Y Combinator (YC) in the European Startup Ecosystem

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Dissertation submitted in partial fulfilment of requirements for the MSc in International Management, at the Universidade Católica Portuguesa, 2025.

Abstract EN

This paper analyses the impact of Y Combinator (YC), the world's best-known startup accelerator, on the funding success of European startups. While YC is widely credited with improving early-stage funding outcomes overall, its effectiveness in the European startup ecosystem remains largely unexplored. The study combined qualitative findings from 14 expert interviews with a quantitative analysis of 774 European startups. It compared the startups funded by YC with those funded by 27 leading European venture capital firms. Key dimensions analysed include the transition to Series A and Series B, sectoral outcomes, time between funding rounds and signalling effects. Contrary to prevailing assumptions, the results showed that YC-funded European start-ups were less likely to reach Series A compared to non-YC-funded companies. However, subgroups such as startups focussing on products for developer operations showed better results, indicating a possible sectoral fit. The qualitative findings highlighted the value of YC as a signalling mechanism, particularly for first-time founders and less experienced professionals, while also revealing concerns about inflated valuations and reduced relevance for companies with a local European customer base. The findings contribute to the literature by contextualising the role of global accelerators within local ecosystems and offer practical implications for founders, investors and policy makers concerned with funding strategies for startups.

Keywords: Y Combinator, Startup Accelerators, Venture Capital, European Startup Ecosystem, Series A Financing, Signalling Theory, Entrepreneurial Finance, Mixed-Methods Research, Crunchbase Data, Early-Stage Funding

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Sumário PT

Este artigo analisa o impacto da Y Combinator (YC), a aceleradora de startups conhecida do mundo, no sucesso de financiamento de startups europeias. Embora a YC seja reconhecida por melhorar os resultados de financiamento em fases iniciais, sua eficácia no ecossistema europeu permanece pouco explorada. O estudo combinou resultados qualitativos de 14 entrevistas com uma análise quantitativa de 774 startups europeias, comparando empresas financiadas pela YC com aquelas apoiadas por 27 fundos de capital de risco da Europa. As dimensões analisadas incluíram a transição para as rodadas Série A e Série B, o desempenho por setor, o tempo entre rodadas de financiamento e os efeitos de sinalização. Surpreendentemente, os dados indicaram que startups europeias apoiadas pela YC tinham menos probabilidade de alcançar a Série A em comparação com aquelas financiadas por VCs europeus. No entanto, subgrupos como empresas com foco em produtos para operações de desenvolvedores (DevOps) mostraram melhores resultados, sugerindo uma compatibilidade maior com certos setores. Os achados qualitativos reforçaram o papel da YC como mecanismo de sinalização, especialmente útil para fundadores iniciantes ou com menos experiência. Também surgiram críticas quanto à possível supervalorização das empresas e à menor relevância da YC para startups com foco no mercado europeu. Este estudo contribui para a literatura ao contextualizar o papel de aceleradoras globais em ecossistemas regionais e oferece insights relevantes para fundadores, investidores e formuladores de políticas para financiamento de startups na Europa.

Palavras-chave: Y Combinator, Aceleradoras de Startups, Capital de Risco, Ecossistema de Startups Europeu, Financiamento Série A, Teoria do Sinal, Finanças Empreendedoras, Pesquisa de Métodos Mistos, Dados do Crunchbase, Financiamento em Estágio Inicial

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Acknowledgments

I would like to take this opportunity to sincerely thank my supervisor, Peter V. Rajsingh, for giving me the opportunity to write on such a novel and futuristic topic. I could not have imagined a better professor to help me work on this challenging topic. His dedication and availability were crucial throughout the process and helped me get through the entire process.

Furthermore, I am deeply grateful to CLSBE in Lisbon, Portugal for the opportunity to immerse myself in two diverse cultures. Meeting new people and expanding my network through these experiences was enriching both personally and professionally.

In the context of this master's thesis, Artificial Intelligence (AI) tools — specifically GPT-4.o — were used exclusively as supportive instruments to enhance linguistic clarity, grammar, and readability. AI was also employed to translate interview transcripts and textual materials where necessary. Tools such as Granola AI were used to generate direct summaries of expert interviews, while TurboScribe AI was used to produce full transcripts. The interview summaries included in the appendix were likewise generated using AI. Additionally, AI-assisted shortening of text passages was performed solely for purposes of brevity and clarity, without altering the substantive content.

At no point was AI used to generate content, ideas, or arguments. All intellectual contributions — including the conceptual development, research design, analysis, and conclusions — are entirely the author's own work. AI did not replace critical thinking, data analysis, or the theoretical framing of this thesis. The author acknowledges the limitations of all AI language models, including the potential for errors, bias, and incomplete knowledge.

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Table of Abbreviations

YC	Y Combinator
VC	Venture Capital
AI	Artificial Intelligence
B2B	Business-to-Business
B2C	Business-to-Consumer
CEO	Chief Executive Officer
CVC	Corporate Venture Capital
E.g.	Exempli gratia (for example)
Etc.	Et cetera (and so forth)
I.e.	Id est (that is)
KPI	Key Performance Indicator
MVP	Minimum Viable Product
SaaS	Software as a Service
U.S.	United States

1 Introduction

The venture capital (VC) ecosystem plays an important role in fostering innovation by providing start-ups with capital and advice to grow and expand (Kaplan et al., 2007). Y Combinator (YC), founded in 2005, is recognized as one of the world's most influential startup accelerator. As of Mai, 2025, YC funded over 5,000 startups which include Airbnb, Stripe, and Dropbox, with a combined portfolio valuation of more than $600 billion (Y Combinator, 2025). YC works with a batch-based accelerator model that offers a structured three-month program. Participating start-ups receive total funding of USD 500,000, USD 125,000 in exchange for a 7% equity stake and a further USD 375,000 via a simple agreement with no cap on future capital (SAFE) with a most favored nation clause (PitchBook Data, Inc., 2023). Beyond funding, YC provides structured mentorship, weekly office hours with partners, and post-program support through the exclusive Bookface platform, which connects founders to alumni, investors, and talent (PitchBook Data, Inc., 2023). YC significantly enhances a startups' visibility and serves as a powerful signaling mechanism, often accelerating early-stage fundraising. A major component of the YC model is the Demo Day, where startups at the end of each batch pitch to a group of top-tier investors (Cohen et al., 2019; PitchBook Data, Inc., 2023). YC claims that its program materially improves funding outcomes and increases the likelihood of long-term success (Y Combinator, 2025).

Securing Series A funding is a critical transition from early validation to scalable growth. However, this stage is difficult to reach, while only a fraction of startups advances beyond it, reflecting the importance of early-stage investor support and capital access (Shetty & Sundaram, 2019; Kaplan et al., 2007).

While YC has a notable track record in producing unicorns, most of these unicorns are U.S. based companies like Airbnb and Dropbox, while no major European company with headquarter in Europe like Revolut or Klarna emerged yet. These European companies typically rely on early support from local pre-seed and seed investors rather than accelerator-driven growth. This points to a different structural funding model, where European VCs and business angels play a more consistent role throughout the early stages (Capizzi et al., 2022; Hallen et al., 2023).

This thesis investigates the Research Question: **How does Y Combinator (YC) participation influence the ability of European startups to secure Series A funding and beyond?**

A mixed methods approach was used to answer this question. A quantitative analysis of Crunchbase data analyzed the funding trajectories of start-ups backed by YC and 27 leading European VC firms between 2009 and 2025. This was supplemented by expert interviews with founders and investors to gain qualitative insights into signaling effects, network value and sector-specific financing dynamics.

By comparing the long-term funding outcomes of YC-backed startups with those of leading European investors, this study aims to provide actionable insights for founders, investors and policy makers concerned with early-stage funding strategies in the European startup ecosystem.

2 Literature Review

2.1 Entrepreneurial Finance & Startup Growth Stages

2.1.1 Understanding Startup Growth Stages and their financing needs

Startups typically progress through distinct stages, each with unique operational and financial challenges. While not always linear, these phases involve recurring cycles of growth, funding, and strategic adjustment, making it essential to align financing strategies with development needs (Smith et al., 2011).

2.1.1.1 Development Stage (Pre-Seed Stage)

In the pre-seed phase, startups focus on idea validation, market research, and prototype development. With no revenue streams, funding sources typically include bootstrapping, personal savings, grants, and contributions from friends and family (Metrick & Yasuda, 2021). Due to high uncertainty and lack of a proven business model, external investors show limited interest, though some angel investors may provide convertible debt or equity financing (Boyarchenko, 2021). Additionally, incubators and innovation programs offer resources without requiring equity commitments (Hellmann et al., 2021).

2.1.1.2 Startup Stage (Seed Stage)

This stage involves launching a minimum viable product (MVP), acquiring early customers, and refining the business model. Startups experience increasing financial demands for product development, marketing, and operational expansion, leading them to seek external funding from angel investors, startup accelerators, and early-stage venture capital firms (Hsu, 2002). Angels not only provide capital but also mentorship and industry expertise (Capizzi et al.,

2022). Structured accelerator programs such as Y Combinator and Techstars offer funding, mentorship, and networking opportunities in exchange for equity (Cassar, 2004).

2.1.1.3 Early Growth Stage (Series A & Initial Scaling)

Once startups establish product-market fit and initial traction, they enter the early growth phase. Financial needs escalate as they expand operations, optimize internal processes, and penetrate larger markets. Series A funding becomes a key financing mechanism, typically provided by venture capital firms evaluating financial performance indicators such as revenue growth, customer acquisition costs, and scalability potential (Davila et al., 2003; Metrick & Yasuda, 2021).

The ability of a startup to transition its product or service from early adopters to mainstream customers, termed "crossing the chasm" (Moore, 1991) is also associated with the ability to acquire Series A (or B) funding. The chasm has also been termed the Valley of Death when startups typically fail.

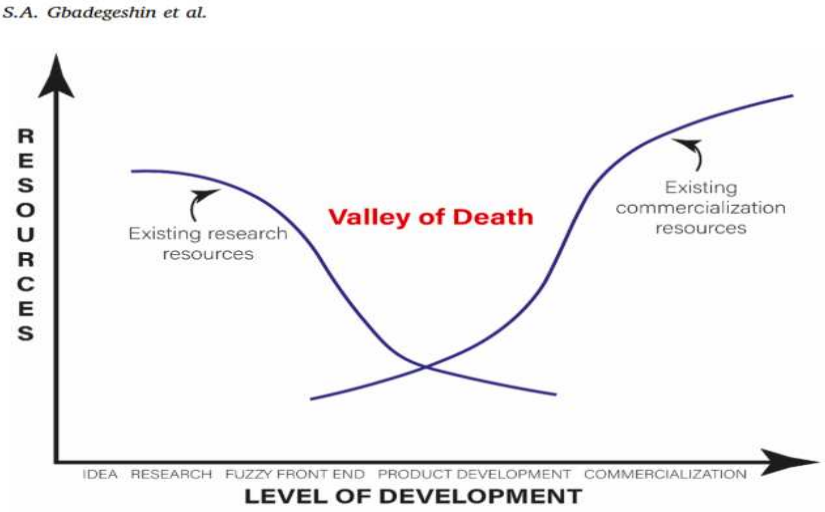

Figure 1: The Valley of Death in Startup Development (Gbadegeshin et al., 2021)

2.1.1.4 Rapid Growth Stage (Series B, C & Beyond)

Startups progressing beyond early growth enter the rapid scaling phase, requiring significant investment to fuel international expansion, product diversification, and strategic acquisitions. Funding sources include later-stage venture capital firms, private equity investors, and corporate backers (Gompers & Lerner, 2001). Due diligence intensifies at this stage, with investors emphasizing market share, operational scalability, and exit potential (Grichnik et al., 2014). Secondary market transactions and strategic partnerships also emerge as alternative

financing options, allowing founders and early investors to realize partial liquidity (Atherton, 2012).

2.1.1.5 Exit Stage (Liquidity Events & Maturity)

The exit stage marks the end of a startup's funding journey, where financial strategies shift from financing to value optimization. Exit options include initial public offerings (IPOs), mergers, and acquisitions, enabling investors and founders to capitalize on equity holdings (Bhide, 1992). The success of an exit is influenced by macroeconomic conditions, investor sentiment, and industry trends (Capizzi et al., 2022).

While these stages provide a structured roadmap, startup trajectories are often nonlinear, with some ventures raising multiple funding rounds within the same stage or bypassing early-stage financing through organic growth or alternative funding models such as crowdfunding or revenue-based financing (Cavallo et al., 2019). Effectively navigating these stages is a critical determinant of long-term sustainability and success (Smith et al., 2011).

2.1.2 Startup Failure Rates

Failure is an inherent aspect of the startup ecosystem. Despite the promise of innovation and high-growth potential, most startups do not survive long-term. Understanding the failure dynamics across different funding stages provides a realistic perspective on the risks and challenges entrepreneurs face (Eisenmann, 2021; PitchBook Data, Inc., 2024a).

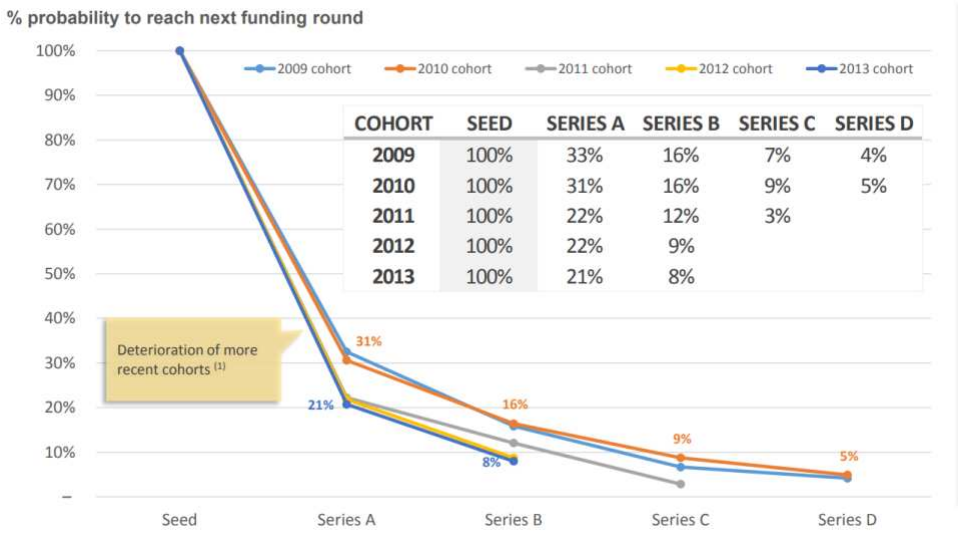

Figure 2: Probability of advancing to the next funding round by cohort (Dealroom, 2020)

Startup failure is a statistical norm, the numbers illustrate that while a significant portion of startups secure initial funding, the probability of advancing to later stages decreases notably (Dealroom, 2020).

The European startup ecosystem follows a similar trajectory to global trends, with many startups ceasing VC fundraising rather than failing outright while the startup funnel functions as a continuous filtration mechanism, where only a small percentage of companies make it through each successive funding round (PitchBook Data, Inc., 2024b).

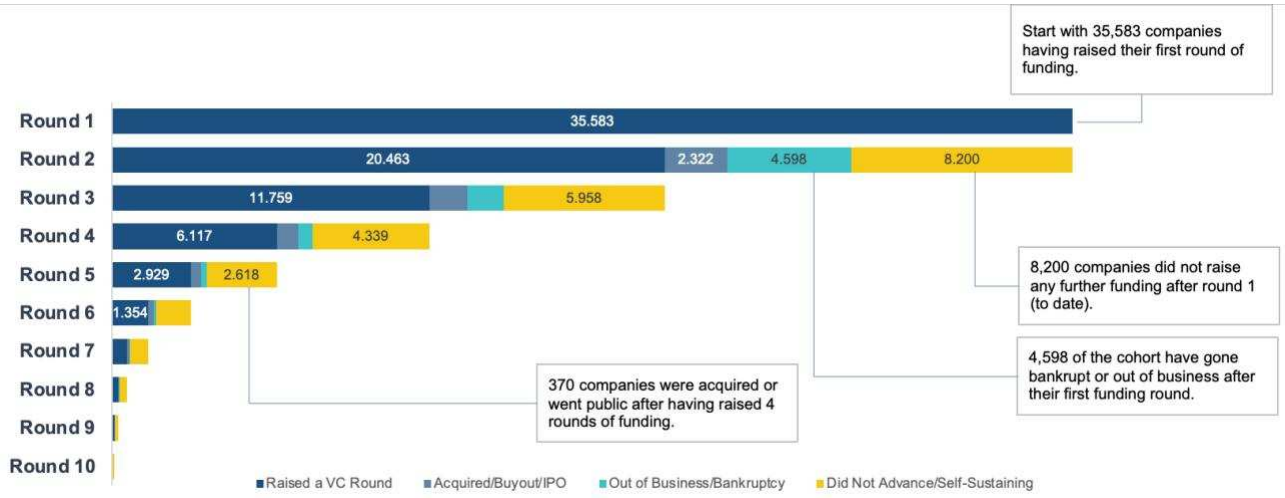

Figure 3: Startup progression through funding rounds (Rounds 1-10) (PitchBook Data, Inc., 2024b)

2.1.3 Key Financing Methods for Startups

Startup financing is crucial for survival and growth, especially given the uncertainty and capital intensity of early ventures. Entrepreneurs must navigate a range of funding options aligned to different growth stages, including bootstrapping, angel investment, venture capital, crowdfunding, accelerators, corporate venture arms, and alternative models (Smith et al., 2011).

2.1.3.1 Bootstrapping

Bootstrapping refers to self-financing strategies where entrepreneurs rely on personal savings, reinvested revenues to sustain operations. This approach allows founders to retain full ownership and avoid dilution but may limit growth due to resource constraints (Winborg & Landström, 2001). Bootstrapping is common in the early stages of startups, where access to external financing is limited (Vanacker et al., 2009). However, strategic bootstrapping can help mitigate funding shortfalls (Harrison et al., 2004).

2.1.3.2 Angel Investments

Angel investors are high-net-worth individuals who provide early-stage capital in exchange for equity or convertible debt. Business angels often offer mentorship and industry connections, enhancing startup success rates (Capizzi et al., 2022). Research suggests that angel-backed startups exhibit higher survival rates, stronger employment growth, and greater access to follow-on venture capital (Hellmann et al., 2021). Angel funding can lead to significant ownership dilution and potential conflicts over strategic directions (Mason & Harrison, 2008).

2.1.3.3 Venture Capital

Venture capital (VC) firms provide funding to high-growth startups in exchange for equity. This form of financing is characterized by investment across various stages of a startup's growth, active involvement, and a focus on scaling operations for a successful exit (Gompers & Lerner, 2001). The venture capital cycle involves due diligence, contractual safeguards, and post-investment monitoring (Hellmann et al., 2021). While VC funding accelerates growth, it often requires founders to resign control over their ventures (Kaplan & Strömberg, 2003).

2.1.3.4 Crowdfunding

Crowdfunding enables startups to raise capital from a broad audience via online platforms. This method includes reward-based crowdfunding (e.g., Kickstarter), equity crowdfunding, and debt-based crowdfunding (Mollick, 2014). Crowdfunding not only serves as a financing tool but also validates market demand and enhances customer engagement (Belleflamme et al., 2012). However, the success of crowdfunding campaigns is contingent on strong marketing, network effects, and platform credibility (Block et al., 2018).

2.1.3.5 Accelerators and Incubators

Startup accelerators and incubators provide structured programs that offer funding, mentorship, and networking opportunities in exchange for equity (Hochberg, 2016). Accelerators focus on intensive short-term support, culminating in demo days where startups pitch to investors (Cohen et al., 2019). Incubators, on the other hand, offer longer-term assistance with operational support, office space, and industry connections (Hausberg & Korreck, 2017).

