

MNGT-E2009

International Strategy

Session 7 – Born globals and platform business internationalization



Aalto University
School of Business

Perttu Kähäri

Aku Siukosaari, Wolt

September 27, 2022

Agenda

- **Why** do start ups internationalize from the Day 1?
- **How** do start ups internationalize from the Day 1?
- Platform business internationalization
- Learning from the internationalization of *Wolt* – Aku Siukosaari

Feedback session with the student teams on the LeanLab case study

Between 23-30 September



Next time: Internationalization of individuals

Thursday 29 September, Linyu Liu

- What does internationalization means for an individual
- How can one foster a multicultural mindset?
- Individual internationalization in the corporate context
- Margit Suurnäkki, DBA and a leadership and HR professional in MNCs, will speak about her expatriation and repatriation experience



Forum post comments

- **CSR, greenwashing, green capitalism – equity vs equality arguments**
- **Profit maximizing and sustainability, can it work given a set of constraints?**
- **The role of public policy & reforms to enforce sustainability, perhaps creating the constraints in which firms can be firms (i.e. operate for profit maximization, carbon credits) – Should this differ comparing MNCs from developed vs developing countries?**
- **ESG scores**
- **H&M case**
- **Global supply chains have created jobs and opened new opportunities for economic and social development, especially in developing countries**
- **Game Theory: Acting sustainable vs profit maximizing**
- **Who is the key stakeholder in the revolution to true sustainability?**

Why do start ups internationalize from the Day 1?

How are born globals different? (Cavusgil & Knight, 2004/2015)

- Born global firms tend to market value-added offerings – **innovative, cutting edge, differentiated, and unique**. Often, these offerings spring from advances in science, technology, or design.
- The leadership of born global firms is often driven by **change agents** (founders or employees) who champion the export initiative, and rally others behind the internationalization effort.
- These change agents possess an **entrepreneurial orientation** and mental models that seem to “discount” the risk of going international.
- The leadership of born global firms is **motivated by a worldwide clientele** for their offerings; they discover that reaching a transnational profile of customers around the globe is now feasible.
- Born global firms tend to be very **effective in building global networks** of collaborators – distributors, agents, representatives, and suppliers.
- Nations with **small domestic markets** tend to nurture a disproportionately higher incidence of born global firms.
- Importantly, the typical early internationalizing firm possesses **deeper capacity for innovation**, and often the ability to serve customers in innovative ways.

Drivers of upsurge of born globals (Kuemmerle)

Technological progress

- Fast, low-cost telecommunications connections
- Evolution of Internet
- Digital distribution, e.g. App Store, Google Play

Transportation progress

- International airline competition
- Lower cross-border shipping costs for goods

Entrepreneurial venture path is an ongoing matching of its perceived opportunities to its available resources (Kuemmerle)

Opportunities

- Demand for a new product or service
 - Demand for an existing product or service delivered at lower cost or through a new business model
 - Selling existing products or services in new geographic markets
 - Common to opportunities is the uncertainty about their size and exact nature.
 - Customers almost never accept an entrepreneurial idea in its original conception.
 - Usually the entrepreneur needs to experiment before finally getting it right.
-

Resources

- Financial capital
- Specific talent and human capital
- Information useful for pursuing a business opportunity
- Risk-capital providers that can offer more than financial capital
- Social and professional networks.

Key challenges and competencies for global entrepreneurs (Isenberg)

Challenges

- Distance (also psychic!)
- Context
- Resources

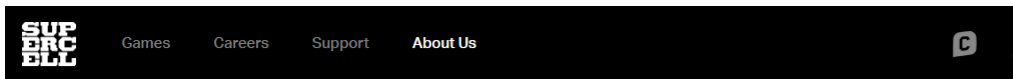
Competencies

- Articulating a global purpose
- Alliance building
- Supply chain creation
- Multinational organization

Why go global from the Day 1?



Let's explore the Supercell story



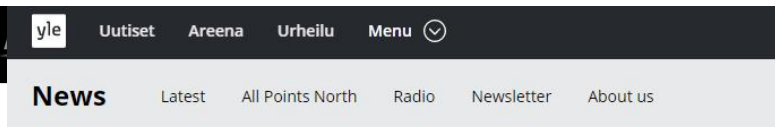
SUPERCELL

Supercell is a game company based in Helsinki, Finland, with offices in San Francisco, Seoul and Shanghai. Since our launch in 2010, we've brought five games to the global market – Hay Day, Clash of Clans, Boom Beach, Clash Royale and Brawl Stars. Our dream is to create great games that as many people as possible play for years and that are remembered forever.

