



TIM WE

How We became a Tim

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ABSTRACT

Title: How We became a Tim

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Tim We is a Portuguese company that operates in the mobile services industry by offering mobile entertainment content, mobile marketing and mobile payment solutions to mobile carriers, governments, NGOs, media companies, brand owners and mobile-phone end-users. It was founded in 2002 by two entrepreneurs who, in a decade, have diversified Tim We's services' portfolio, expanded the business internationally and managed to have revenues and profits growing continuously. This company is almost entirely focused on the emerging markets, especially in Latin America, while Portugal only contributes with 2,6% of the total revenues.

Tim We is the background of the present dissertation which is composed by a Teaching Case-Study directed to the students and a Teaching Note directed to the instructors.

The Teaching Case-Study allows students to think and discuss about entrepreneurship, internationalization, as well as, the success factors of Tim We, its threats and the future scenarios based on the description and history of the company. In addition, students are encouraged to reflect about the different environments where it operates and its strategies, which some may seem irrelevant but are the key factors for success.

The Teaching Note is a guideline with explanations and information about the Case-Study. It includes an analysis about Tim We's expansion, its business model, the strengths of the company that led it to success and the threats that it is facing. This section also presents what has happened and the future strategies. To finish, there are guidelines of how instructors can conduct the case-study lecture.

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CHAPTERS

1. CASE-STUDY

1.1 Introduction

Tim We was a Portuguese company founded in 2002 by Diogo Salvi, the co-owner, co-founder and CEO together with Ricardo Carvalho, the co-owner, co-founder and director.

Tim We initiated its activity by offering mobile entertainment content¹ to mobile operators' platforms so they could sell it to mobile-phone users. Later, in 2007 the company launched the mobile marketing service which enabled different types of organizations, such as mobile carriers, media groups, governments, nongovernmental organizations and brand owners, interact via mobile with a specific target under different marketing contexts. Interaction could be in numerous ways. For instance Tim We organized the voting process of TV contests, where TV viewers could vote by mobile SMS² in their favorite participant; or a brand could use this service to inform its clients about discounts, by sending SMS with that information. By 2010, Tim We presented a payment service, the Mobile Money that allowed buyers to acquire digital goods through their mobile-phones and the cost was charged on their mobile carrier's account.

At the early 2011 this company was designated as provider of mobile solutions to mobile carriers, media groups, governments, nongovernmental organizations and brand owners. Some examples of these clients are Vivo³, TV Globo⁴, Fox Portugal⁵, Unicef⁶, Kellogg's⁷, Coca-cola⁸, Enoc⁹, Telefónica¹⁰, América Móvil¹¹, Oi¹², Tim Brazil¹³, Claro¹⁴, SIC¹⁵, Unilever Jerónimo Martins¹⁶, TMN¹⁷, EDP¹⁸, BES¹⁹, Repsol²⁰, Yahoo²¹, Petrobrás²², amongst many others. These clients are very

¹ Mobile-phone rings, logos, e-cards, games, applications, music video, photos, mobile text among others

² Short Message Service permits send and receive text messages on mobile phones and other devices

³ A Brazilian mobile carrier

⁴ A Brazilian TV network

⁵ A TV channel in Portugal

⁶ United Nations Children's Fund – A United Nations Programme

⁷ An American multinational food manufacturing company

⁸ An American multinational beverage corporation

⁹ A leading petroleum retailer in the United Arab Emirates

¹⁰ A Spanish broadband and telecommunications provider

¹¹ A Mexican telecommunication company

¹² A Brazilian mobile carrier

¹³ A Brazilian mobile carrier

¹⁴ A Brazilian mobile carrier

¹⁵ A television channel in Portugal

¹⁶ A Portuguese-based company that operates in food distribution and consumer products manufacturing

¹⁷ A Portuguese mobile communications company

strong and the services are tailored for each of them. For that reason Tim We decided not to have a stable price-table and it negotiated the prices individually.

Salvi, an entrepreneur, recalled that at the beginning “no one supported my idea of starting my own business because it was too risky due to the weak economy dynamic. Everyone around me was pessimistic saying that Portugal was not used to entrepreneurship and too small to create a company that could be successful out of borders”. But Salvi, seen by his friends and family as a fighter and active man, who was also a rally car driver, decided to start the business in his father’s garage by making phone calls to mobile operators offering his services nonetheless, because in his mind “a business man is not someone who is sitting while counting the days to receive a fixed salary at the end of the month”. So, he set his foot on the accelerator and drove in direction of his goal.

Against the odds, in less than 10 years, the company diversified its service portfolio and expanded its operations into the five continents. In 2010 the company’s revenues reached a total of 234 million Euros, being the Portuguese market contribution only 2,6% of the total value. In early 2011 Tim We was already operating in more than 75 countries and persistently growing revenues numbers. From 2007 to the early 2011 Tim We and Salvi were awarded and nominated for numerous categories by national and international entities (see **Exhibit 1**). As Miguel Setas²³ mentions in his blog “Diogo Salvi and his partners are a good example of the ability of the Portuguese entrepreneurs to find profitable business niches and leverage their operations in the international markets” especially in Portugal which presented a low rate of entrepreneurship based on the last study of 2010 of the Global Entrepreneurship Research Association and where it was expected to have 3000 companies bankrupted on the first semester of 2011, a 10,7% increase comparing to 2010.

Besides the rapid success achieved in less than ten years, Salvi in early 2011 was worried about the future “We are still witnessing an economic crisis that started on the developed countries and as this situation is going worst, it is starting to affect the emerging countries which is our core target. Moreover we operate in an industry that is constantly changing, fearing the risk of becoming obsolete”. But Salvi concluded with “Tim We’s market is the world and the sky is the limit, so our goal is to find solutions to prevent being left behind”.

But the question was: What makes this company so successful?

¹⁸ A Portuguese energy company

¹⁹ A Portuguese banking group

²⁰ A Spanish oil and gas company

²¹ An American multinational internet corporation

²² A Brazilian multinational energy corporation

²³ The vice-president of EDP in Brazil and of the EDP institute

1.2 Industry Background

From 2010 to 2012 it was expected that world population was going to increase in almost all world regions and that world real GDP²⁴ was going to increase unevenly in every region (see **Exhibit 2 and 3**).

The mobile industry and the digital industry were evolving every day. The new technologies and innovations enabled the improvement on the capacity and functionalities of the mobile-phones, smartphones, tablets, computers as well as other devices.

The internet became very popular and used worldwide. With this progress, people and organizations used the internet as a fundamental tool in their daily life to communicate, to get information, education, to do business, marketing and other activities in a worldwide basis.

Due to this evolution, consumers' habits changed and companies readjusted their business models to meet clients' needs and to exploit the digital world.

The slowdown of the fixed telephony

The fixed telephony was once, in the 1990s, the most popular telecommunication method in the world. Fixed phones were experiencing a big growth with 142.2 million fixed lines in 1992 and 186.6 million lines in 1999, representing an increase of 24% over this decade.

From 2000 on, this fixed trend changed, the fixed telephony started to slow down and losing interest (see **Exhibit 4**). The usage of the fixed telephone decreased due to the rise of other ways of communication, as the internet which started to enter on family homes during the 1990s and the mobile-phones which explosion took place in the late 1990s.

The rise of internet and mobile-phones

The internet and the mobile-phones had been spread all over the world due to several aspects, but especially due to developments on technology and mobile operators that invested in the network antennas in order to expand the mobile signal (see **Exhibit 5**).

From 2001 to 2011²⁵ the global number of internet users and mobile subscriptions went from 495 millions to 2.421 millions and from 962 millions to 5.981 millions, respectively (see **Exhibit 6**).

²⁴ Real GDP stands for Real Gross Domestic Product

In the early 2011 the number of users accessing the internet over the mobile-phone were nearly 2,5 billion. Moreover, it was forecasted that at the end of 2011, there would be almost 35 internet users and 87 mobile-users worldwide in each group of 100 people.

These trends were firstly adopted by the developed²⁶ world regions and later by the less developed ones, where the majority of the world population is (see **Exhibit 7**). For instance, in the early 2011 in the developed countries there were 118 mobile-users in each group of 100 people and 79 mobile-users in the developing regions (see **Exhibit 8**). The commonwealth of independent states, Europe and Americas were the world regions with a higher rate of mobile-users in 2011 but it was expected that from 2011 to 2016, Central and Latin America as Middle East and Africa would experience a bigger growth, while the other regions would slow down (see **Exhibit 9 and 10**).

In 2010, there were more mobile-phone users than the total of television, internet and newspapers readers all together. Moreover in the same year, on average 2,6 SMS were sent per day per user which was three times more than emails sent. It was also recorded that there were more mobile-phones (including smartphones) sold than PCs²⁷ worldwide (487,7 millions vs. 414,6 millions). Smartphone sales increased 62,7% and the PC sales increased 14,8%. This minor PC increase was also influenced by the rise of tablets²⁸ sales, which represented, at the beginning of 2011, a volume of 15% in this sector²⁹.

According to this new trend, it was expected that consumers will use more mobile devices (mobile-phones, smartphones and tablets) than PCs regarding the gaming and internet traffic (see **Exhibit 11**).

E-commerce and mobile services

E-commerce³⁰ followed the same trend as the usage of electronic equipments and the usage of internet (see **Exhibit 12**). Globally in 2010, 84% of the internet users had already experienced e-

²⁵ The values regarding 2011 are forecasted numbers

²⁶ Main developed regions: Japan, Canada, United States of America, Australia, New Zealand, Western Europe; The largest emerging and developing regions: China, Brazil, Russia, India, Mexico, South Korea, Indonesia and Turkey

²⁷ Personal Computer

²⁸ Tablet: A general-purpose computer contained in a single panel. [PC Magazine, 2012. Tablet. PC Magazine [Online] Available at: http://www.pcmag.com/encyclopedia_term/0.2542,t=tablet+computer&i=52520.00.asp (Accessed 3 April 2012)

²⁹ Le monde informatique, 2012. Smartphones' sales [Online] Available at: <http://www.lemondeinformatique.fr/actualites/lire-487-7-millions-de-smartphones-vendus-en-2011-contre-414-6-millions-de-pc-47661.html> (Accessed 17 April 2012)

³⁰ Ecommerce is a term for any type of business, or commercial transaction, that involves the transfer of information across the internet. [Network Solutions, 2012. E-commerce. Network Solutions [Online] Available at <http://www.networksolutions.com/education/what-is-ecommerce/> (Accessed 3 April 2012)

commerce³¹. In 2009 e-sales accounted with 3,9%, in 2010 with 4,2% of the overall sales and this percentage is expected to grow in the future. According to the U.S. Commerce Department the U.S. e-commerce sales rose 14.8% in 2010³² and virtual goods³³ were expected to surpass the 2 billion dollars in 2011 (see **Exhibit 13 and Figure 1**).

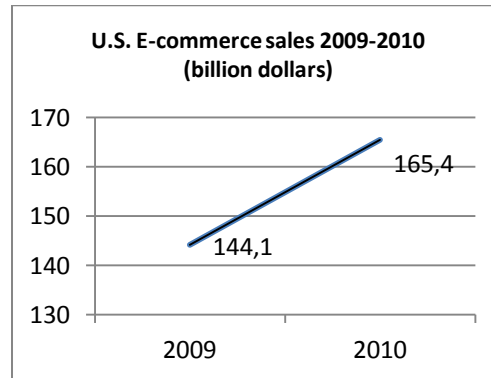


Figure 1
Source: U.S. Commerce Department

In 2010 to purchase digital and physical goods and services, there were several payment methods, such as, bank accounts, credit cards (1 billion people on the world owned a credit card), Paypal³⁴ (0,25 billion used paypal), mobile ticketing³⁵, NFC³⁶ contactless payments and others (see **Exhibit 14**). According to study of Gartner Research company, mobile payments value will experience major growth from \$49 billion in 2010 to \$426 billion in 2015.

Globally in 2010, mobile penetration was higher than the internet penetration. Moreover, mobile as an advertising tool was considered more effective than other Medias (see **Exhibit 15 and 16**). In the same year, the mobile advertising service value was \$3.5 billion and it was expected to reach \$14 billion on 2015³⁷.

³¹ Nielsen, 2010. E-commerce. Nielsen [Online] Available at www.nielsen.com (Accessed 20 April 2012)

³² Internet retailer, 2011. E-commerce. Internet Retailer [Online] Available at <http://www.internetretailer.com/2011/02/17/e-commerce-sales-rise-148-2010> (Accessed 20 April 2012)

³³ Virtual goods are digital products that are bought to be used in online games and communities.

³⁴ Paypal is an international company that enables companies and consumers who have e-mail account to send and receive money.

³⁵ With mobile ticketing, customers can order, make payments, obtain and validate tickets from anywhere and from any place just using mobile phone/handsets.

³⁶ Near Field Communication (NFC) is a technology that enables communication, simple transactions and data exchange between smartphones and similar devices by approximating them.

³⁷ Macquarie Equities Research, 2010. Mobile Advertising. Macquarie Equities Research [Online] Available at <http://www.macquarie.com.au/mgl/au/corporations/research> (Accessed 2 May 2012)

1.3 TIM WE's foundation

Salvi, a Portuguese MBA³⁸ graduate, around 2001 met a Dutch group of people whose occupation was producing mobile rings, games, and other mobile content. Salvi, a man with vision, saw an opportunity given that, in 2001 only 15,6% of the world population had a mobile-phone and at the same time, the mobile-phone topic filled out almost every newspaper. With 33 years old, Salvi driven by impulse and intuition, decided to create a company that would commercialize content produced by the Dutch group. However, due to his business background, he did not have the technical expertise to deliver those contents for mobile-phones. Salvi, looked on the Portuguese Yellow Pages for a provider and after several contacts, he met Ricardo Carvalho and Paulo Salgado who were working for a company called Tekmob. Salvi and Carvalho cofounded Tim We and Salgado joined in 2003 as Chief Technology Officer (see **Exhibit 18 and Figure 2**).