2.1.3.6 Corporate Venture Capital (CVC)

Corporate venture capital (CVC) involves investments from established corporations into startups that align with their strategic objectives (Gompers et al., 2008). CVC offers industry expertise, market access, and potential acquisition opportunities. However, CVC investments can introduce risks such as dependency on corporate sponsors and misalignment of long-term objectives (Dushnitsky & Lenox, 2006).

2.1.3.7 Alternative Financing Models

Beyond traditional equity and debt financing, startups increasingly explore alternative models such as revenue-based financing, venture debt, and government grants (Bruton et al., 2015). Revenue-based financing allows startups to repay investors through a percentage of future revenues, reducing dilution risks (Kim & Wagman, 2014). Government grants and subsidies support technology and innovation-driven startups, particularly in early-stage research and development (Brown et al., 2019).

2.2 Venture Capital Due Diligence

2.2.1 Accelerator Due Diligence

Accelerators make rapid decisions about hundreds of applicants per cohort. As such, they rely on a combination of structured application forms, founder interviews, and track record-based screening to identify promising teams (Hallen et al., 2020). Key selection criteria typically include founder quality, market potential, product-stage traction, and alignment with the accelerator's network and expertise (Hallen et al., 2020).

Founder quality is often the primary focus, with many accelerators emphasizing founder grit, coachability, and technical capabilities over existing revenue or product maturity (Cohen et al., 2019). Accelerators like Y Combinator explicitly prioritize the team over the idea, noting that early-stage products often pivot multiple times before product-market fit is achieved (Hochberg, 2016).

A key difference between accelerator and VC due diligence lies in timeline and risk tolerance. Accelerators accept a higher degree of uncertainty, often investing at the pre-revenue stage (Hallen et al., 2020).

Finally, accelerators increasingly use signals such as early traction, professional or educational background as credibility markers during evaluation (Eghbali, 2024).

2.2.2 Early-Stage VC Due Diligence

Early-stage investors operate under high uncertainty, focusing on scalable growth potential despite limited financial history. VCs typically evaluate the founding team, technology, and market opportunity. The classic debate—whether to "bet on the jockey or the horse"—has been extensively researched concluding that while both matter, investors often prioritize the business model and market potential, which tend to outlast management (Kaplan et al., 2007).

Key criteria used by VCs include human capital (e.g., founder experience), intellectual property, and alliance capital, such as partnerships or prior investors. These factors influence funding decisions and also correlate with post-investment performance, suggesting that VCs act as both selectors and developers of startups (Baum & Silverman, 2004). Additionally, due diligence is embedded within broader risk management strategies like staged financing and investor syndication, which allow VCs to mitigate asymmetric information and agency risks over time (Gompers & Lerner, 2001).

Experienced VCs also respond strategically to market signals, adjusting investment intensity during favorable public market conditions. However, they tend to maintain discipline in startup selection by relying on industry-specific knowledge and networks rather than overreacting to trends (Gompers et al., 2008).

2.2.3 Late-Stage VC Due Diligence

Late-stage VCs prioritize metrics such as revenue scale, user acquisition, and readiness for exit via IPO or acquisition (Gompers & Lerner, 2001). The evaluation process in this phase shifts towards financial performance, unit economics, and market leadership, as firms are often raising capital to expand operations or enter new markets. Empirical evidence also shows that management turnover tends to increase as ventures mature, suggesting that investors rely less on founding teams and more on professionalized leadership to drive late-stage growth (Kaplan et al., 2007). Additionally, growth in valuation and employee count around successive financing rounds indicates that VCs use prior performance as a key indicator in assessing investment

readiness (Davila et al., 2003). Macroeconomic factors and public market signals also influence late-stage investing activity, with experienced investors more likely to capitalize on favorable IPO windows and exit conditions (Gompers et al., 2008).

2.3 Signaling Theory in VC

2.3.1 Introduction to signaling theory

Signaling theory explains how one party (the sender) communicates credible information to another (the receiver) in contexts of information asymmetry. High-quality entities send costly, hard-to-fake signals to distinguish themselves from lower-quality counterparts, thereby reducing uncertainty and guiding decision-making (Spence, 1973).

In entrepreneurship and venture capital, signaling theory helps explain how startups convey value to investors despite limited financial history. Investors rely on signals like prior funding, accelerator participation, founder background, and strategic partnerships to assess a startup's quality and potential (Connelly et al., 2010).

2.3.2 Signaling of previous investors for the next funding round

The quality of the investor base plays a critical role in signaling startup quality and shaping follow-on funding decisions. Early-stage investors often operate under high uncertainty, and one way to mitigate this is by observing who has already backed a company. The involvement of well-regarded early-stage investors sends a strong credibility signal, reassuring new investors and increasing the likelihood of participation in subsequent rounds. (Busenitz et al., 2005; Colombo, 2021).

The size of early funding rounds can influence a startup's ability to raise future capital. Large initial investments serve as positive signals, indicating investor confidence and prior due diligence. When reputable VCs are involved early on, follow-on funding becomes more likely, as later investors interpret this backing as validation of the startup's potential (Shetty & Sundaram, 2019).

Business angels serve as early-stage certifiers of startup quality. Their involvement—particularly when they are experienced and well-connected—acts as a signal to institutional

investors, increasing the likelihood of follow-on VC funding by reducing perceived risk (Capizzi et al., 2022).

Accelerators also provide signals of startup quality to investors. Top-tier accelerators like YC enhance startup credibility, attracting high-profile investors through strong validation and network effects. However, lower-tier accelerators with weaker investor connections can have negative signaling effects, deterring VCs rather than attracting them (Hallen et al., 2023). Startups from less reputable accelerators often struggle to secure top-tier follow-on investment, as investors may view them as lacking direct access to venture capital (Hallen et al., 2023).

Thus, the signaling power of accelerators depends on their reputation and investor network. While top accelerators enhance credibility, lower-tier ones may reduce a startup's attractiveness to future funders (Hallen et al., 2023).

2.4 Power Law in Venture Capital

The VC industry is characterized by extreme distributional outcomes, where a small number of highly successful investments account for most returns. This phenomenon is best described by a Power Law distribution, whereby startup success is not normally distributed but instead follows a heavy-tailed pattern where a few "outliers" dominate the market (Andriani & McKelvey, 2009; G. C. Crawford et al., 2014). Unlike traditional Gaussian-based statistical methods that assume a central tendency, Power Law distributions emphasize the disproportionate influence of a small number of startups in determining industry-wide performance (G. C. Crawford et al., 2015).

2.4.1 The Empirical Evidence for Power Laws in Venture Capital

A dataset of 6,530 firms demonstrates that the distributions of employees and revenue conform to Power Law structures, with a few extreme outcomes generating most of the economic value (G. C. Crawford et al., 2015).

Further evidence shows that most venture-backed firms fail, while only a small fraction achieve exponential growth and drive disproportionate returns. An analysis of over 12,000 startups confirmed that nearly all key entrepreneurial performance indicators exhibited Power Law characteristics, contradicting the assumption that business success is normally distributed (G.

C. Crawford et al., 2015). Ignoring Power Law effects in venture funding can lead to misleading conclusions about risk and return in the startup ecosystem (G. Crawford & McKelvey, 2012).

2.4.2 Implications of Power Law Distributions in Venture Capital

Understanding Power Law distributions in venture capital has profound implications for investors, policymakers, and startup founders. Investors should adopt a portfolio approach, recognizing that most investments will fail while a select few generate exceptional returns (Andriani & McKelvey, 2009). Traditional risk assessment models may be inadequate, as they often rely on Gaussian assumptions that do not reflect the highly skewed nature of startup success (G. C. Crawford et al., 2015).

Power Law dynamics also highlight the importance of network effects and market dominance. Outlier firms such as Amazon, Google, and Uber have leveraged their early traction to establish industry monopolies, further reinforcing the extreme distribution of outcomes (G. C. Crawford et al., 2014). These insights align with broader discussions on startup ecosystems, where first-mover advantages and winner-takes-all dynamics play a critical role (G. Crawford & McKelvey, 2012).

As a result, investors must look beyond median performance and prioritize scalable business models with exponential growth potential when selecting startups (G. C. Crawford et al., 2015).

2.5 Network Effects in Startup Ecosystems

Network effects play a crucial role in shaping startup ecosystems by facilitating access to funding, mentorship, market opportunities, and strategic partnerships. The interconnections between VCs, angel investors, accelerators, and corporate partners create a self-reinforcing cycle where well-connected startups gain a significant advantage (Hochberg et al., 2007; Sorenson & Stuart, 2000).

2.5.1 Venture Capital Networks and Investment Performance

The presence of strong venture capital networks enhances startup success by improving deal sourcing, due diligence, and post-investment support (Hochberg et al., 2007). Research suggests that VCs who are deeply embedded in syndication networks perform better than those

operating in isolation. These networks reduce information asymmetry, improve risk diversification, and provide startups with better access to follow-on funding (Das et al., 2011).

Furthermore, syndication mitigates geographic and industry-related barriers, allowing investors to identify and support high-growth startups beyond their immediate regions. Syndication networks expand the spatial reach of investments, enabling VCs to overcome local biases and diversify their portfolios (Sorenson & Stuart, 2000). The strength of a startup's network influences its ability to secure follow-on funding and gain investor confidence, reinforcing the importance of well-connected venture capital ecosystems (Hochberg et al., 2007; Sorenson & Stuart, 2000).

2.5.2 The Role of Syndication in Startup Growth

Syndication, or co-investment among venture capitalists, has been shown to significantly enhance startup growth and survival rates. Syndicated deals lead to better investment performance because they combine the expertise, resources, and networks of multiple investors (Das et al., 2011). This collaborative approach allows investors to mitigate risks and offer complementary expertise to startups (Chen et al., 2010).
Syndicated investments accelerate time to exit by boosting access to follow-on funding and improving IPO or acquisition outcomes. Networked investors enhance startups' access to industry expertise and talent, while syndication also reduces information asymmetry—leading to better valuations and stronger long-term support (Tian, 2012).

2.5.3 The Role of Accelerators in Network Expansion

Accelerators serve as key network nodes within startup ecosystems, providing structured access to investors, mentors, and strategic partners. Accelerators act as gateways to investor networks, bridging the gap between early-stage ventures and venture capitalists (Yu, 2019). Beyond individual startup growth, accelerators play a critical role in expanding startup networks. By attracting talent, investors, and industry stakeholders, accelerators contribute to the network supply of venture capital and foster a culture of entrepreneurship (Cohen et al., 2019). However, not all accelerators provide the same benefits, research suggests that only top-tier accelerators significantly improve a startup's network (Hallen et al., 2023).

2.5.4 Corporate Networks and Entrepreneurial Ecosystems

Large corporations play a dual role in startup ecosystems. They offer funding, infrastructure, and industry expertise that can accelerate growth, but their risk-averse culture may constrain bold innovation. Startups must carefully manage these partnerships to benefit from corporate resources while maintaining the agility needed for long-term independence and scalability (Herzog et al., 2024).

2.6 The Definition & Structure of Accelerators

2.6.1 Definition and Structure

Accelerators are fixed-term, competitive-entry programs designed to support early-stage startups through mentorship, funding, and industry connections in exchange for equity or other compensation (Cohen et al., 2019). Accelerators focus on rapid iteration, market validation, and structured networking within time-limited cohorts (Cohen, 2013). Their primary goal is to increase startup success rates by addressing challenges such as access to capital, industry expertise, and strategic partnerships (Hochberg, 2016).

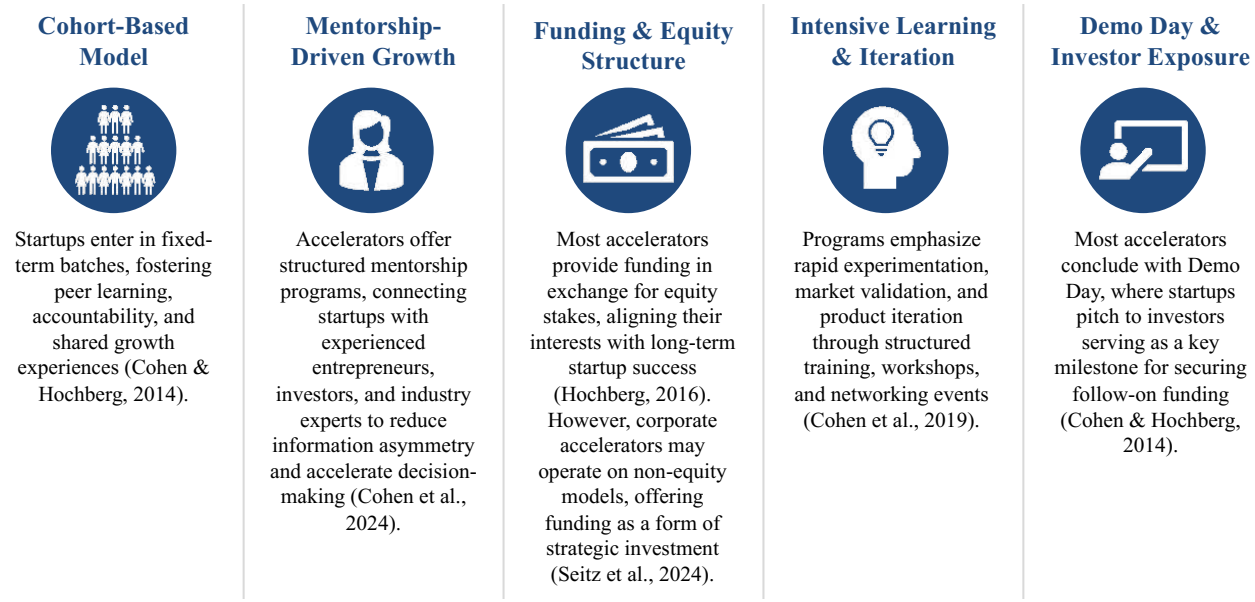

Figure 4: Accelerator Structure

2.6.2 Variations in Accelerator Models

Although accelerators follow a general structure, they vary based on their operational model, funding source, and strategic objectives. The three primary models include:

Private/Independent Accelerators – Programs such as Y Combinator and Techstars operate independently and focus on maximizing returns for investors. These accelerators are highly selective and invest in startups with high growth potential (Hochberg, 2016).

Corporate Accelerators – Run by large enterprises such as Google for Startups or Microsoft Ventures, they provide startups with access to industry-specific expertise, market opportunities, and infrastructure (Seitz et al., 2024).
Public & University-Based Accelerators – Funded by government agencies or academic institutions, with the aim to foster regional economic development and innovation (Chan et al., 2020).

2.7 Y Combinator

2.7.1 Y Combinator: Introduction and Business Model Innovation

Founded in 2005, YC has established itself as one of the most influential startup accelerators globally, pioneering the modern accelerator model and transforming early-stage startup investing (PitchBook Data, Inc., 2023). YC positions itself as the most founder-friendly investor, focusing on helping startups at their earliest stage, improving their chances of success, and giving them an advantage in fundraising (*Y Combinator*, 2025). The accelerator highlights its role in building some of the most valuable startups, asserting that participation in YC increases a company's credibility, improves investor confidence, and enhances access to key networks (PitchBook Data, Inc., 2023; *Y Combinator*, 2025). Its alumni include industry giants such as Airbnb, Stripe, Dropbox, and Reddit, reinforcing its reputation as the premier startup accelerator (*Y Combinator*, 2025).

YC restructures traditional venture capital by applying a batch-based, standardized model that emphasizes scale, network effects, and process efficiency. Instead of making selective, one-off investments, YC funds large cohorts of startups using uniform terms and provides structured mentorship (Teece, 2010).

Over time, YC has evolved from a pre-seed accelerator into a hybrid venture capital firm, providing structured growth pathways and follow-on investment opportunities (Cohen & Hochberg, 2014). Through its guiding philosophy, "Make something people want," YC underscores its commitment to rapid iteration, market validation, and long-term startup success (Hallen et al., 2023). This continuous refinement of its business model aligns with the broader understanding that business model innovation is not static but an ongoing process of adaptation and strategic evolution in response to market conditions (Teece, 2010; Zott & Amit, 2013).

2.7.2 Structure and Key Features of YC

Y Combinator follows a batch-based model, running four high-intensity three-month programs each year. With 200 to 300 startups per batch, divided into smaller groups, YC operates one of the largest accelerator cohorts globally (*About Y Combinator*, 2025; Hallen et al., 2023; PitchBook Data, Inc., 2023). The program includes weekly group office hours with YC partners, alongside networking events and lectures on topics such as product development, scaling, and fundraising (*About Y Combinator*, 2025).

Y Combinator runs four cycles per year, offering a three-month program with an initial investment of $500,000 via standardized SAFE instruments. The program culminates in Demo Day, where startups pitch to a curated investor audience (Nathoo, 2025).

The program culminates in Demo Day, where startups pitch to a curated audience of top-tier investors (Hallen et al., 2023; Zott & Amit, 2013). YC's influence also extends beyond the program through post-acceleration support, particularly via its exclusive Bookface platform, which facilitates alumni access to investors, talent, and mentorship (PitchBook Data, Inc., 2023).

2.7.3 YC's Network Effects

The YC alumni network comprises thousands of successful startup founders who actively support new batches by offering investment, guidance, and industry connections (PitchBook Data, Inc., 2023). This self-reinforcing cycle strengthens YC's brand and provides new startups with immediate credibility within the entrepreneurial landscape. One of YC's unique assets is its internal networking platform, Bookface, which serves as an exclusive hub for alumni, offering direct access to investor databases, hiring pipelines, and peer mentorship, furthermore YC emphasizes that the companies often get their first 40-50 customers from the YC network (*About Y Combinator*, 2025). Beyond internal connections, YC startups statistically receive higher funding rounds and attract more venture capital interest compared to non-YC startups, demonstrating the accelerator's role in shaping investor preferences (Hallen et al., 2023; PitchBook Data, Inc., 2023).

2.7.4 Signaling Effects of YC

Beyond mentorship and funding, Y Combinator serves as a powerful signaling mechanism. Acceptance into the program acts as a quality certification, boosting a startup's credibility with investors, customers, and potential hires (Hallen et al., 2023; PitchBook Data, Inc., 2023).

YC acts as a pre-screening mechanism, signaling that a startup has passed a highly selective process. This often leads to prioritized attention from VCs, lowers perceived investment risk, and increases the likelihood of follow-on funding (Cohen & Hochberg, 2014). Empirical data shows that YC alumni raise larger and faster follow-on rounds than graduates of other accelerators. Their median Series A valuations are also significantly higher, reinforcing YC's dominant position in the early-stage funding landscape (Hallen et al., 2023; PitchBook Data, Inc., 2023).

Y Combinator outperforms other accelerators such as Techstars, 500 Global, and SOSV in unicorn creation rates—an outcome aligned with the Power Law principle. While some critics suggest this may reflect YC's selection capabilities more than its program impact, its signaling power remains a key value proposition in helping startups stand out in a competitive funding environment (Cohen et al., 2019).

2.7.5 Resource-Based View and Dynamic Capabilities Leading to Competitive Advantage of YC

Y Combinator's sustained success can be analyzed through the lens of the Resource-Based View (RBV) and Dynamic Capabilities Theory. The RBV, now the Resource Based Theory (RBT), posits that firms achieve a competitive advantage by possessing valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1991). RBT helps explain YC's unique positioning in the startup ecosystem. YC's core resources include its extensive alumni network (Hallen et al., 2023), brand reputation (Cohen et al., 2019), and investor connections (Cohen et al., 2024), which create long-term competitive advantages that are difficult to replicate (Kraaijenbrink et al., 2010). By controlling these key resources, YC ensures that its portfolio startups receive access to mentorship, funding, and high caliber networking opportunities (PitchBook Data, Inc., 2023).

