



UNIVERSIDADE CATÓLICA PORTUGUESA

MetaCase: From a start-up to an international company



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Dissertation submitted in partial fulfillment of requirements for the degree of MSc in Business Administration, at the Universidade Católica Portuguesa, date 2013.

Abstract

Title: MetaCase - From a start up to an international company

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The development of a business case study is the main goal of this dissertation. The application of strategic concepts intends to provide a better understanding of the current situation of the company, as well as to offer recommendations for the future. The dilemma that is further analyzed concerns whether the company should opt for an internationalization process or not, including the markets to explore and the entry modes to adopt.

The company is MetaCase, a services firm that provides a consultancy-based solution for financial management, through its own in-house conceived and developed financial ERP. Nowadays, it is only present in the Portuguese market, however it has already been introduced in some projects abroad, all of them through Portuguese based clients.

Following the case study, a Literature Review is developed. The topics approached in this section are directly connected to the case itself, such as the key success factors for financial services, financial flows, internationalization and strategic concepts. Moreover, the Teaching Note section presents a personal analysis on the case, aligned with a possible way to approach this case study in a classroom, including the analysis and the recommendations.

The relevance of moving on with the internationalization process in order to keep growing is explained. The reasons behind this decision are sustained, and the practical action to be taken is suggested.

Resumo

Título: MetaCase - Desde uma pequena empresa portuguesa até uma empresa internacional

Autor: Henrique de Azevedo Gomes da Silva

Esta dissertação tem, como principal objetivo, o desenvolvimento de um *case-study*. A este caso serão aplicados alguns conceitos estratégicos, de modo a proporcionar uma melhor compreensão da atual situação da empresa, bem como a recomendação de decisões a tomar no futuro. O dilema que a empresa enfrenta, que será analisado ao longo desta dissertação, consiste no processo de internacionalização. Não só é necessário perceber se o mesmo deverá ser o próximo passo a tomar, mas também, e caso a decisão seja neste sentido, em que moldes deverá ser feito, nomeadamente em que mercados e com que modos de entrada.

A empresa em questão é a MetaCase, uma empresa de serviços que disponibiliza uma solução de consultoria para a gestão de fluxos financeiros, através de um *ERP* financeiro internamente concebido e desenvolvido. Presentemente, a empresa está apenas presente no mercado português, no entanto já desenvolveu alguns projetos noutros países, todos eles para clientes sedeados em Portugal.

Após o *case-study*, é desenvolvido um capítulo de revisão de literatura, *Literature Review*. Os tópicos abordados nesta secção estão diretamente ligados ao caso em estudo, tais como fatores de sucesso para serviços financeiros, fluxos financeiros, internacionalização e conceitos de estratégia. Em seguida, surge a secção da *Teaching Note*, na qual é apresentada uma análise ao caso, juntamente com uma sugestão de como apresentar este caso numa aula, incluindo as recomendações para o futuro.

A resposta ao dilema sobre a relevância do processo de internacionalização para o crescimento da empresa é, também, explicado. As razões que baseiam esta decisão são sustentadas, bem como as ações práticas a implementar são sugeridas.

Acknowledgements

I would like to express my gratitude to MetaCase for this unique opportunity and for all the support that was given to me, mainly through its CEO, Dr. Carlos Fortes.

I would also like to acknowledge my advisor, Nuno Magalhães Guedes, for his complete availability, helpful feedback, trustworthy guidance and insights.

Finally, I would like to thank my friends, workshop colleagues, internship colleagues and my family for all the contributions and non-academic support throughout these months, which were essential for this dissertation.

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I. Introduction

MetaCase is a service IT consultancy founded in 2003 by a group of former consultants with experience in the area of financial flows management. Carlos Fortes, the CEO, explains during the Case Study the creation process of this company, as well as the way it has developed until the beginning of 2012. The firm was founded based on an innovative idea, however difficult to execute in the first years of MetaCase's existence. In 2008, everything changed with the launch of the TargetOne platform.

The CEO explains the dilemma the company was facing at that time. The platform is too complex for small sized companies, therefore MetaCase's target must be large companies. Due to the small number of Portuguese based large companies, MetaCase would need to find a solution in order to keep growing. Bearing in mind this fact, Carlos Fortes and the board came up with the internationalization process. Still, they have to figure out whether internationalization makes sense or not. In the event that it does, they still have to decide where to go and how to do it.

Besides the case itself, this dissertation intends to add value to students' academic life and to instructors using this case study in class. In order to reach these goals, the dissertation is divided into three main sections: Case Study, Literature Review and Teaching Note.

The Case Study section describes the company, its history, its present and the dilemma to be analyzed in order to prepare for the future. As mentioned, this dilemma pertains to the internationalization process and the inherent decisions to be made.

The Literature Review highlights the theoretical topics relevant for both the case and the Teaching Note. Here, the main subjects are the services, companies, strategy, internationalization process and financial flows.

Finally, the Teaching Note is a tool for helping instructors define how to teach the case in class. It aims to create the basis for the best possible discussion, as well as to provide the analysis and recommendations believed as the most appropriate. Because this is an open chapter, it is not required to be followed. However, extra knowledge and insights from the instructor's experience and expertise is always welcome.

II. Case Study: MetaCase: From a start-up to an international company

Seated on the new office's chair, Carlos Fortes, the CEO of MetaCase, was wondering if going abroad would be the best strategy for the service IT consultancy founded in 2003, and how to do it.

He explained "that a company must always try to keep growing, but nowadays, in January of 2012, we do face a high level of competition, having those big companies biting at our heels. Nonetheless, there is one thing that distinguishes us from all the others in this Portuguese market: having our own platform, that no one knows better than us, aligned with a technological and financial consultancy service".

1. The industry

MetaCase was a Service IT company, serving both the consultancy and information technology markets. In 2011, the company had a total turnover of approximately 2.871M€ higher than in the first year, employing 32 people divided into two offices (see exhibit 1, 2 and 3). The company's website⁽¹⁾ stated that "MetaCase is a leading consulting company specialized in analyzing financial processes and flows within multinationals. We deliver extensive knowledge, experience and innovation through a powerful technology **Platform** which enables our customers to achieve more value, improve performance and gain agility in response and decision making, thus obtaining a competitive advantage".

The consulting industry was a very competitive one. There were strong established players, mainly some worldwide international companies that have expanded to the Portuguese market, such as Accenture, Boston Consulting Group, Deloitte, McKinsey, PriceWaterhouse Coopers, Roland&Berger, among others.

Consultancy was not a mandatory activity for a potential customer, as opposite of auditing, for instance. The consulting area was directly dependent on the commercial capability and

⁽¹⁾ www.metacase.pt

networking of each player. This industry had specific human resources characteristics and several corporate key success factors. The focus on human resources was explained by the unique characteristics that the companies in the consulting industry required. Thus, one could expect to find people with strong analytical skills, capacity to work as teams, problem solving ability, as well as the interest and agility to deal with different people, cultures and, mainly, specific client's needs. The key success factors, at the corporate level, were indeed related to the consulting companies' strategy. Differentiation and long-term orientation were just two of the main key success factors. The final service provided by each company was never the same as another company, this was due to particular conditions that varied from company to company, such as the quantity and quality of the human resources. The most recognized companies used to have higher prices for their services, as opposed to the small national ones. The other aspect, long-term orientation, exemplified the networking importance and the commercial capability within a consultancy firm. The multinational consulting companies "are seen as the best schools to teach newly graduated people. There you can learn, improve, but you will never reach the top if you do not have any commercial ability", according to Carlos Fortes. Hence, human turnover was a reality in this industry. However, the former consultants knew that those companies in which they have worked were the best, and they will always know who to contact, if they need this kind of services. In this sense, the networking was considered by the majority of consulting companies as a key success factor.

The information systems industry was different from consulting, especially in Portugal. Traditionally importers of technology, Portuguese companies in general do not invest in developing their own software and technologies, and those who did invest, did not provide any complementary service, focusing strictly on software development. IT companies usually required high technical skills and technological knowledge, rarely specializing on a unique and specific product. The wide range of knowledge within the technological field of activity was almost always considered as an opportunity to be explored. As an example of this, there were SAP from Germany and ORACLE from USA. Both these companies were focusing on more than one line of products: "Oracle Corporation is an American multinational computer technology corporation that specializes in developing and marketing hardware systems and enterprise software products - particularly database

management systems (...) The company also builds tools for database development and systems of middle-tier software, enterprise resource planning software (ERP), customer relationship management software (CRM) and supply chain management (SCM) software."⁽²⁾ ; "SAP is a German multinational software corporation that makes enterprise software to manage business operations and customer relations. (...) The company's best-known software products are its enterprise resource planning application (SAP ERP), its enterprise data warehouse solution - SAP Business Warehouse (SAP BW), SAP BusinessObjects software, and most recently, Sybase mobile products and in-memory computing appliance SAP HANA. SAP is one of the largest software companies in the world."⁽³⁾

Also, these IT developing companies had a key in Research and Development for achieving success, since this was an industry that was never stable, where innovation was the key word.

2. The competitors

Despite not belonging exclusively to any of the mentioned industries, MetaCase had to consider both of them, as was the case with the largest players in the consulting and IT industries. However, MetaCase did not fit totally in the referenced industries.

Companies in the consulting industry explored and provided the installation of software, such as CRM, SCM and ERP. However, none of them had developed their own software, they could only buy it from the IT developers. Still, as Fortes said, "they have to be considered". Competitors could be divided into small/medium consultancies and large consulting companies.

The small and medium consultancies are usually companies with a rigid selection criteria, which means the recruitment was limited and they could not afford to hire large numbers of people, at least without taking a close look to the expectations of work demand. Also, the networking was not as strong as in other competitors.

⁽²⁾ http://en.wikipedia.org/wiki/Oracle_Corporation

⁽³⁾ http://en.wikipedia.org/wiki/SAP_AG

The large companies, like the multinationals previously mentioned, had the capacity to count with the best human resources, as well as the financial capacity to either buy software (ERP, CRM, SCM) to implement on their consulting projects or just recommend it, as small consulting companies did.

The other industry, information systems, represented the software developers. Although they provided software, they did not intend to identify its need. This meant that this industry was somehow complementary to the consulting one, at least in what regards ERP, CRM and SCM software. Besides Oracle and SAP, there was also a company called SAGE, which included the former XRT, where the founders of MetaCase used to work. This company is the "worldwide leader in the development of management software and services for small and medium enterprises."⁽⁴⁾ The main difference in comparison to MetaCase consisted on the specialization in financial flows that the Portuguese start-up was based on. Also, the target for MetaCase was not SMEs, but mainly the large companies of the national market.

3. MetaCase - the founders

November of 2003 was the official foundation date of this company. A group of consultants with more than 20 years of experience in the Financial Flows field, gathered together and came up with this idea. Among them there were people "with different personalities and skills", as Carlos Fortes said, having in common the fact they all knew each other before. Besides the CEO, the founders were Jorge Ganhão, Elizabete Amaral and Manuel Santos. The founders worked together before, in a company called XRT (now part of SAGE), having reached the conclusion that they could start their own company. Not only did they have a good personal relationship, but they were also a self-complemented team: Carlos Fortes had the strategic and financial knowledge, as well as leadership capacity; Elizabete Amaral was responsible for the commercial role; Jorge Ganhão had the skills to deal with the software; and Manuel Santos had the hardware know-how. In 2012, excluding Elizabete, who left in 2008, they were all still working in the company.

⁽⁴⁾ <http://www.sage.pt/Default.aspx?action=ArticleViewer&target=409&code=3&m=428>

"The idea did not appear from nowhere", Carlos Fortes explained, reinforcing that it emerged from a set of experiences the founders had both individual and collectively. The CEO mentioned that the international experience he had before MetaCase might have helped him on this project. He started to work for called Ernst & Whiney, an auditing company, and then moved to GTI - *Gabinete Técnico de Informática* - a reference softwarehouse in the 80s. During his career, Carlos Fortes had developed projects abroad, being responsible for several companies outside of Portugal, mainly in Europe and South America.

"Experience allows one to understand how the markets work, their weaknesses and what could really fit on each one. Yet, in order to start up a company, one needs not only to find an opportunity and have an idea, but also to take the risk and call the entrepreneur present in ourselves", explains Fortes.

4. The idea

The founders experience allowed them to find a business opportunity in a market where other people find none. "But although clear for the MetaCase founders, the opportunity did not imply immediate success", according to the CEO.

Throughout the previous professional life of the founders of MetaCase, they developed an expertise on the field of financial flows, the way markets behave and the needs companies had. Plus, they had the chance to utilize the available solutions for the referred markets in both the conditions of customers and sellers, dealing with them on a daily basis. Therefore, the founders were able to identify the needs and the weaknesses, since "when you are directly working with some product, regardless the type, you can understand that this small detail would make the difference for you, from a consumer point of view", explained Carlos Fortes. "In matter of fact, the solutions available were lacking something, such as specialization. They had some gaps and we felt that we could have the expertise to overcome them."

Therefore, the concept of MetaCase was to provide the customers with an innovative financial flows' service, allied to a technological capacity and consultancy. MetaCase's

CEO stated "the goal was to provide a specialized service in financial flows consulting, based on our own technology". Since the beginning, the founders always kept in mind that MetaCase should develop its own in-house designed software, although that goal was not achieved immediately.

5. The beginning

In 2004 the company was ready to start its activity. The know-how and expertise were all there. However, developing software was a demanding activity, both in time and cost. Therefore, MetaCase's initial portfolio had some small internal developments, but the core portfolio consisted of imported packages of software, such as the Spanish *Taya*. This software was not exclusive, so the company was just offering similar things that the market already had. By this time, the main focus of the company was in people. The idea the founders wanted to show the companies was that MetaCase was going to develop something the market did not have so far. Also, they wanted to gain company's trust, this is why the experience and the business contacts they gathered throughout their professional life were fundamental.

The idea was innovative, however the reality was not disruptive so far. Thus, the main challenge consisted in convincing companies to change and hiring MetaCase to do the same things that were already done. As one of MetaCase's founders, Jorge Ganhão, said "back at that times, we were taking a huge risk. The beauty about the beginning of this start-up remains on the human influence in the business world. Not only we convinced some companies to change and hire us, but also to pay us in advance so we could really start our project".

In 2004, doubts still remained, as the CEO asked "was our idea going to succeed? Were the companies going to believe us, experienced people in this area? Or would they rather prefer established players?" As another founder said, "The early beginning of this company has its own beauty. Why? Well, we had to gain companies' trust, in order to sell them a product from a new company. Moreover, we still needed to receive the money before installing our products, and we managed to do it." But the first project did not take too much time to

appear. *Grupo BP* was the first client, not hesitating when contacted by this group of entrepreneurs. After this, and having its name associated to a company with a large presence in the national market, the important step the firm needed to start growing was done. Several companies followed BP, such as *Credifin* and *Martifer* (see Exhibit 4).

