

A FRAMEWORK FOR THE EXPANSION OF AN INTERNATIONAL ENTERPRISE

Case: RINF Outsourcing Solutions

Otso Tolonen

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Abstract <p>The aim of this thesis was to find and apply a framework to investigate the international expansion and development of enterprises. The framework should be scalable and work for various companies and in different locations. The framework should also aid decision making and to monitor the success of international business expansion.</p> <p>The research focused on dissecting the chosen readiness level models and analyzing their relevance towards international business development. These readiness level models will also be the base of the framework applied. The framework was examined in the form of a case study of RINF Outsourcing Solutions international business expansion to Finland.</p> <p>It turned out that a business expansion framework can be applied to readiness level models. Moreover, the case study was able to prove that the theory behind the proposed framework was accurate. There are several common elements between the various readiness level models which enable a cross industry analysis of products and services in different foreign locations.</p> <p>The research and the framework of the readiness level model can prove important for the company that assigned this thesis. The client is heavily investing in new locations but has done so without a model or a fixed way to follow the progress. The proposed model will serve as a simple, visual tool for the company to analyze its international expansion in the future.</p>		
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Tiivistelmä <p>Tutkimuksen tavoitteena on löytää ja soveltaa viitekehystä, jolla voi tarkastella yritysten kansainvälistä laajentumista ja liiketoimintakehitystä. Viitekehysten tulee olla skaalautuva ja pätevä eri yrityksille ja eri laajentumiskohteissa. Viitekehysten tulee myös auttaa päätöksenteossa ja sen pitää pystyä seuraamaan kansainvälisen liiketoimintakehityksen onnistumista.</p> <p>Tutkimus keskittyy valmiusmallien analysointiin ja niiden relevanssiin kansainvälisessä liiketoiminnan laajentumisessa. Tutkimuksen pohjalta laaditaan oma viitekehys liiketoiminnan laajentumista varten, jota tarkastellaan RINF Outsourcing Solutions tapaustutkimuksella ja yrityksen laajentumisella Suomeen.</p> <p>Tutkimus osoitti, että olemassaolevat valmiusmallit toimivat perustana viitekehykselle liiketoiminnan laajentumista varten. Tämän lisäksi, tapaustutkimus todisti, että viitekehys liiketoiminnan laajentumista varten on sovellettavissa laajentuviin yrityksiin. Eri valmiusmallien väliltä löytyi monta yhteistä tekijää, jotka mahdollistavat laaja-alaisen palvelujen ja tuotteiden analyysin kansainvälisillä markkinoilla.</p> <p>Tutkimuksella on mahdollisuus osoittaa tärkeäksi toimeksiantajaa varten. Toimeksiantaja keskittyy tällä hetkellä kansainväliseen laajentumiseen, mutta on toistaiseksi toiminut ilman siihen liittyvää mallia tai kiinteää prosessia. Viitekehys on yksinkertainen ja visuaalinen työkalu, jolla toimeksiantaja voi tarkastella kansainvälisen laajentumisen onnistumista jatkossa.</p>		
Avainsanat (asiasanat) Arvoväite, kansainvälinen liiketoimintakehitys, valmiusmallit, viitekehysmalli		
Muut tiedot		

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1 Introduction and Methods of Research

The purpose of this thesis is to find a solution how an internationally expanding company can keep track of its international business expansion processes. The solution should help the company in decision making while expanding abroad. The company should be able to see and follow its international business expansion and streamline its capabilities at a new market. The company should be able to adapt a rigorous approach to international business expansion, which it can apply over and over again at new locations.

In this thesis, international business expansion refers to a technology service based company that is planning to start operations abroad. Operations, in this case, refer to client acquisition and product/service selling; any activity that will create revenue for the company from the specific foreign market and from clients in the foreign market. This means that international business expansion is now looked at from a sales perspective. The company has already established stable domestic operations and is now expanding abroad.

This thesis has been commissioned by RINF Outsourcing Solutions (RINF) in order for the company to be able to find guidelines and a reliable approach to international business development. This topic is relevant for the company in its current situation. This will be more elaborated in the company analysis. The company has experiences with international business expansion but currently does not have a framework with which it can inspect and measure the sophistication and readiness of its expansion.

The author of this thesis is an employee of RINF and acts as the Service Delivery Consultant for one of the company's foreign markets: Finland. The author has been involved with the company since March, 2013 and has been responsible for expanding RINF's business to Finland. Currently, one of the author's main tasks is to take care of the Finland related service delivery procedures inside the company and to see that RINF's Finnish clients are getting the best possible service. Therefore, the motivation for the thesis comes also from the author himself and his experiences since he now has an

opportunity to reflect upon the business expansion activities that he has been conducting.

The primary goal of the thesis is to find a framework which will allow RINF to keep track of its expansion into new individual markets. In addition, the framework will need to be commercially solid and applicable since it is also being examined from the real life scenario of RINF Outsourcing Solution's international expansion. This is related to a secondary goal that the author of this thesis has agreed on with his employer: to start operations in Finland and to develop a local branch of RINF Outsourcing Solutions.

This thesis will be a demonstration that, indeed, there are models and frameworks that can support international business expansion and that are applicable across various industries and companies. The results should demonstrate a framework that gives a simple output for RINF to see where it stands in the new marketplace and to support decision making for further investing or not investing into a new market.

The methodology used in the thesis will be highly qualitative. The author will conduct an analysis of the case company in order to best connect it with a proposed framework for business expansion. The framework for business expansion will be examined from a "readiness" point of view. This means that the types of activities that a company pursues at the new market or in an area related to the new market will translate into a figure as to how ready the company is for international business expansion. The author will prove the applicability of such a readiness level framework by researching and demonstrating previous commercial models and examples in which readiness level models have been used. A framework will then be created in accordance with an existing readiness level model best suited for international expansion.

The proposed readiness level model will finally be examined from a real-life point of view. This is the case study portion of the thesis with RINF and its international expansion to Finland. This is possible because of the author's experience with the company. The model will be looked at following a timeline from March, 2013 until February, 2014. This is the time that the author has been working with the company full-time. After February, 2014, the author has taken time off from work to write this thesis.

Therefore, the readiness level model can also be examined with regard to a clear timeline.

2 Analysis of Study Case Company – RINF Outsourcing Solutions

2.1 General Description

RINF Outsourcing Solutions is a Romanian Information Communication Technology consulting and outsourcing company with offices outside of Romania in the United Kingdom, Belgium, France and Poland. The company's headquarters are located in Bucharest, Romania where the author of the thesis was also placed.

RINF was established in 2006 when the founders brought it to Romania from Poland. Originally RINF started in Poland in 2003, but three years later, its Romanian partners founded an independent branch in Bucharest. RINF has enjoyed good success and growth throughout its existence and has been able to increase its turnover and head count steadily over years. Currently, RINF employs approximately 250 employees and consultants who are working in RINF's clients' projects in Romania and abroad. RINF's headquarters, which are located in an IT biased industry region in Bucharest, houses around 50-60 employees depending on the projects' situation.

2.2 Business Idea

RINF has four main lines of service including: Technical Delivery Center, On-site IT Services, Business Process Outsourcing and Cloud. The services follow the so-called *nearshoring* characteristics. Nearshoring is similar to offshoring, a word used often in outsourcing to destinations far away from domestic territory. The large difference, however, is the fact that nearshoring is to outsource to a geography that is close to a company's domestic geography (Carmel & Abbott, 2007, 42). Romania is culturally, geographically and time-zone wise much closer to Finland than, for instance, India which is a popular IT offshoring destination. For Western European markets, these aspects can make Central and Eastern Europe seem more competitive (Meyer, 2006, 2). Between the years 1992-2004 Information Technology nearshoring from Central and Eastern Europe to the European Union increased 13% per year on average, and in the year 2012, the total

ICT exports amounted to the value of 4.7 billion euros (Meyer, 2006, 2; Székely, 2013, 60).

The Technical Delivery Center (TDC) service is for clients who are looking to develop, maintain or test software or an application. The type of the software or application can be vast and the TDC offers services to all industry sectors and for nearly all platforms, devices and operating systems. Typically, the client has a business idea in mind and needs software or an application for it and therefore purchases the development of this software from RINF. RINF has clients for the TDC service line from various industries including telecommunications and the digital commerce service industry, for instance (figure 1). The Technical Delivery Center is located in RINF’s headquarters in Bucharest.

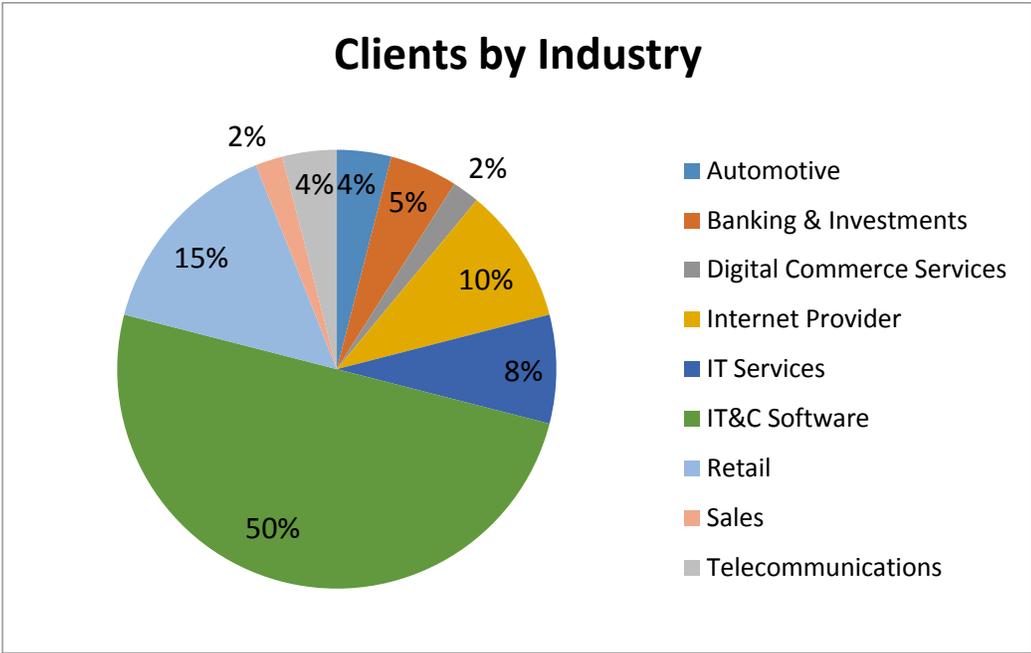


Figure 1: Clients by Industry

The On-site IT Services line is for clients who are in need for RINF’s IT consultants and experts to work onsite at the client’s premises for efficient and fast results. Very often, RINF’s consultants can also work abroad in the client’s premises. Typically, this type of a need comes from a client who needs expert knowledge fast and for a temporary period.

The client can request for a certain type of expertise from a multitude of various technologies and implementation methods. It's RINF's responsibility to then locate the best possible consultants for the client's need and project. Some of RINF's On-site IT Services clients are from the banking, automotive and gaming industries.

The Business Process Outsourcing (BPO) service is concentrated on RINF building contact centers for its clients. The contact centers can carry out a wide set of tasks, such as, inbound or outbound calling, customer service or market research. RINF builds up the center and hires the right personnel for it. RINF takes care of the human resources related issues as well as the technical side. RINF is strong in supporting many languages in its BPO centers and one of RINF's clients from the automotive sector has its customers calling in from 17 different countries in Europe.

The fourth service line is the Cloud service line. RINF has partnered with Microsoft and is selling consulting and implementation services related to its Office 365 product. Office 365 is a software suite that includes a multitude of tools that are used inside organizations (What is Office 365 for Business, 2014). These tools are tools such as e-mail, Customer Relationship Management tool, file sharing tool or a team collaboration tool. Office 365 is based on cloud technology, meaning that the data is stored on a separate server and the data can be fetched with any computer that has an internet connection. Companies are interested in this service when they want to create flexibility with where they are working from or they want to enhance their team collaboration. RINF's Cloud consultants make sure that the Cloud service is implemented in the best way for RINF's clients' needs.

2.3 Organizational Structure

The organization of RINF consists of the board (Figure 2) and the functional departments. The company is led by its Chief Executive Officer, Constantin Iftime. The Board Members are the Heads of each of the Departments except for the Marketing and Communication and the Technical Core department.

