

Developing a marketing process and strategy

Case Macecraft Software

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Master's thesis of the Degree Programme in International Business Administration
International Business Management
Master of Business Administration

TORNIO 2014

ABSTRACT

LAPLAND UNIVERSITY OF APPLIED SCIENCES, Business and Culture

Degree programme:	Master of International Business Administration
Writer:	Veera Peltonen
Thesis title:	Developing a marketing process and strategy - Case Macecraft Software
Pages (of which appendices):	76 (3)
Date:	28.05.2014
Thesis instructor:	Sari Mattinen
<p>The objective of the thesis is a development of a marketing process and strategy for a case company. The research focuses on analyzing the changing situation of a micro online company by comparing the case company's way of conducting business with theory and contrasting on the ways of how other innovative companies conduct business. The objective is to create a new way of managing the business by introducing a new marketing process and strategy. The case company is a family owned micro company; Macecraft Software The case company's headquarters are located in Pori, Finland. The new products focus on improving computer work.</p> <p>The research method is a qualitative case study. The theoretical framework was created and data was collected by drawing from literature reviews and online materials. The theory focuses on the strategy and business environment. The case company does not have staff with marketing experience in house and has not used specific marketing processes or strategies in the past</p> <p>The empirical data was collected mainly during the time when the author worked for the case company. An industry expert was interviewed to gain understanding of the current state of the ICT industry. The structure of the thesis is a holistic case study, where the theory is interlinked with the practice. The marketing process and strategy are created upon the results of the research.</p> <p>This research confirms the case company's current situation to be dire. The case company's new business environment is found to be in the contemporary business by this research. The market segment for the new products is concluded to be in the work well-being as the products can be used to improve work environment. The target market area is divided into two areas. The first target group is the entire online world and the second target group is the US and Europe. The marketing strategy table was created for the case company to be used to follow the marketing process and strategy. The case company benefits from the research by receiving marketing process, strategy and marketing message. The case company is now aware of the new business environment and has the tools to become a success story.</p>	
Keywords: Online, marketing, strategy, contemporary, ICT	

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1 INTRODUCTION

1.1 Tangible and intangible products in online world

The stolen eggs. The birds and the pigs. The back-story. The game company Rovio Entertainment Ltd., formerly known as Rovio Mobile Ltd. and formerly known as Relude Ltd., is an exemplary company of the online marketing usage and success. After competitive difficulties, the company developed the right product and changed overnight. Rovio had had a plan created that was followed once the successful product was created. (Waseem 2013.) The case Rovio is a perfect example of an adaptable company in today's fast changing contemporary business environment.

Marketing process is defined as matching materials found in nature or goods fabricated from these materials against the needs of households or individuals (Alderson 1958, 16). There is marketing and then there is online marketing. Lindsay (2013, 5) defines online marketing as "Placing your business or product on the Internet for millions of users to access to that you can turn your website into a strong tool to maximize your sales and business potential." The definition can be understood that with the right product, the whole world is a business arena. The right product, in this case study research, is software. Kittlaus and Clough (2009, 5) define software as "an intangible economic good, with no physical form, its utility or value not even perceptible in another form." They conclude that the software is different from the economic factors by being in the fourth category of economic factors of "knowledge" (Kittlaus & Clough 2009, 5, original emphasis). The thesis research analyzes the new products for the new market segment and marketing method to be concluded. In other words, the need that the new products are fulfilling has to be determined. As described the Internet and software products give an unlimited reach for any company. For the case company this is the place to start narrowing the core market area.

Manufacturing, location and interaction limit the products range where the product can be offered to customers. "The lack of attention to antecedent conditions and processes for buyer-seller exchange relationships is a serious omission in the development of marketing knowledge" (Dwyer & Schurr & Sejo 1987, 11). The Internet takes the interaction limitation away, as the Internet opens up the market and allows direct feedback with social

media. With a product that can be uploaded and downloaded, the location limitation is non-existent. Manufacturing limitation does not have similar solution, as the software product has to be coded, i.e. manufactured. The process, however, will be faster than manufacturing in a factory, and problems, i.e. bugs, in the code can be amended in minutes compared to product withdraws and re-issuance. This difference in the manufacturing aspect is what Kittlaus and Clough (2009, 5) are referring to when they maintain that software is in -knowledgeø category in the previous paragraph. Software can be just ones and zeroes, it is not necessarily a tangible object even though some are sold in the CD form. For example, the case Rovio has managed to concur the limitations by starting as a software company and developing into much more.

The online market described previously is where the case company Macecraft Software operates. Macecraft Software is the case company in this thesis. Macecraft Software is a micro software company, i.e. there is one employee and the Vice-CEO in the case company at the time the thesis research was started. The headquarters of the company are located in Pori Finland. However, the company operates worldwide through online sales. The employees work from home, and no actual headquarters exist. The case company is no Rovio, but with guidance from this thesis research, the similar success can be achieved.

1.2 History and background of Macecraft Software

Currently, Macecraft Software is a micro company in the process of developing two new products that differ from the current products, which are in the process of changing into open source software during the first quarter of 2014. For the two new products to be successful, the marketing process has to be developed. The initial benefits from the new products are located in work well-being i.e. lowering the stress from the work environment. The work well-being is discussed in detail in a later chapter. Macecraft Software was founded in 2001 and officially established in 2003 by two brothers Vuorio. The company is registered in Finland. The idea for the company came from the younger brotherø hobby; he had developed registry cleaner software when he was sixteen years old. The software developed by Mr. Flemming, nee Vuorio from now on vice-CEO, was one called RegCleaner, which was one of the first registry cleaners to be found.

The company was a graduation project at EVTEK University of applied sciences. Because the vice-CEO chose the company to be a limited company, his brother took part in order to make the establishment of the company possible. Both owners have a background in engineering with little experience in customer service or business management. The original business model for the case company was to provide innovative registry cleaner software for all computer users. The original business model was successful because the software was innovative and among the first movers.

1.3 Objectives and research questions

The thesis research answers to the deficiency of information and knowledge of the vice-CEO on managing marketing processes in an international company. The main objective of this research is to develop a marketing process and strategy for the case company. The marketing process and strategy create a marketing path for all the products of the company. The marketing path creation needs the situation analysis of the company to be carried out. The second objective of the research is to use the situation analysis to perceive the new changed product base in a new environment. The new marketing process and strategy is based on this perception received from the situation analysis.

The research questions addressed in this research are discussed below. The thesis has three research questions. They are designed to cover the present and the future of the case company in addition to the marketing process and strategy.

1. What are the current situation, communication and interaction method, marketing process and strategy of Macecraft Software? How do the new products change the situation?

The current marketing process and the problems in it are analyzed in order to apprehend the improvement possibilities. This question determines the sections of business where Macecraft Software has shortcomings and where, if in need, Macecraft Software needs to improve the marketing process. The new business environment is analyzed. The answer to the research question will clarify if there is any need for improvement. An important part of the marketing process is the interaction with the customers. This research question is answered in chapters 3 and 4.

2. What is the suitable target market area or areas for Macecraft Software's new innovative products? Does the target market area, or areas, differ drastically from the old products' target area?

Finding answers to research question two aims at defining what the best area for the company is to release and advertise the new innovative product. For the new products, it is important that in this target area there are good Internet connections, computers and computer users. The target market areas and the company's changed situation are analyzed for the suitable target market to be found. The products' different marketing needs have to be identified to ensure effective marketing. In other words, the products per se do not need anything. However, the core target audience has different needs and focus. This means that the products have to be introduced to the audience differently than the existing products for the new products to capture the attention of the potential customer. This research question is answered in chapters 4 and 5.

3. How can the marketing strategy tools be used to promote the new products?

The answers to the question help define the best strategy and the tools for the new products for the market entry. The answers to the question lead the thesis research to conclude the market entry strategy for the new products and marketing strategy to keep the products in the market. In other words, the marketing tools and methods are analyzed to benefit the case company's new products. This research question is answered in chapter 5.

1.4 Structure of thesis

In chapter 2, the methodology and limitations of the thesis is described. In chapter 3, Macecraft Software is described and introduced in detail with information of customer base, products and current strategy. The situation analysis of the new business environment is conducted in chapter 4. The marketing process and strategy as well as the customer segment are built in chapter 5. The thesis is finalized in the conclusions chapter, where the results are discussed and further research is suggested.

2 METHODOLOGY

The main research method for this thesis research is a qualitative case study. Simon and Francis (2001, 31) describe the case study as "descriptive research based on a real-life situation, problem, or incident." Gall, Gall and Borg's (2003, 434) perception of a case study is as follows: "good case study brings a phenomenon to life for readers and helps them to understand its meaning." The current thesis in mind, a relevant definition for the qualitative case study is given by Merriam (1998) as the definition combines the case study and the qualitative approach. Merriam (1998, 27) defines qualitative case study as "an intensive, holistic description and analysis of a single instance, phenomenon, or social unit." The case company, Macecraft Software, is the single social unit described in the previous definition.

The scientific information of the marketing process, i.e. segmentation, targeting and positioning, is based on the different opinions in marketing theory and practice as well as on a variety of environmental analysis. In addition to the approach discussed previously, the CRM, i.e. customer relationship management, is delivered along with the assessment of suggested strategies. Situation analysis is used to define the company, competitors and clients as well as environmental factors and SWOT. Market segmentation is used to find the best available target market. Case studies of innovative products are researched, for example, the case Rovio is analyzed.

The practical part of the work is based on interview with the company owner vice-CEO via email, on the interview of an industry expert, on the job by observing and on the author's own experience. To the on the job observing is included meetings, discussions and other electronic interaction with the vice-CEO. The vice-CEO has years of experience from the ICT industry as a developer. The author has worked for Macecraft Software over six years mainly as technical support and secondarily as little bit of everything else possible. An industry expert, Mr. Mustonen, was interviewed to gain information of the current situation of the industry. The interview was conducted as a phone interview. Mr. Mustonen has years of experience from ICT industry in BusinessOulu.

Email was chosen as the interview method due to the location of the vice-CEO. He is currently located in Thailand, which made other methods for the interview difficult. The

interview was in English and the structure was kept short for qualitative reasons (appendix 1). The vice-CEO was interviewed in English because the company business language is English. The industry expert interview was held over the phone. The interview structure was kept short for qualitative reasons and the interview was held in Finnish (appendix 2). The interview was conducted in Finnish, so that the interviewee would feel at ease in answering the questions.

The case Rovio is compared and contrasted to Macecraft Software to evaluate Macecraft Software's possibilities. The case Rovio is used as an example of the contemporary business environment. The case Rovio is used because of the innovative nature of their business. As a company, Rovio has grown from a small gaming company into a medium sized entertainment company. The case Rovio has been studied by the author previously and these resources are used to analyze their situation. The practical part uses the data from Macecraft Software to study internal and external environment, research the company and provide a critical evaluation of the present situation.

The theory and practice are linked by using the theory to understand the marketing process and strategy. This understanding used to implement the situation analysis where the practical information is used and in the end the new marketing process and strategy is created to Macecraft Software. The analysis of the company is based on the theory by using the SWOT analysis, Porter's five forces model and a balanced scorecard tool. In the current situation, the case company has not carried out a balanced scorecard or viable SWOT analysis. The tools discussed above are the basis on which the theory is built on. The situation analysis is carried out of the new company situation and environment. The theory and practice are discussed at the same time to have a holistic and descriptive case study structure in chapters 3 and 4, and partly in chapter 5.

The limitation of this study consists of the size of the case company; the size of the company limits the thesis research as the processes are interlinked and the analysis is repetitive because of the interlinked processes. Interaction difficulties; the different time zone of the vice-CEO has hindered the daily interaction; however, this limitation is overcome by technology, i.e. email. Insider bias; the author has worked in the case company for almost seven years. The new software still being in development; there is a risk of delay in the launch of the software increasing the number of competitors in the

market, making it impossible for the products to use the innovative aspect. The assumption is that the software is desired. It is still uncertain if the case company will stay open for business, when this thesis is conducted and completed. Economic environment is also a limitation, when considering the target markets. The changes in the economic environment are rapid, and affect the consumer behavior.

In the situation analysis the business environment, law and social environment are researched. As the company's headquarters are located in Finland, the situation analysis focuses on the Finnish environment and law. The focus is in Finland as any changes in the Finnish law can have an effect on the company business. Finland is part of European Union, which is taken into consideration as well despite the fact that, it does not have a direct effect on an online company with intangible goods. When the case of Macecraft Software is build up the word employees refer to all current and old employees and the singular for refers to the current employee.

3 DESCRIPTION OF THE CURRENT SITUATION

The case company's core ideology is introduced in detail. The current processes, strategies and products are described to provide a detailed information of the current situation of the company. The basic structure of a working company is described in the theory and then compared to the case company. This chapter answers the first research question of the thesis.

ICT companies focus on developing the technology and not the product itself. Differentiation is the core for any company's success, i.e. the reason why customers are buying the product instead of competitors' product has to be clear. Customers bring the cash flow; therefore, the added value i.e. benefits or the brand has to be clearly visible. The cash flow is needed to improve the sales, marketing and further development of the product. (Mustonen 2014) The sub-chapters to follow discuss if the case company carried out its best in order to succeed.