Beyond RBT, YC's sustained market leadership can be understood through Dynamic Capabilities, which extends the RBV by emphasizing a firm's ability to adapt, integrate, and reconfigure resources, sensing and seizing opportunities in response to a changing environment (Teece et al., 1997; Barreto, 2010). Dynamic capabilities are defined as the processes firms use to create, extend, and modify their resource base, enabling them to sustain a competitive advantage in high-velocity markets (Eisenhardt & Martin, 2000). YC exemplifies this through its iterative adaptation of investment structures (Cohen & Hochberg, 2014), curriculum updates (Cohen et al., 2019), expansion of post-acceleration support (Cohen et al., 2024), and expansion of batch size and frequency (PitchBook Data, Inc., 2023) ensuring relevance despite evolving industry demands (Eisenhardt & Martin, 2000; Samsudin & Ismail, 2019).

A key dynamic capability of YC is its ability to continuously refine its acceleration model, optimizing how startups receive funding and mentorship (Hochberg, 2016). By leveraging market insights and alumni feedback, YC effectively reconfigures its programs to maintain startup success rates (Cohen et al., 2024). This aligns with the perspective, which highlights the importance of strategic flexibility and resource recombination in a timely and opportunistic manner to achieve competitive advantages (Barreto, 2010). Moreover, YC's ability to signal quality to investors serves as an intangible yet potent capability that enhances the perceived value of its startups, further amplifying their funding potential (Collis & Anand, 2018; Hallen et al., 2023).

Some scholars argue that dynamic capabilities are not inherently a source of long-term advantage unless they are superior to competitors' capabilities (Collis & Anand, 2018). In this context, YC must continue to outpace rival accelerators like Techstars and 500 Global by evolving its mentorship structures, expanding its investor networks, and leveraging data-driven insights for startup selection and growth (Samsudin & Ismail, 2019).

2.8 Impact of Accelerator on follow on funding success

2.8.1 Impact of Accelerators on Follow-On Funding Success

Accelerators play a significant role in shaping the fundraising success of early-stage startups. Research has consistently shown that startups backed by well-established accelerators tend to raise capital faster and at higher valuations than their non-accelerated counterparts (Cohen & Hochberg, 2014; PitchBook Data, Inc., 2023). However, the degree of success varies depending

on the accelerator's signaling, network selection criteria, and program structure. Top-tier accelerators, such as YC, Techstars, and 500 Global, have been found to provide startups with a strong funding advantage (Cohen & Hochberg, 2014; PitchBook Data, Inc., 2023). Participation in leading accelerators significantly increases a startup's probability of raising a Series A round. The mentorship, structured growth programs, and investor introductions provided by these accelerators help reduce information asymmetry and signal credibility to venture capitalists (Cohen & Hochberg, 2014). Startups from top-tier accelerators consistently achieve higher median valuations at Series A and Series B stages compared to their non-accelerated counterparts (PitchBook Data, Inc., 2023).

2.8.2 Y Combinator's Influence on Follow-On Funding

Y Combinator has consistently demonstrated a strong influence on the fundraising trajectories of its participants. YC alumni secure follow-on funding at a significantly higher rate than non-accelerated startups (PitchBook Data, Inc., 2023).

YC-backed startups, on average, secure Series A funding within 12 to 18 months post-acceleration, a much shorter timeline compared to startups outside elite accelerator programs (PitchBook Data, Inc., 2023). As stated earlier, closing a Series A round signals an important inflection point when a startup has transitioned from initial validation to scalable growth.
The long-term influence of YC extends beyond initial rounds. YC graduates are more likely to attract prominent venture capital firms for later-stage funding rounds, including Series B and Series C, due to their established credibility in the startup ecosystem (Hallen et al., 2023).

Despite YC's strong track record, follow-on funding success follows a Power Law distribution and varies widely among participants. While many secure Series A quickly, outcomes depend on sector, market conditions, and founder execution. Startups in deep tech and biotech often face longer fundraising cycles than those in software or fintech, even with YC backing (PitchBook Data, Inc., 2023).

3 Methodology

3.1 Research Design

Our study employed a mixed-methods approach, with qualitative and quantitative methods providing a holistic perspective on YC's influence in the European startup ecosystem. The

literature review established a theoretical grounding (Gioia, 2021; Mayring, 2014), while the semi-structured interviews offered contextual depth and insights that raw data alone cannot capture (Galletta & Jr, 2013; Qu & Dumay, 2011). Additionally, quantitative data analysis ensured an empirical foundation for evaluating YC's impact (Newman & Newman, 2000).

3.2 Data Collection

3.2.1 Secondary Data – Literature Review

The secondary data collection entailed a systematic review of academic sources. Further references were added through cross-referencing and targeted searches on specific topics, such as startup funding and accelerator models. In addition to academic literature, industry reports from Dealroom and PitchBook, as well as information directly from the YC website, were used to ensure relevance and practical grounding. The tool Connected Papers was also used to identify additional academic sources and explore related literature. In total, 89 sources were used for the final literature review.

3.2.2 Semi-Structured Interviews

To complement the literature review, semi-structured interviews were conducted to gain deeper qualitative insights. This method allowed for flexibility in responses, enabling interviewees to elaborate on their experiences and perspectives regarding YC's influence on the European startup ecosystem (Galletta & Jr, 2013; Qu & Dumay, 2011). The interview sample included founders of YC-backed European startups, founders of startups supported by top European VC firms, angle investors, and venture capitalists active in the European ecosystem with investments in YC startups.

The interview guides for each interviewee group were designed to explore key research themes, including the perceived value of YC's accelerator model compared to European non-accelerator backed pathways, the signaling effect of YC, network effects, and the comparative advantages and disadvantages of YC versus European angle investors and VC firms. All interviews were transcribed with AI and analyzed using thematic coding to identify recurring patterns and insights (Mayring, 2014). Considerations regarding data saturation were based on prior research, which emphasizes that saturation is typically reached with twelve interviews, though key themes may emerge with just six interviews (Guest et al., 2006; Hagaman & Wutich, 2016).

A total of 14 interviews were conducted, with participants recruited via personal networks and LinkedIn, whereby we attained data adequacy and saturation. Interviews were held in English or German, lasted 25 to 40 minutes, and remained fully anonymous to ensure confidentiality. While some questions were tailored to the interviewee's role, core themes e.g., signaling, were addressed across all groups to enable cross-comparison. An overview of interview participants and the full interview guides are provided in Appendix A and Appendix B.

3.2.3 Quantitative Data

To assess YC's impact on startup funding, Crunchbase data was used to enable a comparative analysis between YC-backed startups and those funded by top European VCs. The dataset focused on funding rounds, investment amounts, and investor types (Crunchbase Inc., 2025).

The top European VC firms were identified using Dealroom, which ranks investors based on early-stage success (see Appendix D). The ranking assigns weighted scores to investments in unicorns or "future unicorns" ($250M–$1B valuation), with seed-stage investments rated highest. Additional points are awarded for investments made within the past 12 months to reflect recent activity (Dealroom.co B.V., 2025).

3.3 Data Analysis

3.3.1 Primary Data – Expert Interviews

German-language interviews were translated with AI into English, a summary of alle interviews can be found in Appendix E. A thematic analysis was then conducted to examine YC's influence on the European startup ecosystem. Transcripts were reviewed to identify recurring themes for coding and categorization.

Using MAXQDA24, interview data was systematically coded and categorized to identify themes. The software also helped uncover links between codes, illustrating YC's impact on short- and long-term funding pathways.

Key findings are presented in Chapter 4, with the MAXQDA24 codebook provided in Appendix C.

3.3.2 Primary Data – Crunchbase Data

3.3.2.1 Data gathering

The dataset was exported from Crunchbase on April 16, 2025, and includes all available funding rounds. YC-backed startups were identified by their participation in Y Combinator and European headquarters. Similarly, European startups funded at the Pre-Seed stage by top-ranked VCs and headquartered in Europe were selected. To ensure group independence, startups backed by both YC and a European VC were excluded.

3.3.2.2 Data Preparation

During data cleaning, date formats were standardized, numeric values were cleaned, and duplicates removed. Missing values were retained using placeholders to preserve information on companies without later-stage funding.

Three binary variables were created to indicate whether a startup reached Series A or Series B or reached 12 months of age after receiving Series A funding. Time intervals from Pre-Seed to Seed, Seed to Series A, Pre-Seed to Series A and Series A to Series B were calculated when valid dates were available, with blanks used to avoid imputation.

Additional metrics included total funding rounds, average round size, and number of investors. Dummy variables flagged startups in sectors like DevOps and AI for subgroup analysis. Furthermore, all Companies where clustered into ten different Industries. Both datasets were cleaned using the same logic and merged, with a binary variable added to indicate YC participation.

3.3.2.3 Data Overview

The final dataset included funding data from 774 European startups—380 YC-backed and 393 backed by 27 top European early-stage VCs. It covered 1,862 equity-based funding rounds, with 859 from YC startups and 1,003 from non-YC startups.

Key variables included binary indicators for reaching Series A or B, time (in months) between funding stages, total funding in USD, average round size, number of investors, and industry. Dummy variables flagged startups in the AI, DevOps sectors and YC startups.

3.3.2.4 Exploratory Data Analysis

An exploratory data analysis was conducted to uncover patterns before running regression models. Cross-tabulations examined relationships between investor type and funding outcomes, such as the likelihood of reaching Series A or B. Frequency analysis assessed the distribution of startups by industry, funding stage, and region.

3.3.2.5 Regression Analysis

To better understand factors influencing early-stage funding outcomes, regression analyses were conducted. Logistic and linear models examined how YC participation, sector focus (e.g., AI or DevOps), and variables such as total funding, investor count, and average round size affected the likelihood and timing of reaching Series A or B. SPSS was used for analysis, and results were interpreted in line with the research objectives.

3.3.2.6 Interpretation of Results

The findings from the exploratory and regression analyses were used to assess how YC participation, sector focus, and funding dynamics influence the likelihood and timing of reaching Series A and B. These results informed broader conclusions about the role of accelerators in early-stage startup success, as discussed in Chapter 4.2.

Given the unpredictability of very early-stage startups — where, as discussed, most ventures fail — early-stage investing represents an empirical field in which outcomes are shaped by numerous unobservable or inherently random factors (Newman & Newman, 2000). These include intangible elements such as founder quality and charisma, macroeconomic conditions, or timing (McCarthy et al., 2023). Consequently, explanatory power (R^2) is often low; however, this does not diminish the value of statistically significant relationships within the model. Thus, a low R^2 does not undermine the validity or usefulness of the results (Newman & Newman, 2000). The objective of the regressions in this study is not precise prediction but rather to uncover directional effects and relevant drivers of funding outcomes in a highly uncertain environment.

4 Analysis and Discussion

4.1 Expert Interviews

4.1.1 Motivations for Joining YC

4.1.1.1 Relocation to the U.S. as a Strategic Consideration

Seven interviewees addressed the topic of relocating to the U.S. in the context of YC participation. Participants A and B noted that while YC can serve as a tool to facilitate a move to the U.S., this was not relevant in their cases as their customers and operations were already based in Europe.

Participants H and J viewed the expectation to relocate, even temporarily, as a disadvantage. Both emphasized that their networks, customers, and investors were primarily in Europe, and YC's U.S. presence did not offer additional value.

Participant N considered using YC to obtain a U.S. work permit and potentially build the company there. Participant E also explored remaining in the U.S. after the program, citing a strong local network from their previous experience at a U.S. unicorn. However, for personal reasons, they chose to return to Europe, despite believing the U.S. would have offered stronger access to investors and customers.

Only Participant K mentioned that the company they invested in applied to YC with a clear plan to stay in the U.S., driven by a stronger customer base and a more favorable funding environment.

4.1.1.2 Perceived Value of YC's Capabilities and Resources

Participant A stated that YC offered the most attractive investment terms for their stage, which was a key reason for joining the program. In contrast, Participant B applied to YC primarily for the expected coaching and guidance on building a company, noting that funding was not a motivating factor as they already had access to capital.

Participant H emphasized that while YC partners offer useful input, it tends to focus on general startup advice rather than sector-specific challenges. This view was later echoed by Participant B in a separate context.

Participant N highlighted that their company would seek investors who could provide customer access and relevant introductions. In their view, YC is less suitable for startups targeting European SMBs, where European pre-seed funds often offer stronger networks.

Several other participants, including Participant N, noted they had limited clarity on what YC's specific expertise involved. Since much of YC's content is available publicly, the expertise component was not seen as a decisive factor for joining the program.

4.1.1.3 Perceived Signaling Power of YC

Participants A, B, E, G, H, K, L, M, and N emphasized that signaling was one of the main reasons—or the main reason—for joining YC. Participant B, for instance, joined despite having already secured equity investment on more favorable terms, citing YC's signaling value as decisive.

Participant E noted that signaling is particularly valuable for younger or first-time founders lacking a professional track record, whereas its importance decreases for more experienced founders like themselves.

Participant G explained that YC was the only accelerator they considered, believing it to be the only one of real value for European startups. This view was echoed by Participants H, I, K, and M, who also saw YC as the only accelerator worth pursuing.

While Participant G also highlighted signaling benefits for employer branding and early hiring, others were more skeptical. Several noted that YC lacks strong brand recognition in Europe, limiting its effect on hiring. Participant N added that top-tier European VC funds often carry greater weight in attracting talent within the European market.

4.1.1.4 Value of YC's Network

Participants G and H identified YC's founder network as one of the two main reasons for joining the program. Participant G emphasized the unique scale and quality of YC's founder community, while Participant H appreciated the peer exchange but noted that the network is largely U.S.-based and offered limited industry-specific value for his company.

Participant K viewed the YC network primarily as a gateway to investors rather than other founders and considered this a key reason for applying. Similarly, Participant L expected high responsiveness when reaching out through the YC network, which they saw as an asset for company building.

Participant N focused on customer access and noted that the relevance of the YC network depends on the product. For companies targeting European customers, other investors may offer more suitable networks than YC.

4.1.2 YC Support Structure and Perceived Value

4.1.2.1 Impact of Office Hours and General Coaching

Participants A, B, E, and G identified the one-on-one office hours with YC Group Partners as the core component of YC's expertise. These sessions were appreciated for their flexibility but tended to focus on fundraising and go-to-market strategies rather than technical or product-related topics. Participant A described them as primarily sales-focused, G emphasized fundraising, B highlighted KPI tracking and execution speed, while E found them rooted more in common sense than deep expertise—particularly given their team's seniority.

All four agreed that the general coaching sessions outside the office hours were more of an add-on. While somewhat inspiring, especially when YC alumni shared their stories, these sessions were not considered particularly valuable for their individual company challenges, though they appreciated the concise format.

Participant D argued that sector-specific angel investors offer more valuable coaching than YC Group Partners, especially for specialized startups. Participant E supported this, explaining that their biotech-focused product fell outside the expertise of their YC partner, while their angel investors had directly scaled similar products and were more helpful.

Participant J noted that the founding team was already strong in sales and pitching, and she could not clearly attribute fundraising success to YC's support. Participant F echoed this, stating that only 10–15% of founders significantly improved through YC coaching, while many struggled operationally after the program—often due to pressure from high valuations.

4.1.2.2 YC's Role in Structuring Fundraising Strategy

Founders who had participated in a YC batch generally shared similar views on YC's role in fundraising. Participant A was the only one who felt the advice was limited, consisting mainly of basic guidance on what metrics to present, which they considered straightforward and not particularly insightful.

Participant B appreciated that YC provided a clear roadmap for upcoming fundraising steps, with office hours primarily focused on that topic. Participant E agreed, though much of the advice felt like common sense—likely due to their greater experience.

Participant G echoed these experiences, noting that YC partners gave specific advice on what to show and say to investors to maximize fundraising success. However, several participants also expressed concern that YC's model places too much emphasis on fundraising, sometimes at the expense of building a sustainable business. This was seen as especially problematic for

European startups, which might receive inflated valuations post-program and struggle to meet expectations later, potentially undermining long-term growth.

4.1.3 Evaluating the YC Network

4.1.3.1 Peer Learning and Founder Network Dynamics

Several participants emphasized that the value of the YC network depends strongly on sector fit and timing. Participant A used the network to connect with a few peers in their niche but noted that companies in broader sectors like DevOps benefit more from YC's dense ecosystem of peers and potential customers. Although their company eventually failed, one co-founder built a new venture and gained all initial clients through the YC network—something they believed wouldn't have been possible without YC.

Participant B viewed the YC network as one of the most important aspects of the program. They emphasized the ambition within the batch and the value of sharing solutions to common early-stage challenges, which accelerated their problem-solving.

Participant E also valued the network long-term, noting that while strong bonds during the batch were rare due to large group sizes, outreach after the program often resulted in open, helpful responses. Participant F echoed this, describing the network as a long-term asset useful for hiring, sales, and support, while short-term benefits depend on how well the startup's product aligns with the YC ecosystem.

Participant G agreed, praising YC's culture of ambition and acceptance of failure—something they saw as contrasting with European startup norms. Like Participant A, they found limited peer overlap in their specific industry, which reduced short-term network usefulness.

Participants I and J also described the network as more valuable post-program. They distinguished between sector-agnostic and sector-specific benefits, noting that the impact of the YC network depends on the company's product and industry alignment.

4.1.3.2 Access to Investors Through the YC Ecosystem

Several participants emphasized that YC significantly enhances access to early-stage investors and boosts visibility during fundraising. Participant A deliberately avoided European investors, believing U.S. investors were better suited to understand their business model. After their company failed, the YC affiliation still helped the pivoted business attract new investment through signaling alone.

Participant A's team had already been backed by a European VC fund upon entering YC and received substantial inbound interest from both U.S. and European investors, ultimately choosing to continue with their existing backers. Participant B shared a similar path, retaining their current investors but viewing YC's extended network of top-tier VC connections as a strategic asset for future rounds.

Participant E noted that while they could have raised funds independently through their personal network and strong track record, YC significantly increased inbound investor interest—especially beneficial for less experienced founders. They raised their entire round from U.S. investors due to their deeper market understanding.

Participant F highlighted that YC's investor network and signaling drive faster and higher-valuation fundraising. According to them, 80% of YC startups raise before Demo Day, with 40% closing within five days and 80% within ten days. The remaining 20% often struggle due to traction issues.

Participant G also had pre-existing investors but added a YC-affiliated unicorn founder as an angel investor, which they found particularly valuable. Although they didn't pursue further VC funding during the program, they acknowledged YC's value in expanding their investor network.

Participant I described the combination of investor access and signaling as ideal for raising a strong seed round. Participant J confirmed this view, calling investor access one of YC's most important sector-agnostic advantages alongside signaling.

4.1.4 The Signaling Power of YC

4.1.4.1 YC as a Signal for Early-Stage Investors

Participants consistently emphasized YC's signaling power, particularly in the context of early-stage fundraising. Inbound interest from VCs was often seen not only as a function of YC's investor network, but also as a strong signal.

Participants C and D, both with early-stage investment experience, described YC as a highly trusted signal—especially valuable given the lack of concrete data points at the pre-seed stage. They noted that YC participation often indicates a higher likelihood of successful follow-on funding, which aligns with Participant F's claim that 80% of YC startups raise within ten days of Demo Day. Participant C further mentioned that the valuation of their angel investment increased significantly after the company was accepted into YC, despite unchanged KPIs.

Participant E, as a first-time founder with prior experience, acknowledged the value of YC signaling but noted it was more critical for less experienced founders. They were able to raise without relying on YC due to their existing network and track record.

Participant F highlighted the prestige of YC and estimated that it can double a startup's valuation compared to non-YC companies. Participants C, I, and K confirmed that YC affiliation leads to higher valuations, though they did not quantify the increase. Participant F also noted that YC participation adds long-term value to a founder's CV, regardless of the startup's outcome—an idea echoed by Participant A, who benefited from the signaling effect after their company shut down.

