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Mobile Internet Start-ups as a Potential Market for Angel Investors

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THESIS
ABSTRACT

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The aims of the study are to assess the mobile internet start-up's market value for angel investors and how to become an efficient angel investor with reliable marketing strategy.

In the Introduction section, the overview of this thesis is indicated. In the second Theoretical Framework chapter, the introduction of current mobile internet and angel investor is described. In the Empirical Part, the main emphases are taken on the analysis of angel investor's development with a new concept. And a useful case study is also mentioned to support author's opinion. The research methodology is also introduced in this chapter.

The last chapter focuses on giving recommendations and drawing conclusions based on the results of the research. With supported data, the study indicates that mobile internet start-ups could be the potential market for Angel investors.

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PREFACE

The thesis was accomplished in autumn 2012 in fulfillment of the requirements for the Bachelor's Degree in International Business at the Kajaani University of Applied Sciences. Firstly I want to thank my parents who have always been there for me.

I would like to thanks to Prof. Perttu Huusko's supervising during my work on thesis. I also would like to thank Prof. Jukka Sirviö for his support. I would like also express my gratitude for all great teachers who have guided and coached me throughout my studying in Kajaani. Furthermore, I would like to thank all good friends in Kajaani for making my study life joyful and fruitful.

A special thanks goes to Mr. Kimmo Nikkanen, Mr.Anas AI Natsheh, Mrs. Ruey Komulainen and Mr.Timo Ylikangas for teaching me a lot for study, work and life. The thesis would be not possible with their help and help me grew a lot in my study in Kajaan

LIST OF ABBREVIATIONS

IPO   Initial Public Offering
MI   Mobile Internet

AI   Angel Investor

BCG   Boston Consulting Group

VC   Venture Capital

Ksao   Kouvola Region Vocational College

CONTENTS

1 INTRODUCTION

Since the beginning of the internet development 30 years ago, it has

become an essential part of our day-to-day lives. Nowadays, we cannot live without internet!

As technology evolves, the use of internet has extended beyond a stationary location. The

utilization of internet resources on a mobile device is the growing trend. As an emerging

market, mobile internet is in a similar path as its predecessor. According to its characteristic,

growing numbers of start-ups and small studios are entering into this market to develop var-

ious products specific for the mobile internet. Products that we are most familiar with are

games and applications (Apps). This is because the development of a mobile application

does not require a huge initial investment. The money put in for building and running this

sort of companies are considered to be modest, however, with its success, it is expected to

provide great return. On the other hand, as the angel investors, they are different from VCs

(Venture Capital). Generally, it is uncommon for VCs do not to put in a large investment in

one company. The most important thing is that angel investors[1] can get a dozens of times

return. As demonstrated in the case of *Peter Thiel*[2], he was one of the first outside investors

to invest half a million US dollar in Facebook at its early stage. With Facebook's recent

IPO[3], its shares have subsequently changed hands at valuations of the company as high as

$70 billion and Peter's has made 20,000 times in returns from his initial investment.

1.1 Aim of the Study

The goal of this thesis is to explore the relationships between mobile internet startup com-

panies and angel investors. In this thesis, analyses were conducted to obtain better a under-

standing of the reasoning and procedures that angel investors had utilized in determining

which mobile internet startup firms to invest in. The critical questions to be answered in this

thesis include: what resources do start-up companies lack of most? And what additional

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[1] Angel Investors: An angel investor or angel (also known as a business angel or informal investor) is an afflu-
ent individual who provides capital for a business start-up, usually in exchange for convertible
debtor ownership equity.
2 Peter Andreas Thiel (born October 11, 1967) is a German-born American entrepreneur, venture capitalist,
and hedge fund manager. He was the first outside investor in Facebook, the popular social-networking site,
with a 10.2% stake acquired in 2004 for $500,000, and sits on the company's board of directors
3 IPO: An initial public offering (IPO) or stock market launch is a type of public offering where shares
of stock in a company are sold to the general public, on a securities exchange, for the first time

support should angel investors provide for startup companies besides funding? The end goal of this thesis is to help the Angel Investors to become more efficient. Findings from this thesis could potentially help Angel Investors reduce operational/investment risk and ultimately increase the return on investment. Additionally, they can also help mobile internet startup firms to develop better product in their early stages.

1.2 Structure of the Thesis

In this document, Chapter 1 and Chapter 2 provide background knowledge on the current mobile internet market and angel investment. Chapter 4 outlines the author's hypothesis. Chapter 5 discusses the analysis of Advantage, an Irish company used as a case study. The theories which I reviewed and analysis of case study (Irish company--Advantage).In chapter 6, you can get the reason why the author chose start-ups of mobile internet for angel investors in the first stage, the more detailed about my concept---- "Angel Center" and my analysis of strategic marketing plan for the "angel center". In the research chapter, chapter 7, the analysis utilized a qualitative methodology. Data was collected from 11 mobile internet startup companies in Kouvola and Kajaani. To ensure the quality of the data, the author conducted a 30- minute face-to-face interview with each company. This intimate process has allowed the author to obtain information and insights that would be otherwise unobtainable. In the final chapter, Chapter 8, the author provides his opinion on the current development trends and forecasts the potential of the "Angel Center" in the future.

1.3 Limitations

The result of the analysis is limited by the fact that interviews were conducted with firms that are located within the same geographical region. As these companies operate under similar environment, this may have resulted in similar opinion toward certain issues. Hence, the data collected was non-diversified and may be missing critical aspects that have not yet been identified in this environment.

2 THEORETICAL FRAMEWORK

2.1 Overview of the Mobile Internet Market

2.1.1 An Important Precondition of the Rapid Development of Mobile Interne

----- The rapid development of smart mobile phone

Before the author started to write about the Mobile Internet market, there is one thing has to be mentioned a little bit, the smart phone. Just because of the rapid development of smart phone, the mobile internet has been developing so fast these years. Therefore, in the first chapter of this thesis, the development and current situation of the smart phone will be described in the following paragraphs.

About ten years ago, most people did not know what a smart phone was. It is difficult to imagine that we can play the awesome game on smart phone, we can use a lot of funny and useful Apps on the smart phone, we even can buy the clothes; know the weather forecast, video call and so on through the smart phone. People would think the mobile phone is just for calling, texting message or something like these simple things. But nowadays, the reality is all these situations are realized. The smart phone even could do more.

At the beginning of 2001, Ericsson[4] released the First smart phone "R380" (see figure 1) to the market, it was based on the Symbian system. It marked the beginning of the smart phone industry.

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[4] Ericsson (Telefonaktiebolaget L. M. Ericsson) (OMX: ERIC B, NASDAQ: ERIC), one of Sweden's largest companies, is a provider of telecommunications equipment and data communication systems, and related services, covering a range of technologies, including especially mobile networks. In mid 2012, Ericsson was the world's largest mobile telecommunications equipment maker with a market share of 38%

Figure 1, First Smart Phone, Ericsson R380

After that the smart phone developed not very well, as you can see from the figure of the first smart phone, it looks big, unfashionable and it does not have more useful functions than the normal phone. So after two or three years, the smart phone still did not catch the consumers' attention.

But after Nokia[5] issued the N series phone in 2005, the smart phone started to jump into the people's life and Nokia started to become the biggest mobile phone company in the world. These N series phones were based on the Symbian 360 system and they were quite popular in the world at that time.

Figure 2, Nokia N73

Figure 3, Nokia N70

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[5] Nokia Corporation is a Finnish multinational communications and information technology corporation headquartered in Keilaniemi, Espoo, Finland

Later in June, 2007, Apple[6] issued the Iphone 3 to market, before they issued, all the other mobile phone companies did not care about that and many Industry analysts also said that they did not think the Iphone will lead the market. But it sold 270,000 after the first week and it sold more than 4,000,000 Iphone in one year. Its unique interface, gravity induction and multi-point touch and other new properties won the consumers' attention.

Figure 4, Iphone 3

Meanwhile, at the end of 2007, Google and open mobile alliance issued the Android operating system, this seemed like a puzzling small robots, now it is becoming the biggest rival with Iphone

Figure 5, Iphone 4

---

[6] Apple Inc. Is an American multinational corporation that designs and sells consumer electronics, computer software, and personal computers. The company's best-known hardware products are the Macintosh line of computers, the iPod, the iPhone and the iPad.

Iphone 4 was released in WWDC 2010 as scheduled, although it has been exposed by News before, but with Jobs'[7] passion, excellent speech and its excellent performance. Iphone 4 still won the people's attention. And it is the most successful Iphone till today.

In 2011, the most turbulent year for smart phone industry. Motorola[8], Sony[9], Ericsson and other manufacturers only used Android operating system. Samsung[10], LG[11], HTC[12] also used the Android as their main operating system. At the beginning 2011, Samsung released the Android Smartphone GALAXY SⅡ, It sold more than 5,000,000 in 85 days.

