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INTERNATIONALIZATION IN THE CLOUD:
AN EXPLORATIVE STUDY OF B2B SAAS PROVIDER INTO THE IBERIAN MARKET

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Abstract

In today's world, the trend of digitalization and globalization is undeniable. Covid-19 spurred digitalization, and SaaS models proved their power on a global scale. However, rapid change, digitalization, and global competition demand rethinking and generate new perspectives on traditional internationalization theories for software enterprises. This paper "*Internationalization in the Cloud: An Explorative Study of B2B SaaS Provider into the Iberian Market*" discusses elements that influence the internationalization of B2B SaaS businesses to Iberia. A thorough investigation of (1) Internationalization theories in the context of SaaS enterprises and (2) Challenges and drivers within Iberia, differentiating between Spain and Portugal, is conducted. The qualitative approach and the interview process with 23 interviewees in senior positions at B2B SaaS firms that have expanded to Iberia add to the existing literature of internationalization theories. Furthermore, drivers and challenges within Iberia are discussed, and practical suggestions for a successful SaaS internationalization are given.

Keywords: Internationalization, SaaS, B2B, Cloud, Digital Firms, Iberia, Key Factors

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1. Introduction

Software-as-a-Service (SaaS) is booming. Companies are switching to SaaS to gain flexibility, productivity, and cost savings (Statista, 2021). Covid-19 prompted industry professionals to invest more in technology, and SaaS models proved their power. SaaS is an ideal export product and opens new market opportunities for SaaS vendors since traditional entry barriers are reduced (Reuwer et al., 2013). These factors provide SaaS firms with massive global economies of scale. Examples like Netflix, Salesforce, and Spotify have demonstrated how much the IT industry has benefited from globalization, making internationalization a viable growth strategy for SaaS businesses. However, increased speed, global competitiveness, and a lack of resources challenge software exporting (Bell, 1995). Markets are newly created, constantly shifting, and growing (Cusumano, 2010). Cloud executives have numerous options to implement internationalization, but often expand by default (Yamin & Sinkovics, 2006). This may lead to failure of internationalization efforts, wasting time and resources (Crick, 2009). The research is conducted in collaboration with a Case Company (CC), a German B2B SaaS firm that aims to expand to Iberia (see Appendix 1).

Internationalization has been extensively studied in literature. However, software firms are moving away from traditional internationalization theories (Bell, 1995; Coviello, 2015; Oyson & Whittaker, 2010). A growing number of studies examine how the internet affects international strategies of software firms (Banalieva & Dhanaraj, 2019; Ekeledo & Sivakumar, 2004; Petersen et al., 2002). These firms have little physical assets and resources, employ platform technology, and grow with networks (Collinson & Narula, 2014; Hennart, 2009). Speed (Luo et al., 2005), and several dimensions, such as motivations, foreign market selection, and entry modes have been studied for internet firms (Loane & Bell, 2002; Loane et al., 2004). Factors influencing B2B SaaS firms' internationalization process build the given research gap. As internet businesses mature, more research may identify firm-specific factors driving B2B SaaS internationalization (Rajgopal et al., 2003). Existing research utilizes a variety of

terminologies within the software segment and contains companies with different business models, products, and resources (Brouthers et al., 2016), but the internationalization process is not a one-size-fits-all model (Carpenter, 2016). SaaS organizations share features with other internet-based businesses, but things alter in the cloud. Cloud is a centrally hosted, subscription-based software licensing and delivery model. How SaaS firms expand into new markets has received little academic attention (Ekeledo & Sivakumar, 2004; Kundu & Lahiri, 2015; Reuwer et al., 2013). Finally, ongoing digitalization opens up new avenues for rethinking in theory and practice in internationalization (Banalieva & Dhanaraj, 2019). Second, a research gap is identified on drivers and challenges affecting the internationalization of B2B SaaS firms to the Iberian Peninsula. National borders have been argued to be less important on the Internet (Chetty & Campbell-Hunt, 2004). But, national context influences internationalization techniques (Brouthers et al., 2016), and since internet infrastructure differs, research on specific countries to determine market potential is required (Ekeledo & Sivakumar, 2004). Additionally, research on how cultural differences affect a service firm is proposed (Ekeledo & Sivakumar, 2004). Consequently, following research question is formulated:

1. How can a B2B SaaS firm successfully internationalize to Iberia to grow and secure its market position?

a) Compared to existing theories, how are B2B SaaS firms internationalizing their activities?

b) What key factors challenge and drive the internationalization of B2B SaaS firms to Iberia?

Here is the scientific and managerial relevance. First, a contribution is made to the academic field of internationalization theories by assessing key factors in the SaaS context. Second, the paper evaluates drivers and challenges within Iberia that aid SaaS firms in internationalization. It is crucial to fill those gaps because SaaS is fast evolving, firms are unsure how to approach internationalization, and it is important to identify local obstacles. Growing digitalization, spurred by Covid-19, demands rethinking of digital service internationalization. Finally, the research suggests how to approach internationalization to Iberia successfully.

2. Literature Review

2.1 SaaS

This chapter explains what SaaS is, how it is different to conventional software, its advantages on the customer and business side, and how SaaS is expected to develop. SaaS is one of three primary tiers of cloud computing, alongside Platform-as-a-Service and Infrastructure-as-a-Service. Many traditional software products have been replaced by SaaS (Cusumano, 2010), a subscription-based software licensing and delivery model that is centrally hosted (Turner, 2019). Organizations are using SaaS solutions to increase productivity and reduce costs (Statista, 2021c). There are no large upfront investments, complex hardware acquisition, or software installation required (Reuwer et al., 2013). Predictable returns for suppliers, a scalable cost structure, cost-effective product development, a high lifecycle value, and scalability are some of the SaaS drivers (Turner, 2019). SaaS apps can help organizations improve collaboration and employee engagement. SaaS applications include enterprise resource- and financial planning, customer- and human resource management, invoicing, and content management (Gartner, 2021b). The customer is unaware of the infrastructure and operating systems (Statista, 2021e). SaaS advantages on the vendor side are reduced capital investment and market opportunities (Reuwer et al., 2013). The software can be updated centrally, lowering implementation and maintenance costs. SaaS is an ideal export product due to its online nature, lowering traditional entry barriers (Armbrust et al., 2010). These factors provide SaaS businesses with economies of scale. Due to its advantages and multi-functional usability, the industry has been rapidly growing. In 2019, the global SaaS market generated 148.5 billion dollars in revenue, accounting for roughly two-thirds of the total revenue generated by the public cloud services market (Statista, 2021e). According to Gartner (2021a) SaaS will remain the largest market segment for public cloud and will continue to grow.

After understanding SaaS and its scalability benefit, the following chapter discusses internationalization in the software environment.

2.2 Internationalization in the Software Environment

This chapter gives an overview of internationalization in the software environment by examining internationalization theories and explaining how those relate to digital companies. Internationalization is about how businesses adapt their operations to international environments (Calof & Beamish, 1995). Internationalization is a dynamic concept (Johanson & Vahlne, 1992), and this view incorporates “(1) the internal dynamics and learning of the firm as it expands internationally, and (2) the “outward” pattern of international investment exemplified by market selection and mode of entry” (Coviello & Munro, 1997). Traditional theories of internationalization are known as the Uppsala Model (UM) theories and contend that enterprises go through stages as they become international (Carlson, 1975; Johanson & Vahlne, 1977; Welch & Luostarinen, 1988). According to UM, corporations gradually expand their activities abroad on the basis of cultural proximity and knowledge acquisition (Johanson & Vahlne, 1992). However, digitalization has challenged the foundations of International Business (IB) and aspects of traditional internationalization change for software firms, which are high-tech, knowledge-based, and service-intensive firms (Coviello & Munro, 1997). Software firms are moving away from incremental internationalization theories (Bell, 1995; Coviello & Munro, 1997; Oyson & Whittaker, 2010). Enterprises that supply knowledge-intensive internet services can better capitalize on worldwide opportunities than companies that provide physical assets (Brennan & Garvey, 2009) since they have advantages such as lower transaction costs and scalability (Brouthers et al., 2016; Kotha et al., 2001; Singh & Kundu, 2002). Several studies found in the software industry the Born Global (BG) phenomenon (Ciravegna et al., 2009; Dib et al., 2010; Wren & Gabrielsson, 2011). BGs are innovative enterprises with a global reach (Chetty & Campbell-Hunt, 2004; Gabrielsson & Kirpalani, 2012). BG, unlike most UMs, pursues rapid internationalization from the start or shortly after (Knight & Cavusgil, 1996; Madsen, 2013; Oviatt & McDougall, 1994; Rennie, 1993).

According to Ekeledo and Sivakumar (2004), geography is no longer an obstacle to

technological service organizations. Internet transactions may easily cross national borders, and service organizations do not need to go through the typical procedures of entry-mode selection, such as assessing market potential and entrance obstacles (Ekeledo & Sivakumar, 2004). Transaction Cost Theory considers all costs incurred in economic trading and is the most widely used theory in the international entry mode literature (Brouthers & Hennart, 2007). According to Wentrup (2016), the internet lowers transaction costs, and internet-based firms benefit from a global market. The internet has changed the size of transactions that are feasible for international sales with limited resources, resulting in lower costs for companies of transferring digital products (Brouthers et al., 2016).

Banalieva and Dhanaraj (2019) state in their internationalization theory for the digital economy that two distinct firm-specific assets are critical: technology and human capital. The authors stress the importance of modularity, which enables numerous companies to connect smoothly through interfaces to provide value. The authors measure internationalization success based on modularity and skill complexity, transferability, and appropriability. Further, it is suggested that the network acts as governance and strategic resource (Banalieva & Dhanaraj, 2019). Franco and Haase (2016) agree that alliances in firm globalization increase competitiveness. Further, International Entrepreneurship Theory (IET) outlines how entrepreneurial activities serve as the foundation for international market entry (Mtigwe, 2006).

This chapter described internationalization theories in the context of software. Stage theory, BG, network theory, IET, and Resource-based view (RBV) will be discussed in detail in the next chapter to comprehend enterprises' complex internationalization process.

2.2.1 Stage Theory

The chapter describes the most widely cited UM, the stage theory (Johanson & Vahlne, 1977), which many firms used to gradually internationalize (Chetty & Campbell-Hunt, 2004). According to the stage theory, companies follow the basic idea of an incremental, gradual and dynamic process and regard the internationalization process as a sequential concept based on

knowledge linked to market commitment (Johanson & Vahlne, 1977). Korl et al. (2016) claim that enterprises only export when they have a strong domestic market. Local markets are first entered, then it is gradually expanded to foreign markets. Differences in markets are defined by language, culture, political system, and business practice (Chetty & Campbell-Hunt, 2004). On the basis of stage theory, enterprises first chose entry modes needing less resource commitment, such as franchises, before shifting to entry modes requiring more resource commitment (Johanson & Vahlne, 1977). The understanding that market knowledge is essential for business internationalization is widely held (Casillas et al., 2009).

Although the stage theory is widely accepted, others have criticized its gradual commitment pattern (Reuwer et al., 2013). Studies show that many companies bypass traditional internationalization stages and enter markets almost immediately (McNaughton, 2003). Software firms in particular are moving away from incremental internationalization (Oyson & Whittaker, 2010). In the next chapter, the contrasting BG concept is examined.

2.2.2 Born-Global Concept

In this chapter, the BG concept is introduced in greater detail since it is widely held in the software industry (Madsen, 2013). Rennie (1993) first introduced the BG phrase, which studies the capability to compete internationally. Sharma and Blomstermo (2003) expanded the concept into a new internationalization theory. Unlike the traditional method of firm internationalization, these firms do not follow a stage-by-stage approach but exemplify early, and rapid internationalization by entering distant countries at once (Cavusgil & Knight, 2015). BG tend to consider the globe as one market and often operate in highly specialized niches (Knight & Cavusgil, 1996), gaining an instant worldwide presence within one to two years of being created. A company must have an international focus from the start to be classified as a BG (Oviatt & McDougall, 1994). The number of BGs has increased dramatically due to the emergence of global market conditions, improved communication, and an increase in people with international experience (Gabrielsson & Kirpalani, 2012).

Factors influencing the internationalization process of a born-global include firms business and internal skills. Flexibility and strategic focus can impact internationalization success from the start (Knight & Cavusgil, 1996; Oviatt et al., 1995). A company's ability to adapt and change is critical to internationalization success (Knight & Cavusgil, 1996; Oviatt et al., 1995). Internationalization requires the management team's collective knowledge (Loane et al., 2007). To attain sustainable scale when the target market is small, firms pursue multiple markets simultaneously (Oviatt et al., 1995). The product's scalability is crucial in the companies' rapid internationalization. Identifying and exploiting opportunities beyond a firm's native markets effectively is necessary (Cavusgil & Knight, 2015). Thus, entrepreneurial knowledge, expertise, and abilities are important and unique resources (Dib et al., 2010).