3.1 Current strategy, mission, values and vision

In any company, there are strategy, mission, values and vision. From the vision, the core of the company is built and from the strategy, the vision is shared. Andrews (2010, 74) defines strategy as 'the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities.' In other words, the strategy is the guidelines that the employees follow. Having no strategy means that there is no goal to achieve or plan to follow.

Andrews (2010, 74-75) additionally discusses the difference between 'corporate strategy' and 'business strategy'. Corporate strategy is comprehensive and applies to the entire enterprise, and business strategy defines 'the choice of product or service and market of individual businesses within the firm.' The strategy reflects the company and the process of making the strategy is inseparable from the company culture. Difficulties may arise

when the strategy is not processed as a rational task as it hinders the company's future endeavors by limiting the strategy to known and current ideas. (Andrews 2010, 74-75) It is important to differentiate the corporate and business strategy. From the author's experience of working in micro and small companies, the companies focus on business strategy as the single product or service has been more valuable to the company than the company reputation or name. The definitions of strategy are suited for larger companies where the processes are more defined rather than for the case company which is a micro company.

“Mission is an organization's character, identity and reason for existence. It can be divided into four inter-relating parts: purpose, strategy, behavior standards and values.” Vision is the company's goals and mission is the way of behaving. (Campbell & Yeung 1991, 145-147) As was discussed previously, the absence of purpose is harmful for any company. The mission clears the action plan that the employees follow. If the company has no action plan, the performance of the employees decreases. In the author's opinion, the company guidelines increase the motivation to work as well as the work well-being. If any part of the guideline is missing, the meaning of working is lost leading to decreased motivation.

Scott, Jaffe and Tobe (1993, 19) define values as “the essence of a company's philosophy for achieving success” and as providing “employees with a sense of common direction and guidelines for day-to-day behavior.” In other words, it could be said that values are the handbook of company culture. All companies have values; some companies have written values and in others, the values are learned by word of mouth. The most important thing for a company is to share the values with employees and customers.

Vision and visioning go hand in hand, as they cannot be had without each other. For any company to be successful they need a vision and people visioning the path. “Visioning is a journey from the known to the unknown, which helps create the future from a montage of facts, hopes, dreams, dangers and opportunities.” “Visioning refers to the process of clarifying values, focusing a mission and stretching the horizon with a vision.” (Scott et al. 1993, 3) For a company, deprivation of the ability to vision it means failure. Scott et al. (1993, 81) define vision as “a picture of preferred future state, a description of it is a commitment.” In Macecraft Software, this commitment has been simple and non-

changing. The visioning has not traveled to the unknown in the company as Scott et al. described.

At the moment, there is no visible information on the company's site of the mission, values, or vision. This can be interpreted that the marketing process and strategy is not clear or understood in the case company. Strategy has been detailed as follows: "Today, Macecraft Software is a leading provider of Registry Cleaning and Windows Optimization software products with millions of downloads, and with customers in over a hundred countries. Our goal is to make the best Windows registry cleaner and utility software there is. Something so good a ninja would use." (Macecraft 2013a) The statement implies that the case company is today the leader in the market, while clearly this is not the case. The statement should be reorganized to be more truthful and the statement should be separated into mission, values and vision.

Main target group is avid computer users and secondary group is occasional computer users. The target area is the entire world. The current main aim of the case company from the statement stated in the previous paragraph is not clear to the customer and to the employee(s). The aim is rewritten in clearer form and presented in the table 1 underneath. The table 1 has been created by the author for this thesis.

Table 1. Mission, Value, Vision and Strategy of Macecraft Software

Mission	Value	Vision	Strategy
To provide the most versatile Registry Cleaning and Windows Optimization software products available	Innovation: To bring the most innovative AI in the Registry Cleaning	To be the leading provider of Registry Cleaning and Windows Optimization software products with millions of downloads, and with customers in over a hundred countries	To become a part of everyday life of computer users, by giving users the option to control how and when they work.
To increase the life cycle of a Windows computer	Passion: To bring the tools to fit any need	To provide 24/7 online support for customers	
	To save money instead of buying a new computer every year		

In the table 1, the columns are mission, value, vision and strategy. The rows contain the data that were withdrawn from the original statement discussed above. The table 1 is recommended to be added to the case company site, until the time the new products are introduced.

3.2 Current control systems

Trenerry (1999, 6) describes internal controls as "a system of controls and checks instituted by various levels of management that are independent and interdependent and are integrated into the financial and non-financial activities and operations of a business to ensure that the business operations are conducted efficiently and effectively and operating results for all aspects of the business are reliably reported to ensure management decision making is well based and that all relevant laws and regulations are complied with." These internal controls are used in almost every company to improve the business and the company business environment. As can be understood from the definition the controls are designed to control everything and everyone. In smaller companies, the controls and checks are not as important as the management is the same instance doing the tasks to be reported. In those cases, the reports would be sent and received by the same person. Macecraft Software is one of these companies where the management is involved in all tasks of the company.

The management control systems are defined to be more proactive than reactive. While focusing on enabling and encouraging the employees to act desirably with the company's interests in mind. (Merchant & Van der Stede 2012, 5) The management control approach can be categorized into results control focusing on achieving desirable results; action control focusing on achieving desirable actions; and people control hiring people with shared interests and goals. (Merchant & Van der Stede 2012, 29, 81, 88) Merchant and Van der Stede (2012, 10-12) emphasize the lack of direction, motivation and personal limitation to be causes for management control problems. With correct type of motivator, i.e. control system, the problems can be corrected.

Out of the three control alternatives results control, action control, and people control (Merchant & Van der Stede 2012), the case company uses the people control. This is

present in the actions that the company has taken. Due to the size of the company, no physical location is used where the employees work. The work is carried out from home. This has led to flexible hours, which the employees themselves control. The company provides the tools to work with; however, it is employees' responsibility to keep the tools in a working condition. The employees are working alone, and there is a little interaction between them. The work requires certain type of people who are able to handle the work stress and the working conditions.

As the case company is a micro company, all members of staff take part in the development and brain storming process. If the employees come up with a good idea that can be implemented in the software or an idea that will increase sales, they are entitled to a monetary reward. There is no punishment other than the loss of the job. The case company recommends traveling if working is possible at the same time, i.e. there is access to the Internet. In other words, as long as the work is carried out, there will be no punishment from enjoying life. For example, one employee has lived in Finland, Grenada and Canada, while working for the case company. The vice-CEO has lived in Finland, Grenada and Thailand. This is considered an added reward for working for the case company, and a motivational factor as the employees are in control of their own life. The possibility to live in different countries means that the location of living space is not determined by the place of work, which is the case in normal work environment. The work environment of the case company is abnormal because of the freedom provided by the remote work. However, due to the low cash flow, the monetary rewards are not issued at the moment. The current reward is a promise of a raise if the situation improves.

The current support system does inform the open tickets and their owner. In the support system, it is possible to follow how long a ticket has been open and unanswered. The cost of the current control system is quite low, as there are no costs of having a location for employees to work. Providing freedom to employees is thus free. This has created enough loyalty towards the case company in that when overtime is needed, the work is carried out. The overtime is carried out if needed even though the current situation is not promising any rewards for the extra work. In the case company, there is clear need for other type of control as well, but defining it is difficult. Compared to the larger companies where the processes and plans facilitate the specific type of control systems, in a small company the best type of control system is one that combines all three. The control system

improves the effectiveness of work if the results are monitored. There is currently a deficiency of this enthusiasm in the case company.

The current control approach is the only approach that is viable for the current company situation, as the approach is the only one that is providing the necessary motivation for the current employee. The old employees have expressed the preference of the people control approach due to their own family lives and hobbies. This preference indicates, that, despite the fact that there is clear absence of business understanding otherwise, there is potential in the work environment.

There is a clear deficiency in employee training; however, this has not had an impact on the work atmosphere. The employees understand what is expected or what is agreed on the employee contract. Non-communicated expectations are not met, but the employee does work hard to meet the expectations made known. Improved results can be had with results control approach to achieve results, as clear boundaries on what can be carried out will increase the efficiency. The main problem is absence of clear strategy that can be followed, or objectives that could be achieved. Currently, no performance measures are followed nor any information or feedback is given on employee performance. There is an absence of motivation in Macecraft Software as entirety. However, despite the absence of training and employee motivation the work is carried out.

Table 2. Mintzberg's (1989) taxonomy of organizational structure (Beshears 2012)

**Environmental Determinants
of Organizational Structure**

$$\text{Environmental Variety} = \text{Complexity} \times \text{Pace of Change}$$

	Simple	Complex
Stable	Machine Bureaucracy Standardized Work Processes and Outputs	Professional Organization Standardized Skills and Norms
Dynamic	Entrepreneurial Startup Direct Supervision	Adhocracy Mutual Adjustment

As was discussed previously the problem with controls are that they are fitted for larger companies and the control systems are difficult to implement in a micro online software company. Mintzberg (1989, 108-120) describes the entrepreneurial organizations to be more aggressive than other organizations. The pull and push factors of environment, politics, ideology, professionalization, collaboration, rationalization and lead shape the organizational structure. (Mintzberg 1989, 108-120) The environment in which the case company operates, is more simple and stable than complex and dynamic contrary to the Mintzberg's (1989) taxonomy of organizational structure as presented in the table 2 (Beshears 2012). This is interpreted that the best control approach for the case company is a combination of action control and behavioral constraints.

The case company has started successfully with the people control, but has not followed through with action control approach. Benefits for tight controls are faster update time for the product, and faster support with interaction inside the case company. The cost for the control is minimal compared to the advantage, however, as the case company is a

micro company an added personnel is needed to cover the working hours of the necessary follow up of the control-system. The follow up would be carried out by vice-CEO, but the added work can slow down the developing process if new developer is not hired. The slow process would be a harmful side effect as this could snowball into lower motivation and lowered feeling of freedom to work.

The current control-system has supported the current business-model and made Macecraft Software as successful as it is now. Had there been stricter control, the motivation for the work and the case company loyalty, would not have been the same. This can be interpreted to mean that the business model would not have been as good of a success on its own as it has been with the current control system. An assumption can be made that the people control approach has given Macecraft Software a few extra years to do business. The situation now is to either go under or succeed with the new products.

3.3 Portfolio of Macecraft Software

The main product of the case company is jv16 PowerTools software, which contains over 30 different tools. The secondary product is PowerTools Lite Ex software that is a light version of the main product directed to new users of Macecraft Software. The third product is PowerTools Lite, which is a freeware and is a light version of PowerTools Lite Ex.

Jv16 PowerTools and PowerTools Lite Ex are shareware, which mean that they are freely shared online. The main function for the PowerTools Lite is to use it as advertising tool to familiarize potential customers with the product. All three software have the same code, in other words the Registry Cleaner tool is the same in all versions.

3.3.1 jv16 PowerTools

The current version is called jv16 PowerTools 2014 and the software's version number is 3.2.0.1354. The software is compatible with NT-based operating systems, for example, Win 2000, XP, Vista, 7, 8, and 8.1. The operating systems from Vista to 8.1 require the software to be run as an administrator due to the changes made in the operating system processes. The software, as listed in the language tab of the software, is translated by the

users into Traditional Chinese, Czech, Danish, Dutch, Finnish, French, German, Hungarian, Italian, Polish, Brazilian Portuguese, Russian, Spanish, and Swedish. (Macecraft 2013b) The English translation is the working language, therefore, written in house. With different settings, the same tools can be used by a professional or a new user.

The main tools include Clean and Fix my Computer, the main purpose of which is to clean the registry, remove junk and unneeded files. Fully Remove Software and Leftovers, also referred to as Software Uninstaller, is used to remove the unwanted software and leftovers from old software. Control which Programs Start Automatically, referred to as Startup Manager, is used to enable or disable automatically starting software. Speed up my Computer, referred to as System Optimizer, is used to speed up the computer with different kind of tweaks to control the operating system. Immunize my Computer to block malware by modifying the Windows hosts file and Decrap my Computer that is designed to remove all pre-installed software. (Macecraft 2013b)

Other tools are as follows: History Cleaner, Registry Cleaner, Registry Compactor, Registry Finder, Registry Find and Replace, Registry Information, Registry Manager and Registry Monitor. File tools include: File Cleaner, File Finder, File Organizer, File Recovery, File Tool, Duplicate File Finder, Directory Finder, Directory Tool, Mass rename files, Merge files, Split files, Remove files on reboot, Find and replace data inside files, Wipe files, Start Menu Tool, Automation Tool, Service Manager, System Cleaner, and Disk Wiper. The software includes Backups and Action History to help the user to follow what has been carried out. (Macecraft 2013b)

3.3.2 PowerTools Lite Ex

The current version of the PowerTools Lite Ex is called PowerTools Lite Ex 2013 and the software's version number is 2.1.0.1201. The software is compatible with NT-based operating systems, for example, Win 2000, XP, Vista, and 7. The PowerTools Lite Ex 2013 is not compatible with the Win 8 and 8.1, as the software has not yet been upgraded to match the 2014 version of jv16 PowerTools. (Macecraft 2013c) The product uses the same translation file as the main product as the PowerTools Lite Ex is a stripped version of the jv16 PowerTools and thus uses the same code.

