CATÓLICA LISBON
SCHOOL OF BUSINESS & ECONOMICS

UNIVERSIDADE CATÓLICA PORTUGUESA

THE VALUE CREATION PROCESS IN INTERNATIONAL STRATEGIC ALLIANCES: FORMS OF VALUE AND TIMING

THE CASE OF BRISA IN BRAZIL

AUTHOR:

INÊS MEIRINHO FILIPE ROCHETA CASSIANO

HAND-IN DATE:

25-05-2015

SUPERVISOR:

LAURE LEGLISE

PROGRAMME:

INTERNATIONAL MASTER OF SCIENCE IN BUSINESS ADMINISTRATION

Dissertation submitted in partial fulfillment of requirements for the MSc Programme at Universidade Católica Portuguesa.

ABSTRACT

Title: The Value Creation Process in International Strategic Alliances: forms of value and timing. The Case of Brisa in Brazil
Author: Inês Meirinho Filipe Rocheta Cassiano

The case study under examination focuses on the international strategic alliance celebrated by Brisa – Auto-Estradas de Portugal, (hereinafter referred to as "Brisa"), the largest transport infrastructure company in Portugal, in Companhia de Concessões Rodoviárias, (hereinafter referred to as "CCR"), a Brazilian consortium, which has become one of the largest infrastructure concession companies in the world.

The aim of this research revolves around value creation in international strategic alliances. This thesis strives to identify the streams of added-value in cross-border partnerships and at which point of time each form of value is created.

The results that have surfaced from this research attest that firms may create value, strategic, learning and financial, from strategic alliances, and that those benefits are captured by organizations.

Moreover, this study shows that the distinct drivers of value are firstly originated at different stages of the operation. However, the different components act as enablers to the overall value chain potential of the venture.

The final finding is that, to some extent, the value created in an international endeavor is limited to the operation, having restricted impact in the competitive positioning of the firm in its domestic market.

There is hope that the conclusions drawn from this research constitute a valuable contribution to existing theory on the topic, as well as to any firm in its internationalization growth strategies.

ACKNOWLEDGEMENTS

Firstly, I would like to express my gratitude to Laure Leglise, the dissertation advisor, for all the valuable feedback and availability throughout these past months, where the recommendations were crucial to better understand the topic and structure this paper.

Additionally, this thesis would have not been possible without the constant support of my team leader at Brisa, Eduardo Costa Ramos, assisting in the process of arranging the interviews and allowing me access to all the relevant information required to conduct the research.

I am also thankful to João Azevedo Coutinho, António Nunes de Sousa, Manuel Lamego, Francisco Rocio Mendes, Manuel Matos, Manuel Barreto, Raúl Jaques and Cláudia Garcia for managing to take time from their demanding schedule to do the interviews. Their information and personal experience on the alliance were extremely relevant to the findings that were obtained.

A special acknowledgement to my family is in order, especially to my grandmother Benedita, my mother Lucinda Maria, my father José Eduardo and my brother Diogo. Their emotional encouragement and constant investment in my education were crucial to complete this final challenge of the Master's Degree.

Last, but definitely not least, I am extremely grateful to my extraordinary friends, who not only were available to exchange and debate ideas regarding this topic, but also, and more importantly, were present in stressful and tense moments, where their emotional network empowered me to be persistent and resilient during these last months. To Alexandre Gregório, Ana Azevedo Branco, Ana Monteiro, Manuel Rito, Marta Rocha, Martim Marques da Costa, Rui Viegas and Tânia Martins, my most sincere and meaningful, thank you.

TABLE OF CONTENTS

ABSTRACT I

ACKNOWLEDGEMENTS II

TABLE OF CONTENTS III

LIST OF EXHIBITS V

1. INTRODUCTION 1

2. STRATEGIC ALLIANCES 4

2.1. THE CONCEPT OF STRATEGIC ALLIANCES 5
2.2. INTERNATIONAL STRATEGIC ALLIANCES 7

3. VALUE CREATION PROCESS 9

3.1. CONCEPTS OF VALUE AND VALUE CREATION 9
3.2. VALUE CREATION IN STRATEGIC ALLIANCES 10
3.2.1. STRATEGIC VALUE AND THE RESOURCE BASED THEORY 11
3.2.2. LEARNING VALUE 13
3.2.3. FINANCIAL VALUE AND THE TRANSACTION COST THEORY 14

4. METHODOLOGY SECTION 16

4.1. THE GENERAL METHODOLOGICAL APPROACH: CASE STUDY 16
4.2. THE CONCRETE METHODOLOGICAL APPROACH 18

5. CASE STUDY 20

5.1. COMPANIES' OVERVIEW 20
5.1.1. BRISA 20
5.1.2. CCR 22
5.2. MACRO-ENVIRONMENTAL CONTEXT 23
5.2.1. PORTUGAL 23
5.2.2. BRAZIL 25
5.3. PREPARATION OF THE STRATEGIC ALLIANCE 27
5.4. MANAGEMENT AND EVOLUTION OF THE STRATEGIC ALLIANCE 30
5.5. EXIT OF THE STRATEGIC ALLIANCE 32

6. FINDINGS 35

6.1. At what stage of the strategic alliance are firms creating financial, learning and strategic value? Do they occur in the same period? 35

6.2. Which is the most dominant form of value created in a strategic alliance? 36

6.3. How are firms dealing with the process of incorporating the value created internationally? 37

6.4. What role did the exit of the strategic alliance play in the value creation process? 39

6.5. Is the competitive positioning of a firm in its domestic market affected by the value created and captured in an international strategic alliance? 41

7. MAIN CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH 43

7.1. Main Conclusions 43

7.2. Limitations 44

7.3. Future research 44

8. EXHIBITS 46

9. REFERENCES 67

List of Exhibits

Exhibit 1: Number of Domestic and International Strategic Alliances (1989-1999) 46

Exhibit 2: Resource-Based Theory vs. Transaction Cost Theory 47

Exhibit 3: Value Definitions 48

Exhibit 4: Detailed Interviews' Script 51

Exhibit 5: Information Database for the Case Study Report 52

Exhibit 6: Corporate Functions of Brisa's Executives (2001/2015) 53

Exhibit 7: Brisa's Corporate Portfolio 54

Exhibit 8: Brisa's Network of Highways (KM) 54

Exhibit 9: Brisa's Performance before the Strategic Alliance in EUR (1995-2001) 55

Exhibit 10: CCR's Performance before the Strategic Alliance in EUR (1999-2001) 55

Exhibit 11: Highway Network in Portugal (1985-2013) 56

Exhibit 12: Annual Percentage Growth Rate of GDP - Portugal (1997-2010) 56

Exhibit 13: Inflation Rate in Portugal (1997-2013) 57

Exhibit 14: Annual Percentage Growth Rate of GDP - Brazil (1997-2010) 57

Exhibit 15: Inflation Rate in Brazil (1997-2013) 58

Exhibit 16: Brisa's Country Selection Factors 58

Exhibit 17: Investment Criteria in CCR 59

Exhibit 18: Brisa's Investment in CCR (2001-2010) 59

Exhibit 19: CCR's Share Price Evolution in EUR (2002-2010) 60

Exhibit 20: CCR's Shareholder Structure in 2002 (Year-end) 60

Exhibit 21: Brisa's Share Price Evolution in EUR (1997-2013) 61

Exhibit 22: Main Events Affecting Brisa since 2001 61

Exhibit 23: Brisa's Performance during the Strategic Alliance in EUR (2002-2010) 62

Exhibit 24: CCR's Performance during the Strategic Alliance in EUR (2002-2010) 63

Exhibit 25: Details of the CCR Stake Disposal 63

Exhibit 26: Cash Flows during the Strategic Alliance in EUR (2001-2010) 64

Exhibit 27: Equity IRR Computation by BNP Paribas (Estimate) 65

Exhibit 28: Dividends Received and Expected from CCR in EUR and Underlying Assumptions (2003-2014E) 65

Exhibit 29: Brisa's Performance after the Strategic Alliance in EUR (2011-2013) 66

1. INTRODUCTION

"No company can go it alone. (…) More than ever, many of the skills and resources essential to a company's future prosperity lie outside the firm's boundaries, and outside management's direct control. In this new world of networks, coalitions, and alliances, strategic partnerships are not an option but a necessity".

(Source: Alliance Advantage – The Art of Creating Value through Partnering, Doz and Hamel, 1998, Harvard Business Press)

Strategic alliances[1] are a frequent response to several current challenges faced by firms. The need for collaboration arises as a means for organizations to achieve a stronger market position, through the increase in the overall performance of organizations, a shared risk management strategy and grasping new resources and capabilities[2]. Additionally, some alliances are established between entities from two different countries. In those cases, this is sometimes a way for one of the partners to internationalize. Strategic alliances contribute also to the value creation of the firm (Chan et al., 1997). However, the process of value creation through partnerships needs further investigation.

The objective of this thesis is to analyze the value created in international strategic alliances. More precisely, what are the different forms of value that arise during a partnership, how to properly evaluate them and at what stage of the operation is value being created.

This research is not focused on the operational aspect of the value creation process in strategic alliances. As previously mentioned, the aim is to assess the different value streams that are created in international partnerships and how value is measured and evaluated.

[1] Doz and Hamel (1998) employ the concepts of strategic alliances, partnerships and coalitions as synonyms. Accordingly, for the purposes of this paper, the mentioned definitions are considered as similar.
[2] The Association of Strategic Alliances Professionals, 2015; "Alliance Management: a Strategic Discipline" available [online] at:
http://c.ymcdn.com/sites/www.strategic-alliances.org/resource/dynamic/blogs/20140604_150316_23673.pdf
[accessed on 14 May 2015]

A distinction between strategic, learning and financial value was made. The first one refers to the overall competitive positioning of a firm, through the access of new resources, developing competitive advantages, thus improving general performance for organizations. Learning value relates to the new sets of capabilities that were improved after a strategic alliance and that were a result of a learning process during the operation. The later refers to monetary benefits arising during the operation, *i.e.* above-market returns and operational efficiency.

The analysis was performed through several sub-research questions developed through the iterative process comprising theory and data. As a methodology, the case study enables a deep understanding of the research topic. The study was focused on the international alliance established by Brisa in CCR.

Firstly, the literature review comprises two main topics, namely strategic alliances and value creation process. The concept of strategic alliance is appraised, identifying main definitions and features, as well as its international component. The second chapter covers the definitions of value and value creation, as well as the distinct components in the value chain of a strategic alliance, *i.e.* strategic, learning and financial value. Two distinctive theories on partnerships are also introduced in this section.

In the second chapter, the research methodology is clarified, having relied on an exploratory case study, where the research questions were designed as research evolved. The several sources of data collected and analyzed are properly identified in this chapter.

Thirdly, a section is dedicated to the case study report of the international strategic alliance of Brisa in CCR. The first sub-sections are devoted to describe the context in which this operation arose, specifically information regarding the two involved corporations and the macro-economic framework of Portugal and Brazil. Successively, the several stages of the international operation are reviewed, from a chronological perspective.

The analysis was carried out through several sub-research questions, which highlight the distinct components of the value creation process, the incorporation of these benefits into the organization and, lastly, the impact of timing in the value chain.

Lastly, one chapter covers the main conclusions drawn from the case study, introducing, as well, research limitations of the paper and future research on the topic of value creation in international strategic alliances.

2. STRATEGIC ALLIANCES

"The greatest change in corporate structure – and in the way business is conducted – may be the accelerating growth of relationships based not on ownership but on partnership… semi-formal alliances of all sorts".

(Source: Wall Street Journal, March 29, 1995, p. A10)

The concept of strategic alliances has been the object of study in the last decades on behalf of several researchers. Part of the conclusions have actually considered that the extreme booming in partnerships, in the last decades, has been one of the most durable and persistent drivers in the business context, namely in terms of organizational design and cooperative arrangements with other firms (Koka and Prescott, 2002).

Moreover, towards the end of the last century, the business world has acknowledged the importance of efficiently and effectively design, manage and evaluate a strategic alliance, given the extensive literature developed on the subject. According to Anand and Khanna (2000), partnerships are perceived to be one of the most crucial organizational designs to appear in the 1990's and to have an impact on how firms operate.

Exhibit 1 reveals the evolution of both domestic and international strategic alliances. During the ten years of analysis, the number of cross-borders' partnerships went from almost 1,000 in 1989 to close to 4,500 deals in 1999.

Despite the increasingly high failure rate associated with the formation and management of strategic alliances, the value creation potential of partnerships is still driving and fueling the formation of collaborative arrangements between firms in the current days (Ireland et al., 2002).

Notwithstanding, and according to Anand and Khanna (2000), firms engaging in partnerships are struggling with the intricate and complex process of designing and implementing a sustainable value-added partnership.

2.1. The Concept of Strategic Alliances

Over the course of decades, many authors attempted to provide an objective and worldwide-accepted definition for the concept of strategic alliances. But as the business environment evolved, several adaptions would be developed and added.

In this chapter, several non-conflicting [3] definitions of strategic alliances are addressed, comprising specific features of partnerships that are unique and particular to this specific form of organizational design. The explanations provided by the several authors under examination are complementary to one another and are able to introduce a more integrated and complete overview on how to successfully implement a value-added strategic alliance.

Some authors define strategic partnerships as the organizational structures adopted by otherwise independent firms, in which partners combine and share resources, considering this structural form a middle ground between market transactions and structural hierarchies (Chan et al., 1997). The same group of researchers goes even further by claiming that partnerships allow firms to deploy more efforts into their specific and core competencies, while resourcing to the market when specific assets are missing. In addition, according to Andrew C. Inkpen (2009), the independence feature of partner firms constitutes one of the main characteristics of strategic alliances, provided they will remain autonomous following the partnership.

The last mentioned author defines strategic alliances as agreements of a collaborative nature, through which two or more firms come together in a shared process of resources and/or governance structures.

[3] During this research process, there was no evidence of contradictory definitions regarding strategic alliances.

Other researchers established strategic alliances as structures with an extremely high degree of complexity, in a form of an unfinished contract, mainly due to the intricacy of managing a coalition (Anand and Khanna, 2000). Additionally, Jensen and Meckling (1992) note that strategic alliances are the result of an uncertainty-filled process, in which partner corporations exchange know-how. The ambiguity comprised in the process arises in the costly sophistication required to anticipate all issues and factors affecting a strategic alliance's design and management. Furthermore, the degree of uncertainty and complexity in a strategic partnership rises due to the lack of knowledge and information whether partner firm(s) will comply with their responsibilities in the agreement (Powell, 1996).

The level of inter-dependence experienced by partner firms is significant, provided corporations may end up having a crucial impact on each other's operations and become extremely vulnerable to the actions of the other firm(s) (Parkhe, 1993). According to the author, the degree of mutual dependence in a coalition causes complexity and an increase in the cost structure, namely expenses regarding the coordination and management of a partnership.

In light of the above, strategic alliances may be considered an important source for firms to acquire and grasp new resources, learn from the managerial experience, and, consequently, to increase its competitive position *vis-à-vis* competitors (Ireland et al., 2002). More precisely, the ultimate goal in cooperatively pooling resources from partner firms is to sustainably rally on their sources of competitive advantage and to improve overall performance.

Furthermore, strategic alliances allow partner firms to improve their managerial decision-making process, provided the best-qualified players and partners will determine the courses of action and strategy in the partnership (Chan et al., 1997). Such argument may even go in the sense that such inter-organization form and inter-communication causes partnerships to resemble a network organization, rather than a hierarchical one (Jensen and Meckling, 1992).

In conclusion, there are several relevant features of strategic alliances that dictate the guidelines for conducting the case study of the operation established by Brisa in CCR.

Despite all the mentioned characteristics are not included, significantly, in the definitions provided, for the purposes of the case study analysis "*Strategic alliances are cooperative arrangements between two or more firms to improve their competitive position and performance by sharing resources*" (Ireland et al., 2002).

2.2. INTERNATIONAL STRATEGIC ALLIANCES

Is an international strategic alliance different from the concepts and features explored in the previous section of this paper? This question is important as international strategic alliances have surfaced and intensified as a natural consequence of cross-national transactions, rapidly evolving technology and the worldwide phenomenon of globalization (Doz and Hamel, 1998). According to these authors, the openness of countries' boundaries has steered the way for firms to explore new opportunities, markets and solutions internationally.

Nonetheless, the literature available on the concept of international partnerships between firms has been neglected for a substantial period of time, despite the existence of foreign strategic alliances for many centuries in corporate history and their growing importance in managerial and entrepreneurial efforts (Oviatt and McDougall, 1994).

The same group of authors defines an international venture (in this specific context, and in the perspective of that decade's conception, "venture" is perceived as a synonym to the notion of alliance) as the corporate structure that enables partner firms to enhance their competitive positioning by leveraging resources and outputs from the firms involved in the inter-firm arrangement. The sole distinction is the domestic jurisdiction in which all the involved parties operate in, originally.

In line with such definition, and according to the research conducted by Parkhe (1991), cross-borders' strategic alliances may be considered as fairly lasting and collaborative inter-firm business arrangements, by which independent firms from two or more countries combine and share resources.

The aforementioned concept does not comprise the market-transaction and merger structures, as the latter does not constitute a mutual inter-dependence organizational design. The new entity created on a merger operation does not rely on existing firms to act as a going-concern, as it is the case of strategic alliances, according to Andrew C. Inkpen (2009).

In light of the above, the concept of an international inter-firm arrangement does not contradict the literature available in the previous chapter of this dissertation paper. In that sense, the relevant definition and features of strategic alliances remain unaffected for the analysis.

3. Value Creation Process

Andrew C. Inkpen (2009) defines value creation as the ultimate goal pursued by firms in strategic alliances, in a way that could not be achieved by operating the market "alone".

In the following sections, the concepts of value and value creation are studied, as well as the distinctive forms that it could assume in partnerships, *i.e.* strategic, learning and financial value. Two distinct, yet non-conflicting theories on strategic alliances are judged (Exhibit 2).

The research is focused on the different forms of value arising in a strategic alliance and how to properly measure them. No analysis of the operational component of the value creation process is offered.

