



INTERNATIONALIZATION OF A SME – MULTIVISION, LDA

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Resumo

Com o mercado de consultoria de IT principiando a ficar saturado e com muitos concorrentes, a internacionalização é um indicador económico fundamental para garantir um lugar na consultoria e ter a oportunidade de crescimento.

A presente tese tem como objetivo analisar o fenómeno da internacionalização do ponto de vista estratégico, apresentando o projeto de um plano de negócios para internacionalizar a empresa de consultoria de IT *Multivision, lda*.

Fundamentalmente, este projeto está focado em encontrar a melhor estratégia para internacionalizar e em quais países o mercado aceitaria melhor a presença da empresa. Será analisada a principal dinâmica de um processo de internacionalização do ponto de vista teórico, adaptando-a a um cenário real.

Foi realizada uma pesquisa qualitativa e parcialmente quantitativa, consistindo principalmente em informações fornecidas pela Gestora Financeira da empresa e providenciadas ao projeto de internacionalização PT2020.

No estudo deste tema, a compreensão dos critérios necessários para fazer a melhor escolha de mercados-alvo, as decisões de modo de entrada e a estratégia operacional estão implícitas. Através do desenvolvimento do projeto de internacionalização da *Multivision, lda*, percebe-se que este processo é uma técnica gradual no mundo das Pequenas e Médias Empresas, para que as estas desenvolvam os seus negócios ou até mesmo possam manter um lugar no mercado e desenvolver a sua marca.

Palavras-chave: Pequenas e Médias Empresas; Internacionalização; Vantagem competitiva; Estratégia de Internacionalização.

Abstract

With the Portuguese IT consultancy market entering in a phase of saturation as well as the fierce competition among the companies on the market, internationalization is a key economic indicator (and success factor) to achieve and maintain a healthy market share and growth potential.

This thesis objective is to analyze the internationalization phenomenon from a strategic point of view, while presenting the project of a business plan to internationalize the IT consultancy company “*Multivision, Lda*”.

Fundamentally, this project is focused on finding the best-fit strategy to internationalize business including the locations / countries most appropriate to be focused on from the company’s portfolio. The main dynamics of an internationalization process are examined - from a theoretical point of view first and then adapting this framework to the company’s environment.

A qualitative research was performed, mainly consisting of information provided by the Financial Manager of the company and information provided by the internationalization project PT2020.

In order to analyze the internationalization of a SME, the understanding of the best-fitted criteria for the identification of target markets, their market-entry barriers as well as the company’s operational strategy are key factors. One believes that studying this theme, the understanding of the criteria needed to make the best choice of target markets, entry mode decisions and the operational strategy is implied. Through the development of the internationalization project of *Multivision, Lda*, the author realized that this process is an always more relevant technique in the world of Small and Medium Enterprises, in order for companies to develop their business or even to be able to remain in the market.

Keywords: Small and Medium Enterprise; internationalization; competitive advantage; internationalization strategy.

Sumário Executivo

Atualmente, a internacionalização de Pequenas e Médias Empresas é um processo cada vez mais em evidência, o principal motivo é geralmente a saturação do mercado e a vontade de crescer a marca da empresa, o que pode não ser possível no próprio país.

A *Multivision, lda* é uma PME inserida no mercado de consultoria de IT, que em Portugal começa agora a ficar saturado. Desta forma, para desenvolver a sua marca ou até mesmo mantê-la no mercado com bons resultados, a empresa viu na oportunidade de internacionalizar a melhor opção.

Este projeto fornece uma possível sugestão ao processo de internacionalização da *Multivision lda*, incluindo uma análise onde o resultado são os possíveis países onde poderia ter mais sucesso, neste caso Reino Unido, Alemanha, França e Espanha, com os aspetos-chave que os tornam atraentes em comparação às restantes opções também estudadas pela empresa. Bem como a estratégia de entrada recomendada para a mesma ao tentar ir para o exterior.

Para fornecer as referências e conhecimento relevantes para este tema, forneceu-se uma revisão de literatura sobre Internacionalização de PMEs, bem como os Modelos e Teorias que poderiam ser utilizados e descrição de Marketing B2B, estratégia utilizada pela empresa. Em seguida, como Metodologia de pesquisa, utilizou-se entrevistas feitas com a Gestora Financeira e os Sócios da *Multivision, Lda*.

O objetivo principal foi apreender e fornecer algumas conclusões fundamentais para ajudar a empresa a entender as suas vantagens competitivas e como usá-las na sua estratégia de internacionalização, bem como decidir onde a realizar.

Esta tese está dividida em sete capítulos: Introdução do Projeto, Revisão de Literatura, Metodologia que serviu para orientar a elaboração da tese, o desenvolvimento do próprio Projeto, um exemplo da Internacionalização para o Reino Unido, a proposta do Projeto e finalmente as Conclusões.

Academicamente, esta pesquisa contribui para o desenvolvimento do conhecimento sobre o processo de internacionalização, especificamente para as PMEs. Na perspectiva de negócios, esta pesquisa pretende ajudar a *Multivision* no processo de seleção de

mercado, fornecendo informações relevantes sobre os países em questão, e como a empresa deve implementar a sua estratégia ao tentar a internacionalização.

Executive Summary

Nowadays, for SME internationalization is a process that has been more and more in the spotlight, usually the main reason is the market saturation and the will to render sustainable their business, which might not be possible in their country's market.

Multivision, Lda is a SME that is active on the IT consultancy market. A market which is currently reaching a saturation point in Portugal. This way, in order to grow their business or even keep it in the market with a decent performance, the company saw the opportunity to internationalize as the best option to do so.

This project provides a possible suggestion for the internationalization process of *Multivision Lda*, including an analysis of the most promising international markets in terms of business opportunities. The main countries are: the United Kingdom, Germany, France and Spain. This project offers insight into the reasons which make these countries more attractive compared to others that were also taken into consideration by the company. This project also studies the recommended entry strategy for the company when trying to go abroad.

The author references to relevant literature on the “Internationalization of SMEs” as well as models and theories that might be used when going for internationalization. The project describes concepts of B2B marketing, a key focus approach of the company. The author used interviews as her research methodology, talking to e.g. the Financial Manager and the Partners of *Multivision Lda*.

The main goal was to understand and provide some key conclusions in order to help the company understand its competitive advantages and how to use them in its internationalization strategy as well as to decide where to do so.

This thesis is divided in seven chapters: Project Introduction; Literature Review; Methodology which served as a guide in the thesis elaboration; the development of the Project itself; an example of the Internationalization to the United Kingdom; the Project proposal; and finally, the Conclusions of the project.

Academically this research contributes to the development of knowledge about the internationalization process, specifically for SME. From the business perspective, this research intends to help *Multivision* in the market selection process, providing relevant information about the countries in question, and how they should implement their strategy in the light of internationalization.

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List of Abbreviations

DE – Germany;

ES – Spain;

FR – France;

GDP – Gross Domestic Product;

IT – Information and Technology;

LDA – Limited Liability Company;

NICS – National Insurance Contributions;

PESTEL – Political, Economic, Social, Technological, Environmental and Legal Factors;

PME – Pequenas e Médias Empresas;

RDI – Research, Development and Innovation;

SaaS – Software as a Service;

SME – Small and Medium Enterprise;

SWOT - Strengths, Weaknesses, Opportunities and Threats;

UK – United Kingdom.

Chapter 1 – Introduction

1. Introduction

This thesis consists in a project, which evolves around the internationalization of *Multivision, Lda*, an IT Consultant SME. It was supervised by Professor Álvaro Rosa.

In this chapter 1.1 the goal of this thesis is contextualized, as well as the processes and challenges that are addressed in this project of the International Management Master. In section 1.2 the author defines the question that is addressed with this study. Chapter 1.3 addresses the objectives one wants to achieve with this project. Section 1.4 explains the methodology used over the project. The following section 1.5 characterizes the project scope and the final section 1.6 presents the structure of the thesis

1.1. Framework

Multivision's main business, and in which this thesis is focused is IT consultancy, which consists of providing a service to help clients to utilize their technology. It includes not only the implementation of IT software solutions but also IT advisory services.

Some examples are: business process automation, digital risk management, systems implementation and IT security (Consultancy.uk, 2018).

The IT consulting market sums up to around 21% of the global consulting market. The outlook for this market is positive, because of the technology trends (Consultancy.uk, 2018).

Over the past years, IT consultancy firms have been improving their capacities. Since the market is starting to be saturated and there are a lot of IT consultants nowadays, companies have to create a greater effort in order to find a competitive advantage against their competitors.

Internationalizing is one of the ways to do so. Having a business outside the home country, improves the company image and expands their offering, hopefully satisfying a wider range of the demand.

Also, since in Portugal the market is starting to be at its culmination point, this is a way to keep the business running and maybe even grow.

1.2.Problem Definition

With the market saturation in the IT consultancy area, *Multivision* sees itself in a situation where internationalization might be an appropriate solution to maintain and grow its business performance. This project pretends to present the best approach and describes in which markets it should initialize the internationalization process.

1.3.Objectives

The main objectives the author wants to achieve when developing this project are:

- Understand the importance of internationalization for a SME in a consultancy area in the today's world.
- Define how *Multivision* should implement its strategy in order to internationalize.
- Find the countries where the company should go and explain why.
- Build an Internationalization Plan, which might be interesting for the company to use in its process of internationalization.

1.4.Methodology

This thesis is considered a project, with the intention to build an internationalization plan for *Multivision, Lda*.

To achieve these objectives, one needs to understand completely *Multivisions'* activities in a first place. This shall help to find the appropriate international markets where its services would be more used. It is mostly a qualitative analysis and research, with some quantitative data provided by the company. Based on that an Internationalization Plan is made, which includes a PESTEL and a SWOT analysis.

This thesis also includes a research about the internationalization to the United Kingdom. Which was being developed in order to have an idea of the costs to internationalize in Europe.

1.5.Scope

The initiative for this project work was given by Multivision's Financial Director, Ms. Raquel Mendes, who initially presented to the author the company's current business activities as well as business targets. From this was derived a study of possible foreign markets suitable and fitting to the company's current and future business targets.

1.6.Structure

The structure of the defined project is divided into:

Chapter 1: Project Introduction, including the framework of the problem in question, its definition, the objectives, methodology, scope and structure.

Chapter 2: Literature Review, which presents methodologies and tools with potential to be utilized in the internationalization plan developed during the project.

Chapter 3: Methodology elaboration, which is the guide to the elaboration of the project.

Chapter 4: Development of the project, including description of *Multivision, lda*, description of the project, company, competition and market analysis; PESTEL and SWOT analysis and description of critical areas for the company.

Chapter 5: Internationalization to United Kingdom, in order to be able to estimate the costs to internationalize in Europe.

Chapter 6: Proposal development, which contains innovation activities that could be established, as well as application of new organization methods, justification for the investments considered, an investment map with expenses that might be relevant and finally how and where the company should internationalize.

Chapter 7: Conclusion of the project.

Chapter 2 – Literature Review

2. Literature Review

This chapter presents the literature review, which approaches the themes, concepts and tools that might support this project.

2.1. Internationalization Definitions

Globalization is a crucial factor for company's growth, which means companies need to learn to adapt themselves to new changes in the market, as a way to create better responses to its demands.

The companies must know very clearly their competitive advantage and know how to use them to prevail in a very competitive market. They must position themselves with the most assertive indicators and adopt flexible strategies.

According to Welch and Luostarinen (1988), internationalization is the process of maximizing the participation in international operation. For Calof and Beamish (1995) the internationalization process is the adaptation of the companies, including strategy, structure, resources, etc., to international markets.

CPCI (2015), mentions that in this century companies cannot base themselves in traditions. They cannot consider only the exchange of goods and services with the exterior. The geographical movement, the capital and information circulation, and international flow are no longer only opportunities but a new way of operating of the economy, so it is necessary a new positioning by the countries.

Goulart et al. (1994) describes internationalization as a growing and continuous process of an involvement of a company in operations outside its own country. Despite that, Simões (1997) agrees that there are many definitions of internationalization, which are based in two perspectives: from inside to outside, which consists for example in exports, overseas licensing, overseas investment, etc., and from outside to inside, in this case it consists for example in imports, acquisition of foreign technology, foreign investment, etc.

To Freire (1997), internationalization is an extension of the company's strategies and products/services and vertical integration to other countries, which can result in a total or partial replication of its operations.

Czinkota et al. (2007) defines internationalization as a planning and conducting transactions outside the national market to exchanges that satisfy the objectives of the company. The process allows to improve the actual situation of the company, and internationalization is a gradual process, especially in small markets. Opposing to that Goulard et al. (1994) affirms that it is an antique and studied phenomenon.

Through the import, export, investment and development, the big companies have a big part in the world trade. Due to their wide extent, they can benefit from economies of scale and survive with very low profit margins. In the other hand, Small and Medium Enterprises have competencies that collaborate with their part in the external market, but they have fewer tangible assets and financial and human resources. According to Mendonça and Cunha (2011), this favors the internationalization of the big companies. They also defend that SMEs might obtain international success through the leverage of its intangible resources, through entrepreneurial skills, which give these companies competitive advantages.

To Ferreira et al. (2011), international businesses are all the commercial and investment transactions that involve at least two countries.

Hollensen (2011) presents a more specified definition, characterizing the process as having a place when the company expands in a R&D, production, sales and other activities of businesses level, in the international markets. In the SME cases, the author considers the process discrete, where to the management each international business is distinct.

