Enabling International Market Linkages: Lessons and Insights
Smart Lessons for Supporting Internationalization through Enablers

infoDev
Growing Innovation

THE WORLD BANK
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1. EXECUTIVE SUMMARY

Growth-oriented entrepreneurs, especially those in small countries and those that are highly innovative, often look to international markets to grow their business. From a development perspective, entrepreneurs' successful expansion into international markets can mean revenue growth and job creation at the enterprise level, along with spillover effects into innovation, industry competitiveness, and foreign exchange on a broader economic level.

The traditional approach to enterprise internationalization was that a company began by first growing solidly in its home market, and then started exploring opportunities for expansion in new markets. A number of large multinationals have followed this path. However, today, a growing number of companies are venturing internationally from the start; their path to internationalization is much more rapid than the traditional one. These “born globals” are thought to emerge from new market conditions, advances in technology, and managerial change. While one might immediately assume that most of these “born globals” would be virtual economy players or technology firms, research indicates that this trend is emerging in traditional sectors as well.¹

While “born global” companies may be a new trend, entering international markets can be complex and costly. First, enterprises need to efficiently understand the true international market opportunities for their product/service. This includes conducting market research and obtaining market validation, adapting the product/service and marketing approach for the target market, understanding legal requirements and standards required, securing capital to cover these preparation activities as well as the initial entry into the foreign market, and much more. As described by an entrepreneur participating in infoDev’s internationalization pilot program: “One of the most difficult parts of starting a venture is gaining credibility in the market. With little experience in the market and no prior deployment experience, the case for our venture was not easy to make. It takes a particular investor and stakeholders to gain the enough confidence to take a risk on such a venture.”

In total, around 200 early-stage enterprises from more than 35 countries across Africa, Asia, Latin America, the Caribbean, and Eastern Europe participated in these pilots. These were selected from a pool of more than 800 enterprises.

The participating enterprises reported that they face the following challenges when trying to enter international markets:

1. Limited access to capital combined with the high costs of entering a foreign market
2. Lack of requisite managerial knowledge about what internationalization entails
3. Limited knowledge of overseas market opportunities, including industry expertise
4. Limited assistance available to overcome the above

¹ http://timreview.ca/article/532.
From 2010 to 2013, infoDev piloted four alternative approaches, leveraging business enablers to enable international market access for small, relatively early-stage, growth-oriented enterprises. These pilots were made possible due to the financial contribution of the Ministry for Foreign Affairs of Finland. With a total budget of about $1.4M, the following four approaches were tested:

- Co-incubation (Top20) - whereby 50 early-stage enterprises with international aspirations were selected out of an application pool of 700 sourced from business incubators. These were then convened and provided with exposure to angel investors. The top 20 enterprises were advised by international mentors and assisted by business incubators in their target markets;

- An internationalization challenge (VentureOutChallenge) – where 25 early-stage mobile application enterprises were selected out of an application pool of 110 sourced from business enablers. The selected enterprises were advised by mentors over a six-month period, and the top 13 were convened for coaching and a pitching competition;

- Internationalization training workshops where about 40 business enablers (during infoDev’s 5th Global Forum in South Africa) and 18 internationally oriented early-stage enterprises (during an SME Internationalization workshop in India) were convened for peer-to-peer learning;

- Development of a new service line for business incubators to provide domestic early-stage enterprises with guidance and linkages to access markets abroad. This approach was tested with two business incubators, and with an initial pool of 10 companies.

While the scope and budget of the internationalization pilot activities varied, they shared the same overarching objective: to test if and how business enablers could be effectively leveraged to assist growth-oriented early-stage enterprises with entering international markets.

The Top20 Pilot Program ended in June 2013, the internationalization training workshops were held in May and June 2013, the internationalization service pilots were completed in December 2013, and the VentureOutChallenge in February 2014. The data for this report was thus collected only 0-6 months upon completion of the pilots, and it is therefore still premature to assess the full “return on investment” of these pilot activities.

The results and lessons presented in this report focus primarily on those derived from the Top20 and the internationalization service pilots. infoDev will update this report with new data from the VentureOutChallenge and internationalization training workshops as soon as they become available. Nevertheless, interesting results and lessons are already emerging.

