



# BRNO UNIVERSITY OF TECHNOLOGY

VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ

## FACULTY OF BUSINESS AND MANAGEMENT

FAKULTA PODNIKATELSKÁ

## INSTITUTE OF MANAGEMENT

ÚSTAV MANAGEMENTU

# EXPANSION PLAN FOR A B2B SAAS COMPANY INTO NEW ENGLISH-SPEAKING MARKETS

PLÁN EXPANZE SPOLEČNOSTI B2B SAAS NA NOVÉ ANGLICKY MLUVÍCÍ TRHY

## MASTER'S THESIS

DIPLOMOVÁ PRÁCE

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BRNO 2024

# Assignment Master's Thesis

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Academic year: 2023/24  
Study programme: International Business and Management

Garantka studijního programu Vám v souladu se zákonem č. 111/1998 Sb., o vysokých školách ve znění pozdějších předpisů a se Studijním a zkušebním řádem VUT v Brně zadává Master's Thesis s názvem:

## **Expansion Plan for a B2B SaaS Company into New English–Speaking Markets**

### **Characteristics of thesis dilemmas:**

Introduction

Problem definition, objectives, methods and solution procedure

Theoretical approach to the solved problem (the latest knowledge in the field of business management and preparation of expansion to foreign markets)

Analytical part (analysis of external and internal environment, analysis of demand in selected markets, analysis of resources, risks and capacities in accordance with the defined problem)

Proposal for expansion into the selected foreign market(s), including economic evaluation

Conclusion

List of literature used

Annexes

### **Objectives which should be achieve:**

Developing the proposal of expansion plan for a B2B SaaS company to enter new English–speaking markets.

### **Basic sources of information:**

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ŠTĚRBOVÁ, L. Mezinárodní obchod ve světové krizi 21. století. Praha: Grada, 2013. Expert (Grada). ISBN 978-80-247-4694-4.

Deadline for submission Master's Thesis is given by the Schedule of the Academic year 2023/24

In Brno dated 4.2.2024

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## **Abstract**

This diploma thesis seeks to evaluate the viability of expanding a US-based B2B SaaS company that offers Warehouse Management Systems into English-speaking markets, with a particular focus on the Canadian market. The study will assess whether the company is ready, both financially and operationally, for such an intricate expansion effort. The thesis will address the research question by developing a detailed expansion strategy that includes market entry modes, marketing approaches, cost analysis, and budget planning for market entry.

## **Keywords**

International Expansion, Warehouse Management System, Expansion Plan, Canada

## **Abstrakt**

Tato diplomová práce si klade za cíl zhodnotit proveditelnost expanze americké B2B SaaS společnosti, která nabízí systémy pro správu skladů, do anglicky mluvících trhů, se zvláštním zaměřením na kanadský trh. Studie posoudí, zda je společnost jak finančně, tak operativně připravena na tak komplexní expanzní úsilí. Práce na výzkumnou otázku odpoví vypracováním podrobné expanzní strategie, která zahrnuje způsoby vstupu na trh, marketingové přístupy, analýzu nákladů a plánování rozpočtu pro vstup na trh.

## **Klíčová slova**

Mezinárodní expanze, Systém pro správu skladu, Plán expanze, Kanada

### **Bibliographic citation**

YESILKUTUK, Emre. B2B SaaS company's expansion plan into new English-speaking markets [online]. Brno, 2024 [cit. 2024-05-07] . Available from: <https://www.vut.cz/studenti/zav-prace/detail/160390> . Thesis. Brno University of Technology, Faculty of Business, Institute of Management. Supervisor Iveta Šimberová.

**Affadavit**

I declare that the present master project is an original work that I have written myself. I declare that the citations of the sources used are complete, that I have not infringed upon any compyright (pursuant to Act. No 121/2000 Coll.)

Brno dated 7th May 2024

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BEng. Emre Yesilkutuk

author's signature

## **Acknowledgement**

I am immensely grateful to doc. PhDr. Iveta Šimberová, Ph.D., for her guidance throughout the development of this thesis, and for her time, patience, and invaluable insights and expertise. I also wish to extend my deepest thanks to my family for their unwavering support during my education. Finally, I thank myself for my persistence and resilience in never giving up.

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# INTRODUCTION

In an era defined by the relentless trend of globalization, businesses are confronted with an imperative to transcend traditional geographic boundaries. The contemporary landscape of commerce is marked by unprecedented interconnectedness, fostering an environment where enterprises strive to unlock new avenues of growth and sustainability.

Globalization, an omnipresent force shaping the business landscape, transcends borders and reshapes the way companies operate. As markets become increasingly interconnected, the need for international expansion becomes not just a strategic option but a critical survival strategy. In the pursuit of market potential, enhanced competitiveness, and diversification of risk, enterprises navigate the intricate web of global trade dynamics.

The contemporary business landscape demands a level of adaptability that goes beyond conventional norms. It necessitates an understanding of international dynamics, regulatory frameworks, and the intricacies of diverse consumer behaviors across different cultures and markets. Businesses operating on a global scale must navigate complex challenges, from compliance with varying regulatory environments to tailoring products and services to the preferences of diverse consumer bases.

Enterprises operating in this dynamic environment must deal with the dual challenge of adapting to local markets while maintaining a global vision. The decision to venture into foreign markets, symbol of a company's global ambitions, stands as a testament to its ability to navigate this complex environment. In this context, the strategic decisions of companies seeking global expansion mirror the broader trends shaping the global enterprise landscape.

This study positions itself as a comprehensive exploration of the global business dynamics that drive enterprises toward foreign markets. It seeks to unravel the complex forces of globalization that influence strategic decision-making at a macro level. By examining the broader trends,

challenges, and opportunities inherent in global business expansion, this research aims to provide a suitable expansion plan for a B2B SaaS company to enter English-speaking countries.

# **1 PROBLEM STATEMENT, OBJECTIVES, AND USED METHODS**

In this section, I will outline the primary objective to be achieved within this thesis. Additionally, I will establish sub-objectives that will guide the attainment of the main goal. An analysis of the challenges and obstacles that could impede the expansion of a U.S.-based B2B SaaS company into the English-speaking markets will also be addressed. Subsequently, I will detail the specific methods and approaches that will be employed to effectively meet each objective, ensuring the most suitable strategies are adopted for entering the Canadian market.

## **1.1 Defining the Problem**

Logiwa WMS, known for its advanced warehouse management systems in the US, is planning to grow its business in English-speaking countries. The company aims to boost its profits, make a mark in new markets, and grab the attention of venture capitalists to raise more funds and increase its value. The fact that raising money is an essential tool to grow business is that Logiwa WMS has been funded 3 times in 2017, 2021, 2022 by venture capitals. Such expansion is not only aimed at business growth but is also seen as an important action to augment the company's valuation through increased funding opportunities. Expanding into these new markets is seen as a smart move to attract investment because it shows that Logiwa WMS can operate successfully in different regions. This strategy is expected to make the company more appealing to investors, helping it get the financial backing needed for innovation and further expansion.

## **1.2 Objectives of the Work**

The main goal of this study is to develop the proposal of expansion plan for the Logiwa WMS company to enter new English-speaking markets.

To navigate towards this goal, the thesis outlines partial objectives:

- To analyze Logiwa WMS's current situation and its business environment

- To develop and propose a suitable market entry strategy following the results of analysis part.

Through these objectives, the study aims to offer actionable insights and strategic directions that will enable Logiwa WMS to successfully navigate and establish an expansion plan in new English-speaking markets, thereby enhancing its global presence and operational success.

### 1.3 Methods and Methodologies

This section outlines the various methodologies and analytical tools employed to investigate the feasibility and strategic implementation of Logiwa WMS's expansion into English-speaking markets. The methodologies are chosen to ensure a thorough understanding of both the external market environments and internal company dynamics, facilitating an informed and strategic expansion process.

- **PESTLE Analysis:** A PESTLE analysis will be conducted to investigate the political, economic, social, technological, legal, and environmental factors of target market. This analysis helps identify macro-environmental variables that could impact the market entry strategy of Logiwa WMS, providing insights into market trends and regulatory frameworks.
- **Porter's Five Forces Analysis:** This tool will be used to assess the competitiveness within the English-speaking markets. The analysis focuses on understanding the bargaining power of buyers and suppliers, the threat of new entrants, the threat of substitutes, and the degree of competitive rivalry which will influence Logiwa WMS's strategic approach.
- **McKinsey's 7S Framework:** To evaluate Logiwa WMS's internal capabilities, McKinsey's 7S Framework will be utilized. This analysis will assess aspects such as strategy, structure, systems, shared values, style, staff, and skills to ensure that all elements are aligned to support international expansion.
- **Financial Indicators:** Financial tools and models, such as NPV (Net Present Value) and ROI (Return on Investment) calculations, will be used to evaluate the financial viability of the expansion. This includes assessing financial risks to ensure that the expansion can be funded and is financially sustainable.
- **SWOT Analysis:** A SWOT analysis will be employed to synthesize findings from both the external and internal analyses. This will aid in identifying the strengths, weaknesses,

opportunities, and threats related to the expansion into new markets. It will help in strategizing around internal capabilities and market opportunities while mitigating risks associated with weaknesses and threats.

- **Qualitative Research:** Interviews with key stakeholders within Logiwa WMS and experts in international business expansion will be conducted to gather insights and qualitative data to support strategic decisions.
- **Market Entry Strategy Development:** Using insights gained from the above analyses, a detailed market entry strategy will be developed. This strategy will outline the approach for market penetration, considering factors such as market segmentation, positioning, and targeting.
- **Continuous Feedback and Evaluation:** Mechanisms for ongoing monitoring and evaluation will be established, using performance metrics and benchmarks to assess the progress of the expansion activities. This continuous feedback will allow for timely adjustments to the strategy as needed.

## 2 THEORETICAL FOUNDATION

In the introduction to my master's thesis, I will discuss the theoretical foundations and methods essential for understanding Logiwa WMS's potential expansion into new English-speaking markets. This section will set the stage for my analysis and strategy approach.

### 2.1 Business Expansion

Many experts think that companies try to make as much profit as they can. To do this, they make plans called corporate strategies. One way to make more money is to grow the business. This can be done by selling more in current markets, selling in new markets, adding new products, trying different things, or buying other companies (*Baker,2014*). Igor Ansoff, an expert in business strategy, created a tool called the Ansoff Matrix (*Ecobici,2017*). This tool helps businesses decide how to grow by choosing the best market and product strategies and understanding the risks. The matrix has two parts: old and new markets, and old and new products. From this, we get four growth strategies:

- **Market Penetration** – trying to sell more of the same products in the markets they already know. This is usually not too risky because the company uses what it already has.
- **Market Development** – selling the same products in new markets.
- **Product Development** – changing or making new products for the markets they already serve. This can be risky if the company isn't good at making new things.
- **Diversification** – the hardest and riskiest way, where the company makes new products for new markets.

Chart 1: Ansoff Matrix (source: Ecobici, 2017)



## 2.2 Business Internationalization

The idea of business internationalization covers many explanations, showing it's complex and hard to define in just one way. However, the main point shared by all definitions is that it's about a business increasing its activities in international markets. This step towards international growth involves a company operating in more than one country, known as a multinational corporation (MNC) or multinational enterprise (MNE). At its heart, internationalization is about reaching out and securing a strong position in various global regions, marking a company's strategic effort to enter and succeed in the global marketplace (Susman, 2007).

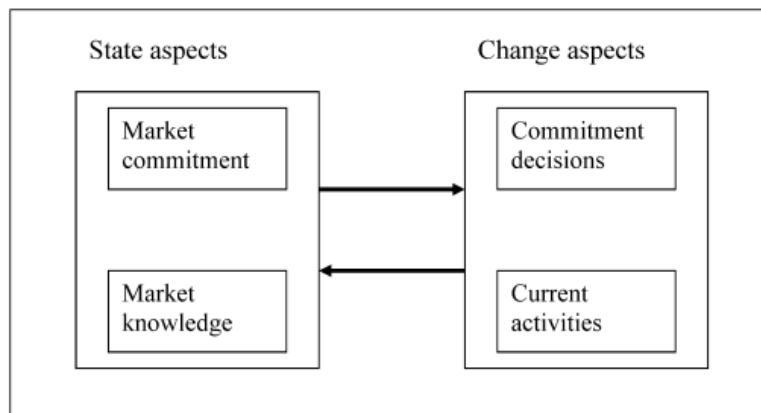
When discussing the internationalization of Software as a Service (SaaS) companies, it's crucial to consider how key theories like the Uppsala model, Network Theory, and the Eclectic Paradigm apply to these digitally native businesses. These theories offer frameworks for understanding the strategic approaches SaaS companies might adopt to expand their global footprint.



## 2.2.1 Uppsala Model

The Uppsala model suggests that companies internationalize gradually, starting from nearby or familiar markets before moving to more distant or unknown ones. This step-by-step approach is based on increasing market knowledge and market commitments. For SaaS companies, this could mean initially targeting countries with similar regulatory environments and business cultures to minimize risk and learn from these markets before expanding further. The digital nature of SaaS allows for easier initial entry into new markets, but the Uppsala model emphasizes the importance of accumulating market-specific knowledge and adapting strategies accordingly.

*Chart 2: Classic Uppsala Model (source: Johanson, 1977)*



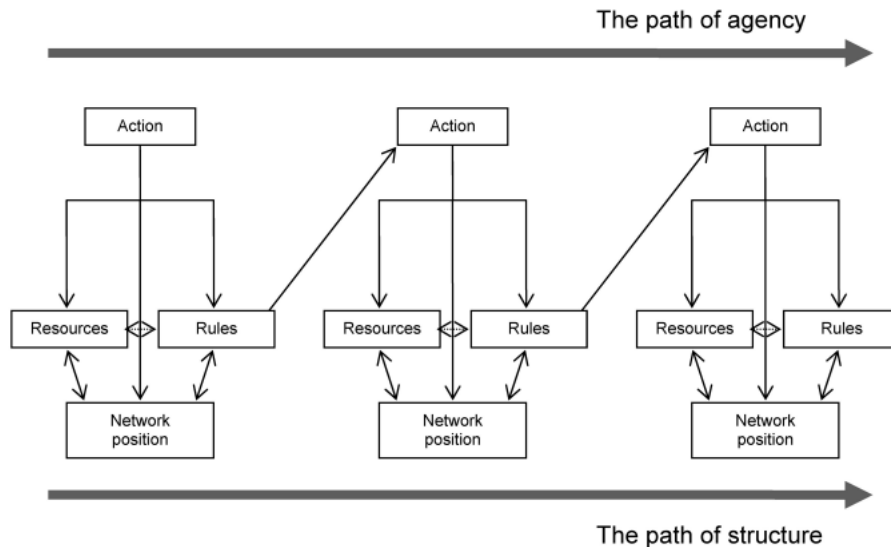
The Uppsala model, despite its foundation on principles of growth and its appeal in explaining international expansion, faces critique for being somewhat outdated in the context of today's global business environment, as noted in the Oxford Handbook of International Business (Rugman/Brewer 2001). The model's challenges are mainly threefold:

- It suggests that companies internationalize gradually, learning from each step before moving further. This idea may not align with how businesses, especially in the digital and SaaS industries, can quickly enter new markets without following a step-by-step process.
- The model is often seen as best suited for small and inexperienced companies. However, this does not consider larger or tech-savvy firms that can leverage digital technologies to enter and compete in multiple markets more directly and efficiently.
- It views the acquisition of knowledge and learning as a sequential process, which may not accurately represent the more complex, interconnected, and rapid ways that companies

today gain and apply knowledge for international expansion. (John T. Steen/Peter W. Liesch, 2007)

These points of critique suggest that while the Uppsala model has been influential, its application may be limited in capturing the nuances of how modern businesses, particularly those in the digital domain, approach global market entry.

*Chart 3: Modified Uppsala Model (source: John T., 2007)*



The modified Uppsala Model highlights the dynamic interplay between managerial actions, the restructuring of resource bundles, and the firm's integration within the industrial network. This model underscores the pivotal role of learning, both internally within the organization and externally through market interactions, in driving internationalization. It posits that learning is not just about understanding foreign markets but equally involves internal transformation—altering business routines, reallocating resources, and leveraging external networks for knowledge.

### **2.2.2 Network Theory**

The network model of internationalization posits that a company's global expansion is shaped by its ability to form, sustain, and enhance relationships with other entities within international markets (Johanson & Mattsson, 1988). This perspective underscores the significance of nurturing long-term interactions with various stakeholders in foreign territories. Additionally, this approach emphasizes that a comprehensive understanding of a company's worldwide growth encompasses more than just its strategies for penetrating new markets. It also involves a close examination of the wide-ranging and diverse connections the company develops across the globe.

For SaaS companies, networks can be particularly influential. Partnerships with local businesses, integration with other software ecosystems, or relationships with global distributors can facilitate entry into new markets. Leveraging networks can help overcome barriers to entry, such as local competition or regulatory challenges, by tapping into established trust and expertise. This approach aligns with the SaaS model, where integration and interoperability with customers' existing systems are often key success factors (Reuwer, T., Jansen, S. and Brinkkemper 2013).

The process of internationalization for a company emerges from its ambition to support its position through expanding its business network across its national boundaries. Depending on its status, a company might choose among three pathways as outlined below (Johanson & Mattsson, 1988).

- International extension, where the company initiates new connections in foreign markets.
- International penetration, in this scenario, the company intensifies its existing network positions within the countries it already serves.
- International integration, this involves a more cohesive coordination of the company's roles across diverse international networks.

In the case of international extension, the focus is on establishing fresh relationships in new markets. With international penetration, the aim is to deepen engagement in markets where the company is already present. The approach of international integration seeks to streamline and harmonize the company's activities across its global network (M. Ratajczak, 2012).

### **2.2.3 Eclectic Paradigm**

The eclectic paradigm, developed by John H. Dunning in the late 1970s, provides a holistic framework for understanding the motivations behind multinational enterprises' (MNEs) decisions to engage in foreign direct investment (FDI) and the selection of international markets. This paradigm combines three core theories of international business—ownership, location, and internalization advantages—to explain why companies choose to expand abroad, where they decide to invest, and how they enter foreign markets. Each component of the OLI framework addresses specific aspects of international expansion (Dunning, 1980).

