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Dao Thuy Trang 1101650

**BUILDING AN EFFECTIVE STRATEGIC BUSINESS PLAN FOR S-COMMERCE EXPANSION IN THE ASIA-PACIFIC REGION (APAC),
CASE STUDY: blur GROUP, UNITED KINGDOM**

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Karjalankatu 3
FIN 80200 JOENSUU
FINLAND
Tel. 358-13-260 6801

Author: Dao Thuy Trang

Title

Building An Effective Strategic Business Plan for S-commerce expansion in the Asia-Pacific Region (APAC), Case Study: blur Group, United Kingdom.

Abstract

This study was conducted on behalf of blur Group- one of the leading platforms for business exchange with the purpose of figuring out the right direction to expand s-commerce (services commerce) or in other words expert sourcing services to the Asia Pacific Region (APAC). There are three main goals for this present thesis: (1) understanding the current industry situation globally and regionally, (2) analyzing and clarifying the typical tech company's model, operation, and business, and (3) creating the most adaptive strategic plan for blur Group in APAC based on information from primary and secondary databases.

The research was launched in July 2014, and its implementation plan consisted of four stages: (1) a literature review and collecting secondary data, (2) primary data received from observation and personal interviews, (3) data analysis and reporting, and (4) monitoring and completion. For an observation of the company's operations, this study drew upon interviews with internal staff and experts joining the business exchange platform as well as advice from professionals in the field of the specialist industry.

The outcomes of the research reveal that the APAC market is full of potential but risky at the same time. Stepping into this market is essential; however, blur Group needs to be very adaptive and raise awareness especially regarding internal administration, starting from headquarters to branches and from managers to employees.

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1 INTRODUCTION

1.1 Study background

In light of global integration and technological developments, and in the pursuit of achieving competitive advantages over competitors, surviving and developing in the fierce business race, there is an urge for every entity to transform and become adaptable to a turbulent economic environment. Utilizing the power of crowds is one of the most important traits in an economy. This is not something new and it will contribute to modern business in a more significant and efficient way.

In the past, people became familiar with outsourcing and offshoring models. The widely known benefit is mostly the cheap labor cost. From a new perspective, ‘crowdsourcing’ has more meaning than that:

“While many think that Crowdsourcing is about cheap labor, there are many Crowdsourcing models that are based on tapping a pool of the most talented people in the world, trumping any organization that relies only on their staff,” (Dawson 2011).

As Yochai, a professor at Harvard Law Business School claimed in his book, *The Wealth of Networks* (2006), “The world is becoming too fast, too complex and too networked for any company to have all the answers inside,” (cited in Innosabi 2013, 3).

The company blur Group is one of the earliest companies participating in the cloud revolution, and for the last five years, it has grown steadily with massive opportunities to develop further. Crowds’ power exploitation based on collective intelligence is promising to be the future of business. Shifting manufacturing operations to emerging markets has been and will continue to be a popular phenomenon.

1.2 Aims of the study

This project aims at assembling the knowledge regarding the crowdsourcing industry and discovering the elements contributing to successful strategies for crowdsourcing business in Asia- Pacific (APAC). The market is full of potential and risks at the same time. This report captures the perspective of the business environment in this region; assesses the pros and cons affecting the crowdsourcing industry.

As this study is conducted on behalf of blur Group, it will go deep into the company's business context and internal inspection. A thorough understanding about one of the typical technology and creativity cooperative's frameworks will be achieved as the outcome of the thesis. Recommendations and suggestions are made on the basis of analysis results.

1.3 Outline of the study

Figure 1 shows the outline of this study. The study revolves around four central tasks, including industrial analysis, market analysis, finding results on the company's value resources and strategic recommendations.

In the industry review section, the developing background of crowdsourcing is explored. The original concept of "collective intelligence" and the application of the theory will be discussed. The historical evolution from outsourcing to crowdsourcing is illustrated and collated with the revolution of services commerce (s-commerce). The assumption on future growth of crowdsourcing is formed by a fact-based method.

Hong Kong has been appointed by blur Group to be a new branch location in APAC. APAC as the market area section illustrates the situation of the APAC market from the Hong Kong office, analyses the factors that may have influences on company's operation and examines the transparency of the decision. The analysis in this part will be more attentively detailed for the most potential regional markets of blur Group where most of the projects in APAC come from, for instance China, Australia, and India.

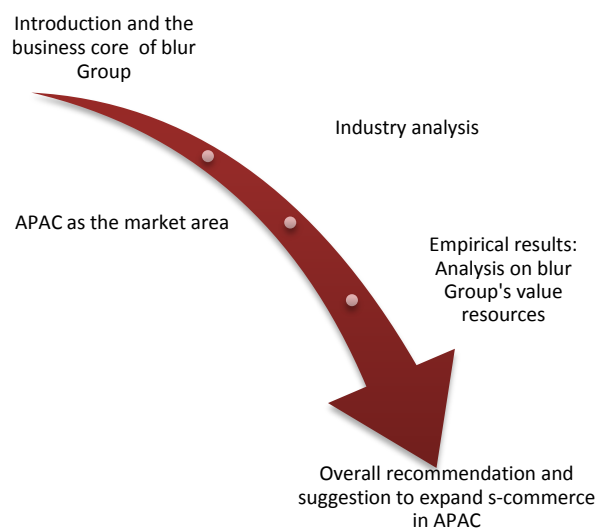


Figure 1. Outline of the study

The empirical results section presents an analysis on blur Group's value resources- the factors contribute the business performance results of the company. Those findings lead to the suggestion and recommendation on building the company's strategies and the plan of performances' evaluation.

1.4 Case company: blur Group

The company blur Group is a technology company reinventing how a business does commerce by providing the platform through www.blurgroup.com to enable over 50,000 businesses in 145 countries buy, sell and deliver the core services. The main difference that distinguishes blur Group from other companies is that blur Group not

only offers the platform but also provides project management tools and full-time support for both customers and experts from briefing through to delivery and payment.

The company blur Group was founded in January, 2006 and launched at the beginning of 2007, with the full format launch of the Global Services Exchange in January 2010. At that time, just over three projects per month were submitted. More than 300 projects are submitted on the exchange each month in 2014. Over the same time, average project value has grown from approximately \$1500 (€1164) in 2010 to over \$80K (€62,077) in Q4 2013. The currency unit using in this report is the euro (€). The exchange rate is applied in September 2014. Today, over 3000 projects worldwide have been submitted with a combined value of above \$100 million (€77,596 million). The customers include Danone, Financial Times, GE Healthcare and Red Commerce.

The company blur Group is a public company with headquarters in the UK and other offices in EU and the US. The company is middle size with the number of employees range from 50-200. Revenue in 2013 reached \$4.78 million (€3.706 million) compared to \$2.81m (€2.181 million) in 2012. Below is the graph illustrating the growth rate of blur's quarterly revenue (until Q4, 2014).

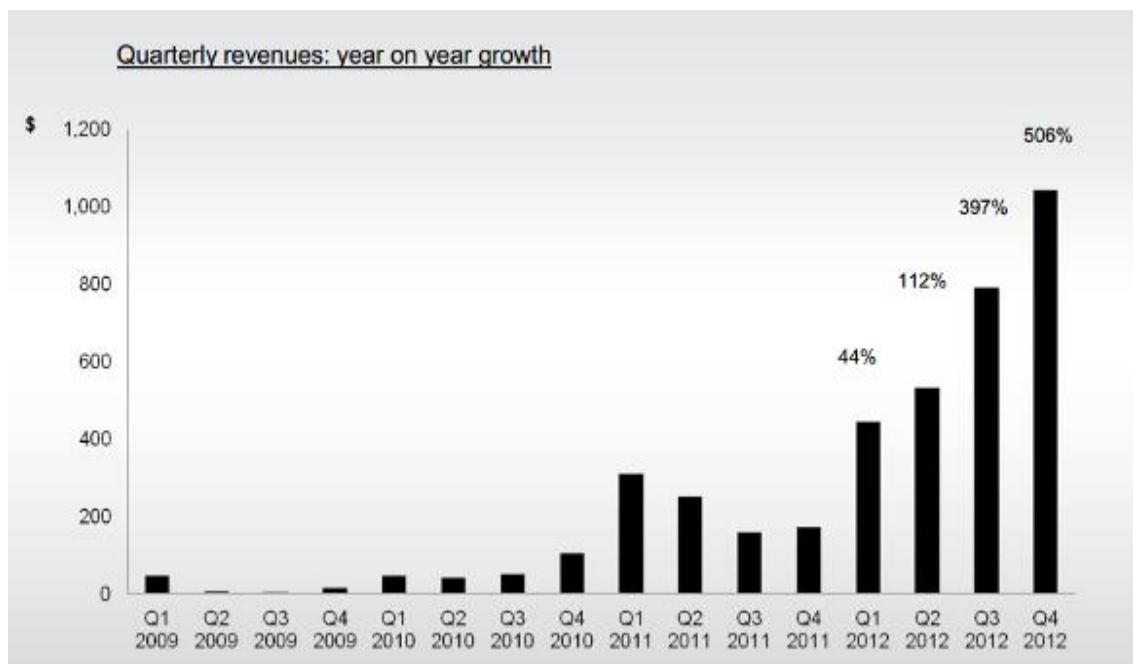


Figure 2. Quarterly revenues: year on year growth

(Source: blur Group annual report 2013)

In line with its vision and the recognized potential of APAC market, blur Group plans to open a new office in Hong Kong at the end of 2014.

2 INDUSTRY REVIEW

2.1 Overview of Crowdsourcing industry

Applying ‘Collective Intelligence Theory’ into Human Resources business in the conditions of IT blooming (particularly in Cloud technology), crowdsourcing was born in 2005. The Figure 3 illustrates the historical background and developing process from the “outsourcing” concept to “crowdsourcing” birth. Crowdsourcing is an advanced combination between “outsourcing” and “offshoring”.

Growing through almost nine years (from 2005-2014), despite the fact that the deep knowledge about the business model is still lacking, the position of crowdsourcing is becoming consolidated due to its superior functions. Not only does crowdsourcing reduce large amounts of administrative and operating cost, the service delivered (in proper conditions) can potentially have a higher quality in less assumed time.

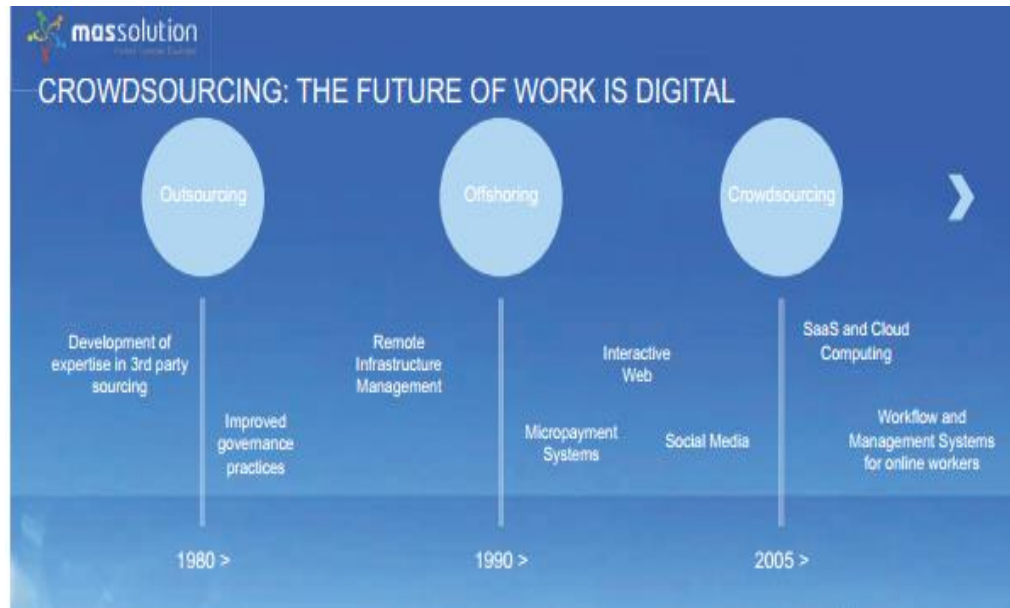


Figure 3. From Outsourcing to Crowdsourcing: The future of work is digital
(Source: Massolution 2012)

According to the newest published researches and industrial analysis of Massolution (the unique and the most influencing researching/advisory firm in the field), the future of crowdsourcing is brighter than ever. As we can see from the figure 4, industry revenue (Figure 4) and the number of crowdsourcing workers (Figure 5) went up significantly from 2009-2011. The statistics is recorded based on a sample of the leading crowdsourcing service providers.

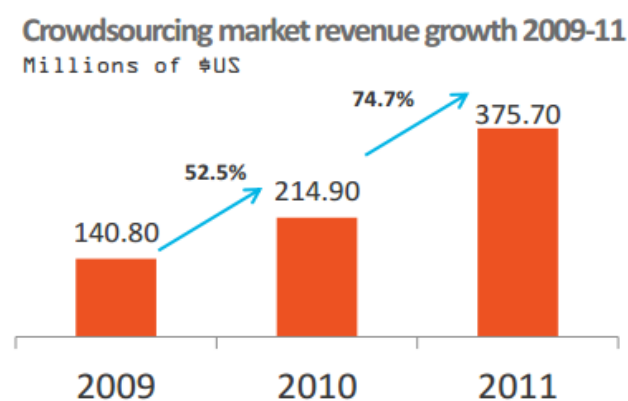


Figure 4. Crowdsourcing market revenue growth 2009-2011
(Source: Massolution 2012)

Until 2011, the market revenue was at \$375.70 million (€290.064 million). Compared with other industries, crowdsourcing is relatively new, and the lack of knowledge and experience becomes one of its biggest disadvantages for any firm in the field. However, since the fully potential of crowdsourcing was not exploited, this is very challenging opportunity. Consider the R&D activity alone; global spends on it approximately \$1.4 trillion (€1.08 trillion) annually and crowdsourcing is the highly disruptive method for effective R&D activities. The large slice of R&D did and continues increasingly contribute to this industrial market revenue (Matt Greeley 2014). Matt Greeley also stressed on P&G (Procter&Gamble) example, which estimates the externally sourced innovation will generate more than \$3 billion (€2.32 billion) in 2015. Therefore, market gross profit for crowdsourcing is presumed to be more impressive in the future.