TIM WE ownership in 31-12-2010	
Ownership	Percent
Diogo Salvi	64%
Ricardo Carvalho	32%
Paulo Salgado	4%
Public	-

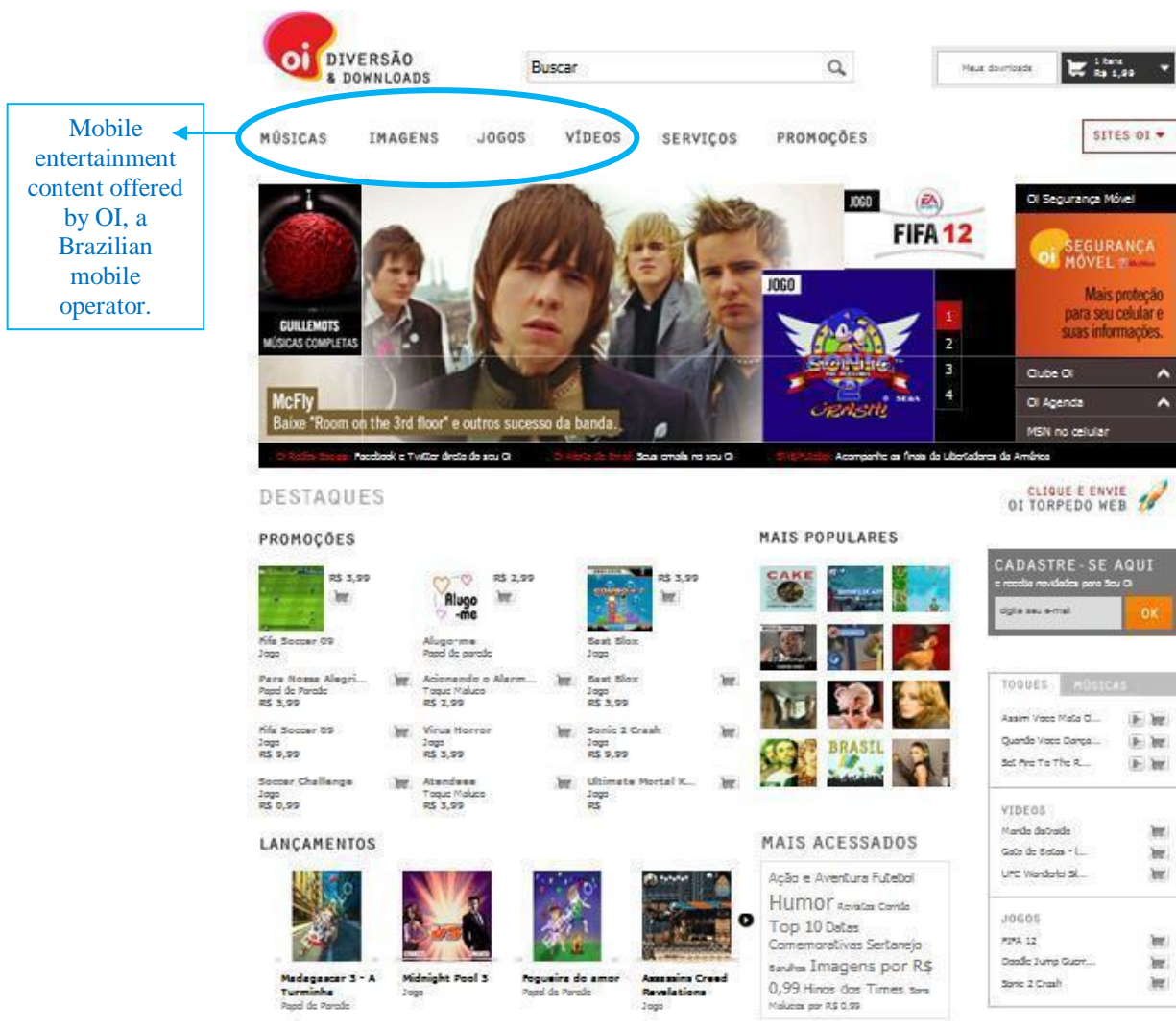
Figure 2

Source: Company data

In 2002 Tim We, besides reselling mobile entertainment content to mobile operators, the company complemented it with content monetization services, which included the distribution of the content, marketing activities to increase awareness of these products among mobile-users, billing services of sales and also post-sale services (sales' analytics) (see **Figure 3**). This process was done and managed by a cloud-computing platform³⁹ enriched with different technology modules that have different functions to be able to deliver the service in a fast and proficient way.

³⁸ Master in Business Administration

³⁹ Cloud computing platform – The term “the cloud” is understood by “the internet” which means that this is an internet-based platform. To use it, is not necessary to do installations or be tied to a specific device in order to have access to the information. This type of platform enables companies to increase capacity and improve utility without incurring in extra costs of infrastructures or training.



Mobile entertainment content offered by OI, a Brazilian mobile operator.

Figure 3

Note: Here, mobile-users can buy music, images, games and videos for their mobile-phones.

Source: OI's website, a Brazilian mobile carrier in the 'fun and download' section.

In this initial period, Tim We provided its services to Europeans' mobile operators. Two years after, in 2004, the company created its own platform, where mobile-users could buy mobile entertainment content.

In 2007, Tim We diversified its business by launching a new service – Mobile Marketing – which consisted in elaborating, implementing and measuring the results of the marketing actions done through mobile-phones. To deliver this service such as the first one, Tim We used its cloud-computing base. At that time, marketing actions through SMS were considered very *avant-garde*, given that through this service Tim We clients could target and interact with their costumers anywhere and anytime in a segmented and individualized way (see **figure 4**). Tim We's marketing team was empowered and enlarged with the intention to deliver creative, unique and personalized marketing

solutions of each client's requirements. Initially, mobile marketing was created for brand owners but Tim We realized that this segment was not prepared to do marketing actions through mobile-phones at the time this service emerged. In consequence, Tim We adapted its service to other segments, such as, mobile operators, governments, nongovernmental organizations and media groups.

For example, by a campaign named "Profiling", Tim We clients were enabled to learn about their own clients, especially mobile operators that know very little about the pre-paid clients, since those were unknown. Tim We created contests for mobile-users where they had to reveal their personal characteristics (name, age, sex, etc) by SMS in exchange of a possibility to win a prize. In 2010, Brazil, the principal Tim We's market, had the lowest SMS penetration in Latin America, since mobile-users were not used to send and receive SMS. The four biggest mobile carriers in Brazil (Vivo, Oi, Claro and Tim) wanted to counter that situation, so, Tim We elaborated a huge marketing campaign in partnership with Globo⁴⁰. This campaign – *Torpedão Campeão* – consisted in offering mobile-users packs of 30 SMS at a discount price. Mobile-users bought these packs and received a coupon per pack and the possibility for the user to do the registration in order to be a valid participant for this campaign. Interested mobile-users made the registration through the internet or via free SMS and had to answer questions related to the football world cup. These coupons enabled mobile-users to win desirable prizes such as: 10 houses with two cars in the garage, 100 LCD TVs, 125 cars, 5 prizes for 1 million reais and 3 prizes of 500 thousand reais. And the more packs they bought, the more probabilities mobile-users had to win. This campaign was advertised on Globo and by the Globo stars, Faustão (Fausto Silva)⁴¹, Cissa Guimarães⁴² and Adriana Colin⁴³. This campaign was a success since in three months (the campaign duration) there was 23 million mobile-users involved that sent more than 115 million SMS. At the peak of the campaign, 3 million SMS were sent per day and 4000 SMS per second. Moreover, the mobile operators involved reached their objective of increasing the SMS usage by its clients.

Governments and nongovernmental organizations, especially in emerging markets, appreciated Mobile Marketing services, since connecting with the population was considered a very difficult task considering the countries' lack of structures. For example, these institutions can use mobile marketing to send bulk SMS aiming to inform citizens, as well as, to collect information about them. For example, in 2010 in Colombia, the *Agencia Presidencial para la Acción Social y la Cooperación Internacional* (the government social department) wanted to help vulnerable citizens affected by poverty, drugs or violence but did not have the ability to reach them. In consequence, the government appealed to Tim We Mobile Marketing service and Tim We developed a bulk SMS to send to that target and also created a SMS-based-chat so the two parties could talk and interact in real

⁴⁰ The biggest Brazilian TV network

⁴¹ A Brazilian TV and radio host, journalist and a film director

⁴² A Brazilian actress and TV host

⁴³ A Brazilian model and journalist

time which enabled social organizations help the neediest people. This action enabled the organization to talk with more than 1.1 million individuals spread out in Colombia and the organization could assist them or at least collect useful information and data.

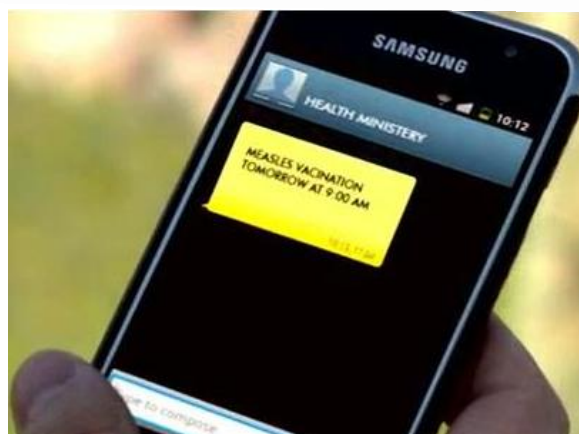


Figure 4

Note: Corporate SMS – Tim We’s clients have to complete these four steps (Choose the target, Write the message, Set the date and Send) and the chosen target will receive a message on their mobile phone.

Source: Company data

Mobile Marketing also allowed a more interactive relationship between media groups and their consumers. Tim We offered services like mobile voting, contests, “profiling” and others that make the difference and helps getting more audience. Related to audience, Tim We elaborated with mobile carriers and media groups “anti zapping” campaigns in order to maintain viewers on the same channel or frequency during the commercials. For this, Tim We launched a contest that the questions, answers, winners and prizes were announced during the TV or radio commercial breaks, which

listeners or viewers participated by answering through their mobile-phone and forcing viewers not to do zapping⁴⁴.

Also, to increase audience and loyalty, Tim We designed for Fox Portugal the SMS Alert service, which consisted in sending alerts by SMS (free or paid depending on the viewer request) to mobile-users who signed-up to inform that a TV show (mainly Grey's Anatomy and Lost) was going to start on the Fox Portugal channel.

Although the brand owners' segment did not respond as expected when the service was launched, Tim We continued to work for this segment and developed interesting and good projects. In 2010 in Mexico, Tim We developed a service for Special K, a brand cereal of Kellogg's⁴⁵ (see **Figure 5**). In order to bond with clients, to enhance and attach the cereal brand image to a healthy lifestyle, Tim We created a Special K's 15 Day Program and developed a Calorie Counter application. End-clients had to download the free application to their mobile-phone which enable them to access to their meal plan depending



Figure 5

on the customers goal (lose, maintain or achieve a certain weight goal). There were more than 120,000 Special K clients that downloaded the Calorie Counter application and the results for Kellogg's were so positive that they agreed with Tim We to establish the same campaign in Costa Rica, Colombia and Guatemala.

Also in 2010, emerged an opportunity to work with Coca-Cola in Angola, which for environmental reasons, wanted to persuade its consumers to stop buying coca-cola cans, since it was not possible to proper recycle. As an alternative, the brand wanted to incentive bottles usage, so Tim We created a contest, where there was a number code on the covers of the coca-cola bottles. This code could then be sent via SMS qualifying every participant to win prizes. This mobile marketing action was a success, with the prize incentive, consumers started to opt to buy bottles instead of cans. In addition to contents, Tim We provided mobile applications, sales incentives and loyalty programs to this segment.

⁴⁴ Zapping is the action of changing TV channels or radio frequencies quickly with the intention of finding an interesting TV/radio program.

⁴⁵ Kellogg's is a company which was in the food processing industry more focused cereal-based products and convenience food

In 2009 Tim We opened a lab located in Covilhã, Portugal, to develop and research product and services innovations mainly focusing on mobile services, based on industry trends that they studied previously. It also managed the specific technology modules used to deliver the services but it was not the Tim We Lab that created that technology. Other entities did it and put it on the market, some technologies were free and others were not.

Salvi believed that the creation of this lab was essential to maintain the company up-to-date and to stand out from the competition by delivering new and unique technological innovations. For that reason, Tim We invested 4.5 million Euros in 2010 for R&D⁴⁶ and was planning to invest 6.2 million Euros in 2011.

In 2010 Tim We launched the Mobile Money service, which provided billing and micropayments solutions through a mobile-phone on online purchases done by a device (mobile-phone, computer, tablet) linked to the internet. Tim We managed this service through its platform as the other services. The implementation of the service was unproblematic, since they had that service for years in the company for internal services. So, the same payment system was reutilized to enable other sellers to use it. For instance, Farmville⁴⁷ players who, gained an additional option to buy utilities for the game with mobile payments instead of credit cards (see **Figure 6**).

