



**Philipp Schwenke – 12Expand
Internationalization Consulting**

- Company Profile & Consulting Services -

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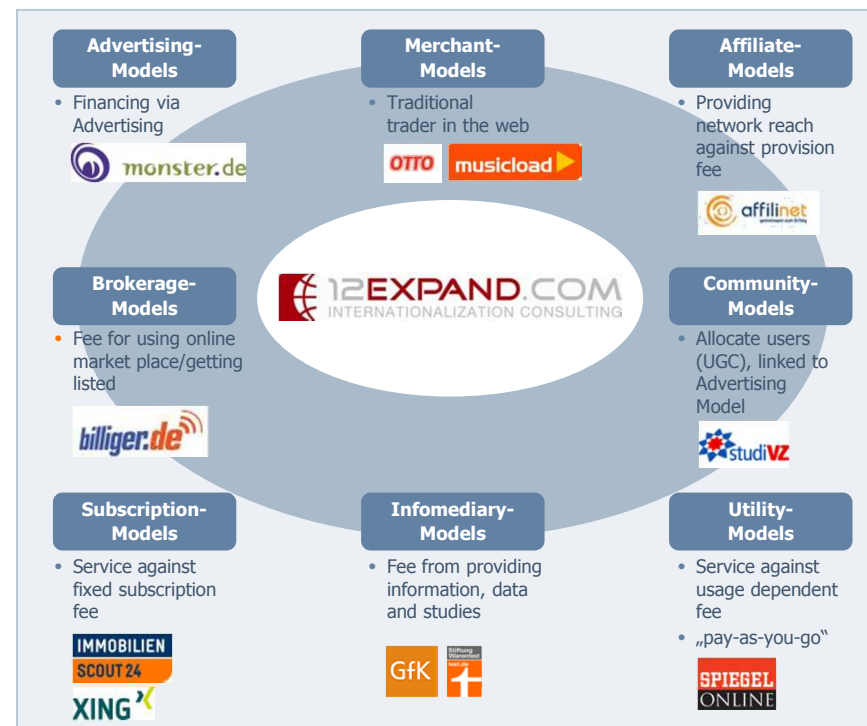
Service Abstract & Target Customers

Service Abstract

- 12Expand is specialized in the **internationalization of internet and new media companies**
- Main focus is **Central & Eastern Europe, Russia, Turkey and Brazil**, where 12Expand already has a strong expertise
- We support **all internet business models** in their internationalization efforts, although **main expertise is online classifieds**
- We take over all tasks and activities that are linked to internationalization, from **market analysis**, over **strategy building/review, business planning till implementation**. We always **follow a pragmatic approach**
- Owner Philipp Schwenke has worked for 5 years in Business Development at AutoScout24 GmbH responsible for **initiation, planning, implementation and launching** of a **Joint Venture in Russia** and **country presentations in Poland, Romania and Bulgaria** as well as preparing a **Joint Venture in Brazil**. Before he had worked for 3 years as Senior Management Consultant and Marketing & Sales Consultant in German consulting companies
- 12Expand has a broad **network of country experts** that support local **market research** and are important contributors in the phases of business planning and implementation
- 12Expand can also access a **network of Consultants** that all have worked at internet companies in leading positions and provide in-depth knowledge in **Online Marketing** and **Product Management**

Target Customers

- 12Expand is specialized in the internationalization of **internet / new media companies that want to address high growth markets in Central & Eastern Europe, Russia, Brazil and Turkey**
- We mainly **focus on customers** from the **DACH region**, but support **as well international customers**
- **Potential customers:**



Motivations for Internationalization of Internet / New Media Companies

- There are many reasons why internet companies should internationalize, the most important are **revenue, cost and risk aspects**

Motivation: address growth potential (revenue aspect)

- Limited size of home market - new growth potential by expanding internationally - address local market, local customers and local revenue potential
- New customer potential for home market offers - leverage growth potential of existing and new products
- Diversification of revenue sources – become more independent from home market volatility

Motivation: generate economies of scale (cost aspect)