Figure 6, Samsung GALAXY SⅡ

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[7] Steven Paul "Steve" Jobs (February 24, 1955 – October 5, 2011) was an American businessman and technology visionary. He is best known as the co-founder, chairman, and chief executive officer of Apple Inc

8 Motorola, Inc. was an American multinational telecommunications company based in Schaumburg, Illinois. After having lost $4.3 billion from 2007 to 2009, the company was divided into two independent public companies, Motorola Mobility and Motorola Solutions on January 4, 2011. Motorola Solutions is generally considered to be the direct successor to Motorola, Inc., as the reorganization was structured with Motorola Mobility being spun off.

9 Sony Corporation, commonly referred to as Sony, is a Japanese multinational conglomerate corporation headquartered in Kōnan Minato, Tokyo, Japan. It ranked 87th on the 2012 list of Fortune Global 500. Sony is one of the leading manufacturers of electronics products for the consumer and professional markets.

10 Samsung Group is a South Korean multinational conglomerate company headquartered in Samsung Town, Seoul. It comprises numerous subsidiaries and an affiliated business, most of them united under the Samsung brand, and is the largest South Korean chaebol.

11 LG Corp. is the second-largest South Korean chaebol following Samsung and its headquarters is situated at the LG Twin Towers in Yeouido-dong, Yeongdeungpo-gu, and Seoul. LG makes electronics, chemicals, and telecommunications products and operates subsidiaries like LG Electronics, LG Display, LG Telecom and LG Chem in over 80 countries

12 HTC Corporation is a Taiwanese manufacturer of Smartphone and tablets

On 11th of February, 2011, Nokia announced that they will cooperate with Microsoft and they will use the Windows phone as its main operating system. The Finnish mobile phone giant tries to turn things around through the alliance.

Around these ten years, the Smartphone changed from the looking big, unfashionable to the nowadays, it became a lot and it will still be becoming more popular with people.

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15 HTC Corporation is a Taiwanese manufacturer of Smartphone and tablets

Around these ten years, the Smartphone changed from the looking big, unfashionable to the nowadays, it became a lot and it will still be becoming more popular with people.

On 20th of March, 2012, according to the market research institutions comScore[16] published data, in January, there are more than 767000 people as the new smart mobile phone user per week.

As Table 1 shows that the new smart mobile phone users' growth was only 300,000 a week in last November. However, last December, the growth rate suddenly soared to more than 1,500,000 per week.
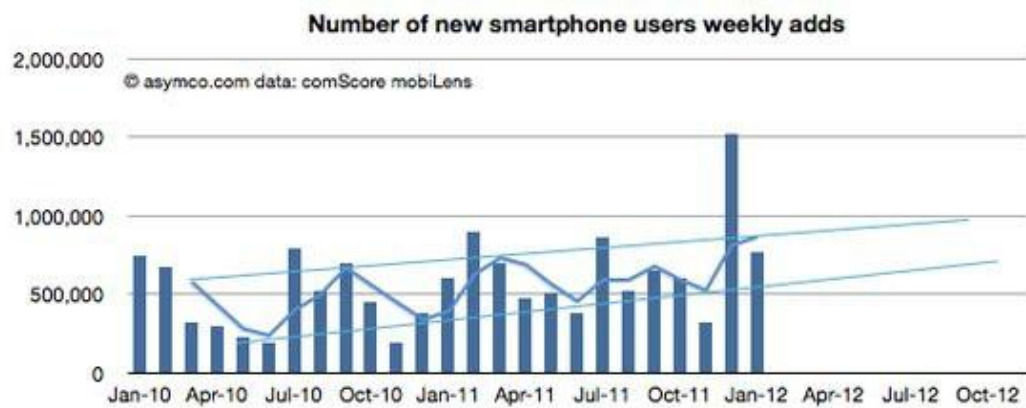

Table 1, the Number of New Smartphone Users Weekly Adds

The Table 1 shows the American market, but we also could forecast the Smartphone user's growth in general. More and more people will use a smart phone in the future. This is not only my estimate, also a lot of other insiders think about that.

Therefore, we should pay more attention to the mobile internet, because only the smart phone is based on the excellent mobile internet, it can work better. Hence in the next part, the author will focus on the mobile internet, write about the current situation, development and future of mobile internet to let more people or Angel Investors to get familiar with it.

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[16] **comScore** is an Internet analytics company providing marketing data and analytics to many of the world's largest enterprises, agencies, and publishers

2.1.2 Overview of the Mobile Internet.

Like the development of internet about 10 years ago, the mobile internet is developing so fast nowadays. So in this part, the Author will write the overview of the mobile internet with the real data from the mobile internet market to let you know its market size, current situation and its prospect.

First of all, let's see how big the market size is now in the world.

Country	Mobile users (in millions)	Mobile Internet Users (in millions)
China	863	273
India	771	53
USA	293	225
Russia	214	90
Brazil	205	82
Indonesia	168	21
Pakistan	102	11
Japan	107	83
Germany	107	86
Mexico	89	25
Italy	89	45
Philippines	78	25
Nigeria	76	21
United Kingdom	76	63
Turkey	66	33
Bangladesh	65	0
France	59	41
Thailand	56	15
Ukraine	54	18
Iran	52	23
Total	3534	1232

Table 2, the Number of Mobile Users and Mobile Internet Users in the World.

As you see the table 2, it is list of the top 20 countries by the number of mobile users and mobile internet users. The total number of mobile users in the world is 3,534 million and

the mobile internet user is 1,232 million. To let readers can get more information about the market size of mobile internet; the author will choose the top 1 country China as the example to write about more about it.

According to the data from iresearch market research company[17], until the first quarter of 2012, the market size of Chinese mobile internet was already up to 15.87 billion Chinese rmb (it equals about 2 billion Euros), it grows up 187% to compare with last year.
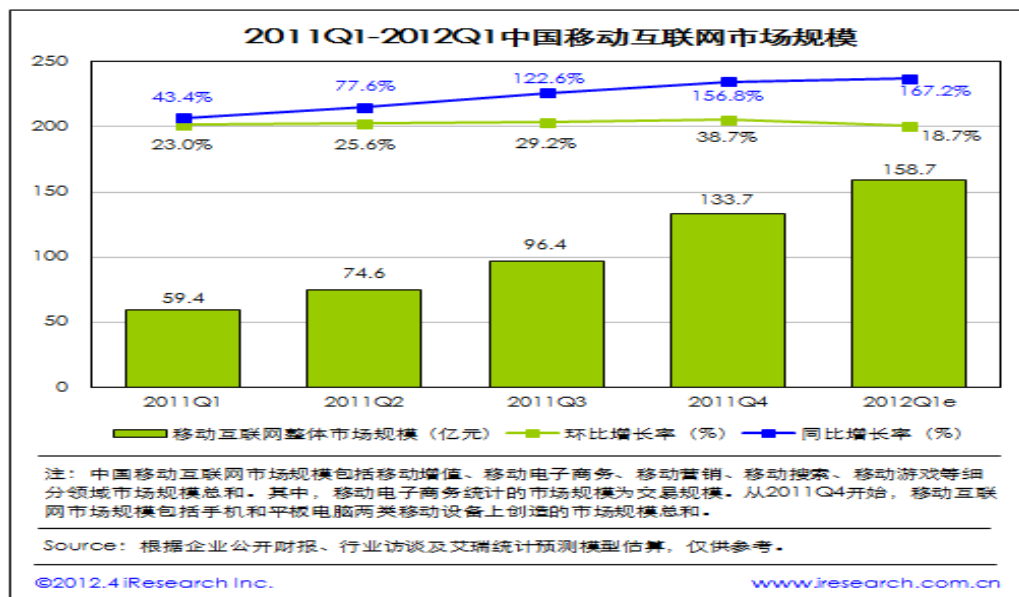

Table 3, Chinese Market Size of Mobile Internet 2011Q1 to 2012Q2

As you can see from the Table 3, compared to the past 4 quarters of 2011, each quarter grew up a lot in a very short period. That means the mobile internet is still developing now at a fast speed and it will continue to develop in China at least and I also bet it will be also developing in the world. Because to compare the number of internet users and mobile users, the mobile users are still less than internet users, so there will be more people use mobile internet in the future.

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[17] **iResearch Consulting Group (艾瑞咨询集团)** is a professional market research company and is a leading supplier of online business and new economy developments service in China. The company focuses on Internet media, e-commerce, online games, wireless value-added, and various new economic fields, which relate to Internet industry in China.

On the other hand, as we know the ios and android system are the two most popular systems in the mobile internet industry, therefore, the author will still follow with so real data to write about the current situation of it.

According to the official data from Apple, until the June of 2012, there were already about 410 million ios devices in the world and 650 thousand Apps in the App store. And the total number of downloads was already 30 billion until June of 2012 and the Apple also estimate it will be over 50 billion in the end of year 2012. And the average number of downloads per day is about 46 million.

Number of Apps in App Store (data from Apple official site)		
6.2011	1.2012	6.2012
425,000	550,000	650,000

Table 4, the Total Number of Apps in App Store in 2011 and 2012.

