



# CHALMERS

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## **Creating an Alliance Strategy in France** An expansion plan on the French ERP market through alliances

*Master of Science Thesis  
in the Supply Chain Management Programme*

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MASTER'S THESIS E2016:077

# Creating an Alliance Strategy in France

## An expansion plan on the French ERP market through alliances

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Handshake symbolizing an alliance, adopted by Vsellis (2008)

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## ABSTRACT

A trend around the globe is that companies tend to extend their businesses through alliances. Many companies strive to achieve successful results with their alliances, nonetheless there are several barriers on the way. Accure, a company in the ERP (Enterprise Resource Planning) industry, investigates how to expand its sales in France by initiating an alliance strategy. The company has already established partnerships in its home market in Scandinavia but needs a strategy for the French market.

To understand how to develop a suitable alliance portfolio on the French market a framework called the *Industrial Network Approach* was used. The starting point is taken in the interactive business landscape and the assumption that Accure is an actor linked to other actors through activities and resources, hence being a part of a business network. By identifying what resources and activities Accure needs to fulfill its needs and objectives on the French market, as well as which actors in the business network that are able to provide these, a suitable alliance portfolio can be built.

The theoretical framework acted as a base for the research questions and the interview guides. By analyzing the empirical data in relation to the theoretical framework, important resources and activities that Accure needs could be identified together with a best practice on the current market. Furthermore, a suitable alliance portfolio was developed, as well as recommendations for how Accure should design its organization to support the alliance portfolio. Two sales channels have been identified to be able to reach the needed resources and activities. These are sales through consulting firms and ERP vendors where the products are integrated as Original Equipment Manufacturer. Consulting firms that are of similar size as Accure will be an initial step to find customers in France since it is easier to establish partnerships with these. The benefits are that the consulting firms will have equal bargaining power as Accure. ERP vendors are more complicated to establish partnerships with. The vendors are selling their own products and Accure's products can then be seen as competing products. They are also often large international corporations with high bargaining power. However, if partnerships are established they will generate access to large customer portfolios, a resource that is identified as highly valuable for Accure. Therefore, the long-term strategy is to create alliances with ERP vendors through the support of customers that have been reached through the consulting firms.

To enable successful alliances in France it is critical to keep the organization aligned and up-to-date. The partnership strategy in France is an extension of Accure's business strategy and close collaboration with the Swedish unit is vital. Accure's organization should also ensure that the partners in France will receive support, share best practice and continuously improve relationships and working methods to achieve optimal results.

*Keywords:* alliance strategy, alliance portfolio, enterprise output management, industrial network approach

## PREFACE

A genuine interest in the ERP industry has been developed by us from previous courses at Chalmers University of Technology. When the CEO of Accure, Peter Sandersnäs, asked for support to develop its alliance strategy for France, the students were pleased to join the project. The thesis was performed during the spring of 2016 and presented to Accure and Chalmers University of Technology in June 2016.

Working together with Accure and Chalmers has been informative and many educational elements have been absorbed. The fact that the master thesis is a mixture of the professional world and the academic world has led to a range of new insights for us.

We are very grateful for the input we have been given during the process and we would like to acknowledge the people that helped us conducting this master thesis project. These people are the employees of Accure and its partners that have let us interview them and with whom we have had many productive discussions regarding the thesis topic. Additionally, we would like to thank Robert Wentrup at Business Sweden in France and Anders Fogelström at the Swedish Chamber of Commerce in France that have given us important inputs regarding the French market. We would also like to thank our supervisor Maria Landqvist, who has helped us structuring our thesis.



Erik Larsson



Erik Rempe

Gothenburg, May 2016

## WORD LIST

**Alliance** - An informal agreement with another company to collaborate and benefit from each other separately.

**Champion** - A person who takes responsibility in an organization to adopt or implement policies, programs, projects or products. The champion will try to get through internal resistance in order to change.

**EMEA** - Abbreviation often used in business and refers to the geographic area of Europe, Middle East and Africa.

**EOM** - Enterprise Output Management, a management system in organizing, formatting, managing and distributing data in an enterprise.

**ERP** - Enterprise Resource Planning, business-management software with integrated applications that manage data from the many business activities of an organization.

**House consultant** - A consultant hired in a specific company mainly working with maintenance of existing IT systems.

**IMC** - In-Memory Computing, a modern technology where the RAM-memory is more advanced and can handle large amounts of data and interpret it in real-time.

**Implementation consultant** - A consultant that implements ERP systems in companies.

**Infor** - US based ERP vendor, currently the third largest vendor worldwide.

**M3** - An ERP system specialized for food & beverage, fashion and manufacturing distributed by Infor.

**Maintenance consultant** - Consultant selling services and maintenance to companies using ERP systems.

**OEM** - Original Equipment Manufacturer, the producer of a system that includes other companies' subsystems.

**Oracle** - A US based ERP vendor, currently the second largest vendor worldwide.

**PaaS** - Platform as a Service, a platform where developers can use cloud tools and methodologies to develop customizations for systems.

**Partnership** - A formal legal arrangement where the partners have mutual benefits in each other's actions.

**SaaS** - Software as a Service, a solution is delivered as a service instead of a tangible product and the user normally pay a license fee to use the product.

**SOA** - Service-Oriented Architecture, a module based architecture that handles application components in an ERP system as self-contained services that easily can be connected to each other.

**SAP** - World's largest ERP vendor based in Germany but with offices worldwide.

**Tier-1** - Only one big ERP system is used for all corporate functions. Few systems have the capacity to cover companies all functions; SAP and Oracle are basically the only vendors that can act as a tier-1 supplier.

**Tier-2** - Two different ERP systems are used in parallel, this to enable increased functionality and better flexibility to meet local needs. Often, one larger system is used on a corporate level and a smaller one for specific countries or departments such as manufacturing.

**Tier- N** - Several different ERP systems are used simultaneously to meet the requirements of functionality and better answer local requirements. Often, one larger system is used on a corporate level and smaller ones for specific countries or departments such as manufacturing.



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# 1 INTRODUCTION

Large firms within high-tech industries often heavily rely on vertically related alliances, alliances between upstream and downstream partners in a supply chain. For example, many large IT firms are dependent on big portfolios consisting of numerous independent software developers. Through these portfolios, the firms can get access to small firms' knowledge as well as the technology and innovations they control. At the same time, the small firms can often benefit from these alliances, especially to expand outside their home markets. By cooperating with large actors, often multinational firms, they are able to decrease the costs associated with expansion and simultaneously avoid entry barriers related to an international growth such as capital requirement, legal systems and culture and lingual differences, as they take advantage of the large firms' economies of scale (Acs *et al.*, 1997).

Strategic alliances are interfirm cooperations that occur between partnering firms. It enables the firms to combine their strengths and improve performances. Mutual benefits must exist and the alliance can develop into a "win-win" relationship (Whipple and Frankel, 2000). The concepts *alliance* and *partnership* are used as similar meanings depending on the author who conducted the study. The *alliance* concept can sometimes be used to signify two partners or more while the *partnership* concept only signifies a relationship between two partners. In some studies, a partnership is used to describe a formal agreement, while an alliance is used for an informal agreement. However, the two concepts are used widely in the report and are therefore seen as synonyms.

Studies in the field of *strategic alliances* conducted by Gomes-Casseres (2003), who studied alliances between US-based IT firms, have indicated that there are a lot of misunderstandings regarding how small or medium sized firms' potentially can benefit from alliances, especially with large corporations. The explanation lies in the fact that these firms can be market leaders in their niche and are therefore not realizing their full capabilities. A small company, which is specialized and niched in its own area, can even have a monopoly in its micro market. There also exist arguments why small firms should avoid alliances, especially with big firms, since it is hard to manage the level of control and how much they influence each other. Altogether it ends up in difficulties and conflicts between the actors (Gomes-Casseres, 2003; Acs *et al.*, 1997).

If the relationships are developed in a good way, alliances can be a successful story. Gomes-Casseres (2003) mentions that companies often rush into alliances as the opportunities to join them often occur without premonition and look promising at first. Companies that run into alliances without an alliance strategy tend to fail and the alliance tends to quickly dissolve. The alliance strategy should according Gomes-Casseres (2003) consist of four main parts: An underlying business strategy that brings a logic to the design of alliances, a dynamic view to guide the management and the evolution of each alliance, a portfolio approach to enhance flexibility and finally an organizational structure that can support external collaboration (Gomes-Casseres, 1998; Hoffmann, 2005).

The performances of companies are not only affected by their own and their closest partners' performances. Håkansson *et al.* (2009) explain how a broader perspective is needed to understand how companies affect each other in the business landscape. The *Industrial Network Approach* is used to study how actors in a business network affect each other, through the activities they conduct. The business network consists of three parts: actors, resources and activities that all are affecting each other.

One IT company that investigates the possibility to change its position in the business network and to increase its presence in other countries through numerous strategic alliances is Accure. This is a small Swedish IT firm, currently present worldwide through partners, which develops and implements solutions for Enterprise Resource Planning (ERP) systems. The competence is focused on Enterprise Output Management (EOM), which is a way for companies to get their output data in easily readable shapes, such as documents, reports and invoices. Accure is selling its products both through direct and indirect sales channels, such as consulting firms and ERP vendors. Accure is growing rapidly and investigating the possibility to increase its presence in other countries through alliances. This would potentially be a quick and beneficial way to satisfy the increasing need of its products among potential customers. It is currently looking on how to expand in France, which is the second largest market after the home market in Sweden.

It is of high importance for small or medium sized firms to be familiar with the market characteristics to be capable of delivering high customer value. The environment shapes the company's business strategy and in the extension also determines its performance (Pelham & Wilson, 1996). Moreover, Vahlne & Johansson (2009) also mention that the market characteristics heavily influence costs and risks by doing business in a new market.

As Gomes-Casseres (1998) highlights, the alliance strategy should reflect the business strategy and it is therefore of high importance to know about the specific market characteristics that influence Accure. To be familiar with the culture and how to create successful partnerships with companies based in France is therefore of high importance in the development of alliances.

## **1.1 Aim**

The aim of this study was to create an alliance strategy for the French ERP market, designed to support Accure's business strategy. The alliance strategy aimed to support a long-term international expansion with a financially sustainable approach towards the French market. Needs and objectives were identified in order to complete Accure's alliance strategy. Both internal and external factors influence its needs and objectives. The context changes by time, which increases the importance of evaluating how trends related to the French market and technology will affect the company's future position.

## **1.2 Limitations and delimitations**

The study is delimited to a small or medium sized firm's perspective and how it can benefit from alliances with partners. Additionally, alliances can be used to fulfill numbers of benefits in different ways but this study will only consider alliances as sales channel. The number of external factors, affecting Accure beyond its organization's boundaries has been delimited to three main areas: technology trends, French market trends and business culture. Regarding business culture, only differences between French and Swedish actors will be considered.

The focus of this study will be the French ERP market. However, Accure's way of doing business on the Scandinavian ERP market will be analyzed and put into relation to the input of trends and market characteristics in France. Differences in business culture between Swedish and French firms will also be analyzed in order to find a suitable alliance strategy.

## 2 THEORETICAL FRAMEWORK

*This section introduces the theoretical framework from which this report will be analyzed and discussed. The section starts with describing the Industrial Network Approach, which gives a perspective of the business landscape that organizations exist in. The next section describes strategic alliances and their properties and characteristics. Thereby the alliance portfolio is described as the set of individual alliances. The theoretical framework acts as a foundation for the problem discussion and the three research questions presented in the problem discussion in chapter three.*

### 2.1 The Industrial Network Approach

The business landscape has originally been seen as a jungle where all actors compete and fight against each other to capture the resources (Håkansson *et al.*, 2009). Håkansson *et al.* (2009) and Gebert-Persson *et al.* (2014) want to change the view of this metaphor and see the business landscape as a rainforest. In the rainforest, actors are not only competing but also cooperating to gain mutual positive results. This perspective of a business landscape as a rainforest is called the *Industrial Network Approach*. It is used to structure and organize a business landscape and to identify values for the different actors inside the landscape. All companies are independent and linked to each other through different activities and as a result form a business network. Gadde and Håkansson (1993) describe business networks with a model using three components: actors, activities and resources, see **Figure 1**. These three components are what constitute the relationships between companies in the business network. Actors in the business network are related to each other both by complementary and competitive activities. These activities add value to each other by consumption of resources. The three components affect each other in the following way: Actors (or companies) perform activities and control resources. Activities are carried out by actors and consume resources. Resources are owned by actors and their value is decided by the activities that exploit them (Håkansson and Snehota, 1995; Lenney and Easton, 2009). The three category layers are thoroughly described in the following subsections.

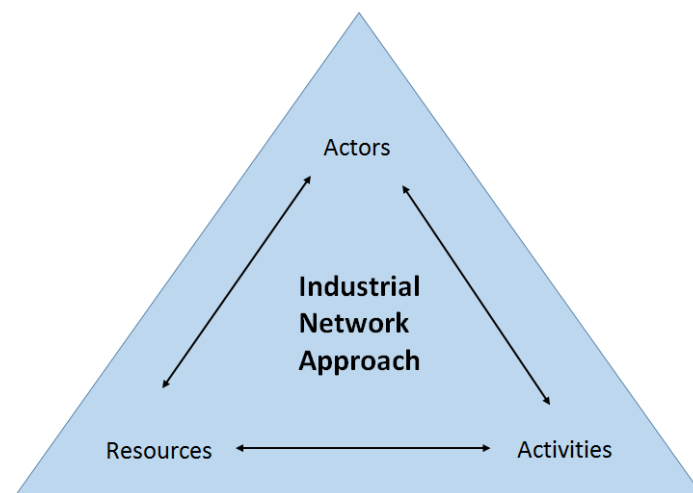


Figure 1. The ARA-model and the connection between actors, resources and activities (adapted from Håkansson *et al.*, 2009)

### 2.1.1 Activities

The activity layer describes the connection between the actors in a relationship. The activities are linked together between several actors in the business network. Production, logistics, administration, deliveries, information handling are examples of activities that are dependent on each other. These can be more or less integrated depending on the characteristics of the relationship, for example, the degree of collaboration and the geographical proximity. The degree of integration and strength of activities cause economic effects on the actors involved. A modification of an activity does not only influence the focal company, but also the supply chain and other supply chains. Håkansson *et al.* (2009) state five statements about activities in a network:

*The execution and outcome of an activity is dependent on other activities.* For almost all products or services, the activities conducted by one company interact with activities of others. The links can be easy or difficult to find depending on locations of the facilities where they are produced or how close geographically they are but are almost always linked to another activity. Gebert-Persson *et al.* (2014) state that activities should not be seen as isolated and independent but rather as interdependent processes.

*Adjustments between activities improve their joint performance.* When adjusting activities between companies they can achieve improved joint performance. Mutual adjustments between activities improve their functionality. Activities that get adjusted may facilitate findings of new potential function areas. However, the increased adjustments might also make it more difficult to use these activities in other, separated links that need other kinds of specializations. The more they get specialized in each other, the better will the performance of this specific activity link be. The adjustments can be synchronizations, joint scheduling and adjusted logistics activities. The significant part of this proposition is that the long-term benefits eventually must be larger than the costs for the adjusted activities (Håkansson *et al.*, 2009).

*Adjustments between activities create interdependencies.* In business markets there are several interdependencies and if anyone of these are adjusted, they will affect the others. If for example, a JIT (Just-In-Time) solution between two companies is implemented, there will appear more interdependencies; the customer company will now be highly dependent on delivery reliability and continuous flow from its supplier (Håkansson *et al.*, 2009).

*A single activity is a part of several activity configurations.* Each activity makes up a part of activity chains and configurations. Activity configurations are the activities needed for creating outcomes, for example products or services. In many cases companies can choose between several options. Some configurations may dominate in some cases since they are seen as “best practices”. A configuration that is changed will lead to modifications in other activities. For example, an activity involved in the development or production of a metal component will in turn be involved in a company producing golf clubs and bicycles. Each company have their own requirements of how the activity should be performed, which in turn leads to tensions in other activities (Håkansson *et al.*, 2009).

Håkansson *et al.* (2009) state two types of dimensions of interactions between entities in a business network. The first dimension is *space* where the key issues are *interdependencies* between companies. Any activities, even the ones within a company that is not of knowledge or in sight of another company, are interacting through its activities with other companies. Activities extend from within the company to other organizations and across the network. Trends nowadays have led to changes in the handling of activities by firms. For example, outsourcing



has meant that external firms are taking over interdependent activities that have been connected to other actors. This requires the firms to coordinate their activities more efficient and it may cause problems when activities are changed and tensions created for activities in other companies. The other dimension is the *time* dimension. Firms have histories of activities that have shaped them and given them characteristics and capabilities. These firms also need time to configure their activities for achieving future positive economical results. The time dimension impacts the specialization of firms to become more adjusted to other firms' activities. Time also enhances firms' abilities to stabilize and modify their activities towards their connected partners.

There are two ways for actors to configure their activities in order to find economic benefits. The first is *standardization*, which leads to economies of scale and higher efficiency. The other way to achieve financial benefits is through *differentiation*. By improving variance and customizing products and services, firms can find benefits of uniqueness. The configuration leading to a good match between standardization and differentiation is an important issue for many companies to solve (Håkansson *et al.*, 2009).

A multitude of individual activity links between companies forms a pattern that is referred as an "activity pattern", which creates the business network (Håkansson and Snehota, 1995). Håkansson *et al.* (2009) present different types of interdependencies in the activity patterns. One type of interdependency is the *dyadic interdependence*. Dyadic interdependencies are present when two activities are dependent and adjusted to each other. The output of one actor is the input for the other in a dyadic relationship. Another interdependency is *joint interdependence*, where two activities become interdependent of each other by the dependency of a third activity. Two independent suppliers may for example supply a common customer and thereby become dependent of each other. If one of the suppliers, for example a tier-1 supplier, is not performing its activities in a satisfactory way for his customer, this can affect the second supplier, a tier-2 supplier, to improve its supplies to the customer. Even if the two interdependencies are described as isolated, both of them are found simultaneously in the business landscape. The interdependencies and the almost infinite varieties they create, make the business landscape rich of capabilities and potential innovative configurations (Håkansson *et al.*, 2009).

### **2.1.2 Resources**

The resource layer connects actors' resources and how these may be adapted and mutually used between the actors. Resources may be *tangible* such as physical products, offices and equipment but may also be *intangible* such as knowledge and experience (Håkansson *et al.*, 2009). As Håkansson *et al.* (2009) state the resources mutually adapt over time and this adaptation can improve exploitation of resources and also streamline them. The benefits of these adaptations give incentives to develop new joint resource combinations such as innovations. The 4R model (Håkansson & Waluszewski, 2002) is a model used to distinguish between four types of resources that exist in most business landscapes. It can be used to categorize and investigate the connections between the resources. The first of the four resources is *products*, which are resources that the company produces and then are used by other actors. The products are movable and can relate to other resources. The second resource type is *production facilities*, which are tangible and permanently positioned resources. The stability of this resource type makes it vital for a company and its production. *Organizational units* are a third resource type that is intangible in its nature. Knowledge, expertise and experience of individuals or groups in an organization are examples of this resource type. *Organizational relationships* are the last of the resource types and it is a combination of tangible and intangible resources. They are the

relations between different organizations and they affect intangible resources such as routines and procedures but also tangible such as products and facilities.

Håkansson *et al.* (2009) state the following characteristics of resources: *The value of resources is dependent on connections to other resources.* The economic values of resources are never given since it always can change depending on the ties to other resources. Economic values are created when a resource is combined with others (Håkansson *et al.*, 2009; Håkansson, 1987; Gadde *et al.*, 2010). The possibility of combinations of different resources are what make them impossible to foresee and forecast but the interaction with other resources is also what make them value-creating for other resources (Håkansson *et al.*, 2009).

*A resource changes and develops characteristics over time.* The effect of each resource is affected of its history. There have been different combinations of resources, tangible and intangible, and the previous interactions have created possibilities and restrictions in present and future usages of them. If a resource has a longer history, it has also had more relations to other resources and more potential combinations that it is exposed to (Håkansson *et al.*, 2009).

*Every resource is embedded in a multidimensional context.* Resources exist in a business landscape where many different possible application areas are present. A resource can have many different potential combinations with others. The combinations can exist within a company, with other companies and with larger constellations of several companies. Each resource and its combinations have its own positive and negative effects on developments and utilization (Håkansson *et al.*, 2009).