All early-stage investors or those with experience in VC agreed that signaling is YC's most powerful asset. Participant I considered YC the only worthwhile accelerator in Europe, while Participant K stated that they once invested in a YC-backed startup without conducting due diligence, relying solely on YC's endorsement.

4.1.4.2 Diminished Relevance of YC for Late-Stage Investors

Participants C, D, and J—all involved in late-stage investing—agreed that while YC remains a positive signal, its influence decreases significantly in later funding rounds. At that stage, company fundamentals and KPIs become far more important, and if these do not meet expectations, the YC affiliation holds little weight. Participant J confirmed that YC did not influence their investment decision in a portfolio company, and that YC had limited visibility in their late-stage investment context.

This perspective was echoed by Participants F, G, and N. Participant G emphasized that signals like YC or university credentials matter less at the late stage, where traction and performance take precedence. Participant C also noted that YC-backed companies often appear overvalued in the immediate post-accelerator funding round, especially by European standards. Participant G supported this view, arguing that high initial valuations may hinder future financing from European funds and present risks for sustainable growth.

4.1.4.3 Perceived Dilution of YC's Signaling Strength

Participants A, B, F, C, G, H, I, and M agreed that YC's signaling effect is likely to weaken over time due to the growing number of companies in each batch. However, Participants B and F argued this perception may be misleading. Participant B suggested that investors may wrongly

assume diminished selectivity, while Participant F believed that larger batches could actually enhance quality through increased peer learning and a stronger network.

Participant C raised concerns that the expanding batch sizes might reduce the rigor of YC's selection process. They cited a case where a startup was accepted after a previously rejected application was resubmitted unchanged—except for the addition of a convertible bond from a leading European VC.

Despite this potential dilution, Participant I maintained that YC's ongoing participation in follow-on rounds could still serve as a strong signal to investors, particularly if YC continues backing companies beyond the initial investment.

4.1.5 Strategic Fit and Funding Pathways

4.1.5.1 Product-Customer Fit and Sector Suitability for YC

Participants distinguished between sector-agnostic and sector-specific advantages of YC, noting that startups benefiting from both could be described as having a "product and customer YC fit"—meaning alignment between their offering and YC's strengths.

Participant A emphasized that companies building Developer Operations (DevOps) tools are particularly well-positioned to benefit from YC. These companies can tap into a large pool of relevant alumni for expert advice, and many YC startups employ developers who may serve as early users or customers. This view was supported by participants B, F, G, H, I, K, M, and N.

Participant M added that U.S. investors tend to better understand verticals like DevOps, making YC more suitable for such companies. Participants H and K made similar observations about B2C products.

Customer proximity also emerged as a critical factor. Participants N, H, and F argued that companies targeting European SMBs should remain in Europe, as early-stage development benefits from close access to customers. Participants A and N further stressed that investor selection should be based on access to relevant customer networks—for example, an investor with ties to German SMBs.

Participant H highlighted that building customer relationships locally offers more value than doing so in the U.S. Participant B, however, took a more general view, arguing that YC's main value lies in providing a versatile company-building toolkit, regardless of customer location or product type.

4.1.5.2 Choosing Between YC and European Early-Stage Funding

Participants offered diverse views on whether European startups should pursue YC or remain within the European ecosystem of angel investors and VCs. Most agreed that the decision depends on the product, target customers, and founder profile.

Participant A's investors advised against joining YC, citing the importance of staying close to European customers. However, they ultimately chose YC for its additional signaling. They noted that European funds are preferable only when they add concrete value on the customer side.

Participant B supported YC in nearly all cases and stressed that it's not an either-or decision—YC and European funding can be combined. He expected more European startups to follow this hybrid path in the future.

Participant C was skeptical of so-called "super angels," arguing their value is mostly limited to signaling, as they invest widely. He recommended YC for internationally oriented products, but the European route for companies selling to local businesses.

Participant D believed success is ultimately determined by team and execution, not the funding route. He cautioned that inflated YC valuations could hinder future rounds if companies fail to meet expectations—a concern echoed by Participant F, who noted valuations can be up to 2x higher through YC.

Participant E remained neutral but said he would send his own children to YC, particularly if they were young, first-time founders.

Participants G and F preferred European investors when targeting local customers, and adopted a hybrid approach. G added that YC's U.S.-centric legal structure made later rounds more attractive to U.S. investors but difficult for European funds with restricted mandates.

Participants H and K shared the view that the choice depends on product scope. YC was seen as better for international offerings, while European investors were more appropriate for local B2B models.

Participant I added that founder experience also matters—YC offers stronger support and signaling for younger, less experienced founders, while seasoned founders may benefit more from staying within Europe.

Participant J suggested raising from U.S. investors at a later stage, rather than through YC, to avoid inflated early valuations. He gave an example of a YC-backed company struggling with follow-on funding due to a U.S. legal setup that conflicted with European investor mandates, limiting their pool of potential investors.

Finally, Participants M and N said they would have preferred to raise from top European VCs. However, after being rejected by them, Participant M successfully joined YC, viewing it as a strong alternative—especially since their product was a DevOps solution.

4.2 Crunchbase Data

4.2.1 Exploratory Analysis

4.2.1.1 Funding Analysis

The dataset included 1,862 funding rounds totaling approximately €14.2 billion. Most occurred at the pre-seed (846) and seed (586) stages, which were frequent but contributed less to total capital. In contrast, Series A (165) and Series B (43) raised over €2.4 billion and €2.5 billion, respectively. Despite representing only 48 rounds, Series C and beyond accounted for more than €6.1 billion in funding.

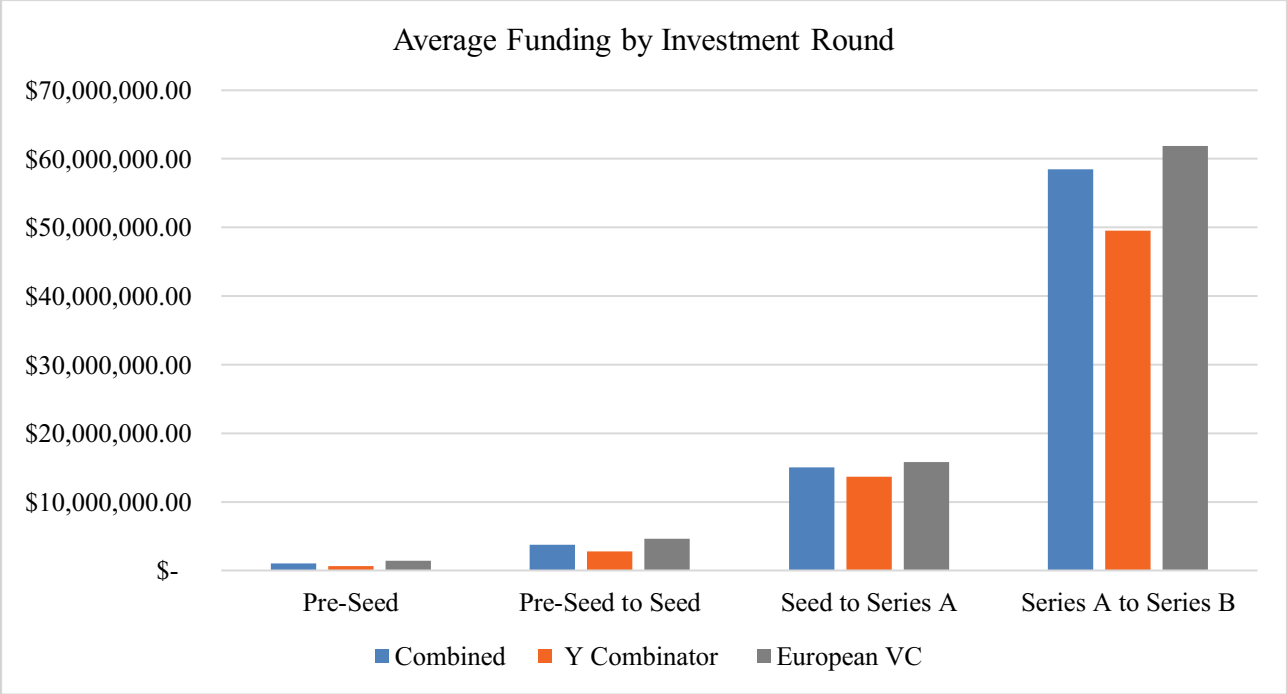

Figure 5: Average Funding by Investment Round – YC vs. European VC vs. Combined

Figure 5 compares average funding amounts between rounds for YC-backed, European VC-backed, and combined average. European VCs averaging over $60 million from Series A to B, while YC startups raised slightly less in later rounds, early-stage differences were minimal. However, since funding amounts depend on equity sold, they are not direct indicators of valuation—no valuation conclusions can be drawn from this data alone.

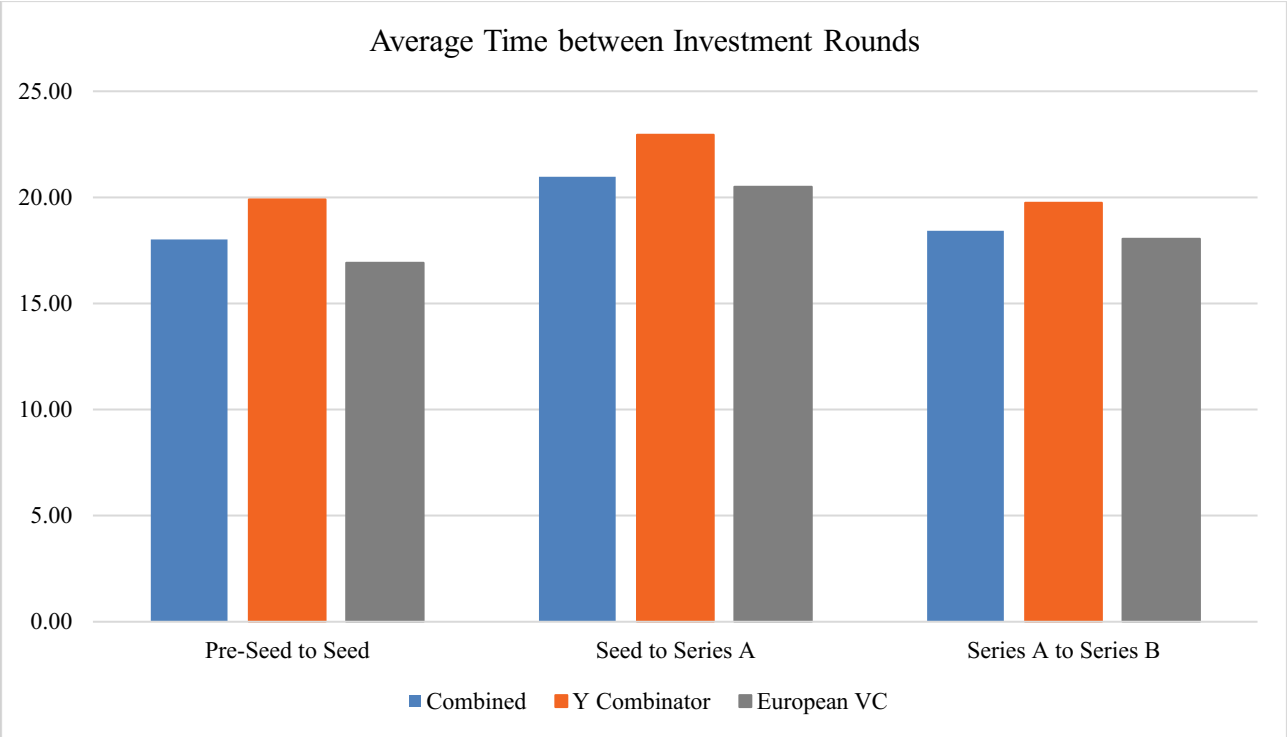

Figure 6: Average Time Between Investment Rounds – YC vs. European VC vs. Combined

Figure 6 shows the average time between funding stages. European VC-backed startups moved slightly faster from pre-seed to seed and Series A to B, while YC-backed startups had longer gaps between seed and Series A. However, since the data is based on Crunchbase announcement dates — not actual funding events — timing may be inaccurate. This is especially true for YC, where funding rounds occur around Demo Day but are announced later, as also confirmed by several interviewees.

4.2.1.2 Industrie Insights

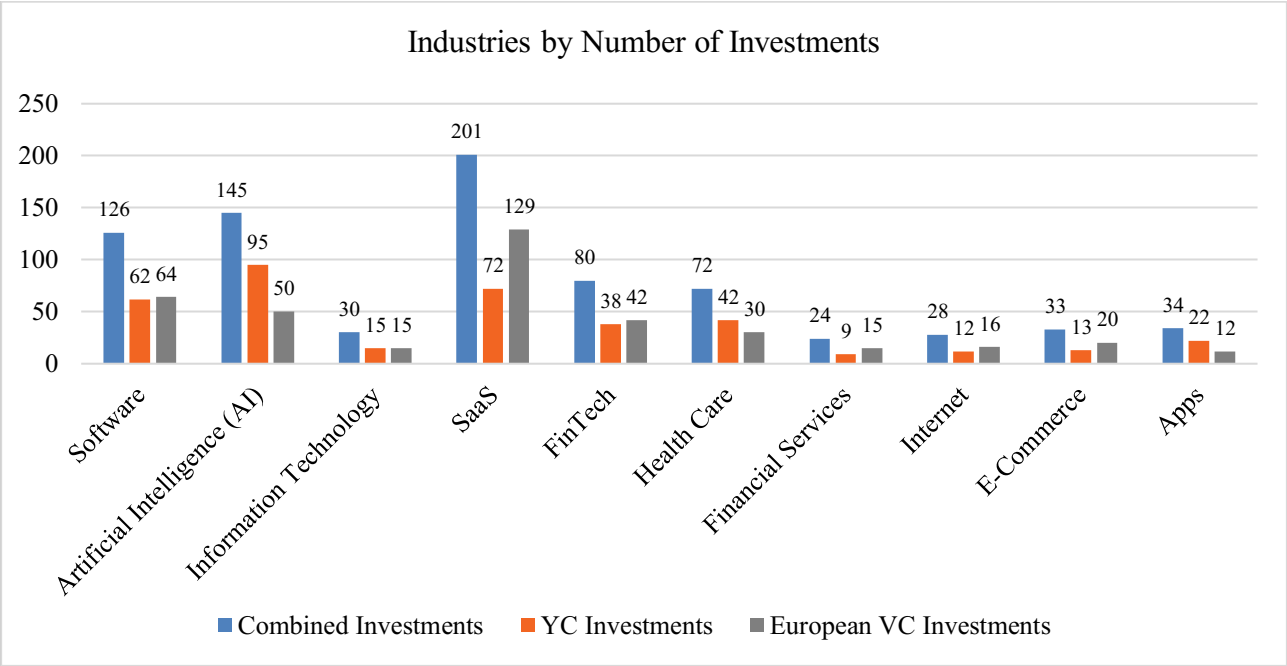

Figure 7: Number of Investments by Industry – YC vs. European VC vs. Combined

Sectoral distributions showed clear differences. SaaS was the leading sector overall (26%) and dominated the European VC group (33% vs. 19% for YC). In contrast, AI was more concentrated among YC startups (25% vs. 13% for European VCs). Software (16%) and FinTech (10%) were evenly represented across both groups. YC also had a slightly higher share in Health Care (11% vs. 8%) and Apps (6% vs. 3%), while E-Commerce and Financial Services were more prominent in the European VC sample. Furthermore, the dataset includes 61 DevOps startups—mostly within AI or SaaS sectors — 44 of which were backed by YC.

4.2.2 Cross Tabulations Analysis

For cross-tabulations, the dataset was filtered to include only startups that had either already reached Series A or were sufficiently mature in age that it would be reasonable to expect them to have reached Series A if they were on a typical funding trajectory. This filtering was necessary to exclude very early-stage startups (e.g., recent pre-seed rounds) that had not yet had a realistic chance to progress to Series A, to ensure meaningful and comparable results.

4.2.2.1 Reaching Series A: YC-Backed vs. European VC-Backed Startups

The first cross-tabulation examined the relationship between Y Combinator participation and the likelihood of reaching Series A (see appendix F). Among the 406 valid cases, 34.5% of

startups overall progressed to Series A. When segmented by investor type, 40.5% of non-YC startups reached Series A compared to only 27.7% of YC-backed startups. This difference was statistically significant, as indicated by the Pearson Chi-Square test ($\chi^2(1) = 7.240$, $p = .007$). These results suggest that, within the analyzed sample, YC-backed startups were less likely to reach Series A than their non-YC counterparts.

4.2.2.2 Sectoral Outcomes: YC-Backed vs. Non-YC Startups at Series A

The second cross-tabulation explored how sectoral affiliation correlates with reaching Series A funding, and whether this relationship differs between YC-backed and non-YC startups (see Appendix G). Within SaaS, 40.6% of non-YC startups reached Series A, compared to 21.6% of YC startups. In contrast, AI startups in the YC group reached Series A at a slightly higher rate (24.4%) than their non-YC counterparts (26.3%), though the difference is minimal. Other sectors such as Health Care, FinTech, and E-Commerce showed mixed outcomes between groups, with no consistent pattern favoring either YC or non-YC. Importantly, the overall Pearson Chi-Square test for the interaction between sector, Series A outcome, and YC participation was not statistically significant ($\chi^2(9) = 7.340$, $p = .602$), indicating that industry sector did not significantly moderate the relationship between YC participation and reaching Series A.

4.2.2.3 DevOps Startups: Comparative Outcomes Between YC and Non-YC Groups

Given that several interview participants described DevOps as a particularly strong fit for Y Combinator's model, a three-way cross-tabulation was conducted to examine whether YC-backed DevOps startups outperform their non-YC counterparts in reaching Series A. The data included 40 DevOps startups, 29 (73%) backed by YC. Among non-YC startups, DevOps companies had a lower Series A success rate (18.2%) compared to non-DevOps startups (40.5%). Within the YC group, DevOps startups reached Series A more frequently (37.9%) than other YC startups (25.9%), suggesting a potential sectoral advantage in this context. However, none of these differences were statistically significant ($p = .122$ for non-YC, $p = .184$ for YC, $p = .781$ overall) (see Appendix H).

4.2.2.4 Pre-Seed Investor Count and Its Impact on Series A Outcomes

Several interview participants emphasized that a well-structured early investment round — particularly one involving a small group of angel investors and at least one institutional fund

— could sometimes be more efficient and impactful than participation in Y Combinator. To investigate this claim quantitatively, a three-way cross-tabulation was conducted to examine how the number of pre-seed investors relates to reaching Series A, and whether this relationship differs for YC-backed versus non-YC startups. Descriptively, non-YC startups with one or two pre-seed investors exhibited relatively high Series A success rates (up to 40.5%), while rates declined in groups with more investors. Among YC startups, Series A success appeared more evenly distributed across investor group sizes, with no strong pattern of advantage linked to investor count. Pearson Chi-Square tests indicated no statistically significant association between the number of pre-seed investors and Series A outcomes in either group ($p = .261$ for non-YC, $p = .704$ for YC, and $p = .590$ overall) (see Appendix I). While some trends were observable, the results suggested that the quantity of pre-seed investors alone did not significantly influence the likelihood of progressing to Series A.

4.2.2.5 Progression to Series B: Comparing YC and Non-YC Startups

The final cross-tabulation assesses the relationship between Y Combinator participation and the likelihood of reaching Series B funding (see Appendix J). Of the 406 startups included, only 10.1% advanced to Series B. Within the non-YC group, 13.5% of startups reached Series B, whereas among YC-backed startups, only 6.3% did so. The difference was statistically significant, as shown by the Pearson Chi-Square test ($\chi^2(1) = 5.785$, $p = .016$), indicating a lower likelihood of progressing to Series B for YC-backed companies in this dataset.

