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Strategic analysis of the development in the United Kingdom by ActiveMe, a Belgian high-tech start-up

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Foreword

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From my experience in London, I would like to thank the inspiring people I met and who have indirectly contributed to the development of this thesis.
I would particularly mention Laurent, Yichen, Oleksander, Loukas and Raba.

Also, I would like to thank my friend Mathieu for his help and advice regarding my thesis.

Finally, as this master's thesis represents the end of a long educational process, I could not be more grateful for my dear family who supported me through all these years of struggle. Especially my parents for their love and for having provided me, during all these years, with an environment conducive to my development. Last but not least, I would like to thank my brother, Thomas, as he has been and will remain my greatest source of inspiration.

You have positively contributed to the man I am today. Thank you for that.

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1. Introduction

For a long time, I have been astonished by the capability of some small companies to rapidly adapt and successfully spread to new markets. How do they do? Which growth strategy do they use? What are the factors they use in order to expand themselves in a new geographical market? On which basis can we say that a company is really improving?

With all these questions in my mind, I have therefore decided to use the opportunity provided me by the university to take part in an internship program that could help me to explore this world and find some answers to my questions.

ActiveMe is a Belgian high-tech start-up company that creates, produces and sells technologies such as the virtual reality, the augmented reality for promoting brands by offering interactive experiences to users. With the eagerness to generate more growth, I was sent for a mission of three months on the United Kingdom (UK) market in order to prospect and define the responsiveness of this market.

The purpose of this thesis is to establish what would be the ways for ActiveMe to grow up and develop itself in new geographic markets by generating new growth.

This thesis is divided into two main parts. First, a theoretical part, where I focus on definitions, concepts and theoretical researches. In this part, I will begin with the simple question: What is growth? Given some definitions and examples, we will then explore two main types of growth generally used by companies: organic growth and external growth. International growth, part of the organic growth, will also be detailed.

The second part of this thesis is devoted to the application of the theoretical part on a practical case study. The objective is to determine ActiveMe's key factors to compete on the UK market. To do so, I focus on two research questions:

- Among the two previous growth strategies detailed, which one seems the most suited regarding ActiveMe?
- How is the responsiveness of the UK market regarding ActiveMe's capacities?

The answer of the first research question will determine the analyse of the second one. Indeed, each type of growth has its own particular way to be analysed.

Through all the elaboration of this thesis, I will support my affirmation with theoretical research, research fields, management tools, interviews. My experience of my three months' mission experience will also serve to justify statements that are made.

From what stand out of this thesis, a discussion will be drafted including some recommendations that may be useful for ActiveMe for achieving its objective to generate new growth in the UK.

Finally, I will conclude this thesis by resuming the main points and by defining the limits of it.

2. Growth levers of the firm

Before focusing on ActiveMe, it is necessary to set the theoretical concepts that the company could use to reach its objectives. This theoretical part is devoted to two different types of growth: Organic growth and External growth. At the end of this part, a summary table provides a complete overview of the benefits, the obstacles and the focal points of each of these growth strategies concepts.

2.1. Definition of growth company

Company growth is directly associated with the terms “growth” and “prosperity”, synonym of the development of a company in terms of size and profit. Growth can be defined as an *increase in size or an improvement in quality as a result of a process of development…* and *…the continual extension of the range and nature of the activities of an organization* (Penrose E. , 1959/1995). Jacquemin and Janssen define growth company as *a result of an increasing demand of products or services of a company. As a first step, the effect will be to boost their sales. As a second step, company could generate wealth by investing which will lead to improve its production capabilities in order to adapt itself to the new demand level* (Jacquemin & Janssen, 2009).

Many factors exist and can be taken into account in order to define how growth company evolve. Assets, equity, return on investment (ROI), cash-flow, added value, financial indicators, etc. But two factors are considered as more appropriate to evaluate growth company: sales and employment (Jacquemin & Janssen, 2009).

Most of the time, sales increase tends to precede improvement of production capabilities such as new employment. However, it is not necessarily always the case. Indeed, sometimes sales increase does not mean new employment or acquisitions of new capabilities, as those may for example be outsourced. Also, reaching the next productivity step may be done without hiring new staff (Jacquemin & Janssen, 2009).

Although we could think that the main goal of companies, since the very beginning of their launching, is to meet growth in terms of profit, size, development, or a combination of those factors, it is not always the case. Indeed, for some companies, and especially small ones like start-ups or small and medium-sized enterprises (SMEs), growth company is usually related to dilution of ownership, loss of autonomy or delegation of authority (Jacquemin & Janssen, 2009).

Since some years now, cards have somehow been redistributed as start-ups and SMEs, also known as “Les Gazelles[1]”, as those have been characterized by high growth company and the generation of high levels of employment (Jacquemin & Janssen, 2009).

In the past, several types of growth have been demonstrated and have made their proof. In this part, we will have a look at two particular types of growth strategy, respectively organic growth with a special focus on international and external growth. We will then focus on the most relevant one in the case of ActiveMe.

2.2. Organic growth

Organic growth is a type of strategy used by the firm and which consists in building and developing the organization’s own capabilities (hence the name “internal”). It is based on means of productions, research and development, distributions, and it is created by the financial, human and technical resources of the organization. For most companies, the organic development is the primary of growth (Johnson , Scholes, & Whittington, 2008).
This strategy is generally adopted for the three reasons summarized in Figure 1 and explained below. Those are Market Investment, Research and Development (R&D) and Physical Investment (Sollner, 2009).

[1] “Gazelle” is a term used in the business language to denominate a young, agile, company with a high growth potential.

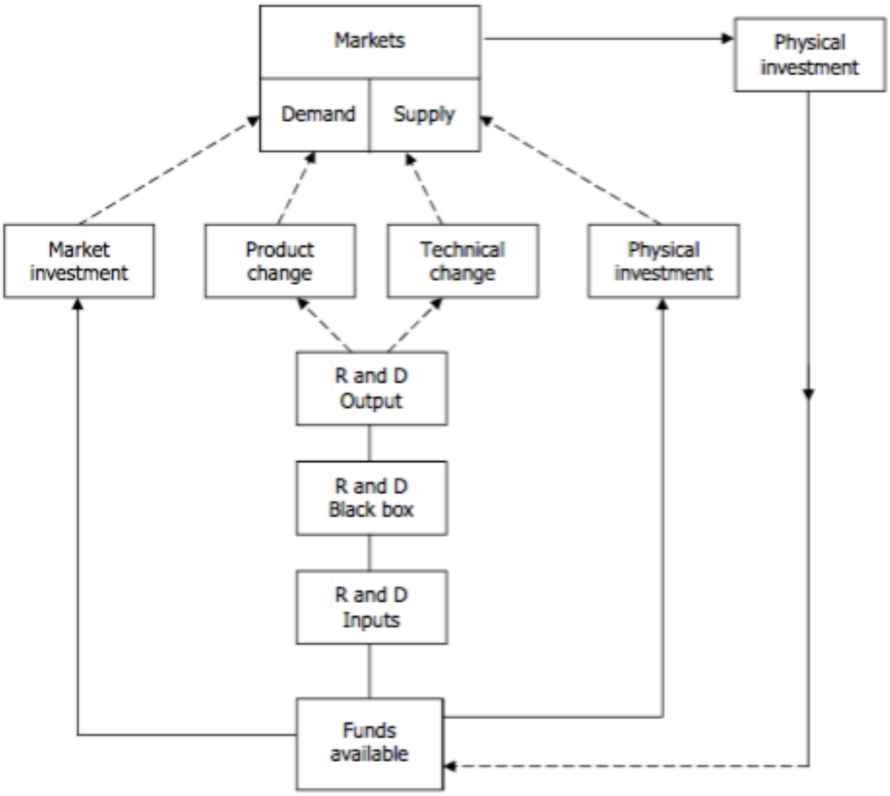

Figure 1. The main strategies of internal growth (Söllner, Internal versus External growth of a company, 2009, p. 16).

2.2.1. Research and development

Research and development is the major key to success in a competing world where companies are continuously fighting for gaining more and more market shares. Particularly in the context of digitalization and the increasingly accelerated technological change, companies are forced to invest each year a part of their gains in order to remain competitive, innovative, and to create value in the future. According to the European Commission, the investment in research and development (R&D) increased by 5% in 2015 as compared to 2014 (European Commission, 2015). Moreover, Figure 2 shows us that the growth in R&D takes another way of increasing in the High Tech sector especially in the US. Indeed, The Software, Internet and Computer Science sector, where ActiveMe is actively present, is near to reach 50% of R&D intensity[2].

As we see in Figure 1, expenditures in R&D are made on R&D inputs such as scientific research and technological facilities. The R&D Black box represents the production functions responsible for the transformation of R&D inputs into R&D outputs, i.e. something valuable

[2] R&D intensity is defined as the ratio between R&D expenditure and GDP (OECD, 2011).

for the firm. The results are new, innovative, products or technical change, such as the optimization of the supply chain (Sollner, 2009).

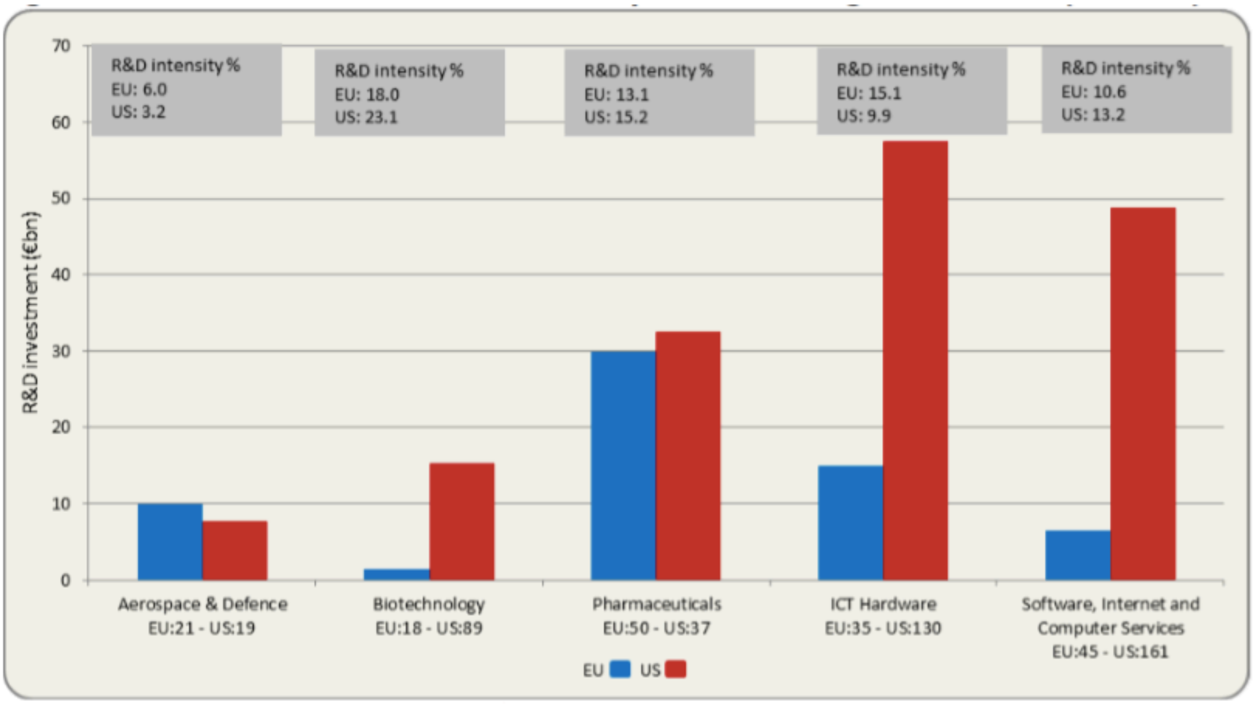

Figure 2. R&D investment and intensity of some high-tech sectors: EU vs US (European Commission, 2015, p. 7).

2.2.2. Market investment

The main way to feed organic growth is to increase the company's sales targets, i.e. its clients' portfolios. This can be achieved by geographic expansion and/or an increase in revenues from existing customers (Sollner, 2009). Those two means are detailed in the following two points.

Geographic Expansion

Geographic expansion is a strategy used by many firms in order to keep increasing sales. Traditionally, firms start to operate in their country of origin with the objective of securing their market. Once this market is secured, the tendency is to explore different geographic markets and start exporting overseas (Kazanjian, Hess, & Drazin, 2006).

Today, with the impulse of digitalization and the appearance of unicorn firms[3] like Uber or Airbnb, the tendency for new companies, even before their launch, is to be present globally, meaning everywhere. They are no more physically present as traditional shops could be at the corner of the street. The special features with these new companies are that they are focused on solving problems of the day-to-day life by generating disruptive solutions (Caudron & Van Peteghem, 2014). As an example, Uber was conscious of difficulty people have to get taxis and the problems related to the high prices they charge. Today, they are the largest taxi company in the world while they do not own vehicles. As indicated on Figure 3, next-gen companies, which are digital, innovative and disruptive companies take less and less years to reach the one billion dollars' valuation (Caudron & Van Peteghem, 2014). The generation of disruptive solutions, enabled companies like Uber, Airbnb and Netflix to rapidly expand globally.

Figure 3. Years for companies from founding to $1B valuation (Caudron et al., 2014).

The growth strategy behind those disruptive companies are that they focus on geographic expansion and long-term potential to generate growth instead of high revenues, low costs and big profits as it is the case for most traditional companies (Caudron & Van Peteghem, 2014). The real tip behind the geographic expansion is to invest all the revenues generated within the company to constantly increase the market share. As an example, Amazon does not make any money since nearly 20 years, when its has been launched. As indicated on Figure 4, although

[3] Term employed to designate tech startup companies reaching a $1 billion dollar market value (The Economist, 2015).

the company generates massive revenues, the net income is very low meaning that they spend all their revenues for the expansion of the company (Rosoff, 2016).

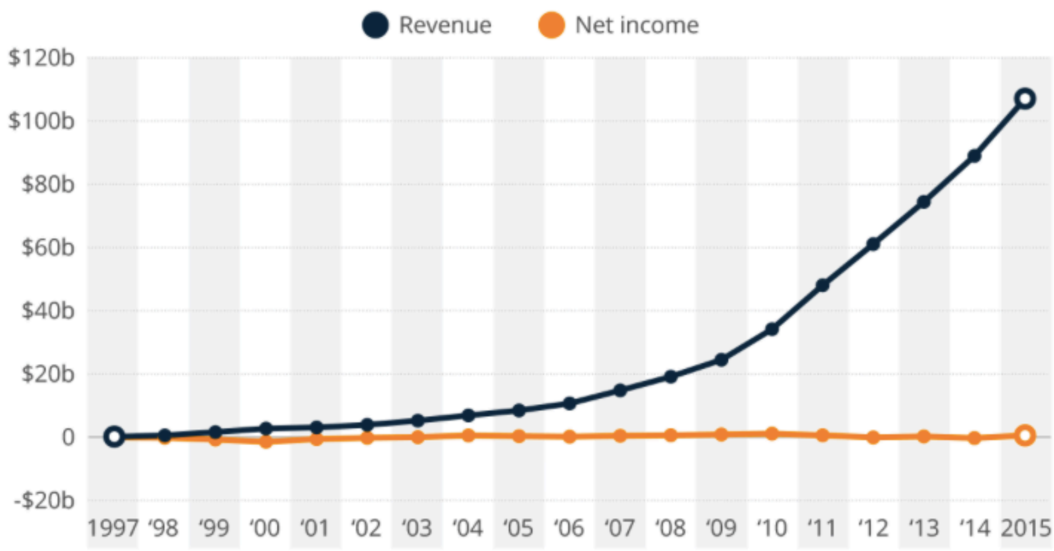

Figure 4. Revenue and net income of Amazon (Rosoff, 2016).

The growth in revenues from existing customers

A key factor to increase the sales of a company is to target the existing customers and to seek ways of doing more business with them. Companies must be able to offer a set of high-quality services closely linked with customers, from the design of products to the customer systems through the operations and the supply chain. Those services including the development of strong customer management aiming to maximize the conversion of prospects into customers by using tracks as trust, loyalty, reputation of the company, should lead to better performance. This requires understanding the clients' needs to meet their expectations (Bowman & Narayandas, 2006).

2.2.3. Physical investment

Physical investments in new capacities such as buildings, machines, vehicles, … also contribute to organic growth because of the positive repercussion it has on the operation side especially on the research and development process. (Hitt, Ireland, & Tuggle, 2006).
Although it does not directly contribute to the internal development of the firm, those investments play a central role in developing the competitiveness required for growth (Kazanjian, Hess, & Drazin, 2006).

2.2.4. Other factors

Knowledge

Knowledge is probably one of the primary conditions in the organic development strategy as it is seen as being an intangible strategic resource impacting firms' productive resources. Because companies design their own strategies, they have to understand what are the major points to invest in. After the investment stage comes the implementation stage which consists in the implementation of the solution. Therefore, not only the management but all the people working for the company should constantly update their knowledge and abilities. It will allow them to accomplish tasks better but also allows them to gain new insights which means that from the application of existing knowledge will result new knowledge (Garud, Kumaraswamy, & Sambamurthy, 2006). For increasing that state of mind and perpetuate cycles of growth, companies need to develop high standards of quality by implementing successful processes and procedures to use knowledge as a leverage to growth (Hitt, Ireland, & Tuggle, 2006).

People, organizational structure and leadership

People are pillars of the company and must be considered as central to the process of internal growth. On the one hand, and according to Seller, *organic growth requires a consistent focus and appropriate allocation of resources by senior leadership through the articulation of a clear strategy as well as the design of the associated social architecture necessary for implementation* (Sollner, 2009). On the other hand, everyone belonging to the company must actively take actions and explore new ways of creating value.

2.2.5. Advantages and limits of organic growth

The organic development needs to be perfectly applied to keep the best value of it. Five advantages of the organic strategy can be enumerated (Angwin, 2014):

- Developing a company on an internal way by being involved within a new market or developing a new technology is susceptible to improve the company's knowledge, allowing to get a first-hand knowledge likely to be internalized by the company rather than outsourced.
- It allows companies to spread investment over time, meaning a saving from the upfront.
- There are no availability constraints, which allows companies not to be dependent on an uncertain suitable acquisition from another company or potential alliance partners to grow. In other words, they can grow on their own and do not have to wait for a possible acquisition which may take time to happen.
- They beneficiate from a strategic independence through organic development while in a merger and acquisition's (M&A) perspective, companies usually have to make compromises between each part.
- The process to deal with culture management is easy. It allows to reduce the risk of a culture clash by creating new activities in the existing cultural environment.

The many assets of cultural growth do not necessarily imply a successful development. It is also characterized by several limits:

- Developing capabilities can be slow, expensive and risky.
- Organic growth does not always provide keys for allowing the cutting edge leaps in terms of innovation, diversification or internalization. In other words, some companies can sometimes feel stuck unable to reach the necessary development gap.

2.2.6. Characteristics of successful internally growing companies

Internally growing companies have been strongly investigated by Joyce with the objective of putting in light the key characteristics successfully influencing internal growing companies. His researches are based on a ten-year period determining “laureates”, developing efficient proven characteristic records to internal growth.

The successful internally growing companies operate within flat formal structures supporting high performance culture based on a responsive decision-making structure, built and strengthened around effective strategies and execution.