Some of the enterprises decided to do business together. For example, as an outcome of the internationalization workshop in India, T-Files from Indonesia started planning expansion of her marine current power generator in the Philippines.

Regarding the 32 enterprises that were either finalists in the Top20 or that participated in the internationalization services pilots: 16 enterprises acquired new clients; more than 63 business to business contracts were signed; 13 enterprises entered into strategic alliances with foreign organizations, including for the purpose of cooperation on technology; and 8 enterprises secured finance, with seed, equity, and debt financing totaling about $36M. The value of these outcomes in terms of revenue growth and job creation will only become evident in the next 12 month period, but within the pilot period itself, it appears that more than 550 new jobs were created.

At the level of business enablers, the primary outcome thus far is increased knowledge as to how a viable business model for internationalization service delivery can be delivered. Again, the longer term impact of this increased knowledge on new or improved service delivery, and in turn, the effect on the enterprises served will only be evident in a few months’ time.

Key insights include:
- In the process of carrying out these activities, it became clear that the benefits of international linkages for business growth extend beyond the narrow focus of export to or direct investment in a foreign market. In the process of exploring the potential for expansion to foreign markets, many of the entrepreneurs found new business partners and investors abroad. Business enablers should thus think about international markets broadly, not only from the perspective of customers, but also looking to provide the entrepreneur with the capital, industry know-how, and technology needed to increase the competitiveness and growth of the firm.
• Significant discussion emerged from these pilots concerning what makes an enterprise “internationalization ready.” As discussed above, entering international markets can be complex and costly, and the enterprise must be in a position where it takes calculated risks based on the knowledge of the foreign market as well as the knowledge of the firm’s capacity. New ideas emerged on whether it may be useful to develop a self-diagnostic for entrepreneurs that would ask core questions to seriously consider before taking the international leap. While such an “internationalization readiness” tool may make a difference, it will by no means ensure success. As indicated during the pilot, it may cause some entrepreneurs to rethink their international aspirations, avoid costly mistakes, and focus instead on strengthening weak aspects of the business.

• In line with key findings from business enablers worldwide - coaching and mentoring throughout the internationalization process was a critical need in all of the pilots. Entrepreneurs do not always know what knowledge they are lacking, and help from someone who can ask the right questions is critical. The level of support required exceeded expectations. Similar programs in the future should thus plan for appropriate time and resources to be allocated to the coaching process.

• Beyond coaching and mentoring, areas where entrepreneurs frequently needed assistance, was quality management requirements/standards in target markets and related product/service customization, technology acquisition, market research and expert advice to understand market potential, as well as professional marketing materials in foreign languages for target markets.

• While the pilots showed that the business enablers can play a key role in sourcing entrepreneurs with international potential, the Top20 pilot revealed difficulties with the concept of business incubators as effective service providers for foreign early-stage enterprises. If a co-incubation scheme were to be tested again, more effort is needed to assess the readiness of the potential host incubator to provide the services needed. That being said, it is not clear whether specialized competencies in the host incubator are needed. Indeed it may be that a business enabler that effectively serves its domestic clientele would also be able to serve a foreign clientele effectively.

• Drawing from the Top20 experience, it was decided the VentureOutChallenge would focus on one sector only. This allowed for more meaningful interaction between the participating entrepreneurs. While the Top20 enterprises did derive value from interacting with entrepreneurs in other sectors, it proved more effective for entrepreneurs in the same sector.

• An important value derived from having been selected as a Top20 enterprise was increased visibility and credibility. One of the participating mobile enterprises directly attributed its first contract with a telecom operator to the credibility provided by the Top20 award. Another entrepreneur, who is an education solutions provider, reported that he was contacted by the Ministry of Education to serve as an advisory on its new “technology” curriculum committee, which later resulted in a government contract to supply public schools. In the words of one entrepreneur: “the award gave us the legitimacy, confidence, and potential to target the regional and the global market.”

