

**Growing on International Markets:**  
A study of Medius Group's internationalization process  
*Master of Science Thesis in Supply Chain Management*

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# Abstract

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Medius is a fast growing Swedish IT company that was founded in 2001. Medius' main product is MediusFlow™ – an invoice-automation software-solution that enables companies to optimize their accounts-payable processes and reduce costs. The company has experienced a tremendous growth during the last couple of years and has recently begun to expand internationally. The first foreign market that Medius entered was Norway, and this is also the country where Medius has most of its foreign customers today. However, the projects conducted in Norway have not been perceived to be as successful as those conducted in Sweden.

The purpose of this Master Thesis is to improve Medius' internationalization strategy by increasing the company's knowledge about internationalization and highlighting challenges and differences that occur when expanding to foreign markets. Special consideration was given to the Norwegian market entry and the projects implemented there.

An extensive literature study on the topic of internationalization was conducted, resulting in a theoretical framework and the identification of seven key success factors (KSFs) with regards to internationalization for a company such as Medius; *Management with international experience, Language skills, Efficient acquisition of knowledge, Efficient dissemination of knowledge, Working with partners, Follow-the-Customers* and *Balanced expansion pace*. Two theories, *The Uppsala model* and *the Network Approach to Internationalization*, were primarily used as a foundation for the framework.

The theoretical framework provided a basis for semi-structured interviews that were held with project managers responsible for Norwegian projects, customers in Norway and the Management at Medius responsible for Medius' internationalization. The information gathered in the interviews was then evaluated and put in context with the theoretical framework to analyze Medius' current position with regards to the KSFs.

Based on the analysis our main conclusion is that Medius already is doing well with regards to two of the KSFs; key personnel in management positions we have talked to are experienced and have often been conducting business abroad in the past, and Medius has a well-defined strategy for working with partners.

The major potential for improvement resides in the remaining five KSFs, especially when it comes to language skills, efficient acquisition of knowledge and efficient dissemination of the knowledge already accumulated. Medius should also implement an active Follow-the-Customer strategy with a close cooperation between Aftersales and Sales in different markets. Finally, Medius should make sure that they keep a reasonable pace of expansion as a too rapid internationalization risks overburdening the organization. A too slow rate of expansion will on the other hand incur a risk of losing market shares.

**Keywords:** *Internationalization, SME, the Uppsala model, Network approach, Knowledge Management, Norway, Sweden.*



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## 1 Introduction

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*This chapter includes a short introduction to our master thesis. Medius AB is briefly presented and the purpose and research questions are stated. A more thorough description of Medius in general is available in chapter 4 and a description of Medius internationalization can be found in chapter 5.*

---

The topic of this study is the internationalization of a medium-sized Swedish IT company called Medius AB (from here on referred to as Medius). Medius is a fast growing software provider and IT consultancy firm that was founded in 2001 in Linköping. Medius operates within three different business areas; Consulting, ERP and Workflow. The biggest business area is Workflow, where Medius has its own product MediusFlow™ which is a system that is primarily used for electronic invoice processing.

Medius now has approximately 140 employees and customers in about ten different countries. However, the vast majority of its employees and customers are still in Sweden, and so far most of Medius' foreign businesses have been handled from Sweden. This is changing though, as Medius is currently starting up several new subsidiaries in foreign markets to leverage the internationalization process.

Many studies show that a fast internationalization can be very difficult without first attaining knowledge and experience from some foreign markets. Johanson et al (2009) exemplifies with the rapid internationalization of some Swedish IT-firms in the late 90s and early 00s. Companies such as Boxman, Icon Medialab, Letsbuyit and Framfab all tried to quickly expand globally, but without the proper market knowledge and knowledge about internationalization they failed. Boxman and Letsbuyit went bankrupt during the IT-bubble of 2001 and Framfab and Icon Medialab both had to drastically cut down on their foreign activities.

The first foreign market that Medius entered was Norway and this is also where Medius has most of its foreign customers. However, the projects made in Norway have not been as successful as those made in Sweden (Jonasson, 2010). According to Henry Ivarsson (2010), CEO and Chief Salesperson at the Norwegian subsidiary Medius AS, the main problems have occurred during the delivery process when MediusFlow™ was implemented at the customers.

To facilitate further international expansion and to avoid the mistakes of some of Medius' predecessors, Medius now wishes to evaluate and analyze the Norwegian market entry and the projects conducted in Norway in order to find out what differences there are to take into consideration when expanding to foreign markets and how to tackle these issues. This forms the context in which this master thesis is written.

## 1.1 Purpose & Research Questions

The purpose of this Master Thesis is to improve Medius internationalization strategy by increasing the company's knowledge about internationalization and highlighting challenges and differences that occur when expanding to foreign markets. The main research question (MRQ) of the master thesis is thus:

**MRQ:** *How can Medius' internationalization strategy be improved?*

To answer this question, a number of sub-questions need to be answered. These are divided into theoretical research questions (TRQ 1 & TRQ 2) and empirical research questions (ERQ 1 & ERQ2).

The theoretical research questions will be answered in order to develop a framework that identifies important aspects that need to be considered during an internationalization process. Since the overall purpose of the thesis is to improve Medius' internationalization strategy the following two theoretical research questions have been used:

**TRQ 1:** *What are the major problems and risks associated with a foreign market entry for a company like Medius?*

**TRQ 2:** *What are the Key Success Factors for a company like Medius when expanding to new foreign markets?*

The empirical research questions aim to identify Medius' current situation. The first empirical research question (ERQ 1) is:

**ERQ 1:** *How is Medius currently working with their internationalization?*

- a) What is Medius purpose for internationalizing?
- b) How does Medius select which markets to enter?
- c) How does Medius enter selected markets?

The purpose of this question is to get an overview of Medius' general internationalization process. The second empirical research question (ERQ 2) is:

**ERQ 2:** *What differences and problems have Medius experienced when entering their first foreign market, Norway?*

The purpose of the second ERQ is to gather data about what differences and challenges that Medius have experienced in their first full-fledged foreign market entry. By conducting an empirical study an understanding of Medius' specific conditions will be established. Medius situation will then be analyzed by using the theoretical framework in order to answer the main research question; *How can Medius internationalization process be improved?*

## 1.2 Disposition

This thesis consists of eight chapters. The introduction chapter is followed by a Method chapter where we describe how we conducted our research and how this thesis came to be. Chapter three consists of a literature review on the concept of internationalization that leads up to the construction of a theoretical framework that later on is used to analyze Medius internationalization strategy. Through the construction of the theoretical framework the two theoretical research questions, TRQ 1 and TRQ 2 stated above, are answered. The fourth chapter gives general background information about the focus company in this thesis, Medius Group. Medius' different business areas as well as some financial information are presented. In chapter 5 ERQ 1 is answered by describing Medius current internationalization strategy and processes. Chapter 6 answers ERQ 2 and consists of the empirical data regarding Medius' activities in Norway. In chapter 7 Medius' internationalization is analyzed by comparing the empirical data to the theoretical framework, and in the eighth and final chapter we answer the main research question by giving our recommendations on how Medius internationalization strategy can be improved.



## 2 Method

---

*In this chapter the methods used for conducting our study are presented as well as some delimitations.*

---

This thesis was initiated after a teleconference with Henry Ivarsson, the CEO of Medius' Norwegian subsidiary. He had experienced that the projects conducted in Norway had been more difficult than the projects conducted in Sweden, and since Medius was currently about to open up several new subsidiaries in foreign markets he thought that it would be a good idea if someone looked into what was creating these difficulties and how they could be overcome. The initial scope of the thesis was thus on analyzing deliveries in the Norwegian market with the hope of being able to abstract information that could be generalized to other markets and thus facilitate Medius' future internationalization.

However, during the course of the thesis we realized that there are several other important processes, such as Sales, Scouting and Aftersales, which were also important to analyze in order to come up with a comprehensive internationalization strategy. Since we concluded that different knowledge barriers are the main challenges of internationalization we also realized that knowledge management, acquisition and dissemination at Medius needed to be analyzed. The scope of the thesis thus grew over time in order to be able to answer our main research question: *How can Medius Internationalization process be improved?*

The main target group for our thesis is the management at Medius Group and the findings and conclusions of this thesis are closely linked to Medius Group's specific situation. Because of that, the thesis might only be of limited interest to the broader academic community. However, there are some interesting academic take-aways. First of all, the extensive material gathered from interviewing project managers and customers in Norway provides an insight into the difficulties of providing consultancy services across borders. Secondly, Medius internationalization so far has closely followed the Uppsala Model. The Uppsala model has been deemed by many (Ruzzier, 2006; Bell J. , 1995; Matthews, 2007) to have become increasingly obsolete, but our thesis indicates that it still carries some explanatory power.

### 2.1 Methodological Approach

The main methodological approach used is the hermeneutic approach, which represents a qualitative way to interpret the studied field. A hermeneutic and qualitative method gives the researcher more liberty to adopt the research and change hypothesis as the work progresses. The interpretation of the facts is based on the researcher's prior experiences and the focus is to understand human behavior (Wallén, 1996). This master thesis is based both on a literature study and on empirical research.

### 2.2 Theory

Three different theories related to internationalization were mainly used for creating our theoretical framework; *The Uppsala Internationalization Model*, *The Network Approach to Internationalization* and *The International Entrepreneurship Theory*. These theories are described in section 3.3. Besides these theories we also looked into literature on *Knowledge Management* and *Organizational Learning* which is described in section 3.5.2.

### 2.2.1 The Theoretical Study

The theoretical research questions, TRQ 1 and TRQ 2, were answered through an extensive literature review on the concept of Internationalization of small and medium sized Nordic IT-companies. The majority of the articles were found in the Emerald Insight and Science Direct databases.

The first batch of articles was found using different combinations of search words such as; “internationalization”, “internationalisation”, “internationalization process” and “international expansion”. Once a few articles with relevant content had been found their references were used to find more articles to review and also more topics to research was revealed. Continued search in the databases focused on different combinations of the original search words with the addition of “SMEs”, “Nordic”, “Sweden”, “International Entrepreneurship”, “Uppsala Model”, “Network Approach”, “Business Networks”, “Organizational Learning”, “Knowledge Management”, “Knowledge”, “Experiential Learning”, “Foreign Market Entry”, “Knowledge Transfer”, “Born Globals” etc. Google and Google Scholar were also used to find some of the key articles that were recurrently used as references in the first batch of articles we found relevant to our study.

An interview was also conducted with one of the leading researchers within the field, Professor Jan-Erik Vahlne, at Gothenburg University in order to validate our theoretical framework. Jan-Erik Vahlne is one of the co-founders of the Uppsala Model and has been researching internationalization for over 30 years. The purpose of the interview was to get his view on our answers to our theoretical research questions TRQ 1 and TRQ2. Vahlne confirmed our view – that the main challenges related to internationalization to a large extent are to overcome knowledge barriers. However, he also pointed out that the market specific barriers has become less important compared to relationship specific barriers, as the international marketplace has become more homogenous. He therefore stressed that we also implement a network perspective for our analysis. He could not give any input as to key success factors for internationalization as they, according to him, are very industry specific.

### 2.3 Data collection

The main data collection method for the empirical research was semi-structured interviews, but information was also gathered from the company webpage, Medius’ intranet, annual reports and other internal documents. The Semi-structured interview is a data-collection method where an interview-guide is used for interviews, but the interviewers aren’t bound by it and the interviewee is encouraged to elaborate on issues that he/she feels are important. Follow-up questions that aren’t in the guide can be asked by the interviewers and the interview can thus take different directions based on the interviewee’s experiences and inputs. This is method that is commonly used for gathering qualitative data (Bryman & Bell, 2007).

ERQ 1 was answered through conducting several interviews with key personnel at Medius. In order to answer ERQ 2 a series of interviews was conducted with project managers who had been involved in projects in Norway (an example of an interview template is available in Appendix A). Three Norwegian customers were also visited and interviewed in order to get their perspective on the projects. *Table 1* below summarizes the interviews conducted.

<b>TRQ1 &amp; TRQ 2</b>
Vahlne, Jan-Erik. Professor, Gothenburg University, Göteborg
<b>ERQ1: Management &amp; Key Personnel at Medius</b>
Andersson, Truls. Senior Salesman, Medius, Göteborg
Arkhult, Lena. After Sales, Medius, Göteborg
Bengtsson, Daniel. App-Lead, Medius, Göteborg
Birgersson, Michael. Salesman, Medius, Göteborg
Castevall, Johan. Chief Operations Officer, Medius, Stockholm
Ellmark, Michael. Chief Executive Officer Medius UK, Medius, Göteborg
Ivarsson, Henry. Chief Executive Officer Medius AS, Medius, Oslo, Norway
Jonasson, Magnus. Delivery Manager Göteborg, Medius, Göteborg
Lisnell, Magnus. International Markets Director, Medius, Göteborg
Nordling, Per. Chief Executive Officer Medius Group, Medius, Linköping
Pauland, Andreas. After Sales Director Göteborg, Medius, Göteborg
Runstedt, Daniel. Delivery Manager International Markets, Medius, Göteborg
<b>ERQ2: Project Managers at Medius</b>
Bengtsson, Daniel. App-Lead, Medius, Göteborg
Glamsjö, Sandra. Project Manager, Medius, Stockholm
Johansson, Mattias. Project Manager, Medius, Stockholm
Jonasson, Magnus. Delivery Manager Göteborg, Medius, Göteborg
Iderot, Kristina. Project Manager, Medius, Stockholm
Klasson, Kim. Project Manager, Medius, Göteborg
Lundqvist, Victor. Project Manager, Medius, Stockholm
<b>ERQ2: Project Managers at client</b>
Project Manager. Chief Information Officer, Alpha AS, Drammen, Norway
Project Manager. Chief Financial Officer, Beta International AS, Drammen, Norway
Project Manager. Chief Information Officer, Gamma AS, Tönsberg, Norway

**Table 1, Summary of the interviews conducted**

Since there had only been a limited number of projects conducted in Norway, our initial aim was to gather data from all of the projects. However, the majority of the Norwegian projects have not been completed and some of them were very recently initiated. Interviewing the project managers for the most recent projects was deemed unnecessary as not enough data would be available. Some Project managers have been responsible for several projects, so all in all we conducted seven interviews with project managers covering a total of eleven different projects.

## 2.4 Research Design

A qualitative cross-sectional research design was used to determine which factors, relating to internationalization, that have an impact on the outcome of the projects (see Appendix B for an illustration of the concept). Cross-sectional design is a research method that collects data from several different cases, which then is analyzed in comparison with different variables (Bryman & Bell, 2007). The method is most commonly used for quantitative data, but the nature of the topics that was studied (such as for example culture and language difficulties) are hard to quantify the effects of. Therefore the data generated from the interviews was analyzed and categorized qualitatively to see which factors that likely had an effect on the outcome of a project.

Out of the eleven Norwegian projects, three projects were chosen to be analyzed more in depth as case studies. According to Bryman & Bell (2007) the biggest advantage of case studies is that it allows the researcher to concentrate on a specific event in order to understand the underlying factors

affecting the outcome. These underlying factors can be very hard to find and remain hidden in other research methods such as surveys. The downside of using case studies is that the findings in them are often hard to generalize to other cases (Bryman & Bell, 2007). For the data generation of the case studies, customer interviews were done as well as more in-depth interviews with the project managers. The rationale for choosing the three projects that we did was that these projects were either completed or close to completion and thus had more data was available for analysis. They were also among the first Norwegian projects and thus more likely to have had difficulties.

### 2.4.1 Relating Empirics to Theory

There are three major scientific approaches to relate theory and empirics; *induction*, *deduction* and *abduction*. Induction means that empirical data is generated and analyzed with an open mind that is not anchored to a predetermined theory. Instead theories are created based on the results of the empirical data. The opposite if induction is deduction, which means that a hypothesis created based on existing theoretical models and the empirical data is then tested against the hypothesis. The final way, abduction, is a combination of both induction and deduction, and uses a theoretical base and empirical material to test and develop the theory. (Wallén, 1996)

This thesis' scientific approach is somewhere between deduction and abduction. Before starting the empirical research an initial theoretical framework was built and used as inspiration when constructing the interview templates for interviews with the project managers. However, the interviews were done in a semi structured manner and some of the data collected lead to that the theoretical framework was modified and extended during the course of the thesis. Once the empirical research was finished, the data generated was analyzed and interpreted in relation to the new theoretical framework. There was thus an iterative interplay between the theoretical research and the empirical research (see Fig. 1). Through the combination of the two, the main research question, *How can Medius internationalization process be improved?*, was answered.

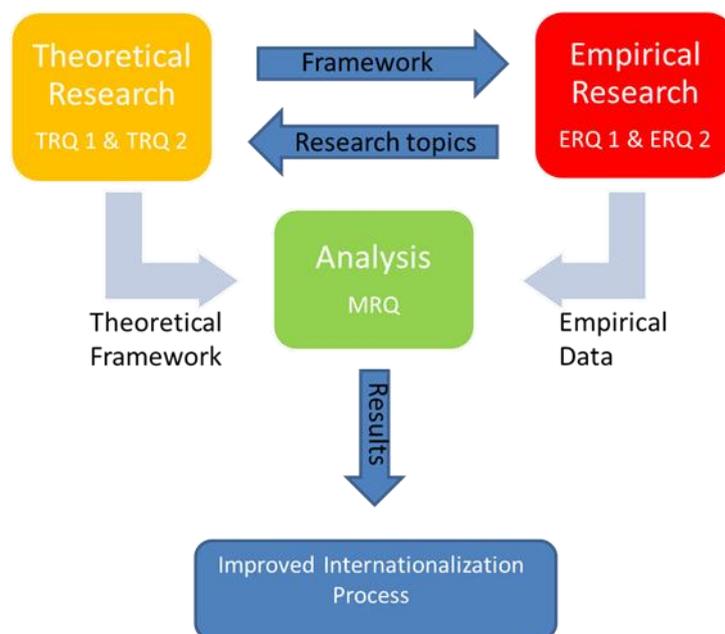


Figure 1, Relationship between research questions

## 2.5 Delimitation

The purpose of the thesis is to improve Medius internationalization strategy. Medius is still a rather small company and because of that we focused on theories for internationalizing SME:s. Several theories related to larger companies were therefore discarded.

For larger companies acquisition is a common strategy for growth both within a market and as a mean to enter new markets. Since Medius still is a small company with limited financial resources this topic is only briefly mentioned and not further investigated. However, as Medius continuous to grow this might very well become a relevant part of Medius toolbox for international expansion in the future.

The analysis in this report is primarily based on Medius' activities in Norway. Some of the issues discovered may very well be market-specific and hard to generalize to other markets. Most of the Norwegian projects were also still in progress and this made it difficult to draw any conclusions regarding the outcome of the projects. Many of the issues identified during the interviews could also have stemmed from relationship specific difficulties and not be general traits specific for the Norwegian market.



### 3 Theoretical Framework

---

*This chapter gives a theoretical background to the concept of internationalization, a brief overview of the available models and theories as well as a more in-depth description of the models and theories deemed to be relevant to the case of a Nordic IT SME. Based on these theories we have created our own theoretical framework with the specific purpose of analyzing Medius' internationalization strategy. At the end of the chapter the answers to our two theoretical research questions are presented.*

---

#### 3.1 What is Internationalization?

Within the academic world the concept of a company expanding to foreign markets is known as Internationalization and it is defined by Ruzzier et al. (2006, p. 447) as *“a synonym for the geographical expansion of economic activities over a national country's border.”* During the last decades there has been a substantial amount of research within the field, both related to small and large companies (Johanson & Vahlne, 1990; Ruzzier et al., 2006; Kaar, 2010). The concept is closely linked to globalization which can be seen as an extension of internationalization (Gjellerup, 2000). In the context of this study, internationalization relates to the international expansion activities of a single firm and globalization relates to the trend of increasing global connectivity of actors, regions and markets that enables and drives the internationalization of the firm.

Ruzzier et al., (2006) argues that there are three main forces driving globalization (and thereby internationalization). First of all the IT-revolution has substantially lowered the cost of communicating in a geographically more far-stretched network. It has also produced more easily available information about business opportunities. Secondly, financial deregulations and the dismantling of trade barriers have greatly facilitated the internationalization process of companies. Finally, the fall of socialism in Russia and Central/Eastern Europe, and the emerging markets in Asia have opened up large new markets for growth and investment. Matthews and Zander (2007) adds that institutional changes such as harmonization of international law and business practice combined with strengthened protection of intellectual property rights also have made internationalization easier.

Globalization, and the changes in the business environment that it entails, provide both threats and opportunities for SMEs. Global competition poses a real threat to smaller local companies, but at the same time the reduced barriers for internationalization provide access to larger markets and thereby possibilities to increase sales and capitalize on economies of scale (Regeringskansliet, 2010).

Two important strategic issues a company needs to deal with when starting its internationalization process are; *“What markets should we enter?”* and *“How should we enter the markets that we have chosen?”* (Bell, 1997; Johanson et al., 2002). Before trying to resolve these issues it is important to define what a market is. In the next section we define our view of a foreign market by applying a network perspective.

## 3.2 What is a market?

In today's business world there is an increasing focus on relationships between companies (Johanson, Blomstermo, & Pahlberg, 2002). Business relationships evolve as a result of interaction, which is a complex pattern of information exchange concerning the needs, capabilities and strategies, between the parties doing business (Holm et al., 1996). Empirical research shows that the market performance of a company is dependent on the functioning of its relationships (Håkansson & Snehota, 1995). Close, lasting relationships are considered as critically important by companies, but it takes time and resources to establish and develop relationships (Johanson & Vahlne, 2003).

### 3.2.1 The Business Network

Even though business relationships can be analyzed per se, they can be better understood if they are looked at in a context (Holm et al., 1996). Håkansson & Snehota's (1995) developed a network approach where relationships are viewed as part of a broader network structure. One of the main features of their framework is the **connectedness** of relationships; forming a new relationship, terminating an old relationship, or a change in how two companies coordinate their activities and resources is likely to affect other relationships.

