketwired.com/press-release/airbnb-celebrates-record-growth-with-10-million-guest-nights-booked-1670787.htm> (Accessed: 11 November 2016).

Aronsson, O. (2014) Världsartister flockas kring svensk ljudsuccé. Available at: <http://www.di.se/artiklar/2014/2/28/varldsartister-flockas-kring-svensk-ljudsucce/> (Accessed: 1 November 2016).

Arthur, C. (2015) OnePlus: Setting its sights on changing the world with affordable smartphones. Available at: <https://www.theguardian.com/technology/2015/jul/10/oneplus-affordable-smartphones-two-carl-pei> (Accessed: 9 November 2016).

Brennan, M. (2011) The most amazing and absurd places for rent. Available at: <http://www.forbes.com/sites/morganbrennan/2011/09/16/the-most-amazing-and-absurd-places-for-rent/#3efb672b7264> (Accessed: 10 November 2016).

Bridget (2015) OnePlus Launches in Indonesia through Exclusive Lazada Partnership. Available at: <https://blog.oneplus.net/2015/01/oneplus-launches-in-indonesia-through-exclusive-lazada-partnership/> (Accessed: 9 November 2016).

Carlsson, S. (2016) Soundcloud-grundaren talar ut: "Har varit ett jäkla jobb". Available at: <http://digital.di.se/artikel/soundcloud-grundaren-talar-ut-har-varit-ett-jakla-jobb> (Accessed: 1 November 2016).

Cermak, A. (2016) Carl Pei – OnePlus. Available at: <http://www.howtomakeit.se/kina/carl-pei-one-plus/> (Accessed: 9 November 2016).

Chavis (2014) Why OnePlus is not making any profit off the One: An interview with Carl Pei, director for OnePlus global. Available at: <http://blog.gsmarena.com/oneplus-making-profit-one-tidbits-interview-carl-pei/> (Accessed: 9 November 2016).

Cocozza, P. (2016) Airbnb co-founder Nathan Blecharczyk: 'A body? It's unusual, but it wasn't as if it was in the front yard'. Available at: <https://www.theguardian.com/technology/2016/mar/04/airbnb-cofounder-nathan-blecharczyk-cto-work-family-decomposing-body> (Accessed: 15 November 2016).

Cook, J. (2015) SoundCloud's CTO told us how they're going to fight apple and Spotify in the music streaming war. Available at: <http://uk.businessinsider.com/interview-with-soundcloud-cto-and-cofounder-eric-wahlforss-2015-6?IR=T> (Accessed: 1 November 2016).

Chaffey, D. (2016) Retail E-commerce sales worldwide forecast. Available at: <http://www.smartinsights.com/digital-marketing-strategy/online-retail-sales-growth/attachment/retail-ecommerce-sales-worldwide-forecast/> (Accessed: 13 December 2016).

Crunchbase (2016a) Mapillary - funding rounds. Available at: <https://www.crunchbase.com/organization/mapillary/funding-rounds> (Accessed: 14 December 2016).

Crunchbase (2016b) SoundCloud Ltd. - funding rounds. Available at: <https://www.crunchbase.com/organization/soundcloud/funding-rounds> (Accessed: 13 December 2016).

Economist, T. (2010) The click and the dead. Available at: <http://www.economist.com/node/16478931> (Accessed: 29 December 2016).

England, L. (2015) The fabulous life of SoundCloud cofounder and CEO Alexander Ljung. Available at: <http://www.businessinsider.com/life-of-soundcloud-founder-ceo-alexander-ljung-2015-8?r=UK&IR=T&IR=T> (Accessed: 1 November 2016).

Farrell, M. and Bensinger, G. (2016) Airbnb's funding round led by Google capital. Available at: <http://www.wsj.com/articles/airbnb-raises-850-million-at-30-billion-valuation-1474569670> (Accessed: 11 November 2016).