The software contains the Clean and Fix my Computer, Fully Remove Software and Leftovers, Immunize my Computer and Registry Cleaner, which main purpose is similar to Clean and Fix my Computer with the difference that Registry Cleaner only focuses on registry errors and junk. The software includes Backups and Settings to help with the use of the software. (Macecraft 2013c)

3.3.3 PowerTools Lite

The current version of PowerTools Lite is called PowerTools Lite 2013 and the software's version number is 2.1.0.1200. The software is compatible with NT-based operating systems, for example, Win 2000, XP, Vista, and 7. The PowerTools Lite 2013 is not compatible with the Win 8 and 8.1. PowerTools Lite is a freeware. (Macecraft 2013d) The product uses the same translation file as the main product and PowerTools Lite Ex as the PowerTools Lite is a light version of the jv16 PowerTools and thus uses the same code.

The software contains only Registry Cleaner and Immunize my Computer as well as Backups and Settings. (Macecraft 2013c) As a freeware, this software is used as a promotional tool to advertise in the freeware sites and gain new potential users who are not confident in trying the trial version of the main product. The trial versions usually are blocked so that it will not function the same way as the full version. This is different in Macecraft Software, but potential clients who only find the software elsewhere do not find this information. This has led to the development of the Lite freeware, so everyone can test the registry cleaner engine.

3.3.4. Difference between Macecraft Software and the main competitors

Macecraft Software conducted a review of 31 registry cleaners in 2009 and the next year the review concluded of 176 registry cleaners. The review does not include all registry cleaners that were available, but only those that were found or asked to be included. (Macecraft 2009; Macecraft 2010) Compared to the competitors, the full priced license of Macecraft Software is priced at the same level. The upgrade license of Macecraft Software, however, is cheaper as not all competitors offer upgrade option, but the software has to be renewed with full price license.

The support licenses go in between the competitors, as some competitors offer free upgrades after purchase of one higher priced software license. The main competitor has more expensive support license compared to Macecraft Software and other competitors, but as they are a large company they are able to offer improved technical support and customer care with around the clock service. Macecraft Software has received thanks from the customers for giving support on matters that are not related to the software and helping non-customers, even though the purpose of the technical support is to help customers with problems with the software.

The competitors of the case company releases updates for their products frequently. This frequency is one of the reasons why the competitors have passed Macecraft Software. Therefore, the earnings of the case company have decreased yearly. The main difference between Macecraft Software and the competitors is the 60 day unlimited trial version. This means that the software can be tested for 60 days free without limitations. In other words, the customer is able to process the full functionality of the software before making the decision to buy. The competitors' trials are limited and for the customer to have the full experience of the software, a license has to be bought. The difference between trial and registered version in Macecraft Software's products is that the trial counts the days down. The countdown in the trial software is a difference compared to some competitor's software.

3.3.5 Software licenses of Macecraft Software

Macecraft Software offers licenses for Personal Use, Non-profit Organization and Commercial Use. The Personal Use license covers five home computers per one version. (Macecraft 2013e) To use the next version the user can buy an upgrade licenses for a small fee. The license can be used on any family member's computer. The computers do not need to be owned by the same person, i.e. the license covers up to five home computers.

The Non-profit Organization and Commercial Use licenses are sold by the volume, i.e. the number of computers the software is used in. (Macecraft 2013e) The Non-profit Organization and Commercial use licenses cover the same amount of home computers as

they cover work computers. This means that the employee can use the product at home. The Non-profit Organization and Commercial use licenses now have an upgrade license option available, it was added for the 2013 version.

3.3.6 Macecraft Software support licenses

With an additional price, the customers can buy a VIP or a Platinum VIP license. The support licenses can be used with all of the current products. The VIP license includes technical support and license storage for life. The Platinum VIP license includes the same options as the VIP license and in addition free upgrades for life. Both licenses cover up to five home computers. (Macecraft 2013e)

The support licenses are for life, i.e. once the license is bought, there is no need to buy the license again. (Macecraft 2013e) This means that there is a different usage policy compared to the software licenses. The support licenses were created to bring additional income to cover the technical support expenses. The support licenses are not intended for corporations.

3.4 Current customers of Macecraft Software

The present target group is the entire world; anyone with a computer is a possible client of Macecraft Software. This is not officially possible as the product is only compatible with Microsoft operating systems, which means that all Apple and Linux operating system owners are out of reach. In addition, not all Microsoft operating systems are compatible with the software. The changes in the operating systems have caused the software to be compatible only with most of the NT-based operating systems excluding tablets and smart phones. The products are not actively advertised, as the main marketing process is the word of mouth from customers. Based on the direct feedback from the customers, however, the customers have not received enough information concerning the current product base.

In the case company, the customer group can be divided into three segments: testers, informants and silents. The testers help with the beta testing of the software. Some of the testers continue testing throughout the product life cycle. Informants gather information,

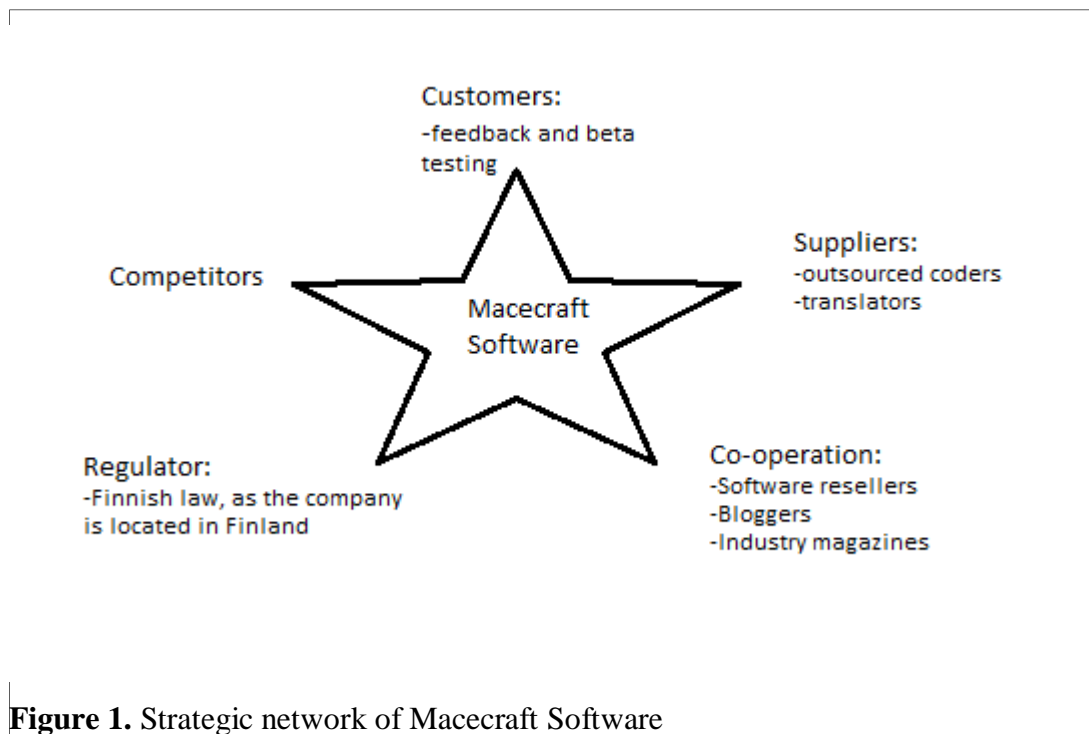
i.e. bad reviews, leaked licenses or new interesting features that can be added to the original product. Silents are the type that wait until the software is ready, and buy the product few months after the release date. The silents are the most important segment, as when they inform about a problem, it is a huge problem. This segmentation of the customer group is need based for Macecraft Software. The testers bring value to Macecraft Software's products and informants can lower the loss of money by reporting the leaked licenses.

The customer base can be divided by the license type to Personal Use, Non-profit Organization and Commercial Use customers. The Personal Use license owners are the biggest customer group and the main target audience. Non-profit Organization and Commercial Use customers are indirectly targeted by word of mouth from the Personal use license owners. The license price for the Commercial Use license is higher and thus brings more income per one license. The segments do not bring added value or other benefits to the products of Macecraft Software.

3.5 Current strategic network of Macecraft Software

In the strategic network of the case company, there are many entities. As an online software company, Macecraft Software does not have as many entities as other larger companies have. The size of Macecraft Software does not facilitate the identifying and defining the strategic network entities easier, it can actually be a hindrance as the entities are not as clearly in their own groups. As the strategic network is mapped as an image Macecraft Software is located in the middle of the strategic network as presented in figure 1 developed by the author. The network entities are surrounding Macecraft Software in the map image. Macecraft Software's network entities are the customers, suppliers, competitors and allies. When these entities are examined thoroughly, the circle of Macecraft Software, customers and suppliers can be discovered. The customer groups have the most influence over the network, as they will have a direct influence over Macecraft Software's product by reporting the bugs found or by suggesting new tools and improvements. The regulator for Macecraft Software is considered the Finnish law. The government does not control the industry in question, but as the company's headquarters are located in Pori Finland, the company has to follow the Finnish law in its business

conducts. In other countries, the law can be more lenient and the tax percent lower, however, those laws or tax programs are not to be followed.



As Macecraft Software is a micro-company, it does not have a similar influence over some of its network entities compared to large companies. The large companies have greater volume of business and thus more bargaining power. However, the bloggers mainly contact Macecraft Software for the free licenses. The bargaining power is with Macecraft Software, when the request for a free license comes outside. For the marketing perspective, it is not ideal to deny bloggers to review the software, and issuing free licenses for the readers of the blogs as it is comparatively cheap option to have. As an international company, the customers are found all over the world. This makes the customers strong entity in the strategic network. The feedback received from the customers is thus quite continuous, as the world never sleeps. During the beta testing phase, different operating systems can be tested with different language settings solely because of the vast customer base. The best beta testers are rewarded with a free license or VIP license.

The company does not have suppliers in the normal sense of providing products and services, but some of the code and some of the translations are bought from outside. The

customers can send a translation to the company in return for a free license of the software. This license reward system creates a two-way flow of information and benefits between the customer and the company. The outside coders benefit with the work experience and with the positive reviews, the successful codes receive. The company benefits from the customer made translations as then there is no need to buy the translations and the bought code means that the company coder, i.e. the vice-CEO, has more time to use on other strategic or business intelligence activities.

The co-operations are conducted with industry magazines, bloggers and software resellers. The software resellers can buy the products with significant discount and resell them to their customers. Main reseller partners are found in Russia and west Europe. These benefits both by increasing the sales and by providing the customers sale experience in their own language. Industry magazines produce a review of the software and company yearly. The magazines receive a free copy of the software to be distributed to the customers of the magazine. The magazine benefits by having free software to distribute to magazine readers, customers of Macecraft Software benefit by receiving a free upgrade through the magazine and the company benefits by receiving publicity and new customers when the next upgrade is released. Industry bloggers blog about the software and have drafts to win the software license. The bloggers benefit by gaining more readers by having something free distributed through their blog and the company benefits by receiving free marketing, new customers and positive image by providing the licenses to be won.

3.6. The future of Macecraft Software

The future of Macecraft Software is still to be determined. The main change is the open source project, which will be explained, in the next sub chapter. The secondary change is the new product base. These changes affect the case company environment and business environment, thus creating a need for a new business strategy. Macecraft Software is in the process of developing two new software. One is specialized software for people who use the computer most of the day. The software's main idea is to remind the user to keep a short break from the computer and thus preventing burnout symptoms. The software is being developed based on the need of the vice-CEO, who experienced the long hours of working causing mistakes in the code, elevating the stress and causing burnout symptoms.

There are crude versions of the product, which recommend keeping a break from work; however, the case company's software forces the users to keep the designed break. The other product being developed is Verifigator, which verifies emails. The target customers are email marketers and managers (Flemming 2014).

The new products are not similar to Macecraft Software's existing products, which is a set of tools to keep the computer clean and fast. This means that the current marketing process is not valid for the new products as they do not clean or affect the computer performance but the performance of the user. The company has not thought of the target audience as the innovative product was developed based on the needs of the company creator. This means that the software development has started already and a narrow investigation of the market has been carried out. The market research was mainly to find competing software and not demand. In the company, there is no current process for the marketing function, which means that the marketing process and strategy has to be developed.

3.6.1 The Open Source Project

All old products are changed into open source software. This means that the products will not be sold through the case company. As there will be new software products to be sold, the support licenses will become irrelevant and discontinued as well. The old products will be distributed as an open source version through Macecraft Software, but there is no support or other help provided through the case company. The company structure will be changed, as there is no longer a need for the technical support. The case company has released the information of the open source project, which was started in the first quarter of 2014. The open source software is described as "software whose source code is available for modification or enhancement by anyone" (opensource.com 2014). Quint-Rapoport (2010, 2) defines open source software as "free for anyone to download off the Internet, use, re-use, and modify, and carries an open source software license, such as the General Public License (GPL), that guarantees it remains free". The problem with Quint-Rapoport's (2010) definition is that it also defines open source as free, which opensource.com (2014) rebuttals.