#### **2.2.3.1 Ownership Advantages (O)**

Ownership advantages refer to the unique assets, resources, or capabilities that a firm possesses, giving it a competitive edge over foreign and domestic firms in foreign markets. These advantages can be tangible, such as proprietary technology and patents, or intangible, such as brand reputation

and managerial expertise. The proposition is that for a firm to invest overseas, it must have specific ownership advantages to overcome the costs and risks associated with operating in an unfamiliar environment.

### **2.2.3.2 Location Advantages (L)**

Location advantages consider the attractiveness of host countries or regions based on various factors, including market size, access to raw materials, labor costs, regulatory frameworks, and economic and political stability. These advantages influence the decision on where to invest. Firms seek locations that optimize their operations' efficiency, effectiveness, and profitability, leveraging the unique attributes of different geographical areas.

### **2.2.3.3 Internalization Advantages (I)**

Internalization advantages explain the rationale behind a firm's decision to control its foreign operations rather than licensing, franchising, or through other forms of partnership with local firms. This component addresses the benefits of reducing transaction costs, protecting proprietary information, and optimizing global supply chains. Firms internalize operations to capitalize on their ownership advantages fully and mitigate risks in foreign markets.

The eclectic paradigm has been instrumental in international business and economic research, offering a comprehensive approach through which to analyze MNEs' strategic choices in global expansion. It underscores the interplay between firm-specific assets, the external environment of host countries, and the efficiency of market entry modes, providing a robust framework for understanding the complexities of internationalization strategies.

## **2.3 Reasons for Business Internationalization**

The internationalization process of firms is shaped by both external and internal dynamics (Ellias & Williams, 1995). Externally, firms face broad environmental shifts, industry competitiveness, and specific corporate events, which are beyond their direct control. These aspects delineate the landscape of opportunities and challenges. Internally, the focus shifts to organizational changes and the strategic visions held by company executives, highlighting the strengths and weaknesses within. Factors such as organizational crises, leadership transitions, performance metrics, and internal disagreements play pivotal roles. Motivations for expanding internationally can be

categorized as defensive, responding to market pressures and operational challenges, or aggressive, driven by the lure of new markets and cost efficiencies.

The table below indicates these reasons as proactive and reactive motivations to internationalize.

*Table 1: Why Firms Go International (source: Czinkota M., Ronkainen A., Buonafina M., 2004)*

<b>Proactive Motivations</b>	<b>Reactive Motivations</b>
<ul style="list-style-type: none"> <li>• Profit advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive pressures</li> </ul>
<ul style="list-style-type: none"> <li>• Unique products</li> </ul>	<ul style="list-style-type: none"> <li>• Overproduction</li> </ul>
<ul style="list-style-type: none"> <li>• Technological advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Declining domestic sales</li> </ul>
<ul style="list-style-type: none"> <li>• Exclusive information</li> </ul>	<ul style="list-style-type: none"> <li>• Excess capacity</li> </ul>
<ul style="list-style-type: none"> <li>• Managerial urge</li> </ul>	<ul style="list-style-type: none"> <li>• Saturated domestic markets</li> </ul>
<ul style="list-style-type: none"> <li>• Tax benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Proximity to customers and ports</li> </ul>
<ul style="list-style-type: none"> <li>• Economies of scale</li> </ul>	

## **2.4 Porter’s Generic Strategies**

Porter's model of generic strategies outlines a universally applicable framework for achieving a competitive advantage across any industry or market. This approach, detached from specific companies, products, or services, outlines the long-term pursuit of market success through three fundamental strategies: cost leadership, focusing on being the most cost-efficient producer; differentiation, emphasizing unique product or service qualities; and focus strategy, targeting a particular market niche (Porter, 1980). These strategies guide companies in sustaining their competitive edge over time.

### **2.4.1 Cost Leadership Strategy**

The Cost Leadership Strategy is focused on a company becoming the most cost-effective producer in its industry. The aim is to attract cost-conscious or price-sensitive customers by offering the lowest prices on products or services within the target market segment. Achieving this requires operating at lower costs than competitors, which can be accomplished through high asset utilization, economies of scale, experience curve effects, and controlling direct and indirect operating costs. Companies adopting this strategy aim to maximize production efficiency and minimize costs across the board, including production, labor, and overhead costs. This strategy

benefits from widespread distribution and is typically associated with standardized, plain products. However, it may lead to lower customer loyalty as price-sensitive customers are likely to switch if a cheaper alternative becomes available.

Examples include low-cost airlines such as EasyJet and Southwest Airlines, and supermarkets such as KwikSave (Tanwar, 2013).

### **2.4.2 Differentiation Strategy**

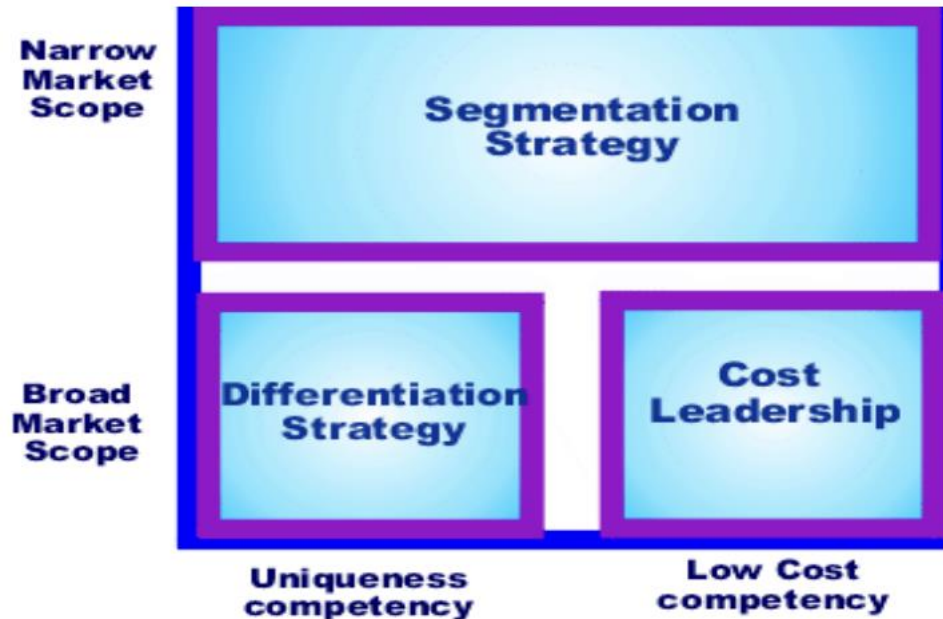
The Differentiation Strategy involves making a company's products or services distinct and more attractive than those of its competitors. Unique features, superior quality, innovative design, and exceptional service can all contribute to a perception of uniqueness, which can justify higher prices. This strategy focuses on building brand loyalty and reducing price sensitivity among customers, allowing for premium pricing and higher profit margins. Companies that successfully implement this strategy rely heavily on customer loyalty and brand strength. Examples of differentiation include unique product designs, cutting-edge technology, and superior customer service. This strategy is particularly effective in competitive or saturated markets where customers are not highly price-sensitive but seek specific features or quality that are under-served by the market.

Examples of the successful use of a differentiation strategy are Hero Honda, Asian Paints, HLL, Nike athletic shoes, Apple Computer, and Mercedes-Benz automobiles (Tanwar, 2013).

### **2.4.3 Focus Strategy**

The Focus Strategy emphasizes targeting a specific, narrow market segment or niche, catering specifically to the needs of that segment through either a cost leadership or differentiation approach. This strategy allows a company to tailor its products, services, and marketing efforts to meet the unique needs of a targeted audience more effectively than competitors targeting broader markets. The Focus Strategy can be split into two variants (Tanwar, 2013): Differentiation Focus, where the company offers unique features to a specific market segment, and Cost Focus, where the company aims to be the lowest cost producer for a specific market niche. This targeted approach helps in building strong brand recognition and customer loyalty within the niche, potentially leading to higher margins due to the specialized offerings. However, focusing too narrowly may limit the company's growth potential if the targeted segment does not expand.

Chart 4: Porter's Generic Competitive Strategies (source: Tanwar, 2013)



#### 2.4.4 Pitfalls of Porter's Generic Strategies

Pursuing cost leadership is challenging. When a company tries to be the cheapest producer or service provider, it faces several risks. These include the possibility of new technology making previous investments and knowledge outdated, the chance of other companies copying the strategy and doing so more cheaply, and ignoring what customers want because of focusing too much on cutting costs. Also, if costs unexpectedly go up, the company might lose its competitive advantage since it can no longer offer lower prices to stand out.

The differentiation strategy also has its dangers. The gap in costs between companies focusing on being low-cost and those aiming for differentiation can grow. This might make customers who are loyal to a brand switch to save money instead of paying more for extra features or brand prestige. The risk of others copying can make a company's products seem less unique. If a company focusing on differentiation falls behind, it could lose out to cheaper competitors who meet customer needs at a lower cost.

Choosing a focus strategy comes with risks too. If the cost difference between companies targeting a wide market and those using a focus strategy increases, the advantages of focusing can disappear. This might make customers choose companies with a wider range of offerings. The unique features or services that set the company apart can become less significant, reducing the strategy's

effectiveness. Moreover, competitors might find and target specific smaller groups within the focused company's chosen market, gaining an edge by specializing even more.

## 2.5 Modes of Entry and Expansion

Before deciding on a mode of entry into a foreign market, companies must analyze the market's unique characteristics and dynamics since selecting a mode for entering or expanding in a foreign market is one of the most crucial strategic decisions that an international firm has to make (Root, 1994). Several factors influence the choice of market entry strategy (Gregory, Charles, and Zou, 2001):

- **Trade Policy Conditions:** This includes factors such as exchange rate policies, foreign exchange regulations by region, minimum pricing, anti-dumping duties, and import quantity restrictions.
- **Economic Environment:** Key indicators include the rate of inflation, economic growth, unemployment rates, domestic production, and consumer behavior trends. Additionally, the political landscape, stability of the country, and international affiliations play crucial roles.
- **Legal Environment:** This encompasses the laws that dictate market entry conditions, the extent of business entity oversight, opportunities for property acquisition by foreign companies, and legal stipulations concerning business operations and profit distribution.
- **Product Nature:** The characteristics of the products being introduced to the foreign market.
- **Characteristics of the Business Partner:** This includes the partner's ownership structure, legal form, direct operational capabilities, market positioning, among other factors.
- **Efficiency and Viability of the Business Model:** The operational costs, associated risks, and the potential return on investment and profitability of the chosen business form.

It is considered that the primary factors affecting a firm's market entry are local market conditions (Rundh, 2007). The principal barriers include administrative and technical challenges, as well as intense competition. The selected entry strategy influences how a company's products reach foreign consumers and impacts the effectiveness of trade execution. Naturally, firms consider international expansion after maximizing opportunities within their domestic markets. However, adapting to new cultural norms, regulatory frameworks, and competitive landscapes poses



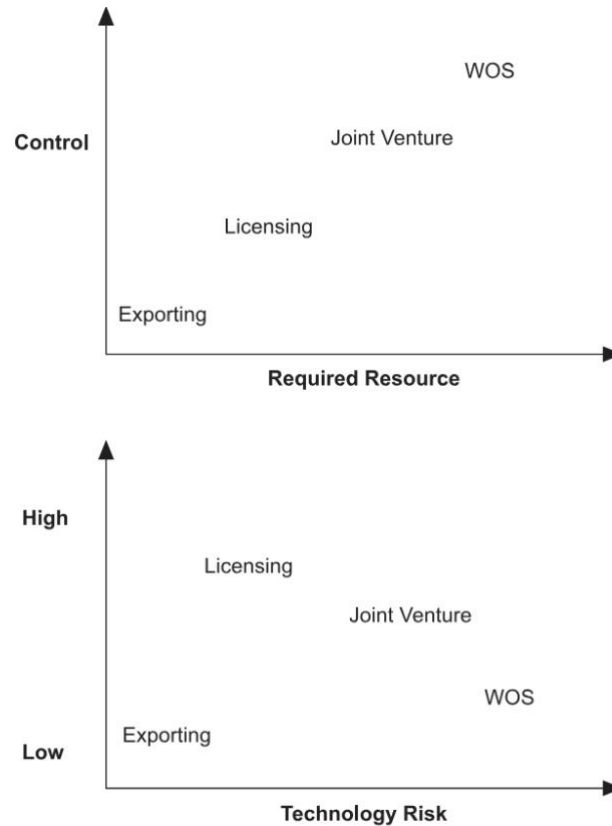
significant challenges. Entry strategies into foreign markets vary in complexity and include (Root, 1998):

- Exporting
- Licensing
- Joint Ventures
- Wholly Owned Subsidiaries

These four entry modes may be differentiated according to three characteristics of the modes that have been identified (Maignan and Lukas, 1997):

- Quantity of resource commitment required
- Amount of control
- Level of technology risk

*Chart 5: Key Characteristics of Entry Modes (source: Root, 1998)*



The chart 5 illustrates the relationships between the characteristics and entry modes.

**Exporting:**

- Requires the least amount of resource commitment.
- Offers lower control over foreign operations compared to other modes.
- Poses a low level of technology risk.

**Licensing:**

- Involves moderate resource commitment.
- Provides moderate control.
- Carries a higher level of technology risk.

**Joint Ventures:**

- Require a significant resource commitment.
- Offers substantial control.
- Has a moderate to high level of technology risk.

**Wholly Owned Subsidiaries (WOS):**

- Demands the highest level of resource commitment.
- Provides the highest level of control over international operations.
- Poses a high level of technology risk.

## 2.6 PESTLE Analysis

PESTLE Analysis is a strategic tool used to assess the external environment of an organization. The acronym PESTLE stands for various external elements that are analyzed: Political, Economic, Social, Technological, Legal, and Environmental factors. (*Washington State Uni, 2023*)

- **P – Political:** existing and potential effect of political influences
- **E – Economical:** effect and influence of local, national, and global economy
- **S – Social:** projection of social changes inside the organization, cultural influences are also part of it (local, national, regional, global)
- **T – Technological:** effects of existing, new, and advanced technologies
- **L – Legal:** effects of national, European, and international legislation
- **E – Ecological:** - local, national, and global environmental issues and questions of its solution

The core purpose of the PESTLE analysis is to pinpoint the key occurrences, phenomena, risks, and influences within each category of factors that have, or will have, an impact on the

organization. The PESTLE approach is a component of the broader impact analysis methods. It is often employed as a preliminary step for conducting SWOT analysis of external environmental factors.

## **2.7 Market Analysis**

In the process of evaluating the feasibility expansion into English-speaking markets, a market analysis constitutes a fundamental component for understanding the current market dynamics. Effective strategy analysis depends on the proper definition of the market (George, 1981) Market analysis in this context will be conducted through several analytical parts to provide a multi-dimensional view of the target markets.

### **Market Size and Growth Trajectory**

An examination of the market size and its growth trajectory is paramount. It involves quantifying the current market volume and forecasting future growth based on trends observed in similar markets. This approach will leverage data from industry reports (e.g., Statista, IBISWorld) which provide annual growth rates and other relevant statistical measures to forecast market potentials. Such an approach allows for a robust projection of the business opportunities in these English-speaking regions.

### **Competitive Landscape**

Understanding the competitive landscape is critical and involves mapping out key competitors, their market share, strategic alliances, and core competencies. Porter's Five Forces model will serve as a theoretical framework to evaluate the competitive pressures within the market, including the bargaining power of customers and suppliers, the threat of new entrants, the threat of substitute products, and the intensity of competitive rivalry (Porter, 1980).

### **Customer Segmentation**

Customer segmentation involves dissecting the market into distinct groups of consumers who share similar characteristics and buying behaviors. This segmentation is guided by demographic, psychographic, geographic, and behavioral factors. Understanding these segments will aid in forming marketing strategies to meet the specific needs of different customer groups, thereby enhancing market penetration effectiveness (Kotler & Keller,2016).

### **Technological Adoption and Infrastructure**

The analysis extends to technological adoption rates and the infrastructure maturity in the target markets. The readiness of these markets to adopt new technologies, especially in the SaaS and cloud-based solutions space, is crucial (Roger, 2003). Industry white papers and technology adoption reports will be instrumental in providing insights into these aspects.

## **2.8 Porter's Five Forces Model**

Porter's Five Forces model, also known as 5F analysis, is a tool that's used to examine the microenvironment around a company. This environment includes suppliers, customers, market intermediaries, the government, insurance companies, competitors, and the public. A company forms relationships with these entities as it cannot operate in isolation. They influence the company's operations and, to some extent, can be influenced and controlled by the company. The first four forces operate independently of each other, whereas competition is influenced by the industry's overall condition. Conducting this analysis helps businesses understand their industry's structure and aids in crafting corporate strategies. The key advantage of this model is identifying the industry's strengths and weaknesses. Generally, the stronger the force, the greater the threat to the company's competitive position.

Porter's model comprehensively analyzes the competitive landscape by assessing five critical forces within an industry. (*Investopedia, 2023*)

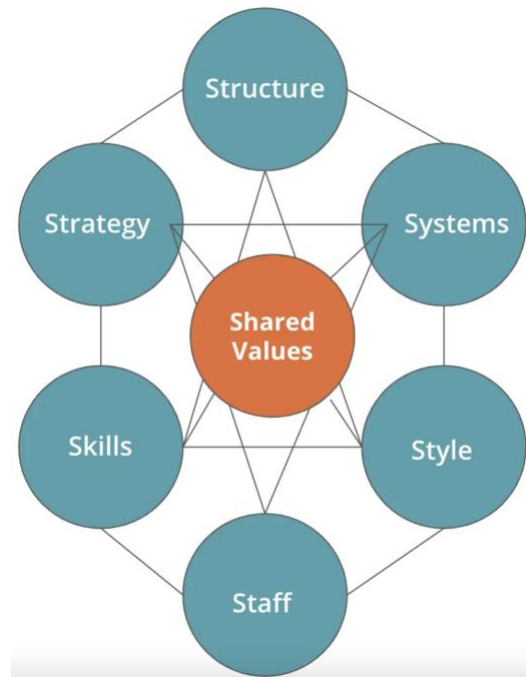
- Competitive rivals
- Potential for new entrants in an industry
- Supplier power
- Customer power
- Threat of substitutes

## **2.9 McKinsey's 7S Analysis**

The McKinsey 7S model, created in the late 1970s by McKinsey & Co., serves as a conceptual tool aimed at identifying the root causes of organizational issues and plans for enhancement (*McKinsey&Company, 2008*). This model was developed in response to the common challenges faced by executives in managing strategic and organizational aspects effectively during that period. 7S consists of 7 elements depicted below:

- **Strategy:** The plan devised to maintain and build competitive advantage over the competition.
- **Structure:** The way the organization is structured and who reports to whom.
- **Systems:** The daily activities and procedures that staff members engage in to get the job done.
- **Shared Values:** Core values of the company, originally called "superordinate goals." These are at the core of the organization, shaping its culture and work ethic.
- **Style:** The style of leadership adopted by the organization.
- **Staff:** The employees and their general capabilities.
- **Skills:** The actual skills and competencies of the employees working for the organization.

