Leveraging a third-party association in Silicon Valley –
Conceptualising Born Global Firm processes for
Innovation & Internationalisation

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Abstract

The academic society have in the recent past addressed the current ecosystem for new and existing business as a knowledge society. An era of globalisation and advanced technologies, where tacit knowledge has become an essential commodity for all firms in all industries looking to maintain a competitive level of productivity. Consequently, a substantial number of young companies are emerging worldwide with an exogenous approach of receiving knowledge as input in their process of being innovative. They leverage externalities rather than internal research and development. A suggested way of doing this is by utilising the natural advantages and values of an area, often remote from their country of residence.

In this study, we suggest that this seeking of regions dense in innovative activity gives rise to young companies performing of international operations. We presume that business is becoming increasingly borderless, and assume the perspective of companies with innate international ambitions, born global firms. We suggest that the reason for early international activity varies from seeking new foreign markets to merely gaining from the input of outside expertise in offshore areas, dense in innovative activities. Following, we use the case of a local third-party association, namely the Nordic Innovation House in Silicon Valley to partly study why and how firms leverage values in the area and further the role of the association. This is done in the context of streamlining innovative and international activity.

Findings verify that seeking knowledge as input in the process of innovation is a driving force to international activities. Allowing for interesting connections between previously separated concepts. Furthermore, we account for how a firm leverages the natural advantages and values of an spatially defined area. Finally, we confirm that being able to connect with the right people and gaining relevant knowledge is done with considerably more ease and to a significantly lower cost with the help of a third-party association. Consequently, the firms exhibited accelerated and more efficient processes of innovation and internationalisation.

Keywords: Born Global Firm, Innovation, Knowledge, Networks, Local Spillovers, Internationalisation, Nordic Innovation House, Silicon Valley, Local third-party.
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1 Introduction

Knowledge has become an essential commodity for all firms in all industries looking to maintain a competitive level of productivity. As a result of the rapid and continuous development of new technology, innovations keep on alternating the playing field for both new and existing businesses. Requiring firms to develop efficient knowledge-creation processes (Kefela, 2010). This era of globalisation and advanced technologies, a knowledge society (Nonaka et al., 1996), has given birth to a substantial number of young companies worldwide. Due to their limited financial and human resources, young ventures rely on efficiently seeking and finding sources of input in their process of innovation. Consequently, these firms apply an exogenous\(^1\) pursuit for economic knowledge\(^2\), focusing on leveraging externalities rather than internal research and development (Audretsch & Feldman, 2003). Additionally, business is coming increasingly borderless, allowing for companies to have innate international ambitions, born global firms (Knight & Cavusgil, 2004). Nonetheless, referring to the pursuit of new knowledge, the reason for early international activity varies from seeking new foreign markets to merely gaining from the input of outside expertise in offshore areas, dense in innovative activity.

“I always wanted to do a project in Silicon Valley, because it is the mecca for technical innovation, that’s where everything happens”

- Harry Van der Veen (2018), Co-founder and CEO at Nuiteq

The Silicon Valley, also known as the Bay Area includes several cities south and southeast of San Francisco. It is a geographical hotspot for world-leading technological innovation, and the valley is home to a vast number of industry-leading companies. Firms originating from all over the world gather in this area to partake in

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\(^1\) This study applies the term “exogenous” to refer to a firm’s external input of knowledge. This is done through activities and processes performed together with entities outside the scope of the business itself (Adams, 2011).

\(^2\) Economic knowledge refers to knowledge specifically gained as input the the process of creating economic value (Gertler, 2002).
knowledge spillovers and to find new business opportunities, making it a global renown area for innovation (Amadeo, 2017).

This study assumes the perspective of a born global firm, but does not solely focus on accelerated foreign market entries. Instead, it uses the term to pinpoint the desired level of organisational innovativeness and the geographically limitless ambitions. We then address a firm’s area of operation as a way of leveraging externalities to increase innovative activity (Braun et al., 2005). Initially, following previous scholars (Porter, 1998; Preissl, 2003) we conclude that for young highly scalable companies, innovation has a strong connection to the spatial agglomeration of firms. We verify this empirically by acknowledging that a firm’s pursuit for knowledge is closely tied to its international activities. Suggesting that processes of increasing innovativeness and internationalising business often converge for the born global firm. We then endorse knowledge as a critical commodity. Further, we discuss how firms streamlining of access to knowledge connects to the process of accelerating processes for both innovation and internationalisation.

Secondly, we detail the processes of exploiting the natural advantages and values of a region and introduce the case of a governmental support association, namely the Nordic Innovation House in Silicon Valley. The study investigates how the case organisation, by leveraging it as a local third-party, can act as a tool for Nordic startups to streamline access to local knowledge spillovers and networks of the region. Contrary to previous investigations in the field this study does not aspire to provide further knowledge about the required internal entrepreneurial capabilities of the firm (Weerawardena et al., 2007). Instead, we aim to highlight how the usage of a third party association can lower the threshold and reduce the resources needed to leverage values of a remote area.

1.1 Problem statement
Spatial proximity to an area dense in innovative activity has proven to play an essential role in enabling new ventures to connect with necessary skills, people, and
information (Porter, 1998). Elaborating on the concept that born global firms pursue knowledge externally at a greater scale, their area of operation becomes fundamentally important. Their organisational ambitions rely on finding new ways to scale and increase productivity, implying proximity to innovative activities to be paramount. It allows them to gain from different cultural and institutional contexts to meet and exchange knowledge and practices (Morrison et al., 2005). Allowing firms to gain access to previously unfamiliar knowledge pools creates opportunities for new competitive market strategies. For this reason, we suggest that the development of international activities does not only occur for the outcome of selling products and services in foreign markets but also to benefit from the input of outside knowledge.

However, whether searching for new foreign market entries or to access offshore knowledge spillovers and networks, entering remote areas is a risky and challenging process. Classical internationalisation models like the Uppsala model implies a gradual process where companies initially enter culturally and spatially more similar markets in low-risk modes (Johansson & Vahlne, 2009). Overcoming cultural differences, and, e.g. to form a client portfolio or to gain local market knowledge, often requires years in domestic markets before proceeding into international activities. Even though studies have addressed the needs of leveraging local partners, these have mainly been thought of as local distributors and resellers. The need for introductions, help in accessing networks and finding potential customers remain challenging. (Weerawardena et al., 2007). Due to the demands, there are a growing number of local third-party support associations. They are in different ways specifically designed to help companies streamline and accelerate innovative and international activities. They do so by utilising their central network role and prominent knowledge about the inter-relationships between different parties in the area, formally systemizing introductions and connections between people and firms (Dhanaraj & Parkhe, 2006).
1.2 Purpose and research question

This study partly aspires to broaden the literature of the born global firm's exogenous approach in pursuing knowledge and becoming competitively more innovative. This is done by drawing connections between seeking values and opportunities in foreign regions, the spatial dimension of knowledge and accelerating processes for innovation and internationalisation. We also aim to shed light on the process of leveraging a local third-party association in a geographical hotspot for innovation to lower resources needed to do so. In practice this is done as a case study of the support association Nordic Innovation House (NIH) in Silicon Valley, serving Nordic startups with born global characteristics. The thesis aims to explore the following three research questions;

1. How are early international activities, performed by the born global firm, connected to their exogenous pursuit of new knowledge?
2. How does leveraging values of an spatially defined area accelerate processes for innovation and internationalisation?
3. How can a local third party association streamline access to local knowledge spillovers and networks of the area?

2 Theoretical Framework

The theoretical framework highlights information regarding the area of research as well as various key concepts that are of importance in the analysis. This section is concluded with a summary of used theory and introduces the used analysis model.