4.2.3 Regression Analysis

Where appropriate, the same filtering logic as in Section 4.2.2 was applied to the regression analysis — specifically in cases where it was necessary to ensure that only startups which had either reached Series A or were sufficiently mature to have reasonably had the opportunity to do so were included.

4.2.3.1 Impact of YC Participation on Seed Funding Amounts

A linear regression analysis was conducted to assess whether YC participation led to higher seed funding amounts (see Appendix K). The model was statistically significant ($F(4, 443) = 4.662$, $p = .001$), but explained only 4.0% of the variance in seed funding amounts ($R^2 = .040$). Contrary to expectations, YC participation was significantly associated with lower seed funding amounts ($B = –1{,}481{,}040.54$, $p = .004$), suggesting that YC-backed startups raised slightly less

at seed stage compared to their non-YC counterparts when controlling for sector affiliation and the number of pre-seed investors. These findings indicated that YC participation did not translate into higher initial funding amounts within the sample. It is important to note, however, that this does not imply YC-backed startups necessarily have lower valuations, as the amount raised also depends on the percentage of equity sold and other deal-specific factors.

4.2.3.2 Influence of Seed Funding and YC Participation on Series A Progression

Two logistic regression models were performed to assess whether Y Combinator participation predicts the likelihood of reaching Series A funding. In the first model, without controlling for seed funding, YC participation was significantly associated with a lower probability of reaching Series A (B = -0.690, p = .002), with YC-backed startups being approximately 50% less likely to reach Series A compared to non-YC startups. In the second model, which included seed funding amount as an additional predictor, the negative effect of YC participation remained significant (B = -0.651, p = .004), while seed funding itself was not a significant predictor (p = .073) (see Appendix L). These results suggested that seed funding amount did not mediate the relationship between YC participation and Series A success, and that YC's influence on early-stage progression appeared independent of initial funding size.

4.2.3.3 Predictors of Series B Progression Among Series A Startups

A logistic regression was conducted to examine the factors influencing the probability of reaching Series B funding among startups that had already reached Series A. The model was not statistically significant ($\chi^2(7) = 7.663$, p = .363), and explained only 7.6% of the variance (Nagelkerke R^2 = .076) (see Appendix M). None of the variables included significantly predicted progression to Series B. Although the YC dummy showed a negative coefficient (B = -0.738, p = .102), indicating a trend toward YC-backed startups being less likely to reach Series B, this result was not statistically significant. Affiliation with the AI sector approached significance (B = 0.911, p =e .056), suggesting that AI startups might have a higher likelihood of reaching Series B, although this finding also did not meet conventional significance thresholds. Overall, the results suggested that, within this limited sample, neither YC participation nor initial funding levels significantly impacted the probability of securing Series B financing.

4.2.3.4 Time to Seed Funding: Effects of YC Participation and Sector

The linear regression model examining the time from pre-seed to seed investment revealed a statistically significant result ($p < .001$) with an R^2 of 0.049, indicating that roughly 5% of the variance in time can be explained by the included variables. Notably, the YC dummy showed a negative and significant coefficient ($B = -4.34$, $p < .001$), suggesting that YC startups tended to raise their seed round approximately 4.3 months earlier than non-YC counterparts. The AI dummy was also marginally significant ($p = .047$), indicating a slight delay for AI startups. While the model's overall explanatory power remained limited, the findings supported interview insights that YC accelerated early-stage fundraising (See Appendix N).

4.2.3.5 Time to Series A: The Role of Seed Funding and YC Participation

The linear regression model examining the time (in months) from Seed to Series A revealed a statistically significant overall model ($F(6,129) = 2.36$, $p = .034$), however with a modest explanatory power (adjusted $R^2 = .057$). Among the predictors, only the Seed Funding Amount showed a statistically significant negative relationship with the time to Series A ($p = .041$), suggesting that higher seed funding was associated with a shorter time to the next round. The YC dummy variable was not a significant predictor ($p = .385$), implying that participation in Y Combinator did not independently accelerate the progression from Seed to Series A when controlling for other factors (see Appendix O).

4.2.3.6 Time to Series B: Influence of Investor and Sector Variables

The linear regression model analyzing the time from Series A to Series B yielded an R^2 of 0.278, with an adjusted R^2 of 0.125, indicating that statistically approximately 12.5% of the variance in time could be explained by the included variables. However, the model was not statistically significant ($p = .117$), limiting the strength of interpretation. None of the individual predictors — including the YC dummy, DevOps dummy, AI dummy, or funding amounts — showed significant effects, except for the number of seed investors, which was negatively associated with the time to Series B ($B = -1.70$, $p = .008$), suggesting that a greater number of seed investors might contribute to a slightly faster progression. Nonetheless, the results should be interpreted with caution given the limited explanatory power and lack of overall significance (see Appendix P).

5 Conclusion

5.1 Main Findings – Triangulation

This section synthesizes the main findings from the literature review, expert interviews and the quantitative analysis.

The interviews consistently emphasized the strong signaling power of YC, which was viewed as a key asset in early-stage fundraising. Participation in YC was perceived to significantly enhance startup credibility, especially for first-time founders without established professional track records. Several early-stage investors confirmed that YC affiliation positively influenced valuation and often accelerated investment decisions. In contrast, late-stage investors were more skeptical of the added value of YC, emphasizing that at more advanced stages, hard performance matter far more than early-stage signaling.

The quantitative data showed that YC-backed startups in the sample were statistically less likely to reach Series A than those backed by top European VCs. This suggests that while YC offers a short-term advantage through signaling, this does not automatically translate into better long-term funding outcomes.

The value of YC's network was also widely acknowledged in the interviews. Founders appreciated the access to experienced alumni and investors. However, the usefulness of this network varied depending on the startup's sector and geographic focus. Startups operating in developer-focused or software-intensive verticals, such as DevOps, were more likely to benefit from peer learning and customer access via the YC ecosystem. In contrast, B2B startups with a European client base often found greater relevance and support in local investor networks. This indicates that while the YC network is strong, it is not universally beneficial and may be less effective for regionally focused startups.

The structured content of the YC program — such as weekly coaching, KPI tracking, and investor preparation — was generally seen as helpful. Nonetheless, several founders, particularly those with prior entrepreneurial experience or operating in highly specialized sectors like biotech, described the advice as generic. In such cases, sector-specific angels or European VC funds were perceived to offer more targeted and context-specific guidance. Additionally, some interviewees pointed out that YC's intense focus on fundraising could come at the expense of deeper business-building support, which they found more prevalent in European investor relationships.

Finally, comparative assessment revealed that the advantages of YC and European VCs differ depending on the startup's maturity, sector, and ambition. YC was often preferred for startups

with a global orientation from day one — such as developer-focused or B2C products — whereas top European investors were seen as better suited for startups targeting a local or regional customer base, such as European SMBs, where proximity to the market and sustained local engagement play a more critical role. The data further supported this view, revealing that YC-backed DevOps startups performed relatively well in reaching Series A, while YC-backed SaaS startups underperformed compared to those supported by top European VCs. This sectoral divergence reinforces the idea that YC's benefits are not universally applicable but are highly context dependent.

Overall, the findings suggest that while YC delivers substantial advantages in signaling and early-stage visibility, European investors continue to play a critical and, in some contexts, superior role —particularly for startups that prioritize regional market depth, sector-specific guidance, and sustainable growth over rapid capital access. This is especially relevant in contexts where regional market knowledge, local customer access, and a deep understanding of customer needs are essential. In such cases, a syndicate of sector-specific angel investors and top-tier European VCs can offer a powerful combination: providing targeted guidance, access to local markets, and customer insight, while simultaneously matching the signaling strength and network benefits typically associated with YC — especially when unicorn founders and elite European funds are involved.

5.2 Implications

5.2.1 Implications for Fundraising

The findings suggest that founders with access to top-tier European investors, sector-specific angels, and strong local networks may benefit more from pursuing a European funding path, particularly in sectors with regional customer bases, where local market understanding and proximity matter most. Vice versa, YC is particularly effective for startups that are globally scalable from day one, particularly those in developer-focused or product-led verticals, where early-stage signaling and reach are critical. Yet, this is not a binary matter. In practice, some founders successfully combine both, using YC to gain visibility and subsequently raising from leading European funds, or structuring rounds that include both. Interviews frequently highlighted YC's strong signaling power and its perceived value in early-stage fundraising — often regarded as the only accelerator worth taking. Still, it is not a shortcut to success. Founders should avoid shaping their company solely around YC acceptance; while it can be a valuable entry point into the funding landscape, long-term success depends more on building a strong,

execution-focused business than on affiliation alone. Ultimately, startup outcomes in both ecosystems are shaped by Power Law dynamics, underscoring that there is no guaranteed path to success.

5.2.2 Implications for the European Ecosystem

Instead of replicating YC, the European startup ecosystem should focus on building differentiated models that play to its own strengths — such as customer proximity, sector specialization, and regional expertise. One promising approach is creating an accelerator with a similar funding model to YC but centered around a mentorship network of top European founders. Funding should come from a syndicate of leading European VCs, accomplished founders, and a broad variety of European enterprises and SMBs. This would not only provide capital and signaling but also offer access to a strong European entrepreneurial network, comparable in function to YC's alumni — yet locally anchored. Close ties to these companies would create additional value through potential customers and exposure to real-world needs. Most importantly, involving successful founders would provide emerging entrepreneurs with practical know-how for building and scaling startups, grounded in sector experience and market realities. Such a model could offer a credible and context-specific alternative to YC in Europe. A key implication of this study is the structural gap belonging to the supply of startups in the U.S. versus Europe. While YC has backed over 5,000 startups, only a few hundred have come from Europe. In this thesis, it took 27 top European VCs to identify a comparable number of funded startups, highlighting Europe's thinner and more fragmented founder pipeline. Even accounting for limitations in early-stage data, this points to a deeper issue: without an increase in the number of ambitious, fundable startups, even a strong accelerator model will lack the deal flow to compete. Interviews further emphasized that cultural factors such as risk aversion and stigma around failure which contribute to this gap. The European ecosystem must therefore invest in initiatives that foster entrepreneurial ambition earlier in the pipeline. Stronger links between world-class universities and the startup ecosystem — through interdisciplinary programs, visible founder role models, and early funding access — are essential to expand this base. Without closing the founder supply gap, no European alternative to YC can reach the scale or impact required to be competitive. The effects of this lack of entrepreneurial activity are significant for the economies of Europe, particularly as technology trends, such as AI, robotics, quantum computing, etc., transform the economic landscape.

5.3 Limitations and Future Research

Several limitations must be acknowledged. First, potential bias existed among interviewees who had participated in the YC program. Their affiliation may have influenced positive views on YC's signaling and network effects. In addition, most alumni had only recently completed the program, limiting their ability to comment on long-term outcomes such as reaching Series B.

Second, the quantitative analysis faced data constraints. Crunchbase occasionally misclassified or merged funding rounds, inconsistently labeled pre-seed and seed stages, and showed wide variation in announcement dates — complicating assessments of funding speed, especially around Demo Day. Moreover, the dataset lacked full visibility into European pre-seed funding. High-profile cases like Revolut and Personio were missing, while YC investments were more consistently documented, potentially introducing visibility bias. The absence of valuation data further limited the ability to assess investor perception or long-term financial performance.

Future research should incorporate valuation data to provide a more accurate picture of investor confidence and signaling effects. Combining multiple data sources would also improve the accuracy of funding timelines and coverage. Additionally, future studies should examine a broader range of sectors and sub-sectors. This study focused primarily on AI and DevOps, a wider scope could reveal whether YC's effects vary significantly across verticals.

Furthermore, the stark difference in investment volume between YC and Europe demands further investigation to unpack causal factors. While YC has backed several thousand startups, the top 27 European VC funds accounted for just 405 pre-seed investments from 2009 to 2025. Future research should explore whether this disparity stems from capital constraints, differing strategies, or simply a smaller pool of investable startups in Europe.

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7 Appendices

Appendix A: Overview of Interview Participants

#	Experience / Position / Role	Years of Experience	Experience with Y Combinator
A	Co-Founder of YC-backed Startup	< 5	Participated in Winter 2022 Batch
B	Co-Founder of YC-backed Startup	< 1	Participated in Summer 2024 Batch
C	Principal at Global Later-Stage VC Fund; Angel Investor	< 8	Angel Investor in YC-backed Startup (S24)
D	Investment Manager at Global Later-Stage VC Fund	< 6	Fund has invested in several YC-backed Startups
E	Co-Founder of YC-backed Startup; Former Senior Director at US-based Unicorn	< 8	Participated in Summer 2022 Batch
F	Founding Partner at Pre-Seed VC Fund	< 3	Invested in 7+ YC-backed Startups (2022–2025)
G	Co-Founder of YC-backed Startup	< 2	Participated in Winter 2024 Batch
H	Co-Founder of VC-backed Startup; Former Director Enterprise at Unicorn Startup; Former Pre-Seed/Seed VC Investor	< 5	Former VC fund invested in several YC-backed Startups
I	Partner at Pre-Seed/Seed VC Fund	< 5	Invested in 2 YC-backed Startups
J	Principal at Global Later-Stage VC Fund	< 5	Investor and Board Member of YC-backed Startup (Summer 2021 Batch)
K	Co-Founder of VC-backed Startup; Angel Investor	< 5	Invested in 1 YC-backed Startup (Winter 2025 Batch); Applied to YC with own startup
L	Co-Founder of VC-backed Startup	< 3	No direct connection to YC
M	Co-Founder of VC-backed Startup	< 3	Applied to YC; Will participate in Summer 2025 Batch
N	Co-Founder of Startup; Former Early-Stage VC Investor; Former Venture Development Associate in YC-backed Startup	< 6	Worked as Venture Development Associate in YC-backed Startup (Summer 2019 Batch)

Appendix B: Interview Guide

Early Stage Investoren/Angles	
Background and investment approach	How long have you been investing in early-stage startups? What ticket sizes do you typically invest?
Background and investment approach	How important is the signaling effect and the network of the previous investors when evaluating a startup for follow-on funding?
YC's role in the european early stage ecosystem	Do you see YC as a competitor, a complementary option, or a completely separate path for European early-stage investors?
YC's role in the european early stage ecosystem	If you were advising a European founder considering YC versus securing top-tier European VC/Angles funding, what would be your recommendation?
YC's impact on fundraising & scaling in europe	Do you consider YC participation as a strong positive signal for European startups raising Series A or beyond? Why or why not?
YC's impact on fundraising & scaling in europe	Do you think YC participation improve a European startup's ability to raise a Seed or Series A round in Europe? Why or why not?
YC's impact on fundraising & scaling in europe	Does YC's strong US focus (Delaware Inc.) create challenges for European founders when they return to raise follow-on funding?
Direct experience with YC startups	Have you ever invested in or co-invested with a YC-backed startup? If so, what was your experience?
Future outlook on YC and its Influence in europe	With YC batches growing larger, do you think its value as a signal and general impact for investors is increasing or decreasing?
Future outlook on YC and its Influence in europe	Do you have any final thoughts on how YC influences the European startup funding landscape?
Late Stage Investoren	
Background and investment criteria	How long have you been investing in growth-stage startups?
Background and investment criteria	When evaluating a startup for Series A or beyond, how important is the signaling effect and network of previous investors?
YC's Impact on fundraising and investor perception	Do you see YC participation as a strong positive signal for European startups raising Series A or beyond? Why or why not?
YC's Impact on fundraising and investor perception	Does YC's US-centric network create challenges for European founders raising later-stage funding in Europe?
YC's Impact on fundraising and investor perception	The number of YC startups has increased significantly. Do you think this will dilute the signaling effect of YC, making it less attractive to investors?
YC versus the european investment ecosystem	In your opinion, is YC the best path for European founders, or do top-tier European VCs and Angles provide a better long-term trajectory?
YC versus the european investment ecosystem	If you were advising a European founder considering YC versus securing top-tier European VC/Angles funding, what would be your recommendation?
Future outlook on YC and its Influence in europe	What is the biggest challenge YC-backed European startups face when raising Series A in Europe?
Future outlook on YC and its Influence in europe	Do you see any common challenges with YC-backed European startups transitioning to later-stage funding rounds compared to european if there is any?
Future outlook on YC and its Influence in europe	Do you have any final thoughts on how YC influences the European startup funding landscape?
YC Founder	
Founder Background & Motivation for YC	What was your primary motivation for applying to YC? Did it meet your expectations?
Founder Background & Motivation for YC	Why did you decided to participate in the YC?
Founder Background & Motivation for YC	At any point during or after YC, did you consider keeping your company in the US instead of returning to Europe? Why or why not?"
Experience During the YC Program	What were the most valuable aspects of YC for you—funding, mentorship, network, signaling or something else?
Experience During the YC Program	Did YC provide unique advantages that you wouldn't have gained from staying within the European VC ecosystem?
Experience During the YC Program	Did YC help in refining your business model, product-market fit, or fundraising strategy? If so, how?
Fundraising & Post-YC Challenges	How did being part of YC impact your ability to raise funding at different stages (Seed, Series A, etc.)?
Fundraising & Post-YC Challenges	Did YC's strong US focus create challenges when raising follow-on funding in Europe? If so, how did you navigate them?
Fundraising & Post-YC Challenges	What was your experience leveraging YC's network after the program? How valuable has the alumni network been for you?
Trade-offs & Alternative Paths	If you could go back, would you still choose YC, or would you pursue a different funding path? Why?
Trade-offs & Alternative Paths	What would you say is the biggest misconception about YC from a European founder's perspective?
Founder VC without funding yet	
Founder Background & Fundraising Plans	What stage is your startup currently in, and when do you plan to raise your first round of funding?
Founder Background & Fundraising Plans	When you think about fundraising, what are your biggest considerations? Are you leaning toward accelerators like YC, European VCs, angels, or bootstrapping? Why?
Perception of YC & Alternatives	Have you considered applying to YC? If yes, what attracts you? If not, what holds you back?
Perception of YC & Alternatives	Do you see YC as the best path for European founders, or do you think securing early-stage funding from European investors is a better strategy?
Perception of YC & Alternatives	What concerns do you have about joining YC—equity dilution, relocation to the US, cultural differences, or something else?
Fundraising Expectations & Strategy	If you were to apply to YC, would your main goal be access to investors, mentorship, branding, or something else?
Fundraising Expectations & Strategy	Do you think YC would make it easier or harder for you to raise follow-on funding in Europe?
Fundraising Expectations & Strategy	Would you consider relocating to the US permanently if YC funding led to better growth opportunities? Why or why not?
Future Outlook & Decision Making	If you could ask a YC alum one question before applying, what would it be?
Future Outlook & Decision Making	Do you have any final thoughts on whether YC is the right path for European founders like yourself?

Appendix C: MAXQDA Coding System

Appendix D: Top European VCs

Investor Name
Local Globe
Creandum
Index Ventures
DST Global
Partech
Balderton
Lakestar
Atomico
Earlybird Ventures
Point Nine
Global Founders Capital
Seedcamp
Kima Ventures
Cherry Ventures
Speedinvest
Mangrove Capital Partners
Entree Capital
Episode 1 Ventures
Passion Capital
Redalpine
Heartcore Capital
Picus Capital
Project A
20VC
Seed Capital Denmark
Foodlabs
Atlantic Labs

Appendix E: Summary of Interviews

#A: Co-Founder, Logistics Startup, YC Alum

What was your primary motivation for applying to YC? Did it meet your expectations?

Participant A's primary motivation for applying to YC was to leverage its strong signaling effect to facilitate fundraising and increase visibility. His expectations were pragmatic: he hoped YC would help establish credibility among investors and create momentum for future growth. These expectations were largely met, as YC helped open access to the US investor ecosystem and enhanced the startup's fundraising narrative.

