



Evaluating the Role of Local Partnerships in the
International Expansion of German B2B Startups:
Overcoming Market Entry Barriers Through Strategic
Alliances

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1 Abstract

This thesis examines how local partnerships enable German B2B startups to enter international markets more quickly. It focuses on the role of partnerships as a tool to compensate for internal gaps and to navigate global expansion under pressure. The study draws on qualitative data from semi-structured interviews with founders, expansion team members, investors, and an incubator mentor involved with German B2B startups. Using the Gioia methodology, the data was coded and analyzed to identify patterns in how partnerships shape internationalization strategies.

Research reveals that German B2B startups choose foreign markets because of outside chances rather than their own preparedness. This causes a conflict because limited resources clash with the need for speed. Teaming up with local partners helps solve this problem by giving early market access. These partnerships also build trust with local players and help meet regulatory requirements. Startups use them to adapt quickly in unfamiliar markets. Over-reliance, however, can slow capability development and create strategic risk. Startups introduce trial periods or clear role definitions as safeguards. Partnerships are used as temporary substitutes for internal strength but require active management.

The study shows that partnerships are not just a means to enable early internationalization. They are also a response to internal limitations under time pressure. Startups use them to move quickly while being mindful of the dangers of dependency, treating them as short-term tools rather than long-term fixes. This reveals a pattern of calculated reliance, where speed is gained at the cost of delayed capability building.

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2 Sumário

Esta tese analisa de que forma as parcerias locais permitem que startups alemãs B2B entrem mais rapidamente em mercados internacionais. O foco está no papel das parcerias como ferramenta para colmatar lacunas internas e facilitar a expansão global sob pressão. O estudo baseia-se em dados qualitativos de entrevistas semiestruturadas com fundadores, membros das equipas de expansão, investidores e um mentor de uma incubadora com experiência em startups alemãs B2B. Utilizando a metodologia Gioia, os dados foram codificados e analisados para identificar padrões sobre como as parcerias moldam estratégias de internacionalização.

A investigação revela que estas startups escolhem mercados com base em oportunidades externas, e não na sua preparação interna. Isso cria um conflito entre recursos limitados e a necessidade de agir rapidamente. Parcerias locais ajudam a resolver este impasse, oferecendo acesso inicial ao mercado, gerando confiança junto de stakeholders locais e apoiando o cumprimento de exigências regulatórias. No entanto, o excesso de dependência pode travar o desenvolvimento interno e criar riscos estratégicos. Para evitar isso, muitas startups recorrem a fases de teste e a papéis bem definidos. As parcerias funcionam como substitutos temporários de capacidades internas, mas exigem gestão ativa.

O estudo mostra que estas parcerias não servem apenas para acelerar a entrada. São também uma resposta táctica a limitações internas sob pressão. Startups utilizam-nas com consciência dos riscos, como soluções temporárias e não permanentes. Isto revela um padrão de dependência calculada, onde se ganha velocidade à custa de um adiamento no desenvolvimento interno.

Título: Avaliação do papel das parcerias locais na expansão internacional das empresas alemãs em fase de arranque B2B: Ultrapassar as barreiras de entrada no mercado através de alianças estratégicas

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Palavras-chave: Parcerias, expansão internacional, arranque B2B

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List of abbreviations

BW_i	Baden-Württemberg International
TCE	Transaction Cost Economics
RBV	Resource-Based View
SAT	Strategic Alliance Theory
BMI	Business Model Innovation
B2B	Business to Business
R&D	Research and Development
B2C	Business to Customer

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4 Introduction

Where does a startup go after achieving product-market fit in its home country? The next logical step, once consumer demand is clear and growing, is often an international expansion.

Germany is consistently ranked as one of the top places in Europe to start a company, yet many of its startups struggle with expanding globally (Cannone & Ughetto, 2015; Marianne Kulicke, 2021). This is due to structural disadvantages like limited financial resources or a lack of established international networks (Arise Innovations, 2024; Kraus et al., 2017; Startup Genome, 2022). Partnerships are often used to bridge these gaps, yet their role in the international expansion for startups, particularly business-to-business (B2B) ventures, remains underexplored.

Current theories of internationalization, like the Strategic Alliance Theory (SAT) and the Resource-Based View (RBV), mostly ignore the unique difficulties that new businesses encounter when entering new markets. Young companies, in contrast to large corporations, frequently lack internal resources and run a higher risk of becoming dependent on others when they form partnerships. In order to understand how these partnerships handle fundamental difficulties during market entry, this thesis uses semi-structured interviews with relevant stakeholders from startups to answer following research question: *What role do local partnerships play in facilitating the international market entry of German B2B startups?*

This study focuses on German B2B startups that have already expanded or are currently expanding internationally and have used partnerships as part of that process. The results provide useful advice on how founders can fill operational gaps through partnerships while keeping strategic control.

5 Overview of the German Startup Ecosystem

Germany's startup ecosystem is defined by the combination of a robust economy with a focus on innovation, which lays the foundation for success (Borlovan, 2023; Bujdoso, 2024). There are multiple established regional hubs that lead to Germany being a major startup hub in Europe (Arise Innovations, 2024; Borlovan, 2023). Important centers of innovation support the growth of startups by providing access to capital and academic institutions. Two of Germany's many specialized startup hubs are Berlin, which leads in FinTech, and Munich, which has emerged as a hub for AI and technology (Arise Innovations, 2024). German B2B startups are especially active in industries such as enterprise software and FinTech which complement the nation's

industrial strengths. In the FinTech space, this includes digital payments and receipts infrastructure and financial data analytics, which help industrial clients automate transactions and make better financial decisions (Seedtable, 2025; Wired, 2022). The expansion of these industries is facilitated by the existence of top research institutes and a highly qualified workforce (Borlovan, 2023; Bujdoso, 2024; Startup Genome, 2022).

6 Literature Review

6.1 Justifying Theoretical Exclusions

This study excludes Institutional Theory and Transaction Cost Economics (TCE) because they do not align with the research focus on partnerships as proactive tools for early internationalization. Institutional theory places more emphasis on responding to outside forces than on using alliances strategically (Sahin & Mert, 2023). While startups use alliances for strategic growth under time and resource constraints, TCE concentrates on cost minimization (Williamson, 2007). As a result, resource-driven partnering behavior seen in early internationalization cannot be explained by these frameworks.

6.2 Resource Based View

The Resource-Based View offers a useful basis for understanding why startups rely on partnerships when they lack essential internal resources. Early foundational work, such as that of Das and Teng (2000) and Tsang (1998), positioned RBV as a framework for understanding how firms use alliances to gain access to limited resources. This viewpoint has been expanded in more recent studies to include startups with limited resources operating in global markets (Lin & Darnall, 2015; Milosevic, 2020).

Yet, RBV has limitations when applied to the internationalization of fast-paced startups. The theory states that businesses will gradually gather resources in a relatively stable environment, but young companies operating in unstable and quickly changing markets are rarely subject to this condition (Hyrynsalmi et al., 2024; Kero & Bogale, 2023). Market entry dynamics shift quickly, which forces startups to adapt in real time, making the Resource Based Views assumptions insufficient to describe startup expansion strategies (Startup Genome, 2022). Additionally, RBV overlooks the necessity of agility in startup expansion, where choices frequently have to be made quickly and with little information (Hyrynsalmi et al., 2024; Kero & Bogale, 2023). According to e Silva and Oliveria (2017) the framework also assumes that companies can evaluate potential partners for a long period of time to maximize their value.

Yet, for younger companies this often isn't the case, as they need to form partnerships quickly, without being able to conduct a long due diligence (e Silva & Oliveira, 2017; Moen et al., 2010).

However, the theory is still helpful in explaining why startups create external partnerships to make up for the lack of internal resources. The framework emphasizes that companies that lack essential resources internally can still achieve success by gaining access to them through external collaborations (Bäumle & Bizer, 2022; Milosevic, 2020). According to RBV, external partners offer companies that struggle with financial limitations or missing operational structures a way to acquire these resources without needing initial internal development (Russo & Cesarani, 2017).

Despite its shortcomings in addressing the speed and flexibility demands of startup partnerships, the Resource Based View is still relevant for explaining why and how collaborations provide young companies with access to essential resources. As a result, it provides a basis for examining how German B2B companies get past obstacles when expanding internationally.

6.3 Strategic Alliance Theory

According to the Strategic Alliance Theory, businesses collaborate to access complementary resources that are unavailable to them internally (Bäumle & Bizer, 2022; Milosevic, 2020). Companies can overcome their own limitations and obtain knowledge and access to networks that facilitate their growth by pooling their capabilities (Lin & Darnall, 2015).

The Strategic Alliance Theory has limitations when applied to expanding startups. The theory was primarily developed to explain partnerships between established companies, assuming that both partners have relatively equal negotiation power (Hyrynsalmi et al., 2024; Milosevic, 2020). A recent study by Martens (2024) shows that startups often form partnerships with larger corporations, creating a power imbalance that is not accounted for in SAT. This is especially relevant when startups rely on the alliance to survive in a new market, while the partner only views it as a new income stream (Moen et al., 2010; Morais & Franco, 2018). According to the literature, startups may find it difficult to maintain control over their pricing or customer relationships when forming alliances with more powerful corporate partners, in contrast to SAT's claim of mutual benefit (Bäumle & Bizer, 2022; Martens, 2024; Moen et al., 2010). Additionally, SAT states that businesses have the time and ability to assess several partners, which frequently proves incorrect in the entrepreneurship ecosystem where choices must be made fast with limited resources (Bäumle & Bizer, 2022; Milosevic, 2020; Morais & Franco,

2018). Because of this urgency, more recent studies suggest that startups form less-ideal partnerships by failing to evaluate long-term fit, increasing the chances of failure (Itay, 2023; Moen et al., 2010; Russo & Cesarani, 2017). Although SAT recognizes the value of strategic alignment, it overlooks the long-term dependency risks that come with startups depending too much on one dominant partner (Bäumle & Bizer, 2022; Moen et al., 2010; Weiblen, 2015). However, in the early phases of growth, young companies frequently do not have access to numerous appropriate partners, which can force them to enter into unbalanced contracts that limit their authority over client relationships, as Capik and Brockeroff (2017) state.

Despite its corporate focus, Strategic Alliance Theory remains relevant for explaining why startups form collaborations to access external resources during international expansion. According to the theory, companies that lack internal resources use outside partners to reduce uncertainty, while simultaneously gaining access to their partners network and market knowledge (Bäumle & Bizer, 2022; Milosevic, 2020; Tlemsani et al., 2024).

Furthermore, the Strategic Alliance Theory identifies established networks and regulatory knowledge, in addition to financial resources as required resources when expanding. The framework also explains how partnerships use partners' current infrastructure and market knowledge to help businesses lower entry-level uncertainty (Kraus et al., 2017; Moen et al., 2010; Morais & Franco, 2018).

6.4 Theories of International Business Expansion

Theories of international business expansion generally explain market entry as a structured, experience-driven process based on gradual learning and internal development (Cannone & Ughetto, 2015; e Silva & Oliveira, 2017).

According to those traditional frameworks, companies should expand gradually, starting with nearby regions and then working themselves up as they gain internal knowledge (Kraus et al., 2017). Yet this strategy ignores the fact that many startups, especially in the technology sector, opportunistically enter several markets at once lacking the internal stability or timeline that traditional models assume (Kraus et al., 2017; Moen et al., 2010; Morais & Franco, 2018). Furthermore, these theories frequently overlook the role of external partnerships, as they emphasize the internal knowledge development as the main factor leading to a successful market entry (Morais & Franco, 2018). Recent reports state that startups often lack these resources internally, hindering them on growing quickly without external support (OECD, 2023). Startups often have to use an opportunity-driven strategy (Kraus et al., 2017). This forces

them to enter international markets based on investor expectations or emerging trends, while larger corporations may have the opportunity to first structure internationalization roadmaps (Cannone & Ughetto, 2015; Startup Genome, 2022). Traditional models over emphasize the importance of internal learning and underestimating the significance of external support in early-stage expansion (Liesch & Welch, 2024).

Internationalization theories, in spite of their limitations, are still helpful in pointing out risks like operational complexity or liability of foreignness, all of which continue to influence startup expansion plans (Liesch & Welch, 2024). While the focus on incremental knowledge acquisition does not always reflect startup behavior, excluding this framework would overlook structural risks that still apply during international expansion (Liesch & Welch, 2024; Steinhäuser et al., 2021).

Furthermore, these theories have been expanded to recognize the importance of partnerships, by more recent modifications, like the Network Approach or the Born Global Perspective (Moen et al., 2010; Morais & Franco, 2018). According to the network approach, businesses integrated in global networks can access distribution channels and market knowledge more quickly, reducing the risks associated with international expansion (OECD, 2023). The Born Global perspective similarly emphasizes that some startups scale early by relying on external partnerships rather than internal learning (Kraus et al., 2017; Morais & Franco, 2018). By including these viewpoints, this thesis compares conventional models with the more adaptable strategies startups use to get past early obstacles to internationalization.

6.5 Business Model Innovation

Business Model Innovation refers to the strategic modification of a company's core business logic to create and deliver value differently (Cantele et al., 2020; Weiblen, 2015). Although BMI offers a solid basis for understanding the evolution of businesses, there are several restrictions on how it can be applied to startups in the context of internationalization.