*Chart 6: McKinsey's 7S Model (source: McKinsey&Company, 2008)*



## 2.10 Financial Indicators

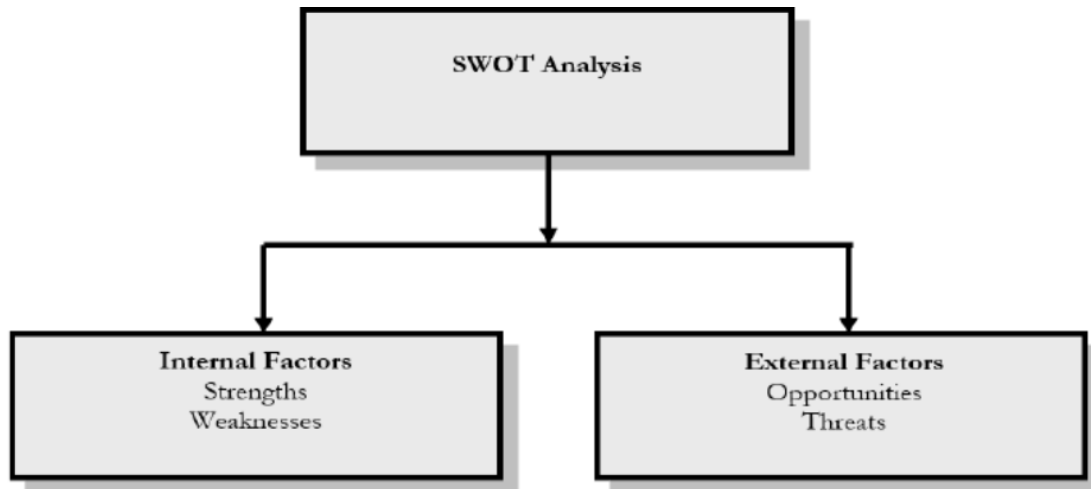
The Financial indicators are crucial for assessing the financial health and sustainability of the expansion, ensuring that the strategic decisions are grounded in solid financial analysis (Allad, 2015).

- **Return on Equity (ROE):** ROE measures the profitability of a business in generating profit from shareholders' equity. This ratio is particularly important to demonstrate to current and potential investors how effectively their capital is being used to generate earnings growth.
- **Return on Investment (ROI):** ROI is an essential metric for evaluating the efficiency of specific investments, in this case, the investment into new market expansions. It will help determine the gain or loss generated on an investment relative to the amount of money invested.
- **Profitability Ratios:** This ratio, including gross profit margin, operating profit margin, and net profit margin, will assess how well Logiwa WMS is converting its revenues into profits. High profitability ratios indicate effective cost management and robust operational efficiency, which are vital for sustaining growth.
- **Liquidity Ratios:** This ratio, such as the current ratio and quick ratio, measure the ability to cover its short-term obligations with its short-term assets. This figure is critical in ensuring that the company maintains sufficient liquidity to fund its day-to-day operations without disrupting its expansion activities.
- **Solvency Ratios:** Solvency ratios, including debt to equity and debt to assets ratios, are used to assess the ability to sustain operations by examining its leverage and debt load relative to its assets and equity. These ratios are crucial in evaluating the long-term financial viability of the company as it undertakes significant expansion efforts.

## 2.11 SWOT Analysis

SWOT Analysis is a strategic tool utilized for planning and managing strategies in organizations. It's effective in developing both the overall organizational strategy and the strategy to compete. Based on the Systems Approach, organizations are seen as complete units interacting with their surroundings and comprising multiple sub-systems. An organization operates in two kinds of environments: internal and external. For strategic management, it's crucial to analyze these environments. This analysis, which examines both the organization and its external environment, is known as SWOT Analysis. The acronym SWOT stands for 'strengths', 'weakness', 'opportunities', and 'threats' (Gürel, 2017).

Chart 7: SWOT Analysis (source: Gürel, 2017)



## 2.12 Schematic Map of Theoretical Foundations

Logiwa WMS's strategy for penetrating English-speaking markets unfolds through a meticulous examination of internal operations alongside external market forces. Initially, the internal examination leverages McKinsey's 7S Framework to evaluate the organization's alignment across seven dimensions: shared values, strategy, structure, systems, style, staff, and skills. A financial examination complements this, appraising the company's economic well-being with a focus on profitability, liquidity, and financial resilience, which is fundamental to the feasibility of the proposed expansion.

The external environment analysis employs Porter's Five Forces to evaluate market competitiveness and PESTLE Analysis to examine broader environmental influences. The insights from these analyses, offering a perspective of the potential and pitfalls in the targeted markets.

The fusion of insights from the internal and external evaluations informs a SWOT analysis, charting the enterprise's strengths and potential weaknesses against external prospects and threats. This pivotal stage is crucial for forming a strategy that maximizes Logiwa WMS's competencies while addressing potential vulnerabilities.

Building on the SWOT analysis, the strategy creation moves forward by blending these insights to shape a clear plan that connects Logiwa WMS's strengths with the current trends and movements in the market.

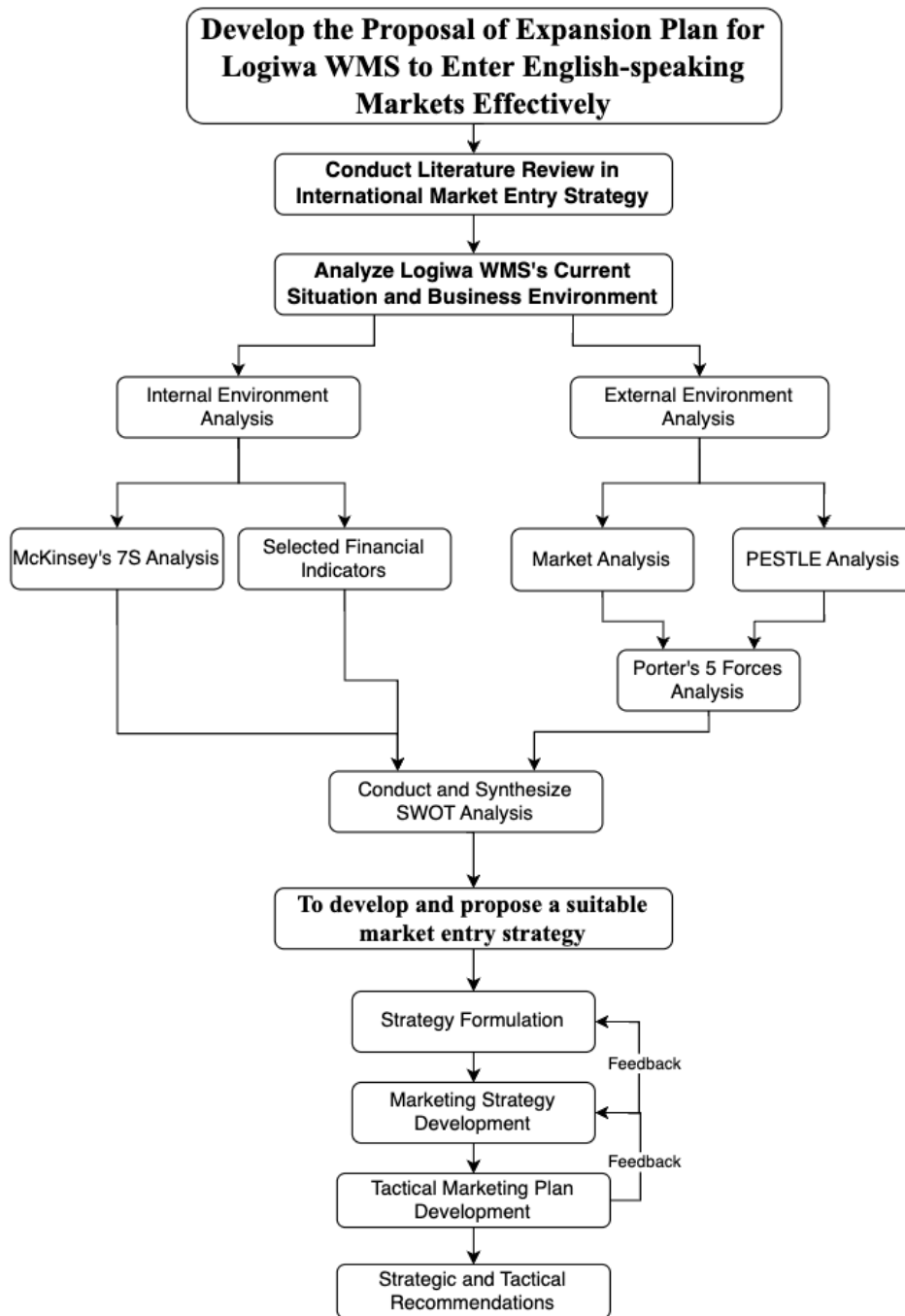
Subsequently, a marketing strategy will be crafted, capitalizing on the company's selling propositions, and identified market opportunities.

The action plan sets out specific steps, schedules, and required resources, turning broad strategies into practical actions. This process leads to strategic and actionable advice, laying out a path for Logiwa WMS's eager move into new English-speaking markets and nurturing enduring development and a competitive position.

Each part of this detailed plan is crucial in creating a robust and perceptive strategy, ensuring that Logiwa WMS's expansion into new markets is supported by detailed analysis, coherent strategy, and readiness for operation.



Chart 8: The Schematic Map of Theoretical Foundations (own work)



## **3 CURRENT SITUATION ANALYSIS**

### **3.1 Introduction of Logiwa WMS**

Logiwa WMS was founded in 2008 by a team of logistics experts who recognized the need for a modern and flexible warehouse management system. The company's headquarters is located in Chicago, Illinois, but it also has offices in Istanbul, Turkey.

Initially, Logiwa WMS focused on serving the Turkish market, but the company soon expanded to the United States in 2017. Today, Logiwa WMS has clients in various industries, including e-commerce, retail, wholesale, and manufacturing. In addition, Logiwa WMS employs 156 employees as 2024 March.

Logiwa WMS is a warehouse management system designed to optimize and automate warehouse operations for small to large businesses. The software offers a wide range of features, including inventory management, order fulfillment, shipping and receiving, analytics, and AI optimization solutions. With its cloud-based architecture, Logiwa WMS enables real-time tracking and management of inventory across multiple locations, allowing businesses to streamline their operations and improve efficiency.

Logiwa, a prominent technology firm, has successfully secured \$38.9M across five funding rounds, with the most recent infusion from a Series B round on October 24, 2022. This financial endorsement stems from ten investors, including six leading entities: Valor Siren Ventures, LaunchCapital, Runaway Ventures, Spider Capital, BAM Elevate, and Prologis Ventures, underscoring strong market confidence in Logiwa's potential and strategy (Logiwa, 2024).

The company's strategic leadership and innovation are driven by CEO Erhan Musaoglu and a diverse executive team, including Muammer Akgün (R&D), Patrick Bouchard and Shannon Caflisch (Sales), Greg Halko (Growth & Operations), Bryan Pepper (Finance), Cem Susal (Technology), Ayca Ozcan (Product), and Amy Dolan (People and Culture). This skilled staff is pivotal to Logiwa's operational excellence and future endeavors.

Moreover, the strategic guidance from board members—Erhan Musaoglu, Anna Garcia, Chris Sultemeier, and Alli Folk—ensures Logiwa remains at the forefront of technological advancements, securing its position as a leader in the industry. Their collective expertise and insights significantly contribute to Logiwa's ongoing growth and innovation trajectory.

### **3.1.1 Vision, Mission, and Values**

The company envisions revolutionizing supply chain management through leading-edge, cloud-based solutions. The goal is to transform warehouse and inventory management, setting new standards for efficiency and excellence, and making their platform essential for global businesses. They aim to drive sustainable growth and redefine operational strategies, ensuring their position as industry leaders.

The company's mission centers on revolutionizing supply chain operations with innovative, cloud-based solutions. It empowers businesses to enhance their operations and efficiency significantly. By offering an adaptable and intuitive platform, they're transforming supply chain management to foster growth and a culture of continuous improvement, pushing clients towards operational excellence.

Logiwa promotes the following values (Logiwa, 2024):

- **Customer Success:** prioritizing customers' success, offering outstanding support to help them achieve their goals.
- **Innovation:** Encouraging creativity, drive innovation to develop forward-thinking solutions for the logistics sector.
- **Collaboration:** Teamwork and open communication are vital, promoting a collaborative environment that leads to exceptional outcomes.
- **Continuous Improvement:** Dedicated to progress, continually refine offerings to meet and surpass customer needs.

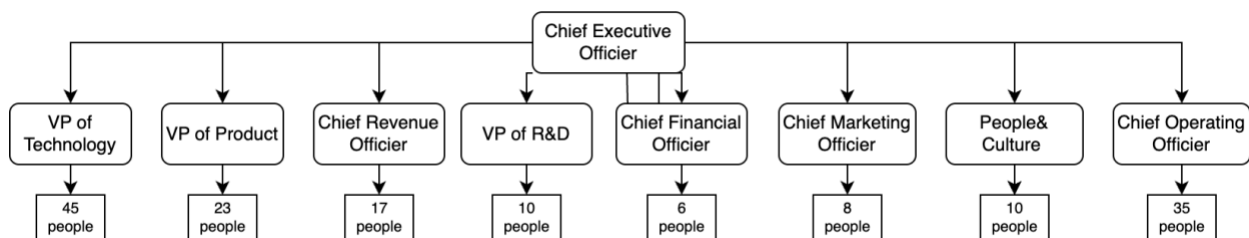
### **3.1.2 Organizational Structure**

Logiwa WMS's organizational structure is designed to promote efficiency and innovation, with a clear hierarchy that supports its strategic objectives. The Chief Executive Officer (CEO) stands at the center, ensuring the alignment of corporate actions with the company's vision and mission.

Under the CEO, the structure branches out to several key executive roles, each leading a dedicated team:

- The VP of Technology heads the largest team with 45 experts, driving the tech-forward initiatives that are central to Logiwa's solutions.
- The VP of Product manages a team of 23 professionals, focusing on the development and lifecycle of Logiwa's product functionalities.
- The Chief Revenue Officer leads 17 members whose primary focus is on revenue generation and sales strategies to increase the company's growth.
- The VP of R&D directs a specialized team of 10, tasked with pioneering research and developing new products to maintain Logiwa's competitive edge.
- The Chief Financial Officer manages a finance team of 6, responsible for the financial administration of Logiwa, conducting planning, analysis, and risk management.
- The Chief Marketing Officer guides an 8-person team, crafting marketing strategies that communicate Logiwa's value and drive business growth.
- The People & Culture department, with 10 team members, focuses on cultivating Logiwa's culture, talent acquisition, and development, reinforcing the company's reputation as a desirable employer.
- Finally, the Chief Operating Officer commands a significant operational group of 35, ensuring seamless daily operations that align with the strategic goals.

*Chart 9: Logiwa WMS Organizational Structure (own work)*



### 3.1.3 Services

Logiwa offers a wide arrange of services designed to ensure the effective implementation, operation, and support of its warehouse management system. These services are designed to meet

the unique needs of each client, ensuring a smooth transition to using Logiwa's system. The key services provided by Logiwa are outlined below:

### **Dedicated Onboarding Engineers**

Logiwa assigns a dedicated onboarding engineer to every new customer, ensuring a personalized and successful implementation process. These engineers are software consultants with extensive knowledge in logistics and warehouse operations. They conduct thorough analyses of the client's business and warehouse requirements to implement best practice solutions and designs. Serving also as project managers, onboarding engineers lead and coordinate all aspects of the implementation process, ensuring tasks are completed and teams are well-coordinated for a flawless transition. The commitment of an onboarding engineer to a project continues until the client adapts to the system and is confidently transitioned to a Customer Success Manager.

### **User Training**

Recognizing the diversity in operations among its clients, Logiwa offers customized training sessions designed to each client's specific scenarios. The training approach is flexible and client-driven, emphasizing hands-on learning through "Guided Practice" sessions. These sessions allow clients to apply their knowledge practically with the assistance of a dedicated consultant. For clients requiring more direct interaction, onboarding engineers are available to conduct in-person training at the client's warehouse, supporting them through the go-live process. This ensures clients build proficiency in using Logiwa's system, with continuous support every step of the way.

### **Customer Success**

Following successful onboarding, clients are assigned a dedicated Customer Success Manager, who becomes the primary point of contact. This manager acts as an extension of the client's team, facilitating support requests and advocating for the client's needs. Their role is to guide clients from initial use to full mastery of the product, assisting with projects that require cross-functional collaboration and ensuring clients' needs are met with enthusiasm and dedication.

### **Technical Support**

Logiwa is committed to providing exceptional customer service, evident in its impressive average response time of 11 minutes and a full resolution time of under 28 hours. The Technical Support Team is accessible through various platforms from Monday to Friday, 7 am-7 pm CST. This team comprises experienced engineers who possess a wealth of technical knowledge and expertise, allowing them to efficiently address and resolve clients' requests from start to finish. Whether it's

through online meetings or product workshops, the support team provides timely and effective solutions.

## **3.2 External Environment Analysis**

### **3.2.1 PESTLE Analysis**

#### **3.2.1.1 Political Factors**

Canada's political landscape presents a notably stable environment for business operations, underpinned by its democratic traditions and rule of law. Canada has the 23<sup>rd</sup> ease of doing business rank in the world according to the Doing Business Archive (World Bank, 2020). The enduring stability and transparency within Canada's political institutions bring about a predictable and secure environment for foreign investments, including those from the United States. Moreover, Canada's political relationship with the U.S. is characterized by deep-rooted bilateral relations, empowered within frameworks such as the United States-Mexico-Canada Agreement (USMCA) which entered into force in July 2020 (The Office of the United States Trade Representative, 2020). This trilateral trade agreement increases economic ties, ensuring the seamless flow of goods, services, and investments, thereby fostering an enabling atmosphere for cross-border business ventures.

