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International expansion of Viope Solution's e-learning platform to the German market

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German market

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This thesis investigates ways of extending the brand of Viope Solutions and its e-learning platform to the German market, with higher institutions as a target market. Necessary information about Germany and its market were examined through a SLEPT analysis, a market opportunity analysis and by developing a business plan. The purpose of the thesis is to provide Viope Solutions with guidelines and basic information of the German market to aid their market entry process.

The research draws on literature from print and online sources, reports, journals and available information from Viope solutions. In addition, interviews were conducted with students from Germany who could share with the authors their experience of using e-learning platforms at their higher institutions. This study was conducted using qualitative research methods.

The research findings suggest that there is a good market potential for Viope Solutions in the German market. Although there are many information technology (IT) companies providing free and paid e-learning platforms, the labour market is still in need of specialists in the profession, and the IT industry is the second largest employer after the automobile industry in the host market.

Key words Viope Solutions, international expansion, German market, e-learning business, information technology

Table of Contents

1	Introduction	1
1.1	Purpose of the thesis	1
1.2	Research problem	2
1.3	Research approach	2
1.4	Theoretical approach	2
2	Theoretical background	4
2.1	Overview of internationalization theories	4
2.2	SLEPT analysis	5
2.2.1	Social	5
2.2.2	Legal.....	10
2.2.3	Economical	11
2.2.4	Political	12
2.2.5	Technological	13
2.3	Market opportunity analysis	13
2.3.1	SWOT Analysis.....	13
2.3.2	Competition	14
2.3.3	Positioning map	16
2.3.4	Consumers	17
2.3.5	Demand	17
2.4	International business plan	17
2.4.1	International market entry methods.....	17
2.4.1.1	Sales Agent	17
2.4.1.2	Exporting.....	18
2.4.1.3	Joint Venture.....	19
2.4.1.4	Wholly owned subsidiary	19
2.4.1.5	Foreign Direct Investment.....	20
2.4.1.6	Licensing	20
2.4.1.7	Franchising	21
2.4.1.8	Strategic alliances.....	22
2.4.1.9	Turnkey operations.....	22
2.4.1.10	Management contracting	23
2.4.1.11	Contract manufacturing	24
2.4.2	Managing business operations.....	24
2.4.3	Advertising the brand/Networking	25

	2.4.4	Selection of entry mode	25
	2.4.5	Market selection and entry decision making.....	26
	2.4.6	Summary of the theoretical discussion	26
	2.4.7	Summarizing the theoretical framework	26
3		Research method	27
	3.1	Choice of research method	28
	3.2	Methodology.....	28
	3.3	Validity and reliability	29
4		Empirical analysis	29
	4.1	Company profile	29
	4.2	Products	30
	4.3	SLEPT Analysis	31
	4.3.1	Social Factors	31
	4.3.2	Legal Factors	32
	4.3.3	Economical Factors.....	34
	4.3.4	Political Factors.....	36
	4.3.5	Technological Factors.....	38
	4.4	Market opportunity analysis	39
	4.4.1	SWOT analysis	39
	4.4.2	Competition	40
	4.4.3	Main competitors in the German market.....	40
	4.4.3.1	ILIAS	40
	4.4.3.2	Moodle	42
	4.4.3.3	CLIX.....	44
	4.4.3.4	Blackboard.....	45
	4.4.3.5	OLAT.....	47
	4.4.3.6	SAKAI	49
	4.4.3.7	STUD.IP	51
	4.4.4	Positioning map	53
	4.4.5	Consumers	53
	4.4.6	Demand	54
	4.5	International business plan	56
	4.5.1	International marketing strategy.....	56
	4.5.2	Target groups	57
	4.5.3	Market entry method.....	57
	4.5.4	Managing business operations in Germany	58

4.5.5 Advertising the brand/Networking	59
5 Conclusion and recommendation	60
References	62
Figures	70
Tables	71
Appendices	72

1 Introduction

“Globalization of business is seen by many as creating wealth that benefits nations and individuals worldwide”. (Czinkota, Ronkainen, Moffet, Marinova & Marinov 2009, 3).

“Globalization can be defined as the inexorable integration of markets, nation-states, and technologies in a way that is enabling individual, corporations and nation-states to reach the world farther, faster, deeper, and cheaper than ever before”. (Griffin & Pustay 2010, 35).

“Internationalization is doing business in many countries of the world, but often limited to a certain region, e.g. Europe” (Hollensen 2011, 6).

As the business world becomes increasingly competitive the need for expansion has given rise to globalization and internationalization. As illustrated in the above quotations, globalization often refers to activity on a worldwide scale, while internationalization is concerned with business activity at a regional level. In order to sustain business, increase profits and promote growth, companies seek business opportunities beyond their local markets. It is important for a company going abroad to identify its strengths, weaknesses, opportunities and threats before embarking on new ventures.

Numerous factors affect entry into a new market. These include competition, market size, market entry decision, pricing, demographic factors. According to Czinkota et al “international business holds out the promise of large new markets areas, and yet firms cannot simply jump into the international marketplace and expect to be successful” (2009, 8). The key to a successful operation for any company going international is effective planning and management. This thesis discusses processes and strategies in internationalization with a focus on the German market, analyzing the potentials and developing a possible entry strategy for Viope solutions.

1.1 Purpose of the thesis

The purpose of this thesis is to analyze the German market for Viope Solutions in order to identify the business opportunities available to the company and the right

mode of entry into the host market. The research is targeted at universities in Germany because the e-learning platform will be more appealing to this target group and students given the various support languages it offers. Some of the ways to internationalize is by diversifying products, offer range of products, find the niche or offer improved products of what already exists in the market. The German business environment offers opportunities for that as it tends to be very lucrative and unlimited given Germany's membership in the European Union zone. E-learning solutions can be offered to private individuals, schools and organizations. As a result, this research is aimed at offering improved programming courses in the target market.

1.2 Research problem

The research question of this study is: "How can Viope Solutions expand their e-learning platform business with Germany as a target market?"

The following objectives are the targets of this study: To explore the ideas of e-learning solutions, to analyze the target market Germany, to develop a suitable market entry plan and to recommend implementation process steps.

The objective of this thesis is to get Viope Solutions familiar with different theories which are important for expanding a product or business internationally. The aim is to expand the business without compromising the services and products Viope Solutions offer and how to enter the key markets step-by-step strategically.

1.3 Research approach

The thesis research is carried out by reviewing previous literature on market entry strategies and analyzing the German market. The source of information is based on information on internet pages about the German environment, interviews, reports and accessible information of the partner company.

1.4 Theoretical approach

The theoretical approach consists of four steps which include an overview of internationalization theories to give the company going abroad a clear understanding on the subject. Secondly, a SLEPT analysis, which is the study of the foreign country a com-

pany is planning to enter, was conducted. Thirdly, a market opportunity analysis, which is mainly an examination of the foreign market, for example, the analysis of competitors, and, finally an international business plan, explaining the entry methods to a market, were carried out.

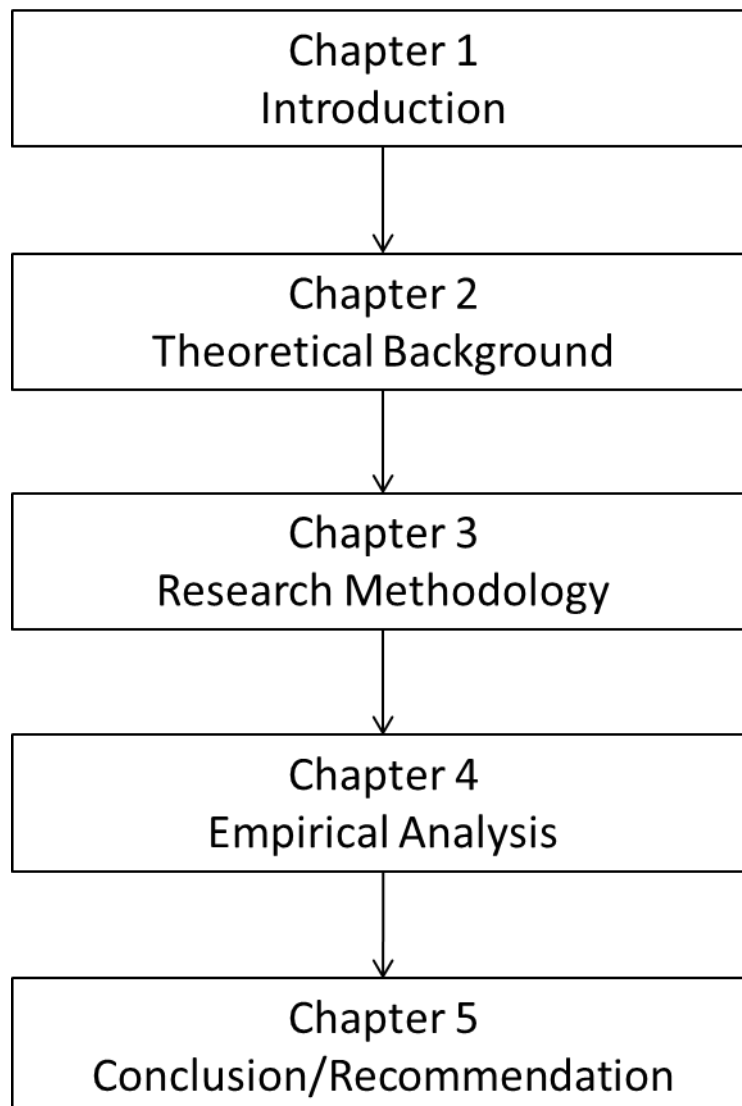


Figure 1: Framework of the Thesis

Figure 1 illustrates the structure of the study which is divided into five chapters. Chapter one provides a general introduction to the study and it demonstrates the objectives and questions. The second chapter presents the theoretical part related to the study as the overview of different theories and definitions. The third section relates to the research methods of the study. Chapter four discusses the empirical

analysis where it represents the case company and analyses the German market. The last section presents a conclusion and recommendations for Viope Solutions to enter the German market.

2 Theoretical background

2.1 Overview of internationalization theories

“Internationalization is doing business in many countries of the world, but often limited to a certain region, e.g. Europe” (Hollensen 2011, 6)

“For a potentially successful market entry method, it is vital to consider a number of criteria including size and financial resources of the company, existing foreign market involvement, the skill and abilities of the management towards international marketing and nature and power of the competition with the market”. (Doole & Lowe 2012, 216)

In the past, Internationalization has its origins in marketing theories, and it was related to only exports and foreign direct investment (FDI). Today internationalization also relates to networks on which a company evolves different relationships with customers and also with other actors in the environment.

The history of Internationalization started with a traditional marketing approach of the Penrosian tradition which emphasizes on competences and openings in a foreign market. This tradition carried a costly view where a company has to have a budgeting advantage to overcome the foreign costs. The result of that view was the evolving of technological and marketing skills to enter a foreign market successfully. Furthermore, modes of internationalization were founded by Vernon’s “product cycle hypothesis” which suggested that companies start on an exporting stage which after change to market seeking foreign direct investment and then to cost-oriented FDI. Another model is the Uppsala internationalization model which was developed during the 1970s by Swedish researchers who analyzed the internationalization of different manufacturing firms. During their analysis, the researchers found out that usually companies focus on close countries first to begin to enter other markets abroad and the method used was through exporting. After a company had exported several years into a country, it started to establish wholly owned operations in that market.

Some criticisms on the model were that it is deterministic. The model does also not support the internationalization of service industries. Due to physical distance companies prefer to establish wholly owned operations during the beginning stage. Firms are also more interested in entering markets with greatest opportunities first than close ones. (Hollensen 2011, 72-75)

2.2 SLEPT analysis

The acronym SLEPT stands for some of the most important external factors affecting the running of business a company must have a good knowledge of and consider before internationalizing. These factors are social, legal, economy, political and technological.

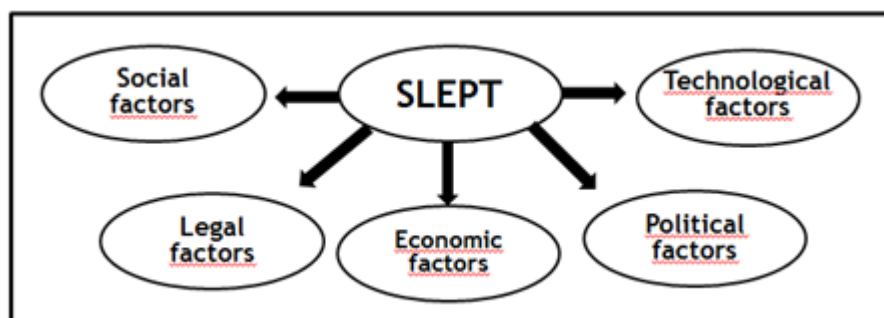


Figure 2: SLEPT Analysis
(Business case studies, 2012)

2.2.1 Social

Social structure (culture)

“Culture gives an individual an anchoring point, an identity, as well as codes of conduct” (Czinkota, Ronkainen & Moffet 2003, 33). The relationships between the society and family unit makes up the social organization of an environment (Dlabay & Scott 2006, 63). Dlabay and Scott further asserted that partially most societies are organized around the existing family units which could be categorized into two major types; nuclear family consists of parents or a parent living together with unmarried children and extended family which consists parents, children living together with other relatives.

