



## **ACHIEVING SCALE THROUGH INTERNATIONAL EXPANSION**

**A GUIDE FOR MICROSOFT INDEPENDENT SOFTWARE VENDORS**

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International Expansion for ISVs  
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# INTRODUCTION

## ACHIEVING SCALE THROUGH INTERNATIONAL EXPANSION

If your company's business is the development, sales, and support of packaged software, then your growth and profitability are highly dependent on one thing: scale.

Once your packaged software is built and the major costs have already been recouped, every additional sale is almost pure profit. This is because the cost of goods and the cost of sales can be very low - especially when software is sold online or through a partner channel. To achieve real scale, your company needs to expand its reach internationally – however, knowing when, where and how can mean the difference between success and failure.

This guide is written for software companies producing line of business applications such as those running on or integration with Microsoft Azure, Dynamics ERP, CRM and other platforms. It examines:

- **When** is a software company ready to expand internationally?
- **Where** should it expand to maximize near and long term success?
- **How** should it undertake its new market entry and expansion?

Each section begins with best practices of “what works”, which have been taken from numerous software company experiences, followed by a series of questions and comments which serve to enable you to assess your company's readiness for international expansion.

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## WHEN TO EXPAND INTERNATIONALLY?

### What Works:

Having...

1. A proven product and sustainable business model that has worked to achieve at least 10% domestic market share.
2. Meaningful differentiation based on customer business value in one or more tightly defined customer segments.
3. At least three recognizable brand name reference customers.

### Case Study: Schneider Electric/Invensys

Invensys, now part of [Schneider Electric](#), is a UK based ISV that had been successful in the European market with two of their solutions Avantis; for enterprise asset management, and Wonderware, for manufacturing execution. The company had won a number of brand name clients in Europe through direct sales in industries that include Food and Beverage, Consumer Packaged Goods, Chemicals and Fertilizers and Pulp and Paper.

The company undertook expansion into the US by integrating their solutions with Microsoft Dynamics AX and, to achieve greater scale, adopting a partner led model. By building a comprehensive partner program, and leveraging its European references, the company was successful in demonstrating to partners the credibility of their solutions, the value to clients and defining the business potential to partners. Consequently, the company built a partner channel and together with their partner Edgewater/Fullscope, won a sale to [Kapstone Paper & Packaging Corporation](#) – one of the largest Dynamics AX wins ever.

To be able to better assess when your company is ready for international expansion, consider the following questions.

### Has your product been proven in your domestic market?

Expanding internationally begins at home. It is more complex and more expensive to sell internationally. Therefore, your product should be proven first in your domestic market. In your home country, your customers and partners are in close proximity to you and your offer can be presented in the best possible way. The two indicators that demonstrate you having a proven product are:

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**i. Domestic market share.**

If customers are willing to pay for your product because it addresses their business challenges effectively, then this should be reflected in your sales. If your product has meaningful differentiation and is selected over the competition more often than not, this should be reflected in your market share. As a rule of thumb, if you don't have at least 10% share of your domestic market, you may not be ready for international expansion. Achieving 10% market share in foreign markets will be more difficult. Therefore, assessing your domestic situation and refining your go-to-market model is advisable first.

**ii. Operational profitability.**

If your product delivers real value to customers, you should be able to sell it at a sufficient profit margin to cover your operating costs. If the product has to be highly discounted or the amount of pre- and post-sales support is so large that it depletes your profits, then either the product needs work or your go-to-market model has to be revised. Before embarking on international expansion, your domestic business should be profitable. It should be able to sustain the investment needed for new market entry for a period of time – even if there are no new international sales.

Of course, you can get bank loans or private investments for your international expansion. However, banks will want to see that you can repay the debt and investors will want to see how they get a return.

**Is there a strong business case?**

The business case for expanding into a new country is going to be dependent on:

**i. The addressable market opportunity**

The total addressable market opportunity can be estimated by finding how many customers are in the market and fit the ideal customer profile for your product across all verticals. This can be found using Standard Industry Codes (SIC) or NAICS. However, when entering a new market, it is often a good strategy to focus on one vertical at a time, so the near term addressable market opportunity is actually much smaller. It will also depend on how many of these customers are likely to buy each year. For Microsoft Dynamics ERP customers who may be in the market for a solution once every five years, a good assumption may be 20%. Another consideration is: how many of those in the market may find your product to be the best solution for them. Depending on the uniqueness of your product and how many competitors are also in the market, this could only be a fraction, say, 25%.

