



Innovating the Startup Founding Process: The Influence of Artificial Intelligence

Lukas Aschemann

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Abstract

This dissertation explores the role of artificial intelligence (AI) in the startup founding process and examines how Generative AI can simplify or optimize different phases of startup development leading to improved efficiency.

Following a literature review, this dissertation uses a qualitative approach by conducting semi-structured interviews with founders and AI experts. The study examines the role of AI in automating routine tasks, improving decision making through data analysis, and impacting scalability, cost efficiency, and customer relationship management. The research also highlights risks associated with the integration of AI, such as data security, regulatory compliance, and ethical issues like algorithmic bias. It emphasizes the need for a responsible approach to manage these risks.

An important contribution of this research is the practical application of AI tools to specific steps in the startup process. Examining tools that assist in validating business ideas and developing business plans, as well as overcoming bureaucratic challenges and obtaining startup financing, it suggests that while AI tools provide essential support, especially in the early stages of business creation, human expertise and oversight remain indispensable.

In conclusion, Generative AI tools can be a powerful ally in the startup process, offering efficiency, innovation, and strategic advantages. However, its integration requires careful consideration of the associated risks and challenges.

Keywords: Artificial Intelligence, Generative Artificial Intelligence, AI Tools, Entrepreneurship, Startup Founding Process, Competitive Advantage

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Author: Lukas Aschemann

Sumário

Esta dissertação explora o papel da inteligência artificial (IA) no processo de fundação de uma startup e analisa a forma como a IA generativa pode simplificar fases do desenvolvimento de uma startup, conduzindo a uma maior eficiência.

Após uma revisão da literatura, esta dissertação utiliza uma abordagem qualitativa através da realização de entrevistas semi-estruturadas com fundadores e especialistas em IA. O estudo examina o papel da IA na automatização de tarefas rotineiras, melhorando a tomada de decisões através da análise de dados e tendo impacto na escalabilidade, eficiência de custos e gestão da relação com o cliente. No entanto, o estudo também destaca vários riscos associados à integração da IA, como a segurança dos dados, a conformidade regulamentar e questões éticas, como o enviesamento algorítmico. Sublinha a necessidade de uma abordagem responsável para gerir estes riscos.

Uma contribuição importante desta investigação é a aplicação prática de ferramentas de IA a etapas específicas do processo de arranque. Examinando ferramentas que ajudam a validar ideias de negócio e a desenvolver planos de negócio, bem como a ultrapassar desafios burocráticos e a obter financiamento para o arranque de empresas, sugere que, embora as ferramentas de IA forneçam um apoio essencial, especialmente nas fases iniciais da criação de empresas, os conhecimentos e a supervisão humanos continuam a ser indispensáveis.

Em conclusão, as ferramentas de IA generativa no processo de arranque podem oferecer eficiência, inovação e vantagens estratégicas. No entanto, a sua integração exige uma análise cuidadosa dos riscos e desafios associados.

Palavras-chave: Inteligência Artificial, Inteligência Artificial Generativa, Ferramentas de IA, Empreendedorismo, Processo de Criação de Startups, Vantagem Competitiva

Título: Inovando o Processo de Fundação de Startups: A influência da Inteligência Artificial

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List of Abbreviations

AI	Artificial Intelligence
BM	Business Model
BP	Business Plan
DL	Deep Learning
EU AI Act	Artificial Intelligence Act of European Union
GDPR	General Data Protection Regulation
GenAI	Generative Artificial Intelligence
GPT	Generative Pre-Trained Transformers
LaMDA	Language Model for Dialogue Applications
LLC	Limited Liability Company
LLM	Large Language Model
ML	Machine Learning
NLG	Natural Language Generation
NLP	Natural Language Processing
TAM	Technology Acceptance Model
USP	Unique Selling Proposition

1 Introduction

In an era where technology is rapidly reshaping industries, Artificial Intelligence (AI), more specifically, Generative AI (GenAI), has become a key force in driving innovation and efficiency (Candelon et al., 2023). Approximately 40% of organizations across industries are deploying GenAI applications (Crawford et al., 2023). In doing so, it can not only enable new use cases, but also scale, accelerate or improve existing ones (Chui et al., 2023). There are over 250 million users of AI tools by 2023 (Statista, 2023). OpenAi's Large Language Model (LLM), *ChatGPT*, surpassed 100 million users after only two months on the market (TheGuardian, 2023) as its capabilities seemed magical (Apotheker et al., 2023). Along with that, the AI market is expected to grow rapidly over the next decade, reaching a market size of approximately \$1.8 billion by 2030 (Statista, 2023a).

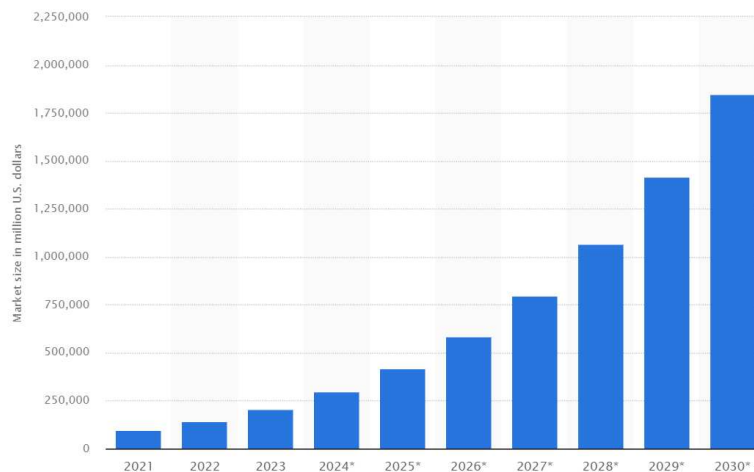


Figure 1: AI market size worldwide from 2021 to 2030 (following Statista, 2023)

As startups are increasingly adopting AI, they encounter a landscape brimming with opportunities yet fraught with challenges. 82% of German startups already use *ChatGPT* (Gilde et al., 2023). The role of AI in startups is diverse: from automating routine tasks (Giuggioli & Pellegrini, 2022) to pioneering novel business models (Sjödín et al., 2023). According to 52% of startups, AI is clearly relevant to their business model (Gilde et al., 2023). It is particularly useful for sifting through large data sets much faster than humans (Hodgson, 2023), which in turn can reduce costs and increase scalability (Garbuio & Lin, 2019).

Despite the benefits and opportunities for innovation, risks and challenges arise with this technology. Reports of increased injuries caused by robot workers in Tesla's factory, Amazon's shipping centers, and self-driving cars have raised questions about the rapid integration of new technologies (Phelan, 2023). Accenture's CEO warns that most companies are not yet ready to

adopt GenAI, noting that a lack of data capacity or security controls could hinder faster adoption (FinancialTimes, 2023). In related news, the European Parliament agreed on the EU AI Act in December 2023, the first comprehensive law regulating AI to ensure better conditions for its development (European Parliament, 2023).

1.1 Background and Research Objective

There are basically two types of players in the AI innovation process. One group consists of companies that focus on designing AI systems for specific applications, and whose influence is already an integral part of technology research due to the relevance of the disruptive innovations involved. Companies that use AI primarily as a tool in their processes represent the second type. The innovation contribution is less technological, but results from the novel use of AI (Miller, 2022). The analysis of the utilization of AI in the startup founding process is the subject of this dissertation. Previous research has essentially focused on AI use in individual business units for businesses and entrepreneurs but has been limited to theoretical descriptions without highlighting specific practical applications.

This dissertation aims to explore challenging phases of the startup process, and thus investigate the impact of using AI to improve the startup process. To address this, the study first examines entrepreneurship, startups, and their founding process, then considers the challenges and failures of startups, followed by AI, its subsets, and risks. It then examines specific use cases of AI in a business context and selects management frameworks to explain this application. This systematic literature review serves as the foundation for the research, which is then evaluated through a methodical analysis of expert interviews and a practical application of AI to individual startup steps. It addresses the central research question:

“How can Generative AI, applied during specific phases of the founding process, simplify or optimize Startups?”

As we stand on the brink of a new era of technological innovation, this research aims to shed light on how AI is not just a technological tool, but a transformative force that is changing the landscape of the startup founding process. This research contributes to the understanding of how startups can leverage AI, providing valuable insights for entrepreneurs

2 Literature Review

The first section of the literature review deals with entrepreneurship, startups, and an overview of the founding process for startups. It also covers startup challenges faced. Next, AI and its subsets are discussed before looking more closely at GenAI, its practical applications, and the risks of its use.

2.1 Entrepreneurship and Startups

This chapter provides an overview of entrepreneurship and startups and the founding process. It then addresses the challenges faced by startups.

2.1.1 Entrepreneurship

In 1800, the French economist Jean-Baptiste Say coined the term entrepreneurship. He emphasized the role of the entrepreneur as an innovator and coordinator of resources, defining the entrepreneur as someone who shifts economic resources from an area of reduced productivity to an area of higher productivity and return. According to Say, entrepreneurs promote economic development and create economic value (Schoorl, 2013). Entrepreneurship also creates value for society (Craig & Lindsay, 2002). Risk is present throughout, as a new business has multiple uncertainties attached to it as it ventures into something unknown (Zimmerer & Scarborough, 2007). Also, it can lead to competitive advantage (Gray, 2002). The ability to innovate and create new opportunities are the most important characteristics of an entrepreneur (Storey, 2007). Combined, these factors form the process of entrepreneurial activity.

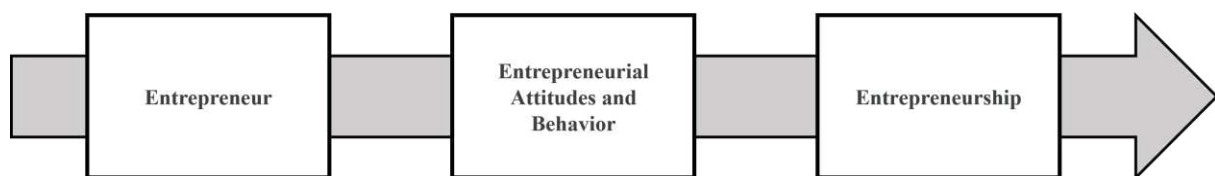


Figure 2: Entrepreneurial process (following Johnson, 2001)

Identifying a business opportunity is the first step in the entrepreneurial process. To successfully capitalize on this opportunity, the entrepreneur must deliver the specific value that customers are looking for. Success in entrepreneurship depends on closing the gap between the new business and market opportunity, what requires additional resources, including developing new technologies, finding investors, and identifying future customer needs to create the desired value (Cha & Bae, 2010). However, it is important to distinguish between different types of entrepreneurship. These include both the creation of a new venture from a non-existing business and intrapreneurship (Antoncic & Hisrich, 2003). Intrapreneurship, also known as corporate

entrepreneurship, is a term for entrepreneurship within an existing, established company (Hernández-Perlines et al., 2022). It describes a method to enable innovation within an existing company.

Our focus is only on the creation of new companies by startups.

2.1.2 Startups and their Life Cycle

To examine the influence of AI in the founding process of startups, the term must first be clarified. A startup is described as the actual process of launching a business in an unpredictable environment (Wang et al., 2022), characterized by an emphasis on growth (Miski, 2014). It can also be described as a temporary organization in pursuit of a scalable, repeatable, profitable business model. The focus is to find a business model that can be rapidly scaled, often with the help of external investment, to achieve significant growth and profitability. Startups differ from small businesses, which are often focused on making a profit for the owners rather than achieving rapid growth and market dominance (Blank & Dorf, 2012). To qualify as a startup, three characteristics must be met. These include that (1) startups are generally less than ten years old, (2) they must have planned employee or revenue growth, and (3) they must be innovative in their products and services, business models, or technologies (Gilde et al., 2023). As the derivation of the term shows, an important factor for startups is growth. To describe and explain the growth of organizations over time, the literature refers to the life cycle of startups.

The life cycle literature proposes that organizations evolve and change in foreseeable ways as they grow. An organization's growth process includes different stages, and it faces different issues at each stage (Smith et al., 1985). All these challenges have specific development patterns, depending on the different industries and market conditions. As a consequence, sometimes the process is planned, at other times it is improvised, and sometimes it is a consequence of past experience (Servantie & Rispal, 2018). Thus, the startup lifecycle can represent a series of states in which startups should be resourced and effectively implement various activities to overcome potential problems that may arise at various points and to achieve key milestones (Samalopanan & Balasubramaniam, 2020). Businesses do not move through the cycle at the same speed and may remain in the same stage for an extended period (Scott & Bruce, 1987). Over the years, academic research on startup lifecycles and growth stages has proposed various models, each offering unique perspectives, paths, and frameworks:

Source	Stages in Detail
Kazanjian (1988)	<ol style="list-style-type: none"> 1. Conception and Development Stage: Focuses on the initial conceptualization and development of the business idea 2. Commercialization Stage: Introducing the product or service to the market 3. Growth Stage: Involves expanding market presence and scaling 4. Stability Stage: The startup achieves a stable, mature state, with established processes and market position
Bhave (1994)	<ol style="list-style-type: none"> 1. Opportunity Stage: The entrepreneur identifies and evaluates the business opportunity 2. Organization Stage: Establishment and structuring of the new venture 3. Exchange Stage: The stage where the venture starts engaging in market transactions
Picken (2017)	<ol style="list-style-type: none"> 1. Startup Stage: The initial phase of setting up the business 2. Transition Stage: A phase of adjustment / realignment to position for growth. 3. Scaling Stage: Rapid growth and expansion 4. Exit Stage: Strategies for exiting, including mergers, acquisitions, or IPOs
Kumbhat & Sushil (2018)	<ol style="list-style-type: none"> 1. Discovery Stage: Entrepreneurs explore viable business ideas 2. Validation Stage: Testing the business idea in the market to validate its feasibility 3. Refinement Stage: Refining the product or service based on market feedback. 4. Scaling Stage: Expanding the business reach and scaling up operations
Köseoğlu & Patterson (2023)	<ol style="list-style-type: none"> 1. Idea Stage: Conception of the business idea 2. Seed Stage: Early funding and initial team formation 3. Lean Stage: Focus on developing a lean startup approach 4. Early Stage: Early market entry and customer acquisition 5. Growth Stage: Rapid market growth and customer base expansion 6. Expansion Stage: Further scaling and possibly diversifying into new markets 7. Mature Stage: Established operations and steady growth 8. Exit Stage: Potential exit options are explored, such as acquisition or IPO

Table 1: Different existing startup lifecycle models

Each of these models provides a view of the evolutionary startup process. Although they vary in their focus and stages, taken together they provide a thorough picture of the difficulties, changes, and growth paths typical of a startup's existence.

2.1.3 Startup Founding Process¹

There is no standardized, fixed process. Because of the speed and uncertainty, some stages may be combined or delayed. Each founder also has a different approach. However, the literature agrees on the basic process. Freiling & Harima (2019) divide the startup process in Germany into three different phases: (1) *pre-startup phase*, (2) *startup phase*, and (3) *growth phase*. In contrast to the life cycle, the founding process focuses on the initial stages of getting a startup off the ground. It's about the practical steps and decisions the founders make to create and start operating the new business.

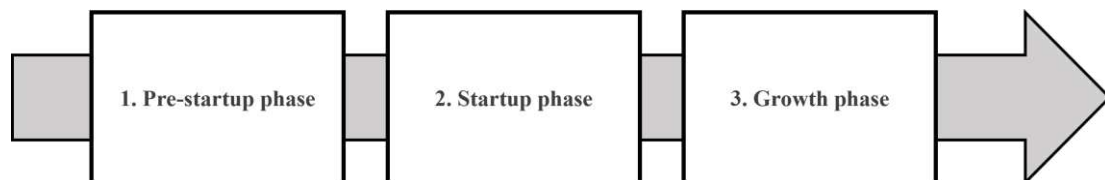


Figure 3: Startup founding process

¹ Startup processes are characterized by a high degree of individuality. While there are commonalities, the business model, market conditions, and other specific factors may dictate different priorities for planning and implementation. The procedures described in this chapter are therefore not final and should only serve as a general guideline.

Pre-startup phase

The basis for starting any business is a **business idea**. As already described in the previous chapter, this is the origin of a potential startup. It is defined as a commercial solution to a problem (Hougaard, 2005). Successful business ideas are based on simplicity and market relevance. Entrepreneurs should adapt and improve existing ideas, reinterpret outdated concepts and constantly learn from industry leaders to overcome setbacks and allow long-term success (Hermann, 2023). A starting point for a new venture is a “market pull”, where you identify an unmet need to solve a customer pain point. A “technology push” with the potential to create new market opportunities may be another driver. This could be the introduction of a technology-based business model or process in a new market (Field, 2014).

The next step is to develop the **business model (BM)** and define the strategy of the startup to form the basis for the company's long-term success. The strategy of a new company refers to the formulation and selection of a specific strategic direction, it includes planning, diversification, resource deployment, market entry method and innovation capability (Shepherd et al., 2020). The BM concept has been increasingly used since the 1990s to help entrepreneurs develop an understanding of how their business creates, communicates, and captures value (Afuah & Tucci, 2002; Teece, 2010; Cosenz & Noto, 2018). It consists of three components: (1) value creation, which focuses on the value-adding processes and resources for the customer; (2) value delivery, which takes the customer's perspective and describes how the value created is passed on to the customer; and (3) value capture, the company's revenue model by showing how and from what sources profits are generated in relation to costs (Osterwalder & Pigneur, 2010). An established tool for startups to transform a business idea into a working BM is the Business Model Canvas (Osterwalder & Pigneur, 2010; Cosenz & Noto, 2018).

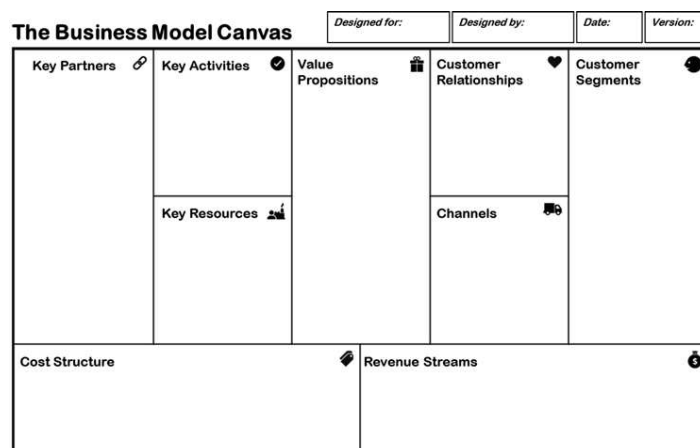


Figure 4: Business Model Canvas (following Osterwalder & Pigneur, 2010)

It serves as a tool for developing and visualizing business models and describes the individual elements of a BM, placing them in relation to each other. The Business Model Canvas consists of nine building blocks and incorporates the three components of a business model described previously (Osterwalder & Pigneur, 2010). The heart of this model is the value proposition, which highlights the company's advantages over the competition and addresses the needs of customers. The value proposition canvas is an extension of this model (Lukas, 2017). It is used to analyze the match between a company's offering and customer needs. It consists of two parts: the customer segment, which identifies customer expectations, and the value proposition, which shows how the company's product meets those needs. With this tool, companies can align their offerings with their target customers and strengthen their market position (Osterwalder et al., 2014).