*All changes of a resource create tensions.* When there is a change in a resource in a business landscape there will be tensions produced, creating reactions in the network. The changes to resources have positive and negative effects on the economic outcomes for the actors and resources involved. Modifications in resources generate costs, which in turn generate more costs through the tensions they create (Håkansson *et al.*, 2009).

*Interaction intensity and breadth influences the effects and number changes in a resource.* When the interaction between resources is intensified, the development of resources and their interface changes. Håkansson *et al.* (2009) specify that it is not the change in a resource itself that creates the most intense effects but how the changes interact with other resources. Also the number of resources is affected when the breadth of interactions is greater. The breadth in interaction processes means that the companies involve different types of managers or specialists. The breadth in interaction can also involve different counterparts. Broader interaction leads to more activated resources. The changes lead to increased costs but also possible benefits, such as new solutions and mobilizations of other partners.

*Time* is an important dimension of how resources impacts. The values of resources depend on how they are combined with other resources and the history of these (Baraldi and Waluszewski, 2005; Håkansson and Waluszewski, 2007). Håkansson *et al.* (2009) argue that there is a pattern in time with distinctive outward and inward economic flows. Investments mean costs for the company, before there are incomes. The lifetime of this investment is one of the main effects of monetary incomes. Investments in both tangible and intangible resources create the potential for long-term usages of these resources.

Håkansson *et al.* (2009) also state the *space* dimension as a critical dimension. Resources are heterogeneous in the way that they can be used in many different ways. They have different

values for different people and some may see one kind of resource as a simple waste while others may see them as value creating. It is important see resources as heterogeneous but this statement also makes it more complex. Analyzing all resources as heterogeneous might be more costly than analyzing them as homogenous. An important issue for companies is to find economic benefits in improving combinations of a resource with others. When changing the resource input for a certain partner, the output of this partner is likely to be changed. Not only this partner's output will change but also other partners in the same resource network. Investments in new resources will likely change the entire resource constellation. A very important aspect is to make the best possible advantage of complementing single resources to resource combinations. By adding both physical and organizational resources to existing resource constellations and influencing other stakeholders to make complementary investments, financial revenues can be achieved.

The flow of resources benefits the learning process for the actors. The interactions of the resources make them more adaptable. These resource adaptations can create improvements in performances of the companies. Although, conflicts will occur in organizations between those who are willing to make changes in an organization, thereby adapting resources to other resource combinations and those who are resistant to changes, hence willing to stabilize them (Håkansson *et al.*, 2009).

### **2.1.3 Actors**

This layer describes the bonds between actors in a network. The actors can be companies/organizations or personnel that have bonds between each other. The connections between the individuals of the companies can be built on to which degree they have knowledge and feel connected to each other. Trustiness, appreciation, influence and mutually commitment are also important factors for building actor bonds. The bonds can have different degrees of strength and how much one actor interacts on another actor's actions can vary. The bonds between actors are also crucial for learning processes to find opportunities and solutions between the actors (Håkansson *et al.*, 2009).

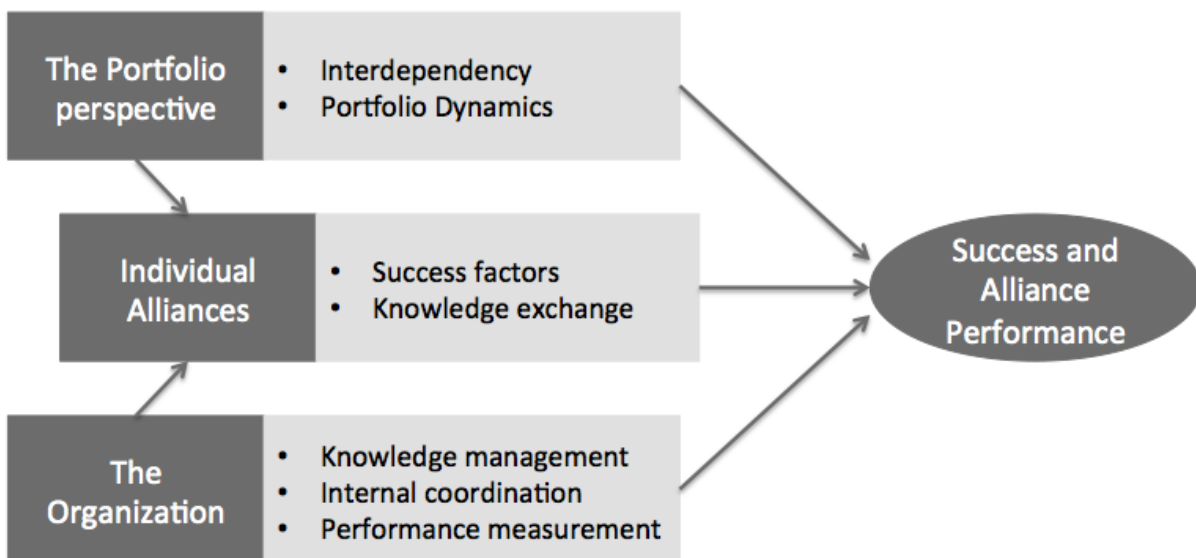
Håkansson *et al.* (2009) present important features, identities, success factors, relationships factors, actions, knowledge and outcomes of actors. Five propositions are stated that explains holistic and realistic perspectives of how the actor layer should be seen as: The first of these propositions is the *important features* of actors. It is important to consider how actors in the proximity and distance affect the economic values and roles of an actor. It is not only the features of the single actor that determines its own financial results but all actors in the same business landscape. The view of other actors on the focal actor will affect how well they match operations, solutions and problems. The second proposition is the *identity* of an actor. There will always exist several views of how an actor acts, performs and what benefits and disadvantages it has. Since an actor is placed in a network with many involvements and interactions different actors have different views of the actor's identity. The variety of identities is the explanation of how different actors act towards the focal firm. An actor should not think that it not solely forms its own identity internally but its identity is a result of all its counterparts' views of it. The third proposition is the *success factors* of an actor. Actors are not evolving autonomously but with the impact of other actors. Time, relationships and how amenable actors are to evolutions with its counterparts are also crucial for success in their businesses. The success of a firm does not only depend on its own efficiency in economics and how it follows its own business model. The fourth proposition is the *business relationships* of an actor. All actors and its bond sets to other actors are unique and they are limited to a number of other actors. An actor cannot by itself build and strengthen these bonds to increase control over the network. The bond sets lead to benefits

but may also limit the actor's performances and success in the network since they are not able to build bonds with any counterparts they would like to. The fifth proposition handles the *actor's knowledge and its actions*. Actors perform actions not only on the basis of its knowledge and information regarding the business situation. It also acts on interpretations and expectations of counterparts that, not always are based on rational thinking. The sixth proposition is the *role of outcomes* for an actor. The outcomes of an individual actor must be based on a holistic view, that actors interact and become interdependent of other actors in a network and these interdependencies are what affect actors' resource constellations and activity patterns and their outcomes. It might be fatal to believe that actors are positioned in "micro worlds". Actors are not just linked to its closest partners, customers and suppliers but to a much larger network and the outcomes of the actors are a sum of all the different activities between the actors (Håkansson *et al.*, 2009).

In each 'micro world' of an actor, this actor is the central node and seen as important, with knowledge and capabilities. The actors can understand the problems of its counterparts and also see their capabilities. As soon as the actor connects its own 'micro world' to other 'worlds' the actor is not in the center anymore and not the only one with unique set of knowledge and capabilities. In the 'micro world' the actor and its partners might have similar perspectives of problems and opportunities. When the perspective is changed into a broader network the uncertainties increase for the actors involved and tasks and missions for the actors also change. The actor will try to adjust to the many other activities and resources controlled by the other actors of the broad network. Often the actor tries to establish control over this broad network instead of trying to combine the many resources and activities that exist in the best possible way. This aim of controlling and attempting to handle all resources and activities in the network can lead to the destruction of this actor, according to Håkansson *et al.* (2009), since this control can drain a company on its resources. The importance here is instead to realize its role in the periphery and that the actor has to collaborate with counterparts in the network. They have to do this on the conditions of the counterparts and understand the reactions and changes of these. The actors mainly see their 'world' as the 'micro world' since this is an easier way for them to interpret their position but in fact they are then also limited to a small part of the network. The "larger world" seems too complex to be understood even if his or her own stakeholders draw the actor into this. The role of an actor in a network is then both increasing and limiting its capabilities. Actors can generate change but will not be able to control the network. They generate the economies in this network but an individual actor is seldom dominant compared to the entire network. By adjusting to demands in the network the actor can become a flexible and variable firm and thereby gaining economic advantages.

## 2.2 Strategic Alliances

Parise and Casher (2003) describes alliances with a model consisting of three main elements, the alliance portfolio design, individual alliances factors and the alliance portfolio management. The alliance portfolio design describes the changed view of alliances from a past where each individual alliance was analyzed separately to a view where they are seen as a part of an alliance portfolio, which have to consider both interdependency and portfolio dynamics. The second part, the individual alliances go deeper into details about how to develop successful alliances, what factors that are important and how to exchange knowledge between the actors. The organization is according to Prashant and Harbir (2006) the function that enables collaboration. Parise and Casher (2003) describes the organization but like a function that is managing tasks related to knowledge management, internal coordination and performance measurement, see **Figure 2**. Both the portfolio and the organization influence each individual alliance and all parts are therefore vital for building successful alliances that perform according to the expectations. Each alliance is therefore influenced by all actions related to the portfolio and the organization function. An alliance can according to Prashant and Harbir (2006) not perform without a well working organization; simultaneously, according to Parise and Casher (2003), the relationships are affecting the individual alliance.



**Figure 2. The alliance strategy described from a model consisting the portfolio perspective, individual alliances and the organization (adapted from Parise and Casher, 2003)**

### 2.2.1 The portfolio perspective

The number of alliances between companies increase in average with around 25% per year and companies tend to move from isolated firms to parts of networks. It is not companies that compete against each other anymore; it is large networks consisting of multiple firms (Parise and Casher, 2003). Hoffmann (2005) explains that companies rarely can rely on one single or a few alliances to fulfill their business strategy, which motivates the trend with growing portfolios consisting of numerous alliances. Large portfolios can contribute to firms' capabilities to achieve business goals even if they also bring disadvantages, such as internal conflicts within the organization. These conflicts are in general created through disagreements of how resources should be divided between the alliances. Also higher emphasis is placed on the managers since

focus tends to move from designing individual alliance to managing big and complex portfolios (Parise and Casher, 2003).

When the network grows, it is of high importance to look at how synergies can be captured and how to avoid conflicts (Hoffmann, 2005; Parise and Casher, 2003). Instead of the traditional way to analyze alliances as stand-alone alliances, Parise and Casher (2003) argue for a portfolio view. The benefits of analyzing the portfolio can be described by four main factors: The first is that it is easier to identify areas where the different alliances contribute to the work with other partners. The second is that it enhances the understanding of where an alliance has negative impacts, which will at a later stage help to effectively minimize these negative impacts. Thirdly, knowledge from one alliance can be shared among other alliances and result in a better performance. Finally, it will enhance the alignment between the alliance portfolio and the business strategy. Lavie (2008) also mentions the importance of having a coherent picture of the portfolio to not mislead and to make it easier for customers, other market actors as well as the own organization to understand the business intentions.

### *2.2.1.1 Interdependencies*

Conflicts between alliances are often hard to detect and they therefore often run unnoticed until the point it turns into a crisis or major issue. By analyzing interdependencies, positive and negative ones, with the aim of maximizing synergies and avoiding conflicts, the potential synergies and risks can be handled more efficient. Interdependencies between alliances in defined collaborative networks are often easy to evaluate, it is harder when it comes to alliances outside the main business area where they can be considered as stand-alone. The positive effects of interdependencies often occur in situations where the alliance partners are part of the same collaborative network, providing complementary offerings or promoting similar standards and infrastructure. Another positive effect can be found where there is an opportunity for the partners to gain knowledge from each other or the partners see the presence of other alliances in the portfolio as a way of mitigating its own risk (Parise and Casher, 2003).

Parise and Casher (2003) found it common with negative interdependencies and around one quarter of the portfolios that they studied contained alliances with negative interdependencies. These can often be identified in situations where alliance partners are members of collaborative networks, competing against each other, promoting competing technologies or infrastructures or if one alliance requires such exclusivity that it imitates an effective work with other partners. The risk by not identifying these are related to difficulties with capturing value since partners will be unwilling to share sensitive information related to products, market, customers or business opportunities (Lavie, 2008). It is not always possible to eliminate negative interdependencies but it is important to know their existence and what conflicts that can occur (Parise and Casher, 2003).

### *2.2.1.2 Portfolio dynamics*

A portfolio will always change over time, new alliances will be created and others will disappear. To keep an alliance is not a goal by itself, the alliance' goal should always be to support the current business and corporate strategy (Hoffmann, 2005; Bamford *et al.*, 2003). Hoffman (2005) therefore argues for a portfolio that is dynamic. The main reason for this is that the company's context constantly changes because of new market conditions, business opportunities or other factors related to the company like size and product assortment (Hoffmann, 2005).

Parise and Casher (2003) could, from their study, see that companies that had a clear vision of how their portfolios change over time tend to be more successful. Successful companies also had a vision of how the portfolio should answer the needs during the different stages of the products life cycles. An example of this is how Amazon continuously changed its portfolio of alliances to support the changes in its business strategy. From the beginning its portfolio mainly contained of few alliances that supported publishing, distribution and marketing. It mainly contained collaborations with large Internet portals like Yahoo and AOL to increase its brand value and the number of visitors on its webpage. Over time the number of visitors grew and Amazon changed focus and started to form alliances with several online retailers. The need of the previous “marketing” alliances had decreased since the company had become the number one Internet brand in the world and resources could be transferred to the alliances with online retailers (Parise and Casher, 2003). To better be prepared for these changes Bamford *et al.* (2003) mention that a company should try to predict what will happen in the future and how the alliance will be affected as it starts to grow. It is for example preferable if companies can plan in advance which partnerships that should be terminated first. It is therefore vital, already during initial stages to make a plan for how to exit an alliance. It is not unusual that companies are creating long-term agreement that make them stuck for a long time which can be costly when the context is changing, like if new actors are entering the market or if the partner has difficulties to perform. It is also beneficial if the alliance has some type of flexibility that prepares it for a deeper collaboration (Bamford *et al.*, 2003).

It is common that alliances are being added and removed randomly without a deeper analysis on how this will influence the new portfolio. Looking at interdependencies is an effective way to understand how the portfolio will be affected if a specific alliance is being removed or a new one is added. By analyzing interdependencies one can evaluate the efforts and resources the company should invest in keeping an alliance, as the interdependency can indicate how one company's exit will affect remaining portfolio (Parise and Casher, 2003).

### **2.2.2 Individual alliances**

An alliance can have several purposes; linking markets, combine skills and knowledge, building momentum, reducing costs or sharing risks. It is rare that alliances only exist to fulfill one purpose and it is often a combination of goals. The goals also tend to change as the actors’ needs are changing (Bamford *et al.*, 2003).

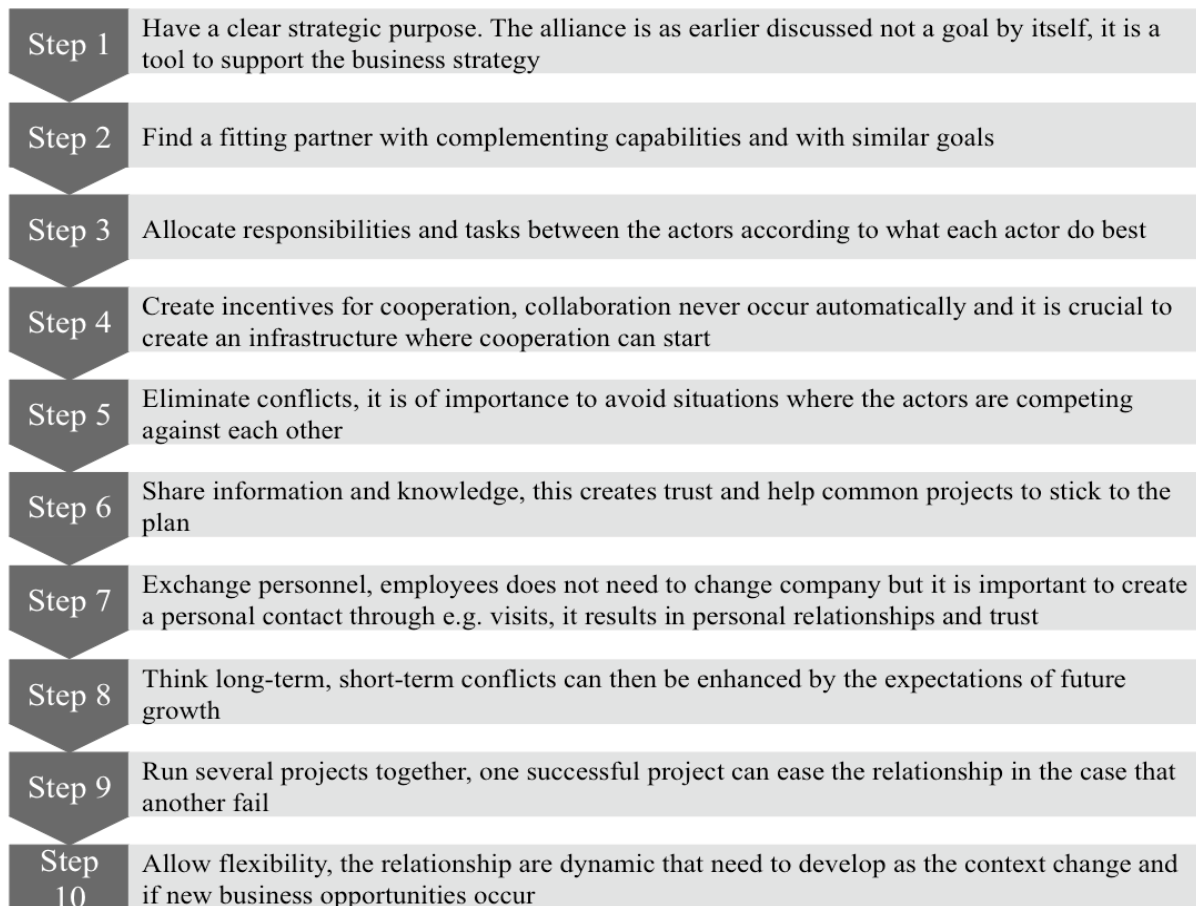
The role of how each alliance’s characteristics contribute to the alliance success is important to consider. Each alliance contributes with its part to fulfill the business strategy (Parise and Casher, 2003). Lavie (2008) has shown that alliance strategies have increased in popularity the recent decades. The percentage of software companies that were involved in alliances rose from 32% to 95% and the average number of alliances rose from 4 to 30 during 1990 to 2000. On the other hand, the same study also shows that between 40-70% of the alliances in the software industry fail to reach targeted objectives (Lavie, 2008). The fact that such a high number of alliances fails have resulted in several studies regarding the success factors (Whipple and Frankel, 2000; Parise and Casher, 2003; Prashant and Harbir, 2006) and how to increase the probability of reaching the expected performance. Whipple and Frankel (2000) conducted a study where they looked at the relationship between companies, acting as partners in a supplier and buyer situation. The study concluded that the five most important factors according to senior management were the same whatever role they had, even if they had different prioritizations. For both the supplier and buyer side, trust and senior management support were positioned as the

two most important factors and the ability to meet expected performance, partner compatibility and that the partnership has clear goals were on place three to five. Also Prashant and Harbir (2006) saw that some companies tend to be more successful with their alliances than others. Their research concluded instead the learning process as a crucial factor behind success, which is a main part for creating trust.

