Microsoft

Geo Expansion into Asia

Unlocking your growth potential

Executive Summary

There is currently no bigger software market potential than in Asia. Software companies that have a lens to the region can benefit significantly from the forces that have driven this market through change and opportunity. Companies that ignore delivering software innovation to these markets do so at their own peril.

However, the Asian market is best described as diverse, decentralized, and fraught with twists and turns to overcome before achieving business success. According to the McKinsey Global Institute, Asia is on track to account for 50% of global GDP in 2040, up from less than 33% in 2000. It is the fastest evolving region globally with almost unlimited potential for business growth, development, and expansion--if approached in the right manner.

The objective of this document is to provide a detailed overview of what Geo Expansion into the Asian market entails; the scale of the opportunity within the region; how Partners can engage and be supported by Microsoft in their expansion efforts; and considerations Partners should review when planning to expand into Asia.

Geo Expansion – What does it mean?

Geo Expansion is the term used to describe the growth strategy of expanding a business geographically out of its home country.

Microsoft Partners are currently investigating a wide range of Asia expansion strategies, including opening offices in new territories, hiring local sales forces, outsourcing business development to local agencies, and creating strategic partnerships.

Many find expansion to new geographies time consuming and costly. Small-to-medium-sized companies (SMCs) often face hurdles such as establishing a local presence with staff and offices, adapting to local laws and customs, finding and qualifying sales staff, partnering with hosting and service providers, and designating managers to oversee day-to-day operations, while operating from half a continent (or more) away.

These tasks can seem daunting. The average SMC might let the opportunity fade away because they simply do not know how to overcome these challenges. Businesses willing to take on the challenges of Geo Expansion are making decisions that will expand their market share and secure their future.

The Asia Opportunity

Two-thirds of the world's population is currently in Asia. When fully operational, the Asia Pacific region is on track to account for 20-30% of global revenue for technology companies. Although Asia was once considered a laggard in adapting to new technologies, the region is now a definitive new frontier for technology adoption.

Asia Pacific's complex and large geography means things are almost never homogenous. Building partnerships and productive sales operations requires commitment and a willingness to pursue multiple paths. Expanding from one customer to a regional presence requires a level of commitment to each country. Partners must serve both the specific needs of their customers and adapt to the local market, use cases, and cultures.

Economic Growth in Asia
According to the International Monetary Fund, Asia's emerging and developing market is expected to grow at 6.2% in 2019 and 2020, accounting for nearly two-thirds of global growth. The region remains the world's most dynamic by a considerable margin.

Furthermore, the Asian middle class is growing. According to the Brookings Institute, two-thirds of the global middle-class population will be Asian by 2030. This large subset of the population is ready, willing, and able to consume the products and services that are being enjoyed in more developed parts of the world.

The leapfrog effect plays a strong role in the potential for Asia Pacific's emerging technologies. In today's increasingly digital global economy, underdeveloped nations can bypass intermediate stages of technology development, thus speeding up the process to adopt modern systems. This makes it possible to implement complex technologies, for example digital banking on a mobile phone, without ever having to introduce simpler systems like credit cards. What once was a non-existent market is now primed and ready.

Microsoft in Asia – the Subsidiaries and Structure

Partners are advised to understand company terminology and the Subsidiary structure for Asia to be more efficient and aligned with Microsoft.

Within Microsoft, geographical zones are described as:
- **Timezones**: Overall geographical zone enveloping several countries.
- **Regions/Areas**; Collections of countries within a region.
- **Subsidiaries**: Individual countries within an area.

Asia is the *Timezone* spanning from Australia to India, whereas the *Area* known as Asia Pacific (APAC) refers to several Southeast Asian countries, which are each separate *Subsidiaries*.

In addition to the Geographical classification, each Asia-based Sub is categorized as:
- **Developed**: Economically advanced countries.
- **Emerging:** Nations currently investing in more productive capacity.
- **New market**: Yet undeveloped.

The Timezone of Asia is split into five Areas with one or more Subsidiaries each, as shown in Table 1.

Areas	Subsidiaries	Market
Australia	Australia	Developed
Japan	Japan	Developed
India	India	Developed
Greater China	China	Developed
Greater China	Taiwan	Developed
Greater China	Hong Kong	Developed
APAC	South Korea	Developed
APAC	Singapore	Developed
APAC	New Zealand	Developed
APAC	Malaysia	Emerging
APAC	Thailand	Emerging
APAC	Indonesia	Emerging
APAC	Philippines	Emerging
APAC	Vietnam	Emerging
APAC	Sri Lanka	New
APAC	Bangladesh	New
APAC	Cambodia	New
APAC	Laos	New
APAC	Brunei	New
APAC	Maldives	New
APAC	Bhutan	New
APAC	Myanmar	New

Table 1: Areas, Subsidiaries and Markets within Asia Pacific

Multi-Subsidiary Areas (MSAs)
Asia Pacific (APAC), Latin America (LATAM), and Western Europe are all Microsoft Multi-Subsidiary Areas (MSAs). MSAs are treated differently from single Subsidiaries because of the variance of business cultures, languages, and other complexities within the defined space.

Areas and Subsidiaries are run somewhat autonomously from each other. However, the Microsoft organization structure is mirrored in each country, with each Subsidiary guided and supported by the team in its Area, and each Area reporting into the Microsoft Asia Timezone, headquartered in Singapore.

Within each Subsidiary exists a General Manager and a Sales reporting line that is split into three Business Groups (BGs). The three BGs are Intelligent Cloud (Azure), Productivity (M365 and Modern Workplace), and Business Applications (D365).

