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THE GLOBALISATION OF SUCCESSFUL B2C APP COMPANIES

Globaliseringen af succesfulde B2C App Virksomheder

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A handwritten signature in black ink, appearing to read 'Kristoffer P. Nielsen', with a stylized flourish at the end.

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RESUMÉ

Med mere end 1.2 milliarder brugere, en årlig vækst på 30%, og en forventet samlet markedsværdi på 36,7 milliarder i 2015, er app markedet et af de største og mest eksponentielt voksende IT-markeder i verden. Men idet app markedet kun har eksisteret siden 2008, findes der meget lidt forskning indenfor området, samt de virksomheder der opererer på det.

På baggrund af tre hypoteser samt et empirisk multipelt casestudie af syv af de mest succesfulde globale business to consumer (B2C) app virksomheder, er formålet med dette speciale at identificere best practise indenfor deres globaliseringsprocesser, samt på den baggrund at konstruere en skræddersyet globaliseringsmodel for B2C app virksomheder.

For at undersøge dette, er et kvalitativt multipelt casestudie-design, baseret på Baxter et al.'s fem designkomponenter for multiple casestudier, med en retrospektret og replikationsfokuseret parallel-procedure anvendt. For at identificere de syv mest tilgængelige og markedsrepræsentative app virksomheder, til brug i undersøgelsen, er Rubins tre udvælgelseskriterier for udvælgelse af relevant interviewpersoner anvendt. Tre af de udvalgte cases er blevet undersøgt igennem kvalitative dybdeinterviews, hvorefter de sidste fire er blevet undersøgt med udgangspunkt i sekundær data. For at sikre den ensartede procedure i alle syv case-studier, er der udviklet en interviewstruktur baseret på syv overordnet kategorier. For at skabe den højst mulige korrelation mellem de enkelte case studier og analysen, er denne skruktur videreført. For ydermere at lette cross-case analysen og diskussion af casene, er en matrix blevet udarbejdet over de gennemgående temaer, holdninger, mønstre og elementer fra case studierne.

Idet der ikke findes forudgående studie indenfor valgte problemstilling har valget af teorier ikke været så selvsigende. Men med baggrund i opgaveformålet samt metodevalget, er den åbne rationelle systemtilgang til best practice blevet indarbejdet i både case studierne samt cross-case diskussionen. For at kunne identificere gennemgående mønstre og elementer i case virksomhedernes globaliseringsprocesser er elementer fra både Uppsala og Born Global internationaliseringsteorierne blevet anvendt i interviewskrukturen og holdt op imod resultaterne fra cross-case analysen i diskussionen.

Analysen af casene bekræfter at det er muligt at identificere og sammenligne de syv case virksomheders globaliseringsprocesser. Derudover påviser cross-case analysen også at case virksomhederne deler mange af de same globaliseringsmønstre i forhold til etablering, udvikling af beta versioner, testning, lancering, marketing, finansiering, vækst og ekstern påvirkning. Ydermere indikerer diskussion også at der er påviselig forskel på disse i forhold til de, af både Uppsala og Born Global teorierne påviste mønstre. Derfor er der basis for en ny globaliseringsmodel for B2C app virksomheder. På baggrund af de fundne korrelerende globaliseringsmønstre, er succesfulde B2C app virksomheder blevet defineret og et forslag til en ny best practise globaliseringsmodel for B2C app virksomheder skabt.

Den foreslåede model identificerer tre specifikke faser (Opstarts-, Lancerings- og Vækstfasen) som succesfulde B2C app virksomheder gennemgår fra opstart til global succes. Disse faser indeholder hver de 5-6 specifikke internt- og eksternt- påvirkende best practise-elementer der kendetegner den udvikling virksomhederne gennemgår.

PREFACE

As this thesis was initially launched as a two-man collaboration, fragments of the first work have been reused and rewritten to fit the context of this project. The parts in question are:

DATA

- The results from the in-depth interview with Vivino, Drivr and Planeto.

THE METHODOLOGY

- The first and last paragraph of the introduction
- The problem statement
- The introduction to the methodology
- The description of qualitative and quantitative research methods
- The description of primary and secondary data
- The description of the qualitative data collection method
- The description of the in-depth interview
- The first paragraph of the interviewee (case) selection description

PART 1 OF THE ANALYSIS

- The analysis of the different types of app business models
- The analysis of the different types of app companies
- The analysis of the different degrees of globalisation
- The analysis of the different types of apps

The reason why my initial collaborator, Michael Risvang, and I had to split up, was because he was offered a full time job, which he accepted. In the light of the progression of the project at that time, I was given the permission to continue the research on the basis of our shared work. Furthermore, besides fragments from the above stated parts, the rest of this thesis, has been solemnly written by me.

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INTRODUCTION

"A mobile application (app) is an end-user software application that are designed for a mobile device operating system, which extend that device's capabilities".

(Hongwei, 2013)¹

With over 1.2 billion users, an annual growth of 30 pct.² and an expected total market value of \$ 36,7 billion by 2015³, the app market is one of the largest and most rapidly growing IT markets in the world. The EU-Commission estimates that in 2013 more than 94,4 billion apps were downloaded globally⁴. In Denmark alone the app industry is expected to grow from 2,5 billion Dkr in 2014 to 8,5 billion Dkr by 2018.⁵

Since the app market is still relatively new (it has only existed for 6 years⁶), very little research about the inner workings of the market, and the globalisation of apps or app companies, has been conducted. Even though there have been several articles describing isolated incidents, that hints towards cultural and strategic similarities and differences in how app companies have developed towards becoming global, none of them describe the entire globalisation processes of app companies - from local start-up to global success. In addition, none of them have investigated whether there are any similarities in the development stages that these companies undergo towards becoming global.

¹ P. 13, *Case Study Research design and Methode*, By Robert Yin, 2003.

² Section E1, *The mobiThinking compendium of mobile statistics and research 2013*, <http://mobithinking.com/mobile-marketing-tools/latest-mobile-stats/e#appusers>

³ "Bon appétit for apps: young american consumers' acceptance of mobile applications", Hongwei 'Chris' Yang, *Journal of Computer Information Systems*, Spring 2013.

⁴ "Velkommen til den ikke-lineære verden", T. B. Henriksen, Børsen, 17.02.14

⁵ "Apps vil skabe dansk job-eventyr", T. B. Henriksen og K. A. Saugmann, Børsen, 17.02.14

⁶ <http://www.apple.com/pr/library/2008/06/09Apple-Introduces-the-New-iPhone-3G.html>, 09.06.08

Propositions

Based on the more or less non-existing research and sparse journalistic analyses into the globalisation processes of app companies and my own experiences from three app start-ups in Denmark and the U.S., I put forward these three propositions:

- P1. The development stages that all successful global business to consumer (B2C) app companies go through, from local start-up to global success, regardless of the type of app, business model and company / organization structure, are comparable.
- P2. Through an explanatory research into best globalisation practise of global successful B2C app companies, it is possible to identify and analyse the different development stages that successful global app companies go through from local start-up to global success.
- P3. Through the results, from such research (P2), it is possible to construct a new globalisation model tailored for B2C app companies.

Problem statement

Based on an empirical multiple-case study of 7 of the most successful global B2C app companies and their globalisation processes, the purpose of this thesis is to identify the best globalisation practise and on that basis construct a globalisation model tailored for B2C app companies. In order to identify the best practises, the studies will be based on these three questions:

- Q1. How and why do B2C app companies go from a flux idea to global successes? and
- Q2. Are there any similarities in the way B2C app companies become global? and
- Q3. Do they share some of the same development stages towards becoming a global success (alike those defined by the classical internationalization theories)?

Delimitations

Before moving on, it is important to point out the limitation of the multi-case study approach, including the case selection for this study. Since this study only contain app companies with apps representing 7 out of a total of 24-27 genres, comprising more than 3 m. apps⁷, it can only create a glimpse of the whole market. Furthermore, even though the case selection has been circumscribed by 7 case selection criteria (p.12) and the stated focus of the problem statement - global successful B2C app companies – this study can only serve as an indicator of the globalisation process of successful global B2C app companies. In addition, as the cases have been selected on the basis of a self-assessment of the global app market and have been investigated through qualitative methods focused on the ecological analysis level, the study does not represent a statistical account, but an indication of tendencies into the globalisation process of global successful B2C app companies.

⁷ Cf. Part 1. of the analysis; The Mobile Operating Systems p.33

METHODOLOGY

"A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident".

(Yin, p.13, 2003)⁸

In this chapter the methodology of this research will be presented. The choice of a qualitative multiple-case study approach is presented together with the reliability and validity of the research framework. Additionally, guidelines for conducting an expedient semi-structured in-depth interview and data analysis will be set.

INTRODUCTION

Methodology is the learning of the different procedures one can employ when collecting, processing and recapitulating information so that the result becomes scientific⁹. It helps to determine the most suitable procedure and research design, when approaching and establishing new knowledge into a phenomenon or issue of interest. A research design includes the procedure of collecting, analysing and understanding data¹⁰. In scientific research it is not uncommon to distinguish between two methods of reasoning; the inductive or deductive research approach. The inductive approach moves from specific observations and data collection, to broader generalizations and theories. Whereas the deductive approach moves from existing theory or propositions (hypotheses) to empirical research that support or reject these. This study is thus a deductive research, as observations, data collection, analysis and cross-comparison of the globalisation processes of global successful app companies, will be used to test the three proposed propositions and on that basis, to create a new globalisation model for app companies.

There are many considerations to be made when choosing a study approach for a specific problem. Should the research be a snapshot of the present (survey), or a description of time-wise development (retrospect study)? Should it be based on existing data (secondary data) and/or is there a need for data collection through observations, interviews and/or questionnaires (primary data). Or is it

⁸ P. 13, *Case Study Research Design and Method*, By Robert Yin, SAGA Publications Inc., 2003.

⁹ P. 16, *Den Skinbarlige Virkelighed*, by Ib Andersen, Forlaget Samfundslitteratur, 2003

¹⁰ P. 139, *Den skinbarlige Virkelighed*, by Ib Andersen, Forlaget Samfundslitteratur, 2003

necessary to make a few or many case studies of organisations, companies or persons (single versus multiple case studies)? And lastly, should the research be general or specific?¹¹

With 14 (and probably more) research designs to choose amongst¹², in order to avoid going into detail with all of them, below will be given an audit of the chosen design, approach and collection method for this study.

THE CASE STUDY APPROACH

In the *Case Study Research Design and Methods* from 2003, renowned researcher and Ph.D. in brain and cognitive sciences from M.I.T., Robert K. Yin, define case study research as an “*empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.*”¹³ Additionally, he proposes that since the phenomena (e.g. global app companies) and its context (e.g. their globalisation processes) may not be readily distinguishable, thus the case study definition must include characteristics stipulating data collection and analysis requirements.¹⁴

According to Yin (2003), a case study approach should be considered when¹⁵:

1. The focus of the study is to answer “how” and “why” questions (the problem statement), and
2. The behaviour of those involved in the study cannot manipulate (the app companies), and
3. The coverage of the contextual conditions (the development of a global app company), are of relevant to the phenomenon under study (best globalisation practise) and
4. The boundaries between the phenomenon and context are not clear (the best globalisation practise for all the studied app companies),

The *case study approach* has been chosen for this study, because it supports the main goal of the research - to study the phenomenon of global successful app companies – how and why did they become global success – and through a factual (non-manipulative) research and comparison of the contextual conditions surrounding their globalisation processes, identify the best globalisation practise.

¹¹ P. 63, *Den skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

¹² *Types of Research Designs*, <http://libguides.usc.edu/content.php?pid=83009&sid=818072>, 27/06 2014

¹³ P. 13, *Case Study Research design and Methode*, By Robert Yin, SAGA Publications Inc., 2003.

¹⁴ P. 1, *The Value of Case Study Research on Rural Entrepreneurship: Useful Method?*, by David L. Barkley, Clemson University, South Carolina, 2006.

¹⁵ P. 545, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*, by Pamela Baxter and Susan Jack, McMaster University, West Hamilton, Ontario, Canada, The Qualitative Report Vol. 12, Dec. 2008

SINGLE AND MULTIPLE-CASE STUDY DESIGN

Since case studies can be both quantitative and qualitative, the choice of which specific type of design to use for a given case study must be determined by the overall study purpose – “*Are you looking to describe a case, explore a case, or compare between cases?*”¹⁶ According to Yin, based on whether the study has a single or multi-cased focus, there are four different types of designs to choose among:¹⁷

1. Single explanatory case study - *used when a study seeks to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for survey or experimental strategies.*
2. Single exploratory case study - *used when a study seeks to explore those situations in which the intervention being evaluated has no clear, single set of outcomes.*
3. Single descriptive case study – *used when a study seeks to describe an intervention of phenomenon and the real-life contexts in which it occurred.*
4. Multiple-case studies – *used when a study seeks to explore the differences within and between the processes and outcomes of cases with the goal to replicate and compare findings across cases.*¹⁸

Baxter et al. (2008) state: “*If a study contains more than a single case then a multiple-case study is required*”.¹⁹ This is further underpinned by Yin, who stipulates that if a case study seeks to predict cross-case similarities (a literal replication) or contrasts, but for predictable reasons (a theoretical replication), then a multiple-case study is needed²⁰. Hence, with the aim of this study being the identification and comparison of the globalisation processes of 10 global successful app companies, a multiple-case study design is the most suitable.

THE APPLICATION OF A MULTIPLE-CASE STUDY DESIGN

According to L. Chmiliar (2014), there are two procedures to consider when choosing a multiple-case design. The first is a parallel design where all of the case studies are selected in advance and are

¹⁶ P. 547 – 548, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

¹⁷ P. 547 – 548, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

¹⁸ P. 583, *Encyclopedia of Case Study Research, The Multiple-Case Design Chapter*, by Linda Chmiliar, SAGA Publications Inc. June 23, 2014.

¹⁹ P. 549, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

²⁰ P. 551, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

conducted at the same time. The second is a sequential design where the case studies are selected continuously based on the outcome of the previous studied.²¹ She adds to both procedures that retrospective, prospective and event based time dimensions may be applied.²² Additionally, when chosen the procedure, the researcher has to decide whether s/he wants to use a replication or sampling logic. Yin stipulates that the replication logic is analogous to multiple-case studies, where cases are intentionally selected to predict a) similar results (literal replication), or b) contrasting results but for anticipatable reasons (theoretical replication). In contrast, the sampling logic applies for multiple-case studies where cases are randomly selected for quantitative purposes.²³

Following the choice of procedure, it is important that the researcher define what the case studies will and will not include. Baxter et al. stipulate that once the procedure has been determined and the boundaries placed on the studies, there are five components required for applying and designing a multiple-case study²⁴:

1. Propositions, based on literature, personal/professional experience, theories, and/or generalizations based on empirical data, and
2. Development of the aforementioned “how” and/or “why” research questions, and
3. The application of a conceptual framework, that a) identifies what will and will not be included in the study, b) describes what relationship may be presented based on logic, theory and/or experience, and c) enable the gathering of general constructs into intellectual bins, and
4. The logic linking data to propositions, that secure each proposition serves to focus the data collection, determine direction and scope of the study and form the foundation for a conceptual framework²⁵, and
5. There are no criteria for interpreting findings, however, some suggested ways are by telling the reader a story, by providing a chronological report, or by addressing each proposition.
“Addressing the propositions ensures that the report remains focused and deals with the

²¹ P. 583, *Encyclopedia of Case Study Research, The Multiple-Case Design Chapter*, by Linda Chmiliar, SAGA Publications Inc. June 23, 2014.

²² P. 584, *Encyclopedia of Case Study Research, The Multiple-Case Design Chapter*, by Linda Chmiliar, SAGA Publications Inc. June 23, 2014.

²³ P. 54, *Case Study Research: Design and Methods*, by Robert K. Yin, SAGA Publications Inc. 2009

²⁴ P. 551, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

²⁵ P. 552, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

*research question”.*²⁶

In accordance with the problem statement, and to ensure the highest degree of market representation of the study, the choice of procedure must permit a preliminary case selection of the most representative cases (see the interviewee selection, p.12). Additionally, to ensure the consistency of the data collection across all 7 case studies, the procedure must subsidize a literal replication based on simultaneous collection of both primary and secondary data. Furthermore, to enable the investigation and comparison of the globalisation processes of each of the studied cases – “from a flux idea to a global success” (ref. Q1.) the procedure must support a retrospect of the processes. For these reasons, a “literal retrospect replication focused on parallel procedure” will be the most expedient.

In relation to Baxter et al.’s five design components; the first and the second component have already been applied in the propositions and problem statement of this study. The third will be defined in *part 1. of the analysis* (p.33), where the elements that comprise the global app market will be introduced, together with the encirclement of the types of app companies, apps, business models, and degree of globalisation featured in the study. Additionally, to ensure the logical link of the data to the propositions, these encircled elements are in line with the propositions. Hence the research framework, data collection and analyses will be directly linked with the propositions (read more in the *design of the interview guide* p.15 and the *techniques for data analysis* section p.16).

QUANTITATIVE AND QUALITATIVE RESEARCH

Within multiple-case study there are several methods one can use to collect the empirical data necessary. These are divided in two fundamental methodological research categories: qualitative or quantitative.²⁷

Quantitative research is mostly used in scientific and technological studies where the object is to explain reasons behind a phenomenon and be able to predict their likelihood to happen. In these studies, statistical analysis and mathematics become important research tools as a source for generalisation.²⁸

Qualitative research is generally used to generate new knowledge or a deeper understanding

²⁶ P. 555, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers*

²⁷ *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*, J. C. Evers et al., and *Quantitative Analysis in Case study*, H. Korzilius, SAGA Publications Inc., 2010.

²⁸ P. 41, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

of the studied problem. In these studies, the use of iterative, spiralling, or cyclical process analysis, that proceeds from more general to more specific observations are common.²⁹

Since no or little data exist on the research subject of the studied, the qualitative method is often used to obtain the requisite enlightenment the researcher needs to continuously specify the research framework³⁰. With no previous research and a very few articles describing the globalisation processes of app companies, a qualitative method approach seems adequate for this study.

This is further underpinned by professor D. L. Barkley, who stipulates that the *“qualitative case study method is especially helpful in the analysis of entrepreneurs and small business development because the phenomena may be too new or too limited to be detectable in secondary studies.”*³¹

QUALITATIVE RESEARCH

Ezzy stipulates that when research focus on describing and understanding the actions of people and/or organisations, a qualitative method should be applied.³² This ensures the collection of the right information, minimisation of misunderstandings and offers some flexibility in the data collection process. Inversely this engenders that the data must come from very different and complex sources. In this regard, J. C. Evers et al. advises that the data be kept *systematically dissected, rearranged, organized, and interpreted*.³³ Hence, focused on reducing and reconstructing in a continuous process. Additionally, since the multiple-case study approach permit the use of multiple data collection methods³⁴, a continuously restructuring process become even more evident.

Yin stipulates that, *“the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry”*.³⁵ Thus by combining various methods in the same study a researcher can partially overcome the deficiencies and biases that flow from single methodologies. This is further underpinned by J. C. Evers et al., who state: *“Any conclusion in a case study is likely to be more convincing if it is based on several different sources of information”*.³⁶

Based on the above, and the fact that no other studies into the correlation of the globalisation of app

²⁹ P. 749 – 758, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*, by J. C. Evers et al., SAGA Publications Inc., 2010.

³⁰ P. 749 – 758, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*, by J. C. Evers et al., SAGA Publications Inc., 2010.

³¹ P. 5, *The Value of Case Study Research on Rural Entrepreneurship: Useful Method?*,

³² Ezzy & Liamputting, *Qualitative Research Methods*, p. 5, 2nd Edition, Oxford University Press, 2005.

³³ P. 749 – 758, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*,

³⁴ P. 749, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*,

³⁵ P. 749, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*,

³⁶ P. 749, in the *Encyclopedia of Case Study Research, Qualitative Analysis in Case Study*,

companies exist today, the research framework will be based on an exploratory research method. This will further enable the identification of the most significant elements of the globalisation processes of app companies, and thus create the foundation for a new globalisation model.

PRIMARY AND SECONDARY DATA

If a researcher personally gathers research data it is referred to as primary data and if s/he use data from other sources it is referred to as secondary data.³⁷ In this research, secondary data (articles and internet sources) has been used to get an overall market insight. In combination with research elements and methods of already existing globalisation models, the framework for the primary data collection method (in-depth interviews) will be build. Through the best practise case research, secondary data, covering the principles of best practise processes experienced by selected successful app companies, has been collected and sorted into the aforementioned research framework.

With no books nor scientific research available into the globalisation of app companies, articles and company descriptions from the Internet have been a crucial source for secondary data. Therefore, VentureBeat, Flipboard and articles posted on company web pages, have been the primary sources for finding the historical (retrospective) and usable data for the best practise case analysis.

THE QUALITATIVE DATA COLLECTION METHOD

In qualitative research there are several ways in which one can collect data. This can be done through six different methods: in-depth interviews, focus groups, narrative analysis, unobtrusive methods, action research, and ethnography³⁸. Out of these six, the most commonly used are in-depth interviews and focus groups.

THE IN-DEPTH INTERVIEW

Based on the aforementioned research objective of this report, in-depth interviews must be considered the most suitable data collection method. According to Ezzy (2005), "*in-depth interviews are an excellent way of discovering subjective meanings and interpretations that people give to their experiences*"³⁹, which further underlines the suitability of in-depth interviews for this research. The objective of this research is, as mentioned previously, to find any correlation between the strategies and processes used by app companies in their globalisation process, and on the basis of this present a

³⁷ P. 195, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

³⁸ P. 5, *Qualitative Research Methods*, 2nd Edition, Ezzy & Liamputting, Oxford University Press, 2005.

³⁹ P. 71, *Qualitative Research Methods*, 2nd Edition, Ezzy & Liamputting, Oxford University Press, 2005.

new globalisation model. To do this, a large emphasis must be placed on gaining insight into the strategies and thought processes that the app companies have used. These rather complex processes cannot be answered with the simple 'yes' or 'no' questions usually found in quantitative collection methods, but must instead be answered and explained in greater detail. Additionally the respondents may in some situations not necessarily be aware of the correlation between their business decisions and the globalisation process of their business. Therefore having the option as the interviewer to give examples and/or probing questions during the interview is essential in the case research. Along with the previously mentioned advantages of the in-depth interview, this was a deciding factor in choosing the most appropriate data collection method for this research. Additionally, the in-depth interview also has the advantage of allowing the interviewer to gain new understandings and develop new theories during the data collection and research process⁴⁰. Thus adjusting questions and processes between the interviews in relation to new findings and insight, and hereby having the opportunity to test the findings from one interview in the next, will be a great advantage. This opportunity can of course be a vital tool when trying to develop a new model or theory.

