Evaluation of Start-Up evolution patterns in Greece and science and technology spinoffs.

Asvestas Georgios
SID: 3305150003

SCHOOL OF SCIENCE & TECHNOLOGY
A thesis submitted for the degree of
Master of Science (MSc) in e-Business and Digital Marketing

NOVEMBER 2017
THESSALONIKI – GREECE
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Abstract

Nowadays, the global community is experiencing a period of intense economic and humanitarian crisis that causes terrific stability problems in the economy and reduced growth rates. Greece over the last eight years, following the European Union debt crisis, has experienced a GDP decline, memorandums and austerity programs that led many companies to close or migrate to foreign countries. Hence, lack of confidence regarding investments and long-term unemployment was created into the Greek market. The Greek crisis keeps unfolding at a mesmerizing pace, therefore it became clear that the growth model that has been followed so far in Greece is not sustainable and don’t have the potential to lead the country to the total recovery of the economy.

In order for the country to survive, it is vital to be achieved high growth rates within a short period of time. These rates can’t be achieved with just the use of traditional economic activities. Startup companies have as main characteristic the fast growth rate, thus the existence of startup companies are crucial for boosting the global economy.

This dissertation was written as a part of the MSc in e-Business and Digital Marketing at the International Hellenic University and attempts to document and evaluate the evolution of technology spin-offs and startup companies in Greece and their ecosystem, in order to produce useful proposals and suggestions for improving the existing environment and addressing the problems that startup businesses are facing. In order to have a holistic view of the situation in Greece, this thesis investigates the success factors and the problems of the Greek Startups that facing in order to grow, by using a questionnaire.

At this point I would like to express my sincere thanks to all those who contributed to the completion of this diplomatic work, like my family, my friends and my supervisor Prof. Paris Kokorotsikos who supported me and gave me guidance and useful advice.
as well as all the startup companies and the organizations that participated in my survey and helped me complete the research.

Asvestas Georgios

03/11/17
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1 Introduction

1.1 Background

In recent years, the global community is experiencing a period of intense economic instability and depression. Starting with the United States of America and the economic crisis that broke out in 2007, the European Union debt crisis in 2009 and the collapse of China’s stock market in 2015, we can notice terrific stability problems in the economy and reduced growth rates, lack of confidence regarding investments and long-term unemployment. The unemployment rate and the economic growth rate are recognized as key factors in order to build and maintain a strong economy.

Startup companies have as main characteristic the fast growth rate, thus the existence of startup companies are crucial for boosting the global economy. According to a survey by T. Kane, startup companies are vital for net job growth. More specifically, the analyzed data present us that from 1977 until 2005, the majority of common companies in the United States led each year to the destruction of more than one million jobs. On the other hand, startups during their first year of operation create more than three million jobs per year. (Kane, 2010)

Historically, start-up companies first appeared in the late 50's, mainly in Silicon Valley of California, a place where hundreds of innovative start-up companies exist. The reason for their creation was a dispute between the employees of Shockley Semiconductor and its founder, William Shockley. Employees left the company and started setting up new companies with their fresh, innovative ideas that changed the market. (Kefala, 2013)

The new tendency of start-up companies spread rapidly. It had begun as a revolution of employees at the University of Stanford and then transformed into an avalanche of start-ups. The term start-up began very common during the dot-com bubble, between
1997 and 2000 when there was a rapid growth of companies in the Internet sector. The dot-com companies. (Kefala, 2013)

1.2 Scope of the thesis

Greece over the last eight years, following the European Union debt crisis, has an unsustainable growth model. The Greek economy has experienced a GDP decline of approximately 30% which is the highest among European countries in time of peace, a debt-to-GDP ratio of 177.1%, a percentage of unemployment rate 26.6% and more specifically, the unemployment rate of people younger than twenty-five years old was 51.9%. (Hellenic Statistical Authority, 2015). The situation in Greece got even worse when, except small companies, large multinational companies started transferring their headquarters and their operation generally to other countries. Due to strong bureaucracy and the high tax rates more and more companies in Greece are closing, hence there is an inability to attract new investments. The economic depression has led many Greeks to live below the poverty line and created major problems to education and health sector. Therefore, it became clear that the growth model that has been followed so far in Greece is not sustainable and don’t have the potential to lead the country to the reduction of unemployment and the total recovery of the economy.

In order for the country to survive, it is vital to be achieved high growth rates within a short period of time. These rates can’t be achieved with just the use of traditional economic activities (The Greek Startup Manifesto, 2014). In MIT Enterprise Forum Mareva Grabowski words are mentioned: "The crisis forced young Greeks to change their mentality and look for a new model" (Kalli, 2017). Startups are a new business model in Greece which is characterized by innovation, economic growth, competitiveness, and can contribute to the creation of new jobs, productivity and value (Hellenic Start-up Association, 2011).

The need for the implementation of this new business model of Startup in Greece combined with the lack of existing academic research referring to Greek Startups was the spark for writing this dissertation. The aim of this thesis is to develop an evaluation of the evolution and development of Greek Startups and carry an analysis of growth
problems and patterns, as well as to document and analyze the development of technology-based businesses in Greece that got awards in business plan competitions, to produce useful proposals and suggestions for monitoring the evolution and growth of startups and technology spin-offs of University and Research Institutions. In order to have a holistic view of the situation in Greece, this thesis investigates the success factors and the growth problems of the Greek Startups by using a questionnaire.

1.3 Structure of the Thesis

The rest of the thesis is structured as follows: Chapter two presents the literature review of the thesis, which includes definitions of Startup business, definitions of University Spin-offs, economic factors that are involved with Startups and the description of the Startup ecosystem in Greece. Chapter three refers to the research analysis, which has the aim to study and document the evolution of startup companies and their ecosystem in Greece during the economic crisis of recent years in order to produce useful conclusions and suggestions for the improvement and strengthening of the existing startup ecosystem by addressing the problems encountered by Greek startups. Chapter four presents the survey that carried out with the use of questionnaires, its results and the critical analysis of these results. Chapter five includes conclusions and recommendation regarding Startups and University Spin-offs. More specifically, this chapter, regarding Startups, includes proposals and suggestions for monitoring the Startup market, as well as, proposals for improving connectivity between Startup support systems and the Startup market. Regarding spinoffs, this chapter includes proposals for monitoring the evolution of University spinoffs and Research Institutions as well as feedback to competition boards for analyzing the impact of their award schemes.
2 Literature Review

2.1 Definitions of Start-Ups

The definition of the term ‘‘startup’’ is quite complex for many people. In fact, there is no definition agreed on, between entrepreneurs and investors. Nowadays, the term startup is being used with increasing frequency to describe any newly founded company, but it isn’t right to consider as a startup any newly founded company. Some people believe that a startup is determined by its growth or its age and some other that it is a state of mind. Thus it is crucial, at this early stage of the dissertation, to present a variety of the most authoritative definitions of the term, in order to have a clear view to what the term ‘‘startup’’ stands for.

• Neil Blumenthal, co-founder and co-CEO of Warby Parker said in 2013: “A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed.” (Forbes)

• Jan Koum, the cofounder of $19 billion WhatsApp said in 2014: "I think a startup is not connected with time. Our company is five years old but we are moving quickly and make decisions quickly, we build products, so we are still a startup." (Forbes)

• Adora Cheung, cofounder and CEO of Homejoy said in 2013: ‘‘A startup is a state of mind. It’s when people join your company and are still making the explicit decision to forgo stability in exchange for the promise of tremendous growth and the excitement of making immediate impact.” (Forbes)

• Paul Graham, Y Combinator accelerator head said in 2013: ‘‘A company five years old can still be a startup. Ten years old would start to be a stretch.” (Forbes)

• Steve Blank, Stanford professor said in 2010: "An organization formed to search for a repeatable and scalable business model." (Forbes)

• Russell D’Souza, cofounder of ticket search engine SeatGeek said in 2013: ‘‘ It
stops being a startup when people don’t feel as though what they are doing has an impact. I don’t think the tipping point is a certain number of people, but an atmosphere that people individually and collectively can’t will the company to success.’’ (Forbes)

There are hundreds of definitions as it is a considerably new term, but we can notice that most of them include three characteristics that companies must have:

a) Newly established  
b) Innovative  
c) Fast growing

To conclude, if a company meet these three characteristics, it can be considered as a startup. The first of the characteristics is about the number of the years in which the company can be called a startup. Despite the fact that some people believe that startups are not connected with time, it is hard to consider a ten-year-old company as a start-up. The second one is about innovation. “Innovation happens when you mix technology and business” says Professor Francisco Veloso, new Dean of Imperial College Business School (Laura Singleton, August 2017) but it isn’t right to consider only technology as an innovation. Finally, the fast growth is the most significant one because it separates start-ups from companies. Paul Graham, said: “The only essential thing is growth. Everything else we associate with startups follows from growth.”. So, according to Paul Graham the difference between companies and startups is that startups grow rapidly because they produce something that can be sold to a big market. (Graham 2012)

2.2 Start-Up Ecosystem

The interest of the Startup ecosystem in Greece has increased significantly especially the last few years because of the need of high growth businesses that contributes to the creation of new jobs and the economic development of the country. According to Endeavor, in Greece, 16 start-up companies were set up in 2010 and this figure tripled in 2013. Also, in 2013 the amount of startup investment reached 42 million, 80 times higher than in 2010, which was just 500 thousand. In particular, technology companies have received about 50% of the total investment. Moreover, regarding the classification
of the companies’ sectors, financial services are in the second place. Media, agricultural products and food, tourism, education and entertainment are followed by lower rates. There is also a lack of investment in highly active sectors such as e-commerce, health and energy. The increased number of businesses is also linked to the growth of support organizations for young entrepreneurs such as co-working spaces and incubators, as well as competitions, events and other initiatives aimed at turning entrepreneurship and financing new ventures. It is estimated that the proportion of organizations and businesses today is 1 to 5. (Fortune Greece, 2014)

The Startup ecosystem in general, include entrepreneurs, investors, startup companies and various types of organizations. The main features of a startup ecosystem are analyzed below.

