



CHALLENGES FACED BY A PORTUGUESE IT COMPANY ON THE
DECISION OF ENTERING AND COMPETING IN INTERNATIONAL
MARKETS

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Abstract

The aim of this corporate project is to exemplify the methodology that companies can adopt in an eventual internationalization strategy, regardless of their origin, culture, size and resources.

In recent years, domestic and international economic environments have provoked great instability in society at all levels and in several areas of business. People and companies feel the need to change strategies, reinvent processes, implement solutions and find new markets across borders. This paradigm shift is felt so much more by a Company; the more increasing globalisation is, in the consumption and operations in the sector where it operates. In product development and computer services and information management, competitive advantage is highly dependent on the development of technology and standardization of globally compatible operations, but it also has to adapt to a business customer that increasingly operates in an international environment. In this context, this project aims to identify the products and services of a Portuguese IT Company, susceptible to internationalize without suffering adaptation and significant investment in the respective markets.

During the process of data collection questionnaires were used and interviews with managers from all Business Units of the Company were undertaken. Subsequently, the information gathered was presented to the Company's CEO, representative of the Executive Committee, in order to match the perspectives of those managers with the strategic objectives of the board. Since the Company being analysed is Portuguese it should be noted that PALOPS and LATAM markets are of interest.

Keywords: Portuguese IT Company, Internationalization, Global Strategy, Information Technology.

JEL Classification System: F230- Multinational Firms; International Business; F020- International Economic Order; Economic Integration; Globalization: General.

Resumo

Pretende-se com este Projeto Corporativo exemplificar a metodologia que as empresas podem adotar numa eventual estratégia de internacionalização, independentemente da sua origem, cultura, dimensão e recursos.

Nos últimos anos a conjuntura económica nacional e internacional têm provocado grandes instabilidades na sociedade a todos os níveis e nas mais diversas áreas de negócio. As pessoas e as empresas sentem a necessidade de mudar estratégias, reinventar processos, implementar soluções e descobrir novos mercados além-fronteiras. Esta viragem de paradigma é tanto mais sentida por uma empresa, quanto mais crescente a globalização no consumo e operações do sector onde se insere. No desenvolvimento de produtos e serviços informáticos e de gestão de informação, a vantagem competitiva está muito dependente do desenvolvimento de uma tecnologia e padronização de operações compatíveis mundialmente, mas também de se adaptar a um cliente empresarial que opera cada vez mais num contexto internacional. Neste contexto, este projeto tem como objetivo identificar os produtos e serviços de uma empresa portuguesa de IT, suscetíveis de internacionalizar sem que tenham de sofrer adaptações e investimento significativos nos respetivos mercados.

Durante o processo de recolha de informação foram aplicados questionários e realizadas entrevistas aos gestores de todas as unidades de negócio da empresa. Posteriormente, a informação recolhida foi apresentada à ao CEO, representante da Comissão Executiva da empresa com o intuito de fazer o *match* das perspetivas dos gestores com os objetivos estratégicos da comissão. Sendo a empresa em análise portuguesa importa referir que os PALOPS e os LATAM são mercados de interesse.

Palavras-chave: Empresa IT Portuguesa, Internacionalização, Estratégia Global, Tecnologias de Informação.

Sistema de Classificação JEL: F230- Multinational Firms; International Business; F020-International Economic Order; Economic Integration; Globalization: General.

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Before starting my thesis, I was told that it would be a lonely project and at times I would feel disheartened and alone. I agree but during this project, I was fortunate to have people around me that motivated me to complete the task with their support, encouragement and availability

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Acronyms List

AICEP	Agency for Investment and Foreign Trade of Portugal
AO	Application Outsourcing
BA	Business Area
BAs	Business Areas
BI	Business Intelligence
BPM	Business Process Management
BPO	Business Process Outsourcing
BSS	Business Support Systems
BU	Business Unit
BUs	Business Units
CD-ROMs	Compact Disc Read-Only Memory
CEO	Chief Executive Officer
COBIT	Common Business Oriented Language
COBIT	Common Business Oriented Language
CRM	Customer Relationship Management
DVDs	Digital Versatile Disc
EDI	Electronic Data Interchange
EDIs	Electronic Data Interchanges
EMV	Europay, Mastercard and Visa
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
HIS	Hospital Information System
HR	Human Resources
HW	Hardware
IAPMEI	Institute for Support to Small and Medium Enterprises and Innovation
ICT	Information and Communications Technology
IEFP	Institute of Employment and Vocational Training
INE	Statistics of Portugal
IT	Information Technology
ITIL	Information Technology Infrastructure Library
KPIs	Key Performance Indicators
LATAM	Latin America

MAC	Maintenance Assisted by Computer
MCDTs	Modified Computer Diagnostic Test Set
MNCs	Multi National Corporations
MNEs	Multinational Enterprises
MVNO	Mobile Virtual Network Operator
NYSE	New York Stock Exchange
PALOP	African Countries of Portuguese Official Language
PCI	Payment Card Industry
POS	Point of Sale
SIBS	Forward Payment Solutions
SMEs	Small and medium Enterprises
SW	Software
TPA	Terminal de Pagamento Automático
UK	United Kingdom

Executive Summary

Este projeto tem por objetivo identificar e desenvolver uma eventual metodologia que as empresas portuguesas possam adotar na definição da sua estratégia de internacionalização. O projeto tem como tema “*Challenges faced by a Portuguese IT Company on the decision of entering and competing in international markets*”. Para melhor exemplificar as propostas apresentadas neste trabalho, optou-se por fazer uma abordagem teórico-prática sobre a eventual internacionalização de áreas específicas de uma empresa portuguesa que opera no mercado das Tecnologias de Informação.

O contexto económico nacional vivido até 2012 e que se continua a viver em 2013 tem tido um impacto desfavorável para a empresa. Em 2011 o volume de negócios foi de 94,5 M€, tendo sofrido uma diminuição de 15% comparativamente a 2010. Esta diminuição foi mais significativa na atividade em Portugal (cerca de -18%), uma vez que o contexto de retração do consumo e do investimento vivido no tecido empresarial Português provocou, igualmente, uma quebra acentuada da procura para o mercado das TI. Em contrapartida, a área internacional, que representa já cerca de 15% do volume global de negócio do grupo, teve um crescimento de 14 %, o que reforça a aposta na estratégia de internacionalização defendida pelo Grupo. (Company, 2012)

Devido à dimensão do país e à situação da economia nacional, o que tem implicado um elevado número de encerramento de empresas, os empresários e os gestores têm-se mostrado cada vez mais preocupados com as perspetivas futuras do mercado nacional, e vêm-se obrigados a reinventar processos, a alterar as suas estratégias e, consequentemente, os seus modelos de negócio. Para compreender a realidade acima descrita, foi selecionada uma grande empresa portuguesa, com o objetivo de identificar se esta tem condições para internacionalizar as suas Unidades de Negócio e quais os desafios num contexto, como vamos descrever, que ultrapassa a simples exportação.

A empresa já internacionalizou algumas áreas para Angola, Brasil, Espanha e Polónia mas é necessário apostar noutros países nos quais as Unidades de Negócio da empresa possam servir o mercado sem que estas tenham de sofrer alterações, visto que a empresa de momento não tem disponibilidade para investir na mudança, inovação ou até mesmo criar novos produtos. Ao ser identificada a necessidade de a empresa internacionalizar as suas Unidades de Negócio,

interessa questionar: *Porquê internacionalizar? Que unidades de negócio têm condições para a internacionalização?, Para onde internacionalizar?, Como internacionalizar? e Quais são os desafios na implementação da estratégia recomendada?*.

Numa perspetiva de identificar as Unidades de Negócio a internacionalizar, foi feita uma análise interna, através da realização de questionários e entrevistas aos 12 gestores das Unidades de Negócio e 7 reuniões (cada uma com a duração de 2 horas) com o CEO, representante da Comissão Executiva. Nas reuniões com o CEO foi feita uma *Cross Analysis* para organizar a informação reunida junto dos gestores e alinhar com a estratégia da Comissão Executiva. De acordo com a informação recolhida concluiu-se que a empresa tem Unidades de Negócio que podem ser internacionalizadas e encaixadas no mercado sem terem de sofrer alterações. Conclui-se que as Áreas de Negócio da Empresa que têm condições para a internacionalização são: Consultoria & Serviços e Engenharia & Sistemas.

A análise das Áreas de Negócio da empresa foi feita seguindo uma metodologia em que se procurou avaliar o potencial de internacionalização de cada Unidade de Negócio na perspetiva do: Produto, Serviço e Mercado. O objetivo foi identificar as Unidades de Negócio com Produtos (SW or HW) diferenciadores, o seu potencial de internacionalização, os serviços associados e os mercados com maior potencial de sucesso numa perspetiva de curto/médio prazo.

No caso de ser adotada a estratégia de internacionalização preconizada neste estudo, entendemos que a empresa deverá investir no desenvolvimento de estratégias específicas/complementares para endereçar desafios tais como: instabilidade na economia nacional e internacional; relações com os parceiros e distribuidores; *Outsourcing* através da criação de centros de *Nearshore*; operar em regiões com assinaláveis diferenças culturais; viagens dos recursos humanos da empresa (custos, impostos, impacto na vida pessoal, etc.); entre outras. Pretende-se que o presente projeto e estudo possa ser uma referência para outras empresas independentemente, setor e dimensão. É também uma prova de que os conceitos académicos e os conhecimentos empresariais, ou seja, a teoria e a prática são importantes e devem complementar-se.

1 Introduction

This project was undertaken in a Portuguese Company in order to study, analyse and identify the challenges of an internationalization strategy. The profiling of the Company and the methodological process will be presented in this chapter.

1.1 The challenge for the Company under the study

During the years 2011 and 2012, the export (output of goods and / or services from one country to another) was repeatedly referred to by governments and economic analysts as an alternative for Portuguese companies and a solution for the development of the Portuguese economy.

In facing up to the instability in the national economy interest in studying a Portuguese Company arose and understanding the main challenges in internationalization. The Company has Portuguese capital and was established in 2009 as a result of the merger of two Portuguese companies in the Information Technology sector. In 2011 it decided to move forward with internationalization and at this time is already present in other countries. It operates in the information technology sector in the fields of technology consulting, design and implementation of IT solutions, IT applications support, design and implementation of technological infrastructures (e.g. Datacentre, communication systems), training, support to business processes and the outsourcing of business processes. It is a large Company that operates in the IT sector and in 2013 has about 1300 employees.

The Company will continue to operate in the domestic market which will serve as a base of support for the international development but it is intended that the solution presented in this project may be useful for the next steps in the internationalization of the Company. The objective is to identify the main challenges and disseminate the offer portfolio, knowledge, skills, experience and current human resources to conquer other markets, believing in, and passing across borders, the existing potential. It is intended that this is a practical example for the academic and professional analysis of the process of internationalization of a firm considering a survey of internal information. For reasons of confidentiality, it will not be possible to mention the name of the Company.

1.2 Scope of research

Expansion, supported by a structured process of internationalization, is more and more a requirement for survival for companies. Considering the context described, the objective of this project is mainly to answer the following practical questions:

- Why Going International?
- Which Business Units have potential for internationalization?
- Where to internationalize?
- How to internationalize?
- What are the key challenges while implementing the recommended strategy?

As a result of the questions presented and to structure the process for collecting information the following events were considered:

- To study the Company, understanding its structure and organisation;
- To know the Business Units and their goals through of each of the Business Units managers;
- To understand the strategy of the Business Units and to verify if they are present or have prospects of entering the international market;
- To gather information and determine if the goals of those managers are aligned with the perspectives of the Executive Commission.
- To analyse the internationalization potential of some of its products and/ or services;
- Since the Company does not aim to invest in restructuring or alteration of their products it is important to identify the markets that are more appropriate to the products/ services that already exist.

The aspects mentioned above enabled us to structure the methodology, obtain answers to the questions presented and to identify what the strategy for internationalization was.

1.3 Thesis outline

The thesis will be presented according to the following structure:

1. Introduction: project approach.
2. Literature review: interested bibliography for this project.
3. Methodology: Research (questionnaires and interviews) and Strategy outline (focus groups to analyse the information).

4. Project context: The Portuguese and international market overview and analysis of the target enterprise (Brief story and evolution, the Offer Portfolio and the Market & Geography).
5. Data gathered and processed: questionnaire's and interviews analysis.
6. Strategy for internationalization: Strategy framework schematizing the issues and their relationships to be considered for a proposal.
7. Conclusions: Main Conclusions, Academic and enterprise contributions, Limitations and Future research suggestions.

In the following chapter the theoretical concepts essential to consider a possible internationalization strategy will be discussed. References were inspiring and essential to the realization of the project.

2 Literature review

The main objective of this chapter is to present the major concepts relative to the theme "*entering and competing in international markets*" and also to contextualize the operations and product range of the Company. As an IT Company, the software products are delivered with supporting services. Furthermore, the use of outsourcing is an important issue in this sector. The following overview of the literature review will concern the international strategy concepts and the offshore outsourcing, particularly of high-end business services.

2.1 Strategies for entering and competing in international markets

"Generally, MNEs choose from four basic strategies to guide how they will enter and compete in the international environment: an international strategy, the multi-domestic strategy, the global strategy, or a transnational strategy. Each of these strategies differs fundamentally regarding where managers put value activities and how they try to run them. (...) Companies adopt an international strategy when they aim to leverage their core competencies by expanding opportunistically into foreign markets. (Daniels et al., 2008: 474)".

The four types of strategies and the pressure that companies are faced with during the decision process are shown below:

Pressure for Global Integration		
	High	Low
	Low	Global Views the world as a single market. Tightly controls global operations from headquarters to preserve focus on standardization.
	High	Transnational Prefers a flexible value chain to Facilitate Local responsiveness. Adopts complex coordination mechanisms to Facilitate global integration.
	Low	International Uses existing core competence to exploit opportunities to foreign markets.
	High	Multi-domestic Relies on foreign subsidiaries operating the autonomous units to customize products and process is local markets.

Pressure for National Responsiveness

Figure 1- International strategy and strategy types
Source: (Daniels et al., 2008)

According to the author (Daniels *et al.*, 2008), if a Company has a core competence which local competitors in other markets do not have and if industry conditions do not impose the need on the firm to improve its cost controls or site responsiveness, then it clearly needs an international strategy. In such cases, an international strategy gives rise to more reasonable operational costs and, frequently, also gives, high profits.

These 4 concepts outlined in **Figure 1** will be presented in the following sub-chapters.

2.1.1 Strategy for "Going Global"

"In today's business world, managers, politicians, journalists and academics commonly use the concepts of globalization, global industries, global competition, global strategies and global corporations. More and more companies are confronted with the need to globalize or die. While those concepts are widely used, their meaning is often not well understood. For some people, globalization means to expand the Company's presence abroad, for others it means Standardizing the product and selling it to the world, for yet others it denotes an approach to management in which decision-making is centralized at corporate headquarters. (Lasserre, 2003: 10)."

Globalization is currently the most frequently used term in our terminology and was rarely spoken about before the 1970s. When speaking about companies operating in various parts of the world the term used was "multinational" or occasionally "transnational". (Lasserre, 2003)

However, (Oviatt & McDougall, 2005) state that the ever-expanding numbers of individuals with international business experience coupled with recent technological innovation have established new foundations for MNEs. Someone with international experience who can attract a moderate amount of capital can conduct business anywhere in the time it takes to dial numbers on the telephone. When necessary, he or she can travel virtually anywhere in the world in less than twenty-four hours. The easy use of inexpensive low-cost communication technology and travel means that the ability to discover and take advantage of business opportunities globally is not exclusive to large, established corporations. New business ventures without huge resources may also compete successfully on the international scene.

"The subsidiaries of the multinationals had all the activities of the value chain (marketing, design, production, installation and service) under their control. (Lasserre, 2003: 10)".