For example, using these numbers, if the total number of customers in the target market is 10,000 and the average sales value of your solution is \$50,000, the market opportunity is:

<p><b>Total companies X Number in market X Likely to buy X Average sales value</b></p> <p><b>= Size of opportunity per year</b></p> <p><b>10,000 X 20% x 25% x \$50,000 = \$25,000,000</b></p>
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**ii. The cost of addressing the opportunity**

The cost of addressing that opportunity will be highly dependent on your go-to-market model. If you plan to sell direct with your own sales force then you will need to hire sales, marketing, pre-sales and support employees and lease office space. This may work well for high value solutions where the average sale of software and services are more than about \$250,000. This is because you retain all the license, services, and support margin. In the US, the cost of setting up a three person subsidiary can be more than \$600,000 per year.

If the average sales value is less than \$250,000, an indirect go-to-market model may be the better approach. Here you pay partners a 30%-50% margin to sell, market, and support your product using their own staff, facilities and budgets. However, you will still need to invest in hiring a local partner channel manager and a pre-sales product specialist to train partners and assist them with sales and demonstrations as they ramp up. In the US, two people working from home offices and traveling to meet partners and customers may cost \$300,000 or more a year.

**iii. The return on that investment**

Every company has its own financial goals. However, a good ROI to target is 5:1 or more. Your ROI should improve from year to year as you become established in the new market and achieve scale so the ROI goals should change over time.

Your profit will be dependent on how many sales you make, the margin on sales, and the cost of sales. For example, if using an indirect model, the three year ROI may look like this:

YEAR	PARTNERS	SALES/ PARTNER	AVERAGE SALES VALUE	YOUR MARGIN	YOUR COST	PROFIT	ROI:1
1	4	4	\$50,000	60%	\$300,000	\$180,000	0.6
2	8	5	\$50,000	60%	\$350,000	\$850,000	2.4
3	12	6	\$50,000	60%	\$400,000	\$1,760,000	4.4

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## How long can you sustain investment?

The ramp up period, where few or no sales take place, needs to be taken into account. The investment from your domestic business must be able to cover this period, which takes away from the company's overall performance.

For example, if your go-to-market model internationally is indirect, then you should take into account:

1. The time to recruit your local representatives – say, 3 months.
2. The time to recruit a partner – say, 3 months
3. The time to build a pipeline of qualified opportunities – say, 3 months
4. The time to ramp up partners to sell independently – say, 3 months
5. The time to win a sale – say, 3-12 months

Some of these activities can be done concurrently; however, you still need to expect 9 to 18 months for your first sale.

The other consideration is to ask: if you invested the \$300,000 - \$600,000 in creating demand in your domestic market instead, what would the short and long term returns be?

## Has your product been localized?

Even if your product integrates with internationalized platforms, it still needs to be localized. Aside from currency and date formats, the target country's language colloquialisms and spelling should be accommodated. This is an important consideration because often users don't want to feel like they are using foreign software and it takes time and budget to do the localization.

## Can you demonstrate credibility?

When entering a new international market you have to be able to answer this question:

*“Why would anyone buy your product when there are already so many established products in the market?”*

This is a question that both customers and partners will ask. No matter what answer you give, the next question will be: “Can you prove it?” This is where references and case studies are critical to establishing credibility. While it may not be possible to have references in the international market upon entry, your company must have brand name recognizable references from your domestic or other international markets.

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For example, if you are targeting Comcast as a client in the US, then you would want a recognizable brand like British Telecom in the UK or Telstra in Australia or SingTel in Singapore as references. Without at least five brand name references in the target vertical, you will be hard pressed to win substantial clients -unless you are willing to give your product away.