- Cost of hard- and software only marginally increase with the international growth of the company if the systems are scalable and modular and give room for country specific adaptations
- Basic architecture, software applications and even country specific adaptations will be based upon existing hard- and software

Motivation: avoid risk of missed opportunities (risk aspect)

- Risk of lost partner / target opportunities – anticipate potential partner / target options in the markets and occupy them – „if you don't partner, imitators will“

Motivation: take advantage of bulk competitive landscape (risk aspect)

- Bulk international competitive landscape for innovative startups – generate first mover advantages and take advantage of still inexpensive services (SEM, SEO)

Motivation: avoid risk of imitation (risk aspect)

- Risk of imitation in other countries is always high – anticipate imitation, be first mover and grow internationally quickly – „if you don't grow, imitators will“

Motivation: follow your competitors (risk aspect)

- Competitors might be internationalised already – follow your competitors if they have „prepared“ the market for your service

Internationalization Strategies of Internet / New Media Companies

- There are many concepts in the field of internationalization strategy – in our understanding **relevant strategic concepts** for internet companies are **based upon pragmatic questions** that internet companies have to ask themselves

Question	Strategy	Strategic Concepts
Am I able to internationalize? (organisation, budget, product/platform)	<ul style="list-style-type: none"> Organization Strategy (HQ) Platform Strategy (HQ) Financing Strategy for internationalization (HQ) 	<ul style="list-style-type: none"> Do I have resources & processes installed at headquarter? Do I have a modular platform that is flexible in adaptation? Do I have the budget to internationalize?
What markets shall I select?	<ul style="list-style-type: none"> Market Selection Strategy Target Market Strategy 	<ul style="list-style-type: none"> Which markets are most strategic for me? In which sequence do I want to address markets?
How can I entry those markets?	<ul style="list-style-type: none"> Market Entry Strategy 	<ul style="list-style-type: none"> Shall I enter via Greenfield (with/without secondary cooperations), via Joint Venture / Strategic Alliance or via M&A / Shareholding? What are the advantages of each of those solutions? Which options are available in each of the targeted markets?
Who I can partner with or buy?	<ul style="list-style-type: none"> Cooperation Partner Strategy M&A Target Strategy 	<ul style="list-style-type: none"> Is there a partner whose assets can help me to reduce risk? Is there a M&A target that already has a strong market position or could reach one within short?
How do I plan my entry? What does it cost? What does it bring? What is the investment?	<ul style="list-style-type: none"> Platform Strategy (local) Product Strategy(local) Sales Strategy (local) Marketing Strategy (local) Administration Strategy (local) Organization Strategy (local) 	<ul style="list-style-type: none"> How should my platform look to be compatible? What is my offered service and value proposition? What is the organization, the processes, the systems? What do I need in performance and branding? What other services are essential? How is the local / HQ team structured?
How do I implement entry?	(implementation of strategic concepts)	

Strategic Approaches of Internet / New Media Companies

E.g. AutoScout24 GmbH

AUTO
SCOUT 24

- Founded in 1998 as MasterCar AG in Munich
- In 1998 till 2001 Italian, Spanish, French and Austrian companies were also established (standard platforms, local organization)
- Acquisition in Belgium and start Dutch operations, again with extra platform and local organization
- In 2007 market entry France
- In 2008 platform setup in Poland, Romania, Bulgaria
- In 2010 Joint Venture in Russia
- Although AutoScout24 uses a merely standardized platform approach centrally organized at the HQ, it adapted languages, currency, payment mechanisms, search/insertion specifics and interface setups
- Key to success for AutoScout24 was the establishment of local Sales and Marketing organization for serving car dealers, private customers, local advertising clients and cooperation partners
- Another key to success was the rapid internationalization shortly after founding, the strong management commitment and the flexibility in terms of market entry via Greenfield, Acquisition, Cooperation or Joint Venture
- **Currently ca. 40-50% of total turnover comes from international activities**