Figure 7 shows the growth in the number of crowdsourcing workers of the period between 2009 and 2011. From 1.34 million workers in 2009, it was multiplied by nearly four times within only three years reached 6.29 million workers in 2011. With the development pace of the industry at the present, the continual rise in the quantity of crowdsourcing workers is unquestionable.

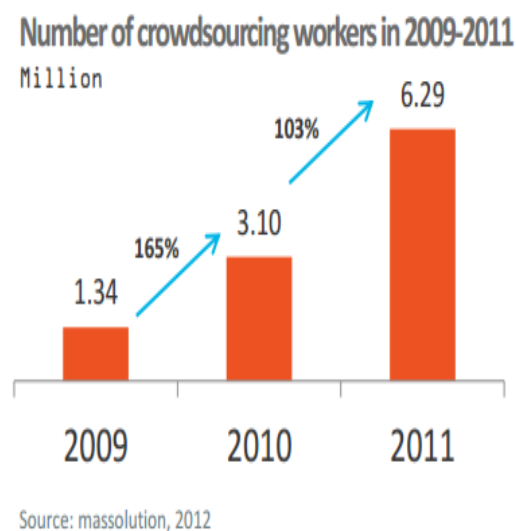


Figure 5. The number of crowdsourcing workers 2009-2011

(Source: Massolution 2012)

This pie chart (Figure 6) reveals the business sectors participating in crowdsourcing. As expected, the largest contributing parts come from technology, Internet services, media & entertainment and manufacturing. The enormous potential for increasing share, we could find in those with the small percentage of activity, including retail, financial services, travel and hospital, healthcare. Providing that the industry would evolved in the proper way as assumed; not only does crowdsourcing retain its business and attract more companies in the big four divisions, but also stimulates the activities of the other potential business.

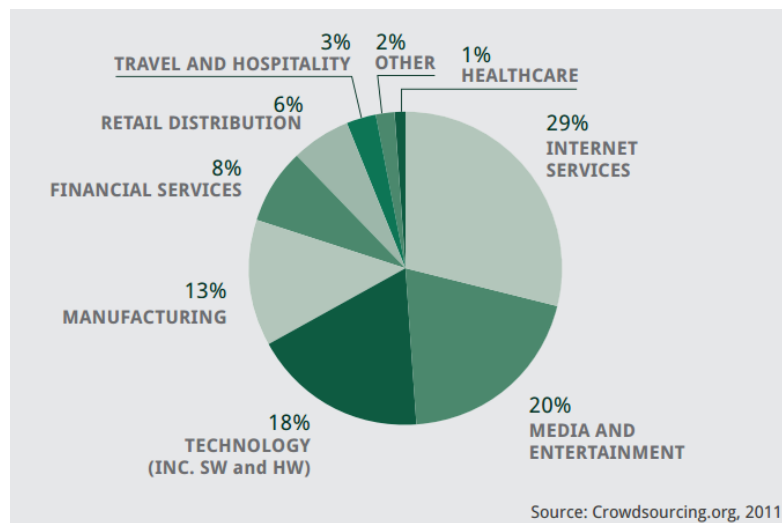


Figure 6. Business sectors participating in crowdsourcing
(Source: Crowdsourcing.org 2011)

2.2 Services commerce (S-commerce)

“Services commerce, commonly known as s-commerce, is a type of industry where the buying and selling of services between businesses is conducted over electronic systems such as the Internet and other computer networks” (Wyngaarden 2014).

The company blur Group has taken crowdsourcing to a new level- which is so-called: “Expertsourcing” on the basis of the rising in cloud technology and crowdsourcing, combining with the recent evolution and increasing trend in digital shopping models. Nowadays, customers could buy services in the transparent transaction and

straightforward process exactly the same as consumers shop online. It is more convenient and productive than the traditional crowdsourcing method, where services buyers still need to take charges of the whole administrative work. The keyword here is ‘simplification’.

“Make everything as simple as possible, but not simpler” - Albert Einstein 1933

Based on what Jeff Immelt- Chairman and CEO of GE has written in his blog (2014):

“Simplification is GE’s most important culture change in more than 20 years. Our customers are smart and they measure us by what outcomes we can deliver for them and how fast. That’s why speed and commercial intensity must be part of everything we do. Embracing simplification is a victory for us, for our customers and our investors.”

The simplification approach here could be understood as the process of reducing the bureaucracy and complexity in business management and putting the focus on the quality outcome. By this definition, s-commerce is the closest example as it is accessible for all the business regardless to their size, sector or location. It helps to reduce the operation cost up to 25% due to the efficiency and the auction process, also increase the flexibility and strengthen as well as fasten the business (Wyngaarden 2014).

The future development of s-commerce is sustainable. In the book *Good to great*, Jim Collin (2001) acknowledged that the technology is not the foremost factor to make the company become great; however, it accelerates the company’s process of becoming either great or disaster. In fact, the core business never changes, and great companies are the most adaptive ones with leading technology application, but more importantly, they own the disciplined culture with a high productivity trait and the minimisation of bureaucracy. S-commerce not only utilizes the sophisticated modern technology but also fulfils the requirement of selecting the righteous person with less cost and offers the simplified administration process.

3 APAC AS THE MARKET AREA

3.1 Overview of the market situation

According to CrowdSourcing.org's projections, the number of 6.3 million workers of crowdsourcing industry in 2011 could be breakdown by geography as following.

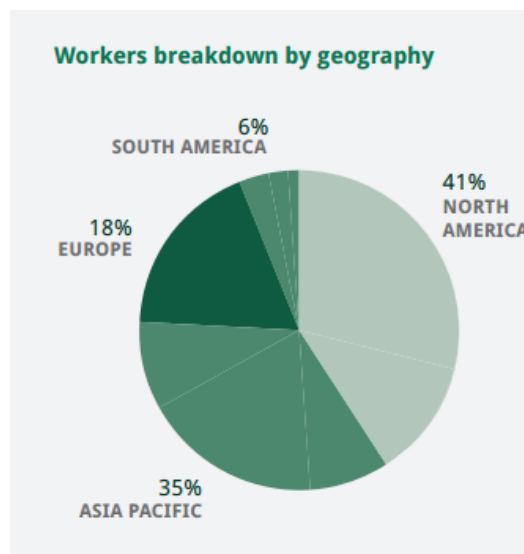


Figure 7. Workers breakdown by geography in 2011

(Source: Crowd sourcing.org 2011)

Apparently, North America kept the dominant position based on the number of experts participating in crowdsourcing at first. APAC was following in the second place. It is clear as North America, especially USA alone owns the most technology developed and dynamic economy in the world and the term 'Crowdsourcing' coined in 2005 was also from Jeff Howe, editor at Wired magazine, USA. However, in APAC particularly, crowdsourcing also has the tremendous impact, became one of the crucial crowdsourcing booming regions at that time thanks to the economic emergence of the region and the historical background of outsourcing. Despite the out-dated belief that sourcing workers externally is all about cheap labour, among those nearly 74% of crowdsourcing workforce possess at least bachelor degree or relevant associate degree, which is shown in the Figure 8. Among those, there is 26% at Master- Doctorate level.

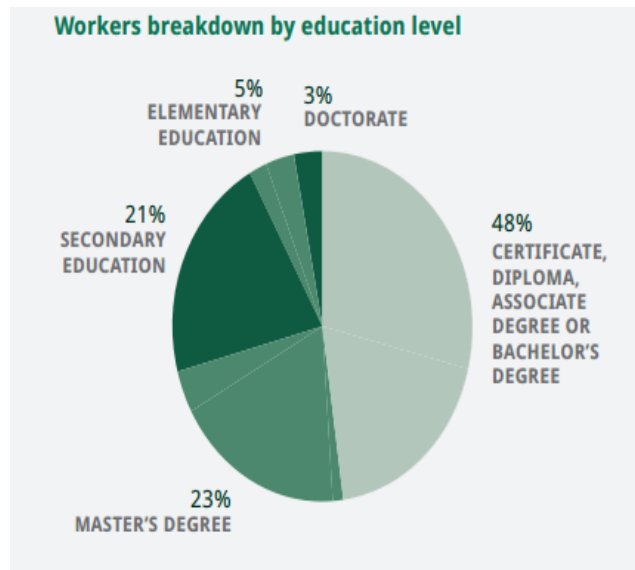


Figure 8. Workers breakdown by education level in 2011
(Source: Crowdsourcing.org 2011)

On the other hand, the newer report “Workplace Performance” by Kelly Global Workforce Index in 2013 states that compared with American and Europe, the Middle East and Africa (EMEA) market, the higher adoption of performance-based pay has occurred in the APAC market with 59% of respondents having the proportion of compensation variable depending on the productivity or performance target. Similarly, the impact of crowdsourcing work-related was acknowledged strongest in APAC as 56% respondents agreed that performance-based pay is more attractive and motivating for them. The rate for impactation of performance-based pay in Americas and EMEA went after APAC with 44% and 41% in turn.

The same report also referred to the recognized benefits of telecommunications including significant advantages such as minimizing time commuting and related expenses, fewer interruptions and greater flexibility. More respondents work from home or remotely in APAC (37%) than those in EMEA (23%) or the Americas (24%). Even with the popular knowledge regarding telecommunication and performance-based remuneration, people have just been in the early stage of getting to know crowdsourcing related-work. APAC, again, had the highest percentage of direct experience (16%).

Alec Lynch (2012), founder & CEO of DesignCrowd wrote in one of his articles in Techcrunch: “Many politicians, economists and thought leaders are suggesting that we are entering ‘the Asian century’.” He also reported the remarkable points on the booming trend of crowdsourcing in Asia. From the article, aside from other potential markets, Alec mentioned three notable countries in this region: China, India and Australia.

China is referred to be the “best-kept crowdsourcing secret” as the crowdsourcing development in this country was not widely well known in global scale. Even though China owns the tremendous crowdsourcing/ outsourcing sites like “Zhubajie” which claimed to have 7.06 million workers in 2012, there was no single English-language publication about it. Freelancer.com with the lesser number of 6.5 millions users was extensively assumed to be the largest platform in the field. This fact is somewhat similar to the case of Alibaba. Before Alibaba’s IPO is breakout in 2014, people were more familiar with Paypal, Amazon.com or eBay while in China, Alibaba has been the dominant in e-commerce for quite a long time. By the beginning of 2014, it was recognized as the world’s largest e-commerce company, worth \$200 billion (€155.44 billion). The value of its business was more than eBay’s and Amazon’s combined (Aziz 2014). Thus, consider Chinese market alone, there are massive opportunities for achieving business prospers. The question becomes: how can crowdsourcing businesses from foreign countries could step in and exploit this market when Chinese embrace the domestic service.

According to Alec (2010), India had more economic benefits than any country in the world. Powerful users in India earned 40 times higher than the average American. The number of Indian workers registering in Western crowdsourcing platforms is always overwhelming. Three of five largest English-speaking countries in the world are based in Asia: India, Pakistan and the Philippines. It could partly explain the reason why Western crowdsourcing platforms are especially attractive in this country. At Elance.com (one of the most famous crowdsourcing platforms in the field), half of the top powerful users were reported to be coming from India. While Chinese crowdsourcing platforms brought advantages for domestic businesses and workers,

India is likely to export their services overseas. This trend has been a huge push for Indian economy.

Furthermore, there was a surprising fact about Australia in APAC as Alec stated in his article “Australia has become a global crowdsourcing hub”. The foundation of his argument was originally based on the fact that Australia possesses some of the leading websites in the field. To name a few of them, Freelancer.com is in first place of the world’s crowdsourcing online platforms outside China; the two biggest players in the field with design crowdsourcing specialists also come from Australia: Down Under and DesignCrowd.

Overall, APAC is a very potential fast-growing market for crowdsourcing/ S-commerce. With the developing pace (especially in IT sector) and the increasing knowledge distribution with crowdsourcing, this market is promising to be more flourishing in the future.

3.2 PEST analysis and the key features of APAC market

On the ground of blur Group’s decision to open the new office in Hong Kong and available data collected, the business environment analysis was narrowed to the list of the following countries: Hong Kong, China, Singapore, India and Australia. Firstly, the reason is that most of the projects coming from Asia belong to those five countries. They continually benefit blur Group and will bring more profits in the future. Secondly, blur Group currently operates offices in the UK and the US and the business language is only English. By opening an office in Hong Kong, in addition to expanding the business further to English-speaking business communities in India, Singapore and Australia, this is the huge step to penetrate deeply into the Chinese market (the best-kept crowdsourcing secret- Alec Lynch 2012). Hong Kong, China, Singapore, Australia and India also have the high rankings in APAC’s most influential economies.

3.2.1 Hong Kong as the office location

Hong Kong was chosen as the final location decision for blur Group's new office in APAC. This analysis examines the transparency of the decision and highlights some points related to APAC-entry from this strategic location.

Impartially, Hong Kong is not the only favourable location where to open an office. According to the Strategic plan Research conducted in blur Group in 2013, Australia is advantageous for blur Group to establish the new branch. Another place, which is nominated as the best business destination in APAC by Economist Intelligence Unit, is Singapore with its alluring business policy (BBC Reports 2014). However, opening the office in Hong Kong means getting closer to the Chinese market, possibly a benefit for further expansion, including mainland China, Macao, Taiwan. They are fastidious markets based on these countries' particular characteristics concerning business culture and language. Additionally, Hong Kong does not have its own monetary policy and follows American policies instead. This fact makes monetary transaction in Hong Kong much transparent for blur Group.

