



INTERNATIONAL MARKET SELECTION PROCESS OF A SAAS COMPANY

Lappeenranta–Lahti University of Technology LUT

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ABSTRACT

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International market selection process of a SaaS company

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Keywords: International Market Selection, SaaS Company, Internationalization.

This study examines the Software as a Service (SaaS) sector's international market selection (IMS) process, addressing challenges such as digital infrastructure, regulatory compliance, and competitive positioning. SaaS companies leverage scalable digital models to expand globally but face complexities in diverse markets. Using a single-case study with mixed methods, the research applies knockout criteria (e.g., GNI, internet penetration, political stability) and a SaaS-specific evaluation matrix to rank and categorize markets by attractiveness and competitiveness.

Findings identified 18 countries, categorized into high-priority (A), moderate-potential (B), and low-potential (C) markets. High-priority markets include the US, UK, Canada, Germany, Australia, and the Netherlands, offering the best growth opportunities. The study aligns with Born Global and Network theories, emphasizing rapid scaling through digital ecosystems and partnerships while refining IMS models to focus on digital maturity and regulatory stability.

Practical recommendations encourage SaaS managers to prioritize digitally advanced markets, adopt localization strategies (e.g., language, UX, customer support), and ensure regulatory compliance (e.g., GDPR). IMS and MACS tools are recommended for strategic decision-making. This study provides a structured market selection approach, reducing risks and supporting sustainable growth while suggesting future research into SaaS entry in less digitally mature markets and the impact of evolving digital regulations.

TIIVISTELMÄ

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Tämä tutkimus tarkastelee SaaS-yritysten kansainvälistä markkinavalintaprosessia (IMS) ja keskittyy haasteisiin, kuten digitaaliseen infrastruktuuriin, lainsäädännön velvoitteisiin ja markkina-asemointiin. SaaS-yritykset hyödyntävät skaalautuvia digitaalisia työkaluja laajentuakseen globaalisti, mutta kohtaavat haasteita erilaisilla markkinoilla. Tutkimus hyödyntää monimenetelmäistä tutkimusmallia sekä karsintakriteerejä (BKT/asukas, internetin käyttöaste, poliittinen vakaus) ja SaaS-spesifistä arviointimatriisia markkinoiden houkuttelevuuden ja kilpailukyvyn arviointiin.

Tutkimuksessa tunnistettiin 18 maata, jotka jaettiin korkean prioriteetin (A), keskipotentiaalin (B) ja matalan potentiaalin (C) markkinoihin. Korkean prioriteetin markkinoita ovat Yhdysvallat, Iso-Britannia, Kanada, Saksa, Australia ja Hollanti. Tutkimus korostaa Born Global- ja verkostoteorioiden mukaisesti digitaalisten ekosysteemien ja kumppanuuksien merkitystä nopeassa skaalautumisessa.

Suosituksissa kehoitetaan SaaS-yrityksiä priorisoimaan digitaalisesti edistyneet markkinat, toteuttamaan lokalisointistrategioita (kieli, käyttäjäkokemus, asiakastuki) ja varmistamaan sääntelyvaatimusten noudattamisen (GDPR). IMS- ja MACS-työkalut tukevat strategista päätöksentekoa. Lisäksi tutkimus ehdottaa jatkotutkimuksia vähemmän digitaalisesti kypsien markkinoiden ja sääntelymuutosten vaikutuksista.

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In Helsinki, 6.12.2024

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1 Introduction

This thesis examines how SaaS companies approach the process of selecting international markets. The focus is on how the SaaS companies can effectively choose and prioritize new market expansion opportunities. SaaS companies have constantly faced new challenges and opportunities since the rapid changes in digital transformation. It is critical that SaaS companies can identify the viability of target markets when the competition is constantly tightening in the digital industry. This subject is relevant since globalization is increasing, and the demand for digital services in different industries is continuously growing. SaaS companies can achieve sustainable growth and scalability by strategically choosing the markets to expand.

Compared to other companies, digital companies usually have less traditional entry barriers that will allow them to enter to new markets faster and simultaneously. With the opportunity of fast expanding there also comes a risk to focus and expand to markets that are oversaturated or unsuitable for the company. Especially for SaaS companies the market selection is crucial since they are reliant of digital infrastructure, and they need stable economies with stable regulation and digitally ready population. By examining the effective market selection strategies for SaaS companies, it is essential to help understand how digital companies can build strong foundation for international expansion. This will lead to focusing and leading resources effectively and reduce the risks related to international expansion.

Earlier research focused on international market selection process has been investigating more traditional companies that emphasize the gradual, step by step, internationalization models. These studies highlight factors like economic indicators, political stability and competitive strengths that are critical factors in market selection. The importance of digital readiness such as internet penetration and digital infrastructure is becoming increasingly acknowledged especially in digital businesses. Even when earlier studies offer relatively good foundation, they often lack the special needs and dynamics of SaaS companies, that are relying heavily on digital and competitive readiness indicators.

Previous studies have not fully considered the special criteria in SaaS companies market selection nor the fast-paced nature of digital company expansion. This study seeks to address this research gap by proposing market selection framework that is specifically tailored for

SaaS companies. This framework considers the factors of digital competitiveness, internet penetration and local demand for digital tools. By focusing on these areas that have not been considered previously it helps digital companies to make better and justified decisions on market entries. In addition, it helps them to build scalable strategies for international growth.

1.1 Research questions and objectives

This thesis addresses the challenges faced by SaaS companies in finding and conquering new international markets. As digital transformation accelerates, SaaS companies have unprecedented opportunities to expand globally. Required physical investments are minimal. However, the unique nature of SaaS products brings its complexity. Challenges arise, particularly in selecting the right markets and creating sustainable revenue strategies. This study examines how SaaS companies can overcome these challenges. The study focuses on the criteria that guide effective market selection.

The first research question examines the key factors that SaaS companies should focus on when assessing the market. Identifying these factors is important for SaaS companies. The digital nature helps overcome traditional barriers. At the same time, companies face other challenges, such as infrastructure readiness and digital competition. This research question centres on capturing those criteria that are particularly relevant to SaaS firms.

Research Question 1: How can a SaaS company effectively evaluate and select international markets, and what key criteria should be considered in this decision-making?

Based on the assessment process, the second research question examines the factors that should be emphasized in a market entry plan for the selected market. For SaaS companies, creating a scalable and adaptable strategy is essential for long-term success. This question focuses on the steps that companies can take to ensure that they not only enter new markets, but also thrive in them.

Research question 2: How can the criteria identified in market selection ensure scalability and sustainable growth for SaaS companies in international markets?

Through these research questions, this thesis develops a structured approach for SaaS companies. It helps to assess international expansion. The work creates a framework to guide market selection. The focus is on digital readiness, competitiveness and scalability. The framework aims to help SaaS companies make informed decisions. It helps to identify high-potential markets and support scalable and sustainable growth in a global competitive environment.

1.2 Theoretical framework

This study combines international market selection (IMS) and SaaS digital expansion strategies. The model assesses and selects target markets. The framework combines the Born Global theory and the Uppsala model. The theories are adapted to the digital environment. Table 1. presents the key literature for SaaS Market Selection Framework.

Table 1. Key Literature for SaaS Market Selection Framework

Literature Point	Key Authors	Summary	Relevance to Thesis
Digital Readiness and Infrastructure	Cavusgil et al. (2020), Hollensen (2019)	Emphasizes the role of internet penetration and digital infrastructure in enabling SaaS adoption.	Central to evaluating potential SaaS markets using "knock-out criteria" like internet accessibility and digital readiness.
Market Attractiveness and Economics	Root (1994), Hollensen (2019)	Highlights macroeconomic factors such as GNI, political stability, and labour force participation.	Forms the foundation of market screening and prioritization in the SaaS IMS process.
Scalability and Adaptability	Nambisan (2017), Oviatt & McDougall (1994)	Focuses on SaaS companies' ability to scale rapidly and adapt to varying market conditions.	Addresses the scalability needs specific to SaaS firms, ensuring sustainable growth and global competitiveness.
Resource-Based View (RBV)	Barney (1991), Wernerfelt (1984)	Explains how unique resources (e.g., technological assets, data analytics) create competitive advantages.	Relevant for SaaS firms leveraging their digital resources to achieve sustainable growth and differentiate in competitive international markets.
Regulatory and Cultural Fit	Johanson & Vahlne (2009), Luo (2021)	Examines compliance with local regulations and cultural adaptability.	Helps SaaS firms mitigate risks in complex regulatory environments and enhance customer alignment through localization.
Born Global and Network Theories	Oviatt & McDougall (1994), Johanson & Mattsson (1988)	Explain rapid internationalization and the role of partnerships.	Offers a theoretical lens for SaaS firms to leverage partnerships and achieve accelerated global market entry.

SaaS Market Selection theoretical framework supports the development of an IMS process suitable for SaaS companies. It combines these theories to guide strategic go-to-market. The framework, illustrated in Figure 1, integrates the Born Global theory and the Uppsala model, adapting them to the digital environment to support SaaS companies' go-to-market strategies.

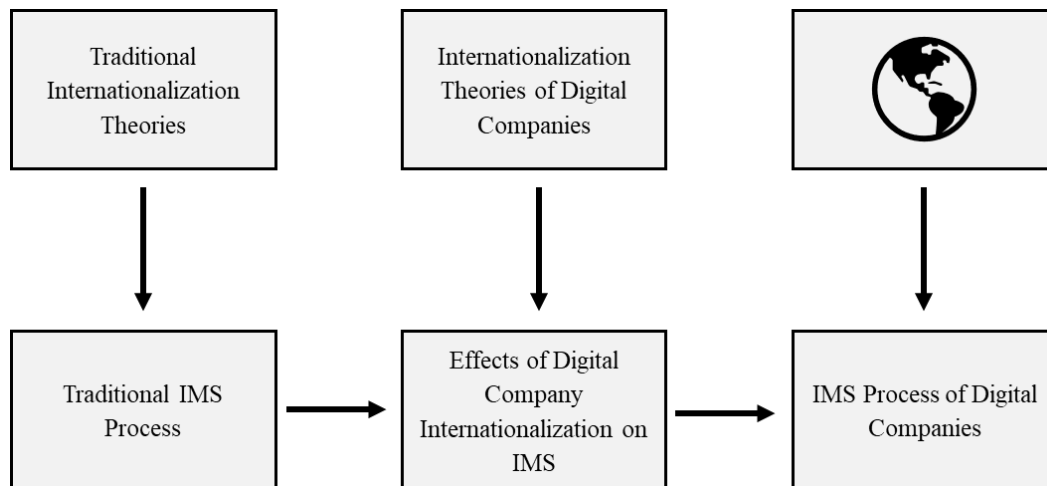


Figure 1. Theoretical Framework

SaaS companies operate in a scalable manner, with minimal physical presence and digital infrastructure. Digital companies leverage SaaS-specific market entry theories. The Resource-Based View (RBV) highlights the competitive advantage in digital assets like platform technology and data analytics. With RBV's focus on internal resources, the SaaS model relies on technological strengths rather than physical assets.

Network theory explains how digital companies use networks to expand globally. Networks provide access to local resources and regulatory information. The OLI paradigm and its digital variant OLI+ address the needs of digital companies. OLI+ emphasizes factors unique to SaaS companies. These include platform openness, partnerships, and market integration.

1.3 Definitions

This section outlines key definitions related to the research framework. It establishes a foundation for consistent terminology throughout the thesis.

Digital company

A digital business operates primarily through online channels (UNCTAD, 2017). These businesses use digital platforms to interact with customers, manage services and conduct operations, often without a physical presence (Sirkiä, 2020; Shaheer, 2020). They can grow quickly and reach an international audience with the help of digital infrastructure. (Cenamor et al., 2019).

Internationalization

When a company expands beyond its home market, it is called internationalization (Welch & Luostarinen, 1988). Products and operations often must be tailored to the requirements of foreign markets. (Johanson & Vahlne, 1977). Digital companies use digital platforms to cross geographical borders with minimal physical constraints (Wentrupt, 2019).

Born Digital (BD)

Born Digital companies start their operations online and often expand internationally from the very beginning (Oviatt & McDougall, 1994). These companies quickly bypass the traditional go-to-market stages. They reach customers worldwide through digital channels (Luostarinen & Gabrielsson, 2004).

Software as a Service (SaaS)

Software as a Service (SaaS) refers to software that is used online and not installed locally (Mell & Grance, 2011). SaaS products are usually subscription-based. They provide users with flexible, on-demand software without physical distribution. (Hoch et al., 2001). SaaS companies can quickly expand into multiple markets thanks to the scalability of cloud services. (Oetting, 2023; Coleman, 2024).

International Market Selection (IMS)

The evaluation and selection of foreign markets for expansion is carried out through the International Market Selection (IMS) process. (Root, 1994). The IMS process assesses factors such as digital readiness, market size, and competition, with the goal of prioritizing high-potential markets. (Hollensen, 2019; Cavusgil et al., 2020).

1.4 Research Methodology

The research focuses on the phenomenon of the internationalization of a digital SaaS company. To study this phenomenon effectively, the thesis adopts an abductive research approach. This approach allows theory to guide the research process while data findings adjust and refine the theoretical framework. Dubois and Gadde's (2002) systematic combining framework form the basis of this approach.

This research adopted a single-case study design as the most appropriate method for this research. It enables a thorough examination of the specific internationalization process of the case company. This method focuses on real-world challenges and opportunities unique to a digital SaaS business, making it particularly effective for this study.

The study relies primarily on quantitative methods. Metrics such as Gross National Income (GNI), internet penetration rates, and labour force participation are used to evaluate market potential and digital readiness. These indicators were chosen for their relevance to the internationalization of SaaS companies.

Qualitative insights are also included, though on a smaller scale. They are drawn from secondary sources, including public databases and industry reports, to provide additional context. Together, these methods create a focused, data-driven analysis tailored to the case company's needs.

1.5 Delimitations

This study focused on one SaaS company, so the findings are restricted to this business model. The findings cannot be directly applied or used in other businesses models or context. The study was designed to fit the strategic requirements of the case company. The tailoring will further narrow the use of findings and conclusions of the study.

Geographically the study is only covering the countries that has sufficient digital readiness, internet penetration and economic potential. Countries that did not fill these requirements such as the GNI or internet penetration rate were left out. Markets that had inadequate or missed information were left out of the analysis to ensure reliability of the study.

The study's focus narrowed to evaluate the market potential. It does not include specific go-to-market strategies or implementation plans. The limitations emphasize the precisely targeted nature of the research. The goal of the study is to offer the case company useful insights and not universal recommendations.

1.6 Structure of the study

This thesis is divided into five key chapters that are introduction, theory, methodology, empirical analysis, discussion and conclusion. The structure, as shown in Figure 2, builds progressively with each chapter forming the foundation for the next. This sequential approach ensures a coherent review of the research questions.

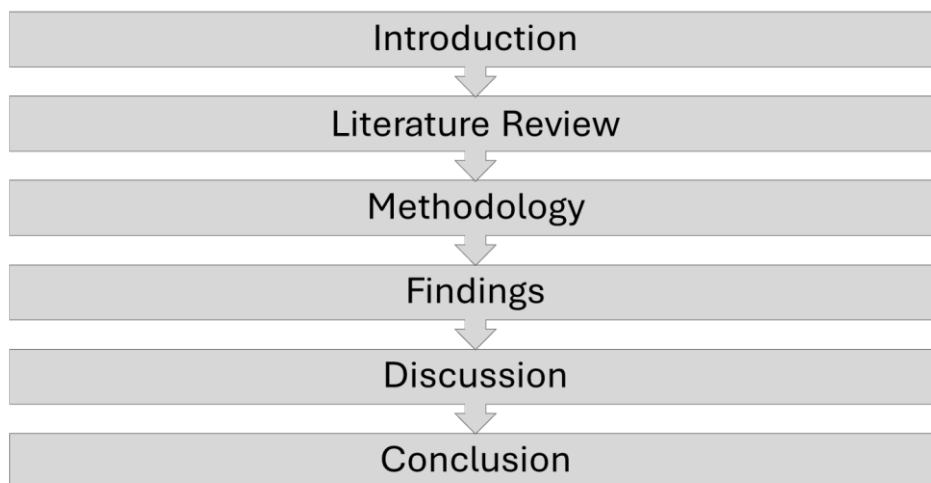


Figure 2. Thesis structure

The introduction creates the framework of the study by presenting the background, objectives and research questions. The key concepts and limitations are brought to clarify the scope of the study. This creates a good foundation to theoretical and empirical sections.

In the theory there are two chapters that explore existing literature of SaaS internationalization. The first chapter examines the role of digital companies and the suitability of traditional internationalization theories. International market selection process is examined in the second chapter. The focus is on the criteria and models that are meaningful in the digital business expansion. These chapters together create the theoretical foundation to understand the empirical analysis.

Methodology pictures the research approach and data collection and data analysis methods. It also processes the validity and reliability of the study. This secures strong foundation for the analysis of the case study. Methodology combines theoretical background, and the practical implementation presented in the empirical part.

Empirical analysis presents the case company's findings and practical perspectives on the case company's international markets selection and entry. It demonstrates how the case company can approach the theoretical aspects and methodology in the international market selection and entry. Every step of the IMS process is explained and reviews the criteria's that affect the market entry of SaaS company. These factors are further analysed in the discussion and conclusion section.

Discussion and conclusion connect the findings and theory while answering the research questions. It also processes the study's theoretical impacts and managerial implications. The study's limitations are highlighted, along with suggestions for future research. These sections complement the thesis and provide a comprehensive understanding of the internationalization strategies of SaaS companies. They also provide actionable insights for SaaS managers and stakeholders.

2 SaaS company and internationalization theories

Digitalization and the rise of widely available high-speed internet has had a high impact on how companies work and expand globally. Digital channels remove geographical barriers and enable fast internationalization and communication between distant customers and partners. The broad use of internet and digitalization has strengthened the companies' ability to operate and grow globally that will then offer them new opportunities for global expansion and scalable growth (Wentrup & Ström 2019). The companies that take the advantage of the benefits of digitalization internationalize faster than companies that do not (Lee, Falahat & Sia 2019). With the help of digitalization companies can lower their communication costs and enable more effective coordinator with their network. The effectiveness of this coordinator varies depending on the type of firm-specific advantages employed in internationalization. (Banalieva & Dhanaraj 2019).

Digital technology has changed companies and the society and had an impact in the international business where companies need to find new ways to stay competitive. Digital globalization presents small and medium-sized enterprises (SMEs) with new challenges and opportunities in foreign markets. The digital globalization has changed the way companies operate cross borders and exchange revenue. By utilizing and leveraging digital technology companies can be more innovative, aggressive and risk-taking when entering new abroad markets. (Hervé, Schmitt & Baldegger 2021).