In the data collection process it is quite common to conduct a series of in-depth interviews in order to gain a basic understanding and knowledge of the topic at hand, and then combine these findings with a quantitative survey. By using both qualitative interviews and quantitative surveys the findings are strengthened further, and it enables the researcher to make generalisations and statements that are supported by empirical evidence. However, the purpose, as well as the novelty, of this study means that quantitative surveys, despite their advantages with regards to strengthening the external validity, are not suitable as a data collection method in this case. To boil down the purpose and complex nature of this study into simple yes or no answers is simply not feasible. The awareness among the app companies may not be very high when it comes to globalisation strategies, which means there is a risk of misunderstandings, or simply not sufficiently detailed responses in a quantitative survey. For example questions about the processes that the company has gone through, and whether or not there were any changes in strategy along the way, would be nigh impossible to answer in a quantitative survey. Quantitative surveys are instead used to much greater effect when the goal of a given study is to generalise information of relatively simple nature, such as political belief or brand preferences.⁴¹

Before describing the specific interviewee selection and interviewing technique, the notion of validity

⁴⁰ P. 71 *Qualitative Research Methods*, 2nd Edition, Ezzy & Liamputting, Oxford University Press, 2005.

⁴¹ PP. 22-23 *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

and reliability in qualitative interviewing will be outlined below.

VALIDITY AND RELIABILITY

Any research should strive to obtain both validity and reliability. Validity means whether we have been able to operationalize the theory into the right empirical concepts, or in other words: are we measuring what we are suppose to measure? Reliability expresses to what extent the research could be repeated with the same results. It is therefore an indicator for how big influence coincidences have on the results and thus how accurate and trustworthy our measures are.⁴²

INTERVIEWEE (CASE) SELECTION

When deciding on and selecting the interviewees (cases) for the study, it is of course important to look at the purpose of the study. Who you choose to interview must be coherent with the problem statement⁴³. In this case, app companies are the only ones with first hand knowledge on the subject. Among these the globally successful companies must be considered experts on the field of app globalisation, and as such must be considered the only plausible interviewees for this study.

As mentioned in the choice of procedure, the case selection must be thoughtful, in order to reach a nice balance in the choice of company types within the app market. At the same time, some will be more approachable than others, and the degree to which they will be willing to talk about their business practise and the road that has led them to where they are, must also be taken into account. According to Rubin one must look at three different criteria when selecting the correct interviewees for a study⁴⁴:

1. They should be knowledgeable on the subject of the study,
2. They should be willing to talk, and
3. The interviewees should together represent a range of different viewpoints and perspectives, so that not only one is highlighted in the study.

Furthermore, to ensure that the interviews will not deviate from the problem statement, and will have the highest degree of market representation, which will thus form the best foundation for a new globalisation model, four company criteria have been added to these:

⁴² P. 119, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

⁴³ P. 65, *Qualitative Interviewing: The Art of Hearing Data*, Rubin, 1995

⁴⁴ P. 66, *Qualitative Interviewing: The Art of Hearing Data*, Rubin, 1995

5. Their company's business model and type must be representative of the market,
6. Must have an app that is representative of the genre,
7. Must be global,
8. Have secondary data available on the above.

These seven criteria were used as guidelines for whom to contact and speak to in the interview process. The first criterion and how to satisfy it, has already been mentioned in the paragraphs above. However, for this study the second criterion has proved the most difficult to overcome, which will be described below. Additionally, the last four will be described in further detail later on, in *part 1. of the analysis* (p.33).

SAMPLING SIZE

According to Yin the number of cases depends upon the certainty you want to have about your multiple-case study result. The higher criterion for establishing the likelihood of detection, the greater certainty lies with the larger number of cases.⁴⁵ Hence, the more cases the more significant and deductive the study will be. He adds that another good rule-of-thumb is to consider the number of cases of rival explanations - *"The stronger the rivals, the more additional cases you might want, each case showing a different result when some rival explanation had been taking into account"*.⁴⁶

On the basis of the amount of cases used in the preceding researches of "rival" internationalisation models (which will be presented in the Theory, p.18), and with the available resources- and timeframe for this study, I have chosen a 7 cases research framework.

Due to the fact that it has been impossible to procure interviews with representatives from all 7 companies, the data on the last 4 cases has been collected through a study of secondary data.

SAMPLING METHOD

Depending on a) the researchers prior knowledge and access to data about the studied subject, b) the desired depth of the interview, c) the level of confidentiality, d) the structural degree of the interview, e) the available interview leisure, and f) the number of interviewees, Andersen stipulates that there are four different sampling methods one need to consider⁴⁷:

⁴⁵ P. 58, *Case Study Research: Design and Methods*, by Robert K. Yin, SAGA Publications Inc. 2009

⁴⁶ P. 58, *Case Study Research: Design and Methods*, by Robert K. Yin, SAGA Publications Inc. 2009

⁴⁷ PP. 211-212, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

1. The informational interview – *Used when studying past tense phenomenon's etc. where the data is sparse or non-existent. In this method the interviewees must be informants with firsthand knowledge of the studied subject.*
2. The open Interview – *Used when seeking a deeper understanding of the behaviour, motives and characteristics of the interviewees. This method imposes very high demands on the interviewer because it demands great listening, interpretation, elaborative and intimacy skills.*
3. The semi-structured interview – *Used when the interviewer is acquainted with the phenomenon of the studied. This method typically follows a preparatory interview guide with the aim to elucidate specific data of the studied. Of all the four methods this is the most substantiating, but also the fare most demanding of the researcher.*
4. The focus group interview – *A group interview with typically 8-12 participants. Used when seeking a deeper understanding of delimited subjects and when the researcher wants to test group responses to certain statements about the investigated. This method is though quite limiting since the number of participants, including the concomitant discussions, entails that only a limited set of questions / themes can be examined.*

In accordance with the study aim, choice of multiple-case study approach and prior knowledge of the subject, a semi-structured interview will be the most relevant. Additionally, building an interview guide will not only ensure that the 3 in-depth interviews, but also the last 4 case studies will be coherent and be in line with the proposals and problem statement.

Before moving on to the Theory section, below will be given a description of the design of the interview guide, and an introduction to the interview and the data analysis techniques that has been applied to the research.

THE DESIGN OF THE INTERVIEW GUIDE

In accordance with Baxter et al.'s 4th design element (p.7), all of the questions used in the interview guide, have been predetermined by the introductory proposals (p.2), in combination with the theoretical choice of best practise approach and preceding study elements of the Uppsala and Born

Global models (see pp 22-32). Additionally, secondary information on the case companies, have been applied to the specific associated interview guides, to produce more comprehensive questions and thus more detailed answers. Open questions have been used throughout the interview to get the interviewees to open up and elaborate on non-factual questions.

According to Rubin, the only way to ensure *“in-depth and rich information from qualitative interviews”* the researcher needs to *“carefully design interviewing pattern that facilitates openness from the interviewee”*⁴⁸ In compliance, and on the basis of the theoretical choices, the interview guide was build upon a 7 category framework – 1) the Introduction, 2) the interviewee 3) the start-up phase, 4) the launch phase, 5) the development phase, 6) marketing strategy, and 7) globalisation. The entire interview guide is found in appendix 3.

INTERVIEW TECHNIQUES

*“A good interview should be like a good conversation, and a good conversation is a two-way affair”.*⁴⁹

When conducting a semi-structured in-depth interview the interviewer must be engaged, motivating and proactive to get the interviewee to feel comfortable to respond openly to the questions. Ezzy stipulates that a good interview entails a) listening, b) not interrupting, c) notice body language, and d) balancing the neural interviewer with the more engaged interviewer. To support this, it is important that the questionnaire is designed around open-ended questions.⁵⁰ Opposite to the predetermined answer choices of closed-ended questions, the open-ended questions allow the interviewee to express and answer the questions in her/his own words. Additionally, the interview should strive to avoid formulations like: *“What do you know about that?”* and rather use formulations such as: *“Tell me about that”*. This will refrain the interviewee from *“going into self-defense by making her/him feel that it is an intelligence test”*⁵¹.

Since it has not been possible to conduct the interviews face-to-face, in order to create the relaxing and laid back atmosphere needed, the interviews have been conducted via video calls through Skype.

⁴⁸ P. 76, *Qualitative Interviewing: The Art of Hearing Data*, Rubin, 1995

⁴⁹ P. 55, *Qualitative Research Methods*, 2nd Edition, Ezzy & Liamputtong, Oxford University Press, 2005.

⁵⁰ P. 80, *Social Research: The Basics*, by Matthew David and Carole D. Sutton, SAGA Publications Inc. 2004.

⁵¹ P. 62, *Qualitative Research Methods*, 2nd Edition, Ezzy & Liamputtong, Oxford University Press, 2005.

TECHNIQUES FOR DATA ANALYSIS

According to Andersen, there are very few fixed rules for qualitative data analysis.⁵² However, since materials collected through semi-structured interviews are often complex, a categorization of the data is vital in order to be able to analyse it. To ensure coherence between interviews and to maximize the output, the categorization should be determined in advance⁵³, and thus, as proposed by Baxter et al. in their 5th design component (p.7), be in line with the propositions. Consequently, to link the propositions, the chosen theory elements, and the interview guide with the analyses, I have chosen to reuse the categories from the interview guide in the analysis structure. Additionally, the suggestion, in Baxter et al.'s 5th design element, of using a storytelling chronological structural approach will also be applied in the analysis. Furthermore, In order to ease the later cross-case analysis and discussion and substantiate the creation of a new globalisation model, Andersen suggests the use of a data matrix.⁵⁴ Correspondingly, a matrix of the main themes, opinions and repeating elements from each of the case analysis has been created (see the entire matrix in appendix 2).

TO SUM UP THE CHOICE OF METHODOLOGY

In accordance with the enunciated proposals, the problem statement and the fact that the phenomenon and the context of this study may not be readily distinguishable, a case study approach has been chosen for this study. Additionally, with the aim of exploring the coherence and differences within and between globalisation processes of global success app companies and thus to create a new globalisation model, the multiple-case study design has been applied. To further underpin this, a literal retrospect replication focused parallel procedure has been chosen, since it will substantiate the identification and comparison of the globalisation processes in each of the cases. Furthermore, to enforce the choice of procedure and to create the most qualifying research structure, Baxter et al.'s 5 design components for multiple-case studies have been applied throughout the whole study.

Since no other studies into the correlation of the globalisation process of app companies have been conducted, in order to procure the requisite data for the analysis, the qualitative exploratory in-depth interview research method has been chosen for this study. In addition and on the basis of the timeframe of this study, the research framework has been set to 7 cases. The cases have been selected on the basis of Rubin's three criteria of selecting the correct interviewees. To ensure the highest

⁵² P. 256, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

⁵³ PP. 254-258, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

⁵⁴ P. 270, *Den Skinbarlige Virkelighed*, Ib Andersen, Forlaget Samfundslitteratur, 2003

degree of market representation in the selection, four extra criteria have been added.

In coherence with the study aim, choice of multiple-case study approach and prior knowledge of the subject, a semi-structured interview sampling method has been chosen for this study. Accordingly, and on the basis of Baxter et al. 4th design element and the theoretical choices, a 7-category framework interview guide has been created (see appendix 3). Even though it has only been possible to conduct three interviews, the last four case studies will still be based on the interview guide but conducted through a study of secondary data. In practise, Ezzy's four requirements of a good interview and interview techniques have been applied to ensure maximum output.

According to Andersen, there are very few fixed rules for qualitative data analysis. However to link the propositions, the chosen theory elements, and the interview guide with the analyses, the categories from the interview guide have been reused to create a seven-step case analysis structure. Furthermore, to ease the cross-case analysis, discussion and creation of a new globalisation model, a matrix of the main of themes, opinions and repeating elements from each of the case studies has been created (see appendix 2).

THEORY

"The development of organizations is the principal mechanism by which, in a highly differentiated society, it is possible to "get things done", to achieve goals beyond the reach of the individual".

(Parson, p.41, 1960)⁵⁵

In this section the theoretical framework will be presented. Firstly, the definitions and approaches of the rational systems as interpreted by W. Richard Scott in his *Organizations; Rational, Natural, and Open Systems*, are presented. Secondly, the choice of basing the best practise research framework on the *open rational system* approach will be explained. Thirdly, the research approach of *the internationalization of the firm – four Swedish cases* (1977) study (the preceding research for the Uppsala internationalization model), by Jan Johansson and Finn Wiedersheim-Paul and Born Global research by Michael Rennie (deduced from the *McKinsey & Co. study* into "*Australia's high value-added manufacturing exporters*", 1993), will be presented.

THE SYSTEM (BEST PRACTISE) APPROACH

Since the app market is relatively new and no empirical studies have yet been conducted into best globalisation practise of successful global app companies, the theoretical framework for this study has not been completely self-evident. Nonetheless, on the basis of the exact wording of the problem statement; "to identify the best globalisation practise of successful global app companies", the theoretical framework must underpin the identification of *best practise*. As there are several different approaches to analyse best practise in business organisations, the choice of approach depends on the perception of organisation, and elements that make up the practise of interest. E.g. are the organisations perceived as closed or open systems? - Are the elements that make up the practise analysed from the social psychological, organisational or ecological organisation level?⁵⁶ – Is the practise, a part of an overall organisational goal, sub-goal or personal goal? – Is the overall focus of the study qualitative and prescriptive or quantitative and descriptive?

⁵⁵ P. 41, "*Organizations: Rational, Natural, and Open Systems*", by Richard W. Scott, Prentice-Hall International, 2003

⁵⁶ P. 17, "*Organizations: Rational, Natural, and Open Systems*", by Richard W. Scott, Prentice-Hall International, 2003

In order to identify what would be the most appropriate system approach of organisation theory on which to base the best practise research and analysis framework, below will be given; 1) a definition of organisation and environment, and 2) a description of the two research forms and three different analysis levels of organisational research, followed by 3) a brief introduction and overview of the dominant organisation approaches.

THE DEFINITION OF ORGANISATIONS

The definition of organisations that will be applied in this study is the one derived from Richard W. Scott: *“Organizations are social structures created by individuals to support the collaborative pursuit of specified goals”*⁵⁷. Thus *“an organization provides a means of using individual strengths within a group to achieve more than can be accomplished by the aggregate efforts of group members working individually.”*⁵⁸ Furthermore, business organizations can be defined as *“organizations formed to deliver goods or services to consumers in such a manner that they can realize a profit at the conclusion of the transaction.”*⁵⁹ Hence the system (best practise) approach is applicable for the study of businesses, and thus companies.

A DEFINITION OF “ENVIRONMENT”

“For a given system, the environment is the set of all objects a change in whose attributes affect the system and also those objects whose attributes are changed by the behaviour of the system”.⁶⁰ Hence, the external elements that influence and/or are influenced by the business organisation.

BASIC VS. APPLIED STUDIES INTO ORGANISATIONS

According to Richard W. Scott, there are two different research forms to consider when building a research framework for a study on organisations:⁶¹

1. *Basic research*: - Used when gathering knowledge to describe existing features and relations of organisations and testing propositions about them to better understand their nature and operation.

⁵⁷ P. 11 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁵⁸ http://www.encyclopedia.com/topic/Organization_theory.aspx 20/07 2014

⁵⁹ http://www.encyclopedia.com/topic/Organization_theory.aspx 20/07 2014

⁶⁰ P. 125 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁶¹ P. 15 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

2. *Applied research*: - Used when gathering knowledge to solve specific problems or to bring about desired changes in the investigated systems.

THE DIFFERENT LEVELS OF ORGANISATIONAL ANALYSIS

In addition, he stipulates that there are three different levels of analyses one must consider:⁶²

1. *The social psychological level* – focusing on behaviour of individuals or interpersonal relations involving individual participants within organisations.
2. *The organisational structure level* – focusing on the structural features or processes that characterise organisations.
3. *The ecological level* – focusing on the characteristics or action of the organisation viewed as a collective entity operating in a larger system of relations.

THE RATIONAL, NATURAL AND OPEN SYSTEMS APPROACHES

Throughout the last 100 years, approaches to what makes best practise in organisations, and how to analyse it, have develop greatly. Below will be given a brief introduction to the main five approaches, followed by the choice of approach for this study. For further information on the historical development of the different approaches see appendix 1.

Rational Approach, 1900 – 1930

This is a closed, qualitative and prescriptive approach, focused on the normative structure⁶³ at the social psychological and structural levels of organisational analysis, viewing organisational structures as formal, goal pursuing, rational and non-environment-influenced collectivities.

Natural Approach, 1930 – 1960

A closed, qualitative and prescriptive approach, which in opposite to the rational approach, is focused on the behavioural structure⁶⁴ at the social psychological and structural level of organisational analysis. It views organisational structures as informal, participant-consensus, -conflict and -survival driven collectivities.

⁶² P. 17 in *"Organizations: Rational, Natural, and Open Systems"*, by Richard W. Scott, Prentice-Hall International, 2003

⁶³ P. 78 in *"Organizations: Rational, Natural, and Open Systems"*, by Richard W. Scott, Prentice-Hall International, 2003

⁶⁴ P. 78 in *"Organizations: Rational, Natural, and Open Systems"*, by Richard W. Scott, Prentice-Hall International, 2003

Open System Approach, 1950 -

An open, qualitative, descriptive and process defining approach; focused at the ecological level of analysis. It views organisational structures as complex, environmental- participant- and subgroup-made systems.

Open Rational System Approach, 1960 –

An open, qualitative prescriptive and quantitative descriptive approach, born out of the open system approach, but optionally focused at all three levels of organisational analysis. It views organisational structures as environment-influenced collectivities, based on rational structures.

Open Natural System Approach, 1970 –

An open, qualitative prescriptive and quantitative descriptive approach, also born out of the open system approach, equally optionally focused at all three levels of organisational analysis. Contrastingly to the open rational system approach, it views organisational structures as environment-influenced collectivities, based on the natural approach.

THE CHOICE OF SYSTEM APPROACH

In accordance with the desired research aim (stated in the problem statement), the choice of methods (presented in the methodology) and the above presented definitions and description of theoretical concepts, research forms, levels of analysis, and dominant research approaches, the most suitable theoretical framework, on which to base the best practise case research and analysis framework is:

Research form: In order to identify best practise, including process similarities, in the globalisation processes of the 7 most successful global app companies, the research form must be descriptive and benchmark corroborating. In this regard and in compliance with the chosen research method (presented in the methodology), the *basic research* form is the most suitable.

Analysis level: In order to identify if there are any similarities in the way app companies become global successes, the research and analysis design must be constructed to facilitate the charting and identification of development-process characteristics, including environmental-influence and action similarities. In this respect, the *ecological level* is the most pertinent.

System approach: The decision to use the basic research form in combination with a multiple-case research design (ref. the methodology) engenders a system approach that can accommodate a qualitative investigation. The choice of focusing the research at the ecological level of analysis, invites

for a more open system approach. Additionally, in order to answer sub-question two and three (stated in the problem statement), the approach has to be able to recognise the existence of comparable informal structures, decisions/actions and environmental-influences. Given these requirements, the *open rational system models approach* is the most appropriate.

THE INTERNATIONALIZATION PROCESS

"Of course it is possible to identify different types of steps and number of stages [...in the internationalization process of firms]".

(Johanson and Wiedersheim-Poul, p.307, 1975)⁶⁵

As described in the introduction, there has not yet been conducted any empirical studies into the globalisation practise of successful global app companies. Consequentially neither evidential research has been made on how the globalisation of app companies fits into classic internationalisation models, such as the Uppsala or Born Global theories. Nonetheless, in order to be able to *"identify the globalisation practise of global successful app companies"* and *"create a new globalisation model"*, the research framework necessarily must derive and/or built on research framework elements of preceding researches of existing internationalisation models.

Since numerous of internationalisation models exist, and to avoid describing all of them, this study will focus on the Uppsala and Born Global theories, since they 1) are the most recognized and 2) both substantiate the choice of research form, analysis level, system approach and 3) enable a "from-birth-to-international (global)" process identification.

Beneath will be given an introduction to the main features of the two theories, as well as a presentation of the frameworks of their preceding research.

THE UPPSALA MODEL

Created by Johanson and Vahlne, and published in the Journal of Business Studies in 1977.⁶⁶ The model

⁶⁵ P. 306 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975

⁶⁶ P. 23-32 in *The Internationalization Process of The Firm – A Model of Knowledge Development and Increasing Foreign Market Commitment*, Journal of International Business Studies, 1977.

is based on empirical observations from studies in international business at University of Uppsala (Hörnell, Vahlne & Wiedersheim-Paul, 1972, and Johanson & Wiedersheim-Paul, 1974). It demonstrates that Swedish firms often develop international operations continually, rather than by making large foreign investments at single point in time. Furthermore, it argues that the internationalisation of companies are a knowledge driven four-step process – starting with 1) no regular export activities, 2) export via independent representations (agents), 3) establish sales subsidiary, and 4) eventually, in some cases, begin production in the host countries.⁶⁷

The preceding research to the Uppsala Model

Before the 1970s, internationalisation theories were mainly concentrated on the internationalisation processes of larger American corporations, comprising only their post-internationalization operations.⁶⁸ This changed in 1975, when Johanson and Wiedersheim-Paul, on the basis of their empirical case study of four different *international*⁶⁹ Swedish companies, published the article *the internationalization of the firm – four Swedish cases*. In contrast to the earlier theories, they were convinced that Swedish and potentially other international firms, with origin in small domestic markets, in opposite to their American counterparts, start developing international operations already from early development stages.⁷⁰

The research framework of the preceding research to the Uppsala Model

Based on *previous observations and research into international business*⁷¹, Johanson and Wiedersheim-Paul wanted to prove “that it was possible to identify different types of steps and number of stages in the internationalization process of firms”. In order to do this, they created 8 assumptions of the internationalisation patterns of companies, which were divided into a four-step establishment model (The later four steps of the Uppsala Model) (presented below). To substantiate this model a 10-questionary research framework was created and used on four international Swedish companies (presented on p.25).

⁶⁷ P. 24 in *The Internationalization Process of The Firm – A Model of Knowledge Development and Increasing Foreign Market Commitment*, Journal of International Business Studies, 1977.

⁶⁸ P. 305 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975.

⁶⁹ “Companies with production facilities in more than 2 non-domestic markets and with more than three-quarters of their sales turnover coming from non-domestic markets.” P. 305 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975

⁷⁰ P. 305 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975.

⁷¹ P. 306 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975.

The four-step internationalisation establishment model:

Stage 1: No regular export activities

Assumptions:

1. Firms first develop in their domestic markets.
2. The internationalization is the consequence of a series of incremental decisions.
3. The greatest obstacles to internationalization are lack of knowledge and resources.

