

The other side of the coin: A case study of Norwegian tech startup funding strategies

Jan-Simon Toro



MSc Entrepreneurship and Innovation
Department of Informatics
University of Oslo
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*For to every one who has will more be given, and he will have abundance; but from him who has not, even what he has will be taken away.
—Matthew 25:29*

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Abstract

Desire and necessity of sound financials is the lullaby that lets an entrepreneur sleep at night. But the funding strategy that they so much require has been overlooked by the literature. More specifically, founder funding strategy is virtually neglected, but financier funding strategy is overwhelmingly overemphasized. Through one of the many possible lenses, this thesis takes it upon itself to determine how Norwegian tech startups get early-stage public funding. This thesis uses a well-grounded multiple-case study of three intriguing startups that tell their story without reservations. The interviews are analyzed using a technique of cross-case synthesis. The findings show that where there is a will there is a way and how industriousness, an adaptable tenacity and effectively leveraging implicit prerequisites can result in success —receiving a grant— even if the founders consider themselves to have an underdeveloped strategy. The analysis' findings make it clear that there are some key insights like the power of legitimacy and validation and also make it patently understandable that there will always be caveats and limitations such as hindsight bias. One of this thesis' gold nuggets is the call-to-action in the recommendations, showing that the odds of a successful funding opportunity are better than a coin toss.

Introduction

Motivation

It is not unheard-of starry-eyed founders that romanticize the startup life thinking that all they need to succeed is inner drive and passion, but then neglect the real deal-breaker and fuel of any venture: financial capital. This thesis is born of a scientific curiosity of better understanding the workings of a founder's connection with this form of capital. Financial stability is a preoccupation that has been and always will be ever-present to every human being. Translated into entrepreneurship-lexicon, this becomes a founder's seeking and securing of funds for their new venture. But it does not stop at this simply being a preoccupation, a founder must reify this feeling into a plan, which more specifically and concretely means the founder's strategy for getting funding.

One could argue that a startup's funding strategy is just as important as the startup's value proposition. A new venture with a deficient funding strategy and robust value proposition is doomed to be flightless because they cannot afford jet fuel. But a new venture with a deficient value proposition and a robust funding strategy can take off, and improve midair. It is the immutable fact that financial capital carries the weight that it does in a startup's lifecycle and its relevance to entrepreneurs that is one of the main drivers of this thesis. In the Norwegian startup milieu, a colossus of a player in financial services for startups is *Innovation Norway*.

The government's most important instrument for innovation and development of Norwegian companies is Innovation Norway (IN). Over the past five years they provided more than 411 million NOK in grants for tech startups to a total number of 1,386 startups (Innovation Norway, 2020). This can be visualized in Figures 1 and 2. It seems elementary to want to study a player of such caliber.