There are both obvious examples of connectedness, as well as more subtle ones. It is quite obvious that the offer to a customer from a company will be affected by its relationships to important suppliers. More subtle examples of connectedness could be when a solution developed for one customer could prove advantageous for other customers with similar requirements, or when a potential partner uses previous relationships of a particular company to evaluate how attractive it would be to start doing business with them, and thus establishing a new relationship.

Håkansson & Snehota (1995) argues that if business relationships are connected in this manner and that if it applies to companies in general, the possibility of chain connectedness between relationships must be considered as well. If the relationship between a company and its supplier affects the relationship between the company and one of its customers, it might also affect the customers' relations to other customers and suppliers (see Fig. 2). This chain of connectedness is without limits and ties companies into a form of structure; the "business network".

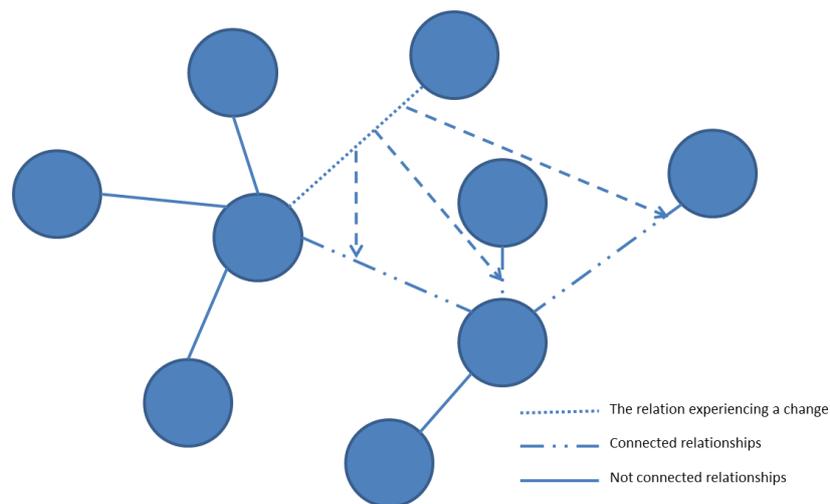


Figure 2, An illustration of a sub-portion of a business network and the connectedness between relations.

The network approach to analyzing a company puts it in a context where this web of relationships extends into a network without boundaries. Every company is the focal point of its own individual network, but all these networks are connected, and are thus never limited to a particular market, business or industry. (Johanson et al., 2002)

However, even though the business networks are without boundaries, any practitioner can delimitate subportions of a network in order to identify networks specific to markets, industries or nations. It is, however, important to remember that these delimitations are rather arbitrary, and that there always are going to be relationships crossing those boundaries (Johanson et al., 2002).

### 3.2.2 Definition of a Market

We use a network perspective when defining the concept of a market. This perspective puts focus on a company's relationships and network context. A foreign market, for example Norway, is thus defined as the sub-portion of the boundless global business network with the specific characteristic that it excludes all actors not present within the geographical region of the kingdom of Norway (see Fig. 3 below).

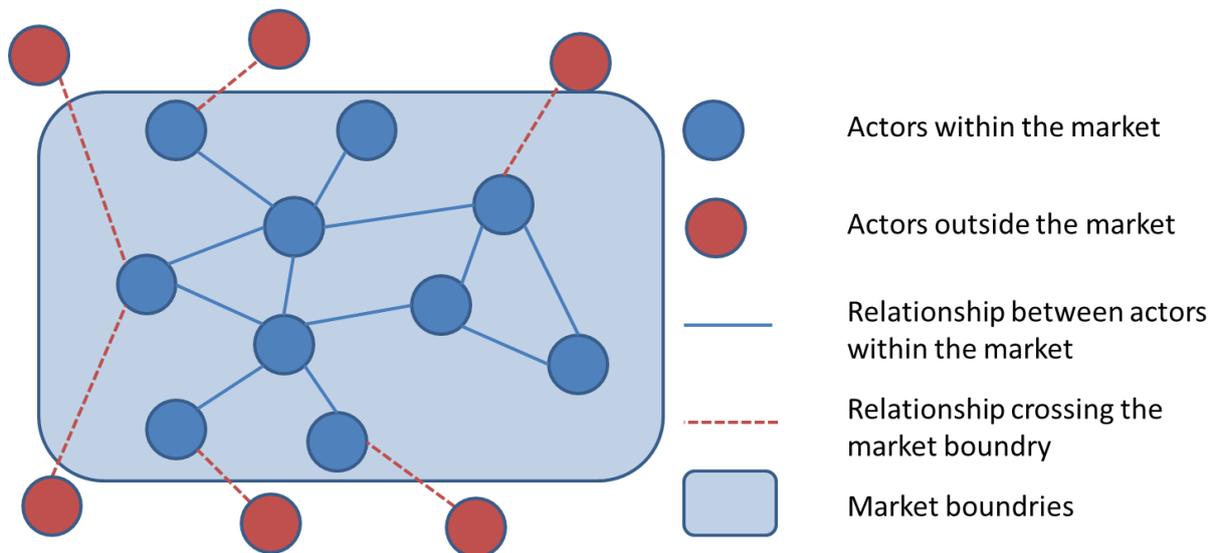


Figure 3, An illustration of a sub-portion of the global business network delimited by geographical boundaries.

So why is it useful to make a distinction between different markets, i.e. different networks? The answer to that question is that if the segmentation of the global business network into a specific market is done in a meaningful way the actors within the market will share some common characteristics, for example a language, different laws and regulations, or a tendency towards a certain business culture, that differentiate them from actors outside the market. These characteristics act as entry barriers for actors not present in the market.

The focus on this thesis is on internationalization and foreign markets therefore become a relevant unit of segmentation when dividing up the global business network. There are several theories and models describing how companies select which foreign markets to enter, and how to do so. In the next section an overview of the most important theories will be presented.

### 3.3 An Overview of Internationalization Theories

Numerous models and theories that describe how and why companies act as they do in their internationalization process has been created since the late 1950s and 1960s, drawing their roots from several different scientific disciplines such as economics, sociology, strategic management and organization theory (Acedo & Casillas, 2005, cited in Kaar, 2010). Most of the early research was based on an economic perspective that focused on understanding and explaining the behavior of large multinational enterprises (MNEs) (Ruzzier et al., 2006). Some of the main theories on this topic include: “*The Internationalization Theory*”, “*The Transaction Cost Theory*”, “*The Eclectic Paradigm*”, and “*The Monopolistic Advantage Theory*” (Ruzzier et al., 2006). However, theories developed for large firms may only have limited applicability when applied to SMEs, as ideas developed for large firms do not necessarily work in a small business setting due to differences in resource endowments, ownership and organizational structure (Chen & Hambrick 1995, cited in Ahokangas, 1998; Kaar, 2010). These theories will not be described further here since the focus of this thesis is on the internationalization of Nordic IT SMEs

An important difference between the internationalization process of SMEs and MNEs is the limited resources of the SME. One important part of this is the limited financial resources (Bell, 1997). Larger companies with more financial muscle are presented with the option to enter foreign markets through acquisitions. Resource-rich companies can in this way buy themselves a position in a network and acquisitions is now the primary mode of entry into new markets in terms of value (Johanson & Vahlne, 2009). Through acquisitions the buying company gets access to both resources and knowledge about the market which can help them to more quickly overcome some of the entry barriers related to internationalization (Vermeulen & Barkema, 2001). However, acquisitions are costly, both in terms of the actual purchase where you often have to pay a 20-40 % takeover premium above the actual value (Eckbo & Langor, 1989; Jarrel et al. 1988, cited in Vermulen & Barkema 2001)), as well as in the following integration of the new company. Because of the limited financial resources of SMEs, acquisitions are thus usually not a viable alternative for international expansion and will not be analyzed further in this thesis.

Another important resource constraint for SMEs is the lack of knowledge about internationalization and different markets (Johanson et al., 2002). A model that specifically focuses on the knowledge and learning aspects of internationalization is the **Uppsala Internationalization Model**, which will be described in depth in the next sub-section. Vahlne (2010) supports the notion that lack of knowledge and the need for knowledge acquisition are key aspects of internationalization, but also adds that lack of contacts, relationships and trust in the target market are equally important for understanding internationalization. The second main theory that our framework will be based upon is the **Network Approach to Internationalization**, which focuses on these aspects. A third and final theory that is also used for constructing our framework is **The International Entrepreneurship Theory** which specifically focuses on the roles of individuals in the internationalization process. The next three sub-sections will explain the basic ideas of the above mentioned theories, starting with the Uppsala Internationalization Model.

### 3.3.1 The Uppsala Internationalization Model

The Uppsala Internationalization Model (the U-model) was developed in the 60s by a group of Swedish researchers at Uppsala University who were studying how Swedish firms expanded internationally. At that time, not much research had been done on the subject but changing market conditions, such as the formation of the European coal and steel union (the predecessor to the European Union) and the increasing market presence of American companies in Europe, had led to an increased interest in the topic. The main question that the researchers tried answer was whether there were any major differences for a company acting in a single market and a company acting in several markets (Johanson et al., 2009).

#### 3.3.1.1 Psychic Distance

The Uppsala researchers found out that most companies did not follow the logic dictated by the marketing text books at the time, i.e. to base your market expansion on extensive market data generation and analysis. Instead expansion seemed to be based on a different pattern. When this pattern was analyzed a new way of understanding internationalization was found through the construction of something called **psychic distance** (see *Table 2*). Psychic distance is a measure of how foreign a particular market is relative to the home market, and it incorporates parameters such as differences in language, culture, commercial law, political system and level of development. The psychic distance between two markets obstructs the flow of information and knowledge between them and is thereby a measure of how difficult a specific market is to enter (Johanson et al., 2002). According to the U-model the solution to the strategic issue “*What markets should we enter?*” is thus that a company should first expand where the psychic distance is low. Through first expanding into markets with a low psychic distance the company will gain experiences and knowledge that facilitates future expansion into countries with greater psychic distance.

Psychic distance
Norway
Denmark
Finland
UK
Germany
Schweiz
Austria
Holland
USA
Canada
Belgium
France
Spain
Australia
Italy
Portugal
Japan
Turkey
Brazil
Mexico
Argentina
Chile

**Table 2, Different countries' psychic distance from Sweden listed in ascending order.**  
Source: Johanson et al, 2002 p 62.

### 3.3.1.2 The Establishment Chain

The U-model also provides a solution to the second strategic issue stated in the beginning of this chapter, “How should we enter the markets that we have chosen?”, through something known as **the Establishment Chain** (see Fig. 4). According to the establishment chain activities in a new market can often be described as a step-by-step process that is driven by the need for market knowledge and the reduction of uncertainty. Activities in a market usually start with sporadic sales. From these initial activities the company begins to learn about the market, something which reduces the uncertainty related to that particular market. With reduced uncertainty, increased commitment of resources to the market becomes possible while still maintaining the same level or risk, given that the market potential is sufficiently interesting for the company. After initial sales the next step is usually to find an agent or a sales partner in the market. After some time a sales branch is set up and finally in some cases a production unit is also set up in the market (Johanson et al., 2002).

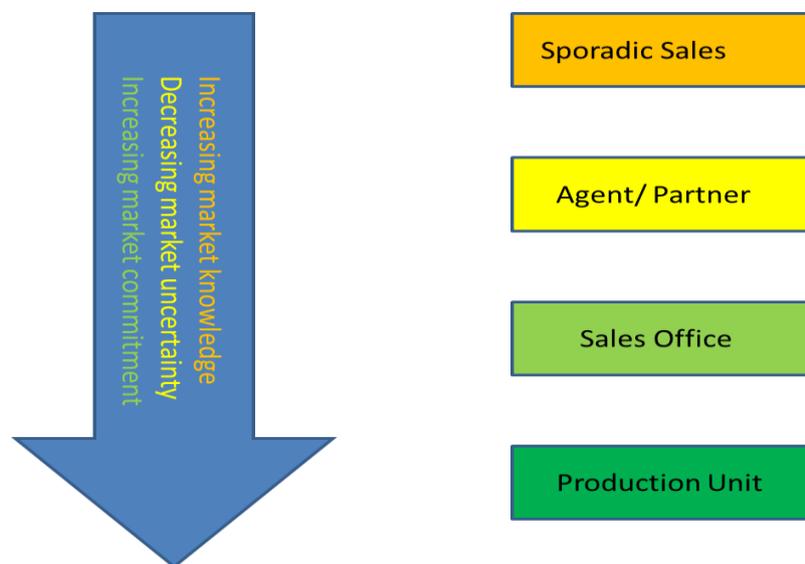


Figure 4, The Establishment Chain. Source: Johanson et al., 2002.

### 3.3.1.3 Knowledge, Learning and Risk Management in the Uppsala Model

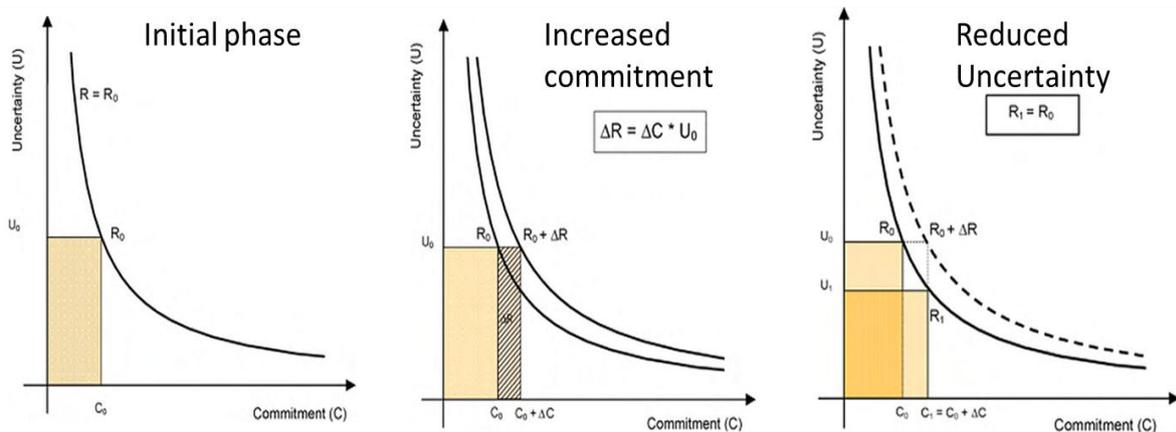
The rationale behind both psychic distance and the establishment chain is that the need for-and lack of- market knowledge to a large extent determines how internationalization occurs. This is related to risk management. In the U-model risk is expressed as  $R_i = C_i \times U_i$ . The current risk at a certain market,  $R_i$ , is the product of the commitment to that market,  $C_i$  and the uncertainty associated with that market,  $U_i$ .

Commitment can be seen as the product of the investments made and the level of irreversibility of the investments (Figuera-de-Lemos et al., 2010). These investments can be in tangible objects. E.g. in property (that might be quite easy to convert for other purposes), or machines (that might be more difficult to find alternative uses for). The investments can also be in intangible resources, such as in an agreement or in the commitment to a particular relationship that is seen as strategically significant. Investments in a relationship imply the willingness to commit time and resources in order to maintain and develop that relationship (Ibid). Investments made in particular international business relationships are not easy to recover (Jonsson & Lindbergh, 2010) and thus implies high levels of commitment as the investments are made. The process of commitment is preceded by the process of building mutual trust, which is a very time and resource consuming process in itself.

(Figuera-de-Lemos et al., 2010) There are evidence of how making unilateral commitments can be valuable, but Figuera-de-Lemos et al. (2010) stresses the importance of mutuality in these commitments and first building trust.

The concept of uncertainty also has several elements. There is always going to be a certain level of uncertainty regarding what is going to happen in a venture no matter what. This is referred to as *pure uncertainty*. A second type of uncertainty, which can be mitigated through different measures, is uncertainty stemming from a lack of knowledge. Johanson et al. (2002) differentiates between two different types of knowledge related to this which can be accumulated through activities in a market; **Market specific knowledge** and **Internationalization knowledge**. Market specific knowledge relates to knowledge that is useful only in the specific market such as knowledge about customers, business culture, laws in the country etc. Internationalization knowledge is linked to the experiences of doing business abroad in general and the company's overall internationalization strategy. Aspects such as how to set up a subsidiary, finding suitable partners, transfer knowledge between branches and allocate resources etc. are a part of internationalization knowledge.

In the early stages of internationalization a company usually has very little knowledge about a certain market. Most of the market specific knowledge is also very difficult to gain from premarket-entry data-generation and analysis. However, through initiating activities in that market the company starts a learning process. Uncertainty decreases over time through experiential learning. A graphical illustration of this process is illustrated in *Fig.5* below.



**Figure 5, Risk, Commitment & Uncertainty in the Establishment Chain.**  
Source: Figuera-de-Lemos et al., 2010.

The first diagram illustrates the initial starting condition in a particular market. In the second diagram a commitment decision had been made to increase the presence in the market. This could for example be to increase the resources committed to the market by going from selling through an agent to opening up a sales office. The learning process that reduces the uncertainty is not momentarily and thus the risk increases. However, after some time the increased presence in the market leads to better knowledge about customers, opportunities, competitors etc., and thus the uncertainty is reduced. This is illustrated in the graph furthestmost to the right in *Fig. 5*. Once the risk has fallen below a certain level the decision makers at the company might decide to further increase the presence at the market by committing even more resources. From this process internationalization knowledge also is gained, something that facilitates future market entries into markets with greater psychic distance.

The U-model illustrates how the process of internationalization is an interaction between market-knowledge acquisition and increasing market commitment (see *Fig. 6*). At any given time a company has a certain level of **market commitment** and **market knowledge** and in the U-model these variables are used to describe the current level of internationalization. The current level of internationalization affects **commitment decisions** and **current activities** on the market. However, in a dynamical perspective, *commitment decisions* and *current activities* on the market eventually increase the market knowledge and market commitment. The basic notion of the U- model is that internationalization is an incremental development, based on knowledge that firms acquire gradually from activities on the market (Johanson et al., 2002). Thus, according to the Uppsala Model, risk aversion and the demand for market knowledge explains both *why* companies choose to expand in countries with low psychic distance and *how* they expand, i.e. in accordance with the establishment chain.

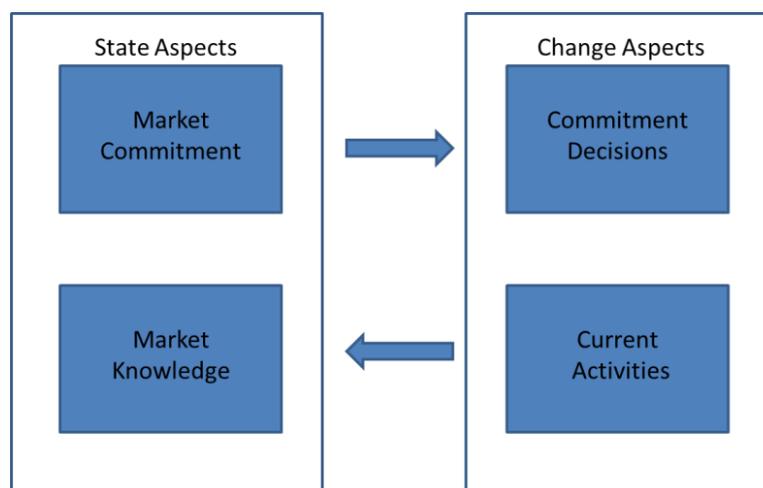


Figure 6. The Internationalization Process of the Firm. Source: Johanson & Vahlne, 1990

### 3.3.1.4 Criticism of the Uppsala model

The U-Model has been widely used and spread within the academic world and there has been a lot of research on its usefulness (Bell, 1995; Ruzzier, Hisrich, & Antoncic, 2006). There are several empirical studies both in favor and in opposition to the model (Johanson et al, 2002). One of the main arguments against the model is that it is too deterministic and that it doesn't take the strategic consideration of management into account (Reid, 1981 cited in Bell, 1995). The risk elements of the model presented in the section above comes from a very recent publication by some of the founders of the U-model (Figuera-de-Lemos et al., 2010) and somewhat counters this argument by elucidating the risk management and contingency aspects of the model.

Empiric data shows that there are quite a few companies that deviate substantially from the establishment chain (Ruzzier, 2006) and for which psychic distance have little or no impact on the choice of neither the first, nor subsequent, markets to enter. This is especially true for companies in high-technology or service-intensive sectors, e.g. companies within the computer software sector experience lower entry barriers than traditional manufacturing companies and achieve rapid growth in a dynamic, global industry. (Bell, 1995)

Bell's study (1995) of small software firms identified three important factors that strongly influenced their initial and subsequent market selections; client followership (internationalization due to the international strategies of a domestic client), sectoral targeting (targeting of markets experiencing growth in their specialized niche) and computer industry trends. None of these factors correlates with the notion of psychic distance.

Several attempts to explain these deviations have been made, and from many different perspectives. One of the most prevalent approaches is to use a network approach to internationalization. Case studies provide numerous examples of how the surrounding networks affect single dyadic relationships and both speed up and inhibit internationalization. (Holm et al., 1996; Coviello & Munro, 1997) Also Johanson and Vahlne, the creators behind the U-model, agree on the importance of the network and later used this perspective to extend their original model (Johanson & Vahlne, 2009).

### 3.3.2 The Network Approach to Internationalization

According to the network approach, the main barriers of internationalization are associated with relationship establishment and development, and not with crossing national borders per se. Firms are expected to organize their business in order to develop, support and coordinate their different relationships. Research has shown that companies usually maintain a relatively small number of close relationships with important suppliers, customers and other partners. This collection of relationships forms the network context of the particular company (Johanson et al., 2002).

Foreign expansion is from the network perspective not a matter of being a market insider or market outsider, it is rather a matter of each actor only knowing about its own specific network context and only having a vague idea about more distant actors and networks. However, most SMEs start off in a network context that is primarily domestic before it starts its internationalization process.