This chapter explained the BG concept. Amongst others, the role of the entrepreneur in BGs was stressed. The next chapter looks at International Entrepreneurship Theory (IET).

2.2.3 International Entrepreneurship Theory

This chapter will elaborate on IET, its implications, and the importance of entrepreneurs in internationalization. Zahra and George (2017) describe IET as creatively seeking and utilizing opportunities beyond one's native markets to gain competitive advantage. IET explains how individual and firm entrepreneurial behavior forms foreign market entry and emphasizes the importance of entrepreneurs (Mtigwe, 2006; Zahra & George, 2017). It is believed that entrepreneurial knowledge, experiences, and skills are complex resources that help entrepreneurs recognize opportunities both within and outside their home countries (Alvarez & Busenitz, 2001). The entrepreneur's choice of international strategy is based on their overall vision and strategic fit between the firm's service offering and the demands of different countries (Zahra & George, 2017). According to Oviatt et al. (1995), the most important founders' characteristic associated with success is a global vision. Further, according to Ucbasaran et al. (2003), entrepreneurs who have previously engaged in entrepreneurial activities are generally better at managing an enterprise. Firms with entrepreneurial skills and

higher risk-taking tendencies are more successful in internationalization because of an increased ability to recognize and capitalize on opportunities (Andersen, 1993). As a result, risk-taking entrepreneurial enterprises may obtain a competitive advantage over risk-averse providers (Calof & Beamish, 1995).

This chapter discussed IET as an important resource in internationalization. But, since Internationalization requires more resources, the next chapter examines Resource-Based View.

2.2.4 Resource-Based View

This chapter examines Resource-Based View (RBV) as a significant factor in internationalization theories and it is explained how this applies in the software industry. The practice of evaluating economic units in terms of their resource endowments has a long history in economic theory (Wernerfelt, 1984). According to RBV theory, firms should devise a strategy that maximizes their resources (Brouthers et al., 2016). However, studies show that the internationalization of digital companies is hampered by a lack of external assets and resources (Cahen & Borini, 2018, 2019). Thus, physical product businesses require different skills, capabilities, and strategies than digital businesses. To compete, digital companies must deploy scarce resources (Cavusgil & Knight, 2015). Since products and services are easily imitated in a global environment, software firms must rely on intangible assets to maintain competitive advantage (Oviatt et al., 1995). Information, local knowledge, reputation, and brand are examples of critical intangible resources (Brouthers & Hennart, 2007). Knight and Cavusgil (1996) believe that technological expertise, product innovation and quality are crucial to international success. Unique assets, such as brand, and reputation significantly impact the speed and degree of internationalization according to Zahra and George (2017). According to Ojala et al. (2019), a company does not need to own all resources, but can make use of external resources, such as from partners.

This chapter examined resources affecting internationalization. The next chapter discusses the network approach that creates opportunities and may deploy a lack of resources.

2.2.5 Network Approach

This chapter examines the network approach that is central in many studies of internationalization (Coviello & Munro, 1997; Hadley & Wilson, 2003; Johanson & Mattsson, 2015; Ratajczak-Mrozek, 2012; Sharma & Blomstermo, 2003). Both the Uppsala and BG paradigms stress the role of networks in internationalization, and Banalieva and Dhanaraj (2019) state that networks are valuable strategic resources. The central idea is the importance of a firm's network position. Establishing networks, strategic alliances, or partnership arrangements is essential to compensate for a company's lack of resources (Cahen & Borini, 2018, 2019). Through networks firms can fill resource gaps to improve their market position (Johanson & Vahlne, 2009). Alliances allow risk-sharing and cost reduction while gaining access to new information and technologies. The network can help digital firms with market access, referrals, and overcome entry restrictions. Johanson and Mattsson (2015) see internationalization as a continuous process of building, developing, and maintaining relationships to achieve the firm's goals. Reuwer et al. (2013) define network theory as software ecosystems, driving market expansion, including market selection and entry mode. It is claimed that network connections can open new doors and bridges to foreign markets, allowing faster internationalization (Reuwer et al., 2013). Partnerships can have varying levels of knowledge, trust, and commitment (Johanson & Mattsson, 2015). According to Fernhaber and Li (2010), networking has a positive effect on internationalization. Since relationships mediate opportunities, networking stimulates internationalization by reducing risk and uncertainty (Oehme & Bort, 2015). Networking often occurs unintentionally and can help firms to learn, develop, and exchange ideas (Bruneel et al., 2012).

In this chapter, the network approach and its importance were introduced. In sum, chapter two provided an overview of SaaS and relevant internationalization theories. The next chapter will outline how further research is designed.

3. Research Design

In the previous section, relevant literature was described. The research design describes the research execution, informant selection, reliability, and validity, are presented. The research aims to understand how SaaS firms internationalize and to investigate what drives and challenges the expansion to Iberia. Given that this research is in a relatively new field, the study is exploratory in nature and a qualitative approach has been chosen. Qualitative research aims to create new ideas (Kuckartz, 2019). The research method is conducted in five steps, adapted from the qualitative research guide of Kuckartz (2019), and is illustrated in Appendix 2.

3.1 Research Execution

This section explains the interview guideline, why semi-structured interviews are used, and how informants are selected. Outlining the research execution is important for traceability and conformability issues (Halldorsson & Aastrup, 2003). This study used semi-structured interviews with open-ended questions to acquire data, comprehend a complex phenomenon, and to enable follow-up on participants' responses (Hsieh & Shannon, 2005). Carter et al. (2014) described in-depth interviews as one of the most powerful methods for exploiting subjects and generating rich information. The final interview guide (see Appendix 3) was updated after a test interview. Since interviews are semi-structured and open-ended, questions vary in each interview, aiding the study's explorative goal.

Following criteria was used to select interviewees: 1. Works for a company that a) sells SaaS solutions B2B, b) firm has internationalized to Iberia, 2. The Interviewee needs to be a) knowledgeable about the researched subject, b) have time to be an informant, and be willing to participate. In total, 19 companies were interviewed, four companies twice, resulting in 23 interviewees. The interviews took place between October and November 2021. According to Dubois and Araujo (2007), multiple informants lead to various perspectives, essential for understanding the subject and improving the research. Each interview lasted between 30 and 70 minutes, with an average of 51 minutes. Table 1 shows a list of all informants.

Table 1: List of Informants

Firm	Abbrv.	Firm Description	Position	No. of Employees	Origin of Firm	Interview Date	Interview Duration	Communication Medium
1	1A	SaaS productivity tool	CEO	11-50	Denmark	19.10.2021	40'	Zoom
2	2A	SaaS solution online review & presence management	Country Manager Spain & Portugal	201-500	France	19.10.2021	60'	Zoom
3	3A	SaaS learning platform	Head of Sales & Customer Success	201-500	Ireland	20.10.2021	50'	Zoom
4	4A	SaaS booking solution	Head of Internationalization	51-200	Germany	20.10.2021	60'	MS Teams
	4B		Head of Sales Europe			29.10.2021	40'	MS Teams
5	5A	SaaS smart business network	International Business Development Manager	201-500	Sweden	21.10.2021	60'	Zoom
6	6A	SaaS Sales management	Managing Director	11-50	UK	21.10.2021	40'	Zoom
7	7A	Cloud solution device connectivity to the internet	Sales Manager Southern Europe	2-10	Netherlands	22.10.2021	45'	Zoom
8	8A	SaaS provider of market analytics	Head of Data Solutions Iberia	51-200	USA	22.10.2021	40'	Zoom
9	9A	SaaS SEO Management Service	Co-Founder	11-50	UK	25.10.2021	45'	Zoom
10	10A	Cloud services	Sales Leader South EMEA	10.000+	USA	25.10.2021	70'	Zoom
11	11A	Multi Cloud quality management and governance tool	Senior Marketing Manager Global	11-50	UK	26.10.21	60'	Zoom
	11B		Business Development Manager			12.11.21	30'	Zoom
12	12A	Process mining & visualization	Vice President Global Center of Excellence	1001-5000	Germany	26.10.21	30'	Zoom
13	13A	Cloud Print Solutions	Global Head of B2B Marketing	10.001+	USA	27.10.21	40'	Zoom
14	14A	Consumer insights gathering process for digital market research	Business Development Manager	201-500	Sweden	28.10.21	60'	Zoom
15	15A	SaaS for testing-solutions	Enterprise Sales Director Southern Europe	1001-5000	USA	28.10.21	60'	Zoom
16	16A	Data cloud offering foundational platform for data in motion	Director Solution Engineering	1001-5000	USA	29.10.21	70'	Zoom
	16B		Regional Director			05.11.21	60'	Zoom
17	17A	HRM SaaS Solution	Senior Customer Success Manager International	1001-5000	Germany	02.11.21	40'	Zoom
	17B		Head of Southern Europe			19.11.21	30'	Zoom
18	18A	Virtual reality streaming software	Chief Sales Officer	51-200	USA	02.11.21	60'	Zoom
19	19A	SaaS business gaming solution	Business Development Manager	5.001-10.000	France	04.11.21	60'	Zoom

3.2 Reliability and Validity

This chapter assesses the reliability and validity of the research method. It is widely agreed that research methods should be objective, reliable, and valid (Kohlbacher, 2006). According to Yin and Campbell (2018), four tests are relevant to increase the reliability and validity of data, which are construct validity, internal validity, external validity, and reliability. Different tactics used to enhance trustworthiness of the data are summarized table 2.

Table 2: Reliability and Validity

Test for validity	Methods addressed
<p>Construct validity “Identifying correct operational measures for the concepts being studied” (Yin & Campbell, 2018)</p>	<p><u>Method triangulation:</u> Multiple sources of data collection about the same phenomenon are used (Carter et al., 2014):</p> <ul style="list-style-type: none"> - 23 <u>in-depth interviews</u> with informants from different companies, positions, industries, and countries are conducted. Multiple informants lead to a variety of perspectives, that is important for understanding the subject and improving the research (Dubois & Araujo, 2007). - Randomly selected were four firms interviewed double to prove if key factors are confirmed within the firm. In all four firms, this was the case. <p><u>Direct observation:</u> CC started its expansion to Spain and Portugal in October 2021. Team meetings were joined two times a week for two months by the evaluator where approaches, challenges, and obstacles in Iberia were discussed. Observing CC in the market helped to grasp the key factors of B2B SaaS internationalization.</p> <p>The benefit of direct observation is that people are more likely to behave naturally if they do not know they are being observed (Holmes, 2013).</p> <ul style="list-style-type: none"> - <u>Literature review</u> on internationalization theories. <p>A literature review is necessary to consolidate existing information, identify knowledge gaps, and assess how research could contribute to further understanding (Winchester & Salji, 2016).</p> <p><u>Data triangulation:</u> Triangulation is a qualitative research approach to assess validity (Carter et al., 2014). It was triangulated for firm-size and and origin of the firm, see Appendix 4.</p>
<p>Internal validity “Seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships.” (Yin & Campbell, 2018)</p>	<p><u>Different types of analysis used:</u></p> <ul style="list-style-type: none"> - <u>Pattern matching:</u> The results of the interviews are compared with empirical patterns to strengthen its internal validity. <p>The pattern-matching logic is one of the most desirables techniques in case study analysis (Yin & Campbell, 2018).</p> <ul style="list-style-type: none"> - <u>Frequency analysis:</u> Frequency shows number of occurrences and allows the researcher to have a glance at the entire data and to organize the data. - <u>Contingency analysis:</u> to determine if text elements are contingent upon other elements or have some connection (Mayring, 2014). - <u>Valence analysis:</u> to determine the attitude or emotion towards a specific topic (Mayring, 2014).
<p>External validity “Showing whether and how findings can be generalized” (Yin & Campbell, 2018)</p>	<p><u>Generalizability beyond the immediate study:</u></p> <ul style="list-style-type: none"> - Literature review and theory development are conducted before research - “How”-research question directly influences strategies used in striving for external validity

	- 19 different firms are interviewed to gain a broad perspective
<p>Reliability “Demonstrating that the operations of a study – such as its data collection procedures – can be repeated, with the same results.” (Yin & Campbell, 2018)</p>	<p>Reliability</p> <ul style="list-style-type: none"> - Interview protocol is developed and can be used by future researchers - Description of methodology to ensure transparency and repeatability, illustrating a chain of evidence - Transcription of interviews ensures transparency - Quotes from original transcripts are used in the text

3.3 Coding Procedure

The chapter explains how raw data is processed, within-cases and across-cases data analyses, inductive and deductive category applications, and shows the final coding. The first step is to transcribe and translate all interviews conducted. Theoretical insights are created using within-cases and across-cases data analyses, corresponding to first-order and second-order axial coding. Within-case data analysis enabled the emergence of low-level concepts from each interview before comparing them (Eisenhardt, 1989). Many academic researchers describe this as open coding (Saldaña, 2021). This was done right after each conducted interview and by going over the notes of each interview again to identify critical concepts related to the phenomenon researched. Next, the search for cross-case patterns takes place where the data needs to be viewed from various perspectives (Eisenhardt, 1989). This corresponds to the process of axial coding, which is the search for relationships between and within the first-order concepts (Strauss & Corbin, 1998). A pattern exists if at least three cases share comparable traits (Saldaña, 2021). The interview transcripts were analyzed repetitively to ensure that all essential themes are identified. The data is further explored with help of the function of ATLAS.ti word cloud, which can be found in Appendix 5. Finally, the software ATLAS.ti was used to code the interviews and to build categories, that will be in the center of the study.