2.1 Definition of digital company

Digitalization is when companies move from traditional business methods to digital ones. (Sirkiä, 2020). Piqueras (2020) defines a digital company as an organization that uses the internet to carry out its business processes. They use internet in production, operation and service delivery processes (UNCTAD, 2017). Digital companies utilize technology to improve processes, develop customer experience and promote innovations. Traditional companies can start using these technologies to create new streams of revenue and opportunities (Sirkiä, 2020). Digital era has changes companies operating models. Organizations are continuously seeking new ways to include technology in their operations

to stay competitive. (Vadana, Torkkeli et al. 2019). Digital companies that have been partly or entirely digitalized since their conception are called born-digital. (Piqueras, 2020; N. A. Shaheer, 2020)

In defining a digital company, Cenamor, Parida, and Wincent (2019) emphasize that these organizations integrate digital technologies to optimize and advance their business operations. Central to this integration are digital platforms, which enable firms to standardize, modify, and disseminate data on an extensive scale. Digital companies leverage these platforms to streamline and enhance operations, thereby building a competitive advantage through efficient data management.

International business studies have used various terms to describe companies that integrate the internet into their operations (Brouthers, Geisser et al. 2016). The study by Vadana, Torkkeli, Kuivalainen, and Saarenketo (2019) uses more than 30 terms to describe digital companies. Terms include, for example, digital platform providers, online service providers, online stores, and eINVs.

According to Shaheer (2020), digital companies can operate internationally without a physical presence. They acquire global customers through online channels. This approach helps overcome traditional barriers and enables more efficient go-to-market. The success of businesses relies on their capability to attract and engage users in different countries. Digital infrastructures support international growth.

Digital companies are less likely to encounter cultural barriers when entering new markets. Their products and services are often easily transferable across borders. This flexibility and ease of entry into new markets are significant advantages for digital companies in internationalization. (Vadana, Torkkeli et al. 2019.)

According to the GSMA report, countries with a high percentage of internet and mobile technology users are considered more attractive markets for digital companies. This is due to digital connectivity that makes it easier to enter and expand into new markets. Companies can exploit the broad digital infrastructure to reach broader audience. High digital adoption supports efficient operations and innovations. Such markets are highly attractive for growth and competitive advantage. (GSMA, 2021.) The first mover advantage and favourable markets also plays a significant role. Digital companies that offer high-quality products or services tend to internationalize with faster pace. (Vadana, Torkkeli et al., 2019.)

Marketing and sales are key forces in early internationalization. They play a crucial role in determining a company's success in new markets. Effective strategies in these areas increase brand awareness, create demand, and increase revenue. Marketing and sales are critical in establishing a strong market position during the early stages of internationalization. (Vadana et al., 2019.)

According to Ciravegna et al. (2018), market orientation, such as the acquisition of market information, significantly increases international commitment. Entrepreneurs' attitudes towards foreign market opportunities and risks influence internationalization decisions. External factors, such as competitors' actions and unexpected orders, drive companies into international markets. These findings highlight the importance of internal attitudes, market conditions, and strategic planning in successful international expansion. Marketing and sales play a vital role in this (Ciravegna et al., 2018).

2.2 Definition of a digital B2B company

Business-to-business (B2B) refers to a business model where a company provides products or services to other businesses. The subject of the transaction may be, for example, wholesale sales, supply of raw materials to manufacturers, consulting services, or software solutions aimed at businesses. (Kotler, 2024.)

Digital B2B companies utilize technology and digital platforms to mediate business between companies. The internet transformed B2B commerce, shifting companies from traditional, physical industry-specific meetings to digital interaction, fundamentally changing how they find partners and conduct business. (Kaplan & Sawhney, 2000.)

Digital B2B companies have global reach of potential audiences and easy scalability. For operations optimization, reducing costs and enhancing customer relationships they use data-driven decision-making processes and utilize big-data, automatization and AI. Salesforce offers cloud-based solutions for customer relationship management and business process automation. (Chaffey, 2019.)

Digital B2B companies are advancing through the adoption of new technologies like artificial intelligence and blockchain. In the future, sustainability will be a key part of

business. Companies are promoting environmentally friendly practices across industries. (McKinsey & Company, 2020.)

2.3 Definition of a SaaS company

In 2001, the Software & Information Industry Association (SIIA) first defined Software as a Service (SaaS) as a model in which applications or services are hosted in a centralized data centre and accessed via networks like the internet, intranet, LAN, or VPN. Users typically pay a recurring fee to access these applications, essentially "renting," "subscribing to," "being assigned," or "being granted access to" the software from a central provider (Hoch, Griffith, and Kerr, 2001). One of the most widely recognized definitions of Software as a Service (SaaS) comes from the United States National Institute of Standards and Technology (NIST) in 2010. According to NIST, SaaS is a model in which users access applications hosted on cloud infrastructure. These applications can be accessed on a variety of devices, such as web browsers or through application programming interfaces. Users have no control over the cloud infrastructure, including networks, servers, operating systems and storage. User control is limited only to user-specific settings for the applications. (Mell and Grance, 2011.)

Hubspot, one of the largest SaaS companies globally, states that SaaS has revolutionized software usage and accessibility by eliminating the need for installation on individual computers, enabling applications to be accessed via the internet. At the same time, the providers handle updates and maintenance of the software. Businesses are gaining the benefits of SaaS by reducing deployment time, from not needing on-site installations or custom development training to employees starting to use the tool effectively within days. (Coleman, 2024; Oetting, 2023). The core benefits of running a SaaS company include immediate access to the limitless global market with the scaling ability without raising product delivery costs proportionally. Because of the great benefits SaaS products offer, many traditional on-premises software vendors are acquiring or building their own SaaS products; one example we all know is Microsoft Teams. (Oetting, 2023.) Statista's (2024) forecast estimates the SaaS market to reach a value of approximately 247 billion U.S. dollars by 2024 (Vailshery, 2024).

For users, SaaS enables focusing on their business needs without the burden of managing IT infrastructure. Its low initial costs and minimal IT management responsibilities are major advantages. Customers pay a subscription fee based on the number of users and required service level, avoiding large upfront investments in software and hardware. (Mäkilä, Järvi et al. 2010). Example of its flexibility and scalability is that user can access it from any location that has an internet connection and that it allows easy adjustments in the number of user seats depending on the business needs that supports rapid business responses and expansion. As demand for cloud solutions grows, SaaS is becoming increasingly essential in the software industry. (Vaquero, Rodero-Merino et al. 2008)

2.4 Internationalization theories and digital environment

Internationalization refers to the process of expanding a company's operations or production beyond its domestic borders to enter markets outside its home country (Welch & Luostarinen 1988). Several theories have been developed over the years to understand and explain the motivations and patterns of internationalization. The most important theories of internationalization are economic, behavioural, and network theories (Johanson and Vahlne 2009; Hollensen 2019).

According to economic theories, companies internationalize to achieve higher profits and better efficiency than by remaining solely within the domestic market. According to these theories, the main drivers of internationalization are market-seeking and resource-seeking motives. Barney's Resource-Based View (RBV) theory (Barney 1991) represents one of the best-known economic theories.

Behavioural theories explain the decision-making and actions of companies when expanding into international markets. They focus on internal factors within the company. These include, for example, decision-making processes, organizational structure and culture (Wentrupt 2019). The Uppsala Model is among the earliest and most well-known behavioural theories. The model developed by Johansson and Vahlne (1977) proposes that internationalization progresses gradually and in stages. Companies typically begin internationalization through exports. The Uppsala model suggest that firms gradually expand their involvement in foreign markets as they gain experience and confidence (Johansson & Vahlne 1977). Another process-oriented model is the innovation-related model (I-model), which conceptualizes

internationalization as a form of innovation adoption (Andersen, 1993). Aligning with the constraints typical of small enterprises with limited resources, Sarasvathy (2001) introduced the effectuation theory. This theory prioritizes decision-making based on the anticipated effects of the selected approach, encompassing considerations of acceptable losses and risks. Another important behavioural theory is the International New Venture (INV) theory from Oviatt & McDougall (1994) or born-global approach from Rennie and Jones in the 1990s describes a rapid internationalization process since firm conception (Oviatt & McDougall 1994, Rennie 1993).

Network theories focus on the significance of relationships and networks in the internationalization process. Along with these theories, the operations of companies are guided by the relationships and networks created in their domestic and foreign markets. Relationships and networks provide access to resources, knowledge and market information. They also help overcome market entry barriers and reduce risks associated with internationalization (Wentrupt 2019).

2.4.1 Born Global theory

According to the Born Global internationalization theory, some companies can internationalize rapidly from the moment they are founded. They leverage technology and other resources to quickly enter new international markets. Born Global companies have emerged in response to major shifts in the global business environment. These changes include the forces of globalization and developments in technology and communications. (Oviatt & McDougall, 1994). The theory aims to explain the process where small company expands to globally right from the inception and bypasses the traditional internationalization phases (Luostarinen & Gabrielsson, 2004). Born Global companies are defined by their ability to start international operations right from the start, often with a global focus and market orientation (Wentrup, 2019).

The Born Global internationalization theory emerged as a reaction to the incremental approach of the Uppsala model, which suggested that firms follow a sequential process in internationalizing their operations. (Wentrupt 2019). Since their inception, rapidly internationalizing companies have played a crucial role in fostering economic development. (Sullivan Mort & Weerawardena, 2006). Born global firms typically spend much less time

operating solely in their domestic markets compared to businesses taking a more gradual method to internationalization (Lindqvist et al., 2010). It is proposed that immediate and swift international expansion is often observed in companies introducing radical innovations, which tend to have limited demand within the domestic market (Lindqvist et al., 2010). As a result, Born Global companies with specific products often face insufficient demand in the domestic market. They are therefore forced to enter foreign markets soon after their establishment (Luostarinen & Gabrielsson, 2004).

A key distinction separating Born Global firms and traditional international companies lies in their business models. Born Global companies have a unique and innovative business model that enables fast and efficient access to new markets (Knight and Cavusgil, 2004). They are characterized by high flexibility and adaptability, which enables rapid response to changes in global markets. Born Global companies have a strong customer-centric mindset. They can quickly respond to customer needs in different countries (Knight and Cavusgil, 2004; Cavusgil and Knight, 2009). One key factor that distinguishes Born Global companies from traditional international companies is the use of information and communication technology (ICT). Born Global companies make extensive use of ICT to access global markets, communicate with customers, suppliers and partners, and monitor and manage their international operations. ICT has enabled Born Global companies to surpass conventional barriers to entering international markets and achieve a competitive edge over traditional international firms. (Tobiassen and Pettersen, 2023.)

Born Global companies approach risks differently than traditional international companies, as Anand et al. (2023) explain. Born Global companies are more open to take risks and explore innovative products, markets and business models. They can quickly expand into new markets and succeed better than more established companies because they are willing to try new things.

The Born Global internationalization theory has greatly influenced the field of international business. It offers a fresh perspective on internationalization, challenging the traditional notion of it being a sequential and gradual process. Born Global firms have demonstrated that small firms can initiate international activities right from the very beginning, using ICTs, innovative business models, and a willingness to take risks. (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994).

2.4.2 Uppsala model

The Uppsala model, developed by Johanson and Vahlne (1977), represents one of the best-known internationalization models. According to the model, companies expand internationally in small, gradual steps. They do not make big leaps. Limited understanding of foreign markets is a significant obstacle. Such knowledge can only be gained through direct market experience. Companies start in markets that are culturally and geographically closer. Risk is managed by gradually increasing knowledge. The model emphasizes markets where the psychological distance is lower. This reduces uncertainty. The approach helps to manage risks and develop capabilities over time. Firms expand to distant markets once they have accumulated sufficient experience in closer markets. (Johanson & Vahlne, 1977.)

In 2009, Johanson and Vahlne updated the Uppsala model to indicate shifts in the global business landscape. The revised Uppsala model (2009) highlights the critical role of business networks in the internationalization process. Building trust in these networks is crucial for successful international expansion. New knowledge is generated through interaction in business networks. This promotes internationalization. The source of uncertainty shifts from the position of a foreign actor to that of an outsider in established networks. Companies face challenges in gaining acceptance and knowledge when they are outsiders in new markets. The model highlights how network relationships facilitate or constrain a firm's internationalization ability. (Johanson & Vahlne, 2009.)

In 2017 Coviello, Kano, and Liesch claim that the Uppsala model needs to evolve to better reflect the digital age and the critical role of individual decision-makers. The digital context enables companies to expand globally online. It bypasses the slow and incremental process of the traditional model. Digital technologies reduce transaction costs and redefine the boundaries of companies. This enables rapid growth and global reach. Understanding internationalization requires focusing on the individuals who make strategic decisions in companies. Bounded rationality and reliability emphasize the importance of individual decisions. Individual behaviour shapes international strategies. This links individual decisions to organizational outcomes. It reflects the complexity of global business. Macro and micro-level factors are considered. The updated model provides a comprehensive framework. This helps to understand modern internationalization. (Coviello et al., 2017).

2.4.3 Resource-Based View

Wernerfelt (1984) was the first to introduce the Resource-Based View (RBV) theory. Its purpose was to assess the strategic position of companies from a market and product perspective. Barney (1991) developed the framework further. Other notable researchers included Grant (1991) and Hamel and Prahalad (1994). The development work provided companies with practical guidance on attaining sustainable competitive advantage (SCA).

The Resource-Based View (RBV) suggests that the success of a firm in international markets rest on its internal resources and capabilities. Barney (1991) argues that firms possessing valuable, rare, and difficult-to-imitate resources are more prone to achieve international success compared to those without such resources. Resources are divided into three groups: physical, human and organizational. Physical resources consist of equipment and infrastructure, while human resources refer to employees' skills and expertise. Organizational resources include processes, systems, and culture. (Barney, 1991.)

RBV theory emphasizes the alignment of resources and capabilities with strategy. This is essential for success in international markets. This requires that the company carefully evaluates how its resources and capabilities can be utilized to achieve international strategic goals. Strategic alignment enables companies to effectively utilize their own strengths, which helps them compete in global markets and maintain competitive advantage through the optimal use of resources. (Grant, 1991; Barney, 1991.)

Furthermore, the RBV theory highlights the significance of dynamic capabilities. These refer to the processes and systems of the company that help it develop and manage its resources over time. Dynamic capabilities enable companies to adapt to shifts in the international business environment and consistently enhance their resources and skills to remain competitive. (Teece, Pisano & Shuen, 1997).

However, the RBV has been criticized, especially for the vagueness of the concepts of "resource" and "value" and for its limited view of competitive advantage. The criticism highlights the need for further development of the theory and the adoption of more dynamic frameworks. The current RBV is based on the principles of neoclassical economics. This limits the applicability and development potential of the theory. More flexible and dynamic

approaches are needed to improve applicability. This allows a more comprehensive theory of competitive advantage to be developed. (Kraaijenbrink, Spender & Groen, 2010.)

2.4.4 Network theory

Network theory complements RBV theory by emphasizing the importance of connections and social capital. According to Gulati (1999), a company's position in a network affects its opportunities to develop its skills and build partnerships. These factors are crucial for success on a global scale.

Granovetter (1985) introduces the concept of embeddedness, which indicates the close connection of economic activities with networks. This connection directly affects the availability of resources and their efficiency.

Burt (1992) takes the topic further and introduces the concept of gaps. According to him, companies can exploit structural gaps in the network. This allows them to acquire resources and information that provide a competitive advantage.

Powell, Koput and Smith-Doerr (1996) emphasize the importance of networks in promoting innovation and learning. These are key factors in developing a firm's capabilities. Networks help firms adapt and continuously improve the use of resources. This perspective supports the RBV theory, which emphasizes competitive advantage through unique and hard-to-copy resources.

2.4.5 Internationalization theories in the digital environment

Over the years, digital technologies have enabled digital companies to internationalize more rapidly and efficiently than traditional manufacturing companies through digital platforms that reduce the need for physical investments in foreign markets. (Eden 2016.) Hence, many scholars have been suggesting that there is a need for new internationalization theories designed for digital companies (Luo, 2021; Nambisan, 2017; Wentrup, 2016). With no need for foreign direct investment, internationalization is now more affordable and scalable for digital companies than traditional gradual entry (Eden, 2016). These digital platforms lower market entry barriers, enabling companies to reach global markets from day one (Nambisan

2017). This approach enables more companies to use internationalization as a growth strategy. They can leverage digital business models to overcome the resource and knowledge challenges typically associated with international growth efforts. (Bell & Loane, 2010). Digital platforms enable companies to access global audiences with minimal physical investment and low entry costs. According to Parker, Van Alstyne, and Choudary (2016), these platforms have become essential drivers of international business expansion.

Beyond digital platform, data analytics is becoming an increasingly vital factor in the internationalization of digital firms. It enables well-informed decision-making and supports strategic planning throughout the process. The application of data analytics enables companies to analyse large datasets, understand local market conditions and tailor their offerings to specific markets while enhancing customer satisfaction. (Chen, Chiang & Storey, 2012). Emerging technologies like artificial intelligence (AI) and blockchain are likewise transforming international business operations. AI can help companies to analyse large datasets, identify patterns and automate routine tasks to help companies to enhance process efficiency. For example, Netflix, global streaming service, is using personalized content recommendations for users across the world and that has improved customer engagement and retention. (Growth setting 2023; TeqFocus 2023.) With AI powered chatbots and customer service tools companies can provide support around the clock with many different languages (Hyken, 2017; Viliavin, 2023). Blockchain brings transparency and security to international cross-border transactions. It provides tamper-proof accounting, which is important in international trade. Blockchain also helps in supply chain management. Real-time monitoring streamlines processes and reduces fraud. It also ensures compliance with international regulations. (IBM, 2024; Maersk, 2024.)

Dunning presented OLI model in 1976 that aims to explain why companies engage with foreign direct investments and how they will select locations for their international operations. The OLI framework emphasizes three categories of advantages: Ownership-specific (O), Location-specific (L), and Internalization-specific (I). Dunning developed the OLI model over decades in a more dynamic direction. They recognized that OLI benefits are not static, but change with technology, market conditions, and corporate strategies (Dunning, 1988). The model was expanded to also include institutional factors. Domestic and host country policies, cultural differences, and global regulatory environments influence the strategies of multinational companies (Dunning, 1993). Dunning also introduced the

Investment Development Path (IDP) concept. This connects the OLI model to the stages of economic development of countries. The framework describes how a country's appeal for foreign direct investment (FDI) changes as economic development progresses (Dunning, 1981). Later, Dunning examined the effects of globalization. They emphasized the importance of strategic resource-oriented investments. They also emphasized the significance of global production networks in the operations of multinational companies. This included considering the effects of rapid technological advancements and the increasing interconnectedness of markets (Dunning & Lundan, 2008). Since digitalization and globalization created more deeper and complex connections between countries, businesses and people it has changed who can take part in the global markets and how companies can expand internationally. For this in 2021 Yadong Luo introduces the new OLI model O (open resource advantage), L (linkage advantage), and I (integration advantage). (Luo, 2021.)