Several studies have also been conducted regarding potential traps related to entering alliances (Acs *et al.*, 1997; Gomes-Casseres, 1998). Bamford *et al.* (2003) took an additional step by describing these traps as a list of “alliance sins”. There are a few important factors that companies often forget but can get help from to avoid these “sins”. The first is to have a clear strategy and understand how the alliances can help the company to fulfill the objectives. Second, choose a partner wisely, an alliance consisting of financially strong actors have twice as high probability to succeed compared to alliance with at least one weak actor (Bamford *et al.*, 2003). It is also important to consider the “fit” in terms of capabilities and culture (Bamford *et al.*, 2003; Parise and Casher, 2003). It is common that companies forget to look at “if” the partnership is feasible and instead only evaluating the potential outcome that can be delivered from a partnership. To evaluate the “fit”, managers often consider trust, commitment, communication and compatibility to determine the feasibility. The actors should also complement each other with divergent or complementary resources as the combination is supposed to create value (Parise and Casher, 2003). It can be hard to create aligned alliances and share all values, but it is good to know about the differences to avoid problems in the future, when more time and resources have been invested in the relationship (Bamford *et al.*, 2003).

Finally, the last topic that is discussed in the literature as an important factor for successful alliances is the alliance process how to build alliances from its initial steps. Gomes-Casseres (1998) describes this process in ten steps that all need to be completed to reach a higher probability of success, see **Figure 3**. The list includes all steps, including some that needs to be done even before potential partners are evaluated, until the step where a proper partnership has been developed.





**Figure 3. Ten steps that should be passed to increase the chances of alliance success (adapted from Gomes-Casseres, 1998)**

The members of a network constellation have different bargaining power towards the other members. Smaller firms generally face a weaker bargaining power, which can be a danger for them. According to Gomes-Casseres (1998) a firm may improve its bargaining power in the constellation by changing its position from time to time. Both the small and large firms tend to believe that the large actors are in control. The fact is that the small firm can be market leader within its niche and actually has a higher bargaining power than expected.

It may be attractive for a firm with high bargaining power to join a group even if the effects of the network are low. And conversely a firm with low bargaining power joining a group with high network effects might be a bad idea. The effects and the bargaining power of a network will change over time as the network grows and as the relationships between the members are developed. These developments of the network may influence firms to join them, even if there are no immediate benefits in the network, but these might occur in the future. In some cases, a firm may end up worse in a group that economically grows due to declining bargaining power (Gomes-Casseres, 2003).

### 2.2.3 Organization

There are several studies (Dyer *et al.*, 2001; Parise and Casher, 2003; Prashant and Harbir, 2006), which conclude that well developed supporting organizations is a key factor that increases the probability of successful alliances. Prashant and Harbir (2006) describe the relation and the learning between alliance function and alliance success as a way of “opening the black box”. The

“black box opening” is a way to explain how dedicated alliance functions are tools to enable alliance capabilities and success that earlier was not certain. To do this in an effective manner the organization need to support a continuous learning process (Prashant and Harbir, 2006; Parise and Casher, 2003) where knowledge also can be shared between different alliances. To do this the organization therefore need to provide services such as: knowledge management, internal coordination and performance measurement (Prashant and Harbir, 2006). Moreover, Dyer *et al.* (2001) identify an additional function; alliance assessment, with the intervention to fix problems and to increase the external visibility. An important part is to keep the market informed about ongoing and successful projects and new partner relationships.

Alliance success can also be traced back to the level of alliance experience. The experience itself is not an indicator to success but more experienced companies often have well developed alliance functions that supports the alliance learning process which has been discussed as an important factor for alliance success (Prashant & Harbir, 2006). Also the degree that firms can capture, share and leverage information and knowledge among the alliances is of importance which often is more developed in firms with a long history of working with partners (Parise and Casher, 2003).

### **2.2.3.1 Knowledge management**

There are several tools and techniques that can be used to improve the learning process and the infrastructure for knowledge management such as “best practice” and workshops, to only mention some (Prashant & Harbir 2006). Basically, these tools aim to create an infrastructure for sharing knowledge, both tacit and explicit (Parise and Casher, 2003). The tacit knowledge should not be underestimated and Dyer *et al.* (2001) therefore suggest additional trainings, workshops or other forums where this knowledge can be shared in a more efficient way.

Capturing and sharing information and knowledge is not only important within the own organization. It is also vital to share it with partners and its partners, especially if the alliance is part of a larger collaborative network (Parise and Casher, 2003). To encourage collaboration, information and knowledge sharing, some type of infrastructure is needed. This infrastructure should support knowledge management, internal coordination and performance measurement (Parise and Casher, 2003)

### **2.2.3.2 Internal coordination**

Prashant & Harbir (2006) mention the internal coordination as an important task for the organization function. The purpose of the function is to bridge different alliance and the own organization. Parise and Casher (2003) argue that the organization will benefit from it in three ways; a better alignment between the alliance function together with the rest of the organization, coordination between partnerships that have overlapping goals and finally an increased synchronization of the portfolio impact. The function also has a positive effect on the alliances since it eases the access to the right resources. It is common that alliance managers, because of a poor internal coordination, lack this opportunity and can therefore not mobilize the right resources to make the alliance successful (Dyer *et al.*, 2001; Parise and Casher, 2003). Internal coordination is also a way to communicate the current strategic priorities between the organization and its partners. Many companies fail because of a mismatch between the alliance objectives and the business strategy as a result of a poor internal coordination. The internal coordination is therefore important for continuously feeding the alliance function with new guidelines how to act and what alliances that should be prioritized (Dyer *et al.*, 2001).

The organization also has an important responsibility of providing external visibility, which plays an important role for keeping both potential and current alliances partners up to date. By marketing new alliances and successful projects, the firms can increase the attractiveness by showing that the firms are committed to their alliances and manage them effectively (Dyer *et al.*, 2001). Dyer *et al.* (2001) also highlight a dedicated function since it gets easier for potential partners to get in contact with the company.

To build a successful alliance function takes time. It also requires investments from the company that in short term will extend the increased value. Over time the performance will be better and the investments will pay off. The challenge should not be underestimated because it is not a simple task to build up an alliance function (Dyer *et al.*, 2001).

### **2.2.3.3 Monitoring of performance**

Many companies forget or underestimate the importance of measuring how its portfolio of alliances performs. The measuring should be done regularly and is a kind of “health check” that indicates the portfolio’s current state (Parise and Casher, 2003; Hoffmann, 2005). Hoffman (2005) studied companies that used to evaluate their alliances at least once a year to find out the financial results, some even measure the alliance results quarterly. Hoffman (2005) also explains the importance of monitoring the performance of the portfolio and not only each alliance separately. Especially if the company have alliances with companies in for example, an emerging market with high uncertainties. An example is the high-tech industries where it is hard to predict future breakthrough technologies. One alliance itself can therefore rarely satisfy the business strategy and it is therefore important to measure the portfolio's performance. First step when evaluating the performance is to evaluate each alliance’s performance, this to understand if it has a negative or positive impact on the portfolio performance. The second step is then to analyze the portfolio performance to see how the firm can strengthen its position (Hoffmann, 2005).

The KPIs (Key Performance Indicator) aims to help the company to improve and control its performance and in opposite to RPI (Result Performance Indicator), each KPI is adjusted to the departments or specific roles (Parameter, 2015) These can be both soft and hard values and together they will give a picture of how the alliances are doing, individually and together (Parise and Casher, 2003). What both of them have in common is that they should be measured regularly as the business objectives tend to change over time (Hoffmann, 2005).

Most companies tend to measure the performance of their alliances and portfolio in financial terms or as described in the literature, accounting measure with data collected from the accounting, examples of common measures are therefore profit, cash flow and profitability (Hoffmann, 2005). This allows firms to ensure that the financial goals are achieved but it is often hard to see how well the alliance contributes to the fulfillment of the business strategy and its implementation. This method has therefore been heavily criticized, since many alliances do not have financial purposes (Christoffersen, 2013). One explanation to why companies often tend to only measure financial factors is that other data often is harder to collect and quantify (Hoffmann, 2005).

A way to complement the financial performance is to measure the strategic performance, input data or relationship quality. The measurements on strategic level can include factors such as growth, market share or time to market. These are related to the purpose of the alliance and the

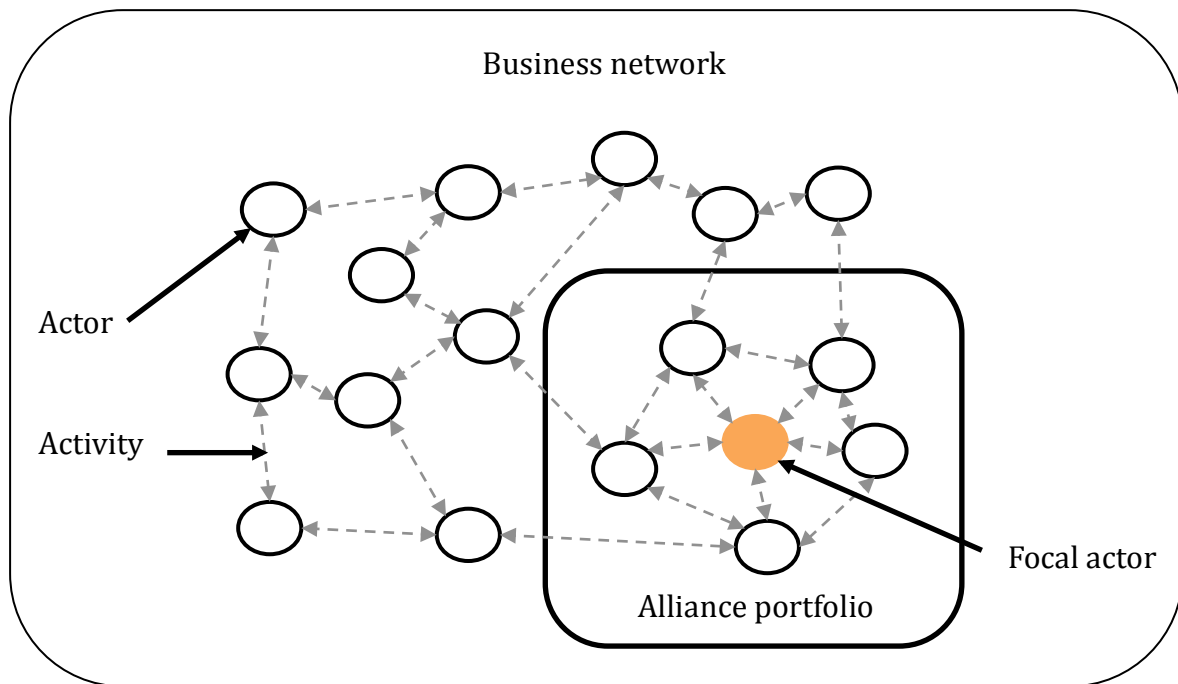
specific alliance's contribution to the business strategy. For input data typical measurements are for example, size of investments in common projects and number of staff that each firm allocates for the common activities. Another important performance indicator to measure is the quality of relationship. This "soft" criteria can explain how well the cooperation works between the alliance partners. Examples are level of trust, speed and clarity of decision-making or fairness (Hoffmann, 2005).

## 2.3 Problem discussion and research questions

Accure is a part of a wider network of actors and it is aiming to build connections to new customers through partners. The purpose of this is increasing its total sales. The *Industrial Network Approach* suggests that Accure is a part of a business network where it can benefit from other actors' resources and activities to create value. The *Industrial Network Approach* can be used to understand how Accure influences its environment and how the environment influences Accure. How the impact may be visible can be determined through both internal and external factors. Internal factors include the company's objectives, strategies and organizational capabilities. External factors are instead related to the context that consists of several factors such as already established actors on the market, business climate, culture, market structure and trends. These factors all impact on the firm's needs and create a special case for each market. The needs can be divided into requirements of resources and activities that the firm can access through external actors. To reach the desired result it is important that the alliances can satisfy these needs but also that Accure can satisfy their requirements.

The literature around *strategic alliances* (Parise and Casher, 2003) clearly describes the relationship between the alliance portfolio and the company's business strategy and how important it is that these are aligned. With the assistance of the *Industrial Network Approach* (Håkansson *et al.*, 2009) the business strategy can be translated into needs. Activities and resources may satisfy the needs of Accure and it is the actors and the relationships in the business network that can contribute with the fulfillment of these needs. By identifying required resources and activities, it will be easier to understand how collaboration with actors can help Accure to achieve its objectives and reach alliance success.

Previous studies about alliances have had a focus on specific resources such as relationships and how to make them more successful. Examples of this are the number of studies conducted around how to create successful alliances (Acs *et al.*, 1997; Gomes-Casseres, 1998; Gomes-Casseres, 2003; Bamford *et al.*, 2003; Parise and Casher, 2003). The *Industrial Network Approach* will lead to an optimization of specific resources and a greater performance. By combining the theory regarding *strategic alliances* with the *Industrial Network Approach*, the portfolio perspective developed by Hoffmann (2005) and Parise and Casher (2003) can be put into a context. As seen in **Figure 4**, actors all around the industrial network affect each other by the activities they perform. In this network an alliance portfolio, containing the actors that hold the resources and activities that Accure needs, should be selected. It is important to keep in mind that the actors outside of the alliance portfolio also affect the portfolio. Moreover, the figure also shows the importance of activities and resources being divided among the actors to create a more beneficial portfolio. The *Industrial Network Approach* can therefore increase the understanding of the whole network while the theory of *strategic alliances* gives a deep insight into the dyadic relationships and how to make them work.



**Figure 4. An alliance portfolio put into an industrial network context.**

Both the *Industrial Network Approach* and the theory of *strategic alliances* discuss the impact of interdependencies but with two different approaches. The *Industrial Network Approach* is discussing the opportunities and how collaboration in several steps will contribute to the whole chain through interdependencies. Studies regarding *strategic alliances* often have an approach that can be compared with competition including both positive and negative interdependencies and how the collaboration with one actor can harm or benefit another collaboration.

To be able to fulfill our aim that is to create an alliance strategy for the French ERP market, designed to support Accure's business strategy, the following research questions will be answered.

### 2.3.1 Research question I

To be able to design a suitable alliance strategy, external factors need to be taken into consideration. These will in combination with Accure's objectives and business strategy influence the internal needs for acting on the French ERP market. The needs can be divided into resources and activities that are required for the alliance strategy and to position Accure in the business network. The needed resources and activities are identified and reached through the *Industrial Network Approach* and do not have to come from one single actor but from a portfolio of alliances that together complement Accure's needs. From these statements the first research question can be formed:

- *What resources and activities does Accure need to access in order to fulfill its needs and objectives on the French ERP market and what does Accure need to offer in return?*

### 2.3.2 Research question II

When the demanded resources and activities are specified, a well-performing portfolio should be generated, which aims to give Accure access to the needed resources and activities, all present in

the business network. The portfolio will therefore consist of one or several actors that together will enable access to the required resources and activities. What resources and activities that will be needed and each actor's capability to provide these will change over time. Accure's alliance portfolio will therefore need to be dynamic and develop in a way that it always supports the business strategy. These statement results in the second research question:

*How should Accure design its alliance portfolio on the French ERP market for both a short term and a long-term perspective?*

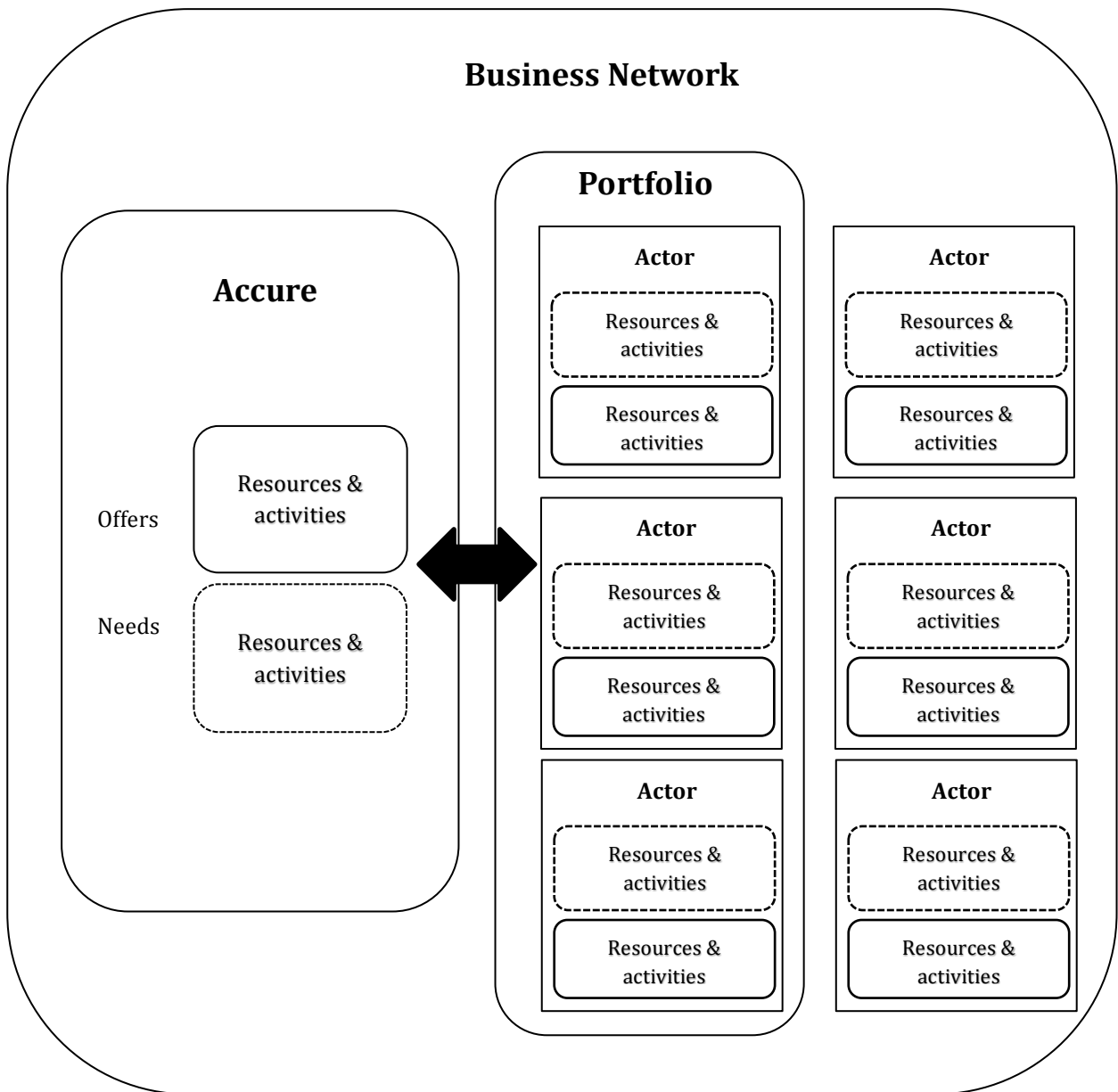
The portfolio that will give Accure its desired results must be supported by the internal organization of Accure in order for the alliance strategy to be functioning, which leads to the third research question.

### **2.3.3 Research question III**

The design of the portfolio and the individual alliances need to be handled and supported by Accure's internal organization. The organization aims to support the portfolio with Accure's internal resources and activities to enable successful alliances where all involved actors will gain benefits. How the organization should support the partnerships depends on the type of actors but also their needs. It is also important to take Accure's capabilities into consideration since these potentially can be a limitation. There might also be internal conflicts regarding the sharing of resources, especially among alliances, which makes it even more important to have a clear view of how this support should be designed. These statements lead to the third research question:

*How should Accure design its organization to support its alliance portfolio?*

When the three research questions are answered an efficient alliance strategy can be created that is supported by the entire organization. The answers together will shape Accure's alliance strategy, which means that Accure gets access to the needed resources and activities externally, meanwhile it contributes to its partners' businesses through its offered resources and activities, see **Figure 5**. The model consists of the focal company, Accure in a network with alliances to the actors in the portfolio. The network also consists of other actors with no direct relationship to Accure. Access to resources and activities through actors in the portfolio are used to fulfill Accure's business objectives. The actors will provide Accure with resources and activities and Accure, in turn, will offer them resources and activities. In this way the actors are complementing each other; which according to Gomes-Casseres (1998), is vital for a successful collaboration. To enable the collaborations, Accure's organization works as a function that connects the actors to enable access to the required activities and resources, manage the relationships and ensure that the alliances contribute to its overall business strategy.