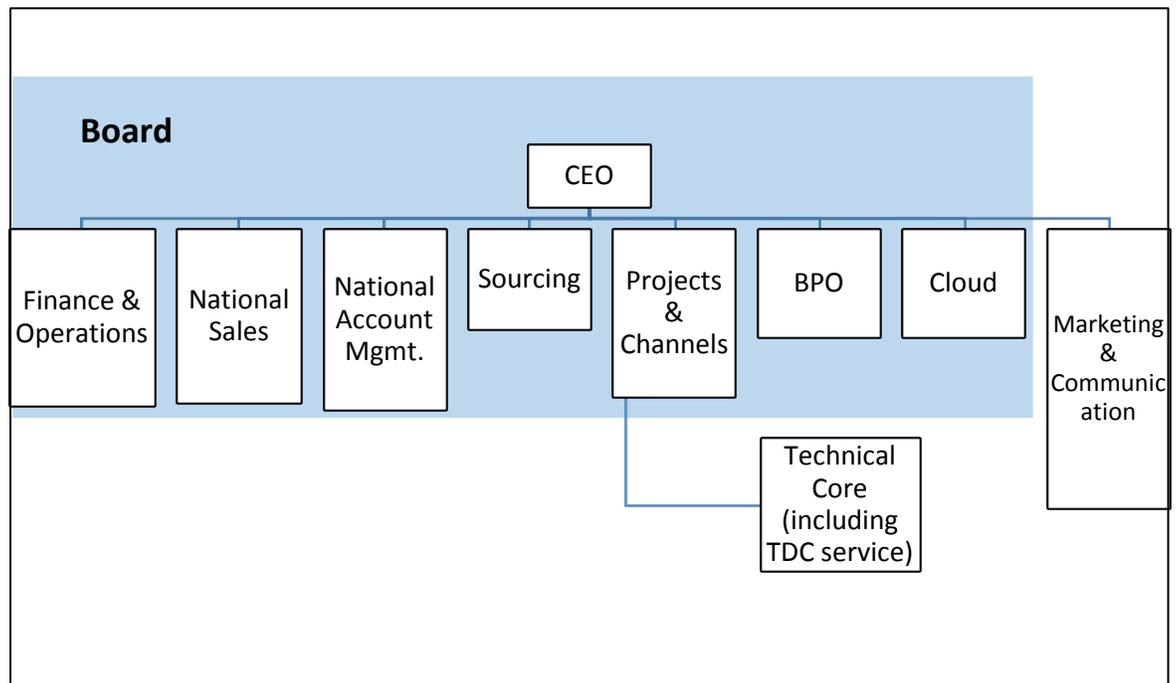


Figure 2: RINF's Organizational Structure

RINF has nine functional departments under the CEO. Among others there are the in-country Sales and Account Management departments. RINF also has individual departments for the BPO and Cloud service line and also for recruitment (sourcing), financials and marketing. Finally, RINF has the Projects and Channels Department for which the thesis author works for (this will be further elaborated next page in figure 3). The Projects & Channels department concentrates on international projects and clients and the Director of the Department, Victor Dornescu, also oversees the TDC service line which is included in the Technical Core department. Both Constantin Iftime and Victor Dornescu are the founders of RINF's Romanian business.

The board of the company is the ultimate deciding entity inside the company and is responsible for setting the company strategy and the budget. The board consists of the most experienced directors within the company and who also play key roles in the day-to-day operations. In addition, RINF's board often consults with outside consultancy companies to set strategies and goals.

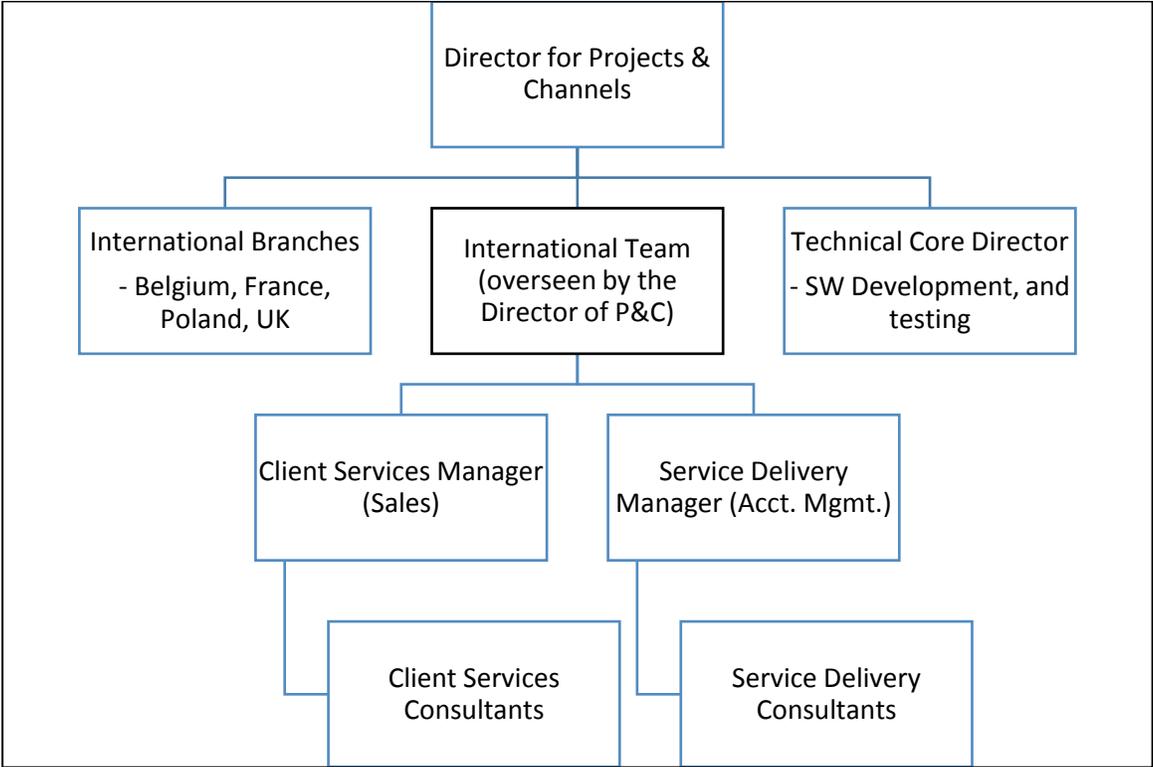


Figure 3: Organizational Structure of Projects & Channels Department

As mentioned above, the author works for the Projects and Channels department led by Victor Dornescu. A major part of the unit is the Technical Core which is also responsible for delivering the TDC service line services to RINF's clients. For non-technical and for commercial issues, the Sales and the Accounts teams are the center for the Projects & Channels department. The team members are each responsible for a designated geography on which they have previous expertise. Working on these geographies, the team members will establish new business, do account management on existing clients and also establish new channels and partnerships with local assets and business

connectors. The thesis writer works for this department, with a responsibility on Finland. Since the BPO and Cloud service lines have their separate sales departments, the Projects & Channels department concentrates on the TDC and On-site IT services service lines.

2.4 Organization Analysis

SWOT

The SWOT analysis is from the point of view of an enterprise expanding abroad. Finland is used as an example.

Table 1: SWOT Analysis of RINF’s International Business Expansion

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Access to a unique labor pool • International references • Good outsourcing destination compared to offshore locations • Low price • ISO certifications and technology partnerships 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Low market penetration • Little reputation • Local competition - Language, experience, references • Size - Number of employees in Finland
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Opening new accounts leading to a better profile inside Finland and recognition as a high tech service • Business connectors bringing in diversified new business • Presence in Finland • Trends in outsourcing / Budgets in companies 	<p>THREATS</p> <ul style="list-style-type: none"> • Only being recognized as cheap labor / resources – Technical niches not appreciated • Supply/demand in the workforce – Competition in the local IT labor pool

As for strengths, RINF is considered strong due to its nearshoring location and due to the strong local labor pool. Also, IT Consultants' salaries are significantly lower in order to attract clients in search for lowered costs. RINF's opportunities in Finland lie much in making a name inside the country. References are an important part in the industry, and are often for asked by potential clients. Neither must RINF neglect the importance that the ICT industry has in Finland and the local partners that RINF will establish in the future. The partners have industry connections that might become useful.

Of course, when RINF is expanding abroad, it knows that it does not have any references in the local market which is a minus. The first clients can be hard to acquire since there can be skepticism about a new foreign company in the market. Also, local Finnish consultancy companies pose a threat because of their well-established positions in the market and ability to attract local work force. The local work force can also be considered as a threat to the business expansion because, currently in Finland, there is more supply than demand in the IT consultancy employment market. This will cause Finnish consultants to decrease their price level which will, in turn, make them more attractive to the same clients that RINF wants to go after.

Financial Practices

In short, RINF has enjoyed a good growth both financially and in terms of head count. The revenue of the company has increased during each fiscal year, and for the end of the year 2013, it was estimated that the turnover would be a little over 7 million euros (figure 4).

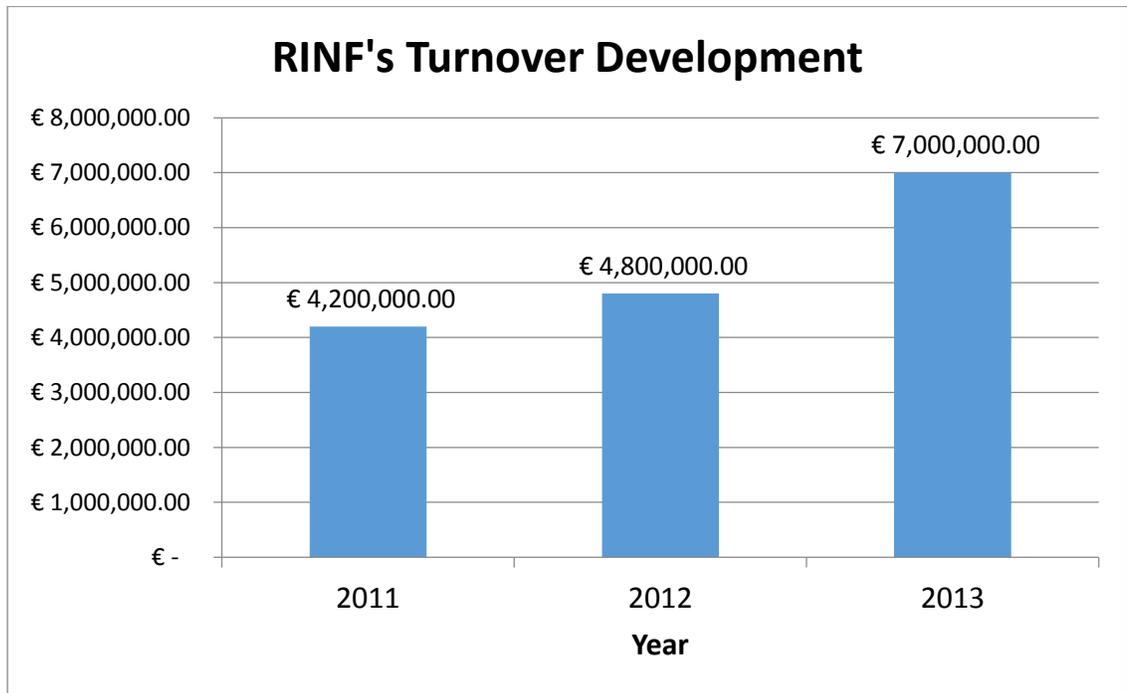


Figure 4: RINF's Turnover Development

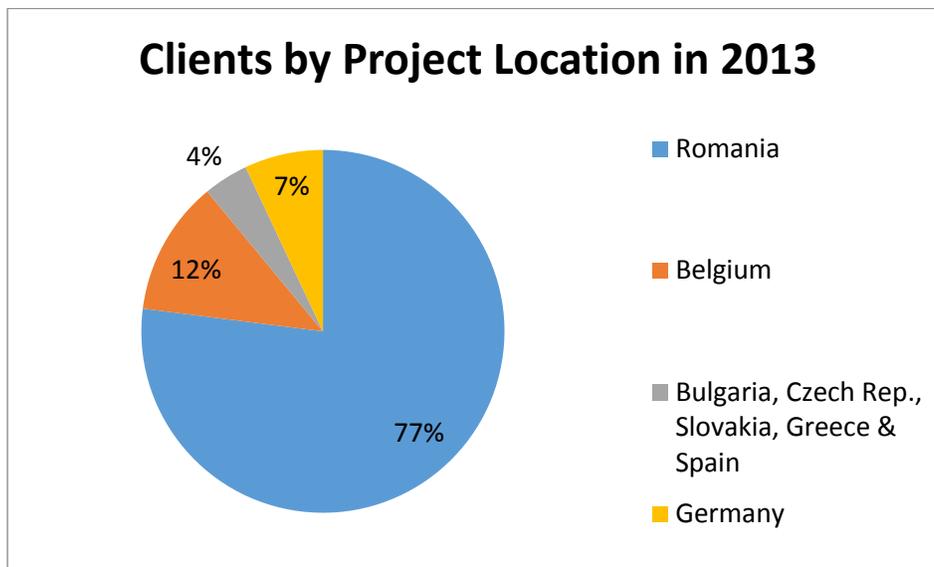


Figure 5: Clients by Project Location in 2013

As shown by the pie chart (figure 5), most of RINF's clientele is still located within the borders of its home country, Romania. However, the situation is evolving and RINF has been able to gain international clientele over the past few years and is set to become more internationally oriented in the future. It should also be pointed out that

international projects tend to bring in more revenue and leave a higher net margin than national projects. Due to this reason, the national sales and marketing departments run on slightly different business models than the Projects & Channels department.

