

Opinionmeter International
Feasibility Study of International Small Business Venture Start-Up
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1. Opinionmeter International - Business Description

Opinionmeter International is a US based provider of real-time and mobile SaaS customer feedback solutions. Opinionmeter International maintains a prominent position in the United States technology market however it is eagerly looking forward to expand globally. Opinionmeter International offers technology-based solutions for conducting market surveys and tools allowing its clienteles to acquire feedback related to customer satisfaction for their offered products or services. Opinionmeter International offers a wide range of interactive survey and research devices, tools and softwares that can be used for carrying out customer satisfaction surveys, product related market research and to record customer PoE(Point-of-Experience). Opinionmeter International currently have an extensive range of devices and softwares that serve a broad customer base including clienteles from banking, retail, financial services, healthcare, educational and governmental institutions. Based on cloud computing services the survey tools and devices are portable and manageable all the way through firms' proprietary web-based survey management system. This facility simplifies and streamlines the collective results of feedback and market research for its customers. These results offer invaluable information and insights to the user organization related to their product and services and help them understanding perceptions, attitude, buying patterns, changing preferences, need and demands of their customer that they can potentially use further for improving and developing their market offerings (Opinionmeter, 2014).

2. Opinionmeter Survey Software - Product Description

Opinionmeter Survey Software is interactive software that can be used for carrying out customer satisfaction surveys, product related market research and to record customer PoE (Point-of-Experience) (Thinkglobal, 2014). Opinionmeter Survey Software is a SaaS customer feedback software solution. Being a SaaS (Software as a Service) it is the most suitable survey solution, because in this type of service, applications are easiest to make available to consumers. Applications related to Opinionmeter Survey Software can be manipulated, altered and modified using a web browser, and the consumer does not have to worry about making updates to add security patches and ensure service availability. Since it operates on the SaaS model; it is considered as the most economic consumer applications model; as it paid and consumed on demand and not acquired by purchase. Opinionmeter Survey Software helps to make savings, including through the sharing of services on a large number of customers. Subscriptions to cloud services can allow the company to avoid having to acquire IT assets. Its pooling equipment service optimizes costs if measured against conventional systems and to build up shared applications without own machines requirements for the operations. Since it relies on IT infrastructure via cloud usage it is more economical due to its scalability. It offers highly steadfast and reliable services based on competent infrastructure with efficient fault tolerance policies (Opinionmeter, 2014).

3. Feasibility Market Research for Opinionmeter Survey Software

Scope of the Analysis

This report examines and assesses the market feasibility of two countries for Opinionmeter International's Opinionmeter Survey Software. This report analyses and compares Singapore and Indonesia's market and business environments as impacting upon the profitability of the two markets, as well as the current technology and software industry and amount of consumer spending on software products, giving an indication of the potential requirement for Opinionmeter Survey Software in each market. The aim of this report is to examine and analyze business environments of Singapore and Indonesia, and the market potential for Opinionmeter Survey Software, for the purposes of advising the country of the most suitable for their plans to internationalize. The report also assesses and recommends the most suitable Mode of Entry for Opinionmeter International. It also offers a range of business environment factors relevant to the expansion and strengthening of Opinionmeter International presence in the Asia (Agarwal & Ramaswami, 2013).

4. Potential Markets

i. Trade Statistics

Considering the technological environment and infrastructure; Singapore has a more developed and accessible technical infrastructure than Indonesia, with less consumer competition for available infrastructure. Singapore's superior position is supported by a higher amount of government spending in areas of research and development, indicating a government more intent on developing new technology and supporting the growth of Singapore industries.

Trade contributes significantly more to Singapore's Gross Domestic Product, when compared to Indonesia, indicating a stronger and better business environment and international relations for trade. Yearly consumer expenditure on technology in Singapore and Indonesia indicates Singapore has a higher amount of spending historically, however spending in Indonesia has increased more significantly than Singapore. Singapore's consumer expenditure in 2012 was more than double that of Indonesia's (US\$1.75 billion vs. US\$720.9 million) (The World Bank, 2014).