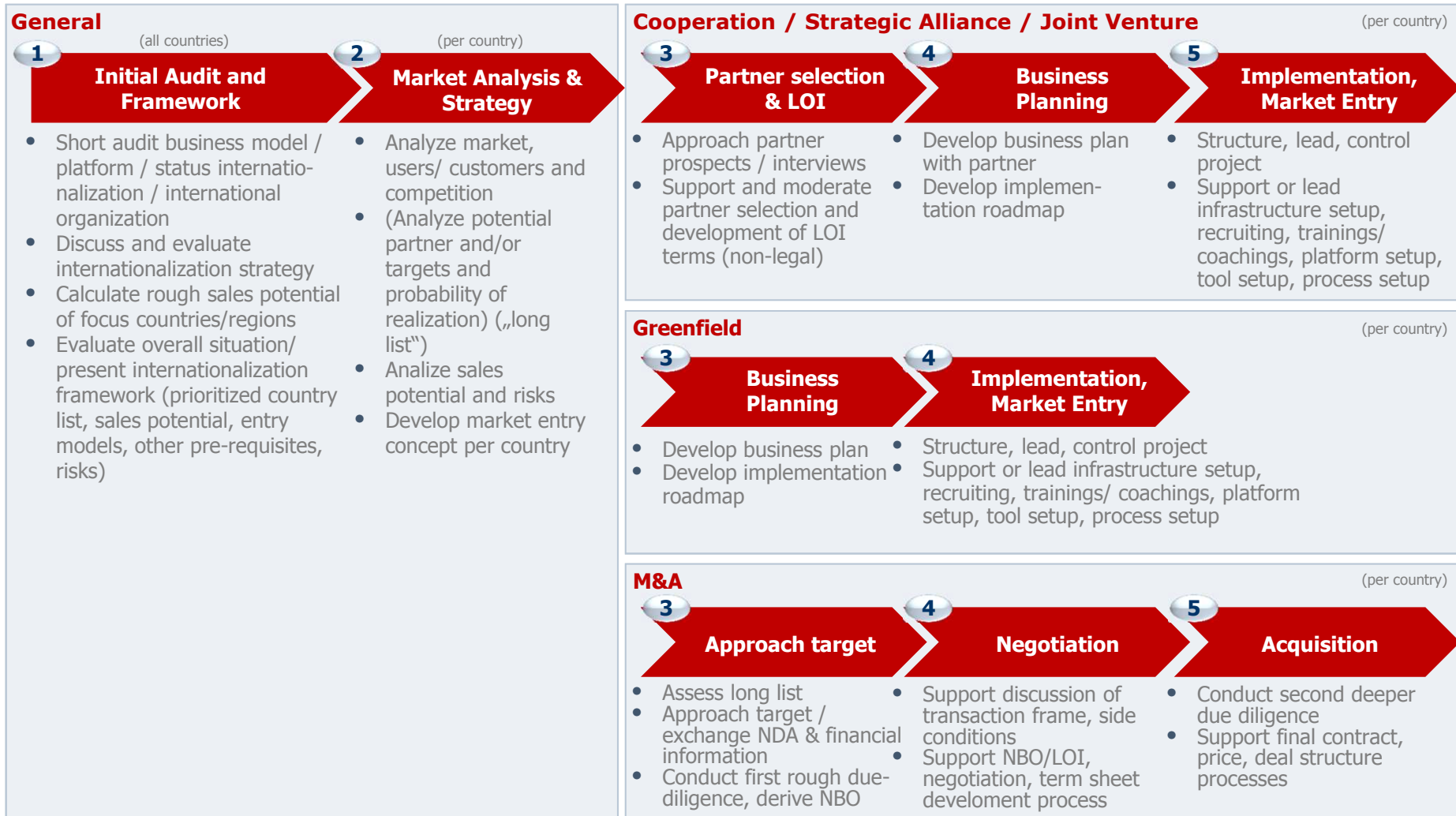
E.g. Gameforge AG



- Online gaming service from Germany, founded in 2003
- Platform is available for > 20 languages / games in up to 50 languages and more
- More than 200 m registered users in 75 countries
- Key to success for performing internationally was the online availability of games, the language adaptation of the platform and the games, the adaptation of payment mechanisms, the self-explaining game plot, a homogenous user profile and an extensive community network
- Thus it made it possible that gameforge can do most of their operations from HQ with mainly investing in the product itself
- Core success factor is a multilingual support and community team, an innovative IT (developers, architects, designers) and product management team and some marketing staff for steering worldwide activities – assumingly community moderators are sitting in the corresponding country
- Today ca. 450 people work at Gameforge in Karlsruhe
- **From the more than 100 m EUR revenue p.a., ca. 50-60% come from other countries than Germany**