Johanson & Mattsson (1993, cited in Ruzzier et al. 2006) takes an approach to internationalization through networks that is based on how a firm starts off in a primarily domestic network context and then establishes relationships in networks in other countries that are new to the firm (international extension). This is then followed up with development of relationships in those networks (penetration), and through connecting networks in different countries (international integration). The emphasis in their model is put on gradual learning and the development of market knowledge through interaction within the networks (Ruzzier, 2006). This thus corresponds with the main idea behind the U-model but with the difference that from a network perspective the interplay between uncertainty, knowledge and commitment mainly concerns the development of relationships rather than countries. As companies learn from interacting with each other, the relationships develop gradually, and the commitment increases (Johanson & Vahlne, 2003).

Even though the barriers to international expansion are considered to be associated with the establishment and development of relationships, instead of with entering a foreign market per se, they are nevertheless there. Johanson & Vahlne (2003) distinguishes between **relationship-specific psychic distance** and **country-specific psychic distance** in order to incorporate the set of direct business-related problems and the set of problems related to country-specific institutional and cultural barriers. It is harder to build relationships if, everything else being equal, there is a larger psychic distance between the actors/markets (Johanson & Vahlne, 2009).

#### 3.3.2.1 Selection of market and entry mode from a network perspective

The problems surrounding foreign market expansion and foreign market entry, i.e. the answers to the two important strategic issues identified earlier; *“What markets should we enter?”* and *“How should we enter the markets that we have chosen?”*, can be considered to be very similar from the network perspective. The network model will not give any specific suggestions as to which country a company should expand into. Also, there are no arguments for companies to follow the so called establishment chain in the network model.

According to Johanson & Vahlne (2003), foreign market expansion is a matter of first establishing a relationship to a firm in a particular market, establishing and developing supporting relationships and lastly to develop relationships that are similar as, or connected to the focal one. They make no difference between such activities in either domestic or foreign markets, the network of relationships might very well cross national boundaries.

The selection of entry mode can be seen as an element in the process of relationship development. (Holm et al., 1996). It can be assumed that smaller companies, lacking the resources of a larger corporation, might be more influenced by network relations. A study of small Norwegian software firms shows how the network relationships have been critical factors for both the choice of markets to enter and the entry form (Moen et al., 2004). These findings confirm earlier studies by Munro & Coviello (1997) of small software firms where network relationships impacted both the choice of market and the entry mode. The network relationships in the study both drove and facilitated, but in some cases also inhibited the rapid internationalization process of the firms.

### *3.3.2.2 Internationalization strategies from a network perspective*

From the network perspective, the internationalization strategy stems from the need to (Johanson & Mattsson, 1993, cited in Ruzzier et al. 2006):

- Minimize the need for knowledge development;
- Minimize the need for adjustment; and
- Exploit established network positions

One way for a company to do this is through the utilization of its relationships as bridges to other networks, and thus pursue a strategy called **Follow-the-Customer** (Johanson et al., 2002). Following a customer, or partner, into a foreign market is a reactive strategy that can save a lot of time and work when building up the necessary experiential knowledge. The expansion into foreign markets can be an opportunity that stems from a partner or customer's international business, or from a customer or partner requirement. The customer follower already has a place in an international network.

The foreign expansion of the Swedish company Nefab is a good example of how this can work out. Nefab manufactured packaging material for Ericsson, to whom they had a close relationship, and when Ericsson expanded abroad they followed suit in order to support this important customer. The knowledge and experience they gained from working closely with Ericsson helped them not only to set up factories in China, Canada, Brazil and Estonia, but also to acquire other big customers in the telecom industry such as Nortel and Alcatel (Johanson et al., 2002). This kind of scenario where a customer is followed abroad seems to be especially common for service firms, and new market entries will then have little to do with psychic distance (Johanson & Vahlne, 2003).

Sometimes relationships might even force a firm to enter foreign networks. E.g. a customer might require a supplier to follow them abroad in order to ensure proper service at the new location, or timely deliveries to their new factories (Johanson & Vahlne, 1990).

Another, proactive, strategic approach is to act as a **Market-Seeker**. i.e., the management actively approaches a market/network to which no previous connections exist. This can be a quite risky strategy due to lack of knowledge about the specific market. Many companies try to mitigate this through extensive market research prior to the expansion, e.g. in the form of interviews and surveys. However, the value of these surveys is often limited since management team often lacks the experience to properly analyze the data (Johanson et al., 2002).

Acting as a market seeker can be a both time consuming and costly strategy, mostly because lack of information and proper experience in the management team can cause erroneous decisions to be made about the distribution of resources. Many of the IT companies that quickly expanded into foreign markets during the late 90s used the market seeker strategy, and the lack of experience turned out to be costly (Johanson et al., 2002).

Finally, a third strategy called **Follow-the-leader** deserves to be mentioned. This is a strategy where a company imitates the behavior of its competitors or that of similar companies. By looking at which markets they have chosen to enter the conclusion can be drawn that those markets are interesting also for your own company. This is a strategy commonly used by for example big insurance companies and international banks (Johanson et al., 2002).

### 3.3.3 International Entrepreneurship and the Role of the Individual

International entrepreneurship is a relatively new branch of internationalization theory that focuses on small and medium sized companies and the individuals making strategic choices. The entrepreneur can be seen as a strategist that matches the strength and weaknesses of a company with the available means and opportunities. He or she has a mindset that is open to new possibilities of combining resources from different markets because of the background, knowledge and network they have developed previously. The entrepreneur seems to be an important underlying factor behind the Born Global phenomena, an occurrence that seldom seem to align with the patterns identified in the more traditional models (Ruzzier, 2006).

#### 3.3.3.1 Born Globals

Born globals, sometimes referred to as International New Ventures, Global Start-Ups or Instant exporters (Andersson & Evangelista, 2006), is a relatively new phenomenon (Brennan & Garvey, 2009). A company referred to as a Born Global is a company that soon after inception expands its business into foreign markets, and thus seems to contradict earlier internationalization theory such as the U-model. Research on Born Globals focuses on the entrepreneur and entrepreneurial behavior. The internationalization of Born Globals is closely related to the individuals of these small firms as the decision power in an SME often is concentrated in a few people. Companies where the top management or founders had previous experience in conducting international business, denser networks and more experience overall, have been shown to be more likely to expand internationally. (Andersson & Evangelista, 2006)

Andersson & Evangelista's (2006) study of Australian and Swedish Born Globals confirms the importance of personal networks of the entrepreneurs. These networks can be used to expand the business, secure financing as well as to find partners in other areas. Due to the often small financial resources of a newly created company, these companies must cooperate with partners found in their personal networks. Andersson & Evangelista's (2006) concludes that the practical implication of their study is that it is more important to look at the means available to the company than to follow advice "for all small companies". This approach is closely related to the concept of effectuation, which Sarasvathy (2001) use to explain the creation of new firms by entrepreneurs. According to this concept the means are used as a starting point rather than the desired effect when starting a new business. (Sarasvathy, 2001)

### *3.3.3.2 The Role of the Individual*

Critics of the U-model have for a long time noted how companies enter far off markets and deviates from the so called establishment chain; instead of a gradual commitment that is increased over time, they sometimes leapfrog to later stages in the chain immediately upon entry. This can sometimes be explained by how firm's utilize their network of relationships to identify and act on opportunities. There is, however, another explanation that largely has been left unexplored. There is a second network actor level, namely the individual. The individual's web of contacts can function as enablers of action, or opportunity networks, and sometimes prove very influential for the way companies internationalize (Axelsson & Agndal, 2000). Also Johanson & Vahlne (1990), two of the most influential authors in the field of internationalization, notes how some hi-tech companies utilize the networks of individuals to both enter more distant markets as well as establishing subsidiaries quicker than what would traditionally have been expected. When Johanson & Vahlne revisited their original model in a more recent paper (2009) they emphasized that the management team's prior experience probably provides extremely important knowledge for small internationalizing companies.

Axelsson & Agndal (2000) use several small case-studies to illustrate how the sedimentary relationships of individuals have provided serendipitous opportunities for successful foreign expansion. They also show how active efforts to map the networks of individuals within a firm have proven fruitful in order to identify opportunities for foreign expansion. These sedimentary relationships form opportunity networks that are used as an important enabler and driving force for internationalization.

Another aspect that is important to remember from an internationalization perspective is that the language skill of an organization equals the sum of the language skills of its employees. Migrants have been shown to act as language bridges back to their home countries. A migrant can either, in the role of a key decision maker select a market for entry based on familiarity, or in the role of an employee confirm or suggest the attractiveness of a market. (Marschan-Piekkari, 2005)

It can be concluded from this reasoning that much knowledge and experience can be found in the individuals of a company. They might have previous experience of foreign markets, or be able to access resources in their personal network, that allow a company to have a lower level of uncertainty with regards to certain markets.

### 3.4 What are the barriers of Internationalization?

Based on the different theories described above, we have created our own framework for analyzing the internationalization of a Nordic IT SME. We define internationalization in the following way: *Internationalization is the process of expanding economic activities outside the home market by forming relationships in foreign network contexts.* This definition is based on the Ruzzier et al.'s definition (2006) stated in the beginning of this chapter, but is modified in order to encompass a network perspective. To enter new network contexts investments need to be made, primarily in the form of knowledge acquisition but also in the form of relationship building.

Most of the barriers related to internationalization stems from a lack of two different types of knowledge; **Internationalization knowledge** and **Market-specific knowledge**. Internationalization knowledge relates to processes and routines that are generally applicable in many different markets and is developed through experiential learning during the internationalization process. Market-specific knowledge only applies at the specific market and consists of both objective knowledge and experiential knowledge.

When entering a new market a company lacking market-specific knowledge will be at a disadvantage compared to competing actors already in the market. Vahlne (2010) calls this the liability of outsidership. A company acting as an outsider needs to make up for lack of knowledge by having a superior offer to customers. In this way internationalization can be seen as a set of knowledge barriers that hinders a company's value proposition from matching customer needs.

#### 3.4.1 Relationship-specific barriers

Viewed from a single relationship perspective there will always be barriers that need to be handled or overcome in order to form a successful relationship irrespective of whether the customer is located on your home market or abroad. To form a relationship the selling company must have an offer that matches or exceeds the customer's needs. This, however, is not enough. The matching of the offer and the customer-need, needs to be relayed through bridging differences in culture. Differences in business culture can thus be seen as a knowledge barrier that needs to be overcome in order to form a relationship. Johanson & Vahlne (2003) refer to this as **relationship-specific psychic distance**.

#### 3.4.2 Market-specific barriers

Having a successful business is about dealing with relationship-specific psychic distance in an efficient way and in many aspects it doesn't matter if the customer is in your home market or in a far-away market at the other side of the globe. But in some ways it does. Crossing a national border *will* have some immediate effects, as well as more subtle ones. In order to even enter the market you must at least have some rudimentary knowledge about the different actors, opportunities and risks that are associated with the market. Once you cross the border, different laws, a different language or differences in culture will affect the way you can do business. These differences are collectively known as the **market-specific psychic distance** and are relevant to analyze from an internationalization perspective since they are the characteristics that differentiate the selected market from other markets.

Market-specific psychic distance stems from lack of market-specific knowledge. Eriksson et al. (1997) divide market-specific knowledge into business knowledge and institutional knowledge. For the purpose of our analysis we have chosen to also include cultural knowledge as a separate factor for

analysis. How lack of business knowledge, institutional knowledge and cultural knowledge affects the internationalization process will be discussed in the following section. *Fig. 7* below illustrates the concepts of relationship-specific psychic distance and market-specific psychic distance.

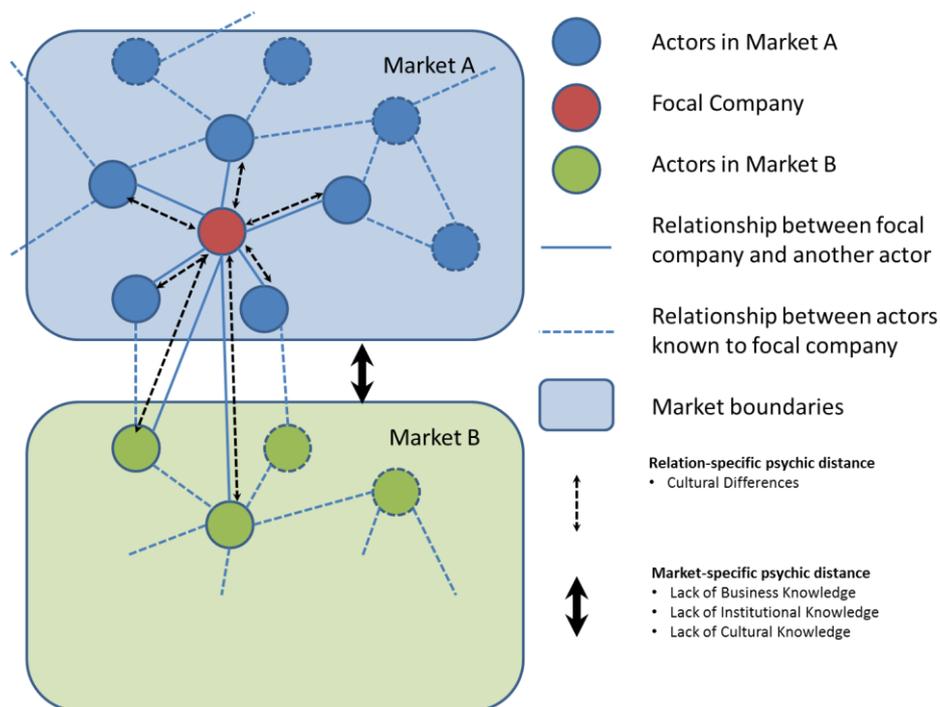


Figure 7, An illustration of the concept of relationship-specific psychic distance and market-specific psychic distance.

### 3.4.2.1 Lack of business knowledge

As we have mentioned earlier, the focal company can be assumed to possess a very vague idea about the actors and their needs outside their immediate network context. It might know about some foreign competitors who already have begun acting in multiple markets, subsidiaries of existing customers or suppliers and so on, but the vast majority of actors should be unknown in the initial stage before market entry. In other words, without proper business knowledge, they cannot identify neither opportunities, e.g. in the form of potential customers, nor threats, e.g. in the form of competitors or different requirements on their offering.

The customer requirements regarding specific features of a product might change when moving into new markets, even though the basic functionality is in demand. There might be other regulations, norms and standards in play that might make an offer impossible to sell in a particular market without making adaptations; an electronic, physical, product might need to be modified in order to function properly when connected to the national power grid, a service offer might need to add features normally conducted by a third party in the domestic market, software might have to be translated and have functionality changed.

Overcoming the barriers stemming from lack of Business Knowledge is thus essential for a successful business.

### 3.4.2.2 *Lack of institutional knowledge*

Different political structures, laws and regulations, as well as languages, will affect the way you do business. Even though there might be regional similarities, there are always going to be some differences.

Laws and regulations can be a major obstacle in some cases. Not only will the expanding company take into account the domestic laws and regulations, but also local as well as international laws and regulations. Because of different legal structures, agreements that have been entered with partners can in some countries be very difficult to exit even if the relationship turns out to be unsatisfactory (Vahlne, 2010).

Mature markets can have safety regulations or environmental laws that in some cases can be quite cumbersome, while emerging markets sometimes lack, or do not enforce, IP protection laws (Doole & Lower, 2008). This kind of information can be found in secondary sources and is easy to transfer. However, insufficiencies in this body of knowledge can obviously lead to substantial consequences if overlooked.

The political situation in a country, and its relations to other countries, can also have significant influence on the way companies do business. Governments frequently interfere in international markets through restricting levels of investment, ownership percentages, location of facilities and choice of local partners. An illustrative example of this is when Microsoft was setting up an office in Beijing and wanted to use its Taiwanese subsidiary to develop a Mandarin language version of Windows. This decision met fierce resistance from the Chinese government and the whole affair resulted in Bill Gates firing the whole original management team and promising future cooperation from Microsoft's part (Doole & Lower, 2008). Keeping track of political fractions and being aware of the general political situation is thus very important to avoid unpleasant surprises that easily could have been evaded.

Especially language can be a major barrier to conducting business in international markets. Even though the English language has continued to grow and fortify its position as the world language for business (Marschan-Piekkari, 2005), knowledge about other languages still remains pertinent for an international firm. There are several reasons for this but the main reason is that the market specific knowledge that is so important for successful internationalization to a large extent is bounded within a specific language. To be able to interpret the information you need the language.

Company documents (such as technical material, promotional material, etc.) need to be translated into the target market language. In addition, material gathered in the target market (e.g., relevant market, industry, firm and infrastructural information) will need to be translated into the language used by the company.

Another very important part of internationalization is network building. This is greatly facilitated if you speak the same language as the customer/partner and is hampered if you don't. It is also important to bear in mind that language skills are carried by individuals, not companies. A company's language skill is equal to the sum of the language skills of its individuals.

Even though institutional knowledge to a large extent consists of objective knowledge it can still pose a large barrier. For example to learn a new language takes substantial time and effort. The company

can of course instead choose to hire new staff with the needed language skills but either way it faces additional costs associated with dismantling language barriers.

### 3.4.2.3 *Lack of cultural knowledge*

For the purpose of this study two different cultural categorizations becomes relevant; National Culture and Organizational Culture. Hofstede (1994) defines culture as “*the collective programming of the mind which distinguishes the members of one category of people from another*”. In Hofstede’s original study from 1980 he looked into four different dimensions of differences in national cultures; *Power distance (PDI)*, *Individualism versus Collectivism (IDV)*, *Masculinity versus Femininity (MAS)* and *Uncertainty Avoidance (UAI)* (Jones, 2007).

***Power distance (PDI)*** relates to the extent to which less powerful individuals accept and expect an unequal distribution of power. A high level of PDI indicates an unequal and hierarchical society where the structure is endorsed by the followers as much as by the leaders (Hofstede, 1994).

***Individualism versus Collectivism (IDV)*** relates to the degree that individuals are integrated into a group. In individualistic societies the individual has larger personal freedom but is also expected to look after himself. In collectivistic societies the extended family is very important and in exchange for loyalty to the group the individual receives protection and care (Hofstede, 1994).

***Masculinity versus Femininity (MAS)*** relates to the distribution of roles between the sexes but not necessarily to gender equality. It is rather a measure of whether “masculine traits” such as authority, assertiveness, performance and success are preferred to “female traits” like personal relationships, quality of life, service and welfare (Jones 2007).

***Uncertainty Avoidance (UAI)*** relates to the society’s tolerance for uncertainty and ambiguity and whether individuals are comfortable or uncomfortable in unstructured situations (Hofstede, 1994). People in cultures with low UA require structure and order with clear rules and guidelines (Jones, 2007)

In *Fig. 8* below the difference between different countries values according to these variables, and Sweden is showed. A small difference means that the country is similar to Sweden when it comes to national culture.

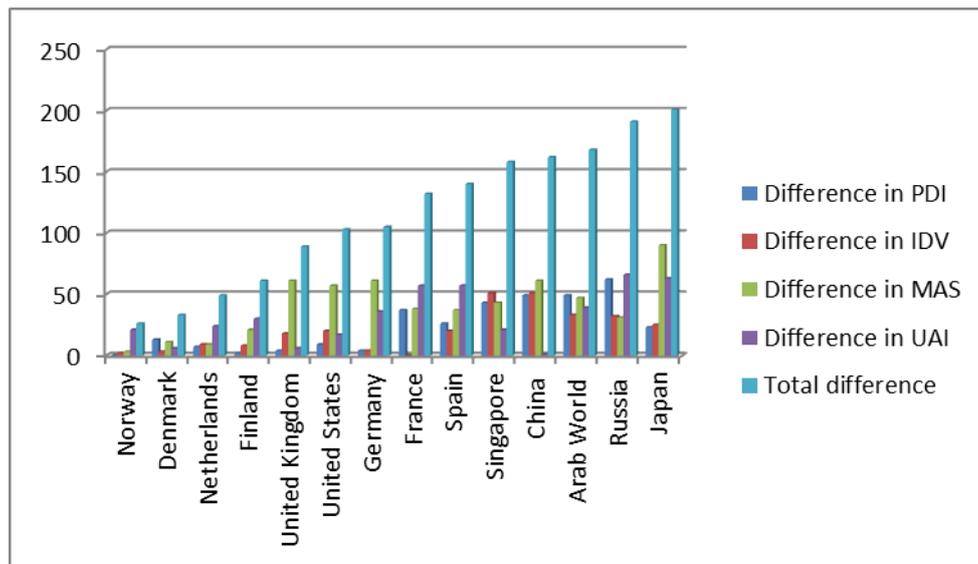


Figure 8, Different countries Cultural differences compared to Sweden. Source: <http://www.geert-hofstede.com/>

By understanding the national culture it becomes easier to understand and predict the behavior of the individuals belonging to the culture.

In management literature Organizational culture have often been presented as a set of values that guide the organization, but Hofstede (1994) means that this is unfortunate since the characteristics of organizational culture more often has to do with practices. According to Hofstede (1994), values are something that an individual develops already in childhood and that is very hard for an employer to change. Because of the fact that organizational culture relates to practices they are possible to adapt to and change even though it is difficult and time consuming.

The organizational culture of a certain company is an important part of the relationship specific psychic distance mentioned earlier. Even though the difference in business culture between two actors in a market might be bigger than the commonalities between them compared to a focal company outside the market, we still believe that generalizations can be useful. The national culture of a certain country is very likely going to affect organizational cultures within the market as well. Countries with high levels of PDI for example can be expected to have more hierarchical and formal organizations and companies from countries with high levels of UAI can be expected to have a need for more written rules and agreements.

When a company expands to culturally more different markets these aspects increase in importance. Much of the knowledge relating to culture is experiential in its nature, and is therefore difficult to attain without interaction.

