

Chapter 4

Challenges of the Internationalization Process: A Case Study of a Knowledge– Intensive Service Company

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EXECUTIVE SUMMARY

This chapter analyzes the internationalization strategy of a Portuguese knowledge-based service firm. It is based on a case study and the main objective is to discuss what internationalization theory best explains the company's internationalization strategy. The literature reviews the main internationalization patterns—Uppsala model, born globals, born again globals, and born regionals—so that a comparison of the main characteristics of each theory is discussed and analyzed. At the end of the chapter, a table summarizes the main characteristics of the internationalization process of each model presented. The case study is based on the analysis of both primary data from the firm and data obtained from an interview obtained with the CEO.

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INTRODUCTION

Internationalization is of key importance for small and medium-sized firms (SMEs) to grow, as domestic markets are sometimes very restricted. Internationalization helps SMEs to exploit their competitive advantages abroad (Ribau, Moreira, & Raposo, 2017; Stanisauskaite & Kock, 2016). Internationalization is normally known as the process of increasing involvement in international activities and is related to how companies explore international markets (Ribau et al., 2015; 2018a; 2018b).

Although internationalization has been traditionally considered an incremental process in which companies gradually increase their involvement in overseas markets through a series of evolutionary stages (Bell, McNaughton, & Young, 2001; Ribau et al., 2015), several companies follow different international paths as a consequence not only of their capabilities, but also as a result of their active behavior (Pinto, Ribeiro, & Moreira, 2018; Moreira, Alves, Martins, Pereira, & Conceição, 2018; Ribau et al., 2017; 2018a).

Although the Uppsala model—which advocates an evolutionary, sequential and linearly growing international involvement (Ribau et al., 2015)—and the network-based view of the firm—based on relations among market players (Hakansson & Snehota, 2006)—have been extensively used to explain how some firms internationalize, there have been new models—known as born global and born again global in which firms internationalize rapidly or suddenly, based on entrepreneurial behaviors empowered by powerful, open-minded entrepreneurs/managers (Bell, McNaughton, & Young, 2001; McDougall & Oviatt, 2000)—that explain internationalization from a different perspective.

In the last decades, major changes have led to a global socio-economic climate. Globalization, emergence of new markets, advances in technology and a constant need for novelty are examples of those changes (Engelman, Zen, & Fracasso, 2015). Thus, and related to this paradigm, governments have acknowledged the inherent benefits of increasing exports, in order to improve the balance of payments, among other indicators and indexes (Bayfield, Dana, & Stewart, 2009).

Nowadays, in an increasingly global world economies are constantly growing. Several countries recognize the importance of the internationalization process, as this allows increased productivity and economic growth (Marin, 1992; Bayfield, Dana, & Stewart, 2009), as well as reduced costs and the exploitation of economies of scale (Jornal de Negócios, 2019).

Based on a case study analyzing a Portuguese knowledge-intensive firm—known as EPSILON for confidentiality reasons—that seeks to internationalize its activities, the objective of this chapter is to examine the internationalization process from a historical perspective and to debate the intricacies of the main internationalization theories: the Uppsala perspective; the born global; born-regional; and born again global theories. The aim is to confront these four theories in order to address the firm's particularities within them.

Despite the criticism associated with case studies, fundamentally due to the impossibility of generalizing the results obtained, such studies undeniably contribute to the acquisition and construction of knowledge (Mariotto, Zanni, & Moraes, 2014). Therefore, this case study aims to explore, understand and analyze the strategic formulation combined with the internationalization process, framing the perspective and processes conducted by EPSILON.

The case study shows how EPSILON addresses new market entry opportunities abroad, based on the firm's strategy to deploy their new services in international markets, which is a very significant advance for this company. Accordingly, the aim of this chapter is to examine EPSILON from a business histori-

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cal perspective and the internationalization process. In order to achieve that goal, several theories about internationalization are presented and discussed throughout this chapter.

The chapter is structured in five main sections. After the introduction, the second section addresses the importance of internationalization. To do so, a literature review addresses four internationalization theories: the Uppsala model, born globals, born regionals and born again globals. The third section presents the methodology implemented. The case study is presented in the fourth section, with section five containing the results. Finally, the discussion and conclusions are presented in sections six and seven.