Following the same author, companies have a common sense approach to competitive positioning which tends to stimulate more globalization. Business firms are increasingly behaving as if they were already living in a global world as is evidenced by the development of information technologies, the fluidity of capital markets and the creation of mega mergers in many industries such as telecoms, computers, oil, pharmaceuticals, power and the car industry. According to Lasserre (2003), the author mentioned previously, the four major decision dimensions included in global operations are: Location, Production, Sourcing and Logistics. These decisions come together in the global operations network:

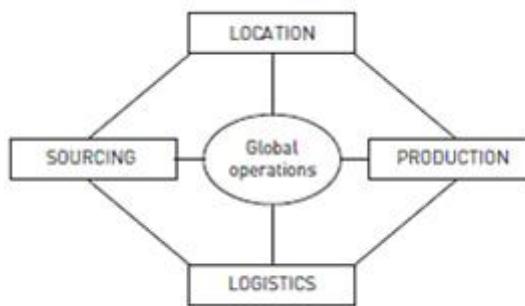


Figure 2- The global operations network
Source: (Lasserre, 2003)

1. Location: where to put facilities?
2. Production: what to produce, where?
3. Sourcing: from whom to buy, what and how?
4. Logistics: how to manage the flow of goods and information?

To sum up the Strategy for Going Global, "*Global operation management is concerned first with the issues of deciding where to set up the operational productive and logistical facilities such as factories and distribution centres. This kind of decision is known as the location decision: it requires a multiple criteria analysis taking into account regional resources and risk characteristics as well as customer proximity. Second, an integrated network of production and operational facilities has to be managed. Third, the procurement function, including the recent development of electronic purchasing through Electronic Data Interchanges (EDIS) or through the Internet is considered. The fourth domain, of operational management, is concerned with the managerial issues associated with the physical flow of goods known as logistics.* (Lasserre, 2003:241)".

2.1.2 Strategy for "Going International"

"For companies, internationalization is not an option anymore. On the contrary, it has turned out to be an expanded issue in business. (García et al., 2013: 4)"

At the beginning of internationalization, *"typically, firms start exporting to a country via an agent, later establish a sales subsidiary, and eventually, in some cases, begin production in the host country. (Johanson & Vahlne, 1986)"*

The following figure illustrates the basic mechanisms of Internationalization:

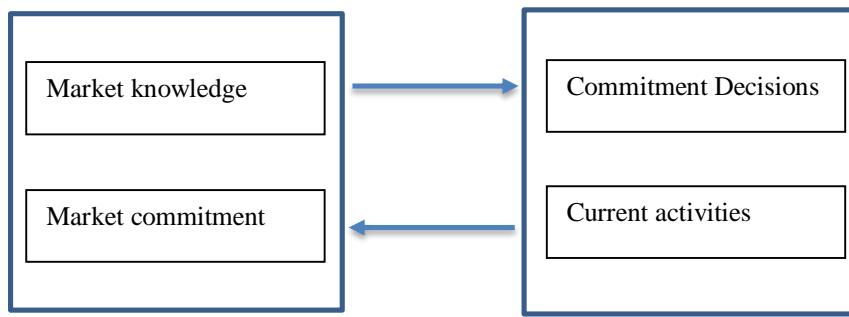


Figure 3- The Basic Mechanism of Internationalization - State and Change Aspects
Source: (Johanson & Vahlne, 1986)

Following the **Figure 3**, the firm attempts to increase its long-term profit and it is assumed to be equivalent to growth (Williamson, 1996). *"The firm is also striving to keep risk-taking at low level. These strivings are assumed to characterize decision-making on all levels of the firm. Given these premises and the state of the economic and business factors which constitute the frame in which decision is taken, the model assumes the state of internationalization affects perceived opportunities and risks which in turn influence commitment decisions and current activities. (Johanson & Vahlne, 1986: 27)"*.

"An international strategy makes sense if a firm has a core competence that local competitors in other markets lack and if industry conditions do not push the firm to improve its cost controls or local responsiveness. In such circumstances, an international strategy creates moderate operational costs and, often, high profits. (Daniels et al., 2008: 475)".

2.1.3 Strategy for "Going Transnational"

"Several forces or industry drivers influence the trend toward globalization and the creation of transnationally integrated strategy. As applied to services, these forces are market drivers, competition drivers, technology drivers, cost drivers, and government drivers. Their relative significance may vary by type of service. (Lovelock & Wirtz, 2007: 117)".

"The transnational Company redefines the problem in very different terms. It seeks efficiency not for its own sake, but as means to achieve global competitiveness. It acknowledges the importance of local responsiveness, but as a tool for achieving flexibility in international operations. (Bartlett & Ghoshal, 2002: 68)".

Following the same author, the outcomes of a larger process of organisational learning that embrace every member of the Company are innovations. By redefining the issues, managers of the transnational Company are able to develop a broader perspective. This results in very different criteria which may be used in the decision making process.

In conclusion *"The great strength of the transnational organisation is its in-built flexibility (Bartlett & Ghoshal, 2002: 203)"*.

2.1.4 Strategy for "Going Multi-domestic"

"A multidomestic Company, sometimes called a locally responsive Company, follows a strategy that allows each of its foreign-country operations to act fairly independently. (...) Firms applying a multidomestic strategy design value chain that gives each country's operations the discretion to respond to its local cultural, legal-political, and economic environments. (Daniels et al., 2008: 475)"

Following the author Tallman (2009), what forces drive firms to look to international expansion as a strategic move over and above the primary objective of increased economic value? These forces appear to be generated from sources both external and internal to the firm. Because the study of international trade spawned the study of multinational firms, the usual focus has been on drivers of direct investment, though these considerations underpin many different kinds of international involvement. Various scholars, over the years, have used one list, either wholly or partially, of the reasons for international investment. This list includes the following objectives:

To search the markets for existing skills; “*To search for new resources*”, both those occurring naturally and those “*developed by local industry*”; To seek improved production efficiency by uplifted “*economies of scale on regional or global bases*”; To search for newer technology in “*countries or localities that have unique product or process development*”; To reduce the levels of risk by improving the portfolio and by more direct involvement and “*countering competition from other multinational firms*”.

“*From a capabilities-oriented strategic perspective, though, these six points collapse into three main objectives: to leverage existing capabilities in new places, and to reduce uncertainty and risks from a variety of sources. In deciding how to find, protect, and apply their unique assets internationally, multinational firms must make two key strategic decisions about the international marketplace. (Tallman, 2009)*”.

Following the four strategies presented one can consider: **Going International** comprises exporting differentiated products and services, and in exploring external markets in association with local partners. As regards **Going Multidomestic**, this consists of implementing the Company's business through autonomous subsidiaries, which operate in the local markets. **Going Transnational** is a strategy that adopts a complex coordination and it brings together a little of each of the previously mentioned strategies. We can say that **Going Global** is a more complete strategy for the internationalization of companies. Although the global strategy will be more complete it is interesting to analyse the process of adaptation versus standardization of the products and services of the Company.

2.2 Adaptation vs. Standardization

“*After markets are selected, the next step is the determination of marketing efforts at appropriate levels. The key question in international (...), the marketing mix - product, price, place and distribution - should be standardized. The marketer faces also the specific challenges of adjusting each of the mix elements in the international marketplace. (Czinkota et al., 2009: 299)*”.

According to the same author, the first decision that the international marketer must make what modifications in the policy mix are needed or warranted. There are three basic alternatives available in the approach to international markets:

- Ignore the international marketplace and make no special provisions and just identify potential target markets and then choose to market products, with little or no modification, that can be marketed easily.
- Take the *multi-domestic approach*, i.e. adapt to local conditions in each and every target market.
- Allow for local differences in implementation (*globalization approach*) by incorporating differences in a regional or global strategy.

The factors *encouraging standardization and adaptation* in the markets are shown in the following table:

Factors Encouraging standardization	Factors Encouraging adaptation
Economies in product R & D	Differing use conditions
Economies of scale in production	Government and regulatory influences
Economies in marketing	Differing buyer behaviour patterns
Control of Marketing Programmes	Local initiative and motivation in implementation
"Shrinking" of the world marketplace	Adherence to the marketing concept

Table I - Standardization versus adaptation

Source: (Czinkota et al., 2009: 300)

"In today's environment, standardization usually means cross-national strategies rather than the policy of viewing the foreign markets as a secondary and therefore not important enough to have products adapted for them. Ideally, the international marketer should think globally and act locally. (...) Global thinking requires flexibility in exploiting good ideas and products on a worldwide basis regardless of their origin. (Czinkota et al, 2009: 300)".

The factors that stimulate standardization or adaptation are presented in the following table.

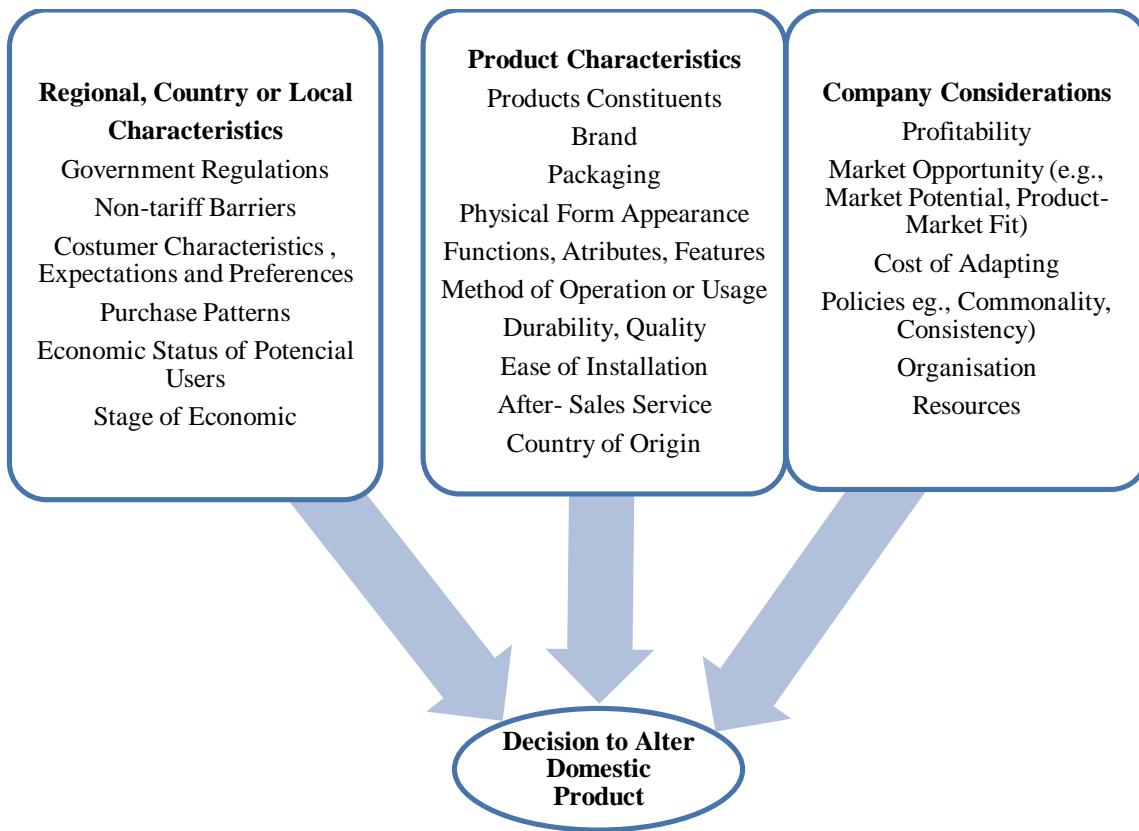


Figure 4- Factors Affecting Product adaptation decisions

Source: (Czinkota *et al.*, 2009)

In general, local behaviour, tastes, attitudes and traditions - all reflecting the marketer's need to gain the customer's approval - affect the Product Decisions made by marketers of consumer products. (Czinkota *et al.*, 2009)

▪ Factors affecting adaptation

There are three sets of variables which marketing programmes depend on, even when they are based on highly standardized ideas and strategies; the targeted market, "*the product and its characteristics*", and Company characteristics which include factors such as resources and policy. There are no easy answers to questions of adaptation. As aid in programme adaptation, marketers in many firms rely on decision-support systems, "*whereas others consider every situation independently*". The marketer has no control over the environmental conditions to which all goods must, of course, conform. In addition, enhanced competitiveness in the marketplace may be achieved by the international marketer by the use of adaptation. (Czinkota *et al.*, 2009)

By identifying the factors encouraging standardization versus adaptation and after taking the necessary decisions, it is interesting to mention how to support internationalization.

2.3 Nearshore as a supporting enabler for the internationalization

Understanding that the Nearshore is like a closer offshore it is of interest to take an overview of the offshore.

The big story of the twenty-first century global economy is offshore outsourcing, particularly of high-end business services. “*Or at least it will be if the current worldwide financial crisis and recession turn out to be cyclical downturns and not a permanent restructuring of the economic world! (...) Moving operations to their most productive location and sourcing them from the most efficient producers may become even more important to multinational corporations*” even as demand slumps in most markets and debt financing becomes ever harder to find. Despite the many advantages of outsourcing value-adding activities and offshoring, these decisions add considerable complexity to the organisation of MNCs and considerable challenge to their management. (Tallman, 2009)

It is important to define both outsourcing and offshoring, and what the differences between them are. Following the same author, the concept of offshoring appears to be organisationally simple - merely move to a plant at a lower cost location. “*Governance models focus on whether to control offshore facilities internally or through outsourcing arrangements, usually expressed as a make or buy decision.* (Tallman, 2009: 194) ”.

Outsourcing is usually achieved through an extended-life alliance contract. If the work is simple Offshoring may be to the cheapest location. If the work involves intellectual capital it may be to a more expensive site with a more educated workforce, or to a closer, Nearshore location for work that requires immediate responsiveness. It is a result of all these alternatives that MNCs are approaching the network organisations idealised “*as complex webs of subsidiaries, affiliates, and alliances based domestically, offshore, and Nearshore. (...) All had multiple ties to each other and to the global network.* (Tallman, 2009)”.

“*Outsourcing, offshoring, the flat world, the wired world, the integrated world, global terrorism, the end of one story and the start of a new one - companies and investors, workers and consumers, governments and management all have to deal with these and a variety of other new concepts,*” (Tallman, 2009: 196) some posing threats and some most promising and some being a combination of the two.

A Nearshore facility that is based on the same business model as that of Offshore, presents advantages such as flexibility, proximity, etc. Let us see the factors that enhance Portugal as a Nearshore centre.

2.3.1 Portugal the Nearshore centre: success factors

According to the Portuguese Digital Agenda (Agenda Portugal Digital, s.d.), "*The Government assumes as a strategic objective to promote innovation, entrepreneurship and internationalization of the national economy, with a view to making Portugal a country with companies of high potential for growth and internationalization.*". Thus, measures that could boost Nearshore in Portugal are:

- Export of Business Process Outsourcing (BPO): To promote the export and internationalization offering BPO services with added value, as a result of boosting the promotion and external dissemination of the Portuguese industry of BPO services.
- Capturing foreign investment: Portugal to attract foreign investment through the installation in our country of technology based competency centres (e.g. BPO and Nearshoring operations), investing in relationships with key analysts and international decision influencers of the ICT sector and in stimulating and encouraging the participation and presence of major associations of the ICT sector in bilateral missions, business meetings and international events, in conjunction with the entities responsible for economic diplomacy.

According to a confidential presentation of Portuguese Association of Outsourcing (APO), Nearshore promotes the effective uptake for Portugal, of international operating services- Shared Services & Outsourcing- focused on IT Development, Business Process Outsourcing, Development in Engineering and it allows integration in the national ecosystem of technology and service companies. This is possible by creating a platform which promotes the offer in 3 areas:

1. HR Management: to create a pocket of human resources available to companies (to establish extended partnerships, detailed and current); to establish partnerships with universities, student associations, IEFP, AICEP, IAPMEI business incubators; to fostering Human Resources Outsourcing Services.
2. Hosting Management: housing of technology companies, providing a complete service.
3. Legal Support: in legal, tax and accounting areas.

Portugal does well in the picture with regard to the "*existence of skilled manpower, competitive costs, infrastructures and security on the issue of intellectual property.* (APO, 2012)". The main advantages that attract Portugal as a Nearshore centre are presented in the following figure:

HUMAN RESOURCES		PRICE	
Availability of resources		Human Resources	
Technical skills		M ²	
Captivating features		Services	
Languages		Cost of living	
QUALITY OF LIFE		SERVICES	
Climate		Business Contact Centres	
Geography / Access		Shared Resources -Services	
Quality of Life / Space		International Location	
Human Environment / Natural			
Local Traditions			

Figure 5- Success factors to create Nearshore Centres in Portugal

Source: (Portuguese Association of Outsourcing, 2012)

The factors presented are fundamental in attracting multinational companies to Portugal, and at the same time, creating innovative companies in the country to allow the generation of volume and variety that the "job exporters" require to be transformers of the economy. (APO, 2012)

According to a Gartner study (Marriot, 2013) "*as the world's leading information technology research and advisory Company*" Portugal is "*one of the 11 major developed countries with more potential*" for the installation of technology and BPO offshore services. According to the consultant it is included in the seven leading countries of Europe, Middle East and Africa

2.4 Decision factors for entering and competing in international markets

"Given the importance of internationalization problems as well as the international marketing planning process(...) it is relevant to analyse the relationships between internationalization problems and the international marketing planning process and we posit our second hypothesis which states a positive link between these constructs (García et al., 2013: 6)."