Political factors

According to the World Bank research (Data retrieved in 2012), political stability of Hong Kong was rated as at fair level (fluctuates among 1-1.5 points; measure indicators: -2.5: weak/ 2.5: strong). However, to compare with other developed countries; this result actually was quite positive (Figure 9)

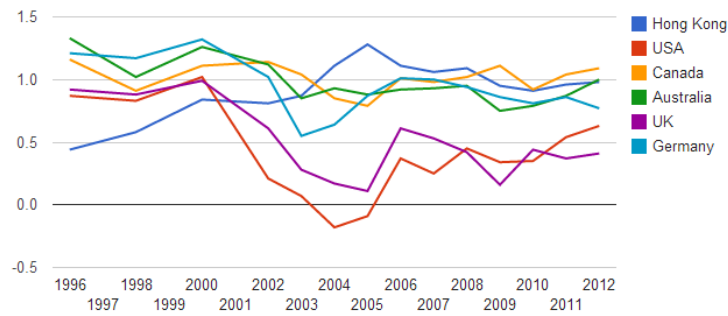


Figure 9. Political stability index
(Source: theglobaleconomy.com 2012)

On the other hand, over the next few decades, the Hong Kong political system, which is well-known by the term “one country two systems”, was supposed to remain unchanged until June 30, 2047 under the Hong Kong Basic Law (Gittings 2013, 309). After 2047, changes are legally possible related to the Hong Kong system. In the book *Introduction to the Hong Kong Basic Law* (2013), Danny states that risks could be involved, as changes might be not desirable. However, it could be seen as an opportunity, because it enables other changes in the Article 103, which preserves the civil service system before July 1, 1997 and vice versa. The pressure from the Chinese mainland in the future might not bring favourable conditions for Hong Kong to develop, but at the present, the political situation is stable. In Asia generally, although there are conflicts inside the government and among countries, the global trend nowadays is to solve them without using violence.

W. Buffett (1994) did say that the: “Political forecast and Economic forecast are the most expensive distraction for investors and businessmen.” By that, he suggests to temporarily ignore that which might or might not affect us in the long run but focus precisely on what currently exists. It does not mean that it is not important to consider those factors in the future development context; however, venturing is a must in business and certainty actuality is just an illusion. Instead, a company should take calculated risks and prepare to react to the fluctuation in a business environment while entering the market. In the book *Good to Great*, Jim Collins pointed out that the companies, which were doing great or made the leap to great, the majority of them did not operate in the favourable business environment or industry. For instance: Phillip Morris with the cigarettes and unhealthy food production chain.

Hong Kong has low tax rates compared with other developed economies. The standard individual income tax rate is 16% and the top corporate tax rate is 16.5%. The tax rates in Singapore accordingly are 20% and 17%. Australia has the highest tax rate with a charge of 40% for individual income and 30% for corporate tax. Public debt is virtually non-existent. Hong Kong is also very proud of its reputation to be open to foreign business, especially for formation and innovative services. Enterprise registration in Hong Kong is relatively quick and easy; it only takes approximately two working days (Criston 2010), while in Singapore, the door is only easier when long-term commitment is assigned (Gawan-Taylor 2013). Apparently, legal systems in APAC are quite complicated with plenty of bureaucracy as well as corruption, which require a company to be cautious while running the business.

Economic factors

Hong Kong is the strongest economy and has the most potential market in its region. According to the 2014 Index of Economic Freedom, Hong Kong has been the top-rated freedom market out of 42 countries in Asia for 20 years consecutively, above Singapore, Australia, Macau, India and China. By that, it is very open to international commerce, with a 0% tariff rate and few barriers to foreign investment. It was and continues to be the hub of the global economy as the score for free trade, free investment and free finance in Hong Kong is very high.

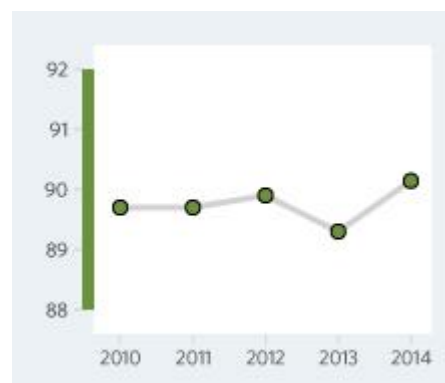


Figure 10. Economic freedom score over time
(Source: heritage.org 2014)

Figure 11 implies that the economic freedom score of Hong Kong was estimated higher, in comparison with World Average and Regional Average. The degree of market

openness recorded was measured by trade freedom, investment freedom, and financial freedom. The transparent regulatory environment, competitive tax regimes and highly motivated workforce also affected the grade. All of those traits are necessary for blur Group to develop sustainably.

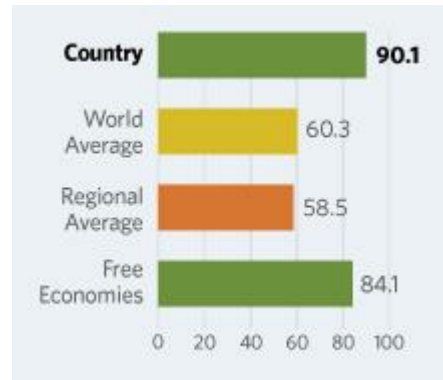


Figure 11. Country comparisons.
(Source: heritage.org 2014)

The growth rate is 1.4% in 2014 and 2.5% for five year compound annual growth. GDP is \$51,494 (€39,942) per capita. In some recent researches, including “Most innovative cities by survey” published by CNN (cited in Inocencio 2013), “10 Smartest Asia Pacific city” featured in Fast Company (Cohen 2013) to name a few, Hong Kong is often defeated by its neighbour Singapore or Australia. Apart from Australia, which is a little inconvenient for business travelling because of separated location from other APAC’s countries, high tax rates and risky by competing directly with the most powerful companies in field, it seems like Singapore is more preferable among foreign investors when it comes to APAC. In the top ten Global Competitiveness 2014-2015 Index released by World Economic Forum, Singapore is rated only after Switzerland while Hong Kong SAR is in seventh place. This preference is decent because compared to Hong Kong, Singapore is applauded more by its lack of corruption and supreme law regimes, especially those related to Intellectual Property Rights. The growth rate for five year compound annual growth is also as twice that of Hong Kong. The business operation language there is English, making it easier to strengthen and develop the English- speaking business community. Chinese Mandarin speakers make up 75% of the community (BBC News 2014), and it would be easy for the blur Group to recruit the right candidates for its office. Moreover, the operating costs and tax rates between the two countries are not vastly different. Those facts are noticeable, and even though the

corporate strategy vision should not be distracted by the noise of crowd, analysis requires pragmatic judgments. Stockdale theory (generated by Jim Collins in the book *Good to Great*) stated that despite the necessity of being positive and sticking to the final target, it is essential to be realistic.

Social factors

In 2014, the population in Hong Kong is estimated at nearly 7,187,476. According to the CIA World Fact Book, the working age group (from 15-60 years old) occupy more than two-thirds of the population. In the recent report “Development of Higher Education in China Mainland and Hong Kong SAR” by Professor T.P. Leung- Vice President of Hong Kong Polytechnic University, the author refers to the improvement of the education sector in China and Hong Kong. In detail, the education quality is emphasized as Hong Kong’s most important “long-term social investment”. It also states that Hong Kong gives many efforts to establish networks and closer links to other universities in other parts of the world, as well as appreciate the Europe education vision to achieve the education development’s common goals. The number of incoming or out-going exchange students and those who study abroad is significant. For instance, the outbound statistics in May 2002 indicated that about 74,100 students pursued their studies abroad in other developed countries, mainly the US, the UK, Canada and Australia. Nonetheless, not only do many Hong Kong citizens possess a standardised level of education, the visa policy for expatriates is also very selective with immigrants. Thus, it is beneficial for business to either hire its own diligent workforce or attract crowdsourcing experts to the talent pool.

Under Hong Kong Basic Law, in Chapter I: General Principles, Article 9 states that both Cantonese Chinese and English languages could be considered to be the official languages of Hong Kong. The Wall Street Journal however, published an article in 2012 with the surprising figures about the proportion of Hong Kong citizens who could speak Mandarin Chinese (48%) surpassing the 46% of those speak English. It could refer to the fact that the number of workers who are able to use all three languages (English, Cantonese and Mandarin) in a business context is quite massive. All those factors make

Hong Kong an attractive destination for opening the business as well as developing the crowdsourcing community.

Generally, most of Asian countries are developing countries; there is limitation in the level of education, high crime rates, and bureaucracy in authorisation and management. The credit risks are estimated to be high as a result. Besides, Asian culture is well known as being conservative and long-term relationship focusing. Approaching and developing in this market takes time to expand the network and build the trust with customers/ experts. However, as the company has created some business links with some local entities, the expansion is promising.

Technological factors

As claimed by the World Economic Forum, Hong Kong has very high position in technology development sector as it is among the top of the world. Particularly, it ranked fourth in Asia and fourteenth globally in terms of readiness to participate and benefit from IT developments. The state of being active in business is what blur Group is looking for, as Global Services Exchange is a very modern business concept and it is not easy for a new market to be opened for it. The long run target is to cover the Asian market, and the firmly beginning position in Hong Kong is fairly important. In the recent voting chart, Solidance- Asia Pacific focused leading B2B growth strategy consultancy trusted by Fortune 500 also selected Hong Kong as the fourth innovative city in APAC, after Singapore and Australia's Melbourne and Sydney. Despite the fact that Hong Kong is not the winner, Technology and Innovation Eco System of Hong Kong ranked in the first place in APAC.

Nevertheless, the Cloud Readiness Index 2014 by Asia Cloud Computing Association revealed the position of Hong Kong (ranked sixth) with the ability to deliver excellent broadband quality. However, compared with the latest Index, it dropped two places. Singapore still wins over Hong Kong and has an impressive score in Intellectual Property Protection.

Office locating in Hong Kong is not a bad choice. It offers an opportunity for the blur Group to take a different step from the conventional decision of English-speaking companies (such as Australian companies) to choose Singapore to be the entrance to APAC (Gawan-Taylor 2013). However, there are a few disadvantages that the company must be aware of. Firstly, granted that Hong Kong office will allow blur Group to make the move into the Chinese market, the plan to expand will be very challenging. The barrier threats in language and powerful domestic competitors are significantly high. A lot of effort will be required to set a clear strategic vision in order to avoid rambling, and reinforce both Chinese-speaking and English-speaking markets. Section 5.2, “Competition analysis”, will address more related details. Secondly, in the article published in vietbao.vn (one of the most prestigious Vietnamese online news websites), experts warned against the risks related to the business legislation here. For instance: Hong Kong laws make for easy conditions to establish as well as dissolve a business. Thus, the company should be more cautious while giving in to any deal (Vietbao 2001).

3.2.2 Singapore

As stated previously, Singapore is one of the most important strategic positions. It not only has all the converged qualities to be the office location, but also it owns the best environment to expand any innovative service or business. In addition to the comparisons between those two locations in the previous section 3.2.1 “Hong Kong as the office location”, there are some noticeable characteristics belonging to the Singapore market that the company should pay attention to while doing business with customers here.

Political factors

According to the 2014 Index of Economic Freedom, the freedom score of Singapore came after Hong Kong made it the second opened market in Asia. The regulatory framework of Singapore is more transparent than in Hong Kong, and the bureaucracy is limited as its Commonwealth-based legal system is really effective (Gawan-Taylor

2013). The Intellectual Property Right regime of Singapore is the best in Asia. Contracts are secured. This is one of the greatest advantages for blur Group to minimize credit risks in case of, for example, customers' withdrawals. Additionally, this country is democratic and ruled by the People's Action Party (PAP). Although certain civil liberties are restricted, PAP still embraces the economic liberalization and international trade

Economic factors

The 2014 Index of Economic Freedom also appointed Singapore's economy to be dominated by service. This country ranks first place as the most innovative city in APAC (Solidance 2013). Singapore is one of the most prosperous nations regionally and globally with an annual GDP of nearly \$326.5 billion (€253.94 billion). Thus, it is very favourable to expand blur Group's service offered to this region because of its innovative nature. Furthermore, there have already been a number of projects in blur Group coming from Singapore monthly; the linkage was built as the base for future developing strategies.

According to the report "Doing business in Singapore" conducted by RSMI 2011, the economy of Singapore depends mainly on external market and foreign trade. The key trading partners come from all over the world, mainly the EU, China, the US, and South East Asia, which contributed the total of \$736 billion (€572.43 billion in 2010). It has the most extensive network of free trade agreements (PKF 2008). In either starting a business or trading across border, Singapore is always the sensible choice. The World Bank Group assumed Singapore to be the conqueror in APAC with the first place in "Ease of the business ranking" and "Trade across border". Singapore also ranks third from 189 countries in the category "Starting a business" (Doing business database 2014). Its result surpassed Hong Kong with the second place on "Ease of the business ranking"; the second and fifth place in "Trade across border", and "Starting a business" accordingly. In the recent news published in August 2014, Australia will deepen its collaboration with Singapore. Australian Trade and Investment Minister Andrew Robb said, "Singapore is Australia's fifth largest overall trading partner, one of our biggest sources of foreign direct investment and key partner for us in the Asian region," (Trade

Minister official website 2014). Related to the size of Singapore, this country would make an excellent resource for customers' acquisition with various projects ranging from Finance to Technology domestically or abroad.

The small land size is a drawback. That is the reason why Singapore is usually chosen as the company's Headquarter in APAC based on the available valued resources such as convenient traveling location, an English-speaking country, economic diversion, and investment environment (Gawan-Taylor 2013). Since blur Group had another alternative, the biggest advantage of Singapore market is not utilized to maximum. On the other hand, as the market of Singapore is very opened, the global economic turmoil has great influence on its domestic market. The Singapore stocks have fallen by more than 50% in 2008 (Trade Chakra).

Social factors

According to BBC News, the recent post in May 2014 shows that Chinese makes up more than 75% of the population while Malays and Indians make up much of the remainders. Accordingly, the main native languages spoken are Chinese, Malaysian and Tamin, but English is the common language for business administration. Singapore has a reputation for the large number of foreign laborers, and based on the forecast of the government published in 2013, 50% of Singapore citizens will be immigrants in 2030. Thanks to the policy for immigrants and the famous quality of Singapore's education, the quality of workers there is very high.

Technological factors

In reference to the World Economic Forum report 2014, the technological readiness of Singapore ranks higher than Hong Kong's, falls in eleventh place. The cloud readiness result, according to Cloud Readiness Index 2014, was quite high.

3.2.3 Australia

Due to the fact that the geographical location of Australia is quite far from other APAC countries and the less openness of the market (compared with Hong Kong and Singapore) with very high individual and corporate taxes, Australia could not be the right solution for blur Group's office location. However, this is one of the biggest markets that blur Group could not miss in APAC.