A key limitation is BMI's assumption that innovation is primarily driven by internal strategic choices. Although the theory recognizes that external factors like cultural differences and regulatory restrictions can cause adjustments to the business model, it does not provide a structured framework for how startups should handle these pressures (Weiblen, 2015). BMI views innovation as an internal process motivated by strategic choice rather than a requirement for survival in international markets. This fails to capture how external limits or requirements influence the decision making of startups (Morais & Franco, 2018; Weiblen, 2015).

Business Model Innovation was created with large companies in mind, where changing a business model is usually a challenging and resource-intensive process (Spieth et al., 2021). According to multiple sources, startups lack the financial and operational stability to participate in long innovation cycles (Kraus et al., 2017; Marianne Kulicke, 2021). Additionally, since BMI assumes that innovation is mainly an internal process, it overlooks what external partners can have for an impact on the business model adaption of startups (Weiblen, 2015). While the theory states that external partnerships are a supplement rather than an essential, Open Business Models (OBMs) expands this by emphasizing the role of external partnerships in business model adaptation (Weiblen, 2015). OBM explains how startups can use partners through integrating them into their value creation and delivery processes (Cantele et al., 2020). This is relevant for startups that lack the internal capacity to adapt their models on their own, as research suggests (Kraus et al., 2017).

Although Business Model Innovation does not address the external dependencies or urgency of startup internationalization, it is still useful for understanding how businesses have to modify their value creation and delivery to satisfy the demands of international markets (Andreini et al., 2022; Cosenz & Noto, 2018). This is especially true for startups venturing into new consumer or regulatory landscapes, where external partners frequently push for changes to crucial business model elements like delivery infrastructure or customer access (Hyrynsalmi et al., 2024; Morais & Franco, 2018). BMI's recognition of Open Business Models is one of its major contributions to this study, since OBMs highlights how businesses can use partnerships to access infrastructure and adjust to changing markets (Cantele et al., 2020).

6.6 Synthesis

Existing frameworks offer insights on partnerships but fail to capture the urgency and external reliance typical of early-stage startup internationalization. This thesis modifies rather than rejects them to reflect startups' time-sensitive environments.

Despite different perspectives, all frameworks agree that growth depends on access to essential resources and external relationships (Bäumle & Bizer, 2022; Moen et al., 2010; Weiblen, 2015). However, they differ on whether advantage comes from internal development (RBV) or pooling external resources (SAT) (Bäumle & Bizer, 2022; Kero & Bogale, 2023).

Theories of International Business Expansion emphasize gradual entry, while RBV and SAT allow for accelerated entry via partnerships (Bäumle & Bizer, 2022; Kraus et al., 2017; Liesch & Welch, 2024). Views on partnerships also vary some see them as tactical tools for short-term

gaps, others, like Business Model Innovation, as strategic drivers of long-term value (Bäumle & Bizer, 2022; Moen et al., 2010; Tlemsani et al., 2024; Weiblen, 2015).

These differences highlight the need for a framework that explains how startups use partnerships to accelerate market entry despite pressure and resource constraints, an area overlooked by traditional internationalization literature.

The following table summarizes the key opportunities and risks associated with partnerships as viewed through each theoretical framework discussed.

Theoretical Framework	Opportunities Partnerships Provide for Startups	Potential Risks Partnerships Bring
Resource Based View	- Enable access to critical resources such as market knowledge and distribution networks.	- Over-dependence on external partners can limit internal capability development.
Strategic Alliance Theory	- Facilitate risk-sharing and enhance competitive positioning through synergies.	- Power imbalances may lead to knowledge leakage and reduced strategic control.
Theories of International Business Expansion	- Accelerate market entry and reduce liability of foreignness via established networks.	- Reliance on partners may slow internal knowledge accumulation and strategic independence.
Business Model Innovation	- Support business model adaptation by integrating local expertise and infrastructure.	- Continuous adaptation and renegotiation with partners can increase operational complexity.

Table 1 *Key Opportunities and Risks of Partnerships According to each Theoretical Framework*

7 Methodology

7.1 Research Design and Justification

This study an exploratory qualitative research design. Understanding partnership-driven decisions, which are underrepresented in current theory, required an exploratory approach that allowed for generating new hypotheses (Saunders et al., 2020). Qualitative research provides a flexible, discovery-driven approach allowing insights to emerge directly from startup founders and key stakeholders, rather than being limited by fixed survey structures (Creswell & Creswell,

2014). This way qualitative methods capture the motivations and strategic decisions behind partnerships.

Semi-structured interviews are the primary method used in this study to gather data to capture the complex dynamics of partnership formation and decision-making. Additionally, this balances a guided discussion and open-ended research, in contrast to structured interviews that may oversimplify complex interactions or unstructured interviews that lack comparability (Saunders et al., 2020). While allowing interviewees to explain their partnership strategies and processes for making decisions, it also aims to ensure consistency across responses.

This approach reflects the personal motivations and experiences that shape successful collaborations. Standardized surveys or rigid interviews would likely miss these factors, since partnerships are strategic.

7.2 Data Collection

7.2.1 Sample Strategy

This study used expert interviews with participants experienced in startup internationalization and partnerships. Following Gläser and Laudel's (2009) definition of experts as individuals with privileged knowledge of a social process, experts were defined as (1) founders and expansion leads of German B2B startups who had initiated or completed international expansion, and (2) external advisors like investors and incubator mentors who supported them. This mix of internal and external perspectives allowed the study to examine partnership decisions from both the startup and ecosystem angles. The final sample included eleven startup representatives, two investors, and one incubator mentor.

The sample included variation in size, maturity, and industry to ensure theoretical relevance. Purposive sampling captured diverse partnership dynamics among B2B startups. Especially since those startups have complex value chains and stakeholder environments, being more dependent on external partnerships (Hyrnsalmi et al., 2024; Kim Baroudy et al., 2020). Recruitment relied on professional networks and START, a global student entrepreneurship organization (START Lisbon, 2025). This access was valuable for reaching globally active startups, otherwise difficult to identify via public databases.

After 14 interviews, the same patterns kept repeating. No new second-order themes came up, which showed that saturation had been reached.

An overview of participant roles and company attributes is provided in Appendix 11.1.

7.2.2 Primary Data

Semi-structured interviews were conducted in-person or via Google Meet between early and mid-February, averaging 35 minutes. A standardized guide ensured comparability while allowing open discussion. Participants gave informed consent and were anonymized; startups are referred to in generalized terms. Interviews were recorded, transcribed, and translated if needed, with ChatGPT used to support transcript clarity and consistency.

The interview guideline for startups, investors and incubators is given in Appendix 11.2- 11.4.

7.2.3 Secondary Data

Secondary data, defined as information collected for other purposes (Hox & Boeije, 2005), was used to complement interview findings and clarify patterns. Recent academic papers, startup ecosystem analyses, and relevant articles enabled comparison between individual experiences and broader trends, improving interpretive accuracy and linking startup insights to industry dynamics.

An overview of the particular secondary data types used, is given in Table 2.

Type of Secondary Data	Number of Files
Scientific Paper	3
Startup Report	3
Websites	4

Table 2 *Types of Secondary Data*

7.3 Coding & Analysis

7.3.1 Overview of the Gioia Methodology

The Gioia methodology was used as a systematic and interpretive framework to analyze the qualitative data gathered for this study (Gioia et al., 2013). This methodology is suitable for capturing participants' experiences with partnerships during internationalization. While rooted in grounded theory, Gioia et al. (2013) formalized the method as an inductive tool for structured concept development. The method suits this thesis because it avoids pre-imposing corporate assumptions and allows theory to emerge from the startup-specific context.

Accordingly, all of the transcripts were initially coded into first-order concepts that were closely based on the language of the informants. Following that, these were categorized into second-

order themes that represented more general mechanisms and patterns of decision-making. Aggregate dimensions were then developed to reflect the broader strategic roles partnerships played. This structured process ensures transparency from raw data to theoretical insight, making the findings relevant for both researchers and practitioners.

7.3.2 Step-by-Step Coding Process

This study followed the Gioia methodology (Gioia et al., 2013) to develop findings, moving from first-order concepts to second-order themes and aggregate dimensions. Interview transcripts were reviewed multiple times, then coded using Atlas.ti to structure the data. Figures 1 to 3 illustrate the progression from raw quotes to final dimensions.

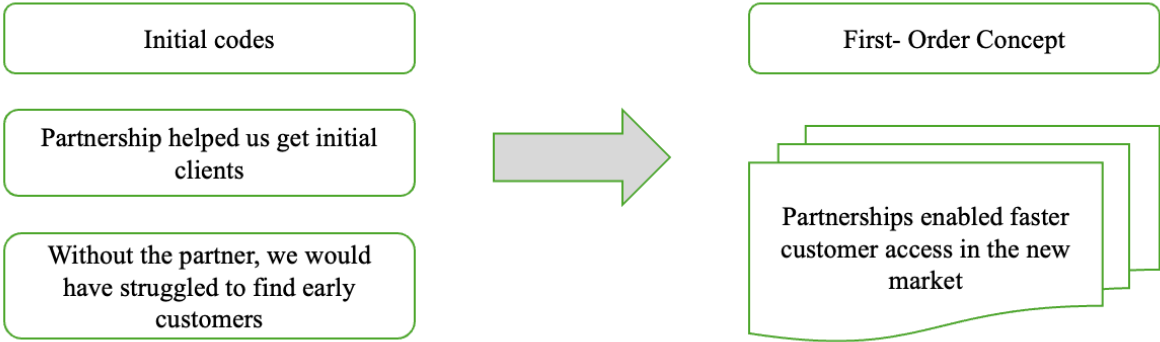


Figure 1 *Example of First-order concept development*

To maintain as close to the participants' original language as possible, the coding process began with open coding. This was a necessary step to avoid making premature theoretical assumptions, while allowing the participants themselves to explain why they formed and used collaborations. This led to the creation of 96 first-order codes that captured concrete decisions, such as selecting partners to accelerate market entry, and recorded statements on their effectiveness.

Axial coding was used to classify the original codes into more general categories after open coding. To keep the analysis consistent and clear, interviews were compared continuously to spot patterns that appeared across cases. This phase led to the creation of 21 second-order themes that expressed recurring patterns in how alliances were used during the globalization of German B2B startups.

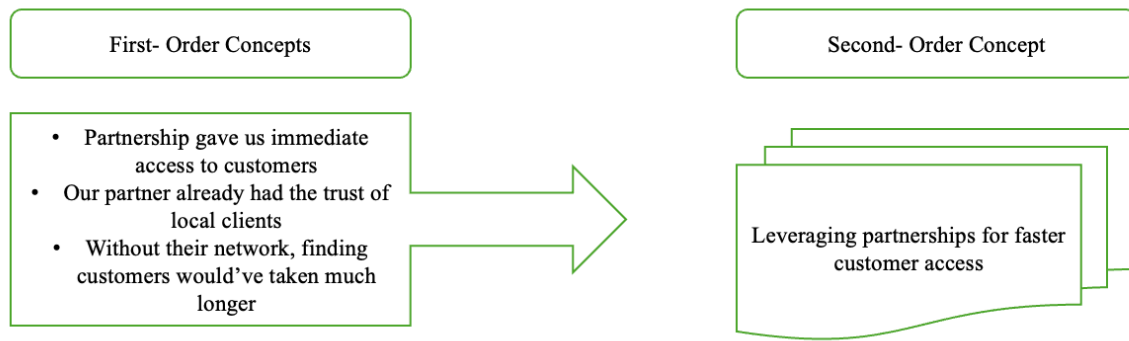


Figure 2 *Example of Second-order concept development*

Second-order themes were refined into seven aggregate dimensions capturing how partnerships shape key decisions and trade-offs during international expansion. These dimensions address the research question and form the basis for the empirical findings. To evaluate alignment and differences, each dimension was compared to the theoretical frameworks covered in the literature review.

A key challenge was overlapping codes, with statements reflecting tensions like speed versus preparation, or the risk of partnerships failing to replace internal knowledge. Quotes were repeatedly examined in context to clarify meaning and assign themes. Another challenge was ensuring balanced representation across incubators, investors, and startups, despite uneven interview numbers. Themes were refined to reflect diverse perspectives beyond individual cases.

Triangulation with secondary data was used throughout the coding process to validate emerging patterns. Comparisons with industry reports and ecosystem studies helped verify whether interview results reflected case-specific irregularities. The resulting Gioia Data Structure (see Table 3) shows how detailed interview data was developed into broader theoretical insights. This increases transparency and supports credibility. By staying close to real experiences, the framework ensures the theoretical contribution reflects challenges faced by German B2B startups during international expansion.

Figure 3 summarizes the analytical steps followed, based on the Gioia methodology and the guidelines outlined by Gioia et al. (2013).