Pitching then represents a further step. A pitch is a short presentation of your business idea. Often, specially prepared presentations are used for this purpose. The goal is usually to attract new investors or other stakeholders who can help move the company forward (Freiling & Harima, 2019). Founders usually use a customized pitch deck for this purpose. This helps founders and startups to present their business idea in a short and concise way (Kleimann, 2020). The pitch deck should be between ten and 15 pages long, with graphics being more informative than text alone. The use of storytelling in this context serves to evoke emotions (Kamps, 2020). The optimal slide structure may vary slightly depending on the business model, but has largely crystallized in practice (Striegel & Luppold, 2020; Kamps, 2020):

- Cover page
- Team and founders
- Problem definition
- Solution approaches
- Product information
- Market & marketing
- Unique selling proposition (USP)
- Competition analysis
- Business model & forecast
- Proof of concept, testimonials & milestones
- Call to action/capital requirements

A well-known method of pitching is the elevator pitch. Here, an entrepreneur tries to convince a venture capitalist to invest in a business idea in a very short period of time. In general, a successful elevator pitch is enough to attract an investor's curiosity and set the stage for a follow-up (Coughter, 2012).

Startup phase

Since the primary goal in the previous phase was to find a problem/solution fit, an unsolved problem coupled with an initial suitable solution, this phase involves tasks that must be completed in order to start or be allowed to start business. Each of these decisions² has a recognizable impact on the development path. These choices include the **naming, type of foundation, legal form, intellectual properties, and location** of the business (Freiling & Harima, 2019).

Naming

When choosing a name, founders should consider several aspects, such as ease of recognition, ease of assignment by the target audience, ability to build a good reputation, and availability. It is important that the name fits the business strategy in order to adequately represent the company's identity (Hougaard, 2005). Also, it should fit the desired image and not evoke unwanted associations in other contexts. The trend in the startup scene is towards international names, often related to the business activity. Attempts are also made to attract attention while appealing to the company's core target groups (Freiling & Harima, 2019).

Type of foundation

The decision to found a company individually or with a team depends on several factors. Highly complex projects usually require the formation of an interdisciplinary team in order to cover the depth of skills required. Also, a heterogeneous group of team members with different skills and motivation profiles can accomplish the tasks more effectively and compensate for possible weaknesses. Functioning team dynamics and a minimum level of compatibility are also required to ensure effectiveness. However, it should be noted that teamwork can also lead to

² Many decisions are at least pre-decided in the pre-startup phase, but in most cases can be readjusted or are deliberately only made in the startup phase, which is why these points are only dealt with here (Freiling and Harima, 2019).

conflict, which can put a strain on both the business relationship and personal relationships (Freiling and Harima 2019).

Legal form

The legal form choice for a startup is crucial. Aspects such as formalities, raising capital, liability and share capital must be considered. This decision also affects the tax aspects and the organizational structure of the company. Careful consideration of the characteristics and requirements of each legal form is critical to the selection of the most beneficial type of entity for a particular BM (Müller et al., 2019). The most common legal forms for starting a business in Germany are listed in the following table:

	Sole Proprietorship	Limited Liability Company (LLC)	Civil Law Partnership
Category	Sole Proprietorship	Corporation	Partnership
Liability	unlimited	limited	unlimited
Executive Management	Founder	appointed CEO	all shareholders
Minimum Capital	-	25.000 EUR	-
Founding Costs	very low (from 20 EUR)	medium to high (from 3.000 EUR)	low (250 to 500 EUR)
Formal Effort	very low	medium	(very) low
Capital Raising	very difficult	possible	difficult

Table 2: Most common legal forms in Germany (following Freiling & Harima, 2019)

The founding begins with the preparation of necessary founding documents, which vary depending on the legal form and typically include the articles of association and incorporation. These must then be registered with the trade office to obtain a business license. After business registration, the tax office contacts the founder with a tax registration form. When hiring employees, the company must be registered with the social security authorities. Opening a bank account is also an important step here (Freiling & Harima, 2019).

Intellectual property

Entrepreneurs who invest in the development of new technologies, brands, names, products and processes are faced with the question of how to protect their intellectual property. They must decide whether and how to obtain property rights to exclude others from unwanted use. Primary protection mechanisms include patents for inventions, trademarks for word, figurative and sound marks, and copyrights for artistic or literary works (Freiling & Harima, 2019). However, it is important to carefully consider when to activate legal protection, as this requires time and financial resources and does not always provide a guarantee of security (Schnedler, 2020).

Location

Choosing a suitable location requires careful planning and consideration of a variety of factors. Among these are proximity to potential customers as well as the availability of qualified workers. In addition, the transport infrastructure, aspects such as legal regulations, security at the location, cooperation opportunities with local educational and research institutions should also be taken into account. The existing facilities and expansion options for the commercial areas must also be considered (Schinnerl, 2021). It should be noted that the importance of location is decreasing in the age of digital business models. Communication and contact management can often be handled digitally through modern logistics systems and technology applications (Freiling & Harima, 2019).

Business Plan

As part of the founding process, the business plan (BP) is a central instrument, and its creation provides a detailed overview of the planned business venture and serves as a guide for the management (Welter, 2021). The BP acts as a helpful tool for analyzing strengths and weaknesses (Köseoğlu, 2023). It also serves as a means of communication for potential investors, for whom a convincing presentation of the project is essential (Haag, 2013). The findings from the pre-startup stage can be used when creating the business plan. The figure below shows the individual elements of the business plan:

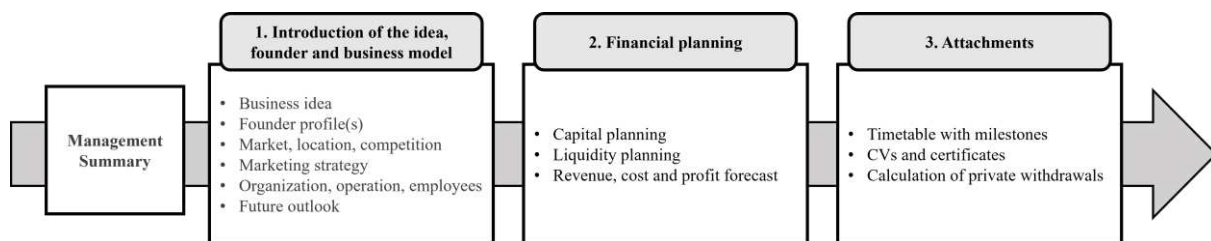


Figure 5: Elements of a business plan (following Schinnerl, 2021)

At the beginning, a management summary summarizes the most important information of the business plan and provides orientation for the following process. In the best case, this is clear and concise and does not include unimportant aspects (Schinnerl, 2021). This is followed by an explanation of the idea, the presentation of the founders and the business model in detail. Particular attention is paid to the USP, the product itself and the qualifications and motivation of the founders. In this context, the market, the location as well as the competition and its products are examined in order to assess the company's potential and opportunities (Freiling & Harima, 2019). Based on this, the marketing strategy and sales

processes can be determined. This includes the approach to customer acquisition, strategic pricing, and an understanding of the market and its needs. The marketing mix can be used as a tool here (Schinnerl, 2021). Legal form, property and location highlighted in this chapter are also clarified in this section. Finally, short- and long-term goals as well as holistic opportunities and threats are outlined as part of the future outlook. The next section is financial planning, which describes how the company is financed and how it intends to achieve economic success (Haag, 2013). It comprises three relevant segments: capital planning, liquidity planning and profit planning. Capital planning determines the necessary expenditure for investments and operating costs. Liquidity planning compares income with expenditure in order to identify potential liquidity gaps. Profit planning, on the other hand, shows the expected turnover and costs, allowing a statement to be made about the potential profit. The aim is to secure the company's existence in the medium term through surpluses (Schinnerl, 2021). In the context of financing, a distinction can be made between equity financing and debt financing. Equity financing includes the founder's equity. The opposite is the case with debt financing, where the sources of financing include business angels, the government, venture capital or long-term bank loans (Hoppe, 2021; Köseoğlu & Patterson, 2023). Different financing options are relevant based on the stage of the life cycle. In the startup phase, many entrepreneurs primarily rely on equity and support from friends and family, while bank loans or venture capital become more important in the growth phase.

	Startup phase		Growth phase			Maturity
	Seed	Start-up	First Stage	Second Stage	Third Stage	Exit
	Foundation	Production phase	Market launch	Market penetration	Market expansion	
Funding Sources	Equity of the founders					IPO, Trade sale, Share buy back
	Family and friends					
	Business angels					
	Government					
	(Corporate) Venture capital					
	Long-term bank loans					

Table 3: Startup financing during their lifecycle (following Freiling & Harima, 2019)

The final step of the BP is the attachment. Firstly, this includes the timetable, which outlines the duration, deadlines and progress of the startup. It provides documentation and a review of the startup performance with the help of a deviation analysis. Secondly, the appendix contains personal documents of the founders to strengthen the confidence of investors and includes a calculation of private withdrawals (Schinnerl, 2021).

Growth phase

Growth is a key objective, not only to offset initial investments and losses, but also to generate profits (Horne & Fichter, 2022). It is typically associated with increasing demand and the resulting increase in sales. Growth can be driven by technological innovation or increased consumer demand. To sustain growth and develop new market segments, it is essential to reach most potential customers with new offerings (Freiling & Harima, 2019). Companies with high growth rates are often valued higher than companies with similar turnover but lower growth. The growing trust of investors and stakeholders increases the market value of the company. At the same time, this tends to lead to more favorable credit conditions for the startup (Hoppe, 2021). In the growth phase, the founder is primarily faced with strategic and organizational tasks. In this stage, the focus is on the future direction of the company. At the same time, decisions have to be made about expansion or financing, as growth can be more capital-intensive than initially assumed. It is therefore also important to consider investment planning during the growth phase (Gupta, 2022). Regarding the growth of companies, different growth perspectives can be distinguished: financial, strategic, and organizational growth, which are interrelated (Schaper et al., 2014). Financial growth is achieved through revenue, profit, or ROI. On the other hand, organizational growth can be achieved through the wise use and development of human capital. Awareness and an increase in market share ensure strategic growth (Freiling & Harima, 2019).

2.1.4 Challenges in the Startup Founding Process

Throughout the founding process, founders encounter problems in various areas that hinder the scaling and implementation of the idea (Kumbhat & Sushil, 2018). A common and strategic problem in the startup context is goal clarity and focus. One of the biggest challenges for entrepreneurs is to formulate and maintain clear goals. This requires an astute assessment of the venture and a coherent formulation of the target demographic, value proposition and business model (Picken, 2017a). Financial challenges can arise at different stages of the life cycle (Salamzadeh & Kawamorita, 2015). Obtaining sufficient funding to develop an idea, especially in the pre-revenue phase, is one of them. For this reason, startups need to seek financial resources from the external environment. The lack of access to such support sources is an indicator of startup failure. It can also be problematic that investors are interested in the use of resources, efficient management of working capital, reliable financial projections (Picken, 2017a). Or a lack of convincing the investor of its exponential growth potential. Also, the amount of funding required may not be sufficiently defined (Bednár & Tariskova, 2017).

In terms of HR, founders must hire employees, negotiate with them and build a functioning team. If a founder lacks knowledge about doing this, it can have negative consequences (Salamzadeh & Kawamorita, 2015). In many cases, incompatible people and overly strong personalities have led to conflicts. Mismanagement due to unfair compensation or distribution of tasks is also a problem (Bednár & Tariskova, 2017). This also means that founders struggle to create and shape a cultural environment that embraces the values and norms that support the organization's business purpose and strategy (Picken, 2017a). Further, many startups suffer from a lack of consideration of environmental elements such as existing trends, market constraints, or legal issues (Salamzadeh & Kawamorita, 2015). Obstacles include product positioning in a new market or customer loyalty (Picken, 2017a). Basically, fast-growing companies are particularly vulnerable to sources of risk such as rapid growth, narrow revenue base, inexperienced staff, or infrastructure.

2.1.5 Most Common Reasons for Startup Failure

Startups are inherently risky, and more than two-thirds fail to generate positive returns for investors and fail (Eisemann, 2021). One of the main reasons is a lack of interest and demand. Founders often describe this as a lack of market testing (Bednár & Tariskova, 2017). Many startups develop products or services without sufficient market research, resulting in offering solutions to problems that either do not exist or are not urgent enough for customers (Mikle, 2020). Startups entering a crowded market without clear competitive advantages or differentiation often struggle for recognition and market share, especially against established players (Aminova & Marchi, 2021).

Another problem is the lack of a robust business model and its careful development (Eisemann, 2021). Startups that focus solely on the product and neglect the development of an adaptable, workable, and viable business model (Pride, 2018) often run into financial difficulties, especially if they then fail to find customers or if they require high acquisition costs (Cantamessa et al., 2018).

According to Pride (2018), the qualities of the founders are another problem, as they often fail due to a lack of holistic emotional and mental readiness and specific technical skills. Incompetent leadership can lead to not responding to market changes or not having a clear vision. Related to this are problems with team dynamics, as a lack of experience or different skills in the team can have a negative impact on the startups's success (Mikle, 2020).

Funding issues represent a common stumbling block. A startup may receive initial capital but have difficulty obtaining subsequent rounds of funding (Gilde et al., 2023). Conversely, overfunding is also a risk (Pride, 2018). Thoughtful distribution is also important because without sufficient capital, a company cannot grow and cover basic operating costs (Mikle, 2020).

2.2 Artificial Intelligence

This chapter on AI starts with an introduction and outline of the topic, continuing with various subsets up to AI tools, followed by practical use cases and the associated risks.

2.2.1 Introduction to Artificial Intelligence

Artificial intelligence is considered one of today's most exciting advances. For many people, it has only recently become a hot topic, yet the origins of AI go back many years (Verganti et al., 2020; Weber et al., 2021). Initial research can be traced to the British pioneer Alan Turing, who, in 1950, investigated the question of whether machines could think. The subsequent Turing Test proposed to test a machine's ability to demonstrate artificial intelligence and evaluate whether its behavior was indistinguishable from that of a human being (Panesar, 2021). The term "AI" was coined by McCarthy in 1956 and assumes that any facet of learning or any other characteristic of intelligence can, in principle, be accurately described enough to be simulated by a machine (Collins et al., 2021). AI generally refers to machines capable of intelligent behavior (Russell, 2010). A current understanding of AI is that AI can simulate human cognitive processes and thus assist in information processing or problem solving (McKinsey, 2023). There are two main types within this area: Strong AI and Weak AI (Russell & Norvig, 2016; Panesar, 2021). Strong AI refers to theoretical systems that can mimic human consciousness and self-reflection, with the ability to learn and draw conclusions independently. However, this form of AI remains largely theoretical (Fjelland, 2020). Weak AI, on the other hand, includes systems designed for specific tasks, such as chatbots and speech recognition software (McKinsey, 2023). These systems simulate human intelligence within their programmed limits, without their own consciousness (Russell & Norvig, 2016).

A core area of weak AI is machine learning (ML), an approach in which algorithms and statistical models make it possible to perform tasks without being explicitly trained to do so (Bishop & Nasrabadi, 2006). Systems analyze data and learn from it in order to recognize patterns and make predictions. The higher the quality and relevance of the data, the more

accurate and reliable the AI system is in its predictions (Mikalef & Gupta, 2021). Within ML, three primary learning methods can be distinguished: supervised learning, unsupervised learning, and reinforcement learning (Taulli, 2023). Each of these methods has characteristic approaches and areas of application that predestine them for specific problems within the AI application. In supervised learning, predominant form of ML, algorithms are trained on data sets consisting of correlated input and output pairs. The goal of this form is to develop a mapping function that projects given input data onto predefined output values (Lee & Shin, 2020; Mobarak et al., 2023). Applications of supervised learning are mainly found in areas where clear objectives and explicitly labeled data are available, for example in regression tasks as prediction of house prices or classification tasks like spam detection (Shetty et al., 2022). In contrast, unsupervised learning works without predefined labels or output targets. The main goal is to autonomously discover hidden structures or patterns in the available data (Lee & Shin, 2020).

Typical application scenarios for unsupervised learning are clustering, e.g. customer segmentation or dimension reduction, which is particularly important in image processing (Taulli, 2023). Finally, reinforcement learning, in which an agent learns through interaction with its environment and the resulting feedback in the form of rewards or punishments. This approach is particularly effective in scenarios where a system must optimize a target function through trial and error (Lee & Shin, 2020). Reinforcement learning is primarily used in the development of AI systems for complex games, in robotics for learning motion sequences, and in automation and control, for example in self-driving vehicles (Mobarak et al., 2023).

Another subfield of machine learning is deep learning (DL), which uses artificial neural networks to recognize complex patterns in large amounts of data (LeCun et al., 2015). These networks are multi-layered, consisting of an input layer, multiple hidden layers, and an output layer, and work by adjusting the weights between neurons based on the input data and the back-propagation method to make accurate predictions or classifications (Aggarwal, 2018). Artificial neural networks are particularly efficient at processing large amounts of unstructured data, e.g. in image and speech recognition (Schmidhuber, 2015).

2.2.2 *Generative AI and AI Tools*

GenAI is a technology that also belongs to the field of DL and specializes in creating new data such as images, music, or text based on neural networks. Whereas traditional AI models are trained to perform specific tasks, generative AI models aim to learn patterns from existing data

to produce new, unique results (Kulkarni et al., 2023). It uses LLMs, that can process and generate natural language text, what is called Natural Language Processing (NLP) or Natural Language Generation (NLG). They can generate new text using learned patterns and rich input data (Kavlakoglu, 2020). Chatbots use such LLMs to mimic human speech and conduct dialogues (McKinsey, 2023a). Modern LLMs are often based on transformer models, which, unlike conventional models, utilize the attention mechanism to process data. This mechanism allows the model to recognize relationships between different parts of a text, even if these parts are far apart (Taulli, 2023).

A special feature of these models is that they can be trained without specially labeled data. The pre-trained models are often referred to as Generative Pre-Trained Transformers (GPT) (Liao et al., 2024). The AI chatbot *ChatGPT* from OpenAI, which is based on the language models GPT-3.5 and GPT-4, is also based on such a transformer model. GPT-4 is a particularly advanced language model that accepts text as well as images as input, allowing for extended interaction. The LLM can provide performance comparable to human benchmarks in various professional and academic application areas (OpenAI, 2023). The results of GPT models are based only on their training data, not all aspects of human communication can be fully covered. Alphabet offers a competing product with similar use and functionality called *Bard*. It is based on the Language Model for Dialogue Applications (LaMDA) (Google Blog, 2021).

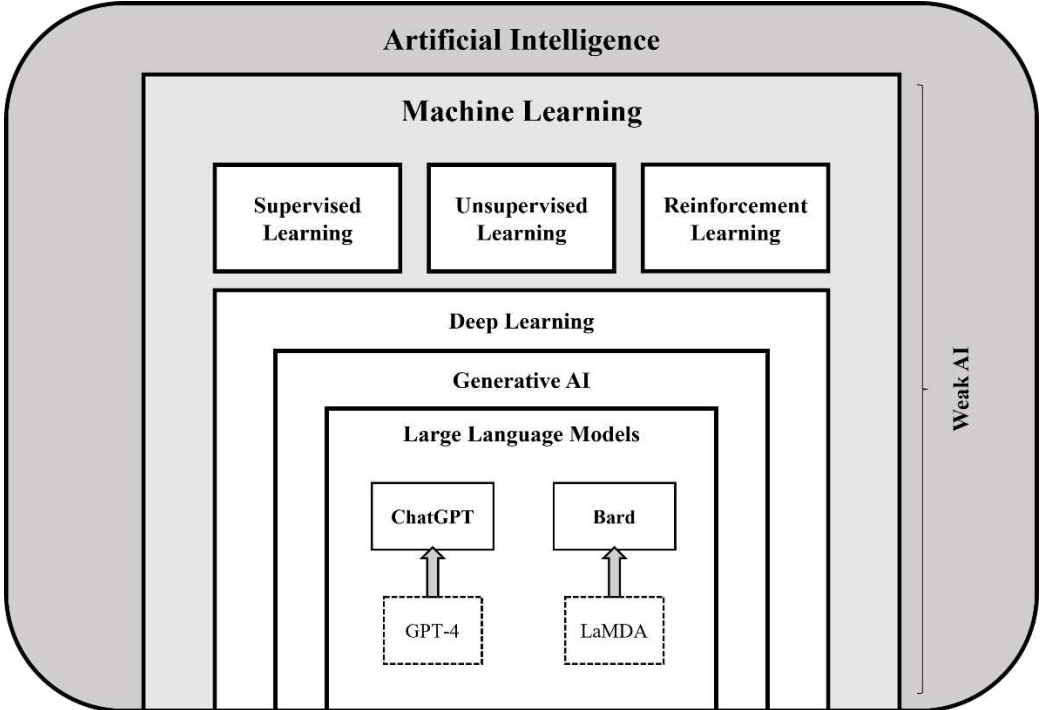


Figure 6: AI and subsets (following Lee & Shin, 2020; Panesar, 2021; Taulli, 2023)

It is useful to understand how a GenAI tool works. Essentially, an AI system consists of a software agent that collects, analyzes, and responds to environmental data. Data collection (Input) is the first step in the process. Data can be structured or unstructured. Once data is collected, it is processed by the computer agent. In the first step, pre-processing, the data is analyzed using NLP techniques. The next step is main processing, which involves three types of intelligent behavior: machine learning, logical reasoning, and problem solving. To perform these processing steps, a solid knowledge base is required. This database contains information that influences the decisions of the AI agent. Finally, the information obtained is transformed into a form that enables interaction with the environment (Output). This can include generating text using NLG or creating images to display the results (Paschen et al., 2020).