**Figure 5. Framework describing the relationship between Accure and external actors in the business network. The network consists of actors in the portfolio that Accure is in an alliance with and actors outside of the portfolio that still exist in the network but do not directly influence Accure.**

### 3 METHODOLOGY

*This section describes the methodology used for conducting the project. It includes an explanation of the literature review and methods used for data collection. Finally, it ends with a discussion regarding the study's accuracy.*

#### 3.1 Research approach

To answer the aim and research questions of this study a deeper understanding of the topic was required. The questions were of the “what”, “why?” and “how?” character which according to Marshall, (1996) is easier to answer through a qualitative approach. A quantitative approach could have been used for the first evaluation of potential partners but as this study did not deal with the selection and instead only looked at *how* to develop guidelines for how to select attractive partners to its alliances, the qualitative approach where more applicable.

#### 3.2 Developing the theoretical framework

During the initial literature study, the research group created a theoretical framework based on previous research in the area of *strategic alliances* and the *industrial network approach*. This was except of getting a deeper knowledge regarding the topic also a way to identify a best practice regarding alliance strategies and to identify the areas where and how the actors can complement each other to create value. The framework was continuously developed during the process even if the most basic pieces were set during the initial part. By using literature from both the areas of *strategic alliances* and the *Industrial Network Approach* it was possible to get both a holistic view of the network and a deeper view of the relationships between actors. Relationships are important in both theoretical domains but have two different approaches. The literature regarding *strategic alliances* describes the relationships between actors and how to build and maintain the relationships. The relationships are also competing against each other about the same resources, which creates a competitive approach. This can be compared to the *Industrial Network Approach* where the relationships are parts of a network where the relationships affect each other. Both concepts have therefore been complementing each other and increased the understanding of both specific relationships and how they interact with the network.

The literature review consisted of scientific articles in the area of *strategic alliances* including both factors behind success and failure. To get a better view of what previous studies that have been conducted the researchers studied a couple of synthesizes, which are studies that briefly summaries previous studies about the topic. The researchers used especially one made by Christoffersen (2013) since it was relatively new. The group also looked at other synthesizes but it was preferable to have a more updated one to ensure that the latest trends and research was included. Relevant articles were found through both the synthesizes and through internet databases where the search engine, called Summon, a service provided by the library at Chalmers University of Technology was used.

#### 3.3 Data collection

The data collection process of the study consisted of two parts, a trend analysis and an empirical part focused around Accure and its situation and the cultural differences between Sweden and France. The study therefore contains both primary data from interviews and secondary data from trend analyses. These analyses were mainly collected from reports made by organizations and



consulting firms specialized on market analysis of the ERP industry, worldwide and in France. To identify general trends in the ERP technology and how this will impact on the market the researchers mainly used publications from Gartner. Gartner is a world-leading firm at analyses and researches within the area of information technology including trend analyses for IT. This source was from the researcher's perspective seen as the most objective source as the actors on the ERP market easily are affected about what infrastructure or system that they are organized around.

### **3.3.1 Sampling**

The trend analysis was a tool to evaluate the current state and how the trends most probably will develop in the future, which is of importance to know since Accure has to adapt to changes in its environment. Since the alliances are a part of the firm also the alliance strategy need to be able to deal with these changes.

There mainly exist three strategies for how to design a qualitative study and select the sample. The convenience sample is the simplest method where the sample is defined according to how easy it is to access it. This is the least costly sample method in terms of money, effort and time. The disadvantages are that there is a high risk of poor quality data as the source might lack knowledge about the topic that can result in biases (Marshall, 1996). The second method is the judgmental sample. This method put more emphasis on the researcher's skills in selecting the right sample. This is the most used strategy for the qualitative approach as it is efficient when the sample sizes tend to be small. The researcher can then look deeper into the interesting part of the population. Interesting objects can for example be the outliers as they can be good objects to study to increase the understanding. If a judgmental sample is used, it is important that the researcher is familiar with the research area to be able to create a good sample (Marshall, 1996). The last method is the theoretical sample that mostly is driven by theory. It is often used as a tool to test if old theories can be applied on new applications. By selecting a different sample compared to the emerging one the theories can be tested on a new sample (Marshall, 1996).

To create the sample for this study mostly used the judgmental method was used. The judgmental method was used because it enabled us to look at the most interesting part of the sample to get a deeper understanding. Since it was hard to collect data from some specific sources, the convenience sample was partly used. Some data would be preferable, and more trustworthy if it was collected from potential partners instead of Accure but since it was difficult to get in contact with actors in France some interview objects where picked according to the convenience method.

### **3.3.2 Interviews**

The primary data collection of this study was made through face-to-face and Skype interviews. The research group aimed for face-to-face interviews since it increases the probability of authentic answers but is less efficient in terms of money and time (Bryman & Bell, 2007). In some cases, the interviews where therefore carried out through Skype since time and budget limited the researchers. To increase the probability of authentic answers, Skype interviews with both video and sound where used.

Interviews can according to Bryman & Bell (2007) be organized in three different ways, structured, semi structured and unstructured. To answer the aim and the research questions of this study semi structured interviews were preferable. An unstructured interview aims to answer

questions where things need to be explained and are often used to describe more complex situations. On the other hand, a structured interview can easily get too fixed answers without the possibility to dig deeper into the relevant questions (Bryman & Bell (2007)). To get a better structure and also to increase the chance of answers that helped to answer our aim and research questions semi structured was used. A selected number of questions, including the most open ones were sent to the interviewee in advance to ensure that he or she was able to prepare, see **Appendix 1** for detailed information on the interview guides.

The empirical data was primarily collected internally from employees at Accure through interviews and shorter discussion sessions, for a full list of the people that participated in shorter discussions and interviews see **Table 1** and **Table 2**. The data related to Accure and its situation, described in *4.1 Accure* was collected during interviews and discussions with the CEO, Peter Sandersnäs, COO, Fritiof Nilsson and the alliance manager Roland Kvillborn, but also through discussions with employees. The employees at Accure have contributed with complementary information where Peter Sandersnäs gave us a background to Accure and the problem behind its international expansion. Fritiof Nilsson provided us instead with information regarding the current partnerships in Scandinavia, including best practice and common factors for failure. Finally, Roland Kvillborn gave us an insight into the problematic related to sales through consulting companies. The information from these persons was of importance to create the case study and to understand the context but also to map out and identify what activities and resources that Accure possesses. It was also a way to identify missing activities and resources that Accure needs for doing business in France that is resources and activities that Accure needs to access externally through actors in France. Other sources from Accure were used since these are specialized in specific fields that were of importance for the study but also to get another perspective of the situation. After the first interviews with Accure the researchers were able to start mapping and analyze the business strategy, its needs and what factors that influence the firm both internally and externally. Parts of the strategy was defined through a comparison between the direct sales channel in Sweden with a potential one through partners abroad, with a focus on France. From this was the actual need identified which later resulted in a general alliance strategy.

**Table 1. People that have participated in shorter discussions**

Name	Position	Company / Organization
Carl Bengtsson	CTO	Accure Group
Kristian Falk	Product Development Manager	Accure Group
Jonas Eklund	Systems and Web developer	Accure Group
Karl Axelsson	Consultant	Accure Group
Katarina Bryngelson	Regional Manager (East)	Accure Group
Andreas Gräns	Consultant	Accure Group
Ulf Sundström	Senior Application Engineer	Accure Group
Fritiof Hedman	Consultant	Accure Group

**Table 2. Interviews that have been carried out through the study**

Name	Position	Company / Organization	Date for the interview
Peter Sandersnäs	CEO	Accure Group	2016-02-11, 2016-04-18
Fritiof Nilsson	COO	Accure Group	2016-03-03
Roland Kvillborn	Partner Manager	Accure Group	2016-02-26
Robert Wentrup	Trade Commissioner France	Business Sweden	2016-03-18
Anders Fogelström	Board Member	The Swedish chamber in France	2016-04-06
Johnny Jensen	Sales Director	Merit Denmark	2016-04-20
Jonas Andersson	Consultant	Accure Group	2016-04-27

To look at how cultural differences influence the alliances between Swedish and French companies, interviews were conducted with Robert Wentrup, the Trade Commissioner for Business Sweden in France and Anders Fogelström, Board member of the Swedish Chamber of Commerce in France, described in 4.2 *The French Market*. These have experiences from working with both Swedish and French firms and the internationalization process.

An interview was also carried out with Johnny Jensen, the sales director of Merit Denmark. Merit Denmark was mentioned during an interview with Fritiof Nilsson as a “best practice” partnership for Accure and was therefore interesting to study since the collaboration according to Accure has worked well. Jensen was therefore an important input to confirm Accure’s way of working with partners. The interview provided us therefore with a perspective described by the counterpart, which was a way to evaluate how partners perceive Accure’s work.

Finally, through the entire process, communication with the supervisor, Maria Landqvist, was carried out frequently. A journal was written and updated throughout the work process to document all interviews and discussions carried out throughout the study.

### **3.4 The study’s accuracy**

A study’s accuracy is of main importance and it can, according to Lincoln and Guba (1985), be described from four parameters: credibility, generalizability, conformability and source reliability.

The literature was of academic characteristics, which increases the credibility. During the process it was found out that literature regarding *strategic alliances* and the *Industrial Network Approach* have different approaches and the researchers therefore decided to merge the two theories since they can be seen as complements to each other. The fusion of these theories can be discussed since they have two different approaches that in some cases can be interpreted as contradictable, for example related the view of interdependencies. The main difference is that the literature around *strategic alliances* highlights both negative and positive interdependencies compared with the *Industrial Network Approach* that mainly focus on positive ones. Another example of a difference is the view of collaboration and competition where the *Industrial Network Approach* has a focus on collaboration and the *strategic alliances* theory on competition.

Also the literature within the area of *strategic alliances* approaches the success and failure factors differently. The study to summarize previous studies, made by Christoffersen (2013) was therefore important tool to get a deeper understanding why and how they differ. After concluding that the reason to the differences mainly is because of the different layers to describe it, for

example, trust can be a success factor but to gain trust a continuous learning process is needed. The sources have therefore carefully been used together to avoid misinterpretation.

Information regarding activities and resources that Accure requires to act on the French market was mainly collected through interviews with employees at Accure. This can be seen as a weakness since they might be unaware about the actual needs. The researchers complemented with analyses of the needs according to what activities and resources that Accure needs for performing its sales activities on the Scandinavian market, both through partners and direct sales. Thereafter the sales in Sweden were compared with current sales in France. The gap between them was considered as the missing resources and activities that partners need to complement Accure with. As mentioned before this can be seen as a weakness since it is assumed that sales can be done in the same way in France. The market characteristics and business culture have been analyzed but the study eventually lacks details that can influence the study.

The partner strategy by itself is not easy to generalize. The strategy is developed according to the context of Accure and the French ERP market. Companies in similar contexts can use the conclusions but minor adjustments will be required to better fit to each specific case. Something that is generalizable is the method and the framework, which has been demonstrated through the case study of Accure. The model for how to develop a partner strategy also includes difficulties related to business relationships between French and Swedish firms. These difficulties are not specific for this case and the findings regarding how to design the organization and the alliance to increase the probability of success are possible to apply on most Swedish firms that works or are planning to start working with French partners.

Finally, the theoretical framework has been modified during the study to better describe the reality. Initially the framework mostly focused on the focal company, in this case Accure and how it can gain advantages through accessing resources and activities externally. The study assumed that it was possible to access these and forgot the other actors. To better understand how all involved actors can benefit from the partnership, an additional section was added where Accure was analyzed to find out how it can complement its potential partners in France. This section is developed as a general offer since it later on needs to be customized to each actor's needs.

## 4 EMPIRICAL STUDY

*This section describes Accure and its products, organization as well as its partnerships. The second part describes the appearance of the French market; the business climate, culture and relevance of language. The last part describes the overall trends in the ERP industry where both current and future trends have been researched.*

### 4.1 Accure

The CEO Peter Sandersnäs and the CTO Carl Bengtsson founded Accure in 2004, as a small consulting firm specialized in EOM. The original offering consisted of fully customized solutions where new solutions were developed separately for each customer. The company realized that many of its customers asked for similar solutions. Accure therefore started to reuse the code to not repeat the work for each project, which dramatically reduced the time for implementing new solutions. After a while the portfolio of solutions started to grow and became a toolbox that the consultants could mix in various ways, like Lego pieces that could be mixed in multiple ways to satisfy the customers' different needs. The toolbox has finally ended up in a mix of products that can be combined or used separately, which together with the right knowledge has a wide spectrum of applications in the field of EOM.

The company has since the start grown each year and is now present worldwide even if the main focus still is the EMEA region, the geographical area of Europe, Middle East and Africa. Sales are handled both through direct channels and partners. The largest market is Scandinavia followed by France, Germany and UK. Accure's headquarter is located in Gothenburg, Sweden where most of the consulting and development staff are based. The total number of employees is around 20 with six persons dedicated to product development. In addition to the headquarter in Gothenburg, offices are also located in Stockholm, Malmö and Stenungsund. Furthermore, the firm also has an external outsourced development department in Sri Lanka.

The firm sells and develops applications for Enterprise Resource Planning (ERP) systems and the portfolio consists of three main areas: content management, EOM and system management, where the EOM is its core business. These solutions can be delivered either as traditional software or as a cloud solution. The products are compatible with the ERP systems delivered by all large suppliers such as SAP, Oracle, Microsoft Dynamics and Infor. These actors together stand for around 62% of the world's ERP implementations (Panorama consulting, 2015).

The competence in Accure has since the start been concentrated on Infor's ERP system M3. This is the main reason why the company has chosen to mainly focus on M3 users, to whom Accure produces EOM solutions. Installations in other systems are possible and some implementations have been made to other systems but these are more costly since minor modifications are necessary. Accure's products are compatible and completed to 90% for all main ERP systems and the remaining 10% is the work for interface installations. Some issues exist in the case of working with other ERP systems since the current knowledge in the company is focused on Infor M3. Implementing the products in other ERP systems does not need to result in significant higher costs but deeper knowledge to handle "bugs" and minor modifications are required. The main problem is that Accure lacks expertise about these systems, which creates issues when it comes to support and troubleshooting.

The users of Accure's products are mainly in manufacturing, fashion or furniture industries. This is mainly because M3 is primarily targeting these industries. The customers are mainly large and

medium sized firms but some smaller ones also use the M3-system. Medium sized and large firms generally have a higher demand regarding the design of the output. The complexity often increases when a firm is doing businesses in multiple countries, which is more common among medium sized and large firms. The need of producing and configuring reports and invoices are therefore higher in large international firms and the products are more suitable for these kinds of companies. Accure defines partner or customer companies' size in the sales model. The size is defined by its number of employees, less than 20 employees means a small firm, between 20 and 150 is a medium-sized firm and more than 150 employees is a large firm.

#### **4.1.1 Organizational structure**

The responsibility regarding partnerships is divided among three positions in Accure's organization: the CEO, the COO and the partner manager. The CEO is responsible for partnerships related to Original Equipment Manufacturer (OEM) and partners outside of Scandinavia, the COO for partnerships within Scandinavia and the partner manager as a support during the establishment of relations, including contracts.

To identify potential partners outside Scandinavia the firm heavily relies on the contact network that the CEO and the partner manager possess. These networks have been built during several years in the industry and through the worldwide user organization of Infor M3. Accure has always suffered from a lack of resources, especially time and this is the main reason why no deeper market analyses have been made to further analyze potential actors to collaborate with.

The operational support of partnerships and customers are divided among numerous functions. Which function that is involved depends on what support the partner or the customer needs. When a partner contacts Accure regarding the service, the issue lines up together with all issues from all kinds of customers that need service. The system is similar to a funnel system and has the function of gathering all issues into one support system and then forward the issue to the right service location, that is either the development department, the back-office support department or the sales department. An issue can enter the support either by phone, e-mails or a chat-function. When it enters, a consultant responds and decides what the issue is about, to which section it is supposed to be sent to and when the issue will be handled. Accure's organization is built in the way that the consultants are the first to receive the issue and these are also eventually able to handle and treat many of the issues by themselves. If the partner has problem in its code or the software needs to be updated, the issue is sent to the development department. The time it takes before the issues are treated depends on the service level agreement. The different agreements explain the length of time before Accure starts processing the issue and what is included in the agreement. Accure's partners have a different type of agreement, which are customized depending on each unique relationship. The consultants have many different tasks to handle in this support task, from answering the first call to implementation of the EOM and support of the systems.

#### **4.1.2 Accure and its partnerships**

Accure sells its products both through partners and directly to customers. Around one third of the firm's total revenues are made through partners and the share is significantly higher abroad. The alliance portfolio currently consists of a couple of consulting firms mainly on the Scandinavian market and Infor that distributes one of Accure's products in the EMEA region. The number of partnerships have started to grow which most probably can be explained by an increased product

maturity, thereby an increased interest in Accure and its products. Accure has also developed its ways of working with partnership, which is a reason why more firms are showing interest.

The partner process has started to become more standardized where the potential partners are receiving an initial introduction of the products through a case. In this way the potential partner actually gets to see what the product does, how easy it works and how much time the company can save. The initial process for teaching partners about Accure's products is divided into three steps. First, Accure runs an implementation for one of the partner's customer and demonstrates how the partner can benefit from the different solutions. Ideally, the first project is followed by training where the partner gets deeper knowledge about how the products work and how they can benefit from them. Secondly, the partner and Accure run a project together where the partner has access to the support that it needs for running the implementation. In the third and last step of the initial training the partner run a third project, this time alone. Another tool that have been used successfully in several integration processes is the development and test environment. This enables the partner to both get familiar with the products and it gives it the opportunity to use the products to develop customized solutions. The effort that is required from Accure is approximately two working days and one single consultant can carry out the installation. The test environment does not give the partners access to the code but it enables them to see how the solutions work. It is therefore not a risk of issues related to intellectual property.

Selling the EOM in foreign markets is often done with the help of consultant companies with local knowledge. These companies already have a well-established customer network with which they help implementing the different ERP projects. Accure currently does not have any partnerships with consulting firms on the French market, except Infor that distributes its products in France. The firm has been working together with a small firm for an implementation of one of its customers but Accure made the implementation itself. The relationship is good and the firm is positive to the logic behind Accure's products.

Sales on the French market have so far mainly been done through Infor but also through Swedish firms that have subsidiaries in France. In a few cases Accure has been selling its products directly to French customers where a French actor has conveyed the relationship. The aim is to reach out to a larger group of French companies but Accure currently lacks relationships and knowledge regarding these.

#### *4.1.2.1 OEM partners*

Infor, the world's third largest ERP vendor after SAP and Oracle, is an OEM partner to Accure that sells its products as integrated applications to its ERP system M3. M3 is the ERP system to which Accure produces most of its components. The system has around 100 users in France and more than 150 in Sweden. Many of the users are connected through consulting firms which are in Infor's partner program.

OEM partnerships, like the one with Infor, are highly profitable but a complex and costly process is needed before the partnership evolves into this. Time and resources, such as fairs, PR activities and good contacts, need to be invested to integrate the firms into their OEM partners. The products need to be highly standardized and fully developed to allow an easy plug-in implementation. This requirement means mature products and it is also one of the reasons why Infor only is distributing one of Accure's products.

Before the company's products can be integrated into the ERP vendor's product portfolio, a customer portfolio needs to be created. When the stakeholders of the vendor, especially the customers, start to demand the "external firm's" solutions, the vendor might integrate the firm and sell its products, which then will see the benefits of reaching the ERP vendor's large customer network. The majority of customers trusts their ERP vendor and chooses it as the supplier for its EOM, even if the ERP vendor's product by itself is not the most cost and time efficient.

Infor is facing a decision that potentially will have a large impact on Accure. The trend in the ERP industry is going towards cloud based solutions, where the systems are accessible everywhere and no longer need to be installed on the firms' computer systems. Infor is planning to offer its M3 system as a cloud solution but has not decided whether it should keep Accure's products inside the cloud or as a separated application. The customers will still use the same applications whatever Infor decides. A question raised is if the customers should buy the solution through Accure or Infor. An advantage is that with the solution kept inside Infor's cloud, each customer can easily have access to the applications but the cloud might be complex and hard to control. For Accure this integration with Infor's cloud can increase sales since Infor has a large customer portfolio. If Accure's products are not integrated, they will be optional for each customer to decide whether they want them or not. On the other hand, not being integrated with Infor's system could help Accure in providing new opportunities towards Infor's competitors and find other sales channels through these. However, Accure has been passive in the discussion whether they should be integrated in Infor's cloud service or not and the firm has not tried to influence Infor's decision.