Microsoft also supports Timezone (TZ) professionals within Asia. These roles connect Partners across the five different Asia Areas, drive Microsoft corporate strategy, speak at events, evangelize products, and provide resources.

Once a Partner has identified their chosen target market, they are advised to work with each Subsidiary and Area independently. Working with multiple Subsidiaries in parallel helps Partners gain local traction and attention from Microsoft Field Sellers in an Area.

Aligning with Microsoft – Geo Expansion, Co-Sell, Go-To-Market with Microsoft and P2P

Once Partners understand the Microsoft Asia organization, and its Areas and Subsidiaries, they should identify their target markets and engage with Microsoft. A few Microsoft programs that can help facilitate market expansion in Asia include Geo Expansion, Co-Sell, Go-To-Market with Microsoft, and Partner2Partner (P2P).

Geo Expansion Program
The Geo Expansion program is designed to help Partners scale their strategic solutions into new markets with Microsoft through activating digital go-to-market services, engaging local connections, and growing target market opportunities to scale visibility. This program prepares Partners for the market and provides guidance to navigate a new Area's Microsoft ecosystem. A link to the initial readiness assessment can be found in the *Further Resources and Appendices* section of this document.

IP Co-Sell
The IP Co-Sell program enables Partners to work with Microsoft on joint opportunities. The end solution of the Partner-Microsoft collaboration is scaled through the Microsoft ecosystem to reach a wider community of Customers and accelerate business growth. This program can help a Partner increase visibility, reach target customers, and find new markets.

In 2018, the first year of Co-Sell, almost 150k opportunities were shared with Partners. Co-Sell accounted for $5B revenue. Of all revenue that year, $95B out of $110B came from Partners. These referrals extend reach by expanding a Partner's portfolios of solutions and granting them access to a global Partner network. They further expand deals by creating custom solutions with Microsoft and P2P opportunities. Additionally, collaborations with Microsoft Field Sellers generate leads, accelerate wins, and amplify marketplace listings (see Figure 1).
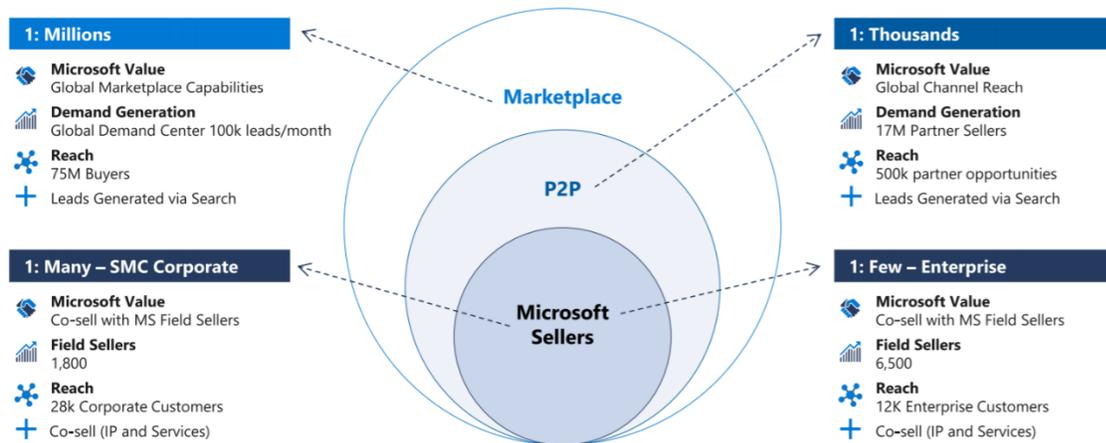
**Figure 1: Co-Sell Amplifies Listings as per
Microsoft Co-Sell Partner Engagement Guide (Slide 11)**

IP Co-Sell matters to Field Sellers because it locates and links Partners with necessary industry expertise and finished solutions. Companies that are IP Co-Sell-ready can expect full support from Microsoft.

To get the most out of Co-Sell, Partners should:
- Understand their unique value proposition and be able to articulate it in context to the end customer and how it relates to Microsoft goals.
- Be able to share business plans, identify target segments, and provide visibility to existing opportunities.
- Maintain relevant offers, campaigns, or activities that can be shared with the right account teams and customers.

Go-To-Market with Microsoft

Go-To-Market with Microsoft includes scalable marketing tools (see figures 2 and 3). The services are available at all levels, including some complementary services. Partners are advised to activate services via Microsoft Partner Center.

Microsoft Marketing Resources (included with membership)	Network member	Silver competency/ ISV co-sell ready	Gold competency/ ISV IP co-sell ready
Digital Marketing Content OnDemand delivers always-on digital marketing content in fresh weekly campaigns. Through an intelligent tool partners are empowered to start generating demand and connecting with customers online through social media, company blogs, and email.	I	I	I
Smart Partner Marketing is a marketing how-to hub, filled with marketing essentials including the latest industry research, market trends, partner best practices, free tools, templates, and more.	I	I	I
Sales Enablement Platform allows partners to access and customize Azure, Dynamics 365, and Microsoft 365 content within their Office applications. Track your customer's engagement with your documents to gain insights into how customers interact with your proposals.	I	I	I
Partner Marketing Center provides access to thousands of sales and marketing assets in this comprehensive content library, including sales presentations, infographics, web images, and more!	I	I	I
Geo Expansion Readiness Assessment helps partners break into new geographies to initiate growth in new markets and drive scale of strategic solutions.	I	I	I
Partner-to-Partner Readiness Assessment helps partners determine their eligibility to connect with other partners in the Microsoft Partner Network ecosystem.	I	I	I
Business Profile Optimization and Referral Management helps partners optimize their directory listing in Partner Center and manage leads from Microsoft.		I	I
How to Market with Microsoft guides partners through co-marketing with Microsoft with a personalized consultation with a marketing specialist.		I	I
Partner-to-Partner GTM Assets gives partners access to a template library to create a joint bill of materials with another partner to facilitate customer conversations and drive sales.		I	I
Partner Collaboration Platform gives partners access to a single shared platform to streamline and manage their collaborative selling activities with other partners.		I	I
Co-branded Marketing Assets enable partners to benefit from the strength of the Microsoft brand by leveraging a co-branded customer-facing presentation, a solution benefit one-pager, and a through-partner customer case study template and a professional editorial review of each asset.			I
Co-branded Social Marketing Assets provides partners with social media content and image creation to post on their Twitter, Facebook, and LinkedIn channels.			I
Partner Success Story allows partners to increase awareness of their solution or service by sharing the success of their solution and Microsoft partnership through a case study.			I
Press Release with Microsoft Executive Quote offers partners an editorial review of a partner-drafted press release on their Microsoft-enabled solution with inclusion of a quote from a Microsoft representative.			I