Throughout the whole study period, results demonstrate that these companies outperformed at disciplined execution by constantly refreshing and adapting their practices in order to strengthen their competitive advantage. They perform both internal and external strategies (explained below) as they arise. Surprisingly, acquisitive programs are privileged in the first years, followed by organic growth plans to finally find a balanced growth strategy (Joyce, 2006).

2.3. External growth

As an alternative to organic growth, external growth takes place outside the company and consists in finding opportunities from other companies (Johnson , Scholes, & Whittington, 2008)

The main objective of external strategy is usual to find other companies which have something in common with the studied company, and to find out synergies that could be achieved. Indeed, the company may get outputs already existing, coming from another company or part of a company.

Two common practises resulting from external strategy: mergers and acquisition. An acquisition, also known as a takeover, consists in an organisation taking the ownership of another organisation as the result of the buying of this company. A merger is a combination of two companies in one larger company, which is characterized by a mutually agreed decision to form this larger company (Johnson , Scholes, & Whittington, 2008). A merger may be interpreted as an acquisition but instead of it, from two entities, a new one is created with the result of a new company with a new entity name (Sollner, 2009).

Mergers and acquisitions take place worldwide and are usually made on a major scale but tend to happen cyclically (Muller-Stewens, 2000). Globally, more and more mergers and acquisitions are made each year and the trend is a gradual increase. Figure 5 and its curve on annually traded values show the cyclical nature of M&A (Institute for Mergers, Acquisitions and Alliances, 2015).

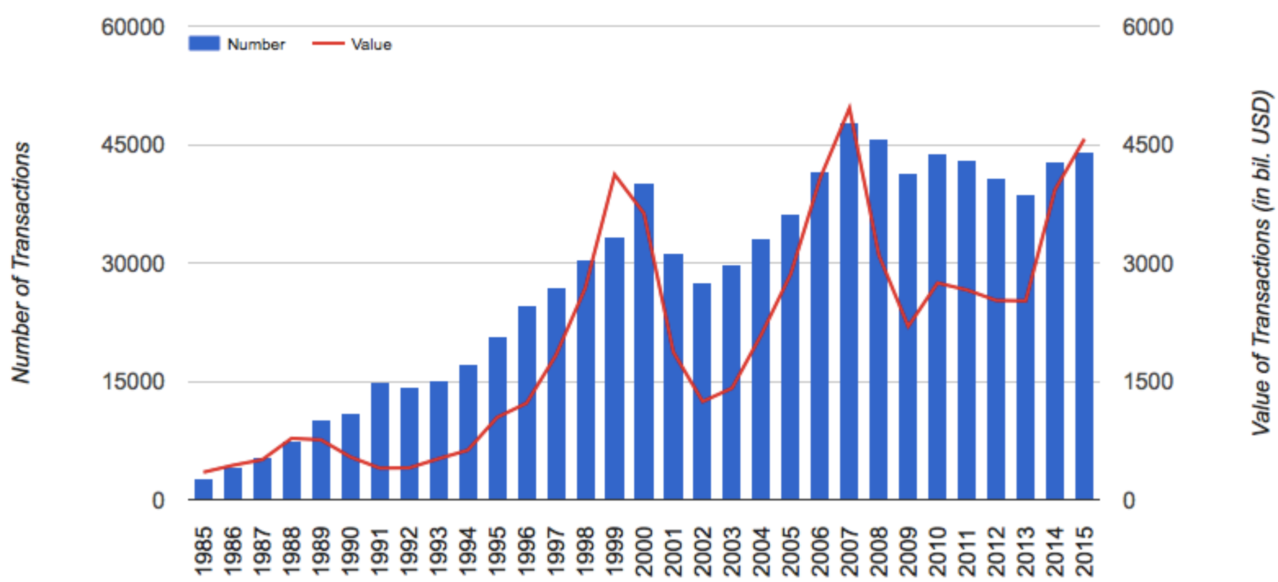

Figure 4. Number & Value of M&A Worldwide ($bn) (Institute for Mergers, Acquisition and Alliances, 2015).

2.3.1. Motivations for M&As

In 2014, expanding customer bases and/or diversification were the major motivation sources of M&As (Deloitte, 2014). Those reasons have been confirmed in 2015 for the second straight year (Deloitte, 2015). There are however other sets of motivation explaining M&As (Johnson , Scholes, & Whittington, 2008):

- Keeping up with the market environment
    - Speed of entry.
    - The competitive influence.
    - Consolidation opportunities.
    - Financial markets.
- Capability considerations
    - Exploitation of strategic capabilities.
    - Cost efficiency.
    - Obtaining new capabilities.
- Driven by Stakeholder expectations
    - Institutional shareholder exploitations.
    - Managerial ambition.
    - Speculative motives.

Complexity of M&As

Although there are various incentives for M&As, those *are complex events in organizational life for which we have incomplete understanding, in part because researchers have tended to consider only partial explanations of them* (Larsson & Fingelstein, 1999).

Those practices have been the subject of many studies. First, through the field of strategic management as a method of diversification with a focal point on the motivations and performance effects. Second, research in economics has underscored effects of economies of scale and market power as motors for mergers. Third, many financial researchers have examined acquisition performance from a stock market point of view. Fourth, post-combination integration process has been paying attention to many organizational field work. Last but not least, research in human resource management has demonstrated psychological issues. The global result is controversial and tends to cope with some resistance due to the multifaceted phenomena and the incomplete and partial application of theories from unrelated fields

(Larsson & Fingelstein, 1999).

A major factor that usually occurs and impacts negatively M&A process is the culture factor. Being acquired by a firm with a different vision and corporate culture than you may increase tensions and hostility between the two actors. That's why some companies are reluctant to implement such changes. Indeed, many studied studies have proved that culture difference increases the probability of M&As to fail. This probability is even bigger when two firms are rooted in different national cultures (Barkema & Vermeulen, 2009).

On a practical view, more than the majority of M&As (around 60% and 70%) tend to fail in creating value (Bascle, 2015, p. 35) and only 14% of large firms have specific guidelines to choose between growth mechanisms (Kreutzer, 2012).
Indeed, 57% of CEOs of large US firms are **not** satisfied by the procedures in place to evaluate potential M&As (Bascle, 2015).
Reported from Bascle, three reasons explain why M&As are likely to end up diminishing overall value (Bascle, 2015):

- Before the acquisition, CEOs tend not to follow, and therefore not to respect, the acquisition agreement adequately. According to the former chairman and co-CEO of Citigroup, *Mergers fail because the deciders are not in the heart of the details... It's like putting an engine in a car; if you don't have the proper connections, the car won't move. Mergers are successful when people involved are maniacs with details and precision* (Sanford, 2009).
- Mergers and acquisitions are most of the time expensive and tend to overpay the deal due to the large acquisition premium (Dyer, Kale, & Singh, 2004).
- After the acquisition, CEOs have the tendency to fail integration steps (Boateng & Bampton, 2010).

However, the most common mistake is still, by far, an overpay acquisition due to a lack of experience in acquisitions coupled with poor financial advice (Johnson , Scholes, & Whittington, 2008).

As an example, Omega Pharma, managed by Marck Coucke, was recently acquired in 2015 by the group Perrigo for 3,8 billion €. Today, it seems to be confirmed that Perrigo has overpaid the deal. Indeed, the following months of this acquisition have confirmed that feeling: Omega

Pharma’s products didn’t meet the expectations, the former CEO Marck Coucke and member of the administrative board at Perrigo was recently fired from its position. Most recently, the group has re-evaluated Omega Pharma for 410 million € (Trends tendances, 2016).

M&As capabilities

M&As don’t happen everyday. It is usually something very occasional which disrupt people impacted in this process. Having good knowledge on developing M&As integration capabilities help people to positively stimulate the change allowing to decrease chance of failure, increase effectiveness of implementation (Gates, Heimeriks, & Zollo, 2006).
Referencing to experienced companies in this field, make researches allow to develop M&As practices that contain three main advantages (Gates, Heimeriks, & Zollo, 2006):

- Sharing prior experiences
- Fostering transparency in the integration process
- Building commitment towards integration process

Situation when only external growth is possible

Situation when only external growth is envisaged occur when companies want to take over a monopoly company in its sector. The reason of this acquisition results from the exclusive take over of rights, brands, patents, licenses, raw materials, personnel or a certain location. Moreover, because internal development requires sometimes too high expenditures for R&D, geographic expansion,… due to entry barriers, acquisition is usually the only way to enter a market (Sollner, 2009).

Characteristics of successful externally growing companies

The more a company increases in terms of size, cash-flows, plants, productivity and efficiency, the more that company will be considered as a buyer rather than a target. Because they perform better and faster than average coupled to effective management and capacity to support higher debts, they are able to carry out an acquisition (Andrade & Stafford , 2004). Therefore, the probability of buying other firms within a given industry increases with the rise of the company. Compared to the reality, about 80% of all targeted companies, merged and acquisitioned, are factories and result from below average in size (Maksimovic & Phillips, 2001). It is explained by the fact that the majority of less productive companies tend to sell during phases of industry expansion because of the developing economy, which leads to high opportunity cost (Maksimovic, Philips, & Prabhala, 2008).

In a manufacturing environment, typical buyers only operate 54% of the acquired plants three years after completing takeovers (Sollner, 2009). This trend indicates that they are eager to control the whole target firm even if they only care about some parts of it. Indeed, they usually need only parts of the plants they acquire to link it with their current activities.
Although takeovers represent a major cost and seem to be unreasonable, they appear to be economically rational if acquirers are skilled to integrate its peripheral divisions to its main activities. Buyers adapt their new integrated companies according to comparative advantages in terms of synergies and opportunity costs of operating the plants. The production and operating improvements are significant for them if their profit margins are high and that the opportunity cost the company faces for its operating assets are positive (Maksimovic, Philips, & Prabhala, 2008).

Buyers in mergers and acquisitions tend to be substantially smaller than buyers of full and partial branches, carrying out more plants in a larger diversity of industry environment. Types of buyers can also be distinguished within the merger and acquisition market where buyers are relatively much bigger than the sellers compared to the partial firm market composed of large conglomerates (Joyce, 2006).

M&As occurring with technological companies are also made but usually from only one way. Traditional companies acquire technological companies for gaining and enhancing its technological resources contributing to its internal development. Consequently, companies with strong technological capabilities have less interest to acquire traditional companies to reach the objective in entering in foreign markets, as an example (Xiaoyun, Zou, & Wang, 2009).

Operating in diverse national countries allow to companies to develop rich knowledge structure and strong technological capabilities which allow its to increase the propagation for setting up new ventures in foreign countries rather than acquire local firms (Barkema & Vermeulen, 2009). High technological companies have the tendency to combine this capability with other capabilities such as networks and financial capital in order to set up new ventures. This may result in superior/competitive resource position in the market due to the firm's absorptive capacity compared to companies with limited technology capabilities (Xiaoyun, Zou, & Wang, 2009).

Therefore, two reasons explain why technological firms are less inclined to acquire traditional companies. The first one is because those firms have simply less to offer to technological firms. Secondly, because it is easier for them to setting up new ventures because of the technological capabilities learned from its geographical expansion (Barkema & Vermeulen, 2009).

2.4. International growth

In this part, as mentioned above (cfr Geographic expansion), we focus more specifically on geographic expansion as it seems suited to the current strategy expansion of ActiveMe, allowing to develop itself by exploring new geographical markets. As referred to the two previous detailed strategies explained, we will call it international growth. International strategy is well known by traditional companies such as Mc Donald's, Nestlé or Volkswagen. Previously, traditional companies were used to start their activities in their country of origin with the first objective of securing their market before starting exploring ways to develop themselves abroad. Today, this step-by-step approach tends not to be the privileged method by new small firms. Indeed, the digitalization era is booming worldwide and more and more of those companies are born "global[4]", building international connections right from the start. In other words, they act with the objective to be present everywhere in the world, even closer than the shop located in the corner of your street. Companies can be put on a scale determining its

[4] Global refers to a company that operates in at least more than one country (http://www.ask.com/world-view/definition-global-company-d1ddb451d2832bb8).

degree of internationalization. Results prove that globalised companies enjoy a first-mover advantage (FMA) meaning moving first and early in new geographical markets before the average competition. FMA depends on the degree of first-mover orientation (FMO), in other words, the degree of how the company is oriented to international markets. The more strongly is the company FMO the more likely the company will move early in new markets by beneficiating FMA (Tuppura, Saarenketo, Puumalainen, Jantunen, & Kyläheiko, 2008).

While internal and external growths strongly depend on your own capabilities, international growth count obviously on both internal capabilities and external environment (Johnson, Scholes, & Whittington, 2008). Figure 6 highlights the influence of the international strategy on the market selection and mode of entry, depending on internationalisation drivers on the environmental side and on sources of national and international competitive advantage on the capabilities side.

Figure 5. International strategy framework (Johnson et al., 2008, p. 294).

2.4.1. Internationalisation drivers

There are many external phenomenon impacting the way companies adapt international strategy to their own. They reflect positive factors such as international regulation, lowering of barriers to international trade, the internet, cheap air travel but also negative factors such as migration problems.

In order to achieve the benefits of international growth, a careful diagnosis of the industry conditions needs to be done by companies before starting exporting abroad and use global strategy as a leverage. This diagnosis is presented on Figure 7 and is based on four drivers: market drivers, cost drivers, competitive drivers, government drivers (Johnson , Scholes, & Whittington, 2008).

Figure 7: Drivers of internationalisation (Johnson et al., 2008, p. 297).

Market drivers

Searching for standardisation of markets should be preferred rather than unknown markets in order not to be taken aback. However, it depends essentially on customer behaviour and the structure of distribution channels. Three reasons influence market drivers.

- The presence of similar customer needs and tastes. Finding similar customer needs and tastes allows to meet demand for foreign clients in an easier way. Therefore, the key factors are to understand which aspects of the products should be standardized and which one should be customized (Yip, 1989).

- The presence of global customers. Two kinds of global customers exist: national and international customers. Global national customers use products or services like national agencies from worldwide in one country. Instead, global international customers buy and use products/services from many countries (Yip, 1989).

- Transferable marketing promotes market globalisation, meaning that the existence of global customers both allows and requires only one marketing strategy.

Cost drivers

International growth is successful when it implies lowering costs by operating internationally. Again, three components of cost drivers can be distinguished:

- Scale economies. According to the economist, *Economies of scale are factors that cause the average cost of producing something to fall as the volume of its output increases* (The Economist, 2008). While within a single country market, economies of scale may seem difficult to achieve due to the local business, they are more likely to occur in multiple markets with standardization products or concentration of selected value activities (Yip, 1989). Large benefits can be expected both on the production side and in purchasing of supplies. It explains why small countries such as The Netherlands and Switzerland are proportionately seen as much more international than the USA which has an entrenched home market. Scale economies are particularly desired in sectors with high development costs such as the aircraft industry which has high initial costs (Johnson , Scholes, & Whittington, 2008).

- Country-specific differences. Factors of costs, skills, workforce and logistics generally vary according to geographic matters. For example, workforce tends to be lower in developing continents, such as Asia, than in Europe, while design and fashion skills are more preferred in cities such as Paris, London or Milan where fashion industries are concentrated.

- Favourable logistics. The transportation costs of moving products or services across geographical borders has its importance. It seems to be logical that raw materials are easier to internationalize than assembled furniture (Johnson , Scholes, & Whittington, 2008). Other logistical factors, including no perishability, the absence of time urgency and little need for location close to customer facilities have their importance as well (Yip, 1989).

Competitive drivers

International growth should be all about "globalization" through an integrated worldwide strategy established by all actors of the market. Two elements form competitive drivers:

- Interdependence between countries should be lowered to reduce competition and therefore increase global coordination. Facilitate mutual assistance and getting used of the sharing of activities are ways allowing to reduce interdependence.
- The presence of globalised competitors in markets push other companies within those markets to think and act globally. The ability of globalised competitors to use one country's profits to support investments in another confer them a competitive advantage compared to companies with no coordinated international strategy (Johnson , Scholes, & Whittington, 2008).

Government drivers

National government rules directly influence how companies act and deploy their strategies:

- Favourable trade policies for globalization tend to promote internationalisation. Numerous factors contribute to it, including the lowering of tariffs, subsidies to local firms, intellectual properties, controls of technology transfers, etc.
- Technical standards. In years past, technical government standards tended to act in a protectionism way. The impact resulted in a limitation of standardized products (Yip, 1989). Nevertheless, with the awareness of globalization, which took place during the last decade, standards tend to emphasise open borders.

2.4.2. International Corporate-Level Strategy

Most companies face difficult questions when the time comes to setup their international growth. What kind of international strategies do they need to pursue? Do they just need to expand their products or to adapt themselves to local markets? The typical problem they face, which has to be handled, is the so-called the global-local dilemma. Evoking this dilemma allows to review a range of questions to determinate international strategies, ranging from decentralization to centralization, that best suit companies (Johnson , Scholes, & Whittington, 2008).

Four international strategy models can be distinguished and adopted, as indicated on Figure 8, depending of the international configuration of the various activities companies have to focus on, coupled to the degree of coordination of their activities (Johnson , Scholes, & Whittington, 2008).

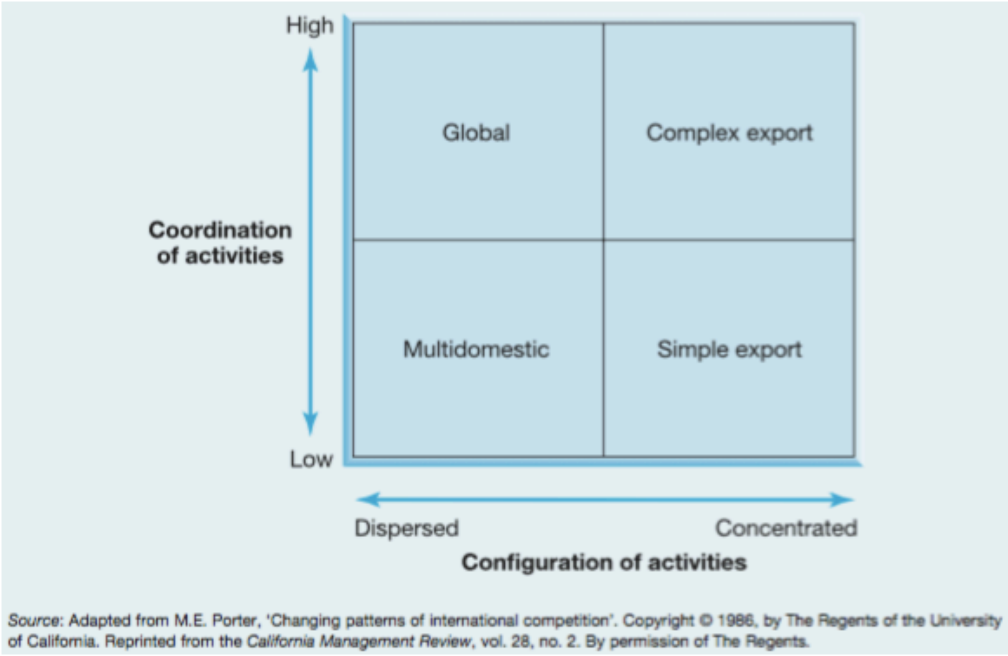

Figure 8. Four international strategies (Johnson et al., 2008, p.305).