LITERATURE REVIEW

Internationalization

Globalization is seen to involve great complexity, observing several internationalization strategies adopted by firms, when entering global markets (Bayfield, Dana, & Stewart, 2009; Ribau et al., 2015).

The internationalization process leads to benefits within the organization, namely growth opportunities and value creation. Furthermore, firms that expand into foreign markets increase their technological expertise, as they also increase their knowledge of the market. All these improvements lead to better performance and allow the firm to continue its innovation process, and to build a stronger presence within the market (Engelman, Zen, & Fracasso, 2015).

Nowadays, firms are increasingly involved in internationalizing their businesses, making this an inherent and essential process to improve business performance (Zhang, Beatty, & Walsh, 2008). Moreover, in the business world the internationalization process is embedded in a globalized and constantly changing environment (Johanson & Vahlne, 1990).

Although it may be crucial for firms to expand to overseas markets, they need to develop internal competencies and knowledge about foreign markets before embarking on the internationalization process, as well as the concomitant international contacts and partnerships. Nevertheless, the ultimate challenge in a global market is the rapid learning and adaptation vis-à-vis firms' main competitors (Schueffel, Rico, & Amann, 2014).

The internationalization process can occur based on two dichotomous situations (Ribau et al., 2017): reactive or proactive reasons. In the former, internationalization is the reaction to an event, where changes happen during a period of time. The latter, proactive motivation, represents strategic changes and the firm's own will to internationalize (Braga, Marques, & Serrasqueiro, 2018). Some of the reasons underlying the firm's intention to internationalize quickly can be: new opportunities in global markets, favorable exchange rates, and adverse, negative conditions in the domestic market. In contrast, the intention to remain in the domestic market may be motivated by difficulties in commercial conditions in international markets and unfavorable exchange rates (Bell, McNaughton, & Young, 2001).

The internationalization of services can take place through five not mutually exclusive strategies (Grönroos, 1999): (1) direct exports; (2) systems exports; (3) direct market entry; (4) indirect market entry; and (5) electronic marketing. It is also important to take into account that a first step towards the commercialization of services at an international level involves looking for a way to allow access to the services in the chosen market (Johanson & Vahlne, 1990). The internationalization of services has emerged as a relevant research area as a result of firms' intention and need to be present in international markets (Javalgi & Martin, 2007).

Knowledge-intensive Business Services

Knowledge-intensive business services (KIBS) are considered to be at the top of technological development and innovation (Acs & Audretsch, 2005; Jenssen & Nybakk, 2013). The innovations resulting from those firms are transferred to the innovation ecosystems they belong to (Battisti, 2012). Considering the importance of technology for the success of innovation-based services (Hipp, 2008), it is worth mentioning that KIBS must be designed based on the complexities of the technology-based systems that are part of innovation ecosystems (Djellal & Gallouj, 2008; Battisti, 2012).

Adopting an international and rapid orientation has become increasingly relevant for KIBS (Karagozoglu & Lindell, 1998; Arenius, Sasi & Gabrielsson, 2005). This is a key premise as KIBS need to create procedures that allow better protection of their business value, in order to avoid negative outcomes such as knowledge expropriation (Oviatt & McDougall, 1994; Arenius et al, 2005).

KIBS refer to services involving economic activities that are expected to result in: creation, accumulation or dissemination of knowledge (Braga et al., 2018). These firms' growth comes not only from the firms' demand for knowledge and inputs to overcome both technological and social changes, but also from organizational and outsourcing strategies (Miles, 2005).

Uppsala Model

The Uppsala model is one of the most studied in the literature on internationalization (Coviello & McAuley, 1999; Ribau et al., 2015). This model explains that internationalization is a sequential process. It also states that it takes a learning process for firms to evolve and develop their marketing strategy abroad (Furtado, Pereira, Pereira & Moreira, 2019; Ribau et al., 2015), and that internationalization takes place, firstly in foreign markets geographically and culturally close to the domestic market, and only afterwards in geographically and culturally distant markets (Bayfield, Dana, & Stewart, 2009). Therefore, after solid consolidation in the domestic market, firms begin their process of internationalization (Chetty & Campbell-Hunt, 2004).

