

Global Growing Pains

Tapping into B2B Integration Services to Overcome Global Expansion Challenges

The global proliferation of sophisticated computing and communications technologies has given rise to the notion of a virtualized, “shrinking” world. For businesses, this popular perspective has encouraged even small companies to consider expanding into new geographic markets that once seemed distant and inaccessible. Although the barriers to international expansion have been lowered by advancing and increasingly pervasive technologies, many challenges still remain just beneath the surface.

Even companies with experience in some global markets can falter when entering unfamiliar territories. For example, as the high-growth BRIC (Brazil, Russia, India, China) markets have started to mature, many companies are exploring new opportunities in the so-called MINT (Mexico, Indonesia, Nigeria, Turkey) countries and elsewhere.

Expansion into new countries comes with a host of daunting demands—from modifying or extending existing supply chains and integrating IT systems and processes with those of new partners and customers, to hiring and training new personnel and complying with country-specific regulatory and financial requirements. Even the largest multinational corporations may not have employees with the full range of technology, process, regulatory and cultural expertise needed to push successfully into new territories.

Because of these issues, many large corporations—as well as midsize and even small firms—are turning to outside partners to help them safely navigate the complexities related to international expansion.

In fact, a recent survey conducted by IDG Research Services, in conjunction with OpenText, sheds some light on the global business landscape. The survey explores the challenges and pain points companies face when growing offshore as well as the range of capabilities they seek in regard to international business-to-business (B2B) integration partners.

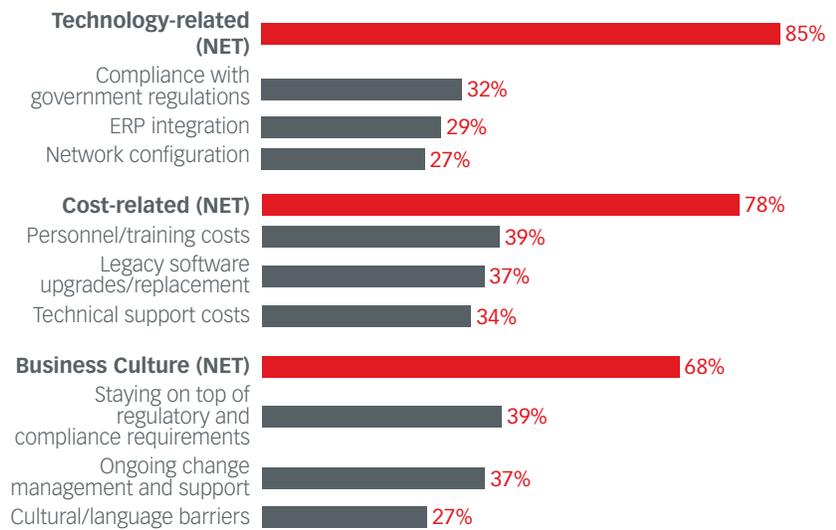
A Global Growth Agenda

In June 2014, IDG Research Services surveyed IT leaders at companies across a range of industry sectors, with each responding company having already integrated B2B operations with customers and/or suppliers in more than one geography, or having plans to do so in the next two years.

The responding companies have a variety of B2B integration initiatives under way or planned in more than 60 countries. For example, 41 percent have IT modernization projects on their agendas in areas such as process automation and electronic transactions. Looking forward, 39 percent plan to expand further internationally during the next two years.

Those international expansion plans are wide-ranging, with the survey respondents targeting dozens of countries across the Americas, Europe and Asia. Among all the countries listed, China emerged as the most sought-after international destination.

Figure 1. Top Challenges of International B2B Expansion and Integration



Source: IDG Research Services; Base: 54 qualified respondents

A Matrix of Challenges: Technology, Cost, Culture and People

The companies surveyed by IDG Research Services have some clear ideas about the challenges, all of which fall into three broad categories: technology, cost and culture. A “people” element is inherent in, and common to, all of the challenges cited. That is, companies must be able to enlist either their own employees or those of

partners to overcome each challenge.

Perhaps not surprisingly, 85 percent of these IT leaders identify technology-related challenges—more than any other type—with nearly one-third citing the need to comply with government regulations in the different countries where they conduct business. Close behind are the technical challenges of achieving ERP integration and configuring networks among entities in new and different geographies.

Despite their inherent technical focus, the IT respondents are also tuned in to the cost and cultural hurdles associated with international expansion. In fact, nearly 40 percent identify personnel/training costs as a significant pain point. Also high on the list are the costs associated with upgrading or replacing legacy software and providing technical support for overseas operations.

Likewise, two cultural challenges garner citations by more than one-third of the respondents: keeping pace with regulatory and compliance requirements and handling ongoing change management and support. Difficulties caused by language differences and other cultural factors also rank highly.

Partnering for International Success

Given the breadth and variety of challenges posed by international expansion, it's no wonder that many companies find they need outside assistance to ease their global growing pains. When faced with dozens of technical, financial

and cultural demands, however, companies may struggle to find B2B partners with the comprehensive skill sets, experience and services required to provide end-to-end guidance and support.

When asked to identify the top qualities IT leaders look for in B2B integration partners, several traits emerged as highly desirable. Predictably, companies want a partner that understands their specific industry sector. Beyond that basic requirement are five other top needs identified by anywhere from 37 to 41 percent of the respondents.

These five desired qualities reflect the challenges cited earlier and span technical and cultural capabilities. Indeed, although the top-rated of these five traits is technology-based—experience with technologies specific to the company's infrastructure—partners with regulatory and business culture knowledge are also in high demand.

OpenText Provides Comprehensive Global Services

In searching for strategic partners that can smooth the sometimes rocky road to international growth, many companies have found one company that is able to address the full scope of their needs. OpenText, a leading provider of enterprise information management solutions, is one of the few companies offering global B2B services and expertise spanning both the technological and cultural realms. Its OpenText™ Trading Grid™ is a cloud-based platform that supports a wide range of ERP integration, electronic transaction and other highly automated B2B services. Companies can also enlist OpenText™ Managed Services to offload some of the burdens associated with planning, implementing, operating and expanding virtually any type of international B2B operations. OpenText™ Managed Services provides the flexibility and scalability that companies look for when undertaking an international expansion project.

OpenText itself has operations in more than 20 countries, and connects more than 600,000 businesses around the world. All told, the OpenText™ Trading Grid™ handles more than 16 billion electronic transactions each year. The company provides 24/7 support services in 12 languages, and offers support for many other languages around the world during regular local business hours.

As more and more companies seek to take advantage of the opportunities offered by a shrinking world, many are realizing that the challenges of expanding internationally are far from small. By partnering with OpenText, more and more firms are maximizing the benefits of global growth, while minimizing the pain of expanding their operations internationally.

Figure 2. Desired Traits in B2B International Integration Partners



Source: IDG Research Services; Base: 54 qualified respondents