Issues that the Projects & Channels department has to take into consideration from a financial perspective are:

- Risk mitigation
 - What are the financial risks when dealing with a company from abroad? What types of special steps need to be taken into consideration when expanding abroad?
 - Consultants' willingness to work abroad? Changing consultants half way through a project can be costly.
- Turnover and margin
 - In general, companies abroad are able to pay higher prices for the same services than the national clients pay for. One reason for this is the low price level in Romania.
 - The price level and the local market & technology conditions in the client's market
 - How can the prices and margins be adjusted accordingly? Too low prices decrease the net margin too much and too high prices drive the clients away.

RINF's projects are all quite unique, and there are several different pricing models offered to clients. For consulting services, the general pricing model is based on an hourly or a daily rate.

- For instance: 30e/h/consultant = 240 e/day/consultant (8 h/day, 5 days/week). The consultant would work normal hours so the client's monthly price would be roughly 5.000 euros.

The above example best applies to the On-site IT Services service line. Moreover, the example is very simplified and usually there are several factors affecting the price of a project:

- Duration of the project
- Location
 - Living expenses in the designated country
 - Transportation/travel expenses
 - Insurances
 - Daily allowances
- Number of consultants needed for the project
- Type of technological consulting needed for the project
 - Rarer technologies are, naturally, more expensive.
- What is included in the price?
 - In general, RINF's offers cover all the additional costs such as insurances, accommodation and travel.

For projects concerning the Technical Core in the Projects and Channels department, the pricing is always structured according to each project. This is one of the features of the Technical Delivery Center service line. The projects are very different from one another because they can include only partial development or then development of a certain operating system or a platform. Moreover, in some cases, the client does not request for software development but for software testing. Due to the large variety within the projects, the price scale was also wide. A project within the TDC service line could be valued starting from a few thousands of euros up to over a hundred thousand euros.

As an example of a pricing model, RINF can streamline and make the pricing policies transparent. In a software development project, RINF offers its clients prototypes of applications that the clients are interested in. Depending on the case, sometimes these prototypes are made free of charge should the client then want to develop the entire application with RINF. By doing this, RINF is able to demonstrate its capabilities as a technology company and also meet the client half way. If the client is uncertain about what they want to develop, RINF can develop a prototype to guide the client in making a decision.

Management Practices

The management culture of the company is very open and all the employees can approach all the directors personally. Human Resources are given a special emphasis in the company due to the irregular and unsteady nature of the projects from the point of view of the consultants. The consultants and staff are given regular training by external consulting and training companies. Moreover, inside RINF, there is a special Learning & Development team that makes sure that the RINF consultants get relevant training and feedback. This is also important for future success because, in many cases, the client projects require a command of the latest information and technical certificates.

The management culture encourages critical and creative thinking and gives an opportunity to pursue goals in the preferred way. The employees have certain responsibilities, they can freely suggest development ideas for further analysis and, moreover, the directors will discuss these ideas with them and provide support such as taking part in negotiations.

Quality Control

Apart from its own internal quality systems used for software development, RINF has two officially certified ISO quality systems in place. First of all, RINF has the ISO 9001 Quality Management System which can almost already be considered a necessity when doing international high technology business. The system is in place to ensure customer satisfaction and the best possible control inside the company (What is ISO 9001, 2010). The company uses the ISO 9001 in its daily operations in all relatable aspects.

The second ISO system is the ISO 27001 which is the quality system for information security management (ISO/IEC 27001). This is more niched towards the information technology industry and can be a great asset for a company. This system is especially important for RINF and for its stakeholders since RINF gets access to a lot of privileged information via its client projects. As one might be able to imagine, for a bank, it is vital to know that the information that it has given to third parties is in safe hands. A mistreatment or leakage of this information can be devastating to the bank in terms of financial and public consequences.

RINF is also conscious of the environment, but at least at this point, does not have an environmental quality system, like the ISO 14001 for example, in place. However, this is on the horizon, and already, actions and procedures inside the company are aiming at reaching the level needed in order to be certified with the ISO 14001 quality system.

2.5 Business Operations

In order for RINF to satisfy its clients and their needs and major business priorities, RINF offers its clients unique services. The purposes of the service lines are to provide benefits for the clients such as:

- Finding consultants that specialize in niched technologies that might be hard to find from the client's local market.
- Offer high quality software development services for its clients
- Reduce risk and costs of software development

These objectives are rather typical when it comes to information technology and outsourcing apart from the first bullet point. When it comes to finding and allocating consultants with niched skillsets, Romania has some specific characteristics that sets it apart from other countries and especially the western countries. One reason for this is the fact that currently Romania has one of the highest number of IT engineers per capita in Europe making the labor market extensive (About Romania, 2012). Also, Romanian consultants are typically eager to work abroad and get more experience. Offering hard to find skills is definitely one of the assets that RINF wants to promote and tell the benefits of. A Finnish company is much more likely to succeed in finding a special consultant via RINF than going to the Romanian labor market on its own without prior experience.

As it is a part of RINF's strategy to expand abroad, new clients and partnerships from abroad are considered as success factors for the company's business. An aspect of this is to take part in open and especially undisclosed Request for Responses and tendering competitions. In these cases, RINF gets to put its message of quality forward and also gain international exposure. A won RFP is, naturally, a very good indicator of success and

shows the company that it is going in the right direction in terms of its services, quality and price level.

RINF can maintain its good image with its stakeholder and with future possible clients and partners by bidding to its best practices policy. RINF wants to be honest to the client and deliver transparent services and commit to all the clauses in contracts. This does not only apply to clients and partners but also to the staff members and the consultants of the company. In order to deliver a successful client project, efforts are needed from more than a single department inside RINF. For example, the sales consultants need to talk to the Technical Core or when it comes down to finding the right consultant, a close cooperation is needed with the HR department.

3 International Business Expansion Framework Development

For the business expansion into a new geography, the thesis writer will investigate readiness level models which have been used for business purposes beforehand but are not meant for international business expansion. Even though the foundations of the earlier used models can serve the purpose of international business expansion, they need some modification in the indicators and instructions to be applicable to RINF's international expansion. This is also a critical point when doing the theory for the thesis. As RINF's business expansion is happening, the model must fit the real life circumstances of the business expansion.

A theoretical framework for a business expansion readiness level model will be heavily based on Steve Blank's Investment Readiness Level Model (Blank, 2013a). The Investment Readiness Level model, in turn, originates from National Air and Space Administration's (NASA) Technology Readiness Level tool that is used to measure the maturity of new technology (Mankins, 1995, 2). Both are a nine level scale to demonstrate readiness. Steve Blank is a successful, retired Silicon Valley serial entrepreneur who is world famous especially for his start-up and business strategies. He is also a teacher of entrepreneurship and customer development at the universities of Berkley, Columbia and Stanford (Blank & Dorf, 2012, 553). He also has extensive

experience from advisory, trustee and director duties from several various companies such as IMVU and Café Press (Steve Blank, 2014).

Readiness Level Model Implementations

First of all, readiness level models are applicable in a variety of fields. Companies, organizations and individuals are able to take critical points from the original NASA's readiness level model and convert them into valuable metrics used in businesses. The same dedication to NASA's model has been used in other industries or in commercial circumstances. As an example related to marketing, there is a Demand Readiness Level (Appendix 1) (Paun, 2011, 1-3) scale to track the readiness of marketing a product and to measure its demand pull. The scale starts from "feeling of missing something" to ending at "Building the adapted answer to the expressed need on the market". The Demand Readiness Level Model, in other words, is to describe the marketing readiness of a product or a service.

Another implementation is the Innovation Readiness Level model (appendix 2) (Lee, Chang & Chien 2011, 18-22). This, again, is related to the comprehensive approach that you get with the Technology Readiness Level model. Many of the elements on the Innovation Readiness Level model are from the Technology Readiness Level model, beginning with a concept phase and ending with learning the key points. Ending the innovation process may be down to disruptive innovation or a lowered demand from the market. The Innovation Readiness Level model takes into account elements related to the entire innovation progress: technology, market, organization, partnerships and risks (Tao, 9-12).

3.1 Background - NASA Technology Readiness Level (TRL)

NASA was the first adopter of a readiness level model. Its Technology Readiness Level is a model to measure the maturity of new technology. It gave a whole new way to assess the readiness of technology to be used in actual operation. Before the Technology Readiness Level model, it was hard for NASA to measure the readiness of technology across all the technology it was developing. The model gave a simple and a visual point of reference, even for complicated technology. (Blank, 2013a)

The model demands that the technology is new and that it has to go through various steps and progresses to be accepted into operational use. The advancement of the new technology is being evaluated on a scale of technology readiness levels that go from 1 to 9. The scale from 1 to 9 covers all aspects of the technology development life cycle. It starts from the technology concept and research and ends at all the way to making the technology operational (figure 6). The tool can be considered as a major evolution in assessing new technology for it gives a point of comparison for different projects. (Mankins, 1995, 1-5.)

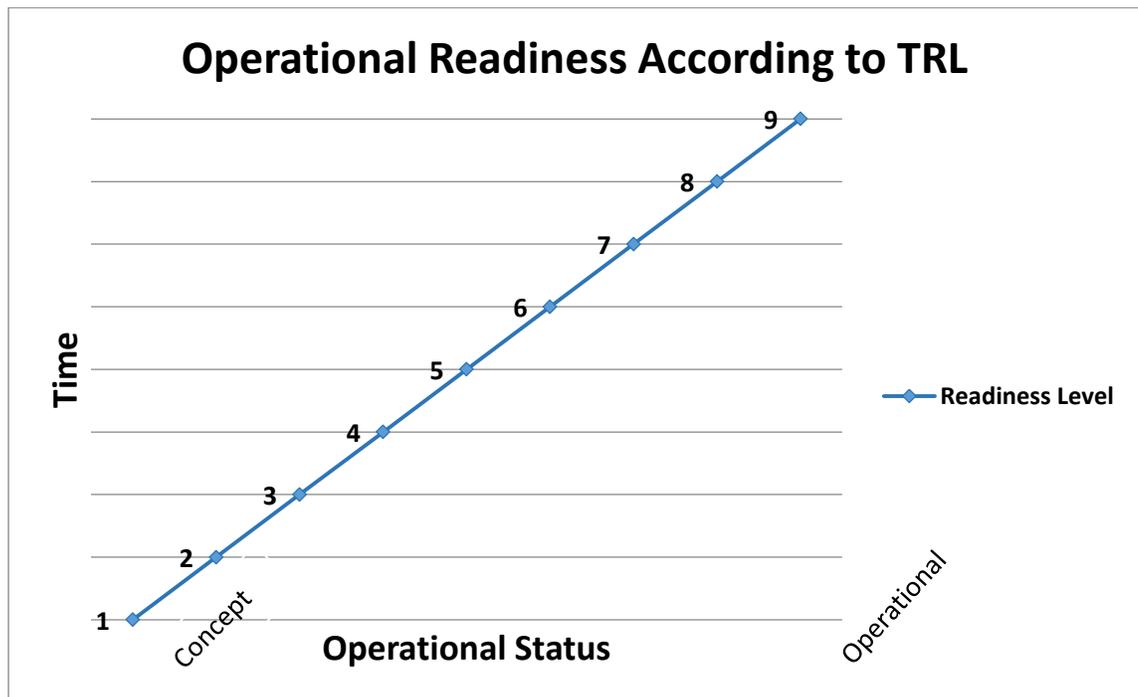


Figure 6: Operational Readiness According to the Technology Readiness Level Model

It is a part of the Technology Readiness Level model that the advancement of the technology is predicted in the beginning and goals are given to new technology. The new technology must reach these goals between the levels to advance to the next level. All the levels must be gone through before the technology can reach level nine which is the final level and indicates that the technology is deemed operational. (Blank, 2013a)

NASA Technology Readiness Level in Detail

The Technology Readiness Levels can be easily fitted on a simple table.