Figure 2: Basic, Silver and Gold Go-To-Market Services

Go-To-Marketing with Microsoft Offers available for Purchase	Silver competency/ ISV co-sell ready	Gold competency/ ISV IP co-sell ready
Global expansion enablement workshop - An in-person or virtual workshop with professional expert help outlining a GTM plan, messaging and positioning, competitive analysis, and specific marketing campaign calendar for your target geography, as well as expert analysis and advice.	|	|
Sales Journey Assessment (Secret Shopper) - Secret shopper assessment and improvement plan for customer buying experience	|	|
Mini Commercial - Showcases the value of your offering jointly with Microsoft, the mini-commercial engages your target audience with rich motion graphics and high impact messaging. The mini commercial utilizes an actionable CTA which allows the partner to drive the target audience to other desired content.	|	|
Video Case Study - Customer success stories are a proven sales or marketing tool. A video highlighting how your customers are succeeding takes some of the effort out of the sales process.	|	|
Partner-to-Partner premium co-branded marketing materials - Get the core marketing assets you need to get your products in market, generate demand, and expand your business. With our P2P Marketing BoM, you will receive assets that can be leveraged across a variety of channels, supporting your joint sales and marketing efforts.	|	|
Sales enablement materials - Sales Enablement assets that you can use with your sales team to reach your ideal target audience, with an actionable message, and grow your sales.	|	|
Creating cloud offers & value proposition workshop - The Solution Definition Workshop utilizes research and proven best practices to help you (1) optimize cloud solutions and offers, (2) target your best prospects, (3) develop a differentiated value proposition to help you stand out relative to your competition, and (3) create messaging pillars that will generate leads and sales.	|	|
Sales and Marketing Campaign Workshop - helps you generate more leads and higher quality leads for your cloud solutions. Selling "Software as a Service," "cloud," or "subscription-based" products and services differs from traditional offerings. The workshop helps you optimize your marketing for cloud-based solutions and align it with your sales efforts to generate more leads and revenue.	|	|
Custom digital marketing content on-demand platform - Next-generation automated content marketing engine that enables partners to launch impactful Microsoft digital campaigns at scale through channel partners' social media using the PartnerOn platform.		|
12-month marketing campaign content for digital marketing content on-demand - Year-round campaigns to launch your solutions at scale with digital marketing content customized to tell your unique story to customers and channel partners through the PartnerOn platform and your existing social media channels.		|
Digital eBook - Skillfully constructed eBooks are powerful digital marketing tools that provide thought leadership, while educating prospects about a specific topic and building credibility. eBooks are a great way to generate qualified leads. Use your eBook on a dedicated landing page, create social posts with quotes or tips, give it away at conferences or as a leave-behind in customer meetings.	|	|
Thought leadership bundle - Thought leadership marketing has emerged as one of the most powerful ways to establish credibility, connect with prospects, and accelerate growth. Position your company as a leader through best-in-class content. Your 3-tier thought leadership campaign includes three blogs, an Infographic and an eBook.	|	|

Service		
Lead Generation Campaign Assets (Campaign in a box) - Initiate your co-branded presence with Microsoft. Establish your joint value proposition with Microsoft through an introductory set of lead generation campaign assets that enable you to drive your own demand.		|
Lead Generation Campaign (Fully Managed Campaign for single solution) - Initiate your co-branded presence with Microsoft & drive prospects in relevant accounts. Target multiple prospects within your most relevant accounts to fill the top of the funnel and identify new contacts in the buying committee. The service features 1 partner solution.		|
LinkedIn account-based media package - Allows partners to precisely reach & engage decision maker at your target accounts, on the world's largest professional network. Leveraging first-party LinkedIn company and profile data, partners can target the accounts and individual that matter most.	|	|
Boost your business - Digital Demand generation Program for Microsoft Partners in Western Europe. We support partners to: Expand your reach, captive your target audience and connect with prospects the moment they express their interest in your organization.	|	|
To-customer webinar support - A live, recorded webinar featuring your business and/or solution that reaches a target list of customers or partners. Target lists are available for purchase.	|	|
Website accessibility assessment service - Ensure your customer-facing website supports web content accessibility guidelines with a website assessment engagement. Process provides guided remediation recommendations to improve navigation for accessibility standards, and awards recognition for passing a final review.	|	|
Video accessibility subtitle caption service - Ensure your customer-facing marketing videos support web content accessibility guidelines with the addition of subtitle captions. This service will provide transcription and final subtitled video output to ensure your videos are accessible to all customers.	|	|
Sales enablement platform - Increase your sales productivity - create, send and track content in minutes with Qorus Content Hub! Work with your sales and marketing content through a central hub for your business. Its already stocked with no cost Microsoft content and can easily be connected to your SharePoint, Teams or OneDrive content.	|	|
SmartProfile tele lead generation - Account based tele lead generation campaign.	|	|
Partner-to-Partner 90-minute consultation - 90-minute phone or web conference consultation designed to drive an immediate improvement in the partner's channel program	|	|
Partner-to-Partner sales enablement virtual workshop - Workshop covering every aspect of developing a productive channel: Why channels work and why they don't, building a value proposition for partners, 10-step partner recruitment program, partner compensation, and partner management	|	
Partner-to-partner readiness workshop - End-to-end channel development program and Partner-to-Partner Business Design Session with an expert consultant to help partners gain clarity on how to expand their business through partnerships	|	
Social selling coaching program - Learn how to maximize your social selling impact leveraging LinkedIn and other social connectors.	|	
GTM accelerator - Unify your leadership team around a solid GTM plan—in one day. Everyone will have confidence in the why what, and how of your business. It's Go-To-Market software with a dedicated expert, replacing traditional methods with a collaborative, rapid, and iterative approach, allowing you to stay ahead of the market. You will never settle for traditional methods or results again.	|	