As a founding member of the United Nations (UN), Canada is deeply involved in peacekeeping, humanitarian aid, and global initiatives focused on challenges like climate change and sustainable development. Through its participation in the North Atlantic Treaty Organization (NATO), Canada emphasizes its commitment to collective defense and security cooperation among North American and European countries. In addition, Canada's involvement with the World Health Organization (WHO) underscores its commitment to addressing global health issues, participating in efforts to combat pandemics, and improving public health systems worldwide. Further enhancing the political activity is Canada's commitment to multilateralism and its active participation in international organizations, signifying a global outlook that aligns with international norms and standards. This global engagement not only amplifies Canada's voice on the world stage but also provides additional layers of predictability and security for investors keen on navigating the Canadian market.

To assess political factors on Logiwa WMS's expansion:

- **Political Stability:** Logiwa WMS can benefit from the stable and robust political environment in Canada, such as the strong relationships between United States and Canada, which supports consistent business operations in the business landscape.
- **International Trade Agreement:** the United States-Mexico-Canada Agreement (USMCA) is highly positive indicator to launch business from the U.S to Canada thanks to the free trade agreement.
- **Engagement in Global Organization:** Canada as a member of NATO in the North America and UN is regarded as a safe destination by means of strategic alliance.
- **Navigating Global Dynamics:** Logiwa WMS operates in a global context, which necessitates ongoing monitoring and adaptation to political changes worldwide, requiring a balanced and flexible approach to mitigate sudden political risks.

### **3.2.1.2 Economic Factors**

Canada's economic landscape, distinguished by its resilience and diverse industrial sectors, presents a promising environment for U.S. businesses considering expansion. As a member of both the G7 and G20, Canada plays an essential role in shaping global economic policies and practices. These memberships underscore Canada's commitment to fostering economic stability and cooperation on a global scale, providing a strategic advantage for businesses operating within its borders.

Moreover, Canada's active participation in the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD) highlights its dedication to promoting free trade and economic development, both domestically and globally. Such memberships not only facilitate access to international markets but also ensure that Canada remains aligned with global standards and practices, enhancing the country's attractiveness as a business destination. Canada's economy is regarded as a reliable economic territory by its strong financial credentials, as evidenced by high credit ratings from major global institutions. Canada is considered as a country with the highest credit score in the world, in other words prime score, by reputable global financial institutions S&P, Moody's, and DBRS (Trading Economics, 2024). These ratings reflect the country's economic stability, effective governance, and low risk of fiscal instability, offering reassurance to investors about the security of their investments.

The relationship between the US dollar (USD) and the Canadian dollar (CAD) holds significant importance, particularly in understanding the economic dynamics between the United States and Canada. Over the last five years, the USD-CAD exchange rate has experienced slight fluctuations, which underscores a relatively stable currency exchange environment. This stability is pivotal for businesses and investors operating cross-border transactions, as it mitigates the risk associated with foreign exchange currency fluctuations. Furthermore, Canada has the lowest total business tax costs in the G7 and 46% lower than the United States (Government of Canada, 2022)

*Chart 10: USD to CAD Chart from 2019 March to 2024 March / Vertical Line represents exchange rate USD/CAD (source: xe.com)*



The nation also boasts a strong GDP per capita (53,247\$) according to IMF, ranking it among the world's wealthiest countries. This economic prosperity is indicative of a high standard of living, robust consumer market, and substantial purchasing power, factors that ultimately create a promising ground for business growth and expansion.

Regarding the targeted country, Canada is regarded as a high-income country according to the economic country classification (OECD, 2022). The country presents a promising landscape for global business dynamics due to its steady economic growth, stable political environment, and a business ecosystem that is increasingly leaning towards digital transformation.

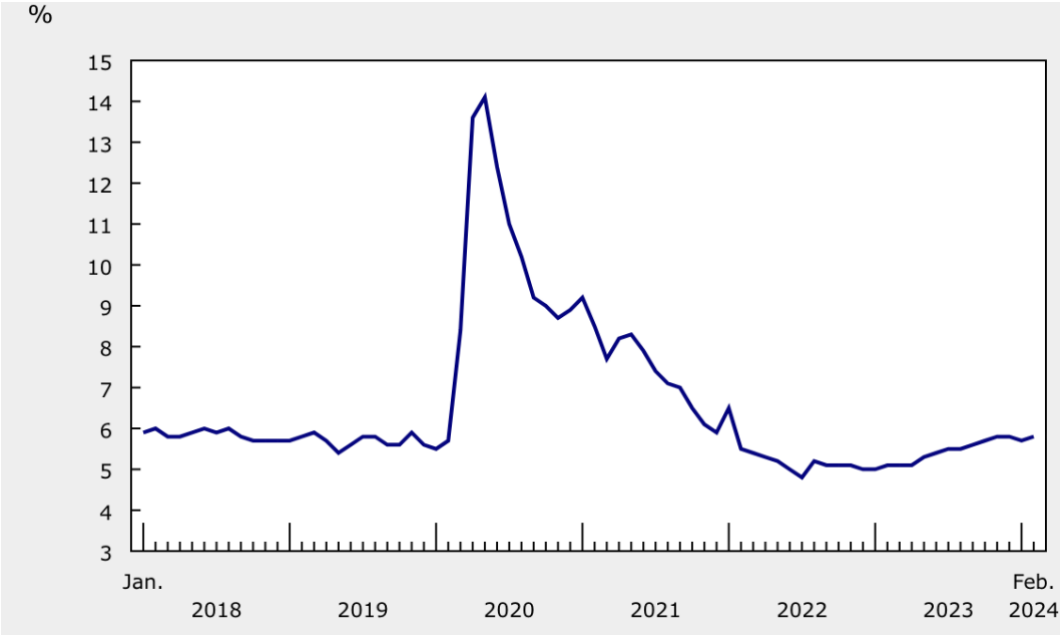
Canada's economy, characterized by its strong GDP growth over last decades and low unemployment rates, serves as a solid ground for technology-driven solutions. The country's GDP, which is over 2 trillion USD in 2023, has been consistently growing, indicating a healthy economy



and a favorable environment for business expansion. In addition to that, Canada is the 10<sup>th</sup> biggest economy in the world.

The unemployment rate in Canada, from January 2018 to February 2024, shows a stable job market before 2020, with rates under 7%. A sharp increase above 13% reflects the economic impact of the COVID-19 pandemic. Following this, a significant recovery is indicated by a swift decline in unemployment rates. By 2023, rates have stabilized around 6%, suggesting a resilient return to pre-pandemic conditions. The unemployment rate in 2024 February is announced 5,8% holding relatively steady since 2023 November. This stabilization is a positive sign for Logiwa WMS's expansion into Canada, indicating a powerful economy with healthy employment levels conducive to new business opportunities.

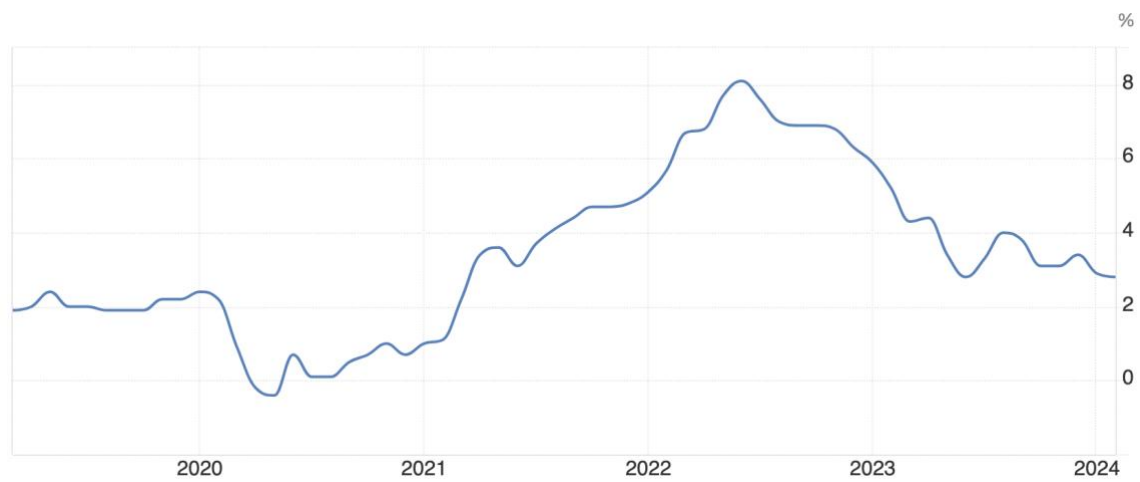
*Chart 11: Canada Unemployment Rate from 2018 to 2024 (source: tradingeconomics.com)*



Regarding the inflation rate in Canada from 2020 to 2024, the rate has been fluctuating between 1% and 8% over the last years, likely a result of the economic upset caused by the COVID-19 pandemic. It was reached to the minimum value with the beginning of pandemic. After the post-pandemic era, the rate has increased over 8%, which is the highest figure over the last 5 years. Effective actions taken for economic recovery to take the inflation rate under control was pivotal by means of economic health. The rate gradually settled down, approaching the pre-disturbance figures, and by 2024, it shows signs of steadying. This suggests that Logiwa WMS is entering the

Canadian market at a time when inflation is becoming more controlled, offering a more predictable cost setting for the company's expansion strategies and future growth plans.

*Chart 12: Canada Inflation Rate from 2019 to 2024 (source: tradingeconomics.com)*



To assess economic factors on Logiwa WMS's expansion:

- **Low Exchange Rate Risk:** low fluctuation of Canada Dollar against US dollar is highly positive indicator for Logiwa WMS' expansion. The company can predict costs and create financial plan thanks to the negligible macro-economic risks stand for in Canada.
- **Strong Economic Stability:** Low unemployment rate correlates with economic stability. It strengthens the attractiveness of market for new players such Logiwa WMS in the environment.
- **Consistent Business Environment:** Since the inflation rate is under control after the post-pandemic era, a stable economy often correlates with consistent business investment and growth, providing a favorable environment for the adoption of new technologies and systems which is an opportunity for Logiwa WMS.
- **Low Trade Barriers:** companies operating in Canada can benefit from reduced trade barriers, which can lower the costs of exporting software related to warehouse management systems. It lures the attention of American companies to expand their business in Canada, which is highly positive sign for Logiwa WMS.

### 3.2.1.3 Social Factors

According to the latest estimates, Canada has a population exceeding 38 million people, spread across a mix of urban and rural settings. Canada's urban landscape is marked by several large cities that serve as hubs of economic activity, cultural diversity, and innovation. The country's major

cities, including Toronto, Montreal, Vancouver, Calgary, Edmonton, and Ottawa are regional metropolises with populations surpassing 1,000,000 inhabitants. Toronto and Montreal are notable for their substantial market size, cultural diversity, and status as economic powerhouses within Canada. These cities are characterized by a high concentration of consumers, businesses, and services, making them particularly attractive for new and foreign entrants looking to tap into Canada's market.

Canada's significant score of 76 and its ranking as the 12th least corrupt country according to Transparency International's Corruption Perceptions Index highlight its low levels of corruption and high degree of trust in public institutions. This contrasts with the United States, which holds a score of 24 and is ranked 69th (Transparency International, 2023). This index not only highlights the robustness of Canada's governance structures but also suggests a favorable environment for business operations, marked by transparency and reliability. Such a context facilitates smoother transactions, lower risks of corruption-related obstacles, and a more predictable business environment, enhancing Canada's appeal as a destination for investment and expansion.

Canada's economic freedom score offers a comprehensive perspective on the environment in which businesses operate. With a score of 72.4, Canada stands as the 16th most economically free country among 184 nations worldwide (The Heritage Foundation, 2024). This ranking reflects the country's open market policies, regulatory efficiency, and the rule of law, underpinning a business-friendly environment.

To assess social factors on Logiwa WMS's expansion:

- **Business Friendly Environment:** Canada's high ranking on the Corruption Perceptions Index indicates a low-risk environment for business operations regarding legal and regulatory hurdles.
- **High Urban Concentration:** Canada's population is predominantly concentrated in urban areas, especially in large cities such as Toronto, Montreal, and Vancouver. These cities are not only economic hubs but also centers for logistics and commerce, providing a fertile ground for Logiwa WMS.
- **Economic Freedom:** Canada's ranking as one of the top countries for economic freedom reflects its open market policies, regulatory efficiency, and adherence to the rule of law. These factors are particularly important for a SaaS company like Logiwa WMS, which will

benefit from clear and efficient regulatory processes and the protection of intellectual and technological investments.

#### **3.2.1.4 Technological Factors**

The technological factors have almost no external effect on assessing the entry into the Canada market for a SaaS B2B company. The technology used in this industry (generally computer equipment and cloud infrastructure) is usually accessible to the whole market without any threats, which relate to software companies. Moreover, there is also possibility to use the same technology in domestic as well as in foreign market. In addition, there is no language barrier since English is the official language for both countries in terms of technologies. In this case, it is more important to follow from the point of view of internal business environment and firm's ability and willingness to track trends to increase the company's efficiency.

#### **3.2.1.5 Legal Factors**

Canada is ranked as the 3rd easiest country in the world for starting a business, reflecting the efficiency and simplicity of its regulatory procedures for new ventures (Doing Business Archive, 2020). This remarkable position in the start-up index underscores Canada's commitment to attracting entrepreneurship and innovation. Furthermore, Canada's 13th place in resolving insolvency and its 7th position in protecting minority investors demonstrate the strength and fairness of its legal system in safeguarding business interests and ensuring a level playing field for all stakeholders (Doing Business Archive, 2020). These rankings can be regarded as a proof to Canada's effective legal mechanisms for dispute resolution and investor protection, which are extremely important for building investor confidence and promoting a healthy business ecosystem. In Canada, the corporate tax structure is designed with an approach to accommodate different sizes and types of businesses. The basic Part I tax rate stands at 38% of taxable income. However, this rate is effectively reduced to 28% after the federal tax abatement, which acknowledges the power of provinces and territories to levy their own taxes. Further relief is provided through the general tax reduction, lowering the net tax rate to 15% for most corporations. Notably, Canadian-controlled private corporations (CCPCs) benefit from an additional incentive: those claiming the small business deduction see their net tax rate reduced to 9%. The business limit for small businesses is set to 500,000 Canadian dollar (Government of Canada, 2024). This differential tax

rate underscores Canada's commitment to supporting small businesses, recognizing their vital role in the economy.

Conversely, the United States adopts a more straightforward corporate tax policy, applying a flat rate of 21% across the board. This rate, established by the Tax Cuts and Jobs Act of 2017, marked a significant reduction from previous rates and was aimed at enhancing the competitiveness of American businesses on a global scale. The flat rate simplifies the tax code and applies uniformly to corporations, irrespective of size or income, making it easier for businesses to navigate their tax obligations.

### **3.2.1.6 Environmental Factors**

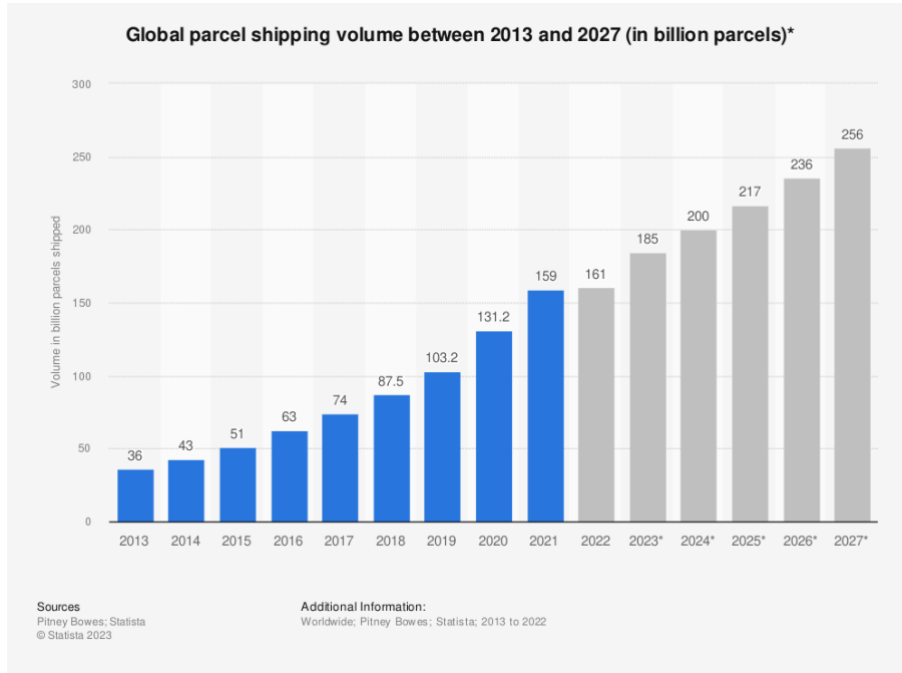
Considering the type of work Logiwa WMS is involved in, factors related to the environment don't really affect the bigger picture of how the company operates on a large scale or its efforts to enter markets outside of its home country. The business's main activities seem to be structured in a way that environmental considerations, which might significantly impact other industries, do not change, or disrupt the general environment in which Logiwa WMS operates or its strategy for expanding into new international markets.

## **3.2.2 Market Analysis**

### **3.2.2.1 Market Size and Global Trajectory**

As the forces of globalization continue to reshape the business environment, enterprises are compelled to navigate international markets for sustained growth and competitiveness. The trend in international parcel shipments serves as a quantifiable indicator of globalization trend from the global supply chain perspective. Data from 2013 to 2027 forecasts a significant rise in global parcel shipping volumes, from 36 billion to an estimated 256 billion parcels, verifying the increasing flow of goods across borders. Such data highlights the increase of global parcel shipments enables enterprises to scale operations and meet the demands of a globally interconnected marketplace.

*Chart 13: Global parcel shipping volume between 2013 and 2027 (in billion parcels) (Source: Statista, 2023)*



In addition, the global warehouse management system (WMS) market, which Logiwa WMS operates within, is experiencing a robust growth, projected to expand from USD 2,139.96 million in 2022 to USD 8,973.50 million by 2030, at a compound annual growth rate (CAGR) of 16.7% (Data Bridge Market Research, 2023). This growth is driven primarily by the increasing digitalization and consumer adoption of e-commerce, which requires sophisticated warehouse management solutions to optimize logistics operations and inventory management.