Singapore has a significantly higher amount of trade, with both export and import values more than double Indonesia's. The 2013 estimates for Total Exports of Goods and Services for Singapore and Indonesia are \$US500 billion and US\$222 billion and Total Imports of Goods and Services are US\$436 billion and US\$ 210 billion respectively. Comparatively Indonesia's consumer expenditure on technology has increased by more than US\$950 million reaching US\$1.672 billion in 2012. This represents an increase of more than 130% (The World Bank, 2014).

ii. Market Openness

Singapore presents an ideal business environment, with the 2013 Index of Economic Freedom ranking Singapore the 2nd freest economy globally and in the Asia-Pacific region (Index of Economic Freedom, 2013). Stable political and legal environments, together with investor protections, productivity growth and a low tolerance for corruption all contribute to Singapore's high score. This combined with competitive tax rates and a transparent regulatory environment help lift Singapore's ranking. In comparison, Indonesia ranked 108th on the index,

hampered by inefficient legal and investment regimes, political interference in private enterprises and a high level of perceived corruption (IEF, 2013).

In June 2014 the World Bank and International Finance Corporate ranked Singapore number 1 out of 185 countries in their Ease of Doing Business survey results. Comparatively, Indonesia ranked number 128, and was significantly lower across ranking sub-factors, including starting a business, protecting investors, paying taxes and getting electricity (The World Bank, 2014).

Presently United States has Free Trade Agreement in place with Singapore, while a similar agreement with Indonesia is still being negotiated. These agreements improves increased market access for American exporters of services, particularly education, telecommunications and professional services, and eliminates all tariffs from entry into force. It also addresses areas of competition policy, intellectual policy and e-commerce to provide a more predictable and open business environment (Department of Foreign Affairs and Trade, 2013a).

The Indonesia-American Comprehensive Economic Partnership Agreement (IA-CEPA) negotiations commenced in September 2012 and aim to cooperation between Indonesia and America across areas of trade, investment and economic cooperation. No details about tariff arrangements and market access for specific industries have been made available at time of publishing (DFAT, 2013b).

In the 2012 Corruption Perceptions Index, a measure compiled by Transparency International measuring perceived levels of public sector corruption, Singapore ranked 5th out of 174 countries measured. (Transparency International, 2012) Indonesia placed equal 118th with Ecuador, Egypt, Madagascar and the Dominican Republic, indicating it has a serious corruption problem which can lead to a reduced level of international trade, foreign direct investment and economic growth (Transparency International). By comparison, Singapore has almost no perceived corruption, putting in the league of Sweden (ranked 4th) and Denmark (1st with Finland and New Zealand), and ahead of other highly perceived economies including Switzerland 6th, Australia 7th and Norway 7th (TI, 2012).

iii. Emerging Markets

Technological market of Singapore and Indonesia are posting an annual revenue growth of 2.1% and 1.9% which shows that the potential market for the Opinionmeter Survey Software are very promising (Murphy, 2013). The Singapore and Indonesia market continues to have an increasing number of firms looking to enter the market in the same industry but they must be aware of competition on all levels and maintain its operational performance if it is to retain its status as the world's finest watch makers and its specialty in providing its services and products. Other emerging business market includes fast food industry, consumer electronics, tourism, jewelry and agriculture (DFAT, 2013b).

5. Target Markets

The Opinionmeter International has a diversified target audience. Ranging from the banking, retail, financial services, healthcare, educational and governmental institution. Target market for Opinionmeter Survey Software may include all types of business that are considered for collecting and measuring feedback for their customer satisfaction. In this target market Opinionmeter can targets its software at levels ranging from the large scale businesses to small businesses.

i. Demographic & Economic Trends

Singapore has a significantly lower population than Indonesia; however Singapore also has a higher percentage of working population. The United Nations Human Development Report published in 2013 ranks Singapore in equal 18th position with Austria on the Human Development Index (UNDP, 2013). Indonesia ranks equal 121st position with South Africa. The total Population of Singapore and Indonesia is 5,183,700 and 242,325,638 with population growth rate of 2.1% per annum and 1% per annum respectively (The World Bank, 2014).

Both Singapore and Indonesia are located in Southeast Asia and Singapore is one of the world's busiest ports, consistently ranking within the top three. Both countries benefit economically from being located close to major business powerhouses such as China, South Korea, Hong Kong and Australia. Singapore's location also makes it a major hub for air traffic from Europe and the Asia Pacific region. Considering the four main economic indicators helps us examining the economic performance and business environment for Singapore and Indonesia (The World Bank, 2014).

