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Predicting startup success

Research Proposal

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**<Preamble>**

Title: Predicting startup success

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**<Background>**

Technological advances have lowered the barriers for launching scalable technology companies [startups] \cite{tweney2015}. Consumers can be accessed through the internet, and launching a startup is possible with few resources. However, startups remain competitive and risky endeavours. **// What is success rate? Reference.**

Incubators, accelerators and venture capitalists provide resources (including funding) to startups to increase their chance of survival and accelerate their path to profitability. Investors act as scouts, identifying startups that are likely to be successful, and as coaches, helping startups become successful \cite{baum2004}. **// Too old reference**

Investors can use software to assist them discover, evaluate and predict startup performance. In 2008, YouNoodle announced software that predicts the future valuation of startups based on analysis of their founding teams **citation needed**. In 2010, Kleiner Perkins Caulfield Byers announced software, *Dragnet*, that digests app store data, AngelList and Twitter to identify early-stage startups **citation needed**.

Entrepreneurship is the discovery, evaluation and exploitation of opportunities \cite{shane2000}.

**<Aim>**

The growing popularity of online databases like AngelList and CrunchBase, which offer information on startups, investments and investors, is evidence of a desire for more efficient assessment of startup potential. By the end of 2014, over 1200 investment organisations (including 624 venture capital firms) were members of CrunchBase's Venture Program, mining CrunchBase's startup data to help inform their investment decisions \cite{patil2015}.

Although there is industry demand for a better understanding of the determinants of startup performance, there is little evidence of researchers tackling this problem in a manner that can be easily applied by potential investors. Social network data is more accessible than ever before and a documented link between social capital and startup performance has been established. Now is the ideal time to test whether it is possible to devise software that can collect and process a startup's online social network data to predict its eventual performance.

If successful, this study has the potential to significantly improve our understanding of the social determinants of entrepreneurial performance. The software devised by this study also has the potential to de-risk venture capital and encourage greater investment in early-stage startups.

**<Method>**

**<Software and Hardware Requirements>**

**<Bibliography>**