This internationalization model is based on two premises: the importance of the knowledge-based approach regarding the foreign markets targeted as well as resource commitment to that market (Johanson & Vahlne, 1990). That is why, unequivocally, the key point of this model lies in a learning process regarding the new market, which leads to greater commitment through investment in that new market (Chetty & Campbell-Hunt, 2004; Johanson & Wiedersheim-Paul, 1975).

Born Global

Research concerning born globals began to appear during the 1990s (Cavusgil & Knight, 2015; Ribau et al., 2015). This type of firm is defined as being international from inception (Knight & Cavusgil, 1996). In order to explore this phenomenon, born globals can be analyzed taking into account four parameters (Oviatt & McDougall, 1994): (1) speed of internationalization from inception; (2) percentage of exports; (3) foreign market scope; and (4) firm size. Born global firms are considered to be strongly innovative, aiming to break new ground as they challenged the traditional theories on internationalization (Eurofound, 2012; Fernandes, Simões, Pereira, & Moreira, 2019), not going through an incremental internationalization process centered first in the domestic market. Therefore, born globals seek to exploit their multiple competitive advantages in foreign markets, right from their inception (Knight & Cavusgil, 1996).

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Generally, born globals are SMEs that have operations in several international markets and are present in technological sectors (Fernandes et al., 2019; Furtado et al., 2019). Indeed, these firms would not exist if they did not have a foreign presence (Bayfield, Dana, & Stewart, 2009) and due to their limited resources, exporting activities are the most common form of entry (Cavusgil & Knight, 2015).

Chetty and Campbell-Hunt (20014) advocate that the main characteristic of a born global's internationalization process is based on the global economic transformation which leads to and enables greater competition in foreign markets. They also state that born globals are fast learners, constantly looking for solutions as difficulties and problems arise in the internationalization process. Once again, born globals contrast strongly with the traditional internationalization process model which corresponds to a slow / gradual accumulation of experience and knowledge in each foreign market and country.

Born global firms compete through a knowledge-based competitive advantage, which they use to exploit the dynamics of an increasingly global market environment (Bell et al., 2001). Therefore, globalization helps leverage the position held by born global firms, as they share a vision that the world is their market (Cavusgil & Knight, 2015).

Born Again Global

Born again globals are normally well-established firms in their domestic markets, with no great motivation to start an internationalization process (Furtado et al., 2019; Pinto et al., 2018). Suddenly, born again globals embrace a rapid and dedicated internationalization process. Changes in administration and management roles, acquisition and ownership of the firm are some of the reasons that both enable and trigger the internationalization process (Bell et al., 2001; Pinto et al., 2018). One of the main motivations to enter foreign markets is to exploit both new networks and resources (Baum, Schwens & Kabst, 2015). Overall, born again globals are firms focused on the domestic market which, when facing strategic changes, metamorphose into firms with a focus on foreign markets (Schueffel et al., 2014).

Born again globals are frequent in technological industry, and regarding their internationalization process, there are no pre-defined time criteria for that process to happen, as opposed to born global firms. These firms are late internationalizers that begin the process by choosing to enter several markets and adapt their products accordingly (Baum, Schwens, & Kabst, 2015). Schueffek et al. (2014) consider born again globals as innovative firms, as they adapt to changes. Furthermore, the sustainability of these firms is based on their preparation and adaptation, which allow them to get their products to new foreign markets.

Born Regional

Born regional companies have an internationalization process similar to born global companies, and are characterized by restricting their internationalization process and activities to geographical areas where there are similar cultures and business approaches (Baum, Schwens, & Kabst, 2015). They are associated with a lower probability of learning orientation, considering that they do not need to spend much time getting to know the markets in which they wish to be present (Baum, Schwens, & Kabst, 2011). Born regional companies are initially focused on the domestic market, and later, when identifying opportunities abroad, start a rapid process of internationalization—and are therefore similar to a born global company (Maciejewshki & Wach, 2019).

Born regional companies aim for a quick entry into foreign markets in the early stages of their existence. Nevertheless, considering that they are restricted to a geographical area and close cultures, it is difficult for them to have the necessary resources to implement a broadly global strategy (Baum, Schwens, & Kabst, 2015). Moreover, although born regional companies focus on geographically close markets, they aim for internationalization on a global scale, and it is relevant for them to have knowledge, through early investment, of global markets and their complexity (Rugman & Verbeke, 2007).