2.1 Foundations for geographical hotspots of innovation

In a virtually connected business climate, where companies can exchange knowledge, technology and capital without any need of spatial proximity, it would seem like the geographical location of a company would matter less than ever. However, studies
show the very opposite (Gertler, 2003). Tendencies of firms moving to cluster-like areas can be observed in a vast amount of branches all over the world, varying from the entertainment companies in Hollywood to the IT-companies in Silicon Valley. Extensive studies, e.g. Porter (1998), Pressl (2003) and Morrison et al. (2013), stress the relevance of spatial proximity between firms and the competitiveness that comes with it. Porter (1998, p.78) defines clusters as "geographic concentrations of interconnected companies and institutions in a particular field". The spatial co-location of business activities facilitates itself by knowledge transfers, either formally or through spillovers, over time attracting more firms to join. The achieved infrastructures act favourably for the participating companies. Infrastructures which would be impossible for any individual company to set up and maintain by their own. An abundance of investigations in agglomeration economies has led to the acceptance that geographical density of similar firms plays a pivotal role in regional development and competitive advantage (Gertler, 2003). However, companies fueled by innovation are shifting the focus from classical perks of spatial proximity, like the access to supplier and distributor chains, to mainly address the need of participation in areas dense in innovative activities and knowledge spillovers (Preissl, 2003).

There are many forces which give rise to the geographical co-location of companies. However, recent comparative studies show that concerning knowledge spillovers innovation has the closest connection. In addition, it is argued that a firm’s area of operation, even beyond knowledge spillovers, is especially crucial for the level of innovative activity (Braun et al., 2005). This is a result of the rapid and continuous development of technology which keeps on alternating the playing field for new and existing businesses. Knowledge has become a vital commodity for all companies looking to maintain competitive levels of productivity, requiring firms to regularly streamline processes by utilising new technology and innovation (Porter, 1998). For companies searching for new ways to scale and increase productivity, being dynamic

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3 Innovation refers to the process of commercializing or introducing an invention to the market. In contrast, an invention only refers to creating something which did not exist before and not necessarily something which leads to economic growth. Considering that innovation relies on invention, conceptually, we can define innovation as something which yields an immediate effect on welfare, by introducing new products or improvements in already existing ones (Preissl, 2003).
and rapidly access and respond to innovations is imperative. Furthermore, innovation thrives when people of different cultural and institutional contexts meet and exchange knowledge and practices (Morrison et al., 2005). It allows companies to gain access to previously unfamiliar knowledge pools, creating opportunities for new competitive market strategies. Businesses aspiring for knowledge and information have developed international linkages between firms not only for the exchange of products and services but for companies to benefit from the input of outside knowledge.

It is safe to say that for businesses depending on their ability to stay innovative, capitalising on the “natural advantages” of an area, has become increasingly important (Carlino & Kerr, 2014). In order to account for the geographical promotion of a firm’s success in innovative activity, we will in this study address two components; local knowledge spillovers and innovation networks.

2.1.1 Local knowledge spillovers

Drawing upon the developments in the economics of knowledge we can find a growing number of studies addressing localised knowledge spillovers (LKSs). A definition provided by previous scholars is “knowledge externalities bounded in space” (Breschi & Lissoni, 2000, p.975). In practice, LKSs intensify innovative activity for firms operating close to a source of knowledge, exceeding the rate of progress in comparison to rival firms located elsewhere. Previous literature often considers a firm’s most significant source of generating new economic knowledge to be resources devoted to endogenous research and development. However, startups⁴ are differentiated from established companies in the sense that they continuously operate in "search mode", seeking outwards to find an iterative and profitable business model (Blank & Dorf 2012). This requires unconventional skills, strategies, and tools to minimise the risk of failure. Therefore, the concept of leveraging externalities can be derived as a result of a firm’s exogenous pursuit for economic

⁴ In this study we define a startup by its the ability to grow and scale. The design of the business must be characterized by extensive innovative capabilities, where the scalability of the service or product is not geographically limited (Merriam - Webster Dictionary, 2017).
knowledge to create input in the process of generating innovative activity. However, the definition of knowledge is vague and difficult to address with metrics. The expression of "tacit knowledge" is by design non-codifiable and inconceivably challenging to formalise. Since knowledge is inherently non-rival by nature and often applicable to further settings than initially designed for, its transmission between entities becomes spatially affected (Audretsch & Feldman, 2003). Even though the cost of transmitting information across geographic space has been lowered radically from developments in virtual communication, the expenditure for transferring tacit knowledge is kept at its lowest and optimised by frequent social interaction, observation and communication.

"intellectual breakthroughs must cross hallways and streets more easily than oceans and continents"
- Glaeser et al. (1992, p.1126).

Perceiving that location lowers the threshold for innovative activities within a firm, proximity increases the ability for companies to become aware of dividend nascent knowledge. Increasing the input of tacit knowledge accelerates and lowers the risk in exogenous processes like idea- and product development and finding market fits for firms working in new fields. Geographically limited hotspots for innovation, previously discussed, promote and nurture knowledge externalities within their infrastructure and reduce the costs of scientific discovery and commercialisation. For this reason, firms depending on generating market competitiveness through innovation tend to locate in areas with the necessary resources, accumulated via a region’s past success with innovation (Audretsch & Feldman, 2003).

2.2 Seeking innovation encourages international activity

Acknowledging innovation as a thriving force in the geographical co-location of companies implies the increasing strive for internationalisation amongst new ventures. Arguing the necessity of knowledge spillovers and that a firm’s area of operation is especially important for the level of innovative activity has broadened
the geographical perspective of young startups (Braun et al., 2005). Thus, in this thesis we imply that the process of internationalisation is closely connected to the pursuit of accessing areas dense in innovative activity.

2.2.1 The born global firm

Recent studies of early internationalisation provide the concept of a born global, that is; "companies that expand into foreign markets and exhibit international business prowess and superior performance, from or near their founding" (Knight & Cavusgil, 2004, p.124). Coming from an era of globalisation and advanced technologies they leverage innovativeness, knowledge, and capabilities to be able to operate internationally from an early stage of development. They do so by applying knowledge-based resources to the sale of outputs in foreign markets, seeking superior international business performance (Weerawardena et al., 2007).

Implicitly, the concept of a born global is acknowledged as an innovative startup with a largely scalable business model located within a limited home market. Innate ambitions of internationalisation shapes and characterises the business development to a point where the firm is almost forced to go international in order to be profitable (Neubert, 2016). Yet, rapid internationalisation of a young company is a risky and challenging venture. It requires extensive preparation with demands on time and resources, rarely possessed by startups. Therefore, conventionally, internationalisation is associated with experience and high ability. Classical internationalisation models like the Uppsala model implies a gradual process where companies initially enter culturally and spatially closer markets in low-risk modes, often in collaboration with a local partner (Johansson & Vahlne, 2009). If an increasing market success can be achieved the firm expands its investments. The other outcome is that findings indicate a decrease of the market attractiveness leading to a market exit (Neubert, 2013). The convergence rate of realising either of the mentioned outcomes depends on the speed of a firm’s ability to learn about a new foreign market. Born globals lean on being able to adapt to new environments and corporate ecosystems sustainably, utilising competitive advantages to compensate
for liabilities regarding foreignness and outsidership (Weerawardena et al., 2007). Equally so, does overcoming these culture differences require the help of local partners. Typical internationalisation involves resellers and distributors to form a client portfolio and gain market knowledge, often operating in domestic markets for many years before proceeding into international activities. Thus, born global firms are distinguished by their their innate international characteristics, displayed by a global focus from management and the devotion of resources to international activities (Andersson & Wictor, 2003).

### 2.2.2 Innovation networks

Drawing upon the acknowledgement that young scalable firms pursue access to areas dense in innovative activity gives rise to the born global firm. We acknowledge LKSs as one of the critical aspects for gaining input in the processes for innovation. Hence, it can be derived that clustering of innovative activity happens when its contributing members can benefit as if it had a greater scale (Porter, 1998). Knowledge-based development of new modular products has increased the requirements of firms collaborating with each other, both formally and informally. Technological innovations have become growingly interdisciplinary in order to be able to function in different applications and markets, demanding the input from different actors working in networks during development. Therefore, innovation does no longer nest in the individual firm, but rather in the system in which it is embedded (Powell et al., 1996). Cooperations between firms and institutions, e.g. universities and trade organisations provide opportunities for firms to rapidly gain information and outsource part of their business to keep lower production costs. Local markets within a limited spatial area allow companies to access a novelty of specialised knowledge and equally so to share input in particular areas of expertise. Equally so, it is argued that participation in a network of related firms contributes to the process of refining innovations and that the presence of specialised business services help firms realise their idéas significantly faster (Feldman, 1994).
However, establishing inter-firm collaborations is based on individual companies' calculations on risk versus return. Co-operation based on reliance between parties involve difficulties, such as the lack of trust, the disposal of control, and different levels of access to resources and skills. These hazards contribute to the complexity of a joint project and efficient generation of synergies. Even more confusing is the line dividing competitiveness and collaboration between, giving rise to obstacles like foreignness and outsidership for distant companies looking to access new networks and markets (Powell et al., 1996). High-level network capabilities help firms to quickly overcome these difficulties, stressing the need for established local partners (Bangara et al., 2011).

