

JAN BUIS

GLOBAL EXPANSION ROUTE-TO-MARKET OPTIONS



FOR
SCALE-UPS

Guidelines for addressing
Route-to-Market choices during
international expansion

Colophon

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Author: Jan Buis

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For inquiries, please contact JB Telecom & Data at:

postmaster@jbt.d.nl

Preface

After prioritizing the countries for business expansion, the natural question arises: how do we effectively sell into these markets? While the question is straightforward, the answer is far from simple.

A more strategic approach would be to prepare your organization to understand the different Route-to-Market structures available and then to determine if your organization is able to support them. For instance, if your organization currently sells directly to customers in your home market, adopting a channel-based sales model in a new region can be challenging and often result in misunderstandings.

Choosing a sales structure is one step; ensuring that headquarters can effectively support it is another.

Even when sales in the home market employ a sales channel, the structure of this channel may differ significantly in other regions. However, when you support your partners, you can leverage synergies and form a cohesive strategy for all markets.

It's important to remember that it is not always necessary to manage business operations in new regions directly. Partnering with another vendor, becoming part of their portfolio, or pursuing an OEM strategy may not seem immediately attractive but can offer a stable revenue stream with relatively low headcount costs.

This book dedicates special attention to the availability and utilization of legal frameworks. It's concerning to note that many Scale-Ups have little

to no legal safeguards in place beyond standard Terms and Conditions. These T&Cs may not even apply in different legal jurisdictions, and there can be serious implications.

Safeguard your future by implementing an appropriate legal framework.

Finally, let's discuss the importance of supporting demonstrations and Proofs-of-Concepts (PoCs). The approach to these requests can vary significantly across different cultures, and they can become very costly if not carefully managed.

For personalized guidance through the process—whether through training, strategy development, or full implementation—please visit www.jbtd.nl or contact us at postmaster@jbtd.nl to request an offer.

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Remote Sales – Why?

Regardless of location or market, developing a well-thought-out Route-to-Market strategy is essential in order to ensure a structured approach. By conducting business in the home market, valuable insights are gained into how to sell the solution and what organizational support is necessary.

However, when expanding internationally, especially into regions far from home, it becomes necessary to give careful consideration to the development of an appropriate Route-to-Market strategy. The CAGE framework (Culture, Administrative, Geographic, and Economic) of each country has offered insights into how the new market will behave differently from the home market. Leverage the elements that are relatively similar to your own market and develop strategies to address those that differ.

Leverage the attributes identified through the CPA-CAGE-PMA framework to understand the similarities with the home market as well as the significant differences.

Despite the unique challenges of each market, there are a few guiding principles to keep in mind when determining the “Why” of your Route-to-Market strategy:

- **Focus:** Avoid distractions when developing Route-to-Market strategies. It is common to encounter alternative routes that may seem appealing during the process. However, it is advisable to

begin with one primary route and consider others later as the strategy matures.

- **Alignment with Business Goals:** As discussed in the first book, there is always a reason for entering a new market. Use these reasons as a guideline when building all strategic elements, including your Route-to-Market approach.
- **Adaptability:** The CPA-CAGE-PMA Framework uses historical data to project forward, but once in the new market, certain elements may have changed. Be prepared to adapt, as reality often diverges from theory.
- **Scalability:** Avoid committing to a single path when entering a new market. While it may seem attractive to pursue one route initially, it could limit growth potential in the future.
- **Competitive Advantage:** Transparently conducting the performance, market, and analysis (PMA) section of the Global Expansion framework should reveal the unique advantages of each market. These may lead to different Route-to-Market approaches and certainly different marketing strategies.
- **Performance Measurement:** Later in this book, it will be explored how to monitor indirect channel partners through well-structured business reviews. Regardless of the sales route, establishing and regularly assessing these reviews provides a solid foundation for informed decision-making.
- **Risk Mitigation:** Entering a new market requires in-depth learning about its specific conditions. Ensure that your product complies with local regulations, as non-compliance can introduce significant costs that could hinder the ability to recoup investments.
- **Sustainability:** A long-term vision should guide actions when entering a new market. International expansion is not a short-

term, opportunistic step; it is a long-term commitment that requires sustained effort. It's a marathon, and not a sprint!

Before proceeding to the next chapter, it is important to clarify that this book primarily emphasizes Business-to-Business (B2B) sales and does not explicitly address other models such as Business-to-Consumer (B2C) and Business-to-Government (B2G), although they can be integrated into the discussed frameworks. Business-to-Business-to-Consumer (B2B2C) follows a similar approach to B2B.

Case Study 1: Going 'Down Under'

Who:	A U.S.-based wireless equipment vendor.
Why:	Unanticipated demand from the Australian market.
What:	Establishing a partnership with an exclusive local channel partner.
How:	The channel partner assumed responsibility for localizing the products and covered the associated costs.
Results:	<ul style="list-style-type: none">- The company entered the market relatively quickly due to the extensive knowledge of the local partner.- The partner handled most operational activities, efficiently managing the time zone differences.- The partner's reach extended beyond Australia, even expanding into New Zealand and Fiji.- Despite the vendor's acquisition, the local partner continued to lead the market operations.

