6

Instant Global Presence

FASTEN YOUR SEAT BELT! It's time for your business to venture out to the rest of the world. I know what you're thinking… "But, we are already global. We have a Web site that can be accessed from anywhere, and we have international sales. What's the big deal?" The big deal is this: Being truly *global* means having to re-create and re-deploy your holistic Internet-enabled entity every time you venture into another geographic market. It is a *very* big deal, and you are in for a wild ride.

▶ ▶

The entire online world connected by the Internet breaks down boundaries of communications, culture, and business. The minute you establish a Web site, you are instantly global… or are you? Just because a Web site is accessible from anywhere in the world doesn't necessarily mean you are a global business. Customers need to b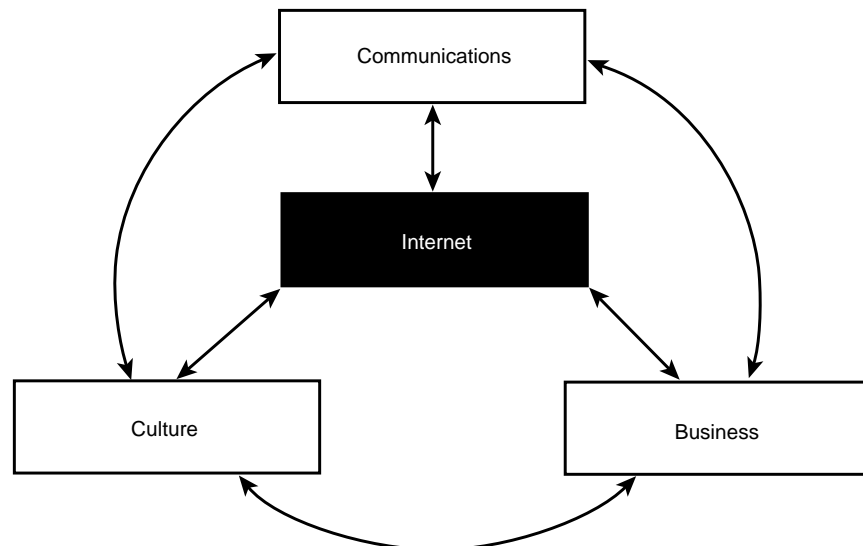e able to find you. You must be able to support multicultural business operations, and it must be part of your business vision and be understood by your entire organization. And you need to have the committed resources to support truly global business operations. (See Figure 6.1.)

Whether your company is based in the United States, Europe, Asia, or any other part of the world, you are probably thinking about extending your reach beyond where your company's headquarters reside. There are many factors involved in deciding where, when, and how you will globalize the operations of your holistic Internet-enabled entity, as this chapter addresses. Before you read on, however, think about the rest of the world as a new frontier—a global marketplace waiting for your business. When you venture into this new frontier, you must first build a new foundation for your business, which will require time, attention, and many resources. Before you venture out, think first about where you want to go next and *why*.

Figure 6.1

Global boundaries and barriers are disappearing.

Being Global

Being global is a conscious decision that requires strategy, planning, and resources. "It means that you are doing business online without being restricted by the location of buyer and seller," according to Jorden Woods, Chairman and CTO of GlobalSight. It also requires an understanding of customers who reside in other cultures and who have different currencies, languages, and laws.

Being global means that your entire organization is involved in global operations, including marketing, sales, procurement, logistics, legal, customer service, fulfillment, IT, and accounting. All your front office and back office processes need to be ready to support global business. According to Mark Resch, President and CEO of CommerceNet, "You need to have business processes in place that will enable you to manage the *success* from having international business." (See Figure 6.2.)