Executives find themselves with the necessity to make their companies grow internationally, according to Ferreira et al. (2011). Mostly, they want to expand their performance at a market and management level. This way, they might benefit from economies of scale, improving their competitive capacity and increasing their power in the market.

In a competitive economy, according to CPCI (2015), what is really in focus is an effective competitive positioning at an international level, of all the potential activities.

Previous studies maintain that the dimension of a company might influence its internationalization level (Simões 1997). According to the author, in these studies there were 21 industrial SME analyzed, and has mentioned before, here also was statistically verified that the international involvement degree is related with the dimension of the company.

This degree was defined by the operations used by the company in external markets. So, it is proved that the difficulties for the small companies to internationalize are based on the dimension, lack of human and financial resources in the commercial area.

2.2. Internationalization Models and Theories

Some theories that might be taken into account when internationalizing are:

- Hofstede's Cultural Dimensions Theory (Hofstede, 1980)

In order to consider being abroad, and which strategy to implement, it might be useful for the company to use the Hofstede's theory. This theory helps to comprehend the principal cultural differentiators.

According to Hofstede (1980) these differentiators can be perceived along four dimensions:

- Power Distance: the degree of inequality that exists among people in terms of power, between different hierarchical positions.
 - Uncertainty Avoidance: it is related to the way people react when embracing uncertainty or unknown scenarios, in terms of safety and comfort.
 - Individualism vs Collectivism: related to the degree in which the society tend to act in a more individual or collective basis.
 - Masculinity vs Femininity: Masculine values are considered performance, money or success, while feminine values are considered personal relationships, quality of life or solidarity. This dimension is related to the degree in which the society is more based in masculine values or feminine.
- Uppsala Model (Johanson & Vahlne, 1977; 1990)

It explains the characteristics that determine the internationalization process of a firm (Johanson & Vahlne, 2009). The essential is to acquire knowledge, especially the one acquired by the usual operations of the company.

The model reveals that when the company's management acquires knowledge from its experiences, there's a change on the way as other foreign markets are faced by the company.

This model, as said by the authors, presents four stages that the company has to go by:

- 1- No regular exportations.
- 2- Exportation by an independent representative.
- 3- Allocation of a subsidiary in the destination country.
- 4- Foreign production.

The authors showed the international expansion of the studied firms to occur in stages: time, commitment of resources, and development of international market knowledge.

The firms included in the study increased in international exposure according to initiating the activity through export sales, selection and development of a foreign representative, establishment of a sales subsidiary and commitment of a foreign direct investment of resources to produce products and/or services in the foreign market.

This model defends that physical distance between parts difficult the entry in a foreign market, since it limits the flow of information.

The process should begin with the acquisition of knowledge about the target market, and then with the commitment of resources that reinforces this knowledge.

- Internationalization Continuum (Cavusgil, 1980)

Cavusgil (1980), introduces a built theory from the Uppsala method which consists on a continuum of the internationalization activity of a firm.

It states that the process of international growth of a company is gradual, takes stages and might take a long period of time.

It begins with a domestic focus, where the companies first try to satisfy opportunities in the home market. The second step is to collect knowledge about the foreign market, and continuous and expanding international market involvement represents the final stage.

- International New Ventures

According to Oviatt and McDougall (1994) in order for a new venture to be successful in international markets it is necessary that opportunities exist in the foreign market. Due to limited resources the new venture achieves control of foreign assets without ownership. It is an advantage to have the international form and it's necessary that the resources are inimitable.

- Eclectic Paradigm (Dunning 1980, 1988)

Appears from the idea that the existent theories are not enough to explain the internationalization process. It allows the evaluation of the production abroad.

Related to the Eclectic paradigm, we have the OLI theory (Ownership, Leadership and Internationalization). Which explains the aggregated value of the activities, from a geographical point of view and its reach (Dunning, 2001). The author added the Internationalization parcel to explain the organization of the company's capabilities and resources inside their own countries and the ones they could access abroad.

Ownership advantages: internal advantages that the company has that can improve their margins against the competitors.

Location advantages: related to the location, abroad, of the company and the exploitation of the company in that location.

Internationalization advantages: Capabilities of the company to integrate transactions, considering the risks, the control, the return and the resources.

- Network model of Internationalization (Johanson e Mattsson 1988)

This model views the market as a social and industrial relation system between all the stakeholders. According to the authors the strategic decisions are dependent on the relationships between various parties, and they can also depend on the resources.

According to Salmi, 2000, the Network model becomes part of the network since it studies the entrance process on the market. This means that the internationalization of the company can be reached by the relationships between networks of foreign countries (international expansion); by the development of relationships and increasing the commitment of resources in those networks where the company already has a position (penetration); or by connecting the already existing networks in different countries (Johanson e Mattson, 1988). The company will always depend on the other authors in the market.

- Transaction Cost Analysis Model (Coase 1937)

Transaction costs emerge when resistances between buyer and seller exist. These can materialize in falsification, stratagems and disguised in what is also regarded as opportunistic behavior (Williamson, 1985). In order to have some precaution from these problems, the parties involved adopt specific measures to respond to these frictions, usually raising transaction costs.

When internationalizing, the model relates, a company will perform activities that make it able to undertake at a lower cost than the market, by establishing an internal management system (a phenomenon called internalization) while letting the market perform the activities in which outside individuals hold cost advantage. According to this theory, if transaction costs through externalization (i.e. exporter or outside agent) are higher than an internal hierarchical control system (i.e. own subsidiaries) the firm should seek to assume its activities.

2.3. Internationalization Strategies

Nowadays there's a wide range of alternatives that a company can use to internationalize.

It all depends on the type of the company, including type of product/service, local, resources and capabilities, etc. It must evaluate its operations and different scenarios and strategies to understand which one is the most adequate.

According to Nordstrom & Vahlne (1993), based on the competitors, the company should understand their success and follow them, or avoid them by focusing in satisfying the needs of the demand.

When going abroad the company must utilize a strategy that is in accordance to its expectations and objectives. In general, enterprises usually chose between direct or indirect exportation, licensing, *franchising* or direct investment (Martín & López, 2007).

There is a study performed by Axelsson & Johanson (1992) where they state that the entrance in the new market should not only be about the decision of which way to entry but also about the idea that this must be a constructive process of a network that will allow the company to have a position in the market that it wants to reach.

One of the most widely used by companies to internationalize is the Exportation. According to Hill (2011), this is the strategy indicated when the company wants to realize location economies, be more experienced or just simply avoid costs related with the acquisition of a production unity in the country of destination.

This decision might not be entirely made by the company, but motivated by an external agent, for example a client abroad (Bilkey, 1978).

Exportation, according to Freire (1997), might be characterized by 3 different operations: Medium and Long-term exportation, which is when products are sold regularly to clients; Spot exportation, this when the selling occurs sporadically to other countries; and Exportation via agents, which is characterized by the utilization of local agents to commercialize its products in the external market.

Martín & Lopez (2007), settle that the exportation must be separated by two types: Direct and Indirect. While the direct means that the company is responsible for the whole process of exportation, in the indirect way the company utilizes independent intermediaries to perform the external operations.

This option might have some inconvenience to the company, for example the possibility to have higher production costs in the country of origin (Hill,2011), consequently, this can lead to a lack of competitiveness (as products could be significantly more expensive). Associated with this, are the transportation costs, entry barriers and problems that might occur with marketing.

So, exportation is a good solution for small companies that have low resources to produce the product abroad, when the production outside is not advised and when the pressure to produce abroad is not high (Martín & López, 2007).

The portfolio theory by Markowitz (1952), explains why investors should diversify their investments and make decisions based on a relation risk-return. The exportation must maintain a healthy relationship between the risk of exporting to a certain market and the expected return, and with the impact in the activities in the principal market that the company performs.

Studies performed based on this theory (Bilkey, 1978), relate that the market risks that a company has when exporting are way less than when it doesn't export, based on its market diversification.

According to Freire (2007), the licensing fits into the internationalization as a way to perform transactions. It is nevertheless an agreement between a licensor who grants the rights to an intangible property, and a licensee, the entity to whom the rights are granted, for a specified period of time, period for which the licensor receives a royalty rate on the licensee's part (Hill, 2011).

Hill (2011) defends that this way of internationalization gives the company low costs with development and low risks associated with the business opening in a new market, because the risk is transferred to the licensee.

There are also some advantages that can be added, according to Martín & López (2007): the possibility to obtain information about the market and if there are valid requirements considering human resources. This is a possibility for those who want to generate, with a low margin of initial investment a high return.

But the authors also refer that this method has its disadvantages, the company loses control over the production, marketing and strategy. Hill (2011) adds that this can lead to the impossibility to control and coordinate its activities in different countries and having a global strategy.

Another strategy that can be utilized by the company is *Franchising*. This is a contract similar to the licensing but lasts longer. The franchisee is obligated to follow the rules about how the owner wants to manage the business. *Franchising* has the advantages of

low costs of development and low risks of opening the business in a new market. This happens because it's possible to establish a presence in the market in a faster way (Hill, 2011).

Hill (2011) also points out the inconvenience of this strategy, like the lack of control over quality of the production and services associated, the lack of control of the technology utilized and impossibility to have a global strategy where the company is allowed to concentrate and coordinate all businesses in diverse countries.

There are common costs between Licensing and *Franchising*, for example the transaction costs and costs with the entity that will supervise and control the transactions (Martín & López, 2007).

When two independent companies decide to merge their capital and build one company in a foreign market, it is called a *Joint-Venture* (Freire, 1997). There are two types of joint-ventures, according to Freire (1997): The distribution and marketing joint-venture, which only performs the commercial tasks; and the integrated join-venture, where the new company performs all functions of the operations.

To Hill (2011) the creation of a *Joint-Venture*, has the benefit of gaining knowledge by the direct contact with the local company and also the sharing of costs and risks. Likewise, having a local company is easier for the political acceptance, since in some countries it is hard to enter because of political and economic barriers to a foreign company.

All strategies have disadvantages, the author mentions the lack of control over the technologies, which is worst if this technology is the competitive advantage for the company to internationalize. This advantage can be lost, since it will be shared with another company. Again, in this method the lack of coordination and ability to focus the activities in different countries in a global strategy is also a disadvantage. Experience and local economies might also be hard to achieve. Finally, it is possible that the two companies that merged the capitals to create the *joint-venture*, start to battle over the main power, so it is important that all interests are aligned.

According to Field & Keller (1998) another strategy a company can adapt to internationalize is the *turn-key project*. This strategy consists in making a contract with

the client, where the client receives a project that is ready to be executed, in a certain deadline. The companies finalize projects that are ready to begin, and then used by other entities in other countries, sometimes this can facilitate the entry to a new market that might be difficult to the company.

Hill (2011) refers that with the *turn-key project*, there's a capacity to obtain financial returns with technological processes, which happens more often in countries where the Foreign Direct Investment is limited and also in countries with steady economies.

The author also points out the disadvantages of this method, for instance lack of presence in the new market, efficient competitors that can be developed by the company itself, since it gives access to others to the technological processes which can lead to the loss of its competitive advantage. Since, elaborating this type of project with processes that might be a competitive advantage to the company, could mean that the company is selling it to possible competitors in foreign markets.

Creating a *subsidiary* is also an option for companies that want to be present in foreign markets. This subsidiary can perform only commercial tasks (distribution and marketing) or perform all operational activities (Freire, 1997).

Hill (2011) points out that with this method technologies will be protected, since it is created and managed by the mother-company. Also, it gives the opportunity for the company to be able to create a global strategy and coordinate all subsidiaries over the diverse countries. The experience and local economies already talked about are also possible to achieve with this strategy, which gives the company a competitive advantage.

But as it is associated with high costs, financial impacts from the creation of a local subsidiary must be evaluated before making the decision to adopt this option of internationalization.

Martín & López (2007) also agree that this is the best option when the competitive advantage of the company relies on the technologies, because the risk of losing control over these technologies is reduced.

Subsidiaries and Joint-Ventures are inserted in the Direct Investment, this means that the company performs total or partially the operational activities in external markets (Freire, 1997).

When a company wants to internationalize, it must look at the advantages and disadvantages of each strategy in order to be able to analyze and make the best decision as possible. It must guarantee that the disadvantages of the option chosen are easily fought with the benefits that it can get from it.

The entity should compare all strategies and base itself on the factors that better define the actual situation of the market (Martín & López, 2007).

2.4.Motivation for Internationalization

The reasons for internationalization are diverse and depend on each company business and in which market it wants to be economically active.

Related to the motivations of the companies to internationalize there are pull (proactive) and push (reactive) factors/drivers. Push drivers are related to the negative aspects of the domestic market and pull drivers are related to the positive factors of the foreign market or retail offer (Evans *et al.*, 2008).

When there are push factors, the companies might be forced to internationalize due to negative conditions in the domestic market, for example small markets, lack of demand, high competition, etc (Treadgold, 1998; Kacker 1985). While pull factors motivate the companies to internationalize due to factors in the international market but also local. The foreign markets want and are able to attract as many foreign investments as possible (Hutchinson *et al.*, 2009). Tatoglu *et al.* (2003) mentions that the importance to internationalize is not the same for every company, it depends on its activity and its entry mode.

There's another perspective by the author Seklivckiene (2013), in which companies can have one of the following intention to internationalize: to enlarge the market part, where it is common that they try to enter emerging markets; to seek essential resources of activity, they try to enter into countries with natural or other resources; to decrease operating costs, where they try emerging markets of lower income and to acquire new technologies to increase productivity, where they try developing countries.

