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INTERNATIONALIZATION STRATEGY OF QUIDGEST TO THE DOMINICAN REPUBLIC

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Abstract

The underlying project was carried out with the purpose of conducting an internationalization strategy of Quidgest to the Dominican Republic. Thus, an analysis of the enterprise competitive advantages resources is computed, followed by a country ranking analysis to select the optical market. By evaluating both macro and industry indicators, it was concluded that the Dominican Republic was the most attractive country. Furthermore, an implementation strategy is suggested with the most favorable entry mode and several activities that need to take place in order to complete a successful internationalization process.

Key Words: Internationalization; Dominican Republic; Quidgest; Implementation Plan
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**Country Selection**

The country selection is one of the key dimensions of the internationalization process. This section will analyze the potential foreign markets for an international expansion of Quidgest, considering Cavusgil (2013) screening methodology, using the indexing and ranking method. This method consists on assigning scores to countries based on their overall market attractiveness. In the selection process, a set of market-potential indicators was chosen and weights were assigned to each variable to establish its relative importance in the analysis. The score ranges are 0, 2, 4, 6, 8 and 10 points, and the scales used for each indicator were chosen following a comparative analysis of each indicator. Additionally, the scores are multiplied by their weight and added at the end. The country with the highest score is the most suitable one to internationalize.

The geographic region chosen to start the country screening was the Caribbean countries. The choice of this region came as a consequence of Quidgest intention of developing its operation in this market. Moreover, to simplify the process, only the Caribbean countries member of the CARIFORUM-EU Economic Partnership Agreement were considered in the analysis (Appendix I). This agreement represents a trade and development partnership between the two regions, with the purpose of facilitating people and business to invest in and trade with each other and support the Caribbean countries to expand their economies and create jobs (European Commission, 2016).

Moreover, the macro-variables were established using the 8 dimensions suggested by the author and weights were given to each one, see Appendix II and Appendix III to look at the meaning of each indicator, weight and scale used in the analysis. The screening index (Appendix IV) shows that the best 7 countries for Quidgest to internationalize are Dominican Republic, Trinidad and Tobago, Jamaica, Haiti, Saint Vincent and Grenadines, Guyana, and Bahamas, respectively.

The screening method used so far provides insights on the specific market and reduces the number of potential countries to a manageable few (Cavusgil, Knight, & Riesenberger, 2014). The next step, is to conduct a more in-depth analysis of each market narrowing the focus to industry-level indicators. The
method used was the same as in the previous analysis but focusing more in the industry related indicators; see Appendix II and Appendix V for a description of the indicators, weights and scale used in the analysis. Finally, after computing the overall country ranking we conclude that the Dominican Republic is the best country for Quidgest to internationalized (Appendix VI).

**Dominican Republic Analysis**

After selecting the country for Quidgest to expand its business, this section will focus on its analysis. Firstly, an environmental analysis will be performed to have a global outlook of the circumstances regarding it, followed by a detailed observation of the IT industry.

**Environmental Analysis: PESTEL**

To access the market environment when entering in the Dominican Republic, a PESTEL analysis was completed, obtaining a general view regarding its Political, Economic, Societal, Technological, Environmental, and Legal environment.

**Political:** The political factors of a country, build the regulatory framework a company is liable to. The Dominican Republic is a stable democratic republic, where Danilo Medina, member of the PLD (Dominican Liberation Party), is the current President. He was reelected in May 2016. Its constitution was last updated in 2010, and separates the power into three branches: Executive, Legislative and Judicial (Global Edge, 2017). There are multiple political parties, and elections are held every two years, alternating between the Presidential elections, and the Congressional and municipal elections. This Caribbean country is considered a partly free country, with a score of 68 out of 100 by the Freedom House and it has a strong protection of the political rights and civil liberties.