For a holistic Internet-enabled entity, there are tremendous advantages to being global. Expansion of market presence and
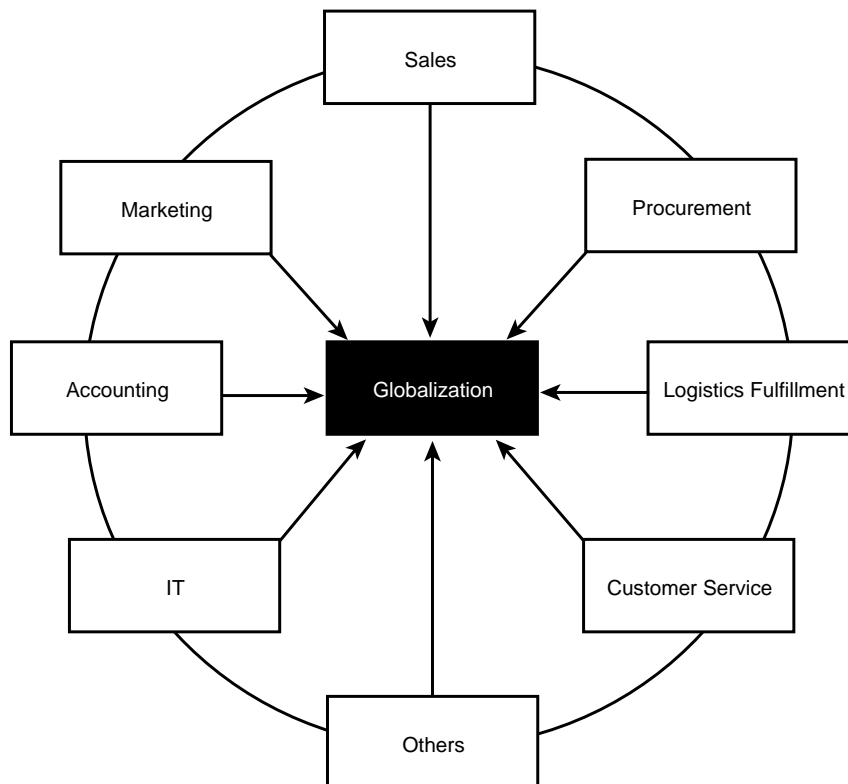
When will you be truly global?

Figure 6.2

All of your processes and your organization need to be involved in globalization.

brand, increase in revenues, competitive advantage, improvement of communications, faster growth, and accessibility of new ideas for innovation are just some of them. Likewise, there are many ways to find opportunities—within your company, in the marketplace, from your partners, and on the Web. Two good sources on the Web for identifying market opportunities by region are emarketer.com and nua.ie.

The Case for Globalization

Does your company need to be global? Does only a part of your company need to be global? What are the benefits and the risks? The Internet economy has blurred or erased most of the traditional geographic boundaries, and some companies feel pressured to be global because of their competitors, but they may not be ready to develop and manage global operations. Globalization needs to be analyzed like any major business decision; you need to examine the benefits as well as the risks.

Some of the benefits include revenues, profits, growth in market share, building brands, and overall growth. For many large multinational companies, more than 40 percent of their revenues are derived from outside their home country. Some examples include Philips, which is 95% non-Netherlands; Toshiba, which is 40% non-Japanese, and Cisco, for which 50% of revenues are generated outside the U.S.[1] Beyond revenues and overall growth, companies might also see gains in technology, ideas, communications, and brand presence, all of which can be attained by maintaining operations and interacting with customers and partners in international locations.

The risks include strain on company resources, costs, legal hurdles, and fit with the company's vision and strategy. The way to minimize these risks or mitigate them is to develop your global strategy and plans so that your entire organization is aligned for

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1 "Global E-Commerce: Taking Your Business Global on the Web." Course material from Jorden Woods and GlobalSight Corporation, 2000, used with permission.

global operations. Sometimes it is easier to approach the issue on an incremental basis in terms of implementation, but no matter how you roll out global programs, it will be necessary to think globally—from the beginning. This will entail building a new foundation for your business and evolving your business processes, systems, and people in order to function in a global world. Seeking new partnerships and outsourcing are other ways to convert the risks into benefits. (See Figure 6.3.)
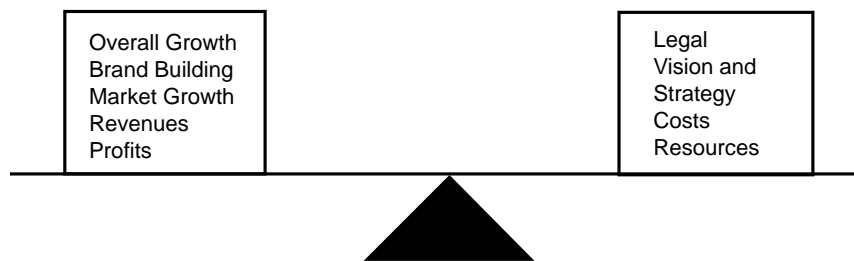
Overall Growth Brand Building Market Growth Revenues Profits	Legal Vision and Strategy Costs Resources