For Alexander (1990) and Williams (1992) the company's operations and capacity to reply to international opportunities were more important than the pull or push factors.

Both authors agree that pull drivers are important niche opportunities, they have growth perspectives and originality of the offer.

Burt & Mavrommatis (2006) refer that for a company to have a competitive advantage at a global level it is necessary that it has a unique and distinctive product or service.

It is not possible to exploit in the best way all the motives for internationalization without the support of some factors that might help the company to overcome the obstacles that will be on its way (Hutchinson *et al.*, 2006). According to the study made by these authors, the strongest motive for internationalization is having a strong brand, other factors can be considered as facilitators, meaning that they will facilitate the decision to internationalize. This fundamental sources for these facilitators are internal, external and parent advantage. These are then what supports the most important motive for internationalization and are very important to choose the entry mode.

When one says internal facilitators, is referring to vision, mind-set and relationships in foreign markets. These factors are relevant because they define the development of the brand.

The external facilitators are for example business contacts in foreign markets and government support. This supports the decision to internationalize (Hutchinson *et al.*, 2009).

Bell *et al.*, 2004 gives a great importance in this decision-making to the role of the founder and decision-maker, to his business vision and international orientation. Those might be very useful when trying to make the decision.

Coviello *et al.*, (1998), pointed out the importance of retrieving information about the foreign country from outside organizations.

Another important facilitator factor is the parent-firm advantage, including capital and knowledge, which is very relevant when trying to expand (Hutchinson *et al.*, 2009).

Hutchinson *et al.*, 2009 studies conclude that the motives for internationalization are diverse and depend on the company's nature and there's usual not only one motive.

With the main motives and the help of the facilitator's factors the success to expand the company might be more probable.

2.5. Marketing B2B

Marketing B2B, opposite to Marketing B2C, consists on selling the service or product to another company, instead of the final consumer, as the name says Marketing *Business to Business*.

Rez, R. (2017) characterizes Marketing B2B by the performance of diverse tasks in the process of buying and selling. The author mentions that in B2B we have the decision makers, the buyers and sellers that can participate in the decision-making.

In this type of marketing, it is important to connect the efforts to the satisfaction of the demand, paying attention to the selling processes and making sure that the services are delivered according to the deadline.

The Post-selling process is fundamental in this kind of service, because it might be cyclical. So, mapping the degree of satisfaction and align expectations of the clients is fundamental (Rez, R. 2017).

According to the author, in today's competitive world, educating the client to make the best choices is the great challenge. So, it is very important that the marketing and sales areas are aligned, which sometimes might not happen naturally, since the objectives for each area might not be coordinated.

The important metrics to define are the deadline for closing a sale, number of proposals versus percentage of sales (Rez, R. 2017).

The technique is related to *Multivision's* business, since they sell their services to other companies, and these companies are the ones that sell the final product to the consumers.

Chapter 3 - Methodology

3. Methodology

In this chapter it is presented the Methodology of this project. Starting by presenting the basis of the methodology, which is an internationalization plan, followed by the steps of the study in order to achieve the objectives defined in section 1. 3..

3.1. Investigation Methodology

This thesis consists of a project, including an internationalization plan, that includes the adequate strategy and the countries where the company have opportunities to internationalize. The project is closely aligned with company`s strategy and management.

In order to comprehend the company`s side, as a methodology for collecting information, there were made interviews to the Partners and Financial Manager.

3.2. Research Steps

To respond to the objectives, several steps were taken and studied in this project.

First one needed to make an Internal analysis and Market analysis including competition analysis. Then the author chose the countries where Multivision`s technology and services portfolio was more established and had more favorable markets. Based on this selection, a PESTEL and SWOT analysis was performed.

3.3. CAGE Model

In order to build the business plan for *Multivision, Lda* to internationalize, one uses the CAGE Model to the basis of the project.

Ghemawat, P. (2004) developed a framework which each company should use when thinking about internationalize. It identifies and prioritizes the differences between countries that the company should consider.

This differences or distance is separated by: Cultural, Economic, Geographic and Administrative distances.

- **Cultural** distance is related to the differences related with religion, ethnicity, language and social norm values.
- **Economic** distance is related to the consumer wealth and the cost of labor are the most important determinants in the economic distance. Others are also differences in resources, inputs, infrastructure and other complements availability.
- **Geographic** distance is related not only to the distance between countries but also for example, the dimension of the country, distance to borders, access to the ocean, topography and time zones.
- **Administrative** distance is related to the historical and political differences between countries which affects the economic exchange between countries, for example colonial links and free trade agreements.

3.4. Identification of Opportunities

With the PESTEL and SWOT analysis, one can find the competitive advantage for the company, its strongest and weakest points as well as opportunities and threats for each market.

With the research of foreign markets of a wide area in technological services, one can find the countries that would be more able to accept a new company, and where the demand would be favorable.

Joining the information collected from both analysis, one can find opportunities for the company to take.

3.5. Proposal

Once this analysis and research is done, the internationalization plan for *Multivision, Lda* can be derived which includes the best strategy and steps the company should take when going abroad, and the markets where it should invest.

Chapter 4 – Internationalization Project

4. Internationalization Project

This Chapter presents the introduction to the Internationalization Project.

4.1. About Multivision, Lda

“In 2007, Multivision was established with the clear purpose of finding new and more efficient ways to make distribution networks more profitable, focusing initially on telecommunications networks.” says Raquel Mendes, *Multivision’s* Financial Manager.

Multivision began its activity in Angola, as a telecommunications’ multinational. In the following 6 years, it was able to expand to other markets, working in over 50 countries.

In 2012, it was moved to new facilities and renewed its identity and resumed its position as a company that creates IT solutions to optimize the client resources.

The Financial Manager states: *“We want to embrace holistic projects, through the development of our own software and, last but not least, we want to transfer our know-how on the optimization of telecommunication networks to other distribution networks.”*

Nowadays, the company have consultants working in diverse activities:

- Planning and Optimization of Mobile Networks Services
- CD RAN - IT Tools Support Services
- Web Administrator Services
- Sharepoint Services
- RAN Consultant Services
- Network development services
- Provision of Services ANOC UK
- 2G / 3G SITE OPTIMIZATION Services

In the company headquarters, there is also a team working on the product Metric. It is a Software as a service, developed by the company itself. It was conceived with the

purpose of reducing costs at a software application level and transform positively stagnant working processes, in the area of Mobile Telecommunications.

Summing up the principal activities of *Multivision*, are:

- Co-Sourcing

Multivision believes that partnership is only possible if the sharing of the strategy, risks and results exists. So, anytime a professional is integrated it is with the absolute certainty that he is aligned with the clients' objectives.

In this area they are distinguished by resources with high quality. They rather refuse an opportunity than providing a service with an average consultant that might not bring any added value to the client.

- Technical Advisor

Professional advice does not pity experimentalisms. It demands a profound know-how, which the company is more than appropriate to provide.

With projects in over 60 countries, where it works with networks with different degrees of technical evolution, *Multivision* is able to provide fast answers due to the wide range of competences, which makes their Technical Advising recognized by effectiveness and precision.

- Managed Services

When the needs of the clients require an articulation of different valences, from the strategic advisement to the creation of software solutions, *Multivision* is able to provide an integrated answer that adds value. Due to the integration of professionals.

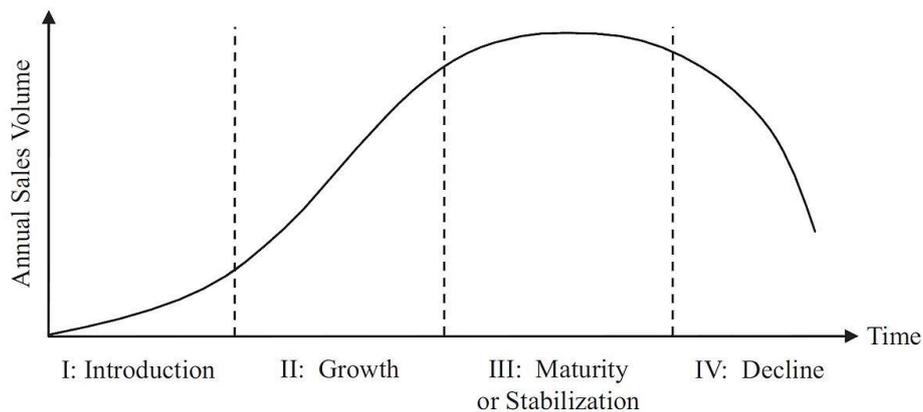
The management of this type of services is an entire responsibility of the company. This absolute control allows optimizing resources when providing a service.

- Software as a Service (SaaS)

To create software solutions to optimize processes in a diverse range of network is one of the principal reasons to the *Multivision* existence. So, there's a lot of investment of time in this area, in order to be able to provide an offer related to new realities and with a step ahead of competition.

In the company headquarters, there is also a team working on the product Metric. It is a Software as a service, developed by the company itself. It was conceived with the purpose of reducing costs at a software application level and transform positively stagnant working processes, in the area of Mobile Telecommunications.

4.1.1. *Multivision's Service/Product life cycle*



Graphic 1- Product Life Cycle (source: [https://en.wikipedia.org/wiki/Product_life-cycle_management_\(marketing\)](https://en.wikipedia.org/wiki/Product_life-cycle_management_(marketing)))

According to the graphic above, one can observe that the life cycle of the company's product/service has four phases. The first one is the Introduction, when the company firstly presents its services to the market, secondly the Growth phase, when the presence of the product or service starts to grow in the market, the third phase is the maturity, when the growth from the phase two stops and stabilizes in a certain level and stays there for a certain time until the fourth phase, where the presence in the market starts to decline, it can be because of, for example, market saturation or innovative technology.

Multivision has its product Metric which is innovative, and it has recently been introduced to the market, so the next phase is growth. Nevertheless, *Multivision* is an IT and in this case, *Multivision* services are already in an advanced Maturity phase, so the next step will be decline.

The Portuguese market of these services is already saturated, and the demand is mostly fulfilled, so for *Multivision* to be able to keep its business running and try to growth it

they decided that a good option would be to internationalize. Which makes mostly the purpose of this project.

4.2. Project description – Pre-Analysis

Multivision aims to increase proximity to the international market, through a strong investment plan that includes a strand of market research, international promotion, marketing campaigns, presence in international events, contracting of new resources, trademark registration and quality certification, with the aim of fostering the growth of exports to the European market and also for South American markets and African, due to their size and initial exploratory contacts, which could increase the good acceptance of the company's solutions.

In a market as competitive as the international one, each action is thought in detail with the intention of making accurate the investments made, counting on the help of a series of professionals in the most diverse areas such as marketing, communication, certifications, design, brands, human resources, aligned with technology solutions with real added value for the clients and that the set of actions allow them to be in the international market in a consistent and sustained manner over time. The future strategy is to maintain this international presence in the upcoming years, consolidating the contacts that have been initiated and finalized, opening new commercial contacts and entering new markets.

In December 2013 the Company applied Metric to the Oscars of the sector, the GSMA Awards, annually elected in the Mobile World Congress in Barcelona, the largest and most recognized telecommunications event in the world. At 29th January 2014 *Multivision* was named to the short list of only 6 candidates for the Best Solution category for Growing Smaller or Independent Networks. To reach this stage Metric had to face competition from more than 800 other candidates, resulting in the nomination of 160 finalists in each of the 38 categories of the 19th edition of the Global Mobile awards, alongside names such as APPLE and Google.

This nomination was proof of concept among industry specialists who certified the quality of the solution and the innovation associated with it and that triggered an internal mechanism of organization and maturation of the solution, in order to provide the same to the market in a very competitive time-to-market, breaking with potential

competition that may arise, putting the name of the company and consequently of the country in the world of the technology associated to the telecommunications. The company asked for the support of Portugal 2020 in this internationalization project, this allows the company to have a set of concerted actions in order to obtain faster gains and greater international coverage. So far, some commercial contacts have been deployed in this sense, having had a lot of acceptance among the clients contacted, namely the mobile Operators and the service providers (Anglobal, Unitel and Movitel). This project brings scale effects to this approach and that allows the opening of the system to more customers in more markets.

In the market of Angola the company would bet on obtaining a direct link to two mobile operators, (i) Unitel, where *Multivision* has participated indirectly in projects since 2007, through the provision of services to Ericsson and is seeking a direct link, having already dissected the technical and operational shortcomings of this operator and it is intending to market its solutions directly and (ii) Net One, despite being a smaller operator, dedicated LTE (Long Term Evolution), standard mobile communication networks that allows speeds of 150Mb /s downlink and 50Mb / s of uplink, it could become a benchmark trading partner, which holds a high lack of know-how in the technical areas, due to the lack of adequate technology and qualified resources. Some exploratory contacts were already made in order to know *Multivision's* solutions. Although these two mobile operators are identified, the company expects that the presence in Angola, may trigger the opening of agreements with other entities. In parallel, the operators present in Angola, such as Unitel and Movitel, have also presence in other markets, which, although smaller, can also serve as a bridge to other countries such as São Tomé and Príncipe and Cape Verde. Angola is a market that the founders of *Multivision* are already aware of, and great business opportunities have already been detected due to the great shortage of know-how in technical areas. For this market the company would expect a billing in the year after project of €360,000, corresponding to 12% of its total turnover.