3.1. Concepts of Value and Value Creation

"*Price is what you pay. Value is what you get.*"
Warren Buffet

The concept of value is covered in complexity and polysemy (Chernatony et al., 2000). Exhibit 3 reflects the multiple disciplines that have engaged efforts in attempting to describe what value is, namely statistics, pricing, consumer behavior and strategy. The majority of the notions encompass a significant degree of subjectivity and gaps between the different stakeholders. Definitions based on expectations, judgements and willingness give rise to multiple interpretations on the value concept.

A transversal definition is yet to be largely accepted in business, reflecting a general confusion surrounding the value concept. In this sense, there is a severe fragmentation amongst scholars, specifically in determining what value creation is and how it occurs, as well as regarding the process of value capture (Lepak et al., 2007).

Lepak and colleagues (2007) establish that the value chain reveals a multilevel perspective, depending on which stakeholder the focus is on. The process of value creation and capture could be appraised from several perspectives, namely shareholders and internal (for instance, employees) and external stakeholders (customers and the society at large are a few examples) surrounding organizations.

Despite the lack of integration in the literature available, Andrew C. Inkpen (2009) defines value creation in strategic alliances as the process of pooling resources and capabilities from partner firm(s), which comprises potential financial returns for the involved parties, as well as other non-monetary benefits.

3.2. VALUE CREATION IN STRATEGIC ALLIANCES

"*Nowadays people know the price of everything and the value of nothing*".
Oscar Wilde

Strategic, learning and financial advantages constitute, broadly, the three forms of value created and absorbed during a strategic alliance. Value created and captured by buyers and suppliers is disregarded from this literature review, as the focus is to evaluate the process of generating a value-added operation with partner firms, from a pure organizational perspective.

As evidenced by Anand and Khanna (2000), creating value in a strategic alliance is an intricate process. Such depends mainly on previous experiences in partnerships' management and discrepancies amongst all involved parties in their ability of creating value. However, the fact that strategic alliances generate monetary and non-monetary benefits is largely accepted (Chan et al., 1997).

The following sections attest that firms are able to create and capture value through learning experiences, the improvement of managerial skills, the leverage of external resources and capabilities and competitive advantages associated with managing a strategic alliance. In addition, there is evidence of monetary value arising in a partnership, which can oscillate amongst all partner firms.

Timing is also a variable that should be taken into account in this process. Andrew C. Inkpen (2009) has determined that value is only created after the formation of the strategic alliance. In doing so, the author disregards any form of value (either strategic, learning or financial) created and captured during the preparation stage of the venture, or the possibility of value creation when exiting the partnership.

As the two partners, in part, create value, divergence between the value perceived and captured by all involved firms may appear and give rise to bargaining between partners. Such could generate additional expenditures to the strategic alliance (Hamel, 1991).

3.2.1. Strategic Value and the Resource Based Theory

From an organizational perspective, Porter (1985) establishes that new sets of raw materials, new production methodologies, new technologies available and new corporate procedures are the sources for value creation, which enable firms to assert themselves against competition in a determined market. Accordingly, the strategic value created aims to strengthen the organization's position in a specific market, through leveraging external resources and giving rise to competitive advantages.

Value in a strategic alliance is created through the development and leverage of two core competitive advantages that arise within the arrangement. Makadok (2001), in line with previous arguments, reveals the positive effects that previous cooperative experiences add to a current operation's management. As the alliance portfolio of a firm enlarges, the organization is better armed to extract value, to superiorly leverage resources and, lastly, to enhance management skills when regarding strategic alliances. The second source is related with a sustainable and rational combination and sharing of resources (Ireland et al., 2002). Asset alignment and complementary pushes in an ascending fashion the value creation potential of a strategic alliance.

Partnerships comprise the pooling of resources from partner firms into joint activities. This view has its fundamentals on the potential value creation process that may arise when resources from partner firms are combined and leveraged (Das and Teng, 2000).

According to the two mentioned authors, a corporation is the result of its own set of heterogeneous resources and capabilities that, if developed and managed properly, may lead to potential competitive advantages, which in turn may allow increasing overall performance, boosting the competitive positioning of partner firms.

In addition, this view surfaced as a consequence of how suitable and valuable resources are in terms of strategic alliances. Firms will most probably form a partnership when they lack specific resources or when there is an abundance of those assets, allowing for the firm to share them with potential associates (Eisenhardt and Schoonhoven, 1996).

As opposed to other theories on strategic alliances, the resource-based view focuses exclusively on the in-house environment of firms, rather than on market factors and social networks (Das and Teng, 2000). The researchers still concluded that a clear and deep comprehension of the bundle of resources owned by all parties of the strategic alliance is of major importance in terms of determining, not only the possibility of success of a specific collaborative arrangement, but also how those resources are effectively and efficiently aligned to meet the various strategic goals pursued. The degree of resource alignment achieved directly impacts the overall performance of the partnership, influences the likelihood of conflicts surfacing throughout the agreement and encourages collaborative forces to surface.

According to Rumelt (1984), the impact of an organization's portfolio of resources and relationships on its competitive positioning is extremely substantial. Das and Teng (2000) also supported this argument by verifying the critical influence of a firm's resources on a more sustainable and profitable competitive strategy. In this sense, Peteraf (1993) claims the relevance of the bundle of resources owned by an organization, when differences in profitability cannot be fully accounted by external factors.

This particular theory of strategic alliances is developed under the crucial belief in firms' heterogeneity in terms of resources and capabilities. On the contrary, models designed mainly to include external conditions, such as the business environment and the industry, give rise to the idea that corporations are, amongst themselves, homogeneous (Barney, 1991).

Under the light of this theory, the several stages of preparing, designing, managing and evaluating the arrangement between partner firms are severely affected by the bundle of resources possessed by each party involved and such cooperative agreements should be designed with the ultimate goal of leveraging and enhancing the organizations' competitive positioning *vis-à-vis* competitors (Das and Teng, 2000).

3.2.2. Learning Value

Anand and Khanna (2000) reflect about the possibility of organizational learning in a strategic alliance. Accordingly, these authors establish that learning opportunities are far more expected to occur in strategic alliances with structures where there is a high degree of interaction and involvement, as is the case of joint ventures. Organizations are more equipped to extract value from the operation in these situations, as there is a significant proximity amongst partner firms.

Doz (1996) also reflects about the abundant learning opportunities originated by strategic alliances. The learning process of gathering proactive information about partner firm(s) constitutes a crucial driver in establishing a sense of confidence and compliance into a strategic alliance (Doz and Hamel, 1998). This sense of trust and acquaintance fuels the involved parties' ability to generate value within the alliance. In this sense, the capacity to manage inter-firm's relationships and the evolution of the strategic alliance is absolutely critical to enhance and potentiate the organizations' skill to create value (Ireland et al., 2002).

A strategic alliance comprises the exchange of know-how amongst partner firms (Jensen and Meckling, 1992). Accordingly, involved parties have the opportunity to learn from business associates, capturing new sets of methodologies, capabilities or strategies that could positively influence the firm's overall performance.

Partnerships do comprise a learning component. Ireland et al., 2002 refer the importance of learning opportunities that arise within a partnership, allowing involved managers to learn from the experience and improve current management's ability. In fact, organizational learning appears as a dynamic capability of the company to develop key skills.

3.2.3. Financial Value and the Transaction cost theory

Chan et al. (1997) analyze the financial benefits of a strategic alliance, but referring solely to non-equity joint ventures (which is not the case study under examination). Even so, their conclusions are worth considering. The researchers have evidenced positive influences in the stock price of partner firms and, additionally, above-market operational performance and evaluation in the upcoming five years subsequently to the alliance formation. However, the authors found no evidence of wealth transfers amongst the involved parties in the agreement.

When two or more firms intend to engage in a collaborative agreement, such represents an addition to the cost structure of all the parties involved. Thus, the theory of transaction costs encompasses the several additional expenditures that partner firms must incur throughout the life cycle of the strategic alliance, *i.e.* preparation, management and performance (Gulati, 1995). The author describes some supplementary costs that arise at the strategic alliance level, presented below.

In a first period, firms may incur in costs associated with the development and preparation of the partnership contract, namely the stages of elaborating the document that clearly defines all spheres of responsibilities and actions of the individual firms and, after which should be discussed amongst all relevant parties.

Subsequently, and as the partnership evolves, firms must employ resources to oversee the level of compliance of the partner firm(s), in relation to the terms that were established in the foundation of the strategic alliance and act accordingly. In this sense, and should the partner firm(s) incur in some sort of failure or breach of the contract, corporations must develop strategies to deal with such liabilities and errors, which naturally impact the financial statements of the corporations.

Strategic alliances may not always be the preferred corporate design for all firms. In light of the transaction cost theory, partnerships are the desired organizational structure if they allow for a minimization of the abovementioned transaction costs. Only in such scenario strategic alliances are more effective and efficient than market transactions or mergers (Jarillo, 1988).

In light of such theory, and according to the authors Barringer and Harrison (2000), the partnerships that experience the highest levels of success are the ones that are able to organize joint activities in a way that allows them to reduce both transaction and production expenditures.

Accordingly, from a more financial standpoint, strategic alliances are desirable when the firms involved are able to: implement a sustainable process of controlling, monitoring and reducing coordination costs; create an efficient and inter-related structure of activity assignment amongst each firm; and, develop a communication and network flow throughout the duration of the partnership (Gulati, 1998).

The transaction cost theory on strategic alliances emphasizes the need of monitoring and controlling the transactions performed with a partnership.

4. METHODOLOGY SECTION

4.1. THE GENERAL METHODOLOGICAL APPROACH: CASE STUDY

The research method used to conduct this dissertation thesis is the case study. It is the most suitable method in order to provide results and learning outputs regarding the value drivers of strategic alliances for two reasons.

Firstly, exploring the different value streams and timing in international strategic alliances imposes a mix between an explanatory and descriptive case study (Yin, 2013). The first method refers to the discover of rational and recurrent links in the way corporate strategies are designed in order to maximize the value generated from a specific internationalization, namely in terms of monetary and non-monetary outcomes, along a substantial period of time. The later covers the descriptive process of the operation, more precisely in assessing the different value streams that arise during a strategic alliance.

Secondly, in line with this author, the analysis hereby proposed benefits from conducting a case study since there is absolutely no control over the events under analysis, given the actions report to the first decade of 2000. There is no opportunity for manipulation of data and there is a sufficient time distance to allow all the involved agents to analyze the alliance and its value creation process in a more rational and disinterested manner, in the end, elaborating a more objective, solid and unbiased conclusion.

As the goal is not to test existing theories or models, it was adopted a more exploratory approach. The sub-research questions emerged from back and forth analysis between theory and data, reason why they were not included in the literature review section, but solely on the findings chapter.

The case study mixes a content and process approach. A content approach was adopted when focusing more on the different drivers affecting the value creation process in strategic alliances (three separate streams of value are broadly defined, namely strategic, learning and financial benefits). A process approach is employed when the timing variable of the value creation process is relevant and present also in the history of the alliance process, chronologically.

The original purpose of this research arises from a professional experience at the Business Development department of Brisa, motive that truly first triggered the company choice for conducting this case study analysis. The strategic alliance established by Brisa in CCR constitutes a valuable learning opportunity for several firms in relation to their internationalization efforts. The objective is to determine the most relevant features that are increasing value for the firm and derive lessons from the analysis. Taking into consideration the failure rate of strategic alliances, positive and fruitful partnerships, such as the case under examination, should be object of study and learning.

Brisa was a suitable corporation to answer this research question for several reasons. The first cause that motivated this choice relies on the fact that the Brazilian operation encompassed several learning opportunities for the organization, as well as an outstanding financial return, meaning that Brisa was able to generate value. The success of the strategic alliance in CCR comprises positive conditions to analyze which are the factors that are causing firms to choose this specific entry mode and how organizations can create value from such choices, even taking into consideration that Brisa exited the Brazilian market in 2010. Secondly, this choice is based on the fact that this alliance was sustained for nine years and still, to this date, former partner firms still maintain positive relationships amongst one another. An additional motive is linked with the firm's relevant and reference position revealed in the Portuguese market, being one of the main toll road operators in the world, allowing companies to derive conclusions that could benefit their own international strategic alliances. The last purpose of this decision is related with an easier and direct access to the necessary information, provided the importance of documentation and interviews for this research question.

Despite having sold the equity stake in CCR, the Brazilian operation cannot be viewed as a failure; the reason why the firm withdrew the investment from that market is not concerned with disappointing returns, but is linked with minimizing the impact of the forecasted negative macro-trends of the Brazilian economy on Brisa's results, on an asset portfolio management approach.

4.2. THE CONCRETE METHODOLOGICAL APPROACH

Regarding the collection data process, three main sources of evidence have been used: internal documents, interviews with several agents that were involved in the internationalization and archival records within the temporal boundary of the alliance.

The documentation under analysis was provided by Brisa's executives, with regards to written reports of events, annual reports, corporate presentations and other relevant written sources of data that display the choices adopted throughout the international strategic alliance established in Brazil and that are a source of valuable information to assess the value drivers of the partnership.

The interviews have been conducted face-to-face, with one person at a time. The interviewees can be classified into three different groups. Amongst the nine distinct interviews that have been carried out, there were two meetings with the top management of Brisa, namely the actors responsible for the Brazilian investment, who were in the field for a considerable amount of time during the operation. Additionally, four Brisa's executives that were in Brazil were interviewed, who operated in different strategic spheres of the organization in order to run local operations alongside with the strategic partners. Lastly, three commuting executives of Brisa were questioned, providing a different perspective of the effects of the partnership, simultaneously, in Portugal and Brazil.

The context in which the expansion was performed, the factors that led to this particular form of entry strategy and market, and the relevant outputs from a strategic, learning and financial standpoint have been the main issues addressed in the interviews. Exhibit 4 comprises the complete script that guided the individual meetings.

The last source of data was gathered from archival records, more precisely equity research, within the time frame in which the strategic alliance was active. This information served to verify the evolution of financial indicators of both Brisa and CCR during the operation (at the light of the monetary benefits in the value creation process) and to properly define the economic conditions affecting the Portuguese and Brazilian markets in the first decade of 2000.

The method employed to analyze the collected data is chronological. The rationale behind this approach is to include a descriptive process to this investigation and causal relationships between events. There are three crucial periods: preparation, management and exit of the strategic alliance in CCR.

The financial value is measured in terms of cash inflows and outflows, as well as the computation of growth and return indicators. The strategic and learning value are measured through the perception of the interviewees.

The relevance of the knowledge collected from the abovementioned documentation, interviews and archival records does not exclude the obligation to verify the data obtained with other sources of evidence and to prevent the influence of bias opinions or thoughts to hinge or skew the results obtained. Adequate sources are identified throughout the case study report, which allow to verify the information gathered internally at Brisa.

Exhibit 5 discloses the detailed database of information gathered and used during this case study report.

5. Case Study

In this section it is developed a chronological description of the international strategic alliance established by Brisa in CCR. The Portuguese company decided to grow outside its domestic borders and entered into the Brazilian market in 2001, where it has engaged in an equity joint venture with local partners.

The first two sub-sections aim to understand the micro and macro environments in which this strategic alliance arises, namely the features of the two major corporations involved, Brisa and CCR, and the national framework of both Portugal and Brazil in the period of this internationalization.

The subsequent sub-sections are organized according to the three broad stages of the strategic alliance: preparation, management and exit of the operation.

Note that all professionals that were interviewed are current Brisa's executives. However, some have combined managerial functions in the governance bodies of CCR during the strategic alliance (Exhibit 6).

For the case study, there are three entities worth highlighting: Brisa HQ in Portugal, CCR in Brazil and Brisa – Participações e Empreendimentos (hereinafter referred to as "BPE") as the local subsidiary of Brisa in Brazil.

5.1. Companies' Overview

5.1.1. Brisa

Brisa – Auto-Estradas de Portugal, S.A.[4] is a Portuguese firm created in 1972, which has become the largest motorway operator in Portugal, and one of the largest in the world.

[4] Brisa, 2015 available [online] at:
http://www.brisa.pt/PresentationLayer/conteudo.aspx?menuid=271&localid=184 [accessed on 20 April 2015]

Brisa has three core business units, specifically motorway concessions, operation & maintenance services and other infrastructures/services. All corporate areas are managed in an autonomous fashion, while having motorways as the common denominator. The company contains in its portfolio (Exhibit 7) both domestic and international subsidiaries, ranging from operation of tolled highways to complementary units of road services (for instance safety and driving with comfort).

In 2001 Brisa's group employed 2880 employees and its corporate governance structure was based on two main bodies: the Board of Directors and the Executive Committee, whose members were allocated with the day-to-day management of a specific corporate affair.

At the time, the firm operated 901 km in 9 motorways in Portugal, spread from north to south, east to west (Exhibit 8), which represented a market share of, approximately, 79% in terms of tolled concession motorways[5]. Market leader, Brisa developed and strengthened important skills in the areas of project management and highway operation and maintenance.

In the beginning of 2000, Brisa was considered the fourth biggest listed company in the Portuguese Stock Exchange, with a market capitalization of roughly 3 billion euros, accounting for 8% of PSI-20, the Portuguese Stock Index where only the twenty largest listings in terms of market cap and share turnover are represented. Brisa was a listed company from 1997 until 2013.

It was crucial for the sustainability of Brisa's business model to ensure strategic alliances with players in the construction industry, so that Brisa could act as a concessionaire. Simultaneously, the firm revealed a solid financial structure, with access to many sources of financing to support its ongoing operations (significant and stable EBITDA, moderate CAPEX, high yield and protected against deflation[6]). Exhibit 9 contains an historical evolution in Brisa's performance until 2001.

---

[5] Brisa 2015; "Annual Report 2001"
[6] Exane BNP Paribas, 2010; "Out of Brazil and into the unknown"

The process of internationalization started in 1999, when Brisa acquired a minor equity stake (0.5%) in the consortium Schemaventotto, which was designed to perform the privatization process of the Italian company, Autostrade, leader of the largest highway network in Europe. Accordingly, and in an indirect manner, Brisa was awarded a 0.15% share in the capital structure of the concessionaire.