### 2.2.3 Leveraging a local third-party

Accessing innovative networks, hosting valuable knowledge spillovers, and finding new market fits requires friendly introductions to overcome foreignness and outsidership, and local expertise to distinguish customer segments (Weerawardena et al., 2007). Classical models for internationalisation address the leveraging of local partners, but rarely discuss the role of a third-party. In this study, we highlight the concept of a third-party as a professional association aimed explicitly towards promoting innovative and international activity. Even though the literature is sparse on the subject both governmentally and privately funded entities have proven to have a positive impact on the development of inter-organisational networks and innovation (Pittaway et al., 2004). The most common form of institutional bodies, specially designed to create and facilitate networks, are incubators and co-working spaces. A general definition derived from (Dhanaraj & Parkhe, 2006, p.659) and used throughout this research is; “An organisation that carries distinguishable eminence and ability, gained through a central position in the network structure, being a leading force in connecting the dispersed resources and capabilities of members of the network”. Different associations have different purposes, but in the case of fostering innovation networks, they act as neutral knowledge brokers. They utilise their central network role and their prominent knowledge about the local ecosystem, to formally systematise introductions and connections between people and firms.
The question becomes a matter of knowledge mobility; "the ease in which knowledge is shared, acquired, and deployed within the network" (Dhanraj & Parkhe, 2006, p.660).

A third-party can assess the value of relevant knowledge in different branches of the network and systematically facilitate its transfer to other areas where it is needed. Equally so, they informally perform as conduits for the building of personal relationships, which are fundamental for the development of innovation networks, particularly in the case of small companies (Pittaway et al., 2004). Finally, it is argued that a third-party association combines several network mechanisms, further than just inter-firm connections, such as universities, technical colleges, research institutes, e.g., which improve a region’s general innovative networking infrastructure.

2.3 Analysis model

In line with the purpose of the study, the theoretical framework focuses on a firm’s exogenous efforts to utilise surrounding settings for knowledge input. This is done in the context of accelerating processes for innovation and internationalisation through gaining from local knowledge spillovers and networks in a spatially limited area. The analysis model aims to visualise suggested connections between seeking knowledge in the process for innovation and performing international activities. In addition, the model displays the role of a local third party in the process of streamlining access to LKSs and networks.

2.3.1 Summary of theory

With regards to the above, we define the born global firm in agreement with previous scholars (Knight & Cavusgil, 2004) but do not solely focus on accelerated foreign market entries. Instead, we use the term to pinpoint the level of innate organisational desire of innovativeness and the geographically limitless ambitions. Following previous scholars (Porter, 1998; Preissl, 2003) we draw upon the forces behind
spatial agglomeration of firms and conclude that for young highly scalable companies, innovation has the most substantial connection. We highlight knowledge as a critical commodity and account for the needed participation in a spatially defined area, dense in innovative activity. To detail the structure of a geographical hotspot for innovation and how it can be used as an amplified business environment, we outline the concepts of local knowledge spillovers and networks. In agreement with preceding scholars (Breschi & Lissoni, 2000) we found our reasoning in that LKSs excel innovative activity for firms operating close to a source of knowledge, exceeding the rate of progress in comparison to rival firms located elsewhere.

We then return to the acknowledgement that innovation is a thriving force in the geographical co-location of companies to be able to tie the process of internationalisation to young scalable firms participation in hotspots of innovation. To substantiate the accessing of LKSs and the exploiting of an area, we define following Powell et al. (1996) the locus of innovation not to lay in the individual firm, but rather in the network in which it is embedded. We argue that participation in a system of related firms contributes to the process of refining innovations and that the presence of specialised business services help firms realise their idéas significantly faster (Feldman, 1994).

Finally, built upon the difficulties and complexity of joint projects and synergies between parties, hindering access to LKSs and networks for born global firms, we address the function of a local third-party. We draw upon previous studies (Weerawardena et al., 2007, Pittaway et al., 2004, Dhanaraj & Parkhe, 2006), suggesting that appropriate professional third-party associations can aid in assessing the value of relevant knowledge in different branches of a network and systematically facilitate its transfer to other areas where it is needed.

2.3.2 Modelling the local third-party support association

Following is a visualisation of the used analysis model. In alignment with the theoretical framework, we assume the perspective of the innate ambitions of a born
global firm. We divide the flow depending on the firms’ stage of development and current pursuits. For companies early in their idea and product development (light blue oval path in figure 1), still searching for a sustainable business model and customer segments, we mainly address the need for knowledge spillovers but loosely connect it to innovation networks. For firms further in their advancement (dark blue oval path in figure 1), looking to scale up, e.g. seeking new markets and business opportunities, we primarily account for network, but equally do not exclude benefits from knowledge spillovers. Following is the display of how innovation networks and knowledge spillovers lead to idea and product development, innovative products and the finding of product market fits, which eventually contributes to the performance of innovative and international activities. Finally, we anticipate that a local third partner (black rectangle path in figure 1) can host knowledge spillovers and innovation networks, streamlining access to the values of an area, reducing needed resources for firms from both paths.
3 Methodology

In the following section, the methodology choices will be explained and justified. The study is a qualitative case study. The selection of companies, interviews, and research designs are argued below, followed by a description of the course of action. All decisions are made with regards to the purpose of the study, given limitations and assumptions.
3.1 Research design

Provided the research question and the investigative nature of the purpose, a qualitative study was preferred (Eriksson & Wiedersheim-Paul, 2014). This implied aspiration for a deeper depth of understanding in the empirical work, focusing on detailing each case rather than pursuing as many sources as possible. As presented in the theoretical framework, various companies were investigated and evaluated. Given the variety of their business character, this study was designed in an abductive manner. Practically, this meant that the collection of empirical material was done in parallel with the configuration of the theoretical framework. This systematic combining allowed for the study to be more flexible and adaptive to changes throughout the process (Dubois & Gadde, 2002).

As a result of analysing several existent companies, this study will fall into the framework of a case study (Eriksson & Wiedersheim-Paul, 2014). Member companies at NIH and all other firms with some involvement with the organisation spend the majority of their time in their country of residence and only part-time in Silicon Valley. In addition, lots of different types of companies, active in various fields get accepted into NIH. This implies a significant diversity among the companies. A hazard when conducting a multiple case study is not getting the needed depth which can generate a vague result that is not representable for the studied phenomena in general (Merriam & Nilsson, 2014; Saunders et al., 2016). To avoid this problem, we strived towards a variety among the studied companies, trying to gather information from companies that are in different situations with varying current pursuits. Carrying out a multiple case study was then beneficial since it allowed for a more representative result to be collected (Merriam & Nilsson, 2014; Saunders et al., 2016).

3.2 Collection of data

Based on that the study was a qualitative multiple case study, personal interviews, subject to availability, were a primary source of information. In addition to
interviews, literary sources in the form of periodicals and scientific papers were used, especially where concepts and theory were explained. As personal communication enabled follow-up questions to be made, it allowed for an increased depth of the study and the discovery of new perspectives to the problem that had not previously been noted (Saunders et al., 2016). Therefore, personal interviews was a preferred source of information. Equally so, it mitigated the risk for misunderstandings when supplementary questions were asked, lowering the risk for conducting false suppositions. The preferred method was, referring to the ambition of creating a personal contact and conducting a survey of a qualitative nature, semi-structured interviews. This suggested having some questions as a point of exit, but then the conversation was conducted openly, enabling for the respondent to think and reason. When performing the interviews, it was essential to allow for the respondent to leave the room for supplementary questions, to be able to think and reflect on the questions.

