Expansion of a small Swedish IT firm;
- A market and entry mode selection

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**ABSTRACT**

Internationalization within the information communication technology (ICT) sector has become more essential today and this has raised the international competition over customers. The Nordic markets growth and development in its ICT sector has brought new competition and has been the substance of change in business concerning, organizational changes, reduce transaction costs and rationalize and restrict supply chains.

The purpose of this thesis is therefore to compare the Nordic ICT markets and the potential for small IT firm namely, Radar Group International AB. To be able to understand Radar Group’s potential in the Nordic IT markets this thesis is divided in to two aspects, market selection and entry mode selection. When we have evaluated the Nordic markets we made, based on our findings recommendations to Radar Group in *what* market to enter and *how* to enter that market. For comprehensive understanding of this study, we choose concentration of the theoretical framework committed to the subject, market selection and entry mode selection. Furthermore, we used qualitative method in collecting the empirical data consisting of raw data and in-depth interviews with three international IT firms based in Sweden about their market selection and entry mode selection.

Our conclusion indicates that Radar Group should explore the Norwegian market as it offers greater customer potentials and stronger economic growth. While expanding to the Norwegian market, it is our opinion that Radar Group should use Joint venture as their entry mode. It is the most suitable mode for Radar Group in terms of financial aspect, the company’s business concept and previous experience.

**Key words:**

Internationalization, Entry mode, Economic growth, Customers, IT company, ICT market, Nordic markets.
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1 INTRODUCTION

Companies, in all businesses, compete with each other in regards of customers and they all have their own strengths and knowledge to offer to the potential customers. The businesses of consulting are no exception. Consulting service companies support organizations to help them rethink their business through strategy, business processes, employees and technology. By consulting they offer (a), professional solutions, experience and efficiency for problems that the customers face, (b) they show and introduce customers to new products and concepts, (c), transfer knowledge to stay competitive and stay focused on the core competence. In order for consultants to support their customers and create growth, they need insights and knowledge in new technology, trends, and the ability to address a problem and build technical and creative solutions to deliver results. They assist clients with planning and observations of technology, computer software and hardware evaluation and selection and software development in order to give the client’s competitive edge and long-term survival in their business field. This is achieved by having a broad spectrum of knowledge in consulting and informational technology across industries. (Basil, Yen and Tang, 1997)

Within the field of consulting there are many different business areas, one being Information communication technology (ICT). The OECD definition of ICT industry, includes (1) sales (wholesale and retail related to new ICT products), (2) software development and consultancy, (3) hardware (manufacturing) and (4) telecommunications (Nordic ICT spaces, 2004).

When a company feels that they have to search for new potential customers, one option is to move abroad and develop their international potential. Throughout the history of international business research, researchers are not all on the same page regarding internationalization. For instance it has been argued that companies should develop the knowledge and market experience in foreign affairs by a step-by-step model referred to as the Uppsala model (Jan Johansson and Jan-Erik Vahlne, 2009). While some researchers, on the other hand, argues that some companies are born global and
internationalize almost as soon as they established some kind of business (Freeman, Susan, Edwards, Ron and Schroder, Bill, 2006). Internationalization of a company does not necessarily mean that the company moves part of their business to a different continent or to a whole new part of the world, internationalization might as well be moving across the border to the neighboring country of the company’s home market, as the case with many companies. The ICT market is an example of a market where the company does not have to look far for a new market to explore since almost every country as of today have a somewhat developed ICT market. In modern times the ICT is transforming activity through the whole economy, just as the electricity, railways and steam engine did in the past. ICT has an important economic impact as it has contributed significantly to growth in several OECD countries. Additionally it has brought new competition and has been the substance of change in business, when it comes to restructuring of firms, a change in work organization, reduce routine transactions and rationalize and restrict supply chains. Manufacturing has become more efficient, inventories and costs in the supply chains have dropped, design and production have become integrated, and ICT applications have been part of innovation in services (OECD, Science and technology, 2001).

The Nordic markets, however, are the leading regions when it comes to ICT use in the businesses, in the government sector and among the general public. The region has improved performance in this area over the latest five-year period, indicating that this has been a prioritized policy area for local institutions and governments. (Nordic Innovation Monitor, 2009) The ability to use technology in developing new products can provide regions with a competitive advantage, as ICT is used on a larger scale in providing people with new solutions. The Nordic region is unique in its way to utilize the opportunities for innovation offered by ICT. With high competence level among citizens in term of the use of ICT have formed a strong position in the area of ICT in the Nordic markets. The citizen use internet to attract with public authorities, internet banking and e-commerce, which have lead the performance in the regions. The performance in Corporate Digitalization is also strong, with high levels on enterprises using e-learning applications. However, other regions across the world are catching up in the areas of
ICT, for instance the US, the UK and Canada are already performing well in the area of Corporate Digitalization. (Nordic Innovation Monitor, 2009)

On ICT the Nordic Region outperforms the other OECD regions and are among the top 5. Indicators further show that Nordic citizens are among the world’s most active users of the Internet. Particularly when it comes to the competence level on ICT among employees, the Nordic region outperforms the English-speaking countries. Moreover, the public segment in the Nordic region is very advanced when it comes to digitalization of services compared US, the UK and Canada, even though the US is also in top 5. (Nordic Innovation Monitor, 2009)

With all this information in mind, it is safe to say that the Nordic markets are a good first step to internationalize as ICT businesses and looking for new markets. One ICT company looking to internationalize is Radar group international AB (Radar Group). The company is a Swedish IT consultancy firm that feels that they have to internationalize in the near future in order to keep up with the competition, find new customers and also meet the demands of their already existing customers. Radar Group is on the verge of internationalizing and need help to make a market evaluation and recommendations on which market to enter and which entry mode strategy to use. As one can argue that choosing a market to enter and how to internationalizing is a problematic thing. There are many different factors to have in mind when evaluating and choosing a market. The companies also have to choose which entry mode that is best suited for the market and the company itself. Needless to say, there are a lot of factors to calculate on.