6. The affirmation

Despite this good performance, the initial idea was not forgotten at all: "to have our own integrated platform, different from all the others in the national market, specialized on financial flows", added Carlos Fortes. Since its existence, MetaCase never stopped creating its own developments, but the business survival was the main goal. Nonetheless, companies trusted MetaCase and its founders, so if the promised idea did not become a reality, the company could start facing some credibility problems.

The year of 2008 started with the coveted launch of the in-house conceived and developed platform, *TargetOne*. MetaCase had, finally, its own product. Almost as important as this, the company positioning changed. Compared to any other software provider, the company could now show its financial consultancy side. As creators, MetaCase's workers were the best and only people in what regarded the only integrated platform specialized in the optimization of financial flows.

The first company adopting *TargetOne* was EDP - *Energias de Portugal*. "Nowadays, EDP is still our major client, being responsible for approximately 30% of our total business turnover", added Carlos Fortes. "This project was the turning point for what the company stands for, today. We became a serious case-study, even on financial international conferences as Eurofinance" (see exhibit 5). The previous portfolio adapted to the new platform, bringing with this all the inherent revenue benefits. Plus, as it happened on the beginning, getting a dominant player of the national market as a client would open some new doors and opportunities.

Moreover, *TargetOne* brought a different added value to the company: projects abroad. Once again, the first company using *TargetOne* to centralize all the Financial Flows from all the companies of the group in a single platform was EDP. "Starting in Spain, and

passing by Houston, USA, MetaCase had to be there, implementing the platform. This allowed the company to manage every financial operation directly from Portugal, where the headquarters are located." In 2012, MetaCase had already been developing projects in countries such as USA, Spain, Italy, Poland, UK, Romania, Belgium and France.

7. MetaCase and TargetOne - the competitive advantage

The company's competitive advantage came, as the CEO explains "from the group of consultants' knowledge and capacity to identify a market opportunity". However, it had to be sustained during the years. If in the beginning, it was only based on people, with this new platform it started to be also based on technology.

The platform *TargetOne* integrated many components of the financial activity that a company faces on a daily basis. From payments and receivables, going through statements, and ending in the Cash-Flow Forecast (see exhibit 6), companies could improve their efficiency in managing the financial flows. "For instance, instead of collecting the statements from all the interactions with the different banks, the customer just has to open the platform and consult the statements, since they are automatically collected from the banks by *TargetOne*. (...) Moreover, the platform can use this statements to do what it is called Reconciliation, in which it verifies if your current account balance reflects what you really spent", explains a consultant. "And it is our job to explain this to the companies, helping them deciding what is needed to improve their financial flows process", he added.

According to the CEO, this platform also reflected "the improvement of the weaknesses we faced on the previous software. As we had experience on this field, we knew what had to be done while conceiving and developing our own financial ERP. For example, the platform has the capacity to test, to simulate results in order to ensure everything is working perfectly."

In addition to effectiveness, innovation was also important for this platform. The CEO explained that "this platforms has a level of financial operations instruments that some companies did not think it was even possible." Plus, and as MetaCase had several partners with projects abroad, the platform was developed with a multi-lingual characteristic. It

means that, even if the language is not available, it can be easily added. "The platform is only in Portuguese, Spanish and English. However, we intend to have this new project in Poland, so we are starting to adapt it to the Polish language, for example." Moreover, there was an R&D department, evolving the platform every day. All the available components were subject to constant reviews, in order to add value. The current clients benefit from it, and MetaCase kept updated as well, improving the opportunity to reach potential new customers.

Beyond the service brought by the Platform itself, MetaCase tried to provide its customers with a personal and customized service. The company had an Helpdesk available since 6am everyday in order to solve any doubts or problems faced by the customers that are spread all over the world. In addition, the purchasing of MetaCase's service, the integrated Financial Platform, assumed also training time. Thus, customers have an initial help in what regards understanding how it works, saving time and resources for both parties.

8. Crisis: a two-faces situation

Portugal was facing hard times during the years of 2011 and 2012. And it was not only Portugal, but also a lot of other European countries. As the time was running, some companies started to go bankrupt, the economy was contracting and making these times really difficult for companies to survive. In this sense, MetaCase was just another company needing to find solutions. The market was not large and, although the clients were considerably loyal, their future was uncertain. This threat was extensive to their partnerships with MetaCase, since if they went bankrupt, the company would be losing a client and its respective income. As an example of this, there was Credifin. This company was acquired by Banco Cetelem, part of the Group BNP Paribas, in 2009. Therefore, the partnership with MetaCase came to an end.

From a general point of view, this could seem like a huge problem. And it was. However, there was also an opportunity that, once again, MetaCase started to see. According to the company's most recent developments, there was a new need: Treasury. In a simple explanation, a company needed not only to have an "appealing balance sheet", but also "to

have money in the bank account", added Carlos Fortes. Thus, MetaCase was planning to come up with a new component, Cash Flow Forecast. According to MetaCase, "the financial managers and treasurers use Excel sheets to deal with significant volumes of highly dynamic data, with their limitations and risks (...), not always being able to reach a dynamic Cash-Flow Forecast, updated and similar to reality." This is precisely what was improved: "MetaCase conceived and implemented a new solution, *T Cash Flow Forecast*, in its Financial ERP, *TargetOne*, (...) which is succeeding on one of the largest telecommunications national groups", adds the CEO. This project could, then, help companies to know exactly what they would have throughout the following year, as well as how much money they could spend without having trouble in the near future.

9. How to keep growing?

Portugal remained the main market for MetaCase and all of their projects abroad were related to Portuguese based companies. Despite not being really there, "the company got to understand these markets, giving us a real experience of the potentialities of each market". MetaCase had, by the beginning of 2012, a couple of possible business opportunities in the Portugal. However, due to the situation of the Portuguese market, there was always the risk of losing customers, even without competition. Bankruptcy, for instance, could be a big issue.

Carlos Fortes and the rest of the board had then to analyze what should be the next step. The foreign markets were, indeed, the solution: "a friend of mine, currently working at JP Morgan, is always saying to me that MetaCase would definitely be a company with a granted success on a country as the USA. Portugal? Yes, but it is too narrow", revealed the CEO.

However, where to go and the way to do it was not that simple. The company had worked abroad, indeed, but it had never started from the early beginning. It meant that all the projects were Portuguese based (see some of the results of EDP's project in the exhibit 7). All the experiences done so far consisted of Portuguese companies managing their

businesses abroad and never of a foreign-based company centralizing their financial management in that foreign country.

"The best solution is to follow our current partners into their businesses abroad. But it might not be enough; we want to be able to find our new customers. And, for that, we had to start our activity in a foreign market."

10. The possibilities

The decision encompassed two major challenges: where to go and how to enter that market.

Besides Portugal, MetaCase had already worked in countries such as Poland, Spain, USA, UK, Italy, Romania, Belgium and France. Therefore, these were the markets where at least some of its consultants had already been. The knowledge about its characteristics, needs and respective adaptation time was higher than in any other market. Thus, it would be expected the chosen market to be one of these. Nonetheless, an analysis about which one offered the best potential had to be done, encompassing also the international professional experience of the founders.

The other issue raised was how to enter the market. For this question, there were three main options:

- To open MetaCase in that country;
- To acquire an already existent company in that market;
- To establish Partnerships with both IT and consulting companies in those markets.

Regarding the possibility of opening the same company in a different country, as the CEO mentioned, "starting from the early beginning is always more difficult. On times like this, there is no easy entrance on foreign markets." A new company had always to face some entry barriers. In this case, one can notice that financial operations were a delicate issue in all the companies. Thus, it would be difficult to convince clients to change their processes, mainly because they did not know either MetaCase or its human resources – in Portugal, the market did know the founders.

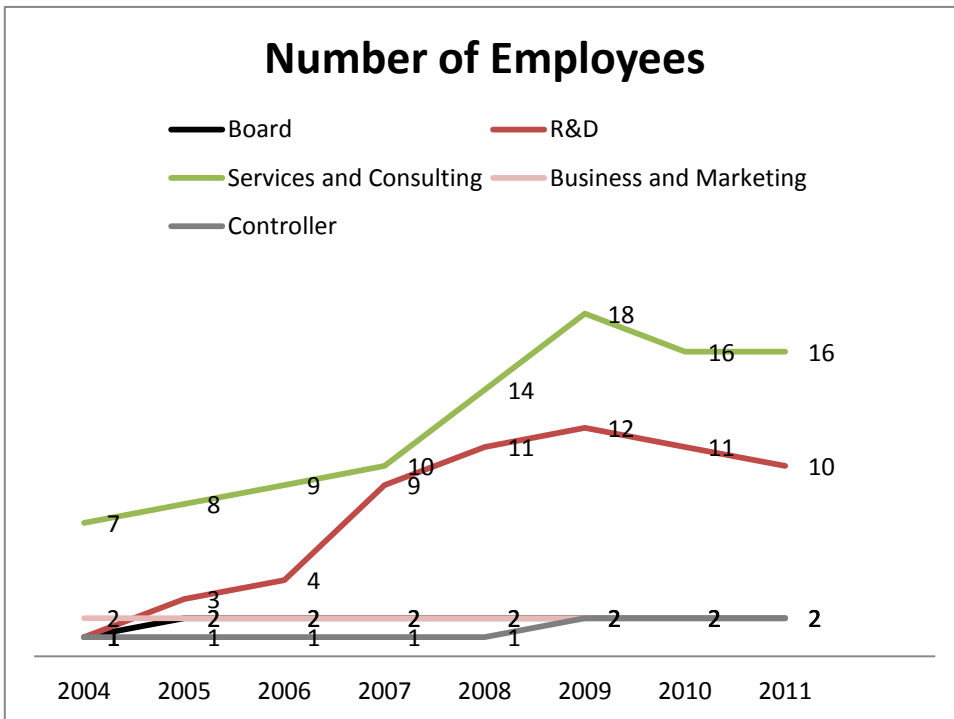
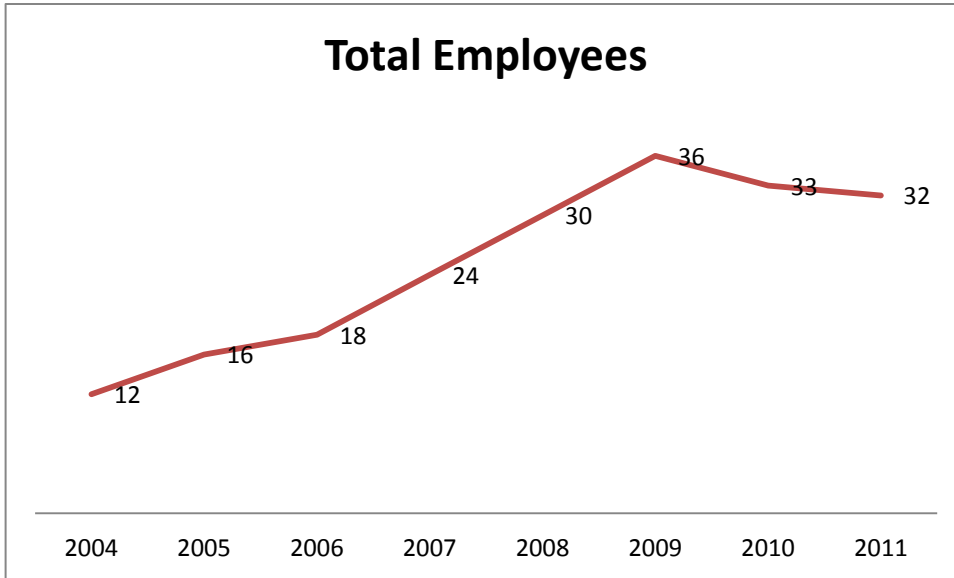
On the other hand, "buying a company demands high costs. Plus, we would have to adapt that company to MetaCase's culture." This meant that MetaCase would have to measure the ratio between investment and the contacts/networking resulting from such an operation.

Finally, a third way of entering those markets could be through partnerships, explained the CEO: "We can definitely do some partnerships with either IT or consulting companies in different markets. However, after choosing a deal, it would be difficult for us to get into that market. Therefore, we have to analyze if we are intending to go there in the near future, in order to decide if it is worth to establish those partnerships."

Now, while looking out of his office's window, to one of the most beautiful mountain ranges in Portugal – *Serra de Sintra* -, the CEO was thinking about his next step.

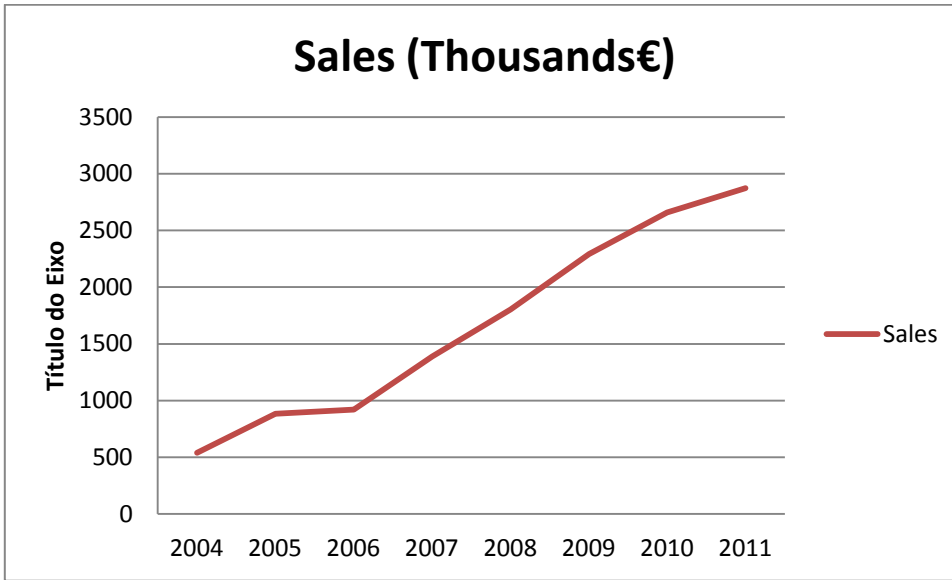
11. Exhibits

Exhibit 1: Number of employees

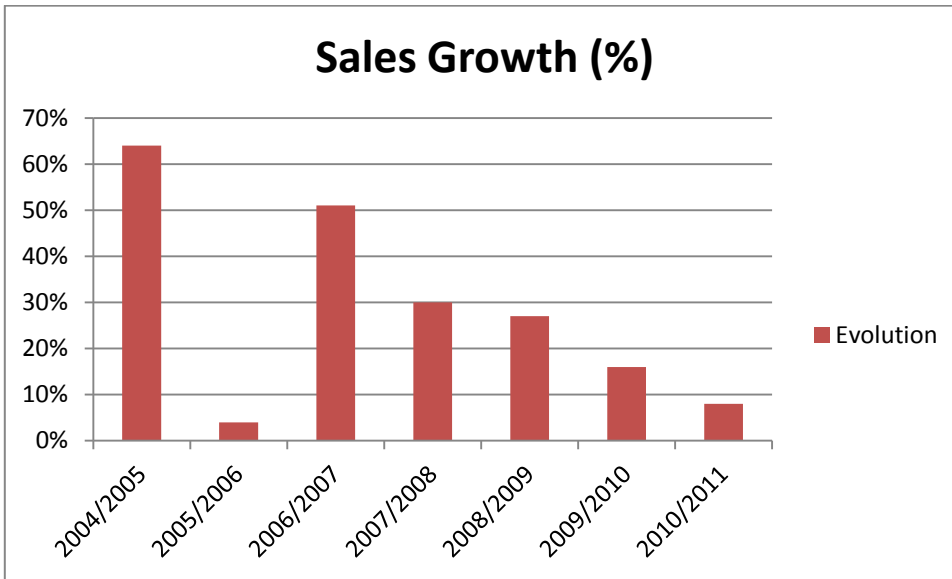


Source: MetaCase

Exhibit 2: Sales/Turnover



Note: The value for 2009 are based on the article published on May 2011, *Revista Exame*, "Gazelle Companies". All the others are calculations, probably not completely in accordance with the real ones.



