Comprehensive marketing information to help a small software & services firm to expand into a new foreign market

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Trilobita Informatics Excl. Co. deals with software and related services targeting business customers. Since the domestic market is getting more saturated, internationalization of this small IT firm became an important strategic issue. Internationalization process has already started for one of the core software products with building up a reseller network word-wide. However, now it is time to look for other markets for the rest of the product offering of the firm through a different channel.

The management has decided to first enter Poland as part of the internationalization process due to the country's economic stability and market size. However, the case company lacks marketing information on entering the Polish market, which brings up the research problem for this paper. The thesis analysed various secondary sources with the help of market analytical tools together with primary data gained from a cross-sectional survey research using interview instrument. Secondary sources were researched to be able to depict the macro and micro environment in Poland, while primary data collected from the interviews with a sample of 100 Polish market players helped to describe customer demand characteristics in the given market.

The research outcomes revealed that the case company has strong expertise in document management and customer relationship management software involving technological know-how to satisfy tailor-made needs as well as it has acknowledged references both in SME and large enterprise segments. This strength perfectly matches the external market opportunity in Poland: the rising demand from small and medium sized companies for custom-built business solutions. Although, secondary data and the interview results also imply that there are already numerous custom-built solutions on the Polish market due to tense competition between current market players.

The aforesaid results contribute to the appropriate planning of future market entry actions that seizes strengths and market opportunities, but avoids all possible obstacles. To support such action planning, the research paper finally suggests licensing as a market entry mode with a detailed reasoning for the management team of the case company.

Since the current research had some limitations in terms of its scope, suggestions for future research projects were also identified that could examine future competitors and competitor software solutions in a more detailed manner from marketing point of view or identify possible future business partners.

Keywords
Internationalization, SMEs, marketing information, internal and external environment analysis, market entry modes.
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1 Introduction

Internationalization is a management decision for a firm to expand its business potential (Frynas & Mellahi 2011, 150). Based on such managerial decision, an information technology (IT) firm that belongs to small and medium sized enterprises plans to enter new markets. However, simply a decision to internationalize and to enter to new foreign markets is not enough to start a successful operation abroad. A complete research and analysis is necessary that overviews the company’s capabilities and the situation in the targeted market to be able to later on strategically plan an entry process that fits the objectives and strategy of the given firm as well as the circumstances in the target region (Kotler & Armstrong 2012, 38). In other words, the case company lacks marketing information that can help the entry mode decision and the planning of the entry process, which is the basis for the research problem of this thesis paper. To concretize, this research work aims at building up information with the help of internal and external environment research and analysis and with the suggestion on the appropriate foreign market entry modes to support the internationalization of a small software and services firm.

1.1 Background information for the research

International issues are not only a significant part of international business studies and the related student life, but also important strategic considerations for enterprises. This can be also experienced at a smaller Hungarian information technology company, namely Trilobita Informatics Excl. Co. The company is now planning on entering foreign target markets and as per the managerial meeting held in the beginning of the fiscal year 2014; the second part of the financial year will be advocated for strategically planning an internationalization process that I can support with this research paper. The case company intends to enter Poland as a target market in the first phase of the internationalization process, because of the historic relationship of the two countries, as well as due to Poland’s relatively strong economic situation and market size. The reader can find a map in Appendix 2 that helps locating the two countries within Europe.

However, apart from such general knowledge gained from everyday news, the management has no comprehensive information about the target market. For them to be able to design an entry process plan, the target country as a market has to be cross-matched with the internal capabilities of the firm. By completing this comprehensive research task, marketing tools for market analysis can be revised and applied in practice and even specific knowledge about the internationalization of SMEs can be learned.
1.2 Research topic, research problem, research questions

The global objective of the thesis is to provide the case company with marketing information that helps to make the right strategic decision on how to enter a new foreign market. The internationalization decision has been already made: Trilobita Informatics Excl. Co. will make the business step of entering new markets in Central Europe. The entire target market (namely the Central European countries) is divided into sub-regions to ease the entry process and to be able to create different entry strategies and marketing plans for the individual regions whenever it is necessary. Based on the rough pre-evaluation of the countries, the management decided on Poland as the first targeted sub-region due to its market size and relative economic stability. However, a problem arises here: the management lacks comprehensive knowledge on the country. To narrow down the research problem (RP) of providing such desired information, investigative questions (IQs) are formulated to be able to then operationalize concepts into more specific measurement questions (MQs). The following overlay matrix (Table 1.) shows the investigative questions the research focuses on to solve the research problem and presents all key concepts and theories they are connected to. Furthermore, the table illustrates how the theoretical concepts are operationalized into measurement questions that act as a backbone of the interview framework used in the second phase of the research. The concept of ‘Opportunities and Threats’ is listed under IQ2-IQ4 since the analytical tool collects data from all investigative areas.

Table 1. The overlay matrix of the research problem

<table>
<thead>
<tr>
<th>RESEARCH OVERLAY MATRIX</th>
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<tr>
<td><strong>Research Problem (RP)</strong></td>
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<td><strong>Investigative Questions (IQs)</strong></td>
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<td>IQ 1: What are the characteristics of the case company?</td>
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<td>IQ2: What are the characteristics of the intended target country?</td>
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<td>IQ3: What are the characteristics of the industry in the intended target country?</td>
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<td>IQ4: How does the demand look like in the target country?</td>
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1.3 Demarcation of concepts

To be able to focus on the exact research aims, it is essential to highlight those terms and concepts that are not going to be dealt with in this work. Figure 1 below illustrates all the discussed and excluded concepts under the umbrella topic of this paper. The umbrella term of the thesis is internationalization and in order to start the whole research project, we must understand internationalization process in general. As Trilobita Informatics Excl. Co. belongs to small and medium sized enterprises (SMEs) in terms of its size, the internationalization process with strategic objectives in mind should be viewed from the viewpoint of SMEs. More exactly, larger or multinational enterprise internationalization theories shall not be overviewed.

Furthermore, as the internationalization decision has already been made, there is no need to examine the motifs for and benefits of international business operations and target region selection methods are neither relevant here. The questions are rather what factors should be considered and how the internationalization is going to be started. As it is a strategic decision, we need to see internationalization from a strategic point of view. The assignment is not with the aim of creating a strategic market entry plan, so neither the umbrella term, nor its sub-concepts shall be concerned.

![Diagram](image.png)

Figure 1. Demarcation of concepts applied in this research paper

To continue, when collecting marketing information, the internal and external analysis would suggest dealing with marketing mix elements in detail, such as price or place attributes. But since the plan is only about building marketing information, strategic marketing
planning including competitive product or pricing strategies or marketing channels should be left out.

Since Trilobita Informatics Excl. Co. does not target individual consumers, but businesses with its self-developed software products and services, the business environment analysis does not have to deal with consumers. With regards to competitor analysis, no individual competitors are analysed in detail, but only strategic groups are identified.

Finally, concepts like implementation or control plans are not relevant in this topic either. The theoretical framework contains the detailed introduction of the applied concepts and theories with reference to the used source literature.

1.4 International aspect of the research and its benefits to stakeholders

The strategic decision on entering a new market requires a detailed market analysis, which provides benefits not only for the case company, but also for me as a researcher. For me, it is a new and rather complex field of duty with learning opportunities and a possibility to write my thesis at the same time. Once the market analysis is completed, I will be able to suggest an entry mode to the target region in question for the management team.

In other words, when it comes to the anticipated benefits for stakeholders, the thesis outcome will establish a win-win situation both for the company and for me. Not only the future strategic decisions will be directed, but the marketing team is going to own comprehensive marketing information that is useful for any further actions (such as tenders, projects, client and customer relationship management actions) planned in the target country. In addition, the study can provide some basis for further research or projects.

Furthermore, the thesis can serve other university students with ideas for their own research projects. The market analysis as a comprehensive source can help anybody who deals with the complex environment of the region in question. I believe this assignment is absolutely relevant to international business studies, as it covers international business and international marketing management concepts as well as some analytical tools for assessing international environments.

1.5 Case company overview: Trilobita Informatics Excl. Co.

The company overview sub-chapter includes only some essential company information on the historical milestones, on the mission and strategy of the case company, namely of
Trilobita Informatics Excl. Co. and only briefly introduces the company’s main business lines, since the later research Chapters will provide the reader with more information on the company’s internal business environment and capabilities. It is essential for the readers to get a general picture of the company to be able to place themselves into the research situation and to understand the need for this research paper. The source for the introductory company information is the company’s code of conduct, its website and the management team.

Trilobita Informatics Excl. Co. is an information technology firm dealing with software development and information technology solutions consultancy; offering both self-developed and third party products. The firm operates in the Hungarian IT industry since 1997 and the active business benchmarking in the media industry brought the first professional and financial success. During the past decade the company became one of the key IT business solution providers for Hungarian business customers. The company satisfies both SMEs and large enterprise needs. (Trilobita company website)

In addition, the company has grown into one of the key players of the customized IT solution providers through its project portfolio management methodology and know-how. It offers services and IT solutions in the fields of customer relationship management (CRM), enterprise content management (ECM) and enterprise resource planning (ERP). Trilobita Informatics Excl. Co. offers several own-developed and third party software products. Third party products include different Oracle CRM and business intelligence software and databases, and solutions for bank industry specific purposes. Own-developed products involve two product line solutions: compact document management systems (DMS) and customer relationship management (CRM) solutions. The document management and customer relationship management softwares are called TriDoc and TriCRM and they target both SMEs and enterprises. (Trilobita company website)

Trilobita Informatics Excl. Co. is a small enterprise with 38 fix-term employees. In addition to the permanent work force, the company is in co-operation with some free-lancer developers for larger projects. The years of the recession brought some stagnation in terms of revenues, but the company maintains a rising profit trend since 2011. As it can be seen in Figure 2, the annual revenues rose above 1.5 million euros by the end of the last year.
Not only does the case company show a significant rise in terms of total annual revenues, but also in terms of annual foreign sales (see Figure 2). Trilobita is a Hungarian firm already operating internationally since it has a worldwide reseller partner network for its key software product. The company has successfully built its reseller network during the last 3 years altogether in 26 countries in Europe, in North-America, in Asia and in Africa as a result of a previous internationalization process. In Europe, software reseller and distributor partners are present in Spain, Greece, Kosovo, Switzerland, Austria, Romania, the Netherlands and there are several partners covering the UK. As it was learnt from the management team, the process had been planned and implemented by the sales team of the company in order to ensure international recognition of Trilobita's key solution and to create reseller partnerships. The internationalization process targeted regions of each continent and aimed at developing at least one business partnership in each region. As Figure 2 illustrates above, foreign sales made only 1% of the total revenues of the company in 2013, but the evolution of foreign sales shows a rising tendency. The company aims at developing the revenue percentage of resold products abroad into 4-5% by 2016. With regard to the characteristics of the product, it is a self-developed, out-of-the-box software targeting mainly small and medium sized enterprises that is easy to install and easy to use. The international entry strategy was globally direct exporting: resellers import the product into their portfolio and receive 30% commission fee after each sold software. 

(Trilobita company website; Trilobita management and sales records)
While the international presence was obtained, this software solution was further developed answering domestic enterprise partner and client needs and therefore resulting in a fully customizable enterprise software version. The positive profit results of the different domestic projects suggest that it might be time for entering foreign markets also with other products including these new solutions. (Trilobita management team) However, a new entry strategy and marketing plan is necessary for these solutions to be sold abroad, as they are not out-of-the box solutions and therefore can not be sold directly to end-users through reseller channels. Besides, the company has been participating in several international IT projects and therefore Trilobita Informatics has a rich reference base regarding EU and enterprise projects, including customers like Sanoma Media Budapest, Axa Insurances, UniCredit Group, Arcadom Constructions or MVM Informatics, where the key document management systems were customized and integrated with existing systems. The company maintains a successful business partner relationship with system integrators, such as IBM Hungary and HP Hungary to be able to participate in more complex projects and in tenders. (Trilobita company website)

Apart from functional teams, the organization consists of technical teams of engineers devoted to project-based solutions related to the different business lines. With reference to the functional units, marketing, sales and financial units are distinguished, but they all operate in strong cooperation with each other. When it comes to the organizational structure of Trilobita Informatics Excl. Co., it applies a matrix structure as the responsibilities are allocated to functional and product (or more particularly complex solutions) working teams. None of the employees have a fix team position; teams often overlap or exchange members. (Trilobita company website)
2 Collecting marketing information for the internationalization of an SME

This Chapter intends to provide the underlying theory framework for the academic work of conducting a market research in order to collect marketing information for Trilobita Informatics Excl. Co. to support its internationalization decisions. The Chapter tries to collect definitions from different scholars to offer a more accurate picture and it is divided into sub-chapters based on their relevance and on the interrelation of discussed concepts in a top-down order starting with the umbrella term of internationalization and going on with the presentation of the different environment analytical tools. Finally, the various market entry methods are reviewed.

2.1 Internationalization

Internationalization is the decision to broaden markets of a business operation over the border of a given home country boosted by internal and external internationalization stimuli, so the firm no longer wishes to concentrate only on domestic activities. A business operation is therefore considered international when a firm is operated in two or more geographic markets. The internationalization process is a typical business case when a formal strategic planning is necessary. (Frynas & Mellahi 2011, 150-154.) The following paragraph is going to examine the concept of international corporate planning, starting with the definition of planning itself.

2.1.1 International corporate planning with strategic emphasis

Planning itself has always been important in every business' lifecycle. Preparatory to nearly all business activities, there is a plan on how to conduct the action. (Brooke 1996, 196-204.) Two different scholars define planning and strategic planning in a very similar way emphasizing the matching of business objectives to market possibilities:

“Strategic planning [is] the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities (Kotler & Armstrong 2012, 38).”

and

“Planning is the systematic gathering of information from which the firm sets its mission, performance objectives and ultimately its strategy (Ahlstrom & Bruton 2009, 105).”