2.2.3 Application in Business and Entrepreneurship Context

AI is being applied in marketing, manufacturing, corporate management, and customer service, to name a few (Alsheiabni et al., 2018; Jelonek et al., 2019). Healthcare, banking, and education are also included (Ooi et al., 2023). AI applications can be deployed throughout an organization's value chain and have the capacity to disrupt many essential parts of our daily lives (Wamba-Taguimdje et al., 2020). Chui et al. (2022) illustrate further possible areas of application with specific application scenarios, once again underlining the great potential for companies.

Marketing & Sales	Operations	IT / Engineering	Risk & Legal	HR	Employee Optimization
Write marketing and sales copy including text, images, and videos	Create or improve customer support chatbots	Write code and documentation	Draft and review legal documents	Assist in creating interview questions for candidate assessment	Optimize communication of employees
Create product user guides	Identify production errors, anomalies, and defects	Automatically generate or auto-complete data tables	Summarize and highlight changes	Provide self-serve HR functions	Create business presentations
Analyze customer feedback	Streamline customer service	Generate synthetic data	Answer questions from large amount of legal documents		Synthesize a summary
Improve sales force	Identify clauses of interest				Enable search and question answering
Create or improve sales support chatbots					Automated accounting by sorting and extracting documents

Table 4: Areas of application for AI in business (following Chui et al., 2022)

Some findings can also be found in the literature regarding the specific application in entrepreneurship. AI can be helpful in the pre-startup phase as an enabler to the discovery of new entrepreneurial opportunities and as a facilitator in the startup phase (Schiavone, 2022).

In the startup stage AI tools are widely used to automate processes or redesign organizational structures. Furthermore, AI is a powerful tool in decision-making processes (Giuggioli &

Pellegrini, 2022) and has the potential to revolutionize business models (Sjödín et al., 2023). The network effects enabled by AI can reduce costs and increase scalability (Garbuio & Lin, 2019). Also, AI facilitates not only incremental innovation but also the development of new products (Hoornaert et al., 2017; Davenport & Ronanki, 2018). Automation of sales operations using AI is a promising area of development for entrepreneurs in the growth phase (Chalmers et al., 2020), as it may, among other things, release employees for higher value activities (McKinsey, 2023). Customer loyalty (Bali et al., 2021) and new sales models (Singh et al., 2019) have been shown to be possible using AI. The potential of AI exists not only in sales functions such as lead generation or customer service, but also in strategic marketing (Verma et al., 2021).

2.2.4 Issues Using AI

In addition to the many possibilities and use cases presented, the risks of utilization should also be taken into account. Businesses can effectively adopt GenAI into their operations by facing these hurdles (Ooi et al., 2023).

Data

The availability of data is a complex issue. ML models require big datasets to precisely classify or predict various tasks. For an organization data is not only expensive, the exchange of data is also an undesirable phenomenon (Aung et al., 2021). The quality of the data can also be a challenge, since data can be incomplete or biased if it originates from limited, poorly defined samples. This can lead to biased learning algorithms that can deliver distorted results (Campolo et al., 2017).

Privacy

Privacy protection is a major concern when dealing with sensitive information, particularly when the algorithms used are difficult or impossible to understand. This can be a major risk for both the experts and end users who have to train the models (Holzinger et al., 2018). The development of AI raises additional privacy concerns, as people may confuse AI with human beings and allow for the unintentional collection of even more data (Aung et al., 2021).

Ethical & Legal

Beyond the data, privacy and security issues, the main concern is accountability. AI is often seen as a 'black box', where it is not possible to see why the algorithm made a particular prediction or recommendation. Thus, the behavior of a system is not fully predictable, which makes it difficult to clearly assign responsibility (Aung et al., 2021). It is also important that

there is a public discourse on these ethical concerns, which will ultimately lead to the adoption of a common ethical standard (Lee & Shin, 2020). Reputational and legal risks associated with the publication of unintentionally biased or copyrighted content should be considered by companies relying on GenAI models (McKinsey, 2023a).

2.3 Management Frameworks and AI in Startups

The trend of using new technologies, especially AI, in business offers entrepreneurs the opportunity to create added value and competitive advantage, if used correctly (Candelon et al., 2023). To understand this, it is helpful to look at how new technologies have changed the market in the past. Creative destruction is a theory introduced by Joseph Schumpeter that states that the creation of new innovations and technologies leads to economic growth while destroying old structures (Caballero, 2010). Applied to entrepreneurship, this can play an important role in new opportunities for startups. As new technologies emerge, they have the potential to revolutionize established industries and create new markets (Gilde et al., 2023). By accelerating processes, leveraging large data sets, and increasing productivity (McKinsey, 2023a), GenAI can become an engine of creative destruction. An entrepreneur who recognizes and capitalizes on this and can unlock its potential. Linked to this, the theory of disruptive innovation describes a process in which a smaller company with fewer resources can use disruptive innovation to successfully challenge established companies that focus on what already exists and overlook new, often underestimated competition. This happens not only in the context of developing more convenient products, but also by applying innovations that add value (Christensen, 1997; Terry, 2020). Startups could thus begin to challenge established companies that focus on traditional business models by offering more cost-effective solutions through AI and thus gain a competitive advantage by disruptively breaking new ground (Chalmers et al., 2020). AI innovation is positioning startups as key drivers of innovation and market disruption, opening up new business models and strategies (Söjdin et al., 2023).

According to Prahalad and Hamel (1990), a company's core competencies are the key to its success. They define core competencies as the collective learning in the organization, especially the coordination of different production capabilities and the integration of different technology streams. They argue that companies should focus on leveraging their core competencies to enter new markets and stay ahead of the competition. The paper also emphasizes the importance of strategic thinking and innovation in identifying and developing core competencies. Applying core competency theory to the integration of AI in the startup formation process emphasizes the strategic use of AI as a core competency. Startups can use AI to efficiently design internal

processes, integrate data streams, and develop innovative solutions (Candelon et al., 2023) to gain a competitive advantage. This requires continuous learning within the company in order to fully exploit the benefits of AI and open up new market opportunities.

Porter (1991) argues that a successful strategy must be dynamic to allow constantly changing market conditions. Companies must constantly rethink and adapt their strategies to remain competitive. In terms of AI in the founding process, this would mean that startups need to make their strategies dynamic and constantly adapt to new technologies and market trends. AI offers the possibility to react quickly to changes. As a result, startups would consider AI as an integral part of their strategy to drive innovation and adapt to a changing business environment. However, careful consideration is required when developing new strategies (Timsit et al., 2015). A market-pull orientation can lead to higher performance but is associated with a lower survival rate. On the other hand, a resource orientation can lead to a higher survival rate, but also to lower performance.

However, for this to work in practice, AI as a technology must first be accepted by users. The Technology Acceptance Model (TAM), developed to explain how users accept and decide to use technology, sheds light on this (Silva, 2015). It postulates that user acceptance is determined by two main factors: Perceived usefulness and perceived ease of use (Marangunić & Granić, 2014). If users believe that a technology improves their performance and is easy to use, they are more likely to adopt it and integrate it into their daily activities. According to Rogers (2003) Diffusion of Innovation theory, there are risk-taking founders who will adopt AI very early and integrate it into their processes, but also more traditional founders who will wait for the technology to become established.

3 Methodology

The following chapter outlines the methodology for this dissertation.

3.1 Research design

The aim of this thesis is to investigate whether the use of AI can optimize the startup process.

For this purpose, it relies on a review of existing literature, including academic publications and consulting studies, as well as semi-structured interviews to address the Research Question. As the use of AI tools is still a new, unexplored, and rapidly developing topic, qualitative expert interviews were necessary to explore the possibilities and potentials (Edwards & Holland, 2013). In particular, the potential and risks of AI in its use and implementation are explored, but also how the application of AI creates value and what opportunities it offers to founders to

simplify challenges in the startup process. In a subsequent chapter of this thesis, selected AI tools are then applied to individual startup steps and evaluated to make a statement on the research question and the overall practical relevance.

3.2 Data collection

Semi-structured interviews are used as a strategy to gain broad insights by asking open-ended questions, what allows the interviewee sufficient space to respond and the opportunity to express themselves fully (Galetta, 2013). The interviewer attempts to elicit the most comprehensive responses from the experts through possible variations of the interview guide (Qu & Dumay, 2011).

A total of 11 people were interviewed, consisting of founders or AI experts. In some cases, there were also experts with experience in both fields. The participants were personal contacts or were found and contacted via LinkedIn. A questionnaire was created for both groups of people. As the content of the interviews is confidential information, they were guaranteed anonymity. The interviews were conducted in English or German, depending on the interviewee, and lasted approximately 25 to 40 minutes. All founders interviewed had to have founded or been involved in the process, while the AI experts had to have a professional or research background in AI or its relevant subsets. They work in different roles, in different types of companies, and have different experiences in order to obtain as many different perspectives as possible in relation to the area of the RQ.

Field	#	Position	Industry	Experience in the field
Entrepreneurs & Founders	A	Director, Ex-MBB, Ex Founder	eCommerce	2 years
	B	Founder	Machine Learning	> 2 years
	C	Co-Founder	AgriTech	1 year
	D	Founder	Social Impact	4 years
	E	Co-Founder	Renewable Energy	2,5 years
	F	Founder	Second Hand / Sustainability	4 years
AI Subject Expert	G	Data Scientist	German Corporate Group	> 2 years
	H	AI Author & Journalist	Publishing House	~ 2 years
	I	AI Consultant	Strategy Consultancy	7 years
	J	Business Lead ML & Ex-Founder	Machine Learning Startup	3 years
	K	Director Data & AI	German Scale-Up	6 years

Table 5: List of experts interviewed

Some questions were the same for all groups to allow for cross-group analysis of specific AI topics. Cross-cutting areas among all groups were an understanding of the value of AI and its application in the startup process, as well as the future and attitudes towards AI.

Table 6 displays the questions derived from the literature posed to the chosen founders. In particular, the aim was to gain insight into the challenges of the founding process and the potential applications of AI.

Area	Question
General	How long have you been a founder or entrepreneur?
Founding Process of Startups	What are the biggest challenges you have faced in the startup process?
	Which process or task did you find particularly challenging?
Process Optimization	Which processes or tasks in the startup process would you like to automate or make more efficient?
AI Utilization in Startup Founding	In which areas you already had experience with AI tools in your company and what was the experience like?
	What are the advantages of using AI in the start-up process compared to not using it?
Future Outlook	How do you see AI impacting the startup ecosystem in the future?
Attitudes towards AI	How trustworthy do you consider the output of AI tools to be?
	Would you say AI is currently the biggest driver for entrepreneurship?

Table 6: Questionnaire for entrepreneurs & founders

The questions to the AI experts, shown in Table 7, were designed to gain information on the risks and challenges of AI, in addition to the value creation and application of AI.

Area	Question
General	How many years of experience do you have with AI?
Value Creation with AI	How can AI create value for companies?
AI Utilization in Startup Founding	Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?
	What are the advantages of using AI in the startup process compared to not using it?
AI Challenges	What are the risks and challenges associated with AI?
Future Outlook	How do you see AI impacting the startup ecosystem in the future?
Attitudes towards AI	How trustworthy do you consider the output of AI tools to be?
	Would you say AI is currently the biggest driver for entrepreneurship?

Table 7: Questionnaire for AI subject experts

A summary of the expert interviews can be found in the appendix.

4 Data Analysis and Findings

Qualitative content analysis, a well-known approach to examining expert interviews and drawing conclusions, was used to analyze the results of the interviews (Mayring, 2010). In this thesis the inductive method was applied, in which categories are derived from qualitative data. This allows the researcher to avoid prior biases (Mayring & Fenzl, 2019).

The experts' responses to the research question were evaluated within each category and summarized below. The expert statements and corresponding examples (A-K) refer to the transcripts of the individual interviews. Repeatedly used statements that appeared similar in context were highlighted and included as subcategories in the analysis of the categories. A table is included in the appendix.

Category 1: Challenges in Startup Founding Process

A major challenge in the founding process highlighted were the complex bureaucracy hurdles, particularly in sectors heavily regulated like ML (Interview B). Interviewee A found complying with legal requirements and choosing the right legal form particularly daunting, while C highlighted the difficulty of obtaining various agricultural and technological licenses. There is a lot of paperwork and formalities to deal with when registering the business (Interview E). The potential for automation here lies in automating paperwork and legal documentation processes, as suggested by interviewee A, to reduce administrative burden and increase efficiency. This is also desired for compliance and regulation (Interview B).

Interviewee A pointed to the difficulty of validating business ideas in a competitive environment, while D highlighted the challenge in a niche market. One difficulty is to have a viable business model that can cope with the complexities of a market (Interview E). D considers it difficult to convince stakeholders of the BM. Founder A suggested automating market research and streamlining the collection of customer feedback to better understand the market and improve product-market fit.

Writing a business plan that effectively communicates complex ideas was a significant hurdle (Interviews B & C). B faced challenges in explaining the technical complexities of AI to investors, while C struggled to create a BP that was comprehensive. Automating BP development (Interview B), especially market analysis and financial projections, could greatly help in this regard (Interview C).

Interviewees B, F, and D noted the difficulty of finding talent with specific skills, such as AI expertise, and aligning them with the company's mission. Especially in labor-intensive business models, this is a big problem (Interviewee F). D also faced the challenge of building a team that was both technically competent and socially engaged. The hiring process should be streamlined to efficiently screen and recruit suitable candidates (Interviewee F).

Securing funding was a major concern for many, especially for startups in competitive markets such as renewable energy (Interviewee E) and those in e-commerce (Interview A). Interviewee A also mentioned the challenge of managing finances efficiently. Finding investors in the first place is also not easy (Interviewee F). Improving financial management, budgeting processes, and pitching to investors (Interviewee E) could be key to overcoming these challenges.

Balancing innovation with ethical implications (Interviewee D), overcoming sector-specific or startup learning curves (Interviewee E), and balancing growth with adherence to sustainability principles (Interviewee F) were also mentioned. There were also problems with the effectiveness and tracking of milestones and tasks in project management (Interviewees C & E).

Category 2: AI Value Creation

A key area where AI adds value is in the automation of repetitive tasks. This aspect highlights AI's ability to free up human resources for more strategic tasks (Expert G). Similarly, Expert I pointed out that AI's ability to automate tasks that traditionally require significant manual effort leads to significant operational efficiencies. This perspective is echoed by Expert K, who notes the increased effectiveness of AI-driven automation. Processes can now run faster and more efficiently (Interviewee H).

The power of AI to enable data-driven decision making is another critical area of value creation. Experts G and H both highlight AI's ability to provide deep insights through data analysis, enabling informed strategic decisions. Predictive modeling improves future planning and strategic decision-making (Interview K). The ability to handle large data sets and uncover patterns is a game-changer, suggesting a shift from intuition-based to evidence-based decision-making (Expert I).

AI plays a significant role in cost savings by optimizing predictions, which can streamline various business processes and lead to time and resource savings (Interviewee J). In addition, G, I, and K emphasized that process optimization, automation, and the broader application of AI in refining operational workflows increases overall productivity and leads to cost savings.

One of the most customer-centric values of AI is its ability to improve the customer experience. Experts G, H, and K discussed how AI can be used for personalization and predictive analytics in customer engagement. This personalized approach is critical to improving customer loyalty,

suggesting a direct link between AI-driven personalization and building long-term customer relationships (Interviewee K). Interviewee I also mentioned optimizing customer journeys.

Category 3: AI x Startup

The value of AI application in the startup process is multifaceted.

“It’s a system solution, that builds a company very differently today than a few years ago, today’s existing tools save and facilitate many steps and processes” (Interview J).

All interviews showed that founders use AI, i.e. *ChatGPT*, for data analysis to conduct market research and gain insights into customer behavior (Interview A - K). Interviewees E, G, H, I and J emphasized the role of AI in validating the business idea. It is also used to refine the BM (Interviewee I). The use of AI enables the automation of administrative tasks, allowing the founders to focus on their core business and growth (Interviewees A, D, H, I, J & K). Interviewee C mentioned the use of *ChatGPT* and *Midjourney* for marketing and social media purposes by creating crisp texts. Additionally, the predictive capabilities of AI mentioned by C, E, F, G and K facilitate strategic decision making and the identification of growth opportunities. Risk assessment is also crucial in the startup ecosystem (Interviewees B, E, G & I). AI has also been used in customer service through chatbots (Interviewees A & G) and in the supply chain (Interviewees F & G). According to Expert J, today's AI tools can speed up individual steps enormously. This was confirmed by Founder C, who uses *FintaAI* to approach investors as part of securing funding.

Experts A, E, and F described their experiences with AI as generally positive. Especially regarding the insights gained and the improvement in decision making. Interviewee C even describes his experience as extremely positive. In the area of product development, interviewee B shared a transformative experience where AI significantly increased efficiency and innovation. On the other hand, the integration of AI is not without its challenges, according to Founder D with mixed experience. Data privacy and the impersonal nature were criticized. The founder advocates a cautious implementation of AI due to its novelty and risks.

In terms of the benefits of integrating AI into the startup process, Interviewees A, B, C, D, E, and F universally acknowledged that AI leads to increased efficiency and automation of routine tasks, highlighting AI's role in streamlining operations and freeing up resources for strategic tasks. AI also improves decision-making processes, as detailed data analysis provides accurate insights for informed business planning (Interviewees B & C). The scalability and cost-

effectiveness of AI are other key benefits. As highlighted by Interviewees G, H, I, J, and K, AI helps startups grow and adapt more efficiently, reducing overhead costs and facilitating faster market entry. Finally, the impact of AI on customer relationship management cannot be overlooked. The ability to personalize customer experiences through AI, as highlighted in interviews A and J, is a key contributor to building customer loyalty and differentiating startups from their competitors.