The purpose of this study is to compare the Nordic ICT markets and the potentials for Radar Group’s services. When we have evaluated the Nordic markets we will, based on our findings, make recommendations to Radar Group as to which market to enter and what entry mode strategy Radar Group should use for a successful market entry.
2 THEORY

2.1 Market selection

For a firm that is pursuing to internationalize, the initial step is to consider which market or markets to entry. Subsequently the firm needs to appoint the issues that are directly related to the possibilities that could affect their entry such as regulatory regimes, strength of the competitors and cultural distance. This is necessary since the entry choice could determine the success or failure in early internationalization. Moreover, the location of the selected markets could affect the co-ordination of the activities as well as the firm having local branches effects the firm’s global positioning strategy. Firms also need to distinguish between countries and markets because the market differences may be unrelated to political boundaries. For instance the Scandinavian countries are often treated as a relatively homogeneous market. (O’Farrell and Wood, 1994)

There are many ways in selecting a market for internationalization and sometimes a market selection happens by chance, where the firms follows their domestic clients establishing offshore operations in a foreign market which is a phenomenon characterized in the service sector. Similar to this, sometimes firms seem to follow competitor into new country markets. (Brewer, 2001)

Market similarity is one factor in selecting market, as companies prefers markets that are similar in culture, language and knowledge (O'Farrell and Wood, 1994). Different operation such as marketing operations, cost of market entry, cost in delivering product to customer can be reduced by standardized set in similar markets and firms can employ their strategies as they do in home market (Davidson, 1983). In order to evaluate the markets and be able to distinguish them from each other, it is of importance to base the evaluation on factors that gives the company information about the markets regarding key questions (O'Farrell and Wood, 1994).
2.1.1 Market size

The market size of the host market is positively related to internationalization of firms since they are likely to invest in a larger sized market for greater return (O'Farrell and Peter A, Wood, 1994). Other empirical findings show that the market sizes have effects on the financial flow and asset returns (Philippe Martin and Helene Rey, 2004). But if a firm is engaging in a foreign market through export, the market size is of less importance unlike to the foreign producers that invests and makes significant resource commitment to the foreign market (Erramilli, 1992).

2.1.2 Economic growth

Besides the markets size some researchers consider the economic growth as a useful measurement in selecting the market with greater potential. There are usually two ways to measure economic growth. First, market growth in terms of turnover and besides that, one commonly used measurement is the gross nation product (GNP) growth rate and imports (Kumar, Stam and Joachimsthaler, 1994).

International firms prefer markets that offer the opportunity in gaining greater returns in terms of gross domestic product (GDP). Markets with large GDP have a great impact in attracting foreign direct investors. High level of GDP increases the market attractiveness and decreases effects in country risks, cultural distance and nation values. (Ojala and Tyrväinen, 2007)

2.1.3 Competitiveness

One way in measuring the competition level is by the number of major competitors present in the market since they could affect the profit margin enjoyed by the firm (Kumar, Stam and Joachimsthaler, 1994). If a service firm faces high volatility in the competitive nature they are less likely to commit to that market since it could result in decreased profitability (O'Farrell and Wood, 1994). Geographical similarity creates opportunities to observe the competitors and these observations create pressure in the industry forcing companies to improve their business to stay competitive (Porter, 1990). The companies that manage to stay competitive could enhance their reputation in the industry (Chen and Hsieh, 2008).
2.1.4 Potential customers

International competition is increasing within the service industry. Therefore the increasing competition is a driving factor in terms of companies being more customer-oriented, despite what product they sell. Many firms cannot meet the customer needs and therefore to satisfy the customers is a priority that leads firms forming alliances with other firms (Chen and Hsieh, 2008). Internationalization could be a consequence of saturation in the domestic market and therefore firms internationalized in order to find new customers and new markets to enter to increase profit. Foreign investors constantly seek new markets and new opportunities arise in the world as countries are lifting their restrictions on ownership to attract investors (Minifie and West, 1998).

2.2 Entry mode selection

2.2.1 Greenfield investments

To internationalize and integrate operations across countries, Greenfield investment theory prefer to establish operations by building new plants rather than acquiring them. Firm uses Greenfield investments where production logistics are key success factor in their line of business. The advantage in Greenfield investment is that the firm can build its plants to fit their interest and take the opportunity to integrate the latest technology to increase the operational efficiency. On the other hand the disadvantage is the high investment costs and slow entry in new markets. (Hollensen, 2011 pp.394-399)

According to some researchers, a negative aspect with Greenfield investments is that it is more risky compared to acquisitions due to the time consuming period when the firm starts in the beginning of a learning curve in the host market. However, if the firm has a company specific advantage and financial resources that will make them strong enough to cover the additional transaction costs establishing operations in the foreign market the time period will not be as important. As newcomers firms will face some negative impacts on their entry since the firm suffers from both a liability of newness and liability of foreignness. (Gerogopoulos and Preusse, 2009). Other studies indicated that factors such as investments cost, market size and technology differences have an impact on the choice of entry mode. If the host market competition level is very high or very low or the
host market firms have less developed technology the best-suited entry mode is Greenfield investment (Müller, 2007).

2.2.2 Acquisition
Acquisition provides access to already existing customer bases, brand names, distribution channels, management skills and local knowledge, which can result in a rapid market entry. Advantages in acquiring a firm are gaining quick access to, a qualified labor force, established reputation, contacts in the network and governments, existing management experience and distributions channels. The disadvantages in acquiring another firm are that it is too expensive and the organizational treats in communication and integration between the acquired firm and acquirer. (Hollensen, 2011 pp.394-399)

In the acquisition settings, long-term strategic thinking is essential in understanding whether it will create value or not. Future events may change the value of the firm and therefore the acquirer is required to think about future scenarios. (Mcdonnald, Westphal and Graebner, 2008). Furthermore the companies need to be aware that when acquiring a firm means coordinating all the subunits since the acquired firm has it’s own culture, structure, processes and systems. This requires financial control, strategic control, as well as rich information exchange between the acquired firm and the acquirer. (Schijven and Barkema, 2008)

In cross-border acquisitions the firm has the advantage to combine the acquired firms advantages with its own specific advantages. Furthermore the acquirer might also be able to, in quicker fashion, react to changing market conditions in their market entry. By combining these synergies both parties will be able to overcome the transaction cost barrier on the local market and improve its position. (Gerogopoulos and Preusse, 2009)

2.2.3 Franchising
The concept of franchise is that a franchisor gives the legal right to a franchisee and in return the franchisor will receive payment against the usage of the business concept or systems including trademark and loyalty (Hollensen, 2011 pp.361, 376). Another
researcher explains franchise format being an independent businessperson that obtains a mode to distribute goods and services by a parent company. This mode includes the rights to market services and goods using parent companies brand name and the parent company will in return get an up-front fee and ongoing royalties. (Barthelemy, 2008) Hollensen argues that there are mainly two factors that have contributed to the growth of the concept franchise. First, the replacement and decline of the traditional manufacturing industry into service-sector. And second, the government polices which makes it easier to start small businesses and for people to be self-employed. (Hollensen, 2011 pp.361, 376)