The Mozambican market has grown remarkably strong over the last two decades. It is a country where 70% of the population is less than 24 years old, highly prone to consumption of mobile services. Despite considerable and sustained public investment, the infrastructure is still relatively insufficient to meet basic needs in most regions, such as access to Telecommunications and Internet services. The expansion of infrastructure

networks is a key component of the program of growth and poverty alleviation outlined by the government. The availability and reliability of infrastructure services are considered of crucial importance to private sector growth, and there are significant disparities between the urban and rural worlds in terms of access to basic infrastructures.

Mobile operators are betting on the growth of its communications networks, which could give *Multivision* a good business opportunity. In this market the company would bet on the acquisition of two types of customers, the mobile operators and the regulator of the segment. At the mobile operator level, the potential targets would be Mcel, Vodacom and Movitel and at the regulator level, the National Institute of Communications of Mozambique. For this market, the company would expect a billing in the post-project year of €100,000, corresponding to 3% of its total turnover.

In Spain and Italy, the operation of the Vodafone group and Ericsson group at European level is centralized in these two countries. Recommended by Vodafone PT, the possibility of approaching Vodafone Spain and Italy, and the reactions were positive, both from the Head of Radio and TX of Vodafone Spain, and from the Network Engineering Manager of Vodafone Italy. These first approaches need to be deepened in order to capture the customer, as well as a possible entry into these groups, could imply export to all the countries of the group.

For these markets, the company would expect a billing in the post-project year of €360,000 corresponding to 12% of their turnover.

In France, it is where the Orange group is centralized at European level. The strategy is to trigger the *Multivision* services, with some other established contacts with other multinationals and present their solutions, in particular the Metric system. An entry in this group may also imply export to all countries in the group. For this market the company would expect a billing in the post-project year of €75,000 corresponding to 3% of its turnover.

In Brazil, the networking has already provoked the curiosity of Oi's managers, in Rio de Janeiro, through the Director of Technologies and Service Platforms and Director of Development and Network Engineering. The contacts happened recently, the company was given the opportunity to demonstrate its services, planning the development of a

pilot project, at the managed services area. This first approach reveals *Multivision's* internationalization strategy for this market, the basis for cooperation and opened doors for meetings with responsible for other areas of the company to present Metric, which need to be deepened by the current project of internationalization, also allowing the opening of doors to other mobile operators such as Claro and Vivo. For this market the company would expect a billing in the post-project year of €390,000 corresponding to 13% on its volume of business.

The company would expect to achieve a turnover of close to 3 million euros in 2018, sustaining an increase of practically 100% compared to the year 2013, where more than 40% of this revenue can come from the international market. In an optic of exponential growth of the business and consequently of the team, *Multivision* expects that in the year 2018 can count on about 42 employees, registering an increase over 100% over the year 2013, counting on the integration of 3 human resources with a PhD qualification degree.

The information above was given by the Financial Manager, Raquel Mendes, and it is based on the first general analysis made when the partners decided that the next step would be to internationalize. Despite that, with the course of this project, some countries discussed above were not included and new others were considered, due to the fact that they were considered more appropriated. This will be discussed further ahead in this project.

4.3. Internal Analysis

This internationalization project materializes the action plan drawn up for the company, with a view to reinforcing its critical competitive capabilities in these markets: Business diversification and internationalization, RDI, Marketing and Own marks.

4.3.1. Business Diversification and Internationalization

Diversification is a key factor for the Company's economic sustainability and growth. It always had present the need for diversification into new business areas, market trends, the emerging and increasingly demanding needs of its customers, resulting in the new SaaS, thus increasing its recognition in this sector, while at the same time consolidating its position in the markets in which it is present and allows for easier adaptation to the

growing demands and needs of its clients internationally. The international market in the telecommunications sector is extremely competitive, and it is crucial that the company combines its strong service skills, with a strong vocation to commercial and marketing skills. Over the last few years, *Multivision*, initially focused in the national customers, has gradually increased the international perspective, motivated by a strong commercial dynamic associated with a level of quality that was demonstrated to its customers and the range of service which were available in the markets and even indirectly as it operated for the international market.

Currently, the strategy involves direct entry into new markets, especially in Europe, Africa and America, or markets in which the company recognizes a high potential for growth and acceptance of its services.

4.3.2. RDI (Research, Development and Innovation)

Since its inception, *Multivision* has been pursuing a fully customer-oriented policy, whose objective is to provide the highest level of quality of service, betting on RDI as a source of differentiation in the market. It is part of a constantly evolving and extremely dynamic sector in the production of knowledge and development of new solutions, and where the level of demand is much higher than the more traditional sectors, the Novelty factor is the main critical factor of success. Investment in RDI is therefore imperative in order to ensure a competitive presence in the international market in the short / medium term and maintain this structure in the long term.

In this sense, *Multivision* excels by the constant diversification of the services it provides, through the bet in RDI, placing itself consistently among the first movers of its sector, through the provision, to its clients and business partners, technologies and services that represent the state of the art of the market. Metric was born as a result of this RDI. From a perspective of growth and continuous improvement, the company kept itself attentive to changes in market characteristics and requirements that are gradually being changed, seeking to remain technically always at the forefront.

4.3.3. Marketing

Marketing is a key part of a company's growth process and should be allied to the quality of the provided service and to the attraction of the attention of the world to the company's solutions. At the level of image and communication, the company outsources

the service, having hired the company ADSOUL, which due to its proximity to *Multivision*, facilitates and promotes the interaction between the teams, in an agile and efficient way, perfectly aligned with the objectives of the company. Cumulatively, and because even though we live in a digital age, physical contact and proximity between people, especially to do business, is very important. It is fundamental that marketing is aligned with the presence of company representatives in the international events where the intensive networking is promoted in the telecommunications sector, in order to effectively promote and market services and absorb information on market trends and needs, which may influence trade efficiency and investments. In this journey to the international market, customer attraction is anchored to a good strategy of marketing that facilitates communication and is clear to the point of showing the potential of the company and its value.

Capturing the first customer, namely of the Metric system, it is the company's intention to launch press releases with this, in order to increase the interest of potential customers and increase the brand awareness that will be registered in the short term and with the present investment project. The company is studying a marketing strategy, with a presale, sales and customer loyalty phase that will reinforce the brand position in the market.

4.3.4. Branding

Until now, the company does not have any registered trademark, however, with the evolution that has happened in recent times and with a clear focus on the international market it is a crucial point in the strategy, to protect the company and create a direct brand association with customers. The international brands to be created are: *Multivision* and Metric.

Currently, the company has a solid presence in the market and provides services to entities represented around the world, which makes its engineers develop constantly international projects.

The next step in the evolution of the company's value chain is the direct internationalization of the company.

Both at the managed services level and at the Metric system level, the way the company presents them to the customers is innovative, and there is no direct competitor. Today, the process is all manual, a challenge to which the company is able to respond with its solutions, automating professionally and making use of systems of cloud computing as a way to reach the customer.

4.4. Where to Internationalize

Besides the tentative of internationalizing to the UK, which will be further explained in sector 5, the company studied the possibility to enter other countries, with the help of the project PT2020.

Table 1 - Economic activity by market (turnover) sales (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Type	Service	Market (Country)	Pre-Project year		Year pos-project	
			Quantity	Value (€)	Quantity	Value (€)
Sales	Information and computer services	Portugal	1.00	1,446,107.64	1.00	1,670,718.40
	Information and computer services	Angola	0.00	0.00	1.00	360,000.00
	Information and computer services	Germany	0.00	0.00	1.00	90,000.00
	Information and computer services	France	0.00	0.00	1.00	75,000.00
	Information and computer services	Spain	0.00	0.00	1.00	270,000.00
	Information and computer services	Brazil	0.00	0.00	1.00	390,000.00
	Information and computer services	Mozambique	0.00	0.00	1.00	100,000.00

Table 1 estimates the economic turnover of the company in the IT market, for each country before and after the internationalization project.

Table 2 - Economic activity by market (turnover) per market (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Market place	Pre-project (%)	Pos-project (%)
National Market	100	56.52
International Market	0	43.48

Table 2 represents the percentage of the *Multivision's* presence in the international and national IT consultancy market before and after the project.

Table 3 - Economic activity by market (turnover) international markets (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

International Markets	Pre-project (%)	Pos-project (%)
Angola	0	12.18
Germany	0	3.04
France	0	2.54
Spain	0	9.13
Brazil	0	13.19
Mozambique	0	3.38

Table 3 shows the expected percentage of the company's presence in each studied country after the project.

According to the CAGE analysis, Germany, France and Spain have the less general distance, since the culture, geographic and administrative differences are lower than other countries.

Angola, Brazil and Mozambique were taken into account, because throughout the partner's careers they were able to develop a network in these countries, which would facilitate their entrance in the market. Although the general distance is higher, especially in terms of culture and geographic differences, also the economic crises in Angola and Mozambique is not the best to start a business, since it is hard to be able to get money out of those countries.

This way, it was decided that, in this project, Angola, Mozambique and Brazil would not be considered in order to internationalize, leaving us with Germany, France, Spain and United Kingdom to the insight of the project.

4.5. Market Analysis

Currently, the Company operates in three different market segments: (i) Telecommunications Operators, which worldwide there are more than 820, (ii) Vendors, such as Ericsson, Huawei, NSN, which operate worldwide through local companies (Ericsson PT, Ericsson ES, Ericsson FR, etc.) and (iii) Consultants /Planning and Optimization Service Providers.

Having gone through several projects and having always seen the same inefficiency in the various projects and operators, that's how Metric was glimpsed. After 2 years of own investment, the statistics files, configurations and drive-tests are processed in minutes or even seconds. The information is immediately available to be accessed by any team member. The map is where all the analysis takes place, and where all the information combines itself and allows quick and efficient analysis. The integration of tasks on the map itself creates a new dimension to the identification of problems / actions and follow-up by the various actors of the team. When a form of systematizing tasks is developed, each user is helped to have full control over their tasks and it allows that the interaction among the various stakeholders, occurs in a fluid and always controlled manner. Everyone involved in the project has an integrated vision of what is happening. The integration of new elements in the team is simple and the historic actions that were performed are retained even after some element has been removed. Another of the major bet of the company in RDI was verified at the level of the trends of web design and user experience, in order to make the system user-friendly and appealing, already thinking about the various possibilities of placing Metric in the international market, with the disparities in cultures, technologies, etc., capable of operating in developed markets (Europe / USA) and markets least developed countries (Africa).

Having its engineers participated in hundreds of projects, in dozens of different countries, it allowed the company to have a vision of what exists in telecommunications operators, how they work, their needs and that there is no software like Metric, but there

are specialized software in certain areas. Most of them operate on a licensing logic, they imply infrastructure that can cost millions. Examples of this software are TEMS, ActixOne in drive tests, MyCom or Aircom's Optima for statistics.

Technologically, Metric makes use of cloud computing systems to maximize its performance, to be scalable and keep costs down.

What *Multivision* pretends to promote is the use of agile and unifying practices in planning and optimization, which saves time, human resources and money as a result of an automation of processes, simplifying them. Products and services in a logic of Pay-as-you-go, without Capex or Opex costs, using the Cloud. Vendors and Service Providers will play an important role here, in reselling the use of Metric, which implies that its risk / investment is minimal and is only reflected at the treasury, since it is a cost that will be transferred to the operator.

The channels used for the distribution of the services are the direct contact with the operators, using the created network. Given the size of *Multivision* and its participation in projects in more than 50 countries, through its partners, it has acquired a high network of contacts, which is now with the internationalization plan, a factor to be explored.

Telecommunications are currently essential to the development of the various countries and define the current dimension and potential of the company's area of activity. The area is constantly evolving, associated with mobile systems, also in constant evolution, where, for example, we are already talking about 5G in 2018. The market potential are all telecommunication operators, as well as the vendors present in each country (Ericsson Spain, Ericsson Italy, Ericsson France, etc.).

It is also worth mentioning, in line with the strategy of providing services in the SaaS system, through the cloud, that in February 2011, the Obama Administration defined the Federal Cloud Computing Strategy and September 2012, the European Commission adopted a strategy of “Unleashing the Potential of Cloud Computing in Europe” (Digital Single Market, 2014) as part of the digital agenda of the Horizon 2020. The strategy aims to accelerate and increase the use of cloud computing in all economic sectors. Cloud is a technological trend that has penetrated the market over the past two years. It defines a new approach to IT that allows individuals and businesses to choose

how they are going to buy or deliver IT services, with an emphasis on reducing traditional software restrictions and licensing models of hardware. Aware of this trend and the market shouting for cost reductions at all levels, the Company bets on the Cloud as one of the ways to reduce costs and risk without compromising the future: (i) Infrastructure investment is reduced and on-demand; (ii) The available computing power opens doors to short processing times; (iii) Infrastructure and architecture is scalable, allowing the increase or decrease in function of the increase or decrease of clients / needs.

Metric is a new way of working across multiple teams, which makes it possible to: (i) Unify information from various sources of information; (ii) Centralize information by making it accessible to several teams, eliminating obstacles and redundancies; (iii) Optimize work processes; (iv) Carry out activities in a much faster and more integrated way.

What is the direction of growth in the market?

There are four directions with which the company can introduce itself in the market:

- **Penetration** - increasing market shares with current products and in current markets;
- **Product extension** - increasing range and / or creating new products while maintaining current markets;
- **Market expansion** - entry into new markets (eg entry or expansion of the export market or cover more segments in the domestic market), with the same products;
- **Diversification** - launch of new products and simultaneous entry into new markets.