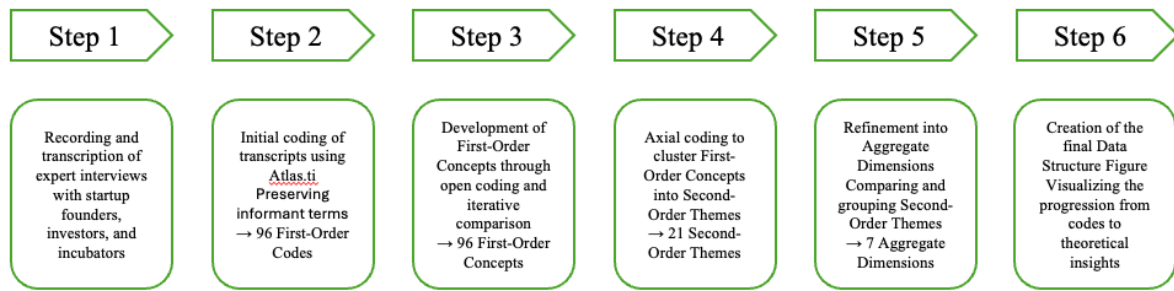


Figure 3 Overview of the data analysis steps, based on Gioia et al. (2013)

7.3.3 Rigor Through Iteration and Triangulation

The coding procedure was iterative, with each cycle used to revisit and refine theme development to ensure analytical rigor. To improve conceptual clarity and reduce overlap, second-order themes were iteratively refined through comparisons across different interview roles. Key themes from the interviews were compared with information from secondary sources. This helped assess whether findings like the tension between preparation and speed were specific to these cases or part of a broader pattern in startup internationalization.

8 Findings and Discussion

8.1 Opportunity-Driven Market Selection

This aggregate dimension captures how German B2B startups choose international markets based on immediate external opportunities rather than long-term planning or internal readiness. Participants consistently described expansion decisions as driven by strong customer pull and accessible regulatory environments. These early choices reveal the logic under which internationalization begins, laying the groundwork for understanding what role collaborations play in the startup expansion.

8.1.1 Reasons for International Expansion

The first second-order theme captures the core motivations behind initial international expansion. This theme emerged from a set of first-order concepts reflecting opportunistic decision-making driven by external market signals. Across the interviews, founders consistently cited strong customer demand and clear growth potential as key drivers. As one founder of a marketplace startup noted, their current focus on Denmark and Finland was driven by “*strong purchasing power and a high demand for EVs.*”. This illustrates a trend where international moves are driven by market opportunity rather than long-term planning. A B2B-

SaaS founder expressed a similar logic: *“Where is there a high demand for our solution, and where can we scale quickly.”*

The theme suggests that many startups expand reactively rather than based on a pre-developed internationalization strategy. This behavior differs from traditional internationalization models that assume firms expand based on internal knowledge or structured planning. Instead, startups in this study act with urgency, driven by short-term growth potential.

8.1.2 Reasoning for Chosen Country

Although the choice to grow is usually driven by opportunities, the selection of specific countries is often shaped by regulatory fit. This theme emerged from first-order concepts reflecting the regulatory and operational hurdles startups face when evaluating which countries they can enter. One GreenTech founder shared: *“We then chose France because it is a major industrial nation with many potential customers. Additionally, France has particularly strict CO2 regulations, making it an ideal market for us.”*. A former country lead at a B2B SaaS company explained how the startup prioritized countries that provided regulatory access to vehicle registration data, which enabled expansion: *“[...] chose additional countries based on regulatory allowances, because our product involved license plate scanning, we needed easy access to vehicle registration data. The selected countries allowed this, making expansion feasible.”*

These decisions show how startups filter through markets based on what is realistic and feasible from a legal standpoint. Strong data infrastructure or well-defined regulations make a country more appealing. This demonstrates that when growing globally, operating legally is just as important as market size or cultural fit.

Synthesis

Startups pick countries where demand and regulations fit well, focusing on quick moves instead of slow, planned growth based on internal experience.

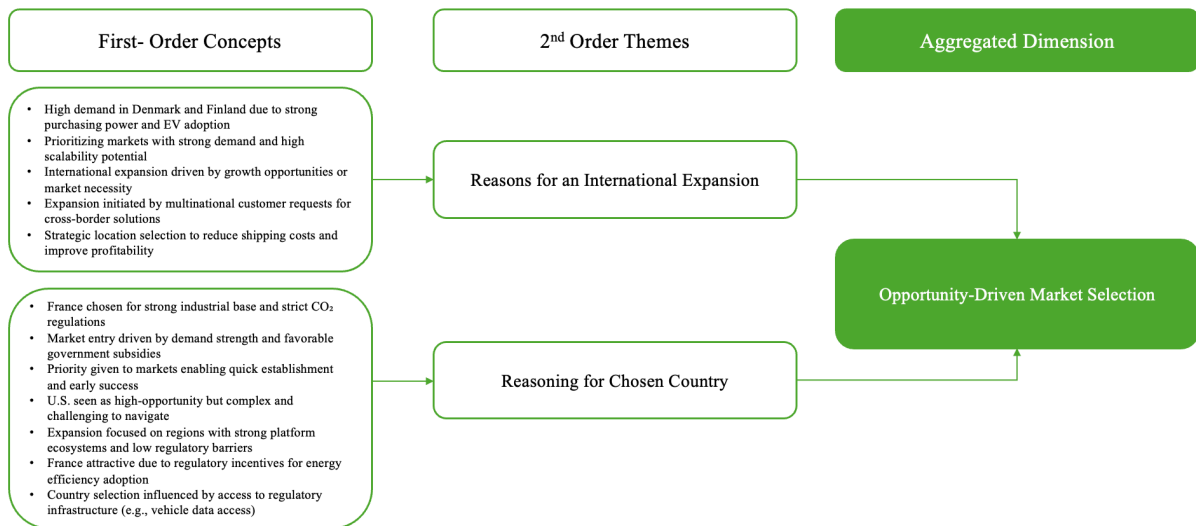


Figure 4a *Data structure showing the first aggregate dimension*

8.2 Operational Overstretch

This section explores the operational challenges that arise when startups move from domestic operations into global markets. The data shows that international moves driven by speed frequently exceed internal scaling capacity, resulting in an ongoing pressure that requires reactive decisions and execution. The five second-order themes that emerged illustrate how resource constraints and market uncertainty shape the internationalization journey of German B2B startups. To cope with this operational overload, startups often turn to partnerships to take on responsibilities they lack the capacity to handle internally.

8.2.1 Balancing Speed and Research

This theme reflects the tension startups face between the need to act fast and the awareness that they lack full market understanding. A founder captured this tension concisely: *“Do your research but act quickly”*. A mentor from an incubator additionally explained: *“If you wait too long before expanding, you might lose touch with what made you special in the first place.”*. These observations demonstrate how startups view a limited window of opportunity to enter international markets, particularly in industries that are changing quickly. However, acting too quickly can be costly, as illustrated by a former country lead at a SaaS startup reflected on their misstep in Denmark: *“We entered the market too quickly without proper preparation.”*, which led to failure. This pattern illustrates a fundamental dilemma: founders understand the importance of strategic timing and preparation, but they hardly ever feel prepared to handle both.

8.2.2 Competitive Concurrence

Many startups base their decision to stay out of a given market more on the level of competition than on consumer demand. Even high-demand markets can be excluded if they are seen as overdeveloped or dominated by established players. One GreenTech founder described this problem when reflecting on their decision to avoid the Scandinavian market: *“The Netherlands has a very strong heat pump market and a great renewable energy sector, but it is not as highly competitive as Scandinavia, which would have been a logical next step but is already dominated by major players”*. In other cases, government-supported local competitors created a difficult entry barrier. As one startup put it, *“The market was already highly saturated, energy efficiency and smart building solutions are far more advanced in Sweden than in many other countries. Many businesses already had comparable solutions, some of which were even government-funded”*. These comments demonstrate a practical reasoning: whether there is space to operate at all is more important than capability or product fit when it comes to breaking into an appealing market.

8.2.3 Challenges of Market Adaption and Context-Specific Strategies

This theme captures how many startups wrongly assume that strategies successful in Germany will translate seamlessly to other markets. Success in the German market often creates the dangerous illusion that the same approach will work just as well abroad. Several interviewees flagged this as a common mistake made by founders. One investor noted: *“Often, there’s this mindset of ‘Hey, our model works in Germany, so we can just copy-paste it into a new country,’ but unfortunately, that rarely works.”* It is common to underestimate the significance of local nuance, whether in user behavior or customer expectations, because of the belief that success at home unavoidably translates to success elsewhere. This misalignment often only becomes apparent after launch, when initial theories prove ineffective. A different business angel reflected on how this belief plays out in practice: *“I’ve seen many successful founders assume that just because they were successful in their home market, they can copy-paste that success elsewhere. That doesn’t work like that.”* In addition to an overreach, the quote shows a lack of awareness of the effort required to build credibility and traction in unfamiliar markets. Startups are frequently forced to redesign important aspects of their operations, such as product positioning and communication style, in order to remain relevant. One FinTech employee summed it up: *“You can’t assume that customers in other countries have the same needs and*

expectations as in Germany.”. This demonstrates how rapidly a startup's presumptions are put to the test by early international expansion.

8.2.4 Country-specific Complexities

Many German B2B startups treat internationalization as a logistical task, but in practice, it often comes down to understanding cultural fit. This theme is demonstrating how startups frequently misunderstand culturally standards for communication and professionalism in new markets. It's not the translation of documents or setting up local bank accounts that slows them down; it's the ways in which decision-making and communication work differently once they leave the German-speaking region.

One employee highlighted this contrast when reflecting on their experience in France: *“In Germany, business operations tend to be highly process-driven, everything must be well-documented and structured. In other markets, such as France, we noticed that companies focus more on practical implementation.”*. The quote highlights different assumptions about what is being consider as being prepared and credible in a new market. Similarly, when a FitTech startup expanded to the U.S., their local expansion lead noticed that more stakeholders were involved in decisions, which led to timelines being stretched unexpectedly. The issue wasn't demand, it was rhythm. In Germany, quick corporate decisions felt normal. In the U.S., they hit a wall of careful consensus-building: *“In Germany, gyms and corporate wellness programs tend to make decisions relatively quickly, but in the US, larger chains and corporate partners involve more stakeholders in the decision-making process.”*

These examples reveal a consistent pattern of underestimated complexity in otherwise appealing markets. Startups frequently assume that once a product works, everything else will fall into place, but local norms and communication styles add a layer of resistance that isn't obvious during the planning stage.

8.2.5 Expansion Being Time Consuming

For many startups, internationalization doesn't just stretch teams, it splits their focus across multiple priorities. This theme is grounded in first-order concepts that reflect how founders experienced time pressure as a challenge. The same people responsible for opening new markets are often still expected to maintain performance at home. This overlap creates a structural tension, turning expansion into a second full-time role added onto existing responsibilities. One FoodTech CEO explained the issue: *“One of the biggest challenges has been managing*

expansion while maintaining our daily operations in Germany". This forces internal focus and resource trade-offs in addition to increasing logistical complexity. Teams are pulled in two different directions as they attempt to maintain momentum domestically while grabbing opportunities overseas. Another interviewee reflected: *"We underestimated how much time and focus the Dutch market would require. Our main market in Germany still requires a lot of attention [...]"*. These are not just growing pains. They demonstrate that the company is overwhelmed with no way to slow down in any market.

These examples show that international expansion isn't just a chance to grow. It also puts serious pressure on the team. Without the luxury of growing their teams properly, startups have to divide their limited resources and attention among conflicting priorities. Managing this tension takes more than ambition. It calls for a constant balancing act between preserving the internal structure that drives growth and pursuing external expansion.

Synthesis

Startups face a constant trade-off between being ready and moving fast, often expanding without the infrastructure to manage growth sustainably.

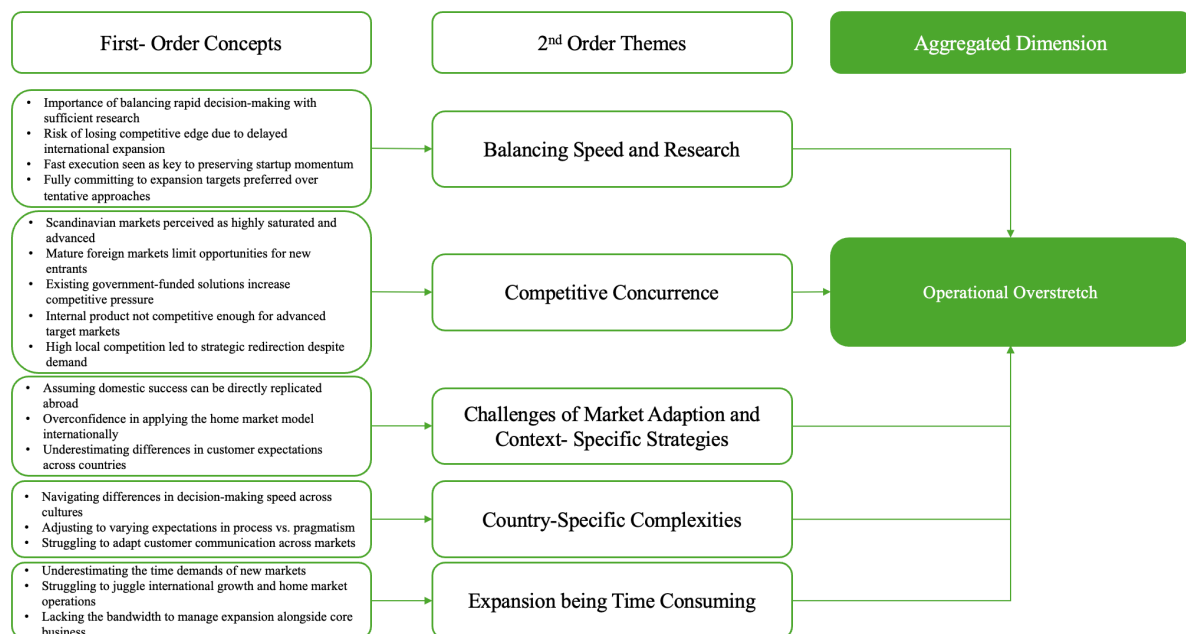


Figure 4b *Data structure showing the second aggregate dimension*

8.3 External Enablement

This section looks at how founders use partnerships to get around operational limits and speed up market entry, especially when building capabilities internally would take too long. Startups

often face the issue of having to move more quickly than their internal resources allow for it. In this study, startups often relied on external networks to accelerate their expansion rather than postponing it. The data shows that partnerships help startups handle logistics and entry barriers by giving them short-term access to local resources instead of having to scale everything themselves.