Partnership also plays a critical role in the internationalizing for example through joint ventures, strategic alliances, and networks. As discussed earlier the Uppsala model that initially centred on the gradual acquisition of knowledge and commitment was later extended to also emphasize the significance of networks in mitigating the challenges of outsider ship in foreign markets. (Johanson & Vahlne, 2009). To accelerate the entrance to new markets companies can use the leverage from local partners' knowledge and networks if they open new strategic alliances by sharing resource and mitigating risks together. (Gulati, 1998). The collaborative partnership is beneficial especially in markets that has high cultural and regulatory barriers. To avoid potential risks and pitfalls the partners can help in navigating different challenges that different local legal landscape can bring. (Beamish & Lupton, 2009). As the network theory suggest, firms with wide networks can efficiently identify and exploit international opportunities that makes partnerships a crucial component of global expansion strategies. (Johanson & Mattsson, 1988). Partnerships provide access to modern technologies, distribution channels and customer bases. They improve competitiveness in foreign markets (Hitt, Ireland & Hoskisson, 2012). One of the biggest benefits of partnering with local businesses is the reduction in uncertainty and costs. This is especially important when moving into unknown markets. This will increase the likelihood of successful market entry. (Dunning, 2008.)

Besides all the new opportunities that digitalization brings to companies' internationalization there is also risks that needs to be highlighted. What comes to cybersecurity, data privacy

and regulatory compliance the risks are increasing. Companies can suffer from cybersecurity threats like data breaches or ransomware attacks that creates a need for increasing the security measures. (Manyika et al., 2016). For data privacy regulations, like General Data Protection Regulation (GDPR) that binds businesses working with individuals' data in European Union, companies need to navigate complex legal landscapes since non-compliance may lead to heavy penalties (Rugman, 2009). Differences in digital infrastructure between countries can increase costs. They can also disrupt the smooth running of business (Buckley, 2009). Companies need to develop new strategies to manage these risks. Only with effective risk management can they succeed in the global digital market (Teece, 2014).

3 The international market selection process of digital company

This chapter focuses on the second theoretical theme of this thesis: International Market Selection. This section describes the concept of IMS, the aspects of country and market evaluation, and the typical method used by companies when expanding into international markets. Detailed descriptions include step-by-step screening and evaluation models that form the core of the empirical section. Finally, IMS processes in digital organizations are evaluated and compared with traditional processes.

Choosing and entering foreign markets is a crucial step in a company's internationalization process (Andersson et al., 2014; Al Qur'an, 2020). It evaluates different countries or regions to determine which offer the best opportunities for growth and success. The goal of selecting international markets is to identify the market that provides the best potential for long-term growth and profitability. (Root, 1994.) International businesses need to adopt a detailed management process in selecting a favourable country to achieve lasting profitability. (Al Qur'an, 2020; Perenyi and Losoncz, 2018; Buckley and Casson, 1998.)

International Market Selection is the process of choosing the most appropriate foreign market to expand a business from home country (Buckley and Casson, 1998). The literature on business internationalization falls into two categories: economic theory and behavioural theory (Andersson, 2000). The economic approach, which has its foundation in economics, assumes that companies make rational overseas investment decisions based on complete knowledge. This concept implies that selecting a country for foreign investment is a deliberate decision focused on maximizing profitability. (Buckley et al., 2007). The behavioural approach emphasizes how a firm's international experience influences the pace and direction of its internationalization. It emphasizes the importance of organizational knowledge and top management in this process (Clercq et al., 2005; Andersson, 2000). Dunning's (1980, 1988) eclectic theory adds that an organization's unique skills and technology provide competitive advantage. In addition, the characteristics of the chosen foreign market significantly affect the success of international operations.

Globalization and advancements in technology have enabled digital companies to reach a wider audience and extend their operations into new markets (Cavusgil et al. 2020). However, the process of selecting an international market can be complex and challenging,

requiring a systematic approach to assess the potential of different markets and make informed decisions. (Knight, & Riesenberger 2020; Root 1994.) In this chapter, we will outline the different stages involved in the international market selection process for digital companies.

The process of selecting international markets usually requires carrying out market research, assessing market segments, conducting a SWOT analysis, and developing a go-to-market strategy (Root, 1994). The selection process also considers other factors, such as market size and growth potential, level of competition, cultural differences, political and economic stability, and regulatory requirements (Cavusgil et al., 2020).

The international market selection process can be complex and time-consuming; therefore, it is crucial to invest time in making a well-informed decision (Cavusgil et al. 2020; Hollensen, 2019). Selecting the right market can lead to increased sales, brand recognition, and business growth, while choosing the wrong market can result in significant losses and operational difficulties (Rahman 2003.) According to Aghdaie and Alimardani (2015), international companies selected international markets using one of two approaches: orthodox and cognitive. The orthodox or quantitative approach incorporates mathematical models to help decision-makers identify potential international markets. Cognitive, behavioural, and qualitative approach theories suggest that decision-makers rely significantly on personal experiences, networks of contacts, foreign market knowledge, and subjective interpretation of information when choosing a foreign country (Ojala and Tyrväinen, 2009; Darling and Seristö, 2004; Jansen, 2013; Deaza et al., 2020).

In this case, the approach begins with a macro-level analysis that assesses various variables, like economic, geographical, political, and cultural factors (Gaston-Breton and Martin, 2011). The goal of the analysis is to recognize the countries with the highest likelihood of success. After conducting the macro-level analysis, the remaining countries are then assessed at the micro-level using additional data and a more detailed analysis. The micro-level analysis may include a more in-depth evaluation of market segments, consumer behaviour, and competitive landscape. (Douglas & Craig, 2011.)

One important reason for conducting market assessments at a country level is that international statistical data is more readily available at this level. In addition, distribution management and media are often organized at a country level (Gaston-Breton, Martin 2011).

This facilitates the gathering and analysis of the essential information for informed decisions (Hollensen 2019).

3.1 Aspects of country and market evaluation

Potential target markets are assessed sequentially in international market selection, using data at both macro and micro levels (Gaston-Breton and Martin, 2011). The basic concept of this technique is that micro-level data provides a more accurate assessment of the nation's market, and macro-level data offers a wider perspective of the target country (Douglas and Craig, 2011; Rahman, 2003).

Macro-level data has long been utilized in cross-cultural research due to its affordability, comparability, and accessibility through secondary sources. Most IMS models incorporate macro-level data in the initial screening stage to determine the market attractiveness of the target country (Gaston-Breton and Martin, 2011). The evaluation of market size and development is frequently the first step in the IMS process, as this is considered as a significant feature in finding potential prospects (Gaston-Breton and Martin, 2011; Rahman, 2003; Russow and Okoroafo, 1996.)

Rahman (2003) identifies commonly used macroeconomic variables for evaluating market attractiveness and growth, such as inflation rate, GDP, GDP growth rate, population size, middle-class size, literacy rate, currency reserves, and exchange rate stability. Beyond economic factors, macro-level data also often includes product-related and cultural variables, like religion and psychic distance. Similarly, Douglas and Craig (2011) highlight economic, demographic, sociocultural, and geographic factors as key dimensions in macro-level market assessment.

Once the initial screening process is complete, micro-level data is utilized to gain a more precise assessment of market potential and prioritize the shortlisted countries. The variables chosen during this phase are more specific to the product and market in question (Gaston-Breton and Martin, 2011; Hollensen, 2019). In some smaller industries, macro-level data on market demand may be inadequate or unavailable, necessitating the use of micro-level data for generating projections.

This step comprises assessing the market competition intensity, mapping the competitive environment, and assessing demand and potential (Gaston-Breton and Martin, 2011; Hollensen, 2019). When selecting target markets, organizations must consider the amount of competition to develop an effective market entry strategy.

3.2 The international market selection process

Choosing the right markets to enter is a critical decision for companies pursuing internationalization. Particularly the initial stages of the process, this choice can have an enormous impact on whether internationalization succeeds or fails. (Root, 1994). Depending on the markets selected, different kinds of foreign marketing campaigns will be executed across different geographical regions. (Johansson, 2009). Coordinating foreign efforts may also be challenging due to the targeted markets' geographic location. The more diverse and dispersed the markets are, the harder it is to coordinate actions worldwide. Barrett & Beamish, 2011).

Figure 3 illustrates the IMS process funnel according to Hollensen (2019), which describes the screening and placement stages used to narrow down potential markets.

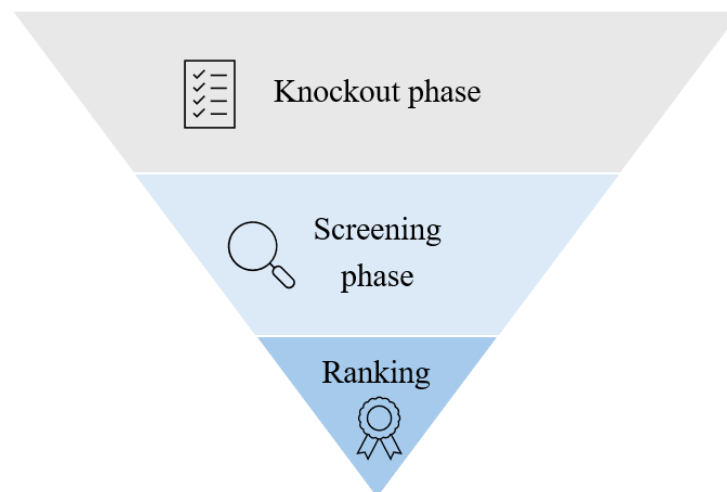


Figure 3. Adapted from Hollensen (2019) the process funnel of IMS

The process of international market selection involves multiple stages of screening and evaluation, where countries are gradually eliminated until a final selection is made. (Hollensen, 2019). In his work, Hollensen (2019) describes a common IMS process using a

funnel model that includes two initial screening phases, followed by a ranking of the remaining countries to identify the most viable options. In the preliminary phase markets are screened out based on external screening criteria. (Hollensen, 2019). Examples of external screening criteria include population size, gross national product (GNP) per capita or total, export restrictions between countries, the percentage of the population with internet access, and the number of the population with internet access, and the number of smartphones per 1,000 people. The criteria's will be chosen for each company based on its product or service and industry they are in. (Cavusgil, Ghauri & Akcal, 2013). Kotabe and Helsen (2021) suggest that the most important thing is to use criteria's that evaluate the buying power in the country for their product or service. "Knock- out" criteria are utilized to eliminate countries in advance for example by their political stability. (Kotabe & Helsen, 2021).

Cavusgil, Knight, and Riesenberger (2020) describe how market attractiveness and competitive strengths are used in the second screening phase to rank countries based on potential opportunities. With the use of more fine-tuned micro level data companies can rank the countries in order from most opportunities to least opportunities. (Cavusgil, Knight & Riesenberger, 2020).

Table 2 offers a summary of example variables included in the MACS model, as described by Hollensen (2019). These variables are used to evaluate the dimensions of market and country attractiveness and competitive strengths. By customizing these variables and their weights to suit the specific industry context, companies can gain actionable insights into potential markets.

Table 2. Example variables in the MACS model. Based on Hollensen (2019).

Market/country attractiveness	Competitive strength
Market size	Market share
Market Growth	Marketing ability
Buying power of customers	Products fit to market demand
Average industry margin	Contribution margin
Competitive conditions	Image
Infrastructure	Technology position
Psychic distance	Product quality

Hollensen presents the MACS model that can be used to evaluate the dimensions of market and country attractiveness and competitive strengths. These dimensions comprise numerous variables that can be measured. The evaluation process begins with selecting specific variables and using a questionnaire to assign scores to each one. Figure 4 illustrates a sample MACS questionnaire, demonstrating how companies assign scores and weights to variables during the evaluation process. This step is crucial for assessing the relative importance of each variable and creating a structured analysis. Each variable is rated on a scale from 1 to 5. (Hollensen, 2019.)

Market Attractiveness Questionnaire							Competitive Strength								
	1 Very Poor	2 Poor	3 Medium	4 Good	5 Very Good	% Weight Factor	Result (Grading x Weight)		1 Very Poor	2 Poor	3 Medium	4 Good	5 Very Good	% Weight Factor	Result (Grading x Weight)
Market size								Products fit to market demands							
Market growth								Prices and conditions							
Buying structure								Market presence							
Political risk								Obtainable market share							
Market access								Financial results							
Etc.								Etc.							
Market attractiveness = Result : 100=						100		Competitive strength = Result : 100=						100	

Figure 4. Example of a MACS questionnaire. Based on Hollensen (2019).

Each variable is assigned a weight to indicate their relative importance in determining attractiveness and strength. Variables and their weights are tailored to fit the specific industry context and prevailing market conditions. Then, market research is conducted for each country to complete the questionnaire and assign scores. (Hollensen, 2019).

The MACS model employs a matrix format, shown in Figure 5, to present its results. Figure 5 presents the MACS matrix, which visually categorizes countries into three groups—A, B, and C—based on their attractiveness and competitive strengths. This matrix format enables companies to prioritize their market expansion efforts effectively.

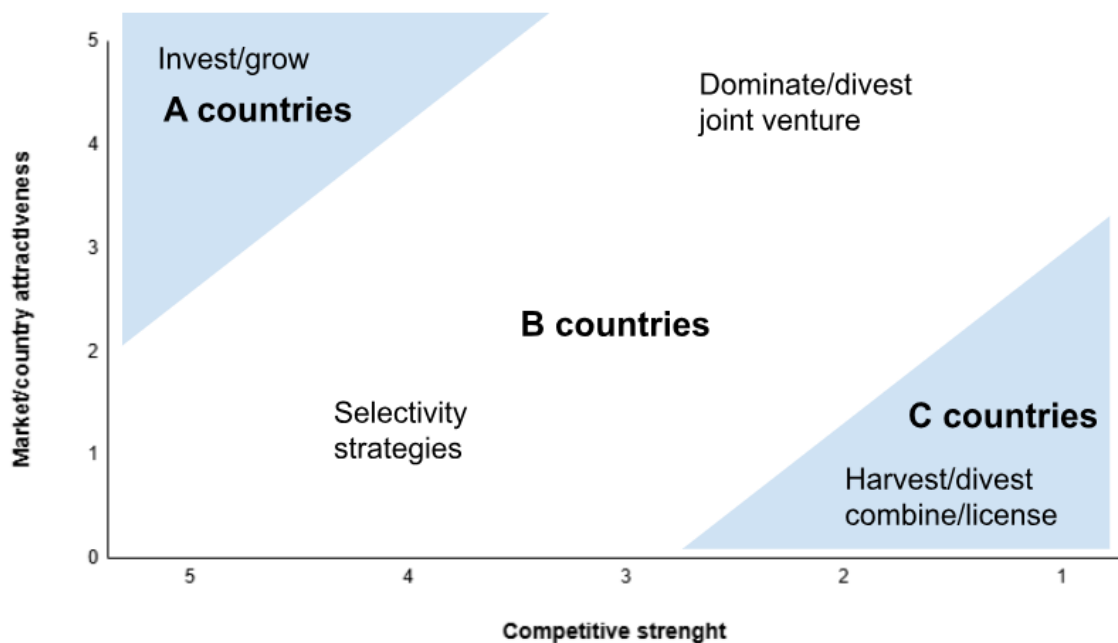


Figure 5. MACS Matrix. Modified from Hollensen (2019).

Based on their questionnaire scores, the model categorizes countries to three groups: A, B, and C. Category A includes the primary targets for expansion and investment, as they offer the most growth potential. Category B countries represent secondary markets with some development prospects but higher risks. Category C countries are the least appealing, presenting limited growth opportunities and higher risks, which make them less suitable for investment. (Hollensen, 2019)

3.3 Screening criteria for international market selection

International market selection typically uses various screening criteria. These are used to evaluate and prioritize potential target markets. The criteria provide companies with tools to assess the attractiveness and viability of markets. This section discusses the most used screening criteria in the literature.

Economic factor like as Gross National Product GNP, Per Capita Income and Growth Rate of the Economy are commonly used. Gross National Product (GNP) indicator help assess the overall economic size and health of a country, providing insight into the market's potential purchasing power (Cavusgil, Ghauri & Akcal, 2013). Per capita income measures the average income level in the country. It helps companies to evaluate the buying power of

the country for their products and services. The economy growth rate is also important metric. Growing economy usually indicates that the business opportunities are expanding (Root, 1994.)

Political and legal environment is often evaluated with various metrics. These are for example political stability, legal and regulatory framework and ease of doing business. Stable governance generally makes the country safer and more predictable for investments. (Kotabe & Helsen, 2021). When evaluating markets, it is important to consider trade barriers, taxation and intellectual property rights (Hollensen, 2019). The ease of starting a business, investors rights protection and the enforcement of contracts is also crucial factors. (World Bank, 2020).

Market size and potential is evaluated by the size of population and market growth potential. The larger the population generally suggest larger customer base. (Cavusgil, Knight & Riesenberger, 2020). Growing markets and increasing demand provide better opportunities for business expansion (Hollensen, 2019).

For technological environment, metrics like internet and smartphone penetration and digital infrastructure is used. For digital products or services, a higher percentage of internet users and smartphone owners indicates better market readiness (Cavusgil, Knight & Riesenberger, 2020). Well-established digital and communication networks can improve a company's capability to operate in the market. (Hollensen, 2019).

Cultural factors are measured by cultural distance and consumer behaviour. Cultures, languages and business practices that are similar makes it easier to entry and operate in the market. Major differences between these cultural factors can make it harder to adapt and operate in the market. By understanding and orientate to local consumers product usage and perceptions is essential for market adjustment. (Hollensen, 2019).

Geographic proximity is assessed based on distance to the target market. Close geographical location can lower the expenses in transportation and communication. This makes it easier to enter the new market. (Barret & Beamish, 2011.)

3.4 Impact of digitalization on the IMS process

Digitalization has changed the way SaaS companies perform international market selection process. Companies have better access to data, lower market entry barriers and improved competition insights. This sift enables better justified market entry decisions and more flexible operation. Digitalization enables the exploitation of a huge amount of data from online sources. Companies can collect real-time information about market trends, consumer behaviour, and competition. This makes the IMS process more data-driven and refines market selection criteria (Cavusgil et al., 2020).

The emergence of digital platforms has lowered the traditional market entry barriers. E-commerce, social media and online marketing enable entry into new markets with less physical resources. Companies can operate without solely relying on local intermediaries or physical presence. (Hollensen, 2019).