The open source project campaigned to raise money to change the old shareware products into open source products. The amount to be collected was set to \$100,000 and Indiegogo was the venue used to collect the crowd funding. The time allocated to the project was 60 days. \$1,667 daily target had to be reached for the project to be successful. The project allows Macecraft Software to allocate its time on new, different products. These new products will be discussed briefly in the next chapter. The open source project enables the other developers to change the jv16 PowerTools software to be compatible with other operating systems, for example, with the Apple products. Open source software is editable by anyone and it can be shared by anyone.

The old products are not sold or developed further by the case company once they are changed into open source software. The old versions are made available at the case company's website through the frequently asked questions. The open source version, once the software has gone through the unification of the code, is made available on the case company's download page and shared with everyone interested in the Internet. The open source products can be made to be compatible with all operating systems by any developer willing to do so.

3.6.2 Short introduction of WorkTimeNinja and Verifigator

The new main product of Macecraft Software is named at the moment WorkTimeNinja. The WorkTimeNinja is specialized software for people who work most of the day at the computer, and need to follow the work process. The software's main idea is to remind the user to keep a short break from work and thus preventing burnout symptoms. The software is being developed based on the need of vice-CEO, who experienced the long hours causing mistakes in coding, elevating the stress and causing burnout symptoms. Therefore, lowering the work enjoyment and work well-being.

Added features of the software are a list of work in progress, exercise recommendations and writing speed monitor. The writing speed monitor can give suggestions when the productivity, i.e. the number of key strokes, hit a lower level. Allowing the software to recommend having a break or finishing for the day, if that setting is chosen. There are crude versions, which recommend keeping a break from work, but Macecraft Software's product forces the users to keep the designed break. The screen is locked for the requested

break period. This is conducted via the NinjaMonitor, which is a component of WorkTimeNinja which user installs to his computer (Flemming 2014). All the features in the WorkTimeNinja can be used to elevate the work enjoyment and the work well-being by lowering the stress elements. This work well-being is the marketing element that the author recommends for the case company to use and is where the marketing in this research is focusing.

The second product is called currently Verifigator. The software identifies the validity of the email address among other things. The software is targeted to email marketers and email correspondence managers. The products main purpose is to verify emails. It also contains features to allow geo target email addresses, identify one time use addresses and other special types of inboxes most email marketers do not want to send emails to. Verifigator has two methods of verifying emails. First is a real-time based; tools contain an API that allow website owners to validate emails right at the source and the second is a list-based: the tool verifies the validity of the emails uploaded to the tool. (Flemming 2014)

Both new products are compatible with Win 7, 8 and 8.1 operating system currently. Due to the competitive edge of the products, no further description is given. This ensures the competitive edge that the new products provide for Macecraft Software. The new products can be used to increase the well-being of the employees by providing them the tools to monitor the activity level and giving suggestions on how to de-stress. While the products have been developed based on an individual need, the solution can be shared with everyone working on computer. For an efficient work environment, the work monitoring is a necessary tool.

4 SITUATION ANALYSIS FOR MACECRAFT SOFTWARE

Mr. Mustonen (2014) considers that small companies have to know the market area where the company is entering. Especially a small company should enter a market where there already is demand. A small company does not have similar resources as a larger company to enter an unknown market segment or create a demand. A small company does not have resources to enter a market segment with the multiple product base, but a small company can enter a new market with one small innovation. (Mustonen 2014) This is interpreted by the author that the market area has to be researched and analyzed to gain the knowledge of the segment before entering it.

Roy (2001, 3) defines situation analysis as "a process, the examination of a situation, its elements, and their relations, to provide and maintain a product, i.e., a state of SAW, for the decision maker." Situation awareness, SAW, is defined by Endsley (1995) as "the perception of the elements in the environment within a volume of time and space, the comprehension of their meaning and the projection of their status in the near future." Roy (2001, 4) continues to define a situation as "a specific combination of circumstances, i.e., conditions, facts, or states of affairs, at a certain moment" and the awareness as "having knowledge of something. In addition to the cognition facet, awareness is also linked with the notions of perception and understanding / comprehension." As Macecraft Software is in the competitive industry, the situation awareness is crucial. In the past, the case company struggled with the situation awareness, and its competitors have been able to use the case company's lack of awareness to their advantage.

This situation analysis consists of PEST analysis, Porter's analysis of five forces, S.W.O.T. analysis and balanced scorecard. These tools are explained in the chapters on the subject matter. The situation analysis is conducted to increase the awareness of the market situation of the case company.

4.1 PEST Analysis

PEST Analysis is defined by Needle (2010, 549) as "comprising a review of four types of environmental influence: political, economic, social and technological. It is a simple model used to identify influences operating on an organization of industrial sector." In

other words, PEST analysis is an easy and simple way to keep track on how the business environment is progressing.

4.1.1 Political environment

In Finland, the government or regional policies do not rapidly after elections. This creates stability for companies of every size, as changes are informed in good time and the decision makers have time to follow if the changes made affect them. The property rights and the rule of law are well developed in Finland and in European Union. The EU has some trouble with the law, as it needs to take into consideration all the member countries. In Finland, there is little organized crime and corruption (Yle Uutiset 2013). The worldwide corruption does have an effect on the company, as the products can be made available to be illegally downloaded.

Finland has supported entrepreneurship for the past 60 years. Toivanen (2009) confirms the government support and explains the different support systems in Finland in his article. In table 3, the distribution of the funds for research and development for 2013 through different agencies is presented (Statistics Finland 2013). The primary funding is not favorable for the starting companies due to long waiting period for the funds. The existing entrepreneurs benefit from the research and development funding. The current system in Finland does favor larger companies, as the larger companies are not depended on the fast arrival of the funds, whereas the smaller companies can go into sequestration (Toivanen 2009). Neither Rovio nor Supercell has succeeded without outside funding (Mustonen 2014).

Table 3. Government budget appropriations or outlays for R&D (GBAORD) in 2013 (Statistics Finland 2013)

	R&D funding p million	Share of R&D funding, %	Nominal change from 2012, %	Real change from 2012, %
R&D funding total	2 001,6	100,0	-2,6	-5,5
Main administrative branches (ministries)				
Ministry of Education and Culture	984,0	49,2	-0,7	-3,7
Ministry of Employment and the Economy	687,9	34,4	-2,5	-5,4
Ministry of Social Affairs and Health	120,9	6,0	-7,2	-10,0
Ministry of Agriculture and Forestry	95,2	4,8	-0,9	-3,9
Funding organisations				
Universities	575,6	28,8	-0,6	-3,6
TEKES ó the Finnish Funding Agency for Technology and Innovation	542,3	27,1	-1,8	-4,8
Academy of Finland	329,3	16,5	1,4	-1,6
Government research institutes	303,7	15,2	-0,9	-3,8
Other R&D funding	219,7	11,0	-14,2	-16,8
University central hospitals	31,0	1,5	-13,9	-16,5

For Macecraft Software this political environment is beneficial as it is able to use research and development funding for the new products. As Macecraft Software is a micro-company, the waiting period for the funding can be crucial. It is beneficial for Macecraft Software to be an international company as the cash flow is not depended only on the economic situation of Finland. The open source project brought in capital, thus the outside funding is not a necessity.

Despite the international aspect of the case company, it is ideal to keep the strategic network partner Tekes in close talking distance. At the moment, Macecraft Software has not applied for the research funding from the government nor has received it from other sources. The open source project has raised funds through Indiegogo, but the fundraiser was not for research and development but for funding the change. The income will decrease once the old products are no longer sold and the new products are searching for the customers.

The tax increase does have a negative effect on the income, as Finland has one of the highest value added tax, hereafter VAT, percent in the EU (VatLive 2014). This means that consumers within EU pay the product price plus VAT. While the VAT is high, the total price rises and discourages consumers of buying the product. Business regulation does not have an effect on the company as the business is carried out solely online. There is no physical product or shipping involved, to which regulations could affect.

4.1.2 Economic Environment

Index Mundi's (2013) economic profile of Finland reports that Finland has a triple A credit rating and that main problem is the weak demand in exports. The long-term problem is the aging population, which can cause problem in productivity and economic growth. Saarinen and Woolley (2014) estimate the economic environment to have a slow turn for better next year; the current year will be a struggle with affects from decisions made previous year.

The United Nations (2013) WESP 2014, i.e. world economic situation and prospects, report states that global economy is expected to grow in the next two years. US, China and India have strengthened their economic situation; the euro is not in recession anymore; and inflation is not a problem but employment situation can cause challenges. International trade is predicted to rise compared to the previous year 2013. (United Nations 2013) The positive aspect of the economy increases the customers buying behavior online. It benefits the companies with novelty products.

The key exchange rate for the company is US dollars, as all the prices listed in the company website are in USD. The history of the US dollar is presented in the table 4. The second payment option, PayPal, collects all payments in USD. The PayPal payment option is used more often than the Nets credit card payment option. It is evident that for the company the higher US dollar exchange rate is preferable while business is conducted in Finland. The higher the exchange rate for euro is, the lower the cash flow for the case company as thus far the majority of customers have been US based or preferred to pay with USD instead of euros.

Table 4. Euros per US dollar (Index Mundi 2013)

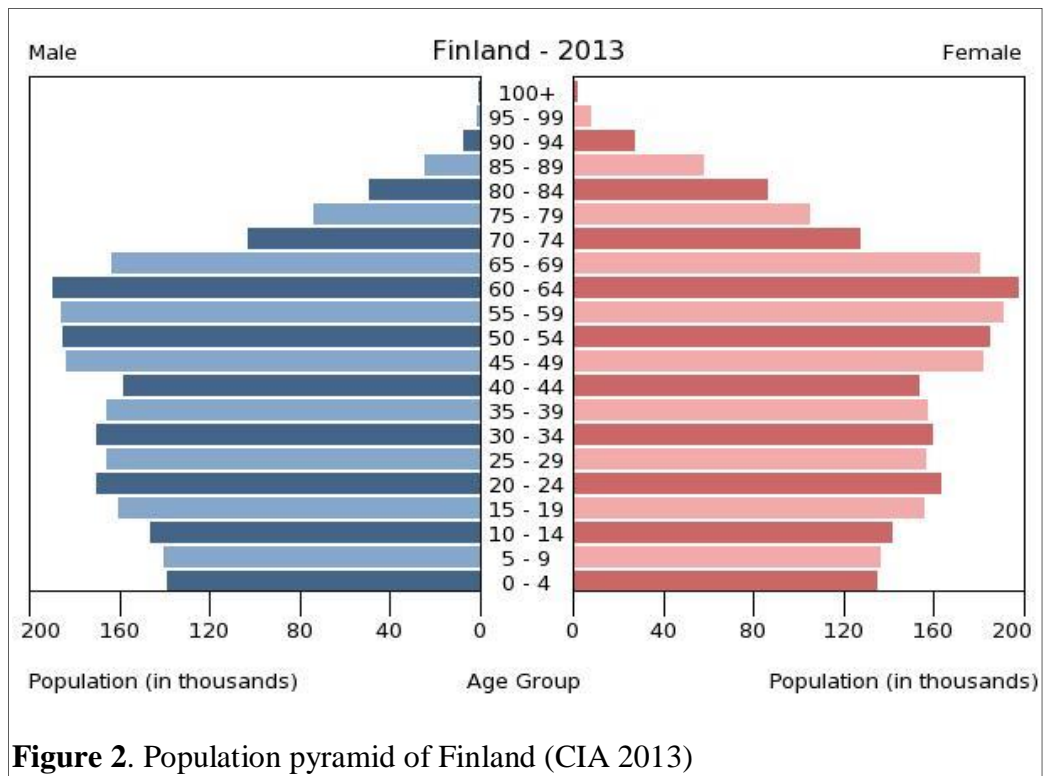
Euros (EUR) per US dollar
0.7778 (2012 est.)
0.7185 (2011 est.)
0.755 (2010 est.)
0.7198 (2009 est.)
0.6827 (2008 est.)

The economic prospects of Finland are positive for the company's performance as the financial support is tied to the economic success. Despite the fact that the economic situation is not strong, it is not weak either. The financial support could be denied in weak economic situation to benefit those companies that can provide more places of employment and thus stabilize the economy by creating more purchase power.

As the global economic situation is estimated to grow (United Nations 2013), the case company has a good opportunity to grow its business. The global economics are more important to the company as most of the income comes from the customers abroad. In case of a worldwide recession, the company does not have means to survive or develop itself. This is one of the reasons why the company has to follow global economics.

4.1.3 Social Environment

The current Finnish and global social environment is technologically perceptive. The consumers buy technology, and most of the work is carried out on or by computer. The current age profile of Finland as presented in the figure 2. CIA (2013) estimates the population growth rate of Finland as 0.06%. The growth rate is not expected to change drastically in the future years.



The current age profile does show troubling times for Finland, as the young work force will not be able to respond to the demand made by aging and retiring work force. This, however, will not have an effect on Macecraft Software due to the small size of the company. The business field of the company protects against the changes made in age profile, as in current environment the elderly are becoming technologically savvy as well.

As Macecraft Software works in ICT industry, the generational shifts in attitude are not estimated, by the author, to affect the business. The more the population becomes technologically aware, the better business environment the company will have. There are no social taboos or attitudes affecting the business of Macecraft Software in Finland or in global social environment. The religious beliefs or lifestyle does not affect the customer base of the company unless the religion denies the use of technology. As the products of Macecraft Software can be widely used without discrimination from religion or age. The social environment does not have great effect on the company's business model or customer base. The technological development is more hazardous as depending on the development the current products can be useless in few yearsøtime.