8.3.1 Speeding up the Market Entry

For many startups, entering a foreign market is not delayed by uncertainty but by the operational burden of building infrastructure from scratch. This theme demonstrates how partnerships compensated for internal capacity limitations. Instead of postponing expansion to build internal infrastructure, startups gained early access to target markets through external alliances.

As one interviewee explained, partnerships directly accelerated their expansion: *“They’ve influenced our market entry because they allow us to enter faster, which is a huge advantage.”*. Another employee at a SaaS company reflected on a similar experience: *“While partnerships didn’t solve all our challenges, they made the process faster and more efficient.”*. These findings demonstrate how partnerships were viewed as strategic instruments that shortened timelines and eliminated early-stage bottlenecks rather than as an all-in-one solution. This reflects a new pattern: startups used external partnerships to accelerate execution, not to delegate strategic decision-making. Founders recognized the limits of their internal resources and used partnerships to move forward without building everything in-house. Lean teams were able to act without the usual delays that come with entering a new nation.

8.3.2 Speeding up Operations and Logistics

While digital products can often scale without physical infrastructure, startups offering hardware products face immediate logistical constraints when entering new markets. This theme shows how startups used partnerships to overcome operational constraints, particularly in distribution and delivery.

A key expansion employee at a German EdTech startup explained: *“Logistics was also a massive challenge.”*. Another interviewee, preparing for a U.S. launch, emphasized the scale of the problem: *“We will likely need to work with logistics partners because we currently can’t afford to manage distribution across the entire country ourselves.”*. In some cases, familiarity with local providers even influenced market selection as one ecommerce startup put it: *“For logistics, it was a no-brainer since we already worked with shipping providers in Germany.”*

These examples show how startups use partnerships to overcome operational gaps that would be too slow or expensive to address on their own. The founders relied on reliable partners to manage delivery rather than postponing launch until internal logistics could be established. Since the infrastructure was managed by outside partners, teams were free to concentrate on expansion and product-market fit.

Synthesis

Startups used partnerships to skip internal scaling, outsourcing readiness to enter markets faster and make expansion possible at all.



Figure 4c Data structure showing the third aggregate dimension

8.4 Local Integration

Building local knowledge through partnerships enables startups to align products with market-specific needs and navigate regulatory landscapes. This section looks at how the founders relied on outside partners to help them understand local markets in real time. The startups in this study outlined a more iterative strategy where market knowledge was developed during expansion, not before. This in contrast to traditional models that place a higher priority on pre-entry analysis.

8.4.1 Explaining Local Needs and Wishes

The discrepancy between believed client needs and true local preferences was one of the first obstacles startups faced when expanding internationally. Founders often entered new markets expecting their current product to work but ran into major differences in local expectations. This theme describes how collaborations assisted in identifying those distinctions early on, before they turned into expensive mistakes. Startups were able to access firsthand knowledge

through local partners that would have been challenging to acquire through traditional research techniques. A former country lead of a SaaS startup explained how collaborating with a Danish partner reshaped their understanding of user needs: *“Our Danish partner works directly with our target customers, so they understand their needs and pain points far better than we could on our own.”*. Another founder reflected on the broader value of local expertise: *“Local partners help us bridge cultural gaps and enter markets more effectively.”*. These viewpoints show that partnerships not only allowed for an easier market entry but also access to cultural knowledge and real-time customer feedback.

Interviewees repeatedly emphasized that product adaptation occurred during, not before, market entry. Despite prior planning, key expectations only surfaced once the startup was embedded in the local setting. Partnerships provided a direct interface with the market, allowing teams to change their value propositions based on real user behavior rather than assumptions.

8.4.2 Product Adaptation and Navigating of Local Regulations

To meet local regulatory demands, many startups had to modify core product components rather than simply translating their offering when entering new markets. This theme shows how founders relied on partners to translate regulatory requirements into concrete product changes while also supporting implementation. Early alignment with compliance requirements was essential, especially in regulated industries like SaaS and GreenTech.

A GreenTech founder explained how regulatory nuances shaped their product roadmap in the Dutch market: *“Our partners provided crucial insights on how to adjust our software to meet local compliance requirements.”*. These changes affected both how the product was delivered and how key functionalities were structured. One founder of a sustainability-focused startup explained how early collaboration helped align product design: *“That’s why we initially worked with sustainability experts to tailor our software to the specific needs of the market.”*. In both cases, partners helped turn broad expansion strategies into specific action plans.

These situations show that research alone was rarely used to address regulatory adaptation. Instead, compliance was addressed through ongoing dialogue with local experts who understood how regulations applied in practice, not just in legal terms.

8.4.3 Bypassing Regulatory Hurdles

Startups sometimes avoided regulatory systems entirely by integrating with partners who already had the required approvals, rather than just adapting to them. This theme illustrates how

startups used partnerships to bypass slow approval processes. Some founders chose to integrate into a compliant partner's infrastructure to launch more quickly rather than waiting months or longer for certification.

A business angel illustrated this through a FinTech case in France: *“Instead of waiting, they partnered with a French banking institution that already had the necessary approvals. By integrating their solution into the bank’s existing framework, they were able to launch in just four or five months, far faster than if they had gone through the regulatory process alone.”*. This kind of shortcut frequently meant the difference between being the first to market or losing the window entirely in highly regulated industries like finance or health tech.

What makes this pattern different is that startups used partnerships to get access to regulatory approvals. The startups chose partners whose legal status permitted them to start operations right away rather than outsourcing compliance. This allowed internal teams to focus on product and growth while shifting the regulations to external partners. By entering through existing regulatory structures rather than relying on external advice, startups depart from typical open innovation models. Hence, they reframed regulation as something to access rather than overcome by aligning with partners who already had approvals.

Synthesis

Startups used local partnerships to quickly close knowledge gaps and manage regulatory risks, showing that deep local integration is essential for fast, accurate international expansion.

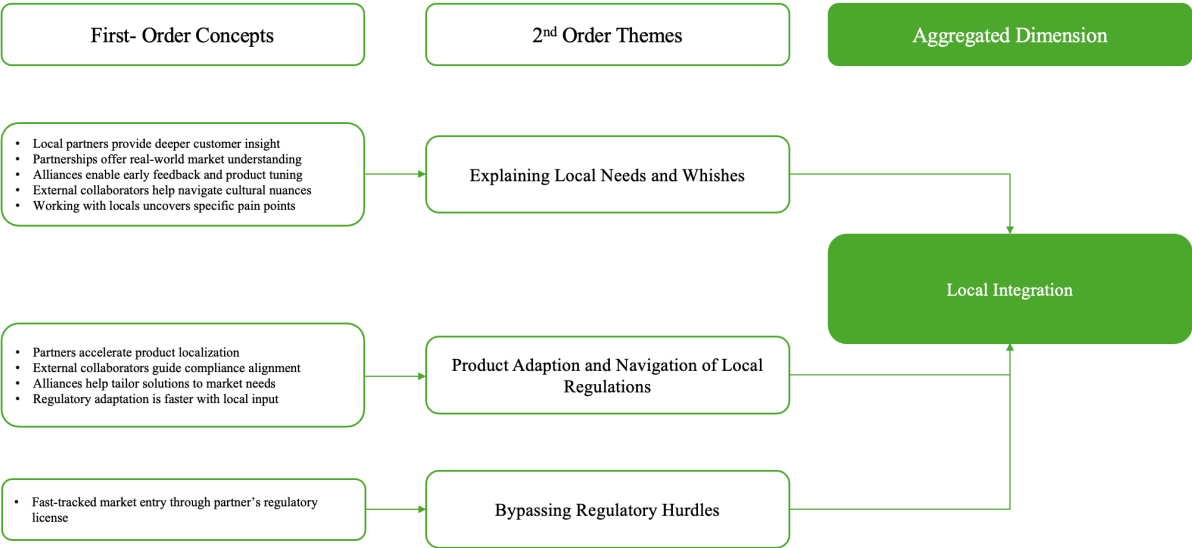


Figure 4d Data structure showing the fourth aggregate dimension

8.5 Legitimacy Access

Achieving market traction without prior presence is a major challenge for expanding startups. Startups cannot depend on strong local ties or brand awareness like established businesses can. Cold entry often results in stalled conversations and initial mistrust. According to interviewees, partnerships provide a shortcut through these obstacles, by offering access to pre-existing networks and immediate credibility. It would have been hard for them to enter the market at this level on their own. The emerging second-order themes illustrate how startups leveraged their partners' legitimacy and relationships to gain immediate access to key decision-makers and sales channels in new markets.

8.5.1 Gaining Trust and Credibility

Startups entering new markets frequently struggle with a lack of credibility, not because their product is less valuable, but rather because local stakeholders are unaware of their existence. In cautious industries, this credibility gap can completely prevent entry or delay sales. Interviewees described how strategic partnerships helped bridge this gap by transferring trust from an established local partner to the unfamiliar startup. In sectors like healthcare and enterprise software, where reliability and reputation are closely linked. One Founder explained: *“Our partnerships helped us build trust faster and sell our solutions more effectively.”*. This was not just about speed. The partnership functioned as a shortcut to credibility, removing the difficulty that typically comes with being unknown in a new market. A SaaS country lead reflected on the expansion into Italy: *“Their reputation with our customers played a big role.”*. In both cases, startups relied on the partner's established legitimacy to bypass cold entry barriers and gain access to customer trust they had not yet earned themselves.

This reveals a consistent strategy: startups accelerate trust-building by leveraging partner legitimacy instead of developing credibility organically over time. The credibility of the partner helps to unlock customer interest that would otherwise require months or years of preparation. This is particularly relevant in regulated or conservative sectors, where trust is based on relationships, not time or track record. By using this strategy, startups can capitalize on the instant credibility of a well-known brand rather than the gradual process of developing an organic reputation.

8.5.2 Access to Partner’s Network

While initial conversations were enabled by trust, real scalability came from the partner’s existing network. Several founders explained how their alliances not only gave them credibility but also opened doors that would have remained closed otherwise. They entered new markets through joint platforms or warm introductions rather than cold outreach. One participant noted: *“Recommendations from trusted partners made it easier to secure meetings.”*. Another founder in the financial sector shared how a key partnership in France unlocked targeted reach right away: *“Our platform partners gave us immediate access to a massive number of businesses that fit our exact target audience. Had we done it alone, it would have taken us years to reach the same point.”*. This level of access reshaped the startup’s sales approach and significantly reduced time-to-market. Partners made the sales process smoother, which helped close deals faster and convert more leads. They did more than just make introductions. One founder added that this early traction also brought financial benefits: *“They helped us find customers more quickly, reducing our burn rate and improving our survival odds.”*.

Synthesis

Startups used partnerships to gain trust and customer access quickly, replacing slow credibility-building with immediate relevance and making rapid expansion both feasible and sustainable.

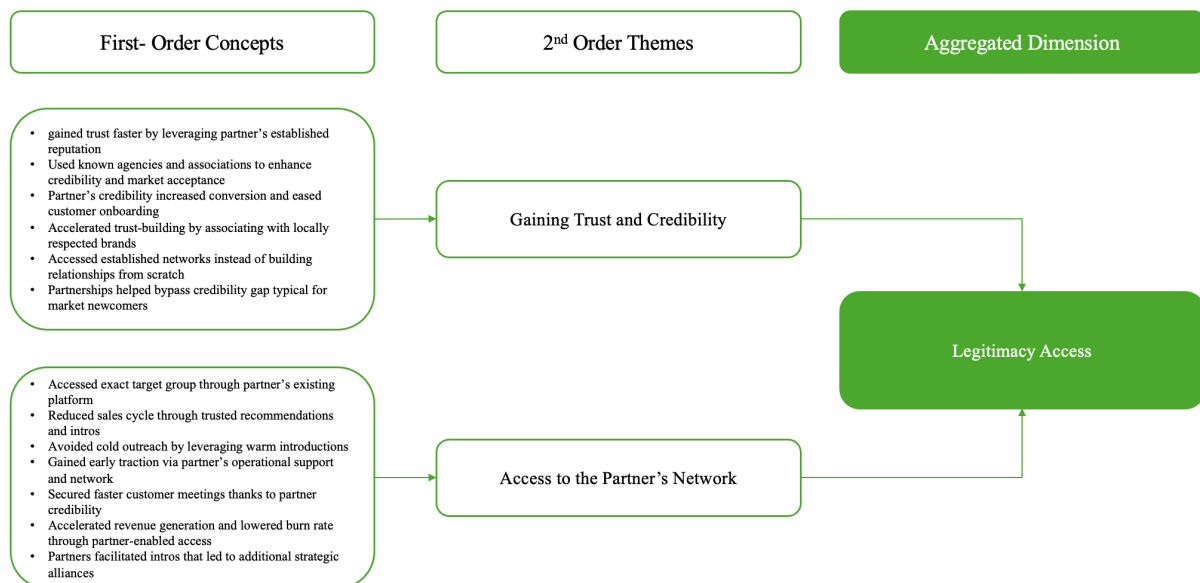


Figure 4e Data structure showing fifth aggregate dimension

8.6 Strategic Vulnerability

While earlier sections emphasized the benefits of alliances during market entry, this theme focuses the risks when core functions are outsourced. When startups failed to develop those skills internally, partnerships that at first solved problems turned into bottlenecks or blind spots. Founders discovered they had not developed the ability to change course or replace what had been outsourced when a partner failed to meet expectations or delivered poor work. This section examines how reliance on outside parties can quietly undermine independence or weaken strategic control.