Stage 2: Export via independent representatives (agent)

Assumptions:

4. Obstacles are reduced through incremental decision-making and learning about the foreign markets and operations.
5. Lack of market knowledge and uncertainty avoidance, entail that firms first export to neighbouring and/or countries, which are culturally similar.
6. Firms always start selling abroad via independent agents because it means a smaller resource commitment.

Stage 3: Starting sales subsidiary

Assumption(s):

7. The perceived risk of market investments decreases and internationalization is stimulated by the increased need to control sales, and match operations to offers and demands.
- + *Obstacles are reduced through incremental decision-making and learning about the foreign markets and operations.*

Stage 4: Starting production/manufacturing

Assumption(s):

8. An extension of a firms operation will gradually happen with the development of operations in individual countries.
- + *Obstacles are reduced through incremental decision-making and learning about the foreign markets and operations.*

The 10-questionnaire-research-framework (UQ 1-10) (derived from the 4 case descriptions in "The

Internationalization of The Firm – Four Swedish Cases”):

Question 1. (Stage 1)

What do the company produce, how do it produce it, and what is the overall historical development of its production and foreign activities?

UQ 2. (Stage 1-2)

How did the company take its first step towards internationalisation, and what made it do so?

UQ 3. (Stage 2)

Were there any correlations between the choice of establishments and the psychic distance from Sweden and/or market size of the chosen export markets?

UQ 4. (Stage 2)

Did the company's first step towards internationalisation go as we expected (In correlation to the assumptions under the Agency Stage)?

UQ 5. (Stage 2-3)

Based on the knowledge obtained during stage 1 and 2, did the company change its internationalisation course towards stage 3?

UQ 6. (Stage 3)

When the company decided to establish sales subsidiaries, how much did previous establishments (agencies), psychic distance and market size influence its processes and choice of target markets?

UQ 7. (Stage 4)

When the company decided to establish manufacturing subsidiaries, how much did previous establishments (agencies and sales subsidiaries), psychic distance and market size influence its processes and choice of target markets?

UQ 8. (All stages)

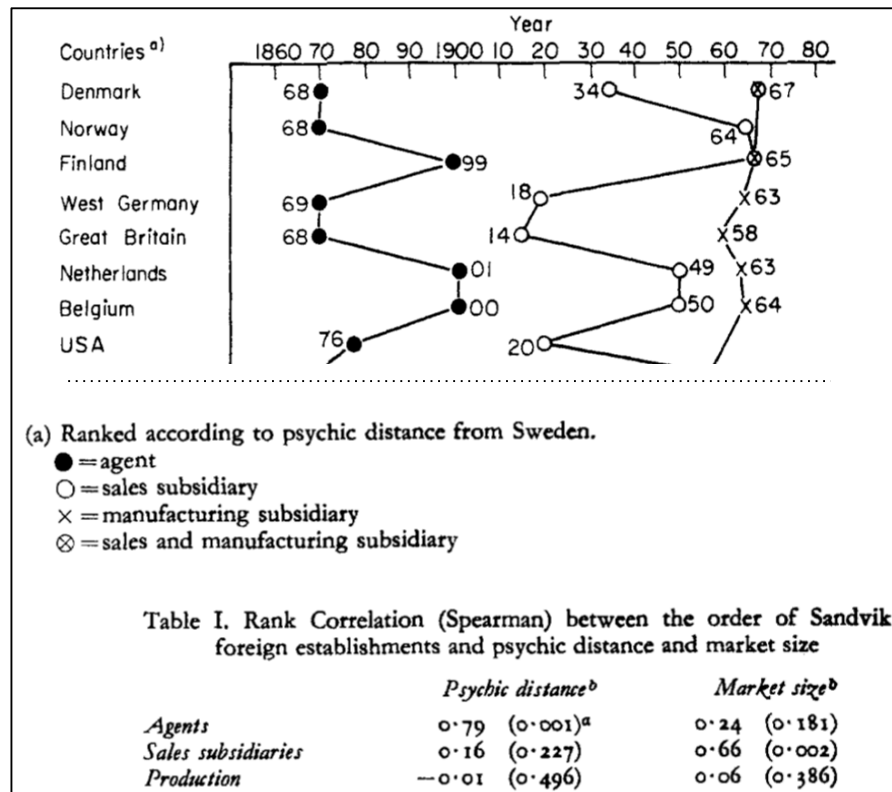
Does the overall development of the company correspond to the proposed four-step internationalisation stage process? And how does it concord with the three other cases?

UQ 9. (All stages)

In the matter of turnover, how has the company economical developed through the four stages?

UQ 10. (All stages)

On the basis of the knowledge gathered during the internationalisation stages, has the company developed other more effective internationalization patterns?



Johanson and Wiedersheim-Paul's development profile and rank correlation tabulation of Sandvik AB

On the basis of this 10-question case research framework, they were able to identify and collect data on the most observable internationalisation process activities in the four investigated companies.⁷² In order to separately analyse the four processes, Johanson and Wiedersheim-Paul created a retrospect establishment-development profile for each of the four companies. This was based on the year of establishment (x) and the *psychic distance*⁷³ (y) between Sweden and the export country in question (see figure above). Furthermore, in order to do a comparison analysis of the results of the four cases,

⁷² P. 306-307 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, October 1975.

⁷³ "the sum of factors preventing the flow of information from and to a given market. Examples are geographic distance, differences in language, education, business practises, culture, and industrial development.", p. 22 in *The Internationalization Process of The Firm – A Model of Knowledge Development and Increasing Foreign Market Commitment*, Journal of International Business Studies, 1977.

they did a *Spearman rank correlation coefficient*⁷⁴ calculation on the time order of each of the company's foreign establishments (x) relative to the order of psychic distance (y_1) and *market size*⁷⁵ (y_2) (see the figure above).

From Uppsala to Born Global

Since 1970s the world has changed a great deal. The evolution in information and communication technologies (ICT) has reformed and changed the global business landscape, including the internationalisation processes of companies. With the last 30-40 years' Internet universalisation and trimming of international trade barriers, companies are now able to easily collect market data, produce, employ, promote, sell or even start up on markets that are worlds apart from their own. This development has made many marketers question the extent of usability of the classic internationalisation models, including the Uppsala model. This resulted in various theories; one of the latest is the Born Global Model.

THE BORN GLOBAL MODEL

The most recognised definition of "Born Global" was first presented in the article *Born Global* by Michael W. Rennie, in the autumn edition of the McKinsey Quarterly 1993.⁷⁶ Based on an extensive study of "Australia's high value-added manufacturing exporters" (a co-study by McKinsey & Co. and Australian Manufacturing Council co-study, June 1993) and the societal observations of W. Sengenberger and G. Lovemann in their study of "The Re-emergence of Small-Scale Production: An International Comparison" (Aug. 1990)⁷⁷, he identified a new kind of *born global* firms. He defines these as "small"⁷⁸ and medium⁷⁹ sized companies (SMEs) (found across most industries⁸⁰), that begin their exporting, on average, only two years after founding and obtain about three-quarters of their revenue through export sales⁸¹. Additionally, he argues what also characterises them, is their early ability,

⁷⁴ "a nonparametric measure of statistical dependence between two variables. It assesses how well the relationship between two variables can be described using a monotonic function." P. 123 in *Jump For Basic Univariate And Multivariate Statistics: A Step-by-step Guide*, by Ann Lehman, NC: SAS Press, 2005.

⁷⁵ "Gross Natural Product", P. 310 in *The Internationalization of The Firm – Four Swedish Cases*, by J. Johanson and F. Wiedersheim-Poul, Journal of Management Studies, Volume 12, Issue 3, Oct. 1975.

⁷⁶ P. 14 in *Born Global Firms: A New International Enterprise*, by S. Tamer Cavusgil and Gary A. Knight, Business Expert Press, 2009.

⁷⁷ P. 1 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

⁷⁸ Companies with < 50 employees and an annual turnover ≤ € 10 m, www.ec.europa.eu/policies/sme, 19/06 2014.

⁷⁹ Companies with < 250 employees and an annual turnover ≤ € 50 m, www.ec.europa.eu/policies/sme 19/06 2014.

⁸⁰ P. 11 in *Born Global Firms: A New International Enterprise*, by S. Tamer Cavusgil and Gary A. Knight, Business Expert Press, 2009.

⁸¹ P. 2 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

without big investment, to successfully compete against large established players in the global market.⁸²

The preceding research to the Born Global Model

As aforementioned, the definition of Born Global was a by-product of the McKinsey and Australian Manufacturing Council's co-study. The actual object of this study was to identify the reasons for the increasing numbers of young Australian SMEs and to develop an insight that would strengthen future policy and business planning. During the research over 700 firms were identified, of which more than 300 participated in detailed surveys, from which 60 also did focus group and in-depth interviews⁸³. Through the results of this extensive research, Rennie was able to identify two different types of exporting firms⁸⁴:

1. Traditional exporting firms – Well-established domestic-based firms that have achieved a sustainable base in their home market *gradually evolve into international trade (e.g. Johanson and vahlne, 1977)*⁸⁵.
2. The “born global” firms – SMEs with global focus, who during their first two years achieve 75% sales revenue from export activities.

Underpinning the international study by W. Sengenberger and G. Loveman, Rennie argued that the societal triggers of born global SMEs, from 1970s – 1990s, were the outcome of the increasing dynamic interrelationship between⁸⁶:

1. The changing consumer preferences from standard products to specialised and customized products, and
2. The changing manufacturing and ICTs from inflexible mass- to flexible electronic process technology production, and from slow expensive information flows to high-speed ICT & IT, and
3. The changing competitive conditions from long product life cycles (PLC)⁸⁷ to shorter ones,

⁸² P. 14 in *Born Global Firms: A New International Enterprise*, by S. Tamer Cavusgil and Gary A. Knight, Business Expert Press, 2009.

⁸³ P. 8 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

⁸⁴ P. 2 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

⁸⁵ P. 125 in *Innovation, organizational capabilities, and the born-global firm*, by S. Tamer Cavusgil & Gary A Knight, Journal of International Business Studies 35, 2004.

⁸⁶ P. 3-4 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

⁸⁷ “The product life cycle (PLC) is the cycle through which every product goes through from introduction to withdrawal or eventual demise”, <http://economictimes.indiatimes.com/definition/Product-Life-Cycle>, accessed on 17/06 2014 .

which quickly match changing consumer demands.

Proceeding researches of the Born Global Model

The findings of Rennie have been analysed, investigated, challenged, and further conceptualised by many international theorist. One of the latest studies; “*Born Global Firms: A New International Enterprise*” by S. Cavusgil & Gary Knight, 2009, identifies and collects the born global emergence factors of previous studies⁸⁸ in seven different explanatory internal and external triggers⁸⁹:

1. **Export pull (external)** – Initiated by local intermediaries who perceive a product-market opportunity or by end users who become aware of a given foreign supplier.
2. **Export push (internal)** – International orientated managers applying push strategies of actively promoting their offerings directly and/or through foreign intermediaries, to the end users.
3. **Worldwide monopoly position (internal)** – Companies whose products are unmatched on a given market or are substantially differentiated from those of competitors can expand to new markets by convincing end users of its product uniqueness.
4. **Product-market conditions necessitating international involvement (external)** – Companies who produce products, components or parts so specialized that domestic demand proves insufficient are forced to begin sales on foreign markets.
5. **Superior product offerings (internal & external)** – Many born globals internationalise on the strength of an innovative, unique, and/or high quality product. Early internationalisation may be associated with a significant product and/or technology breakthrough or innovation.
6. **Global network relationships (internal & external)** – Early foreign expansion may be facilitated through network linkages with foreign distributors, trading companies, strategic partners, as well as more traditional buyers and sellers, and other entities located abroad.
7. **Global niche markets (internal & external)** – Where the company is able to leverage specialised knowledge to define and serve narrow market segments that occur in numerous markets simultaneously.

⁸⁸ P. 13 in *Born Global Firms: A New International Enterprise*, by S. Tamer Cavusgil and Gary A. Knight, Business Expert Press, 2009.

⁸⁹ P. 16 in *Born Global Firms: A New International Enterprise*, by S. Tamer Cavusgil and Gary A. Knight, Business Expert Press, 2009.

The research framework of the preceding research to the Born Global Model

Since the McKinsey & Co. report only exists in a paper version available in Australia, and secondary literature on the research method is very sparse, it has not been possible to find a complete method description of the research. Consequently, the following research framework is solemnly deduced from Rennie's description of the research design and S.T. Cavusgil and G. A. Knight description of the seven born global triggers. Additionally, the identification of both "*traditional domestic-based exporting firms*"⁹⁰ and born globals, indicates that the original research framework most likely had a method approach similar to the preceding of the Uppsala Model. Therefore, the progression of questions in following framework is derived from the preceding research of the Uppsala Model. Furthermore, even though the McKinsey & Co. study also aimed at *developing a political insight [...] to strengthen future policy planning*, the following framework does not reflect the political part of the research framework.

The research framework:

BGQ 1.

What do the company produce, how do it produce it, and what is the overall historical development of its production and foreign activities?

BGQ 2.

What characterises the industry of the company and how is the company positioned compared to its domestic and global competitors? – Monopoly, niche, product superiority?

BGQ 3.

How many managers do the company employ, how many of them work outside the domestic market and how many of them have an international background?

BGQ 4.

To which countries does the company export, what does it export, how much has it invested into its export and how much of its sales revenue is generated from its export?

BGQ 5.

How did the company take its first step towards internationalisation, and what made it do it? – Push, pull, network, internal decisions and/or external factors?

⁹⁰ P. 2 in *Born Global*, by Michael W Rennie, The McKinsey Quarterly, Autumn 1993

BGQ 6.

Pari passu through its internationalisation has the company developed more effective internationalization patterns?

TO SUM UP THE UPPSALA AND BORN GLOBAL MODELS AND THEIR PRECEDING RESEARCHES**The Uppsala Model**

An internationalisation model, which argues that the internationalisation of companies, originated in small domestic markets, is a 4-step knowledge driven establishing process.

The research framework of the preceding research to the Uppsala Model

A 10-question research framework established on the basis of the 4-step knowledge driven establishing process theory, with the purpose to chronological map and compare the internationalisation processes of 4 Swedish companies.

The Born Global Model

An internationalisation model, which argues that the fast internationalisation process of SME's, is different to the one of traditional domestic-bound export firms. Additionally, it argues that the internationalisation of these SMEs happens on the basis of 7 different internal and external triggers.

The research framework of the preceding research to the Born Global Model

Since no data on the original research framework has been found, the 6-question research framework presented has been deduced from Michael W. Rennie's description of the pre-study (McKinsey & Co. study of 700 Australian companies, 1993), his identification of born globals, and S.T. Cavusgil and G. A. Knight's description of the seven major internal and external born global triggers.

THE CHOSEN RESEARCH ELEMENTS

In accordance with the propositions, the desired research aim (stated in the problem statement), the choice of method (presented in the methodology), research form, analysis level and research approach (presented in the previous section), the most relevant research elements from the preceding studies of the Uppsala and Born Global Models, for this study, is:

From the preceding research of the Uppsala Model

Johanson and Wiedersheim-Paul's from birth-to-international step-by-step process identification

research approach cohere perfectly with the propositions (P1 and P2) and the problem statement (including the subjacent questions) of this study. Additionally, their use of analytical retrospect development-profiles present and illustrate the step-by step (stage) process development of each of the studied cases. This matches the chosen technical approach of data analysis, presented in the methodology.

In accordance with the proposals, the problem statement, the chosen 7-category design of the interview guide, the chosen interview techniques, and the choice of best practise approach, UQ1, UQ8, UQ9 and derivations of UQ2, UQ4 and UQ5 have been embodied in the main categories of the interview guide (see appendix 3).

From the preceding research of the Born Global Model

McKinsey & co.'s use of an explorative case study approach (including in-depth interviews) coequals perfectly with the choice of methodology for this study. Furthermore, their goal of mapping the internationalisation process of SME's, also matches, though in a smaller research scale, the aim of this study. In addition, the sizes of the investigated companies of their study (SMEs) also correspond to the sizes of typical global app companies.

In accordance with the proposals, the problem statement, the chosen 7-category design of the interview guide, the chosen interview techniques, and the choice of best practise approach, BGQ1, BGQ2, BGQ5 and derivations of BGQ3 and BGQ6 have been embodied in the main categories of the interview guide (see appendix 3).

ANALYSIS

"Mobile applications is end- user software applications that are designed for a mobile device operating system and which extend that device's capabilities"

(Hongwei 'Chris' Yang, 2013)⁹¹

This analysis will be three-parted. The first part will, on the basis of secondary data and personal knowledge of the app market, give an analysis of the global app market, including the different types of app business models, the types of app companies, the globalisation degrees of app companies, and the different types of apps. On the basis of the above, the choice of the 7 case companies will be presented together with an introduction to the main app genres. The second part will, on the basis of the primary and secondary data collected through the multiple-case study, give a chronological retrospect seven-step analysis of each of the cases. Finally, in part 3, these will be further analysed through a seven-step cross-case analysis.

PART 1. THE APP MARKET

THE MOBILE OPERATING SYSTEMS

In the matter of software, the global smart-phone market can be divided in two major and one minor *mobile operating systems*⁹² (platforms) 1) Apple iOS which has approx. 1,3 m. apps⁹³ and 15% of the total global smartphone market⁹⁴, 2) Google Android which has approx. 1,3 m. apps⁹⁵ and 80% of the total global smartphone market⁹⁶, and 3) Windows Phone which has approx. 400 k. apps⁹⁷ and 3,5% of the total global smartphone market⁹⁸. All three of them have different coding languages and related

⁹¹ Hongwei 'Chris' Yang, *"Bon appétit for apps: young american consumers' acceptance of mobile applications"*, Journal of Computer Information Systems, Spring 2013.

⁹² *"A mobile Operating System is a set of data and programs that runs on a computer or mobile device. It manages all the hardware and optimizes the efficacy of the application software in the device."* www.uswitch.com/mobiles, accessed on the 08/07 2014

⁹³ <http://ipod.about.com/od/iphonesoftwareterms/qt/apps-in-app-store.htm>, accessed on the 25/07 2014

⁹⁴ *"The iPhone 6 Had Better Be Amazing And Cheap, Because Apple Is Losing The War To Android"* www.businessinsider.com 31/05 2014

⁹⁵ <http://www.appbrain.com/stats/number-of-Android-apps>, accessed on the 25/07 2014

⁹⁶ *"The iPhone 6 Had Better Be Amazing And Cheap, Because Apple Is Losing The War To Android"* www.businessinsider.com 31/05 2014

⁹⁷ *Microsoft claims window store has 400.000 apps, and saw its 5 billionth download in March,* <http://mobilesyrup.com>, 04/07 2014

⁹⁸ *"The iPhone 6 Had Better Be Amazing And Cheap, Because Apple Is Losing The War To Android"* www.businessinsider.com

app stores. Thus, to launch a global app on all three platforms, developers must develop their app in three different coding languages and launch it through three different stores (Apple App Store, Google Play and Windows Store). This of course has its advantageous and drawbacks:

Advantageous

Since all three stores are global, a developer/company can publish an app worldwide or anywhere in the world instantly. In combination with the fact that the different app stores also market the apps on their system locally and globally, entails that the developer/company does not necessarily have to know anything about the target markets of their apps, to publish. E.g. an app company could develop an app in Denmark and not publish it on other markets (glocally) or globally.

Drawbacks

With different coding languages for each system, a developer/company has to code “three apps of one”, in order to get out on all systems. This is further complicated, by the different rules and requirements on design, functionality, content, and use of technologies, lead by the different systems. Additionally all three systems have different respond time when it comes to publishing and updating apps. Whereas it takes only 24-48 hours to update through Google Play it can take up to 9 days through Apple App Store. Moreover, even though each of the app stores charge different, but relatively small, rates for publishing, it can add up to \$ 1.000 to publish through all three.

THE DIFFERENT TYPES OF APP BUSINESS MODELS

Without looking at the contents of the apps, but instead focusing on the business models, the app market can be divided into three different types of apps:

1. Free
2. Freemium (free with paid extra content)
3. Premium (user paid)

1. Free

An app that is free for the user to download and do not offer any extra in-app purchasable contents. Free apps can further be divided into three different business areas:

- A. The non-commercial: Typically quite simple apps that are created on the basis of a very unique

and user minded idea.

- B. The advertisement based: Free apps that contain commercial content e.g. banner ads, pop-up ads, brand logos, commercials, etc.
- C. The commission based: Free apps that are commissioned by, or generates data to sell to, or show products from, 3rd party companies.

B and C can occur in a variety of combinations with each other.

2. Freemium apps

Like the free app, the freemium app is free for the user to download. However, it differentiates itself by having extra in-app content that the user can purchase, i.e. different types of fonts, music, extra game lives, etc. The app is perfectly usable without having these extra features, but this business model gives the user the opportunity to purchase extra content that is meant to enhance the user experience when using the app. Unlike the free apps, most freemium apps are ad-free, and for most, purely based on the in-app purchase model. These in-app purchases can vary in price, and usually vary from \$1 to \$20. The most expensive in-app purchasable feature is found in the game "Curiosity", and is set at a mind-boggling \$77,000.⁹⁹ However, some freemium apps do have ads. In most of these cases there is an option to purchase a premium version that is ad free. As such freemium apps can be divided into these three categories:

- A. Only in-app purchases: Free to download, but with extra purchasable in-app content.
- B. + Advertisement: As the above described, but contains commercial content e.g. banner ads, pop-up ads, brand logos, commercials, etc.
- C. + Commission: Freemium apps that generate data to sell to, or show products from, 3rd party companies.
- D. Subscriptions

As is the case with free apps, freemium B and C can occur in a variety of combinations with each other.

3. Premium (user paid)

⁹⁹ "Molyneux's 22Cans game Curiosity has \$77,000 diamond chisel DLC", www.geek.com, 07.06.2012

The premium apps are apps that the user pays for in the app store. The price is typically around \$1, \$2 or \$3, but there are of course some that stand out with a price north of \$100. Like the freemium apps, premium apps can contain in-app content that the user can purchase i.e. extra game levels, subscription deals etc. They can also act as a pro version of a free or premium app. In this case the free or premium apps can function as an appetizer for the user, and the premium (or Pro) version then includes features not found in the free/freemium version, or can simply be ad free. Like the two above described app types, the premium apps are used in a variety of business models:

- A. Pure premium: "What you buy is what you get"
- B. + Advertisement: As the above described.
- C. + Commission: No ads as users who pay for an app typically do not expect, nor want to see ads during their usage of the app
- D. Subscriptions: Typically based on monthly subscription and without ads or in-app purchases.