• The added value of the training workshops, which were all premised on a peer-to-peer learning approach, was the opportunity for entrepreneurs to explore B2B linkages amongst themselves and others. The following quote from a participating entrepreneur exemplifies this; “We were able to expand our network of connections at various levels, including with fellow entrepreneurs, venture capitalists, and financing organizations. We were able to share ideas, information and experiences, and we discussed the challenges facing us and potential future cooperation with various parties.” This is where infoDev’s primary added value emerged. Enablers and businesses would not have been acquainted without infoDev leveraging its network to convene them.

• Finally, infoDev derived a range of lessons with regard to monitoring and evaluation of these types of programs.

The nature of the pilots, as well as the results and insights gained are discussed in further detail in the report. Short case studies are also available on several of the enterprises that participated in the internationalization pilots.
Growth-oriented entrepreneurs, especially those in small countries, often look to international markets to grow their business. From a development perspective, entrepreneurs’ successful expansion into international markets can mean revenue growth and job creation at the enterprise level, along with spillover effects into innovation, industry competitiveness, and foreign exchange on a broader economic level.

However, entrepreneurs do not always have the necessary know-how and networks to expand beyond their national market, nor do they have effective resources they can draw upon to gain access to the required knowledge and contacts.

infoDev focuses on enabling the growth of early-stage enterprises across the developing world. With more than a decade of experience in entrepreneurship promotion, infoDev has built up a significant global network of business enablers across the world. In 2010, infoDev started testing if and how this global network could be leveraged to facilitate international market linkages that would enable the growth of early-stage enterprises.

During 2010 – 2013, infoDev piloted a few approaches to enable international market access for small, relatively early-stage, growth-oriented enterprises. In total, about 200 enterprises from more than 35 countries participated in these pilots. The results and lessons from these pilot projects summarized in this document provide insights for practitioners who are considering increasing international market access for early-stage entrepreneurs. Recommendations as to further research in this field are also provided.

For the purposes of this document, the term ‘internationalization’ is defined as foreign direct investment, as well as activities that put companies into a meaningful business relationship with a foreign partner for the purpose of importing, exporting, subcontracting, or technical cooperation.

There appears to be a strong correlation between the level of international activity in small firms and their level of growth and innovation. An assessment carried out by the Asia-Pacific Economic Cooperation (APEC)\(^3\) shows that internationally active SMEs reported 10 percent employment growth, whereas SMEs that operate domestically only grew by 3 percent in the same time period. Likewise, 26 percent of internationally active SMEs introduced products or services that were new for their sector in their country, whereas only 8 percent of SMEs active only in their domestic market did the same.

3. THE PURSUIT OF INTERNATIONAL MARKET ACCESS

Growth-oriented entrepreneurs in small markets have little choice but to look abroad to fulfill their growth aspirations. Therefore, it is not surprising that small economies stand out for their high levels of international trade by early-stage entrepreneurs; according to the 2013 Global Entrepreneurship Monitor, Singapore, Luxemburg, Israel, Croatia, Ireland, and Slovenia top the charts of the most internationally active early-stage enterprises. As depicted in Figure 2 below, in general terms, in Latin America & the Caribbean, Middle East & North Africa, Sub-Saharan Africa, and Asia Pacific & South Asia, 35 percent of early-stage enterprises have customers outside their countries. These percentages are significantly higher in Europe and North America where somewhere between 60 to 70 percent have customers abroad. Is this because the entrepreneurs in the former countries are less growth-oriented or less competitive? Is it because they face more barriers to internationalization? Or perhaps they can fulfill their growth aspirations at home?

The motives behind companies wanting to internationalize are complex. A recent OECD study highlights the importance of the entrepreneurs’ awareness of international opportunities, networks with a country’s diaspora, as well as access to knowledge resources and a desire to leverage knowledge assets residing in external actors as key factors motivating entrepreneurs to internationalize.