Figure 6.3

Globalization decisions involve weighing benefits and risks.

Your Vision Determines Your Global Presence

In Chapter 3, I described the importance of your vision. Revisit that vision statement; what did it say about the extent of global operations? Because globalization is a tremendous undertaking, it's imperative that you make it part of your vision or develop a new vision statement that captures your global objective. This vision statement also needs to be communicated and understood by your entire organization, because they *all* will be involved in the globalization process. You need everyone's help to build a new foundation.

If you don't have global operations now, what geographies will you serve in the future, and when? This is a key decision, because even if your short-term plans don't include a truly global presence until several months or years into the future, you must implement any online presence accordingly. For instance, if you need to *exclude* any geographies because you can't support business there, your Web site must be designed so that it is clear to site visitors and potential customers.

Thinking Globally

Before you can think globally, you must make several decisions regarding how you will address some of the hurdles of global e-commerce operations (see Figure 6.4). These include:
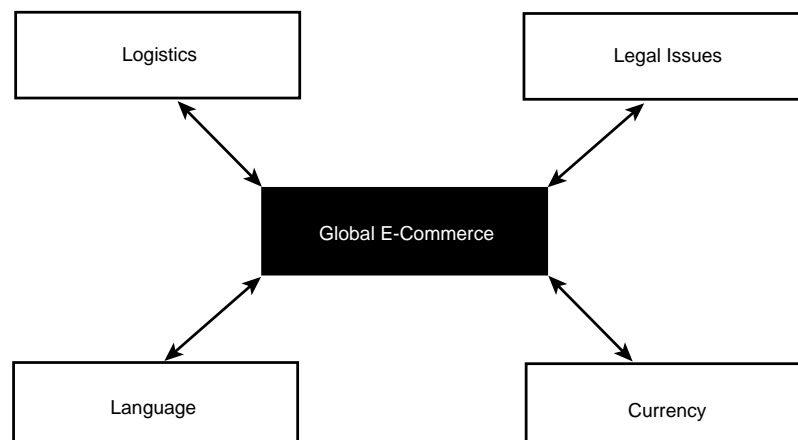
▲ *Legal issues:* trade boundaries and policies, contractual, marketing

▲ *Logistics:* shipping, customs, processes, and distances

▲ *Currency:* e-currency, exchange rates, transactions

▲ *Language/culture:* localization, tools

All these issues are a matter of choice. The important thing is that you are aware of some of the hurdles you will need to overcome, and then you can decide how you are going to address them in the context of your vision and your business operations.

Thinking globally means taking the time to understand how business is done in each country where you plan to operate. Maria-Luisa Rodriguez, co-founder and Director, e-co consulting, discovered that it's necessary to understand the mentality and the business practices. "When we formed our company, we decided that we would start with the French market, and yet none of the founders are French. We had a long learning curve to understand the planning cycles, communications, negotiation style, and sales practices in our marketplace." It pays to do your homework ahead of time regarding your target geographies, especially if your company has no previous experience there. Sometimes knowledge can be gained from established business partners who already operate in the area of interest.

Figure 6.4

Legal issues, logistics, currency, and language hurdles must be overcome for successful e-commerce operations.

Legal Barriers

The number of legal barriers you have to overcome depends on the number of countries in which you can do business. Import/export laws and trade regulations vary by country, and they affect what you can do online, as well. Not only does the law apply between countries, but each country that you want to do business with has its own laws that may govern how you can market, advertise, and deliver goods and services. Planning has to be done on a country-by-country basis. Depending on the nature of your product or service, you may or may not be able to export to every country. If you already have established brick and mortar businesses within those countries, you are ahead of the game; however, even though you may have the logistics, legacy, and cultural barriers satisfied, you still need to look at the legal differences online. It will merely be a matter of extending your business online as another way to serve your existing customer base.