*Startup Ecosystem*

- Business incubation
  - Business pre-incubators
  - Business incubators
  - Accelerators
- Source of Funding
- Business and innovation agencies
  - Co-working spaces
  - Science and Technology spinoffs
- Events of innovation and Entrepreneurship
- Startup Associations

### 2.2.1 Business Incubation

Business incubation is the process to support entrepreneurs in developing their startup business by providing them with targeted resources and services. The business incubation process includes several levels that can be used whole in once or step by step. Specifically, there are three stages of business incubation:

- Pre-incubation
- Incubation
- Post-incubation
2.2.1.1 Pre-Incubation

Pre-incubation is related with all the necessary activities that have to be done to support the upcoming entrepreneur to develop their business idea. The potential entrepreneur has the chance to learn better how to develop a business model and a business plan. Usually, the pre-incubation process involves evaluation of the business idea, training, and personal guidance. The aim of the pre-incubator is to enhance the likelihood of the creation of a successful startup. The majority of university’s incubators are pre-incubators. Pre-incubators are important due to the fact that they give a positive contribution in terms of jobs creation and profits increase which helps the local economic development. (Voisey, Jones & Thomas, 2013)

2.2.1.2 Incubation

Incubation is related to the support of the start-up during the deployment stage of the incubator. Usually, this process lasts few years after the creation of the startup. In this period of time, it becomes clear if the startup has the potential to succeed, grow and become a mature company. Incubators usually provide mentoring and consulting tailored to the startups, facilities, infrastructure, technology support, equipment and finally assistance in finding ways to get fund, which is absolutely necessary for the company in order to have growth.

2.2.1.3 Differences Between Incubators and Pre-Incubators

The main difference between business incubators and business pre-incubators is usually determined by the stage of development of the incubated company. Pre-incubators support processes, in the planning stage, that haven’t been installed yet. At this initial stage, the company isn’t ready to obtain funding or to enter the market. There is no a business plan, a prototype development or even an established business team. Incubators provide their services to start-ups that have already been set up and they are going through the early stages of their development.

2.2.1.4 Post-Incubation

Post-incubation is related to all the activities that are necessary for startups that have reached the maturity stage, they have the ability to operate autonomously and therefore,
at this stage, they leave the incubator. However, some services may still be vital for the startup. The organizations that provide these services in the post-incubation phase are called accelerators. (European Union Regional Policy, 2010)

Accelerators are quite similar to incubators, providing support and guidance to entrepreneurs in order to grow their business. However, these processes are different and lots of people confuse the two terms. The main difference, is that accelerators are for-profit versions of incubators, says Manuel Stagars. (Stagars, 2015). The main key features of accelerators, according to authors Paul Miller and Kristen Bound that Manuel Stagars mentions in his book, are:

- An accelerator supports the entrepreneurs for a time-limited period, usually from three to four months.
- Accelerators offer funding to Startup companies in exchange for equity.
- Accelerators prefer to focus on teams and not on individuals.
- The process to apply and be part of an accelerator is highly competitive.

Most accelerators are designed according to the Y Combinator accelerator model and TechStars. Y Combinator was the first accelerator founded in 2005 in Silicon Valley. TechStars followed in 2007 in Colorado. The Y Combinator funds annually two startup business groups and the process last three months per class. The Startup companies obtain funding and mentoring in exchange for 7% (Altman, 2014). The entrepreneurs are mainly working in their own offices or even at home and weekly meetings are organized in the form of business meals. The TechStars program also has a three-month duration, but it offers a more structured program in which entrepreneurs move to the accelerator’s infrastructure, teams are much smaller and there is more frequent and intense Mentoring approach (Christiansen, 2009).

Some of the pre-incubators, incubators, and accelerators of Greece are presented below in Table 1. The various organizations of business incubation may belong to one or more categories.
## Table 1. Pre-Incubators, Incubators and Accelerators of Greece

<table>
<thead>
<tr>
<th>Organization</th>
<th>Pre-incubators</th>
<th>Incubators</th>
<th>Accelerators</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iqbility</td>
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<td><a href="http://www.iqbility.com">www.iqbility.com</a></td>
</tr>
<tr>
<td>I4G¹</td>
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<td><a href="http://www.i4g.gr">www.i4g.gr</a></td>
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<tr>
<td>Egg-Enter, Grow, Go</td>
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<td><a href="http://www.theegg.gr">www.theegg.gr</a></td>
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<tr>
<td>InnovAthens</td>
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<td><a href="http://www.innovathens.gr">www.innovathens.gr</a></td>
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<tr>
<td>Metavallon</td>
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<td><a href="http://www.metavallon.org">www.metavallon.org</a></td>
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<tr>
<td>BIC of Attica²</td>
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<td><a href="http://www.bicofattika.gr">www.bicofattika.gr</a></td>
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<tr>
<td>THEA Incubator³</td>
<td></td>
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<td><a href="http://www.theaTthensincubator.be.gr">www.theaTthensincubator.be.gr</a></td>
</tr>
<tr>
<td>Thermi Group</td>
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<td><a href="http://www.thermi-group.com">www.thermi-group.com</a></td>
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<tr>
<td>Technopolis Business Park Thessaloniki</td>
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<td><a href="http://www.technopolis.gr">www.technopolis.gr</a></td>
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<tr>
<td>Science Park Patra</td>
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<td><a href="http://www.psp.org.gr">www.psp.org.gr</a></td>
</tr>
</tbody>
</table>

¹ I4G: Incubation for Growth
² BIC of Attica: Business & Innovation Centre of Attica
³ Thea Incubator: Athens Startup Business Incubator
<table>
<thead>
<tr>
<th>Source of Funding</th>
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<th><a href="http://www.cosmotestartup.gr">www.cosmotestartup.gr</a></th>
</tr>
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<tr>
<td>Corallia</td>
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<tr>
<td>ACEin⁴</td>
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<td><a href="http://www.acein.aueb.gr">www.acein.aueb.gr</a></td>
</tr>
<tr>
<td>SEV Ekinisi Lab</td>
<td>√</td>
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<tr>
<td>Star Tech Ventures</td>
<td>√</td>
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<tr>
<td>Orange Grove</td>
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<tr>
<td>Endeavor Greece</td>
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<tr>
<td>NBG Business Seeds⁵</td>
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<tr>
<td>MIC⁶</td>
<td>√</td>
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<td><a href="http://www.microsoft.com">www.microsoft.com</a></td>
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</tbody>
</table>

### 2.2.2 Source of Funding

The most crucial factor for every new Startup company, trying to grow and consolidate in the business field, is to find and choose the most appropriate source of funding. There are several types of funding and their accessibility depends on the stage of the Startup development. A figure of the Startup financing cycle is depicted below in Picture 1:

---

⁴ ACEin: Athens Center for Entrepreneurship and Innovation  
⁶ MIC: Microsoft Innovation Center
Picture 1. Startup Financing Cycle. The Hellenic Business Angels Network (HEBAN)

Below, I am going to analyze some of the funding solutions that a startup company can use in order to face its challenges and manage to grow.

2.2.2.1 Founder, Friends and Family

In the early stage, when setting up a Startup company, several entrepreneurs choose to use their own personal savings to raise capital or borrow money from friends and family members. Generally, members of these groups are willing to support new businesses because of their relationship with the entrepreneurs and their desire to help them to accomplish their dreams. Typically, this initial capital aims to the creation of product prototypes. Although this particular source of funding is one of the easiest ways, many entrepreneurs are reluctant to use it because of the high emotional pressure that creates the risk of family or friends' money in making business decisions. (Van Osnabrugge & Robinson, 2000)

2.2.2.2 Bootstrapping

Bootstrapping is the simplest way to fund a Startup company because there is no need for borrowing money or to involve investors. The term bootstrapping means that
the entrepreneur uses his capital to set up the company. The use of this funding method is only possible if the company does not require a large investment in the early stages of development. The benefit of this funding method is that the entrepreneur avoids surrendering a share portion of the company and retains the complete control. Moreover, this method can save the entrepreneur valuable time from spending it to find investors and allocate all the effort to grow the company.

The main disadvantage of using this funding method called bootstrapping is that the entrepreneur has no access to external support thus, it may not raise enough capital to develop the Startup company at the desired rate. This can result in the reduction of the competitive advantage of the company and have a significant impact on the overall position of the firm within the market. Finally, due to the fact that there are many bootstrapping methods, below you will see the four categories they are divided into. (Van Osnabrugge & Robinson, 2000)

- Product development
  - Business development
  - Minimization of capital needed
  - Meeting the need for capital

### 2.2.2.3 Business Angels

This funding method can be a choice of startups that are in the early stages of development and they need capital to expand their business. Business angels are individuals who use their financial wealth and invest in young entrepreneurial companies, in order to help them grow. Business angel groups are particularly popular worldwide, providing financial resources, training, and networking to entrepreneurs. They support businesses as mentors and consultants and corporate with entrepreneurs and provide guidance during the developing phase of the company (Van Osnabrugge & Robinson, 2000). In Greece, there is a business angel network operated by the Hellenic Startup Association called Hellenic Angels and another one called HEBAN (Hellenic Business Angels Network) that both help Startup companies to attain funds in the early stages of development.
Funding is determined by a special contract that describes the relationship between the startup and the business angel, the value and duration of the investment, and the exit strategy (Klacmer Calopa & Horvat & Lalic, 2014).