2.2.4 Joint venture

Joint venture means that the parties combine their resources with intention to create value. These resources include financial resources, technical knowledge, production knowledge, distribution channels, customer characteristics and knowledge relating to institutions and culture. The advantage is that in joint ventures the partners combine their knowledge whereas in acquisition and the internal development, gaining knowledge is extremely costly and becomes time consuming. (Kumar 2010) The reasons why a corporation uses joint venture are first, the possibilities to enhance their technology and managerial skills, which could lead to new opportunities in existing segments. Second, to increase the speed in entering a new market. Third, due to the government restriction in developing countries such as China the enterprises must respect the foreign policies. And fourth, to minimize expenditures and costs since the research development and global operations is expensive. (Hollensen, 2011 pp.366-376)

Further studies have been carried out on the horizontal and non-horizontal dimensions off joint ventures. Horizontal joint venture addresses the corporation of two competing enterprises in the same industry while the non-horizontal joint venture refers to two enterprises from different industries. The research indicated that horizontal joint venture is anticompetitive since the two linked enterprises increase of market power derived from two parent companies. On the other hand the non-horizontal joint venture is more likely to increase competition in the new market. (Tong and Reuer, 2010).
3 METHODOLOGY

3.1 Research method

Before outlining the chosen research method for this thesis, it is important to mention that the idea for this thesis appeared during an internship at Radar Group, involving one of the authors in fall 2010. During this internship some empirical data was collected about Radar Group through informal meeting and Radar Group also provided the authors with information which made this study somewhat participative study. After the internship, further empirical data was collected through in-depth interviews to supplement the study.

A qualitative research method was chosen in collecting the empirical data in this study. The qualitative method describes different situations, which is observed and interpreted to understand (Bryman and Bell, 2007:28). Through these understandings, new observations and interpretations can take place, which will lead to development in new situations (Hartman, 2004:273). As we aim to investigate the Nordic IT markets and its potentials for Radar Group’s services and what entry mode strategy the company should use for successful market entry this method was useful to create a better understanding in our investigation rather then measuring it. To maximize the outcome we interviewed three companies based in Sweden about their expansion in the Nordic market and how they incorporated their entry mode strategies. According to Davidson and Patel (2003:14) using research method is driven by how the research question is formulated. The characteristics of our interview questions were open, to enhance and give the interviewees the opportunity to clarify and extend their answers.

This thesis is based on a case study and this strategy was selected as it allows us to compare Radar Group situation with three other IT consulting companies that were based in Sweden before their expansion to the Nordic markets. Furthermore, a case study and in-depth analysis will allow us to understand why and how these companies chose to expand their business activates and more information can be presented in comparison to an overall case study.
Throughout this thesis an appropriate literature and factors that can affect expansion of corporate activities and the choice of entry mode strategy were found, such as market legislation, export strategies, language skills and distance. The factors that are treated in this thesis are market selection factors, such as market size, economic growth, competition and potential customers. Further factors covers different entry mode strategies, such as green field investments, acquisition, franchise and joint venture.

After the theories were selected, the following steps was to find companies being related to the case study that have used the factors in selecting market and entry mode strategy. This will be further explained under the section of respondents.

3.2 Respondents and the chosen organization
The Nordic markets are the leading regions when it comes to IT use in the businesses, in the government sector and among the general public. On IT the Nordic Region outperforms the other OECD regions and are among the top 5. Indicators further show that Nordic citizens are among the world’s most active users of the Internet. (Nordic Innovation Monitor, 2009)

Radar group is a small-sized company with 8 employees and has a turnover of €990,000 a year and operates as intelligence information delivery firm in the ICT market in Sweden. The company was established 2006 as an Informational Technology (IT) insight delivery consulting company in the Nordic region. To learn more about Radar Group’s products and services, see appendix 1.

Radar Group generate value in providing insight and advise for the competitiveness of the IT distributor (sell side) and models and advise in increasing value for the IT decision makers (buy side). Through their industry system platform Radar Group provides insight by syndicating reports, models and act as a strategic advisors to technological suppliers, decision makers and institutional investors in the entire ICT industry (Hans Werner, CEO, Radar Group).
According to Radar Group CEO Hans Werner, Radar Group will within two/three year’s period expand their activities in the Nordic region. Illustrating his awareness of the financial weakness and low numbers of employees, Hans mentions that Radar Group’s customers are increasing and it will reflect in higher turnover, therefore Hans believe that they should offer more services covering the entire Nordic market not only the Swedish market. Hans further states that Radar Group will be financially stronger and increase the company’s number of employees considerably in the coming two to three years as result of gaining markets share. For further competition in the Swedish IT market, Radar Group announced September 13th on 2010 a joint venture with Avega Group (www.radargroup.se). Radar Group forming alliances with Avega Group will not only offer consultancy and intelligence but also products that will give the customers technological systems and products based on the consultancy and the intelligence they are offered, says Hans. Since one of the authors worked in Radar Group, it was easy to collect data and information about Radar Group’s current situation and future plans to supplement the study. Therefore, it was interesting to examine how Radar Group business concept relates to the respondents business concepts. This study is limited to only one company’s intention to expand their activities and in order to minimize the risk of irrelevant information to analyze the theory and the empirical were constantly revised.

The choice of respondents was based upon three criteria’s:

1) The respondents must be in the ICT industry proving consulting services and products to their customers.

2) The respondents have business activities in at least one other Nordic markets besides the Swedish market. This is to increase the reliability of the respondents, as they will give information according to their expansion.

3) The respondents must be in the management team to make sure the relevant information is provided in order to connect to the theory.

To collect the empirical information and data the following respondents were interviewed:

*Jan-Eric Ramberg*, Easit AB, One of the head owners and also chairman in the board of directors.

*Andreas Hedskog*, 4C Strategies, founder and owner of the company.

All respondents have multiple years of experience in working in the IT industry. They hold senior management positions within their companies and therefore have an operational responsibility for the company’s development within the IT industry. The respondents did not want to be anonymous in this study and was confortable that they will provide honest answers.

It is our opinion that even though the interviewees have nothing to do with Radar Group in a direct manner, they offer experience from IT companies in almost identical situation as to that of Radar Group. All three interviewed companies were small IT consulting companies in the Swedish IT industry that internationalized to a Nordic market. Therefore, we believe that the answers given by the interviewees offer a foundation to generalize from and draw conclusion for a company in Radar Group’s situation.

### 3.3 Operationalization

The theoretical framework is the fundamental perception for the empirical data collection. The interview questions were not customized nor changed toward the interviewees. Questions about the companies market selection and company’s entry mode strategies were posed. According to the market selection factors, questions about what made the company enter a new market concerning market size, economic growth, competition or potential customers was posed. The entry mode strategies factor, questions about what made them invest in the specific entry mode such as greenfield investments, acquisitions, franchise or joint venture was posed.