Nevertheless, there are few issues to be mentioned: the prevalent corruption threatens the state of institutions; the discrimination against Dominicans of Haitian descent and Haitian migrants; and the intolerance towards the LGBT community (Lesbian, gay, bisexual, and transgender) are a severe issue. Press freedom is restricted by criminal defamation laws and journalism persecution (Freedom House, 2017).
Finally, the Dominican Republic is a member of the United Nations as well as a member of the World Bank, the World Trade Organization, the World Health Organization, and the Organization of American States (Global Edge, 2017).

**Economic:** The Economic factors represent the opportunities that firms competing in this market can face. The Dominican Republic is a nation on the eastern two-thirds of the island of Hispaniola, which is part of the Greater Antilles archipelago in the Caribbean region. It shares the island with Haiti and is considered the second largest economy in the Caribbean and Central America region (Daily Telescope, 2017).

It’s GDP per capita was $6,722.2 in 2016 (World Bank, 2017) and it is ranked 76th worldwide in the Index of Economic Freedom (Heritage, 2017). In the first quarter of 2017, the GDP increased by 5.2 percent, following a yearly average growth of 7.1 percent between 2014 and 2016 (World Bank, 2017). This growth was driven by mining activity and by services sectors such as tourism and finance that had made the economy one of the most dynamic in the Caribbean (Heritage, 2017). The inflation rates decreased from 2.34 percent in 2015 to 1.70 percent in 2016 despite an increase in international prices of petroleum, which impacted transportation costs and constructions sectors. However, it was compensated by a high growth in the agricultural sector after a severe drought in 2015. The country has been able to progress towards the Millennium Development Goals (Appendix VII) and extreme poverty has dropped. Nevertheless, challenges to inclusive growth persist (European Commission, 2017).

Furthermore, the dominant industries are tourism, agriculture, free trade for manufacturing and service industries. Tourism reached in 2016 a record of 5.95 million visitors representing an increase of 6.4% faced to the previous year. Additionally, foreign investment in tourism infrastructure keeps increasing into the country. In 2016, the remittances increased 6.1% compared to 2015, with positive capital inflow. It is a key source of revenue and a driver of economic growth since approximately 2 million Dominicans are living abroad. The Dominican Republic is member of both, the CARIFORUM Group of ACP (African, Caribbean and Pacific States) and the EU-Caribbean Partnership Agreement (EPA) (European
Commission, 2016). These trade agreements allow the country to benefit directly from regional resources, under the Caribbean Regional Indicative Programs, financed by the European Development Fund (EDF) and facilitates trade between the two regions. Moreover, it promotes dialogues between the two regions and incentivizes the integrations and cooperation in the Caribbean (CARICOM Caribbean Community, 2010). Finally, the average applied rate is 6.5 percent and the government does not discriminate against screen foreign investment (Heritage, 2017).

**Societal:** Social factors influence the societal effects that a company has to face. The Dominican Republic has a population of 10,648,791 inhabitants (Word Bank Group, 2017) counting with 27.06% of young people (under 14 years old), 65.51% of middle-aged people (above 15 years old and under 65 years old) and 7.43% of older people (above 65 years old) (Index Mundi, 2017). The official language of the country is Spanish, and most of the island’s inhabitants are from mixed European and African heritages. Moreover, according to the United Nations Development Program (UNDO), in 2016, the Dominican Republic was selected into the category of high human developing country, with a score of 0.7222 in the Human Development Index and ranked 99th worldwide, showing that the country has been progressing in terms of social development. Nevertheless, the country suffers from market income inequality; the poorest half of the population receives less than one-fifth of the GDP value, while the richest 10%, enjoys nearly 40% of the GDP (Index Mundi, 2017). In 2016, the percentage of Dominicans living in poverty fell from 42.2 percent to 30.5 percent, yet the social spending remains low compared to the rest of the region (World Bank, 2017). Also, the unemployment rate is high with values around the 14.4% (Heritage, 2017).

**Technological:** Technology is one of the main drivers of economic success, hence it determines the framework for companies competing within one region. In the next section, an in-depth analysis of the Dominican Republic’s IT industry will be performed. Nevertheless, it’s important to highlight that this country is working to overcome their technological underdevelopment. Moreover, the Dominican Republic has a good communication infrastructure network but due to the income inequalities
between regions, it isn't evenly distributed throughout the country. By 2020, the country expects to increase to 70% of coverage of the total population (The Business Year, 2016).