Brisa was considered an international reference in the toll road concession industry, which allowed the firm to be widely perceived as a desirable business partner with valuable know-how and competences in motorway operation and maintenance.

At this moment, Brisa was evaluating growth options outside its domestic market, since opportunities in Portugal appeared scarcer.

5.1.2. CCR

Companhia de Concessões Rodoviárias[7] is a joint venture established in 1998 by four of the largest construction players in the Brazilian market, namely Andrade Gutierrez, Camargo Corrêa, Odebrecht and Serveng Group, being rapidly considered one of the largest transport infrastructure holding companies in the world.

The consortium was created via the merger of the stocks held by the abovementioned local players, through which CCR was awarded the concession and operation of several federal and state highways in Brazil. In 2001, the firm held in its portfolio five relevant road concessions in its domestic market, with 1,278 km of motorway network in operation, which represented, approximately, 14% in length market share in the Brazilian market, but 31% in terms of revenues[8].

---

[7] CCR, 2015 available [online] at:
http://www.grupoccr.com.br/English/ccr-group/history-facts [accessed on 21 April 2015]
[8] CCR, 2015; "Annual Report 2001" available [online] at:
http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219 [accessed on 21 April 2015]

The strategy followed by CCR was based on two main drivers, specifically the capitalization of synergies (in terms of operational efficiency and economies of scale) from a portfolio management perspective; and a constant search for external opportunities to potentiate domestic and international growth and diversify the asset portfolio under management (*i.e.* select new concessions to bid and broaden its bundle of highways in operation).

The CCR group intended to employ an operational hedging policy, namely through a diversification in its services' portfolio. Not only was the corporation active on the construction and concession sectors, but there were other growth options associated with other road related businesses, for instance advertising, leasing right-of-way for fiber optics and development of automatic systems for charging tolls.

CCR had the knowledge and expertise in the construction sector, congregating credible and heavyweight Brazilian players (with international reputation) and an extremely relevant know-how of how the local market operated in Brazil.

Exhibit 10 refers to the historical evolution in CCR's performance until 2001.

At this moment in time, the consortium was actively searching for an international partner with critical competence in the operation of tolled motorways, area in which Brisa appeared as a front-runner.

5.2. MACRO-ENVIRONMENTAL CONTEXT

5.2.1. PORTUGAL

Two major variables affect directly the top line and overall performance of the industry in which Brisa operates: the level of development and maturity in the road concession market and the macro-trends displayed in the Portuguese economic and social context.

In Portugal, the vast majority of road concession contracts are designed under a PPP model, *i.e.* public-private partnerships. The agreements are established between the granting entity, the Portuguese state directly, or through Estradas de Portugal[9], the institution in charge of managing national roads, and private corporations, that will operate the assigned highways for a stipulated period of time.

In 2001, the highway network was already at a mature state (including tolled and non-tolled roads) (Exhibit 11). In this period, Brisa occupied a dominant position in the tolled industry (with a market share close to 80% of the tolled motorway network), assuming the status of a natural monopolist, which was not necessarily well perceived by external entities[10].

The road concession industry in Portugal was severely restricted until the end of 2000. As a consequence, there was a tacit understanding that the company would step aside in future bids, with the purpose of allowing new players in the concession sector to enter that market[11].

Up until 2000, Portugal entered in a phase of growth and expansion, mainly due to a relevant increase in exports, which outperformed a reduction in domestic demand. However, in 2001, Portugal was initiating a cycle of weak macro-trends and prospects[12].

From an annual average growth rate of 3.8% registered in 2000, the Portuguese GDP went on a downward trajectory, reaching an average growth rate of 1.9% in 2001. Up until this period, the domestic economy had always registered annual positive evolutions close to 4% or even above (Exhibit 12).

From this moment on, there would be a deceleration in internal demand, triggered by a decrease in both public and private consumption. Confidence indexes amongst consumers were also decreasing, starting to resemble the figures registered in previous recession cycles.

---

[9] Estradas de Portugal, 2015 available [online] at:
http://www.estradasdeportugal.pt/index.php/pt/a-empresa/breve-historia [accessed on 21 April 2015]
[10] Francisco Rocio Mendes, Member of the Executive Committee of CCR, interviewed on 17 April 2015
[11] António Nunes Sousa, Member of the Board of Directors of CCR, interviewed on 16 April 2015
[12] OECD, 2015; “OECD Economic Surveys: Portugal 2001” available [online] at:
http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2001_eco_surveys-prt-2001-en#page22 [accessed on 21 April 2015]

Moreover, the Portuguese inflation rate in 2001 was 3.78%[13] (Exhibit 13); in contrast with the domestic average wage increases in collective hiring that did not meet the 4% mark[14]. Combining these two opposing forces, the domestic economy suffered a net decrease in the household available income and purchasing power, which directly affected Brisa's top line.

The sale of vehicles suffered a major decrease in 2001, indicator that also affected Brisa's revenues. The sector related to four-by-fours ("veículos todo-o-terreno") was the worst affected (-79%). The class of light passenger vehicles ("veículos ligeiros de passageiros") also registered a reduction of 3.6% in this fiscal year[15], resulting in a weak period for this industry.

In addition, traffic growth in Portugal was negligent. Between 2000 and 2009, this indicator reached only a 0.3% CAGR[16].

The correlation between the deceleration of the Portuguese economy, the decrease in the household available income, the reduction in the sale of motor vehicles and traffic growth rate is clear, causing serious setbacks in the performance of Brisa in its home market.

In 2001, as growth prospects were diminished in Portugal, an international expansion was the viable and best solution as a growth option for Brisa.

5.2.2. Brazil

Brazil was facing turbulent and volatile times until 2001. This instability in the country's economic context can be first attested by an overview of the average growth rate of the Brazilian's GDP. Until 2001, the historical figures did not disclose a consistent trajectory, either positive or negative. An evolution in the nation's GDP of 3.4% in 1997 was followed by a stagnation period in the subsequent year, where Brazil did not accommodate any growth in its wealth, to a 4.3% increase in the beginning of the millennium (Exhibit 14). There was no stability and consistency in the evolution of Brazil's economic path.

---

[13] Bloomberg Terminal [accessed on 2 May 2015]
[14] Brisa, 2015; "Annual Report 2001"
[15] Banco de Portugal, 2015; "Relatório do Conselho de Administração 2001" available [online] at: https://www.bportugal.pt/pt-PT/EstudosEconomicos/Publicacoes/RelatorioAnual/RelAnuaisAnteriores/Documents/rel_01_p.pdf [accessed on 21 April 2015]
[16] Exane BNP Paribas, 2010; "Out of Brazil and into the unknown"

In addition, the astonishing inflation rates were causing too much pressure on the Brazilian economy, and was only since mid-1990's, with the implementation of the Real Plan[17], that the country was able to start evolving towards a much desired economic stability. The goal was to keep inflation at low levels, far from reaching values well above the two digits. Accordingly, the Central Bank was determined to ensure that the Brazilian inflation rate would not exceed the maximum values that were pre-established [18]. Exhibit 15 covers the historical inflation rates in Brazil (for this purpose it was used the "Índice Nacional de Preços ao Consumidor Amplo" (IPCA), the indicator in use by the Brazilian Federal Government).

The combination of extremely high inflation rates and periods of economic stagnation, namely 1998 and 1999, (Exhibit 14), instigated the increase of the interest rates supported by the Brazilian Federal Government, so to encourage potential investors into the acquisition of state debt securities[19]. The Selic rates in Brazil (which are the country's prime rates) were severely high at the time, with two underlying goals: minimize the impact of exacerbated inflation rates and reduce the possibility of a potential depreciation of the Brazilian currency.

Brazil was an emerging country, which revealed a great deal of political, economic and social vulnerability but, simultaneously, employing important efforts towards a fair level of stabilization and convergence.

---

[17] The Real Plan ("Plano Real") was designed in 1994 to implement a new currency in the country, the Brazilian Real (BRL), which was anchored to the U.S. dollar;
The Brazil Business, 2015; "Plano Real Today" available [online] at:
http://thebrazilbusiness.com/article/plano-real-today [accessed on 22 April 2015]

[18] Portal Brasil, 2015 available [online] at:
http://www.brasil.gov.br/economia-e-emprego/2012/04/inflacao [accessed on 22 April 2015]

[19] Economy Watch, 2015 available [online] at:
http://www.economywatch.com/interest-rates/historical-interest-rates.html [accessed on 22 April 2015]

Between 1996 and 2000, Portugal was the fourth leading investor in Brazil, representing 6.8% of the total foreign direct investment in the country. Companies from the telecommunication and financial services sectors had the most expressive weight amongst all[20]. In this period, Portuguese corporations were being challenged to expand its operations to Brazil, as the country was perceived as an attractive destination for investment and where there was a wide range of business opportunities to be explored[21].

In Brazil, the management of motorways is responsibility of the private sector. The concession framework model was introduced in 1993 as a way to potentiate further investment and growth in the transport infrastructure industry. However, in 2001, from the 1,724,921 km of highways that already existed in Brazil, only on 0.58% (corresponding to 10,000 km in paved motorways) it was celebrated a concession agreement with private operators[22].

The Brazilian Federal Government started paying attention to the necessity of concession contracts for its network of motorways as a result of severe waves of criticism against the regulatory framework into force and the tolled highways. Despite the length of the network, only a minor section was paved and many improvements were still necessary.

Unquestionably, Brazil was extremely attractive in the road concession industry, with a vast range of untapped business opportunities. The market was appealing to Brisa, with a high degree of challenge involved[23].

5.3. Preparation of the Strategic Alliance

Brisa was a pure player in the toll road concession industry, which was being negatively affected by weak Portuguese macro-trends, with the country risk displaying a poor trajectory. Consequently, internationalization was the preferred growth option for the company.

---

[20] International Institute for Sustainable Development, 2015; "Foreign Direct Investment in Brazil: regulations, flows and contribution to development" available [online] at: http://www.iisd.org/pdf/2004/investment_country_report_brazil.pdf [accessed on 22 April 2015]

[21] Manuel Lamego, Member of the Board of Directors and Executive Committee of CCR, interviewed on 9 April 2015

[22] CCR, 2015; "Annual Report 2001" available [online] at: http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219 [accessed on 21 April 2015]

[23] Manuel Matos, Treasury and Risk Manager of HQ (Brisa Portugal), interviewed on 14 April 2015

Accordingly, the firm started screening potential markets to operate, serving as guidelines the growth potential of a specific economy, the convergence in terms of risk, the compliance of the regulatory framework and the existence of business opportunities in which the firm was able to leverage core competences, namely project management and concession and operation of motorways[24]. Exhibit 16 includes the factors that conducted the country selection process for Brisa.

In Brazil, the sector of motorway concessions was developing, and players in the construction arena intended to improve the conditions and security of the existent highways[25]. CCR's shareholders were searching for the experience of an international business associate to assist in the process of concession and operation of the existing motorways. The notoriety and experience of Brisa were extremely desirable features for the Brazilian consortium.

Brisa and CCR's executives initiated business meetings even before the creation of the international venture, back in 1998. The degree of complementary resources and capabilities between both parties was expressively significant. Brisa possessed the know-how in the operation of highways to complement the major players in the construction sector in Brazil that constituted CCR.

Several reasons led Brisa to enter that specific market: Brazil was a market with a very large dimension, requiring new entrants to have the dimension and/or notoriety to set up operations, successfully, in that country and Brisa met these specific criteria. In order to tackle this market, it was clear that going in alone was not an option.

The potential growth rate and value creation of CCR[26] were other drivers that led Brisa into entering the Brazilian market in 2001, in the form of an equity joint venture. This international operation was a significant investment and wager on the country's economy and prospective evolution. The alliance represented an incredible business opportunity with Brisa assuming the status of an international strategic partner[27]. Exhibit 17 covers the investment criteria in CCR.

---

[24] João Azevedo Coutinho, Vice-Chairman of the Board of Directors of CCR, interviewed on 13 April 2015
[25] Manuel Lamego, Member of the Board of Directors and Executive Committee of CCR, interviewed on 9 April 2015
[26] Manuel Matos, Treasury and Risk Manager of HQ (Brisa Portugal), interviewed on 14 April 2015
[27] Francisco Rocio Mendes, Member of the Executive Committee of CCR, interviewed on 17 April 2015

From the beginning of the internationalization process, the only entry mode conceivable for Brisa was a strategic alliance. The reason is that the firm wanted to enter the Brazilian market with local relevant players and leverage on their resources and competences. It was in Brisa's best interest to explore business opportunities alongside valuable partners, so to stimulate the possibilities of winning more concession agreements in Brazil[28]. Local business associates have fundamental knowledge in that specific market and are fully aware of how the corporate network operates and evolves[29].

The equity stake acquired in the Brazilian consortium was the result of the dilution of the existing shares amongst the four initial shareholders, resulting in a 20% stake for each firm in the strategic alliance, thus ensuring equal representation and control. This capital distribution was a major priority for Brisa. The intention was to be as large as the largest equity holder, however without a dominant position in the capital structure of the partnership[30], so that all involved parties were equals and with equivalent responsibilities and risks.

Until 2003, Brisa increased its shareholding position in CCR, with an accumulated cash outflow of €183.2 million (Exhibit 18). All partners had the same representation, ensuring parity amongst all parties. For this operation, Brisa created a local subsidiary in Brazil, BPE, which was the legal entity holding the equity stake in CCR.

A solid corporate governance structure was also a priority for Brisa, guaranteeing equilibrium and coverage against potential risks involved in a collaborative contract. The Board of Directors of CCR comprised two members from each company, with additional independent directors[31], from which derived the Executive Board, which also had Brisa's representation through the Director of BPE, who was permanently in Brazil (São Paulo).

---

[28] João Azevedo Coutinho, Vice-Chairman of the Board of Directors of CCR, interviewed on 13 April 2015
[29] Eduardo Costa Ramos, Finance Manager of HQ (Brisa Portugal), interviewed on 14 April 2015
[30] Manuel Lamego, Member of the Board of Directors and Executive Committee of CCR, interviewed on 9 April 2015
[31] António Nunes Sousa, Member of the Board of Directors of CCR, interviewed on 16 April 2015

Brisa pursued several strategic goals in the alliance, namely to generate a profitable operation in an external market, always minimizing potential risks associated with emerging countries, but, above all, to take the leap of crossing the domestic boarders and start exploring foreign economies. Overall, Brisa wanted to create value for the organization and to operate in the road concession industry in Brazil[32].

5.4. Management and Evolution of the Strategic Alliance

Less than one year after Brisa's investment in Brazil, CCR went public[33]. It was the first corporation to be listed on the New Market of the São Paulo Stock Exchange and the Brazilian Mercantile & Futures Exchange[34]. This listing included firms that went beyond legal requirements in terms of corporate governance, using a more transparent and solid structure.

The shares traded in the New Market were positively influenced (in terms of liquidity and value) by the great disclosure of corporate information and the increased level of security in the rights granted to shareholders. The IPO was a significant milestone for CCR, with the issue of 16,963,601 common shares, representing 20% of the group's capital, with an initial price of 18.00 BRL/stock, which started trading on February 1st, 2002[35]. Exhibit 19 refers to the historical performance of CCR's share price. The adherence to the New Market discloses the strong effort employed in a strong governance structure shared by all equity holders. Exhibit 20 presents the shareholder composition of CCR at the end of 2002.

---

[32] João Azevedo Coutinho, Vice-Chairman of the Board of Directors of CCR, interviewed on 13 April 2015
[33] CCR, 2015 available [online] at:
http://www.grupoccr.com.br/English/ccr-group/history-facts [accessed on 21 April 2015]
[34] BM&FBovespa, 2015 available [online] at:
http://www.bmfbovespa.com.br/en-us/home.aspx?idioma=en-us [accessed on 27 April 2015]
[35] CCR, 2015; "Annual Report 2001" available [online] at:
http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219 [accessed on 21 April 2015]

From the outset, Brisa wanted to ensure a positive flow in the communication patterns and involvement amongst partner firms, not only at a top management level, but also in running the day-to-day operations of the venture. Naturally, a trust-based business relationship is not built overnight. Brisa understood that fluidity in information was critical and intended to act also as another department within CCR, and not solely as a shareholder. The firm believed that a positive involvement did not come from enforcing a more formal and hierarchical interaction[36]. The proximity developed is even attested in the physical location of BPE's office, which was in the same building as CCR's headquarters.

Brisa and CCR evolved in a cooperative trend. The firms gradually acknowledged that their complementary know-how was more valuable in an alliance, instead of facing the market individually. During the nine years of operation, there was a growing sense of trust in CCR (which fueled the investment and commitment of Brisa), but a constant insecurity surrounding the Brazilian market, which required strong financial hedging measures.

Until 2003, there was an intense pressure and expectation in the operation. There was uncertainty towards the Brazilian economic conditions and future progress (Exhibit 14 and Exhibit 15), alleviated when the initial investment started to create value, with the distribution of dividends[37]. The national currency was expressively devaluing, which negatively affected the value of the investment in CCR.

In fact, CCR generated its first dividend in 2003. In the subsequent period, there was a significant improvement in the macro-economic setting of the country. GDP was above 3% and in an upward trajectory, the political risk was stabilizing with the re-election of former president, Lula da Silva[38], interest rates were decreasing and the Brazilian Real (BRL) was recovering in the financial markets. The dividends distributed by CCR to its shareholders were sufficient to amortize the initial investment made by Brisa in Brazil (Exhibit 18).

---

[36] Manuel Bissaya Barreto, Finance Manager of BPE, interviewed on 20 April 2015
[37] Eduardo Costa Ramos, Finance Manager of HQ (Brisa Portugal), interviewed on 14 April 2015
[38] IHS, 2015; "Election 2006: President Lula Wins Second Term in Brazil" available [online] at: https://www.ihs.com/country-industry-forecasting.html?id=106598770 [accessed on 28 April 2015]

During the strategic alliance, Brisa and CCR strengthened cooperative bonds through engagement in other road related projects outside the original partnership. Firms were involved as partners in the acquisition of Controlar, a Brazilian car inspection company, and in a concession agreement in the United States, Northwest Parkway[39].