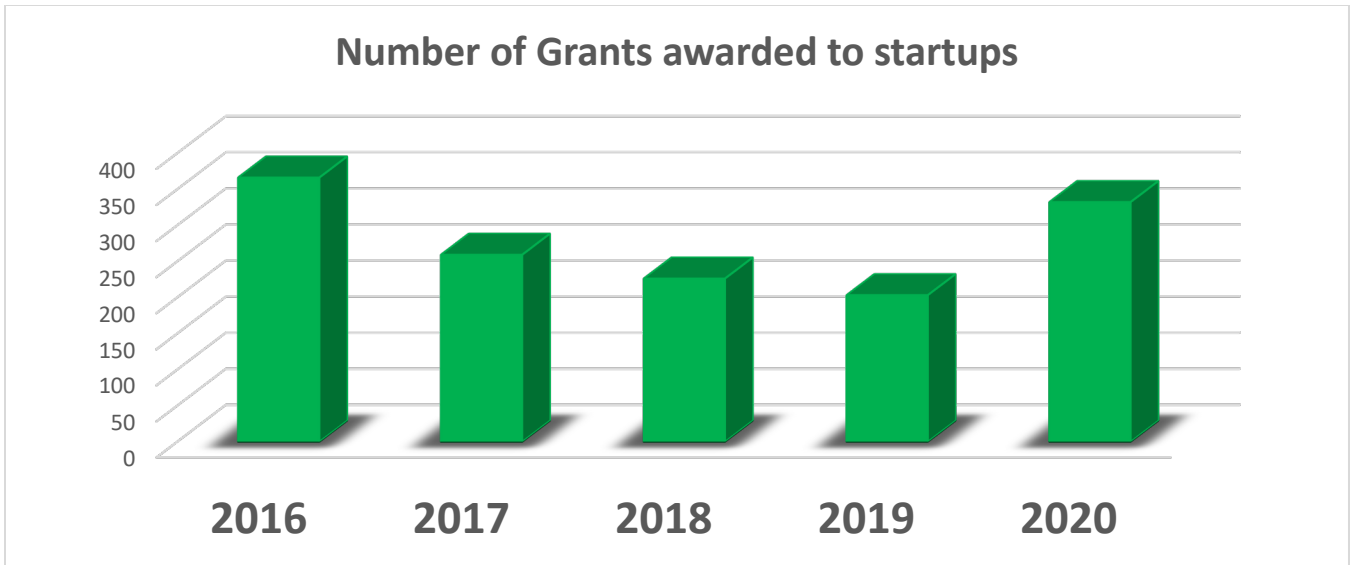


Figure 1. Number of grants awarded by Innovation Norway to startup companies during the period 2016 – 2020. The number of successful applications ranges from 336 in 2016 decreasing and reaching a lowest number (203) in 2019. The year 2020 shows an increase with 332 successful applications. This graphic exclusively shows only grants to startup companies without including other Innovation Norway financial instruments or Covid-19 relief support.

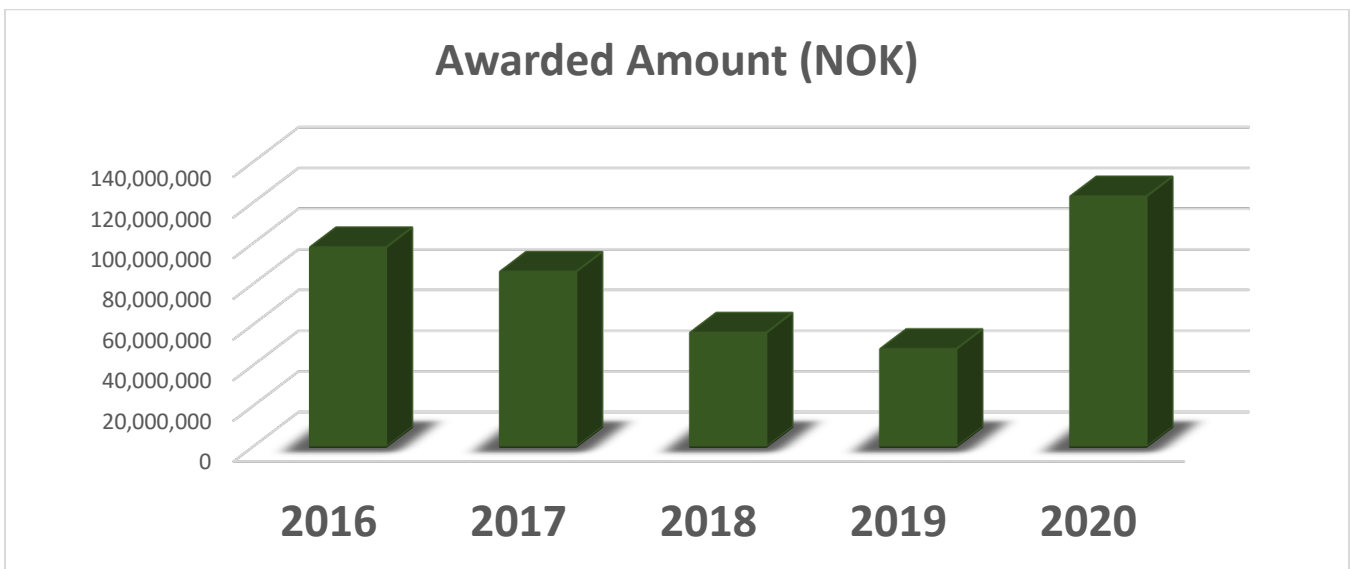


Figure 2. Grants (NOK) awarded by Innovation Norway to startup companies during the period 2016 – 2020. The highest amount awarded ranges from 366 million NOK in 2016, decreasing and reaching the lowest amount of 203 million NOK in 2019. The year 2020 shows an increase of 129 million NOK compared to 2019 reaching a total of 332 million NOK. This graphic exclusively shows only grants to startup companies without including other Innovation Norway financial instruments or Covid-19 relief support.