### 3.3 Choice of case companies

In alignment with the purpose, the study was performed as a multiple case study, requiring several case firms. Cases fulfilling the criteria related to their business activities and their level of involvement in NIH. The businesses needed to be admitted to NIH, implying that they already had fulfilled a number of criteria set by NIH. The companies also had to have a connection to the so-called "virtual desk" membership or the "TINC" accelerator programme at NIH in Silicon Valley. It was desired to interview representatives from somewhere between six and ten companies that had been active within NIH for a more extended period. Since the results of the phenomenon that was studied takes some time to develop.

#### 3.3.1 Choice of respondents

To answer the research questions in the best possible way, demands also needed to be made on the respondents. Since the study, in general, involved a large part of the case company's activities over an extended period, it was essential to find
respondents who possessed all the relevant information, increasing legitimacy (Eriksson & Wiedersheim-Paul, 2014). Appropriate respondents were, therefore, people who had participated in the majority of the companies years of collaborating with the NIH. In order to get the most nuanced view of the firms as possible, it was desirable to interview founders or persons responsible for the specific region. In addition, the purpose was to gain a third-party insight into the business. This meant, including a few respondents which were not directly linked to the case companies but which worked closely with them through Nordic Innovations House (Merriam & Nilsson, 1994). This external view resulted in increased credibility for the study as well as mitigating the risk of getting a study that is biased towards a specific interest. Equally, this helped making sure that we did not focus on unnecessary parts of the organisation due to lack of knowledge and understanding of NIH.

3.3.2 Companies analyzed

In the end, we were able to gain access to the aspired number of companies. Through introductions from especially Anne Lidgard, Vinnova Director, we were able to come in contact with a total of 9 case companies. The companies were a mix from the Nordic countries with a significant diversity regarding what tech-areas they were active within. These companies represented a large group of the different type of member firms at NIH. Firms involvement ranged from full-fetched members on a Virtual Desk, no longer active members at all, to previous TINC program attendants. The companies covered almost all branches of the NIH. Furthermore, we were able to conduct four interviews with respondents working at the NIH organisation. This helped us understand the organisation on a more extensive level, making sure that we did not miss out on any significant parts.
3.4 Course of action

3.4.1 Visit to Silicon Valley and Nordic Innovation House

At the beginning of the study, we were told that it was hard to imagine the business climate and atmosphere in Silicon Valley without personally visiting the area. This lack of understanding could have led to a poorly conducted study where key components risked being missed. To avoid this and to better gain knowledge about the little things that form the organisation we decided to do a visit. Throughout a week in late February and early March, we visited the NIH in Palo Alto, where we were able to see how the organisation works and personally experience the unique and fascinating ecosystem that surrounds the area and its member companies. During our visit, we followed the daily work at NIH closely and witnessed how they dealt with member companies, Nordic visitors and external local partners. We conducted several interviews during the visit both with companies but most importantly with the people working at NIH. These conversations made us aware of issues and exceptional circumstances regarding the organisation which helped us steer the study in the right direction.

3.4.2 Operationalisation of the theoretical framework

As described in the purpose of this thesis we partly aim to verify connections between seeking innovation and international activity empirically. However, this is done in the context of investigating the role of a local third-party association, allowing for firms to more easily access values of a remote area. Therefore, while the theoretical framework mainly focuses on describing the ambitions for the studied companies and how they can benefit from values of a spatial area, the empirical investigation and analysis mainly focuses on the role of a third party association. Equally so, in the presented composite analysis model, introduced in section 2.3.2, we highlight the role of the association. The model is composed of parts of the theoretical framework and illustrates the role of a local third-party, streamlining access to innovative environments such as Silicon Valley. This composite analysis model will be the
foundation on which the later analysis will rest upon. The composite analysis model will permeate the entire design of the case study in order get a sound ground to draw any reasonable conclusions.

Following the assumed scope of the study, we borrow and define the concept of a born global firm following the description by Knight & Cavusgil (2004). However, we do not solely focus on accelerated foreign market entries. Instead, we use the term to pinpoint the level of innate organisational desire of innovativeness and the geographically limitless ambitions. Equally, we draw upon forces behind the spatial agglomeration of companies and process for internationalisation, following previous scholars (Porter, 1998; Preissl, 2003; Johansson & Vahlne, 2009). Yet, we apply them to the given context and suggest previously undiscussed connections between them.

The interview questions were designed in such a way that they gave an overall picture of NIH and how their services could help to accelerate and streamline access to LKSs and networks for its members. This allowed for answers which both provided data on the values of leveraging externalities in Silicon Valley but also the role of the third-party association. The interview questions were created following the conceptual framework and model. When designing and formulating the interview questions, the purpose and research question was kept in mind, together with potential issues (Eriksson & Wiedersheim-Paul, 2014). In this regard, the questions aimed to remove any subjective formulations and not to act in a leading manner, mitigating the risk of supporting wanted answers. Since we used a systematic combining approach to the study, the interview questions got slightly modified after each session with regards to the received answers (Dubois & Gadde, 2002). This enabled the research to be conducted most efficiently and to promote the best possible answers in following interviews.
3.4.3 Interviews

The interviews conducted in the study can be observed below in *Table 1* and *Table 2*. In *Table 1*, all company respondents are presented with information regarding respondent name, company name, position and location of the interview. In *Table 2*, the Nordic Innovation House organisation respondents are presented with information regarding respondent name and position at the innovation house.

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Company</th>
<th>Role</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>26/2-2018</td>
<td>David Simonarson</td>
<td>Watchboxapp</td>
<td>Co-founder &amp; CEO</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>27/2-2018</td>
<td>Morten Versvik</td>
<td>Kahoot</td>
<td>Co-founder &amp; CTO</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>2/4-2018</td>
<td>Ebba Blitz</td>
<td>Alertsec</td>
<td>CEO</td>
<td>Skype</td>
</tr>
<tr>
<td>4/4-2018</td>
<td>Deborah Lygonis</td>
<td>Friendbase</td>
<td>Co-founder</td>
<td>Skype</td>
</tr>
<tr>
<td>6/4-2018</td>
<td>Karl Lillrud</td>
<td>Lizer Group</td>
<td>CEO</td>
<td>Stockholm</td>
</tr>
<tr>
<td>9/4-2018</td>
<td>Harry van der Veen</td>
<td>Nuiteq</td>
<td>Co-founder &amp; CEO</td>
<td>Skype</td>
</tr>
<tr>
<td>9/4-2018</td>
<td>Jakob Lidvall</td>
<td>Wide Ideas</td>
<td>Founder &amp; CEO</td>
<td>Skype</td>
</tr>
<tr>
<td>10/4-2018</td>
<td>Jonathan Åström</td>
<td>Annevo</td>
<td>CEO &amp; Investor</td>
<td>Skype</td>
</tr>
<tr>
<td>16/4-2018</td>
<td>Roger Eriksson</td>
<td>Ticketbird</td>
<td>Owner</td>
<td>Skype</td>
</tr>
</tbody>
</table>

*Table 1*. The table shows the company respondents along with their professional role. The table also shows where and how the interviews were conducted.

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Role</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/3-2018</td>
<td>Anne Lidgard</td>
<td>Sweden - Vinnova, Director Silicon Valley &amp; San Francisco</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>2/3-2018</td>
<td>Jakob Broman</td>
<td>Sweden - Junior Fellow Vinnova</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>2/3-2018</td>
<td>Ida Kleinau Andersson</td>
<td>Sweden - Junior Fellow Vinnova</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>2/3-2018</td>
<td>Katja Kotala</td>
<td>NIH - Community Coordinator and Program Manager</td>
<td>Palo Alto, CA</td>
</tr>
</tbody>
</table>

*Table 2*. The table shows the Nordic Innovation House respondents along with their professional role. The table also shows where and how the interviews were conducted.
3.4.4 Analysis of data

When collecting the primary data, first and foremost, both authors were present. In addition to the personal presence, the interviews were recorded. Recording the material mitigated the risk of individual interpretation errors at the interviews. The material was transcribed in order to have the interview as a whole easily accessible to both the authors and the readers, concerning referral and source reference. The primary data was analysed firstly regarding relevance to the study, and then secondly applied to our analysis model. After the interviews were transcribed, they were thoroughly read through and analysed by the authors in order to identify five different categories of value: Physical location & Address, Inspiration, Network, Product validation and Soft-landing. The primary data was then applied in the perspective of the theoretical framework that had its foundation in previously conducted research (Eriksson & Wiedersheim-Paul, 2014).