International corporate planning shares the same characteristics with any corporate business planning, but places it to an international and broader context. Planning is a careful
observation of the present and prediction of the future of the business involving the internal and external environment. Corporate planning is a process of steps that highlights key achievable aims at a corporate level by creating a time and space matrix with the indication of potential risks and business benefits. Basically, international corporate planning is necessary to ensure that business operations abroad considered differently from the ones at the home market, but still coordinated efficiently and remain embedded into the overall corporate strategy. Planning involves the evaluation of the unsteadiness of the business environment by preparing an informative database involving the information about the company in question itself and its direct and indirect business relationships; as well as data about the external, broader environmental factors. (Brooke 1996, 196-209.)

Corporate planning has a corporate strategic focus which means the focus on fundamental directions and standards of the given company. Therefore, each company might have a different strategic focus and there is no universal rule or model for strategic planning. (Steiner 2008, 30-31.) Strategic emphasis also means setting up different divisional strategies according to the micro and macro environmental evaluation, but still matching them the overall corporate strategic goals. There has been numerous schools about strategic thinking itself focusing on the different approach of strategic planning, but all agree on the importance of internal and external analysis before setting up the 'hows' to reach a certain goal. (Gilligan & Wilson 2012, 44-54.) Arising from the global environmental analysis and predictions, strategic emphasis always has the characteristics of uncertainty and complexity (Johnson & Whittington 2009, 6). The following sub-chapter is going to explain the term of business goals and clarifies how it differs from objectives since these concepts are often mixed up.

### 2.1.2 Corporate vision, objectives and goals

International corporate strategic planning is strongly in line with corporate vision. As stated by Johnson and Whittington (2009, 9), vision is “the desired future state of the organization”, the scope of its main, long-term focus. Meanwhile, mission is rather the general description of the business activity and its purpose. Goals are general and defined according to the firm’s mission, while objectives are more exactly defined and they are part of the general goals. (Johnson & Whittington 2009, 9; 11.) Vice versa, the hierarchy of objectives supports the mission (Kotler & Armstrong 2012, 40). In other words, objectives can be short or long-term and they set up business operation targets of which success can be later on factually evaluated (Ahlstrom & Bruton 2009, 106). When a firm decides on internationalization, it should first set up marketing objectives and define the desired profitability of the international business actions in advance (Kotler & Armstrong 2012, 561).
2.2 SMEs offering Business Information Software Systems

SMEs or small and medium sized enterprises include firms with less than 250 employees and they make less than 50 million Euros yearly turnover. The European Union definition distinguishes micro (i.e. less than 10 employees), small (i.e. more than 10 but less than 50 employees) and medium sized (i.e. more than 50 but less than 250 employees) firms within the SMEs category. About 99% of the companies belong to SMEs in the European Union; therefore they represent a key driving force for the economy. However, these companies often have harder processes to overcome in terms of financials or resources compared to large enterprises due to their economies of scale. (European Commission 2005, 5-6; 14.)

Not only the term of SMEs is important to understand, but also software for business use as a product should be clarified. The case company is an IT firm operating in the field of software for business purposes, it is necessary to understand what business information systems are.

Business Information Systems (BIS) are such software solutions that are made from the combination of human designed plans and implementations and technologies. In other words, Information Systems are designed for businesses to support their operations through their functional units and different locations. Therefore there are Information System solutions available for example for office productivity, for procurement and sourcing, for logistics, for customer relationship management, an so on. (Fill & Fill 2005, 29-32; 38-39.) Evidently, since these products target business customers, the nature of business to business relationships are described in the next sub-chapter.

2.3 The nature of business to business relationships

Since the case company targets business customers in terms of both partners and end-users with its software products for business use, business to business relationships should be considered. Business to business relationship is different from business to customer relationship. The demand in business markets is defined by end-user demand (note: in this thesis case end-users are business customers) and the business market means a more formal market and specific trade transactions. Lastly, in business to business environments relationships and loyalty are essential for the long-run. (Kotler & Armstrong 2012, 166-167.)

There are several types of business buying situations, but the most relevant from the thesis point of view - as the case company targets customers with complex solutions - is the
system or solution selling that offers a complex product - possibly together with a service - offering that solves an entire problem alone (Kotler & Armstrong 2012, 171).

### 2.4 Marketing information and market research

The previous sub-chapters summarized the umbrella term of internationalization and international corporate strategic planning. In order for a company to go international, not only more exact strategic goals should be set up, but also an underlying process is necessary to be planned to reach such goals later. Referring back to the section about strategic planning, environmental analysis and evaluation are significant as a start of the process. The internationalization as a strategic direction should therefore also start with the comprehensive overview of such evaluation before making any strategic decision on the market entry mode. To do so, we need to set up an underlying theory for the concept of marketing information and marketing research and collect the applicable analytical tools.

Marketing information can be retrieved from internal data, marketing intelligence and marketing research. Internal data originates from internal databases of operational, product, sales, profit and customer indicators, while marketing intelligence refers to all the externally accessible information related to market participants and happenings. Marketing research is always a pre-planned research process and evaluation of the gathered data to try to provide answers to a specific company issue. (Kotler & Armstrong 2012, 100-103.) The following sub-chapters will provide the reader with detailed information about the analytical tools used in this research paper.

### 2.5 Market analytical tools for the internal market

Before evaluating the possibilities of the present and the future, one must overview their own business. Companies with internationalization intend have to cope with numerous marketing issues. The most important issue is to find out with what kind of business offering they want to enter into the new market. The firm should also consider whether there are any modifications necessary for the products to better satisfy new market needs. There are several tools available to analyse an organization and its business offering. Overviewing the product portfolio of a firm can help to recognise whether any product modifications are necessary when entering a new market. (Kotler & Armstrong 2012, 280-281; Kotler & Keller 2012, 336-342.)

According to marketing scholars, such as Kotler and Armstrong (2012, 53), most internal analysis would also contain the general strengths and weaknesses of the firm as part of a SWOT analysis, since it is a convenient tool to depict capabilities and business chances.
The following Chapter sections intend to present the above mentioned product portfolio analysis together with the strengths and weaknesses analysis to provide a theoretical framework for the evaluation of the internal environment.

2.5.1 Product portfolio analysis

The business offering a firm markets to its customers is the product portfolio of the company, which includes all products and/or services that a given company can supply to its target market. Product portfolio can be examined according to different dimensions, such as breadth and depth. (Ferrell & Hartline 2007, 188.) A product portfolio equals all the products of a firm meaning several products and they can be organised into product lines according to their different variations. Product breadth refers to the number of product lines a given company has and depth is the attribute referring to the size of the individual product lines. Products can be organised based on strategic business units which have their own target market(s). (Masterson & Pickton 2010, 229.) Depending on the size of the product portfolio, a firm can experience several benefits. We are able to analyse the economies of scale, the uniformity of packaging, the standardization attributes of different products (for example same components used in different products) or the sales and distribution efficiency. With services it is rather hard to standardise the elements of an offering as they are intangible and often unpredictable in execution, but therefore they are flexible to meet the exact needs of customers. (Ferrell & Hartline 2007, 188.) Product portfolio analysis refers to the profitability aspects of each product in the product mix to be able to make strategic decisions on their marketing needs, such as improvements or ignorance (Masterson & Pickton 2010, 229). Product portfolio is part of a firm’s business portfolio that involves also all businesses apart from product offerings. The planning of the business portfolio is the evaluation of the present business portfolio and based on that the formation of the future business portfolio that meets future strategies for growth. The portfolio analysis also includes the identification of strategic business units, SBUs that are essential business element groups, such as brands or product line. (Kotler & Armstrong 2012, 40; 42.) When defining SBUs, one must judge them according to their characteristics of:

− the possibility to be marketed alone;
− their competitors, so they have their own direct and indirect ones;
− their management control, so they have a separable devoted management team.
(Kotler & Keller 2012, 41.)
2.5.2 Strengths and weaknesses analysis

Together with the help of product portfolio analysis, it is possible to draw up the strength-
weakness analysis of the internal environment. Strengths and weaknesses are part of the
so-called SWOT analysis that also includes the opportunities and threats of the external
environment (that will be discussed later in the Chapter as part of the external analytical
tools). In other words, the abbreviation of SWOT stands for strengths, weaknesses, op-
portunities and threats. It is crucial however to distinguish internal elements from external
ones. But then again, these factors should be evaluated in a way that the internal and ex-
ternal characteristics influence and reflect each other in a strategic cause and effect
sense. (Wright 2004, 446-447.) All confident internal elements that help to reach the busi-
ness mission should be collected as strengths and all negative elements that might influ-
ence such strategic objectives should be reviewed as weaknesses (Kotler & Armstrong
2012, 53). Therefore, considering the internal analysis, SWOT evaluates the financial and
operational capabilities of the given firm, including all resources, the qualities of offerings
and their reputation. Particularly, it answers the question of what the organization is able
to accomplish and what it is not. SWOT analysis in general has several advantages. Im-
portantly, it is quite easy to apply and it is not costly at all. Furthermore, it collects different
type of information into one matrix. In spite of the fact that it is a relatively simple tool, one
must not underestimate it as there might be some obstacles when creating it. The most
important criteria of the successful SWOT analysis is to try to remain objective - especially
when considering own internal characteristics - and also review causes from different per-
spectives. (Ferrell & Hartline 2007, 85-93.) Objectivity is often hard to keep when a firm
analyses its own management, marketing, operations and innovation capabilities, but es-
sential for a valid and true picture. Innovation capabilities highlight new product capabilit-
ies, importance of research and development or new technologies applied. Operations
analysis focuses on effectiveness and flexibility, motivation and resource capacity. Man-
agement overview involves the analysis of business know-how, managerial and corporate
culture, strategic emphasis and decision making. At the same time, marketing check fo-
cuses on the product attributes, customer needs and sales support activities. (Aaker &
McLoughlin 2010, 54.)

2.6 Market analytical tools for the external market

Once a firm is aware of its capabilities and internal weak points, it is essential to examine
the circumstances it wants to operate in. External marketing environment of a firm refers
to all external participants and happenings and it can be divided into micro- and macro en-
vironment. Micro environment involves all market elements that have a close relationship
to the given firm, such as customers, suppliers and competitors. Macro environment
means any influence that can change the micro environment. (Kotler & Armstrong 2012, 66.) In other words, we can distinguish the general and industry environment when talking about the external environment. General environment consists of the socio-graphic, technological, economic and legal circumstances of a market, which affects the industry environment. Industry environment refers to all the circumstances that have an effect on the competitive business operations of the firm. (Hitt et al. 2006, 38.) The next sub-chapters are going to present different analytical tools to be able to depict the general and macro or industry environment.

### 2.6.1 PESTLE analytical tool

The so-called PESTLE analysis is a commonly used business tool to evaluate the external macro environmental forces that has any possible effect on the business activities and strategy of a firm; therefore it is applied in this research, too. The acronym PESTLE stands for political, economic, socio-cultural, technological, legal and environmental influences. As part of such comprehensive analysis, the key drivers of possible change must be identified. These elements and patterns interfere with the strategy in the short or in the long run. (Johnson & Whittington 2009, 25-27.)

When considering the external political environment, complex issues must be overviewed, as government actions might have an effect on business operations. Such issues involve the integration level to the surrounding region or the political stability. (Frynas & Mellahi 2011, 48-49.) Politics can influence the country’s openness towards foreign business transactions (Kotler & Armstrong 2012, 557).

Being very close to the political environment, the legal environment refers to the legislation system of a given market. Legislation can have limiting effects on businesses if we consider competition, trade, consumer or protection laws. Legislation and regulations are not only decided country-wise, but common markets, such as the European Union can assign regulating rules to its members. For instance when assessing new markets, one should review monetary or import regulations. (Kotler & Armstrong 2012, 81; 557.)

Economic development level and its stability is another important factor to consider before entering a new market. Business operations might be influenced by the economic rates such as inflation or price levels, currency exchange rates or the income level of a country. (Hitt et al. 2006, 52-55.) Not only business operations are defined by the economic situation of a nation, but also customer spending and demand is influenced. It is advisable to review whether the targeted market is part of any economic community - such as a free
trade zone - and therefore fall under certain regulations. (Kotler & Armstrong 2012, 77; 555.)

Technological environment refers to the intensity of supporting and enhancing technological know-how and advances in the business environment. A technologically attractive market involves a highly developed information technology and communication infrastructure. (Hitt et al. 2006, 48-49.) Furthermore, technological environment refers to the development of technologies that provide new business opportunities. It is a fast-changing environment and therefore such opportunities can be also threats for some firms if the new technology overwrites the old solutions. (Kotler & Armstrong 2012, 80-81.)

Environmental or natural environment means the protection and availability of resources and the level of the overall focus of a given market on environmental issues. It can be beneficial to consider environmental trends and strategies supporting sustainability of a given market to see whether one’s business activities match with such trends and avoid possible threats. Furthermore, those trends can mean market opportunities as well. (Kotler & Armstrong 2012, 78.) However, as environmental considerations are not relevant in the internationalization of a small IT firm, they are excluded from the data presentation section.

Socio-cultural environment refers to the demographic information and also involves habits, traditions and norms of the society of the target market. There might be cultural differences that interfere with doing business abroad. Such cultural issues might be the language or business manners. (Kotler & Armstrong 2012, 70-74; 86; 123-124; 557-558.)

2.6.2 Market size and market trends analysis

The approximate size of the targeted market should be investigated to be able to define its potential. The size equals to all the existing and potential demand of the given market and it can be approximately defined by looking at state statistics or consumption and demand data. (Kapoor 2009, 240.) The concept of market trends refers to the present and the possible future size of the market in question and its demand. The trend can be predicted and marked as evolving, stable or declining. If the life cycle of a certain product becomes old too rapidly, it is rather a declining market and might not be attractive for an entry. Stable markets serve the demand in a steady way by applying a highly active marketing effort, meaning a strong focus on price and promotion from the marketing mix. (Kapoor 2009, 241-242.) Market trends also indicate the change in demand. More exactly, market trends show how the characteristics of customers and their needs evolve. Such characteristics can be for example their disposable amounts, new ways of purchasing a product or a de-
sire for a new technology. Generally speaking, market size and trend analysis includes data about the market growth rate. (Wenzel 2012, 51-53.)

