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## Entrepreneurship & Regional Development > An International Journal Volume 16, 2004 - Issue 4

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# Financial bootstrapping and venture development in the software industry

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profile and stronger service/consulting orientation of these firms. Moreover, there appear to be considerable variations in the use of bootstrapping. Larger firms tend to make more use of bootstrapping for product development, and consider it more important than do smaller firms, who more highly value business development-related bootstrapping. Small firms are also more likely to use and value cost-reducing bootstrapping techniques, whereas larger firms make more use of the exploitation of value-chain based relationships.

#### Keywords:

software industry	entrepreneurial finance	bootstrapping	product development	business development
regional development.				

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- 3. Non-ICT firms in the industry are those with a significant ICT input into other operations (such as banking, accountancy, public agencies), and have been excluded from this discussion (NISIF 2000).
- 4. For example, in software product development, manfacturing costs are low (and often out-sourced overseas O'Malley and O'Gorman 2001), while R&D and marketing costs are increasing rapidly. Even by 1994, Microsoft was reporting R&D expenditure equivalent to 13% of revenues and marketing expenditure of 30% of revenues (Niosi 2000).
- 5. As the experience of the rapid increase in venture capital investment in the late 1990s, and the subsequent collapse in technology markets after 2000, suggests, the US venture capital industry erred in the opposite direction and became over-exposed to technology investments.
- 6. The Massachussetts survey was undertaken in 1994/1995; the Northern Ireland survey was undertaken in 1996; and the smaller scale survey in South East England was undertaken in 2000.

acquisition of financial resources directly without incurring the cost or other obligations

7. These specifically fall into the category of bootstrapping represented by the

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Source: Journal of Business Venturing

Knowlege networks for innovation in small Scottish software firms

Source: Entrepreneurship and Regional Development

Can Companies Maintain their Initial Innovative Thrust? A Study of the PC Software

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Source: Review of Economics and Statistics

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Small Firms, Business Services Growth and Regional Development in the United

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emerging business ventures

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Firm resources and sustained competitive advantage

Source: Unknown Repository

Financial bootstrapping in small businesses



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Competitive Advantage in the Irish Indigenous Software Industry and the Role of

Source: European Planning Studies

Inward Foreign Direct Investment

Learning and Organization in the Knowledge-Based Information Economy: Initial

Findings from a Participatory Action Research Case Study

Source: British Journal of Management

The geography of venture capital investments in the UK

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The role of trust in the informal investor's investment decision: an exploratory analysis

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Regional Formation of High-Technology Service Industries: The Software Industry in

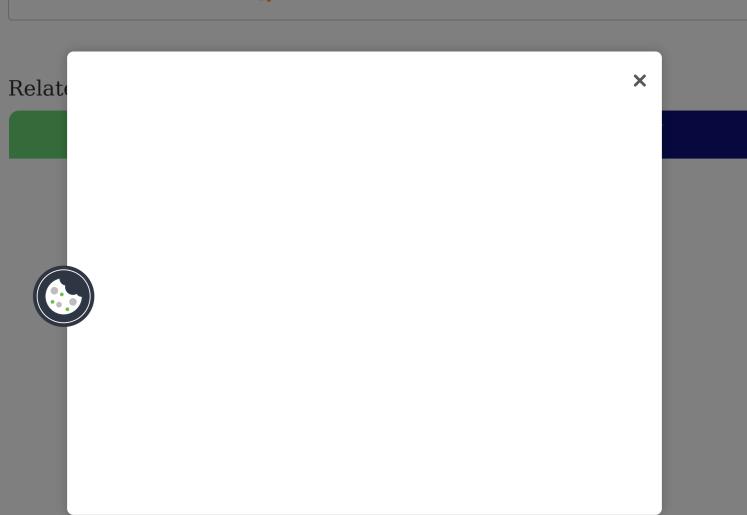
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