**Environmental:** The Environmental analysis is a key to identify the external and internal elements that can affect the company's performance. The Dominican Republic has suffered the impacts of climatic events, particularly storms and hurricanes, followed by periods of drought, with increased frequency and intensity over the last year. In September 2017, the storms Irma and Maria hit the island resulting in large damage. Even though the island has shown in the recent years a growth in the economy and a significant reduction in poverty, the country remains vulnerable to these natural disasters (World Bank Group, 2017).

Moreover, there are two entities responsible for the environment protection: The Ministry of Environment and National Resources and the Ministry of Agriculture. The tax and energy policies do not take environmental goals and measures into account. The 2010 constitution includes several collective rights and civil duties regarding the protection of the environment. Thus, the state is now constitutionally obligated to take into consideration environmental concerns when considering developing projects.

Finally, the Dominican Republic ranks 58th out of 100 countries in the 2016 Environmental Performance Index (Yale, 2017).

**Legal:** The Dominican Legal Systems are based on the French Legal System, The French Codes of 1815, adapted to Spanish with some modifications forced by the Constitution, and the Spanish court system established after. The Dominican Republic is among the 50 economies of the world where trading between borders is easier, and the city of Santo Domingo is ranked third, about the ease of starting a business, out of 22 cities analyzed in 6 countries of Central America and the Dominican Republic (The World Bank, 2017). When it comes to the corporate taxation, the country has a corporate tax income of 27% (KPMG, 2016). The non-salary cost of employing a worker is moderate, but restrictions on work hours are rigid.
Dominican Republic IT industry: An overview

The Dominican Republic has been working towards the modernization process of its Information and Communication Technology (ICT) in order to keep pace with the increase competitive environment caused by the constant entry of multinational corporations in different industrial and commercial structures (Enterprise Canadian Network, 2012).

President Danilo Medina has launched a campaign called “República Digital”, with the goal of revolutionize the society and the economy with the implementation of technological advancement (The Business Year, 2017).

As part of the efforts to digitalize the economy, the government built a cyber park that already hosts more than 20 companies, many of them start-ups with over 2,000 combined employees. Located in Santo Domingo, the industrial technological park was built 17 years ago and incubates companies pursuing cutting edge products such as virtual reality and drones (The Business Year, 2017).

Since July 2016, the Dominican Republic is member of the WTO’s Information Technological Agreement. This agreement eliminates tariffs and other duties of the IT imports from all WTO, members, helping to push the information technology revolution forward (World Trade Organization, 2006).

Regarding the software industry in the Dominican Republic, the companies are mostly small and medium size enterprises, with a high sectorial diversification. They provide solution to sectors such as tourism (6%), transport (6%), telecom (7%), construction (7%), industry/ mining (9%), human resources (10%), among others. Nerveless, the largest markets for specialized companies are in the resource management and inventory category (16%), banking (15%) and the public sector (13%) (Dominican Republic Export and Investment Center, 2017).

Additionally, there is a group of Dominican companies, linked to the software industry, that shares the same mission of developing this sector called “ClusterSoft”. The companies integrated in this ecosystem, which is located in Santo Domingo are: Argentum Inc., NewTech, IB Systems, Sigo, Praxis, HostSeven,
ABC Software, Avacome, CamSoft, Gradient Technologies and Smart Solutions. This non-profit organization counts as well with universities and government institutions that act like a support and facilitator in the implementation of the strategies (ClusterSoft, 2017).

Furthermore, the country offers many opportunities for software development firms, since many sectors are in need of technological investment. Firstly, the hospitality sector, one of the main sources of revenue of the country, keeps growing as the number of tourist increases yearly. These drives growing demand for software solution such as facility management, connectivity, reservations management, purchasing and inventory control. Also, banking and insurance, grocery retailers, telecom services providers and, port and airport terminals are other sectors in need of technological development. Finally, the government, as mentioned before, is working towards the technological development of the country making the public sector an opportunity to the software development companies (Enterprise Canadian Network, 2012).