Well established theoretical framework was use to increase the reliability of this study and it further proves that elder theoretical framework still are applicable. The market
selection and entry mode strategies theories from the articles and books were used as instruments to sustain the required data. To learn more about the respondents market selection abilities, questions about what market they invested in and \textit{why} were asked. To distinguish the respondent’s perception and knowledge of entry modes, questions about \textit{how} they entered the market were asked.

These two factors, market selection and entry mode selection will create an understanding of what affects and grows the commitment toward investing in a new market. The respondent’s market awareness was investigated by asking questions about the Nordic IT industry and its future development. For further information regarding how the respondents and the factors were operationalized, see Appendix 2.

\textbf{3.4 Data collection}

The contact with Radar Group’s CEO, Hans Werner was already established during the time of the internship. The interviews were conducted in a meeting with the respondents where the respondents had the possibility to decide the time and date. In preparing for data collection the purpose of the study and the character of the two major factors, market selection and entry mode was presented in order to form trust to the interviewee.

In addition to the interviews we found useful data sources in the official co-operation in the Nordic region, (www.norden.org) and organization for economic co-operation and development (www.oecd.org). Both these databases provided us with the latest reports and statistical data of the Nordic ICT market as well as the European ICT markets. In addition to these data we found relevant IT industry information in the research database, business source premier. As we search in business source premier we had to limit our research to industry (ICT) to avoid our search to be too broad. Which resulted in an industry profile report conducted by (www.Datamonitor.com). Furthermore, Radar Group provided us with information from their subscription at DataDia (www.Datadia.se), a company that collects and sells business information in the Nordic region. In collecting the data in qualitative research method, the data could consist of
case studies, interviews, observations or analyzing written document and different data (Olsson and Sörensen, 2007:79).

3.4.1 The Interviews
The interview collection for this study was based on personal interview conducted during face-to-face meeting with the respondents. Through interview the interviewee’s attitude and opinion was gathered. The direct contact between the researcher and the interviewee enhanced the validity of the data collection as the researcher can correct the answers during the interview. The interview lasted around 30-40 minutes and the answers were directly summarized to re-ensure that the answers were correct. Interviews can be in structured or unstructured modes. Where the structured approach the interviewee are given very specific questioning while in the unstructured interview approach the interviewer has a list of topics that should be covered (Bryman and Bell, 2007:210-213). Based on this we had a list of topics when covering the way Radar Group current situation and future plans while on the other hand with Esri, Sweden, Easit AB and 4C Strategies we had some specific questions. After the interview the researchers transcribed the entire interview that the interviewee received to fill in if missing data or change if they were wrongly quoted. This as the researchers of this study is aware of the influence one has on the papers/notes.

When the interviews began, different question about the interviewee and their positions in the company were asked. The collected empirical data enable a comparison between the respondent’s business concepts and how they view different markets as well as entry mode strategies. The interview was divided into two part, one, the market selection and two, the entry mode choice.

3.4.2 Reliability and Validity
The co-operation in the Nordic region (Norden) was established 1952, and the organization for economic co-operation and development (OECD) was formed 1961 and has been conducting data since. Data from the co-operation in the Nordic region (www.norden.org) is conducted together with the national statistical institutes (NSI) a law regulated process. The aim is to keep the production of the statistics on a comparable level for all of the Nordic nations even though the collection of the data
occurs on national basis. The information provided by the organization for economic co-operation and development (www.oecd.org) was formed in co-operation between the 34 member countries, which includes the Nordic nations. The aim with science, technology and industry outlook 2010 is to examine trends, prospects and policies across industries in the member nations. This includes collecting the latest data in budget planning, innovation expenditures, social and environmental issues as well as the conventions guidelines agreed by it members. Datamonitor is a company that since 1989 operates in the business intelligence industry. The industry profile report by Datamonitor that we came across was conducted in using 250,000 qualitative in-house interviews and consumer interviews. Further the report used national/government statistics, official international sources, international trade associations, broker and analyst’s reports, business information databases and company annual reports. Datadia is a company that delivers business information and have been established 1985. The information form Datadia was provided to us by Radar Group. The data collected by Datadia in collaboration with Swedman. When conducting research, according to (Davidson and Patel, 2003:102), high reliability is needed in order to accomplish high validity. We argue that judging from these institutions and organizations experience in conducting the same research or data on year-to-year basis increases their reliability.

Regarding the validity, the posed questions (see appendix 2) are supposed to measure our respondent’s market selection and entry mode choice. To ensure that our interviews give us relevant data that are inline with our purpose the following questions were asked. First, the general question enlightened our respondent’s managerial positions. Second, the questions concerning the market selection stress the factors that our respondents found as important in order to analyze which market to expand to when internationalizing. Third, the entry mode question were posed to find out what entry mode they chose and why. We also wanted to se if it was the right choice for a company in their situation, hence Radar Group’s situation. Furthermore we wanted to find out what were the pros and cons with the different entry modes. We believe that the questions altogether gives a comprehensive picture of companies that were in Radar Group’s situation analyzing market factors and entry mode for their expansion. This will increase the validity of this study as it answers to our purpose.
Bryman and Bell (2007:423) shows the problem with generalizing when using a qualitative research method. We are well aware of the fact that the results of this thesis are not applicable on every company. However, as this thesis aim to provide Radar Group with information about the market potential in the Nordic markets and what entry mode is best suited for Radar Group, we do not intend for the thesis to be generalizing for the entire IT industry.

The fact that we only use a few sources could lead to biased information, as the respondents want to present the best in their business. Even though we are well aware of this fact, we remain confident that the respondents will give us accurate information and correct answers to our questions. The risk with biased or subjective answers is something that (Bryman and Bell, 2007:423) points out as a risk to be aware of. Further critique regarding the data collected from (www.norden.org), (www.oecd.org) and (www.Datamonitor.com) is that the data was not conducted for the purpose of this thesis. This is a problem we are aware off when collecting data or reading industry reports.

3.5 Limitations
The choice in conducting this study we have used both interviews and external sources and external reports, although it could implies a risk of biased information. The questions were formed from a theoretical perception except for the last question, which was an open question. The open question gave the respondents an opportunity to give opinions and information, this also allows the respondents to overestimate and give somewhat different reality to the answers.