8.6.1 Dependency on a Partner

To speed up early market entry, startups frequently relied on outside partners to delegated key functions such as customer discovery and regulatory compliance. However, a number of founders later realized that this dependence came at the expense of building up internal market knowledge. Speed was made possible by this outsourcing, but it also meant that the partner, not the startup, retained a large portion of the local knowledge. One business angel summarized the risk: *“A big risk for startups is relying too much on partnerships and failing to build their own knowledge in the market.”*. This knowledge gap may go unnoticed until a partnership breaks down or the startup attempts to replicate its strategy elsewhere but discovers it lacks the necessary knowledge to do so on its own. An EdTech employee reflected on this trade-off: *“You should never be overly dependent on a partner, nor should you let a partner hold any power over you.”*. Their team had scaled rapidly in a foreign market through a local reseller but later struggled to course-correct when early traction didn’t translate into longer-term growth.

This theme reveals a strategic blind spot: in prioritizing speed, startups may compromise their ability to build internal market intelligence. Knowledge comes not only from operating in the market, but also from direct communication and internal reflection, both of which are hindered when partners mediate the experience. Outsourcing can be a developmental turn in addition to being an execution shortcut, which creates a strategic tension.

8.6.2 Failed Partnerships

A number of interviewees recounted instances in which a partnership that appeared solid on paper failed to work out in reality. Despite aligned goals on paper, disagreements over expectations or execution frequently led to conflict. In certain instances, partners did not fulfill important obligations in other cases, startups overestimated the partner’s capacity or readiness

to deliver on key responsibilities. One former country lead recalled a disappointing expansion attempt in the UK: *“A failed partnership we experienced was with resellers who were supposed to help us sell, but we were not aligned. We lacked trust in them, and we weren’t sure if they would represent our product the way we wanted.”*. These insights highlight the tension that work is often asymmetrical in collaborations. Partners, particularly larger or more established ones, may view the partnership as secondary, resulting in misaligned expectations and poor performance, whereas for startups it may be essential to their survival.

Alliances often fail not due to bad intent, but because of misaligned priorities or missing feedback loops. Founders frequently discover this too late in rapid expansions. Startups don't have the time or resources to fix problems in the middle of the process, which not only frustrates customers but also puts their reputation and operations at risk.

8.6.3 Limitation of Partnerships

Several participants emphasized the practical limits of what these collaborations can deliver. The most common insight was not that alliances failed completely, but that their value was often overestimated. One founder was clear about the asymmetry between expectation and outcome: *“However, in terms of scaling, I wouldn’t say they played a major role.”*. Partnerships rarely took the place of internal execution power, even though they helped in overcoming particular obstacles. When asked if partnerships led to bigger strategic changes, most founders said the core business stayed the same. According to one interviewee: *“No, our core business model remained the same. Of course, we had to adapt to different regulatory requirements and standards in various countries, but we didn’t fundamentally change our model for any market.”*. These comments show that partnerships often support growth, but they don’t change the main direction of the company.

Startups were often disappointed when they assumed their partners would lead the expansion or take full responsibility for execution. One founder expressed this reality: *“They won’t do all the work for you, nor will they single-handedly determine your success. You still need to develop a product that solves a significant problem for your customers.”*. Collaborations needed constant management and most importantly, internal readiness, rather than being an all-in-one solution.

8.6.4 Time Dedication

One of the less obvious but common mentioned challenges in the interviews was the time commitment that partnerships require, regardless of whether they succeed or fail. The interviewees frequently talked about how external partnerships, even when successful, required a lot of internal focus and effort. As one interviewee put it plainly: *“The real question with any partnership is whether it provides enough value for the time invested. Sometimes you dedicate a lot of time and effort into a partnership or a program, like our recommendation initiative, and it doesn’t yield the expected results.”*. Demonstrating that partnerships often increased their workload rather than reducing it. The necessary coordination, which included goal alignment and result tracking, evolved into a second level of operational accountability. A number of participants emphasized that maintaining these connections required time away from essential tasks like product development and customer service. Partnerships required constant trade-offs, not just big strategic calls. This goes against the common idea that collaborations always save time or make things easier.

Synthesis

Partnerships help startups expand faster but also create risks like over-reliance and distraction, making it critical to weigh their benefits against hidden costs.

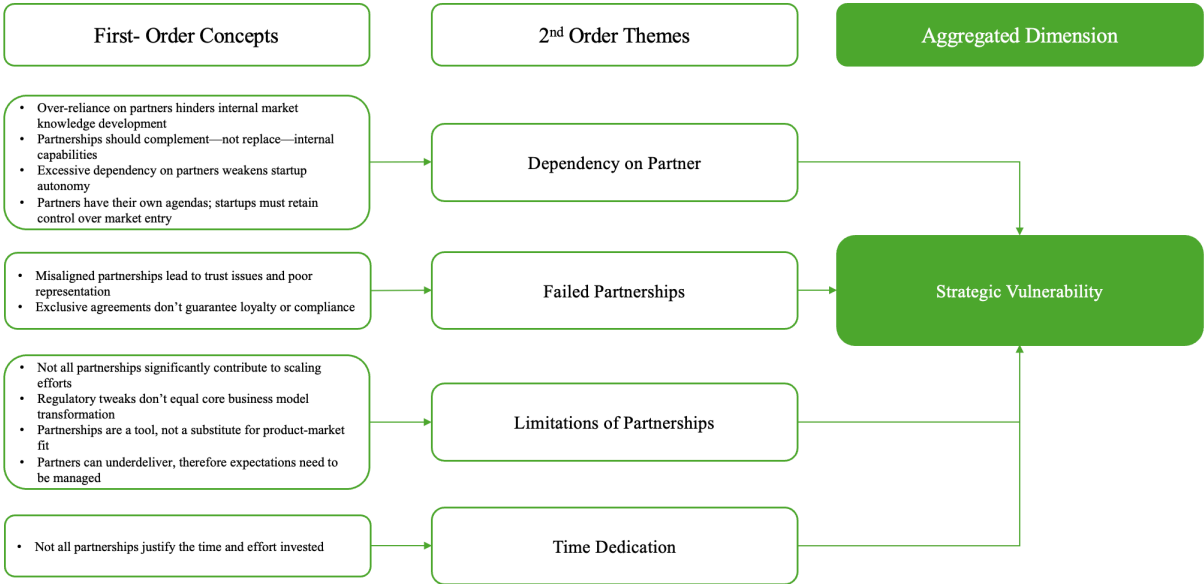


Figure 4f Data structure showing sixth aggregate dimension

8.7 Partnership Control

While previous findings have shown how partnerships can enable a faster international entry, this final dimension focuses on how startups actively manage risk and maintain control during expansion. Founders must actively manage these collaborations to avoid long-term dependency and strategic misalignment. Partnerships have an impact on how the startup allocates its resources and how much strategic control it maintains. Alliances are viewed as instruments that must demonstrate their worth over time, and the practices documented here indicate a move away from reactive scaling and toward intentional control. As visualized in Table 3, this dimension brings together three second order themes that illustrate how founders mitigate risk and define boundaries during an expansion.

8.7.1 Protection of Danger

Startups expanding internationally often have little room for mistakes. In this situation, many founders saw early partnerships not as a sure advantage, but as a risk if handled poorly. This theme shows that startups see partnerships as flexible and temporary. To reduce risk, they often set clear limits and exit options. Several interviewees said it's crucial to end weak partnerships early to avoid long-term problems. One business angel, reflecting on a negative experience from a startup in his portfolio, emphasized: *“Finally, be rigorous about ending partnerships that aren't working. If you start sensing distrust, unmet expectations, or inefficiencies, cut ties sooner rather than later.”*. Others said it's important to add protections early, like test runs or clear contract terms. A SaaS expansion lead described: *“and I'd always recommend a testing phase.”*.

This approach shows a proactive way of thinking. Startups use partnerships to spot problems early instead of waiting until things go wrong. Trial runs and contracts were all suggested as strategies to lower friction and guarantee alignment before scale. Startups that had problems with early partnerships were more cautious. They saw new partnerships as tests, not something to trust right away. This questions the idea that partnerships always work well for both sides.

8.7.2 Alignment of Expectations

Startups frequently face severe time constraints when entering new markets. They don't have the time to start from scratch or devote months to careful preparation. Although the findings have indicated that alliances allow for a shortcut to market access, the interviewees also emphasized that speed alone is not enough. In order to be valuable, a partnership needs to be

founded on a clear strategic fit, where the partner improves the startup's strengths rather than replicating them or causing conflict.

Interviewees said that unclear roles or responsibilities often caused partnerships to fail or lose value. One SaaS employee reflected: *“Another challenge was aligning expectations. What does success look like for both sides? What are the long-term goals? Some partners had different ideas about what a successful partnership should achieve, and that required a lot of discussions.”*. This was one of many examples showing how unclear goals or mismatched expectations can cause early problems. But setting clear roles was just one part of how startups became more selective with partnerships. This change showed a shift toward a more strategic way of working with others. Collaborations should expand the startup's scope into fields it is unable to cover on its own. Young companies run the risk of internal conflict or redundancy when these boundaries are blurred. Before committing, experienced teams established procedures to evaluate strategic overlap. This was often done through pilot stages designed to test whether the partner closed a real capability gap or simply added complexity.

8.7.3 Selective Use of Partnerships

The empirical findings revealed a more deliberate and selective approach to using partnerships. These should mainly be used when internal resources are insufficient. Blindly collaborating on every aspect of the company run the risk of inefficiency and even a loss of competitive edge. Several participants emphasized that startups must retain ownership of their core competencies. One GreenTech founder explained: *“Our sales team, both nationally and internationally, is doing a great job, so we didn't see the need for external help there. I believe you have to do some cherry-picking, use partners where it makes the most sense for you.”*. Another expansion lead reinforced this: *„Also, don't rely on partners for things you're already strong at.”*. External partnerships were seen as a way to complement internal strengths, not to substitute for them.

Synthesis

Partnerships only create value when carefully planned and managed; without clear goals and oversight, they risk becoming liabilities instead of enablers.

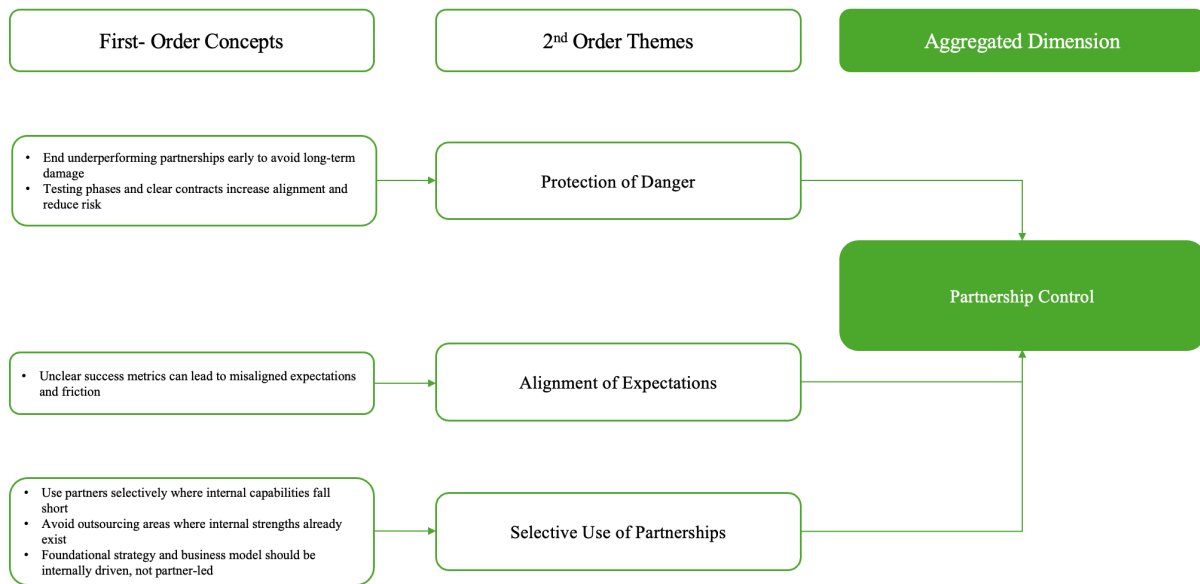


Figure 4g Data structure showing seventh aggregate dimension

8.8 Alignment and Contradictions Between Empirical Findings and Theoretical Frameworks

This section compares the empirical findings from 8.1 to 8.7 with the theoretical frameworks introduced in the literature review and the secondary data. The aim is to examine how the findings support, challenge or extend existing assumptions about the role of partnerships in the internationalization of German B2B startups. Each subsection examines one aggregate dimension in relation to core theories such as the Resource-Based View, Strategic Alliance Theory, the Uppsala Model, Born Global theory, and Network perspectives.