**Porter 5 forces analysis of the IT industry**

In order to evaluate the industry dynamics and potential to generate value for Quidgest, it was used the Five Forces Model (Porter, 2008) to deeply understand the competitive landscape. This analysis entails threat of new entrants, threat of substitutes, bargaining power of buyers and suppliers.

**Threats of new entrants**: Entry into this industry seems relatively easy but the reputation of the firm inside the industry is what really counts. It’s hard and takes time to create a long term and trustful relationship with the customers. Furthermore, establish a company has high costs associated since a high initial investment in needed. Another barrier, is the need of networking to find interesting projects and attractive partnerships, as well as, the high qualified labor needed and the low offer of them in the country. On the other hand, the new entrants can use as a benefit, the efforts that are being made to incorporate technology in all levels of the country and the growth of the industry. For this reason, the threats of new entrants into this industry are moderate and are expected to grow in the future.
**Threats of substitution:** Quidgest offers a differentiated product compared to other companies in this industry, lowering the number of direct competitors it faces. Moreover, there is a high cost associated to switch to another company. These costs are high due to the complexity of the product, the time it takes to implement and the risk for the client of disturbing its normal operations. Furthermore, the price is sensitive to the service provided and mostly dependent on the specialization and the customer needs. Therefore, the threat of substitution has a low power and are expected to grow in the future.

**Bargaining power of buyers:** The customers purchase is based on the information available and brand awareness. Also, the costs associated to switch to another company are high, which makes the bargaining power of buyer’s lower. Nerveless, the customers have a high influence on the prices, since they choose their settings and based on that, the company establishes the final prices. Therefore, the overall buyer power is moderate and is expected to be constant.

**Bargaining power of suppliers:** As mentioned earlier, Quidgest has a reduced number of suppliers—only data base suppliers and equipment suppliers, that represent 1% of the total annual costs of the company. Therefore, the suppliers don’t have a direct influence in the final product thus, their power is low and is expected to be constant.

**Competitive Rivalry:** Overall the competitive rivalry is moderate with tendency to increase. The new entrants face some barriers when entering in the market, such as, the high costs, the need to create reputation and strategic partnerships. Once in the market, the bargaining power of the buyers is moderate and the threats of substitutes is low.

**SWOT Analysis of Quidgest in the Dominican Republic**

In this section, an analysis of the strengths and weakness of Quidgest in the Dominican Republic and the opportunities and threats posed from external factors is computed, in order to better analyze and prepare the company to enter into this country and maintain their competitive advantage; see Appendix VIII to a description of the analysis.
TOWS Analysis

Additionally, a TOWS Analysis was computed, with the purpose of proving strategy choices for Quidgest, to explore its resources, so it can take advantage of its opportunities and minimizing threats in the Dominican Republic software market, taking into consideration the SWOT analysis performed in the Appendix VIII.

<table>
<thead>
<tr>
<th>Table I – TOWS Analysis</th>
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<tbody>
<tr>
<td><strong>SO (Strengths to explore Opportunities)</strong></td>
</tr>
<tr>
<td>The Dominican Republic is a country in need of technological development. Quidgest, can contribute with its ability to offer a differentiated product that is highly adaptable to the client’s needs. Also, thanks to its large portfolio of products, it can offer solutions to many different sectors.</td>
</tr>
<tr>
<td><strong>WO (Opportunities to overcame Weaknesses)</strong></td>
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<tr>
<td>The Dominican Republic is a country working towards it’s digitalization, offering this way opportunities for Quidgest to expand its business. It is an opportunity for Quidgest to increase its brand awareness and build reputation, as well as, to increase the company sales.</td>
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Implementation Process

This chapter will consist on the development of the implementation plan for Quidgest to expand its business to the Dominican Republic. Thus, it will be covered the entry mode approach, strategy taken to internationalize, through the use of the marketing 7 P’s, a balance scoreboard and its respective financial analysis.