Category 4: Issues of AI

The quality of data in AI systems is a significant concern (Interview K). Also, Expert I stated that the quality of the input determines the quality of the output. Interviewee G stressed the necessity of managing large volumes of data responsibly, highlighting the importance of data integrity for the effectiveness of AI systems. To correctly classify or predict various tasks, models require large data sets, otherwise results will be more restricted (Interview J). Expert H mentioned data security as a challenge, reflecting concern about data protection in AI applications. Interviewee H reflected on the need to protect personal data, while Expert G drew attention to issues with legal compliance in the complexities of complying with regulations like GDPR. There is a need to deal with data privacy laws (Interviewee K). These evolving data privacy laws and regulations, such as the EU AI Act, must be complied with (Interview I). Interview J also touches upon the dynamic legal landscape that AI applications must navigate, indicating the need for continuous adaptation. Ethical implications of AI, particularly related to algorithmic bias, are a predominant concern. Interviewees G, I, and K highlight the risk of bias in AI algorithms leading to unfair or discriminatory outcomes if not carefully managed. It can also lead to a bias if the algorithms are not carefully designed, or the systems fail (Interview J). Additionally, Interviewee K raised the issue of making AI transparent and understandable to non-technical stakeholders, underlining the broader ethical challenges of AI transparency and accountability. If the algorithms are not well trained, the outcome can be misleading (Interview H).

The rapid pace of AI advancements and regulatory changes poses additional challenges as the hurdle in keeping up to date with AI technology and regulations, necessitating continuous learning and adaptation (Interviewees H & I). Interview J identified dependence on AI as a potential risk caused by vulnerabilities that may arise if AI systems fail or are compromised.

Category 5: Attitudes towards AI

The consensus among interviewees was that AI could be considered trustworthy, but with limitations. Interviewee A acknowledged the trustworthiness of AI, especially when models are trained with industry-specific data but emphasizes the need for human oversight. This need for human oversight (Interviewees E, I, J & K) and the need for validation (Interviewees B & C) was a recurring theme and was seen as a critical aspect. Interviewee B noted additionally a high level of trust in AI, particularly in rigorously tested, transparent and explainable models. However, Interviewee D introduced a note of skepticism due to concerns about data privacy and bias, emphasizing the importance of transparency in AI algorithms and the data sources used. Skepticism also arises in areas that require a nuanced understanding of sustainability and ethical practices, but trust is growing as tools become more sophisticated and transparent (Interview F). Trust also grows when AI systems are well designed and properly trained (Interview I). According to Experts E and G, AI is trustworthy for quantitative analysis, but is still evolving in terms of strategic decision-making (Interviewee E) and over-reliance in qualitative judgment areas (Interviewee G).

Regarding the role of AI for entrepreneurship, the answers varied, but generally agreed that it has a significant impact. AI was seen as an important enabler, especially in technology and data-driven industries, but not as the sole driver of entrepreneurship (Interview A). Similarly, Interviewee F saw AI as an important driver of efficiency enhancement, but not the most important one. Interviewees C, E and H also considered AI to be an important driver in sectors where innovation is crucial. Founder B saw it as an important catalyst that redefines industries. The influence of AI can vary depending on the sector, as in the field of social entrepreneurship the focus is on human-centric approaches (Interviewee D). Interviewee G acknowledged that AI plays an important role as a catalyst for innovation but points out that entrepreneurship still relies heavily on human creativity. Human creativity and personality are particularly important as drivers in technology-driven industries (Interviewee K). Expert J also offered a balanced view, acknowledging AI as an important driver but also emphasizing the importance of personal skills and market understanding. Interviewee I considered AI as a turning point for entrepreneurship with access to highly developed tools for startups.

Category 6: AI x Startup Future

Interviewee A anticipated AI becoming central to business planning and strategy, democratizing access to advanced analytics and market insights. The integration of AI into the

founding process also plays a key role in creating new and more scalable business models (Interviewees B, G, J & K).

Experts J and B considered AI to be a cornerstone for strengthening startups and innovation. AI is described as a critical tool for startups to enable innovation and efficiency (Interviewees G, I & K). Founder A also saw AI as an important tool for increasing business efficiency. AI can be a disruptor for industries and potentially combat environmental and social problems (Interviewee B) if ethical considerations are paramount (Interviewee D). Interviewee E emphasized its role in promoting clean energy technologies and smarter energy systems. Following on from this, AI could enable startups to challenge established players and lead to the creation of new markets within the startup ecosystem in the future (Interviewees I & J). Interviewee H viewed AI as a key tool for innovation and competitive advantage and believes that startups that use AI effectively will gain a decisive advantage. Interviewee G stated that AI will create new opportunities that were not possible before.

However, Interviewee D was hesitant and emphasized the importance of carefully managing the integration of AI and warns of the potential widening of the gap between technology-driven and traditional startups. By underscoring the importance of responsible and ethical integration of AI, the next wave of technological advancement can be led (Interviewee K).

5 Discussion

This chapter begins with a general discussion of our findings, followed by an application of AI tools in the startup process.

5.1 General Discussion

The findings on the application of AI in the founding process provide insight into the diverse application possibilities and the resulting benefits of AI for startups.

The integration of AI into the startup process offers several advantages. The automation of routine tasks and the associated increase in efficiency are key points that have been highlighted. The scalability and cost-effectiveness of AI are also relevant when considering the benefits. AI helps startups grow faster and adapt to market conditions more efficiently, which can lead to a faster time to market. Finally, the impact of AI on customer relationship management should not be underestimated, as the ability to use AI to create personalized customer experiences is a key driver of customer loyalty and competitive differentiation. In particular, AI is being used for data analysis to conduct market research and gain insights into customer behavior and has

become a strategic tool for startups to adapt their business strategy and identify growth opportunities. Validating business ideas with AI makes it possible to test their market viability. AI can also support market analysis and financial forecasting during the BP creation phase. This is especially important for startups that use complex technologies and need to pitch their ideas to investors. By automating administrative tasks, founders can focus on the core business of their company instead of spending valuable time on bureaucratic processes.

However, the literature and interviews identify numerous risks and concerns related to the use of AI, including data, legal, ethical, and social issues. Challenges include data quality and integrity concerns. Inaccurate or biased data can lead to erroneous results and data management and data security pose significant risks, especially when dealing with sensitive information. From a legal perspective, founders face the complexity of data protection laws and the need to constantly adapt to a dynamic legal environment. Ethical and social concerns mainly relate to algorithmic biases that can lead to discrimination, as well as the transparency and accountability of AI decisions. Excessive reliance on AI systems also carries the risk of disruption in the event of failure. This requires careful consideration and guidelines for dealing with such cases. Finally, the social impact of AI has implications, such as the possibility of a widening technology gap between companies.

The use of AI by startups brings not only opportunities, but also numerous challenges. Therefore, a proactive and responsible approach is needed to manage these risks and fully realize the potential of AI technology.

In summary, the current attitude towards AI, as outlined in this paper, reflects confidence in the technology, but also awareness that human oversight and validation are currently essential. AI is seen as an important enabler for entrepreneurship, but not the sole driver. The future of AI in startups looks promising, and it can be assumed that AI is likely to become a core competency, with integration into the startup process, fostering innovation, and ethical and legal considerations remaining key issues in dealing with it.

5.2 Application of AI Tools in the Founding Process

To test the RQ, the application of AI in the founding process needs to be evaluated in practice. The founding process has already been explained in chapter 2.1.3. However, it can be assumed that not every founder will have this expertise. Therefore, the LLM *ChatGPT* will be used at the beginning to provide a detailed explanation of the startup process, which will serve as a basis for a potential founder to optimize the process with AI.

Number	Stage
1	Idea Generation & Validation
2	Business Plan Development
3	Formation of Legal Entity
4	Securing Funding
5	Building a Team
6	Product Development & Testing
7	Marketing & Launch
8	Growth & Scaling
9	Continuous Learning & Iteration
10	Networking & Building Relationships

Table 8: AI founding process (ChatGPT Communication, 20.12.2023)

In the following section, the key challenges of the startup process identified in Chapter 4 are evaluated for possible optimization through AI. All of them can be found in this AI-created process and are marked in green. The AI tools applied are identified through a careful market analysis on the Internet and assigned to the respective process steps. The focus lies on the functions, strengths, and possible limitations of each tool. The results are used to assess which aspects of the startup process can be covered by GenAI, but also where the expertise of a human founder is still indispensable. For those steps or challenges the market analysis did not reveal the availability of AI systems to increase efficiency, we discuss the potential of AI integration and the necessary requirements.

Validation of Business Idea

This step includes market research to identify potential customers and assess the market demand. The analysis uses an identical business idea for each tool to validate it and ensure comparability:

A sports equipment rental app that matches people who want to rent out their sports equipment (e.g. bikes, skis, or surfboards) with people who want to rent this equipment for a short period of time. This service would be particularly useful in tourist destinations and could include options for delivery and collection.

The identified and selected tools are examined below:

(1) Board of Innovation (<https://ai.boardofinnovation.com/>)

To validate a business idea, *Board of Innovation* provides an AI toolbox with several tools for this purpose:

Personas: This is where the research question, the target audience and your extreme users are entered into a user interface. An AI-supported tool generates personas that represent the audience and provide insights for the research. In particular, the tool looks at the characteristics of the person, details their problems and describes how the idea can counteract the problems.

Opportunity Scores: Used to find an opportunity in any topic by entering any idea and initial problems. AI generates the problems to be solved prioritized with opportunity scores and provides strategies for solving the pain points.

Future Scenario Maker: An intuitive interface allows to enter the product, industry, and a selectable future year to create a scenario. The tool can be used for brainstorming, strategy development, or storytelling to validate future demand.

(2) FrederikAI (<https://www.frederick.ai/>)

The business idea must be entered into the clear user interface of the *FrederikAI* tool, which functions as a chatbot. Based on this input, the AI tool generates SWOT and PESTEL analyses to validate the associated strengths, weaknesses, opportunities, and risks, as well as external influences. Specific recommendations for action are also identified on this basis. Information on the target market identified by the AI and related industry news is also displayed, with reference to data from the Internet and even the source, which indicates valid data.

(3) ValidatorAI (<https://validatorai.com/>)

The tool focuses on validating business ideas and business model. After entering the business idea in the user interface, users have access to the output, which addresses various challenges related to the idea. Internal issues, the target market and the pricing strategy are highlighted, which should be analyzed further. According to the company, the AI behind *ValidatorAI* has been trained on numerous startups and evaluation criteria from business angels.

The following illustration explains the suitability of the tools examined for validating the business idea:³

³ The output of the described tools is shown in the appendix.

	Strengths	Weaknesses
Board of Innovation	<ul style="list-style-type: none"> • High diversification of tools • High degree of customization • Detailed and comprehensive answers that are always considered in multiple dimensions • Specific orientation of the idea towards the future • Mention of recommendations for action • Free of charge • Naming examples 	<ul style="list-style-type: none"> • No possibility to ask follow-up questions
FrederikAI	<ul style="list-style-type: none"> • Modern user interface • Full access to all information free of charge • Further AI analyses available directly in the user field • Specification of sources from the Internet • Specification of examples 	<ul style="list-style-type: none"> • Content not very in-depth, often only described and not explained • Long processing time • No option for follow-up questions
ValidatorAI	<ul style="list-style-type: none"> • Little input required to use the tool • Output of several scenarios • Free text field with simple operation 	<ul style="list-style-type: none"> • Little customizability • Shows validation options, but no recommendations for action or prioritization • Little depth of content • No follow-up questions possible • Full access is not free of charge

Table 9: Strengths and weaknesses of selected AI tools for idea validation

The *Board of Innovation* tools are characterized by a high degree of customization and detailed analysis with derived recommendations for action. They focus on the target group of the idea and the problems it is supposed to solve. *FrederikAI* and *ValidatorAI* also address potential customers, target markets, challenges and risks within this framework, but are limited in their depth. Nevertheless, all tools offer the possibility to identify internal and external factors for the success of the business. AI can therefore help simplify validation based on input factors and analyses. The individual skills and interests of the potential founder should be taken into account in the AI system to ensure that the generated business idea matches the founder's profile. In the future, market research methods could also be more tightly integrated with AI tools. One possibility would be to extend an AI tool that uses NLP to analyze online content, such as social media and current trends, to identify customer needs. Such a system could analyze online forums and review platforms to identify unmet demand for a particular product or service.

Business Plan Development

As mentioned in section 2.1.3, startups present the company's goals and strategy in the business plan. It thus serves as a guideline for the company's development and as a figurehead for potential investors. For this purpose, potential AI tools that support the creation of the BP are also examined.

(1) VenturusAI (<https://venturusai.com/>)

VenturusAI features an efficient user interface that requires only the input of a business idea. Using the GPT-3.5 and GPT-4 language models, the tool generates an assessment of the business idea and provides a detailed analysis specific to the proposed business idea, including SWOT, PESTEL and Porter's Five Forces methodology. The analysis also examines target audiences, marketing strategies, and potential revenue streams.

(2) PlannitAI (<https://plannit.ai/>)

According to *PlannitAI*, they accelerate the business planning process so that entrepreneurs can focus more on execution and less on the complexity of planning. To begin, the idea must be described in the free text field. Then, the name needs to be entered and a choice made between four predefined business types (product-based, service-based, software/application, or hybrid). Specific questions are then asked to obtain specific information about the business. Questions include problem statement, business model, revenue model, target market, value proposition, and marketing goals. Based on this data, an AI-generated BP is published for download.

(3) FrederikAI (<https://www.frederick.ai/>)

After describing the possibilities of this tool in the validation of the idea at the beginning, it also offers the possibility of taking over the step of creating the business plan on the basis of the validation information.

The visualization below demonstrates the applicability of the tools investigated to creating the BP:⁴

⁴ The output of the described tools is shown in the appendix.

	Strengths	Weaknesses
VenturusAI	<ul style="list-style-type: none"> • Little input required to use the tool • Intuitive handling • Uses latest language model GPT-4 • Wide range of analyses used • Multidimensional consideration of the output • Not only analyzes, but also gives recommendations for action 	<ul style="list-style-type: none"> • Full use is free of charge • No mention of examples • Little depth of content, very brief analyses • Doesn't ask specific questions related to the BP before the analysis and doesn't contain the structure of a BP • Mentions BM Canvas and Value proposition Canvas, but does not apply them
PlannitAI	<ul style="list-style-type: none"> • Easy to use and modern design • Very specific initial questions with a high degree of customization through open text fields • Suggested possible answers for initial questions • Free of charge • High depth of content with detailed explanations • Creates a BP according to the literature and even provides information on the revenue model, timeline and sales plan 	<ul style="list-style-type: none"> • The competition component is missing in the BP
FrederikAI	<ul style="list-style-type: none"> • Constructs the BP in relation to the validation data, making it easy for the user to use • Gives examples and executes its analyses • Includes naming the competition and gives examples with sources • Number-based financial forecast included 	<ul style="list-style-type: none"> • Little customizability • Not the right structure of a BP and some components like marketing, sales, and timeplan are missing • Moderate depth of content • No follow-up questions possible

Table 10: Strengths and weaknesses of selected AI tools for creating a business plan

The *PlannitAI* tool is particularly suitable for the creation of the BP, as it contains all other components of the BP except the competition aspect and provides more comprehensive analyses in comparison, which are also in line with the literature. However, founders can also use analyses and suggestions from the *VenturusAI* and *FrederikAI* tools as part of the BP creation process and receive support during the founding process. This shows that *PlannitAI* in particular, but also the other two tools, offer significant time savings and a focus on different perspectives that a founder would not have guaranteed without AI support. Nevertheless, not all analyses are always complete and deep, or the input possibilities are limited, so that human adjustments and oversight are necessary.

In summary, AI tools have shown they can support founders, especially in the first steps such as validating a business idea or creating a business plan. Although they can provide structured approaches and valuable inspiration, the expertise and entrepreneurial flair of the founders are still crucial. Therefore, these tools should not be used as the sole solution, but as a complementary tool in the startup process. It is therefore recommended that AI-supported results are critically reviewed and validated by human knowledge. In view of these results, the existing tools can provide useful support, but there will still be founders in the future who will work intensively on shaping their business without AI.

Bureaucracy

In the process outlined by AI, the decision on the legal form is made in the third step, which is one of the bureaucratic problems in the process, as some founders stated in the interviews (Interviewees A, B & E).

ChatGPT's answer to the question of which legal form would make the most sense for the above idea is the LLC legal form. AI cited aspects such as tax advantages, ease of setup, and limited liability protection so that the founder's private assets are protected in the event of insolvency. At the same time, *ChatGPT* stressed the importance of considering specific needs and seeking advice from a legal professional, as different countries have different laws and requirements for businesses, and professional advice can help make the most appropriate choice for your specific situation. AI can therefore help with the choice of legal form and provide guidance, but the final decision should be evaluated with professionals (ChatGPT Communication, 23.12.2023).

In addition to the choice of legal entity, there are other bureaucratic aspects of the startup, described in chapter 2.1.3, such as the registration of the startup or the registration with the tax office, which can lead to problems (Interviewee E). The possibility of using AI to support administrative tasks should therefore be discussed. In particular, the individual requirements of the founders and the different local regulations make a standardized solution difficult, and the integration of AI would require a more complex database. Nevertheless, as with legal form, AI could serve as an advisory tool, e.g. by providing specific process descriptions, generating contract templates or checking documentation, which could lead to cost savings and efficiency gains. Next to the necessary training data, AI must also have access to full company data in order to automatically fill out forms, for example, which is not in line with the existing risks of AI.

In spite of the integration of AI, the complete automation of these processes remains unrealistic. One reason for this is the necessary identification of the founder, which AI cannot currently do. The use of AI in this area of administration therefore remains controversial.

Financing

As both the literature and the interviews showed, there are additional problems in the area of financing. One area where the utilization of AI can help founders with funding is in the context of matching them with potential investors. Interviewee C used the *FintaAI* tool to match his startup with investors⁵. An investor was found who was a good match in terms of geographic preferences and thematic similarities. By analyzing data from previous funding rounds and investor portfolios, the AI can help the founder identify suitable investors. AI tools also have potential in financial planning, helping to create complex financial models that represent different business scenarios and their potential impact. It is also likely that AI will be used to analyze financial data to evaluate a startup. AI could extract important information from extensive data sources or assist in uncovering potential risks, as the use of AI in validating the business idea has shown. Nevertheless, obtaining financing often requires a human's personality, demeanor and negotiating style, which an AI cannot replicate.

Employee Acquisition

None of the experts surveyed had experience with AI in the context of hiring new employees. Despite this, AI could offer some opportunities here. Just as Interviewer C uses AI to write social media texts, startups could use AI to write job ads to make them more unique or interesting to applicants. Using AI to analyze video interviews provides an assessment of the candidate's appearance and can provide information about the candidate's fit with the company. The use of chatbots can improve the application experience through end-to-end availability. However, hiring is always dependent on many other components, including the economy, company-specific issues such as industry, product, or mission, brand awareness, and the availability of skilled workers.

6 Conclusion

The conclusion provides insight into how the Research Question was answered and addresses limitations as well as further research opportunities.

⁵ <https://www.trustfinta.com/>

6.1 Conclusion

This research used a qualitative research approach to answer the Research Question. According to the experts, integrating AI into startups creates efficiency through automation, increases scalability, and reduces costs. It enables faster time to market, improves customer relationship management through personalized experiences, and supports data analysis for better market and customer understanding. AI helps validate business ideas, supports market analysis and financial forecasting, and allows founders to focus on their core business. But with these opportunities come challenges, including data quality and security issues, legal complexity, ethical concerns such as algorithmic bias, and social impacts such as widening the technology divide between businesses. Managing these risks requires a proactive and responsible approach.

Based on the results of the practical application of AI, only certain process steps can currently be supported, which primarily include the validation of the business idea and the creation of the BP. Here, AI tools are particularly suitable as a source of ideas in the process steps, but the results still need to be checked by the founder, which means that the activities are only partially covered by AI. However, the influence of AI in the startup process can increase with advancing technology; in particular, process steps such as the creation of the business plan offer the potential to be largely covered by the capabilities of a specifically trained AI. The potential relief for the founder through support in time-consuming process steps is correspondingly high. In other areas of activity, such as attracting employees or investors, the potential of AI is lower, since the founder's personality and expertise are indispensable in these processes. Networking with stakeholders such as investors is essential so that they can get an idea of the founder's capabilities and build trust. However, as one expert pointed out, there are also effective AI tools for finding investors. Also, AI-assisted recruiting is of limited help. While it can identify suitable candidates, in the early stages of a company it is very important that the candidates fit into the team structure and culture. Accordingly, AI is not expected to have a significant impact on these process steps, as these aspects are difficult to emphasize in digital formats.