8.8.1 Reconciling Empirical Insights and Theory on Pre-Expansion Motives

The findings in 8.1 show that startups rarely expand based on internal maturity. Instead, expansion is driven by external factors like market demand and feasibility. This challenges the Uppsala Model and Resource-Based View, which emphasize gradual capability development (Bäumle & Bizer, 2022; Liesch & Welch, 2024). Startups respond to external signals, aligning more with Born Global theory (Cannone & Ughetto, 2015; Morais & Franco, 2018; Steinhäuser et al., 2021), though the findings suggest early internationalization is even more reactive and unplanned than Born Global models assume.

The founders gave operability more importance than focusing on psychically close markets. Regulatory complexity, especially around compliance and data access, was a more significant constraint than cultural or geographic distance. Contrary to traditional frameworks, which represent a gradual transition from known to unknown markets (Morais & Franco, 2018). These

findings are supported by recent reports, as Davidson (2024) and the Frankfurt Startup Ecosystem (2018) report of a higher priority on lead markets and regulatory fit than cultural similarity.

When combined, the results in 8.1 place doubt on capability-first or linear internationalization strategy. Startups grow when the market is open and customers are asking, not when they're ready. This pace and logic are difficult for theories that rely on capability building or experience-based learning to explain. These young companies expand before they are structurally ready to do so, which makes partnerships discussed in this thesis relevant.

8.8.2 Reconciling Empirical Insights and Theory on Operational Strain During International Expansion

The findings in 8.2 show that international expansion creates more operational strain than traditional frameworks suggest. Startups faced pressure to act despite capability gaps, challenging the Resource-Based View's claim that expansion follows gradual asset development (Kero & Bogale, 2023; Milosevic, 2020). Ecosystem reports promote early internationalization but overlook the operational stress from speed-versus-planning conflicts (Startup Genome, 2022; Weaver, 2024). Strong products alone did not guarantee market access, challenging RBV's assumptions (Bäumle & Bizer, 2022). Instead, the findings align with the liability of foreignness concept, which recognizes barriers that can block newcomers (Kraus et al., 2017; Morais & Franco, 2018).

The findings showed that startups adapted reactively under pressure instead of following a planned strategy. Business Model Innovation usually focuses on proactive, internally driven changes (Ibarra et al., 2018), but startups in this study adjusted their operations and practices only after facing local conditions. This reactive and partner-dependent behavior fits better with the Open Business Model perspective, which allows more external influence and flexible adjustments (Weiblen, 2015). One major gap in the literature is the operational pressure of growing internationally without losing focus on the home market. The findings showed that young companies struggled to manage both at the same time. This insight refines the Resource-Based View by showing that limited capacity can block international growth (Milosevic, 2020). A recent Startup Genome report (2024) supports this by highlighting time and focus risks when companies expand too early.

Existing theories focus on planned growth, but the data shows that startups often expand without being fully ready. They do not wait because they cannot afford to. This is not just a

small difference from what theory suggests, it reveals a deeper gap. Partnerships are not optional extras; they are the only way to deal with limited time and resources.

8.8.3 Reconciling Empirical Insights and Theory on the Role of Partnerships to Accelerate Operations

The findings in 8.3 show that German B2B startups use partnerships to bypass operational bottlenecks, accelerating distribution without waiting for internal infrastructure. This aligns with SAT and RBV, which argue that partnerships compensate for missing resources (Bäumle & Bizer, 2022), and with Network Theory, which highlights using external networks to ease market entry (OECD, 2023). While the Uppsala Model now acknowledges networks, it still emphasizes internal development (Liesch & Welch, 2024; Morais & Franco, 2018), contrasting with the faster, externally driven approach seen in this study.

Reports show that Born Global startups often rely on partnerships to access existing distribution and logistics networks (Capik & Brockerhoff, 2017). This supports the findings that startups can enter new markets without setting up these systems on their own. Additionally, the research from Doyle (2023) and McKinsey (2020) emphasize that using local supply chains is a pragmatic and resource-efficient strategy for early expansion. This mirrors the cases in 8.3, where partnerships substituted internal infrastructure to enable faster entry.

In sum, the findings in 8.3 are well-aligned with strategic management theories focused on resource gaps but introduce tensions with traditional staged internationalization models. Secondary data validates the startups' use of partnerships as pragmatic tools for operational acceleration, reinforcing the need for flexible strategies during early international expansion.

8.8.4 Reconciling Empirical Insights and Theory on the Role of Partnerships to Increase Local Knowledge

The findings in 8.4 show that German B2B startups gained market knowledge through partnerships, aligning partly with RBV's view of filling knowledge gaps (Milosevic, 2020). However, the learning was ongoing, suggesting a more dynamic interpretation of RBV. Network theories offer a closer fit, viewing partnerships as tools to lower uncertainty through trusted access (Liesch & Welch, 2024; Morais & Franco, 2018). Local partners helped startups adapt to changing standards and user needs, demonstrating distributed learning overlooked by traditional frameworks.

The timing and structure of knowledge acquisition contradict traditional internationalization models, especially those based on staged progression. This is because they state that businesses should gain enough market knowledge before deciding to expand (Kraus et al., 2017). Here, the findings observe the opposite, startups had little knowledge when they first entered markets, so they relied on partnerships to help them learn continuously. They adapted operations and products based on live market exposure.

According to industry reports, local partnerships are important for negotiating complex regulatory frameworks and establishing trust with clients who respect the context (Capik & Brockerhoff, 2017; Davidson, 2024; Prashantham, 2021). These findings are consistent with the empirical findings, where collaborations acted as interpreters and accelerators in settings that penalize misalignment. In particular, the Davidson (2024) report promotes viewing local integration as a need for modern internationalization rather than a tactical option.

In these cases, startups entered new markets to gain knowledge, not because they were already informed. Current theories underestimate how much learning happens externally through real-time collaboration. What made early expansion possible wasn't just internal preparation, but strong local partnerships that were close to the market.

8.8.5 Reconciling Empirical Insights and Theory on the Role of Partnerships to Navigate Regulations

The findings in 8.5 show that startups used strategic alliances to access key customers and build credibility in cautious B2B markets. This aligns with RBV, which sees external relationships as strategic assets (Bäumle & Bizer, 2022), and with Network Theory, which explains how partnerships help overcome "outsidership" by providing access to local networks (Morais & Franco, 2018).

According to studies, partnerships are frequently used by startups entering conservative or institutionally complex industries to gain instant access to pre-existing customer pipelines (Giglio et al., 2023; McKinsey Digital, 2020). In markets with long sales cycles or low trust, this kind of validation is essential. The empirical results in 8.5 are in close agreement with both RBV and Network viewpoints, but they narrow their emphasis. In these cases, partnerships were not just growth tools; they were gate openers. They were the only practical path to early traction in these situations.

8.8.6 Reconciling Empirical Insights and Theory on the Risk of Overreliance on Partnerships

The findings show that while partnerships accelerated internationalization, they often undermined internal capability development, challenging RBV's assumption that partnerships strengthen internal resources (Milosevic, 2020). Startups relied on partners without building key skills, leading to dependency and limited flexibility. SAT acknowledges risks like misalignment (Milosevic, 2020), but the findings reveal that for startups, over-reliance can cause failed expansions and reputational damage, a risk SAT underestimates.

Startups often underestimate the time and focus needed to maintain alliances (Capik & Brockerhoff, 2017; McKinsey Digital, 2020). Pilot traps, where startups invest in partnerships that never grow and lose focus on core work, are reported but rarely addressed in theory. This study shows that alliances require active management and are not neutral facilitators. Time is a crucial but overlooked risk in traditional frameworks like RBV and SAT, which focus on resource access and knowledge transfer. Every hour spent managing partnerships takes time from product development and customer interaction for startups with limited staff. This hidden cost can hurt focus and survival chances, as several interviewees pointed out.

8.8.7 Reconciling Empirical Insights and Theory on Risk Mitigation in Partnerships

The findings in 8.7 show that startups used trial phases to test partnerships, extending the Uppsala Model by shifting gradual learning from market to partner uncertainty (Liesch & Welch, 2024). While RBV emphasizes gaining complementary resources (Milosevic, 2020), startups applied stricter partner selection and exit criteria, showing a more situational approach to resource value than RBV typically assumes.

According to reports from McKinsey (2020) and Capik & Brockerhoff (2017) startups are trying to reduce risks by depending more on pilot projects and selective partner engagement. The data supports the findings; startups rarely commit fully at the start and often use trials and exit plans. Secondary sources also point out that partnerships without clear goals or strategic fit often stagnate (Giglio et al., 2023; McKinsey Digital, 2020), reflecting the founders' own experiences where unclear expectations resulted in inefficiencies. Startups saw partnerships as temporary and flexible, which matches advice to start small and expect that some collaborations may not last (Capik & Brockerhoff, 2017; Weaver, 2024).

Together, the findings contribute to a view that enhances existing theories by including risk reduction and reversibility into the very design of international collaboration.

8.9 Analytical Framework

This section summarizes the results from sections 8.1–8.7 and identifies three mechanisms: startups use partnerships to access local standards and expectations, externalize readiness and speed entry, and manage risks associated with strategic focus shifts and dependency. Gioia logic is followed in the analysis, which guides theory extensions.

8.9.1 Partnerships as Strategic Levers for Accelerated Expansion

The study shows that startups often entered foreign markets without internal readiness, treating it as something accessed externally through partnerships. Startups expanded based on opportunity, using partners to fill capability gaps (8.1, 8.2). Rather than building infrastructure or credibility themselves, they relied on partners for logistics (8.3) and trust (8.5), replacing internal development with externally sourced readiness.

The Resource-Based View captures only part of this behavior. RBV views partnerships as access to complementary resources, assuming gradual internal integration (Bäumle & Bizer, 2022; Milosevic, 2020). Instead of absorption, resources were used directly. Network Theory captures this logic better, using others' integration to avoid “outsidership” (Morais & Franco, 2018). Yet learning and gradual integration are still prioritized. In this study, startups used networks for short-term substitution over long-term integration.

These results point to a reinterpretation: partnerships are structural facilitators rather than just efficiency tools in the early stages of internationalization. They allow new businesses to model the capabilities that theory states must be created in-house. In this case, international entry is determined by external access rather than internal maturity.

8.9.2 Contextual Absorption Through Embedded Partnerships

Startups lacked deep local expertise and, instead of pre-entry research, relied on partnerships to adjust after entry. As shown in 8.4, partners provided real-time insights on laws and customer needs. In 8.5, credibility was gained through trusted partners, revealing buyer expectations startups couldn't access alone.

This comes up again in 8.7, where experienced founders used partnerships only where building internal knowledge was hardest. The selection logic went beyond outsourcing, integrating in

situations where cultural conflict made execution difficult. Partnerships helped startups understand unexpected changes. For example, the Uppsala Model views market knowledge as an experience-based resource preceding commitment (Liesch & Welch, 2024). Startups committed early and built understanding through engagement. RBV sees knowledge as a strategic asset but rarely distinguishes between relational and external sources. Network Theory stresses legitimacy and access more than the interpretive role of partnerships.

These results suggest that international knowledge is not simply acquired or transferred. It is taken in through situated interaction, which is influenced by the nature and structure of local connections. This view sees partnerships as a way to make foreign markets easier to understand. Theories could be improved by showing how local partners help startups learn over time, not just gather information.

8.9.3 The Trade-Offs of Partnership Reliance

Startups entered partnerships under pressure, but over-reliance created hidden risks. Structural imbalances with larger partners weakened internal capabilities and drained resources. When partnerships failed, startups lacked the internal strength to react, turning initial acceleration into liability.

The Resource-Based View and Strategic Alliance Theory's underlying assumptions conflict with this pattern. Both highlight complementarity and assume partnerships strengthen internal capabilities. However, when partnerships are the sole resource source, these theories understate operational costs and risks. RBV assumes resource integration (Bäumle & Bizer, 2022), but startups accessed resources without retaining them. SAT links alliance success to cooperation and trust (Russo & Cesarani, 2017), but even well-matched partners face conflict when expectations differ.

Section 8.7 shows how founders adapted to these risks. They treated partnerships as provisional strategies that had to prove their value. Exit clauses and trial phases were added as protection. Partnerships were seen as both drivers and liabilities. Safeguards became essential in high-uncertainty environments where partnerships were necessary but costly. While alliances expand reach, they risk creating structural weaknesses if they replace rather than support internal development. Startups dependent on external partners face problems later if they cannot replace the services provided. Without internal learning, early advantages become long-term risks. Future expansion models must build in fallback options to stabilize partnership-driven growth.

8.9.4 Methodological Reflection and Contribution Logic

The Gioia methodology served as a basis for the multi-layered process that produced the theoretical insights presented in this chapter. Second-order themes were derived from first-order codes grounded in participants' language. These themes were grouped into aggregate dimensions to reflect broader concepts. The synthesis phase revealed overlap between several aggregate dimensions, pointing to an underlying mechanisms that cut across individual cases and categories.

This thesis does not propose a universal model of startup internationalization. Instead, it refines how partnerships function under constraint during early expansion. Startups act before readiness, using partnerships to bridge the gap. Conventional frameworks are insufficient. Resource- and network-based theories assume businesses develop capabilities before entry or acquire them progressively (Bäumle & Bizer, 2022; Milosevic, 2020; Morais & Franco, 2018). Staged models prioritize preparation before commitment (Liesch & Welch, 2024). These assumptions miss how startups use partnerships to move ahead of readiness, replacing reputation with trust and access with capacity. This tension reframes partnerships as tools to manage constrained growth, not just support planned strategies.