Table 2: NASA Technology Readiness Level Model (TRL) (Mankins, 1995, 1-5)

NASA Technology Readiness Level (TRL)	
TRL 9	Actual system "flight proven" through successful mission operations
TRL 8	Actual system completed and "flight qualified" through test and demonstration (ground or space)
TRL 7	System prototype demonstration in a space environment
TRL 6	System/subsystem model or prototype demonstration in a relevant environment (ground or space)
TRL 5	Component and/or breadboard validation in relevant environment
TRL 4	Component and/or breadboard validation in laboratory environment
TRL 3	Analytical and experimental critical function and/or characteristics proof-of-concept
TRL 2	Technology concept and/or application formulated
TRL 1	Basic principles observed and reported



Technology Readiness Level 1 & 2

On the first stage, scientific research begins to be applied into research and development. Essentially, there is a concept of technology. After basic physical principles are observed, then at the next stage of readiness, practical applications of the physical elements can be planned and modeled. No experiments have been carried out to prove the technology. (Mankins, 1995, 2.)

Technology Readiness Level 3 & 4

Now, emphasis will be given to research and development. This will include studies to set the technology in the right framework to make sure it will be used in the right

situation. Moreover, physical studies and experiments are carried out in laboratory conditions to validate some of the physical concepts related to the technology formulated in the first two stages on the Technology Readiness Level model. (Mankins, 1995, 2-3.)

In order to “raise” the technology on to the fourth stage, the individual technology concepts have been proven. On the fourth stage, the individual and validated concepts must be put together to interact with one another to reach the point of being able to validate the entire technological concept. Physical tests are done to come up with a “low-fidelity” technology product which is still far from a new operational technology product. (Mankins, 1995, 2-3.)

Technology Readiness Level 5, 6 & 7

By the time the new technology reaches the fifth level, the technology has to be ready for more advanced testing. This means that the technology is tested in a thoroughly simulated environment or in a more or less realistic environment. (Mankins, 1995, 3.)

The low-fidelity technology will be experimented and tested in the environment where it is supposed to operate. TRL 7 is a major step in the readiness of the technology when real-environment tests happen with a more advanced fidelity prototype. This prototype should already be at a stage where it much resembles the fully operational technology. (Mankins, 1995, 3-4.)

Technology Readiness Level 8 & 9

TRL 8 is the level where the development of the technology and all its operational prerequisites end. It is given a final test that encompasses all the elements and aspects of a real flight mission that the technology will endure during its operation. After this, the technology reaches the ninth and final level of the model. On the ninth stage, the technology is deemed fully operational and can begin its planned use or be integrated with an already existing technology if it was so designed. Small “bug fixes” might occur but all the extensive development and refinements have been done during the earlier stages. (Mankins, 1995, 4-5.)

3.2 Investment Readiness Level (IRL)

As the most relevant readiness level model, the author decided to study Steve Blank's Investment Readiness Level model. The model mimics the same rigor and practicality as NASA has in its Technology Readiness Level model (Blank, 2013a). The model is made up of nine separate levels with the investment becoming more likely level by level (figure 7). Blank uses the model for investors to assess the potential of a start-up company and to help the investor make a decision for a go or no-go for an investment in the company (Blank, 2013b).

The motivation for the Investment Readiness Level model came from the fact that investors made investment decisions based on few resources. Investors had limited ways of observing the potential of the company that they were about to invest in. This information was only the information that the investors got from company presentations, product demonstrations and looking at the start-up company management. Earlier, a start-up team might have gone through a series of technical presentations and aspects, and at the end, had asked for a certain amount of investment (Freisinger, 2014). The Investment Readiness Level model has also been drawn from frequently used tools in the investment and business world and uses those as indicators. That is also its strength, it does not create anything from scratch but uses well tested performance and planning utilities such as the Business Model Canvas which will be demonstrated later (Blank, 2013b).

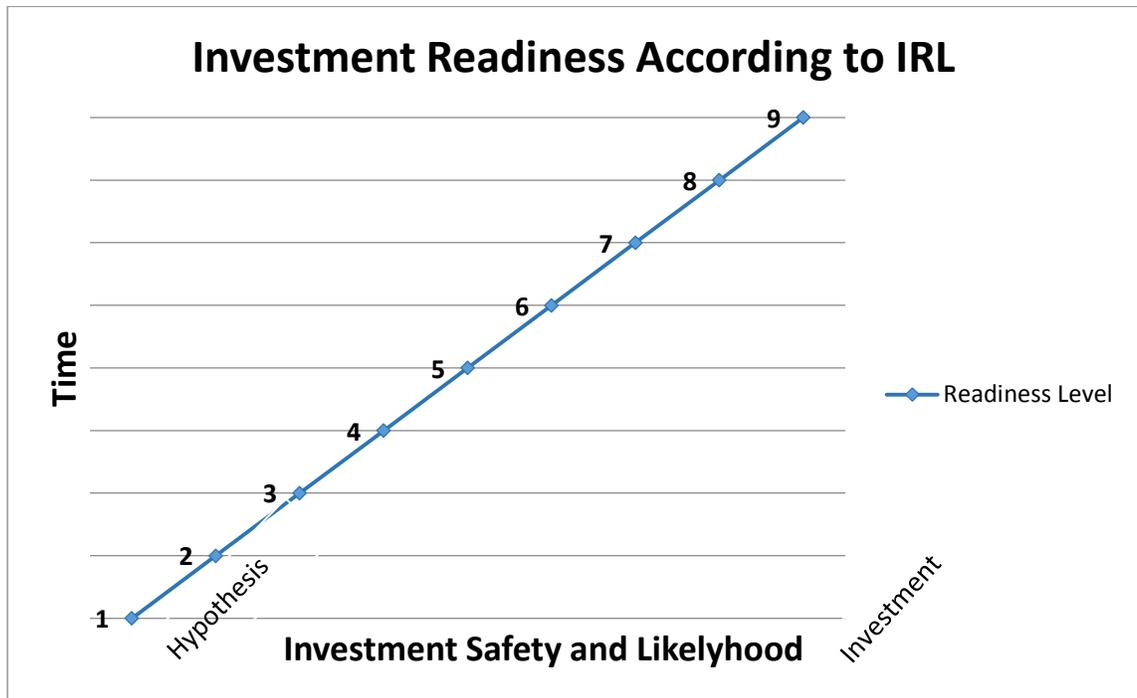


Figure 7: Investment Readiness According to Investment Readiness Level Model

Even though, at a first glance, the NASA space and aviation technology can be far different from start-ups or companies conducting business and seeking funding, there are similarities between the Technology Readiness Level model and the Investment Readiness Level model. Both the Technology Readiness and Investment Readiness Level models are simple and visual ways to track performance and the stage of technology or a company. They both provide a common level of understanding for their users and can be used for any technology or investment. New technology development and investing large amounts of money in a new venture require a rigorous approach to have a likely success.

Both the models and the stages related to them contain risk. However, the level of risks declines as the processes and development proceed in the Technology Readiness / Investment Readiness Level models (LeGresley, Bathke, Carrion, Cornejo, Owens, Vartanian, Alonso & Kroo, 2000; Blank, 2013b). The emphasis is on the data collected from the technology / company (Blank, 2013b). This hypothesis is conveyed on a chart on next page by the author (figure 8). The more engineers or investors know, the less

risk they have. An investor takes the risk of making a bad decision whereas NASA takes the risk of developing malfunctioning technology or investing in never-to-be-operational equipment. As NASA or an investor is moving ahead on the Technology Readiness / Investment Readiness Level scale, they have more and more information to make sound decisions on. Simply put, whereas the Technology Readiness Level model is used to decide whether or not NASA wants to advance with new technology, the Investment Readiness Level model is used to decide whether or not an investor wants to invest in a company (Blank, 2013a). From a financial point of view, NASA can also be regarded as an investor in technology.

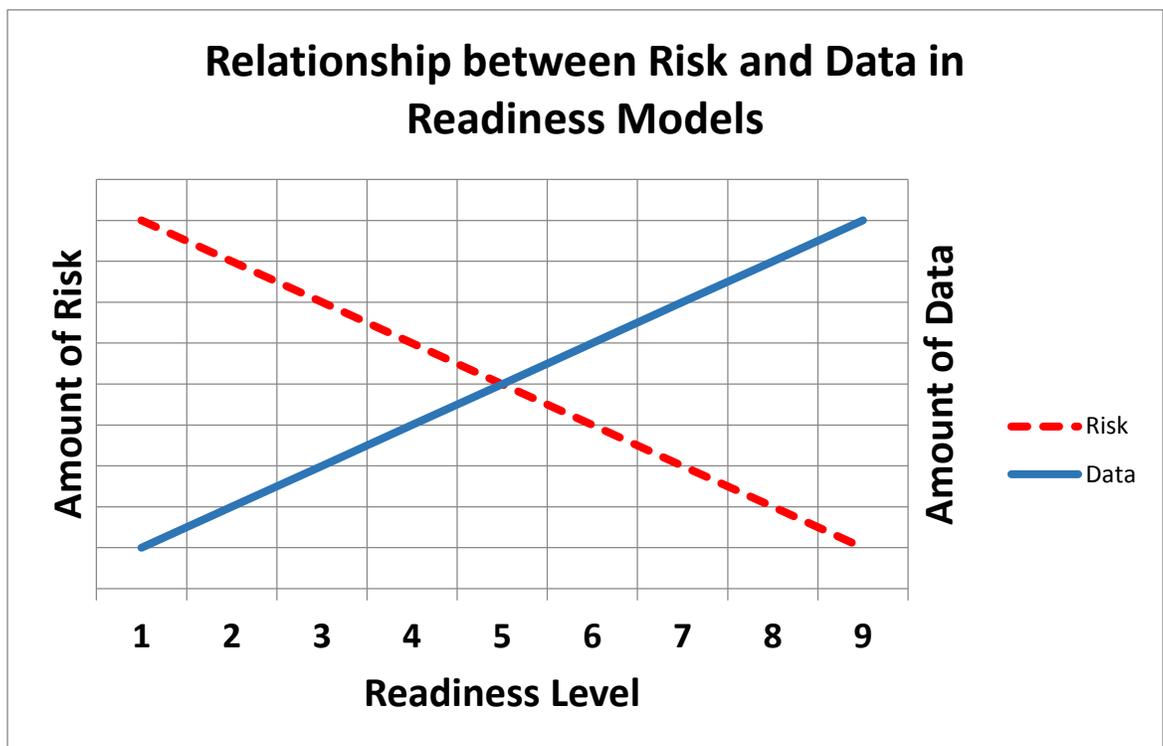


Figure 8: Relationship between Risk and Data in Readiness Models

Business Model Canvas

The Investment Readiness Level model has a very solid foundation based on Dr. Alexander Osterwalder’s Business Model Canvas (Blank, 2013b). Osterwalder is also an entrepreneur and an author of several management and business books (Clark, Osterwalder & Pigneur, 2012, 254). He has a PhD from the University of Lausanne where he is also a Research Fellow. (Alexander Osterwalder, 2014) The Business Model Canvas

is a 9 point approach to describe a business's Value Proposition which is the center of the Canvas (Blank, 2013c, 4). The value proposition is done by mapping out the critical tasks, points and partners that the company needs in order to be successful. It provides a visual aid to see an organization's business in whole, even for big and complicated organizations. (Clark et al. 2012, 26-34)

The Business Model Canvas (next page figure 9) is divided into nine separate boxes on a single sheet of paper. In each of these boxes an entrepreneur, employee or a director is to write down the corner stones of that one business aspect. The Business Model Canvas's nine aspects in the boxes are:

- **Value Proposition:** The problems that the organization solves for its customers or the need that it fulfills.
- **Customer Segments:** Who the organization serves and who are the most important clients.
- **Channels:** Where and how does the organization meet its clients.
- **Customer Relationships:** How the organization serves its customers.
- **Revenue Streams:** What are the organization's clients willing to pay for and what are their paying habits and preferences.
- **Key Resources:** In order to live up to the Value Proposition promise, what are the organization's Key Resources that it needs.
- **Key Activities:** The tasks that the organization must carry out in order to reach its Value Proposition.
- **Key Partners:** The outside people or an outside organization that help to reach the organization's Value Proposition.
- **Cost Structure:** What are the costs of operating and to provide value for the organization?

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments	
	Key Resources		Channels		
Cost Structure			Revenue Streams		

Figure 9: Business Model Canvas

If an imaginary line is drawn down from the middle of the canvas when it is horizontal, the left side of the canvas would house the company’s internal functions and elements - Cost Structure, Key Resources, Key Activities and Key Partners. The right side, then, would be the home for external functions and elements - Revenue Streams, Channels, Customer Relationships and Customer Segments. The only box that gets divided into two by the line is the Value Proposition box. Value proposition is the vital part of the Business Model Canvas and the left and right side of the Canvas both affect the Value Proposition that the company is giving out.