4.1.4 Technological Environment

The case company does not use new technology to manufacture the products. The competing or similar software can radically affect the company's business by producing new competitors. The competitors' products are valuable source of information on the current state of the work monitoring systems. The current new competitors are not aware that Macecraft Software is bringing a new product to the markets in few months. The competitors are developing their products but no new features similar to the WorkTimeNinja's features are to be found in them. Verifigator combines the features found in the competitors' products.

The remote working is becoming more popular among small business (Lobel 2013) and the technology has made it even easier for people to work from home (Macecraft 2013a). The technological advances have made it possible for the employees from medium-sized and large organizations to take the advantages of the remote working. The technology allows people to work from home, but it does not monitor the work or time used. The more people do remote working, the more needed the WorkTimeNinja is.

The most current remote working software's and products concentrate on interaction between the employee and employer. There are Voice Over IP and online conference rooms to ease the communication and interaction. There are Remote IT Management systems to help with technical problems. (Microsoft 2013) This means that working from home is easier than it has been before because of the technological improvements. The technological environment is crucial for the products of Macecraft Software as it increases the potential customers.

4.2 Porter's analysis of five forces

In 1979, Porter introduced the five forces that shape the strategy. These forces are threat of entry, threat of substitutes, the power of suppliers, the power of buyers, and rivalry of existing competitors. (Porter 2008, 25-41) These forces are important for a company to understand. Underestimating competitors or buyers can cause significant losses to the company.

4.2.1 Threat of new entrants

In software business, the entry and exit barriers are low, meaning that new businesses are created frequently. The software business can create high return on investment if the product is the right product. Overnight successes have been, for example, Rovio's Angry Bird and Supercell's Clash of Clans. More of Rovio's success in the chapter 5.3. The companies Rovio and Supercell have been around longer, which shows the importance of the right product. With the right product, the profitability is high until the copy cats arise. The entry barrier being low, no incumbent company is blocking new entrants.

There are patents and rights in the software industry, but they are mainly in operating systems of computers, phones and other instruments and not as much in applications. In the software industry, there can be many similar products, which make the competition hard. In many cases, the main part of the product is similar to the competitors and the add-ons are the ones that differentiate the product. In Macecraft Software's WorkTimeNinja, the core of following the time is similar to competitors, but the screen block is only found in the WorkTimeNinja. Mr. Flemming (2014) describes the current products are versatile; however, there are no single tool that combines work time tracking with work performance improvement features.

In utility software, there are no strong brands, which makes it easy for new companies to launch new products. The switching cost for a customer is low, thus making it easy to switch to the new product. If the company has the needed expertise within the company, the capital required to enter the market is low. If the expertise is bought outside, the cost can rise higher than is profitable for a micro or a small company. The expertise within the company can be considered as absolute cost advantage in a micro company, which Macecraft Software is. The old customers, who have been buying the same products for years are more loyal to the companies, but as the switching cost is low, the loyalty is not strong.

The WorkTimeNinja is a new entrant to the small market, which provides work monitoring, while the company is an old competitor in the utility software markets. Some of the old customers are included as potential users of the WorkTimeNinja, transferring the loyalty earned to the new product when it is released. The loyalty transference to the

WorkTimeNinja can be difficult as the product type is different. However, the old customers are avid computer users and thus in the new products target group.

4.2.2 Threat of substitute products or services for the new products

Substitute products for WorkTimeNinja are products that allow the user to follow time. Observant and composed customers can rely on a clock for starting and ending workdays as well as to keep the allowed breaks. When employees do remote work, the attentiveness can decrease and a clock is not enough reminder of the time spent. The mobile Internet software informs the time the Internet has been on, whereupon the software can be considered as a substitute product.

With the remote working increasing its popularity and products being developed to make it easier to stay in contact with the workplace, a substitute service to accommodate the remote working hours can be researched and developed. The calendar applications can be used as substitute product for WorkTimeNinja by adding the breaks as appointments with alerts. The calendar applications can be found on any computer or smart phone, thus making it easy to use without buying yet another software.

The cost to switch to substitute service is minimal, as the substitute services, are mainly free. The propensity to switch is not studied, as the niche of monitoring the time spent is new and is only in few years to start to increase visibility in the markets. It could be described that the work-monitoring niche is the substitute product for clocks and calendars.

4.2.3 Bargaining power of customers

The novelty of the product is important in the bargaining power of customers. There are a few other products competing with the WorkTimeNinja; the customers do not have the ability to put the company under pressure. The price of the product can be higher than competitors' products. The concentration ratio is difficult to calculate due to the novelty of the niche. Many of the consumers are not aware of the products available to monitor the work time and breaks. Verifigator is similar to the competitors' products; however, as

the competitors do not support the real time and list based method of verifying, the case company's product has a unique edge.

The existing distribution channels for the WorkTimeNinja are the same as for the old Macecraft Software products. As the product is made primary for online download, the old distribution channels of different download sites can be depended upon. Macecraft Software does have experience on using the different sites as it has used them for many years with the old products. The customers will be able to find the products faster, when the products are shareware.

As described previously because of the novelty of the business the product prices are higher, thus lowering the buyers bargaining power. There is no need to force down the prices, to accommodate buyers even though the existing substitute products are mainly free. The first movers are not interested in the price of the product, but are interested in the product. The second movers are focused in the price as well as with the product. After the products are released, the price can be brought down to fill the needs of new customers. RFM, i.e. recency, frequency and monetary value (Kumar & Reinartz 2012, 111), cannot be calculated as the product is not yet been released to the market. The RFM should be carried out as soon as enough information is available.

4.2.4 Bargaining power of suppliers

The products are developed in house with some features bought from outside coder. No raw materials or components outside the code are bought for the software. The labor for the development is vice-CEO in house and the outside coder. As the main part of the software are developed in house and Rent-a-Coder providing vast source of coders, there is low chance of refusal to work with the company.

The Rent-a-Coder site has cut the competition difficulties and the need to hire another coder to the case company. The Rent-a-Coder works by allowing the company inform the coders of a job opportunity to which the coders will send bids, i.e. appraisals, of what amount the coder is willing to do the task. The company can then choose the appropriate bid for the task. The Rent-a-Coder lowers the bargaining power of the suppliers.

4.2.5 Intensity of competitive rivalry

In the software industry, the competition is fierce with copycats copying the products and new competitors arriving frequently. The best advantage that a company can have is an innovative product. Some of the software companies are online companies, with difference of solely online products and both online and offline products. The online products are easy to distribute with a single download link. The offline products, i.e. tangible products, have to be manufactured and distributed to stores before consumers find them.

The tangible products do give an edge to the company, as the tangible products are able to reach those customers who have slow Internet or do not trust the Internet downloads. Many download sites add their own downloader with adware, spyware or Trojans to the software products. This can cause distrust in the consumer towards the software manufacture instead of the download site. The tangible product provides assurance as the product can be reinstalled in case of theft of a computer, crash of a computer or corruption of the software.

As the niche in which Macecraft Software is entering is new, the rivalry among competitors is not as fierce as in the ICT industry as a whole. The WorkTimeNinja can be the innovative push that the niche needs to grow to attract customers to the market. The new customers will benefit the existing competitors, by providing new customers to competitors as well. It is important for the company to track the activities of the competitors closely. Macecraft Software can learn from the competitors' mistakes, and improve the product before it is released. The legal environment does not affect the competition yet, but once the niche market gains in popularity the legalities has to be followed closely in case of changes.

4.3 S.W.O.T. Analysis of Macecraft Software

The S.W.O.T. stands for Strengths, Weaknesses, Opportunities and Threats. Strengths and Weaknesses concentrate on internal affairs of the company while Weaknesses and Opportunities focus on external affairs. The S.W.O.T. analysis is one of the most important free tools that a micro company can use to improve strategy.

4.3.1 Strengths and weaknesses

The strengths of the case company are the size of the company, agility to work on changes customersø requests, and experience on working as online company. The size of the company means that the expenses and costs are kept low compared to competitors who have more than one employee. The return on investment is thus higher as the cost of having employees does not increase investment amount. Agility to work on changes that customers have comes from the size of the company and low bureaucracy level. The decision making process on making changes to the software is fast, as there is one person involved in the process. Considering the novelty of the products, it is important to be able to amend or improve the product fast, as not to lose to the competitorsø responses.

The company has over ten years of experience on working with online software and service. The experience gives the company an advantage compared to new comers who do not know how the online software and download sites work. The experience and the network build in the over ten years makes it easy for the company to launch the WorkTimeNinja and Verifigator.

The size of Macecraft Software can be interpreted as weakness as well as a strength. The size means that the company does not have the same funding resources available as larger companies. When the funds that the company possesses run out, there is no option to lay off people, as there are not enough personnel to do that. As some of the source code is bought outside, the amendment for the possible broken code has to be bought. Finding the amendment for bought code takes time, as it is not as familiar as the in house developed code. As the plan is not to have technical support for the new software, the communication and interaction of the company is compromised. All interaction is conducted by one person, thus personal correspondence with customers will be slow. Dwyer et al. (1987, 11-12) focuses on the importance of the interaction and they consider the buyer-seller interaction to be a backbone in the marketing knowledge.

Record keeping is not organized, thus it is a weakness. With a free tool to keep the records organized, the company can improve efficiency. Efficient record keeping saves time and money for the company allowing it to relocate the time into interaction and development.

Cash flow problems are expected, as the WorkTimeNinja is not known to the market. It takes time for customers to buy the software and bring income. It is expected that, there is no sufficient cash flow for few months after the product release due to the novelty of the products.

4.3.3 Opportunities and threats

There are similar products in the market compared to the WorkTimeNinja, but as described previously the software has other tools and forced break. The competitors' products are recommending the break, which can be ignored lowering the effectiveness of the software and countering the main purpose. The customers, who are in need for strong control system, will prefer the WorkTimeNinja's features that do not have the cheat option. The cheat option is the option to ignore the recommendations. There is not product loyalty established yet, but Macecraft Software does have company loyalty collected during the over ten years of business. The loyal customers have been with the company when the old product was changed from the freeware to shareware and are supporting the company now in the changing the old products to open source. The loyalty for the company benefits the new products, as the products are perceived to be trustworthy based on the company history.

The WorkTimeNinja has been developed to fill a personal need. As no specific software was found to fill the need, a new product is being developed. While there are competitors in the market, the WorkTimeNinja is improved version of them with additional features to complement the work environment. As there are competitors in the market, it means that there is demand for this type of work monitoring software.

Global economy is a threat for the case company and the global economy is rising as stated in economic environment chapter. When the history of the global economy is considered, it is evident that the global economy is in the recovery phase. The history of global economy is presented in figure 3. (Economist.com 2013).

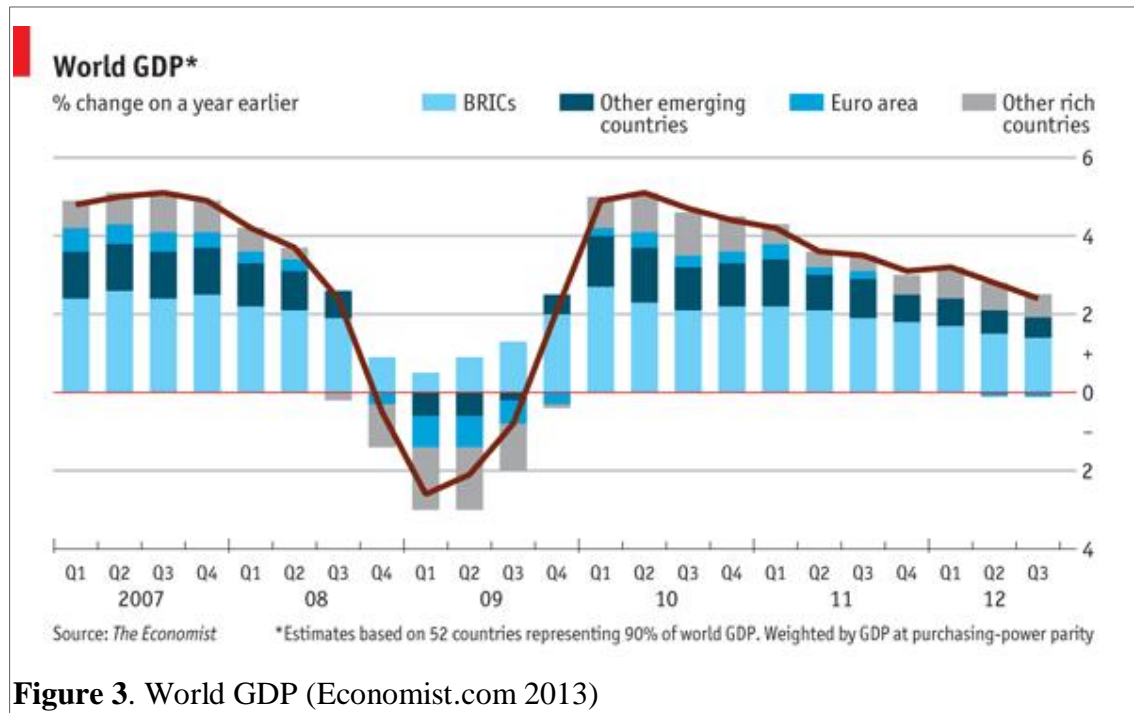


Figure 3. World GDP (Economist.com 2013)

The recovering economy means that consumers are buying the essential goods and are in the process of spending more in non-essential goods. For the company this is not good, as the product is a novelty product. The product is essential for remote workers or entrepreneurs. The product is novelty for other possible users, i.e. ICT employees. For the products to be successful, the economy has to be recovering and the exchange rates to stay stable. In the niche market, there are no strong leaders or products, which the consumers prefer to use. As being positive news for the WorkTimeNinja, the absence of strong leader means that the majority of consumers does not know of the niche market nor are interested in the products in the niche market. To become a leader in the niche market consumes funds that the competitors nor the company possesses at the moment.