Political factors

In 2014 Economic Freedom Index, Australia is the third freest market after Hong Kong and Singapore. By maintaining the good freedom score of different sectors in more than twenty years history of the Index and the strong legal system base, Australia has the most sustainable political situation among those five countries addressed. One more noticeable feature of Australia is that it is able to manage very well in global economic turmoil. Business is unlikely interrupted accordingly.

Economic factors

The GDP of Australia in 2014 is \$970.8 billion (€759.62 billion). The growth rate in 2014 reached 3.6% and the five year compound annual growth is 2.5%. The inflation rate stayed at 1.8%. Australia has great power in services, technology and high-value added manufactured goods (Heritance 2014). Melbourne and Sydney are also among the top 5 of the most innovative cities in APAC with high rankings of culture diversion, technology readiness and an available high-skilled workforce (Solidiance 2014).

Australia was referred by Alec- the owner of DesignCrowd as the hub of crowdsourcing in APAC (Lynch 2012). Thus, the competition here will be very tough. However, since crowdsourcing is widely applied, the chance is that there will be more business and experts joining in the platform.

Social factors

The population of Australia is around 22.8 million. 99% of them are literate with 50% having completed at least the tertiary level. The education of Australia is very famous in the world regarding its comprehensive training system (Pwc. 2011). Thus, this is the great resource to recruit high-skilled labour force.

Among five countries listed, Australia is essentially the Western Culture with strong influence from British colonization. Developing in this market has fewer risks and is more stable than other countries in APAC.

Technological factors

Australia is always in the advanced top of the world in technology and cloud readiness in reference to the recent reports conducted by World Economic Forum and Solidiance. Therefore, for Singapore, Hong Kong or Australia, the technology factors are not the highly concerning matters.

3.2.4 China

Russia and Brazil, China and India were mentioned a lot nowadays as the most potential emerging economies in the world. People knew about China with the reputation of the largest manufacturer globally going with low labor cost (The Economist 2012). However, China possesses more qualities than that. It is the “best-kept secret source” (Lynch 2012). A huge number of companies are not well-known in foreign countries even though these develop very fast growth in domestic market. When the right time comes and its name appears in all the publications, the business is already very big. Alibaba have caught attention from media these days with its success. In Q2 of 2014, the star performer in the global smart phone market was not Apple or Samsung but a Chinese brand named Xiaomi (Forbes 2014). At a glance, we could see that China is definitely a promising market, but doing business there might be more complex than it seems. As blur Group chooses Hong Kong as the office location, it gains more advantages to penetrate into China. Hong Kong has more value resources than China

with more openness in trade and business policies, but the close relationship between China and Hong Kong provide a good opportunity to jump in the China mainland's market.

Political factors

In contrast to the growth in its economy, the politic situation in China is highly complicated. The freedom in business is very low and usually stuck in the “mostly unfree” category. The Communist party functions all the legislation system, and the government has extensive intervention in the economy. Trading freedom is enhanced recently, but other related factors such as investment freedom, finance freedom are always the challenges for any operating business. Bureaucracy and corruption are relatively high as well (Heritage 2014). Tax rates in China account for 45% of top individual income and 25% for corporate tax. The average tariff is about 4.1%.

Economic factors

The growth rate of China has increased significantly for a few years recently. In 2014, it reached 7.8% and in 5 years compound annual growth is around 9.8%. In the analysis published by MAPI Council 2013, however, it forecasted the slowdown of growth in China even more likely than those countries reaching high middle-income status. Its characteristics such as low consumption share of GDP, aging population, corruption, undervalue exchange rates, and inflation lead to the need for political and economic structural reformation. Infrastructures are enhanced sharply from the 1990s.

In recent years, Chinese's innovation machines have started becoming eminent globally. The article published in January 2014 in the Wall Street Journal analyzed Chinese's innovation firms as the challenges for current technology market leaders. Conventionally, China was often seen as technology followers instead of having their own innovations. However, this trend has changed. Bernard Kwok- a Beijing-based senior vice president of US software maker Symantec Corp said, “More Chinese players

are beginning to realize that to survive in the long run and have sustainable growth, they really have to innovate” (cited in Osawa, J et al. 2014). The research by US-based Battelle Memorial Institute forecasted the outstanding R&D spends of China. The investment into R&D will surpass Europe in 2018 and the US by 2022. Accordingly, the innovations of China have started becoming acknowledged by the international markets. In mid-2013, Lenovo released an app for both Apple iOs and Google Inc.’s Android operating system. Four months after its debut, Lenovo claimed to reach 30 million worldwide users (Osawa et al. 2014).

The cost for labor is not cheap like in the past, according to the Economist (2012). However, shifting the business to another poorer country is also not the proper solution, and the priority concerned is to innovate (the Economist 2012). This magazine also pointed out that China has very bright and young talents who are blunt, creative and have the desire to innovate. The famous companies internationally from China at the moment are mostly in the electronics sector. This is a great and interesting fact. If innovation becomes the trend and the requirement for Chinese economy, Global Services Exchange provided by blur Group is very disruptive service going with the rising demands from the market.

Social factors

The population of China is 1.4 billion in 2014 (Heritage 2014). With the fastest growth in the world recently, the share of the middle class is rising as the phenomenon and predicted to reach 700 million in 2020, reference to ActiveUKChina report. However, the report also indicates that there is wealth imbalance as the power distance is very clear in this country. There are huge differences in the social and economic development among the population depending on their generation, gender, region and living area. By 2035, it is presumed that 70% of Chinese population will live in urban areas.

KPMG has the publication “Education in China 2010-2011” and it reflects the situation of the Chinese government’s efforts to improve the education system. From 2001 to

2009, the number of graduates increased six times, reaching 6.1 million. The government encouraged private investment into the education system and in fact, more training and language schools have been opened. In comparison between China and Hong Kong, almost all aspects of education in Hong Kong surpassed China including the literacy percentage, the investment in education and especially related to high education degree holder percentage, Hong Kong had doubled the number of China. Thus, it could be that the attempt to enhance the quality of education in China had some movements; however, in the long-term, it requires more than that. Another remarkable point to note is that the number of Chinese students studying abroad also went up moderately. From 2010 to 2011, it increased by 20%, added up to 55,000 students to the total of 340,000 Chinese students abroad in mainly the US, the UK and Australia. The improvements in China's education make the quality of Chinese labors better and better.

Technological factors

More than 100 million Chinese people benefited from the power and telecommunication upgrades, including those to rail and roads (McKinsey 2013). Although the ranking position of China in Cloud Readiness Index 2014 is quite low (eleventh out of fourteen countries in APAC), the research conducted by US- China Economic and Security Review Commission in 2013 shows the deeper picture of development and penetrating rate of Chinese cloud computing. China firstly introduced the policies specifically aimed at cloud computing technology and recognizing it as a strategic emerging industry in 2010. The five year development plan (2011-2015) illustrates the targeted goals and emphasizes Cloud Computing Technology as a “priority sector for development within the Next-Generation Information Technology Industry” (DGI. 2013). Thus, cloud technology will become more developed in China in the near future.

3.2.5. India

In the section “Overview of the market situation” of these study papers, India was mentioned as the party that has benefited the most through crowdsourcing. Besides the

four important markets listed above, India is the last but not the least market in term of its potential. However, dealing businesses in this market will be very challenging with numerous considerable difficulties.

Political factors

Similar to other emerging countries in the world, the low level of economic freedom and the administrative bureaucracy are the most concerning factors in India. In the chart by heritage.org, India has very low position of economic freedom compared with the regional and world average, ranking 120th out of 186 countries. Although the situation is continuing to improve, the regulatory framework still remains burdened for foreign businesses. Government's intervention is extensive with state-owned enterprises, wasteful subsidies programs and trade restriction, capital policies for foreign investors. Necessary economic reforms are avoided, which prevents the economy from performing all of its potential.

The tax rates and average tariff rate are also very high in India. The top corporate tax rate is 32.4% while the domestic corporations pay only 30%. The top individual income tax rate is 30.9% with an additional 3% for education. The average tariff rate is 7.2% with non-tariff barriers- the highest rate among five countries listed.

Economic factors

In 2014, the GDP of India is \$4.7 trillion (€3.71 trillion). The growth rate in 2014 is 4.0% and five-year compound annual growth rate is 6.8%. However, the inflation is 9.3% and the unemployment rate is 8.5%. The publication of India economy's profile by the World Bank in 2014 rated the business environment in India quite low, after 133 countries in the world regarding the burdening legislation, poor infrastructure, social factors and so forth. Furthermore, the Indian domestic market is often fluctuated relating to effects from outside. For example, the crashed Malaysian Airplane MH17 led to a dropped price in Indian crude oil (The Economic Times 2014). Doing business in India

is particularly challenging. However, there is a massive number of opportunities to look at.

According to mapsofindia.com, the Indian economy is the third largest in the world in terms of purchasing power, and based on the predictions from Goldman Sachs and the Global Investment Bank, by 2035, the Indian economy will grow to 60% of the US economy. As the retail and wholesale trade contributes around 23% of the economy and some restricted policies have been lifted (Rawat 2014), there will be an increase in foreign trade. The profitability potential is very high once blur Group could disrupt the services in this sector. Other industries include agriculture (15.7%), real estate (13.5%), banking & insurance (10%), IT & ITES (9%), transportation (8.5%), engineering and machinery (8%), chemicals (7%), tourism (6.23%) and textiles (4%).

While other regional countries might feel somewhat unfamiliar with this concept, India was one of the earliest countries joining the crowdsourcing revolution (Lynch 2012). There were a few huge crowdsourcing campaigns taking place in India, which enhanced the knowledge in the field (Business Today 2013). Dinesh Goel- Entrepreneur said, “Crowdsourcing has become extremely important for brands wanting to succeed in India” (Twishy 2013).

Social factors

The characteristics of Indian society are the most attentive for foreign business aiming to occupy this market. In fact, the population was explosive in India and the newest record in 2014 was roughly 1.2 billion people. Urbanization in India has been quite slow compared to international standards (Acharya 2014). In 2011, the urban population took account for 31% while in China, Indonesia or Nigeria, the rate is around 50%. Nevertheless, approximately 25% of the urban Indian population settled in slums, and the proportion was even higher in Greater Mumbai with over 50%. It could refer to the unbalance of wealth and power distance in India. The pollution and garbage produced are enormous; a matter has been threatening the sustainable development and economic

growth of India (Acharya 2014). The governance has not been effective due to the diversity and size of the population (Heritage 2014).

However, the attempts to change the state are recorded. The report by McKinsey & Company in 2010 claimed that within 40 years (1971-2008), India's urban population rose to 230,000 million and it only took half the time to add the next 250,000 million more (McKinsey & Company 2010). The 2014 Index of Economic Freedom also indicated the efforts of India in achieving economic freedom by lifting some restrictions in the policies.

Moreover, India has the strength of an abundant labor force with lower cost labor compared to China. The comparison was illustrated in Asia Briefing (Asia Briefing. 2013). In the government website Census of India, the newest statistics was registered in 2001. Although there are a lot of changes that have occurred since then, there are significant details worth attention. The number of literate people in India was almost 561 million people and among those, there are approximately 37 million graduates and above (Census of India. 2001). Despite the fact that the percentages of higher education level were quite small relative to its population, the number was still considerable and it was the huge developing step from 1880 (India Netzone 2013). India is one of the world's largest countries speaking English as the second language with over 100 million English speakers (statistics by jobsite-Y Axis).

Technological factors

The report by Ernst & Young reviewed in great detail the development and situation of information technology in India. It showed the situation of the megatrends, which will shape global and regional technology in the next decades, including big data, cloud, social media and mobility. The big data the market will grow at 83% annually to reach \$1 billion (€0.79 billion) in 2015. The application of big data and mobility systems are continuing to build within the business context. According to CNBC, cloud computing in India is "set to explode" (CNBC 2014). In spite of security concerns, the number of businesses transformed to clouds has gone up in India over the last two years, said

Kavita Bhaduria (CNBC 2014). However, the enormous potential of this market was not yet cultivated as only 1% of around 47 million businesses is online. Furthermore, the research published by IBN live in July 2014 stated that the growth in social media was the highest and impressive with a 37% increase during 2013. The total number of social media users in urban India crossed 80 million this year. The international conference in India “Social Media Marketing in Emerging Markets” also acknowledged the booming social media population from India. The people in India are particularly active online. In 2013, 78 millions Indian users are active on Facebook, followed by 33 million users in Twitter and 20 million in LinkedIn (IBN live 2014).

Additionally, the growth of technology in India was very notable as the economic growth was immensely influenced by the leadership technology application (Telstra. 2013), and the development of the technological sector was supported substantially from the government (Heitzman et al. 1995).

3.2.6. Conclusion

To summarize this section, it could be said that the decision of choosing Hong Kong as the market location is reasonable. The company has more push factors to penetrate deeply into the APAC market, especially in Chinese- speaking regions. However, there are many attempts required to be successful in this area, as the Chinese market is appearing very challenging for foreign businesses due to language, cultural and social barriers. Five countries listed are the top priority for blur Group to expand based on the available resources inside the company and the favorable conditions of the market environment. In detail, the PEST analysis showed the pros and cons affecting the development of e-commerce, cloud computing and crowdsourcing in each country, which will directly reflect on the company’s operation. By narrowing the focus to some specific countries in the region, the efficiency of utilizing the company’s strengths and strategic application will be accelerated.

Singapore, Australia and Hong Kong are the developed economic regions with environmental conditions supporting businesses. The company blur Group will find it easier to occupy these markets rather than those of India and China. However, by seeding the business in Indian and Chinese markets in the early days, the potential growth in the future will be assured, especially while India and China are the most powerful emerging markets with huge populations.

4 THEORETICAL FRAMEWORK

4.1 Collective Intelligent Theory

Among those concepts defining the theory of “Collective Intelligence”, one of the most accurate is perhaps the interpretation of Thomas Malone (Director, MIT Centre for Collective Intelligence) in an interview with Martin Wasserman (December 9th, 2008): “Collective intelligence refers to the group consisting of individuals acting collectively in the way that seem intelligent.”