Research question, purposes, and objectives

The research question is the following: **how do Norwegian tech startups get early-stage public funding?**

The thesis has two purposes:

1. To be a wake-up call for entrepreneurs, not for them to set aside their enthusiasm for developing their product or service but to also have a clear awareness and understanding of the importance of funding and funding strategy.
2. To be a recognition of an anomaly encountered during the literature review: a gaping hole that inadvertently (and thankfully) has been dug up from the literature's one-sidedness. *Where founder funding strategy is virtually neglected, but financier funding strategy is overwhelmingly overemphasized*— as will be apparent in the literature review. But more than a mere anomaly in and of itself, it is an identified problem that is at the crux of the thesis.

Going hand in hand with the two purposes is this thesis' main objective. That even though the literature is missing an important perspective, the main objective is to extract and utilize valuable data from the literature and convert it into insights for promising entrepreneurs in the pursuit of funding. This main objective is supported by a secondary objective, which is to show how Norwegian tech startups get early-stage public funding from the *founder's perspective*. This secondary objective is still not specific enough to make a viable thesis, so a tertiary objective is needed that serves as a feeder for the higher-order objectives. The tertiary objective is to determine the founders' funding strategy for a specific and testable demographic of founders: *Innovation Norway* grant recipients.

Thesis structure

A state-of-the-art literature review serves as one of the two cornerstones of this thesis, reporting the previously mentioned slanted viewpoint on funding strategy and being the basis for data collection rationale. Afterwards, a multiple-case study built around Robert Yin's (2009) *Case Study Research: Design and Methods* is thoroughly presented. The case study serves as the conduit for bringing forth answers to the research question at large and the specific objectives. The data gathered from structured interviews is further analyzed and distilled into its useable and essential elements, the second of the two cornerstones of this thesis. Researchers will get unambiguous directions for future research and recommendations will be made patently explicit.

Literature review

This literature review on how startups get funding shows that like many things in life, in order to get what you want you have to ask for it and that once you do ask, and cement strong relationships, you are way ahead of the curve. It would be remiss not to mention that there are aspects of skill and merit that are consequential to a startup's funding such as that of having a good marketing strategy and financial literacy. Since the data collection is based on recipients of Innovation Norway grants, which are public moneys, this literature review will also explore the connection between new ventures and public funds. Although, this literature review does give the impression that what is left to chance is a non-trivial factor for success, the concept of luck will not be a matter of study.

The literature recognizes the importance of funding for new ventures but has a myopic view on it. It is conceivable to think that scholars tend to focus on the financiers' perspective of funding because of the venture capitalists' interest in deciphering which characteristics of new venture make them successful. In other words, it sells more to figure out who the winner is than to figure out how a likely failure can get a slice of the pie. The literature review points out the significance of several indicators for new venture funding, which are used as the basis for the interview questions. In other words, the existing literature on startup funding in general is used as a blueprint to map onto the Norwegian public startup funding space.

The literature review reveals the negligence that the overwhelming literature has had in the study of how new ventures get funding *from the perspective of their founders*. The present thesis is an attempt at taking the first step, although a small and local one, in a new direction.

Understanding funding and its importance for startups

New ventures are punctuated by critical incidents throughout its lifetime. Venture capital financing being one of them resulting in a pivotal strategy event for a startup. Kaulio (2003) investigates critical incidents early-stage new ventures face in this transitory stage. Financing and recruiting were the most frequent and most important critical incidents to manage by founders. The author recognizes a common pattern of occurring incidents among the ventures. A strategic choice was made in relation to the first round of venture capital financing: either the companies followed a growth strategy and recruitment, and organizational development were key goals, or the company focused on building a patent portfolio.

In order to fully see the whole picture of new ventures' funding we need to delve into the venture capital's investment decision criteria. Hall and Hofer (1993) attempt to uncover the criteria used by venture capitalists. The authors' findings of this study suggest that venture capitalists screen and assess business proposals very rapidly: the subjects in this study reached a GO/NO-GO decision in an average of less than six minutes on initial screening and less than 21 minutes on proposal assessment. In venture capitalists' initial proposal screening, key criteria identified include fit with the VC lending guidelines and the long-term growth and profitability of the startup industry. In the second stage of proposal assessment, the source of the business proposal also played a major role in the venture capitalists' interest in the plan, with proposals previously reviewed by persons known and trusted by the venture capitalist receiving a high level of interest.