Figure 3: Additional Go-To-Market Services

Local and Regional Marketing with Microsoft

Partners entering new markets should seek out Microsoft joint marketing possibilities. Table 2 details team member roles that may assist in regional co-marketing opportunities. Table 3 includes examples of Microsoft-supported regional marketing activities.

Role	Duties
Go-To-Market Partner Marketing Advisors (PMA)	Accounts for joint Microsoft marketing activities with Co-Sell-ready Independent Software Vendors (ISVs) and System Integrators (SIs). These roles exist in all countries and are focused on specific products, such as Teams, O365, Azure or Dynamics.
Go-To-Market Lead/Partner Marketing Manager (PCMM/PMM)	Leads a country or region's Partner marketing advisor team.
Partner Development Manager (PDM)	For Managed Partners, PDMs Manage ISVs both globally or regionally.
Area Consumption Lead (ACL)	Drive increased consumption across Microsoft's Azure, Bizapps and Modern Workplace workloads.
Enterprise Channel Managers (ECM)	Own the Co-Sell pipeline and assists in Microsoft organization navigation.

Table 2: Local Go-To-Market Support Team Members

Event	Description
Partner Pitch/Speed-Dating Days	Nominated ISVs attend single or multi-day sessions that connect them with Microsoft Account Teams.
Microsoft Meetups	Community of professionals meets regularly to talk all things Microsoft. Meetups are typically endorsed, attended, or co-presented by Microsoft employees.
Digithons	Customer-focused visits attended by 8-10 Microsoft-selected ISVs over 1-2 days.
Discovery Days	Microsoft-organized customer-focused events that showcase company tools such as M365, Dynamics365, Bizapps, or AI.
Webinars	Customer-focused webinars that showcase specific Microsoft tools with guest ISV speakers.
Landing Weeks	Event series for associated Partners focused on products such as Teams.
Community Calls	Regularly scheduled internal Microsoft meetings featuring a rotating nominated Partner.
Monthly Newsletters	Partners may be featured in monthly internal Microsoft newsletters that are circulated throughout the organization.
Microsoft Microsites	Some Subsidiaries have regional Microsoft websites which can feature Partners.

Microsoft Technology and Experience Centers	Microsoft demonstration centers that showcase selected customer or Partner solutions. The 50-plus global centers also feature sessions on ideation, strategy, architecture, prototypes, hackathons, and associated workshops.
Inspire Conference	Microsoft's annual Partner conference. This annual sales kick-off is a great resource for finding new partners or meeting global Microsoft teams.
Ignite Conference	Microsoft's annual technical conference and roadshow for customers. This event is useful for Partners that cannot travel to the United States as it tours internationally.

Table 3: Microsoft-Supported Regional Marketing Activities

Partner 2 Partner (P2P)

It is important to have an adaptable approach to serving new markets. This can include changing and augmenting business models, reassessing where products and services fit in the end-to-end customer journey and determining gaps. A key strategy to enable a successful Geo Expansion in this context is finding the right go-to-market Partners that have local relationships and local language capability. Collaborating on sales and go-to-market activities can reduce the cost of selling into new markets and increase the efficiency of solution delivery, ultimately leading to faster ROI.

Microsoft has more than 80,000 Partners globally across the technology and industry spectrum. Linking up to this network makes it possible to access a vastly greater customer ecosystem, including markets that a Partner might not be able to access on its own. The right partnerships can open the door to unlimited opportunity.

Partners are advised to engage in Microsoft's P2P program as part of any Geo Expansion initiative. Through this program, Microsoft will connect Partners to help expand their business into new markets as depicted in Figure 4. P2P is also incorporated into the Co-Sell program so any number of Partners can work together on opportunities with a Microsoft seller engaged.
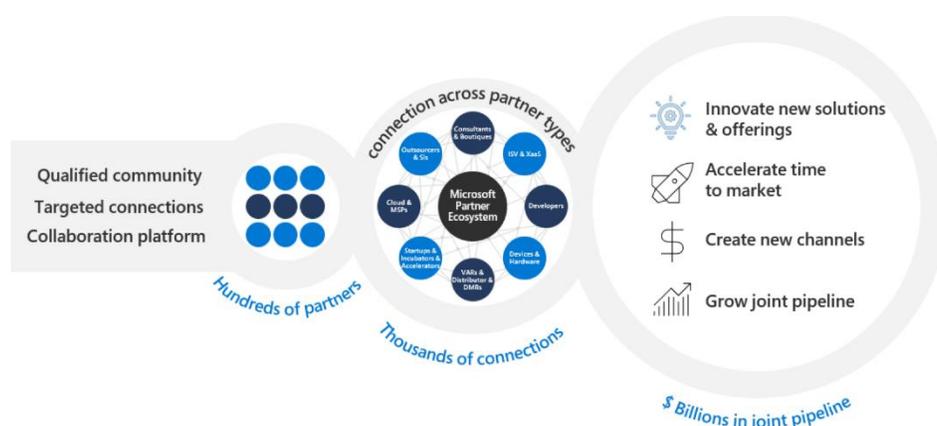
Figure 4: Accessing Markets and Creating Solutions with P2P