Focusing on Canada, the Supply Chain Management Software market is also remarkable for significant growth. Revenue in this sector is projected to reach US\$0.65 billion in 2024, with an expected annual growth rate (CAGR) of 3.64% from 2024 to 2028, ending up in a market volume of US\$0.75 billion by the end of the forecast period (Statista, 2023). This growth trajectory in Canada reflects an increasing need for integrated supply chain solutions driven by advancements in technology and the rising demand for efficient logistics due to the expanding e-commerce sector. The fast expansion of the e-commerce sector and predicted market size growth in upcoming years, coupled with a demand for cloud-based solutions, plays an important role for Logiwa WMS regarding this growing market potential.

### 3.2.2.2 Competitive Landscape

The WMS market is highly competitive with both established players and new entrants contributing to a dynamic environment. Globally, companies like Manhattan Associates and Softeon are notable competitors, having recently introduced innovative solutions that streamline warehouse operations and integrate advanced technologies like machine-to-machine (M2M) communications. These innovations are a clear proof for a strong competitiveness in the globe. In Canada, the competitive landscape includes major players such as SAP, Oracle, Blue Yonder, and Infor. These companies are well-established in the Canadian market and offer a range of supply chain solutions that are critical to large-scale operations.

Since the innovative solutions are highly expected by customers, Logiwa WMS can strength its presence thanks to the services and features they offer. These are the technologies and features that will distinguish Logiwa WMS in the Canadian Market.

- **AI Job Optimizations:** Logiwa WMS enhances operational efficiency through AI-driven algorithms that optimize job assignments and workflows, significantly reducing manual sorting and decision-making time.
- **Real-Time Data Analytics Platform:** Provides a powerful analytics tool that allows businesses to access real-time insights into their operations, helping to improve decision-making and operational responsiveness.
- **Carrier and Marketplace Integrations:** Offers extensive integrations with a wide range of carriers and e-commerce marketplaces, facilitating seamless logistics operations and simplifying the management of online sales channels.
- **Robotics Integrations:** Supports the integration with robotic systems, enhancing the automation of warehouse processes such as picking and packing, which helps to increase accuracy and reduce labor costs.
- **Real Operations Tracking:** Enables live tracking of warehouse operations, providing businesses with the ability to monitor and optimize processes in real time, ensuring efficient management of resources and quicker response to operational challenges.

### 3.2.2.3 Customer Segmentation

The primary customers in the WMS market vary across industries like e-commerce, retail, manufacturing, and logistics. For Logiwa WMS, the focus has been significantly on e-commerce,

third-party logistics providers, and retailers. After the pandemic era, the trend towards personalized shopping experiences and increased online retail activity necessitates advanced WMS solutions that can provide seamless integration and real-time data analytics, enabling businesses to manage inventory more effectively and enhance customer service.

In the Warehouse Management Systems, there are 3 main segments which Logiwa WMS focuses on.

- **E-commerce:** As the e-commerce segment continues to experience exponential growth, driven by changing consumer behaviors and technological advancements, there is an increasing demand for WMS solutions that offer order management and fulfillment capabilities. Logiwa WMS provides these businesses with tools to handle high volumes of orders, manage returns efficiently, and integrate seamlessly with online sales platforms and marketplaces to ensure a smooth customer experience.
- **Third-Party Logistics (3PL) Providers:** These customers in this segment manage logistics and distribution operations for multiple clients and require versatile WMS solutions that can adapt to multiple operational models. Logiwa WMS supports 3PL providers with multi-client architecture, allowing for the management of multiple warehouses and clients within a single solution. This flexibility is crucial for 3PLs that handle diverse product ranges and need to maintain service quality across different customer requirements.
- **Retail:** In the retail segment, both brick-and-mortar and online, the need for an effective WMS is critical to manage inventory across multiple locations, minimize stockouts, and optimize replenishment. Logiwa WMS helps retailers in maintaining optimal stock levels and efficiently managing in-store and online inventory, enhancing the overall shopping experience by ensuring product availability.

#### **3.2.2.4 Technological Adoption and Infrastructure**

Technological advancements play a crucial role in shaping the WMS landscape in Canada. The adoption of cloud technologies, which was initially slow due to security concerns, is now accelerating as companies recognize the scalability and flexibility of cloud-based WMS solutions. Logiwa WMS is well-positioned to benefit from this shift, given its established cloud-based infrastructure. Furthermore, the integration of technologies such as AI, machine learning, and



automated systems into WMS solutions is becoming more prevalent, offering opportunities for Logiwa WMS to innovate and provide more efficient, error-reducing solutions to its clients.

According to the analyst of Supply Chain Management Software Market in Canada Report (Statista, 2023), there are trends that will drive the market in future.

- **Technological Adoption:** Canadian companies are increasingly adopting AI and ML technologies to optimize supply chain operations, indicating a market readiness for Logiwa WMS's advanced features.
- **Cloud-Based Solutions Demand:** There's a growing preference for cloud-based solutions, aligning with Logiwa WMS's cloud-based architecture, which offers flexibility and real-time management capabilities. In other words, on-premise products are in decline while cloud-based products soar. This trend is an advantage for Logiwa WMS.
- **Logistical Challenges:** Canada's geographical expanse presents unique logistical challenges, emphasizing the need for efficient transportation and logistics solutions, a gap Logiwa WMS can fill.
- **Regulatory Compliance:** The emphasis on food safety and product quality regulations in Canada necessitates supply chain solutions that ensure compliance, an area where Logiwa WMS's features could be highly beneficial.

To sum up, the Canadian market is underpinned by a robust and promising supply chain management software industry.

### **3.2.3 Porter's Five Forces Analysis**

Porter's 5 forces analysis will consider industry forces (competitive rivals, threat of new entrants, threat of substitutes, bargaining power of suppliers and bargaining power of buyers), which could protect or threaten Logiwa WMS's position in Canadian market.

#### **3.2.3.1 Competitive Rivals**

In the competitive environment of the Canadian market, Logiwa WMS faces substantial challenges from established global entities such as SAP, Oracle, Blue Yonder, and Infor. These competitors hold significant market share according to Supply Chain Management Software in Canada report provided by Statista (Statista Market Insights, 2023). Their advanced warehouse management and supply chain solutions, marked by innovation and a wide arrange of functionality, set a high standard in terms of product offerings and technological advancement.

- SAP, their SCM software, part of the SAP Business Suite, enables businesses to perform essential functions such as supply chain planning, collaboration, procurement, and logistics management (sap.com, 2024).
- Oracle, their SCM Cloud software is a complete suite of applications that manage everything from product lifecycle management and supply chain planning to procurement, manufacturing, and order management (oracle.com/scm, 2024)
- Blue Yonder, AI-driven supply chain management and retail solutions that empower companies to predict and shape demand, fulfill faster, and improve customer experiences (blueyonder.com, 2024).
- Infor, their SCM solutions provide areas such as demand planning, supply chain planning, warehouse management, and transportation management. Infor's software is known for its flexibility, industry-specific functionality, and the ability to provide comprehensive visibility and control over complex global supply chains (infor.com/solutions/warehousing, 2024).

The Supply Chain Management Software market report indicates that SAP holds 19% of the Canadian market share and the biggest player in the market while Oracle, Blue Yonder, and Infor hold the following percentage 9%, 8%, and 4% (Statista, 2023).

To assess the competitiveness in the market regarding Logiwa WMS's expansion:

- **High Competition:** The established presence of major competitors like SAP, which holds a 19% market share, along with Oracle, Blue Yonder, and Infor, represents a substantial barrier to entry. These companies not only have a solid customer base but also extensive resources to invest in marketing, research, and development which can surpass newer entrants like Logiwa WMS.
- **Switching Costs:** Customers may have high switching costs due to heavy integration of these systems into their B2B operations. This creates loyalty, making it challenging for new entrants to convince potential customers to transition to their platforms.
- **Innovation and Growth Opportunities:** The presence of major players like SAP, Oracle, Blue Yonder, and Infor, known for their robust and innovative supply chain solutions, verifies a highly dynamic market. Logiwa WMS can benefit from this competitive environment to drive its own innovation, ensuring that its solutions meet customer requirements.

### **3.2.3.2 Threat of New Entrants**

The Canadian market poses a moderate to high threat of new entrants for Logiwa WMS. While the initial capital investment and technological knowledge required to develop competitive WMS solutions can act as significant barriers to entry, the increasing demand for innovative and efficient warehouse management systems, driven by the e-commerce trends, attracts startups and tech companies to this sector. Moreover, the evolving landscape of cloud computing lowers entry barriers for software-based solutions, increasing competition.

According to the Supply Chain Management Software market reports, it is noticeable that the other category holds the largest segment at 43% (Statista, 2023). The large other segment indicates that the market is not completely dominated by a few major players and suggests that there is a diverse range of smaller WMS providers in the Canadian market.

Regard with legal perspective, government restrictions (regulations) are not regarded as issue for new entrants due to the fact that Canada is a member of the USMC agreement, and Canada has the highest ranks in many indexes from the expansion perspective (see chapter 2.2.1.1).

### **3.2.3.3 Threat of Substitutes**

Considering the complexities involved in shifting from one WMS to another, the threat of substitutes for market players can be considered moderate. Implementing a new WMS is a challenging and tough process. The integration period, which can span from three to six months depending on the warehouse's size, involves significant costs and operational disruptions. Therefore, customers may be hesitant to switch systems frequently or without substantial cause. Furthermore, the longer a WMS is in use, the more integrated it becomes with a warehouse's unique processes and operations, creating a high level of dependency. This dependency acts as a natural barrier to substitution, as the risks and costs associated with changing systems can be prohibitive. The nature of each warehouse's operations also means that a competitive WMS's offering would need to provide a markedly superior solution to compensate the costs, risks, and downtime involved in migration.

The significant investment of time and resources required to train staff, transfer data, and integrate with existing systems means that customers may be more likely to upgrade or expand their current systems rather than switch to a different provider. Therefore, customer retention strategies for WMS companies should focus on continued innovation, system reliability, excellent customer service, and incremental improvements to reduce the appeal of substitutes.

In conclusion, the potential for substitution is considered as moderate due to the substantial investment of resources such as spanning time, financial costs, and more that transitioning to a different warehouse management system. On the other hand, customers retain the capacity to opt for alternative solutions if they encounter offerings more closely aligned with their specific requirements and innovations.

#### **3.2.3.4 Bargaining Power of Suppliers**

In the warehouse management system industry, the bargaining power of suppliers is generally low to moderate. This is influenced by the fact that there are numerous suppliers available, particularly for cloud-based services, which are important for warehouse management systems. The standardization of these services and components means that a company can switch suppliers, thereby weakening any individual supplier's influence over pricing and contract terms.

Forming strategic alliances with key suppliers is a common approach that strengthens negotiating positions and can lead to more favorable terms. For instance, Logiwa WMS has strategic alliance with Flexport supply chain logistics platform. Such alliances increase the bargaining power of WMS suppliers in the market.

There are costs linked to changing suppliers, especially when specific products are integral to a system's operations. However, as technology evolves, it becomes easier and less costly to make such transitions. Quality and reputation can give certain suppliers more power, but this can be mitigated by maintaining a diversified group of suppliers and staying open to integrating new technological advancements into operations.

Overall, while quality inputs from suppliers and strategic partnerships are crucial, the competitive nature of the market keep the bargaining power of suppliers low to moderate.

#### **3.2.3.5 Bargaining Power of Buyers**

The bargaining power of buyers in the warehouse management system sector is quite high. Customers in this industry have a broad selection of WMS providers to choose from, which gives them bargaining power when negotiating terms with any single WMS company. They can demand more functionality, superior customer service, and lower prices due to the competitive market environment. This pressure incentivizes WMS companies to continuously innovate and improve their offerings to retain and attract customers.

Buyers' power is further intensified by the availability of market information and the comparability of WMS products. Customers are often well-informed and can compare the features and services offered by different WMS providers easily. This transparency in the market dynamics encourages competition among suppliers and empowers buyers to make choices based on a thorough evaluation of the options available.

Another factor that increases buyers' bargaining power is the high cost of switching WMS providers for customers. Since the significant investment required for system implementation and the operational downtime that can occur during the transition, buyers are able to demand extra improvements and assurances from their WMS providers before committing to a switch.

### **3.3 Internal Environment Analysis**

#### **3.3.1 McKinsey 7S Framework**

McKinsey 7S Framework will consider the factors affecting the internal business environment of Logiwa WMS such as strategy, (organizational) structure, (information) systems, shared values, skills, staff and (leadership) style.

##### **3.3.1.1 Strategy**

The strategy element in 7S analysis is an essential plan how to achieve sustained competitive advantage and how to successfully compete in the market. Logiwa WMS is taking an approach to managing supply chains by using new, cloud-based programs to improve the way warehouses and inventory are handled. The company aims to meet more than normal customer expectations; it plans to set new examples for how to be efficient and excellent in its operations. In this way, they would like to become a key helper for businesses all over the world, helping them grow steadily and improve how warehouses run their operations. Logiwa WMS believes that by changing the way supply chains operate with smart tech, AI based technologies can help businesses operate in ways that are effective like never before (stated in the vision part 3.1.1).

The values Logiwa WMS promotes are integral to its strategic vision. By putting customer success at the forefront, they ensure their offerings are not only supportive but crucial in helping customers reach their aspirations. Innovation is the company's engine, driving the creation of groundbreaking solutions tailored for the supply chain sector. Collaboration and continuous improvement are the

company's motto, guiding Logiwa WMS to a strong position of industry where team synergy and a continuous pursuit of progress define their path forward.

### **3.3.1.2 Structure**

The organizational structure is described in detail in the 3.1.2 chapter. In recent times, the evolution of information technology has started a transition from traditional vertical organizational frameworks to more horizontal ones. Many research studies have found that this horizontal way of organizing a company tends to work better (Ikeda, S. 2010). Logiwa WMS has a horizontal organizational structure which allows each department for quick decision making and effective communication between teams. Having 8 organizational branches enables employees to work independently and take ownership of their work.

### **3.3.1.3 Systems**

Logiwa WMS employs sophisticated tools and technologies to optimize its operations and improve service delivery. Central to its customer relations management is Salesforce, which plays an important role in building strong customer connections. For targeted marketing efforts and sales performance tracking, the company utilizes HubSpot's robust capabilities.

In terms of customer support, Logiwa WMS benefits from using Intercom, a platform that acts as an extensive knowledge base, offering clients immediate access to essential support and information. Data management and cloud services are managed by Microsoft Azure, ensuring scalable and reliable data accessibility throughout the company's network.

The organization's product and project management processes are run using Atlassian tools, with Jira for tracking development tasks and Confluence for facilitating collaborative efforts through shared documentation. Additionally, Slack is integrated as the main communication system to enhance internal communication and coordination among teams.

However, despite these internal tools, Logiwa WMS faces challenges with internal system integrations. The integration between Salesforce and Jira, for instance, is not fully seamless, leading to potential discrepancies in customer data handling between development cycle and customer support processes. Similarly, data flow between Slack and Salesforce sometimes lacks real-time synchronization, which can delay the responsiveness of customer service. Furthermore, while the company boasts Open API capabilities to theoretically enable flawless connections with various systems and services, especially between critical operational tools like Jira, Confluence,

and Slack, often falls short of expectations. These internal integration issues decrease the company's agility to meet the dynamic demands of the technological market.

#### **3.3.1.4 Shared Values**

The core values of Logiwa WMS emphasize accountability, innovation, responsiveness, togetherness, and integrity (Logiwa People&Culture Department, 2024). These values are central to the company's culture.

#### **3.3.1.5 Skills**

Logiwa WMS company has a team of skilled professionals with expertise in software development, project / product management, customer service, and sales. The team at Logiwa WMS not only possesses professional skills but also boasts impressive educational backgrounds, reflecting the company's strategy of hiring individuals who excel at both academic understanding and professional experience. Executives have more than +15 years' experience in their domain, which guarantee high expertise in performed activities.

#### **3.3.1.6 Staff**

The company's diverse and multicultural workforce reflects its global presence and ambitions. Logiwa WMS values diversity, inclusivity, and teamwork, which are critical for fostering innovation and adapting to new market challenges. It is well-known for giving its team significant levels of responsibility, with 96% of its workforce appreciating the independence they receive in their positions (Great Place to Work Survey, 2024). This sense of belonging is strongly felt throughout the company, as the same proportion of employees' report experiencing a warm welcome when they join.

Dedication to excellence is fundamental to the company's values, with 93% of the staff willing to put in extra effort to make sure all tasks meet the highest standards (Great Place to Work Survey, 2024). Logiwa WMS invests in its employees' growth by providing trainings from prestigious institutions, emphasizing the company's commitment to fostering a team that is both highly competent and well-informed.

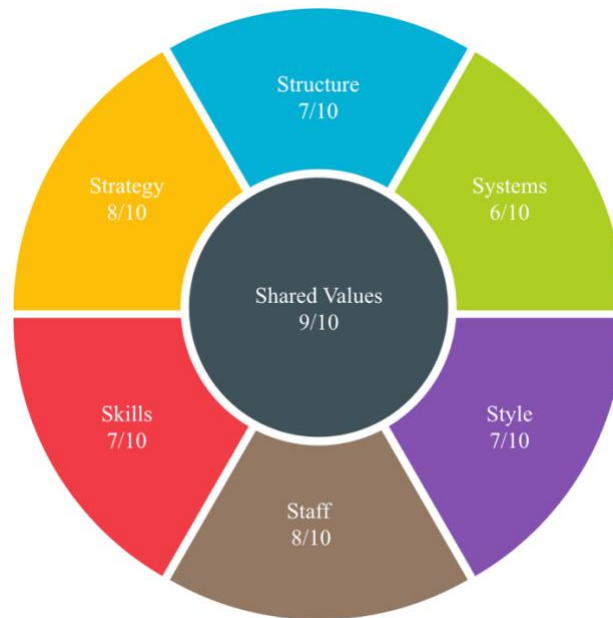
Highlighting the company's supportive work atmosphere, 63% of the employees at Logiwa WMS consider it to be an outstanding workplace, a figure that is 6% higher than the U.S. average (Great Place to Work Survey, 2024).

### 3.3.1.7 Style

Logiwa WMS is organized into eight independent departments, each operating with a degree of autonomy and directly reporting to the CEO. The company's style is characterized by a spirit of teamwork and entrepreneurial drive, nurturing both innovation and creative thinking. Leadership at Logiwa WMS is defined by its inclusive and empowering approach, providing employees with the agency to shape their work and directly influence the success of the organization. As stated in the 2.3.4, the company places high value on responsiveness, constructive feedback, and a continuous improvement fostering a dynamic environment where continuous growth is both encouraged and celebrated.