### 3.4.3 Major problems and risks associated with a foreign market entry

In this section we will answer our first theoretical research question (TRQ 1): *What are the major problems and risks associated with a foreign market entry for a company like Medius?*

Our conclusion is that the main problem for a company about to enter into new markets is the lack of market-specific knowledge. Market-specific knowledge can be divided into *business knowledge*, *cultural knowledge* and *institutional knowledge*. Business knowledge is knowledge about the actors in the market, i.e. knowledge about the potential customers and competitors and their relations in their particular market context. Institutional knowledge covers aspects such as language, business law and other institutional factors. Cultural knowledge constitutes knowledge about how business is conducted and knowledge about culture and norms.

Some of this knowledge can be gained through gathering and analyzing information from secondary sources, but much needs to be experienced first-hand. Experiential knowledge is gained through commitment and through acting on a particular market.

In the Uppsala Model, risk related to a specific market is defined as  $R_i = C_i \times U_i$ . From this follows that the total risk for a company undergoing internationalization equals the sum of all the markets where the company is active:  $R_{tot} = R_1 + R_2 + \dots + R_n$ . When resources are committed to a market this allows for learning and this commitment will reduce the uncertainty associated with a particular market over time as knowledge is accumulated. The time aspect and the dynamic nature of learning are important to consider.

Thus, on a general level, the primary risk an internationalizing company faces is a too rapid expansion while still experiencing high levels of uncertainties due to insufficient knowledge about internationalization and the particular markets it enters. On the other hand, in a new, growing industry, there is also the risk of someone else beating you there and establishing a firm foothold, thus making it harder to enter that market.

### 3.5 How can the barriers of Internationalization be overcome?

To be successful in a new market the above mentioned problems and risks needs be dealt with. Most importantly is of course to have an offer that matches or exceeds the customers' needs, but this might not be enough if you are an outsider in relation to the market. The offer of a selling company needs to be relayed to the potential customers and they need to be convinced of its validity.

In order to break down the barriers between different markets a company needs to learn and acquire knowledge in one way or another. Some kinds of knowledge, such as market size etc., are objective and can more readily be acquired through information transfer. Other kinds of knowledge might be hard to find out without actually entering the market; e.g. discovering deficiencies in the offering, differences in culture and so on. Finally, there are some things which can be almost impossible to discern without acting on the market and interacting with actors in the markets – e.g. in order to reveal their relationships to other actors.

Acting on a market will require investments and commitment both to the market and to the relationships with other companies. The level of commitment is often gradually increased as the expanding company acquires knowledge and thus decreases the uncertainty. This way the risk associated with the expansion can be kept on an acceptable level.

Actually entering a market can in some cases be the only way of acquiring the sought after knowledge, but there are some supporting activities identified in the literature that can be undertaken in order to facilitate the internationalization process. Since the barriers to internationalization that has been identified primarily stem from the lack of knowledge, the topics of Knowledge Management (KM) and Organizational Learning become relevant.

#### 3.5.1 Knowledge Management and Organizational Learning

It is well documented that the knowledge base of a company can provide an important competitive advantage and that this knowledge should be widely distributed in the organization. Both the implementation of organizational learning and knowledge management can be powerful tools in themselves, but the combination of the two has the potential for positive synergy-effects. (Muscatello, 2003)

Shani et al. (2009, p. 445) describes organizational learning as *“a system of principles, activities, processes and structures that enable an organization to realize the potential inherent in the knowledge and experience of its human capital”*. We argue that having such procedures in place for making sure that not only the accumulation and pooling of internationalization knowledge and knowledge about specific markets in the organization is done correctly, but also for the way knowledge is transferred between the parent company and the new business units is vital. Organizations adopting the conceptual foundation of organizational learning and implementing it through appropriate procedures have reported significant positive results (Shani et al., 2009).

The interest in KM has grown with the recent developments in IT technology as it is becoming easier to share knowledge and information across and between organizations. This, however, does not mean that knowledge management is a new concern among professional practitioners. The apprentice system, where an experienced craftsman employs apprentices and transfers tacit knowledge to them, has been around for a very long time. This effective system for transferring

knowledge worked well then, and still exists today, but also other tools exists that prevents the need for new practitioners to re-invent the wheel. (Lim & Klobas, 2000)

KM practitioners make a distinction between knowledge and information. Information management is mainly about managing representations of knowledge in the form of documents, books, databases and other forms of records while KM rather is concerned about tacit knowledge and explicit knowledge which not necessarily is systematically organized. Recent literature in KM focuses on methods and systems for recording, retrieving and sharing the intangible knowledge of an organization. (Lim & Klobas, 2000)

Most current literature on KM focuses on large, multi-national corporations - however, KM is also very important for smaller organizations, even though they usually have a narrower scope of business and fewer resources available for support functions. Tacit knowledge can be very important for the success of a firm and smaller organizations run a high risk of losing personnel to bigger companies offering better compensation packages and the prestige associated with a larger organization. (Lim & Klobas, 2000)

If the assumption is made that the uniqueness and value of a company is derived from its unique knowledge, there is a need for the creation of new knowledge, acquiring knowledge and the sharing of existing knowledge within the organization. According to Lim & Klobas (2000, p. 422) *“Knowledge may be acquired through individual learning, scanning of the external and internal environment, and hiring new employees or buying companies with the recorded knowledge.”* Since much of the knowledge is held by individuals, a significant issue in KM is the willingness, skills and tools to share knowledge (Lim & Klobas, 2000).

Technology can play an important role for supporting the KM in a company and could for example be used to set up a knowledge repository which allows records of internal and external knowledge to be stored and retrieved easily. It is important that such a repository is kept up to date with only current knowledge for it to be effective. Some form of incentives could be offered to employees to share their knowledge, and it might be necessary to keep dedicated staff that ensures that the repository is up to date (Lim & Klobas, 2000; Muscatello, 2003). Muscatello (2003) describes how a knowledge system can be used to mimic the way a mentorship works; a master-apprentice approach to training new personell that has been proven very effective. Once the knowledge has been put into a database the master do not need to be available for consultation, instead the apprentice can access the information herself to successfully complete the task.

There are a number of things that affect the way organizations manage their knowledge such as the organizational structure, HR policies, management-style and so on. The capturing of employee knowledge, and managing that knowledge, must be part of the company culture for the implementation of KM practices to be successful. (Lim & Klobas, 2000)

### 3.5.2 KSFs for a company like Medius when expanding into new foreign markets

This section aims to answering TRQ 2; *What are the Key Success Factors for a company like Medius when expanding to new foreign markets?*

From the internationalization-models described earlier we draw the conclusion that knowledge and knowledge acquisition are key aspects to a successful internationalization. Knowledge can be stored at two different levels within a company; at an individual level and at an organizational level. Know-how and language skills are possessed by individuals, while information, routines and procedures for how things are done are found at the organizational level. However, there is also knowledge and resources to be found among other actors in the business network. This knowledge can be accessed and used to overcome the barriers of internationalization by adopting certain network strategies. At a strategic level it is also important to have a strategy that mitigates the risks described in the previous section. Seven Key Success Factors in three different levels have been identified from the literature:

- **Individual Level:**
  - Management with international experience
  - Language skills
- **Organizational Level:**
  - Efficient acquisition of knowledge
  - Efficient dissemination of knowledge
- **Strategic Level:**
  - Working with partners
  - Follow the Customers
  - Balanced expansion pace

In the following subsections the key success factors (KSFs) are described and explained.

#### 3.5.2.1 Individual level

The most important factors on the individual level are the mindset and **experience** of senior management as well as the **language skills** present among the employees. The senior management needs to be open to new ideas and moving into new markets. Several case-studies have shown how previous experience among key decision-makers function as a significant enabler for rapid international expansion (Andersson & Evangelista, 2006; Ruzzier et al., 2006). Experience in this context implicitly also indicates an extensive personal network built up over time. Early internationalization literature has also pointed to the role of migrants acting as language- and cultural-bridges to their home country. The presence of a variety of language skills among the employees can thus be seen as a major factor for success when breaking down the barriers to foreign markets.

### 3.5.2.2 *Organizational level*

On the level of the organization, the chief challenge when starting an expansion to foreign markets is the lack of knowledge. Thus a KSF should be to be the ability to acquire knowledge. If we add the constraint of limited resources and a market that yet lack major competitors, the KSF can instead be formulated as the **ability to acquire knowledge quickly and at a low cost**.

However, both market-specific knowledge and internationalization knowledge need not only to be accumulated but also be disseminated in a satisfactory manner. For a very small company, where the same people are both doing the learning and making the decisions, this might be a trivial matter. However, once the organization starts growing and more work are being delegated, the issues of knowledge management and organizational learning become relevant. A second, and very important factor for success, is thus having **an organization that disseminates knowledge and information to concerned parties efficiently and effectively**.

### 3.5.2.3 *Strategic level*

Having reliable and trusted **partners** can be a crucial factor for a new company about to expand into new markets. Through partners acting as intermediaries, lack of business- institutional- and cultural knowledge can be bridged. Much can be learned through these relationships to partners, but also through the relationships to customers. These relationships will both be a source of knowledge as well as having the potential of acting as bridges into foreign networks. There is also evidence that show how internationalizing SMEs benefit from pooling resources with other actors in the business network (Jonsson & Lindbergh, 2010). A well-defined strategy for how to select and work with partners is thus an important factor for success.

Strategies aimed at international expansion, relating to the network level, can be both proactive and reactive. **Following customers** abroad when the opportunity presents itself, or they request it, can be regarded as reactive. A proactive approach could be to map the subsidiaries and partners of current customers and what countries they operate in in order to find dense clusters of potential customers that are more likely to be approachable when determining what markets to enter. Another proactive strategy could be to target network contexts with higher levels of internationalization where the barriers are likely to be lower as the actors already are used to dealing with foreigners and might possess knowledge about the expanding company's domestic market.

As described earlier the main risks with internationalization relates to the pace of the expansion. A too rapid expansion with large commitments of resources in an uncertain environment might have severe financial consequences. On the other hand a too slow expansion might mean that one of your competitors beat you too it and capture large market shares. A key success factor is thus to strike the **right pace of expansion**.

## 4 Medius Group

*This chapter provides background information about Medius.*

### 4.1 Company Background

Medius AB was founded in Linköping in 2001 by Per Nordling and Mikael Svensson. They both had an interest for processes and realized that the ERP:s available on the market often didn't provide sufficient support for different workflow-processes. They thus identified the need for a process oriented workflow-system that could be integrated with existing ERP-solutions. Together with their first customer, K-rauta they developed a workflow-system that was primarily used for electronic invoice handling. This solution was later packaged into a product called MediusFlow™. Alongside this, Nordling and Svensson also saw a potential in helping their customers by supporting them in the procurement as well as implementation processes of ERP-systems. Medius' goal is to "provide the world's best business system support covering all aspects from the requirements setting phase to and including the administration phase" (Medius' webpage, 2010). Medius accomplishes this through its three business areas; Consulting, ERP and Workflow. Medius receives about half of their annual revenues from consultancy services, and the other half from licenses for the software they sell (Nordling, CEO and Founder, 2010).

#### 4.1.1 Consulting

Medius Consulting offers business support through IT-related consultancy services for trade, service, and manufacturing companies. Medius Consulting helps organizations with business analysis, procurement, implementation/development, evaluations as well as IT-management. These services are part of Medius' five-stage project-model, PMWork (see Fig. 9). During the first step, *Operations Analysis*, the process flows are analyzed and both the current situation as well as the desired outcome is mapped. From this an activity plan is made with the purpose of making the processes more efficient. During the *Procurement*-step Medius Consulting supports the client in the procurement process and during the *Implementation/System Development*-step Medius Consulting leads the projects and advises the customer during the implementation phase. If the client require unique and modified solutions this is taken care of here. Once the previous steps have been completed, Medius Consulting tests, evaluates and makes sure that the quality of the project is up to par during the *Evaluation*-step. Sometimes they also develop a plan for increasing the utilization of the existing IT-support. During the final step, *Administration/Maintenance*, the client is offered support for developing their IT-support, and Medius also offers to take over the management of the whole ERP-system, or parts of it. (Medius' webpage, 2010)



Figure 9, Medius' six stage project model, PMWork. Source: Medius' webpage

#### 4.1.2 ERP

Medius both offers custom solutions to existing setups and act as a turn-key contractor - implementing upgrades to the existing ERP-system, replacing systems, implementing new systems as well as taking care of the overall management and support of ERP-systems. Medius has experience in



of traditional manual processing of a supplier invoice can vary between 150 - 600 SEK and by using MediusFlow™ these costs can be reduced by 25-50 % (Medius website, 2010).

#### *4.1.3.1 Implementing MediusFlow™*

The process of implementing MediusFlow™ at the customers requires consultancy and is time-consuming since the product has to be integrated to the customer's ERP-system and configured according to the customer's processes. An average project takes about 3-6 months; most of the work is done remotely and not onsite at the customer.

A typical project for implementing MediusFlow™ usually involves four different roles at Medius; a project manager (PM), an application consultant, a technical consultant and a scanning consultant. In most projects the PM and the application consultant is the same person. The PM takes care of most of the customer contact once the salesperson has handed over the project for delivery. The PM establishes a time plan, sets the budget and makes sure that the required resources are available when needed. The application consultant is responsible for mapping the different flows and processes at the customer, basic configuration of the application, educating the super-users - a small group of selected users that in a later stage will teach the rest of the end-users how to use the software - as well as giving the customer support during the test-phase and when going live. More technical aspects of the project is taken care of by the technical consultant, i.e. installing software, having discussions around hardware, integrating MediusFlow™ with the client's ERP-system and so on. The scanning consultant installs the scanner, installs the OCR-software and teaches the client how to use them.

The first thing that happens when Sales hands over a project for delivery is that the PM makes a first call to the customer where he presents himself and have a general discussion with the client regarding the project; a date for the first workshop is scheduled, important names and telephone-numbers are taken etc. Once this has been done the technical consultant calls whoever is having the necessary IT-expertise at the customer and have a technical discussion; he makes sure that the customer has the required hardware and the necessary software licenses, that there is VPN access available and so on.

The next step is to have the first workshop where the PM/application consultant makes a visit to the customer, gives a presentation of the product, discuss the details needed to establish a description of the final solution and set up a time plan. Any adaptations to the standard edition of MediusFlow™ that are required are identified during the first workshop.

After the first workshop the technical consultant remotely sets up a standard installation of MediusFlow™, this facilitates the work of the scanning consultant later on. The PM/application consultant also prepares a pre-study report and a project plan. These documents are then discussed and verified with the customer during the second workshop at the customer's site led by the PM/application consultant. Once the client has confirmed the scope of the project and the time plan the scanner consultant spends about one day onsite at the customer where he or she installs the scanner, installs the necessary software and educates the client's staff on how to use it. At about the same time work with integrating MediusFlow™ with the client's ERP-system commences. This is done remotely and can involve a significant amount of work depending on how the customer has configured their system. Adaptations to the standard edition of MediusFlow™ are also done now if it has been requested and the implementation is tested to make sure that everything is ready for the third workshop.

During the third workshop the application consultant visits the customer and educates the super-users that later on will teach the end-users how to use the system. There are usually one or two persons from the accounting department and someone from procurement among the super-users. It is important that these people are competent and knowledgeable about the customer's flows and processes for a smooth project. The super-users also test the implementation, making sure that the flows are set up correctly and that the integration with the ERP-system works satisfactorily. Questions and requests for changes often surface during this phase as the staff sees more of the application. All the different consultant might have to be involved to resolve these issues.

Once everything works as the customer has requested the technical consultant has the system go live and, if there are no glitches, the customer submits an acceptance of delivery. The customer contact is then transferred to the After Market and the Support department at Medius.

## 4.2 Medius' Growth

With the business idea to “offer products and services which simplify and improve the efficiency of processes within companies and organizations, with the help of excellent, well-planned IT support” (Medius annual report 2009), Medius has experienced a rapid growth in both turnover and number of employees since it was founded. Today Medius has about 140 employees and the turnover for 2009 was close to 80 million SEK (see Fig. 11 below).

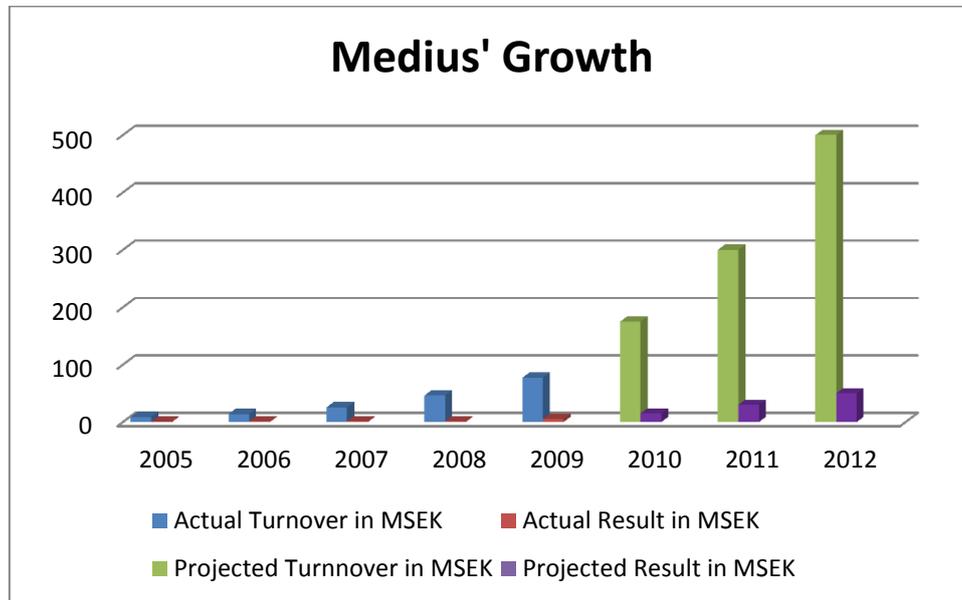


Figure 11, Medius Turnover & Results 2005-2009. Source: Medius Annual Report 2009.

Backed by recent venture capital, Medius has an ambitious goal to fivefold its turnover in the next three years. This project is called 100/500, meaning 100% commitment to reach a turnover of 500 million SEK by the end of 2012. The majority of this growth is planned to come from organic expansion, but somewhere along the road Medius also plans to acquire at least one company. The CEO, Per Nordling (2010), believes that Medius can reach approximately 350 MSEK through organic growth and that the remaining 150 MSEK will need to come through acquisitions.

According to the Chief Operations Officer, Johan Castevall (2010), a very important aspect for reaching the goal of 500 MSEK in turnover is a successful internationalization of the company. The plan is to expand Medius' Workflow business globally by offering MediusFlow™ worldwide, and to offer Medius' full service range (Workflow, ERP and Consulting) to the Nordic countries. The reason for this is that the workflow business, with the product MediusFlow™, is considered to be the business area where Medius have their strongest competitive advantage.



## 5 Empirical Description of the Internationalization of Medius

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*This chapter constitutes the answer to our first empirical research question (ERQ 1): How is Medius currently working with their internationalization. As mentioned in the theoretical framework the two main strategic questions related to internationalization are “What markets should we enter?” and “How should we enter the markets that we have chosen?”. In this chapter we will describe how Medius works with these questions, as well as the reason for internationalizing the company, how Medius’ internationalization processes looks on an operational level and how Medius works with the transfer of knowledge. Most information has been gathered through interviews with key personnel at Medius, but also from annual reports, Medius’ webpage and internal documents found on Medius’ intranet, MediPedia.*

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### 5.1 Purpose of Internationalizing

According to Per Nordling (2010), CEO and founder of Medius, there are two main reasons for Medius’ current internationalization efforts. The first is that Medius wants to target larger customers and in order to do that, Medius needs to be a global company. Companies like Ericsson and Scania will be impossible to attain if Medius cannot show that they can deliver internationally. The second reason is that many foreign markets are 3-5 years after Sweden in IT-maturity, which provides a great window of opportunity for market penetration. An awareness of the benefits of electronic invoice processing exists in these markets, but most companies still haven’t acquired a solution for it. By acting now Medius can capture large market shares, something that might be much more difficult in a couple of years.

### 5.2 Market selection

When Medius evaluates potential markets to enter they first divide the world into regions, e.g. Africa, Asia, South America, Eastern Europe and so on. Then the individual countries within each region are evaluated on a number of criteria (Lisnell, 2010). The four most important criteria are;

- The overall economic situation in the country
- Cost climate
- The level of IT development in the country
- The level of competition in the market

Information regarding these factors is gathered from several sources. One of the most important sources is the Swedish trade council. Information is also sometimes gathered from the Internet and from partners such as Readsoft and Microsoft. Another strong indicator of market potential that Medius uses is to look at what markets Medius’ competitors and other similar IT-companies have chosen to enter.

Once each country has been evaluated they are divided into three groups; they are either considered *very interesting* which mean that they have the potential of opening up a Medius subsidiary, *interesting* which mean that Medius wants to find partners in the market but not open up a subsidiary at the moment, or *not interesting* which mean that no further activities will be undertaken in the market in the near future. Markets that are deemed to be *very interesting* or *interesting* are thus targeted for market entry with the markets labeled as *very interesting* given higher priority.