Partnering Readiness

Combining business forces can be central to a company's success in a new market. To ensure success, Microsoft provides a Partnering Readiness Assessment. A link to the assessment can be found in this document in *Further Resources and Appendices*.

International Trade Agencies

A little known, but incredibly valuable resource for entering new markets is government trade agencies. Many trade agencies provide free or heavily subsidized support to Partners headquartered in their country. The mandate for these agencies is to grow exports of their home companies to foreign markets, and to grow export-backed jobs in the home country. Some of the areas that trade agencies can assist with include:

- Introductions to key industry professionals, prospective buyers, and business partners in the target geography.
- Attendance on regional trade "missions" to learn more about a given market.
- Assistance with marketing campaigns (email, mail, and telephone).
- Hosting of marketing events at an official government venue, and on certain occasions with the presence of an ambassador or local official.
- Invitations to trade dinners and other networking events.
- Sharing of market reports.
- Best practice advice on how to approach individual markets.
- Market acceleration funding.

In Asian markets, where strong relationships are usually required before two parties go into business together, trade agencies can assist in making key introductions to their industry contacts to help jumpstart the relationship-building process. Certain agencies also provide lead generation and business development services to Partners, such as telephone or LinkedIn campaigns.

However, this kind of support will only be effective if the Partner has done the necessary pre-market entry planning, validated their offering in the market, and, if possible, already has a customer base in the market. Like relationships with prospects and customers, Partners should regularly engage with their trade agency counterparts to receive the maximum benefit.

A list of international Trade Agencies can be found in the Appendices section. In the case of many countries, trade agency support will also be available at a regional or state level.

For example, in the United States, the U.S. Commercial Service is the government trade agency responsible for supporting American businesses in the traded service sectors. Specifically, Trade.gov helps businesses to start up, innovate, and ultimately achieve global success in markets outside the US.

The U.S. Commercial Service also provides American companies with promotional services through a service called Single Company Promotion. These promotional events can be tailored to the requirements of the Partner, such as technical seminars, press conferences, luncheons, dinners, or a reception. The U.S. Commercial Service will also conduct targeted direct mail or e-mail campaigns to key contacts. This is an effective way to attract senior-level management to a focused event, a task more difficult if carried out by the Partner alone, especially if their brand is unknown in the new market.

Industry Association Alignment

Partners should not discount the value of engaging with in-market industry associations for both networking opportunities and market research. Associations often hold knowledge-sharing workshops where Partners can communicate with and learn from their industry counterparts in that market.

Associations generally welcome the idea of hosting Partner-driven seminars and workshops as they add value to their annual membership fees. These events are a great way to build credibility in a market, develop pipeline, and anchor an event to invite key customers and prospects.

Options for Geo Expansion into Asia

Often businesses only consider one way to enter a new market: opening a physical office with on-the-ground staff. This is only one of many available alternatives to enter a new market. Other options come with their own risks and costs. Choosing a strategy is not always straightforward. A business may choose to engage in more than one approach during their Geo Expansion journey. Below is a review of several strategies and their corresponding risks and benefits.

Fly In – Fly Out Method
Risk Level: Medium
Cost: High Travel Costs/ Low Recruitment and Set-up Costs
The early stages of Geo Expansion, such as scoping a market and building a pipeline, can be accomplished from one's home geography with regular trips to Asia.

The trips may be taxing in terms of physical endurance and cost, especially if a large deal is about to close, multiple people are needed to complete the deal, and jetlag due to the long distance is a major factor. In this method, moved or cancelled meetings and urgent last-minute events can present problems. Additionally, in Asia in particular, customers may perceive that a company without a full physical presence might not be fully committed to setting up operations for the long term in the new geography.

The final factor to consider is managing relationships across time zones. It can be difficult to be reactive to customers in an Asian time zone. Issues will undoubtedly occur at unsociable hours in the home time zone, and delayed responses can make a business relationship difficult.

Relocation and Incorporation
Risk Level: Low
Cost Level: High
Relocation and incorporation are the most well-known and often considered methods for Geo Expansion. Incorporating in a new geography can be relatively easy in some Asian countries but incredibly difficult in others, with legal costs, regulations, and tax implications to consider. However, once set up, a legal presence can make business transactions much easier.

The cost of incorporation also varies by country. Many businesses choose to incorporate in Singapore due to its central location within Asia, favorable tax rate, and lack of of government corruption.

When relocating an employee, there are many factors to consider such as cost and availability of schooling, suitable housing, transportation options, health insurance, and medical facilities. Additionally, a lone relocated employee will need a great deal of marketing, administration, finance, and legal support in their new territory. Relocating someone carries some costs and risks such as:
- Recruitment costs of backfilling the designated person's position in the home country.
- Risk of an employee wanting to return home because they cannot settle in the region.
- Risk of an employee not adapting to business in Asia, resulting in lost opportunities.
- Acceptance that the person may not have a pre-established network to start business development activity. Success will require patience from the head office.