Why did you decide to participate in YC?

He decided to participate because YC offered a rare combination of good funding terms, global recognition, and potential for rapid scaling. Although some angel investors had advised against it, believing the startup could succeed without YC, Participant A ultimately saw it as a strategic opportunity to maximize fundraising potential and strengthen market positioning.

At any point during or after YC, did you consider keeping your company in the US instead of returning to Europe? Why or why not?

Initially, Participant A operated primarily in Germany but raised funding from the US. Although staying in the US was considered, the nature of the business — focused on last-mile delivery and tied closely to European customers — made it strategically necessary to operate from Europe. The operational model and customer base strongly favored remaining in Germany.

What were the most valuable aspects of YC for you—funding, mentorship, network, signaling or something else?

For Participant A, the most valuable aspects were the Office Hours with YC partners and the strong fundraising support. He valued the direct, hands-on mentoring sessions over general lectures. Moreover, the credibility and visibility YC provided were instrumental in securing investors and building momentum in the US fundraising ecosystem.

Did YC provide unique advantages that you wouldn't have gained from staying within the European VC ecosystem?

Yes, Participant A stressed that YC offered unparalleled speed and boldness in decision-making among US investors compared to European ones. The trust placed in YC-backed startups allowed for quicker negotiations and a stronger international positioning, which would have been harder to achieve through traditional European VC routes.

Did YC help in refining your business model, product-market fit, or fundraising strategy? If so, how?

While the core business model did not change substantially, YC helped sharpen the fundraising approach. The program emphasized strong sales growth and metrics-focused communication. Participant A noted that the YC philosophy prioritized rapid growth (the "hockey stick curve") above all else, influencing how they structured their fundraising narrative.

How did being part of YC impact your ability to raise funding at different stages (Seed, Series A, etc.)?

Participant A found that being a YC company strongly improved their ability to secure early-stage funding, particularly at the pre-seed and Seed stages. Commitments were secured around Demo Day, with the YC brand serving as a major validator. It significantly reduced skepticism among US investors and accelerated decision-making.

Did YC's strong US focus create challenges when raising follow-on funding in Europe? If so, how did you navigate them?

The US-centric structure did not create major issues for the company, partly because the team was operationally focused on Germany and customer relationships there. Participant A observed that US incorporation and international fundraising were managed effectively without causing significant friction in later-stage European fundraising activities.

What was your experience leveraging YC's network after the program? How valuable has the alumni network been for you?

The direct value of the alumni network during operations was moderate, especially because there were few similar last-mile delivery companies within YC. However, Participant A noted that post-YC, the network proved valuable for career development and future entrepreneurial activities. Having YC on the CV opened significant professional opportunities.

If you could go back, would you still choose YC, or would you pursue a different funding path? Why?

In retrospect, Participant A would still choose YC. Despite the costs and some operational challenges, the access to international investors, the acceleration of fundraising, and the long-term benefits of the YC brand made the decision worthwhile.

What would you say is the biggest misconception about YC from a European founder's perspective?

Participant A believes that many European founders underestimate how sales-driven YC is. Rather than focusing on product refinement, the program is laser-focused on achieving rapid, demonstrable growth metrics. He noted that founders expecting extensive support on technical product development might be disappointed if they are not prepared for the aggressive sales and growth mindset YC instills.

#B: Co-Founder, Tech Startup, YC Alum

What was your primary motivation for applying to YC? Did it meet your expectations?

Participant B applied to YC primarily to increase international visibility, improve credibility with investors, and accelerate the startup's growth trajectory. He expected YC to offer strong network access, practical fundraising support, and a boost in brand recognition. These expectations were largely met, particularly with regard to exposure to a broader pool of investors and the credibility associated with being a YC-backed company.

Why did you decide to participate in YC?

He decided to participate in YC because of the combined benefits of access to capital, mentorship opportunities, and most importantly, the strong signaling effect that could help in opening doors to future investors. Participant B viewed YC not only as a funding opportunity

but as a strategic move to position the company for international scaling and credibility in conversations with potential partners and clients.

At any point during or after YC, did you consider keeping your company in the US instead of returning to Europe? Why or why not?

Participant B briefly considered remaining in the United States but ultimately returned to Europe after the program. His decision was mainly driven by the startup's customer base, which was predominantly located in Europe. Operating closer to their primary market made logistical and strategic sense, particularly in terms of sales operations and customer engagement.

What were the most valuable aspects of YC for you—funding, mentorship, network, signaling or something else?

For Participant B, the most valuable aspects were the strong signaling effect, immediate access to a broad investor network, and guidance during the fundraising process. He highlighted that while mentorship was available, the true advantages came from practical aspects like investor introductions and the boost in credibility when approaching VCs. The network and the brand value of being a YC startup had a lasting positive effect.

Did YC provide unique advantages that you wouldn't have gained from staying within the European VC ecosystem?

Yes, Participant B emphasized that YC provided faster and more direct access to global investors, a network that would have been extremely difficult to build exclusively within Europe. He also pointed out that YC opened up informal learning opportunities through interactions with other founders, which accelerated knowledge transfer and helped benchmark the company's performance against international peers.

Did YC help in refining your business model, product-market fit, or fundraising strategy? If so, how?

While the core business model remained consistent, YC played an important role in refining Participant B's fundraising strategy. The program helped sharpen the company's pitch, focus on key growth metrics, and communicate the business opportunity more effectively to investors. This made the company more attractive during fundraising and improved overall investor conversations.

How did being part of YC impact your ability to raise funding at different stages (Seed, Series A, etc.)?

Participant B stated that being part of YC significantly improved their ability to raise funding, especially at the Seed stage. The YC affiliation acted as a strong external validation,

increasing trust among investors and speeding up the decision-making process. He believes that without YC, access to some of the top-tier investors they engaged with would have been much harder or slower.

Did YC's strong US focus create challenges when raising follow-on funding in Europe? If so, how did you navigate them?

While some European investors raised questions about the US incorporation and structure, Participant B did not face significant challenges. The positive signaling effect of YC generally outweighed concerns, and the startup was able to frame the US setup as an advantage, highlighting global ambitions and access to international markets.

What was your experience leveraging YC's network after the program? How valuable has the alumni network been for you?

Participant B found the YC alumni network extremely valuable. It provided quick access to advice, facilitated warm introductions to investors, and enabled peer learning with other founders who had faced similar challenges. Even post-program, the YC community remained responsive and supportive, serving as a strategic asset in both operational and fundraising activities.

If you could go back, would you still choose YC, or would you pursue a different funding path? Why?

He would definitely choose YC again. Participant B views the decision to join YC as a pivotal moment that strengthened their fundraising ability, improved their network, and enhanced the company's long-term positioning. Despite the strong pre-existing traction in Europe, he believes the global credibility gained through YC justified the effort.

What would you say is the biggest misconception about YC from a European founder's perspective?

Participant B believes a common misconception among European founders is the assumption that simply being accepted into YC automatically leads to success. In reality, he emphasizes that proactive engagement, continuous networking, and personal initiative are crucial. Without active participation, the potential benefits of the YC platform could remain largely untapped.

#C: Late-Stage Investor

When evaluating a startup for Series A or beyond, how important is the signaling effect and network of previous investors?

Participant C views signaling as a bonus but not a decisive factor. While top-tier investors provide helpful validation in an uncertain environment, fundamentals like traction, team

quality, and market opportunity outweigh pure signaling. Early in his career, signaling seemed more important to him, but over time he has prioritized operational metrics over investor reputation.

Does the presence of top investors attract talent, and how relevant is it for company growth?

He believes that while top investors could marginally help attract talent, in practice, many companies with no-name investors also perform strongly. Therefore, signaling through investors does not substantially impact talent acquisition based on his experience.

How important is YC participation or top angels in early funding rounds from a late-stage investor's perspective?

For Participant C, individual top angels like well-known founders or celebrities do not significantly influence his investment decision at the late stage. He considers participation in accelerators like YC primarily as an early-stage phenomenon. In fact, he sometimes sees YC participation as making valuations too expensive for follow-on investors without adding sufficient fundamental value.

Does the increasing size of YC batches dilute its signaling effect?

Participant C hypothesizes that the growing batch sizes of YC reduce its signaling power. As the number of participants rises, it becomes mathematically impossible for every graduate to be a 'winner,' leading to potential dilution of the YC brand over time. He also pointed out that some early-stage funds now invest blindly into all YC companies, potentially reducing selectivity and quality perception.

Is YC's strong U.S. focus a challenge for European startups raising follow-on funding?

He acknowledges that U.S. incorporation (Delaware C-Corp) through YC could complicate raising capital from European VCs due to fund mandates, but he notes this primarily affects very early rounds rather than later-stage investments.

If advising a European founder, would you recommend joining YC or pursuing top European VC/angel funding?

Participant C suggests that the decision depends heavily on the startup's business model. For companies with a global SaaS or tech product targeting international markets, YC might be advantageous. However, for Europe-focused businesses, building strong local networks and attracting top European funds could be a better path.

Do you see any additional effects of YC participation at the late stage?

While acknowledging some indirect benefits like broader networks and signaling for early rounds, Participant C emphasizes that at the Series B stage and beyond, investment decisions

rely almost exclusively on fundamentals like revenue growth, product-market fit, team capabilities, and market dynamics, rather than affiliation with an accelerator program like YC.

#D: Late-Stage Investor

When evaluating a startup for Series A or beyond, how important is the signaling effect and network of previous investors?

Participant D considers the signaling effect and the network of prior investors to be important but secondary to core business fundamentals. A strong investor network provides helpful validation, but his primary focus remains on the startup's traction, market potential, and the quality of the founding team. Investor reputation can accelerate internal discussions but does not replace thorough due diligence.

Does the presence of top investors attract talent, and how relevant is it for company growth?

He believes that while prestigious investors can help open some doors, they are not the main driver of talent acquisition. Company mission, culture, and growth trajectory are more influential factors when it comes to attracting and retaining top talent.

How important is YC participation or top angels in early funding rounds from a late-stage investor's perspective?

Participant D views participation in YC or involvement of top angels as a positive signal but not as a decisive investment criterion at later stages. YC affiliation might increase the initial interest in a company but must be backed by strong operational performance and substantial growth metrics to matter at the Series A or B stages.

Does the increasing size of YC batches dilute its signaling effect?

He expressed concerns that the scaling up of YC batches could weaken the signaling effect over time. As the number of companies graduating from each cohort rises, the differentiation among startups becomes harder, and the YC label alone is no longer a guarantee of exceptional quality.

Is YC's strong U.S. focus a challenge for European startups raising follow-on funding?

Participant D noted that US incorporation and YC's American orientation can cause friction with some European funds, particularly those with geographically restricted mandates. However, for globally ambitious startups, being a US entity is often seen as an advantage rather than a barrier.

If advising a European founder, would you recommend joining YC or pursuing top European VC/angel funding?

He would recommend a case-by-case decision. For startups aiming for a global or US market

entry, YC can be highly beneficial. However, if a company's target market is primarily Europe, pursuing strong European VCs and angels could be more strategic and cost-efficient, especially considering potential valuation pressures coming out of YC.

Do you see any additional effects of YC participation at the late stage?

Participant D emphasized that by the time startups reach late-stage rounds, the initial YC signal becomes much less relevant. At this point, investment decisions are driven by demonstrated traction, market leadership potential, financial performance, and scalability rather than accelerator affiliation.

#E: Co-Founder, Biotech Startup, YC Alum

What was your primary motivation for applying to YC? Did it meet your expectations?

Participant E wanted to identify with YC's open-source approach and transparency. He was familiar with Paul Graham's essays and appreciated the publicly available resources. Participating in YC was mainly motivated by philosophical alignment rather than a need for major transformation.

Why did you decide to participate in YC?

He saw it as a useful opportunity to strengthen the network and visibility, although he believes he would have been able to succeed in fundraising without YC.

At any point during or after YC, did you consider keeping your company in the US instead of returning to Europe? Why or why not?

Initially, Participant E planned to operate in the US and secured only US investors. However, he returned to Munich for family reasons and remains open to possibly returning to the US depending on future developments.

What were the most valuable aspects of YC for you—funding, mentorship, network, signaling or something else?

The Office Hours with YC partners were valuable, and participation increased visibility among VCs. However, most of the YC content was seen as commonsense and already accessible online.

Did YC provide unique advantages that you wouldn't have gained from staying within the European VC ecosystem?

Participant E perceived a slight advantage in broader network access and increased visibility but noted that he likely would have achieved fundraising goals even without YC.

Did YC help in refining your business model, product-market fit, or fundraising strategy? If so, how?

YC provided some guidance on pitching and highlighting relevant metrics but did not lead to significant changes in the business model.

How did being part of YC impact your ability to raise funding at different stages (Seed, Series A, etc.)?

Participation had minimal impact; the startup could have raised its $8 million pre-seed round independently without YC's support.

Did YC's strong US focus create challenges when raising follow-on funding in Europe? If so, how did you navigate them?

Participant E did not experience significant challenges related to YC's US focus. The return to Europe was based on personal rather than fundraising reasons.

What was your experience leveraging YC's network after the program? How valuable has the alumni network been for you?

The alumni network is considered a valuable lifelong asset. While active engagement is challenging due to time zone differences, the network is very supportive for ad hoc questions.

If you could go back, would you still choose YC, or would you pursue a different funding path? Why?

In retrospect, Participant E might not choose YC again. He appreciated the experience but believes he could have raised funding successfully through angel investors without YC.

What would you say is the biggest misconception about YC from a European founder's perspective?

Participant E noted that while YC is valuable, it is not a guarantee of success. For some startups, YC offers an optional boost rather than being essential.

#F: Early-Stage Investor

How long have you been investing in early-stage startups? What ticket sizes do you typically invest?

Participant F has been investing since early 2023, initially using his own capital and now also managing family funds. His focus is on early-stage startups, typically investing around €50,000 per company, and up to €120,000 in rare cases. In total, he has made 28 investments alongside notable investors such as General Catalyst and TenX Founders.

How important is the signaling effect and the network of previous investors when evaluating a startup for follow-on funding?

He considers the signaling from top investors important, but not always sufficient. He emphasizes that while YC provides a strong initial signal, it can sometimes be misleading if

not supported by real founder quality and operational results. The true assessment should always include founder evaluation beyond the superficial credentials.

Do you see YC as a competitor, a complementary option, or a completely separate path for European early-stage investors?

Participant F sees YC more as a complementary option rather than direct competition. While YC offers strong global exposure, its structure sometimes leads to overvaluation, making it harder for European investors to follow on. Thus, investing before a startup enters YC is ideal, but entering afterward often involves higher risks due to inflated valuations.

If you were advising a European founder considering YC versus securing top-tier European VC/Angles funding, what would be your recommendation?

He would recommend choosing based on the startup's customer base and go-to-market strategy. If the primary market is Europe, it might make more sense to secure top-tier European investors. However, for globally ambitious companies, especially those targeting the US, YC can offer valuable exposure and networking benefits despite the dilution.

Do you consider YC participation as a strong positive signal for European startups raising Series A or beyond? Why or why not?

Participant F acknowledges YC as a strong but not infallible signal. Although the prestige associated with YC can lead to higher valuations and easier access to funding, he stresses that it is critical to look at operational performance post-YC to validate the early promise.

Do you think YC participation improves a European startup's ability to raise a Seed or Series A round in Europe? Why or why not?

He believes YC participation often significantly improves the ability to raise seed and early Series A rounds due to the strong brand and network effects. However, for companies focused only on Europe, the benefits might be less pronounced compared to those aiming for the US market.

Does YC's strong US focus (Delaware Inc.) create challenges for European founders when they return to raise follow-on funding?

He agrees that operating with a US structure (Delaware Inc.) can complicate European fundraising because some European investors have mandates restricting investments to European legal entities. However, he also notes that for ambitious startups aiming for the global market, the US setup can be advantageous overall.

Have you ever invested in or co-invested with a YC-backed startup? If so, what was your experience?

While Participant F has interacted extensively with YC startups, his preference is usually to

invest before a company joins YC, as valuations post-YC are often elevated beyond what he considers ideal for early-stage investing.

With YC batches growing larger, do you think its value as a signal and general impact for investors is increasing or decreasing?

He believes that despite the growing batch sizes, YC's signal remains strong because application volumes have also increased. Thus, although the cohort is larger, quality has not necessarily declined. He sees YC becoming even stronger over time due to compounding network effects.

Do you have any final thoughts on how YC influences the European startup funding landscape?

Participant F highlights that while YC offers powerful brand value and networking, European founders must carefully evaluate whether their target customers are based in Europe or the US. He emphasizes that YC is a strategic choice and not automatically the best fit for every European startup, particularly for B2B models focused solely on European clients.

#G: Co-Founder, SaaS Startup, YC Alum

What was your primary motivation for applying to YC? Did it meet your expectations?

Participant G's primary motivation for applying to YC was to increase visibility within the US market, strengthen the company's network among international investors, and gain validation from a globally recognized accelerator. He expected YC to offer a strong brand association and streamlined access to future funding opportunities. These expectations were largely fulfilled, although he noted that proactive engagement was necessary to maximize the program's value.

Why did you decide to participate in YC?

He decided to participate because he believed that YC could significantly improve their fundraising prospects and provide access to a broad ecosystem of tech-focused investors and partners. The program's reputation for accelerating company growth and its strong signaling effect in conversations with VCs made it a strategic decision for his team.

At any point during or after YC, did you consider keeping your company in the US instead of returning to Europe? Why or why not?

Participant G seriously considered maintaining a presence in the United States but ultimately focused on Europe due to the company's operational ties and customer base. While the US expansion remained a future option, immediate operational needs and proximity to European clients dictated a continued European focus post-YC.

What were the most valuable aspects of YC for you—funding, mentorship, network, signaling or something else?

The most valuable aspects for him were the funding, the strong signaling effect that helped in attracting investors, and the opportunity to learn growth-oriented strategies during the Office Hours with partners. Participant G noted that while the mentoring sessions were helpful, the greatest advantage came from practical fundraising support and positioning advice.

Did YC provide unique advantages that you wouldn't have gained from staying within the European VC ecosystem?

Yes, Participant G stressed that YC's international network and the prestige associated with the program provided a unique advantage, especially when dealing with US-based investors. Access to peer founders building fast-growing tech companies also enabled benchmarking against global standards, a perspective harder to achieve within the European ecosystem alone.

Did YC help in refining your business model, product-market fit, or fundraising strategy? If so, how?

YC particularly helped sharpen their fundraising strategy. The emphasis on presenting key metrics succinctly, highlighting traction, and optimizing the investor narrative was instrumental. Although the product itself did not undergo major changes, the positioning toward investors became more focused and compelling.

How did being part of YC impact your ability to raise funding at different stages (Seed, Series A, etc.)?

Being part of YC had a strong positive impact, particularly at the Seed stage. The YC affiliation created a level of trust among investors that sped up discussions and helped the company secure better terms. Participant G believed that without YC, access to some investors would have been slower and less efficient.

Did YC's strong US focus create challenges when raising follow-on funding in Europe? If so, how did you navigate them?

There were minor challenges, especially concerning the legal and operational structure differences between US and European setups. However, Participant G reported that European investors were generally familiar with YC's standards and were willing to invest once the company demonstrated strong local operations and growth potential.

What was your experience leveraging YC's network after the program? How valuable has the alumni network been for you?

Participant G found the YC alumni network moderately useful during the immediate post-

program phase, especially for informal advice and introductions. Over time, the alumni connections continued to provide value, particularly when seeking insights into scaling, fundraising, or exploring expansion into the US market.

If you could go back, would you still choose YC, or would you pursue a different funding path? Why?

He would definitely choose YC again. The combination of brand value, access to high-quality investors, and learning from a highly motivated peer group made the experience worthwhile and strategically beneficial for the company's long-term growth.