Business angels are divided into five categories: Corporate angels, entrepreneurial angels, Enthusiast angels, micromanagement angels and professional angels. (Ramadani, V, 2009). Entrepreneurs have to decide what type of business angel they prefer in the company and decide what role he will have. In most cases, business angels take part in the company’s board and this makes them valuable to the business but sometimes this fact can be a disadvantage due to the fact the angel wants a say in the firm. In Table 2 some Business Angel networks in Greece are presented.

<table>
<thead>
<tr>
<th>Angel Investors</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVEA Business Angels Network</td>
<td><a href="http://www.businessangelsgreece.gr">www.businessangelsgreece.gr</a></td>
</tr>
<tr>
<td>Hellenic Angels</td>
<td><a href="http://www.hellenicangels.gr">www.hellenicangels.gr</a></td>
</tr>
</tbody>
</table>

### 2.2.2.4 Crowdfunding

Crowdfunding is a way for businesses and entrepreneurs to raise money online from individuals in the form of investments or donations. Crowdfunding began as a funding method in 2008 due to the fact that there were many difficulties from entrepreneurs to raise capital because of the financial crisis and the inability of banks to lend money. (Jack M Kaplan, Anthony C. Warren, 2013)

According to the World Bank, in less than a decade, this funding method became very common and is expected to surpass the funding method from venture capital investors. (InfoDev/The World Bank, 2013). Crowdfunding is an opportunity for small businesses and Startup companies in the early stages of their development to raise money and face challenges. Moreover, in the long term, it helps economic growth and job creation.

Generally crowdfunding method divides into five models that differentiate by what individuals gain in exchange for their money.
- The donation model

The donation model refers to individuals who donate money without waiting to gain something. These individuals get satisfied with whatever motivates their donation.

- The reward model

The reward model refers to crowdfunders who give money online and waiting to receive a tangible benefit in return such as a memento.

- The pre-purchase model

The pre-purchase model looks like the reward model. Their differentiation is the type of reward. In this model, the reward that the crowdfunders wait to receive as a result of their contribution is the item produced by the Startup company.

- The peer to peer lending model

The peer to peer lending model refers to individuals who make loans through websites and thus expect to gain something from their contribution.

- The equity model

The Equity model refers to crowdfunders who invest their money and as a return, they are waiting to receive ownership interests in the company.

In Table 3 some crowdfunding platforms that exist in Greece are presented.

Table 3. Greek Crowdfunding Platforms

<table>
<thead>
<tr>
<th>Crowdfunding Platforms</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Circle Greece</td>
<td><a href="http://www.opencircleproject.com">www.opencircleproject.com</a></td>
</tr>
<tr>
<td>WinnersFund</td>
<td><a href="http://www.winnersfund.com">www.winnersfund.com</a></td>
</tr>
<tr>
<td>Groopio</td>
<td><a href="http://www.groopio.com">www.groopio.com</a></td>
</tr>
<tr>
<td>Jump Start Greece</td>
<td><a href="http://www.jumpstartgreece.com">www.jumpstartgreece.com</a></td>
</tr>
<tr>
<td>Class Fund</td>
<td><a href="http://www.classfund.gr">www.classfund.gr</a></td>
</tr>
<tr>
<td>Easy Starter</td>
<td><a href="http://www.easystarter.com">www.easystarter.com</a></td>
</tr>
<tr>
<td>Greek Fund</td>
<td><a href="http://www.greekfund.gr">www.greekfund.gr</a></td>
</tr>
<tr>
<td>Act4Greece</td>
<td><a href="http://www.nbg.gr/act4greece">www.nbg.gr/act4greece</a></td>
</tr>
<tr>
<td>E-Fund</td>
<td><a href="http://www.efund.gr">www.efund.gr</a></td>
</tr>
<tr>
<td>One Up</td>
<td><a href="http://www.oneup.gr">www.oneup.gr</a></td>
</tr>
</tbody>
</table>
2.2.2.5 Venture Capital / Risk Capital

After having funded by business angels usually entrepreneurs look for another source of funding in order to grow even more their company and gain bigger market share. So, they seek for risk capital to help the development of the company through initial public offering (IPO) or redemption. Risk capital is similar to business angel investment, as investors provide funding and guidance to the entrepreneurs, in exchange for equity capital. The main exception is that in this funding method, the funding rounds are much larger and derive mainly from corporate organizations. According to Harvard Business Review, Venture Capital (VC) implies a high-risk investment in new business ideas that will generate high rewards (Harvard Business Review, 1998). The main differences between Business Angels and Venture Capitalists are presented in Table 4 below:

Table 4. Differences Between Business Angels and VCs

<table>
<thead>
<tr>
<th>Main Differences</th>
<th>Business Angels</th>
<th>Venture Capitalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>Entrepreneurs</td>
<td>Investors</td>
</tr>
<tr>
<td>Firms funded</td>
<td>Small, early-stage</td>
<td>Large, mature</td>
</tr>
<tr>
<td>Due diligence done7</td>
<td>Minimal</td>
<td>Extensive</td>
</tr>
<tr>
<td>Location of investment</td>
<td>Of concern</td>
<td>Not important</td>
</tr>
<tr>
<td>Contract used</td>
<td>Simple</td>
<td>Comprehensive</td>
</tr>
<tr>
<td>Monitoring after investment</td>
<td>Active, hands-on</td>
<td>Strategic</td>
</tr>
<tr>
<td>Exiting the firm</td>
<td>Of lesser concern</td>
<td>Highly important</td>
</tr>
<tr>
<td>Rate of return</td>
<td>Of lesser concern</td>
<td>Highly important</td>
</tr>
</tbody>
</table>

7 The full investigation of a product and transaction before the transaction takes place. (http://www.investopedia.com/terms/d/duediligence.asp)
Venture Capital (VC) are only interested in new and innovative business ideas with great growth prospects. Moreover, they prefer to invest in experienced and ambitious teams, with the capabilities and skills to make their business ideas into profitable companies. So, the entrepreneur should learn how to approach them and be prepared to move quickly. The simplest way for entrepreneurs to find and approach VCs is, first of all, to look for a connection who might introduce them to a Venture Capitalist. Entrepreneurs should look for VCs who have expressed interest and have a background in their business sector and should be ready to give a winning pitch to present their idea and explain why it is going to be successful in order to convince them for investing. A figure of how VCs spend their time is depicted below in Picture 2:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage of time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soliciting business</td>
<td>10%</td>
</tr>
<tr>
<td>Selecting opportunities</td>
<td>5%</td>
</tr>
<tr>
<td>Analyzing business plans</td>
<td>5%</td>
</tr>
<tr>
<td>Negotiating investments</td>
<td>5%</td>
</tr>
<tr>
<td>Serving as directors and monitors</td>
<td>25%</td>
</tr>
<tr>
<td>Acting as consultants</td>
<td>15%</td>
</tr>
<tr>
<td>Recruiting management</td>
<td>20%</td>
</tr>
<tr>
<td>Assisting in outside relationships</td>
<td>10%</td>
</tr>
<tr>
<td>Exiting</td>
<td>5%</td>
</tr>
</tbody>
</table>


The Venture Capital Industry (VCI) includes four sectors: The first one is the entrepreneurs who try to raise funds to develop the business idea. The second one is private investors who want to invest their money in exchange for high returns. The private investors also called limited partners. The third one is Investment Bankers who try to find companies to sell. They also called venture partners. The last one is the Venture Capitalists who create a market for the others above and thus they gain money for themselves. They also called venture capital general partners. Two figures of how the VCI works is depicted below in Picture 3 and Picture 4:
The Venture Capital is a long-term investment process, that aims to help the company not just only to grow but to lead the market. The collaboration with VCs adds value to the Startup company because of the experience and the know-how that is transferred. VCs support the company in marketing, financial and strategic planning. (Khan & Jain, 2008)
The size of the investment is related to the company’s expected risk and profits. The more advanced the business idea is and the sooner it can produce profits, the smaller the share is, because the risk is minimized. The investment process, from the initial valuation of the business idea to the investment, may take from one month to one year but usually lasts three to six months. The whole process of entering a VC into equity is time-consuming and definitely require some expenses. The most important thing is not to distract the company from its core operation. In Table 5 some of the Venture Capital Investors in Greece are presented.

Table 5. Venture Capital Investors in Greece.

<table>
<thead>
<tr>
<th>Venture Capital Investors</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openfund II</td>
<td><a href="http://www.theopenfund.com">www.theopenfund.com</a></td>
</tr>
<tr>
<td>Piraeus Jeremie Tech Catalyst Fund</td>
<td><a href="http://www.pjtechcatalyst.com">www.pjtechcatalyst.com</a></td>
</tr>
<tr>
<td>Odyssey Venture Partners</td>
<td><a href="http://www.odysseyvp.com">www.odysseyvp.com</a></td>
</tr>
<tr>
<td>NBG Business Seeds</td>
<td><a href="http://www.nbg.gr/nbgseeds">www.nbg.gr/nbgseeds</a></td>
</tr>
<tr>
<td>Fundbox Capital</td>
<td><a href="http://www.fundboxcapital.com">www.fundboxcapital.com</a></td>
</tr>
<tr>
<td>Marathon VC</td>
<td>marathon.vc</td>
</tr>
<tr>
<td>Mediterranean Holdings</td>
<td><a href="http://www.mediterraholdings.com">www.mediterraholdings.com</a></td>
</tr>
<tr>
<td>Elikonos</td>
<td><a href="http://www.elikonos.com">www.elikonos.com</a></td>
</tr>
</tbody>
</table>

2.2.2.6 Bank Loans

Banks are the traditional and the oldest source of funding for businesses. However, nowadays due to the economic crisis, banks are in a very difficult situation, as they have a lot of unpaid loans. Especially in Greece, where capital controls are still in force, it is very difficult for an entrepreneur to use this source of funding and take a bank loan. (Mylonas, 2014)

Generally, when banks lend money, borrowers are obliged to provide guarantees, such as their own real estate. Also, banks want to know about the business idea and analyze it, therefore usually ask to see the business plan which is being studied by several groups of people, from a different point of view each time.
Most Startup companies try to avoid borrowing from banks as it usually associated with time-consuming and complex procedures. Finally, because of many Startups are founded by young entrepreneurs, who usually don’t have real estate, there are not many chances for the entrepreneurs to borrow money from banks. The main advantage of bank lending is that the entrepreneur retains the total control of the company, as it does not provide equity capital to raise funds. (Klacmer Calopa & Horvat & Lalic, 2014).