RESEARCH METHOD

This chapter is based on a case study of an intensive knowledge-based service firm—EPSILON—which is a spinoff of the University of Aveiro, in Portugal. It involves a qualitative analysis based on both an interview carried out with EPSILON’s CEO and previous knowledge of the firm, gained from public presentations. EPSILON’s core business is based on providing intensive knowledge-based service activities in the areas of software and hardware to the business sector, and it seeks to internationalize its business activities. The choice of EPSILON was based on its commitment and success as a service provider seeking to expand activities abroad.

As the case study method allows analysis of particular situations, it was selected to analyze EPSILON, as this can combine known theories with new empirical results drawn from specific situations under analysis. The case study also allows the investigation of particular phenomena within their real-life contexts, analysis and interpretation of retrospective information and the possible development of new theoretical and practical insights (Eisenhardt, 1989; Ghauri, 2004; Ribau et al., 2019; Yin, 2008). Moreover, the case study method is particularly appropriate to analyze a dynamic perspective over time involving a complex nonlinear internationalization process (Durão & Moreira, 2019; Nogueira, & Moreira, 2019; Vissak & Francioni, 2013; Silva & Moreira, 2019; Welch & Welch, 2009).

The case study method, based on a single case study, makes it possible to adapt the particularity of the analysis according to the object of study, as well as the use of inductive and deductive approaches (Piekkari et al., 2009; Voss et al., 2002). These approaches are particularly useful when addressing explanatory and exploratory aspects (trying to deal with the ‘why’ and ‘how’) and when uncovering relational aspects that take place over time (Durão & Moreira, 2019; Nogueira & Moreira, 2019; Yin, 2008).

EPSILON was selected from a purposive sampling perspective, which involves the selection of cases that meet four important requirements for this research (Patton, 2015): (a) being involved in the exploration of the idiosyncrasies associated with inward international business activities; (b) participation in the provision of service-based activities; (c) having core activities aimed at different market segments; and (d) actively seeking to increase the international market segment.

Typical of a qualitative methodology, a semi-structured interview was arranged with EPSILON’s CEO to collect data. This took place in May 2019 and lasted approximately one hour. This semi-structured interview aimed especially to obtain primary information from the interviewee. Secondary information from public sources—such as the firm’s website, marketing information from industrial associations and multiple observations—complemented primary data from the interview and was important to ensure the validity and reliability of data (Ghauri, 2004). The interview was complemented by a visit to EPSILON’s premises to get a deeper understanding of EPSILON’s *modus operandi*. The interview allowed us to understand EPSILON’s internationalization strategies and supported our goal of debating EPSILON’s internationalization activities and the applicability of the different theoretical perspectives.

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This procedure helped the interviewee feel more comfortable while speaking in his own environment. The researchers maintained a passive and unobtrusive presence, not to interfere with on-going events and activities. After the interview, the researchers' impressions were summarized for subsequent analysis.

To facilitate the interviewing process, the interviewers began by explaining the research, guaranteeing anonymity and requesting authorization to audio-record the interview. The interview script was developed to explore the evolution of international paths, the importance of the internationalization process EPSILON was going through, and the different modes of entry to international markets. The interview script included questions to triangulate the information obtained from informants with additional information obtained through the firm's website and public sources (e.g. firm size, age, international presence/experience, main current markets, etc.).

Data from all sources were collected and transcribed into a single case story, helping to identify missing information.

CASE STUDY PRESENTATION

EPSILON is an organization that operates in the business to business (B2B) market. It was founded in March 2010 and operated in the market as a spin-off of the University of Aveiro. Originally, it resulted from a research project (Mathematics Teaching Project—PmatE).

EPSILON focuses on consultancy and professional training, providing assistance with computer-based solutions in education and in producing and editing pedagogical content. Moreover, EPSILON's operations are based on differentiation activities through innovation in providing solutions that meet the specific needs of its target audience.