If the tangible product is brought next to the intangible, the case company has to increase the resources and find new partners to ease the transfer. As a newcomer to tangible products, Macecraft Software does not have network assets to help in this transition. The current network competence lies on the intangible software and distribution. To find new network entities to support the new start is difficult as, there is no experience of this side of the business field. The partners that are found might not trust the company's ability to do business and thus not provide the best possible solutions for the company.

4.4 Balanced Scorecard

Kimball (2004, 3-5) describes the general problem of the managers to be the shortage of skills. The fads and buzzwords do not help any company if there is no know how of how to implement them. According to Kimball (2004), there is a difference of knowing and being, while a good manager has both qualities. The shortage of skills is evident in the Macecraft Software and the inability to recognize the reason where the situation has gone wrong. Kimball's (2004, 138-140) analysis of performance problems is a systematic process where the problem is defined and identified before an action plan is created. This tool is easy and adaptable to any company sizes. In Macecraft Software, the steps taken when problems have occurred follow first taking an action to other direction before any analysis of the situation is carried out. This has caused the original problem to be disregarded and allowing it to cause problems further.

The balanced scorecard is defined by Kaplan and Norton (1995, 66) as "a management system that can motivate breakthrough improvements in such critical areas as product, process, customer, and market development." For companies struggling to satisfy their consumers the Kaplan and Norton's balanced scorecard is the cheapest way to do business analysis themselves. The balanced scorecard gives a thorough look through the entire business activities.

4.4.1 Financial perspective

Objective is to increase the net income. The past years the net income has been decreasing steadily eating the savings of the company. Factors leading to the net income decrease have been the global economic instability and the strengthening euro currency. Absence of following the finances and shortage of strong management system has enabled the economic situation to surprise the company. Macecraft Software is a family owned limited company meaning that the shareholders are the two brothers who established the company.

The plan to increase the net income is to release the new innovative products WorkTimeNinja and Verifigator. First target is to turn the decreasing net income to increasing net income. Measuring this task is carried out by calculating the development

cost and dividing it with 12 months and adding it to fixed costs per month. Following the sales each month, the company can measure how it is performing on its objective. Verifigatator is not expected to bring same volume of customers as it is specified for specific market segment. WorkTimeNinja has wider scope in the market to attract customers from all segments and bring cash flow.

Strong marketing strategy is needed to make the objective possible as the products innovative nature means that the customers are not familiar with the product. The company needs to allocate funds for the proper marketing budget compared to the previous non-existent strategy. Creating awareness among the consumers is the success factor behind achieving the desired objective.

4.4.2 Customer perspective

Due to the software being in the development and the market niche being comparatively new, there are no records to which compare the customer satisfaction or market share. The product is new to the company, thus allowing the company and customers learn the software together. This allows the customers to make suggestions and improvements from the beginning, creating a stronger relationship. The WorkTimeNinja is answering the latent needs of the consumers. The latent need has been found by the competitors few years earlier, but it has not hit the peak interest of public. With a need specific product, the case company can attract new customers to the niche market, expanding it to benefit the old customers of the new software. The motivation to buy the WorkTimeNinja is to improve the quality of work experience and work well-being.

To attract new customers it is ideal for the company to find new channels to advertise the product. The old customers of Macecraft Software are easily reachable, but as not all of them are prospective customers, new channels have to be found. The WorkTimeNinja is a new product, which will not have service attached to it. The customer service is to be carried out in house by vice-CEO. This is possible because the estimated customer base at first will be considerably smaller than with the old products. The WorkTimeNinja is designed to be easy to use, lowering the need for customer service.

No company can be without a full customer service, but when the customer needs have been met, the customers do not have reason to contact for support. This is important for small companies who do not have the resources to handle large volume of contacts. The customer service is part of perceived quality of a product. Diminishing the quality of a known product is risky, but for new product, the risk is low. The product has to be presented so, that the lowered customer support is not an issue but a proof of an excellent product.

4.4.3 Internal perspective

Due to the open source project, the structural changes are being made. The old support system and customer care is discontinued, and the work is transferred to the vice-CEO. This brings pressure to the quality of the source code. The better the product at the time of the launch, the less consumer feedback is to be expected.

The interaction with the consumers has to be active and regular, giving information and solutions on possible problems the consumers might have with the product, i.e. being proactive and providing solutions to non-existent problems. The proactive interaction is preferable to lower the need for customer support personnel. The proactive interaction keeps the costs low as the company is able to do its business without extra personnel or outsourced service. The social interaction is the key to a successful relationship with the customers and is deemed necessary (Dwyer et al 1987, 12-14). After the company is able to redeem the market share that will support the fixed costs, development costs and brings cash flow, the company can consider hiring more personnel.

For a micro company, it is essential that the manager, i.e. the vice-CEO, have the tools to follow the progress of the software's market share. For a small company it is important to be able to be proactive instead of reactive, as the small companies do not have the funds to clean the problems cumulatively behind the competitors. Macecraft Software needs to capitalize the free management software to keep the future prospects at check. The S.W.O.T and PEST analysis has to be carried out yearly, to be able to be proactive in the market.

4.4.4 Learning and growth

For a small company keeping up with current trends is difficult, and for a micro company it is next to impossible. Because of this, it is important to outsource the areas, where there is no expertise. Due to the size of the company, there is no need for a leadership change; however, when the business grows this aspect has to be re-evaluated.

The main part of the software is developed in house, but as stated previously there are not enough resources to have all the necessary knowledge in house. There is a necessity to use the external competencies that are provided by different coders in Rent-a-Coder. It is important to improve the in house developer's skills and experience on the new coding processes, to improve the reliability of the products.

After the products have been released, the company strategy, mission and vision should be made available for the customers. The core ideology proofs the dedication of the case company to the new products. The absence of strategy in the company website has caused distrust among possible customers in the past. The strategy, mission and vision should be communicated to the future employees as well when it becomes topical.

4.4.5 Strategy, mission and vision

Mr. Flemming (2014) describes the new strategy as "Unique offer - i.e. offer something similar that is already in the market, but offer it in a different way, either by different set of features and/or with different pricing model." The new vision is to make money and new mission is the production of just good enough products (Flemming 2014). For the case company, the author suggests the new strategy, mission and vision to be presented to the customers differently. The authors suggested new strategy, mission and vision is presented in the following paragraphs. The strategy, the mission and the vision are result of the conducted situation analysis.

Macecraft Software's new strategy is to provide customers the tools for the efficient workday. To be the market leader in the work monitoring tools, by providing the reassurance that the next workday does not start with amending the mistakes of yesterday.

The strategy is to allow users to use only one software instead of multiple products by competitors.

Macecraft Software's new mission is to develop the products to fit the needs of the customers, no matter what operating system. Mission includes developing the main product to be usable on gaming or mobile devices to increase the accessibility. Improving the measurement of typing and writing mistakes for computer workers. The mission is to improve the quality of the work and work well-being by providing the best tool.

Macecraft Software's new vision is to become the provider of a tool that is used to make the work, play and travel easier. Changing the way the world perceives and relates to the remote working and making it easy for parents to control the computer use. Promoting the importance of work well-being by providing tools to increase the work well-being.

5 BUSINESS ENVIRONMENT AND MARKETING STRATEGY

5.1 Contemporary business environment

For contemporary business environment, the technology and people are important whereas the products and money used to be important in the old days. Managing employees and managing customers are vital for any modern corporation. (Boone & Kurtz 2009, 3-17) Contemporary business environment includes all the same aspects as the so-called normal business environment. The main difference is the globalism and momentum of the environment. Old companies are not able to compete in the contemporary business environment due to the changes in the businesses and competition.

All correspondence is expected to lead to a deal or a business endeavor, thus managers' and employees' behavior is closely monitored (Boone & Kurtz 2009, 17-18). The social media is harnessed as an advertising tool and as a communication channel between the corporation and customers. Over the years, this development has led to increased diversity in the work environment and business environment. The diversity in age, gender and ethnicity has caused harassment and discrimination towards some groups. (Boone & Kurtz 2009, 57-59) For an international company the cultural diversity is an important aspect. Not only the employees and partners are international but also the customers are international. If the company does not understand the effects of internationality and cultural differences; the company has no chance of succeeding in the international business environment. Presenting an idea to an international partner the wrong way, can cause the partnership to end. The challenges of the cultural diversity are discussed in the next chapter.

The contemporary business environment has created ethical and environmental pressure for corporations. Factories are expected to be as green as possible and corporations are expected to take care of all employees involved in the manufacturing process including all outsourced employees. Not only is the ethical pressure increasing in the corporation level but also in the individual level among the employees. The employees' well-being and human rights is the key features for the company success in the contemporary business. The consumers have the right to be informed of the product safety and benefits. (Boone & Kurtz 2009, 32-42, 46-54) The contemporary business environment has

increased the information flow and the demand for correct information instead of the marketing information in the author's opinion. While the ethical and environmental pressure is not effecting the case company directly, the pressure has an indirect effect on the marketing. The corporations are forced to follow the work environment closely, and therefore, are in the target group for the case company's new products. The work well-being aspect mentioned throughout the thesis research is in the key position here. The pressure for the corporation means that the corporations are more likely to buy a product that increases the work enjoyment and well-being than a monitoring product.

According to an industry expert Mr. Mustonen (2014), the current ICT industry in Finland is lagging behind the rest of the world in carrying out success. In Finland, the focus is in developing technology. The rest of the business model either is being omitted out entirely or is with little focus. Mr. Mustonen (2014) contrasts the Finnish ideology with the ideology of the USA entrepreneur where the product and business model are the number one and technology is not considered as important. Basically, the branding of a product is not focused on in the Finnish industry. The most significant problem in the ICT industry in Finland is the out sourcing culture, i.e. the products or codes have been a part of a component for a larger company as, e.g. in Nokia. (Mustonen 2014) The case company does have the problem of focusing on the development and forgetting parts of the business model. However, the company has not carried out any outsource work for another company, i.e. the case company is in a better situation compared to those companies who have outsourced. There is a clear need for great examples in Finland, therefore international success stories from contemporary business environment is used to contrast with the case company. Supercell is another success story from Finland; however, the story is similar to Rovio. In this case research, the author has decided to use the case Rovio.

One example of a success story is Amazon.com. Amazon.com is a success story from its own time contemporary business environment. Jeff Bezos created Amazon.com from a simple idea to a market leader by using word of mouth. The site was one of the first to use negative feedback as a marketing tool, by allowing the customers to give negative and not removing it from the site. At first, the company was concentrated on customer satisfaction and individual service. While there were setbacks on how the company treated the employees, Amazon.com has been open about its tactics. Controversy was

created around the 1-click ordering when it was patented. The patent covers all types of 1-click ordering system thus making all companies using similar order process to pay royalties. One other innovative feature that the company introduced was bestseller -list, which improved the sales of old books. (Brandt 2012) Openness and interaction are the key features with the innovativeness, which were factors in the success of Amazon.com. The openness and interaction are features where the case company has trouble. Clearly, these features need to be in order for a small company to succeed as can be interpreted from the Amazon.com success story.

Other example of success story is Virgin group. Branson (2012) describes five secrets behind his success to be work enjoyment, innovation, work pride, listening and being visible. With these five aspects, Branson created a business empire. Work at any level has to be enjoyable, i.e. if entrepreneur does not enjoy what they are doing, they will not be successful. The business should be innovative as it is harder to become successful following others footsteps. The company is more successful when the employees enjoy working and are not shamed of admitting where they work, i.e. the company is doing something wrong if employees are ashamed of the company. The management has to listen to the employees and customers. Managers have to be visible and approachable to the employees and customers, i.e. managers cannot listen if they are not around the employees. (Branson 2012) Virgin group presents a different model of expanding the business. This success story starts with innovativeness, as did the Amazon.com. The case company has an advantage in its own industry by being innovative. The interaction with the customers and employees is focused on again. It is clearly an important aspect of a successful company.

Branson (2012, 14) emphasizes the importance of people by stating, "good people are not just crucial to a business, they are the business!" Employees should be cared for and courage to think outside the box. Virgin company grew to be the business empire it is by following through business idea suggestions from the employees. Tackling old and large companies is a substantial task, but with the feedback from the employees and customers, the obstacles can be conquered and personalized service provided. (Branson 2012) For a micro company, the employees are more crucial than for a large organization. The small companies should consider close partners as important as employees in the author's opinion. The case company is not attacking old and large companies, but creating demand

is as difficult. The partners, discussed in previous chapter, of the case company create the demand by advertising and promoting the products.