When companies have to internationalize they are faced with problems, which they need to solve and new decisions need to be made. The decision making process and the problems that arise in internationalization is represented by the following schematic.

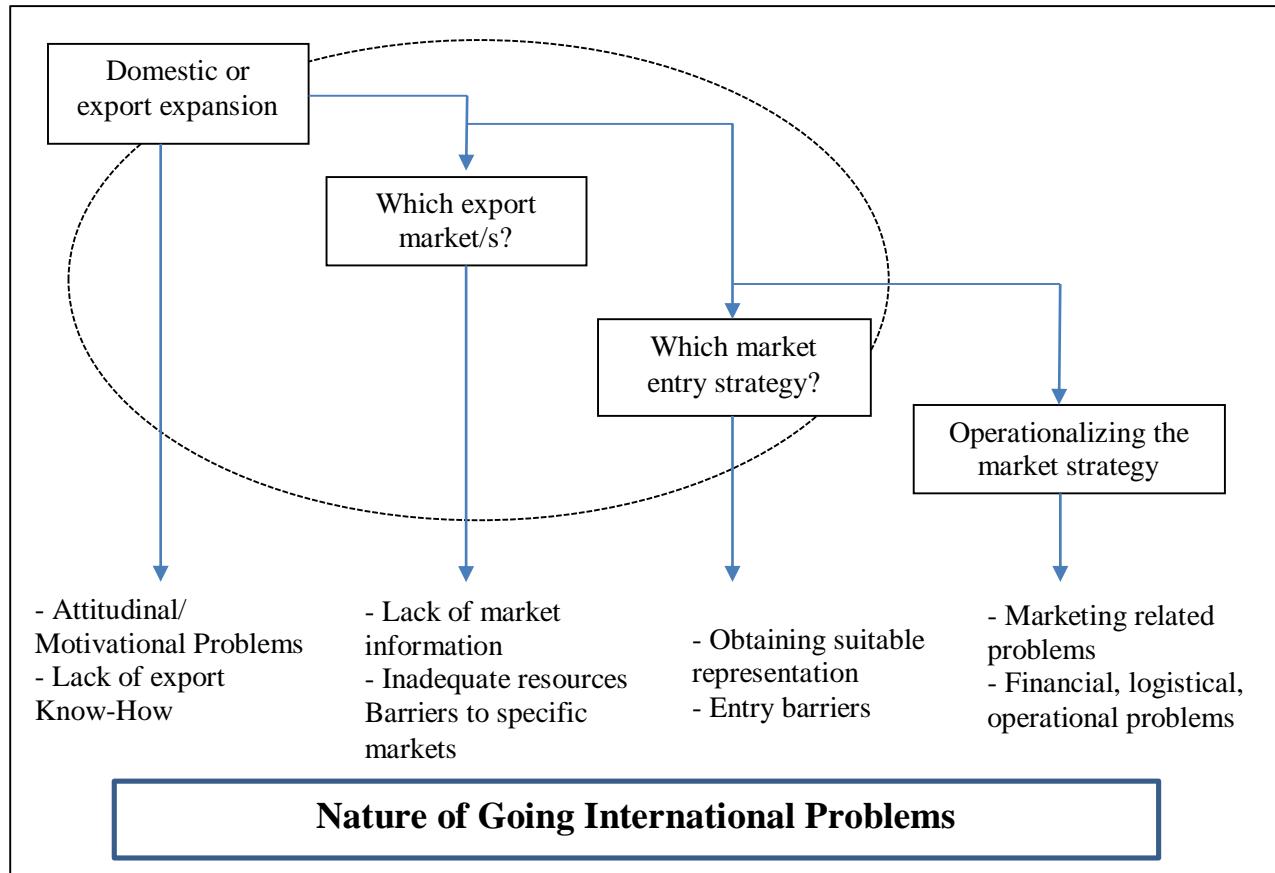


Figure 6- The international decision process and the nature of the internationalizing problems

Source: (García *et al.*, 2013)

If on the one hand it is not easy to overcome problems and make decisions, on the other hand "*changes in the firm and its environment expose new problems and opportunities* (Johanson & Vahlne, 1986: 26)".

"*Advances in technology are having a major impact on the alternatives available and on the economics of those alternatives. Responding to customer needs for flexibility, many firms now offer several alternative choices of delivery channels.* (Lovelock & Wirtz, 2007:122)".

The responses to the questions "*Where? When? How?*" are the foundation of service delivery strategy. According to the author mentioned above, "*Where?*" relates to the places where customers can obtain delivery of the core product, one or more supplementary services, or a complete package; "*When?*" relates to the decisions on scheduling of service delivery and

“How?” refers to channels and procedures for delivering the core and supplementary service elements to customers.

The aim of this study is to exemplify the methodology that companies can adopt in an eventual internationalization strategy, regardless of their origin, culture, size, resources and offer portfolio (products and services).

3 Methodology

“Using the literature to learn about possible methodologies and to support a particular research method is therefore an important step in designing your research. (F. Hair et al., 2007: 99)”.

In this chapter it is intended to present the methodology adopted for the development of this project, in order to get answers to the following questions:

- Why Going International?
- Which Business Units have potential for internationalization?
- Where to Internationalize?
- How to Internationalize?
- What are the Key Challenges when implementing the recommended strategy?

The methodology chosen aimed to:

- Collect information of the Company’s website, presentations, institutional documents and videos, Annual Report of the Company for 2012;
- Study the Business Areas and Business Units of the Company through the use of questionnaires and interviews with the managers of the 12 Business Units;
- Carry out 7 meetings (2 hours per meeting) with the representative Executive Commission, the CEO.

These steps were essential to identify whether there is the possibility of internationalizing the products and services of the Company.

3.1 Project design

Questionnaires and interviews were applied to all Company managers (there are twelve) of each BU because it is they are the ones with the knowledge of the areas and are close to the CEO, responsible for making decisions. It would be time consuming and complex to apply questionnaires and interviews to all 1300 employees of the Company. Moreover, the managers of the 12 Business Units have the general knowledge of the Company and its areas, in particular its products and services. The research was carried out in 3 phases:

- Data collection: survey of the Company’s current status;

- Strategy outline: which of the BUs have the capacity to internationalize and what are the target markets.
- Strategy definition & implementation: presentation of the internationalization proposal.

The following scheme outlines the steps in collecting the information required for the Project.

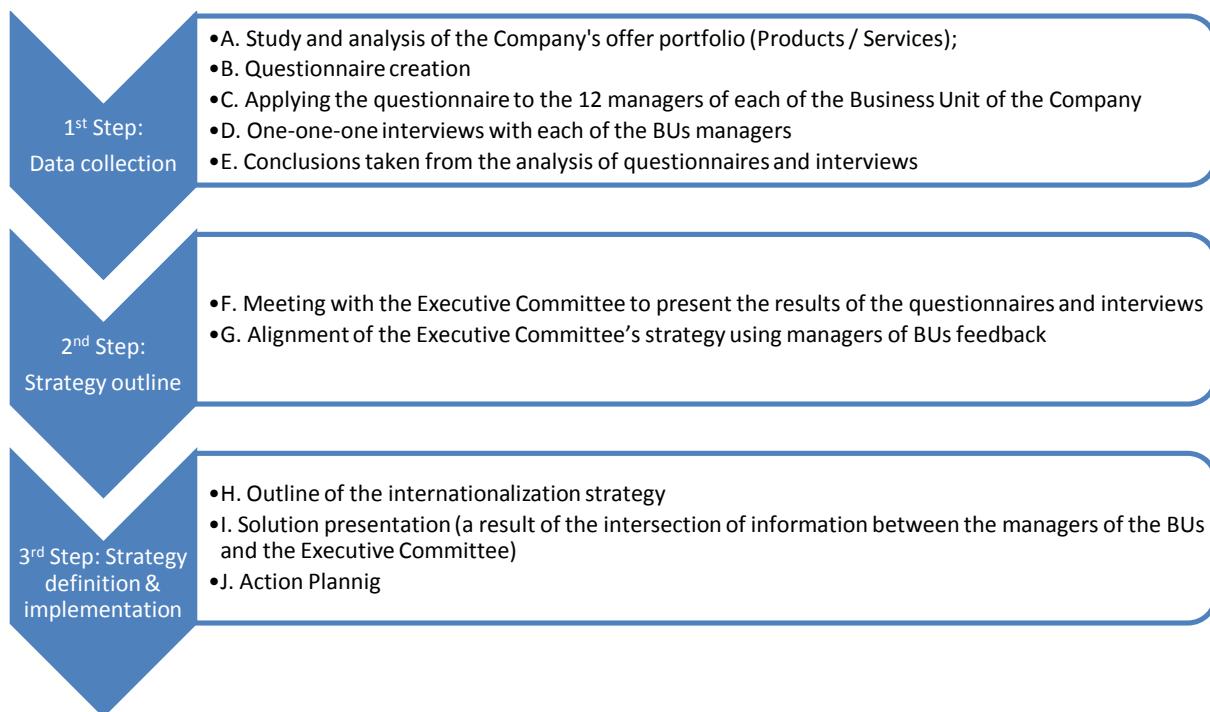


Figure 7- Methodology Steps
Source: Own creation

3.1.1 The 1st Step: Data collection

▪ Questionnaire

Initially a study of the Company was done through the Company's website, annual report, institutional documents, presentations and corporate videos in order to become acquainted with the Company and their respective areas.

After the survey and information analysis, a questionnaire was designed, across all business units, in order to study each of them, as well as the perceptions of their managers from an internationalization perspective. To prepare the questionnaire it was necessary to be familiar with the Company's offer of products and services. The main goal of the questionnaire (**Annex 1**) is to capture the vision of the managers on the potential for internationalization of their

respective BUSs, to measure the knowledge of the international markets and get the perception of what are the priority target markets.

The questionnaire was organized in 3 parts: A, B and C. Questionnaires were sent by e-mail, and answered online by the managers of the BUSs, hence these are “Internet-mediated Questionnaires” (Saunders *et al.*, 2009). The type and number of questions took into consideration the heavy schedules of the 12 managers of the Business Units. The questionnaire had a 100% response ratio, resulting in 12 responses.

▪ Interviews

Upon receipt of the questionnaire, the results face to face interviews were conducted with all managers of the Business Units in order to obtain information not obtained through the questionnaire and to understand the strategic vision of each BU manager. These interviews were scheduled according to the availability of each individual and a script was prepared to offer guidance and focus on the most relevant issues, such as:

- Individual interview in Portuguese (to facilitate spontaneity and clarity of the information transmitted by the managers);
- Duration (Maximum 30 minutes);
- Presentation and Information of Business Area/ Unit;
- Sector to internationalize or, if it has been already internationalized, what went wrong and what went well;
- Any other pertinent information that has not been transmitted in the questionnaires.

The main purpose of the interviews was the enable the retrieving of information that was not obtained through the questionnaires. After the completion of questionnaires and interviews, the resulting collected information was prepared and organized for the 2nd Step: Strategy Outline.

3.1.2 The 2nd Step: Strategy Outline

Following the first phase, consisting of the collection of information from the questionnaires and interviews, comes the importance of analysing the contents. To this end, five meetings were scheduled with the CEO to present and analyse the information that was obtained from each of the Business Units. The meetings (7) were conducted within the Company premises, had an average duration of two hours, with the CEO being present. This stage was crucial to identify

whether the perceptions and goals of those responsible are aligned with the strategy that the Board has for the Company.

3.1.3 The 3rd Step: Strategy definition & implementation

Arising from the results and perceptions obtained in the meetings with the Board members, in the second phase, there was a need to select and identify appropriate markets for the internationalization of the Company's offering (products and services). Thus, this phase can be described as the outline and presentation of the internationalization strategy for the Company.

The three phases presented were fundamental to structure the process of collecting and analysing information. During the surveys and interviews, both the managers of the different BU, as well as the CEO, responded appropriately and demonstrated interest in the questions presented. They offered to share information regarding their areas and demonstrated a willingness to share their acquired knowledge (both at a practical and at a theoretical level) in regards to internationalization.

In the following chapters, the Company information, and the results from the information collection and analysis, will be presented.

4 Project context

4.1 The Portuguese market overview

Portugal adopted, especially in the first decade of this millennium, a policy of high investment and expenditure, and as such public debt and the international financial crisis of 2008 triggered an economic recession.

In order to obtain a better understanding of the national economic landscape, it is important to know the macroeconomic indicator. The growth rate of Gross Domestic Product (GDP) is an indicator that gives us the variation in the economic growth of the country. The following figure is the formula for GDP:

$$\text{GDP} = C + G + I + (X - M)$$

C – Private Consumption; G - Public Consumption; I - Investment (Gross Fixed Capital Formation)
X – Exports; M – Imports; (X-M) - Trade balance

Figure 8- GDP formula and its variables meaning
Source: (Coimbra, 2011)

The data collected through the INE, National Statistical Institute, show that there is great instability of rates in recent years, particularly since 2008, where there are negative growth rates in 2009 (-2.90 %), 2011 (-1.30 %) and 2012 (-3.20 %). (Statistics Portugal, National Accounts, 2013)

These rates reflect the recession of the economy that Portugal has been experiencing, as shown on the next chart:

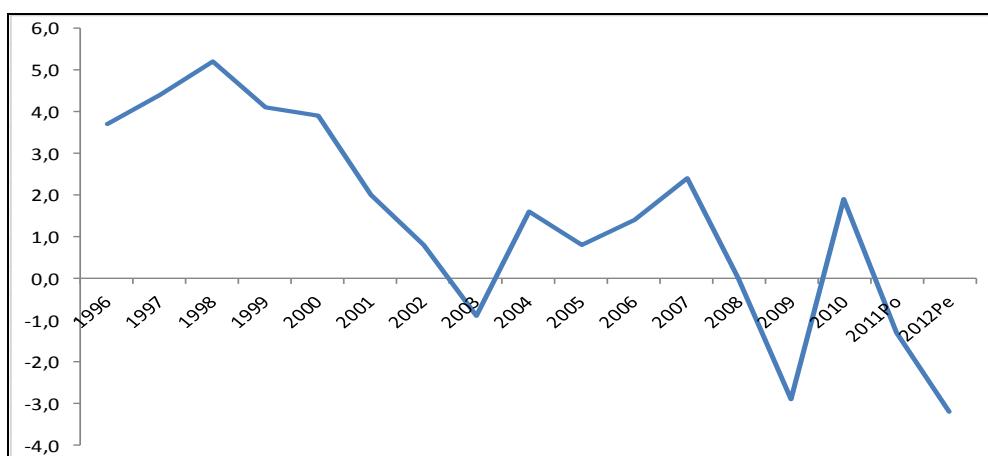


Chart I- GDP Growth Rate
Source: (Statistics Portugal, National Accounts, 2013)

The actual economic crisis, the increase in direct and indirect taxes, unemployment, and general economic instability in recent years are factors that have negatively influenced confidence and have diminishing consumer purchasing power. With the slowdown in private consumption, domestic economic transactions decrease, leading to a reduction of internal trade. In other words, with a drop in demand from consumers, companies will have to adjust their offer through closure of some companies and remodelling or adapting to new markets. With the debt crisis that Portugal currently has, one of the policies adopted by the current executive was the sharp reduction in state expenditures, cancelling various investments and ongoing (or previously planned) projects.

The economic context presented and the small size of the domestic market led to the closure of businesses. Entrepreneurs and managers have been forced to reinvent processes, changing corporate strategies and, consequently, their business models.