5. OECD (2009), “Top Barriers and Drivers to SME Internationalization”, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD.
Total Early-Stage Entrepreneurial Activity: Export: 75 - 100% of customers outside country

Total Early-Stage Entrepreneurial Activity: Export: 25 - 75% of customers outside country

Total Early-Stage Entrepreneurial Activity: Export: 1 - 25% of customers outside country

Total Early-Stage Entrepreneurial Activity: No customers outside country

* SOURCE: Global Entrepreneurship Monitor, Global 2013 Report
Before designing the internationalization pilots, infoDev surveyed the perceived needs of the companies selected for the first pilot. Figure 3 provides an overview of key challenges identified by the entrepreneurs. As illustrated by these insights, along with those documented by others, is that beyond the desire to internationalize, entrepreneurs need access to resources that help them to identify opportunities, assess the feasibility of pursuing these opportunities, and navigate the actual internationalization process. These expressed needs also illustrate that there is more to the internationalization process than import and export policies, which is often the focus of public policy debate.

The needs of early-stage enterprises are often not met by chambers of commerce or conventional trade and export promotion agencies. Often, these organizations serve more mature markets and established companies, and they do not necessarily provide the level of assistance and coaching that early-stage enterprises in emerging markets need.

Business enablers - defined as organizations that provide early-stage growth-oriented enterprises with a holistic service offering to enable their growth - could potentially play a key role in facilitating access to international markets for early-stage enterprises. Since the creation of the first International Business Incubators in the 1980s and 1990s in the USA, as well as the international business incubators in China to help international companies enter the Chinese market, SME internationalization has been a hot topic in the industry, especially in Asia, Europe, and the Americas. For incubators and other enablers (accelerators, hubs, labs, etc.) the entire value chain presents new growth opportunities for the incubators and opens up a new channel for local economic development by attracting international entrepreneurs.

It was against this background that infoDev designed a set of pilot activities aimed at leveraging its international network of business enablers, such as business incubators, accelerators, and innovation hubs, to assist entrepreneurs with brokering linkages within its international network of enablers, each of whom has their own networks and linkages.

FIGURE 3: BARRIERS TO INTERNATIONALIZATION

Early-stage enterprises that took part in infoDev pilots during 2011 - 2013 report that they face the following challenges when trying to enter international markets:

- Limited access to capital combined with the high costs of entering a foreign market
- Lack of requisite managerial knowledge about internationalization
- Limited knowledge of overseas market opportunities, including industry expertise
- Limited assistance available to overcome the above.

Many countries have trade and export promotion agencies that are intended to facilitate enterprise access to international markets. However, it is clear from literature that there is more room for improvement in terms of public support for internationalization, and raising awareness among SMEs about opportunities for support from the public sector. Literature also highlights the need for government-driven efforts to facilitate partnerships with the private sector. The report further suggests that the private sector could have greater involvement in designing and providing SME internationalization support to address concerns and to emulate the success of such partnerships in countries such as Finland.

4. ENTREPRENEURS NEED BETTER SUPPORT FOR INTERNATIONALIZATION

5. THE PILOT DESIGN

With a total budget around $1.4M, four approaches were tested over a two-year period:

- **Co-incubation** - whereby early-stage enterprises with international aspirations were sourced from incubators, convened, and advised by international mentors, and assisted by incubators in their target markets (Top20);

- An internationalization challenge – whereby early-stage mobile applications enterprises were sourced from business enablers, advised by mentors over a six-week period, and convened for coaching and a pitching competition (VentureOutChallenge);

- **Internationalization training workshops** where business enablers and internationally oriented early-stage enterprises were convened for peer-to-peer learning;

- Internationalization services delivered by business incubators to domestic early-stage enterprises with the aim to enable their access to markets abroad.