### 3.3.1.8 Conclusion of McKinsey 7S

*Chart 14: McKinsey 7S Framework of Logiwa WMS (own work)*



- **Strategy (8/10):** Logiwa WMS has a clear strategy focused on expanding in Canada, leveraging its technological strengths to gain a market share. The company targets growth through innovation and market penetration.
- **Structure (7/10):** The organizational structure of Logiwa WMS supports its strategy with a focus on flexibility and rapid decision-making. However, as the company grows, there may be a need to further reshape this structure to handle increased complexity.



- **Systems (6/10):** The internal systems, including IT and communication platforms, are adequate but may require upgrades to support international expansion and remote operations efficiently.
- **Shared Values (9/10):** The core values of innovation, customer focus, and integrity are deeply linked within the company culture, driving consistent actions.
- **Style (7/10):** Leadership at Logiwa WMS is proactive and involved, with a collaborative management style that encourages innovation and team participation. However, further emphasis on leadership development could be enhanced.
- **Staff (8/10):** Logiwa WMS employs a skilled workforce with expertise in software development and supply chain management. There is a strong focus on continuous learning and development, although geographic expansion may need additional talents to meet new market demands.
- **Skills (8/10):** The company has strong technical skills in software development and logistics management. As it enters new markets, it may need to enhance skills related to international business and local market regulations.

These scores are derived from discussions and feedback from the upper management of Logiwa WMS including VP of Product, VP of R&D, VP of Technology, the People and Culture Department, and Chief Operating Officer. In conclusion, The McKinsey 7S analysis reveals that Logiwa WMS is well-positioned internally to reach its strategic goals, with strong scores in Shared Values, Strategy, and Staff indicating a strong alignment with its expansion objectives. The company's structure and management style support its agile and innovative culture, which is essential for adapting to new market challenges.

However, the analysis also highlights areas for improvement opportunities. Systems and Structure score slightly lower, suggesting that as the company scales, there may be a need to invest in more robust IT systems and possibly reevaluate the organizational structure to ensure that it can manage increased operational complexity.

### **3.3.2 Financial Indicators Analysis**

The financial analysis will be compiled in accordance with the interpretation of various financial ratios and methodology of financial industry analysis in the Warehousing in Canada (IBIS World, 2024). The values of selected ratios will be compared in the context of the Transportation and

Warehousing industry breakdown by the analyses of IBIS World (2024). The company’s ratios are shared by the Logiwa WMS Department of Finance. The industry comparison will be made only for selected ratios due to the lack of data provided by Logiwa WMS company.

**3.3.2.1 Profitability Ratio**

Profitability ratios are pivotal in evaluating a business's ability to generate earnings and sustain growth, essentially acting as the barometer of financial health and operational efficiency (Allad, 2015). They reflect the company's competitive performance and are indispensable indicators of its long-term viability. Through these ratios, we gain crucial insights into the firm’s current and prospective earning capacity.

Logiwa WMS has shown a steady increase in ROE from 12.3% in 2021 to 15.1% in 2023. This progression indicates the company's growing efficiency in generating profit from its shareholders' equity. The positive trend could reflect the company's strategic initiatives yielding fruitful outcomes, such as successful market expansions or new product lines contributing to a stronger bottom line.

Similarly, the ROA has improved over the three years, moving from 4.2% to 5.67%. The ascending ROA suggests that the company is increasingly effective at using its assets to produce earnings. This indicates healthy revenue growth, operational efficiencies. A rising ROA is often a sign of good management practice and a company that's scaling up effectively.

The profitability ratios for Logiwa WMS across 2021 to 2023 display a company that is not only growing its profits but also managing its assets and equity more effectively over time. Such trends are positive indicators of the company's financial well-being and operational success.

*Table2: Profitability Ratio of Logiwa WMS (own work)*

	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>ROE</b>	12,3%	14,2%	15,1%
<b>ROA</b>	4,2%	5%	5,67%

**3.3.2.2 Liquidity Ratio**

Liquidity ratios reveal the company’s ability to cover its short-term obligations (Allad, 2015). They help determine if the business can meet its immediate liabilities with the resources it has. Initially, in 2021, Logiwa WMS's current ratio is lower than the industry average, suggesting tighter liquidity. However, by 2023, the company's ratio exceeds the industry standard, indicating a

successful turnaround in managing current liabilities or an augmentation of current assets, which could be driven by increased sales or improved collections efficiency.

Mirroring the pattern observed in the current ratio, Logiwa's quick ratio advances from below industry level in 2021 to above industry level in 2023. The increase over the last 3 years signifies a strengthening liquidity position, possibly due to enhanced cash management or receivables collection processes.

*Table3: Liquidity Ratio of Logiwa WMS vs IBIS World Industry Average (own work)*

	2021		2022		2023	
	Logiwa	Average	Logiwa	Average	Logiwa	Average
<b>Current Ratio</b>	0,93	1,03	1,2	1	1,31	0,96
<b>Quick Ratio</b>	0,91	1,01	1,16	0,96	1,26	0,93

### 3.3.2.3 Solvency Ratio

A solvency ratio is an essential indicator used to assess a company's capacity to fulfill its long-term financial commitments, which is particularly important to potential creditors. It reveals if a company has adequate cash flow to cover its long-term debts, serving as an indicator of its fiscal well-being (Allad, 2015). Logiwa's debt to equity ratio sees a decrease from 1.3 in 2021 to 0.86 in 2023, which may indicate a strategic reduction of debt, an increase in retained earnings, or a combination of both. By 2023, the company's ratio falls below the industry norm, suggesting a shift towards a more equity-financed approach and a decrease in financial risk compared to the industry.

*Table4: Solvency Ratio of Logiwa WMS vs IBIS World Industry Average (own work)*

	2021		2022		2023	
	Logiwa	Average	Logiwa	Average	Logiwa	Average
<b>Debt to Equity Ratio</b>	1,3	2,03	0,93	2	0,86	2,16

### 3.3.2.4 Conclusion

Logiwa WMS's financial health appears to be strong across profitability, liquidity, and solvency measures, with the company outperforming industry averages in profitability and improving its standing in liquidity and solvency. The trend in ROE and ROA ratios points to effective management and promising growth prospects, while improvements in liquidity and solvency ratios by 2023 indicate a solid financial structure that supports the company's growth.

To assess the financial situation of Logiwa WMS:

- **Enhanced Profitability:** Logiwa WMS's increasing Return on Equity (ROE) from 12.3% in 2021 to 15.1% in 2023 and Return on Assets (ROA) from 4.2% to 5.67% during the same period are strong indicators of the company's growing financial health. These metrics demonstrate a successful operational strategy.
- **Strengthened Liquidity:** The improvement in both the current and quick ratios over the period indicates a remarkable enhancement in the company's liquidity, ensuring that it can meet its short-term obligations. This improvement may be attributed to better cash management and improved receivables collection processes, which is a clear positive sign for financial health of Logiwa WMS.
- **Initial Liquidity Concerns:** The initial lower liquidity ratios compared to the industry average in 2021 highlight potential vulnerabilities in managing short-term obligations. Although this situation improves by 2023, the initial figures suggest that there were challenges in liquidity management which could pose risks during periods of unexpected financial strain or market downturns.
- **Solvency Ratio Trends:** The decrease in the debt-to-equity ratio from 1.3 to 0.86 suggests a shift towards less reliance on debt financing. While this indicates a strategic choice to strengthen the equity base and reduce financial leverage, it also implies a cautious approach to using debt for growth. This strategy reduces financial risk but may limit aggressive expansion opportunities compared to competitors with higher leverage.

## 3.4 Expansion Barriers and Risks

The strategic expansion of Logiwa WMS into the Canadian market presents a significant opportunity for growth and market, geographic diversifications. However, this attempt introduces various barriers and risks that require assessment and management. This section aims to outline

these barriers and risks that Logiwa WMS should consider before forming expansion proposal strategy while mitigating potential failures in Canada.

### **3.4.1 Barrier Identifications**

Navigating the Canadian market presents unique regulatory and compliance barriers for Logiwa WMS. The country's data protection laws, such as the Personal Information Protection and Electronic Documents Act (PIPEDA), set high standards for the handling of personal information (Canadian Justice Law, 2024). Adapting to these regulations is crucial to operate effectively and avoid legal implications. Additionally, understanding the nuances of Canadian business culture is essential for Logiwa WMS. While language barriers may be minimal, respecting local business environments, negotiation styles, and consumer preferences can significantly enhance market entry strategies and customer engagement.

The competitive landscape in Canada also poses substantial barriers. Established players in the supply chain management software industry, such as SAP and Oracle, have a strong presence in the market, offering comprehensive solutions backed by substantial resources. For Logiwa WMS, differentiating its software through unique features, superior customer service, or innovative technology becomes indispensable to capture a market share. Moreover, the e-commerce sector lowers entry barriers for new SaaS solutions, intensifying competition. Continuous innovation and a keen understanding of market needs are vital for Logiwa WMS to stand out amongst both established competitors and new entrants.

To outline barriers:

- Regulatory and compliance barriers
- Cultural differences
- Existing big competitors
- New on a foreign market

### **3.4.2 Risk Analysis**

Operational challenges are a significant concern as Logiwa WMS aim to expand into Canada. Integrating operations across different market dynamics requires a robust infrastructure and the flexibility to adapt solutions to needs. Building partnerships with local businesses and investing in

scalable technologies can mitigate these operational risks, ensuring efficient service delivery and customer satisfaction.

Strategically, the risk of incorrect market positioning or inadequate market segmentation threatens the expansion success. Thorough market research and leveraging local market insights are critical to avoiding failures. A flexible approach, allowing for rapid adjustments based on market feedback and trends, will enable Logiwa WMS to navigate the complexities of the Canadian market effectively.

Financial uncertainties associated with international expansion, such as currency exchange fluctuations and managing operational costs, also pose risks. Implementing financial controls, careful budgeting, and strategies to hedge against currency risk are essential to maintain financial stability and ensure a return on investment.

Furthermore, cybersecurity threats and the need for ongoing technological advancement represent significant risks in the digital solutions domain. Prioritizing cybersecurity, investing in the latest technology such as Generative AI, and fostering a culture of security awareness within the organization are crucial measures to protect Logiwa WMS and its clients from potential breaches.

To outline risks:

- Operational risks
- Strategic risks
- Financial risks
- Cybersecurity and technological risks

### **3.5 SWOT Analysis**

The SWOT analysis, developed based on outcomes from the external and internal analyses, combines the strengths, weaknesses, opportunities, and threats associated with Logiwa WMS as it considers expansion to the Canadian market.

Table5: SWOT Analysis (own work)

<b>Strengths</b>	<b>Weakness</b>
High level of industry expertise	Limited brand awareness
Advanced WMS technologies	Inadequate internal system integration
Efficient assets utilization	
Cultural adaptability	
<b>Opportunities</b>	<b>Threats</b>
Growing demand in supply chain management software	Intense competition
High technological expectations	Global players
Stable economy	Great bargaining power of customers
No trade barriers	High switching costs

Logiwa WMS brings to the table a considerable level of industry expertise, contributing to its ability to offer advanced warehouse management system (WMS) technologies. It capitalizes on efficient asset utilization to maximize operational effectiveness and has demonstrated a remarkable capacity for cultural adaptability thanks to the multi-national staff. These strengths put Logiwa WMS well in a competitive landscape and are central to its value proposition in the market.

Despite its strengths, one significant weakness is its limited brand awareness, which restricts its potential to attract new customers and expand its market presence. This limited visibility in a competitive landscape makes it difficult for Logiwa WMS to leverage its industry expertise fully. Additionally, the company experiences challenges with inadequate internal system integrations. Although Logiwa WMS provides advanced WMS technologies, the lack of seamless integration between critical systems such as CRM tools, project management software, and analytics platforms threatens efficient operation and data utilization. These system limitations require careful management to mitigate potential impacts on service delivery and operational efficiency.

The company stands before an expanding horizon of opportunities, most notably the growing demand in supply chain management software, driven by the increase in e-commerce and complex logistics needs. Technological advancement presents another significant opportunity, with Logiwa WMS's position to benefit from innovations in software and infrastructure. Furthermore, a stable economy and no trade barriers between the U.S and Canada demonstrate the potential for growth and expansion, providing a favorable environment for strategic purposes.

Navigating a path to growth, Logiwa WMS faces intense competition from both established players and new entrants in the market. The presence of global players creates additional pressure and challenges. A great bargaining power of customers adds to the complexity, requiring the company to be flexible and responsive to customer needs and pricing pressures. Lastly, high switching costs negatively affect Logiwa WMS.

### **3.5.1 Summary of SWOT Analysis**

In partnership with the senior executives at Logiwa WMS, we've carried out a detailed SWOT analysis. We've rated each aspect based on how crucial they are to the company's plans to enter and grow in Canada. We've ranged the scores from 1 to 10, with care to reflect how important and impactful each point is, according to the top executives at Logiwa WMS—a score of 10 points to highly important factors, while a score of 1 means the factor isn't very important. This method has been improved by the valuable insights and feedback from the upper management, making sure that our evaluation is in line with the company's strategic goals.

#### **Strengths:**

- High level of industry expertise: 9/10 (Crucial for establishing credibility in new markets)
- Advanced WMS technologies: 9/10 (Key competitive advantage in tech-driven industry)
- Efficient assets utilization: 8/10 (Important for financial and operational efficiency)
- Cultural adaptability: 7/10 (Beneficial for entering diverse English-speaking markets)

Overall score for the strengths part is **33**.

#### **Weaknesses:**

- Limited brand awareness: 8/10 (Critical for new market entry and customer acquisition)
- Inadequate internal system integration: 8/10 (A potential risk for operations in a new foreign market)

Overall score for the weakness part is **16**.

#### **Opportunities:**

- Growing demand in supply chain management software: 10/10 (Directly aligns with Logiwa WMS's offerings, a huge potential for the growth)
- High technological expectations: 7/10 (Matches company's strengths but also demands continuous innovation)
- Stable economy: 6/10 (Favorable but not a unique advantage)



- No trade barriers: 8/10 (Facilitates smoother market entry)

Overall score for the opportunities part is **31**.

**Threats:**

- Intense competition: 8/10 (A significant threat for the establishment)
- Global players: 8/10 (Represents direct competition and pressure on market share)
- Great bargaining power of customers: 6/10 (Affects pricing and profitability but it is the nature of the industry)
- High Switching Costs: 5/10 (The nature of B2B business model, can be turned into advantages)

Overall score for the threats part is **27**.

## **4 PROPOSALS AND RECOMMENDATIONS**

Canada, recognized for its robust economic environment and high standard of living, presents an attractive landscape for business ventures. As the tenth largest economy globally, Canada offers a stable and prosperous setting for expansion. The country boasts a diverse consumer base, making it an ideal market for the introduction of advanced technology solutions in warehouse management systems by Logiwa WMS.

Canada's strategic position in North America, coupled with its strong trade ties and agreements, facilitates seamless access to both the United States and Latin American markets, potentially multiplying growth opportunities for Logiwa WMS. The economic resilience demonstrated by Canada, even during global downturns, underscores a promising environment for sustained business success.

The PESTEL analysis conducted in this study highlights Canada's commitment to innovation and technology, supported by substantial investments in research and development. This, along with a highly educated workforce and a culture that values technological advancement, aligns perfectly with Logiwa WMS's strategic objectives. Furthermore, Canada's business environment and emphasis on quality of life aligns with Logiwa WMS's goals and values.

Following the results of previous analyses, the proposals and recommendations regarding the mode of entry, marketing approach and plan, financial plan, and economic evaluation will be assessed and summarized in this chapter.

### **4.1 Market Entry Approach**

As discussed in the 2.5 Modes of Entry and Expansion part, before providing the mode of entry for Logiwa WMS's expansion into the Canadian market proposal, I would like to assess and discuss the nature of product and services that Logiwa WMS offers to their customers. The nature of product and services is predominantly digital. Especially after the post-pandemic era, the business world for SaaS companies became more digital and remote ever. Also, the expectations from customers have been evolved in a digital way. In this part, I would like to assess the nature of product and services in order to better evaluate which entry mode is the most suitable for Logiwa WMS.

## **4.1.1 The Nature of Product and Services**

### **Sales Operations**

Logiwa WMS's sales operations are conducted entirely online, leveraging digital platforms and tools to engage with potential clients in the U.S. This approach allows the company to reach a broad audience without the need for physical presence in the target market. Online sales operations enable Logiwa WMS to manage international operations efficiently, from initial contact through to contract signing, without geographical limitations.

### **Onboarding Process**

The onboarding process for new clients is also conducted online, utilizing a series of well-structured digital interfaces and remote training sessions. The software solutions are designed for easy deployment, ensuring that clients can quickly integrate the system into their operations with minimal disruption. This remote onboarding process is supported by comprehensive online tutorials, live webinars, and remote dedicated customer support, making it suitable for clients regardless of their location.

### **Customer Success**

The Customer Success Department prioritizes customer success through continuous online support, proactive engagement, and regularly catch-up meetings with customers depending on the customer segment. The team operates remotely, providing timely assistance and guidance to ensure clients achieve optimal performance from Logiwa WMS solutions. Regular check-ins and updates are handled via video calls, emails, and the dedicated client portal, ensuring that all user needs are addressed effectively.

### **Annual, Quarterly Site Visits**

Although the core operations and customer interactions are managed online, the company conducts an annual or quarterly site visit by plane to meet with clients in face-to-face depending on their segment. This element of physical interaction supports the engagement by reinforcing client relationships and providing in-depth on-site evaluations and training as needed.

## **4.1.2 Mode of Entry**

To assess the entry modes for Logiwa WMS's expansion in Canada, the initial setup cost, operational cost, time required to start, risks, and benefits criteria are considered in the table below.