Remote Sales – How

With the “Why” now established, it is time to move on to the “How.” The differences may not be significant, but the emphasis here will be on the Route-to-Market options. The following chapters will provide a detailed discussion of several Route-to-Market models, as illustrated in [Figure 1](#). While this overview is not exhaustive, and certain industries may use different names or approaches, the underlying structures are often quite similar when mapped out.

Certain industries may use different forms or names, but when analyzed, their structures are often quite similar.

An example of this can be the increasing use of e-commerce platforms or e-tailers, which are effective for license-based or “as-a-Service” solutions. Depending on their size and industry focus, these platforms may fall under the category of Reseller or System Integrator. Frequently, these e-tailers are part of larger organizations, often with sister companies handling the distribution of physical products.

The choice of Route-to-Market will largely depend on the solution being offered, the current sales approach in the home market, and the capabilities available in each target country. As mentioned earlier, it is advisable to focus on one primary Route-to-Market when initially entering a new market. It is possible to introduce additional routes later, as they become relevant and do not conflict with the original strategy.

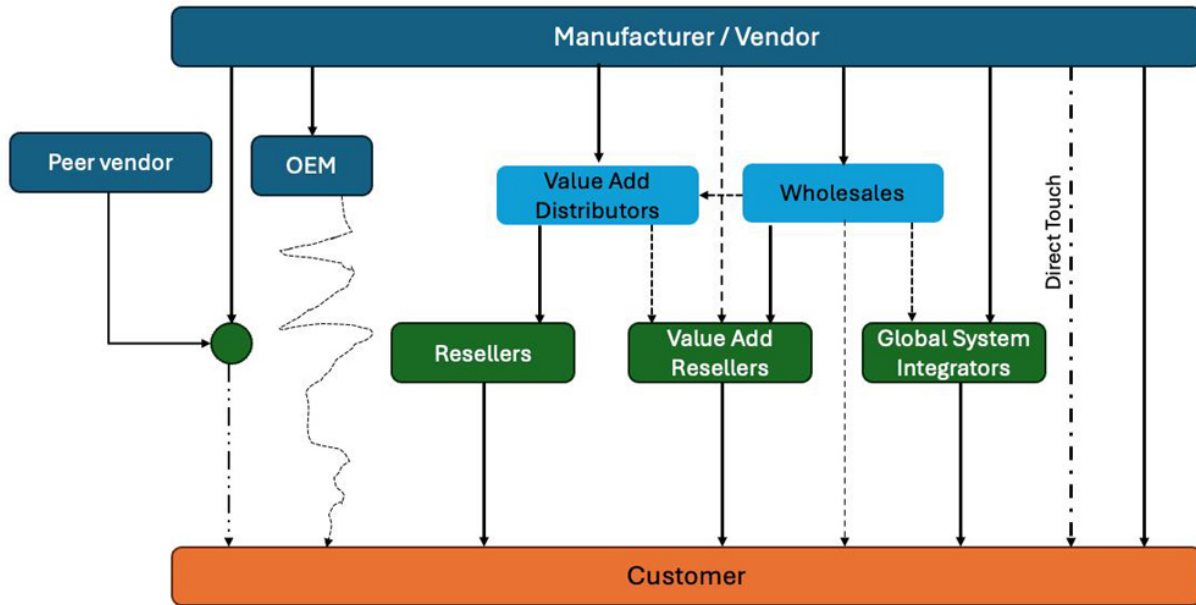


Figure 1: Schematic overview of Route-to-Market structure

Three sections make up the schematic overview. The right single line represents Direct sales, the middle section—comprising multiple layers—focuses on Indirect sales, while the left part illustrates Alternative sales routes. Dotted lines indicate either less frequently used routes or those with limited vendor involvement.

Direct sales and indirect sales represent two distinct approaches to delivering products or services, each with its own characteristics and implications for businesses. In direct sales, companies engage directly with customers. This allows for personalized interactions and greater control over the sales process, pricing, and distribution channels.

In contrast, indirect sales involve selling products through sales partners or third-party channels, such as wholesalers, resellers, or distributors. While this approach enables broader market reach through established channel or distribution networks, it also reduces direct interaction with customers and limits control over pricing and distribution.

Expanding beyond standard direct or indirect Route-to-Market strategies could evolve into a sustainable revenue stream.

Transferring the sales responsibility to another vendor can establish alternative sales routes. This vendor may either integrate the product into their own portfolio under their own branding or form a partnership where each solution component enhances the overall offering. These alternatives, often overlooked, have the potential to become reliable revenue streams.

