

Developing New Opportunities in Eastern Europe

New Market Opportunity Analysis

- Market Strategies
- New Business
- Acquisition

Background

TietoEnator is a leading developer and supplier of software to the financial services sector. The company has developed two suites of products, Summit and Portfolio. Over 45% of the UK's building societies currently use Summit. According to figures from the council of Mortgage Lenders, over 20% of new mortgage lending in the UK in 2002 was processed on systems provided by TietoEnator. Portfolio is used by organisations providing other forms of asset-backed finance such as vehicle or equipment leasing, personal loans and debt management services. Over 15 organisations currently use Portfolio, including Alliance & Leicester Commercial Finance, Barclays, BMW Finance, John Deere Credit and Toyota Financial Services.

Challenge

Understanding whether there is real opportunity in a new market and then working out how to sell to it can be a time consuming and challenging process. Not only that, once a new market has been identified how could TietoEnator be sure that the sales resources it needed to deploy would deliver a return on the investment? David Webber, CEO, commented "We had been looking outside the UK and Ireland for some time, but had decided against the 'standard' western European territories of France, Germany and Italy on the basis that these are saturated markets with too much competition. Also, despite being a large market, Germany's economy isn't in the best position at the moment. So instead we decided to look at those countries entering the EU this year, as we knew this would mean some great new opportunities for our product."

Solution

Calleva has considerable experience and a network of senior contacts in the European banking market. Working with Calleva, TietoEnator was able within one month to establish whether the Polish market with its growing consumer lending and resultant bad debt would be a viable market for the Portfolio Credit and Collections application. TietoEnator found that Calleva's approach to setting clear terms of reference at each stage enabled them to justify the expenditure and measure the results. The market study was unlike many traditional research campaigns, in that it brought the market to life for TietoEnator Systems, through a series of targeted meetings with senior executives of some of Poland's leading banks. David Webber was able to see and learn first hand how the Polish market was developing, understand the views of the senior executives and the current challenges they were facing. TietoEnator found that Calleva's market strategy approach enabled them to achieve results that they would have been unable to achieve themselves in the timescale that Calleva were set. Linda Fisher, Sales & Marketing Director commented, "One of the things we like about Calleva is their flexibility – we had the choice to retain them, or pay per exercise. We chose the latter, as it makes the project easy for us to justify. If one stage of the investigation proves positive, we then continue with the next phase. We're getting tangible results every step of the way, which is something that doesn't happen very often."

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Solution cont...

TietoEnator decided to explore the Polish market further and invest in selling the Portfolio Credit and Collections application. Their next challenge was how to take this proposition to market. Should they set up their own sales operation locally, allocate one of their UK based sales people or find a local partner? Once again TietoEnator Systems turned to Calleva, this time to run an outsourced sales programme directly to the banks and consumer finance organisations in Poland. In addition to this Calleva worked with TietoEnator to continue to build market knowledge test the proposition and build awareness of TietoEnator's solution in Poland. At the same time Calleva took on the brief to identify a potential partner. Within six months Calleva had built awareness in the Polish market, having met with over 32 financial organisations at senior level and having held a very successful joint event in cooperation with the Warsaw Institute of Bankers. A relationship with a local partner has now been established too.

Linda commented, "The challenge with expanding into other territories is that finding high-quality new business sales executives with real local expertise is extremely difficult. Recruiting them is also a considerable risk, with the salary and support commitments that are then required, when there is no guarantee of success in that market. The Calleva model took away most of that risk, enabling us to feel our way into the market at our own pace, while only ever paying for the commitment we wanted to make at the time. At each stage, the deliverables have been very clearly defined, so this has made the costs very easy to justify, and we have the flexibility to disengage at any time if the opportunity doesn't turn out to be what we'd hoped."

"We've been extremely impressed with the results of Calleva's work for us in Poland. We've made very satisfactory progress in a very short space of time, thanks to the expertise of the people that have been available to us. Because they have the local knowledge, they initiate things that might not otherwise occur to us – for example, they suggested and organised the event at the Warsaw Institute of Bankers, which was very successful."

"Rather than look on our relationship with Calleva as an opportunity to save money, for me this has been about saving time. We wanted to study the individual market opportunities very quickly and efficiently, so we could make rapid decisions about whether to proceed. After great success in establishing the opportunity in Poland, we're now already making great strides in investigating the Czech Republic – within six months we expect to be actively selling in this market, or to have pulled out altogether. That's the sort of quick, definitive, decision we want to be making."