Incorporate and Hire Locally

Risk Level: Low
Cost Level: Medium

Incorporating and hiring locally can be quite profitable if managed correctly. The local hire will understand the language, customs, and culture of the country and surrounding areas alongside having a network of relationships in-country, a key component to doing business in Asia. Possessing a set of ready-made contacts can be a great head start for a business, and hiring local employees speaks volumes to the business' commitment to Geo Expansion.

The process of incorporating a local partner can vary significantly from country to country. Other important considerations include:

- Legal process and time associated with setting up bank accounts. The timeframe for setting up bank accounts in some countries can take two months or more.
- Familiarity with local banking and taxation regulations to ensure compliance.
- Ensuring a qualified local operations and payroll partner is selected.
- The working visa application process varies in time and complexity by country.
- Allowing recruiters time to vet candidates properly. Being diligent in interviews and selection.
- Being careful with first hires and making the time to meet them. An unsuitable first match can result in time lost and sets Geo Expansion plans back significantly.

Do Nothing

Risk Level: Medium
Cost: Low

While Asia is the land of opportunity for some, it is not a perfect fit for all. If an Asia presence does not fit with the overall business strategy or there is priority and room to grow in the home geography, it might be better to stay the course.

A business that is not fully mature domestically and doesn't have the resources to support Geo Expansion might find it best to simply stay on top of the trends and technology in Asia until there is a better time to expand.

Proving the Market by Partnering

Risk Level: Low
Cost: Medium

Proving a market can go beyond a logical evaluation to a proof of concept style approach. One way to do this is to build a pipeline of commercial sales through outsourced business development.

A market entry business with existing potential customer and channel sales partner contacts is a low-risk option that allows a business to test the market without a large investment. This can be particularly important in countries where communication in English is a barrier. In this scenario, a team of people in-region represent the business, follow up on leads and deals, and build relationships with target customers.

Those uncomfortable with making the full Geo Expansion investment can establish their presence and pipeline in Asia before fully investing. This presence can include an office address in region, lead generation, business development, and marketing support.

Proving the market through an outside company offers:
- The ability to land and expand in Asia without wholesale investment or incorporation.
- Immediacy in Asia – a mandatory requirement in many Asia based RFPs.
- Regular in-person connections to both existing customers and new prospects.
- Experience and cultural knowledge on the ground without lead time.
- A pipeline and platform on which Partners can make well-balanced resourcing decisions.
- Microsoft's Geo Expansion team can connect partners with companies in Asia who can provide these services. More details are in appendices.

Other Considerations

Asia is large and diverse
With a total of 48 countries in one region, Asia is not only the largest and most populous continent in the world, it is the most diverse. To expand throughout Asia and navigate its different Microsoft Subsidiary Organizations requires a significant amount of time.

Due to Asia's vast size, expanding into all of Asia in one effort is an almost impossible task. Partners are advised to not consider Asia as a single market, but as multiple markets which differ significantly based on language, culture, technology maturity, and spending power.

A Geo Expansion strategy that prioritizes individual markets and approaches them one at a time can yield better results than trying to enter the entire region all at once. One reason for this priority-phased approach is that personnel, resource, and travel expenditure investment of entering multiple markets can be overly cumbersome. Partners should pinpoint their target markets and work with the local Microsoft teams to build traction on an individual country basis.

Commitment and a physical presence
Commitment to the region is essential for any Partner in the region. Buyers expect to see a local presence or at minimum locally established partnerships. It is mandatory to have a local distributor in place in many countries, and in many cases, this is a requirement in domestic RFP processes.

Patience is critical
Patience is crucial for any partner expanding into Asia. Plan for at least two years to start creating a footprint.

Furthermore, Asian companies may be risk adverse. Employees often enjoy the job security of staying in one position long-term. The result is consensus-driven change, meaning slow sales cycles involving multiple stakeholders. Risk aversion may present itself during vendor selection, where some countries may approach the process with rigidity and caution. In some places, it is typical to wait for an entire budget cycle to be approved before awarding business.

Last of all, as some parts of Asia are only now being approached by international software vendors, markets may not be familiar with all the available business operations improving technology. Partners may need to take the time to educate customers.

Cloud Adoption in Asia
Cloud adoption is a particularly important area to understand for SAAS-based ISVs. Historically, Asia-based companies were resistant to the cloud, due to lack of proximity to traditional data center hubs and

government regulations restricting cloud usage. These limitations are shifting at a fast pace and once resistant parts of Asia are now largely recognized as cloud-ready.

There is a growing understanding that cloud-based technology has more benefits than traditional on-premise solutions, such as improved security, system elasticity, and staying current with latest versions. There are also an increasing number of local data centers shifting the Asia cloud landscape. Table 4 provides a snapshot of Asia's cloud readiness country by country and is based on 2018's Cloud Readiness Index.