As the Tim We’s management team understood that this service could be sold to other companies, they decided to create a distinctive label - Mcoin – by investing and allocating managers, technicians, money and



Step 1 - Choose the option "Buy with M-Coin"



Step 2 - Insert your mobile number in order to receive a SMS with a pin number



Step 3 - Insert the pin number on the computer and enter submit to conclude the purchase

Figure 6
Source: Company data

⁴⁶ Research and Development

⁴⁷ Farmville is a social game, provided by a company called Zynga, which is available on Facebook and other popular global platforms. It is a real-time farm simulation. Zynga, 2012. Farmville. Zynga [Online] Available at <http://zynga.com/> (Accessed 15 May 2012)

so forth just to this service.

1.4 Revenue Model

- Mobile Entertainment

Tim We generated revenues from mobile-phone users that access its platform to buy entertainment content. Clients had to pay a weekly or a monthly fee to use the platform. Even though it was Tim We's platform, the company had to work together with mobile operators since it was through them that Tim We delivered the entertainment content to the end-users and it was also the operators who received the payments which later were transferred to Tim We. For this service, Tim We paid the mobile operators a fee depending on the sales quantity.

Other income source of this service was from the mobile operators that resell Tim We's entertainment content from their own platform. Tim We received a fixed fee for managing and maintenance services of the mobile operators' platform and earned a fixed percentage of the total sales (see **Exhibit 18**).

- Mobile Marketing

Tim We received always a fixed fee from the clients for the implementation, execution and monitoring the marketing campaigns. Besides this revenue collection, Tim We received a usage-based fee that depended on the number of SMS that a campaign requires to send or from a performance-based fee that depended on the responses of the end-consumers regarding a campaign.

For this service, Tim We had to work with mobile operators in order to send the marketing SMS or to receive them from the mobile-users. For this, Tim We paid a fee depending on the SMS quantity to the operators (see **Exhibit 19**).

- Mobile Money

This service enabled the end-user to buy a virtual good of a certain company from its mobile-phone and the payment was deducted on the buyer's mobile-phone bill. For each purchase, the revenues were divided (not equally) between the company and Tim We. And then, Tim We still paid to the mobile operators for the provided service (see **Exhibit 20**).

- Cost of service delivered

The principal and practically only cost in delivering Tim We's services were the fees paid to mobile operators. These fees depended from operator to operator and also varied regarding the different services.

Tim We established partnerships with mobile operators worldwide in order to assure the delivery of its services (see **Exhibit 21**).

1.5 Internationalization

Since the creation of the company, Salvi and Carvalho wanted to have an international business, so they started by providing its services to European mobile operators from its Portuguese office. But they wanted to expand to other continents, especially they wanted to go to countries where their business could have more potential to grow and profit. In 2003, Tim We decided to turn its attention to Latin America. Why there in the first place? "Our competitors were going to U.S, Russia, China, India, and we decided not follow them to such huge markets. We decided to differentiate, to try more unexplored and emerging markets, so we thought: let's try in Latin America... and it was a surprise!" said Carvalho.

In 2003, Salvi and Carvalho went to Latin America, one of them started in the south and the other in the north without any previous contact. They went knocking on the mobile operators' doors to try to sell their services (at that time Tim We only had the mobile entertainment service but then the company also offered its new services, the mobile marketing and mobile money) and make them Tim We's partners, so the company could increase its potential clients, the mobile-phone users, and become more attractive to other organizations (governments, NGO's, media companies and brand owners).

It was a difficult process since, Latin America countries were undeveloped., so, all processes were slow and disorganized. However, in late 2003, Tim We launched its services there. In 2005, Salvi and Carvalho opened the first office in Colombia, the first place where a mobile operator accepted working with them in the mobile entertainment area, and shortly after, another one in Argentina.

In 2006 Tim We opened an office in Chile and other in Turkey, in 2007 the company expanded more in Latin America and Europe by opening offices in Brazil, Bolivia, Mexico, Paraguay and Poland. In the same year Tim We diversified its geographical reach by opening offices in the Middle East and Asia (United Arab Emirates, Kazakhstan and Hong Kong). Establishing an office in

Spain seemed unnecessary since it was so close to the headquarters (Lisbon, Portugal), however, due to big and important clients, Tim We decided to open a small office there in 2008. During the same year, Tim We opened, as well, the first office in Mozambique, Africa. This was a strategic move because Mozambique was behind regarding the usage of these mobile services, still, Tim We thought that it was good to be present and establish connections with mobile carriers and companies. When Mozambique takes this step forward, Tim We will have an advantage regarding its new coming competitors. And as Carvalho said, regarding the entrance in a new country, “everybody is afraid of taking the first step to go there and the first-mover advantage could be grabbed at this moment but you really need to be first and go there and take the risk”.

In the following year (2009), Tim We reinforced its presence in Latin America and in Asia by setting up an office in Peru, Nicaragua and Malaysia. From 2010 until the early 2011 Tim We established offices in Russia, Serbia, Algeria, Angola, Ecuador, Saudi Arabia, Guatemala and Azerbaijan.

In the early 2011 Tim We had 26 international offices (including the headquarters in Lisbon) and operated in more than 75 countries (see **Exhibit 22**).

Although it was a fast international expansion, Mariana Jordão, the communication director, mentioned “Entering new countries is very difficult and time consuming! For example, it was very difficult to enter Brazil and Russia. We had to come back, try harder, persuade mobile operators to work with us, renegotiate and surprisingly, Brazil is now our most important business contributing with 44% of the revenues (in 2010)” (see **Exhibit 23**). Tim We’s management team had to be very persistent in entering and making partnerships with mobile operators. They had to try different approaches to convince mobile carriers to work with them and in some cases it was easy for Tim We to establish exclusive contracts, which was the best scenario since it prevented competitors to work with those carriers. However, the negotiations were always different from carrier to carrier, for example, Vivo, the biggest mobile operator in Brazil and the biggest Tim We’s partner in terms of revenues, signed a yearly contract on March 20 of 2007 so it had to be renewed every year.

There was also a situation where Tim We was forced to reconsider its presence and moved out. It was in the USA. Tim We concluded that it was not worthwhile being there due to a highly competitive environment dominated by several big players.

Regarding the internationalization process Salvi warned “We thought and worked really hard about it since there are so many cases of companies that failed to internationalize”. And at the end, Tim We decided to have international offices with local workers and Carvalho justified “Localization is really important in order to have a better knowledge about the clients, partners, their habits, tastes,

etc. If you understand the inside dynamics, you will have more power to negotiate and you can even been able to pay half for the same media comparing to your competitors”.

After establishing the offices, Tim We went there to interview local people for general manager and commercials positions. One elementary requirement was a good network in their country. This process was hard due to the difficulty in finding people with the needed qualifications in less developed countries.

All the recruited general managers were sent to Tim We’s headquarters to have initial training with the management team of the company. This step was regarded as very important since the new managers were able to have a 360° vision of the company and of its entire services’ portfolio. Aside from this, there was also complementing training and integrations just for the general managers of the international offices, that repeated in every three months and normally lasted one or two weeks. In that period, general managers learnt about new Tim We services and its dynamics, moreover, it was the time reserved for them to share what it was happening in their countries regarding the mobile industry and what they were seeing about their competitors in that moment. It was a period where everyone could contribute to specific problems and do brainstorming about Tim We in general. To improve integration and supervision of all Tim We international workers, managers from the central headquarters travelled very often to the offices to provide guidance and instructions (see **Figure 7**).

In addition to these teams, Tim We created a marketing team, the GIM (Global Interactive Marketing) to work on the Mobile Marketing service and it was responsible for huge and risky marketing projects. This group was only dedicated to this and it was composed by people with different backgrounds giving more emphasis to marketing and creative people. They went from country to country and with the local team’s contribution, they created powerful marketing campaigns from scratch and personalized it regarding the client and the country where they were.

Summary of the teams:

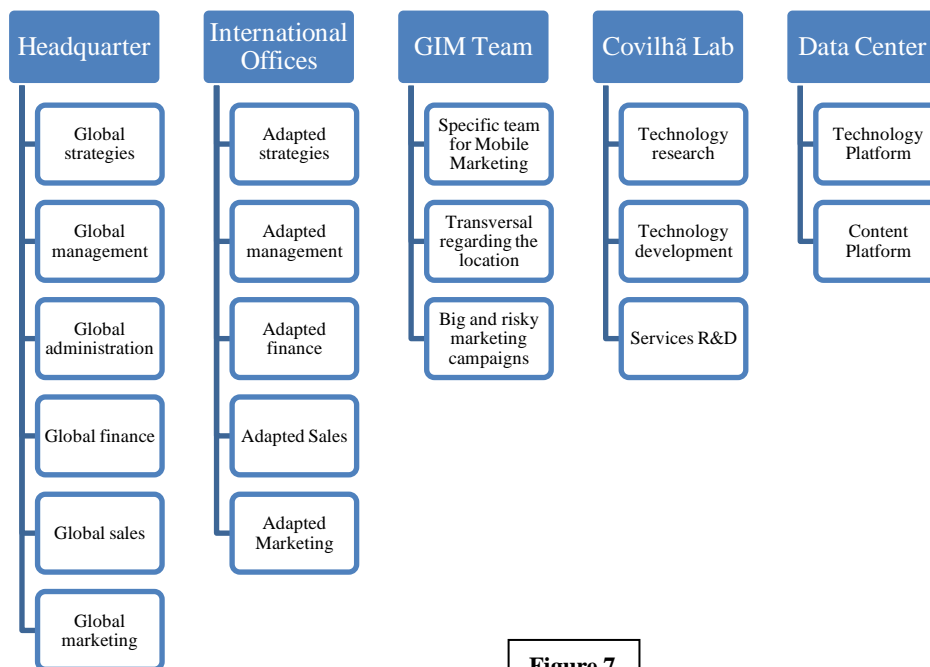


Figure 7

With this international strategy Tim We had to face some challenges attached to it, such as the extra costs (see **Exhibit 24**). The exposure to the foreign currency exchange rate, the fiscal, tax, regulatory and the legal matters were also challenges for the company since these rules differ from country to country, which did not allow Tim We to have the same *modus operandi* in every place.

1.6 Competition

The mobile industry was characterized by being very dynamic and innovative since in the first decade of the XXI century, companies presented new technologies (i.e. smartphones and tablets), services (i.e. marketing, payments and others by mobile devices) and it was registered a boom on the number of mobile devices users. All these aspects attracted players to this business.

In the early 2011 there were no players offering the three Tim We's services simultaneously and, in so many countries as Tim We was. Most competitors offered one or two services, which prevented to benefit from cross-selling and synergies as Tim We did.

There were no reliable records about markets shares of Tim We competing companies due to the fact that this industry was still recent and also due to the lack of organized institutions in Tim We's operating regions. Therefore Tim We asked for feedback to its local managers and its mobile carriers'

clients who affirmed that Tim We was in the top three in its core markets and the number one in Brazil.

In the mobile entertainment, the competition came from companies like Spring Wireless which had a big portfolio of interactive media delivery services and Dindo⁴⁸ which competed with Tim We through its content and SMS services.

Among other companies, F.biz and Pontomobi Interactive were Tim We competitors regarding the Mobile Marketing service. These companies operated in Brazil, as well as, in other countries and they delivered advertising campaigns for media and brand owner clients. Tim We believed that in this case it had advantage on this service due its local presence which provided knowledge that others did not have, in addition to a wider range of clients' types.

With the most recent service, Mobile Money, Tim We competed with older companies which were more solid on this industry. In Brazil, Boku company had important clients, such as Facebook and Electronic Arts and there was also Spring Wireless company which was more focused in corporate clients. Tim We benefited firstly from its giant carriers connections, and secondly, from its targeted countries which banks accounts and credit cards were not very developed and accepted.

Tim We managed to be on the top three companies due to what was mentioned above about the three services. There were also transversal aspects to the three services, such as the close relationships with more than 280 mobile carriers on the five continents, the close relationships with the stakeholders among others. These characteristics were fundamental for the company, since it is through them that Tim We could deliver its services and it enabled the company to become more attractive to its clients. The relationships with mobile carriers had mutual interests, since they avoid being cut out from Tim We's value chain since it was another income source.

Tim We also competed with many small players which worked more regionally and also with big companies, whose core business was not mobile services but that were entering this market, such as, AOL, Microsoft and Yahoo. Google and Apple, companies well-known in their industries, internet and technology, were acquiring mobile advertising companies, Admob and Quattro Wireless respectively, in order to penetrate this market, although they do not compete directly with Tim We since they do not operate on the same geographical markets.

⁴⁸ A subsidiary of the Italian company NeoMobile, operating in Brazil

Tim We competed direct and indirectly with (see **Figure 8**):

Mobile Entertainment	Mobile Marketing	Mobile Money
<ul style="list-style-type: none"> -Mobile device manufacturers -PC-based search engines -Internet portals -Internet directories -Wireless service integrators 	<ul style="list-style-type: none"> -Mobile Advertising networks -Mobile ad serving and ad routing providers -Interactive and traditional advertising agencies -Traditional media companies -Others 	<ul style="list-style-type: none"> -Companies with mobile-based online payments -Credit cards -Checks -Money orders

Figure 8

There were also big players on the mobile solutions business but did not compete with Tim We, since they had different targeted regions, such as Boungiorno, which was very strong in Europe, and as Velti, a powerful company in USA.

1.7 Conclusion

Jordão characterized Tim We as a hard-working, young and relaxed spirited company and with its team's work and effort (see **Exhibit 25**), the company managed to be a global mobile solutions provider along with more than 280 partnerships with mobile operators giving access to more than 3 billion mobile-users. This evolution and the good services' performance (see **Exhibit 26**) led to increasing revenues (see **Exhibit 27**) and profits (see **Exhibit 28**) year after year.