Mayring (2000) identifies two ways to construct a category system of qualitative content analysis: inductive and deductive category application. Deductive category application uses already constructed, theoretically components related to literature (Kohlbacher, 2006). Additionally, new codes were inductively established that could not be coded according to the

initial coding scheme but were judged to be essential. Table 3 summarizes the themes, categories, codes, and category building methods. Inductive codes, which were added after the first analysis are indicated with asterisks (“*”). CC’s head of internationalization reviewed the codes before starting the analysis.

Table 3: Coding Scheme

	Theme	Category	Code
Key factors	Firm-specific factors	Customer-centricity*	Customer segment* Customer needs* Customer-oriented actions* Customer success*
		Entrepreneurship	Vision Entrepreneurial behavior Risk-taking behavior
		Organization	Teams Company culture* Reputation Goals & KPIs
		Knowledge	Experiences Knowledge Skills Learning & knowledge-sharing
		Product	Niche Positioning* Price* Product quality & innovation
	Factors Iberia	Challenges	Change* Competition Cultural differences Economy Language* Price sensitivity* Technology level* Sales cycle*
		Drivers	Adaptation* Trend of digitalization* Localization* Marketing* Networks Sales Story & nudging*
		Portugal & Spain	Similarities Differences Spain Portugal

In the coding scheme, 37 codes were identified. Those codes were merged into eight code groups: ‘Customer-centricity’, ‘Entrepreneurship’, ‘Organization’, ‘Knowledge’, ‘Product’, ‘Challenges’, ‘Drivers’, and ‘Spain & Portugal’. The codes were identified into themes ‘Firm-

specific factors' and 'Factors Iberia.' Firm-specific factors include elements that can be generalized. Factors Iberia were identified to drive and challenge internationalization to Iberia.

3.4 Data Analysis

This chapter explains basic techniques of content analysis and how they are used. According to Mayring (2014), there are three basic techniques of content analysis: frequency, valence, and contingency. Appendix 6 explains, where and why they are utilized. Analyzing code frequencies is a way of quantifying qualitative data. Frequency analysis can reveal patterns in qualitative data, and contingency analysis can show how contextual elements shape the phenomenon (Contreras, 2011). The current study uses ATLAS.ti's analysis tool to examine frequency. It needs to be taken into account that a quantitative approach ignores the unique quality of texts (Kracuer, 1952). Therefore, estimates are used to provide the reader with a trend and not to perform statistical analyses. All quantified results will be explained qualitatively by text and by using citations from interviews. Next, contingency analysis is part of Mayring (2000) qualitative content analysis that attempts to address inadequacies of quantitative content analysis by using a category system (Mayring, 2014). The objective is to find many contingencies to uncover parallels and build linkages (Mayring, 2014). The co-occurrence explorer detects co-occurrences when: (1) two coding quotations overlap or enclose each other; (2) two codes code the same quotation; or (3) the coefficient between two concepts shows how closely related they are (Contreras, 2011). Frequency of codes and co-occurrences related to firm-specific factors were analyzed to answer the first sub-questions. The frequency and co-occurrences with Spain & Portugal related to challenges and drivers were analyzed to answer the second sub-question. A valence analysis is done for digitalization in Iberia. Valence analysis connects interviewees' statements with a positive or negative association. The contrast between the positive and negative is used by researchers interested in emotions, motivation, learning, and decision making (Shuman et al., 2013) and can reveal vital information.

4. Results

The results are divided into two parts. First, firm-specific factors frequency and co-occurrence will be examined. Firm-specific can be generalized for the internationalization of SaaS. Second, factors that drive and challenge internationalization to Iberia, comparing between Portugal and Spain, will be examined.

4.1 Firm-specific Factors

This chapter covers firm-specific factors that were deemed important to SaaS internationalization. The frequency of each element is given and each sub-code, will be explained in detail. The highest measured co-occurrence with other sub-codes is shown. Table 4 summarizes the code frequency of firm-specific factors mentioned by interviewees in absolute numbers and percentage terms. In Appendix 7, the detailed frequency of each participant is shown. Organizational and product-related factors were mentioned the most. Organization, knowledge, and product were touched upon by all participants. All linkages of firm-specific factors are represented in Appendix 8.

Table 4: Firm-specific Factors

Firm-specific Factors						
	Customer-centricity	Entrepreneurship	Organization	Knowledge	Product	Sum
All interviewees N=23	170	117	225	287	259	1058
Percentage	16%	11%	27%	21%	25%	100%
No. participants	21/23	22/23	23/23	23/23	23/23	

4.1.1 Customer-centricity

The code group ‘customer-centricity contains all customer-related topics and was mentioned 16% (21/23) along with all firm-specific factors. This includes the following codes: ‘customer segment’, ‘customer needs’, ‘customer-oriented actions’, and ‘customer success’. Table 5 shows the frequency and co-occurrence of each sub-code.

Table 5: Code group - Customer-centricity

	# Mentioned	No. of participants	Highest Co-Occurrence	Coefficient
Customer segment	39	14/23	Adaptation Knowledge	0.12 0.12
Customer needs	49	16/23	Customer success	0.18
Customer-oriented actions	68	15/23	Customer needs	0.18
Customer success	47	17/23	Customer needs	0.15

First, 39 statements (14/23) identified that understanding who the customer is critical. It is different if selling SaaS to larger companies than smaller firms, how digitally advanced the firms are, and whether they already use SaaS solutions or even want to switch from a similar solution. Next, the person's cultural background should be considered. It was stated that Spanish and Portuguese customers are more emotional in their buying behavior than German or Dutch, for example. Customer segment co-occurred with adaptation and knowledge.

Second, it was identified 49 times (16/23) the importance of understanding customer needs. Each customer has different needs, and those needs need to be identified. *“Each customer is in a different stage and has different objectives. If your SaaS model has ten benefits, but only two apply to your customer, focus on those two, and not the other eight.”* For the Iberian market, it is easier to comprehend and translate consumer needs if you are from the same culture. By doing so, it can be counteracted against the price challenge in Iberia. *“If you solve a real solution, price is not going to be an issue”* and *“it's important that they see that you speak their language, not only the language, the native but also their language like you understand who they are.”* Customer needs co-occurred with customer success.

Third, it was identified 68 times (15/23) that it is critical to show value and develop trust with customers. *“Based on the customer’s needs, you have to adapt the way you sell the software.”* In Spain, people believe they do not necessarily need technology. In this situation, it must be ensured that clients realize the true worth of the software. It helps to demonstrate how the SaaS solution impacted and benefited other firms. It was suggested that a solid referencing system or a creative referral program should be established. *“You need to translate*

very well what goals the company can reach with the technology and what the benefits are.”

Customer-oriented actions co-occurred with customer needs.

Forth, continued customer success was found 47 times (17/23). In the SaaS environment, the customer bond is vital before and after you establish the contract for customer retention reasons. *“The attachment rate is a very hot topic in SaaS”* and *“the customer lifetime value is one of the most important metrics”* because company profits are exclusively based on subscriptions. *“If you're 1% profitable at 100 million per year, that's okay. But if you're 1% profitable at 1.000 million per year, that's a different story. And that's the game we're all playing”, “You have to make sure your customer bonds with the firm and with the product that they become experts of the product.”* In this sense, expectation management, asking for and implementing feedback, and strong onboarding were suggested to retain customers in Iberia. *“If your customers are attached to you, they refer you to others.”* The snowball system has proven to be successful in Spain. For the customer success team in Spain, it was advised to speak Spanish. Customer-success co-occurred with customer needs.

4.1.2 Entrepreneurship

The code group ‘entrepreneurship’ includes topics related to the entrepreneur and was found 11% (22/23) along all firm-specific factors. This comprises ‘vision’, ‘entrepreneurial-‘ and ‘risk-taking behavior’. Table 6 shows the frequency and co-occurrence of each subcode.

Table 6: Code group - Entrepreneurship

	# Mentioned	No. of participants	Highest Co-occurrence	Coefficient
Vision	16	17/23	Goals / KPI's	0.09
Entrepreneurial behavior	52	17/23	Skills	0.08
Risk-taking behavior	50	18/23	Knowledge	0.03

First, it was identified in 16 statements (17/23) that vision and strategic orientation influence the overall approach penetrating a country. Vision co-occurred with Goals/KPIs and was found to help achieve goals and build a company base quickly. *“Our top management team tells us every week what they want to achieve, and this helps.”*

Second, 52 statements (17/23) showed entrepreneurial behavior. *“You need to have an open mindset, to be able to recognize and capitalize on opportunities”, “the CEO is straightforward, transparent, forward-thinking, and ambitious. In terms of being forthcoming and transparent, he’s sharing information about the company, about himself, especially during the pandemic, how things were affecting him. He cares about us, a very personal approach. And all that translates into the rest of the company. You can see that on the growth that we have been having in all metrics, revenue, employees, countries.”* International experience was deemed helpful in entering new regions. Entrepreneurial behavior co-occurred with skills.

Risk-taking tendencies were observed in 49 statements (18/23). *“Appetite for risk makes the difference in SaaS”, “we need to behave as a company that can take risks because there are many unknowns and we operate at high speed” and “I believe is worthwhile risking and trying different things.”* Further, *“if you talk about the whole SaaS industry, the risk-taking mentality has always been high because you are creating things and identifying needs and wants and customer personas that weren’t there before.”* Further, risk-taking tendencies were found to be essential for employees. *“If you are the first employee in a new country, with all the missing structure and knowledge, and you are risk-averse, you are never going to be the right person”,* and *“you are never 100% sure that what you are doing is totally right.”* Some stated that their firms lack risk-taking behavior. However, it was stressed that risk must be calculated. *“Nobody wants to run the too risky things. This is self-interest” and “risk needs to be managed carefully to protect future revenue.”* Risk co-occurred with knowledge. *“You have to know what you are doing”, “I believe that our CEO has a good balance between measuring risk and feasibility as far as I’ve seen, he seems to know what he’s doing.”*

4.1.3 Organization

The code group ‘organization’ includes topics related to the firm and was found 27% (23/23) along with all firm-specific factors. ‘Teams’, ‘company culture’, ‘reputation’, and ‘goals/KPIs’ are included. Table 7 shows the frequency and co-occurrence of each subcode.

Table 7: Code group - Organization

	# Mentioned	No. of participants	Highest Co-occurrence	Coefficient
Teams	140	21/23	Experience	0.42
			Skills	0.34
Company culture	25	17/23	Team	0.14
			Customer success	0.10
Reputation	31	16/23	Customer success	0.03
Goals & KPIs	36	15/23	Customer success	0.26

First, the sub-code ‘teams’ was identified in 140 statements (21/23). The team must be adaptive in the SaaS context. *“Something that I think differentiates the success of SaaS firms is a team that is adaptable and has the right mindset.”* Additionally, diversity was deemed important. *“You kind of need diversity and that breadth of thinking”, “We are all from different backgrounds and cultures, and this helps”, “you need different characters, personalities, and cultures, you learn how things are done, and you can translate into your own country“ and “you do need a team that knows the market, whether they’re Spanish or not, it does not matter as long they know the market”, “In Spain, you need a local team, while in Portugal you can use an international team to run it.”* Firms reported to graft the needed knowledge by hiring the right people. *“Local people know just so much better how things work in Iberia than someone who has just read about it.”* ‘Team’ co-occurred with skills and experience.

Second, ‘company culture’ was 25 times (17/23) addressed. Transparency, agility, honesty, and openness were characterized as essential SaaS company culture traits. Open communication at all levels is highly valued. Flat hierarchies and no silos support this. *“We have a family culture. Everyone knows everyone, you can reach out to anyone, talk to the CEO, founders, and invite them for customer conversations.” “Company values must be aligned with everyday situations. This does not mean they are printed out on the wall. For me having that connectivity between what we say and what we do is fundamentally healthy”.* A feedback culture is highly valued to improve constantly. *“We give feedback across boards. I give feedback to my manager, and my managers give it back to me. This helps in such a fast-paced environment.” “Culture influences a lot because it is linked to purpose. And purpose is related*

to the teams. When we go into a market, our purpose is to make it successful, and what happens from a productivity context, it's a huge difference when somebody is purpose-driven.”

Third, ‘reputation’ was identified in 31 (16/23) statements. In Iberia it is often sold based on trust, and a good reputation helps to build a customer base. *“If you are a no-name in Spain, no customer base, no references, nothing, you cannot compete. It is going to be very difficult”, “If you're a senior decision-maker and you have this fancy extra powerful but brand new and never tested technology, and you have IBM that is offering you a legacy product for the same price. You know what? If you buy the new and you fail, you're out.”* Online product reviews, star ratings, and customer recommendations can enhance SaaS lead generation and sales.