Read more about us and our history below.

400 Supercellians	4 Offices	40+ Nationalities	5 Live Games
----------------------	--------------	----------------------	-----------------

<https://supercell.com/en/about-us/>



Supercell could become "first truly global games company"

Supercell CEO Ilkka Paananen says that a deal to sell 51% of his firm to Japan's SoftBank and games developer GungHo OnLine Entertainment may accelerate Supercell towards becoming the first truly global games company.



CEO and founder of Supercell, Ilkka Paananen, relates that his long-time dream has been to make the game developer into a global company. A worldwide reach requires a firm foothold in Europe and America, but also in the important Asian markets in Japan, Korea and China. "No games company has achieved that," Paananen points out.

Group discussion

- **What was their motivation?**
- **What did they think about being global?**
- **How did they make it happen?**

How do start ups internationalize from the Day 1?

Find your market – trial and error

s://www.ecolane.com/about-ecolane/locations



Ecolane USA WAYNE, PENNSYLVANIA

Ecolane USA, Inc. is a wholly-owned subsidiary of Ecolane Finland and is headquartered in Wayne, Pennsylvania just 20 minutes outside Philadelphia. As a leading provider of transportation software solutions, Ecolane USA has a staff and office presence spanning Pennsylvania, Iowa, California, and New York. In operation since 2008, Ecolane USA is the home to our customer support and executive teams.