The Company being analysed in this study is part of the services sector, one of the sectors that suffered most at the beginning of the economic crisis. *"The rate of turnover in services (including retail) showed less significant homologous decreases during the last six months, passing from a rate of -4.0% in July to -3.1% in August and fixing the rate highest since February 2011. The confidence indicator of the services sector rose in September, continuing the upward trend started in December. The confidence indicator in the commercial sector also recovered significantly in the reference month, reinforcing the growing profile observed since February 2012."* (Statistics of Portugal, 2013)

Thus, for the general context and the specific context of the services sector the Company had examined, focusing equally on internationalization.

4.2 The International market overview

"The world economy continues to emerge slowly from the most serious economic crisis of the post–World War II period—one that has deeply transformed the global economy and highlighted the increasingly important role that emerging markets and developing economies play in the global economy. As advanced economies are searching for ways to speed up their economic engines, emerging and developing countries have been important drivers of the global economic recovery." (Schwab, 2013)

In the following figure, shows the Stage of Portugal development comparing with other world countries in a rank (1/148):

Global Competitiveness Index		
	Rank (out of 148)	Score (1-7)
GCI 2013–2014.....	51.....	4.4
GCI 2012–2013 (out of 144).....	49.....	4.4
GCI 2011–2012 (out of 142).....	45.....	4.4
Basic requirements (20.0%).....	41.....	5.0
Institutions.....	46.....	4.3
Infrastructure.....	22.....	5.5
Macroeconomic environment	124.....	3.8
Health and primary education.....	27.....	6.3
Efficiency enhancers (50.0%).....	46.....	4.4
Higher education and training.....	28.....	5.1
Goods market efficiency	72.....	4.3
Labor market efficiency	126.....	3.8
Financial market development	114.....	3.5
Technological readiness.....	27.....	5.2
Market size.....	50.....	4.3
Innovation and sophistication factors (30.0%).....	38.....	4.1
Business sophistication	57.....	4.2
Innovation.....	29.....	3.9

Figure 9- Global Competitiveness Index

Source: (Schwab, 2013)

Comparing Portugal internationally, it “continues to fall in the rankings, coming in at 51st place, two places down since last year. An unstable macroeconomic environment (124th), similar to other Southern European economies; a certain loss of trust in politicians (77th) and in government efficiency (116th); and, above all, increasing difficulties in accessing financing- either through the equity market (108th) or loans (121st)- have contributed to this drop.” (Schwab, 2013: 30)

In spite of the slowdown in the global economy, it is important, according to the economic indicators, for the Company to focus on internationalization. This need is, above all, due to the size of Portugal and because it is interested in entering markets wherein the Company portfolio can meet the needs of the market, or even distinguish themselves from the existing offer. A good bet will be the emerging markets but it is necessary to take into account that the economic growth of these countries is circumstantial and vulnerable. In the developed countries it is more difficult to enter the market is already saturated.

The Company's history, offer portfolio and geographic location will be presented in the following chapters. The information was obtained from the Company's marketing department of the Company, from institutional presentations, the Company's website and the annual report for the year 2012.

4.3 The Company object of the study

4.3.1 The Brief history and evolution

The Company being to analyse in this project is a Portuguese Company, listed on the NYSE Euronext Lisbon which operates in the Information Technology sector in the areas of Technical consultancy, design and implementation of informatics solutions, support for informatics applications, definition and implementation of technological infrastructures (e.g. Datacentres, communication systems), training, support for business processes, outsourcing of business processes (BPO), amongst others. Its formation in 2009 resulted from the merger of two business groups that operated in those market segments. This allowed the Company, including the group, to acquire new skills at the level of ERP, CRM and Software, specific to the area of Health and Pharmacies.

It has a team of 1300 skilled professionals from various fields that are able to better respond to its customers. These are distributed geographically by national and international markets but most of them are in Portugal (1150 employees). In Portugal it operates in the Banking, Telecommunications, Health, Trade, Industry and Public Administration Sectors. In the international market it intends to export its vast experience which it has in information technologies through strong and consolidated performance, providing solutions that maximize the profitability of its customers (national and international) and the success of Shareholders. It is worth mentioning some important additional facts, particularly the most recent, which reflect the size and development of the Company. The year 2012 was characterized by relevant facts to the business:

- Solutions are in more than 200 hospitals and clinics. The Company has between 50-60% market shares in SW for hospital management in Portugal;
- The software is used by more than 12,000 pharmacies (Portugal and Spain);
- About 27 countries use the solutions for the inspection and audit of ships;
- Nearly 100,000 POS are manufactured and installed in Portugal;

- It has a team of 300 engineers specialized in the development and implementation of IT solutions;
- It has 15 years of experience in developing and implementing solutions for hospital management.

To counter the constraints of the global market and achieve sustainable growth levels over the medium term, the Company has an operating strategy that is based on three fundamental axes: The Offer Portfolio (products and services) and Market & Geography.

4.3.2 The Offer Portfolio

The Company has a very widespread and embracing offer, structured into four Business Areas of action that are organised strategically, according to the skills and experiences which they integrate. The following figure shows the Company's offer, organized in the four Business Areas:

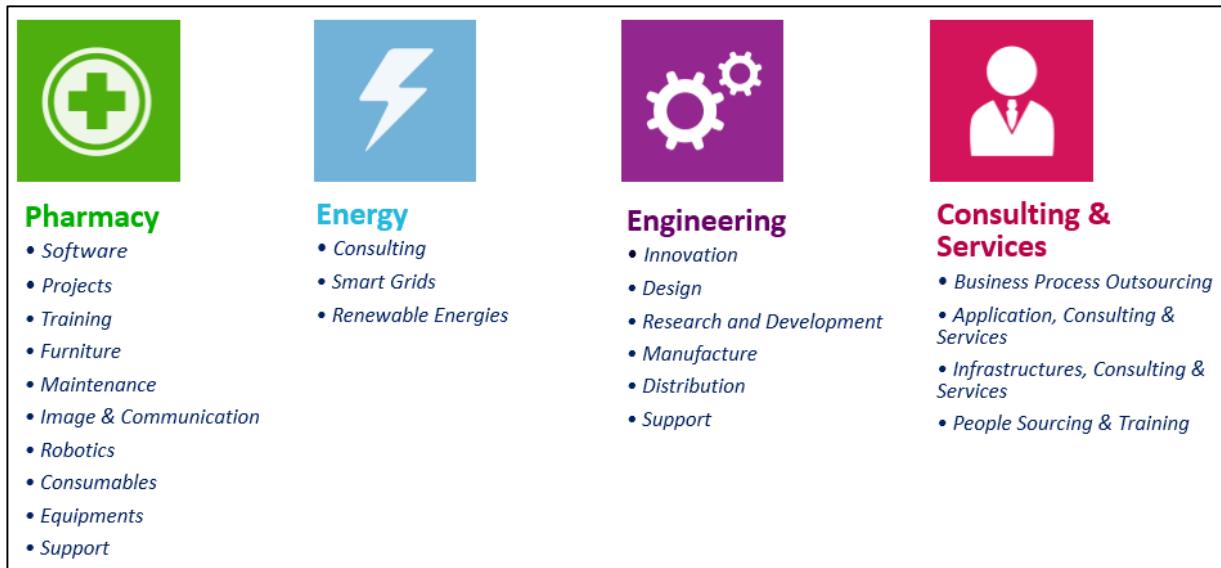


Figure 10- Company's Business Areas
Source: Institutional presentation of the Company

There now follows a description of each of the four Business Areas of the Company:

Pharmacy- For over 15 years they have conceived, designed and operated health spaces (Pharmacies) where commercial architecture, profitability and new technology go hand in hand. They operate in the following areas: Equipment and Training, Architecture, Conception, Expopharma, Pharma TV, Robotics and Software. In addition, this Business Unit provides services for all types of upgrades, maintenance and support. They offer a global solution for

products and services that create and support the business of their customers. Many of the businesses are "turnkey" solutions.

Energy- They operate in renewable energy markets on behalf of sustainable development. They adapt technological and engineering solutions to environmental and energy solutions, providing the development and profitability of each business. The Company has little experience in this sector of activity.

Engineering- Very focused on the product, this BU is focused on the manufacture and development, conception and design as well as in the distribution and support of the Company's own products, composed of hardware and software components. In addition they develop and manufacture the products. They are experts in payment systems (POS) which enable them to guarantee the management of the lifecycle of the product.

Consulting & Services- This area of the business provides consulting services to all levels and sectors. Its offering is a wide range of technology consulting services, implementation of ERPs, BPM solutions, systems integration, application development, resource measurement, outsourcing application, infrastructure outsourcing and Business Process Outsourcing. They feature a range of proprietary software, among which are: Apollo, HIS and MAC.

HIS is Hospital Management software that is present in most Portuguese hospitals and clinics. It is also in two hospitals in Poland and they are considering the first implementation in a hospital in Brazil. This is a complete hospital management solution that brings together the clinical management, administration and financial management of the institution, complementary diagnostic methods, hospital pharmacy, patient clinical management, up to invoicing.

Regarding the MAC software: asset management, it covers all activities related to the maintenance and management of equipment. It is software that allows monitoring and tracking equipment on a regular basis, since its registration, through its preventive and corrective maintenance, with constant updating of statistics and indicators necessary for cost management and quality control. Apollo is software for managing mobile virtual network operators (MVNO).

Each of the four Business Areas has its Business Units, as can be seen in the following table:

Business Areas	Business Units
Pharmacy	Europe
	Pharma
Energy	Energy
Engineering	Electronic Payments
Consulting & Services	Business Process Outsourcing
	Business Solutions
	Electronic Payments
	Healthcare Solutions
	IT Consulting
	Managed Services
	People and Training Source
	SAP

Table II- The four Business Areas and its Business Units

Source: Own creation

They innovate through the presentation of their own solutions, they improve the development of processes and adapt to agile methodologies. They frequently invest in new technologies, in knowledge and certification of skills.

The Company intends to invest in the technological competencies of the Group through more efficient and innovative solutions, enabling them to offer their customers an answer to their main concerns through information technology. For an efficient management of the Company's offering portfolio, there are 12 managers that report to the Executive Committee.

4.3.3 The Market & Geography

With regard to the market they want to be close to customers and markets with great potential (emerging markets) and culturally close (Portuguese speaking countries) to permit an efficient supply of products and services, and use of resources with global competencies, prepared to offer efficient solutions. The Company plans to increase the volume of business in new geographical areas in a cautious and prudent manner.

In the National market the Company has its headquarters in Lisbon and offices in Porto. To support its international strategy the Company has offices in Angola, Spain, Poland and Brazil.

According to Annual Report of the Company in 2012, in addition to Brazil, the markets in which the Company wants to invest are Europe (Germany, UK, France and the Netherlands), Latin America (Mexico and Colombia) and Africa (Mozambique, South Africa and the Maghreb). The following figure shows the countries where Company are already marketing:



Figure 11- Markets where Company is currently operating

Source: Taken from the Company information

The markets, the offer and the profile of the Company's global presence can be found in the following table:

Where?	What?	How?
Angola	Datacentre	Office
Spain	Pharmacy's SW	Office
Poland	SW for Hospitals and Robots	Local Partner + Office
Brazil	SW for Hospital	Office

Table III- Enterprise Markets

Source: Own creation

The Company intends to expand its business through growth in countries where its products and services can satisfy the needs of its customers and also through the present offer without this having to suffer great alteration. The creation of new products involves considerable investment.

5 Data Gathered and processed

Since the title of the project is "*Challenges faced by a Portuguese IT Company on the decision of entering and competing in international markets*", it is important to know the internal challenges that the Company is facing and whether managers are oriented towards a possible internationalization strategy.

In this chapter, it is intended to present the information resulting from the completion of the questionnaires and interviews and to conclude through a cross analysis whether the Company's BUs have potential for internationalization. A cross analysis will be undertaken, with the help of Board members (CEO), and had the objective of aligning the strategy which they have with the managers.

5.1 Surveys analysis

One of the research methods used was the questionnaire (**Annex 1**). The main objective was to identify and analyse the opportunities in the possible process of internationalization. It was answered the managers of the Company's twelve BUs. The questionnaire is structured in three parts:

- A. Identification of the Business Unit in the Company for which the manager is responsible;
- B. Analysis of existing understanding about international markets in the eventual proposal for internationalization;
- C. Perception about the Pros and Cons in the possible internationalization strategy for the relevant area of business.

In this chapter the questions given in sections B and C of the questionnaire will be analysed. Section A will not be analysed because it is only concerned with identifying the area to which the manager belongs. The responses obtained through the questionnaire are qualitative and quantitative.

5.1.1 Part B of the Survey - Market Knowledge

Through section B, *Analysis of existing knowledge about international markets in any proposal for internationalization*, we sought to analyse the level of knowledge that the managers have over other geographies (international markets) as well as their priorities in any proposals for

internationalization. The answers to each of the questions and the respective analysis are presented below.

The first question of Section B is 1.1. *In your opinion, does your area have the conditions for internationalization?* The replies obtained resulted in the following chart:

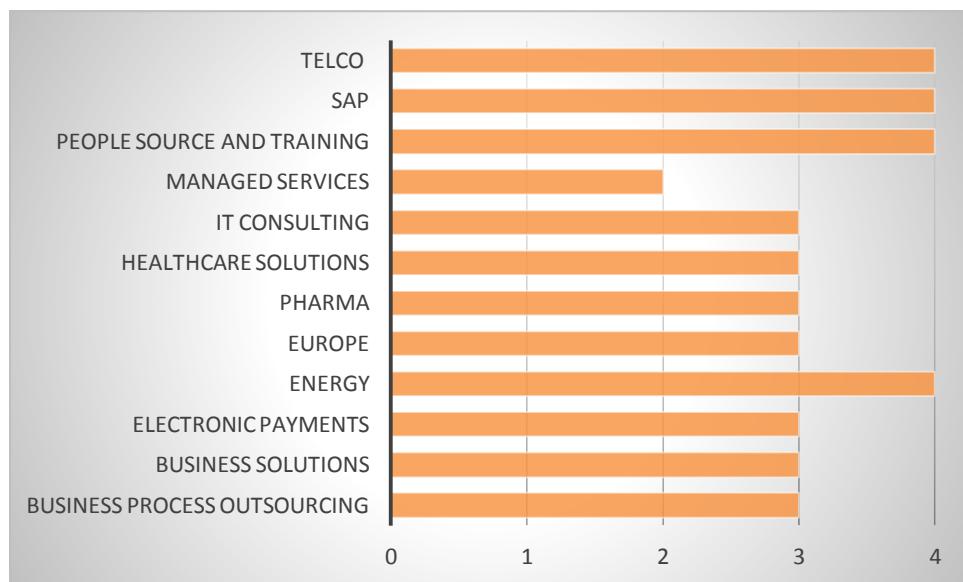


Chart II- Potential for Internationalization, considered by the 12 BUs managers'
Source: Own creation based on the managers' responses to the questions

In answer to the question, the managers had the ability to select 1 - 4, where 1 represents *It Doesn't have conditions* and 4 the BU has *Excellent conditions* for internationalization. As can be seen in the above chart, Telco, SAP, People Source & Training and Energy are the areas that show *Excellent conditions* for internationalization, and Managed Services is the one with fewer conditions, according to their managers. The managers of the other areas indicated that they have *Favourable conditions*, i.e. they selected option 3 on the scale of choices given.

Subsequently, three more questions were posed (1.2, 1.3 and 1.4) to identify how and which of the countries that each of the managers know. To facilitate the response and to allow an objective analysis of the markets, a list of countries that have the greatest potential for internationalization for the Company was presented. These were the European, PALOPs and LATAM markets. They were also given the option of selecting *Other* in each of the three questions, in case managers wished to mention other countries in addition to those contained in the list of countries (1.2.1., 1.3.1. and 1.4.1).