## 5.3 Market Entry Mode

At Medius a three stage model is used in the strategic work. The three stages, or phases as Medius calls them are; **Establish Eco-system**, **Establish Subsidiary** and **Develop Subsidiary**

### 5.3.1 Phase 1 – Establish Eco-System

During this phase the goal is to establish a foothold in the market. This entails creating a partner network in the market and getting a first client up and running. Sales and Partner support as well as delivery (professional services) are handled from Sweden. Through partners a customer base can be built, and once enough customers have been signed and if the market has large enough potential, Medius' strategy is to open up a subsidiary. Phase one is summarized in the following way:

- Find business partners
- Cooperate locally with global partners' local presence
- Get local users of MediusFlow™ by existing customers
- Sign a local customer using MediusFlow™
- Sales and Partner support from Medius HQ
- Professional Services from Medius HQ

### 5.3.2 Phase 2 – Establish Subsidiary

During this phase a local company is registered and a sales function is set up in the market. The responsibility for managing the partners in the market is transferred from Medius HQ to the new subsidiary, but HQ is still responsible for delivery in the market. The goal is to enhance sales and build knowledge about the market by supplementing partner sales with a direct sales force hired by Medius. Phase two is summarized in the following way:

- Register company
- Create local sales organization
- Start transfer of partner management to subsidiary
- Sales & pre-sale support from Medius HQ
- Professional Services from Medius HQ
- Positive cash-flow

### 5.3.3 Phase 3 – Develop Subsidiary

During this phase consultants are transferred to, and hired by the local subsidiary, that now have the responsibility for delivery and aftersales in that particular market. Setting up a subsidiary, however, does not mean that Medius stop working with their partners in that market (Runstedt, 2010). The goal of this phase is to make the subsidiary self-sufficient and generate positive results. The activities of the final phase, "*Develop Subsidiary*", are summarized below:

- Expand local sales
- Establish local Professional Services
- Establish local aftermarket
- Expand Medius local offering (currently only in the Nordic markets)
- Positive result

## 5.4 Medius' Internationalization process so far

Medius began their first internationalization efforts in 2007 by investigating markets situated geographically close to Sweden. Initially interest was directed at the Dutch and German market. During 2008 both a partner and client was signed in the Netherlands. Germany, however, proved more challenging. Henry Ivarsson, who is now the CEO for the Norwegian subsidiary Medius AS, was responsible for trying to find customers in Germany at the time. He started cold-calling potential clients from his office in Linköping, but because of the language and cultural differences he felt that it would be necessary with a local German partner in order to conduct business in the German market. In parallel to his efforts to attain a foothold in the German market he was also targeting Norway, which proved to be much easier. According to Ivarsson, the Norwegians did not mind that he spoke Swedish with them and he also felt that Norway was a more international country in the sense that Norwegians were used to working with foreigners. This made sales easier in Norway. The first client in Norway was signed at the end of 2008 and alongside this a sales office was set up in Oslo.

During 2008 Medius also signed partners in Denmark and Germany, and through an existing Swedish customer a project was carried out at their subsidiary in Finland. Another project was conducted in Dubai, where a Norwegian owned company was recommended MediusFlow<sup>TM</sup> from their ERP supplier SysTeam.

During 2009 a partner was signed in the UK and several new clients were signed in Norway, the Netherlands and Denmark. The UK was considered an important market to enter as it could be used as a stepping stone to enter the large American market. Through the British partner a first client was signed at the end of the year. Because of limited financial resources further establishments of offices in new markets were restrained. An indirect sales strategy with sales through partners was used for the markets outside Sweden, except in Norway where a sales office already existed.

At the end of the year Medius took in external capital from the venture capital firm InnKap with the specific purpose of funding the internationalization process. With new funds available, a development unit was set up in Krakow, Poland. One of the reasons behind this decision was to keep a senior developer with Polish roots within the company when he wanted to move back home to his home country.

Scouting for partners in other European countries, as well as more distant markets such as the US and East Asia, was also initiated during 2009 and intensified during 2010 with the hiring of an emerging markets director. Partners were signed in Singapore, France, USA, Mexico, Australia and New Caledonia. Following this, sales offices were established in Denmark, Holland, the UK, France, the US and Australia. The Polish office also expanded considerably and now employs 13 developers and one sales-person.

One of the first offices opened in 2010 was the UK sales office. However, the direct sales model used in Sweden and Norway with contacting prospects through telemarketing activities proved inefficient and after 6 months the office was shut down. Medius is currently reevaluating its strategy for the UK, but are still active in the market through its partners.

In Norway, Denmark and the Netherlands the process has worked better and following several signed clients, consultants have also been hired and transferred to the local subsidiaries. The French,

American and Australian offices were started at the end of the year and have just recently started to get up and running.

The focus for 2011 will be to support the new offices as well as entering South America and East Asia by setting up a subsidiary in each region. A schematic illustration of Medius international expansion is presented in *Table 3* below. The content of the table is gathered through several interviews with key personnel at Medius.

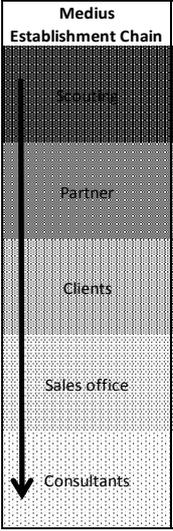
	2005	2006	2007	2008	2009	2010	
 Sweden	Linköping, Stockholm	Linköping, Stockholm	Linköping, Stockholm, Eskilstuna, Gothenburg	<b>Medius Establishment Chain</b> 			
 Norway					First partner contract	Hired consultants	
 Finland				First client contract		Started market approach	
 Danmark				Started market approach	First partner contract	First client contract	
 Netherlands			Started market approach	First partner contract	First client contract		
 Germany			Started market approach	First partner contract			
 UK				Started market approach	First partner contract	First client contract	
 France					Started market approach	First partner contract	
 Poland					Started market approach	Establishment of R&D office	
 Dubai				First client contract	Started market approach		
 USA					Started market approach	First partner contract	
 Mexico						Started market approach	
 Singapore					Started market approach	First partner contract	
 Australia						Started market approach	
 New Caledonia						First partner contract	

Table 3, An illustration of Medius' international expansion.

At the end of 2010 Medius also reorganized the company structure, coming into effect in 2011, to better fit their international activities. There are now subsidiaries in each country, and if resources from another office are borrowed they will have to pay for it. A number of important company functions will be centralized and be located in the parent company. See *Fig. 12* below for an illustration of the upcoming company structure.

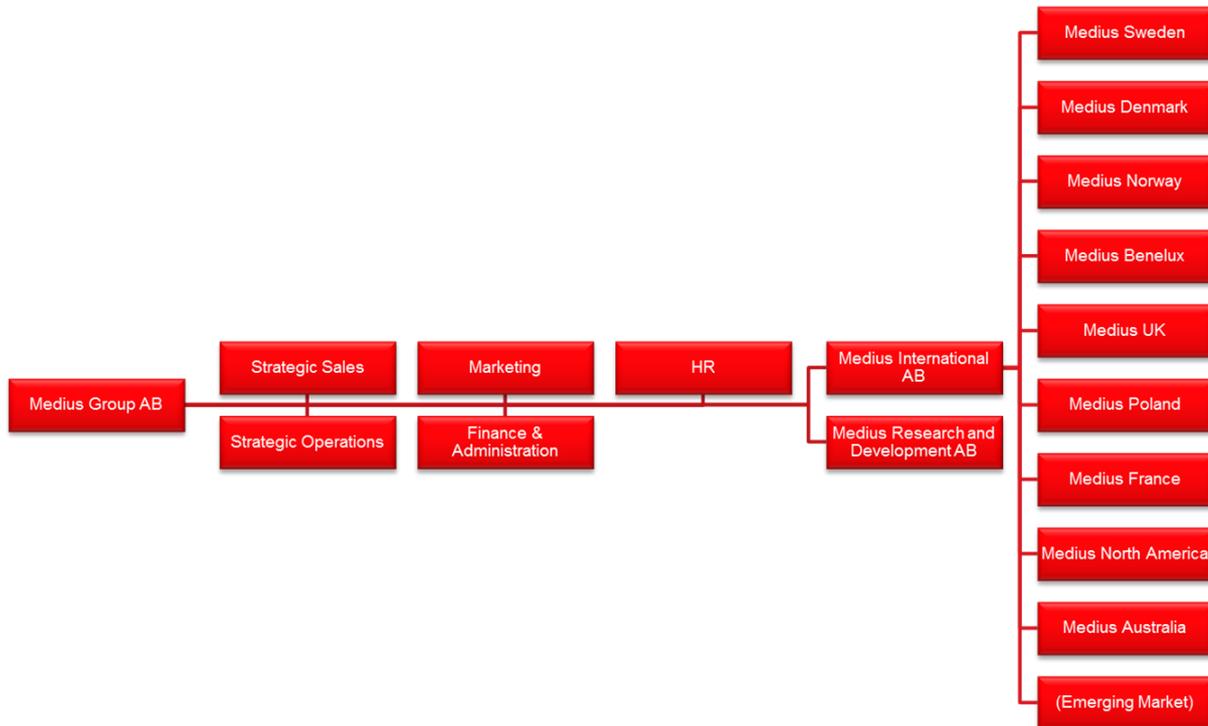


Figure 12, The company structure of Medius, coming in to effect in 2011. Source: Internal documents at Medius.

## 5.5 Internationalization processes

From an operational perspective, four important processes exist that are related to Medius' internationalization process; **Scouting partners in emerging markets**, **Sales in foreign markets**, **Delivery in foreign markets** and finally **Aftermarket activities and support for foreign markets**. In this section these four processes will be described.

### 5.5.1 Scouting partners in emerging markets

Medius has an international market director, Magnus Lisnell, responsible for scouting potential partners in emerging markets. A very important source for finding leads for new partners is the Swedish trade council. Lisnell also uses his own connections to a large extent, e.g. Lisnell knew the CEO of a company in Malaysia from previous contacts, and Medius are now in the process of negotiating a partner-agreement with him. In order to maintain his relations, Lisnell uses social media like Linked-in and Facebook in his work. Different fairs are sometimes used too to find leads. According to Lisnell there is usually not enough time and resources to do more formal market analysis, even though it would be beneficial - *"It is a rapidly changing business environment and you have to move fast or you are dead"* (Lisnell, 2010).

Partners are divided into three categories depending on their capabilities; a Platinum Partner will both sell and implement projects, a Gold Partner only sells projects and then let Medius implement the project, while a Silver Partner only conveys potential leads to Medius sales staff (see Fig. 13).

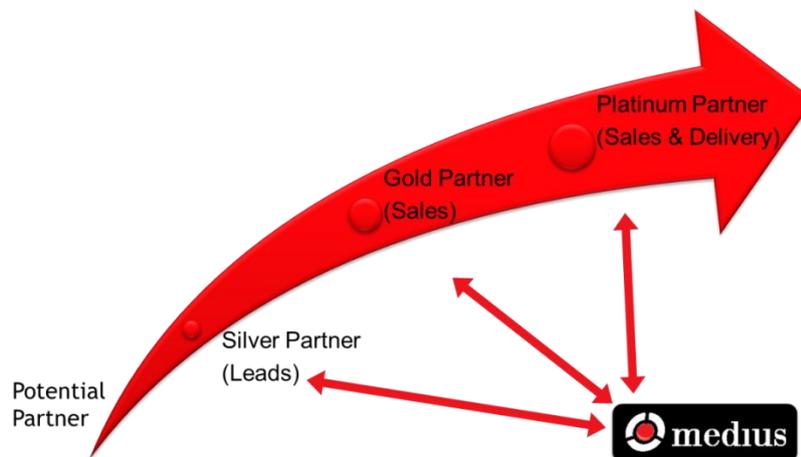


Figure 13, An illustration of Medius' partner levels.

Medius mainly targets four types of companies when looking for potential partners;

- Companies who sell different type of IT-systems, preferably ERP systems
- Business Process Outsourcing (BPO)-companies
- Specialized purchase-to-pay companies.
- Hardware-providers of copiers and printers

The current partner program started in August 2010. Working with partners is a relationship building process and the partners need to be trained and supported, especially the platinum partners since they will deliver MediusFlow™-projects on their own. The idea is to train platinum partners by undertaking the first three projects that they sign together with Medius staff. It is also important for Medius to incentivize the partners to focus on selling Medius-products.

### 5.5.2 Sales in foreign markets

Medius relies on three different channels for selling in foreign markets; Partners, roll-outs of existing customers (follow the customer) and direct sales. In this section Medius direct sales channel will be described. Medius Partner strategy was described in the previous section and Medius strategy for roll-outs will be described in section 5.5.4 since it is currently the responsibility of Medius' after sales function.

The first step in the direct sales process is to cold call potential customers from a prospect list. The goal with these calls is to book a meeting with the prospect where the product can be demonstrated. After the product has been demonstrated the goal is to book a second meeting and hand over a quotation. Depending on the customer this can be followed with a couple of more meetings before a contract is signed. For smaller customers it is usually only the salesman who meets with the prospects but for larger customers the salesman is sometimes accompanied by an application consultant or a technical consultant who can answer more specific questions regarding product functionality or technical aspects.

Something called the "30-points model" is used for the direct sales channel. It is a model developed for the Swedish market where each salesman has to earn 30 points during a day. Different activities rewards the salesman different amounts of points, e.g. a sales call equals 1 point, a booked first meeting equals 10 points and submitting a quotation also equals 10 points. The direct sales channel, with the 30-points model, has resulted in varying degrees of success in different markets and an analysis of sales in different markets will be done in section 7.3.2.

### 5.5.3 Delivery in foreign markets

Medius has an International Delivery Manager, Daniel Runstedt, responsible for the delivery of projects on markets where Medius does not have local consultants. The process for delivering MediusFlow™ to clients in foreign markets is by and large the same as for delivering in Sweden (see section 4.1.3.1). However, due to geographical distances, workshops and visits to customers are minimized if possible in order to keep traveling costs down. For example, instead of having several half-day workshops these are consolidated to full-day workshops.

To staff the international projects consultants has to be borrowed from different Swedish units for each project since there are no specific resources dedicated to international projects besides Mr. Runstedt. Medius generally tries to send senior consultants for international projects in order to ensure swift deliveries of high quality. However, experienced consultants are always in high demand and are not always available due to Medius' rapid expansion. The idea behind sending senior staff is to quickly establish pleased customers that can be used as references when selling additional projects in that particular market.

Once a local subsidiary had been opened and there are enough prospects in the sales pipe a local delivery organization is built up. Senior consultants are transferred to the subsidiary to help train new locally hired consultants. All new projects in the market are then to be handled by the local organization and the responsibility for ongoing existing projects in the market is also, if possible, transferred to the local delivery team.

#### 5.5.4 After sales & support for foreign markets

Once a customer has submitted a delivery acceptance, the responsibility for the customer is transferred to Medius' after sales function. The after sales function's role is to maintain a good relationship with the customer. This is done through periodically calling them to try to book a meeting where any issues that the customers have experienced with MediusFlow™ can be discussed. A monthly newsletter is also sent out with information about news and new functionality in MediusFlow™.

The purpose of this is to be able to sell upgrades and new functionality but having satisfied customers is also important from a marketing perspective (Arkhult, 2010). The after sales function is also responsible for processing existing customers to enable roll-outs to foreign subsidiaries. However, no comprehensive strategy for actively pursuing a follow the customer strategy exists.

After sales is still a developing function at Medius. Currently information about customers is stored at several different places and is sometimes not up to date. A large part of the current work-load is to organize and structure information about existing customers and to develop routines and processes for working with the customers. Medius plans to buy a new CRM-system to facilitate the work with aftersales (Pauland, 2010).

Responsibility for supporting existing customers in Scandinavia rests on the Swedish parent company while Poland supports customers in the rest of the world. This setup works right now, but Medius considers other options for the future. Either the office in Poland will be staffed 24h a day, or support centers are established in different parts of the world to cover different geographical regions, e.g. in the US and in Australia. (Nordling, CEO and Founder, 2010)

#### 5.6 Knowledge-Transfer at Medius

As already mentioned, the transfer of knowledge within the organization is, together with the acquisition of new knowledge, a vital part of overcoming the barriers to internationalization. This section provides a description of how Medius currently works with the transfer of knowledge and training new staff, with focus on the delivery function as this is the area where most staff is involved.

Medius employs several strategies for disseminating knowledge and training new staff. They have a knowledge repository in the form of MediPedia, a website on the intranet with the purpose of gathering all information in an easily accessible form. Medius also employ a form of mentorship-program, at least at the Gothenburg office, where senior consultants help new employees. MediPedia has been around for a long time and is continuously developed and improved. There are also some other central repositories where data and information are stored, e.g. at a FTP-server. A new version of MediPedia is soon to be released that is supposed to bring more structure to the way information is organized. (Bengtsson, 2010)

Each office in Sweden also appoints an “app-lead” (one of the senior application consultants) and a “tech-lead” (one of the senior technical consultants) that are responsible for the knowledge transfer in each work area and office respectively. This includes developing the project model used for deliveries, maintaining educational material and similar tasks. There are also “dev-leads” in the offices with development units, Linköping and Krakow, with similar responsibilities. These “leads” have biweekly meetings with the other consultants in their area, as well as weekly or biweekly contact with “leads” at the other offices, where they share information with each-other. At the biweekly meetings at the local offices senior consultants often bring up and educate the other consultants in some topic relevant to their work. (Bengtsson, 2010)

New employees receive some formal training in the form of centralized introduction courses in either Linköping or Stockholm, but most of their training is done in the spirit of learning-by-doing. A new consultant usually work besides someone who has been at the company for a while before being assigned to their own project, even though this period often is quite short. New staff is encouraged to ask questions and take responsibility for their own training. (Bengtsson, 2010)

Medius is planning to implement a new education program, Medius Academy, under 2011 that will bring more structure to the training of new employees as well as partners. There will be various courses available aimed at every role and function in the company. This includes courses regarding the product MediusFlow™, economy, integration, sales and so on. The courses will be held on a periodical basis and will not be bound to a certain location. If there are many new employees requesting the same training that are located far from the main offices, it could be done there. Michael Ellmark is responsible for the overall program, but each function has one senior staff member responsible for the course content relating to that particular function. (Ellmark, 2010)



## 6 Delivering MediusFlow™ in Norway

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*This chapter consists of a description of eleven projects that Medius has done and is doing in Norway. Three of the projects are described more in-depth in the form of case studies. At the end of the chapter the different projects are analyzed. This analysis constitutes the answer to our second empirical research question (ERQ 2); What differences and problems have Medius experienced when entering their first foreign market, Norway?*

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As of the writing of this thesis, Medius has 16 customers in Norway. For the projects relating to these customers primarily twelve project managers (PMs) from Medius have been involved. The majority of these projects have not yet been finished and some of these projects have had different PMs during the course of the project.

Seven PMs have been interviewed regarding the outcome and progress of the projects they have been involved in. Through these interviews eleven out of the sixteen projects have been covered. The remaining projects are too recently initiated to have reached enough progress to be interesting. Two of the earlier projects, that either have been completed or are close to receiving a delivery acceptance, and one of the more recent projects, have been described more in-depth and have also been complemented with observations made by the PM on the client side. The descriptions of the other eight projects are shorter and serve to get an overview of the variety of the different projects and the challenges that they entail.

### 6.1 Case study: Alpha AS (November 2008 – October 2009)

Alpha is located in Drammen, Norway, and is part of a larger group that develops and markets energy-systems for telecom, industrial and renewable application. Their main operation is the manufacturing of large transformers.

This was Medius' first purely Norwegian project. The project was initiated because of a serendipitous event when Medius was looking for an integration partner to build integrations to the ERP-system IFS. Through personal contacts a senior salesman at Medius found two Norwegians, a father and son with the right competence. The wife of the son worked at Alpha and when she heard of the product she became very interested in implementing MediusFlow™ at her company.

Alpha had started to look at solutions for electronic invoice processing in October 2008 and they signed an agreement with Medius in November the same year. The implementation was supposed to go live in January 2009 but wasn't finished until October, almost 8 months later.

Alpha was considering several options when deciding upon which system to choose. Competitors included two solutions from Norwegian companies as well as a module that could be added to the ERP-system (IFS) that they are currently using. No previous solution for electronic invoice processing existed at Alpha and there were several reasons why they picked Medius' solution over the others. Things that stood out was the simplicity of the application, the ability to match invoices and orders on a line level, a relatively low price-tag and that they had a positive perception of Medius as a company. They hoped that Medius was small and hungry enough to provide them with higher levels of service and attention than a larger supplier would.

There were many delays caused by the integration with the customer's ERP-system, IFS. The integration was built by an external partner. Also, many of the required resources at Medius were tied up in other projects. According to Medius' PM, the project could probably have been closed earlier if those resources had been available.

Besides the integration to the ERP-system there was also some issues with the functionality of the application that needed to be addressed that was specific to Norway. According to the Medius PM the Medius organization knew that some things are done differently in Norway, but no one could say exactly what. The PM found out that they were using something called KID-numbers in Norway. It is a similar concept to the Swedish OCR-numbers but MediusFlow™ did not really support the Norwegian version. Besides the KID-number, Norwegian VAT-handling also proved very different from how things are done in Sweden. The KID-numbers was apparently quite easy to work around, but the way VAT was handled caused a lot of difficulties. MediusFlow™ did not really support this way of handling the process and a lot of time was spent on creating a solution.

According to Medius' PM the project could have been closed much quicker if the Medius staff would have been able to spend more time onsite with the customer. The client experienced difficulties testing the product without consultants by their side to guide them. The customer had previously neglected testing the installation when asked to by the PM, and this caused further delays in the project. In the end the Medius PM went out to the customer site and spent four days there, not leaving until the project was ready to go live.

The project had been sold in as a fixed price project and a Swedish agreement had been used. Because of the fixed price and the many delays the project wasn't very profitable. However, considering that it was the first Norwegian project and that Medius learnt a lot from it Medius is still quite satisfied with the result.

### **6.1.1 Observations made by Medius' PM**

Medius PM was a senior consultant but with no previous experience of doing business in Norway. The PM's general impression is that Norway and Sweden are quite similar overall, even though some differences exist. He believes that much could have been gained if Medius had done some more research on Norway before entering the market, especially on technical issues like KID-numbers and VAT-rules.

Regarding communication it was according to the PM easy to understand most of the people speaking Norwegian, but some individuals were almost impossible to understand. This was dependent on what part of Norway they came from. English was used for communication sometimes. Besides the language aspect, communication worked great. The client's project-leader was experienced in IT-projects and had a good understanding for how things are done. No difficulties with the translation of the application were encountered since the customer wanted the English version of MediusFlow™.