In 2007, Tim We announced in the media that they had decided to do an IPO⁴⁹ in an international index "it makes more sense to enter on the U.S. or London stock exchange", commented Salvi and they were forecasting the entrance for the year 2009. However, very soon they realized that 2009 was not the best time and decided that the best option was the Nasdaq stock exchange, so they rescheduled for 2011. However, at the beginning of 2011 Salvi was having doubts about it "due to the European crisis and the instability of the U.S. markets, is this the right time to do an IPO? Should we enter at all?"

⁴⁹ Initial Public Offer

To combat newcomers and to cope among the competitors, Tim We invested more on R&D on its Lab to give special attention to the NFC and HTML5⁵⁰ technologies. The company believes that it can develop new services with these technologies in different areas from the competition. For instance, the NFC technology has been explored as a new payment method but since Tim We has its method already and as competitor are focusing on that, Tim We will withdraw its attention from that service and go for other areas.

But the dreamer CEO puts his feet on the ground and wonders about the future... Will Tim We manage to continue being successful?

⁵⁰ HTML (HyperText Markup Language) –Main markup language

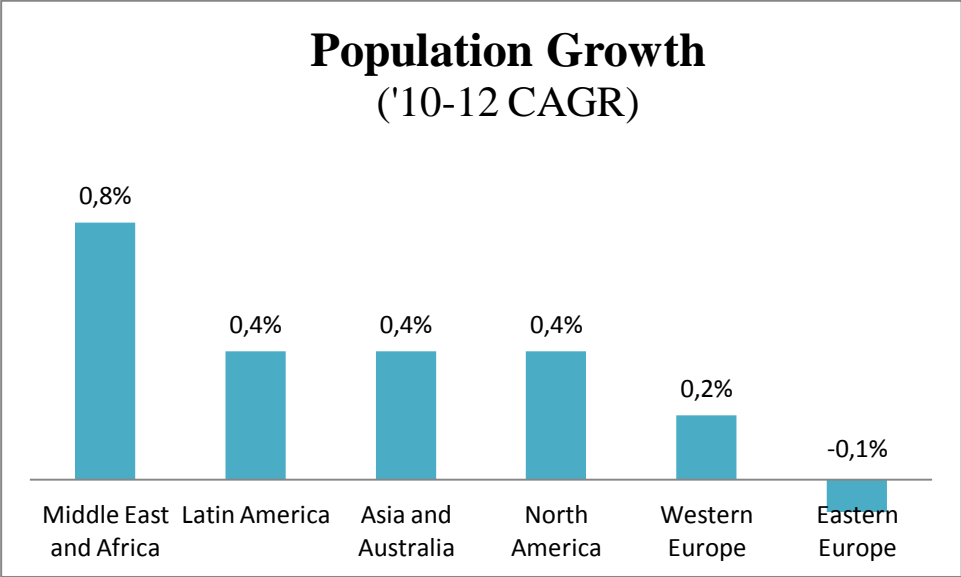
Exhibits

Exhibit 1 – Awards and Nominations 2007-2011

Some Awards and Nominations from 2007-2011	
2010	Salvi was referenced as one of the 50 top executive by the Mobile Entertainment Magazine (2010 and 2011)
2010	MMA Award for “Best Use of Mobile Marketing – Central & Latin America” with the application BlueMessaging developed for Cinemex the largest chain of cinemas in Mexico.
2010	Meffy Awards, “Best Ad Campaign” (Unicef Campaign, 2010)
2010	Mobile Entertainment Awards, Best D2C Company
2010	Special mention in Mobile Creativity by IAB, with Roche Augmented Reality
2010	Best Mobile Campaign category with the Date Helper Application developed for Cornetto ice cream (Unilever) and Bronze in the Entertainment & Shows Category with Sudoeste 10 Live Application developed for Portuguese mobile operator TMN in the Sapo Awards
2009/2010	INSEAD Entrepreneurship Award 2009/2010 for Diogo Salvi, TIMWE’s CEO
2009	Sapo Awards – Mobile Direct Category
2008	Meios & Publicidade Award, New Agency Category (MKTKM powered by TIMWE)
2008	“Venture Capital IT 2008 Internationalization Prize”, Gesventure (Portuguese venture capitalist).
2007	Ernest & Young Entrepreneur of the year 2007” for Diogo Salvi, TIMWE’s CEO.

Source: Company data

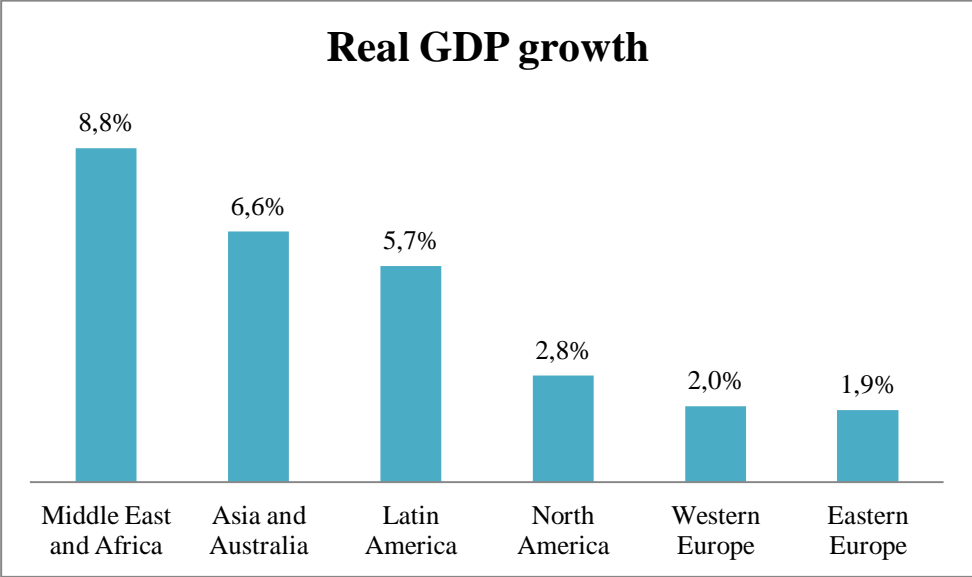
Exhibit 2 – Population Growth, forecast 2010-2012



Note: CAGR stands for Compound Annual Growth Rate

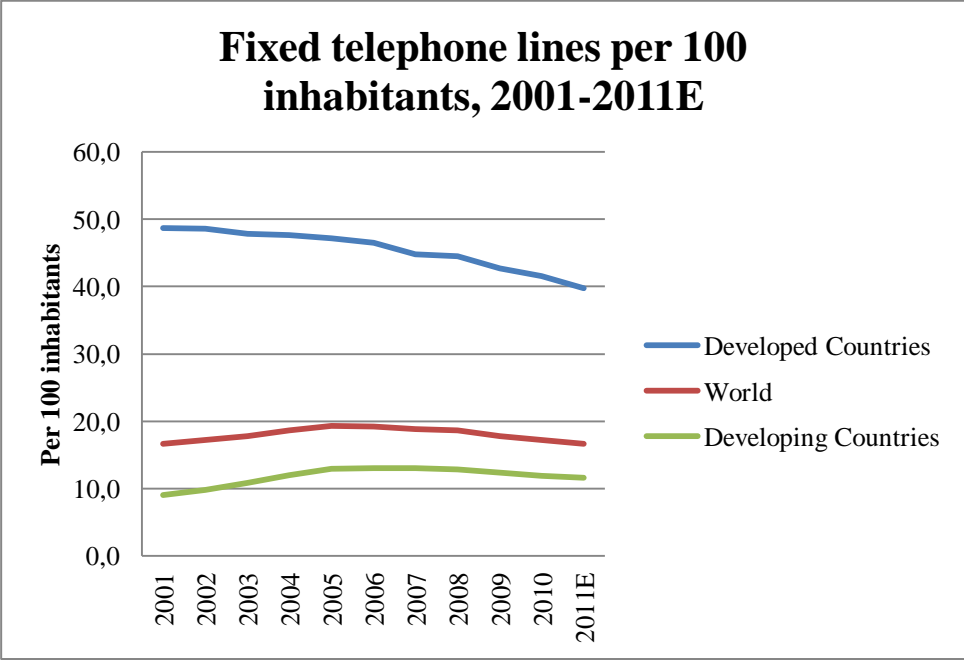
Source: Adapted from Economist Intelligent Unit, provided by Tim We

Exhibit 3 – Real GDP growth in 2010



Source: Adapted from Economist Intelligent Unit, provided by Tim We

Exhibit 4– Fixed telephone connections per 100 inhabitants 2001-2011E

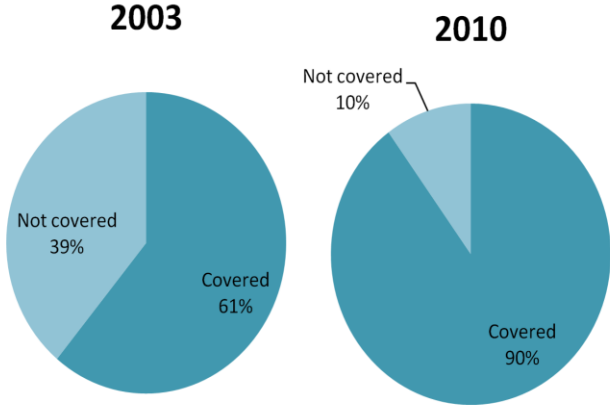


Note: E stands for Estimate

Source: Adapted from the International Telecommunication Union

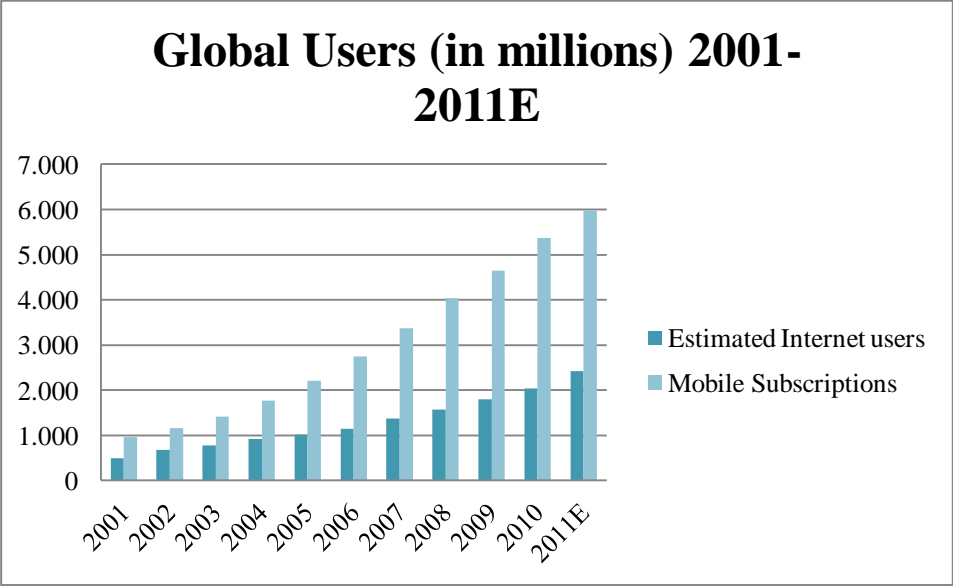
Exhibit 5 – Mobile cellular signal in 2003 and 2010

World's population covered by a mobile cellular signal



Source: Adapted from the International Telecommunication Union

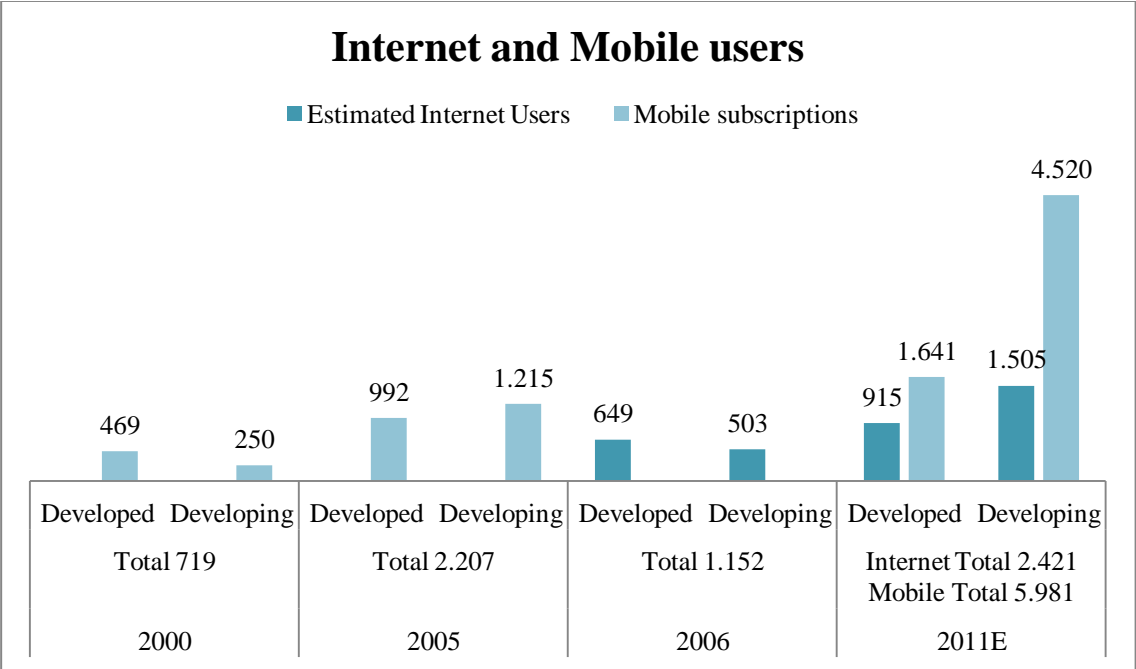
Exhibit 6 – Global internet and mobile-users 2001-2011E