TYPES OF APP COMPANIES

My research has shown that basically all types of companies and organisations, e.g. Plc, Ltd, LP etc., are represented on the app market. Since most of the companies analysed in this report, have different countries of origin, I will not go into details with the individual company types, but instead, for the sake of clarity, categorize them in these three sub-groups:

- 1. Private hobby based app entities
- 2. Private app companies
- 3. Non-app-developing organisations and companies

1. Private hobby based entities

From students, parents to elderly folks, if you have a simple, not necessarily unique idea, the right network or programming skills, you can develop and publish an app

2. Private app companies

App companies can be divided into two different sub-groups:

- A. For hire: App companies that develop marketing, service, product or organisational apps for

3rd party organisations, companies and/or persons.

B. Entrepreneurs: App companies that invent and develop own unique apps.

3. Non-app-developing organisations and companies

Non-app developing organisations, companies and persons that hire 2.A's (see above) to develop apps for purposes of e.g. enhancing own products/services, create awareness for a cause, marketing, personal goals, etc.

DEGREES OF GLOBALISATION

The three above categorized sub-groups can further be divided into local, glocal and global companies. Even though this study will only focus on globalisation of global app companies, below is given a brief presentation of all three.

1. Local Companies

Local app companies are characterized by being embedded in one specific market, making apps that are specifically tailored for that single market. These companies represent all of the three different app types, but in contrast to the glocal and global app companies they do not strategically aim at expanding their apps to other markets. Local app companies typically make apps in the language of their specific market and can work together with, or for local companies and public organisations.

2. Glocal Companies

Glocal app companies are characterized by making apps with a global focus, but tailored for specific markets. The local aspect of these apps can vary a lot, from being created in cooperation with a local company, to being fully customized to match the specific market, e.g. a trivial game app that contains country/market specific questions. The degree of how local these companies are can be measured not only in the content of their apps, but also in their presence on the markets. From my analysis I have found that there are three different levels of local presence:

1. Buying services e.g. translations or information, from local companies, but the app company is still based in the country of origin.
2. Partnering up with local companies: The app company co-operate up with local companies on customizing the app to match the market.
3. Working subsidiaries.

3. Global

Unlike the local and glocal app companies, the global companies are characterized by making apps with almost no market or country specific features or alterations. However, small changes that do not change or add new features to the app, e.g. a translation of the app to new languages on popular markets, are commonplace within the global apps. Global app companies make apps for a global audience, with no tailoring for the specific market. This means that no matter which country you are in, the app experience is the same.

THE DIFFERENT TYPES OF APPS

The app market consists of many different types of apps. On a broader level it can be divided into two different groups: B2B and B2C.

1. B2B

The B2B app market consists of primarily Premium and a few Free and Freemium apps.

B2B free apps typically come with other software services and do not contain advertisements. E.g. email programs, bank programs, travel services etc.

B2B freemium apps are mostly sold on a subscription basis or as extra modules to other it-services. E.g. Newspaper subscriptions, extra modules to enterprise resource planning (ERP) program, mobile accounting software integration solution, etc.

B2B premium apps vary a lot and ranges from management, to travel, to stock exchange apps, etc.. They do not contain advertisements and are based on either pure premium, commission or subscription models. Examples of premium B2B apps: management/organisation, logistic and controlling apps, etc.

2. B2C

The B2B market can be said to have many similarities with the B2C market. However, as the apps on the B2C market are more readily available, as well as being a larger market, and the mere fact that more data available, this study will focus solely on the B2C market.

The B2C market is made up of all of the apps that you can download or purchase from Apple's App Store, Google Play or Windows Store, and as such all of the aforementioned company types and business models, e.g. free, freemium and premium, are all found in countless variations on the B2C market. The global B2C market reached a total market worth of \$15.5bn in 2013, which is only

expected to continue to grow in the next coming years¹⁰⁰.

CHOICE OF APP CASES

In an effort to obtain the many different aspects of the entire B2C market, as described in the Interviewee (Case) Selection section of the methodology (p.12), the cases used in this study have been selected in order to paint the most representative picture of the different company types, business models and genres present on the app market. Since there are 24-27 genres, varying on platform, the business cases selected for this study have been chosen from a self-assessment of the most downloaded app genres within the market. Therefore, before moving on to the case analysis, below will be given a description of the chosen genres, including the appertaining cases.

Games

The by far most popular app genre across all mobile operating systems, which over the years has become a billion dollar industry. Within the game app genre there is a wide range of different apps, but a feature that several of them share, and has been very successful in implementing, is the social aspect of gaming, where you can either play directly against your friends, or compete in getting the highest score. This report will analyse the business case of Planeto, the Swedish app company behind the trivia game app Quiz Battle, which has been downloaded and played by more than 25% of the entire Danish population.

Transportation

In the field of transportation more and more companies have turned their attention towards app solutions, whether it is taxi companies offering booking and tracking through apps, or international airports and airlines offering plane tracking and check-in services. In Denmark the national railway company, DSB, has been developing and using apps as an optional substitute for their traditional physical tickets and travel cards. This report will analyse the business case of the global Danish started taxi app company Click a Taxi (now "Drivr").

Music

Apple changed the way the music industry worked when they launched their first iPod in 2001, which was followed by the iTunes Store in 2003. Since then, music and music apps have been an integrated

¹⁰⁰ Global app market worth 155bn 2013, <http://mobilemarketingmagazine.com>, 09/08 2013

part of smartphones. Within the music genre, there is a wide range of various apps, ranging from apps acting as musical instruments, to online music streaming. From this genre, the American app company, Shazam Entertainment Ltd., which is the company behind the one of the most popular apps of all time on Apple's App Store, will be analysed. Shazam is a music recognition app with more than 375 million downloads in over 200 countries.

Social

Social apps or social media apps, covers all app types where you can create a unique profile and through that interact, share/make content and follow other users. Social apps can be divided into two main groups, 1) where the app is developed as a supplement for an Internet community, and 2) where the app is a community itself. This study will not analyse "supplement apps" like the Facebook, Twitter, LinkedIn and Pinterest app, but focus on apps created exclusively for the smartphone platform.

This report will analyse the development processes of one of the most downloaded social apps, Instagram (150m active users/month¹⁰¹).

Communication

When Skype was launched in 2003, the telecom industry and business was forever changed. The idea of global communication was taken to a whole new level, and young consumers embraced it immediately. With the introduction of the first smartphone for the masses, iPhone 1, the demand of bringing this technology together with the chat technology to the new platform, saw the birth of many new developers. The communication app genre covers all apps that can be used to message, voice-and/or video-call through the Internet on your smartphone. This report will analyse how one of the most downloaded global communication apps, SnapChat (60m downloads¹⁰²) went from local Los Angeles start-up to global mega success.

Magazine

In the last couple years the magazine branch of the publishing industry has gone through a total makeover, and has reinvented itself through the Internet, tablet and smartphone platforms. Most magazine apps for smartphones are though still developed by publishing houses as interactive version of their original paperback versions. Even though these are seen as reinventions of the classic

¹⁰¹ *Topping 150m users Instagram promises ads within the next year*, <http://techcrunch.com>, 09/08 2013

¹⁰² *Snapchat active users exceed 30 million*, <http://www.businessinsider.com>, Dec. 2013

magazine format, they are actually not the most downloaded of their genre. Instead a new kind of collective magazine app concept is gaining market shares. This report will focus on the most popular of these, FlipBoard (90m downloads¹⁰³), and analyse its development from a Palo Alto startup to a global player.

Food

Since Apple started the “app revolution” by opening up the app store, food apps have been some of the most downloaded and popular apps. Today the food app genre is vast, and covers everything from cookbook-, food-blog-, restaurant guide-, wine-community-, interactive cookingshow-apps, etc. This report will analyse the development processes of the company behind the global recognized wine community app Vivino, from its local Danish beginning to now 5 m. user-base.¹⁰⁴

PART 2. THE SINGLE CASE ANALYSIS

On the basis of the results from the three explorative in-depth interviews with Heini Zachariassen (Vivino), Michael Vivet (Drivr) and Morten Grauballe (Planeto) and the study of secondary data on Vivino, Click a Taxi (now “Drivr”), Planeto, FlipBoard, SnapChat, Instagram and Shazam, below will be given an ecological level focused retrospect 7-step analysis of the 7 cases. Following, in part 3, these will be further analysed through a seven-step cross-case analysis.

CASE 1.: VIVINO

Introduction

In 2009, former Co-founder and CEO of BullGuard Ltd., Heini Zachariassen, began working on an idea in his basement in Copenhagen. “The original idea was to build a complete Internet based database of all wines, à la “IMDB”¹⁰⁵. “But with the fast growth of the app market I decided to change the platform”. Today the Vivino app is available on all three mobile platforms¹⁰⁶, in five different languages¹⁰⁷ and with both an ad based freemium and pure-premium version. The app contains about 1 m. wines from

¹⁰³ <http://adage.com/article/digital/flipboard-hits-90-million-users-doubles-april/244627/> accessed on the 24/07 2014

¹⁰⁴ www.facebook.com/vivino, accessed on the 24/07 2014

¹⁰⁵ <http://www.imdb.com>

¹⁰⁶ blog.vivino.com/2014/06/19 accessed on the 09/07 2014

¹⁰⁷ blog.vivino.com/2014/05/21 accessed on the 09/07 2014

162.000 wineries spread across 48 countries¹⁰⁸, and has about 5 m. users globally¹⁰⁹, who scans more than 2 m. wines per month. Today the company employs more than 80 people spread across 4 different countries,¹¹⁰ and have, during its 4 years of existence, received a total of \$12.4 m. in investment funding¹¹¹.

The Interviewee

CEO and co-founder of Vivino ApS, Heini Zachariassen – An experienced entrepreneurial spirit, educated from Slagelse Handelshøjskole in Denmark, with a background in many previous successful start-ups, among them Bull Guard Ltd.

The Start-up Phase

“When I began, the first idea was to create a simple Internet based sharing solution for people to remember and share wines they like”. “In the beginning I walked from wine shop to wine shop in Copenhagen, and took pictures of the wine assortments in order to enter data from the labels into a database”. In a short space of time, it became evident that the wine-identification through the photo and database entry-solution, would be too elaborative and time-consuming. So inspired by mobile photo sharing trends, “I decided to partner-up with the Swiss image recognition company Kooaba, in an attempt to combine recognition technology with user wine-photographing, tracking, grading and sharing.

The Launch Phase

By the end of 2009, Former CTO and co-founder in BullGuard Theis Søndergaard joined the company, and the development of the beta version of the app was started. “Like most Danish developers, we were aware of the limitation of the Danish market and, opposite our American counterparts, started developing the app with a global aim”. In 2011, friend and co-founder of Skype, Janus Friis, came forward with an *angel investment*¹¹² of \$250k, which enabled Heini and Theis to continue full time on the project, and triggered the release of the beta test version for both iOS and Android in January 2011. Heini adds, that the reason why they were able to do a fast and cheap development of the beta version, was because they only focused on the “*must-have contra nice-to-have*” and “*functionality contra design*”. He further states, “a lot of developers worry about the design and the extent of their first

¹⁰⁸ vivino.com/about accessed on the 09/07 2014

¹⁰⁹ www.facebook.com/vivino, accessed on the 24/07 2014

¹¹⁰ vivino.com/about accessed on the 09/07 2014

¹¹¹ “Vivino uncorks \$10.3 m. to turn anyone into a wine snob”, Venturebeat 17/07 2013

¹¹² “Angel Investor refers to anyone who invests his or her money in an entrepreneurial company (unlike institutional venture capitalists, who invest other people’s money)”, <http://www.entrepreneur.com/encyclopedia/angel-investor>, 09/07 2014

version". But considering the speed of the market, you have to launch as quick as possible. Even though bridges will be burned with the first users, the knowledge you get from it will be worth so much more in the long run." After 8 month of testing, refining and adding, in November 2011 *Seed Capital*¹¹³ invests \$1 m. in the company, which lead to the "real" app launch in March 2012.

The Growth (Development) Phase

"After launch, and up until late 2012, we did not know what to expect of the app. Back then, we had a relatively steady growth, and only dared dreaming about reaching 1 m. wine scans by Christmas." But then in fall 2012, the app was picked up by big American medias, and the download figure went through the roof. As a result, in December 2012, Vivino was able to secure another \$1 m. in *Series A funding*¹¹⁴ from Creandum¹¹⁵. "When you experience this kind of development, no previous experiences or knowledge can help you. With this escalation of downloads, our servers set out a couple of times, and because of lack in staff and resources we had a hard time keeping up with the development." Since the start-up phase, Vivino has chosen to keep a part of their development in Denmark. Since "quality and speed, is the most important factors in our industry, in order to act quickly on changes, you must keep your programmers close", Heini explains. "To increase the quality of the programming and to follow up on the more and more demanding development tasks, all development will be in-sourced during 2014." From the beginning of 2013, Vivino has been the most downloaded wine app globally and the highest-ranked wine app in the US. As a result, in July 2013, they were able to secure a Series B investment of \$10.3 m. led by Balderton Capital.

Marketing Strategy

Until recent Vivino's focus has not been on marketing, but on creating the best product. Heini explains, that in the start-up and launch phase they did not put any resources into media campaigns or classic marketing stunts, instead they did a lot of proactive work, targeting wine communities, blogs, webpages, etc". Another reason for this marketing strategy was that they did not want that many to use it, "we wanted to keep a steady, but small flow (25 a day), in order to be able to improve and perfecting it". Thus, with the most recent input of capital, Vivino's main focus has now turned on getting more users.

¹¹³ "Seed capital often comes from the company founders' personal assets or from friends and family, at a pre-venue stage to cover research, development and operation expense, until a product or service can start generating revenue or attract other capital." www.investopedia.com/terms/s/seedcapital.asp, 10/07 2014

¹¹⁴ "The first round of financing undergone for a new business venture after seed capital. Generally, this is the first time that company ownership is offered to external investors." www.investopedia.com/terms/s/seriesa.asp, 10/07 2014

¹¹⁵ "Vivino Raises \$1M From Creandum For Mobile Wine Cellar", www.creandum.com, 12/12 2012

In fall 2013, Vivino started up an office in San Francisco (SF) dedicated to marketing and strategic partnerships. “Our marketing strategy is now more targeted and push vs. pull”. It comprises local market targeting through Facebook campaigns, newsletter-offers, PR, and strategic global partnerships (with Google, Samsung, Facebook and Apple). “Having an office in SF, not only means that we are close to our most strategic partners but also in the epicentre of global media attention and future capital opportunities.”

Globalisation

“Today the distribution of the app is really out of our control - We try to push it in specific directions but do not necessarily know where it is going to land. Heini explains that since the app is build up upon the community features of tracking, grading and sharing, they have to be “glocal” in their marketing efforts. “If we can successfully plant a seed on a new market, the app will do the rest.” Hence spread and become locally customized through the interaction and use of the users”.

Furthermore, it is worth noticing that Vivino has not yet succeed in creating a surplus - from 2009-2012, they had an annual revenue deficit of approx. \$1 m.¹¹⁶

What is in the future for Vivino? – “Well, we are trying not to focus too much on the future, but focus instead on the tasks at hand and making strategies that only span 3 month ahead”. “I know this may sound like a cliché, but in our business you must focus on what you can do now, cause tomorrow it will, with all certainty, be too late.”

CASE 2. CLICK A TAXI (NOW “DRIVR”)

Introduction

In 2011, former co-founder of edb-priser.dk Michael Vivet, Peter Theill, Nikolaj Køster and Søren Halskov Nissen launched the global app Click a Taxi (now Drivr). The original concept behind the company was created by Søren Nissen, and emerged out of an idea of making an app that could ease and automate a company’s bookkeeping procedure when ordering a taxi. Today the app is not only available for companies, but also for all iPhone, Android and Windows phone users in more than 51 countries¹¹⁷. It comes in an in-app purchase based freemium version, in fifteen different languages and comprises taxi

¹¹⁶ “Digital vinanmelder får massiv milliontilførelse”, Børsen, 10/10 2013

¹¹⁷ Dansk app eventyr –sådan fik Click-a-taxi succes, <http://beep.tv2.dk/nyheder/>, 10/07 2014

companies from all over the world.

In 2013 Click a Taxi was converted to “Drivr”, and the concept changed to also include premium and high-end vehicle rental and driver offers in selected European cities¹¹⁸ Today the company employs 22 people in Denmark and Lithuania, and have, during its 4 years of existence, received a total of \$2.1 m. in investment funding¹¹⁹.

The Interviewee

Co-founder and Director of IT & Development of Click a Taxi (drivr), Michael Vivet, – Very skilful *back-end*¹²⁰ “geek”, educated software engineer from Copenhagen Business College, and experienced system architect with a job sheet that counts, among other, System Developer in Aller Media A/S, Chief System Architect Capernow A/S and co-founder of edb-priser.dk

The Start-up Phase

From 2007 – 2010 co-founder and CEO of Drivr, Søren Nissen, was working for the American company BrightPoint. As a part of his incarnation as operations and logistics manager, he was a frequent travel, and “taxi-rider”. Thus also exponent to the sometimes stressful and frustrating practise of finding, ordering, register and bookkeeping taxi rides. This gave him the idea for Click a Taxi. In 2010 he began looking for the right people to invest and partner with in order to start-up. - This is how Michael Vivet got involved. “When I got into the project in July 2011, it was only 3 month from launch - quite a busy period to get involved.” 3 month before, Søren had partnered up with the first co-founder Nikolaj Køster, and together they created a 6-month development plan for the project. Michael explains that, “since Søren wanted to go global from the start, the *front-end*¹²⁰ development was outsourced to Vietnam, and our aim was set on cutting right to the bone of the functionality”. Hence develop *software robots*¹²¹ for linking up with non-corporative taxi company websites, and develop the minimum *must-have* features of the app

The Launch Phase

¹¹⁸ www.crunchbase.com/organization/drivr, accessed on the 10/07 2014

¹¹⁹ <http://www.crunchbase.com/organization/drivr>, accessed on the 12/07 2014

¹²⁰ “Front-end and back-end are terms used to characterize program interfaces and services relative to the initial user of these interfaces and services. A “back-end” application or program serves indirectly in support of the front-end services, usually by being closer to the required resource or having the capability to communicate with the required resource.”

<http://searchdatacenter.techtarget.com/definition/back-end>, accessed on the 10/07 2014

¹²¹ “A computer program which operates across the Internet to perform searching, copying and retrieving functions on the web sites of others.” www.itlaw.wikia.com/wiki/Software_robot, accessed on the 11/07 2014

In October 2011 Click A Taxi is successfully launched on the Danish market. A month after launch the company wins the Danish Beep Award for the best Danish app 2011, and in December the same year it receives \$600 k. from an angel investment round¹²². This investment and another angel investment of \$1.5 m. enabled the launch of Click a Taxi on all platforms in 50 countries, including 5000 of the biggest cities worldwide, in 2012.¹²³ “The angel investment was critical for our global launch. In our industry many people get good ideas and execute them locally, but if you want to go global, it is nearly impossible to do it on your own - you need funding. Consequently, money equals fast development, equals competitive advantages, which in the end equals better odds of global success. And with the limitation of the Danish market, you have to aim for the whole world from the start – why make a product for 5 m. when you go for all 7 bn. people. Additionally, because our concept is based on a 50-cent pay per booking business model, it is the amount of customers that counts. To ensure that as many people as possible would be able to use it globally, we hired a Rumanian call centre to handle all orders coming to non-partnering and non-crawling¹²¹-possible companies. Besides securing the global usability of the app, the primary reason for this decision was also, in conjunction with our idea of the software robot technique, to increase our chances to compel taxi companies to start working with us.

The Growth (Development) Phase

“After going global, we decided to insource the front-end development, and start our own front-end branch in Lithuania. As a result, the co-operation of back- and front-end developers have become much more effective and enhanced the quality noticeably. Furthermore, being in control of the development, we have been able to find more efficient ways of assimilate and integrate all the elements that goes into ordering, riding and evaluate a taxi ride. Additionally this has lead to a much more consistent global user experience.” But it has not all gone as planned. “The taxi industry is going through a development alike the ones, which have happened over the last decade in the music and film industry. But since some companies are not ready to realise the change, we have a hard time negotiating, convincing and keeping the local taxi companies, and thus not been able to retain the critical mass of bookings. Therefore, in Fall 2013, we decided to change Click a Taxi to Drivr. With the new concept, we now not only offer taxi services from other companies, but also our own taxi and high-end executive driver service in London and Copenhagen. Furthermore, we have signed a deal with Tesla Motors in Copenhagen, and are now able to offer reasonable rental on Teslas as well”. In addition, Drivr has also partnered up with Opel

¹²² <http://www.wired.co.uk/news/archive/2012-08/30/startup-of-the-week-click-a-taxi>, accessed on the 11/07 2014

¹²³ <http://beep.tv2.dk/nyheder/dansk-app-eventyr-sådan-fik-click-taxi-succes>, accessed on the 11/07 2014

Denmark to offer cheap rides. To kick off this partnership in July 2014 Drivr offered free “Opel Adam rides throughout the whole of Denmark.”¹²⁴

Marketing Strategy

“When we launched Click a Taxi in 2011, we bought all the top search results of the major European taxi companies from Google. This meant that if a customer searched for e.g. *taxi in Paris*, the phone number occurring with the top search result would not be an actual number on the company, but ours. When the customer then called the number our system would register her/his number and then redirect the call to the local company. After registering, the system would then send the customer a text message recommending the app for future rides.”

“After the launch in Denmark we tried to run classical marketing strategies in Sweden and Norway, but had to stop since the user acquisition cost was way to high (50 kroner per customer). Consequently we do not really invest in promotion efforts, but try to market the app through our partner companies and through proactive targeting of blogs, webpages, magazines, PR, etc.

Globalisation

“During the globalisation of Click a Taxi we got many inquiries from American taxi companies who was interested entering partnerships. At that time we did not really have the necessary resources or people to enter into such partnerships, but with our resent launch of Drivr we now feel that the time is right. We are therefore in the process of developing an entry strategy, which I expect will be ready by the end of this year (2014). Additionally, we also plan to expand the Drivr concept to other European cities, which we are also working on now.

Even though it has not been possible to find the specific number, Michael states that without getting into details, Drivr has not yet been able to produce an annual revenue surplus.

What is the future for Drivr? “When we launched Click a Taxi, all 4 of us agreed upon an exit strategy for 2015. Even though we do not actively think of it in our everyday work, this strategy still stands.