The resulting structure of first-order concepts, second-order themes, and aggregate dimensions is visualized in the following Gioia Table.

First-Order Concepts	Second-Order Themes	Aggregate Dimensions
<p>"However, our demand countries, meaning where we sell the vehicles, are currently Denmark and Finland because they have strong purchasing power and a high demand for EVs."</p> <p>"Where is there a high demand for our solution, and where can we scale quickly."</p> <p>"The most obvious one is growth. The market allows it, or in some cases, it's simply a necessity."</p> <p>"Another driver was demand from our existing customers and partners. Many of our current customers have multiple international locations and wanted a solution they could implement across different countries instead of using separate systems for each market."</p> <p>"By strategically choosing locations, we could reduce shipping costs, making us more profitable for both our clients and ourselves."</p>	Reasons for an International Expansion	Opportunity-Driven Market Selection
<p>"We then chose France because it is a major industrial nation with many potential customers. Additionally, France has particularly strict CO2 regulations, making it an ideal market for us."</p> <p>"Second, demand was strong, and government subsidies made our solution even more attractive."</p> <p>"We prioritized markets where we could establish a presence quickly and be successful relatively fast."</p> <p>"The US is on another level, it's massive, full of opportunities, but also incredibly complex."</p> <p>"Where is there a high demand for our solution, and where can we scale quickly. That meant looking for regions where strong platform ecosystems already existed, ones we could collaborate with and where regulatory barriers weren't too high."</p> <p>"France was especially interesting because regulatory pressure there is even higher than in Germany. The government actively promotes energy efficiency, offering incentives for companies to adopt smart energy management systems."</p> <p>"Later, they chose additional countries based on regulatory allowances, because our product involved license plate scanning, we needed easy access to vehicle registration data. The selected countries allowed this, making expansion feasible."</p> <p>"We then chose France because it is a major industrial nation with many potential customers. Additionally, France has particularly strict CO2 regulations, making it an ideal market for us."</p>	Reasoning for chosen country	
<p>"Do your research but act quickly"</p> <p>"We had to find the right balance between making decisions quickly and taking enough time to do proper research"</p> <p>"If you wait too long before expanding, you might lose touch with what made you special in the first place."</p> <p>"Making quick decisions. When we expanded, we fully committed to each market rather than testing half-heartedly."</p> <p>"We entered the market too quickly without proper preparation."</p>	Balancing Speed and Research	
<p>"The Netherlands has a very strong heat pump market and a great renewable energy sector, but it is not as highly competitive as Scandinavia, which would have been a logical next step but is already dominated by major players"</p> <p>"The market was already highly saturated, energy efficiency and smart building solutions are far more advanced in Sweden than in many other countries. Many businesses already had comparable solutions, some of which were even government-funded"</p> <p>"But in reality, the market was too mature, with existing solutions already in place."</p> <p>"The market was there, but our software wasn't competitive enough. Scandinavian markets are more advanced, and the competition was too strong."</p>	Competitive Concurrence	
<p>"Often, there's this mindset of 'Hey, our model works in Germany, so we can just copy-paste it into a new country,' but unfortunately, but unfortunately, that rarely works."</p> <p>"I've seen many successful founders assume that just because they were successful in their home market, they can copy-paste that success elsewhere. That doesn't work like that."</p> <p>"Understanding the target audience in each new country. You can't assume that customers in other countries have the same needs and expectations as in Germany."</p>	Challenges of Market Adaption and Context-Specific Strategies	Operational Overstretch
<p>"In Germany, gyms and corporate wellness programs tend to make decisions relatively quickly, but in the US, larger chains and corporate partners involve more stakeholders in the decision-making process."</p> <p>"Third, language and cultural differences. In Germany, business operations tend to be highly process-driven, everything must be well-documented and structured. In other markets, such as France, we noticed that companies focus more on practical implementation."</p> <p>"Our customer communication. We knew that every country requires a different approach, but understanding that in theory is different from executing it in practice."</p>	Country-specific Complexities	
<p>"We underestimated how much time and focus the Dutch market would require. Our main market in Germany still requires a lot of attention..."</p> <p>"One of the biggest challenges has been managing expansion while maintaining our daily operations in Germany"</p> <p>Many founders struggle to gauge how much time they need to invest in order to succeed.</p> <p>"Some startups try to manage international expansion while still focusing on their home market, but that's nearly impossible"</p> <p>"If a partner already has a large user base, we can roll out our product much faster instead of building reach from the ground up."</p>	Expansion being Time Consuming	
<p>"I had to sum it up in two words: speed and credibility."</p> <p>"Beyond that, partnerships massively accelerated our expansion. Instead of dealing with regulatory requirements in each market from scratch, we could often work with partners who already had the necessary licenses or infrastructure. That saved us months, sometimes up to six months of bureaucratic effort."</p> <p>"Sure, we could have theoretically built everything on our own, but that would have cost us an incredible amount of time and effort."</p> <p>"In the case I mentioned, the key benefit was market exposure and credibility. In other cases, speed is the biggest advantage."</p> <p>"They've influenced our market entry because they allow us to enter faster, which is a huge advantage."</p> <p>"While partnerships didn't solve all our challenges, they made the process faster and more efficient."</p>	Speeding up the market entry	
<p>"We needed to ensure strong logistics processes, understand customer expectations, and deal with regulatory requirements that weren't drastically different from Germany's. That way, we could replicate our model effectively."</p> <p>"Market entry definitely. We started working with logistics and shipping partners right away because otherwise, we wouldn't have been able to meet our operational expectations."</p> <p>"For logistics, it was a no-brainer since we already worked with shipping providers in Germany."</p> <p>"Since we don't have to build our own logistics infrastructure at the moment, we save a significant amount of money. Of course, we still pay our partners, so it's not entirely free, but without them, we wouldn't have been able to afford a logistics network in the US at this stage."</p> <p>"Logistics was also a massive challenge. The UK was manageable, but the US is an entirely different playing field. We had to set up our own fulfillment center and are still in the process of doing so."</p> <p>"For startups with physical products, logistics can be a challenge, and in those cases, working with local partners makes a lot more sense. Setting up your own supply chain can be complicated, so outsourcing some of it to experienced partners can be beneficial."</p> <p>"Since we don't have to build our own logistics infrastructure at the moment, we save a significant amount of money."</p> <p>"We will likely need to work with logistics partners because we currently can't afford to manage distribution across the entire country ourselves."</p>	Speeding up Operations and Logistics	External Enablement

<p>"Our Danish partner works directly with our target customers, so they understand their needs and pain points far better than we could on our own." "Before entering a new country, we also sat down with local platforms, customers, and partners to really understand their financial problems." "You can do as much market research as you want before entering a country, but you'll never get the same level of insight as when you talk to people who actually live and operate in that market every day." "Local partners help us bridge cultural gaps and enter markets more effectively." "Partnerships help us gain market awareness and, at the same time, gather early customer feedback."</p>	Explaining local needs and wishes	Local Integration
<p>"They've helped us with contacts, product adaptation, and navigating local regulations. Their support has been invaluable, and we likely wouldn't have been able to establish ourselves as quickly without them." "Our partners provided crucial insights on how to adjust our software to meet local compliance requirements." "That's why we initially worked with sustainability experts to tailor our software to the specific needs of the market." "While we could have researched all the regulatory requirements ourselves, having partners helped us adapt our product much faster."</p>	Product adaption and navigation of local regulations	
<p>"Instead of waiting, they partnered with a French banking institution that already had the necessary approvals. By integrating their solution into the bank's existing framework, they were able to launch in just four or five months far faster than if they had gone through the regulatory process alone." "If you collaborate with an established partner that already has a strong market presence, the entry process becomes much easier." "Our partnerships helped us build trust faster and sell our solutions more effectively." "Instead of trying to convince brands directly, we partnered with well-established digital agencies specializing in e-commerce and customer engagement." "Credibility was crucial for us, and they helped us establish that." "Primarily their network and credibility with potential customers." "Their reputation with our customers played a big role." "If they work with this company, then this must be a reliable solution." "By working with industry associations, we were able to build trust much faster. Partnering with them made us appear more credible, which significantly helped our positioning and market entry in France." "Instead of trying to convince brands directly, we partnered with well-established digital agencies specializing in e-commerce and customer engagement. This helped us gain credibility, reach high-quality leads, and educate the market more efficiently." "In terms of brand awareness, working with partners helps us establish credibility in a new market." "The platform could offer additional value to its business customers in a highly competitive market, while we were able to scale quickly with a trusted local brand." "It just wouldn't have made sense for us to do everything alone. We would have spent years overcoming every single regulatory hurdle on our own, building networks from scratch in each market, and gaining the trust of individual customers one by one." "Partnerships can help a startup skip some of the hardest parts of market entry. As I said, expanding into a new market is a grind. You don't have customer trust, you don't fully understand how things work, and no matter how much you prepare, you'll only truly learn once you're in the market."</p>	Bypassing regulatory hurdles	Legitimacy Access
<p>"Our platform partners gave us immediate access to a massive number of businesses that fit our exact target audience. Had we done it alone, it would have taken us years to reach the same point." "Instead of building everything from scratch, we were able to close deals faster due to recommendations, which in turn helped us generate revenue sooner and mitigate some financial risks." "This allowed them to gain traction much faster without having to spend as much on marketing." "They also gave us access to networks, operational know-how, and helped us get up and running quickly to provide the level of service expected in each market." "Recommendations from trusted partners made it easier to secure meetings." "Instead of cold calling, we had warm introductions to potential clients, which is crucial." "They recommended us to potential clients, which helped us get meetings, though our conversion rate was still low due to product limitations." "They helped us find customers more quickly, reducing our burn rate and improving our survival odds." "Through that connection, we secured a partnership, leading to many introductions."</p>	Gaining trust and credibility	
<p>"A big risk for startups is relying too much on partnerships and failing to build their own knowledge in the market. At the end of the day, one or two years into your expansion, you should be capable of surviving without any external partner—it should be a good add-on, not a necessity." "Second, don't rely too much on partners. Every partner has their own interests, priorities, and business model. Use partnerships for product development and market knowledge, but don't expect them to handle your market entry for you." "You should never be overly dependent on a partner, nor should you let a partner hold any power over you." "A big risk for startups is relying too much on partnerships and failing to build their own knowledge in the market."</p>	Access to the partner's network	Strategic Vulnerability
<p>"A failed partnership we experienced was with resellers who were supposed to help us sell, but we were not aligned. We lacked trust in them, and we weren't sure if they would represent our product the way we wanted." "One challenge we encountered in the UK was with a smaller startup selling leads. We had an exclusivity clause to prevent them from working with competitors, but we later found out they were selling to multiple players." "However, in terms of scaling, I wouldn't say they played a major role." "No, our core business model remained the same. Of course, we had to adapt to different regulatory requirements and standards in various countries, but we didn't fundamentally change our model for any market." "They won't do all the work for you, nor will they single-handedly determine your success. You still need to develop a product that solves a significant problem for your market. Always be prepared for the possibility that a partner may not deliver as expected."</p>	Dependency on partner	
<p>"The real question with any partnership is whether it provides enough value for the time invested. Sometimes you dedicate a lot of time and effort into a partnership or a program, like our recommendation initiative, and it doesn't yield the expected results." "Finally, be rigorous about ending partnerships that aren't working. If you start sensing distrust, unmet expectations, or inefficiencies, cut ties sooner rather than later." "Solid contracts and framework agreements are crucial, and I'd always recommend a testing phase."</p>	Failed Partnerships	Partnership Control
<p>"Another challenge was aligning expectations. What does success look like for both sides? What are the long-term goals? Some partners had different ideas about what a successful partnership should achieve, and that required a lot of discussions." "Our sales team, both nationally and internationally, is doing a great job, so we didn't see the need for external help there. I believe you have to do some cherry-picking—use partners where it makes the most sense for you." "Also, don't rely on partners for things you're already strong at." "We relied on customer and expert interviews to prepare for market entry rather than adapting the core business based on partnerships."</p>	Limitations of Partnerships	
	Time Dedication	Partnership Control
	Protection of Danger	
	Alignment of Expectations	Partnership Control
	Selective Use of Partnerships	

Table 3 Thematic analysis of the interviews based on Gioia et al., 2013

9 Conclusion

9.1 Summary of Findings

The purpose of this study was to investigate how external partnerships affect German B2B startups' internationalization, specifically with regard to market entry. The findings reveal seven distinct patterns, developed as aggregate dimensions through Gioia coding. Startups selected international markets based on external demand and regulatory feasibility rather than internal readiness or long-term planning. They experienced significant internal strain during their globalization, as the need to act quickly often conflicted with limited resources and competing domestic priorities. Collaborations allowed faster adaptation to customer and regulatory contexts. In unfamiliar markets, the businesses relied on partnerships to gain trust and access by leveraging the reputation and networks of established local actors. However, those that relied too heavily on external partnerships often struggled to develop internal capabilities or manage long-term growth independently. To address these risks, German B2B startups managed alliances with clear boundaries or trial phases to reduce exposure and maintain strategic control. These findings show that startups mainly use partnerships when they lack internal capacity and are under time pressure. Partnerships work as a temporary fix, helping them move quickly before they're fully ready. However, this reliance creates exposure, which is why startups purposefully manage these partnerships with safeguards to protect their strategic position while still leveraging external strengths.