The products and services offered by EPSILON are based on the development of software and hardware for the education sector. Examples of its important service activities are, among others: the SIGA (Integrated Management and Learning System) project and the SEI (Integrated School System) project, both within the scope of school management software; mobile applications for municipalities and community councils, within the scope of municipal school management software; and the commercialization of multi-brand computer equipment (computers, interactive whiteboards, printers, among others). All school management software seeks to reduce operational costs for their client institutions throughout the educational process, as EPSILON is focused on the provision of fast and reliable online processes. Since the technological solutions presented by EPSILON are designed and built as brand new solutions, all products developed and marketed by EPSILON are customized according to their clients' specific needs.

At an early stage, EPSILON had only two main core activities: one in the area of computer programming and another in education support services. In 2014 it adopted a growth strategy based on those two main core activities, and ever since those two main business activities have been responsible for 98% of EPSILON's sales volume.

EPSILON's main target markets are municipalities and schools, both nationally and abroad, especially Brazil, Spain and Mozambique. For greater success, EPSILON is involved in several partnerships with science and technology-based institutions. EPSILON's partners include both higher education institutions, such as the University of Aveiro, Portugal, and other companies operating in the Information and Communication Technology sector, as is the case of Altice Portugal.

The year 2012 was a very important milestone in EPSILON's evolution as it became a national leader in the segment of school management platforms, with more than 120 solutions implemented in

several municipalities. Also, due to the growth of its innovative capacity and entrepreneurial spirit, in 2012 EPSILON was awarded the prize of Best Start-Up Company 2012 by TecParques—Portuguese Association of Science and Technology Parks.

RESULTS

EPSILON is a company with headquarters at the Aveiro Science Park. Originally it started at the University of Aveiro Incubator. It emerged in 2010 as a result of a spin-off of a research project of the University of Aveiro. The company's CEO stated during the interview that they were growing so rapidly that *"we couldn't respond to the requests from customers."* Thus, there was a need to create the company so that the project could *"grow at the business level"* and be able to provide *"a much more agile response to customers."*

EPSILON operates in the software industry and its clients, in Portugal, are *"the public sector, that is, councils and municipalities, schools, central government and the autonomous regions."* Internationally their work was *"primarily for schools (both in the public and private sectors) or for governments."* It currently has around *"45 employees"* and in 2018 the sales volume was approximately *"3.300.000 euros."* Recently the company applied to two programs offering financial support for the internationalization processes *"QREN and Portugal 2020."*

EPSILON was focused first on serving the domestic market, which proved possible as a result of two factors: firstly, due to the *"particular product type"* they sell, and, secondly, as a result of the legal demand for these products/services that *"require municipalities to have a certain number of solutions."* As a result, EPSILON managed to internalize technology and market knowledge that allowed the company to rapidly win over the Portuguese market. This enabled massive growth at a national level and, consequently, pushed the firm *"into the international market."*

The internationalization process emerged between 2011 and 2012, *"mainly in Portuguese-speaking African Countries"*, and began with *"Mozambique and Brazil."* Considering the date of the company's creation, 2010, this was a rapid process. This speed was thanks to *"contacts and relationships with a number of countries"*, during their involvement in the *"research project of the university"* (PmatE). The CEO also stated that the *"first markets"* conquered by the company were connected to the networks established previously during the university project. Entry into these markets was fostered by relationships, as *"several entities knew"* their work and due to their attendance at trade fairs.

To achieve success in the internationalization process, the importance of *"adapting the product to the particular market"* is crucial, as a product standardization strategy was not possible due to the particularities of each market. The Brazilian market and the particularity of its form of Portuguese are presented as an example, considering that *"if the solution is not presented in Brazilian Portuguese"* a *"serious problem"* exists, despite the cultural and linguistic proximity between the two countries.

In 2018 the percentage of exports was between 10% and 12% of the company's total sales volume, although EPSILON had managed to reach a percentage of 30% in previous years. The reason for the decline in this percentage is related largely to one factor: the decrease in revenues from two countries, Brazil and Mozambique, with a greater emphasis on the Brazilian market, where invoicing in the last two years *"has been close to zero."* Therefore, it is possible to point out some difficulties experienced by the company in those two markets. The complexity of the Brazilian market for a highly successful internationalization process is highlighted, as the CEO states that this is one of the *"most complex markets"*

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he knows, despite the existence of greater facility with the language. He states that there are apparent facilities at the beginning of the process, but that ultimately, *“it is one of the markets where success is very difficult to attain”*. Additionally, it is a market with a *“problem of payment restrictions”*, generating various adversities. Regarding the Mozambican market, the difficulties experienced corresponded to the *“hidden debts of Mozambique”*. This situation caused EPSILON a number of problems, resulting in the largest projects the company had *“with the government”* being *“entirely cancelled due to lack of money.”*

Despite the difficulties felt in these markets, EPSILON is not deterred from trying to enter those markets, as they are still actively involved with partnerships in both countries. It is noted that the investment made, especially in Brazil, were too significant to consider withdrawing from the country, even if it no longer represents *“an investment priority”* for the company in the near future.