In the same interview, he also pointed out that collective intelligence has occurred for a long time, from the example of family to the army or country formation. For the past few years, new kinds of collective intelligence appeared thanks to the revolution of technology and networking, such as Wikipedia- the opened sources encyclopaedia, which enables thousands of people collectively contribute to an intelligent product. Another example is Starbucks. Over six years, it implemented more than 300 ideas based on customer’s suggestions and voting (Nelson 2014).

People come together to be more intelligent, said Sandy Pentland (cited in Peverill-Conti 2007) and Adam Smith wrote in his book *The Theory of Sentiment* (1759): “it is the human nature to interact, exchange ideas and opinions and the social integration is the guidance for man to create the solution for the good of the community.” Through the flow of history, there is a clear fact to notice is that the more progressive human beings become, the communication by all means are moderately enhanced. One of the greatest human creations ever is the Internet. It has changed almost all aspects of the society on the basis of how humans communicate with each other.

Therefore, collective intelligence is no doubt the fundamental concept to attain productivity and enhance business efficiency, especially in the global context nowadays.

According to Don Tapscott and Anthony Williams (2010). Collective intelligence in the new era possesses four principles illustrated in Figure 12.



Figure 12. The principles of Collective Intelligence

(Source: peoriomagazines.com 2010)

Overall, Collective Intelligence accomplishes its effectiveness if the proper conditions of collaboration, sharing, openness and global acting are satisfied. Crowdsourcing industry and services commerce are formed on the foundation of this theory and the rising trend of Electronic Commerce (E-Commerce).

4.2 Electronic Commerce (E-Commerce) and Electronic Business (E-Business)

After the considerable amount of time since “dot com/ Internet Revolution”, though the term “Electronic Commerce” might still remain relatively new, it is emerging and constantly changing the area of business management and information technology (Tassabehji 2003 3). This section will be written based on the book *Applying E-Commerce in Business* by Rana Tassabehji.

There are several approaches fully describing all the facets of this term “E-Commerce”. Vladimir Zwass claimed in *International Journal of Electronic Commerce*: “Electronic Commerce is sharing business information, maintaining business relationships and conducting business transactions by means of telecommunications networks” (cited in Tassabehji 2003, 4). In other words, with Internet advancements, physical goods and intangible assets (such as services or information) can be traded online. The process of buying and selling products, services and information via computer networks including the Internet is E-Commerce.

The term “E-Business” was sometimes used interchangeably with “E-Commerce” in practice or for the purpose of distinguishing different organizations’ products. However, they contain different meanings. For “E-Business”, in addition to online transactions, it also includes customer services and intra business tasks. According to Rana, while e-commerce is more likely dealing with microenvironments, e-Business has a broader relation to the microenvironment of the firm. There are differentiations between these two terms; however, they are still highly integrated and reliant upon each other. As e-commerce is more concerned with the topic of this thesis, more theories of this field will be mentioned.

4.2.1 Key drivers and impact of E-commerce

The book *Understanding E-Commerce for Business* suggests that there are four criteria to define the level of advancement of e-commerce: Political factors (the role of the government), Economical factors (general wealth, commercial health and contributing elements), Social factors (training, education, labour force and potential buyers) and Technological factors (degree of advancement in Information Technology). Briefly, the model PEST could tell lots about the potential of e-commerce, in particular geographical areas. It helps the company in building the corporate strategies by enabling the analyser to investigate the external environment factors and discuss the likely implications (Team FME 2013).

E-commerce and e-business are not about the Internet revolution or the technological companies only. In fact, they reshape businesses and rebuild the concepts of business management and economics that existed in the past. Thus, the impact of e-commerce and e-business was massive in several areas. There are some examples, including:

- **Marketing:** since the consumer behaviours were changed significantly, marketing strategies and the form of marketing need to be adapted accordingly. More direct marketing methods such as door-to-door marketing, leaflet marketing were shifted to telemarketing and e-marketing.
- **Computer sciences:** More development occurred in terms of technology, networks, language to support e-commerce and e-business.
- **Finance and accounting:** online banking, transaction costs, accounting and auditing implications.
- **Economics:** the coordination between the new technology and the economic theory context.
- **Production and operation management:** Online process helps to reduce the product cycle times and increase efficiency.
- **Management information systems:** Integration of e-business within the organization.
- **Human Resource management:** online recruiting and performance-based pay will be the trend replacing the permanent workers.
- **Business laws and ethics:** The legal and ethical issues will arise as the consequences from the global virtual market such as copyrights, customers' privacy are concerned.

4.2.2 Benefits and limitation of E-commerce

Overall, there are three stakeholders getting the direct influences from e-commerce: organisations, consumers and society.

Firstly, to organisations: e-commerce makes businesses become accessible from all around the world. Time-saving, cost-saving and efficiency increasing are the most featured characteristics. By transferring the data online, organizations reduce the expenses related to operation, telecommunications, inventories and overheads.

Particularly for some industries such as music or software, the product and purchasing process can be digitalized. All the procedures are much quicker, more convenient without hourly constraints for consumers to buy and sell goods or services. In contrast, while applying e-commerce, the organisation should also pay attention to its cons. The security, reliability, standards and communication protocols are always the biggest concern with the system. Furthermore, technology's lifecycle is relatively short, which requires the usual updating, adjusting and innovating. Fierce competition with both domestic and foreign firms leads to the price wars and an organisation's losses.

On the other hand, to customers, there are pros and cons such as: shopping online offers the wider range of products and more reasonable prices due to the competition in the field. 24/7 accesses and time- saving delivery make it more convenient to shop online. On the other hand, the basic knowledge of computers and the equipment is necessary. Their privacy rights might be affected and there is a lack of trust and physical contacts with sellers.

To society: The working practice will become more flexible with a less stressful working environment. The employees get paid matched with their performances. Less work travel means environmental pollution is reduced. e-commerce and e-business connect people from different backgrounds together and facilitate the delivery of public services. Simultaneously, there will be more competitive advantages for people with technological knowledge rather than non- technological, and face-to-face interaction will be minimised. The resources might be wasted if ineffective recycles occurred. Reliance on technology puts a developing economy in a less competitive place. Policing the Internet is also very challenging.

4.2.3 E-commerce: Business-to-Business transaction

Rana Tassabehji (2003) states that "Business-to-Business (B-to-B): The exchange of products, services or information between business entities". There are three main types

of B-to-B online, including: Direct selling and support for the business; E-procurement (through the agent) and information sites (provide news, data and information). The company could fall into more than one of these groups. The model for B-to-B sites is still evolving. However, Paul Timmers- head of the sector in the European Commission in charge of IT research and development classified two dimensions for analysing business models for E-commerce in his book *Electronic Commerce: Strategies and Models for Business to Business Trading* (2000). Firstly, the degree of innovation is very important. It could range from the conventional electronic shop to the new products or functions never provided before. Secondly, the business model also depends on the extent the functions integrated within the business model.

4.3 Cloud Computing

The theory of this sector is written based on the book *Cloud computing- Moving IT out of the office* (The Chartered Institute for IT, 2012).

“Cloud computing is best described as a model for enabling convenient, on-demand network access to a shared pool or configurable computing resources (...) that can be rapidly provisioned and released with minimal management effort or service provider interaction” (Stuart, S. 2011. 117)

By using cloud, users could access from any Internet connected devices to the diversity of IT services without being limited to installed software or storage availability in a local computer. Cloud computing consists of three different types of service provision: Firstly, software as a service (SaaS): software application in the cloud; Secondly, platform as a Service (PaaS): Customers use tools and get supports from the cloud platform to create the application and monitor the configuration settings; Thirdly, infrastructure as a Cloud (IaaS): The service providing infrastructure such as network capacity and data storage enable clients to run arbitrary software.

- The cloud environment is divided into four categories:
- Public clouds: Services available in to the public at large public

- A private cloud: Private network with privacy primarily concerned. Costs to establish and maintain are very high.
- Hybrid cloud: A mix of dedicated servers and cloud hosting related to sensitive data issues.
- Community cloud: A limited number of customers with similar IT requirements, shared infrastructure provided by a single supplier.

Similar to the development of any IT technology such as e-commerce, cloud technology possesses its pros and cons. The benefits of using Cloud technology are easy to figure out. For example: resources become more accessible, environmentally friendly, mobility, cost- saving, data security and storage capacity. On the other hand, reliability on the Internet and supplier is the topic highly concerning cloud users.

4.4 Strategic planning and SWOT analysis

In Section 6, a SWOT analysis is used as one of the fundamental factors for building a strategic plan for blur Group in APAC. Based on the book *SWOT analysis- Strategy skills* by Team FME, this chapter will illustrate the theory related to SWOT and its relevant utilization.

“SWOT analysis is a business analysis technique that the organisation can perform for each of its products, services and markets when deciding on the best way to achieve future growth. The process involves identifying the strengths and weaknesses of the organisation, and opportunities and threats present in the market that it operates in. The first letter of each of these four factors creates the acronym SWOT” (Team FME. 2013. 6).

Figure 13 illustrates the model of SWOT analysis. According to Team FME, the terms “Strengths”, “Weaknesses”, “Opportunities” and “Threats” should be understood as follows:

- Strengths: Internal favourable factors enable the organization to achieve targets

- Weaknesses: Internal unfavourable factors restricting the organization's ability to achieve targets
- Opportunities: Favourable external factors for the company to achieve targets
- Threats: Unfavourable external factors for the company to achieve targets



Figure 13. SWOT model

(Source: Team FME 2013)

By using a SWOT analysis, the manager could gain insight into the position of the company's product in the market and how it is compared to other competitors in the field. The future opportunities are portrayed with current and possible threats to the company addressed.

SWOT is the simple and flexible analysis tool to use with no requirement in special training or technical knowledge. However, there are some disadvantages involved especially when a lot of personal judgements might be associated. Thus, the person developing the strategies ought to be aware of the issues of oversimplification and vested interest and take them into consideration. Another noticed point is that since there is no obvious limit to what is relevant to the topic discussed, it is recommended to contribute efforts towards defining the most important factors to achieve the objectives.

5 RESEARCH METHODOLOGY

The research methodology consists of three stages: (1) Identifying the topic, problems related and constructing the plan of the research; (2) data gathering and analysis and (3) reporting the results and giving conclusions (IAR 2004).

The research methodology that this thesis used is qualitative, as qualitative research “allows for the inclusion of many different kinds of data collection and analysis technique, as well as the diversity of theoretical and epistemological frameworks that are associated with the qualitative research” (Guest et al. 2012, 3).

Due to the nature of the study; inspection into the s-commerce business with various affecting factors requiring wider explanation and ambiguous findings in the vast geographical area, the results are almost impossible to be measured by numerical values. The primary purpose of this research is exploratory and it is more subjective in approach. The goal is not to quantify the issues as with quantitative research (Amora 2010). Thus, the qualitative research approach is sensible in this case.

5.1 Information retrievals

In this research, both primary data and secondary data are in use. Primary data is achieved based on the self-observation of the company case operation, the information provided by blur Group’s employees such as the financial forecast from Edison, the annual report of the company in 2013, and communication with s-commerce experts in the Global Services Exchange platform.

The sources of secondary data collecting are variable from books, specialist publications to the recorded interviews with experts in the field available online. The previous study concerning is also related. All the information is evaluated in respect of its validity, reliability and relevance. The list of materials used could be found in the References section and the Appendix 1.

5.2 Validity and Reliability

The study findings are reliable and valid based on the trustful sources of information. The statistics are recorded from the official government authorised websites or world acknowledged publishers such as Census of India, Business Times, the Economist, and McKinsey & Company. The obvious limitation existing in the study is the few interviews conducted with blur Group's employees and experts in the field, along with the unrevealed confidential information. This fact might result in some uncertainties of the report.

6 EMPIRICAL RESULTS

6.1 blur Group's value resources analysis

Figure 14 below identifies the criteria contributing crowdsourcing success. Though blur Group has highlighted itself as being about “s-commerce”, the model is still relevant due to the core nature of its concept.

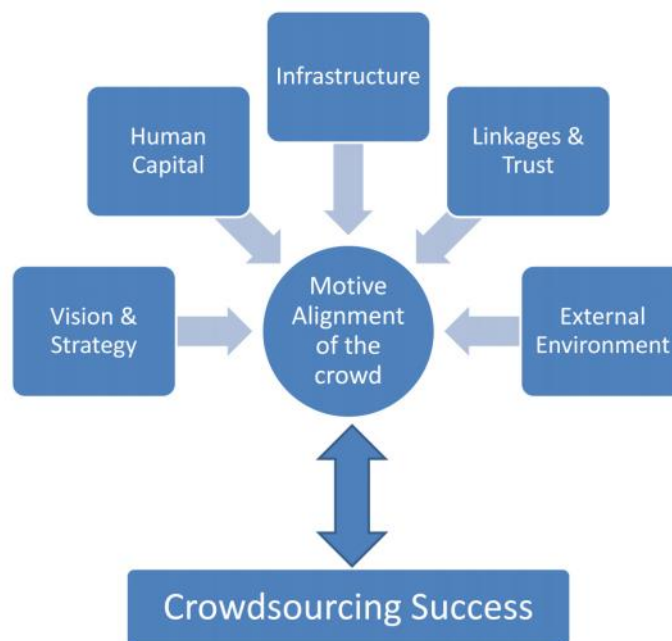


Figure 14. Crowdsourcing Critical Success Factor Model

(Source: irevolution.wordpress.com. 2010)

6.1.1 Mission statement

The company: blur Group changes the way companies buy and sell services. They offer a new way to buy, sell, collaborate and pay for projects online by running an online platform divided into ten categories (Design, Marketing, Accounting, Human Resources, Technology, Art, Innovation, Video, Legal, Content). Similar to the way

people go to shop for goods online, companies nowadays could sell and buy services through the online platform provided by blur Group.

By starting projects with blur Group, customers discover the new sources of service providers (more than 40,000 experts world-wide), shorten their project cycles and reduce internal costs. On the other hand, expert suppliers also win new business without overheads.

Additionally, blur Group CEO- Philips Lett has just updated the supporting mission through his letter to all blur Group's employees: "To get every business in the world buying services online". In the same message, he is confident that the critical key behaviour is "Customer Obsession", by which he meant that customers become the top priority in all the activities of blur Group and the company ambition to deliver the most quality services, better than any service provider in the world.