Forth, 36 (15/23) statements specified ‘goals and KPIs’. *“If you cannot measure it, you cannot improve applies in SaaS.”* Unlike traditional software firms, SaaS firms make money by the lifetime of the customer. Important KPIs mentioned are Lifetime Value of a customer and Cost to acquire a customer. *“You have to acquire, keep and monetize the customer”* and *“if a consumer is happy with the service, they will stay, increasing the profit margin. If a consumer is dissatisfied, they will leave, and the business will likely lose money on the acquisition cost.”* KPIs differ depending on the entry stage. *“In the short term, acquisition and implementation figures are important to build a customer base. In the medium and long-term, you also have to measure how profitable those customers are and their retention.”*

4.1.4 Knowledge

The code group ‘knowledge’ was mentioned 21% (23/23). This includes ‘experiences’, ‘knowledge’, ‘knowledge sharing’, and ‘skills’. Table 8 shows the frequency and co-occurrence of each subcode.

Table 8: Code group - Knowledge

	# Mentioned	No. of participants	Highest Co-occurrence	Coefficient
Experiences	77	21/23	Skills	0.08
Knowledge	110	22/23	Customer needs	0.12
Knowledge sharing	50	21/23	Knowledge	0.11
Skills	80	20/23	Company culture	0.13

First, 'experiences' were identified 77 times (21/23). *"No doubt that all our knowledge begins with experience."* Among most participants, international, market, and tech experiences were highlighted. *"When you're creating a strategy, there is this understanding needed of how a customer's mindset in the market works. It becomes hard in tech to advance without market experience", "it is crucial to have market experience to be close to a market and understand different aspects like compliance, local insight and that you don't lose sight of what matters", "Your experiences teach you how to approach things."* Experience co-occurred with skills.

Second, 'knowledge' was identified in 110 statements (22/23). *"Knowledge is power."* Knowledge was reported to be key for internationalization in various fields, but most importantly, about the market. *"You need to know the market, and this is something about doing research."* It was also stated that market knowledge increases over time by making experiences and learning-by-doing. Knowledge co-occurred with customer needs.

Third, 'learning and knowledge sharing' was identified 50 times (21/23). Learning and knowledge sharing is critical in SaaS since the environment changes rapidly. It is essential to share information with the team constantly. Participants mentioned that regular team meetings, slack, internal platforms, and an open-door policy are needed. *"I think knowledge sharing is key to break silos that traditional companies might have and share as much as we can", "we discuss lessons learned from each deal, we document it, we share it and communicate it to everyone, we try to find what patterns are going on. And I think that helps helped us scale."*

Forth, in 80 statements (20/23), 'skills' were identified. *"There is an endless list of important skills to possess, however, if I highlight one in SaaS internationalization, I say its flexibility together with adaptability. SaaS business is a changing one. You must adapt and evolve. That compared to other industries is very different". "The most important skill to be successful in a fast-growing or IT company, is to have good emotional intelligence and what I mean by good emotions, maneuver and manage the ecosystem, understand what your manager wants, your customers and your partners."* Next, curiosity, reflection and confidence were

mentioned among participants. *“It requires to have confidence in yourself. But also the ability to question yourself at the same time. This can be contradicting qualities. Because if you're sure you have the right capabilities, you don't question yourself, but if you don't question yourself, you don't progress fast enough.”* Further, *“you need to question yourself in finding ways of doing things better and more productive. And that is, I think, one of the fundamental skills in SaaS environments.”* Next, it was stated, *“you must make decisions with an amount of information that is not perfect. It requires you to feel comfortable in uncomfortable situations.”* Analytical skills are necessary. *“Our core is about reporting, data analysis, and strategic decision making.”* Skills co-occurred with company culture.

4.1.5 Product

The code ‘product’ covers all product-related aspects and was mentioned 25% (23/23) along with all firm-specific factors. This contains ‘niche’, ‘positioning’, ‘quality of product /innovation’, and ‘price’. Table 9 shows the frequency and co-occurrence of each sub-code.

Table 9: Code group - Product

	# Mentioned	No. of participants	Highest Co-occurrence	Coefficient
Niche	20	9/23	Customer needs Quality of product / Innovation	0.06 0.05
Positioning	63	16/23	Customer needs	0.09
Price	145	22/23	Competition Adaptation	0.12 0.11
Quality of product / Innovation	50	17/23	Competition Customer success	0.07 0.07

First, it was mentioned 20 times (9/23) being in a ‘niche’ helps in SaaS. Competition can be intense and being in a niche helps to differentiate since clients can be better targeted and company needs met. Niche co-occurred with customer needs and the quality of the product.

Second, ‘positioning’ of a product came up 63 times (16/23). The product should solve a specific problem and be presented in that way. Positioning co-occurred with customer needs.

Third, ‘price’ was mentioned 145 times (22/23). Pricing was cited as a difficult task. On the one hand, *„if you have a price for a reason, which is the worth and value of the software,*

you have to maintain that in different countries.” It was pointed out the channel conflict, where companies in different countries will buy from the cheapest division if prices differ across countries. On the other hand, especially, when a country is newly entered, offering cheaper prices helps build a customer base. However, pricing should be very well considered *“from startup to scale up, you need to start charging reasonable prices. And this happened to us, internally they had to do a price version update and inform all customers that our price drastically changed. This was a very difficult task.”* Iberia was rated as price-sensitive, more about in chapter in 4.3.6. Price co-occurred with adaptation and competition.

Fourth, ‘product quality and innovation’ were highlighted 50 times (17/23). It’s vital to have a product that constantly improves, fixes bugs, and adds new features. *“Every day, there will be new features available, you see that there is always a competitor who has an extra feature.”* *“We have a feature request process where every employee and manager fill out a form which is forwarded to the product team to consolidate feedback.”* It was argued that *“at the end of the day firms request a quote and then you must provide some pricing features that the company will compare against competitors, and the best software will win. This is something you don’t want to go in. Try to focus on the value you offer.”* For Spain, it was said that *“you do not even need to have the best product ever, if you are approachable as a firm and provide a personal approach to your customers and establish a relationship that goes beyond the professional relationship”*. The Spanish, according to another interviewee, tend to take a *“good enough approach”* and ignore quality. Finally, the ease of use was important, too high-tech firms have difficulties explaining their software and features. Quality of product co-occurred with competition and customer success.

The chapter summarized generalizable firm-specific factors of SaaS expansion. The next chapter examines factors driving and challenging internationalization to Iberia.

4.2 Factors Iberia

This chapter focuses on factors that challenge and drive internationalization to Iberia. First, a frequency analysis of Spain and Portugal, and Iberia as a region is done to consolidate differences within the region and to compare if it is focused on Iberia as a region or if one country occurs more frequently. Table 10 shows that Iberia as a region was identified in 106 statements. The countries Portugal and Spain were mentioned 245 and 519 times respectively. This compares to 12% for the area and 88% for mentioning a single country. However, it should be noted that Spanish & Portuguese speaking, and Spaniards & Portuguese are included, but the terms “Iberians” or “Iberian language” do not exist. By default, each country is discussed separately. However, the results show that it should be examined separately each country. Second, two-thirds of the discussion focused on Spain, and one-third on Portugal.

Table 10: Frequency Portugal / Spain

	Spain	Portugal	Iberia
All Interviewees N=23	519	245	106
Percentage	60%	28%	12%
Percentage: Portugal & Spain	67%	32%	/

The key distinction is that Spain is a bigger market than Portugal. *“In Portugal is not enough opportunity”* and *“Portugal is less favored compared to other markets, just because it is a smaller market. In SaaS your goal is to scale”*. Portugal has a population of 10,2 million people, whereas in Spain the population is 46,7 million (Statista, 2021d). *“I would say Portugal is not large enough to establish an office for a number of reasons. First, because you don't have the expertise in terms of engineering, the country is small. And people in Portugal are willing to move to Spain”* On the other hand, it was stated that *“in many companies Portuguese reports to Spain. But it is something that sometimes doesn't go well. The companies that I know that are successful in Portugal, give a lot of space to Portugal to be run independently. You cannot treat Portugal as Catalonia.”* Another interviewee indicated that for example, Microsoft uses Portugal as a testing ground for new products because it is a market with a moderate size. *“Aside*

from the market and the business demands there are cultural differences. The pace of it is very different. I think that's the unique thing about the regions, each country works in a different way, culturally, as well as obviously language, and the way of doing business.”

To understand prevalent differences within Iberia, co-occurrences of all drivers and challenges in Spain and Portugal are calculated and illustrated in table 11.

Table 11: Spain & Portugal / Drivers & Challenges

		Portugal		Spain		Difference coefficient
		Absolut Co-occurrence	Coefficient	Absolut Co-occurrence	Coefficient	
Drivers	Adaptation	29	0.08	76	0.13	0.05
	Localization	41	0.13	77	0.14	0.01
	Marketing	29	0.10	62	0.12	0.02
	Networks	37	0.09	105	0.16	0.07
	Sales story & nudging	60	0.16	139	0.24	0.08
Challenges	Change	14	0.04	41	0.07	0.03
	Competition	49	0.13	104	0.18	0.05
	Cultural differences	79	0.28	116	0.22	0.06
	Economy	45	0.16	112	0.23	0.07
	Language	42	0.10	182	0.35	0.25
	Price sensitivity	38	0.11	61	0.10	0.01
	Technological level	34	0.11	75	0.14	0.03
	Sales cycle	23	0.08	34	0.06	0.02

The main differences between Spain and Portugal read in table 11 are the following. In general, the coefficient for drivers and challenges is higher in the Spanish context, except for culture, price sensitivity, and sales cycle. This may suggest that in Portugal culture, price and sales cycle are more relevant. Further, the highest difference in coefficient between Spain and Portugal lies in language, sales story, and networks. This indicates that interviewees talked about those in the Spanish context more frequently than in the Portuguese context. Each challenge and driver will be explained in detail.

4.3 Challenges

Table 12 summarizes the challenges identified, both in absolute numbers and percentage terms. ‘Language’ and ‘competition’ occurred most often; ‘change’, ‘language’, and ‘price sensitivity’ was stated by most participants. Each challenge will be explained in detail.

Table 12: Frequencies Challenges

	Change	Competition	Cultural differences	Economy	Language	Price sensitivity	Technology level	Sales Cycle
All interviewees N=23	131	179	120	84	181	145	98	51
Percentage challenges	13%	18%	12%	9%	18%	15%	10%	5%
No. of participants	22/23	21/23	21/23	18/23	22/23	22/23	18/23	15/23

4.3.1 Change

‘Change’ was identified in 131 statements (22/23). Rapid technological change are affecting SaaS firms. *“In SaaS there is only one thing that is certain, and this is change”*. Markets, competitors, regulations, revenue, and most significantly, the firm itself changes. *“The major thing when you expand is, you are growing as a firm and the challenge that comes with rapid growth is a loss of visibility”*. Participants reported continuing internal changes of roles, titles, people, reporting lines and firm size. *“They changed my reporting lines; they changed my priorities. Five times. And then this one is coming. But in January, we are restructuring the organization again. When I joined, there were 500 people, now we are around 1400. In two years and a half, it multiplies by two and a half. It's just crazy”*, *“When growing, the hardest thing is maintaining the company culture”*. When a new country is entered, you must adapt to the change. *“Here it does not matter if its country X or Y, but you have to go with the change”*, *“If you are entering Spain you have to be prepared to make yourself flexible. Spain is going to change and your firm too”*, *“The market changed fast, and it will change even faster. If you are not close to the market and seeing what is happening in the local inside, you will miss the boat, and you will be too slow to react and create a strategy to respond.”*

4.3.2 Competition

‘Competition’ was mentioned 179 times in interviews (21/23). The SaaS market is considered competitive. *“Competition between SaaS firms is happening, and it is huge because everybody wants to be the biggest”*. However, not every competitor is a tech competitor, and this applied to Spain. *“If you take all SaaS databases together, that's roughly 15% of the database market. The real competitor is not those technologies competing with each other, the real competition is the people that have millions of databases stored by themselves”, “the competitor doesn't need to be somebody who sells the same thing as you, it needs to be somebody who solves the same problem you solve”*. Thus, the biggest competitor in Spain was for one firm a paper and pencil, another said it is simply Excel. In Portugal, however, interviewees reported that there is more tech competition. *“For me it's surprising, there's a lot more competition in Portugal compared to Spain. It's like a more mature market. One of our main competitors, they don't exist in Spain, but in Portugal. And another competitor, they started with a team of 6 or 7 salespeople in Spain, and they basically closed their office two weeks ago and they are doing great in Portugal. I think one of the reasons is that lots of companies in Portugal are from another country.”* Further, you can learn from competitors and other SaaS firms. *„There are 1000s analysts way smarter than me in AWS, Microsoft and Google. Opening a cloud region is a huge investment. They open the region only when the market is ready to make it profitable. Every time there is an announcement, that AWS is opening a new region, I know for sure there is opportunity.”*

4.3.3 Cultural Differences

‘Cultural differences’ were identified in 120 statements (21/23). Participants agreed that understanding the culture of the nations you operate in is critical and that Iberia is distinct from northern Europe. Many similarities were noted between Spain and Portugal. *“I think they're similar, and they're both conservative”, “People like proximity. Cultural proximity relationships”, “Probably the main thing is that customers buy based on trust a lot and when*

people are loving a product, they will like to do proof of concepts, while in other locations they do more acquisitions by based on return on investment and other things. And we are more passionate. I believe in Spain and Portugal people are more red hot-blooded, I mean more passionate.” It was said it makes it easier for a salesperson to be from the same cultural background. “In Spain, it's almost impossible to get a British or French person selling in the country. We want to talk to locals”, “I would say globally it can work to sell from a different culture. But in Spain and Portugal, customers tend to bond more with each in comparison to the Netherlands or Germany. Because in the Netherlands in Germany, decision making is less emotional, more practical and stakeholders will evaluate whether the solution meets the requirements 100% or not. Whereas in Iberia, there is a pragmatic side of things, but also there is the emotional bond. If the customer really likes you or your service, then it's very likely that they pitch internally even if the product doesn't fit 100%.” “I think before Covid, one of the keys to being successful selling in Spain was doing face-to-face meetings. And we found something similar in Portugal as well they're reticent to make a purchase without knowing you. Face-to-face in an actual physical environment. And now thanks to Covid, that's kind of changed like globally as being like, and now you can close deals just on zoom.”