In the Android market, according to the official data from Google[18], there are also already 400 million android devices in the market now.

All of the data tell us, the market size of mobile internet is already big and it is still in an early stage of its development, therefore, we have the reason to believe that the prospect of mobile internet is brilliant and it is right time to enter the mobile internet to make business.

After discussed the current situation, the author will write t some future of the mobile internet and some author's own view of the mobile internet's prospect. The word 'Spread' will be used as the keyword to expound this part.

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[18] **Google Inc** is an American multinational corporation which provides Internet-related products and services, including Internet search, cloud computing, software and advertising technologies. Advertising revenues from AdWords generate almost all of the company's profits.

First Spread: the Entertainment's spread

When we talk about the entertainment of mobile internet, the first thing jumps into our mind is Game. In the app store, the most of the Apps are also games. So the author thinks that games will be the most important and popular applications on the mobile internet. Look back into past, every revolution of the game industry was always based on the rapid development of the device. And the figure illustrates the history of game development Therefore, based on this; the game and other entertainment industry are still going to spread fast in the near future.

Second Spread: Consumption's spread

Firstly, let us see the data first as usual. (This data is from Innovation work[19])
These two tables tell you about the desktop and mobile internet user's spending hour.

Chinese internet user's average spending hour per day	
	Using hours per day
Desktop internet users	3 hours
Mobile internet users	16 hours
Proportion	1:5.3

Table 5, Chinese Internet User's spending Hour per Day

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[19] Innovation Works is an investment company focusing on making early-stage high-tech investments, coaching young entrepreneurs, and providing complete services to help these start-ups

Chinese internet user's average spending money per month		
	Total spend per month	Main purpose
Desktop internet users	300 RMB	clothes
Mobile internet users	1000 RMB	Clothing food hotels and transportation
Proportion	1:3.3	

Table 6, Chinese Internet User's Average Spending Money per Month

As we see, it can be easily found that the mobile internet users spend more money and time than the desktop users. In additional, the mobile internet users would like to purchase all kinds of products or services, for example, food, clothing, booking hotels, transportation, etc. all these information tell us that more and more people are using mobile internet and the mobile internet users are getting to be used to purchase through the mobile internet.

Third Spread: the Developers' spread

Nowadays, the cost of developing a product is going down. Hence, more and more individual developers (or small teams) are going to enter the mobile internet. In the 2011, with all the mobile developers, 27% is individuals, 27.6% is the team with 5 to 20 people, and only 4.1% is the team with 20 to 50 people and only 2.3% is the team more than 50 people. These data also tell us the individuals and small teams (or we can call them star-ups) are the main force in the mobile developers. So this is one of the reasons why the angel investors should pay more attention to the start-ups of mobile internet.

Last but not least, one thing also should be mentioned is "**_cloud computing_**[20]". It is a new technology, but Apple already has its product called icloud, and also the other big internet companies spend more money and technology on it. So this kind of Apps also should be aware of it by the developers and angel investors'.

Conclusion:

In this chapter, the author mainly write about the overview of the mobile internet including its marketing size, current situation, individual forecast of future market and also the important precondition: mobile smart phone's development. In a short, it is getting more people to using mobile phone to go to internet, especially the smart phone; the market size will be also getting big in the near future. And the entertainment Apps also will be continue to lead the market, it does not only mean the game apps, but also it includes maps, online social game, mobile bank, web shop, all kinds of services and the important new technology --- cloud computing. It is also applying on the mobile internet.

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[20] **Cloud computing** is the use of computing resources (hardware and software) that are delivered as a service over a network (typically the Internet). The name comes from the use of a cloud-shaped symbol as an abstraction for the complex infrastructure it contains in system diagrams.

2.2 Current Situations of the Angel Investors

1. overview of the Angel Investors

In this chapter, the author will write more information about Angel Investor, what are they? How do they work? Etc. The main purpose is to give readers an initial impression of angel investor and then it could help you to understand the main part of this thesis.

First of all, what is Angel Investor? As I get the definition from Wikipedia is *An angel investor or angel (also known as a business angel or informal investor) is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debtor ownership equity. A small but increasing number of angel investors organize themselves into angel groups or angel networks to share research and pool their investment capital.* To put it simply, the angel investors always invest a small fund to the early-stage firms or start-ups; normally they also join the firm's management, but not a lot. Since, people are basically familiar with Venture Capital (VC), so the author will write a comparison with VC to let you know Angel Investor more clearly.

Differences between angels and venture capitalists

Normally, the Angels differ from venture capitalists primarily in five aspects:

•Size. Usually, individual angels make investments below $1 million; venture capital funds invest in deals over $1 million.

•Access. Venture capital funds are pools of private investment capital that make investment decisions for their investors, thus investors have less control over their investment decisions. In contrast, angels make independent investments directly to the firms they choose

•Participation. While many angels contribute to the companies as mentors and consultants, venture capital investors usually do not participate directly in the company's decision making process.

•Ownership. Venture capital fund often acquire a large ownership stake in the firm, whereas angels usually take a smaller stake.

•Institutions. Unlike venture capital investments, angel investments are classified as personal small business investments, which are subject to various tax advantages. Also, angel investors are not subject to disclosure regulations as rigorously as those required for venture Capitalists.

After you get more familiar with Angel Investors, the author is going to post some number

to make you understand more intuitive.

In UK, for example, in 2009 a study by NESTA[21] estimated that there were between 4,000 and 6,000 angel investors in the UK with an average investment size of £42,000 per investment. Furthermore, each angel investor on average acquired 8 per cent of the venture in the deal with 10 per cent of investments accounting for more than 20 per cent of the venture. In terms of returns, 35 percent of investments produced returns of between one and five times of the initial investment, whilst 9 per cent produced returns of multiples of ten times or more. The mean return, however, was 2.2 times investment in 3.6 years and an approximate internal rate of return of 22 per cent gross

In USA, for example, the US companies received angel funding are raised about US$450,000 average in 2007, and there is a large shift from 2009. Geographically, Silicon Valley dominates the destination of angel funds, receiving 39% of the $7.5B invested in US-based companies throughout Q2 2011, 3-4 times as much as the total amount invested within New England.

Both of UK and UAS's data tell us the Angel Investor are becoming more popular, not only it is a perfect funding between the early stage firm (or start-ups) and next round VC, but the market also need it, because after entering the 21st century, it is becoming easier to build your own firm or business in internet, software, mobile internet's industry or something like these new industries. But on the other hand, we also can find that all the Angel Investors still meet the high risk in their investment, normally, just 1 or 2 star-ups could get succeed from 10. Hence, how could help Angel Investors decrease their risk and also help the start-ups develop better, this is going to be a interesting and urgent topic for us. And the author will write about the new concept how to solve this problem in next part of this chapter.

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[21] The National Endowment for Science, Technology and the Arts (NESTA) is an independent endowment in the United Kingdomestablished by an Act of Parliament in 1998.

2.   To be a special angel investor

Before explaining the concept, the author will use a picture to give you a clear first impression and then the author will give you more detailed information about it in the later chapter. (See more discussion in chapter "to be an efficient Angel Investor")
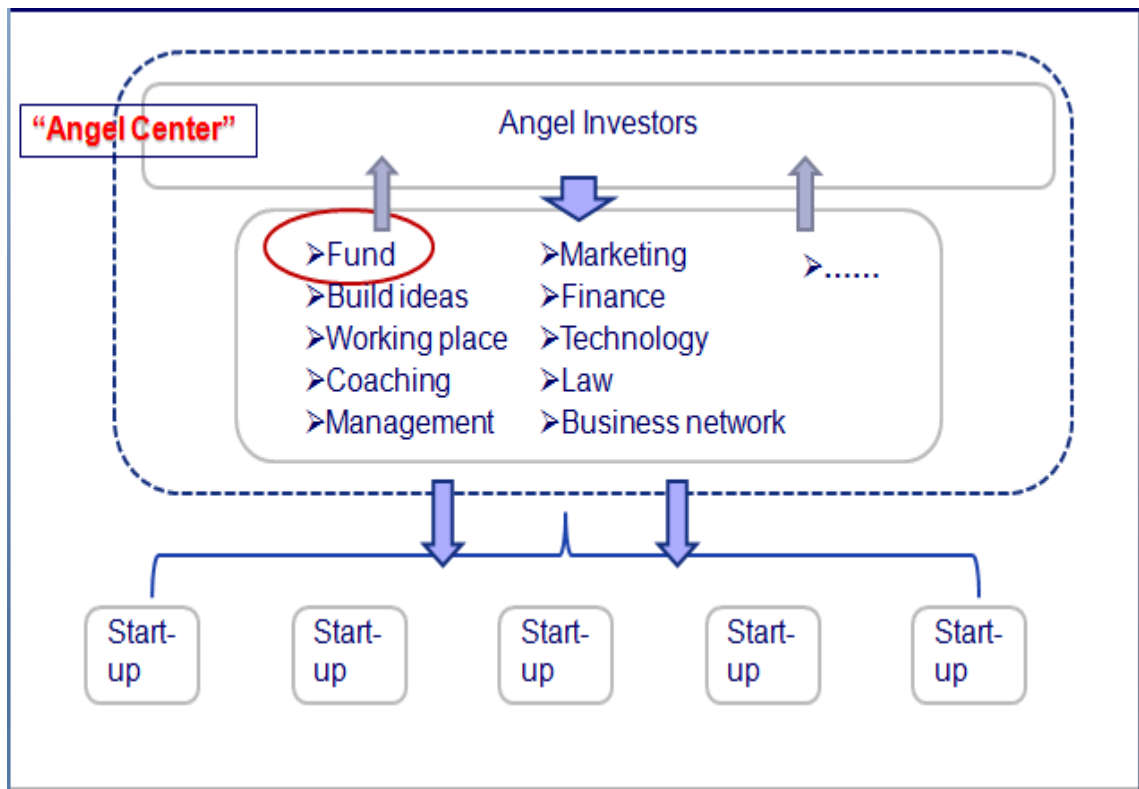

