Going Global

Part II - Lean Globalization

gengo™

Introduction

We believe that there's never been a better time to go global, for small and large companies alike.

International payments are now trivial. Shipping internationally is easy. Global marketplaces like Alibaba and Rakuten allow small merchants and individuals to sell across the globe. And social media can make content go global in minutes.

For those with good timing, the right product, and focus, international can be huge. One of the frequently-overlooked factors in Facebook's success is its steady international growth.

Many of us are lured too quickly by exciting growth regions, "blue ocean" markets, arbitrage opportunities and, sometimes, simple hubris. And many still are put off by horror stories of companies expanding too quickly internationally, retreating with their tails between their legs.
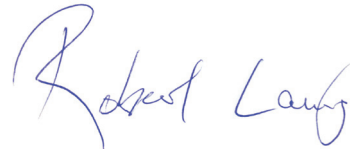
Because language is still a barrier. Both in talking to customers, and listening and learning about markets. It's the latter which is most frequently overlooked, encouraging companies to leap without looking. So some of us expand too soon, without research or testing. Others wait too long, or fail to invest enough to make a success. For others, the timing and product might be right, but users aren't listened to, and competitors aren't considered. Two-way communication is vital to prevent failure, and essential for strong growth.

To uncover compelling "Going Global" stories, we identified technology companies, with international expansion in the last five years, who are or were still growing at the time. Everyone's story is different, but we've identified themes and advice which are useful for any business taking the step.

All new ventures are risky. In the past few years, start-ups in Silicon Valley have adopted a "lean" approach which advocates validating your market early, constant communication with customers, and always testing your product and approach as you grow. Only after you are confident you have the right product, the right sales channels and a scalable strategy should you expand.

We recommend a very similar approach to going global. Measure, listen, test, expand, test again. Don't listen for the answers you want to hear, be objective and ruthless with yourselves. Always think "I'm starting a new company here". And never underestimate global users.

Good luck,

Robert Laing, CEO Gengo

This guide is intended for startups up to mid-size companies, as these are the ones who are now able to go global much more easily than in the past.
For large companies making large-scale investments in overseas operations for the first time, your process will be more complex and involve more stakeholders.
Good luck with that :)

Product & Market

Marketing & Sales

Growth & Operations

Product & Market

Product & Market

Product/market fit is essential

If you're still figuring out whether your product is right for users in your local market, you are not ready to go international. If you did, you'd be fighting on two fronts, without ever knowing what to prioritize, and with the danger of having to scrap everything and pivot to a new approach in two markets.

If your product is failing, or your marketing strategies aren't working in your local market, going international won't fix it. Going global won't solve any problems in your local market, and will distract you from fixing them. So only consider going global when you are ready.

Taku Harada is CEO of Orinoco, a Tokyo-based localization and marketing agency that specializes in helping the U.S. companies enter the Japanese market. He spoke about why it made sense for **URL shortening service Bit.ly and online survey creation site SurveyMonkey** to enter Japan:

" *If people haven't heard of the company, I'd tell them not to localize just yet. If you can't figure out San Francisco, how can you expect to figure out Tokyo? You can't assume you're going to get results in San Francisco if you can't figure out Shibuya. Bit.ly and SurveyMonkey are hugely successful in the U.S. They've saturated the market and they've probably reached their pinnacle in many ways in it, so it was obviously time for them to internationalize."*

— Taku Harada, CEO of Orinoco

Is your locally-successful product globally competitive?

A product that is locally successful might still not be competitive in your target market. Foreign competitors might seem unsophisticated, or might appear to have inferior products, but often have a mature and tailored approach to the market that you are not aware of.