There are mainly two types of cultures practically in existence across the globe according to Edward Hall who distinguished between high and low context cultures, and these have effects on businesses. The high context culture countries give more value to the communication between parties involved in any conversation. Details and understanding are expected otherwise suspicions will arise on what was not well explained or mentioned, examples of such countries are Saudi Arabia and Japan. On the other hand, in Germany, Scandinavia, North America and many European cultures where the low-context cultures supersedes the latter, the information of a conversation are explicitly contained in the words (Czinkota, Ronkainen, Moffet, Marinova & Marinov 2009, 54).

How to make culture work for business success:

1. Embrace local culture
2. Build relationships
3. Coordinate by region
4. Employ locals in order to gain cultural knowledge
5. Help employees to understand the employer
6. Adapt products and processes to local markets

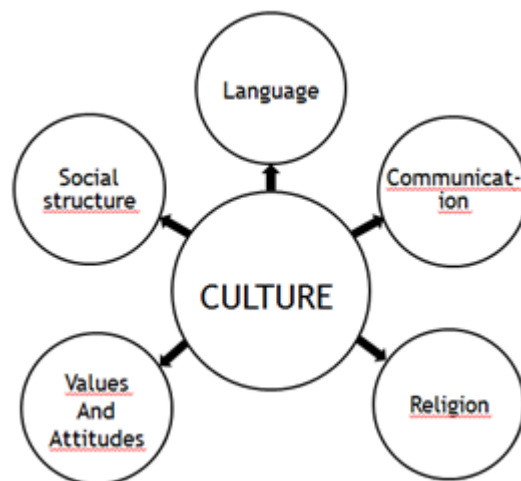


Figure 3: Elements of culture
(Griffin & Pustay 2010, 110)

The diagram above shows culture and its elements. According to Griffin and Pustay the basic elements of culture are social structure, values and attitudes, language, communication, and religion.

Social structure

The social structure is basic to every society. It is the overall framework which determines within the society individuals' roles, their mobility and society's stratification (Griffin & Pustay 2010, 110). A business aiming to enter the international market should have a good knowledge of the demography. It is not just sufficient to know the population of a country but more important is the working population, this will enable them to know the available number of workers while the total population affects demand.

Language

Language is the way of communication in any given society. It serves as a culture's key. For any business to succeed in a foreign market, learning the language is imperative to extensively work with the culture (Hollensen 2004, 198). It can be divided into two main elements: spoken language consisting of sounds in pattern with meanings and vocal expressions and silent language that takes the form of silences and social distance as well as body language communication (Doole & Lowe 2008, 77).

Communication

Aside learning the language of the target market it is also important to learn how they communicate because over the years across cultural boundaries it has proved to be a major challenge for international managers whether verbally or nonverbally. Every society has its cultural filters that affect their way of communication. As a result, there are chances of miscommunication when the parties involved are from different cultures except they understand each other's culture prior to the dealings without this both parties will encode and decode the messages with their own cultural filters which consequently leads to expensive to resolve misunderstandings (Griffin & Pustay 2010, 117).

Religion

There are a number of religious beliefs across the world, and that cannot be ignored by anyone, reasons being that they are recognized by the government and in many

countries are of utmost importance. For example, it can provide the basis for trans-cultural similarities under shared beliefs Christianity, Islam or Buddhism. Religion can affect a business in many ways such as religious holidays, consumption pattern resulting from religious taboos, religious prayers, for instance, Islamic worshippers must pray five times a day. Some of the major religions are Christianity, Islam, Confucianism and Hinduism (Hollensen 2004, 198).

Values and attitudes

“Values are shared beliefs or group norms that have been internalized by individuals” (Czinkota, Ronkainen & Moffet 2003, 42). Just as the cultures of every nation differ so does the consumers’ perception of the products. The packaging, communication activities and products offered to the market are affected by factors such as work, time, risk-taking, wealth and achievement as the consumers tend to place values on them in different countries (Doole & Lowe 2008, 75). Though cultural attitudes has not always been a setback for foreign brands or internationalization. For example, brands like Nike, Adidas has thrived in foreign markets for years (Czinkota, Ronkainen, Moffet, Marinova & Marinov 2009, 65). Having said that, it is better managed skillfully because consumers are dynamic and competition is on daily rise. Attitudes towards buying and selling are not the same in every country. A company can offer freebies, sales bonus, money and cars to buyers and sales personnel to persuade them to buy and sell more but not succeed in all cultures (Doole & Lowe 2008, 76).

Cultural differences

In 1983, Hofstede conducted a research in which he used the IBM database, giving out 116,000 questionnaires in 20 different languages to 72 countries after he find an explanation that the motivation concepts did not in all countries work in the same way. He asserted that the perception and interpretation people have of their world in different countries varies along four dimensions which are power distance, uncertainty avoidance, individualism and masculinity but later identified a fifth dimension alongside Bond in 1988 as time orientation (Hollensen 2004, 205).

Power distance: This has to do with the unequal distribution of powers in organizations and its acceptance level by a society. Power inequalities at the workplace are normal because there exists hierarchical boss-subordinate relationships but what is

socially determined is the extent to which the unequal power is accepted by the subordinates (Katsiolouides & Hadjidakis 2007, 51). Nigeria and Mexico are some examples of countries where high power distance is displayed.

Uncertainty avoidance: The feeling people has towards change is one of the cultural dimensions shaping the world. Hofstede found out in his research that people perceive changes in different ways while some accept uncertainty there are people with uncertainty avoidance characteristics. Such people dislike ambiguity and whenever possible will avoid it. They deem change and ambiguity are undesirable rather they stick to a way of doing things, even bureaucratic and structured routine in lieu of a change to avoid the risk unforeseen. According to Hofstede's findings: Japan, Israel, Germany and France are some of the countries where people avoid uncertainty whenever they can (Griffin & Pustay 2010, 133).

Individualism: The degree to which people rather than act as members of groups act individually is referred to as individualism. In cultures with a high level of individualism people feel little need for dependency on others and mostly self-centered. It is a society where everyone seeks to fulfill personal goals. On the other hand, collectivism classifies a family and relatives as groups with a strong bond over years with the mentality that they have to stick together because they are stronger in that manner. Countries such as Finland, Australia and United States have a high level of individualism while Colombia, Nigeria and Japan exhibit a high level of collectivism (Hollensen 2004, 206).

Masculinity: Another value dimension discovered by Hofstede is masculinity which "refers to the degree of traditionally "masculine" values-assertiveness, materialism, and a lack of concern for others that prevail in a society" (Katsiolouides & Hadjidakis 2007, 51). According to Katsiolouides and Hadjidakis femininity is the contrast of masculinity, in other words, it emphasizes values, showing concerns and relationship for others as well as paying attention to quality of life of the members of the society. Examples of masculine countries are Japan and Austria where generally women are expected to stay home, and Switzerland and Finland are some countries with femininity characteristics.

Time orientation: Otherwise known as the Long-Term Orientation consists of relationship ordering by status and observing same, persistence, having a sense of shame

and thrift. On the other hand, Short-Term Orientation is concerned with stability and personal steadiness, traditional, respect, gifts, seeking or giving favors, reciprocating greetings and protection of one's face. This dimension was added after the initial four to differentiate between the thinking of the West and East. China and South Korea and some of the countries with a high level of long-term orientation while many European countries are said to be short-term oriented (Hollensen 2004, 207).

Components of culture

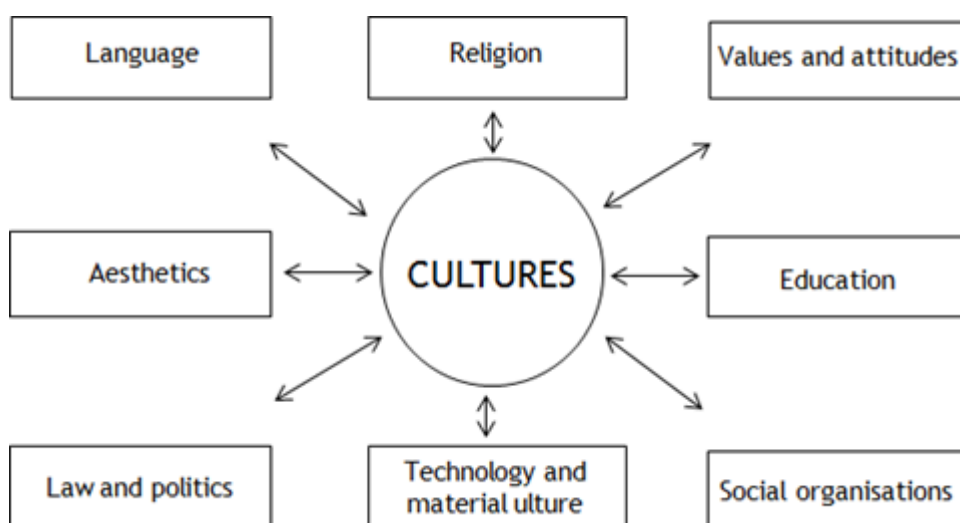


Figure 4: A cultural framework
(Doole & Lowe 2008, 74).

2.2.2 Legal

In any given country, there are set rules and regulations that bind the whole country together. These are set laws in a nation's constitution that direct, restrict and guide the inhabitants on how to do things. Though the existing municipal and regional laws vary to an extent within a country, there are always national laws overriding the latter. Furthermore, there are various treaties that different countries must adhere to despite having own laws and political systems as a sovereign entity. These laws direct and dictate how businesses are organized, the minimum wage of an employee, who can be employed, rights of employers and employees, taxation, price regulation, what business and business activities can exist and cooperation with competitors (Katsioloudes & Hadjidakis 2005, 7).

Knowing the legal environment of the host country is important for the firm seeking market entry due to the often complicated nature of the internationalization legal system in contrast to the domestic markets. The international marketing legal environment consists of three dimensions, which are:

1. Local domestic law: These are laws in the host market which are quite different from the local market of the entrant firm though, in some cases, countries might share or have similar laws.
2. International law: Another dimension in the legal environment system the entrant must pay attention to is the international treaties that can affect the activities of organizations. Some of these are piracy and hijacking international laws, the World Trade Organization (WTO) and International Monetary Fund (IMF) agreements and conventions that cover items and trademarks and patents.
3. Home country's domestic laws: The home country's domestic laws guiding organizations going international can be found in the nation's constitution and are important for its operation for some reasons. The national laws supersede any other existing regional, municipal or organizational laws. Organizations, regardless of the form of business activity, be it domestic or international have the duty of abiding by these laws since they exist within its territory. It dictates and controls what goods and services can be exported and imported to a particular market and what business activities can take place (Doole & Lowe 2008, 11).

2.2.3 Economical

There are hosts of the economic environment factors that affect a company embarking on internationalization amongst these are the market size and growth, telecommunication systems, modern roads, electricity and other infrastructures needed to get a business started and sustained (Hollensen 2004, 177). Clearly understanding the target market's environment and availability or non-availability of these forces matters to a large extent and should be considered in the process of internationalization. They influence the spending direction of any organization either small or large-scale

business as well as predicting the events and trends that might affect the company's future performance in those environments (Daniels & Radebaugh 1998, 141). Daniels and Radebaugh further asserted that all economies are mixed but economic systems are usually classified as capitalist, socialist or mixed. The implication of this is that there are often more monies in a capitalist state and so a company could be up for more profits. Example of a capitalist economy is the U.S while Finland and Germany are Socialist states.

There are three major processes economic activities develop from:

1. Primary: these are extraction and agricultural related activities such as mining, fishing, and so on.
2. Secondary: the second stage is has to do with manufacturing activities where the extracted products from the primary process are transformed into finished goods and ready for consumption.
3. Tertiary: This is the delivery stage where services are mainly its purpose. Here, the finished products from above are taken to those who need them as long as providing services that benefit the end consumers such as teaching. Examples are insurance, health care, tourism and teaching. There is bound to be an increase on money spent on education, leisure and transport as a family income arises while housing and household activities probably remain constant (Hollensen 2004, 177).

2.2.4 Political

“The political environment of international marketing includes any national or international political factor that can affect the organization's operations or its decision making”. (Doole & Lowe 2008, 15). In internationalization laws and politics play a critical role. It is important that a business anticipate the political factors of the host country to increasing the possibility of wading off the unexpected legal and political influences that might lead to awry end for the entrant company (Czinkota, Ronkainen & Moffet 2005, 102). Emerging markets and lesser developed countries are more associated with political risks such as rising opposition to government, terrorism, cor-

ruption and civil disorder. These risks might be consequential to stringent measures to reforming their political problems. Political risk is counter-productive or disadvantageous to foreign markets and companies because it the local political environment is due to a gradual or sudden change. Operational restrictions, discriminatory restrictions and physical actions are three types of a government's action that may pose a threat to the foreign and local firms operating in a market (Doole & Lowe 2008, 16).

2.2.5 Technological

As the years run out the global inhabitants increases, so does competition in the technology sector. Change is constant, and businesses in all endeavors must incorporate and manage new technologies in order to survive the competitive pressure. Some countries are endowed with vast natural resources, abundant labor while some without these resources needed to move an economy forward invest in their technological environments; countries lacking any of these, however, depend on importation from other countries. For a business to thrive in any market, it must consider the existing technologies in such a market. Research and development investment often present competitive advantage and gains (Griffin & Pustay 2010, 88).