Digitalization helps companies on the customization of their offerings to different markets. Digital channels companies can test different market reactions and modify their products and services to fit local needs. This makes it easier to find the most suitable markets for expansion. (Johansson, 2009.)

Digital tools enhance companies' ability to follow competitors and market conditions. With analytics companies can gather information from their competitors market presence, pricing strategies and customer communications. This is central in refining the IMS process. (Kotabe & Helsen, 2021.)

For SaaS companies the flexibility of digitalization in market entry is important. Digital platforms and cloud technologies enables companies to scale quickly and control their operations remotely. With this the need of physical presence is eliminated and it reduces costs and accelerates the international expansion. (Cavusgil, et al. 2020; Hollensen, 2019.)

3.5 Special factors affecting the IMS process of SaaS company

The international market selection process for SaaS companies is affected by several factors. These factors arise from the digital nature of SaaS products and the specific market conditions they face. This section outlines and examines these critical factors.

3.5.1 Product related factors

Business model is critical factor in digital companies' internationalization (Vadana et al. 2019). Ojala and Tyrväinen (2006) supports this view and highlight that business model that determines the company's operations and value creation, significantly influences the way it goes to market. They also highlight other important factors such as product features, customer support needs, and customization requirements. According to Rajala et al. (2003), to which Ojala and Tyrväinen (2006) refer, the product strategy and revenue logic must be consistent with the chosen go-to-market method. Cahen and Borini (2020) further note that successful international monetization depends on technological capabilities and a clear product strategy. Factors like channel volume and asset specificity, informed by transaction cost economics (TCE), are also critical in determining the entry mode.

Product strategy defines the products a company offers. Products can range from highly customizable to generic and standardized products. The strategy also includes product implementation, maintenance, and support. The implementation may be based on a self-service model, where the customer is responsible for everything themselves. Alternatively, the strategy may include a full-service model, where the company or partner manages all phases. (Ojala & Tyrväinen, 2006). Hoch et al. (2000) classify products based on the level of required installation and support: products needing extensive consulting and maintenance are less productized, while self-service SaaS solutions are highly productized. (Ojala & Tyrväinen, 2006).

The "State-of-SaaS 2019" survey categorizes SaaS into "vertical" and "horizontal" models. Vertical SaaS focuses on a specific industry and offers customized solutions. It reduces competition and customer acquisition costs. It also leads to higher ratings and better customer retention. Horizontal SaaS serves broader functions across multiple industries. It requires more extensive marketing and higher acquisition costs. It has benefits from easier scalability and management due to a narrower product portfolio. (SaaS Finland, 2019).

Target group has a meaningful effect on the market entry choice. For example, targeting enterprise customers usually requires broader negotiations and tailored solutions. They demand more traditional sales activities that requires offline presence. And then offline approach demands more resources and expertise. This affects greatly the market entry and pricing strategy. (Root, 1994; Gabrielsson & Gabrielsson, 2011; Hollensen, 2011).

Business model, pricing model and customer acquisition channels are central when defining market entry strategy. Companies divide their target groups in three categories, small and medium size businesses, mid-market and enterprise. Product strategies vary by the size of the company. Small and medium size businesses low-touch self-service model is suitable. For larger businesses requires high-touch sales model. The high-touch sales model is essential for the complex and customized needs of large companies. It emphasizes building relationships with customers. Small market strategy does not usually require a high-touch approach since the high acquisition costs may exceed revenue generated. In selecting the appropriate entry mode, the target organization type and average revenue per account are key factors. (Root, 1994; Hollensen, 2011; Moore, 2014; Kotler & Keller, 2024). While delivery, marketing, and sales are central to early internationalization, they do not encompass the entire scope of a company's activities, emphasizing the importance of internet suitability for products (Gabrielsson & Gabrielsson, 2011; Vadana et al., 2019).

3.5.2 Distance related factors

Cultural distance implies to country specific differences in norms, values and communication practices. These factors have a meaningful effect in the chosen market entry strategies. According to Johanson and Vahlne (1977) the greater the risk felt in foreign markets lead companies to choose entry modes that require fewer resources. Product standardization helps to avoid or minimize the negative effects or challenges of cultural distance. It establishes a shared understanding of the product and service across various countries. (Ojala et al., 2019). Customization and service-oriented solutions requires more direct communication and interaction with the target audience. This need increases the risk of cultural misunderstanding. Software companies often internationalize to more culturally similar markets to their home market. According to Andersson et al. (2014) products that are less culturally specific, particularly high-tech ones, generally require little to no customization or adaptation. This enables faster internationalization into diverse markets.

According to Ojala et al. (2019) the cultural distance is less impactful in the software business since the product is distributed via electronic channels. The distance, however, has an impact, especially when services require close customer interaction. Few examples of such situations include product implementation, onboarding and training. This is why

service-focused software firms often choose to expand into markets that are geographically closer (Ojala et al., 2019).

Service-oriented software businesses often require more time for internationalization because they need to gather insights and learn from their clients. On the other hand, higher levels of product standardization and productization can speed up internationalization by reducing costs and simplifying the sales process. (Ojala et al., 2019).

Wentrup and Ström (2019) emphasize that it is challenging to scale up quickly for digital services that require significant offline adaptations, such as compliance with regulatory requirements. Successful international expansion requires both online and offline adaptations. Local expertise and networks are essential in achieving an established position in new markets.

3.5.3 Risk management, commitment and control

Perceived risks associated with internationalization influenced the choice of market entry methods for SaaS companies, as noted by Brouthers (1995) and Brouthers and Nakos (2004). The greater the perceived risks usually lead to using market entry methods that requires less resources. Hollensen (2019) noticed that there are three key factors in market entry method decisions. These factors include the level of risk, the desired degree of control, and the need for flexibility.

The company's capability to take risks usually rest on the resources available. The resources also affect how much commitment company can afford. The lower the risk usually correlates to lower commitment needing market entry methods. For digital companies, that have limited resources it is important to focus their actions to key channels with minimal risks while maintaining the flexibility of market entry and market exit. (Hollensen, 2019).

The desired level of control reflects the extent to which a company is willing to invest in market operations, including its capacity to influence decisions and processes. In the SaaS industry, Ripollés and Blesa (2017) suggest that the uniqueness and complexity of the product often require higher-commitment entry modes. The digital nature of SaaS products allows companies to maintain control even with low-commitment entry modes. (Ojala and Tyrväinen, 2006). Flexibility, the third factor, determines whether a firm seeks a long-term

market presence or prefers to remain adaptable, with the ability to shift targets as needed. (Andersson, Evers and Kuivalainen, 2014.)

3.5.4 Legal, regulatory and financial considerations

International expansion poses significant challenges for SaaS companies, especially in addressing the complexities of varied legal and regulatory frameworks. Laws related to data privacy, intellectual property, and online transactions differ greatly across nations, requiring companies to develop specific compliance strategies for each market (European Commission, 2024.; Oliveira et al., 2019). The GRPD in European Union sets tight regulation on information security. It requires companies to implement and use only advanced data management systems (European Commission, 2024).

Securing the intellectual property is necessity when expanding to new markets. SaaS companies will need to register their trademarks, copyrights and software licenses to prevent exploitation. Strong safeguards are particularly important in areas with weaker regulation. In weaker regulated markets, the risk of infringement is significantly higher. (Coeurderoy and Murray, 2008).

Tax and accounting requirements significantly affect financial operations. Nations enforce distinct tax policies, including VAT, corporate taxes, and digital services taxes. Non-compliance may result in significant penalties, whereas adapting accounting practices to align with local regulations improves financial transparency and ensures operational stability (PwC, 2020; Oliveira et al., 2019).

Local labour laws significantly influence international workforce planning. Businesses need to familiarize themselves with regulations on wages, employee rights, and benefits to create compliant and competitive employment frameworks in each market (Coeurderoy and Murray, 2008).

3.5.5 Localization & cultural adaptation

Localization adapts SaaS products and services to target markets linguistic, cultural and technical needs. The goal for this is to make them feel native to users. Localization includes

user interface, customer support and translating marketing materials into local languages. Regional specificities, such as date formats, currencies, and regulations, are also considered. (Russo and Boor, 1993; Tractinsky, 2000). Users perform better and feel more comfortable with interfaces in their native language, which improves usability and engagement (Tractinsky, 2000). Technical adaptations, such as domain-specific machine translation powered by neural networks, further enhance the efficiency and accuracy of software localization (Wang et al., 2019).

It is important for successful internationalization to orientate into cultural differences. Adjusting communication strategy to local norms helps SaaS companies to strengthen their customer relations. Communication style, symbols and tones are included when adjusting to cultural preferences. (Baack and Singh, 2007). The neglecting of cultural sensitivity can cause misunderstandings or weaken the customer relations. (Rosenbloom and Larsen, 2003). Cultural differences are also affecting business practices. Strong hierarchy cultures usually favour formal communication while others might value collaborative approaches (Rosenbloom and Larsen, 2003). Adapting to cultural differences effectiveness marketing and strengthen customer satisfaction. Understanding the culture gives SaaS companies competitive advantage. (Baack and Singh, 2007.)

3.5.6 Infrastructure and connectivity

The quality of internet infrastructure in the target market plays a critical role for SaaS companies since their product and services are based on reliable online delivery. High internet penetration and stable connection ensures customers can access services without interruptions. This makes the market attractive for SaaS companies. (Benlian et al., 2009). Areas that have unstable connectivity will pose challenges to deployment and user experience. Internet speed and network coverage are also significant factors. Fast and reliable networks increase the usability and encourage companies to move to cloud-based solutions. For SaaS companies, the scalability of market infrastructure can impact long-term growth. (Benlian et al., 2009.)

3.5.7 Customer support and time zone differences

Good customer support is key for keeping customers in global markets. SaaS companies need local language options. Quick fixes to problems keep customers happy, especially in tough markets (Rust and Zahorik, 1993). Time zones make real-time help harder. Solutions like 24/7 support or local teams are needed to match business hours (Schindler et al., 2001). Localized support builds trust and meets customer needs. These approaches enhance customer loyalty and contribute to long-term growth and innovation in global markets (Tuominen et al., 2023).

Round-the-clock support enhances customer satisfaction for global SaaS products. Strategically placing support teams in different time zones ensures continuous availability and faster response times, which increases customer confidence (Kekre et al., 1995). AI chatbots handle routine questions quickly, even after hours. This frees human teams for harder tasks (Engler et al., 2015). Support isn't just about being available. Fast solutions build trust and loyalty. Global markets expect high reliability (Zhu et al., 2016). Mixing automation with people helps meet different needs.

3.5.8 Pricing strategy

A well-designed pricing strategy is crucial for SaaS companies to succeed in competitive markets. Local purchasing power and market-specific economic conditions must be carefully analysed to ensure pricing aligns with customer expectations (PR Newswire Association LLC, 2022). Flexible pricing models, including subscription tiers or pay-per-use options, can cater to diverse customer needs and enhance accessibility (Feng, Jiang & Liu, 2018). Promotional pricing and discounts tailored to specific regions can further encourage adoption and build market presence (Zhang, 2020).

Transparent and competitive pricing fosters trust and long-term customer relationships, especially in markets where customers value clarity and predictability (Nan, Zhang & Li, 2019). SaaS companies must evaluate the perceived value proposition of their services and clearly convey it to potential customers to remain competitive (Zhang, 2020). Developing region-specific strategies enables better alignment with local cultural and economic contexts, boosting sales and fostering customer loyalty (PR Newswire Association LLC, 2022).

3.5.9 Political stability, partnerships and alliances

Political stability is a key factor for SaaS companies entering international markets. Stable environments ensure consistent regulatory frameworks and minimize risks from policy changes or currency fluctuations (Tan & Chintakananda, 2016). This stability supports smooth business operations and strategic planning. It also encourages foreign direct investment, indirectly benefiting SaaS companies in middle-income countries (Chebli & Saidi, 2024). Assessing the political landscape helps firms select viable markets and avoid disruptions (O'Farrell & Wood, 1994). Predictable political conditions make it easier for companies to adapt and thrive in new regions (Tan & Chintakananda, 2016).

Forming partnerships and alliances with local firms goes beyond market entry or expansion. These collaborations provide essential insights into customer preferences and cultural nuances in new markets (Nakos, Dimitratos & Elbanna, 2019). Partnering with local players helps companies navigate regulatory complexities and reduces the risk of non-compliance (Moghaddam, Bosse & Provance, 2016). Access to established distribution channels further lowers operational barriers and accelerates market penetration (Ozdemir, Kandemir & Eng, 2017). Such alliances also enhance credibility, building trust among customers and stakeholders, which is critical for SaaS companies (Golonka, 2015). They can foster innovation by leveraging diverse expertise and encouraging collaboration, especially in fast-paced sectors like ICT (Golonka, 2015). Also, alliances help mitigate risks by sharing responsibilities and resources in uncertain markets (Thomaz & Swaminathan, 2015).

3.5.10 Competition

The SaaS market is highly competitive, with varying levels of intensity across regions. Companies must assess each market to determine their ability to stand out and deliver value to customers (Zhang, 2020). This evaluation helps refine strategies and ensures effective positioning against rivals (Liu et al., 2018).

A strong market position also plays a critical role in attracting and retaining skilled talent. Firms perceived as leaders are better equipped to build capable local teams and sustain growth (Zhang et al., 2020). Additionally, leveraging competitive strategies and market-based assets can drive innovation, even in challenging environments (Liu et al., 2018).

Success requires not only customer acquisition but also operational optimization, particularly in markets with complex, two-sided competition (Kleber et al., 2020). Adapting to these dynamics helps companies remain resilient and competitive in a rapidly evolving industry.

4 Research methodology

This study aims to expand understanding of international market selection process for a SaaS company. With the digitalization and improved technologies SaaS companies have new opportunities to expand their business to new countries much more easily and effortlessly than before. Additionally, the aim is to apply theoretical insights on SaaS internationalization and the empirical findings of this study to create International Market Selection models specifically designed for SaaS companies. The research approach in this study is the abductive approach which allows for an iterative process where theory and empirical data continuously inform and refine each other (Dubois and Gadde, 2002). With a strong theoretical foundation and collaborative research practices, this study contributes to both theoretical advancement and practical application. There is also a growing trend among academic market researchers to better integrate research activities with business needs (Freytag and Young, 2018). This study is carried out in partnership with a case company, combining academic research and business practice to generate both theoretical and practical insights.

The systematic combining approach used in this research, highlights four interconnected elements: Framework, Theory, The Case, and The Empirical World. These elements work together, influencing each other. As data is gathered more, it shapes the framework and theory, leading to adjustments in the research. This continuous cycle of refining and redirecting ensures that the research evolves and becomes more accurate over time.

Artificial intelligence tools were used during the writing process. ChatGPT (OpenAI) helped review and improve the structure, clarity, and grammar. Its suggestions were adapted to fit the study's context. Grammarly was also used to check grammar, punctuation, and style. Both tools were used responsibly. All outputs were critically reviewed and modified to meet academic standards.

4.1 Research method

This study examines how SaaS companies select international markets. The focus is on understanding the decision-making processes behind these choices. To address this specific

phenomenon, a single-case study approach was chosen. This method allows for an in-depth exploration of the real-world processes involved. It is particularly effective for answering "how" questions, which are central to this research (Yin, 2009).

The qualitative approach was selected because it captures the complexities of decision-making in international market selection (Hirsjärvi et al., 2016). It enables a deeper understanding of the factors influencing these processes. Internal reports, customer feedback, and competitor insights were analysed to explore the target markets. Data was also gathered from competitor research, keyword searches, and industry-specific sources to provide context and depth.

Quantitative methods complemented the qualitative analysis. These methods were used to analyse broader market trends, incorporating key data from various countries. This combination of qualitative and quantitative approaches enabled the study to connect company-specific insights with larger market dynamics.

This methodology was chosen because it suits the research problem, focusing on the unique dynamics of SaaS companies. It avoids broad generalizations. Data from company websites and public records were also utilized to ensure a comprehensive analysis. By integrating qualitative insights with quantitative trends, the study offers practical recommendations and theoretical contributions for SaaS companies entering international markets.

4.2 Data collection

This study's data was collected from various secondary sources. These included internal reports, customer feedback, and competitor insights from the case company. External data were taken from online databases, global governance indicators, and analytics platforms to ensure broad and reliable coverage. The data collection followed a clear system. Keywords and search methods were the same for all target markets to ensure reliable results. This made data comparisons fair and unbiased. The selection of data sources and metrics was guided by discussions with the case company to align the knockout criteria with the strategic priorities of a SaaS firm. Each metric was chosen to reflect the unique features of SaaS market dynamics. The focus was on profitability, digital infrastructure, and market challenges.

The first step in data collection assessed market size using Gross National Income (GNI) per capita from the World Bank's Atlas Method (current US\$). This data, collected on September 19, 2024, identified countries with higher economic potential for SaaS products. Based on this metric, 111 countries were selected for further evaluation.

The next criterion was internet penetration rates, a proxy for digital readiness. Data from the World Bank's "Individuals Using the Internet" indicator focused on 2022 values due to better coverage compared to the incomplete 2023 dataset. After applying this criterion, 157 countries qualified. These datasets were combined, retaining only countries meeting thresholds for both GNI and internet penetration, resulting in 108 countries advancing to the next stage.

Political stability was another key criterion, evaluated using the 2022 "Political Stability and Absence of Violence/Terrorism" Index from the World Bank's Worldwide Governance Indicators. This metric identified countries with lower business risks. Based on this, 119 countries met the stability threshold. Cross-referencing with the earlier dataset reduced the number to 72 countries.

Labor force participation was evaluated, representing the percentage of the working-age population engaged in the labour market. Using 2023 data from the World Bank's Labor Force Participation Indicator, 123 countries met the labour readiness threshold. Cross-referencing this data with previous results narrowed the dataset to 41 countries.

Demand for SaaS solutions was analysed using Google Trends data. Searches for terms like "ATS", "Applicant Tracking System" in various languages, conducted between October 1, 2023, and October 2, 2024, showed recruitment technology demand. This analysis focused on the 41 countries that passed earlier filters. Based on search volumes, 23 countries demonstrated enough market demand to proceed.

The final macro-level analysis included digital readiness and competitiveness, using DESI (Digital Economy and Society Index) and I-DESI rankings. These metrics, sourced from EU Digital Strategy and European Commission publications, assessed connectivity, digital skills, and technological integration. Applying DESI/I-DESI thresholds left 18 countries eligible for the final evaluation.

Table 3 outlines the specific data sources and metrics used during this process. These metrics ensured a robust and comprehensive analysis tailored to the strategic needs of SaaS companies, focusing on market profitability, digital infrastructure, and challenges.