The evolution of the strategic alliance was appealing. There was an active exchange and flow of information and experience circulating amongst all involved parties. Firms were leveraging its core resources and capabilities with the complement of what the other partners were bringing into the operation. Throughout this strategic alliance, all involved parties attempted to build a business relationship based on mutual cooperation, identification and confidence[40].

In the meantime, in its home nation, Brisa's market capitalization was harshly affected by the international crisis, especially in 2008, when the firm's valuation decreased close to 50% (Exhibit 21). Portugal's GDP and traffic growth was negligent and the Consumer Price Index was weak[41]. Exhibit 22 provides an overview of the main events affecting Brisa's operations and finance during the nine years of the strategic alliance in Brazil.

Exhibit 23 and Exhibit 24 offer an overview of Brisa and CCR's performance during the joint venture in Brazil.

5.5. Exit of the Strategic Alliance

In 2008, everything changed. The world economy was contracting[42]. Portugal and Brazil registered negative evolutions in 2009 (Exhibit 12 and Exhibit 14) and the global crisis impacted nations in the four corners of the world.

---

[39] Brisa, 2015; "Annual Report 2007" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/RelatoriosContas/EN/RC2007_UK.pdf [accessed on 28 April 2015]
[40] Manuel Bissaya Barreto, Finance Manager of BPE, interviewed on 20 April 2015
[41] Exane BNP Paribas, 2010; "Out of Brazil and into the unknown"
[42] Brisa, 2015; "Annual Report 2009" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/RelatoriosContas/EN/BrisaReCInd9UK.pdf [accessed on 28 April 2015]

The financial turmoil caused Brisa to rethink its asset portfolio management strategy in order to accommodate the new trends affecting its home market. Treasury and cash proceeds to inject in the domestic assets were causing pressure on the firm to make a decision regarding its presence in the alliance[43]. If the decision were to sell its equity stake in CCR, such would represent a very sizable transaction for Brisa, crystallizing significant value and allowing easing the firm's debt structure in Portugal.

Despite Brazil's emerging country status, the future prospects were not attractive, as Brisa feared an inversion in the growth trajectory of the country[44]. In addition, the concession industry in the Brazilian market was more mature, attracting many new entrants. According to numerous interviewees, this was the perfect timing to leave[45].

The growth value of the CCR stake was not fully recognized in Brisa's valuations. This investment had a heavy weight in Brisa's market capitalization, close to 40%. In this sense, the firm was facing two options: "buy-more-and-consolidate" or sell the participation.

The decision to exit the strategic alliance was carefully evaluated and designed by Brisa[46]. During the exit process, Brisa intended to maintain the positive relationships established with the partners in CCR and to carry out this period with responsibility and trust. Brisa's concern was to ensure that this operation would not have negative ramifications for the remaining shareholders and all the proper diligences were held in that sense, as well as ensuring that all responsibilities were dully fulfilled by Brisa. All involved partners lived this exit peacefully.

The experience and expertise of Brisa had been absorbed by CCR. In this moment, the marginal value accrued by Brisa to CCR was diminishing. At this point, it was more of a "financial investment" than actually creating strategic value for the venture[47].

---

[43] Raúl Jaques, Financial Manager of BPE, interviewed on 13 April 2015
[44] João Azevedo Coutinho, Vice-Chairman of the Board of Directors of CCR, interviewed on 13 April 2015
[45] Manuel Matos, Treasury and Risk Manager of HQ (Brisa Portugal), interviewed on 14 April 2015
[46] Eduardo Costa Ramos, Finance Manager of HQ (Brisa Portugal), interviewed on 14 April 2015
[47] António Nunes Sousa, Member of the Board of Directors of CCR, interviewed on 16 April 2015

At the same time, from a dynamic portfolio management approach, Brisa would use the proceeds of the sale to fund future growth, both in its domestic and external markets (the firm was looking into the Indian and Turkish markets). The goal was to reinforce financial strength into the firm's operations and focus on corporate reorganization. Replicating the "*CCR model*" in upcoming strategic alliances would frame future growth.

During and after this process, there was no sense of disruption to the remaining running bodies of CCR. The consortium was constituted by a strong shareholder base, which was represented by a solid management team. The future was bright for the company.

On June 23rd, 2010, Brisa announced, through a press release, the sale of its equity stake in CCR, 16.35% of the capital at the time. The operation was carried out gradually and through several installments. Brisa sold 6% of CCR shares directly to the controlling shareholders, which after the transaction held the majority of the equity (approximately 51%). The remaining 10.35% were sold through a private placement, actively supported by the existing stockholders of the venture (Exhibit 25).

The investment carried out by Brisa in CCR was close to €184 million and, nine years later, the company sold its equity stake, generating net proceeds of €1,156 million (excluding the dividends distributed throughout the partnership). During the period of the strategic alliance, CCR's share price reflected an astonishing positive evolution from 2.64€ in 2002 to 21.05€ in 2010, with an average growth rate of 696.74%.

Brisa exited the strategic alliance in CCR in order to adjust its debt structure in Portugal and to cover against an extremely high country risk in Brazil. In this sense, Brisa traded a listed stake in one of the world's leading transport infrastructure holding companies for a more dynamic asset portfolio management and reinvestment strategy. In the end, was it worth it? Did the firm create value in this strategic alliance?

6. FINDINGS

6.1. AT WHAT STAGE OF THE STRATEGIC ALLIANCE ARE FIRMS CREATING FINANCIAL, LEARNING AND STRATEGIC VALUE? DO THEY OCCUR IN THE SAME PERIOD?

Firms are able to create value through strategic alliances (Chan et al., 1997). However, and in the case of Brisa's venture in CCR, they did not arise during the same stage of the operation.

Financial value is the clearest variable to measure. Value was first created during the management stage of the joint venture, when CCR generated its first dividend to shareholders, trend that persisted throughout the remaining partnership (Exhibit 18). During the strategic alliance, Brisa received €209.8 million in dividends from CCR (which outweighs the initial investment to acquire the equity stake in the joint venture), excluding other sources of cash inflows. This outcome supports existing theory, from a financial standpoint, where it is established that the value creation process only begins after the formation of the strategic alliance.

On the contrary, the strategic and learning components of value are slightly more intricate to evaluate and may disprove current literature (acknowledging value creation only after the formation of the strategic alliance). Numerous interviewees described that the success of this internationalization process relied in the preparation period of the strategic alliance. In the words of Manuel Lamego, current Managing Director of Brisa Concessão Rodoviária, "*the experience in Brazil was proof that screening potential markets and partners in advance is essential to create value from the operation*". Carrying out proper diligences in preparing the operation was one of the factors that allowed Brisa to create and capture value.

The process of arranging the partnership encompassed several learning opportunities for top executives, enabling them to better run the day-to-day operations, both in Portugal and Brazil, and to improve and/or master corporate skills required for future foreign operations. Such learning process was critical during the management stage of the strategic alliance, since all the groundwork had already been done. Naturally, adaptation was necessary. António Nunes Sousa, current Member of the Executive Committee of Brisa, states that "*getting acquainted with business practices in Brazil was a challenge, since not every corporate feature is exportable*". However, the exhaustive homework allowed minimizing and foreseeing possible queries that could have arisen.

In addition, and since Brisa was entering unknown foreign territory, preparation was even more valuable to anticipate possible limitations and shortcomings. Thus the relevance of accurately screening probable partner firms so to enhance the likelihood of maximizing the value created and captured. Careful and previous resource (both human and financial) allocation also fueled the value created in this strategic alliance. João Azevedo Coutinho, current CFO of Brisa, states that "*the firm attempted to cast the most suitable executives to involve in the Brazilian operation, and not the ones who could be spared from headquarters*".

6.2. WHICH IS THE MOST DOMINANT FORM OF VALUE CREATED IN A STRATEGIC ALLIANCE?

In the words of Eduardo Costa Ramos, currently Head of Business Development at Brisa, the strategic alliance was a "*massive success, especially in the value creation process*". Raúl Jaques, at the time Finance Manager of BPE, describes the partnership as a "*perfect performance, with an outstanding valuation*". Francisco Rocio Mendes, former Member of the Executive Committee of CCR, defined the experience as "*unrepeatable*".

Outstanding financial value is, unquestionably, the most dominant driver in the value creation process of this strategic alliance.

All interviewees, without exception, identified the financial variable as the most relevant, considering the amounts involved in the stake disposal, the dividends received throughout the alliance and the amount initially invested to acquire a share in the capital structure of CCR (Exhibit 26). In the words of João Azevedo Coutinho, current CFO of Brisa, *"the financial value was overriding, being the strategic alliance a means to an end*".

The real and final internal rate of return (IRR[48]) of the investment, considering the sale of the equity stake into the computations, was 20.97%, representing the estimated growth rate of the alliance, since 2001. The rate computed by the author is slightly below the forecasts of Exane BNP Paribas "Out of Brazil and into the unknown", which estimated the equity IRR to be 27% (Exhibit 27).

Also, using the Discounted Cash Flow valuation model, it becomes incontestable the extreme profitability expected from this international strategic alliance, representing a Net Present Value (NPV[49]), in 2010 values, of €1,300,149,252.

From these two indicators, IRR and NPV, it is possible to conclude that this venture delivered remarkable monetary returns for Brisa. However, these two financial indicators do not reveal any findings in terms of strategic and learning value created in the operation.

6.3. How are firms dealing with the process of incorporating the value created internationally?

Brisa, in its growth strategy, establishes, broadly, value creation as the key measure to evaluate portfolio evolution, *i.e.* optimize the value created in current businesses and new investments should increase portfolio's present profitability.

[48] The discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero
Investopedia, 2015 available [online] at:
http://www.investopedia.com/terms/i/irr.asp [accessed on 7 May 2015]

[49] NPV is used in capital budgeting to analyze the profitability of an investment or project
Investopedia, 2015 available [online] at:
http://www.investopedia.com/terms/n/npv.asp [accessed on 7 May 2015]

Financial value created and captured in the strategic alliance (Exhibit 26) was extremely important for Brisa's financing strategy, as it allowed the firm to avoid resourcing to the debt markets during the global crisis initiated in 2008 to fund its assets under management.

From a strategic perspective, all interviewees clearly identified several value streams that affected both their ability as executives and Brisa's policies.

The strategic alliance in CCR endorsed Brisa to define partnerships as the preferential entry mode for future international endeavors, revealing a high level of value creation potential. The differences and uncertainty associated to an external market caused Brisa's managers to properly comprehend the critical factors one should account in order to extract value from an international collaborative agreement. In this sense, the firm is better equipped to tackle foreign operations, widening its growth options and its vision of the world. The internationalization official strategy was to "*replicate the CCR value creation model*".

Additionally, alignment and complement in terms of partner resources and competences was extremely valuable for the learning opportunity encompassed in the operation. Several interviewees identified this component as one of the critical success factors of the Brazilian adventure. The best domestic corporate practices were extremely significant in the international management of the venture and leverage of partners' strengths.

The alliance introduced a new management by objectives policy, addressed mainly to the top executives of the firm. There was an alignment between results and incentives, increasing the relevance of the variable compensation of Directors.

Sustainable risk management was other corporate learning opportunity for the firm. This experience allowed Brisa's executives to understand, practically, how to effectively cover the firm's operations against possible risks that may arise during an internationalization process, such as exchange and interest rate risks.

Flexibility in management was another learning experience captured by Brisa, because despite the heavy and deep preparation, there are certain corporate aspects that require elasticity and openness to proper deal with them. This feature was extremely important in future expansion processes engaged by the firm. The potential unknown territories, somehow after Brazil, did not seem so unknown.

Such flexibility does also apply to local partners, as Brisa's managers were able to witness the agility and mobility of Brazilian associates and learn from them. Native associates are the best at managing local corporate networks, so that international allies can leverage from that knowledge. The ability to broaden horizons was severely central for the human capital involved in the operation. The skills of adaptation to new markets and sharing responsibilities with different backgrounds were extremely valuable for Brisa's executives. Moreover, as of this experience, the firm was more willing to explore market companies, with whom it may create future partnerships.

Managing complex situations was another learning opportunity for Brisa's executives. The process of dealing with more intricate operations that require creativity in terms of solutions was extremely valuable. Managers were able to look beyond the obvious and close surroundings in order to find the most appropriate and sustainable resolutions for a corporate hazard. Answers might come from the more unexpected sources.

Notwithstanding, the majority of the interviewees have identified restrictions in the strategic and learning value incorporated by the firm. The learning opportunities were almost closed to the executives involved directly with the strategic alliance, rather than the organization as a whole. Manuel Bissaya Barreto, former Finance Manager of BPE, states that "*Brisa's executives in Portugal learned, but this process was limited. The exchange of know-how could have been much more developed*".

6.4. WHAT ROLE DID THE EXIT OF THE STRATEGIC ALLIANCE PLAY IN THE VALUE CREATION PROCESS?

The financial value creation process ended with the exit of the strategic alliance in CCR.

Naturally, when Brisa proceeded with the disposal of its equity stake in the venture, it forfeited the right to continue on receiving dividends and other sources of cash inflow. Thus, the financial stream was concluded. However, Brisa could have pursued the opportunity to remain active in the joint venture, continuing to accumulate cash inflows from CCR (Exhibit 28).

The prospective growth rate of that decision would hamper the creation and capture of financial value from the strategic alliance (an IRR of 12.27%[50], if Brisa had decided to sell its equity stake in CCR in December, 2014, in comparison with 20.97%, which is the real case). Consequently, in order to maximize the monetary value chain of the operation, exiting Brazil at that time was the most appropriate decision on this manner.

From a learning perspective, the value creation process was experienced in a long-lasting manner and went beyond this operation. All interviewees were able to identify both personal and corporate capabilities that were altered, consequence of the strategic alliance and that are still present to this day in their management ability and in the overall strategies pursued by Brisa. In the previous research question, the learning variables that were incorporated during the venture are a reflection of Brisa's policies and norms in present days. However, the exchange of know-how between partners was limited to the nine years of operation in Brazil, i.e. the learning value creation process ended with the *terminus* of the partnership. Some respondents defined this development as circumscriptive to the period in which the alliance was active, and that this component could have been more developed by Brisa.

Several interviewees acknowledge timing as key in the value creation process. Mastering the decisions regarding when to enter and exit the strategic alliance strictly impacted the amount of value that Brisa was able to extract from the venture, not only in terms of financial benefits, but non-monetary advantages as well.

---

[50] Assumptions:
(i): Same equity stake as during the international strategic alliance – 17.90%
(ii): Immaterial cash outflows to manage the venture
(iii): Expected dividends were calculated taking into consideration real values from CCR (Exhibit 28)
(iv): Until 2010 it was used a WACC between 5.5% and 7.3%
(v): After 2010 it was used a Ke of 12.1%

6.5. IS THE COMPETITIVE POSITIONING OF A FIRM IN ITS DOMESTIC MARKET AFFECTED BY THE VALUE CREATED AND CAPTURED IN AN INTERNATIONAL STRATEGIC ALLIANCE?

This research question refers directly to the strategic value form. Are the two operations independent or interdependent? This specific question split the interviewees in half, with one group seeing no causal relationship between the value created in the strategic alliance in Brazil and the competitive positioning of Brisa in its home market, *i.e.* the level of contamination and influence was extremely low, whilst other respondents attested that the success and learning of the operation allowed the firm to better establish in its domestic jurisdiction. Accordingly, from the interviews, there is no solid conclusion to this research question.

Until 2007, Brisa's valuation evolved, on average, 111%, from a stock price of €4.76 to €10.05 (Exhibit 21). During the same period, its operational efficiency registered an increase of roughly 30% (Exhibit 23). However, there are limitations in assessing whether this positive trajectory of the firm's performance is direct result of the value created in the strategic alliance, or if is due to appealing macro-trends in Portugal.

From this growth, it is possible to state that the arguments supported by Chan et al. (1997) in regards to the financial value created in non-equity joint ventures also apply to operations involving equity agreements. In the five years after the beginning of the strategic alliance of Brisa in CCR, both entities displayed significant improvements in their operational and stock figures. The Brazilian consortium went from a €2.64 share price in 2002 to €10.55 in 2007, representing an increase of close to 300% (Exhibit 19) and an improvement in its operation efficiency of roughly 200% (Exhibit 24).

In 2008, the financial crisis impacted Brisa's overall asset portfolio management strategy, with the financial value created in the strategic alliance being injected into Portuguese assets and in a corporate reorganization. Without the outstanding monetary value, Brisa would have to access the debt markets during the crisis, imposing too much pressure on the financing options of the firm. The significant proceeds from CCR's sale were employed to amortize debt and to fund future growth.

In 2010, Brisa's market capitalization was roughly 3 billion euros, the same as in 2001 (excluding dividends distributed), and through the corporate reorganization, Brisa was able to secure a strong financial rating from top agencies. However, throughout the subsequent period, the Portuguese macro-trends were weak and displaying a poor outlook. Brisa was severely penalized, with the firm's valuation decreasing close to 50% between 2010 and 2013 (year in which Brisa stopped being a listed company) and its top line performance and EBITDA generation were on a downward trajectory, which was a severely high problem to tackle for the organization (Exhibit 29).

In 2012, Brisa and Ascendi, another concessionaire operating in Portugal, represented a 60% combined market share of the domestic tolled motorway, with Brisa accumulating the highest amount in revenues[51]. Despite the relevant position of the firm in the industry still today, Brisa is far from the 80% individual market share secured in 2001. The industry has far more entrants, comprising 24 companies operating in the sector.

[51] Diário Económico, 2015 available [online] at:
http://economico.sapo.pt/noticias/brisa-e-ascendi-detem-quota-de-60-no-sector_203946.html
[accessed on 24 May 2015]

7. MAIN CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

7.1. MAIN CONCLUSIONS

In a strategic alliance, the different forms of value do not arise during the same stage of the operation, but they act as enablers to the overall value creation process of the partnership.

Financial value was first created during the management period of the venture. Nonetheless, the preparation stage of the alliance was fundamental and encompassed several learning opportunities for the firm. Current literature only acknowledges the value creation process after the formation of strategic alliances.

