

*International Markets for
Enterprise Software Vendors*
Executive Overview

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Executive Overview

This book explores how enterprise software vendors generally consider expansion of their sales and channels outside their home countries, with a bias toward U.S.-based software companies. It introduces a framework for country evaluation using the following 4 Dimensions to analyze and rank countries for desirability:

- Wealth as measured by gross domestic product (GDP) at purchasing power parity (PPP)
- Acceptance of technology
- Acceptance of English as a language of commerce
- The technology sales and buying culture

A U.S. enterprise software vendor typically launches its international expansion into Europe, then East Asia, then Latin America. However, many are starting their expansion into East Asia sooner, sometimes even before Europe, because the economies in this part of the world are growing and developing rapidly. East Asian growth didn't even pause as the U.S. and Europe suffered through the financial crisis of 2008-2009.

Despite its rapid development and growing importance to the world economy, East Asia is a more challenging locale for U.S. and European enterprise software vendors because of the diversity of its countries: economies, population, cultures, rivalries, vast geographical area, and business practices foreign to Westerners. However, technology and software vendors cannot afford to delay their expansion into these growing and challenging markets.

This book divides the world into five major regions and the Rest of the World for analysis.

	Region	Importance to Enterprise Software Vendor	% of World GDP ¹	% of World Population	% of World Software Sales ²
1.	United States (U.S.)	Crucial	19.8%	4.5%	40.0%
2.	Europe	Crucial	20.5%	7.3%	37.3%
3.	East Asia	Important → Crucial, rapid development, influence growing	33.3%	51.1%	13.2%
4.	Latin America	Low → Medium importance, uneven but strong development, influence growing	8.5%	7.9%	1.8%
5.	Canada, Australia, New Zealand	Medium importance, rich like U.S. and Europe, but small	3.1%	0.9%	4.4%
6.	Rest of the World: <ul style="list-style-type: none"> • Russia • Eastern Europe • Asia from Turkey to Pakistan • Middle East • Africa 	Low importance	14.8%	28.3%	3.4%



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Figure 1 - Five Major Regions of the World

The conclusion this book reaches-based on extensive international enterprise software sales, channel, go-to-market, and merger and acquisition (M&A) experience-is that most enterprise software companies from the U.S. expand within the major regions in the following order:

1. **Europe** - The UK and the rest of Northern Europe first. The "Rest of Northern Europe" is: (1) Scandinavia + Finland (2) Belgium, Netherlands and Luxembourg, hereafter referred to as "Benelux." After Northern Europe most enterprise software vendors expand into France and Germany, then Spain and Italy. The smaller countries and Eastern Europe are last.
2. **East Asia** - Singapore and its Southeast Asia orbit of rapidly developing Malaysia and Indonesia first, followed by Korea and Japan, with Greater China (Mainland, Hong Kong, Taiwan), and India last.
3. **Latin America** - Brazil, followed by Mexico and Argentina with Chile, and the remaining smaller countries last.
4. **Canada, Australia, New Zealand** - Canada first as an extension of the U.S., even before Europe. Australia and New Zealand as a unit, at approximately the same time as Singapore and Southeast Asia.

Organization of This Book

Chapter 2, Introduction, defines “enterprise software,” explains the 4 Dimensions of Country Evaluation for enterprise software vendors to assess countries for market entry, introduces country analysis, and then divides the world into regions for analysis.

Then, there is a section for each region of the world, which evaluates countries on the 4 Dimensions and the typical order an enterprise software vendor enters each of the markets and regions:

Chapter 3, Europe – starting on page 18;

Chapter 4, East Asia – starting on page 37;

Chapter 5, Latin America – starting on page 68;

Chapter 6, Canada, Australia, and New Zealand – starting on page 85;

Chapter 7, The Rest of the World – starting on page 93.

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About the Author

Jay Greenwald is the Managing Partner for International Revenue *ACCELERATION*, a consultancy that helps on-premise enterprise, SaaS, and Cloud software vendors expand their sales, channels, and marketing outside their home countries. This consultancy has relationships with experienced software salespeople and general managers all over the world ready to help software vendors implement their expansion programs. Mr. Greenwald's personal enterprise software sales, channel, product, and M&A experience spans 65 countries.

Mr. Greenwald was born in France to American parents. He has lived in London, Paris, and Singapore and has traveled to 41 countries to sell and motivate others to sell software. When he is not traveling outside the U.S., he lives in beautiful Denver, Colorado, U.S. with his wife, who is also an entrepreneur, his three teenage daughters, and two dogs.

Mr. Greenwald earned his MBA from Harvard Business School. He has worked in every function within a software company, including worldwide general management, sales/channel management and consulting roles.

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Footnotes

¹ Purchasing power parity (PPP) is used for GDP measures, which is the best comparison of markets for enterprise software. See **Error! Reference source not found.**, on page 5, for a full explanation of GDP PPP.

² *Digital Planet 2010*, World Technology and Services Alliance