2.3 Market opportunity analysis

2.3.1 SWOT Analysis

A SWOT analysis which stands for strengths, weakness, opportunities and threats, is an analysis of the internal and external environment of a firm. Hollensen (210,238) defines the internal environment as the strength and weakness of a firm which includes key dimensions such as financial performance and resources, human resources, production facilities and capacities, customer perceptions of product quality, price, market share, product availability and organizational communication. The external environment is based on opportunities and threats of the SWOT analysis. Here, it is important to take account of economic conditions, social trends, technology and government regulations.

The benefits of the SWOT analysis can be summaries in four key points: 1. Simplicity because it does not require any specific skill to use successfully. Only background information just as a comprehensive understanding of the firm and the industry in which it operates. This aspect can decrease the costs of strategic planning. 2. Collaboration that gets foster through the analysis. It opens the exchange of information between the managers of different functional areas. 3. Flexibility of SWOT can increase the quality of an organizational planning eve without extensive marketing information systems. 4. Integration of SWOT which helps to integrate information of qualitative and quantitative sources to organize them (Hollensen 2010, 238-239).

	Helpful To achieving the objective	Harmful To achieving the objective
Internal origin (Attributes of the organisation)	Strengths	Weaknesses
External origin (Attributes of the environment)	Opportunities	Threats

Figure 5: SWOT-analysis

(Kotler, Keller, Brady, Goodman & Hansen 2009, 101)

2.3.2 Competition

Competition means that several companies are competing with other firms to adapt the consumer's decision to their offer. Competition leads companies to change the price or design of their product based on the customers desires if necessary. According to Griffin and Ebert (2004, 15 Business) "competition occurs when two or more businesses vie for the same resources or customers." (Kotler, Armstrong, Wong & Saunders 2008, 461) stated that the key steps of analyzing the competitors are to identify their opponents; assessing their objectives, strategies, strengths and weaknesses and reaction patterns; and selecting which competitor can be attack or avoid. For a company to gain advantage over its competitors, it is important to produce its goods and services efficiently and able to sell at a reasonable profit margin. For con-

vincing the customer the task of a company is it to illustrate to the customers that their products are better or less expensive than those of its competitors. To summarize it, a business must convince customers to purchase one company's products rather than the products of other sellers (Burda & Wyplosz 2005, 410; Griffin & Ebert 2004, 15, 284).

The analysis starts with identifying the competitors. The aim here is to find out the current and potential competitors and what product they are competing with. There are two different points of views to identify competitors. First is the perspective of the customers where the competitors are identified from the customers' point of view. That view groups the competitors based on how much they compete with the buyers choice. The second point of view is a strategic perspective where the competitors are placed into strategic groups on the basis of their competitive strategy (Aaker & Mcloughlin 2010, 42).

The next step is to assess the competitor. Here, companies have to ask what their competitors objectives, strategy, strengths, weaknesses are and how will they react to the action the company might take. If a company finds out the competitors objectives, it helps to see if the competitor is satisfied with its current situation and how it might react to different competitive actions. The strategies companies are using with the most similarity to another firm have the highest competition. To know what a competitor can do, a company needs to find out the strengths and weaknesses of its competitors. Usually a company finds out its competitors strengths and weaknesses through secondary data, benchmark against other firms, personal experience and word of mouth but also through marketing research with customers, suppliers and dealers. The last point is to find out what the competitor will do. If all the information of the previous points is available, the company can explain their competitor's future actions but still every competitor reacts differently. Some react aggressively and fast towards their competitors. Others who feel that their customers are loyal tend to react slowly and less strongly (Kotler, Armstrong, Wong & Saunders 2008, 463-464).

The third step is to select for attacking or to avoiding a competitor. Companies have to decide on which competitors they have to focus on. On the one hand, the focus mostly is against weak competitors because it requires fewer resources and less time. On the other hand, focusing on the stronger competitor and being successful in it

could lead a company to a greater return (Kotler, Armstrong, Wong & Saunders 2008, 465).

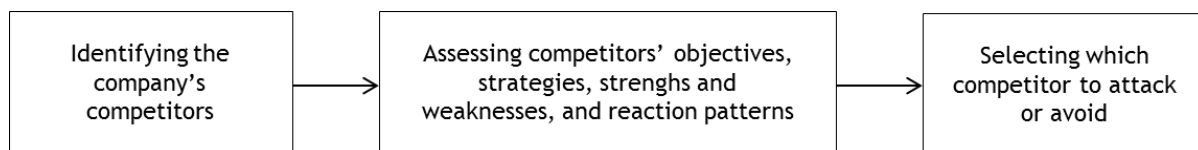


Figure 6: Three steps of competitor analysis
(Kotler Principles of Marketing 461)

Figure six summarizes the three steps that are described in the paragraphs above.

Another useful tool to analyze competitors is the five forces model of Michael E. Porter. This tool is divided to five forces how to analyze the competitor. Force one is the threat of rivalry, when numerous, strong or aggressive competitors have a high risk in staying in a segment the segment will be unattractive.

2.3.3 Positioning map

Nowadays there is an overload of information about products and services a consumer is facing. This reason leads the consumer to position products in their mind with or without the help of the marketers. An important fact that confronts the marketer to plan a positioning map that has influence on the consumers' opinion and decision (Kotler, Armstrong, Wong & Saunders 2008, 434). However, Albaum (2008, 418) defines positioning as "a communication strategy based on the notion of mental "map"". He also says that positioning "refers to the act of locating a brand in the customers' minds over and against other products in terms of product attributes and benefits that the brand does or does not offer."

These three steps are helpful for a company to differentiate and positioning a product. The first step is to identify possible customer values differences which can provide competitive advantages. Second step to choose the right advantage and third step to select an overall positioning strategy (Kotler, Armstrong, Wong & Saunders 2008, 434).

2.3.4 Consumers

It is important for a company to study their customer markets. The customer market can be divided into six sections. The consumer market is the individuals and households who buy a product for their own use. Business markets buy the products and services for further processing or their production process. Reseller markets buy goods and services to resell them in order to get profit. Institutional markets include schools, prisons, hospitals, nursing homes and other institutes that provide products and services to people in their care. Government markets buy goods and services to produce public services or to transfer them to others who need them. The final section is the international markets that involve buyers in other countries including consumers, producers, resellers and government (Kotler, Armstrong, Wong & Saunders 2008, 182-183).

2.3.5 Demand

First of all it is important to distinguish the differences of needs, wants and demands. The basic needs of human beings are safety, clothing, food and warmth. This basic need also includes individual needs like self-expression and evolving knowledge and social needs like affection and belonging. "Wants are the form human needs take as they are shaped by culture and individual personality". (Kotler, Armstrong, Wong & Saunders 2008, 9). These unlimited wants are shaped by society. They have the objective to satisfy human needs, for example, Humans have the need for food, but want to eat different dishes. The human wants, desires and the willingness to pay for a good a precise price is called demand. (Kotler, Armstrong, Wong & Saunders 2008, 9)

2.4 International business plan

2.4.1 International market entry methods

2.4.1.1 Sales Agent

A sales agent can be defined as an organization that operates independent in the host country. It is one of the easiest and cheapest ways to enter a foreign market. According to Hollensen (2011, 342) Agents and sub agents share commissions on a pre-agreed basis. The positive aspect of a Sales Agent is that they are familiar with the local market, customs, conventions and they already have existing business contacts. Sales Agents provide services in selling a product of the exporting organization to a market by getting a percentage, usually 5-10 per cent, on the sales of the product.

2.4.1.2 Exporting

As stated by Hollensen (2011, 335) “Export is the most common mode for initial entry into international markets”. Another theory of Albaum (2008, 276) says that exporting is the easiest and simplest way to enter a foreign market, that it has a minimal effect on ordinary operations of the firm and that the risks involved are less than other alternatives.

There are several reasons for firms to choose to export which Cherunilam (2010, 498) mentioned: “1. The volume of the foreign business is not large enough to justify production in the foreign market. 2. Cost of production in the foreign market is high. 3. The foreign market is characterized by production bottlenecks like infrastructural problems, problems with materials supplies, etc. 4. There are Political or other risks of investment in the foreign country. 5. The company has no permanent interest in the foreign market concerned or that there is no guarantee of the market available for a long period. 6. Foreign investment is not favored by the foreign country concerned. 7. Licensing or contract manufacturing is not a better alternative.”

In Exporting companies can be involved in a direct or indirect way. “Indirect involvement means that the firm participates in international business through an intermediary and does not deal with foreign customers or firms. Direct involvement means that the firm works with foreign customers or markets with the opportunity to develop a relationship. In both cases, the result is similar because goods or services go abroad or come to the domestic market from abroad and they have to be adapted to suit the market. (Czinkota, Ronkainen & Moffett 2009, 222-223)

Foley (199, 344) stated the main advantages and disadvantages of exporting as speed of entry, use of existing facilities, minimizes the risk and investment and on the other hand, transportation costs, trade barriers and tariffs, company viewed as an outsider and limited access to local information.

2.4.1.3 Joint Venture

A Joint Venture can be defined when a non-national company joins with national interest, or with a company from another foreign country in forming a new company (Albaum 2008, 280) in which each party contributes assets, has some equity and shares risks (Czinkota, Ronkainen & Moffett 2009, 234). In international joint ventures, these Parties will be based in different countries (Hollensen 2011, 366).

There are several reasons for setting up joint ventures: 1. Management skills or Complementary technology, which is provided by partners, can bring up new opportunities in existing sectors. 2. To partner a firm in a host country can increase the speed of market entry. 3. Less developed countries try to restrict foreign ownership. 4. Global operations in Research and Development (R&D) and production are prohibitively expensive, but are necessary to achieve competitive advantage (Hollensen 2011, 366). 5. Resource savings in entering the new market. 6. Companies have the ability to enter more markets. 7. Business risks can be minimized. (Albaum 2008, 385).

There is no market entry mode without any disadvantages, and Joint Venture is not an exception even if there are not many, they can be very powerful: 1. Profit may be less because it must be shared (Albaum 2008, 285). 2. Lack of full control. 3. Susceptibility to mistrust and culturally related conflicts. 4. Conflicts that arise over matters such as strategies, resources allocation, transfer pricing, and ownership of critical assets like technologies and brand names (Katsioloudes & Hadjidakis 2007, 254)

2.4.1.4 Wholly owned subsidiary

Wholly owned subsidiaries mean that the parent company owns 100% of the subsidiary stock (Hill & Jones 2008, 290). It is represented as the highest level of resource commitment in the target market. This entry mode is used by organizations with a

global orientation and that their competitive position in one country is significantly affected by their position in another one and vice versa (Katsioloudes & Hadjidakis 2007, 254). When establishing wholly owned subsidiary in a foreign country a company has the choice to set up a completely new operation in that market or acquire an established host-country company to promote their products in the host country (Hill & Jones 2008, 290).

This market entry method has three main advantages: Firstly it reduces the loss of control and protects the company's product or technology. Secondly no share of profit and it gives a company the ability to engage in global strategic coordination. Thirdly it helps to realize location and scale-based economies. Disadvantages to this method are that it is one of the most costly entry methods of serving a foreign market and that it takes all the risk by its own. (Hill & Jones 2008, 290 - 291).

2.4.1.5 Foreign Direct Investment

As stated by Moosa (2002, 1) "Foreign direct investment (FDI) is the process whereby residence of one country (the source country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country (the host country)".

Basically there are two types of FDI: the horizontal FDI, here the firm expands on a horizontal level where the firm produces the same or similar products abroad as in the home country. The vertical FDI means to exploit raw materials or to be closer to consumers by establishing or buying distribution outlets (Moosa 2002, 4). Advantages of FDI are that it increases the control, allows high flexibility in serving international markets and its quick and direct feedback from the market. Disadvantages are that it is the most expensive mode of market entry, it has a high risk and that it may be challenging in terms of managing local resources (Czinkota, Ronkainen & Moffett 2009, 238)

2.4.1.6 Licensing

"Licensing is the form of foreign market entry based on a contractual relationship where the licensor is the firm that possesses an asset in the form of a patent (or the

know-how to produce or provide a service) and the licensee is a firm in the host country that is willing to exchange the use of the foreign firm's technology in the host market with a certain remuneration (generally the payment of royalties)" (Katsiolouides & Hadjidakis 2007, 247). In this case, the licensee is granted the right of use of industrial property or intellectual over a specific time on some territory by the licensor in which he gets up-front payment and royalties for the trademark, design or product, process or knowledge, brand name, patents, or any of the host company's property involved according to the licensing agreement. This form of internationalization is mostly used by small and medium sized enterprises with the urge backed by technologies and products to serve the international market but the resources to pave the way are lacking, which renders weak thereby depending on external sources for expansion. Organisations involved in the film, television and sports industries, as diverse as Disney, the Olympic Games Committee and Manchester United Football Club have been particularly successful in licensing the use of brands (Doole & Lowe 2012, 234).