When asked about the culture at the company the PM brought up that the Norwegian customer work shorter days and he didn't feel that the employees were as committed to their work as people at Medius or Swedish companies in general. The project was, however, perceived as new and fun and this made people more committed.

His overall impression of the project was that it went quite bad. The project team worked really hard but didn't have all the prerequisites for a smooth and successful project. Medius was lucky that the customer was so understanding.

### 6.1.2 Observations made by the client's PM

The PM at Alpha has extensive experience of working with Swedes and in Sweden. He has both spent time at a Swedish university to get his education and had been responsible for the implementation of IFS at Alpha's Swedish subsidiary.

Alpha's PM said that *"right now Alpha are satisfied to 80% with the current solution that has been implemented"*, and that the end-users are very happy with the solution but that there sometimes are difficulties with the scanning when they receive invoices from Asian suppliers.

Alpha's PM was never worried about the delays as the project was regarded as small and non-business-critical and he has nothing negative to say about how Medius handled the project. Many of the delays were caused by Alpha themselves as they sometimes lacked available staff in the economy department. He did experience that Medius sometimes was very busy in other projects as it was hard to get time with Medius' PM.

When asked about any difficulties during the project, Alpha's PM brought up that some of the end-users were experiencing issues with the system in the beginning and were uncomfortable calling Sweden for support. He also thinks that Medius might have underrated the effort needed to accommodate their slightly unusual setup of IFS.

Alpha is now considering upgrading the implementation to a newer version in order to gain access to some new functionality. They are also considering rolling out Medius to their subsidiaries abroad. Their subsidiary in the US is handling twice as many invoices, 30k annually, and would according to Alpha's PM certainly benefit from implementing MediusFlow™.

Alpha's PM thinks that Sweden and Norway are quite similar from a cultural perspective. However, he feels that Swedes might be a bit more structured and organized than Norwegians and stated that *"We Norwegians are the Spaniards of the North - we can fix this tomorrow.."*

## 6.2 Case study: Beta AS (Q1 2009 – November 2009)

Beta AS manufactures parts for the oil & gas industry and is part of a larger group with operations in several countries. This was one of Medius' first projects in Norway and two companies, Beta AS and Beta International, was implementing MediusFlow™. Both companies are located in Drammen, Norway, and use the ERP-system Navision.

The project started in the spring of 2009 and has been going on for about a year and a half so far. The solution went live in the end of 2009. The modules for expense invoices and purchase order based invoices have been implemented and are now live, but the acceptance of delivery has not yet been submitted by the client. The project was supposed to take two months according to the original time plan, but has been delayed several times for numerous reasons. The delays have stemmed both from the client and from internal difficulties at Medius.

Once the software was installed there turned out to be major deficiencies in the translation from Swedish to Norwegian. Some words were not properly translated and there were hundreds of words that simply had not been translated at all - resulting in error messages in the application and parts of the graphical user interface (GUI) not showing up. It was not clear who was responsible for making the translation. One of the staff in the development team provided a list of the missing words and the PM ended up contacting a professional interpreter who translated them. This whole process took some time and caused delays.

There was also a difference in the way Navision was set up to what Medius' staff was used to, causing delays in the integration of MediusFlow with the customer's ERP. This was further complicated when the client not always knew why they had the adaptations that they did. The Navision integration also needed a lot of work overall since it wasn't very good from previous Swedish projects either.

It took a long time before Medius staff understood how the customer dealt with VAT. The PM had heard something about VAT being handled differently from before, but not exactly how. The customer was not very good at expressing what they wanted. They had meetings and long e-mail conversations but neither the PM nor the NAV-consultant could figure out what the client's PM wanted.

Even though KID-numbers were involved in the Alpha project the Medius PM had not heard about it when entering the Beta project. Just as in the Alpha project adaptations had to be done to overcome this.

Another source of delays was the fact that the client's ERP-system was not properly prepared for matching in MediusFlow<sup>TM</sup>. In order for MediusFlow<sup>TM</sup>'s matching function to work the same article numbers must be used by the supplier and customer or a reference table that translates the article numbers have to exist in the ERP. This was not the case and it had not been flagged as an issue by the person at Medius who sold the project. Beta's PM was therefore quite upset when Medius PM raised the issue. She repeatedly said that the salesman had promised the matching function and were unwilling to listen to the PM when he explained what was needed to be done in order for the function to work.

Today, however, the customer is pleased and happy with the system. It took a while, but now they have learned how to use it. According to Medius' PM it wasn't a very profitable project if the time and money spent on it is allocated on the project alone. However, a lot of the time spent improving the integration and translation of the product will benefit future projects and that sense the project could be looked upon as an investment in the Norwegian market and therefore still be regarded as profitable.

### 6.2.1 Observations made by Medius' PM

For the PM from Medius, the Beta project was his first contact with the Norwegian market and it was also one of his first projects ever at Medius. The PM had no previous experience of working abroad and had never visited Norway prior to being assigned to this project. His general impression about Norway is that Swedes are very well received there. They are considered hard working and knowledgeable. He also feels that Norwegians know more about Sweden and are better at understanding Swedish than vice versa.

The PM experienced some difficulties when communicating with the customer. This was however not perceived as being overly aggravated by the language differences, but something he felt was trait specific to this customer. Also the internal communication at Beta seemed to be lacking according to the PM - they were described as being positive in general, but they never listened. There was a general ambiguity in their communication and they never did what the PM asked them to do. For example, they objected to doing a thorough testing before going live, despite repeated recommendations to do so. They did not care much, and the response was that "lets go live, we don't need to test it very much". Not having properly tested the implementation before going live caused difficulties and further delays. Also, they started upgrading their ERP-system without noticing Medius about this. This caused more delays as Medius had to wait until the upgrade was finished before they could continue working on the project.

Furthermore, the staff at the customer worked shorter days than the staff at Medius. This sometimes caused frustration when the PM needed to get hold of the Norwegians. The PM also experienced it as sometimes being hard to get attention and necessary resources internally.

### 6.2.2 Observations made by the client's PM

The project was run by the CIO and the CFO at Beta. The CFO was the PM and she had some previous experience from working with Swedes. She feels that there are differences in culture between Sweden and Norway. Swedes have a hard time understanding Norwegian according to her. Norwegians are better at understanding Swedish. This led to more difficulties during the implementation of MediusFlow™ than she had anticipated.

Beta was actively looking for a workflow system when they found Medius. They picked MediusFlow™ because Medius were a small company (they argued that they would get better attention and service from a smaller company), cheap and had a good solution. What she really values with the system today is the archiving and tracking functionality.

Several problems arose during the project. The PM from Medius was unable to understand Beta's problems. The cooperation between the PM at Beta and the PM at Medius was not always working as well as it could. Beta's PM felt that the Swedish PM had a lacking understanding of Norwegian and that he was too careful. She would have liked him to be more proactive. When things didn't work with VAT-handling for instance, Medius' PM should have visited Beta and looked at it. She also thought that Medius could have researched the differences in how things are done in Norway contra Sweden better before coming to Beta. Halfway through the project she was considering shutting down the whole project and kicking Medius out.

To summarize, Beta's PM felt that the Medius PM was too inexperienced and that the chemistry between him and her didn't work. She also brought up some issues with communication and misunderstandings that had occurred during the course of the project.

Today Medius has fulfilled most of the promises and expectations that Beta has. The end-users were skeptical to the system in the beginning but they are warming up to it now, and the communication between Beta and Medius works better today. Beta's PM is also happy that Medius now has an office in Oslo.

Beta is currently considering upgrading MediusFlow™, but they don't want to spend money on testing. She has a hard time to understand why a simple upgrade of a *“small and simple system”* should need such extensive testing.

Beta's PM thinks that Norway and Sweden are quite close culturally but that Swedes are bit more careful than Norwegians - *“In Norway we honk and go”*. Medius always wants to test the system extensively before going live. She feels this is a waste of time and money.

### 6.3 Case study: Gamma AS (August 2010 - present)

Gamma is a large corporation that delivers turn-key engineering and manufacturing services, technological products and process solutions to oil, gas and land-based industries. The functionality Gamma primarily wanted from their solution for electronic invoice processing is the matching of orders and invoices on a line level. They did not have a prior solution for electronic invoice processing prior to implementing MediusFlow™.

Gamma regards this as a large IT-project as it will affect about a hundred end-users once it is fully implemented. The project followed the time plan relatively well up until the test-phase, but it is now overrun as the implementation failed to go live on the first of December 2010. One of the reasons for the delay is that there has been a partner involved in another project at Gamma that upgraded Gamma's Navision implementation, something that affected Medius. Medius had to redo some of their work after the upgrade.

After having done some initial testing Gamma are now worried that the system is going to be slow due to their big databases and are trying to find a workaround. They also need to clean up their Navision-databases in general, as too many users have had access to enter data in the past. This has resulted in many redundant entries. Gamma are now hoping to be able to go live with one or two out of their sixteen companies before Christmas.

The implementation includes the Norwegian language package, and the PM at Gamma thinks that the translation looks good even though she hasn't had the chance to see much of it yet. The manuals and other documentation that they have received are all in Swedish. They prefer to have them in Swedish rather than English, but would obviously have liked to have them in Norwegian instead. When speaking to the Medius PM she was not aware about the fact that Gamma wanted these documents in Norwegian.

The main responsibility for this project has been on Medius' Stockholm office and the PM Sandra Glamsjö, but during the course of the projects more and more tasks have been delegated to the new Oslo office and a junior consultant there.

#### 6.3.1 Observations made by Medius' PM

The Medius PM, Sandra Glamsjö, is a senior consultant who has experience from working in several international projects. She has, besides working in Norwegian projects, also conducted projects in Holland and the UK. Her overall impression of Norwegians is that they are easy to work and do business with since they are quite similar to Swedes. She feels that the Gamma project has gone pretty well so far and has not experienced any major difficulties. She knew about KID-numbers in advance since she had talked with other PMs who had worked on projects in Norway. Overall she doesn't feel that she has had to make any major adjustments of MediusFlow™ for Gamma.

However, the mix of Swedish and Norwegian sometimes makes it hard to understand each-other. Sandra therefore prefers to communicate via e-mail since it is easier to understand written Norwegian than spoken. Another complicating factor is that the consultants have had to travel from Sweden and this has put higher demand on the planning-effort. The consultants have to accomplish more at each visit in order to keep down the traveling costs.

When asked about the business culture at Gamma she described them as rather laidback and informal. She also felt that they had an *“engineering spirit”* and that they were quite structured in their work. One aspect of this is that the contract was more comprehensive than what is normally the case in Sweden, and that they had a better understanding of what they were buying and what to expect. Sandra also noticed that they worked shorter hours than in Sweden and that after 4 pm almost everyone had left the office.

### 6.3.2 Observations made by the Norwegian PM

Gamma’s PM has worked as an IT-manager at Gamma since August 2008. She has not participated in any of the major IT-projects at Gamma prior to the implementation of MediusFlow™.

Gamma’s PM felt that Medius probably lack experience in working with one of their Navision modules for working in projects, and that this is creating difficulties. According to her she was very clear about the complexity this brought when the project was initiated, but that Medius’ PM *“did not take this with him/her”*. Gamma made a visit to Alpha to use them as a reference, but they never get to see their solution in use, something that Hilde regrets today.

Gamma’s PM brought up primarily three things when asked if she had experienced any issues during the project; The language barrier, Medius switching PM and that the new PM might be too inexperienced. Gamma’s PM had also heard about Medius large project at Iota AS, and was worried that they not will get as much resources and attention to their project as before.

The language barrier is the biggest challenge in the project so far according to Gamma’s PM. There has especially been difficulties when participating in teleconferences and when terminology particular to either the IT or Economy department is used.

She also perceived that Medius switched PM during the course of the project. This is not the case. Sandra is still the PM but since the new junior consultant is located in Oslo some tasks have been delegated to him. The new consultant has not had the chance to work in very many projects so far, and none in Norway. This is not appreciated by Gamma as he often needs to contact Sandra when they have questions. They recently had their workshop where Medius visited and educated some of Gamma’s staff about the application. This was the first time Gamma saw the GUI and some questions were raised that the junior consultant had trouble answering. Hilde thinks he has been assigned to this project too early. Even though she does not expect a PM to be all-knowing, she thinks he has to go back to other co-workers for answers a bit too often. However, overall she is impressed by Medius’ PMs, they are easy to work with and she describes them as very professional and having high integrity.

## 6.4 Other Norwegian projects

For the majority of the projects only Medius' PM was interviewed. Those projects are summarized in the following sections.

### 6.4.1 Delta AS (November 09 -present)

Delta is part of the Delta Group, a large group whose main business is the manufacturing of oil tankers. This is a big project that was preceded by another project at one of the other subsidiaries that never was completed due to the subsidiary being discontinued.

One of the main challenges with this project was that a new integration had to be built against the ERP-system Multiplus™. To build a new integration can be very time consuming but in order to sell the project a very optimistic time plan was used. In order to build the integration Medius needed to work together with the ERP-supplier. This didn't work so well and Medius' PM experienced that Multiplus was undedicated to the project and rather incompetent. One reason for their unwillingness to help could be that Multiplus has their own solution for electronic invoice handling and even though they got paid for helping to build the integration between Multiplus™ and MediusFlow™ they might still consider Medius a competitor.

So far two out of five implementations have gone live. The Norwegian translation of MediusFlow™ now works very well. It has according to the PM been a successful project so far without any major hick-ups and is most likely going to end up having been very profitable. The people involved in the project from the customer side is described as competent and committed. The original time plan has been exceeded however, mostly due to the integration work.

### 6.4.2 Epsilon AS (Q1 2010 - present)

Epsilon is a trading company that buys and sells chemicals and it is one of Medius' smallest clients. This project has been going on for about six month now without very much happening since the first workshop. The customer was immediately put off by the high cost of having consultants from Sweden come visit. Also, the customer's expectations of what would be delivered turned out to exceed what Medius would be able to provide by far, at least without a significant increase in budget. They have numerous adaptations to their ERP-system, Navision, and they use an external partner for their IT.

Both the CFO, responsible for the project on the client's side, and the staff at the external IT-partner has caused headaches for the PM. The personnel at the IT partner has been experienced as incompetent and undedicated; it took three months before they granted access to their servers to Medius, they did not show up for meetings, and so on. Communication with the CFO has also been troublesome, he is uncommitted and doesn't want to speak to the Medius PM. Medius has now switched to a Norwegian PM, without any signs of improvements in this regard.

### 6.4.3 Zeta AS (Q2 2010 - present)

Zeta is an independently run subsidiary of a Swedish parent company through which the project was sold. The Zeta group makes and sells equipment and vehicles adapted for disabled people.

So far the project has reached the test-phase and the project has been going pretty smoothly. The Medius PM had been in contact with other PMs who had done projects in Norway and was aware of the differences in how VAT and KID-numbers are handled when the project was initiated. It still

provided some problems though as the PM had not personally dealt with it before. The translation of the application is now working well and there had been previous integrations towards Microsoft AX, the customer's ERP-system, in Norway. Medius is slightly behind the time plan, mostly because of delays caused by the customer and the at times limited number of available technical consultants at Medius.

The PM has been involved in two Norwegian projects so far and has experienced a different attitude towards consultants compared to Sweden. He illustrated this with a quote from the client's PM; *"When I say jump, the consultant jumps"*. In general the customers have had higher demand on attention and focus when they ask for it than Swedish clients. The language aspect has in general not caused any difficulties. The only exception is the documentation and manuals that have not yet been translated into Norwegian and currently only exist in English and Swedish.

#### **6.4.4 Eta AS (May 2010 -present)**

Eta sell their own brand of out-door clothes through a big chain of retail stores in Norway. The implementation of the application was straightforward using a standard integration towards Navision. The project started in May 2010 and Medius was able to complete the implementation according to a tight time plan in only 8 weeks. It was thus finished right before the customer's staff started to go on vacation and the plan was to start testing right after. There has now been a long delay without the customer testing the implementation. The only glitch experienced by the PM so far was how to deal with the KID-numbers. She was not aware about this Norwegian requirement before she left Sweden. The project was sold with a fixed price, and even though the PM thinks it has been a smooth project so far, she does not think it will be very profitable, primarily since she can't bill the customer for time spent travelling, and because of a junior consultant being assigned to the project with the purpose of learning.

#### **6.4.5 Theta AS (June 2010 – December 2010)**

Theta is a medium-sized company with sixteen stores in Norway that sells and distributes books and student-literature. The PM took over the project from another person at a late stage in the project and Medius is as of the writing of this thesis testing the implementation. The project was initiated in June, 2010, and went live during December. A Swedish partner has been involved with the integration work of integrating MediusFlow™ and the customer's ERP-system Movex. The communication and cooperation with the partner has worked very well. Medius' PM feels that Theta has a big confidence in Medius and that they are easy to work with.

Besides a slow start there have not been any major difficulties with the projects and no Norway-specific adaptation of the application has been done besides a minor work-around for the KID-numbers. The only issues that he has experienced are the shorter working days and a lack of product documentation in Norwegian.

#### **6.4.6 Iota AS (June 2010- present)**

Iota is one of the largest corporations in Norway, acting as a wholesaler and retailer of commodities. This is a huge project, at least ten times as big as any previous implementation Medius has done. The project involves many people and requires integration with about 15 different IT systems. Iota can receive up to 50 000 invoices per hour - an amount of invoices other customers, that previously has been regarded as big, receive in a year.

Iota had a previous solution bought from Medius' main competitor, Basware. The system was overly adapted and when Iota wanted to do an upgrade it would have been necessary for Basware to make a completely new installation. Since Iota was unsatisfied with their current supplier they instead decided to go with Medius.

The project will be run in a different way than Medius is used to. A branch of Iota called Iota Data will be responsible for the project and Medius will act as a sub-supplier to them. Iota will have a team of 15 people working in this project, with three core individuals. Medius' PM thinks this is great since it shows that Iota is very dedicated to the project, something that often isn't the case. Medius also will have dedicated resources working fulltime at the customer site due to the size of the project.

Implementing MediusFlow™ at Iota will require substantial adaptations of MediusFlow™. Many of these adaptations will be developed by Medius central development group and not be billed to Iota as these are adaptations that are needed to handle large customers in general. These solutions will be packaged into the MediusFlow-Enterprise™ version and the hope is that Medius will be able to use this in future projects for large customers.

The PM believes that there will be many challenges during the project but that they will mostly be related to the size of the customer and the project overall. The project has a very high priority - a senior PM has been appointed and the required resources will be dedicated to this project no matter what. Staff at both the customer and at Medius speaks their native languages, and this sometimes makes the communication a bit slow as things need to be repeated and clarified. Also all the documentation and manuals will have to be translated into Norwegian. Besides these two issues there are no obstacles that the PM anticipates due to the project being conducted for a Norwegian company.

#### **6.4.7 Kappa AS (August 2010- present)**

Kappa is a telecom company selling cellphones to customers through 62 stores. They are part of the same group as Netcom and are owned by Telia-Sonera. The project also included implementations for two other companies, Kappa2 and Kappa3.

This was a big project and the implementation was set up to handle 50 000 invoices annually It also involved an external PM from KPMG on the client's side, as well as an external Navision consultant, also from the client's side. The project had been sold with the promise of a short and tight time-schedule. The external PM from KPMG focused very much on upholding this.

The Navision consultant was not always available, and this in combination with the fact that the client had a lacking understanding of how their own ERP-system was set up, caused some delays. Each store represented a legal entity in their system, instead of having one for each company, and this caused significant amounts of extra work with the integration with MediusFlow™.

The customer also failed to give Medius VPN access to their network, even though it was clearly specified in the technical requirements. The main reason for this is that the client's network had very high security standards. This led to consultants from Medius having to travel to Norway and work onsite. This was a problem for Medius since it is not the way Medius usually works. A Medius consultant is usually involved in several projects at the same time. This way the consultant can switch

between different tasks as he or she waits for some other activity to be completed by someone else. This is not possible when being stuck at the customer's site.

Some language issues were experienced during the project and communication via e-mail was preferred over telephone when not being onsite at the customer. Some of the reflections from Medius' PM after the project were that the client's PM was very goal oriented and that the client had been more thorough in the negotiation and contract phase than what is common in Sweden. The upside of this was that they had a better understanding of what they were buying.

#### 6.4.8 Lambda AS (October 2010 - present)

Lambda is a retailer selling furniture through their chain of store, with a very large share of the Norwegian market. They already have a solution for electronic processing of the roughly 160 000 invoices they receive annually, but want to replace it with MediusFlow™. This is a very recent project, it was started only two weeks prior to the interview with Medius' PM and it is also a quite large project, not only with regards to the number of invoices but also the number of modules (five) to implements and the fact that it will require two integrations as the client switches ERP-system in about a year. The project looks very promising so far and the client wants to keep the implementation as close to the standard solution as possible – no difficulties have yet been identified. The client is well aware of what is expected of them and that this kind of projects sometimes can be expensive. They are prepared to take in a consultant full time until the project is finished.

### 6.5 Analysis of the Norwegian projects

Some issues have repeatedly been brought up during the interviews with the various PMs that have been involved in the Norwegian projects. These issues, and in what projects they have been found, are illustrated in *Table 4* below. Two of the projects, Iota and Lambda, have been left out since they are too recent for any real progress to be made and most issues that can be expected have not yet had time to surface. Iota is also an exception due to its size and relative importance. All of the projects in Norway that are close to completion have for various reasons exceeded the time plan so far.

Problems with..	Alpha AS	Beta AS	Gamma AS	Delta AS	Epsilon AS	Zeta AS	Eta AS	Theta AS	Kappa AS
Translation of Product		x							
(outspoken) Translation of Documents			x			x		x	
VAT, KID	x	x				x	x		
ERP Integration	x	x	x	x	x				x
High expectations due to Sales-person		x			x				
Language issues		x	x						x
Communication with customer		x			x	x			
Third parties	x		x	x	x				x
Geographical distance	x				x		x		x
"Short Workdays"	x			x				x	
Internal resources being in high demand	x		x			x		x	
Customer did not do their part	x	x			x		x		x
Time plan exceeded	x	x	x	x	x	x	x	x	x

Table 4, Overview of the issues that repeatedly have been brought up by the PMs regarding the Norwegian projects.