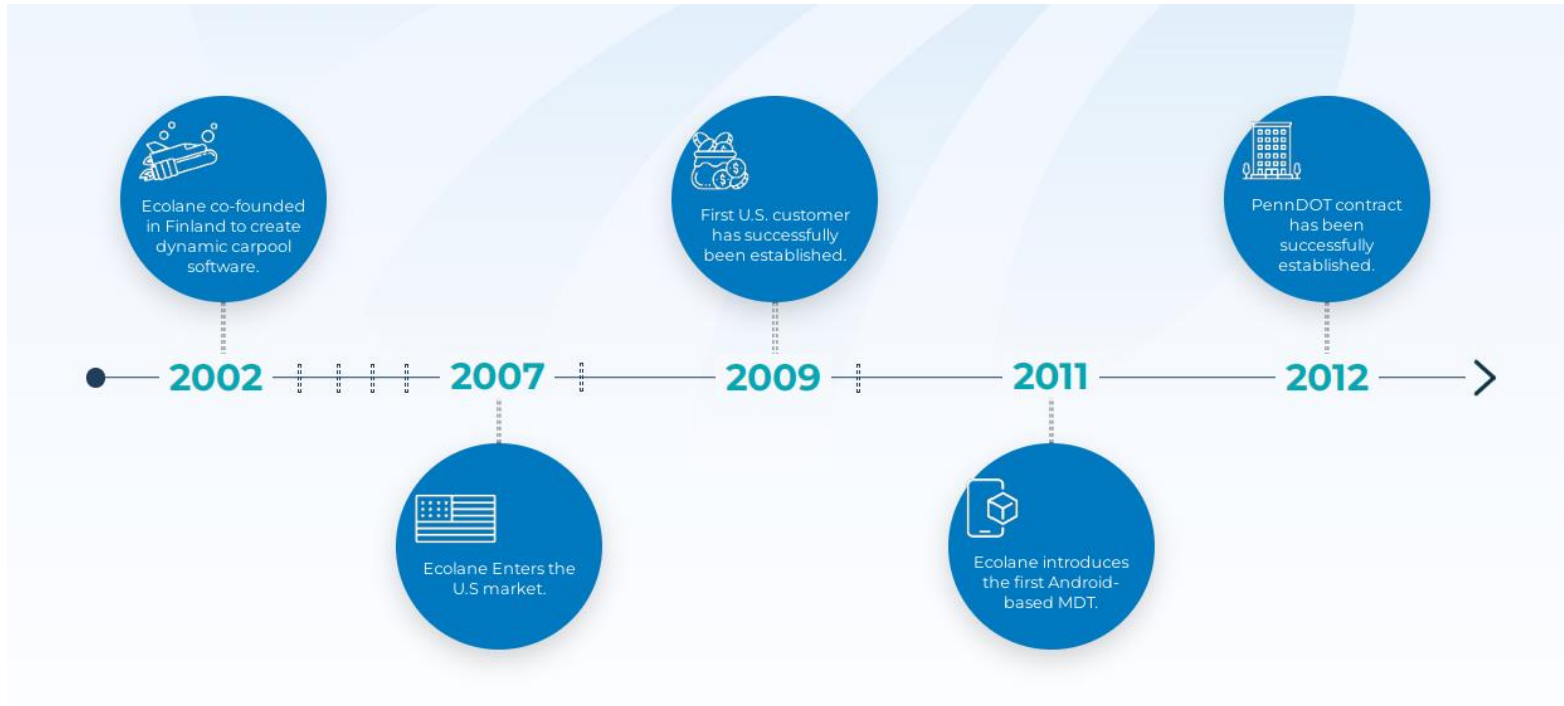
Ecolane Europe ESPOO, FINLAND

Ecolane Finland is located in Espoo, Finland just a mere 20 minutes outside of Helsinki, and is largely responsible for the platform's technical development. In 2009, Ecolane Finland was ranked in the top 10% for the strongest companies in Finland, and was awarded a "Strongest in Finland" certificate to denote its creditworthiness and reliability. Ecolane Finland is privately held, and its shareholders and financial partners remain committed to the sustainability and long-term success of Ecolane.

Learn more about our Ecolane Finland office by visiting [this page](#).



The Ecolane Story



Be where you need to be

ABOUT US



AppGyver®

AppGyver is the leading provider of innovative app development tools suitable for novice and seasoned developers alike. Founded in 2010 and with offices in San Francisco, U.S.A and Helsinki, Finland, AppGyver has earned the trust of over 150,000 developers and top Fortune 500 companies worldwide. In 2014 AppGyver was a winner of The Red Herring Europe 100 award.

FOUNDERS:

Marko Lehtimäki (CEO) & Henri Vähäkainu (COO)

2

Offices, Helsinki
& San Francisco

20

Employees

2010

Year of foundation

150K+

Users trust
AppGyver's platform



Aalto University
School of Business

Source: AppGyver website

27.9.2022

17

SAP News Center /
Press Room

SAP Acquires No-Code Development Pioneer AppGyver

Newsbyte by SAP News
February 11, 2021



Where is everyone?

Global Startup Ecosystem Ranking (Top 30 + Runners-Up)

	Overall Ranking	Performance	Funding	Connectedness	Market Reach	Knowledge	Talent + Experience	Change in ranking from 2021
Silicon Valley	1	10	10	10	10	10	10	0
New York City	2 (tie)	10	10	9	10	5	10	0
London	2 (tie)	9	10	10	10	6	10	0
Boston	4	10	9	8	9	7	9	▲ +1
Beijing	5	10	8	3	9	10	10	▼ -1
Los Angeles	6	9	10	7	9	7	9	0
Tel Aviv	7	9	8	10	10	6	8	0
Shanghai	8	9	6	1	9	10	9	0
Seattle	9	8	7	6	8	8	8	▲ +1
Seoul	10	7	9	7	5	8	7	▲ +6
Washington, D.C.	11	8	6	8	7	3	8	0
Tokyo	12	5	8	1	4	9	9	▼ -3
San Diego	13	8	4	3	8	7	6	▲ +8
Amsterdam-Delta	14	5	7	10	6	1	7	▼ -1
Paris	15	1	8	7	1	1	8	▼ -3
Berlin	16	6	7	8	4	1	6	▲ +6
Toronto-Waterloo	17	1	9	9	3	1	7	▼ -3
Singapore	18	1	9	4	8	1	5	0
Chicago	19	4	6	5	6	1	7	▼ -4
Sydney	20	7	5	6	5	1	5	▲ +4

Should everyone go to Silicon Valley?

(Lessons from the Valley by Chris Vargas)

WHY NORTH AMERICA?

- Large, Integrated market (faster-to-scale)
- Highly Competitive
- Resource-rich ecosystem
- Reasons to go
 - Customers
 - Partners (to achieve scale, exit)
 - Resources (unique skills)
 - Investors (who add value >> local)
- ***Caution: Cost & talent war***