Figure 7, the Concept of Angel Center

The Author called this concept as "Angel Center", normally as we know, the Angel Investors just invest the fund to star-ups, even some of Angles will give extra support to start-ups, but still just a few. So the author just thinks whether the Angel should make a change? besides the fund, the Angels still could support more help to the start-ups, like help them build ideas, offer the working place, give some coaching with management, marketing, finance, law issue, etc. after all these support, the author bet it must will decrease the investment risk for Angel investors and also increase the successful rate for the start-ups. Therefore author will give more discussion in Chapter "to be an efficient Angel Investors" to explain this "Angel center" how to build, run, work and so on.

2.3 Theories

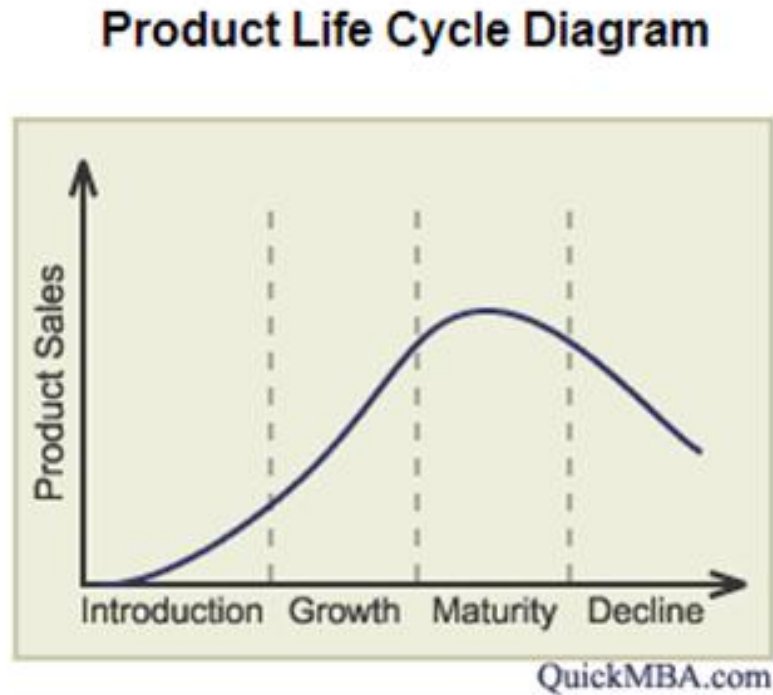### 2.3.1 Product Life Cycle

Figure 8, Product Life Cycle

Product life cycle is *the stages through which a product or its category bypass. From its introduction to the marketing, growth, maturity to its decline or reduce in demand in the market. Not all products reach this final stage, some continues to grow and some rise and fall.[22]*

There are four stages in this theory: Introduction, Growth, Maturity, and Decline. In the different stages require the company to take a different approach to marketing the product or your services. Hence, the product life cycle could help the companies plan for and address the marketing challenges.

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[22] This detention is from Wikipedia

Introduction Stage:

It is the first stage of the product (market) life cycle. Normally, sales of the introduction stage are low, because the consumers still do not know this production or services. In addition, the marketing cost is high, because it is just a new product or services, it always take more marketing and promotion to reach the customers. The aim of this stage is to establish a target market for the product or services and creat the demand among the customers in the market.

Growth Stage:

In this growth stage, after more customers know the products or services and the demand grow, the revenue start to increase rapid. But also because of more company enter it in this stage, so the company should think more about the brand differentiation. It means the consumers should know the product exists but which brand do they choose? This is going to be the challenge for company. Why they should buy the product or service from this company over another. But it is the best time to introduce new effective product in the market

Maturity Stage:

During this stage, the sales start to slowdown as the product or services have already achieved it acceptance in the market. With many companies in the market in this stage, the competition is also going to be fierce. So according to the high competition, the profit also goes down in this stage. This is not a good time to enter this market.

Decline Stage:

This is the stage where most of the product class usually dies due to the low growth rate in sales. Some of the companies start to leave this market. One side the companies think it is becoming hard to get profit from this market, but also the product category itself becomes a factor, it will not be popular anymore and the market demands also decrease
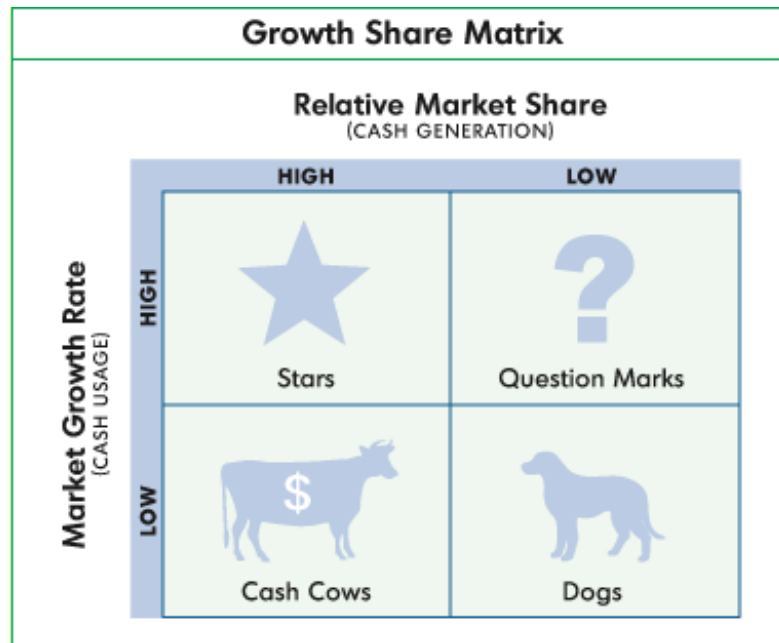
2.3.2 BCG Matrix

Figure 9, BCG Matrix

The BCG matrix method is based on the product life cycle theory that can be used to determine what priorities should be given in the product portfolio of a business unit. The point of this matrix is how to make the company's product suitable for the change of the market then this will make profit for company. In additional, how does the company use the limited resources distribute to the right product's structure, to ensure the company can make profit is the key point for company to get succeed in the high competition market.

Placing products in the BCG matrix results in 4 categories in a portfolio of a company:

1.   Stars (high growth, high market share)
Use large amounts of cash and are leaders in the business so they should also generate large amounts of cash
Frequently roughly in balance on net cash flow. However if needed any attempt should be made to hold share, because the rewards will be a cash cow if market share is kept

2.   Cash cows (low growth, high market share)

Profits and cash generation should be high, and because of the low growth, investments needed should be low. Keep profits high

Foundation of a company

3.   Dogs (low growth, low market share)

Avoid and minimize the number of dogs in a company.

Beware of expensive turn around plans.

Deliver cash, otherwise liquidate

4.   Question marks (high growth, low market share)

Have the worst cash characteristics of all, because high demands and low returns due to low market share

If nothing is done to change the market share, question marks will simply absorb great amounts of cash and later, as the growth stops, a dog.

Either invests heavily or sells off or invests nothing and generates whatever cash it can. Increase market share or deliver cash

2.3.3 SWOT Analysis

Figure 10, SWOT Analysis

Distinguishing between the external and the internal environment of the firm is common to most approaches to strategy analysis. The best known and most widely used of these approaches is the —SWOT framework, which classifies the various influences on a firm's strategy into four categories: Strengths, Weaknesses, Opportunities, and Threats. The first two – strengths and weaknesses – relate to the internal environment; the last two – opportunities and threats – relate to the external environment. (Grant, 2008)

From the marketing point of view, SWOT analysis is a powerful tool that could help a firm to carve a sustainable competitiveness in a business context. The internal two points: Strengths and Weakness, they are telling the firms know their own advantage and disadvantage then according to these; the firms could make their products or services better and more suitable for the market. Also when you know your advantage and disadvantage, your late advertisements also should adopt your good points and avoid your shortcomings. The external two points: Opportunities and Threats, they are telling the firms that the competition of the market and also the opportunities for your profit and growth. But on the hand, you also should take care about the threats, because it also let you grow down.