It can therefore be stated that AI can primarily perform an assisting and advisory role in the startup process. However, to maximize the potential of AI, it is necessary to build and train a higher-level intelligence that covers all process steps and accompanies the founder through the founding process.

6.2 Limitations

There are many uncertainties when considering the impact of novel technology on an ever-changing industry that is shaped by many individual factors. Because AI technology, tools, and applications are constantly evolving, innovations and improvements are always possible. It must be considered that the future role of AI in the startup process depends on many variable factors, such as technological advancements and data availability.

The work therefore represents a snapshot to evaluate the use of AI tools and their possibilities in the founding process. Due to the novelty of the topic, no time series data are available, and the existing literature currently refers little to the practical application of AI in the startup process, but rather to its use in an operational sense.

Another limitation was the small sample size of the interviewed experts, which means that the results may not be generally representative. In addition, asking an AI expert about attitudes toward AI topics is likely to introduce bias into the statements.

Finally, the limited number of characters in this paper is also a restriction. It was only possible to examine selected steps that are among the most crucial challenges in the founding process, but it was not possible to make a general statement on the entire startup process.

6.3 Further Research

As this research addresses the evolving field of AI, further research is necessary to support our findings, that could improve the depth of understanding of this topic. Applying AI tools throughout the entire startup process may provide a more complete understanding of the relationship between AI and the founding process.

A quantitative approach could complement the qualitative findings. In the future, when quantitative data is also available and AI may have become established, it would be useful to examine factors such as startup failure rates or the number of new companies founded and evaluate the impact of AI in this concern.

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Appendices

Appendix A: Interview A

#A: Director, Ex-MBB, Ex Founder (eCommerce Startup)

How long have you been a founder or entrepreneur?

- For 2 years

What are the biggest challenges you have faced in the startup process?

- Navigating bureaucracy
- Legal requirements in the formation
- Validating the business idea in a competitive market
- Securing funding and managing finances efficiently

Which process or task did you find particularly challenging?

- Complying with legal and regulatory requirements and choosing the right legal form for the business
- Conducting market research & getting feedback to validate the business idea

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Automate paperwork and legal processes
- Streamline customer feedback collection for better product-market fit
- Enhance financial management and budgeting

In which areas you already had experience with AI tools in your company and what was the experience like?

- Used ChatGPT for market analysis and customer segmentation
- Implemented chatbots for customer service
- Experience was positive; provided valuable insights and improved efficiency

What are the advantages of using AI in the start-up process compared to not using it?

- Increases efficiency by automating tasks
- Enhances customer engagement through personalized experiences

How do you see AI impacting the startup ecosystem in the future?

- AI will become central in business planning and strategy
- It will democratize access to advanced analytics and market insights
- AI-driven automation will revolutionize operational efficiency

How trustworthy do you consider the output of AI tools to be?

- Generally trustworthy, but requires human oversight for proper context
- Trust improves as AI models are trained with more industry-specific data

Would you say AI is currently the biggest driver for entrepreneurship?

- Yes, especially in tech and data-driven industries
- AI is a key enabler but not the sole driver; market needs and innovation play a big role

Appendix B: Interview B

#B: Founder (Machine Learning Startup)

How long have you been a founder or entrepreneur?

- In my startup for 2 years but involved in entrepreneurship for a longer time

What are the biggest challenges you have faced in the startup process?

- Developing a comprehensive and viable business plan
- Overcoming bureaucratic hurdles and compliance issues
- Finding the right talent with advanced skills in ML/AI

Which process or task did you find particularly challenging?

- Creating a business plan that effectively communicates the technical complexities of AI to investors
- Navigating through regulatory frameworks and legal compliance specific to AI technologies
- Establishing a customer base in a highly competitive market

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Automate the data analysis for market research and customer insights
- Creating a valid business plan
- Streamline legal processes related to patent filing and compliance
- Enhance project management through AI-driven tools to track progress and predict bottlenecks

In which areas you already had experience with AI tools in your company and what was the experience like?

- Extensively used AI for product development and refining algorithms
- The experience was transformative, significantly boosting our efficiency and innovation capacity

What are the advantages of using AI in the start-up process compared to not using it?

- Accelerates R&D by rapidly iterating and improving product offerings
- Enables precise market analysis and customer behavior prediction
- Facilitates smarter resource allocation and risk assessment

How do you see AI impacting the startup ecosystem in the future?

- AI will be a cornerstone in startup innovation
- It will lead to new business models and disrupt traditional industries
- AI could play a critical role in solving complex societal and environmental challenges

How trustworthy do you consider the output of AI tools to be?

- Highly trustworthy, especially when developed with rigorous testing and validation
- Trustworthiness increases with transparent and explainable AI models

Would you say AI is currently the biggest driver for entrepreneurship?

- Yes, AI is a major catalyst in creating new opportunities and redefining industries

Appendix C: Interview C

#C: Co-Founder (AgriTech Startup)

How long have you been a founder or entrepreneur?

- Co-founder for just over a year

What are the biggest challenges you have faced in the startup process?

- Developing a detailed and viable business plan tailored to the AgriTech sector
- Acquiring numerous licenses from different authorities, a process that's still ongoing for some

Which process or task did you find particularly challenging?

- Navigating the complexities of obtaining various agricultural and technological licenses
- Crafting an all-encompassing business plan
- Found it particularly challenging to approach and liaise with investors, partners, mentors, and customers, while remaining confident
- Acquiring a great deal of knowledge about the subject matter in a very short space of time

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Automating parts of the business plan development, especially market analysis and financial projections
- Enhancing project management to keep track of licensing statuses and business milestones

In which areas you already had experience with AI tools in your company and what was the experience like?

- For marketing and social media purposes, to write crisp texts (ChatGPT, Midjourney)
- FintaAI: Enabled contact with potential investors for financing reasons
- In the future, we want to use AI for automated data collection and control of variables (humidity, light, temperature, CO2)
- The experience was extremely positive

What are the advantages of using AI in the startup process compared to not using it?

- AI enables precise data analysis for more informed strategic decisions

- It can significantly improve operational efficiency in agriculture

How do you see AI impacting the startup ecosystem in the future?

- AI maybe has the potential to revolutionize the global food supply chain through efficient agricultural practices

How trustworthy do you consider the output of AI tools to be?

- Generally trustworthy when used within its capabilities and with appropriate data but requires validation and calibration

Would you say AI is currently the biggest driver for entrepreneurship?

- Yes, especially in sectors where innovation can have a profound impact

Appendix D: Interview D

#D: Founder (Social Impact Startup)

How long have you been a founder or entrepreneur?

- For just over 4 years

What are the biggest challenges you have faced in the startup process?

- Validating the business idea in a niche market
- Recruiting employees who are not only skilled but also align with our social mission
- Balancing the need for innovation with the ethical implications and practicality of new technologies like AI

Which process or task did you find particularly challenging?

- Convincing stakeholders of the viability and impact of a social business model
- Building a team that is both technically proficient and socially committed
- Ensuring that our solutions, including any AI applications, adhere to strict data privacy and ethical standards

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Streamlining administrative tasks to focus more on core social objectives
- Enhancing customer relationship management to better understand and serve our community
- Automating basic data analysis while ensuring transparency and data security

In which areas you already had experience with AI tools in your company and what was the experience like?

- Experimented with AI for basic data sorting and analysis
- The experience was a mix; while efficient, there were concerns about data privacy and the impersonal nature of AI
- Remained cautious about fully integrating AI due to its novelty and potential ethical implications

What are the advantages of using AI in the start-up process compared to not using it?

- AI can offer efficiencies in handling large datasets and automating routine tasks
- Potentially useful for identifying trends and patterns relevant to our social goals
- AI's predictive capabilities could help in strategic planning

How do you see AI impacting the startup ecosystem in the future?

- AI will be a major influence, but its integration needs to be carefully managed
- It could widen the gap between tech-driven and traditional startups
- AI's role in addressing social challenges could be significant if ethical considerations are prioritized

How trustworthy do you consider the output of AI tools to be?

- Trustworthy to an extent, but skepticism remains due to concerns about data privacy and bias
- Reliability depends on the transparency of the AI algorithms and data sources used

Would you say AI is currently the biggest driver for entrepreneurship?

- No, particularly in the social entrepreneurship sector where human-centric approaches are paramount
- AI may drive certain aspects of innovation, but it's not the primary driver in socially focused startups

Appendix E: Interview E

#E: Co-Founder (Renewable Energy Startup)

How long have you been a founder or entrepreneur?

- Co-founder in this venture for 2.5 years

What are the biggest challenges you have faced in the startup process?

- Securing adequate financing in a highly competitive renewable energy market
- Overcoming the learning curve due to lack of prior experience in this sector and in founding a company
- Navigating market dynamics and regulatory landscapes in renewable energy

Which process or task did you find particularly challenging?

- Pitching to investors and communicating the unique value proposition of our startup amidst stiff competition
- Rapidly acquiring industry-specific knowledge and expertise
- Having a viable business model that aligns with the complexities of the renewable energy sector
- Lots of formalities and paperwork (i.e. Registration of startup or tax office)

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Streamlining financial management and budgeting processes
- Automating market research and data analysis to identify emerging trends and opportunities
- Enhancing the efficiency of project management, especially in large-scale renewable energy projects

In which areas you already had experience with AI tools in your company and what was the experience like?

- Used AI for predictive maintenance in renewable energy equipment
- The experience was fine, showcasing AI's potential in enhancing operational efficiencies

What are the advantages of using AI in the start-up process compared to not using it?

- AI can significantly improve decision-making through advanced data analysis
- Enhances operational efficiency
- Offers innovative approaches to energy forecasting and demand management

How do you see AI impacting the startup ecosystem in the future?

- AI will be a driving force in the advancement of clean energy technologies in a critical role in enabling smarter and more efficient energy systems
- AI could lead to the creation of new business models within the renewable energy sector

How trustworthy do you consider the output of AI tools to be?

- Generally trustworthy for quantitative analysis and operational tasks
- Requires careful validation and oversight, especially in complex energy systems
- The trustworthiness of AI in strategic decision-making is still evolving

Would you say AI is currently the biggest driver for entrepreneurship?

- Yes, in sectors like renewable energy where innovation is key to addressing global challenges, but passion and characteristics of the founder are always important

Appendix F: Interview F

#F: Founder (Second Hand / Sustainability Startup)

How long have you been a founder or entrepreneur?

- I've been an entrepreneur for ~4 years and a founder of this startup for 1.5 years

What are the biggest challenges you have faced in the startup process?

- Finding and hiring the right people for a labor-intensive business model
- Securing sufficient financing to support business growth and operations
- Balancing the focus between business growth and maintaining sustainability principles

Which process or task did you find particularly challenging?

- Building a team that not only has the necessary skills but also shares a passion for sustainability
- Navigating the financial landscape to find investors
- Integrating and maximizing the use of AI tools for business idea validation while keeping our core values

Which processes or tasks in the startup process would you like to automate or make more efficient?

- Automating certain aspects of the hiring process to efficiently screen candidates
- Streamlining inventory management and logistics to improve operational efficiency
- Enhancing customer relationship management using AI to better understand consumer preferences

In which areas you already had experience with AI tools in your company and what was the experience like?

- Used ChatGPT for market analysis and idea validation, which was pivotal in shaping our business strategy
- Implemented AI in optimizing our supply chain and inventory management
- The experience was positive, offering valuable insights and aiding in making data-driven decisions

What are the advantages of using AI in the start-up process compared to not using it?

- AI enables more efficient and accurate market analysis and trend forecasting
- Helps in optimizing operational processes, crucial for a secondhand sustainability business
- Facilitates a deeper understanding of customer behavior and preferences

How do you see AI impacting the startup ecosystem in the future?

- AI will be a key driver in creating more efficient / scalable business models
- It could play a significant role in advancing sustainability in various industries
- AI will foster innovation, especially in customer experience and supply chain management

How trustworthy do you consider the output of AI tools to be?

- Generally trustworthy for objective, data-driven tasks
- Skeptical in areas requiring nuanced understanding of sustainability and ethical practices
- Trust in AI outputs is growing as these tools become more sophisticated and transparent

Would you say AI is currently the biggest driver for entrepreneurship? (Yes/No)

- Not the biggest, but a significant driver, especially in sectors where efficiency is important. In sustainability startups, its role is emerging and increasingly important.

Appendix G: Interview G

#G: Data Scientist (German Corporate Group)

How many years of experience do you have with AI?

- I have 2 years of professional experience in AI, preceded by academic background in Machine Learning

How can AI create value for companies?

- By automating time-consuming tasks, freeing up human resources for more strategic work
- Providing deep insights through data analysis, aiding in informed decision-making
- Enhancing customer experiences through personalization and predictive analytics
- Cost-saving through process optimization

Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?

- Leveraging AI for market research and consumer behavior analysis to validate business ideas
- Utilizing AI in optimizing operations, i.e. supply chain management or customer service
- Employing predictive models to forecast trends, manage risks, and identify new opportunities

What are the advantages of using AI in the startup process compared to not using it?

- Increased efficiency and cost savings through automation of routine tasks
- Enhanced accuracy and speed in data processing and analysis
- Ability to scale operations quickly and effectively with AI support

What are the risks and challenges associated with AI?

- Ethical concerns, such as bias in AI algorithms that can lead to unfair or discriminatory outcomes
- Legal challenges, including compliance with data protection regulations
- Data quality and privacy issues, as AI systems require large amounts of data, which must be handled responsibly

How do you see AI impacting the startup ecosystem in the future?

- AI will become a critical tool for startups, driving innovation and efficiency across various sectors
- It will enable the creation of new business models and services that were previously not feasible
- AI will likely democratize technology, allowing smaller startups to compete with larger companies

How trustworthy do you consider the output of AI tools to be?

- Generally reliable for quantitative analysis, but should be used with caution in areas requiring qualitative judgement
- Trustworthiness depends on the quality of data input and the design of the AI system
- Continuous monitoring and validation are necessary to maintain the integrity of AI outputs

Would you say AI is currently the biggest driver for entrepreneurship?

- AI is a significant driver, but it's not the sole factor
- It's catalyzing innovation and enabling new solutions, but entrepreneurship still heavily relies on human creativity and market needs

Appendix H: Interview H

#H: AI Author & Journalist (Publishing House)

How many years of experience do you have with AI?

- Almost 2 years of experience in Generative AI, along with my writing and research

How can AI create value for companies?

- AI can make processes faster and more efficient
- Offers valuable insights through data analysis, aiding strategic decision-making
- Enhances customer interaction with AI-driven personalization

Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?

- AI can help validate and refine business ideas through market analysis
- Automates administrative tasks, allowing founders to focus on core business areas

What are the advantages of using AI in the startup process compared to not using it?

- I'm a bit out of my depth on this subject, but I can imagine it increases efficiency by reducing manual workload or helps processing huge data

What are the risks and challenges associated with AI?

- Potential for biased outcomes if AI algorithms are not properly trained
- Managing data privacy and security can be challenging
- Keeping up with the rapid pace of AI advancements and regulations

How do you see AI impacting the startup ecosystem in the future?

- AI can be a key tool for innovation and competitive advantage
- Startups that effectively leverage AI will have a significant edge

How trustworthy do you consider the output of AI tools to be?

- Generally reliable for data-driven tasks and analytics
- Effectiveness depends on the design and training of the AI system

Would you say AI is currently the biggest driver for entrepreneurship?

- AI is a major driver, particularly in data-focused startups by enabling new opportunities in terms of productivity

Appendix I: Interview I

#I: AI Consultant (Strategy Consultancy)

How many years of experience do you have with AI?

- 7 years of intensive experience in AI, both academically and professionally

How can AI create value for companies?

- AI significantly boosts operational efficiency, automating tasks that previously required extensive manual effort
- Empowers companies to make data-driven decisions, enhancing execution and effectiveness
- AI can lead to substantial cost savings by optimizing processes and reducing the need for human expertise
- Improving of customer journey through personalization

Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?

- Startups can leverage AI for market analysis and customer insights, refining their business models accordingly
- AI tools can automate numerous startup processes, from administrative tasks to idea validation
- Founders can use AI to identify risks early on, helping them navigate the competitive startup landscape

What are the advantages of using AI in the startup process compared to not using it?

- AI accelerates the pace of development and go-to-market strategies for startups
- Access to sophisticated analysis and insights, previously available only to large companies with extensive resources
- AI helps in building more responsive business models

What are the risks and challenges associated with AI?

- Managing the ethical implications of AI, particularly around bias and decision-making
- Ensuring compliance with evolving data privacy laws and regulations (EU AI Act)
- Keeping pace with rapid advancements in AI technology and adapting strategies accordingly
- Data quality of the input determines the output, so very crucial point

How do you see AI impacting the startup ecosystem in the future?

- AI will be crucial in startup innovation, offering a competitive edge
- It will enable startups to challenge established players by leveraging AI-driven insights and efficiencies
- Can lead to the creation of new markets within the startup ecosystem

How trustworthy do you consider the output of AI tools to be?

- Trust in AI outputs grows as these systems become more transparent and accountable, especially when AI systems are well-designed and properly trained
- Human oversight often still necessary for now

Would you say AI is currently the biggest driver for entrepreneurship?

- Absolutely, AI is reshaping the landscape of entrepreneurship, making sophisticated tools accessible to startups, maybe not just a driver but a game-changer, enabling startups to operate with efficiency and insight that was previously unattainable

Appendix J: Interview J

#J: Business Lead ML & Ex-Founder (Machine Learning Startup)

How many years of experience do you have with AI?

- 3 years of direct experience with AI

How can AI create value for companies?

- AI as a tool to optimize all kinds of predictions
- It enables more efficient and streamlined processes, saving time and resources
- AI-driven insights can lead to more effective business strategies
- Automating routine work

Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?

- Founders can use AI for rapid idea validation and market fit analysis
- AI tools can automate operations, allowing founders to focus on strategic growth
- AI can be leveraged to personalize customer experiences, giving startups a competitive edge
- It's a system solution, that builds a company very differently today than a few years ago, today's existing tools save and facilitate many steps and processes

What are the advantages of using AI in the startup process compared to not using it?

- Startups can achieve faster scalability and adaptability in dynamic markets
- AI allows for more precise and data-driven decision-making processes
- Reduces the need for extensive manpower in areas like data analysis and customer service

What are the risks and challenges associated with AI?

- AI has biases if not designed and monitored carefully
- The rapid evolution of AI technology poses challenges in keeping up-to-date
- Dependence on AI can lead to vulnerabilities, especially if systems fail or are compromised
- Upcoming regulations and data privacy laws
- To accurately classify or predict various tasks, models require large datasets, otherwise it limits AI systems

How do you see AI impacting the startup ecosystem in the future?

- AI will empower startups, particularly in creating efficient and data-driven business models
- It will level the playing field, allowing startups to compete with established companies effectively
- AI will likely lead to the emergence of new industries and revolutionize existing ones

How trustworthy do you consider the output of AI tools to be?

- Generally reliable for specific, well-defined tasks and analyses
- Trustworthiness depends on the quality of data and the design of the AI system
- Critical human oversight is necessary to validate and interpret AI outputs, especially in complex scenarios

Would you say AI is currently the biggest driver for entrepreneurship?

- AI is a significant driver, provides startups with tools and capabilities that were once exclusive to larger companies
- However, success in entrepreneurship still heavily relies on the personal skills of a founder and his team and market understanding, and execution

Appendix K: Interview K

#K: Director Data & AI (German Scale-Up)

How many years of experience do you have with AI?