Trends can be overviewed based on their strategic effect and therefore they can be viewed alongside different trend categories, such as technology trends, consumer trends, economic or government trends that define an industry or market. By collecting information on such trends, strategic uncertainties are highlighted, too. Strategic uncertainties are all events that have a possible negative influence on the strategic planning or on the strategic business activity of a given firm. Therefore such identified threats should be judged according to their level of effect with relevance to time. A matrix can be drawn to collect all such trends where the vertical axis represents the level of influence and the horizontal axis stands for the level of immediacy, as illustrated in Figure 3. (Aaker & McLoughlin 2010, 80; 93.)

<table>
<thead>
<tr>
<th>Uncertainty Matrix</th>
<th>Level of immediacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Monitor and analyse, think about future strategies</td>
</tr>
<tr>
<td>Level of impact</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Keep in mind for the future</td>
</tr>
<tr>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

Figure 3. Strategic Uncertainty Matrix (the model is based on: Aaker & McLoughlin 2010, 93.)

2.6.3 Competitors

Not only the size and the potential of a market should be examined, but also its existing and possible future players should be overviewed in order to prepare for the competition. The groups of firms that share similar offerings operate in one industry and such similar firms compete with each other to win suppliers and buyers for their similar offerings. We distinguish direct competitors from competitors offering a substitute solution, namely the indirect competitors. Competitors can be identified and grouped into strategic groups. A strategic group involves all the firms that have exactly the same or very corresponding strategy to win a particular target. Strategic groups compete with each other and also their members are direct competitors of each other. (Kotler & Armstrong 2012, 528-529.)
There is a useful tool available designed by Michael Porter (in: Hitt et al., 2006) for the industry analysis from the competition point of view. The analytical tool is called the Five Forces Analysis Model. Buyers can represent a powerful force when they have a strong bargaining power, such as when they purchase in large volumes or can switch between products at a low cost. (Hitt et al. 2006, 51-53.) Related to switching between products at a low cost, the threat of substitute products should be mentioned as well. Such products are the products of a different industry, but mean a similar or same satisfaction for a certain need. Besides, suppliers also influence competitiveness. They might be too concentrated meaning only a few suppliers leading the market and having power over buyers. Furthermore, it is crucial to overview the level of switching costs from one supplier to another. (Johnson & Whittington 2009, 34.)

In order to win buyers, competitors operate in a tense relationship to each other, especially in a growing market environment. To stay profitable in a tense competition, it is crucial to overview the characteristics and actions of key competitor players. (Hitt et al. 2006, 51-53; 57-61.) When analysing competitors, we can build information on all direct competitors in the form of their objectives, business strategies and actions. This system helps to evaluate the intensity of competitive rivalry and to predict their future actions. (Hitt et al. 2006, 63-65.) To be able to identify the key competitors, a market segmentation analysis can be conducted. It can be done by overviewing the company offerings and the customers who purchase them. As per Doyle’s theoretization (in: Johnson & Whittington 2009), the segmentation should go along three main questions: the firm’s target customer segments, their needs to satisfy and the required technologies. If we are aware of the characteristics of the demand for our offering, we are able to identify companies with the same or similar offering; they are our direct competitors. Furthermore, we will be able to see the potential strategic partners whose offerings can be complemented with our products. (Johnson & Whittington 2009, 76-77.)

Five Forces of Competition model involves also the examination of new entry threats. A company with intent to enter a new market might face so-called entry barriers. These barriers are generated by the already existing competition at the given market. The players of the competition can include firms with large economies of scale dominating the market and hard to compete with for new entrants. If the entrant firm tries to move in with larger economies of scale, the reaction of competitors might not be preferable. Furthermore, it is considerable how different or even unique a certain product would be in a new market and what the level of financial investment willingness of the given firm is. Business networking and stakeholder access should be evaluated as well, since retrieving efficient distribution channels can be hard and occur as a barrier for successful entry. (Hitt et al. 2006, 54-56.)
Porter’s five forces model considers the whole competitive macro environment and he stated some years ago that several firms can be highly profitable in a market where these forces are steady and software industry is one of such (West et al. 2010, 80).

2.6.4 Market segmentation and customer demand

Segmentation of the international target market equals with creating different customer groups according to a certain underlying characteristics relevant to the business offering to help identifying possible future buyers. In the case of business to business market segmentation, an approach is necessary that is different from business to consumer market segmentation. Two different segmentation tools are available in the case of business to business markets: breakdown method and build-up method. Breakdown method views all market participants to be equal and tries to find groups that do not share similarities with others. Built-up method is the opposite as it views all market participants different from others and tries to find groups that share similar characteristics and satisfy the same customer need. Within these tools, we are able to segment the market according to different underlying characteristics. Such characteristics can be market (such as size or the served sub-markets) or buyer characteristics. Buyer characteristics or customer preferences are complex, built up from the level of satisfying a certain demand, the level of loyalty and overall satisfaction with the services of the given firm. (Fill & Fill 2005, 49-58.)

2.6.5 Opportunities and threats analysis

SWOT analysis has already been discussed as part of the theoretical framework for the internal analysis. Opportunities and threats are part of the SWOT analysis focusing on the external environment of a given firm. Such analysis should involve the market patterns, trends and circumstances of the micro and macro environment. These characteristics are separated, so appear independently from the firm itself. Furthermore, such characteristics define opportunities and threats for the firm in question and those might have several different origins. (Ferrell & Hartline 2007, 95.) Threat is an influencing factor that endangers the competitiveness of a firm, while opportunity is seen as a chance for business improvement (Hitt et al. 2006, 39-40).

2.7 Possible market entry modes

As soon as marketing information is available for the management staff with a detailed portrayal and analysis of the internal environment and external circumstances of the desired target market for entry, it is time to decide a market entry strategy to be able to further concretize the internationalization action plan. There are different market entry modes
available for a firm to move to foreign markets: exporting, foreign direct investment, joint ventures and strategic alliances, franchising and licensing. (Frynas & Mellahi 2011, 164.) To be able to select the most appropriate entry mode, we need to understand their differences, advantages and disadvantages of them.

Exporting equals with offering domestic products abroad usually indirectly through intermediaries without significant change in the product or sales strategies. Of course a firm can take care of the exporting without the help of intermediaries, but that solution is riskier. (Kotler & Armstrong 2012, 562-563.)

Joint Venture is the form of moving abroad meaning the formal co-operation with another company to operate certain business activities together. We distinguish four sub-types of joint ventures: licensing, joint ownership, contract manufacturing and management contracting. Licensing is an agreement where the co-operating partner can use the license (meaning brands, products or basically any value item) for a certain paid license fee in exchange. It is important to highlight that despite of the low risk level of entry, licensing also means losing control over operations abroad. Meanwhile, joint ownership is the form of doing business abroad when two independent companies create a new single firm by uniting their key resources and sharing the ownership. This type of relationship has the risk of loosing common business goals or disagreeing over business operations. Finally, contract manufacturing is an assignment for a foreign company to manufacture certain products-which is not relevant from the thesis point of view and therefore is not discussed. Neither is management contracting, since the case company does not intend to provide managerial know-how, but a certain product or product line to the foreign market. (Kotler & Armstrong 2012, 564.)

Lastly, apart from exporting and joint ventures, there is a third way of entering a foreign market: direct investment, which establishes a totally self-owned business in the targeted market. This method is high in risk level and might be very costly. (Kotler & Armstrong 2012, 565.) This option is not considered as a possible entry mode in this thesis, as the management team of the case company excluded any foreign direct investment due to its high risk and cost level.
3 Research methods for the market analytical research

In order to be able to provide answers for the investigative questions mentioned in the overlay matrix and come up with a solution for the research problem, a carefully designed research has been planned with the research methods explained in the upcoming sub-chapters. Comprehensive marketing information is built up from the internal and external environment analysis sections together with the business market and customer demand overview and entry mode suggestions. The theoretical parts are operationalized into the research framework, which is - similarly to the conceptual framework - built up from the same main sections. Due to the data type of these sections, the following sub-chapters define two research phase and their methods separately. Firstly, data for the internal characteristics and the external situation analysis together with the analysis of competitors can be mainly collected from internal company and external secondary sources through a descriptive desktop research. Secondly, customer demand information can be based on information gathered directly from companies dealing with an offering similar to the one of the case company. A telephone interview as a research method is selected for this information gathering and described in details with reasoning.

3.1 Research phase 1 - Desktop research

In order to provide comprehensive marketing information about the internal and external environment, the research involves the monitoring and forecasting of market events by researching secondary data. Secondary data is yet available and was gathered by somebody else. (Kotler & Armstrong 2012, 104.) Monitoring is the action of overviewing the general environmental happenings, while forecasting is the actual prediction of future market events based on the monitored pattern. All monitored and forecasted data shall be assessed in order to recognise opportunities, directions and to make the information pool useful from strategic point of view. (Hitt et al. 2006, 41-42.)

3.1.1 Data collection

As it was referred in Chapter 2, internal and external environment data can be collected from internally and publicly available sources. Monitoring of the internal environment is based on internal and proprietary company data, more particularly on sales information and marketing materials (i.e. the operationalized concepts: product portfolio analysis, strengths and weaknesses). Such data is available through the company’s intranet as well as from the marketing and sales department in the form of brochures, company reports and statements and product descriptions.
In order to be able to monitor the external environment and forecast future happenings, statistical quantitative and general qualitative data is collected and evaluated about the target market. To establish target country analysis (i.e. the operationalized concepts: PESTLE analysis, market trends and industry patterns, competitors, market risks, opportunities and threats), relevant secondary data is collected about Poland from the publicly available market specific reports and publications, industry reports and statistical databases of the country and of the European Union and from business databases, where studies are also available about the market players and industry trends; they are referenced later in the research result presentation sections. The main source channel for collecting secondary data on the external environment was the Internet. The reference literature (Kolb 2008) defines some important general criteria for the secondary data used as follows:

- it should strictly connect to the research topic;
- it should be from a trustworthy data source;
- it should be up-to-date and the derived predictions are really for future time;
- it should be exact;
- it should not cause unexpected or extra charge connected to the research. (Kolb 2008, 88-89.)

Desktop research is based on such data collection criteria and the data collection strategy followed the content order of the theory framework, so firstly internal data was collected, secondly the macro environment in Poland was overviewed, and finally the industry trends and competitors were reviewed.

3.1.2 Reliability of secondary data

Secondary data was collected from trustworthy data sources, namely from national and EU databases. Quantitative data was double-checked in different statistical sources whenever it was possible to ensure data reliability. However, qualitative data on industry trends and market players might not be objective, since their sources included Polish governmental promotion materials. Furthermore, most of the gained secondary data is not the most up-to-date, oftentimes the sources are 2-4 years old, so their current validity can be questioned. Nevertheless, they still offer a general picture on the Polish IT industry and considered reliable for thesis purposes.
3.2 Research phase 2 - Empirical research on customer demand

In order to be able to build up comprehensive marketing information and suggest a market entry mode, the characteristics of customer demand had to be also identified. To be able to collect such details, it was essential to research the business activities of competitors and see their satisfied customer needs. The following sub-chapters present the applied research method and the data collection process on customer demand characteristics in a detailed manner.

3.2.1 Applied methods

Survey research is the most often applied research method to collect primary information that describes a certain marketing pattern. Primary information is gathered straight by the researcher for that given issue and the method allows the researcher to gain answers to certain questions straight from the examined people. Such people can be reached via mail, telephone or personal interviews. Mail surveys contain fix questions for the respondent to answer and it is relatively cheap, but it is also hard to convince respondents to fill in the survey. Personal interviews mean a face-to-face interaction and it is the best in terms of flexible questions and guidance possibilities. Telephone surveys are however also efficient and tend to be flexible if needed. The gained data can be longitudinal, that gathers data over a longer period of time or cross-sectional that gathers data at a given time. (Kotler & Armstrong 2012, 104; 109-110; Kotler & Keller 2012, 392.)

Based on the previous theoretical summary, the best solution to collect information on customer needs and on the general demand was directly from the expert groups of the market player companies already serving those customers. The necessary information was acquired through primary data gained from a survey research. Due to the geographical distance of the target country and the lack of an existing business network there, a relatively fast and efficient research method was used as an alternative to personal field visits. However, it was useful to talk personally to decision makers (such as sales or business development managers) at the examined companies instead of using written surveys to ensure higher number of answers. With respect to the criteria above, the cross-sectional survey research approach applied interviews as research instrument via telephone as a contact method. The interviews were semi-structured to ensure the casual-talk-like manner of conversations and a higher willingness to respond to questions.

3.2.2 Research population and sample

The research population included all Polish firms that would mean a competitor to Trilobita Informatics. To indicate the rough size of the population, the preliminary pool of competi-
ors were identified in various business databases (namely Europages free business database, Poland-business.info free business database site and Kompass paid-for business database - accessible internally at Trilobita Informatics Excl. Co.) and in a professional networking site (namely LinkedIn) based on pre-set criteria to match the business operations and demand fulfilment capacities of the case company.

Table 2. Search engines and criteria used for the identification of relevant market players

<table>
<thead>
<tr>
<th>Search engines used</th>
<th>Identifying the number of competitors</th>
</tr>
</thead>
</table>
| LinkedIn, Kompass Business to Business database, Europages database, Poland-business.info free business database | -profit-oriented IT companies that deal with software for business use (not software for consumers)  
-software development, implementation AND related services are offered, so software producers are excluded  
-system integrators or consultancy firms  
-small and medium sized companies  
-no retailer or intermediary companies |

The criteria were defined to narrow down competitors and to be able to focus on the relevant company groups to gain more relevant customer demand characteristics. As Table 2 summarizes, such criteria is defined by the capabilities, offerings and target market of Trilobita Informatics Excl. Co. Being a small company, Trilobita is more likely to match its business capabilities with a similar firm in size, so large enterprises are excluded. Furthermore, it is essential to focus on profit-oriented information technology firms that deal with software products targeting business customers. In other words, IT firms serving consumers are left out from the pool. To concretize further, as Trilobita Informatics Excl. Co. does not aim at entering the Polish market through resellers or retailers, only firms offering software development, implementation and related services are selected and later interviewed. Such firms are usually solution provider, consultancy or system integrator firms. The created preliminary pool involves any information technology firm found through the before listed search engines that complies with the set criteria and it establishes the next research phase: an empirical research to be able to evaluate market player characteristics where the market player pool of nearly 3 thousand firms stands for the researched population.