In short, the contemporary business environment can be described to have increased the requirement of any company to keep in contact with the consumers and employees. Depending on the product type, the fast pace and consumer expectations can increase the development cost. The consumers are willing to pay the increased price as long as the companies keep their promise of ethics and environmentalism.

5.2 Cultural differences

The importance of intercultural awareness in negotiation, mediation, group work, leadership, and management is discussed by Guirdham (2005). Examples on how the cultural difference can have an effect on the result of these five situations are given by Guirdham. The effect ranges from misunderstanding in negotiation table to enhanced performance of teams. (Guirdham 2005) In the current intercultural world, where one can meet a person with different cultural background anywhere, it is important to be able to communicate with out insulting others.

About mediation, Guirdham (2005, 296) discusses "to ensure that the parties understand one another, mediator need high levels of listening, paraphrasing and summarizing skills." It can be consider as the ultimate test in communicating across cultures. Group work, Guirdham (2005, 304) describes "diversity affects group and team functioning and performance. However, the type of diversity and the nature of the group task influence what those effects will be." For a micro or small company, the group work is not as relevant and important as it is for a medium or large company. However, even a micro or small company will need to co-operate, in other words work together with other companies. When the intercultural dynamics has been fully understood in a work place, the diversity can be used as a tool to enhance performance. This can also explain why certain groups have not been able to work together. It all comes down to understanding the human behavior and cultural connections.

Guirdham's (2005) examples and advices are good and effective in the author's opinion, but she is missing something that Salacuse (1999) has understood. Whereas, Guirdham

(2005) discusses clearly that the different areas have different cultures and that the culture is similar in that area, Salacuse (1999) is discussing that generally, the different areas have different culture but the cultures are mixed. Salacuse (1999) mixed cultures are explained in the following paragraph. This observation does not take away from importance of Guirdham's (2005) findings on how to work and communicate across cultures.

Salacuse (1999, 366) defines culture as "the socially transmitted behavior patterns, norms, beliefs, and values of a given community". Salacuse (1999, 367) goes further defining the elements of culture "as forming a series of concentric circles, like the layers of an onion" where values is the core. In his earlier work, Salacuse (1999) had identified ten factors, which were the most problematic, with two poles. These factors are negotiating goals, attitude to the negotiating process, personal styles, and styles of communication, time sensitivity, emotionalism, agreement form, agreement-building process, negotiating team organization, and risk taking (Salacuse 1999, 371). In international business, understanding these ten factors can be the deal breaker between winning the contract and losing it to someone else.

Salacuse (1999) has studied these factors by gathering information from 12 different countries. As described previously, he describes the cultures as mixed in the areas. The study showed that some stereotypes of a certain culture are not true. For example, the study showed that France negotiates towards contract whereas the other European countries negotiated toward relationship. In time sensitivity, the study showed, that Germans are highly sensitive to promptness but consider themselves as low sensitive in negotiation. All in all Salacuse (1999, 381) strongly advises against stereotyping people based on where they are from. Having a clear image of the other person's culture will help in the negotiations but one cannot allow it to blind oneself.

5.3 Case example Rovio Entertainment

The game company Rovio Entertainment Ltd. formerly known as Rovio Mobile Ltd. formerly known as Relude Ltd. (Waseem 2013) is a perfect example of competitive difficulties and changeability of software company. From software company to mobile software and then to entertainment industry, it is a substantial change for any company.

5.3.1 Company Rovio strategy and competitive position

Rovio's competitive approach is to develop games without bugs the Rovio's current lead game Angry Birds proves. The sounds of the game birds were collected from real birds and the game was created to be as bug free as possible. This enabled the game to become very popular in very short time. The company focused on mobile games market niche, which is very competitive and hard to break through. The lead game that made it through the market is Angry Birds, in which the game coding and sounds made it different from the other games at the market. (Rovio News 2012; McCorvey 2011.)

When the game was released, it was a mobile game with the geographic market coverage of the whole world with Apple iPhones. The game has since been modified to be played with other mobile phones, online; accessing the market of online gamers, and game consoles; accessing the market of gamers without phones or access to the Internet. The operating stages in this game have been longer than in normal mobile game where a game can be produced in a very short time. The game itself is similar to existing games and thus needed to be developed to the perfection (Rovio News 2012).

Rovio is mimicking the Hello Kitty franchise with applying the Angry Birds license to almost anything it can imagine. There are theme parks and merchandises made already, and a movie is underworks with estimated release in 2015, not to mention the TV series created in 2012. (Rovio Press Release 2012; Kaiser 2012b; Fowler 2012.) Angry Birds is the first game that Rovio has started to license; behind this change is the success of the Angry Birds game and new innovative marketing strategy. (Pioneer Festival 2012)

Most important strategic move that Rovio made was the licensing of the Angry Birds game characters. With the birds and pigs hitting the selves as toys and other merchandises, the game gained more popularity and the company gained stronger lead in the market. Most recent strategic move from Rovio has been the co-operation with 20th Century Fox; 'Rio' movie, NASA: space exploration, Queen; the rock group and Lucasfilm ltd; Star Wars. The co-operation with NASA has been successful with Angry Birds Space, which was the fastest growing mobile game ever. The original Angry Birds game is still the

most downloaded and played game. (Fowler 2012; Rovio News 2012; Rovio Press Release 2012; Kaiser 2012a)

Rovio's strategy is working well, with the turnover increasing over 620 per cent and the profit before tax were 64 per cent of total turnover in 2011. The company has been valued this year to be worth 9 billion USD. Rovio is also being prepared for an initial public offering in the near future. (Finder 2012; Rovio Press Release 2012; Kaiser 2012b) The present image and reputation with customers is good. The building of theme parks where there are no rides, but one has to do things by oneself, i.e. move oneself, is creating strong positive vibe all over the world. (Forgione 2012; Fowler 2012.)

5.3.2 Rovio's resource strengths and SWOT

In software company, the most valued strength is a good coder. The customers will point out right away if there are any bugs in the software. The customer service and the innovative thinking come far in second place in this line of business. Innovative software or good customer care representative cannot amend the shortage of good coding. The software can stay alive for a while even though being buggy, but there will be no success or return customers. (McCorvey 2011)

Rovio's key strength has been the right coders with the innovative game. Other part of Rovio's strengths is the marketing strategy and willingness to do anything. These have made it possible for Rovio to become the success story that it is now (Pioneer Festival 2012). The weaknesses are the location of the head office in Finland and the rapid increase in workforce. As the workforce is new, it does not have the same loyalty for the company as the old workforce has. This means that the standard that the company has created is in danger. The Finnish standard of fostering innovative companies is not good, and thus culture of being innovative can be foreign to work force. (Clayton 2011)

The opportunities have been well harnessed and the birds and the pigs are found almost everywhere. Rovio's opportunity lies in the American market, where they do not have an office yet. The greatest threat is the quick changing market, which has little room for error. At the moment, Rovio is expanding the original market area from the mobile games. The threat from there is not as severe as it was in 2009. Other threat is the analytics and data collected from game users, which when managed wrong can destroy the Angry Birds

phenomenon. (Rovio News 2012) In the authors opinion, this is not a great threat, because this is an industry standard to collect some analytic and data. There is no company, which does not do this.

Rovio's resource strength is strong, the best that there is in this market at the moment. The company has great coders and programmers to keep the games and short introductory videos bug free. The story created with birds and pigs for the first game still holds strong without competition, and the story is expandable with side stories to space and from pigs' perspective. As stated previously in this thesis the turnover has increased multifold and the liquidity has not been jeopardized with new projects. Rovio makes alliances and co-operations with other companies from music industry, movie industry, theme park industry and many more almost every month. (Rovio News 2012; Fowler 2012; Pioneer Festival 2012; McCorvey 2011)

5.3.3 Competitive value of Rovio's resources

In a gaming world, the resource is hard to copy. It is quite normal to release a mobile or online game with some bugs still in it to gain more market shares and then later release an update to amend the known problems. To be able to develop a perfect game is a myth, but to get as close as possible to that takes time that most game developers do not have. Licensing is a valid option to all, but only few will be able to take similar advantage of it as this company has. In this sense, this resource is hard to copy. The coding competence is durable and the company is searching for new coders all the time to keep the coding competence as high and recent as possible. These competencies are hard to copy and they are durable.

In the licensing business, Hello Kitty is clearly a competitor, but there are no real competitors or threats from the same industry. There are toys and posters made out of games, but no other game has made deal with Queen, the music group. The licensing strategy of Rovio really is comparable to the Hello Kitty's licensing strategy, despite the fact that it is not at the same level yet. Where the one is Phenomenon with capital p, the other is practicing of being a phenomenon. Compared to the rapid change in the market it is unbelievable that Rovio has been able to keep birds and pigs alive this long. Thus far,

no other game has been able to challenge the simple game of Angry Birds and its success in the licensing business. (Pioneer Festival 2012)

Mr. Vesterbacka, CMO has described that the company is doing the opposite of what their competitors are doing. This in mind the different capabilities of rivals have not been able to trump the resources or capabilities of Rovio. (Fowler 2012; Pioneer Festival 2012) Mr. Hed, CEO, acknowledges the fragility of the market. Mr. Hed is actively finding the weaknesses of the company. He is also emphasizing the importance of being innovative all the time and not dropping the ball. These features in the CEO make the company just that much ahead of competition. (McCorvey 2011)

The market is suspicious of Rovio being one hit wonder, and there has been some criticism that the new games that have come after Angry Birds have been boring (Kim 2012). The insecurity of the company CEO is a weakness and increases the risk to make wrong choices (McCorvey 2011). The company could be more efficient with a stronger leader. A mix-up can come up if Rovio and WowWee's Rovio happened to meet in the same business environment. WowWee developed a mobile webcam in 2008, named it Rovio and trademarked the name. (WowWee 2012)

Rovio is an exemplary company on how to succeed. The fastness of the contemporary business environment has not slowed down the success but increased it. It has made it possible for the company to follow through the plan to make something a household name overnight. The key factor has been the courage to do business processes differently than what has been the industry norm. This is the lesson that Macecraft Software needs to learn to succeed.

5.4 Strategy development

The importance of differentiation is highlighted by Mr. Mustonen (2014). The company has to know customers, the product, competitors and distribution channels to be able to differentiate the product to customers. The company needs to have funds to be able to market and develop the products. (Mustonen 2014) When the funds are lacking, the branding of the product, i.e. marketing process and marketing strategy are critical.

The new products of the case company are suitable to all computer users. The products do not require expertise of the computers; therefore, novice users can use the product as well as the professionals. The professional computer users benefit more as the advanced features provide beneficial additional information. This in mind the target audience is loosely narrowed down to include the information technology employees. The new products are beneficial in terms of work well-being; for example, WorkTimeNinja while forcing a break is recommending exercise moves and stretches. The breaks force the employee to pause the work to gain more energy to continue the work after the break.

As the contemporary business environment, is fast phased, the case company has to be able to react or preferably proact to the environmental changes. The WorkTimeNinja is pre-acting to the rising demand. As the product was developed based on the need of one person because no suitable product was available, the product is ahead of its time. Despite the fact that, similar products are available, none of them has gone to similar lengths in taking into consideration the worker well-being. Through a search, it has been found many studies in different fields where the employee well-being is researched.

Baptiste (2008) introduces the increased interest in the employee well-being in research. According to her corporations are interested in and taking part in the employee well-being while not always succeeding at it. When the well-being of the employees is taken care of, the company will have positive impact on performance. (Baptiste 2008, 284-291) Vestling, Tufvesson and Iwarsson (2003) discuss the importance of work in well-being and life satisfaction. While the research focuses, on people who have had a stroke and how they associate work to well-being, the study emphasizes the importance of allowing people to work after injuries. The importance of making the work environment suitable for those who are not able to work fully increases the life satisfaction and enjoyment. (Vestling & Tufvesson & Iwarsson 2003, 127-131) These researches support the intention that the new software is promoted as work well-being software instead of the work monitoring software.

Therefore, the marketing strategy for Macecraft Software is to allow the companies to help the workforce to increase the work well-being by providing the tools to decrease the work stress. The studies discussed above prove that there is a need for work well-being tools in any industry. This is the competitive edge that Macecraft Software can use to

market the products. Due to this type of strategy, the target area for the marketing process is going to be a developed area with increased awareness on well-being and willingness to spend money on improving the well-being.

For the case company, the following table 5 provides basis for the strategy. The left column displays the resources that the company currently has and the right column displays the desired outcome. The rows in the table 5 should be compiled and updated regularly due to the past problems in managing strategy. The table 5 allows the strategy to be followed and updated when necessary with the added advantage of having the strategy always visible. The table 5 in an electronic form allows the case company to update the required columns and rows when necessary and have many versions of it. Ideally, one version is carried out monthly and another version yearly. Once the outcome is reached, a new outcome is targeted. The visible conformation of the resources and the desired outcome create the possible strategy for the case company. The problems in the past, as described in previous chapters, have been the absence of discipline in strategy creation. Therefore, the table 5 is now created to control the creation of marketing process and allowing realistic strategy to be developed. The table 5 has been created by the author for this thesis.