2.2.2.7 European Funding Programs and Business Plan Competitions

The participation of entrepreneurs in European funding programs and business plan competitions is another great funding option for business ideas and Startup companies that are in the early stage of development and they need to scale-up. Besides raising capital, the participants in this kind of programs have the opportunity to expand their business connections and make new partnerships or even approach new clients. Entrepreneurs who want to participate in these programs must submit their business plans on time-limited submission periods that announced by relevant organizations and Ministries.

In Greece, the most famous funding program is the National Strategic Reference Framework (NSRF). According to the Hellenic Ministry of Economy Development and Tourism, the NSRF is the reference document for the programming of European Union funds at a national level. (NSFR, 2007-2013). Within the framework of the NSRF, the Greek government distributes funds targeted to different sectors with the aim to promote the entrepreneurship in Greece. The participants of NSRF must submit their business plan and wait for the evaluation of their business idea. The results are published and the winners have one to three years’ time period for the implementation. The amount of funding is usually a percentage of the investment and the entrepreneur must have receipts of costs as evidence in order to take the money from NSRF. So, the entrepreneur first spends the money and then take a percentage of them back from the NSRF. Thus, it is better funding option if an entrepreneur combines it with another one such as venture capital, bank loan etc. Finally, due to the high level of bureaucracy of the process, it is better for entrepreneurs to submit their proposals with the help of a consultant.
Moreover, many business competitions are taking place in Greece where entrepreneurs can submit their proposals and obtain funding to translate their business ideas into reality. Some of the business plan competitions are:

- Greece Innovates (by Eurobank and Hellenic Federation of Enterprises)
- I-bank Innovation & Technology (by National Bank of Greece)
- E-nnovation (by AUEB)
- Hellenic Entrepreneurship Award (by The Hellenic Initiative)
- MIT Enterprise Forum Greece Startup Competition
- Crazy Business Ideas (by IST College)
- Ideatree (by the Greek Government’s General Secretary of the Youth)
- Social Impact Award (by Impact Hub Athens)

Finally, there are lots of European Funding Programs that give funding opportunities to Startup companies, covering areas such as research and innovation, agriculture and rural development, humanitarian aid etc. (EU funding - European Union - European Commission)

Some European funding programs are:

- HORIZON 2020
- Competitiveness of enterprises and SMEs (COSME)
- European Fund for Strategic Investments (EFSI fund)
- Ambient Assisted Living Programme (AAL Programme)
- 3rd EU Health Program
- Consumer protection
- Creative Europe
- Customs, fiscalis, and anti-fraud
- Education, training, youth and sport (Erasmus +)
- Environment and climate action (LIFE)
- Europe for citizens

In Picture 5 below, the several funding sources are presented, depending on the Startup development stage and the risk undertaken by the investor.
2.2.3 Co-Working Spaces

Co-working spaces are shared offices where entrepreneurs and professionals can meet together and work on their own projects. Co-working spaces are a rapidly developing model that have the same purpose with the business and innovation centers (Pohler, 2012). The individuals who use this model, have the opportunity to expand their business connections and make new partnerships.

The basic services that co-working spaces offer are offices, twenty-four-hour access, furniture, storage areas, customer services and reception areas, technological equipment (computers, printers, projectors, telephones), internet connection, meeting rooms, libraries, group events and other.

The main benefit is that the entrepreneur has the flexibility to rent the office for a day to several months. Hence the cost is variable and he can save lots of money. Moreover, individuals have the opportunity to work under ideal conditions and a friendly innovative environment, to expand their network by collaborating with talented people coming from different business backgrounds, give their advice and share their business ideas. In Table 6 some of the co-working spaces in Greece are presented.
2.2.4 Spin-offs

University spinoffs have significantly reduced the gap between academic institutions and industry. The outcome of spinoffs has a substantial impact on the economy and the society. The aim of this chapter is to present what university spinoffs are, how they are created and why they are crucial.

2.2.4.1 What is a University Spinoff?

Some definitions of university spinoffs:

- "A company that is founded (1) by a faculty member, staff member, or student who left the university to start a company or who started the company while still affiliated with the university; and/or (2) around a technology or technology-based idea developed within the university" (Steffensen, Rogers & Speakman, 2000)

- "A business venture which is initiated, or becomes commercially active, with the academic entrepreneur playing a key role in any or all of the planning, initial establishment, or subsequent management phases" (Weatherston, 1995)

- "Companies founded by university teachers, researchers, or students and graduates in order to commercially exploit the results of the research in which they might have been involved at the university. ... the commercial exploitation of scientific and technological knowledge is realized by university scientists (teachers or researchers), students and graduates." (Bellini et al. 1999)
• "A new firm or organization to exploit the results of the university research.” (Klofsten & Jones-Evans, 2000)

• According to Scott Andrew Shane, author of the book ‘‘Academic Entrepreneurship: University Spinoffs and Wealth Creation’’, Spinoff is a newly founded company that is created in an academic institution in order to exploit a piece of intellectual property. (Shane, 2004)

• According to the General Secretariat for Research and Technology (GSRT), in Greece, ‘‘spinoff’’ is an enterprise that is created with the purpose to exploit the results that come out of the academic research and the know-how that produced by Public Organizations, to convert them to commercial innovative products and innovative processes. (EPAN II, 2010)

More than a few attempts have been made in the academic literature to define the term ‘‘spinoff’’. Although they are not all consistent, we can identify some common characteristics in order to have a clear view of what the term ‘‘spinoff’’ stands for.

a) The parent organization from which the technology is transferred, in order the university spinoff to be created, has to be an academic institution.

b) The spinoff has to be a separate unit of the university that uses academic knowledge which produced from the university.

c) Spinoffs have to aim to earn profits and commercialize their technology.

2.2.4.2 Why Is There a Need for University Spinoffs?

Spin-offs are considered to be the vehicle for transferring technology and knowledge to the market with the ultimate purpose to generate income. They are crucial for economic development (Lowe, 2002), for supporting the institutions with their academic research (Jones & Gold, 2001), and for converting university technologies into commercial products. (Etzkowitz, 2003). Without spin-offs many technologies from universities would be undeveloped. They also offer an assurance to the inventor of his/her involvement in the development of university technologies, which is very important due to the fact that sometimes technologies are based on tacit knowledge. (Shane, 2004)
As a result, a spinoff can be a source for job creation, a way for strengthening the relationship with the local business community and the way of rebuilding and developing economies and local societies.

### 2.2.5 Events of Innovation and Entrepreneurship

Every startup ecosystem includes activities and networking events for startup businesses. These events tend to be particularly useful for the entrepreneurs as a great part of meeting potential partners and acquiring knowledge about the market.

The main purpose of startup events is to help the entrepreneurs to expand their network. It gives opportunities to startup companies to see on what subject other startups work and understand the existing competition.

The importance and usefulness of a networking event depend on the businessman and the startup business. Sometimes, some events aren’t well organized, even though, startups have the potential to benefit. They can find new business partners, get a constructive evaluation of their products and services, and secure additional funding (Atagana, 2013).

### 2.3 Key Success Factors for Start-Up Companies

According to David Feinleib, eight of ten Startup companies fail within their first three years. Nine of ten Startup companies that have been funded by venture capitalists don’t manage to generate meaningful returns. These facts are the result of entrepreneur’s bad decisions. Entrepreneurs often make the same mistakes over and over that lead them to early failure of the company. David Feinleib says that entrepreneurs learning to avoid these mistakes can increase significantly the chances for success. (Feinleib, 2012)

Some of the key factors that can lead a Startup company to success are:

- Market
- Product
- Entrepreneur
2.3.1 Market

Entrepreneurs should learn how to avoid bad markets. It is vital for the start-up company to create a product that the market wants, in order not to run out of money. Some entrepreneurs spend millions to create a product that the market doesn’t want. Hence the entrepreneur and the staff of the company shouldn’t do something else unless they achieve product-market fit. "After the company finds it, everything is about scaling”, David Feinleib says.

Entrepreneurs of start-up companies should pursue big markets and not small ones in order to benefit from economies of scale. The goal is to find a big market in which the entrepreneur will have more potential customers to sell to and captures it by achieving product-market fit. It might be scary for entrepreneurs to target a big market because of the tough competition, but it is harder to raise capital operating in a small market.

Moreover, regarding the market of the Start up company, it is very important for the entrepreneur to know when to take a strategic decision about changing direction. Sometimes, Startup companies change the market that operates in too early, and therefore they never learn if the product was going to fit in the market. On the other hand, waiting too long can result to run out of money and if the entrepreneur changes the market that operates in too often he might lose the confidence of the team and investors. So, we can see that it is very important for the entrepreneurs, to study the market they operate in and the data they have, in order to take the right decision about how and when to pivot. (Feinleib, 2012)

To sum up, a start-up company in order to increase the chances of achieving market success should pursue a big market, create a product that the market wants and pivoting until the Startup reach product-market fit.
2.3.2 Product

A Startup company should create a really great product without any malfunctions, in order to get people to buy. However, many companies fail to deliver a great product to the market and instead of this, they deliver an inefficient product without good quality and with many malfunctions (Feinleib, 2012). But no one wants to create a bad product and sell it to the market, so how does this happen?