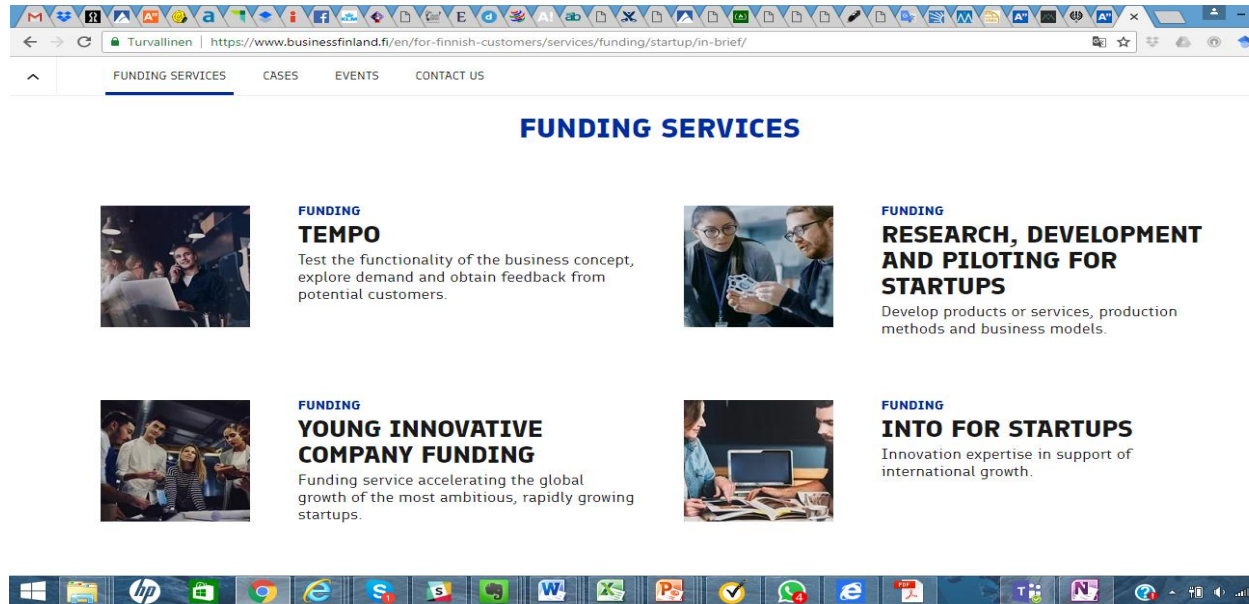
INVESTOR EXPECTATIONS

(of startups from small, cold, Northern countries...)

- Arrive by introduction
- Focus on Markets & Traction
- Prove you can compete in the NA market
- Show a (very) compelling growth plan
- Come with a clean cap table
- Be an 'Inc.'
- Be significantly better than the alternatives nearby

Who can help start ups and how?

- **Business Finland**
- **Incubators**
- **Accelerators**
- **Investors**
- **Slush and other events**
- **Other entrepreneurs**



Nedecon – the first Internet company listed in Finland

2.2.2000 Nedecon announces its intention to buy a Singaporean new media company with 1,7 M€ revenues and 60 employees through a share exchange.

8.2.2000 Nedecon and Siemens start a cooperation in internet solutions for large companies. The goal is to deliver all the services and solutions necessary in e-commerce on a global basis.

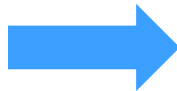
23.2.2000 Nedecon announces the acquisition of two Finnish management consulting companies, Sedecon ja Globile for 6,2 M€. The transaction is a share exchange.

28.2.2000 Nedecon acquires Focusnet Group operating in Asia and specializing in network solutions. The intention was made public in January. The revenues were 2,3 M€. The Group is operating in Singapore, Hong Kong and Shanghai with new offices being opened in Bangkok and Suzhou, China.



1.6.1999 An internet company Nedecon is listed in the Helsinki Stock Exchange. Revenues 16,3 M FIM (2,7 M€) and profit 0,3 M€. Stock price 5 € at listing.

8.2.2000 Nedecon stock jumps by 70 % to 30,65 €.



6.4.2000 Small tech stock prices are falling for the third consecutive day. "There's a mass hysteria. No-one is buying, everyone's afraid", a broker says.

11.5.2000 Nedecon postpones a share issue planned for the institutional investors due to uncertainty in the market.

Nedecon – the first Internet company listed in Finland

18.5.2000 Nedecon's Q1 result is 0,5 M€ on loss. The Asian operations are making losses due to heavy investments in expansion. The revenues are estimated to grow by 200 % in 2000.

13.9.2000 Nedecon and China Unicom start a strategic cooperation in sms ja wap internet services in Shanghai.

26.9.2000 Nedecon and Endero announce a merger – revenue target over 100 M FIM (16,7 M€). The company with 240 employees will operate under the Endero brand. **Nedecon divests its loss-making operations in China and Asia.**

16.11.2000 Nedecon reports a 3,2 M€ loss in Jan-Sep.

18.5.2001 Endero ensures it has enough funds despite a 1,0 M€ loss in Q1. The company announces a 30 % organic growth target with a 10% profit margin.

18.2.2002 Endero stock is moved to the watch list due to lack of information on its funding and planned merger with the majority owner Terra Nova Group.

Group discussion

- **What went wrong?**
- **What are the risks for Born Globals?**

Aku Siukosaari

Wolt



Aalto University
School of Business