- The simple export strategy consists in being strongly implicated in terms of activities in its home market but at the same time to coordinate loosely its activities overseas with the possible help of independent sales agents in local markets. "Simple export" is used by many companies enjoying a strong vocational advantage – e.g. exporting in boundary countries. The idea behind this is to directly support the parent company by contributing to its sales. This strategy is typically used by transferring knowledge and capabilities of the parent company to local markets (Johnson , Scholes, & Whittington, 2008).
- The multidomestic strategy is also loosely coordinated internationally but requires dispersion of various activities. Companies using this strategy are highly responsive to the needs of each local market company in order to achieve local competitive advantage (Gooderham, 2012). It requires to benefit already of economies of scale and strong connections in order to be able to adapt to local needs.
- Complex export calls for high coordination of activities such as coordinated marketing combined with concentred activities in each single country. In other words, economies of scale, pricing and branding can be managed but need to be coordinated. As an example, companies from emerging economies maintain some perks from their home countries but go forward to develop their brands and connections abroad.

- Global strategy is the most elaborated international strategy. It consists in providing standardized products to all customers around the world. It requires high skills in coordination as well as large investments.

The propagation of companies within geographical markets will often depend on its globalization intensity, e.g., speed to enter within a new market. The intensity will be influenced by successive decisions about globalization. When firms experience several previous successes on their purpose to globalization, the tendency to reinforce this current strategy will be accentuating. On the contrary, when companies face several previous failures in its geographic expansion, acting gradually or moderately will be more privileged (Kim, 2006).

2.4.3. Motivation for International growth

When firms expand themselves on foreign markets, it usually achieves it first, by sending representatives who will contribute to making the firsts steps. The idea behind that is to set up a subsidiary or being acquired by an existing local company (Kim, 2006).

Strategic choices will be made according to the firm's strategic intent for being growth or profit-oriented. When the firm focuses on growth, it will generally focus its expansion on less developed countries where the geographic area is relatively inexpensive for establishing. On the contrary, when the company is interested for generating new profit, it will have the tendency to opt for more advanced and developed countries (in R&D, installations, etc.) (Kim, 2006).

The final wish of companies practicing the globalization is to meet sustainability with globalization in their targeted countries. According to Kim, to meet this step, it asks to companies to commit large resources and capabilities, *not only financial, but also managerial and organizational* (Kim, 2006).

However, this final step seems generally to be difficult to achieve it due to a set of international constraints that especially influence small companies on its expansion way. As Barringer and Greening mention, the opening of a new geographic site is equivalent to setup a start-up that requires to select the right location, recruit and train personnel, establish organizational legitimacy, setup the right structure for growing up. Furthermore, the geographic expansion generally has to be managed at a distance from the headquarters location resulting of the absence of the owner/manager to be present on the field on a daily basis (Barringer and

Greening, 1998). This research is confirmed by Cuervo-Cazurra contrasting the fact that globalized firms enjoy internationalization knowledge resulting of a quicker expansion abroad (Cuervo-Cazurra, 2011).

2.5. Summary of the three types of growth strategy

Three growth strategies have been discussed in the first part of this thesis, namely organic, external and international growth. It allowed us to gain a deeper understanding of the various ways companies can follow in order to grow. Companies should choose the most suitable one based on sets of elements starting first with their willingness to reach their objectives, regarding their capabilities, the size of the company, the amount of funding and skills.

As an overview of this theoretical part, the two growth strategies are resumed on the figure 9 based on three points: Benefits, Obstacles and Focal points. As detailed also, the international growth, part of the internal growth, also follows this methodology.

	Organic Growth	External Growth	International Growth
Benefits	- Improve companies knowledge - Spread investment over time - No availability contraints - Strategic independence - Culture management	- Diversification - Expanding customer's base - Keeping up with the market environments - Capability considerations - Driven by stakeholders expectations	- Enhances the domestic competitiveness - Take advantage of international trade technology - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share Reduce dependence on existing markets Stabilize seasonal market fluctuations
Obstacles	- Can be slow, expensive and risky - It does not always provide keys to reach the gap (Market place limited, competitors)	- Expensive and tendency to overpay the deal - Global result is controversial	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction - Costly
Focal Points	- Make sure you have enough resources (cash-flows,…) - Make sure your marketplace present opportunities to grow - Evaluate threats of competitors	- Respect the acquisitions agreement adequately - Focus on integration's steps - Make sure you got enough ressources	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability

Figure 9: Summary of the three types of growths

3. ActiveMe

ActiveMe is a Belgian start-up company founded in 2011 by Quentin Pringiers, an entrepreneur passionate by technology. The first steps were devoted to the advert gaming development under the label PlayMe. The arrival of new futurist technologies such as Virtual Reality, Augmented Reality, Body Gesture,… has changed things and a new business model has been set up, bringing ActiveMe to light (ActiveMe, 2016).
For two years now, the company offers a range of services for promoting the marketing and the creativity of brands, by developing products including the mentioned technologies. More than that, as Dimitri Themelis, ActiveMe's Sales Manager, often reminded me and claimed in his interview, *our promise beyond the services we offer is to give the opportunity to live an interactive experience* (Themelis, 2016).

ActiveMe develops, produces and sells its own software. Its offer can be divided into two categories. On the one hand, surrounded by developers, designers and artists, the company produce end-to-end solutions, tailored to clients' needs and containing a large panel of innovative hardware. On the other hand, as the management is aware that those services are expensive, the company has recently started developing a set of interactive products. Once a product is developed, its use is licensed. This extension of their business model allows them to develop their products portfolio by keeping satisfying more clients with particular requests for activation shows in less time (ActiveMe, 2016).

ActiveMe's headquarters are based in the scientific park of Louvain-la-Neuve. The company employs five people and is used to hiring interns. Because of the nature of the developed products, the majority of the team is composed of developers, designers and artists. They are in charge of creating and producing the client's requests. At the moment, there are no specific departments within the company but everyone has a specific and strategic position in the start-up and knows exactly its role and input. Figure 10 shows the organigram of ActiveMe.

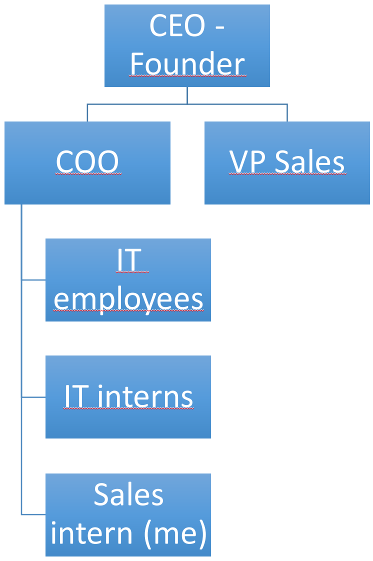

Figure 10: ActiveMe's organigram.

Regarding the financial development of ActiveMe, the company faced difficult times in its early phase. From 2012 to 2013, massive costs were made without having enough revenues to tip the balance in positive. The need to build the company, to get known among the actors of the market and to make massive investments in R&D were the main causes of the deficit. However, in 2014, ActiveMe ended for the first time the year with a positive balance. Each year since 2014, the company records positive developments (see the full results from the periods 2012, 2013, 2014 in Appendix). Figure 11 shows the net income of ActiveMe for the years 2012, 2013 and 2014.

	2012	2013	2014
Net income	-29.700,21€	-87.156,83€	13452,97€

Figure 11: Net income in 2012, 2013 and 2014.

4. Research questions

After some years spending time building ActiveMe's pillars, it is time to think bigger and take a step forward by analysing the possibility to deeply introduce the company in the UK. London, capital of the technology in Europe, might be the right place to do that. But how to do so?

Two research questions will be explored in the empirical part and will be conducted through all the following of this thesis based on the theoretical part developed.

The first question is: Among the two previous growth strategies detailed, which one seems the most suited regarding ActiveMe?

The second question is: How is the responsiveness of the UK market regarding ActiveMe's capabilities?

The analyse and the validation of the first question will allow me to move on to the second question which will require the deployment of a set of particular management tools according to the type of growth strategy selected.

5. First research question

5.1. Research methodology for the first research question

The research methodology adopted for answering the first research question is built on a set of arguments which allow me to determine the right growth strategy. My arguments are based on several supports:

- the theoretical part developed in the first part of this master's thesis:
    - Gates, S., Heimeriks, K., & Zollo, M. (2006). *Building M&A integration capabilities: How serial acquirers become master acquirers.* Centre for Strategic Management and Globalization. pp. 5,6.
      ➔ Key element: Do we need capabilities in M&A before opting for an external growth strategy?
    - Maksimovic, V., & Phillips, G. (2001). The market for corporate assets: Who engages in mergers and asset sales and are there efficiency gains? *The Journal of Finance*. 56.6. p. 2033.
    - Maksimovic, V., Phillips, G., & Prabhala, N. R. (2011). Post-merger restructuring and the boundaries of the firm. *Journal of Financial Economics*, *102*(2), p. 341.
      ➔ Key element: M&As for which company and in which sector?
- Field documents:
    - Techcrunch: Techcrunch. (2015, 01 21). *Building A Great Company May Not Be Enough to Get Acquired*. Retrieved from http://techcrunch.com/2015/01/21/why-building-a-great-company-may-not-be-enough-to-get-acquired/
      ➔ Key elements: What are the factors that contribute M&As to occur?
- Interview from ActiveMe
    - Dimitri Themelis – VP Sales at ActiveMe
      ➔ Key elements: What's ActiveMe' current international strategy? What are the next big steps for ActiveMe?

5.2. Answer of the first research question

Among the two previous growth strategies detailed, which one seems the most suited regarding ActiveMe?

5.2.1. Why not adopt the external growth strategy?

First and foremost, the first question to analyse in order to explore all the ways to answer this section is to know: “Why the external growth strategy seems not to be the most suitable one for Active Me?”

Firstly, according to the theoretical part, major companies are made in the industry sector especially on factories (cfr: representing 80% of all M&As) (Maksimovic, Philips, & Prabhala, 2008). Of course, technological companies take over companies but in a less proportion. As elaborated, the tendency of technological companies, as ActiveMe, is to set up new ventures in new geographic countries rather than acquired local firm due to a useless utility to get its. Indeed, ActiveMe’s vision (cfr Themelis’ interview – p. 33) in the mid-term is to open several subsidiaries in strategic countries such as Spain, United Kingdom, it will allow the team to develop strong knowledge and enhance their technological capabilities.

By arguing about capabilities, a pertinent question that has been elaborated in the first part comes to mind and seems relevant to ask: “Do ActiveMe’s managers have developed M&As integration capabilities?”
Based on the relatively young ActiveMe’s experience and its inexperience on M&As, I assume that they don’t have yet developed practices on this field.

If the chance to acquire local firms to expand itself on the UK market is relatively low, may ActiveMe could think about being acquired by companies? Three factors explained by Ajay Chopra, general partner at Trinity Ventures, help understanding the difficulties in this process (Techcrunch, 2015):

Establish a presence

You may have the world's best technology but if nobody knows about you, they won't be thinking about you … Entrepreneurs who create and outsized presence for their companies are usually rewarded. Organized talks, conferences, fuelling a blog could contribute to getting know Active Me. Recently, Themelis was invited as a guest speaker for a conference in Spain for debating about the virtual reality. The team holds a blog and publish up-to-date news.

Partnerships

Thinking about companies that could be partnered with ActiveMe by using benefits from its services could contribute to the first step before thinking of an acquisition. *What we notice is that a lot of the strategic acquisitions where companies pay or overpay – many happen because the companies had previously engaged in partnership discussions.*

Talent

Talented people are susceptible to bring attention to a company even if it is relatively small. *They're respected in their industries and have connection to potential acquirers.*

Therefore, before thinking of being acquired, reflecting the fact that ActiveMe also needs to grow up, the company should also continue developing these points, at least thinking on its.

According to all those arguments that have been developed, I can definitely affirm that the external growth is not yet suited to ActiveMe. Therefore, an obvious question to ask is: "Why organic growth, with a focus on geographic expansion (international growth) should be the right appropriate strategy for ActiveMe?

5.2.2. Why the organic growth strategy (international growth) is the most fitted for ActiveMe?

Current strategy

Busily present on the Belgian market where its activities are concentred, the company also has overseas activities in the Luxembourg and Spanish markets and starts to invest the UK market. The strategy of ActiveMe is to send students from AWEX's Explort Program in foreign countries in order to realize a first analysis of the potential market (Themelis, 2016).

Due to the localization of the headquarters, ActiveMe is predominantly present on the Belgian market, but for now only on the Walloon side. However, they have realized that this geographical market is not responsive enough yet. *We're not satisfied with the current Belgian demand concerning what we sell. Firstly, because they do not perceive technologies we use which means that we constantly have to reach them with creative ideas around marketers' universes. Secondly, because they are not educated about the evolution of technologies. Last but not least, we are considered in Belgium as "cherry on the cake" because of the restrictive budgets awarded for promoting technologies in the day-to-day life of consumers* (Themelis, 2016).

As confirmed by the analysis of Themelis, those reasons pushed the company to explore new market opportunities: *the question to ask ourselves is to understand where we should position ourselves with our services. Maybe countries and cities such as Qatar, Dubai, The United States or Singapore could be our strategic targets where financial resources are more important* (Themelis, 2016). That is why, after the birth of the company, the management quickly decided to expand overseas. First in Luxembourg where the responsiveness and the localization have demonstrated opportunities to do business. *Because of the proximity with Belgium but also, as we know, Luxembourg is funded on its financial heritage. Therefore, we can hope that they are eager to invest money in the technologies and interactive concepts we offer* (Themelis, 2016).
Second, Spain has also turned out to be attractive to ActiveMe. *Although the majority of people could think the contrary, Spain is one of the countries which invests huge quantity of money within the sector we are. It's a country which consumes an enormous quantity of media, especially Barcelona. Barcelona is a really high-tech city. So, to resume the criteria that have to be taken into account are firstly, the level of high-tech of the country/city, secondly, to handle*

local languages and thirdly, suppliers (agencies) *which are able to promote ActiveMe's services* (Themelis, 2016).
The current expansion strategy adopted by ActiveMe supported by Themelis's interview reinforces the right choice of the international growth strategy on the UK market.

Eagerness to become global

ActiveMe's purpose is to become sustainably present on several geographical markets. It starts already to occur on the Luxembourg and Spanish market but they need to keep up their effort on its way. In order to skyrocket and achieving a new step, ActiveMe now has to expand and set up a commercial department able to increase sales and profit of the company, which is necessary for the firm to prosper and develop its activity. *In 4,5 years, we'll be around 20 people working for ActiveMe, which means that we could spread our sales team on several markets at once and think about the opening of a subsidiary in another city such as Barcelona, London, New York or Dubai* (Themelis, 2016).
Once again, Themelis' declaration about its ActiveMe's vision to become globalized on several geographical markets matches the international growth.

Based on the arguments against the external growth while regarding the current international strategy of ActiveMe and its purpose to go global, I can definitely act that the internal growth with a focus on the geographic expansion (international growth) is the right growth strategy to follow for ActiveMe.

The current strategy expansion of the company based on Themelis' interview allows to highlight some benefits of the international growth on the figure 12. ActiveMe is looking for increasing the demand, generating economies of scales and booting its sales.

	International Growth
Benefits	- Enhances the domestic competitiveness - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share - Reduce dependence on existing markets - Stabilize seasonal market fluctuations
Obstacles	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction
Focal Points	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability - Capabilities

Figure 12: International growth's highlight points

6. Second research question

The development and the answering of the first question allows to orient the way to analyse and answer to the second question. As a remember, it is asked to analyse the responsiveness of the UK market regarding ActiveMe's capacities. As requires the international growth strategy, two analyses will have to be conducted from a business environment to an internal perspective for answering this question. Through the development of the analyses and the overview drafted in the theoretical part explaining the 3 points (benefits, obstacles, focal points) to focus on, will serve to reference the usefulness of the management tools used.

Before exploring those analyses, I will define the context of my mission on the UK market for ActiveMe.

6.1. ActiveMe in the United Kingdom

During my end of studies internship, I worked as a Business Developer for ActiveMe, in link with AWEX[5], the Walloon Export and Foreign Investment Agency. AWEX is a public interest organization in charge of the promotion of foreign trade and the attraction of foreign investments for Wallonia. In other words, they are in charge of helping the foreign development of Walloon companies by offering a complete range of services, from financial to strategic support (AWEX, 2016).
Selected for the Explort Progam of AWEX, a program designed to provide students with the opportunity to realise an internship abroad as an export manager, I realized a two-month mission in London to prospect the market and gather any relevant information to establish sustainably ActiveMe on this market (AWEX, 2016).

United Kindgdom and especially London, revealed to be a second target for exports. For now, the country is being prospected. As Theme Lis says, *building connections and a tough network takes so much time. Even for a country like Belgium, where we live, it takes years to be recognized as we would like. Therefore, in The United Kingdom, it'll take the same time if not more* (Themelis, 2016).

[5] Agence Walonne aux Exportations et aux investissements.

However, London appears to be the right place for ActiveMe. *We have decided to focus ourselves on this market for several reasons: the proximity with Belgium, the high standard of living and the high presence of digital in people's mind* (Themelis, 2016). Indeed, as indicated on Figure 13, digital companies are spread pretty much everywhere across the United Kingdom, with a special high concentration in the south.

In the following of this section, the attractiveness and the responsiveness of this country is explored with a special focus on London in order to measure if ActiveMe could have, or not, a major role to play on this market.

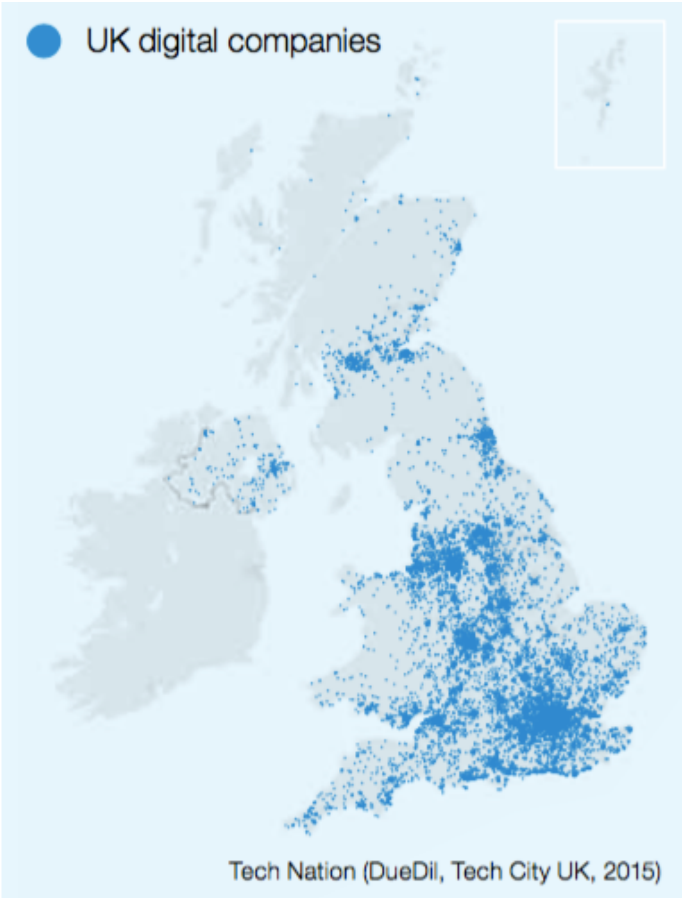

Figure 13: UK digital companies (Tech City UK, 2015, p. 20).

6.2. Research methodology for the second research question

The chosen research methodology for answering the second research question is built on two approaches, based on external and internal perspectives, in line with the concept of international growth. Those approaches are based on different supports:

- the theoretical part developed in the first part of this master's thesis:

  - Barringer, B. R., & Greening, D. W. (1998). Small business growth through geographic expansion: A comparative case study. *Journal of Business Venturing*, *13*(6), p. 490.
    - ➔ Key elements: What are the barriers when going abroad?