Mode of Entrance

This section will analyze the possible entry modes, to reach the most favorable approach for the company.
Quidgest, could face some setbacks when entering a new market, such as the difficulty of finding potential clients or the weak negotiation power due to its lack of scale (QuidNews, 2014). Thus, four types of entry modes were taken into consideration, that could overcome these barriers: licensing, franchising, equity-venture and non-equity ventures or strategical alliance. Each category was analyzed based on their characteristics, advantages; and disadvantages for the company (Appendix IX).

By evaluating each entry mode, it was possible to conclude that the most adequate approach, for Quidgest, to enter in the Dominican Republic is by creating a strategical alliance, given the need to get acquaintance with the domestic network. An entry strategy that represents low risk, costs, commitment of resources and high flexibility; appropriate for a SME (Cavusgil, Knight, & Riesenberger, 2014). A strategic alliance will allow Quidgest to communicate in the market, access potential clients, gain know-how of the market and increase its reputation and brand awareness. Also, this alliance makes it possible to test the viability of the product in the new market, in order to have feedback and constant upgrading.

In addition, based on previous internalization processes of Quidgest, the company should seek a partner with the purpose of finding potential clients, and increase its awareness in the new markets. Therefore, it should establish a partnership with a local company with complementary expertise, such as a consultant company in the fast-growing sectors that Quidgest has accumulated experience and expertise. A local consulting company has a higher probability of finding potential clients, has the know-how of that particular market and the country necessities. As a complementary company, the likelihood of acquiring knowledge and becoming competitors in the future is low. Nevertheless, a non-discloser agreement should be signed between the two firms in order to protect Genio as well as a memorial of understanding.
Selection of the Partner

Moreover, the potential foreign partner must be identified. The company chosen should be aligned with Quidgest, both in strategy and resources. The foreign partner choice must be a decision based on the company's knowledge of the industry, financial strengths, human resources quality, corporate culture fit, reputation in the marketplace, connections with local government, commitment in the international venture and their learning potential (Cavusgil, Knight, & Riesenberger, 2014).

The choice of the potential clients was computed through an online research of consulting companies in Santo Domingo based on the parameters mentioned above. After the research, four companies were selected as potential partners: Horwath Sotero Peralta & Associados, Canahuate & Calderon Assoc., UHY Morsad and Grant Thornton Dominican Republic; see Appendix X for a detail description of the firms.

These firms are accounting and consulting independent enterprises, members of a multinational company, present in various countries. This feature allows the companies to share know-how with several professionals around the world and to have access to the local knowledge that Quidgest is looking from its partners. In addition, as members of an international enterprise, the companies are used to a multicultural environment so it would be easier to have a corporate culture fit. Also, they all have reputation in the marketplace for their high qualified services and meeting the client’s different needs. Besides, another advantage would be having connections with the local government, Grant Thornton República Dominicana and Canahate & Calderon Assoc. target the public sector, having outstanding expertise about that same sector. Regarding the commitment to the international venture, UHY-Morsad has shown interest for these international alliances, since it has already established some in the past. In addition, Horwath Sotero Peralta & Associados and UHY-Morsad offer services related with the technological sector, which could aid to an easier learning process. Finally, they all have high qualified human resources and learning potential. In conclusion, the four firms could be a great potential partner,
for Quidgest to create the strategic alliance and enter into this new market. Nevertheless, the one suggested is the UHY-Morsad because it’s the firm that matches with the most Quidgest needs.

Implementation Plan

In this section, a set of activities that should be developed to successfully internationalize Quidgest in the Dominican Republic will be presented and specified. In order to do so, the Marketing 7P’s framework will be used, followed by a Memo, to analyze and evaluate the management performance of the project using KPI’s.

Product: Quidgest offers more than 200 information systems produced by its R&D department. The product and service will depend on the type of project that the potential client needs. Quidgest should focus its software portfolio offering to the one that has better solutions, and larger experience than competitors. Therefore, it should be a product that uses Genio technology, creating some kind of competitive advantage, by utilizing an innovative technology, created for the automated code generation.