Hall and Hofer claim that by better understanding the criteria used could lead to better understanding the reasons for this success. Also, better understanding the criteria for successful new ventures could lead to an improvement in the success rate of new ventures. Finally, venture capitalists' investment criteria are of great significance to entrepreneurs seeking venture funding. Such entrepreneurs require a significant capital in order to grow, and knowledge of the criteria sought by venture capitalists can help entrepreneurs gain the necessary financing.

Eckhardt, Shane and Delmar (2006) examine why some new ventures are more likely than others to successfully get external funding by using a random sample of 221 new Swedish ventures founded in 1998. The authors say that for a venture to receive external funding its founders must first select it as a candidate for external funding, and then a financier must fund it. Eckhardt, Shane and Delmar found evidence that founders select ventures as candidates for external funding based on their perceptions of market competition, market growth, and employment growth, while financiers base funding decisions on objective verifiable indicators of venture development like completion of organizing activities, marketing activities, and the level of sales of the venture.

[You are who you know: the real value of connections for new ventures](#)

Key factors beyond strict merit cannot be overseen. Network and reputation play an influential factor on new venture funding. Shane and Cable (2002) argue that explaining how entrepreneurs overcome information asymmetry between themselves and potential investors to obtain financing is an important issue for entrepreneurship research. The authors' premise is that economic explanations for venture finance, which do not consider how social ties influence this process, are undersocialized and incomplete. However, the authors also argue that organization theoretic arguments, which draw on the concept of social obligation, are oversocialized. Shane and Cable show that through a process of information transfer, these ties influence the selection of startups to be funded.

A venture capital firm's reputation and a new venture's alliances are again other non-meritocratic factors affecting funding. Not all funding is created equal, meaning that it is better to receive funding from venture capital firms with good reputation viz. high average IPO success rate, than from one with not so good reputation. Chang (2004) examines how Internet startups' venture capital financing and strategic alliances affect these startups' ability to acquire the resources necessary for growth. Chang uses the initial public offering (IPO) event as an early-stage measure for Internet startups' performance and controlling for the IPO market

environment. Chang found that three factors positively influenced a startup's time to IPO: the better the reputations of participating venture capital firms and strategic alliance partners were, the more money a startup raised, and the larger was the size of a startup's network of strategic alliances.

Focus on what works and forget about what doesn't: a playbook for the new venture

Timing the market is a practice that is widely perceived to be a big no-no, let alone be possible. But the analogous for new ventures and venture capital firms might not be more implausible. This so-called timing can be likened to sound financial planning on the part of the new venture. Cox, Lortie, and Stuart (2017) suggest there is a seasonal trend in angel investment deals comprised of specific peaks and valleys in activity. Angel investors —private individuals who make investments in new ventures— represent a significant economic impact contributing to the startup survival. Angels contribute billions of investment dollars to startups, positively influencing their growth, their ability to get future financing, and their successful exit. There are practical implications involving the preparation time for entrepreneurs before seeking angel investment, optimal seasons for pitch competitions, and the importance of financial planning for startups.

Atherton (2012) shows that more “financially literate” and more ambitious founders generate higher levels of startup funding from a wider range of sources and types of finance.

We should not forget that startups are composed of people and the significance of certain individuals can be vital for the new venture's success. One of these crucial individuals is the chief marketing officer (CMO). Homburg, Bornemann and Sandner (2014) claim that research on new ventures has indicated that poorly conducted marketing is among the main reasons for new venture failure. To acquire urgently needed initial funding, new ventures strive to conform to investors' expectations of appropriate marketing capabilities because these capabilities may provide them with legitimacy in the eyes of potential investors. Their study

results indicate that CMO education, marketing experience, and industry experience are positively related to the likelihood of funding.

The identity and the way a new venture presents itself can have massive consequences, down to the detail of the specific words being used. Here we see the consequence and comparison between characterizing a new venture as disruptive vs. building. Kanze and Iyengar (2017) observe that research has previously shown that “entrepreneurial identity,” or how one defines and identifies with their role, affects a startup’s ability to get key resources. The phrases entrepreneurs use to describe themselves and to position their startups on sites like LinkedIn function as a useful window into their entrepreneurial identities.