Table 6: Evaluation of Entry Modes for Logiwa WMS's Expansion in Canada (own work)

<b>Entry Mode</b>	<b>Exporting</b>	<b>Licensing</b>	<b>Joint Ventures</b>	<b>Wholly Owned Subsidiaries</b>
<b>Initial Setup Cost</b>	Low	Moderate	Hight	Very High
<b>Operational Cost</b>	Low	Moderate	Moderate	High
<b>Time required to start</b>	Shortest	Short to moderate	Moderate to long	Longest
<b>Risks</b>	Low adaptation to local market	Potential conflict with local licence	Dilution of company control	High financial risk
<b>Benefits</b>	Minimal financial commitment	Low brand risk	Benefiting from local knowledge	Full control over all operations
<b>Overall Evaluation</b>	Cost effective, fastest entry mode	Costly, moderate risk level, limited control	High cost, control issue	Full control however, the biggest amount of resources needed

### **Exporting**

- **Initial Setup Cost:** Exporting is characterized by low initial setup costs as it primarily benefits from the existing infrastructure and systems. This mode does not require extensive investment in local facilities or operations.
- **Operational Cost:** Operational costs remain low due to the lack of necessity to maintain extensive local operations, making it a cost-efficient choice.
- **Time Required to Start:** Exporting offers the shortest time to market, allowing rapid entry into the Canadian market without any complexities.
- **Risks:** The primary risk associated with exporting is the low adaptation to the local market, which may limit the product's appeal in the new market.

- **Benefits:** The minimal financial commitment required makes exporting an attractive option for testing market receptiveness without significant investment.
- **Overall Evaluation:** Exporting is evaluated as a cost-effective and the fastest entry mode, ideal for Logiwa WMS, which is looking to quickly adapt into new markets without extensive commitments.

### **Licensing**

- **Initial Setup Cost:** Licensing leads to moderate initial costs, primarily related to legal and negotiation processes.
- **Operational Cost:** Operational costs are also moderate, largely dependent on the royalty agreements and less on direct operational expenses.
- **Time Required to Start:** The process to start can be short to moderate, depending on how quickly agreements can be finalized.
- **Risks:** Licensing may lead to potential conflicts with local licensees and issues related to control over the brand and product management.
- **Benefits:** It poses low brand risk as the licensee undertakes much of the market adaptation and marketing effort.
- **Overall Evaluation:** Licensing is seen as costly with moderate risk and limited control but is beneficial for entering into local expertise without significant capital expenditure.

### **Joint Ventures**

- **Initial setup Costs:** High, as forming a joint venture involves legal and administrative costs.
- **Operational Costs:** Moderate, due to shared responsibilities and costs with the partner, which can mitigate some operational expenses.
- **Time to Start:** It generally takes a moderate to long time to establish a joint venture depending on how quickly agreements can be finalized.
- **Risks:** There's a risk of dilution of company control and potential for conflicts within the partnership.
- **Benefits:** Joint ventures provide valuable local knowledge and shared risk.
- **Overall Evaluation:** Although it requires extensive resources, joint ventures offer significant benefits through collaboration and local market insights.

### **Wholly Owned Subsidiaries**

- Initial setup Costs: Very high, as it includes the full cost of establishing a new operation abroad, such as acquiring property, building facilities, and complying with local regulations.
- Operational Costs: High, since the subsidiary is fully responsible for its own operational expenses, including staffing, maintenance, and daily operations.
- Time to Start: Setting up a wholly owned subsidiary takes the longest time among the entry modes.
- Risks: High financial investment leads to a high risk if the venture fails.
- Benefits: It provides full control over operations and the ability to fully realize potential benefits.
- Overall Evaluation: While offering full control, this entry mode requires substantial resources and brings significant financial and operational risks.

Given the nature of sales, onboarding, and customer success operations, exporting emerges as a highly viable mode of entry into new markets. This approach minimizes the need for local physical infrastructure, reducing entry costs and complexities associated with establishing a foreign subsidiary or joint venture. Exporting allows Logiwa WMS to benefit from its existing digital infrastructure and expertise while scaling operations across borders efficiently.

The digital delivery of services ensures that the company can maintain high standards of quality and responsiveness, crucial for client satisfaction and competitive positioning. Furthermore, the annual and quarterly site visits match our digital services by adding a personal touch that enhances client loyalty and trust, which are critical for long-term business success in new markets. Also, the U.S citizens do not need visa to travel to Canada up to 180 days a year according to the U.S Travel State Government. In other words, the Logiwa WMS employees can travel to Canada just as they travel in the U.S.

By choosing exporting as the mode of entry, Logiwa WMS can rapidly expand its market presence while keeping operational risks and costs under control. This strategy aligns with the strengths and opportunities analyzed in the 3.5.1 section. It allows company to benefit from no trade barriers between the U.S and Canada and boost the cultural adaptability of Logiwa WMS's corporate strength.

## 4.2 Marketing Approach

This section outlines the company's marketing strategy for segmenting the market, targeting potential customers, and positioning its products to maximize market penetration and customer engagement.

### 4.2.1 Segmentation

As discussed in the 3.2.2.3 customer segmentation part, Logiwa WMS focuses on Retail, 3PLs, and e-commerce segments since the company has a comprehensive knowledge of these segments in the U.S market. The target groups of customers are created by segmentations:

By industry needs:

- **Retail:** Focus on both large-scale retailers and boutique shops that require efficient inventory and order management systems to handle varied stock types and volumes.
- **3PL:** Target 3PL companies that need sophisticated and scalable warehouse management systems to serve multiple clients with different requirements.
- **E-commerce:** Concentrate on e-commerce businesses looking for flawless integration with other e-commerce platforms and efficient handling of high-volume transactions and returns. Especially, during peak sales periods such as black Friday, siber Monday.

By business size:

- **Small and Medium Enterprises (SMEs):** These businesses often seek cost-effective, easy to deploy solutions that can scale with their growth.

By technological readiness:

- **High Readiness:** Companies that are technologically advanced and looking for high-end, integrated solutions.
- **Moderate Readiness:** Businesses gradually adopting modern technologies and might need more basic or intermediate features with an upgrade path.

### 4.2.2 Targeting

Once the market is segmented, targeting involves choosing the most valuable segments to focus on marketing and sales efforts. Here are targeting recommendations for Logiwa WMS:

**Retail Segment:**

- Targeting Strategy: Focus on large retail chains that require robust WMS solutions to handle multi-location inventory tracking and omni-channel sales strategies. Also, target mid-sized retailers that are expanding and need more efficient logistics solutions.

**Action Steps:**

- Develop tailored marketing materials that highlight features such as real-time inventory updates, easy integration with both carriers and marketplaces, AI-powered fulfillment management, and comprehensive analytics module.
- Offer case studies from current customers of Logiwa WMS that demonstrate efficiency gains or cost reductions from using Logiwa WMS. For instance, current customer GoodBye Gear Retail company can be communicated to create a case study about their experience through Logiwa WMS. Especially, during peak sales period.

**Third-Party Logistics (3PL) Providers:**

- Targeting Strategy: Prioritize small and mid-size 3PL providers looking to enhance their service offerings with advanced WMS functionalities like batch picking, cross-docking, and detailed performance analytics.

**Action Steps:**

- Showcase Logiwa WMS's ability to handle multiple clients on a single platform with customizable user roles and visibility.
- Emphasize the scalability of the system, critical for 3PLs as they acquire new clients or expand their operations.
- Highlight the real-time data analytics module to track multi-clients and multi-warehouses operations in a single platform.
- Offer case studies from current customers of Logiwa WMS that demonstrate efficiency gains or cost reductions from using Logiwa WMS. For instance, current customer Locad 3PL operating their business with AI-powered automation process in 3 warehouses can be communicated to create a case study about their experience through Logiwa WMS.

**E-commerce Businesses:**

- Targeting Strategy: Focus on rapidly growing small to medium-sized e-commerce platforms needing efficient order fulfillment and returns management systems to enhance customer satisfaction and accelerate fulfillment process in warehouses.

**Action Steps:**



- Highlight integration capabilities with popular e-commerce platforms, such as Shopify, Amazon, Etsy, and custom platforms prevalent in Canada.
- Offer demonstrations showing how Logiwa WMS can reduce order processing times and handle high order volumes during peak sales periods thanks to the AI based job creation process and high scalability of platform.
- Offer case studies from current customers of Logiwa WMS that demonstrate efficiency gains or cost reductions from using Logiwa WMS. For instance, current customer Shipcube e-commerce platform utilizing Amazon Fulfillment Network operating their business can be communicated to create a case study about their experience through Logiwa WMS.

### **4.2.3 Positioning**

As the aim of this master thesis is to prepare a proposal to enter the Canadian market, a clear and compelling positioning strategy is crucial. This positioning strategy will define how potential clients perceive Logiwa WMS across diverse segments such as retail, third-party logistics providers (3PL), and e-commerce. Effective positioning not only differentiates Logiwa WMS from its competitors but also highlights its unique strengths and aligns with the specific needs and expectations of each target segment.

The first actions of positioning strategy is to emphasize Logiwa WMS's adaptability, integration capabilities, scalability, and comprehensive support structure. These elements are critical as they directly address the operational challenges and growth aspirations of potential clients in these sectors. By focusing on these key attributes, Logiwa WMS will be positioned as not merely a software solution, but as a strategic partner essential for achieving operational efficiency and competitive advantage in a dynamic market. Here is the positioning components that Logiwa WMS should focus on while building marketing strategy in the Canadian market:

#### **4.2.3.1 Customization and Flexibility**

In the fast-evolving sectors of retail, third-party logistics (3PL), and e-commerce, the ability to create solutions to specific business requirements is not just a benefit but also it's a necessity. Emphasizing customization and flexibility in its software offerings is a strategic priority that directly addresses the diverse needs of these industries. This approach ensures that whether a business is a startup, a mid-sized retailer, or a large-scale 3PL provider, Logiwa WMS can adapt its functionalities to match their unique operational challenges and growth expectations. The breakdown positioning strategy for each targeted segment:

- **Retail Segment:** Position Logiwa WMS as not just a tool, but a retail partner that can be configured to meet the specific operational nuances of retail businesses of all sizes. Highlighting its ability to support diverse retail models, from small business to established chains, ensuring that each feature can be tailored to meet the unique demands of seasonal sales, promotions, and product launches.
- **3PL Segment:** Highlight the platform's flexibility in handling different client requirements within a single solution. Emphasize how Logiwa WMS can be customized to manage different inventory types, and reporting needs, making it an ideal choice for 3PLs that manage logistics for a range of clients.
- **E-commerce Segment:** Showcasing Logiwa WMS's capability to adapt to the rapid changes typical in the e-commerce industry, such as adjusting to new shipping requirements, handling returns efficiently, and scaling as product lines expand.

#### 4.2.3.2 Integration Capabilities

Robust integration capabilities stand at the core of its strategic value proposition, ensuring that it seamlessly works together with a diverse array of existing business systems, from e-commerce platforms and ERP systems to supply chain management and CRM software. The breakdown positioning strategy for each targeted segment:

- **Retail Segment:** Emphasize how Logiwa WMS integrates with existing e-commerce platforms, logistics providers, and ERP software, facilitating stock across online and offline channels, crucial for omnichannel retailers.
- **3PL Segment:** Highlight the ease with which Logiwa WMS integrates with clients' systems, enabling real-time data exchange, reducing errors, and increasing transparency, which is vital for maintaining trust in client relationships.
- **E-commerce Segment:** Focus on Logiwa WMS's ability to integrate seamlessly with a wide array of e-commerce platforms and marketplaces, streamlining everything from order processing to inventory management and billing, essential for dynamic online stores.

#### 4.2.3.3 Scalability

Scalability is a critical factor that businesses must consider when selecting a warehouse management system. Scalability determines a system's ability to adapt and grow in response to a business's evolving needs, whether it's expanding product lines, increasing transaction volumes,

adding new warehouses to the system by scaling operations geographically. This positioning strategy is equally important for each segment.

#### **4.2.3.4 Support and Training**

In the competitive environment of warehouse management systems, the quality of customer support and the training offered can distinguish a good product from a great solution. For Logiwa WMS, robust support and comprehensive training programs are pivotal components of its service offering as discussed in the 3.1.3 part, reflecting a commitment to not only deliver a superior product but also ensure that clients' expectations are met with the product capabilities. Effective support and training are vital for businesses navigating the complexities of integrating new software solutions into their operations, particularly in the dynamic sectors of retail, 3PL, and e-commerce.

#### **4.2.3.5 Advanced Technology**

Advanced technologies such as AI-powered automation and comprehensive data analytics has become crucial for maintaining competitive advantage since there are massive expectations in the Canadian market as discussed in the Market Analysis part in 3.2.2. For Logiwa WMS, leveraging cutting-edge technologies is central to its strategy, positioning the system as an innovator in the warehouse management space. These technologies enable clients to optimize their operations through smarter decision-making and increased operational efficiency. This positioning not only aligns with the technological expectations of Canadian businesses but also highlights Logiwa WMS as a forward-thinking solution provider.

### **4.3 Marketing Plan**

Developing a detailed marketing plan is crucial for effectively conveying its value to selected market segments and fulfilling strategic business goals. This marketing strategy will lay out a thorough approach for increasing brand recognition, generating leads, and establishing a robust market presence in Canada. It is designed to meet the specific demands and preferences of the retail, third-party logistics (3PL), and e-commerce sectors, ensuring that marketing activities are well-received within these distinct business communities.

The expansion of Logiwa WMS in Canada will not only depend on the sophisticated features and advantages of the software but also on the capacity to effectively connect with prospective customers through appropriate channels. The marketing strategy will employ both digital and

traditional marketing tactics to optimize the impact. Essential elements will include digital marketing to attract customers, targeted ads to meet specific industry requirements, and interactive methods such as trade shows and webinars to directly engage with clients and players in the industry.

This section will set the strategic marketing goals, promotional tactics, and budget planning needed to make an entry into the Canadian market.

### **4.3.1 Increase Brand Awareness**

Due to the low brand reputation of Logiwa WMS in Canadian market regarded as the biggest weakness in the 3.5.1 section of the summary of SWOT analysis, it is essential to significantly enhance its visibility. This will be achieved through carefully targeted digital campaigns that reach potential customers on platforms they present. By utilizing data-driven advertising techniques, Logiwa WMS can ensure that its marketing messages are seen by key demographics within the retail, 3PL, and e-commerce sectors. In addition to digital efforts, participating in industry events and forming strategic partnerships will provide opportunities for face-to-face interactions and the establishment of Logiwa WMS as a thought leader and reliable partner in the warehouse management solutions space. Partnerships with other influential tech companies and industry associations will further enhance visibility and credibility among potential clients.

Proposal to increase brand awareness of Logiwa WMS is listed below:

- Digital Advertising Campaigns in Canadian geography: utilize platforms which are Google Ads and LinkedIn to run targeted ad campaigns. Focus on targeting strategy developed in the 4.2 Targeting for each targeted segment.
- Participate in the industry events: participating in key industry events in Canada is an essential action to increase the brand awareness and build networks in a new foreign market. In 2024, here is the scheduled events and conferences listed below:
  1. Canada's Logistics Conference 2024 - Hosted by CITT, this event is scheduled for June 5-7, 2024. It offers both in-person and virtual attendance options, hosting comprehensive learning sessions, networking opportunities. It's a significant event for professionals seeking expert insights and analysis in supply chain logistics.

2. 12th Annual Supply Chain Connect - This tradeshow and conference event is set for September 18, 2024. It's an opportunity for networking and advocacy strategies within the supply chain sector.
  3. 5th Global Conference on Supply Chain Management (GCSCM) – Although this year it was Held from April 26-28, 2024, in Vancouver, this conference is designed for professionals involved in supply chain management, offering sessions on innovative SCM trends, practices, and technologies. The 6th event in 2025 can be a target event in following years.
  4. International Conference on Business Performance and Supply Chain Modelling (ICBPSCM) - Set for August 5, 2024, in Vancouver, this conference will explore the intersection of business performance improvements and supply chain modeling, providing insights into efficient supply chain operations.
- Content Marketing: create high-quality, informative content such as case studies that highlight Logiwa WMS's benefits, focusing on solving industry-specific problems as discussed in the 4.2 targeting strategy part. Here is an example case study template to draw customer attention.
    1. Customer Profile: company name, industry, business challenges
    2. Objectives: Primary objectives set to achieve
    3. Implemented Solutions: product and services used
    4. Outcomes: results achieved, comparison before and after scenarios, success metrics
    5. Conclusion: highlighting the key points of the case study.
  - E-mail Marketing: Design contents to highlight Logiwa WMS's value in the Canadian market. Develop an email marketing strategy that includes sending regular newsletters, product updates, and industry news to subscribed users by managing targeted email campaigns to segmented lists based on industry type, company size.

### **4.3.2 French Language Product Package**

Canada, known for its bilingual population, requires the French language option in product like Quebec State where French is the primary language. By offering a French language package, Logiwa WMS can enter into the expansive French-speaking market, enhancing user engagement and satisfaction by providing a native experience to users who prefer to use the product in French.

In order to provide the french language option here is the recommended action lists:

- Assessment of the current software and identify all components that require translation.
- Translation of the software interface and user-facing materials into French.
- Revision of the knowledge base documents and translation of all required documents into French.
- Integration of the French translations into the software
- Conducting the test functionalities
- Ensuring the French version of the software is accurate and provides a seamless user experience.

## **4.4 Financial Plan**

As part of the financial plan, the expected costs associated with the entry to the market will be projected with the selected mode of entry, which is exporting. The predictions of expected revenues from the sales will be evaluated.

Estimates of costs and revenues will be created for 3 years of the company's operation in the Canadian market and their amount will be stated in the US dollar. At the very end of the financial of the plan, the predicted costs with the estimated revenues will be compared, whether entering the Canadian market is profitable or not for Logiwa WMS.

### **4.4.1 Initial Costs**

The initial costs associated with expanding the operations to Canada are categorized into compliance and legal fees. Compliance and legal fees encompass all expenses related to regulatory compliance, including the costs of obtaining necessary certifications from the US International Trade Administration, and their approvals. Additionally, these fees cover the costs of legal consultations to ensure that all business operations comply with Canadian import laws and trade agreements.

Compliance and legal costs are estimated and evaluated below:

#### **Regulatory Compliance**

- Requirement: Registration to the US International Trade Administration
- Objective: Complete all necessary legal actions to export
- Resource Allocation: External certification agency fees.