What would you say is the biggest misconception about YC from a European founder's perspective?

Participant G believes that many European founders mistakenly think YC will automatically lead to rapid funding and success. In reality, the program offers opportunities, but it requires substantial self-initiative and active engagement to truly leverage its benefits.

#H: Early-Stage Investor and Startup Founder

How long have you been investing in early-stage startups? What ticket sizes do you typically invest?

Participant H has been investing actively while also founding startups. His ticket sizes usually range from €25,000 to €100,000, focused primarily on early-stage rounds where he can offer strategic support.

What are your biggest considerations when thinking about fundraising for your own company?

He prioritizes finding investors who bring not only capital but also relevant networks and industry knowledge. For founder-driven companies targeting Europe, he believes local relationships often offer more strategic value than purely financial backers.

How important is the signaling effect and the network of previous investors when evaluating a startup for investment?

Participant H sees signaling as a useful filter but emphasizes that his final investment decision always depends on core fundamentals like founder quality, market understanding, and early traction.

Do you see YC as a competitor, a complementary option, or a completely separate path for European founders and investors?

He sees YC as complementary. For companies targeting international markets, YC provides strong brand value and network access. However, for Europe-focused companies, he believes European funds and angels may offer better long-term alignment.

What concerns do you have about joining accelerators like YC?

Participant H is concerned that accelerators like YC may push companies too aggressively toward hypergrowth without sufficient product-market fit. Additionally, the tight timeframe to prepare for Demo Day can detract from foundational company building.

If you were advising a European founder considering YC versus securing top-tier European funding, what would be your recommendation?

He would recommend YC only for globally scalable, tech-driven startups. For companies rooted in specific European industries or B2B markets, strong European investors are often the better choice.

Would you consider relocating to the US permanently if YC funding led to better growth opportunities?

Relocation would be considered only if the company's market became predominantly US-based. Otherwise, Europe remains the preferred operational base.

Do you think YC participation improves or complicates fundraising in Europe?

YC improves early-stage fundraising by increasing investor interest and accelerating funding processes. However, by later rounds, metrics and traction outweigh brand affiliations.

With YC batches growing larger, do you think its signaling value is increasing or decreasing?

Participant H believes the brand remains strong, but batch size growth requires investors to evaluate individual companies more carefully rather than relying solely on the YC name.

#I: Early-Stage Investor

How long have you been investing in early-stage startups? What ticket sizes do you typically invest?

Participant I has been investing in early-stage startups for several years, mainly focusing on pre-seed and seed stages. His typical ticket sizes range from €100,000 to €500,000, depending on the startup's maturity, sector, and market potential.

How important is the signaling effect and the network of previous investors when evaluating a startup for follow-on funding?

He sees the signaling effect as a meaningful but not decisive component. While strong investors can create positive momentum, Participant I insists that investment decisions must ultimately be based on the startup's underlying fundamentals, such as traction, technology, and team resilience.

Do you see YC as a competitor, a complementary option, or a completely separate path for European early-stage investors?

Participant I perceives YC as a complementary force rather than a competitor. He believes that YC increases overall deal quality and opportunities for European investors by pushing European founders to build more ambitious, globally oriented companies.

If you were advising a European founder considering YC versus securing top-tier European VC/Angles funding, what would be your recommendation?

His recommendation would depend on the startup's ambition level. For founders targeting global markets or US expansion, he sees YC as a clear advantage. However, for startups with a strong European customer focus, building deep relationships with European VCs and angels could be a more suitable path.

Do you consider YC participation as a strong positive signal for European startups raising Series A or beyond? Why or why not?

Participant I considers YC a strong positive signal, especially at the seed and early Series A stages. It demonstrates that the founder successfully navigated a competitive selection process and signals an international mindset, which can be attractive for later-stage investors.

Do you think YC participation improves a European startup's ability to raise a Seed or Series A round in Europe? Why or why not?

Yes, he believes that YC participation generally improves fundraising outcomes in Europe. The prestige and global network associated with YC can help European startups secure higher valuations and attract broader investor attention earlier than otherwise possible.

Does YC's strong US focus (Delaware Inc.) create challenges for European founders when they return to raise follow-on funding?

Participant I acknowledges that a US incorporation can create administrative complexity when dealing with European investors, especially those with regional mandates. Nevertheless, he points out that ambitious European investors increasingly accept or even prefer Delaware structures for global scalability reasons.

Have you ever invested in or co-invested with a YC-backed startup? If so, what was your experience?

Participant I has co-invested with YC-backed startups and describes the experiences as generally positive. He appreciates the strong founder quality and international ambitions that YC companies often bring, although valuations can sometimes be challenging.

With YC batches growing larger, do you think its value as a signal and general impact for investors is increasing or decreasing?

He believes that despite larger batch sizes, the value of YC's signal remains high. The brand

still attracts top founders, and the alumni network's strength continues to grow, making YC affiliation meaningful even amid larger cohorts.

Do you have any final thoughts on how YC influences the European startup funding landscape?

Participant I sees YC as a catalyst that has raised the level of ambition among European founders. By exposing them to the US venture mindset early, YC indirectly improves the quality of startups and pushes the European investment ecosystem toward greater global competitiveness.

#J: Late-Stage Investor

When evaluating a startup for Series A or beyond, how important is the signaling effect and network of previous investors?

Participant J views the signaling effect as important but not decisive. While the presence of well-known investors can provide initial credibility and accelerate internal decision-making, her primary evaluation focus lies on metrics such as revenue growth, market traction, and the strength of the founding team.

Does the presence of top investors attract talent, and how relevant is it for company growth?

She believes that while prestigious investors might offer marginal advantages in attracting talent, factors such as company mission, team dynamics, and growth opportunities are far more important in influencing candidates' decisions.

How important is YC participation or top angels in early funding rounds from a late-stage investor's perspective?

Participant J perceives YC participation as a relevant early-stage signal, but at the Series A or later stages, she requires strong operational proof points. The YC label may facilitate early meetings and increase initial attention but must be accompanied by clear, demonstrated business performance.

Does the increasing size of YC batches dilute its signaling effect?

She pointed out that the increased batch sizes at YC likely dilute its traditional signaling strength. It becomes harder to differentiate startups based solely on YC affiliation, requiring investors to rely even more heavily on tangible operational metrics during evaluation.

Is YC's strong U.S. focus a challenge for European startups raising follow-on funding?

Participant J mentioned that YC's US-centric setup can occasionally complicate European fundraising, particularly with more traditional European funds that prefer European corporate structures. However, she emphasized that startups with strong performance are still able to overcome these hurdles through clear communication and results.

If advising a European founder, would you recommend joining YC or pursuing top European VC/angel funding?

Her advice would depend on the company's ambitions and target markets. For startups with global or US-focused ambitions, YC can offer substantial advantages. However, if the company's focus is primarily European, she recommends evaluating whether strong European backers might offer a more strategically aligned and cost-effective path.

Do you see any additional effects of YC participation at the late stage?

Participant J believes that the YC brand still provides intangible advantages in terms of peer networks and international investor visibility. However, she made it clear that at the late stage, decision-making is dominated by performance indicators like unit economics, growth rates, and scalability potential, rather than the startup's early accelerator history.

#K: Early-Stage Investor and Startup Founder

How long have you been investing in early-stage startups? What ticket sizes do you typically invest?

Participant K has experience both as a founder and as an early-stage investor, typically investing between €50,000 and €250,000. His investments focus on companies where he can contribute strategic value, especially in scaling and fundraising.

What are your biggest considerations when thinking about fundraising for your own company?

He prioritizes finding investors who can contribute more than just capital, seeking strong networks, domain expertise, and support for future financing rounds. He views alignment on company vision as crucial for long-term success.

How important is the signaling effect and the network of previous investors when evaluating a startup for investment?

Participant K sees a strong investor network as beneficial, especially for speeding up fundraising and opening doors, but emphasizes that fundamentals like product quality, traction, and founder resilience are ultimately decisive.

Do you see YC as a competitor, a complementary option, or a completely separate path for European founders and investors?

He views YC as a complementary option. For globally scalable tech companies, YC adds significant value through its brand and network. However, for companies with a strong European market focus, European funding paths may offer better strategic fit.

What concerns do you have about joining accelerators like YC?

Participant K acknowledges potential concerns about aggressive growth pressures and cultural

differences. He notes that while YC's network is valuable, the accelerator's style might not suit every founder, particularly those targeting more traditional or regulated industries.

If you were advising a European founder considering YC versus securing top-tier European funding, what would be your recommendation?

He would recommend YC for founders aiming at global markets, particularly in SaaS or developer tools. For local or sector-specific startups, European VCs and angels might offer more tailored support and better long-term alignment.

Would you consider relocating to the US permanently if YC funding led to better growth opportunities?

Relocation would be considered if it provided a significant market advantage, but maintaining a European operational base remains important unless strategic expansion clearly demands otherwise.

Do you think YC participation improves or complicates fundraising in Europe?

Participant K believes YC improves early-stage fundraising significantly by boosting credibility and attracting a broader pool of investors. However, for later rounds, operational traction becomes more important than brand affiliation.

With YC batches growing larger, do you think its signaling value is increasing or decreasing?

He believes that while the YC brand remains strong, investors are increasingly careful, recognizing that not every YC graduate necessarily meets the highest quality standards.

#L: Founder without Funding Yet

What stage is your startup currently in, and when do you plan to raise your first round of funding?

Participant L's startup is entering a growth phase. They have completed the product development stage and are beginning to build up a full-time operational team. A second angel round is planned within the next months, aiming for a low six-figure investment to support early scaling activities.

When you think about fundraising, what are your biggest considerations?

Participant L's priority is maintaining strategic flexibility and founder control. He aims to work with experienced angel investors from his personal and academic network, rather than joining structured accelerator programs. Preserving the ability to build the company sustainably is more important to him than maximizing early valuations.

Have you considered applying to YC? If yes, what attracts you? If not, what holds you back?

He has considered YC but remains skeptical. Although the signaling effect and network access are attractive, he is concerned that YC's growth-at-all-costs mindset might not fit his company's philosophy, which focuses on controlled, sustainable expansion.

If you could go back, would you still choose YC, or would you pursue a different funding path?

Participant L would likely prefer building through strong European networks and angels rather than applying to YC. He sees European fundraising paths as better suited for companies focused on mid-term profitability and customer relationships rather than rapid global scaling.

What concerns do you have about joining YC—equity dilution, relocation to the US, cultural differences, or something else?

His main concerns are early equity dilution, a potential loss of strategic focus, and the pressure to relocate or reorient the company toward the US market, which is not part of his initial growth plan.

Would you consider relocating to the US if YC funding led to better growth opportunities?

Participant L would only consider partial relocation or selective US presence if justified by customer demand. A full relocation is not currently part of his strategic plans, as the company's primary market is Europe.

Do you have any final thoughts on how YC influences the European startup funding landscape?

He believes that while YC brings valuable energy and ambition to European startups, its cultural and operational assumptions do not fit every business model. European founders should critically evaluate whether the YC model matches their long-term strategic goals.

#M: Founder without Funding Yet

What stage is your startup currently in, and when do you raise your first round of funding?

Participant M's startup is currently bootstrapped and generating initial revenue. They are approaching the stage where recurring revenue contracts are being signed. Mid-year, they plan to consider external fundraising but remain cautious about doing so unless the right strategic investors are found.

When you think about fundraising, what are your biggest considerations?

Their main priority is securing investors who deeply understand their specialized technical

domain. Rather than raising capital for the sake of growth, they are looking for strategic partnerships that offer sophisticated insights and genuine value beyond money.

Have you considered applying to YC? If yes, what attracts you? If not, what holds you back?

Participant M confirmed they plan to apply to Y Combinator in the next batch. Their motivation is primarily driven by the strong signaling effect associated with YC, rather than expectations of unique mentorship or knowledge. YC's global brand recognition and the strength of its alumni network are considered critical assets.

If you could go back, would you choose YC, or would you pursue a different funding path?

Participant M acknowledged that if their company were already achieving strong traction and Tier-1 VC interest, YC might not be necessary. However, emotionally, they would still likely apply, as participating in YC is seen as a personal milestone and prestigious validation.

What concerns do you have about joining YC—equity dilution, relocation to the US, cultural differences, or something else?

He is aware of potential downsides, such as equity dilution (7% for $125,000) and the obligatory US incorporation (Delaware C-Corp), but is willing to accept these trade-offs in exchange for the benefits of brand association and network access.

Would you consider relocating to the US permanently if YC funding led to better growth opportunities?

He would remain operationally anchored in Europe because the company's market is primarily European. However, he sees fundraising and potential expansion into the US as attractive, and partial operational presence in the US could be an option if strategic.

Do you have any final thoughts on how YC influences the European startup funding landscape?

Participant M observed that YC's strong American cultural influence could create a slight mismatch with European startups. He also stressed the need for Europe to develop its own independent accelerators with strong signaling power instead of merely trying to imitate the YC model.

#N: Early-Stage Investor and Startup Founder

How long have you been investing in early-stage startups? What ticket sizes do you typically?

Participant N has invested selectively while building his own startups, typically committing

between €25,000 and €100,000 per investment. His focus is on backing companies where he sees strong founder-market fit and clear growth potential.

What are your biggest considerations when thinking about fundraising for your own company?

He prefers to bootstrap as long as possible to retain strategic control and validate product-market fit before seeking external funding. For him, the main goal of fundraising would be to accelerate growth without compromising long-term strategic independence.

How important is the signaling effect and the network of previous investors when evaluating a startup for investment?

Participant N values strong investor networks as a helpful signal, especially for early validation. However, he bases his investment decisions primarily on measurable business progress, founder resilience, and customer traction rather than investor affiliations.

Do you see YC as a competitor, a complementary option, or a completely separate path for European founders and investors?

He sees YC as complementary, particularly for startups aiming for global expansion. For more locally anchored startups, European networks and investors often offer better contextual.

What concerns do you have about joining accelerators like YC?

Participant N is cautious about the risk of being pushed into premature scaling before achieving solid product-market fit. He also highlights lifestyle and cultural shifts associated with relocating to the US as significant considerations for European founders.

If you were advising a European founder considering YC versus securing top-tier European funding, what would be your recommendation?

He would advise aligning the choice with the business's long-term market strategy. If aiming globally, YC can be beneficial; if focused on Europe, European VCs and angel networks might provide a better strategic fit and market proximity.

Would you consider relocating to the US permanently if YC funding led to better growth ?

Participant N would only consider relocation if overwhelming business opportunities in the US justified it. Otherwise, he prefers building sustainable operations rooted in the European market.

Do you think YC participation improves or complicates fundraising in Europe?

He believes YC enhances early-stage fundraising credibility but stresses that operational

metrics will ultimately determine success in Series A and beyond, especially within the European venture.

With YC batches growing larger, do you think its signaling value is increasing or decreasing?

Participant N sees a slight weakening of the YC signal due to larger cohort sizes but believes it still holds substantial brand strength among early-stage investors.

Appendix F: Statistical Output for 4.2.2.1 Reaching Series A: YC-Backed vs. European VC-Backed Startups

			Reached Series A		
			0	1	Total
YC Dummy	0	Count	128	87	215
		% within YC Dummy	59.5%	40.5%	100.0%
		% within Reached Series A	48.1%	62.1%	53.0%
		% of Total	31.5%	21.4%	53.0%
	1	Count	138	53	191
		% within YC Dummy	72.3%	27.7%	100.0%
		% within Reached Series A	51.9%	37.9%	47.0%
		% of Total	34.0%	13.1%	47.0%
Total		Count	266	140	406
		% within YC Dummy	65.5%	34.5%	100.0%
		% within Reached Series A	100.0%	100.0%	100.0%
		% of Total	65.5%	34.5%	100.0%

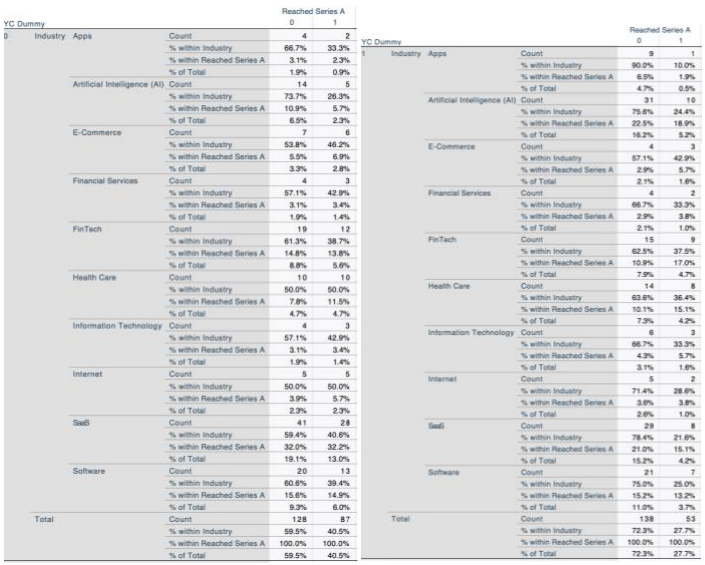
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	7.240[a]	1	.007		
Continuity Correction[b]	6.688	1	.010		
Likelihood Ratio	7.297	1	.007		
Fisher's Exact Test				.009	.005
Linear-by-Linear Association	7.222	1	.007		
N of Valid Cases	406				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 65.86.

b. Computed only for a 2x2 table

Appendix G: Statistical Output for 4.2.2.2 Sectoral Outcomes: YC-Backed vs. Non-YC Startups at Series A



Chi-Square Tests

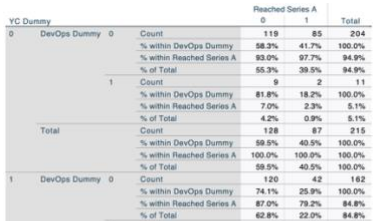
YC Dummy		Value	df	Asymptotic Significance (2-sided)
0	Pearson Chi-Square	3.101[b]	9	.960
	Likelihood Ratio	3.170	9	.957
	N of Valid Cases	215		
1	Pearson Chi-Square	5.586[c]	9	.781
	Likelihood Ratio	5.787	9	.761
	N of Valid Cases	191		
Total	Pearson Chi-Square	7.340[a]	9	.602
	Likelihood Ratio	7.563	9	.579
	N of Valid Cases	406		

a. 1 cells (5.0%) have expected count less than 5. The minimum expected count is 4.48.

b. 7 cells (35.0%) have expected count less than 5. The minimum expected count is 2.43.

c. 6 cells (30.0%) have expected count less than 5. The minimum expected count is 1.66.