Source: MetaCase

Exhibit 3: Offices

Office	Location	Date	Area (m ²)
First Office	Lagoas Park	2003	40
Head Office	Beloura Office Park	2009	500
R&D and Help Desk	Beloura Office Park	2006	

Office 1 – Head Office

Beloura Office Park
Edifício.4, n.º7 Piso 0

Office 2 – R&D and Help Desk

Edifício.7, nº6 Piso2
Quinta da Beloura
2710-693 Sintra

Source: MetaCase

Exhibit 4: Portfolio of clients



Source: www.metacase.pt

Exhibit 5: MetaCase in the Eurofinance conference Madrid**MetaCase sponsors Madrid**

Thursday, 05 May 2011 11:41



MetaCase was proud to be the Technological Sponsor of the Spanish annual **Conference of Cash Management**, organized by The Economist group's Eurofinance.

Set in Madrid, the theme of this year's conference was **Escalando el empinado camino hacia la recuperación - Climbing the steeply way into recovery**.

MetaCase invited **Daniel Dilla**, Treasury Responsible for **EDP Renewable Energy** to present the session: **Mejores soluciones para estructurar su tesorería** (Better solutions to structure your treasury) based on **MetaCase's Target One Software**.

Here is the the resume of the session:

EDP Renewable Energy has experienced a high growth in the past years becoming the third world producer of wind energy. This development also brought the challenge of having to integrate different work mentalities, bank systems and organization in general. The need for unification took EDP to wonder if perhaps it would be better to centralize their entire treasury instead of keeping local structures. The integration took a lot of support based on computer systems and interfaces which helped with all the cash management operations. This was the starting point for a better treasury rationalization in terms of efficiency and long term vision. In this session we present EDP's experience and we analyze how to approach the needs of your company since there isn't a standard model. Find out how to develop a more adequate support structure, cost efficiency and security in terms of the information.

Source: www.metacase.pt

Exhibit 6: TargetOne - components



Component	Componente
T Accounting	T Contabilização
T Bank Statement	T Extratos
T Cash Flow Forecast	T Cash Flow Forecast
T Cash Position	T Tesouraria
T Communications	T Comunicações Bancárias
T Control Panel	T Painel de Controlo
T Financial Operations	T Operações Financeiras
T In-House Banking	T In-House Banking
T Liquidity	T Orçamento
T Parameters	T Parâmetros
T Payments	T Pagamentos
T Receivables	T Recebimentos
T Reconciliations	T Reconciliações Bancárias
T Tableau de Board	T Tableau de Board

Source: MetaCase

Exhibit 7: EDP case-study

Projecto Case Study - Target EDP Worldwide



Resultados Obtidos - Fase 1a	
Processo/Componente	Resultados
Comunicações Bancárias e Extractos Bancários	<ul style="list-style-type: none"> Consolidação dos Extractos Bancários de Todas as Contas Bancárias do Grupo EDP em Portugal (30 Bancos e 207 Contas Bancárias) Ganho de 98 Dias Homem/ Ano
Contabilização de Fluxos	<ul style="list-style-type: none"> 6.000 Fluxos Mensais Contabilizados Automaticamente em SAP Ganho de 276 Dias Homem/ Ano
Reconciliação Bancária	<ul style="list-style-type: none"> 100.000 Registos Mensais > 80% Reconciliados Automaticamente Ganho de 5 FTE's - € 1.500.000 em 4 Anos
Posição de Tesouraria	<ul style="list-style-type: none"> Posição de Tesouraria Actualizada e Consolidada às 11h Ganho de 145 Dias Homem / Ano
Vantagens Não Mensuráveis	<ul style="list-style-type: none"> Segurança de Informação - Inexistência de Ficheiros Auditoria e rastreabilidade de todas as acções efectuadas

Projecto Case Study - Target EDP Worldwide



Resultados Obtidos - Fase 1b	
Processo/Componente	Resultados
Comunicações Bancárias e Extractos Bancários	<ul style="list-style-type: none"> Integração de Entidades Bancárias no Canal Multibancário Ganho de 7 Dias Homem/ Ano
Contabilização de Fluxos	<ul style="list-style-type: none"> Alargamento a mais 3.300 Fluxos Mensais Contabilizados; + 8 tipos de operações Ganho de 176 Dias Homem/ Ano
Reconciliação Bancária	<ul style="list-style-type: none"> Optimização de Processos e reconfiguração face aos novos projectos em curso Ganho de 174 Dias Homem/ Ano

Source: MetaCase

III. Literature Review

This literature review aims to provide useful resources on topics to be further developed and explored in the teaching note. It is mainly focused on specific themes, connected to the case itself and the company's activity. Aside from some general issues being addressed in this chapter, mainly strategic frameworks, others will be only addressed in the class plan analysis, since the literature review intends to be as targeted to the theme as possible.

1. Services

1.1 Service definition and service concept

According to Goldstein, Johnson, Duffy and Rao (2002),

"The service concept plays a key role in service design and development. (...) surprisingly little has been written about the service concept itself."

In order to provide and design any service, able to add value to the client, one has to know and define what a service is. Both services and products have things in common, such as the initial investment in "assets, processes, people and materials." Nonetheless, the thousands of components one needs to manufacture a product are completely different from the thousands of components needed to create a new service. Instead of physical, these components are much more intangible. A meticulous arrangement of people, processes and materials is needed to develop an integrated and well-planned service.

The service has been defined in many different ways over the years. Heskey (1986) defines it as "the way in which the organization would like to have its services perceived by its customers, employees, shareholders and lenders." But not only this provider's view has been considered so far. A more customer-focused definition is given by Collier (1994), who considers service as "the customer benefit package", meaning everything that adds value to the customer. Marketing also takes his role in this set of service definitions. Based on the previous theories of the "4Ps" by McCarthy (1960) - mainly focused on products - and the

"7Ps" by Booms and Bitner (1981), Love-lock and Wright (1999) came up with the "8Ps" definition for service, which consists in: "service product, process, place, physical evidence, people, productivity, and quality, plus the additional marketing element, price and promotion."

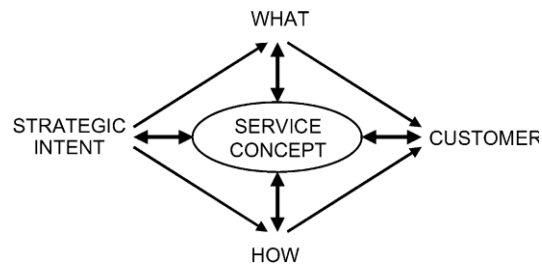
The service concept development for the overall success of a service activity is reinforced by Edvardsson and Olsson (1996), who defined service as the "detailed description of *what* is to be done for the customer (what needs and wishes are to be satisfied) and *how* this is to be achieved."

Moreover, Clark et al. (2000), and Johnson and Clark (2001) divide the service definition into four domains,

1. service operation: the way in which the service is delivered;
2. service experience: the customer's direct experience of the service;
3. service outcome: the benefits and results of the service for the customer and
4. value of the service: the benefits the customer perceives as inherent in the service weighted against the cost of the service."

The following figure explains the way the authors consider the service concept, all over their analysis on the missing link in service design research:

Exhibit 8: The missing link in service design



Source: S.M. Goldstein et al. (2002), "The service concept: the missing link in service design research?", *Journal of Operations Management*, pp 121- 134

1.2 Successful criteria for financial service brands

As stated by de Chernatony, L. and Cottam, S. (2005),

"The services sector has historically been over-dependent on the traditional FMCG branding model. However, recent year have seen the emergence of a new body of services branding literature. This new thinking represents a paradigm shift(...)"

This new body of service branding literature is focused on intangibles instead of tangibles, according to Vargo and Lusch (2005). Also, the orientation is considered to move away from the producer to the consumer.

Considering financial services, traditionally not much importance was given to branding. This fact, adds White and Yanamandram (2004), is in part due to the inertia resultant from consumers' reluctance about changing financial services providers.

However, competition in financial services is increasing, perhaps raising branding importance for financial services. Devlin and Azhar (2004) add that branding can be fundamental and organizations still have to create an advantage out of these kind of opportunities. For financial services that desire to differentiate themselves, Berry (2000) highlights the brand's integration and coherence importance. The "perceived risk reduction and the overcoming of low levels of trust" by customers is also a possible consequence of having a strong service brand, according to Mitchell and Greatorex (1993).

Furthermore, it is necessary to understand the criteria that drive a strong and successful financial brand. The more successful brand's approach is characterized by being broadly holistic and sophisticated. If a narrower and atomistic approach were followed, the branding would be focusing only on basic features, such as advertising and logo. Thus, excellence, personal customized service and synergies would be given less importance than they should.

The holistic experience plays an important role, as well. It is not only what you sell, but also the entire experience the customer feels that matters. The sum of each element is powerless when compared to the entire synergy between each element, and this is the

difference between a sophisticated approach, "when the brand is not simply a logo or advertising campaigns", Schmidt and Ludlow (2002).

Also, the brand has to challenge the norm, while it is responsive to change. According to Aaker (2003), "differentiation is widely accepted as vital to brand success." Basing practices in differentiation requires an effort, since it ensures the company is trying to assure it is standing for what the consumers value and find important, Berry (2000). Plus, as overall society values change over time, consumer values are constantly changing (Rohan, 2000). Thus, the capacity of adapting companies' values to society's values is directly linked to success, meaning "that a successful brand is not a static entity", says Kapferer (2004).

Finally, the relevance of the synergy between culture and brand is reinforced. Based on Schein (1984), a three-level culture division is made:

" 1) artifacts; 2) values; and 3) basic assumptions."

The major relation between the thematic of culture and brand is verified in the values level. If all the company's parties, from the organization itself to the employees, share the same values, it would be expected to have a stronger brand, "genuinely lived by employees", as the authors point. As Kunde (2000) states, a company needs a "corporate religion, whereby all members believe the same things about the organization and share the same values"

2. Company

2.1 Start-ups

Over the years, start-ups have been defined in many different ways; a few examples of these definitions are as follows:

" Early stage in the life cycle of an enterprise where the entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business, and initiating operations or trading." in Business Dictionary⁽⁵⁾

"a startup is an organization formed to search for a repeatable and scalable business model." by Steve Blank⁽⁶⁾

"A start-up is an entrepreneur-driven organization formed to search for a repeatable and scalable business model." by Joe Gagliano⁽⁷⁾

Taking into account this last definition, one can notice similarities between this and Steve Blank's definition. Indeed, it is based on it. However, Joe Gagliano adds a few concepts. First, the reference to the fact that on the base of each startup there is at least one entrepreneur. Moreover, the author refers to a startup as an organization where risk and innovation are undoubtedly inherent. Using a well known fast food brand, McDonald's, the author stated that a startup faces a completely different and harder adversity regarding its market acceptance than a McDonald's franchising, for instance. Therefore, Joe Gagliano's last definition included both the entrepreneurial and risk concepts.

"A start-up is an entrepreneur-driven, innovative organization formed to search for a repeatable and scalable business model while mitigating risk."

Yet, he recognizes that directly connected to a startup are the issues of mentality, attitude and passion, which he considered to be more complicated to insert on a theoretical definition.

⁽⁵⁾ <http://www.businessdictionary.com/definition/startup.html>

⁽⁶⁾ <http://steveblank.com/2010/01/25/whats-a-startup-first-principles/>

⁽⁷⁾ <http://vator.tv/news/2010-07-12-definition-of-a-start-up>

2.2 Market niches

Dalgic and Leeuw (1994) defined what a market niche is. However, they started by defining the meaning of the word niche. Webster's dictionary describes it as this:

"a recessed space or hollow; specifically a recess in a wall for a statue or the like, any position specifically adapted to its occupant."

Also, an ecological view is given by the Penguin Dictionary of Biology:

"A particular role or set of relationships of organisms in an eco system which may be filled by different species in different geographical areas."

In understanding both definitions, Dalgic and Leeuw (1994) opted for the following explanation:

"We consider a niche to be a small market consisting of an individual customer or a small group of customers with similar characteristics or needs."

According to Thilmany (2008), *"market niches are an attractive opportunity available to small businesses forced to compete against the scale economies that larger competitors are able to achieve."* It is not granted that acting on a niche market will lead a company to success. It is necessary to study that market and make the right strategic decisions. In order to explore a niche market, the creativity of managers has to come out, since it provides them with the chance to use new resources to create new revenue streams. Regarding the strategy to be used, Thilmany (2008) considers key factors to understanding and knowing the customers, setting clear goals and objectives and, finally, to verify if the available resources and capabilities match the niche characteristics and needs.

2.3 Managers vs leaders

Zaleznik (1992) established the difference between a manager and a leader. According to him, a manager was a problem solver, focused on rationality and control. In this perspective, leadership "is simply a practical effort to direct affairs (...) it takes neither genius nor heroism to be a manager, but rather persistence, tough-mindedness, hard work, intelligence, analytical ability, and perhaps most important, tolerance and goodwill". The leadership concept involves almost "mystical beliefs". It is not only managing the work that

other people do, it is a "psychodrama in which a brilliant, lonely person must gain control of himself or herself as a precondition for controlling others". Thus, managers and leaders are different; they vary in terms of motivation, personal background, and the way they think and act.