According to (Bradford & Tarcy, 2000), in order to develop strategies with the consideration

of SWOT profile, the SWOT matrix (also known as TOWS matrix) can be constructed.

	Strengths	Weaknesses
Opportunities	S-O Strategies	W-O Strategies
Threats	S-T Strategies	W-T Strategies

S-O Strategies:

Pursue opportunities that are good fir to the firm's strengths

W-O Strategies:

Overcome weaknesses to pursue opportunities

S-T Strategies:

Identify ways with firm's strengths to reduce the vulnerability to external threats

W-T Strategies:

Establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

2.3.4Marketing Mix (7P)

Figure 11, 7p Marketing Mix

As we know the earlier product marketing mix are just 4Ps, product, place, price, promotion. But nowadays the 4Ps is not enough, because the service or non-service products need to be treated in more complex ways and involve more people, more processes, and more creative ideas to be implemented nearby that product so that customers aware of it, would love to buy it, buy it often, and finally become loyal customers Hence, there are three additional Ps: people, process and physical evidence.

Therefore, in this part, I will give each P a short explaining and let you get familiar with them.

Product:

The business has to produce a product what the people want to buy. This is product; it is very easy to understand about it. The point is you have to think about your marketing seg-

mentation, like the age, income, location, etc. to make the different products to the different people.

Place:

You have to need a place to sell for your product, and then this is Place. But the thing you should think about is the place should be not only convenient and suitable for yourself, but also should be for your customers and suppliers.

Price:

Easy to understand it is how much does your product cost in the market? Looks very easy, but it is going to be very complicated in the real business. Because firstly your price must cover your costs and make revenue, but also the price should low enough to catch your customers. In addition, you still need think about your competitors' price and the market average price level.

Promotion:

This is the way how to reach your customers and let them be aware of your product. There are two points you have to consider is the target market and cost. On the other hand the channel is also important for you to think about. Because, for a new business or a start-up, they don't have enough budgets to put some advertisement on national television, so to choose the suitable channels is going to be important. Especially for the mobile internet industry, it is appearing some new promotion channels that should be noticed.

People:

People are an essential ingredient in service provision; recruiting and training the right staff is required to create a competitive advantage. Customers make judgments about service provision and delivery based on the people representing your organization. This is because people are one of the few elements of the service that customers can see and interact with. And also the staff requires appropriate interpersonal skills, attitude, and service knowledge in order to deliver a quality service.

Process:

This is about the looking at the systems used to deliver the service. Just give you a example to make you easy to understand. When you are in a fast food shop, like Hesburger. You order a Hamburg and get it delivered within 2 or 3 minutes. What was the process that allowed you to obtain an efficient service delivery? So this is the process what we should do in our own business. In a short, the process could be understand as what should we do and how to

do.

Physical evidence (Physical environment):

It means the Physical evidence is about where the service is being delivered from. For example, when you have a dinner in a restaurant, absolutely you are looking for the clean and friendly environment, but if it is dirty you obviously will hate it and choose another one. Certainly in the real life, most of restaurants will not be dirty, but to think about how to make yours different from others and get more customers, this will be the hard work.

Summary:

The marketing mix for a service has additional 3 Ps because the characteristics of the service are different to the characteristics of a product. The service marketing has its own characteristic: Lack of ownership, Intangibility, Inseparability, Perish ability, Heterogeneity. Anyway the service marketing is more complicated than the product, because the product could be standardized but the service cannot. It just could be judged by customers

3 EMPIRICAL PART

3.1 Case Study

3.1.1 Introduction of Case Study

In this chapter, the author will introduce you an Irish Company which called "Advantage". The aims of this case study are:

First, let you know what is "Advantage"? How does it work?

Secondly, the worthy elements what we can learn from "Advantage" and apply to the new concept "Angel Center"

Last, author also need find some shortcomings from "Advantage" then I can avoid for the "Angel Center" and also the author will give some suggestion for the future development.

3.1.2 Brief Introduction of the Irish Company – Advantage

Advantage is an Irish leading company specializing in economic development and entrepre-

neurship for young people. It works with clients in the public, private sectors and also applies its expertise to promote starting a business to young people aged from 16 to 30. Through the programmes, they have designed with over 20,000 young people in Northern Ireland each year and can offer each one all kinds of help (like information share, advice, guidance, etc) on their starting, running and growing the business.

They provide ongoing management support for project delivery wherever required. Advantage will act as project managers, often across multi-agency partner-

ships, ensuring support at every required level. They may be involved at all stages of the process, from concept and design, through delivery and outputs to monitoring and evaluation.

Advantage seeks to respond to young people's needs through comprehensive understanding of the nature and scale of the goal. We use various research techniques to offer a carefully structured menu of information, analysis and recommendations to address the specific issues in a targeted way.

As they say "**Advantage's IGNITE programme *provides* you with *comprehensive* support through a series of *unique, specifically tailored* services**"[23] after giving a short introduction of Advantage, the author is going to tell you how does it work?

Figure 12, 3 Phase of IGNITE System

As you see the figure12, it has three Phases for the different stage of your business. They are called Pre-Start support pack, Start-up support pack and Growth Support pack. In the different phase, the Advantage's IGNITE system will give you the different support. For example, in the Pre-start support pack, they will just give some very basic help, like help you to build your ideas, help you create your business card, help you do a market research, etc. and in the further phase, they will according to your development's level, give you the suitable and useful support

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[23] Get it from their web site.

3.1.3 worthy elements from Advantage

After the brief introduction of Advantage, author is going to tell you about the worthy elements from this company. These are also the points which the author should learn and use for reference.

Therefore, as author researched them from internet and talked with their staff couples of days before, there are 3 points are brilliant and innovative for using for reference.

1. They called "find an idea". There are more than 500 ideas could help you to build or improve your own ideas.
2. They called "Business information Bank". This is a very important part in Advantage, in this bank; you can find countless business information what you need, like how to do market research, financial issue, economic issue, marketing strategic plan and public relationship and so on. So these kinds of help will support the start-ups a lot, because in the early stage of their business, it is impossible for them to know all the business aspect and manage them well.

They called "Learning Zone". It is especially for the school or college's students. It seems like a business boot camp, the picked up teams will go to a place together and they will be coached by teachers, experts, Industry elites, entrepreneur, etc, to get more business experiences and then apply in your own business.

3.1.4 SWOT Analysis of Advantage

Now, you may know what are "Advantage" and its worthy elements. So it is the time for analyzing it. So author will use SWOT analysis method to analyze.

Firstly, the author is going to analyze the internal environment of Advantage, in author's view, there are 2 strengths for it, one is the "advantage" give their clients couples of support, as mentioned before, they will give you the ideas build help, marketing help, management help and so on. This is the most brilliant points in the "Advantage", because these kinds of support will give a big help for the early stage firms to make them avoid some issues when they are developing. Strength is the "Advantage" is based on the college; it is a little bit easy for them to find the students who want to start their own business.

The internal Weakness is also related 2 points. One is their First investment is not high. Alt-

hough we know all of the Angel Investors cannot give a big investment in your early development. But cause the "Advantage's main mission is to help young people to do the entrepreneurship, so the low first investment is going to be their first weakness. Another one is some of their support, like business information bank, find your ideas. They are all the online system, so these kinds of help, the author doesn't think it will have a great efficient. Because only if the clients want to see it by themselves then they will go, if not, they are just some boring words on the sites. Sometimes you need some real power to push the young students to let them full of the motivations.

	Helpful	Harmful
Internal	**Strengths**	**Weakness**
	1. All kinds of support 2. Based on the college, so it will easy to find students.	1. First Investment is not high 2. Some supports are online, so it cannot be very efficient for start-ups
External	**Opportunities**	**Threats**
	1. More and more young people want to start their own business, particularly in mobile internet. 2. Still not a lot alike company style in the market, competition is still not high	1. High risk 2. Investment return period is long (normally, it is about 5 years or even more)

After talked about the internal environment, now author is going to analyze the external. There are two obviously opportunities to find. First is, nowadays more and more young people would like to start their own business. This means at least, "Advantage" already has its target group and market. Because the young people want to start business, they need fund and other helps, like marketing, PR, etc. and "Advantage" can give them these. Second is, there is still only a little alike company in the market nowadays, so it means the competition is still not high now and also according to the product life cycle, it is on the development stage, so it is a good and right time to enter it. On the other hand, there are also two threats

in "Advantage's external environment. The fist one is the high risk, it is easy to understand, all of the angel investment or VC, and they are must with the high risk during their investment. Another one is the investment period is long; almost it continues 5 years or more. So this is also a threat for them.

3.1.5Conclusion

In conclusion, the "Advantage" is a very good and innovative company; people really could learn something from them and apply to "Angel Center", like all the supports, business boot camp and so on.