Some companies choose to ignore local laws and begin their business operations anyway. That may be a short-term solution, but doing so will create a longer-term issue of credibility that will limit your growth, especially if you plan to become a public company.

The European Union has many consumer protection laws that vary by country, which affect how you do business within those countries. These laws primarily serve the following functions:

- ▲ Regulate the way advertising and promotion can be done.
- ▲ Regulate the claims that cannot be made.
- ▲ Impose bans on certain types of ads altogether.

It's critical that you understand these laws in detail before you put expansion plans into place for these geographies—to avoid costly and lengthy litigation or to eliminate the need to rapidly pull out of a market.

Sometimes contractual issues need to be handled as well. Vendors or distributors in a foreign location may have exclusive import or export contracts with the local government, and you

may have to use them instead of your own infrastructure or outsourced services. You might need to evaluate your current business partners to find out whether they can do business in the geographies you are targeting. If not, you will need to seek out those who can. Certain countries have different laws regarding validity of contracts. Chapter 11, "The Law Catches Up to E-Business," addresses some of the legal issues that affect international e-commerce.

Worldwide Logistics

Delivery of goods from your company to your global customers will still be affected by customs regulations and processes, and even in the most economically advanced countries, this can be a painfully slow process. Customs can add several days or even weeks to the delivery time of goods, and tracking a shipment's progress through the red tape can be a nightmare as well. Says Todd Elizalde, Director of E-Commerce, Cisco Systems, "Customs are a huge issue. Sometimes your ability to track shipments through the customs process is limited by each country. It can have a direct impact on customer satisfaction as well as the bottom line."

Also, in terms of shipping, you may need multiple carriers to get your goods to their destination. This adds complexity to the tracking process, as well as introducing potential delays to the delivery process. Another factor is speed of delivery. In some parts of Europe, for example, only one or two large-volume carriers do business, which may mean that demand might overload their capacity to deliver. Smaller, more localized carriers may not have express service, but they may be able to provide better (and often faster) service because of their established relationships with local customs offices. They also may be able to provide fulfillment and inventory services for you.

Online Currencies

You can decide how many currencies you will use in your online business. Most companies find that one or two are sufficient. From a financial point of view, deciding which ones to use is a matter of weighing credit risks by country, as well as currency fluctuations. From a marketing point of view, you need to determine where your highest-priority customers are located and which currencies they commonly use.

Once you decide which currencies you are going to use, you must be able to implement the corresponding payment and banking systems to support the transactions. Fluctuating exchange rates, the bureaucracy of banking systems, and varying levels of security are just some of the issues you need to address when dealing with multiple currencies. That's the back office side of things. Don't forget the front office side, however. Any and all price lists accessible online must reflect the multiple currencies as well.

Multilingual E-Commerce

Being successful online means that your customers can access information about your company's products and services, and that they are able to conduct information or financial transactions. Given this definition, it is advisable to plan your Web site content so that it is translatable into several languages. Luckily, many technology solutions available today can instantly provide translation; it's a matter of deciding which languages you will translate and then installing the tools on your site. Although business transactions in a B2B environment are still largely conducted in English and are not translated, for B2C enterprises, it is becoming more important. The problem with any translation tool in today's environment is that it will only translate 80–90% of the language. You will still need a human to review the results and customize the tools so that they make sense in the context of your business. It is critical that you learn more about your customers' preferences before you make a decision on what to translate. This should be part of your global market segmentation process.

Figure 6.5
world.altavista.com

Tools like Altavista's allow the user to translate an entire Web page into another language.

If you decide to do translation, differences in usage and dialect must be taken into consideration. For example, Canadian French is different than that used in the country of France. Even with English, there is U.K. English, American English, and Australian English. Which version do you choose? Once you decide upon the version, it is probably best to have the translation done in-country to capture local usage and nuances. Sometimes, the translation of "technospeak," or technical terms, can mean different conventions or acronyms in other countries. By using localized translators, this issue can be addressed at the same time.