6.1.2 Vision statement

The global annual spent on business services was estimated to approximately \$1 trillion (€0.79 trillion) (blur Group. 2013), and with the development trend in the IT sector, this amount is likely to increase. According to the annual report of blur Group 2013, through the Global Services Exchange platform, which fulfils almost all the demands of business, blur Group aims to occupy significant share of this market and address the large proportion of its income every year. In another word, blur Group aims at being the dominant platform for B-to-B services exchange.

To achieve this ambition, blur Group needs to have the strategic plan for their goals and monitor its performance frequently. The company needs to raise its global coverage and brand awareness gradually with essential quality revenue enhancement. Opening a Hong Kong office at the end of 2014 is one of the necessary moves blur Group needs to take in line with its mission and vision. This office will be the pedal for the company to

develop its market in APAC. In fact, the number of listed projects from Asia is increasing. A Hong Kong office is very important to manage the business activities within this region in the very near future. In the short run, C.E.O Philips created the goals for the next five years (to 2020) in his message to blur Group's staff.

The 5 years target statement was created as follows (Philip Letts. 2014):

“S-commerce will be firmly established within 5 years with blur Group the world's leading b2b s-commerce Company. By 2020 blur's Global Services Exchange will have over 500,000 businesses using its platform providing over \$2.5 billion (€1.97 billion) projects per annum.”

This is totally achievable as blur Group has currently 50,000 businesses giving \$250 million (€197.10 million) projects per annum (blur Group 2013). This goal will be the focus of the whole organization, and the Hong Kong office will contribute to this objective also.

6.1.3 Intellectual resources

Human Resource is the bloodline of the company. The business fails or is healthy based on this factor most of the time. Thus, talent recruiting and nurturing are the top priorities of blur Group. The core concept is to hire those who fit with the corporation's culture. In fact, the company's staff has deep experience in the field and has capabilities to achieve the organization's goals. The company blur Group pays attention to recruiting and developing talent, which brings a fresh atmosphere to the company. Below is the graphic of current branches location of blur Group (Figure 15).

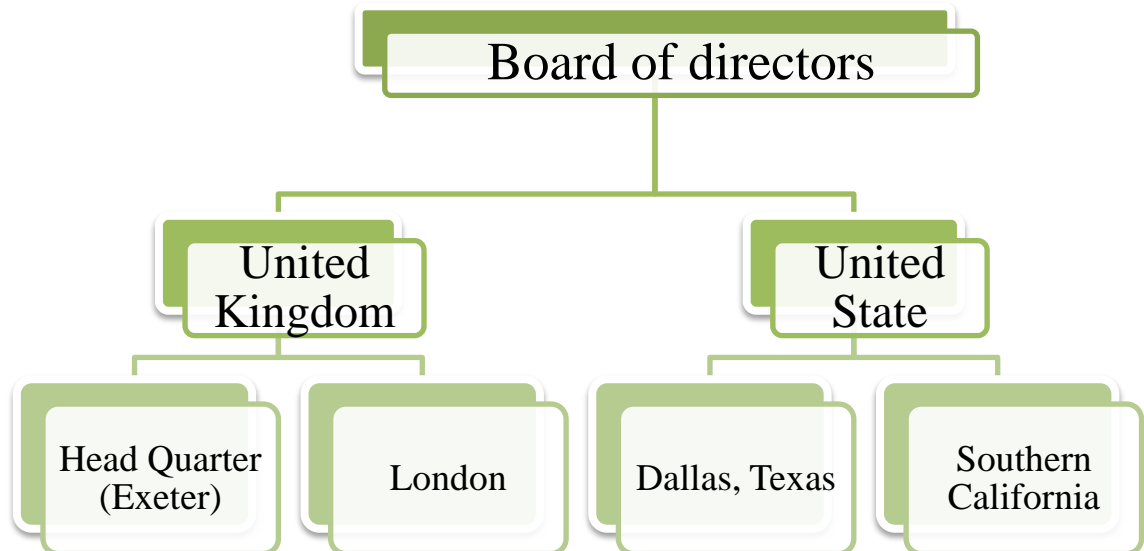


Figure 15. Branches location 2014

By effectively utilizing social media channels and professional networks, the HR team always find efficient ways to fulfil the company’s vacancies. Additionally, with cooperating with many higher educational institutions such as the University of Exeter (England) and the University of Bocconi (Italy), blur Group has taken a solid step towards picking out the bright students, investing in training them and retaining them for future fulltime roles.

6.1.4 Products/ Services analysis

The figure 16 below illustrates the landscape of blur Group business. Based on the origin of service concept, blur Group is on the top of the professionalism scale. By which, it executes ‘S-commerce’- with the purpose of reinventing commerce. The idea is that, nowadays, almost all commodity goods could be bought online and so should services. Unlike other competitors in field, blur Group provides not only the platform for transaction but also the whole package of management.

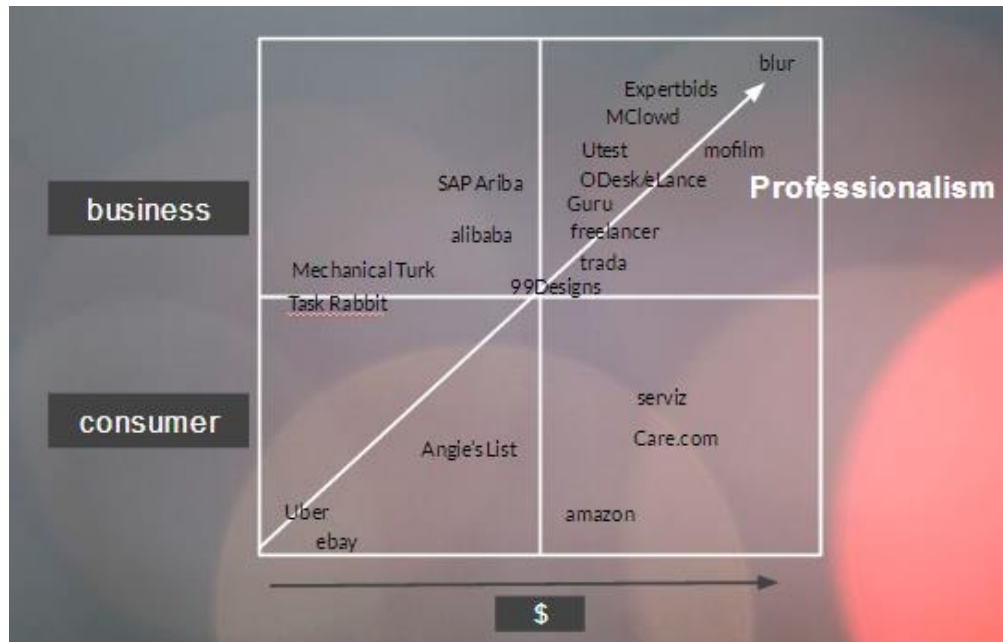


Figure 16. The landscape of blur Group business

(Source: Provided by Dorothy Mead-Global Head of Digital Marketing at blur Group. 2014)

The company blur Group provides the platform for buying and selling services through their 10 services categories: Design, Marketing, Content, Video, Art, Innovation, Technology, Legal, Accounting, Human Resources. The most important categories are Design, Marketing, Technology and Art. The company has strategies to nurture and grow the crowd in all of these categories; Marketing is the most significant factor here. The categories blur Group owns are very diverse, and the range of business service sectors will become more variable in the near future.

The company makes a profit through the percentage of kicked-off projects, which is equivalent to 20% of the total project budget and the listing fee, i.e. \$357/250€ (€281.45) or 10% of the project value, whichever is higher in case if the customer does not want to go ahead. Additionally, the project budget must be always above \$1,000 (€788.39) which is the tipping point for blur Group to make a profit from the 20% interest that is taken from the total value.

When the customer's project is ready to kick-off, half of the project budget will be invoiced and the customer will pay the remaining once the project is completed. All the crowd experts (service providers) will receive the money after blur Group receives cash from customers (blur Group 2014). The figure 17 shows how the platform of Global Services Exchange works.

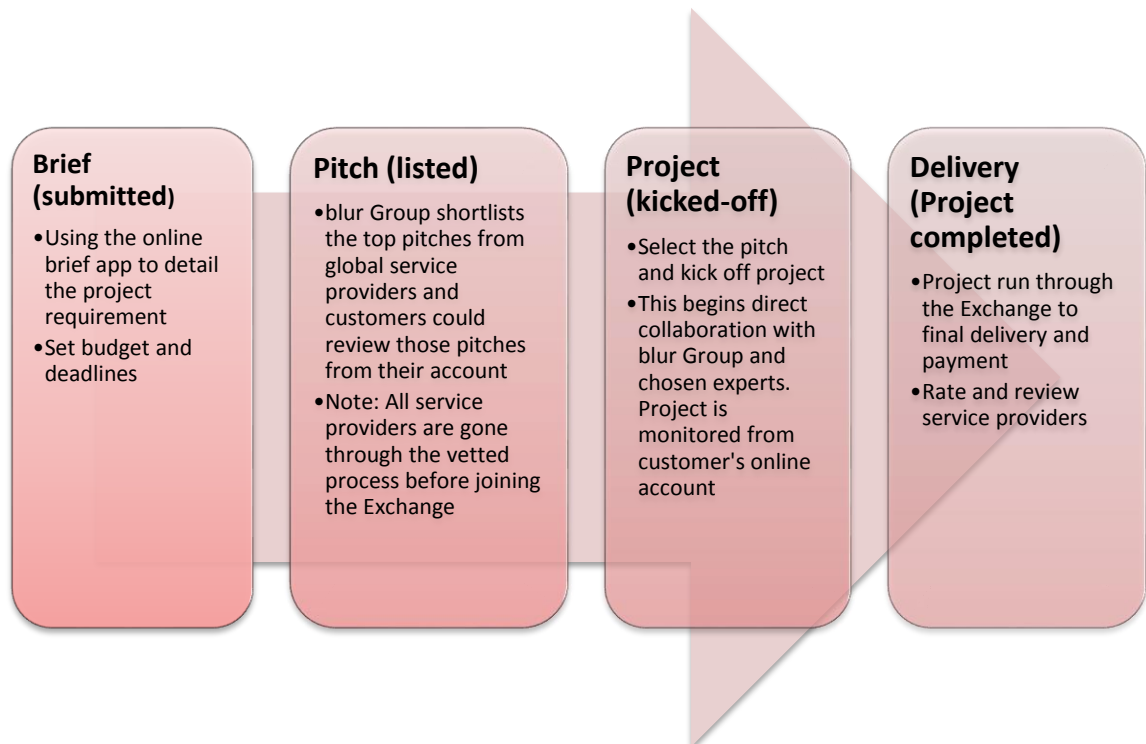


Figure 17. The process of Global Services Exchange

(Text source: blur Group. 2013)

Overall, the management of services exchange by blur Group is emphasized as the key benefit for its clients. It benefits B-to-B services purchasing more than any crowdsourcing model.

6.1.5 Financial resources

According to blur Group Annual Report 2013, the company adopted the IFRS financial statement, and its auditing firm partner is BDO. The current policy is not to pay dividends. There is no assurance if dividends might be paid in the future. Thus, almost all profit is retained, which creates opportunities for reinvesting or maintaining operational activities of blur Group in the future. Furthermore, blur Group executes to raise funds and appeal to investors for strengthening their financial balance. Assuming future financial risks and uncertainty, the preparation is taken for ensuring the company's existence and success. In short, the Group's activities expose itself to some financial risks classified as followings:

Liquidity risk: Not only is dividend not paid but also the company is and will seek different financial alternative resources to ensure the sufficient liquidity available that might meet the foreseeable needs. From observations, blur Group has raised funds periodically from outside investors and simultaneously encouraged the employees to buy stocks. In the end of July 2014, even though blur Group was experiencing the lowest point of financial difficulties (London South East 2014), the financial resources were still sustainable for the development of the blur Group until at least 2015, according to Nikki Hammett (2014).

Credit risk: The risks mostly come from the outstanding receivable. Therefore, it is necessary to justify the financial stability of clients before credit is given to minimize credit risks. For expert crowds, all individuals go through a vetting process to confirm their identity and credentials before becoming a part of Global Services Exchange.

Currency risks: blur Group manages the currency exchange by net basis, and there is no use of forward or other financial instruments.

6.1.6 Infrastructure

The company blur Group makes great investments on Research and Development, especially in the technology sector by maintaining and keeping pace with developments in cloud and mobile technologies. This movement ensures the highest services standard delivered. For example: blur Group enhanced its host platform at the beginning of July 2014, which made its connection faster and easier for users. The service providers with high capabilities are continually in acquisition to fulfil satisfactorily the requirements of customers.

6.1.7 Linkage and trust

In fact, the business core concept of blur Group is very innovative and relatively new. Feedback towards invitation message for experts' acquisition was generally very positive, especially in the active and dynamic markets such as the US and India. The number of experts joining blur Group's platform for Global Services Exchange is increasing sharply. On 28.09.2014, there were 45,157 experts coming from 145 countries globally. Moreover, blur Group achieved high percentages of repeat customers. Approximate 40% of customers come back with a second, third or fourth project (Hammett 2014).

In daily marketing activities, the Marketing team has high awareness to build trust and long-term relationships with clients instead of taking short-term benefits from them. Social media interaction with other brands and individual clients is also emphasized.

6.2 SWOT analysis

Strengths

The company blur Group has a great core business concept and entered the cloud revolution quite early. It provides benefit to both service buyers and providers from s-commerce. The highlight features of blur Group service are the efficiency, transparency, simplicity, variability in choices and cost saving (blur Group 2013).

The company has the traits that distinguish itself from other businesses in the field. The greatest benefits that blur Group contributes to the administrative work are, for example, picking the short-list, converting the currency, and day to day support of experts and customers during the projects. It speeds up the decision-making process, reduces wasting cost, time and effort, increases efficiency and offers fair opportunities for all experts whether they are in a small or big business. Its business model strengthens and creates innovation more effectively than any traditional single service provider by using the power of crowd.

The company is acknowledged as a strong brand at an international level with potential to expand globally (Ranker 2014). It also has a firmly competitive position, especially in the US and UK markets. International recognition is definitely a great strength in the APAC market, as a brand's reputation is a very appealing factor when making a decision.