There is no direct risk of having multiple OEM partners and neither any risk of intellectual property leakages. Even in the case of Accure being integrated in Infor M3 and meanwhile partnering with another ERP vendor, for example SAP, would not result in risks related to intellectual property. Although according to Accure, there are many examples of companies partnering with multiple large ERP vendors that have significantly failed with their businesses. The reasons for this is not clear but might have to do with the reason that their product developers cannot focus on one ERP system and develop products specifically for this. Instead these firms would have to devote their resources, such as knowledge and competence, to become available and flexible for all systems, which might result in a shift of focus from their core competences.

#### ***4.1.2.2 Partnerships with consultants***

Sales are also carried out through other firms, mainly pure consulting firms with a specialization towards Infor M3. These can be divided into two categories, implementation and maintenance consultants. Implementation consultants help other companies to implement and install ERP systems, parts, or full systems. The maintenance consultants are doing the regular maintenance and service of ERP systems. These often work with the same customer for several years and are for example responsible of the recreation of reports, invoices or other output documents that the system needs to deliver. It is common for large firms to have dedicated people responsible for the maintenance; these can be both internal and external consultants. For smaller firms the need is lower and it is therefore more likely that external consultants work a couple of hours per week with these tasks. The relationship between the maintenance consultants and its customer is often strong with a high degree of trust. Accure therefore has difficulties in reaching the customers without a partnership with the consultant.



The main challenge that Accure encounters is the internal resistance from the partners. Today many consultants aid their customers with a highly customized solution. This customized solution is what consumes a lot of time and resources for the consultants but this solution is also what enables the consultants to invoice their customers, hence result in increased revenues. Therefore, a problem occurs for Accure to show both the customers and the consultants how its standardized products can create value. It is not hard to find potential customers that could benefit from Accure's product, but due to the barriers the sales progress does not go as fast as wanted. Because of this, many of the consultants or the customers are in the current state not willing to pay for Accure's products.

Since Accure lacks international presence and local contacts with the customers it is hard to grow "unlimited" by only hiring more consultants into the company. Sales through partners are therefore required for international growth. The problem for Accure is that the market and the consultants have not realized the value of the products even if the products themselves are beneficial in terms of technology. The future aim is to relocate resources from its consulting team to the development team, in order to develop its own products. Accure wants to devote 90 % of the resources on product development and 10 % on consultancy services in the future.

Merit Denmark is an implementation and service partner to Accure that is a subsidiary of Merit Globe. Merit Globe was founded 2004 in Norway and has since the start expanded to several countries in Europe. Accure's products have created a distinct customer value for Merit Denmark and its customers are seeing potential in these products. The view of the product is that the functionality is demanded among customers and has a good appearance, which enable them to develop more advanced solutions. Although, Merit Denmark's customers have in some cases had difficulties with achieving the intended value. The customers have seen lacks of quality in the products and several problems have been perceived. Merit Denmark also lacks well-explained documentation about the products and what solutions that exist and in the case that the documentation exists, it is often too old. Merit Denmark has been working hard to convince several international companies to keep Accure's products. Many companies have considered returning to its old solutions or other EOM products on the market. Accure's product has in other European countries a more negative rumor, which as well, is a reason why Merit Globe has not been able to sell more products abroad through its subsidiaries in other countries.

Merit Denmark has received much competence of Accure's products through former staff of Accure. This competence has, however, not been enough for Merit Denmark. The consultants work directly with customers, which means that they need to offer fast support in the case of troubles. The company's consultants still need more support from Accure. It is from Merit Denmark's perspective also negative that they have to pay for problems that according to Merit Denmark are caused by Accure. Merit Denmark has its own maintenance consultants with experience of its own products and because of this it is easier for them to handle issues regarding these products. This lead to a lower prioritization of issues related to Accure's products. Problems from some customers using Accure's products have in some occasions therefore not been solved for several months because of the lower priority. On the other hand, Accure has improved significantly during the last six months. Merit Denmark believes that Accure has the potential to improve the products and the firm will proceed the selling of Accure's products but considers that Accure needs to further improve the quality of its products. Merit Denmark can give Accure feedback of the products but experiences that it is hard to influence the products' properties.

Merit Denmark specifies one problem in Accure's solutions; the company creates customized products for one customer and then tries to standardize the products into a "packaged product". The functionality is therefore not the same for all customers. The result is a lower perceived quality as the solutions are customized for another customer who did not demand the same type of customization. This is a problem for Merit Denmark especially during the implementation phase, which creates a need of quick support from an implementation consultant.

#### *4.1.2.3 Best practice in Accure's partnerships*

The relationship with Merit Denmark was initially a slow starter but after some time Accure started to offer the partner service and support partly for free which made the partner more willing to collaborate. They also did a first implementation together and Accure educated Merit Denmark's employees in Accure's products and its benefits. Today the partnership delivers benefits to both parts.

A second factor that can explain the success behind this partnership is the support function. Initially the partner had the opportunity to ask questions through Accure's support function. The problem with this communication channel was that it was not quick enough and the handling of the issues was too broad for this channel. This resulted in too long time before the issues got solved. They therefore developed a new communication channel together, this time like a chat function where the partner according to the contract has the right to 15 minutes of daily support. The only problem with this chat function is that Accure has to dedicate one of its most skilled employees to this function since the issues often require more expertise.

The third factor behind the success could be described through the process and how the partner is integrated in Accure. The two firms meet regularly three times per year for trainings and discussions regarding the partnership and future improvements of the products. The code itself is never discussed but only the products' functionalities. Finally, Accure has managed to always keep the partner up to date regarding new developments and the partner has realized that its feedback is valuable.

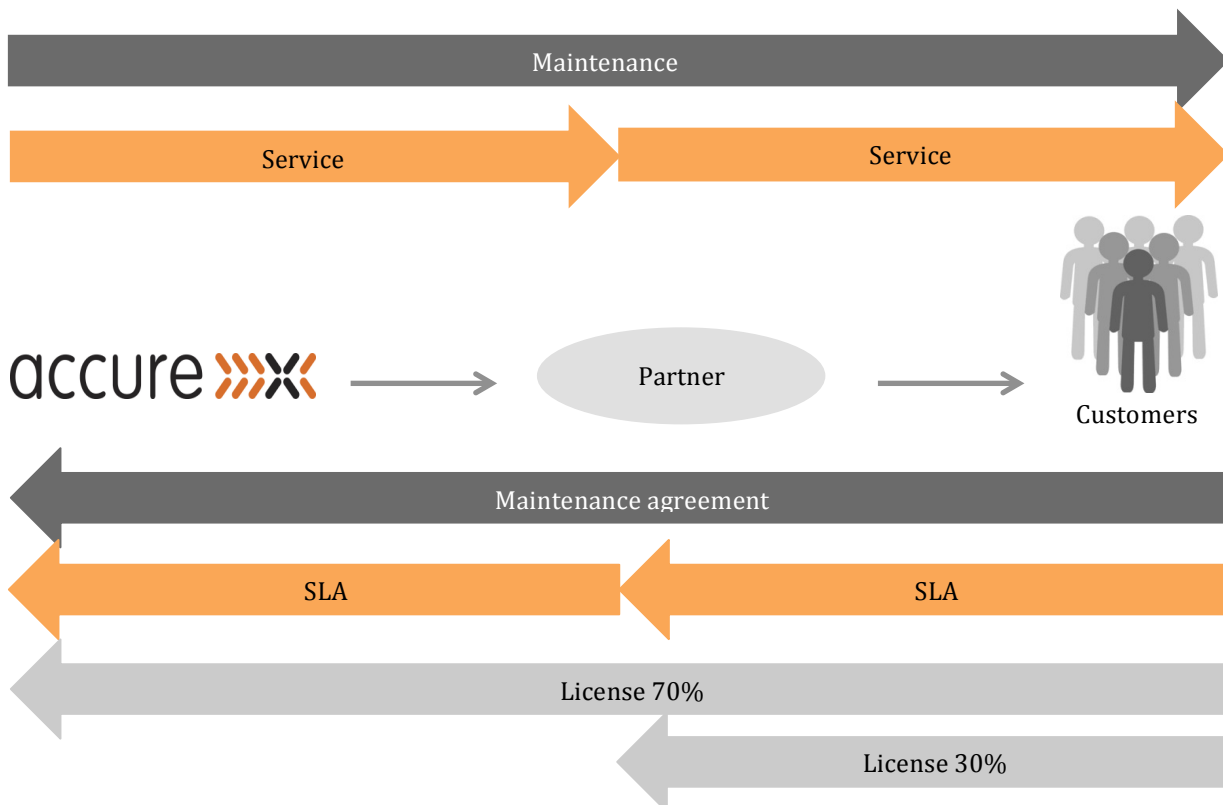
A successful partnership has the capability of surviving several generations of employees. It is therefore of high importance to overcome the gap that occurs when Accure or the partner is replacing people in its organization. The company has one relationship that was established several years ago and where the partner has had frequent rotations on the position that is in charge of the relationship with Accure. The partnership has not been unproblematic but Accure believes that the success behind the survival of the partnership can be explained by the product's functionality and how the partner benefits from it. The products have been customized for this partner's system, which resulted in a more personnel active delivery and created a contact zone where more staff from each actor has been involved.

Finally, there are also factors that are common for partnerships that fail. Accure states for example the importance of running projects together with the partner. In cases where they lacked common projects it was difficult to achieve something and the relationship eventually died. Difficulties also arose when Accure have had problems with deciding what they wanted. This influenced the probability and the risk got higher that one or both of the partners did not achieve the results they initially aimed for.

#### 4.1.2.4 Solutions and payments offered by Accure

Accure is targeting consultant firms that spend time on producing outputs such as reports, invoices and other documents for its customers. As stated earlier, without Accure’s product this work has to be repeated each time the customer needs to get a digital document, such as an invoice, a picking list or a shipping document. For example, a consultant has to spend around 100 hours for each type of invoice. The cost for each invoice would then be around 5 SEK/unit. Accure’s idea is to make this job more efficient and standardized, by reducing the amount of time spent on each type of invoice to 10 hours. After this, while getting used to the companies’ conditions, they will be able to reduce the next invoice to only half a day. Accure’s business plan is to take a fixed amount for the service, for example 50.000 SEK and then a variable cost of 1 SEK / unit. The total cost for the customer is consequently reduced significantly.

Sales through partners require other payment models, one way of doing this is licensing through ERP vendors or consultants, where customers are paying a periodic charge using Accure’s products. Another way is a payment per purchased product or “payment per tick”. For both those payment methods, Accure has the possibility to offer the customers service/maintenance, Accure will then get an additional service fee. Accure can also offer their products directly to customers and may get, as in the previous cases, the payment in ticks or licenses, service fees but also additional revenue from the hours that the consultants spent on the case. As seen in **Figure 6** Accure supports the customers with maintenance and provides service to the partner who in turn provides service to its customers. Accure receives payment from the customer from the maintenance agreement and from the partner through the service level agreement (SLA) who in turn gets a service level agreement payment from the customer. The license payment, either in ticks or a regularly payments, for using the product is normally shared 70/30 between Accure and the partner.



**Figure 6. The flows of payments, service and maintenance between Accure and its partners**

There are several kinds of problems that can occur when implementing Accure's products to customers. When a customer has used an old ERP system, with several customized settings, for a longer time the implementation gets more complex and costly. Accure therefore prefers to be involved in an early stage of the customer's ERP implementation to be able to reduce the customers' costs. The costs could roughly be five times larger if they get involved late in the process. There is a potential of reducing the work of the consultants from 40 hours/customer to 8 hours/customer if they use Accure's product. This would give the implementation consultants the benefits of increasing their customer portfolio significantly since they can allocate the time for new customers.

## 4.2 The French Market

France is the sixth largest economy in the world and the country can be divided into five geographical main business areas that are dominating the French business life, focused around some of the major cities. The largest one in terms of the market size is the Paris area with 12,2 million inhabitants, followed by the Marseille/ Nice, Nantes/Bordeaux, Lyon and Toulouse area. These regions also influence the surrounding and most of the decision power is concentrated to these regions, which is related to a high degree of central governance in France (Business Sweden, 2015).

Currently the French IT market is the third largest in Europe after Germany and the United Kingdom. Forecasts predict that it will continue to grow by 2,7% yearly, which is less than the average for Europe at 3,5%. The growth is not equally shared and areas related to technical applications and business intelligence are estimated to grow faster followed by vertical business applications, which are customized solutions developed for specific industries (Nassah *et al.*, 2013).

Nassah *et al.* (2013) have identified a couple of trends related to the French IT sector and how it will influence the sector. The first identified trend is an ongoing price pressure where customers ask for cheaper solutions with a higher efficiency. This is a global trend but it is stronger and of higher importance to France. The second identified trend is that the buying power starts to move from the CIO down to each specific business unit and the users of the technology. To make business with these therefore put a higher emphasis on personal relationships also outside the IT department. Thirdly, customers are putting a higher emphasis on the value and how to capture the value through its business. The customers are in a greater extend looking for suppliers that can provide both implementation and end-to-end service. This influences on the choice of IT suppliers since firms are trying to reduce their portfolios of IT suppliers. They are therefore buying from companies that can offer a broader portfolio to support a higher degree of vertical integration. Finally, the market tends to move towards standardized solutions with short time required for implementation of IT-solutions, since the firms demand less interruptions during the implementations. One example of this is the extended use of SOA based applications. The customers are also asking for more pre-customized solution and the use of SaaS solutions has increased (Nassah *et al.*, 2013). The split of market shares among small and medium sized firms on the French IT market are also changing. The ten largest actors represented around 28% of the market in 2001. Eleven years later in 2012 the top ten actors were representing 41% of the market. The segment that mainly lost market shares is the one containing actors that do not qualify for the list of the 50 largest players. This group of companies has instead dropped from 51% down to 29% (Nassah *et al.*, 2013).

### **4.2.1 The business climate in France**

Several differences exist between Swedish and French companies. French organizations are characterized by hierarchical, centralized, elitist structures and formal procedures. The hierarchical structure is something that has started to change, especially in specific sectors and in small firms and start-ups. An example of an industry where the change is going quicker is the IT sector, meanwhile the change is slow in the public sector. The main reason why the French want to decentralize the hierarchical structure is that the context nowadays changes quicker and requires faster decisions to satisfy the stakeholders' demand. This is something that a highly hierarchical organization can have difficulties in doing and a change is therefore required. Similar trends are going on in terms of language. The French have historically had a low level of English skills, which have been one of the explanations behind the entry barriers of doing businesses in France. The French know that they have to improve their skills in other languages and especially English, this to be able to stay competitive in foreign markets. The modifications towards these new structures with less hierarchy and a more frequent use of foreign languages may still meet a lot of resistance. The French know that they have had successful eras and a rich history and there is a pride of this, which creates conservative structures, that slows down the modernization.

In many occasions, French leaders hire people from the same universities that they themselves went to. Personal relationships are important and it is crucial to have contacts that can provide ways into the French market. Together with the importance of the French language the results lead to high entry barriers. Although, once one entered the French market it is easy to proceed.

It is also important to discuss potential business opportunities with the right person in the organization. French managers prefer to discuss business opportunities with managers of other organizations with the same hierarchical position as themselves. A Swedish manager therefore needs to negotiate with the right manager in order to reach an effective decision. Negotiations with a lower manager can therefore easily be misinterpreted since he or she does not have the right power to execute. Of course there exists exceptions where the person can be considered as a champion, a person inside a company that can adopt changes internally, that have the capability to bring it upwards in the hierarchy.

The political sphere and the business sphere are also closely linked to each other in France. Large agreements or contracts between companies can be kept confidential for some time if there is a political event in the near future. The reasons for this can be that the contract can influence the public view of the political party in power, for example by creating a higher unemployment rate. The firms may then choose to postpone the contract to after the event, to not create a bad relation to the political party. The decisions can therefore be much more complex in France, especially for large corporations. A large firm may take complex decisions, for example to support France as a country.

### **4.2.2 Swedish business culture versus French business culture**

The Swedish model is characterized of vertical structures that are flattened and consensus is of high importance in the decision process of an organization. When decisions have reached consensus in Sweden, it must be anchored within all of the organization. This can sometimes be difficult to understand for French people since their view of how to make decision differ. Changes are often made gradually in Sweden while in France the decisions often are postponed until a greater change is made. In France it is common that the top manager also is able to take the decisions on his/her own without dealing with different levels of the company and in many

firms a middle manager has no formal power. The top managers tend to listen to their employees but they are personally responsible for the decisions. It is therefore clear who is responsible if a project fails or if the decision was wrong, which often is less obvious in a Swedish organization. From a French perspective the Swedish leader can therefore be seen as weak since it does not take its responsibility.

There is a mismatch between the Swedes and the French when it comes to the view of efficiency and effectiveness. It is a sensitive field since the French see Swedes as ineffective while Swedes see French as inefficient, which ends up in the fact that they see each other as arrogant. Swedes dislike inefficiency and are eager to always improve even small details. Due to this, it is important to be careful when suggesting improvements to a person or company in France. It is also important to be patient and first focus to build the relationship.

Swedes also have a tendency of trusting all people they are doing business with while the French have a distrust towards people including their partners until the contrary is proved. This is also the explanation to why personal relationships are extremely important in France. A well-functioning relationship is typically built through an initial period where the actors build a personal relationship with each other's employees to create trust, in order to be able to make successful business. The process is similar when it comes to partnerships and the firms have to invest time in personal relationships and physical meetings. This kind of business can be called a "relationship economy". This also influences on the way of communicating where the Swedes are more direct meanwhile the French put emphasis on the approach of communication. An example of this is the way that different communication channels are used. Depending on the topic, emails can for example be seen as an efficient communication tool in Sweden, but in France emails are seen as a communication channel that prove lack of trust, especially during initial parts of a partnership. The way of communication can therefore be an important perspective in terms of managing a relationship between Swedes and French. The Swedish ways of communicating is shorter and often quicker but with a higher probability of including mistakes, since mistakes also are more acceptable. From a Swedish perspective the quick and direct answers are preferable but can be interpreted as unfriendly for a French. It is also important to consider how to express oneself and what type of language one uses. A clear communication without risk of misunderstandings is essential.

Other factors that differ between Sweden and France are the importance of price and quality. If Swedish firms demand high quality of products or services as the main priority, French firms tend to see price as the main priority. They also have a culture of negotiating and bargaining prices more than their Swedish equivalents, where the price is seen as fixed and not something to negotiate about.

According to Kontinen (2011) French people enjoy high-quality personal service but they are not willing to pay for it. There might be great mistakes if Scandinavians are making businesses in France without knowing this cultural difference. This is confirmed by the Swedish Chamber Commerce in France and adds that a partner would not be willing to pay additional costs for developments or modifications of a product or service. If a partner demands changes the decision often is "take it or leave it" that means, accept the additional cost or no business at all.

#### *4.2.2.1 Reasons for failed partnerships in France*

Several common aspects exist for foreign firms that have not succeeded on the French market. Firms that have not been willing or able to invest time and resources both from short and long-

term perspective have normally failed. The firms should have a long-term plan and expect to be in the market for two to three years without achieving any greater benefits. Most firms that failed in this aspect did not have this patience and predicted quicker gains. To be successful it is also important to invest in people with the right skills since both language and knowledge of the country and the culture are important. It is also critical to understand the context and to work methodically to show that the firm is committed. This is often a big step for many Swedish firms and an important step in the internationalization process, this to build a bridge from being a native company to becoming an international player. There are often high mental entry barriers for Swedish firms to enter to France even if they generally have a high reputation, especially within IT and technology. Moreover, it is not more difficult to make business in France compared to other European countries but the mental barriers are higher.

A source of failure between French and international firms is the view that one can sign a contract and from there everything will be fine. The initial mistrust towards their partners make it difficult for French businessmen to soften their view if any early mistakes are done. That is the reason why everything should be planned before the contract is signed. In Sweden a contract can be signed and thereafter the relation will be built and the alliance can still succeed. The mistrusting business climate is a result of the French history that is lined with wars, revolutions and many internal conflicts which has led to less trust between actors compared to the peaceful Swedish history.

A competitive advantage can be achieved by having a subsidiary in France, which would ease the communication and decrease the risk of misunderstandings. This will also make it easier to manage the relationships with French actors since they often require regular physical meetings. The local presence will also positively influence the brand value and the firm will get closer to its customers. A French subsidiary will also play an important role if local salesmen are used. Without a French subsidiary, it might be hard to get proper customer feedback. Except the physical distance there is often also a language barrier and information can get lost. Since the French also in greater extent prefer face-to-face communication the flow of information will be low without a French organization. There is also an advantage of having French people in the organization, not only because of the language, also because these can interpret signals that is hard to understand for Swedes.