CASE 3. PLANETO

Introduction

In 2008, former co-founder and president of Massive Entertainment AB, Martin Walfisz, decided that he

¹²⁴ <https://www.facebook.com/drivrhq>, accessed on the 22/07 2014

wanted to try to build a mobile trivia and knowledge-focused game development company. So he quit his job, partnered up with an old friend (co-founder Magnus Robertsson), started to develop on different concepts and a year after they founded the company Planeto AB. In 2011 the company launched its first global trivia game, QuizBoard, and in 2012, in co-operation with Bonnier Publications, the glocal counterpart, QuizBattle, was launched in Scandinavia and Holland. Both apps are based on an in-app purchase and ad based freemium concept and are available on the iOS and Android platforms¹²⁵. With a total of 3 m. downloads in the first two years, Planeto AB has grown rapidly and today counts 10 employees. Furthermore During the company has received a total of approx. \$3 k. in investment funding¹²⁶.

The Interviewee

SVP in sales and Marketing at Planeto AB (2013), Morten Grauballe – A mobile marketing expert and enthusiast, educated from Copenhagen Business School in Denmark, with experience from other IT start-ups and positions.

The Start-up Phase

In 2009, Martin had worked on building Massive Entertainment for 9 years, and needed a change. So he turned to the mobile game market, and stumbled upon the trivia game genre, which he found was insufficient and thus an unexploited potential. He then contacted Magnus Robertsson, and together they founded the company and began drawing up sketches, developing rough prototypes, and testing various potential game concepts. After 1½ year, they managed to narrow it down to one concept – the freemium and premium based QuizBoard, which was launched on iOS globally in July and Android in December 2012.

The Launch Phase

Since QuizBoard did not reach the expected amount of downloads during its first 3 month on the market, Martin began thinking into other ways by which the app could be pushed out to a bigger audience. It was in this connection he got the idea for the partnership with Bonnier Publications. Morten explains that, “the biggest challenge in the gaming industry has always been how to get users. Because so many games are published every year, the user-acquisition price is extremely high. To find a solution on this, Martin signed a partnership with Bonnier. Through this deal he secured that Planeto, in exchange of

¹²⁵ www.planeto.com, accessed on the 12/07 2014

¹²⁶ SEK 2m. from Bonnier Publishing

making a Scandinavian and Dutch “*Illustrate Science*”¹²⁷ version” of the QuizBoard app, would receive a SEK 2 m. investment, be linked up to all Bonnier’s scientific magazines and be promoted throughout all their marketing channels.” Furthermore, Bonnier also committed to provide the translations and specific question catalogues for each of the markets. In addition and in opposite to QuizBoard, Bonnier demanded that 80% of the questions in the new app, should be locally and only 20% globally bound. After a month of redesigning, in Sept. 2012, QuizBattle was launched both in Scandinavia and Holland. “In Jan. 2013 the download figure went through the roof”, and in only 2 months QuizBattle became the most downloaded app in Denmark and Norway. Consequently “since our server was not scaled to handle that many downloads, it caused a lot of inconveniences and also crashed a couple of times, during that period”.

The Growth (Development) Phase

With more than 20% of all Danes and 15% of all Swedes downloading the app, it took the company more than 3 months to scale the system, but in April the server was back on track. Morten expresses that in his experience all app start-ups go through similar periods where the focus turns to operational and internal organisation. “How a start-up handles such phase, is really what determines its continuing success”. When QuizBattle was launched, it was, as its global counterpart, offered in both an ad based freemium and pure-premium version. “After some month we introduced in-app purchasable content, like extra question packages, lifelines, etc. in both versions. Since this got a really favourable reception with our users and thus a nice positive surplus, we decided to shut down the premium version. When we launched QuizBoard we had outsourced the advertisement platform, but with the shift to freemium only, in order to be able to offer the most favourable conditions for our advertisers, in August 2013 we decided to insource all advertisement activities.

Marketing Strategy

As above-mentioned, the partnership with Bonnier has implied that Planeto did not have to spend anything on promoting QuizBattle. But as the company has had to focus all resources on the improving and fine-tuning of QuizBattle, the promotion of QuizBoard has partly been neglected. In order to change that, Planeto hired Morten Grauballe in June 2013 and together they created a new global marketing strategy. “We want to use the success we have had on the Scandinavian markets to take us further on to the global market. In figurative speaking this means that we are aiming at finding potential partnerships,

¹²⁷ “*Illustrated Science or Illustreret Videnskab*, is a magazine published by Bonnier Publications in Sweden, Denmark, Norway, Finland and Holland.” www.illvid.dk, accessed on the 12/07 2014

similar to Bonnier, through whom we will be able to reach a more global audience. Because of our size and limited resources, failure is just not an option. So in order to minimise risks and to build on our existing question catalogue, we focus our partner search on markets, which are geographically and culturally closer to our present. Hence Northern European and American markets.

Globalisation

“Globalisation is our main priority right now - we focus on our existing markets, but our primary focus is how to strengthen and expand our global presence. In our home markets of Sweden and Denmark, we have quite a good feeling on how apps spread, but in the countries where we are not physically present, it is a different story. With the global sales-window that Apple, Google and Microsoft provide, plus the in-app integrated interaction and sharing possibilities, you just got to accept that you are not in control of where or how fast the app will spread. Though we try to have some control through our partnering strategy, it is very limited.

Furthermore, it is worth noticing that Planeto has not yet succeeded in creating a surplus – in 2012, they had an annual revenue deficit of approx. \$500 k.¹²⁸

What is the future of Planeto? - “I think you can split the globalisation of mobile games in three phases: 1) before (if ever) you get successful, 2) when you get successful and develop a scalable business model, and 3) when you prove that your business model works in a big scale. In this regard we are somewhere in between the 1st and 2nd phase, and are still developing on a scalable business model. Hence hope we will be able to develop in the nearest future”.

CASE 4. FLIPBOARD

Introduction

En route to a family vacations in 2009, serial entrepreneur and former co-founder of Tellme Networks, Mike McCue, grabs a magazine from a plane’s seat-back, and the idea to the interactive mobile and tablet based magazine Flipboard is born. Today, five years after the “seat-back” incidence, Flipboard is now available in an ad based freemium app, in 12 different languages available on all three mobile platforms plus Amazon’s Kindle, Barnes & Noble’s Nook. In addition it boasts more than 100 million active readers and adds 250,000 to 300,000 users every day¹²⁹. Furthermore, the company has more

¹²⁸ Företagsrapport, www.ratsit.se, accessed on the 15/10 2013

¹²⁹ <http://www.entrepreneur.com/article/234925>, accessed on the 14/07 2014

than 90 employees¹³⁰ and touts direct partnerships with more than 8,000 publishers¹³¹. During its 4 years of existence, the company has received a total of \$161 m. in funding¹³², and has in its latest valuation, been valuated to staggering \$800 m.¹³³

The Start-up Phase

After getting home from his family vacation, in July 2009, McCue joins up with Evan Doll, an earlier senior iPhone software engineer, and together they begin creating and testing different solutions of how to aggregate content from multiple magazines, periodicals, and social networks into a touchscreen, swipe-friendly, customizable, multimedia featured, sharable, interactive, personal, tablet and mobile based magazine app¹³⁴

“At first we wanted to create it for the web, but with Apple’s announcement of its forthcoming launch of the iPad, we scrapped the web idea and under the assumption that the iPad would resemble a bigger version of the iPhone or iPod touch, we began to develop on tablet version. Another reason for this was also that we had some layout elements that we felt a web version would not sustain. Like page-flip animations, and interactive full-page ads, etc. So when the iPad was unveiled in January 2010, to our great relief, we found out that our approximations had been more or less correct. Inevitably we were able to launch the iOS version of Flipboard only 5 month after, in July 2010.”¹³⁵

The Launch Phase

On the day of launch the company announces the receipt of a \$10.5 m. Series A venture capital round funding and the acquisition of the tech intelligence company *Ellerdale*¹³⁶. Just 20 minutes after launch, Flipboards’ server capacity is maxed out and the servers suffer a shuts down.¹³⁷ Even though no figures have been published, it seems understandable, since the app within an hour of its debut, also tops the App Store's News category in all markets.

During the first 12-months, Flipboard readers created close to 8 million magazines and as a result the company was award the iPad app of the year by Apple in 2010. Due to the great first year results, in

¹³⁰ *Flipboard Raises \$50 Million in New Funding*, Digits, 23/09 2013

¹³¹ <http://www.entrepreneur.com/article/234925>, accessed on the14/07 2014

¹³² <http://www.entrepreneur.com/article/234925>, accessed on the14/07 2014

¹³³ *Flipboard reaches 800m valuation after new investment*, <http://www.theguardian.com/technology/>, 24/09 2013

¹³⁴ <http://www.entrepreneur.com/article/234925>, accessed on the14/07 2014

¹³⁵ <http://www.entrepreneur.com/article/234925>, accessed on the14/07 2014

¹³⁶ “*Ellerdale offers web intelligence technology for semantic analysis of large, real time data.*”

<http://www.crunchbase.com/organization/flipboard#sthash.mBiy0R6i.dpuf>, accessed on the14/07 2014

¹³⁷ *Flipboard CEO Mike McCue*, <http://www.businessinsider.com>, 14/07 2010

April 2011 Flipboard receives \$50 m. in Series B round funding. As a consequence, during 2012 the company is able to launch an Android, Windows, Amazon Kindle and Barnes & Noble's Nook and a Chinese, Japanese and French version of the app¹³⁸

The Growth (Development) Phase

Besides having inked content deals with media giants like Time Inc., ESPN and The New York Times, the company has created direct partnerships with more than 8.000 publishers. Furthermore, after having received another \$50 m. in Series C round funding late 2013, in spring 2014 the company acquire and absorb the personalized news application Zite from CNN.¹³⁹ Zite's algorithm-driven discovery engine analyses millions of articles each day across more than 40,000 topics, suggesting content based on users' interests and preferences. "We have been struggling with how to get people to discover all these magazines,"¹⁴⁰ McCue admits. With the acquirement of Zite, "we can now create personalized recommendations for readers based on their interests.

Marketing Strategy

When Flipboard made its public debut, it used an inexpensive but very active marketing approach consisting of endorsements from celebrities, industrial experts, influential tech bloggers, and live-coverage of the App Store launch by the Wall Street Journal. Furthermore it was positioned in the App Store as one of the top apps of that day¹⁴¹. Because of the continuous influx of new customers, marketing efforts primarily been focused on co-branding through partnering publishers.¹⁴²

Since Flipboard does not publish own content but exclusively collects and publicize for others, there has not until recently been any notable competitors. In November 2013 Google began offering its own Android-exclusive Google Play Newsstand and earlier this year Facebook launched Paper, a stand-alone newsreader app mirroring Flipboard in both concept and execution. Already in spring 2013, when confronted with upcoming challengers Flipboard responded by rolling out tools that allow readers to select stories, videos, audio content and images to create do-it-yourself magazines.

Globalisation

¹³⁸ <https://flipboard.com/newsroom/releases/>, accessed on the14/07 2014

¹³⁹ <https://flipboard.com/newsroom/releases/>, accessed on the14/07 2014

¹⁴⁰ <http://www.entrepreneur.com/article/234925>, accessed on the14/07 2014

¹⁴¹ Flipboard go to market strategy you should copy, <http://alltopstartups.com>, 11/07 2011

¹⁴² <https://flipboard.com/newsroom/releases/>, accessed on the14/07 2014

“We have a lot of people who love Flipboard and are very happy using it, but we're not even close to being satisfied with where it is now. There has to be an ecosystem that supports great content, and we believe that is our highest calling: to create that ecosystem for publishers and give them a mechanism for getting their content discovered by a new generation of readers, monetizing that content at levels that are more comparable to print and making it look beautiful for today's devices.”¹⁴³

Furthermore, it is worth noticing that in opposite to the first three cases, Flipboards has actually succeeded in creating a surplus – it is estimated that they generated annual revenue of approx. \$840 k. in 2013.¹⁴⁴

CASE 5. SNAPCHAT

Introduction

In a fraternity house on Stanford University in late 2010, two guys discussed why a mobile app for “sharing photos and making them disappear” had not yet been invented. As a result of this conversation the foundation for Snapchat was created. Today, almost four years after, Snapchat is now available in free versions for both the iOS and Android platforms. In addition it boasts more than 50 m. users, who in total sends more than 400.000 “snaps” a day.¹⁴⁵ Furthermore, the company employs approx. 30 people¹⁴⁶, has received a total of \$143 m. in investment funding¹⁴⁷, and in fall 2012 it turned down a 3 bn. Facebook buyout offer.

The Start-up Phase

A Sunday morning in late 2010, Evan Spiegel (later co-founder and CEO of Snapchat) is approached by his fraternity brother, Reggie Brown, who wants to discuss a photo he wished he had not sent to someone the night before. During their conversation they realized that such an app did not exist. Excited about the idea, on the same day, they set out to find a developer literate and initiated their house-brother, computational science graduate Bobby Murphy, onto their idea. This kicks off the 4-month development of the “send photos for peeks not for keeps”-app, Picaboo.¹⁴⁸

The Launch Phase

¹⁴³ <http://www.entrepreneur.com/article/234925>, accessed on the 14/07 2014

¹⁴⁴ <http://companies.findthebest.com/l/20280917/Flipboard-Inc-in-Palo-Alto-CA>, accessed on the 24/07 2014

¹⁴⁵ *The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?*, Forbes, 01/06 2014

¹⁴⁶ *Meet The 20 Employees Behind \$4 Billion Snapchat*, Business Insider, 16/11 2013

¹⁴⁷ <http://www.crunchbase.com/organization/snapchat>, accessed on the 14/07 2014

¹⁴⁸ *“The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?”*, Forbes, 01/06 2014

On July 13 the app is launched in the iOS App Store¹⁴⁹. As the app only manages to get 127 users during the first two months, Brown decides to quit the team, and consequently, in September 2011, Spiegel and Murphy change the name of the app to Snapchat. "For some months Snapchat lies dead in the App Store, but in October something happens". Spiegel explains: "As the number approached 1.000 an odd pattern emerged; App usage peaked between 9 a.m. and 3 p.m. – school hours."¹⁵⁰ Spiegel's mother had told her niece about the app, and the niece's Orange County high school had quickly embraced Snapchat. "Since Facebook was banned, it gave them all the ability to pass visual notes during class – except, even better, the evidence vanished." During the holidays the app began to spread like wildfire, and by April 2012 Snapchat had been download by more than 100.000 users.

The Growth (Development) Phase

With the rapid growth, server bills started to add up and the guys desperately needed a bailout. In a coincidence of pure luck, Lightspeed Venture Partners' Jeremy Liew, had heard about the popular app from his daughter, and without knowing the dire situation, in May 2012 he offered \$485.000 in seed investment, which the guys happily consented to. After accepting the offer, Spiegel drops out of Stanford and together with Murphy and two of their fellow students, he moves the company to his dad's house in Los Angeles (LA). 5-month after, in October 2012, the Android version of the app is released and in less than 2 months the number of snap chats (snaps) sent per day jumps from 20 m. to more than 50 m. As a result, on the 14th of December 2012 the company receives \$12.5 m. in Series A funding and in addition releases version 4.0, making video snaps available for all iPhone users¹⁵¹. Only 6-months after, the app reaches 200 m. snaps per day, and receives another investment of \$60 m. in Series B funding and \$20 m. in secondary market funding¹⁵². In December 2013 the company receives its latest investment of \$50 m. in Series C funding.¹⁵³

From October 2013 and till June 2014, the company releases several updates and new features. The most significant of these have been the release of Snapchat Stories, Team Snapchat and Our Stories.

Marketing Strategy

Because of the sparse resources and the situation of the founders during the start-up, neither money

¹⁴⁹ "The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?", Forbes, 01/06 2014

¹⁵⁰ "The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?", Forbes, 01/06 2014

¹⁵¹ <http://blog.snapchat.com>, accessed on the 15/07 2014

¹⁵² Snapchat Closes \$60 Million Round Led by IVP, Now at 200 Million Daily Snaps, AllThingsD, 24/06 2013

¹⁵³ Hedge Fund Invest \$50M Into Snapchat, Forbes, 11/12 2013

nor strategy was laid into promoting Picaboo or later Snapchat. The app and thus the company has grown solely through the interaction of the users using and sharing the app with others.¹⁵⁴

In the matter of competition: early in fall 2013, Spiegel and Murphy had a meeting with founder and CEO of Facebook, Mark Zuckerberg. He wanted to orientate them about Facebook's upcoming launch of Poke (basically a complete copy of Snapchat) and to convince them to cooperate. When they refused and Poke later on flopped, Zuckerberg reengaged Spiegel in early 2014 with a \$3 b. buyout offer, which he turned down¹⁵⁵. Not many hours after this historical turndown, Snapchat published the story, and in a matter of seconds it went global. Because of this publicity stunt and the continuous releases of new features, Snapchat has now more than 50 m. users - who send more than a total of 400 m. snaps a day.¹⁵⁶

Globalisation

So what is the future of Snapchat and how is it going to make money? Spiegel states that their revenue earning strategy is to slowly introduce "In-app transactions followed by advertising"¹⁵⁷. Furthermore, the company has already begun experimenting with charging businesses for setting up branded accounts. Acura, Taco Bell and the New Orleans Saints are already using the app to debut new products and show behind-the-scenes footage. In addition the release of the Stories feature, which lets users display a compilation of snaps taken over the last 24 hours, has also been useful for brands looking to tell a longer story.¹⁵⁸

Furthermore, it is worth noticing that as Flipboard, Snapchat has actually succeeded in creating a surplus. It is estimated that they generated annual revenue of approx. \$200 k. in 2013.¹⁵⁹

CASE 6. INSTAGRAM

Introduction

In 2006 later co-founder of Instagram, Kevin Systrom, sat down at a Noodle Bar on University Avenue at Stanford University, to have a talk with Mark Zuckerberg, who wanted Systrom to ditch his senior year at Stanford and come develop a photo service for his nascent social network, The Facebook, which

¹⁵⁴ *The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?*, Forbes 01/06 2014

¹⁵⁵ *Snapchat rejects \$3bn Facebook buyout*, The Guardian, 13/11 2013

¹⁵⁶ *The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?*, Forbes 01/06 2014

¹⁵⁷ *The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?*, Forbes 01/06 2014

¹⁵⁸ *The Inside Story Of Snapchat: The World's Hottest App Or A \$3 Billion Disappearing Act?*, Forbes 01/06 2014

¹⁵⁹ <http://companies.findthebest.com/l/21348687/Snapchat-Inc-in-Venice-CA>, accessed on the 24/07 2014

Systrom turns down.¹⁶⁰ 5-years, 85 m. users, 4 bn. shared photos, and \$57.5 m. in investment funding after; Facebook buys Instagram from Systrom and his co-founder Mike Krieger for the exorbitant figure of \$1bn.¹⁶¹ Today Instagram is available in a free version for all three platforms and in 25 languages. It employs 12 people, has more than 200 m. active users worldwide¹⁶², an average of 60 m. photos shared per day, 1.6 bn. daily “likes” and over 20 bn. photos shared in total.¹⁶³

The Start-up Phase

Three years before, in 2010, Systrom graduates in Science and Engineering from Stanford, and works for the travel recommendation start-up Nextstop.com. During this period he begins to develop on his own app idea “Burbn”, which primary functions are “to let users check-in to locations, make future plans with acquaintances, earn point for hanging out with friends, and post pictures.”¹⁶⁴ At a reception for the start-up company Hunch in Silicon Valley in March 2010, Systrom draws the attention of two people from Baseline Ventures and Andreessen Horowitz. They overhear him explaining the concept of Burbn and ask him if they can set up a meeting. A couple of days later the three meet, and Systrom lands a total of \$500k in start-up seed investment, though with the requirement that he must find a co-partner.¹⁶⁵ Shortly thereafter Systrom contacts his old Stanford classmate, software engineer Mike Krieger, and together they decide to scrap Burbn and start from scratch in order to develop a simpler, photo, comment and photo-filter-tool featured app As a portmanteau of “instant” and “telegram”¹⁶⁶, they call the new app Instagram. For eight weeks, they methodically strap down Burbn and worked day and night to perfect, test and fix *bugs*¹⁶⁷. After five months of intense developing and testing, on October the 6, 2010, Instagram is launched in Apple’s App Store.

The Launch Phase

Through a public boost from friends, among others co-founder of Twitter, Jack Dorsey, and launch coverage by media sites like Bits Blog and Techcrunch, more than 25.000 iPhone users download Instagram on the first day.¹⁶⁸ “During the first 24 hours our servers were melting and we both had to

¹⁶⁰ *Instagram’s Kevin Systrom: The Stanford Billionaire Machine Strikes Again*, Forbes, 01/08 2012

¹⁶¹ *From 0 To \$1 Billion In Two Years: Instagram’s Rose-Tinted Ride To Glory*, TC News, 09/04 2012

¹⁶² *Instagram’s Kevin Systrom: People Keep Asking If My \$1 Billion Was Too Small*, Business Insider, 19/07 2014

¹⁶³ <http://instagram.com/press/> 16/07 2014

¹⁶⁴ *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁶⁵ *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁶⁶ *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁶⁷ “A software bug is a problem causing a program to crash or produce invalid output.” www.techopedia.com, 24/07 2014

¹⁶⁸ *Instagram’s Kevin Systrom: The Stanford Billionaire Machine Strikes Again*, Forbes, 01/08 2012

work around the clock to keep the app running” Systrom explains.¹⁶⁹ The day after, they call a mutual friend, co-funder of Quora, Adan D’Angelo, and he helps them move Instagram to Amazon.com servers and scale the platform.¹⁷⁰ As a result, throughout the first month more than 1 m. users are able to download Instagram.¹⁷¹

The Growth (Development) Phase

With the rapid influx of users, in February 2011, Instagram receives \$7 m. in Series A funding.¹⁷² This enables the company to start develop version 2.0 and an Android version. In September 2011, Instagram reaches 10 m. users and sees more than 150 m. photos uploaded. As a result, Apple awards Instagram “iPhone App of the year” (2011)¹⁷³. On the 3rd of April 2012, the company launches the much-anticipated version of Instagram for Android. Three days later, the company receives \$50 m. in Series B funding, and Mark Zuckerberg invites Systrom to a meeting, and offers him a staggering 1 bn. buyout, which he accepts¹⁷⁴. With the buyout Facebook boosts Instagram throughout all its marketing channels, and as a result in ½ year Instagram reaches more than 150 m. users (Sept. 2013).¹⁷⁵ Furthermore, this enables the release of two new versions, including the Windows Phone version¹⁷⁶, a translation of the app into 25 different languages, and the launch of features such as Profile Pages, Photos of You, Video, various new photo-filters and Instagram Direct (August 2012 - December 2013). With the release of the Sponsored Photos & Videos features in October 2013, Instagram opens up for testing of a new b2b partnership business model.¹⁷⁷

Marketing Strategy

When Instagram was launched on App Store, not a single dime was spent on promotion.¹⁷⁸ Instead, alike the case of Flipboard, it grew organically through the help of influential friends, industrial experts, tech bloggers and celebrities such as Justin Bieber.¹⁷⁹

As Instagram is based on a free to use concept, many thoughts have been put into how and whether the company in the future will generate any revenue. As aforementioned, in October 2013, Instagram

¹⁶⁹ *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁷⁰ *Instagram’s Kevin Systrom: The Stanford Billionaire Machine Strikes Again*, Forbes, 01/08 2012

¹⁷¹ <http://instagram.com/press/>, accessed on the 16/07 2014

¹⁷² *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁷³ <http://instagram.com/press/>, accessed on the 16/07 2014

¹⁷⁴ *How Instagram Grew From Foursquare Knock-off to \$1 Billion Photo Empire*, Inc.com, 10/04 2012

¹⁷⁵ <http://instagram.com/press/>, accessed on the 16/07 2014

¹⁷⁶ *Official Instagram Windows Phone app arriving in the ‘coming weeks’*, The Verge, 22/10 2013

¹⁷⁷ <http://instagram.com/press/>, accessed on the 22/07 2014

¹⁷⁸ *From 0 To \$1 Billion In Two Years: Instagram’s Rose-Tinted Ride To Glory*, TC News, 09/04 2012

¹⁷⁹ *From 0 To \$1 Billion In Two Years: Instagram’s Rose-Tinted Ride To Glory*, TC News, 09/04 2012

released the Sponsored Photos and Video feature. Since then, in partnerships with i.a. Ben & Jerry's, Burberry, General Electric and Levi's, the company has tested different approaches of how to best push photo and video ads onto its users in a non-intimidating way.