  - Cuervo-Cazurra, A. (2011). Selecting the country in which to start internationalization: The non-sequential internationalization model. *Journal of World Business*, *46*(4), p. 434.
    - ➔ Key elements: which country shall we focus on when going global? Traditional company vs globalized company?

  - Kim, B. (2006). Firms' Global Expansion and Sustainability. Kaist Graduate School of Management, 1, pp. 8,9.
    - ➔ Which country shall we focus on when going global?

  - Tuppura, A., Saarenketo, S., Puumalainen, K., Jantunen, A., & Kyläheiko, K. (2008). Linking knowledge, entry timing and internationalization strategy. *International Business Review, 17(4)*, p. 475.
    - ➔How evaluate the degree of internationalization of a company?

- Strategic management tools. Indeed, according to the international growth, different types of management tools allowing to analyse and define key factors will be used. PEST framework, international drivers, Porter's five forces will define the threats and opportunities of the business environment. The internal side of ActiveMe will be analysed by the Resource-Based View (RBV) allowing to define the capabilities of the company.

- Field documents on the UK market will also contribute to bringing key information to define the business environment. Here is an exhaustive list of organisms publishing documents fields of the UK:
    - Compass: define the attractiveness of the UK
    - Glassdoor: key figures of the UK
    - IBM: define the attractiveness of the UK
    - Nesta: how is the innovation/technologies present in the UK?
    - OECD: key figures of the UK
    - Tech City UK: business environment of the UK
    - The Economist: Definitions ➔ Cluster, unicorn, economies of scale
    - UK Government: setup a subsidiary in the UK, interdependence BEL-UK
    - Standard: Business environment of the UK
    - The Telegraph: Business environment of the UK
    - The Guardian: Business environment of the UK

- Interviews (see the 2 complete interviews in the appendix): The interviews conducted with Dimitri Themelis, Vice-President of Sales at ActiveMe, and Laurent Faboumy, a confirmed entrepreneur and specialist of the UK market. I have decided to interview Themelis from ActiveMe due to its international exposure and its strategic position at ActiveMe. First, he started working at ActiveMe by undertaking the same AWEX explort program that I did. Today, multilingual (5 languages spoken), he is the international representative for ActiveMe as he regularly travels abroad for seeking of new opportunities. His ability to quickly understand what surround itself in an unknown environment confirmed me the usefulness that he could add to this thesis both for his international ActiveMe's vision than his expectations about the UK market. The key element of this interview was to get key information regarding Active Me' strategy/vision but also to verify what stand out from the management tools and from my experience on the field.

  The second interview I realised with Faboumy takes its importance with his field experience and his understanding of the UK market. I met him at the Google Campus, a famous co-working space well-know by the tech community. Established in London for two years now for doing business, he has recently launched its company called Kwaleo active in the technologies and the digital sector. His knowledge of the UK market revealed to be useful for understanding the business environment of the UK such as the implementation of a subsidiary in the UK, the importance of tech companies to be present in the UK,... Furthermore, his advice to handle the pressures coming from this environment allows to foster the implementation of foreign companies such as ActiveMe (English culture,…)

- My experience: From a personal point of view, having the opportunity to realize an internship on the UK market for ActiveMe allowed to live the experience right from the field which contributed to collecting true and useful information. My experience will usually support affirmations from the analysis of management tools and information providing from documents fields. English culture, adoption of people in terms of technologies, geographic areas where opportunities are more present than somewhere else, represented my main observations. As some examples, I attended to many conferences, mainly talking about technologies, in order to estimate the importance of a tech start-up such as ActiveMe to be located on this market. Also, during all my stay, I worked at some co-working spaces allowing to observe people, build connections and develop my local knowledge. Finally, I have created a prospect database (during my internship) representing a large list of potential clients located in London. This database allowed to get a foretaste with the opportunities present in this market.

Through the external environment, different management tools will be used in order to define the threats and opportunities of the UK market. This first analysis will allow me to get a first view of the responsiveness that surrounds the UK market.

6.3. Analysis of business environment

To get a first view on the opportunities and threats in the United Kingdom, it is necessary to realize an external environment analysis based on the UK market. The environment impacts companies in their ways of doing business. Having a good knowledge on how does a specific environment react could allow companies to anticipate their first moves by measuring the attractiveness of entering and competing inside it. The environment is structured into the three distinguished levels resumed on Figure 14: The macro-environment, the Industry, the Competitors and markets (Johnson , Scholes, & Whittington, 2008).

Figure 14: Layers of the business environment (Johnson et al., 2008, p. 54).

6.4. The macro-environment – PEST Framework

The macro-environment level is an outside overview of the environment and is considered as the highest-level layer. It regroups and impacts all companies and in a larger term, all organisations. The PESTEL framework is a specific concept which is used to identify and gather valuable information on the environment (Johnson , Scholes, & Whittington, 2008). This analysis is restricted to the PEST framework as it will provide enough information to set the conclusion of the macro-environment in the UK.

The *PEST framework provides a comprehensive list of influences on the possible success or failure of particular strategies"* (Johnson , Scholes, & Whittington, 2008). Based on 4 factors, Political, Economic, Social and Technological, the PEST framework allows to gain some insights on how the environment is likely to change in the near future (Johnson , Scholes, & Whittington, 2008).

Political factor

Great Britain is a constitutional monarchy governed by the head of states, the monarch Her Majesty Queen Elizabeth II. The monarch represented by the crown is surrounded by four pillars: the House of Commons (Elected Legislature), the Government (the Executive), the House of Lords (Appointed Legislature), the UK courts of Law (Judiciary) (Hussain, 2013).

The political stability of the UK has a set of positive repercussions on three categories: political risk, economic risk and financial system risk. This stability is represented by the parliament, the supreme law part of the constitution, establishing a clear centre of authority. The UK constitution is an advantage itself due to its unmodified constitution allowing flexibility for adapting to new circumstances.
Recognized as a strong political and economic country, the UK enjoys many strategic bilateral relationships with major key countries such as the United States of America, France, Australia, Asian countries,… (Hussain, 2013).

Although its though relationships with some countries, the current UK's relationship with European-Union (EU) is highly controversial. Indeed, the 23rd of June, the UK's citizens voted with a majority of 51,9% to leave the European Union (Bloomberg, 2016).

Before the referendum of the 23rd of June 2016 concerning news determining whether the UK should or should not remain in the EU may have economic consequences, I have drafted a plausible list of the possible economic repercussions of the UK leaving the European Union (Dhingra, Ottaviano, & Sampson, 2015):

- Increasing trade barriers will make goods and services more expensive, which could certainly contribute to increasing interdependence between Belgium and the UK.
- The UK could also benefit less from future market integration to the EU budget and so, having indirect repercussions on its economy.

- The UK could be affected by less foreign direct investment, immigration and economic regulation.
- The UK prices may decrease by 0,6% and save UK consumers £6.3 billion per year. However, due to the current new free trade agreements that are being discussed between the EU, the United States and Japan, these benefits would be lost in the case of a Bruit[6].

The confirmation of the Brexit has had heavy impacts on some indicators. The day after the vote, the British pound has plummeted to its lowest rate to a 31-year low, losing more than 10% of its value from the dollar (The Guardian, 2016).

Today, it is difficult to predict the consequences of this leave as changes and negotiations will occur in the coming months. For now, the immediate repercussions that may occur will only impact the UK. The UK economy may slow sharply reflected by a decreasing of the growth and the rising of the inflation (JP Morgan, 2016). However, in the coming months, heavy negative repercussions may impact other countries in links with the UK. Belgium will undoubtedly be affected as trade links between these two countries are large. Trends Tendance has predicted the impact of the Brexit on the economy of countries. On the figure 15, Belgium reveals to be among of the average concerning the negative impact reflected by the brexit which may face a slowdown of its growth from 0,7 to 1% and a drop of the exports of 2,6 billion € (De Caevel, 2016).

[6] Brexit is a abreviation of "British Exit" evoquing a likely exit of United Kingdom from European-Union (Le Figaro, 2016).

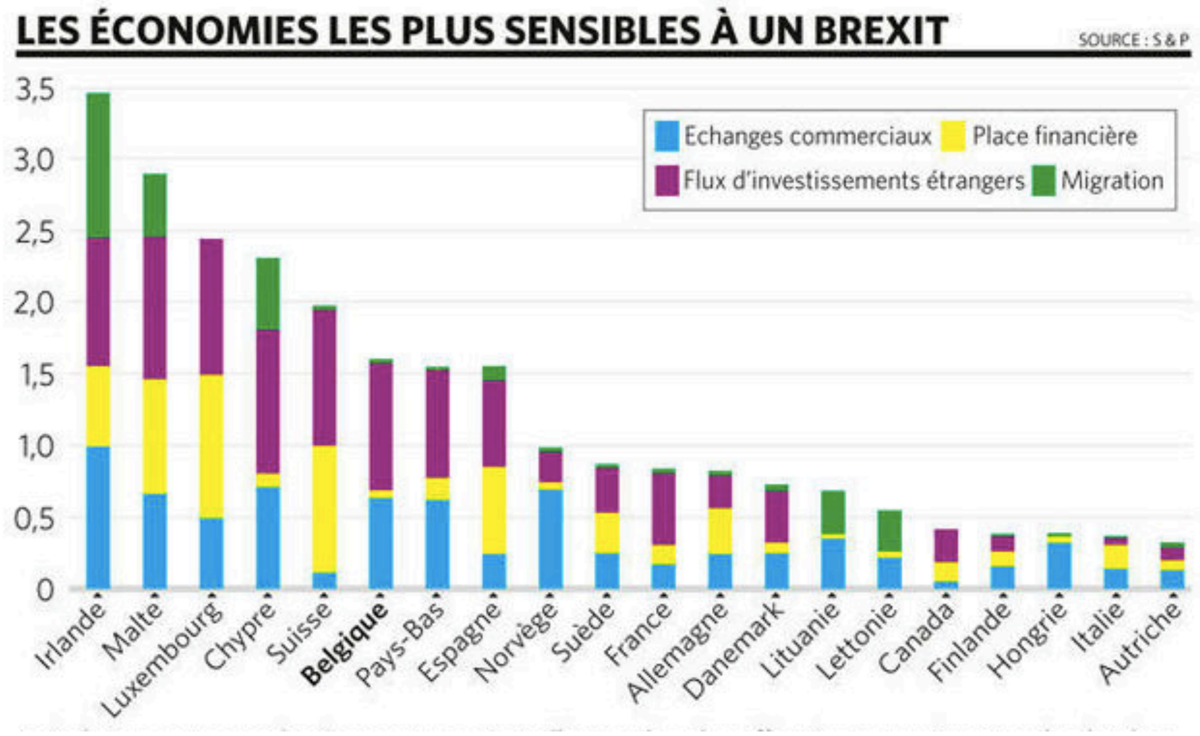

Figure 15: Degree of Countries' economies that may be affected by Brexit (Trends Tendance, 2016)

Even if the changes could take time to occur due to negotiations between parts, ActiveMe's management should stay informed of coming news on the Brexit because it may affect the company on its way to enter and do business in the UK market.

By having a deeper look on the government, we can claim that the innovation and the technological development in the United Kingdom are part of the country. Indeed, it is actively supported by public administrations with the aim of supporting any entrepreneur, even foreign, who desires to create valuable things in the United Kingdom. The UK government is divided into different departments, each one acting on precise public projects, in partnership with field actors. It also plays a big role in the way of lowering innovation barriers. Nesta, a public research organization in England, demonstrates how those organisms work to lowering innovation barriers (Nesta, 2015).

As indicated on Figure 16, the government promotes the development of technologies by focusing on four strategies to continuously increase innovation in the United Kingdom. The first pillar consists in **creating knowledge** with the impulse of research funding organisations such as the Research Councils, providing competitive grants for specific projects and programs, or the High Education Councils for Universities. The government also spends money (£5,85bn in 2015) for science and research (Nesta, 2015).

The second pillar allows to **exploit knowledge** through the interaction between universities and businesses. Once again, competitive funding streams facilitate these interactions are available, for example through the Education Innovation Fund (HEIF) (Nesta, 2015).

Creating knowledge	**Exploiting knowledge**
• Universities • Public Sector • Research Establishments • Research Funding bodies	• Intermediary organisations • Technology transfer offices • Business incubation • Science & innovation parks
Enabling innovation	**Supporting innovation**
• Standards / Measurement / Accreditation • Intellectual property • Lobbying and influencing policy	• Subsidies / grants / contracts for innovation • Advisory services / Indirect financial support (e.g. R&S, Tax credits) • Networking

Figure 16: Public support for innovation in the UK (Features and conditions) (Nesta, 2015).

The third pillar aims the **enabling innovation** via the establishment of supportive conditions such as the opening of competitive markets, good intellectual property regimes and a strong business and legal environment (Nesta, 2015).

The fourth and last pillar consists in **supporting innovation** through direct and indirect help such as tax, public and angel support (Nesta, 2015). As an example, Figure 17 confirms us that from a corporate-tax level, low barriers exist on the UK market (Tech City UK, 2015).

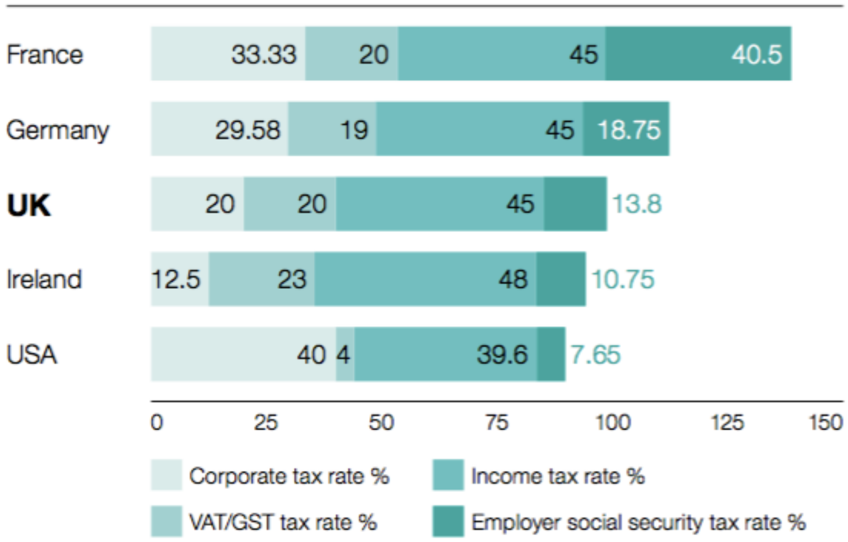

Figure 17: Headline tax rates comparison (HQ UK, 2015, p.11).

Other massive incentive plans are also available for established companies in the UK:

- Patent Box in the UK allows companies to enjoy an effective 10 percent tax rate for qualifying net revenue. According to David Gauche MP, Financial Secretary to the Treasury, *The Patent Box was introduced to encourage innovation and to bring high value science and technology jobs and investments to the UK. It also ensures that the jobs that are already here will stay here* (Tech City UK, 2015).

- R&D tax credits. Government offers to small and medium sized companies deduction of 225 percent for R&D taxes (Tech City UK, 2015).

- Creative tax sector reliefs. New discount tax, worth up to 25 percent of the expenditure, has been recently introduced for the animation, video games and high-end television production industries (Tech City UK, 2015).

Economic factor

The UK economy has been weak in recent years following a deep recession and a subdued recovery due to large crisis which affected most of countries included the UK. However, as the figure 18 shows, the economy has strongly bounced back in 2013 measured by a Gross Domestic Product (GDP)[7]. This change is mainly due to macroeconomic policies such as monetary policy that have played a key role by supporting the recovery with fiscal incentives (OECD, 2015)

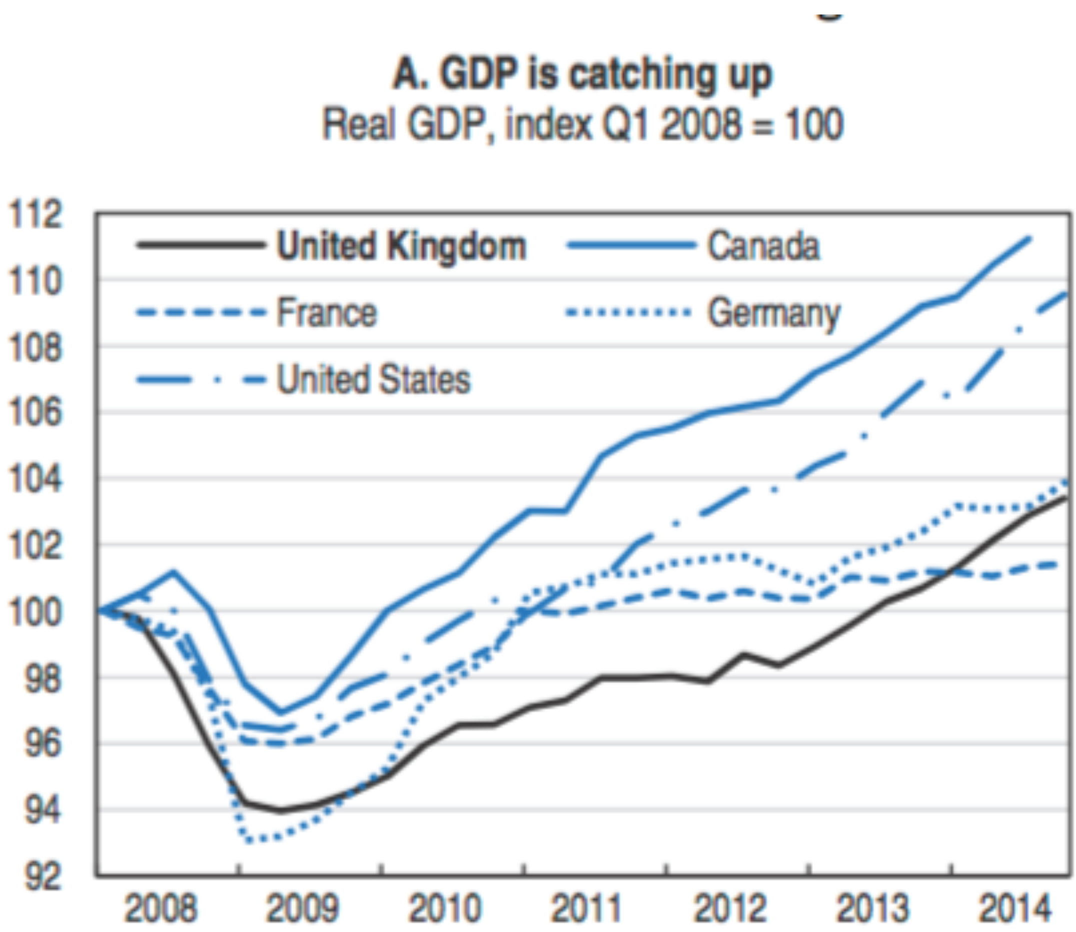

Figure 18: UK's growth overview

[7] GDP measures the value of the goods and services produced by the a country in a given time period (Pritzker, Arnold, & Moyer, 2015)

United Kingdom can count on it’s tough and cutting edge cities such as London considered in many ways as the cultural and business capital of Europe (Standard, 2014). Indeed, it was ranked number 6 of the 2015 global start-up ecosystem ranking, with an Ecosystem value of $44 billion. London is the fourth-largest ecosystem in the world, ranked number 1 in Europe in 2015 and enjoying the second-fastest Growth Index in the top 10 (Compass, 2015).