- Friendbase (2013) Chat, create, play. Available at: <http://www.friendbase.com> (Accessed: 13 December 2016).
- Gallagher, L. (2015) The education of Airbnb's Brian Chesky. Available at: <http://fortune.com/brian-chesky-airbnb/> (Accessed: 15 November 2016).
- Hartmans, A. (2016) How a 34-year-old former bodybuilder became one of the richest young tech founders in America. Available at: <http://nordic.businessinsider.com/airbnb-ceo-brian-chesky-30-billion-startup-2016-8?r=US&IR=T> (Accessed: 15 November 2016).
- Hosch, W.L. (2015) 'Niklas Zennstrom | Swedish entrepreneur', in Encyclopædia Britannica. Available at: <https://global.britannica.com/biography/Niklas-Zennstrom> (Accessed: 11 November 2016).
- Kastrenakes, J. (2013) From Oppo to OnePlus: A new company wants to build the next great smartphone. Available at: <http://www.theverge.com/2013/12/16/5217794/oppo-ex-vice-president-pete-lau-launches-oneplus> (Accessed: 15 November 2016).
- King, R. (2016) Smartphone startup fires another shot at apple and Android competitors. Available at: <http://fortune.com/2016/06/14/oneplus-smartphone-carl-pei-interview/> (Accessed: 14 November 2016).
- Konrad, A. (2014) Airbnb Cofounders to become First sharing economy billionaires as company nears \$10 Billion valuation. Available at: <http://www.forbes.com/sites/alexkonrad/2014/03/20/airbnb-cofounders-are-billionaires/#3cf8250841ab> (Accessed: 15 November 2016).
- Lagorio-Chafkin, C. (2010) Brian Chesky, Joe Gebbia, and Nathan Blecharczyk, founders of AirBnB. Available at: <http://www.inc.com/30under30/2010/profile-brian-chesky-joe-gebbia-nathan-blecharczyk-airbnb.html> (Accessed: 11 November 2016).
- Lai, R. (2014) Meet the One, OnePlus' \$299 nexus killer. Available at: <https://www.engadget.com/2014/04/23/oneplus-one-launch-ceo-pete-lau-interview/> (Accessed: 9 November 2016).
- Levine, R. (2015) SoundCloud CEO Alexander Ljung on making 'Freemium' work and negotiating with the majors. Available at: <http://www.billboard.com/articles/business/6700444/soundcloud-ceo-alexander-ljung-freemium-negotiating-major-labels> (Accessed: 1 November 2016).
- Learnifier (2014) About us. Available at: <http://learnifier.com/en/about-learnifier/> (Accessed: 13 December 2016).
- Lim, V. (2015) Ecommerce inventory management: The essential guide. Available at: <http://www.webretailer.com/lean-commerce/ecommerce-inventory-management/> (Accessed: 29 December 2016).



Luo, B. (2014) Alex Ljung interview | on entrepreneurship, creativity & taking over the YouTube music scene. Available at: <http://nextshark.com/soundcloud-founder-on-entrepreneurship-creativity-taking-over-the-youtube-music-scene/> (Accessed: 11 November 2016).

Malik, O. (2011) 'What every startup can learn from AirBnB', 30 May. Available at: <https://gigaom.com/2011/02/22/airbnb/> (Accessed: 11 November 2016).

Mapillary (2016) About. Available at: <https://www.mapillary.com/about> (Accessed: 13 December 2016).

Mederyd Hårdh, M. (2014) Soundcloud i avtal med skivbolagsjätte. Available at: <http://www.svd.se/soundcloud-i-avtal-med-skivbolagsjatte> (Accessed: 1 November 2016).

Richard, L. (2014) Chinese Smartphone startup OnePlus aims at developed markets. Available at: <http://technode.com/2014/01/13/chinese-smartphone-startup-oneplus-aims-at-developed-markets/> (Accessed: 9 November 2016).

Roos, M. (2016) Skypegrundaren hade ett mål: 'Bli rik på internet'. Available at: <http://www.expressen.se/nyheter/skypegrundaren-hade-ett-mal-bli-rik-pa-internet/> (Accessed: 11 November 2016).

Rowan, D. (2010) Maybe quicksilver Doesn't have Super-Speed—He might warp time. Available at: <https://www.wired.com/2010/11/what-ive-learned-by-skypes-niklas-zennstrom/> (Accessed: 11 November 2016).

Rouse, M. (2012) What is e-commerce (electronic commerce or EC)? - definition from WhatIs.Com. Available at: <http://searchcio.techtarget.com/definition/e-commerce> (Accessed: 13 December 2016).

Salter, J. (2012) Airbnb: The story behind the \$1.3bn room-letting website. Available at: <http://www.telegraph.co.uk/technology/news/9525267/Airbnb-The-story-behind-the-1.3bn-room-letting-website.html> (Accessed: 11 November 2016).

Shed, S. (2016) Skype billionaire Niklas Zennström advises startup founders to act like ducks. Available at: <http://www.businessinsider.com/skype-billionaire-niklas-zennstroem-advises-startup-founders-to-act-like-ducks-2016-5?r=UK&IR=T&IR=T> (Accessed: 11 November 2016).