Globalisation

What is the future of Instagram? – According to their news blog they “have big ideas for the future, and part of making them happen is building Instagram into a sustainable business.” Therefore, “in the next couple months [the user] may begin seeing an occasional ad in [their] Instagram feed. - We'll focus on delivering a small number of beautiful, high-quality photos and videos from a handful of brands that are already great members of the Instagram community.”¹⁸⁰

Even though it has not been possible to find the specific number, an article from mashable.com, January 2014, states that though Instagram had not been able to generate a revenue surplus: “The photo-sharing service is finally positioned to start generating revenue for Facebook”.¹⁸¹

CASE 7. SHAZAM

Introduction

Founded in 2002 by Chris Barton, Philip Inghelbrecht, Dhiraj Mukherjee and Avery Wang, based on the idea to make a song recognizing SMS service.¹⁸² Today Shazam is available in an ad based freemium and pure premium version for all mobile platforms in 30 different languages. It has more than 420 m. active users spread across over 200 countries, a monthly user influx of 15 m., and it is one of the 10 most downloaded apps worldwide.¹⁸³ Furthermore, the company employs approx. 200 people split between the UK and US¹⁸⁴, and has received a total of \$95 m. in investment funding.¹⁸⁵ Hence, it can be expected that it will start generate a surplus in 2014.

The Start-up Phase

While doing their MBA's at Berkeley's Haas School of Business back in 1999, co-founders of Shazam, Chris Barton, Philip Inghelbrecht and Dhiraj Mukherjee developed an idea for a service to identify music

¹⁸⁰ <http://blog.instagram.com/post/63017560810/instagramasagrowingbusiness>, accessed on the 16/07 2014

¹⁸¹ *What to Expect From Facebook's Q4 Earnings: Instagram, Mobile, Teens*, www.mashable.com, 24/07 2014

¹⁸² *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

¹⁸³ *Shazam: the app that calls the tune*, Financial Times, 31/01 2014

¹⁸⁴ *The First 100 Days at the Helm of Shazam: A Conversation with Rich Riley*, Redherring.com, 24/09 2013

¹⁸⁵ <http://www.crunchbase.com/organization/shazam-entertainment>, accessed on the 17/07 2014

over mobile phones.¹⁸⁶ Barton explains that they “liked music, but did not invest time in keeping up with the latest bands” and therefore wanted to develop a concept that could do it for them. Eager to test the idea, they began searching for an audio technology expert, and came across PhD in audio analysis at Stanford University, Avery Wang. Together the four started to develop the “2580” SMS service - through which users could dial 2580, hold their unwieldy phone to a source of music, and after 30 seconds receive a SMS with the responding title and artist of the song. In addition the user could also buy a ringtone of the particular song through Shazam.¹⁸⁷ To launch the service as quickly as possible, they began searching for investors. Because of the repercussions of the dot-com bubble, it took almost a year to find interested investors, but in September 2001 they finally received the first funding of \$7.5 m.¹⁸⁸ As a result, “2580” was launched in UK in early 2002.¹⁸⁹ The product had a brutal debut, and within three years Barton, Inghelbrecht and Mukherjee were forced to leave the company for other positions.¹⁹⁰ After six years of developing and expanding its service through *white label*¹⁹¹ contracts with mobile carriers and manufactures, Shazam was launched for iOS in June 2008¹⁹²

The Launch Phase

At the time Shazam launches on the App Store, it has 15 m. users. As its predecessor, the app is based on song recognition, with the possibility of buying and sharing songs.

A few months after debut, Apple runs a television ad for their newly released iPhone 3G that is centered around Shazam. This, and the release of iTunes make the download figure skyrocket, and as a consequence the company decides to do a swift launch on Android (Oct. 2008) and on Blackberry (Feb. 2009). In October 2009, Shazam has more than 50 m. users.¹⁹³

The Growth (Development) Phase

To follow up on the success of the 2008 – 2009 launch, during 2009 the company tests many different new business strategies. In early 2010 the company releases a feature in Shazam for TV show- and advertisement-recognition and user interaction. The new feature is launched in connection with Super Bowl XLIV, and during the game all sponsor ads are made interactive for the views through Shazam. The

¹⁸⁶ *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

¹⁸⁷ *Shazam: the app that calls the tune*, Finacial Times, 31/01 2014

¹⁸⁸ *Shazam: the app that calls the tune*, Finacial Times, 31/01 2014

¹⁸⁹ *Behinde the App: Shazam Encore*, PhoneDog, 19/07 2010

¹⁹⁰ *Shazam: the app that calls the tune*, Finacial Times, 31/01 2014

¹⁹¹ “White label refers to a product or service that is purchased by a reseller who rebrands the product or service to give the impression that the new owner created it.” <http://www.techopedia.com/definition/24401/white-label>, accessed on the 17/07 2014

¹⁹² *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

¹⁹³ *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

feature is a great success. “More than 27 percent of people who “Shazamed” the ads during the game, goes on to purchase products from their mobile device”¹⁹⁴ With this success Shazam runs more than 100 television campaigns on behalf of major brands in North America, during 2010 - 2012.¹⁹⁵ In June 2011 the company hits 150 m. users and receives another \$32 m. from a funding round.¹⁹⁶ As a result the company extends both its music and TV features and starts partnerships with i.e. BBC, CCN, Warner Brothers, Sony, Rdio and Spotify. In January 2013, Shazam reaches 350 m. users and multi billionaire Carlos Slim invest \$40 m. in the company.¹⁹⁷ According to Reuters the funds will go to accelerate Shazam’s expansion into television and to boost the app onto the South American markets.¹⁹⁸ In May 2014 partnering company Sony Music Entertainment, Universal Music Group and Warner Music Group buys \$3 m. stakes each in Shazam. For the labels, Shazam’s biggest value lies in its role as marketing partner and to use the app’s data to “ferret out buzzy” new acts whose music is frequently being “Shazammed.”¹⁹⁹

Marketing Strategy

After the launch in 2008, including the Apple TV ad, and the release of the TV feature in 2010, Shazam has been promoted through partner companies and the interaction, sharing and use of the users.

Globalisation

What is in the future for Shazam? – In an interview with Financial Times from January 2014, the executive chairman of Shazam, Andrew Fisher, states that their success will be “measured in three years’ time by how often people use Shazam as part of their everyday lives: whether they go to an internet browser and type in www when they want to engage with a brand or a [television] program, or whether they just point and click and use Shazam.”²⁰⁰ Hence continue developing and expanding the TV and music features.

He further states, “Various companies have floated and not made a profit,” he says. “We are investing in the future. We’re choosing to reinvest rather than give returns to an investor.” He adds that in fast-growth sectors, people are “less concerned with profits today and more concerned with profits

¹⁹⁴ *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

¹⁹⁵ *How Shazam stayed on top by reinventing itself – twice*, Venturebeat.com, 31/08 2012

¹⁹⁶ *Shazam Takes Another \$32 Million Funding For TV Tagging*, www.gigaom.com, 22/06 2011

¹⁹⁷ *Billionaire Carlos Slim Invests \$40 Million In App Developer Shazam*, Reuters Business Insider, 07/07 2013

¹⁹⁸ *Billionaire Carlos Slim Invests \$40 Million In App Developer Shazam*, Reuters Business Insider, 07/07 2013

¹⁹⁹ *Warner, Universal, Sony Buy Stakes in Music App Shazam*, Digits, 14/05 2014

²⁰⁰ *Shazam: the app that calls the tune*, Financial Times, 31/01 2014

tomorrow". Thus Shazam does not at the moment generate a revenue surplus.²⁰¹

PART 3. THE CROSS-CASE ANALYSIS

On the basis of the above-analysed 7 cases, and the choice of techniques for data analysis of the Methodology, a matrix of the main of themes, opinions and repeating elements from each of the single case analysis has been created (see the entire matrix in appendix 2). Based on this matrix, below will be given a multi-case analysis of cross-case correlations. For the sake of convenience, the analysis structure used below will follow the same structure as of the single case analyses.

For the sake of convenience, instead of the names of the different case companies, below will be used their respective numbers from the single case analysis.

Introduction

From the matrix it can be seen that out of the four case-companies started in Northern Europe (case 1,2,3,7), three of them were founded in 2009 (case 1,3,4). Furthermore, two of them have products with 5-6 languages versions and share the approx. same amount of users, 3-5 m. (1,3). In addition, case 1 and 4 also share the same amount of employees, 80-100 (1,4), and case 1 and 7 also both have offices in the US and the EU.

Additionally, of the four case companies that only have operations in their start-up market (case 3,4,5,6), two of them share the same amount of employees, 0-20 (3,6), three of them the same state of origin, California, (case 4,5,6), and the two of them, founded in 2010, also the approx. same amount of users, 50-50 m. (case 5,6). In addition, case company 6 and 7 share the same amount of product languages, 25-30, as well as case company 2 and 4 share 12-15 languages.

The Interviewee / Founders

When it comes to the founders of the 7 case companies, all of the companies have at least one co-founder that holds a university degree - three of them being from Stanford University (5,6,7), and four of them being a master degree (2,3,6,7) Furthermore, four of the companies have co-founders with previous entrepreneurial experiences from IT start-ups (1,2,3,4), and two others have co-founders with previous working experience from other IT job positions (6,7).

²⁰¹ *Shazam: the app that calls the tune*, Finacial Times, 31/01 2014

The Start-up Phase

At the beginning of all the 7 case companies start-up phases, their founders actively sought co-founders. Furthermore, throughout their pre-launch product-development-phase, five of the companies focused solely on the functionality of their product (1,2,5,6,7), whereas case company 3 and 4 focused 50/50 on functionality and design. In addition, all 3 interviewees said that their companies, as case company 4,5,6, have had a global focus from the start (case 1,2,3) and to maximise global exposure, three of them (1,2,4), created partnerships with other well-established global companies.

Moreover, of the four case companies that originally had another product aim (case 4,5,6,7), two of them, as case company 1, received investments during their start-up phase.

The Launch Phase

Just before launch, three of the case companies received funding (case 1,3,4), and in addition case four, together with three others, received another funding just after launch (2,4,5,6). Furthermore, two of them got from 0-10 k. users the first 3-months (1,2), two others approx. 100 k. users (4,5), whereas the last three got around 1 m. – 3 m. users during the same timeframe (3,5,7). In addition case company 1 and 2 “only” got 0-10 k. users the first 3-month. Of the previous three, two of them launched their app globally on iOS two years after foundation (3,7), whereas case company 1,2,4 launched 1-2 years after and 5,6 only 0-1 year after. Android wise, none of the case companies were able to launch 0-1 year after foundation, but four of them launched 1-2 years after (1,2,5,6) and two 2+ years after (3,4). As with Android, none of the case companies launched a Windows Phone version of their apps during the first year, but two of them were able to launch 1-2 years after foundation (2,6) and three of others 2+ years after.

Moreover, case company 2 and 6 both chose to outsource different functions in the launch phase.

The Growth (Development) Phase

During the growth (development) phase, six of the seven case companies have either changed business models, product aim and/or product name (case 1,2,3,5,6,7). In addition five have partnered up with other businesses (1,2,4,6,7). Furthermore, five of the companies have received funding in their later growth phase (1,4,5,6,7) whereas three have received similar on an earlier point (1,5,6).

Moreover, four of the case companies have all experienced scaling problems caused by rapid growth (1,3,5,6). Additionally, three of the companies have established offices outside of their start-up markets

(1,2,7) and two have insourced different functions that before were handled by third party companies (2,3). Moreover, two of the companies have added more language varieties to their products (6,7).

Marketing Strategy

For almost all of the 7 case companies count that they have not used any resources on promotion (case 1,3,4,5,6) and have instead used a proactive marketing strategy to target bloggers, celebrities, industry experts, magazines and papers (1,2,4,5,6,7). Furthermore, six of them have actively searched for and created partnerships with companies through which they could be promoted (1,2,3,4,6,7). Only three of them have afterwards created and used a global marketing strategy.

Globalisation

Besides the initial description of the current situation of the 7 case companies, six of them are still working on creating a sustainable business model (1,2,4,5,6,7), and five of them have not yet been able to generate a revenue surplus (1,2,4,6,7). In addition, it is though worth of noticing that three of them, together with company 3 and 6, all have apps that are so globally recognized that they spread organically (1,3,4,5,6,7).

Additionally, out of the three companies that still focus on pushing their app globally (1,2,3), two of them, as company 7, also target local markets in pushing their app out further (1,3,7).

DISCUSSION

"As the case companies become global from the moment they launch their apps, they do not have a final stage of globalisation, but a global process continuum of expanding their user base and prolonging their presence"

(The Discussion, p. 72, 2014)²⁰²

On the basis of the above single case and multiple case analyses, and the theoretical choices of system approach and research elements, from the preceding studies of the Uppsala and Born Global theories, below will be given a discussion of the cross-case varieties, correlations and theoretical concurrency/contrasts. For the sake of convenience, the discussion will follow the same structure as used throughout the analyses. Furthermore, this will also logically link the propositions and the problem statement to the discussion and thus the new globalisation model, which will conclude the discussion.

Introduction

So how do the 7 cases, from an introduction-wise perspective differentiate and/or simulate from each other?

On the basis of the matrix it can be seen that all of the 7 case companies, besides Shazam, have been created during a three-year period, spanning from 2009 to 2011. As Shazam's product was originally a SMS service, the development of their app came as a natural buildout following the transition from 2nd to 3rd generation cell phones (smart-phones)²⁰³. Furthermore, the company's age and the fact that it by far has the most downloaded app of the 7 (420 m. users), could indicate why it is the only one that has more than 100 employees. In addition, Shazam is also one of the only case companies with offices in Northern Europe and the USA. This, added the fact that it has undergone a development process primarily focused on establishing itself on the domestic market before expanding globally, could suggest that it has followed a more quasi- Born Global pattern.

Beyond Shazam, the 6 other companies seem to follow different, more rapid and primarily global focused growth patterns. For instance, although the three case companies started in California have apps with 50-100 m. global users, they still have all their whole operation in their original location.

²⁰² The globalisation part of the discussion, p. 72

²⁰³ www.cellphone.about.com, accessed on the 27/07 2014

Furthermore, all 7 case companies' apps come with English as standard language, and in addition, 6 of them also offer 5-30 other languages varieties. The choice of English as standard language supports the companies' possibilities of exploiting the inexpensive global publication opportunity that the app stores offers. Thus with English as standard language the app is language-wise globally applicable from launch. This diverges from both the Uppsala and Born Global patterns, since the app stores facilitate that the app companies, without having any notable financial resources, knowledge about- or contact to their target market(s), can go local, glocal and/or global from the second they decide to launch their apps²⁰⁴

Looking exclusively on three Scandinavian case companies (Vivino, Drivr, Planeto), they seem to follow slightly different patterns. Despite the fact that they all share approx. the same amount of users, product languages and approach of keeping their main office in their original location, they vary in number of employees and practise of in- and outsourcing parts of their operations. Whereas Vivino's pattern could, in a smaller scale, resemble the more Born Global like of Shazam, the two others seem more alike the Californian case companies'. Valid though for all three cases, even though not having that "many users", are that they thus occur both in their outsourcing and choice of English as standard product language as very global orientated.

The simulations and differentiations of the 7 case companies globalisation patterns will discussed in further details in the following parts.

The Interviewee / Founders

How do the founders differentiate and/or simulate from each other – experience, knowledge and education wise – and what influence it has had on their company's globalisation process?

In both the Uppsala and Born Global theories the international experience, knowledge and attitude of the founder or CEO plays a key role in the internationalisation / globalisation process of the company. Compared to the 7 case companies this could ring some truth, though the magnitude of influence it has had on their globalisation processes is debatable. Because the app stores provide the companies with a global inexpensive publishing channel, through which they can launch their apps locally, glocally and/or globally, it diminishes the importance of the founders' previous experience, knowledge or global network. Hence without knowing anything or having any previous experience of the market, Vivino could e.g. launch a glocal English version of their app on the Chinese market or a Portuguese version simultaneously on both the Portuguese and Brazilian markets.

²⁰⁴ Cf. Part 1 of the analysis p.33

As described in part 3 of the analysis, all the case companies have at least one co-founder with a university degree. In addition, besides Snapchat, all of the co-founders have work experience from previous IT positions. This could suggest that the knowledge of the co-founders have influenced their company's globalisation processes. However, looking closer at their actual experience, it varies a lot. E.g. Shazam, Instagram and Snapchat were founded by newly-graduates with only limited working experiences from student IT positions in contrast to Flipboard's Mike McCue's more than 20 years of entrepreneurial experience, it does not seem completely corresponding. What is further noticeable is the fact that only the three Scandinavian based companies and Flipboard have founders with any previous entrepreneurial experience. This could indicate, as emphasized in both the Uppsala and Born Global theories, that the previous experience of the founder influences the globalisation process. Conversely, when looking exclusively into the 4, none of their founders have had any previous app start-up experiences and, besides Planeto, any experience into the industries in which their apps operate. The last point also applies for the rest of the case companies. Hence only 1 out of the 7 case companies has a founder with previous experience or knowledge into its apps industries.

In proportion to attitude, all the founders besides Shazam's have had a global vantage point from the beginning. Even though the 3 Californian based companies naturally developed their first versions in English, they choose as their Scandinavian equivalents, a global and not local launch of their initial post-beta versions. This contrast sharply with the fundamental conception of the Uppsala theory - that the internationalisation of American contra Scandinavian companies is incompatible. Vice versa the global attitude seems less important when the choice of whether to launch locally, glocally or globally, is made so simple through the facilities of the app stores. Conversely, as a result of this influence, the companies must actively decide on how to target its app before launching it. This can be seen as an example of non-susceptible environmental-influence of the companies' decisions, alike the described in open rational system approach.

The Start-up Phase

How does the different start-up phases differentiate and/or simulate from each other?

Since the Uppsala theory does not deal with the start-up processes of its case companies, but depart from the point when they have a well-established domestic presence, the theory does not seem to be useful for this phase. The Born Global theory appears to be equivalently irrelevant, as it does not either treat the start-up process of international companies. In addition, even though Rennie's definition of

born globals, could implicitly hint a similar duration from start-up to global export duration as that of the case companies (0-2 years), it does not explain how the company have develop through the process. Therefore, the below discussion will only concern the correlations and differentiations of each of the case companies start-up phases.

Common for all the 7 case companies is that they have all been created out of ideas to solve specific problems, e.g. finding the name of the tune playing in the radio, remembering the amazing vine you drank at the dinner last night, etc. This ad to substantiate the choice of using the open rational system (best practise) approach for the study²⁰⁵, as the creation of the companies could be seen as the result of environmental-influence on the founders. Hence a problem in the founders surrounding environment pushed him to start-up developing on the company.

As described in part 3 of the analysis, all the case companies share the common features of an initial founder that actively sought a co-founder(s) and a beta development-process focused on functionality, which for two of the cases were combined with an equal focus on design. This and the fact that all of the case companies have two or more co-founders appears significant to their ability of developing a potential successful global B2C app. In addition, the fact that at least one in all 7 co-founder “teams” has a programming background, suggests that even with or without start-up investments, they have all been able to not only conceptualise but also do the most pivotal development of their app This may sound trivial, but it may actually prove a crucial element, especially in the situation where the companies decide to change their basic product aim, platform, designs, etc. - Thus elements that would be resourceful and time consuming if the back- and/or front-end development was outsourced to i.e. Vietnam, India etc.

Another area, where the “co-founder mix” occurs to play a conclusive role, is in the matter of procuring start-up investment. Out of the three case companies that received start-up investment, two of them, Instagram and Vivino, received their funding just after the initial founders joined up with a programming literate. In the other case, Shazam, the founders spent a year to find start-up investment, but according to co-founder Chris Burton, that was more a repercussion of the dot-com bubble than the lack of investors’ faith in the team. For all three cases, the start-up investment meant that the co-founders could go full time on their project and hire in the right people for quick development and testing of different beta versions before settling on the most potential.

²⁰⁵ Cf. The choice of system approach pp. 18-22

As mentioned in part 3 of the analysis, three of the case companies have during their start-up phases created b2b partnerships with different content and 3rd party service providers to enhance their apps. The first of them, Vivino, partner-up with the Swiss image recognition company Kooaba to enable the main functionality of their app – wine etiquette recognition. The second, Drivr, outsourced their front-end development to a Vietnamese development team. The last, Flipboard created partnerships with various magazine and newspaper publishers to provide the content for the app. Common to all three, is that these partnerships has been a pivotal necessity in order to creation and make their apps operational. Even though it is the sole choice of the founder whether or not to develop a self-propelled app, this further underpins the significance of the functionality focus in the development of a potential successful global B2C app.

The Launch Phase

How does the launch phases differentiate and/or simulate from each other and the internationalisation triggers of the Uppsala and Born Global theories?