Colvard, J. (2003) also stated that management and leadership are not the same thing. Among the wide differences, here are a few of them:

- "- A manager deals with complexity; a leader deals with uncertainty.*
- A manager is concerned with doing things right; a leader is concerned with doing the right things.*
- A manager's critical concern is efficiency; a leader focuses on effectiveness.*
- A manager creates policies; a leader establishes principles.*
- A manager sees and hears what is going on; a leader hears when there is no sound and sees when there is no light.*
- A manager finds answers and solutions; a leader formulates the questions and identifies the problems.*
- A manager looks for similarities between current and previous problems; a leader looks for differences."*

3. Strategy

3.1. Strategy definition

Johnson and Scholes (2002) give the following definition of strategy:

"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations."

According to Porter (1996), strategy has to be seen as something different than operational effectiveness, which used to be the problem that most managers faced. Also, Porter defines strategy as the act of "performing activities differently or to perform different activities than rivals." In other words, if strategy does not accomplish this, it would be no more than a marketing slogan, unable to overcome the competition.

3.2. Generic strategies (Michael Porter)

According to Porter (1998), there are three different types of strategies used to achieve and sustain competitive advantage. These strategies depend on the dimension of strategic scope and strength. The first refers to the dimension of the market that a company intends to target with its product or service. Regarding the strategic strength, it analyzes the core competency of the company, either as product differentiation or cost structure.

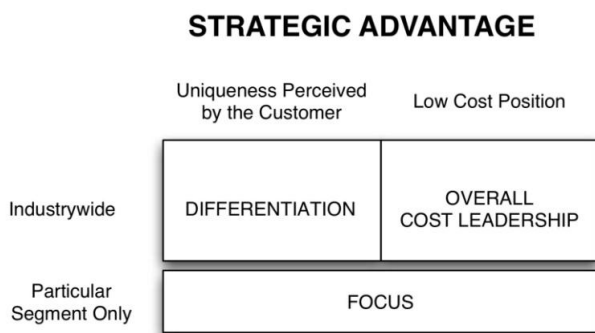
The overall cost leadership strategy intends to attract customers that are cost-sensitive. Such a strategy consists of either offering the cheapest product/service in the market or the one with the best price/quality relationship, even if it is not the cheapest. This condition can be achieved through some specific approaches, such as reaping economies of scale or experience curve effects, low direct and indirect costs (standardization) and control over supply chain (influence over suppliers and Just-in-Time production, p.e.).

The Differentiation strategy is usually targeted to non-price sensitive customers. It is based on the uniqueness of a product/service, probably filling a specific need of a generally competitive and saturated market. Moreover, this strategy can still be divided into two

variants: shareholder value model and unlimited resources model. The first one refers mainly to a one-time purchase, based on a static advantage, as knowledge for instance. Regarding the resources model, it is based on the capacity that a company has to continuously innovate, due to its wide and unique range of resources (human, for example).

The focus strategy can be also defined as segmentation strategy. Targeting a few markets is a characteristic of the focus strategy, which is generally adopted by smaller firms. This strategy intends to focus more on the product quality and innovation rather than in manufacturing efficiency, for example. Therefore, it is desired that the product or service is customized to a specific need and, therefore, hard to find and replace by a substitute.

Exhibit 9: Three generic competitive strategies



Source: Essa, A. (2005), "Three Generic Competitive Strategies", Available at: <http://tatler.typepad.com/nose/strategy/> [accessed on 18 November 2012]

3.3. VRIO framework

This framework is used to understand the possibilities of a company's competitive advantage, through an internal analysis, evaluating the capabilities and resources. It analyzes the issues of value, rarity, Imitation Difficulty and Organization.

The first question intends to determine if the resource can help a firm to create an opportunity or avoid a threat. If it is not valuable, then it implies a competitive disadvantage to the company.

The rarity point refers to the availability of the same resource or capability for the competitors. In case it is not rare, but valuable, it provides a competitive parity to the company.

Third, there is the imitation issue. It measures the difficulty/costs that competitors face if they plan to obtain or develop this resource or capability. If the resource is valuable and rare, but easy to be developed or obtained, it only provides a temporary competitive advantage.

Finally, the organization structure is also a determining factor. If a company is focused and prepared to support its valuable, rare and difficult to imitate resources, then it will benefit from a sustained competitive advantage, which is the ideal case for a company to perform above the others.

Exhibit 10: The VRIO framework

Is a Resource...

Valuable?	Rare?	Difficult to Imitate?	Supported by Organization?	Competitive Implications	Performance
No	---	---		Competitive Disadvantage	Below Normal
Yes	No	---		Competitive Parity	Normal
Yes	Yes	No		Temporary Competitive Advantage	Above Normal
Yes	Yes	Yes		Sustained Competitive Advantage	Above Normal

Source: Barney, J. and Wright, P. (1997), "On Becoming a Strategic Partner: The Role of Human Resources in Gaining Competitive Advantage", Available at <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1149&context=cahrswp> [accessed on 18 November 2012]

3.4. CAGE: framework at the country-level

The CAGE Model (country-level) refers to the cultural, administrative, geographical and economic differences between different countries, as the following table suggests:

Exhibit 11: The CAGE model

	<i>Cultural Differences</i>	<i>Administrative Differences</i>	<i>Geographic Differences</i>	<i>Economic Differences</i>
Bilateral Measures	<ul style="list-style-type: none"> ● Different languages ● Different ethnicities/lack of connective ethnic or social networks ● Different religions ● Differences in national work systems ● Different values, norms and dispositions 	<ul style="list-style-type: none"> ● Lack of colonial ties ● Lack of shared regional trading bloc ● Lack of common currency ● Different legal system ● Political hostility 	<ul style="list-style-type: none"> ● Physical distance ● Lack of land border ● Differences in climates (and disease environment) 	<ul style="list-style-type: none"> ● Differences in consumer incomes ● Differences in availability of: <ul style="list-style-type: none"> Natural resources Financial resources Human resources Intermediate inputs Infrastructure Information or knowledge
Unilateral Measures	<ul style="list-style-type: none"> ● Traditionalism ● Insularity ● Spiritualism ● Inscrutability 	<ul style="list-style-type: none"> ● Nonmarket/closed economy (home bias versus foreign bias) ● Nonmembership in international organizations ● Weak legal institutions/corruption ● Lack of government checks and balances ● Societal conflict ● Political/expropriation risk 	<ul style="list-style-type: none"> ● Landlockedness ● Geographic size ● Geographic remoteness 	<ul style="list-style-type: none"> ● Economic size ● Low per capita income ● Low level of monetization ● Limited infrastructure, other specialized factors

Source: Ghemawat, P. (2001), "Redefining Global Strategy: Crossing borders in a World Where Differences Still Matter", pp 33-51

3.5. Hofstede

The Hofstede Cultural Dimensions were determined by Professor Geert Hofstede through a study about the influence of culture on the values in the workplace.

Hofstede started by defining a group of four dimensions: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS) and Uncertainty Avoidance (UAI). In 1991, a fifth dimension, Long-Term Orientation (LTO) was added by Michael Bond. Later, on 2010, Michael Minkov added one last dimension to this model, called Indulgence versus Restraint (IVR).

This model defined PDI as "the degree to which the less powerful members of a society accept and expect that power is distributed unequally." The IDV refers to the degree in which individuals are expected to take care of each others. Also, the dimension of MAS represents "a preference in society for achievement, heroism, assertiveness and material reward for success." The last dimension Hofstede defined, UAI, expresses the level to which the members of one society are susceptible to uncertainty and undefined situations.

The fifth and sixth dimensions, LTO and IVR, stand for different characteristics of a society. Long-term orientation can be "interpreted as dealing with society's search for virtue." This means that long-term oriented societies have the trend to adapt themselves to changes, taking always into account the long-term future. The last dimension defines an indulgent society as a society that enjoys life, gratifying the basic and natural human happiness drivers. On the other hand, restraint refers to societies that "suppress gratification of needs" and have strict social norms.

As Hofstede stated, "Culture is the collective programming of the mind distinguishing the members of one group or category of people from others", which means that it only makes sense to give them scores since this will make one to establish comparisons. Thus, Hofstede's framework about the Natural Cultural Dimensions has the objective to compare the studied nations in all these cultural dimensions, allowing not only to understand which countries are similar, but also to find correlations with other type of data. For instance, income inequality is correlated to power distance and individualism with national wealth.

3.6. The integration and responsiveness framework

According to Heinecke (2011), and based on Bartlett and Ghoshal (1989), the strategic approaches of companies change in accordance to the external forces of global integration and national responsiveness.

Exhibit 12: Integration and responsiveness framework

Source: Heinecke, P. (2011), *Success Factor of Regional Strategies for Multinational Corporations*, Physica-Velag, A Springer Company

The International Strategy is applied when a company opts for establishing itself around the world, in a standard way for all the places in which it develops its activity; it is defined by a strong management with worldwide standards.

The global strategy refers to a company that acts as a whole organization, also offering standardized products, benefiting from economies of scale to answer global needs.

On the other hand a multinational strategy encompasses a local adaptation, a different offer in each country, becoming a native player in each market.

Finally, the transnational strategy intends to include the best from all the previous three. Here, a company offers customized products but in a large scale, benefiting from the same economies of scale than global companies do, for instance.

4. Internationalization

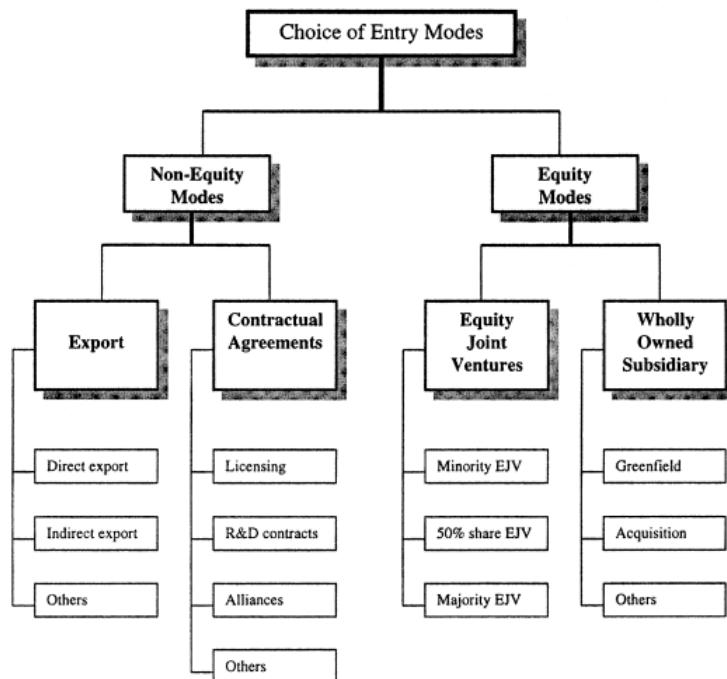
4.1. Foreign market entry mode

4.1.1. New entry strategies

According to Pan and Tse (2000),

"(...) entry modes have been modeled in two ways. (...) can be viewed as two major categories of equity-based models and non-equity-based models", as the following figure shows:

Exhibit 13: A hierarchical model of choice of entry modes



Source: Pan, Y. and Tse, D.K. (2000), "The Hierarchical Model of Market Entry Modes", *Journal of International Business Studies*, Vol.31, No.4, pp 535-554

Furthermore, Kotabe and Helsen (2007) presented the different entry modes, as well as their advantages and disadvantages (see the exhibit below). But first, the different entry modes should be briefly defined. Exporting refers to international trade, where products are sold on another countries, either in a direct or indirect way. Moreover, licensing is when a company sells the right to use or produce a certain product in exchange of a certain fee. Another entry mode is through franchising. In this case, a company pays for the use of a brand, knowledge, expertise and patents for a determined period. Besides the payment,

franchisees usually have to be aligned with the franchisor overall strategy. Contract manufacturing is another possible entry mode, related to the hiring of a local manufacturer to produce a firm's products.

Another different option is to opt for a joint venture. This option consists on the agreement between two or more companies that intend to enter a new foreign market. Here, everything from ownership to risk is shared by the companies that are part of the agreement. Also based on partnerships are the strategic alliances established by two or more companies, in order to achieve a better performance. It does not mean that the new company has more than one owner.

The wholly owned subsidiaries constitute the last entry mode. Here, either a company opts for acquiring an already established player of the foreign market (acquisition) or it starts from the early beginning, which is called Greenfield.

Exhibit 14: Entry Modes - Advantages and disadvantages

Entry Mode	Advantages	Disadvantages
Indirect exporting	<ul style="list-style-type: none"> • Low commitment (in terms of resources) • Low risk 	<ul style="list-style-type: none"> • Lack of control • Lack of contact with foreign market • No learning experience • Potential opportunity cost
Direct exporting	<ul style="list-style-type: none"> • More control (compared to indirect exporting) • More sales push 	<ul style="list-style-type: none"> • Need to build up export organization • More demanding on resources
Licensing	<ul style="list-style-type: none"> • Little or no investment • Rapid way to gain entry • Means to bridge import barriers • Low risk 	<ul style="list-style-type: none"> • Lack of control • Potential opportunity cost • Need for quality control • Risk of creating competitor • Limits market development
Franchising	<ul style="list-style-type: none"> • Little or no investment • Rapid way to gain entry • Managerial motivation 	<ul style="list-style-type: none"> • Need for quality control • Lack of control • Risk of creating competitor
Contract manufacturing	<ul style="list-style-type: none"> • Little or no investment • Overcome import barriers • Cost savings 	<ul style="list-style-type: none"> • Need for quality control • Risk of bad press (e.g., child labor) • Diversion to gray and/or black markets
Joint venture	<ul style="list-style-type: none"> • Risk sharing • Less demanding on resources (compared to wholly-owned) • Potential of synergies (e.g., access to local distribution network) 	<ul style="list-style-type: none"> • Risk of conflicts with partner(s) • Lack of control • Risk of creating competitor
Acquisition	<ul style="list-style-type: none"> • Full control • Access to local assets (e.g., plants, distribution network, brand assets) • Less competition 	<ul style="list-style-type: none"> • Costly • High risk • Need to integrate differing national/corporate cultures • Cultural clashes
Greenfield	<ul style="list-style-type: none"> • Full control • Latest technologies • No risk of cultural conflicts 	<ul style="list-style-type: none"> • Costly • Time consuming • High political and financial risks

Source: Kotabe, Masaaki and Helsen, Kristiaan (2007), *Global Marketing Management*, 4th ed., John Wiley & Sons, Inc

4.1.2. Impact of ownership, location and internalization

Agarwal and Ramaswami (1992), analyzed the impact of ownership, location and internalization on the choice of foreign market entry mode.

First of all, the most common foreign markets entry modes are identified: "exporting, licensing, joint venture and sole venture." Then, the choice between these modes relies on many issues; Dunning (1977, 1980, 1988) proposed a comprehensive framework, which divided the determinant factors into three types: "ownership advantages of a firm, location advantages of a market and internalization advantages of integrating transactions within the firm."