Some of the issues are possible to relate to the barriers of internationalization specified in the theoretical framework. However, many problems that have occurred and delayed the projects appear to have little to do with operating in the Norwegian market and any lack of knowledge thereof. Some issues, such as the geographical distance, are accentuated, but many others do not seem to be market-specific per se.

Other differences that have been observed are either inconclusive or seem to be very much related to the individual customer. For example, some PMs have also reported a more stringent approach to procurement and that the Norwegians have a better idea of what they are buying. This is, however, refuted by the experience of others. Other PMs tell about a different approach to working with consultants where less emphasis is put on cooperation than in Sweden; they want the project to be more on the terms of the customer – *“When I say jump, the consultant jumps”*. Factors such as the size or type of the client company, and if they perceive it as a large or rather minor project, can sometimes appear to have a larger impact on the project than that it is a project conducted in Norway.

#### 6.5.1 Identified problems related to lack of cultural knowledge

No major issues have arisen due to lack of cultural knowledge. Even though some cultural differences have been observed that have the potential of causing some minor friction in the projects, none of these are critical to delivering projects in Norway. It is also very difficult to say whether a certain business culture is relationship-specific or country-specific, but almost all the interviewees have responded that the **Norwegians work less and fewer hours**. This sometimes has consequences when Medius try to reach someone on the client side, when planning meetings, and so on.

Most have said that they felt that Norwegian generally like Swedes since they are perceived as hard working. A few clients have even stated that they prefer to work with Swedes. Some of the Swedish PMs have described the Norwegians as lazy or *“easy-going”*, depending on whom you ask.

#### 6.5.2 Identified problems related to lack of business knowledge

Some customer needs related to Norwegian accounting practices that differ from how things are done in Sweden have been found. The way **VAT** is handled and the use of **KID**-numbers were primarily brought up as issues in the first two projects. To solve these issues adjustments had to be made to the software. These adjustments have been made for each specific project even though the same problems have occurred in several projects. Even though the PMs leading more recent projects still had to deal with these issues, they were in most cases aware of them when they left Sweden as they had talked to other PMs with previous experience of conducting projects in Norway.

#### 6.5.3 Identified problems related to lack of institutional knowledge

Language is one of the main problems that have been identified and can be divided into two sub-problems; translations and communication. Other aspects of institutional knowledge have not been brought up as issues. E.g. Medius is often using Swedish contracts also in Norway.

### 6.5.3.1 Translations

Medius uses professional translation-firms, but since the translators were not familiar with the context, some translations were poorly made. In the first project in Norway where the Norwegian language package for MediusFlow™ was installed, large parts of the user-interface translations were simply missing. This led to a delayed project and a frustrated customer. The lacking translation of the product, i.e. the Norwegian language package, was only an issue in the first project where it was used, it was resolved once it was discovered.

Up until today it is only the user-interface of the software itself, MediusFlow™, which has been translated. Supporting documents, such as manuals, technical information and so on are only available in English and Swedish. We assume that all the companies that use the Norwegian language package, that is every company except Alpha, would have preferred to have all the documents and manuals in Norwegian, but it has only been brought up as an issue in three of the projects. A large new customer, Iota, has recently demanded to have all documents in Norwegian, which will incur further translation-costs. Most of these expenses can be considered one-time costs, but there will be a continuous need to translate new documents and parts of the software as upgrades and modifications are made.

### 6.5.3.2 Communication

Since Norwegian and Swedish are quite similar **languages**, most communication between Medius and its Norwegian customers have been in Norwegian and Swedish respectively. However, communication is not as efficient as when speaking the same language, especially when speaking with people with distinct dialects. Many of the project leaders have said that this has not been a major problem overall, but still there have often been a need to repeat one-self in order to clarify things. Sometimes communication and decisions was repeated and confirmed via email in order to make sure no misapprehension had occurred. Especially communication via telephone has been considered difficult. Instead meeting in person or the use of written communication has been preferred and in some cases English has been used. Any issues with **communication not related to language** seem to be very specific to the individuals involved in the project and how well they matched.

Albeit these problems might be considered minor they have often been brought up as issues and quite clearly reduced the efficiency in the communication, leading to more frequent misunderstandings and a general increase in time-consumption.

### 6.5.4 Other problems identified

First of all there are some problems and limitations associated with **operating out of Sweden**. Travelling between the two countries is time consuming and costly. The customer is not always willing to foot the bill and being asked to do so can be a source of some animosity. From Medius' perspective the sometimes extensive time spent travelling creates higher demands on scheduling and planning, both for themselves and the customer. E.g. if a consultant arrives to a customer site after hours of travelling to perform a task (e.g. gather information, configure the product or do some other adjustment) but the customer has failed to do preparations (e.g. to prepare access to their network) the consultant will have a very hard time to find other, alternative, uses for his or her time. If the same situation would occur in Sweden, the consultant would in most cases rather easily be able to switch to working on some other project. Fortunately, much work in a project does not need to be performed onsite, but we assume that the problems described above could produce reluctance

towards visiting customers, which in turn could hamper communication and the learning process. Some consultants describe how sometimes more focused efforts has been made, where several days has been spent onsite in order to bring a project on track and make more efficient use of the time available. The geographical aspect is most likely less severe when comparing Sweden and Norway than if business was conducted in some more far off country where this issue would be more pronounced.

The **integration** of MediusFlow™ with the client's ERP system often proved problematic and caused delays. This seems to be something that differs a lot from project to project and no learning can be observed. Problems can stem from the customer not having well maintained databases, having unusual configurations of their ERP-system, using ERP-systems that Medius have no prior integration with or one of many other things.

The customers had in a few cases very **high expectations** on the product after only having talked to the sales-person that sold the project. These high expectations was then perceived as problems by the PM as it was either very hard, or even impossible, to live up to them. It could either be expectations of functionality, unrealistic time plans or requirements on the customer that wasn't mentioned.

**Third parties** involved in the projects often cause difficulties and delays. There are not always any third parties involved but sometimes the customer require that Medius uses a certain partner when doing the integration, they outsource all or parts of their IT-infrastructure, or Medius themselves hire consultants to gain access to certain expertise. These third parties are not always very motivated to provide services in a timely manner and are sometimes proves to be outright incompetent.

Sometimes **internal resources** such as senior technical consultants or consultants that are knowledgeable regarding a certain ERP-system are in high demand and thus hard to get hold of. This has more to do with the high growth-rate of Medius than operating on the Norwegian market.

Quite often **the customer causes significant delays** to a project. Even though Medius has done their part the client might not have the resources available to test the implementation as planned, or they fail to meet some technical requirement stated in the agreement. However, these issues are not uncommon in Swedish projects either.

### 6.5.5 Learning

An important part of the internationalization process is learning. To capture this we sorted the projects in chronological order and tried to see if we could detect any learning and thereby improvements in the results of the projects.

#### **6.5.5.1 Objective learning**

In the first project conducted in Norway an English version of MediusFlow was used. It was not until the second projects when the Norwegian language version was used that deficiencies in the translations was detected. This was done during the projects, something that led to an unhappy customer. This could have been avoided by testing the version internally. However, once the problems had been fixed, the Norwegian language version has been used by several other customers without any complaints. No translation of manuals and other documents have been done prior to when Iota asked for it.

Issues related to specific adaptations needed to be done to the products have to some extent been relayed from Project Manager to Project Manager.

#### **6.5.5.2 Experiential learning**

According to our theoretical framework, **experiential learning** is an important part of the internationalization process. For the 16 projects made in Norway, Medius has used 13 different project leaders. We believe that this seriously inhibits the prospect of experiential learning. Mitigating many of the problems listed above related to lack of knowledge requires experiential learning. We therefore believe that it would be beneficial to Medius to dedicate specific resources to each market. This will be less of a problem as the Norwegian office grows and hires its own consultants.



## 7 Analysis of Medius' Internationalization

In our theoretical framework we state that there are three main barriers that hinders internationalization; a lack of business-, institutional- and cultural knowledge. We also identified two main risks associated with internationalization. A too rapid expansion with large commitments of resources in an uncertain environment could have severe financial consequences. On the other hand a too slow expansion might mean a loss of market share to competitors. In this chapter we apply our theoretical framework to Medius Group in order to analyze their situation.

### 7.1 Analysis of Medius' Market Selection

The first foreign markets that Medius entered was Norway and the Netherlands which both have very a short **psychic distance** to Sweden and culturally are very similar to Sweden (see Fig.14). Attempts were also made early on to enter the German market due to its large potential, but due to language- and cultural issues it was hard to gain a foothold (Ivarsson, 2010). Norway and the Netherlands were followed by Denmark, the UK and Poland which, with the exception of Poland, are also considered quite culturally close to Sweden. The reason for Medius entering Poland can instead be explained by **the role of the individual** (see section 3.3.2.2). The Krakow office was opened in order to keep a senior developer with Polish roots within the company. The most recently entered markets are Australia, France and the US, which are at greater psychic distance from Sweden.

The pattern for Medius internationalization thus correlates quite well with the **Uppsala model** (see section 3.3.1) and the concept of psychic distance. Initially, culturally similar markets with a short psychic distance have been entered. However, when looking into the specific ranking on how different countries compares to Sweden, Hofstede's cultural-difference index provides an even better fit. One reason for this could be that the data for the psychic-distance table is quite old compared to the cultural-difference index.

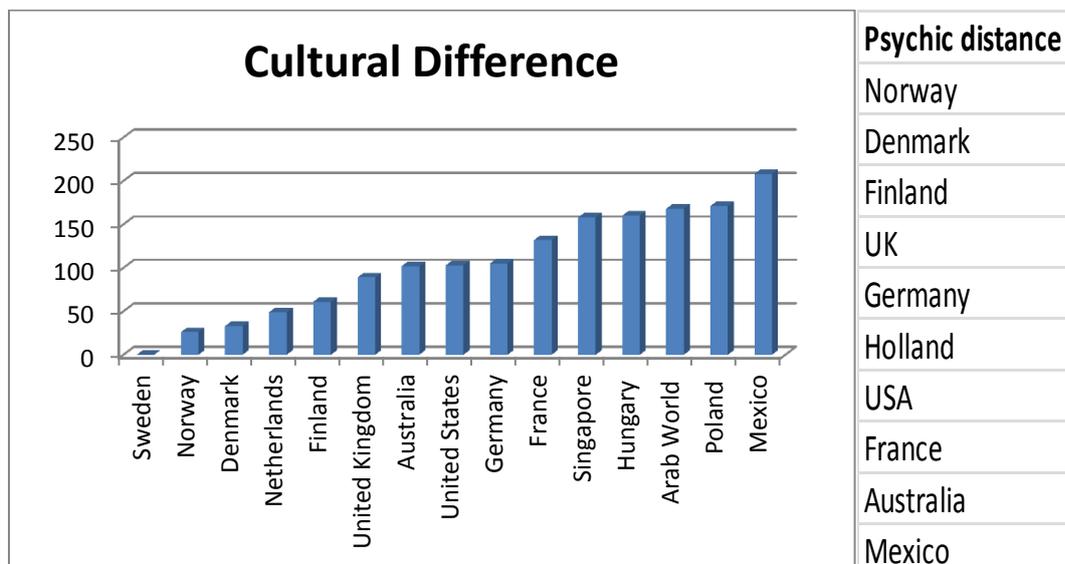


Figure 14, Cultural difference and psychic distance from a Swedish perspective.

Expansion has not been done in this way out of an active strategy, but has most likely occurred as a result out of the fact that culturally more different countries either are harder to enter, or are perceived as harder to enter.

In the theoretical framework three different network strategies for entering foreign markets are mentioned; **Market Seeker**, **Follow the Customer** and **Follow the Leader** (see section 3.3.2.2). Medius uses all three strategies to different extents. Medius relies most heavily on a market seeker strategy, where different markets are evaluated based on a few selected criteria (see section 5.2) used to estimate the market's potential. A Follow the leader-strategy is used as a part of the market seeker strategy in the sense that markets that have been entered by Medius' partner Readsoft or by its main competitor Basware are seen as a strong indicator that the market is mature enough and might have a strong potential. Finally, a follow-the-customer strategy is used to some extent by Medius after sales function, but not as an active strategy to enter a specific market.

We feel that Medius' market selection strategy overall is well developed. Through different sources Medius tries to gather information about market potential and based on that make a rational decision regarding which markets to enter. However, we think that a more proactive follow-the-customer strategy should be implemented (The reason for this is elaborated in section 7.3.4). We also believe that by implementing a new HR-strategy that values diversity and different backgrounds Medius could increase the likelihood of serendipitous events such as the Polish market entry.

## 7.2 Analysis of Medius' Market Entry Mode

Medius market-entry-mode strategy follows **the establishment chain** very well (see Fig. 15 below).

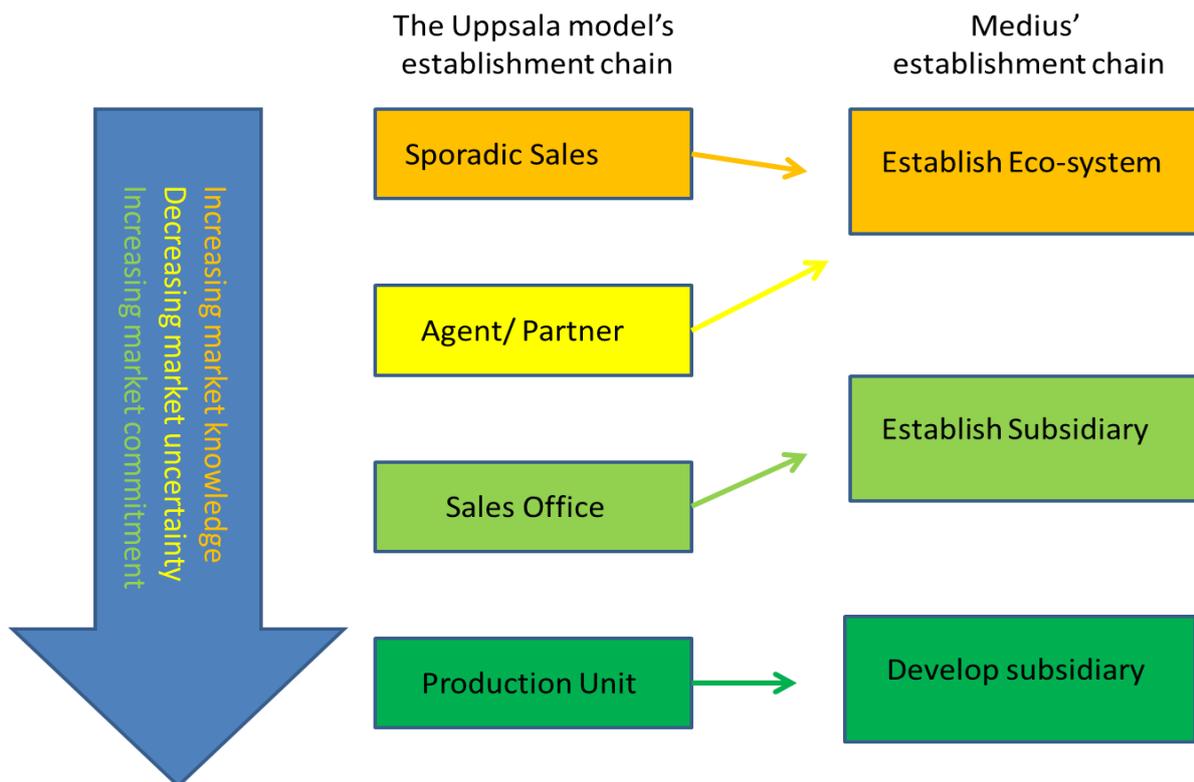


Figure 15, Medius' establishment chain compared to the establishment chain found in the Uppsala model.

Up until recently no offices or resources in the form off staff was committed to a market before an eco-system of partners and customers had been established. However, during the last year there have been some deviations. In Australia, the US and France, local country managers have been hired without any existing customers in the market. For the US and Australia this was motivated by the high costs of traveling to them from Sweden, and the difficulties related to the time-differences. In

the case of France the rationale was that large cultural and linguistic differences made it difficult to enter the market without being physically present (Nordling, 2010). By doing this however, Medius have increased their risk exposure.

We believe that Medius needs to monitor the pace of their internationalization. As mentioned in theoretical framework the two main risks of internationalization are associated with the expansion pace. By following the establishment chain the risk of a too rapid expansion is mitigated since it allows for experiential learning. However a too slow expansion might mean that Medius misses “the window of opportunity” that CEO Per Nordling mentions in section 5.1.

Medius are currently in the process of entering several new markets. In the theoretical framework we state that the total risk related to internationalization is the sum of the risks in all the individual markets;  $R_{tot} = R_1 + R_2 + \dots + R_n$ . Even though the commitments, and thereby the risks, associated with each individual market can be considered quite small the total risk still can become quite substantial. It is only in Norway that the subsidiary is close to becoming a self-sufficient company with positive results. In order not to strain internal resources and take to large of a financial risk we believe that it would be beneficiary for Medius to focus on developing the markets already entered and thereby reduce the uncertainty before engaging any new markets.

### 7.3 Analysis of Medius' Internationalization processes

In this section will analyze the four processes described in the empirical description to see how they relate to the theoretical framework. An overview of how the different barriers relate to the processes is illustrated in *Table 5* below.

	Business Knowledge	Institutional Knowledge	Cultural Knowledge
Scouting Partners	Knowledge about the Network	Language Legal aspects	How Business is Conducted
Sales	Knowledge about the network Knowledge about customer needs	Language	How Business is Conducted
Delivery		Language Country specific accounting rules	How to Communicate How to Cooperate
After Sales	Knowledge about connectedness in the network		

Table 5, Medius' processes and the different kinds of knowledge related to internationalization.

### 7.3.1 Scouting partners in emerging markets:

The scouting of potential partners in emerging markets is a very important process for Medius since it is the first contact with a new market. Medius relies heavily on partners for establishing a foothold in a new market, or to use Medius' terminology; to establish an eco-system. Partners are used to bridge the lack of market-specific knowledge. However, when looking for potential partners Medius still has to tackle the issues of **business knowledge**, **institutional knowledge** and **cultural knowledge**.

**Business knowledge** in the scouting process relates to knowledge about potential partners in the business network of the specific market. To acquire business knowledge Medius uses the Swedish trade council to a large extent. Through them Medius are presented to potential partners. Important business knowledge also resides within the personal contact network of Medius International Markets Director, Magnus Lisnell. He was recently hired to leverage Medius internationalization because of his international experience.

Language and legal aspects are features of **institutional knowledge** that could potentially create problems in the scouting process. According to Lisnell (2010) so far legal aspects have not created any major issues in the scouting process. However, during a recent visit to Mexico where Lisnell was supposed to train a Mexican partner's sales staff, language proved to be a substantial barrier. When Lisnell had previously been in contact with the partner he had only interacted with a few people who all spoke good English. However, only one person among the salespeople spoke decent English, a few had some rudimentary knowledge but the majority spoke no English at all. This led to that the training was very inefficient and took very long time. The English speaking person had to translate everything and Lisnell felt that he left the meeting without being confident that the salespeople had understood everything.

Lisnell does not think that he has lost any potential deals due to lack of **cultural knowledge**, but concedes that such knowledge is very important. Small differences can have a significant impact and he often uses his personal network to gather information about regional quirks and differences in how business is conducted. Examples of such differences can be the way business cards are handed out, when in a negotiation price is discussed, the significance of a handshake and so on.

According to Lisnell, the biggest challenge associated with internationalization from his perspective is the lack of time. It takes time to learn and acquire knowledge about a particular market. However, a good enough product and a high level of social competence is usually enough to overcome the barriers in most situations. Be that as it may, he still plans to take courses in how business is conducted in Asia since he believes that the differences most likely are more pronounced there.

As mentioned in theoretical framework, working with partners can be a key success factor for a successful internationalization. In our opinion, Medius has thought-through strategy when it comes to working with partners. Medius use Partners as bridges to new markets and thereby reduces the commitment of resources necessary to engage a market. By the division of partners based on their competence into, silver-, gold- and platinum partners Medius gets more out of each individual relationship. Even though Medius has signed Platinum partners none of them have so far participated in any projects. Implementing MediusFlow™ is a complicated process and in order for the relationships to be fruitful Medius' partners will most likely require a lot of attention and support. This goes for gold partners as well. If they are not trained and incentivized to sell MediusFlow™ they might quickly loose interest and focus on other products that are easier to sell.

Thus, for Medius partner program to become successful Medius needs to make sure that they have enough resources available for supporting their partners. We therefore recommend Medius to focus on developing the relationships with a few selected partners who show good potential instead of trying to get as many partners as possible.

### 7.3.2 Sales in foreign markets

Sales is one of the most vital processes for any business. It is sales that generate revenues and without sales no market entry is possible. For the sales function all the different barriers described in the theoretical framework becomes relevant.

**Business knowledge** in the sales process relates to knowledge about the network and its different actors as well as those actors' needs and is vital for finding opportunities and closing sales. For the direct sales channel Medius targets a wide range of companies. General prospect-lists with contact information to different companies are usually quite easy to get access to and can be purchased from for example CRM-system suppliers (Andersson T. , 2010). Medius also receive leads on customers with higher potential through partners.

Differences in customer needs can be harder to discover without being active in the market. In Sweden the main reason for buying MediusFlow™ is usually to reduce cost and increase efficiency by automating the invoice handling process. Experiences from other countries where Medius is active have revealed other purposes for buying MediusFlow™ (Ellmark, 2010; Nordling, 2010). For example, in Germany and the UK the increased control of the invoice flow is more important than the reduced cost from manual labor (i.e. the possibility to track the invoices and make sure that no invoices are lost during processing), and in Dubai the opportunity to eliminate corruption was stated as the main reason for buying MediusFlow™. Knowledge about these differences is important, and the sales pitch thus sometimes needs to be adjusted for different markets.