Note: E stands for Estimate

Source: Adapted from the International Telecommunication Union

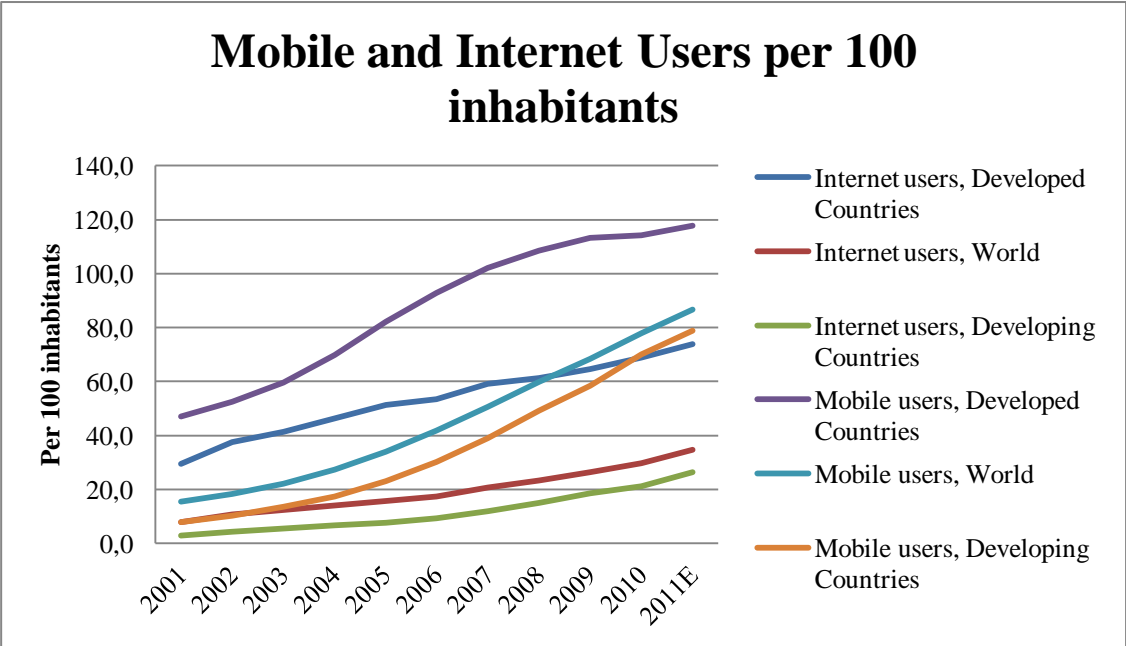
Exhibit 7 – Internet and mobile-users by development and developing regions in 2000, 2005, 2006, 2011E



Note: E stands for Estimate

Source: Adapted from the International Telecommunication Union

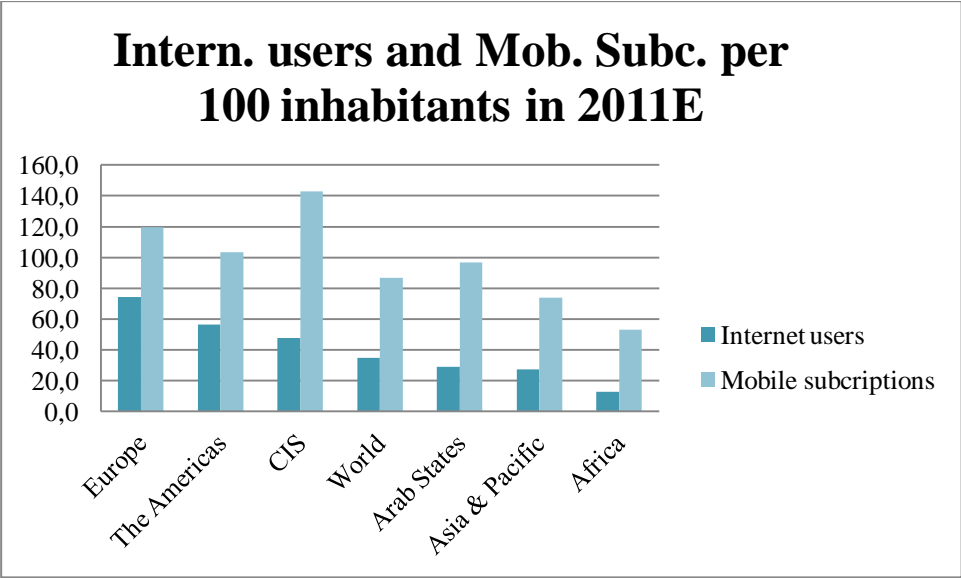
Exhibit 8 – Internet and mobile-users per 100 inhabitants by development and developing regions 2001-2011E



Note: E stands for Estimate

Source: Adapted from the International Telecommunication Union

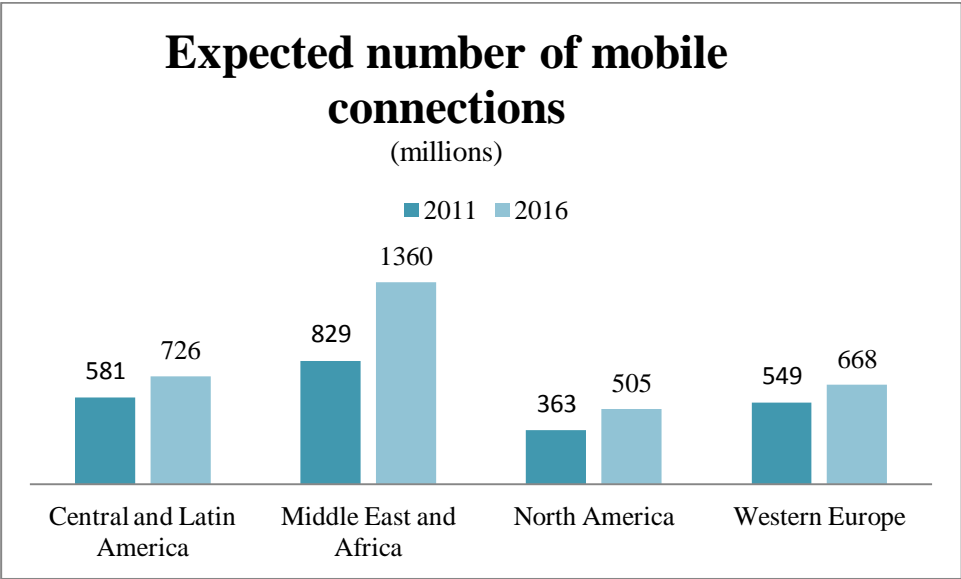
Exhibit 9 – Estimation of Internet and mobile-users per 100 inhabitants per region in 2011



Note: E stands for Estimate and CIS stands for Commonwealth of independent States

Source: Adapted from the International Telecommunication Union

Exhibit 10 – Expected number of mobile-phones 2011-2016



Source: Adapted from Analysis Mason, provided by Tim We

Exhibit 11 – Mobile and Fixed traffic forecasts

Traffic	CAGR 2010-2015E
Global Consumer Internet Gaming Traffic	43%
Global Consumer Fixed Internet Gaming Traffic	35%
Global Consumer Mobile Internet Gaming Traffic	110%
Global Consumer Internet Traffic	36%
Global Consumer Fixed Internet Traffic	34%
Global Consumer Mobile Internet Traffic	95%

Source: Adapted from Cisco Visual Networking Index

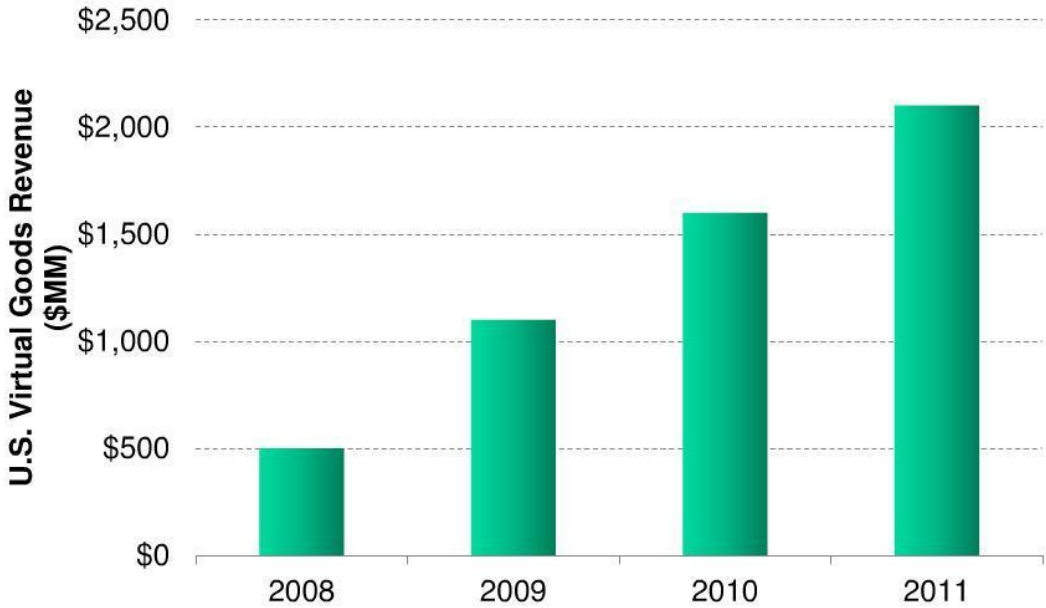
Exhibit 12 - World Internet Usage and Population Statistics December 2011

World Regions	Population (2011 E)	Intern Users Dec. 31, 2000	Intern Users 2011E
Africa	1.037.524.058	4.514.400	139.875.242
Asia	3.879.740.877	114.304.000	1.016.799.076
Europe	816.426.346	105.096.093	500.723.686
Middle East	216.258.843	3.284.800	77.020.995
North America	347.394.870	108.096.800	273.067.546
Latin America / Carib.	597.283.165	18.068.919	235.819.740
Oceania / Australia	35.426.995	7.620.480	23.927.457
WORLD TOTAL	6.930.055.154	360.985.492	2.267.233.742

Note: E stands for Estimate

Source: Adapted from Internet world stats

Exhibit 13– U.S. Virtual goods revenues 2008-2011E



Note: E stands for Estimate

Source: Inside Virtual Goods: The US Virtual Goods Markets 2010-2011

Exhibit 14 – Mobile, Bank accounts and Credit card penetration in develop and emerging markets in 2009

Markets	Mobile	Bank Accounts	Credit Cards (3)
Developed Markets (1)	114%	177%	164%
Emerging Markets (2)	58%	52%	12%

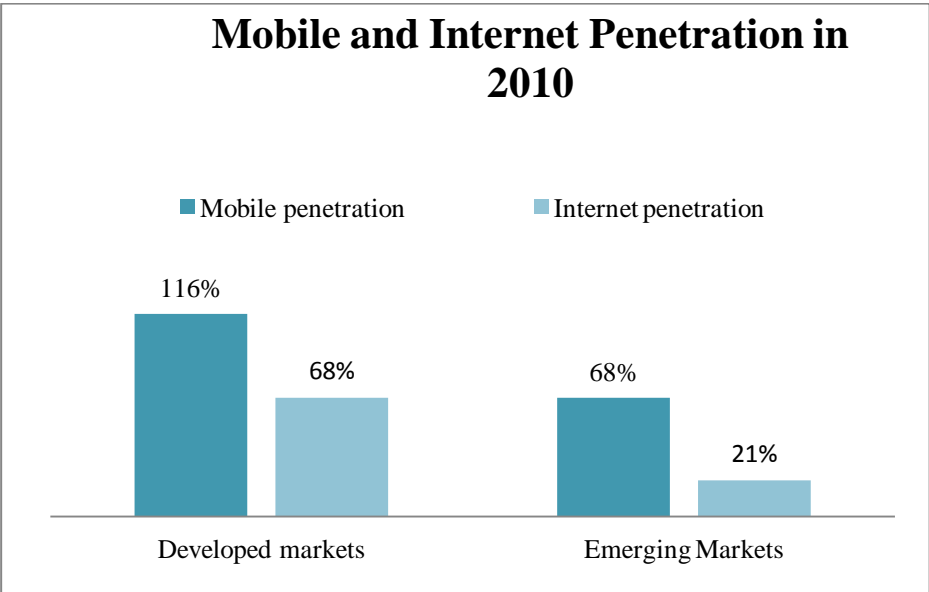
(1) US, Canada, UK, Germany and France

(2) Brazil, Russia, India and Mexico with respect to mobile and bank account penetration

(3) Brazil, Russia, India, China, Korea and Mexico

Source: ITU, Financial Access 2009 (Consultative Group to Assist the Poor, World Bank) Bank for International Settlements (December 2010) provided by Tim We

Exhibit 15 – Mobile and Internet penetration in developed and emerging markets in 2010