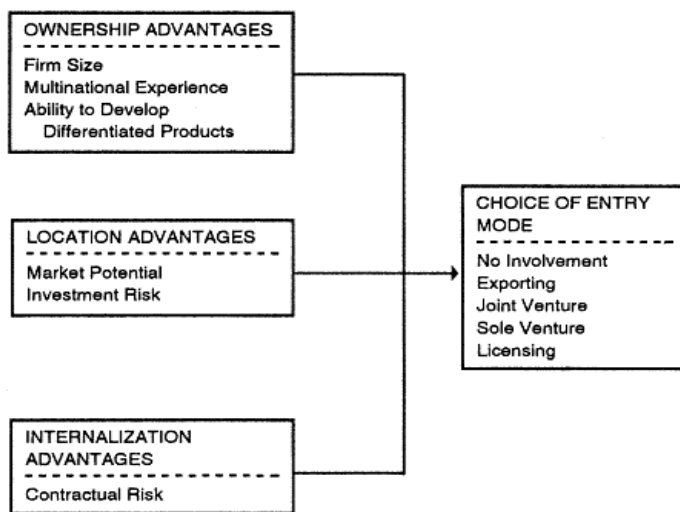
The first factor, ownerships advantages, concerns the capacity a firm has to compete with the host country national firms. In order to succeed, entering firms should have better assets and skills. While assets power refers to the size and multinational experience, skills are related to the ability to develop different products. A firm with superior skills might be losing long-term revenues if it decides to share knowledge with host country firms, mainly because the host country's firm may acquire the knowledge and become independent. Still considering ownership advantages, if a company has superior assets, it can make a higher investment on some fundamental resources, such as marketing, patents, contracts and economies of scale. Also, the possibility of being exploited by partners, in case of joint ventures, is much less than a small firm faces. Last, the multinational experience has impact, since a firm that has no experience in foreign markets will probably face higher managerial problems.

The second factor with impact on the entry mode is the location advantages. This factor is directly related to the market potential and the investment risk. The first link, to market potential, can be defined through the size and growth. Markets with higher potential are usually characterized by having entrances through investment modes, since these modes in those markets provide greater long-term profitability and market presence. Regarding the investment risk, it is clearly higher if a company enters the market physically, since a possible failure would result in a considerable loss.

The third and last factor is Internalization Advantage, or Contractual Risk. The control mode is the main issue to be addressed here. Both low control modes and high control modes have advantages and disadvantages. Low control modes avoid bureaucratic problems and allow a firm to benefit from scale economies, however they will face "higher cost compared to integrating the assets and skills within the firm if managers are unable to predict future contingencies and if the market is unable to provide competing alternatives (problem of small numbers/opportunism)," according to Agarwal and Ramswami (1992).

All the previous mentioned factors have to be taken into account by a company before deciding to develop its business in a foreign market. The following image summarizes the entry choice factors:

Exhibit 15: A schematic representation of entry choice factors



Source: Agarwal, S. and Ramswami, S.N.(1992), "Choice of Foreign Market Entry Mode", *Journal of International Business Studies*, Vol.23, No.1 (1st Qtr., 1992), pp. 1-27

4.2. Network and corporate relationships in the internationalization process

Coviello and Munro (1997) stated that research on the internationalization process used to cover mainly large manufacturing organizations, having forgotten the "importance of small service and/or knowledge-based firms to most economies." The success of these companies, mainly those who are focused on niche markets, may depend on their capacity to go abroad. In this sense, the role of network and partnerships on the internationalization process of small-firms is deeply studied.

The definition of network is given by Axelsson and Easton (1992), stating that a network involves "sets of two or more connected exchange relationships." The network perspective that a company faces will influence its strategic decisions, mainly according to the nature of the referred relationships (Sharma, 1993). For instance, if the members of a certain network recognize value in a strong relationship, it would be expected that the threat of facing opportunistic behavior from any of the parties is low.

Regarding the international process, the network and partnerships' impact is more visible on gradual entrances. In the case of technical consultancy firms, supports Sharma and Johanson (1987), the network of relationships on which their activities are based, becomes a "bridge to foreign markets." Furthermore, according to Johanson and Mattsson (1988), the willingness of firms to enter a certain market is more dependent on their network within that market, rather than the cultural and market proximity. Moreover, Benito and Welch (1994) stated that part of the importance of networks is to let a company know the available opportunities and expected threats in a certain market. Thus, it could "drive, facilitate or inhibit a firm's international market development", or even influence the chosen market and strategy to enter it.

5. Financial flows

5.1. Treasury management - decentralization / centralization

Polak, P. (2010) developed a study on Treasury Management and its centralization. Initially, the challenges that drove this need are stated. Many companies are actually present in more than one country, requiring the management of multiple transactions across a wide range of locations, time zones and different banks. The treasury centralization is also a step that firms should take into account when deciding to start their internationalization process, since they have to decide how to manage an increasing volume of transactions.

Moreover, the centralization of treasury management allows a company *"to achieve higher efficiency, greater transparency and access to real time information across a broad geographical area and many entities."*

Additionally, a company has to analyze certain factors before deciding the appropriate degree of decentralization/centralization of treasury management. Among them, one should consider the volume, type (paper, cash, online) and nature (currency, domestic or not) of payments, the geographical spread, the relationships with Banks (number of banks), integration with ERPs, staff relocation and the impact on subsidiaries.

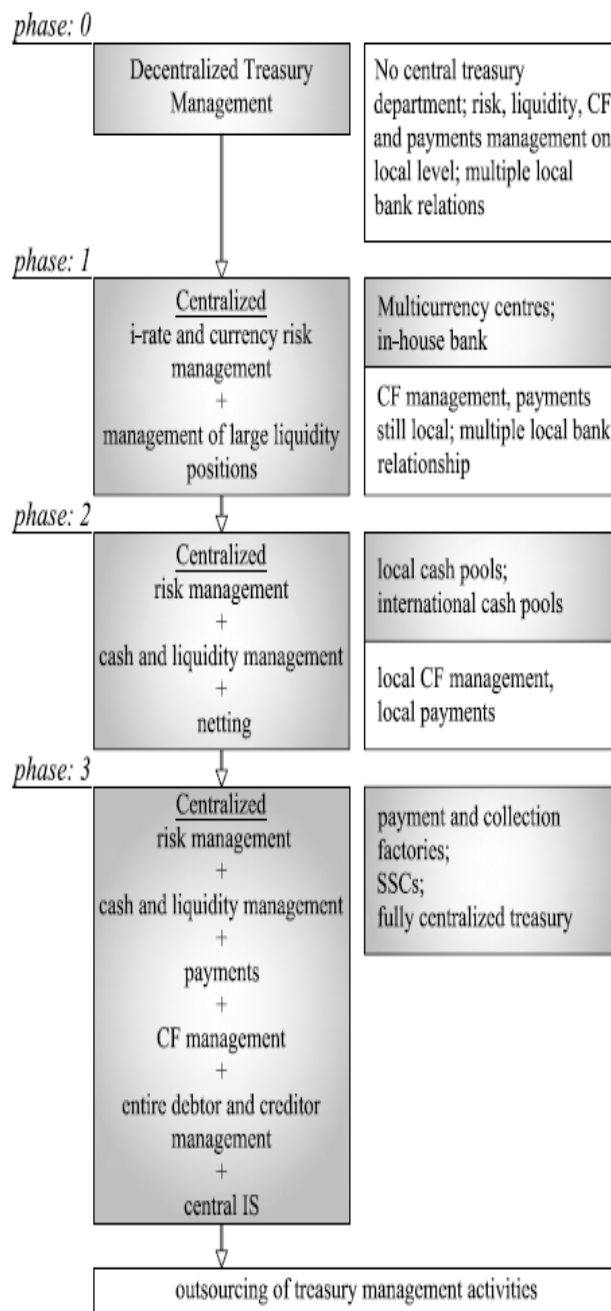
The centralization of Treasury Management can be divided into phases, as described in the following table:

Exhibit 16: Three phases of the centralization of treasury management

The first phase encompasses the creation of a treasury department, typically multicurrency centers and in-house banks.

The second phase regards the centralization process on the cash and liquidity management. This process, called cash concentration, registers the creation of "domestic cash pools, cross-border and multicurrency cash pools and replacement of bank accounts at local domestic banks with accounts in the global bank."

Finally, the third phase is the fully centralized treasury. It includes the transaction process, meaning all the incoming and outgoing payments (payment factories) and the debtor and creditor management (shared service centers). The outsourcing of corporate treasury is considered to be the next phase. "Inside the treasury department itself, outsourcing of treasury management allows the corporate treasurers to concentrate on the strategic aspects of the job."



Source: Polak, P. (2010), "Centralization of Treasury Management in a Globalized World", *International Research Journal of Finance and Economics*, ISSN 1450-2887 Issue 56

5.2. ERP

Infolific⁽⁸⁾ defined Enterprise Resource Planning (ERP) as

"the industry term used to describe a broad set of activities supported by multi-module application software that helps a manufacturer or other business manage the important parts of its business. These parts can include product planning, parts purchasing, maintaining inventories, interacting with suppliers, providing customer service, and tracking orders. ERP can also include application modules for the finance and human resources aspects of a business."

SAP, a German company of Management Software, defines ERP as

"an industry term for the broad set of activities that helps a business manage the important parts of its business. The information made available through an ERP system provides visibility for key performance indicators (KPIs) required for meeting corporate objectives. ERP software applications can be used to manage product planning, parts purchasing, inventories, interacting with suppliers, providing customer service, and tracking orders. ERP can also include application modules for the finance and human resources aspects of a business. Typically, an ERP system uses or is integrated with a relational database system. The deployment of an ERP system can involve considerable business process analysis, employee retraining, and new work procedures."

A different description about ERP is given by Poston and Grabski (2001),

The ERP that the market has to offer is usually divided into modules, such as accounting, logistics and human resources. These modules are independent from each other, since they can be specific for each process, being considered single application either for users or developers. Despite being divided, ERP's structure allows the integration among the modules, having into this wide range of process storing and functionalities management a major feature. The previous old systems are now together into an ERP, allowing the company to access the information to be available across the organization, on a controlled basis and constantly updated.

⁽⁸⁾ <http://infolific.com/>

IV. Teaching Note

1. Case summary

The case study is about MetaCase, a company founded in 2003 by a group of former IT consultants that have worked together. After working on a company called SAGE, these consultants, each one with a specific knowledge, decided to found a company that would provide a unique service. The CEO, Carlos Fortes, over the course of the case, explained the company's view of what was happening since the beginning of the company's activity period.

Initially, as the service the company provides is trying to fulfill a specific need that was unexploited so far, the company background is introduced. The industries on which the company is competing, IT and Consulting, including the respective key success factors are then stated and analyzed. Moreover, a brief overview on the main competitors on each of these two industries is given, in order to understand the competitive environment on which the company was going to be present.

The initial goal of the company was to create an innovative financial ERP, integrating a large quantity of important components for a company's financial and treasure management. However, in the beginning, due to the investment needed to build and develop the mentioned ERP, the company's philosophy and strategy was quite different from the ultimate aim. MetaCase started by offering Spanish developed software, whose characteristics were similar to the other available on the market. Thus, the "trump" the company was betting on, was the people and their previous professional experience. Some big companies did not hesitate in following the former consultants; they believed in the founders' project and helped them in the early beginning.

The year of 2008 started with the coveted launch of MetaCase's own financial ERP, TargetOne. It was the turning point on the company's strategy, MetaCase was accomplishing its main initial goal, filling the customer's expectations and increasing the potential for a prosperous future. By the year of 2012, the company was already developing products in several countries, such as the USA, Spain, Italy, Poland, UK, Romania,

Belgium and France. All of these projects abroad were related to Portuguese-based companies, since the company was only acting on the Portuguese market.

The case study also includes a chapter to briefly explain the Platform and its usages. Here, one can understand some of TargetOne's features, as well as its complexity and added value. The platform was conceptualized and developed by people with experience in this field, reason why they knew possible weaknesses of the existent services, which indeed created an inherent competitive advantage to MetaCase. Moreover, the company endowed the Platform with a multi-language capacity, aligned with a continuous R&D development.

Portugal was MetaCase's target market, however that has to change. The economic crisis the country was facing in 2011 defined both an opportunity and a threat. If the company wanted to survive, it had to always look for new deals, because the Portuguese market was not enough. This market was shrinking, meaning that some companies were reducing costs and others were going bankrupt. Therefore, MetaCase was struggling to get new customers. Like Portugal, the majority of the European countries were in difficulties, reason why there was the need to make an opportunity from this threat: and MetaCase did it. The potential benefits of Target One and from its new component T Cash Flow Forecast, became part of the possible solution for some Treasury Departments.

Consequently, an important decision on how to keep growing had to be made. The solution was clearly dependent on going abroad. However, the company still had to figure what were the best markets and entry modes in order to be successful on this fundamental next step.

2. Learning objectives

The application of a case study on a real class is fundamental to introduce the students to real problems that companies use to face. In this sense, this case-study is to be discussed in a traditional 90 minutes class.

Nowadays, mainly for courses in which Entrepreneurship plays an important role, the concept of startups is inherent to the entire academic experience of a student. Along with Entrepreneurship comes Strategy. This last concept should be considered as a basis for all the management studies, regardless of the major field of a management's student. Therefore, this case bundles both these concepts, allowing the instructor to present the students with a successful case of a startup, as well as focusing on the next strategies to be taken. Regarding these next strategies, the student should focus on the real case of the company, meaning the analysis of whether the internationalization process makes sense as the best strategy for the sustained growth of MetaCase. As a result, this case can be used in any courses relative to Entrepreneurship, Strategy and Management: for instance International Business, General Management and Strategic Management.

The case study should be given to the students at least one week prior to the discussion in class. At that time, the students must be given the assignment questions, in order to understand the main discussion path. The discussion class can be divided into two phases, directly linked to the concepts already mentioned: startups and internationalization process.

The first part should contain an overall analysis about the company itself. Here, the instructor must ensure that the students understand the foundations of the company, as well as the business of the company and the differences on "what" and "how" the company was offering, before and after the product Target One's launch, should be a focus on this discussion. Along with this discussion, comes the concept of startups and the key factors for their success.

After this, the second part should encompass a strategic analysis of the internationalization process. The main goal of this chapter is to clearly define a strategy about the markets to explore and the entry modes on such markets. There are no wrong answers here, bearing in

mind that there could be more than one successful strategy. The students are expected to have the capacity to sustain their market choice, presenting both advantages and possible issues, at least for the market(s) they have chosen. Regarding the entry mode, the same is applied: there are no wrong answers, and each market can be entered in a different way. The students must justify their choices, not only regarding which markets they've chosen and their entry mode, but also the reasons why the company should decide to internationalize gradually and not in all the markets at the same time.