4.3.4 Economy

‘Economy’ came up in 84 statements (18/23). *“There is an economic history”*. Firms still felt the effects of the 2008 crisis and from Covid-19. *“The biggest challenge is to recover from the pandemic, to grow again and to stabilize the business because we come from very bad figures, so the challenge is to recover.”* *“In Spain and Portugal, it is not that they are going to invest all the money in software.”* However, it was stated *“especially after the pandemic firms need to become profitable again and grow, and to grow they have to invest in technology, to invest in inefficiency, and they need to invest in automation”*, *“In Spain right now, I'd say, the economy is a challenge for sure. Of course, Covid affected the business. It slows things down, that's true on one side. Very true on the other side, of course, the digital basis gained. There is*

a negative trend on the economy, there is a positive trend about digitalization and tech businesses start growing again.” “Now in 2021, there's a new mindset, and things really start again. This year, we've managed to have incremental growth and exponential growth in the Spanish market.” It was said that “covid is a double-edged sword” and tech businesses could profit from it. The Spanish market was rated attractive for SaaS since there is much opportunity. “I would say it is very attractive in terms of market potential and MRR potential, monthly recurring revenue. Compared to Germany for example, by looking at the percentage of market potential, you need to steal from competitors. And that can be more difficult. I would say that Iberia is one of the hotspots to penetrate if you're working on SaaS, definitely.” Another interviewee said “I would say that SaaS software in general, is only 40% deployed in the market. You have capacity to grow. And I would say that each time the market opens up more because old generations are leaving, and new are coming.”

4.3.5 Language

‘Language’ occurred in 181 statements (22/23). In Spain, language was considered to be prevalent in terms of sales and customer success, compared to Portugal. *“I would say the only very significant difference is language. Otherwise, Spain and Portugal are as different as Germany and the Netherlands. It is an overlapping culture”.* Whereas, in Portugal, the local language is not considered as too important, in Spain *“the language is a key factor to succeed”.* *“People in Spain don't really speak English to a level generally, where they can do business or implement a complex solution. Portugal is different, they're sometimes bilingual, because of the lifestyle, their upbringing, even the TV. I would say that helps.”* It was reported, *“100% of the customers we have in Spain were acquired by a Spanish speaking person.”*

4.3.6 Price Sensitivity

‘Price sensitivity’ occurred in 145 statements (22/23). *“What I noticed is that SaaS solutions are quite on the expensive side for a lot of Spanish and Portuguese companies.”* Iberia is a price-sensitive market. *“They choose the cheapest solution and think this is good enough.*

And then three to six months or one year later, they come back and say, hey, let's talk again because the solution was not the right solution. I sometimes wish that we as the Spaniards will have a better understanding of what it takes to deliver a good solution and a good service. And that it has a price". Anyhow, firms tend to adjust their price in Spain and Portugal. Especially, when a country is newly entered, offering cheaper prices helps build a customer base. However, pricing should be very well considered *"from startup to scale up, you need to start charging reasonable prices. And this happened to us, internally they had to do a price version update and inform all customers that our price drastically changed. This was a very difficult task."*

4.3.7 Technology Level

'Technology level' was identified in 98 statements (18/23). Companies in Spain are less technologically advanced than in Portugal. *"Some firms in Spain simply do not want to follow the technological trend and do not want to move to the cloud."* However, this is going to change in the future. *"Covid slowed things down, on the other side, of course, the digital basis gained. There is a positive trend about and tech businesses start growing again."* *"Every time we launched a new product, Portugal was quicker in adopting new technologies. I would say Portuguese companies are more early adopters than Spanish companies. And I can explain that. Portugal is smaller and it's easy to adapt when you try new things. We don't have many global Portuguese companies, whereas the Spanish companies are mainly global companies, so they need to be more careful when adopting new technologies. The big difference is that Portugal adopts new technologies quicker, but then they don't grow a lot. Spain is the reverse. They take more time adopting new technologies, but when they adopt it, they make it part of their backbone and use it to the maximum."*

4.3.8 Sales Cycle

'Sales cycle' was identified 51 times (15/23). It was reported that in Spain and Portugal the sales cycle tends to be longer. People need more time to decide and want to build a relationship and trust. *„The sales process can be longer in Spain because it takes longer for the*

sales reps to educate leads. But then the demands and requirements that customers come with are based on their processes, not on what they had in the previous SaaS solution. Sometimes this is much healthier for the customer generally. And then if the sales cycle is a little bit longer because they come to you with their real needs, not with, oh, we have this thing and we want exactly that. I would say from a customer's success standpoint, it's easier for us in Iberia, from a sales standpoint, it's harder because it takes longer to educate people.” It is more time needed to communicate the use case and true value to potential clients. *“To give you an idea, our sales cycle is like, between three and six months is like very high touch, we need to have a lot of communication, building rapport and confidence.”* Due to the price more touchpoints from sales and marketing are needed before the customer is ready to buy. Especially when entering the market, the sales cycle tends to be higher, since the product is not well-known yet.

In summary, this chapter focused on challenges within Iberia, while the following chapter will focus on elements driving internationalization to Iberia that mitigates challenges.

4.4 Drivers

Table 13 summarizes drivers identified, both in absolute numbers and percentage terms. ‘Networks’ and ‘sales story/nudging’ occurred most often; ‘adaptation’, ‘networks’ and ‘sales story/nudging’ were stated by most participants. Each driver will be explained in detail.

Table 13: Frequencies Drivers

	Adaptation	Localization	Marketing	Networks	Sales story & Nudging	Trend of Digitalization
All interviewees N=23	133	119	75	223	260	98
Percentage	16%	14%	9%	26%	23%	12%
No. of participants	21/23	19/23	15/23	21/23	22/23	20/23

4.4.1 Adaptation

‘Adaptation’ was identified as a driver in 133 assertions (21/23). *“Every company is different. Every contract is different. You cannot have a one size fits all software service”, “I am working for 6 years in the SaaS environment. And I tell you the most important thing is to*

be adaptable". Many interviewees agreed that the more adaptability the better in Spain. "You must adapt to the country because needs are usually different, and people are", "Adaptation is so important, however, there are some companies they do not take time for it. They think they do not have to adapt because it's a technology good. But then in the end they fail". However, not everything needs to be adapted: "When you're managing 140 countries, it must be something for the greater good, you won't be able to create something very individual for every market. Okay, so it's at I would say 80% global, 20% market." Further, "you do not have to adapt your software, but you have to adapt the way you are selling it". There are different levels of adaptability across countries. "There is a tendency that you have to adapt less to the Portuguese than to the Spanish", and "for my Portuguese customers, I always deliver my service in English. I don't think it would matter if I was Spanish or Portuguese or anything, they don't really care".

4.4.2 Localization

'Localization' was identified in 119 statements (19/23). It is important to localize activities to the market and this starts with the sales team. "What we have is in each of the markets, we have people, sales teams, marketing people, that will then take care of localization. We would create a global master from a strategy or continent, whatever it is, that can be easily adapted in the market while keeping all of the global brand attributes that we want." However, it was recognized a difference to Portugal. "You have to adapt less to Portugal. For example, Portugal, the level of English is very good compared to Spain. In Spain, you really need to have a local team while in Portugal, you can use x international teams to run it." Localization is important in terms of the legal, it was reported that there are a lot of troubles within SaaS. "There will be a big barrier if the product is not localized. Or even the legal is not localized."

4.4.3 Marketing

'Marketing'-related topics were identified in 75 statements (15/23). Since the SaaS product space is very competitive and that is going to increase, it is critical to find a way to find to distinguish from the crowd. „In Spain there needs to be high investment in marketing,

because it's very difficult for sales to cold call and sell a solution that nobody has heard of.”

Because SaaS products are intangible, they require a different strategy than physical goods. *“You need to be aware of what are the market needs, what and who is your target market, where do they move, where do they attend?” “SaaS products are often complicated and feature-rich, Iberia needs a marketing plan that is appealing and educational.”* The marketing strategy should reach long-term customers. Unlike other industries, SaaS businesses must maximize marketing efforts once a customer is acquired. *“Marketing for SaaS should focus on digital channels and content marketing”.* Content marketing involves publishing high-quality content on the website that is relevant to the target audience, which includes content tailored to Spain and Portugal. Digital channels should use SEO and Paid Search Ads. Referral marketing was recommended for the Spanish & Portuguese B2B market. This includes getting current customers to recommend the service, both privately and publicly, for example on LinkedIn. This will improve qualified leads since trust is built for the service. A referral scheme with incentives or benefits like price reductions or more features was advised for the Spanish market. *“In the Spanish region, the last quarter, I had one customer who performed five reference calls. This means somebody who's happy with your service talks to a lead who is unsure. We offer this so they can transparently speak about what they are experiencing. And that helps and adds that extra level of confidence that you have when you're not well known in the market yet.”*

4.4.4 Network

‘Network’ was identified in 223 statements (21/23) and was rated by all participants as fundamental. *“I think the network is one of the most important things in entering Iberia. It’s very important to have a good network, build good relationships”, “Okay the first thing is to get the partners sorted. Without that level of sales partners in the beginning, you're not going to get a faster pipeline. Because otherwise, you're going to spend a lot of money on marketing events. And other means are going to be expensive, whilst you hire good talent that already has a good network of our size.” “We may start with partners first. And then a year later, once*

we've got some traction with some of the partners, we bring in a sales manager, sales leader over there, and then they're working with existing partners.” “Partnerships are extremely, extremely important.” Some interviewees suggested channel partnerships to scale and grow. *“There is a difference if you sell directly, or you sell through partners. If you sell through a channel, then what is for sure is that every country in Europe has its own structure. The channel partners that you will have in Spain is different than in the UK, or in France, you will have different type of profiles, different type of people, the different types of companies that help you as a channel to reach out to your end-user.”*

4.4.5 Sales Story / Nudging

‘Sales Story/nudging’ was identified in 260 statements (22/23). How you sell the software makes a difference in Iberia. Engaging with customers in a meaningful way by building trust, credibility, and rapport and by telling a value-based story, makes a difference. *“You have to adapt how you sell your product”, “It is not only communication, you need to go one step beyond and adapt to that exact customer. It's the key is to make that translation between technology and business world to each customer”, “Most SaaS businesses fail because they are simply not solving any existing problem in Spain.”* Salespeople should always be focused on the customer, curious about their difficulties, and listen actively. The value-based story should be based on that. For that confidence, empathy and authenticity are essential. Additionally, *“you need to understand very well the solution, the architecture of the solution. And you need to translate very well, what are how you can enable this customer with your technology to bring them the goals “.* Next, since in Spain most people come from no solution at all, the process is different than in more advanced countries.

4.4.6 Trend of Digitalization

‘Trend of digitalization’ is a driving force in the ever-changing world and occurred 98 times (20/23). However, as Spain and Portugal are not as digitally advanced as other European

countries, it can be seen as a driver or challenge. It was done a sentiment analysis for digitalization in Iberia. Table 14 shows that positive sentiments outweigh negative ones.