- 6 years

How can AI create value for companies?

- It enables predictive modeling which can inform strategic decisions and future planning
- Cost reduction and more effectiveness through automation opportunities
- Enhances customer engagement and personalization with effect of improved customer loyalty

Specifically for startups, how do you think founders can use AI tools to add value to the startup founding process?

- Improved market analysis and customer segmentation processes
- Automating various operational tasks helps startups focus on important tasks and growth
- Predictive analytics can be used to forecast market trends, financial needs, and growth opportunities

What are the advantages of using AI in the startup process compared to not using it?

- The ability to handle large volumes of data gives startups a competitive advantage in decision-making
- AI can significantly reduce overhead costs by automating routine tasks and processes

What are the risks and challenges associated with AI?

- Ethical concerns, particularly in the development and application of AI algorithms that might lead to biased outcomes
- Data quality is crucial
- Ensuring AI solutions comply with privacy laws
- Making AI transparent and understandable to non-technical stakeholders is challenging

How do you see AI impacting the startup ecosystem in the future?

- AI will continue to be a major enabler for startups by driving efficiency
- Key role in creating new business models and disrupting traditional industries
- Startups that integrate AI responsibly and ethically will lead the next wave of technological advancement

How trustworthy do you consider the output of AI tools to be?

- Generally reliable for data-driven tasks, but skepticism is warranted in areas requiring moral and ethical judgment
- The trustworthiness of AI is contingent upon the quality of the data and the fairness of the algorithms
- Continuous oversight essential to maintain trust in AI systems

Would you say AI is currently the biggest driver for entrepreneurship?

- AI is a significant driver, particularly in sectors where data analysis and tech innovation are crucial
- But successful entrepreneurship also relies on human creativity, personality, and market understanding

Appendix L: Inductive Interview Categories

Category	Sub Category	#
Challenges in Startup Founding Process	<ul style="list-style-type: none"> • Bureaucracy • Validation of Business Idea • Business Plan Development • Employee Acquisition • Financing • Other 	A - C, E A, D, E B, C B, F, D A, E, F C - F
AI Value Creation	<ul style="list-style-type: none"> • Task Automation • Data-Driven Decision-Making • Cost Saving • Enhancing Customer Experiences 	G - I, K G - I, K G, I - K G, H, K
AI x Startup	<ul style="list-style-type: none"> • Application of AI in the Startup Process • Gained Experience with AI in Startups • Advantages of AI in the Startup Process 	A - K A - F A - K
Issues of AI	<ul style="list-style-type: none"> • Data Challenges • Legal Challenges • Ethical Concerns • Other 	G - K G - K G - K H - J
Attitudes towards AI	<ul style="list-style-type: none"> • Trustworthiness • Needed Oversight • Driver for Entrepreneurship 	A, B, D - F, G, I A - C, E, I - K A - K
AI x Startups Future	<ul style="list-style-type: none"> • Integration into Founding Process • Contribution to Innovation/Disruption • Social Considerations 	A, B, G, J, K A, B, E, G - K D, K

Appendix M: AI Generated Founding Process

ChatGPT Communication, 20.12.2023



You

I would like to found a startup. But I have no experience of how to do this. Please provide me with the most important steps of the startup founding process and describe them.



ChatGPT

Starting a startup is a challenging and exciting journey. Here are the key steps in the startup founding process:

1. **Idea Generation and Validation:**

- **Idea Generation:** The first step is to come up with a unique idea. It should solve a real problem or fill a gap in the market.
- **Idea Validation:** Once you have an idea, validate it by conducting market research. Determine if there's a demand for your product or service, and identify your potential customer base.

2. **Business Plan Development:**

- This involves outlining your business goals, strategies, and how you plan to achieve them. A well-thought-out business plan is essential for clarity of vision and can be crucial when seeking funding.

3. **Formation of a Legal Entity:**

- Decide on a legal structure for your business (e.g., sole proprietorship, partnership, LLC, corporation). Each has different legal and tax implications. Register your business and obtain any necessary licenses or permits.

4. **Securing Funding:**

- Startups often require capital to get off the ground. This can come from personal savings, loans, angel investors, venture capitalists, or crowdfunding. The right choice depends on your business type and needs.

5. **Building a Team:**

- Hire a team with the skills and passion needed to build your product and grow your business. Consider the roles you need to fill and look for individuals who align with your startup's culture and vision.

6. **Product Development and Testing:**

- Develop a minimum viable product (MVP) – a basic version of your product to introduce to your target market. Gather feedback and make improvements.

7. **Marketing and Launch:**

- Develop a marketing strategy to reach your target audience. This could include digital marketing, social media, content marketing, etc. Launch your product or service to the market.

8. **Growth and Scaling:**

- Once your startup is established, focus on growth and scaling. This could involve expanding your product line, entering new markets, or scaling up your marketing efforts.

9. **Continuous Learning and Iteration:**

- The startup world is dynamic, so it's essential to continuously learn, adapt, and iterate. Stay updated on market trends and customer feedback, and be ready to pivot if necessary.

10. **Networking and Building Relationships:**

- Building a network of mentors, peers, and professionals in your industry can provide valuable insights and opportunities. Attend industry events, join relevant forums, and engage with the community.

Remember, every startup is unique, and these steps might vary in order or significance depending on your specific situation and industry. It's important to stay flexible and adapt to the challenges and opportunities that arise during your startup journey.

Appendix N: Board of Innovation Output for Business Idea Validation

Personas (BOI Communication 20.12.2023)

User Archetype 1: Adventurous Traveler

Background:

The Adventurous Traveler is a sport enthusiast who loves to explore new destinations and engage in various outdoor activities. They are often tourists visiting popular tourist destinations where they can enjoy activities such as cycling, skiing, snowboarding, surfing, and more.

Challenges:

The Adventurous Traveler faces several challenges when it comes to renting sports equipment:

- Difficulty finding reliable and affordable rental options in unfamiliar locations.
- Inconvenience of carrying their own sports equipment during travel.
- Limited access to specialized equipment for specific activities.
- Lack of knowledge about local regulations and safety guidelines for renting equipment.

How connecting people who want to rent out their sports equipment relates to their problems:

Connecting people who want to rent out their sports equipment with the Adventurous Traveler can significantly address their challenges:

- Provides a wide range of rental options in different tourist destinations, making it easier for them to find suitable equipment.
- Eliminates the need to carry their own equipment, reducing travel hassle and baggage.
- Increases access to specialized equipment that may not be easily available through traditional rental services.
- Offers local insights and guidance on regulations and safety measures, ensuring a safe and enjoyable experience.

User Archetype 2: Local Sports Enthusiast

Background:

The Local Sports Enthusiast is a passionate sport lover who resides in a popular tourist destination. They are knowledgeable about the local sports scene and actively participate in various activities. They own their sports equipment and may be interested in renting it out to tourists or fellow enthusiasts.

Challenges:

The Local Sports Enthusiast faces certain challenges related to renting out their sports equipment:

- Limited channels to connect with potential renters.
- Difficulty in managing rental logistics, such as pick-up and drop-off arrangements.
- Concerns about the safety and maintenance of their equipment when rented out.
- Lack of a trusted platform to handle rental transactions and ensure fair pricing.

How connecting people who want to rent out their sports equipment relates to their problems:

Connecting people who want to rent out their sports equipment with the Local Sports Enthusiast addresses their challenges effectively:

- Provides a platform to connect with a wider audience of potential renters, increasing the chances of finding suitable renters.
- Offers tools and support to manage rental logistics, making the process more convenient and efficient.
- Establishes trust and confidence through user reviews and verification systems, ensuring the safety and maintenance of rented equipment.
- Facilitates secure and transparent rental transactions, ensuring fair pricing and reliable payment processing.

Opportunity Scores (BOI Communication 20.12.2023)

Description of Pain Point	Recent Experience	Impact	Importance of Finding a Solution	Strategies Used to Resolve the Pain Point	Challenges Faced with Current Approach	Satisfaction with Current Solution	Opportunity Score
Sports Equipment Rental App	Difficulty finding reliable and affordable rental options in unfamiliar locations.	Lack of available rental options in unfamiliar locations makes it challenging for users to find suitable equipment for their sporting activities.	8	Expanding the network of rental providers in various locations, improving search filters and user reviews, collaborating with local sports clubs and organizations.	Limited availability of rental providers in certain areas, language barriers, difficulty verifying the reliability of rental equipment.	7	15
Sports Equipment Rental App	Inconvenience of carrying their own sports equipment during travel.	Travelers often face difficulties and inconveniences when carrying their own sports equipment, such as extra baggage fees, potential damage to equipment, and limited space.	9	Providing a wide range of sports equipment for rent, offering delivery and pickup services, ensuring equipment quality and maintenance.	Logistics of delivering and picking up equipment, ensuring equipment availability during peak travel seasons, managing equipment maintenance and repairs.	8	18
Sports Equipment Rental App	Limited access to specialized equipment for specific activities.	Users may face challenges in finding and accessing specialized sports equipment for niche activities, limiting their ability to fully participate in those activities.	7	Partnering with specialized sports equipment providers, offering a wide range of niche sports equipment, improving search functionality for specific activities.	Limited availability of specialized equipment, ensuring equipment quality and maintenance for niche activities, managing inventory and demand for specialized equipment.	6	8
Sports Equipment Rental App	Inability to try out equipment before renting.	Users may feel uncertain about the suitability and comfort of rented equipment without the opportunity to try it out beforehand.	6	Offering detailed equipment descriptions and user reviews, providing flexible rental options for trial periods, partnering with local sports stores for equipment testing.	Limited availability of trial equipment, managing logistics for trial periods, ensuring fair usage of trial periods.	7	5
Sports Equipment Rental App	Difficulty in finding sports equipment for children.	Parents and guardians may struggle to find suitable sports equipment for their children, especially in unfamiliar locations or for niche sports.	9	Expanding the range of children's sports equipment available for rent, partnering with sports clubs and schools for equipment recommendations, offering size and age-specific filters.	Limited availability of children's sports equipment, ensuring equipment safety and quality for children, managing inventory for various age groups.	8	10

Future Scenario Maker (*BOI Communication 20.12.2023*)

Scenario 1: Sports Sharing Community

Welcome to "Sportopia"

You step into a world where sports equipment rental has evolved into a thriving sharing community called "Sportopia." It's no longer just about renting sports equipment; it's about building connections and fostering a sense of community through shared experiences.

In Sportopia, the Sports Equipment Rental App has transformed into a comprehensive platform that goes beyond renting. It now offers a social network where sports enthusiasts can connect with like-minded individuals, join sports events, and even create their own sports clubs.

The app introduces a unique feature called "Gear Match." It uses advanced AI algorithms to match users based on their sports preferences, skill levels, and location. Whether you're looking for a tennis partner, a hiking buddy, or a surfing mentor, Gear Match connects you with the perfect match.

Moreover, Sportopia has expanded its offerings to include virtual reality sports experiences. Now, you can rent virtual reality headsets and immerse yourself in lifelike simulations of your favorite sports. From skiing down the Swiss Alps to riding the waves in Hawaii, the possibilities are endless.

Scenario 2: Sustainable Sports Revolution

Welcome to "EcoSport"

You find yourself in a world where environmental consciousness has taken center stage in the sports industry. The Sports Equipment Rental App has transformed into "EcoSport," a platform dedicated to promoting sustainable sports practices and reducing environmental impact.

EcoSport introduces a range of innovative eco-friendly sports equipment. From bicycles made with recycled materials to surfboards crafted from sustainable bamboo, the app offers a wide selection of environmentally conscious gear for rent.

But it doesn't stop there. EcoSport has partnered with renewable energy companies to develop cutting-edge energy-generating sports equipment. Imagine renting a bicycle that harnesses the power of your pedaling to charge your phone or a surfboard fitted with solar panels that power LED lights as you ride the waves.

Additionally, EcoSport encourages users to participate in eco-friendly sports events and challenges. By completing these challenges, such as picking up litter while hiking or cycling to work, users can earn eco-points that can be redeemed for discounts on equipment rentals or even donations to environmental organizations.

Scenario 3: AI-Enhanced Performance Optimization

Welcome to "Peak Performance"

You step into a world where technology and sports seamlessly merge to enhance performance and maximize potential. The Sports Equipment Rental App has evolved into "Peak Performance," an advanced platform that leverages artificial intelligence to optimize your sports experience.

Peak Performance offers a range of AI-enhanced sports equipment tailored to your individual needs. From smart tennis rackets that analyze your swing and provide real-time feedback to ski boots equipped with sensors that measure your balance and technique, the app provides cutting-edge gear that helps you reach your peak performance.

The app also features an AI-powered personal coach named "Max." Max is an intelligent virtual assistant that analyzes your sports data, tracks your progress, and provides personalized training plans and recommendations. Whether you're a novice looking to improve your skills or a professional athlete aiming for the top, Max is there to guide you every step of the way.

Furthermore, Peak Performance introduces a revolutionary feature called "Sports Fusion." It combines virtual reality with physical sports to create immersive training experiences. Imagine practicing your golf swing on a virtual course or honing your basketball skills in a simulated NBA arena.

Appendix O: FrederikAI Output for Business Idea Validation (*FrederikAI Communication 20.12.2023*)

Results

SWOT Analysis for the Sports Equipment Rental App:

Strengths:

1. Unique concept in the market, catering to the growing sharing economy.
2. Wide range of sports equipment available for rent, providing options for various activities.
3. Convenient and user-friendly app interface, making it easy for users to navigate and rent equipment.
4. Potential for high profitability due to low overhead costs and scalable business model.

Weaknesses:

1. Limited initial user base, requiring extensive marketing efforts to attract both equipment owners and renters.
2. Potential challenges in ensuring the quality and maintenance of rented equipment.
3. Dependence on external factors like weather conditions and seasonal demand for certain sports.

Opportunities:

1. Collaborations with local sports clubs, resorts, and event organizers to promote the app and attract users.
2. Expansion into international markets to tap into the global sports tourism industry.
3. Integration with existing fitness and sports apps to enhance user experience and reach a wider audience.

Threats:

1. Competition from established rental businesses and online marketplaces.
2. Legal and liability issues related to equipment damage or accidents during rentals.
3. Negative user experiences or reviews impacting the app's reputation and user trust.

Overall, the Sports Equipment Rental App has the potential to succeed by capitalizing on the sharing economy trend, offering a wide range of equipment, and strategically targeting partnerships and international markets. However, it must address challenges related to marketing, quality control, and competition to ensure long-term success.

Results

PESTEL Analysis is a useful tool to assess the external factors that may impact the success of a startup idea like a Sports Equipment Rental App.

Political factors: Government regulations and policies regarding rental businesses and sports equipment safety could affect the app's operations.

Economic factors: The app's success may depend on the disposable income and spending habits of potential users. Economic downturns could impact demand.

Social factors: The popularity of sports and outdoor activities, as well as the willingness of people to rent rather than buy equipment, will influence the app's potential market.

Technological factors: The app's functionality, user experience, and integration with other platforms will determine its competitiveness in the market.

Environmental factors: The app should consider sustainability and eco-friendly practices, as well as the impact of weather conditions on sports equipment usage.

Legal factors: Compliance with consumer protection laws, liability issues, and intellectual property rights are crucial for the app's legality and reputation.

Results

The target market for a Sports Equipment Rental App includes:

1. Active individuals seeking short-term use of sports equipment without the cost of ownership.
2. Travelers who engage in sports activities but prefer not to transport bulky equipment.
3. Sports enthusiasts wanting to try new equipment before purchasing.
4. Individuals living in urban areas with limited storage space for sports gear.
5. Environmentally conscious consumers looking to reduce waste through sharing economy.

Validation for the startup idea can be supported by the growing trend in the sharing economy and the increase in participation in outdoor activities.

Results

The startup idea for a Sports Equipment Rental App is validated by the growing trend in the sharing economy and the increased consumer interest in sustainable practices. The sports equipment rental market is expected to grow, as seen in the rise of platforms like Spinlister for bikes and Quiver for surfboards. Additionally, the pandemic has boosted outdoor activities, further supporting the demand for sports equipment rental services.

Output for Business Plan Creation (*FrederikAI Communication 20.12.2023*)

<p>Problem</p> <p>People have difficulty accessing affordable sports equipment for short-term use.</p> <p>🗨️ Who would be my persona?</p> <p>Persona 1: Young Urban Professional: age 25-35 Male/Female Works in the city and has a regular 9-5 job Regularly works out and plays sports in their free time Lives in an urban area, but would like to explore the outdoors Has a moderate budget Persona 2: Weekend Adventurer age 25-40 Male/Female Works full time and likes to explore outdoors on the weekends lives in a suburban area Has a moderate budget Persona 3: Thrifty Student/Recent Graduate age 18-25 Male/Female Recently started college/graduated Has limited budget but is interested in exploring the outdoors Lives in an urban or suburban area</p> <p>🔧 Solution</p> <p>This app will enable people to rent sports equipment, such as bicycles, skis, or surfboards, from other people with the convenience of a mobile platform. The app will provide a secure payment system for both the renter and the owner, as well as a rating system so users can choose reliable equipment. The app will also allow users to chat with each other in order to coordinate pick-up and drop-off times, and locations. Additionally, the app will provide an interactive map feature to help users easily find the equipment they are looking for in their area.</p> <p>🕒 Is it the right time for this?</p> <p>Now is an excellent time to pursue this startup idea. The current climate is very favorable for entrepreneurs as technology continues to advance and people become increasingly connected. There are a number of components that make this an ideal time to launch a sports equipment rental app: 1. Cost: Developing a rental app is relatively inexpensive compared to setting up a physical rental store. This allows entrepreneurs to get started with a relatively low financial investment. 2. Incumbents: The incumbents in the sports equipment rental space are not as well established as those in other industries. This provides an opportunity for a startup to take advantage of the market without having to compete with large, established companies. 3. Barriers to entry: Due to the nature of the service, the barriers to entry are relatively low. This makes it easy for a startup to quickly enter the market and acquire users. 4. Technology: The current technology available for developing mobile apps is very advanced, making it easy for entrepreneurs to create a quality product. Overall, the timing is very favorable for launching a sports equipment rental app. With the right strategy and execution, the startup has the potential to be very successful.</p> <p>💡 What is the business model?</p> <p>The Sports Equipment Rental App will use a commission-based business model. This means that the app will take a percentage of each transaction made through the app. For each rental, the app will take a fee of 15-20%, which will go towards covering the costs of the platform and providing customer service and support. The app will also allow for subscription-based pricing plans for users who want to rent equipment more frequently. This will be a tiered subscription model, with three levels of subscriptions that offer different levels of discounts and features for their users. The rates for each tier will depend on the user needs, but could range from \$4.99/month to \$14.99/month. Additionally, the app will feature in-app advertisements as a way of generating extra income.</p>	<p>💡 Our X Factor</p> <p>The Sports Equipment Rental App should focus on unique features in order to differentiate itself from the competition. For example, the app could offer discounts for frequent users, or offer a rewards program for renting equipment. Additionally, the app could incorporate interactive features like augmented reality (AR) to let users "try before they buy" and get a more immersive experience. Finally, the app could offer features such as an AI-powered chatbot to help users find the equipment they need, as well as providing helpful tips for using the equipment. All of these features could be used to differentiate the app and increase its appeal to potential users.</p> <p>📊 How big can this get?</p> <p>TAM: \$90 billion. There are 400 million sports and outdoor recreation enthusiasts in the world, at \$225 per enthusiast per year, this gives us \$90 billion ARR. SAM: \$18 billion. Out of 400 million sports and outdoor recreation enthusiasts, 100 million are regular users of outdoor equipment, which gives us \$18 billion ARR. SOM: \$180 million. Out of \$18 billion, we can feasibly capture 1%, which gives us \$180 million ARR.</p> <p>📍 Go-To-Market strategy</p> <ol style="list-style-type: none">1. Build Awareness: The first step in launching the Sports Equipment Rental App is to create awareness and build hype around the product. This can be done by using online marketing channels such as social media, blogger outreach, and paid advertising. It is important to target potential customers who would be interested in the product such as outdoor enthusiasts, students, and city professionals.2. Identify Key Partnerships: It is important to create strategic partnerships with key organizations in order to grow a customer base quickly. This could include partnering with universities, outdoor clubs, gyms, and other organizations that are already connected to the target customer base. These partnerships will help to expand the reach of the app and build credibility for the product.3. Develop Networking Events: Hosting networking events and sponsoring community events is an effective way to build relationships with potential customers and create a brand presence. The events can be used to showcase features of the app and connect with customers in person.4. Enable Rewards and Referrals: Incorporating a rewards program and referral system into the app is a great way to incentivize customers to spread the word about the product. This will help to build a strong customer base and boost word-of-mouth referrals. <p>🏆 How competitive is this space?</p> <p>The Sports Equipment Rental App is a competitive space as there are already multiple similar apps in the marketplace. Most of these apps have similar features allowing people to rent out their sports equipment for short-term use. However, some of these apps offer additional features like chatrooms and interactive maps which make them more attractive to potential users. Additionally, some of these apps have their own network of users and equipment providers which could make them difficult to compete with. Overall, the Sports Equipment Rental App idea is a competitive space. However, there is potential to create a successful business if you are able to differentiate your product from the competition by offering unique features and engaging with users in new ways.</p> <p>🔗 Active startups trying this idea</p> <p>Renterspree-https://www.renterspre.com/ RentSher-https://rentsher.com/ RentMyWardrobe-https://www.rentmywardrobe.com/ Rentals United-https://rentalsunited.com/ Rent-It-Today-https://www.rentitoday.com/ Rent-A-Tent-https://www.rent-a-tent.co.uk/ Rent-A-Tent-USA-https://www.rentatentusa.com/ Rent-A-Tent-Australia-https://www.rentatentaustralia.com.au/ Rent-A-Tent-Europe-https://www.rentatent europe.com/ Rent-A-Tent-Canada-https://www.rentatentcanada.ca/</p>
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Appendix P: ValidatorAI