But on the other hand, they are also not perfect, for example, as an investor, the amount of investment is not high that cannot attract more clients, and they do not have a or some focused area where they really want to invest, so the author think this is going to be too expensive to investment. And also some of their support thing is just online service that could not work well for the clients, especially the young people, because they really need some extra power to push them move.

As we know, "*The case study is a research approach, situated between concrete data taking technique and methodological paradigm*[24]", so after getting familiar with "Advantage""'s good and bad points, which we should think about and avoid, all these gave author a big help for this thesis research later. It might tell people what kinds of points we should focus, and also what kind of problem we should try to avoid. Because in other words, case study is a cluster of different theories, methods and data (primary / secondary) applied in a certain practical case (in real-life context

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[24] Lamnek, 2005

3.2 To be an Efficient Angel Investor

3.2.1Why Chooses Mobile Internet Market and Mobile Internet Start-ups?

According to Scott Bicheno (2012), the total amount of Smartphone users in the world were 1.03 billion in the third quarter of 2012, and just one year ago, it only reached 0.27 billion Smartphone in use worldwide. It increased more than 300% in just one year. That is so amazing and unbelievable. And only in the IOS market, there are more than 45 billion download already. (Data from RESEARCH AND MARKET 2012), each user spends 94 minutes on mobile internet per day in average. This is 30% more than internet users per day. 70% users play games by their download apps. Scott Bicheno (2012) also forecasted that the next billion users will reach in 2016.

All the data indicated that the mobile internet's market is becoming big and it still will be growing in the future. According to the market life cycle, it is in the growth stage, so it means the revenue will increase rapid, more people are increasingly aware of its product or services. It is a right time to enter this market. But another side, the competitors are also be-coming more, so how to make your company is difference from others, how to let the con-sumers remember your brand and so on are the key issues which we should consider as well.

3.2.2SWOT Analysis of Mobile Internet Start-ups

In the previous part, the reasons why I choose mobile internet and start-ups of mobile in-ternet for angel investor were indicated. In this part, I am going to use the SWOT analysis method to expound the advantage and disadvantage of start-ups.

	Helpful	Harmful
Internal	**Strengths**	**Weakness**
	1. The low cost of starting the business 2. Only need a few people to start the business	1. High failure rate 2. Hard for young people to keep their entrepreneurial zeal
External	**Opportunities**	**Threats**
	1. The mobile internet market is still in the development stage. 2. Mobile devices are full of people's life nowadays	1. The competitors are becoming more.

Strengths:

There are two major strengths for the start-ups of mobile internet. First is the low cost of starting their business. This is easy to understand, whatever you want to make applications which are based on mobile internet, like mobile game, mobile services, Apps, and etc. All these kinds of products or services cannot cost you a lot to do it. Probably, you just need some computer, internet, good ideas; you even do not need an office. On the other hand, they do not need a lot of people to start the business either. In some situations, even 3 to 4 friends can start it as well. For example, as a small game team, you just need a programmer, a producer and an artist. That is really enough for a small mobile game team to make game and start their business. Hence, the low cost and low amount people of starting the business are the main strengths for start-ups of mobile internet.

Weakness:

High failure rate is the first weakness for start-ups of MI. as we know, not just the start-ups of MI have a high failure rate of their entrepreneurship, and all of the start-ups also face this problem. Because most of them are lack of the experience, business network and so on. So this is major disadvantage for start-ups of MI. In addition, it is also very hard to keep young people's entrepreneurial passion. Especially after one or two time's failure. So how to keep their entrepreneurial passion will be a challenge for the angel investor, but this is also another weakness for start-ups.

Opportunities

As the data what the author show in the before chapter, more and more people are going to use smart phone nowadays, and according to the rapid development of smart phone, the amount of smart phone users only could be increase. That means more people use the smart phone, the more mobile internet's product or services they need. Hence, the market needs is becoming large and it obviously can bring a lot of opportunities to the start-ups of MI. On the other hand, as the theory --- "product life cycle", the mobile internet market is still in the development stage, so it is a right time to enter it, because of the less competitors and low cost.

Threats

In my opinion, there is only a threat for start-ups of MI. that is more competitors will be appearing in this industry. Just as the above advantages of mobile internet market, the author bet quite a lot people also can see it and try to share with this market. Hence, this is going to be the main threats for start-ups of MI.

3.2.3 How to Become an Efficient Angel Investor?

According to the book "How to raise your first million dollars" (2010), normally there are three types' angels nowadays:

1. Check Angel---- they are lack of the experience, only invest the money and normally the amount is small, each investment is from 10 to 25 thousand US dollar.
2. Add-Value Angel---- they have some experience and will join the be invested firm's operation, the amount of investment is always bigger, from 50 to 250 thousand US dollar.
3. Super Angel---- they are normally some successful entrepreneurs, they will give some unique support to the stat-ups and each investment will put a large fund, at least more than 100 thousand US dollar.

According to the data from Innovation Works (2010), in 2007 America, the aggregate investment of Angel Invest was 25 billion US dollar and the VC's was also 25 billion. Each angel's investment was about 500 thousand US dollar and VC's was 7.5 million US dollar.

That means more and more investors are becoming to choose the angel invest, because not only we can see the aggregate investment of Angel Invest is same as the VC, but you also can invest more firms to share the investment risk. In addition, in the past two years, the number of angels increased more than 20% (about half million), why? It is easy to understand, because of the mobile internet! For example, "Instagram"[25], it was just found two years with only 13 staffs, but after it was purchased by Facebook, its Valuation is about 1 billion US dollar or even more nowadays. As we can consider, the angel investment was about half million US dollar for Instagram, but now it is about the 280 times return. Therefore, this is main reason why more and more investors are becoming the angels.

On the other hand, another trend of Angles is that they prefer to be the Super Angel to reduce their risk. But in autor's opinion, the super angel is still not enough; hence, author make a new concept which called "Angel Center":
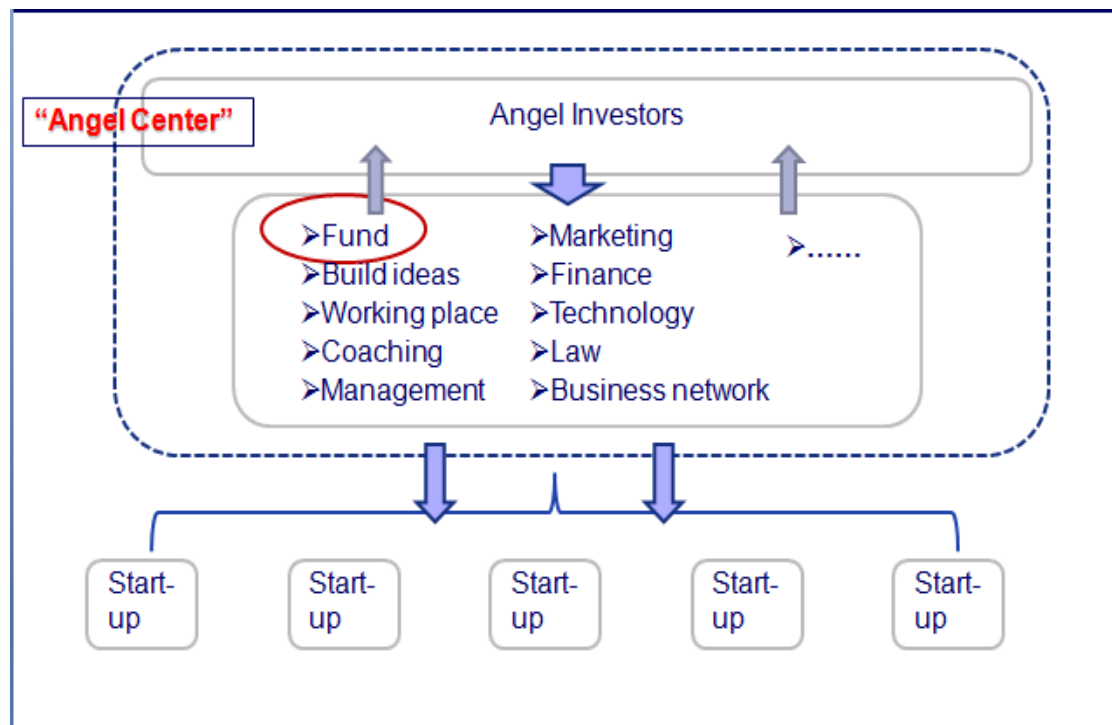

Figure 13, Concept of Angel Center.

In this concept, there are three main points of it, angels' group, incubator and mobile internet. "Angels' group", it means not only one angel works in this angel center. author consider

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[25] Instagram is a free photo-sharing program and social network that was launched in October 2010

that it should be a group which means some angels can work together, one hand they could raise the number of investment, other side, they can invest what they are familiar and interested by themselves, this also could attract more start-ups.