12Expand.com Consulting Services – Overview

- Based upon **different market entry strategies** the **phases of internationalization projects differ**
- **12Expand can support all phases** of an internationalization project for each of the different Market Entry Strategies

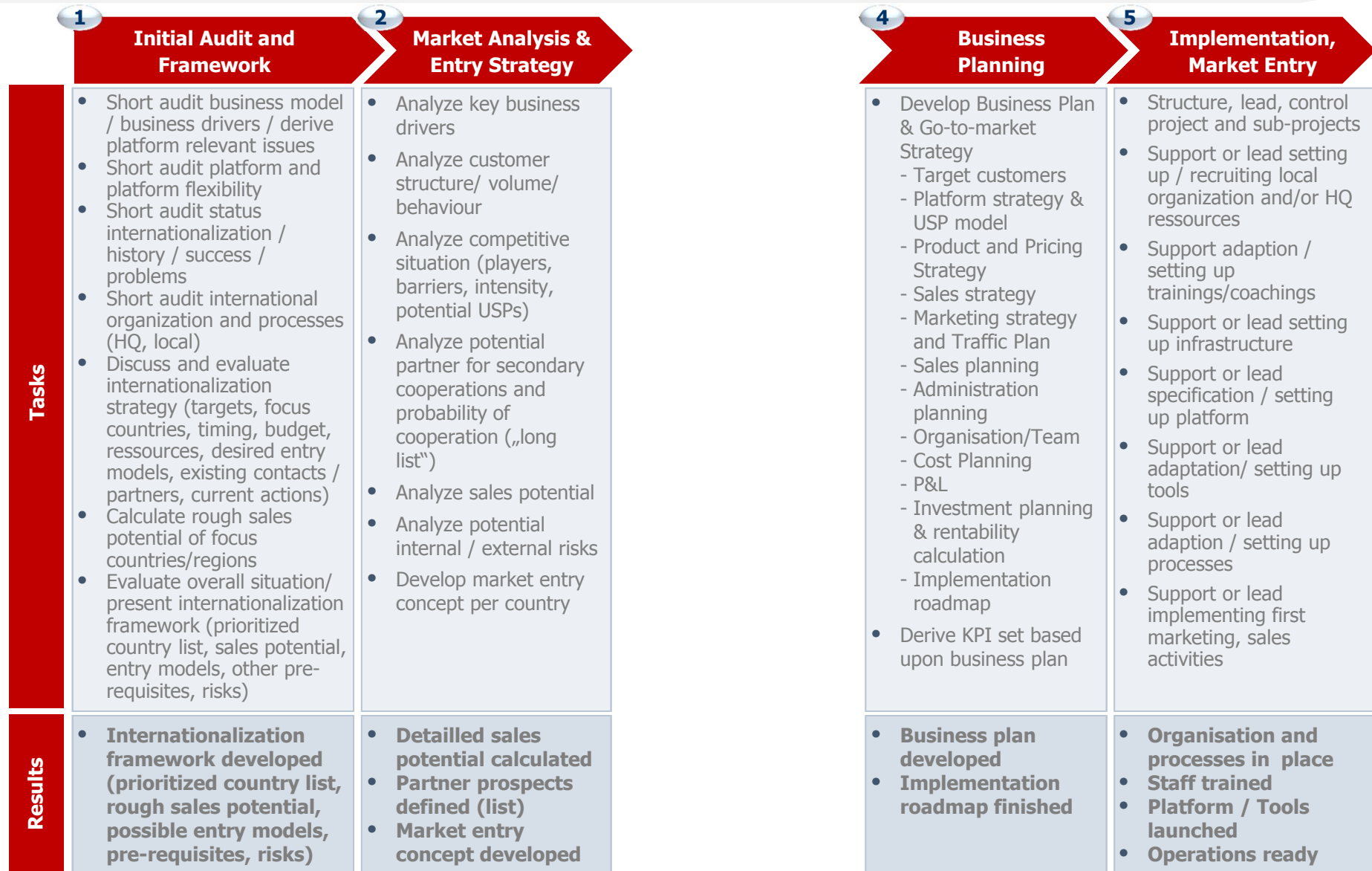


12Expand.com Consulting Services – Market Entry via Partner

	1 Initial Audit and Framework	2 Market Analysis & Entry Strategy	3 Partner approach, selection, LOI	4 Business Planning	5 Implementation, Market Entry
Tasks	<ul style="list-style-type: none"> Short audit business model / business drivers / derive platform relevant issues Short audit platform and platform flexibility Short audit status internationalization / history / success / problems Short audit international organization and processes (HQ, local) Discuss and evaluate internationalization strategy (targets, focus countries, timing, budget, resources, desired entry models, existing contacts / partners, current actions) Calculate rough sales potential of focus countries/regions Evaluate overall situation/ present internationalization framework (prioritized country list, sales potential, entry models, other pre-requisites, risks) 	<ul style="list-style-type: none"> Analyze key business drivers Analyze customer structure/ volume/ behaviour Analyze competitive situation (players, barriers, intensity, potential USPs) and derive requirements for partner search Analyze potential partner for Cooperations/ JV/ Strategic Alliances and probability of cooperation („long list“) Analyze sales potential Analyze potential internal / external risks Develop market entry concept per country 	<ul style="list-style-type: none"> Approach partner prospects Organize, moderate, translate partner interviews Support partner selection and corresponding 2nd level research Support LOI negotiation (non-legal) Organize and plan phases 4 and 5 	<ul style="list-style-type: none"> Develop Business Plan & Go-to-market Strategy with partner <ul style="list-style-type: none"> - Target customers - Platform strategy & USP model - Product and Pricing Strategy - Sales strategy - Marketing strategy and Traffic Plan - Sales planning - Administration planning - Organisation/Team - Cost Planning - P&L - Investment planning & rentability calculation - Implementation roadmap Derive KPI set based upon business plan 	<ul style="list-style-type: none"> Structure, lead, control project and sub-projects Support or lead setting up / recruiting local organization and/or HQ resources Support adaption / setting up trainings/coachings Support or lead setting up infrastructure Support or lead specification / setting up platform Support or lead adaption / setting up processes Support or lead implementing first marketing, sales activities
Results	<ul style="list-style-type: none"> Internationalization framework developed (prioritized country list, rough sales potential, possible entry models, pre-requisites, risks) 	<ul style="list-style-type: none"> Detailed sales potential calculated Partner prospects defined (list) Market entry concept developed 	<ul style="list-style-type: none"> Partner selected LOI developed 	<ul style="list-style-type: none"> Business plan developed Implementation roadmap finished 	<ul style="list-style-type: none"> Organisation and processes in place Staff trained Platform / Tools launched Operations ready