Source: ITU (2010) provided by Tim We



Exhibit 16 – Relative efficacy of mobile advertising in January 2011

Relative Efficacy of Mobile vs. Other Advertising Media, 1/11

	Reach	Targeting	Engagement	Viral	Transaction
Mobile	100	90	70	80	80
Internet	50	50	80	40	60
TV	50	30	90	10	20
Print	40	10	20	10	10
Radio	60	10	40	10	
Outdoor	20	10	10		

Source: Chetan Sharma, January 2011

Exhibit 17 – Founders

	<p>Diogo Salvi has a business administration background acquired by a degree from ISCTE University in Portugal and a MBA (Master in Business Administration) from Universidade Nova de Lisboa (Portugal). Until 2001, Diogo Salvi was highly involved in strategic development processes of some of the largest Portuguese banks. He worked directly with bankers and business consultants in transformations projects, such as, restructuring (commercial, IT, etc), innovation (for instance, telephone as a banking channel), internationalization, mergers and acquisitions, among others. In 2002, Salvi co-created Tim We and became its CEO and the chairperson of the Executive Committee. In addition, in 2009 he was elected as the Chairman of the Board of Directors. He owns 64% of the company.</p>
	<p>Ricardo Carvalho obtained a Physic Education degree. In 1996, Ricardo Carvalho co-founded a web sports portal – infodesporto.pt – and managed it until 2000 when he sold to Portugal Telecom. From 2000 to 2003, Ricardo worked has a strategic consultant in mobile marketing and mobile entertainment companies. In 2000 and 2001, Ricardo was also the Board of Directors consultant of an important media Portuguese company – Cofina – on the media, internet and CRM (customer relationship management) areas. In 2002 Ricardo joined Diogo Salvi and co-founded Tim We. He owns 32% of the company.</p>

Source: Adapted company data

Exhibit 18 – Entertainment subscribers and Average revenues - 2008, 2009, 2010

Mobile entertainment	2008	2009	2010
Number of mobile entertainment subscribers (thousands)	11.675	19.175	19.334
Average revenue per mobile entertainment subscriber (monthly, Euros)	0,61	0,45	0,48

Note: “Subscribers” includes the mobile-phone users that go to Tim We’s platform and users that buy from mobile operators’ platform

Source: Adapted from company data

Exhibit 19 – Marketing campaigns and Average revenues - 2008, 2009, 2010

Mobile Marketing	2008	2009	2010
Number of mobile marketing campaigns	51	115	93
Average revenue per campaign (Euros, thousands)	741,8	470,9	1.089,5

Source: Adapted from company data

Exhibit 20 – Mobile money clients and average revenue – 2008, 2009, 2010

Mobile Money	2008	2009	2010
Number of mobile money clients	1	19	44
Average revenue per client (Monthly, € thousands)	19,4	20	31

Source: Adapted from company data

Exhibit 21 – Items from the operating expenses – 2008, 2009, 2010

Operating Expenses	2008	2009	2010
Cost of service delivery	65.059	97.056	117.318
Total operating expenses	116.903	155.125	218.531
% CSD on the TOE	55,65%	62,57%	53,68%

Source: Adapted from company data

Exhibit 22 – Global Presence



Offices: Algeria, Angola, Argentina, Azerbaijan, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Hong Kong, Kazakhstan, Malaysia, Mexico, Mozambique, Nicaragua, Paraguay, Peru, Poland, Portugal, Russia, Saudi Arabia, Serbia, Spain, Turkey, UAE.

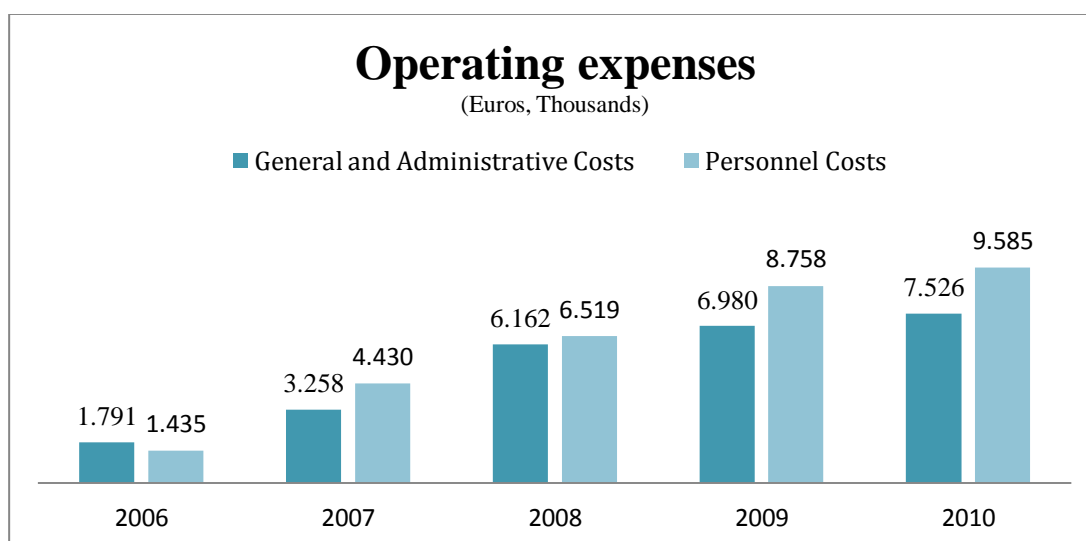
Source: Tim We’s corporate Presentation

Exhibit 23 – Revenues per Geography – 2008, 2009, 2010

Geographies	Revenues 2010 (€ Thousands)	% of Total Revenues 2010	Revenues 2009 (€ Thousands)	% of Total Revenues 2009	Revenues 2008 (€ Thousands)	% of Total Revenues 2008
Brazil	103.173	44%	66.860	40%	44.496	36%
Andean Region	35.991	15%	17.316	10%	19.705	16%
South Cone	28.006	12%	37.229	22%	33.419	27%
Mexico	17.969	8%	15.257	9%	1.594	1%
EE CA	7.525	3%	2.866	2%	3.206	3%
Middle East	2.864	1%	1.194	1%	672	1%
Europe	21.706	9%	19.799	12%	18.709	15%
Africa	14.318	6%	5.491	3%	3.490	3%
North America	698	0%	0	0%	0	0%
APAC	1.600	1%	229	0%	49	0%
Total	233.851	100%	166.241	100%	125.339	100%

Source: Adapted from company data

Exhibit 24 – Items from the operating expenses – 2006, 2007, 2008, 2009, 2010



Note: General and Administrative costs (travel, fees, rent and other office's expenses) and Personnel costs (directors, personnel, remuneration charges and other expenses)

Source: Adapted from company data

Exhibit 25 – Team Characteristics

Team Characteristics		
Shareholders	Chairman and Executive Board	Management Team
Entrepreneurial	Solid experience (> 10 yrs)	Experience across several industries (Telcos, media, content, technology...)
Passionate	Education (MBAs)	Global exposure
Ambitious	Diverse backgrounds (law, management, communication)	Local markets' knowledge
Committed with value creation	Wide ranging experience (Telcos, media, retail, banking, tech, pharma..., Mergers&Acquisitions, diversification, internationalization...)	Track record of driving growth, globalization and innovation
Results oriented	Global exposure	

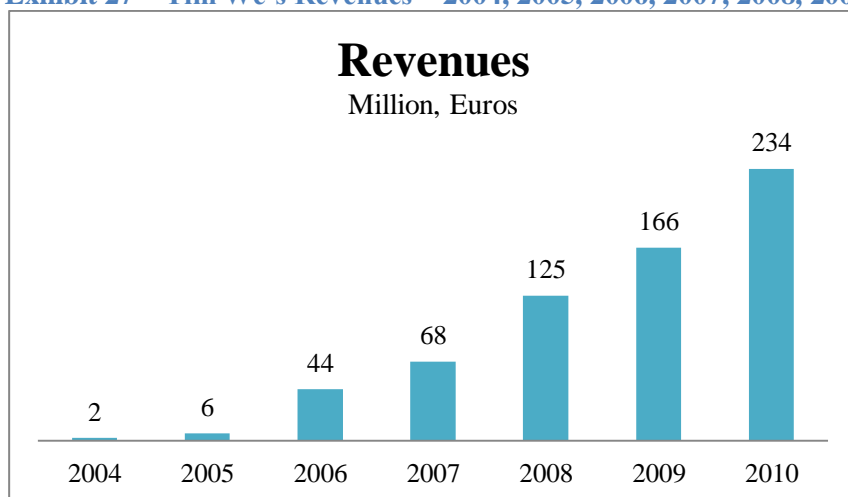
Source: Adapted from company data

Exhibit 26 – Revenues per service – 2007, 2008, 2009, 2010

Revenue p/ service	2007	2008	2009	2010
Mobile Entertainment	67.813	87.274	107.534	116.185
Mobile Marketing	-	37.832	54.154	101.320
Mobile Money		233	4.552	16.346
Total	67.813	125.339	166.241	233.851

Source: Adapted from company data

Exhibit 27 – Tim We’s Revenues – 2004, 2005, 2006, 2007, 2008, 2009, 2010



Source: Adapted from company data

Exhibit 28 – Tim We’s income data (in thousands Euros) – 2006, 2007, 2008, 2009, 2010

Income Data	2006	2007	2008	2009	2010
Revenues	43.548	67.813	125.339	166.241	233.851
Operating Expenses	39.046	63.107	116.903	155.125	218.531
Operating Profit	4.502	4.706	8.436	11.116	15.320
Net Finance Income	-134	-176	-930	-2.276	-926
Profit Before Income Taxes	4.368	4.530	7.506	8.840	14.394
Income Tax Expenses	1.691	1.973	2.119	1.676	3.389
Net income	2.677	2.557	5.387	7.164	11.005

Source: Adapted from company data

2. TEACHING NOTE

2.1 Introduction

Tim We's case was prepared as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Proprietary data was voluntarily disclosed and essential relationships maintained.

The Teaching Note is a document that is an adjunct to the Case Study and it is directed only to the instructors. It is a useful document with guidance and insights about the Case Study and about the learning derived from it. Even though the instructors do not have to follow the Teaching Note to approach the Case Study in their classes, this document suggests how the Case should be used and analyzed.

This document comprises seven parts:

- A synopsis which is a brief description of the Tim We Case Study, its context and key elements
- The suggested assignment questions in order to have a case discussion
- Teaching objectives explains the intended learning and the main goals of the Case Study and its assignment questions
- Use of the case in the university context
- Analysis and discussion of the suggested assignment questions
- Class plan - suggestions
- What has happened in the company

2.2 Synopsis

Diogo Salvi saw a good opportunity in the mobile industry so he quitted his job to start from zero and created his own company. People around Salvi did not encourage him to do this justifying by the fact that, in Portugal, it was very difficult to create company and it was almost impossible to internationalize. However, Salvi fought and created a Portuguese company with huge success worldwide. The company's name is Tim We and it delivers mobile monetization solutions. Its business started in Europe by selling mobile entertainment content such as mobile rings, games, logos and others, to mobile operators for them to sell to their clients who are the end-users of the products – the mobile-phone users. Shortly after, Tim We created its own content platform from which it could

sell directly to the end client. Complementarily to selling entertainment content, this company also offers managing solutions for mobile operators' platform and monetizing it in general which includes the advertising and the billing solutions.

In 2007 Tim We launched a new service, the mobile marketing solution. Mobile marketing offers mobile marketing campaigns and mobile marketing strategies. This is, today, the strongest Tim We's service, and it is offered to a wider range of clients. It has four types of clients: mobile carriers, governments and non-governmental organizations, media groups and finally, consumer brands. This service is considered very useful since it helps Tim We clients to easily interact with their own clients anytime and anywhere.

The most recent service is the Mobile Money, which operates behind a different label: MCoin. Mobile Money offers billing and micropayment services for companies that sell digital goods and services online. Through this service end clients can buy online goods by their mobile-phones without resorting to bank accounts, credit cards and other methods. It is a fast, convenient and secure payment system which is charged on the client's mobile carrier account.

Tim We is based in Portugal but, from the beginning its founders wanted to transform the company into a multinational one and today Tim We operates in more than 75 countries and has 26 international offices. Portugal is far from being the principal market, Brazil is, and Tim We wants to expand its business internationally even more, since it is a very important goal and strategy to Tim We (see **TN-Exhibit 1**).

Tim We's revenues

Regions	2008	2009	2010	% 2010
Portugal	5.289	5.207	5.997	2,56%
Brazil	44.496	66.860	103.173	44,12%
Other Regions	75.554	94.174	124.681	53,32%
Total	125.339	166.241	233.851	100,00%

TN-Exhibit 1
Source: Adapted from company data

Tim We's internationalization strategy is to target emerging markets with huge potential and low mobile services penetration. It is a multinational company since it delivers its services in several countries, but it does not have the usual multinational strategy once it operates locally in almost every country. It has local offices and workers and their services are customized accordingly to the place they are offered.

In addition to Tim We's services and internationalization characteristics, its key partners are also a strategic topic for the company. The clients and the end-users are very important but the key partners such as the content suppliers, the technology suppliers and the mobile operators are essential for the company's existence. Without content and technology suppliers, Tim We would not be able to offer its services since it does not create the content that sells and its work base is a platform incorporated with technologies that other entities created. Mobile operators play three fundamental roles in Tim We's business model, they are very important clients, they are a distribution channel and they are also a mobile-users database supplier. Besides being a very important type of clients, mobile operators are the channels which Tim We uses to sell its services, to provide additional services (billing services and others) and to reach the end-clients. Moreover, mobile operators are important data suppliers and this alliance enables Tim We to use the mobile operators' database. The sum of these clients' databases are the mobile-users potential reach (today is about 3 billion) which means, the more, the more attractive Tim We becomes for its clients.