The view of a partnership is similar in France and Sweden and should not influence significantly on the relationship. Anyhow, one difference is the view of the power balance, which might be different. French firms prefer to be in control which makes it important to in advance decide questions such as “who owns the customer?”, “who is responsible for eventual problems?”, “who is responsible to set the price?”. It is therefore also important to discuss the actors’ different expectations to avoid conflicts. Altogether, it comes back to the basic way of approaching relationships, positively or skeptically, where Swedes initially more easily trust their partners.

## 4.3 Trends in the ERP industry

The standard of ERP has until recently mainly been on-premise systems. ERP systems have been installed on the locations of the companies and only accessible from this position of the company. Large companies such as SAP and Oracle have provided huge systems with a variety of different components that many companies, especially SME's, did not demand. The ERP industry trend, although has started to change and has been going more towards entire ERP systems as cloud solution.

### 4.3.1 Short-term trends

The trend within the ERP industry is going towards cloud-based solutions where more and more companies are demanding specific services to support the various processes needed in the company (Drobik, 2015). The cloud starts to become a mainstream solution and a standard choice when building a new system (Kimberling, 2015).

The tier-1 ERP vendors have for a long time been seen as offering overly large and excessive systems that have been too complex for many of the ERP consumers. Nowadays, customers start to demand their specific needs without having to procure applications in ERP systems that they will not use. ERP vendors are starting to meet them in their demands which has led to an architecture system of services, SOA (Service-Oriented Architecture) where companies are able to use stand-alone applications that may communicate with each other. A service that is well defined and independent of its surroundings. This system is often the current choice of ERP buyers today (Drobik, 2015). Customers today also demand SaaS (Software as a Service) solutions (Shukla *et al.*, 2012). This technology goes hand in hand with SOA and enables customers to procure services through the cloud instead of owning the product themselves. Customers are in many cases not willing to own the products themselves and therefore have a desire to hire the services via the ERP vendor's servers. This can be done through two different methods; multi- and single-tenant SaaS. This means that the ERP programs are accessible at any location where Internet is accessible and firms are able to rent the specific solutions they require through SaaS-solutions. The technology of today has mainly concerned the so-called single-tenant SaaS-solution where each firm has purchased its own pre-defined server capacity. The name single-tenant comes from a metaphor where the capacity buyer of the server power, purchases his own server capacity like a single-tenant purchases his own apartment. This implies that they had to pay full support at all time, even when the burden of the capacity is not needed. Although, this solution often has been costly and inefficient for many firms and these have thereby demanded other solutions. The so-called multi-tenants SaaS was developed, where each firm can decide when and how much of the capacity it needs. The capacity is shared between multiple firms like a metaphor of multiple tenants living in one apartment building. Each firm can decide during which season or time of the day they need more capacity from the cloud. Finally, studies have shown that companies using SaaS ERP systems make faster decisions, serve and satisfy their customers more efficiently compared to on-premise ERP systems (Castellina, 2011). According Drobik (2015) the selected vendors for multi- and single-tenant SaaS are SAP and Oracle.



### 4.3.2 Long-term trends

Meanwhile SaaS solutions have been trendy, more advanced cloud solutions start to arise by the ERP vendors. In a long-term future, of 3-5 years, Drobik (2015) predicts that consumers will demand even larger components as services. Platform as a service (PaaS) provides platforms where developers can use cloud tools and methodologies to develop customizations for systems. The platform includes a set of application development tools that makes development easier. Hamerman (2011) describes the technology as disrupting the notion “build versus buy” and instead enabling “buy plus build”, meaning that ERP systems can reach the standard functionality plus extending the system to more complex application that can be more aligned with the requirements of the companies. Some of the larger ERP vendors such as SAP, Oracle and Microsoft are increasingly researching into this area (Drobik, 2015).

Another important long-term trend that large ERP providers are researching into is In-Memory Computing (IMC). IMC lets the users handle large information of data, so called big data, in fast and large capacity RAM and sort out the data to create useful analysis. The technology lets the user process the large amount of data in real-time and will enhance supply chain operations by analyzing data from the entire chain (Johnston, 2014). Johnston (2014) compares two ERP systems, one using IMC and another one without, as the difference between a jet engine and a motor in a car. The technology may bring a whole new chapter to the ERP industry. This trend is mainly led by SAP who has the SAP HANA platform that lets users quickly order large amount of data but also Oracle is following this trend (Drobik, 2015; Johnston, 2014).

Model-driven ERP architecture is an ERP system built using graphical parameters instead of the “traditional” way setting the numbers manually by coding. Advanced companies are looking towards creating innovative and differentiated applications to model their businesses while for the standardized processes they may use this kind of model-driven solution. Many customers are still not used to this technology and do not have the expertise using these tools, but according to several tech firms this trend will become increasingly demanded in only a couple of years. Of the major ERP vendors, mainly SAP, Oracle and Microsoft are researching into this area (Drobik, 2015 and Hamerman, 2011).

Firms commonly use several different ERP systems, called two-tier client/server-based or N-tier client/server-based ERP systems. These systems often consist of one larger system on a corporate level and one or several smaller to support local operations or organizational functionality. These are according to Drobik (2015) currently solutions for the mass market and are widely used among firms. The prediction is though that these two-tier client/server-based or N-tier client/server-based systems will start to be out of date in a 2-5 years horizon and instead one complete system will be used.

## 5 ANALYSIS

*This section will analyze the empirical studies based on the research questions from the problem discussion. It starts with describing Accure from the Industrial Network Approach and the resources and activities are identified together with the sales channels from where the resources and activities can be obtained. Accure's own offers is also analyzed in this section. Later on the portfolio perspective of alliances is stated where the geographical diffusion, customer portfolios, features of partners, dynamics of the portfolio and interdependencies are described. In the end the organization and the KPIs are described and analyzed.*

### 5.1 Accure and its network of resources and activities

Accure is part of a large complex network where activities and resources are possible to access through the network. The network consists of numerous actors both within and outside the ERP sector in France, which increases the complexity. The French market cannot be seen as an isolated network and it can be beneficial to know how the business in France can influence Accure's position on other markets. The ERP vendors are often international firms with no further difference to France than the fact that they have customers and are running businesses in the country. This motivates the fact that the French market not is an isolated network and it can be used as an important tool to increase the performance.

By combining the resources possessed by Accure with resources and activities controlled by other actors it is possible to create a higher customer value, which means a greater value of the resources. To do this Håkansson *et al.* (2009) state that the activities need to be adjusted to each other to create a joint performance. Accure will run activities related to product development and the consulting firms will run activities related to the customers such as installation, sales, customer support and customer management. The activities carried out by the different actors are dependent on each other and adjustments between them are needed to optimize their value, which according to Håkansson *et al.* (2009), creates interdependencies between the actors.

The actors on the French market have a history of running activities in a specific way and these will need to be adjusted to Accure's activities in the same way as Accure's activities has to be adjusted to the French actors' activities. The history of the actors' activities will therefore play an important role when it comes to how the activities should be adjusted to each other, just as Håkansson *et al.* (2009) highlight. Each actor has a different history and each case will be different something that requires flexibility from both Accure and the actors in France. A specific actor in France might for example have a history of doing similar development as Accure which means that the need of its development will decrease.

The resources that Accure needs from alliances are access to customer networks, knowledge about the customers' needs, and consultancy, all focused on Infor M3 since this is Accure's current competence, see **Table 3**. Customer networks can be described as a set of relationships with firms and this resource is, as discussed previously, vital for Accure since they are missing the direct relationship to customers in France. To be able to develop its products also customer feedback is crucial. Accure will still be able to receive feedback from customers in Sweden where Accure work directly to the customers but the needs might be different in France. To collect customer feedback, run activities, manage customers and support customers, consultants are needed.

**Table 3. The resources and activities that Accure needs to access through external actors on the French ERP market**

Resources	Activities
Customer network	Implementation of products
Consultants	Customer management
Customer feedback	Customer support
	Sales

As Håkansson *et al.* (2009) state, the values of the resources, for example the size of the network and the ability to keep the relationships satisfied, depend on Accure’s ability to perform the activities that are needed for these resources. These activities are the implementations of products, customer management, customer support and sales that will affect the result of the success in obtaining the resource. The activities performed by Accure also consume its own resources, such as time of consultants and developers and costs of hardware, such as servers and computers.

### 5.1.1 Accure’s sales channels through partners

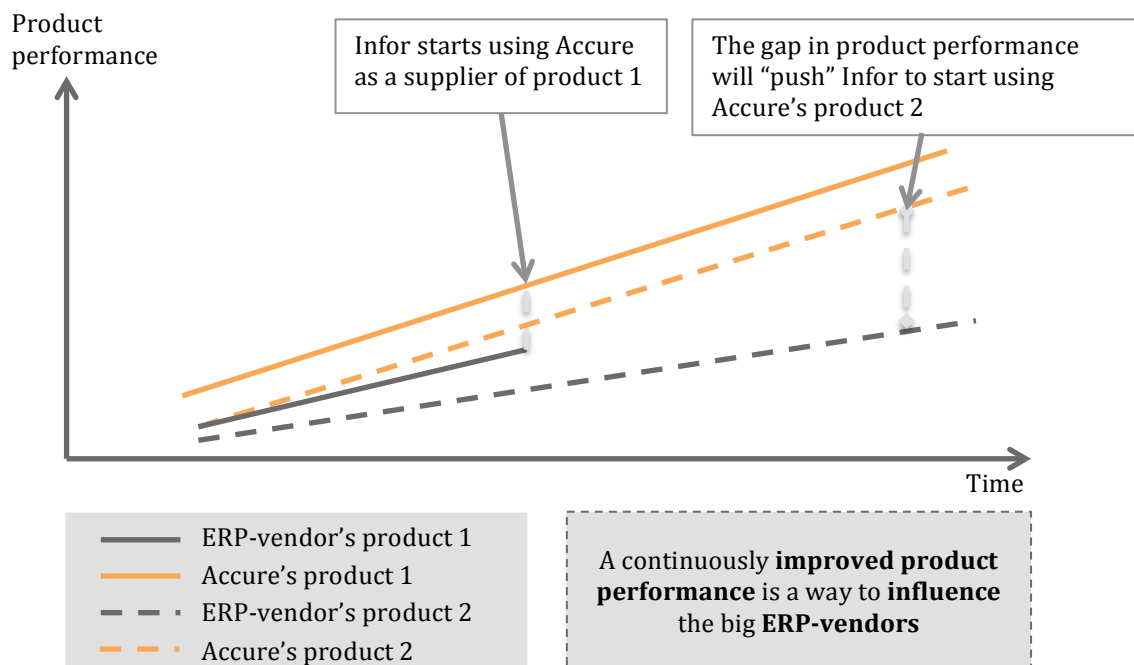
Accure needs a defined alliance strategy to be able to succeed in obtaining its needed resources and activities on the French ERP market. To do this two channels where customers are reached through partners have been identified. The first channel is sales through consulting firms and the second channel is OEM channel where the products are sold integrated into large ERP vendors’ systems. The large ERP vendors possess large customer portfolios with customers spread worldwide. The sizes of their customer portfolios make large ERP vendors attractive partners since the customer network is an essential resource for Accure. Access to the network would help Accure to rapidly grow its customer portfolio. The effectiveness and efficiency of the channel is also confirmed from the case with Infor, which can be classified as a large ERP vendor that Accure has sold its products through. To create the relationship high initial investments in terms of scarce resources such as time is required. Other challenges are the market complexity and difficulties to gain control of the channel. The OEM channel can be seen as a channel that Accure does not hold full control of. This statement does not mean that the channel not is accessible but Accure is dependent on other actors’ decisions.

Accure’s products are challenging existing offers that can be seen as substitutes. This creates a complex case since the EOM only is a small part of the ERP vendors’ deals, both in terms of price and size. Accure’s solution is cheaper and simpler from the user’s perspective but it challenges existing technologies, to which the vendors already have spent resources on to develop. The ERP vendors therefore lack incentives to prove through business cases how Accure’s products can benefit its business. Even if the products are beneficial for the customers it creates a problem since Accure does not have any direct relationship to these customers, hence not the capability to build up an own channel. The OEM-strategy is a long-term business strategy because of the potential of the channel. Accure is aware of the complexity and the time required to influence and build the relationship with these actors. Additionally, the OEM channel also requires mature products which creates a type of uncertainty since investments would be necessary during a long time period before Accure can profit on the product.

To succeed on the French market through alliance strategy it is important to look for the right partners to support the overall business strategy in the way that Gomes-Casseres (1998) advocates. The strategy should therefore aim to support the long-term strategy of sales through OEM’s where Accure’s products are sold as integrated parts of the big ERP vendors’ systems.

From a perspective of *Industrial Network Approach*, Accure should through its relations with consulting firms, customers and other actors be able to influence the whole network and its position to gain bargaining power towards the main ERP vendors. This can be seen as a difficult task since Accure is a small firm that Acs *et al.* (2007) mean can affect negatively on the firm's bargaining power towards big actors, such as the ERP vendors. An important resource that can be found in the business landscape is the customer network that can assist Accure in changing its position. The customer network is an important resource, possessed by the different actors in the network, including the ERP vendors. The customers often have control of the network and can therefore play a key role for Accure. By accessing customers through consulting partners Accure will be able to gain bargaining power. The bargaining power is caused by a growing number of customers and users that prove the advantages of Accure's products. An initial strategy is therefore to look for consulting partners that can help Accure to access customer networks with the purpose of gaining bargaining power towards ERP vendors.

A second purpose of the alliance strategy is to support the current product development. The large ERP vendors require standardized and mature products, something that takes time and is costly to develop. The product performance is a way to influence the big actors and if Accure can manage to keep its product performance better than its ERP vendor partner, it might use Accure's products as substitutes, see **Figure 7**. A gap between product performances therefore creates a "push situation" where the ERP vendors are compelled to use Accure's solution, from a "push" of stakeholders, for example customers. The alliances in France therefore need to support the development team with both financial resources and customer feedback to improve the products. One single partnership does not need to give Accure access to both revenues and customer feedback, but the entire alliance portfolio should be able to do it.



**Figure 7. A gap between product performances creates a push where Accure has the opportunity to influence the vendors, in this case Infor.**

Partnerships can according to Parise & Casher (2003) also support different stages of the product cycle. The partnerships can therefore be a way to sell the products during an early stage of its life cycles before they are mature enough to be sold through the OEM-channel. This dimension can therefore play an important part of Accure's alliance strategy in France since it would be a channel where feedback from the customers can be used during an early stage in the development process. This enables Accure to both reduce the costs of product development and the time to market since the right features can be developed from the beginning.

### 5.1.2 Creating an attractive offer

Mutual benefits are crucial to make an alliance work. It is therefore important to discuss what Accure can offer to its potential partners in France, in this case consulting firms. It is a complex problem, related to the fact that Accure's products are competing with the consulting firms' offered services. Accure therefore has to convince these actors and make them understand how they can benefit from using the products since it will not happen if Accure does not act. From an *Industrial Network Approach*, Accure's products can help its partners to get economic advantages in the activities through both *standardization* and *differentiation*. *Standardization* is created through the products business logic where the work can be standardized and repetitive work can be eliminated. In terms of *differentiation*, the products allow the customer to create more advanced output, thereby increasing customization. Both the *standardization* and the *differentiation* can benefit the partner since Nassah *et al.* (2013) have identified an ongoing price pressure on the French IT market. Through *standardization* the potential partners would be able to deliver the same, or even better, functionality but to a lower price. The main problem still remains and there will be a resistance towards these products since it will reduce the number of required consulting hours and in the extension lower revenues from each customer. The problem occurs since each activity according to Håkansson *et al.* (2009) is embedded in a multi-dimensional context. In this case, the consultant's willingness to constantly invoice its customers all of its working hours may collide with other purposes and activities of its partners. From their perspective this can therefore be seen as a less attractive combination of the resources. This is most probably also the reason why Merit Denmark highlights the possibility of creating more advanced EOM solutions as the greatest benefits with Accure's products since they may have difficulties in capturing profits created from increased standardization.

Currently, the service agreement is a profitable business and something that Accure is aiming to control. Sharing the service fee, and not only the license fee, would make the deal less profitable for Accure but more profitable for the partner. This creates a balance since Accure offers the service and therefore is responsible for the activities and the resources it consumes. How much of the service fee that Accure potentially can give to the partner depends on the case but should be compared with the importance of gaining access to trust and thereby access to customer networks. The service fee is a fee that is supposed to directly fund future development of the products. Since Accure's products are software the cost of duplicating them are low, especially since the partners are doing the implementation. A situation where the service fee is shared would potentially encourage the partners' willingness to sell the products, which would influence positively on the total revenue from service fees.

Another dimension of the same issue is the requirement of control generally required by French firms. The French consulting firms possess the customer networks and are therefore in control of the crucial resource, the customer network. These bounds, between the customers and the consulting firms are strong, especially since there are high degrees of personal relations between the companies' employees. Since Accure lacks resources to access the customers alone, both in

terms of distance and relational, the partnerships become more important. The potential partners are therefore in control and Accure argue for the fact that consulting firms could gain competitive advantages by using its products.

Except direct financial benefits, Accure can also provide the partners with its knowledge. Examples from the Scandinavian market show that there might be cases where the potential partners lack or do not want to spend resources on EOM. Moreover, by combining the resources that the actors possess, a higher customer value can be created which from a long-term perspective would benefit the whole network. Combining and optimizing the resources among the actors may be of high importance for the future since Nassah *et al.* (2013) have identified a trend on the French market where the customers demand vertical solutions and few suppliers. This means that Accure may be an important supplier of knowledge to consulting firms that have chosen to not specialize on EOM.

As Håkansson *et al.* (2009) stated the resources of firms and between firms should according to the *Industrial Network Approach* not be seen as homogenous in the ways they are used but heterogeneous. The *intangible* resources included in the *organizational units* of the partners, such as the knowledge and experience, are highly heterogeneous in the way that they can be performed and utilized onto many various actors and their own resources and activities. A partner may for example have a wide experience of several customers' demands and can combine and use this experience to understand what other customers demand. This heterogeneous resource may for Accure be an important benefit in order to succeed with establishments of customer relationships.

### **5.1.3 Developing sustainable relationships**

First step before entering an alliance or partnership is according to Bamford (2003) and Gomes-Casseres (1998) to define the purpose, which can be more than one. The long-term aim with entering the French market has previously been discussed as a way to increase the customer portfolio to influence Accure's position in the network to support the long-term strategy with increased sales through ERP vendors. The purpose of the alliances in France is therefore to get access to a big customer network and to receive customer feedback for further improvements of its products. The revenues from this channel are also expected to contribute with a positive cash flow to partly fund the development of products.

When the firm has defined the purpose it is according to Gomes-Casseres (1998) time to move to the next step, where Accure should find a fitting partner with similar goals and complementing capabilities. Accure has for example a long-term aim of growing and a vision of implementing its products as a part of all companies' ERP systems. This long-term vision is not always similar for consulting firms, especially the small ones since they might be satisfied if they have enough work to occupy its consultants. A match with the partners' aim might therefore be difficult. Each partner does not need to have the same vision about becoming an international player but it is important that they have the ambitions to grow and extend its customer portfolio. A growing customer portfolio is vital for a long-term collaboration since active projects, according to Accure, is important for maintaining the partnership healthy. This can partly be supported by Gomes-Casseres (1998) that states the importance of running numerous projects simultaneously to ensure that one failed project not endanger the relationship.

The third step described by Gomes-Casseres (1998) is to allocate responsibilities and tasks according to what each actor does best. The partners can be seen as extensions to Accure and each partner should have the same possibilities to satisfy the customer needs as Accure has. It can be assumed that potential partners on the French market have knowledge about its

customers, something that Accure does not have. The potential partners also have experience about how to work with these customers and are most probably more capable of handling the relations with French customers. Accure is on the other hand an actor specialized in EOM, with a high knowledge of the field that the other actors on the business landscape should see benefits in creating alliances with.