Rank, Economy	CRI#01 International Connectivity	CRI#02 Broadband Quality	CRI#03 Power Grid, Green Policy, and Sustainability	CRI#04 Data Centre Risk	CRI#05 Cybersecurity	CRI#06 Privacy	CRI#07 Government Regulatory Environment	CRI#08 Intellectual Property Protection	CRI#09 Business Sophistication	CRI#10 Freedom of Information	TOTAL CRI 2018 SCORE (/100)	Rank Change
#1 Singapore	7.0	9.5	6.0	4.6	9.3	9.0	9.0	8.9	8.5	4.9	76.6	+1
#2 Hong Kong	9.3	7.7	4.4	5.3	8.1	9.0	6.7	8.4	8.3	7.1	74.1	-1
#3 New Zealand	3.9	5.7	7.2	4.8	7.2	8.5	7.7	8.9	8.7	8.6	71.1	-
#4 Japan	3.5	6.5	5.3	4.4	7.9	9.0	7.7	8.3	7.6	7.1	67.1	+1
#5 Taiwan	6.5	6.5	4.5	4.2	8.1	7.0	7.1	7.4	8.0	7.6	66.9	+1
#6 Australia	3.5	5.2	4.1	4.3	8.2	9.0	7.1	8.3	8.0	8.4	66.3	-2
#7 South Korea	2.8	7.4	4.1	4.3	7.8	8.5	8.0	6.3	8.4	7.2	64.8	-
#8 Malaysia	2.5	5.5	4.0	4.1	8.9	7.5	7.9	7.6	7.8	5.3	61.0	-
#9 Philippines	2.5	4.8	4.5	3.9	5.9	8.5	5.7	5.9	5.9	5.9	53.6	-
#10 Thailand	2.7	6.9	2.2	3.8	6.8	4.5	5.4	5.0	7.7	5.5	50.6	-
#11 Indonesia	1.7	5.5	2.9	3.8	4.2	6.5	5.6	6.4	6.7	6.0	49.4	-
#12 India	1.1	4.7	1.5	3.4	6.8	6.0	5.9	6.3	6.1	5.7	47.4	-
#13 China	1.0	4.9	1.6	3.7	6.2	4.0	6.6	6.4	6.5	2.2	43.1	-
#14 Vietnam	3.6	5.3	2.1	3.9	2.5	3.5	5.7	5.1	6.8	2.6	41.0	-

Comparison with non-APAC economies

Brazil	3.1	4.9	4.3	3.9	5.9	4.0	5.1	6.0	5.7	6.6	49.6	
Germany	3.8	5.5	7.7	4.4	6.8	9.5	6.9	8.1	7.9	8.5	69.2	
South Africa	5.1	4.4	1.8	3.7	5.0	9.0	4.7	6.9	6.5	8.0	55.1	
United Arab Emirates	4.1	6.0	4.8	4.4	5.7	5.0	8.9	8.1	7.9	6.1	61.0	
United Kingdom	5.9	5.9	8.1	4.3	7.8	9.0	7.7	8.9	8.2	7.8	73.5	
United States	4.1	6.2	6.2	4.4	9.2	7.0	7.7	8.3	8.3	7.6	68.9	

Table 4: Asia's Cloud Readiness

Patents
Although governments are taking steps to improve patent enforcement, these steps may vary by country. It is also common for license breaches to occur unless closely monitored. The need for legal recourse for breaching software license agreements may appear. Partners should evaluate the desired country of expansion and consider a strategy for reduced patent enforcement, such as improved code base protection, frequent updates, and strong license key management.

Cloud in China
Overall, companies in China are willing to adopt cloud technology. However, the restrictions placed on the Great Firewall of China by the Chinese government make it difficult to achieve service without disruptions. System performance issues are to be expected with cloud-based software services hosted outside Chinese borders causing some companies to want in-country systems. Businesses may also be reluctant to have

company data in hosted environments due to security concerns. These attitudes are shifting as the world's technology market moves toward cloud-based computing at accelerating speed.

Partners targeting China might consider implementing a cloud service within China to remove sales barriers. However, this comes with hosting costs and legal processes. Another option is to host in one of the two free trade areas in Shanghai or Guangzhou. This requires local Partnership agreements that can deter vendors from making the investment. Decisions to host in China should be accompanied by legal advice to determine the best approach.

Other China Considerations
The Chinese Currency (RMB) is not a freely exchanged currency and the exchange rate is tightly regulated by the government. Only licensed traders domiciled in China are authorized to trade with foreign currency. Partners are advised to engage with a third-party Chinese company to address any currency trade regulation issues.

Trade Wars
The international trade war between China and the USA is having a fundamental impact on companies trying to break into the China market. To counteract the tariffs being placed on US-based companies, Partners must be flexible with price to stay competitive.

Margin and Channel Distribution
A Partner model in the Asia region is sensible, especially for countries where English is not the native language. Selling via distributors will mean that Partners can cover the market. However, the nature of selling via the channel also means that margin will need to be paid on successful contracts. Partners are advised to factor this cost of sale into their financial planning for the region. If Partners do not have a model in place, it may be advisable to create one.

Price Sensitivity
Asia is generally price sensitive, which is largely reflected by the World Bank's per capita GDP figures of each nation. Prices commanded in certain countries need to be adjusted accordingly for others. Companies in some regions may trend toward buying inferior solutions based on a lower price. According to the World Bank's national accounts data, Singapore has the highest per capita GDP figure in the region. This translates to higher prices in Singapore than in surrounding countries. However, even in Singapore, the need for people to negotiate a "good deal" is culturally strong, making price levels generally lower than in Europe or the US.

In other markets, it is not uncommon to offer discounts upwards of 75% to close a deal. One of the reasons for such significant cost discounting is due to the "build versus buy" debate. Other factors are a low internal labor cost compared to international standard, a strong level of in-country technical expertise, and cultures that value bargaining.

This profile makes it a very challenging market for international companies selling an off-the-shelf product into the country because the "build it yourself" alternative is often a cheaper option than the off-the-shelf product.

The net result of all these factors is that international vendors, in any industry and any field, may be expected to reduce price expectations significantly in lower-cost markets. Partners may consider a tiered

price model for different countries. Deals can still be won with discounts, and while the deal sizes may be lower, the volume of potential customers can make up the price difference.

Conclusion

Although Asia's diversity can make Geo Expansion seem daunting, this business growth strategy is achievable for those willing to invest the time to understand the marketplace and take the right steps. Through careful selection and understanding of target Subsidiaries, alignment with proper resources, and appropriate choice of presence, a business can unlock opportunity in the world's biggest growth market: Asia.