2.4.1.7 Franchising

Another form of internationalization for companies is franchising. This mode of market entry is closely related and often deemed as a form of licensing. "Franchising is the granting of the right by a parent company (the franchisor) to another, independent entity (the franchisee) to do business in a prescribed manner" (Czinkota, Ronkainen, Moffet, Marinova & Marinov 2009, 230). "Although franchising cannot be characterized as a novel way to conduct business, it is growing at such a pace that it tends to revolutionize international business expansion in many sectors" (Katsiolouides & Hadjidakis 2007, 249). The major way franchising differs from licensing is that Franchisor besides granting property use right assists the business performance of the franchisee (Daniels, Radebaugh & Sullivan 2009, 587) such as quality control, relationships, marketing plan, and so forth. According to Johnson and Turner (2003), there are two types of franchising namely: first generation and second generation franchising. The first approach is described as more arm's length and comprises of soft drink bottling, petrol and automobile retailing while the second generation involves a more comprehensive business purchase and transfer. In this approach, the franchisee gains access to the parent company's trademarks and brand names as well as receive instruction on the franchise operation, occasional financial

support and management training (Johnson & Turner 2003, 117). The franchisor's support aims at reducing the franchisee market performance uncertainty while having a greater control of the business.

2.4.1.8 Strategic alliances

According to Doole and Lowe (2004), the emergence of strategic alliances dates back as far as the 1980's when companies engaged in some business activities that cannot be defined precisely as licensing or joint ventures, even though they covered a variety of contractual agreements, which strategically benefitted the parties involved. Doole and Lowe further quoted a definition by Bronder and Pritzl's (1992) "strategic alliance a case of at least two companies combining value chain activities for the purpose of competitive advantage". When going international this mode of entry can take different forms. Some of which are market (access)-based alliances, operations (shared production)-based alliances, simple licensing agreements between two partners, operations and logistics alliances (Katsioloudes & Hadjidakis 2007, 256), pursuing a common goal is the most distinct characteristics of all though it takes various different forms. The forces driving strategic alliances are self-protection in order to avoid competition and possible loss of market share, insufficient resources on either or both parties in the agreement, easier international market access, pace of innovation and market diffusion. Also the high cost needed for research and development, government's willingness to cooperate on high cost projects as well as firms to focus on developed industries to manage the problem of additional production (Doole & Lowe 2004, 243).

2.4.1.9 Turnkey operations

The turnkey project is another strategy specially designed for business internalization. A turnkey project is a contract under which a firm agrees to fully design, construct, and equip a facility and then turn the project over to the purchaser when it is ready for operation (Griffin & Pustay 2010, 379). Turnkey is derived from the phrase "turn the key" which simply means the product is ready for use at the time of delivery. In other words, turnkey operation is a ready-made good, product or project that is ready for immediate consumption and implementation without additional work required of the buyer when it is delivered or installed. The product or service is leased

or sold to an individual to run as his/her own venture. By nature turnkey seem to be similar to franchise, though some are, but not all turnkeys are franchises. Turnkey services or products are run by individuals who have agreed to buy permanently or have it leased to enable them run it as their own business. When the project is leased the contractor remits some money to the account of the parent company as agreed upon by the contracting parties but there is no remission when the project is fully purchased. This is an entry mode commonly used in large, industrial, multiyear and complex projects such as power plants, dams, airports, oil, refineries, roads, railways, seaports, telecommunication systems and just few companies or government can pool this market entry mode (Johnson & Turner 2003, 119) because huge investments are required.

2.4.1.10 Management contracting

“Management contracts emphasize the growing importance of services, business skills and management expertise as saleable commodities in international trade” (Doole & Lowe 2008, 243). A management contract is an agreement whereby one firm provide managerial assistance, technical expertise, or specialized services to a second firm for some agreed-upon time in return for monetary compensation (Griffin & Pustay 2010, 378). This involves the supply of some managerial functions such as recruiting, training, product and financial management to a client in another country in the international context. It is a situation where a firm can enjoy some additional revenue without investing or incurring debt from the binding contract. It may specify profitability based performance bonuses, quality measures or sales growth. Management contracting is popular in the hotel sector, public utilities, health care, transportation, agriculture and mining (Johnson & Turner 2006, 118). This mode of entry is adopted by firms when they deem the local management firm in a better position to manage their operations in the target market. Management contracting could serve as an effective way to manage turnkey projects. An example is the Hilton Hotels offering specific services such as reservation and hotel management to its logo bearing hotels but Hilton does not have ownership right of these hotels.

Steps in management contracting

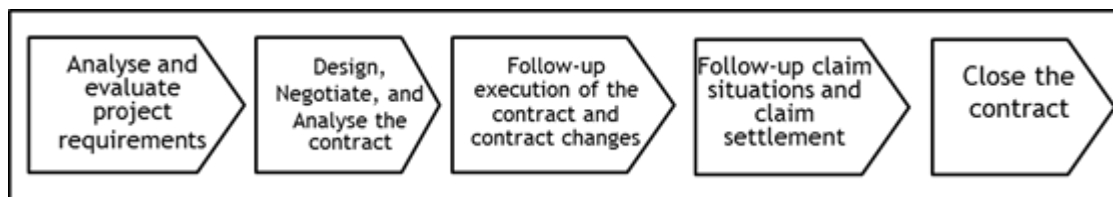


Figure 7: Steps in management contracting
(Project Management Knowhow)

The diagram above shows the steps in managing a contract. It starts with analyzing and evaluating the project requirements to contract closure.

2.4.1.11 Contract manufacturing

As the name implies, manufacturing is the production of goods and services. The contract makes possible for a company to produce international market without investing huge amount of money in the host market. There are numerous factors why companies in lieu of fully committing themselves abroad opt for foreign sourcing, some of which are: elimination of export tariffs and other costs associated with it as well as the quotas that may deprive them entry, national suppliers are the government's preferences in some countries, to compete adequately by cutting transportation cost while improving time of delivery mostly when the goods involved are bulky, proximity to customers in the foreign market, guides and information needed for the improvement of the products or services are easily accessible interacting with local customers in the foreign market and the low cost of production, for example, it costs more to produce in Finland and sell in China, even though the quality is better the product will not compete with those produced in China (Hollensen 2011, 310).

2.4.2 Managing business operations

First of all it is important to understand what operations management is. According to Katsioloudes and Hadjidakis (2007, 358) "...operational management involves the management of systems or processes that create goods and services to be consumed by the public." Griffin and Pustay (2007, 511) define it as a "...set of activities an organization uses to transform different kinds of inputs into final goods and services". This transformation from inputs to outputs is not always related to goods and ser-

VICES for external users. Every business has different departments which all have to manage their operations that results to goods and services that affect other areas or departments. To manage these operations has a significant function in organizations of any type, size, industry or country of operation. (Katsioloudes & Hadjidakis 2007, 358-359)

2.4.3 Advertising the brand/Networking

“Every business needs to communicate with potential buyers. A company’s ability to inform and persuade consumers with promotional efforts is basic business activity” (Dlabay & Scott 2006, 500). Advertising has to be done in by communicating with prospective, suspect and loyal customers to get them to the business point where buying and selling take place. Most of these adverts involve promotions online, magazine advertisements, television commercials as well as other marketing promotions mode.

Networking on the other hand, is an efficient way of interacting with potential customers aimed at gathering competitors’ information and their innovations, parties that could be valuable for the business of the new entrant and potential shareholders (Hollensen 2011, 81). One the best ways to prepare for internalization is by networking with professionals on the global business scene. This can be achieved by interacting with people working and living in the target countries. Targeting companies a firm might want to work in the future is also another approach, employees of such companies, mostly those in the department of human resources are more likely to provide referrals to sources of information useful to the entrant and valuable career advice that will be of benefit (Dlabay & Scott 2006, 335).

2.4.4 Selection of entry mode

After the decision to enter a market has been taken, the next step is to consider what mode of entry should be used. The three major factors a firm should put into account when going international are location advantages, ownership advantages, internationalization advantages. While a company makes these advantage factors its priority it is also important to consider other factors like; availability of resources, the firm’s global strategy and its need for control (Griffin & Pustay 2010, 361).

2.4.5 Market selection and entry decision making

There are a number of reasons why identifying the right market to enter is important for a company:

Firstly, the selected market is the determinant factor of whatever outcome the entry presents be it success or failure. The nature of the foreign marketing programmes in the selected countries is influenced by the decision taken. Lastly, the firm's ability to coordinate foreign operations is also affected by the nature of the geographic location of selected markets (Hollensen 2011, 6).

2.4.6 Summary of the theoretical discussion

The theoretical study provides Viope Solutions an understanding of internalization definitions, SLEPT analysis, market opportunity analysis and international business plan. The intention is to emphasize the need to get acquainted with the target market before international market adventures. The theory is focused on preparing the new market entrants on knowledge of consumers on the international scene, the political, technological, social, legal and economy of the international market, also to present them with the foreign market opportunities and the possible and probable challenges they may encounter.

Furthermore, the theoretical background discussed the various market entry modes ranging from export modes to fully owned subsidiaries in the host market. Also the ability to identify and select a good and benefitting entry mode amongst the available options, making the right pricing policy, managing the international business operations efficiently not compromising communicating the Viope brand to attract patronage in the host market.

2.4.7 Summarizing the theoretical framework



Figure 8: Theoretical framework

3 Research method

According to Adams and Brace in their book titled “an introduction to market and social research” research is defined “the collection and analysis of data from a sample or census of individuals or organizations relating to their characteristics, behaviours, attitudes, opinions or possessions. This definition enunciates that the purposes of conducting researches are fact building, information analysis, study and review of information as well as aids in attaining new conclusions. They further asserted research consists of the primary and secondary phase. The primary research is concerned with uncovering information that never existed while secondary or desk research has to do with reviewing already existing information. Despite having two phases, research has one primary objective which is gathering information, reviewing and developing insights and solutions to solve the problems that gave rise to the need for research (Adams & Brace 2006, 4, 20).

However, researches can also be conducted quantitatively and qualitatively of which purpose are to determine opinions through polls, facts, feelings and figures. Though quantitative and qualitative research can be easily seen as approaches opposing each other because while quantitative measures reactions and responses that can be quantified and the result can be shown in statistics, qualitative researches takes a detailed pattern. Nonetheless, there are three important approaches designed for researches which are; explanatory research, descriptive research and causal research but which one is applied varies based on the projects involved. The explanatory research design to gather feelings and reactions without compromising initial observa-

tions, this approach relies often on qualitative information. The descriptive research on the other hand, gives the researcher a clearer image of a situation and that makes it rather than assuming, functional in substantiating what is genuine. Lastly, the causal research is aimed at identifying the impact of a thing has on another one (Adams & Brace 2006, 21- 23).

3.1 Choice of research method

Having reviewed the various methods and approaches to research projects, this is important for researchers in order to come up with reliable and valid results because it determines what research method is suitable for the research problems as required by literature of previous studies on this subject. Quantitative and qualitative research methods are known to be data gathering principle but why the quantitative method gathers information using the questionnaires and surveys responses qualitative uses detailed information of discussions and interviews of respondents through feelings, opinions and reactions (Adams & Brace 2006, 34, 38).

However, the authors of this research opt for the qualitative research approach which entails gathering information through the secondary research method. Additionally, this report is based on gathering information from literatures, internet sources, interviews, reports, journals and available information from Viope solutions (Adams & Brace 2006, 34, 38).

Interviews were conducted with Mika Lackman the chairman of the company, Afreh Kwame a marketing officer and various students from Germany.

3.2 Methodology

The authors of this research project worked in conjunction with Viope solutions to carry out the possible market opportunities with a focus on universities and how to enter the German market. In order to achieve this, a qualitative method was the suitable option owing to the fact that the research is being conducted outside the target market in question. So as a result, information from internet sources is vital as well as interviewing some German students within reach. However, cautions were taken in applying the information from internet sources being aware of how accurate they might be or not.

3.3 Validity and reliability

Validity involves checking if results and findings are truly about what they undertake to be, reliability on the other hand, focuses more on the data collection techniques or procedures of analyzing and if these measures will give a dependable and regular results. Validity and reliability however, have some threats. Validity faces the threat of history which has to do with the post-product recall opinions. One has to study the particular products manufactured by other organization, instrumentation, maturation and market testing and the length of time is another threat bordering the validity of a research. While reliability is threatened by mistakes on the part of subject or participant, some of the threats that arise in the course of data collection are; subject or participant error and bias, and observer error and bias (Saunders, Lewis & Thornhill 2009, 156,157).

The authors of this research laid more emphasis on interviews and secondary data, to ensure validity and reliability is not compromised, much attention and care was paid to the sources of information. In some cases, the sources were cross-checked for days before using them for the research. The interviewees were students currently studying in German universities. For validity and reliability purposes the authors concentrated on students who have the knowledge and experience in e-learning programme, as well as those interested in programming. Though the interviewees were from various regions of Germany it is difficult to generalize the outcome of the interviews to the German universities as a whole.

4 Empirical analysis

4.1 Company profile

Viope Solutions Ltd is a Finnish company located in Helsinki, Finland. The company was established in 2001 following a result yielding research from the Lappeenranta University of Technology.

The company specializes on providing e-learning solutions in the areas of computer programming and mathematics training kits to aid organizations and students to carry

out their institution and individual learning using a platform that supports languages.