" *Baidu decided to get into the Japanese market with its web search product. But web-search is a very mature service in Japan. There's Yahoo, there's Google, and in total, they have about 90 percent of the market share already. They dominate, totally dominate the market, so it's not a good idea to get into the market with the web search product. Instead, we could have leveraged other products that are equally successful but less competitive here, such as our Q&A service."*

— a former Baidu Japan employee

In a similar vein, **Google Russia** found itself unable to capture more than 30 percent of the Russian search engine market. This was partly because it competed directly with Yandex. In mature markets like this, the details can make a big difference:

" *Even if on all core features you have reached parity with the competitors it's quite likely that it will be the small touches that will make the sale. And of course, your localization shall be impeccable – it's very important not to sound alien."*

— Sergei Burkov, former head of Google Moscow's R&D Center

Product & Market

Cultural sensitivity is vital

Even amongst English-speaking countries, there are subtle differences between what is socially acceptable and what isn't. It's important to take these subtleties into account when trying to enter a new market, as acknowledging them can be the difference between whether someone loves your product or your competitor's.

Consumers are more likely to buy a product that has been translated into their own language, but translation is not the only thing that's important. Before entering a new market, you should make sure you understand consumer preferences and are ready to adjust your product if necessary. Having to create country-specific material can easily drive up both the time and money it takes for you to successfully localize, so be aware.

❞ *Cultural translation is very important. We translated "tweet" to "tsubuyaki" — the word for "mutter" in Japanese. We wanted Japanese people to use Twitter widely, but Japanese people are very modest. They're not very a big-voiced type of people, so tsubuyaki is very easy for them, easier than tweeting. We knew that from the beginning, so starting from tsubuyaki was very important. That translation was very much a risk, but we did it and it worked well."*

— Kazuya Minami, CIO of Digital Garage

Japanese e-Commerce platform **Rakuten** discovered firsthand that what worked in Japan would not necessarily be applicable to Taiwanese buyers and sellers.

❞ *Some things that worked in Japan do not work in Taiwan. For example, the point system worked well in Japan but introducing the same system in Taiwan did not mean people there would use it. Local teams often know the best practices so it's very important learn from local teams."*

— a Rakuten employee

Google Russia found it difficult to compete with a locally based search engine, because Google's services were not tailor-made to suit Russian preferences. As a result, their growth plateaued and found it difficult to gain a significant part of the search engine market.

❞ *Google was pretty international and not very specific to Russia. That was, and still is a problem. This is one of the reasons why Google quickly grew from 10 percent to 30 and then stagnated. Yandex still maintains 60 percent of the market share, largely because their feature set, as well as marketing campaigns are intrinsically local."*

— Sergei Burkov, former head of Google Moscow's R&D Center

Knowledge arbitrage with good timing? Perfect.

In preparation to launch English-language versions of some of its most popular games, **Japanese mobile gaming giant GREE** opened an office in San Francisco to learn more about their target market. Why now? The company wants to get ahead of the competition, explained **GREE Director of Product Management Hiroshi Kuraoka**:

GREE used to just be for feature phones and PC in Japan, where we acquired a lot of users and were very profitable and successful. When people started to use smartphones, we realized this was a great opportunity to internationalize and to ensure that our business would continue to be very successful. Smartphones aren't just in Japan. They're global, so this meant that we could leverage our feature phone success and conquer our competition early."

— Hiroshi Kuraoka, Product Manager of GREE

Local expectations will vary

You may well find that the service style, the product type, or the way your customer acquisition works is not how customers are used to operating in your foreign target market.

For instance, SaaS is a relatively new concept in Japan, even though it's been popular for a number of years in the US and Europe. So some customers need education about how a SaaS tool can work.

To use another example for Japan, users can be confused when there is no contact phone number, and may perceive a business as potentially untrustworthy or unreliable without one. Japanese customers can also expect very high levels of service, that foreign customers are not used to providing. So you might find that the zero-touch customer acquisition techniques you can use in the US are not viable in Japan.

However, it's important as you go global, you don't forget what makes your company unique. Trying to adapt to every single foreign request will destroy your brand. So take an approach like McDonald's — which has kept its core proposition while offering special local items. You can walk into a McDonald's anywhere and only 5% of the experience will be different.

Marketing & Sales

Listen to your users and do your research

In a nutshell, the key to going global and staying global is to do your homework. In the past, companies have made the mistake of not researching their potential market enough, or downright choosing the wrong market to localize into. For example, statistics may tempt you to market to the hundreds of millions of Chinese internet users, but you should be wary of assuming that your product will have immediate success right out of the box, or that you'll able to penetrate a competitive market easily.