Ultimately, several factors determine the choice between different sales routes, most of which have been transferring the sales responsibility to another vendor and can lead to the establishment of alternative sales routes. The forthcoming chapters will delve deeper into each of these routes, highlighting the crucial role of the indirect sales Route-to-Market for scale-ups. Scalability often lies in the route that can reach the largest number of potential customers by leveraging existing sales channels.

Note: In the upcoming chapters, the term “Vendor” and the term “Manufacturer” will be used interchangeably. For the purposes of this book, both terms are considered equivalent. In all instances, “Vendor” refers specifically to the Scale-Ups in focus.

Final words

I am confident that many of the concepts described in this book are already familiar and perhaps even well-established. The goal of this book, however, is to frame these practices within a more global context. As highlighted several times, expanding internationally can seem straightforward—until the desired results fail to materialize.

Determining the Route-to-Market, as discussed in this book, is not straightforward and requires flexibility, as there can be significant differences across regions and countries. While it is beneficial for vendors to strive for some level of commonality in their Route-to-Market, this may differ from the approach used in their home market. When such differences exist, it is crucial for the entire organization to be fully aware of them. Vendors often struggle in their international operations when they cannot recognize these variations, leading to frustration not only for international customers but also for sales partners when they are part of the Route-to-Market.

Once a Route-to-Market has been chosen, stay focused and avoid distractions, as alternative options are bound to present themselves.

Focus is necessary to establish sales structures in remote locations. While different routes may seem appealing, starting with one type of routing and later incorporating another once the initial business is established is often the best approach. Often, an indirect sales approach is preferable, as it provides quick access to local market knowledge. Only consider

direct sales if the nature of the product or service specifically demands it. Attempting to implement both approaches in the early stages can distract from the vendor's focus and may hinder trust-building with new channel partners.

Headquarters can also consider alternative routes, such as OEM, as long as they align with corporate objectives and do not conflict with other existing or new sales routes. This can be an effective way to introduce international experience into the organization and establish initial visibility in new markets.

Never underestimate the value of a solid set of legal frameworks. These are essential not only for immediate use but to ensure readiness for any situation that may arise. Managing legal documentation often reflects a vendor's professionalism.

Consider this book as part of a broader series focused on Global Expansion. Once the sales structure is established, attention must shift to supporting these activities—whether from headquarters or with local resources on the ground. Following this, the focus should be on creating effective remote marketing strategies. By increasing visibility, the company can generate more leads and direct them toward expected revenue streams.

References and Further Reading

In this section, you will find references organized by key subject areas for further reading. These sources have been instrumental in the creation of this book, whether through direct implementation or as foundational material to help build a well-rounded mindset.

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This book, titled “Global Expansion Route-to-Market Options for Scale-Ups”, is the second in a series of four. Establishing the most suitable sales structure heavily depends on the target countries and the specific customer segments. Having multiple Route-to-Market structures—such as two or three—in the early stages of business expansion often proves to be counterproductive.

For Scale-Ups, in particular, with limited budgets, taking the wrong approach in global expansion efforts can be far more costly than anticipated. Missteps not only result in financial losses but can also leave lasting scars and foster negative sentiments toward future expansion efforts.

With the limited time available to Scale-Up management teams and their investors in mind, this book—and the entire series—is based on real-life, practical knowledge. It encourages stakeholders to invest a little more time and resources upfront to ensure that both the company and its leadership are better prepared for the journey of becoming a global player.

By 2025, the **Global Expansion** series aims to be completed and will prioritize additional key topics such as **Feasibility Framework**, **Remote Presence**, and **Remote Visibility**—all specifically tailored to the needs of technology-driven Scale-Ups.

JB Telecom & Data is an independent boutique management consultancy firm with a focus on supporting innovative technology Start/Scale-Up’s developing their global Route-to-Market strategies.

Jan Buis, founder of JB Telecom & Data, brings over 20 years of experience in global expansion. He has consistently demonstrated his

talent at growing business and sales operations by swiftly implementing essential structures and processes, all while considering the cultural context. His expertise enables him to establish connections quickly with a diverse range of stakeholders, resulting in successful outcomes in various markets.

Jan's career path has led him through a diverse array of organizations, ranging from large public-listed corporates and mid-sized companies to start-ups. He worked in several technology sectors with global operations, primarily in Germany, Sweden, the Netherlands, the United Kingdom, and the United States.

He was privileged to be educated at several levels: In 2012, Jan was awarded a Dual Executive Master of Business Administration (MBA) with a focus on "International Master's in Management" at Purdue University Daniels School of Business in West-Lafayette (IN), United States of America, and at the TIAS School of Business and Society based in Tilburg, the Netherlands. Prior to that, from 1994 to 1997, he attended the Eindhoven University of Technology, earning a MSc in International Technical Development Science. The undergraduate studies took place from 1990 to 1994 at Windesheim in Zwolle, earning a BEng. in Industrial Management.