3.4.5 Research credibility

The credibility of the study after operationalisation can be measured using two basic concepts, validity and reliability. Validity addresses how well the developed theory and analysis model fits into the cases studied. Validity is the most significant requirement for a chosen analysis model, so high validity implies that the measuring instrument used can be fully applied to the "real world" (Eriksson & Wiedersheim-Paul, 2014). Reliability refers to the validity of the primary data collection itself, that is if the chosen data collection method has provided a reliable result and response. The basic idea of the term is whether the result can be replicated at a later point in time and still produce the same result (Eriksson & Wiedersheim-Paul, 2014).

Throughout the data collection, especially when performing the company interviews, we were able to interview highly positioned people at each organisation. The interviews were continuously carried out with co-founders and/or people at leading manager positions, implying an increased legitimacy for the study. This is due to the
subject’s significant insight and knowledge, leading to increased reliability for the whole investigation.

The composite analysis model created to analyse the way NIH acts as a local partner in Silicon Valley to accelerate and streamline access to LKSs and networks for its members worked satisfyingly. The empirically collected data relates and fits well into the composite analysis model not leaving anything outside and leaving no parts of the model unused, supporting the validity of the study.

When designing the study with a systematic combining approach, we continuously formed and developed the theoretical framework, with the goal for it to correspond with the collected data in the best way possible (Dubois & Gadde, 2002). The designing was done up until the point when the conceptual framework seemed representative and complex enough to attain theoretical saturation (Bryman et al., 2005). Theoretical saturation was achieved when data collected from different sources, different interviews, pointed to the same result. This saturation indicated that the theory was significant for the phenomenon studied and also that an adequate number of interviews had been made (Bryman et al., 2005). However, it should be emphasised that it is challenging to realise when theoretical saturation is achieved and when to stop conducting interviews. A suggested approach was to end the data collection when no new information was received and when new interviews did not contribute with any further information. This was noticed in the last few interviews when the respondents did not provide any further information but instead strengthened the data already received. Consequently, we can to some extent support that we achieved theoretical saturation.
4 Empirical Results

In the following section, all the empirical results will be presented and categorised. This allows for an easier application of the model in later analysis. This section will end with a critical reflection based on the received results.

4.1 The Nordic Innovation House

Since the beginning of 2012, Vinnova, the Swedish authority for innovation has an office in Silicon Valley. In the summer of 2014, the office became a joint venture between Nordic governmental organisations financed by the Nordic councils of ministers (Vinnova, 2018). Situated in Palo Alto, the Nordic Innovation House (in this study referred to as NIH) hosts representatives from each Nordic country, working together on facilitating young Nordic companies with the ambition to scale up and grow internationally (Nordic Innovation House, 2018). The aspiration is to allow Swedish companies to benefit from the unique innovation ecosystem in Silicon Valley. NIH offers companies both an accelerator program, TINC, completed twice a year and more continuous membership called a virtual desk. The TINC program is described as a month-long crash course in the Silicon Valley mindset. Targeted participants are young companies looking to gain from the knowledge and network in Silicon Valley regarding business and product development but not necessarily considering scanning for a local market fit for the company (Lidgard, 2018). In the case of the Virtual Desk, the firm is provided with a part-time office in Palo Alto with a maximum stay of 5 days a month together with the allowance of using the address on websites, business cards etc. The membership provides access to networks and mentors as well as physical workplaces and meeting rooms. The membership targets companies which are looking to commit further to the area, to join networks with potential investors and partners and to form plans for competitive market positioning (Lidgard, 2018).
4.2 Presentation of data

This subsection contains all empirical data gathered primarily from the executed interviews. The data will be classified into three major categories; Seeking The Nordic Innovation House, Being in Silicon Valley and Incubator Statistics. To improve the understanding of the data provided by the different companies, it was of value to know the scope of their businesses. Below in Table 3, information can be found about their experience and the number of employees working at the company during the investigation.

<table>
<thead>
<tr>
<th>Company</th>
<th>Status at NIH</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watchboxapp</td>
<td>Previous TINC, Active Virtual Desk member</td>
<td>4</td>
</tr>
<tr>
<td>Kahoot</td>
<td>Previous TINC, Active Virtual Desk member</td>
<td>81</td>
</tr>
<tr>
<td>Alertsec</td>
<td>Previous TINC, Active Virtual Desk member</td>
<td>6</td>
</tr>
<tr>
<td>Friendbase</td>
<td>Previous TINC</td>
<td>7</td>
</tr>
<tr>
<td>Lizer Group</td>
<td>Previous TINC</td>
<td>4</td>
</tr>
<tr>
<td>Nuiteq</td>
<td>Previous TINC, Previous Virtual Desk member</td>
<td>26</td>
</tr>
<tr>
<td>Wide Ideas</td>
<td>Previous TINC</td>
<td>7</td>
</tr>
<tr>
<td>Annevo</td>
<td>Active Virtual Desk member</td>
<td>34</td>
</tr>
<tr>
<td>Ticketbird</td>
<td>Previous TINC</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 3. The table shows the companies interviewed along present status at Nordic Innovation House as well as the current number of employees.

4.2.1 Seeking the Nordic Innovation House

It was hard to determine one common denominator that was the underlying cause for companies to find their way to NIH. Almost every company interviewed had a different experience when crossing paths with NIH. There are only two companies with similar stories, and this was acknowledging the service through marketing on social media (van der Veen, 2018; Lillrud, 2018). Otherwise, companies found out from sources such as recommendations from friends and family, information
provided by Swedish incubator and through their home nation’s innovation agency. Nevertheless, they all had one thing in common, which was that the received information concerned the TINC accelerator programme. The majority found out about NIH and their work through the TINC programme, and applying to the programme was the first step to set up a connection with the NIH. There are mainly two exceptions from this path. One of those companies was Åström (2018), CEO and investor at Annevo, they were recommended by another company, at that moment Virtual Desk members, to become members themselves. The other company was Alertsec. Blitz (2018), CEO of the Swedish company described that they had their eyes on the US market ever since they realised that approximately 75% of all customers were situated in the county, and therefore they wanted to be closer to them. Consequently, they turned towards the US and the technological mecca Silicon Valley, they found NIH and paid a visit. After some reconnaissance, Alertsec quickly decided to move their company overseas, and as a kickstart, they signed up for the TINC program, in line with many others.

Regarding the question why the companies turned towards a service like the one provided by the NIH, we received different answers. One common circumstance was that they to some extent were intrigued by the US market there and that they at some point considered internationalising. Both Eriksson (2018), owner of Ticketbird and Lidvall (2018), founder and CEO of Wide Ideas had a quick internationalisation set as a goal for their companies, and therefore chose to turn towards NIH to acquire guidance to achieve that goal. Another thing that could be deducted was the excitement of the possible outcomes of spending time in the very inspirational area; Silicon Valley, with all that comes with it. Lygonis (2018), Co-founder of Friendbase emphasised that the company needed a new boost thus being an underlying reason for seeking out the innovation house. That the US market always had been interesting due to its vast number of mobile game companies and the vast numbers of potential users that are used to pay for their services. The main reason, however, was to explore and try the US market before officially making the real effort of expanding overseas, wanting to verify their product-market-fit in an effective way. This goal of validating a product-market-fit was not unique for Lygonis (2018) and
Friendbase. There were several other companies with the same intentions of testing and verifying their product for the US market. Eriksson (2018) emphasised the importance of testing the product when seeking a new market. Just because the product works fine on the European market does not mean that it will work for the US market, thus the importance of verifying a product-market-fit. A few other reasons could also be distinguished apart from the interest of the market. Simonarson (2018), Co-founder and CEO of Watchboxapp pointed to more practical purposes. Due to the economic crisis that hit Iceland in 2008, the business climate was not optimal with harsh regulations on investments. These regulations lead to the registration of Watchboxapp in the US, and as a consequence, they needed an address and a place to spend time whilst being in the country. The company was also eager to come in contact with investors to enable them to make the next step, therefore they turned to an actor such as NIH which holds a large network of both investors and other important people. Lillrud (2018), CEO of Lizer group, motivated the seeking of connection to NIH and TINC by a sheer interest of the whole concept with all the experienced mentors and meetings with influential people. Seeing the TINC program as a stepping board to excel the company towards new heights.