As Kotler and Armstrong (2012, 114) define, the sample is a group of units that represent the entire examined population. Sampling unit provides the definition of the examined population. Sample size refers to the number of units selected to be researched and the sampling procedure expresses how these units are selected from the population. The lar-
ger the sample is, the more trustworthy the outcomes are. Sample can be probability or non-probability sample. All population units have equal possibility to be involved in probability samples, while units are picked according to different criteria in non-probability samples. (Kotler & Armstrong 2012, 114.)

As for the sampling plan, the current research sample included 50 small and 50 medium sized, so altogether 100 randomly selected individual firms to ensure higher representativity of interview results. Sampling units were IT firms and the research used probability sampling since the population of information technology firms dealing with business software solutions were searched based on product types in the available search engines and databases and then the companies were selected randomly. The final population was restricted to the mingled LinkedIn and Kompass database search results, as the rest of the search results overlapped with each other. As concerns the targeted respondents, business development managers or sales managers or assistants of those were addressed with the telephone interviews and were interviewed according to the measurement plan. Sales managers have routine in casual, but professional conversations related to sales issues, they know demand and product patterns. Business development managers know trends and are aware of the demand and necessary product or product portfolio considerations. In case the managers can not be reached, their assistants might provide relevant information on the research issue as well, so to decrease the number of non-respondent interviews, assistants should be considered as satisfying interview data. Based on own previous international work experiences with partners, due to the conversation manner of sales managers and to the different company cultures, it was expected that the telephone conversations might be rather hard to keep structured to gather exactly the same kind of information and they might result in a wide variety of answers, so a qualitative research was more convenient to use. Furthermore, since this research paper has a very limited knowledge on the demand characteristics of the Polish software market, it is not possible to set up any hypothesis, but rather information should be collected, so a qualitative research method is used.

Qualitative research is applied when the researcher has a limited knowledge on the researched object and its goal is to be able to formulate some statements. While quantitative research is for justifying a given, pre-defined statement. (Hair et. al. 2011, 276.) For this reason, a qualitative data collection method is selected.

### 3.2.3 Interview framework and data presentation methods

The measurement plan for the interview framework intends to answer qualitative questions to help understanding customer demand. The interview instrument focuses on the
following question groups to gain information on the market players’ operations, offerings, target market, and on their satisfied customer needs:

- What technologies do they use?
- Do they have direct and indirect competitor product to the one of Trilobita Informatics Excl. Co. in their portfolio?
- Do customers demand custom-built solutions?
- Do customers demand value-added services, such as development, consultancy, implementation and after-sales support?
- What kind of business customers do they serve?
- Do they have customers with specific needs?
- Do they satisfy public sector needs?
- Do customers demand complex solutions together with complimentary products?

The data collection happened by using a pre-designed interview datasheet. The interview protocol includes the key research questions to ask and a matrix to record data. The gained qualitative data recorded on datasheets is then grouped according to certain common patterns found in the answers. The interview datasheet can be reviewed in Appendix 1.

Qualitative research always intends to discover some data or patterns to set up theories on a given question. Qualitative research data without any assumptions or underlying theories on the research object is collected and summarized through inductive reasoning, which means finding similar patterns and grouping them to be able to analyse data for end consequences and results. The data processing continues with the so-called data display phase that means the presentation of grouped data in such a form that eases the overview of data-connections and the set up statements. There are numerous ways to present the gained data, such as in the form of charts, graphs, quotes, lists, etc. It is possible to quantify the grouped qualitative data and show the distribution of each pattern group. (Hair et. al. 2011, p275-276; 282-287.) Based on this, the current research data is presented question by question in the form of quantitative percent distribution of companies whenever possible. The answer categories were defined according to the common answer patterns recognised.

### 3.2.4 Reliability of primary data

First of all, when considering the reliability of primary data gained from the telephone interviews, it is essential to remember the qualitative nature of the research. The objectivity of responses and factual answers can not be guaranteed, because of the following issues:
- Respondents, such as sales or business development managers might not share all relevant information and they might focus only on their expertise fields;
- There is a chance that the interviewee did not provide real information; s/he might have been influenced by any other factors when the interviews took place;
- There was a high chance for the conversations to end before all questions are answered; if the key decision maker or relevant person at the target company is even reached at all.

In spite of the fact that objectivity and clear coherence of questions were essential to be kept through the whole interview process by the interviewer in order not to interfere the reliability of information gathered; the reliability of responses are still questionable due to the qualitative nature of the research. The elasticity of understanding meaning varies even during the same research, which might cause differences in the answer pattern grouping and obviously in the results. (Hair et. al. 2011, p287-289.) Nevertheless, the results still offer a preliminary picture on the research aim, namely on market player characteristics including their offer and demand patterns.

### 3.2.5 Ethical issues

The telephone interviews took place by contacting the target person at the given companies (i.e. sales or business development managers) with the intent of looking for business partners in Poland for Trilobita’s key products to ensure the higher number of responses. Particularly, the respondents did not know that they participate in an interview about customer demand, which brings some ethical concerns. The researcher had to decide whether ethical manners were completely kept or more reliable answers were gained and therefore customer demand characteristics could have been identified. Obviously the second option was selected since most probably the respondent managers would have not provided any valuable information if they had known that Trilobita Informatics Excl. Co. could stand as competitors to them. However, to still ensure an ethical and fair business manner in this case, the name of respondents and their employer associate companies remain completely anonymous.
4 Presentation and analysis of research data

As we could see in the underlying theory, marketing information is a result of a research and analytical process that reaches the pre-set managerial goals. In this case, the exact managerial goals were to become familiar with the internal capabilities of Trilobita Informatics Excl. Co. as well as then to contrast those capabilities against the market characteristics of Poland to help the further steps of strategic planning for internationalization. Building up marketing information starts with the internal analysis of the case company with the help of the presented analytical tools that are based on secondary, internal data gained from operational, sales, marketing and profit databases. Then the research paper shows the external environment analysis of Poland by dividing the research results into macro and micro environmental sessions. Finally, marketing information presents the results of the qualitative empirical research conducted on market players to understand customer demand.

4.1 The internal company environment

The following sub-chapters together will provide a comprehensive information system on the internal capabilities of Trilobita Informatics Excl. Co. The presentation starts with the product portfolio analysis to understand the company’s business offering and to be able to later select a strategic business unit for the foreign operations, the satisfied needs and the targeted customers. Then the analysis continues with highlighting the company mission, the positives and lacks of the business operations, so the strengths and weaknesses of the company will be identified and collected.

4.1.1 Product portfolio. Identifying strategic business units

As it has already been briefly described in the introductory section about the company background, Trilobita Informatics Excl. Co. distinguishes several products and services in its offering. Therefore, it is convenient to analyse its product portfolio along different criteria. To start with, the small-sized company aims at having a technology portfolio of only a few, but high quality tools to be able to focus its limited human resources more efficiently. Each further product or service offering is Java technology-based. However, Trilobita Informatics Excl. Co. still differentiates four business lines. Figure 4 depicts the software and the solution areas each business line deals with. The four business lines handle the total software product portfolio that can be divided into separate product lines.
Figure 4. The distribution of business offering along the four business lines of Trilobita Informatics Excl. Co. (source: Trilobita internal marketing materials)

Figure 5 shows the summarized chart of the portfolio. The business line Corporate Information Systems takes care of complex enterprise developments that aim at collecting, storing and displaying enterprise electronic data. It is different from Business Process Management line, which creates IT models and solutions for exact business processes. Project Planning and Management is the business line that manages PMQ3 Enterprise Multi-project Management System; one of the core products of Trilobita. Lastly, the Consultancy service line serves clients with analytical documents on recommended IT solutions. The company operates with three product categories: individual software, complex IT solutions and IT services. As it has already been introduced, Trilobita Informatics Excl. Co. has developed own products and complex solutions of what the company builds its core activities around. However, it also offers third party solutions and products for its customers.
With reference to the targeted customers, individual, out-of-the-box software applications are usually marketed to small and medium-sized enterprises as these firms do not need complex solutions to manage their business operations. In the same time, solutions are usually sold to medium to large enterprises. These companies demand customized, but comprehensive solutions and it is important for them to have integrability with their existing systems. Sector specific solutions are marketed to specific industry groups and there are solutions developed only for governments or authorities. Product portfolio divisions differentiate own software and solutions and third party software and solutions and the related IT services. Third party products are not considered relevant when planning the internationalization process, since most probably those brands and their suppliers and intermediaries are already in the Polish market and Trilobita does not consider being an intermediary in a new market as a market entry strategy. Furthermore, the strategic planning of Trilobita Informatics Excl. Co. aims at becoming a trustworthy solution provider of self-developed products in the Polish market. Own products can be categorized according to their development stage. There are some products that are getting out of the product portfolio due to decreased demand, therefore they are not included in the portfolio analysis and will be handled with ignorance in the international product portfolio as well. There are half-ready solutions meaning modular solutions that have a base system developed and then those modules can be further customized according to individual customer needs.
These solutions are highly profitable due to their flexibility and tailor-made demand fulfillment options. However, the implementation of such solutions takes a longer period of time since further development is necessary. Because the firm devotes a significant amount of its resources for research and development activities, there are so-called “to be ready” solutions (i.e. a solution called MiBio) that are continuously developed further. Obviously, such products are not yet marketable and therefore are excluded from the internationalization. Finally, ready solutions are complete solutions that include out-of-the-box products or solutions (i.e. TriDMS and TriCRM) that can be implemented straight away with no significant development needs. All in all, it is essential to highlight that Trilobita Informatics does not target individual consumers at all. (Trilobita management)

![Distribution of orders along the served customer segments and their profit volume, 2013](image)

Figure 6. Distribution of software and solutions according to the served customer segments, project numbers and average project volumes in 2013 (source: Trilobita sales reports)

As Figure 6 illustrates above, looking at the distribution of products and solutions according to their profits in 2013; general SME and enterprise solutions brought the highest income in total for the company. There were only few sector specific orders and public tenders last year. However, in spite of their low number of orders, the individual average value of those projects is relatively large when compared to the average profit value of a single SME or of a large enterprise project. (Trilobita sales records)

With regards to the previously collected analysis of the product attributes, targeted customers and profits, it is possible to select the strategic business units (SBUs); namely the most appropriate products and solutions to include in the future international product
portfolio and that can be later cross-matched with the customer demand in Poland. Own-developed ready and half-ready solutions share a stable, confident knowhow and professional experiences with several available references, so it is better to market only such solutions in a new market. Trilobita Informatics Excl. Co. has the highest number of references – including some international projects as well - in the field of document and customer relationship management solutions, namely the Tri Brand, therefore it is suggested to focus international market offerings on that field. The next paragraph provides some information on the most significant benefits of these solutions, the satisfied needs and the targeted customer segments. Standardization attributes of these solutions are limited - only the out-of-the box versions can be sold and distributed with zero or minimal additional service. However, the modules of both the standard and the professional versions can be applied as same components of different solutions. The added service of planning, development and implementation can not be standardised, but they certainly meet one of the strategic goals of the company: they can fulfil custom-build demand.

According to the marketing of the Tri brand on the domestic market, comprehensive marketing material is available to support the sales and marketing of the brand. The so-called ice-breaker functionalities that differentiate the solutions from competitors are: group registration, MS Office integration, customizable core data and fields, optical character recognition, bar code printing, proxy management, template management, its design and ergonomics. Furthermore, they are platform independent solutions meaning that they can be integrated to any existing system and they are web-based server applications. Based on these characteristics, it is possible to collect the competing products that can help the analysis of competitors in Poland. There is a competitor analysis available at Trilobita’s internal database. However, the analysis focuses only on the main domestic and international direct and indirect competitor brands individually by collecting their strengths and weaknesses. This research uses that data as a basis for identifying the characteristics of strategic competitor groups, which later helps the competitor analysis of the external environment. It is beneficial to list all international competitor brands and check their presence in the Polish market.

Based on the theoretical concept definitions presented before, all direct competitors involve those strategic groups of firms that offer separate document management and/or customer relationship solutions that share similar or the same functions or satisfy the same customer needs as the TriDoc or TriCRM solutions. Indirect competitors involve all strategic groups that offer different solutions, but which solutions cover the functions or diminishes the need for a single document management or customer relationship management software. Such strategic competitor groups offer the following solution types in their
portfolio: business intelligence (BI) solutions, enterprise resource planning (ERP) solutions and content management (CM) solutions. The international direct competitors of the Tri brands are: *Alfresco, Adamero, Dokmee, Elo Office, FileHold, KnowledgeTree* and *V1*. The international indirect competitors of the Tri brands involve *SAP, MS Axapta, MS Sharepoint, IBM Filenet*. Substitute products are physical document management handling tools such as physical folders, archives or registries and archiving, data storage and warehousing services.

4.1.2 Company strengths and weaknesses

To summarize the internal analysis of Trilobita Informatics Excl. Co., the strong and weak points of the company are collected. The information is also based on the data gathered with the help of previously applied product portfolio analytical tool. The tables below (Table 3-5) intend to highlight the most relevant strengths and weaknesses that can be later on contrasted with the external opportunities and threats. The complete SWOT analysis and suggestions will be presented in the last Chapter of this paper in a matrix format.