Kanze and Iyengar examine the LinkedIn profiles and found that “disrupter” startups received 1.7 times more funding, on average, than “builder” startups. More so, the degree to which a startup valued disruption (which the author’s based on its average composition of “disrupter” vs. “builder” team members) significantly predicted the amount of funds that the startup raised.

The ever-present dilemma of gender inequality does not escape entrepreneurship research, and the demographics of a new venture and its effect on funding is more real than ever. Kanze, Huang, and Higgins (2017) claim that there is an enormous gender gap in venture capital funding in the United States. Female entrepreneurs receive only about 2% of all venture funding, despite owning 38% of the businesses in the country. Over the past several years, the U.S. has seen an increase in the number of female venture capitalists (from 3% of all venture capital firms in 2014 to an estimated 7% in 2017), but the funding gap has only widened. Kanze, Huang, and Higgins’ research shows that male-led startups in the authors’ sample raised five times more funding than female-led ones.

As the old adage says, “money attracts money” and it continues to be true in the new venture realm. Islam and Marcus (2018) claim that entrepreneurship researchers have documented that early-stage startups rely on signals to demonstrate the transitions in their

identities that they must make when they cross organizational life cycle thresholds. But early-stage startups in emerging industry contexts tend to have few good signals to rely on. The authors say that public agencies can play a valuable role in this process.

Islam and Marcus develop a framework to investigate the role that signals can play for early-stage startups when they win prestigious government research grants. The authors test this framework in the setting of the emerging U.S. clean energy sector and find that in comparison to a matched sample of clean energy startups that have not won prestigious research grants, startups with these grants were 12% more likely to acquire subsequent venture capital funding. Another significant result is that the value of this signaling is greater for startups that have fewer patents.

Howell's (2017) findings follows the same direction as those of Islam and Marcus. She shows that an early-stage award close to doubles the probability that a startup receives subsequent venture capital and has large, positive impacts on patenting and revenue. These effects are stronger for startups with low liquidity. Howell says the grants are useful because they fund technology prototyping.

[A map of the thick and transforming forest of funding](#)

The expected value of a venture capital injection is low, leading a move toward new financial and business models. Bains and Guzman (2014) examine the venture capital investment patterns for the past 7 years (2006-2013) and show that a start-up in 2014 can expect little venture capital support. The authors show from companies' financial records that companies are adopting financial models based on angel investment, grants and revenue, and moving away from business models that need substantial investment. There is a time lag, but government and research council policy are beginning to recognize and align with the new investment realities.

Hypotheses

Important concepts were extracted from the literature which from now on will be referred to as *indicators*. These indicators will be presented in the methodology section. Even though the literature does present valuable indicators, the fact that the literature does not substantially present funding strategy from the founder's perspective nor converge in any way this leads to two hypotheses:

H1 Founders' funding strategy is underdeveloped

H2 Founders do not consider the indicators to be relevant for their funding strategy

Methodology

To determine the appropriate research method the hypotheses and research question are taken as a starting point “how do Norwegian tech startups get early-stage public funding?” Since “how” questions are more explanatory in nature, Robert Yin (2009) suggests that this leads to a case study being the most favored research method. This methodology follows Yin’s guidelines. An important observation by Robert Yin is that analytical generalization can be used and not statistical generalization in a case study.

Preparation for case study evidence collection

A screening procedure and selection criteria was necessary to select the case study evidence source.

From the target group *Norwegian tech startups, recipients of Innovation Norway startup grants*. Young startups with recent grant disbursements were selected to maximize the founders’ accurate recollection of events. Startups founded by University of Oslo students was another criterion. All startups should be in a technology industry according to their categorization in *Brønnøysynregistrene*. Similar founder milieus were selected for so to not attribute differences in strategy to those differences i.e. control for variables.