**Does a specific opportunity exist?**

Often software companies enter new international markets when a client there expresses interest in their product. This is an excellent catalyst to launch your international expansion because it demonstrates existing interest in your solution in the market and can fund the cost of entry. However, all the other planning also needs to be done – especially in regards to providing on-going support. You don't want a situation where your first potential reference in a new country becomes dissatisfied with delayed remote support. Having a real client is a good way to fund international expansion and to recruit partners, but it has to be as a part of a complete go-to-market plan.



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## WHERE TO EXPAND INTERNATIONALLY

### What Works:

1. If you have a particularly limited budget and little experience in international expansion, start with a smaller, developed market like Australia. If you have international experience, the time and resources, apply them to a large market like the US.
2. A compelling business case based on understanding the actual opportunities in the target country together with an ROI model that justifies the investment.
3. Understanding the competitors in the target market and how to differentiate.
4. Knowing how business is done in the target country.

### Case Study: CareWorks

[CareWorks](#) is an Irish ISV with CareDirector, a hosted Dynamics CRM based health and human services solution that addresses the needs for self-directed care for adults and the aged. Since the domestic market in Ireland is small, CareWorks had to expand internationally early to build their business. Due to a common language and proximity to Dublin based resources, CareWorks chose the UK for their first expansion.

After having won a number of government customers in the UK, the company applied their proven business model to the US. They chose the US because of its size, but also because of the common language and the similarities in the way managed healthcare is delivered. CareWorks then applied their deep industry expertise gained in the UK to the US market. Consequently, today, the company has more than 100 customers and 20,000 users across Ireland, UK and the US.

### Which country should your company expand into?

Two strategies for selecting new countries are:

#### **1. Start with a smaller market to pilot and refine your go-to-market model**

If your financial resources are particularly limited and your company has had limited experience in selling outside its domestic market, a short term strategy may well be to begin in a smaller test market. This offers the combined benefits of a smaller investment and lower risk.

For example: if your software is in English, the US and UK are large markets with vast opportunities, however, they are also the most competitive and costly to penetrate. Alternatively, Australia or New Zealand are much smaller but equally developed English speaking countries. The market is concentrated in just two cities. Here, customers and partners are more easily identifiable and the competition may not be as intense. If your go-to-market approach stumbles or fails, the cost will be much lower than in the US. From this learning, you would be better positioned for success in large countries.

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## **2. Select a large market where all the investment can be applied towards a bigger opportunity**

An alternative strategy is to take the long term approach and commit to the largest packaged software markets from the beginning. These are: the US, Germany, UK, France, Japan, and China.

### **What is the addressable market opportunity?**

The United States is the world's largest packaged software market with about 50% share. About 30% is in Western Europe led by Germany, UK, and France. About 15% is in Asia-Pacific - mainly in Japan, China and South Korea. The remaining 5% is in the rest of the world.

Above, a simple method of estimating the market opportunity by country was described. It takes into account your software's vertical specialization and works well for countries where company data is available.

### **How competitive is the market?**

Competitor presence should be strongly considered when assessing a new country for entry. Countries that are dominated by one or two credible, well established competitors often have loyal customers and an ecosystem of partners that have built their businesses around these vendors. Two examples are Microsoft Dynamics NAV in Denmark and SAP in Germany. For customers and partners, the cost of changing to another vendor may be so high and/or so disruptive as to be prohibitive.

In fragmented markets, where there are numerous active competitors, each with less than 20% market share, customers and partners are often much more open to switching to best-of-breed solutions and are not as committed to a single vendor. This can be an opportunity for a new software company that has meaningful differentiation. The US, UK, Canada and Australia are some of the most open markets to best-of-breed solutions.

A note about the UK: for many software companies, the UK is the gateway to Europe and the Middle East. This distorts the UK market greatly and makes it ultra-competitive because all these software companies expanding into EMEA use the UK as their base.

### **What is the cost of doing business?**

#### **People and premises:**

If you are expanding into a developing country, then you can expect the cost of labor to be lower. You can also expect the professionals in a developing country to be equally skilled to their peers anywhere in the world. For example, in India, very highly educated professionals are paid a fraction of their peers in the US or Europe. In other countries, the currency exchange rate plays a part. For

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example, Australian professionals are paid about the same as their US counterparts – in Australian dollars. Since AUS\$1 = US\$0.73 the wages are lower for US companies operating in Australia.