Out of Scope: legal contract development

12Expand.com Consulting Services – Market Entry via Greenfield



12Expand.com Consulting Services – Market Entry via M&A

	1 Initial Audit and Framework	2 Market Analysis & Entry Strategy	3 Approach target	4 Negotiation	5 Acquisition
Tasks	<ul style="list-style-type: none"> Short audit business model / business drivers / derive platform relevant issues Short audit platform and platform flexibility Short audit status internationalization / history / success / problems Short audit international organization and processes (HQ, local) Discuss and evaluate internationalization strategy (targets, focus countries, timing, budget, resources, desired entry models, existing contacts / partners, current actions) Calculate rough sales potential of focus countries/regions Evaluate overall situation/ present internationalization framework (prioritized country list, sales potential, entry models, other pre-requisites, risks) 	<ul style="list-style-type: none"> Analyze key business drivers Analyze customer structure/ volume/ behaviour Analyze competitive situation (players, barriers, intensity, USPs) and derive requirements for target search Analyze potential targets for M&A and probability of acquisition („long list“) Analyze sales potential Analyze potential internal / external risks Develop market entry concept per country 	<ul style="list-style-type: none"> Assess long list of target prospects Approach target prospects (introduction) Organise, moderate, translate meetings Support exchanging financial information Conduct first rough commercial due-diligence Calculate current business plan, derive NPV/ company value and name risks Benchmark value-risk profile with price expectations of seller Suggest short list to client 	<ul style="list-style-type: none"> Support discussion of transaction frame, rules and side conditions Support NBO / LOI negotiation (non-legal) Support term sheet development process (non-legal) Support and advise on go/no go decision for final step (ultra-short list) 	<ul style="list-style-type: none"> Conduct second deeper commercial due diligence Review value-risk profile and derive final price range and condition set Support final contract development process (non-legal advise) Support final price determination Support final deal structure development Support closing
Results	<ul style="list-style-type: none"> Internationalization framework developed (prioritized country list, rough sales potential, possible entry models, pre-requisites, risks) 	<ul style="list-style-type: none"> Detailed sales potential calculated Target prospects defined (list) 	<ul style="list-style-type: none"> Partner assessed (short list) Rough company value calculated 	<ul style="list-style-type: none"> Few partner selected (ultra-short list) 	<ul style="list-style-type: none"> Deal closed

Out of Scope: legal contract development

12Expand.com Consulting Services – Consulting Scope

In Scope

- Focus on markets Russia, Brazil, Turkey and Central & Eastern Europe (qualified network)
- Develop complete Internationalization Framework for client
- Conduct detailed market analysis for client in each of the focus markets + evaluate sales potential, strategies, barriers/risks and requirements/pre-requisites
- Evaluate and contact partner and/or target prospects for client in each of the focus markets
- Develop detailed business plan for client
- Develop detailed implementation roadmap for first 6 months of operations for client
- Manage local CEO recruiting for client
- Manage local organization, local infrastructure and local process setup for client
- Specify local platform requirements and process with client Product Management / IT department (Scrum)
- Support in all phases of M&A

Out of Scope

- Process internal buy-in / approval processes with shareholders (responsible: client Executive Management)
- Develop legal contracts (responsible: client Legal Counsel / external Lawyer Association)
- Develop / adapt software of country specific platforms, functions and features (responsible: client IT department)
- Run country operations after setup (responsible: client HQ / local organization)
- Lead negotiation and acquisition for client in M&A cases (responsible: client Legal Counsel / external Lawyer Association, specialized Venture Consultancy)

12Expand.com Consulting Services – Consulting Guidelines

- We believe that internationalization projects can only be successful if **both consultant and client work together closely and openly** – „delegate“ the project to the Consultant while at the same time not providing sufficient project resources will definitely end in failure. **Key to success is the exchange of know-how** between client and consultant during all phases of the project.
- For us it is important that the client is aware of the fact that, being active in the online industry with the target to internationalize, **market analysis, business planning, partner planning and implementation roadmap** are just **as good as the speed of implementation**. We bitterly know from experience how fast opportunity windows can close. We therefore will put large **emphasis on a fast time to market**. Any timing risks at clients side should be addressed early by the client itself
- The **consulting offer** is intentionally **very broad** (starting with the Internationalization Framework), as we know from experience that the **interlinking of all project phases is essential for the success of internationalization**. Still you have the choice to select what module(s) you want and we will be glad to assist you
- Our goal is to **assist** mainly **startup, smaller and medium-sized internet companies**, that do not have the budgets to hire large, international consulting firms or establish own business development departments for their internationalization. We therefore **offer fair prices**, as we do not have large fix cost blocks but gather resources only in case they are needed.