To better understand and get a glimpse into founder mentality and in order to answer the research question, structured formal survey interviews were conducted with three founders that satisfied all the aforementioned selection criteria. A multiple case study of three was selected because two cases would not be challenging enough and four would be impractical. All interviews were conducted over Zoom® and lasted around twenty minutes. All interviewees consented to audio recording. All startups are of the form *aksjeselskap (AS)*. All data from the interviews is anonymized and the three startups will be referred to by the first three letters of the Greek alphabet. An overview of the startups follows in Table 1:

Table 1. Overview of case study startups

	Founded	NACE branch*	Grant amount (NOK)	Year disbursed
Startup α	2019	62.010 Programming services	100,000	2020
Startup β	2019	63.120 Web portals	100,000	2019
Startup γ	2019	62.010 Programming services	150,000	2020

*NACE code is a pan-European classification system that groups organizations according to their business activities (www.gov.ie)

Case study evidence collection

Each of the three cases case were carefully selected with a replication logic based on the selection criteria. The structured interview consisted of five open-ended questions and a sixth six-part question with a 5-point Likert scale as seen in Table 2. -- Interviewing founders in a structured way with specific questions is the best way to understand their rationale and way of thinking.

Table 2. The interview questions and their rationale

	Rationale
Q1. Why did you seek Innovation Norway funding?	1. To determine general motive and incentive and, 2. To establish if founders use grant as stepping stone for VC. Howell (2017) shows that early-stage funding can almost double the startup's probability of receiving subsequent VC
Q2. What was your strategy for getting the Innovation Norway grant? Be as detailed as you want.	To establish details of founder funding strategy
Q3. How did the execution of the strategy differ from your plan?	To find out if founder follows their plan and what their justifications are
Q4. Why do you think you were successful in getting the Innovation Norway grant?	To probe the founder's reasoning for getting funding and establish if there is a connection to their strategy
Q5. How is your strategy different now, from what it was before, for getting future funding?	To discover if there are lessons learned that affect funding strategy
Q6. From 1-5 how relevant for your funding strategy were the following, and why? (1: highly irrelevant and 5: highly relevant)	To establish and quantify the effect of the <i>indicators</i>
a. Your marketing strategy	Homburg, Bornemann and Sandner (2014) observe that poor marketing can lead to failure and appropriate marketing capabilities provides legitimacy to potential investors
b. Your connections to funding institutions	Shane and Cable (2002) show that through a process of information transfer, social ties influence the selection of startups to be funded

<p>c. Your “entrepreneurial identity” i.e. how you describe your startup</p>	<p>Kanze and Iyengar (2017) show that the degree to which a startup team valued disruption—in the way they describe themselves— significantly predicted the amount of funds that the startup raised</p>
<p>d. Your startup’s gender composition</p>	<p>In Kanze, Huang, and Higgins’ (2017) study, they showed that male-led startups raised five times more funding than female-led ones</p>
<p>e. Hiring new talent</p>	<p>Eckhardt, Shane and Delmar (2006) found evidence that founders consider their startups as candidates for funding based on their perception of employment growth</p>
<p>f. Your financial knowledge</p>	<p>Atherton (2012) shows that more ambitious and more “financially literate” founders get more funding from more sources and types of finance</p>

Case study analysis and findings

The case study will show how industriousness, an adaptable tenacity and leveraging implicit prerequisites can result in success (receiving a grant) even if founders have an underdeveloped strategy. Following Robert Yin’s (2009) structure the pertinent analytical technique used is cross-case synthesis. Table 3 shows the first distillation of the founders’ answers.

Table 3. Synthesis of founders’ answers

	Startup α	Startup β	Startup γ
Q1. Why did you seek Innovation Norway funding?	<ul style="list-style-type: none"> • Had specific project • Wanted funding for an MVP and outsourcing • “Making an MVP” is what they called the project 	<ul style="list-style-type: none"> • Were in grant scope • Wanted to validate market and do marketing experiments • Test MVP • Pay off outsourcing debt • Apply for a specific grant category that the agency supports 	<ul style="list-style-type: none"> • Cash injection into company • Investigate business model
Q2. What was your strategy for getting the Innovation Norway grant? Be as detailed as you want.	<ul style="list-style-type: none"> • Team discussion • Answer IN application (app) questions • “... if there was a specific strategy, I’m not sure.” 	<ul style="list-style-type: none"> • Strategy: follow mentor’s leads with in-depth knowledge of Norwegian public funding and of app process • Had information about substantial grant funds still left as quota • Check off <i>implicit check boxes</i> • Time-consuming app 	<ul style="list-style-type: none"> • “We didn’t really have a strategy” • Answer the form questions • Quick process of answering questions • Confident in getting grant