The Investment Readiness Level Model in Detail

The Investment Readiness Level Model is visually shown on a simple table. The levels are gone up starting from the bottom.

Table 3: Investment Readiness Level Model (Blank, 2013a)

Investment Readiness Level (IRL)	
IRL 9	Validate Metrics that Matter
IRL 8	Validate Left Side of Canvas
IRL 7	Prototype High Fidelity MVP
IRL 6	Validate Right Side of Canvas
IRL 5	Validate Product/Market Fit
IRL 4	Prototype Low Fidelity MVP
IRL 3	Problem/Solution Analysis
IRL 2	Market Size/Competitive Analysis
IRL 1	Complete First-Pass Canvas



Investment Readiness Level 1 & 2

On the first level, the company looking for investment has completed the Business Model Canvas. This is only the beginning for the company and a potential investment decision by an investor is still far in the horizon. Completing the Business Model Canvas, however, gives the company to see the critical elements that are needed for it to provide value. (Blank & Dorf, 2012, 191.)

After the first level, the company has completed a market analysis and is more aware of the situation with supply and demand. An important part in the process but the go for an investment would still be far away in most of the situations. In short, Investment Readiness Levels 1 & 2 are the hypothesis stages, just like they are concept stages in the Technology Readiness Level model, and the stages that give a foundation for the upcoming stages. (Blank, 2013b.)

Investment Readiness Level 3 & 4

At the third level the company has a presented a problem that it sees its potential clients face in the market. The problem has been investigated and measured and the company has a solution planned. Moreover, the company has experimented with the solution and has been able to validate their solution method as the right way to approach the problem and to make the potential clients desire this specific solution. (Blank, 2007, 75-76.)

On the fourth level the company has already a product that it can test in its market. The product is called a Low-Fidelity MVP (Minimum Viable Product). This essentially means that the product can be very basic and lack some or most of the visual aspects (Blank, 2007, 76.) It nevertheless is a good indicator to see how the company's solution plan is received in the markets because it puts the solution idea in front of the target audience.

Investment Readiness Level 5 & 6

After receiving feedback from the MVP, the company can determine how its solution fits the market. The MVP should be released as soon as possible, in order to start collecting data from the market. With the MVP, companies receive feedback and can therefore evaluate the need to modify its product and see if there is a marketplace in the first place. (Ries, 2011, 118-119.)

Steve Blank has also stressed the importance of pivoting several times (2013c). Pivoting, in this case, is essentially listening to the market feedback and how it fits with the start-up's business hypothesis. If the market feedback is not according to the hypothesis, the start-up can "pivot" by changing the hypothesis and thus the approach (Blank, 2013c, 6).

To further detail a company's business model and to increase the likelihood of success, the company will validate the right side of the Business Model Canvas on the Investment Readiness Level 6. This means that the company looks at the Customer Segments, Channels, Customer Relationships and at the Revenue Streams in detail. The company needs to know that it is aiming its product at the right clients and that it serves these clients well. Also, the company can assess its performance with these indicators and do changes to live up to the value proposition. Lastly, the revenue side of the business can be assessed. The company needs to know what its customers are willing to pay for and how, among other things. In this box, the company can also assess if the price for its product is right or does in need to be changed. (Blank, 2013b.)

Investment Readiness Level 7, 8 & 9

With more market feedback and a more established business model, a higher-fidelity MVP is possible. This is the seventh stage in the Investment Readiness Level scale. The high-fidelity MVP is also the final product for a company or at least very close to it

(Blank, 2012, 331). The high-fidelity MVP has a lot of research and development work behind and takes into consideration the Business Model Canvas (Blank, 2012, 433). It has been tuned in accordance with the right Channels, Customers and the Customer Relationships while positively affecting the revenue.

In the situation where the company has a high fidelity MVP, it can look at its internal operations and partnerships in detail. The left side of the Business Model Canvas focuses on these aspects. The company needs to know its key partners and activities in delivering the Value Proposition and the roles and expectations that the company has towards these elements. Also, the company has to be aware of who are the internal resources which drive the company forward and are able to make the Value Proposition happen. All of these aspects influence the Cost Structure of the company and these aspects also deserves a meticulous analysis. What are some of the resources that the company needs and how much do they cost? How will the economic situation affect the company and its internal finances such as salaries?

In NASA's Technology Readiness Level model, the ninth level meant that the technology was fully operational and that it could be used on an actual space mission, for instance. It had gone through its first flight and established a model in which it operates. The same situation applies to start-ups that have reached the final stage on the Investment Readiness Model. The company has earlier specified certain metrics and compares them related to the industry it is in (Blank, 2007, 75). The business model has been validated and is well established. The company has its own role in the markets and its business has a positive outlook.

3.3 Business Expansion Introduction to Investment Readiness Level Model

As the before mentioned cases and Blank's Investment Readiness Level model prove, NASA's Technology Readiness Level approach can also be used for commercial purposes. In addition, the Investment Readiness Level model serves as an excellent foundation for a similar, level-by-level approach to international business expansion. The similarities allow the Investment Readiness Level model to be used by companies within the constraints of business expansion. However, given the different natures of venture investment and expanding a business abroad, certain modifications to the model are

necessary. Essentially, the Investment Readiness Level model is used for start-ups for them to be able to sell their stocks to investors. Within the limitations and characteristics of an internationally expanding business that is selling a product or a service, the model has to be revised with the following elements in mind:

- The company has established business in at least one other geography.
- The company has services/products that have proven to be profitable in other locations - at least in the domestic market.
- The service/product that is being sold at the new geography must have had success in other geographies
 - The service/product is not only for the target geography - slight modifications of the service/product are allowable due to legal issues.
 - The Business expansion framework demands that the service/product already exists and isn't a new service/technology.
 - In this case, further planning and possible frameworks have to be implemented to prove the feasibility of this new technology/service.

In the author's opinion, these characteristics are enough to change the model so that it can no longer be solely an Investment Readiness Model. The original structure and purpose of the Investment Readiness Level model would be changed so drastically that it does not serve its purpose anymore. It is good to point out, however, that the similarities are strong. In the end, expanding a company's business abroad can be considered as an investment by the expanding company. Investment decisions need to be done at various stages.

Business Expansion Readiness Level Framework

Business Expansion Readiness Level (BERL) framework is a modification of the Investment Readiness Model. BERL framework will have its own table with also a maximum of 9 stages (figure 10). It follows the same principals as the Technology Readiness and Investment Readiness Level models follow, meaning that all the previous eight stages have to be gone through before reaching the final ninth level. On the ninth

level, the operations in the new market are generating steady revenue, and the market becomes a key part in the company’s strategy. All the stages serve as a clear indicator of advancement in the international business expansion as they provide various milestones in the progression of the company’s international business. The framework can be used for international business repeatedly also when expanding to several geographies. It gives its user the ability to keep concise data and helps the user make decisions.

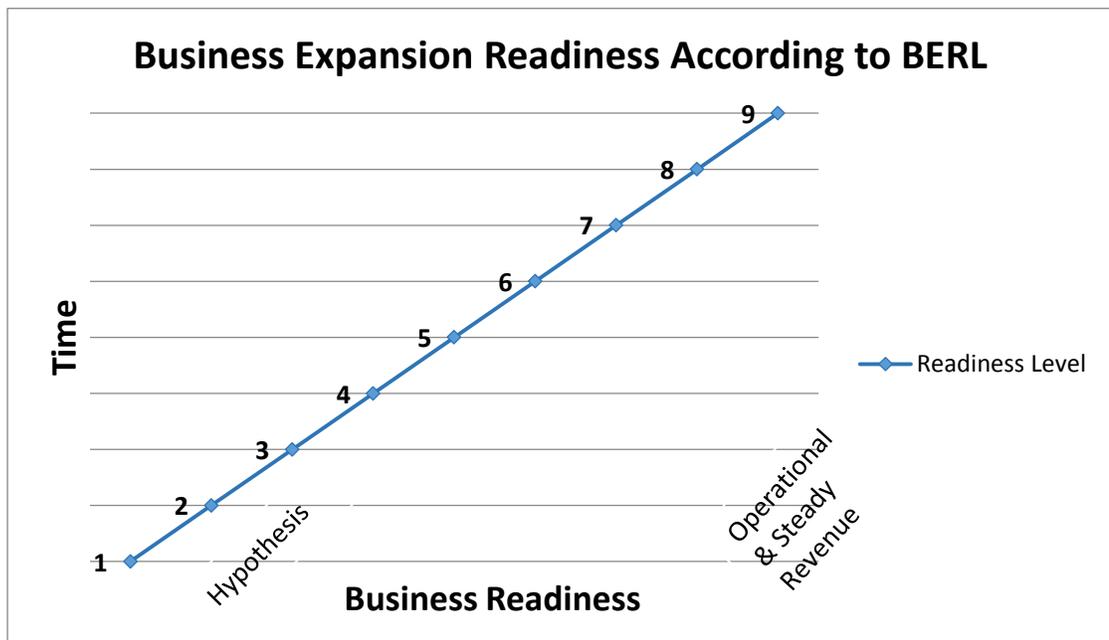


Figure 10: Business Expansion Readiness According to BERL

Both the Investment Readiness Level model and BERL framework have similarities, only in different circumstances. Market feedback is considered as data and it is given the most important role. The more data the company has, the further it can develop. Both of the models include a “low-fidelity” approach into the expansion or investment. This means that the steps are calculated and the risks are measured. As a company goes diligently further up the stages of the models, risks are calculated and minimized. In the Investment Readiness Level model’s case, risks of bad investment are minimized and in the BERL framework, the further a company goes up the levels, the less risk it has of having to withdraw itself from the new market.

Table 4: Business Expansion Readiness Level Framework (BERL)

Business Expansion Readiness Level Framework(BERL)	
BERL 9	Established business model + Steady revenue generated
BERL 8	Validate left side of canvas
BERL 7	"High-Fidelity" business development
BERL 6	Validate right side of canvas
BERL 5	Validate market fit
BERL 4	"Low-fidelity" business development
BERL 3	Market Research + Feasibility
BERL 2	Basic market research + Canvas done
BERL 1	



Business Expansion Readiness Level 1 & 2

BERL 1 is the beginning of the preparation to expand. Looking into local market conditions such as PESTEL - Political, Economic, Social, Technological, Environmental, Legal (PESTLE Analysis, 2014). Evaluating own service/product strengths and weaknesses and the compatibility of your services to market conditions. Business expansion cases can vary from geography to another and that is why the market research and the motivation to expand vary. The Business Model Canvas is made just as in the Investment Readiness Level model. In the Canvas, though, the nine boxes are filled with data that only applies to company's assets and clients related to the international business expansion – The company has a Value Proposition for the new market.

In some more complicated cases, BERL 1&2 can be divided where BERL 1 will concentrate on the internal actions of the company itself. This would mean board meetings to decide geographies, to arrange meetings with shareholders and stakeholders or to seek extra financial aid or loan from a third party. For the simplicity of the table, BERL 1 & 2 is together, meaning that the company has the assets and the go ahead to start entering a new geography. As with the Technology Readiness and Investment Readiness Level models, this is the hypothesis stage. The company has a hypothesis that it can do profitable business at a new specific international geography.

Business Expansion Readiness Level 3 & 4

The third level is for extensive research which can also include financial estimations. Also, a more in-depth market research can be carried out involving e.g. consultancy companies or research organizations. This stage is equivalent to the Problem/Solution Validation as with the Investment Readiness Level model. The expanding company sees that it has a special product or a service that can answer a demand in that specific market.

The next stage can be considered as a “Proof-of-concept”. Obviously, at this early stage no final conclusions can be made of the success for the expanding company’s product or service. Data is gathered from the field giving the company more insights into the market condition. Thus a general opinion is received towards what is being sold. This can mean that prospecting and low-fidelity business development is done and feedback is received from potential clients. Moreover, if the company is looking for a local partner to cooperate with on sales or distribution, options should be mapped out and more market feedback received.

Business Expansion Readiness Level 5 & 6

Prospecting and business development activities should take place more frequently and there should also be more feedback from the market at stage five. This data is used to help make decisions and see where the company stands at the new marketplace. Its services or products are validated for local market fit to justify a possible increase in investment into the geography. The possible partner search should have resulted in a partner or just a few potential partners with who business plans and terms are being discussed with.

If the new marketplace has not provided positive feedback this stage, the company still has flexibility in changing its approach based on the data gathered so far. This corresponds to pivoting as it does in the Investment Readiness Level model. The hypothesis does not work and the company can still come up with a new approach.