Even in developing countries, rents can be as high as in developed countries for prime locations. However, rents do vary city to city. For example, in the US, New York can be a lot more expensive than Houston or Atlanta. In Asia-Pacific, Singapore is where many foreign companies set up and therefore it has higher rents and wages. A lower cost alternative is Kuala Lumpur which is only a few hours' drive away in Malaysia. Another consideration is public transport. If it is good, then locating further out to reduce rent costs and rely on public transport may be an option. While private cars are the norm in the US, in much of Europe public transport is the norm.

### **Government policies:**

Government policies vary from country to country as do the incentives to either attract foreign software companies or protect the local ones. For example, the French government actively supports home grown software companies. Other countries provide tax breaks (e.g. Singapore) and even facilities (e.g. China) that encourage foreign software companies to come in and transfer knowledge to locals. They may also require foreign companies to work in joint-venture with local companies which can limit go-to-market options. Since the policies are as diverse as the countries, it's difficult to generalize so individual research is advised.

### **Gifts:**

In some countries, particularly the developing ones, individuals in positions of influence and power may put their own interest over those of their employer and expect "gifts" in return for access. Many developed countries have laws and companies have policies that specifically prohibit anything that could be considered as bribery. If this is the expected way of doing business in the target country then you may have to reassess its fit for doing business there.

### **Doing business with foreigners:**

In many countries, locals prefer to do business with locals. This is particularly so in Asia. Too often, companies establish subsidiaries in foreign countries with expatriates from home. This doesn't always work well because doing business in a foreign country is different than at home. Foreign content experts are almost always welcome, particularly in developing countries; however, because of familiarity, trust and reputation, business is best left to be done between locals. A good approach is to set up a local subsidiary with locally hired management and have an expatriate executive, such as one of the company founders, spend six to twelve months in the new country transferring expertise to the local team.

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**In-person or online:**

The cost of doing business can also be impacted by the cultural expectations of doing business in-person or on-line. For example, in the US, it is quite acceptable to contact customers and partners through a combination of telephone calls and emails and have virtual meetings (via Skype or similar) while both parties are qualifying each other to decide if there is common ground for a purchase or a partnership. This may extend all the way to doing online product demonstrations and evaluations. A face to face meeting is expected once there is agreement in principle – essentially to dive into details. In the US, customers and partners are less likely to invest time in face to face meetings until there is high likelihood that it will lead to an agreement.

In many European countries and Australia, business is still expected to be done face to face. Initial phone calls or emails are used to schedule a face to face meeting at which the offer would be presented. Typically, demonstrations and evaluations would also be done face to face.

**Benefits vs. Technology:**

In many European countries and especially in Germany, engineers and scientists hold senior sales and marketing positions. Therefore, the sales approach is led with a product's technical excellence. In the US, where sales and marketing executives are more likely to have business degrees, customers and partners expect the sales approach to be led with business value propositions – preferably related to the ROI. Frequently, European software companies preparing to enter the US market have to rewrite all their marketing brochures and website to be effective in the US market.

In the US, if you send a new product manual to a prospective partner, chances are they wouldn't read it. In Germany, if you send it to a prospective partner, chances are that they would read it in detail, have a whole list of questions and come back to you with suggestions on how to improve your product!

**Localization:**

In some countries where English language is not native, such as in the Nordics and Singapore; English is the business language and it is acceptable to offer English version software. In many countries where English is not native, such as Germany, France, Japan and China, even though English is generally understood, the software has to be localized – which can add considerable cost.

**How should the product be priced?**

Before entering a new market, it is important to assess the local pricing expectations. Generally there are two views on pricing:

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**1. The lowest price is the deciding factor** – this is particularly so in developing countries such as throughout South Asia, the Middle East, Eastern Europe, and Latin America.

**2. Fair price for fair value** – this is particularly so in developed countries such as the US, Canada, Western Europe, Japan, and Australia.

In countries where price is the deciding factor, deep discounts are expected and this can have a significant impact on margins. Margins can be further eroded if the market has either a large number of competitors or if your product's differentiation is not important to buyers.