Shontell, A. (2014) Three young men are about to become billionaires. Available at: <http://www.businessinsider.com/airbnb-founders-will-be-worth-15-billion-each-2014-3?r=US&IR=T&IR=T> (Accessed: 15 November 2016).

Skype, n.d. About Skype. Available at: <https://www.skype.com/en/about/> (Accessed: 11 November 2016).

Solem, J.E. (2016a) 100 Million photos - Geotagged, connected, and available for all. Available at: <http://blog.mapillary.com/update/2016/11/15/100-million-photos-geotagged-connected-and-available-for-all.html> (Accessed: 14 December 2016).

Soundcloud, n.d. About Soundcloud. Available at: <https://soundcloud.com/pages/contact> (Accessed: 1 November 2016).

Tatsis, S. (2015) Fler än du tror riskar miljoner på galna projekt. Available at: <https://www.kth.se/alumni/varaalumner/manadens-aumn/2015/fler-an-du-tror-riskar-miljoner-pa-galna-projekt-1.546586> (Accessed: 1 November 2016).

Tänavsuu, T. (2013) 'How can they be so good?': The strange story of Skype. Available at: <http://arstechnica.com/business/2013/09/skypes-secrets/> (Accessed: 11 November 2016).

Wakeford, D. (2015) Airbnb CEO Brian Chesky is worth \$3 Billion but still rents out his own home. Available at: <http://people.com/celebrity/airbnb-ceo-brian-chesky-is-worth-3-billion-but-still-rents-out-his-own-home/> (Accessed: 11 November 2016).

Wallenberg, B. (2015) Den 25-årige Handelsavhopparen som säljer mobiler för miljarder. Available at: <http://www.va.se/nyheter/2015/10/14/carl-pei/> (Accessed: 9 November 2016).

Weverbergh, R. (2013) SoundCloud co-founder Eric Wahlforss: "How we built SoundCloud". Available at: <http://www.whiteboardmag.com/soundcloud-co-founder-eric-wahlforss-berlin-how-we-built-soundcloud/> (Accessed: 1 November 2016).

Wortham, J. (2014) Ashton Kutcher knows his start-ups. Available at: <http://www.nytimes.com/2011/05/26/technology/26ashton.html> (Accessed: 11 November 2016).

## Interviews

Borg, Marrias; CEO and Co-founder, Learnifier, 2016-12-12

Collén, Emma; Market Communicator, Cimco Marine AB, 2016-12-08

Lygonis, Deborah; Co-founder and CEO, Friendbase AB, 2016-12-07

Solem, Jan-Erik (2016b); Founder and CEO, Mapillary, 2016-12-06.

## Appendix

### Survey questions

Name of your company:

How many countries are you currently active in?

For a company in your industry to internationalize rapidly:

How important is it for the founder/manager to have a global mindset from the start?  
1-10

How important is it for the founder/manager to have previous international experience?  
1-10

How important is it to already have an extensive network of potential collaborators/partners from the start?  
1-10

How important is it to target a narrow customer segment (rather than a broad)?  
1-10

How important is it to have a unique product?  
1-10

How important is the ability to quickly adapt to sudden external changes?  
1-10

### Interview questions

#### Global vision

- Do you target a global market?
- Do you see the whole world as one market or do you divide it? (For example, domestic vs. international market.)

#### Previous experience

- Does it exist international experience from the management in the top of the company? (Can be anything from private travel, study abroad to work and entrepreneurship)
- Does the management have knowledge of the markets you are targeting?
- Does the management have previous experience in the industry you are working in?

#### Networks

- Has any business-related networks been utilized in the internationalization?

- Have personal networks been utilized in the internationalization?
- Have partnerships been utilized in the internationalization?
- Has it been easy to obtain financing?

### **Product differentiation**

- Do you consider your product to be unique?
- Which customers do you target? (Wide or narrow customer segment?)
- Have you had a customer oriented product development? (Involved your customers in the development of the product)

### **Internationalization**

- Is there a strong commitment to internationalize, and to overcome the obstacles that may arise in connection with this?
- Is there an ability to identify specific market opportunities and customer requirements? (How did you come up with the idea behind the company?)

### **Intangible assets**

- Do you have any knowledge, competencies or culture in your company that makes you competitive and hard to imitate for competitors?
- Do you have any competitors?