According to the Uppsala theory, the companies begin their export independent representatives after having established a presence on their domestic market. Whereas the start-up phase did not entirely fit the Uppsala stage model, the launch phase follow a more or less similar pattern to the 6th assumption of the second internationalisation stage²⁰⁶. Hence as all apps have to go through an “independent representatives” (app store) in order to be published on certain markets. An important distinction to make is though that in contrast to the Uppsala’s definition of an independent representative as local-only sales agent, the app stores can act both as a local, glocal and global agent. Another important distinction is whereas the Uppsala theory assumes that *the lack of market knowledge and uncertainty avoidance entail that firms first export to neighbouring or cultural similar markets*, app companies can without any market knowledge launch an app on whatever market they choose. This applies to all 7 case companies besides Shazam, which because of the character of its initial product, had to take a more “classic” internationalisation approach.

In contrast to the Uppsala theory, the Born Global theory argues that the globalisation is triggered by internal and/or external circumstances during a company’s first 2 years of existence. As with the second internationalisation stage of the Uppsala model, some of the triggers of the Born Global are to an extent applicable to the launch phase of the case companies. Even though Michael Rennie’s 1st social trigger,

²⁰⁶ Cf. p. 24

“from standard to specialised products” is in somewhat contrast to the universalised product aim of the case companies, the last 2 are more or less applicable to the general emergence of them²⁰⁷. Additionally, all the later explanatory internal and external triggers of born globals²⁰⁸ are only to some extent applicable since they, besides trigger 6, do not support the role that the app stores plays in the globalisation process of the app companies. Furthermore, none of them, including trigger 6, underpin that the companies are actually global from the very second they decide to launch their apps.

As expounded in part 3 of the analysis, all of the case companies, besides Shazam, first launched on iOS and furthermore received either pre- or post-launch funding. As Shazam already had approx. 15 m. users before launching their app, they did not have to create a user platform from scratch, and thus are a bit irrelevant in comparison with the other companies. Therefore, looking exclusively on the 6 other cases, their pre- and post-launch funding could seem to have a significant influence on their launch phases. For instance, all of the Californian based companies each received a post-launch funding and as consequence two of them, Snapchat and Instagram, were able to launch on Android only 1-2 years after the iOS launch. This pattern seems also to apply to the cases of Vivino and Drivr, but with the variance of investment depositing. In the interview with Michael Vivet from Drivr, he describes that without this early funding, they would not have been able to launch globally as fast as they did. As almost the same story is repeated in the interview with Planeto, could suggest that the investments are a crucial element for the companies’ ability to launch globally.

The Growth (Development) Phase

How does the different growth phases differentiate and/or simulate from each other and the internationalisation stages/processes of the Uppsala and Born Global theories?

As elucidated in the multi-case analysis, and touched upon in the discussion of the previous phases, in opposite to the companies investigated in the preceding study of the Uppsala theories, all the case companies of this study, besides Shazam, became global in the second that they launched their apps globally through the app stores. Consequently, even though not all of them became an instant global success, none of them had to go through any globalisation stages in order to become global. Thus, when discussing the growth phase, the discussion is not on how the companies became global, but instead on how they have grown / developed into becoming a global success. Consequently, as the all-4 stages of

²⁰⁷ Cf. pp. 28

²⁰⁸ Cf. pp. 29

the Uppsala theory focus on describing the pre-internationalisation stages, it appears to be irrelevant for this phase. Additionally, as the Born Global Theory neither describes the post-globalisation processes of born globals, it seems equally irrelevant.

Therefore, focusing exclusively on the correlations and thus the implied differentiations described in part 3 of the analysis, all 7 case companies have experienced many similar patterns in their process of becoming globally successful. Starting with the slighter correlated; because of the conditions of their partnerships with 3rd party services providers, neither Drivr nor Planeto have had to procure additional funding in order to in-source different functions and achieving their development goals. Vice versa, since both companies, during the growth phase, expanded their in-app purchase offerings could indicate a funding deficiency offset. Thus as both companies are situated in the lower end of the user- and employee scales²⁰⁹, it is not unthinkable that more funding could have resulted in a more accelerating dissemination of their apps. Conversely, looking on the other case companies, whereas the number and time of investments do not appear to impact their ability to accelerate, the size of the investments seems to have some influence. Besides Vivino, case company 4-7 each have during their 2-4 year growth phases received more than \$50 m. through 1-3 investment and thus, throughout this period, been able get more than 50+ m. users.

As Drivr and Planeto, further four of the case companies have changed and/or enhanced their business models during the growth phase. On the basis of knowledge of other app companies, this seems to be a general pattern. Hence when the development of free and freemium apps reach a point in the growth phase, their companies start to experiment and enhance their existing business models to accommodate user inquiries and to broaden their revenue earning opportunities.

Another more or less general pattern which can be seen out of the analysis, is the scale problem / post-launch server breakdowns. As co-founder of Instagram, Kevin Systrom, describes in the Launch phase of the Instagram case analysis, they had to “work around the clock to keep the app up and running”, which because of the heavy influx of users became the main post-launch priority. Thus when an app becomes successful and experience massive server overload, the app company’s ability to up-scale and continuously meet the required server capacity is of vital importance.

Marketing Strategy

How does the case companies differ or correlate in the way they have used marketing throughout their

²⁰⁹ Cf. The introduction part of the discussion pp. 64-65

development towards global successes?

As described in the cross-case analysis, all of the case companies, besides Planeto due to its partnership with Bonnier, have applied a proactive marketing strategy in their launch phase and, to some extends, in continuing dissemination of their apps. The approach, which includes writing bloggers, industry experts, famous people, niche magazines, press releases and getting prove of concept from other industry icons, can be characterised as an entirely human resource driven push strategy. The tenor of this could appear to resemble the definition of the born globals “early ability, without big investment, to successfully compete against larger established players in the global market”. Conversely, as the choice of the approach seems not to stem from competition but mere the companies lack of resources, time and possibilities to promote the app globally through typical marketing channels, the definition appears not that applicable. Another vital fact that affects how the proactive approach plays out, is the *external environmental influence*²¹⁰. Furthermore, much alike the procuring of potential investors, the proactive promotion of an app, is only picked up if it is target-relevant, e.g. solving a relevant problem, able to deliver the promised, and with the right timing, etc., thus environmental relevant²¹¹.

Out of the 7 case companies, only Drivr and Shazam used resources on promotion in the launch phase. In the interview with Co-founder and Director of IT & Development of Drivr, Michael Vivet, he explains that during the launch of Click a Taxi in Sweden and Norway they “*tried to run classical marketing strategies [...] but had to stop since the user acquisition cost was way to high (50 kroner per customer)*”.²¹² As consequence all their marketing resources are now focus on proactive efforts. Additionally, even though the use of classic promotion efforts was likely a continuation of a pre-app marketing strategy, Shazam’s change towards a more proactive marketing focus could maybe indicate an equal experience. Though it is unknown what made Shazam change, the high user acquisition cost mentioned in the Drivr example, seems a reasonable explanation to the general propensity of chosen a none expensive proactive marketing strategy.

Another general tendency is the active search for and creation of promotion partnerships. All of the case companies, besides Snapchat, have though out their launch and growth phases exploited strategic promotion partnerships with companies from either the app- or their own industry. In the interview with Co-founder and CEO of Vivino, Heini Zachariasson, he explains that the reasoning behind their

²¹⁰ Cf. The choice of system approach, pp. 21-22

²¹¹ Cf. The start-up phase discussion pp. 66-68

²¹² Cf. Click a Taxi case pp. 44-47

establishment of an office in SF was besides attracting more attention from global medias and future capital opportunities²¹³ first and foremost to get in the vicinity of potential strategic promotion partners, such as Apple, Google, Facebook, etc. This seems to coincide perfectly with the above-described propensity. Hence the lack of resources makes the app companies actively look for other external partners and stakeholders in their environment, through whom they can promote their apps in a none expensive and highly efficient way.

Finally, to comment briefly on the fact that only the three interviewed case companies have been entered into the matrix as having created a global marketing plan, should be taken very lightly. Despite the lack of supporting data and on the basis of the above discussed, it seems plausible that the four others at some point after their launch phases, must have created a global marketing strategy in order to handle and strengthen the user influx.

Globalisation

How does each of the case companies differentiate and/or simulate in their globalisation stage?

Before moving onwards with the discussion, it is important to emphasis that in opposite to the last stage of the Uppsala theory and the definition of born globals, the globalisation stage of this study is focused on both the present and future stage of the case companies. As the companies become global from the moment they launch their apps, through the app stores, they do not have a final stage of globalisation, but a global process continuum of expanding their user base and prolonging their presence.

As described in the cross-case analysis, the present stages of the 7 case companies vary in proportion to their degree of globalisation, profitability and rate of spread. Despite the fact that 5 of them have apps that experience non-susceptible exponential growth, only two them, Flipboard and Snapchat, have managed to turn that into a profitable business model. Thus all case companies, besides Flipboard, is actively working on creating a sustainable business model, it seems remarkable that not even five of them, during their 2-4 and for one 12 years of existence, have been able to make a profit. Hence 5 of the companies only exist today because of their investors. Through there are possibly many reasons for this, the paramount explanation can be found in the choice of using the free and freemium app business models. As described in part 1 of the analysis, these two models do not charge the user when downloading the app, but instead generate revenue through different advertising elements,

²¹³ Cf. Vivino case p. 41-44

data mining, in-app purchasable content and subscription offers. If the companies were to change to a premium model, the extra cost it would foist could jeopardize the loyalty of existing users and most undoubtedly slow the influx of new ones. Vice versa, if keeping their existing business model, but e.g. imposing more advertising or in-app purchasable contents, they risk the same. Therefore, even though the revenue earning opportunities seems plenty, since the apps can be categorized as very “*price elastic*”²¹⁴, it is a difficult balancing act, especially when the exponential growth has been set in motion.

Furthermore, in connection to the last paragraph of the marketing discussion, only the four Northern European based case companies have been entered into the matrix as having a future glocal and/or global push strategy. Just as the number of case companies that have made a global marketing strategy, because of scarcity of data the number of them having a push strategy should be taken very lightly.

A NEW GLOBALISATION MODEL

As indicated throughout the discussion, the adequacy of the Uppsala and Born Global theories does not entirely match the globalisation pattern of successful global B2C app companies. Consequently, on the basis of the discussion and the most important continual elements, below will be given suggestions to both a definition of global successful B2C app companies and new best practise globalisation model for app companies.

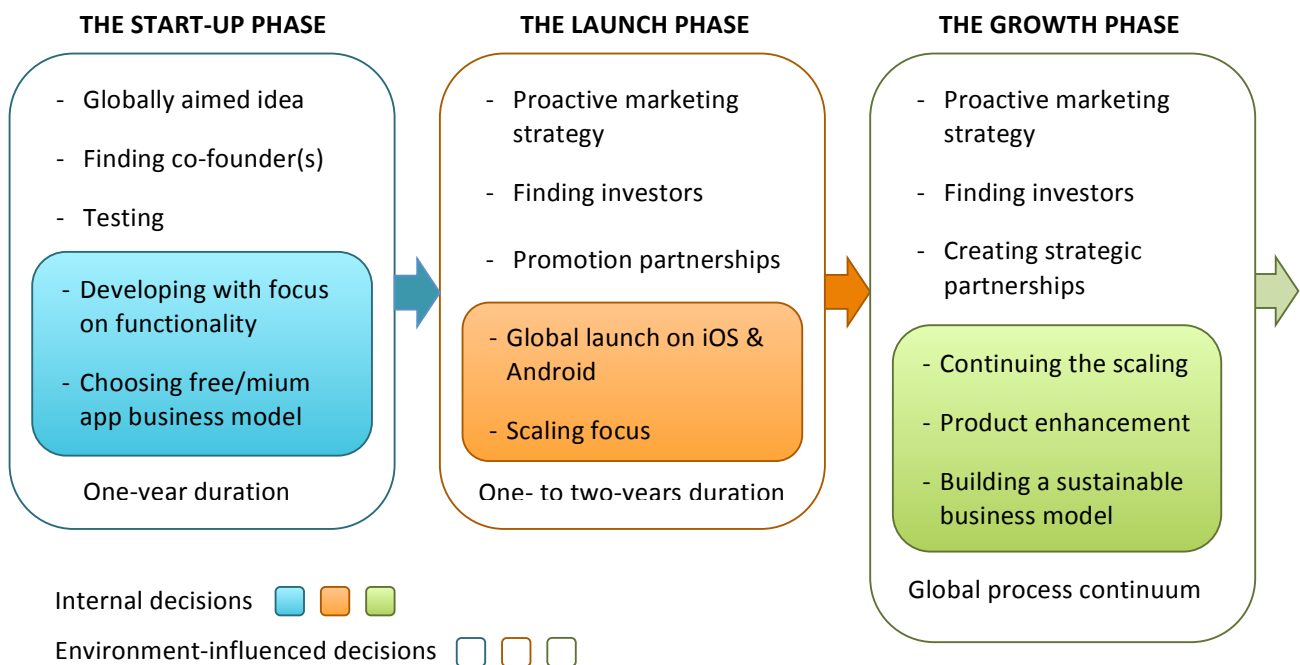
The Definition of Successful B2C App Companies

A small and medium sized App Company that a) has focused on the functionality in the development of its app, b) launched an English version of its app, on average, only one year after founding, c) is represented on both the iOS and Android platforms, d) has more than 5 m. users, e) has received, on average, \$50 m. in investment, and f) has used a proactive marketing approach to promote its app globally.

A New Best Practise Globalisation Model for B2C App Companies

²¹⁴ “elasticity refers the degree to which individuals (consumers/producers) change their demand/amount supplied in response to price or income changes.”, <http://www.investopedia.com/terms/e/elasticity.asp> 09/08 2014

Based on the results from the cross-case analysis and the discussion, there are three specific phases that the case companies go through from local start-up to global success: The Start-up Phase, The Launch Phase and The Growth Phase. Presented in the model and elaborated below, each of these phases are characterised by very particular best practise elements that make up the development process of successful global B2C app companies.



☐ ☒ The Start-up Phase

This phase covers the idea-to-launch process of the app companies. The internal and environment-influenced best practise elements that characterise this phase are:

- ☐ *Globally aimed idea*: To win users in the two later phases the idea must be globally user relevant and focused from the start, both in language, service and functionality.
- ☐ *Finding co-founder(s)*: To cover potential weaknesses relating to front- and back-end development, the initial founder can find a programming literate to team up with.
- ☐ *Testing*: To ensure that the most prospective version is developed, usability/beta testing of different versions is very important.
- ☒ *Developing with focus on functionality*: To speed-up the development of the beta version, and thus closing in on the launch-able version of the app, it is important that the development only

focuses on the “must-have” functionalities contra e.g. design.

- *Choosing a free/mium app business model:* Choosing either a free or freemium app business model will enable the most exponential start positions for the app launch.

The Launch Phase

This phase covers the iOS and Android launch process of the app companies. The internal and environment-influenced best practise elements that characterise this phase are:



- *Proactive marketing strategy:* To save on global promotion and user acquisition cost, a proactive marketing strategy that targets blogger, celebrities, industry experts, magazines and newspapers is necessary.
- *Finding investors:* In order to be able to cover the costs associated with developing and launching globally on more than one platform, and scaling server capacity to match potential exponential user influx, it is crucial to find funding as fast as possible. Thus if the company is not able to obtain any funding, chances that it will enter the growth phase are minimal.
- *Promotion partnerships:* If possible, creating promotion partnerships with industry specific and/or global app companies like Apple, Facebook, Twitter etc., could result in an exponential growth from launch.
- *Global launch on iOS and Android:* In order to enable the app to reach out to 98% of the global smartphone users it is pivotal to launch on both the iOS and Android platforms.
- *Scaling focus:* In order to be able to meet an exponential user influx, the company must before launch work out a server capacity-scaling plan. In addition, to be able to embrace as many future users as possible, it is advisable to continue working on capacity extension.

The Growth Phase

This phase covers the post-launch global process continuum of the app companies. The internal and environment-influenced best practise elements that characterise this phase are:

- *Proactive marketing strategy:* To ensure the most effective and cost saving expansion of the app, it is important that the company continues with the global proactive marketing approach and potentially, with the adding of extra language version, expand it to focus locally as well.
- *Finding investment:* In order to be able to further disseminate, develop, enhance and thus prolong the life cycle of the app, it is crucial that the company finds more funding to expand its

organisational capacity.

-  Creating strategic partnerships: To strengthen the market position and expand its growth base, the company can enter strategic partnerships with hardware, system and service providers like: Apple, Samsung, Google, Facebook, etc.
-  Continuing the scaling: In order to be able to meet a continuous user influx and thus workload on the app, the company must continue to work on scaling its server capacity and improve the different functionalities of the app to decrease the workload of the server.
-  Product enhancement: To meet demands and pro-long the product life cycle of the app, the company can refine, extend and/or add functionalities in the app
-  Building a sustainable business model: As the company's primary focus in the launch phase is on disseminating the app, it is crucial to start developing and testing different business models in order to secure its future existence.

CONCLUSION

Based on three initial propositions, the purpose of this thesis has been to identify the best globalisation practise and on that basis construct a globalisation model tailored specifically for B2C app companies. Including an identification and comparison of the development process that B2C app companies go through from flux idea to global success.

In order to explore the problem statement and thus create a new globalisation model, a qualitative multiple-case study design was chosen for this thesis. Additionally, to substantiate the identification, comparison and structuring of the globalisation process study of each of the selected case companies; a literal retrospect replication focused parallel procedure was applied together with Baxter et al.'s 5 design components for multiple-case studies. In order to ensure a high degree of market representation, on the basis of Rubin's three criteria of selecting the correct interviewees, seven case companies were selected. On the basis of a 7-category-interview-guide, three of them were investigated through semi-structured in-depth interviews, and the rest on a study of secondary data. To link the collected data with the problem statement, the chosen theory elements, and the interview guide, the 7-categories were reused to create a seven-step case analysis structure. In addition, to ease the cross-case analysis, discussion and later creation of a new globalisation model, a matrix of the

main of themes, opinions, patterns and repeating elements from the case studies was created.

Since the app market is relatively new and no empirical studies have yet been conducted into best globalisation practise of successful global app companies, the theoretical framework for this study has not been completely self-evident. Nonetheless, based on the best practise study aim and choice of using a qualitative multiple-case study research design, the open rational system approach was selected, as it would enable the recognition and comparison of cross-case best practise patterns, decisions/actions, elements and environmental-influences. Additionally, in order to substantiate the choice of system approach and the enablement the from-birth-to-international process identification, research elements from preceding research frameworks of the Uppsala and Born Global theories were applied to the cross-case investigation. Furthermore, both theories were used throughout the cross-case discussion to compare the correlations and differences of the globalisation process of the case companies.

The case analysis confirms that the globalisation processes of the 7 case companies are identifiable and comparable. In addition, the cross-case analysis confirms that the case companies share many of the same globalisation patterns; including founding, beta development, testing, launching, marketing, funding, growth and environmental-influence. Furthermore, the discussion indicates that the globalisation process vary a lot from both that of the Uppsala and Born Global theories. Therefore, based on these findings, there is a basis for a new globalisation model for B2C app companies.

On the basis of the abovementioned correlating globalisation patterns, a suggestion to a definition of a global successful B2C app company and a new best practise globalisation model for B2C app companies have been suggested. The model identifies three specific phases that the companies go through from local start-up to global success: The Start-up Phase, The Launch Phase and The Growth Phase. Each of these phases are characterised by 5-6 very particular internal and environment-influenced best practise elements that make up the development process of global successful B2C app companies.

As this study does not represent a statistical account, but an indication of tendencies into the globalisation process of global successful B2C app companies, further research will have to be conducted in order to determine wether or not the identified globalisation patterns are generally applicable.