Furthermore, the analysis will explain my opinion about all the frameworks and concepts that should be discussed. On a basic level, the general strategy adopted by the company should be approached for a better understanding of what the company stands for. Regarding the internationalization process, the frameworks of Porter's Five Forces and the either CAGE or a Macro Environment Analysis could make part of a well-developed analysis.

3. Suggested assignment questions

1. In which way did MetaCase accomplish with the key success factors of a successful financial service?
2. What do you think about the company's overall strategy regarding both the external and internal environments?
3. What would you define as the major problems for this company?
4. What are your recommendations for MetaCase's CEO?

4. Class plan

This class plan provides a suggestion to which topics should be approached in class. Also, the analysis intends to help the instructor to define which frameworks and concepts should be used for each question.

However, the class plan and the analysis made do not constitute a finished document. Thus, the instructor can adapt them to other methodologies, opting to follow different paths for the discussion.

1. What drives a successful financial service?
2. Which of these criteria did MetaCase accomplish?
3. How would you define the company in terms of size and overall strategy? Why?
4. What were the firm initial main competences/resources?
5. What about the main competences/resources at the time of the case?
6. What are the main threats the company should be aware of? And opportunities?
7. Which possibilities for new markets would you analyze?
8. Which possibilities would you analyze as new entry strategies? Explain them.
9. Should the company move on with the internationalization process? What would be your overall recommendation for this company?

5. Analysis

1. What drives a successful financial service?

In order to properly answer to this question, one must analyze the question in a gradual way: from the general services to the financial services.

From a broader point of view, a service is more than selling a product, it is the entire experience that matters for a customer to repeat the purchase of an experience. Here, the holistic concept widely applies, since a service should be focused on the total impact of all the components that constitute a service, creating synergies among them.

Regarding a successful finance service, a new trend can be identified. Besides the core service itself, branding has become a new concern to financial services providers. Not only does the service has to fulfill the needs and add value to those who acquire it, but also the company has to provide something else. By this, one can mean post-selling support, social responsibility and many other non-core activities that are considered an extra for the consumers. This concept gained a new importance since the idea behind this kind of service has changed: competition is increasing, and consumers are starting to overcome their reluctance to change anything related to financial operations.

Besides these non-core factors, the core activity takes the most important role, indeed. Since finances are a delicate theme across companies, a financial service has to be recognized as trustable. Otherwise, not even one company would take the risk of sharing its financial management with the service provider. Another key success factor is innovation associated with the service. For example, if fully integrated, financial flows and operations would definitely improve the financial management of one company, since they would allow a better picture of the company at a certain moment, taking into account several fundamental criteria (such as cash-flows, bank accounts, payments, etc). However, none of these factors would work if there is no service quality. From the service itself, to the non-core factors, through the trust dimension, if there is not an excellence pattern on what it offers, the provider would never achieve a sustained position in the market.

2. Which of these criteria did MetaCase accomplish?

The service that MetaCase provides, aims to fill a gap and a need that was not really explored in the Portuguese market. By conceiving a platform that integrates multiple financial tasks, MetaCase was trying to provide its customers with a service that integrated some individual needs: from statements and banking reconciliations to treasury management and financial operations. Furthermore, the continuous improvement from R&D, is a signal of trust for the potential customers. Since there is a department such as this, they could be reassured that MetaCase would never forget the required evolution on the financial area.

Furthermore, the company has a helpdesk department, ready to help customers facing possible problems. Aligned with the training the company provides when implementing the ERP, both of these factors contribute to branding reinforcement, since the customers can actually benefit from a service that goes beyond the platform itself.

In order to complement this analysis, studying the current marketing mix for services can provide some added value, even if there are some point that are not possible to develop due to lack of information in the case. The following table shows the generic variable that this tools explains:

Exhibit 17: Services marketing mix



Source: Molla (2009), "Extended Marketing Mix", Available at: <http://finntrack.co.uk/learners/btec/marketing.htm> [Accessed 18 November 2012]

The first four variables refer to the general marketing mix, which is also applicable to products. In this particular case, the product/service is the platform TargetOne, distributed in a B2B way, offered and presented through meetings, thus not having a specific distribution channel as internet or a certain point of sales. Regarding price and promotion, the case does not present relevant information.

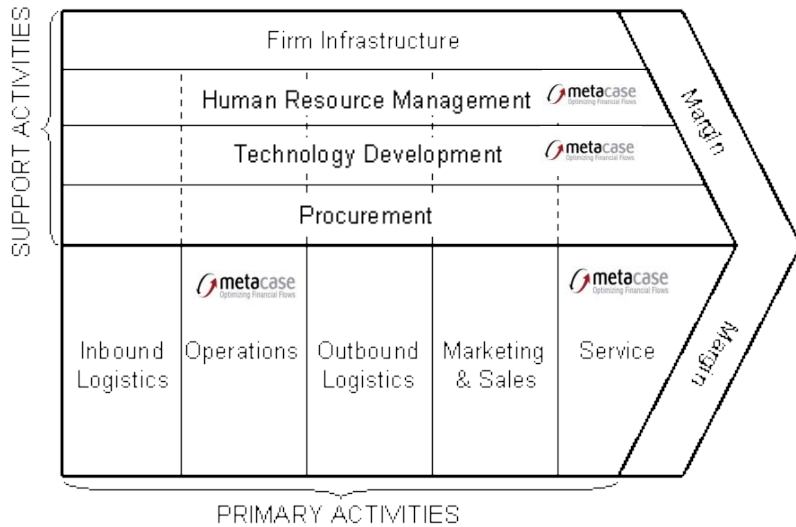
In terms of people, the company assures that the implementation of the platform includes training given to the customers. Moreover, there is a Helpdesk department, available to clarify possible doubts the clients have. The process variable refers to the way the service is consumed. The Platform TargetOne is implemented in the company and it can be used whenever the customer wants. Since it deals with financial flows, it is expected to be in constant use. In addition, it is accompanied by the constant update done by MetaCase's R&D department. By using this service, companies are expected to reduce the inefficiency due to human errors, for example. Finally, the physical environment is not really relevant, once the service is implemented within the customer infrastructures.

Another analysis capable of determining the success factors of MetaCase is the Value Chain. The Michael Porter's Value Chain intends to analyze the competences that give a company competitive advantage. The primary activities highlighted for MetaCase's situation are the operations and the service. The operation regards the process of customizing the ERP to each customer and it includes all of the specific development that transforms the inputs gathered through the consultancy process into a real service. Moreover, the service plays a fundamental role, since it allows the customer to benefit from support and training in order to enjoy better the platform.

Afterwards, the support activities can also constitute an advantage, since they sustain the primary activities. The human resource management refers mainly to the development of people. Since the beginning they are taught to perfectly understand the platform and they are constantly being updated. Therefore, a high component of personal development is present here. Finally, the Technology Development is indeed a major source of competitive advantage in this company. As the world changes, companies' financial needs follow the trends. Thus, the company has to be ready for some modifications and new features that the clients may require. In this sense, there is a R&D department, ready not only to accomplish

with these orders, but also able to understand the trends and improve the ERP without any specific requirement from the clients.

Exhibit 18: Michael Porter's value chain - MetaCase



Source:www.12manage.com

3. How would you define the company in terms of size and overall strategy? Why?

MetaCase started in 2003 and has registered a sustainable growth rate since then. Nevertheless, it is still considered a start-up and the decision at the time of the case could be the turning point in its definition.

At the basis of each startup there is always an entrepreneur; in this case, there was a group of them. According to the definition of a startup by Joe Gagliano, " A start-up is an *entrepreneur-driven, innovative* organization formed to search for a repeatable and scalable business model *while mitigating risk*." There is no universal definition, but the general criteria mentioned on this sentence can be applied to this particular case. MetaCase has been an innovative organization, mainly through the launch and constant development of TargetOne. In order to survive in the market and mitigate the risk inherent to a new business, a business model was built and applied all over its existence.

There are different ways to analyze the business model of a company, encompassing different fundamental aspects. In order to provide an overall analysis of MetaCase's

strategy, the appliance models of Porter's generic Strategy, Ansoff's Matrix and the STP analysis are indeed useful.

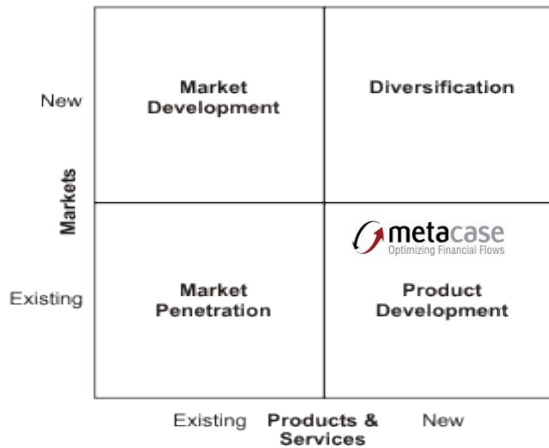
Starting with the STP model - Segmentation, Targeting and Positioning -, one can understand some of the differentiation factors of this company. The market was divided according to the dimension of the customers, companies in this case, since MetaCase's services are directed to other companies, the B2B market. Before moving on to the Targeting, one should first understand the Portuguese market⁽⁹⁾: in 2009, only 0,2% of the companies in activity in Portugal were considered to be large companies. Moreover, only 0,7% were medium companies. The others were either micro (94,6%) or small companies (4,7%).

MetaCase is targeting some of the medium and all of the large companies in the market. As one can see, the target for MetaCase's service is less than 1% of the total companies present in Portugal, justifying its classification as a market niche. A niche market can be, as Dalgic and Leeuw defined, "*a small group of customers with similar characteristics or needs.*" In this sense, MetaCase's targets were all above-medium size, but the main similarity lies on the needs. Large companies have to deal with large quantities of financial flows, due to its dimension and in general its complexity of operations (some of them are even present abroad). The positioning is the image that the company wants to have in his potential consumer's mind. Thus, MetaCase wants to be seen as the company whose ERP can help managing in a more effective and secure way all the financial flows dealt by the company on a daily basis.

The Ansoff Matrix also supports this analysis, since it allows the company to be defined in terms of Markets and Products & Services. As an innovating company, with its conceived and developed Financial ERP, the company offers a brand new service to an existing market (financial flow for large companies, mainly) - called Product Development Strategy.

⁽⁹⁾ http://www.oportaldenegocios.com/files/pdf/pme/pme_vol2.pdf

Exhibit 19: Ansoff matrix - MetaCase

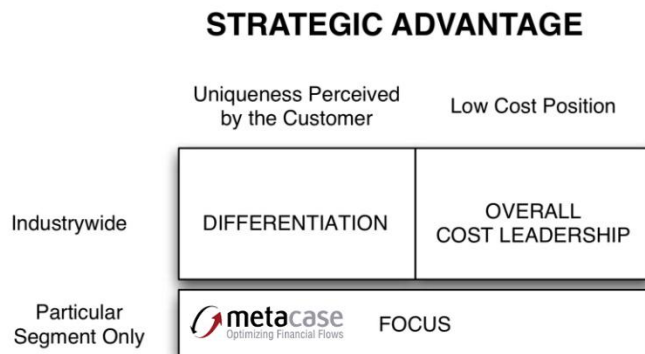


Source: http://www.mindtools.com/pages/article/newTMC_90.htm

As commonly accepted, a company's success is directly dependent on its competitive advantage, studied by Porter through the Generic Strategies model.

A successful startup like MetaCase has to offer something different than others in the market. The positioning of MetaCase consisted of offering a unique product, which could fill a specific need of large companies. Therefore, the advantage was the ERP itself, whose specificities and functionalities are interesting mainly to companies with a large and scattered activity - Focus Strategy. By going international, it must be considered that larger markets may have a higher quantity of large companies, which can definitely have an impact on MetaCase's activity. This impact should be overall positive, since it was expected to increase the sales volume. Nonetheless, it would require an increase of the human resources and respective training costs.

Exhibit 20: Three generic competitive strategies - MetaCase



Source:
<http://tatler.typepad.com/nose/strategy/>

4. What were the firm initial main competences/resources?

As referred in the case, MetaCase's plan was always to provide an innovative platform for managing financial flows after a consultancy service done on the processes of the potential customer. Nevertheless, this project only became a reality a few years after the company's foundation. Before then, the products offered were external developed, not really differentiated from what the market offered.

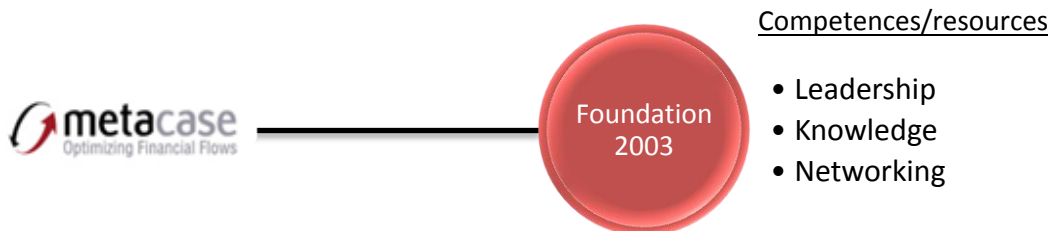
The group of former consultants had, however, a great advantage that consisted of the people beyond this idea. All the former consultants had experience in the area, which is a fundamental resource to successfully accomplish some important key success factors for a startup to succeed. Among this success factors, there are three that specially helped the company to survive in the first years of its existence: Knowledge, Networking and Leadership. Though all the three factors are intrinsically connected, each one has an individual impact.

With more than 10 years of experience in the area, the CEO is the example of a degree of knowledge that cannot be easily achieved. Aligned with the individual capacities and fields of expertise present in the other founders, the company had already the know-how to identify the market needs, the failures in the already existent offer and how to explore them. Thus, knowledge can be considered as the main factor that led to MetaCase's concept and creation.

The following aspect, Networking, also plays a fundament role in the beginning of MetaCase. The company needed, as expressed on the case, to start selling something the market already offered. In some cases, MetaCase was selling something that their client companies already had. As a result, the trust that companies had on these consultants was fundamental. If it was not for this reason, companies potentially would not have purchased MetaCase's service and, consequently, the company would not have had the conditions and resources to be what it is today, with its current portfolio. Thus, more than a service, the initial clients of MetaCase saw in the company a group of trustworthy and innovative people, capable of doing something that would be considered as an improvement in the future.

Finally, with respect to leadership, experience helps people to develop their personality and indicates their capacity to manage a company. Nonetheless, a leader is different than a manager, and one is needed, mainly for companies like startups. In this case, MetaCase did have one, as the entire structure of this case can show. The CEO is an entrepreneur, a leader, otherwise probably the company would not even exist. Taking into account what Colvard (2003) said, here are two main aspects that can explain why Carlos Fortes is a leader and not a manager: "*A manager deals with complexity; a leader deals with uncertainty*" and "*A manager finds answers and solutions; a leader formulates the questions and identifies the problems.*" The risk the CEO has taken while starting the company, together with his capacity to identify problems, for instance in his previous professional experiences, certainly was a boost to MetaCase's existence.