The most dominant form of value in strategic alliances is the financial component. However, there are severe barriers in the measurement of the other two forms of value and in assessing if they outweigh the financial advantages.

Firms and managers are able to learn from partnerships and incorporate those learning opportunities into their current management challenges, both at an organizational and individual level.

From a financial standpoint, the value creation process is complete with the exit of the strategic alliance. The same is concluded for the learning stream. However, firms absorb the learning value in a long-lasting manner.

The financial value created in a strategic alliance is not sufficient to impact, in a positive fashion, the competitive positioning of the firm in its home market in periods of crisis. This way, the effect of strategic value created during the internationalization was limited and it is not strong enough to invert weak macro-trends.

Researchers have found evidence of above-market returns and serious improvements in the operational efficiency of non-equity joint ventures. However, the case under examination also proves this argument, but referring to equity agreements.

This research did not find any determinant and material features of the international aspect of the alliance that could affect the value creation process.

In fact, in today's business world, full of complexity and uncertainty, "no company go it alone". Strategic alliances are "a necessity" to tackle the value creation potential of business opportunities and even though this "means to an end" seems to be a high value management tool, we still need to go deeper into its causes and long-lasting effects.

7.2. LIMITATIONS

There are limits in assessing whether the learning and strategic value created through the operation were worth more than the financial return. Every respondent identified both personal and corporate competencies that were improved after this operation, attesting the learning opportunity and upgrade on managerial capabilities through this strategic alliance.

Measuring these two forms of value is an intricate process, supporting literature trends that reflect the cloudiness surrounding the value concept. One additional characteristic for the definition may reflect the degree of subjectivity involved in finding proper metrics to evaluate the value created and that the concept may include several time horizons in its assessment.

Another limitation to a more profound analysis of the strategic value created in a strategic alliance is finding suitable metrics to measure this component. Overall performance, market share evolution and stock figures do not discriminate between the impact of economic trends affecting the business and the influence of the value created in an international endeavor.

The strategic and learning components were measured through the interviewees' perceptions, thus including a fair degree of subjectivity in the analysis, causing the financial value to be the sole component with proper and reliable metrics.

7.3. FUTURE RESEARCH

Although this research attempted to provide a more integrated overview on the different forms of value that could arise during an international strategic alliance, further investigation is still necessary.

It would be interesting to develop more reliable metrics to evaluate the strategic value created by firms in partnerships. A detailed analysis comprising the real impact of the value created internationally, removing the influence of the country's economic trends, therefore assessing the degree of independence or inter-dependence of both domestic and foreign operations.

Moreover, it would also be interesting to assess the learning value in alliance portfolio management. Accordingly, it would be of relevance to investigate firms' performance in strategic alliances as their experience enlarges, and how this component affects the other forms of value, strategic and financial, created in international partnerships.

8. EXHIBITS

EXHIBIT 1 – NUMBER OF DOMESTIC AND INTERNATIONAL STRATEGIC ALLIANCES (1989-1999)

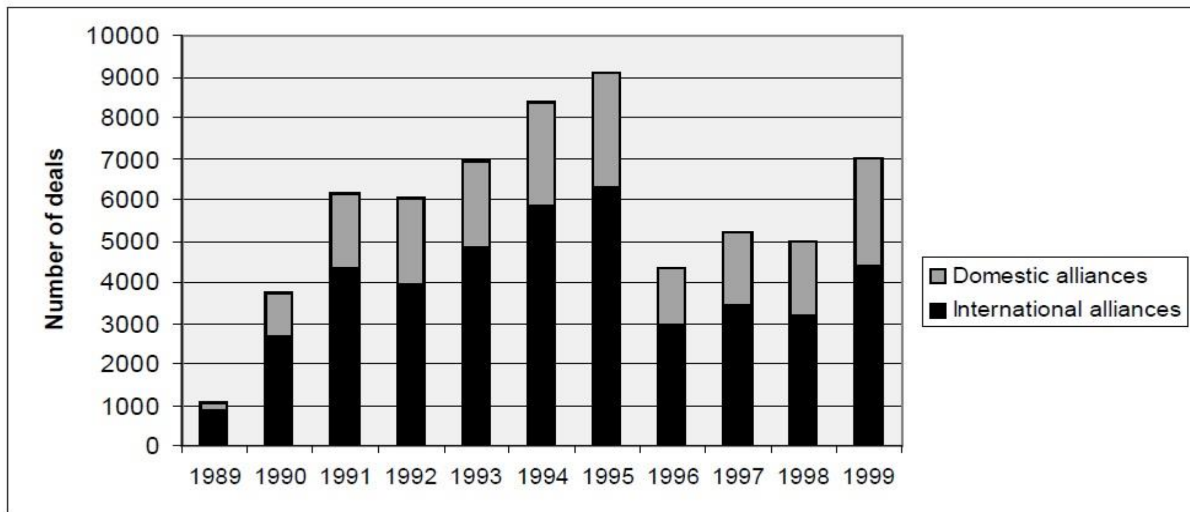


Exhibit 1: Number of Domestic and International Strategic Alliances (1989-1999)

Source: "International Strategic Alliances: Their Role in Industrial Globalization", Kang and Sakai, 2000.

EXHIBIT 2 – RESOURCE-BASED THEORY VERSUS TRANSACTION COST THEORY

	Resource-Based Rationale	***Transaction Cost Rationale***
Logic behind the Ownership Decision	Maximizing firm value through gaining access to other firms' valuable resources. (Madhok, 1997; Ramanathan *et al.*, 1997)	"Minimizing the sum of production and transaction costs". (Kogut, 1988)
Mergers / Acquisitions / Internal Development	"A firm will favor acquisitions over joint ventures when the assets it needs are not commingled with other unneeded assets within the firm that holds them, and hence can be acquired by buying the firm or part of it". (Hennart & Reddy, 1997) "If the market is munificent or the firm is pursuing a strategy for which it has extensive resource capabilities, there is much less incentive to cooperate. Firms are more likely to continue alone". (Eisenhardt & Schoonhoven, 1996)	High transaction costs (*i.e.* high asset specificity, uncertainty and frequency of the transactions and high costs for controlling opportunistic behavior) and/or low production costs (*i.e.* coordinating and learning). (Kogut, 1988)
Strategic Alliances	Alliances preferred "when the critical inputs required to pursue the opportunity are owned by different parties and when these inputs are inseparable from the other assets of the owner firms". (Ramanathan *et al.*, 1997) "Collaborations are a useful vehicle for enhancing knowledge in critical areas of functioning where the requisite level of knowledge is lacking and cannot be developed within an acceptable timeframe or cost". (Madhok, 1997)	Medium transaction and production costs, *i.e.* "when the transaction costs associated with an exchange are intermediate and not high enough to justify vertical integration". (Gulati, 1995) "JV's are formed when transactional hazards suggest that internalization is efficient… but constraints of various kinds prohibit full internalization". (Ramanathan *et al.*, 1997) "The situational characteristics best suited for a joint venture (rather than a contract) are high *uncertainty* over specifying and monitoring performance, in addition to a high degree of asset specificity". (Kogut, 1988)

Exhibit 2: Resource-Based Theory vs. Transaction Cost Theory

Source: "A Resource-Based Theory of Strategic Alliances", Das and Teng, 2000

EXHIBIT 3 – VALUE DEFINITIONS

Broad Topic	***Author(s)***	***Value Definition***
Statistics Literature	Kummerow (2002)	*Estimates of the parameters of the possible price distribution for the subject property as of a given date*
Pricing Literature	Leszinski and Marn (1997)	*Trade-off between customer's perceptions of benefits received and sacrifices incurred*
	Zeithaml (1988)	Different definitions of value with reference to consumers: — *Low price (focus on sacrifice)* — *Whatever the consumer wanted in a product or service (focus on benefits)* — *The quality obtained for the price paid (trade-off between one sacrifice component and one benefit component)* — *Total benefits obtained for a total sacrifice incurred (all relevant components considered)*
Consumer Behavior Literature	Rokeach (1973)	*Enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence*
Strategy Literature	Porter (1985)	*What buyers are willing to pay*
	Naumann (1985)	*Meeting or exceeding customers' expectations in product quality, service quality and value-based prices*
	Band (1991)	Three features of customers' value: — *Quality* — *Cost (monetary and non-monetary)* — *Schedule (delivery: quantity time and place)*

Exhibit 3: Value Definitions

Sources: Adapted from "Added value: its nature, roles and sustainability"; Chernatony, Harris and Riley (2000).
"A statistical definition of value"; Max Kummerow (2002).

EXHIBIT 4 – DETAILED INTERVIEWS' SCRIPT

1. Qual era o seu envolvimento e papel no processo de internacionalização para o Brasil?
2. Quando começou esse mesmo processo de entrada no mercado Brasileiro?
3. Nessa altura, qual foi a razão que potenciou esta decisão de crescimento? E porquê internacionalmente? Havia oportunidades relevantes no mercado doméstico?
4. Como é que a Brisa chegou à decisão de escolher o Brasil como mercado-alvo? Quais foram os factores considerados mais relevantes nesta escolha? Este mercado foi uma primeira escolha?
5. Quais foram os objectivos estratégicos (financeiro, aprendizagem, competências, etc.) que motivaram o desejo de ter uma presença no mercado Brasileiro?
6. Nesta operação, e em termos de capital humano, qual era o rácio entre executivos (expatriados e presentes localmente) e não-executivos (pessoas em permanente rotação)?
7. Na sua opinião, qual era a importância estratégica do Brasil para a Brisa, em comparação com a capacidade da empresa em explorar devidamente o mercado?
8. Como é que foi o processo de escolha do modo de entrada no mercado? A Brisa fez alguma pesquisa no âmbito de perceber qual seria a tipologia mais sustentável em termos internacionais?
9. De acordo com a informação recolhida, a Brisa estabeleceu uma aliança estratégica internacional com parceiros no Brasil. Que característica de alianças estratégicas considera que foi mais relevante na escolha desta parceria local?
10. Anteriormente a esta operação, alguma vez a Brisa tinha formado uma aliança estratégica internacional? Se sim, como é que foi feita a gestão desse *portfolio* de parcerias? Algum benefício adicional relevante para a operação do Brasil de experiências passadas?
11. Quais foram, na sua opinião, os factores mais relevantes que poderiam, *a priori*, causar preocupação numa aliança internacional e que a Brisa deveria ter em consideração?
12. Tendo estabelecido o modo de entrada no mercado Brasileiro, nomeadamente uma aliança estratégica, como foi escolhida o modo de aliança? Quão alto/baixo era o grau de interação e envolvimento que a empresa queria estabelecer?
13. Quais foram os factores que levaram a Brisa a estabelecer uma aliança estratégica com estes parceiros em específico? Foi feita alguma análise prévia?

14. No processo de escolha dos parceiros locais, diria que o conjunto de recursos e competências dos aliados, juntamente com a potencial compatibilização com o aglomerado de recursos e competências da Brisa foi essencial? No fundo, qual foi a extensão de importância atribuída aos *assets* e *skills* dos potenciais parceiros?
15. No processo de escolha dos parceiros locais, em que medida a decisão foi tomada, maioritariamente, em função da minimização dos custos adicionais da operação (preparação, gestão e *performance*)? Diria que esta foi a variável mais relevante ou outros factores pesaram na decisão?
16. Qual foi o período de tempo decorrido entre tomar a decisão de estabelecer uma parceria no Brasil e o começo efectivo das operações naquele mercado?
17. Qual foi a evolução da operação no Brasil? Como é que se foi desenvolvendo?
18. Quais os parâmetros (financeiro, estratégico, aprendizagem, competências, etc.) que permitem classificar esta operação como fonte de valor para a empresa?
19. Quais foram as três maiores lições que a Brisa retirou da sua experiência com parceiros internacionais?
20. Qual o peso do retorno financeiro no sucesso desta operação? As expectativas iniciais foram ultrapassadas?
21. Como definiria a relação entre o investimento inicial necessário (tanto em termos financeiros como de recursos e competências) com os resultados alcançados?
22. Acredita que esta experiência no Brasil permite à Brisa a gestão mais eficiente e valiosa de alianças estratégicas futuras? Diria que o conhecimento e experiências geradas nesta operação conferem à empresa uma vantagem competitiva na gestão de alianças estratégicas?
23. Em que medida o valor gerado por esta operação foi sentido por todos os *stakeholders* da empresa?
24. Enquanto *manager*, consegue identificar competências/*skills* que conseguiu melhorar depois desta experiência?
25. Consegue identificar alguma componente na gestão da Brisa que foi alterada em consequência desta operação?
26. Quais os factores que, na sua opinião, impediram a Brisa de gerar ainda mais valor com esta experiência?
27. Quais foram as principais razões que levaram a Brisa a sair do mercado Brasileiro?

28. Dentro do sucesso da operação, qual o balanço que faz entre a parte do retorno financeiro e parte dos ganhos ao nível de gestão e competências?
29. Em que medida o sucesso da parceria no Brasil teve impacto na posição competitiva da Brisa no mercado doméstico?
30. Como é que vê o Brasil hoje em dia? Faria sentido reentrar no mercado? Se sim, porquê?
31. Se tivesse que escolher uma palavra/expressão para caracterizar o processo de internacionalização da Brisa para o Brasil, qual seria?

Exhibit 4: Detailed Interviews' Script

Source: Document produced by the author

EXHIBIT 5 – INFORMATION DATABASE FOR THE CASE STUDY REPORT

Nature of evidence	***Type of source***	***Date of the evidence***	***Brief description***
Interviews	Interviews with Brisa's Top Management	April 13th 2015 – April 16th 2015	Two interviews with executives that were in charge of the Brazilian investment
	Interviews with Brisa's Expatriates	April 9th 2015 – April 20th 2015	Four interviews with executives that were permanently in Brazil
	Interviews with Brisa's Commuting Executives	April 14th 2015 – April 16th 2015	Three interviews with executives in commuting
Archival Records	Brisa's Annual Reports	2001, 2007, 2009	Available on paper (2001) and online (2007 and 2009)
	CCR's Annual Reports	2001, 2002	Available online (2001 and 2002)
	Equity Markets and Research Presentations	May 2010 – December 2010	Three documents prepared by Santander and BNP Paribas in reference to the sale of the equity stake in CCR (available on paper)

Nature of evidence	***Type of source***	***Date of the evidence***	***Brief description***
Internal Documentation	Brisa's Corporate Presentations	June 2010 - December 2010	Six internal presentations with the overview of the sale of the equity stake in CCR (available on paper)
	Legal Contract of the Sale of the Equity Stake in CCR	June 22nd 2010	One legal document of the alienation of the participation in CCR (available on paper)
	Financial Risk Management in the Investment in Brazil	April 4th 2006	One internal document defining the risk management strategy in the Brazilian investment (available on paper)
External Documentation	Corporate Websites (Companies)	April 20th 2015 – April 21st 2015	Access to Brisa and CCR's websites to gather further historical data on the firms
	Corporate Websites (Financial)	April 21st 2015 – April 28th 2015	Access to several websites to gather financial data on the macro-economic environment (properly identified in the footnotes and references)

Exhibit 5: Information Database for the Case Study Report

Source: Document produced by the author

EXHIBIT 6 – CORPORATE FUNCTIONS OF BRISA'S EXECUTIVES (2001/2015)

	Managerial Functions	
Brisa's Interviewed Professionals	***At the time of this case study***	***Currently***
Manuel Lamego	Member of the Board of Directors and Executive Committee of CCR	Managing Director of Brisa Concessão Rodoviária
João Azevedo Coutinho	Vice-Chairman of the Board of Directors of CCR	CFO of Brisa – Auto-Estradas de Portugal
António Nunes Sousa	Member of the Board of Directors of CCR	Member of the Board of Directors and the Executive Committee of Brisa – Auto-Estrada de Portugal
Francisco Rocio Mendes	Member of the Executive Committee of CCR	Partner of TIIC – Transport Investment Company
Raúl Jaques	Finance Manager of BPE	Senior Controller of Brisa – Auto-Estradas de Portugal
Manuel Bissaya Barreto	Finance Manager of BPE	Product Manager of Via Verde Portugal
Manuel Matos	Treasury and Risk Manager of HQ (Brisa Portugal)	Head of Finance of Brisa – Auto-Estradas de Portugal
Eduardo Costa Ramos	Finance Manager of HQ (Brisa Portugal)	Head of Business Development Unit of Brisa – Auto-Estradas de Portugal
Cláudia Garcia	Senior Controller of HQ (Brisa Portugal)	Senior Controller of Brisa – Auto-Estradas de Portugal

Exhibit 6: Corporate Functions of Brisa's Executives (2001/2015)