Acting Locally

It is difficult to act locally without personal knowledge of a country's customs, culture, business practices, language, and laws. In order to act locally, it is necessary to not only become familiar with all these aspects, but to individualize or personalize Web content, transactions, and business operations.

It has become easier to translate Web content and Web user interfaces into multiple languages and to index them with search engines. In some cases, content needs to be arranged differently, as well. This is easier said than done, however. You must decide how best to serve your customers. (See Figure 6.6.)

Figure 6.6
www.symantec.com

Symantec's site allows the visitor to quickly view the geographical info and language they want.

For example, is it better to create parallel Web sites that serve the disparate needs of customers, or to have one Web site enhanced with technology tools that help guide customers to the appropriate parts of the site? Creating parallel Web sites may be the simplest approach, but you must be prepared to support and maintain those sites, which requires additional resources. With one Web site, you can take advantage of available tools that can provide real-time DNS lookup to direct your customers to the right Web page. There are also integrated content management and delivery systems that provide content based on customer information. To make these decisions, you need to be very familiar with your customers and their level of comfort with technology, as well as their business practices. You also need to make sure your products will work in the countries you are targeting—before you go down the path of content development and deployment.

Arranging and customizing content, whether it resides on one or multiple Web sites, requires planning as well as familiarity with the culture and business practices. "The French are community-oriented, the U.K. is commerce-minded, and for Germany you'd probably need to address technical issues in detail and put the right infrastructure in place," advises Maria-Luisa Rodriguez, Director of e-co consulting. "The challenge is in addressing the individual needs by country without diluting

How can you best serve your global customers?

your corporate image or brand." Different cultures may have different impressions of what customer service means as well.

Different business practices have more effect on localization than does language. In Germany, some types of advertising and promotion are unacceptable and even illegal. Therefore, your marketing content must be developed accordingly.

E-Volving Your Processes

Back office and front office processes are affected profoundly when you serve global markets. The front office processes (those that are customer-facing) need to be compatible with the multilingual content and must deliver a consistent experience in all transactions with global customers. All front office processes must interface seamlessly with back office processes to support the business operations, especially in the area of customer database information.

Your current business processes may be set up to do business online, but not to multiple geographies. So each process needs to be re-evaluated to make sure it is consistent with the geographies you intend to serve. When you are ready to e-volve your business processes, you'll find that the local business practices of each geography have a greater impact than culture does. To set up global marketing and bring customers to your site, you must address the cultural problem. However, if your operations don't support the various business practices of a region, that potential customer may not turn into an actual customer or eventual revenue.

Amazon.com ships books all over the world. They also have two localized Web sites: one that serves the United Kingdom and one that serves Germany. They set up those localized sites when they had the global operational processes ready to support them. However, all the books sold, even to those sites, are written in English. And they don't do targeted marketing for the localized sites. Are they truly global yet? (See Figure 6.7.)

Perhaps it requires more than just multilingual Web sites. Mark Resch, President and CEO of CommerceNet, suggests that

Figure 6.7
www.amazon.com.uk

Are they truly global yet?

these seven elements need to be in place for successful global e-commerce operations:
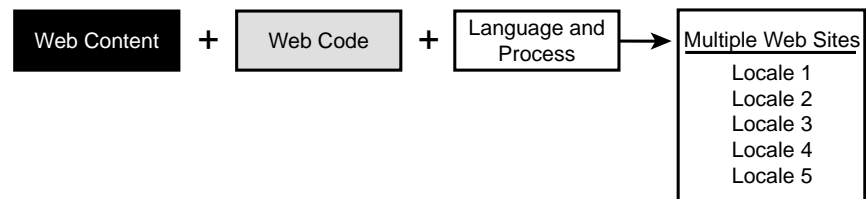
- ▲ A Web presence, so people are able to find you online
- ▲ Content that is understandable by each targeted geography
- ▲ Products that meet a need in the targeted markets
- ▲ The ability to take an order online
- ▲ System for accepting online payment
- ▲ Fulfillment of orders
- ▲ Support of the customer on an ongoing basis

Aligning your business processes for a global online business involves the same degree of thinking and planning that's required for offline or traditional brick and mortar businesses. "The additional challenge is that you need to put into place all of the processes involved in online operations, while conforming to the rules "on the ground," or in offline operations," says Jorden Woods, Chairman and CTO of GlobalSight. "The front office processes need to deliver relevant content, leveraging the speed of the Internet. The back office processes need to interface with all online transactions and still operate in the legal, regulatory, and business environment of each geographic region." (See Figures 6.8, 6.9, and 6.10.)