Owing to these facts the company's product has been widely accepted and used in the Finnish environment and thereafter it made its debut in the international market in 2011. Viope Solutions Ltd can at the moment boast of international co-operations who are either customers or test users in countries such as China, Ghana, Nigeria, Estonia, Netherlands and a host of other markets in the pipeline.

Having gained a good percentage of the local market equity, the company has made success in competitions as well as copped some awards (Viope Solutions).

4.2 Products

Though Viope Solutions has products companies, which are Viope Recruit and Viope Training and Viope Programming Courses for individuals, this study shall concentrate on the products designed for the institutions' teaching and learning which include:

Viope World

This product has been designed for without topic limits for the purpose of education. Viope World platform is specifically designed for teachers to train their students on programming while enriching their creativity and teaching. It consists of material sharing, automatic response technology, communication, executing exercises and exams online which are multiple choice, essay and computer coding inclusive, plagiarism response technology and content editing management. All these features are smart and convenient for the teachers use (Viope Solutions).

Viope Programming Courses

This is a ready-made package with the compiler and assessments designed for students and professors to teach and individually practice what has been taught in class or learn programming without a teacher's aide. It consists in courses such as Viope introduction to java SE, Viope introduction to game programming with unity, Viope basics of android programming, Viope introduction to C programming, Viope SQL and

relational databases, Viope python 3, Viope introduction to PHP and Viope introduction to C++ programming.

4.3 SLEPT Analysis

4.3.1 Social Factors

Demography

The population of Germany is 82 million, in an area of about 357.000 square kilometers. 88.5% of them are living in urban environments. As in other countries the proportion of the older population is increasing, and the birthrate is low with 1.3 children per woman. The age of retirement will be between 2012 and 2029 at 67 years. The average life expectancy of women is 81 years and men only 76 years. It is assumed that the population in the future will decrease and to 2030 it should be around 79 million. The target group of Viope Solutions for their learning platform will be universities which in Germany exist 418. Also, it is essential to know that 2012/13 Germany had about 2.501.990 million students and 42.924 teachers and professors estimated 2011. (Statista 2012)

Language

The official language in Germany is German, 95 percent of the inhabitants speak it as their first language. Besides German as the national language there are a growing number of citizens who speak one or two languages. Common spoken languages are English, Spanish, French and Russian. Other languages spoken in Germany are Danish with 0.06 percent close to the border to Denmark. Serbian is spoken by 0.09 percent, Romani and indigenous languages spoken by 0.08 percent. Turkish is spoken by 1.8 percent and Kurdish by 0.03 percent. Germany has a variety of ethnic groups living in the country. The biggest ethnic groups are the Germans with 91.5 percent followed by the Turks with 2.4 percent. Other ethnicities are made up of Greek, Italians, Polish, Russians, Serbo-Croatians, Spanish and others with 6.1 percent. In general, in almost all the regions of Germany, a foreigner will not have problems to be understood in English. (Central Intelligence Agency 2013; Country studies 2011; Countries and Their Cultures 2012)

Currency

The Euro is Germany's national currency since 2002 which is also used by seventeen out of twenty seven EU member states. Besides, the Euro is valid in 22 countries worldwide. Today, one of the world's leading currencies is the Euro. (PKF 2010)

Business Culture

Germans are particularly task focused; they keep the task in the center of all business interactions. They also value structure and rules which means that they prefer written contracts of all types and the ability to keep them or to face the consequences of a penalty. Germans see consistency and reliability important. They prefer to avoid uncertainty, which is why they develop rules and structures for a certain contact with each other. People in Germany are time focused, in other words punctuality is an issue of good behavior. The form of communication in Germany is direct. That means that Germans formulate their statements direct, which can appear as rude or threatening without meaning it. This direct communication is part of the low context cultures where spoken words explain the meaning by itself. (Sylvia Schroll-Machl 2007)

4.3.2 Legal Factors

Germany is a democratic constitutional state with a civil law system and every business must operate within the law. The legal system is based on the Constitution, Judiciary organs as well as the legislative and executive powers. (Facts about Germany, 2012)

Germany is represented internationally under the Federal President (Bundespräsident). Secondly, the Federal Government (Bundesregierung) is constituted by two elements: the Federal Cabinet (Bundeskabinett) and the Federal Chancellor (Bundeskanzler). Lastly, the Federal Parliament (Bundestag), where their members are elected every four years as well as the Federal Chancellor. (PKF 2010)

One of the constitutional organs in Germany is the Federal Council (Bundesrat) which works as a second chamber next to the Federal Parliament. The function of the Federal Council is to approve the laws that affect the responsibilities of the Federal State. Both the Federal Council and Parliament have to agree on the majority of political decisions. In the case of no agreement, a Conciliation Committee (Vermittlungsausschuss) is responsible to find a compromise for avoiding political results and conforming legislation being blocked. (PKF 2010)

The final organ of the German legal system is the Federal Constitutional Court (Bundesverfassungsgericht) or the German Supreme Court, which is responsible to ensure stable laws, protection of liberties and equality before the law. The Court is split into five branches: ordinary court which deals with criminals and most civil cases, labor, administrative, social and financial courts. (PKF 2010)

Foreign Investment in Germany

In terms of law, Germany has not any differentiation between national companies and the establishment of foreign companies into the country, there is nothing to worry about as long as the investment fits in the law framework. Besides, day-to-day businesses are free restricted from regulations. Furthermore, law highly protects intellectual property both local and foreign companies. (PKF 2010)

In general terms, in Germany, foreign trade and the payment is the foreign legal framework for direct investment. It focused on the standard of freedom, foreign trade and payment transaction, it allows the imposition of limits on inward and outward for foreign direct investment in the motives of foreign exchange, either foreign policy or national security. (PKF 2010)

Germany offers different programs to attract foreign investors and companies. One is the European recovery program which is aimed at preparing local communities to help in landing as well as building favorable conditions in order to facilitate start-up of businesses as an entity. It is also beneficial due to the creation of new jobs as part of the investment. (PKF 2010)

4.3.3 Economical Factors

In Europe, Germany has the largest economy. Compared with the world, Germany has the fourth largest economy by GDP estimated in 2012, and it is the fifth largest by GDP (PPP). Germany is also the third largest exporter behind China and the USA estimated in 2012. Moreover, from the annual economic report in 2012 of the Federal Ministry of Economics and technology comes out that Germany with decreasing unemployment, increasing employment, higher market opportunities for companies and a balanced state budget is on the right way.

(Bundesministerium für Wirtschaft und Technologie, 2012; Index Mundi 2012)

The primary sector of Germany is Agriculture, Forestry and Mining. Through their domestic production, Germany covers 90 percent of its food needs. After France and Italy, Germany is the third largest agricultural producer. Their main products in the sector are potatoes, wheat, barley, fruit, sugar beets and cabbages. Germany's agriculture donated 2010 0.9 percent to its GDP.

(Economy Watch 2010)

In the Industrial sector Germany profits of its well-known industrial products which are proven through their strong exports in mechanical engineering and the automobile industry. That sector makes Germany the fourth largest automobile producer and the largest exporter. In total, the industry sector adds 27.9 percent of Germany's GDP and holds 29.7 percent of German labor force. Furthermore, Germany's small and medium sized companies, which are most family-owned, are about three million and employ more than 70 percent of the country's labor force. (Economy Watch 2010)

The third sector or service sector makes 71.3 percent of the country's GDP, and it employs 72 percent of its labor force. Furthermore, the subcomponents of services are financing, renting, business activities, trade, hotels, restaurants, transport and other service activities. (Economy Watch 2010)

Economic growth

During 2012, the German Gross domestic product (GDP) grew in the first quarter by 0.5 percent, second by 0.3 percent, third by 0.2 percent and it decreased in the fourth quarter by 0.6 percent. A performance achieved by 41.9 million employees,

320.000 (0.8 percent) more than the year before. In total for 2012, the Federal Statistical Office reports an increase of 0.7 percent which still cannot match up to the GDP rate of 2011 with 3.0 percent. The reason for decline in the fourth quarter was that, the exports of goods were decreasing more than the imports. The Governmental forecast for 2013 is estimated to reach a GDP growth of 0.4 percent. (Reuters 2013; Trading Economics 2013)



Figure 9: Germany GDP growth rate
(Trading Economics 2013)

Unemployment

The unemployment rate in Germany was at the end of 2012 at 6.7%, which is 2.840 million and 41.899 million in employment. Since 2005, the unemployment rate in Germany has decreased by almost half. The prognosis for 2013 is that the unemployment rate is going to increase by 40.000 because of immigration. Also, the jobs are forecasted to increase by 200.000. (ShortNews, 2012)

Arbeitslosenquote in Deutschland im Jahresdurchschnitt von 1995 bis 2012

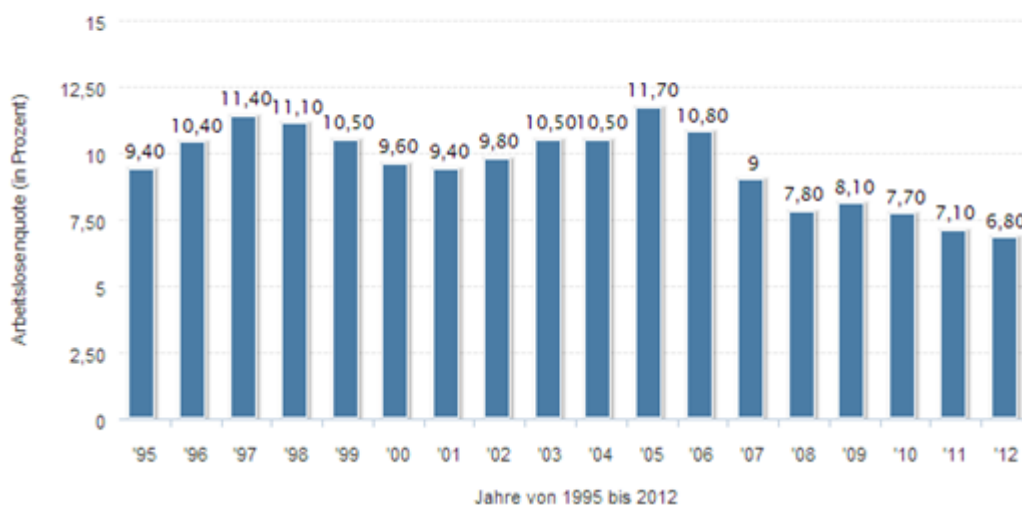


Figure 10: Unemployment rate
(Statista, 2013)

Inflation rate

The inflation rate in Germany was 2.0 percent estimated in 2012, and 2.3 percent in 2011. Because of the European crisis the European central bank lend money to countries in debts, and this liquidity is not brought back completely. That causes for the same quantity of goods is more money available, resulting in an increase in inflation for Germany. It is expected for 2013 a similar high rate.

(Inflationsrate in Deutschland wohin 2012)

4.3.4 Political Factors

Stability

The Federal Republic of Germany was founded in 1949 as a demographic and social federalist state. Germany's separation of powers in the state in to executive, legislative, judicature and the multi-party system guarantees a stable democracy. Already, Germany as a member of the European Union showed that its political stability is continuously stable throughout time. Not only Germany is one of the participants of

the EU but also is one of the members of international organizations such as the United Nations, NATO and the G8.

Berlin is the capital city and seat of government of Germany, but in Bonn the former capital city still exist some federal ministries. Within the European Union, Germany is the country with the highest population with 82 million.

The economy in Germany follows the principle of a social market economy. That gives the markets the freedom to govern its own forces within certain limits and at the same time it limits the gathering of market power. In Germany exists a framework for functioning competition between different businesses. (Researching for tomorrow's world, 2012)

Taxation

The value-added tax rate in Germany is 19%.