Table 3 Data Sources and Metrics Used for International Market Selection

Source	Metrics Collected
World Bank	GNI per capita
	Internet Penetration
	Political Stability and Absence of Violence/Terrorism
	Labor Force Participation
Google Trends	Applicant Tracking System Search Demand
EU Digital Strategy & Commission	DESI Rankings
	I-DESI Rankings (International DESI)
The Global Sustainable Competitiveness Index	Sustainable Competitiveness Rankings
LinkedIn Talent Pool Data	Number of companies with 200+ employees
	Changed jobs
	Job posts

These insights form the foundation of the Empirical Analysis chapter, where the international market selection process is detailed. This chapter integrates macro-level data with SaaS-specific metrics to provide actionable insights for selecting high-potential markets. Each step of the process demonstrates how data informed decision-making and aligned with SaaS business strategies.

4.3 Data analysis

The collected data were analysed using a structured approach to refine the list of countries and prioritize those with the highest potential. The analysis utilized models such as the knockout model and the MACS model. This ensured a comprehensive evaluation of market attractiveness and competitive strength.

The knockout model filtered countries through successive stages based on the criteria described in the data collection process. For example, combining GNI and internet penetration reduced the dataset to 108 countries. Further filtering using political stability

narrowed it to 72 countries. Labor force participation rates then brought the list down to 41 countries for deeper analysis. Finally, Google Trends search data and DESI/I-DESI rankings provided additional layers of refinement, resulting in a final selection of 18 countries.

To rank and categorize the shortlisted countries, a modified version of the MACS model (Hollensen, 2019) was applied. This model assessed market attractiveness and competitive strength using weighted criteria tailored to SaaS market dynamics. Market attractiveness included factors such as GNI (0.3), internet penetration (0.25), labour force participation (0.2), and Google Trends ATS search volume (0.25). Competitive strength focused on LinkedIn Talent Pool data, including the number of companies with 200+ employees (0.4), job changes (0.3), and job posts (0.3).

The weights assigned to these factors were based on their importance for SaaS market dynamics and the strategic priorities of the case company. A combination of prior research, industry standards, and insights from the case company guided these choices. For instance, GNI received a higher weight due to its strong link to economic capacity and SaaS adoption potential. Internet penetration emphasized digital readiness, while labour force participation and search volumes balanced the evaluation of market potential and competitiveness.

The analysis results were presented using visual tools such as tables, flowcharts, and matrices. These tools made it easier to understand the knockout model stages and the weighted scores for each criterion. For instance, the final categorization of countries into Groups A, B, and C was displayed in a matrix format. This clearly showed the differences in market attractiveness and competitive strength. Visualizations ensured transparency and allowed stakeholders to interpret the findings effectively.

The results divided countries into three groups based on their scores. Group A included high-priority markets like the United States, Germany, and the United Kingdom. These markets showed strong economic indicators, digital readiness, and competitive strength. They align well with the company's growth ambitions and offer the best opportunities for SaaS adoption and revenue growth. Group B included countries with moderate potential, such as Sweden, Singapore, and Denmark. These markets represent secondary expansion opportunities with lower risks and investment needs. Group C consisted of lower-priority markets, such as Estonia and Lithuania, which scored lower on both attractiveness and competitiveness. However, they might still offer niche opportunities.

Both qualitative and quantitative data were combined to build a robust evaluation framework. Qualitative insights, such as competitor analysis and industry reports, complemented quantitative metrics to ensure a balanced and actionable framework. This approach not only refined the market selection process but also aligned it with the strategic goals of the case company. It ensured that the focus remained on markets offering the greatest growth potential while effectively managing risks.

4.4 Validity and reliability of the study

Validity in a single case study can be challenging. To improve it, this study uses analytic generalization, relying on theories and models from the literature (Yin, 2003). By applying frameworks like Hollensen's IMS process and the MACS model, the study ensures the concepts are based on established research. Internal validity was further strengthened by using consistent knockout criteria and cross-checking data from multiple reliable sources.

Reliability was improved by carefully selecting secondary sources, focusing on data from reputable databases maintained by government or globally recognized organizations. This approach ensures the data is trustworthy. Consistent methods were applied across all countries, ensuring the data collection and analysis processes are repeatable.

Although external validity is more constrained because of the single-case study design, the use of theory helps make the findings more applicable to other SaaS companies.

5 Case findings and analysis

This chapter presents the case study findings. It analyses the company's potential approach to international market expansion. Key insights show how the company could select and evaluate new markets. The findings focus on the company's strategies, opportunities, and challenges in expanding globally. These insights will guide the recommendations in the following sections.

5.1 Case company introduction

The case company specializes in providing a platform for matching and recruiting professionals with a focus on soft skills. The company's platform includes a wide range of psychometric assessments, such as personality questionnaires, cognitive ability tests, situational judgment tests, and other recruitment tools, all developed by psychologists and recruiters. Employers can easily create their own assessment campaigns or outsource the work to the company's professional service team. The platform provides powerful insights into candidates' personality, ability, and motivational drivers within the workplace, helping employers gain a more well-rounded view of their future talent and their ability to perform in the role. In addition, the company offers a suite of assessments that can be fully customized to match an organization's culture and job roles or used off-the-shelf for quicker candidate selection. The platform also provides features such as video interviews and diversity data tool.

The company prides itself on its psychometrically rigorous assessments, which have been developed and refined through extensive research with organizations and are fully accredited by the BPS. With over 30 years of scientific research backing its platform, the company aims to make recruitment and selection easier and more effective for employers worldwide.

The target audience for the case company's platform includes companies of all sizes and industries that are looking to improve and streamline their recruitment processes and make better hiring decisions. This platform is particularly valuable to companies looking to reduce time and resources spent on recruitment, while simultaneously ensuring that they hire the most suitable candidates for their open positions. The platform is most relevant for

companies with high recruitment volumes, as the software can automate many of the early stages of the recruitment process. This makes it ideal for large organizations with many job openings or companies experiencing high turnover rates. Additionally, the platform is highly useful for businesses looking to hire candidates with specific soft skills, as the software can easily assess and identify these soft skills during the recruitment process. This is especially relevant for companies that place a high value on soft skills that are personal attributes that enable individuals to interact effectively with others in the workplace. Soft skills are often referred to as interpersonal skills or people skills and they are the best predictor of job performance. Traits such as emotional intelligence, teamwork, and communication skills. In today's competitive job market, soft skills have become increasingly important for recruiters and employers to consider when assessing candidates. Companies are realizing that technical skills alone are not enough and that employees must also have strong soft skills to be successful in the workplace. The platform is attractive to companies looking to improve their diversity and inclusion efforts. The software is designed to minimize the impact of bias in the recruitment process, which can lead to a more diverse candidate pool and a more inclusive work environment.

The case company adopts a subscription-based business model. Subscription model involves offering services or products on a recurring basis to customers who pay a periodic fee. The model is becoming increasingly popular in various industries, particularly the software and media sectors. This business model offers several advantages to the case company. Firstly, the recurring revenue streams enable the company to maintain stable financial performance, thereby making it easier to plan and budget for future investments. Secondly, the model fosters customer loyalty since subscribers have a vested interest in using the service or product regularly. This, in turn, can lead to lower customer churn rates and higher lifetime customer values. The subscription model offers the case company access to valuable customer data, enabling the analysis of usage patterns and trends. These insights can guide the development of new products or services and enhance existing ones. Additionally, the subscription-based model enables the company to scale its operations more easily. By offering products or services online, the company can reach a wider audience, even beyond its local markets without physical restrictions.

In the case company, the main cost drivers are the cost of acquiring new customers, technology infrastructure, and customer support. The company invests in sales and

marketing to attract new customers. The company's subscription-based model allows for predictable revenue, which can help manage and budget for these costs.

The case company's cost structure is designed to support the growth and scalability of the business model. As the company expands into new markets and acquires more customers, it can spread its costs over a larger customer base, which can lead to economies of scale. Overall, the case company's cost structure is essential to support the continuous delivery of value to its subscribers and to sustain long-term growth. As part of its growth strategy, the case company aims to explore opportunities in new markets. There are several reasons why a company may choose to expand to different market. Entering new markets enables a company to broaden its customer base, lessening dependence on a single market. This helps reduce the risk of economic downturns or shifts in consumer behaviour that could adversely affect the company's revenue. By expanding to different markets, the company can spread its risk across multiple regions or industries. Expanding to different markets can provide new opportunities for growth. The company may find that its product or service is in higher demand in a different market or that there are fewer competitors in a new market. Expanding into new markets allows the company to seize these opportunities and boost its revenue streams. Entering new markets can enhance the company's brand recognition and strengthen its reputation. Expanding into new markets and establishing a presence allows the company to boost its visibility and build credibility with both consumers and potential partners. This can foster a positive reputation for the company, enhancing customer loyalty and strengthening its market presence.

5.2 IMS process of digital company

This study's International Market Selection (IMS) process is based on Hollensen's (2019) framework. It is divided into Knock-Out criteria for phase one and market attractiveness/competitive strength (MACS) model for phase two. The process is customized to include SaaS-specific dimensions that better reflect the case company's SaaS business model. The matrix developed for this thesis is referred to as the SaaS market evaluation matrix.

The IMS process incorporates the impact of digitalization. Digital tools and online data sources, such as search volumes and digital readiness metrics, are used to evaluate markets.

Metrics like Google Trends, internet penetration, and recruitment-related search activity reflect the case company's reliance on digital infrastructure. Digitalization reduces data collection barriers but does not eliminate them, as gaps remain for some industries and countries. Variables were chosen based on availability and their relevance to SaaS internationalization.

The dimensions and variables were tailored to align with the case company's specific requirements. The focus is on economic indicators like Gross National Income (GNI), political stability, and Ease of Doing Business scores, combined with recruitment-specific metrics like labour market activity and demand for recruitment technologies. Digital infrastructure metrics were weighted more heavily due to their critical importance for SaaS platforms. Weighting and selection align with Hollensen's (2019) framework, ensuring consistency while addressing the specific context of SaaS market entry.

5.3 Knock-Out criteria – phase one

The knock-out phase serves as the initial screening step. In this phase, macro-level data is utilized to identify and exclude countries with the lowest potential for success, as well as those posing significant risks or lacking adequate opportunities for the company to thrive. The criteria were selected based on previous research and were further adjusted through conversations with company representatives. These discussions provided valuable insights into the company's strategic priorities, internal expertise, and specific challenges for international expansion, which were considered when tailoring the criteria to meet the needs of a digital B2B SaaS company. These categories were chosen based on their significance to the company's success in the new market. The final decision regarding each individual variable within the category was made based on the accessibility of reliable data that would be available for each country.

5.3.1 Selecting the criteria

The criteria were determined through data availability and consultations with key stakeholders in the company management. The selected criteria align with macro-level evaluation dimensions like market attractiveness and political risk, as well as technological

readiness, which is specific to digital companies. Main categories in the knock-out criteria are profitability, technological level, and market challenges.

Profitability is evaluated by economic conditions, market size and potential of the industry. For market size the GNI that stands for Gross National Income is used. The higher GNI reflects better economic potential for SaaS products. It is a key indicator of a country's overall economic wealth and reflects the purchasing power of its businesses and consumers. For a SaaS platform, GNI helps identify countries with sufficient economic size to support digital services. Countries with higher GNI are more likely to have businesses willing to invest in innovative HR technologies. For economic situation the ease of doing business metric is used since the metric evaluates how favourable the regulatory environment is for starting and operating a business. Factors like the complexity of regulations, business setup time, and operational costs play a critical role in international expansion. Countries with a high Ease of Doing Business score reduce the barriers to entry, making them more attractive for a SaaS company seeking quick and efficient market penetration. Industry potential is evaluated with keyword search. Measuring demand for relevant technologies using keyword search data, such as ATS (Applicant Tracking System), search volumes from Google Trends. It helps to assess market interest in recruitment technology. Countries with high ATS search volume are more likely to adopt HR SaaS solutions, indicating that businesses are already searching for digital tools to improve recruitment processes.

For challenges in the markets political risk and labour market readiness is used. Political stability is a crucial factor for assessing the safety and operational feasibility of a country. Political worry or instability can pose risks to long-term business operations, as well as impact business investments and growth. Stable countries offer a safer environment for long-term investment and help mitigate operational risks associated with sudden political shifts or violence. The labour force participation rate indicates the percentage of the working-age population actively involved in the workforce. A high participation rate indicates a dynamic labour market, where businesses are frequently hiring, and thus, more likely to benefit from recruitment technologies. For a SaaS company focused on HR tech, countries with higher labour force engagement present more opportunities for adoption.

Lastly, technological level is measured with digital readiness and digital competitiveness. For digital readiness, internet penetration is a proxy for a country's overall digital infrastructure. High internet penetration rates suggest that businesses and consumers are

connected and accustomed to using online services. For a SaaS platform, this metric is critical, as a higher percentage of internet users increases the likelihood of a country's readiness to adopt cloud-based recruitment tools. In digital competitiveness the DESI/I-DESI rankings provide a comprehensive measure of a country's digital competitiveness, including factors like connectivity, digital skills, and business technology integration. A high ranking indicates that a country has a well-developed digital ecosystem, which is essential for the adoption and success of a SaaS product. Countries with strong digital infrastructure and skills are more likely to quickly integrate and scale digital platforms.

Table 4 presents the variables, criteria, and data sources used in market assessment and prioritization. These factors were carefully selected to provide a comprehensive framework for assessing the profitability, challenges, and technological readiness of potential markets.

Table 4. SaaS evaluation framework: variables, criteria, and data sources

Category	Variable	Knockout Criteria	Data Source
Profitability	Market Size	GNI (Gross National Income): Higher GNI reflects better economic potential for SaaS products.	World Bank
	Economic Situation	Ease of Doing Business Ranking: Assesses how favorable the environment is for business operations.	World Bank
	Industry Potential (Demand)	Google Trends ATS Search Volume: Provides insight into the demand for recruitment technologies like ATS.	Google Trends
Challenges in the Markets	Political Risk (Instability)	Political Stability and Absence of Violence: Measures the country's political stability, an important factor for business risk.	World Bank
	Labor Market Readiness	Labor Force Participation Rate: Higher rates indicate a dynamic labor market, which may drive recruitment demand.	LinkedIn Talent Pool Data
Technological Level	Digital Readiness	Internet Penetration (% of Population): A proxy for digital infrastructure and SaaS readiness.	World Bank
	Digital Competitiveness	DESI/I-DESI Rankings: Measures overall digital competitiveness, including connectivity, digital skills, and integration of technology in businesses.	EU Digital Strategy & Commission

This framework provides a structured method for assessing and classifying potential markets by combining macro-level factors such as political stability, workforce dynamics, and digital competitiveness. The empirical analysis chapter applies it to assessing target markets, illustrating how the criteria in table 4 guide data-driven decision-making and market prioritization.

5.3.2 Data gathering

Information for this phase was collected from secondary sources, including keyword search tools and online databases, to compile macro-level data for the knock-out criteria.

Data on gross national income (GNI) was sourced from the World Bank to assess the economic potential of each country. The threshold included only the top 50% of countries by GNI, prioritizing markets with higher economic capacity. Countries in the bottom 50% were knocked out to focus on regions with sufficient financial capability to support SaaS adoption and growth. This approach ensures that the company enters markets where businesses are more likely to invest in advanced technological solutions.

Data on individuals using the internet (% of the population) was collected for 2022 from the World Bank, as many countries did not have available data for 2023. To assess each country's digital infrastructure, study benchmarked the global average internet penetration rate, and any country with internet usage below the global average was knocked out. This criterion ensured that only markets with a higher level of internet connectivity were considered, as robust internet penetration is critical for the adoption of SaaS platforms.

To assess political risk, study used the World Bank's political stability index, which ranges from -2.5 (unstable) to +2.5 (stable). A threshold of -0.5 was set, and countries scoring below this were eliminated due to instability. This approach focused on moderately stable countries, avoiding those with higher political risks.

I used data from the World Bank to measure the labour force participation rate, which reflects the percentage of the population aged 15 and above that is actively participating in the labour market. This is a critical metric for an assessment platform, as a higher labour force participation rate indicates a more dynamic and engaged workforce. Countries with a strong labour force are likely to have higher hiring activity, which directly correlates with the demand for recruitment tools like soft skills assessments. By benchmarking against the global average, study was able to knock out countries with lower participation rates, as they may present less potential for sustained demand.

To evaluate the regulatory environment and overall ease of operating a business in each country, study used the ease of doing business score from the World Bank. This metric assesses various factors like the simplicity of starting a business, access to credit, tax

regulations, and contract enforcement. A threshold of 100 was set so countries ranked lower than 100 were excluded from consideration. This knockout criterion was important to ensure that only countries with favourable business environments were considered, reducing operational barriers and minimizing regulatory challenges that could impede the platform's entry and growth.

To assess industry potential and market interest in recruitment technologies, study used Google Trends to analyse the search volume for a range of ATS-related keywords, such as "Assessment Platform," "Candidate Assessment," "Online Assessment Platform," "Pre-employment Testing," and "Online Test Platform." The data was collected across multiple regions, and countries in the bottom 30% for search volume were knocked out. This criterion helped identify countries with low market demand for recruitment solutions, ensuring the focus is on markets where there is already interest in HR tech.

Figure 6 visualizes search trends over time for recruitment and assessment terms in the United States, providing insights into industry potential and market interest in HR technologies. This data highlights the relative demand for SaaS-based recruitment solutions in the U.S.

