

# Cm becoming a technology firm. case study

Business



CM: Becoming a technology firm Table of Contents I. Executive Summary 3  
II. Problem/Issue Statement 3 III. Data Analysis 3 A. General Analysis 3 B. SWOT  
Analysis 4 C. VRIO Framework Analysis 5 C. 4 P's of Innovation 5 IV. Key  
Decision Criteria 6 V. Analysis of Alternatives 6 VI. Recommendations 7 VII.  
Action and Implementation Plan 7 VIII. Exhibits 8 References 9 I. Executive  
Summary Undertaking a thorough analysis of CM's history, and undertaking  
an analysis that spans several analytical frameworks, including SWOT, VRIO,  
and innovation 4P's, this paper makes recommendations along the lines of  
pursuing a strategy of further shoring up its business in its home markets,  
through exploring identified opportunities in mobile payments and mobile  
apps. This is the most sustainable and most apt strategic course of action,  
where the goal is to achieve sustained growth in profits and revenues in the  
long term (Anthony 2010; HIF n. d.; Tangient 2013; SAR Report n. d.; Cardeal  
and Antonio 2012; Van Berg, Reymen, and Dolmans 2011, pp. 2-16; The  
University of Kansas 2013; QuickMBA 2010). II. Problem/Issue Statement  
Given the strategic options of going international or developing the local  
Netherlands market further, what is the best strategic course of action for  
CM, having the goal of sustained future growth and profitability? III. Data  
Analysis A. General Analysis The company's initial success came by way of  
exploiting the possibilities of the then nascent SMS technology for marketing  
purposes, specifically marketing nightclubs in the Netherlands. The edge  
that CM had included that they were able to see the potential of SMS for this  
purpose, even as other technology entrepreneurs focused their attention on  
the Internet, leaving them with relatively few competitors. Aggressive  
marketing of the new SMS services allowed the firm to amass 500  
customers/nightclubs spread out in Belgium and the Netherlands by the year  
<https://assignbuster.com/cm-becoming-a-technology-firm-case-study/>

2000, starting from one club in 1999. By 2007 it had become a thriving business catering to all kinds of businesses and organizations. The business model is based on generating a large volume-based SMS business at the lowest possible cost to customers, thereby generating revenues and profits from thin margins and large SMS volumes transacted via the CM systems. This has proven to be a successful business model, undercutting premium SMS services for one, and allowing the firm to generate scale and technological advantages that competitors were unable to match in the long term. (Van Berg, Reymen, and Dolmans 2011, pp. 4-16). The strategic options are to internationalize, or to develop the existing markets further by innovating on products and marketing. They have stakes in both strategies, by virtue of their presence in Greece, after the failed ventures in Poland, and by virtue of their product and marketing development plans, which include further pursuing SMS trading, development of apps, and pursuing mobile payment solutions, among others (Van Berg, Reymen, and Dolmans 2011, pp. 4-16) B. SWOT Analysis CM's strengths are in marketing and developing SMS and related products to its core Netherlands and Belgium markets. Tied to these are its strengths in new product development and intimate knowledge of its core markets, as well as its technological strengths in bulk SMS, and its good relationships and reputation among some very large accounts in different market segments and industries (Van Berg, Reymen, and Dolmans 2011, pp. 4-16; The University of Kansas 2013; QuickMBA 2010). On the other hand, its weaknesses include its seeming inability to expand beyond bulk SMS in terms of product offerings, its failure in content, and its weakness in developing foreign markets. There are opportunities in both going international and in expanding beyond its core technological, <https://assignbuster.com/cm-becoming-a-technology-firm-case-study/>

product and marketing expertise, to new products, and new business lines revolving around content provision. There are threats associated with new technologies offered by existing and new players, such as SMS providers in bigger markets wanting to get into the Netherlands and Belgium, and entrenched players in the markets they want to enter. Moreover, there are also alternative technologies that can make CM's technological advantages in bulk SMS obsolete (Van Berg, Reymen, and Dolmans 2011, pp. 2-16; The University of Kansas 2013; QuickMBA 2010).

C. VRIO Framework Analysis

Concentrating on its technological and bulk SMS assets, the value is to be found in several core assets, including that it has scale and established presence in its key markets that is hard to duplicate, especially with regard to established reputation and relationships with very large accounts. Its technological assets are not as rare as its intimate knowledge of the Netherlands market, as well as those established relationships. These advantages are very hard to duplicate/imitate. Organization-wise, the company has geared itself traditionally to excel in its home market too, and has structured itself in such a way that the different parts of the organization work well with its established markets and customers (Tangient 2013; SAR Report n. d.; Cardeal and Antonio 2012).