The business or corporation tax in Germany is 29.83% and that is on the average comparing to other countries. Some local municipalities can offer lower rates it is because companies in Germany do not have a reliable nationwide tax rate. The taxation of companies is based on two levels. The first level is when companies like a limited liability company (GmbH) or a stock company (AG) has to pay the corporate income tax which in 2008 got decreased from 25% to 15% in order to stay attractive for companies. Companies in a partnership are taxed by the personal income tax (0%-45%). The second level is the trade tax which all business operations, corporations and partnerships have to pay. The trade tax is charged by the local municipalities. (Company Taxation 2012; Corporate Income Tax in Germany 2012; Personal Income Tax in Germany 2012)

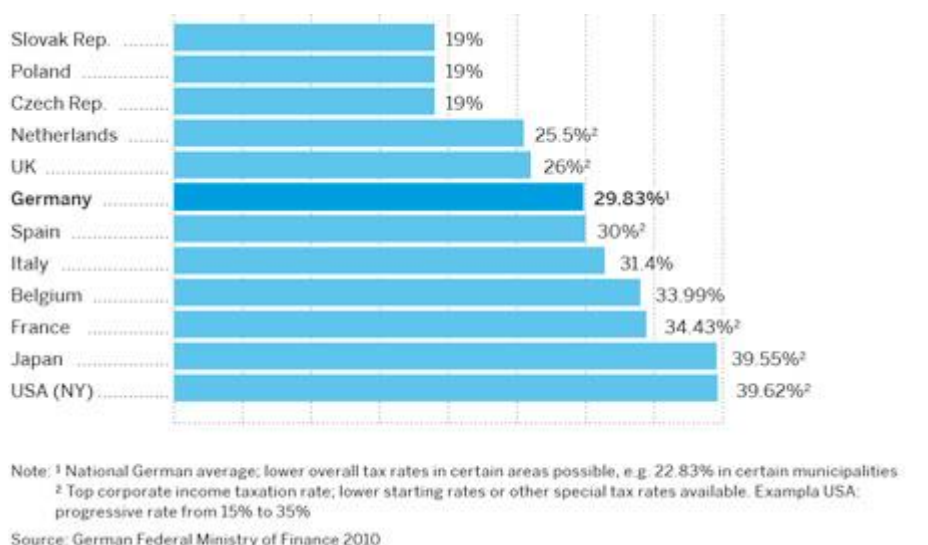


Figure 11: Country comparison of taxation
(German Federal Ministry of Finance 2010)

4.3.5 Technological Factors.

Internet

The communication sector in Germany is on international standards, which means that companies can benefit from a liberalized telecommunications sector. In March 2012, 76 percent of the German population used internet connection and 37 percent use it on mobile. In total 57.1 million were using the internet in 2012. (PKF 2010; NewMediaTrendWatch 2013)

Infrastructure

One of the strengths of Germany is its infrastructure. The highways are well expanded throughout the whole country, and they are connected close to airports, harbors and railway stations. Germany is also positioned in central Europe, which makes distribution of goods easy and fast. Important marketable areas in Germany are Berlin, Cologne, Hamburg, Munich, Stuttgart and the Rhine-Ruhr-Area. Frankfurt is the national and international finance center. This healthy functioning network of highways, airports, waterways and railways is important and positive for circulation inside Germany and transporting goods. (PKF 2010)

4.4 Market opportunity analysis

4.4.1 SWOT analysis

<p>Strengths</p> <ol style="list-style-type: none"> 1. The platform that supports eight languages 2. Designed for companies, schools and individuals 3. Good market share in the Finnish market 4. Instant correction and assessment 5. Paper-free programming course 6. Significant brand equity in the Finnish market 7. Time saving for all users 8. Continuous research and development 9. Experience 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Randomization of questions 2. The courses support only undergraduate studies 3. Courses limited to only information technology
<p>Opportunities</p> <ol style="list-style-type: none"> 1. The host country warmly welcomes new market entrants 2. 418 higher institutions in the target market 3. Platforms that support less than eight languages 4. Expand its business operations 5. Stable political system 6. Positive attitude towards programming and technology 7. Stable economy 8. Largest market in Europe with 82 million people 	<p>Threats</p> <ol style="list-style-type: none"> 1. The price might be one threat because things are relatively cheaper in Germany in contrast with Finland 2. The recession looming around the Euro currency 3. The continuous increase in Germany's debt owing to Euro zone bailouts 4. The Viope brand is not known in the target market 5. Competition 6. Increased emergence of new technologies 7. Potential agent or partner defec-

9. Public fund for higher institutions	tions 8. Some of the higher institutions use free platforms
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Table 1: SWOT analysis

4.4.2 Competition

Germany is home to one of the strongest technology market across the globe and the intense competition facts cannot be ruled out. There are dominant competitors in the host market with strong brand equity and significant market share. These are household names in the German environment owing to their long time operation in the industry. This notwithstanding does not obstruct Viope's chances but will sure prove hard nuts to crack. Though there may be some missing, but the authors of this research uncover some of the main competitors in the host country to present Viope Solution an insight of the challenges and opportunities prior to entry. Listed below are some of the main competitors from the higher institutions' perspective.

4.4.3 Main competitors in the German market

This part of the thesis analyses some of the potential competitors that Viope Solutions would compete with by entering the German market with their platform. The analysis is structured by background information of the competing company then a description of their product, concerning e-learning at universities, by listing some functions. It also includes strengths and weakness analysis of the competitors and their platforms. The analysis is based on the information the Authors have found on the internet.

4.4.3.1 ILIAS



Illustration 1: ILIAS Logo

Background:

ILIAS is an open-source e-learning platform and a learning management system (LMS) developed 1997 by the University of Cologne. The General Public License (GNU) is the publisher of the platform which means that the platform is copyrighted but guarantees the users the freedom to use, study, share and modify the software. Today ILIAS is in use of numerous universities, academies, training institutions and organizations in different countries.

(Dreamcss, 2012)

Product:

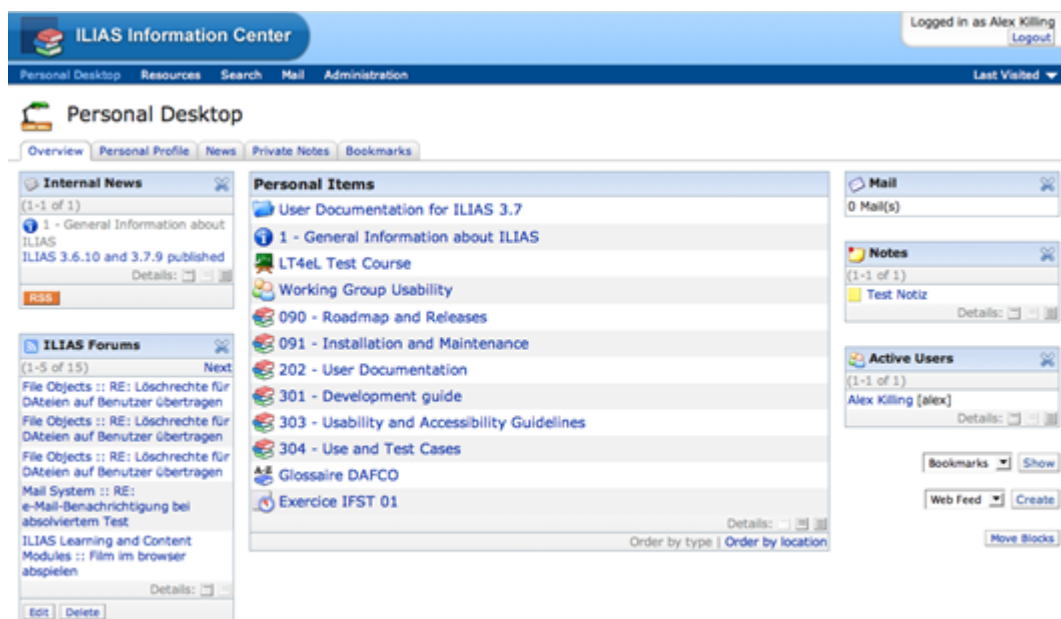


Illustration 2: ILIAS Product

Features of ILIAS are personal desk, comprehensive course management system, asynchronous and synchronous communication (internal messaging system, forums, and chat), integrated use of wiki, ILIAS learning modules (HTML knowledge not required), learn modules of other formats can be imported (SCORM, HTML, AICC, RSS), media cast, personal folder with bookmarks, glossary and calendar, test and evaluation tool, user and system administration, definition of roles (student, authors, administrators), virtual-classroom and so on. (e-teaching, 2012; Dreamcss 2012)

Strengths:

The strengths of ILIAS are that they already exist in the German market which means it is known, it has more experience and enjoys certain popularity. Another point is that the platform is free to use and an open source which means that any user can become a co-developer, correct errors, improve development and finding solutions. The platform has no restrictions to a specific instructional learning model. It is flexible and adaptable to the corporate identity of an institution appearance, and it supports more than 20 dialects. (e-teaching, 2012)

Weakness:

According to ILIAS internet site, ILIAS asks for a donation to continue developing the product which means if there is no donation the organization has not enough money to develop it. (e-teaching, 2012)

Objective:

The concept of ILIAS is to offer an online learning platform with a flexible environment to learn and work. It can be seen as an open knowledge platform that provides learning and working materials to where the user has access to and of any location. (e-teaching, 2012; Dreamcss 2012)

4.4.3.2 Moodle



Illustration 3: Moodle Logo

Background:

Moodle is an open source e-learning platform and a learning management system developed by Martin Dougiamas 1999 and published under the GNU. The name Moodle

stands for Modular Object-Oriented Dynamic Learning Environment. It was originally developed to help educators to create online dynamic web sites for their students. (Moodle 2013)

Product:

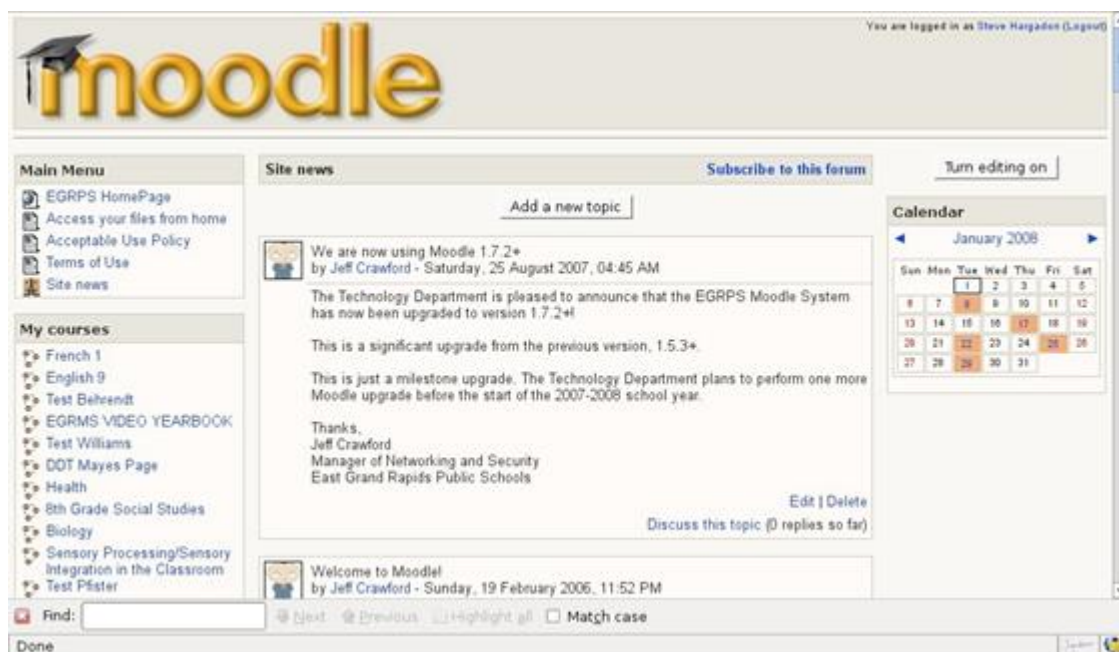


Illustration 4: Moodle Product

The platform Moodle has the aim to provide educators and teachers a tool to manage and promote learning. The functions of Moodle are support of group work, various exercises and exam scenarios, discussion forum and chat, overview of students activities, defining roles (administrator, course creator, tutor, trainer, participants, and guests), learning diary, voting-, survey- and quiz-function, glossary and discussion with the teacher. (Moodle 2013)

Strengths:

The strengths of Moodle are that they already exist in the German market which means they are known, have more experience and enjoy certain popularity. Another point is that the platform is free to use and an open source which means that any user can become a co-developer, correct errors, improve development and finding solutions. Moodle also has a large and active community, thereby also extensible through numerous plug-ins. The platform also saves data automatically, and it offers diverse course exercises with Multiple-Choice. As an open source platform, Moodle

has a fund partnership (Moodle-Trust) which supports Moodle on a financial basis to continue developing their platform. (e-learning 2013)

Weakness:

According to the internet site “e-teaching.org”, Moodle has a weakness in its functions with audio and video conferencing. Applications sharing and whiteboard are not integrated, therefore, it is not quite as powerful as some commercial systems. (e-learning 2013)

4.4.3.3 CLIX



Illustration 5: Clix Logo

Background:

IMC produced the e-learning platform CLIX learning suite which was established 1997 as a project of the Saarland University. Today the company provides different products to their customers. CLIX learning suite is one of them, with the target on universities and other institutions. (e-learning 2012)

Product:



Illustration 6: Clix Product

CLIX is a non-free LMS and their functions are integration of various types of content (HTML, PDF, images, audio, video, flash, podcast, SCORM, WBT); communication forms (email, discussion forums, chat, news, wikis, bulletin, boards and document achieve); management of courses, participants, activities, events, and educational communities; defining of roles as administrator, teacher, tutor and learner. Tutor functions such as monitoring, controlling of students' progress with implementation and evaluation of tests, management of e-testing, e-evaluation and worksheets, designing of individual start page, guest- and address book of every user, library, overview of all users in the form of profiles and search function. It has additional components like virtual class room and so forth.

(e-learning 2012; IMC 2013)

Strengths:

CLIX is a product developed in Germany. The company knows the market and has certain popularity. The platform has a large variety of functions, very adaptable in building a learning environment, easy implemented design adjustments, extensive personalization capabilities, integrated templates for courses and a large variety of question types for creating tests. (e-learning 2012)

Weakness:

According to "e-learning.org", the installation and administration is complex, so it may require specially trained personnel. Another weakness is that no private bookmarks are possible for users. (e-learning 2012)

4.4.3.4 Blackboard



Blackboard

Illustration 7: Blackboard Logo

Background:

Blackboard Inc. is an American developer for education software located in Washington D.C. Blackboard was founded in 1997 by Michael Chasen and Matthew Pittinsky, to provide technical standards for online learning applications. The company offers seven platforms: Blackboard learn, collaborate, connect, transact, analytics, mobile and Blackboard engage. It is a non-free product which is based on licensing. Today Blackboard is one of the leaders in the e-learning sector with more than 3000 employees in 21 different locations, 8 outside America. They also have more than 160 partnerships and over 12.700 software license applications in more than 70 countries.