If you find that the street price of your product is expected to be 20% lower than in your domestic market, you also risk your product being grey-marketed i.e. being bought in a lower priced market and deployed in a higher priced one. Pricing should be a major consideration in where to expand.

### **Are there enough partners?**

If your go-to-market model is through partners, then your target country ought to have a sufficient number of partners with expertise in your target verticals and the platform technologies your software integrates with. While this is not a concern in large markets in Western Europe or the US, it may be in the smaller ones. For example, Australia has relatively few Microsoft Dynamics ERP partners and some industries, such as manufacturing, are not as prevalent as in other countries.

### **How will technical support be delivered?**

Winning and keeping reference customers in a new market is one of the keys to success. To do this well, technical support needs to be responsive to customers' and partners' needs. If your go-to-market model is through partners, then the partners are the first level of support so you can keep your experts in your home country as long as there is a guaranteed 24-hour response time via telephone or online to the partner or customer.

If your go-to-market model is direct, you will need to have level 1 expertise online and level 2 expertise available to be on site. If you are expanding between European countries, time coverage is not a major issue. However, if you are expanding from Europe to the US or Australia or vice versa, there will be additional cost and resources required to provide support during business hours.

The most important thing to do is to set the appropriate expectations with customers and partners. If the expectation is set that telephone support is available between 8am-5pm and online support response is next day then it needs to be. Unless there is an emergency, customers and partners will accept these terms.

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## What is the risk of piracy?

For any software company, piracy is a concern, and choosing to do business in a country which has high piracy rates presents added risk. Even if your software has elaborate serial number activation or persistent online validation, there is still a risk of reverse engineering. This risk comes not only from end users but also from partners.

According to a [Software Business Alliance 2013 study](#) the countries with 60% or more piracy rate include: China, Russia, India, and several in Eastern Europe, South Asia, and Latin America.

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## HOW TO EXPAND INTERNATIONALLY

### What works:

The suggested priorities are outlined in the following nine steps:

1. Choose your go to market model
2. Target a winnable market segment
3. Focus on sales activities
4. Secure at least three reference customers - directly
5. Recruit a handful of committed partners\*
6. Refine and replicate your success
7. Progressively expand into more segments with more partners\*
8. Use marketing to create demand and build a local brand
9. Leverage strategic alliances to build credibility and scale

\*For partner channel go-to-market model.

### Case Study: To-Increase

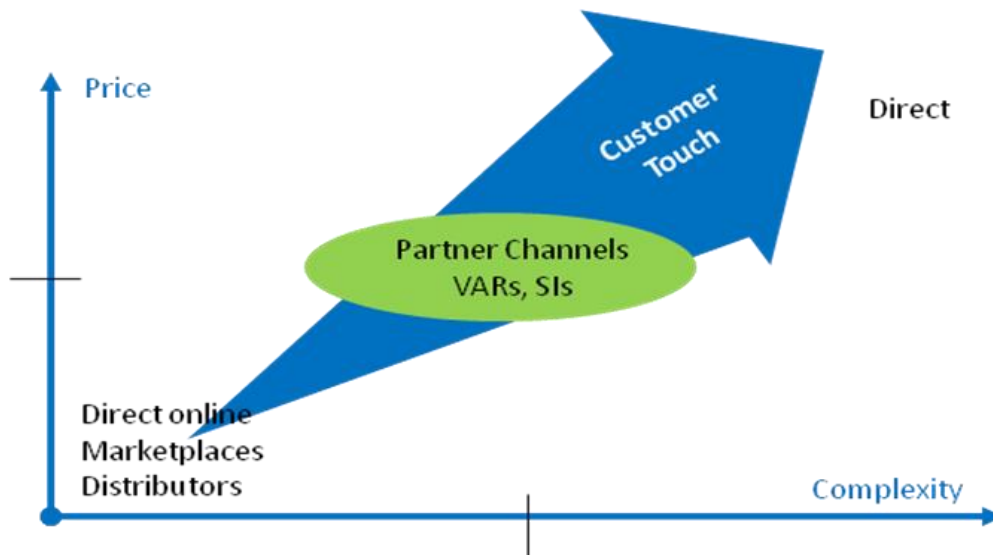
[To-Increase](#) is a The Netherlands based ISV with a portfolio of business solutions for Discrete Manufacturing, Architecture Engineering & Construction (AEC), Food Manufacturing and Retail. To achieve scale, the company's go-to-market has been through partners in Europe and this was also used to penetrate the US. Initially, To-Increase recruited numerous partners that were interested in their solutions but not necessarily committed to investing in gaining the in-depth knowledge needed to effectively sell, implement and support customers' unique business requirements.