Place: Placement involves all company activities that make the product available to the targeted customer (Kotler and Armstrong, 2004). Quidgest will sell the products in this new market directly to the client or via the local partner. In order to show the potential clients which are the products available, the company has a website ([http://www.quidgest.com] www.quidgest.com), where a description of each product and service is explained, as well as the company vision. Also, with Quidnet, the international network, the company is able to maintain contact with their clients, to encourage future projects and receive feedback. Moreover, trade shows can also be considered as a placement since it is an opportunity to present the product to target and potential customers.

Promotion: The display and advertising of the products and services offered by Quidgest, will be made with, and through, the partner company, that can facilitate the communication with potential clients, primarily due to their market knowledge. One way would be personal selling, an effective way to manage personal customer relationships and show the functionalities of the product. Moreover, another
method that could be used are road shows and exhibitions since is an opportunity to get new clients as well as to show the functionalities of the product, it also allows to get market information, as well as its needs. Furthermore, to increase awareness and communicate easier in the market, Quidgest should publish in local online magazines. Finally, as digital promotion importance increases over time, Quidgest should promote using digital platforms such as LinkedIn and Twitter.

**Price:** The prices of the services offered by Quidgest range from 20.000 € to 5.000.000 € (CEO João Paulo Carvalho, 2017). The company has a formula that uses the characteristics the clients are looking for (such as, the number of tables, number of forms, number of fields, number of process, number of formulas, number of relation between tables etc.) and calculates the complexity of the solution, giving an estimative price.

**Process:** In order to be successful, a strategic alliance has to be a win-win situation for both companies. Thus, the activities each firm will perform should be well established and it should be balanced, to be more efficient. The stages of the implementation should be well defined, to have an efficient partnership and avoid confusion. In a first phase, the partner should be in charge of finding a potential client. This could be made by a participation in a public vender or by looking for a specific opportunity. Also, it will have the responsibility of creating awareness for Quidgest in the new market and transfer the market know-how. Once the potential client is found, Quidgest would be responsible for gathering the project requirements, the development of the product and the training of the new users. Here, Quidgest should train their partners, so they are able to give training as well. Finally, there is a first-line support that could be given by the partner, and a second-line support that Quidgest will be in charge regarding more complicated issues.

**People:** The team will be constituted by workers from the Quidgest and from the partner. As mentioned before, the systems would be developed in-house by Quidgest team in Portugal. After, a Portuguese team will go to the Dominican Republic to give technical training to the partners. The team should have a software engineering; and a member of the HR team, who will organize the tasks and will be the
main contact with the client and partner. In a later phase, if the potential project has enough dimension, Quidgest could open an office in Santo Domingo or in another country of the Caribbean to control the different projects and that, will require hiring more human resources.

**Physical Evidence:** is the environment in which the service is delivered, and where the firm and customer interact. It’s any any tangible components that facilitate performance or communication of the service (Zeithaml V., Mary Jo Bitner and Dwayne Gremler, 2008). Quidgest offers a welcome kit that goes with the product that includes instructions that the company considers necessary for a good implementation. Other additional instructions are available in the company website. Also in the events there will be demonstration of vouchers available for trial.

Finally, after covering the seven dimensions of the Marketing 7P’s framework, a balance scoreboard was computed below to identify the objectives and KPI’s for the project, evaluating it in four different perspectives: financial, customer, business and process and learning and growth (Kaplan & Norton, 1993).