Table 14: Sentiment analysis Digitalization

	Negative		Positive	
	Absolut	Coefficient	Absolut	Coefficient
Digitalization	7	0.01	47	0.08

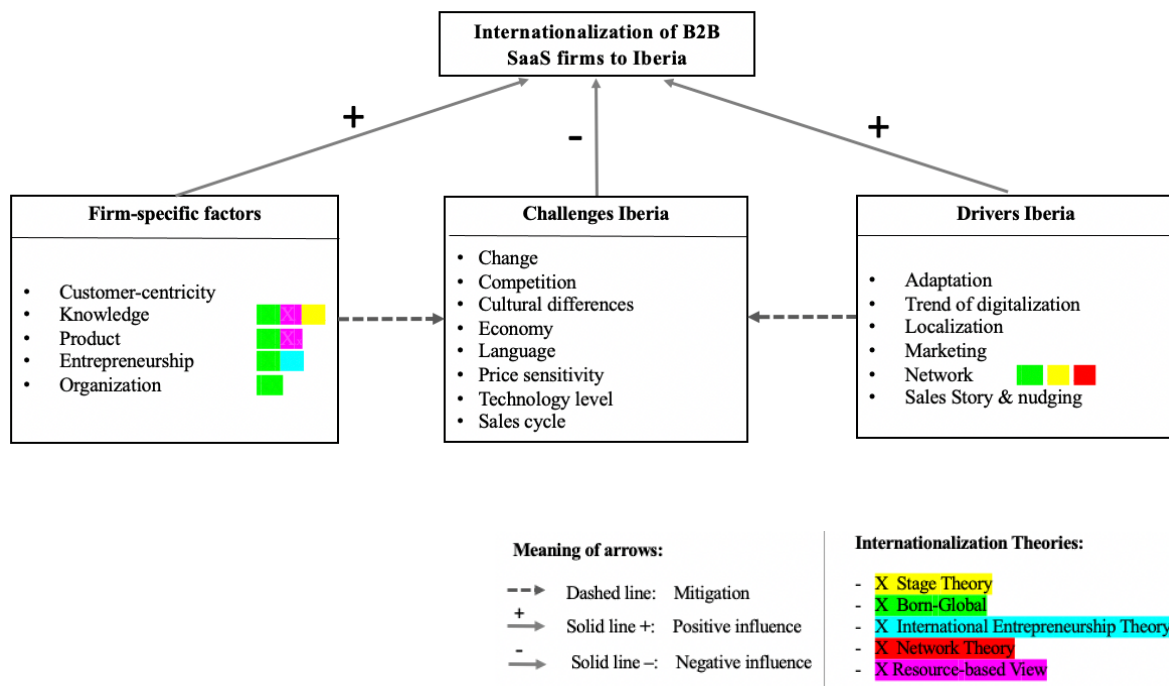
Interviewees reported that digitalization is evolving due to covid. *“Covid was a double-edged sword”, “I mean, the recovery from the pandemic will be digital”, “There is no other way. We became very digitalized through the pandemic, and it is the future.”* However, *“it is about finding a way to show the Spanish how they can take advantage of SaaS. There is so much, the cloud can do for any business. SaaS really has many advantages, and this is true for every industry”.* *“There is a positive trend about digital transformation. But I'd say that that's a challenge. And now the challenge is to let customers understand that our business model of a subscription is a valid one. And our challenge is to convince them. We're working towards making them realize it's a must to have a testing company. It's not a nice to have. It is a must-have.”* However, the region needs be ready. *“If you open a new region and that will fail, it will fail because the mindset of the market to use that technology is not powerful enough”, “If you have very good product and very good prices points, something new, something in the high end of the market, nobody wants to go in a less mature market, everyone wants to sell to the top.”* On the other hand, in the less mature markets, there are less competitors around you.

In brief, this chapter presented firm-specific factors that affect internationalization of B2B SaaS firms. Main challenges and drivers entering Iberia were explained. The main differences between Spain and Portugal lie in country size, language, adaptation, localization, level of digitalization, and sales story/nudging. The next chapter will discuss the results.

5. Discussion

The purpose of this study is to examine how B2B SaaS firms successfully expand into Iberia to further grow and secure its market position. This chapter will discuss the findings from the research that contribute to answering the research questions: a) *Compared to existing theories, how are B2B SaaS firms internationalizing their activities?* b) *What key factors challenge and drive the internationalization of B2B SaaS firms to Iberia?* The findings of the study are depicted in Figure 1. Internationalization of B2B SaaS firms is positively influenced by drivers and firm-specific factors, but negatively by challenges. Challenges are mitigated by firm-specific factors and drivers. The figure shows how literature contributes to the findings.

Figure 1: Conceptual Model



5.1 Internationalization of B2B SaaS Firms

The study's finding is that SaaS businesses adopt components of different approaches and theories complement each other. Previous studies found the BG phenomenon in the software industry (Ciravegna et al., 2009; Dib et al., 2010; Wren & Gabrielsson, 2011), and this tendency is also seen in the case of SaaS firms. For BG's and SaaS knowledge, the product, entrepreneurship the organization, and the network are of utmost importance. However, BGs

frequently penetrate distant marketplaces and countries simultaneously and view the world as one market (Cavusgil & Knight, 2015). Adaptation and localization are important for SaaS firms' success. It is advisable not to rush into every market at the same time. Additionally, a BG must have an international focus from the beginning, to be considered as BG. However, SaaS firms do not always start out global. Along with BG, SaaS has elements of stage theory, network theory, and IET. Stage theory proposes that firms gradually internationalize based on market knowledge and commitment, initially focusing on local markets before expanding to distant markets. This is only true to a certain extent for SaaS businesses. To make quick decisions and stay ahead of competition, SaaS firms are expanding into nations with different languages, cultures, and business practices, and SaaS companies are known for their agility. In the next part, each firm-specific factor is discussed, and propositions are formulated.

5.2 Firm-specific Factors

Customer-centricity: Customer relationships are crucial in SaaS services and impact internationalization success. Customer-centricity includes knowing the customers, anticipating their requirements, building trust and value, and focusing on their continued success. Customer-centricity mitigates challenges including competition, economy, longer sales cycle, and price sensitivity. Customer-centricity leads to greater financial performance, loyal customers, allows enterprises to gain a competitive advantage and is a must for 21st-century business success (Shah et al., 2006). The following proposition is formulated:

Proposition 1: *Understanding who the customer is, identifying needs, creating value, and an ongoing focus on customer retention have a positive influence on SaaS firms' internationalization performance.*

Knowledge: Experiences, knowledge-sharing & learning, and skills were determined to be particularly significant in SaaS internationalization. In the stage theory, knowledge is an essential factor in internationalization (Johanson & Vahlne, 1992). According to Johanson and Vahlne (1977) a company's internationalization depends on its global experience and market

understanding. For SaaS, it was discovered that knowledge increases over time through experiences and by learning-by-doing. The BG paradigm emphasized the importance of common team knowledge (Dib et al., 2010). In SaaS, team learning and knowledge sharing is crucial due to frequent change. Internationalization requires learning about new and unfamiliar external and internal aspects (Eriksson et al., 2015). The ability to unlearn and replace obsolete perspectives, methods, and procedures is essential to grow and adapt in fast-paced environments like digital businesses, where radical innovation is required and organizations expand globally (Forsgren, 2001). According to RBV, since digital businesses have fewer physical resources, they must rely on intangible assets like information and experiences to compete (Brouthers & Hennart, 2007; Zahra & George, 2017). The following proposition is formulated:

Proposition 2: *For SaaS firms' internationalization, intangible assets such as knowledge, experiences, skills, and knowledge-sharing are necessary to constantly develop and adapt to new environments.*

Product. The quality of the product and innovation, positioning, price, and operating in a niche was found to be helpful in SaaS internationalization. In the BG paradigm Knight and Cavusgil (1996) state that product quality and innovation are important factors in worldwide success. Like BG, it was found for SaaS that a niche strategy helps for internationalization success, however, it was not stressed as a must-have. While SaaS firms tend to have fewer physical assets, a focus on product quality and innovation have been determined to be critical in internationalization according to RBV. The following proposition is formulated:

Proposition 3: *For SaaS firms' internationalization, product quality, innovation, price, and being in a niche enables the company to gain a competitive advantage.*

Entrepreneurship: Entrepreneurial behavior, vision, and risk-taking behaviors have been identified as critical components in SaaS internationalization. This is in line with IET, which states that entrepreneurial knowledge, expertise, and abilities are valuable resources that are typically rare and difficult to duplicate (Dib et al., 2010). Decisions are based on the

entrepreneur's overall strategic vision, as well as the strategic fit between the firm's service offering and the needs of various regions (Zahra & George, 2017). Entrepreneurial and risk-taking firms are more effective in internationalization because they can better capitalize on opportunities (Andersen, 1993). Risk-taking was rated to be essential in SaaS internationalization due to many unknowns and a changing environment. Client profiles that have not been there, need to be identified. The stage theory shows the opposite, firms only export if their domestic market is robust and risk is low (Korl et al., 2016). In SaaS, risk-taking entrepreneurial firms may gain a competitive advantage over risk-averse service providers since internationalization is involved with risk-taking, and many critical decisions are made

Proposition 4: *Entrepreneurial behaviors, such as the willingness to take risks and a strategic vision have a positive influence on SaaS firms' internationalization performance.*

Organization: Organizational attributes, such as teams, company culture, reputation, and goals & KPIs are relevant in SaaS internationalization. In digital internationalization, technology and human capital are necessary according to of Banalieva and Dhanaraj (2019). In SaaS local, adaptable, and diverse teams were found to drive internationalization. Essential characteristics of company culture in the SaaS environment were described as transparent, agile, honest, and open. Next, bottom-up structures, flat hierarchies, and short communication lines are examples of mechanisms that encourage knowledge sharing (Forsgren, 2001). Next, according to RBV for digital companies, it was stated that enterprises must rely on intangible assets to compete like reputation, and brand (Brouthers & Hennart, 2007; Zahra & George, 2017). KPIs and clearly specified goals help firms to succeed in new countries. It is essential to adapt goals in accordance with the entry stage. The following proposition is formulated:

Proposition 5: *An adaptable organizational structure, including flat hierarchies, an agile company culture, diversified, local teams, and specified goals drive the internationalization of SaaS firms.*

5.3.1 Drivers Iberia

Networks: Networks were identified to be of utmost importance. Personal networks, company networks, collaborations, strategic alliances, and channel partners were recognized to boost SaaS firms in their internationalization to Iberia. A firm's market position is improved, credibility is enhanced through acquiring resources from networks and by corporations with partners. This is in line with network theory. Both the Uppsala and BG paradigms stress the role of networks. The central idea of network theory is the importance of a firm's network, to lower risks and to gain access to new information. Due to a lack of resources forming networks, strategic alliances, or partnerships help compensate, minimize risk and uncertainty (Cahen & Borini, 2019). A network may help with market access, referrals, and knowledge and helps to speed up internationalization (Oehme & Bort, 2015). The following proposition is formulated:

Proposition 6: *A diverse network opens new doors and bridges to Iberia and has a positive influence on SaaS firms' internationalization performance.*

Adaptation and localization: Due to continual change and cultural, economic, and language challenges, adaptation, and localization drive internationalization to Iberia. It was discovered that for Portugal less adaptation was required than for Spain. Adaptation to the country, customers, and culture is recommended. Localizing the team, the product, and the legal is crucial. Similar to BG, the effectiveness of an internationalization strategy, as well as the speed and type of internationalization, are dependent on an organization's flexibility and adaptation (Knight & Cavusgil, 1996; Oviatt et al., 1995). Following proposition is formulated:

Proposition 7: *Adaptation and localization have a positive influence on SaaS firms' internationalization performance to Iberia.*

Marketing: It is critical to have an effective marketing strategy in place, as selling a solution that no one knows about is difficult in Spain and Portugal. In Iberia, referral marketing helps since Spanish and Portuguese tend to buy based on trust. Further, marketing should be appealing and instructive, with a focus on customer attraction and retention tailored to the

specific country. It is vital to stand out due to competition. Ekeledo and Sivakumar (2004) stress the importance of marketing for service organizations, by localizing a website, and by being sensitive to cultural nuances of the target country. Visitors spend more time on a website written in the local language and customized to culture (Ekeledo & Sivakumar, 2004).

Sales Story/Nudging: It was discovered that how you market and position the software product in Iberia is critical. A sales story that is value-based and concentrates on solving a customers' problems drives the success of SaaS firms in Iberia. Engaging with customers and building relationship helps to build trust and credibility. Nudging in terms of decision making, information disclosures, and default policies should be built into software architecture (Corrales Compagnucci & Kousiouris, 2017). The following proposition is formulated:

***Proposition 8:** A strategic focus on relationship building, trust-building, positioning, marketing, value proposition, the sales story, and nudging drives the internationalization of SaaS firms to Iberia.*

5.3.2 Challenges

Change: A challenge highlighted in the SaaS environment is change. Since 1945, Portugal and Spain have seen considerable market changes (Cassou & Xavier-Oliveira, 2011). Both countries had dictators until the mid-1970s when they turned toward democracy and open markets. Spain became a paradigm for market-based transformations, and Portugal's transition also improved (Cassou & Xavier-Oliveira, 2011). Future changes concerning SaaS are predicted to be shifting markets and competitors, technical advances, and internal changes. According to Statista, the revenue in the SaaS segment in Spain is in 2021 at 1,536\$ million, whereas it is projected to reach 2,381\$ million in 2026. In Portugal, it is at 262.9\$ million and predicted to be at 403.5\$ million in 2026 (Statista, 2021d). To go with that coming change, the importance of **adaptability** and **knowledge-sharing** is required.