To conclude, this company formed by a strong and qualified team, is driven by diversification, globalization and at the same time by local relationships. It offers mobile monetization solutions from a flexible cloud-based platform and their core business and expertise is marketing and sales from the mobile channel.

Tim We's case study describes a successful Portuguese company and illustrates the concerns of the CEO, Diogo Salvi, about the success maintenance in the future due to the strong world crisis and to the high probability of becoming obsolete in this fast changing industry.

2.3 Assignment Questions

1. Which external characteristics (positive and negative) boosted Tim We's expansion and growth and how did it happen?
2. Regarding Tim We's international geographic expansion, how does the company manage its business model and overcomes the different cultural and social barriers?
3. In only 10 years Tim We managed to diversify its portfolio, deliver its services to more than 75 countries, reach revenues of 234 million Euros and become the very first Portuguese company to prepare the entrance in the Nasdaq stock market. In your opinion, which factors had contributed to make Tim We achieve all this?
4. Salvi is becoming apprehensive about the competition in the mobile industry and also due to the European crisis that has been shaking down million businesses. Evaluate the threats that Tim We may encounter.

2.4 Teaching Objectives

1. To make students understand that a company's development is not only boosted by internal competences, but also due to external factors that may open opportunities in the business world. And to have students realize that both positive and negative factors are important in the company's expansion process.
2. To highlight to students the complexity of a successful company's business model like Tim We.
3. To make students analyze the differences of an international company that locally adapts its services and other who does not.
4. To make students understand how did the company become successful by evaluating the different factors concerning the company and the environment.
5. To have the students comparing this company to others in the industry to understand the differences and the reasons why Tim We has succeeded.
6. To have students explore the internal and external threats that the company may encounter.

2.5 Use of the Case

This Case-Study was written to present a Portuguese company with huge success worldwide. Tim We's Case Study is presented in such a way that makes students think how the company achieved great success in 10 years especially outside of its home country. This Case enables the students to think about the environment of the different regions where the company operates, the industry and also the future strategies to prevent Tim We to become obsolete and being left out by the present crisis.

Tim We's Case-Study was elaborated to be used in the Marketing course of the under graduated program but it can also be studied in courses like Strategy and General Management of the same program. This Case-Study fits as well in the master program such as in the Entrepreneurship and Business Planning, Managing in a Global Context and Marketing Communication courses.

2.6 Analysis and Discussion

1. Which external characteristics (positive and negative) boosted Tim We's expansion and growth and how did it happen?

Tim We benefited in its growth from numerous internal characteristics such as qualified and competent employees, a creative marketing team, a close relationship with partners and suppliers, advanced and innovative technologies, attractive services proposals, a rich client database among many others.

Besides the internal factors, there were fundamental environmental conditions (external characteristics) that helped Tim We's development, which were positive and negative factors that became opportunities to the company.

Regarding the positive aspects, the world GDP in 2010 was growing worldwide (especially on the emerging regions) and world population was expected to increase in every world region excepting in Eastern Europe. Ninety percent of the world population was covered by mobile signal and there was a great usage and diffusion of the mobile-phones worldwide (**Page 8, Exhibit 2, 3, 5**).

As mentioned, there were also negative characteristics that drove Tim We's expansion such as the lack of infrastructures on developing countries which led to weak communication systems on those regions. Also, in these regions there is an absence of sophisticated users, so the systems in terms of communication and information diffusion had to be simpler and easy to use. Moreover, in the less developed regions, bank accounts and credit cards as payment methods are neither used very often nor popular for cultural and social reasons. Those populations perceive these methods as untrusting (**Page 10, 13, 15, Exhibit 14**).

All these characteristics external to the company boosted its expansion. The positive aspects helped Tim We to have a chance on this industry worldwide since the population was growing, the purchasing power was increasing and all this became possible due to the mobile signal huge extension. The negative factors seen on the developing countries opened real opportunities for Tim We regarding the communication and payment methods. Since there were so many problems in communicating with those populations and almost everyone had a mobile-phone, the mobile marketing service came to facilitate this problem and brought a new and easy communication system. Regarding the payments, mobile money is a good, fast, easy and secure alternative to credit cards and bank accounts which emerging population do not feel safe using them.

For these reasons, which were translated into business opportunities, Tim We chose to focus more on the developing markets (without excluding the developed ones). As the company realized these opportunities, it decided to adopt a market development strategy (expanding to new markets offering the existing service) on the first years. Nowadays that Tim We operates in 75 countries, it is having a diversification strategy since it continues to expand to new markets but it is focusing as well on delivering new and innovative services.

2. Regarding Tim We's international geographic expansion, how does the company manage its business model and overcomes the different cultural and social barriers?

Tim We decided to organize its business considering two scenarios – global and local – that complement each other and work together. The global aspects of the company and the global strategies are managed in Lisbon (Portugal), on the company's headquarters. It is there that the important decisions are made in terms of services' development, marketing, R&D, human resources, finance and so many other fields. Directors and managers from different countries gather in Portugal oftentimes which facilitates to build a cohesive company's spirit and enables a better brainstorming (since it has ideas and point of views from different parts of the world) and aid about new projects, procedures, etc.

In order to overcome problems and barriers regarding the different cultural and social panoramas that Tim We has to face due to the fact that it operates in more than 70 countries, the company uses the global strategies defined in Portugal and adapt them locally to each country. The needed information transfer from a location to another is done very easily due to Tim We's cloud-based system which enables the company to be connected and to have access to the same systems and information every time from anywhere.

To succeed in this adaptation process, Tim We decided to have local offices that are run by local staff which permitted the company to be closer to clients, end-users, suppliers and partners and, in consequence, it enabled a better understanding of the local habits, behaviors and environmental characteristics. This strategy helped Tim We avoid communication problems between the different stakeholders which made it gain more clients than its competitors and deliver attractive and appropriate services (by using the local insights and knowledge to customize the services) according to the local culture.

Since the company is so spread geographically and there is a diverse staff in terms of nationalities and cultures, Tim We has regular company's meetings and programs, where all directors and managers go to the headquarters to meet everyone, learn all about the company and receive

training. To maintain the company constant and at the same level, there is also a team which goes from office to office to provide training, support and to supervise the staff.

Parallel to this, the marketing team, GIM, which is responsible for the most important marketing actions, is also always going from country to country to developed projects in a more personalized and adequate way while making connections among the different offices and countries where Tim We operates.

Wrapping up, Tim We's business model is very flexible and adjustable to every place and situation. It begins in a more global way in the headquarters, and on a posterior phase, local offices and teams adapt the global strategies according to the social and cultural characteristics specific to each country (**Page 19, 20, 21**).

- 3. In only 10 years Tim We managed to diversify its portfolio, deliver its services to more than 75 countries, reach revenues of 234 million Euros and become the very first Portuguese company to prepare the entrance in the Nasdaq stock market. In your opinion, which factors had contributed to make Tim We achieve all this?**

a) Industry with good business opportunities

In a more general panorama, in almost every world region population and real GDP growth is increasing, which is a positive sign since it means that there are more potential people to interact and there is a higher purchasing power. Middle East, Africa, Latin America and Asia are the regions with higher growths and are the regions where Tim We has been reinforcing its presence, e.g. in 2010 the company opened offices in Saudi Arabia (Middle East), Azerbaijan (Asia), Algeria and Angola (Africa) and Ecuador, Guatemala (Latin America) (**Page 8, 19, Exhibit 2, 3**).

The mobile industry is attractive to users and companies, is innovative and fast growing as the usage of mobile devices have been increasing exponentially. Mobile devices have been improving in terms of quality and functionalities in the first decade of the year 2000 which was the period that Tim We was founded and entered in this industry (**Page 8, 9, Exhibit 5, 6**). Due to those improvements, these communication devices are already considered essential in people's life worldwide and everyone depends immensely on them. The number of mobile-phones and smartphones are expected to grow more in the next years, as well as the mobile internet traffic and mobile internet gaming traffic comparing to the fixed traffic (**Page 9, Exhibit 10, 11, 15**).

Tim We and in general mobile services have great opportunities to capitalize on these mobile trends that have been evolving and that are expected to grow in the next years.

Mobile advertising value, which is a component of the Tim We mobile marketing service, was \$3.5 billion in 2010 and it is estimated a value of \$14 billion in 2015. Moreover, this advertising method is capturing companies' attention due to the fact that it is more efficient in reaching and targeting clients than the other media channels, like internet, TV, print, radio and outdoor (**Page 10, Exhibit 16**). Mobile payment method, which is the most recent service of Tim We, will experience a bigger growth, going from \$49 billion (2010) to \$426 billion in 2015 (**Page 10**). Many factors contribute to this expansion such as the rise of e-commerce and virtual goods trade and also the fact that only 1 billion people on the world owns a credit card and only 0.25 billion use Paypal (competing payment methods). Tim We is more focused on the emerging markets and are exactly in those regions where bank accounts and credit cards penetrations are lower so mobile payments have big potential on those geographies (**Page 10, Exhibit 14**).

Being already one of the leaders on Tim We's core markets gives more opportunities to the company since it has the proper know-how of the industry, exclusive partners (mobile operators that work only with Tim We), contracts with clients and also good reputation which helps the company to negotiate with operators or clients (**Page 21**).

b) Having local offices and local workers:

Salvi and Carvalho founded Tim We in Portugal aiming to have a global company. As mentioned on question 2, the company headquarter is situated in Lisbon, where the global strategies are developed and managed which enables an accordance among the entire company and mutual aid (with new ideas, procedures, etc) between all Tim We workforce around the work (**Page 18, 19, 20**).

In addition, Tim We established 26 international offices that are run by local staff that brings all kinds of advantages described on question 2 (more clients, more advantages comparing to competitors, etc).

Having a good network as a crucial recruitment requirement is a confirmation that the staff will use those associations on behalf of the company and therefore gain more clients, negotiation power, and even exclusivity contracts with clients or operators. This business model enables Tim We to locally adapt the global strategies elaborated on the headquarters which makes the services better accepted since they are thought and directed to the clients. So a big part of the achieved success was due to the fact that Tim We is a "glocal" company, this means that the company combines in its *modus operandi* characteristics of the GLObal and loCAL strategies (being spread all over the world but operating locally) (**Page 20**).

Tim We does not have offices in every country it operates (it operates in 75 countries and has 26 offices). The decision factor of establishing an office is associated to the business value and importance, for that reason there are more offices in Latin America and Asia. In countries with little market importance for Tim We, or geographically close countries that have cultural similarities to a country that has an office, the company decided not to establish a workplace. For example, France, Italy and other European countries do not have local offices because they are close to the headquarters (Lisbon), in addition to the fact that their business value is not very significant for Tim We. However, in Spain, which is the closest country, there is a small office to deal with one of the most important clients, Telefónica, the largest mobile-phone operator in Spain, the second largest corporation in the country and the sixth largest mobile network provider in the world⁵¹ (**Page 18, Exhibit 23**).

The majority of the competitors do not have international offices and some have only a few. Boku (competitor in the mobile money service) has only four offices, Spring Wireless (competitor in the mobile entertainment and money services) has only 10 offices and the NeoMobile (operating in Brazil by its subsidiary Dindo) has only 9 offices, including the headquarters. This means that no competitor has the physical spread as Tim We. Not being present everywhere is possible for companies like these since normally these mobile services are monitored by a cloud-based platform, which means that it is not required to be physically present wherever the company operates. This also means that the competitors do not incur in extra costs that Tim We does, such as the offices rent, other offices expenditures, plane tickets and accommodation to get/give training and for the GIM team, salaries for the local employees, remuneration charges and so forth. For Tim We, the proximity to the stakeholders given by the international offices is worth the extra costs (**Page 22**).

c) Focusing on high-growth emerging markets and being the first to enter in a new country:

To be successful, Tim We only went to countries that its services have value for the clients (companies, organizations and mobile-users), so before entering, the management team studied immensely about the industry, the players and the opportunities (**Page 18**).

Operating on high-growth emerging markets contributed to the company's success since the majority of the competition focused its business on the developed countries, which means that Tim We face none or less competition on the emerging regions. Moreover, these markets are still developing and having a fast growth and industrialization, which opens opportunities to business like Tim We (**Page 18**).

Being present in emerging regions such as Latin America, Africa and Middle East translates in numerous business opportunities to this company and this leads to success since these regions are experiencing an attractive growth comparing to the developed countries (**Exhibit 2, 3**).

⁵¹Telefónica, 2012. Telefónica. Telefónica [Online] Available at http://www.telefonica.com/en/about_telefonica/html/home/home.shtml (Accessed 30 May 2012)

The fast population and economic growth of the emerging markets benefits Tim We as it means that there is more potential mobile-users and a higher purchasing power. Moreover, it is in these regions that there is a bigger number of mobile-users. Unlike the developed countries, the emerging ones are not mobile-phone saturated and have a lower mobile penetration which means that there is still “space” for more mobile-phone users in the future. This gives more opportunities to mobile companies since mobile-users are the base of the value chain and without them mobile-based companies would not exist (**Exhibit 7, 8 and 10**).

In the emerging markets, the population relies more on mobile-phones than in computers, internet, bank accounts and credit cards unlike the developed countries. This openness and good relationship between the population and mobile-phones open doors to the mobile services where Tim We thrives.