An overview of the reach and characteristics of each of these approaches is provided in Figure 4 below. The first three approaches were all designed to pro-actively leverage infoDev’s network of business enablers present across the globe both to identify high potential entrepreneurs and solutions, and to provide high potential entrepreneurs with the know-how to assess the feasibility of their internationalization aspirations, derive a plan of action, and implement it. The fourth approach was not as focused on leveraging infoDev’s international...
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<th>PILOT</th>
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<td><strong>VENTUREOUT CHALLENGE</strong></td>
<td>113 applications were received from 11 countries. 24 semi-finalists were selected for a virtual six-week mentoring program, from which 13 finalists selected to participate in final pitching competition for the selection of 3 winners. The 24 semi-finalists represented: Armenia, Azerbaijan, Benin, Croatia, Jamaica, Kazakhstan, Kenya, Moldova, Nigeria, Romania, Senegal, South Africa, Tanzania, Trinidad &amp; Tobago, and Uganda.</td>
<td>This activity focused specifically on early-stage entrepreneurs in the mobile applications industry. To stimulate applications, infoDev reached out to business enablers in its network in Armenia, Jamaica, Kenya, Macedonia, Nigeria, Senegal, South Africa, and Trinidad, which ran events to raise awareness. Entrepreneurs submitted their applications online, and an industry panel used the online platform to select 24 semi-finalists. The 24 semi-finalists were provided with mentors, who mentored the finalists over a six-week period using an online platform. At the end of the six-week period, the entrepreneurs submitted an improved pitch via the online platform, which the judges commented on. 13 finalists were then selected to participate in a final face-to-face pitching event, where they also received further coaching. The three winners who were selected won cash prizes of $10,000 each to put their internationalization plan into action (Nov). (Budget: $300,000)</td>
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<td><strong>TRAINING WORKSHOPS</strong></td>
<td>Reaching altogether 60+ incubator managers and companies. Participants represented: Bhutan, India, Indonesia, Kenya, Mozambique, Namibia, Nepal, Philippines, Senegal, South Africa, Thailand, Vietnam, and Zambia.</td>
<td>Internationalization training delivered by infoDev specialists over the course of one day in South Africa and three days in India. (Workshops at infoDev’s 5th Global Forum in South Africa 2013 and Internationalization Workshop in India in 2013.) (Budget: $100,000)</td>
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<td><strong>INTERNATIONALIZATION SERVICE DEVELOPMENT AT BUSINESS ENABLERS</strong></td>
<td>Two business enablers in Belarus and Moldova respectively piloted a new service offering to nine client companies in the ICT, textile, and food industries.</td>
<td>A small grant and technical assistance were provided to two existing business enablers in Belarus and Moldova over the course of one-year. The grant and the technical assistance were intended to support the development of a sustainable internationalization service as part of the business enablers’ service offering to its client companies. (Budget: $225,000)</td>
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network, but more so on providing intensive coaching and some seed capital to two business enablers to help them derive and test an internationalization service offer that could become part of their ongoing service portfolio.

The Top20 co-incubation program was rolled out first, and generated a range of insights that were incorporated into the design and implementation of the next pilots. Notably, the VentureOutChallenge was sector specific, focusing on mobile applications entrepreneurs only.
6. RESULTS AND LESSONS FROM PILOT ACTIVITIES

While the scope and budget of the internationalization pilot activities varied, they shared the same overarching objective: to test if and how business enablers can effectively be leveraged to assist growth-oriented early-stage enterprises to enter international markets.

In aggregate, key results from the pilots included:

- Approx. 200 enterprises and/or enterprise enablers received some form of guidance with regard to their internationalization aspirations
- 12 enterprises acquired new clients (results to date)
- 13 enterprises entered into strategic alliances with foreign organizations, including for the purpose of cooperation on technology
- 8 enterprises secured capital, with seed, equity, and debt financing totaling about $36M (with the bulk of this financing attributable to the Top20 program).

Below follows an analysis of the results for each pilot and the key lessons that can be gleaned from them.

6.1 Top20 Co-incubation Pilot Program

“Co-incubation” and “soft-landing” programs are not new, and the results have been mixed to date. In many ways the industry is still working out the best methods for business incubators and other similar business enablers to support the internationalization of early-stage enterprises.

The term co-incubation is commonly used to refer to international business incubators offering services specifically for foreign companies, typically those established in their domestic market, irrespective of whether or not they originate from an incubator. The strict meaning of co-incubation is when a company is incubated by two or more incubators at the same time, with one being the “base” incubator where the client company is originating from, and the other(s) being “recipient” incubator(s) in target markets.

During a two-year pilot project focusing on co-incubation, infoDev sought to understand the capacity of incubators in its network to generate international market access through incubator-to-incubator cooperation, also known as co-incubation.