Table 3. Strengths and weaknesses of Trilobita Informatics Excl. Co. from business offering point of view (source: Trilobita management; product portfolio analysis, see in Chapter 4.1.1)

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCT Attributes &amp; Technology &amp; KNOW-HOW</strong></td>
<td>- Limited standardization options, each project requires full work from limited labour force</td>
</tr>
<tr>
<td>- Strong expertise in own-developed document and customer relationship management and related fields</td>
<td>- No experience in other technologies and SaaS services/low experience in mobility devices</td>
</tr>
<tr>
<td>- Customized, modular solutions available in several languages for different customer segments (SMEs/enterprises and public sector)</td>
<td>- No experience on the field of cloud technology</td>
</tr>
<tr>
<td>- Even sector specific solutions are available</td>
<td>- Technology focused know-how (Java) → there might be a need for different one(s)</td>
</tr>
<tr>
<td>- Quality control, short fulfilment time, on-time deliveries, schedules are kept, strict project plans with guarantees</td>
<td>- Limited developer resources in terms of their number</td>
</tr>
<tr>
<td>- Integrable and web server based products</td>
<td>- Only a few number of projects can be parallely operated</td>
</tr>
<tr>
<td>- Strong technology partners</td>
<td></td>
</tr>
<tr>
<td>- Security and safety is key</td>
<td></td>
</tr>
<tr>
<td>- Importance of research and development, new product development</td>
<td></td>
</tr>
<tr>
<td>- Project and tender experience</td>
<td></td>
</tr>
<tr>
<td>- Value adding services: planning, consulting, development, integration, implementation and support services</td>
<td></td>
</tr>
</tbody>
</table>

With reference to the product offering of Trilobita Informatics Excl. Co., we are able to see in Table 3 that the company has a very strong and focused know-how on the field of document management and customer relationship management systems. However, the own-
developed solutions have limited standardization options which might cause issues in terms of human resource capacity. Apart from the most important technical characteristics of products, the company offers a superior value adding services. Although, the limited technology know-how might cause problems in terms of satisfying different customer demand.

Table 4. Strengths and weaknesses of Trilobita Informatics Excl. Co. from management and operations point of view (source: Trilobita operations management)

<table>
<thead>
<tr>
<th>MANAGEMENT &amp; OPERATIONS</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strong management, financial stability</td>
<td>- Small enterprise, small economies of scale</td>
<td></td>
</tr>
<tr>
<td>- Strategic planning, initiative and innovation in focus, international view</td>
<td>- Relatively new in foreign markets</td>
<td></td>
</tr>
<tr>
<td>- Efficiency focused labour force</td>
<td>- Reseller network is different</td>
<td></td>
</tr>
<tr>
<td>- Matrix structure of labour force along 4 business lines → flexibility</td>
<td>- Lack of international experience, only a few projects</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 collects all the managerial and operational strengths and weaknesses of the case company based on the company background information presented in Chapter 1.5. It is easy to understand that the company is a small sized firm, therefore it operates with limited labour force and capital resources. However, the limited labour force is efficient and flexible along the four business lines of the firm. It is essential to mention, that the company is relatively new in international markets and therefore do not have too much experience in working with foreign partners or demand.

Table 5. Strengths and weaknesses of Trilobita Informatics Excl. Co. from sales and marketing point of view (Source: Trilobita marketing management)

<table>
<thead>
<tr>
<th>SALES &amp; MARKETING</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Available marketing materials to support also partners in promotion</td>
<td>- Limited sales force in terms of numbers and mobility</td>
<td></td>
</tr>
<tr>
<td>- References from enterprise and public sector</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5 collects the marketing and sales aspects of the company and the reader is able to see the strong marketing focus of the company: it works with developed sales models and promotional materials that can be used also by partners. However, the company operates with a limited sales force resource which can be considered as a weakness in the cases of larger projects.

4.2 The external environment

The upcoming sub-chapters intend to highlight the most relevant factors the case company should consider before entering Poland as a target market. The factors are presen-
ted alongside the macro environmental categories of the PESTEL analysis. The micro environmental considerations are presented with the help of the industry trend and market player analysis. Lastly, the opportunities and threats collect all the relevant considerations the management team should review when planning the market entry to Poland.

4.2.1 Macro environment in Poland - PESTLE analysis

Poland is a democratic independent state with three-pillar powers. Politically, Poland encourages entrepreneurship, involving also foreign investments by aiming at higher integration level with the economic community, namely the European Union. Furthermore, the current government supports research and development, innovativeness and - apart from being the economy that receives the highest amount of EU aid - makes aids and funds available for all industries. (Ministry of Economy, Poland 2011) However, administrative processes are still slow and more reforms are needed to support business activities (Schwab ed. 2013, 29).

Poland is ranked as a transition economy in the Global Competitiveness Report meaning Poland is changing from production economy towards innovation-based economy (Schwab ed. 2013, 29). The political scene and the administrative public institutions are getting more transparent and the country is politically stable. The government in Poland makes fund application procedures simpler to support the growth of industries, also involving the ICT sector. (Polish IT/ICT services information booklet 2011, 9.) By Poland being the country receiving the highest amount of European Union structural funds, financial inducement is available for projects. The government complements such inducements with tax reductions and other direct assistance of businesses. (Ministry of Economy, Poland 2011) Information technology and communication still remains a less important directive in the government vision with a 3.1 score from a scale where 7 being the highest importance. Similarly, the success of governmental ICT promotion receives only 3.4 points. (Bilbao-Osorio et al.ed. 2014, 209.)

There is a supportive legislation for foreign investors and international trade transactions in the form of tax incentives in Poland (Ministry of Economy, Poland 2011). However, the most problematic factors for doing business were the tax regulations, the restrictive labour regulations and inefficient government bureaucracy (Schwab ed. 2013, 316).

According to the details of the Networked Readiness Index, Poland does not receive too high scores on a 1-7 scale when considering the legal and political environment for the ICT industry. The effectiveness of law-making bodies as well as the efficiency of the legal system are at a low level with only 3.2 and 3.0 scores, and the intellectual property protection receives only 3.7 scores. Furthermore, 53% of the total installed software products in
the country are pirate versions, which also indicates the low protection and low efficiency of enforcing and warns software vendors for losing profits. (Bilbao-Osorio et al. ed. 2014, 209.)

Poland is a stable market economy that is the most significant market in Central and Eastern Europe when considering size. This economic stability was kept even during the years of recession and the country uniquely maintained this period without any decline in the economy. Poland still shows growing export and domestic demand rates. The economically stable country operates at low employee costs, but with outstanding business infrastructure. (Ministry of Economy, Poland 2011) Poland has the 42nd position in the competitiveness index order in 2013-14, which is being a strong position considered the list is worldwide with 148 countries. The country receives this position due to its market size, high educational level and the stability of bank sector. (Schwab ed. 2013, 29.)

The upcoming table (Table 6.) collects all the relevant macroeconomic indicators of Poland and Hungary from the last 3 years together with a prediction for year 2015. The data is based on the OECD Economic Survey report on Poland and Hungary. We are able to see that Poland is a more developed country in terms of GDP, but the consumer price index change and the level of import of goods are nearly alike in the two countries. Both of the countries showed a developing trend in terms of GDP during the past years. In 2014 Poland maintained a 2.7% rise, while Hungary made 2.0% improvement in the GDP level. It is forecasted that Poland will increase its GDP by 3.3% and Hungary will do so by 1.7% in year 2015. The two countries also show a rising trend in terms of the imported goods and services. In 2014 the two countries increased the indicator nearly in the same proportion: import of goods and services rose by 4.2% of the GDP in Poland and by 4.5% of the GDP in Hungary. Consumer price indexes evolved by 1.9% in Poland and by 2.2% in Hungary in year 2014. (OECD Economic Surveys, 2014)

Table 6. The most important macro economic indicators of Poland and Hungary (source: OECD Economic Surveys, 2014)

| Polish (PL) and Hungarian (HU) economic indicators, 2012-2015 (annual %change, base: 2005 prices) |
|---------------------------------------------------------------|-----------|-----------|-----------|----------------|
| 2012                                                          | 2013      | 2014      | 2015 (forecasted) |

35
As for the technological environment, the Networked Readiness Index ranked Poland as the 102th market in the world when considering the availability of the latest technologies. However, the country scored 4.4 out from 7 being the best, which means a moderate development, but a working infrastructure. (Bilbao-Osorio et al. ed. 2014, 209.) Internet connections are widely available for both the consumer and business markets. Because of the evolving devotion spent to research and development and of the rising level of foreign presence in the Polish IT market, the country follows technology trends relatively fast. (Polish IT/ICT services information booklet 2011, 9.)

When reviewing the socio-cultural environment, it is important to highlight that Poland has a well-educated and young professional labor force (about half of the market is under the age of 35) since the importance of education is highly stressed in the society. These individuals are often specializing in information technology, providing a strong IT professional labour force. (Ministry of Economy, Poland 2011) Another essential socio-cultural factor to review before entering the market is the level of foreign languages spoken in Poland and the way Polish business communication goes. As Polish people are highly educated, they also have good foreign language skills. The most frequently spoken foreign languages are German, English and Russian. Generally, English is used for business purposes apart from the Polish language. Polish businesses, especially SMEs prefer written correspondence to oral one. Social and personal titles are essential to be used appropriately to remain polite. (Business Culture.org, 2014.)

### 4.2.2 The Polish IT market - trends and patterns

When reviewing industrial trends of a country as a target market, we should not forget the general global trends taking place and therefore influencing or even shaping local industries. Therefore this sub-chapter starts with a short introduction to global IT trends and goes on with the trend analysis of the Polish IT market.

Europe is out of the recent recession and businesses started to seek growth possibilities again instead of just focusing on survival. Information technology and communications are
one of the necessary elements to reach such goal. Due to the development of the in-
fo-communication technologies, enormous amount of data is in the hand of businesses or
at least available for them. The networked readiness analysis is based on environmental
drivers of ICT in a given market that can be divided into two subsections: readiness for
ICT and the usage of ICT. ICT readiness analysis looks at the ICT infrastructure, its af-
fordability and the available supportive and usage skills in each analysed country. At the
same time, usage driver looks at the level and intensity of ICT usage in individual, busi-
ness and government environment. Furthermore, the study also reviews the economic
and social impacts of the previously analysed drivers. Based on such analytical frame-
work, the following paragraphs will include data on Poland’s ICT network readiness pro-
file; being restricted to the relevant information from the thesis point of view. (Bil-
bao-Osorio et al. ed. 2014, 3-6.)

To start the analysis, according to Accenture’s report on IT technology trends in Central
Europe, Internet has already taken over, but it is still rising and businesses (both internally
and externally) become more connected through the different platforms. Such digital con-
nection platforms connect businesses with customers and allow the collection of even
more information than before. Additionally, there is a rising business demand for tail-
or-made, modular software solutions together with integration possibilities to other IT solu-
tions. By 2014, software has become a fundamental business competency for companies.
Not only software means a key success in business operation processes, but also general
IT-knowledge to utilize them. This makes training and support services important profit-
able offerings. Furthermore, larger firms often have already existing systems, so they de-
mand solutions that can be integrated to those existing ones. Such firms encounter mul-
ti-level business processes that have to be efficiently handled. (Daugherty et al. ed. 2014,
30-32; 73-75; 81-83.)

With reference to the selected market, Poland has a stable and further developing IT sec-
tor with high profitability. It includes the regular three IT segments: hardware, software and
related IT services. In 2011 this sector alone made 31.3 billion Polish Zloty (approx. 7.54
billion €; based on the exchange rate registered on the date of 07.29.2014). The distribu-
tion of software and the related services from this total income together made 43%. Most
of the well-known international or global software brands are present in Poland with an
own firm or through intermediaries. It is predicted that Poland will become the second
largest software and IT service market of Central Europe by 2015. The ground reasons for
continuous growth are the business infrastructure: the highly competent labour force and -
as it was mentioned before - the high level of foreign investments, plus there is a signifi-
cant state support for the industry. Importantly, the growth is driven mostly by the energy,
banking and telecommunications industry demand, as well as by public sector. In the year of 2009 there were approximately 11 thousand IT companies registered in Poland and 90% of them are small firms. The rest of the firms involve 80 large enterprises and numerous medium sized companies with employees between 50 and 249. There is a growing competition in the industry, especially since foreign firms started entering the Polish IT arena. (Ministry of Economy, Poland 2011) As Table 7 illustrates, considering the net income from the sales transactions of the ICT industry, we are able to recognise a rising trend confirming the rising demand in the IT service industry. From the ICT industry, 84% of the firms were service firms in 2010. Out of the 84%, 72% dealt with IT services (Polish IT/ICT services information booklet 2011, 31.)

Table 7. The net income from ICT sales transactions (source: Polish IT/ICT services information booklet 2011, 31.)

<table>
<thead>
<tr>
<th>ICT sales transactions</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT industry in total</td>
<td>93.65</td>
<td>96.23</td>
<td>113.50</td>
</tr>
<tr>
<td>ICT services</td>
<td>69.91</td>
<td>68.62</td>
<td>73.00</td>
</tr>
<tr>
<td>IT services</td>
<td>17.88</td>
<td>19.21</td>
<td>19.92</td>
</tr>
</tbody>
</table>

IT solutions are demanded by the business sector since they want to maintain their competitiveness in the tense competitive environment. Interestingly, the Polish business market is not widespready equipped with IT infrastructure which creates an evolving need for IT services and solutions. It is predicted for the IT sector to show an overall growth not only because of the business IT demand, but also because of the rising level of public spending on IT solutions as well as the enormous needs coming from small and medium sized enterprises, since more than 90% of the Polish firms are small enterprises. (Ministry of Economy, Poland 2011)

Poland is within the top 20 most valuable IT markets in the world. The market outstands with the dominant role of hardware equipments with its nearly 50% IT market share, but it is forecasted for the software and services sectors to grow due to the previously mentioned rising demand. It is still surprising however, that the saturation of Polish IT market is low since it is less PC-equipped than the average Western European markets and especially small and medium sized enterprises are not widely computerized yet. At the same time it is becoming more and more recognised that IT solutions are the backbone of most of business activities, which provides a great growth in the demand for IT products. SMEs are one of the key demand groups of this growth trend. IT companies however have
already recognised the rising demand and therefore the competition is getting tenser resulting in more innovative services and lower prices in general. Apart from serving SME needs, IT outsourcing services, cloud services and Business Intelligence has a rising opportunity potential when considering demand trends. (Ministry of Economy, Poland 2011) One of the key specialization areas of the Polish ICT market is customized software production and mobile solutions. There is a growing profit originating from licence sales and from registered intellectual property. Furthermore, the Polish ICT industry devotes a significant amount of resources for research and development in the field of embedded applications, internet trade and mobility platforms. Table 8 summarizes the key relevant developmental figures of the Polish enterprises in terms of IT solutions in 2008 and 2009, including the average of the 27 European Union countries. We are able to see that the use of business process applications is significantly lower than the European Union average within enterprises. However, the level of the automatic exchange of business-related material with stakeholders and the use of analytical customer relationship solutions are near to the EU average. (Polish IT/ICT services information booklet 2011, 9; 11; 24-25.)