We have, in this paper, limited our research concerning the cultural aspects such as nationality, customs, language and national legislations as this study is about markets that are similar in all the factors mentioned above. Other demarcation is that we limit our research about the Nordic markets to only include Denmark, Finland, and Norway even though Iceland is a part of the Nordic region. We have done this because Radar Group, Hans Werner, stated that the company has no intentions in investing in the ICT market of Iceland.
4 EMPIRICAL FINDINGS

4.1 Nordic IT market in Brief

Regarding the modernization of the Information technology the Nordic markets are in a lead position in both the private and the business sector in the Europe union. However, during the crises of 2001, the ICT market experienced recession in technology and prices, which led to a decline in the numbers of ICT Company’s. (Nordic statistical yearbook, 2010) Despite the crises the Nordic governments have expanded their investments in supporting the research and development (R&D) in order to foster the long-term economic growth. This has been a priority to strengthen the business sectors to generate new sources and innovations in science technology since the competition from emerging economies has been growing. To improve the countries competitiveness, productivity growth and workforce the OECD countries have been spending an average of 2.1% in 1998 to 2.3% in 2008 of the Gross domestic product (GDP). (OECD Science, Technology and Industry Outlook, 2010).

<table>
<thead>
<tr>
<th>Economic growth</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3,4</td>
<td>4,4</td>
<td>2,3</td>
<td>-0,2</td>
</tr>
<tr>
<td>2007</td>
<td>1,7</td>
<td>4,9</td>
<td>3,1</td>
<td>-4,9</td>
</tr>
<tr>
<td>2008</td>
<td>-0,9</td>
<td>1,2</td>
<td>2</td>
<td>1,4</td>
</tr>
<tr>
<td>2009</td>
<td>-4,9</td>
<td>-8</td>
<td>-1,4</td>
<td>-5,1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross domestic Product (EURO)</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>29300</td>
<td>27000</td>
<td>43400</td>
<td>29100</td>
</tr>
<tr>
<td>2007</td>
<td>30200</td>
<td>29400</td>
<td>44600</td>
<td>31200</td>
</tr>
<tr>
<td>2008</td>
<td>30100</td>
<td>29300</td>
<td>47900</td>
<td>30700</td>
</tr>
<tr>
<td>2009</td>
<td>27700</td>
<td>26000</td>
<td>41800</td>
<td>28400</td>
</tr>
</tbody>
</table>

Table 4:1 (Norden.org, Nordic statistical bank, yearbook 2010)

Economically the past ten years, the Nordic markets have a remarkably increase in gross domestic product (GDP) compared to the other West European markets. Denmark, Finland, Norway and Sweden have experienced constant growth in export, which makes the Nordic economy, one of the economies with the best macroeconomic performance. A measurement in GDP shows that the Nordic markets wealth is higher than the average EU markets. However, all the Nordic markets have been affected by the financial crisis in different ways. The gross domestic product growth has been negative in all markets
year 2009 (see table 4:1). The table further illustrates that the Norwegian market has the largest GDP growth followed by the Swedish, Danish and Finish markets. (Nordic statistical yearbook, 2010)

<table>
<thead>
<tr>
<th>Nordic ICT markets</th>
<th>By manufacturing, telecommunications, consultancy services and wholesale in the market and by turnover (Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turnover (Euro)</td>
</tr>
<tr>
<td></td>
<td>2004</td>
</tr>
<tr>
<td>Denmark</td>
<td>23 753</td>
</tr>
<tr>
<td>Finland</td>
<td>45040</td>
</tr>
<tr>
<td>Norway</td>
<td>20 232</td>
</tr>
<tr>
<td>Sweden</td>
<td>64 867</td>
</tr>
</tbody>
</table>

Table 4:2 (Norden.org, Nordic statistical bank, yearbook 2010)

The market size in terms of turnover regarding the manufacturing, telecommunications, consultancy services and wholesales ICT market in the Nordics (see table 4:2) one can clearly see that the Swedish market is biggest (69077 million Euros, 2006) while the Danish and Norwegian markets are almost identical with the Finish market being somewhat bigger. The Norwegian market is the smallest with a turnover of 23425 million Euros. (Nordic statistical yearbook, 2010)

<table>
<thead>
<tr>
<th>Nordic ICT; The private sector. Turnover (EURO)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Denmark</td>
</tr>
<tr>
<td>285 030,53</td>
</tr>
<tr>
<td>Finland</td>
</tr>
<tr>
<td>288 614,00</td>
</tr>
<tr>
<td>Norway</td>
</tr>
<tr>
<td>315 493,97</td>
</tr>
<tr>
<td>Sweden</td>
</tr>
<tr>
<td>500 474,53</td>
</tr>
</tbody>
</table>

Table 4:3 (Norden.org, Nordic statistical bank, yearbook 2010)

Concerning the Nordic ICT markets, we are observant due to the insufficient data on the private sector. Therefore we have chosen to separate the data in table 4:3 separate from the data shown in table 4:2. As the table 4:3 illustrates the Nordic ICT markets turnover in the private sector we see that the Swedish market is dominating, followed by the Norwegian market and Danish market and the Finish market has the lowest turnover in the private sector. (Nordic statistical yearbook, 2010)
The table above (4:4) presents the potential customer preferences in the Nordic markets based upon data collected from DataDia (www.Datadia.se). The following data elucidates the potential customers that could be approached in the different Nordic markets. As the table emphasizes that Sweden is the largest market with over 30,000 potential customers, followed by Norway with over 25,000, Denmark with over 14,000 and Finland being the smallest IT markets with its 7,000 potential customers. According to figure 4:4 potential customers in the neighboring market are categorized as private companies and organizations and government institutions within the ICT market.

The competitive landscape of IT consulting and Services is fragmented with small companies competing with multinational firms. The multinational firms generally have greater financial muscles and bigger buying power offering products and services to a range of industries while the smaller companies achieve success operating nitched in a specific sector. There are many factors and trends that contributes to the global IT industry competitive landscape. One, the Brand recognition is a major asset since the costumers tend to apply help from reputable firms. Two, the knowledge and expertise of the staff since the customer wants qualified help. Three, the consulting contracts that usually last for several years between the parties is now shifting toward contracts with shorter duration. Fourth, is the trend in governments and commercial institutions turning to a third party to provide expertise in their IT projects. (DATAMONITOR, Industry profile 2010)
4.2 Market selection

4.2.1 Esri Sweden

Esri in their internationalization, seek for market potential in market size and market development. This is of great importance to the company as it illustrates to them how their product offerings fit the requirements in the host market (Lars Backhans). Lars further mentions that Esri does not like to change their offerings but rather adjust their services to fit the local governments law regulations.

Esri also states that market size and growth is one main factor in their decision making process as it allows them to know is the host market is “hot” or “not”. Moreover, it allows the company to create an understanding whether the market is declining or growing or if the technology used in the market are old or modern and how the offerings are formed. This help them to see how and if the companies products and services will have success in the market or not (Lars Backhans, CEO, Esri Sweden).