Output for Business Idea Validation (*ValidatorAI Communication 20.12.2023*)

Hi! My name is Val

Here are important things to consider:

Great idea! While a sports equipment rental app can be a promising venture, there are a few potential challenges you should consider:

1. Safety and Liability: Ensuring the safety and quality of the rented equipment can be a concern. It's crucial to establish clear guidelines and protocols to verify the condition and functionality of the equipment regularly.
2. Trust and Reliability: Building trust between renters and equipment owners is vital. Users need to feel confident that they will receive the equipment they've booked, without any issues or last-minute cancellations. Implementing a robust rating and review system can help streamline the process and foster trust among users.
3. Inventory Management: Managing a diverse range of sports equipment can be complex. Keeping track of availability, maintenance schedules, and handling logistics can become overwhelming, especially during peak seasons. Consider investing in a robust system to efficiently manage inventory and streamline operations.
4. Market Competition: Depending on the location, there might already be existing competitors in the sports equipment rental space. Researching your target market and understanding the competition will help you identify unique selling points and differentiate your app from others in the market.
5. Pricing Strategy: Determining a fair and competitive pricing structure can pose a challenge. Balancing the need to generate revenue with offering affordable rates for renters can be tricky. Conducting market research and analyzing customer preferences will help you develop a pricing strategy that appeals to both equipment owners and renters.

Addressing these challenges and finding creative solutions will help you establish a successful sports equipment rental app. Good luck with your venture!

Business Analysis

Analysis and Feedback - Sports

Equipment Rental App

Business Idea Description

The business idea is to create a mobile application that connects individuals who want to rent out their sports equipment (such as bicycles, skis, or surfboards) with those who are looking to rent equipment for short-term use. The app will provide a platform for easy and convenient transactions, helping users to gain access to a wide range of sports equipment and encouraging sustainability by maximizing the utilization of equipment.

1. Industry Insight

The sports equipment rental industry has experienced significant growth in recent years. There is an increasing trend towards experiential consumption, with more people opting to rent equipment rather than purchasing it outright. This shift is driven by factors such as cost-effectiveness, limited storage space, and the desire to try out new equipment without committing to a purchase. The popularity of shared economy platforms also contributes to the potential success of a sports equipment rental app.

2. SWOT Analysis

Strengths:

- Potential for cost savings for users
- Opportunity to tap into the growing sharing economy trend
- Wide range of sports equipment available for rental

Weaknesses:

- Dependency on user adoption and participation for success
- Need to establish trust and security measures for transactions

- Potential challenges in managing inventory and logistics

Opportunities:

- Expansion into international markets
- Collaborations with sports clubs, resorts, and rental shops
- Targeting the growing outdoor and adventure tourism industry

Threats:

- Competition from established rental shops and online marketplaces
- Regulatory restrictions and safety concerns
- Economic downturn affecting discretionary spending

3. PESTEL Analysis

- **Political:** Compliance with local regulations, safety standards, and taxation policies.
- **Economic:** Economic conditions affecting consumer spending and disposable income.
- **Sociocultural:** Growing awareness of sustainability and environmentally-friendly practices.
- **Technological:** Mobile app development and integration with various payment gateways.
- **Environmental:** Encouraging sustainable consumption and reducing equipment waste.
- **Legal:** Ensuring compliance with rental agreements, liability, and insurance requirements.

4. Target Audience and User Stories

Target Audience:

- Outdoor enthusiasts seeking cost-effective options for sports equipment.
- Travelers and tourists looking to rent equipment for recreational activities.
- Individuals who want to try out new sports without committing to a purchase.

User Stories:

1. As an outdoor enthusiast, I want to be able to rent high-quality sports equipment that suits my needs and budget.
2. As a traveler, I want a convenient platform to rent equipment for recreational activities during my trip.
3. As someone interested in trying out new sports, I want access to a wide range of equipment without the financial commitment of purchasing.

5. Suitable Business Strategies

1. **Collaborations and Partnerships:** Establish partnerships with sports clubs, resorts, and rental shops to expand the inventory and reach of the app.
2. **User Acquisition and Retention:** Offer incentives and rewards for users to attract and retain a loyal customer base.
3. **Quality Assurance:** Ensure the quality and safety of rented equipment through regular inspections and maintenance.
4. **User Reviews and Ratings:** Implement a feedback system to build trust and help users make informed decisions about rentals.
5. **Marketing and Promotion:** Implement targeted marketing campaigns to create awareness about the app's benefits and unique features.

6. Suitable Business Frameworks

- **Value Proposition Canvas:** Assess the value provided to both equipment owners and renters to improve the platform's value proposition.
- **Business Model Canvas:** Analyze the key components of the business model, including revenue streams, key partners, and customer segments.

7. Requirements Analysis

- **User Interface (UI):** Intuitive and user-friendly interface for easy navigation and seamless transactions.
- **Payment Integration:** Integration with popular payment gateways for secure and convenient transactions.
- **Inventory Management:** Robust system to manage the availability, condition, and tracking of rented equipment.
- **Review and Rating System:** Implement a feedback system for users to review and rate their rental experiences.

8. Additional Revenue Streams

1. **Insurance Partnerships:** Collaborate with insurance providers to offer optional insurance

coverage for rented equipment.

2. **Premium Listings:** Offer premium listings for equipment owners, providing enhanced visibility and attracting more rental bookings.

3. **Affiliate Marketing:** Partner with relevant brands and businesses to earn commission on referrals for related products and services.

9. Marketing Strategy and Brand Awareness

To create brand awareness and attract users, the marketing strategy could include:

- Social media marketing targeting outdoor enthusiasts, travelers, and adventure seekers.
- Influencer marketing partnerships with popular sports and outdoor enthusiasts.
- Content marketing through blogs, videos, and tutorials showcasing the benefits of equipment rental and promoting the app's features.

10. Branding Suggestions with Slogans and Tweets Examples

Branding: EquipShare - Unlock Your Adventure Potential

Slogan: Rent, Explore, Repeat - EquipShare Your Way

Tweets Examples:

1. "Don't let equipment costs hold you back from your next adventure. Try EquipShare and rent sports equipment hassle-free!"
2. "Discover a world of thrilling sports without breaking the bank. EquipShare connects you with the gear you need, when you need it."
3. "Leave no adventure unexplored. With EquipShare, renting top-quality sports equipment has never been easier. Get ready for unforgettable experiences!"

11. Recommended Marketing Platforms

- Social media platforms (Facebook, Instagram, Twitter) for targeted advertising and engagement.
- Influencer partnerships to leverage their followers and generate buzz.

- Outdoor events, sports clubs, and tourism platforms to reach the target audience directly.

12. Game-Changing Idea: Local Delivery and Pickup Stations

To further enhance convenience, the app could establish local delivery and pickup stations in popular outdoor recreational areas. This would allow users to have their rented equipment conveniently delivered to their desired location and return it without the hassle of transportation. The delivery and pickup stations could be strategically placed based on user demand and feedback.

13. Porter's Five Forces Analysis

- **Threat of New Entrants:** The barrier to entry might be moderate, but establishing trust and a large inventory can pose challenges for new entrants.
- **Bargaining Power of Suppliers:** Partnering with rental shops, sports clubs, and resorts can help mitigate issues related to supplier bargaining power.
- **Bargaining Power of Buyers:** Buyers have moderate bargaining power due to the availability of alternate rental options and platforms.
- **Threat of Substitutes:** Users have the option to purchase new or used equipment instead of renting, reducing the threat of substitutes.
- **Competitive Rivalry:** Competition exists from established rental shops, online marketplaces, and potentially other sports rental app startups.

14. CATWOE Analysis

Customers: Outdoor enthusiasts, travelers, and adventure seekers

Actors: Equipment owners, renters, app developers, customer service representatives

Transformation: Enabling the rental of sports equipment through a mobile app, improving accessibility and convenience.

Worldview: A platform that maximizes utilization of sports equipment, reduces waste, and encourages sustainable practices.

Owners: App developers, investors, equipment owners

Environmental Constraints: Legal compliance, safety regulations, equipment maintenance,

Appendix R: PlannitAI Output for Business Plan Creation (*PlannitAI Communication 20.12.2023*)

SportsRental

Executive Summary

Overview

SportsRental is a user-friendly app that connects individuals who want to rent out their sports equipment with those looking for short-term rentals. Our app solves the problem of expensive and infrequently used sports equipment by providing a convenient platform for affordable rentals.

CUSTOMER PROBLEM

The difficulty of finding reliable and affordable rental options in unfamiliar locations, as well as the inconvenience of carrying their own sports equipment during travel, is a common problem faced by travelers and sports enthusiasts.

PRODUCTS/SERVICES

Our main product is a user-friendly app that connects individuals with sports gear owners, making it easy to find and book high-quality equipment for short-term rentals. Additionally, we offer customer ratings and reviews to ensure trustworthiness and quality of the equipment and service.

BUSINESS MODEL

To monetize our service, we charge a small commission fee for each rental transaction made through the app. This allows us to generate revenue while keeping our services affordable for both renters and gear owners.

TARGET MARKET

Our primary audience includes travelers and sports enthusiasts seeking convenient and affordable gear rentals. By targeting this market segment, we aim to provide them with a hassle-free solution that eliminates the need for investing in expensive sports equipment.

SALES/MARKETING STRATEGY

To reach our target audience, we plan to market our app through social media platforms and influencer partnerships. By leveraging these channels, we can generate buzz around our innovative sports rental app and increase its visibility among potential users.

COMPETITIVE ADVANTAGE

SportsRental stands out from competitors by offering convenient and affordable rentals with a wide selection of high-quality sports gear. Our user-friendly platform, customer ratings, and reviews ensure a seamless rental experience for our users.

In conclusion, SportsRental aims to solve the problem of expensive and infrequently used sports equipment by providing a user-friendly app for convenient and affordable rentals. With our monetization strategy, target market focus, sales/marketing strategy, and competitive advantage in mind, we are confident in the success of our business venture.

Company Overview

Problem Statement

SportsRental aims to address the specific problem of difficulty in finding reliable and affordable rental options for sports equipment in unfamiliar locations, as well as the inconvenience of carrying one's own sports equipment during travel. This problem has a significant impact on travelers and sports enthusiasts who often face challenges when trying to access suitable gear for their activities.

In today's market, individuals who are traveling or visiting unfamiliar locations often struggle to find trustworthy and affordable rental options for sports equipment. This can be particularly frustrating when they are unable to bring their own gear due to limited baggage space or the hassle of transporting it. As a result, many travelers are forced to compromise on their sporting activities or resort to purchasing expensive equipment that they may only use once or twice.

The lack of reliable rental options not only limits the experiences of travelers but also hinders the growth of the sports tourism industry.

Many potential customers are deterred from participating in sports activities due to the high costs associated with purchasing equipment or the uncertainty surrounding rental services in unfamiliar locations.

Existing solutions in the market often fall short in addressing these challenges. While some rental services may be available, they may not offer a wide selection of high-quality gear or have limited availability. Additionally, there is often a lack of transparency and trustworthiness when it comes to assessing the condition and reliability of rented equipment.

SportsRental aims to bridge this gap by providing a user-friendly app that connects individuals who want to rent out their sports equipment with those seeking short-term rentals. By offering a wide selection of high-quality gear and implementing customer ratings and reviews, we ensure trustworthiness and quality for our users. Our app provides convenience, affordability, and peace of mind for travelers and sports enthusiasts looking for suitable gear during their trips.

By addressing this problem, SportsRental not only enhances the overall travel experience but also contributes to the growth of sports tourism by making it more accessible and affordable for everyone.

Business Description

SportsRental is a user-friendly app that connects individuals who want to rent out their sports equipment with those looking for short-term rentals. Our app solves the problem of expensive and infrequently used sports equipment by providing a convenient platform for affordable rentals. With features like customer ratings and reviews, we ensure trustworthiness and quality. Our main product is a user-friendly app that makes it easy to find and book high-quality equipment for short-term rentals. We differentiate ourselves by offering a wide selection of high-quality sports gear at affordable prices, making us the go-to choice for travelers and sports enthusiasts seeking convenient and affordable gear rentals. We monetize our service by charging a small commission fee for each rental transaction made through the app. To reach our target audience, we plan to leverage social media and influencer partnerships to generate buzz around our innovative sports rental app. With SportsRental, customers can say goodbye to the inconvenience of carrying their own sports equipment during travel and the difficulty of finding reliable and affordable rental options in unfamiliar locations.

Mission Statement

SportsRental's mission is to revolutionize the way people access sports equipment by providing a user-friendly app that connects individuals seeking short-term rentals with sports gear owners. Our heartfelt purpose is to solve the problem of finding reliable and affordable rental options in unfamiliar locations, as well as the inconvenience of carrying personal sports equipment during travel. We are driven by a passion for making sports accessible to all, and our app offers a wide selection of high-quality gear, ensuring trustworthiness and convenience through customer ratings and reviews. By charging a small commission fee for each rental transaction made through our platform, we aim to create a sustainable business model while providing affordable rentals. Our mission is to empower travelers and sports enthusiasts with convenient access to top-notch equipment, enabling them to fully enjoy their sporting experiences. Through social media and influencer partnerships, we will spread awareness about our innovative app and inspire others to join us in redefining the sports rental industry.

Business Model

Product and Services

SportsRental is a user-friendly app that connects individuals with sports gear owners, making it easy to find and book high-quality equipment for short-term rentals. Our app solves the problem of difficulty finding reliable and affordable rental options in unfamiliar locations, as well as the inconvenience of carrying one's own sports equipment during travel.

The core functionality of our app lies in its ability to connect renters with gear owners seamlessly. Users can browse through a wide selection of sports equipment available for rent, including items such as bicycles, surfboards, skis, and more. Each listing provides detailed information about the equipment, including specifications, availability, and pricing.

One of the key advantages of SportsRental is the trustworthiness and quality assurance we offer through customer ratings and reviews.

Renters can read feedback from previous users to ensure they are renting from reputable gear owners who provide well-maintained equipment. This feature builds confidence among our users and encourages them to make bookings with peace of mind.

Our app also offers a secure payment system that facilitates smooth transactions between renters and gear owners. We charge a small commission fee for each rental transaction made through the app, which allows us to monetize our service while keeping it affordable for both parties involved.

The primary audience for SportsRental includes travelers and sports enthusiasts who are looking for convenient and affordable short-term sports gear rentals. Whether someone wants to explore a new city on a bike or hit the waves with a surfboard, our app provides an easy solution to access high-quality equipment without the hassle of carrying it around or investing in expensive gear that may only be used occasionally.

Customers would choose SportsRental over competitors because we offer convenient and affordable rentals with a wide selection of high-quality sports gear. Our user-friendly interface makes it easy to find and book equipment quickly, while our customer ratings and reviews ensure trustworthiness and quality.

To market our product, we plan to leverage social media platforms such as Instagram and Facebook to reach our target audience effectively. Additionally, we will establish partnerships with influencers in the travel and sports industries who can promote our innovative sports rental app to their followers. By generating buzz around SportsRental through these marketing strategies, we aim to increase brand awareness and attract more users to our platform.

In summary, SportsRental is an essential solution for travelers and sports enthusiasts seeking convenient and affordable short-term sports gear rentals. With its user-friendly interface, customer ratings system, secure payment system, wide selection of high-quality equipment, and strategic marketing efforts through social media platforms and influencer partnerships, SportsRental has great potential to meet the needs of its target demographic while generating revenue growth.

Additional Features

SportsRental offers a range of additional features to enhance the user experience and ensure trustworthiness and quality. One such feature is customer ratings and reviews. This feature allows users to rate and review the equipment they have rented, as well as the overall rental experience. By providing this feedback mechanism, we empower our users to make informed decisions when selecting sports gear for their short-term rentals. Customers can rely on the ratings and reviews to gauge the reliability and quality of both the equipment and the service provided by gear owners. This not only builds trust within our community but also encourages gear owners to maintain high standards, ensuring that renters have access to top-notch equipment.

The customer ratings and reviews feature is particularly beneficial for our primary audience of travelers and sports enthusiasts. When traveling to unfamiliar locations, it can be challenging to find reliable and affordable rental options. By leveraging this feature, users can easily identify trustworthy gear owners with positive ratings and reviews, giving them peace of mind during their travels. Additionally, this feature addresses the inconvenience of carrying one's own sports equipment during travel by providing a convenient platform for affordable rentals. With SportsRental, travelers can access a wide selection of high-quality sports gear without the hassle of lugging their equipment around.

Existing efforts to solve these problems often lack transparency and accountability. Traditional rental services may not provide sufficient information about the condition or quality of the equipment, leaving renters unsure about what they will receive. By introducing customer ratings and reviews, SportsRental bridges this gap by offering a transparent platform where users can share their experiences openly. This not only benefits our customers but also motivates gear owners to maintain excellent service standards in order to receive positive feedback. Overall, our additional features like customer ratings and reviews are essential components that complement our main product/service by ensuring trustworthiness, quality, convenience, and affordability for our target audience.

Revenue Model

SportsRental aims to monetize its app by charging a small commission fee for each rental transaction made through the platform. This revenue model allows us to generate income while providing a valuable service to our users.

By implementing a commission-based revenue model, SportsRental can ensure that our interests are aligned with both equipment owners and renters. We will charge a percentage fee on each rental transaction, which will be deducted from the total amount paid by the renter. This approach allows us to earn revenue based on the value we provide in connecting individuals with sports gear owners and facilitating seamless transactions.