Source: Document produced by the author

EXHIBIT 7 – BRISA'S CORPORATE PORTFOLIO

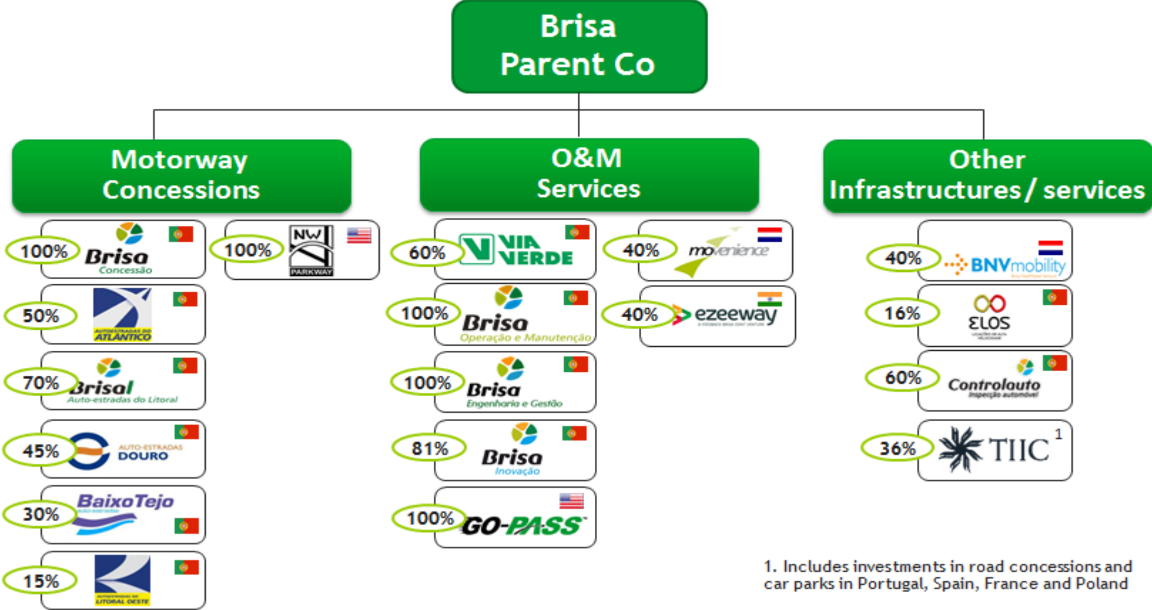


Exhibit 7: Brisa's Corporate Portfolio

Source: Brisa's Internal Documentation, 2015

EXHIBIT 8 – BRISA'S NETWORK OF HIGHWAYS IN KM

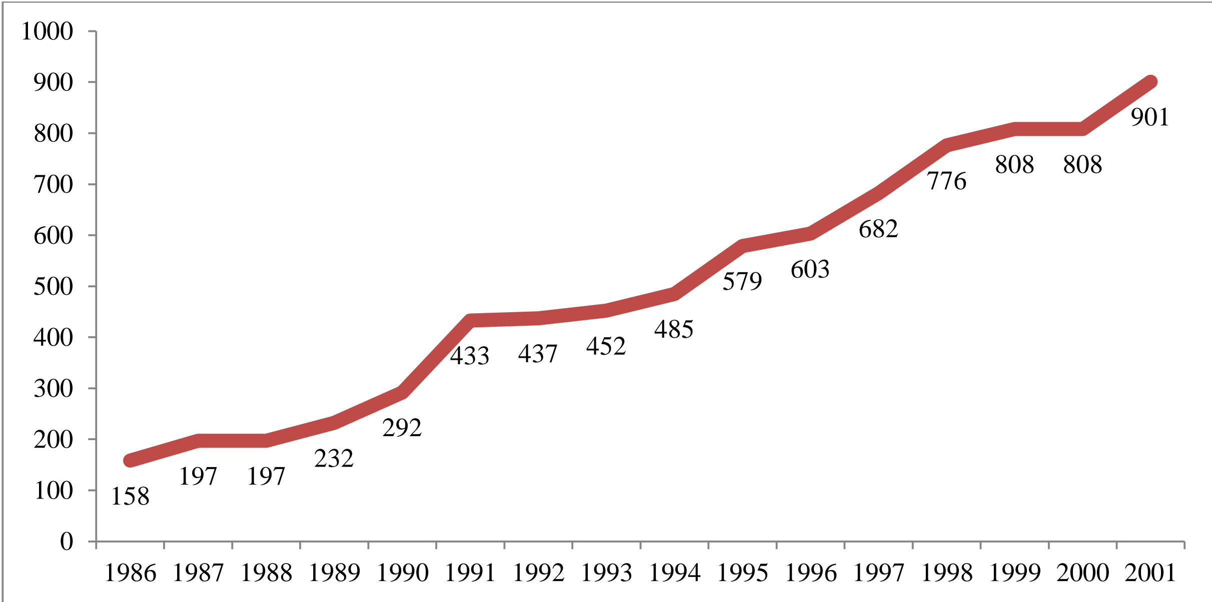


Exhibit 8: Brisa's Network of Highways (KM)

Source: Multiple Brisa's Annual Reports

EXHIBIT 9 – BRISA'S PERFORMANCE BEFORE THE STRATEGIC ALLIANCE IN EUR (1995-2001)

EUR	1995	1996	1997	1998	1999	2000	2001
Market Capitalization	**--**	**--**	**1 973,1**	**3 007,8**	**0,0**	**0,0**	**0,0**
- Cash & Equivalents	2,7	4,4	4,9	16,7	12,1	2,3	82,8
+ Preferred & Other	0,0	0,0	0,0	0,0	0,0	0,0	3,7
+ Total Debt	584,2	644,9	789,7	919,2	867,2	896,5	1 637,1
Enterprise Value	**--**	**--**	**2 757,9**	**3 910,2**	**855,0**	**894,2**	**1 558,0**
Revenue, Comparable	**194,3**	**213,5**	**245,2**	**314,2**	**347,5**	**388,0**	**445,6**
Growth %, YoY	*12,1*	*9,9*	*14,8*	*28,1*	*10,6*	*11,7*	*14,9*
EBITDA	**108,0**	**177,0**	**208,3**	**252,8**	**273,9**	**310,6**	**353,2**
Margin %	*55,6*	*82,9*	*84,9*	*80,5*	*78,8*	*80,1*	*79,3*
Net Inc, Comparable	**42,9**	**60,5**	**105,1**	**140,0**	**168,7**	**202,6**	**212,1**
Margin %	*22,1*	*28,3*	*42,9*	*44,6*	*48,5*	*52,2*	*47,6*
EPS, Comparable	**0,00**	**0,00**	**0,18**	**0,23**	**0,28**	**0,34**	**0,36**
Growth %, YoY	--	--	--	*33,2*	*20,7*	*20,2*	*5,2*

Exhibit 9: Brisa's Performance before the Strategic Alliance in EUR (1995-2001)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 10 – CCR'S PERFORMANCE BEFORE THE STRATEGIC ALLIANCE IN EUR (1995-2001)

EUR	1999	2000	2001
Market Capitalization	**--**	**--**	**--**
- Cash & Equivalents	41,9	39,1	32,8
+ Preferred & Other	-5,0	-1,5	3,1
+ Total Debt	445,9	600,8	611,0
Revenue, Comparable	**308,0**	**414,6**	**417,6**
Growth %, YoY	--	*34,6*	*0,7*
Gross Profit	**110,3**	**166,2**	**188,6**
Margin %	*35,8*	*40,1*	*45,2*
EBITDA	**181,8**	**244,0**	**259,6**
Margin %	*59,0*	*58,9*	*62,2*
Net Inc, Comparable	**-150,5**	**-50,2**	**-60,2**
Margin %	*-48,9*	*-12,1*	*-14,4*
EPS, Comparable	**-1,32**	**-0,44**	**-0,10**
Growth %, YoY	--	*70,7*	*71,8*

Exhibit 10: CCR's Performance before the Strategic Alliance in EUR (1999-2001)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 11 – HIGHWAY NETWORK IN PORTUGAL (1985-2013)

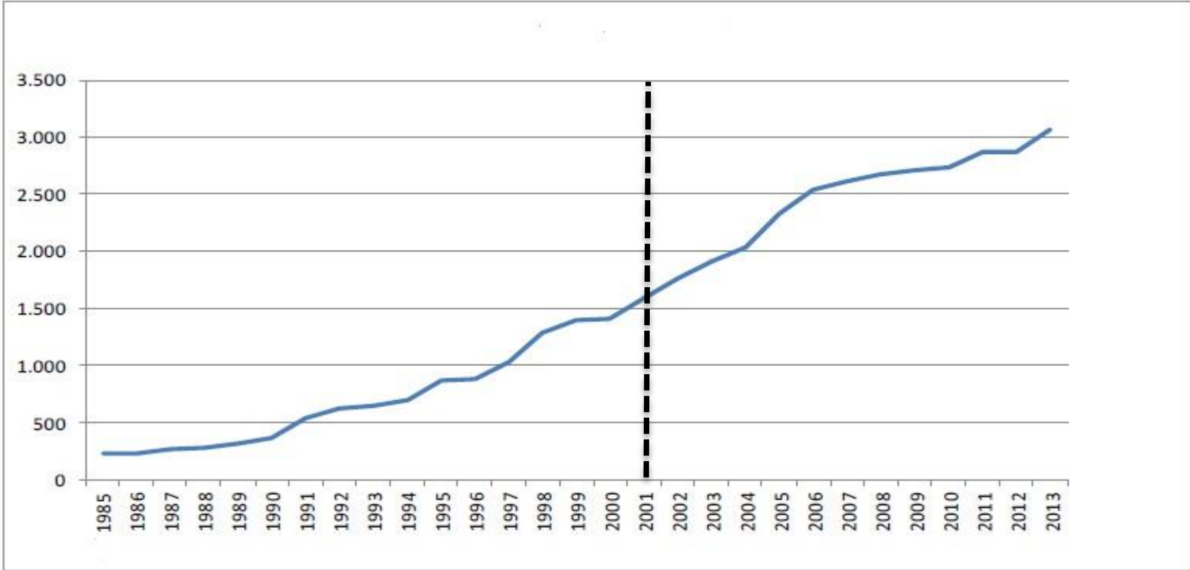


Exhibit 11: Highway Network in Portugal (1985-2013)

Source: IMTT, 2015; "Relatório de Monitorização da Rede Rodoviária Nacional 2012-2013" available [online] at:
http://www.imtt.pt/sites/IMTT/Portugues/InfraestruturasRodoviarias/RedeRodoviaria/Relatorios/Relatorio_Monitorizacao_RRN_2012-2013.pdf [accessed on 21 April 2015]

EXHIBIT 12 – ANNUAL PERCENTAGE GROWTH RATE OF GDP - PORTUGAL (1997-2010)

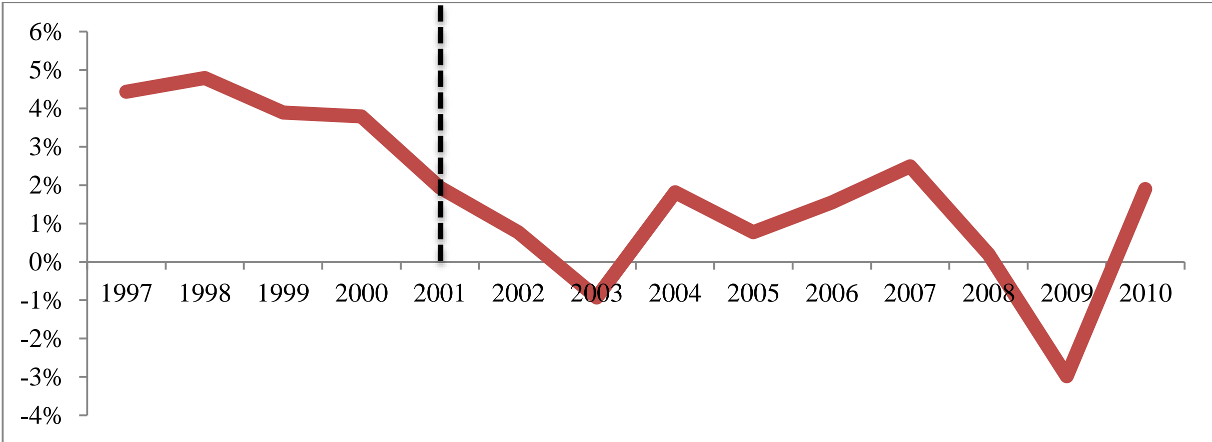


Exhibit 12: Annual Percentage Growth Rate of GDP - Portugal (1997-2010)

Source: World Bank, 2015 available [online] at:
http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=3 [accessed on 17 April 2015]

EXHIBIT 13 –INFLATION RATE IN PORTUGAL (1997-2013)

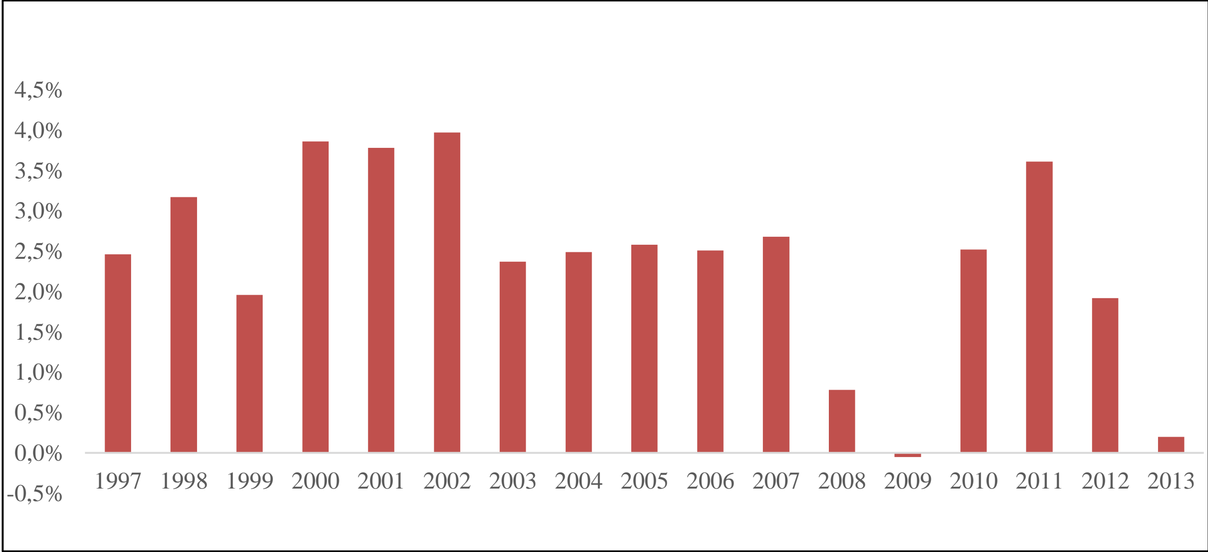


Exhibit 13: Inflation Rate in Portugal (1997-2013)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 14 – ANNUAL PERCENTAGE GROWTH RATE OF GDP - BRAZIL (1997-2010)

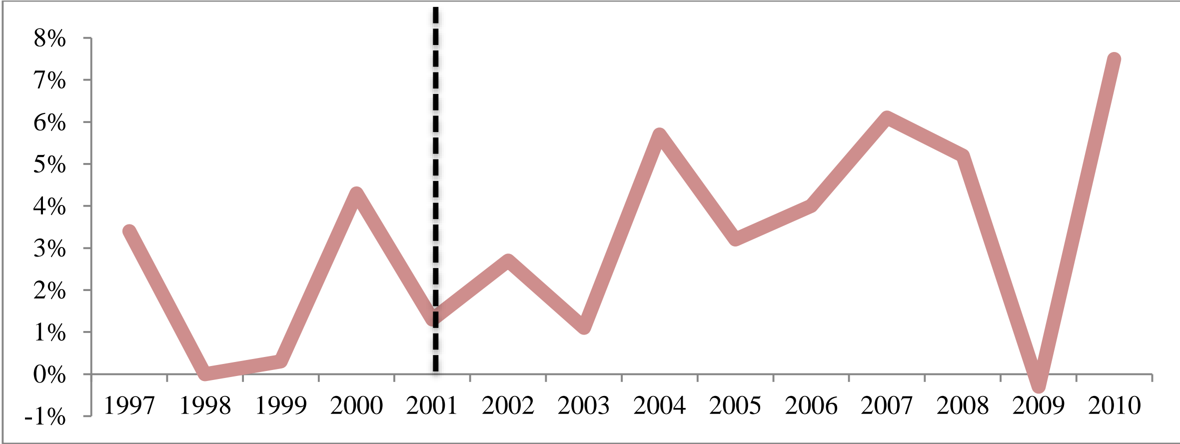


Exhibit 14: Annual Percentage Growth Rate of GDP - Brazil (1997-2010)

Source: World Bank, 2015 available [online] at: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=3 [accessed on 17 April 2015]

EXHIBIT 15 – INFLATION RATE IN BRAZIL (1997-2013)

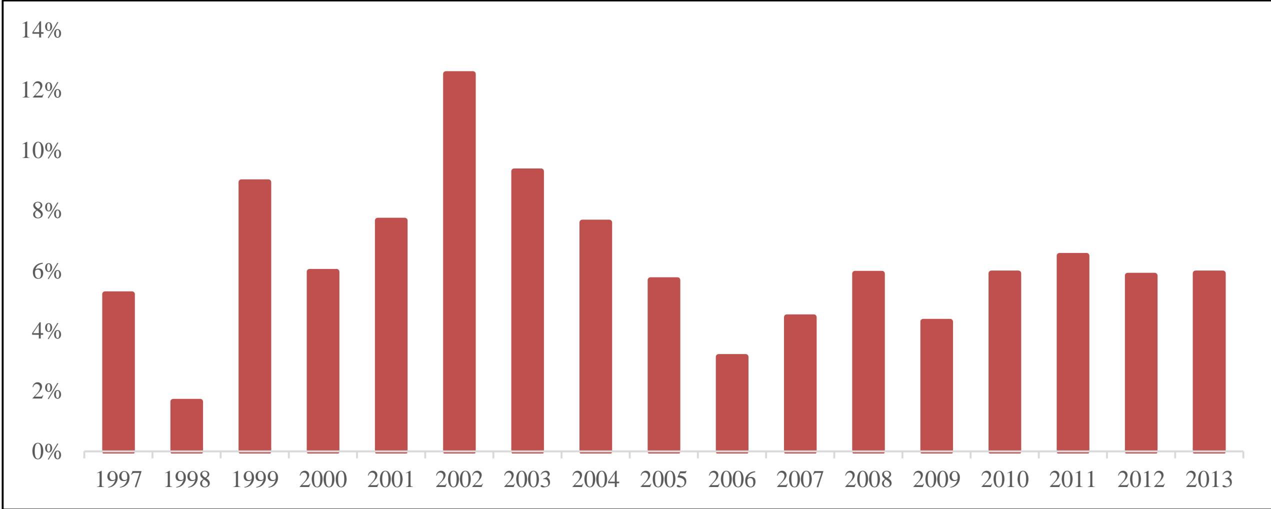


Exhibit 15: Inflation Rate in Brazil (1997-2013)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 16 – BRISA'S COUNTRY SELECTION FACTORS