4.2.2 4C Strategies AB

4C strategies AB seek for market potentials by conducting industry analysis of the geographical distance, customer potential and the market size. The company wants to create an analysis that will reveal what customers wants and who delivers it to them as well as the technology advancement in the host market (Anderas Hedskog, Owner; 4C strategies AB).

Andreas further mentions the importance to create this industry analysis in their decision making process. This will not only allow 4C Strategies AB to understand the host market but also help the company to see if there are substitutes to their products and services and if the customers can afford their products (Anderas Hedskog, Owner; 4C strategies AB).
4.2.3 Easit AB

Easit AB in their internationalization seeks for factors such as market size and technological development. There is other factor that plays a significant role such as the language but one need to be aware that such factor could not be the only one as it could result in a failure. If the market is less developed, Easit AB can benefit as they can offer their customers better IT services and products (Jan-Eric Ramberg, Owner, Easit AB).

Further Easit AB mentions that they do consider the potential customers and the customer decision-making processes. The way the major market actors behave and how that affects the customer and their needs. If the competitors are local Easit AB find it harder to compete with and in such case it is important to do proper market analysis to determine. Moreover, Easit AB states that it is more convincing to look for the potential customers instead of looking for the stronger competitor (Jan-Eric Ramberg, Easit AB).

4.3 Entry mode selection

4.3.1 Esri Sweden

Esri have in their internationalization used acquisition as their strategy to establish business activities abroad. The company always strives for 100% ownership in our establishment and they aim to acquire privately held companies (Lars Backhans).

The company’s total ownership, they believe helps them to overcome difficulties in communication in merging the Esri business culture into already existing culture. Therefore, Esri always aim to acquire businesses with fewer owners, which is an important factor in order for them to acquire. Moreover, Esri see the advantage to enter the market faster with already existing company. Despite the advantages Esri mentions, when acquiring an existing local actor the timing is of great importance, as acquiring could result in being very expensive when the timing is wrong. In order for Esri to acquire another firm is that the firm must yield return on investment with three 3 years and add to the firm long-term strategy and growth. (Lars Backhans).
As we discuss of other entry modes, Lars mentions that greenfield investment is less expensive initially but it results in a slower market entry as of that it will take longer time for the company to acquire market presence and will result in slower market growth. Moreover, Esri associate Greenfield investment with high risk due to the culture and value differences in the market, because when establishing by yourself in a new market your corporate value and strategy play a significant role. Esri, values and strategy are to create strong market presence and reputation. By Greenfield investments your need to acquire skilled employees one by one and it requires time.

The reason we do not use franchise is that the franchise concept do not belong in the informational technology sector. It is not the right concept for any IT firm whether you have short or long-term future plans says Lars Backhans. Joint- Venture is more appropriate concept which is use broadly in the IT sector. But now it becomes more important to define what your goals for the company are. If your company requires access to the market the JV concept is relevant but if the company is more ambitious then getting access to the market and want to create strong presence and own 100% then JV is not relevant. (Lars Backhans)

The future development of the Nordic IT sector in my opinion is that it will continue to be good place to be and the technology advantage is not the only driver of demand and therefore revenue as much as it has historically as the technology advances will drive down prices on equipment and other hardware and make more advanced solutions accessible for smaller customers. There is also nothing inherently dangerous about technology advances in our businesses, but rather shift toward services becomes more important in the product mix. Instead to be successful in the IT business in the future, vendors must develop more knowledge of customers business and organizational changes and opportunities and attach investments more directly to what customers wants. Also IT is becoming more and more oriented toward services, and customers have more choice and less long-term commitments therefore its vital to get as close as possible to your customers. In the future Esri will face new competition as the markets are changing. Therefore the company need to monitor the competitors closely because
we do not know whom our next competitors is or what business logic they might apply. 
Our best bet is to stay as close to our customers as possible. (Lars Backhans)

4.3.2 4C Strategies AB

4C Strategies AB started their internationalization in the Danish market where the 
company used the greenfield investment entry mode in establishing presence in the 
market. 4C found it to be difficult finding local skilled workers, which followed in slow 
market entry. As of the slow market entry the company was not generating any sales 
and they felt that it was affect their brand, which resulted in, the company leaving the 
Danish market. (Anderas Hedskog)

Andreas further mentions that the second internationalization they did use the 
companies experience from the Danish market while entering the Norwegian market. 
4C Strategies used the joint venture in Norway and our business concept the company 
do not aim for 100 % ownership, but the company experience hard time to co-operate 
their business concept and values in their partner. In our local market (Swedish market) 
we grow organically and expanded by finding the right skilled employees and grew from 
there (Anderas Hedskog). Despite their experience in greenfield investments in 
Denmark the company had no previous experience to in-corporate two existing firm 
organizational structure so instead of doing business 4C strategies mainly ended up 
trying in controlling the other part. Although this was problematic for the company they 
felt with JV the company did share both the costs and customer base and it made them 
stay financially stronger says Anderas Hedskog.

According to Andreas Hedskog the entry modes franchise is a concept that is dependent 
on the market you are in. 4C Strategies need to have somewhat control in their services 
and therefore franchise is not relevant internationalization strategy for the company 
says Andreas Hedskog. With the companies experience from the Nordic markets in 
doing greenfield investments and joint venture investment we chose different strategy 
to in entering in the United Kingdom (UK). In UK 4C Strategies did acquired a local firm 
and is now growing stronger with major customers and contracts. Acquiring was 
extremely expensive, but we are convinced that acquisition is more suitable for our
business concept in the UK market due to the competitive nature of the market. Furthermore, acquiring the firm allowed 4C to inherit competence and customer base to over bridge the markets legal aspects and barriers. Moreover, we did incorporate our business concept to our UK firm and are now in the process to educate the staff in growing organically. (Anderas Hedskog)

The future of the informational technology sector in the Nordic market will continue to grow stronger. All business use or are force to use some kind of enterprise resource planning (ERP) in their business and they need intelligent investments to stay stronger in the market. 4C Strategies can see that customers demanding availability to be satisfied and this means that the company have to be available in the local market. When a firm’s turnover is growing you know that your customers are satisfied with your services and products. (Anderas Hedskog)

4.3.3 Easit AB

Easit AB internationalization was to the Norwegian market. Initially the company wanted to find a local distributor to see if their products and services were appreciated and only then search for a suitable partner. When Easit AB decided to expand their business activates to the Norwegian market it was through joint venture. (Jan-Eric Ramberg)

According to Jan-Eric the company later acquired their partner in Norway as an attempt to keep skilled employees and the knowledge in the firm. This was acquisition with the possibilities for the owners to buy the company back if needed. Due to the cost in being in the Norwegian market did mad it easier to sell the acquired firm back to original owner and instead form an alliances with them says Jan-Eric.