Much like in the Investment Readiness Level model, the sixth stage in the BERL framework is used to validate the right side of the Business Model Canvas - Customer

Segments, Customer Relationships, Channels and Revenue Streams. The market feedback should have resulted in knowing who the company's clients are at the new geography and how the company wants to serve these clients. The company should know the special characteristics that are demanded in order to deliver the Value Proposition. In addition, the company has established channels at the market, potentially with partners. The company also has data on the possible revenue from the market: What is the local price level or what type of payment models do the clients prefer?

Business Expansion Readiness Level 7, 8 & 9

When the right side of the canvas is validated and the company has strong data on how it should externally operate in the market, more efforts can be put into the business development side of the expansion. This can, for instance, be a targeted advertising campaign. At this point the company should have clients with whom the company is in final negotiations with or possibly delivering a service or a product. This is also a good phase to find out possible hurdles during the service delivery phase regarding the local market conditions and with the partner.

Again, as with the Investment Readiness Level model, the eight stage is used to validate the left side of the Business Model Canvas - Key Partners, Key Activities, Key Resources and Cost Structure. The company knows its internal structure and the key elements to make the business expansion successful and how the company will keep on operating in the new market after it has established itself there. The local partner(s) that is has, have validated business procedures with the company and are an important piece in the puzzle. The company knows the key activities it conducts and how are they relevant to the cost structure. These aspects in the Canvas affect the Value Proposition the company is giving out in the new geography.

For a successful expansion into a new market, revenue is the key indicator. The expanding company needs to be able to generate consistent revenue from the geography. The consistent revenue is the result of having gone through the earlier steps and having validated the right business model. For the future, it is important for the company to keep up with the good work done when entering the new geography. It

needs to be able to stay consistent and keep the market share that it has been able to acquire during the process. After all, a successful expansion into a new market does not guarantee that the company will generate revenue in the long run. In case, during sales difficulties, some aspects of the Business Model Canvas can be reevaluated.

4 Practical Examination of the Business Readiness Level Framework

The practical application of the theoretical Business Expansion Readiness Level framework was investigated from March, 2013 until the end of February, 2014. This is when the author of the thesis worked on RINF's expansion to Finland and was actively contributing to its steps. The framework will be retrospectively investigated level-by-level according to all the BERL levels that RINF has been able to achieve in Finland.

Between March, 2013 and February 2014, RINF was able to reach the sixth stage in the BERL framework when looking at the requirements of each of the readiness levels. The sixth level is the "Validate Right Side of Canvas" level. By this stage, RINF has started active business development and is also working together with a partner company from Finland. Each of the activities conducted at the respective levels will be gone through and analyzed in detail. Already at this point, it is evident that entering a new market is a time consuming activity an SME like RINF. This is especially true when starting from zero.

The description of the activities and goals reached at each of the levels are contributions by the author and the RINF staff to RINF's entry to Finland.

4.1 BERL 1 & 2: March, 2013 to May, 2013

The business expansion started with a commercial hypothesis. RINF had the hypothesis that it can do business in Finland with its service lines and generate revenue in that area. At this point, BERL 1 was already reached. The board of the company was also determined to follow through with the expansion to Finland so the company was able to move fast through the start. After the decision inside the company was made to expand to Finland, it was necessary to recruit a native Finnish speaker to take charge in the

process. The author was hired and he started his work with RINF at the beginning of March 2013.

RINF's Business Model Canvas

As the directions of the BERL framework and the Investment Readiness Level model indicate, a company must first assess its business model on the Alexander Osterwalder's Business Model Canvas. This is to be done on the first level on both readiness level models. Related to RINF's international expansion, RINF has the following business model down on its canvas:

Table 5: Right Side of RINF's Business Model Canvas

<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> • ICT software manufacturers • IT service providers • Internet service companies - Electronic commerce • Companies with ICT as supporting service • Start-up and early phase companies 	<p>CUSTOMER RELATIONSHIPS</p> <ul style="list-style-type: none"> • Personal Consultancy • Meeting clients face to face • Clients have a dedicated contact person – Also, a Finnish speaking one • Invitation to events • Readiness to help and consult even after contract has been signed - E.g. develop clients' business models
<p>CHANNELS</p> <ul style="list-style-type: none"> • Campaigns and newsletters • Industry contacts in Finland • Industry events in Finland - Both participating and arranging • Local sales office • Romanian Chamber of Commerce 	<p>REVENUE STREAMS</p> <ul style="list-style-type: none"> • For Consultants hard to find in Finland - Willingness to pay • Willingness to pay for a good price to quality ratio - Motivation to pay • Price per hour for consultancy services - Preferred payment model • Price per software for software development projects • Price negotiations necessary almost in all of the cases

These are the aspects concerning the external functions and elements that RINF is carrying out in Finland or that it is planning to carry out in Finland. These are hypothetical until they get validated later in the process (BERL 6). Among others, the

written down aspects are past experiences that have been evident with previous clients or assumptions of the new market and how the RINF services will be met.

Table 6: Left Side of RINF’s Business Model Canvas

<p>KEY RESOURCES</p> <ul style="list-style-type: none"> • Local Presence in Finland - Human capital • Bucharest HQ teams - Directors, departments, technical personnel • Financial capital for expansion - Financial resources • Finnish speaking service personnel • Technical resources - CRM, Skype, planning tools • ISO 9001 & 27001 quality management systems • International references • Technical expertise and partnerships with major companies - Microsoft & Oracle 	<p>KEY ACTIVITIES</p> <ul style="list-style-type: none"> • Active contact with new and potential clients • Active contact with existing accounts - Customer relationship management • Staying in touch with technology trends • Active sourcing for the best consultants on the market • Active relationship between RINF’s Finland representatives and Bucharest HQ directors and departments - Decision making
<p>KEY PARTNERS</p> <ul style="list-style-type: none"> • Local Finnish assets - Sales personnel and suppliers • Clients in Finland • RINF’s clients in general - E.g. to give a referral • RINF’s suppliers Technology, external consultants, trainings • Country representatives - E.g. Finpro, Chamber of Commerce 	<p>COST STRUCTURE</p> <ul style="list-style-type: none"> • Costs connected to suppliers • Representation expenses - Events, business trips • Sales commissions • Staff salary and compensation models for consultants • Marketing costs • Market conditions – E.g. taxes and variable costs

These aspects are to be validated towards the end of the readiness progress on the eighth level in the BERL framework. These are aspects that RINF has come across before as it has been expanding abroad. As RINF’s position in the new market becomes more mature, it can reassess where it stands with the elements shown in table 6. For instance, can it cut costs in some marketing related cases? Essentially, this is what the BERL 8 is

for. Together, the right and the left side of the canvas make for what is to be the value proposition of RINF in Finland.

Table 7: RINF's Value Proposition in Finland According to Perceived Customer Segments

<p>ICT software manufacturers</p> <ul style="list-style-type: none">• Cost reductions• Access to special skillsets from a unique labor market• By outsourcing simpler tasks, the client can have time to engineer new products –Streamlining a client's employee potential <p>IT Service Providers</p> <ul style="list-style-type: none">• Access to specialized consultants hard to find from Finland• Cost reductions• Flexibility in handling staff with regard to project pipeline <p>Internet service companies - Electronic commerce</p> <ul style="list-style-type: none">• Technology solutions• Cost reductions• Streamlining a client's employee potential <p>Companies with ICT as supporting service - E.g. auto industry, construction industry</p> <ul style="list-style-type: none">• Risk mitigation• Cost reductions• Ability to focus on main tasks - Profit centers• Technology solutions <p>Start-up and early phase and small companies</p> <ul style="list-style-type: none">• Collaboration to develop early-phase technology - Technology solutions• Prototyping for technology concepts• Risk mitigation - No need to recruit full-time employees• Cost reductions - An early-stage company may have funding issues

Based on the assumptions and previous experiences demonstrated on the right and left sides of the canvas, it can be estimated that RINF can make these Value Propositions in the Finnish market. Through the eight other elements in the canvas, the value proposition is created. Naturally, as both the right and left side of the canvas have not yet been validated (BERL 6&8), there can still be changes to the value propositions as

well. It is not only until the final ninth level that the entire business model should have been established.

The Value Propositions can be delivered with the TDC and the On-Site IT Services service lines that the Projects & Channels department focuses on. Ideally, RINF would like to see a mixture of both if not all the four service lines being implemented for a single client. RINF can develop or test part of the software for an IT software developing company while having one of its consultants working onsite at the client's premises.

Value can be created and perceived through the international expertise that RINF has. Many of the national and international clients that RINF has have brought new expertise applicable to future projects. Working with major corporations, such as Microsoft, can be seen as a great advantage in Finland. Also, RINF has two ISO certifications, both highly relevant. This means that the clients of RINF can expect service levels that are up to the international standards that the clients expect. Through the ISO 9001 certifications, RINF can ascertain its sound management practices. In addition, via the ISO 27001 certification, RINF can demonstrate that it has the sort of ICT industry proficiency that is appreciated by the clients.

With RINF's credentials, the company has the potential to be valued in Finland despite the lack of local references. A possible "credibility gap" from the clients' side should decrease with a sound client portfolio (appendix 3), partnerships and management practices. These aspects can give RINF more credibility when suggesting technology solutions for companies where ICT is only a supporting service.

4.2 BERL 3: May, 2013 to July, 2013

The third stage was the point in which the first expansion activities really started. This included the author of the thesis to investigate the local Information Technology market conditions in more detail and recognize possible clients or industries in which RINF would be able to broadcast its Value Proposition. The market investigation that was done gave positive indicators that RINF's Value Proposition will most likely be received positively in the new geography.

There were some strong economic indicators that supported this. ICT services import to Finland had increased dramatically between the years 2004-2008 by over 100% amounting to approximately 1.6 billion Euros in 2008 (Hernesniemi, 2010, 57). Moreover, the importance of ICT in Finland is not diminishing in the future. According to Organization for Economic Cooperation and Development's Internet Economy Outlook (2012, 14), at 1.5%, Finland spends the highest amount of its Gross Domestic Product on ICT research and development from all of the OECD countries. Also, Finland has several world class companies in the IT sector, such as Nokia, and more recently, gaming companies like Rovio and Supercell. Lastly, some more obvious indicators and metrics were validated. One of them is that Romanian companies have significantly lower payroll expenses with average hourly expenses per person only mounting up to approximately a quarter that of a Finnish employee (Eurostat, 2014). This metric was an indicator that RINF can, indeed, offer consulting services with the Value Proposition of cost reduction because, obviously, Romanian consultants will become much more inexpensive to use.

The third level of the process is more analytical and research intensive. Various sources should be utilized to understand the best possible areas where the Value Proposition will be the most appreciated. For the research in this case, various sources were used from official resources to news and to talks with local industry seniors. The thesis writer also had meetings with Finpro's Bucharest office to know more about the business relationships between Finnish and Romanian companies and also to investigate the possibility to collaborate in the future. Finpro is an organization that works closely with the Finnish Ministry of Employment and Economy and also with the Finnish Ministry of Foreign Affairs to help Finnish companies grow internationally (Finpro, 2014).

4.3 BERL 4: July, 2013 to November, 2013

As the third level was more research focused, the fourth part was more hands on work and setting a clear strategy to which RINF can acquire new clients from Finland and start generating turnover in the future. The "low-fidelity" business development was found to refer more to setting a strategy to approach the new market and starting to follow through with the strategy. Since the business development is at such an early phase,

feedback from the “field” can be still applied swiftly into the strategy. “Field” in this case means possible clients and partners from Finland.

The initial feedback from the field was not positive. RINF did not have a single reference or experience from the Finnish market. Moreover, all RINF representation at the time was done from Bucharest. All interaction with prospective clients was done via e-mails, teleconferences and using various conference technologies such as Skype. All of this did not translate well to possible clients when, after all, a single deal that RINF makes tends to be worth tens of thousands of euros if not more. Client companies put a lot of thought and stakes in these deals. Finnish companies were hesitant towards collaborating with a Romanian company that did not have any previous experience from the market.

Since RINF did not have any previous experience with Finland, it also meant that it did not have a pool of contacts that knew what RINF was and what it was doing. Therefore, the thesis writer mostly concentrated on cold calling possible clients based on prospecting research that was conducted online. This was also time-consuming. Even though some contacts admitted the fact that collaborating with RINF would cut their expenses or that they would be able concentrate on their main business, they still did not see an advantage in changing their current outsourcing plans. Some companies had also outsourced to Romania or other Eastern European countries such as Bulgaria and Ukraine before. These companies were not willing to change their outsourcing plan because they did not see it bringing many added benefits to change from one Eastern European operator to another. Lastly, some companies were simply not interested in outsourcing any part of their IT services or development either to outside of Finland or even inside.