Singapore has the world's highest GDP per capita, and is expected to remain in first position through to 2050. The Gross Domestic Product of Singapore and Indonesia is US\$270.02 billion and US\$928.27 billion respectively. Similarly the GDP Purchasing Power Parity is 327.557 billion and 1.209 trillion in International dollars. Singapore has experienced significant fluctuation in GDP growth compared to Indonesia's stable yet moderate growth. This may be attributable to Singapore's more significant role in international business and trade compared to Indonesia, and the effect the global economic crisis will have had on the country's trade. GDP per capita is US\$50,324 and US\$3,797 and GDP per capita PPP is \$US61,047 and US\$4,944 for Singapore and Indonesia respectively. Singapore GDP per capita have reach US\$50,324 and Indonesia was US\$3,797, which the data show that Singapore have much higher amount than Indonesia. At the same year GDP per capita PPP, Singapore was reach US 61,047 and Indonesia was reach US 4944, the gap between these two countries was huge. The huge number of differences between these two countries was shown that the income standard, purchase powers are strong and weak (The World Bank, 2014).

ii. Sources of Competition

Singapore's technology industry is driven by innovation conscious consumers looking to purchase technological goods. This could be considered an indicator of the type of software sold and the reason for higher amounts of consumer spending in Singapore, despite having a lower population and number of service providers. Additionally, many software service providers in Singapore are members of Singapore Technological Development Association, a formal R&D association with approximately 360 members (sja.org.sg, 2013). No known similar association exists in Indonesia. This may be an indication of the legitimacy, accountability and maturity of technologically advance market in Singapore.

Fierce competition amongst product, compel consumer's buying decision to evaluate the alternative too. E-commerce has include numerous features to consumer patterns which make them not only evaluating product's features and performance but also looking for extra-mile features of convenience and entertainment available with the product.

There is a high level of competition in the technology industry especially in Singapore where it is progressively widespread. The rivalry is increased due to the similarity of players. To attract customers, providers are focusing on differentiating themselves from their competitors through their products and price.

iii. Factors Affecting Market & Product Usage

Technological infrastructure and reliability is directly relevant to the successful importation and sale of an operational, web-based software platform. While seemingly less so, transport and other physical infrastructure is still directly relevant and critical to Opinionmeter Survey Software success. It could be inferred that a country with significant freight import and export operations requires supporting infrastructure to ensure maximum efficiency and a minimum number of infrastructure-related delays and incidents.

Singapore has a more developed and accessible technical infrastructure than Indonesia, with less consumer competition for available infrastructure. Singapore's superior position is supported by a higher amount of government spending in areas of research and development, indicating a government more intent on developing new technology and supporting the growth of Singapore industries (The World Bank, 2014).

Singapore and Indonesia both share similar political ideologies. Both countries promote personal freedoms and their constitutions guarantee common human rights including personal liberties, freedom of speech and religion, equal protection, freedom from enslavement and the right to education (DFAT, 2013).

Singapore's Common Law legal system is considered fair and free from corruption, influence by English common law and characterized by doctrine of judicial precedent (Singapore Academy of Law, 2007). This contrasts with Indonesia's system consistently listed as being among the most corrupt systems in the world by Transparency International (Transparency International, 2012).

Both countries are democratic with representative governments elected by majority. Singapore presents a significantly more stable government than Indonesia. The fiscally conservative, ideologically centre-right People's Action Party has held power since it won the 1963 general elections and its policies are considered to be responsible for the country's rapid social and economic development (Freedom House, 2010). This is in contrast to Indonesia's complex parliamentary system which limits two five-year terms for the popularly-elected President and Vice President (Carter Centre, 2004 p.39).

iv. Price Competitiveness of Opinionmeter Survey Software

Considering the spending trends of Singapore and Indonesia, it can be projected that Opinionmeter Survey Software can be placed competitively in the market. However, the products should be priced in order to deliver the valuable experience of the product before the customer against price. This way, the price barrier can be evaded.