Figure 6.8

Web globalization is a complex process.

Web Content **+** Web Code **+** Language and Process → Multiple Web Sites
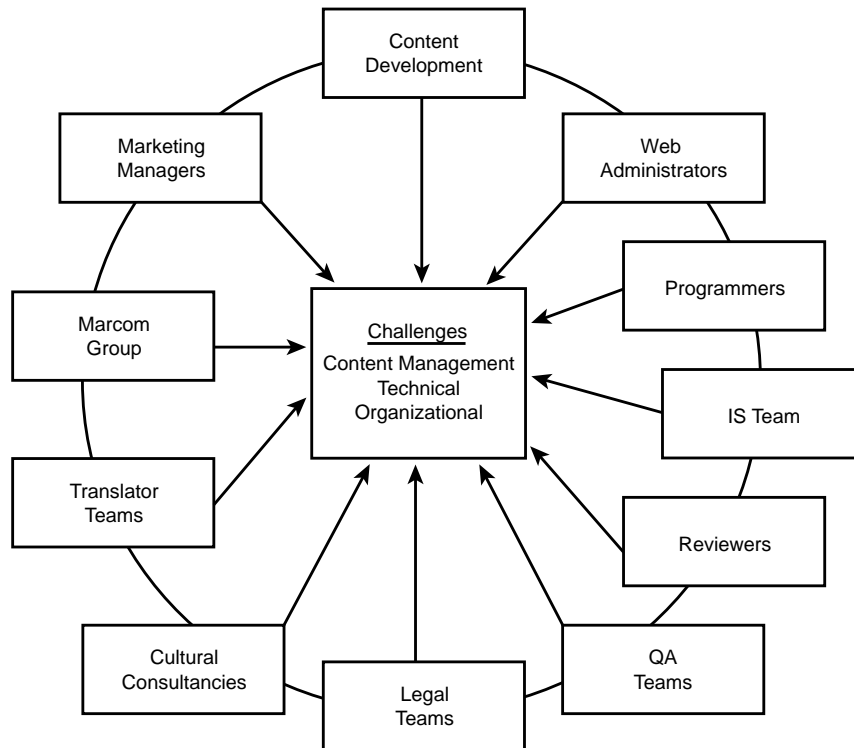
Locale 1
Locale 2
Locale 3
Locale 4
Locale 5

Synchronized for simultaneous global launch

Figure 6.9

Many people and organizations are needed to meet the challenges of globalization.