Multivision's strategy will be the Diversification.

It is the intention of the company with the present project of internationalization, the extension of the market, through the entrance in new markets, in particular international markets combined with a coherent investment plan.

Simultaneously with the process of market expansion, the company bets through its R&D department in the development of an innovative technological solution, in line with the principles of Software as a Service with cloud computing systems and launched

a new solution called Metric, described over the course of the thesis, and hopes that it will be successfully crowned in the international market.

4.5.1. Competition Analysis

The company hopes that with the accomplishment of the internationalization project to register two international brands, *Multivision* brand and the one of its newly created system the Metric, whose system and differentiation of market make the company a potential international success.

At the level of planning and optimization projects, the direct competitors are Celfinet and Altran.

The critical areas of competitiveness have been explained previously and go through Business diversification and Internationalization, RDI, Marketing and Private Label. To these critical areas of competitiveness, it can be joined the time to market, which has been proven to be crucial in the case of the Metric system, having a company and consequently the country, an opportunity to raise the name across borders of the best that is done here at the level of technology. The first mover in these businesses normally gains a rampant market share, which the company pretends to grasp.

The company, taking into account the exponential growth evidenced since its creation, counts in its portfolio with important national and international players (indirect way), in the segment of mobile operators, in the area of planning and optimization, as are the cases of NOS and Vodafone. In the case of Net One in Angola, the company has developed some work indirectly, realizing gaps in this operator that can be explored by *Multivision*, having embarked on exploratory contacts in this direction that need to be deepened, with the help of this internationalization project.

Regarding co-sourcing services, the company presents clients such as Vodafone, at the level of Support and Maintenance, Ericsson at the level of Planning and Optimization of Access Network, Transmission, Project Management of Roll-Out, Information Systems and software development and maintenance and with Alcatel-Lucent at the Planning and Optimization of Access Network, Project Management, and Microstrategy.

At SaaS level, where Metric fits, the company started some contacts with the company Anglobal, which proved to be receptive to demonstrative actions of the system, being a

potential client of the company in the near future with the investment that is intended to be made towards internationalization. Metric, a system developed internally by the company comes to fill a gap placed: Telecommunications operators are divided into several departments, one of them being the Planning and Optimization of Mobile Networks department that defines where the antennae, that we sometimes see hanging from buildings or towers and which allow phone calls, or access the internet via mobile phone, must be. Sometimes in parking lots it is not possible to have cellphone connections, because there is no network coverage, that is, the signal emitted by the antennas that are outside does not reach the interior of the car park, however, as soon as you leave the car park, the mobile phone picks up signal and calls can already be made. This system constantly collects data from the antennas and from all network equipment, which, after processing, allows the creation of indicators such as: Calls received on antenna A, B ... Z, rate of calls that fell, rate of calls that were not possible, among hundreds of other indicators. These are the network statistics. In addition to defining where the antennas are placed, they also define the configuration of each antenna, called network configuration.

In addition, they want to realize how their service is perceived by customers. To do this, they perform drive-tests: An engineer connects cell phones to a computer and drives around town making calls. The computer software records all calls in a very detailed way: if there is a call break, it is registered and the reason for the drop is indicated, for example. This software records all events that occur and produces a file. Given the quantity and detail of information collected, these files are traditionally very slow to process and only then can be analyzed. All these constraints, flaws, reports, optimizations, parametrization, tests, etc., lead to a challenge, the operators, as time has passed, have been developing isolated tools in MS Excel and MS Access that besides being far from being efficient, have other problems, such as: (i) they are dependent on someone on the team to be retained; (ii) maintenance is increasingly difficult, given the add-ins that are being added; (iii) there is no integration of the various tools; (iv) Low productivity and team efficiency.

The planning and optimization team has a series of daily routines that need to be done: analysis network statistics, the identification and analysis of problems and consequent corrective actions, the resolution of complaints, scheduling of new stations, etc. There is a lot of information and there is a need to interact with 4 or 5 tools at the same time

which makes it difficult to work, each member of the team performs and measures their work at their own way, there is no centralization and standardization of information, each one has its own files, and goes about doing its job without a very well-defined beginning, middle and end. Of these daily activities, there are some where it is necessary to involve other teams, from other departments, which implies an increased complexity of processes. The software that help in the daily analysis costs millions and have a costly infrastructure.

The potential of the Metric system is enormous and the advantages to its customers are clear, has explained before.

4.6. PESTEL Analysis

For this analysis, we are considering the European countries. Since, the ones considered the best options for *Multivision* are European.

4.6.1. Political Factor

The political environment of this continent is constantly evolving. Due to the long history of the nations as well as the trend to unify European states the political environment is very detailed.

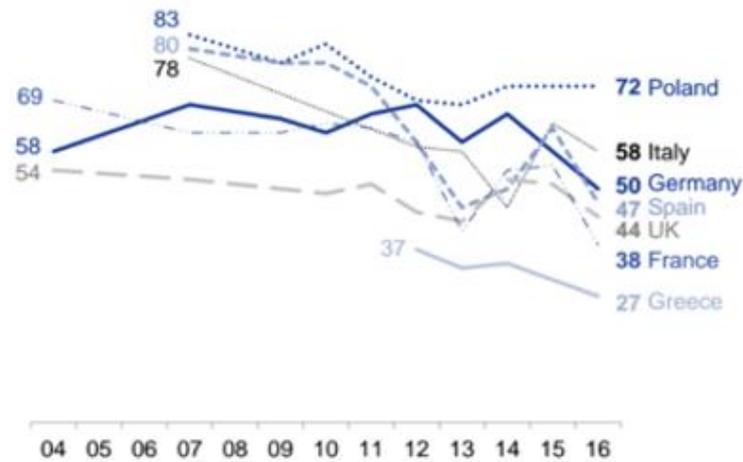
“Europeans are feeling less positive about the EU” Elena Holodny (2016).

It is noticeable that instability within the political environment amongst European countries is rising.

Goldman Sachs (2016), built two graphics that show the political situation in Europe:

Satisfaction running low ...

% of survey respondents in each country who have a very favorable or somewhat favorable view of the EU

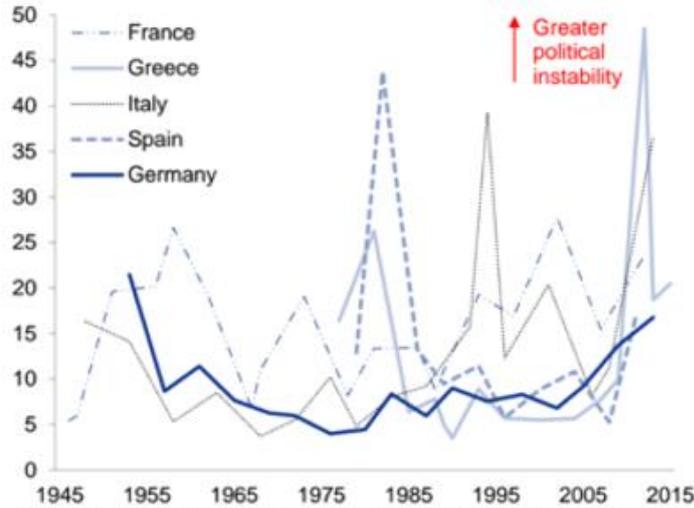


Source: Pew Research Center (Spring 2016 Global Attitudes Survey).

Graphic 2- Satisfaction (Source: <https://www.businessinsider.com/political-instability-in-europe-rising-2016-6>)

...while political instability is increasing

Political instability index (sum of change in vote totals per party from election to election, divided by two)



Source: David Brady (Stanford U.); see also [The American Interest](http://www.theamericaninterest.com), March 2016.

Graphic 3 – Political instability (Source: <https://www.businessinsider.com/political-instability-in-europe-rising-2016-6>)

Graphic 2 shows the level of satisfaction that some countries have towards Europe. One can see that the favorable view of the EU has been falling.

With Graphic 3, one can see the political instability has increased among EU members.

Goldman Sachs (2016) calculated this index by summing the change of vote totals per party from election to election and divided by two.

Elena Holodny (2016) relates this growing political instability with globalization and economic stresses.

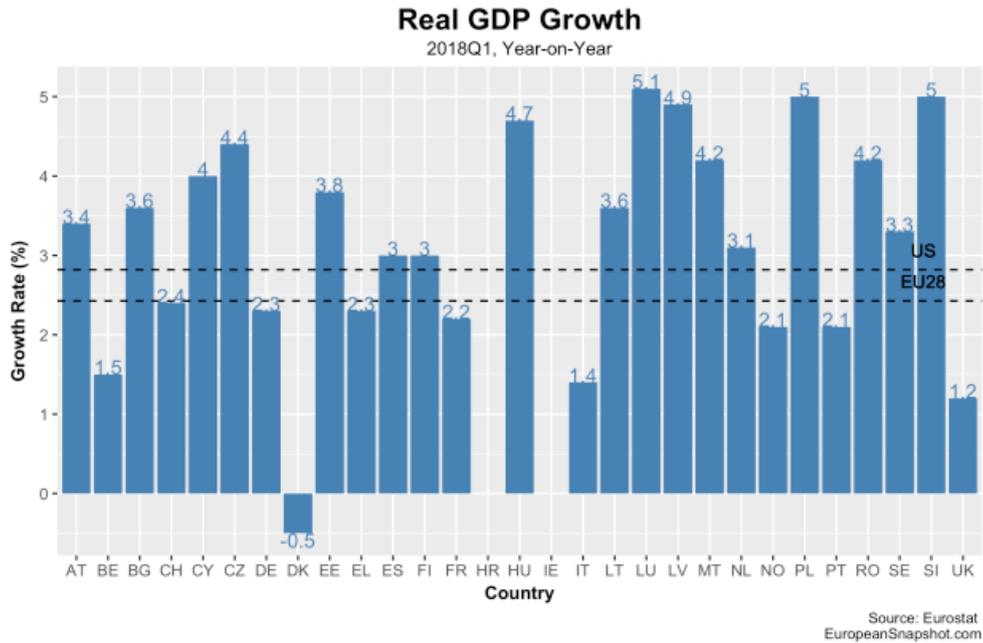
In Goldman Sachs (2016) report, one can find an explanation, by David Brady (2016), of how those are related. For the author, globalization and technology is the answer. Their research showed that political instability is related with a decline in the part of industrial employment. Due to technological advances there was a lot of losses in manufacturing jobs and the industrial workers dominated the political landscape for most of the 20th century.

David Brady (2016) even affirms that the opposition to globalization and flow of immigrants removed votes to movements like the People's party in Denmark, while parties in Greece or Spain for example supported anti-austerity platforms.

The European Union dominates the modern Europe. The principal activity of Europe is being a common single market, with customs union, single currency, common agricultural policy and common fisheries policy and it coordinates activities of the members.

4.6.2. Economical Factor

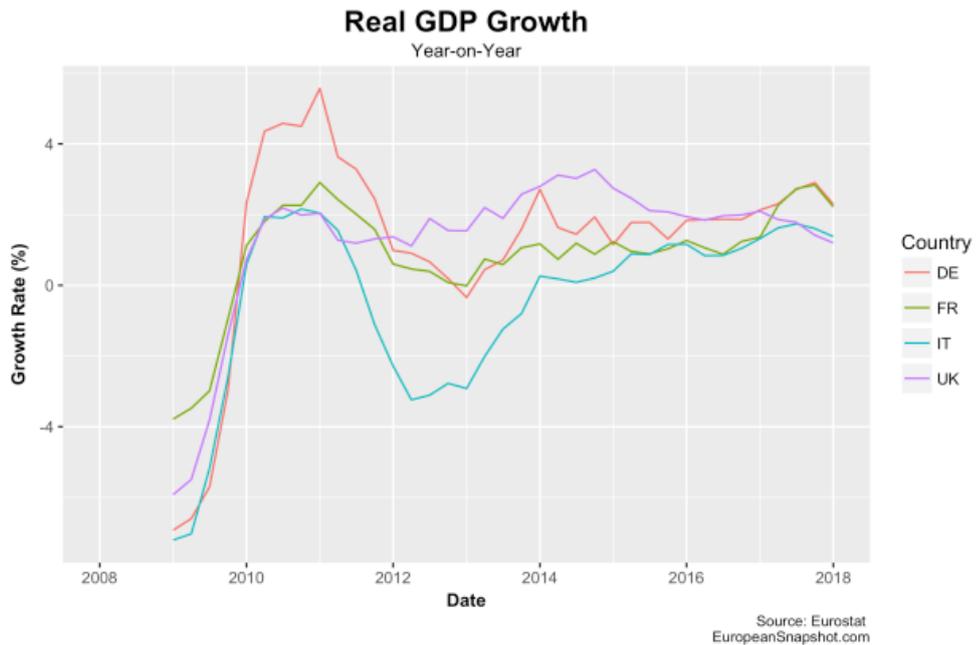
Cooley T. et al. (2018) presented a report about the European economic environment, where taking into account the graphics from Eurostat one can take some conclusions.



Graphic 4 - Real GDP growth (source: <https://europeansnapshot.com/>)

With the graphic above, one can see that the growth slowed down in the first quarter of 2018. The US had a better performance, according to BEA's second estimate.