According to David Feinleib, product blindness is the reason that provokes the entrepreneurs to end up with a bad product. David Feinleib says that “Product blindness occurs when you use your product so much that you subconsciously work around the difficulties”, for example, the domain name of the website is very difficult for someone to remember but it isn’t a problem for the entrepreneur because he decided it so he remembers it. So entrepreneurs should test their products and use them if it is possible every day in order to find and solve any malfunctions that it may have.

A Startup company should have a clear vision of what kind of product is trying to build and focus on a strategy to complete it. It isn’t wrong to change strategy if the entrepreneur sees that it’s not working but not too early. David Feinleib says: “Some startups try so many different things in an incomplete way that they never truly get to test their product concept”.

Moreover, according to David Feinleib Startups in order to create a great product should have in mind that great products are simple and easy to use, they are viral, universal and they can be used by lots of people. Finally, there should be a product chemistry that means that all the parts of the product should fit and work well together. (Feinleib, 2012)

2.3.3 Entrepreneur

There are many people who have brilliant ideas and some of them are also able to execute on them. However, it is very difficult and rare for someone to take an idea and transform it into a real product, convince investors to fund it and then find and reach customers.
Entrepreneurs, in order to achieve this, should seek for large markets and know how to create a product that the market needs. They should also be able to find and hire the appropriate team. They should have a clear vision of what they want to accomplish and they should have a good business plan. Moreover, they should know how to be leaders and how to inspire their team and give motivation. The entrepreneur is the core of the company thus everything depends on him. (Feinleib, 2012)

2.3.4 Sales and Marketing

It is very easy for every entrepreneur to spend a large amount of money on sales and marketing, but it is very difficult to get that money back as a return of the advertising. Entrepreneurs should learn how to create a great product as well as how to sell it efficiently and effectively.

In order for a start-up company to avoid sales and marketing failure should know the right time to invest heavily in this sector. Many entrepreneurs who might have lots of resources or many start-up companies that raised much money from the very beginning of their operation, frequently believe that reaching the right customers is just a matter of spending money. But spending money on advertising too early could have a serious impact on the company if customers don’t buy the product. This situation usually happens when companies invest a large amount of money in sales and marketing before the product is ready. The right time to invest is when the company understands that it has product-market fit, otherwise is a waste of money. (Feinleib, 2012)

2.3.5 Location

A crucial factor for a startup company to achieve success is the location of the company. The wrong choice of the company’s location can cause its failure.

The choice of the company’s location depends on the type of the business, the resources that the company needs and where the potential customers are. For example, if the company manufactures products the distribution process is a critical factor thus the
geographical location is very important. Also, if a company operates in retailing, the place in which the business is located should be somewhere, where the customers can have easy access to the store.

Taking the right decision where to set up the company is essential and can have a positive influence on the success of the startup especially at the early stages. So, entrepreneurs should have a clear view of what they are going to need regarding facilities and resources and take a strategic decision about the location of their business. The more accessible the startup company is to its customers and its suppliers, the more successful will be. (Hormiga, Batista-Canino & Sánchez-Medina, 2011)

2.3.6 Exports

Extroversion is very crucial for a start-up company in order to achieve success. Start-up companies can have lots of benefits by exporting their products and expanding their operation in other countries. (Doutriax, 1992)

Start-up companies can benefit from extroversion because they can obtain greater profits because the number of potential users is larger. Also, they can obtain knowledge through various experiences of the market, which can be used to improve their businesses. Moreover, companies who expand to other countries have a lower risk in case of an economic downfall or a market change.

There are a lot of benefits that come with exporting, thus entrepreneurs should consider expanding their operation to foreign markets. The size of the business is irrelevant, all it needs is the will to succeed and a high quality and useful product.

2.3.7 Reputation

The reputation of the start-up company is essential in order to succeed in the market. The reputation of the company is the costumer’s, competitor’s and other stakeholder’s judgment about the image of the company.
The good reputation of a start-up company is the key element in obtaining the trust and the confidence of the customers. In the early stages of the start-up, a good reputation is very important in order to survive and make profits. On the other hand, a bad reputation can be a disaster for the start-up company especially in the early stages because customers will not have a preference for the company so it will be difficult for the company to make profits.

Entrepreneurs should be very careful and be responsive to any crisis that may have an impact on the company’s reputation because nowadays there is instant communication through social media, websites and other. (Feinleib, 2012)

### 2.4 Legal Form of Start-Up Companies in Greece

It is very important for the entrepreneur to choose the right legal form of the start-up company in order to get benefit from it. According to the General Secretariat of Industry of the Ministry of Economy and Development, the most preferred legal form in Greece is Private Capital Company (IKE). Almost 40% of Greek start-ups is IKE. (European Commission, 2016)

By Law 4072/2012 (Government Gazette A '86, part 2, articles 43-120) a new corporate form was introduced, the Private Capital Company (IKE). The most critical new elements of an IKE are: the required capital is 1 Euro and the flexibility that provides its corporation charter. Below the advantages and disadvantages of this legal form are analyzed.

*Advantages*

1. Low assembly and operating costs
2. Quick recommendation through the One Stop Service
3. No initial capital is required
4. Speed and flexibility in decision-making as these decisions can also be taken outside the General Assembly
5. Adaptability to partners' needs and aspirations with the possibility of 'formalizing' agreements outside the company
6. It has legal personality and is responsible for its property for corporate obligations
7. Only the manager is obliged to insure the OAEE
8. Accepts extra-fund and guarantee contributions (e.g. third-party liability)

Disadvantages
1. It is exclusively a commercial property, irrespective of its purpose
2. It holds obligatory duplicate books (Class C), thus increasing the bookkeeping cost of keeping its books.
3. It cannot raise money from the Capital Market.
4. Difficult transfer of shares
5. The law exempts the manager from any liability for damage caused
3 Research Methodology

3.1 Introduction

In this chapter I will present my research analysis, which has the aim to study and document the evolution of startup companies and their ecosystem in Greece during the economic crisis of recent years in order to produce useful conclusions and suggestions for the improvement and strengthening of the existing startup ecosystem by addressing the problems encountered by Greek startups.

3.2 Research Analysis

The survey was carried out online, with the use of questionnaires. The platform that was used to create and run the questionnaires was Survey Monkey. This option was used to make it easier to send questionnaires and collect and analyze the responses. The survey was conducted over a month and was executed in October 2017. The procedure was as follows: Informational emails were prepared to explain the subject of the dissertation and the purpose of the research being carried out. These messages were sent to approximately 100 Greek startup companies, which were recognized during the study of the existing bibliography, accompanied by a proposal to participate in the survey, as well as the e-mail address of the questionnaire. Also, information messages were also sent to business incubation mechanisms or other business-support mechanisms of the Greek ecosystem of startups (pre-incubators, incubators, co-working spaces), asking to promote the message to other startup companies which they collaborate with. The questionnaire includes twenty-three qualitative and quantitative questions to be completed and drafted, both in Greek and in English, to facilitate entrepreneurs with a different native language.
In particular, the questions raised were:

- About when the startup company founded
- About what does the startup offer to consumers
- If the startup is a Spin-off or not
- About the industry they operate in
- About the main incentive for the creation of the startup
- About the legal form of the startup
- About the number of the founders of the startup, their age and their educational status.
- If they have ever tried again to establish a startup company or not
- About the number of the employs they have
- If they participate in business incubation mechanisms or other business support mechanisms
- If they have ever won in a business plan competition
- About the level of the help provided by business incubation mechanisms that they have participated in and in which fields they helped the development of the company
- About the types of funding that the startup used
- If the startup has a presence in foreign markets
- About the target market of the startup
- About the time that was necessary for the startup to spent in order to reach the break-even point
- About the turnover of the startup the last three years of its operation
- About the difficulties that the startup faced at the early stages and during its operation
- About the strategy phase that the startup was, at that moment
- About what is important for a startup in order to develop and grow

The link of questionnaires both in Greek and in English are in appendices of the thesis.

The most questions in the questionnaire were non-obligatory, in case startups didn’t want to answer because of the sensitivity and the confidentiality of the information.
Moreover, twenty-five of one hundred questionnaires were answered, so a sample of 25% of the Greek startup companies was identified. Subsequently, an evaluation and analysis of the data collected were carried out. Since the most of the questions were non-mandatory, the resulting statistical data was calculated for each question as a whole of the answers given.
4 Data Analysis

4.1 Introduction

In this chapter, I will analyze the data that I have collected through questionnaires. I am going to analyze and present tables and statistics for all of the questions of the questionnaire, based on the answers that Greek Startups gave.

4.2 Results of the Survey

Picture 6 presents the Greek Startup companies established per year. We can notice that the number of startups that established per year is showing an upward trend, indicating that the startup business model is constantly growing despite the strong recession of the Greek economy.

![Picture 6. Greek Startups founded per year](image)

In Picture 7 we can see the different legal forms of Greek Startup companies. We can notice that the 56% of Greek Startups is Private Capital Companies (I.K.E). Limited Liability Company (E.P.E) takes the second place with a percentage of 16%. We can see that I.K.E is a preferable legal form by a big difference.
The need for the Greek economy to be developed and the need for the entrepreneurs to be motivated in Greece in order to establish Startups led Greek authorities to find and create a new legal form of a company, called Private Capital Company (I.K.E). This new legal form of a company, as I explained in chapter 2.4 of the literature review, provides the opportunity for entrepreneurs to establish companies more easily. The main characteristics of this form are: The required capital to create the company is 1 Euro and the flexibility that provides its corporation charter. In particular, an entrepreneur can set up a Private Capital Company (I.K.E) in only one day. So, for the reasons above we can understand why the 56% of the sample has chosen this legal form.