Use metrics, not superstition

Products with a high market appeal in other countries will often acquire international users organically. If your metrics indicate that a large percentage of your traffic is coming from overseas, that means that you have a potential audience even without specially adapted content, so it may be time to think about testing the international waters.

According to **Tokyo-based incubation firm Digital Garage's CIO Minami Kazuya**, shortly after its inception, popular social networking service Twitter saw an increasingly large amount of its users begin tweeting in Japanese — and developed their own applications in order to deal with the issue of language encoding. After learning this, **Digital Garage** invested in the company and sent a Japanese engineer to Twitter's San Francisco offices to help them translate and fully localize the service. Today, Twitter is one of the most widely used social networking services in Japan.

HootSuite, a Twitter management client, saw an increase in the number of their Japanese users after monitoring both metrics and their own Twitter account, so they jumped onto the trend, translating their content and reaching out to their already-loyal Japanese audience. After seeing success with this approach, they decided to continue their localization, expanding into Brazil.

" *Early on, we observed organic growth in our international markets by monitoring the @HootSuite twitter handle, so it naturally made sense to pay close attention to the needs of our international users. By doing so, we were able to determine the best way to localize the product to serve the specific needs of international markets like Japan, and many more. With regards to our release in Japan, we first reached out to the Japanese audience and asked what our users liked most about*

HootSuite and how we could help meet their needs. From there, we focused on providing complete cross-platform coverage in Japanese, developing an exclusive app for the common keitai mobile phones, integrating Mixi into the Japanese Hoot-Suite dashboard, and establishing a meaningful relationship with Digital Garage to develop sales channels for HootSuite's Pro and Enterprise plans. As a result of our efforts, HootSuite became the top 3rd-party Twitter client and the #1 social network-ing iPhone app in Japan.

Most recently, we launched a fully-translated Bra-zilian Portuguese dashboard and have near-future plans of an Orkut application integration to serve the Brazilian community."

— Sandy Pell, Public Relations & Analyst Liaison at Hootsuite

Etsy, a seller-powered online marketplace, began re-ceiving international orders from the beginning, which indicated clear global interest to them. They adapted their service in order to accommodate international customers:

" *We offer "one Etsy" globally that can be shared by people from all over the world by making changes to language, currency and regional geographic settings."*

— Liz Wald, Former International Business Development Director at Etsy

If you have international users, determine where they are based, and start your localization process there. These users have already shown that you have at least a niche market — and that's without an ounce of cultur-ally sensitive marketing.

If you're a small app developer, then some of these steps may not even be necessary. With peer-produced and crowd-sourced translation services, it's easy to translate your app's content — or even just the product description — into a handful of languages that you can use to test your overseas potential. Although cheap, it's generally good to avoid machine translation, as it's important to maintain a human touch in your content, regardless of what it is.

However, simply translating your content and throwing it out into the market should be used sparingly, as it does not always guarantee success, especially if your product is more content-heavy than a simple iOS app.

" *You need someone who understands your mes-sage that can double-check and see whether this actually represents the company in the right light. If you're translating an iPhone game, which has a few actions into another language, that's easy. But if you have something that's more emotional or that has more brand value involved, then you might need a closer look."*

— Felix Miller, co-founder and former CEO of Last.fm

Locally-appropriate marketing and sales channels

The lowest-risk and most scalable channels might not be the most popular in your target market. For instance, Japan still has extremely high newspaper readership. For enterprise sales, it's hard to gain credibility unless you can capture that audience. However, while you're going global, you should value channels that are easy to measure, easy to manage digitally, and easy to scale. So social media, online advertising and SEO will always be a better place to start.

Even within the US, sales styles differ from the West coast to the East. Be prepared for different sales cycles, different customer types, different deal terms in international regions.

In startup sales, separating excuses from facts is hard, because the product is unproven and the right sales channels aren't always clear. The same applies to new local-market sales teams. Salespeople who perform poorly may often use the same excuses as salespeople who are doing a great job with a poor product.