Table 8. The key development figures of Polish enterprises in terms of IT solutions (source: Polish IT/ICT services information booklet 2011, 24-25.)

<table>
<thead>
<tr>
<th>Key development figures of Polish enterprises (% of total)</th>
<th>2008</th>
<th>2009</th>
<th>EU-27 Average (2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of applications for internal business processes (all companies)</td>
<td>24</td>
<td>25</td>
<td>41</td>
</tr>
<tr>
<td>The use of applications for internal business processes (large companies)</td>
<td>58</td>
<td>60</td>
<td>71</td>
</tr>
<tr>
<td>Automatic exchange of business documents with stakeholders</td>
<td>26</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Use of analytical CRM applications</td>
<td>12</td>
<td>14</td>
<td>17</td>
</tr>
</tbody>
</table>

According to the latest listing of the World Economic Forum on country networked readiness index, Poland is in the top 60, more particularly taking the 54th place. In comparison to the previous year, in 2013 Poland scored the 49th place on the same list, which means a bit of a negative change, but it is due to the rise of other nations. The study analyses the different aspects of IT industry by advocating ranking scores and percentages to each variable. The 5.3 score points for the intensity level of the ITC competition means a quite tense competition if 7 being the most tense competition. However, the application level of ICT services of the Polish firms is relatively low with only 4.1 scores and business to business transactions are not that well-spreadly conducted through the internet with the score
being 4.4. Apart from business ICT usage, the governmental ICT procurement is even lower with scoring only 3.1 on the scale. (Bilbao-Osorio, B. et al. ed. 2014 p xxi; 209.) On the contrary, the largest profits originate from the public administration sector. (Polish IT/ICT services information booklet 2011, 10.) All in all, the Polish ICT market shows a moderate growing trend that most probably continues in the future due to the rising demand from public sector and small and medium sized enterprises.

4.2.3 Five Forces analysis for the Polish IT market

As the reader could see from the previous trends and patterns overview, the Polish IT industry is in a developing phase that is rising moderately due to the rising development needs of customers and the increasing demand in general. It is beneficial to review the presence of technological partners and international document and customer relationship management brands in Poland before evaluating other market players.

Trilobita Informatics Excl. Co. operates with technology partners in the domestic market. Those partners are international solution providers, such as Oracle and IBM and they are present in the Polish market should there be any need for complementary services or solutions, the referenced ones can be approached through the company’s connections.

By researching the internet, the most well-known international document management and customer relationship management brands are present in Poland; they mean direct competitors to Tri brands. Furthermore, usually such software producers maintain a strong exclusive partnership network in each market they are present at, and most probably those partners will not cooperate with Trilobita Informatics excl. Co. or any other software developer firm due to the restricted nature of such partnership. There are some domestic document management or customer relationship management brands available in Poland, those count as direct competitors as well. Indirect competitors are all the firms offering enterprise resource planning (ERP) solutions, business process management (BPM) solutions, content management solutions (CM) and business intelligence (BI) solutions. As I have learnt from my colleagues during my everyday work, system integrators are usually firms that have several solutions in their portfolio, oftentimes including single problem-solutions and complex enterprise systems at the same time. Therefore their presence should be considered together with firms offering competitive solutions. Lastly, based on my domestic experiences, it is important to recognise, that not all firms are competitors who have a competitor solution in their offerings, since they might not be an exclusive or restricted vendors and oftentimes the portfolio includes several brands.
As regards to the search results of different search engines and databases, Table 9 shows the number of companies dealing with software solutions on each field and therefore representing direct and indirect competition for Trilobita Informatics Excl. Co. The search was restricted to LinkedIn and Kompass database search results, merged together, since the the search results overlapped with each other. The search criteria was based on company size and business activities. Therefore, only small and medium sized companies were identified who deal with ERP (enterprise resource planning), BI (business intelligence), CM (content management), CRM (customer relationship management), DMS (document management solutions) solutions or with system integration or software development services in general.

Table 9. The number of market players offering direct or indirect competitor or other complementary software solutions in Poland (based on LinkedIn and Kompass Business to Business database mingled search results)

<table>
<thead>
<tr>
<th>Number of identified market players</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP solutions</td>
</tr>
<tr>
<td>BI solutions</td>
</tr>
<tr>
<td>CM solutions</td>
</tr>
<tr>
<td>CRM solutions</td>
</tr>
<tr>
<td>DMS solutions</td>
</tr>
<tr>
<td>System integration services</td>
</tr>
<tr>
<td>Software development in general</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

With regards to the customers of the analysed industry, the most significant customer sectors generating profitable demand for the ICT industry have been: public administration, telecommunications, utilities, transport, healthcare and education, media and construction (Polish IT/ICT services information booklet 2011, 62-63). As it was highlighted before, there is a rising demand from SMEs and from the public sector. More than half of the registered SMEs in Poland applied third-party IT solutions in 2012. These solutions are implementations, IT support and software and hardware maintenance. SMEs in general do not have a separate IT department, only 31% of the firms have one IT professional as an average. In general, we can state that the more employees and the higher revenue an SME operates with, the more likely they invest in third party IT solutions. About 30% of SMEs tend to be equipped with portable IT devices and therefore there is a rising demand
for mobility solutions. A negative trend within SMEs however is the low participation willingness in EU projects and the low usage of EU funds. (PMR publications, 2012) Further information on more exact customer demand characteristics will be presented in the results of the empirical research in Chapter 4.3.

Substitute products in the Polish market mean the same product categories as in the domestic market, namely electronic document handling solutions such as data archiving and data warehousing solutions and non-electronic document handling solutions, such as physical archives and paper folders. As the need for IT solutions is rising in Poland, the demand for physical substitutes are assumed to decline significantly, so they do not mean a threat for Trilobita Informatics Excl. Co. Based on LinkedIn and Kompass Business to Business search results, there are 8 companies offering data warehousing solutions and 17 companies offering data archiving solutions in Poland.

New entrants are all direct and indirect competitors dealing with business software solutions. They can be both domestic and international firms, since nowadays there are fewer restrictions for foreign firms to enter the Polish market. Based on the previous industry analysis, the competition within the software IT industry is already tense including mainly SMEs. The most significant large software enterprises are already present in Poland, so no new large firm entry is expected. With respect to entry barriers, it takes about 30 days to start a new business in Poland which is longer than the OECD 11 days average and it is about three times more expensive. However, the total tax rate almost equals with the OECD countries. Import is not over-regulated and the import process is relatively short. (Doing Business Project 2014)

4.3 Characteristics of customer demand

Once the general patterns of the external macro and micro environment are reviewed, some information on relevant market player groups and the characteristics of the customer demand can be highlighted. The desktop research collected a preliminary pool of relevant business software firms according to the pre-set segmentation criteria to match the strategic business operations of Trilobita Informatics Excl. Co. and a randomly selected sample of 100 companies was interviewed via telephone using a semi-structured interview framework to be able to answer measurement questions. According to the previously presented research methodology framework, the interviews took place by contacting the target person at the given companies (sales or business development managers). This Chapter intends to present the results of the research question by question. The answers were grouped based on similar patterns and are presented here as quantitative, percentage distribution results in the form of charts. The percentage represents the number of

42
firms providing the same or very similar answer pattern to a given question. Only those questions are quantified that were answered by all the respondents. The remaining questions or discussion topics are analysed after the charts.

### 4.3.1 Interview results

The size of the examined sample included 50 small and 50 medium sized, so altogether 100 randomly selected firms. The sample was contacted according to a pre-set schedule of 25 daily phone calls during August 2014. In spite of the fact that 2 call-backs were scheduled whenever needed to reduce non-respondent error, the total number of valid interviews was only 64. Figure 7 shows the distribution of invalid interviews among small and medium sized firms.

**Figure 7. Distribution of valid and invalid interviews among small and medium sized firms**

The 64% response rate can be further divided between small and medium sized firms: there was higher response willingness within the smaller firms than within the medium-sized ones. Invalid interviews are all the interviews that provided no possibility to ask any questions from the target person at a given firm due to different reasons, presented in Figure 8.
There were several reasons for the invalid interviews. It happened that the researcher could not speak to anybody at the targeted firm at all. Sometimes, it was not possible to go through the gatekeeper, such as the receptionist due to company policy or the lack of English skills. Finally, in few cases the target person was out of office or refused to speak to the interviewer.

The valid semi-structured interviews followed the pre-designed framework and the answers were noted down into answer sheets. The interview sheets have been divided into question groups. To be able to present qualitative information with quantitative percentage distributions, the similarities within answers were identified and answer groups were created from such similar responses. Therefore, simple statistical data could have been identified by looking at the percentage distribution of the answer patterns. The following data presentation and analysis shows each question together with the answer patterns. The percentage numbers indicate the distribution of small and medium sized companies responding with a similar answer to a certain question.
First of all, we are able to see in Figure 9 that there were more firms using .Net technology than Java technology both within small and medium sized companies; altogether 28 companies. However, a relatively high number of medium sized firms, 11 work with several technologies.

The gained data illustrates in Figure 10 that most of the respondents offer both document and customer relationship management solutions. There is a higher number of medium sized firms who offer complex enterprise solutions with in-built DMS and CRM modules. With reference to medium sized firms, there are only 1-1 firms with a specialised business
offering, while small firms tend to specialize either in DMS (7 firms) or in CRM (9 firms) softwares. 9 medium sized firms offer both solutions, whereas most of the small firms, 17 also do so.

![Image: Distribution of industry-specific demand](image)

**Figure 11. Distribution of industry-specific demand**

The demand distribution for industry-specific solutions is highlighted in Figure 11. Most of the respondents, more precisely 26 small and 14 medium sized, altogether 40 companies serve any customer independent from their industry. However, there were 6 small and 4 medium sized companies that satisfy the needs of mainly banks and financial institutions and 5 small and 2 medium sized firms serve mainly service provider businesses. Serving customers from manufacturing and logistics sectors is relatively low, only 4 companies satisfy manufacturer, and 3 firms satisfy logistics industry needs in terms of software solutions.
The data referring to the most demanded icebreaker functionalities is collected in Figure 12. Integrability and modularity are the key functionalities business customers demand. 23 small and 13 medium sized firms marked integrability as a key function, while modularity was mentioned by 10 small and 3 medium sized firms. Modularity can refer to the demand for custom-built possibilities. The third most demanded functionality of the sold solutions was the ease of use. Fast response and complexity were also mentioned during the interviews. The two respondents were asked to explain what they mean under complexity. The first respondent replied as:

"Complex means that several business processes can be executed in the system" (Respondent X)

While the second respondent answered as:

"The different functions can work in hierarchy and still in a smooth interaction" (Respondent Y)

These replies indicate that complexity does not refer to complicated systems, but rather a multifunctional and very efficient solution that handles several business process IT needs of the customer.
Figure 13. Typical business customers

As Figure 13 illustrates, only a very few respondent firms serve only the public sector. There was no small company that serves only large enterprises, while 5 medium sized firms do so. Interestingly, most of the interviewed firms satisfy either any size (16 firms) or only small and medium sized (27 firms) business customer needs.

Figure 14. The most demanded language features of solutions

As Figure 14 illustrates, most of the responding firms deal with only Polish business customers. Within those Polish firms there is a nearly equal demand for solutions available only in Polish language and for solutions both in Polish and English language. However,
we are also able to see that some of the served customers are international firms or at least they demand another language than Polish or English. Altogether 7 respondents even mentioned that their customers demand solutions with several other languages.

**What is the demand distribution of custom-built solutions within the satisfied needs?**

![Distribution of custom-built demand](image)

The interview was with the purpose of also examining the level of demand for custom-built products, since the case company offers several modular solutions. The respondent results in Figure 15 highlight the importance of custom-built solutions based on their demand distribution. Only one respondent stated that they do not satisfy tailor-made needs, and altogether 16 firms deal with only a few cases of such demand. 17 small and 9 medium sized firms stated that around half of their orders and altogether 16 firms stated that nearly all of their orders are placed for tailor-made solutions. There are 3 small and 2 medium sized firms that deal with only such solutions.
Finally, the interview results also show the most demanded solution attributes that the interviewed firms face (Figure 16). These attributes would concern the entire solution, so they differ from product functionalities that are discussed before. During the conversations the respondents were asked to highlight only one attribute that they think is the most often demanded from customers. Based on their answers, price and the integrability possibilities to existing systems were the most important attributes for customers. It is interesting to mention that the third most important feature of the solutions should be education and support services which mean that customers demand training and after-sales support to ensure the smooth operation of the new solution.

The semi-structured interviews involved further questions or discussion topics where the results could not be quantified due to the fact that not all respondents answered the questions in a detailed manner or at all. Therefore the following paragraphs contain some quotations that highlight some demand characteristics on each topic.

Arising from the previously presented questions, some of the firms mentioned education and support services as a highly demanded attribute of their solutions they offer. So these 10 firms were asked about consultancy, training and support services. First of all, I tried to gather data on pre-sales demand, such as consultancy or planning services. As the following quotes also show, the conversations suggested that a customer can often explain their business needs in a vague or general manner and IT firms react with several suggestions to help their decision-making:
“Most of the times customers have only general business needs that they can not translate into software solutions yet...That is exactly when consultancy services preceeds exact offers.” (Respondent 1)

It was also highlighted that customers who are unaware of their exact solution need tend to have a consideration period up to a year once they have been offered some possibilities:

“A few customers request consultancy services on solution possibilities. It might take even a year until a customer then decides on the solution itself.” (Respondent 2)

However, some of the customers arrive with concrete and exact need and do not require consultancy services at all:

“Sometimes the IT knowledge of our customers is really updated and they come with concretized and detailed software solution needs.” (Respondent 3)

Some of the market players offer planning as a value added service to each customer to ensure their individual service satisfaction:

“Planning is a vital part of our offering. No matter how easy it is to implement a product, we always offer a planning phase to our customers for their best satisfaction. That way they feel they are individually cared of, even though they just receive the standard same package at the end.” (Respondent 4)

Generally speaking, concrete offers are rarely made to customers provided at the consultancy stage, but some months after instead. However, as said before, there are also some customers who arrive with concrete and detailed IT needs and do not demand any pre-sales consultancy. Nevertheless, planning usually takes place before any concrete offer or purchase is made.