9.2 Theoretical Contributions

Existing internationalization theories, such as the Resource-Based View and the Uppsala model, assume that firms expand after developing internal capabilities (Bäumle & Bizer, 2022; Milosevic, 2020; Morais & Franco, 2018). These frameworks underemphasize the operational pressure startups face during market entry and overlook how firms act despite not being fully prepared. They suggest a level of control that rarely realistic in early-stage expansion. The findings show that young companies instead of following a staged development path, rely on collaborations to handle specific functions they cannot cover internally. This use of external actors formed a consistent pattern across cases. It replaces the assumed internal buildup with a logic of substitution that enables market entry under constraint. The data fills the theoretical gap by explaining how firms act when preparation is not feasible, and control is limited.

This study extends existing internationalization theory by applying it to the context of early-stage, resource-constrained B2B startups. It shows that assumptions about capability development prior to market entry do not fully account for how these businesses expand under pressure. Through the concept of external substitution of readiness, the study illustrates how partnerships serve as a temporary mechanism to enable entry when internal skills are not yet in place. This contribution broadens the empirical grounding of established frameworks by demonstrating how their logic unfolds under constraint, without changing their core structure. This concept explains how young companies under pressure can move forward without being fully prepared. It adds to existing theories by showing what happens when there's no time or capacity to build capabilities. Although based on early-stage B2B startups, this idea could also apply to other firms that face urgency and lack international setups.

9.3 Practical Implications

This section outlines the key takeaways for startup founders managing international expansion through partnerships. It translates the study's findings into actionable guidance, focusing on three critical phases: choosing the right partner, setting up the collaboration, and managing it under pressure.

One of the most critical decisions in this process is choosing the right partner. That choice should begin with a clear understanding of where internal capacity lack, not with brand recognition or market reach. Expanding internationally often means pressure to move fast, while only having limited resources and little room for trial and error. In that context, choosing the right partner becomes critical. This study showed that companies that picked partners to cover things they couldn't do themselves had more success than those who brought in partners for things they were already good at. Choosing based on need, not reputation, made a big difference. The person leading expansion should start by assessing which internal capabilities are missing and only then begin searching for partners who can directly address those gaps. This means partner selection should follow internal diagnosis, not gut feeling or external appeal. If startups choose partners just because they're well-known, they may add more problems instead of fixing the ones they have. When speed and focus are most needed, a bad fit can waste time and leave important gaps unfilled.

But choosing the right partner is only half the challenge. Once a collaboration begins, execution depends on structure and ongoing supervision. Without that, even a good match can fail fast. Several experienced participants highlighted that poor structure and misalignment often led to

unnecessary work and unmet goals. For startups, a partnership can be essential to survive the market entry phase. If that collaboration fails, the expansion itself is at risk. Hence, founders should develop a written execution plan that outlines who is responsible for which tasks, how often both sides meet to review progress, and clear dos and don'ts that reflect how each team works best. This plan should be signed off by both sides and revisited if objectives change.

Even with the right partner and setup, nearly every case in this study highlighted that young businesses have to act fast without being fully prepared. Many failed to build internal understanding alongside execution. When tasks stayed with the partner, teams lacked the knowledge to step in if things went wrong. This blind spot made it harder to recover when issues came up. To avoid this, startups should assign internal ownership for every key task handled by a partner. That person should stay close to the execution and track decisions. Over time, this helps the team build its own understanding and reduces the risk of being fully dependent. Even when relying on external help, the goal should be to stay in control and learn enough to eventually take over. If the team stays too passive, they risk becoming dependent without realizing it.

Startups using partnerships for international expansion must be precise at every stage. Choose partners based on internal gaps, not surface-level appeal; set up collaborations with clear structure and regular reviews; and stay actively involved to avoid blind spots. Lastly, every agreement should include a defined exit plan to preserve flexibility as conditions change. These steps help early-stage teams act fast without losing control.

9.4 Limitations

This thesis is exploratory and does not establish causality, since it's a qualitative study based on semi-structured interviews and interpretive coding. While the Gioia methodology provides a transparent structure for deriving concepts, the coding process involves subjective judgment which may have shaped how themes were prioritized. Since this thesis is based on interviewees looking back on their own decisions, there's a chance they described things in a more positive way than they really were. Founders might have minimized uncertainty to seem more confident and capable. Without direct observation or cross-checking, there's no way to fully confirm how accurate or complete these stories are.

These findings are based on a specific group and should not be applied universally. Since the study focused on German B2B startups, results may not fit other countries or business types. This also applies to B2C companies, where partnerships work differently due to faster customer

cycles and a stronger focus on brand. These insights should be applied carefully outside this context. The dataset is biased toward successful cases, as most participants came from startups that expanded and sustained international operations. Companies that withdrew or experienced failed collaborations were mostly absent, either because they no longer exist or were hard to identify. As a result, the findings highlight factors of success and offer limited insight into early breakdowns or long-term failures.

The study was deliberately scoped to investigate how early-stage German B2B startups use partnerships to support initial international expansion. It does not examine how these partnerships evolve over time, nor does it address other internationalization models such as acquisitions or joint ventures. The focus was placed on the entry phase to reflect the conditions under which partnerships become most critical. Broader organizational strategies and long-term capability development fall outside the intended analytical frame.

When interpreting the results, these limitations should be considered, especially when it comes to their applicability outside of the observed sample and time horizon.

9.5 Future Direction

From the limits and gaps found in this study, a number of targeted research options emerge. One priority is to examine how partnerships evolve after initial market entry. This thesis looks at the entry phase, where startups use partnerships to fill internal gaps when they're under pressure. However, several founders described a later point where they needed to regain strategic control. Future research should explore when this shift occurs and how startups navigate the transition from external dependence to internal ownership. A long-term study following startups after market entry could show whether early partnerships cause problems later or help build skills over time. As noted in the study's limitations (see 9.4), this research underrepresents failed internationalization attempts. Future studies should explore whether specific partner setups or unclear roles contributed to early exits. Retrospective interviews with founders who pulled out of foreign markets could help trace how these failures unfolded and whether partner reliance made things worse.

This study looked at German startups, where rules and local habits shaped how partnerships worked. In other countries, views on control and trust might lead to different ways of using partnerships. Cross-country comparisons could show whether the same pressures exist elsewhere, or if startups respond differently based on market maturity. While this thesis did not isolate industry effects, companies used partnerships differently across sectors, with some

addressing regulatory demands and others solving distribution challenges. Future research needs to look more closely at sector-specific dynamics by studying one industry at a time. This would help clarify which partnership roles are shaped by operational needs and which one's scale across business models.

Together, these research directions build on the current study's findings and limitations. They offer a roadmap for testing the boundaries of partnership-based internationalization, and for developing a more complete understanding of how early-stage startups manage external support and risk in unfamiliar markets.

10 Reference List

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11 Appendix

11.1 Interview participants

#	Identification	Main Product or Service	Position	Expansion into
1	S1	EV Marketplace	Founder	Denmark, Finland, Netherlands and Estonia
2	S2	Heating Pump Software	Founder	Austria, Switzerland, currently into the Netherlands
3	S3	Parkmanagement Software	(ex) Country Lead	Austria, Switzerland, Poland, Denmark, Italy
4	S4	Embedded financing Software	Key Personal	Active in 20 European countries
5	S5	Carbon Management Software	Key Personal	Austria, France
6	S6	E-Commerce Fulfillment Solution	Key Personal	Spain, France, Italy, UK
7	S7	Educational Tech Toys	Key Personal	Germany, Austria, Switzerland, UK, currently into the US
8	S8	Conversational Commerce Software	Key Personal	Austria, UK, Italy
9	S9	Energy Efficiency Software	Key Personal	Austria, France
10	S10	Fintess Tech Startup	Key Personal	UK, US
11	S11	Smart Food Tech	Founder	Netherlands
12	BA1	Investing and Mentoring	Business Angel	-
13	BA2	Investing and Mentoring	Business Angel	-
14	I1	Mentoring	Mentor	-

11.2 Semi-structured interview protocol Startup

#	Topic	Questions
1	Overview	<ul style="list-style-type: none"> • What is your current professional role? • Can you briefly describe your company's founding location ? • Where is the headquarter located? • How many employees does your company (or employer) have? • Can you explain the main product or service? • Who are your primary clients? • What markets is your company currently operating in?
2	Expansion	<ul style="list-style-type: none"> • What were the primary drivers or motivations behind your company's decision to expand internationally? • How did you prioritize which countries to enter first? • Were there specific factors that guided your choice? • Have you left any countries that you have expanded? • Why did your company decide to exit? (If the answer is <i>yes</i> to the previous question) • What lessons did you learn from this experience? (If the answer is <i>yes</i> to the previous question) • What challenges did your company face during the expansion ? • How did you prepare for the challenges beforehand for them?
3	Partnerships	<ul style="list-style-type: none"> • What role, if any, did local external partnerships play in your expansion process? • What kinds of partnerships has your company used? • What was the reasoning behind your decision to work with an external partner? • What specific resources did partnerships provide that were not available internally? • Did your partnerships influence any adjustments to your business model during expansion? • How, if at all, did partnerships impact your approach to entering and growing in international markets? • Can you share an example of a successful partnership and its impact on your international expansion? • What factors determine the success or failure of these partnerships? • How do you manage cultural or operational differences?
4	Benefits and Challenges of Local Partnerships	<ul style="list-style-type: none"> • How have partnerships supported your company in addressing regulatory hurdles in target markets? • What insights or knowledge have you gained from partners about local customer behavior or preferences? • In what ways have partnerships helped reduce the financial or operational risks of internationalization? • What challenges has your company faced in establishing and maintaining partnerships? • How do you address potential misalignment in goals or expectations?
5	Concluding Questions	<ul style="list-style-type: none"> • Looking back, what helped you the most during your expansion process? • What would you do differently, if you could redo your expansion ? • What advice would you give to other startups looking to expand internationally through partnerships? • Is there anything else you'd like to share about your experience with local partnerships and internationalization?
6	Demographics	<ul style="list-style-type: none"> • What is your age and gender?

11.3 Semi-structured interview protocol Investor

#	Topic	Questions
1	Overview	<ul style="list-style-type: none"> • Can you briefly describe your professional background and current role? • What is your experience in investing in startups? • What types of startups do you typically invest in (e.g., industry, size, stage)? • How would you describe your investment portfolio in terms of international exposure?
2	Expansion	<ul style="list-style-type: none"> • In your experience, what are the primary motivations for startups to pursue international expansion? • From an investor's perspective, what factors do you consider critical when assessing a startup's readiness to expand internationally (e.g., market size, regulatory environment, cultural factors)? • What challenges do you believe are most significant for startups during international expansion (e.g., financial, cultural, regulatory)? • How should they prepare for these?
3	Partnerships	<ul style="list-style-type: none"> • How important do you believe partnerships are in supporting startups during international expansion? • What advantages do partnerships bring to the table from your perspective? • In your experience, what factors make a local partnership successful or unsuccessful? • Can you provide one example of a startup in your portfolio that successfully leveraged partnerships to expand into new markets?
4	Benefits and Challenges of Local Partnerships	<ul style="list-style-type: none"> • In your experience, what key benefits do partnerships offer to startups during international expansion? • What are the biggest risks associated with partnerships in your experience? • How can startups mitigate these?
5	Strategic Insights	<ul style="list-style-type: none"> • What advice would you give to startups about choosing and managing partnerships when expanding internationally?
6	Concluding Questions	<ul style="list-style-type: none"> • Looking back at your experience with startups, what trends have you noticed in how partnerships influence their internationalization efforts? • Is there anything else you would like to share about the role of partnerships in startup internationalization?
7	Demographics	<ul style="list-style-type: none"> • What is your age and gender?

11.4 Semi-structured interview protocol Incubator

#	Topic	Questions
1	Overview	<ul style="list-style-type: none"> • What is your Job description? • What is your current role within the accelerator? • Can you provide the primary focus areas (e.g., industries or markets) at your accelerator? • What are the types of startups you support?
2	Expansion	<ul style="list-style-type: none"> • What are the main drivers or motivations you observe among startups when deciding to expand internationally? • What challenges would you say are the biggest for startups when expanding internationally? • How do you help startups identify and prepare for the challenges of international expansion?
3	Partnerships	<ul style="list-style-type: none"> • What role, if any, did local external partnerships play in your expansion process? • How do you assist startups in identifying and forming local partnerships in target markets? • What criteria do you emphasize when advising startups on selecting local partners? • Based on your experience, what specific resources or advantages do local partnerships provide for startups ? • Can you share an example of a successful partnership and its impact on the market entry during the international expansion of the startup?
4	Benefits and Challenges of Local Partnerships	<ul style="list-style-type: none"> • In your experience, how have partnerships helped startups address key internationalization challenges? • What challenges have you observed startups facing in forming or maintaining effective partnerships? • How do you help them overcome these?
5	Concluding Questions	<ul style="list-style-type: none"> • Based on your experience, what are the most important factors for a startup to consider when entering a new market? • What advice would you give to startups seeking to leverage partnerships as part of their international expansion strategy? • Is there anything else you would like to share about your program's approach to supporting startups in forming partnerships and achieving global success?
6	Demographics	<ul style="list-style-type: none"> • What is your age and gender?