The main reason we did not use greenfield investment and franchise is due to our resources, market knowledge and local awareness since we were not presence in the market. In Sweden, Easit did start slow and grew organically and as the companies were successful in the Swedish market they were lacking in experience in internationalization. The management team in Easit knew that entering a new market abroad with a partner could save them at least 2 years of costs in finding the right staff,
customers and established network (Jan-Eric Ramberg, Owner, Easit AB). Even though the company used joint venture and later acquired their partner, Jan-Eric states that it was too expensive considering the Norwegian salaries and business costs.

In the future we will only use joint venture instead of acquiring the partners and franchising our business services and products is not of any concern as the company lack in brand recognition. Franchise suits companies like APPLE with strong brand and aggressive marketing as they do with Istore, but it does not fit our business concept. (Jan-Eric Ramberg)

The informational technology sector has developed significantly and continues to generate growth. In past a small businesses was not as successful as today and the reason is that today if you have new products or services you have immediate access to the global markets. The IT sector is dependent of what the customer wants and if the customer wants something they want it now. Business availability for the customers is what will change the business environment and we need to deliver that by making them available for their customers. The availability is everything these days and it is important that the business can adapt to the changing requirements of their customers. (Jan-Eric Ramberg)
5 ANALYSIS

Concerning the ICT market, the Nordic Region is highly developed and is among the top 5 among the OECD regions. The ICT market is an example of a market where its development is as important and modern as the electricity and railways and steam engine did in the past. ICT investments have an important economic impact as it has contributed significantly to growth in the Nordic markets. Moreover, the ICT has brought new competition and has been the substance of change in businesses, when it comes to restructuring of firms, reduce routine transactions and rationalize and restrict supply chains. Technology in developing new products is one main factor contributing to growth and it provides regions with competitive advantage. (OECD, Science and technology, 2001) As mentioned in the introduction, in order for consultant service companies to support their customers and create growth, they need insights and knowledge in new technology, trends, and the ability to address a problem and build technical and creative solutions to deliver results (Basil, Yen and Tang, 1997).

5.1 Market selection

In anticipating in market expansion the initial step is to consider which market or markets to enter as well as what entry mode to use as this could determine success or a failure in early internationalization. All though when concerning the Nordic markets some researchers argue that the market regulatory, cultural distance and the political boundaries are relatively homogenous. Homogenous markets or market similarity is one factor selecting market, as companies prefer similarity in culture, language and knowledge (O'Farrell and Wood, 1994) In selecting markets can occur in many ways even if its sometimes happens by chance, where the firms follow the domestic customers or competitors establishing offshore activities abroad according to (Brewer, 2001).

Economically speaking, the Nordic markets have had remarkable increase in economical growth and gross domestic product (GDP) for the past 10 years. The table 4:1 illustrates that the Norwegian market in the years 2007,2008 and 2009 has the largest GDP as well as the strongest economic growth (Nordic statistical yearbook, 2010). As mentioned in
The text earlier some research argue that international firms prefer markets with larger GDP as it has a greater impact in attracting foreign direct investors. Moreover, having high level of GDP increases the market attractiveness (Ojala and Tyrväinen, 2007).

The market size of the host market is one important factor as international firms are likely to invest in a larger market for greater return (O'Farrell and Peter A, Wood, 1994). The tables 4:2 and 4:3 exemplifies that the Swedish market where Radar group current operates is the largest ICT market off the Nordic markets. Despite Sweden beeing the largest market with its 565342 millions the other markets are similar in size when looking at the turnover. Norway (335726) and Finland with its (333654) each is second largest and Denmark with its (308784) representing the lowest turnover in the Nordic markets. Market size and growth allows “us” to know if the host market is “hot” or “not” says (Lars Backhans). In determinig their market selection the market size is one important factor that all our respondents consider before investing in a market.

The main reason for Radar Group to expand their business is to find a new market and reach new customers to offer their IT – consulting services in the neigbouring markets. The Nordic markets such Norwegian, Danish and the Finish are almost of the same size in terms of turnover in Euro, but differ in economic growth and GPD as well as in potential customers. The table 4:4 illustrates the potential customer preferences in the Nordic markets regarding the data collected from DataDia (www.Datadiase). The table shows that Radar Group current market, Sweden is the largest market with over 30.000 potential customers, followed by Norway with over 25.000, Denmark with over 14.000 and Finland being the smallest IT markets with its 7.000 potential customers. As one respondent stated it is more convincing to look for the potential customers instead of looking for the stronger competitor (Jan-Eric Ramberg).

Furthermore, our respondents have stressed the importance of availability for customers. According to Andreas Hedskog, one can see that customers demanding availability to be satisfied and this means that the company have to be available in the local market. With this in mind and our preseted analysis, we believe that the Norwegian
market have stronger economic growth and offers greater customer potential than the other Nordic markets, Danmark and Finland. Whereas we believe that Radar Group could benefit most from an expansion to the Norwegian market.

5.2 Entry mode selection

As we believe the Norwegian market to be the appropriate market to enter due to its great economic growth and customers potential, we believe that the way Radar Group decides to operate in the market is of great significance. To stress our choice we need to clarify how Radar Group creates value in the home market. Radar Groups generates their profit by reports generating 50%, consultation 40% and selling charts and models 10%. Furthermore by outsourcing non-core value activities Radar Group believe themselves to be flexible in competing in being niched by providing local insights from its local perception for local decision makers. Radar Groups current situation is that they after five years, together with Avega group, created a consulting firm to compete strongly in their home market. In our opinion, the choice of entry mode should reflect how Radar Group operates in their home market and their current financial situation. Radar Group is a small-sized firm with 8 employees and with a turnover of €990.000 a year.

Although Radar Group could choose the hierarchical entry modes acquisition and greenfield investment the resources Radar Groups have is, in our opinion, too limited to choose one of these. Acquisition has its advantages since Radar Group could get access to already existing customer bases, brand names, quicker market entry and therefore improve its market position (Hollensen, 2011). As the respondents stated, acquiring an already existing company is for mature businesses buying market share or market presence (Lars Backhans). Lars further mentions that by owning a company 100% helps them to overcome difficulties in communication and give them opportunity to merge Esri’s business culture into already existing culture. Further the respondent’s mentions that by acquisition the firm can accomplish total ownership over the company's know-how and the skilled employees. However, due to the Norwegian salaries and business costs it’s too expensive to acquire says Jan-Eric Ramberg.
Greenfield investments would be the right entry mode for Radar Group if they were producers of ICT equipment and had more financial resources. As greenfield investments is preferred where production and logistics are key success factors as they can build its plants to fit their interest and take the opportunity to integrate latest technology (Hollensen, 2011). One respondent mentions how using greenfield investments have resulted in slow market entry where face hard time recruiting right employees. This has led the company exiting the market as it damaged their brand name (Andreas Hedskog). Due to Radar Group’s lack in financial resources and experience in foreign markets entry we advise Radar Group to disregard the entry modes, greenfield and acquisition investments.