In selecting countries according to the listed markets, the managers had to respond as to how they viewed the markets through the following options: *Main Competitors in the market*, *Main Clients* or the *Market Tendency*. In the following table we can see the 6 countries best known to them and how they were viewed:

Business Unit	Angola	Brazil	Germany	Mozambique	Spain	Poland
Business Process Outsourcing	Main clients	Main comp. market	Market tendency	Main clients	Main comp. market	Market tendency
Business Solutions			Main comp. market		Main comp. market	
Electronic Payments	Main clients			Market tendency	Main clients	Market tendency
Energy	Market tendency	Main clients	Main comp. market	Main clients	Main comp. market	Market tendency
Europe	Mains clients	Main clients	Main clients	Market tendency	Main clients	Mains clients
Pharma	Mains clients				Main clients	Mains clients
Healthcare Solutions	Main comp. market	Market tendency			Main comp. market	Market tendency
IT Consulting	Market tendency	Market tendency	Main clients	Main comp. market	Market tendency	
Managed Services	Market tendency					
People and Training Source	Main clients	Main clients	Market tendency		Main clients	
SAP	Main comp. market	Main comp. market	Main comp. market	Market tendency	Main clients	
Telco		Main clients			Main clients	

Table IV- The main markets that managers know and how they are perceived

Source: Own creation based on the managers' responses to the questions

According to the table above, Spain is the country that managers know well due to their existing customers. Angola, Mozambique and Brazil were classed mainly by *Market Tendency*. In addition to the markets shown, it is important to note that the manager of Healthcare Solutions BU selected the option *Others* in question 1.4. and answered in 1.4.1. that he considers Colombia and Costa Rica interesting countries for internationalization due to *Market Tendency*.

Subsequently, in questions 1.5., 1.6. and 1.7., managers were asked to select from the list of countries presented and to prioritise those countries as the first, second and third phases for internationalization. The priorities identified by each manager are shown in the table below:

Business Unit	1.5. "In your opinion, from the list of markets previously identified, which should be the first priority from the perspective of internationalization of the Company?"	1.6. "In your opinion, from the list of markets previously identified, which should be the second priority from the perspective of internationalization of the Company?"	1.7. "In your opinion, from the list of markets previously identified, which should be the third priority from the perspective of internationalization of the Company?"
Business Process Outsourcing	Angola	Brazil	France
Business Solutions	Brazil	Mozambique	Angola
Electronic Payments	Spain	Poland	Romania
Energy	Brazil	Mozambique	Angola
Europe	Belgium	France	United Kingdom
Pharma	Poland	Spain	France
Healthcare Solutions	Brazil	Poland	Colombia
IT Consulting	Angola	Brazil	United Kingdom
Managed Services	Angola	Mozambique	Brazil
People and Training Source	Germany	Switzerland	Norway
SAP	Brazil	Angola	Colombia
Telco	Brazil	Angola	Mozambique

Table V- Answers of the questions **1.5., 1.6. and 1.7.**
Source: Own creation based on the managers' responses to the questions

According to the responses to Question 1.5, 1.6 and 1.7 and following the charts, the countries to internationalize are: Brazil (42%) and Mozambique (25%). In question 1.7., in the chart we can see that there is disparity in the answers, so we are not able to determine the third priority country. However, the countries Angola, United Kingdom, France and Colombia are those which are in the front line from the internationalization perspective, according to the managers.

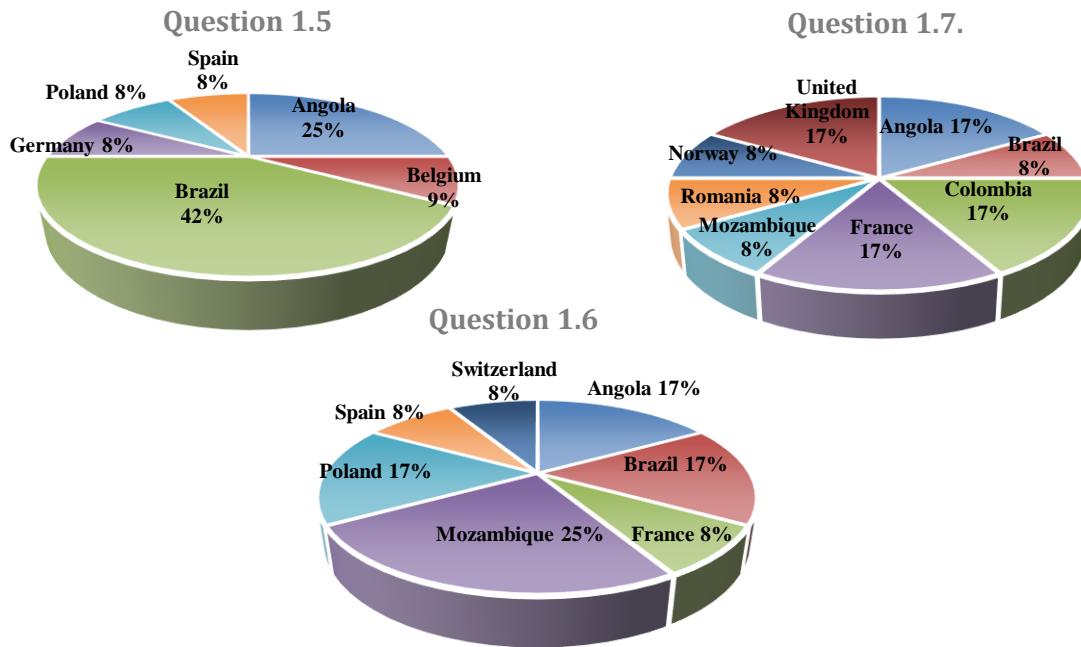


Chart III- Priorities countries to internationalize identified by each manager

Source: Own creation based on the managers' responses to the questions.

In this subchapter and in general, the managers reported that their respective BUs have conditions for internationalization. They showed that they have knowledge of the Spanish, Angolan, Mozambican and Brazilian markets due, above all, to the *Main clients* and to *Market Tendency*. They indicated that from an internationalization view the priority countries would be Brazil and Mozambique.

5.1.2 Part C of the Survey - Pros and cons of internationalization

The Section C., *Perception about the Pros and Cons of a possible internationalization strategy of the Business Unit*, consists of seven questions and was designed with the objectives:

- To capture the perception of each of the BU Managers;
- To collect information from the Business Units with regard to threats and constraints;
- To recognize the critical success factors;
- To identify the benefits expected in the eventual process of internationalization.

In the following tables the answers to each question and respective conclusions will be presented.

In question 2.1. *What are the strategic goals of the Business Unit?*, the following responses were obtained:

Business Unit	2.1. Answers - Open response
Business Process Outsourcing	To have a presence in the area in the international market by the end of 2013: African market (Angola, Mozambique and Cape Verde) and the European market (France, Holland or Poland). It is intended that by the end of 2013, 20% of the volume of invoicing may be related to international areas.
Business Solutions	To grow turnover significantly.
Electronic Payments	To invest in internationalization seeking markets where there is a Company presence or partners / current customers.
Energy	Internationalization in areas of large investments in decentralized production and energy efficiency in large projects in PALOP and Latin America.
Europe	Sale of goods and services for the European market.
Pharma	To invest in internationalization in healthcare (Pharma + Hospitals), robotics and Pharmacy space.
Healthcare Solutions	To maintain in Portugal, the leadership in ICT in healthcare, customer loyalty and increase after-sales services. To start the process of internationalization of the Company's own products (Healthcare Solutions)
IT Consulting	To generate a turnover in terms of a margin of about 1.4 M€; certification of people and processes in line with best practices, introduction of the principle of a training academy; reduction in the average cost per employee; obtaining customers as anchors in the different skills of the group; creation of business models and innovative solutions; internationalization.
Managed Services	Market recognition as a leading player in the provision of managed IT services
People and Training Source	To internationalize in Europe by sending consultants abroad with the premise, in the medium term, of bringing most of the work for Portugal.
SAP	The internationalization of the SAP board and positioning with large customers.
Telco	To market the best solutions and services of the Company in the Brazilian market. To provide services for the Telco market through the marketing of own products, BSS and CRM Apollo.

TableVI - Strategic objectives of the 12 BUS.

Source: Own creation based on the managers' responses to the questions

The BU managers reported as their main strategic objectives: the internationalization of the Company's own products, the increase in turnover, looking for markets where there will be partners/ current clients and in the medium term to bring most of the work for Portugal.

In order to identify the possible barriers to the process of internationalization, the question posed was 2.2. *In your opinion what are the challenges/difficulties you expect to get in an eventual internationalization process?* This resulted in the following answers:

Business Unit	2.2. Answers - Open response
Business Process Outsourcing	Creation of a network of contacts / partners for business development; Law and legal issues specific to each country; initial investment; "Location" and time required to integrate the ways of making decisions, to be recognized as a player and the ability to intervene and influence.
Business Solutions	Customer acquisition, creation of cultural mobility in the teams of consultants; Adaptation of own products to other markets (translation and localisation)
Electronic Payments	Many of the products manufactured by this unit are heavily regulated which means changing the product according to the target market. The sale of these products requires that there is a support structure for installation and maintenance of equipment in the field. Finding the right partner is one of the great difficulties.
Energy	Prospects for investment with a return in the medium term.
Europe	Lack of motivation of the organisation for internationalization.
Pharma	At this time, the Company fails in the support which is given to the teams in international projects, primarily in the legal aspect.
Healthcare Solutions	Total Production of own solutions; linguistic adaptation of applications and adaptation of own business processes to each market; to find local business partners to implement the Company's solutions and to make credible the solutions and partners.
IT Consulting	Lack of replicable solutions in other markets, lack of investment capacity to develop / stabilize these solutions and adapt them to different markets, lack of contacts from an international perspective, lack of awareness of the Company as a supplier in the lines offered. Portugal is not seen as a reference in software development.
Managed Services	The provision of this type of managed service tends to come from a "Cloud" model, which can clamp down on the potential spread of this type of competence across borders.
People and Training Source	Language and the credibility of the country.
SAP	Access to the market and contact with 'target' clients.
Telco	Cultural barrier and difficulty of initial funding

Table VII – Challenges/ difficulties in eventual internationalization process

Source: Own creation based on the managers' responses to the questions

There were several challenges and difficulties that the BU managers mentioned that have to be addressed, namely: the law is different from country to country, the need for initial investment, winning customers, difficulty in finding the right partners, difficulty in adapting the offering to other markets, amongst others. The solution to be presented has to take into account the difficulties outlined.

In question 2.3. *In your opinion what are the benefits that you hope to gain from a possible internationalization process?* the BU managers responded as follows:

Business Unit	2.3. Answers - Open response
Business Process Outsourcing	Activity in the economically more stable markets; possibility of implementing <i>Best-Practices</i> and experience in emerging markets; less exposure in the domestic market; extend the market activity as potential for new business and leverage and in parallel to take advantage to accumulate know-how for domestic activity.
Business Solutions	Increased profitability reduced risk of exposure to the internal market (in contraction) and increased critical mass.
Electronic Payments	The most direct benefit is to generate more business. The Company has as its main competitors companies that manufacture millions of pieces while we make thousands. This difference makes it difficult for us to achieve better prices from suppliers. Internationalization allows an increase in the volume of products and a reduction in the cost of manufacture.
Energy	Sustainability of the business in the next 5 years outside the environment of the EU crisis.
Europe	To develop the volume of business.
Pharma	Increased volume of business with the introduction of its own products in larger markets.
Healthcare Solutions	Market enlargement, increased sales and robustness of internal development processes and post-sales support to customers.
IT Consulting	Profitability, visibility and attractiveness (new features).
Managed Services	Eventually the exploration of the out-placement operation.
People and Training Source	Increased turnover and margin.
SAP	Increased turnover, increased margin in order to compensate for the crushing of the same in the national market, increase in the Head Count of the team and also the increase in Skill's.
Telco	Increase Sales

Table VIII - Benefits from internationalization as identified by the managers of BUs.

Source: Own creation based on the managers' responses to the questions

Activity in more stable markets and the increase in profitability, turnover and sales were said to be the benefits of internationalization by the majority of the BUs managers.

In question 2.4. *Explain, if any, which activities (branded products of the Company) of your business unit encompassed by this section.* The Company's own brand products and services are listed in the following table:

Business Unit	2.4. Answers - Open response
Business Solutions	MAC, Software for Maintenance Management
Business Process Outsourcing	Software Specific to Digitisation and Model of Business Rules - Scan and Go GO (4 applications): management of the physical file of the bank "Caixa Geral de Depósitos" which can be subject to change and adapted for other banks. Digit (16 applications): manage the typing area and operation.
Electronic Payments	POS, equipment for automatic payments (TPA)
Pharma	Software for Pharmacy Management
Healthcare Solutions	HIS, Hospital Management Software
Telco	Apollo, Software Installation MVNO.

Table IX - Company activities (own brand products and services) of the 6 BUs

Source: Own creation based on the managers' responses to the questions

Own Brand activities are translated into an advantage for the internationalization of the Company, for example, in larger markets where these can satisfy the needs of the market and probably makes the difference.

The BU managers responded to question 2.5. *In your opinion, what are the factors that can strengthen a possible internationalization of your Business Unit?* And the identified factors that could strengthen internationalization are:

- *Existing customers who are fit for internationalization (I am going to work closely with the customer);*
- *Specialisation of the type of project (I am sought by customers that need my products/services);*
- *Competitive Advantage - Skills (differentiation of the competition);*
- *Competitive advantage - Cost (compared to the average in the regions identified);*
- *Partnerships - 3rd party products / services (increased geographical scope);*
- *Partnerships - own products / services (recruitment of local partners).*
- *Others.*

In response to question 2.5., the Business Unit managers had to identify the factors, which are related to their BU and can enhance the internationalization of the same. The responses obtained are shown in the following table:

Business Unit	2.5. Answers - Multiple Choice
Business Process Outsourcing	Existing customers who are fit for internationalization (I am going to work closely with the customer); Competitive Advantage - Skills (competitive differentiation); Competitive advantage - Cost (compared to the average in the regions identified); Partnerships - Third party products / services (increased geographical scope), Other: Language.
Business Solutions	Existing customers who are fit for internationalization (I am going to work closely with the customer); Competitive advantage - Cost (compared to the average in the regions identified); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting local partners).
Electronic Payments	Existing customers who are fit for internationalization (I am going to work closely with the customer); Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage - Skills (competitive differentiation); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting partners).
Energy	Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage-Skills (competitive differentiation); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting local partners).
Europe	Competitive Advantage-Skills (competitive differentiation); Competitive advantage-cost (compared to the average in the regions identified).
Pharma	Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage-Skills (competitive differentiation);
Healthcare Solutions	Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage-Skills (competitive differentiation); Partnerships - own products / services (recruiting local partners); Other: consolidated experience in the area of Hospital Medicine, which today is in focus throughout the world.

IT Consulting	Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage-Skills (competitive differentiation); Competitive advantage-cost (compared to the average in the regions identified); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting local partners).
Managed Services	Existing customers who are fit for internationalization (I am going to work closely with the customer); Competitive advantage - cost (compared to the average in the regions identified).
People and Training Source	Specialisation of the project type (I am looking for customers who need my products / services); Competitive advantage - Cost (compared to the average in the regions identified); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting local partners).
SAP	Competitive Advantage - Skills (competitive differentiation); Competitive Advantage - Cost (compared to the average in the regions identified); Partnerships - own products / services (recruiting local partners).
Telco	Existing customers who are fit for internationalization (I am going to work closely with the customer); Specialisation of the project type (I am looking for customers who need my products / services); Competitive Advantage - Skills (competitive differentiation); Competitive Advantage - cost (compared to the average in the regions identified); Partnerships - products / services (increased geographical scope); Partnerships - own products / services (recruiting local partners).

Table X - Factors that may strengthen the possible internationalization of BUS.

Source: Own creation

The SAP, Managed Services, Pharma and Europe Business Units differ from other areas because they were more specific in the selection of factors presented. The managers from other BUS indicated that the factors are presented are in general, fundamental for internationalization.