<p>Q3. How did the execution of the strategy differ from your plan?</p>	<ul style="list-style-type: none"> • Not very different: made sure to convey that they “had a set project and knew exactly what to do” 	<ul style="list-style-type: none"> • Not much difference: straightforward app process • Stuck to plan: Weaved in <i>implicit check boxes</i> into answers 	<ul style="list-style-type: none"> • Followed their standard company procedure: founder writes first draft then round of feedback from team
<p>Q4. Why do you think you were successful in getting the Innovation Norway grant?</p>	<ul style="list-style-type: none"> • IN called after sending: <ul style="list-style-type: none"> ○ Received feedback saying they were interesting ○ Founder had industry background, implying contacts ○ Had received investment from another source. IN wanted to know why ○ App had more than was being asked for, i.e. pitch deck IN+ ○ IN mentioned previous success with similar tech 	<ul style="list-style-type: none"> • All <i>implicit check boxes</i> were checked off • Considerable time put into writing app • Quite good app with common thread • “Had a plan for how to write and how to execute” 	<ul style="list-style-type: none"> • “Because we are a promising startup company” • Good fit for IN • Took app writing seriously
<p>Q5. How is your strategy different now, from what it was before, for getting future funding?</p>	<ul style="list-style-type: none"> • Also got Norwegian Research Council (NRC) funding, after that, different strategy • Leaning toward private investments like venture capital (VC) • They have a long-term vision and unsure of how much to tell potential VCs 	<ul style="list-style-type: none"> • Not getting NRC funding made them change strategy • They did not leave more details to the imagination • Were too open about technical difficulties • Had they been at an earlier stage, would have been beneficial 	<ul style="list-style-type: none"> • All funding opportunities had not been considered before • Did not think or do much research on funding opportunities • More focused on product dev before • Did get NRC funding, so not much thought about funding • Now that funds are used up, they are researching alternative sources

Second distillation

Q1. Why did you seek Innovation Norway funding?

All startups had clear needs for financial capital and clear MVP/business model testing. However, no sign of using the grant as steppingstone for future funding. Signs to soon appear.

Q2. What was your strategy for getting the Innovation Norway grant? Be as detailed as you want.

Two of the cases either say they were unsure of specific strategy or that they did not have a strategy but they do clearly state that completing the application was done diligently. With industriousness.

Case beta, makes a very compelling case for leveraging their network. Founder beta almost already had a foot inside IN due to the strong connection to it. A very important concept is that of *implicit check boxes*. By those, founder beta refers to prerequisites that are not explicitly stated in the application but that are inferred, either by knowing the culture or understanding the vision and mission of Innovation Norway.

Q3. How did the execution of the strategy differ from your plan?

This question reveals how when faced with a task that seems to have a linear approach all founders adapt to what the application requires (in some cases they go the extra mile) and go about solving it systematically making sure all the t's are crossed and the i's are dotted. An adaptable tenacity.

Q4. Why do you think you were successful in getting the Innovation Norway grant?

All three cases made distinct and important observations about their sometimes subjective and objective reasons for having succeeded in getting the IN grant. Alpha makes the important point of legitimacy and validation, that if previous funding has been granted this gives the investor a signal that the startup is promising. Beta acknowledges the value of a greatly written application and the necessity of spending considerable resources on it

especially time in order to be successful, and to check off the implicit check boxes. Gamma on the other hand has a different yet just as valid point saying that their startup being promising was a good fit for IN. Gamma also makes the point that taking application writing seriously was key.

Q5. How is your strategy different now, from what it was before, for getting future funding?

All cases mention a shift in strategy toward venture capital as being a natural next step. Only case gamma acknowledges lack of knowledge about funding opportunities at an early stage. All cases mention the Norwegian Research Council to have had an effect on their funding strategy and the way they describe it makes it sound like it is a great leap in strategy change, this could be interpreted that the more founders are exposed to different agencies/investors/funding sources the learning curve becomes steeper and founders have to adapt to the new environment.

The above insights into funding strategy from the founder's perspective make hypothesis **H1 Founders' funding strategy is underdeveloped** acceptable but also sheds light onto other factors that trump a lacking plan.

Table 4 summarizes the responses for the Likert scale question, Q6.