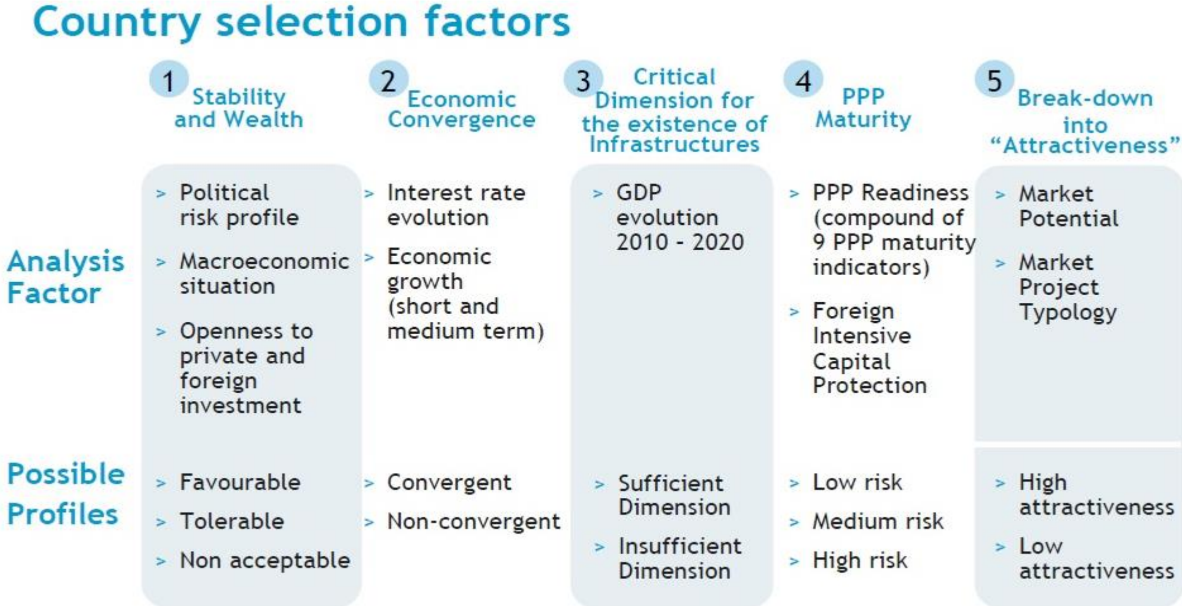


Exhibit 16: Brisa's Country Selection Factors

Source: Brisa's Internal Documentation, 2010

EXHIBIT 17 – INVESTMENT CRITERIA IN CCR

Country Risk	Investing in risk-acceptable countries with perspectives of governance, *i.e.* strong economic growth and decreasing risk profile
Partners	Strong local partners where Brisa's competences and experience adds value to the asset
% of Equity	Partnerships where Brisa will be as large as the largest, with joint control and playing the role of the industry partner
Investment	Under €200M for a given market
Cash-Flow Generation	Perspectives of short-to-medium term cash-flow generation and cash-in option

Exhibit 17: Investment Criteria in CCR

Source: Brisa's Internal Documentation, 2010

EXHIBIT 18 – BRISA'S INVESTMENT IN CCR (2001-2010)

	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**TOTAL**
CASH OUTFLOWS (INCREASE SHAREHOLDING POSITION)	126.3	30.7	26.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**183.2**
CASH INFLOWS (DIVIDENDS)	0.0	0.0	1.6	8.0	19.0	23.4	35.1	40.5	41.2	41.0	**209.8**

Exhibit 18: Brisa's Investment in CCR (2001-2010)

Source: Brisa's Internal Documentation, 2010

EXHIBIT 19 – CCR'S SHARE PRICE EVOLUTION IN EUR (2002-2010)

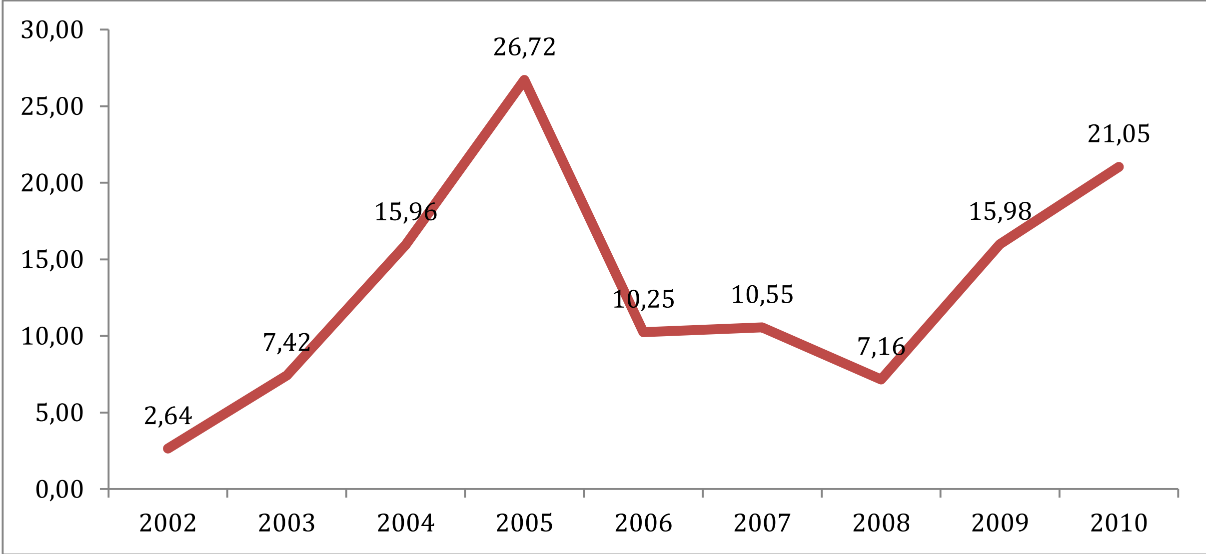


Exhibit 19: CCR's Share Price Evolution in EUR (2002-2010)

Source: Bloomberg Terminal [accessed on 2 May 2015] [52]

EXHIBIT 20 – CCR'S SHAREHOLDER STRUCTURE IN 2002 (YEAR-END)

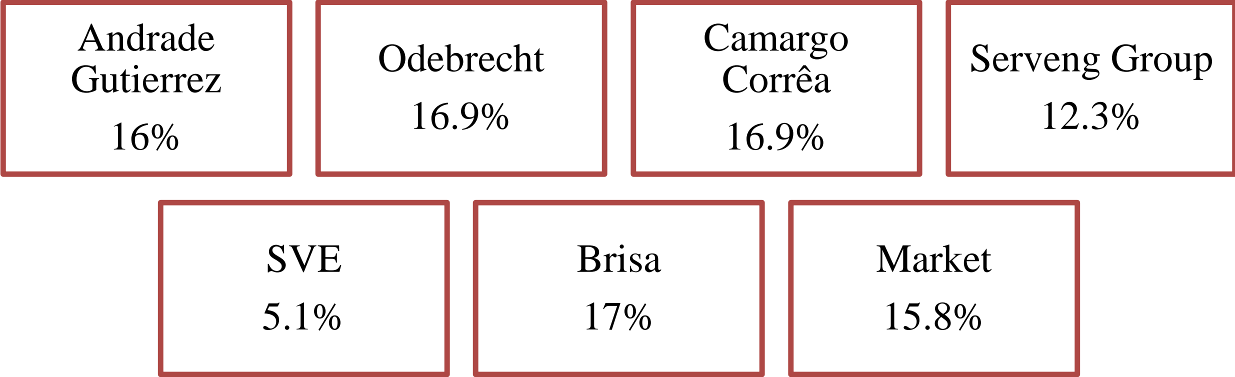


Exhibit 20: CCR's Shareholder Structure in 2002 (Year-end)

Source: CCR, 2015; "Annual Report 2002" available [online] at:
http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219

[accessed on 27 April]

[52] In February, 2006, CCR performed a Stock Split, with a ratio of 1:4

EXHIBIT 21 – BRISA'S SHARE PRICE EVOLUTION IN EUR (1997-2013)

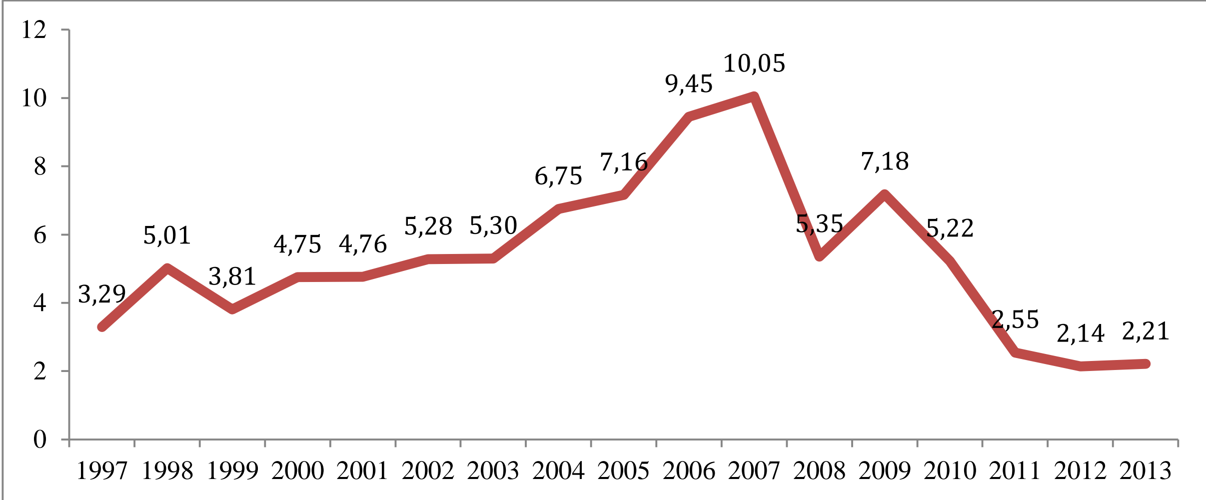


Exhibit 21: Brisa's Share Price Evolution in EUR (1997-2013)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 22 – MAIN EVENTS AFFECTING BRISA SINCE 2001

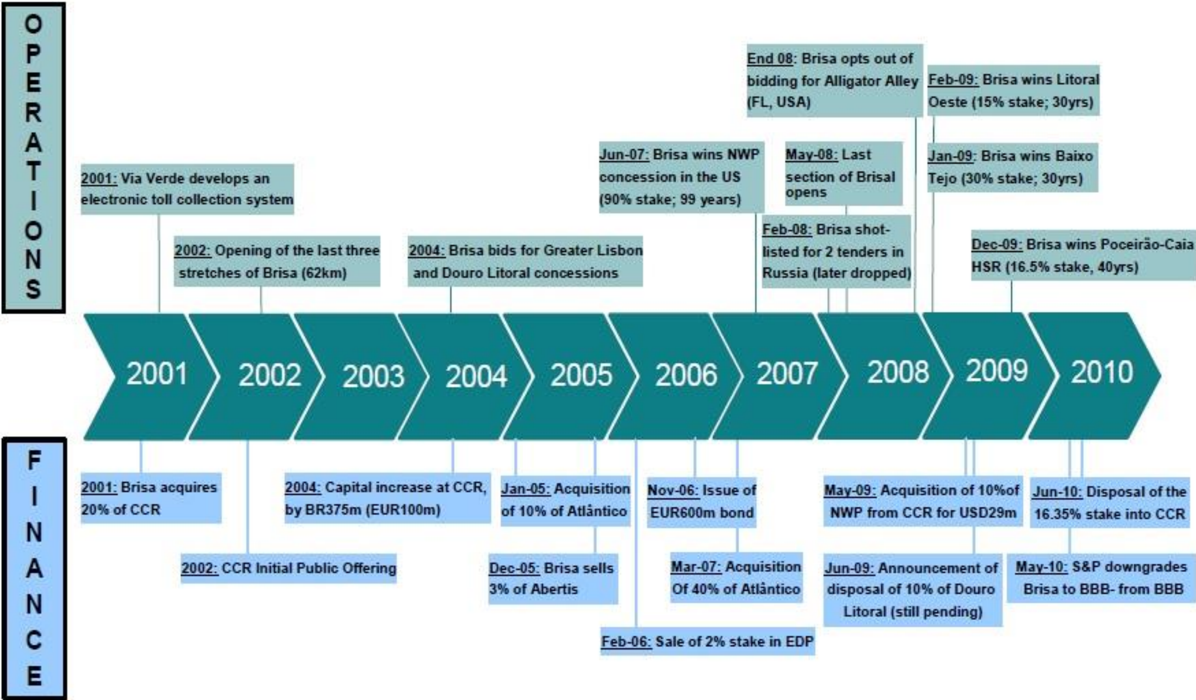


Exhibit 22: Main Events Affecting Brisa since 2001

Source: "Out of Brazil and into the unknown", Exane BNP Paribas (2010)

EXHIBIT 23 – BRISA'S PERFORMANCE DURING THE STRATEGIC ALLIANCE IN EUR (2002-2010)

In Millions of EUR	2002	2003	2004	2005	2006	2007	2008	2009	2010
Market Capitalization	**3 146,0**	**3 158,0**	**4 025,2**	**4 259,7**	**5 562,1**	**5 894,9**	**3 084,9**	**4 139,4**	**3 008,8**
- Cash & Equivalents	14,7	16,6	44,3	312,2	204,7	113,1	140,3	170,5	1 355,9
+ Preferred & Other	4,8	5,2	7,7	12,3	26,5	64,8	31,2	31,7	-0,1
+ Total Debt	2 295,4	2 214,4	2 276,2	2 381,1	2 569,0	3 320,7	3 814,1	3 514,7	3 554,8
Enterprise Value	**5 431,5**	**5 361,0**	**6 264,9**	**6 341,0**	**7 952,8**	**9 167,3**	**6 790,0**	**7 515,3**	**5 207,6**
Revenue, Comparable	**487,1**	**534,6**	**559,1**	**560,2**	**585,9**	**646,5**	**686,0**	**676,9**	**673,7**
Growth %, YoY	*9,3*	*9,8*	*4,6*	*0,2*	*4,6*	*10,3*	*6,1*	*-1,3*	*-0,5*
Gross Profit	**--**	**352,1**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Margin %	--	*65,9*	--	--	--	--	--	--	--
EBITDA	**379,3**	**399,7**	**420,2**	**411,0**	**417,7**	**459,3**	**480,9**	**438,3**	**346,2**
Margin %	*77,9*	*74,8*	*75,2*	*73,4*	*71,3*	*71,0*	*70,1*	*64,7*	*51,4*
Net Inc, Comparable	**213,1**	**151,7**	**183,6**	**297,8**	**167,1**	**259,4**	**151,8**	**161,0**	**146,8**
Margin %	*43,7*	*28,4*	*32,8*	*53,2*	*28,5*	*40,1*	*22,1*	*23,8*	*21,8*
EPS, Comparable	**0,36**	**0,26**	**0,31**	**0,50**	**0,28**	**0,43**	**0,25**	**0,27**	**0,25**
Growth %, YoY	*0,6*	*-28,8*	*20,8*	*62,3*	*-44,3*	*55,1*	*-41,4*	*5,9*	*-8,6*

Exhibit 23: Brisa's Performance during the Strategic Alliance in EUR (2002-2010)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 24 – CCR'S PERFORMANCE DURING THE STRATEGIC ALLIANCE IN EUR (2002-2010)

In Millions of EUR	2002	2003	2004	2005	2006	2007	2008	2009	2010
Market Capitalization	**168,8**	**602,7**	**1 626,2**	**2 698,4**	**4 128,7**	**4 272,9**	**2 949,5**	**7 052,9**	**9 330,2**
- Cash & Equivalents	49,9	35,3	145,5	122,1	214,0	56,6	321,4	849,7	531,2
+ Preferred & Other	2,6	2,6	2,5	5,9	4,6	7,5	7,8	22,2	14,3
+ Total Debt	405,7	345,9	324,0	546,3	627,2	773,8	1 152,6	1 868,9	2 404,5
Enterprise Value	**527,2**	**915,9**	**1 807,2**	**3 128,5**	**4 546,5**	**4 997,5**	**3 788,5**	**8 094,4**	**11 217,8**
Revenue, Comparable	**378,7**	**329,3**	**402,9**	**650,9**	**786,0**	**884,6**	**1 028,4**	**1 120,2**	**2 000,3**
Growth %, YoY	*-9,3*	*-13,0*	*22,3*	*61,6*	*20,8*	*12,6*	*16,2*	*8,9*	*78,6*
Gross Profit	**160,9**	**130,5**	**187,3**	**331,7**	**393,0**	**525,7**	**630,3**	**1 259,0**	**1 787,8**
Margin %	*42,5*	*39,6*	*46,5*	*51,0*	*50,0*	*59,4*	*61,3*	*112,4*	*89,4*
EBITDA	**176,4**	**162,7**	**206,8**	**364,3**	**442,0**	**544,1**	**646,7**	**649,6**	**886,5**
Margin %	*46,6*	*49,4*	*51,3*	*56,0*	*56,2*	*61,5*	*62,9*	*58,0*	*44,3*
Net Inc, Comparable	**-45,2**	**52,9**	**72,4**	**166,7**	**200,5**	**219,4**	**268,4**	**230,1**	**288,5**
Margin %	*-11,9*	*16,1*	*18,0*	*25,6*	*25,5*	*24,8*	*26,1*	*20,5*	*14,4*
EPS, Comparable	**-0,04**	**0,04**	**0,04**	**0,10**	**0,12**	**0,14**	**0,17**	**0,13**	**0,16**
Growth %, YoY	*53,2*	*--*	*21,0*	*90,3*	*9,4*	*6,7*	*22,2*	*-18,8*	*6,4*

Exhibit 24: CCR's Performance during the Strategic Alliance in EUR (2002-2010)

Source: Bloomberg Terminal [accessed on 2 May 2015]