Therefore, the company developed a comprehensive partner program with specific requirements to become a partner and offered greater benefits for making that investment to them. Consequently, a number of the original partners were let go and a smaller, but better qualified, more focused and committed partner channel was established. This focused partner approach has resulted in To-Increase gaining over 1,800 customers through rapid multi-year growth across all solutions and target industries.

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What is your go-to-market model?

Figure 1: Choosing the right go-to-market model



- **Low Touch Solutions – Sell online and distributors**
- **Medium Touch Solution – Sell through partners**
- **High Touch Solutions – Sell directly**

**Online:**

If your product is simple to sell, easily to install or it is hosted and its configuration can be automated, then selling internationally online is a good option. This is typically a low price, high volume model, highly dependent on automated customer acquisition, qualification, purchase, fulfillment and support. Partners may also sell the product and receive a 10%-15% referral fee. However, their involvement would be limited – most likely to put a check in the box to include this product in a larger sale. An example of this may be a simple add-on application like check writing.

**Distribution:**

A distributor is an agent that makes your product available to a partner channel which sells it to end user customers. There are very few value added distributors these days and introducing another tier between yourselves and the end user as well as passing on additional margin really has to be scrutinized. To make a three tier model work, a software company may have to offer a 60% discount which is split between the distributor and reselling partners. This model works for simple, low cost, high volume products where a distributor's brand, reach and supply chain efficiency are the added value.



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**Direct:**

If your solution is complex, with a long sales process and requires extensive technical and business consulting expertise to configure and integrate to the specific needs of each customer, then a direct model may be the best approach. A major benefit of the direct model is that you can choose your own people and have them dedicated to selling your product - even through long and complex sales processes that channel partners would find unattractive. Also, you keep the entire margin on licenses, subscriptions and services. However, in the US, a three person direct sales office may cost more than \$600,000 per year to run. A direct approach should be considered when the typical solution sales value is over \$250,000.

**Partner Channel:**

A partner channel is an excellent go-to-market model when your solution is not too complex, has a sales process of 9 months or less, but still requires technical and business consulting services that could not be easily automated on-line. Partners take a 30%-50% margin on licenses, 20%-40% on subscriptions, and typically deliver the professional services themselves. However, they do the sales, marketing and first level support. Partners also enable your company to scale out through their people, activities, infrastructure and existing client base. In the US, a two person team recruiting and managing up to 12 partners may cost \$300,000 or more per year.

The table below compares the direct and in-direct (partner channel) models:

DIRECT		IN-DIRECT	
<b>For:</b>		<b>For:</b>	
<ul style="list-style-type: none"><li>• Committed and focused resources.</li><li>• Quality sales and support.</li><li>• High margins.</li><li>• Faster time to first sale.</li></ul>		<ul style="list-style-type: none"><li>• More opportunities addressed.</li><li>• Low infrastructure costs.</li><li>• Low sales, marketing, support costs.</li><li>• Better leverage of local relationships.</li></ul>	
<b>Against:</b>		<b>Against:</b>	
<ul style="list-style-type: none"><li>• High infrastructure costs.</li><li>• High sales, marketing support costs.</li><li>• Fewer opportunities addressed.</li></ul>		<ul style="list-style-type: none"><li>• Challenge to maintain focus.</li><li>• Lower margins.</li><li>• Higher training requirements.</li><li>• Longer time to first sale.</li></ul>	

Table 1: Comparing the direct and in-direct go-to-market models.

In my experience, 80% of small to medium sized ISVs choose the in-direct, partner channel model. Therefore, let's look at key elements involved in building a self-sufficient and proactive partner channel.