The commission fee will be set at a reasonable rate to encourage frequent usage of our platform while still allowing us to cover operational costs and generate profit. We will conduct market research and analyze industry standards to determine an appropriate commission percentage that balances affordability for renters and profitability for SportsRental.

In addition to the primary revenue stream from commission fees, SportsRental may explore secondary revenue streams in the future. These could include partnerships with sports equipment manufacturers or retailers, allowing us to earn referral fees or commissions on sales generated through our platform. By leveraging our user base and their rental preferences, we can create mutually beneficial partnerships that enhance our revenue potential.

To attract more users and increase revenue, SportsRental may also consider offering premium features or subscription tiers in the future. These additional offerings could provide enhanced functionality or exclusive benefits for users who are willing to pay a subscription fee. By diversifying our revenue streams, we can further optimize our business model and increase profitability.

Overall, SportsRental's revenue model is centered around charging a commission fee for each rental transaction made through the app. This primary revenue stream ensures that we can sustainably operate while providing affordable rentals and maintaining trustworthiness and quality within our platform. As we grow, we will explore additional opportunities for generating revenue through partnerships and premium offerings, further enhancing our financial sustainability.

Market Analysis

Target Market

SportsRental's primary audience consists of travelers and sports enthusiasts who are seeking convenient and affordable short-term sports gear rentals. Let's analyze this target market in more detail:

Demographic Details:

- * **Age Range:** The target audience is likely to be diverse, ranging from young adults in their early 20s to middle-aged individuals.
- * **Gender:** Both males and females are part of the target market.
- * **Location:** The app can cater to users worldwide, as it aims to solve the problem of finding reliable rental options in unfamiliar locations. However, it may initially focus on areas with high tourism or sports activity.
- * **Education Level:** There are no specific educational requirements for using the app, making it accessible to individuals with varying levels of education.

Behavior Patterns:

- * **Online Habits:** The target market is likely to be tech-savvy and comfortable using mobile apps for various purposes. They may frequently use online platforms for travel planning, researching sports activities, and booking accommodations.
- * **Purchasing Tendencies:** The audience is inclined towards short-term rentals rather than long-term ownership due to factors such as travel convenience and cost-effectiveness. They value flexibility and affordability when it comes to accessing high-quality sports equipment.

Core Needs and Pain Points:

- * **Convenience:** Travelers and sports enthusiasts often face challenges when it comes to carrying their own sports equipment during trips or finding reliable rental options in unfamiliar locations. SportsRental addresses these pain points by providing a user-friendly app that connects them with gear owners, making it easy to find and book equipment conveniently.
- * **Affordability:** Many people hesitate to invest in expensive sports gear that they might only use occasionally. SportsRental offers an affordable alternative by enabling users to rent equipment at a fraction of the cost of purchasing new gear.
- * **Trustworthiness and Quality Assurance:** Customers want assurance that the rented equipment will meet their expectations. SportsRental addresses this need by incorporating customer ratings and reviews into its platform, ensuring trustworthiness and maintaining quality standards.

By understanding the demographics, behavior patterns, core needs, and pain points of our target market, SportsRental can tailor its marketing strategies effectively. This detailed analysis will help us reach our audience through targeted social media campaigns and influencer partnerships while highlighting the convenience, affordability, trustworthiness, and wide selection of high-quality sports gear available on our innovative app.

Market Size and Segments

MARKET SIZE AND SEGMENTS

The sports equipment rental market is a rapidly growing industry, driven by the increasing demand for convenient and affordable options among travelers and sports enthusiasts. SportsRental aims to tap into this market by providing a user-friendly app that connects individuals who want to rent out their sports equipment with those looking for short-term rentals.

Distinct Market Segments:

1. **Travelers:** One of the primary segments for SportsRental is travelers who face difficulty finding reliable and affordable rental options in unfamiliar locations. These individuals often prefer renting sports equipment instead of carrying their own gear during travel, as it offers convenience and eliminates the hassle of transportation.
2. **Sports Enthusiasts:** Another significant segment includes sports enthusiasts who engage in various recreational activities but may not want to invest in expensive equipment that they only use occasionally. By offering a wide selection of high-quality sports gear, SportsRental caters to this segment's needs and provides them with an affordable alternative to purchasing equipment.

Potential Growth Areas and Opportunities:

1. **International Travel:** With the increasing popularity of international travel, there is a significant opportunity for SportsRental to expand its services globally. By targeting popular tourist destinations, the app can cater to the needs of travelers who want to engage in sports activities during their trips.
2. **Emerging Sports:** As new sports gain popularity, there is an opportunity for SportsRental to provide rental services for niche or specialized equipment related to these emerging sports. By staying updated on trends and partnering with local sports communities, the app can capture these growth areas.

Ongoing and Emerging Trends:

1. **Sharing Economy:** The sharing economy has revolutionized various industries, including transportation and accommodation. This trend has now extended to the sports equipment rental market, with consumers increasingly embracing the concept of renting rather than owning. SportsRental aligns with this trend by providing a platform that facilitates peer-to-peer rentals.
2. **Online Platforms:** The rise of online platforms has transformed how consumers access products and services. With the convenience of mobile apps, customers can easily browse available equipment, read customer reviews, and make bookings through SportsRental's user-friendly interface.
3. **Trustworthiness and Quality Assurance:** In an era where trust is crucial for consumers when engaging in peer-to-peer transactions, customer ratings and reviews play a vital role in ensuring trustworthiness and quality assurance. By incorporating these features into its app, SportsRental instills confidence in users regarding both the equipment's condition and the reliability of other users. In conclusion, the market size for sports equipment rentals is substantial, driven by the demand from travelers seeking convenience and affordability as well as sports enthusiasts looking for flexible options without committing to purchasing expensive gear outright. By targeting distinct market segments such as travelers and sports enthusiasts while capitalizing on potential growth areas like international travel and emerging sports trends, SportsRental can position itself as a leading player in the evolving market landscape characterized by sharing economy principles, online platforms' dominance, and an emphasis on trustworthiness through customer ratings and reviews.

Unique Value Proposition

SportsRental offers a unique value proposition that sets us apart from our competitors in the sports equipment rental industry. Our app provides convenient and affordable rentals with a wide selection of high-quality sports gear, making us the preferred choice for customers. One of our key differentiators is the user-friendly nature of our app. We have designed it to be intuitive and easy to navigate, ensuring a seamless experience for both gear owners and renters. With just a few taps, users can find and book the equipment they need, saving them time and effort compared to traditional rental methods.

Additionally, SportsRental stands out by offering a diverse range of sports gear options. We understand that different sports require specific equipment, and we strive to cater to the needs of all athletes. Whether it's skiing, surfing, cycling, or any other sport, our platform provides a comprehensive selection of gear for rent.

Trust is crucial when it comes to renting sports equipment from strangers. That's why we have implemented customer ratings and reviews as an integral part of our app. This feature allows users to make informed decisions based on the experiences of previous renters. By ensuring trustworthiness and quality, we instill confidence in our customers that they are renting reliable gear.

In terms of monetization, SportsRental charges a small commission fee for each rental transaction made through the app. This revenue model allows us to sustainably grow our business while keeping rental prices affordable for our customers.

Our primary audience consists of travelers and sports enthusiasts who are seeking convenient and affordable short-term sports gear rentals. These individuals often face difficulties finding reliable and affordable rental options in unfamiliar locations or find it inconvenient to carry their own equipment during travel. SportsRental addresses these pain points by providing a one-stop solution for their gear rental needs. To reach our target audience effectively, we plan to leverage social media platforms and establish influencer partnerships. By utilizing these channels, we aim to generate buzz around our innovative sports rental app and create awareness among potential users.

SportsRental fills a critical market gap by offering a dynamic, responsive, and multifaceted approach to meet the needs of our target market. Our adaptive nature allows us to continuously improve our platform based on user feedback and evolving trends in the industry. By embracing technology and streamlining operations, we are transforming traditional approaches to sports equipment rentals.

In summary, SportsRental's unique value proposition lies in its convenient and affordable rentals with a wide selection of high-quality sports gear. With features like customer ratings and reviews, we ensure trustworthiness while providing an intuitive user experience through our user-friendly app. By addressing the pain points faced by travelers and sports enthusiasts, we fill a critical market gap with an innovative solution that revolutionizes the way people rent sports equipment.

Risks and Mitigation Identified Risks

While SportsRental aims to provide a convenient and affordable solution for sports gear rentals, there are several potential risks and challenges that need to be addressed. By identifying these risks early on, we can develop effective mitigation strategies to ensure the success of our business. The following are some of the key risks associated with SportsRental:

1. **Market Saturation:** The sports equipment rental market may become saturated with similar apps or services, leading to increased competition. To mitigate this risk, SportsRental will focus on providing a superior user experience, offering a wide selection of high-quality sports gear, and continuously innovating our app features.
2. **Trust and Safety Concerns:** Customers may have concerns about the trustworthiness and safety of renting sports equipment from individuals they don't know. To address this risk, SportsRental will implement a robust verification process for both gear owners and renters. We will also incorporate customer ratings and reviews to build trust among our users.
3. **Supply and Demand Imbalance:** Balancing the supply of available sports gear with the demand from renters can be challenging. If there is an insufficient supply of popular equipment or an excess of less popular items, it may impact customer satisfaction. SportsRental will closely monitor inventory levels, analyze rental trends, and incentivize gear owners to ensure a diverse selection of equipment is available at all times.
4. **Legal and Regulatory Compliance:** Operating in multiple locations may subject SportsRental to various legal and regulatory requirements. It is crucial to understand local laws regarding liability, insurance coverage, data protection, and taxation. We will work closely with legal advisors to ensure compliance in each jurisdiction we operate in.
5. **Technological Challenges:** As a software-based business, SportsRental relies heavily on technology infrastructure and platforms. Technical issues such as server downtime or app crashes could negatively impact user experience and reputation. To mitigate this risk, we will invest in robust IT systems, conduct regular maintenance checks, and have contingency plans in place for any potential disruptions.
6. **User Acquisition:** Acquiring a critical mass of users within a reasonable timeframe is essential for the success of SportsRental. Competition for user attention is fierce in the digital marketplace; therefore, we must implement effective marketing strategies to reach our target audience through social media campaigns, influencer partnerships, targeted advertising, and word-of-mouth referrals.
7. **Economic Factors:** Economic downturns or fluctuations could affect travel patterns and discretionary spending on sports rentals. To mitigate this risk, SportsRental will diversify its target markets by focusing on both domestic travelers as well as international tourists who visit popular sporting destinations regardless of economic conditions.

By proactively addressing these identified risks through strategic planning and implementation of appropriate mitigation measures, SportsRental can position itself as a reliable platform for convenient and affordable sports gear rentals while ensuring long-term sustainability in the market.

Mitigation Strategies

MITIGATION STRATEGIES

To mitigate the risks identified for SportsRental, we have developed the following strategies:

- 1. Risk: Difficulty finding reliable and affordable rental options in unfamiliar locations.**
 - * Strategy: Establish a robust verification process for sports gear owners.
 - * Implement a thorough vetting process to ensure that all gear owners are legitimate and trustworthy.
 - * Require gear owners to provide detailed information about their equipment, including photos and descriptions.
 - * Encourage gear owners to offer competitive pricing to attract renters.
- 2. Risk: Inconvenience of carrying their own sports equipment during travel.**
 - * Strategy: Offer a wide selection of high-quality sports gear for rent.
 - * Collaborate with local sports stores and suppliers to expand the inventory of available equipment.
 - * Regularly update the app with new gear options to cater to different sports and preferences.
 - * Ensure that all rented equipment is well-maintained and in excellent condition.
- 3. Risk: Lack of trust in the quality of rented equipment and service.**
 - * Strategy: Implement a customer ratings and reviews system.
 - * Allow renters to rate and review their experience with both the gear owner and the rented equipment.
 - * Display these ratings prominently on each listing to help renters make informed decisions.
 - * Encourage renters to provide detailed feedback, which can help improve the overall quality of service.
- 4. Risk: Competition from existing rental platforms.**
 - * Strategy: Differentiate SportsRental through convenience, affordability, and user experience.
 - * Offer a user-friendly interface that makes it easy for renters to search, book, and manage their rentals.
 - * Keep commission fees low compared to competitors, making rentals more affordable for both parties involved.
 - * Continuously gather feedback from users and make improvements based on their suggestions.
- 5. Risk: Limited awareness among target audience about SportsRental.**
 - * Strategy: Implement a comprehensive marketing plan targeting travelers and sports enthusiasts.
 - * Leverage social media platforms such as Instagram, Facebook, and Twitter to create brand awareness.
 - * Collaborate with travel influencers who can promote SportsRental through sponsored content or reviews.
 - * Run targeted online advertising campaigns focused on reaching potential users who are actively searching for sports gear rentals.

By implementing these mitigation strategies, SportsRental aims to address potential risks effectively while providing a reliable platform for convenient and affordable short-term sports gear rentals.

Execution

Marketing Plan

SportsRental aims to reach its target audience and generate buzz around its innovative sports rental app through a comprehensive marketing plan. By leveraging social media and influencer partnerships, SportsRental will effectively communicate its value proposition and stand out from competitors in the market.

SOCIAL MEDIA MARKETING:

Social media platforms will play a crucial role in reaching and engaging with our target audience. We will create compelling content that highlights the convenience and affordability of our rentals, showcasing the wide selection of high-quality sports gear available on our app. Our social media strategy will focus on the following channels:

- 1. Facebook:** We will create an official SportsRental Facebook page to establish a strong online presence. Regular updates about new gear additions, customer testimonials, and special promotions will be shared to keep our audience engaged.
- 2. Instagram:** As a visually-driven platform, Instagram is ideal for showcasing our sports equipment inventory. We will regularly post high-quality photos of different gear options, along with captions that highlight their features and benefits.
- 3. Twitter:** Twitter will be used to share quick updates, industry news, and engage in conversations with our audience. We will actively participate in relevant hashtags and discussions to increase brand visibility.
- 4. YouTube:** To provide more in-depth information about our app's features and benefits, we will create informative videos that demonstrate how easy it is to find and book sports equipment through SportsRental.

INFLUENCER PARTNERSHIPS:

Collaborating with influencers who have a strong presence in the travel and sports communities can significantly boost brand awareness for SportsRental. By partnering with influencers who align with our target audience's interests, we can tap into their existing followership to promote our app effectively.

- 1. Identifying Influencers:** We will conduct thorough research to identify influencers who have a genuine interest in sports and travel-related content. These influencers should have an engaged following that matches our target demographic.
- 2. Partnership Activation:** Once we have identified suitable influencers, we will reach out to them with personalized proposals highlighting the mutual benefits of collaboration. This may include sponsored posts or videos featuring SportsRental's app functionality or testimonials from satisfied customers.
- 3. Tracking Performance:** To measure the success of influencer partnerships, we will track key performance metrics such as engagement rates (likes, comments), click-through rates (CTRs) on referral links or discount codes provided by influencers, and overall increase in brand mentions across social media platforms.

BUDGET ALLOCATION:

To maximize the impact of our marketing efforts while staying within budget constraints, we propose allocating resources as follows:

- 1. Social Media Advertising:** A portion of the budget will be allocated towards targeted social media advertising campaigns on platforms like Facebook and Instagram. These campaigns will help us reach a wider audience beyond our organic reach while ensuring precise targeting based on demographics, interests, and location.
- 2. Influencer Partnerships:** Collaborating with influencers may involve financial compensation or providing free access to SportsRental's services for a specified period. The budget allocation for influencer partnerships should be flexible based on the size of their following and engagement rates.
- 3. Content Creation:** Allocating resources towards creating high-quality visual content for social media platforms is essential for maintaining an engaging online presence.

TIMELINE:

To ensure effective execution of our marketing plan, we propose the following timeline:

- * Month 1: Conduct research to identify suitable influencers.
- * Month 2: Reach out to selected influencers for partnership opportunities.
- * Month 3: Launch official SportsRental social media accounts.
- * Month 4: Begin posting regular content on all social media channels.
- * Month 5: Initiate targeted social media advertising campaigns.
- * Month 6: Collaborate with influencers on sponsored content.
- * Ongoing: Monitor performance metrics regularly and make necessary adjustments based on data analysis.

PERFORMANCE METRICS:

To track the success of our marketing efforts accurately, we propose monitoring the following performance metrics:

1. App Downloads: Measure the number of downloads from various sources such as organic search results or referral links shared by influencers.
2. User Engagement: Track user engagement metrics such as time spent on the app per session, number of bookings made per user, customer reviews/ratings submitted.
3. Social Media Metrics: Monitor follower growth rate across different platforms (Facebook likes/follows; Instagram followers), engagement rates (likes/comments/shares), click-through rates (CTRs) from social media posts/ads.
4. Influencer Impact: Analyze referral traffic generated by influencer collaborations using unique tracking links or discount codes provided by each influencer partner.
5. Customer Feedback: Regularly collect feedback from users regarding their experience using SportsRental's services through surveys or ratings/reviews within the app itself.

By consistently monitoring these performance metrics throughout different stages of implementation, SportsRental can make data-driven decisions to optimize its marketing strategies effectively while ensuring maximum impact within allocated resources

Sales Plan

The Sales Plan for SportsRental is focused on converting interested prospects into paying customers and ensuring a seamless rental experience. Our user-friendly app and additional features, such as customer ratings and reviews, will help build trust and encourage conversions. Here's how we plan to achieve this:

CONVERTING PROSPECTS INTO CUSTOMERS

To convert prospects into customers, we will implement the following strategies:

1. User Onboarding: We will provide a seamless onboarding experience for new users, guiding them through the app's features and functionality. This will ensure that they understand how to search for sports equipment, make bookings, and leave reviews.
2. Clear Value Proposition: We will clearly communicate the value proposition of SportsRental to potential customers. By highlighting the convenience, affordability, and wide selection of high-quality sports gear available for short-term rentals, we aim to differentiate ourselves from competitors.
3. In-App Promotions: To incentivize conversions, we will offer exclusive promotions and discounts within the app. These promotions can be targeted towards specific sports equipment categories or popular destinations to attract more users.
4. Customer Support: We will provide responsive customer support through various channels such as in-app chat or email. Promptly addressing any queries or concerns will enhance customer satisfaction and increase the likelihood of conversions.
5. Referral Program: To encourage word-of-mouth marketing, we will introduce a referral program where existing users can earn rewards for referring new customers to SportsRental. This program will help expand our user base while rewarding our loyal customers.
6. Partnerships: Collaborating with local sports clubs, gyms, or travel agencies can help us reach a wider audience and establish credibility in different locations. By offering exclusive partnerships or discounts to their members or clients, we can attract more potential customers.
7. Localized Marketing: Tailoring our marketing efforts to specific regions or cities where there is high demand for sports equipment rentals can help us target potential customers effectively. This may include localized social media campaigns or partnerships with local influencers.

PAYMENT METHODS AND TRACKING TOOLS

To streamline the rental process and ensure secure transactions, we will implement the following payment methods and tracking tools:

1. Secure Payment Gateway: Integrating a secure payment gateway within our app will allow users to make payments easily using their preferred payment methods such as credit cards or digital wallets.
2. Real-Time Availability Tracking: Implementing a real-time availability tracking system will enable users to see which sports equipment is currently available for rent at any given time. This feature ensures accurate booking information and minimizes any inconvenience caused by unavailability.
3. Booking Confirmation & Reminders: Sending booking confirmation emails or push notifications along with reminders closer to the rental start date will help users stay informed about their upcoming rentals and reduce the chances of no-shows or cancellations.
4. Transaction History & Receipts: Providing users with access to their transaction history within the app allows them to track their rental expenses easily while also serving as proof of payment through digital receipts.

By implementing these strategies and utilizing appropriate payment methods and tracking tools, SportsRental aims to provide a seamless rental experience that converts interested prospects into satisfied paying customers while ensuring trustworthiness throughout the process.