Product:

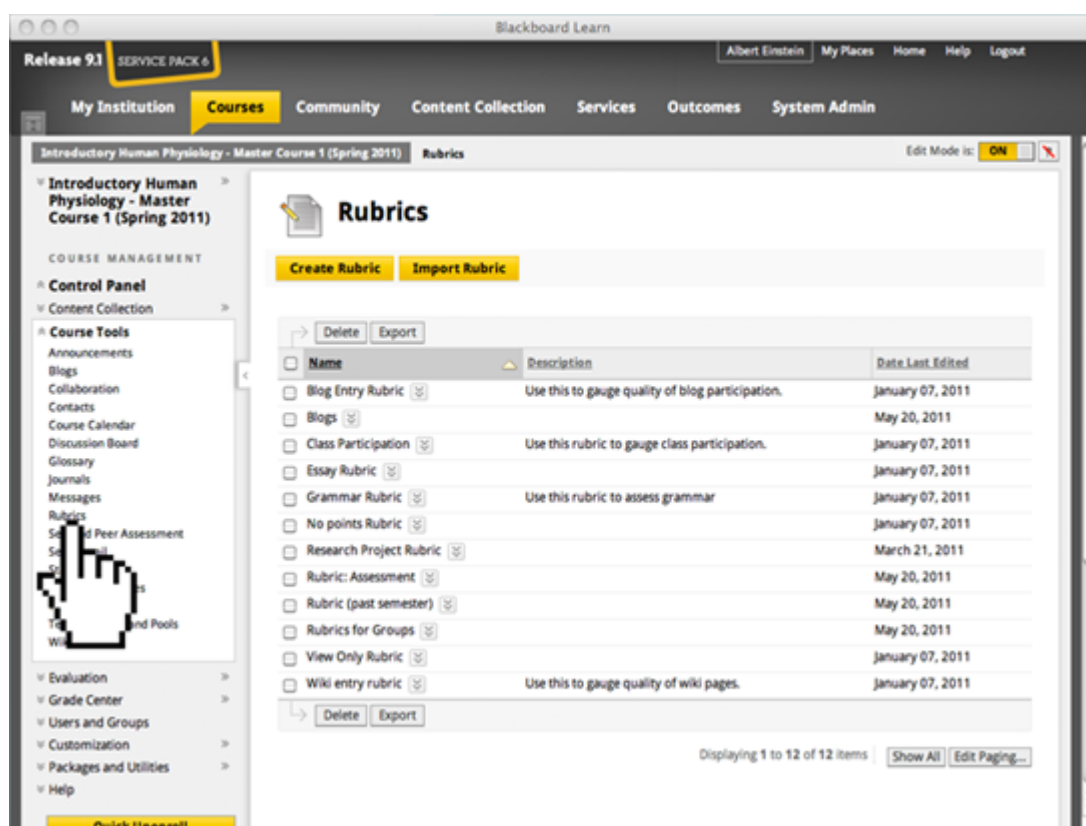


Illustration 8: Blackboard Product

Blackboard learn which is Blackboards LMS, online learning environment and course management system. It has 20 million daily users, over 80 global client-led User Groups and over 200 partners. Some of Blackboards learn features are asynchronous and synchronous communication methods; provision of learning materials; defining of different roles like guest, observer, participant, and the like; integration of Web 2.0 tools; evaluation functions and calendar; course management system. (e-learning 2013; About Bb 2013)

Strengths:

Blackboard is present in the German market. The teachings can be expanded with provided modules, for example, integrating a matching YouTube channel with the course. Blackboard Learn is accessible via Android, Blackberry, iPad, iPhone, iPod touch or Palm. There is the possibility of linking with social networks such as Facebook, Twitter, Yahoo, etc. (e-learning 2013)

Weakness:

According to “e-learning.org”, most of the external assistance like video tutorials are in English and not available in other languages. On the German version of Blackboard, Learn umlauts cannot be displayed on personal homepages within the LMS. (e-learning 2013)

Objective:

Based on Blackboard’s internet site, their mission is to get everyone educated. Every step is based on empowering their clients, partners and learners by giving them the tools to personalize and having direct access to education. Another objective is to improve their products and sell them to more institutions. (About Bb 2013)

Strategy:

According to Ray Henderson, the CTO of Blackboard, the strategic focus is on open source LMS products that are increasingly accepted and to expand their product offerings concerning to LMS products. Through recent news on Blackboard’s internet page, Blackboard is partnering and supporting open source companies like Moodle. (Ray Henderson 2013)

4.4.3.5 OLAT



Illustration 9: OLAT Logo

Background:

OLAT is the short form for Online Learning and Training. The free software is an Open Source LMS which was developed 1999 at the University of Zürich who is also funding OLAT. The program was developed with the goal to present lectures and tutorials on the internet with focus on the establishment and implementation of courses. Today OLAT has 70.000 users and close to 50 institutions in Switzerland using the software. (Welcome to OLAT 2012)

Product:



Illustration 10: OLAT Product

OLAT LMS has several features as rights and group management; course-, test- and HTML- editor; flexible course system with free configurable course elements; grading tool; data archiving; Personal homepage with calendar, list of courses, bookmarks, notifications, appointments, etcetera; notes and messaging system via email or RSS; Collaborative tools for groups like forums, email service, chat, wiki, and so on; file uploads; translation tool; blog and podcast. (e-learning 2012)

Strengths:

OLAT is free and exists on the German market already. It has a good support on group work, support of conventional e-learning standards for tests and questionnaires, integration of external resources like internet sites and it has a clear user interface. (e-learning 2012)

Weakness:

Java is required on the server side, which is not included in many web host offers. Overall it is not quite as powerful as some commercial products (for example, no whiteboard, and no possibility for audio and video conferencing). (e-learning 2012)

Objective:

The objective of OLAT is to share knowledge through a simple way where everyone can have access anywhere at any time. (Vision 2012)

Strategy:

According to the homepage of OLAT, the producers have increased their orientation towards mobile service. (Vision 2012)

4.4.3.6 SAKAI



Illustration 11: Sakai Logo

Background:

The Sakai foundation is a non-profit community between different universities, institutions and individuals which started in January 2004. Today it is a growing communi-

ty with more than 100 members. (Sakai Collaboration and Learning Environment 2013)

Product

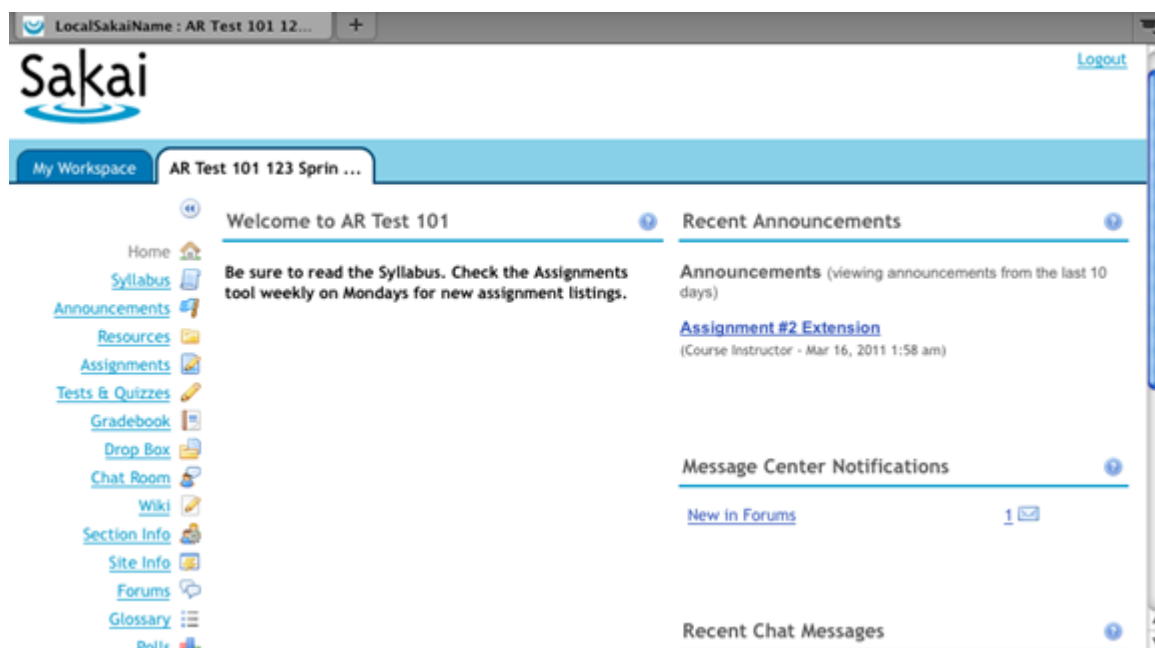


Illustration 12: Sakai Product

The Sakai is an online Collaboration and Learning Environment (CLE) and an open source platform. Some of its functions are worksite tools like announcements, schedule, forums, chat rooms, podcast and the like; admin tools like archive tool, preferences tool, memory/cache tool, section management and so forth; workspace and special tools like account, help documentation, message of the day, link tool and so on; contributed tools like online meetings, checklist, evaluation, goal management etcetera. (Sakai Collaboration and Learning Environment 2013; Unicon 2012)

Strengths:

Sakai is an open source platform and already exists in the German market. Other strengths are their general collaboration features like course announcements, Wikis and RSS feeds. Furthermore, their teaching and learning features like the course management and learning tools which allow instructors to build and plan lessons, also to grade tests and assignments. Another point is their portfolio tool which gives users the ability to share, create, publish and view portfolios. Sakai's administrative man-

agement tool, which offers robust options, is also strength. (Open-Source Learning Management Systems: Sakai and Moodle 2010)

Weakness:

A weakness of Sakai is that the platform is missing some comprehensive competency in profiling and management which for some enterprises might be a barrier. Sakai does not always collaborate with other enterprise software. It is also complex in installation. (Open-Source Learning Management Systems: Sakai and Moodle 2010)

4.4.3.7 STUD.IP



Illustration 13: StudIP Logo

Background:

STUD.IP (Studienbegleitender Internetsupport von Präsenzlehre) is an internal-based learning, information and project management system which is used in different universities, institutions and companies. (e-learning 2012)

Product:



Illustration 14: StudIP Product

The platform is an open source LMS which is used primarily for the coordination and monitoring of events at universities and non-university educational projects. The platform is managed and developed by the STUD.IP-core group, the company dataquest and various universities. Some functions of STUD.IP are synchronous and asynchronous communication, for example, discussion forums, wikis, chat rooms; surveys, tests and evaluations; schedules, calendar for events, individual timetabling; address book, directories; space and resource management for example room reservation plans; personal homepage for each user within the system; image upload; role-based permission system; WAP access and RSS capable. (e-learning 2012)

Strengths:

STUD.IP is a free open source platform already existing in the German market. It has a good integration and collaboration of the ILIAS platform. It assists in creating new courses; it supports exporting data to PDF, HTML, RTF, and XML. It supports bibliography data import of different sources. (e-learning 2012)

Weakness:

No whiteboard - and audio/videoconference function. (e-learning 2012)

Strategy:

STUD.IP has an existing development for their smartphone app which they are planning to continue developing. (e-learning 2012)