From a pool of more than 700 applicants, 50 enterprises from 34 countries were selected to present at a showcase at infoDev’s 4th Global Forum on Innovation & Technology Entrepreneurship in Helsinki in 2011. A panel of experts comprising seasoned entrepreneurs and investors then chose 20 companies to enter the co-incubation process. These companies, listed in Figure 6 below, received mentoring to help the entrepreneurs reassess their internationalization readiness and strategies, and to derive a plan of action. They also received a small cash prize of $10,000 each. The intent was then to match them with a “host business incubator” in their target market, which would assist the entrepreneur in navigating that market.

As one of infoDev’s Top20 winners, we were able to use secure new contracts with companies in Jordan, Egypt, and UAE.

- Emad Ammouri, Ibtaker for Technological Innovation, West Bank.
In practice, it was more complex to implement the co-incubation component than anticipated. As illustrated in Figure 5 below, a “host incubator” could only be identified for 12 of the companies. In a few cases, the companies identified alternative service providers, such as mentors or external business service providers (industry and/or market specialists). In practice, the “co-incubation” model per se was only tested with 12 companies. Amongst these, the experience and results were varied. Internationalization is rarely the main objective of a business incubator. Consequently, most incubator managers do not proactively develop the competencies needed to assess internationalization readiness or to support companies in the internationalization process. A key lesson learned was the need to perform a rigorous internationalization readiness assessment of the aspiring company as well as the host incubator/enabler. The time needed for technical assistance and support throughout the internationalization program was also underestimated and should be carefully considered and factored into future program design.

Despite the challenges with implementing the Top20 co-incubation program as it was envisioned, many of the Top20 winners achieved significant internationalization results. Out of the Top20, 15 companies completed the full program.

As captured in Figure 7, a total of ten companies established strategic partnerships in target markets, resulting in 34 MOUs. Of the 12 companies conducting

### FIGURE 5: SERVICES PROVIDED TO THE TOP20

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<th>Assistance Provided</th>
<th>Acruxsoft</th>
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<th>AlKhawarizmy</th>
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<th>Chabtech</th>
<th>Ecofiltro</th>
<th>EtherVoice</th>
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<th>Naiscorp</th>
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<th>Social Wire</th>
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8. Addicts123: MoU with Al-Jaffal, a local Strategic partner that provided Addicts 123 with technical resources to be able to serve JEDCO Client in Jordan; Chabban: MoU with the Ministry of Agriculture in Saudi Arabia through the agreement with Water Efficiency company located in France; EtherVoice: Working with a receiving incubator UN-EM in Spain, EtherVoice managed to get a better understanding of the Spanish market and signed 3 MoUs to sell their products Conexiona (Spain), Gigas (Spain), Vodafone (Spain); Ibtaker: Signed MOU with “Fun Science” Jordanian company to promote Ibtaker kits in Jordan and signed MOU with UNRWA in Palestine. Currently discussing to convey the success story to other UNRWA schools in the region such as Jordan, and Lebanon; mFarm: Creation of aggregator networks across Kenya; Naiscorp: Signed Strategic Partnership MoU with Funspot, NuMedia; Solar Chile: Joint Development Agreement (JDA) with First Solar, Power Purchase Agreement (PPA) with a mining client; Solcon Energy: Prototype development MOU and work plan coordinated with the Fh-ISE, Germany.

Insight: “Internationalization” is more than import, export, and foreign direct investment. International linkages can also be used to access finance and technology expertise.
rigorous market research in their target markets, ten secured strategic clients in the target market and altogether 58 strategic clients were secured for the companies through the Top20 program. In terms of access to finance gained through the program, as well as number of jobs created, the total data becomes skewed by including Nandan Cleantech from India (which alone secured $8M in equity and $21M in debt financing, and created 350 FTE jobs) in the overall picture. Taking out Nandan Cleantech as the outlier, more than $3M in external financing was raised by six of the Top20 companies, and more than 200 FTE jobs were created by 13 companies (still with a broad range of 1-70 jobs per company). More than $3M in venture capital was raised, mostly by Solar Chile alone.