12Expand.com Consulting Services – The Team

Founder / Partner



- **Philipp Schwenke** has founded 12Expand in May 2011. He will be involved in all phases of the project and is the main contact for the client. Before he started his own consulting company Philipp had worked for 5 years at AutoScout24 GmbH in Munich as a Senior Manager Business Development responsible for all internationalizing activities. During his time at AutoScout24 Philipp prepared, planned and launched the platforms in Poland, Romania and Bulgaria. In 2010 he build up a Joint Venture with a Russian media company and launched all Russian operations of AutoScout24. Before AutoScout24 he had worked for 3 years at different Consulting companies as a Marketing/Sales and a Senior Management Consultant.

1st Level Consulting Network

- **Product Management:** we have a network of freelance Product Managers, being experts for all Product Management and IT related tasks. They mainly focus on Product and Software Development, Online Marketing and Web2.0. Most are Certified Scrum Product Owner (CSPO) and have profound know-how in HTML, PHP and MySQL.
- **Online Marketing:** we have a network of freelance Online Marketing Managers, being experts for all Online Marketing know-how and tasks. They all have broad experience in Online Marketing, Performance Marketing, Marketing Strategy, Web Analytics, Affiliate Marketing, Online Media, SEM/SEO/SMO, Social Media and Web Usability

12Expand.com Consulting Services – Network of Country Experts

2nd Level Consulting Network

- 12Expand has an **extensive network of local country experts** in the focus markets – not all of them are full-time consultants but have a deep understanding of internet in their country / region plus we have already done projects together



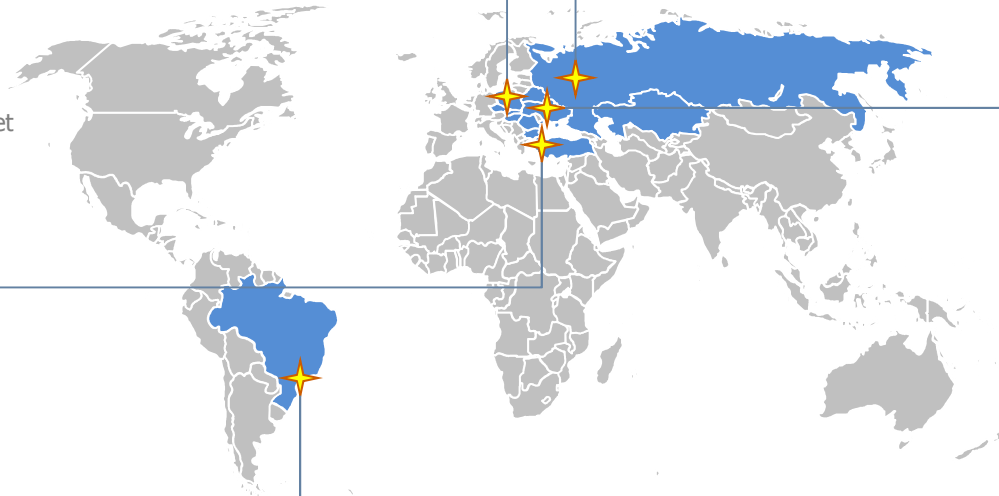
- Ex Director Business Development at large Polish media company
- Owner internet real estate classified platform
- Owner hotel reservation platform
- Large network in Polish internet and online media landscape
- Expert for partnering / cooperations



- Business Development Specialist at largest Turkish media company
- Works freelance aside - expert for research Turkey



- Partner of a media consulting company in Sao Paulo
- Large network in Brazilian internet and online media landscape
- Expert for partnering / cooperations
- Expert for research Brazil



- Ex General Director at large Russian media company
- Large network in Russian internet and online media landscape
- Expert for partnering / cooperations



- Ex Marketing Director at large Russian media company
- Large network in Russian and CIS internet and online media landscape
- Expert for partnering / cooperations

- Research Analyst at large Russian media company
- Works freelance aside - expert for research Russia / CIS

**We as well have relationships to local ad networks
and agencies in the different countries**

Thank you!



Philipp Schwenke

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Internationalization Consulting

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