In question 2.6., *What are the competitive advantages of your business unit against the competition, a possible plan for internationalization?*. The possible advantages in internationalization presented were: *Innovation, Product, Price, Quality, Experience, Other*. The main objective is to determine the advantages that managers consider to be competitive for internationalization. The responses are in the following table:

Business Units	2.6. Answers - Multiple choice
Brazil & Telco	Innovation, Product, Quality, Experience
Business Process Outsourcing	Innovation, Price, Quality, Experience
Business Solutions	Product, Price, Experience
Electronic Payments	Product, Quality, Experience
Energy	Innovation, Product, Quality, Experience
Europe	Price, Quality, Experience
Pharma	Innovation, Product, Quality, Experience
Healthcare Solutions	Innovation, Product, Quality, Experience
IT Consulting	Product, Price, Quality, Experience
Managed Services	Price
People and Training Source	Other (Experience from previous projects)
SAP	Price, Quality

Table XI - Competitive Advantages of each BU against the competition

Source: Own creation based on the managers' responses to the questions

According to the responses, the managers selected Quality and Experience as the main advantages over the competition, as can be seen in the pie chart:

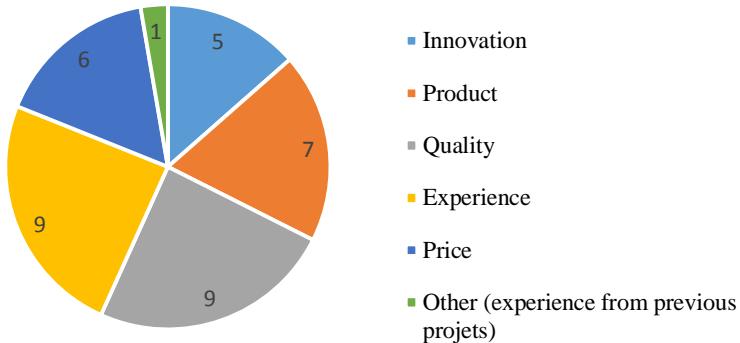


Chart IV- The main competitive advantages selected by the managers

Source: Own creation based on the managers' responses to the questions

Responding to the last question in Section C, *BU managers could give suggestions for Pros and Cons of internationalization*, but no responses were received.

The final question in the questionnaire is 2.8. *If you want to leave a suggestion or comment you deem to be relevant, please indicate below.* Only one manager, the manager of Pharma BU,

considered it to be important, at the next opportunity, to undertake a detailed study of the BUs, since the questionnaire is not specific to each BU.

In this subchapter it is possible to verify the perception that managers have of their BUs and the threats and constraints on internationalization (the need for initial investment, to attract customers, difficulty in finding the right partners, difficulty in adapting the offer to other markets). The Brand Products, Experience and Quality which the Company has, is able to constitute an added value.

The answers obtained through the questionnaire are qualitative and quantitative, therefore and the need to conduct personal interviews was identified in order to validate and understand whether BU managers had relevant details which they have not submitted in their responses to the questionnaire.

5.2 Interviews: main highlights

After the questionnaires had been completed and analysed, interviews were conducted in-depth with Business Unit managers. The objective of this method was to understand and complete information not revealed in the questionnaires.

During the interviews the information collected was organised in the following manner:

1. Understand the point of view of the manager from the Business Unit/ Sector.
2. BU to internationalize, or already found to be internationalized (if already internationalized, what went well and what went failed).
3. Additional or relevant information given by managers that has not been revealed in the questionnaires.

The information, for each of the 12th units, will be presented in the order as outlined above.

Business Process Outsourcing

1. This is a BU which gives client companies increased profitability, optimisation of internal processes, control of costs and the creation of clear rules of business. The client's targets are bespoke and in accordance with the benefits of economy of scale. The core sector of this activity is the financial market, namely Banking and Insurance.
2. For 2014 there is an idea of projects to internationalize that could be facilitated through partnerships with existing clients in the Banking sector. The internationalization of this BU can

happen with the internationalization of products and services. This Unit is not yet internationalized.

3. The importance of creating Nearshores was highlighted by the BU manager: “We have unique advantages to attract potential clients and to outsource their operations in service centres and use Portuguese skills.” This area has around 300 staff.

Business Solutions

1. Business Solutions provides consulting services to its clients for the implementation of solutions based on third party software products. The main products are Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Business Intelligence (BI), Human Resources (HR), Content and Collaboration Management and Business Process Management (BPM). In Portugal they have a wide range of clients where they have implemented solutions from leading software houses the develop enterprise solutions such as SAP, Microsoft (Navision) and S21 (4th ERP worldwide).

Regarding Human Resources Management applications, the Company offers two types of solution: their own developed RH21 (Payroll Processing), better suited to SME's and the Cezanne (International) solution which is aimed at large companies.

In addition to the above mentioned skills, the Company also offers their own software for supporting industrial maintenance processes. The solution MAC (Maintenance Assisted by Computer) enables the management of equipment. Based on this solution, the Company undertakes contracts with a wide range of clients such as shopping centres. This area is focussing on Health, mainly on Hospitals, having reference to the one in Cascais.

In the short term, it is intended to build a wider range of customers; the solutions that the Company develops and offers, creating bespoke solutions for large enterprises and implementing them in a short space of time. However the drawback is that currently they only have standard solutions for SMEs. Employees in this unit are solution consultants.

2. This BU is not internationalized yet but products like MAC have great potential to be internationalized in emerging countries: LATAM (Brazil), Africa (Angola and Mozambique) and Eastern Europe.

3. The BU manager referred to the need to export third party products with the Company knowledge through Nearshores.

Engineering & Systems

1. This area is responsible for all aspects of the development of its own products. The products developed are tailored to customers' requirements, or they can be implemented internally after a viability study has been carried out. This unit has the capacity to conceptualise and design mechanical components, hardware and software and to give direct support to customers.

The core products are POS (Point of Sale) or, in Portuguese, designated by TPA (Automatic Payment Terminal). For this product segment, they begin by defining the specifications that the product should have and their target market. After the survey, a design Company is asked to produce a design sketch of the equipment in accordance with the Company's instructions. After having the model of the product and verifying that it corresponds to what it is wanted, the development of technical drawings for the plastics factory starts. After they have the completed drawings they subcontract a Company specialized in plastics to produce the moulds and respective injection components. In parallel with the mechanical component, they design the electronic component, in accordance with the initial identified requirements that take account of the mechanical restrictions imposed by the plastics and with the international standards applicable. That being said, the first prototypes (plastics and electronic) trigger the development of the software. When the product is signed off by engineering, they begin its commercialization, installation, after-sales support and assistance with their own teams.

2. This area was not yet internationalized but the manager said that it has the conditions especially for new products (still in the development phase). The markets with potential are: LATAM (Brazil) and Africa (Angola and Mozambique).

3. Since 1999, this unit has strengthened its position of leadership and pioneering. It was the first national Company to bring to market the first TPA meeting the EMV (Europay, MasterCard and Visa) standards for the issue of payment cards, characteristics of payment terminals and operating procedures in order to enhance the security of electronic payment operations. At the global level it was among the first companies to achieve PCI (Payment Card Industry) certification and was a pioneer in obtaining American Express Certification.

Energy

1. This is a recent area in the Company and it is placed in a market which has strong growth, fulfilling a role of sustainable development. It adapts technological and engineering solutions to energy and environmental systems. The products available for this Business unit are: products and solutions for production of Renewable Energy and Consultancy in Energy

Efficiency area. According to the BU manager, this “is a Unit that sells savings, a fundamental principal in the current situation”.

- 2.** This BU is not yet internationalized.
- 3.** The fact that this area of activity is recent to the Company and doesn't yet have sufficient Know-how and experience in the Energy area was mentioned. There have been, for many years, many competitors in the market.

Europe

1. The interviewee is responsible for prospecting the European market, especially in Poland, (where the Company already has its head office), and, in the immediate future, in Belgium. When he joined the Company he travelled to search for new opportunities to identify the markets and products/services to internationalize. In his past, and currently, he has made many contacts and believes that the network of contacts that he has, has been an asset to the Company. According to the general knowledge he has of each area of the Company, coupled with his experience, the Business Units that have strong potential for internationalization are: Pharmaceuticals, Healthcare Solutions, People Source & Training and possibly Energy. The markets of opportunity may be France, Germany, Benelux, Czech Republic and the UK. He mentioned that there is no strategy or Business Plan that had to be followed in its entirety. The internationalization is done with a Back Office adequate for the needs of the country.

- 2.** This is an area which supports the prospecting of markets for all the BU of the Company. The internationalization of the Company was unlocked by this area. Thus we can say that this area is already internationalized. According to the BU manager not all of the attempts went well but the Company has learned from them. These contributed to the success of internationalization of the Company in the Spanish and Polish markets. He argues that the Company should invest in developed countries in the European market.
- 3.** The United Kingdom was not part of the strategy, but from experience it has been established that there are needs in this market. One possible form of entry is through partnerships. He identified that SAP and Managed Services are areas with potential for internationalization.

Pharma

1. The interviewee is responsible for the area of Robotics and Training. This BU has been in existence for, and has experience of, 10 years. The robotization of Pharmacies has as its prime objective to free professional Pharmacists from their mundane logistical tasks and enable them to devote their time to client care. Thus, in partnership with market leaders in the robotization

of pharmacies, this BU of the Company aims to find the best solution for each pharmacy. This solution is supported with personalised consultancy and the guarantee given is the exclusive representation of the German brand in Portugal. The Company is the representative of the brand in Portugal, Poland, Brazil and the PALOP countries. In Poland they already have 4 pharmacies as clients and it is a market with great potential because there are 13 000 pharmacies, i.e. 4 times more than in Portugal. This unit has robots as products and services related to the installation of robots.

2. This BU is already internationalized in the Spanish and Polish markets and is prepared for entry into other markets. In the case of Poland, internationalization did not go well, initially, due to much bureaucracy and the need to adapt to local legislation. According to the BU manager, to capture the market, it was “necessary to establish credibility in the market due to the investment, the appeal of European Union support and to work on the implementation of free pricing in an expanding market”. The strategy was redefined and now the Company has its headquarters in the Polish market. His words are “it is necessary to be present in the market at the time that is waking up and at the same time to look to the other side of Europe”. He stated that the area has potential for internationalization due, above all, to Quality and Experience.

3. The Unit manager said that important information had been revealed previously.

Healthcare Solutions

1. This area designs and implements solutions and information systems linked to the Health sector. The Unit manager said that what distinguishes the Healthcare Solutions area is the Company's identity. They design and implement solutions and systems for hospital administration. This area has acquired more than 20 years' experience and currently has more than 250 collaborators. He said the Company is one that presents more Information Systems Know-how in the Health sector in Portugal. His main objectives are to lead the market in solutions and to obtain results in a way that promotes client satisfaction. For this to be possible it is necessary to define common objectives, to implement in partnership and trust with the clients. The Company's clinical solutions contribute to the improvement of client efficiency through the Integrated System of the Circuit of Medication and of ERP as a key to success (Doctor and Nurse). An increase in Client efficiency will affect service to patients.

2. This area is not yet internationalized, but has a large potential especially in Portuguese speaking countries. The Unit manager said that the markets with potential for internationalization are: LATAM (Brazil) and Europe (Poland and developing countries).

3. The manager said that the BU has potential for internationalization due to 20 years of Experience and the Quality of its product.

IT Consulting

1. This area offers consultancy services and the development of software solutions tailored to the specific needs of each client's business. The area has almost two hundred consultants with expertise in project management, application development and Java, .NET (dotNET) and Outsystems technologies. In addition Application Outsourcing (AO) services are provided.

2. This area is not internationalized. According to the manager, the absence of many differing skills has hindered the process of internationalization of the area. The priority will be to restructure the area.

3. The manager reiterated that the absence of very different Skills has hindered the process of internationalization of the area. The priority will be on restructuring the area.

Managed Services

1. The manager described the BU for which he is responsible as a "scenario where the continuing growth of threats for the IT world is a reality. The Vision for the Managed Services Division is based on a holistic approach, materializing in the adoption of best practice for the three fundamental Business Areas: People, Processes and Technology." The mission is to allow Optimal Services through balance of investment in Technology, People e Processes, through the control of the misalignment between the investment and the value of the business, permitting the adjustment of investment. The Business Areas are: Enterprise Computing Systems & Infrastructure SW; Governance Risk & Compliance; Networking Communications & Security Services and Application Management. The first unit is considered to be the Cash Cow and approximately 50 people work in this area. The second unit is the closest to the client: it identifies risks and has evaluation models (rising star). The Networking Communications & Security Services unit, staffed by 10 people, aims to enable security: antivirus, architecture and technological safety. The fourth unit is responsible for IT Service Management and maintains an error log. Over and above the units identified and analysed, other areas were identified, such as a team for Sales and Inside Sales.

2. They provide services to National companies but they think that they could focus internationalization with partners and/or the assistance of some current clients. The possibilities of entering new markets could be done using existing qualified resources and the practice of managed services that could result in a competitive price. This BU is not yet internationalized

3. They adapt standard methodology in this area: ITIL (Information Technology Infrastructure Library (version 3) and COBIT (Control Objectives for Information and related Technology).

People Source & Training

1. The People Source and Training area is responsible for the development of solutions, through an approach which is flexible and aware, compliant with each client's specification. 180 personnel are working in this area. The interviewee said that in People Source and Training the main function is the outsourcing of people in IT (programming). Part of these perform their duties in Clients with Java, Microsoft, Cobol (Classic programming relative to the programming language) technologies, with experience ranging from recent graduates to those with up to 15 years' experience.

2. The manager said that their BU has potential to internationalize human resources.

Currently there are some resources in other countries but this BU is not yet internationalized.

3. There is the possibility of internationalization for this sector but this will be dependant more upon training and experience so that people will be recognised as a valuable asset for other international companies.

SAP

1. This comprises a team of 23 people with skills in the different technical and logistical components.

2. This BU has not yet been internationalized.

3. It is intended to be positioned in the pharmaceutical market in Switzerland because "they are users of resources and have attractive rates, and Brazil and Angola for similarity of cultures." Moreover, with the help of one of the areas, Netpeople, will allow the enhancement of the human resources of the Company and their entrance in the aforementioned markets.

A group of 10 people would be necessary, at an early stage of internationalization, with experience within the range 1 to 3 and 7 to 10 years.

Telco

1. The manager said that his area had 10 years of experience and high-level Know-how, assuming a prominent place in the telecommunications sector. Recently the team of collaborators strengthened, and the area acquired a solution of Billing and Customer Care, named Apollo and Technologies of Information, S.A. specially designed for MVNO (Mobile Virtual Network Operator) operators.

The experience has permitted the area to develop flexible and robust solutions in a market where competition is very strong. CRM/BSS is a quite flexible product in terms of products configuration, tariff plans, services and promotions, contributing to the leadership of the operators that use it. It was developed to be integrated with existing systems (ERP, CRM, Billing, Charge Points, PoS, Call Centre and network elements). The CRM/BSS solution optimises investments without the duplication of functions. Covering themes like Revenue Assurance, Churn management (forecast) and Strategic Business Consultancy, it is an example of how the Company is not limited to BSS solutions for operators. There are several implemented projects that have strongly contributed to the Company's value to Customers.

2. This BU has not yet been internationalized.

3. The Telco BU has some experience in the Spanish market but we cannot consider the area is internationalized because the implementation strategy in the market has not gone well. However, the manager said that the BU has great potential for internationalization, particularly in countries where the MVNO business model is still poorly developed, such as in Brazil.

To sum up, the following table summarises whether the Business Units are already, or not yet, internationalized:

Business Areas	Business Units	Internationalized Business Units?
Consulting & Services	Business Process Outsourcing	No
Consulting & Services	Business Solutions	No
Engineering	Electronic Payments	No
Energy	Energy	No
Pharmacy	Europe	Yes (Poland and Spain)
Pharmacy	Pharma	Yes (Poland and Spain)
Consulting & Services	Healthcare Solutions	Yes (Poland and Spain)
Consulting & Services	IT Consulting	Not
Consulting & Services	Managed Services	Not
Consulting & Services	People and Training Source	Not
Consulting & Services	SAP	Not
Consulting & Services	Telco	Not

Table XII- The BUs that are already, or not, internationalized
Source: Own creation based on the managers' responses to the questions

The great majority of the BU managers indicated that their BUs have the potential and capacity to internationalize, but some of the areas would have to undergo some changes.

However, after meetings with the CEO, it was possible to conclude that, from a general perspective, the strategy of some BU managers is not yet aligned with the Company's strategy.

In the following chapter the decision of *Going International or not* is shown

5.3 Discussion: Cross analysis

In accordance with the information presented in Sections 5.1 and 5.2 we can conclude that the Portuguese Company under analysis is able to compete in the international market.

From an internal point of view, the Company is organised around 4 Business Areas: Pharmacy, Energy, Engineering and Consulting & Services. The study undertaken with the help of BU managers and the Board concluded that of the BUs, those which have potential for internationalization of the Company are: Consulting & Services and Engineering & Systems. In the process of research and analysis the meetings with the Board were fundamental in reaching the final conclusions on which of the BUs and their respective offerings to internationalize, having allowed the opinions of the BUs managers to be aligned with the strategy of the Executive Committee.