6. Best Practical Entry Strategy

Licensing & Joint Venture

Two Modes of Entry are considered as suitable for Opinionmeter Survey Software; Licensing and Joint Venture. Licensing is a form of strategic alliance that involves the sale of a right to use certain knowledge (the so-called intellectual property) in a certain way. Opinionmeter's IP can be recorded, for example in the form of a patent or a trademark, of designs to establish the rights of the owner or it may be present in the company in the form of know-how capitalized experience operational. On contrary, joint venture is an agreement between several companies that agree to jointly pursue a specific purpose for a limited time. The joint venture may take very different forms and does not necessarily entail the creation of an entity with legal personality. For Opinionmeter International wishing to develop or operate

infrastructure of some importance in Singaporean or Indonesian market , it may be interesting to associate with one or more other companies also interested to take advantage of the following benefits:

- Sharing of costs and investments between the Opinionmeter and company/companies in alliance.
- Sharing of business risk, where infrastructure subject of the joint venture is a central infrastructure.
- Improving access to financial resources.
- Economies of scale and advantages of size.
- Access to new technologies and customers.
- Access to innovative management practices.
- Taxation as a partnership (in the case of joint ventures unregistered).
- Minimal agreement between the partners on the operation of the joint venture and a common strategic vision of its development, however, are minimal for such a society to be viable (Agarwal & Ramaswami, 2013).

Opinionmeter International should consider that joint ventures often have a limited lifespan and if the alliance has problems, it is possible that shareholders want to leave the joint venture and it can cause operational difficulties (Zahra et.al, 2011). Joint venture may enable Opinionmeter to access a relatively closed domestic market and also takes advantage of the system, including accessing new technology or knowledge transfer in Swiss market. In Singaporean or Indonesian market joint ventures are generally treated by stock corporations that offer flexibility and provide tailor made structuring required by the partners. Company forms other than stock corporations are not considered due to inflexible market structure and economic & market situations (Agarwal & Ramaswami, 2013). Based on the factors considered, Opinionmeter International should use Licensing or Joint venture as the most suitable option. The factors supporting Export over Joint Venture are the Free Trade Agreement options available to Opinionmeter International, including facilitated market access.

International Business Partner In Singapore

SoftwareOne Licensing Partners is one of the leading portfolio management groups in Singapore that offers licensing services under the Singaporean law with high credibility. It also offers licensing expertise, advisory services and service and software management and procurement services to national and international clientele. Opinionmeter International can develop strategic business alliance with SoftwareOne (SoftwareONE, 2014).

The objective of this research approach is to accomplish fabricating a market consensus view for Opinionmeter in Singapore technology industry in terms of market segment, target market and positioning landscape across Australian regions. In order to conduct this research the following primary data sources were analysed;

- Official and governmental national statistics sources and offices
- International and National trade press & associations
- Annual financial reports of competitors and industry.
- Reports of Broker & Online Databases.
- The business, mainstream and financial press.

Accessing these sources is only a step. Opinionmeter ability to reconcile and interpret conflicting information coming across multiple sources is a significant characteristic of adding value to their strategies.

7. Conclusions & Recommendations

Analysis of the above factors indicates that Singapore presents a more attractive export market for Opinionmeter International's Opinionmeter Survey Software than Indonesia. The reasons supporting this choice include:

- Singapore presents a significantly more stable and economically successful political climate, with greater levels of physical and technological infrastructure.
- Singapore ranks 1st out of 185 countries on the Ease of Doing Business survey results, with markedly lower levels of perceived corruption and government intervention.
- Consumer expenditure in the technology sector is significantly higher in Singapore than Indonesia. This is supported by higher per capita income, a concentration of wealth in Singapore, and the maturity and legitimacy of the technology sector.
- The Singapore-America Free Trade Agreement presents an attractive export opportunity with no tariff restrictions and a transparent business environment for American companies.
- Opinionmeter should first explore the Singapore market and consumer preferences.
- Joint ventures and licensing are the two modes that are appropriate to enter Singapore market.
- Opinionmeter should enter the market through licensing as it will help it reducing cost and low competition because this is the optimum strategy to be chosen through competitive analysis.
- Opinionmeter can go for Joint ventures only for initiating operations because this could help in increasing its sales.
- Licensing can help the Opinionmeter maintaining its brand consistency through licensee demonstration of their progressive ability to become accustomed in their offering that ensemble better to the local preferences and needs.

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Appendix

Opinionmeter Survey Software



Image Source: http://thinkglobal.com/profile/product_details/1113/1