EXHIBIT 25 – DETAILS OF THE CCR STAKE DISPOSAL

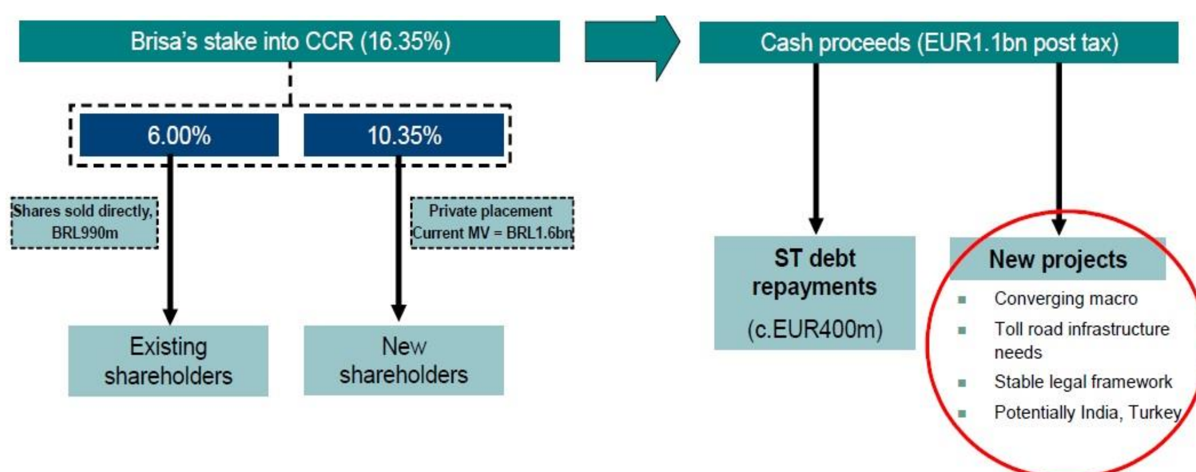


Exhibit 25: Details of the CCR Stake Disposal

Source: "Out of Brazil and into the unknown", Exane BNP Paribas (2010)

EXHIBIT 26 – CASH FLOWS DURING THE STRATEGIC ALLIANCE IN EUR (2001-2010)

Cash Flow	*Amount*
Increase Shareholding Position (-)	€183.2 M
Derivatives Payment (-)	€69.5 M
Total Outflows	***€252.7 M***
Debt Repayment (+)	€28.9 M
Dividends (+)	€209.8 M
Sale of Equity Stake (+)	€1,156 M
Total Inflows	***€1,394.7 M***

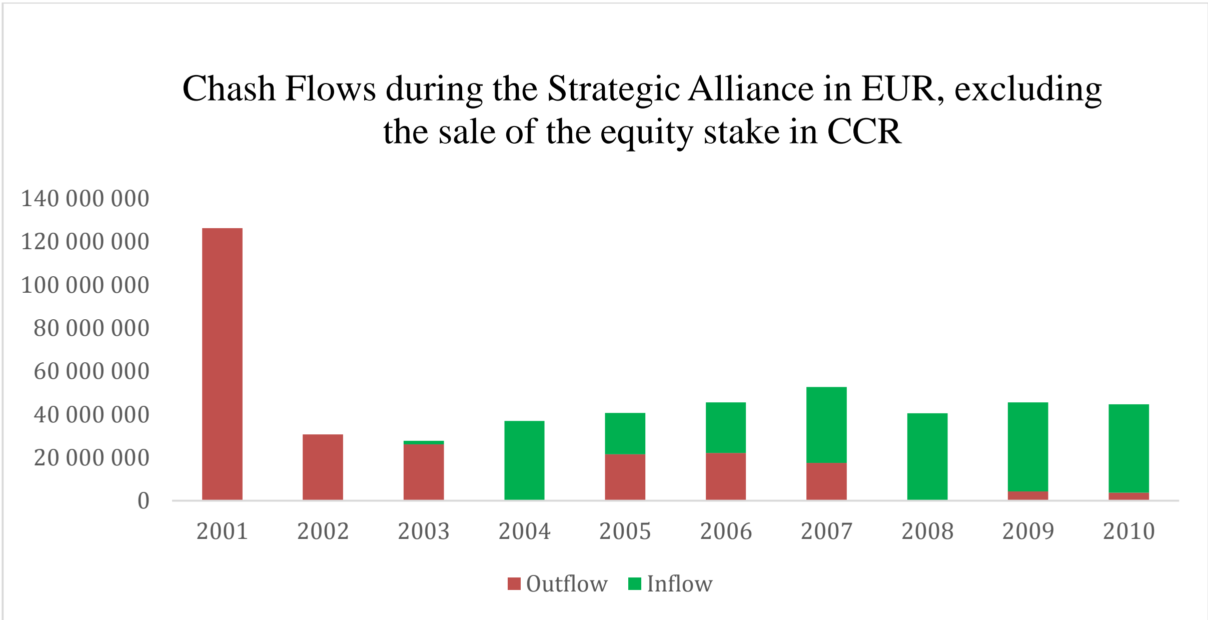


Exhibit 26: Cash Flows during the Strategic Alliance in EUR (2001-2010)

Source: Brisa's Internal Documentation, 2010

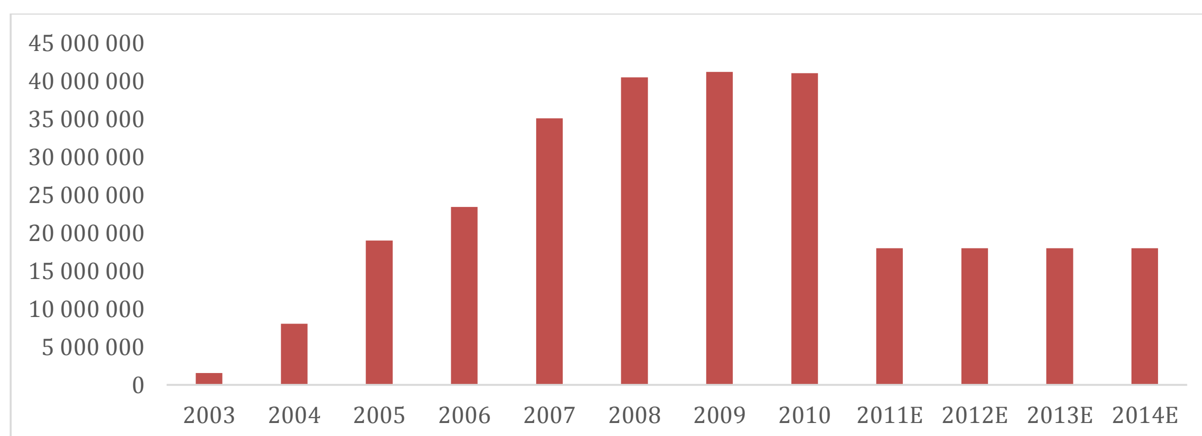
EXHIBIT 27 – EQUITY IRR COMPUTATION BY BNP PARIBAS (ESTIMATE)

EURm	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash investments	(126)	(31)	(26)	0	0	0	0	0	0	0
Dividends	0	0	0	0	+24	+28	+41	+42	+35	+10
Net proceeds from disposals										+1,051
Net inflows/outflows	**(126)**	**(31)**	**(26)**	**0**	**+24**	**+28**	**+41**	**+42**	**+35**	**+1,061**
Equity IRR	**+27%**									

Exhibit 27: Equity IRR Computation by BNP Paribas (Estimate)

Source: "Out of Brazil and into the unknown", Exane BNP Paribas (2010)

EXHIBIT 28 – DIVIDENDS RECEIVED AND EXPECTED FROM CCR IN EUR AND UNDERLYING ASSUMPTIONS (2003-2014E)



CCR	2011	2012	2013	2014
DPS	0.057	0.057	0.057	0.057
#Shares CCR	1 765 587 200	1 765 587 200	1 765 587 200	1 765 587 200
% Equity Brisa	17.90%	17.90%	17.90%	17.90%
Expected Div	€ 18,014,286.20	€ 18,014,286.20	€ 18,014,286.20	€ 18,014,286.20

Exhibit 28: Dividends Received and Expected from CCR in EUR and Underlying Assumptions (2003-2014E)

Sources:

- Brisa's Internal Documentation, 2010 (Dividends Received and % Equity Brisa)
- CCR, 2015; "Políticas de Dividendos e Históricos" (DPS and #Shares CCR), available [online] at: http://ri.ccr.com.br/grupoccr/web/conteudo_pt.asp?idioma=0&conta=28&tipo=47177 [accessed on 21 May 2015]

EXHIBIT 29 – BRISA'S PERFORMANCE AFTER THE STRATEGIC ALLIANCE IN EUR (2010-2013)

In Millions of EUR	2010	2011	2012	2013
Market Capitalization	**3 008,8**	**1 406,8**	**1 182,9**	**--**
- Cash & Equivalents	1 355,9	969,2	844,2	301,2
+ Preferred & Other	-0,1	-172,5	14,2	14,7
+ Total Debt	3 554,8	4 486,4	2 916,1	2 539,2
Enterprise Value	**5 207,6**	**4 751,5**	**3 269,1**	**--**
Revenue, Comparable	**673,7**	**670,2**	**590,8**	**--**
Growth %, YoY	*-0,5*	*-0,5*	*-11,8*	--
EBITDA	**346,2**	**431,4**	**428,9**	**380,6**
Margin %	*51,4*	*64,4*	*72,6*	--
Net Inc, Comparable	**146,8**	**-82,2**	**41,9**	**--**
Margin %	*21,8*	*-12,3*	*7,1*	--
EPS, Comparable	**0,25**	**-0,14**	**0,07**	**--**
Growth %, YoY	*-8,6*	--	--	--

Exhibit 29: Brisa's Performance after the Strategic Alliance in EUR (2011-2013)

Source: Bloomberg Terminal [accessed on 2 May 2015]

9. REFERENCES

— Anand, B.N., and Khanna, T. (2000). Do firms learn to create value? The case of alliances. Strategic Management Journal *21*, 295–315.

— Andrew C. Inkpen (2009). Strategic Alliances. In The Oxford Handbook of International Business (Oxford Handbooks Online).

— Banco de Portugal, 2015; "Relatório do Conselho de Administração 2001" available [online] at: https://www.bportugal.pt/pt-PT/EstudosEconomicos/Publicacoes/RelatorioAnual/RelAnuaisAnteriores/Documents/rel_01_p.pdf [accessed on 21 April 2015]

— Barney, J. 1991. Firm resources and sustained competitive advantage. Journal of Management, 17: 99–120.

— Barringer, B.R., and Harrison, J.S. (2000). Walking a Tightrope: Creating Value through Interorganizational Relationships. Journal of Management *26*, 367–403.

— BM&FBovespa, 2015 available [online] at: http://www.bmfbovespa.com.br/en-us/home.aspx?idioma=en-us [accessed on 27 April 2015]

— Brisa, 2015 available [online] at: http://www.brisa.pt/PresentationLayer/conteudo.aspx?menuid=271&localid=184 [accessed on 20 April 2015]

— Brisa, 2015; "Annual Report 2007" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/RelatoriosContas/EN/RC2007_UK.pdf [accessed on 28 April 2015]

— Brisa, 2015; "Annual Report 2009" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/RelatoriosContas/EN/BrisaReCInd9UK.pdf [accessed on 28 April 2015]

— Brisa, 2015; "Annual Report 2011" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/Comunicados/EN/YE2011/BrisaUKIndividual.pdf [accessed on 8 May 2015]

— CCR, 2015 available [online] at: http://www.grupoccr.com.br/English/ccr-group/history-facts [accessed on 21 April 2015]

— CCR, 2015; "Annual Report 2001" available [online] at: http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219 [accessed on 21 April 2015]

— CCR, 2015; "Annual Report 2002" available [online] at: http://ri.ccr.com.br/grupoccr/web/conteudo_en.asp?idioma=1&conta=44&tipo=47219 [accessed on 27 April 2015]

— CCR, 2015; "Políticas de Dividendos e Históricos", available [online] at: http://ri.ccr.com.br/grupoccr/web/conteudo_pt.asp?idioma=0&conta=28&tipo=47177 [accessed on 21 May 2015]

— Chan, S.H., Kensinger, J.W., Keown, A.J., and Martin, J.D. (1997). Do strategic alliances create value? Journal of Financial Economics *46*, 199–221.

— Das, T.K., and Teng, B.-S. (2000). A Resource-Based Theory of Strategic Alliances. Journal of Management *26*, 31–61.

— De Chernatony, L., Harris, F., & Dall'Olmo Riley, F. (2000). Added value: its nature, roles and sustainability. European Journal of marketing, *34*(1/2), 39-56.

— Diário Económico, 2015 available [online] at: http://economico.sapo.pt/noticias/brisa-e-ascendi-detem-quota-de-60-no sector_203946.html [accessed on 24 May 2015]

— Doz, Y. L. (1996). The evolution of cooperation in strategic alliances: Initial conditions or learning processes? Strategic Management Journal, 17(S1), 55-83.

— Doz, Y. L., & Hamel, G. (1998). Alliance advantage: The art of creating value through partnering. Harvard Business Press

— Economy Watch, 2015 available [online] at: http://www.economywatch.com/interest-rates/historical-interest-rates.html [accessed on 22 April 2015]

— Eisenhardt, K.M., and Schoonhoven, C.B. (1996). Resource-based View of Strategic Alliance Formation: Strategic and Social Effects in Entrepreneurial Firms. Organization Science *7*, 136–150.

— Estradas de Portugal, 2015 available [online] at: http://www.estradasdeportugal.pt/index.php/pt/a-empresa/breve-historia [accessed on 21 April 2015]

— Gulati, R. (1995). Does Familiarity Breed Trust? The Implications of Repeated Ties for Contractual Choice in Alliances. Academy of Management Journal *38*, 85–112.

— Gulati, R. (1998). Alliances and networks. Strategic Management Journal *19*, 293–317.

— Hamel, G. (1991). Competition for competence and interpartner learning within international strategic alliances. Strategic Management Journal, 12(S1), 83-103.

— IHS, 2015; "Election 2006: President Lula Wins Second Term in Brazil" available [online] at: https://www.ihs.com/country-industry-forecasting.html?id=106598770 [accessed on 28 April 2015]

— IMTT, 2015; "Relatório de Monitorização da Rede Rodoviária Nacional 2012-2013" available [online] at: http://www.brisa.pt/ResourcesUser/Investidores/Documentos/Informacao_Financeira/Relatorios_e_Contas/BrisaIndiv2010UK.pdf [accessed on 21 April 2015]

— International Institute for Sustainable Development, 2015; "Foreign Direct Investment in Brazil: regulations, flows and contributions to development" available [online] at: http://www.iisd.org/pdf/2004/investment_country_report_brazil.pdf [accessed on 22 April 2015]

— Investopedia, 2015; "Internal Rate of Return" available [online] at: http://www.investopedia.com/terms/i/irr.asp [accessed on 7 May 2015]

— Investopedia, 2015; "Net Present Value" available [online] at: http://www.investopedia.com/terms/n/npv.asp [accessed on 7 May 2015]

— Ireland, R.D., Hitt, M.A., and Vaidyanath, D. (2002). Alliance Management as a Source of Competitive Advantage. Journal of Management 28, 413–446.

— Jarillo, J.C. (1988). On strategic networks. Strategic Management Journal *9*, 31–41.

— Jensen, M.C., and Meckling, W.H. (1992). Specific and General Knowledge and Organizational Structure (Rochester, NY: Social Science Research Network).

— Kang, N. and K. Sakai (2000), "International Strategic Alliances: Their Role in Industrial Globalization", OECD Science, Technology and Industry Working Papers, 2000/05, OECD Publishing.

— Koka, B.R., and Prescott, J.E. (2002). Strategic alliances as social capital: A multidimensional view. Strategic Management Journal 23, 795–816.

— Kummerow, M. (2002). A statistical definition of value. *Appraisal Journal*, *70*(4), 407-416.

— Lepak, D. P., Smith, K. G., & Taylor, M. S. (2007). Value creation and value capture: a multilevel perspective. Academy of Management Review, *32*(1), 180-194.

— Makadok, R. (2001). Toward a synthesis of the resource-based and dynamic-capability viewof rent creation. Strategic Management Journal, 22: 387–401.

— OECD, 2015; "OECD Economic Surveys: Portugal 2001" available [online] at: http://www.keepeek.com/Digital-Asset-Management/oecd/economics/oecd-economic-surveys-portugal-2001_eco_surveys-prt-2001-en#page22 [accessed on 21 April 2015]

— "Out of Brazil and into the unknown", Exane BNP Paribas (2010)

— Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. Journal of International Business Studies, 45-64.

— Parkhe, A. (1991). Interfirm Diversity, Organizational Learning, and Longevity in Global Strategic Alliances. Journal of International Business Studies, 579-601

— Parkhe, A. (1993). Strategic Alliance Structuring: A Game Theoretic and Transaction Cost Examination of Interfirm Cooperation. Academy of Management Journal *36*, 794–829.

— Peteraf, M. A. (1993). The cornerstones of competitive advantage: A resource-based view. Strategic Management Journal, 14: 179–191.

— Portal Brasil, 2015 available [online] at: http://www.brasil.gov.br/economia-e-emprego/2012/04/inflacao [accessed on 22 April 2015]

— Porter, M. E. (1985). Competitive Strategy. Techniques for Analyzing Industries and Competitors. The Free Press, New York, NY.

— Powell, W. W. (1996). "Trust-Based Forms of Governance", in R.M. Kramer and T. R. Tyler (Eds), Trust in Organizations: Frontiers of Theory and Research. Thousand Oaks, Calif.: Sage, 51-67.

— Rumelt, R. P. 1984. Towards a strategic theory of the firm. In R. B. Lamb (Ed.), Competitive Strategic Management: 556–570. Englewood Cliffs, NJ: Prentice-Hall.

— The Association of Strategic Alliances Professionals, 2015; "Alliance Management: a Strategic Discipline" available [online] at: http://c.ymcdn.com/sites/www.strategic-alliances.org/resource/dynamic/blogs/20140604_150316_23673.pdf [accessed on 14 May 2015]

— The Brazil Business, 2015; "Plano Real Today" available [online] at: http://thebrazilbusiness.com/article/plano-real-today [accessed on 22 April 2015]

— World Bank, 2015; "GDP Growth Annual Percentage" available [online] at: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=3 [accessed on 17 April 2015]

— Yin, R. K. (2013). Case study research: Design and methods. Sage Publications.