- Total Cost: \$10,000 for certifications

#### Digital Product Certification

- Requirements: Obtaining Canadian standards compliance
- Objective: Ensure product meets all Canadian regulatory requirements for sale
- Resource Allocation: External certification agency fees
- Total Cost: \$5,000

#### Legal Consultation

- Requirements: Legal review for entering and operating in Canadian Market
- Objective: Secure favorable terms and ensure legal compliance in contract formulations.
- Resource Allocation: External trade legal consultation.
- Total Cost: \$15,000

#### Summary:

- Regulatory Compliance: \$10,000
- Digital Product Certification: \$5,000
- Legal Consultation: \$15,000
- Total Initial Costs: \$30,000

Table 7: Initial Costs for Logiwa WMS’s Expansion in Canada (own work)

No	Initial Costs	Costs
1	Regulatory Compliance	\$15,000
2	Digital Product Certification	\$10,000
3	Legal Consultation	\$5,000
4	Total Initial Costs	\$30,000

#### 4.4.2 Cost of Marketing Activities

As mentioned in the marketing plan 4.3, there are certain marketing activities that the company should implement and finance to be successful in the Canadian market. Regarding the initial marketing activities, launching digital advertising campaigns, event participations, content and e-mail marketing, and French language package support to adapt the Canada’s bilingual environment are considered.

### Digital Advertising Campaigns

- Platforms: Google Ads and LinkedIn
- Objective: Increase visibility and generate leads in the Canadian market
- Resource Allocation: Increase to \$5,000 per month to allow for broader reach and more frequent ad placements.
- Total Budget: \$30,000

### Industry Events Participation

- Events:
  - Canada's Logistics Conference June 2024,
  - International Conference on Business Performance and Supply Chain Modelling August 2024
  - 12th Annual Supply Chain Connect September 2024,
  - 6th Global Conference on Supply Chain Management April 2025
- Objective: Network building, brand visibility, and direct engagement
- Resource Allocation: \$10,000 per event to cover booth setup, travel, accomadation and promotional materials placement expenses.
- Total: \$40,000

### Content Marketing

- Types: Case studies for the retail segment, 3PL segment, and e-commerce segment as discussed in the 4.3.1 section aligned with the each segment's strategy.
- Objective: Highlight product benefits and industry expertise
- Resource Allocation: 30 hours of Marketing Department time per case study to include research, writing, editing, and design per week
- Duration per Case Study: 2 weeks per case study
- Total Case Studies: 6 (2 per segment)
- Cost per Hour (Marketing Department): Assuming \$50/hour
- Total Cost: 30 hours x 6 case studies x \$50/hour = \$9,000

### Email Marketing

- Objective: Regular newsletters, product updates, and targeted campaigns



- Resource Allocation: 5 hours of marketing department per week by benefiting from automization
- Total Resource: 120 hours
- Cost per Hour (Marketing Department): Assuming \$50/hour
- Total Cost: 120 hours x \$50/hour = \$6,000

#### French Language Package Development

- Objective: Translate and localize the software interface, help documentation, and other user-facing materials into French.
- Resource Allocation: 20 hours of front-end development per week, 5 hours of translation efforts per week, 10 hours of Quality Assurance and testing per week.
- Total Resource: 240 hours of front-end development, 60 hours of translation, 120 hours of QA and testing
- Cost per Hour: Assuming \$70/hour for the front-end development, \$60/hour for the QA and testing, \$40/hour translation efforts
- Total Cost: 240 hours x \$70/hour + 60 hours x \$40/hour + 120 hours x \$60/hour = \$26,400

#### Summary:

- Digital and traditional marketing: \$30,000
- Event participation: \$40,000
- Content marketing: \$9,000
- Email marketing: \$6,000
- French Language Package: \$26,400
- Total Expected Marketing Costs: \$111,400

Table 8: Cost of Marketing Activities for Logiwa WMS’s Expansion in Canada (own work)

No	Marketing Activities	Costs
1	Digital Advertising Campaigns	\$30,000
2	Industry Events Participation	\$40,000
3	Content Marketing	\$9,000
4	Email Marketing	\$6,000
5	French Language Package	\$26,400
6	Total Marketing Costs	\$111,400

### 4.4.3 Operational Costs

Operational costs are the recurring expenses necessary to support our ongoing business activities in Canada. Here are the annually operational costs.

- Marketing: The operational annual marketing expenses are estimated at \$50,000, ensuring continuous engagement and visibility in the market.
- Sales: There are no initial costs for sales activities as existing systems and staff will be utilized to manage sales operations. Operational costs are estimated at \$40,000 per year, covering the operational expenses related to maintaining the sales force, customer relationship management, and utilization of digital sales platforms in the Canadian market.
- Client Onboarding: Like sales, client onboarding will utilize existing systems for integrating new clients. The operational costs are estimated at \$30,000 per year, which will support remote training sessions, digital onboarding materials, and other resources needed.
- Client Support: Utilizing the current support team and Salesforce for ticketing, the client support costs are set at an operational \$25,000 annually.
- Travels and Meetings: To strengthen relationships and ensure high-quality service delivery, \$30,000 is allocated annually for on-site visits. This includes expenses for the annual or quarterly site visits to meet face-to-face with key Canadian clients.

Table 9: Operational Costs for Logiwa WMS’s Expansion in Canada (own work)

<b>Operation</b>	<b>Ongoing Costs per Year (Estimated)</b>
Marketing	\$50,000
Sales	\$40,000
Client Onboarding	\$30,000
Client Support	\$25,000
Travels and Meetings	\$30,000
<b>Total Operational Costs</b>	<b>\$175,000</b>

#### **4.4.4 Other Costs**

In addition to the initial, marketing, and operational costs previously outlined, system upgrades, software maintenance, and new software licensing fees are considered as other costs. Even though prediction of such costs are challenging for the financial plan, it is highly important to project them to provide a robust financial plan for the expansion of Logiwa WMS.

- Objective: To ensure that all technological systems are up-to-date and capable of supporting operations in the Canadian market.
- Resource Allocation: Costs associated with upgrading existing systems and maintaining new software for the Canadian market.
- Total Cost: Estimated at \$15,000 per year.

#### **4.4.5 Total Costs**

The following table outlines the various categories of costs that the company predicts throughout this period.

Table 10: Total Costs for Logiwa WMS’s Expansion in Canada (own work)

Cost Type	Year		
	2025	2026	2027
Initial Costs	\$30,000	0	0
Marketing Activities	\$111,400	0	0
Operational Costs	\$175,000	\$175,000	\$175,000
Other Costs	\$15,000	\$15,000	\$15,000
Total Costs	\$331,400	\$180,000	\$180,000

The total costs for 2025 are projected to be \$331,400, reflecting the significant initial investment in setting up operations and marketing. For 2026 and 2027, the total costs stabilize at \$180,000 per year, primarily driven by operational and other recurring costs, as the initial and marketing activities expenses are not expected to recur.

#### 4.4.6 Revenues

It is essential to forecast the potential revenue per customer. Unlike fixed-price products, Logiwa WMS’s software pricing varies significantly depending on the customer size, industry segment, and the specific modules purchased. This variability makes difficult to project the revenues for the 3 years plan. On average, a typical Logiwa WMS customer spends \$40,000 per year. This amount will serve as the average revenue per customer in the Canadian market.

The revenue projections are based on cumulative customer acquisition, with each new customer contributing an additional \$40,000 to the annual revenue starting from their year of acquisition.

The revenue module is below:

2025:

- New Customers Acquired: 6
- Revenue from New Customers: 6 customers x \$40,000 = \$240,000
- Total Predicted Revenue for 2025: \$240,000 (as it's the first year of operations in this forecast period)

2026:

- New Customers Acquired: 8
- Revenue from New Customers: 8 customers x \$40,000 = \$320,000

- Revenue from Existing Customers (from 2025): \$320,000
- Total Predicted Revenue for 2026: \$320,000 (new customers) + \$240,000 (existing customers) = \$560,000

2027:

- New Customers Acquired: 11
- Revenue from New Customers: 11 customers x \$40,000 = \$440,000
- Revenue from Existing Customers (from 2025 and 2026): \$560,000
- Total Predicted Revenue for 2027: \$440,000 (new customers) + \$560,000 (existing customers) = \$1,000,000

#### **4.4.7 Variations of Financial Projections**

In this section, the financial outcomes for Logiwa WMS during the first three years of operation in the Canadian market will be forecasted. Three scenarios are considered: pessimistic, neutral, and optimistic. Each scenario will encompass an estimation of revenues and expenses, reflecting different market conditions and business responses. The corporate income tax rate in the Illinois State, US is set to 9,5% (Bryce,2024). This income tax rate will be considered during financial projections.

##### **4.4.7.1 Pessimistic Scenario**

In a pessimistic scenario, it is assumed that the growth in customer acquisition and average revenue per customer could be lower than expected due to market challenges, competition, and slower adoption rates. Due to the lower customer acquisition, the revenue will be negatively impacted.

Pessimistic Revenue Predictions:

2025:

- New Customers Acquired: 4 (a 33% reduction from the neutral scenario)
- Revenue from New Customers: 4 customers x \$40,000 = \$160,000
- Total Predicted Revenue for 2025: \$160,000

2026:

- New Customers Acquired: 6 (a 25% reduction from the neutral scenario)
- Revenue from New Customers: 6 customers x \$40,000 = \$240,000
- Revenue from Existing Customers (from 2025): \$160,000

- Total Predicted Revenue for 2026: \$240,000 (new customers) + \$160,000 (existing customers) = \$400,000

2027:

- New Customers Acquired: 8 (a 27% reduction from the neutral scenario)
- Revenue from New Customers: 8 customers x \$40,000 = \$320,000
- Revenue from Existing Customers (from 2025 and 2026): \$400,000
- Total Predicted Revenue for 2027: \$320,000 (new customers) + \$400,000 (existing customers) = \$720,000

Table 11: Pessimistic Financial Projection for Logiwa WMS’s Expansion in Canada (own work)

	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Total Costs</b>	\$331,000	\$180,000	\$180,000
<b>Total Revenue</b>	\$160,000	\$400,000	\$720,000
<b>Profit Before Tax</b>	-\$171,400	\$220,000	\$540,000
<b>Tax (9,5%)</b>	-\$16,283	\$20,900	\$51,300
<b>Profit After Tax</b>	-\$155,117	\$199,100	\$488,700

In the pessimistic scenario, Logiwa WMS would experience a challenging first year with a significant initial loss, reflecting the substantial investment and slower market penetration. However, as the customer base grows and stabilizes in the following years, the company is projected to recover and start generating substantial profits by the third year of operation. The corporate income tax has been applied to the profit before tax to provide a realistic view of the net earnings. At the end of 2027, the total profit after tax is projected to \$532,683.

#### **4.4.7.2 Neutral Scenario**

In the neutral scenario, we expect customer growth and revenue per customer to align closely with initial projections.

Neutral Revenue Predictions:

2025:

- New Customers Acquired: 6
- Revenue from New Customers: 6 customers x \$40,000 = \$240,000
- Total Predicted Revenue for 2025: \$240,000

2026:

- New Customers Acquired: 8
- Revenue from New Customers: 8 customers x \$40,000 = \$320,000
- Revenue from Existing Customers (from 2025): \$240,000
- Total Predicted Revenue for 2026: \$320,000 (new customers) + \$240,000 (existing customers) = \$560,000

2027:

- New Customers Acquired: 11
- Revenue from New Customers: 11 customers x \$40,000 = \$440,000
- Revenue from Existing Customers (from 2025 and 2026): \$560,000
- Total Predicted Revenue for 2027: \$440,000 (new customers) + \$560,000 (existing customers) = \$1,000,000

Table 12: Neutral Financial Projection for Logiwa WMS’s Expansion in Canada (own work)

	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Total Costs</b>	\$331,000	\$180,000	\$180,000
<b>Total Revenue</b>	\$240,000	\$560,000	\$1,000,000
<b>Profit Before Tax</b>	-\$91,400	\$380,000	\$820,000
<b>Tax (9,5%)</b>	-\$8,683	\$36,100	\$77,900
<b>Profit After Tax</b>	-\$82,717	\$343,900	\$742,100

In the neutral scenario, Logiwa WMS is projected to face an initial loss in the first year due to significant startup and marketing investments. However, the company quickly turns profitable in the subsequent years as the customer base expands and stable revenue streams are established from annual subscriptions. By 2027, the revenues significantly increase. The neutral scenario confirms

the viability of entering the Canadian market under stable economic conditions. At the end of 2027, the total profit after tax is projected to \$1,003,283.

#### **4.4.7.3 Optimistic Scenario**

In this scenario, we assume that Logiwa WMS successfully capitalizes on market opportunities, leading to higher customer acquisition.

Optimistic Revenue Predictions:

2025:

- New Customers Acquired: 8 (a 33% increase from the neutral scenario)
- Revenue from New Customers: 8 customers x \$40,000 = \$320,000
- Total Predicted Revenue for 2025: \$320,000

2026:

- New Customers Acquired: 10 (a 25% increase from the neutral scenario)
- Revenue from New Customers: 10 customers x \$40,000 = \$400,000
- Revenue from Existing Customers (from 2025): \$320,000
- Total Predicted Revenue for 2026: \$400,000 (new customers) + \$320,000 (existing customers) = \$720,000

2027:

- New Customers Acquired: 15 (a 36% increase from the neutral scenario)
- Revenue from New Customers: 15 customers x \$40,000 = \$600,000
- Revenue from Existing Customers (from 2025 and 2026): \$720,000
- Total Predicted Revenue for 2027: \$600,000 (new customers) + \$720,000 (existing customers) = \$1,320,000



Table 13: Optimistic Financial Projection for Logiwa WMS’s Expansion in Canada (own work)

	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Total Costs</b>	\$331,000	\$180,000	\$180,000
<b>Total Revenue</b>	\$320,000	\$720,000	\$1,320,000
<b>Profit Before Tax</b>	-\$11,400	\$540,000	\$1,140,000
<b>Tax (9,5%)</b>	-\$1,083	\$51,300	\$108,300
<b>Profit After Tax</b>	-\$10,317	\$488,700	\$1,031,700

In the optimistic scenario, Logiwa WMS not only recovers from its initial investment quickly but also achieves substantial profitability by the second year of operation. This scenario illustrates the potential for significant financial success if market conditions are highly favorable and if the company effectively leverages its competitive advantages. The projected figures indicate robust growth and an excellent return on investment, promoting the strategic decision to enter the Canadian market under optimistic market conditions. At the end of 2027, the total profit after tax is projected to \$1,510,083.

## 4.5 Economic Evaluation

The economic viability of Logiwa WMS's expansion into Canada has been thoroughly assessed through the detailed financial plan, projecting potential profits and evaluating impacts under varying market conditions. Three scenarios, which are pessimistic, neutral, and optimistic, were analyzed to understand the financial resilience and potential growth of the company across different market conditions.

In the pessimistic scenario, where minimal customer acquisition is anticipated, the profit before tax is estimated at \$588,600. After applying a corporate tax rate of 9.5%, the net profit is expected to be \$532,683. This scenario ensures that even under challenging conditions, the company remains profitable. The neutral scenario, which assumes steady customer growth and revenue generation, projects a pre-tax profit of \$1,108,600, with a post-tax profit of \$1,003,283. This reflects a realistic progression based on current market trends and Logiwa WMS’s operational capabilities. The optimistic scenario forecasts the most favorable market response, with a pre-tax

profit of \$1,668,600 and a substantial post-tax profit of \$1,510,083, highlighting the significant financial success achievable under optimal conditions.

Table 14: Economic Evaluation for Logiwa WMS’s Expansion in Canada (own work)

<b>Scenario</b>	<b>Pessimistic</b>	<b>Neutral</b>	<b>Optimistic</b>
<b>Profit Before Tax</b>	\$588,600	\$1,108,600	\$1,668,600
<b>Tax Rate</b>	9,50%	9,50%	9,50%
<b>Tax</b>	\$55,917	\$105,317	\$158,517
<b>Profit After Tax</b>	\$532,683	\$1,003,283	\$1,510,083

Overall, the economic outlook from this evaluation is positive across all scenarios. The analysis confirms that the expansion is not only economically viable but also strategically advantageous, ensuring that Logiwa WMS can effectively navigate and capitalize on the opportunities within the Canadian market.

## 5 CONCLUSION

As Logiwa WMS continues to run their business in the U.S market, the necessity to explore new geographical territories becomes essential for sustained growth. The expansion into Canada presents a logical progression. However, such expansion is accompanied by significant risks and complexities, necessitating a comprehensive analysis of potential and feasibility.

This thesis grounded its analyses in various theoretical frameworks discussed in the theoretical chapters. Utilizing the McKinsey's 7S Framework, financial indicators for the internal evaluation, PESTLE analysis for macro-environmental factors in target market, Porter's Five Forces analysis to evaluate industry competition, and SWOT analysis to assess Logiwa WMS's strategic positioning, the study thoroughly supported the feasibility of market entry. Additionally, the market entry modes and marketing strategies were analyzed to ensure alignment with Logiwa WMS's objectives and market demands.

Given the lack of research specifically concerning Logiwa WMS's potential in the target market, the insights gathered through this thesis are particularly valuable for both the industry and academic environment. They not only shed light on unexplored aspects but also equip Logiwa WMS with the strategic foresight.

From the analyses performed, a strategic proposal was developed. My thesis recommends the exporting mode of entry as the most viable market entry strategy. This approach leverages Logiwa WMS's established infrastructure and capabilities in existing markets to serve the new market with minimal operational disruption and lower initial investment and resources compared to other entry modes. This strategy allows Logiwa WMS to test market responsiveness with lower risks and scale operations based on demand progressively.

The operational strategy includes enhancing Logiwa WMS's efficiencies and aligning marketing strategies to meet the unique demands of each target market. Specific attention is given to meet the requirements of the new market and efforts to align with local consumer behaviors and preferences, ensuring engagement.

Accompanied by a detailed cost analysis and market entry plan, this exporting strategy is based on thorough market research and the extensive industry and business knowledge of Logiwa WMS's executives, indicating potential for higher profit margins and sustainable growth.

The financial projections for Logiwa WMS's entry into the Canadian market demonstrate varying outcomes across different scenarios. The pessimistic scenario predicts initial losses and gradual recovery, emphasizing the market entry challenges. The neutral scenario shows a steady yield from initial investments as operations stabilize and the customer base grows. In contrast, the optimistic scenario suggests significant profitability, assuming ideal market conditions and higher-than-expected customer acquisition. As a result, for the 3-year projection, each scenario is projected to be profitable for the Logiwa WMS's expansion in the Canadian market.

This comprehensive proposal for Logiwa WMS's expansion into the Canadian market not only meets the aim of this thesis but also provides the company with actionable insights and a clear plan to navigate new market territories. Even if Logiwa WMS chooses not to pursue this exact strategy immediately, the findings and recommendations will enhance its understanding of international market dynamics and assist in any future global expansion efforts.

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