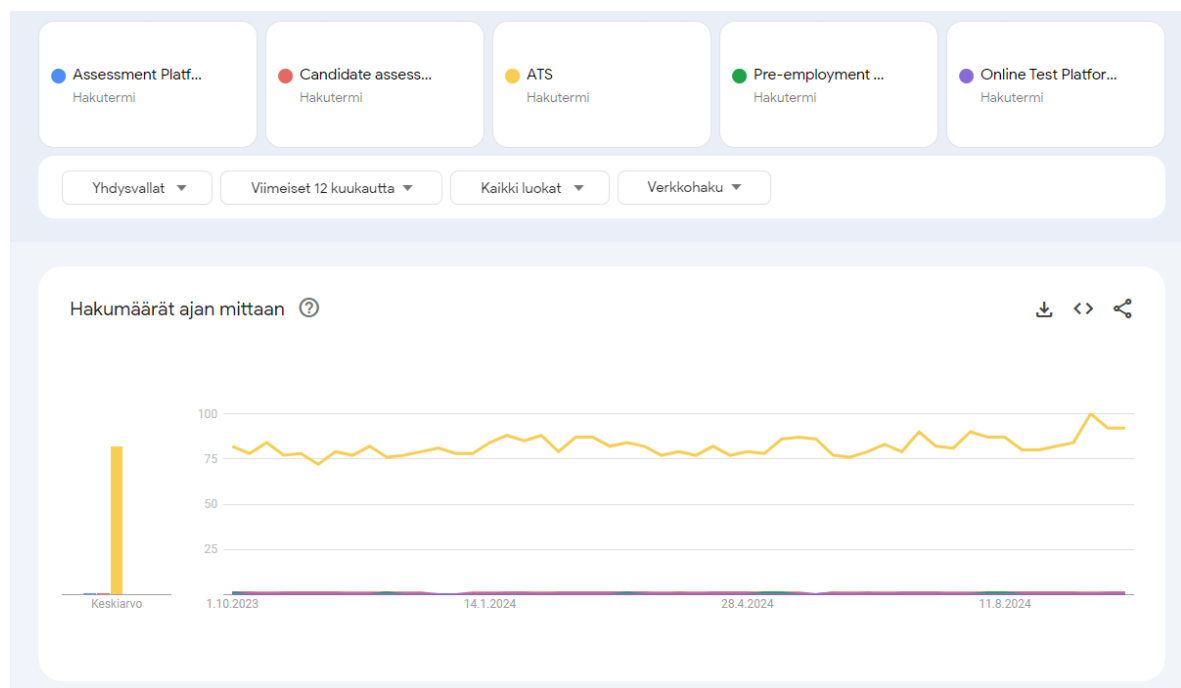


Figure 6. Search trends over time for recruitment and assessment terms in the United States

To evaluate the technological readiness and digital infrastructure of each country, study used the DESI (Digital Economy and Society Index) for EU countries and I-DESI for non-EU countries. These indicators provide a comprehensive assessment of a country's digital competitiveness, including factors like internet connectivity, digital skills, and the integration of technology in businesses. Countries that scored above 15 on these rankings were knocked out, as this indicates a lower level of digital maturity. By focusing on countries with higher DESI/I-DESI scores, study ensured that the case company targets markets with robust digital ecosystems, which are critical for the adoption and success of SaaS solutions.

5.3.3 Results

In the knock-out phase, the initial dataset included 230 countries. The first criterion applied was Gross National Income (GNI), which is crucial for understanding a country's economic health and consumer purchasing power. After this filtering process, 111 countries advanced to the next stage, resulting in a reduction of 52% from the initial dataset.

Next, 157 countries qualified based on the percentage of individuals using the Internet (% of population), a key indicator of digital engagement and accessibility. When these two datasets were cross-referenced, a total of 108 countries remained, underscoring the importance of both economic and digital presence in potential market selection.

The subsequent criterion, political stability and absence of violence/terrorism is critical for assessing the risk associated with market entry. Initially, 119 countries qualified under this criterion, but after further cross-referencing, only 72 countries remained, reflecting a significant reduction of 39.5%. This suggests that political stability is a decisive factor for market attractiveness, as countries deemed politically unstable were filtered out.

Following this, the labour force participation rate was evaluated, which includes the total percentage of the population aged 15 and over. This factor allowed 123 countries to progress, but cross-referencing narrowed the list down to 41 countries. The substantial drop in countries at this stage indicates that labour market dynamics also serve a vital role in determining the viability of potential markets.

The ease of doing business score was then assessed, which left 34 countries still in contention. To further refine the selection, a Google Trends analysis utilizing ATS keyword

searches was conducted, resulting in a final list of 23 countries. These countries were subsequently ranked using the DESI and I-DESI, culminating in a final selection of 18 countries that advanced to the screening phase.

Figure 7 illustrates the step-by-step filtering steps applied during the knock-out phase and shows how each criterion narrowed the country list. The process highlights the importance of integrating economic, digital and political factors in narrowing down potential markets.

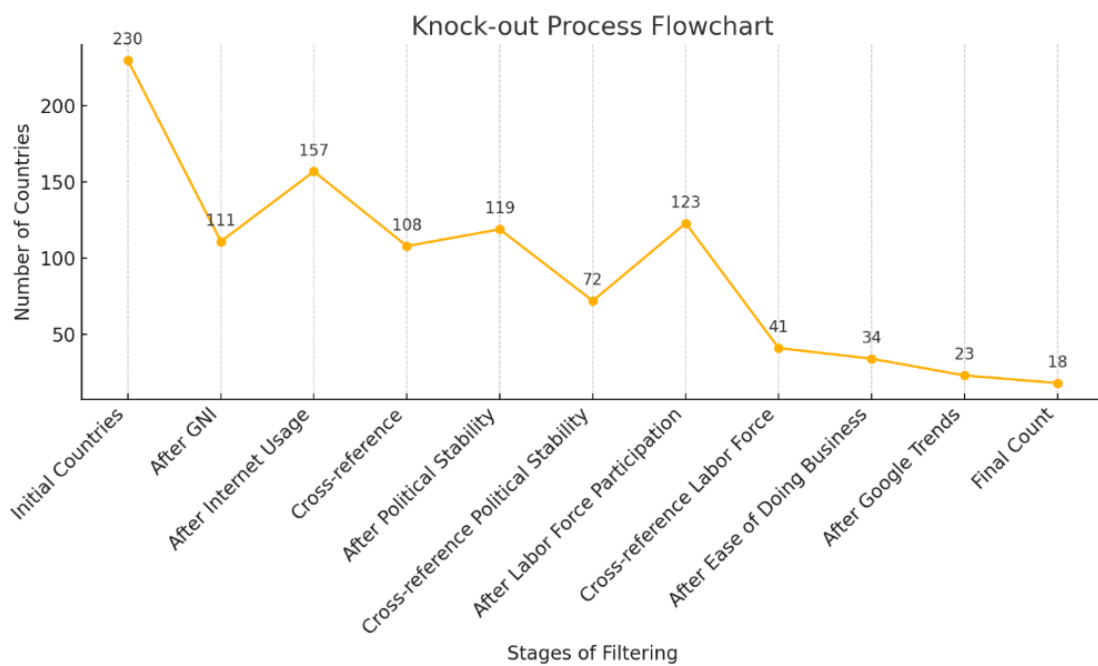


Figure 7. Filtering stages of countries in the knock-out process

These 18 countries represent the final group that pass the knockout stage and advance to the screening stage. This refined list provides a focused foundation for deeper analysis, ensuring that only the most viable markets are considered for potential entry.

Table 5. The 18 countries that passed the knockout phase

Denmark	Japan	Switzerland
Netherlands	Sweden	Singapore
Korea Rep.	Estonia	Norway
Ireland	Lithuania	Austria
United States	Australia	Germany
United Kingdom	Canada	New Zealand

Table 5 provides a detailed overview of these countries and provides insight into the various characteristics that make them attractive for SaaS market entry. This list forms the basis for subsequent in-depth analysis and ensures that only the most promising markets are considered for further evaluation.

5.4 Digital market evaluation matrix – phase two

The last step of the IMS process involves evaluating and ranking countries using a customized market assessment matrix. This matrix is adapted from the MACS framework discussed in Chapter 3, customized to align with the SaaS company's requirements for online market entry.

This phase follows Hollensen's (2019) MACS model framework, employing a structured questionnaire to evaluate each country's market attractiveness and competitiveness. The matrix visually represents questionnaire results, allowing for an easy comparison of countries and categorizing them into A, B, or C classes based on scores.

The variables were chosen to encompass general factors, SaaS-specific aspects, and industry-relevant considerations, ensuring a well-rounded evaluation. Each variable was assigned a weight based on its relevance and the quality of the available information. A 1,3,5 scale was used for scoring (1 = lowest, 5 = highest), rather than a continuous scale (1,2,3,4,5), to provide a more evenly distributed range of results. This approach enhances the matrix's clarity and makes it more interpretable.

The final matrix (see Figure 8) groups each country into A, B, or C categories, prioritizing their competitiveness and market attractiveness. This categorization enables a strategic focus

for the SaaS company by highlighting the most promising markets for entry and investment. Countries in the A category represent the highest potential for growth, while those in the B category are suitable for selective engagement and may offer moderate opportunities. The C category identifies markets with limited immediate potential, allowing the SaaS company to prioritize resources more effectively toward high-value markets.

5.4.1 Variables of market attractiveness

The market attractiveness variables in this analysis (Table 6) are tailored to evaluate key factors that determine the potential of various markets for the case company's entry. These variables are divided into four categories: market size, industry potential, labour market readiness, and digital readiness. Each variable was carefully selected based on its relevance to the SaaS company's needs and was assigned a weight according to its importance and data reliability. The total weight adds up to 1.0, ensuring a balanced evaluation.

Table 6. Market attractiveness variables and weights

Category	Variable	Weight (1.0)
Market Size	GNI (Gross National Income)	0.3
Industry Potential	Google Trends ATS Search Volume	0.25
Labor Market Readiness	Labor Force Participation Rate	0.2
Digital Readiness	Internet Penetration	0.25

Market size variable is represented by the gross national income (GNI), which indicates the economic strength of each country. GNI reflects the overall wealth and consumer purchasing power within the market, making it an essential factor for understanding potential profitability. The scoring for this variable is divided into three thresholds: less than \$10,588, between \$10,588 and \$48,224, and above \$48,224. A higher GNI suggests a larger and more lucrative market, which could support the growth of the case company. These thresholds align with the World Bank's income classifications, categorizing countries into high-income, upper-middle-income, and lower-income groups. In this analysis, study used the reference values provided by the World Bank, specifically selecting 5 high-income, 3 upper-middle-income, and 1 below upper-middle-income classifications as benchmarks. This approach

aligns the scoring with internationally recognized standards and allows for a reliable comparison across countries. The information is provided by the World Bank.

The industry potential is measured using Google Trends Applicant Tracking System (ATS) search volume, which provides insight into online interest in recruitment-related topics. This metric serves as a proxy for demand and awareness of recruitment technologies within each country, reflecting the likelihood of adoption for digital recruitment tools. The scoring for this variable is divided into three thresholds: less than 60, between 60 and 70, and above 70, with higher scores indicating greater interest and potential for recruitment technology adoption. This variable is crucial for assessing the market's alignment with the case company's digital offerings, as higher search volumes suggest a more receptive market for SaaS-based recruitment solutions.

Labour market readiness is assessed using the labour force participation rate, which indicates the percentage of the working-age population that is either working or actively seeking employment. The data is sourced from the World Bank. This metric serves as an indicator of workforce activity and engagement within each country, reflecting the potential demand for recruitment services. The scoring for this variable is divided into three thresholds: less than 65, between 65 and 68, and above 69, with higher values indicating a more robust and active labour force. This variable is essential for identifying markets where recruitment services may be more necessary and impactful, aligning with the case company's focus on enhancing recruitment processes.

Digital readiness is assessed by internet penetration, measured as the percentage of people using the internet, with data from the World Bank. This variable assesses the digital infrastructure and connectivity of each country, which is essential for the case company's online services. A higher rate of internet penetration indicates a broader reach and accessibility through digital platforms. The scoring for this variable is divided into three thresholds: less than 90, between 90 and 95, and above 95, with higher scores reflecting greater digital readiness. High internet penetration suggests that a country is more receptive to online solutions, thereby increasing its attractiveness for market entry. Data is based on 2022 figures to ensure comprehensive coverage across countries.

5.4.2 Competitive strength variables

The competitive strength variables in this analysis are designed to evaluate the competitive environment within each market, helping to identify countries where the case company could successfully establish its presence. These variables are divided into three main categories: corporate landscape, labour market dynamics, and recruitment activity. Each variable has been carefully chosen based on its relevance to the case company's business strategy and market positioning. Weights are assigned to each variable according to their importance, and the total weight sums to 1.0, ensuring a balanced assessment. Table 7 summarizes the distribution of these categories, variables, and the weights assigned to them.

Table 7. Competitive Strength Variables and Weights

Category	Variable	Weight (1.0)
Corporate Landscape	Number of Companies (200+ Employees)	0.4
Labor Market Dynamics	Changed Jobs	0.3
Recruitment Activity	Job Posts	0.3

The data for all variables in this section is sourced from LinkedIn Sales Navigator, as it was the most accurate tool available to provide comprehensive information on company presence, job mobility, and recruitment activity across all countries in the evaluation.

The corporate landscape variable is represented by the number of companies with 200+ employees, which indicates the market's business scale and the potential client base for the company's solutions. This metric captures the volume of medium-to-large enterprises that could benefit from recruitment tools, as these companies are likely to have higher hiring needs and budgets for HR technologies. The scoring for this variable is divided into three thresholds: less than 1,000, between 1,000 and 2,000, and more than 2,000 companies. Markets with more companies receive a higher score, suggesting more significant opportunities for the company to target potential clients. This approach allows for a consistent and comparable evaluation across different countries.

Labour market dynamics are assessed by the changed jobs metric, which measures the number of people switching jobs within each country. This variable acts as a proxy for labour mobility and recruitment activity, with higher job-changing rates suggesting a dynamic

labour market with frequent hiring activity. The scoring for this variable is divided into three thresholds: less than 200,000, between 200,000 and 500,000, and more than 500,000. A higher number of job changes indicates a more active labour market, aligning with the case company's goal of targeting markets where recruitment tools are likely to be in demand. This data provides insights into the potential frequency of hiring and the need for efficient recruitment solutions.

The job posts metric measures the recruitment activity variable, which reflects the volume of job advertisements in each market. This metric provides direct insight into the recruitment demand level, with more job postings indicating more significant activity in the labour market. The scoring for this variable is divided into three thresholds: fewer than 5,000, between 5,000 and 30,000, and more than 30,000 job posts. Markets with more job postings score higher, indicating that recruitment tools and HR technology could have higher demand. This variable is essential for assessing the intensity of recruitment activity and understanding the market's need for efficient hiring solutions.

The weighting for each variable was determined by its importance to the case company's competitive positioning and its data reliability. The number of companies is weighed at 0.4, which indicates the potential scale of the market. Changed jobs and job posts are both weighted at 0.3, capturing the labour market's dynamics and recruitment activity levels. These variables provide a well-rounded evaluation of competitive strength, helping to identify markets where the company's recruitment solutions could thrive.

5.4.3 Collection of data

The data collection process involved gathering reliable metrics for both market attractiveness and competitive strength across selected countries. These variables were chosen to capture the essential aspects of market readiness and competitive positioning relevant to the case company's SaaS platform. Each variable was assigned a scoring threshold to ensure that data could be consistently interpreted across countries.

The thresholds for market attractiveness variables, summarized in table 8, provide a structured framework for evaluating each country's economic potential, interest in recruitment technologies, labor engagement, and digital infrastructure. These variables were

selected based on their relevance to the SaaS business model and their ability to impact the feasibility and growth potential of recruitment solutions.

Table 8. Market attractiveness variable thresholds

Category	Variable	1	3	5
Market Size	GNI (Gross National Income)	< \$10,588	\$10,588 - \$48,224	>\$48,224
Industry Potential	Google Trends ATS Search Volume	< 60	60–70	> 70
Labour Market Readiness	Labour Force Participation Rate	<65	65–68	>69
Digital Readiness	Internet Penetration	<90	90–95	>95

Data for market size was sourced from the World Bank through GNI 2023 statistics, representing each country’s economic strength and consumer purchasing power. Industry potential was measured using Google Trends data for ATS-related search volumes, offering insights into the interest in recruitment technologies. The labour force participation rate, sourced from World Bank data modelled on ILO estimates, provides an indicator of labour market activity. Internet penetration rates were collected from the World Bank, representing digital infrastructure and connectivity.

The thresholds for competitive strength variables, outlined in table 9, focus on evaluating the corporate landscape, labour market dynamics, and recruitment activity. These metrics were chosen to assess the density of potential clients, the dynamism of the labour market, and the level of hiring demand within each country.

Table 9. Competitive strengths variable thresholds

Category	Variable	1	3	5
Corporate Landscape	Number of Companies (200+ Employees)	<1000	1000–2000	>2000
Labor Market Dynamics	Changed Jobs	<200,000	200,000–500,000	>500,000
Recruitment Activity	Job Posts	<5,000	5,000–30,000	>30,000

The number of companies with 200+ employees provide insight into the market's business scale and potential client base. Changed jobs reflects job mobility and recruitment intensity, while job posts measure the level of active recruitment demand. The thresholds for each variable were developed to represent the differing levels of competitiveness, ranging from lower activity (score of 1) to high activity (score of 5).

The results of the scoring for each country are presented in table 10 for market attractiveness and table 11 for competitive strength. Table 10 summarizes the weighted scores for each market attractiveness variable, reflecting the potential of each country to support SaaS-based recruitment solutions.

Table 10. Market attractiveness scores per country

Variable	Weight (1.0)	US	JP	DE	UK	CA	AU	SG	NZ	NO	LT	EE	NL	CH	SE	IE	AT	DK
GNI	0,3	5	3	5	3	5	5	5	5	5	3	3	5	5	5	5	5	5
ATS Search	0,25	5	5	5	5	5	5	1	3	1	1	1	5	3	3	3	3	1
Labor Force	0,2	1	1	1	1	3	3	5	5	3	1	3	3	3	3	3	1	1
Internet	0,25	5	1	3	5	3	3	5	5	5	1	3	3	5	5	5	3	5
SUM	1	4,2	2,6	3,7	3,6	4,1	4,1	4	4,5	3,6	1,6	2,5	4,1	4,1	4,1	4,1	3,2	3,2

Table 11 complements table 10 by providing the competitive strength scores, highlighting the business density, job mobility, and recruitment demand within each country.

Table 11. Competitiveness strength scores

Variable	Weight (1.0)	US	JP	DE	UK	CA	AU	SG	NZ	NO	LT	EE	NL	CH	SE	IE	AT	DK
Nro of Comp.	0,4	5	1	5	5	5	5	3	1	1	1	1	5	3	3	1	1	3
Changed Jobs	0,3	5	1	5	5	5	5	3	1	1	1	1	5	3	3	1	1	3
Job Posts	0,3	5	5	5	5	3	3	3	1	1	1	1	1	1	1	1	1	1
SUM	1	5	2,2	5	5	4,4	4,4	3	1	1	1	1	3,8	2,4	2,4	1	1	2,4

Each score and weight were calculated based on the collected data and predefined thresholds, ensuring a rigorous approach to evaluating market attractiveness and competitive strength

across different countries. This structured data collection and scoring system allowed for an objective and detailed analysis of each market's potential.

5.4.4 Results from market evaluation matrix

This analysis assessed each country using two primary dimensions: market attractiveness and competitive strength. The resulting scores were integrated into a strategic matrix, enabling clear categorization based on their potential opportunities and challenges. Through the visualization of the countries, three main groups emerged within the matrix: A category (high attractiveness and strength), B category (moderate attractiveness and strength), and C category (low attractiveness and strength). This categorization reflects their potential in terms of both competitive strength and market appeal, guiding potential market entry or investment decisions.