According to Gomes-Casseres (1998), the fourth step deals with the issue that collaboration does not occur automatically and an infrastructure where cooperation can start is vital. Accure has a three step process where Accure and its new partners basically do three projects together. The process is designed to allow the partner to do more and more of the work itself. This is a way of sharing knowledge but also a way of showing the product and its benefits. It is also a way to connect activities, as the responsibility of activities related to implementation is pushed towards the new partner and it thereby gets more dependent of the alliance with Accure.

The fifth step described by Gomes-Casseres (1998) is to eliminate conflicts and areas where the actors are competing against each other. These conflicts can both occur on a business and a cultural level, especially since the business in this case are conducted abroad, in France. Having an action plan of how to deal with cultural differences between Sweden and France and in advance discuss and handle potential problems that may occur are important to consider. He also states the importance of being prepared which is vital because of the French's suspicion to new partners. Based on these statements Accure has to create an action plan for how deal with the cultural differences but also work with the personal relationships to strengthen the connections between the actors.

The last five steps described by Gomes-Casseres (1998) are dealing with important steps to maintain the relationship. These can partly be described as a continuous learning process that according to Prashant & Harbir (2006) is vital for a successful partnership or alliance. This contains information and knowledge sharing, exchanges of personnel, long-term vision, joint projects that all aims to create trust. According to the study made by Whipple and Frankel (2000) creating trust is the most important factor for successful alliances. If Accure and its partners cannot be able to share learning over its organizations, the partnerships will not be viable over a long term. By sharing and facilitating information in terms of updating the website, creating a partner portal with tools and documentation of the products and extending the educational programs, Accure and its partners can achieve learning processes to achieve successful alliances.

External factors such as trends will always influence Accure and its network, which will force the firm to adjust its position to always find its position. This means that the business strategy might change over time and it is therefore according to Bamford (2003) important to allow flexibility within an alliance. There are basically two ways of changing the method of working with alliances; finding new partners or changing the way of working with current partners. In the second alternative it might be hard to agree and to find an optimal solution for both actors, but resources such as time and money for building new alliances are not required in the same sense. This is something to consider especially on the French market since it is characterized by the importance of personal relationships that are time-consuming to build.

## **5.2 The alliance portfolio**

An alliance portfolio can be described as a set of actor bonds that integrate the firm into a network of relationships. In the network, firms are linked to each other in numerous ways through their activities, which cause interdependencies, negative and positive ones, in the way that Parise & Casher (2003) advocate. The network of interdependencies creates a complex situation where Accure therefore not only may select its partners according to how each alliance individually potential can benefit Accure. The firm also needs to consider the “fit” which according to Parise & Casher (2003) is an important dimension that many companies forget when selecting their partners. The “fit” creates a conflict since some of the actors might control resources that Accure needs to access but the mismatch of culture or size would cause difficulties in the collaboration. To design the portfolio Accure needs to consider multiple dimensions that all are influencing on the portfolio. Since these are influenced by internal and external factors the context will continuously change which forces Accure to have a dynamic portfolio that always is adjusted to the overall business strategy.

### **5.2.1 Geographical diffusion**

The first dimension that needs to be considered is the geographical dimension and the importance of the five main business regions. It is therefore important to consider the geographical perspective when designing the alliance portfolio, especially since Accure has a strategy of working close to its customers and this is also especially important according to the French business culture. To cover the whole French ERP market, local presence, mainly in the five big business regions is important. Having partners that control resources to enable local presence, such as offices and consultants that can be seen as local resources, is also preferable. During the evaluation process, locations of offices can also be an indicator if the partner runs activities in the specific region or city. All regions are not equally important and a firm that is alone in one of these regions can be more important than another one that is present in two, since the different market regions may be different valuable for Accure. Accure also needs to consider if all regions are of the same importance. The alliance strategy on the French market is to access a large customer network and in that way influence the ERP vendors. If users of a specific ERP system are based only in one or a few regions, the remaining ones are not of interest. To initially cover all regions might also be difficult since it requires more resources from Accure. More offices and consultants spread among multiple sites results in coordinated trainings sessions and trips to multiple destinations, which require both time and money from Accure.

### **5.2.2 The customer portfolio**

By studying the actors that currently have a partnership with Infor on the French market, an understanding of the different customers targeted can be achieved. Some actors are for example specialized at small firms and some have a broad approach. Since large firms can benefit more from Accure’s products, the sizes of customers also need to be considered, since small firms in general have lower requirements regarding output solutions and less need of Accure’s products. Consulting firms that have a customer portfolio consisting of small customers are therefore less attractive from Accure’s perspective.

Another perspective of the customers is the level of internationalization. The complexity of a customer’s EOM system is often increasing when it runs businesses in numerous countries. The level of internationalization differs from business in one country to worldwide. This factor might therefore be hard to consider even if it is an important factor to justify if the customers can benefit from Accure’s products.



### 5.2.3 Features of partners

Not only the sizes of the potential partners' customers matter but also the sizes of the partners themselves. Differences in sizes between Accure and its partners can be a potential future problem. As Acs *et al.* (2007) state, it might be difficult to manage the collaborations between small and large firms, which especially is true in France according to the Swedish Chamber of Commerce in France. There are however advantages by working with large actors, and the alternative should not be dismissed. Large firms for example often possess more capabilities in terms of resources such as consultants, customer network and knowledge. From Accure's perspective, collaboration with large partners would dramatically increase the number of relationships to customers, since it more likely has a higher capability of managing a large customer portfolio and can be seen both as a great technological and positional resource.

There are also disadvantages by collaborating with big actors, for example, issues such as less bargaining power and difficulties to establish the partnership. Accure is a small actor, which might result in situation where large firms underestimate its capabilities. As a small firm it is also harder to establish partnerships with large actors in comparison to smaller ones, which are related to for example, the "fit", alignment of goals and level of importance. The level of hierarchy in the French business culture also influences. Small firms are often looking less attractive from a large company's perspective, especially from the top management level. It is therefore harder to get in contact with the champion. The alternative is to work with small actors but it will require a large portfolio consisting of small actors, something that will increase the effort from Accure's perspective since more resources need to be spent on establishing and maintaining the relations, even if less resources most probably can be spent on each relationship because of a more equal power balance. The approach with numerous small firms does therefore have a big advantage in terms of risk. The portfolio will rely less on each individual relationship and it will strengthen Accure's position. If one relationship fails, the impact on Accure will be lower compared to in a case with collaboration with few large actors.

Håkansson *et al.* (2009) state the importance of time dimension when considering actors and their activities. The history of an actor that has been on the market for a while has also had time to build its relationships during a longer period. Relationships between firms may have had long investments of time, even before a firm was founded. Many relationships in the French business landscape were established through its employees and their personal relations that in some cases were created even before their professional careers started, through the Grand E'cole networks. These facts show that the relationships between French firms, due to its relations over long time, have been built up to become strong partnerships that might be a hard challenge for Accure, as a newcomer on this market, to penetrate and start building up its own relations. Looking at the firm's history to understand how it has developed in the past can give hints of the relationships to its customers. Since the level of personal relationships has such as high importance it is also essential to look at what relationships its employees have. This might be difficult and most relationships are not of any importance from Accure's perspective. More interesting is if any of the people especially in the top management have previous experience from for example Infor or any other ERP vendor. Relationships like this can be a key resource in order to get access to an even bigger network of customers in France.

According to Nassah *et al.* (2013) there is an increasing demand of vertical solutions where the suppliers have capabilities to both run activities related to implementations and end-to-end services. To be able to this, the company needs to be of a certain size but also possess a high degree of knowledge in specialization. Large firms with many consultants therefore often have

more capabilities to provide vertical solutions since they normally have more consultants with a variety of skills. The knowledge can also be supplied from external actors and a small firm with less knowledge might therefore have a significant need of Accure's products, which makes it easier to convince the firm to establish an alliance with Accure.

Collaboration with a partner that has knowledge about several different systems can be both an advantage and disadvantage. The advantages are related to the fact that it would ease an eventual transition from Accure's M3 focus to a broader multi-system approach. The disadvantage is that the number of M3 customers can be low even if the actor is large. It is therefore important to mention that size does not necessarily increase the potential number of projects where Accure's products can be implemented. The level of specialization towards specific ERP systems or vendors such as Infor, SAP or Oracle, therefore needs to be considered. Accure is currently specialized towards Infor M3 even if some implementations have been made in other systems. Being prepared when entering the French market is important since Accure needs the right knowledge to support the system that the potential partners are working in. A collaboration with an actor specialized in another system, such as SAP or Oracle would be possible in terms of technology but it might be tough on a relationship level. If Accure has problems with supporting its partners with the right knowledge the partner will face a similar case that Merit Denmark faced. This would most probably endanger the relationship, especially if these issues occur during an initial part before Accure has proven to be a trustworthy partner.

#### **5.2.4 Portfolio dynamics**

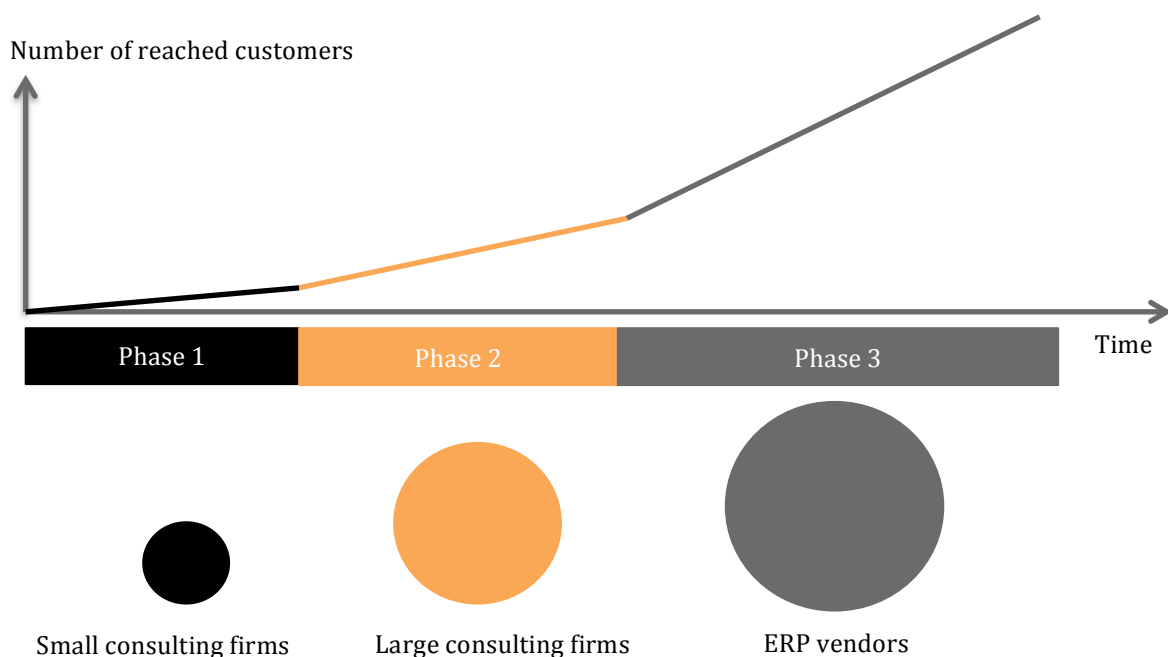
The actors that Accure's alliance portfolio should consist of depend on how the network and Accure will change over time. A firm expanding on a new market must therefore be prepared of being dynamic to be successful. As discussed in the previous section, collaborations with large actors might be a difficult way to enter the French market since Accure lacks both bargaining power and knowledge about champions to reach the top management in large firms. An initial collaboration with one or two small French firms would therefore be a potential way to enter the market. This approach would not allow Accure to initially access the desirable customer network but it is a way to influence the network and create an awareness of the firm in France. Collaborations with small firms would also be a way for Accure to slowly build up its own organization and get used to cultural differences between Sweden and France. By starting slowly in this way, Accure could also be prepared in the case of failed partnerships in France.

Small firms often possess fewer resources in terms of consultants, sales people and offices that are important resources for Accure to access. A low number of offices will also influence Accure's strategy to work close to the customers. This will force the company to most probably pick partners with focus around specific key regions, since a full coverage of the country is not possible. Most of the businesses in France is located in and around Paris, which makes it a key region. Offices and consultants in this region can therefore be seen as a vital requirement.

A small firm with a vertical specialization, typically towards a specific industry is preferable as the market is increasingly demanding vertical solutions where one or few suppliers can deliver a full solution. All the resources in the firms are therefore typically focused on one specific system, preferably Infor M3. This firm would then be well positioned according to the ongoing changes that Nassah *et al.* (2013) have identified on the French market. The disadvantage of sticking to actors that are specialized in a specific field, industry or system is that it takes time to change this specialization if the surrounding changes. Since partners also are supposed to contribute with feedback to the product development, input from one specific industry or customer group can cause a biased feedback. If more than one partner is selected it can therefore be of interest to find partners that target two different groups or industries since it can be of

importance when developing standardized solutions for ERP vendors. The feedback will then be more diversified and by combining the sources it is possible to create a more general picture of the demand.

Meanwhile the awareness of Accure and its products will increase on the French market, Accure will have time to adapt to the market conditions. Large consulting firms might get interested in the products and there might be possibilities that people are changing firms. People that are changing positions can become important champions to spread knowledge and understanding about the products advantages. The initial collaboration with small firms would therefore work as a way to enable work with large actors and to get access to large customer networks. As a first phase small consulting firms will be partnered with to reach an initial customer portfolio and equal bargaining power. As a second phase, a larger customer portfolio would be reached through large consulting firms. In the third phase Accure’s products will be sold through ERP vendors that will be compelled to sell its products through the “push” from the many customers demanding Accure’s products, see **Figure 8**.



**Figure 8. How Accure stepwise can increase its customer portfolio by working with larger actors.**





One of the discussed externalities that in a long-term perspective can influence Accure is a future technology trend within ERP. The large ERP systems can be seen as different infrastructures that increase the importance of sticking to the ones that will remain competitive even in the future. This future of technology is uncertain and if Accure and its partners are following the coming tech-trends can be discussed. What is important is that Accure needs to be aware of the trends in advance. This is not only to be able to develop the right products, it is also about being able to adjust its alliance portfolio before they start to lose customers and market shares.

Most of the competence in the company is focused on M3, which creates a risk as it put a high emphasis on Infor’s capability to remain competitive. Forecasts within the ERP industry indicate that Infor might not be in the forefront of new technology development compared to its main

competitors SAP, Oracle and Microsoft. Drobik (2015) shows that Infor is neither following the trends of IMC, PaaS, model-driven ERP systems nor multi- and single tenant SaaS, see **Table 4**,

**Table 4. Comparison between the major ERP vendors and how they are positioned for technology trends.**

which might indicate the need of evaluating other ERP vendors for future partnerships.

				
<b>IMC</b>		X	X	
<b>PaaS</b>		X		X
<b>Model- driven ERP</b>		X	X	X
<b>Multi- &amp; single tenant SaaS</b>		X	X	
<b>SOA</b>	X	X	X	X

In terms of the *Industrial Network Approach* the ERP vendors, SAP, Oracle and Microsoft are possessing resources in terms of knowledge and capabilities to run activities related to upcoming technologies. Infor is currently not seen as a selectable vendor of those technologies, something that could lead to lost customers. If the bargaining power of this more powerful partner might affect Accure in a way that hinders it to follow the crucial trends of the market, Accure might lose future potential customers. In the same way knowledge regarding the old technologies such as N-tier client/server-based ERP systems are less important. When selecting a new consulting firm as a partner it is essential to consider the knowledge that its consultants possess. Not only which ERP-system they have knowledge in will be a factor to evaluate, also their knowledge in the new technologies, such as IMC, PaaS, model-driven ERP and multi- and single tenant SaaS. This knowledge will enable the consulting firms to run implementations of the new technology, which can be seen as a competitive advantage, initially for the consulting firm but in the extension for Accure.

Many of Accure’s current customers are using a two-tier client service based ERP systems where M3 often are used within production and other large systems, such as SAP are used on a corporate level to support financial activities. Panorama Consulting (2015) indicates that Infor has a low probability to be chosen as the top three alternatives during the selection process when companies evaluate ERP vendors. This creates an uncertainty around the M3 system that Accure has to consider and potentially also mitigate the risks of working with one system. Worth noting is that Infor is a player that has improved its position and Montgomery *et al.* (2015) position it as a *promising player*. Also the fact that many firms still work with old systems and the time to

replace these are more than 2-5 years since the average life of an ERP system is around ten to 13 years (Drobik, 2015 and Moran, 2013).

A way to mitigate the risk of being too dependent on one vendor is to spread the competence and investigate the possibility to also work with other ERP vendors' systems. To directly collaborate with large competitors to Infor such as SAP and Oracle could at the same time be devastating and it could endanger the partnership with Infor, which is related to negative interdependencies. There is an impending risk that the distance increases between the firms and that will impact on the level of trust that can be considered as the most important factor for a successful partnership. Another risk with collaborating with several other large competitors to Infor is that the focus on the core competence, in developing a well-functioning product to one system, is turned away to instead focusing on making a product available to multiple other systems.

The alternative is to prepare for this potential change through the partnership strategy and step by step move the focus from M3 to a broader portfolio also consisting of actors that possess resources such as knowledge and relationships with customers that are using other ERP systems. The problem regarding the internal competence in other systems than M3 will remain but to recruit employees can be seen as a quick process in comparison with the process of establishing a partnership on the French market.

### **5.2.5 Interdependencies**

The interdependence concept has been discussed as an important field to increase the understanding of how the alliances influence each other, negatively or positively. The large ERP systems can all be seen as different collaborative networks that support different type of infrastructures where vendors, suppliers and distributors together shape the networks. Negative interdependencies between actors are therefore likely to occur in the different networks. The negative interdependence could decrease trust and exchange of information between the actors, which in long term would endanger the established collaborations. The impact of the interdependency mostly depends on the bargaining power of another more powerful actor. In Accure's case Infor has a high influence since they control the sales channel that Accure wants to get access to.

The impact on Accure from collaborations with partners that also distribute other ERP systems is difficult to predict. The links to the big vendors are vague but the actors are still parts of a competing network where both negative and positive interdependencies are present. It is easy to see how a dyadic partnership contributes to customers and financial support to the development of new products. Although to see is how it affects the relationships with other actors, in this case Infor, is harder to say. The relationship with Infor is important since it is an efficient way to find customers for Accure and distributing its products. A negative interdependency may for example make it harder to gain access to the channel that Infor controls and Accure is losing potential sales. The discussions whether Infor should place Accure's solution in the M3 cloud or not creates another dimension of this problem. New possibilities would occur since the connection between Accure and Infor would change. One possibility might be that negative interdependencies does not affect as much as in on-premise systems since the connections in a cloud would be easier to install and less exchange of information between the partners would be necessary. This in turn will not affect the other partners' relationship to a third partner in the same extent. However, as an ERP system changes, there will be tensions and impacts on the interdependencies between actors.

Sales through partners that are parts of the same collaborative network can work in the opposite way and create positive interdependencies. The alliance strategy on the French market was discussed and one of the aims is to gain access to customers to be able gain bargaining power towards the ERP vendors. Previously it was discussed how customers can influence the vendors but also the consulting firms. Sales through partners can in this sense be more powerful than direct sales, since also the partner can influence the ERP vendors.

Infor is encouraging all its partners to collaborate to be able to deliver a higher customer value. This can be explained by the fact that its partners are members of the same collaborative network, which according to Parise & Casher (2003) means that there is a high probability of finding positive interdependencies. Collaboration with actors specialized in M3 will therefore most probably contribute with positive interdependencies. Knowledge about the system can flow between actors, something that will benefit all members. Some of the potential partners on the French market also are seen as competitors. They are all targeting M3 customers in France and seek to distribute the same system. Specific focus on regions or industries might differentiate them but Infor M3 is already limited to chemicals, distribution, equipment, food & beverage, fashion and furniture, even if it has been used also in other industries. The interdependencies therefore still need to be considered. An actor that benefits and gains competitive advantages will still benefit from the collaboration even if more actors are added to the portfolio. The advantages will most probably decrease when some of its competitors are distributing the same products.