Moreover, we can see in Picture 8 and Picture 9 below, the comparison of the legal form of the company with the difficulty level regarding bureaucracy. These pictures indicate that the 60% of Private Capital Companies (I.K.E) found no difficulties at all, while the other types of companies, like Company Limited by Shares (A.E) and Limited Liability Company (E.P.E), had approximately 67% extreme difficulties regarding bureaucracy.
Taking into consideration the results above we can conclude that the creation of this new legal form called Private Capital Company (I.K.E) was an incentive for Greek entrepreneurs to establish companies. Before the creation of this legal form of the Greek authorities, entrepreneurs were finding difficulties because of the high capital needed to set up a Company Limited by Shares (A.E) company and because of the high tax and insurance obligations needed to set up other types of companies.
Picture 10 presents the age of the founding members of the Startups at the moment of the establishment of the company. We can notice that the most entrepreneurs who decide to start a Startup company, according to the sample, are in the age 28 to 35 years old.

![Age of the founding members of Startups](image10)

Picture 10. Age of the founding members of Startups

Picture 11 presents the number of the entrepreneurs’ efforts to establish a Startup company, based on the answers they gave, to the question: Was it the first effort of the founding members to establish a Startup? We can notice that most of the founding members haven’t tried a lot of times to set up a company, indicating that most of the founding members don’t have a previous experience in this field.

![Number of efforts to establish a Startup company](image11)

Picture 11. Number of efforts to establish a Startup company
Picture 12 presents the several types of funding that Startup companies use in order to develop and grow their business. We can notice that the main type of funding is the self-funding with a percentage reaching 80%. Business Angels and Venture Capitalists are taking the second and the third place accordingly. We can also see that it is not very rare for the Greek entrepreneurs to ask family and friends to fund their ideas (20%). Significantly low according to the sample are the bank loans with only 4%, NSRF, and EU funding programs. Finally, this figure indicates that crowdfunding is not a preferable type to fund a Startup in Greece.

Picture 12. Types of funding

Taking into consideration the results of Picture 10, Picture 11 and Picture 12 above, we can notice that the people who chose to establish startup companies are mainly young entrepreneurs without a previous experience in this field who usually have innovative ideas and try to fund them with their own money.
Picture 13 presents the number of the companies, participated in the survey, that they are Spin-off companies. Seven companies answered Yes to the question if they are Spin-off companies. So, seven companies are Spin-offs of a sample of twenty-five.

Picture 13. Number of Spin-off companies

Picture 14 presents the educational level of the founders, with the most of the startups having at least one founder with a postgraduate diploma with the highest percentage of 44%. There are also, lots of companies with a founder with a doctoral diploma (40%). We can see, therefore, that the business startup model of business Startups choose to follow founders with a high level of education.

Picture 14. Educational status level of founding members of the Startups
Picture 15 presents the number of founders of the Greek Startup companies. We can notice that Greek entrepreneurs prefer to cooperate with people in order to create a company than taking all the decisions by themselves.

A very important factor in the Startup business environment is the motivation to create a Startup company. Picture 16 shows the incentives that led the Greek entrepreneurs to create Startups. In this question, entrepreneurs had the possibility to choose more than one answer. We can notice that recognizing a gap in the market and exploiting an idea are the most common incentives to create a Startup. The Collaboration with appropriate people, as an incentive to create Startups, follows (48% of the startups) and the income incentive takes the last place. Therefore, the creation of startups does not appear to be primarily related to the Greek economic crisis, as the incentive to improve the financial status, is significantly lower than the others.
In Picture 16 we can notice that the main incentives that led to the foundation of Startups include:

- Exploiting an idea: 64.00%
- Recognizing a gap in the market: 64.00%
- Collaboration with appropriate people: 48.00%
- Improving your own financial status: 24.00%
- Other: 4.00%

In Picture 17 we can notice that the most Greek Startup companies offer services to consumers and not products.

In Picture 17 we can notice that the most Greek Startup companies offer services to consumers and not products.

- Service: 48%
- Product: 28%
- Both Product and Service: 24%
Picture 18 presents the categorization of Greek startup companies based on the answers they gave to the question about the field that they operate in. We can notice that most of the Greek Startups are operating in fields related to technology, e-business, and e-commerce.

![Category Bar Chart](chart.png)

**Picture 18.** Categories of the Startups that participated in the survey

Picture 19 presents the participation of Startups in business incubation mechanisms or other business-support mechanisms. We can notice that the most Startups prefer to participate in business plan/innovation and entrepreneurship competitions (64%). Moreover, lots of Startups participate in business incubators (32%). Finally, the percentage of those who participate in co-working spaces isn’t very high (24%) as well as the percentage of those who participate in accelerators (16%). In Picture 20 we can see that 16 from 25 companies have participated in a business plan competition and the 9 of them won an award by participating in the competition.
Picture 19. Participation in business incubation mechanisms or other business-support mechanisms

<table>
<thead>
<tr>
<th>Did you win an award by participating in the competition?</th>
<th></th>
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</thead>
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<tr>
<td><strong>Answer Choices</strong></td>
<td><strong>Responses</strong></td>
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<tr>
<td>Won</td>
<td>56.25%</td>
</tr>
<tr>
<td>Didn't win</td>
<td>43.75%</td>
</tr>
<tr>
<td><strong>Answered</strong></td>
<td></td>
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</table>

Picture 20. Awards in business plan competitions
Picture 21 presents the statistics of the answers that Startups gave to the question: In what level do you believe that the business-support mechanisms, you have participated in, helped the development of the company?

![Graph](image)

Picture 22 presents the statistics of the answers that Startups gave to the question: In which fields do you believe that the participation of the business-support mechanisms, helped the Startup company? We can notice that the most Startup companies (56%) believe that business-support mechanisms can help the company in decision-making processes. The creation of a strong business-plan comes second (48%). Finding sources of funding follows with 44%. Finally, regarding sales increase (16%) and expatiation into new markets (16%), companies believe that business-support mechanisms don’t give enough help.
Picture 22. Fields of the company that business-support mechanisms help

Picture 23 presents the statistics of the answers that Startups gave to the question: Does the Startup have a presence in foreign markets? We can notice that the 20 Startups from the 25 answered that they have a presence in foreign markets. So, this figure indicates that the most Greek Startup companies (80%) have extroversion.

Picture 23. Presence in foreign markets

Picture 24 presents the statistics about the target market of the Startups. We can notice that most Startups target the global market (72%) and only 12% of the Startups tar-
get the domestic market. We can see that Greek Startups pursue big markets and not small ones in order to benefit from economies of scale. They target the global market in which they will have more potential customers to sell to.

![Pie chart showing market targets](image)

**Picture 24. Target market of the Startups**

Picture 25 presents the number of the years needed for the Startups in order to reach the breakeven point. The diagram below indicates that most of the Startups haven’t managed yet to reach the breakeven point (52%). Regarding the other 48% of the Startups who managed to reach it, we can notice that the percentage of those who manage to reach the breakeven point in a short time period is very low. Only the 12% of the Startups manage to reach it within the first year. The 36% of the Startups needed more than a year to reach the breakeven point.
Picture 25. Years needed to reach the breakeven point

Picture 26 Presents the turnover of the Startup companies for the last 3 years of its operation. We can notice that in 2014, 70% of the Startups had a turnover below 50,000 euros, but in 2015 and in 2016 this percentage decreased to 50% and 40% correspondingly. Hence the percentage of the Startups that had a turnover above 50,000 increased from 30% in 2014 to 50% in 2015 and finally 57% in 2016. So we can see that there is a continuous development of the Startups the last three years despite the economic crisis.

Picture 26. The Startups' turnover

Picture 27 presents the number of the employees of the Startup companies per year.
We can notice that the 95.83% of the Startups start their businesses with a number of employees below ten and keep it in that way with the past of the years. Only the 4.17% of the Startups begin their operation with more than ten employees. The percentage of the Startups that have more than twenty employees, at the second year of their operation, is significantly low (4.35%), as well as the percentage of those ones who have ten to twenty employees (4.35%). We can notice a small increase after the third year of their operation, where 16.67% of the Startups managed to hire more than ten employees and 4.17% over fifty. So, we can assume that Greek Startups find difficulties to grow their business or they try to keep their payroll costs low in order gain bigger profits.

Picture 27. Number of employees per year

Picture 28 presents the level of difficulty that the Startups have found in several fields, at the early stages, and during its operation. We can notice that in the field: bureaucracy/legislation, the 28% of the Startups found a moderate difficulty, the 24% found extreme difficulties and only the 8% of the Startups found no difficulties at all.

In the field: obtaining funding, the 24% of the Startups found a moderate difficulty. The 48% found difficulties above the moderate and the 28% below the moderate. Only the 8% of the Startups found no difficulties at all in this field.

The 32% of the Startups found it very difficult to find qualified personnel. The 20% of the Startups found it extremely difficult and only 12% found no difficulties at all in
this field.

Regarding promotion and marketing, only a few Startups found extreme difficulties (4%). The 24% of the Startups found no difficulties at all in this field. In general, the 72% of the sample found difficulties from moderate and below.

Regarding entering the market and finding information about the target market, the most Startups found a moderate difficulty. In particular, the 44% of the Startups found a moderate difficulty about finding information about the market they operate in. The 24% found difficulties above the moderate and the 32% below the moderate. Only the 8% of the Startups found no difficulties at all in this field. Moreover, the difficulty is very similar regarding entering the market. We can see that the 40% of the Startups found a moderate difficulty about entering the market and 28% of the Startups found difficulties above the moderate. Only the 12% of the Startups found no difficulties at all in this field. Finally, the diagram below indicates that 44% of the Startups found difficulties regarding their survival into the market that they operate in. So, we can see that it is not more difficult for a Startup to enter the market and find information than to survive and manage to grow.