For instance, you may hear a salesperson say that their local market is not responsive to the current product, and you need a raft of new features to make a success. Or that sales cycles in their country are twice as long, so you cannot expect them to produce results. Ultimately you have to do your research, test, and take the leap.

Translation does not equal market entry

As a translation provider, we 'd love it if translating your content was enough. But it's not. If a San Francisco-based taco truck starts offering a Japanese menu and prices its meals in Yen, are they entering the Japanese market? No.

Sounds obvious, but many small companies fall into the same "build it and they will come" mindset when entering a new market as they do when they first build a product. Don't make the same mistake. Translation is necessary, but not sufficient.

However, choosing easily-testable, inexpensive and scalable distribution is much easier nowadays. Creating a simple landing page to test out a concept can be done in a day. Trying out localized AdWords on a small scale is very inexpensive. And localizing a simple iPhone game for the German App store can cost under a hundred bucks. So you don't need to spend a lot to test the waters, you just need to be smart, and hustle.

Tune in to the conversation

User reviews, facebook messages, tweets and other user-generated content often has as much power as your own content. So to be truly effective, you need a way of understanding that content, and being able to re-use it across markets. Working with traditional translation providers is normally impossible with this kind of dynamic, fast-moving and high volume content.

Monitoring your networks for keywords relevant to your industry is also a good way to track trends within your home and target markets, as well as to determine who your potential competition is. Use social networking sites such as Twitter and Facebook to help you see how your international users feel about your product even before you go global through the use of hashtags and @mentions, and to see whether you have a spot in your target market. If your users start talking about how they wish the product was translated into their tongue, then you've got a starting point right there.

First-language first

For companies whose native language is English, if you don't have a diverse international audience yet, don't worry — entering another English-speaking market with somewhat localized ad content is a great, less expensive way to determine whether your product has what it takes to be successful overseas. For companies with non-English products, and all other things being equal, English is normally the smartest language to localize into first, as it is essential for the US, UK and smaller Canadian and Australian markets.

Growth & Operations

The phases:
Research, launch, growth, maturity

The leaner you can be with your international launch, the less impact it will have on your core business. By testing small, making iterations rather than huge investments, you can start to explore new markets almost at any time.

You can divide the process of going global into 4 phases. The lean approach to going global is to take as little risk at the beginning as possible, and to gradually optimize, and make larger bets, the further you get through the phases. Just as a startup matures into a larger organization, putting in place processes, optimizing along a particular path — your global presence can mature into a smooth-running machine.

Research: Even if your plans for going global are just to translate your iPhone app, you'll need to research your target market, competitors and create a basic marketing strategy. This is the time to ballpark costs, assign an owner, identify how you are going to measure success. It is vital that you review objectively and do not search for the answers you want to hear. For instance, seeing a couple of tweets in Spanish about your product is not sufficient evidence that you'll be a roaring success in the Spanish market.

Launch: This is the period when you start to invest real money and time into going global. But your aim at this stage is still to maximize learning, maximize flexibility, and minimize spending. Value agility over optimization.

Growth: If you start to generate traction in your target market, you can start to invest more heavily and begin to optimize around a particular approach. This might be the stage when you start to add overseas team members and start to visit the market more frequently.

Maturity: At this stage, you can optimize your sales and marketing and invest heavily to scale. You should now be experts in the region and how you market and sell your product. You will be using local vendors, have local staff and a local brand.

Growth & Operations

Think as though you are starting a new company

Entering a new market requires research, hard work and patience. Much of the work your company has done will be of no value in the new market. Many of the skills your employees have will be of no relevance. Much of the knowledge you have gained will be useless. It's a risky endeavour.

For that reason, the attitude and the learnings from startup companies are much more appropriate than the processes of established public companies. Learn from AirBnB's early days, not IBM's current practice.

You reduce risk by constantly testing. You choose providers who are quicker, cheaper, more flexible. You expect multiple failures. You focus on doing a few things well, rather than owning the market.

You don't choose the comfortable enterprise sales person. You choose the local sales person who has worked with remote teams before, and has experience building revenue from low numbers to tens of millions of dollars. You choose individuals who can be scrappy and adaptable.