Despite *Tech City UK*, a public research organism owned by the government-funded start-up initiative, 20 000 new jobs have been created by UK Tech Investment in 2015, which represents more new jobs than in any city in the world (Tech City UK, 2015). For example, Powa Technologies and Shazam are recognized today as two success stories, respectively valued at $2.7B and $1B. Together they have already created more than 1 000 jobs (Compass, 2015).

In addition to that, London is an ecosystem that has come of age with Market Reach and Market Performance respectively ranked numbers 3 and 5 in the world (Compass, 2015). It is due, on the one hand, to the hyper-growth start-ups in many diverse sectors such as the Media, Fintech, Software Development, Media and Entertainment sectors, … On the other hand, London enjoys a fully authentic entrepreneurial spirit. A confirmation of this true spirit is the low amount of equity released to investors, but instead allowing companies to stay competitive by investing those amounts in the development of their business (Compass, 2015).

According to IBM and Figure 19, London has been elected as the world’s most attractive city for foreign investment, bringing more foreign investment and creating more jobs than any other city in the world (IBM, 2015).

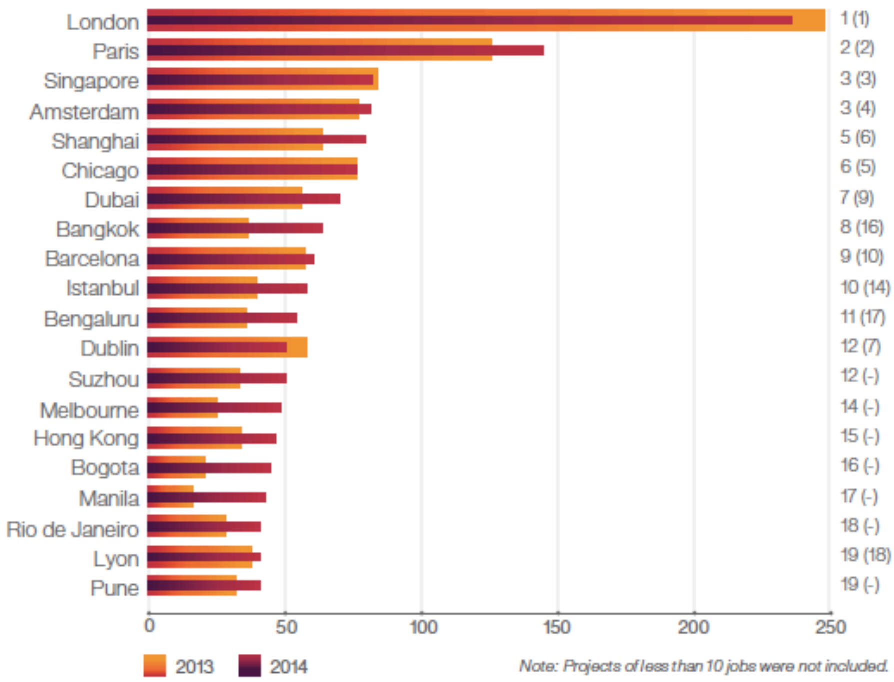

Figure 19: Top ranking cities by projects (IBM, 2015, p. 14).

Along all these positive incentives, we cannot deny that United Kingdom is reputed for its high level of cost life in various cities of the country. Among these cities, London stands out and is ranked number 3 of the most expensive cities in the world (#2 is Hong Kong, #1 is Monaco) (The telegraph, 2015).

Social factor

London is a cosmopolitan city, so dynamic surrounded by multiculturalism… There are plenty of infrastructure allowing entrepreneurs to be surrounded with the right colleagues (Faboumy, 2016). Through the 3 months that I have spent in London, I cannot be more in agreement with Faboumy's statement as I have been astonished by the large open-mindedness of people living in London, especially the tech community.

The United Kingdom is really "digital-social" oriented. Cities such as London, Manchester, Bristol, Belfast, Newcastle etc, are composed of plenty of clusters that are described in the technology section.

According to research from the Boston Consulting Group and the Network, *London is the most popular city to move in and work in (…) Top reasons mentioned to working abroad are to broaden personal experience and to acquire work experience, with better financial perspectives found on number four of the top ten reasons* (Boston Consulting Group, 2014).

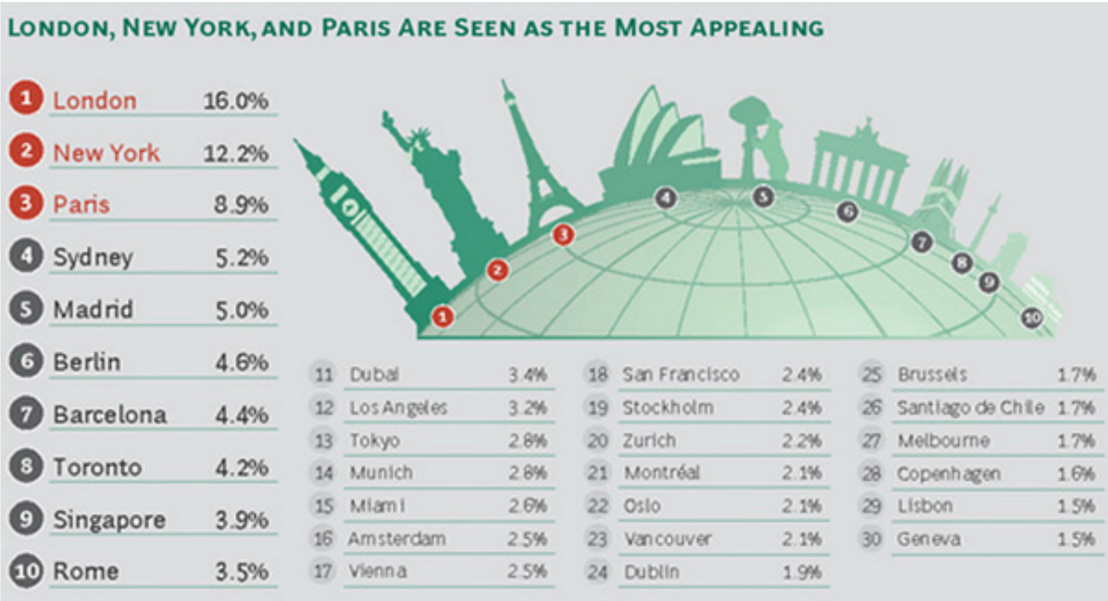

Figure 20: London, New York and Paris best working cities (BCG, 2014).

Another point to highlight is that big cities, where opportunities are present, necessarily attract talented people. Attract, grow and retain them can clearly have a positive impact on a company (Tech City UK, 2015). Once again, I am fully agreeing with this statement as I have been astonished by the inspiring and talented people I have met in London, which confirms me the positive impact they can have on generating positive growth.

Technology factor

Since some years now, technologies have been part of the day-to-day life of people in developed economies, bringing them to a very advanced step compared to other countries. This advanced step has allowed to gather entrepreneurs. Those are constantly pushing for new innovative ideas, contributing to the enhancement of current technologies. The concentration of this factor, contributed to the apparition of clusters across United Kingdom. A cluster is a geographic concentration of interconnected organizations such as start-ups, universities, business centres (The Economist, 2009).

Those clusters enable small firms to benefit from economies of scales through the access to talent, to private and public financing and to property (Tech City UK, 2015).

Although we could normally think the contrary, the social and technological factors are closely linked through those clusters. Over the years, a UK-wide ecosystem has developed. It reflects the emerging of digital clusters around the country, mainly located in big cities. *Each cluster has its own particular DNA, which is often down to local factors such as the presence of top universities in the area, or historic strengths in particular sectors of the economy* (Tech City UK, 2015).

The famous technological community is located in East London and is also knows as “Tech City”. There, 251 590 digital employment has been identified in 2015 (Tech City UK, 2015). Companies like Google, Amazon, fast-growing local companies, cowering spaces (about 70) surround this area and contribute to generating fast technological development (Tech City UK, 2015).

Conclusion PEST framework

Politics	Economics	Social	Technology
Political stability	#1 in foreign investment	#1 city to live and work in	Capital of Europe
Brexit	#6 global start-up ecosystem ranking 2015	Communities	Clusters
Support innovation/ technologies	Cost of living	Talented people	Early adopters
		English culture	

Figure 21: PESTEL Summary.

The macro-environment of the United Kingdom, evaluated through the PEST analysis and summarized on Figure 21, allows to draw the following conclusions:

- Strong political stability
- Brexit will certainly have negative economic repercussions
- Technology is supported by all actors (public organisations, private organisations, citizens, entrepreneurs).
- Clusters (e.g. Tech City) allow to easily build helpful connections.
- The United Kingdom attracts talented people.
- London is expensive.

At a first view, the UK seems to be a positive environment where ActiveMe could find sources of international growth. Based on the theoretical part mentioned by Kim, the idea of exporting abroad is to gain growth or profit. Based on Themelis' interview, the first objective for Active Me is to be financially independent meaning that ActiveMe is looking for gaining profit rather than focusing on growth. From that fact, and as claim Kim, ActiveMe should be focus on developed countries rather than undeveloped countries. Regarding its sector, countries/cities highly technological oriented will be preferred. Therefore, London seems to be the right geographic expansion for ActiveMe (Kim, 2006).

The PEST framework in links with international growth allows to define two focal points on the figure 22: the responsiveness of the foreign country and the political stability that has to be taken into account.

	International Growth
Benefits	- Enhances the domestic competitiveness - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share - Reduce dependence on existing markets - Stabilize seasonal market fluctuations
Obstacles	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction
Focal Points	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability - Capabilities

Figure 22: International growth's highlight points

6.5. Analysis of external environment: the industry

The analysis of the macro-environment has allowed to understand how external factors may positively or negatively influence organisations within a market. However, it does not take into account the competition that is present in the activity sector of ActiveMe. It is therefore also necessary to define the UK industry where ActiveMe will have to compete. *The industry is a group of firms producing the same principal product or service* (Johnson , Scholes, & Whittington, 2008). This section introduces the international drivers developed previously in the theoretically part and Michael Porter five forces framework as a tool to assess and structure the attractiveness of the dynamics of the UK industry (Johnson , Scholes, & Whittington, 2008). The analyses of the UK industry coupled with the macro environment will allow me to determine all the factors from the business environment side and measure the responsiveness of the UK market in its globalist.

6.5.1. International drivers

As theoretically explained in subsection 2.4.1, the focus is now on designing a diagnosis of the industry conditions by describing the international drivers that surround ActiveMe and that could lead the company to leverage its growth by setting up a global strategy.

Market drivers

The United Kingdom, Spain and Luxembourg are three geographical areas that have been targeted by ActiveMe because of the responsiveness of their respective markets with respect to technology (cfr interview of Dimitri Themelis):

- The presence of similar customer needs and tastes. Although ActiveMe is developing itself on several markets where clients seem to have similar needs and tastes, experience from my mission on the UK market leads to a mitigated opinion.

    - On the one hand, it can be definitely claimed that London is a highly technological city where citizens are early adopters of new technologies. The contrast is even more emphasized in some areas of London such as Shoreditch where the “Tech City” is established and where all actors linked to technology are gathered. This reality makes it understandable why ActiveMe wants to be present on this market.

- On the other hand, my mission in London was hard as I thought that I would receive more positive answers that what I actually have received. Indeed, I faced few answers from the prospects I have targeted such as shopping centres, brands, and event agencies, which generally are eager to discover new ideas and concepts from companies like ActiveMe. The meetings I took part in have been interesting but did not end up with a sale. As Themelis mentioned in his interview, *they know us but they didn't push our ideas on the table*. *It takes time to build a network when companies* (brands, agencies) *start calling us for our services* (Themelis, 2016).

- A key element that I faced and that I had to take into account is the English culture. Although we could not expect such a difference because of the proximity of the United Kingdom, the gap is real. Indeed, English people are repudiated as very conservative, which requires to act with subtlety. For example, the one client with whom I have concluded a deal with was very demanding. She led me to think that she wanted to manage all the deal. The reality I faced was confirmed by Faboumy, *on the sociocultural plan, we must try to get used with the English culture in order to understand it. Anyone cannot pretend to implement his business within territory if he cannot handle the English culture. You need to understand their lifestyle, their way of thinking and that your product reflects their needs* (Faboumy, 2016).

- The presence of global customers. Reaching global clients with the same offer seems complicated for ActiveMe as the company is a studio offering creative experiences which means that they constantly have to work on custom projects tailored to the client's needs if they want to stand out from the rest and to have an astonishing impact by creating the buzz (ActiveMe, 2016). Also, agencies working with ActiveMe are usually looking for unique concepts to make the buzz, which means that they generally do not want to re-use a concept that has already been implemented in previous projects (Themelis, 2016). However, the company is currently working on enlarging its products portfolio, which will allow it to meet global national clients from the UK.

- Transferable marketing. After some observations, this point seems to still be lacking and ignored from the management. Indeed, the company is used to prospect through active networking events, tradeshows, and cold callings, but until now it has not built a marketing strategy yet.

Cost drivers

International growth is successful if it implies lowering costs by operating internationally:

- Scale economies. At this current stage of development, ActiveMe cannot pretend to enjoy economies of scales yet, even if it is already present on several geographical markets. Economies of scale could only be realized if the company continues to develop its products portfolio and multiply sales throughout targeted countries.

- Country-specific differences. ActiveMe is physically established in Belgium. Although the company enjoys fewer charges from Belgian developers compared the one that would be charged by such developers in the UK, the company could lower those costs by externalising the production in a country where the cost of a developer is even lower. This strategy is, however, not chosen by ActiveMe as the company wants to keep an eye on its team (Themelis, 2016).

- Favourable logistics. ActiveMe develops its own software and is used to couple it with physical hardware such as a motion platform (see Appendix), and other stuffs requiring to work closely with logistical suppliers. As an example of this constraint, during my mission in London I faced this problem after a client meeting as I did not realise that sending the hardware from Belgium to the UK (by truck) could have added around 25% of logistical costs to the initial price.

Competitive drivers

To allow easy trades from Belgium to the UK, two points must be ensured:

- Interdependence. How is the degree of interdependence between Belgium and the UK? According to the UK government, companies from the European Union (and so Belgium) can bring in the UK an unlimited amount of goods without paying any duties (UK Government, 2016). The interdependence between Belgium and the UK is thus low and allows to maintain global coordination between both geographical regions.

- Globalised competitors. Figure 20 shows a number of competitors that are already present on the UK market. Although this competitive environment could be hard to deal with because of the busy market, it also creates opportunities that could contribute, for ActiveMe, to adopt a coordinated international strategy in response to globalised companies. So far, and based on the research updated on the figure 26, none UK competitor already deploy globalised strategies. However, with the digitalisation era, which starts to turn upside down actors from all sectors, the management of ActiveMe should have a reinforced the vigilance regarding this topic.

Government drivers

- Trade policies. Friendly customs inside the European-Union have already been discussed. They lead to an increase in global coordination between Belgium and the UK. However, other elements also contribute to promoting trades as the easiness to implement an official entity in the UK. Even if this topic is not deeply investigated in the frame of this thesis, having some knowledge about the conditions to open a second office in the UK would be good for ActiveMe. A subsidiary in the UK is called a private limited company (LTD). As all subsidiaries, a private limited company is controlled by another company but considered at the same time as a separate legal entity (London & Partners, 2016). A LTD is under supervision of UK rules, meaning that it is liable for UK corporation tax (London & Partners, 2016). As we saw above in the PEST analysis, the UK offers advantageous corporate tax rates compared to other countries in Europe.

The UK government gives an overview of how to set up a private limited company (UK Gorvenment, 2015). The following elements are needed:

- A company name.
- An address for the company.
- At least one director.
- At least one shareholder.
- The agreement of all initial shareholders ("subscribers") to create the company.
- The details of the company's shares and the rights attached to them.
- Written rules about how the company is run.

Once made, the company receives a certificate of incorporation meaning that the company officially exists (UK Gorvenment, 2015). Afterwards, the company should also register itself within three months since the start of its activities in order to be subjected to corporation tax (UK Gorvenment, 2015). Therefore, as a first view, it seems easy for European companies to establish an office in the UK. *It was quite simple to create a limited company in the UK. The delay was short as the process took me only 2 weeks* (Faboumy, 2016).

- Technical standards. News about the next UK's EU referendum on the 23rd of June to determine whether the UK should or should not remain in the EU may have economic consequences. Here is a plausible list of the possible economic repercussions of the UK leaving the European Union (Dhingra, Ottaviano, & Sampson, 2015):
    - Increasing trade barriers will make goods and services more expensive, which could certainly contribute to increasing interdependence between Belgium and the UK.
    - The UK could also benefit less from future market integration to the EU budget and so, having indirect repercussions on its economy.
    - The UK could be affected by less foreign direct investment, immigration and economic regulation.
    - The UK prices may decrease by 0,6% and save UK consumers £6.3 billion per year. However, due to the current new free trade agreements that are being discussed between the EU, the United States and Japan, these benefits would be lost in the case of a Brexit.

Even if the changes could take time to occur and if it should directly affect ActiveMe on its way to enter and do business in the UK market, ActiveMe's management should stay informed of coming news on the Brexit.

International driver analysis allows to conclude that some positive factors surround the environment of the UK market such as the early adopters English people are with the technology, the interactive product portfolio that ActiveMe is currently enlarging, the low interdependence between Belgium and the UK and the facility to open up a subsidiary that can help ActiveMe for establishing itself and competing inside the UK market. However, a set of factors predict that it won't be easy to compete inside it due to several factors that have to be taken into account such as the English culture, the current no-transferable marketing, the non-using advantage of country specific differences, the current no existence of logistics partnership and the possible Brexit that could change the economic rules. The difficult mission I faced confirm the difficulty to establish ActiveMe there sustainably.

The relevance of the international drivers can be demonstrated by the obstacles that this tool has defined allowing to measure the degree of interdependence between Belgium and the UK and the controversial political stability that could change the facts.

	International Growth
Benefits	- Enhances the domestic competitiveness - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share - Reduce dependence on existing markets - Stabilize seasonal market fluctuations
Obstacles	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction
Focal Points	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability - Capabilities

Figure 23: International growth's highlight points

6.5.2. Michael Porter's five-forces framework

Michael Porter's five forces framework is based on the analysis of five forces: the threat of entry into an industry, the threat of substitutes to the industry's products or services, the power of buyers of the industry's products or services, the power of suppliers in the industry, and the extent of rivalry between competitors in the industry (Johnson , Scholes, & Whittington, 2008). This assessing, which is summarized on Figure 19, is based on field research and on my experience in London.