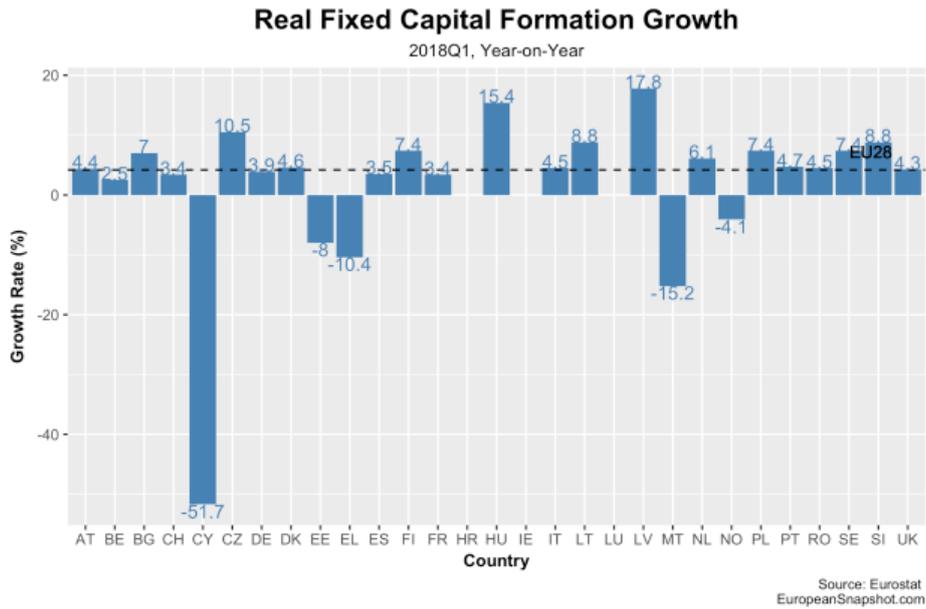
Eastern European countries had a better performance than the rest of the EU. Despite that, the largest economies underperformed.



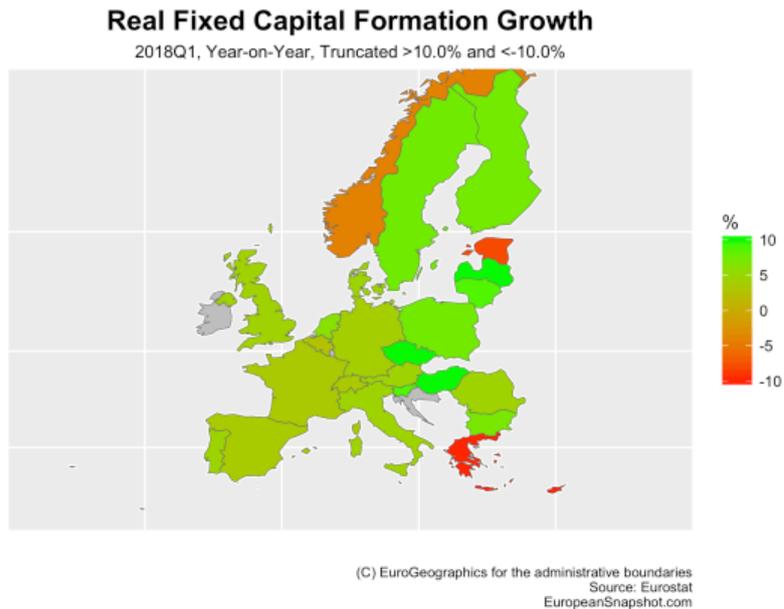
Graphic 5 - Real GDP growth DE, FR, IT, UK (source: <https://europeansnapshot.com/>)

Graphic 5 displays the real GDP growth in Germany, France, Italy and United Kingdom.

The United Kingdom sees its growth decreasing since 2015. The other three this downfall started last year.



Graphic 6 - Real fixed capital formation growth (source: <https://europeansnapshot.com/>)



Graphic 7 - Real fixed capital formation growth (%) (source: <https://europeansnapshot.com/>)

Graphics 6 and 7 present the real fixed capital formation by country.

Europe is again below US when it comes to the real fixed capital formation growth. Also, Eastern Europe are the ones who had the best performance in Europe.

It is known that the unemployment rate in most Europe remained low during 2018. According to the authors, only Spain and Greece maintained their rates above 10%. In general, in Europe, this rate decreased to around 7%.

Despite the political uncertainty, the authors affirm that the European labor market is going in the right direction. Also, Cooley T. et al. (2018) concluded that EU labor market is improving.

The richer states tend to be in the West; some Central and Eastern European economies are still emerging from the collapse of the Soviet Union and Yugoslavia.

4.6.3. Sociocultural Factor

According to the Market Research Reports, I. (2018) about Europe, the continent has had influence over culture, economy and social environment over the world, since Renaissance.

The report also states that the current demographic issues include religious emigration, race relations, economic immigration, declining birth rate and consequently an aged population.

IOM's states that Europe has the highest number of migrants. In 2005, the immigration gain was 1.8 million, which represents around 85% of Europe's growth of population.

In 2008, around 700,000 of people were given EU citizenship.

Today, European culture is characterized by a mix of cultures across the continent, which leads to innovations regularly. Even though having a common value is very difficult, the main objective of Europe is to have a harmony between countries among the continent.

4.6.4. Technological Factor

"In the global fight for future technologies, Europe risks falling behind" (Fouquet, H. et al., 2018).

According to Detrixhe, J. (2018), despite the fact that Europe is growing promising technology companies, the biggest technological enterprises come from the US and China.

In Europe, the most promising technological companies are Spotify from Sweden and Zalando from Germany, they have around 42 billion dollars, around 36.92 billion euros (data from GP Bulhound).

The author states that one of the biggest reasons why Europe is still behind is the funding, since being able to raise a high amount of money allows the companies to put together what they need to build a business in a faster way.

Europe has raised \$1.6 billion with its technological firms.

London and Paris are the European cities that have high efforts to get a stronger community when it comes to technology. *“TANIA, a regulatory technology firm, ramped up in Level39, which was founded in London’s Canary Wharf to build a community of mentorship and support for tech companies”* (Detrixhe, J. 2018), although these programs might make a difference it will take time.

One can tell European startups are opening paths for each other, because of the higher number of billion-dollar enterprises.

Nowadays, IT tools are used in many businesses, and they have made work easier and faster. Although the European market is still below US and China, it is a growing market that has a great influence, and it has opportunities to invest in the area.

One can also think about the fact that the big companies are from US and China, so it might be easier to try to enter a market that it is still growing, since the competitors will be less strong.

4.6.5. Environmental Factor

“There are different issues of environment, and its protection, and they gained prominence. The increasing use of IT equipment and tools threatened the environment balance and it is great danger for the sustainability of life and nature.” (Kasi, A. 2016).

In a report SOER (2015), states that Europe policy in terms of the environment is to adopt more systemic perspectives for the long-term. In Europe there are targets on

natural resources that provide basic needs. The report also mentions that part of Europe's 2020 growth strategy is to promote good health and one of the prior objectives, set in Europe's 7th Environment Action Program, is safeguarding the population from environmental pressures and risks.

Relating Kasi, A. (2016) statement with Europe's environmental plans, it is to expect that Europe will try to develop and commercialize healthier and environmental-friendly technology.

4.6.6. Legal Factor

Based on the report Ec.europa.eu. (2016) about Legal Enforcement, the Commission has the responsibility of ensuring that the Treaty on European Union as well as the Treaty on the Functioning of the European Union and measures adopted according to them are properly used.

The environmental sectors are all covered by the legislative measures. The law organization of Europe has been expanding for the last 40 years but has now reached maturity. But it still is continually under valuation with developments being taken.

On 2012 a "*Communication improving the delivery of benefits from EU environment measures: building confidence through better knowledge and responsiveness*" (Ec.europa.eu. 2016) was implemented. This Communication is a way to provide ideas so Member States can have tools to improve implementation.

It came to complement the 2008 Commission "*Communication on implementing European Community Environmental Law*" (Ec.europa.eu. 2016) which enforces a strategy to avoid breaks on the EU's environmental protection laws. Also, both of these commissions belong to another commission strategy "*A Europe of Result – Applying Community Law*" (Ec.europa.eu. 2016) from 2007, which is wider, and it was built to improve the implementation of EU law (Ec.europa.eu. 2016).

4.7. SWOT Analysis

This SWOT analysis is based on the internal factors (strengths and weaknesses) of the company and external factors (opportunities and threats) in each market. So, these last

two were developed for each country, while the first two were established only once for *Multivision, lda*.

4.7.1. Internal Factors / Strengths

- Full and complete view of the potential of the ecosystem, needs, market, applications, use and customer;
- Strong component of RDI investment;
- Betting on a technology with high potential for growth and massification;
- High technological and business know-how and extensive team and management experience in the areas of business and industry;
- Young, dynamic, motivated, qualified team and high productivity rates;
- Secure and positive financial structure; sufficient financial autonomy;
- Proven ability to development, dissemination and externalization of knowledge and / or technology-based products / services of high added value;
- Knowledge / contacts with several relevant agents in the sector;
- Recognition (GSMA AWARDS), a world-class entity in the telecommunications sector;
- 8 years of projects services rendered to Ericsson and Alcatel Lucent;
- Networking;
- 100% retention rate of customers.
- Metric – Innovative technological product.

4.7.2. Internal Factors / Weaknesses

- Intensity and constant effort in research and innovation in order to optimize the conceptualization of the development of services based on pioneering technologies such as Metric, for the Telecommunications industries, which makes the difference in a very competitive market;
- Maintaining high levels of motivation and the strategic alignment of a team of high-capacity employees, exceptionally skilled, creative and entrepreneurship;
- High and continuous effort to integrate and adapt the organizational structure to a strong growth, business diversification and international expansion;
- Need of scientific and technological integration in international networks, ensuring privileged access to information specialized;

- High dependence of the business on the national market;
- The performance strategically outlined to provide services to the vendors, has led the company to add know-how, but the projection as *Multivision* was non-existent.

4.7.3. External Factors / Opportunities

4.7.3.1. United Kingdom

- London is one of the European cities that have high efforts to get a stronger community when it comes to technology, which means that it can lead to high investments.
- Positive real fixed capital growth rate, around 4.3%, which means that most likely the assets that *Multivision, lda* will bring to the UK will have their value growing.
- Positive real GDP growth, around 1.2%, which means its economy is growing positively. A positive real GDP growth means that there are opportunities, and investors look at this rate to decide where to invest. They are more likely to invest in companies in economic growing countries.
- Easy to travel between countries.
- Cultural and geographical low distance as explained before with the CAGE Model.

4.7.3.2. Germany

- Positive real fixed capital growth rate, around 4.6%, which means that most likely the assets that *Multivision, lda* would bring would have their value growing.
- Positive real GDP growth, around 2.3%. The economy is growing positively, which means there are opportunities.
- Cultural and geographical low distance as explained above with the CAGE Model.
- Easy to travel between countries.

4.7.3.3. Spain

- Positive real fixed capital growth rate, around 3.5%. As mentioned in Germany and UK, this means that the company would probably see their assets value growing over time.
- Positive real GDP growth rate, around 3%. This means that the economy is growing, and the market is more likely to have opportunities and also investors tend to invest in GDP growing markets.
- Cultural, geographical and administrative low distance, which is explained by the CAGE Model.
- Cheap and fast traveling, since it is the country across the border road transport can also be taken into account.

4.7.3.4. France

- Like London, Paris is also one of the European cities that have high efforts to get a stronger community when it comes to technology.
- Positive real fixed capital growth rate, around 3.4%. Just like the countries above, the value of the company's assets would possibly increase over time.
- Positive real GDP growth rate, around 2.2%, which means economic growing, more opportunities and more possibilities for investment.
- Cultural and geographical low distance, which is explained with the CAGE Model.
- Easy to travel between countries.

4.7.4. External Factors / Threats

4.7.4.1. United Kingdom

- UK sees its real GDP growth decreasing since 2015. Although, real GDP growth it is still positive, it is decreasing which might scare some investors and mean that the economy is starting to lose value and opportunities.
- Brexit – UK leaves the European Union which might arise political barriers.

4.7.4.2. *Germany*

- Downfall in the real GDP growth, starting in 2017. The rate has started to decrease last year which means that the economic value might decrease even more.
- Political instability growing, which might also bring doubt and barriers.
- Matured market, which might also mean lack of opportunities.

4.7.4.3. *Spain*

- Political instability growing, which brings doubt and might arise some barriers.
- Unemployment rate above 10% when in general in Europe it is around 7%, which means that *Multivision* have less opportunity to create more labor force.
- Economic recession.
- Government intervention in the market.

4.7.4.4. *France*

- Downfall in real GDP growth, starting in 2017. Although the rate is still positive and with a good value, it has started to decrease last year which means that the economic value might decrease even more.
- Political instability growth.

4.7.5. **Strengths vs Opportunities**

Since *Multivision* is betting on a technology with high potential for growth and massification and has high technological know-how and London and Paris are the cities with high efforts to get a stronger community when it comes to technology, there seems to be a correlation between the company and the cities objectives.

The company's proven ability to development, dissemination and externalization of knowledge and technology-based products/services of high added value meets the opportunities that might arise from the countries, since they have the real GDP growth rate positive. This also means the economy in those countries is growing and more possibilities for investment which meets *Multivision's* bet.

4.7.6. Weaknesses vs Threats

The high dependence of the business on the national market and the non-existent projection as *Multivision* will emphasize the barriers that might arise with the increase of the political instability in countries like France, Germany and UK as well as the ones that might arise with the usual government interventions in Spain.