"Incubator" is the most important of my concept, as mentioned before, there is a trend that is more angels become to the super angel, they will give some special and unique support to start-ups, but that is not enough. As the start-ups, they almost lack of a lot, e.g. management, marketing, business network, etc. even the super angel will give them some support but normally it is only some part. Hence, in this concept, author would like to build this incubator to give the all-around support to start-ups. From helping them build their ideas, design the products, depth-coaching, marketing to helping them get VC in the future. All these support, one side it really can help the start-ups to get succeed easier, reduce the risk of angel investors, the other side, it also can bring a bigger return to angel investors. It is really the killing two birds with one stone.

Last not but least, in nowadays, "mobile internet" is the main industry which suggests investing. Writing about a lot why we should choose mobile internet in the last part, so author don't mention again here.

Furthermore, there are also some suggestions for this "Angel Center":

1. As the angels in angel center, just is the investor not becomes a boss.

2. With long-term patience. As the angel invest, we have to with the long-term patience and we have to know the failure rate is higher than 65% and 10-times return rate is lower than 10%

3. Establish the Graduates club. After you get the return from the start-ups which you invest successful, make them together and build a club for them. To share the experience, business network, etc. this is going to help each other in the future.

After explaining the new concept, as this "Angel Center", to reach more start-ups knows it, to help the angels to find more potential start-ups, the marketing is also a very important step for it. Hence, in the following paragraphs, the author will use the 7Ps method to analysis the marketing mix for "Angel Center".

Product:

As the angel center doesn't has any exact product, so author don't write anything for this.

Place:

In the angel center, the start-ups which is selected by us, we all will support the working place for them. It will be a big open working office with computer, high-speed internet, rest area, kitchen, gym, restaurant, etc. all these facilities just want to make the start-ups feel good and comfortable during their working, because the entrepreneurship is hard.

Price:

The price here is different from the normal meaning of price. Here the price should be thought the amount of investment. We will invest the start-ups a big fund, compare to the other angel investors.

Promotion:

To reach more start-ups, there are couples of ways to promote the angel center. We could use our angels themselves' network to promote us; we could collaborate with more universities to promote us, we could attend more angel invest and mobile internet's conference or exhibition to promote us, we could make some advertisement in some magazine which are popular with young people, we could make an Apps based on the Smartphone to promote us.

People:

This is going to be a big advantage for angel center, if the start-ups work in angel center, we will invite some successful entrepreneur to coach the start-ups regularly. We will have an all-round support team to help the start-ups with their design, R&D, product, marketing, management, etc. all these support just have one objective is that help our start-ups get succeed.

Process:

If the start-ups are selected by angel center, all of them will gave a business boot camp first, after that, we will give the fund to them period by period, this is just want to keep them mo-

tivated. On the other hand, during their working, we will give them some extra business or technological lecture for them every week. To help them do it better.

Physical evidence:

Firstly, the angel center's working office will be clean and energetic. And every month, we will have some team building activity to make them feel we are just like in a big family. Or every month, we will have a party together. And in the angel center, there are also the rest area which it has the gym, swimming pool, KTV, pool and other entertainment facility. Let our staff have a good relax after their work.

3.3 Research

3.3.1 Create a Research Plan

3.3.1.1 Definition of the Research Problem and Objectives

The main problem of this research is that with the rapid development of mobile internet, more and more fresh graduates and start-ups are trying to enter into the mobile internet industry, but honestly, it is very hard for them to grow up their companies or studios, so what kinds of the resource are they lack of most? Fund? Management? Marketing? These kinds of things are going to be important and useful to know. On the other hand, as the angel investors, it is also a high risk for them to invest the start-ups. Hence, if the angel investors know what kind of resource or help do the start-ups need most then they can give these kinds of things to support the start-ups, it not only could help the angel investors decrease the risks, but the start-ups also could develop better and get succeed more efficient. So this is going to be the win-win cooperation for both.

The main objective of this research is that try to understand as many as the demands what the start-ups need in their early stage of their development. Then could help the angel investors know what they should support to the start-ups with a purpose way.

3.3.1.2Research Method

In this study, the author will use the qualitative research. According to the meaning of qualitative research, it is a method of inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and further contexts. Qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the why and how of decision making, not just what, where, when. Hence, smaller but focused samples are more often needed than large samples. Therefore there are basically two reasons as follow:

1. Because my target group is the start-ups on mobile internet in Finland, it is very hard to find a lot of start-ups in this industry. And the quantitative research needs lot participants to join. (At least more than 100) so it means it is not possible to do the quantitative research.

2. The author got a summer job which is working in big game project in Kouvola Finland. (Called game DU). So author have some opportunities to meet couples of local game start-ups. And interview each of them face to face for half hour or even more to get the real data what author need or want to know.

3.3.1.3Data Source

All data source which the author got from my research is the primary data. Because author interviewed 10 start-ups in Kouvola and 1 in Kajaani, all the interviews are taken by face to face.

3.3.1.4Timetable

The Author interviewed the Kajaani team in 16ᵗʰ of May, 2012 and interviewed the 10 Kouvola start-ups during the July and August 2012. And I collected all the data before the 31ˢᵗ of August, 2012.

3.3.2Research Implementation

3.3.2.1Collection and Analysis of the Data

1. Whether you know the Angel Investors?

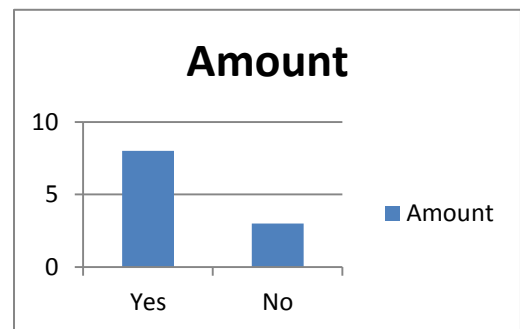|	Amount	%
Yes	8	72.7%
No	3	27.3%
Total	11	

Table 6, Amount of Interviewed Group

In this question, more than 72.7%'s participants knew the Angel investors, that we can guess most of the start-ups of mobile internet know the Angel investors

2. Are you (start-ups of mobile internet) interested in be supported by Angel Investor? If yes, explain why? If no, explain why?

In this question, 10 start-ups chose they are interested. The most reason they said was they need money to run their companies and need money to do some marketing or some similar answers. This can tell us that most of start-ups need more money to realize their ideas into the reality. And on the other hand it also means the market need is high in this market.

3 How could you (start-ups of mobile internet) attract to the Angel Investor?

	Amount	%
Ideas/Innovation skills (or similar answer)	6	54.5%
Group work (or similar answer)	1	9.1%
Game-making skills (or similar answer)	4	36.4%
Others	0	0.0%
Total	11	
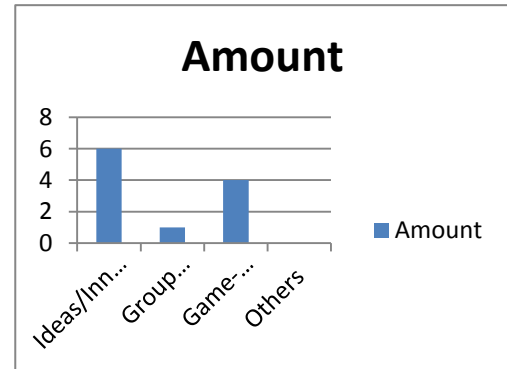
In this question, 6 start-ups answered their excellent game idea or innovation skills or some other similar answers could attract the Angel Investor. Other 4 start-ups answered their prefect game-making skills or similar skills could attract the angel Investors. And the left one answered their good group work skill could be attracted. According to the start-ups answers, we can easily find that they are very confident for their game ideas and skills. So this should Angel investors aware, because in a lot of real case, the game makers sometimes cannot listen to others suggestion. They believe their idea is prefect, their skills are excellent, but sometimes, according to the market's change, you have to change a little bit to suitable for the market needs. But for the game makers, it is not easy for them to change. Hence, this part should angel investor think about more.

4 what kind of resources is lack of in the mobile internet market? Especially, for start-ups?

	Amount of teams	%
Fund	9	81.8%
Working place	1	9.1%
Promotion	6	54.5%
Management	0	0.0%
Ideas	1	9.1%
Market research	3	27.3%
HR network	0	0.0%
Law	2	18.2%
Technology	0	0.0%
Experiences	4	36.4%
Coaching	3	27.3%
Others	0	0.0%
Total	11	
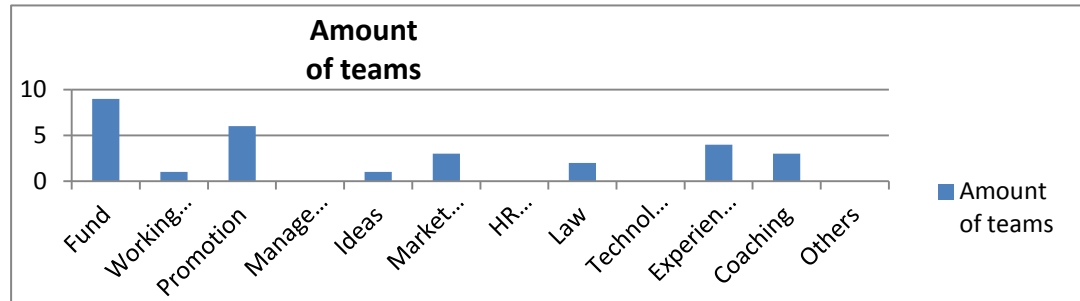
In this question, nine of eleven start-ups answered they need fund. This is obviously to understand it. But besides this, we still should focus on another 4 answers were promotion, market research, experiences and coaching. To sum up, the problems were related 2 parts: Marketing and real business Coaching. Hence, this is also should the Angel Investors to think about it. If you want to decrease your risk and also help more start-ups get succeed, the fund is really not enough, to make your investment is better than others, you should consider giving more support to your clients. Especially, in marketing and coaching.