Businesses should take the time to fully comprehend the local culture, businesses practices, and processes within their target area. They should also deeply know their own product, what makes it unique, and what it has to offer the Subsidiaries into which they wish to expand.

Resources and assistance are available for Geo Expansion. Businesses that engage and align with Microsoft in this effort can expect market preparation and guidance while navigating the company ecosystem. Programs like Co-Sell, Go-To-Market with Microsoft and P2P aid in scaling solutions into new territories, engaging local contacts, and growing opportunities and visibility. Government trade agencies can be of further value for businesses entering new markets as many offer networking, marketing, funding, and intelligence assistance. Microsoft has an in-market partner for the Geo Expansion program in Asia, Asia Market Entry, who can provide advice and assistance with business development.

There are many ways to establish a business presence. Whether a business adopts a fly in-fly out approach, incorporates, or partners with an outside company should depend on level of risk and cost comfort as well as needs like immediacy of presence.

Whichever route a business chooses, commitment to a target market and patience is critical, as well as a consideration for prioritizing one market at a time. Challenges to global expansion are expected. However, great rewards wait for those willing to prepare and adapt as they take on opportunity.

Document Contributors
Steve Dawson – Asia Market Entry
Claire Bull – Asia Market Entry
Ciaran O'Keeffe – Asia Market Entry
Mark Pinan – Asia Market Entry
Brett Johnson – Asia Market Entry

Asia Market Entry Pte Ltd
W: www.asiamarketentry.com
E: Microsoft@asiamarketentry.com
A: 56A and 56B Boat Quay, Singapore, 049845

Further Resources and Appendices

Geo Expansion Readiness Questionnaire - https://www.crossborderexpansion.com/

Partner Center - https://partner.microsoft.com

Go-To-Market with Microsoft Marketing Services - https://partner.microsoft.com/en-US/membership/go-to-market

Go-To-Market with Microsoft Sales Guide https://assetsprod.microsoft.com/mpn/en-us/gtm-sales-guide.pdf

Cloud Enablement Desk - https://partner.microsoft.com/en-us/campaigns/ced-nomination-form/

Sell With Microsoft - https://partner.microsoft.com/en-US/membership/sell-with-microsoft

Become CoSell Ready - https://partner.microsoft.com/en-US/membership/sell-with-microsoft#become-ready

Azure Market Place https://azuremarketplace.microsoft.com/en-us/marketplace/apps

AppSource - https://appsource.microsoft.com/en-US/

Partner 2 Partner https://partner.microsoft.com/en-US/connect/build-partnerships

Partner 2 Partner Assessment https://startpartnering.com/

Partner 2 Partner Playbook https://assetsprod.microsoft.com/en-us/co-sell-partner-engagement-guide.pdf

Geo Expansion Playbooks - https://assetsprod.microsoft.com/mpn/en-us/optimize-grow-guide.pdf

Asia Based Geo Expansion Partner for Microsoft - https://www.asiamarketentry.com/microsoft-geo-expansion

Appendix A: International Trade Agencies

Country	Agency	URL
Argentina	Argentina Invest and Trade Promotion	http://www.inversionycomercio.org.ar/
Australia	Australian Trade Commission	http://www.Austrade.com.au
Belgium	Belgian Foreign Trade Agency	https://www.abh-ace.be/en
Belgium	Brussels Invest & Export	http://invest-export.brussels/
Brazil	Apex-Brasil	http://www.investexportbrasil.gov.br
Canada	Canadian Trade Commissioner Service (CTS)	www.tradecommissioner.gc.ca/sg
Czech Republic	CzechTrade	https://www.czechtrade.cz/
Denmark	The Trade Council	http://singapore.um.dk/en/the-trade-council/
Estonia	Trade with Estonia	https://www.eas.ee/export-advisers/
Finland	Team Finland	http://www.team.finland.fi
France	Business France	https://www.businessfrance.fr/
Germany	Germany Trade & Invest	https://www.gtai.de/gtai-en
India	India Trade Promotion Agency	http://indiatradefair.com/
Ireland	Enterprise Ireland	http://enterprise-ireland.com/
Japan	Japan External Trade Organization	https://www.jetro.go.jp/en/
Korea	Korea Trade-Investment Promotion	https://www.kotra.or.kr
Luxembourg	Luxembourg Trade & Invest	https://www.tradeandinvest.lu/
Malaysia	Malaysia External Trade Development	http://www.matrade.gov.my/
Mexico	ProMexico	https://www.gob.mx/promexico
Netherlands	Holland Trade & Invest	https://www.hollandtradeandinvest.com/
New Zealand	New Zealand Trade and Enterprise	https://www.nzte.govt.nz/en/export/
Northern Ireland	Invest Northern Ireland	https://www.investni.com/
Norway	Innovation Norway	http://www.innovationnorway.no
Peru	Prom Peru	https://www.promperu.gob.pe/
Poland	Polish Investment & Trade Agency	https://www.paih.gov.pl/
Singapore	Enterprise Singapore	https://www.enterprisesg.gov.sg/
Spain (Andalusia)	Extenda	https://www.extenda-usa.com/
Spain (Basque)	BasqueTrade & Investment	https://basquetrade.spri.eus
Sweden	Business Sweden	http://www.business-sweden.se/Export/
Switzerland	Switzerland Global Enterprise	https://www.s-ge.com/en
United Kingdom	Department of International Trade	https://www.gov.uk/government/organisations/uk-trade-investment
USA	U.S. Commercial Service	http://www.export.gov