The mobile marketing service is very valuable to emerging markets’ organizations and population due to difficulty in communicating in those regions. Regarding the mobile payments service, operating on those countries is also a good thing for the company since the majority of the targeted end-clients do not use financial services - there is a low usage and low penetration of the bank accounts and credit cards in the developing regions. In those areas those methods are seen as not trusty, so the population searches for alternative methods, and the Tim We mobile money service, a secure and easy method, benefits and gains a lot of clients. Therefore the company gains advantage from its competitors that are mainly focusing on the developed regions, where the population is used to credit cards and bank accounts (**Page 13, Exhibit 14**). However, this mobile service is more expensive due to the fact that it is necessary to have an intermediary – the mobile operators, which bank transfers and credit cards do not need. So the money gained by a sale is distributed to the company selling, mobile carrier and Tim We, while with credit cards, for instance, the money is only distributed to the company and the bank which enable to reduce the price. This means that it is cheaper for the client to pay with the financial payment methods. But still, clients from emerging countries prefer using the mobile money service for the reasons described above and Tim We prospers not by the reduced margins that gains (while comparing with the credit cards) but by the volume of clients and sales that is able to achieve for its alternative and convenient method.

Anticipating the entrance and/or being the first company establishing the business in a new market enables to achieve the first-mover advantage. With this strategy, Tim We has more probabilities than its competitors to gain better deals and exclusive contracts with mobile operators. Therefore the Tim We gets access to more potential end-clients (mobile-phone users) and as a result becomes more attractive to all kind of clients. Since mobile operators are interested in making agreements with very few mobile services, this prevents Tim We competitors to attack on those markets and it is more difficult for them to establish there (**Page 19**).

d) Synergies and the cloud-base technology platform:

Tim We is the only company that offers the three services, mobile entertainment, mobile marketing and mobile money since the competitors only focus in one or two areas. Offering different mobile solutions to different types of clients enables value creation for the company due to synergies and cross-selling achieved by the diversification. For instance, all the research done about the industry and about mobile-users to them offer good and interesting mobile entertainment content is reutilized by the mobile marketing as well, since the same information is needed to design strong campaigns. Also, the generic framework of the solutions designed and tailored to a client can easily be adapted and used by other clients. Tim We can only benefit for this due to its cloud-base platform, where all the inputs and outputs from the whole company are gathered and available to every office around the world (**Page 11, 20**).

Whenever there is a client using one of the Tim We's services, the company comes up with a strategy to sell the other two services, if possible, to the existing client. It is easier to approach and capture an existing client than a new one, because the existing one has already a relationship with Tim We, in addition, prices and conditions can be negotiated in favor to both parties.

Having the company working with the same cloud-base platform that holds the three services enables Tim We to save costs in infrastructures, to distribute its services rapidly to all its clients delivering value to them too and permits to share information between the three services and between the headquarters and all the offices in a fast and simple way. Moreover this platform is very flexible and in the mobile industry, which is evolving every day, having a flexible base is crucial to the react to the growth and changes that this industry is subject to (**Page 11**).

e) Tim We Team and key partners:

The Tim We team is an important part for the company to achieve success, without it or with a weaker team Tim We would not be able to produce such good and innovative solutions as it currently delivers. Furthermore without the company's recruitment strategy it would be more difficult for Tim We to get in touch and connect with potential partners and clients (**Page 20**).

The executive board, the directors and the management team are a very strong asset for the company. Tim We only recruits people with great education (MBAs) and with a high work capacity since this is a hard-working company. Moreover, the workforce has to be prepared to travel around the globe whenever it is necessary and sometimes for large periods of time. To enter in Tim We it is necessary to fulfill several requirements depending on the area. For instance, for the GIM team, the

candidates have to have a good education, a wide knowledge about the industry, a good project portfolio, a creative mind that thinks out of the box, a capacity to adapt to different country scenarios, people and situations, and other criteria. The process is extensive with tests and interviews (**Page 20, Exhibit 17, 25**).

The regional recruitments for the international offices are quite different. Firstly the staff has to be local in order to contribute with its knowledge and habits about the country and to deliver a tailored service. Apart from the normal requirements (education, experience, creativity, competence, etc), there is a very important condition, which is a good network (potential partners and clients) in order to be easier to get involved, to negotiate and to make exclusive contracts and also to hamper the competitors' entrance and interference (**Page 20**).

Partnerships are equally important for the company, since without the linkages with its suppliers (technology, entertainment content suppliers and mobile operators), Tim We would not be able to deliver its services. Attaining exclusive partnerships with clients and suppliers is crucial for Tim We to gain advantage from its competitors. Exclusive clients are great to keep away competition since it is a guarantee that those clients will only work with Tim We for an established period of time (depends from client to client). This strategy is really important especially when dealing with big clients that translate good business opportunities for mobile services companies, such as Vivo in Brazil (**Page 19**).

Making mobile operators, technology and entertainment content suppliers exclusive for Tim We is a way to be successful in this industry. Mobile operators, which are clients when Tim We provides services such as the "profiling" service and suppliers when making available their clients' database for the company to use it to deliver its services, are a fundamental asset to Tim We. There are no substitutes and they are the most important partners, since it is through them that the services are delivered. Therefore, without connections with mobile operators in a specific country, Tim We would not be able to operate in there. And the more partnerships with mobile operators, the better, since it means that the company can reach more potential clients and therefore be more attractive for its clients. If Tim We makes those carriers exclusive even better once it prevents competitors to work with them and therefore have less potential end-clients.

Linkages with technological companies and entertainment content suppliers are important to differentiate from competitors in order not to deliver similar services and to be highlighted by being diverse.

Moreover, with good established partnerships Tim We can achieve discounts, specific requirements and partners will also be interested in this since they can benefit from the agreement since they need Tim We's marketing expertise, content and billing services (**Page 19**).

4. Salvi is becoming apprehensive about the competition in the mobile industry and also due to the European crisis that has been shaking down million businesses. Evaluate the threats that Tim We may encounter.

Problems with key partners can jeopardize Tim We business. The most important partners are the mobile operators and Tim We depends on them to deliver its services. Losing a partnership (a termination of a contract) with many or with an important mobile operator, limits Tim We's operations and therefore becomes less attractive to its clients. For example if Tim We loses its partnership with Vivo, it can jeopardize the entire business since it is the most important partner and income source. Moreover, this possible separation does not let Tim We to reach mobile end-users which impacts negatively the business as well, since without connection to a large end-users database, the potential clients will not be interested in Tim We. Clients very likely would change for a competitor with more potential mobile-users **(Page 17, 18)**.

Tribulations with content owners can also risk the business since they are Tim We's suppliers. In addition, if its content becomes less attractive to the end-users Tim We will suffer from that because mobile-users will not buy it. Being an intermediary and depending on partners is a threat because if one fails, Tim We surely feels the negative repercussion.

Brazil contributed with 44% of the total revenues in 2010, no other country alone contributed with more than 8% of the revenues so it plays a major role in Tim We business. Any problem in Brazil, such as loosing mobile carrier's contracts, clients or mobile end-users, changes in regulations, new and strong competitors or even terrorism and natural disasters are threats to Tim We's revenues which can put in risk Tim We's business **(Page 19, Exhibit 23)**.

Tim We depends immensely on good, efficient and creative marketing and advertising campaigns that the company builds and designs for its clients. Moreover, once Tim We operates in more than 75 countries it has to be aware of the different cultures, tastes and norms. A mistake, negligence or weak campaigns are certainly threats to Tim We reputation which can affect its power in negotiations with clients or even lose them **(Page 20, 21)**.

As Tim We works with huge and well-known companies, such as Vivo, Telefónica, Tim, Coca-cola, Petrobrás, TV Globo, Kellogs and so many others, the contracts have to be discussed individually. As these clients are so powerful, Tim We can have a great difficulty in negotiating in its favor and it is a threat if the negotiations harm Tim We business **(Page 6)**.

Tim We operates mainly in regions that are not stable. Emerging markets are characterized by having an enormous and fast growth where many business opportunities can thrive. But on the other hand they are in transition and still not developed economies which make them risky and can be a big threat to Tim We. These threats can be related to politics, regulations, laws that in these regions are not steady **(Page 7, 21)**.

Besides investment and business risks, if Tim We does may not understand the overall differences (consumer preferences, cultural and social differences, regulation and legal differences amongst others) of the multiple countries they operate, this company can compromise its business **(Page 19)**.

Seeing that this is such an attractive and dynamic industry, it will attract competitors. These competitors could be new-formed companies or existing ones that decide to target Tim We's markets since those places are interesting for mobile services' companies. Increased competition is a threat to Tim We since it can lose clients and importance in the market.

The rapid innovation in the mobile industry can be a threat if Tim We does not keep pace with it. Tim We incurs the risk of not taking advantage of new services opportunities, becoming obsolete and loses its attractiveness and therefore clients, which in all scenarios, means losing revenues **(Page 9, 10, 16)**.

2.7 Class Plan – Suggestions

The case-study should be read, analyzed and answered individually by the students before the class. The class (90 minutes) should be divided into six parts (see **TN – Exhibit 2**):

1. Case-study summary (5 minutes)

The instructor should ask one student or more to do the summary of the case and then ask the others to complete and give contributions. The main ideas should be written on the board to make sure that everyone has the same level of understanding of the case.

2. External Characteristics (15 minutes)

Regarding the question 1 of the case study, all students must try to answer and the instructor should use the board to write the correct contributions. The board should be divided

in two, one part for the “positive external characteristics” and the other for the “negative external characteristics”. At the end, the company’s strategies must be discussed.

3. Business Model and Cultural and Social Barriers (15 minutes)

To answer this question, the instructor should use the last question’s method – writing on the board and managing the students opinions and discussions.

For the last part of the class, students must be organized in small groups (4/5 persons), in order to have small discussions about the themes.

4. Success Factors (10 minutes for discussion within groups + 20 minutes discussion among groups)

All groups should participate and give their opinions about the factors that make this Portuguese company so successful. To have a better understanding and to be sure that all important points are mentioned, the key-factors should be written on the board.

Discussion among groups should be incentivized to create a dynamic class and to know the different perceptions of all students.

5. Evaluate the threats of Tim We (10 minutes for discussion within groups + 15 minutes discussion among groups)

This question should be conducted as the previous one.

6. Future strategies

This part is not included on the assignment questions, but if there is still time in the class it is interesting to ask the students about what do they think about the future strategies of this company and what do they think it will happen. Students should give their opinions individually and the instructor can answer the questions based on the chapter “What has happened” of the Teaching Note.

Lecture plan:

Minutes	Topic	Comments
5 min	Case-study summary	Ask the students to summarize the case-study. The main ideas should be written on the board
15 min	External Characteristics	Everyone should answer and give contributions in order to have a richer discussion
15 min	Business Model and Barriers	Everyone should answer and give contributions in order to have a richer discussion
10 + 20 min	Success Factors	Everyone/group should answer and give contributions in order to have a richer discussion
10 + 15 min	Threats	Everyone/group should answer and give contributions in order to have a richer discussion
	Future Strategies	If time permits, this topic should be discussed slightly

TN – Exhibit 2 – Lecture Plan

2.8 What has happened?

In the summer of 2011, Tim We decided not to enter in the Nasdaq Index due to the strong instability of the US markets and to the European crisis. The company postponed its entrance but has still not given up. Nasdaq is the second largest stock exchange in the world which means it is a great method to obtain international investment and to be known worldwide.

Tim We decided to maintain its strategy of growing and consolidating in the mobile industry:

a) Strengthen Tim We's leading position

Tim We wants to continue being successful and in order to achieve that, it has to maintain its leader position and to keep being competitive. In general, the company should increase its services penetration by gaining more clients and by exploiting the current ones, in particular governments, NGOs and brand owners, since these have more potential (Governments and NGOs count on mobile marketing service as a communication partner; Brand owners were not prepare to use Tim We services when they appear but they are already starting to become familiar with this method). Tim We should also develop new and attractive mobile services.

In addition, Tim We should take the utmost of the coming opportunities, especially the ones occurring in its principal market, Brazil, such as the world cup in 2014 and the Olympics in 2016.

b) Expand the business by entering in new countries

Tim We's first goal was to become a multinational company, and in less than 10 years it achieved that by spreading the business into more than 75 countries. However, the company still wants to continue its geographical expansion to new and attractive markets. Tim We wants to target, in particular, emerging regions with high-growth potential, big number of mobile-users, low mobile services penetration and lack of competition. Tim We is planning to go to countries which it still does not operate in Latin America, Africa, Middle East, Asia and Central and Eastern Europe.

c) Enhance Tim We's relationships with its key partners and clients

Tim We does not want to lose key partners and clients for competitors, and in consequence having huge revenue losses. So, Tim We is going to continue to capitalize on its current relationships, deepen and expand them. This will be done by selling services that are not being used yet by a certain client. For example, Tim We will try to sell by a bundle price mobile marketing services to a mobile entertainment client. The company will also create more loyalty programs, exclusive contracts and deliver valuable and personalized services designed especially for each one.

d) Trail new mobile trends and innovations

Tim We's strategy is to be always up-to-date in terms of technology with the purpose of avoiding being overtaken by competitors and/or being left out on this industry that is evolving rapidly. So, it is necessary that Tim We follows the new mobile trends and capitalize on the opportunities that come from innovations. Tim We will exploit business opportunities linked to the smartphone boom, the NFC and HTML5 technology and so forth. For this, the company will continue to invest in R&D on its lab.

e) Enter in the Nasdaq index

Salvi and his team decided postpone the entrance in Nasdaq due to the strong instability of the US markets and to the European crisis. Tim We will analyze the best time to enter which they believe it is going to be in the near future.