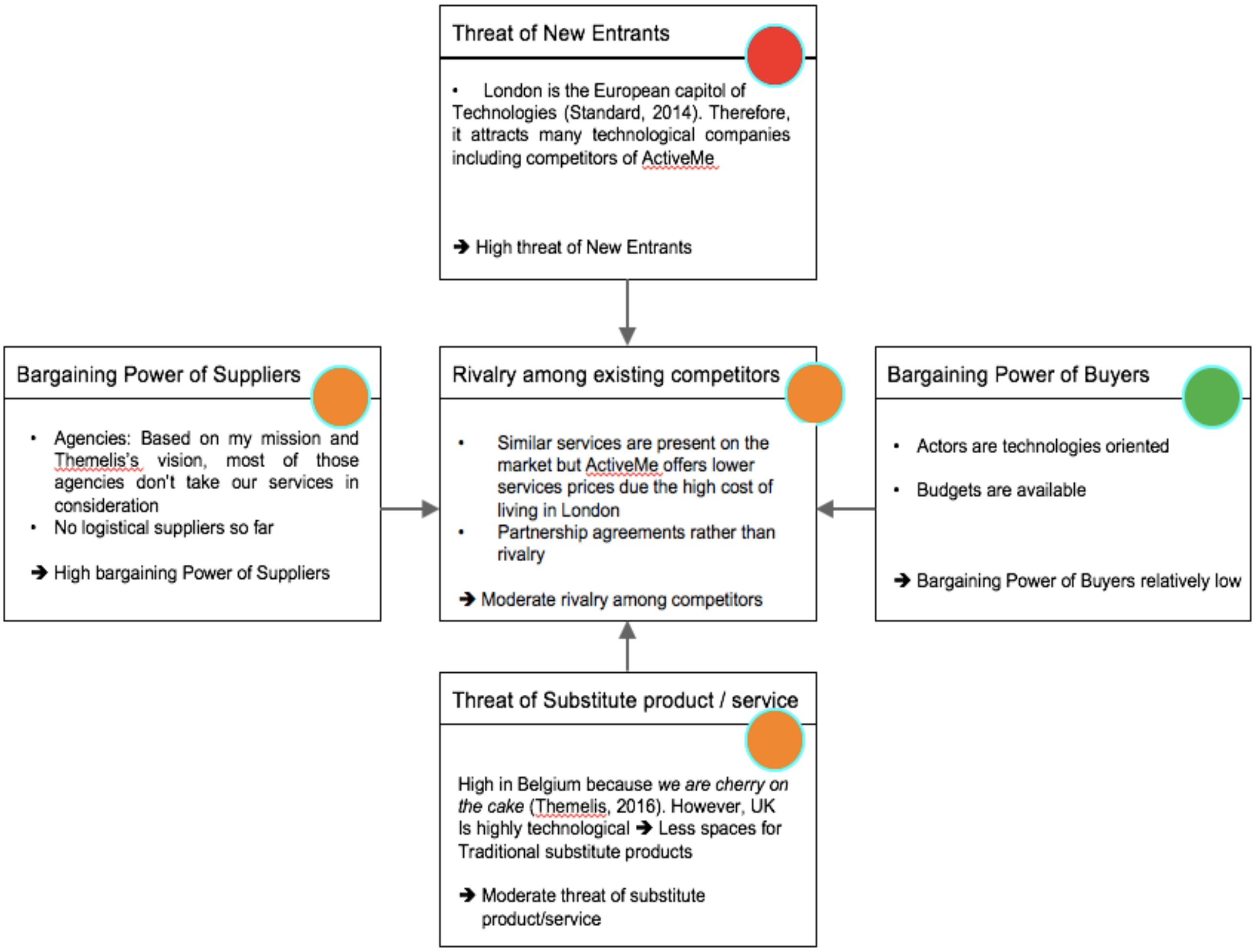

Figure 24: Porter's five forces.

Conclusion Michael Porter's five-forces framework

Porter's five forces lead to conclude that it requires time and efforts to compete within this market due to pressure from other actors. However, I suppose that the willingness of buyers to go ahead is present because they are technology oriented but, most of all, because budgets are available to buy the services offered by ActiveMe. Finally, as agreed by Themelis, the biggest challenge for prospering on a market remains to be recognized as a real actor. *We know we can do business on the UK market but we need above all the right network, the right suppliers and building strong relations with agencies* (Themelis, 2016).

The utility of Porter's five forces analysis, regarding the international growth strategy, takes advantage of two major focal points on the figure 25 that are pertinent to know before entering within a new geographical market.

	International Growth
Benefits	- Enhances the domestic competitiveness - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share - Reduce dependence on existing markets - Stabilize seasonal market fluctuations
Obstacles	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction
Focal Points	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability - Capabilities

Figure 25: International growth's highlight points

6.6. Conclusion business environment analysis

In conclusion of this business environment analysis, a resume of the opportunities and threats allow to define the responsiveness that surrounds the UK market. Those factors are relevant to define the attractiveness of the UK market and therefore, allow to answer partially to the second research question.

Opportunities	**Threats**
- UK = early adopters - Proximity and easy to do the follow up - Low corporate tax - Easy to open up a subsidiary in the UK (LTD) - Low interdependence between BEL-UK	- Expensive life - Brexit - English culture - Competitors

Although the business environment analysis from the macro-environment to the industry side allow me to define the responsiveness of the UK market, it doesn't take into account ActiveMe's capabilities that will allow to stand out from its competitors to sustainably establish itself on this market. Indeed, the responsiveness of a market depends as well as the business environment that the capabilities of a company to compete within this environment allowing to influence it.

6.7. Analysis of internal environment: the firm

The complete external environment, both from the macro-environment and industry sides, give us a deeper overview on the attractiveness of the UK market and on the external factors that could influence the development of ActiveMe inside it. In order to pursue the strategic analysis and to determine how ActiveMe can compete and use its strengths and deal with its weaknesses to generate growth on the UK market, the design of the internal environment of ActiveMe is carried out. This analysis is crucial as it will allow to find out all the key information to fully answer the second research question. To compete in a new market, companies need to define what are their capabilities to leverage growth (Johnson , Scholes, & Whittington, 2008). To have a real impact on the market requires first and foremost to lock a tough and competitive Business Model.

The next section allows to determine the strategic capabilities that Active Me could argue to generate value. To do so, every company should know what its resource-based view (RBV) is, meaning what are *the competitive advantage and superior performance of an organisation that is explained by the distinctiveness of its capabilities* (Johnson , Scholes, & Whittington, 2008).

6.8. Strategic capability

Strategic capability is the resources and competences of an organisation needed for it to survive and prosper (Johnson , Scholes, & Whittington, 2008). In other words, resources are “what we have” and competences are “what we do well” (Bascle, 2015). As an illustration, Figure 26 shows some examples (Johnson , Scholes, & Whittington, 2008).

Resources: what we have, e.g.		Competences: what we do well, e.g.
Machines, buildings, raw materials, products, patents, data bases, computer systems	Physical	Ways of achieving utilisation of plant, efficiency, productivity, flexibility, marketing
Balance sheet, cash flow, suppliers of funds	Financial	Ability to raise funds and manage cash flows, debtors, creditors etc.
Managers, employees, partners, suppliers, customers	Human	How people gain and use experience, skills, knowledge, build relationships, motivate others and innovate

Long-term survival and competitive advantage

Figure 26: Illustration of strategic capability (Johnson et al., 2014).

6.8.1. RBV Analysis

In order to generate international growth, a RBV analysis (Bascle, 2015) needs to be carried out by looking inside the company to find out the sources of competitive advantages that the company owns. This analysis is built on a two-step approach (Bascle, 2015). The first step will introduce the benchmarking plan as a key factor to evaluate ActiveMe among its competitors with the objective to discover, “why would customers choose ActiveMe?” The second step will introduce the VRIN framework that will allow to sort out capabilities to find out the toughest one(s). Finally, all ActiveMe’s capabilities will be sorted out according the strategic importance and the relative strengths of ActiveMe.

Step 1: Benchmarking plan

The first step is related to the identification of the key capabilities of ActiveMe by starting from the outside with a benchmarking plan.

Before starting to explore a new market, it is always important to have an outside overview consisting in knowing companies which may have an influence on ActiveMe. A good way to do so is to design a benchmarking including ActiveMe and its competitors. Figure 27 shows a positioning map allowing to understand the market in which ActiveMe would have to compete in.

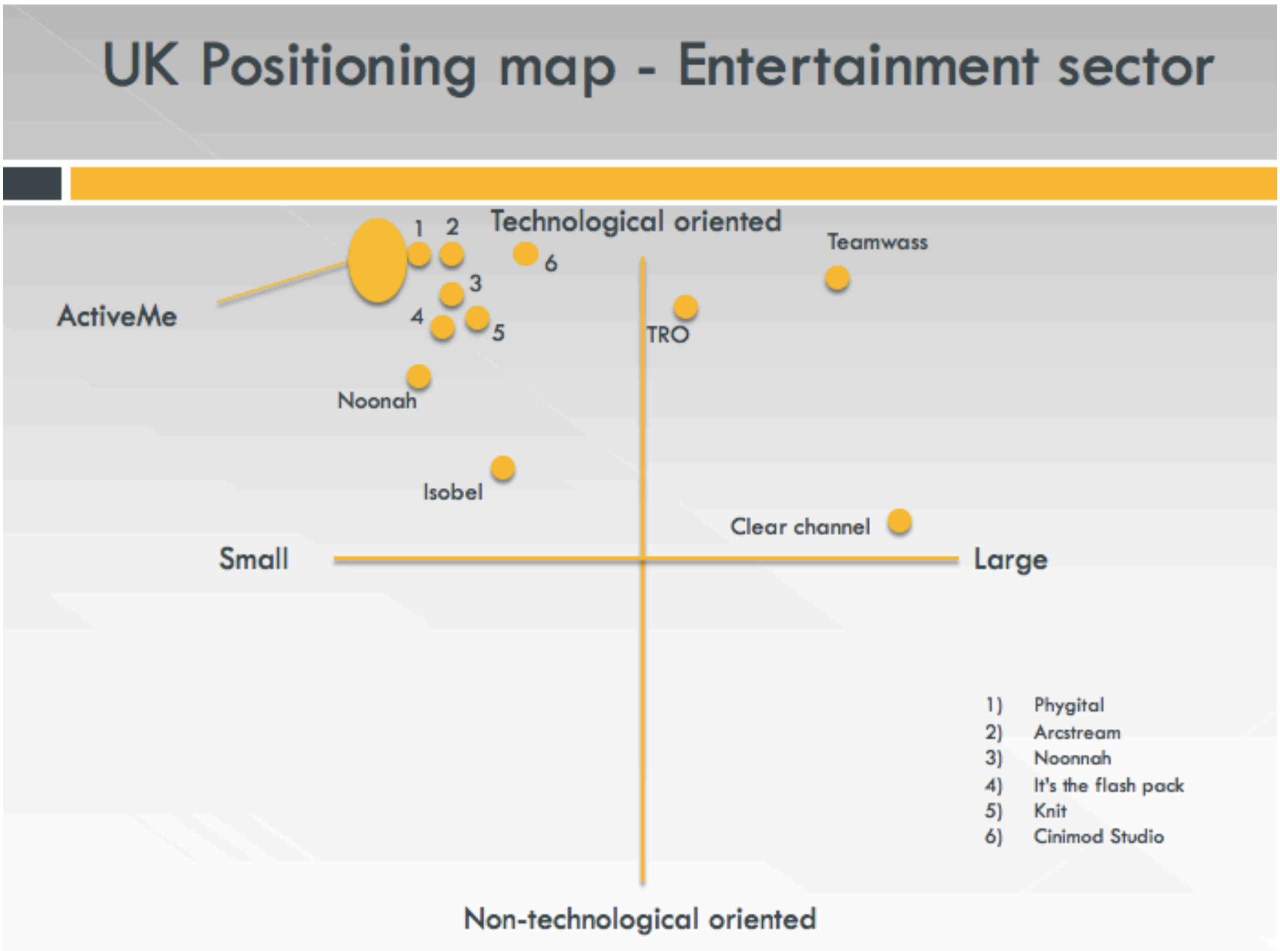

Figure 27: UK Positioning map - Entertainment sector.

First it can be noticed that many companies offering similar services as ActiveMe does in the entertainment sector are already present in large number in the UK market. This is not surprising since the UK is famous for being highly technology-oriented, as confirmed by the analysis carried out in this thesis. On top of that, London is considered as the European technological capital, attracting many companies to implement their offices in the south of the United Kingdom.
Although ActiveMe seems not to be the first company to be active in this sector, a key success factor can be emphasized. Indeed, because of the high cost of living in London, the cost of employees is high, especially in the information and technology sector. According to Glassdoor, the average revenue of a software developer in London is £39,155 (49,684€) per month based on 691 salaries submitted anonymously (Glassdoor, 2016) while in Belgium the average revenue is around 34,858€ (Payscake, 2016).

A typical question to ask in order to determine firms' ability to survive and prosper is also known as a key success factor. The question may be phrased as "Why would customers choose us?" (Bascle, 2015). At this question, and based on a research on salaries, the high price charged by software developers in London is definitely an argument that could lead clients to choose ActiveMe.

Step 2: The VRIN framework

The second step allows to estimate the capabilities of ActiveMe. In the first instance, the VRIN framework is used by asking the right questions to find out a sustained competitive advantage. In the second instance, the capabilities of the firm are sorted against two criteria: the importance of each capability and the strengths and weaknesses with respect to rivals (Bascle, 2015).

The VRIN framework is used by companies in order to define a sustained competitive advantage. Based on 4 letters, **V**aluable, **R**are, Costly to **I**mitate and **N**on-substitutable, it allows the management to ask the right questions to position the company in the right path to meet sustainability (Bascle, 2015). Three strategic questions are explored in order to understand on which field could ActiveMe develop a sustained competitive advantage?

Is ActiveMe recognized as a true creative studio by the actors of the market?

The first question to ask is whether ActiveMe is recognized among the actors of the UK market. The answer is clearly "No, it is not". Indeed, the company has just started investigating the market and is still struggling in a prospecting phase. So far, ActiveMe has taken part to two tradeshows. During my prospecting mission in London, one contract with an event agency has been concluded. Therefore, ActiveMe cannot pretend yet to create a sustained competitive advantage based on its popularity on the UK market.

Valuable?	Rare?	Costly to Imitate?	Non-substitutable		Competitive implications	Economic implications
No				Increasing bases of substainable competitive advantage	Didsavantage	Below normal
No	No				Parity	Normal
No	No	No			Temporary advantage	Above normal
No	No	No	No		Substained advantage	Above normal

Figure 28: Is ActiveMe recognized on own a prestigious and powerful portfolio of brand?

Could the technologies developed by ActiveMe generate a sustainable competitive advantage?

The second question to ask is whether the technologies developed by ActiveMe are susceptible to generate a sustainable competitive advantage. Because they consider themselves as a creative and technological agency (ActiveMe, 2016), the company invests a lot of money in R&D to stay up to date with technologies and always to take a step further the traditional offerings (ActiveMe, 2016). However, although this claim seems to be confirmed in Belgium, it may not be the case on the UK market. As confirmed by the environmental analysis and supported by Faboumy's statement, English people are early adopters of technologies: *the large community of entrepreneurs coupled with their tech-savvy attitude may lead losing your idea you got overnight*. It can certainly be agreed that the technologies developed by ActiveMe are rare and valuable but some doubts exist on the difficulty that competitors may have to imitate the company's products. Number of companies delivering equivalent services are already established on this market.

Valuable?	Rare?	Costly to Imitate?	Non-substitutable	Competitive implications	Economic implications
Yes				Didsavantage	Below normal
Yes	Yes			Parity	Normal
Yes	Yes	No		Temporary advantage	Above normal
Yes	Yes	No	No	Substained advantage	Above normal

Increasing bases of sustainable competitive advantage

Figure 29: Could the cutting edge technologies ActiveMe develop generate a sustainable competitive advantage?

Could the price that ActiveMe charge on the UK market, generate a sustainable competitive advantage?

The last question I am going to analyse is about to know if the price differences based on geographical locations could benefit to Active Me on their way to generate a sustainable competitive advantage. The VRIN analysis that I have designed on the figure X answers positively at this question. Even if we suppose that budgets from actors competing in the same industry that ActiveMe (agencies, brands…) are bigger in the UK market compared to the Belgium market, we may admit and this is highlighted by Simon Dance, that *in an era when growth at all cost, marketing is becoming less relevant, or at least more scrutinised* (Dance, 2016). It means that even if actors deal with large or low budgets, ActiveMe has a big role to play on both these sides and could therefore develop a sustainable competitive advantage based on the price they charge.

Valuable?	Rare?	Costly to Imitate?	Non-substitutable	Competitive implications		Economic implications
Yes				Increasing bases of sustainable competitive advantage	Didsavantage	Below normal
Yes	Yes				Parity	Normal
Yes	Yes	Yes			Temporary advantage	Above normal
Yes	Yes	Yes	Yes		Sustained advantage	Above normal

Figure 30: Could the price charged by ActiveMe on the UK market generate a substainable competitive advantage?

Conclusion of the RBV analysis

After the formulation of some strategic questions that could lead ActiveMe to develop a sustained competitive advantage based on its capability to charge less compared to competitors based in the UK market, the focus is now on sorting the main capabilities mattering on it coupled with the level of strength of ActiveMe.

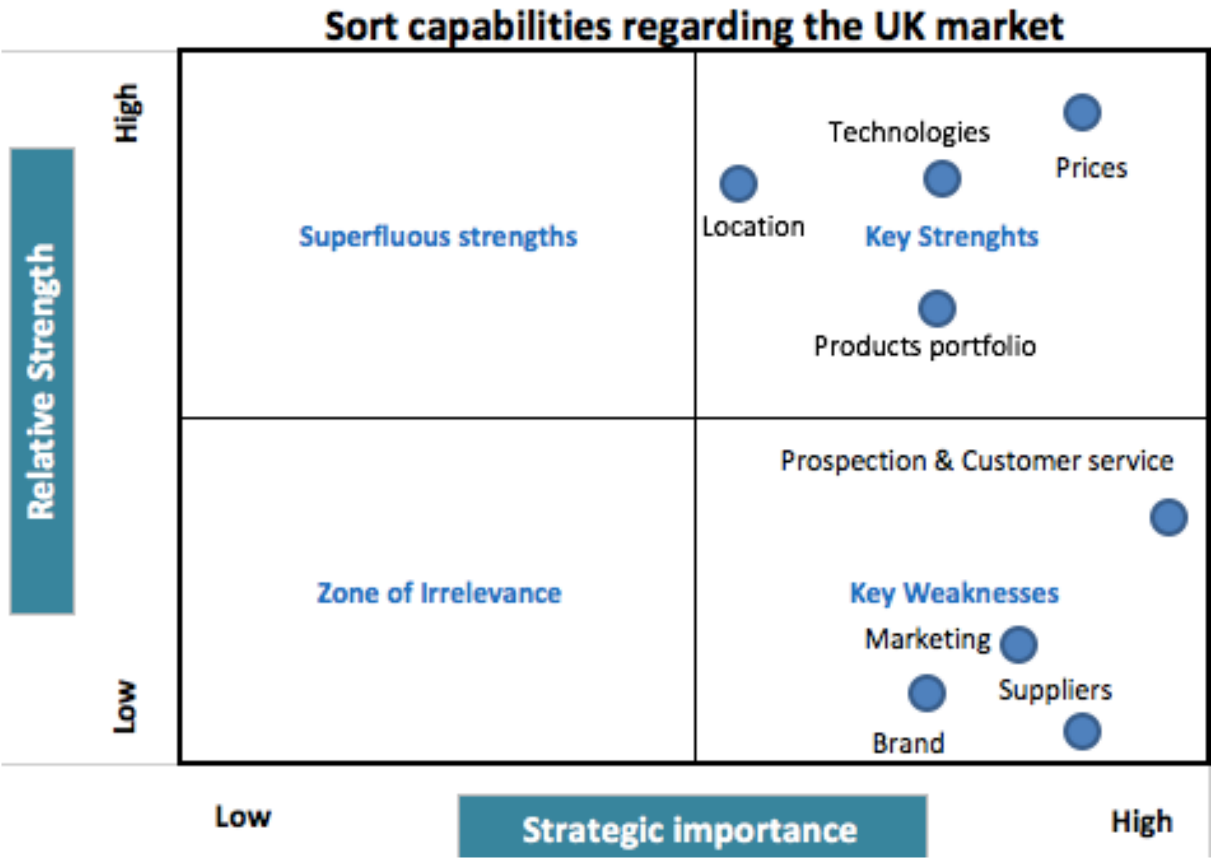

Figure 31: ActiveMe capabilities regarding the UK market (Adapted from Bascle).