The results of this positioning are as follows: six countries (United States, United Kingdom, Canada, Germany, the Netherlands, and Australia.) are positioned in the A category, indicating strong potential in both dimensions. Two countries (Estonia and Lithuania) fall into the C category, suggesting lower market attractiveness and competitive strength. Meanwhile, nine countries (Singapore, Switzerland, Sweden, Denmark, New Zealand, Ireland, Japan, Norway, and Austria) are in the B category, representing moderate levels of opportunity. Figure 8 provides a detailed visualization of the complete matrix.

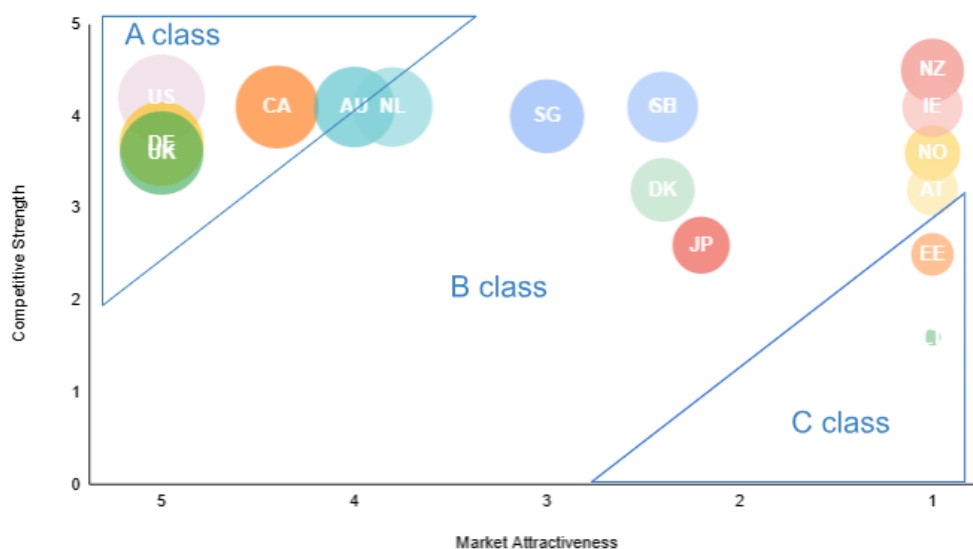


Figure 8. Market Evaluation -Matrix Results

The A category indicates strong potential for growth and investment for these countries: United States (US), United Kingdom (UK), Canada (CA), Germany (DE), Netherlands (NL), Australia (AU). These countries demonstrate highly competitive strength due to a strong presence of companies, high job mobility, and significant job postings, suggesting dynamic labour markets. Their high market attractiveness is supported by strong economic indicators such as gross national income (GNI), advanced internet accessibility, and significant interest in recruitment-related tool topics, as shown by ATS search interest. Figure 9 provides an overview of the selected A-category countries, highlighting their exceptional potential for market expansion.



United States (US), Germany (DE), Canada (CA),
United Kingdom (UK), Netherlands (NL), Australia (AU)

Figure 9. Selected A -countries

The B category indicates moderate potential for growth and investment for these countries: Singapore (SG), Switzerland (CH), Sweden (SE), Denmark (DK), New Zealand (NZ), Ireland (IE), Japan (JP), Norway (NO), and Austria (AT). These countries exhibit moderate competitive strength, with stable scores in the presence of companies, job mobility, and job postings, which suggest steady but less dynamic labour markets compared to the A category. Their market attractiveness is supported by reliable economic indicators, including reasonable GNI and robust internet infrastructure. However, lower levels of ATS search interest and labour force availability compared to the A category countries may limit their immediate appeal. These factors position these countries as suitable for selective market engagement, though they present more moderate potential for growth.

The C category reflects limited potential for growth and investment for these countries: Estonia (EE) and Lithuania (LT). These countries display lower competitive strength, as indicated by fewer companies, low job mobility, and limited job postings, suggesting less active labour markets. Their market attractiveness is further constrained by lower GNI, limited labour force availability, and reduced ATS search interest, which may indicate a smaller talent pool and less market interest in recruitment-related tools. These factors collectively position Estonia and Lithuania as less favourable options for immediate market expansion.

6 Discussion

This chapter brings together the research findings, answering each research question with insights from the study. Critical theories, including Born Global and Network theories, are linked to these findings, introducing new views on digital and regulatory readiness in SaaS market selection. The chapter further underscores the study's theoretical contributions and practical insights for SaaS companies expanding into new markets. To ensure transparency, it discusses the study's limitations and proposes directions for future research. Together, these elements showcase the thesis's value to academic and practical fields, pointing to paths for further study.

6.1 Findings

First, each research question is answered based on empirical findings, directly connecting these insights to relevant literature. This approach shows how the study builds upon or contrasts with existing work, offering perspective on SaaS market selection in today's digital landscape.

Research question 1: How can a SaaS company effectively evaluate and select international markets for entry, and what key criteria should be considered in this decision-making process?

Digitalization has fundamentally changed the pace and scalability of international expansion for SaaS companies, enabling faster entry into new markets with minimal physical infrastructure requirements. This shift reduces traditional barriers to entry, allowing digital companies to grow and adapt more rapidly in global contexts. By streamlining communication and operational processes, digitalization supports an efficient approach to reaching international customers. (Wentrup & Ström, 2019; Lee, Falahat & Sia, 2019).

Digital companies leverage online platforms to establish a global presence without the need for physical locations, allowing them to reach international audiences through digital channels alone. This capability enables them to overcome geographical and cultural barriers more effectively, offering consistent services worldwide and engaging directly with customers across borders. This approach provides flexibility in scaling operations and fosters a seamless, culturally adaptable customer experience. (UNCTAD, 2017; Shaheer, 2020).

Markets with high internet penetration and widespread mobile adoption are desirable to SaaS companies because they indicate a robust digital infrastructure and readiness for cloud-based solutions. Due to established digital habits and technical readiness, SaaS products are more likely to be adopted and integrated smoothly into business operations in these markets. The reduced need for physical investment further supports efficient market entry, making these markets ideal targets. (GSMA, 2021; Vadana, Torkkeli et al., 2019).

These findings align with Wentrup & Ström (2019) and Vadana et al. (2019). They observed that digital companies rely on digital infrastructure to bypass traditional market entry barriers. The focus on regulatory compliance points to a recent shift in SaaS expansion strategies driven by evolving data privacy laws worldwide. The findings also support the Born Global theory, as SaaS companies often skip gradual internationalization, scaling rapidly with minimal physical investment. The role of digital networks in overcoming entry barriers also aligns with Network Theory, highlighting the importance of partnerships and digital ecosystems in SaaS growth.

Given these findings, SaaS companies should prioritize selecting markets with substantial digital maturity, focusing on regions with high internet adoption rates and established online service usage. Evaluating potential markets should incorporate practical criteria such as market size, demand potential, and regulatory environment. A robust digital infrastructure is essential, as shown by critical metrics like internet penetration and connectivity. Markets with favourable regulatory environments, especially regarding data privacy laws, offer smoother compliance pathways, facilitating efficient SaaS entry and operations. Additionally, evaluating the competitive landscape can help SaaS companies understand local preferences and competitor presence, ensuring they can position their services effectively.

Models like the IMS and MACS matrix offer practical tools for market evaluation. They provide SaaS companies with structured methods to rank target markets based on key factors. By using these models to assess market size, digital maturity, and regulatory requirements, SaaS companies can establish a solid foundation for growth. This approach helps reduce entry risks and supports long-term scalability.

Research question 2: How can the identified criteria in market selection ensure scalability and sustainable growth for SaaS companies in international markets?

The scalability of a SaaS company relies on effectively utilizing its subscription-based business model. This model generates recurring revenue, enabling efficient growth and entry into new markets at relatively low costs compared to traditional businesses. The recurring revenue stream ensures stable financial resources, supporting sustainable expansion. These aspects make the SaaS business model particularly suited for international growth when paired with a strategic market selection process. (Hubspot, 2023; SaaS Finland, 2019).

The selected criteria focus on markets with high digital readiness and robust infrastructure. Metrics such as Gross National Income (GNI), internet penetration rates, and labour force participation identify markets with strong economic potential and digital accessibility. These factors create a foundation for scaling SaaS solutions by ensuring the necessary conditions for rapid adoption are present. The Digital Economy and Society Index (DESI) rankings enhance the evaluation by offering a detailed assessment of digital maturity. The DESI assesses connectivity, digital skills, and integration of digital technologies, helping SaaS companies identify markets most equipped to adopt cloud-based solutions. (Ojala et al., 2019; Wentrup & Ström, 2019).

Localization plays a crucial role in ensuring scalability and customer satisfaction (Russo and Boor, 1993; Tractinsky, 2000). While standardized SaaS products, like self-service platforms, minimize the need for customization, some degree of localization is often required. Adapting to cultural differences, user interface, language preferences, and customer expectations improves customer engagement (Baack and Singh, 2007). Localized customer support, payment methods, and marketing strategies help SaaS companies build trust and drive adoption in new markets without compromising scalability (Rosenbloom and Larsen, 2003; Wang et al., 2019).

Sustainable growth relies on a long-term focus on regulatory compliance and trust. Strict data privacy laws, such as the GDPR in the EU, require SaaS companies to develop robust compliance strategies. Ensuring alignment with local regulations minimizes risks of operational disruptions and penalties. Moreover, meeting regulatory requirements builds customer trust, which is essential for sustaining market presence. Markets with regulatory clarity and support for cloud-based services provide a stable environment for SaaS companies to grow. (European Commission, 2014; Hollensen, 2019).

A competitive analysis helps prioritize markets that combine high digital readiness and favourable demand for SaaS products. Using tools like the IMS and MACS matrix, SaaS companies can identify "A category" markets that offer strong digital maturity and low competition. These markets allow companies to differentiate their offerings and target unmet needs, creating opportunities for sustained growth. Entering competitive yet mature markets ensures that resources are efficiently allocated, maximizing the return on investment. (Cavusgil, Knight & Riesenberger, 2020; Hollensen, 2019).

6.2 Theoretical insights

This study enhances the understanding of SaaS internationalization. It focuses on key factors that shape market selection. By combining traditional internationalization theories with the digital context, it provides a nuanced view of SaaS expansion. Criteria such as digital maturity, regulatory environment, and competitive landscape are identified as critical components. These findings align with Hollensen (2019), who emphasized that digital business models require unique market selection criteria compared to traditional firms. These criteria redefine traditional market selection processes (Hollensen, 2019; Wentrup & Ström, 2019).

The findings reinforce the relevance of Born Global Theory for SaaS companies. Unlike traditional firms, SaaS companies often bypass gradual stages of internationalization. Their reliance on digital platforms allows for rapid scaling across borders. Minimal physical investment is needed, aligning with the Born Global concept. This supports Cavusgil and Knight's (2009) observations that digital-born firms achieve rapid internationalization due to their scalable and network-driven models. SaaS companies leverage scalable business models and digital networks to enter global markets quickly (Cavusgil & Knight, 2009; Andersson, Evers & Kuivalainen, 2014).

Network Theory underscores the role of partnerships and ecosystems in SaaS internationalization. Collaborations with local firms, cloud providers, and digital platforms help overcome entry barriers. These include cultural differences, regulatory complexities, and customer acquisition challenges. Such partnerships also enhance SaaS firms' adaptability, aligning with the findings of Gabrielsson and Gabrielsson (2011). Networks provide local market knowledge, resources, and distribution channels. They strengthen SaaS

companies' competitive positioning in new markets (Johanson & Mattsson, 1988; Burt, 1992; Gabrielsson & Gabrielsson, 2011).

The Resource-Based View (RBV) highlights the significance of intangible assets. SaaS companies rely on digital assets such as platform technology and data analytics. These assets are key drivers of competitive advantage. The findings confirm Barney's (1991) assertion that firms with strong intangible resources, like proprietary algorithms, achieve greater differentiation in competitive markets. They enable differentiation and support sustainable growth in competitive international markets. (Barney, 1991; Wernerfelt, 1984).

The study also extends OLI+ theory to fit digital business needs. For SaaS companies, physical presence is less important. Digital readiness becomes a proxy for location advantages. High internet penetration and advanced digital infrastructure create the necessary conditions for SaaS success. These findings align with Luo (2021), who emphasized the shift from physical to digital location factors in the globalization of digital firms. Scalable cloud platforms reduce the need for local investments. This streamlines internationalization and ensures efficiency. (Dunning, 1988; Luo, 2021).

Regulatory compliance plays a critical role in SaaS internationalization. Laws like the GDPR in the EU significantly impact data handling. SaaS companies must develop compliance strategies that align with local regulations. Failure to do so risks fines and operational disruptions. Wentrup and Ström (2019) also highlight that compliance strategies enhance customer trust, which is critical for long-term success in global SaaS markets. Aligning entry strategies with legal requirements helps build customer trust and ensures smooth integration into new markets (European Commission, n.d.; Wentrup & Ström, 2019).

Metrics such as internet penetration, DESI rankings, and regulatory frameworks are key to market entry. These factors often outweigh traditional indicators like market size. This aligns with Coviello, Kano, and Liesch (2017), who argued that modern internationalization strategies prioritize digital readiness over conventional economic metrics. They reflect the unique characteristics of SaaS companies and their reliance on digital infrastructure. These insights indicate a shift in how market selection models are applied (Coviello, Kano & Liesch, 2017; Hollensen, 2019).

Localization remains an essential factor in SaaS internationalization. Cultural adaptation in areas like customer support and payment options improves customer satisfaction. This aligns

with Ojala et al. (2019), who highlighted the significance of customer-focused adaptations in ensuring SaaS market success. Recent demands, such as compliance with global data privacy laws, highlight new challenges. SaaS companies must prioritize markets that balance digital readiness, regulatory stability, and scalability potential (Ojala et al., 2019; Gabrielsson & Gabrielsson, 2011).

6.3 Managerial implications

This study provides managers a structured approach to select international markets. Focusing on digitally mature, stable markets can reduce entry risks. This approach aligns with the scalability needs of SaaS, allowing managers to streamline market entry strategies.

The research shows the importance of localization in customer support, payment methods, and marketing. Managers must understand each market's culture and regulations to build customer trust. Investing in local services and knowing data laws (e.g., GDPR in the EU) can boost entry success and lower legal risks.

Tools like IMS and MACS matrix are valuable for ranking potential markets. These models focus on digital readiness, regulatory environment, and competitiveness. Managers can use them to make strategic decisions, helping prioritize high-potential markets and manage resources efficiently.

6.4 Limitations

This study offers valuable insights into SaaS internationalization and market entry strategies, but certain limitations affect the generalizability and scope of its findings. Recognizing these is important for placing the results in context and identifying areas for further research.

The research mainly targets high-income, digitally mature markets. These markets align well with SaaS scalability and digital infrastructure needs. However, the findings may not apply as well to emerging or low-income markets where digital maturity and regulations differ. This focus limits the study's ability to address the challenges of SaaS companies in less digitally developed areas.

Access to real-time, country-specific data on SaaS adoption and digital infrastructure is limited, especially for emerging markets. This affects the accuracy of market evaluations and influences the choice of markets analysed. Future studies could benefit from more detailed, region-specific data that reflect each market's digital readiness and SaaS adoption patterns.

This study highlights regulatory factors like data privacy laws (e.g., GDPR) but may need to capture the changing nature of global digital regulations fully. Regulations on data privacy, cybersecurity, and digital transactions are dynamic and vary significantly between countries. Therefore, the findings reflect a regulatory landscape that could shift, influencing SaaS compliance strategies and market selection over time.

The SaaS model here is based on a broad understanding of subscription-based, cloud-oriented products. Specific SaaS products, however, may face unique challenges or require specific approaches that still need to be fully addressed. SaaS companies with niche products, markets, or customer bases may experience different barriers or opportunities in international expansion than those considered here.

The study relies on frameworks like the IMS and MACS matrix, which provide structure but limit the analysis to established models. As digital business models evolve, these frameworks may need updates to capture factors shaping SaaS internationalization, such as digital ecosystems, partner networks, and digital customer behaviour.

6.5 Suggestions for Future Research

This study begins to understand how SaaS companies go international. However, many areas need deeper exploration.

The study looks at high-income, digitally mature markets. Future research should examine SaaS internationalization in emerging markets. Such studies can show challenges and opportunities in places with different digital infrastructures and regulations. A broader scope might reveal unique strategies for less-developed digital markets.

This study mentions the importance of localization. Further research could do detailed case studies on specific localization strategies in various markets. How SaaS companies adapt

products, provide customer support, and comply with different cultures and laws offers practical insights for international expansion.

Data privacy laws and digital regulations change constantly. Future research could focus on how these changes influence SaaS companies' entry and operation strategies. Comparing compliance approaches in regions with strict laws like GDPR versus more light ones would provide valuable knowledge for global growth.

Partnerships are essential in digital ecosystems. Future studies could explore how network effects and alliances help SaaS companies expand internationally. This research might focus on partnerships with local firms, digital platforms, or cloud providers to help SaaS establish and scale in new markets.

Current market selection models like IMS and MACS have limits for digital and SaaS companies. Future studies could refine or develop models that include digital maturity, data compliance, and network factors. Such models help SaaS companies make better market entry decisions in the digital economy.

7 Conclusions

This study explores key factors that impact SaaS companies' internationalization and market entry, focusing on digital maturity, regulatory compliance, and competitive landscapes. Digital maturity is essential for SaaS companies, as high internet usage and established digital infrastructure in a market make scaling smoother and help SaaS companies bypass traditional entry barriers. Findings confirm alignment with Born Global theory, showing how SaaS companies rapidly scale in digitally mature markets with minimal physical presence.

The study emphasizes the need for a clear and structured method to identify the high-potential markets for SaaS companies. Using Hollensen's (2019) framework and customizing it for SaaS-specific needs, the process incorporated variables such as internet penetration, digital competitiveness, and recruitment technology search activity. This dual-phased approach of knockout criteria and weighted evaluation matrix ensures that markets with the greatest scalability and success potential are prioritized while filtering out those that present high risks or limited opportunities.

The knockout phase effectively reduced the initial dataset of 230 countries to 18 promising markets by applying thresholds for macroeconomic stability, digital readiness, and recruitment activity. The final evaluation phase, through a SaaS-specific market evaluation matrix, categorized these countries into high-priority ("A"), moderate-potential ("B"), and low-potential ("C") groups. These rankings provide actionable insights into where resources should be allocated for sustainable international growth.

The findings underline the value of adapting traditional international market selection models to reflect SaaS companies' unique reliance on digital ecosystems, ensuring a data-driven and replicable approach to international expansion.