### 5.3 Organization

The alliance function and the way it handles learning processes and sharing in organizations, has been identified as an important way for alliance success by Prashant & Harbir (2006). The organization is therefore a vital part of the alliance strategy since it is the link that merges actors, resources and activities between the partners. This function aims to strengthen the bounds and improve the alignment between the activities. The organization will also run activities to support and build partnerships. It must build up relationships and enable knowledge sharing among the alliances that it handles. As Håkansson *et al.* (2009) described, there are different kinds of interdependencies between the actors. Tensions in alliances will arise when resources or activities are changed and it is important that these are handled by the organization. For example, one problem described is Accure packaging customized solutions to become standardized solutions and these modifications create tensions towards other partners. The partner that is the next firm in the chain is therefore affected by the activities that are carried out by Accure. These activities need to be adapted to each other and this can be done in multiple ways. Accure may for example configure its activities and change its way of developing the products. The alternative is to support the partner with resources like knowledge and time to aid it.

The organization will also be responsible to support the business in France and thereby bridging the Swedish head quarter with the French function. To be able to succeed, the alliance function must be well aligned with other parts of the organization, something that currently not is the state. It is important that all the people in company that are handling alliances are informed and to be up-to-date with information of the partners' present situations and the overall business strategy. Communication internally must flow in the most efficient way, in order to achieve optimal partnerships. Different positions of the top management in Accure often have different opinions of both the business strategy and the partner strategy. An important task is therefore to define a strategy for the entire company that will help the organization to move in the same

direction. The direction thereafter needs to be established in the organization, including the potential function in France.

The alliance strategy should give the organization a certain space for flexibility to ensure that each partnership should work in an efficient manner. At the same time standardization, especially around the working method should be important. A standardized working method would result in a partner program where best practice, with working methods can be shared. Best practice cases have already proven to be an efficient way of working and Accure has tools or methods that could benefit other partnerships. An example of this is the test environment and the easily sold products, such as the e-commerce solution, that have been used for partners on the Scandinavian market. By expanding those and showing partners the functionality, the simple implementation process and the lower costs the firm will increase its chances of succeeding in France.

One part of the points in the partner program is the external visibility, something that is discussed by Dyer *et al.* (2001) as a way to decrease risk of misunderstanding and to increase the attractiveness of the firm. The external visibility will in this case also influence other actors and potential OEM partners. A part of creating a better visibility is to have information channels that efficiently can spread the information regarding projects and new partners. One tool is the web page, which currently is not used for communication regarding partnership activities, but could be used to improve the external visibility. Other ways of communicating towards other shareholders are M3 user association meetings, fairs, commercials and other ways of improving public relationship.

Merit Denmark states that the quality of the products needs to be improved and Accure needs to provide partners with better documentation that is up to date. To satisfy these demands Accure needs to enhance the information sharing and improve the infrastructure of running these activities. A possible solution would be to create a partner portal where partners easily can access documentations, training, sales material and education which all are vital resources for the consultants to access for sales and successful implementations. This would also mean lower costs for carrying out education about Accure's solutions. The portal would also be accessible whenever and wherever the partner needs it and in the long-term will it help to decrease the need of support from Accure's consultants and development team. The partners would also be able to increase their knowledge, something that will benefit the customer and in the extension the whole network, including Accure.

The support function works like a funnel that gathers and piles up all the issues entering the firm and later distributes them to the right people to handle them, consultants or developers. Some problems could be identified with this support function. One seems to be that this funnel mostly is made for Accure's customers and not its partners. Accure might need to prioritize the support requests from its partners in another way than the ones from its customers. One sign of this is the "detour" that the issues take when a customer of a partner needs support. First, the customer gets in contact and explains the issue to Accure's partner. Thereafter if the partner needs support from Accure, the partner contacts Accure's support consultant that work as the "gatekeeper". These cases occur when modifications in the code or other programming skills are needed from the developers. After this contact the "gatekeeper" sends the issue to the next department depending on the type of issue. Thereby the issue gets handled, the solution returns to the partner and later on the partner sends the solution to its customer. The significant problem here is that every step of transmission consumes lead-time which in the end means costs for all three actors; Accure, the partner and the customer. In some of the cases some of the transmissions are simply unnecessary since the partner have knowledge about Accure's products itself. Only in the

occasions of modifying the code, the partner needs to communicate with Accure and in the most of those occasions the partner itself would know to which department the issue should go to. This implies that the partner would not need to go through the support funnel system but could directly contact the valid person to handle the issue in Accure. However, this is not the case currently since Accure wants all issues through one single system to not mix and confuse the issues.

### **5.3.1 Organization in France**

There are several cultural differences for Accure to pass if it should succeed on the French market. These differences can be barriers for Accure while engaging its alliance strategy. The most obvious barriers are the language and behavior according to the French business climate. Accure must pass these barriers of culture and language to answer the French market demands. One option, discussed prior, to ease the process is to open a unit in France. One benefit with this unit is that it will have knowledge about the French language and culture, assumed that parts of the workforce will have a connection to France. Interviews with the Swedish Chamber of Commerce in France and Business Sweden in France indicated that French people have a high willingness of making businesses in their own language and according to their own business culture. An organization consisting of people with knowledge in the language and the business culture would therefore ease the way of making partnerships. Another benefit is the importance for French partners to have a local presence and personal contacts with their stakeholders. The more “patriotic” way of doing businesses, namely French companies looking for other French businesses to create partnerships with, can also be solved by using a local unit in France. The potential partners might see the French unit as a more trustworthy French company in comparison to the Swedish one. The French unit would also show commitment since starting a separate organization in France would imply that the parent company is serious in doing business at the particular market. The local presence would as well enable face-to-face meetings that would improve the conditions furthermore. According to the industrial network approach, the knowledge, experience and the local presence are resources that can fulfill Accure’s needs. Another benefit is that this unit will be able to make independent decisions in many cases and thereby freeing time for the top management in Sweden. The freeing of time is a necessity for Accure since the already busy top management needs time to focus on other issues. The local function will also handle the conflicts that may occur because of cultural differences. As Håkansson *et al.* (2009) describe, when resources and activities are modified, tensions in the French organization will arise. The use of a French organization and workforce would increase the possibilities to identify and reduce these tensions since they have knowledge and experience in their own business culture.

Even though the unit will be able to make its own decision in France, it is of high importance that the unit will be well aligned with policies and strategies of the Accure headquarter in Sweden. A less degree of alignments with the Swedish division would leave the French unit less involved in the product development something that could reduce the efficiency of the organization. As Business Sweden in France stated, an organization starting partnerships in France, such as Accure, should expect investments of large capital over a time of up to two to three years, in order to actually gain profits on the new market. For Accure starting a new entity in France would most probably involve more costs and efforts than keeping the supporting partner organization in Sweden. These costs would include finding and acquiring resources in terms of facilities in France, in the most dense region in terms of M3 users, Paris, headhunting well-educated, bilingual, French and English speaking employees and indirect costs that would be generated. These factors, the nurturing of the business unit in France, the alignment and the large initial investment costs, might not be profitable if the long-term benefits do not overcome



the costs. This has to be considered before starting the process of building a unit in France. Finally, the unit in France would initially be small which in many cases means less bargaining power towards its partners, something that Accure already struggle with and want to increase.

### 5.3.2 Measuring performance

To understand and to be able to improve the alliance portfolio it is important to measure its performance. As Hoffman (2005) explains the performance should be measured in two steps. The first step is to measure it for individual alliance and secondly the portfolio's performance. To develop the products and potential solutions the developing team needs inputs from the customers regarding their needs and how the products can be improved. Sales through partners will increase the distance between the customers and Accure since an additional step is added compared to the situations with direct sales to customers. To ensure that a function performs well, key performance indicators (KPI) are suggested. The expected outcome of the process is better products that can deliver higher customer value. Since KPIs are used to investigate specific departments performances instead of results as RPIs are used for, KPIs are in favor for this project.

The KPIs should be measured regularly, as stated by Hoffman (2005). If measurements are done quarterly, changes in the portfolio's performance can be monitored. The KPIs have been chosen in order to support different aspects of the partner strategy. The indicators are complementing each other by being measured in not only financial terms but also strategic and business performance. The monetary terms will solely give information about how well the financial situation but will not show the healthiness of the alliance and the contributions to its strategies. The KPIs have also been chosen to not include subjective values since these easily may be miscalculated and the values will be difficult to compare since each employee deciding the values will have different opinions in how to set them. Since the KPIs should be measured initially in alliance level and secondly in portfolio level, the descriptions of the KPIs below will be described in the two levels. Each employee who handles the partner or the customer should measure the input required to calculate the KPIs to make it available for top management.

#### 5.3.2.1 KPIs used for Accure

**Financial profitability per each partner** - Hoffman (2005) states that one of the most measured KPI for companies is the profitability of the partnership. This one should also be seen as one of the most important KPI. As any private company, Accure is aiming to maximizing the profit. The partnership does not necessarily need to be profitable in the beginning of the relationship but the mutual commitment between the two partners should strive to become profitable in the long term. The negative profits in the beginning of the partnership can therefore be seen as investments with the intentions to become profitable in the following years. The KPI is the sum of the profit margins of each mutual project that the partnership employs. Important regarding this KPI is that it is important for each employee to measure the time spent with the customer in order to get the correct costs of the alliance. The input is a "hard" measure that gives a more accurate value since it is easy to quantify. Also the number of sold licenses must be carefully documented. The revenues from the project should be easier to measure, since it will be lump sums of income for Accure. When the profitability of each partner individually has been measured the total profitability of the partner portfolio in France can be calculated by simply summing up them all.

**Number of propositions resulted in positive product development** - Improvements by measuring innovations or other initiatives must be aimed for so that the partnership is functioning and may be developing in the future. This KPI helps the alliance in succeeding in the longer terms and also shows how the customer feedback modifies Accure's products to the better. It will be measured in number of new propositions that leads to improvement in product development.

**Number of customers acquired by the partner** - The number of customers that has been acquired by the partner will show how well the strategy functions in France. This number can be compared with other markets such as the Scandinavian market to see if the market should be more or less prioritized. The total portfolio KPI can then be used to show how much of the French market that has been saturated if a correct number is used for the total potential market that Accure can saturate.

**Number of service issues from customers** - Measuring the number of service issues that come from the customers through the partner is a way of seeing how well the customer is understanding the products and services procured from Accure and how well the partner is supporting its customer. By comparing this KPI with the time that the partnership has been preceding it is possible see the progress of the partnership. The customers should, to as a large extent as possible, be using Accure's "standardized" documentation to understand how the products should be utilized. A lower number of the service cases show that the products are functioning and that Accure's customers understand how the products work.

**Average time to complete a support issue from a partner** - Measuring the time it takes for a request of a partner shows how efficient the support function works. The average time is compared with its history to see if the support function is progressing. The time should strive to be minimized and together with a low *number of service issues from customers* the support function to customers and partners can be seen as improved.

**Productivity** - To measure if the portfolio of partners is functioning it is of importance to look at the productivity. The productivity can be measured as the number of collaborative projects that are finished within the predetermined time and budget frame. The KPI helps to establish and finish goals that are predetermined in the partnership to satisfy the customer in an optimal way.

## 6. CONCLUSION

The purpose of this study was to construct an alliance strategy for the IT company Accure, specialized in EOM, on the French market. More specifically the firm wants to expand its sales and by doing so the firm has needs that must be fulfilled in order to be successful. The perspective of *Industrial Network Approach* has been studied to identify the resources and activities needed and to position Accure on the French business landscape. The resources needed from the alliances have been identified to be; customer networks, product knowledge and consultants, initially with a focus on Infor M3. These resources are valued by the activities that exploit them and have been identified as; implementations of Accure's products, sales, customer management and support. Depending on the success rates of these activities, the resources obtained can be either improved or worsened. To be able to get hold of the resources, two different sales channels have been identified for Accure to sell its products. These are sales through consultants and ERP vendors. The channels have different advantages and will be used during different time phases. The consultancy channel supports Accure in reaching a customer network that otherwise could be difficult to reach in a new market, especially in France because of the relationship-based business climate. The consulting firms have in many occasions the same control of the channel as Accure and they have mutual advantages of the alliance since the products can benefit the consulting firms in both standardization and differentiation of its work.

ERP vendors are often large companies that have access to vast customer networks, a resource of high value if Accure can access it. The difficulty with selling the products through ERP vendors as OEM is caused by the difficulty to establish partnerships, since they have high bargaining power and control of the channel. The control of the channel is evident when the ERP vendors can succeed in selling their own solutions to the customers that Accure is not able to reach, even though Accure's products can be seen as beneficial from the customer's perspective. Since Accure seeks to sell its products to the same customers there is something of a competition between the actors. The difficulty in establishing partnerships with ERP vendors results in the need of consulting firms as partners to establish contacts with the French market, to later on increase its bargaining power towards the vendors. Accure is recommended to initially use consulting firms, specialized in Infor M3 to reach customers, mainly because most of Accure's resources are focused in that system. When Accure has managed to build up its portfolio of partners and thereby access to a customer network. This is to penetrate the barriers of the OEM integration to be able to reach larger customer networks. The stakeholders to the ERP vendors may in fact contribute to the integration of Accure's products if they are demanding the products through the OEM channel. Included in the alliance strategy is the aim to support and improve the product development from customers.

A portfolio consisting of one to two partners with a focus on the Paris area is recommended initially since a high share of M3 users has their headquarters located in the region. Small and growing firms are attractive actors for initial collaborations to avoid difficulties related to bargaining power of the partnership. The small firm will also be a way to influence its network position and increase the awareness of the firm to become an attractive partner also for larger actors, which will increase Accure's possibilities to access their customer networks. The portfolio must be dynamic in order for Accure to adapt to changes over time. One of the most affecting external factors is the technology shifts in the ERP industry. The study has shown that Infor is not on the forefront of new technologies, while ERP vendors such as SAP, Oracle and Microsoft are increasingly researching into these areas. The technologies may not affect Accure's businesses directly, but since customers' demands are changing over time, an important aspect for Accure is to consider partnering with suitable ERP vendors that are able to fulfill these demands.

To support the alliance portfolio a well-developed organization is vital, especially to overcome differences in culture and knowledge levels. A potential function in France could be used in order to facilitate flow of information and ease the barriers of culture between Accure and the French partners. However, such a function is not yet recommended since the future of the EOM businesses is not sure and a function in France together with the costs for headhunting employees, rent and other costs could result in major losses for Accure. The working methodology should be standardized, as much as possible, according to best practice. One way of doing this is to evaluate the current communication channels and for example use a partner portal to provide the partners with documentations, sales material and educational material. To evaluate the work multiple KPIs are suggested. These aim to track and to help the organization to improve the performance on the French market.

In this study the alliances have mostly been seen as sales channels. An alliance can fulfill many different purposes and further studies are therefore suggested to see how cultural differences influence alliances between Swedish and French collaborations when the purpose is different but also firms with other nationalities. The cultural differences are complex and each company has to consider each business climate in the country it is doing business in. Few studies have investigated how strategic alliances are influenced by cultural differences and different business climates. Research is therefore needed to further understand how alliances are affected, especially since the alliance portfolios are growing each year. The world economy is becoming more and more international and so are the alliances. To enable the portfolios to continue to grow the culture perspective will play an important role. Another important aspect to consider for further analyzes is the *Industrial Network Approach*. The study has mainly looked into the tier-one actors in the business network, namely partners that directly affect the focal company. Other actors that the focal company is in indirect contact with are also influencing the company such as the tier-two and tier-three actors.

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## **Interviews**

Anders Fogelström, Consultant in intercultural management and board member of the Swedish Chamber of Commerce in France, interviewed April 6th, 2016

Fritiof Nilsson, COO, Accure AB, interviewed March 3rd, 2016

Johnny Jensen, Sales Director, Merit Denmark AS, interviewed April 20th, 2016

Jonas Andersson, Consultant, Accure AB, interviewed April 27th, 2016

Peter Sandersnäs, CEO, Accure AB, interviewed February 11, 2016; March 9, 2016

Robert Wentrup, Trade commissioner, Business Sweden in France, interviewed March 18, 2016

Roland Kvillborn, Alliance Manager, Accure AB, interviewed February 26, 2016

## **APPENDIX**

### **Interview with Roland Kvillborn**

1. Which customer groups do Accure's products target?
  - Do you target any specific industry or industries?
  - If yes, why these specific industries or companies?
2. What actors or partners do Accure has today?
  - How do the actors complement each other to support Accure's business strategy?
  - What activities do the different actors carry out?
  - Do you work differently with partners abroad, if yes, how?
3. What needs except access to its customer network do the partners fulfill today?
4. Does Accure have any partnership today that you would describe as "best practice"?
  - What makes it to a "best practice"?
  - If not, what would be a "best practice"?
5. What are the pros and cons with sales through ERP vendors compared with "consulting firms"?
6. Have you used partners for sales during early stages (sales of components) of the life cycle, before they became complete products?
7. What are the main competitive advantages with Accure's products, and how can these contribute to the partners' offerings?
8. How do you think that the current competence in the company is matching the business strategy?
  - If the company want to change focus towards other ERP systems such as SAP, would it be possible with the current competence?
9. How is Accure's product protected from an intellectual property perspective?
10. What makes the relationship with Infor to a partnership and something more than a customer?
11. How do you get paid from partners?

### **Interview with Fritiof Nilsson**

1. What is your current position in the work with partners?
2. How would you describe the current partnership strategy at Accure? How do the relationships complement each other?
3. What activities are the different actors responsible for?
4. Are there any differences between how you work with Partners in Sweden compared to abroad?

5. What needs except access to its customer network do the partners fulfill today?
6. How would you describe the process for start, build and maintain the partnerships?
  - Is the process the same for all cases?
7. What do you think is the key success factors for Accure's partnerships?
  - How do you maintain the partnerships through generations of employees?
8. Do you have any factors that less successful partnerships have in common?
9. Does Accure has any partnership today that you would describe as "best practice"?
  - What makes it to a "best practice"?
  - If not, what would be a "best practice"?
10. What type of support do the partnerships require from Accure's organization?
  - How do you work with "feedback" from partners?
  - Is there any process/infrastructure to manage the feedback?
11. In what way are you evaluating the partnerships?
  - How do you measure its performance?
  - If yes, what do you measure?
12. How is Accure's product protected from an intellectual property perspective?
13. Do you see any potential competition between current partners?
14. How does Accure ensure that the organization is aligned to make sure that the partner strategy supports the overall business strategy?
15. How do you select your partners and how is the process designed?

## **Interviews with Robert Wentrup and Anders Fogelström**

1. How would you describe the differences between the Swedish and the French business climate?
  - Are there any differences within France? If yes, how would you describe them?
2. How does the business culture influence the French's willingness to enter partnerships or alliances with foreign actors?
3. How does the French culture and language influence partnerships or alliances between French and Swedish firms?
4. Which factors do you value as the most important when it is about to build a sustainable relationship between French and Swedish companies?
4. According to the literature do the French often demand a good and personal service but it should be free. Do you think that this is the case and how do you handle it in the best way?
  - Is the best thing to just accept it and see it as an investment?

5. What are according to you the hardest challenges when building partnerships in France? - Is it easier to enter the market alone with a subsidiary in France?

6. What are the greatest advantages by doing business with French partners compared to with Swedish partners?

7. What is for you a best practice for the initial part of a partnership and creation of trust and commitment?

8. Are there any differences in what it means to enter a partnership in France compared to Sweden? If yes, how does this influence the collaboration?

8. If you had been in our position and want to know more about partnerships in France, whom would you contact? Or what area/topic would you dig deeper into?

### **Interview with Johnny Jensen at Merit Denmark**

1. What values are created for Merit through the cooperation with Accure?

- How do you think is the winner, Merit or the customer, or both?
- Does Merit save time or does the customer save money? Or does the customer perceive a better functionality?

2. How would you describe your capability of influencing on what products that Accure develop?

- How do you value the opportunity to influence the product development?
- Do you think that the infrastructure to give input could be designed in a better way? how?

3. What support does Merit get from Accure?

4. Do you have any internal conflicts on Merit between implementation and maintenance since Accure's products are reducing the demand of maintenance?

- How do you deal with this conflict?

5. What is the market's demand of Accure's products?

6. Merit are present in most of the North-European countries but it looks like a whole on the map when it comes to France, do you know if there is any specific reason to why Merit has chosen to enter other markets before the French one?

### **Interview with Jonas Andersson**

1. How does Accure's support function work?

2. How does the support differ between partners and customers?

3. Do you separate the implementation from the service and maintenance in the consultancy department?

4. How does the process look like when you receive an issue from a partner or customer?