As discussed in the VRIN section, ActiveMe (the brand) is not yet known by the market actors. To deal with that, the company needs to focus on leveraging three main capabilities that are currently associated with weaknesses, and which are the subjects of a discussion in Section 4:

- Marketing.
- Suppliers.
- Prospecting & Customer service and follow up.

Conclusion internal analysis

The analysis of the internal environment allows to define ActiveMe's capabilities that are relevant to compete within the UK market. In other words, ActiveMe's strengths have been standing out that will lead its to influence positively the responsiveness of this market. However, they have to face some current weaknesses that could slow down its propagation on this market.

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Strenghts	Weaknesses
- Less expensive that the English competitors - Interactive products portfolio - UK national market don't know yet ActiveMe offers	- No global strategy - No marketing strategy - No suppliers yet on the market - Brand awareness - Small team

On the figure 32, regarding the link with the international growth, the RBV analysis allows to stand out the way to gain global market share but let's guess at the same time effort and time that will have to be made.

	International Growth
Benefits	- Enhances the domestic competitiveness - Extend sales potential - Maintain cost competitiveness in your domestic market - Gains a global market share - Reduce dependence on existing markets - Stabilize seasonal market fluctuations
Obstacles	- Legislation - Culture/linguistic barriers - Currency fluctuations - Finding the right workers - Logistics - Cash extraction
Focal Points	- Invest time and effort - Interdependance between countries - Responsiveness of the foreign country - Evaluate threats of competitors - Political stability - Capabilities

Figure 32: International growth's highlight points

6.9. International Corporate-Level Strategy

As explained in the theoretical part, it is important to know the degree of the “globalization” of a company. First-mover advantage (FMA) and first-mover orientation (FMO), detailed in the previous part, determine this degree. In order to determine it, we use the international corporate-level strategy (Tuppura, Saarenketo, Puumalainen, Jantunen, & Kyläheiko, 2008).

Based on the analyses carried out in this thesis both from the business environment and internal perspective, while regarding the willingness of ActiveMe to go overseas, the most appropriate strategy to follow is the internal strategy with a focus on geographic expansion. According to the four internal strategies described in the first part, ActiveMe is currently following the strategy “simple export”.

Indeed, toughly present on the Belgian market where its activities are concentred, the company is also loosely coordinated overseas on the Luxembourg and Spanish markets, and starts to occur on the UK market as well. The strategy of ActiveMe is to be on the ball where some responsiveness is felt from an emerging market (the UK, Emirates United States…) and to use students from AWEX Explort program to realize a first analysis of the market (Themelis, 2016). Pricing, packaging and branding policies are determined from the headquarters. The distribution channel (suppliers) is adapted to each local market.

Figure 33 gives a general view on the current international strategy of ActiveMe, from (some of) its competitors (Phygital, Arcstream and Chaotic Moon) and some companies involved in other sectors. This figure emphasizes the fact that ActiveMe is currently using the simple export strategy, as mainly of its competitors (Phygital, Arctream). ChaocticMoon, an American company, plays in the same sector as ActiveMe, Phygital and Arctream but on a further step. Indeed, the company is essentially established in America but has also strong connections in Europe. Recently, this company was acquisitioned by Accenture interactive, a leading global professional service company (Chaotic Moon, 2016). Based on the first part of this thesis, this acquisition was made under the external growth strategy. The strategy under the takeover of Chaotic Moon is to enlarge collaborations with brands by gaining more exposure and to develop its capabilities through Accenture’s support (Techcrunch, 2015). For now, ActiveMe is definitely and currently focusing on international growth. In the mid-term, depending on ActiveMe’s development, the management might adapt the current strategy.

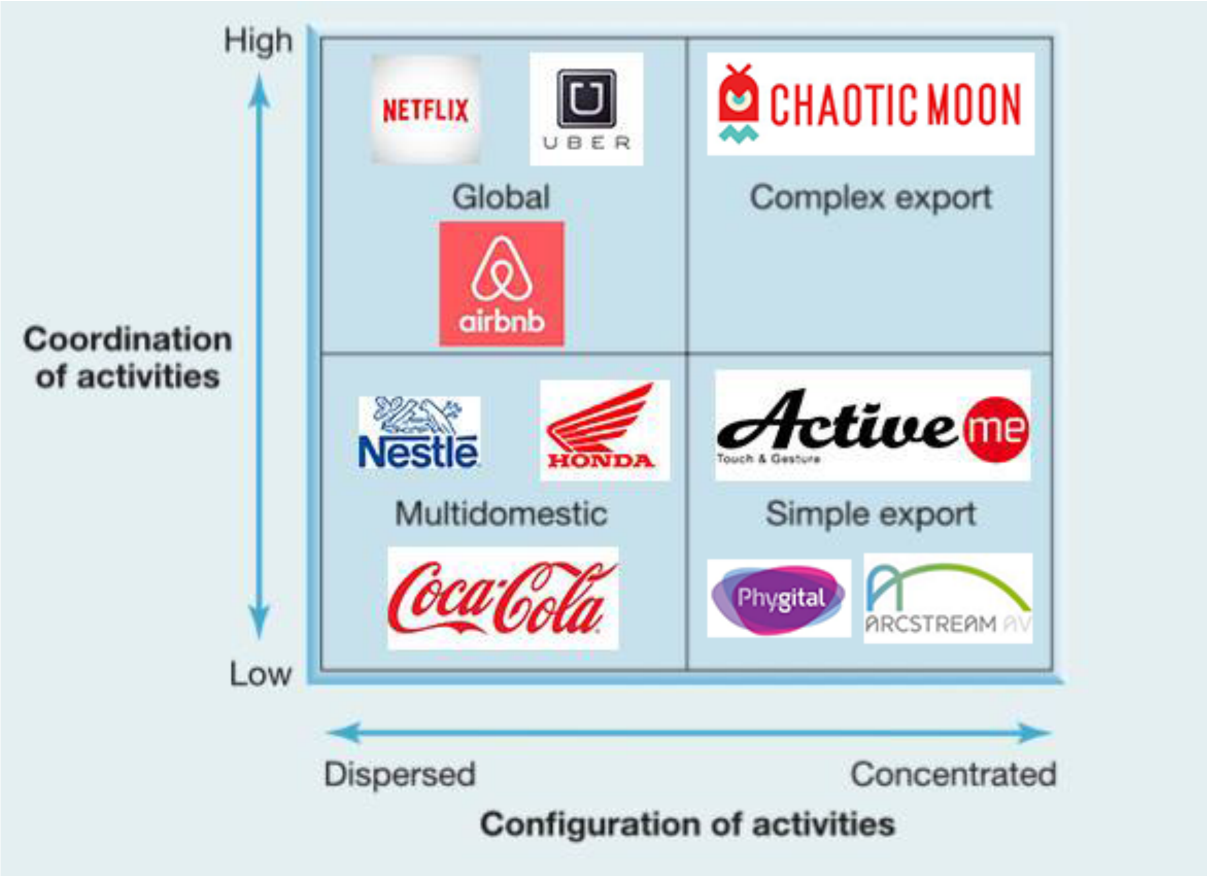

Figure 33: International Corporate-Level Strategy of ActiveMe, its competitors and other companies from different sectors

Based on its current geographic expansion experience while regarding on the firm's globalization intensity explained in the theoretical part, ActiveMe's intensity of going global is made gradually or on a moderate way. This affirmation is made regarding its gradual expansion on the Luxembourg and Spanish market while referencing on the managers' intention to be financially independent. *The minimal investment to open up a subsidiary within a foreign country cost around 200 000, 300 000€. Today, ActiveMe is not able to assume this cost. We need first focusing on becoming financially self-sufficient.* (Themelis, 2016).

Based on these arguments, we can evaluate that ActiveMe' FMO is moderate. Indeed, the company is already present on several geographic markets but at this time, we couldn't claim yet that it enjoys a FMA. The fact that, for each new single geographical market, ActiveMe has to build first connections on the field which take times to occur.

As explained in the theoretical part, when small companies start expanding abroad, managers have to face a set of international constraints (Bar ringer and Greening, 1998). Regarding ActiveMe's case, they have to take into account several barriers:

- First prospecting on the field: As revealed my 3 months' experience in London, it takes time to establish the first links within a foreign market.
- Logistic barriers: For each foreign country established, ActiveMe has to find new local suppliers
- Small team: The small team is a current international barrier as the commercial team cannot fully allocate their time for expanding ActiveMe abroad.
- Distance: The distance with the headquarters and the representative on the field

As Cuerbo-Cazurra affirms in his researches, globalized companies are less impacted with these international barriers (Cuervo-Cazurra, 2011).

6.10. Answer of the second research question

From the carried out field research, the management tools, and the recorded interviews, an external and internal analysis has been carried out. Based on that but also on my internship experience and the theoretical part, the results of those two analyses allow to gather all the required information to answer the second question (How is the responsiveness of the UK market regarding ActiveMe's capacities?).

To understand easier, a SWOT analysis has been carried out. It is shown on Figure 27. This analysis enables to deliver *key strategic messages* (Johnson , Scholes, & Whittington, 2008). It summarises the key factors to take into account from the external environment determining the opportunities and threats of the UK market while enumerating at the same time the strengths and weaknesses of ActiveMe (Johnson , Scholes, & Whittington, 2008).

It can be argued that the responsiveness of the UK market regarding ActiveMe's capacities is real. ActiveMe is based as a challenger with the eagerness to make itself acknowledge on the UK market. ActiveMe's strengths are the prices charged by the company, its product portfolio and its status of new competitors that could definitely allow it to enter and compete inside this market. We may believe in that success because of the opportunities present on the market as the fact that English people are early adopters of new technologies but also the fact that the proximity with Belgium allows to ensure a good follow-up of clients. The low interdependence between Belgium and the UK, the low corporate tax and the opportunity to easily open up a subsidiary like a LTD, are also good points.

However, as a challenger, ActiveMe does not have to forget that the gamble is risky due to the many threats that the company would face by entering the UK market. Firstly, by dealing with the "Brexit" and the English culture. Secondly, if ActiveMe succeed on the UK market, the real key factor is to invest time… again and again. Free up time to prospect the market but also to ensure the follow up is crucial. My experience as intern at ActiveMe for three months enabled me to realize that it takes time to deal with clients. This point takes even more importance because of the English culture. As an example, it took me more of 60 e-mails shared and many telephone calls with my client to sell and implement only two licences from ActiveMe's product portfolio. Cedric Leprince (COO) and Dimitri Themelis (VP Sales), are the two main persons working on the prospecting side but also on customer support, the follow up and the customer relationship management sides on each geographic market on which ActiveMe is present. Reflecting they are already overbooked, focusing on another geographical market like the United Kingdom seems, today, not achievable unless they decide to enlarge their sales team.
The fact that life is expensive in England, especially in London, could retract ActiveMe from hiring a representative or a freelancer established in London, or from establishing a permanent subsidiary there in the mid-term. Finally, the company is not alone on the UK market. Indeed, many competitors are already established before ActiveMe's purpose to target this market. Therefore, the company has to realize that it will have to compete against its.

In order to facilitate its venue in the United Kingdom, ActiveMe must reinforce its weaknesses. For now, it has to realize that no actors in the UK, or maybe just a few, know ActiveMe as a brand. To change that, developing a marketing campaign is a key factor.
Also, the company must establish connections with trustable suppliers in order to be able to deliver its interactive products throughout the country in an easier way.

Strengths

- Less expensive that the English competitors
- Interactive products portfolio
- UK national market don’t know yet what ActiveMe does

Weaknesses

- No global strategy
- No marketing strategy
- No suppliers yet on the market
- Brand awareness
- Small team

Opportunities

- UK = early adopters
- Proximity and easy to do the follow up
- Low corporate tax
- Easy to open a subsidiary in the UK (LTD)
- Low interdependence between BEL-UK
- Budget available

Threats

- Expensive life
- Brexit
- Some potential prospects already work with their suppliers
- English culture
- Competitors

Figure 34: SWOT analysis of the UK market.

7. Discussion and limits

Two research questions have been conducted through the elaboration of this thesis allowing to resolve the problematic of my thesis articulated on a 2 steps approach: Defining the right growth strategy for ActiveMe and measuring the responsiveness of the UK market regarding ActiveMe's capabilities.

The first step of the thesis was explored based on the theoretical part and on a set of questions/arguments. From this, the conclusion that the organic growth strategy with a focus on the geographic expansion (international growth) was the most suited one regarding ActiveMe.

The low rate of technological companies that acquire companies (the preference is for setting up new ventures), the ActiveMe's inexperience in the M&As process, the low exposure it gets for being acquired lead think that the external growth seems not yet the right option for Active Me.

Furthermore, resulting from the interview of the VP sales at ActiveMe, Dimitri Themelis, the current international strategy and the eagerness of the team to go global lead concludes that the choice of this strategy was definitely more suited for ActiveMe.

The decision to explore more practically the growth strategy chosen contributed to defining two analyses both from an external and internal point of view. Those analyses were based on the deployment of some strategic management tools in order to achieve the second step of the thesis. First key elements resulting from the external analysis and supported by the interview of a field entrepreneur, Laurent Faboumy, were resumed by a set of opportunities and threats coming from the UK market and allowing to define the responsiveness of it. The opportunities are real and lead think that ActiveMe has a big role to play. However, a set of threats present in this market should probably slow down the deployment of the company within it.

The analyse of ActiveMe's capabilities have shown several strengths that will help it to gain acceptance from this market by reinforcing first its weaknesses.

Based on the carried out field research and the recorded interviews, the external and internal analyses but also on my internship at ActiveMe, I have evaluated the degree of opportunity of entering and competing within the UK on a short-term vision on the figure 35. In order to facilitate its venue on the market, some focal points have to be taken into account.

- Marketing-Brand awareness: As explained in the last section, no actors in the UK, or maybe just a few, know ActiveMe as a brand. Developing a marketing campaign is so a key factor. It starts simply by being busily present on social networks such as Facebook, Twitter, Instagram, Vimeo and above all LinkedIn, the main professional social network. The reason is that, ActiveMe operates in the B2B market and that propagating contents (videos, news…) could allow it to make the buzz on this social network.

- Suppliers: As mentioned several times through this thesis, building partnerships with suppliers is a mandatory condition

- Economies of scales: Gaining economies of scales through the development of its product portfolio would allow to balance the high cost of living that require the UK.

- As mentioned before, because it takes time to prospect the market and to assure the follow-up, thinking of enlarging the sales team would certainly not a waste of time.

Figure 35: Degree of opportunity – Short term vision

Limits

The first limit of this thesis that I could acknowledge is probably my research methodology on the field. Firstly, the duration of my stay was only of 2 months. In 2 months, I have developed a foretaste of how local work but obviously, I cannot pretend to be an expert of the UK market. Secondly, my field observations are based only on "simple" observations and not on a rigorous scientific research that could certainly be valuable for elaborating such a thesis.

Another limit is probably based on my only two interviews I made. Even if ActiveMe is a small team, I should have had setup other interviews with the entire team. A first argument is simply to know if all the team is on the same way for achieving the same objectives. Other interviews with key people on the field would certainly have contributed to developing my field knowledge on this market.

From a personal point of view, having the opportunity to realize an internship on the UK market for ActiveMe allowed to live the experience right from the field which contributed to collecting true and useful information. This experience, off the beaten track, makes me aware that theories help managers to orient their strategies. However, a limit that could face this thesis about ActiveMe concerns the ability to set up what stand out from theories. Indeed, the analyses highlight indicators that the company could take into account for competing in the UK market but it doesn't affirm that managers will be successful just by opting to act that way and follow the recommendations that I drafted. Exploring a (unknown) market and being successful within it depends on many unknown factors such as luck, eagerness of managers, investment, … Those factors that have its importance in an internationalization strategy are not linked with theories and analysis explored through this thesis.

A last limit of this thesis is the non-deep analysis of the repercussion of the UK leaving Europe. Negative repercussions will certainly modify the low interdependence between Belgium and the UK. Today, it is difficult to predict what will stand out from the next negotiations between the two parts that will determine the future of the exportation between these countries. However, according to Hans Maertens[8], *we have to make sure during the next negotiations that Belgian companies still could export without broken links with the UK* (RTBF, 2016).

Nevertheless, I believe in the usefulness of the recommendations that have been made. On top of that, I am very optimistic regarding ActiveMe's strong team and vision. We can be inspired but watching Messi every day will not make you a great player. As Abraham Lincoln once said, *the best way to predict the future is to create it*. Let you go all-in and make it happen.

[8] VOKA's Chairman (patronat flamand)

8. Conclusion

Through the first part of this thesis, two types of growth have been developed. The organic growth which consists in building and developing the organization's own capabilities while the external growth takes place outside the company and consists in finding opportunities from other companies.

From there, the development of this thesis consisted on a two steps approach: Defining the right growth strategy for ActiveMe and measuring the responsiveness of the UK market regarding ActiveMe's capabilities.

The first approach of this thesis was explored by questions/arguments supported by the theoretical part, field documents, the interview from ActiveMe' manager. The organic growth with a focus on the geographic expansion (international growth) reveals to be more suited for ActiveMe. Arguments against external growth such as the low rate of technological companies that acquire companies (it prefers to set up new ventures), the ActiveMe's inexperience in the M&As process, the low exposure it gets for being acquired lead think that this external growth does not work yet with ActiveMe.

On top of that, based on the vision of the VP sales at ActiveMe, Dimitri Themelis, the current international strategy and the eagerness of the team to go global lead concludes that the choice of this strategy is definitely more suited for Active Me.

The first step completed, the second step of the thesis was explored through the elaboration of two analyses both from the external and internal point of view, as requires the international growth. The analysis of the business environment, from the macro-environment and the industry, are been based on field research, supported with Laurent Faboumy's interview, and several management tools such as a PEST framework, international drivers, and Porter's five forces were made. Results showed that the UK market offers a set of opportunities in regards to ActiveMe. Budget available, early adopters of technologies, proximity and low interdependence between Belgium and the UK, low corporate tax and easiness to open a subsidiary there, represent the major ones. Obviously, threats in phase with ActiveMe surround the UK as well. Competitors, the English culture, the political instability (Brexit), and the time it takes to prospect and proceed of the follow up representing serious threats for ActiveMe.

The analysis of the business environment allowed to understand the responsiveness of the UK market. However, the analysis of ActiveMe's capabilities was mandatory to get know whether the company could influence by itself the responsiveness of the UK market. It's strategic capabilities through the RBV analysis revealed its strengths to adopt on the market for developing a sustainable advantage within it. Low charges compared with the UK field, the development of a product portfolio unknown yet in the UK represents its main strengths. But if they want to make an astonished impact inside it, they should have to bridge the gap with ActiveMe's weaknesses by paying attention to setting up a marketing campaign, making partnerships with English suppliers and thinking of enlarging the team if they want to focus on several geographic markets at once.

Finally, I maturated the degree of opportunity of entering in the UK market by resuming the risk and focal points that should help ActiveMe to facilitate its entrance within it.