There were other difficulties experienced by EPSILON at the beginning of their internationalization process, which are closely linked to operating in the European market. Firstly, the fact that Portugal was considered a less-favored technologically-based country made it difficult to enter European markets. As a result, the company was motivated and willing to concentrate *“on Africa and on Latin America”*, as Portugal had strong technology that facilitated entering some *“more underdeveloped”* markets. The other inhibiting factor was the language, as in Portuguese speaking countries *“language was no longer a problem.”*

Regarding projects and future goals, The CEO points out that the industry where they carry out their businesses is *“greatly reliant on political issues”*, explained by the fact that they create *“solutions for the public sector.”* He believes that the *“decentralization of education to municipalities”*, a decision made by the public sector, will positively affect EPSILON’s business volume in the Portuguese market in the coming years, given that it will strengthen the need for EPSILON’s products.

In terms of internationalization, the company believes that it holds *“strong possibilities”* of conquering the *“African and South American markets”*, which is why the company *“continues to bank on them.”* It is further stated that Angola and Equatorial Guinea are growing markets for the company, and that this trend will continue this year, increasing *“invoicing in the foreign markets”* to approximately 15%. Although the growth in these countries represents twice as much as the previous year, EPSILON is expecting to experience very large growth in the domestic market *“and, therefore, growth at international level will not be as noticeable at a percentage level.”*

Finally, the company has no specific goal regarding an export percentage, and that internationalization is considered important for EPSILON, in order to prevent the firm from entering a phase of stagnation. The difficulty rests in the fact that the *“Portuguese market is rather small”* and that, in the CEO’s view, a company needs to internationalize in order to stop *“being a microenterprise”* and not to fall behind *“in terms of innovation.”*

DISCUSSION

The literature shows a change of mind in the different approaches to the internationalization process, embracing new paradigms involving SMEs and their internationalization and less emphasis on the internationalization of large companies (Ribau et al., 2015).

Nowadays, the concept of internationalization includes the activities and characteristics of small and medium enterprises, as is the case of EPSILON. This construct also recognizes the differences between the strategies and experiences of these companies when compared to larger ones (Shuman & Seeger,

1986). However, an idea still remains: in an increasingly global and competitive market, internationalization is the determinant step for a promising future (Schueffel et al., 2014).

Knowledge-intensive business services are defined as including significant added value arising from science-based technological knowledge. KIBS generally rely more on human capital than on financial capital (Robertson & Hammersley, 2000). EPSILON can be said to fit in this perspective, with deep technological capital that leads EPSILON to a variety of products based on several technological solutions.

Due to several market limitations and resource constraints, start-ups may need external support to compete properly in international markets. Thus, environments that foster and positively influence the development of new projects should be created, in order to increase the likelihood of success (Engelman, Zen, & Fracasso, 2015). This is the case of EPSILON, which also sought financial assistance to embrace overseas markets that otherwise might not have been reached.

SMEs experience several adversities when competing in international environments, being much more likely to fail when compared to multinational companies as a result of resource constraints and lack of proper market knowledge (Apetrei, Kureshi, & Horodnic, 2015). In the business sector where EPSILON competes, some companies require greater assistance not only in the launching stage, but also in their internationalization process. In this connection, business incubators are defined as shared spaces that provide start-ups with assistance, which can then take the form of a business incubation space, organizational resources or assistance and monitoring of the evolution of the business. Companies located in incubators and science parks obtain numerous advantages, such as a good technological and business environment or the opportunity to create business relationships and networks with other companies in the incubator. These companies benefit from the provision of a wide range of services and processes conceived to ease their internationalization (Engelman, Zen, & Fracasso, 2015). By sharing the business incubator with other companies it was possible for EPSILON to gain the capacity to internalize knowledge that can prove to be beneficial.