To continue with, we can see that Startups found difficulties above the moderate (36%) regarding exports. The percentage of those who found difficulties, regarding the expansion into new markets, above the moderate is high too (40%). Only 12% of the Startups found no difficulties at all in the field exports and only 8% found no difficulties at all in the field expanding into new markets.

Regarding adaption to the continues changes of the external environment, only a few Startups found extreme difficulties (8%). The 12% of the Startups found no difficulties at all in this field. In general, the 28% of the sample found difficulties below the moderate and 16% found difficulties above the moderate.

To sum up, we can see that the fields where the Startups found the most difficulties are: finding qualified personnel, obtaining funding, bureaucracy/legislation and expanding into new markets. The field where the Startups didn’t find so high difficulty is promotion/marketing. In the other fields the level of difficulty that Startups found was
Picture 28. The level of difficulty that Startups have found in several fields

Picture 29 presents the stage that best describes the Startup’s current status. We can see that the most of the Startups are trying to improve the quality of their product or service (68%) and to expand into new markets (64%) in order to have more potential customers. Development of innovation follows with 44% and the increase of exports with 40%. Moreover, the percentage of the Startups who are constantly searching funding sources isn’t very high (28%). Finally, we can see that Greek Startups don’t aim to a strategic merger with another company or an acquisition by another company (8%).
Picture 30 presents how important are some actions regarding the development of Startup companies. According to the respondents, 32% pointed out that it is extremely important to secure the intellectual property rights (IPRs) and patents in the early stages of a company life cycle. Only 8% of the Startups answered that securing the intellectual property is a little important. Furthermore, 52% of the sample believe that enabling links between source of knowledge and source of finance is very important and 24% believe that it is extremely important. Also, 44% of the respondents stated that the collaboration and exchange of ideas between young and experienced entrepreneurs across Europe is very important. Regarding mentoring and guidance, 48% of the sample believe that it is highly important. According the respondents, the internalization of business support mechanisms and the support from incubation mechanisms are less important. In general, we can see that enabling links between source of knowledge and source of finance, securing the intellectual property and collaboration and exchange of ideas between young and experienced entrepreneurs across Europe are the most important categories in order for the Startups to be helped and grow.
Picture 30. How important are some actions regarding the development of Startup companies?

Concerning spinoffs, exclusively, we can notice that most of them (71.43%) are established from three or more founders (Picture 31), who have high educational status (Picture 32) and use mainly their own savings to fund their business (Picture 33). We can also see that approximately 43% of spinoffs are funded by Venture Capitalists and 29% by European funding programs. The percentage is very low as far as it concerns Business Angels (14.29%).

Picture 31. Number of spinoff’s founders
To continue with, Picture 34 indicates that access to finance is a big barrier for starting a spinoff company. Nearly 70% of respondents stated that the level of difficulty they found in order to raise capital was from moderate and above. We can also see in Picture 35 that another big issue for Greek spinoffs is that they can’t manage easily to reach the
breakeven point. Nearly 58% of respondents have not managed yet to reach the breakeven point. Only 14% of the spinoffs managed to reach it within the first year of its operation.

Picture 34. Spinoff's difficulty level regarding funding

Picture 35. Spinoff's breakeven point

Picture 36, presents the participation level of spinoffs in business incubation mechanisms. Over 70% of spinoffs participated in business plan or innovation and entrepreneurship competitions. Approximately 84% of those who participated in a business plan competition won an award (Picture 37). Nearly 43% participated in business incubators and the other participated in accelerators and universities.
Participation level of spinoffs in business incubation mechanisms

Finally, we can see that approximately 57% of respondents said that their participation in business incubation mechanisms or other business support mechanisms have helped them mainly to find a source of funding. Over 40% believe that business support mechanisms endorse them with a better and strong business plan and also help them to take better decisions in order to develop and grow their business. A very few of respondents said that those support mechanisms have helped them to increase their sales or to expand their business into new markets. Most of Greek spinoffs (71,43%) are trying to expand their business into new markets or to improve the quality of their product and boost innovation. (Picture 39)
Picture 38. Level of spinoff’s assistance from business support mechanisms

Picture 39. Spinoff’s current status
5 Conclusions and Proposals

5.1 Conclusions

In recent years, the global community is experiencing a period of intense economic instability and depression. Terrific stability problems can be noticed in the economy and reduced growth rates, lack of confidence regarding investments and long-term unemployment. Greece over the last eight years, following the European Union debt crisis, has an unsustainable growth model. The Greek economy has experienced a GDP decline of approximately 30% which is the highest among European countries, a debt-to-GDP ratio of 177.1% and a percentage of unemployment rate 26.6%. The situation in Greece got even worse when, except small companies, large multinational companies started transferring their headquarters and their operation to other countries. Due to strong bureaucracy and the high tax rates more and more companies in Greece are closing, hence there is an inability to attract new investments. The economic depression has led many Greeks to live below the poverty line and created major problems to education and health sector. Therefore, it became clear that the growth model that has been followed so far in Greece is not sustainable and don’t have the potential to lead the country to the reduction of unemployment and the total recovery of the economy.

In order for the country to survive, it is vital to be achieved high growth rates within a short period of time. These rates can’t be achieved with just the use of traditional economic activities. Startup companies are a new business model in Greece which is characterized by innovation, economic growth and competitiveness. The unemployment rate and the economic growth rate are recognized as key factors in order to build and maintain a strong economy. Hence startup companies can contribute to the creation of new jobs, productivity and value.

By studying the bibliography for the purposes of this dissertation, an analysis of the ecosystem of startup operations, at a theoretical level, was initially made, which formed the framework for the study of both spin-offs and startup companies and their ecosys-
tem in Greece. The creation of startup companies is a very new form of business activity for the Greek economy. Their ecosystem is still in the early stages of its development, so it’s quite limited. Regarding startup ecosystem in Greece there are ten crowdfunding platforms, over 40 incubators, approximately 10 co-working spaces, several business plan competitions, where entrepreneurs can submit their proposals to translate their business ideas into reality and lots of European funding programs that Greek startup companies can participate in order to obtain funding.

Through the study and the research that carried out for the startup companies in Greece, approximately 100 startups identified and 25 of them participated in the questionnaire. In order to achieve the purpose of this dissertation which is to develop an evaluation of the evolution and development of Greek, as well as to document and analyze the development of technology based businesses in Greece that got awards in business plan competitions, combined with the lack of existing academic research referring to Greek Startups, was the spark for writing this dissertation and carry an analysis, by using a questionnaire, of growth problems and patterns, in order to produce useful proposals and suggestions for monitoring the evolution and growth of technology spin offs and startup companies.

Regarding the results of the survey, most of the Greek Startups offer services to consumers and operate in fields related to technology, e-business, and e-commerce. It is worth noting that despite the fact that most startups operate in the above fields there is a wide range of startups operating in other fields like healthcare, tourism, food/agricultural products and other. Moreover, the number of startups that established per year is showing an upward trend, indicating that the startup business model is constantly growing despite the strong recession of the Greek economy. We can see from the results of the survey that most startups were created in 2014-2015.

Generally, the survey indicates that people who chose to establish startup companies in Greece are mainly young entrepreneurs (28-35 years old) without a previous experience in entrepreneurship who usually have innovative ideas and try to fund them with their own money. We can notice that the the main type of funding is the self-funding with a percentage reaching 80%. Business Angels and Venture Capitalists are taking the second and the third place accordingly. We can also see that crowdfunding is not a pref-
erable type to fund a Startup in Greece despite the fact that, according to the World bank, this funding method has become very common globally.

The main incentives to create a startup according the respondents are: recognizing a gap in the market and exploiting an idea, as well as collaboration with the appropriate people. Therefore, we can conclude that the creation of startups does not appear to be related to the economic crisis, as the percentage of those people who choose this field only to improve their financial status, is significant low. Also, of particular interest is the fact that entrepreneurs who choose to follow the startup business model in Greece are mainly higher education graduates with master and doctoral degrees. This figure is particularly important, as it shows that the startup business model primarily absorbs high-quality human resources, enabling the Greek economy to exploit its wealth of human resources.

Regarding the legal form of the startup companies the results of the survey indicates that most startups are Private Capital Companies (I.K.E). This legal form of a company is new in Greece and created by Greek authorities in order to help and motivate entrepreneurs to establish startups. This new legal form provides the opportunity for entrepreneurs to establish companies more easily. The main advantages of this legal form are: The required capital to create the company is 1 Euro and the flexibility that provides its corporation charter. In particular, an entrepreneur can set up a Private Capital Company (I.K.E) in only one day.

We can also notice that the 20 startups from the 25 who participated in the survey have a presence in foreign markets. So, this figure indicates that most of the Greek Startup companies (80%) have extroversion. Most startups target the global market (72%) and only 12% of the Startups target the domestic market. We can see that Greek startups pursuit big markets and not small ones in order to benefit from economies of scale. They target the global market in which they will have more potential customers to sell to.

Moreover, we can notice that the most startups prefer to participate in business plan/innovation and entrepreneurship competitions (64%). Lots of Startups participate in business incubators (32%). Finally, the percentage of those who participate in co-
working spaces isn’t very high (24%) as well as the percentage of those who participate in accelerators (16%). It is worth noting that 16 from 25 companies have participated in a business plan competition and 9 of them won an award by participating in the competition. Comparing the turnover of those who won an award with those who didn’t we can conclude that the participation in business plan competitions isn’t a key success factor for startups in order to increase their sales. Most startup companies (56%) believe that business-support mechanisms can help the company in decision-making processes. The creation of a strong business-plan comes second (48%). Finding sources of funding follows with 44%. Finally, regarding sales increase and expansion into new markets, companies believe that business-support mechanisms don’t give enough help.