Regulatory factors, particularly data privacy laws, significantly influence SaaS internationalization. Compliance with regulations like GDPR in the EU is crucial for long-term operations. Practical strategies for navigating regulations reduce risk and build customer trust. Alongside regulatory compliance, localization remains a priority. SaaS companies must adapt to each market's cultural and regulatory specifics, with tailored customer support, payment methods, and language to enhance customer satisfaction.

This study refines traditional market entry models for SaaS companies. Competitive tools, like IMS and MACS, help SaaS companies prioritize markets with high potential for scalable growth. As detailed in this study, the market selection process complements these tools by incorporating SaaS-specific criteria and ensuring decisions are informed by the unique demands of a SaaS business model. However, digital readiness and regulatory compliance may be as critical as the market size for SaaS entry strategies. These findings suggest that traditional market selection models need updates to suit the needs of SaaS businesses.

SaaS managers benefit from a structured approach to market selection. Focusing on digitally advanced and regulatory-stable markets reduces entry risks. Aligning entry strategies with these factors can support sustainable growth and effective international expansion for SaaS companies.

This study suggests areas for further research to deepen our understanding of SaaS internationalization. Future studies could examine SaaS entry into emerging markets, localization practices, and the impact of evolving digital regulations. Expanding research into these areas could help adapt market entry frameworks to the needs of SaaS companies operating on a global scale.

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[cta=Software%2520as%2520a%2520service%2520C%2520or%2520SaaS](https://www.statista.com/statistics/505243/worldwide-software-as-a-service-revenue/?_ga=2.119980939.204628225.1621875733-1323674793.1621875733&hubs_content=blog.hubspot.com%2Fsales%2Fsaas-sales-ultimate-guide&hubs_content-cta=Software%2520as%2520a%2520service%2520C%2520or%2520SaaS) [Accessed 4 August 2024].

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Appendix 1. The Global Sustainability Index 2023 (SolAbility, 2023)

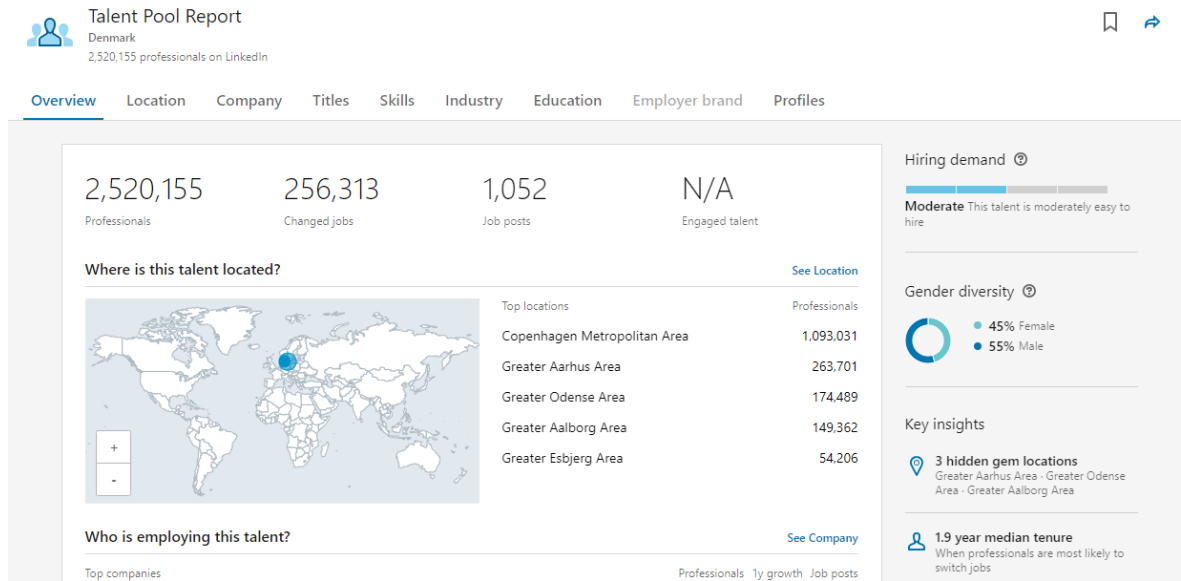
The Sustainable Competitiveness Index

1.6 Sustainable Competitiveness Ranking 2023

Previous indexes and data can be downloaded from the [SolAbility website](#).

Rank	Country	Score	Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1	Sweden	59.6	46	Argentina	47.5	91	Rwanda	42.2	136	Benin	39.1
2	Finland	59.4	47	Russia	47.0	92	Sri Lanka	42.0	137	Zambia	39.1
3	Iceland	59.2	48	Peru	47.0	93	Dominican Republic	41.9	138	Azerbaijan	39.1
4	Switzerland	59.1	49	Panama	46.6	94	Ethiopia	41.9	139	Ethiopia	39.0
5	Norway	57.7	50	Ecuador	46.6	95	Gabon	41.8	140	Cape Verde	38.9
6	Denmark	57.6	51	Colombia	46.6	96	Sierra Leone	41.8	141	Trinidad and Tobago	38.9
7	Estonia	56.7	54	Vietnam	46.3	97	Kenya	41.7	142	West Bank and Gaza	38.8
8	Austria	56.2	52	Bosnia and Herzegovina	46.4	98	Nicaragua	41.6	143	Republic of the Congo	38.6
9	Lithuania	56.1	53	Belarus	46.3	99	Cuba	41.6	144	Guinea	38.6
10	Slovenia	55.7	55	Serbia	46.3	100	Malawi	41.6	145	Turkmenistan	38.5
11	Portugal	55.5	56	Montenegro	46.2	101	Laos	41.5	146	Angola	38.3
12	Japan	55.3	57	Ukraine	46.2	102	Tanzania	41.4	147	Madagascar	38.3
13	Ireland	55.2	58	Fiji	46.1	103	Samoa	41.3	148	Oman	38.2
14	Lithuania	55.1	59	Solomon Islands	45.9	104	Burma	41.2	149	Zimbabwe	38.2
15	Germany	55.0	60	Moldova	45.8	105	Mexico	41.1	150	Antigua and Barbuda	38.0
16	United Kingdom	54.8	61	Georgia	45.5	106	Cote d'Ivoire	41.1	151	Tunisia	37.9
18	France	54.4	62	North Macedonia	45.3	107	Papua New Guinea	41.1	152	Algeria	37.8
17	Czech Republic	54.7	63	Turkey	45.3	108	Suriname	41.1	153	Mozambique	37.8
19	Netherlands	54.1	64	Timor-Leste	44.8	109	Senegal	41.0	154	St. Kitts and Nevis	37.7
20	Luxembourg	53.6	65	Brazil	44.8	110	Dominica	41.0	155	Bahamas	37.7
21	South Korea	53.2	66	Kazakhstan	44.7	111	Cambodia	41.0	156	Nigeria	37.6
22	Canada	53.1	67	Nepal	44.4	112	Honduras	41.0	157	Guinea-Bissau	37.5
23	Croatia	52.9	68	Bhutan	44.3	113	Ghana	40.9	158	Equatorial Guinea	37.3
24	Italy	52.3	69	Armenia	44.3	114	Namibia	40.8	159	Eswatini	36.9
25	Australia	52.3	70	Mongolia	44.3	115	Venezuela	40.7	160	Kuwait	36.9
26	Slovakia	51.9	71	Malaysia	44.3	116	Palau	40.7	161	Iran	36.9
27	New Zealand	51.9	72	St. Vincent and the Grenadines	44.2	117	Jamaica	40.6	162	Djibouti	36.9
28	Belgium	51.7	73	Bolivia	44.2	118	Micronesia	40.5	163	Chad	36.8
29	Poland	51.6	74	Maldives	44.1	119	Brunei	40.4	164	Egypt	36.7
30	China	51.0	75	Tonga	44.0	120	Morocco	40.4	165	Bahrain	36.6
31	Uruguay	50.9	76	Guyana	43.8	121	India	40.2	166	Burundi	36.6
32	USA	50.9	77	El Salvador	43.8	122	Botswana	40.2	167	Central African Republic	36.5
33	Spain	50.8	78	Kiribati	43.7	123	Cameroon	40.0	168	Mauritania	36.4
34	Albania	49.8	79	Kyrgyzstan	43.6	124	Jordan	39.9	169	Burkina Faso	36.3
35	Malta	49.6	80	Sao Tome and Principe	43.6	125	Tajikistan	39.9	170	Aruba	36.0
36	Singapore	49.4	81	Thailand	43.6	126	Saudi Arabia	39.8	171	Niger	35.7
37	Romania	49.4	82	Vanuatu	43.5	127	Togo	39.8	172	Comoros	35.1
38	Hungary	49.4	83	Belize	43.5	128	Uganda	39.7	173	Pakistan	34.4
39	Costa Rica	49.3	84	United Arab Emirates	43.2	129	Qatar	39.7	174	Mali	34.3
40	Chile	48.6	85	Seychelles	42.8	130	Bangladesh	39.6	175	Haiti	34.3
41	Paraguay	48.4	86	Indonesia	42.8	131	South Africa	39.6	176	Yemen	34.0
42	Cyprus	48.0	87	Grenada	42.7	132	Liberia	39.4	177	Syria	33.9
43	Greece	47.9	88	Mauritius	42.6	133	Gambia	39.4	178	Afghanistan	33.8
44	Bulgaria	47.9	89	Uzbekistan	42.4	134	Lesotho	39.2	179	South Sudan	33.1
45	Israel	47.7	90	Philippines	42.3	135	Guatemala	39.1	180	Sudan	32.7

Appendix 2. Talent Pool Report (Denmark) (LinkedIn Talent Pool Report, 2024)



Appendix 3. LinkedIn Talent Pool Report data from screening countries (LinkedIn Talent Pool Report, 2024)

Country	Nro of companies HC in the country, 200+ employees	Nro of Professionals	Changed jobs	Job posts	Hiring Demand	Median tenure
Denmark	1435	2520155	256313	1052	Moderate	1.9
Netherlands	4135	8277639	862258	27300	Very High	1.7
Korea Rep.	625	2573064	109027	500	Low	1.8
Ireland	747	2088875	189679	2633	High	1.6
United States	211000	Too much data	Too much data	Too much data	Very High	Too much data
United Kingdom	9903	28196121	2674234	35946	High	1.6
Japan	802	2562676	154023	58652	Very High	2.4
Sweden	1800	3843396	361925	3099	Moderate	1.8
Estonia	84	239006	20691	126	Moderate	1.8
Lithuania	136	454786	42674	226	Moderate	1.7
Australia	3503	10842538	961534	10964	Moderate	1.8
Canada	4621	17,679,205	1,163,937	22,941	Moderate	1.5
Switzerland	1686	3,085,138	314,774	4,224	High	2
Singapore	1114	2,822,682	211,819	5274	High	1.3
Norway	977	1,797,585	162,152	688	Moderate	2.1
Austria	681	1544380	142841	2164	Moderate	1.8
Germany	4953	12,188,384	1,357,018	52,209	High	1.8
New Zealand	613	1,939,380	152,369	725	Low	1.8

Appendix 4. Market Attractiveness Score – Number of Companies in a Country with 200+ Headcount (LinkedIn Talent Pool Report, 2024)

Country	Nro of Companies	Score
United States	211000	5
United Kingdom	9903	5
Germany	4953	5
Canada	4621	5
Netherlands	4135	5
Australia	3503	5
Sweden	1800	3
Switzerland	1686	3
Denmark	1435	3
Singapore	1114	3
Norway	977	1
Japan	802	1
Ireland	747	1
Austria	681	1
Korea (Rep.)	625	1
New Zealand	613	1
Lithuania	136	1
Estonia	84	1

Scoring Scale for Number of Companies:

Score of 5:

Threshold: More than 2,000 companies (indicates a highly developed and active business ecosystem).

Score of 3:

Threshold: Between 1,000 and 2,000 companies (indicates a moderately active business environment).

Score of 1:

Threshold: Fewer than 1,000 companies (indicates a smaller and less active business ecosystem).

Appendix 5. Market Attractiveness Score – Professional Changed Jobs in a Country
(LinkedIn Talent Pool Report, 2024)

Country	Changed Jobs	Score
United States	Not Provided	5
United Kingdom	2,674,234	5
Germany	1,357,018	5
Canada	1,163,937	5
Australia	961,534	5
Netherlands	862,258	5
Sweden	361,925	3
Switzerland	314,774	3
Denmark	256,313	3
Singapore	211,819	3
Ireland	189,679	1
Norway	162,152	1
Japan	154,023	1
New Zealand	152,369	1
Austria	142,841	1
Korea (Rep.)	109,027	1
Lithuania	42,674	1
Estonia	20,691	1

Scoring Scale for Changed Jobs:

Score of 5:

Threshold: More than 500,000 changed jobs (indicates a very active job market with high turnover).

Score of 3:

Threshold: Between 200,000 and 500,000 changed jobs (indicates a moderate level of job market activity).

Score of 1:

Threshold: Fewer than 200,000 changed jobs (indicates a relatively low level of job market activity).

Appendix 6. Market Attractiveness Score – Number of Job Posts in a Country (LinkedIn Talent Pool Report, 2024)

Country	Job Posts	Score
United States	Not Provided	5
Japan	58,652	5
Germany	52,209	5
United Kingdom	35,946	5
Canada	22,941	3
Australia	10,964	3
Singapore	5,274	3
New Zealand	725	1
Norway	688	1
Korea (Rep.)	500	1
Lithuania	226	1
Estonia	126	1
Netherlands	27,3	1
Switzerland	4,224	1
Sweden	3,099	1
Ireland	2,633	1
Austria	2,164	1
Denmark	1,052	1

Scoring Scale for Job Posts:

Score of 5:

Threshold: More than **30,000** job posts (indicates a very strong job market with high recruitment activity).

Score of 3:

Threshold: Between **5,000 and 30,000** job posts (indicates a moderate level of job market activity).

Score of 1:

Threshold: Fewer than **5,000** job posts (indicates a low level of job market activity).

Appendix 7. Internet Penetration % (World Bank, 2022)

Country	Internet Penetration (%)	Score
New Zealand	95.7299	5
Singapore	95.9539	5
Sweden	95.0097	5
Switzerland	96.8046	5
Norway	99.0	5
Ireland	95.5905	5
Denmark	97.8601	5
United Kingdom	95.3412	5
United States	97.1299	5
Australia	94.8762	3
Netherlands	92.5197	3
Estonia	91.5202	3
Canada	94.0	3
Austria	93.6141	3
Germany	91.6298	3
Japan	84.9234	1
Lithuania	87.7242	1

Scoring Scale for Internet Penetration (%):**Score of 5:**

Threshold: More than 95% (indicates a very high level of internet penetration and digital accessibility).

Score of 3:

Threshold: Between 90% and 95% (indicates a moderately high level of internet penetration).

Score of 1:

Threshold: Less than 90% (indicates a relatively lower level of internet penetration).

Appendix 8. Labor Force Participation Rate (World Bank, 2023)

Country	Labor force participation rate, total (% of total population ages 15+) (modeled ILO estimate)	Score
New Zealand	72,09	5
Singapore	69,255	5
Sweden	66,948	3
Australia	66,371	3
Switzerland	66,355	3
Netherlands	66,057	3
Estonia	65,772	3
Norway	65,243	3
Canada	65,183	3
Ireland	65,048	3
Denmark	63,608	1
Japan	62,91	1
United Kingdom	62,343	1
Lithuania	62,158	1
United States	61,856	1
Austria	61,703	1
Germany	61,631	1

Scoring Scale for Labor Force Participation Rate:**Score of 5:**

Threshold: Greater than 69% (indicates a very high level of labour force participation).

Score of 3:

Threshold: Between 65% and 68% (indicates a moderate level of labour force participation).

Score of 1:

Threshold: Less than 65% (indicates a relatively low level of labour force participation).

Appendix 9. Country GNI (World Bank, 2023)

Country	GNI	Score
Norway	102460	5
Switzerland	95160	5
Ireland	80390	5
United States	80300	5
Denmark	73360	5
Singapore	70590	5
Australia	63140	5
Sweden	61650	5
Netherlands	60670	5
Austria	55070	5
Germany	53970	5
Canada	53930	5
New Zealand	48610	5
United Kingdom	47800	3
Japan	39030	3
Estonia	27240	3
Lithuania	24820	3

Scoring Framework Based on Income Classifications

1. Score 5: High Income

Condition: GNI per capita is greater than or equal to \$48,224.

Explanation: Countries in this range are likely to have strong purchasing power and economic stability, indicating high potential for SaaS products.

2. Score 3: Middle Income

Condition: GNI per capita is between \$10,588 and \$48,224.

Explanation: These countries represent a moderate market potential, as they have sufficient economic capacity to adopt SaaS solutions but may also face certain constraints.

3. Score 1: Low Income

Condition: GNI per capita is less than \$10,588.

Explanation: Countries in this category typically have limited economic capacity, which may hinder the adoption of SaaS products.

Appendix 10. Google Trends Applicant Tracking System Search Trends (Google Trends, 2024)

Country	"ATS" search	Score
United Kingdom	88	5
Canada	86	5
United States	84	5
Germany	83	5
Japan	82	5
Australia	78	5
Netherlands	75	5
Sweden	65	3
Austria	65	3
New Zealand	63	3
Ireland	62	3
Switzerland	60	3
Denmark	54	1
Singapore	52	1
Estonia	49	1
Norway	48	1
Lithuania	42	1

Scoring Framework for ATS Search

Score of 5:

Condition: ATS search score is greater than or equal to **70**.

Explanation: Indicates a very strong adoption of ATS systems, suggesting a highly digitalized and efficient recruitment process.

Score of 3:

Condition: ATS search score is between **60** and **70**.

Explanation: Indicates a moderate level of ATS adoption, suggesting room for growth in recruitment digitalization.

Score of 1:

Condition: ATS search score is less than **60**.

Explanation: Indicates a low level of ATS adoption, suggesting significant potential for improvement in recruitment processes.

Appendix 11. Combined Results from Competitive Strengths and Market Attractiveness

Country	Competitive Strengths	Market Attractiveness	Combined score
US	5	4,2	9,2
DE	5	3,7	8,7
UK	5	3,6	8,6
CA	4,4	4,1	8,5
AU	4	4,1	8,1
NL	3,8	4,1	7,9
SG	3	4	7
CH	2,4	4,1	6,5
SE	2,4	4,1	6,5
DK	2,4	3,2	5,6
NZ	1	4,5	5,5
IE	1	4,1	5,1
JP	2,2	2,6	4,8
NO	1	3,6	4,6
AT	1	3,2	4,2
EE	1	2,5	3,5
LT	1	1,6	2,6