Content Development

Marketing Managers

Web Administrators

Marcom Group

Programmers

Challenges
Content Management
Technical
Organizational

IS Team

Translator Teams

Reviewers

Cultural Consultancies

Legal Teams

QA Teams

The Global Plan

As part of re-examining your vision statement, you have determined what you will do in terms of building your new foundation for global operations. But how do you go about implementing all of this? How will you manage this new operation? In the process of identifying your global business strategy, you may have identified new partners to help you reach and service your new customers. That's the approach used by Wine.com. According to Peter Sisson, Chief Strategy Officer, "We will not go live until we are sure we can deliver on our promises—and legally. In the wine industry, that means setting up sourcing and distribution agreements with localized partners in many different countries. The fact that we are on the Web doesn't remove this need."
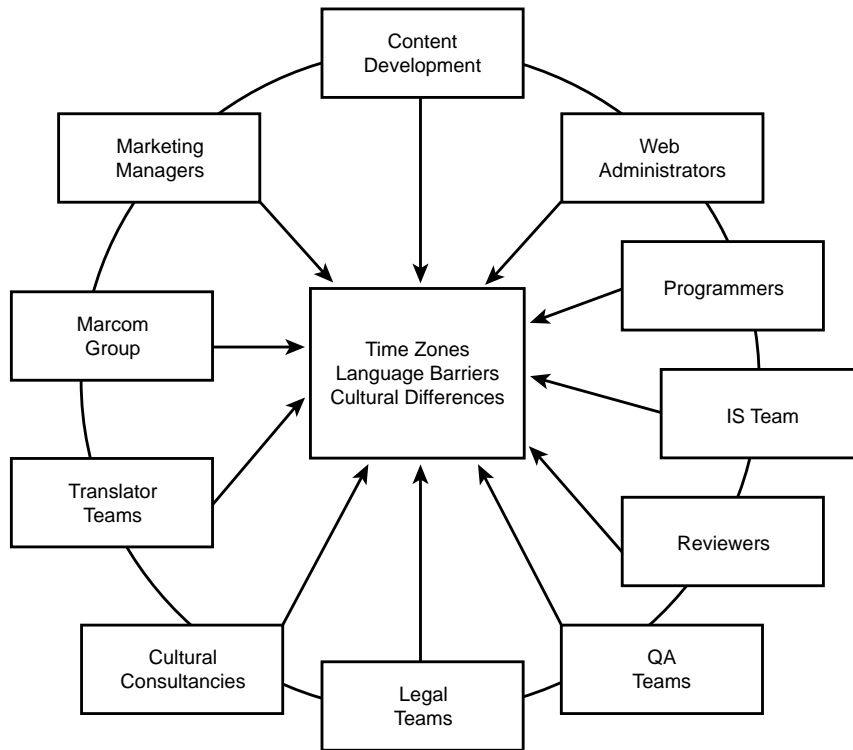
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                        ┌──────────────┐
                        │   Content    │
                        │ Development  │
                        └──────────────┘
        ┌──────────────┐                  ┌──────────────┐
        │  Marketing   │                  │     Web      │
        │  Managers    │                  │Administrators│
        └──────────────┘                  └──────────────┘
                                                ┌──────────────┐
                                                │ Programmers  │
                                                └──────────────┘
  ┌──────────────┐   ┌──────────────────┐
  │   Marcom     │   │    Time Zones    │   ┌──────────────┐
  │    Group     │──▶│ Language Barriers│◀──│   IS Team    │
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  │  Translator  │                          │  Reviewers   │
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  ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
  │   Cultural   │   │    Legal     │   │     QA       │
  │Consultancies │   │    Teams     │   │    Teams     │
  └──────────────┘   └──────────────┘   └──────────────┘
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If you decide to manage international partners from your centralized location, how will you ensure that these entities will be locally empowered to carry out your vision? "It's important to align all the players in the value chain for whatever you are delivering to the marketplace," says Maria-Luisa Rodriguez, Director of e-co consulting. "You need to satisfy demand at the right time, for the right person, under the right conditions. Partners need to understand their roles in the value chain and must perform—perfectly—to be successful." In-country partners and local offices must have a stake in the game and be committed to the international goals, and they need to constantly be reviewed and be replaced if necessary.

Once you know how your processes need to change, you will be able to develop or revise your detailed plans to implement the required changes. This means you must perform a complete analysis of all back office and front office processes, as well as deciding on the degree of personalization and localization required for each process. As you learned at the beginning of the chapter, globalization will profoundly change your business operations.