Competition: The SaaS environment was regarded as very competitive due to global competition. In Spain, it was reported that not all competitors are SaaS but can be any way to

solve a problem. SaaS competition is expected to grow. To deal with competitors effectively, the nature of the **product**, i.e., a niche product, the positioning, the price, and the quality of the product can be decisive. Additionally, identifying **customer needs, marketing activities, localization, nudging, and entrepreneurship** helps mitigate competition.

Cultural differences: Culture must be considered. Ekeledo and Sivakumar (2004) believe that cultural variations between host countries and home markets can be substantial, especially in foreign services because services offered reflect a society's nature and values. Portuguese and Spanish are conservative, like proximity relationships, buy build on trust, are more passionate and decision-making tends to be emotional. According to Hofstede (2021), Portugal (individualism score 27) and Spain (individualism score 51) are collectivist countries that value loyalty and societal norms, like strong relationships. To mitigate cultural differences a **local team, language and knowledge** are required.

Economy: Economy can be challenging in Iberia. Spain and Portugal, both suffered from the 2008 economic crisis and Covid-19. Firms must stabilize and not all have money to invest in software. Portugal posted its lowest budget deficit since 1974. Due to the pandemic, Portugal's economy shrank by 7.6% in 2020, but the GDP is expected to grow 4.9% in 2022. Spain had an 11% decline in 2020, but Spain's recovery rate is expected to be 5.8% in 2022 (International Trade Administration, 2021). To mitigate challenges of current economic distraction, communication of digitalization benefits, such as cost-savings, and productivity are advised. According to McKinsey & Co. (2020) will the recovery from the pandemic be digital.

Language: In Spain, language was seen as a challenge since people generally do not speak English very well. However, in Portugal it is different. To deal with the language challenge in Spain a Spanish-speaking **team** and the **localization** is recommended.

Price sensitivity: Spain and Portugal tend to be price sensitive. Pricing is one of the most under-managed company activities in SaaS, despite its declared importance (Saltan & Smolander, 2019). Understanding how prices are set, communicated, and updated is

fundamental (Saltan & Smolander, 2019). Pricing should be justified by expressing **value** and **product quality**, aiming for **customer success**.

Technology level: The Spanish and Portuguese markets are less developed than other European countries, making it more difficult to convince clients about new technologies. Spain and Portugal score lower on the digital connectivity index (DCI) than other European countries, which businesses can use to prioritize markets (Euromonitor, 2021). However, according to Euromonitor (2021) Spain and Portugal will become more digitally advanced, increasing its DCI over the next five years. SaaS investments by Spanish enterprises has begun to increase from 5% to 15% of total IT investment in 48% of companies in 2020 (Statista, 2021a). By 2025, the estimated internet penetration in Spain will have reached 85 percent, whereas in 2021 it is 81% (Statista, 2021b). To overcome the obstacle of entering a less technological advanced country, **nudging, marketing**, ease of **product**, and **customer-centricity** are helpful.

Sales cycle: It was reported that Spain and Portugal tend to have a longer sales cycle. One reason given is that more time is required to establish trust, present the use case and value to prospective customer. Due to the price, additional sales and marketing touchpoints are required before a customer is ready to buy. The sales cycle is typically longer when a company enters a market for the first time. By targeting the **customer needs** and conveying the software's benefits, **nudging** the customer, the challenge of a longer sales cycle is mitigated.

This chapter discussed key factors of SaaS internationalization. The next chapter will conclude the findings and present the study's practical and theoretical implications.

6. Conclusion

The purpose of this study is to examine how B2B SaaS firms successfully expand into Iberia to further grow and secure its market position. This chapter concludes the research findings that address to the research questions of how B2B SaaS firms are internationalizing their activities compared to literature and what drives and challenges the internationalization of B2B SaaS firms to Iberia. A thorough literature review and the qualitative research approach allowed to find that SaaS firms do not explicitly follow the paths of a leading internationalization theory, but more theories complement each other. In the case of B2B SaaS internationalization parts of BG, stage theory, network theory, and IET were found.

Understanding who the customer is, identifying needs, creating value and an ongoing focus on customer retention is important. Intangible assets, such as knowledge, experiences, skills, and knowledge-sharing are necessary to develop and adapt to new environments. Product quality, innovation, price, and being in a niche enable the company to gain a competitive advantage. Entrepreneurial behaviors, such as the willingness to take risks and a strategic vision have a positive influence on internationalization performance. An adaptable organizational structure, including flat hierarchies, an agile company culture, diversified, local teams, and specified goals drive internationalization of SaaS firms. A diverse network opens new doors and bridges to Iberia. Adaptation and localization to Iberia are required have a positive influence on Internationalization performance to Iberia. A strategic focus on relationship building, trust-building, positioning, marketing, value proposition, the sales story, and nudging drives the internationalization of SaaS firms to Iberia.

The interview process with 23 interviewees of SaaS firms that have internationalized to Iberia, indicated how adaptation, localization, marketing, networks, sales story & nudging, and trend of digitalization are main drivers to mitigate challenges of change, competition, cultural differences, economy, language, price sensitivity, technology level, and a longer sales cycle. The next chapter will conclude the theoretical and managerial implications of this study.

6.1 Theoretical Implications

This chapter concludes the theoretical implications. Literature has examined traditional ways of internationalization, but software firms are moving away from traditional theories. There is a lack of research in the biggest cloud domain SaaS. Existing research utilizes a variety of broad terminologies within the software segment and contains companies with different business models, products, and resources, but the internationalization process is not a one-size-fits-all model. There is a research gap into the factors influencing B2B SaaS firms' internationalization process. Finally, rapid digitalization spurred by Covid-19 demands rethinking in theory and practice in the field of internationalization of digital service companies. SaaS is becoming more relevant, but academic literature on SaaS businesses is limited. Additionally, national borders have been argued to be less critical on the internet, however, enterprise internationalization techniques are influenced by national context features. There is a research gap identified on drivers and challenges affecting the internationalization of B2B SaaS firms to the Iberian Peninsula. This research is dedicated to this deficiency by providing insight into the internationalization of B2B SaaS firms to Iberia. Further, this paper has brought more clarification to existing theories by looking at its boundaries in the context of B2B SaaS firms. Firm-specific factors identified include elements that are applicable for the generalized internationalization of B2B SaaS firms. Additionally, it is focused on the specific region Iberia, and drivers and challenges of entering Portugal and Spain are investigated. Future researchers can use the transcripts to replicate the study and apply it to further countries.

6.2 Managerial Implications

This chapter presents the managerial implications. The study examines key factors, challenges, and drivers within the internationalization of B2B SaaS firms to Iberia. From this study, ten major managerial implications emerge that managers should focus on to ensure a successful internationalization of SaaS firms to Iberia. Following those has a positive influence

on internationalization performance, including growth profitability, return, productivity, efficiency, and competitiveness.

#1 Customer-centricity should be the focus. Identify the target audience, the problem that is going to be solved, and how to reach the target customer. How are decisions made? Additionally, keep in touch with customers and aim for retention. Use lean startup methodologies to focus on the needs of your customers first.

#2 Firm attributes: Build agile, adaptable, and local teams, with people who know the market. Create an open, agile, transparent, company culture and ensure flat hierarchies. Focus on a good reputation and customer recommendations. Have well-specified goals, adapt them to the entry stage. Focus first on building the customer base, then on profitability.

#3 Knowledge: Do market research, focus on knowledge-sharing initiatives and learning. Do regular team meetings. Share findings and best practices effectively. Embrace experiences and skills, like adaptability, emotional intelligence, reflection, and confidence.

#4 Entrepreneurship: Focus on entrepreneurial behavior, be willing to take risks, have an open mindset, and capitalize on opportunities.

#5 Product: Try to find a niche, position the product well-tailored, build features that solve problems, focus on constant innovation. Have a solid pricing strategy.

#6 Adapt: Adapt to customers, the country, culture, the service, and marketing activities.

#7 Localize: Do not underestimate local specifics. Localize your team, legal, price, and the language of the service.

#8 Sales story: Make the business case a strong one, fine-tune the sales pitch, the product understanding, and tailor the approach to individual customer needs.

#9 Marketing: Create an appealing and educational marketing plan, to gain credibility in the local market. Focus on content marketing to keep customers, and digital channels to attract new customers. Make use of referral marketing.

#10 Network: Build and make use of networks, collaborations, strategic alliances, and channel partners to get new doors and bridges to foreign markets opened.

#Other golden advice: Take time and “*do not try to boil the ocean*”, “*stay ahead the curve*” and remember the credo: “*Think global, act local*”.

6.3 Limitations and Future Research

This section elaborates on limitations of this study and gives recommendations for future research. Although the research follows key procedures to obtain reliability and validity of the construct, limitations include 1) subjective bias in data interpretation, 2) generalization, 3) the sample, 4) industry specificity.

First, qualitative interviews allow for in-depth and contextualized empirical data collection in an exploratory nature. However, such research approaches could lead to subjective bias in data interpretation and influence the direction of the findings and conclusions. Although the coding was reviewed by the key informant, qualitative studies allow for interpretation flexibility and future researchers may arrive at different conclusion (Hsieh & Shannon, 2005).

Second, although methods and data were triangulated, and the sample is diverse, further work may include surveys and statistical methods for the generalization of results.

Third, in the scope of the study 23 interviews were conducted with 19 firms. For 4 firms it was approved that points made are coherent. However, the main part of the interviews was conducted with one person in each company, which could lead to bias within that company. Future research would recommend interviewing more people from one firm to build a case.

Forth, SaaS is in many industries available. Possible differences within those industries were not considered in the scope of the thesis. Further research may classify between industries.

Apart from the limitations indicated, concrete additional research recommendations include expanding the study to encompass all cloud categories, including next to SaaS, IaaS, and PaaS. Next, future researchers can utilize transcripts to replicate the study and apply it to further countries. Further research might use quantitative methods to strengthen the research.

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Appendix 1: Case Company

The thesis was conducted for a Case Company (CC), a German business-to-business (B2B) SaaS firm that provides a booking solution in the cloud for activity providers. For the sake of simplicity and company confidentiality, this thesis shall refer to the Case Company as CC. CC was founded in 2011 and provides a booking solution in the cloud, located at the crossroads of the leisure industry and technology. The software service can be linked to any website. In addition, the system offers an extensive distribution network and special analysis functions for booking evaluations. The company primarily serves the German, Italian, French, Dutch & British markets and aims to tackle Spain and Portugal. Thus, Iberia is the chosen region from CC and the geographical scope of the thesis. Its strategy is to increase market share in Europe and its vision is to become the market leader in Europe.

Appendix 2: Research Method

The research method is conducted in five steps, adapted from the qualitative research guide of Kuckartz (2019). Research and sub-questions are derived from existing literature in the planning stage. Second, the preparation step includes selecting a sample, creating a semi-structured interview guide, executing, and transcribing the interview. The third step involves data processing, in fact, the coding, deductive inductive, and category building. The data elements were analyzed and illustrated in step four. Step five includes the discussion, managerial and theoretical implications. The table gives an overview.

Step 1	Step 2	Step 3	Step 4	Step 5
Planning	Preparation	Processing	Case results and analysis	Discussion
<ul style="list-style-type: none"> - Literature review - Choosing a case - Formulating a research question - Deriving sub-questions 	<ul style="list-style-type: none"> - Selecting and approaching informants - Conduction of semi-structured interviews - Transcription of interviews 	<ul style="list-style-type: none"> - Allocating of codes to the interview transcripts - Deductive and inductive development of categories 	<ul style="list-style-type: none"> - Case results of category building in terms of frequency, contingency, and valence analysis 	<ul style="list-style-type: none"> - Interpretation of the results and placing them into context - Formulation of propositions - Conceptual model - Theoretical & Managerial implications

Appendix 3: Interview Guideline

A) Respondents and company background

1. How do you think your previous experience prepared you for an internationalization initiative?
2. Which countries has your company expanded to? What countries are you responsible for?

B) General open-ended questions

3. What skills are important in the SaaS environment in particular?
4. What do you consider as very important resources in SaaS internationalization?
5. Which countries would you consider as the most attractive countries for your business at the moment? Why?
6. In how far do you adapt to specific countries in general? Can you give an example?
7. How do you measure success of internationalization internally? Do you have any metrics?