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10. Interviews

Interview Dimitri Themelis-Garcia – VP Sales at ActiveMe

- **Présentez-vous**

Vice-président Sales chez ActiveMe, responsable du marketing et des ventes chez ActiveMe.

- **Présentez ActiveMe**

ActiveMe se positionne en tant que studio créatif dévelopant des concepts interactifs et expériences pour l'industrie du Média marketing, Event et du Retail.

- **Depuis quand et comment avez-vous rejoint ActiveMe ?**

J'ai un background commerce international et marketing qui m'a permis de voyager beaucoup mais surtout de travailler dans des grosses entreprises liées à l'exportation. Suite à ces expériences, j'ai décidé de me réorienter afin d'évoluer dans un environnement plus libre et je me suis redirigé vers le monde des startups et des technologies. Je décide donc de suivre le programme EXPLORT de l'AWEX dans lequel je suis envoyé à San Francisco pour promouvoir ActiveMe. À la suite de cette mission de 2 mois, assez probante, pas en termes de contrats signés mais en termes de network et de personne touchées avec des projets précis pour eux. Après, continuer la mission à mon retour était difficile de par la distance géographique et le fait qu'ActiveMe n'était pas encore rentable à ce moment-là pour supporter ce genre de coûts. Quentin (CEO d'ActiveMe), m'a proposé de rejoindre l'équipe en faisant la promotion d'ActiveMe au Benelux mais en continuant également la promotion d'ActiveMe à l'international, principalement en Espagne, aux Émirats, UK partiellement et les USA, mais la (USA) il faut mettre les moyens pour faire les aller-retour car on ne peut malheureusement pas vendre sur Skype. Donc voilà en gros comment j'ai rejoint ActiveMe.

- **Qu'est-ce que cette expérience (programme explort) vous a-t-elle permis d'apprendre?**

Ça m'a projeté car tout simplement, tu connais tes skills, tu sais ou tu peux aller avec ton expérience, mais par contre, tu n'as jamais les moyens et l'opportunité de les exprimés et donc avec ActiveMe, Quentin, m'a très vite proposé et laissé l'autonomie et la flexibilité suffisante afin de "Driver" le tout à moi seul avec Cédric (COO d'ActiveMe) en project management. Ce que j'en retire donc c'est de l'autonomie, de la flexibilité qui m'a permis de m'exprimer et de jouer le rôle du businessman avec la garantie dernière d'avoir quelque chose à vendre. Ça peut te projeter vers une carrière internationale.

- **Vous offrez une offre de services et de produits mais quelle est votre promesse aux clients ?**

Nous créons et développons nos produits en Belgique avec une solide équipe technique base à Louvain-la-Neuve. Le constat a été de se dire que le média tel qu'on le voit aujourd'hui c'est la télé, la radio et l'online. Le média communique dans un sens, vers le consommateur. On a réalisé que grâce aux technologiques qu'ont utilisent, on va pouvoir "gamifier" les expériences des campagnes et amener cette expérience utilisateur. Autrement dit, l'expérience du coté consommateur avec l'annonceur et donc vers un nouveau type de relation se crée grâce aux technologies mais surtout ces technologies qu'on convertit et qu'on intègre dans des concepts plus larges et créatifs qui eux vont s'intégrer dans la campagne de l'annonceur. Dès lors, notre promesse est de se dire qu'aux dela des services que nous offrons, notre promesse est d'offrir une expérience interactive à l'audience que nous touchons.

- **Êtes-vous satisfait de la demande belge pour vos services ?**

Non. Non car avec ce genre de service créatif, il faut travailler et approcher de façon proactive l'annonceur ou le client, quel qu'il soit. Parce lui ne perçoit pas vraiment les technologies qu'on utilise, et donc il faut revenir vers une idée créative autour de l'univers de l'annonceur ou du client et donc, c'est un long processus. Mais surtout, la demande en Belgique, elle est quasi-inexistante, car ils ne sont pas éduqués, ils ne sont pas informés par rapport à tout ce qu'il se fait. Enfin le volet budget, on est "cherry on the cake". De plus, les agencies veulent constamment du neuf et n'aime pas quand nous réutilisons nos produits chez des concurrents. Dès lors, la question se pose plutôt de savoir ou on se positionne et peut être que des pays/villes comme le Qatar, Dubai, l'Amérique, Singapour pourraient être justement des cibles ou il y a des moyens financiers plus importants.

- **Quelle est la stratégie internationale d'ActiveMe actuellement ?**

Je vais parler ici des pays avec lesquelles on a déjà réalisé des choses. L'Espagne tout d'abord car je suis espagnol, j'ai grandi là-bas, c'est ma langue maternelle au même titre que le français et donc, il y avait déjà cette première facilité linguistique, culturelle. Et puis Barcelone plus particulièrement car contrairement à ce que beaucoup de personnes pensent de l'économie espagnole, elle fait partie aujourd'hui de celles qui investit, dans notre secteur, le plus. C'est un pays qui consomme énormément de médias. Barcelone est une ville très high-tech. Nous travaillons étroitement avec Media Markt et TNT Factory là-bas. Media Markt a décidé de tester son premier concept store à

Barcelone, même avant Londres car ils estiment que cette ville (Barcelone) est encore plus high-tech, plus connecté. Donc de un, car c'est high-tech, de deux car je parle la langue, trois, on a des fournisseurs qui sont capables de promouvoir ce qu'ActiveMe réalise et qui font plus ou moins le même type de business. Attention qu'il ne faut pas rentrer non plus trop en concurrence avec eux et qu'il faut être complémentaire par rapport à l'offre existante chez nos partenaires.
Il y a également le Luxembourg pour la proximité géographique, mais aussi parce que c'est un pays innovant de plus en plus. Luxembourg comme on le sait s'est fondé sur son patrimoine financier et donc on peut espérer qu'ils dépensent de l'argent dans les technologies et les concepts interactifs. Donc pour la proximité, et que même si ce pays est un petit pays, le pouvoir d'achat des acheteurs professionnel est présent.
Le Royaume-Uni, comme je t'ai dit, j'ai pas mal de contacts là-bas, mais il ne faut surtout pas se griller car ce sont des contacts high level, dans des grandes multinationale comme Westfield ou Shell donc quand on décide de les attaquer, il faut être sur d'avoir le bon discours car on n'aura qu'une chance. Si tu ne fais pas une bonne impression directement, ils ne seront pas intéressés et ne te rappelleront pas. Ça fait partie des deux dernières années de prospections que j'ai réalisé au Royaume-Uni notamment avec le salon Ad-tech à Londres. Dommage que je n'ai pas pu suivre cela avec toi car je connais bien le marché UK du moins, le sud de l'Angleterre. Mais bon voilà, on est toujours en phase de prospection, toi tu es parti là-bas pour dégrossir le marché, et voir si nos sentiments avec le UK s'affirment ou pas.
Enfin il y a la prospection USA dont j'aimerai consacré 60% de mon temps avec l'Espagne mais pour l'instant ce n'est pas la priorité car il faut garantir le minimum ici.
Qatar et Dubaï voir les Émirats en règle générale. J'ai vendu un petit truc au Liban pour 2000€. Le Liban fait partit aussi des pays avec qui on traite. Les émirats, car c'est très facile d'accès et en plus, on sait à quel point ils sont friands de "woaw et que si le concept plaît, je n'ai pas dit que c'était facile mais si le concept plaît, eux ils sont prêts à mettre l'argent.

- Pourquoi avoir choisi le marché du Royaume-Uni ?

Proximité avec la Belgique. C'est accessible à 2h de train premièrement. Deuxièmement, niveau de vie très élevée. Troisièmement, niveau digital, ils sont très en avance, beaucoup plus en avance que nous. Et donc Londres a toujours été une référence même avant New York au niveau du digitale. Il y a énormément d'agences digitales, on pense qu'il y a énormément de synergies possibles, mais en même temps, il y a beaucoup de menaces car la concurrence peut être rude et donc il faut en effet avoir les bons partenaires locaux pour pouvoir trouver des solutions.
Ensuite nous pensons que les prix proposés par ActiveMe sont attractif au Royaume-Unis ou le cout

de la vie est fort élevé. La main d'oeuvre belge reste couteuse compare aux pays de l'est ou à l'asie mais nous ne voulons pas externaliser le dévelopement de nos softwares car ce serait trop compliquer à gérer.

- **Comment y voyez-vous l'évolution et le développement là-bas dans un court, moyen terme ?**

Compliqué, du business on sait qu'on peut en faire dans le UK et plus particulièrement Londres. Maintenant, il faut le bon réseau, les bons partenaires, les agences aussi. On a vu que les agences ne poussent pas plus que ça nos solutions, elles nous connaissent voilà, mais ce n'est pas concret et donc pour moi, il faut construire davantage le réseau des annonceurs et il y aura peut être des choses à faire mais ça reste quand même compliqué dans le court et moyen terme car ça prend du temps de construire tout ça. Un pays comme la Belgique, ou l'on est belgo-belge, ou on vit ici, on parle la langue et on se rend même contre ici que ça prend du temps à construire et donc le UK, ça prendra du temps aussi si pas plus.

- **San Francisco, Londres… des villes ou le coût de la vie est très élevée… Pensez-vous que l'ouverture d'un bureau là-bas y soit intéréssant et conseiller ?**

Toi qui as étudié le commerce, l'économie, dans les phases de constructions d'une PME la première phase est de vendre vendre vendre pour survivre. Une fois que tu vends, tu es dans une phase de croissance et il faut parvenir à la stabiliser. Une fois que tu la stabilises, tu continues et tu la renforces pour pouvoir engager des collaborateurs mais il faut une base solide. Aujourd'hui, on ne pourrait pas assumer le coût d'un représentant à l'étranger pour le moment. Par contre, dans notre business, il est clair que pour moi, la meilleure stratégie est d'avoir ActiveMe UK, ActiveMe US (divisé East coast et West coast car ce sont de grands territoires). Donc pour moi il faut créer plusieurs entités ActiveMe par contre il faut mettre les moyens nécessaires. Il faut compter au minimum 200 000, 300 000€. C'est un gros coup, il faut être capable de le faire. ActiveMe aujourd'hui n'est pas capable de le faire. On doit d'abord partir du principe que l'on doit être autonome financièrement et avoir une stabilité financière.

- **Comment voyez-vous l'évolution d'ActiveMe dans les prochaines années ? Au Royaume-Uni ?**

Je pense que ça va prendre. Je suis convaincu, je suis passionné et si je me bats comme ça pour l'instant c'est pour ça, c'est pour que, on voit d'année en année, on stagne, on est sur le break even donc ce qui veut dire qu'on est à 500 000, 600 000 € par an mais on voit que les projets rentrent de plus en plus, on nous connaît, on nous appelle, on nous considère maintenant comme une véritable agence créative. Ça prend énormément de temps de construire tout cela. Je pense que d'ici 2,3 ans, on aura toujours une croissance à 2 chiffres et j'espère que dans les 4,5 ans, on sera une bonne vingtaine et qu'on puisse songer déjà à l'ouverture d'un bureau notamment à Barcelone, à Londres pourquoi pas, à New York et Dubai. C'est ma vision à moi et je pense celle d'ActiveMe également. Je ne peux pas dire que dans 3 à 5 ans, on sera là, mais c'est clair que c'est ce que j'aimerai.

Interview Laurent Faboumy – Founder of Kwaleo & Tuim

- **Présentez-vous**

Je suis né en Suisse, par la suite j'ai déménagé au Bénin avec mes parents. J'ai vécu 5 ans, j'ai fait une petite partie de mes études là-bas. Par la suite, j'ai enméngé au Canada dans une ville qui s'appelle Cherbrouk. J'ai continué mon cursus scolaire là-bas. Par la suite, j'ai démarré mes études universitaires. J'ai fait un Bachelier en finance. Après avoir obtenu mon Bac, j'ai emménagé à Montréal ou j'ai travaillé dans le commerce de la mode, dans la fashion rétaise pendant 3 ans. C'est différent de mon Bac en finance, mais je ne voyais pas travailler en finance et puis j'ai toujours été intéressé par la mode, mais plutôt par l'aspect commercial de la mode. Donc c'est ce que j'ai fait et au terme de ces 3 ans, j'avais envie de changement, j'avais besoin d'être dans un environnement plus dynamique, d'améliorer mon anglais également. J'avais deux choix qui s'offraient à moi. Le premier était d'aller à New York qui est assez proche de Montréal. L'inconvénient est qu'il faut postuler pour une carte verte si u veut être résident. Donc c'est ennuyant. Donc vu que j'ai le passeport français, je me suis dit que ce serait plus simple d'aller au Royaume-Uni. Une fois au Royaume-Uni, j'ai commencé d'abord par passé mon TOEIC qui est un examen de langue. C'était néssaicesseaire pour pouvoir bosser ici. Par la suite, j'ai continué dans la fashion rétaise pendant 1,5an. Ensuite j'ai continué dans le commerce électronique pendant 8,9 mois. Au terme de cette période, j'ai eu une idée de projet que j'avais envie de développer. J'avais assez d'économie de côté pour pouvoir quitter mon job et me consacrer 100% à mon projet.

- **Quelles sont les 2 business que vous avez lancé ?**

Le premier est une boutique en ligne qui a la particularité de permettre à tout type de consommateur de trouver aisément des produits qui sont en adéquation avec leur individualité et leurs besoins.
Le deuxième est une plateforme en ligne qui a pour but de mètre en relation les profesionnelles travaillant dans l'industrie de la mode avec les profesionnelles travaillant dans l'industrie technologique.
En gros ça m'a pris 1 an de travail. Durant ces 1 an, j'ai du analyse mon marché et être sur qu'il y avait réellement un besoin dans ce que je voulais faire. Je me suis renseigné sur les différentes conférences, communauté, groupe de travail. J'ai assisté à des conférences, je suis rentré dans des communautés, je posais beaucoup de questions, j'allais à des séances de travail ou il y avait des entrepreneurs comme moi qui posaient des questions à des experts, sur LinkedIn… Au terme de cette période, après avoir su que j'allais dans la bonne direction, je me suis lancé en cherchant dans un premier temps des partenaires de travail. Plus précisément des freelancers parce que je n'étais pas en mesure de recruter à temps plein. Jusqu'ici, tout était financé par fond propre. Londres est une ville qui a la particularité de permettre à

tout type de profesionnelles d'avoir des activités sur différents fronts ce qui m'a permis de trouver pas mal de collaborateurs avec qui j'ai pu travaillés. Cette période m'a pris quasiment 4 mois. IL s'agissait vraiment de structurer les projets et d'établir les différents documents dont j'avais besoin pour pouvoir continuer à avancer.

- **Comment avez-vous fondé et implémenté sur le plan légal votre société ?**

J'ai opté pour un statut d'entreprise à responsabilité limitée, ltd. Tout simplement parce que les risques sont partagés entre les différents fondateurs et qu'en cas de dettes seuls les actifs de la compagnie puissent être saisis. Alors que si j'étais allé pour un S.E. (à confirmé), en cas de dettes, les actifs de la compagnie sont également saisis.

- **Etait-ce simple d'implémenter une LTD ?**

C'était simple car je suis passé par un site en ligne qui m'a simplement demandé des documents basiques comme le numéro d'assurance social… Le procédé a pris environ 2 semaines, donc c'était assez court.

- **Quelles sont les opportunités présentes à Londres que tu as trouvé et qu'il n'y a pas autre part ?**

Premièrement, sur le plan social, Londres est une ville très cosmopolite, dynamique, multiculturelle également. Je dis souvent que c'est l'équivalent du New York européen. Deuxièment, Londres est la deuxième économique Européenne derrière l'Allemagne. Comme tu as pu le remarquer, il y a pas mal de gens qui viennent ici à Londres pour pouvoir trouver un emploi et que l'économie tourne bien. On sent que c'est une ville qui fonctionne bien.

Le deuxième aspect est que mon projet touche au projet électronique. Aujourd'hui, l'Angleterre est le premier pays en termes de ventes électronique en Europe. Ils font 60 milliards de pounds annuels de vente. Ce sont les numéros un, les deuxièmes sont les Allemands qui sont à 40 milliards ce qui correspond quand même à un écart de 20 millards ce qui est énorme.

Enfin l'industrie du commerce évolue ici à un taux de croissance annuel de 16%.

En ce qui concerne l'environnement, nous sommes dans un milieu propice qui favorise l'entrepreunariat. Je pense que c'est quelque chose de flagrant. Le nombre de startups ne cesse d'augmenter. C'est le pays ou il y a le plus de "Unicorn" en Europe. Il y a pas mal d'infrastructures qui permettent aux entrepreneurs avec une idée et un ordinateur de pouvoir travailler, de pouvoir trouver des collègues et du financenement aussi. Pour n'importe quel entrepreneur en Europe qui aimerait lancer une entreprise et avoir tous les bons éléments autour de lui pour pouvoir mener à bien son projet c'est-à-dire d'être d'en un écosystème propice à l'entrepreunariat, Londres est la ville numéro 1, et l'Angleterre en soi.

- **Quelles sont les menaces à prendre en compte pour une entreprise décidant d'ouvrir le marché londonien ?**

Sur le plan socioculturel, il faut essayer de se familiariser avec la culture anglaise et bien la comprendre. N'importe qui ne peut pas venir et implémenter un business dans un territoire qui ne maîtrise pas. Il faut forcément si tu aspires à vendre des produits aux Anglais, que tu comprennes leurs styles de vie, leur mode de vie, leur façon de penser et que ton produit colle avec leur mode de vie tout simplement. Les Anglais ont un type de vie différent des Français, des Belges.

Deuxième élément, sur le plan économique, lancer une entreprise est très risqué dans le sens ou tut te demandes si tu dois travailler afin de sécuriser des revenus et à côté de travailler sur ton entreprise ou s'il faut que tu te consacres à temps plein à ton entreprise en sachant que coté finance, tu serais limité. Moi personnellement, j'ai commencé à travailler pendant 2,5 ans affine sécuriser des revenus pour pouvoir par la suite se consacrer à temps plein sur mon projet. Tout ça pour dire que Londres est une ville chère et que sans revenus constants c'est difficile de pouvoir vivre.
Cependant, bien qu'il y ait une forte communauté de startups, le partage d'idées est tellement démocratisé que du jour au lendemain tu peux perdre ton idée comme ça. Du jour au lendemain tu peux te retrouver avec 5 compétiteurs dans ton industrie. Tout simplement parce que c'est facile pour n'importe qui de lancer un projet et que tout le monde en parle. IL faut être vif, vigilant. C'est bien de parler avec des gens, d'assister à des meetups. Mais il faut filtrer les informations que tu donnes.
La communauté de freelancer est tellement présente que tout le monde peut faire n'importe quoi en trouvant n'importante quel élément nécessaire à son business. Il faut beaucoup se renseigner sur le background de ses freelancers car beaucoup te promettent mont et merveilles, mais au final te délivrent un travail qui n'est pas à la hauteur de tes attentes.

- **Après vous avoir expliqué le business model d'ActiveMe, quelles sont les recommandations que tu pourrais faire à l'équipe?**

Vu que le UK où les pays sont Tech savy c'est-à-dire qu'ils sont à l'aise avec les technologies, c'est définitivement un produit qui peut les intéresser. Après vu ce que vous vendez est une technologie qui est encore dans ses débuts et que les prix sont assez considérable, il faut essayer de trouver des partenariats avec de grosses institutions qui elles, seraient en mesure de présenter vos produits.