In 2014, 70% of the Startups had a turnover below 50,000 euros, but in 2015 and in 2016 this percentage decreased to 50% and 40% correspondingly. Hence the percentage of the Startups that had a turnover above 50,000 increased from 30% in 2014 to 50% in 2015 and finally 57% in 2016. So we can see that there is a continuous development of the Startups the last three years despite the economic crisis. But most of the Startups haven’t managed yet to reach the breakeven point (52%). Regarding the other 48% of the Startups who managed to reach it, we can notice that the percentage of those who manage to reach the breakeven point in a short time period is very low. Only the 12% of the Startups manage to reach it within the first year.

As far as concerns the fields where the startups found the most difficulties are: finding qualified personnel, obtaining funding, bureaucracy/legislation and expanding into new markets. These results were expected due to the fact the difficult economic environment and the great instability of the Greek economy in recent years. Also, the extent of the bureaucratic problem is reflected in the choice of the legal form of most startup businesses (IKE), which has as a major advantage the reduction of bureaucracy. The field where the startups didn’t find so high difficulty is promotion/marketing.

Finally, the improvement of the quality of the product/service and the expansion into new markets best describes the most Greek startups’ current status. Development of innovation follows with 44% and the increase of exports with 40%. Also, the most respondents of the survey believe that, enabling links between source of knowledge and source of finance, securing the intellectual property and collaboration and exchange of
ideas between young and experienced entrepreneurs across Europe are the most important categories in order for the startups to be helped and grow.

Concerning spinoffs, exclusively, we can notice that most of them (71.43%) are established from three or more founders, who have high educational status and use mainly their own savings to fund their business. We can also see that approximately 43% of spinoffs are funded by Venture Capitalists and 29% by European funding programs. The percentage is very low as far as it concerns Business Angels (14.29%). To continue with, access to finance is a big barrier for starting a spinoff company as well as to manage to reach the breakeven point. Finally, we can that approximately 57% of spinoffs said that their participation in business incubation mechanisms or other business support mechanisms have helped them mainly to find a source of funding. Over 40% believe that business support mechanisms endorse them with a better and strong business plan and also help them to take better decisions in order to develop and grow their business.

5.2 Proposals

The aim of this thesis is to develop an evaluation of the evolution and development of Greek Startups and carry an analysis of growth problems and patterns, as well as to document and analyze the development of technology based businesses in Greece that got awards in business plan competitions, to produce useful proposals and suggestions for monitoring the evolution and growth of startups and technology spin offs of University and Research institutions. At this point taking an advantage of the results and conclusions of the survey carried out, I will give the following suggestions:

Actions should focus on reducing bureaucracy, taxation and social security, easier access to capital and private investments, investing and increasing support in digital infrastructures and finally supporting and promoting startups in accessing markets worldwide by establishing an innovation-friendly environment.

There is a need in Greece for the government to simplify the tax framework that is applied to startups and be sustainable. More than five new laws on tax has voted by the parliament the last three years. Moreover, Greek government should change or establish
new cash-accounting laws. For example, the profit of a company that isn’t distributed and reinvested in the business gets taxed. This rule leads to smaller investments for innovation and research as well as lower growth rates. Also, startups at their early stages of their lifecycle should pay lower taxes in order to motivate entrepreneurs to establish new companies and no tax filings paperwork should be required. Today a startup in Greece is required to fill in tax documents and keep detailed accounts even the startup has losses or no commercial activity.

Greek government should find a way to remove the red tape. Less time and less paperwork should be required to establish a startup. Today the process for incorporating a startup in Greece is too complicated and the government should simplify it.

Innovation will be difficult to occur in some areas in Greece where there is no digital infrastructure. So, some investments to increase WAN coverage should be done and also Greek government should facilitate cloud investments and enhance e-government services.

In order to create a competitive environment for startups to flourish it is needed to explore business opportunities abroad and foreign startup ecosystems. Entrepreneurs across Europe should participate in similar framework conditions for establishing, developing and growing their businesses. Special programs including mentoring, coaching, targeted training and peer-to-peer learning should be created in order to introduce Greek startups to business opportunities away from home. The collaboration and exchange of ideas between young and experienced entrepreneurs across Europe is very important as well as the internalization of business support mechanisms. Therefore, EU networks of entrepreneurs, investors and business support mechanisms should be created to increase collaborations and facilitate access to new markets and skilled employees, to enable links between source of knowledge and source of finance and generally to connect startup ecosystems across Europe.
5.3 Future Research

Startup and their ecosystem are a new business model in Greece and therefore is still very limited comparing foreign startups and their ecosystems. Despite this fact this new business model in Greece is constantly growing with high rate. In order to have an effective evaluation of the development of Greek startups, spinoffs and their ecosystem in general it is mandatory to carry out a future research that will monitor their evolution and their development and document success stories and case studies.

Finally, it would be very useful and noteworthy to carry out a future research on each Greek’s ecosystem’s element, individually, and document the interaction and the relationship between them and the startups in order to have a clear view of the effect they have on the development of the startups.
Bibliography


Websites


Appendix

The questionnaire

- The link for the questionnaire in Greek is the following:
  https://www.surveymonkey.com/r/JSRMR8Z

- The link for the questionnaire in English is the following:
  https://www.surveymonkey.com/r/Preview/?sm=FOZp5AuGt_2BTgBewHaalkN11dX6Ed0h2mm7kiPiBX0w0_2FKxVoPLiia6bq51O9SKcX
The questionnaire that sent to startups is the following:

1. When was the StartUp company founded?

2. What is offered to the consumers by the StartUp?
   - Product
   - Service
   - Both Product and Service

3. Are you a Spin-off company?
   - Yes
   - No
4. Which of the following best describes the industry or primary business activity that you are in?

- Technology
- Tourism
- E-commerce / E-business
- Healthcare
- Entertainment
- Food / Agricultural Products
- Financial Services
- Fashion & Design
- Energy & Green Power Technology
- Media
- Culture & Education
- Manufacturing

Other (please specify)

5. What was the main incentive for the creation of the StartUp?

- Improving your own financial status
- Exploiting an idea
- Recognizing a gap in the market
- Collaboration with appropriate people
- Other

6. What is the legal form of the StartUp company?

- Individual Business
- General Partnership (O.E.)
- Limited Partnership (E.E.)
- Limited Liability Company (E.P.E.)
- Company Limited by shares (A.E.)
- Private Capital Company (I.K.E.)

7. Number of Founders of the StartUp company

- One
- Two
- Three or more
8. **Age of the founding members of the StartUp at the time of the company's establishment.**

(If the company consists of 2 founding members or more, you can choose more than 1 reply)

- Under 28
- 28 to 35
- 36 to 45
- Over 45

9. **Educational status level of the founding members of the StartUp**

(If the Company consists of 2 founding members or more, you can choose more than 1 replies)

- Graduate of secondary education
- Bachelor's degree
- Post graduate diploma
- Doctoral diploma

10. **Was it the founders' first attempt to establish a StartUp company?**

- Yes
- No

11. **How many employees does your StartUp have?**

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<th>20 to 30</th>
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</table>
12. Participation in business incubation mechanisms or other business-support mechanisms

- Business pre-incubators
- Business incubators
- Accelerators
- Co-working Spaces
- Business plan / innovation and entrepreneurship competitions
- University

Other (please specify)

13. Please reply only if you participated in a business plan/innovation and entrepreneurship competition

Did you win an award by participating in the competition?

- Yes
- No

14. In what level do you believe that the business-support mechanisms, you chose above, helped the development of the company?

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</table>
15. In which fields do you believe that the participation of the business-support mechanisms assisted the StartUp company?

- Find a source of funding
- Create a strong business-plan
- Improving sales performance
- Expanding into new markets
- Decision making

16. What types of funding has the StartUp company used?

- Self-funding
- Friends and family
- Business Angels
- Venture Capitalists (VC’s)
- Crowdfunding
- Bank loan
- National Strategic Reference Framework (NSRF)
- European funding programs
- Other (please specify)

17. Does the StartUp have a presence in foreign markets?

- Yes
- No

18. Which market of the following is the target market of the StartUp?

- Domestic market
- European market
- Global market

19. After how many years did the StartUp company manage to reach the break-even point?

- Did not manage yet
- Within the 1 year
- After 1 year
- After 2 years
- More than 2 years
20. **Turnover of the StartUp company for the last 3 years of its operation**

<table>
<thead>
<tr>
<th>Year</th>
<th>≤ 50,000 €</th>
<th>≤ 100,000 €</th>
<th>≤ 500,000 €</th>
<th>&gt; 500,000 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2015</td>
<td></td>
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<tr>
<td>2016</td>
<td></td>
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</tr>
</tbody>
</table>

21. **In what level of the following fields did the StartUp company find difficulties both at the early stages and during its operation?**

<table>
<thead>
<tr>
<th>Field</th>
<th>1 / Not at all</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5 / Extremely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureaucracy / Legislation</td>
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<tr>
<td>Obtaining funding</td>
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<tr>
<td>Finding Qualified Personnel</td>
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<tr>
<td>Promotion / Marketing</td>
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<tr>
<td>Finding information about the target market</td>
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<tr>
<td>Entering the market</td>
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<tr>
<td>Survive</td>
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<tr>
<td>Exports</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Expanding into new markets</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptation to the continuous changes of the external environment</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

22. **Which of the following stages best describes the StartUp's current status?**

- Improving Quality of Product or Service
- Improving the technological equipment
- Development of Innovation
- Merger / Acquisition by another company
- Increasing extroversion
- Continuous searching of funding sources
- Expanding into new markets
- Other (please specify)