Table 4. Founders' responses to Q6*

		Startup α	Startup β	Startup γ
Indicator	Marketing strategy	4	1	3
	Connections to funding institutions	3	5	1
	“Entrepreneurial identity” i.e. how they describe their startup	4	2	1
	Startups' gender composition	1	1	1
	Hiring new talent	5	1	1
	Financial knowledge	4	4	1

* Q6. From 1-5 how relevant for your funding strategy were the following, and why? (1: highly irrelevant and 5: highly relevant)

Indicator synthesis

Marketing strategy

Two of three consider it relevant

Connections to funding institutions

Two of three consider it relevant

“Entrepreneurial identity” i.e. how they describe their startup

Two of three consider it irrelevant

Startups’ gender composition

All consider it irrelevant

Hiring new talent

Two of three consider it irrelevant

Financial knowledge

Two of three consider it relevant

Final distillation

Half of the indicators were considered to be relevant and the other half were considered to be irrelevant. Partially accepting **H2 Founders do not consider the indicators to be relevant for their funding strategy**

Conclusion and Discussion

The multiple case study carefully designed combined with the revelations from the literature review served as a competent weapon attempting to answer the research question:

how do Norwegian tech startups get early-stage public funding?

Hypothesis **H1 Founders' funding strategy is underdeveloped** was accepted but light was shed onto other factors that trump a lacking plan, such as industriousness, an adaptable tenacity, and taking advantage of the implicit check boxes. For H2 the situation was slightly different. Findings allowed for partially accepting **H2 Founders do not consider the indicators to be relevant for their funding strategy**. Half of the indicators were considered to be relevant and the other half were considered to be irrelevant.

Limitations and obstacles

There is no shortage of limitations and obstacles in a study such as this one. But recognizing them is half the battle. No alternative perspectives were entertained and these could potentially challenge any assumption made in this case study in a critical way.

There are certain limitations to the interview questions especially when interviewees are asked to characterize a perceived effect or relevance. Other methodological obstacles in general can be conceived such as level of truthfulness and certain biases like hindsight bias. Since the startups were successful in getting the grant in the first place it would not be farfetched to believe that they could see themselves in a better light than they were.

Even though the thesis only scratches the surface of the topic at hand, it opens the doors and lays out a clear path to take for further research. In other words, this thesis constitutes the first brushstrokes of a painting whose sketch shows an incomplete picture of the scope of the existing literature.

Future research

Like limitations and obstacles, there's a myriad of possibilities for future research. This will be an abridged compilation of such possibilities and will not cover unspecific improvements such as "control for biases."

For the Likert scale question, when asking the relevance of the indicators, the question could have been two-folded: how relevant were they and how relevant *should* they have been, and why? This way it is possible to study how these differences came about.

A very interesting study would be to interview IN grant committee members to confirm or disprove founder claims. And on top of this use more sources of evidence to triangulate.

A more complex and not master's thesis friendly would be a longitudinal study on grant recipients where the possibilities to test are endless.

A more master's thesis friendly case study would be to compare successful to unsuccessful grant applicants and how their strategy differed.

More in line with the present thesis, future research could be to replicate a similar but more extensive case study with similar candidate criteria.

As a more specific point, which was raised in case beta: Interviewee beta makes the claim that governments do not have the incentive of a company's return on investment. A future study could be realized on the veracity of this claim and that of inefficient resource allocation by comparing government-backed vs privately backed startups and controlling for similarities.

Recommendations

The millennia old platitudes live strongly in the ethos of this study. Give yourself twice the time allotted required to write. Allot time to learn and become acquainted with potential investors and find out what they are looking for and give them what they want. Have more than one set of eyes on the application and find a mentor.

Legitimacy and validation are a common thread that startups should be able to convey to potential funding sources. Be ready to talk to IN, use all resources from IN that are supportive and non-financial.

Do your reverse due diligence on implicit requirements and align yourself with the mission and vision of your desired funding partner.

Nothing is so permanent as a temporary government program

– Milton Friedman

So, take advantage of the opportunities that exist at a national and international scale with Innovation Norway. Good luck!

Final remarks

This thesis' main motivator is for it to be worthwhile to you, the reader. Though born out of curiosity, this thesis is rooted in being a utilitarian document. This thesis shall not just be one more individual voice in your pile of theses. This thesis is the culminating project of two years of a Master of Science in Entrepreneurship and Innovation at the University of Oslo. And as such, it is meant to be a document that reflects the lessons and experiences acquired during that degree, becoming the capstone of an academic life. That is what it is meant to be, but if this thesis changes your mind in any way, it has done its job well.

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