Another relevant point to mention is that these competences would probably not be enough to keep the company on the good track forever. The expectations about MetaCase consisted on the creation of a new and innovative platform, as the founders planned. If such evolution did not happen, probably the company would not have succeeded on the national market.



5. What about the main competences/resources at the time of the case?

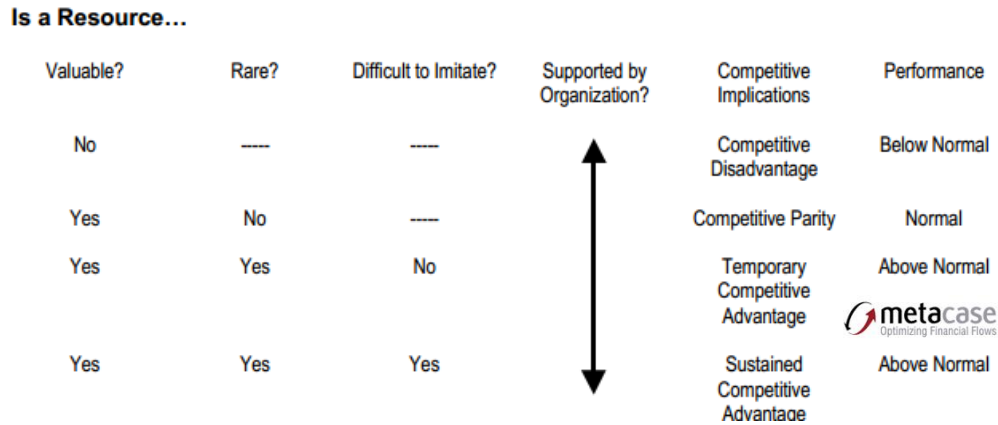
By the time of this case, the main competences resources of the company have changed. Not that the previous ones have disappeared, but the company evolved and developed more sources of potential competitive advantage. In order to evaluate the degree of innovation and, consequently, competitive advantage brought by the platform TargetOne, the VRIO framework should be applied.

According to the company's national success and the platform's unique characteristics, one can immediately conclude that the Platform's characteristics are valued in the national context. In comparison to the other players in the market, the platform offers different features, including the capacity to be customized, since it is Portuguese-based, developed by Portuguese people who already knew the market and its needs. The other competitors, mainly other ERP's creators, such as SAP, Oracle and SAGE, either target different markets or are not so specialized in finance or both. Thus, MetaCase offers a unique service that the other competitors, due to its dimension and global product, are not willing to do.

Moreover, it is fundamental to understand if it can be easily copied or not. The platform requires a deep knowledge of finances, technology, the skills to put all of these together and some consultancy capacity. Therefore, despite the possibility to imitate, this kind of platform is not a priority for both consultancy and IT firms. Consultancy firms would need a huge investment in IT, which is not their core business, otherwise they would have already developed their own ERPs. On the other hand, IT companies could develop this software, but they would need a level of knowledge and expertise about the issue of financial flows that they do not have so far. Plus, the financial ERP of MetaCase is not directly "stealing" customers and, consequently, market share from them; it just created a new need in the market, which TargetOne is satisfying.

Finally, this resource is definitely supported by the organization. Since MetaCase was the conceiver, designer of this Platform, specially created for this specific targeted market, the organization has the capacity to support it.

Exhibit 21: The VRIO framework - MetaCase

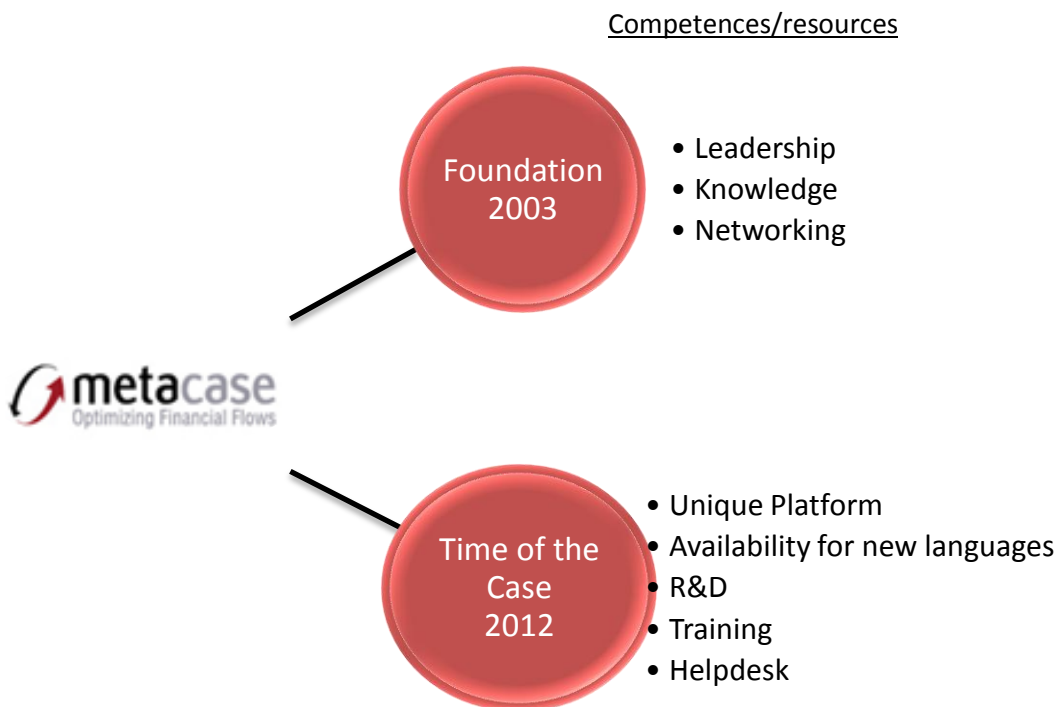


Source: Barney, J. and Wright, P. (1997), "On Becoming a Strategic Partner: The Role of Human Resources in Gaining Competitive Advantage", Available at <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1149&context=cahrswp> [accessed on 18 November 2012]

The international context can be, however, different from the current one. In terms of value, the platform will be valuable everywhere, even if in different scales, depending on the characteristics of each market. The question of rarity is, presently, answered in a positive way. The difference can happen in the next two points. If the company starts to succeed worldwide, other IT and software companies will start developing an identical characteristics' platform. At the moment, the return will not be worth the investment, but if MetaCase's model succeeds outside of Portugal, international players will certainly spend efforts to develop a similar service. Furthermore, in case they do not opt for developing it, there is still one possible issue for MetaCase. The company can support a market such as the Portuguese one. But MetaCase can face some difficulties dealing with an increase of the demand. It can dangerously harm what they achieved so far.

Aligned with the platform itself, there are also some relevant and decisive resources that MetaCase made available to its customers. The first one is the work of the R&D department. From the moment a company acquires the service provided by the platform, all the features are subject to a continuously improvement and the possibility of customization is also offered. Furthermore, MetaCase has a helpdesk department available, whose function is to help customers dealing with their doubts as a user, making this experience of

using the platform easier for the customer. However, as the platform is something unique, customers are not used to it. In this sense, the company provides specific training together with the purchase of this service. This can avoid future problems for the customers, helping the helpdesk to not get easily overwhelmed with simple doubts. Finally, it is important to mention that the platform was developed considering the possibility to become multi linguistic.



In comparison with the resources and competences at the time of its foundation, the company has evolved. In 2012, the company has competences that can be valued everywhere. For instance, even if a foreign company does not know MetaCase or any of its founders, it can now rely on the product/service the company provides and its previous success on the Portuguese market.

6. What are the main threats the company should be aware of? And what about potential opportunities?

In order to further develop and formulate an hypothesis for MetaCase's future strategy, one has to understand the current threats and opportunities the company is facing nowadays. Taking into account the SWOT analysis framework, the opportunities and threats refer to the external environment. Therefore, the company has to understand what is surrounding it, so it can decide on the right path for its future growth.

Exhibit 22: Opportunities and threats - MetaCase

Main Opportunities	Main Threats
<ul style="list-style-type: none"> -Portuguese and European Crisis: new trends in Financial Flows; - Globalization; - Internationalization and Treasury Centralization; 	<ul style="list-style-type: none"> - Portuguese and European Crisis; - Reluctance about Financial Management changes; - Differences between each country/market; - Portuguese Market Dimension.

Starting with the threats, these are characteristics or trends external to the company that can possible damage its existence. The company's activity has its unique market in the Portuguese based companies. However, as it mainly targets large companies, this market might not be enough. If the company wants to keep growing, it has to increase its business prospects. And such can only happen through an internationalization strategy.

Financial Management is an issue that companies tend to be quite reluctant to change. This is a fundamental department or area for every single company, since it deals with all the financial flows of a company's activity. Despite this avoidance, some companies are now available to study possible changes, if they prove to be positive for the interests of the firm.

The third identified main threat considers these differences between each country and/or market. This threats include issues that are not similar to any of the above mentioned. Here each country has to be analyzed, namely through the CAGE framework or the Hofstede Dimensions. The Hofstede dimensions refer to the culture influence on the workplace

values. In this specific case, dimensions as Uncertainty Avoidance and Long-Term Orientation are the most important to be analyzed, being UAI the focal point. The characteristics of the Platform are directly connected to financial management, including forecasting. Therefore, countries with higher long-term and uncertainty avoidance are expected to show higher interest in services like those that MetaCase provides.

Another relevant factor is the current crisis that both the Portuguese and European markets in general are facing. Companies nowadays are trying to avoid any expenses other than those relative to their core-activities, explaining why they might not be open to new services purchasing. The costs reduction sets one of the major trends of the business world in the present. Moreover, this crisis is severely affecting some Portuguese companies, in some cases leading them to bankruptcy. Thus, MetaCase may start losing customers, not due to its platform and service's lack of quality, but to the extinction of its clients.

However, the crisis can also represent one of MetaCase's biggest opportunities. The concern about finances has become more thorough than ever. Every single cent counts, and there is no space for human error. As described in the case, the platform not only fights this situation, as it can also help determining what will be the treasury position in the future. Thus, it assuredly constitutes a potential improvement on companies' financial management that MetaCase should explore.

The other opportunities can be directly connected. Globalization is the interaction and integration process of people, companies and governments between different countries. In this sense, it is widely accepted to purchase foreign services or products in every market of the world. Thus, the previous problem of the acceptance of Portuguese products abroad is no longer an issue; it is even an opportunity for innovative products as this platform. The last opportunity, related to globalization, involves the internationalization of large companies. Nowadays, every large company is present in more than one country, indicating a need to define the worldwide treasury management. According to Polak, the centralization of treasury management allows a company "to achieve higher efficiency, greater transparency and access to real time information across a broad geographical area and many entities." Also according to Polak, the last phase of treasury management includes a fully centralized treasury, in which a platform as Target One would perfectly fit.

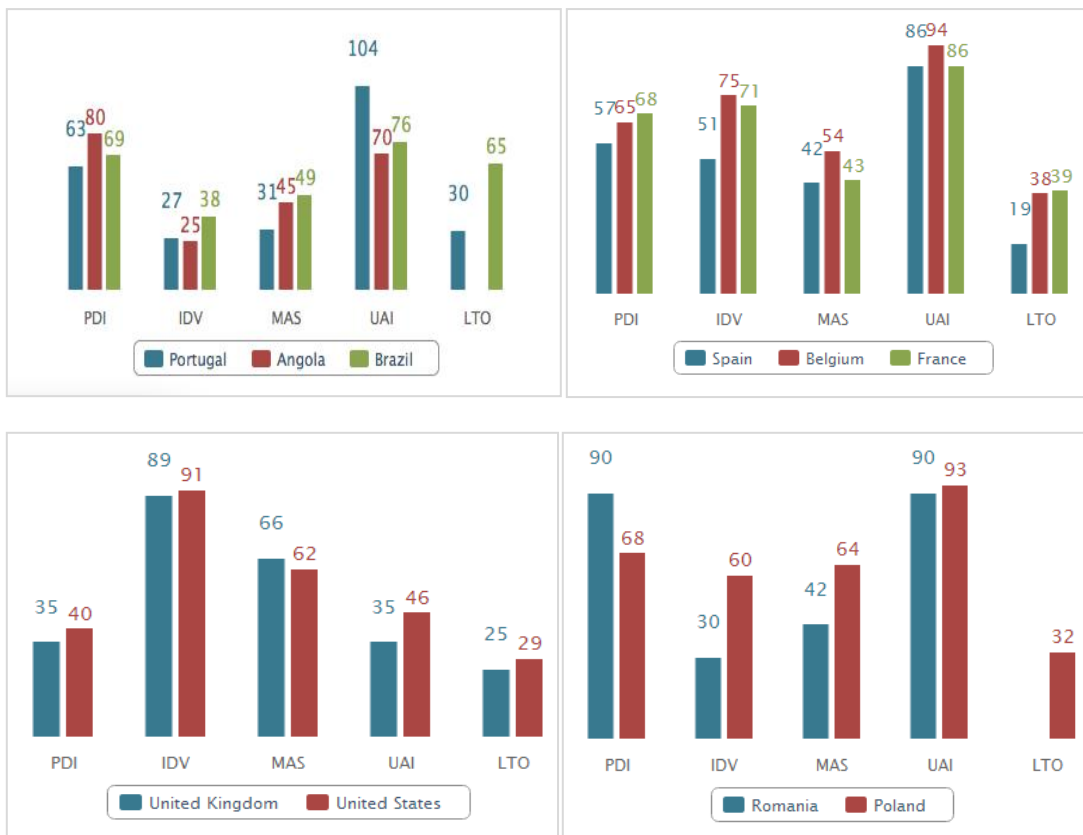
As a consequence, Target One would allow every company to manage its treasury from the headquarters, regardless of how many countries in which it is currently active.

7. Which possibilities for new markets would you analyze?

The markets considered in this question will be the markets in which MetaCase has already been developing a project: Poland, Spain, the USA, the UK, Italy, Romania, Belgium and France. Moreover, Brazil and Angola will be also analyzed, as they are former colonies with a strong business link to Portugal.

In a first phase, the cultural dimensions of Hofstede should be analyzed. As previously defined, UAI and LTO, following this order, should be the most important to focus on.

Exhibit 23: Hofstede Dimensions - Potential Markets⁽¹⁰⁾



⁽¹⁰⁾ <http://geert-hofstede.com/national-culture.html>

From this analysis, based on the UAI, one can state that probably the UK and the USA would not be good possibilities as markets for MetaCase to settle in. Portugal is the country from this sample where the uncertainty avoidance is higher. Nonetheless, countries as Poland, Romania, Spain, Belgium and France also present considerable values. Brazil is positioned a little bit lower, but with higher Long-Term Orientation from all of these studied countries. Angola's UAI is similar to Brazil's, however there is no information about Angola's LTO. Still, it will be kept for further analysis on the CAGE Model.