Do your business processes support global operations?
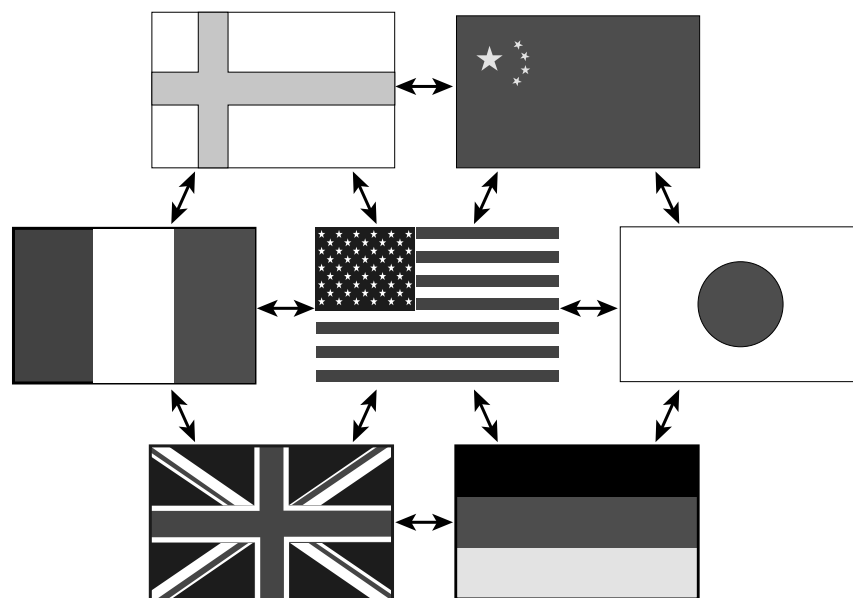
Global Operations in Action

A tremendous amount of coordination is required to deploy global operations successfully. Several different departments and functions need to communicate and share customer information or process transactions. If you are trying to develop or grow new markets, a consistent level of service must be provided that will help build and enhance customer relationships. Whether customer service is outsourced or managed internally, it needs to be consistent, constantly available, and responsive. If it is managed internally, you can streamline your processes by using your internal networks for communication. (See Figure 6.11.)

As you expand operations, you need to build your brand across multiple geographies—by providing localized content and personalized customer service. Your site needs to have flexible design and navigation that is expected by your global customers. And if you have any partners who provide any part of your business products and services, they need to be part of the coordinated efforts as well.

Sometimes it's necessary to establish localized, in-country service centers to support your customers. This can be done through partering or outsourcing. Local partners who are accustomed to doing business in an area can provide more personalized and appropriate customer support. Outsourcing or partnering can

Figure 6.11

Much coordination of processes and people is needed among your global partners.

also be a faster way to set up international operations, eliminating the need for training or relocation of critical company resources.

Sometimes partnering between countries can create success. This is the model followed by Wstore.com and Mondus.com, who have both managed to become leaders in their markets in a foreign country. They were able to do this through effective partnering.

Dell Computer is another successful example of global operations. They implemented a global strategy that started from the top and was part of the company's vision from the beginning. They globalized their infrastructure to serve the extent of their global customers, including partners who could effectively handle logistics. They did their marketing with locally relevant content, and they made it easier for their customers to do business with them. Dell was also able to integrate it all and manage it effectively as their operations grew.

Options for E-Volving Your Global Operations

Now that you have deployed your global operations and you are receiving new revenues from those new markets, now what? You are not done. To stay in the game, you must be able to scale your operations within a geography or target new ones. Whenever you target new ones, remember that you will have to recreate and e-volve your company from top to bottom, from front office to back office, each time you expand your global reach.

In some situations, it might be desirable to stop operations or completely change your focus in a geography if it is not producing a reasonable return on investment. No matter what, there will be changes, and you will need to react quickly to changing conditions. There are several ways to e-volve your growing operations, including partnering, outsourcing, use of translation/localization vendors, and technology tools that can help you set up and service operations more quickly.

E-Volutionary Tactics

→ To be truly global, you must be committed to re-creating and redeploying your company for each geographic area that you target.

→ It's important for you to decide how global you want to be, consistent with your vision.

→ You must think globally, but act locally.

→ Acting locally requires individualization and personalization to your customers.

→ Understand that just because a Web site is accessible from anywhere in the world doesn't necessarily mean that you are a global business.

→ You must decide how you will overcome the four major hurdles you will face in laying out the plan (legal, logistics, currency, and language).

- Legal hurdles include trade boundaries, contractual issues, and local laws regarding advertising.

- Logistics hurdles include shipping, customs, and distance from your customer.

- Currency affects timing of transactions and exchange rates.

- Language can be a huge hurdle requiring localization, but several technology tools are available that can help.