Despite the initial setbacks from the field, there was still a sign that RINF had its place in the Finnish markets because there were several companies that had experiences with outsourcing to Eastern Europe. This was also an indicator that RINF was not the first Eastern European ICT consulting and development company to go after Finland. Because RINF was still at the early stages of international business expansion to Finland, there was more maneuverability with the strategy to expand. The thesis writer made a

decision to change the approach from directly contacting possible clients to instead focus on the ways that Finnish companies outsource towards Romania and other Eastern European countries.

Some of the initial findings discovered that Finnish companies had the tendency to mediate the outsourcing procedure via Finnish consulting companies that specialized in Romanian consultancy companies. With this method, the Finnish companies outsourcing a part of their IT activities made the outsourcing contract with the Finnish consultancy companies which, in turn, made the contract with its Romanian partner. So, the outsourcing companies, also known as the final clients, never actually make direct contracts with the Romanian consultancy companies. Moreover, the Finnish consultancy companies mediating the outsourcing process have several partners in Romania or in other Eastern European countries. With several partner companies, the Finnish mediator can arrange bidding contests between the consultancy companies in order to get a lower price. The Finnish consultancy company got its revenue by marking up the Romanian price by e.g. 15% in the contract with its Finnish client.

This was an interesting discovery. It was concluded that RINF can have an opportunity to enter the Finnish markets via a Finnish mediator. The thesis writer made contact with one of these Finnish consultancy companies to discuss a partnership. The Finnish mediator had a positive attitude towards the idea, though RINF would only be a part of its network - the same network in which there were also RINF's Romanian and Eastern European competitors. This was, nevertheless, an approach worth looking into and in order to gain at least some Finnish reference, it would have been worth to go down on prices to win bidding contests in the beginning.

The approach yielded some positive results but also some negative. RINF got the chance to work on a few offers with the Finnish mediator. However, the mediating strategy did not serve a higher purpose in getting RINF's name and Value Proposition to Finland. Understandably, the Finnish mediating companies are secretive about the sources that they use from Eastern Europe so that their Finnish clients do not purchase the outsourcing services straight from the source and thus do not have to pay for the approximately 15% markup that the Finnish company adds in its contract. It is difficult to

estimate the exact average of the markup due business confidentiality reasons but 15% was a number that came across the research quite often. The Finnish mediators would ensure that their clients did not hear about RINF. This was done by signing non-disclosure agreements (NDA) preventing RINF from directly contacting the Finnish final clients. Naturally, this did not help at all to get RINF's Value Proposition message out into the field. In addition, there were some problems with the possible projects that RINF would have received from Finland. In order for RINF to have solved these problems, it needed direct contact with the final clients which, due to NDAs, was not allowed.

Considering the downsides of the mediating approach, the thesis writer decided to go after a better alternative than just to be a part of the mediating company's vast network. With this approach, RINF was simply not able to talk directly with the people in the Finnish markets and RINF's Value Proposition was not received. The possible client companies did not become aware of RINF's credentials with international clients or with the ISO quality management systems.

However, the mediating experience was positive and showed that there are IT projects constantly going to Romania and Eastern Europe. The experience also pointed out a weakness that RINF had in regards to its expansion to Finland. The thesis writer was the only one to be in active contact to Finland but due to his young age, did not have many contacts from the market. At this point, it was realized that RINF needed local presence with market knowledge in order for the Value Proposition to be received better.

At this stage, the BERL framework also helped to make a decision. Is there enough data for RINF to invest heavily into Finland? Investment, in this case, meant investments on hiring a local representative and to provide him proper tools and infrastructure. The decision was a no-go for this type of an investment. The decision was justified due to the little success reached from the Finnish market. The collaboration with the Finnish mediator had not resulted in any projects bringing in revenue. Furthermore, there was not enough data to suggest that the situation was going to change any time soon. This point was also the pivoting point during the expansion to Finland. The approach did not yield positive results so the strategy was changed.

Regardless of this setback, it was still estimated with the data so far that RINF has a good chance to spread the Value Proposition via a local partner. Since the thesis writer did not have a green light to go ahead with hiring anyone, the local presence had to be arranged so that RINF would sign a commission based collaboration contract with a local representative. This approach was good in theory but difficult to execute. It was good because this way RINF was to get local presence and access but only have to pay for success. The approach was difficult to execute since it would mean for the local representatives that they would only get paid if they were able to mediate a contract for RINF.

The thesis writer shifted his focus on finding the local representative that RINF's board would approve. The representative would be either an individual or a small sized consultancy company specialized in IT outsourcing. The main point was that the representative would represent RINF. Moreover, the thesis writer required that the representative met the following criteria:

- Experience with Romanian IT consultancy companies
- Knowledge of the Finnish IT industry
- Industry contacts to spread the Value Proposition to

The task to find a company or an individual that fulfilled the criteria was not simple. Many of the individuals or of the mitigating and consulting companies turned down the idea because there was no security of steady revenue or commission for them. Additionally, Finland is a small country and there are not many individuals or companies that fulfilled the criteria.

Fortunately, there was positive development towards the end of September, 2013. The thesis writer had earlier cooperated with a Finnish IT consultancy company specializing in mediating Romanian IT consultants to Finland. The CEO of the company called Facilis proposed the same idea that the thesis writer was going after. Facilis was interested in representing RINF under the name RINF Finland in the Finnish markets. This was due to the fact that Facilis did indeed have several partner companies in Eastern Europe but the quality of services fluctuated severally due to this. Facilis was therefore interested in

representing only a single Romanian company in Finland that could always have a good level in its service delivery. In short, Facilis had the clients interested and RINF had the resources to fulfill Facilis's promises to their clients. Since Facilis and RINF had some little history, Facilis was happy with RINF's Value Proposition and the way RINF handled business with them.

Facilis was a small company employing only two people. Together with Facilis, a business draft (appendix 4) was made to establish the guidelines of the collaboration and RINF Finland's representation. RINF and Facilis had several negotiations on the specifics of the collaboration and agreed on commission rates and retainers that RINF would pay after certain milestones were reached. The business agreement was then signed at the beginning of November. RINF's board decided to approve this strategic move since there was now more data to analyze, also from Facilis's side. Now that RINF had a local partner it was the right time to move forward with the partner to really get the Value Proposition out into the field. This was also the beginning of the fifth level in the BERL framework.

4.4 BERL 5: November, 2013 to February, 2014

The RINF Finland collaboration model was a new thing in Finland to the best of RINF's and Facilis's knowledge so it was important to validate the market fit that it had. More data needed to be collected in order to see where the collaboration should go in the future. This was the time to really start pushing the Value Proposition in the market.

There were many positive indicators in the beginning. Facilis's business connections and previous clients were able to bring in projects to the table on which RINF was able to make its offers of. Some of the projects were projects that were on the table before the official collaboration had started and some of them were brand new. The collaboration model brought a great deal of flexibility to the way RINF Finland was able to approach its projects. Some of the potential clients requested that projects were to be handled the "old fashioned" way meaning that the final client would sign a contract with Facilis and Facilis would then sign a separate contract with RINF regarding an individual project.

Sometimes this approach was necessary because some of the potential clients had received public funding and needed to use that on the Finnish entities.

Whether the approach is to have Facilis as the mediator or RINF signing the contracts directly with the Finnish clients, RINF can always be in contact with the Finnish clients and all the marketing material and consultants and software products will be marketed under RINF's name. So, even though RINF has Finnish representatives with their own company representing RINF, the situation is clear that it is a Romanian company gaining ground in the Finnish market. This was made quite obvious by giving Facilis RINF's business cards and starting a rinf.fi website and e-mail addresses. Normally, the website is rinf.ro and the addresses are of the form @rinf.ro.

Through some of the initial feedback that RINF Finland gained from the field, it was able to confirm what was already estimated in the beginning when the expansion to Finland began. Most of the potential clients are interested in the Technical Delivery Center service line and the On-Site IT Consultants service line. These are the two lines that the Projects and Channels department focuses on. Not so surprisingly either, many of the clients were interested in the cost reduction aspects of the Value Proposition and outsourcing. During talks with clients, the financial aspects were one of the first topics to come up in the beginning.

The majority of the clients were also developing highly sophisticated software products and applications which required specialized consultants and development work. This type of expertise is expensive in Finland due to the local salary levels, and therefore, the nearshoring model turned out to be an interesting option. RINF Finland was seen as an interesting subcontractor because it allowed the possible clients to reduce expenses and concentrate on their profit centers. RINF's international client portfolio and certifications were also seen as a great advantage. RINF, indeed, was considered more credible with the internationally applicable ISO certifications. Lastly, the clients liked the fact that they were able to conduct almost the entire outsourcing process in Finnish. Naturally, contracts and issues with the consultants were handled in English.

Most of the setbacks on the fifth stage were due to what happened in the earlier fourth stage. Some companies that were reached out to were simply not interested in outsourcing their IT services or were not willing to consider the nearshoring model. Some of the contacted companies expressed that they preferred Finnish consultants and Finnish companies due to language issues. It is not part of RINF's business model not to have other consultants than Romanian and, obviously, it is extremely hard to find Finnish speaking Romanian IT consultants. Cases like this also served as evidence of some aspects of RINF Finland's business model not being suitable to the Finnish market. Nevertheless, these unfitting aspects were deemed not to outweigh the positive data received from the market.

4.5 BERL 6: February, 2014 onwards

As of February, 2014, RINF Finland has been on the sixth level on the BERL framework. Due to positive feedback and interest from the new market, it was decided by the thesis author that it was the right time to validate the market fit of RINF's services lines and especially the lines in which the Projects & Channels department focuses on - TDC and On-site IT Consultants. The current level is now to investigate how the current approach with RINF Finland is to continue. Can RINF Finland's external aspects continue serving the client's according to the Value Proposition and to ultimately generate revenue?

For channels, RINF Finland's main channel has principally been the business contacts that have been provided by Facilis. Since the two executives of Facilis have over a decade of experience with the Romanian and Finnish IT markets, they have good pool of past and possible new clients who to contact. Also, less direct contact approaches have been used such as newsletters and advertising campaigns in various business parks in the Helsinki area. Moreover, at this stage, RINF Finland has made plans to launch an event aimed at gaming companies. The details of the event are planned out, only the date and the participants need to be invited. In order for RINF to be able to validate the right channels in its Business Model Canvas, more data is needed from the Channels element. There needs to be more information as to what the most successful channels are, and how some of the planned events are received in the field.

The customer relationships have been handled well during the collaboration between RINF and Facilis. RINF gets a great advantage from the fact that it has local representation and Finnish speaking personnel to interact face-to-face with the clients. Additionally, since the thesis writer is based in the Bucharest headquarters most of the time, the clients can also have a direct line to where the service is produced. This approach has sped the process up with troubleshooting. As an example case, RINF Finland had a client that needed a prototype of an application for iPhone. RINF's Technical Core responsible for the Technical Delivery Center made the prototype application in the set time and delivered it to the client. The prototype, however, did not start working on the client's device. This was due to an error in Apple's development tool. Instead of the client having to contact the mediator and the mediator RINF, the client was able to approach RINF directly to solve the problem. This fast problem solving made RINF actually look good in the client's eyes and RINF Finland received positive feedback. The work made with clients has been very proactive by RINF Finland and therefore it looks like the client relationships management will not be an issue in the future.

In order for RINF to pass the BERL 6 stage, it also needs to validate which are the main clients segments where the revenue is acquired from and what are these clients willing to pay for. Based on the RINF Finland experiences, clients tend to come from software or application producers and from internet based services such as electronic-commerce. The companies have been both well established, and also companies that are early in the start-up phase or have recently been founded.

Due to the vast field of possible clients and their different requests, the Customer Segments and Revenue Streams elements in the Business Model Canvas cannot be totally validated. However, there are some indicators as to which way things are starting to lean towards. One clear indicator of the client segment is that the clients come from industries where the IT and software products and services are their main business. Reversely, RINF Finland has not been able to acquire clients from industries where ICT is only a supporting service. RINF Finland, nonetheless, has the potential to acquire clients from these industries because RINF has been able to do this in other geographies before.

Therefore, RINF Finland should not completely close the case with respect to potential clients, and instead, investigate the full potential that the Finnish market has to offer.

Lastly, in the author's opinion, RINF Finland needs more clients from Finland before it can move on to the higher stages. As of February, 2014, RINF Finland is on the final stretch with approximately three to four different clients in order for them to start generating revenue for RINF. Since the average contract values are worth tens of thousands of euros, the sales times tend to be months before contracts are made. This, at least, has been the case with RINF Finland. In the future, with more references and existing clients, RINF is expecting to generate revenue in shorter intervals and also to get more deals signed from the existing clients also. The now in progress deals should go through so RINF can validate its Revenue Streams on the Business Model Canvas.