Following the analysis of the questionnaires and interviews, the arguments that justify the non-internationalization of Pharmacy and Energy are:

Pharmacy: The process of internationalization of the Pharmacy business area is seen as a high-risk option with high-cost and low probability of success and return on investment because it is treated as a business model specific to Portuguese pharmacies. This BU has low potential internationalization due to the following aspects:

- Different markets: countries which already have business models based on pharmacy chains (with a single decision centre which acts as a "supermarket" line) and others in which each pharmacy is like a Company;
- The BU does not have its own brand product;
- There are countries with more sophisticated pharmacies and others with less sophisticated pharmacies;

- Lack of knowledge about which market to capture all the specificities; the need of significant investment;
- Reduced margins for same markets;
- Raised commercial effort for entry into new markets.
- The expansion of this business model involves significant investment and the process is slow.
- The brand is not known outside Portugal.
- Business model with high dependency of geographical cover hire.

According to the features presented above and that for the BU to be internationalized it was necessary to review the structure of the business in Portugal because to implement it in other countries significant changes would have to be made.

Energy: The Company is banking on this BU (renewable energy) but it is, and will continue to be, heavily dependent on subsidies. Given the current economic crisis the CEO understands that the conditions for this BU to succeed have not been created. Besides this negative environment, we presented some weaknesses such as:

- Limited investment capacity;
- Does not have proprietary product differentiators;
- Has little experience because it is a recent BU.

The analysis presented above is more practical than theoretical, or maybe it is close to the Company in reality: it is small compared to worldwide players, it has reduced resources. It requires technical skills and a cultural adaptation and has reduced financial capacity.

6 The Study Proposal - The Strategy for internationalization

The research and study of the concepts and support strategies for the internationalization of businesses, and the collection of the data and analyses undertaken, were based on questionnaires and interviews (Chapter 5).

After the information collected had been processed, in this chapter addresses and is supposed to answer the questions:

- Which Business Units have potential for Internationalization?
- Where to Internationalize?
- How to Internationalize?
- What are the key Challenges while implementing the recommended strategy?

This was the basis for reaching the goal of this project - the internationalization strategy for the Company. The results of this work, and the definition of the strategy that was considered to be the most suitable for the internationalization of the Company, are presented in the following chapter.

6.1 What & Where

The first step was the analysis of the potential of each service line and the markets/countries when it can be performed. The following diagram represents the framework used to process the information gathered:

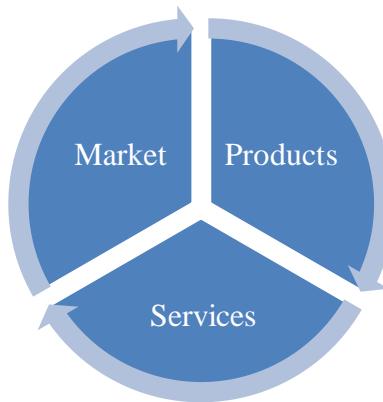


Figure 12- Tripartite scheme to analyse each BU

Source: Own creation based on the managers' responses to the questions

The goal was to identify the products (SW or HW), as a differentiated factor, with potential to be exported, the services linked to those products and the countries in which to sell them. Subsequently, the analysis was carried out for each area based on this diagram.

6.1.1 Consulting & Services (A.)

In the Consulting & Services Business Area three Business Units to internationalize were identified: Healthcare Solutions (HS), Mobile Virtual Network Operator (MVNO) and Maintenance.

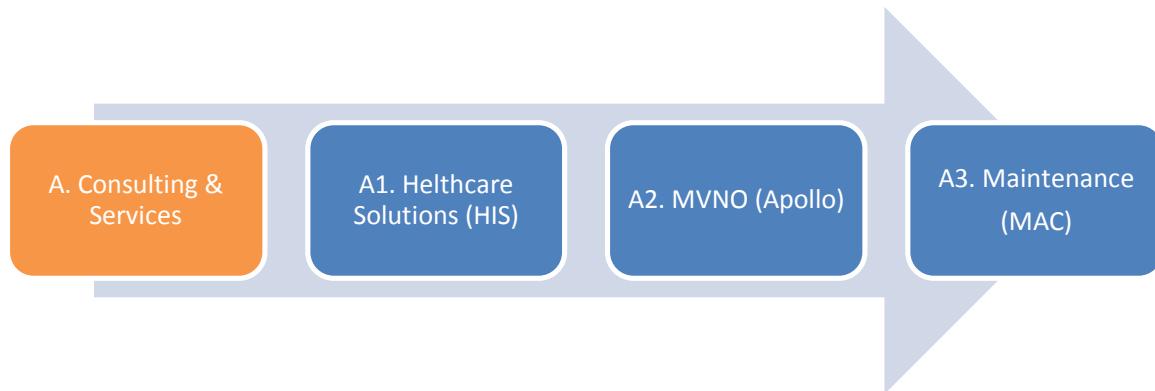


Figure 13- Consulting & Services Business Unit and respective offering.

Source: Own creation

In the next sub-chapters are the characteristics that provide for the internationalization of each of BU.

6.1.1.1 *Healthcare Solutions (A1.)*

▪ Introduction

Healthcare Solutions (HS) is a major offering of the Company. With a consolidated experience in the health sector, this offering has grown steadily over the past 12 years, both in number of employees and customers. This offering is characterised by providing a global solution covering the integrated management needs of a hospital from the Clinical and Administrative Areas, Billing, MCDTs (Supplementary means of diagnosis and therapy) and Electronic Clinical Process. The solution for this industry (health sector) is installed in over 200 Hospitals and National Clinics. The Company's solution is the most comprehensive and integrated on the national scene and is in full operation in a range of prestigious institutions of great diversity in type and size (National Health Service Hospitals, Private Hospitals and Private Clinics, amongst others). The policy of Research, Development and Innovation is an important cornerstone of the development strategy in this area, leveraged on the number and quality of human resources (250 consultants), with on-going training.

▪ **Product**

This offering is software to support the management of a hospital and it comprises several SW modules: Management Information database, Information Management, Billing, Logistics, Pharmacy, Prescription Therapy, Complementary Means of Diagnosis, Clinical Patient Process, Clinical Solutions and Telemedicine. The flexibility of integrating different modules permits the configuration of standard solutions, tailored to the specific needs of each client.

▪ **Services**

The main services provided in the context of this offering are as follows:

- Hospital management consulting;
- Consulting on implementation of solutions for managing hospitals and clinics;
- Support services / maintenance of IT solutions.

▪ **Market**

It is considered that this offering has enough potential for internationalization because:

- The core processes of hospital management show few differences from country to country.
- The very high level of sophistication in hospital management in Portugal from the IT point of view. This solution meets the highest requirements for what is seen as an asset for future international clients.
- Modular solutions, easy to adapt to different situations and levels of sophistication in terms of hospital management, it can be implemented in both small hospitals and clinics (less than 100 beds) to large hospitals (over 1,000 beds).
- The team has over 15 years of experience gained in the Sector, offering knowledge and accumulated experience that allows them to offer distinctive services with added value.
- Those markets that have a lower level of hospital computerisation than the Portuguese are potential customers, such as LATAM markets (focusing on the Brazilian market) and Europe (Poland and other developing countries). These markets have potential for development and to computerise them is going to open up space for the Company's products. The main barriers are geographic distance and to have to respect possible tax barriers.
- In Brazil's case there are over 6000 hospitals (Portugal has about 200 hospitals) with a lower level of computerisation than the Portuguese. Thus, there is a wide range of

hospitals that could be potential customers of the Company. This offering has flexibility in setting prices. Brazil is a very good example because it has great potential for growth. There is a closeness between the Portuguese and Brazilian cultures and the market size will allow a return and the risk is reduced.

The strong points of these offerings are: a proven solution, the skills and the experience and their clients are their partners.

6.1.1.2 *Mobile Virtual Network Operator (A2.)*

▪ Introduction

The Mobile Virtual Network Operator (MVNO) is a mobile phone operator that: does not have its own network or frequencies, uses the network of other operators, buys in large quantities (minutes, SMS, data, amongst others) and pays a discounted price compared to the average selling price or has a share of receipts.

In order to succeed the MVNO Mobile Virtual Network Operator (MVNO) has to focus on: a segment of the market, a unique value proposal for this segment (super service), have access to non-traditional distribution channels show lower acquisition and operational costs.

The experience of this offering has allowed the development of flexible solutions and to be vigorous in a market where the competition is very strong. CRM / BSS are very flexible product configurations in terms of products, rate plans, services and promotions, contributing to the leadership of the operators that use it. It was developed to be integrated with existing systems (ERP, CRM, Billing, Charge Points, POS, Call Centre and network elements).

▪ Product

This offering consists of Software modules: Billing and Customer Care, named Apollo specially conceived for operators of MVNO (Mobile Virtual Network Operator).

▪ Services

The main services provided in the context of this offering are as follows:

- Strategic Business consulting in the area of mobile virtual network operators;
- Software implementation services in the field of mobile virtual network operators;
- Services of Maintenance of platforms.
- Services of optimization consultancy

- **Market**

It is considered that this offering has the potential for internationalization because it has:

- The MVNO business model which is fairly linear / standard globally, not needing large investments to adapt the Company's software for new markets;
- Markets that recently legislated or are in the process of legislating MVNO licenses: LATAM (Brazil). In these, the area of mobile operators is growing, translating itself into a business opportunity for the Company. Example: In Brazil there is only one operator while in Europe there are countries with dozens of operators (e.g. Denmark). Experts say that in Brazil dozens of MVNOs may arise, as has already happened in the European market. In short, Brazil is a country where the Company will have great opportunities to enter because this is a big market which is underserved, and there are local contacts who will facilitate the entry of this BU.
- Has great potential for internationalization because technically the product is produced in a known technology, in Portuguese.

6.1.1.3 *Maintenance (A3.)*

- **Introduction**

The Maintenance offering is characterised by being an operational asset management system. It is an asset for any organisation wishing to manage and optimise their equipment maintenance costs. The main target markets are: Industry, Building Management, Utilities and the Health area. It has more than 100 references in all sectors of activity.

- **Product**

This offering, MAC, is software for asset management, covering all activities related to the management of maintenance and equipment: planning, breakdowns, equipment, indicators, purchasing, inventory and cost control.

MAC has several optional modules that give great flexibility and which allow a wide optimisation of all processes related to maintenance. MAC Mobile permits all the records relative to operational maintenance activity to be raised, such as: receiving requests for intervention, consumption of materials and recording activities. MAC Web aims to allow any element of the organisation to request the intervention of technical services and to monitor the progress of their requests.

MAC adds value to every organisation that aims to manage and reduce the maintenance costs of its equipment.

▪ Services

The main services provided in the context of this offering are as follows:

- Technical services which monitor the progress of their requests
- Consulting and Re-engineering.
- Industrial Maintenance Management
- Detailed Preventive Maintenance plans
- Trade management:
 - o Electrical
 - o Mechanical
 - o Electronic
- KPIs (Key Performance Indicators)
- Outsourcing Contracts
- Maintenance Management in different sectors and markets.

▪ Market

It is considered that this offering has the potential for internationalization because it shows:

- More than 100 references in all activity sectors such as: Ceramics, Electronics, Packaging, Food, Chemical / Pharmaceutical, Shopping Centres, Airports, Hospitals, among others;
- Other locations in the world have computerisation below our offering so this has potential especially in the following markets: LATAM (Brazil), Africa (Angola and Mozambique) and Eastern Europe (Poland);
- Standard Processes for the product do not have to be changed and adapted to the locale;
- The language is the same in Brazil, Angola and Mozambique. As this is developed in Portuguese initially interest would be in the official Portuguese-speaking markets.

In a second phase, after adaptation/translation, expanding to other emerging markets can already be considered.

6.1.2 Engineering & Systems (B.)

In this BU the offering which is going to be internationalized is the payment System.

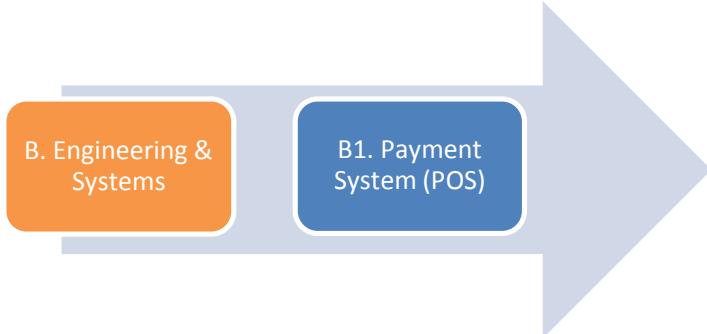


Figure 14- Engineering & Systems Business Area and respective offering

Source: Own creation

6.1.2.1 *Payment System (B1.)*

▪ Introduction

This offering consists of the development of quality technological products (HW and SW) in all aspects of methods of payment (POS). The products developed are tailored to meet customer requirements or can be changed internally after a feasibility study. This Unit has the capacity to devise and design the mechanical components, hardware and software and to give direct support to customers. For example: the European models allow customisation in accordance with the client's specifications (colours, logos, display messages, etc.).

▪ Product

In the product component this offering is characterized by having as the core product POS - (Point of Sale) which supports debit payments (e.g. SIBS network) or credit payments (e.g. Visa network) or the products associated with POS with modules such as: for the management of automatic card payments, at tollbooths, vending machines, etc. The products that are available with this offering are:

▪ Services

The main services provided in the context of this offering are as follows:

- Local Software adaptation
- Field Support
- First Tier support: Call centres
- Installations Contact Centre: Installation scheduling and Field Team management

- Online monitoring

- **Market**

It is considered that this offering has enough potential because:

- The credit component is already certified internationally by the Visa network.
- It meets the highest standards in terms of security.
- Its models are fully certified in accordance with EMV1, EMV2 and PCI regulations.
- The hardware is the same worldwide. However, the best markets in the initial stage are LATAM (Brazil) and Africa (Angola and Mozambique).
- In the debit component it is necessary to adapt / certify with the local operator (can be a barrier)

The offering's Payment System is adapted for the customer's business and provides security in Electronic Payment Solutions: anywhere, for any service and for any quantity.

The analysis completed and presented earlier allowed the identification of the offerings with the best potential for internationalization, characterized by:

- Distinctive offerings;
- Requiring little investment in local adaptation;
- Suitable for the countries mentioned above;
- Countries with similar or equal business practices to the Portuguese or business practices with a lower degree of development to the Portuguese;
- Internationalization effort is appropriate to the capabilities of the Company in respect of Human and Financial Resources.

In the next chapter the strategic framework for the internationalization of the Company will be presented.

6.2 Proposal: Strategy framework

In chapter 6.1 a detailed analysis for each of the BUs to internationalize was undertaken, according to three axes: Products, Services and Markets. The following table is a conceptual model of this study that shows the Business Areas and Business Units that have greater potential for internationalization, how to do it and the geography of operation.

Business Areas	What?	Where?	How?
A. Consulting & Services	A1. Healthcare Solutions (HS)	Hospital Software and Service HIS	LATAM-Brazil Europe-Poland and Developing Countries and Local Partners (independent sales agents)
	A2. Mobile Network Operator (MVNO)	Virtual Software Service Apollo	LATAM-Brazil and Local Partners (independent sales agents)
	A3. Maintenance	Software Service MAC	LATAM-Brazil Africa-Angola and Mozambique and Local Partners (independent sales agents) Eastern Europe-Poland
	B1.	Payment System	Hardware Service POS
B. Engineering & Systems			LATAM-Brazil Africa-Angola and Mozambique Portugal (Nearshore centre) and Local Partners (independent sales agents)

Figure 15- Business Units (products and services) to internationalize

Source: Own creation

In order to minimise the risks and maximise the effort expended in the internationalization process it is recommended that the process be developed in a phased manner with the resources of "Local Partners", and through partnerships, to acquire specific local market knowledge and reduce investment and associated risk.