As revealed earlier, in the empirics the competitive landscape is high in the ICT industry, which is fragmented with MNC’s competing alongside small firms. The four factors and trends mentioned was, 1) the brand recognition, 2) qualified staff, 3) shorter contracts duration and 4) customers turning to third party for further consultation.

Radar Group has no international reputation and suffers from limited resources as niched firm in the Swedish market, this in our opinion excludes Radar Group usage of the intermediate entry mode, franchise. The franchise entry mode could allow Radar Group to let a partner internationally distribute their services, models, charts and benchmarking and in return get royalties. As the franchise mode includes the rights to market services and goods using parent companies brand name while the parent company in return gets an up-front fee and ongoing royalties (Barthelemy, 2008). As our respondents stated that they need somewhat control in their business, they believe that the entry mode franchise is not relevant in the ICT sector whether its short or long-term investments (Lars Backhans, Andreas Hedskog). On the other hand the entry mode franchise could result in further growth for companies like Apple as they have strong brand and have aggressive marketing says (Jan-Eric Ramberg). Since Radar lacks the brand recognition needed to use the franchise, we once again advice Radar Group to disregard from the intermediate entry mode franchise.

This leaves us with the intermediate entry mode, joint venture. Joint venture allows two
or more parties to combine their resources in creating value whether it’s financially, technical knowledge, distribution channels or market knowledge (Hollensen, 2011). We believe that joint venture suites the Radar Group organizational concept and their current financial situation. As the respondents stated earlier that entering a new market with a partner could save at least 2 years of costs in finding the right staff, customers and established network (Jan-Eric Ramberg). Moreover, we argue that Radar Group experience in establishing partnership with Avega group in the Swedish market could help the company to over bridge the differences with a partner. Also worth mentioning is that in order for Radar Group to be successful in combining their expertise, routines and flexibility with a partner the partner should: First, be a small-sized firm in the ICT industry. Second, have an established network and distribution channels. Third, the firm should possess reputation in the local market. These criteria’s strengthens the horizontal and non-horizontal dimensions off joint ventures (Tong and Reuer, 2010). If Radar Group creates a joint venture with a partner in a different industry segment it will lead to increased competition while two partners in the same industry will increase the market power derived from the two parent companies. Two firms in the same industry segment can combine their technology, employee skills, and knowledge as well as minimizing expenditure and speed up the market entry (Hollensen, 2011). By creating joint venture Radar Group, together with their partnering firm, could exchange knowledge with the aim to have skilled employees that will measure up to the factor that drive the industry competitiveness.

5.3 Conclusion

Based on our findings, we recommend Radar Group to explore the Norwegian market as it offers greater customer potentials and stronger economic growth. In regard to the choice of entry mode, we believe that using acquisition and greenfield investment is not an option based on Radar Group’s financial situation. Furthermore, we think, Radar Group is lacking on the brand recognition needed to use franchise as entry mode. Therefore, if expanding to the Norwegian market, it is our opinion that Radar Group should use Joint venture as their entry mode. It is the most suitable mode for Radar Group in terms of financial aspects, the company’s business concept and previous experience.
5.4 Further research proposals

Academically speaking, many studies have been made about expansion of multinational firms. However, we believe that the field of international business would benefit from more studies about expansion of small IT companies. As we believe the ICT industry is a constantly growing and changing business sector.

Moreover, we recon that a further study within the IT industry with a focus on markets that are not similar in terms of cultural, language and political aspects would help create a broader and more generalizing understanding of small IT firms market selection and entry mode strategies.
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Appendix 1 - The products and services offered by Radar Group

Radar Group generates capital by consulting and selling reports, Models, fact-based information and expertise to their customers (www.radargroup.se).

Reports: Radar Group produces standard reports that covers 40 different segments of the IT market. The reports are based upon the realization of the planned budgets, which represents over 60% of purchasing power in the IT products and services. During a year Radar Group produces 6 standardized reports as presented below:

1. IT Radar 2010 (February)
2. Infrastructure market 2010 (march)
3. Business systems market (may)
4. Outsourcing market (august)
5. IT Radar Market Update for Q3 and Q4 2010 (august)
6. Cloud report 2010 (September)

Models: Radar Group further produces charts and matrices that show the IT markets from a unique aspect. Real-time charts as presented below:

✓ IT-position; a real-time chart use in compare the IT-budget levels.
✓ IT-quality index; Matrices that compares the costumer preferences, consulting hours, market prices and IT distributor, satisfaction levels of the distributor.
✓ IT-market radar; chart for the distributors to benchmark itself and its customers preferences, market segments, sales efficiency.
✓ IT-benchmarks; Model that help IT decision-makers effectives their businesses.

Fact Sheets: contains strategic market information of all segments in the Swedish IT market: Business development, IT-budget, technology-driven priorities, business-driven priorities, matrices and analysis of the industry’s IT development. Presented below:
**Hardware**

PC
Server

**Advise segment**

ERP systems
Business Intelligence
CRM
ECM
CMS
Collaboration
Unified Communications
Enterprise search
Safety
Virtualization
Systems management
Integration
Network
Storing/Back up/Recovery

**Services**

Infrastructure
Business-system
System development
Outsourcing

**Trends**

Cloud computing
Green IT

**Segment - card**

Producing industry
Service sector
Trade
Bank & Finance
Telecom
Public sector
Appendix 2 – Empirical research questions

Interviews with the three respondents;

General questions:

Can you describe your position within the company?
Can you mention what experience you have on the IT industry?

Market Selection:

What market did you select for your first step in internationalization and why?
What factors are important for your company in selecting a market?
Why are these factors important to you in order to select a market for the first time?

Entry Mode:

What entry mode did your company use when first internationalizing?
Why did you choose that entry mode?
Why did you not use the other entry modes?
Have you used the same entry mode ever time you enter a new market?

Other:

What do you think about the future development of the Nordic ICT industry?
Is there anything other than the mentioned market selecting factors that are important in order to be successful in the IT industry in the future?