C. 4 P's of Innovation

A careful look at CM's opportunities and situation in the context of various iterations of the 4 P's of innovation reveals that there are opportunities to define what the population or market of the company is, what the degree of penetration is, what the price is, and what the number of times of purchase is, for different products and innovations in the pipeline. From this analysis, it seems clear that the addressable population where CM is likely to be able to grow revenues in the medium term is its current markets. The key is to be able to

<https://assignbuster.com/cm-becoming-a-technology-firm-case-study/>

develop new products that cater to differing segments within those key markets (Anthony 2010; HIF n. d.)

IV. Key Decision Criteria The key decision criteria revolve around what is best for CM in terms of long-term growth of revenues and profits, given its past experience in the Netherlands and Belgium as well as its past forays into Poland, and given its traditional strengths as well as its product and marketing development plans for the future (Van Berg, Reymen, and Dolmans 2011, pp. 2-16).

V. Analysis of Alternatives There are basically two sets of alternatives. The first set of alternatives center on expanding into international markets, which is partly underway with the company's entry into Greece. The second set of alternatives revolve around developing new products to cater to differing needs in different segments of the core markets where CM currently operates, namely in the Netherlands in the main. From the preceding analysis, it is clear that most of the current and future opportunities for CM lie in the area of going deeper into the Netherlands market, even as internationalization remains a viable option in the future. Its position in the local market is strong, but far from secure long-term, and therefore work is needed to shore up its strengths and to exploit all possible areas of the markets where CM can gain revenues and profits (Anthony 2010; HIF n. d.; Tangient 2013; SAR Report n. d.; Cardeal and Antonio 2012; Van Berg, Reymen, and Dolmans 2011, pp. 2-16; The University of Kansas 2013; QuickMBA 2010).

VI. Recommendations Its relationship, technological, and market share and scale strengths in the Netherlands are all substantial, and point the way towards being able to successfully develop and market new products and businesses there. Going international, on the other hand, may dilute those strengths, and the previous analysis confirms that its greatest

<https://assignbuster.com/cm-becoming-a-technology-firm-case-study/>

opportunities lie with the former. The recommendations are to proceed with exploring new products and businesses in the Netherlands over going full steam with internationalization (Anthony 2010; HIF n. d.; Tangient 2013; SAR Report n. d.; Cardeal and Antonio 2012; Van Berg, Reymen, and Dolmans 2011, pp. 2-16; The University of Kansas 2013; QuickMBA 2010). VII. Action and Implementation Plan The key action plan is to explore product development with mobile payments as well as apps, and to test those new products with new and existing clients across its client base and represented industries. This is to be implemented in phases, over the course of the coming year (Anthony 2010; HIF n. d.; Tangient 2013; SAR Report n. d.; Cardeal and Antonio 2012; Van Berg, Reymen, and Dolmans 2011, pp. 2-16; The University of Kansas 2013; QuickMBA 2010). VIII. Exhibits n. a.

References Anthony, Scott 2010. The 4 Ps of Innovation. Harvard Business Review Blog. [Online] Available at: [http://blogs.hbr.org/anthony/2010/06/the\\_4ps\\_of\\_innovation.html](http://blogs.hbr.org/anthony/2010/06/the_4ps_of_innovation.html) [Accessed 21 March 2013]

Cardeal, Nuno and Antonio, Nelson 2012. Valuable, rare, inimitable resources and organization (VRIO) resources or valuable, rare, inimitable resources (VRI) capabilities: What leads to competitive advantage? African Journal of Business Management 6 (37). [Online] Available at: <http://www.academicjournals.org/ajbm/PDF/pdf2012/19Sept/Cardeal%20and%20Antonio.pdf> [Accessed 21 March 2013]

HIF n. d. Types of Innovation: The '4PS'. Humanitarian Innovation Fund. [Online] Available at: <http://www.humanitarianinnovation.org/innovation/types> [Accessed 21 March 2013]

QuickMBA 2010. SWOT Analysis. QuickMBA.com. [Online] Available at: <http://www.quickmba.com/strategy/swot/> [Accessed 21 March 2013]

SAR Report n. d. BMW/Audi VRIO Analysis. SARReport. [Online] Available at: <https://assignbuster.com/cm-becoming-a-technology-firm-case-study/>

<https://sites.google.com/site/sarreportbmwandaudi/vrio-analysis> [Accessed 21 March 2013] Tangient 2013. VRIO Framework. Chronostrategy. [Online] Available at: <http://chronostrategy.wikispaces.com/VRIO+Framework> [Accessed 21 March 2013] Van Berg, Elco, Isabelle Reymen and Sharon Dolmans 2011. CM: Becoming a technology firm. Eindhoven University of Technology/ecch the case for learning The University of Kansas 2013. SWOT Analysis. The Community Toolbox. [Online] Available at: [http://ctb.ku.edu/en/tablecontents/sub\\_section\\_main\\_1049.aspx](http://ctb.ku.edu/en/tablecontents/sub_section_main_1049.aspx) [Accessed 21 March 2013]