Table 5. Building a strategy for Macecraft Software

Resources of the company	Strategy	Desired outcome
List all resources of the company List all possible resources from tangible to intangible	List what can be used from the resources to create the outcome List all possible uses for the resources	List what needs to be accomplished List all possible outcomes

The immediate outcome does not need to correspond the desired outcome. The first phase can be achieving another resource that helps achieve the desired outcome. In other words, the strategy has to be built as ladders; one process leading to other process, enabling the future desired outcome. The table 5 is a step that the case company is advised to use to increase the success rate.

In table 6, the resources and desires of the case company have been compiled in to present the current situation. The strategy field is left empty for two reasons. First, the intention is to have the strategy empty at first to allow the resources to provide the possibilities.

This creates strategies that are usable with the current resources. The focus is drawn to the resources, as without them the outcome is not reachable. Second, the empty strategy represents the old way, where the strategy was not clear. When nothing is written down, it is difficult to continue and to achieve the desired outcome. The strategy suggestion, in the previous chapter, was composed with the future of the case company in mind, i.e. as a future step. The case company is recommended to start the strategy management from the start with the current resources at hand.

Table 6. Strategy for Macecraft Software

Resources of the company	Strategy	Desired outcome
Online presence Experience of intangible products Partial in house development External strategic network Funds from Open Source project		Accessibility to the products: online access Desirability Awareness Reachability to the products: online or in store

In the strategy column in the table 6, the case company can input the following suggestions. The strategy for Macecraft Software is to use the existing online network to spread the software to be available all over the world. The strategic partners in the print media are used to introduce the products mainly in Europe. The print media increases the awareness of the new products and their purpose. Awareness and desirability are increased with the marketing message. As described previously, the well-being of an employee has not been the main target of employers but it is increasing in popularity. This is where the case company has to focus on as a simply work monitoring interface is not what people need. The products are more interesting when marketed as work well-being products and not as work monitoring products.

5.5 Marketing message

The marketing message at the first phase emphasizes the importance of work well-being and coping with work. The core idea is to convey the message that the WorkTimeNinja will increase productivity by taking care of the stress elements that are common in a work place. The common stress elements are the fast phased work environment and the error

free outcome. There is little to no time to follow time, in situations described above, thus the case company's new product is the solution. Similar message can be used with the Verifigator, as by verifying the email address it lowers the work stress by lowering the amount of work.

Key questions to be asked from the customers are; do you feel anxious while working? Do you remember relax/stretch your shoulders after long day or work? For the marketing message to be persuasive, the pronoun you is chosen. Alternatively can be used the following: Anxious? Forgot to relax and stretch? These will save space; however, these questions are not as personal and can be ignored more easily than personal message. The idea is to highlight the results of stressful workday.

The solution is then offered on the form of WorkTimeNinja. When the advertising is focused clearly on marketers the WorkTimeNinja and Verifigator can be offered at the same time as a solution. For WorkTimeNinja the clear advantage is that the computer users rarely remember to follow recommended stretches when the instructions are posted on a wall. WorkTimeNinja gives the recommended stretches right on the screen, thus reminding and increasing the probability that the instructions are followed.

5.6 Target market evaluation and selection

The products are developed using English as user language. The assumption is that even though there are many spoken languages, that the users are able to use the products in English. Therefore, the target market to be selected has to contain customers that speak English. For the case company, this is essential, as the case company does not have sufficient funds to translate the software into many languages. The excessive discussion of languages in this research is based on the need for different translations of the products. For a larger corporation the language and cost of translation is not an issue, but for a small company the cost can be too high. If no other translation is needed, company can use the saved funds on marketing.

The world consists of many spoken languages. There are some countries, where there is only one official language; there are other countries with multiple official countries. Not

all languages spoken in a country are official languages. In many countries, there are only one official but many unofficial languages. As presented in table 7, the world consists of many languages but only a few of them are spoken by many. (CIA 2014)

Table 7. World languages (CIA 2014)

<u>World</u>	Mandarin Chinese 12.44%, Spanish 4.85%, English 4.83%, Arabic 3.25%, Hindi 2.68%, Bengali 2.66%, Portuguese 2.62%, Russian 2.12%, Japanese 1.8%, Standard German 1.33%, Javanese 1.25% (2009 est.)
	note 1: percents are for "first language" speakers only; the six UN languages - Arabic, Chinese (Mandarin), English, French, Russian, and Spanish (Castilian) - are the mother tongue or second language of about half of the world's population, and are the official languages in more than half the states in the world; some 150 to 200 languages have more than a million speakers
	note 2: all told, there are an estimated 7,100 languages spoken in the world; approximately 80% of these languages are spoken by less than 100,000 people; about 50 languages are spoken by only 1 person; communities that are isolated from each other in mountainous regions often develop multiple languages; Papua New Guinea, for example, boasts about 836 separate languages
	note 3: approximately 2,300 languages are spoken in Asia, 2,150, in Africa, 1,311 in the Pacific, 1,060 in the Americas, and 280 in Europe

The table 7 presents that there are thousands of languages spoken in the world. This metalinguistic world has caused problems for global micro companies, as micro companies do not have resources to translate the product information or in case of software translate the product into all languages. Macecraft Software has experience in translating the software into other languages. Translation process has been conducted by providing the consumers a free license to the new software if they have provided a translation. This has enabled the company to keep the translation cost low while providing service to multilingual customer base. With the new products, the previous way of containing translations is problematic. The new products are not popular and use unknown description, i.e. the syntax of the words has to be known for the translation to be fluid. This means that the time it takes to translate the new software is longer than what it takes to translate old and known software.

While Spanish as an official language is spoken by more people, English has wider spread in the world map. The United States, United Kingdom nor Australia has stated official language to be English (Lo Bianco 1995a; Lo Bianco 1995b); Feder 2007; Spolsky 2009). (CIA 2014) The English language is considered more important than Chinese or Spanish language because firstly, the vice-CEO of Macecraft Software does not speak Spanish and secondly the English has been the first language in the software development in Macecraft Software. As described previously the micro companies encounter difficulties in multilingual environments, as they are not able to cater to every consumer. When the

consumers are able and willing to use another language, the multilingualism problem ceases to exist.

The language map has to be referenced with the population map, to be able to conclude the target market area. For the new products to be successful, the target area has to have potential consumers that are able to use and understand the product. This will not be possible if there are only a few English speakers in a small country. As is presented in the figure 4 below, the population density is high in the English speaking countries as well as in Europe and China. South America has population density, but compared to the English speakers map, it is not ideal marketing target. There are too little English speakers as in some parts of South America the percentage has not been calculated.



Figure 4. World population map (Population Reference Bureau 2013)

The target market area for the new products is the entire world as the products can be distributed and downloaded worldwide. The products are only in English at first, thus the marketing focuses into English speaking countries. As described before the density of the country is a factor when choosing the main marketing target. The ideal targets are the United States and Europe. Russia is in the ideal target market area, but for the first only English version of the product, it is not suitable. Per experience from the old products, the Russian customers prefer to use the Russian translation. The Nordic countries are not in the ideal target by population, but as the product is an online product, the language

skills increase the desirability (EF EPI 2013). This means that once the main marketing area is chosen, the Nordic countries can be considered in the secondary market group.

The main target area is marketed secondarily. This means that the newsletter and online marketing is directed to everyone everywhere. The primary marketing is directed to the secondary target area, which contains the most of the potential English-speaking customers. The targeted marketing includes social media, print and online marketing. The new products are introduced as improving the work well-being. The industry magazines are used to promote the software with similar deals as with the old discontinued products as described previously in the thesis. The existing network can be used to distribute the intangible product to be available to all possible customers.

6 CONCLUSIONS

Macecraft Software is in the process of changing the business model and the target market area. The cause of the change is that not all aspects of balanced scorecard can be measured, as there is no data to compare. It is important to follow the process of the change to be able to catch any possible subterfuges that can come across while changing the business plan.

The old strategic network can be utilized by WorkTimeNinja and Verifigator. It is not enough to guarantee a success of the products, as one of them is target specific. New network entities have to be found, if the case company decides to manufacture the tangible products. As the competitors are using the tangible product aspect as well, Macecraft Software has to take the avenue into closer observation. Having fewer competitors in a new market can lead into oversights of the competitors. The company has to remember that the competitors have gained their market shares by being the first movers and have gained loyalty among the customers.

The core values of the company have been hidden, therefore, lowering the value in the customer's minds. The author recommends the case company to plan and implement a marketing strategy for the new products, and the company core ideology to be presented in a simple form available to all. As the case company is a micro company, the internal processes are not described. Therefore, the strategy and execution are to be written down for simplifying the process. The change is good, and needed for the company to survive the next ten years. The deficiency in managerial controls is evident, but for the size of the company, the motivational strategies are not needed. The only employee of the company is one of the owners, therefore, being motivated to make the best possible product. However, it is increasingly important to have instruments on which to follow and coordinate activities, as there is no one else following the business environment.

The strategic process in the case company has followed the same path as in many other companies. The focus has been on the development and the initial product. As described the situation led the case company to a verge of bankruptcy, to which the solution of new products was introduced. The new products can provide the similar start and product life cycle as before, as there was no plan to implement other change in the strategy.

The first part of the first research question asked, what the current situation, marketing process and strategy, as well as the communication methods of the case company were. The current situation was dire as the option of bankruptcy was available. The strategy was to advertise the products via word of mouth with no clear marketing process designed. The quality and innovative nature of the product carried the case company for a while, but the absence of marketing process and strategy led to the decreased cash flow. The interaction from the case company has been adequate with multiple channels having been available. However, the actual correspondence has been slow or non-existent in some of the communication channels. The second part of the first research question asked, how the new products change the situation. The situation analysis answers the question by deeply analyzing the business environment from the new products point of view. The new market segment is new and there are not many competitors or competing products.

The second research question asked what the suitable target market area or areas were for the new products. The suitable primary target market area is the entire online world similarly to the old products. This is the primary choice to increase the cash flow of the case company. The products are instantly made available for all allowing small streams of cash to come in. The secondary target market area is the US and Europe. For the current state of the products, the English speaking audience is preferable. It lowers the development cost, as translating the product is not necessary. The secondary target market is targeted with direct advertisement.

The third research question asked how the marketing strategy tools could be used to promote the new products. The strategy development table was created for the case company to monitor the marketing strategy. The table is a strategic tool that enables the user to create marketing plans suitable for the case company. The tool is needed, as there has been a deficiency in marketing and management ability. The marketing ideology for the work well-being was introduced with marketing recommendations

The situation analysis is the basis for the future analysis to be made and the subsequent progress. Once the products are released, the situation analysis is updated with the more specific numbers of target customers and sales. The profitability of the company is followed closely in the few months after the product releases, as the profitability is the

main reason for the changes. The best solution to increasing the profitability is a strong marketing process. The clear evidence gathered from the situation analysis suggests that the case company has to improve the interaction. The interaction is improved by describing the core ideology and values to the consumers. The thesis does not give advice further on the communication and interaction issue, but having brought it up as one corner of a problem, the communication and interaction issue can be amended in the case company.

For the strategic purposes, the author highly recommends for the case company to keep the situation analysis updated. The balanced scorecard is the most valuable tool a small company can have, and in this case study research; it is evident from the absence of success that it has not been used. The balanced scorecard devised and compiled in the thesis research provides an insight for the case company of the current market situation; once the situation changes, a new scorecard is recommended to be compiled. The analysis and scorecard can be compiled internally. However, as the company is small the analysis and scorecard can be carried out via further research. One area of interest for further study is the communication and interaction aspect. The case company has been made aware of the situation but as there is deficiency in business management, the issue might not be solved internally. Other area of interest for further study is branding the products. The thesis research can be used as a base for the brand study. However, there is not enough information available currently for this research to be a brand study.

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APPENDICES

Appendix 1. Flemming, Interview via email

Appendix 2. Mustonen, Interview via phone

APPENDIX 1

Interview via email 12.5.2014

Interviewee: Jouni Flemming, vice-CEO, Macecraft Software

1. Describe NinjaMonitor (what it is and who it is for)?

2. Describe Verifigator (what it is and who it is for)?

3. What is the current market situation in your opinion?

4. Is there a Strategy, Mission and Vision for the new products? If yes, can you describe them?

APPENDIX 2

Puhelinhaastattelu 9.5.2014

Haastateltava: Janne Mustonen, Asiakkuuspäällikkö, BusinessOulu

Sopiiko, että haastattelu nauhoitetaan?

1. Kertoisitko vapaamuotoisesti taustastasi ICT alalla?
2. Miten kuvailisit nykyistä ICT:n tilaa Suomessa ja maailmalla?
3. Mikä on mielestäsi perusongelma suomalaisissa ohjelmistoyrityksissä?
4. Mihin pienen yrityksen kannattaa keskittyä tuodessaan uutta innovatiivista ohjelmaa kansainvälisille markkinoille?
5. Olisiko vielä mielessäsi jotain olennaista online ohjelman tuotteistamiseen liittyvää?
6. Onko vielä mielessäsi jotain?