Last but not least, during all the interviews what I did; all start-ups mentioned one thing is what does Angel Investor expect from the start-ups? They are all afraid that the Angels take more shares after their company becomes big. Hence, this is also another point should Angel Investor to think about. Make a reasonable return number is becoming very important.

3.3.3 Research Reporting

To sum up all the data which got from my research, there are 4 key points we should consider more:

1. The market need is high. According to the research's data, more 70% start-ups know Angel Investors and more than 90% of them are interested to be supported by Angel Investors. This totally told us, the investment needs of this market are really high. Hence the star-ups are really the potential market for the Angel Investors.

2. Only FUND is not enough nowadays. According to the data, we could know that the start-ups need more support besides only fund. As we know, all the investment, their goal is get as higher as return. Hence, if Angel Investors want to get higher return or reduce its risk. They really need consider more help to start-ups, not just money.

3. Balance issue. According to the data, we also could find start-ups believe their game ideas and making skills quite a lot. So when they meet the problem which they have to make some change to suitable for the market needs. How could Angel Investors persuade them to make a change? Or how could they balance this kind of issues will be becoming a new challenge. Because after the angel investor invest them and also give them many other supports, how could they make a decision? Or something like this kind of problem will be also an issue.

4. Return on equity. As all the start-ups were worried that how much does Angel Investor expect after they get succeed? So one side you cannot get too much return, because this could decrease start-ups' motivation, another side, you also should think about your risk, because if it is too low that you cannot make a profit. Hence, make a reasonable return on equity is also a point should Angel Investor consider more.

4 DEVELOPMENTS AND CONCLUSION

4.1 Development Trends and Forecasting of the "Angel Center" in the Future

In this chapter, the author will write the development trends and forecasting of the "Angel Center" what author is thinking. There are three stages in the future are going to happen in my view. Hence, author will combine with the mobile internet industry first to describe the development and forecast and then will be according to the timeline to give my second step trend and in the very future, the author will expound my last forecasting.
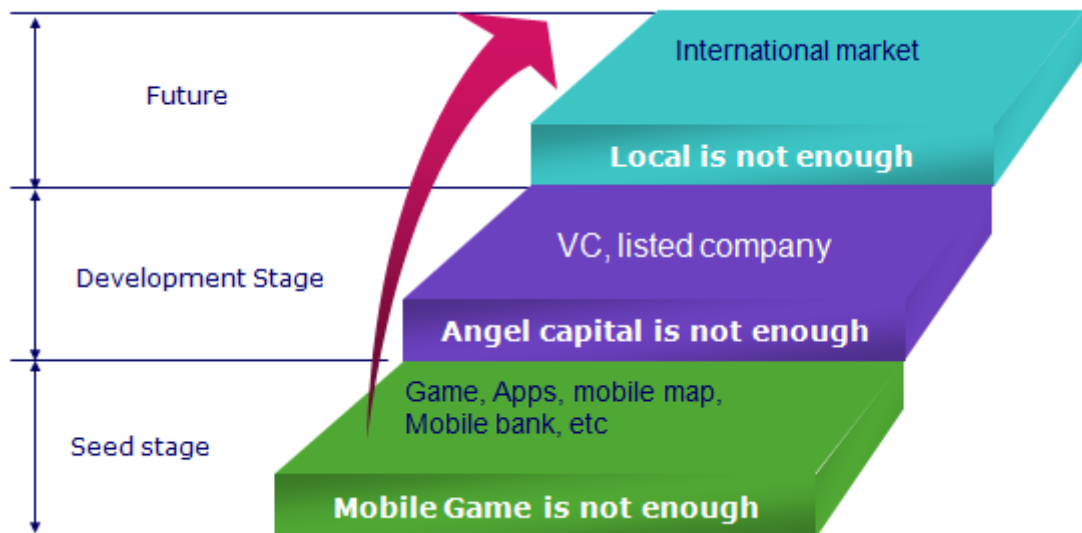

Figure 13, the Development Trends of Angel Center in the Future.

First of all, the first stage in my point is the mobile game is not enough. As mentioned in the previous chapter (Chapter: to be an efficient angel investor), nowadays, this Angel Center need focus on the game in mobile internet, not only all my research's data are from the mobile game start-ups, but also more than 70% start-ups base on mobile internet are making games now. Hence, nowadays we probably should invest the mobile game first or we should say focus on it. But in the long term, only mobile games are not enough, we have to think about more functions based on the mobile internet. For example, all the kinds of Apps. They could be like: the apps can help you book your plan ticket, hotel, rent a car, a meal. The App can be a mobile karaoke, mobile bank, and mobile map. They even can be a key to

open your door, window, and your car and also could start your car or computer. All these parts, as the angel center, have to think about it and encourage the start-ups to make some new Apps in mobile internet.

Secondly, if the angel center is lucky enough that one or two start-ups develop very well and get a small succeed. On that moment, the angel's investment will be not enough for them. Hence, on that time, the angel center should help them to get the venture capital or as the angel center itself, it should get more funds to invest these one or two start-ups. On the other hand, if these one or two start-ups are successful enough after their first stage development, the listing of them is going to be another point what the angel center should consider and guide them to do this action.

Last, this will be a very last mission for angel center. Obviously, angel center should invest the local start-ups first, because the angels are familiar with the local economic, culture, policy, law, etc. all these information really can help the angel center to guide their investment better and more efficient. But furthermore, in the very future, if the angel center is developing incomparable, on that moment, the local will be not enough for it. Therefore, we should think about the international market to get more revenue from our investment. We have to have the global view to consider the potential investment and market for the angel center

4.2 Conclusion

The main objective of this thesis is to convince angel investors that mobile internet startup companies are potentials for investment. This thesis also proposed steps to become efficient angels with a new concept and doing marketing for themselves.

First three chapters demonstrated that mobile internet of Smartphone is currently in rapid development in today's market. There are more than one billion Smartphone users in the world today, and the number of user has increased about 300% when compared with data from prior 2011. In the IOS system, the number of download has exceeded 50 billion times. It is crucial to have a good device with good performance and to have accessibility to mobile internet with high speed, such as 3G or 4G. They should be considered together because it is not possible to use high speed internet with an unequivalent system and vice versa.

With understandings of great market potential of mobile internet, angel investor attract more start-ups of mobile internet is becoming the main issue which we should know. According to my research, most of the start-ups of mobile internet require helps besides the monetary assistance. They need coaching, marketing, assistance, etc. Hence, in this thesis I proposed a new concept called "angel center". Angel Center is an angels' group plus incubators. It not only provides fund to startups, but it also supply working places, coaching, business boot camp, and marketing helps. All these support would benefit both the angel investors and the startup firms. This may ensure the operation of startup firms runs more smoothly and therefore provide greater possibility for success and less investment risks for angel investors. As the "angel center" itself, it also require the marketing to promote[this is not clear, does the angel center need promotion or what?], hence, in the chapter 6.3, author also analysis the marketing aspect of it, besides the all-sided support, what else should to do to reach more excellent start-ups and win its competitors.

Development for the angel center was discussed in this thesis, as the mobile internet is an emerging industry, with the speed of its development is much faster than originally anticipated. According to the present data, about 70% mobile internet's users download games on mobile device, as compare to other download apps. However, as many experts said, in the

foreseeable future, other Apps will be slowly become popular, like mobile bank, mobile KTV, cloud computing, etc; hence, as angel investors should consider varieties of start-ups, not only in game like now is necessary.

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LIST OF APPENDICES

The main questions what I asked in the interviews

a. What kind of the resources is lack of in the mobile internet market? Especially, for start-ups of mobile internet

Fund?

Working place?

Promotion ?

Management?

Ideas?

Market research?

Human resource network?

Law?

Technology ?

Experiences?

Coaching?

Others

b. Do you (start-ups of mobile internet) know about the angel investors?

c. Are you(start-ups of mobile internet) interested in being supported by the angel investors?

If interested, why do you want to be supported?

If not, why do you don't want to be supported?

d. How could you (start-ups of mobile internet) attract angel investors ?

Ideas\ Innovation skills?

Group work?

Game-making skills?

Others