The demand for training services is another aspect of the demand characteristics for value added services. The respondents were mutually positive about the need for at least an introductory training service in any solution implementation case as even experts need some guidelines of the general maintenance issues. Needless to say that the larger the business customer is in terms of users, the more recommended it is to take part in a training that aims at educating future users or their representatives on system usability. On the contrary, as some of the respondents mentioned, smaller firms often demand training sessions for the future users of the new systems:

“Our sales colleagues are often required to do training sessions as an additional service to the purchased solution, since no matter how easy it is to
use a system, usually smaller firms personnel lack general IT knowledge.”
(Respondent 1)

and

“Training is highly recommended for smaller firms where there is no separate IT personnel to maintain systems or train colleagues. And usually they purchase the service for an additional price on top of the solution, which is obviously good for us.” (Respondent 2)

Apart from pre-sales and training services, it was interesting for me to see the demand for after-sales services related to document management or customer relationship management solutions and it seems that training is often required by SMEs.

The interviews helped to gather data not only on customer demand, but also on some aspects of the IT industry players. First of all, it is worth to present personal experiences considering the language skills of respondents, since it is said that Polish people speak several languages (see PESTLE analysis in Chapter 4.2.1). On the contrary, based on the telephone conversations, English is not that fluently spoken at the secretary level, but managers have fair language skills and vocabulary. Oftentimes the respondents asked me whether I can speak German or Russian, since it would have been easier for them to communicate in those languages. They also mentioned that some Polish language skills are essential for close business relationships, but English can work fine as a general correspondence language. Polish managers tend to speak in simple sentences and with a basic, straight-to-the-point vocabulary.

To continue, a few interviewees also asked questions during the semi-structured interviews, since they thought that the conversations took place with the intent of gaining new business partnerships. Most of the times these questions were price-range related questions, especially when focusing on custom-built solutions. Respondents informed me that price is still a critical issue for small sized Polish businesses and customers are willing to sacrifice advanced functionality value for a reasonable price.

Apart from some technical-related questions, interviewees also asked whether Trilobita Informatics Excl. Co. does software as a service (SaaS) as part of its business offering. Some of the sales managers said that they experience a rising demand for such services and it could be beneficial for firms to partner with the ones that already have experience in such solutions.
4.3.2 Analysis of customer demand characteristics

It can be concluded that it was simpler to reach the target persons at the small sized firms and therefore there was a higher willingness to participate in the telephone discussions at these companies. Some conclusions can be drawn on the market player characteristics as well. The most significant from all is the relatively high number of companies that specialize in .Net technology only or in addition to other technologies. It implies that there is demand for solutions based on such technology. Many times .Net technology is preferred in Microsoft server and client environments and if a company already builds its IT infrastructure on such technology, they require further solutions to be also compatible. In spite of the fact that Trilobita Informatics Excl. Co. works with Java technology and its developed products are based on that, the software solutions are integrable with most of the Microsoft software systems. Although, market players generally tend to specialize in a certain technology, almost all of them offer solutions for document or customer relationship management in some format. A relatively high proportion of medium sized firms have solutions in their product portfolio that also fulfil such needs. Most probably these solutions are complex business process or business resource planning solutions that cover these areas in their modules.

This information on market players can help any further research to be conducted in the target country, meaning especially the research that overviews competitor and/or potential business partner characteristics.

To continue, some analytical consequences can be summarized about customer demand. Most of the respondents serve any customers without any industry-specific needs, which implies that rather general business solutions are demanded instead of specific software. However, the industry-specific solution demand shows that most of the requests arrive for financial, service provider, manufacturer and logistics specific products. The secondary industry data presented before that the rising demand for business-specific solutions arises from the energy, banking and telecommunications sectors, but the interviews show that these sectors not necessarily demand specialized solutions.

Not only is the specialized demand important, but also the most demanded attributes of the solutions. It appears that integrability to other existing systems and the price level is the most important concern of customers when purchasing a software solution. Secondary data has already mentioned in Chapter 4.2.2 that due to the rising demand and the more tense competition, IT solutions are becoming more specialized and sold at lower prices. Some of the interviewees stated that price mean such a crucial factor that customers tend to sacrifice other attributes of the product. This must be considered in the future when
planning on the marketing mix elements of the products with what Trilobita Informatics Excl. Co. enters the Polish market.

Furthermore to the demanded solution attributes, the interview examined the most appreciated functionalities of the products in the portfolio of market players. As the data presentation showed, next to integrability, modularity is also highly important factor for customers, as well as the ease of use. Most probably because businesses request DMS or CRM solutions as complementary to their already existing systems which they do not intend to replace. Modularity helps them to purchase only the necessary functions as well as it allows satisfying unique needs. The distribution of demand for custom-built solutions also underly this assumption, as a large proportion of the interviewed companies satisfy tailor-made needs. This result justifies the same statements of the secondary data presented in Chapter 4.2.2.

Secondary data about customer demand in Chapter 4.2.2 already implied that there is a rising demand arriving from the SME sector since most of the businesses in Poland belong to this business size. The interview results show a similar demand: most of the respondents target SMEs with their solutions and only a very few focuses on only large enterprises or only on the public sector. Next to the most targeted businesses in terms of their size, the language requirements of those firms were reviewed. Most of the firms actually demand software in Polish only or in Polish and in English, which implies that most of the customers could be pure Polish firms and some of them having international business activities. Only a few companies demand languages other than Polish or English, but certainly there is some need for such multilingual solutions.

As it was mentioned before in Chapter 4.2.3, due to the fact that usually SMEs do not have devoted personnel for IT operations, they often demand value added services, such as training or support services. Interviewees certify this fact since they mentioned the demand for education on software usage arriving from small business customers. Similarly to the training needs, advising is also required. All in all, these services allow an extra profit margin for the IT solution provider firms.

### 4.4 Opportunities and threats analysis

The following table (Table 10) collects all the identifiable micro and macro environmental opportunities and threats arising from previously presented and analysed information. We can see that Poland has a stable economy with a supportive political scene towards foreign presence and EU development aids. The legislation and political views are changing towards an enterprise and innovation supportive direction. Although, it is still a longer pro-
cess to establish business in Poland due to the administrative slowness and the legal enforcement still needs to be advanced, which might mean a threat for a Hungarian firm in Poland. The rising pattern in terms of the import of goods and the similar consumer price indices of Poland and Hungary create a business opportunity for a Hungarian firm. However, it is recommended to consider the socio-cultural threats as well, more exactly the fact that business negotiations prefer face-to-face occasions and that there were some language issues experienced within the contacted business community. Needless to say that the physical proximity of Poland in relation to Hungary is rather

Table 10. Opportunities and Threats on the Polish IT market for Trilobita Informatics Excl. Co. (Source: secondary data collected in Chapter 4.2 and 4.3 together with their sub-chapters)

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro economic factors</strong></td>
<td></td>
</tr>
<tr>
<td>- Structural funds and EU/state supported projects</td>
<td>- Physical proximity</td>
</tr>
<tr>
<td>- Professional know-how, highly educated at a low income level</td>
<td>- Low efficiency of law making bodies and law enforcement</td>
</tr>
<tr>
<td>- Fast developing also in terms of technology</td>
<td>- Inefficient bureaucracy</td>
</tr>
<tr>
<td>- Politically encouraged entrepreneurship</td>
<td>- Language is not that widely spoken as expected</td>
</tr>
<tr>
<td>R&amp;D supported, financial aids</td>
<td>- Business culture prefers face-to-face or written correspondence</td>
</tr>
<tr>
<td>Transition economy</td>
<td></td>
</tr>
<tr>
<td>- Getting more transparent, simpler business processes, supportive legislation</td>
<td></td>
</tr>
<tr>
<td>- Stable economy, large market</td>
<td></td>
</tr>
<tr>
<td>- Moderate technology development, but developing</td>
<td></td>
</tr>
<tr>
<td>- Similar consumer price index to Hungary</td>
<td></td>
</tr>
<tr>
<td>- Rising import of goods in PL</td>
<td></td>
</tr>
<tr>
<td><strong>Micro economic factors</strong></td>
<td></td>
</tr>
<tr>
<td>- Low saturation of IT market</td>
<td>- Foreign presence, international direct and indirect competitors are present</td>
</tr>
<tr>
<td>- Software becomes a key competency of firms</td>
<td>- Demand for cloud and Business Intelligence solutions rising</td>
</tr>
<tr>
<td>- Training and support services are demanded</td>
<td>- Tense and growing competition, 11 thousand IT companies, 90% small</td>
</tr>
<tr>
<td>- Rising internal demand: public sector demand rising: SME demand rising</td>
<td>- Lower prices</td>
</tr>
<tr>
<td>- Growing demand for software and services compared to hardware</td>
<td>- Innovative services offered</td>
</tr>
<tr>
<td>- Growing demand for custom-built, modular solutions and integration options</td>
<td>- Substitute solutions available</td>
</tr>
<tr>
<td>- Innovative services offered</td>
<td>- Attractive market for others, new entries</td>
</tr>
<tr>
<td>- Substitute solutions available</td>
<td>- High level of software piracy (53%)</td>
</tr>
</tbody>
</table>

When looking at the microeconomic environment in the table, we can see that the IT competition in the target country is quite intense with innovative services and lower prices together with international competitors being present. In addition, there is a rising trend in the need for complex business intelligence or Cloud solutions. This could be threatening for a new business. Still, the IT sector is in a modest developing state. The low saturation of the IT market and the fact that software, especially custom-built solutions are becoming one of the key pillars of businesses in general generates a business opportunity.

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5 Discussion

The last Chapter of this thesis acts as a discussion Chapter that summarizes the key outcome of the conducted research and tries to highlight the most important answers for the investigative questions. Once the key findings are presented, based on the investigative questions, the Chapter also answers the last research objective: to provide with a brief market entry mode suggestion based on the created marketing information. Finally, the thesis recognises the negatives or errors of the research and therefore evaluates the usability of results and provides future development options. In addition, the identified further research opportunities are proposed, too. The thesis ends with the short feedback of the commissioning company and with a personal reflection on study outcomes.

5.1 Key findings

The key findings of the research can be divided into two sections to ease focus and understanding. The first section is the overall internal analysis of the case company contrasted to the analysis of the targeted country in the form of a SWOT matrix (Table 11), and lastly the second part summarizes the key findings on customer demand characteristics contrasted to the selected strategic business units.

Based on the secondary and primary data collected and analysed in the previous Chapter, some key findings can be collected on the internal and external environment. The first investigative question tried to identify the key characteristics of the case company in order to be able to later analyse its potential in terms of business capabilities in a foreign market. The case company is stable in terms of domestic operations and finances and it maintained an evolving profit during the last years (see in Chapter 1.5). Furthermore to the key strengths, it can be stated that the company has a very focused know-how in Java technology and in document and customer relationship management solutions. This know-how led to own-developed solutions on these fields that allow satisfying custom-built needs due to their modular structure and high integrability. Not only these product attributes make up Trilobita’s strength in comparison to the competition, but also the target market of the product: they actually can satisfy SME, enterprise as well as public sector needs, which is justified with the various references from several sectors, such as banking or manufacturing sectors (see in Chapter 1.5). The value-adding possibilities can bring an extra profit and customer satisfaction. These internal strengths can be contrasted to the target country opportunities. The target country is very similar to Hungary in terms of price level which eases future price considerations of the products selected for entry. As the answers to the investigative question on the general target country characteristics illustrate, the macro environment welcomes foreign firms that intend to enter Poland and the busi-
ness operations are not in danger in the near future either due to the economic and political stability of the country. In addition, the moderate development level of technological environment creates a business opportunity for information technology firms to contribute in further advancement. According to the third investigative question on the ICT industry attributes in Poland, the microeconomic environment already implies the need for technological development since there is a rising demand for software developed for business use. ICT sales and related services are higher in demand and this rise involves demand for licences as well as for business intelligence or customer relationship management solutions. Business intelligence can include document management as well, either in the form of an integrated solution or as part of a complex system. With reference to demand patterns, answers to the last investigative question highlight that most of the satisfied demand is for general solutions, but a rise can be seen in the demand for banking and financial industry-specific solutions. Furthermore, service providers and manufacturers also demand specific solutions. This is a promising business opportunity for Trilobita Informatics excl. Co. that meets the previously summarized case company strengths of having an expertise and highly customizable document and customer relationship management products in its portfolio with various sector-specific references.

However, as we can see in Table 11, there are some factors to consider when planning a market entry. Most significantly, the case company is a small sized company which means that it is limited in terms of resources. The limited labour force and economies of scale must be considered when selecting the market entry mode as foreign operations will certainly require some attention. In addition to this, Trilobita Informatics Excl. Co. lacks experience in foreign operations. Apart from few international project commissioning and the built reseller network, the case company has not conducted business activities in a foreign market yet. As it was presented in Chapter 1.5, the exporting of an out-of-the-box product to foreign resellers includes only a business relationship with the resellers themselves; neither has the company physical presence, nor knowledge on certain market characteristics in those countries. This weakness can bring obstacles and definitely has to be considered when planning the market entry process. What is more, the lack of experience will furthermore meet the hardships of negotiations in terms of language and the preferred face-to-face contacts as a threat.