The CAGE Model intends to analyze the differences between countries in terms of cultural, administrative, geographic and economic characteristics.

Exhibit 24: The CAGE model - potential markets

Country	Cultural		Administrative			Geographical		Economic			
	Language Proximity	Uncertainty Avoidance	Legal System	Former Colony	EU Member	Distance	Climate	Infrastructure Ranking ⁽¹¹⁾	Economy (\$GDP)	Education Ranking (OECD)	Literacy Rate
Portugal	-	-	-	-	Yes	-	-	14th	248,507	28th	95%
Angola	Equal	Lower	Different	Yes	No	Large	Warmer	138th	116,253	-	70,10%
Belgium	Different	Similar	Similar	-	Yes	Medium	Colder	20th	413,746	11th	99%
Brazil	Equal	Lower	Different	Yes	No	Large	Warmer	84th	2,294,178	-	88,60%
France	Different	Similar	Similar	-	Yes	Medium	Colder	4th	2,213,780	19th	99%
Poland	Not related	Similar	Similar	-	Yes	Medium	Colder	108th	771,015	25th	99,50%
Romania	Not related	Similar	Similar	-	Yes	Medium	Colder	136th	267,147	-	97,70%
Spain	Similar	Similar	Similar	-	Yes	Border	Similar	22nd	1,405,787	16th	97,70%

Moving on with an internationalization process assumes choices, including the market(s) to be explored. These analyses intend to compare all these countries to Portugal, in order to understand which could be the market with the best possibilities for MetaCase to succeed. From the CAGE analysis done above, language, UAI, distance and economy must assume a relevant role in the decision.

The language is extremely relevant, since the entire company is now used to working in Portuguese. Although the platform is ready to be used in different languages, the entire structure of the company might not be. As we are dealing with an ERP that demands

⁽¹¹⁾ http://www.photius.com/rankings/infrastructure_quality_country_rankings_2011.html

specific, and sometimes technical, -knowledge, the language similarity would be inevitably a positive factor.













Besides this, the market acceptance for this service has to be understood. A larger economy would have a wider range of large companies and, consequently, opportunities. Therefore, the targeted market by MetaCase would increase, as well as its potential prospects for new business opportunities.

Another fundamental aspect is the distance. As already stated when the language importance was approached, MetaCase's core business is unique. As a result, it would be expected that the actual structure must be present in both places. Aligned with the distance, there is the EU membership. The countries that are geographically furthest from Portugal are not members of the European Union, which means the company can expect more difficulties and bureaucracy when trying to establish its business on that market.

The infrastructure and education level are also relevant, since TargetOne is an innovative platform, developed for a technical and demanding issue as Financial Flows management. If the targeted market does not have the required level of technological development or qualified people, this service would probably be out of the main priorities for the local companies.

Finally, and since the financial crisis can be seen as both a threat and an opportunity, it was not considered in the CAGE analysis

Exhibit 25: The CAGE model - potential markets final

Country	Cultural	Administrative	Geographical	Economic
Angola		-	-	-
Belgium	-		-	-
Brazil		-	-	
France	-		-	
Poland	-		-	-
Romania	-		-	-
Spain				

The previous table shows the overall score per dimension of the referred countries. Thus, one can observe that Spain, followed by Brazil and France, is the market with a higher potential for MetaCase.

However, the internationalization process should be done gradually, so that the company can ensure to be well prepared for the entry and avoiding to take huge risks, capable of damage all the work that has been done until this moment. Hence, MetaCase should start its international activity in Spain, having in Brazil and France as subsequent options. Since Brazil is one of the BRICs, facing a huge annual growth, and sharing the same language than Portugal, it should be taken as the second option, making France the third most attractive option. The others do not seem to have enough potential, at least at this moment, to be considered as an immediate market for expansion.

8. Which possibilities would you analyze as new entry strategies? Explain them.

According to the work of Kotabe and Helsen (2007) and Agarwal and Ramaswami (1992), referred in the Literature review (chapter 4.1.1, page 30), there are several entry modes for a company to opt for, all of which have both advantages and disadvantages. Then, it is necessary to understand the impact of critical factors such as ownership, location and internationalization on MetaCase's activity to determine the optimal entry mode.

In order to succeed against the competition in a foreign country, the company has to have either skills, assets, or both better than the competitors. In the current case, the company's strength is its skills. The platform MetaCase has developed is unique, and the capacity to improve and adapt it to each customer's needs is an ability that no one else has. On the other hand, entering a new foreign market by its own can be a problem, due to the lack of experience in comparison to the players already established in the country.

The second factor, location, is also relevant for MetaCase. As mentioned in the threats, some companies are reluctant about changing the way they manage financial flows. In this sense, being physically established in that foreign market would bring a huge advantage in terms of market potential. Once recognized as a local established player, companies would

feel more secure about MetaCase and their willingness to adhere to this ERP would be considerably higher. However, this presence implies the creation of a local structure, which has costs mainly in terms of human resources.

The last factor, the contractual risk inherent in the Internationalization process, considers mainly the control mode. Entry modes with low control would allow MetaCase to avoid bureaucracy, but would have the problem of opportunism. Since they are not in control, and there are already people to whom MetaCase has transmitted the knowledge, the other company might take advantage of that.

In conclusion, MetaCase should opt in a first instance by wholly ownership subsidiaries as the best way to internationalize, in the form of Greenfield or joint ventures. The main problem in the Greenfield will be the time and effort (financial or not) needed to become a recognized organization in the host market. On the other hand, the joint venture major problem would be the share of knowledge, which could lead to the creation of a future competitor in case the venture does not work as initially expected.

9. Should the company move on with the internationalization process? What would be your overall recommendation for this company?

The main decision to be made by MetaCase's CEO is the next step for the company strategy. This next step, according to the CEO, should consist on an internationalization process by the company.

Throughout the case analysis, this decision was evaluated; likewise the best possibilities in the case of internationalization were explained.

The first recommendation would be to proceed with the internationalization process. The platform is ready, and so is the company. Since the firm is targeting Portuguese based large companies, the dimension of the market is constraining MetaCase's growth. However, the structure has to be well prepared for this process. Therefore, human resources should be also prepared for new cultures; for example, they must be prepared to deal with a different language. Another important measure is to ensure that the current helpdesk would be able

to face an increase of incoming communications, and that the technical part - hardware capacity, mainly - would not collapse.

The first market to be explored is Spain. According to the previous results, distance, linguistic proximity and the commonalities between both markets and cultures are indeed positive factors. Despite not being properly in its best economical phase, the market is larger than the Portuguese and it is expected to be available for this financial ERP. The entry mode is advised to be through a wholly owned subsidiary, developed from the really beginning as a Greenfield entry mode. The main threat here in Spain would be the lack of brand recognition, which can be fought not only through the quality of the platform itself, but also through the positive relationships with the Portuguese companies already present in the Spanish market.

The second market that MetaCase should enter is Brazil. The market is clearly growing, the language is the same, and the culture would not be a strong barrier. However, a new entry mode is suggested. It is not easy to enter this market; the legal system is different, because the country is not an EU member. Thus, partnerships with either consulting or IT companies should be considered. A non-equity mode, such as licensing, could be a way to enter this market. Nonetheless, as MetaCase's competitive advantage is skilled-based, licensing would imply the company to share its knowledge with the local company in exchange for a fee. This method could bring two major problems: creating a competitor and quality control. If not well managed, the platform's quality could be not really well explored, and the partner could become a competitor since it already had the know-how. Consequently, starting a joint-venture with an existing Brazilian company is probably the best option. Sharing risk and benefiting from an already existent network would probably allow a faster entrance in this market. There are also disadvantages, such as possible conflicts with the partner and competitor creation. However, if any of the previous problems occur, the company would be already present in this huge market, so it would not either lose everything as in the licensing case or start from the beginning as in a Greenfield entry mode.

According to the framework explored by Heinecke (2011), the strategic approach of MetaCase concerning its international activity could be defined as a Multinational strategy.

It encompasses local adaption of the product/service, from language until training, going through the entry mode in the market.

Exhibit 26: The Integration and responsiveness framework - MetaCase



Source: Heinecke, P. (2011), *Success Factor of Regional Strategies for Multinational Corporations*, Physica-Velag, A Springer Company

Despite this, it is important to keep in mind that different entry modes could be difficult to manage for a company. In this case, only two different modes for two different markets are being suggested. However, if MetaCase succeeds in these markets, it will probably continue on expanding to additional ones. If this happens, the company should try to adopt a Global Strategy. The experience the company will gain until then will probably prepare it for many more situations and specificities from each client. Therefore, it would be expected the platform to be better prepared for a global demand. Thus, the product/service would then become more standardized, in accordance to what a Global Strategy stands for. Though this can happen, it would be in a long-term time frame, reason why it should not be considered for the early future.

6. What happened

2012 was the year of a new strategic approach by MetaCase. First, it was necessary to decide where to go. The CEO's explained the decision of opening MetaCase España: "The Spanish market is larger than the Portuguese. This immediately implies potential, since there are at least as many opportunities as in Portugal." Moreover, "it is just next to Portugal, which means that the culture is similar. Also, as it is easier to travel to Spain than for any other different country in the world, we could assure our presence in all the important moments of the company in this first international experience." Finally, "and due to cultural and business proximity, Spain could be the bridge to Latin America, although it is not in the next years' plan."

Once the decision about where to go was made, MetaCase's board was still facing the issue of: "how to enter the market?" The company decided to start from the early beginning on this new market. The risk evaluation was an important part of this decision, since the investment was not too high, the human resources did not have to be extensive, since the "product" was already developed and the country is just next to Portugal. The major problem was the lack of networking and contacts within that market.

On October 18th, the CEO stated: "It is true that we did not receive any project in Spain so far, but we were expecting that. It is still too soon to evaluate this decision, to say if we are going to succeed or not."

Exhibit 27: Newsletter October 2012 - MetaCase



Não há dinheiro. E agora?

Cash Flow Forecast: por fim, uma solução!

Na actual crise em que os mercados europeus se encontram, cada vez mais a facturação não se traduz em liquidez. Naturalmente, continuamos a ter impostos, salários, fornecedores, ... a quem temos que pagar ou acaba-se o negócio!

Desde há vários anos que estudos de mercado vêm constatar a evidência de que a necessidade de obter uma visibilidade dinâmica da liquidez a um ano - o Cash Flow Forecast - é uma das preocupações dos administradores, responsáveis financeiros e até mesmo dos acionistas.

Na realidade esta evidência não tem sido uma prioridade, nem se tem materializado em investimento em soluções e serviços. Agora tem de ser!

Da segunda metade da década de 80 até há alguns anos, na zona da Península Ibérica e França, foram implementadas soluções que permitiram às empresas e grupos avançar na obtenção da Posição diária de Tesouraria em data-valor.

Naturalmente, por não depender do tipo de negócio - problemática horizontal -, qualquer sector de actividade poderia ter uma resposta com estas soluções.

Case Study

Maior Grupo nacional na área das Telecomunicações eleva o Cash Flow Forecast para outro nível.

[Ver Case Study](#)

Eventos

Seminário Cash Flow Forecast

[Inscreva-se!](#)

2

Forecasting



Cash Flow Forecast: por fim, uma solução!

A crise actual em que a Europa se encontra obriga as empresas a um acompanhamento cada vez mais exigente e mais cash oriented. Para obter esta visibilidade as soluções informáticas têm que ir mais além, pois os modelos de previsão variam consoante a evolução da actividade operacional e o software tem de ser capaz acompanhar! É necessária uma ferramenta de gestão que permita uma resposta vertical, flexível e ajustada para o sector de actividade em que a empresa se insere.

Até agora o que era importante era ter um Balanço apelativo, mas as regras estão a mudar, e neste momento o que conta é ter dinheiro na conta!

Noticias

MetaCase Espanha inicia actividade

Ribera del Loira, 46



Por outro lado, os ERP's estão implementados de modo a responder a necessidades contabilísticas e não dispõem da flexibilidade que esta tarefa requer: alteração dos pressupostos de previsão de acordo com a evolução real dos fluxos operacionais e financeiros. Além do mais, os processos implementados apenas visam responder à questão do débito e do crédito e não a uma visão de liquidez, isto é, focam-se na Contabilidade e não em gestão de Cash-Flows.

Em consequência, gestores financeiros e tesoureiros recorrem a folhas de Excel para tratamento de volumes significativos de dados altamente dinâmicos, com todas as limitações e riscos que esta ferramenta acarreta, para tentar e nem sempre conseguir obter um Cash Flow Forecast, dinâmico, actualizado e comparável com eventos reais.

A equipa de consultores altamente especializados da MetaCase concebeu e implementou no seu ERP Financeiro Target uma solução que responde a esta exigência. Convida-mo-lo a ver o nosso case study de sucesso num dos maiores grupos nacionais de telecomunicações.



MetaCase

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Optimizing Financial Flows

Find us on the Web: www.metacase.eu



Source: MetaCase

V. Conclusion

The first point I would like to mention is the opportunity to get involved with the real business world. In this sense, I had the chance to present a firm's daily activities, where a company needs to be always solving problems, aligning strategies and thinking about the future. Also, I was able to develop a different idea about the role of either a manager or an entrepreneur or a CEO.

Starting from this last point, the relevant role of Dr. Carlos Fortes for this positive experience has to be recognized and appreciated. Through all the interviews he has given to me, I had the opportunity to understand all the processes of the company, its foundations and everything that has passed through the board's mind since the beginning. Moreover, the impact of a successful company in a national context as the current one is indeed motivating. More so, it definitely improved my beliefs regarding the national capacity to develop valuable products or services, capable of succeed worldwide.

As previously mentioned, this dissertation is divided into several main chapters, including the Case Study, Literature Review and Teaching Note. The Case Study was extremely useful for me, in the sense that I was able to better understand a particular company and the real problems that it faces. Moreover, being on the other side, as a case study writer instead of student, I developed my capacity for further case study analyses. The Literature Review helped me to understand important themes, including internationalization strategies. In such a popular topic as this one, I understood that there are a lot of subjects for me to explore, potentially in my professional future. The same applies to financial flows and strategic frameworks. The Teaching Note was where I deeply explored the subjects referred on the Literature Review. After learning the theory, I was able to apply it to a practical case, which has resulted in some interesting doubts and possible answers to overcome these difficulties. Furthermore, it was extremely pleasant to reach a final recommendation about the dilemma MetaCase is facing: whether to advance with an internationalization process and how to do it.

In future research, it would be worthwhile to deeply analyze the platform TargetOne itself. Since the opportunities that the clients identify from its acquisition until the specific impact of each financial component on the overall financial management of a large company, there is tremendous opportunities for interesting studies with potentially important conclusions.

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