4.2.2 Being in Silicon Valley

From the interviews, several different values as a result of the services provided by NIH can be distinguished. Empirically, we were able to observe that the value created by the service can be structured in five categories; Physical location & Address, Inspiration, Network, Product Validation and Soft-landing.

Physical location & Address - This value section is mainly represented by companies which hold a Virtual Desk or full-time membership. Here the importance lies in the substantial value of the location and what can be gained from having an address in Silicon Valley. All companies with memberships gaining access to this physical matter agree that it was of great value. Versvik (2018), Co-founder and CTO of Kahoot emphasised the benefit of having somewhere to sit when visiting Palo Alto at a relatively low cost, compared to the existing alternatives. Both Blitz (2018) and
Simonarson (2018) said that they saw a great value in having the address for their disposal because they both had US registered companies that needed to have a US address registered. Simonarson (2018) stated that other companies provided an address except to a lower price but compared to the extra value at NIH it was much more desirable. The address could also be valuable in pure marketing towards the press and other companies that see the value of having engagement abroad and more specifically in Silicon Valley (Lillrud, 2018; Åström, 2018).

**Inspiration** - Several companies who had gone through the TINC programme expressed that the learning curve is very steep throughout the four-week program. They implied getting to learn how business is done in the US, which was an entirely different experience comparing to their home market. Just spending time in the highly innovative and inspirational climate contributed to more energy and an increased drive for wanting to do more, said Lygonis (2018) among many others. During the TINC program this drive and energy was invested in the development of the companies, and with the help of all mentors, the period became exceptionally efficient where much work was accomplished. Lillrud (2018) described the time during the TINC accelerator as the most effective time in his life. He said that “One week with TINC is equal to one Swedish year, what you can perform during one year in Sweden you can accomplish in a week there.” Something which he suggested is evidence of how much the climate of Silicon Valley effects you when being on site. Åström (2018), said that besides from sending the startup companies they fund to NIH he also once a year travels to Silicon Valley and NIH solely to seek inspiration.

**Network** - Another service provided by NIH for members, is the ability to take part of their vast network which includes a broad range of different people with a broad professional diversity (Lidgard, 2018). Taking part of this network is something that almost everyone brought up as valuable during the interviews, whether it was about getting in contact with venture capitalists for funding, people with specific knowledge in different areas or highly connected people at individual companies. For Simonarson (2018), this network was one of the most important parts when deciding upon joining the NIH. Since this was something they lacked when first moving
overseas, “The network is kind of all that matters. It’s so important because if you hit any obstacles you kind of look into your network if there is someone that could help you overcome these obstacles. So the bigger and better the network the more likely you will overcome” Simonarson (2018). van der Veen (2018), Co-founder and CEO of Nuiteq, emphasised that they could more or less meet any investor due to this vast network of people that are available. When finding someone they would like to meet, NIH provided them with an introduction in order to make them more relevant and increase their chances of meeting the person (Broman, 2018; Lidgard, 2018). Also, the connections that were set up by themselves during their time there, for example with the mentors at the TINC program, helped them get meetings with the people of their choice (van der Veen, 2018).

**Product Validation** - The aspect of product validation value is highly connected to inspirational forces and networks (Broman, 2018). Becoming a member of NIH was a cheap and straightforward way to gain access to the US market (Blitz, 2018). With access to the market, you could easily find out if you had a product-market-fit. Lillrud (2018) emphasised the importance of the price for the services provided that it is something that startups can afford. He also added that “If you have a product but is uncertain if you have a product market fit, then TINC is great for you”. Several of the companies interviewed who went through TINC, pivoted during the program, everything from a complete change of product and business plan to changing customer segment without altering the product. Some companies even came to the insight that the US market was not for them and their product, all this through knowledge produced mutually together with NIH’s experienced mentors who made them analyse their product thoroughly (Eriksson, 2018). Versvik (2018) from Kahoot described that when they left Norway to go to TINC, they had a completely different product than today. When arriving, their product consisted of a mechanical bull which you could control from a smartphone. However, after realising during the TINC program that the product was not scalable, they dropped their initial idea entirely. Later during the week, they came up with the approach and concept of Kahoot as it is today, with the help of mentors and everyone engaged with the program. Another company that somewhat pivoted during the program was
Ticketbird. Eriksson (2018) stated that working with the mentors during the program helped them see new angles, and in the end, the company managed to find a new path and a suitable customer segment.

**Soft-landing** - This is the last identified category of values that was distinguished from the interviews. The soft-landing suggests that NIH provided a service which made it easy and cheap for Nordic startups to test the area and market without investing too much, hence lowering the overall risk (Lidgard, 2018). This soft-landing is enabled through all of the NIH services, whether it is the TINC accelerator or the Virtual Desk membership. Lidvall (2018) emphasised that becoming a member or getting accepted into the TINC program is a cheap way to validate the company's matureness for internationalisation. Lygonis (2018) said, “If you have plans to establish in the US then NIH is a great and cost-effective landing spot.” According to Blitz (2018), this soft landing provided by NIH made it possible for them to establish in the US, affordably gaining access to the ecosystem.

To be able to fully use the services provided by NIH in the best way and gain the most from it everyone agrees that you need to be on site in Silicon Valley as much as possible. Lillrud (2018) among others emphasised that everything is about making yourself relevant for people that you are interested in meeting, and suggested that it is hard for them to make themselves relevant when only locally present sporadically. Eriksson (2018) said the same thing but also added that NIH’s work revolved around getting in contact with people relevant for you as a person or company, and if you were not present in the Silicon Valley area, it made their work merely impossible.

Even though being locally present would maximise your inputs and enhance your perceived relevance, findings suggest that there are a few aspects which were impossible to achieve without being on site full time. Spending time sporadically in the valley as a Virtual desk member or during the TINC accelerator program was not enough to attract funding from venture capitalists. Versvik (2018) emphasised that if you spent more time in the area funding got easier. You had to be able to convince the venture capitalists that you are there to stay and that was done by moving to the
area full time. Blitz (2018) said that it is pretty naive to think that you can get other people's money, regarding investments, without being fully committed. She continued with explaining that the venture capitalists invested more than just their money, they also made all of their resources available to you e.g. coaching and mentoring. These are resources that would be hard to use if the company was operational somewhere in the Nordic countries.

4.2.3 Incubator statistics

When studying the service regarding what happened afterwards, only a handful of the companies interviewed could be examined. They need to be uninvolved with NIH's work and working on their own with the knowledge gained over their active membership. When terminating the connection with NIH, explicitly ending the TINC accelerator program or cancelling the on-going membership, it is hard to study the long-term impact on the companies. The direct effects were more evident to deduce since these were represented by an abrupt change of market focus or a pivot of the business plan (Lygonis, 2018; van der Veen, 2018; Eriksson, 2018). To somewhat be able to study the long-term effects on which NIH has on its former members we needed something further to support conclusions. This additional support appears in the form of incubator statistics. We were given access to statistics regarding turnover change of both companies that had done the TINC accelerator program and companies that had done other accelerator programs in Sweden. The goal was to compare these two categories to see if we could distinguish any trends.