Table 11. SWOT analysis for the market entry of Trilobita Informatics Excl. Co. (source: previous research data collected in Chapter 4)
SWOT analysis for Trilobita Informatics Excl. Co.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Stable financial status, rising profit</td>
<td>- Technology-focused know-how, no experience in other technologies than Java, no experience in SaaS or Cloud</td>
</tr>
<tr>
<td>- Sector-specific references nearly from all sectors including the public and banking sector</td>
<td>- Lack of international experience, only a few projects and the reseller network is different</td>
</tr>
<tr>
<td>- Own-developed DMS and CRM systems available in multiple languages with modular structure and therefore with customization possibilities, targeting SMEs, enterprises and public sector and with value adding service possibilities.</td>
<td>- Small economies of scale, limited labour force</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Economically and politically stable macroenvironment supporting the entry of foreigners; similar consumer price index as in Hungary, rising import of goods</td>
<td>- Inefficient bureaucracy, moderate effectiveness of legal system, high level of software piracy (53%)</td>
</tr>
<tr>
<td>- Moderate, but efficient technological environment → business opportunities to contribute to further developments</td>
<td>- Face-to-face negotiations are preferred in making business, language can be an issue</td>
</tr>
<tr>
<td>- ICT sales and services sector rising, with rising demand for business softwares, rising licence sales, demand for BI solutions, rising use of CRM</td>
<td>- Tense competition with customised solutions, innovative services and lower prices in general</td>
</tr>
<tr>
<td>- Demand for value adding services (training, support)</td>
<td>- 90% of demand comes from SMEs</td>
</tr>
<tr>
<td>- Demand for industry-specific solutions is still not significant but rising</td>
<td>- Rising cloud, SaaS demand</td>
</tr>
<tr>
<td>- Rising demand for customised solutions</td>
<td>- Price level is crucial for most of the customers</td>
</tr>
<tr>
<td>- Key attribute is integrability, key functionality is modularity, ease of use, language features: Polish and English</td>
<td></td>
</tr>
</tbody>
</table>

To continue, it is a weakness that the case company has no experience in other technologies apart from Java-based solutions. Therefore the micro environmental trend of the relatively high demand for .Net technology-based systems as well as the rising demand for Cloud and SaaS solutions can be considered as a threat for the case company.

Since about 90% of the demand originates from the SME sector, the profit possibilities can be restricted for the case company. Not only do these companies prefer solutions at a lower price level, but they are also willing to sacrifice some functionalities for a cheaper solution. The crucial manner of customers' price considerations and the tense competition that forces prices down together mean a threat for Trilobita Informatics Excl. Co. in terms of profitability level. Therefore, when planning future foreign operations, overall price level of direct and indirect competitor software products must be overviewed. Only then can the company make conclusions on the pricing of its solutions on the Polish market.

Apart from general capabilities and market opportunities, it is beneficial to break down the analysis into a more detailed overview of the demanded attributes of the purchased solutions and contrast it to the strategic business unit to see whether the solutions of Trilobita
Informatics Excl. Co. have business potential in terms of satisfying the target market demand (Table 12).

Table 12. Contrasting demand in the target country with the characteristics of the selected SBU (source: previous research data collected in Chapter 4)

<table>
<thead>
<tr>
<th>Demanded product features vs. features of the SBU</th>
<th>SBU: TriDMS &amp; TriCRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand characteristics</td>
<td>SBU: TriDMS &amp; TriCRM</td>
</tr>
<tr>
<td>Key attribute is integrability</td>
<td>Integrability to any existing systems solutions</td>
</tr>
<tr>
<td>Key functionalities are modularity and ease of use</td>
<td>Modular structure of enterprise versions</td>
</tr>
<tr>
<td>Key language features: Polish and English</td>
<td>Easy to use, but functionalities can still require some education</td>
</tr>
<tr>
<td>Demand for training and advising</td>
<td>Customizable also in terms of functionalities within a certain module</td>
</tr>
<tr>
<td></td>
<td>Multilinguality</td>
</tr>
</tbody>
</table>

Customer relationship and document management solutions, namely the Tri brand was selected previously based on the product portfolio analysis of the case company (see Chapter 4.1.1) since the company has the highest profit and expertise in these fields. The demand emphasises the importance of integrability and the selected SBU can be integrated almost to any existing systems. Customers also consider modular structure and the ease of use as a key functionality and the Tri brand can fulfil such need, since the enterprise versions are complex, modular versions, but still tend to be very ergonomic and relatively easy to use. However, the different functions still require some training, but training and advising services are anyway demanded by most of the smaller business customers. Lastly, Polish companies would need a system that is available both in Polish and in English languages. The Tri brand is a multilingual brand that offers the possibility to translate the systems into any language, including also Polish, and even several languages can be set as system language at the same time for the convenience of different users.

To conclude, there is definitely a demand for solutions with the same attributes as the selected SBU, namely the Tri brand. The future considerations must include however competitor comparisons in terms of product attributes and price levels to be able to successfully position the brand when planning on the market entry actions. Such information can be gathered as part of a future research project.

5.2 Suggestions on internationalization in the form of market entry mode(s)

Based on the key findings, it is possible to fulfil the last research objective of providing some suggestions on possible market entry modes to Poland. Based on the underlying
theories for entry modes and the collected research results, the suggested entry mode is licensing of the entire Tri brand that is previously selected as a strategic business unit and includes TriDMS and TriCRM, standard and enterprise solutions. Licensing is suggested as an entry mode due to the most relevant product attributes of the solutions in the SBU: modular structure and the fact that these solutions are usually paired with necessary value-added services. Exporting or the other joint venture possibilities are excluded from the entry suggestion. As per discussed in Chapter 2.7, exporting strategy fits well for products that do not need any change or further services, as the case company already applies the mode for its out-of-the-box products. Table 13 even contrasts the attributes of the two entry modes for the reader to see their differences.

As shown in the underlying theory in Chapter 2.7, apart from licensing, another joint venture possibility would be joint ownership where Trilobita Informatics Excl. Co. would establish a new business entity together with a Polish firm by uniting their resources and by sharing its leadership and profits. In my opinion this entry mode is very risky for the case company. Based on the literary review (Chapter 2.7), it is timely and not only does it need a trustworthy relationship with a partner company, but also the partners need to agree on and maintain common goals. The case company could not afford such a risky strategic decision, especially since it plans on entering the target country the soonest.

Table 13. Contrasting of licensing to exporting as an entry mode

<table>
<thead>
<tr>
<th>Licensing vs. exporting</th>
<th>Licensing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporting</td>
<td>Licensing</td>
</tr>
<tr>
<td>- Out-of-the-box softwares</td>
<td>- Any software solutions</td>
</tr>
<tr>
<td>- No modifications in product or sales strategies</td>
<td>- Allows for partner to offer customised needs → license of the brand and certain modules</td>
</tr>
<tr>
<td>- Sold through resellers (similar to domestic operations where the out-of-the-box product is sold through intermediaries)</td>
<td>- loss of control over foreign operations, loss of possible profit margin</td>
</tr>
<tr>
<td>- Loss of control over sales strategies or marketing of the product</td>
<td></td>
</tr>
</tbody>
</table>

So licensing as the suggested foreign market entry mode would mean that Trilobita Informatics Excl. Co. maintains a formal co-operation with partner companies in the target country. As part of such business co-operation, the foreign partner can use the license of the brand and the product for a pre-defined license fee and in compliance with the pre-defined legal criteria. Needless to say, that maintaining a good business rapport with the Polish partners and designing the legal terms of the cooperation thoughtfully is necessary to minimize the disadvantage of licensing: the loss of control over foreign business operations. It is low in financial and human resource expenses, but risky in terms of loosing operations and it can happen that a large proportion of the earned profit of a sold product remains in the hand of the foreign partner.
The nature of possible future business partners could be consulting firms targeting SME and enterprise business or public customers; system integrators serving business or public customers. Naturally, these partners should not be exclusive partners of direct competitor document management brands or ERP solutions, since exclusive partner companies are bound with their contracts and usually can not or does not want to allow any other solutions to be part of their portfolio. Since the document and customer relationship management software and solutions can be used regardless of the industry, there is no exact target market for the products when considering end-users. It is easy to adapt to individual needs with the customization options. Industry-specific references still should be highlighted when approaching potential future partners to justify customization options.

Besides serving end-users in the targeted region, the cooperation could also aim at building strong relationships and participating in public tenders. It would be beneficial for both parties to do tender monitoring to be able to identify market opportunities and come up with a solution and submit tenders on time. Since the case company has a well-developed and supportive marketing infrastructure for its solutions, in the beginning of the foreign presence, Trilobita Informatics Excl. Co. could support potential partners with marketing and sales materials. Furthermore, the agreed licence fee should be paid after a licence is sold, never beforehand. The fees of custom-built solutions would be agreed case by case, based on the necessary development effort required by the developer team of Trilobita Informatics Excl. Co. and on licensed modules. Potential partners would be allowed to provide any value-added services (such as further developments that comply with the license agreement, implementation services, trainings, support services, etc.) to their clients and they are able to define the total end-price of the solutions as they wish to. This strategy could boost cooperation willingness. The exact details of the licensing entry plan and cooperation strategies would be designed as part of a future project work.

5.3 Possible development proposals

In spite of the fact that the thesis provides a comprehensive data collection and analysis of the attributes the case company needs to consider when entering Poland as a new foreign market, there are some areas to be developed in the research. First of all, the market potential analysis with forecasts for the future is missing from the research due to the lack of access to relevant business analytical databases since they work on a paid-for subscription basis.

Furthermore, in order to be able to plan the market entry mode and the future marketing activities in the target country, a more detailed market player analysis could have been
conducted including exact information on key market players. As it was concluded in Chapter 5.1, the analysis could have touched upon the marketing activities of the key competitors as well as it could have overviewed the key attributes of each direct competitor products. When considering competitor solutions, their marketing actions and price level should have been also identified.

5.4 Further research suggestions

The current research collected comprehensive marketing information to help the entry process of the case company into Poland. However, there are still some gaps in the research that allow the researcher to identify future research suggestions. Each of the following paragraphs contains a project suggestion for the future.

Firstly, it was previously emphasized several times that the issue of pricing is crucial for customers, especially when they belong to SMEs. Therefore, in order to be able to position the Tri brand in the Polish market, not only is it essential to review the competitor prices, but also average customer spending on software solutions should be evaluated.

Secondly, as mentioned also in the development proposals, in order for the case company to find the right partners for cooperation through licensing agreements, it is essential to better know the market players of the software sector. A future research project could be devoted for a comprehensive analysis of the major competitor strategic groups in the target region. The analysis could collect information on the key strategic focus, the key strategic business units and the marketing actions of the competitor groups. The analysis could be presented together with a detailed comparison of Tri document and customer relationship management solutions to the competitor products available in Poland. Once the analysis is complete, it is possible to identify potential partner groups that include companies with such a product portfolio that could include the solutions of Trilobita Informatics Excl. Co. through licensing.

Lastly, once potential strategic partner groups are identified, another research can be conducted that aims at collecting information on partnership willingness for licensing. The research could target a certain sample of the potential partner groups and survey them to identify future prospects and leads. The research results could help the planning of the market entry process and also the focus on key concerns that might arise during partner acquisitions. Last, but not least, not only could key concerns be identified, but also key partnership questions and needs could be collected from respondents. Such information would help the management to better plan partnership and cooperation strategies once the market entry process is complete.
5.5 Company feedback on work and reflection on key learning outcomes

The research resulted in a comprehensive analysis of the case company and Poland as a potential target region for market entry. The generated marketing information satisfies the needs of the management team Trilobita Informatics Excl. Co. and answered all the four investigative questions. All in all, the assignor, namely Ms Diana Wagner, the marketing and sales director of the company was satisfied with this work and evaluated it as a comprehensive and clear collection of marketing information. As per her feedback, she appreciated the fact that I as a researcher understood the lack and limitations of the current research and she welcomed the further research proposals (see in the previous section, 5.4 in details). Not only did she appreciate these proposals, but she also assigned me to conduct a comparative analysis of the document and customer relationship management solutions including international well-known brands as well as the domestically developed products available in the Polish market to the Tri brand. I will be assigned to compare functionalities as well as price levels of each competitor, which work will allow me another chance to apply my skills in practice again.

This research project was my first individual project completed in a real work situation. I must admit, that the project volume was rather large and the work was hard to complete alongside regular work duties. Luckily, I mastered to manage my time and kept the key milestones in mind. I definitely deepened my knowledge on internationalization and as the company feedback also stated, I enjoyed showing my analytical mindset and I tried to provide a very detailed answer for each investigative questions. Although, I still need to be more factual and try to avoid too lengthy reports in the future. In addition, I managed to complete a work according to a preset format guideline and I understood the importance of data source referencing. Lastly, I learnt not to be afraid of asking for professional advice if needed. My peer colleagues and especially my thesis advisor were very supportive and guided me towards better ideas when I stuck at a research stage.

To sum up, this project made me realize how much I enjoy collecting information and working with data to understand interrelations and consequences. I find conducting marketing research an appealing professional field for the future.
References


Trilobita internal financial, sales and marketing materials; management information. 2014. Accessible internally at Trilobita Informatics Excl. Co.


Appendices

Appendix 1. Interview datasheet

<table>
<thead>
<tr>
<th>Interview datasheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of interview:</td>
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<tr>
<td>Phone was held by:</td>
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<tr>
<td>Size of firm:</td>
</tr>
<tr>
<td>Target person reached:</td>
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<td></td>
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<td></td>
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<tr>
<td>Main issues that arose during call:</td>
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</tbody>
</table>

Questions and notes

1. Is your technology know-how restricted to one technology? If yes, what is that?

2. Do you offer DMS or CRM solutions in your portfolio?

3. Do you have demand for industry-specific needs? If yes, what industries are they?

4. What is the most demanded icebreaker functionality of your solutions?

5. What is the most demanded product attribute of the solutions you offer?

7. What companies are your typical customers in terms of their size?

8. What languages do customers demand for the desired solutions?
9. What is the demand distribution for custom-built solutions within the satisfied needs?

10. Do customers demand pre-sales solutions, such as consultancy or planning services?

11. Do customers demand complimentary solutions (other software or hardware solutions)?

12. Do customers demand after-sales services, such as support, maintenance services?

Any other notes
Image 1. Geographic position of Poland (indicated with colour orange) and Hungary (indicated with colour green) on the map of Europe (source: Wikipedia)