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APPENDIX 1

THE HISTORICAL DEVELOPMENT OF THE SYSTEM APPROACHES

Rational Models

From 1900 – 1930 the foundation of modern organisation analysis theory was created. Through management, administrative and bureaucratic theorist, such as Taylor (1911), Weber (1906) and Fayol (1919), the early rational approaches emerged out of the interest of determining what the proper form “should be” when to maximize the efficiency and effectiveness of management and work structures in organisations.¹ Because they saw organisations as highly formalized and structured collectivities, non-influenced by environment and created only for the purpose of pursuing relatively specific goals², their approach can be characterised as closed, qualitative, prescriptive and focused on the organisational structured level.³

Natural Models

From 1930 – 1960 the focus of many organisation theorists changed from the formal structured level to the social psychological level. Led by psychology, management and sociology theorists, such as Bernard (1938), Mayo (1945) and Parson (1951), the uniform idea of organisations existing only for the pursuit of specific goals, was abandoned for a participant and behavioural focus. In this approach, the organisations are still seen as closed systems, but identified as informal structured collectivities⁴, existing only by the consensus, conflict, and survival of the participants’ personal and interpersonal interests.⁵

Open System Models

Post WWII, in the early 1950s, a new approach emerged. Led by biologist Ludwig von Bertalanffy (1956), mathematician Nobert Wiener (1956), and system scientist Kenneth E Boulder (1956), the view of organisation structures changed to be more ecological - The closed and self-action conception of the early rational and natural approaches was abandoned in favour of a more interactive and process defined.⁶ In this system, an organisation is viewed not in isolation but in relation to its specific environment⁷, and with a structure based on the complexity and variability of the individual parts – both individual participants and subgroups – as well as the looseness of connections among them”.⁸

¹ P. 3 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

² P. 27 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

³ P. 109 - 110 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁴ P. 28 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁵ P. 110 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁶ P. 101 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁷ P. 101 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

⁸ P. 104 in *“Organizations: Rational, Natural, and Open Systems”*, by Richard W. Scott, Prentice-Hall International, 2003

APPENDIX 1

In the wake of the open systems approach, many preterit rationalist and naturalist accepted the argument of environmental influence, and supplanted the earlier closed system models with new open rational- and natural system models⁹:

Open Rational System Models

Emerged in the early 1960, by the collaborative work of cognitive psychologist Herbert A. Simon and political scientist James G. March (1958), which illustrates the joining of rational and open system concerns at the psychological level of analysis.¹⁰ In this approach, organisations are influenced by their surrounding environments (open), but still in the need of routinized and problem solving “performance programs” (rational), that can guide the decisions of participants and help the organisation handle greater uncertainties.¹¹ This is also emphasized in the later work of Lawrence and Lorsch’s *Contingency theory* (1967) and Thompson’s approach (1967). In their view, an organisations structural adaptability, to deal with environmental requirements and uncertainties in an effective way, depends solemnly on its ability to incorporate the rational system argument.¹² Parallel to, but somewhat disticted from the work of the contingency theorists, the approach of *comparative structural analysis* emanated. Through several different qualitative studies preformed from 1958 – 1969, by rational theorists such as Woodward (1958), Udy (1959), Pugh & Hickson (1969-1976) and Blau (1970)¹³, the formal structures of organisations, is seen as environment-dependent variables designed on a rational approach, to secure most effective and efficient outputs.¹⁴

Open Natural System Models

Like the 1930s transition from rational to natural systems, the dominant focus of organisation theorists, turned from open rational to open natural systems during the early 1970s. Led by theorists such as Campbell (1969), Hannan (1977-1989) Weick (1979), Aldrich (1979-1999), Wamsley & Zald (1973), Pfeffer & salandik (1978), Berger & Luckmann (1967), Meyer (1977-1983) and DiMaggio & Powell (1983)¹⁵, new open natural systems have emerged. These new approaches all place great emphasis on the importance of the environment in affecting structural behaviour and life chances of organisations (open system approach), but challenges the assumption that organisations behave as rational systems.¹⁶ Furthermore, they range from the social psychological, to the sociotechnical structural, and to the resource dependence and institutional ecological level of analysis.¹⁷

⁹ P. 107 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹⁰ P. 111 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹¹ P. 111 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹² P. 111 - 112 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹³ P. 112 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹⁴ P. 112 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹⁵ P. 115 - 120 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹⁶ P. 115 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

¹⁷ P. 122 in “*Organizations: Rational, Natural, and Open Systems*”, by Richard W. Scott, Prentice-Hall International, 2003

APPENDIX 2

THE DATA MATRIX

	CASES						
	1	2	3	4	5	6	7
Correlation of 2(+) case colours:							

Introduction							
Founded in 2002							x
Founded in 2009	x		x	x			
Founded in 2010					x	x	
Founded in 2011		x					
Employees 0-20			x			x	
Employees 20-40		x			x		
Employees 80-100	x			x			
Employees 200							x
Operations in 1 markets			x	x	x	x	
Operations in 2 markets		x					x
Operations in 4 markets	x						
Product languages: 1					x		
Product languages: 5-6	x		x				
Product languages: 12-15		x		x			
Product languages: 25-30						x	x
Number of users: 3-5 m.	x	?	x				
Number of users: 50-60 m.					x	x	
Number of users: 100 m.				x			
Number of users: 420 m.							x
Started in Northern Europe	x	x	x				x
Started in California				x	x	x	
Offices in both US and EU:	x						x

The Interviewee / Founders							
Numbers of founders:	xx	xxxx	xx	xx	xxx	xx	xxxx
Experienced entrepreneurs:	xx	xx	x	x			
Experienced entrepreneurs into IT:	xx	xx	x	x			
Experience from previous work in IT:	xx	xx	xx	xx		xx	xx
University degree:	x	xxxx	xx	x	xxx	xx	xxxx
Educated from Stanford:				x	xxx	xx	
With a master degree:		xxxx	xx			xx	xxxx

APPENDIX 2

The Start-up Phase

Globally aimed from the start:	x	x	x	x	x	x	
Received investment(s) in the start-up phase:	x					x	x
Actively sought co-founder:	x	x	x	x	x	x	x
Partnered up with other business(es):	x	x		x			
Functionality and/or design focus:	F	F	FD	FD	F	F	F
Outsourced part of the development:		x					
Another development aim at first:				x	x	x	x

The Launch Phase

From 0-10 k. users the first 3 months:	x	x					
Approx. 100 k. users the first 3 months:				x	x		
From 1 m. - 3 m. Users the first 3 months:			x			x	x
Received investment(s) just before launch:	x		x	x			
Received investment(s) after launch:		xx		x	x	x	
Global or local iOS launch after 0-1 year:		L			G	G	
Global or local iOS launch after 1-2 years:	G	G		G			
Global or local iOS launch after 2- years:			G/L				G
Android launch after 0-1 year:							
Android launch after 1-2 years:	G	G			G	G	?
Android launch after 2- years:			G/L	G			
Windows et al. Launch after 0-1 year:							
Windows et al. Launch after 1-2 years:		G				G	
Windows et al. Launch after 2- years:	G			G			G
Local versions added (language wise):				x			
Outsourced function		x				x	
Partnered up with other businesses:		x	x	x			x

The Growth (Development) Phase

Received investment(s) early in this phase	x				x	x	
Received investment(s) late in this phase	x			x	xx	x	xx
Scale problems (server breakdowns etc):	x		x		x	x	
In-sourced functions:		x	x				
Established glocal offices	x	x					x
Change business model, product aim, etc:	x	x	x		x	x	x
Partnered up with other businesses:	x	xx		xx		x	x
Local versions added (language wise):						x	x

APPENDIX 2

Marketing							
Used resources on promotion in launch:		x					x
Didn't use resources on promotion in launch:	x		x	x	x	x	
Used proactive marketing strategy:	x	x		x	x	x	x
Searching and creating promo.-partnership:	x	x	x	x		x	x
Have later created global marketing plans:	x	x	x				

Globalization							
The app spreads by itself:	x			x	x	x	x
Focus on pushing glocally :	x		x				x
Focus on pushing globally:	x	x	x				
Generates surplus :				x	x		
Generates deficit:	x	x	x			x	x
Working on a sustainable business model:	x	x	x		x	x	x

APPENDIX 2

THE DATA USED FOR THE CROSS-CASE ANALYSIS MATRIX

FROM THE INTRODUCTION PARTS

1 Vivino

- *Company:* Founded in 2009, by a previous entrepreneur. It has received \$12.4 m. in investment funding. It employs 80 people spread across 4 different countries.
- *Product:* Ad-freemium and pure-premium wine app, available on all 3 platforms, in 5 different languages, 1 m. wines – 162.000 wineries, 5 m. users, and 2 m. wine scans per month.

2 Drivr

- *Company:* Founded in 2011, by a non- and previous entrepreneur. It has received \$2.1 m. in investment funding. It employs 22 people spread across 2 different countries.
- *Product:* In-app-freemium taxi and car rental app, available on all 3 platforms, in 15 different languages, covering 51 countries – worldwide taxi service, ? m. users.

3 Planeto

- *Company:* Founded in 2009 by a previous entrepreneur. It has received \$3 k. in investment funding. It employs 10 people in Sweden.
- *Products:* A global and a glocal in-app-ad-freemium trivia game app, available on iOS and android, in 6 different languages, 3 m. users.

4 Flipboard

- *Company:* Founded in 2009 by a previous entrepreneur. It has received \$161 m. in investment funding and is valued to \$800 m. It employs approx. 90 people in the US.
- *Product:* Ad-freemium magazine app, available on all 3 platforms as well as Kindle and Nook, in 12 different languages, more than 8,000 publishing partners, 100 m. users, 250.000 – 300.000 new every day.

5 Snapchat

APPENDIX 2

- *Company:* Founded in 2010 by a non-previous entrepreneurs. It has received \$143 m. in investment funding. It employs approx. 30 people in Los Angeles.
- *Product:* Free communication app, available on the iOS and Android platform, in English, 50 m. users, 400.000 daily snaps

6 Instagram

- *Company:* Founded in 2010 by a non-previous entrepreneur. It has received \$57.5 m. in investment funding before the \$1 bn. Facebook buy out. It employs approx. 12 people in San Francisco.
- *Product:* Free photo editing and sharing app, available for all 3 platforms, in 25 different languages, 200 m. users, 60 m. photos shared daily, 1.6 bn. daily likes, and over 20 bn. photos shared in total.

7 Shazam

- *Company:* Founded in 2002 by 4 non-previous entrepreneurs. It has received \$95 m. in investment funding. It employs approx. 200 people split between the UK and US.
- *Product:* Ad-fremium music and ad recognition app, available on all 3 platforms, in 30 different languages, 420 m. users spread across 200 countries, and monthly user influx of 15 m.

FROM THE INTERVIEWEE / FOUNDERS PARTS

1 Vivino

Heini Zachariassen and Theis Søndergaard – Both experienced entrepreneurs from different non-app but IT start-ups. Heini holds a HHC and Theis a BA from the Danish Journalist School.

2 Drivr

Søren Halvskov, Nikolaj Køster, Peter Theill and Michael Vivet – The first two have no previous entrepreneurial experience, but the last two have from various non-app but IT start-ups. Additionally they all have a higher educational background.

3 Planeto

APPENDIX 2

Martin Walfisz and Magnus Robertsson – The last has no previous entrepreneurial experiences whereas the first has from non-app but game start-ups. Martin holds a HD and Magnus a MSC from Blekinge Institute of Technology.

4 Flipboard

Mike McCue and Evan Doll – The last has no previous entrepreneurial experiences whereas the first has from non-app IT start-ups. Evan Doll holds a BS from Stanford University.

5 Snapchat

Evan Spiegel and Bobby Murphy – Both have no previous entrepreneurial experiences. They both hold a BS from Stanford University.

6 Instagram

Kevin Systrom and Mike Krieger – Both have no entrepreneurial experiences, but are experienced from working from other IT start-ups and bigger well-established IT companies. They both hold a MS from Stanford University.

7 Shazam

Chris Barton, Philip Inghelbrecht, Dhiraj Mukherjee and Avery Wang – All 4 had no previous entrepreneurial experiences when they started. Additionally they all have a higher educational background.

FROM THE START-UP PHASE PARTS

1 Vivino

- Began in late 2009 – early 2011.
- 2010: Angel investment of \$250 k. from a friend
- January 2011: Beta version out
- Had a global focus from the beginning.
- Fast launch enabled from a focus of functionality contra design
- Partnership with Swiss image recognition company Kooaba

2 Drivr

- Began in late 2010 – October 2011

APPENDIX 2

- From late 2010 – July 2011: Partner search
- April 2011: the 6-month development plan is made
- July 2011: Michael Vivet is hired to develop back-end “robots”
- Had a global focus from the beginning
- Focus on cutting to the bone of functionality
- Outsourced front-end to Vietnam

3 Planeto

- Began in 2009 – July 2012
- Partner search
- 1½ year of tying different concepts
- Had a global focus from the beginning (launched QuizBoard first)

4 Flipboard

- July 2009 – July 2010
- Partner search
- July 2009 - September 2009: developing on a web solution (on the basis of Apple’s announcement of the iPad)
- January 2010: The iPad is launched
- September 2009 – July 2010: developing a iOS tablet version

5 Snapchat

- Late 2010 – July 2011
- Partner search
- February 2011 – July 2011: development of Picaboo

6 Instagram

- Early 2010 – October 2010
- Early 2010 – March 2010: development of Burbn
- March 2010 partner search: partners with Mike Krieger
- Late March 2010: Seed investment of \$500
- April 2010 – October 2010: development and beta test of Instagram
- Focused on functionality contra design

APPENDIX 2

7 Shazam

- 1999 – June 2008
- 1999 – 2000 Partner search: partners with Avery Wang
- 2000 – 2002: development of 2580 SMS service
- September 2001: First investment funding of \$7.5 m.
- Early 2002: Launch of 2580 SMS service
- 2002 – 2005: 3 of the co-founders quit
- 2002 – 2008: development of the Shazam service through white label
- June 2008: Launch of Shazam for iOS

FROM THE LAUNCH PHASE PARTS

1 Vivino

- January 2011 – March 2012
- January 2011 – November 2011: Beta test and continuing development
- November 2011: Seed investment of \$1 m.
- November 2011 – March 2012: Development on the final version
- March 2012: Launch on iOS and Android

2 Drivr

- October 2011 – December 2012
- October 2011: Launch of Click a Taxi in Denmark
- App of the year in Denmark 2011
- December 2011: Angel investment of 600 k.
- December 2011: + another angel investment of \$1.5 m.
- Early 2012: Hired Rumanian call centre
- January – December 2012: Launch on all three platforms in 50 countries and 5000 cities
- Without the investments we could not have launched globally
- 2012: negotiated with taxi companies in all 50-target markets.

3 Planeto

- July 2012 – Januar 2013
- July 2012: Launch of QuizBoard on iOS
- December 2012: Launch of QuizBoard on Android

APPENDIX 2

- October 2012: Planeto partners with Bonnier Publications
- October 2012: Partner investment of SEK 2 m.
- September 2012: QuizBattle is launched in Scandinavia and Holland
- March 2012: QuizBattle is the most downloaded app in Norway and Denmark

4 Flipboard

- July 2010 – December 2012
- July 2010: Launch of Flipboard on iOS
- July 2010: Series A venture investment of \$10,5 m.
- July 2010: Acquisition of Ellerdale
- December 2010: Apple award Flipboard iPad app of the year
- April 2011: Series B investment of \$50 m.
- April 2011 – April 2012: Launch on android, windows, kindle and Nook
And development of French, Chinese and Japanese version

5 Snapchat

- July 2011 – April 2012
- July 2011: Launch of Picaboo in iOS App Store
- September 2011: Brown leaves the company
- September 2011: Picaboo change name to Snapchat
- September 2011 – April 2012: The app is spread throughout Californian high schools and goes from 127 – 100.000 users.

6 Instagram

- October 2010 – February 2011
- October 6th 2010: Launch of Instagram in iOS App Store
25.000 iPhone users downloads the app in one day
The servers break dawn various of times
- October 7th 2010: Instagram moves servers to Amazon
- October 2010: 1 m. users download Instagram

7 Shazam

- June 2008 – October 2009
- June 2008: Launch of Shazam in iOS App Store

APPENDIX 2

- August 2008: Apple tv ad with Shazam
- October 2008: Launch for Android
- February 2009: Launch for Blackberry
- August 2008 – October 2009: 35 m. users download Shazam

FROM THE GROWTH (DEVELOPMENT) PHASE PARTS

1 Vivino

- March 2012 - July 2013
- November 2012: The app is discovered by American medias
- December 2012: Series A investment of \$1 m.
- December 2012 – 2013: Server breakdowns and work on scaling
- January 2013: Vivino highest ranked wine app in the US
- July 2013: Series B investment of 10.3 m.

2 Drivr

- December 2012 – 2014
- 2013: In-sourcing of front-end development from Vietnam
- 2013: Front-end development office in Lithuania
- 2013: Developing of more efficient ordering system
- October 2013: Click a Taxi change name to Drivr
And takes in rental and own taxi service in London and Copenhagen
- Early 2014: Partnership with Tesla Motors in Denmark
- Spring 2014: Partnership with Opel in Denmark
- July 2014: Drivr x Opel free ride event

3 Planeto

- January 2013 – 2014
- January 2013 – April 2013: Server crash makes the company focus all its time on scaling.
In this period all focus was aimed at scaling and internal organisation
- June 2013: Introduction of in-app purchases
- July 2013: Shut down of premium versions
- August 2013: in-sourcing of advertisement activities

APPENDIX 2

4 Flipboard

- Late 2012 – early 2014
- Partnership with more than 8.000 publishers
- Late 2013: Series C investment of \$50 m.
- Spring 2014: Acquisition of Zite

5 Snapchat

- April 2012 – June 2014
- April 2010 – May 2012: Rapid growth creates high bills
- May 2012: Seed investment of \$485.000
- May 2012: Spiegel drops out of Stanford and moves the company to LA
- October 2012: Launch on Android
- December 2012: 50 m. daily snaps
- December 2012: Series A investment of \$12.5 m.
- December 2012: Video feature release
- June 2013: 200 m. daily snaps
- June 2013: Series B investment of \$60 m. and \$20 m. in secondary round
- December 2013: Series C investment of \$50 m.
- October 2013 – June 2014: Many new features and updates is released

6 Instagram

- February 2011 – December 2013
- February 2011: Series A investment of \$7 m.
- September 2011: 10 m. users and 150 m. photo uploads
- September 2011: Apple award Instagram iPhone app of the year
- April 2012: Launch on Android
- April 2012: Series B investment of \$50 m.
- April 2012: 1 bn. Facebook buyout
- September 2013: 150 m. users
- August 2012 – December 2013: 25 languages are added, and many new features and updates are released.
- October 2013: release of b2b feature “Sponsored Photos & Videos”
- November 2013: Launch of Windows version

APPENDIX 2

7 Shazam

- October 2009 – 2014
- 2009: Test of many different new business strategies
- Early 2010: Release of Shazam for TV in connection with Super Bowl XLIV
- 2010 – 2012: More than 100 television campaigns in North America
- June 2011: 150 m. users
- June 2011: Receives a \$32 m. investment
- June 2011 – January 2013: Partnerships with Music and TV Companies
- January 2013: 350 m. users
- January 2013: Carlos Slim invest \$40 m.
- May 2014: Sony, Universal and Warner boys \$3 m. stakes each

With this Shazam and the tree partners up for developing the music features even further.

FROM THE MARKETING STRATEGY PARTS

1 Vivino

- Start-up & Launch phase: No resources spend on media or classic campaigns, instead they targeted blogs, webpages, magazines etc. (proactive)
- Fall 2013: Opening a marketing office in SF going “push” instead of pull
Comprising FB campaigns, Newsletters, PR., and global partnerships

2 Drivr

- At launch 2011: Google search optimisation
- Launch in Norway and Sweden: classical promotion with expensive payoff
- Afterwards Drivr has only promoted itself through partners and proactive marketing efforts.

3 Planeto

- Because of the partnership with Bonnier there has been no need for investing in promotion.
- June 2013: Morten is hired to create a marketing strategy for getting QuizBoard further out globally
- Through the new strategy they try to identify new similar potential partners as Bonnier in North America and the rest of EU.

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4 Flipboard

- During launch of Flipboard the company didn't use any resources on promotion, but was endorsed by bloggers, tech influential people, and celebrities to boost the app out.
- Live-coverage of launch by Wall Street Journal
- Co-branding through partnering publishers

5 Snapchat

- During launch of Picaboo the company didn't use any resources on promotion or anything else. The app has grown solely from mouth to mouth promotion
- The rejection of Facebook's offer goes global, and pushes the app out even further

6 Instagram

- During launch of Instagram the company didn't use any resources on promotion but grew organically through influential friends, experts, blogger and celebrities.
- The Facebook buyout also pushes the app out even further
- Co-branding through partnering companies

7 Shazam

- Apple's 2008 TV ad makes the app skyrocket
- Since 2010 the app has primarily been co-branded through partnering companies
- Organic promotion through the users

FROM THE GLOBALIZATION PARTS

1 Vivino

- Today Vivino spreads by itself
- Vivino pushes globally but only to the point when the app, through the user interaction, begins to spread by itself
- They focus on strategies that only reach 3 months into the future

2 Drivr

- With the launch of Drivr, the company has turned its focus towards the US and other main cities in Europe

APPENDIX 2

- Exit strategy for 2015

3 Planeto

- Further globalization is the main priority
- Want to expand their partnership strategy
- Continue working on developing a scalable business model
- Moving from “phase 1 – 2”

4 Flipboard

- They want to keep continuing expanding and developing their “ecosystem” of great content for all platforms
- The app spreads by itself

5 Snapchat

- The app spreads by itself
- Introduction of in-app transactions followed by advertising
- Testing branded accounts even further
- Continuing with the development of the features of the app and the integration of business partners

6 Instagram

- Building Instagram into a sustainable business, including testing photo and video branding of other business brands

7 Shazam

- Wants to become a part of peoples’ everyday interaction with the TV ads and shows
- Continue to develop and expand the TV and music features

APPENDIX 3

THE INTERVIEW GUIDE

ENHANCED FOR THE VIVINO INTERVIEW

INTRODUCTION

BAGGRUND

- Hvad er din uddannelsesmæssige baggrund
- Hvad har du lavet før App'en?

OPSTART

- Hvordan opstod ideen?
- Hvordan gik du fra ide til handling?
- Hvilke forventninger havde du ift. app'ens potentiale?
 - Havde du set at den kunne have et globalt perspektiv?
- Hvilken strategi lagde du ift. organiseringen af app-udviklingen?
- Søgte du aktivt samarbejdspartnere i opstartsfasen?
- Skete der nogle uforudsigelige ting ifb. med opstarten, som krævede ændringer? (ændring i taktik)

LANCERING

- Hvilke strategiske overvejelser gjorde du dig ifb. med lanceringen?
 - Det være sig udbredelse, networking, samarbejdspartnere, investorer, etc?
- Brugte du aktivt markedsføring før og under lancering?

APPENDIX 3

- Hvor hurtigt gik det op for dig/jer at app'en havde så stort potentiale?
- Hvor meget har du kunnet trække på dine erfaringer fra Bullguard ifb. med opstart og lancering?
- Skete der nogle uforudsigelige eller uforudsete ting ifb. med lanceringen som krævede handling?

UDVIKLING

- Efter første år at have ramt 700.000 brugere, hvilke overvejelser gjorde du/I omkring organisering?
 - Omstrukturering, organisering ift. udvikling og produktion
- Ift. udvikling og produktion, nævner du i et interview til Børsen i juli måned, at I vil flytte udviklingen af Vivino tilbage til Danmark, hvad er begrundelsen for dette?
- Er der sket nogle uforudsigelige og uforudsete ting ifb. med udviklingen som krævede handling?
- I et interview med Børsen tilbage i juli, nævner du at der er en strategi om at kommercialisere når I har nået x antal brugere (10,20,30 mio). Hvordan forholder I jer til det nu, ift. udgivelse af premium version.
 - I et Børsen interview fra 2011 nævner I en kommissions løsning, er det stadig relevant?

MARKEDER

- I et interview med VentureBeat nævner din partner Theis Søndergaard, at I arbejder ud fra en strategi om, at I skal have brugerne før I går ind på et givent marked og laver samarbejdsaftaler. Kan du uddybe den strategi?
 - Har det været jeres strategi fra starten?
 - Er denne strategi stadig gældende?
- Andervender I aktivt marketingsstrategier ved indtræden på nye markeder?
 - Kræver indtrængen på et nyt marked en markedsføringsindsats?

APPENDIX 3

- Hvordan kom I frem til beslutningen om, at du skulle flytte til USA, og hvad håber I, at det vil kunne give jer?
- I et interview til Børsen nævner du at det kræver en stor kapitalinvestering at komme ind på det amerikanske marked, kan du uddybe hvilke barrierer der gør at dette er nødvendigt og hvilke andre evt. omkostninger der er ifb. med jeres markedsindtræden?
- Har I gjort jer nogle erfaringer på det amerikanske marked som I kan tage med videre, ift. lancering på andre markeder?

GLOBAL APP

- Du nævnte i et interview med TV2 Beep at I, efter artiklen i Lifehacker, oplevede et system crash pga antallet af brugeroprettelser. Dette fik os til at tænke på hvorvidt der kan være en vis berettigelse i, at tale om at der kommer et tidspunkt i globaliseringsprocessen hvor det er app'en der tager kontrollen og virksomheden der prøver at følge med?
 - Føler du at I har kontrol med udviklingen ift. hvilke markeder app'en spreder sig til?
 - Føler du at I kan følge med?
 - Hvilke forbehold gør I jer?
- Hvordan vil I øge globaliseringsgraden i fremtiden?
 - Er der fokus på nogle nye markeder?
 - Vil I ændre i jeres marketingstrategi?
 - Hvilke udfordringer ser du ifb. med jeres fremtidige globalisering?