It is clear that domestic and international policy issues are important in the process of internationalization affecting the international competitiveness of any company. Those policy issues can function as an enabling or inhibiting factor in the internationalization process. Another important factor is related to firms' capacity to adjust to the cultural differences of the different geographical markets they want to serve (Tesfom & Lutz, 2006; Bayfield, Dana, & Stewart, 2009). EPSILON felt some barriers in the internationalization process related to the Brazilian market's legal system.

In the course of the internationalization process, organizations need to overcome international barriers. To do so, they need to deploy risky strategies that managers are normally not very familiar with. As such, inter-organizational relationships and networks are very interesting solutions in order to reduce the risk of failing in their internationalization process. This path, based on networking activities, in order to reach international markets rapidly, is not new (Chetty & Campbell-Hunt, 2004), involves a great deal of communication and a major knowledge transfer (Styles & Ambler, 1994; Bayfield, Dana, & Stewart, 2009), as in the case of EPSILON. This internationalization process ended up being easier due to the previously developed networks, which helped mitigate the barriers to international market entry.

In order to adapt the product properly to the new international market, companies need to decide whether to modify or improve their existing products. This process can be defined as the adjustment to market conditions in such a way that the product is as suitable as possible for the foreign market's needs. To facilitate the overcoming of natural market barriers, products should be modified in order to meet market expectations and local requirements (Medina & Duffy, 1998). This is the process that EPSILON

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has undertaken when entering new international markets, namely Brazil, where EPSILON feels that an adaptation strategy plays a crucial role in reaching positive results.

Information and communication technology (ICT) is a vital resource used by EPSILON when developing their products and services. Chetty and Campbell-Hunt (2004) emphasized that the use of ICT did not appear to be a distinctively determinant factor between born global companies and a traditional internationalization process. Even though ICT plays an unquestionable role in supporting the internationalization process, this role is common to both models.

CONCLUSION

Internationalization is a long, incremental process, through which companies are able to increase their involvement in international markets (Johanson & Vahlne, 1977). Contrasting this principle, it is evident in the literature that internationalization is not necessarily a one-way, linear, incremental process as there are cases where companies place a primary focus on their domestic market for a long period of time before rapidly expanding internationally. On the other hand, a de-internationalization process can also be found, followed by withdrawal to the domestic market. Furthermore, there are cases where certain motivations or episodes lead to a “*rapid and dedicated internationalization period*”. In this case, there are three main critical success factors in this process (Bell et al., 2001): global market orientation, commitment and experience.

It is always important to understand how a company manages to stay competitive and how its internationalization process takes place. Analyzing this case study, the inherent importance of internationalization was seen in enabling the company’s growth, aligned with the need to serve new markets. In addition, it was possible to identify both enablers and barriers during the internationalization path, as well as to understand the strategies that can be used in external environments to facilitate this operation. Today’s technological development can raise companies’ internationalization capacity, at the same time as being associated with optimizing operations, resources and competences throughout the value chain (Cavusgil & Knight, 2015).

In Table 1, a parallel was established between various internationalization models for the company under analysis. These represent the result of a long process of analysis and inquiry, allowing analysis and debate with greater understanding of firms’ internationalization processes. A comparison between the Uppsala, Born Global, Born Again Global and Born Regional models is outlined and overlapped according to EPSILON’s internationalization perspective.

The Uppsala model, which implicitly involves a very long internationalization process requiring both great market knowledge and internalization of that knowledge during the ongoing process, does not correspond to the internationalization path followed by EPSILON. On the other hand, the born global perspective suggests a rapid internationalization process, with the company’s goal of a significant volume of sales overseas predominating, which also does not correspond to the situation of EPSILON. The born-again global model adds a new perspective to the previous model, where its internationalization objective resides in a “*critical incident*” where there are no time restrictions, which does not reflect the path followed by EPSILON. Lastly, nor does the born regional model fit the company, as this proposes a rapid internationalization process to geographically and/or culturally close markets. The conclusion is that there is no optimal and precise framing between EPSILON and the featured models, as this