C) Iberia

8. How attractive do you consider Iberia as a region for you?
9. What are the biggest success factors for Spain & Portugal? / What do you think makes your company successful in Spain & Portugal?
10. How many resources (money and time) have you invested into Spain and Portugal?
11. From your perspective, what do you believe are the most important resources for SaaS to enter Spain & Portugal as a SaaS firm?
12. What type of resources do you think were lacking?
13. What would you advice in terms of key resources, to other companies trying to expand to Spain & Portugal?
14. What are the biggest challenges you are currently facing in the SaaS environment? In Portugal & Spain?
15. What have you learned from your biggest failures in the Spanish or Portuguese market?
16. How would you say Spain & Portugal differ?
17. If you compare Iberia to other countries, what are differences / similarities?
18. In how are do you adapt to Spain & Portugal?
19. In how far do you localize your activities?
20. What factors effected the speed of internationalization (in Spain and Portugal)?

21. What experiences did you make in Spain and Portugal? How did these prior experiences help you in decision-making?

D) Organization

22. How would you describe the company culture?

23. What are the growth plans of the company?

24. To what extent is risk-taking behavior valued at your company? Can you give an example of an impulsive decision?

25. How would you describe the CEO of the company?

26. How would you consider your brand and reputation?

27. How would you rate the features and quality of your software in relation to price compared to your competition?

28. How do you share existing and newly acquired knowledge internally?

29. How well do you believe the company utilizes its current knowledge?

30. To what extent are you faced with competition in your business? How do you deal with competitors?

31. In how far do you follow the moves of your competitors?

E) Network Perspective:

32. What do partnerships mean for your organization?

33. What role did the companies networks and contacts play in expanding to Portugal and Spain?

34. Have you ever made use of intermediaries, strategic alliances, or partnership arrangements for Spain and Portugal? Can you give an example?

35. How would you describe your company's international networks?

F) Closing questions:

1. Please imagine, I have a SaaS firm and I want to enter Iberia, what advice would you give me based on your experience? What would be a real game changer?

2. Do you think the questions I have asked are in line with the important aspects of SaaS internationalization to Iberia? Were the questions being asked in line with your expectations?

3. Do you have any feedback on this interview, or any other questions or suggestions?

Appendix 4: Data Triangulation

Data Triangulation in Qualitative Research

Firm size triangulation: Company size may give financial, physical, technological, human, and reputational advantages and may limit what a company can do (Grant, 1999). However, Ekeledo and Sivakumar (2004) claim that firm size is not a significant issue for internet service firms. In this study, people from all firm sizes were interviewed. It was grouped into small firms: 2-50 employees (6); medium-sized firms: 51-1000 employees (8), and large firms: 1001-10.000+ employees (9). Results from all firm sizes were triangulated. In terms of frequency, there was no substantial difference found, as shown in Appendix 3.

Data Triangulation: Company Size

	LARGE sz=1276; N=9		MEDIUM FIRMS sz=1267; N=8		Small FIRMS sz=539; N=6		Sum
	Absolut	Firm-size relative	Absolut	Firm-size relative	Absolut	Firm-size relative	
● Adaptation sz=133	65	4,98%	49	4,40%	19	4,77%	133
● Challenges sz=30	22	1,69%	3	0,27%	5	1,26%	30
● Change sz=131	65	4,98%	42	3,77%	24	6,03%	131
● Competition sz=179	64	4,90%	93	8,35%	22	5,53%	179
● Cultural differences sz=120	73	5,59%	38	3,41%	9	2,26%	120
● Digitalization sz=98	59	4,52%	31	2,78%	8	2,01%	98
● Economy sz=84	36	2,76%	36	3,23%	12	3,02%	84
● Language sz=181	64	4,90%	88	7,90%	29	7,29%	181
● localization sz=119	65	4,98%	43	3,86%	11	2,76%	119
● Marketing sz=75	26	1,99%	22	1,97%	27	6,78%	75
● Network sz=223	104	7,97%	93	8,35%	26	6,53%	223
● Pricing sz=145	67	5,13%	56	5,03%	22	5,53%	145
● Sales Cycle sz=51	30	2,30%	20	1,80%	1	0,25%	51
● Sales story / Nudging sz=191	94	7,20%	70	6,28%	27	6,78%	191
Customer centricity sz=170; GS=4	88	6,74%	63	5,66%	19	4,77%	170
Entrepreneurship sz=117; GS=3	60	4,60%	42	3,77%	15	3,77%	117
Knowledge sz=286; GS=4	125	9,58%	117	10,50%	44	11,06%	286
Organization sz=225; GS=4	80	6,13%	108	9,69%	37	9,30%	225
Product sz=259; GS=4	118	9,04%	100	8,98%	41	10,30%	259
Summen	1305	100,00%	1114	100,00%	398	100,00%	2817

Data Triangulation: Country of Origin

Origin of the firm triangulation: Interviewees came from different SaaS firms, founded in different countries. Most firms interviewed were founded in the US (7), Germany (5), and the UK (4). It is triangulated between the origin of the firm. Results show no substantial differences in terms of frequency analysis, as shown in Appendix 4.

	Germany sz=662; N=5		UK sz=375; N=4		USA sz=1206; NS=7		Sum
	Absolut	Country relative	Absolut	Country relative	Absolut	Country relative	
• Adaptation sz=133	22	3,61%	18	5,96%	53	4,65%	93
• Challenges sz=30	3	0,49%	4	1,32%	18	1,58%	25
• Change sz=131	19	3,11%	14	4,64%	71	6,22%	104
• Competition sz=179	69	11,31%	11	3,64%	45	3,94%	125
• Cultural differences sz=120	38	6,23%	6	1,99%	41	3,59%	85
• Digitalization sz=98	15	2,46%	8	2,65%	45	3,94%	68
• Economy sz=84	18	2,95%	8	2,65%	35	3,07%	61
• Language sz=181	46	7,54%	26	8,61%	77	6,75%	149
• Localization sz=119	19	3,11%	11	3,64%	51	4,47%	81
• Marketing sz=75	11	1,80%	24	7,95%	19	1,67%	54
• Network sz=223	30	4,92%	14	4,64%	107	9,38%	151
• Pricing sz=145	25	4,10%	16	5,30%	53	4,65%	94
• Sales Cycle sz=51	13	2,13%	1	0,33%	14	1,23%	28
• Sales story / Nudging sz=191	31	5,08%	23	7,62%	82	7,19%	136
Customer centricity sz=170; GS=4	56	9,18%	14	4,64%	78	6,84%	148
Entrepreneurship sz=117; GS=3	24	3,93%	13	4,30%	50	4,38%	87
Knowledge sz=286; GS=4	48	7,87%	30	9,93%	117	10,25%	195
Organization sz=225; GS=4	78	12,79%	29	9,60%	70	6,13%	177
Product sz=259; GS=4	45	7,38%	32	10,60%	115	10,08%	192
Sum	610	100,00%	302	100,00%	1141	100,00%	2053

Appendix 5: Word Cloud



Appendix 6: Content Analysis Overview

Table 15: Content Analysis

	Explanation	Where and why it is used
Frequency Analyses	The interview structure must be similar, so the frequency can be measured and compared to other concepts by providing a quantitative level.	It is done a frequency analysis of all firm-specific factors, for all challenges and drivers, and for Spain & Portugal to get a tendency what topics are most relevant.
Contingency Analyses	The conversations should have similar topics and points of interest, which are placed into context, and it is associated between topics.	It is done a co-occurrence analysis of all firm-specific factors to understand how factor are interrelated and associated. Additionally, it is done a co-occurrence analysis between all drivers & challenges and Spain & Portugal to understand differences.
Valence Analyses	The research aims to process a feeling or attitude regarding a topic or an object of interest.	It is done a sentiment analysis of the code 'digitalization', to understand if people in Iberia feel positive or negative about technology.

Appendix 7: Frequency Overview of Participants' Responses Firm-specific Factors

	Customer (centricity) ◇ 4 170	Entrepreneurship ◇ 3 117	Knowledge ◇ 4 287	Organization ◇ 4 225	Product ◇ 4 259	Summe	
1 I19A	1 3,33 % 0,09 %	4 13,33 % 0,38 %	10 33,33 % 0,95 %	2 6,67 % 0,19 %	13 43,33 % 1,23 %	30	100 % 2,84 %
2 I18A	24 45,28 % 2,27 %	4 7,55 % 0,38 %	8 15,09 % 0,76 %	5 9,43 % 0,47 %	12 22,64 % 1,13 %	53	100 % 5,01 %
3 I17A	24 41,38 % 14,12 %	5 8,62 % 4,27 %	6 10,34 % 2,09 %	11 18,97 % 4,89 %	12 20,69 % 4,63 %	58	100 % 5,48 %
4 I16B	14 18,92 % 8,24 %	7 9,46 % 5,98 %	19 25,68 % 6,62 %	12 16,22 % 5,33 %	22 29,73 % 8,49 %	74	100 % 6,99 %
5 I16A	13 17,11 % 7,65 %	9 11,84 % 7,69 %	18 23,68 % 6,27 %	10 13,16 % 4,44 %	26 34,21 % 10,04 %	76	100 % 7,18 %
6 I15A	13 18,06 % 7,65 %	5 6,94 % 4,27 %	24 33,33 % 8,36 %	10 13,89 % 4,44 %	20 27,78 % 7,72 %	72	100 % 6,81 %
7 I14A	5 7,35 % 2,94 %	8 11,76 % 6,84 %	29 42,65 % 10,10 %	3 4,41 % 1,33 %	23 33,82 % 8,88 %	68	100 % 6,43 %
8 I13A	4 10,53 % 2,35 %	4 10,53 % 3,42 %	14 36,84 % 4,88 %	10 26,32 % 4,44 %	6 15,79 % 2,32 %	38	100 % 3,59 %
9 I12A	6 16,22 % 3,53 %	8 21,62 % 6,84 %	7 18,92 % 2,44 %	9 24,32 % 4,00 %	7 18,92 % 2,70 %	37	100 % 3,50 %
10 I8A	1 2,38 % 0,59 %	8 19,05 % 6,84 %	12 28,57 % 4,18 %	6 14,29 % 2,67 %	15 35,71 % 5,79 %	42	100 % 3,97 %
11 I7A	4 17,39 % 2,35 %	2 8,70 % 1,71 %	6 26,09 % 2,09 %	4 17,39 % 1,78 %	7 30,43 % 2,70 %	23	100 % 2,17 %
12 I6A		4 19,05 % 3,42 %	6 28,57 % 2,09 %	1 4,76 % 0,44 %	10 47,62 % 3,86 %	21	100 % 1,98 %
13 I5A	1 2,08 % 0,59 %	4 8,33 % 3,42 %	18 37,50 % 6,27 %	16 33,33 % 7,11 %	9 18,75 % 3,47 %	48	100 % 4,54 %
14 I4B		1 12,50 % 0,85 %	2 25,00 % 0,70 %	2 25,00 % 0,89 %	3 37,50 % 1,16 %	8	100 % 0,76 %
15 I4A	12 19,35 % 7,06 %	9 14,52 % 7,69 %	18 29,03 % 6,27 %	10 16,13 % 4,44 %	13 20,97 % 5,02 %	62	100 % 5,86 %
16 I3A	4 9,30 % 2,35 %	1 2,33 % 0,85 %	14 32,56 % 4,88 %	12 27,91 % 5,33 %	12 27,91 % 4,63 %	43	100 % 4,06 %
17 I2A	16 15,09 % 9,41 %	7 6,60 % 5,98 %	16 15,09 % 5,57 %	54 50,94 % 24,00 %	13 12,26 % 5,02 %	106	100 % 10,02 %
18 I1A	1 6,67 % 0,59 %		8 53,33 % 2,79 %	4 26,67 % 1,78 %	2 13,33 % 0,77 %	15	100 % 1,42 %
19 I11A	3 9,68 % 1,76 %	5 16,13 % 4,27 %	11 35,48 % 3,83 %	6 19,35 % 2,67 %	6 19,35 % 2,32 %	31	100 % 2,93 %
20 I10A	9 12,86 % 5,29 %	16 22,86 % 13,68 %	22 31,43 % 7,67 %	15 21,43 % 6,67 %	8 11,43 % 3,09 %	70	100 % 6,62 %
21 I9A	2 4,44 % 1,18 %	4 8,89 % 3,42 %	11 24,44 % 3,83 %	21 46,67 % 9,33 %	7 15,56 % 2,70 %	45	100 % 4,25 %
22 I11B	9 42,86 % 5,29 %		2 9,52 % 0,70 %	1 4,76 % 0,44 %	9 42,86 % 3,47 %	21	100 % 1,98 %
23 I17B	4 23,53 % 2,35 %	2 11,76 % 1,71 %	6 35,29 % 2,09 %	1 5,88 % 0,44 %	4 23,53 % 1,54 %	17	100 % 1,61 %
Summe	170 16,07 % 100 %	117 11,06 % 100 %	287 27,13 % 100 %	225 21,27 % 100 %	259 24,48 % 100 %	1058	100 % 100 %

Appendix 8: Linkages between Firm-specific Factors