The company pays much attention to recruiting: accommodating talents and human resources management. Thus, it owns a highly skilled, driven and dedicated team of employees. Maintaining the working culture is also one of the keys for company's success.

Weaknesses

Financial resources have a vital role in this expansion plan and there is an essential need for finding capital and financial supports, especially when blur Group faces the downturn in its management. The share price graph of blur Group for the period from 2012 to July 2014 showed that the share price of the company dropped dramatically from the beginning of 2014 and became quite fluctuated. Additionally, blur Group has experienced multiple operating losses, which reflects management issues internally.

The differentiated advantages of using blur Group's platform could turn into disadvantages. For example, the short list of experts matched the requirements of the projects are picked by blur Group's staff based on the quality of pitches only. The result might not satisfy clients' preferences. Conflict with customers and experts could produce uncertainties for the company; especially Asian customers are well-known for being cautious.

Even though an increasing number of projects come from Asia, it is still very insignificant compared to the potential and size of the market. Crowdsourcing is a fairly new business concept. Most Asian countries find it unfamiliar. Despite the exclusive presence in the market, expanding businesses will result in a lot of obstacles and be very time-consuming at the beginning.

Managing and maintaining the platform will get harder due to geographical expansion, and the addition of new categories while effectively supporting customers and experts are essential for the company's sustainable development. Thus, flexibility, adaptability and transparency in management are very important for dealing with this issue.

The company offers in total of 10 services exchange categories and will add more in the future. By collecting a huge number of experts in different fields, the advantages of its variability could not be denied. However, in the early stage, the distraction of recruiting experts could make blur Group seem less attractive compared to its competitors with a

specified service sector. For example: with the Design project, the customer might prefer using a crowdsourcing service from a crowdsourcing company with only service in Design sector.

Culture is known as the heart of any business as “Culture eats strategies for breakfast”, said Drucker (2006). This statement was applied widely and proved to be the wisdom of many big corporations such as South West Airlines or Zappos. In fact, the business should build people, and then people will build the business in return. In blur Group, even though the company has taken care of recruiting and maintaining talent, the engagement of corporate culture and strategies did not work as effectively as it should have or it was expected to be. Some unhealthy signals could be listed: the constant change of permanent employees and frequent departmental changes.

Opportunities

The PEST analysis in Section 3 shows something about the business environment for blur Group’s new office and the context blur Group will be in. Apparently, the business environment itself creates many chances as well as challenges for blur Group to be successful in this market. Examples are a fast and less complicated settling down process in Hong Kong, easier access to Chinese mainland’s economy and other countries in the region, as Hong Kong airport is one of the biggest airports in the World.

While the GDP growth of the EU and USA has slow down signals, the APAC economy, especially China’s and India’s markets, is expanding fiercely, according to the forecast from The Conference Board (2014). In the same report, it suggested the possible rearrangement of World’s GDP distribution in 2025 with the biggest share belonging to China and an increase in shares for India’s market (from 6% in 2012 to 8% in 2025) (The Conference Board 2014). Succeeding in the APAC market will confirm the leading position of blur Group globally, increase brand awareness and also strengthen blur Group’s business in current markets. Additionally, generating new business will lead to the boost in company size and profitability.

Threats

The company blur Group will face with very strong competitors with solid positions in the industry and local markets such as Elance or Freelancer. Furthermore, recognition of s-commerce potential, especially with crowdsourcing a booming trend in APAC, will boost the start-up in the field. In some APAC countries with a lack of Intellectual Property Rights, idea copying may happen.

With the long-term relationship oriented business etiquette of Asian business, it would be a great challenge to occupy this market. With the involvement of security and privacy issues, it seems like the companies might hesitate to outsource services, especially to do business with a foreign company. They may prefer the internal human resources or local business.

Due to the nature of the business, blur Group would be confronted by a great deal of legal matters, particularly when it operates in developing countries. Corporation, fraud or bureaucracy is some of the topics blur Group should prepare to face.

6.3 Competition analysis

Crowdsourcing is a hot topic in this century, and it has a fast growing rate and great profitability. This fact alone is enough to assume fierce competition in the field, especially in APAC, which is well known as the low-cost labour market of the world. Gaining a market share would be very challenging for the company when the number of competitors is massive and continually increasing. The strategic position of the company does not rank so high due to different barriers to entry. The blur Group's competition in APAC analysis is now examined based on the model of Porter's 5 forces below.

Barriers to entry: High. From the industrial and other analyses previously made, there are various opportunities available. The number of crowdsourcing workers clearly implies that taking the lead in APAC market would make the significant changes for blur Group's dominant position. However, due to different culture and social factors, APAC should be determined as the long-term attempt. It means that success in this market is time-, cost- and effort- consuming.

Hiring and recruiting the domestic human resources in APAC would be a safe and effective choice for blur Group to grow its business, because although experiences in dealing with customers and projects coming from Asia in the past are valuable knowledge assets for blur Group to continue expanding in this market, it still might be not enough. One important thing to note is that all of blur Group's departments are located in English-speaking countries with a similar social background. Apparently, despite the fact that Hong Kong was a British colony and English language is commonly used in administrative or business environment, Asian business and culture etiquettes are still the big obstacles to overcome.

On the other hand, there are some advantages for blur Group to make the entry. In the past, customers and experts from APAC can only engage with blur Group through the international contact. Delay, inconveniences and inefficiency were generated. The differences in time zone and excessive work make the outcome of customers service (usually in headquarter) fall out of expectation while at the same time, the success key that blur Group CEO defined is 'customer obsession'. Other issues related are also hard to monitor (such as credit risks) without entrance to this market. The office in Hong Kong will partly solve those problems and create new profit sources.

Hong Kong and other IT developed markets in APAC (China, Singapore, Australia, India, Korea, Japan) would be the top targets of blur Group at the beginning. In developing countries with slower technology innovation, it would be harder to achieve the market share. The approaching method will be tailor-made to be suitable in the long run.

Supplier power: Low. With a turbulent and boisterous market such as Hong Kong or APAC, the supplying sources blur Group requires could be found quite easily, and the

ability to substitute is high. Examples here are: office location, IT services etc. As blur Group is a service provider company instead of a commodity goods producers, the supplying power fortunately is not so strong. All the performances and controlling activities could be maintained and monitored in distance under the relocating supervisor. In addition, blur Group is a s-commerce company which clearly pointed out that the company could find the matching alternative solutions for their labour demands quite easily through the experts community.

Substitute power: *High*. As we could see from the landscape (figure 16), blur Group is on top of business professionalism as it maximizes the power of professionalism by using the crowd. Due to the nature of the business, blur Group actually could be replaced by other options depending on customers' preferences. For example, clients might want to have the service with less cost or they would rather have permanent contract with their network partner. They could change to another service provider.

Furthermore, a distinguished competitive edge of blur Group could also be disadvantageous depending on clients' tastes. For instance, project managing would be appreciated as it is time magnificent, yet customers still doubt about the quality of the process and they possibly might want to pick the choices.

Overall, the substitute power is very intense and affectionate, particularly in the beginning days. Not only must the service have high quality, the price ought to be reasonable. One possibility for blur Group to weaken the substitute power's influence is to hold a very firm position in the APAC market and put more emphasis on building the long-term relationships with potential and retained customers.

Competitive rivalries power: *High*. By entering this new market, blur Group must face a wide-range of both direct and indirect competitors. In this sector, competition is very diverse. It is always tough and is usually the major factor influencing whether a business succeeds or fails.

At first sight, blur Group actually has early entry to the APAC market from the very early days, even when the company only has the offices in the UK and US, according to blur Group's project centre data. Thus, blur Group is not the newbie entering this

market. However, we cannot ignore the fact that blur Group hardly gets as many advantages as its competitors because they have established a very solid position in this market. Mentioning its ‘biggest competitors’, it implies some globally popular names in the crowdsourcing field such as Odesk, Freelancer, Elance, and Guru. Those platforms possess the powerful worldwide crowds with a greater quantity of freelancers and professionals, along with fewer customers and number of projects. The projects are more variable and diverse. In the website of Freelancer, the number of users is more than 11 million with approximately 6 million projects.

However, blur Group does have its own unique features which differentiate itself from other platforms. Based on researches on some of the most popular crowdsourcing sites (Ranker 2014), there are some characteristics in the core business distinguishing blur Group’s platform from other crowdsourcing companies. Briefly, blur Group is more professional and more about B-to-B. Experts are not indicated as freelancers. Both projects listed and experts joining the platform need to go through the vetting process. The company has the minimum budget set for projects listed, which ensures the minimum interests for both blur Group and experts in the platform. It seems like the superior trait here is all about management. The projects listed in other websites are quite fragmented without focusing on professional B-to-B services. The growing rate in the past five years and how it becomes the solution for big business customers did show that blur Group’s vision goes in the right way.

Secondly, apart from global crowdsourcing platforms, blur Group also will face very competitive local services companies and other outsourcing companies. Accenture is one of them for example. Crowdsourcing is a disruptive way to do business by using collective intelligence on a wide geographical scale through cloud and mobile technology. However, depending on the condition of the company, the business decision maker might prefer either using the long-term partners’ services, as in some Asian countries, the business relationship is extremely important, or buying services with a more affordable cost. China, one of the biggest markets for blur Group in APAC, also has the domestic platform with the largest number of freelancers (Lynch 2012). They even had both a Chinese and English version for the platform (zhubajie 2014).

Furthermore, blur Group charges 20% of project budgets, which is reasonable in the industry but considerably steep relative to the services provided, especially for a very small business. This is the opinion recorded from Dave Olsen- the President of North Star Payroll, USA in the feedback to blur Group on 14.05.2014.

As the blur Group defines very accurately its market segment, the company will avoid the situation of being faded and affirm its position in the competition.

Customers' power: *High*. Determined at the first place, the customer is the centre of business. In APAC, customer service quality is a critical attribute to business success, especially in some cultures like Japan, Korea or China. Nevertheless, blur Group does not have a monopoly in the market: there are several firms offering almost the same services with slight differences. The company blur Group is not the only innovative company; other companies stimulate creativity as well. The conditions of the competitive arenas are not perfect. Thus, customers hold the rights to decide which company would win in the long-term run.

According to some researches on Asian's customs, compared with Western culture, Asian culture is more into long-term relationships in business (AusAsia Institute 2014). It assumes a lower frequency for change. A survey conducted by blur Group in the US revealed that 65% of procurement decision makers at large companies feel keeping the long-term relationship with a service provider and that kind of relationship, averagely could last for 10.5 years (blur Group 2013). In Asia, we could assume that those numbers could slightly bigger. Although nowadays innovation is encouraged, transformation still takes time. Therefore, when doing business in the APAC market, patience is highly desirable, and engaging with customers needs to be emphasized.

7 RECOMMENDATION AND DISCUSSION

7.1 Suggestions for building successful strategies for blur Group in APAC

7.1.1 Human resources and intellectual management

In compliance with blur Group's HR structure, there would be two teams formed in the new office in Hong Kong: Business Development and Sales team and Community Supporting team together estimated nearly 10-15 employees. There will be an HR manager who will be responsible for recruiting staff in the Hong Kong office and the relocating supervisor from blur Group to manage the daily operations of the new office in Hong Kong. Briefly, the staff in Hong Kong office will mainly look for new business. They will support local clients, partners and experts through the whole process of project execution. The Hong Kong office will collaborate tightly with the company headquarters (HQ) in the UK to make sure that company strategies are kept in line. All the activities of the office, including operation, finance, innovation etc. will be reported to HQ for monitoring.

Additionally, the company should not neglect enriching the company's culture and improve employees' working conditions to keep the talent. After collecting the opinions from current and former employees of blur Group HQ in Exeter, there are several issues addressed that are the main reasons leading to the dissatisfaction of blur Group's staff. These are some examples: the office working hours are considerably long regarding the average salary; the arrangement of work tasks is not so sensible in that it does not really match with the skills and credentials of each employee. The opportunity for career development is low. To improve this situation, the only solution is to boost interaction between the head managers and workers.

From personal observations, in six months consecutively, none of the questionnaire surveys were conducted with a target on the blur Group's employees. It is less likely that workers have the chance to make their opinions heard. Not so many workers actively give their points of view or have enough courage to voice their frustration. Instead, employees tend to choose the alternative to quit work. In July 2014, at the same time when blur Group's stocks were at the lowest point ever, there are some problems related to HR occurred inside the company.

Thus, the company should take some actions to transform the internal business culture. The company should hire new talent, but also recognize and promote the employees with potential and acknowledge their suggestions.

7.1.2 Technology and infrastructure growth

Apart from the core business concept, technology and infrastructure are the essential elements contributing to blur Group's services. Cloud and mobile technology are the foundation components of crowdsourcing or s-commerce and they are the megatrends which shape the future of business (Ernst & Young 2014).

Thus, blur Group continually keeps pace with the development in cloud and mobile technology. The company also works very closely with trading partners and sector specialists to enhance the technology and infrastructure. The growth of this aspect is quite sustainable. The improvement could be seen very clearly through the website user interface or enhanced hosting platforms of blur Group. All the modifications are featuring in the whole company's Tuesday meeting or informed by emails to all staff members.

7.1.3 Marketing plan

In the beginning, the Marketing & Content team in blur Group's HQ, Exeter will be in charge of all the Marketing activities. There will be more efforts required to find experts and drive traffic from APAC region, especially from the technology hubs.

Digital Marketing is the main method blur Group is using to reach customers and experts due to its cost efficiency and productive results. 'Focus' and 'Streamlining' are the secret to meeting the targets. Thus, instead of creating the objectives to appeal to as many APAC users as possible in general, the company should streamline its target to a smaller and clearer geographical scale. Hong Kong, China, Singapore, Australia and India could be the insightful choice considering the location, potential of the region and the business linkages company has built.

Opening a Hong Kong office will have great influences on users in this region. It speaks more about the potential and development of the company. The users in APAC will have easier access to the company's support than in the past. There will be more projects coming from this region due to the attempts of the Hong Kong office's Business Development team, which intrigues more experts joining the Business Exchange platform to get those projects.

There are three important factors in any Marketing strategies: (1) target users, (2) reaching methods and (3) retaining.