Table 1. EPSILON's main characteristics

Characteristics	<i>Uppsala Model</i>	<i>Born Globals</i>	<i>Born Again Globals</i>	<i>Born Regionals</i>
Timing of Internationalization	After developing the domestic market	Up to three years after beginning operations	No time limit	Up to three years after beginning operations
	Yes	Yes	Yes	Yes
Motivation behind Internationalization	<i>Resource-seeking and market-seeking</i>	It is the main objective of the firm	As a result of critical incidents	<i>Market-seeking</i>
	No	No	No	Yes
Sales Volume Abroad	No established rule	More than 25% of sales volume	More than 25% of sales volume following the strategic change	More than 25% of sales volume
	Yes	No	No	No
Presence in international markets	Geographically and/or culturally close foreign markets	Global markets	Geographically and/or culturally distant foreign markets	Geographically and/or culturally close foreign markets
	Yes	No	Yes	No
Speed of Internationalization	Slow and incremental	Rapid	Sudden rapid internationalization after a lethargic period. Several markets at the same time.	Rapid
	No	Yes	Yes	No
Modes of Entry	Low export commitment and a gradual evolutionary perspective. First, exports, then foreign presence.	<i>Local Networks</i>	Acquisition of distribution and/or market subsidiaries	Exports
	No	Yes	No	Yes

company shows an internationalization pattern that does not properly fit the theories proposed in the literature until now.

Considering the lack of a clear fit with any of the models, two of the models presented are suggested as complementary: Uppsala model and Born Regional, in order to synthesize EPSILON's internationalization process. This mixed model results from the propositions presented in both models, in harmony with that process. Analyzing this according to Table 1, it can be concluded that EPSILON initiated this process within the three-year time frame imposed by the born regional typology, in close cultural markets with low liability of newness, but in an incremental way. This process was initiated with a typical market-seeking behavior, through exporting products and services that currently in an international context, represent less than 25% of the company's total sales volume.

Generally, despite the different models of internationalization, it is clear that EPSILON does not match any one perfectly. As such, it can be argued that the situation is very simple: models are mere representations of the situation, and it can be argued whether the firm 'fits' the typology and not the other way around. It is clear that EPSILON's international path is not uniquely represented by a single typology, which implicitly recognizes the importance of analyzing the firm's international path and the difficulties faced along the way. As such, what really matters is the holistic view of the reality the firm faces and not the typologies commonly used to explain internationalization paths.

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KEY TERMS AND DEFINITIONS

Born Again Globals: Characterized as being focused on the domestic market and suddenly being able to change their strategic focus radically in order to increase their sales volumes in international markets.

Born Global: A type of company that, from its inception, seeks to derive a competitive advantage to compete in many countries. It normally pursues a vision of becoming global and globalizes rapidly without any preceding long-term domestic or internationalization period or experience. Usually born globals are small, technology-oriented companies that operate in several international markets.

Case Study: A qualitative methodology, normally used in social sciences, that seeks to interpret a reality through a particular perspective. It is normally used to answer questions like “how” and “why.” It is commonly used to address constructivist research processes.

Globalization: A worldwide movement toward economic, financial, trade and communication integration. It is usually envisaged as a lack of trade barriers between nations, these being removed through free trade agreements throughout the world and between nation-states. It implies the opening up of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods and services across national frontiers, in which investment opportunities soar.

Internationalization: Normally associated with a strategy formed by firms that decide to operate in foreign markets. It involves the implementation of goods and services that can be easily adapted and

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adopted in different countries. It could involve business to consumer as well as business to business activities. It may involve cross-border transactions of goods, services or resources between two or more firms or organizations belonging to two different countries, as well as foreign direct investment.

Internationalization Process: This emphasizes a company's trajectory in its transition from a national market to a particular foreign market. It normally involves several entry modes (exports, FDI, franchising, etc.) that exert a critical influence on the subsequent trajectory, as well as on the cost related to the internationalization process. The two most important theories explaining the internationalization process are the Uppsala model and the network-based approach.

Uppsala Model: One of the most discussed dynamic theories in the Nordic School and International Business Studies. It explains the process of companies' internationalization, how organizations learn and the impact of learning on their international expansion. This theory defends that companies' internationalization process is carried out in stages, from non-regular exports to establishing companies abroad.