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## Do you have a complete partner program?

If your typical sales value is less than \$250,000, building a partner channel that already has experience selling into your target market(s) and with an installed base of customers, may be the best strategy. While large markets, such as the US, have thousands of potential partners, the challenge is to identify and recruit a handful of the right ones that will proactively sell your product. Often companies have false starts in international markets because they just focus on signing up resellers. It is not uncommon for a foreign ISV with an arbitrary partner recruitment goal to sign up tens of resellers and have no meaningful incremental revenue to show for it a year later. This is because there is much work that needs to be done up front before a partner channel can become self sufficient and revenue producing. Some key elements to success include:

- A strong business case for partnering
- Compelling business terms that reward partners' revenue growth
- Clearly articulated solution differentiation
- Compelling customer value propositions
- Ideal customer profiles and business scenarios definitions
- Sales and technical training
- Marketing materials tailored to the local market's cultural expectations
- Demand generating marketing programs.
- A joint business plan with sales, marketing and technical goals, regular reviews

The partner program is essential to establish the expectations of how the two organizations will work together. Not only does it define the trading terms but also the customer value propositions, competitive positioning, benefits, and roles and responsibilities relating to sales, marketing and technical support.

The number of channel partners you should aim to recruit will depend on the complexity and horizontal or vertical nature of your solution. If your solution is simple and horizontal then you would look to establish broad coverage with tens of resellers. However, if your solution is complex and vertical, initially recruit a smaller number of partners that have assigned geographical coverage. This will provide partners with the incentive to invest their resources into business development. Contractual exclusivity is not recommended.

You should plan to hire a local Business Development Manager and a Pre-Sales Product Specialist. Having an International Business Development Manager based in your home country can save money - but it is not the best option.

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## What are your first year goals?

Whether your go-to-market model is direct or through partners; your first year goals should be focused on winning a handful of brand recognizable customers who can serve as references for future sales and be your foothold in the market.

This means that your local Business Development Manager and Pre-sales Product Specialist will be directly involved in securing “must win” customers – even if your go-to market model is through partners. These first 3-5 wins are the foundation for future success and execution must be flawless. They also serve as an opportunity for new partners to shadow your experts and learn how to sell and implement your solution.

In the first year, the focus should be on sales into a single market segment or vertical where your solution can demonstrate meaningful differentiation and deliver superior business benefits to customers.

If your go-to-market model is through partners, then the first year should include recruiting a sufficient number of committed partners to achieve basic geographical coverage. A good rule of thumb is one partner per region. In the US, this may be 6 (NY, FL, TX, MN, CA, WA), In Australian this may be 3 (VIC, NSW, QLD).

## What are your second year goals?

The second year should be about applying the learning from the first year to expanding your footprint in the new country. Get feedback from your customers, partners and your people in the field and derive best practices. Establishing a board of advisors is a great way to refine your go-to-market model, messaging and keeping customers and partners involved.

With this learning, expand the number of partners and target more customers and/or verticals. The second year should also reflect a greater focus on marketing and building strategic alliances.

Examples of marketing activities include: participation in conferences such as Microsoft’s Directions, Convergence and industry specific ones, creating an on-line presence with best practices and cases studies in industry publications and professional forums. This may require hiring a marketing person or engaging an industry knowledgeable marketing agency.

An example of building strategic alliances is to learn about the priorities of the country Microsoft sales team and seek to align your activities with theirs. This may require hiring an alliances person.

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### **How do you measure success?**

Build a three year business plan for the subsidiary with sales, marketing, technical and customer satisfaction goals then measure progress against those goals quarterly.

Taking a conservative financial approach; the plan would allow for expanding the number of staff and budgets in line with increasing sales and profitability that can support it.

Short term success is measured in revenue growth. Long term success is measured in brand equity. To establish strong brand equity, in addition to sales, the priorities need to be on winning and keeping happy customers, creating brand visibility through marketing and being the partner of choice with tier #1 vendors like Microsoft and HP.

### **Additional resources:**

The World Bank Group's [doing business in](#) site is a good free resource to find information on specific countries.

Email Paul Solski to receive the International Expansion Readiness Self-Assessment:  
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