<table>
<thead>
<tr>
<th>Strategic Goal</th>
<th>Target</th>
<th>Measurements</th>
</tr>
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<tbody>
<tr>
<td><strong>Customer</strong></td>
<td>Add new customer; Increase customer portfolio; Increase customer satisfaction</td>
<td>Achieve at least 1 new client in one year</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>Increase sales</td>
<td>Grow 10% of sales with the entrance in this market.</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td>Grow networking; Increase brand recognition; develop partnerships</td>
<td>Sign a strategic alliance with a local consulting company</td>
</tr>
<tr>
<td><strong>Learning</strong></td>
<td>Increase company’s learning curve with new competences got in the Dominican Republic and from the new partner</td>
<td>Increase knowledge about the new market; technology adaptation to a new industrial environment</td>
</tr>
</tbody>
</table>

Source: Personal Computation
Financial Analysis

For the purpose of analyzing the viability of a project in the Dominican Republic, a calculation of the Net Present Value (NPV) was performed, assuming a 4-year period. The analysis assumes that the client was found, together with the partner, and that the initial investment, which will only be accounting for year 0, includes the extra costs Quidgest has to incur to implement the project, such as, trials of the software, programmer license, software development in Lisbon (assuming three programmers of the Lisbon team are working on the project), the initial training session and the non-disclosure agreement. Moreover, the costs of the project were computed yearly, and include the training, software maintenance and project management. Regarding revenues, it was considered three different scenarios: a pessimistic, a realistic and an optimistic with values of 2.350.000€, 279.000€ and 232.500€ respectively. The revenues are already adjusted to the payment of the partner which represents 7% of the total (CEO, João Paulo Carvalho, 2017) (Appendix XII). In order to be able to compute the NPV of the project, the discount rate has to be calculated. The discount rate (WACC), or cost of capital, was computed by a weighted average of the cost of debt and cost of equity. Thus, the discount factor used was 12,22% (Appendix XII). As expected, the scenarios reflect the revenue that the customer will be willing to pay, and it was assumed that the total payment was payed once a year, in equal amounts during the 4 years. Thus, the estimating NPV for the pessimist scenario was 114.891,19 €; for the realistic was 150.036,95 € and for the optimist 1.696.450,25 € (Appendix XIII). With a positive result in the three scenarios, it is possible to affirm that if the company effectively finds a project in the Dominican Republic, it would be viable.

Conclusions and Recommendations

After performing a meticulous analysis of Quidgest and the industry in which competes, it was possible to assess that the company has significant competitive advantages that are worth internationalizing. Taking into consideration that the company is a Portuguese SME enterprise with a lack of presence and reputation in an industry with such strong competitive rivalries, the company’s expansion to new
markets is highly beneficial, if not even necessary. It allows Quidgest to increase its presence in the market, thus enriching its portfolio of clients and growing their sale numbers.

Additionally, because of the company’s interest to expand the business in the Caribbean region, it is suggested an implementation plan for Quidgest to the Dominican Republic by a strategic alliance with a local consulting company. The mode of entry suggested, does not imply either high cost or high risk, and allows the company to overcome the barriers it faces when entering in this new market, as well as to test the viability of the product.

Moreover, with the purpose of concluding the implementation plan developed through this work project, further recommendation will be discussed. Firstly, it is important for Quidgest to perform an extensive market research of the Dominican Republic software industry. As well as, to look and make a depth analysis of the potential partners in the new country. To facilitate the communication with the potential partners, Quidgest should contact institutions as AICEP or the Portuguese Chamber of Commerce. It is crucial that the strategic alliance with the partner is successful, since the partner would be the main provider of clients and would also be responsible to make Quidgest presence noted.

Furthermore, the Dominican Republic is a country that offers many opportunities for software development companies, because the software industry is growing exponentially, mainly due to international companies coming into the country, and the efforts by the government in order to develop the country promoting technology advancements for that. Moreover, to minimize threats, Quidgest should concentrate the software portfolio offer to the software’s, which brings better solutions and in which they have more experience than competitors, this are the software’s that uses Genio technology. In addition, the company should target the sectors that have been growing more in the Dominican Republic and that the company has more know-how, such as public sector and human resources management.
Finally, after the analysis computed in this work project, it is possible to conclude that the expansion to the Dominican Republic fits into the strategic goals of Quidgest. It is a natural step towards the ambitioned goal of the company of having the whole world making software as Quidgest.

References

Books and Published Articles


Websites