When it comes to **Institutional knowledge** in the sales process, language becomes an important barrier. Medius' direct sales channel relies on telemarketing activities for the first contact with potential new customers. Usually the salesman only has a very short time-span to catch the attention and interest of the potential customer, and it therefore becomes very important to efficiently and effectively relay how Medius' value proposition can match the customer's needs (Birgersson, 2010). In many of the interviews that were conducted with Norwegian PM's as well as with Norwegian customers we were told that communication via telephone was difficult and therefore avoided if possible. This implies that the language barrier is accentuated when communication occurs via telephone. Without proper language skills the communication becomes less efficient and it is thus reasonable to assume that sales will also become less efficient.

As for **Cultural knowledge** it affects sales in two ways. First there could be culturally structural differences in how business is done. For example, in larger markets like the UK and the US it is generally much harder to get in touch with the right people because of gatekeepers than is the case in for example Sweden or Norway (Ellmark, 2010).

Secondly there could be cultural aspects that affect the efficiency of closing a sale when interacting with potential customers. Medius emerging markets director Magnus Lisnell (2010) noticed differences in what was considered appropriate behavior when trying to find partners in Mexico compared to East Asia. In Mexico an upfront and more aggressive sales approach was acceptable but

in Asia this was considered rude. How to conduct business can thus vary in different countries and knowledge about these cultural differences can increase the sales efficiency.

### 7.3.2.1 Analysis of the efficiency of the direct sales channel in different markets

In order to see if there were any differences in the efficiency of the direct-sales channels in different markets that could be related to the barriers of internationalization, statistics from Medius CRM-system Upsales was analyzed. One way to measure the efficiency of a direct sales channel is to measure the ratio between booked first meetings and calls made. For the data to be reliable it is important that all salesmen report their activities in the same way. However, after talking with different salesmen we realized that not everyone reports their activities in the same way. Furthermore, some salesmen mostly call customers which already had been identified as leads, something that give them better hit-rates than others that only make cold calls. Because of this we chose to also look at another indicator when comparing the efficiency of direct sales in different markets; the number of booked meetings per full-time salesperson per year. The hit-rate and meetings per salesmen in different countries is presented in Fig. 16 below and gives an indication of the efficiency of the direct sales channel for those markets.

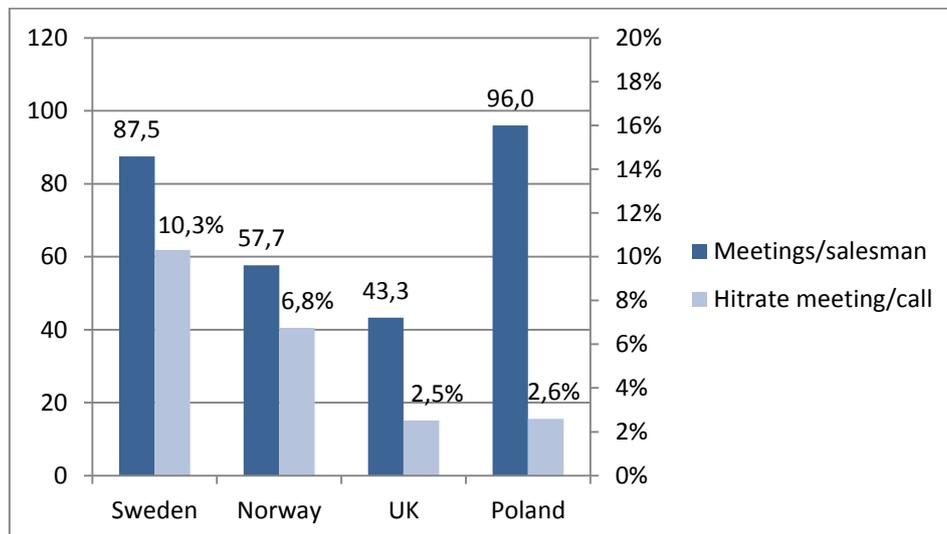


Figure 16, Statistics from Sales in Sweden, Norway, the UK and Poland.

As can be seen in Fig. 16, the numbers differ substantially between the different markets; Sweden having the best figures and the UK the worst.

When the first Brit set up shop in the UK he was told by the Swedish management to go about as they usually do when contacting potential customers - make cold calls and book meetings over the phone. This turned out to be an almost impossible approach in the new market. The UK is one of the most competitive markets for software in the world as almost every company has an English version of their product and tries to enter this particular market. A consequence of this is that it was very hard to get in touch with people in decision-making positions due to gatekeepers blocking the calls, and instead other sale channels have to be utilized to a greater extent. In the UK it is very common to go through special-interest umbrella-organizations that support and advice companies in specific matters. Becoming a sponsored partner to one of these organizations require substantial monetary investments. As a consequence, customers have only been signed through partners in the UK so far. (Ellmark, 2010)

In Norway sales have performed better, even though the results still not are as good as in Sweden. According to Ivarsson (2010) it is relatively easy to get in touch with the right persons, but it is harder to book a meeting. One reason for this could be that Norway is a somewhat more mature market compared to Sweden, and quite a few companies already have existing solutions for electronic invoice processing. All the salesmen in Norway at Medius are Swedes. The reason why Medius hire Swedes, according to Ivarsson (2010), is that they generally cost less, work harder and are more competent. However, not hiring local staff might also be an explanatory factor to the lower efficiency in the Norwegian sales operation due to the language issues mentioned earlier.

Poland sticks out with a low hit-rate but a high number of booked meetings, indicating that the Poles makes more calls per person. However, so far none of the meetings booked in Poland has led to a closed deal. We have not been able to gather any more data concerning Poland and can therefore not draw any conclusions regarding the underlying reasons.

Even though there currently are large differences in the sales performance in different markets, it doesn't have to mean that the prerequisites for efficient direct sales differ as much. One explanation for the difference in performance in different markets could stem from the individual salesmen. According to Henry Ivarsson, senior salesman and CEO at Medius AS, it takes somewhere between six month and a year for a new salesman to be properly trained and get up to speed. Many of the salesmen in the new markets are new recruits and Ivarsson believes that their performance will increase as they gain experience.

A booked meeting doesn't equal a sale, which is what is really important, but most of the foreign markets are too new for it to be possible to draw any reliable conclusions regarding sales from looking at the figures for actual sales. The sales process from a first meeting to a sale can vary from anywhere between a couple of weeks to several years. The telemarketing part of the direct sales approach is still important to analyze though, as there are other options available. For instance, one option could be to outsource the telemarketing activities to specialized telemarketing companies in markets with structurally lower hit-rates since the cost of having an in-house sales force is significantly higher. (Ellmark, 2010) However, this might be a difficult strategy to pursue due to the complexity of the product. (Birgersson, 2010)

We believe that it is important to continue to follow up on the statistics for different countries since the sales approach developed for the Swedish market might need to be adjusted in order to work efficiently in other countries. In order to do so it is important to make sure that all salesmen use the CRM-system and report in the same way throughout the organization. In general we also believe that Medius should employ salesmen locally, i.e. employ Norwegians in Norway and Germans in Germany. By doing so Medius can eliminate the barriers related to culture and language in the sales process.

### 7.3.3 Delivery in foreign markets

The delivery processes is the process that involves most people at Medius. The staff involved in the delivery process at Medius might not benefit in any obvious way from extensive **Business knowledge** regarding the market they operate in. However, **institutional knowledge** and **cultural knowledge** becomes important since Medius has to work together with the customer in order to successfully implement MediusFlow™.

For the delivery process, the biggest challenge relating to **Institutional knowledge** is language. In Norway several project managers, as well as customers, stated that they had a hard time understanding each other when talking over phone. In other countries there have been many projects where the end-users haven't been comfortable speaking English and partners to Medius has had to take a major role translating. This leads to misunderstandings and inefficient communication when things need to be repeated redundantly before everything is clear.

The way Medius has been working with the translation of MediusFlow™ has also caused issues on several occasions. We have already mentioned one example in Norway when missing translations caused errors in the GUI (see section 6.2). Another example is a Dutch project where the development of new functionality in MediusFlow™ was only done in Swedish and English, even though the client used the Dutch language package. The process has been changed and is not supposed to be an issue anymore, but there are still recent examples of how there has been difficulties related to the translation of the software. E.g. there was supposed to be a language package with American English ready for the implementation at a US partner that right before delivery turned out to be far from finished (Runstedt, 2010). Many supporting documents such as user manuals are still also only available in Swedish and English.

Another institutional aspect that affects Medius is differences in accounting principles in different countries. However, according to Runstedt, MediusFlow™ is quite easy to configure and adjust according to customer needs since the processes can differ quite a lot also among Swedish customers. It is mostly the way VAT is handled that varies between different countries. This was something that was first discovered upon entering the Norwegian market and was experienced as a big problem in the first projects due to its novelty, but is now perceived as a rather minor issue. (Runstedt, 2010).

**Cultural knowledge** in the delivery process relates to communication and co-operation with the clients organization. During the delivery process Medius has to work together with the customer. So far the cultural differences experienced when delivering international projects have been bigger between companies than between countries according to Runstedt (2010), even though some general traits can be found. So far projects have primarily been delivered in northern Europe and no major issues have originated from cultural differences. However, Norway and Holland, where most of Medius foreign projects have been made, are among the most culturally similar countries to Sweden there are (see section 3.4.2.3) and the potential for culture clashes will most likely increase as Medius moves into other, more distant, markets.

According to Runstedt (2010), the biggest challenge for Medius' continued international expansion is lack of time and the transfer of knowledge. From his perspective the training of new staff at a rate that is high enough to keep up with Medius' expansion is a major obstacle. Another challenge from the perspective of delivering projects is the varying backgrounds of **partners**. Many partners are used to simpler products that do not need the involvement of consultants, and they do not always grasp the difficulties that might arise in these kinds of projects. This can for example result in the partner setting too high customer expectations prior to product implementation.

We believe that the level of **Institutional knowledge** and **Cultural knowledge** present among the employees could have significant impact on the performance of the delivery process. Norway is very similar to Sweden both culturally and in the institutional aspect, the consultants can even speak their

native language when they communicate with the client, but still some friction in the Norwegian projects has been reported (see section 6.5). What is most striking with our analysis of deliveries in Norway is the lack of learning. VAT and KID-numbers were reported as problems in several projects even though knowledge about them are institutional in nature and according to Runstedt (2010) quite easy to deal with once you know what to do. Language was also stated as an issue by several consultants. As mentioned in section 6.5.5.2 thirteen project managers have been involved in the sixteen projects in Norway. This inhibits experiential learning as it is only through repeated exposure to a specific market that experiential learning can take place.

Because of this we argue that Medius should create a **dedicated international delivery team** for emerging markets. This would enable the accumulation of internationalization knowledge relevant to delivery, the staff involved would learn what differences to expect when going abroad and how to cope with them. Furthermore, Medius should primarily send senior consultants when conducting foreign projects and try to repeatedly staff new projects in a specific country with the same personnel, thus enabling the accumulation of market-specific knowledge and reduce the need to disseminate knowledge in the short term.

Senior consultants will also play an important role when building up new local organizations as they train new staff members. New staff should preferably be hired locally to increase the body of cultural knowledge as quickly as possible. Preference should be given to persons with experience of both Sweden and the target country.

#### 7.3.4 Aftersales & Support for foreign markets

Even though the after sales function isn't directly involved in Medius internationalization at the moment, it has an important role to play when it comes to enabling roll-outs. The internationalization barrier primarily relating to after sales is a lack of **Business knowledge**. The after sales function needs to have knowledge about the connectedness of the existing network, i.e. to know where existing customers have subsidiaries and how to sell MediusFlow™ to them.

For an efficient follow-the-customer strategy the after sales function needs to develop a process that co-ordinates their work with that of the sellers in specific foreign markets. Selling to existing customer is much easier than finding new ones. We believe that by charting the locations where customers have subsidiaries and then, together with the sales functions in the respective countries, targeting these customers Medius' internationalization could be improved. It could also be used as a part of the market selection process. Countries where roll-outs are possible should have a larger potential for successful penetration than countries where no actors with ties to the immediate business network exist.

The internationalization of Medius will also have effects on Medius support function. When Medius gets more customers who are in other time-zones than Medius support center, for example in Australia, Medius won't be able to support them live unless they start staffing the office around the clock. It might also be necessary to give support in other languages than Swedish, Polish and English.

## 7.4 Analysis of knowledge-transfer at Medius

We believe that much could be done at Medius with regards to the **dissemination of knowledge**. There are many efforts aimed at transferring knowledge at Medius that have very high potential if done right, but the situation seems rather unstructured and unorganized at the moment. Appointing app-leads, tech-leads and so on, is a good thing, but their work and responsibilities seems to be rather undefined. This, of course, has both pros and cons as the individuals get the opportunity to be innovative and come up with their own solutions. However, it might in most situations be good for the individual to know if it is their problem to solve in the first place.

Regarding the intranet solution for sharing information and knowledge, the idea behind **MediPedia** is great, but the implementation of it seems to be less so. As we have understood it the MediPedia is supposed to be a single interface for the consultants through which they look for, and share, information. Today, however, there are still several legacy systems in use where old information still resides, the consultants still have to access the ERP-system for some tasks, and the MediPedia seems quite unstructured and hard to navigate.

As the organization continues to grow the support functions and well-defined processes will become more important. Medius is a knowledge based company that relies on the knowledge and skills of its employees and we think that Medius should put more efforts into increasing the value of their human capital. Hopefully the new education program, Medius Academy, and the new version of the intranet knowledge repository, MediPedia, will bring improvement to the process for training new personnel and disseminating knowledge across the organization during 2011.

## 8 Conclusions on how Medius Internationalization strategy can be improved

In our theoretical framework we identified seven KSFs that can help a company to overcome the barriers, and mitigate the risks, associated with internationalization. In this chapter we have evaluated Medius' position in relation to these KSFs using the empirical information that we have gathered. Through this analysis our main research question is answered by identifying in what way Medius' internationalization strategy can be improved. The result of the evaluation is summarized in Table 6 below. The recommendations and underlying reasoning is elaborated in the following sub-sections.

	KSF	Medius	Recommendation
Individual Level	Management with international experience	YES ✓	-
	Language skills	Primarily English ⚠	Prioritize language skills when recruiting new personnel.
Organizational Level	Efficient acquisition of knowledge	NO ⚠	Create teams of consultants dedicated to the international market, and specific countries.
	Efficient dissemination of knowledge	NO ⚠	Continued and more structured work with MediPedia, leads, mentorships etc.
Strategic Level	Working with partners	YES ✓	Continue working with partners but focus on a limited number of relationships and make sure enough resources are available.
	Follow the customer	Responsibility lies with after sales but no coherent strategy. ~	Implementing an active strategy with close cooperation between after sales and sales in different markets.
	Balanced pace of expansion	Increased speed of expansion, currently opening up offices without established customer base. ~	Monitor speed of expansion, make sure enough resources are available, allow for learning and customer base to be built before expanding further.

Table 6, A summary of the KSFs, Medius' current position and the recommended action.

### 8.1 Individual Level

We think that Medius is well prepared with regards to the first KSF. The key personnel in management positions we have talked to are experienced and have often been conducting business abroad in the past. Through their previous international endeavors personal contact networks have been built up that are now used to aid Medius in the internationalization process.

When it comes to language skills among the staff our impression is that more efforts could be made. Language skills are currently not prioritized when recruiting new employees and no mapping exists of people's skills. Most people are also of the same homogenous backgrounds (Ethnic Swedish males). A strategy aimed towards enhancing the internationalization performance should include a proactive

HR-strategy where people with desired knowledge and skills related to internationalization are hired. Potential recruits with international experience, ties to other countries and/or skills in foreign languages could later on prove to be invaluable as new opportunities present themselves. Even though there are no obvious benefits at the point of recruitment, having such individuals in the organization enhances the likelihood of serendipitous events.

## 8.2 Organizational Level

We argue that, since the barriers of internationalization in most cases only will get larger as Medius move into more distant markets, Medius will have to put more effort into not only an **efficient acquisition of knowledge**, but also into **efficient dissemination of the knowledge** already accumulated.

Some of the company wide efforts in this regard, such as Medius Academy and MediPedia, show great potential but could use firmer management. We think that the **MediPedia** would benefit from having a few dedicated personnel receiving responsibility for the content, keeping it up to date, and structuring it in an accessible manner. It could also be coupled with some sort of incentives aimed at the consultants to motivate them spending time on keeping the system updated and sharing what they know.

We like the idea of **mentorships** that is used at the Gothenburg office, but would like to see a more formal and comprehensive definition of the concept. This could be a great way of not only transferring knowledge to new consultants and other staff, but also of making sure that the company culture and atmosphere is conveyed.

The area where we have been able to observe the biggest deficiencies regarding these two issues in relation to Medius' internationalization is the delivery process. As mentioned in section 7.3.3 we argue that Medius should create an international delivery team responsible for deliveries in emerging markets. This will allow for acquisition of knowledge through experiential learning while at the same time reduce the need for dissemination of knowledge.

However, not only the delivery function would benefit from effective and efficient knowledge management. Our analysis of Medius direct sales in different markets shows large differences in performance. The training of new salesmen dedicated for new markets is vital for a successful internationalization and will also benefit from efficient knowledge management.

### 8.3 Strategic Level

One of the KSFs we have identified for SMEs about to expand internationally is to use **partners**. Medius can use the knowledge, resources and networks of their partners and thus speed up their internationalization process and reduce the financial commitment needed if handled correctly. Medius has a well-defined strategy for working with partners but needs to make sure that enough resources are available for supporting the partners. Because of this we recommend Medius to focus on working with a limited number of partners instead of acquiring as many as possible.

**Following customers** abroad when they expand, or rolling out to one of their already existing subsidiaries or sister companies could be a good strategy for Medius that they should work more on. There should be a higher level of cooperation between aftersales and sales in different markets. If Medius already has implemented a solution for a customer in Sweden that the customer is satisfied with, it should be much easier to sell MediusFlow™ also to their subsidiaries in other countries. The business network should be connected in such a way that the trust between the two companies in the same group can be used to Medius' advantage. Selling to a subsidiary should be both easier and cheaper than trying to acquire a completely new customer. One thing Medius could do would be to map the networks surrounding their customers, especially the other companies in the same group, to identify markets with higher concentrations of such prospects that they can focus their sales/marketing efforts on and thus also help them with the market selection.

One of the greatest risks associated with internationalization of a company that we have identified in the literature is a too rapid increase in commitment in foreign markets. The numerous corporations going bust and disappearing into oblivion during the dot-com bubble provides deterring examples. Medius has under its early expansion shown restraint, but they are now starting to pick up the pace. The dangers associated with a too high **expansion pace** are not only financial, having to support new offices and employees, but also related to learning and training enough staff to keep up. Being involved in many markets at the same time, sending Swedish staff to deliver projects and train new personnel and partners has the potential of causing severe organizational strain. On the other side of the coin; a too slow expansion might lead to lost market-shares and potential customers choosing competitors with a more global presence. We feel that we might lack enough overview of Medius overall situation in this regard to give any assertive advice, but think this is an issue well worth to spend time considering. In the long run it might be worth to focus marketing efforts to a smaller selection of markets, rather than selling to anyone that shows interest in Medius' products and services.



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**Arkhult, Lena**, *After Sales*, Medius, Göteborg  
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**Bengtsson, Daniel**, *App-Lead*, Medius, Göteborg  
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**Birgersson, Michael**, *Salesman*, Medius, Göteborg  
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**Castevall, Johan**, *Chief Operations Officer*, Medius, Stockholm  
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**Ellmark, Michael**, *Chief Executive Officer Medius UK*, Medius, Göteborg  
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**Glamsjö, Sandra**, *Project Manager*, Medius, Stockholm  
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**Haugen, Lisbeth**, *Chief Financial Officer*, Beta International AS, Drammen, Norway  
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**Johansson, Mattias**, *Project Manager*, Medius, Stockholm  
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**Vahlne, Jan-Erik.** *Professor*, Gothenburg University, Göteborg  
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# Appendix A: Interview Template for PM-interviews

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## **Project Manager Background**

Presentation of project manager, background, time at Medius etc

How many projects have you done?

-In foreign markets?

Experience of Norway?

Experience of working abroad?

## **Customer Background**

Name of customer:

Size of Customer?

Invoices / Year?

Turnover?

Number of employees?

In what industry is the company active?

What ERP do they use?

Is the customer part of a group?

Do they do business internationally? How? Inward (suppliers)/outward (customers)?

## **Project Background**

When was the project carried out? /How far has the project progressed?

-Finished? How long did it take?

-Not Finished? How long has it been going on? How long is it expected to go on?

How was the project sold?

-Personal contacts?

-Other company?

-Partner?

-Cold Call?

Which modules were bought?

Which Medius office was/is responsible for the project?

Was there any partner(s) involved?

-Who/Which?

-Why? What did they do?

Which persons and how many were involved in the project?

- At the Customer?

-At Medius?

-At the Partner(s)?

## **Questions Related to Internationalization**

### **Culture:**

How would you describe the organizational culture at the customer?

Did you experience any differences in culture compared to working with Swedish customers?

How was the attitude towards working with foreigners? Swedes?

### **Communication:**

How was the communication with the customer? Misinterpretations?

### **Language:**

Any problems with language/translations?

### **Product:**

Have there been any adaptations of the product made for the customer?

What? Any differences compared to Swedish customers?

### **Legal:**

How was currencies handled?

Where there any problems concerning agreements and contracts?

Other legal issues?

## **Outcome of Project**

How would you say that the project went? Good/bad

-Profitable?

Have internal resources been available?

-E.g. technical consultants

Did the customer do what was expected of them?

Where you able to match the customers initial expectations?

-Sales vs Delivery

Did the project follow the time-plan?

## **General questions about Norway:**

Are there any general differences that you have experienced between Sweden and Norway that you would like to share?