4.8. Critical business areas

This internationalization project materializes the action plan drawn up for the company, with a view to reinforcing its critical competitive capabilities in these markets, which are:

4.8.1. Business diversification and internationalization

The diversification of the business and the internationalization becomes a critical area of success of the company, in which the company has developed a coherent and progressive plan of approach to the market, internally detecting the need to diversify the business, and for this reason it has focused on the in-house development of an innovative solution, recognized by international juries, anchored in an internationalization plan with a direct approach to the market materialized with an investment plan, mainly related to the presence in international fairs of relevance to the sector, international market prospecting, where they were already established some bridges connecting with customers targeting the company's strategy.

4.8.2. RDI

RDI is also a critical area of the company, since it is inserted in a sector of enormous dynamics, versatility and technological progress, the company has a constant need to keep abreast of market needs. It recognizes this need and has recruited highly qualified resources for the development of innovative solutions on a systemic market research basis. The result of this human, technical and financial effort was the development of innovative systems that represent real market gaps that the company intends to explore, giving the world its solutions. The present internationalization project materializes these actions and represent another factor of evolution of the company in the value chain.

4.8.3. Marketing

Since the creation of the company, it has been concerned with the issue of marketing, having always been associated to the growth of the company. The exponential growth that has been verified in the company during its 10 years of existence, hired a company specialized in all the marketing treatment of the company, in order to be able to dedicate to 100% to the business and the areas where they really make the difference. In recent years, *Multivision* has conquered the market through a strong and recognized image of its human resources. The marketing, aligned with the company's innovation strategy, is ready to take the next step in the evolution of the value chain of the company and corresponds to the approach to the international market directly with own solutions. This internationalization project reinforces this critical aspect of the company and potentializes its growth.

4.8.4. Private Label

This is an area of critical competitiveness for the company. So far, it has not had any trademark.

However, with the evolution that has taken place in recent times and with a clear focus on the international market, it is a crucial point in the strategy in order to protect the company and create a direct association of the brand with the customers. The international brands to be created are: *Multivision* and *Metric*, which are expected to come valuable and internationally recognized.

Chapter 5 – Internationalization to the United Kingdom

5. Internationalization to the United Kingdom

This chapter represents a study made in the company to internationalize to the United Kingdom, in order to estimate the costs when going abroad in Europe.

5.1. Context

The United Kingdom was considered in 7th place in the ranking of Doing Business 2017 (out of a total of 190 economies).

According to the AICEP internationalization guide, before starting the internationalization process, it is essential that the company analyzes its capacity to achieve this goal. To do this you should ask the following questions:

- What are the potential advantages for our company?
- Do we have the necessary management skills?
- Do we know potential partners well?
- Will the benefits outweigh the costs?

5.2. New company or branch?

A branch corresponds to a subordinate body that depends economically on another principal, having the same objective and social denomination.

In tax terms they are a stable establishment of the company they represent, having to comply with tax laws of the countries where they are located. All transactions are integrated into the accounting of the company it represents and are subject to IRC taxation.

5.3. Type of company

Table 4 describes the main types of company s in the UK:

Table 4 - Main types of companies in UK

Type	Description	Responsibility for the company's debts	
		Heritage Company	Individual Heritage
Sole traders	Unlimited liability company. The business is managed on an individual basis, being self-employed.	X	X
Partnerships	Unlimited liability company. Each partner is registered as an independent and must deliver tax declarations separately (it is an extension of sole traders). There must be agreement on how the company's responsibilities, ownership and profits are divided.	X	X
Limited companies	Limited liability company. The company is a legal entity separate from its partners, the nominal value of its participation in the business being the maximum that can be called to pay for the company's debts.	X	

5.4. Registration Process

5.4.1. Companies House Registration

To register the company at Companies House you need the following information / documentation:

- Company name (see Appendix 1. List registered names)
- Company address: where the official communications will be sent. It has to be a physical address.
- Appointment one manager (at least)
- Detail of the shares of the company (must have at least 1 shareholder)
- SIC code (identify what the company does): 62020 Information technology consultancy activities

- Memorandum and articles of association: document in which the shareholders agree to create the company and define the rules
- Detail of shareholders with significant control (more than 25% of shares or voting rights)
- Registration: it can be online, by mail or through an agent

5.4.2. Cost and time of registration

Online registration of the company costs £12 and is usually available in 24 hours. After registration, one receives a certificate of incorporation confirming that the company exists legally and contains the company number and date of creation.

5.5. Taxation Company

Registration at Corporation Tax must be made within 3 months after the start of the activity.

To register online, one must have the Unique Taxpayer Reference (UTR) number, which is available from HMRC within a few days of registering.

5.5.1. VAT

Like Portugal, products and services are subject to VAT, with a standard rate of 20%.

5.6. Contributors

When a company hires an employee, it is necessary to register in Her Majesty Revenue and Customs (HMRC). Registration must be done before the first payday and cannot be registered more than 2 months before the payments start. This process can take up to 6 weeks.

5.7. Nationals: Full-time and Part-time

5.7.1. Maturity

In the UK the minimum wage is defined by hour, and the maximum period of work per week is 48 hours.

Table 5, below, specifies the wages per category of worker, per hour and per week.

Table 5 - Wages per category

Category of worker	Hourly rate	Week (40 hours per week)	
		£ 300.00	£ 1,200.00
From 21 to 24 years old	£ 7.05	£ 282.00	£ 1,128.00
From 18 to 20 years old	£ 5.60	£ 224.00	£ 896.00
Under the age of 18 (but above compulsory school age)	£ 4.05	£ 162.00	£ 648.00
Apprentices under 19	£ 3.50	£ 140.00	£ 560.00
Apprentices aged 19 or over, but in the first year of apprenticeship	£ 3.50	£ 140.00	£ 560.00

5.7.2. Holidays

Almost all employees are legally entitled to 5.6 weeks of paid work per year, the equivalent of 28 days.

5.7.3. Deduction from National Insurance NICS (employee)

The deduction of this fee is equivalent to Social Security in Portugal.

The value is calculated by the maturity levels. For example, for category A: 0 % up to 157, 12% between £157,01 and £866 and 2% over value over £866:

The table below shows the NICS that must be paid by employee and explains each category.

Table 6 - NICS per category

Category Chart	Application	£113 to £157 per week (£490 to £680 per month)	£157.01 to £866 per week (£680.01 to £3,750 per month)	More than £866 per week (£3,750 per month)
UMA	Generality	0%	12%	2%
B	Married or widowed women entitled to pay reduced	0%	5.85%	2%
W	Retirement workers	N / A	N / A	N / A
H	Apprentice under 25	0%	12%	2%
J	Workers who already make deductions in another job	0%	2%	2%
M	Workers under 21	0%	12%	2%
Z	Workers under the age of 21 who already make deductions in another job	0%	2%	2%

5.7.4. Payment of NICS (company)

This tax is equivalent to the TSU (Single Social Tax) in Portugal and is calculated by salary levels.

Table 7, below, shows the NICS that must be paid by the company and explains each category.

Table 7 - NICS payment

Category Chart	Application	£113 to £157 per week (£490 to £680 per month)	£157.01 to £866 per week (£680.01 to £3,750 per month)	More than £866 per week (£3,750 per month)
UMA	Generality	0%	13.80%	13.80%
B	Married or widowed women entitled to pay reduced	0%	13.80%	13.80%
W	Retirement workers	0%	13.80%	13.80%
H	Apprentice under 25	0%	0%	13.80%
J	Workers who already make deductions in another job	0%	13.80%	13.80%
M	Workers under 21	0%	0%	13.80%
Z	Workers under the age of 21 who already make deductions in another job	0%	0%	13.80%

5.7.5. Deduction Taxes

The deduction of this tax is equivalent to the IRS in Portugal. This is explained in Table 8.

Table 8 - Tax

Tax Rate	Taxable income above your Personal Allowance
	£0 to £33,500
Basic rate 20%	People with the standard Personal Allowance start paying this rate on income over £11,500
	£33,501 to £150,000
Higher rate 40%	People with the standard Personal Allowance start paying this rate on income over £45,000
Additional rate 45%	Over £150,001

5.7.6. Pension plan

The company must have a pension plan for all employees who meet the following conditions:

- They are aged between 22 and retirement age
- Earn at least 10,000 per year
- Work in the UK

5.7.7. Annual average salary by function

Table 9 - Annual average salary by function

Function	Average Salary	Junior Salary	Senior Salary
Software Engineer	£34,882	£22,000 - £27,000	£41,000 - £53,000
Project Manager	£44,654	£28,000 - £36,000	£57,000 - £74,000
Recruitment Consultant	£24,182	£18,000 - £20,000	£30,000 - £37,000

Table 9 gives the value of the average salary for the type of function that *Multivision, Lda* might need to hire.

A simulator of net salary, and average salary of other functions can be consulted in appendix 2.

5.8. CAGE Model Analysis

The Cage Model, as mentioned in the Methodology chapter, identifies and prioritizes the differences between countries that the company should consider. These are separated by: Cultural, Economic, Geographic and Administrative distance.

With this analysis, one can withdraw that the Cultural and Geographic distances, between Portugal and United Kingdom in this market, are low.

This means that religion, ethnicity, language and social norm values are not so different from the Portuguese ones, which can diminish a lot of barriers that could appear in case of the opposite. Also, the Geographic distance is low, since the distance to borders is not far, it is easy to have access to the ocean and there is no time zone difference, which facilitates the entree to the country.

Chapter 6 - Proposal

6. Proposal

On this section the proposal for the internationalization project is presented.

6.1. Description of Innovation Activities

This chapter describes some newly developed activities that the company might try, when starting the process to internationalize, which are represented in Table 10.

Table 10 - Description of innovation activities

No.	Typology of Operation	Designation	Kind of activity of Inovation
1	Introduction of a new method of organization of commercial practices or external relationships	Acquisitions for application of new organizational methods, to the extent that they are used in the project	Organizational
2	Knowledge of external markets (Fairs / Exhibitions)	Participation in fairs and exhibitions abroad	Marketing
3	Specific certifications for the external markets	Costs with the certification body	Organizational
4	Prospecting and market presence in international organizations (Prospecting and new clients)	Prospecting and attracting new customers	Marketing
5	International Marketing	Marketing campaigns and communication strategies in foreign markets	Marketing

No.	Typology of Operation	Designation	Kind of activity of Inovation
6	Introduction of a new method of organization commercial practices or relationships external	Technical staff, with a level of qualification equal to or higher than 6 as an organizational strategy for the international market	Organizational
7	Prospecting and market presence international organizations (Prospecting and new clients)	Prospecting and attracting new clients (intermediaries to the knowledge of the beneficiary's offer)	Marketing
8	International development and promotion of brands (promotional actions)	Design and registration costs associated with the creation of new brands Multivision and Metric	Marketing

6.2. Acquisitions for application of new organizational methods

The new acquisitions and methods that might be adopted by the company to have a more successful internationalization process is presented in this section.

6.2.1. Equipment to the extent that they are used in the project

It concerns the acquisition of laptops, 1 IPAD, 1 printer, smartphones, and monitors, for the members of management and for the new hires. They are part of organizational innovation, insofar they are indispensable to the internal organization of the company, to develop the solution in an open innovation perspective oriented to the market, disseminating ideas, thoughts, processes and research with a view to approach the customers' needs. They are also indispensable for the organization of the workplace and external relations, taking into account the potential of the company's export activity, while also improving dissemination of knowledge within the company, establishment of

databases, share of knowledge accessible to all and establishing relationships with other companies, through the various technological means utilized by the company in its solutions.

6.2.2. Participation in fairs and exhibitions abroad

It concerns the acquisition of knowledge of foreign markets, through the presence in international events with exhibition space. This type of operation concerns a marketing innovation, insofar as it is an outbound communication strategy through its presence in international events and demonstrating distinctive solutions vis-à-vis the competition, which meet specific needs, addresses new (international) markets and positions the product in the market through a scalable solution worldwide, it also allows the company to increase its turnover by the market reach of the solution, using a marketing strategy never before used by the company, which is to approach the international market by contacting directly to international demand, as well as the establishment of company brands and the solution, which are expected to be internationally renowned in the short / medium term, recognized by all as valid and reliable brands.

6.2.3. Costs related to certification

Costs with ISO 9001 Quality certification are essential for competing in the international market. It concerns an organizational innovation through the implementation of new practices to improve propagation of knowledge within the company through quality management systems.

6.2.4. Prospecting and attracting new customers

It's the prospect and presence of the company's solutions in international markets. This type of operation aims at a marketing innovation, since it is a distinctive solution regarding the competition, in contrast to what currently exists on the market, which attends a specific market need, addresses new (international) markets, and positions the company's solutions in a wide market through a scalable solution worldwide, also enables the company to increase its revenue by the market reach of the solution, using a marketing method never used before by the company, which consists in the approach to the international market, contacting directly with the international demand, as well as the establishment of brands that are expected of international reputation in the short / medium term, recognized by all as valid and reliable brands.

6.2.5. Marketing campaigns and communication strategies in external markets

Marketing campaigns in foreign markets, which includes the contracting of services in the advertising area and specialized media related to the company's services. It is an innovative marketing method that was not previously used by the company which encompasses the international market.