Firstly, the target user base of blur Group consists of services buyers and sellers. By using the cloud, users could be in everywhere in the world. They are professionals or business whose skills are related to ten services categories of blur Group. In respect to the limits to the topic of this thesis, only the perspective users regarding APAC are

mentioned. Thus, the target users are those from APAC, especially Hong Kong, China, Australia, India, Singapore and any business doing or having intention to do business with this region.

To reach and retain users, there are several approaches that the blur Group applies. According to Nikki Hammett- Digital Marketing Manager at blur Group, the digital marketing activities of the company consist of: Pay-per-click (PPC), Search Engine Optimization (SEO), email marketing, content marketing, inbound marketing, affiliate marketing, social media marketing, lead generation, and outbound telemarketing. Based on those listed activities and considering the efficiency of the inbound marketing methodology (Hubspot 2014), the process flow of Digital Marketing Strategies in APAC by blur Group could be suggested to be designed as follow. It illustrates the possible method to convert from the stranger to customers and end up being the promoter for the company's services.

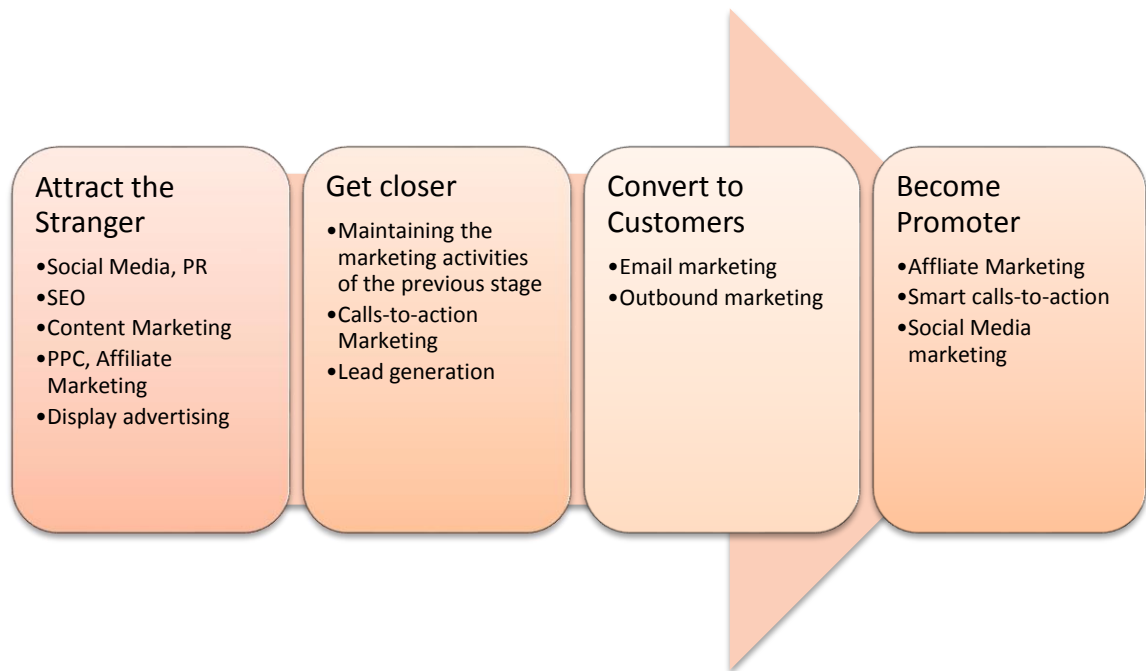


Figure 18. Digital marketing strategies process

Overall, the priority method is utilizing paid, owned and earned media. The company blur Group tries to reach perspective users through its core business concept messages. It goes through the various media, by Social Media, keyword search, content written. Noise is made and draws the attention of potential users until they pick it up. By worth-

of-mouth and the power of public attention, the messages spread and ‘messages receivers’ will give feedback to blur Group again for monitoring the performance.

The first and second stages usually require a lot of money, time and effort. Paid media is the placement that a company pays to draw attention from users. A PPC campaign on Google and pay for page rankings are used to drive the traffic to blur Group website. PPC, page rank, displaying advertising was commonly used within blur Group and it will be continued in the future for approaching the APAC market. There is a requirement of strict co-ordination between the Business Development team in APAC and the Marketing team in blur Group’s HQ to achieve the highest performance of the paid campaign, for instance: choosing the suitable search keywords for the region, selecting the effective search engine to start the campaign and so forth. Owned media is any asset owned by the brand. It could be website or microsite, a social network presence, a branded community, an app or simply a piece of branded content. Paid media will drive traffic to owned media. To reach, retain users and promote buying and selling services, blur Group needs to invest in owned media channels to carry more quality content. The most important owned media of blur Group is definitely its website. Besides utilizing paid media, SEO would not be neglected. One of the best descriptions of Search Engine Optimization was written as below (Moz 2013):

“SEO is the practice of improving and promoting the website in order to increase the number of visitors the site receives from the search engines. There are many aspects of SEO, from the words on your page to the way other sites link to you on the web. Sometimes, SEO is simply the matter of making sure your site is structured in the way that search engine understand. SEO is not only about “search engine” but it’s about making it better for people too”

By expanding the operation to the APAC market, there will be some highlighted obstacles that blur Group will face. Apart from Singapore and Australia with the largest English speaking population, other countries in APAC including China, India and Hong Kong have their own languages, and there are restrictions in English utilization in business daily operation. Language barriers become significant challenges. In the near future, blur Group’s global expansion will lead to the demand of adding more language options in its website’s interface. Furthermore, from personal observation, only within six months (from February 2014 to August 2014), the website of blur Group

experienced a few improvements. More contents are added with more accurate structures on the foundation of feedbacks from the business platform's members and the company's staff. However, in the Blog section, there should be more specialised articles, more interesting educational content which is altered with the demands from targeted users in APAC region.

Moreover, the marketing team attempts to create blur Group's revolution in social media channels by actively participating in almost all the common platforms such as Facebook, Youtube, Twitter, Google+, Instagram and especially LinkedIn- the business-oriented network. Sharing the relevant content in the social media channels and engaging with potential experts to build trusts are tasks done daily. At the moment, LinkedIn seems like the most powerful tool for targeting potential experts thanks to its business streamline. However, compared with the potential of the region, LinkedIn has a very small share of active users, especially in countries such as China in which domestic service providers defeat foreign websites. In Figure 19 below, we could see that among a few billions of people in China and India, there are only 1 million Chinese and 9 million Indians using LinkedIn. Other workers from APAC countries including those in Korea, Singapore, Hong Kong, and Japan are not even at a considerable amount in this case.



Figure 19. LinkedIn worldwide members statistics

(Source: Wall Street Journal 2011)

In fact, in recent years, blur Group has attempted to find the new professional network resources and figuring out the alternatives to communicate with potential users, but the results were not fulfilled. LinkedIn has the comprehensive professional networks and data, while the types of other social media's users are quite fragmented. In the customers' acquisition context, those platforms are not so useful. Additionally, the language barriers are also occurred here. The operation language of blur Group is English. Even though the company's staff comes from different backgrounds and nations, blur Group was not able to maximize the intellectual capital's implementation. Global expansion requires more efforts to improve this situation. In that case, the opportunity to occupy the market share of foreign countries (or APAC) will be more opened for the company. Figure 19 refers to the number of users in Chinese professional sites.

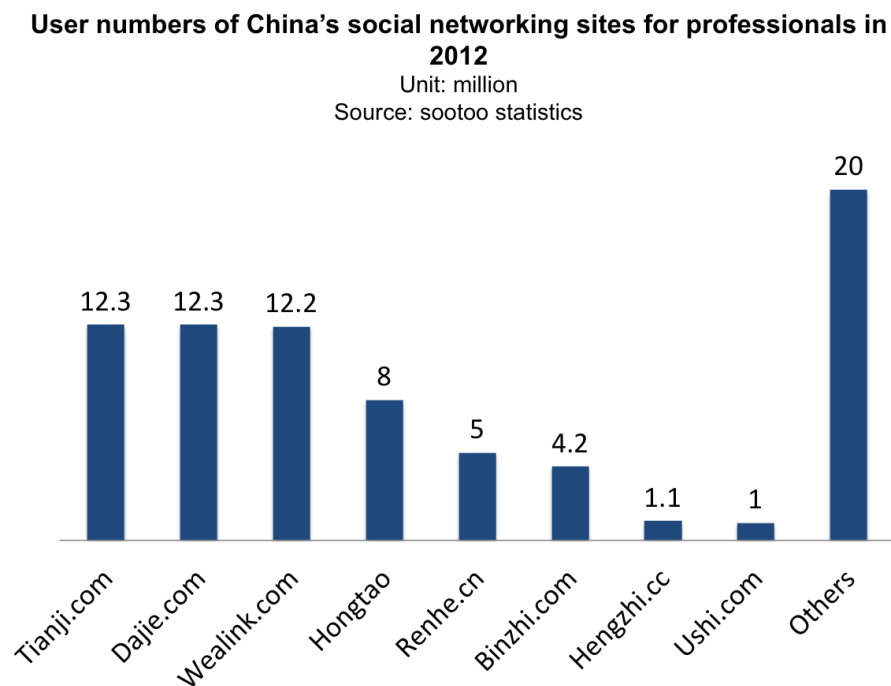


Figure 20. Networking sites for professionals 2012 in China

(Source: Sootoo Statistics 2012)

By spreading the reputation of blur Group and building trust with its target customers, outbound marketing such as sending invitation emails and making phone calls will have more influencing effects to customers. Sales and the number of experts joining will go

up as the outcomes. At this stage, retaining customers and converting them to the company's promoters are essential. Apart from maintaining the current activities, more stimulation (Smarter Calls-to-Action) should be done, e.g. sending emails to the platform's members to notify about new projects and organizing online hangouts for users. At this point in time, earned media has appeared as brand-related consumer actions and conversations (Burcher 2012). The message about services provided by blur Group will be spread by word-of-mouth. It is not so hard to evaluate the result of earned media, but earned media is more difficult to control because it is more likely the reaction from users. Some useful measurements to evaluate the effects of earned media could be by tracking the number of blog shares, the number of retweets (Twitter) etc.

Apparently, the number of experts' acquisition target is usually one of the Key Performance Indicators (KPIs) for the Marketing strategies of the blur Group. The forecast of expert acquisition until Q4, 2014 of blur Group is as following (Figure 21).

	Q1	Q2	Q3	Q4	Total
Target Experts	3,986	3,439	4,500	5,500	17,425
Target Experts Total	38,176	41,620	46,120	51,620	51,620
Actual Total	38,176	40,620	45,309		
Actual	3,986	3,439	4,689		

Figure 21. Expert acquisition statistics 2014

Other reports monthly and annually such as Google Analytics and social media reports will help to monitor the marketing performances. Additionally, blur Group experts community platform needs to be developed to become the common engaging place among experts and between experts and blur Group. By building the Community platform until it becomes a fully well known discussion forum, appealing and retaining users would be more effective and easier.

7.1.4 Financial projections

Even though blur Group has done the business with APAC companies before, returning on an investment of opening new business should still be a question at the beginning. Due to the high cost occurred of paper work, recruiting, buying facilities, the break-even point could not be met at the beginning stage and operation loss could be found at the beginning.

Mostly, not all the time, however, stakeholders judge the situation of the company based on the financial and business performances, and that somewhat creates pressure on blur Group to retain and raise public funds. It is reasonable to assess the business potential via financial reports; however, a healthy business should meet the quality revenue instead of normally high return on investment.

The summarisation financial forecast of Edison (Appendix 1) reflects the positive overview of blur Group until 2020. The growth rate will likely increase sharply, especially when the office in Hong Kong opened which is expected to drive more sales.

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Appendix 1. Financial Forecast by Edison Investment Research

	2012	2013e	2014e	2015e	2020e
Number of experts	23,275	32,046	41,660	54,158	140,377
New experts	9,924	8,771	9,614	12,498	23,396
Number of projects submitted	776	2,009	5,247	9,670	33,262
Average value of project	13	15	15	15	15
Value of projects submitted	10,253	29,815	77,875	143,513	565,316
% of customers taking premium services		2%	5%	10%	20%
Revenues					
Listing revenues	254	945	2,913	5,525	26,711
Project revenues	2,571	7,616	22,012	44,759	220,374
Partner/premium revenues	0	34	144	481	5,505
Total revenue	2,807	8,595	25,069	50,765	252,590
Gross profit	728	2,509	7,445	14,910	75,740
Listing gross margin	100%		100%	100%	100%
Project gross margin	20%	100%	20%	20%	20%
Partner/premium gross margin		20%	90%	90%	90%
Total gross margin	26%	90%	30%	29%	30%
Operating costs	(2,459)	(5,106)	(9,486)	(14,485)	(37,588)
EBITDA	(1,732)	(2,597)	(2,042)	425	38,152
EBITDA margin	-62%	-30%	-8%	1%	15%
D&A	(42)	(286)	(624)	(1,147)	(4,731)
EBIT adj	(1,763)	(2,872)	(2,656)	(711)	33,432
EBIT margin	-63%	-33%	-11%	-1%	13%
Efficiency metrics:					
Gross profit/S&M costs	0.97	1.18	1.54	1.92	3.37
Headcount	40	90	163	228	485
Annual improvement on the return on marketing	na	0%	15%	15%	10%
Exchange support growth as a % of sales growth	na	50%	50%	50%	50%
Source: Edison Investment Research					

(Source: Edison Investment Research)

Appendix 2. Evaluation plan

“How to evaluate business performances?” and ‘when we could say that the business is successful?’ are always very tricky questions. In fact, there is no particular scale to measure it. Any number or figure is very relative because the rightest factor, which makes company’s success, is the knowledge about market cultivating along its expansion. However, by attempting to achieve the desired key targets set along with Key Performance Indicators (KPIs), it will reflect the situation of the company on the go to its objectives. KPIs below were set based on the original ones used by blur Group.

Among the performances of different departments: HR, Technology/ Infrastructure, Sale, Marketing and Finance, HR and technology factors are the hardest ones to be measured as no clear evidences could be used for evaluating. The success of performances lies mainly in the results of other categories’ performances.

There are 3 typical KPIs blur Group using to prove its overall performance listed in Annual Report. They are: (1) Number of briefs; (2) total brief value submitted, (3) Total project bookings intake. The target is set and monitored every quarter.