4.4.4 Positioning map

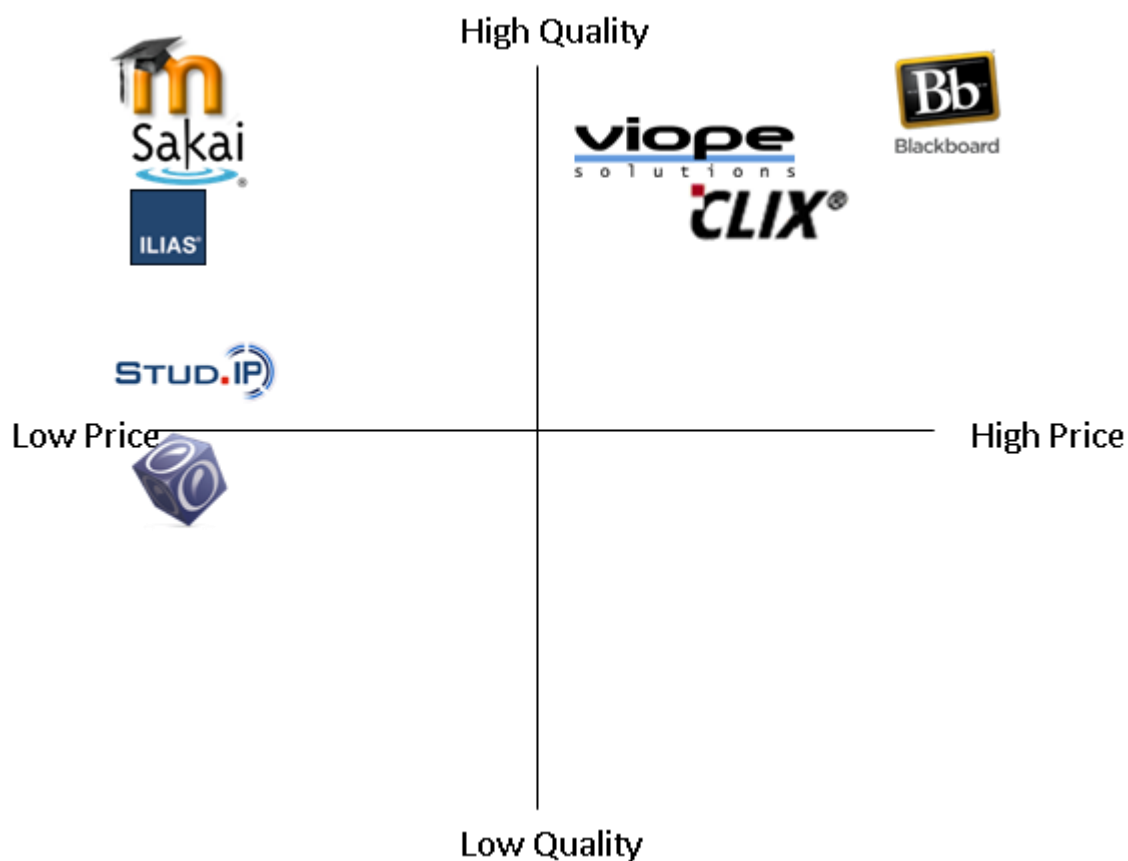


Figure 12: Positioning map

4.4.5 Consumers



Figure 13: Germany's fluctuations in recent years' inflations

According to the chart above, the inflation fluctuation in percentages of the German environment has been rising and falling. The implication is that when inflation rate is high the GDP is negatively affected, and people tend to be more careful with their spending while more expenses are made when it falls. In 2011, the percentages were relatively high compared to the third quarter of last year when it reached an inflation low of 1.71%. However, that figured was not achieved again until January 2013, but the inflation rate has been a favorable side of traders. The gross domestic product (GDP) of a country affects all sectors of the economy which also includes the technology industry where Viope Solutions operate (Trading Economics, 2012).

That having been enunciated, it will be good to state that the target group for this research is focused on higher institutions. Based on the findings of the authors during the market analysis there are 418 higher institutions in Germany which gets government's subsidies. Judging by this, and the fact that the higher institutions are poised for better standards, they will be willing to explore new channels of information and learning apparatus and this offers Viope Solution business opportunities.

4.4.6 Demand

Germany is one of the leaders in information and communication technologies across the globe, and they are not showing any sign of relenting as the country hopes to consolidate on that. The information and communication technologies (ICT) segment according to statistics has created more jobs in the country than the motor-vehicle

manufacturing and mechanical engineering industry (Federal Ministry of Economics and Technology).

The industry generated €150 billion in revenue for the end of 2011, leaving the German ICT as the fourth largest in the world. With 860,000 people in employment, the information and technology (IT) sector copped a revenue of €70 billion in 2011, that figure shows that it has the largest share of the information and communication technologies (ICT) in Germany. Only the mechanical engineering industry has more employees than ICT in Germany, but the constraint is that employers do not always find the qualified workers, as a result, there has been a significant increase in demand for IT specialists in the country (Bundeministerium für Wirtschaft und Technologie).

To further compact the German ICT industry, the government has invested in the digital future of the country by developing a new ICT strategy which sets for ministries, plans and the necessary measures to implement the government's ICT framework policy. The strategy tagged "Digital Germany 2015" has projects and tasks as well as setting out priorities up to the 2015 period. Below are some aims of the strategy:

1. To consolidate training and competencies, as well as education in basic, further and continuing in new media handling.
2. To meet future challenges by amplifying networks and infrastructure.
3. It also aims to speed up translation of research and development (R&D) innovations and inventions into salable products and services by stepping up ICT sector's research and development.
4. To ensure that in the future, the protected and personal rights of internet and new media users are not violated.
5. Using ICT to strengthen competitiveness in all sections of the country's economic proceedings. (Federal Ministry of Economics and Technology)

Going by the above findings, the demand for information technology (IT) is on the increase and the government has shown good interest in strengthening the industry

by investing in its future. Aside this, the industry is lacking enough employees despite being the second largest employing industry in Germany. Though the criteria of employers are somewhat demanding but not unattainable. The potential for information technology market in the country is at the moment more than average which is good for new market entrants.

4.5 International business plan

The idea behind the international business plan is to form the frames for the upcoming global operations and thus help the company to reach its predetermined goals.

In order for Viope Solutions, to reach its outlined goals and objectives in entering the German market, sketching the frame for the international business adventure is a key factor to their success, as a result, some of the major steps that need to be taken will be suggested by the authors of this research in this platform.

4.5.1 International marketing strategy

Viope envisions gaining entry into the German market as early as it can. It is not impossible going by the brand equity, its share in the home market and availability of fund to execute the process of internationalization. The company's aim is to establish a renowned brand to be reckoned with in the information technology industry in Germany. The authors of this research report after analysis of the competitors operating in the German IT sector opted for two market entry options:

Direct exporting: dealing directly with the customers.

Sales agent: dealing with customers through a middleman otherwise known as the agent or company's representative (see chapter 2 for more information).

Prior to these strategies, it is advised that Viope takes part in exhibitions and trade fairs to establish contacts and gain some access to the market. The entry method and exhibitions in Germany will be further discussed in the subsequent parts of this research.

4.5.2 Target groups

As earlier discussed in the previous sections, the target customer for this research is focused on higher institutions in the German environment. There are 418 higher institutions many of which either uses free platform or more than one platform from different IT companies. Viope Solutions can explore the environment by taking advantage of the continuous growth of the information technology industry, and demand for IT specialists by employers to as well as target individuals in need of development to retain their jobs. Some companies will be interested in these products for group training and improvement of their business operations.

The high competition in the IT industry in the host country is not one that can be ignored. With precautionary measures Viope Solutions can succeed in the market giving their efficient products.

4.5.3 Market entry method

The entry modes were established in a previous discussion. Two market entry methods were considered ideal for Viope Solutions, which are direct exporting and sales agent.

Firstly, direct exporting is considered an ideal entry option based on the proximity of the home and host markets. By exporting directly, Viope Solutions scales the hurdle of the middleman by selling direct to their clients in Germany. This option is assumed appropriate and benefitting because there are no bulky physical goods involved except for training of the clients.

The second entry strategy is sales agent. Using sales agent is a good strategy to penetrate a new market. Sales agents go beyond just selling the physical products to communicating it through means of direct selling advertising, sourcing for new clients, carry out training of the clients, gather more information about the general environment and the IT sector as well as trend and the state of the competitors.

Having enunciated the above entry options, sales agent is, however, deemed a better option owing to the language skills and environment familiarity amongst other factors

possessed by the prospective agent. The company can otherwise make a foreign direct investment in the future by establishing an office if the customer base grows and the market potential appear good.

4.5.4 Managing business operations in Germany

As recommended above, Viope Solutions either deals directly with clients or through an agent representing them in Germany. Literally, sales agent stands a better option putting the SLEPT analysis into consideration. According to Mika Lackman, the chairman of Viope Solutions, “we are currently aiming the international markets”. The advantage of employing the services of an agent gives the company adequate concentration on new market opportunities rather than focusing on a market that has been entered.

If Viope Solutions opts for sales agent, it is ideal that an active and well-coordinated one with a good knowledge of the German market be contracted. That being enunciated, there are set of contract rules and regulations that need to be agreed upon by both parties otherwise abuse of the market entrant, or the sales agent or conflict is probable. The agreement should state the duties and responsibilities of the agent, duration of the contract, competitive lines, rights of the parties, cost of operation responsibility as regards the German market.

An alternative to the sales agent is directly exporting to clients in Germany with the recruitment of a staff to manage it. The process of the German market entry will be coordinated by this staff; he will source for new clients as well as make further research on the host market. If the customer base grows as time goes on, business wise it is economical for Viope to contract an agent and it is also the duty of the German market manager to search for one.

However, an agent should not be solely depended on to carry out the whole business operations in Germany while the German market manager of Viope folds hand giving orders from Finland. It is essential that an active communication channel is established to know the state of the business in the market. The agent needs motivation, support, trainings and a well scheduled meeting times should be melted out in order to maintain a good business relationship with the agent and clients. By paying atten-

tion to these mentioned factors, Viope Solutions checks the cost of operation without compromising service and product quality control.

4.5.5 Advertising the brand/Networking

To advertise and network the brand into a new market where competitors already have their customers, market niche and the popularity, Viope Solution should try to gain popularity in the German market in order to have success for selling their platform. There are different ways of advertising and networking a company or a product. In Viope Solutions case the authors suggest they participate in exhibitions and conferences related to education and technology. Also, they should keep stable their already existing brand networking with their partners, universities and other customers. That could help them to gain both popularity and recognition as well as to find new partners.

One of these exhibitions is ONLINE EDUCA Berlin, which is according to their internet site, the largest global conference on technology supported learning. This event has over 400 speakers, about 2000 participants from more than 100 different countries. The next event date will be on the 4th to 6th December 2013 in Berlin. Even if, Viope Solutions is not participating in that event, the authors recommend them to keep an eye on it to see how the industry is developing, which companies are participating and what the issues are which will be discussed. (Online Educa 2013)

Additionally, it is important to build networks with other organizations in order to positioning the brand and win awards either in the home country or abroad. Through this recognition from part of these organizations which develop in the same field, the brand gains publicity and therefore, its strength is building up and people start recognizing and choosing it.

Another way to advertise would be through a press agent who would publish a report or an interview of Viope Solutions in a magazine related to universities.

The fact that Viope Solutions has experience in entering foreign markets, it should not be a barrier to build up a brand networking. Also, the fact that Viope has multicultural employees, who know foreign languages and cultures, it is more likely to be

as an advantage. However, the gap between the German and Finnish business culture is not that wide, for example, both use a direct language, so for Viope Solutions to build up that brand network would not be that different than in Finland.

5 Conclusion and recommendation

Critically analyzing the research based on the information gathered, the authors find the German market a positive one with potential to expand Viope's exploration of the information technology business world.

However, it is utterly important that the prospective new market entrant weighs its chances and risks by taking note of the existing competitors in the host market. The authors found many competitors in Germany but uncovered seven major competitors posing a threat to the operation and survival of Viope Solutions in the German IT sector. Having said this, the research is focused on higher institutions and the major competitors analyzed in this report offer services to universities, polytechnics and other related institutions. Two out of these seven charge for the use of their products while others are free platforms. Though, their charges could not be ascertained, the researchers are wary of it and deems them liable threats to Viope Solutions based on pricing policy between the home and host market. Things are relatively cheaper in contrast with Finland, and tax is lower in Germany as well.

Despite the competition and pricing policy threat, the market still stands as one to reckon with judging by the number of employees and turnover in the information technology sector in Germany. It is the second highest employer after the mechanical and automobile industry. Other advantages are the funds granted to higher institutions by the government and state, this in a way wades off the financial paralysis crippling investment on human resources; the labor force is also not contented with the low level of IT specialists in the market; Finland as a country surpasses Germany in information technology and Viope having conquered the local market, their knowledge and experience in internationalization, good image of Finland and products, multicultural employees, direct language and similar business culture give Viope Solutions an edge in their quest for this business adventure.

In as much as the authors see the market potential as evident, they cannot automatically give Viope the go-ahead, but judging by the findings in the research there are

more pros than cons. The researchers however, recommend that the new market entrant having won awards in math and computer science from the education sector, should capitalize on their competitive advantage, focusing on higher institutions that offer information technology studies.

This research is conducted by a pair of students, and their assertion is that Viope Solution can try the market. The researchers, are also of the clasp that the final decision of whether to enter the market or not, solely depends on the management of the company.

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Illustrations

Illustration 1: ILIAS Logo	41
Illustration 2: ILIAS Product.....	41
Illustration 3: Moodle Logo.....	42
Illustration 4: Moodle Product.....	43
Illustration 5: Clix Logo.....	44
Illustration 6: Clix Product.....	44
Illustration 7: Blackboard Logo.....	45
Illustration 8: Blackboard Product	46
Illustration 9: OLAT Logo	48
Illustration 10: OLAT Product.....	48
Illustration 11: Sakai Logo	49
Illustration 12: Sakai Product.....	50
Illustration 13: StudIP Logo	51
Illustration 14: StudIP Product	52

Figures

Figure 1: Framework of the Thesis	3
Figure 2: SLEPT Analysis.....	5
Figure 3: Elements of culture	6
Figure 4: A cultural framework.....	10
Figure 5: SWOT-analysis.....	14
Figure 6: Three steps of competitor analysis	16
Figure 7: Steps in management contracting.....	24
Figure 8: Theoretical framework	27
Figure 9: Germany GDP growth rate.....	35
Figure 10: Unemployment rate.....	36
Figure 11: Country comparison of taxation.....	38
Figure 13: Germany's fluctuations in recent years' inflations	54

Tables

Table 1: SWOT analysis.....	40
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Appendices