In Figure 2, a graph is displayed, containing the median change in revenue for Nordic startups. The information is distributed over four different years, from 2013 to 2016. The data⁵ was collected and sorted with a tool provided by Vainu, a software

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⁵ The data received from Vainu differs in some extent. The dataset containing information about startups that have gone through the TINC program only include Norwegian startups. In difference to the Swedish Business Accelerator dataset which only provides information about Swedish companies. Since we study the services offered by a Nordic collaboration in Silicon Valley, we can generalise the Nordic region regarding startup and business climate. Therefore we can use the data to a limited extent to support different stated conclusions.
company who specializes in collection and enhancement of data from different companies.

**Figure 2.** The figure above visualizes the median turnover change for startups that have gone through different types of accelerator programs.

From Figure 2 displaying turnover, we could detect a few trends. The central thing we could see was that the change in turnover for 2013-2014 and 2014-2015 is remarkably higher for TINC participants than the turnover change for the companies attending Swedish accelerators. Although, during the last year, 2015-2016, the change in turnover is shifting its trend by increasing almost 20 percentiles for Swedish accelerator companies while decreasing by approximately 13 percentiles for TINC participants. The underlying reason behind this dramatic shift in turnover change between 2015-2016 compared to the other years is hard to determine. As to such, data from the latest year for the Swedish Incubator dataset was perceived to be ambiguous.
5 Analysis

5.1 Seeking innovation and internationalisation converge

In this thesis, we have addressed the needs of young and scalable firms emerging in numbers worldwide. We aim to display connections between how the pursuit for innovation, and an innate global perspective has given way to a leading force in the spatial agglomeration of companies. Following previous scholars (Porter 1998, Preissl 2003, Braun, McRae-Williams & Lowe, 2005, Morrison et al., 2005, Karlino & Kerr, 2014), we consider utilising the natural advantages of an area, specifically in our case the world’s most notorious hotspot for tech, Silicon Valley.

Drawing upon prior stages to contact with NIH, we were unable to detect any common denominator as to why the interviewed companies had found and specially chosen the NIH as a local third-party association. However, the empirical results displayed prevailing innate global ambitions and a general aspiration to boost idea and business development with the help of outside knowledge (Eriksson, 2018; Lidvall, 2018). Every company fulfilled the assumed definition of a born global firm and there was a distinct devotion from management to quickly expand into foreign regions for various reasons. As to such, we can verify the exogenous approach of the firm, leveraging externalities in the pursuit of economic knowledge to create input in the process of generating innovative activity (Audretsch & Feldman, 2003). Although the stages of business development differed, and consequently their current pursuits, as the analysis model implies, all companies described, to some extent being intrigued by the US and specifically Silicon Valley. As described by van der Veen: “I always wanted to do a project in Silicon Valley, because it is the mecca for technical innovation, that’s where everything happens” (van der Veen, 2018), which accentuates the studied force for seeking remote areas.

Divergent reasons for feeling the need of spatially locating in an area dense in innovation, e.g. from simply seeking guidance and inspiration to searching for new
market fits (Lygonis, 2018), supports the theory that international linkage between firms occurs not only for the exchange of products and services but also to benefit from the input of outside knowledge (Morrison et al., 2005). Equally so, following the definition of a born global firm (Knight & Cavusgil, 2004) we were able to distinguish the exhibition of international business prowess from or near the interviewed companies founding. Reasoning around the forces behind the geographical co-location of companies, our findings supports that knowledge spillovers and innovation has a close connection (Eriksson, 2018). Even more so, with regards to the interviewed companies current pursuits and ambitions, we can argue that a firm’s area of operation, even beyond knowledge spillovers, shows to be especially important for the level of innovative activity (Braun et al., 2005).

5.2 Accelerating innovation and internationalisation

In the analysis model for this study, we presumed the broad implication that spatially limited knowledge spillovers and innovation networks contribute to a firm's innovative and international ability. The empirical results not only imply, to different extents, this to be true but also provide practical examples of how it works. Additionally, findings suggest values even beyond the theoretical framework.

Initially, we were able to confirm the spatial dimension of economic knowledge. The majority of the interviewed virtual desk members pinpointed the value of merely having an address and a place to work in Silicon Valley (Versvik, 2018). As a result of the area's popularity, where companies are racing to locate as strategically as possible, working space is a costly commodity. Increasing rental prices and the emerging number of foreign businesses locating in the area once again entails the growing number of young firms leveraging a region's spatial externalities (Audretsch & Feldman, 2003). The empirical results display both the value of being able to operate, to a relatively low cost, close to a source of knowledge but also implied that the address in itself held an added promotional value for stakeholders (Blitz, 2018; Simonarson, 2018). In both cases, we can confirm that knowledge externalities where bounded in space (Breschi & Lissoni, 2000). An unexpected but interesting finding
was the promotional value of assigning a company address in the area. In addition to actually learning and gaining from the sources of knowledge in Silicon Valley, interviewed companies suggested that the address provided an image, almost like a certification, of international ambitions and involvement in a world renown hotspot for innovation (Lillrud, 2018; Åström, 2018). Something which contributed to further interest and credibility from potential customers, investors and other stakeholders. The finding demonstrates managements global perspective and the firm’s devotion of resources to international activities (Andersson & Wictor, 2003).

Drawing upon knowledge as a pivotal commodity and how this gives rise to companies need for spatial participation in local spillovers, we realise the difficulties in formalising and quantifying a firm's input of knowledge. However, since one of this studies significant findings is the value of inspiration, we can verify that proximity increases the ability for companies to become aware of dividend nascent knowledge, consequently lowering the threshold for innovative activities (Glaeser et al. 1992). Several interviewed companies promote the inspirational force of being in Silicon Valley and how this provides needed organisational thrive and energy (Lygonis, 2018; Lillrud, 2018). Even more so does the empirical results suggest more measurable findings like the efficiency and work speed when located in the area. As clearly stated by Lillrud: “One week with TINC is equal to one Swedish year, what you can perform during one year in Sweden you can accomplish in a week there” (Lillrud, 2018). Together with Lillrud (2018), a considerable amount of companies pinpointed the differences in business climate in comparison to their home market and how the development rate of their product and services were amplified when in Silicon Valley. Therefore, we can confirm that increasing the input of tacit knowledge accelerates and lowers the risk in a firm's exogenous processes, like idea- and product development and finding market fits (Audretsch & Feldman, 2003).

Following previous scholars, this study found that knowledge and further on innovation is hosted by networks rather than in individual entities (Powell et al., 1996). Further, the empirical findings imply that accessing the right networks is imperative to overcome obstacles and to find new business opportunities
The reasons for wanting to access the NIH network varied from getting in contact with venture capitalists to merely seeking people with expert knowledge in specific areas, e.g. scholars at Stanford University (Simonarson, 2018; van der Veen, 2018). The diverse reasons for using the network suggest that being embedded in cooperations between firms and institutions, e.g. universities and trade organisations provide opportunities for firms to gain information rapidly (Porter, 1998). The interviewed companies emphasis and examples of how the network had played a pivotal role in their development validates the fact that local markets within a limited spatial area allow companies to access a novelty of specialised knowledge (Feldman, 1994).

Continuing from that knowledge spillovers are hosted by networks the question becomes a matter of converging knowledge into innovation and business competitiveness. In this study, we have assumed the perspective of startups, which by definition continuously operate in "search mode", and more specifically the born global firm which leverage innovativeness, knowledge, and capabilities to be able to operate internationally from an early stage of development. Our empirical findings suggest that access to specific knowledge resulted in significant product validations, complete idea pivots and the distinction of new customer segments (Versvik, 2018; Eriksson, 2018). We were able to verify in multiple cases that participation in a network of related firms and business services contributes to the process of refining innovations and help firms realise their idéas significantly faster (Feldman, 1994). Additionally, the interviews displayed several examples of how access to the network and the local market had accelerated validations of product market fits (Versvik, 2018). Companies displayed superior international success far from their home countries, by being able to adapt to the new environments and corporate ecosystems in a more efficient manner. Contradicting the need for gradual internationalisation models, like the Uppsala model, where companies initially enter culturally and spatially closer markets in low-risk modes (Johansson & Vahlne, 2009).
5.3 Streamlining access to knowledge and networks

So far we have accounted for how our findings verify how the organisational ambitions of the born global firm tie the search for innovation and internationalisation to the spatial dimension of knowledge. Furthermore, we have discussed and demonstrated how local knowledge spillovers and networks when spatially located in a hotspot for innovation converge into accelerated business development. Finally, we will detail the role of the third party association and argue how our findings suggest that it has streamlined access to local knowledge spillovers and networks.