In the initial phase a team to set up the local resources will be sent in order to transfer the know-how and experience of the Company. This team will be responsible for training in the host country and will have to certify whether local resources are suitable for the implementation of the products and services. This initial phase is crucial because the provision of good services by Local Partners is important for customer loyalty and globalisation of the Company in the medium and long term. In a second stage, the support and assistance will be done remotely via Nearshore centres in Portugal. The following diagram illustrates the process of implementation of services/products on the host countries:

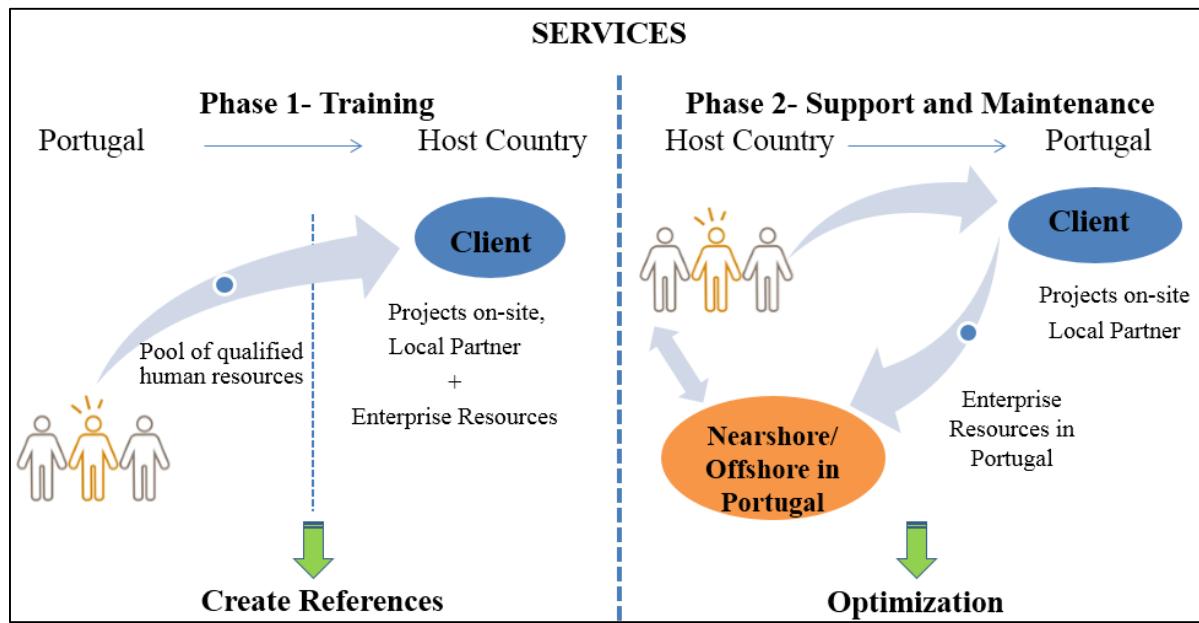


Figure 16- Implementation plan of the internationalization strategy

Source: Own creation

In the second phase the Company's resources return to Portugal. For this purpose it will create a Nearshore Centre that will give support to the team of the Host Country. The Competency Centre in Portugal will comprise qualified technical resources and it results from a perspective of Near/Offshore Centres, Portugal being a great reference for this type of Centre. So that the presence of the Company in host countries and collaboration with Local Partners is durable it is important to win management contracts, in order that established objectives are defined and accomplished by both parties. It will also be important that the organisation and communication between human resources will be effective to prevent factors such as the time zone and language from interfering with the performance of the business.

The plan presented is applicable for offerings to internationalize: Healthcare Solutions (HS), Mobile Virtual Network Operator (MVNO); Maintenance and Payment Systems. However, this plan can be adapted to the product / service and the local market.

6.3 Key challenges

In subchapters 6.1 and 6.2 the strategy of internationalization was presented. This strategy consists of the internationalization of the Company's own products in markets where they do not have to undergo significant changes and which do not require a significant investment. After collecting and analysing the information it was possible to arrive at the strategy framework,

Figure 15- Business Units (products and services) to internationalize

, and the implementation plan, **Error! Reference source not found.**. The strategy presented was identified as the most suitable for the Company but it is important to mention some aspects that may affect the successful implementation of the internationalization strategy. These are:

- Instability of international markets: the economic and political situation makes the entry of companies difficult;
- Relations with partners and distributors: if management contracts are not respected;
- Outsourcing and Offshoring, the time zone difference between the countries, different languages and different working methods; cultural differences;
- Cost of travel and accommodation for countries outside the European continent: trips to Brazil and Mozambique are significantly expensive;

In general the Company is prepared for internationalization and has the know-how and enough products to be able to succeed in other markets. However, it is important to train Company employees, especially those that will work in Nearshore Centres for a command of English and other languages.

7 Conclusions

7.1 Main Conclusions

This project was undertaken in a Portuguese Company in order to study, analyse and identify the challenges of an internationalization strategy. The questions which shaped the development of this project were: *Why Going International?*, *Which Business Units have potential for internationalization?*, *Where to internationalize?*, *How to internationalize?* and *What are the key challenges while implementing the recommended strategy?* In this section, we will present the answers to the questions which have allowed us to arrive at the proposal for the internationalization strategy.

Why Going International?. The recession in which Portugal is living, and the small size of the domestic market, has had a great impact on Portuguese companies. Entrepreneurs and managers have been forced to reinvent processes, and to redefine strategy and business models. The Company subject to analysis has 1300 employees and a considerable offer portfolio, in a small country where the purchasing power of customers is limited by the economic recession, which deepened in 2013. Therefore, the main purpose of this project, in a Portuguese Company, is to identify the potential for internationalization of its Business Units.

Which Business Units, of the Company's offer portfolio, have potential for internationalization?? In collecting information, online questionnaires were given to all of the managers (12) as well as personal interviews. Data was analysed, with the help of the CEO, to align the perception of managers with the strategy of the Executive Committee. From this analysis it was concluded that of the four Business Areas of the Company (Pharmacy, Energy, Engineering and Consulting & Services), Pharmacy and Energy do not have conditions for internationalization. In regards to Pharmacy, it would be necessary to reorganise the business structure, which would require significant changes. In the case of Energy, the Company is small in this area when compared with the worldwide players. It has limited financial resources and technical staff as it is a new area of the Company and it has little experience. Thus, the Business Areas that have conditions for internationalization are Engineering & Systems and Services & Consulting. The reasons that permit internationalization of the BUs of this Business Areas are: distinctive offerings; requires little investment in local adaptation; suitable for the countries under consideration which have similar or equal business practices to the Portuguese, or business practices with a lower degree of development to the Portuguese, and the

internationalization effort is appropriate to the capabilities of the Company in respect of Human and Financial Resources.

From the Consulting & Services Business Area, the Business Units to be internationalized are Healthcare Solutions (HS), Mobile Virtual Network Operator (MVNO), Maintenance and Payment System. From the Engineering & Systems BU the Payment System will be internationalized.

After identifying the BUs to internationalize, the question raised was *Where to internationalize?*, it was concluded that the internationalization target markets would be LATAM (Brazil), Europe (Poland and Developing Countries) and Africa (Angola and Mozambique). According to the analysis of the information collected it was concluded that these are the markets that lend themselves to the internationalization of the Company's BUs without their having to undergo major changes and which best fit the market.

Responding to the question *How to internationalize?* In the first phase training will be provided to local partners. When the Company understands that these are prepared to represent the Company, the Company's human resources will return to Portugal where support will be given through the Nearshore Centre. The Skills Centre in Portugal will comprise qualified technical resources. This results from the perspective of Near / Offshore Centres, Portugal being a great reference for this type of Centre.

Answering the last question, *What are the key challenges while implementing the recommended strategy?*, the shortage of skilled manpower in the Company and in the market for the areas of the BUs to internationalize may influence the competitiveness of the sector, so it is a challenge for the Company to train internal or external resources. In addition, the instability of international markets, relations with partners and distributors, Outsourcing and Offshoring, the time zone difference between the countries, different languages and different working methods, cultural differences and the cost of travel and accommodation for countries outside the European continent, can affect the internationalization strategy and they are challenges to solve in the process.

In general the Company is prepared for internationalization and has the know-how and enough products to be able to succeed in other markets.

7.2 Academic contributions and Company

This project was specifically undertaken in a Portuguese Company. However, it is intended that this is important for other types of companies within the same sector, or from other sectors. During the development of the project we had to verify that the Board is working to structure the Business Areas, the site was changed and improved significantly, and they are preparing internally for internationalization. Given the Know-how and experience of the Company and its human resources, it would be helpful if that they would learn other languages, and have more training in accordance with the goals of the internationalization strategy. It was very interesting to know that the Company is in a phase in which it is organising its structure and strategy to be competitive in the market. It would be still more interesting that the 12 managers and the Board would meet with meet frequently (fortnightly) is a great step to take, in order to align or redefine strategies.

The completion of this project allowed the application of the theoretical concepts acquired in class and to exchange opinions with anyone who has experience and knowledge of the day-to-day business. In spite of the knowledge transmitted, the practice is what really helps to appreciate what is not achievable to implement. It is intended that this project offers contributions to academia and industry.

7.3 Limitations

While implementing the project, some aspects, which can be improved, were identified. To reconcile academic rules with the research conducted in the Company was not a simple task. The Company has a complex structure, and after the collection of data, the important information had to be selected and adapted to academic format. At the beginning of the project, information from the Company was collected and analysed. It was only after this step that the theme was defined. It would be interesting in a future study to analyse in detail the academic rules and then collect information related to the academic structure and theme analysis. This is because the Company has a diversified offer portfolio and some of the BUs are transverse to the four Business Areas, i.e. it is complex to analyse the Company's BUs in detail. As a result of the experience gained and due to the diversity of the Company's offer portfolio it would have been preferable to analyse only one of the Business Areas and identify which BAs and BUs have conditions for internationalization. Associated with internationalization there could be a need for qualified human resources to work in the areas to internationalize. The shortage of qualified personnel human resources and efficiency in the job market can influence the

competitiveness of the Company because, according to managers, it is not easy to find seniors in the IT areas.

In regards to methodology, the data collected and the interviewees represent not a sample but the population of the Company because the questionnaires and interviews were completed by the managers of all of the Business Units of the Company and the CEO. Despite having analysed the population (12 managers) the information collected does not include the opinions of employees, suppliers or customers. However, it was decided that it was preferable to conduct this study with only the managers and the CEO because the Company has about 1300 employees and a wide range of customers from various sectors. For an internal and external analysis of the Company, more time would be needed to develop the project. In addition, according to the information gathered and following the statement of one of Pharma BU's managers "*it's important at the next opportunity to undertake a detailed study for the BUS*", it was possible to conclude that the questionnaires allowed the gathering of little detailed information in each one of the areas. A more exhaustive study would imply a greater availability on the part of the interviewer and the interviewee.

The instability of international markets, relations with partners and distributors, Outsourcing and Offshoring, the time zone difference between the countries, different languages and different working methods; cultural differences and the cost of travel and accommodation for countries outside the European continent, can limit and affect the internationalization strategy.

7.4 Future research suggestions

It would be interesting in a future study to use appropriate bespoke and detailed questionnaires for each BU and to interview employees, suppliers and customers of the Company, i.e. to undertake an internal and external analysis. The time factor is also to be considered if it is intended to conduct a more detailed study.

Given that managers stated how hard it is to find specialty resources, the Company could invest in the area of training for internal resources and consider the possibility of providing training to the external market. Furthermore, it is important to train Company employees in English and other languages, especially those that will work in Nearshore Centres.

This project allowed the analysis of the four Business Areas of the Company and its BUS. By reading this document, readers will be able to get a general idea of how the offer portfolio is structured. This project is a great example for anyone who wishes to conduct a general study in a Company and to define the strategy of internationalization, through theoretical and practical concepts.

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9 Annexes

Annex I

Questionnaire

Tese de Mestrado - Projeto de Internacionalização

Este questionário surge no âmbito da realização de uma Tese de Mestrado.
Tem como objetivo identificar e analisar as oportunidades num eventual processo de internacionalização.
Destina-se aos responsáveis ou representantes de cada uma das unidades de negócio da empresa.
O questionário está estruturado em 3 partes:
A. Identificação da unidade de negócio do responsável;
B. Análise do conhecimento existente sobre os mercados internacionais numa eventual proposta de internacionalização (quais e como é que é que conhece os mercados);
C. Perceção dos Prós e dos Contras numa eventual estratégia de internacionalização para cada unidade de negócio.
Responda atentamente às questões para não enviesar os resultados. As questões que têm asterisco são de resposta obrigatória.

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A. Identificação da unidade de negócio da empresa, pela qual é responsável.

A.1. Indique a unidade de negócio pela qual é responsável? *

Se respondeu na opção anterior Outra, indique por favor qual.

Page 3

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B. Análise do conhecimento existente sobre os mercados internacionais numa eventual proposta de internacionalização

Nesta secção, pretende-se avaliar o conhecimento que os responsáveis das unidades de negócio têm sobre outras geografias (mercados internacionais) bem como as suas prioridades em eventuais propostas de internacionalização.

1.1. Na sua opinião, a sua área tem condições para ser internacionalizável? *

1 2 3 4

Não tem condições Condições excelentes

1.1.1. Se respondeu 1 "Não tem condições" para a internacionalização, indique as principais razões.

1.2. Como e quais destes mercados europeus conhece?

	Principais concorrentes no mercado	Principais clientes	Tendência do mercado
Alemanha	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Áustria	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Bélgica	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Dinamarca	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Eslaváquia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Eslovénia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Espanha	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
França	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Luxemburgo	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Mónaco	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Noruega	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Holanda	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Polónia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Reino Unido	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
República Checa	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Roménia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Rússia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Turquia	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Outros	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

1.3. Que mercados dos PALOP conhece?

	Principais concorrentes no mercado	Principais clientes	Tendência do mercado
Angola	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Cabo-Verde	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Guiné-Bissau	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Guiné-Equatorial	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
São Tomé e Príncipe	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Moçambique	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Outros mercados africanos	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

1.4. Que mercados da América Latina conhece?

	Principais concorrentes no mercado	Principais clientes	Tendência do mercado
Argentina	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brasil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Colômbia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Peru	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Venezuela	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
México	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Outros	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

1.5. Na sua opinião, da lista de mercados previamente identificados, qual deveria ser a PRIMEIRA prioridade numa óptica de internacionalização? *

Nenhum	<input type="button" value="▼"/>
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1.6. Na sua opinião, da lista de mercados previamente identificados, qual deveria ser a SEGUNDA prioridade numa óptica de internacionalização? *

Nenhum	<input type="button" value="▼"/>
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1.7. Na sua opinião, da lista de mercados previamente identificados, qual deveria ser a TERCEIRA prioridade numa óptica de internacionalização? *

Nenhum	<input type="button" value="▼"/>
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1.8. Algum comentário adicional que se lhe ofereça fazer?

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C. Perceção sobre os Prós e os Contras de uma eventual estratégia de internacionalização da sua área de negócio.

Nesta secção, pretende-se recolher informação das unidades de negócio sobre ameaças e constrangimentos, bem como, os factores críticos de sucesso e os benefícios expectáveis num eventual processo de internacionalização.

2.1. Quais os objectivos estratégicos da unidade de negócio? *

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2.2. Na sua opinião quais são as desafios/dificuldades que espera obter num eventual processo de internacionalização? *

Pretende-se que pondere sobre as barreiras num eventual processo de internacionalização.

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2.3. Na sua opinião quais são os benefícios que espera obter num eventual processo de internacionalização? *

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2.4. Explicite, caso existam, quais os Produtos e/ou Serviços próprios da sua unidade de negócio enquadráveis nesta secção.

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2.5. Na sua opinião, quais são os factores que podem potenciar uma eventual internacionalização da sua unidade de negócio? *

- Clientes existentes e que são internacionalizáveis (vou atrás do cliente)
- Especialização do tipo de projecto (sou procurado por clientes que necessitam dos meus produtos/serviços)
- Vantagem competitiva- Competências (diferenciação da concorrência)
- Vantagem competitiva- Custo (face à média, nas geografias identificadas)
- Parcerias - produtos/serviços de terceiros (aumento do perímetro geográfico)
- Parcerias - produtos/serviços próprios (angariação de parceiros locais)
- Other:

2.6. Quais as vantagens competitivas da sua unidade de negócio face à concorrência, num eventual plano de internacionalização? *

- Inovação
- Produto

- Preço
- Qualidade
- Experiência em projetos anteriores
- Other:

2.7. Algum comentário adicional que se ofereça fazer?**Comentários Finais**

Se desejar deixar uma sugestão ou comentário que entenda ser pertinente, por favor mencione de seguida.

Obrigada pela sua atenção e colaboração.

Andreia Miguel