6.2.6. Technical staff with a qualification level equal to or higher than 6 as an organizational strategy aimed at the international market

Refers to the hiring of new technical staff, with a qualification level equal to or greater than the one of 6 members of the company responsible for monitoring the company's international missions, with different but complementary values, being responsible for the international management of the entire business of the company and a direct commercial profile allied with a presale component. This cost is associated to organizational innovation, as they are part of the internal organization of the company, to develop the solution and the internationalization in an open innovation perspective, geared towards spreading ideas, thoughts, processes, methodologies and research products / services to approach the customers' needs. They are still indispensable for the organization of the workplace and in external relations, taking into account the beginning of the company's export activity, a novelty in the company, allowing to improve the practices of diffusion of the knowledge within the company, establishment of data bases, sharing of information and knowledge, accessible to all and establishing contacts with other companies.

6.2.7. Prospecting and attracting new clients (missions of intermediaries to know the beneficiary)

It concerns the prospect and presence of the company's solutions in international markets, adopting a strategy of attracting customers through the missions of intermediaries that spread the company's offer, coupled with a marketing strategy that explores in 2017 the 10-year existence of the company. This type of operation concerns a marketing innovation, insofar as that this is a distinctive solution regarding the competition, in contrast to what is currently on the market, which meets a specific market need, addresses new (international) markets, and positions solutions on a broad market through a globally scalable solution, the company increases its turnover by the

market reach of the solution. Using a marketing strategy never before used, which consists of the approach to the international market, directly to international demand, as well as the establishment of brands that are expected to be renowned in the short / medium term, recognized by all as valid and reliable

6.2.8. Design and registration costs associated with the creation of new Multivision and Metric brands

It concerns the costs of industrial property registration associated with the creation of international brands of the company, being aligned with the internationalization strategy of *Multivision* and its Metric system. It consists of a Marketing innovation through the establishment of international brands.

6.3. Investment Map – Expenses

- Equipment, while used in the project;
- Software related to the project development;
- Cost with the hiring of a maximum of two new technical staff per project, with a level of qualification equal to or higher than 6 (bachelor's degree) »Maximum Base Salary: €1,850 + Holiday allowance and Christmas allowance + Social Security company (23.75%);
- Participation in fairs and exhibitions abroad:
 - Rental of space and consumption
 - Stand construction
 - Stand operation including travel and accommodation services for business representatives.
 - Prospecting and attracting new clients (travel costs, accommodation, etc.)
- Promotion actions carried out in external markets;
- Marketing campaigns in foreign markets;
- TOC / ROC validation of expenditure (limit €5,000);
- Technical assistance, studies, diagnostics and audits;
- Certifying bodies and testing and testing;
- Register brands or collections;

- Domiciliary applications, adherence to electronic platforms, subscription of applications in “SaaS” schemes, creation and initial publication of new electronic content, inclusion in directories or search engines;
- Obtaining, validating and defending patents and other industrial property registration costs.

Table 11 - Description of Expenses (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

N.º	Designation	Aquisition	Quantity	Cost per unit (€)	Investment (€)
1	Portatil Business Manager	set/15	1	900,00	900,00
2	Portatil Andreia	set/15	1	900,00	900,00
3	Portatil Edson	set/15	1	1 500,00	1 500,00
4	Portatil Pre-Sales	set/15	1	900,00	900,00
5	IPAD	set/15	1	700,00	700,00
6	Printer	set/15	1	500,00	500,00
7	Smartphone	set/15	3	800,00	2 400,00
8	Monitor	set/15	3	300,00	900,00
9	Keyboard + Mouse + External Disk	set/15	3	150,00	450,00
10	Portatil Bags	set/15	3	300,00	900,00
11	GSMA Participation	fev/16	2	750,00	1 500,00
12	Travel	fev/16	2	300,00	600,00
13	Accomodation (4 days)	fev/16	2	1 000,00	2 000,00
14	Displacements	fev/16	1	200,00	200,00
15	GSMA Participation	fev/17	2	750,00	1 500,00
16	Travel	fev/17	2	300,00	600,00
17	Accomodation (4 days)	fev/17	2	1 000,00	2 000,00
18	Displacements	fev/17	1	200,00	200,00
19	ISO Certification	dez/16	1	12 000,00	12 000,00
20	Insurance Travel Assistance (annual)	Set-2015 a Ago-2017	3	300,00	900,00
21	Travel Angola (9 months / year)	Set-2015 a Ago-2017	18	1 500,00	27 000,00
22	Accommodation angola (1 week)	Set-2015 a Ago-2017	18	1 500,00	27 000,00
23	Rent-a-car	Set-2015 a Ago-2017	18	1 000,00	18 000,00
24	Alimentation	Set-2015 a Ago-2017	18	500,00	9 000,00
25	Visas procedures	Set-2015 a Ago-2017	18	300,00	5 400,00
26	Travel Brasil (trimestral)	Set-2015 a Ago-2017	8	1 500,00	12 000,00
27	Accomodation Brasil (1 week)	Set-2015 a Ago-2017	8	1 500,00	12 000,00
28	Alimentation	Set-2015 a Ago-2017	8	400,00	3 200,00
29	Displacements	Set-2015 a Ago-2017	8	250,00	2 000,00
30	Travel Spain (bi-monthly)	Set-2015 a Ago-2017	12	150,00	1 800,00
31	Accomodation Spain (2 days)	Set-2015 a Ago-2017	12	150,00	1 800,00
32	Displacements	Set-2015 a Ago-2017	12	120,00	1 440,00
33	Alimentation	Set-2015 a Ago-2017	12	200,00	2 400,00
34	Travel France (1Q=monthly, 2Q-4Q = bi-monthly)	Set-2016 a Ago-2017	7	500,00	3 500,00
35	Accomodation France (3 days)	Set-2016 a Ago-2017	7	450,00	3 150,00
36	Alimentation	Set-2016 a Ago-2017	7	240,00	1 680,00
37	Displacements	Set-2016 a Ago-2017	7	150,00	1 050,00
38	Travel Germany (1Q=monthly, 2Q-4Q = bi-monthly)	Jan-2016 a Ago-2017	13	500,00	6 500,00
39	Accomodation Frane (2 days)	Jan-2016 a Ago-2017	13	450,00	5 850,00
40	Displacements	Jan-2016 a Ago-2017	13	240,00	3 120,00
41	Alimentation	Jan-2016 a Ago-2017	13	150,00	1 950,00
42	TOC	Set-2015 a Ago-2017	24	200,00	4 800,00
43	New Services Communication Strategy	Set-2015 a Out-2015	1	7 500,00	7 500,00
44	New Services Marketing	Nov-2015 a Jan-2016	1	20 000,00	20 000,00
45	Merchandising	Set-2015 a Ago-2017	1	30 000,00	30 000,00
46	Hiring a Business Manager - Salary	Set-2015 a Ago-2017	1	1 850,00	51 800,00
47	Hiring a Business Manager - Social Security	Set-2015 a Ago-2017	1	439,38	12 302,50
48	Hiring a Business Developer - Salary	Set-2015 a Ago-2017	1	1 850,00	51 800,00
49	Hiring a Business Developer - Social Security	Set-2015 a Ago-2017	1	439,38	12 302,50
50	Concept of Action 10 years Multivision (April-2017)	Jan-2017 a Abr-2017	1	10 000,00	10 000,00
51	Implementation of Action 10 years MV (April-2017)	abr/17	1	30 000,00	30 000,00

Table 11, above, describes the estimated expenses that *Multivision, lda* might have with this project.

Table 12 - Description of Expenses by category (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Marketing and Publicity (€)	97500
2015	32500
2016	15000
2017	50000
Travelling (€)	155440
2015	4890
2016	79060
2017	71490
Equipment (€)	10050
2015	10050
Hiring (€)	128205
2015	21367,5
2016	64102,5
2017	42735
Insurance (€)	900
2015	300
2016	300
2017	300
ISO Certification (€)	12000
2016	12000
GSMA Participation (€)	3000
2016	1500
2017	1000
Total (€)	407095

Table 12 represents the expenses *Multivision, lda* had until 2017, when considering the internationalization subject.

6.4. Where to internationalize

In cooperation with the Financial Manager was established that the company should invest on going abroad to the United Kingdom, Germany, France and Spain, bases on recent market statistics.

The four countries mentioned have a solid economy when it comes to IT services and the distance to Portugal, not only in kilometers but also in terms of culture is low compared to other countries.

Countries like Angola, Brazil and Mozambique were taken into account due to the fact that the partners have already network there, and they might have the opportunity to be pioneers in those markets. Despite that, as mentioned before, according to the CAGE model the cultural, economic and geographic are too high, and in Mozambique and Angola it is too difficult to be able to reach the profits made.

Except for the United Kingdom and if all other options were taken into account, the company made an estimation for the business volume, which were the profiles they wanted to do and the evolution of its financial performance according to its growth in the international market, represented in Table 13:

Table 13 - Economic activity per market (Business Volume) (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Tipology	Market (Countries)	2013	2018
		Value (€)	Value (€)
Managed Services	Portugal	1.446.107.64	1.770.718.40
Managed Services	Angola	0	360000
Managed Services	Germany	0	90000
Managed Services	France	0	75000
Managed Services	Spain	0	270000
Managed Services	Brazil	0	390000
		Total	2.955.718.40

They also estimated the salary for new hirings, represented in Table 14:

Table 14 – Hirings (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Profile	Minimum education degree (≥6 bachelor)	Base salary + Isempcion of Woking hours (máx. 1.850€)
Business Manager	Licenciatura	1850
Business Developer / Presales	Licenciatura	1850

Table 15 shows the company's revenues in the international and national market, and what would be expected in 2018.

Table 15 – Multivision's revenue with its presence in the consultancy market over the years (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Consultancy	Nacional (€)	Internacional (€)
2014	1.356.245,06	39.417,11
2015	1.457.963,44	222.029,00
2016	1.567.310,70	444.058,00
2017	1.684.859,00	777.101,50
2018	1.770.718,40	1.185.000,00

Table 16 shows what the company expects to profit with companies from an international country, in this case Angola.

Table 16 - Multivision's consultancy services per market (€) (source: Mendes, R. (2017). Internal Data, Multivision, Lda)

Anglobal	Metric	111.029.00*
NetOne	9000€/mês	81.000.00
NetOne	Metric	30.000.00

*4 months already invoiced

Chapter 7 - Conclusion

7. Conclusion

With this project the author had the objective to build an Internationalization Plan, where the questions of how and where should *Multivision, Lda* internationalize would be answered.

The author believes that the questions were successfully answered and the process to reach them is explained over the thesis.

Although it might be too early to guarantee the success of the strategy, one can take into account of the successful business with Net one and Anglobal in Angola. As it is also demonstrated during the project, *Multivision, Lda* has the capacity to overcome the threats of the market, as long as the management define their objectives and strategy very well.

Even though it is a Small and Medium Enterprise, a determination of its competitive advantages can be easily reached, as described in the SWOT analysis.

As achieved in chapter 1.3, the conceptual components regarding internationalization and IT consultancy were debated. At the same time, the project presented solid understanding about the internationalization initiative of *Multivision, lda* developing a proposal relating the company's activity with the predetermined objectives.

However, there were some limitations that need to be taken into account. The nature of the information about the company and the project PT2020 was provided by the Financial Manager, who were responsible for its development, and the data provided was from 2017 and below, since the project started when one worked in the company until January 2018, and to put in practice between 2018 and 2019.

The recommendations that *Multivision, lda* can take from this thesis are:

1. To use a Diversification strategy, to launch new products entering new markets. Not only to provide their IT consultancy services;

2. To promote the selling of their product (Metric). With the selling of the product they might also sell their services to work with it.

The markets in which the company should try to develop its businesses are United Kingdom, Germany, France and Spain as explained during the thesis based on the CAGE model, PESTEL, SWOT analysis and market analysis those were the countries that contain potential scenarios where the company could be successful with its internationalization.

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Chapter 9 - Appendix

9. Appendix

9.1. Appendix 1 - List Registered Names

01592487 - LIMITED MULTI-VIDEO DISTRIBUTORS **DISSOLVED**
05072215 - MULTIVIEW LIMITED
05399480 - MULTIVIEW PROPERTIES LIMITED
05238257 - MULTI-VIEW (TORBAY) LIMITED **DISSOLVED**
04090786 - MULTIVILLA LIMITED
09443350 - MULTIVILL BUILDING LTD **DISSOLVED**
10562532 - MULTIVILLE LIMITED
06608870 - MULTIVISION LIMITED **DISSOLVED**
02233301 - MULTIVISION AUDIO VISUAL LTD **DISSOLVED**
06563883 - MULTIVISION COMPUTERS LIMITED **DISSOLVED**
05006073 - MULTIVISION Intelligent Surveillance (UNITED KINGDOM)
LIMITED **DISSOLVED**
09995065 - MULTIVISION INTERNATIONAL GROUP LTD
07105211 - MULTIVISION LIMITED MANAGEMENT **DISSOLVED**
06021154 - MULTIVISION MARKETING LIMITED
06285029 - MULTIVISION MEDIA LIMITED **DISSOLVED**
09878602 - MULTI-VISION PICTURES LTD
01773100 - MULTIVISION PRODUCTIONS LIMITED **INLIQ**
06135198 - MULTI-VISIONS LIMITED **DISSOLVED**
08447762 - MULTIVISION SOLUTIONS LIMITED **DISSOLVED**
02126290 - MULTIVISION SYSTEMS LIMITED **DISSOLVED**

9.2. Appendix 2 – Simulator of net salary

<http://www.netsalarycalculator.co.uk/>