5 Discussion and Conclusion

The goal of the thesis was to find a usable model for RINF's international business expansion. The model needed to be based on previously tested models with business viability. Such models were found with Steve Blank's Investment Readiness Level model being the most prominent one. The Investment Readiness Level model provided an excellent base on which to create a specific framework to be implemented into the model. The real-life examination of the framework with RINF's business expansion to Finland indicates that the model is applicable across industries in different geographies. The different parts of RINF's expansion can be located and put on the BERL framework with ease. With this observation and the other uses of similar models, it is justifiable for RINF to use this framework with the model when it wants to approach other international markets. Also, the framework is still applicable when continuing business in Finland. During the decision making, the data put onto the framework can help with deciding the next move and assessing what the risks are when that move will be made.

Some observations are to be made about the use of the BERL framework. Due to the time limitations, the framework could not have been simulated entirely together with RINF's expansion to Finland. It took almost a year to reach up to the sixth level in the

model (figure 11). It can be estimated that some of the levels simply require more time to pass than others. BERL levels 1&2 can be passed through rather quickly depending on the effort and speed that comes from inside the company. RINF could also have gone through the first two levels faster but the author could not focus on the expansion straight from day one of his employment with RINF. Naturally, he had to go through the inductions and learn the ins and outs of the company before he was able to focus on the expansion.

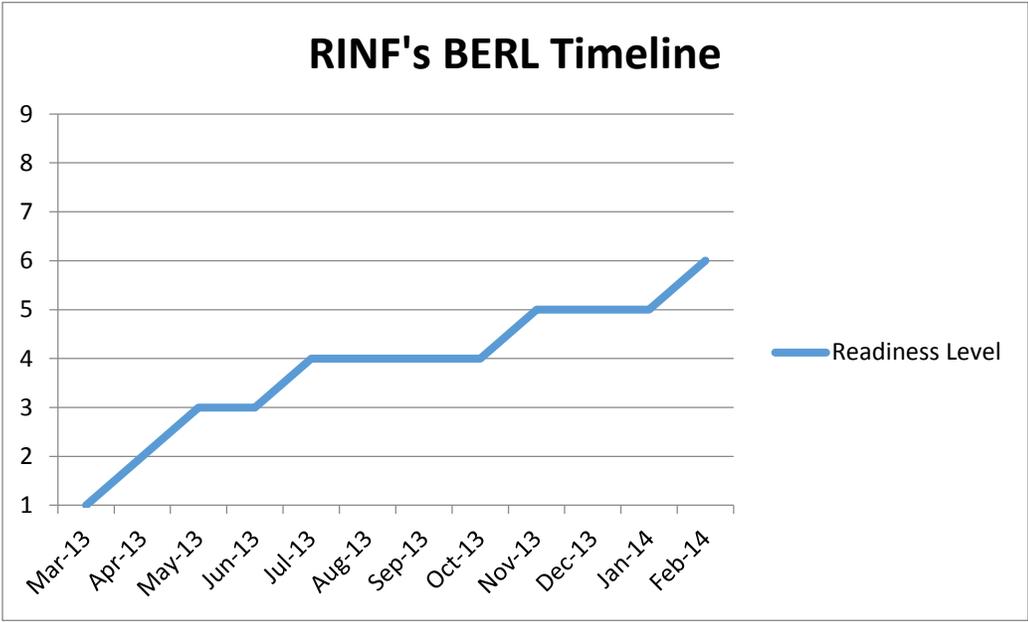


Figure 11: RINF’s Business Expansion Readiness Level Inspected on a Timeline

As the expanding company goes up the levels, more input is also required from the external stakeholders and potential clients. A company or RINF in this case, does not have a hundred percent oversight or the authority to dictate the speed and effort made by these external stakeholders. In addition, with more players in the mix, procedures become more complicated and require more time to execute. Challenges also get greater as higher levels are reached. Conversely, as the challenges get greater, the reward for clearing those challenges also grows. This was seen with RINF’s expansion to Finland as well. The biggest challenge was met on the fourth stage when it seemed that RINF was not able to gain much traction in the Finnish markets. However, when the problem was solved through Facilis’s entry, RINF was rapidly able to gain more interest

in Finland. Also, when moving up a level at this point, the financial risk was significantly reduced because RINF now had a local partner that got paid only when RINF succeeded in closing a deal in Finland.

The thesis covers and describes the efforts made during almost a year in order to best understand if the BERL framework is applicable inside RINF or possibly in other companies and industries as well. An inspection of less than a year would not have been comprehensive enough in this case. Of course, a shorter timespan would have been possible if RINF had gone up the levels faster. Many parts in the business expansion, however, are not entirely under the control of RINF, and therefore, it took more time to clear some of the levels. The time that it took to climb up to the sixth level in the BERL framework cannot be regarded as a “standard time” based on this real life examination. The situation can vary from one location to another and also from one company to another. If a company has a cash-cow, for example, product or a service of which there is a huge demand in the market, it has the potential to reach the final levels of the framework rapidly.

Based on the practical experiences, BERL framework looks at the international business expansion from an internal perspective. The expanding company evaluates the situation itself based on the relevant data collected and the milestones met. The company itself gets to dictate its readiness level based on its indicators. The ideal situation would be for the company’s clients to get to choose its readiness level together with the company. This way, the market data would be the most accurate. For instance, some of the clients might appreciate RINF’s ISO certifications. Therefore, the clients could determine RINF to be higher on the scale. Moreover, if clients are included in the decision making process, close ties will be created with them, and the expanding company can be sure that it is developing its services in the right direction.

In the author’s opinion, however, in order to have a high client involvement in the BERL framework, certain readiness steps have already had to be made. It is unlikely that a possible client company will start using its time to help the expanding company without previous collaboration. The external validation process is possible in validating the market fit. This is where a client can tell if RINF can move up on the framework. The

positive feedback still has to come from several clients. This type of activity was already visible in the case study portion of the thesis. Market fit was validated based on the feedback from clients. As an improvement method, RINF can introduce the BERL framework to a client that it has close connections with to get the most accurate feedback.

Additionally, the middle levels in the BERL framework are important from a reactive point of view. Pivoting, as it was talked about in the third and fourth chapters, is flexible during these stages and faster changes can happen. RINF had enough market data to know that it had to change the way it was approaching the market. Therefore, it changed from directly contacting potential clients to mediators and still after that to a local partnership. All of this happened within a time space of only a few months showcasing the importance of pivoting and the flexibility of the framework.

The writing process of the thesis was challenging at times due to the changing situation in the expansion to Finland. Therefore, it also took a lot of time. Enough data had to be collected in order to make the research relevant for RINF. The execution of the application of the BERL framework was at risk since there had been no sufficient development in Finland for a while. Moreover, the data collection for the practical application took place via teleconferences that the author had with the clients and potential partners. These conversations were not meant to be interviews in order to collect data for the purpose of writing this thesis but to promote RINF's Value Proposition in Finland. During the research period, the theoretical model changed as it was being practically examined with RINF's expansion to Finland. The BERL framework was based more heavily on the Technology Readiness Level model until new information was acquired of the Investment Readiness Level model in November, 2013. On the other hand, much of the research data used to make the framework is current, and therefore, it also makes the framework ~~very~~ current in terms of investigating various readiness models.

To conclude, revenue should and will be the key indicator in assessing the successfulness of an expansion. RINF has been able to increase its revenue year by year and increasingly from foreign markets. This also keeps the topic of business expansion relevant inside the

company. Some of the next possible countries will be Germany and the United States of America. As RINF will keep on expanding to these geographies, it can now have a model to investigate and reflect its experiences in the new market. With this, it is possible to come up with an approach that will streamline RINF's capabilities and turn them into revenue from the new market. Since the model has already been tested in Finland, RINF can now track some of the obstacles that it may face in the new geographies and know how those obstacles influence decision making.

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Appendices

Appendix 1: Demand Readiness Level (Paun, 2011)

Level	Demand Readiness Level
1	Occurrence of a Feeling "Something is missing"
2	Identification of a Specific Need
3	Identification of the expected functionalities for the new Product/Service
4	Quantification of the expected functionalities
5	Identification of the systemic capabilities (including the project leadership)
6	Translation of the expected functionalities into needed capabilities to build the response
7	Definition of the necessary and sufficient competencies and resources
8	Identification of the experts possessing the competencies
9	Building the adapted answer to the expressed need on the market

Appendix 2: Innovation Readiness Level (Lee, 2011)

Level	Innovation Readiness Level	
1	Technological Development	Concept
2		Components
3		Completion
4	Market Evolution	Chasm
5		Competition
6		Changeover/Closedown

Appendix 3: List of RINF's Clients Allowed to be Disclosed



Appendix 4: RINF Finland Business Draft

Business Draft

Background

- RINF is a Romanian IT development service provider with headquarters in Bucharest. RINF has approximately 200 developers in various technologies.
- Facilis is a Finnish company that has operated as a “broker” of IT outsourcing services since 2008.

Market

- When Facilis started operations in 2008, IT outsourcing was still quite unordinary and Facilis was able to present a good value proposition by being a “broker” who had and represented a network of “nearshore” IT partners mainly from Romania and Ukraine. The business climate has changed since and now the best strategy seems to be to ‘cut the middle man’ and offer the services of the supplier directly, under the brand of the supplier.
- That said, there have been many Indian major IT companies that have established their business in Finland during the recent years. These companies are yet focused on the top 100 or top 500 companies in Finland. At the same time no Eastern European or Romanian IT companies have yet entered the Finnish market at least with visible local presence.
- This means that there is a clear market segment to be taken, i.e. a Romanian IT supplier having local presence in Finland and targeting the SME market.
- The co-operation and business plan of RINF and Facilis aims at taking the advantage of the above opportunity.

Sales

- Before any sales activities are started Facilis and RINF will define the RINF value proposition together so that it is optimal match to the Finnish market expectations. Accordingly all sales material will be fine-tuned to “fit the market”. Sales material should preferably be in Finnish to give a local flavor. The core of all sales and marketing is to present RINF as a local operator that “has come to Finland to stay”. This enables differentiating RIF from most or even all Eastern European competitors who do sales activities by their own people (not Finns) remotely via email and phone in English.
- So RINF will be branded as “a European IT company with a branch office in Finland” rather than “a Romanian outsourcing company” (which most of RINF’s competitors are saying about themselves...).
- Facilis will use its database of approx. 1.000 qualified prospects and will perform well-structured sales operations among them:
 - 50 calls or emails per week
 - 5 meetings per week
- These figures will be minimum targets for every week. We expect these volumes to lead to first proposals and closed deals within 1-2 months from the start at latest.
- One possibility to give extra boost for the launch and to attract quicker decisions for the first contracts is to offer an initial on-site period for the project without any extra costs (1-2 weeks). This means that RINF would not charge the travel, accommodation or daily allowance costs from the customer. So these 1-2 weeks might be with zero profitability but then again this offer might reduce the hesitation of the customer as they could have the developer(s) at their premises and get easily and smoothly started with the development.
- In addition to the 1 000 companies / contacts in its database Facilis will naturally actively seek new customers outside the database and we will also actively monitor the public RFP’s.
- If the cash flow is steady enough the second sales person will be hired in Q1/2014. The recruitment and terms related to it will be agreed separately between RINF and Facilis.
- Facilis can use the help of the business schools students. This means cost free labor to do pre-sales activities. Market research’s, studies etc. Mika Eerola has used these services before with the good results.
- A ‘road show’ of RINF executive(s) can be agreed separately. This means a visit in Finland during which Facilis has set up several sales meetings.

Marketing and PR

- A “RINF launch” event will be organised in late January. This event will be supported by a press release and the event itself will consist of RINF presentations and customer cases during the day, followed by a more informal evening event in form of a hockey game where all or selected prospects will be attended. Target is to get approx. 30 different companies to participate the event.
- Another press release will be targeted in March-April around a successful customer case that RINF is delivering in Finland.

- Furthermore, there will be a monthly “RINF newsletter” sent to the full prospect base covering news, customer stories and e.g. RINF employer presentations. The idea is to give a very local “touch and feel” for RINF in the Finnish market. The existing Facilis database will be used as an address list for newsletter.
- Facilis will attend appropriate business events, seminars and fairs in the name of RINF. These activities might produce costs. Those costs will be agreed beforehand with RINF. Facilis/RINF will join the software entrepreneurs Finland, Internet Industry Finland and other organizations which can help the sales and market entry. All such memberships will be made in the name of RINF.
- Facilis will recommend also advertising and sponsorship opportunities to reach the target market, RINF will decide on all such initiatives.
- The RINF team will work on SEO for the RINF.fi website, supported by the Facilis team.
- Once the timing is considered appropriate for entering the Scandinavian markets, Facilis as a Finnish company can apply for public grants to finance part/majority of such market entry and research activities. These grants may even apply to recruiting a sales person for the foreign markets.