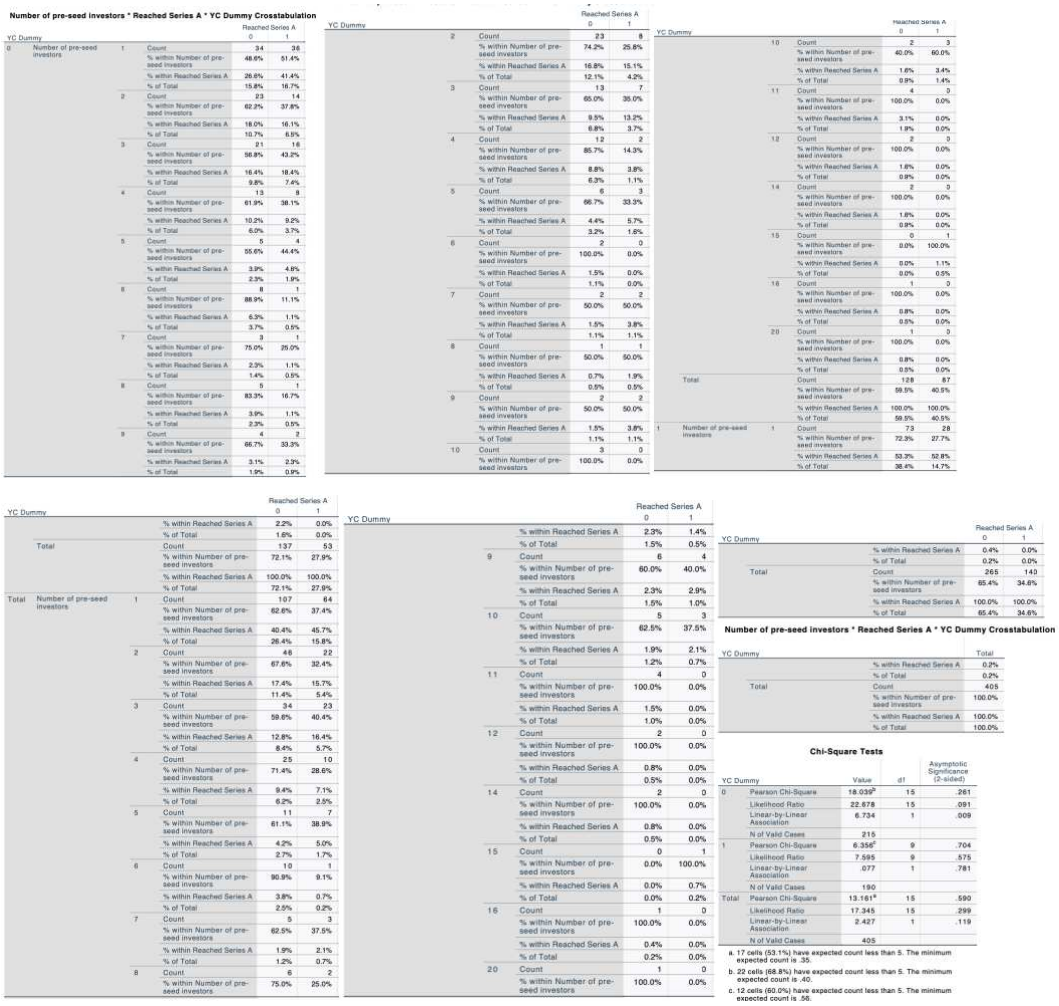
Appendix H: Statistical Output for 4.2.2.3 DevOps Startups: Comparative Outcomes Between YC and Non-YC Groups



Chi-Square Tests

YC Dummy		Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)
0	Pearson Chi-Square	2.390[c]	1	.122	
	Continuity Correction[b]	1.514	1	.219	
	Likelihood Ratio	2.645	1	.104	
	Fisher's Exact Test				.206
	Linear-by-Linear Association	2.378	1	.123	
	N of Valid Cases	215			
1	Pearson Chi-Square	1.768[d]	1	.184	
	Continuity Correction[b]	1.220	1	.269	
	Likelihood Ratio	1.680	1	.195	
	Fisher's Exact Test				.185
	Linear-by-Linear Association	1.759	1	.185	
	N of Valid Cases	191			
Total	Pearson Chi-Square	.077[a]	1	.781	
	Continuity Correction[b]	.011	1	.918	
	Likelihood Ratio	.078	1	.780	
	Fisher's Exact Test				.862
	Linear-by-Linear Association	.077	1	.781	
	N of Valid Cases	406			

Appendix I: Statistical Output for 4.2.2.4 Pre-Seed Investor Count and Its Impact on Series A Outcomes



Appendix J: Statistical Output for 4.2.2.5 Progression to Series B: Comparing YC and Non-YC Startups

			Reached Series B		
			0	1	Total
YC Dummy	0	Count	186	29	215
		% within YC Dummy	86.5%	13.5%	100.0%
		% within Reached Series B	51.0%	70.7%	53.0%
		% of Total	45.8%	7.1%	53.0%
	1	Count	179	12	191
		% within YC Dummy	93.7%	6.3%	100.0%
		% within Reached Series B	49.0%	29.3%	47.0%
		% of Total	44.1%	3.0%	47.0%
Total		Count	365	41	406
		% within YC Dummy	89.9%	10.1%	100.0%
		% within Reached Series B	100.0%	100.0%	100.0%
		% of Total	89.9%	10.1%	100.0%

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AI Dummy, Number of pre-seed investors, DevOps Dummy, YC Dummy[b]	.	Enter

a. Dependent Variable: Seed Funding Amount

b. All requested variables entered.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.785[a]	1	.016		
Continuity Correction[b]	5.018	1	.025		
Likelihood Ratio	5.981	1	.014		
Fisher's Exact Test				.020	.012
Linear-by-Linear Association	5.770	1	.016		
N of Valid Cases	406				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 19.29.

b. Computed only for a 2x2 table

Appendix K: Statistical Output for 4.2.3.1 Impact of YC Participation on Seed Funding Amounts

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.201[a]	.040	.032	5114144.579

a. Predictors: (Constant), AI Dummy, Number of pre-seed investors, DevOps Dummy, YC Dummy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.877E+14	4	1.219E+14	4.662	.001[b]
	Residual	1.159E+16	443	2.615E+13		
	Total	1.207E+16	447			

a. Dependent Variable: Seed Funding Amount

b. Predictors: (Constant), AI Dummy, Number of pre-seed investors, DevOps Dummy, YC Dummy

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	4246210.269	463717.184		9.157
	YC Dummy	-1481040.54	512941.632	-.142	-2.887
	DevOps Dummy	909087.044	853295.987	.050	1.065
	Number of pre-seed investors	157557.322	79067.889	.096	1.993
	AI Dummy	-562909.007	581910.547	-.046	-.967

Coefficients[a]

Model		Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	<.001		
	YC Dummy	.004	.897	1.115
	DevOps Dummy	.287	.964	1.037
	Number of pre-seed investors	.047	.932	1.073
	AI Dummy	.334	.974	1.027

a. Dependent Variable: Seed Funding Amount

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	Variance Proportions YC Dummy	Variance Proportions DevOps Dummy
1	1	2.660	1.000	.03	.04	.03
	2	.856	1.763	.02	.01	.76
	3	.726	1.914	.01	.03	.15
	4	.583	2.137	.01	.48	.06
	5	.175	3.898	.94	.45	.00

Collinearity Diagnostics[a]

Model	Dimension	Variance Proportions Number of pre-seed investors	Variance Proportions AI Dummy
1	1	.04	.05
	2	.10	.00
	3	.16	.58
	4	.09	.34
	5	.60	.03

a. Dependent Variable: Seed Funding Amount

Appendix L: Statistical Output for 4.2.3.2 Influence of Seed Funding and YC Participation on Series A Progression

Classification Table[a,b]

			Predicted		
			Reached Series A		Percentage Correct
	Observed		0	1	
Step 0	Reached Series A	0	265	0	100.0
		1	139	0	.0
	Overall Percentage				65.6

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-.645	.105	37.961	1	<.001	.525

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	DevOps Dummy	.071	1	.789
		AI Dummy	.006	1	.938
		YC Dummy	7.476	1	.006
		Number of pre-seed investors	2.516	1	.113
		Number of Seed investors	2.544	1	.111
	Overall Statistics		15.015	5	.010

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	15.351	5	.009
	Block	15.351	5	.009
	Model	15.351	5	.009

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	504.751[a]	.037	.051

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.229	8	.249

Contingency Table for Hosmer and Lemeshow Test

		Reached Series A = 0		Reached Series A = 1		
		Observed	Expected	Observed	Expected	Total
Step 1	1	30	32.780	11	8.220	41
	2	25	23.954	7	8.046	32
	3	33	27.915	5	10.085	38
	4	27	27.351	11	10.649	38
	5	26	27.812	14	12.188	40
	6	27	26.317	13	13.683	40
	7	24	24.577	16	15.423	40
	8	28	22.772	11	16.228	39
	9	21	22.568	19	17.432	40
	10	24	28.955	32	27.045	56

Classification Table[a]

			Predicted		
			Reached Series A		Percentage Correct
	Observed		0	1	
Step 1	Reached Series A	0	258	7	97.4
		1	132	7	5.0
	Overall Percentage				65.6

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.
Step 1[a]	DevOps Dummy	.055	.369	.023	1	.881
	AI Dummy	.037	.259	.020	1	.887
	YC Dummy	-.690	.227	9.270	1	.002
	Number of pre-seed investors	-.095	.042	5.135	1	.023
	Number of Seed investors	.049	.031	2.602	1	.107
	Constant	-.289	.237	1.487	1	.223

Variables in the Equation

		Exp(B)
Step 1[a]	DevOps Dummy	1.057
	AI Dummy	1.037
	YC Dummy	.501
	Number of pre-seed investors	.909
	Number of Seed investors	1.050
	Constant	.749

a. Variable(s) entered on step 1: DevOps Dummy, AI Dummy, YC Dummy, Number of pre-seed investors, Number of Seed investors.

Classification Table[a,b]

			Predicted		
			Reached Series A		Percentage Correct
	Observed		0	1	
Step 0	Reached Series A	0	265	0	100.0
		1	139	0	.0
	Overall Percentage				65.6

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-.645	.105	37.961	1	<.001	.525

Variables not in the Equation[a]

			Score	df	Sig.
Step 0	Variables	DevOps Dummy	.071	1	.789
		AI Dummy	.006	1	.938
		YC Dummy	7.476	1	.006
		Number of pre-seed investors	2.516	1	.113
		Number of Seed investors	2.544	1	.111
		Seed Funding Amount	5.510	1	.019

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	18.786	6	.005
	Block	18.786	6	.005
	Model	18.786	6	.005

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	501.316[a]	.045	.063

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.124	8	.421

Contingency Table for Hosmer and Lemeshow Test

		Reached Series A = 0		Reached Series A = 1		
		Observed	Expected	Observed	Expected	Total
Step 1	1	31	32.327	9	7.673	40
	2	34	30.263	6	9.737	40
	3	31	29.612	9	10.388	40
	4	26	28.834	14	11.166	40
	5	30	27.523	10	12.477	40
	6	23	25.823	17	14.177	40
	7	25	24.282	15	15.718	40
	8	25	23.209	15	16.791	40
	9	17	21.914	23	18.086	40
	10	23	21.214	21	22.786	44

Classification Table[a]

			Predicted		
			Reached Series A		Percentage Correct
	Observed		0	1	
Step 1	Reached Series A	0	252	13	95.1
		1	130	9	6.5
	Overall Percentage				64.6

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.
Step 1[a]	DevOps Dummy	.035	.370	.009	1	.924
	AI Dummy	.068	.260	.067	1	.795
	YC Dummy	-.651	.229	8.108	1	.004
	Number of pre-seed investors	-.099	.043	5.416	1	.020
	Number of Seed investors	.038	.031	1.471	1	.225
	Seed Funding Amount	.000	.000	3.217	1	.073
	Constant	-.408	.247	2.733	1	.098

Variables in the Equation

		Exp(B)
Step 1[a]	DevOps Dummy	1.036
	AI Dummy	1.070
	YC Dummy	.522
	Number of pre-seed investors	.905
	Number of Seed investors	1.039
	Seed Funding Amount	1.000
	Constant	.665

a. Variable(s) entered on step 1: DevOps Dummy, AI Dummy, YC Dummy, Number of pre-see investors, Number of Seed investors, Seed Funding Amount.

Appendix M: Statistical Output for 4.2.3.3 Predictors of Series B Progression Among Series A Startups

Classification Table[a,b]

			Predicted		
			Reached Series B		Percentage Correct
	Observed		0	1	
Step 0	Reached Series B	0	98	0	100.0
		1	41	0	.0
	Overall Percentage				70.5

a. Constant is included in the model.
b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	-.871	.186	21.950	1	<.001	.418

Variables not in the Equation[a]

			Score	df	Sig.
Step 0	Variables	DevOps Dummy	.284	1	.594
		AI Dummy	1.629	1	.202
		YC Dummy	1.646	1	.199
		Number of pre-seed investors	.435	1	.510
		Number of Seed investors	1.366	1	.243
		Seed Funding Amount	.020	1	.886
		Series A Funding Amount	.018	1	.892

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	7.663	7	.363
	Block	7.663	7	.363
	Model	7.663	7	.363

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	160.954[a]	.054	.076

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	6.392	8	.603

Contingency Table for Hosmer and Lemeshow Test

		Reached Series B = 0		Reached Series B = 1		
		Observed	Expected	Observed	Expected	Total
Step 1	1	12	12.158	2	1.842	14
	2	12	11.508	2	2.492	14
	3	13	10.952	1	3.048	14
	4	10	10.563	4	3.437	14
	5	11	10.013	3	3.987	14
	6	7	9.591	7	4.409	14
	7	8	9.333	6	4.667	14
	8	8	8.985	6	5.015	14
	9	9	8.596	5	5.404	14
	10	8	6.300	5	6.700	13

Classification Table[a]

			Predicted		
			Reached Series B		Percentage Correct
	Observed		0	1	
Step 1	Reached Series B	0	93	5	94.9
		1	38	3	7.3
	Overall Percentage				69.1

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.
Step 1[a]	DevOps Dummy	-.320	.751	.182	1	.670
	AI Dummy	.911	.477	3.646	1	.056
	YC Dummy	-.738	.452	2.669	1	.102
	Number of pre-seed investors	-.064	.084	.584	1	.445
	Number of Seed investors	-.088	.063	1.936	1	.164
	Seed Funding Amount	.000	.000	.415	1	.519
	Series A Funding Amount	.000	.000	.001	1	.970
	Constant	-.333	.440	.573	1	.449

Appendix N: Statistical Output for 4.2.3.4 Time to Seed Funding: Effects of YC Participation and Sector

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.221[a]	.049	.040	11.583

a. Predictors: (Constant), AI Dummy, Number of pre-seed investors, DevOps Dummy, YC Dummy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2852.984	4	713.246	5.316	<.001[b]
	Residual	55547.136	414	134.172		
	Total	58400.119	418			

a. Dependent Variable: Time from Pre-Seed to Seed (in months)
b. Predictors: (Constant), AI Dummy, Number of pre-seed investors, DevOps Dummy, YC Dummy

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	15.099	1.063		14.199
	YC Dummy	-4.339	1.202	-.181	-3.608
	DevOps Dummy	1.668	2.123	.038	.786
	Number of pre-seed investors	.257	.183	.070	1.407
	AI Dummy	2.754	1.383	.096	1.992

Coefficients[a]

			Collinearity Statistics	
Model		Sig.	Tolerance	VIF
1	(Constant)	<.001		
	YC Dummy	<.001	.912	1.096
	DevOps Dummy	.432	.979	1.021
	Number of pre-seed investors	.160	.935	1.070
	AI Dummy	.047	.985	1.015

a. Dependent Variable: Time from Pre-Seed to Seed (in months)

Collinearity Diagnostics[a]

				Variance Proportions		
Model	Dimension	Eigenvalue	Condition Index	(Constant)	YC Dummy	DevOps Dummy
1	1	2.580	1.000	.04	.05	.03
	2	.873	1.719	.01	.00	.88
	3	.745	1.861	.01	.04	.03
	4	.619	2.041	.01	.49	.07
	5	.183	3.758	.94	.42	.00

Collinearity Diagnostics[a]

		Variance Proportions	
Model	Dimension	Number of pre-seed investors	AI Dummy
1	1	.04	.05
	2	.05	.01
	3	.21	.56
	4	.08	.34
	5	.62	.04

a. Dependent Variable: Time from Pre-Seed to Seed (in months)

Appendix O: Statistical Output for 4.2.3.5 Time to Series A: The Role of Seed Funding and YC Participation

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Number of Seed investors, DevOps Dummy, Number of pre-seed investors, Seed Funding Amount, AI Dummy, YC Dummy[b]	.	Enter

a. Dependent Variable: Time from Seed to Series A (In months)

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.314[a]	.099	.057	14.699

a. Predictors: (Constant), Number of Seed investors, DevOps Dummy, Number of pre-seed investors, Seed Funding Amount, AI Dummy, YC Dummy

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3056.063	6	509.344	2.357	.034[b]
	Residual	27871.554	129	216.059		
	Total	30927.618	135			

a. Dependent Variable: Time from Seed to Series A (In months)

b. Predictors: (Constant), Number of Seed investors, DevOps Dummy, Number of pre-seed investors, Seed Funding Amount, AI Dummy, YC Dummy

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	26.942	2.713		9.930
	YC Dummy	2.447	2.806	.078	.872
	DevOps Dummy	-1.752	4.692	-.033	-.373
	Number of pre-seed investors	-1.006	.518	-.165	-1.942
	AI Dummy	2.216	3.178	.061	.697
	Seed Funding Amount	-4.119E-7	.000	-.177	-2.068
	Number of Seed investors	-.515	.377	-.118	-1.367

Coefficients[a]

Model		Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	<.001		
	YC Dummy	.385	.868	1.152
	DevOps Dummy	.709	.897	1.115
	Number of pre-seed investors	.054	.962	1.039
	AI Dummy	.487	.915	1.093
	Seed Funding Amount	.041	.953	1.049
	Number of Seed investors	.174	.932	1.073

a. Dependent Variable: Time from Seed to Series A (In months)

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	Variance Proportions YC Dummy	Variance Proportions DevOps Dummy
1	1	3.737	1.000	.01	.02	.01
	2	1.035	1.901	.00	.06	.44
	3	.732	2.260	.00	.00	.19
	4	.524	2.671	.01	.19	.21
	5	.484	2.780	.01	.58	.14
	6	.332	3.356	.02	.01	.00
	7	.157	4.880	.95	.13	.00

Appendix P: Statistical Output for 4.2.3.6 Time to Series B: Influence of Investor and Sector Variables

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Series A Funding Amount, YC Dummy, AI Dummy, DevOps Dummy, Seed Funding Amount, Number of pre-seed investors, Number of Seed investors[b]	.	Enter

a. Dependent Variable: Time from Series A to Series B (in months)

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.527[a]	.278	.125	9.750

a. Predictors: (Constant), Series A Funding Amount, YC Dummy, AI Dummy, DevOps Dummy, Seed Funding Amount, Number of pre-seed investors, Number of Seed investors

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1208.907	7	172.701	1.817	.117[b]
	Residual	3137.044	33	95.062		
	Total	4345.951	40			

a. Dependent Variable: Time from Series A to Series B (in months)

b. Predictors: (Constant), Series A Funding Amount, YC Dummy, AI Dummy, DevOps Dummy, Seed Funding Amount, Number of pre-seed investors, Number of Seed investors

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t
1	(Constant)	24.547	2.871		8.549
	YC Dummy	2.598	3.981	.115	.653
	DevOps Dummy	-11.937	7.395	-.302	-1.614
	Number of pre-seed investors	-.397	.743	-.103	-.535
	AI Dummy	2.129	4.259	.094	.500
	Number of Seed investors	-1.702	.598	-.573	-2.845
	Seed Funding Amount	-1.496E-7	.000	-.138	-.720
	Series A Funding Amount	1.298E-7	.000	.175	.693

Coefficients[a]

Model		Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	<.001		
	YC Dummy	.518	.707	1.415
	DevOps Dummy	.116	.625	1.599
	Number of pre-seed investors	.596	.590	1.695
	AI Dummy	.620	.618	1.619
	Number of Seed investors	.008	.539	1.854
	Seed Funding Amount	.476	.599	1.670
	Series A Funding Amount	.493	.343	2.912

a. Dependent Variable: Time from Series A to Series B (in months)

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	Variance Proportions YC Dummy	Variance Proportions DevOps Dummy
1	1	4.350	1.000	.01	.01	.00
	2	1.433	1.742	.00	.06	.20
	3	.857	2.253	.00	.12	.00
	4	.426	3.195	.13	.26	.08
	5	.369	3.432	.03	.27	.63
	6	.264	4.061	.01	.04	.03
	7	.204	4.620	.78	.24	.02
	8	.098	6.650	.04	.00	.05