Although not elaborated in detail we in this thesis suggest that establishing inter-firm collaborations involve difficulties. Additionally, that the accessing of new markets and networks include obstacles like foreignness and outsidership (Powell et al., 1996). Our final empirical observation is the emphasis in which companies addressed to NIH as a service which makes it more accessible and cheap for Nordic firms to connect with the targeted area and local market, lowering the overall risk. Lygonis (2018), Co-founder of Friendbase stated: “If you have plans to establish in the US then NIH is a great and cost-effective landing spot” (Lygonis, 2018) which highlights the fact that both TINC and Virtual Desk members suggested that using the service is an affordable way of accessing the ecosystem and a cheap way to validate the company's matureness for internationalisation (Lidvall, 2018; Lygonis, 2018; Blitz, 2018). Generally, we were able to confirm that high-level network capabilities help firms to quickly overcome obstacles of internationalisation, stressing their need for established local partners (Bangara et al., 2011). More specifically, we could verify that the NIH can provide these capabilities, assessing the value of relevant knowledge in different branches of the network and systematically facilitate its transfer to other areas where it was needed (Pittaway et al., 2004). Several interviewed companies verified being able to connect with the right people and gaining relevant knowledge with considerably more ease and to a significantly lower cost with the help of the third party association (Lidvall, 2018; Blitz, 2018).
Worth mentioning is the finding that the extent of success concerning leveraging values from NIH depends on the companies own efforts and resources devoted to showing relevance to the area and network (Lillrud, 2018; Eriksson, 2018). This result implies that networks rely on members acting in both giving and gaining roles (Karlino & Kerr, 2014). Furthermore, it could be distinguished that the level of collaborations within the spatially defined area depended on the amount of time spent in Silicon Valley (Versvik, 2018; Blitz, 2018). Even though the third party association could perform as a conduit for the building of personal relationships, their sustaining and quality depended on the maintenance from involved parties (Pittaway et al., 2004).

6 Conclusions

Both in the presented theoretical framework and in the empirical result we could distinguish that gaining access to innovation networks and local knowledge spillovers are essential for the global firm. Furthermore, we can verify that firms leverage externalities in the region in which they are located. As to such, this thesis confirms the companies exogenous pursuit of new knowledge in its process of innovation. Furthermore, we have investigated and suggested that leveraging values and advantages of a remote area connects to a firm’s internationalisation.

Our empirical results, as suggested in the analysis model, imply that processes for seeking innovation and internationalisation business often converge. Born global firm’s international and dynamic perspective allow for various reasons for seeking remote areas and markets. Therefore, in terms of how early international activities connects to their exogenous pursuit of new knowledge we can conclude the following; Initially we can verify that seeking knowledge as input in the process of innovation is a driving force to international activities. Our study proposes that companies may perform steps to internationalisation while seeking knowledge in a foreign area. The nature of these global startups gives rise to complex, unpredictable and joint
processes of both innovation and internalisation. This allows for interesting connections between previously separated concepts, exhibited in this study.

Our second conclusion is the practical accounting for how a firm leverages the natural advantages and values of an area for accelerated processes for innovation and internationalisation. We empirically detail how LKSs and innovation networks lead to substantial business developments. Depending on the current pursuits and ambitions of the interviewed companies our findings suggest that knowledge and networks play a significant role in a firm’s progression. Outcomes might vary from finding a market fit in the actual area, realising customer segments somewhere else or entirely pivoting business idea. Generally, the studied companies could be divided into two groups where one group consists of the companies that directly prevailed with their idea and plan for internationalisation. The other group include firms who realised they did not have product-market-fit in the US market, resulting in further business development or redirected international activities. One can argue that neither is a losing group. Leveraging knowledge, values and advantages of the area provided companies in both groups with a lean, low-risk way of accelerating processes for innovation and internationalisation.

Our third conclusion derives from the emphasis in which companies devoted to the needing of a "soft landing", answering the question of how a local third-party association can streamline access to local knowledge spillovers and networks of an area. Our findings suggest that NIH provide their members with a connection to suitable LKSSs and networks, allowing for firms to gain from the natural advantages of the area. Being a part of their vast network enables companies to gain from their central position, connecting dispersed resources, allowing for firms to get market access and entry in low-risk mode. By so, this study confirms that being able to connect with the right people and gaining relevant knowledge is done with considerably more ease and to a significantly lower cost with the help of a third-party association.
However, following the difficulties of providing metrics for the input of knowledge, translating and measuring results of innovative and international activities is equally problematic. The difficulty becomes deriving what actions performed by the companies are direct results of using knowledge accessed through spatial proximity to the region. However, company processes which are closely connected to using the local third-party service, like finding inspiration, performing idea pivots and realising product-market-fits, can easily be argued to stand in causality. In addition to our qualitative empirical findings, the provided statistics of company turnover before and after contact to NIH support substantial business development. As to such, this study can support accelerated processes for innovation and internationalisation due to leveraging values of an area through a local third-party association.

### 6.1 Contribution to science and future research

This study aspires to broaden the literature of firms exogenous approach to pursuing knowledge and becoming competitively more innovative. The investigation was done in the context of forces behind born global firms international activity. In addition to discussing leveraging the natural advantages and values of a foreign area, this study aims to examine if a local third partner can streamline innovation and international activities. Although our results only apply to the given region, Silicon Valley, and the specific case, Nordic Innovation House, it can be argued that the concept could be launched in other areas. Similar presumptions and needs in different regions and industries imply that related solutions could be equally valuable. Today NIH has another establishment in New York and plan on settling affiliates in Asia and the Middle East. Further development of the notion could provide a more established low-risk way of helping firms from all over the world, accessing knowledge and innovation in their respective field.

The conclusions of this study indicate that further research about reasons for early internationalisation and how this connects to firms seeking of knowledge needs to be done. In this context, the study partly contributes to the already existing research but also sheds further light on the subject and imply the need of further and more
extensive research. In addition, the thesis exhibits complex and ambiguous processes which require more empirical data to make more reliable elaborations and confirmations.
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**Interviews**

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Åström, J. CEO & investor at Annevo, April 10, 2018, Gothenburg, Skype Interview.


**Attachments**

**Interview guide with companies**

- Could you tell us about the company you work for? How it all started
- What made you come to the US and more specifically, Silicon Valley?
- How did you approach your move here? What were your options?
- Why did you choose NIH?
- How has NIH helped you get acquainted with the area?
- Tell us more about you experience with TINC.
- What does having an address here provide?
- What do you think is the most valuable feature of the virtual desk?
- Is the virtual desk enough in terms of trust-building steps with local actors like potential partners and investors?
- How has NIH/TINC helped you access and gain from the vivid ecosystem in Silicon?
- Do you, today, still have any continuous contact with NIH and Silicon after TINC?
- In terms of a getting a gateway into this world leading cluster of innovation, how do you think the virtual desk and TINC at NIH performed?
- In terms of channeling knowledge & innovation from Silicon to ---COMPANY NAME--- in Sweden how sufficient do you think TINC and NIH is?
- Is there anything you think the service lacks or something which you think could been enhanced?

**Interview guide with NIH organization**

- What is your background and how did it lead to Nordic Innovation house?
- What is your role today and what do your daily work consist of?
- Describe Nordic Innovation House with your own words.
- What is it that makes Silicon Valley so special and why is it so desirable for Nordic startups?
- What services do you att Nordic Innovation House provide and how do they differ from each other?
- What do a virtual desk member get?
- In practice, how do the virtual desk membership work?
- In terms of network, trendspotting and access to innovation, how sufficient is virtual desk.
- Do you spot any limitations with the service.
- When do you think that companies need to move here full time?
- What is TINK and how does that work?
- What is the next step for Nordic Innovation House, how does the future look?