You give ownership through equity and commission where you can. You provide the assistance of your core team but you accept that as the local entity grows, it may change into a locally-adapted version of your company with different practices.

Decide an owner, funding, and have clear aims

You wouldn't start a new company without a CEO. And you wouldn't expect any initiative to happen unless you had an owner. But we meet many companies who have no single point of contact for International, and the funding comes from departments as disparate as marketing, engineering, and sales.

Like any other area of your business, assigning an owner to International is essential. And giving them the resources to do the job perhaps even more so. As John O'Farrell of venture capital firm Andreessen Horowitz has said "If it's unfunded, it's not going to get done".

Funding must come with clarity about aims. This does not just mean setting short-term goals, it means creating a roadmap where success earns more funding, and the upside for the owner of International is clear.

The best vendors might not speak your language

When entering a new country, you should take advantage of local suppliers for all manner of tasks. For instance for local PR and marketing, you should be using local resources, as they will know the market and have closer access to local media than you will, especially at the beginning. For small companies, this is a less risky and complex process than hiring multiple local staff, so it allows you to experiment easily.

However, the companies which are best at reaching foreign market entrants (i.e. you) are not always the best in their local market. This is one of the taxes of being lean. You reduce risk, but you also reduce optimization. It's a worthwhile trade-off, but something you need to pay constant attention to.

Long-term as you grow, you'll need to trade up your vendors and suppliers, usually to local experts. Working with these companies means having local staff to communicate, additional overhead ensuring brand consistency, and additional management complexity.

However, until you reach the growth or maturity stages, you will need to accept this tradeoff. So in the meantime, be diligent about vendor selection, always ask for proof of results, and experiment with multiple approaches where possible. Beware the vendor that promises everything.

Avoid a complex structure

t's tempting to add additional legal entity if an advisor suggests it. It might feel good to have a German phone number. Offering your product in 30 languages might initially sound like a good idea.

But experienced managers know that clarity and simplicity are worth their weight in gold.

Already global by nature, **wi-fi hotspot provider Fon** found localization to be a necessary step to their success, and quickly expanded into multiple countries, translating their content along the way. However, due to unforeseen costs that had not been factored into their game plan, they ended up slowing their progress in order to rethink their spending.

> **❚❚** *Though Fon is based in Spain, our reach and mission is truly global - blanket the world with WiFi. Eager to reach the whole world on day one, we probably bit off more than we could chew in regards to languages. We soon realized that a start-up doesn't have the resources to handle everything, from two forms of Chinese to Dutch, on its own. We have since scaled back our language offering a lot, and set up a localization strategy that is much more manageable, and as we grow, scaleable."*
>
> *— Jennifer Allerson, Head of Communications & Marketing at Fon*

Dealing with complicated legal structures, tax constraints, or simply being up at odd hours of the day is a distraction from your company's core purpose. So avoid it whenever possible.

pureprofile localized into 43 countries over the period of a few months.They've seen success with their internationalization in the form of increased revenue and a larger, more widespread customer base. However, **director Marina Cilona** admitted that the company

Be prepared for the cost of growth

underestimated the amount of content that they would need to re-translate due to contextual issues and cultural sensitivities, which has cost them more than anticipated:

❝ *We didn't consider… we didn't think about the logistics all the way through, so we didn't actually consider absolutely everything like the context, and how difficult it would be to put everything together and get little bits translated and combine them and that kind of thing."*

— *Marina Cilona, Director of pureprofile*

Are you prepared for success? If your business has a freemium model or has not established a way to generate revenue in a market, growth may be extremely painful.

Last.fm, a free platform that allows users to track their music tastes by "scrobbling" tracks they've recently listened to, translated its interface into plethora of languages with the help of native speakers, and expanded its database to include songs from multiple countries in order to better accommodate their overseas users.

❝ *So if you all of a sudden grow a lot in Spain, can you afford that growth? Can you make money in Spain, or can't you make money in Spain? If you can't make money in Spain, it might come back to haunt you. So I think that being able to afford a localization isn't only about being able to pay your translators, it's much more about, "Would the growth in that market be good for me? Or will it just hurt?"*

— *Felix Miller, CEO of Last.fm*

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