The outcomes of their participation varied widely, ranging from further exploration of international business opportunities (Alkhawarizmy, Arvus Technologia, Naiscorp), to securing strategic clients in their target markets (Addicts123, Acruxsoft srl, Ecofiltro, Ether Voice, mFarm, Naiscorp, and Solar Chile), to signing strategic MoUs (Addicts123, Chabani Chachtech, Ether Voice, Ibaker, mFarm, Naiscorp, Solar Chile, Solcon Energy), to securing financing (Social Wire and Solar Chile) to technology collaboration (Nandan Biometrics and Solcon Energy).

The key outcomes of their participation in the Top20 program during 2011 – 2013 are summarized in the table below:

<table>
<thead>
<tr>
<th>TOP20 COMPANY</th>
<th>PRODUCT</th>
<th>ORIGINATING COUNTRY</th>
<th>TARGET COUNTRY</th>
<th>OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDICTS 123</td>
<td>An affordable wireless GPRS based supervisory control and monitoring system, (otherwise known as SCADA) that improves the operations of utility companies such as electricity, water, and gas in developing countries.</td>
<td>Palestine</td>
<td>Jordan and Arab Gulf States</td>
<td>Strategic Customer: JDECO Electricity Company in Jordan Strategic MoU: Al Jaffal Group</td>
</tr>
<tr>
<td>ALKHAWARIZMY</td>
<td>A search engine technology with Arabic NLP products inspired by the need to provide comprehensive and accurate search results for the Arabic language. The first step was to develop an Arabic morphological analyzer, which was followed by the development of the semantic word identifier.</td>
<td>Egypt</td>
<td>Dubai, UAE</td>
<td>Participated in Gitex Exhibition in Dubai to develop client prospects, meet with investors and attempt to set up agents to represent the company in Dubai</td>
</tr>
<tr>
<td>TOP20 COMPANY</td>
<td>PRODUCT</td>
<td>ORIGINATING COUNTRY</td>
<td>TARGET COUNTRY</td>
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<tr>
<td>ACRUXSOFT, S.R.L.</td>
<td>Multi-purpose 3D simulator tools in order to predict the behavior of any industrial process, allowing the user or analyst to make decisions and optimize their quality and performance.</td>
<td>Uruguay</td>
<td>Denmark and Scandinavian Countries</td>
<td>Strategic Customer: EUC Fiskeriskolen</td>
</tr>
<tr>
<td>ARVUS TECNOLOGIA, S.A.</td>
<td>Technologies of Precision Agriculture that bring solutions for various operations in agriculture, forestry, and heavy machinery monitoring.</td>
<td>Brazil</td>
<td>East Europe and Africa</td>
<td>Understanding market potential to position in Eastern Europe and Africa</td>
</tr>
<tr>
<td>CHAHBANI CHAHTECH, S.A.</td>
<td>A water diffuser for underground irrigation as a new irrigation technique. In addition to the use of a buried diffuser for regular irrigation, it can be used as a solution for anticipated irrigation and water injection in the deep soil layers – a technique for the company to save precious water resources.</td>
<td>Tunisia</td>
<td>France and Arab Gulf States</td>
<td>MoU with French Company and Accessing Saudi Market</td>
</tr>
<tr>
<td>ECOFILTRIO, S.A.</td>
<td>Ceramic pot water filter solution that provides clean water in an affordable and sustainable manner.</td>
<td>Guatemala</td>
<td>El Salvador</td>
<td>Selling in El Salvador</td>
</tr>
<tr>
<td>ETHER VOICE, S.A. ESP</td>
<td>Voice service that allows any SME to super charge its sales channels by allowing their website to originate voice calls-reporting an increase of 15% in SME online sales conversion.</td>
<td>Colombia</td>
<td>Spain and Chile</td>
<td>3 MoUs Signed in Spain and sales generated in Chile</td>
</tr>
<tr>
<td>IBTAKER FOR TECH INNOVATION</td>
<td>A Micro Control Unit (MCU) Lab kit, which is a simple platform for innovation and creativity. It gives the user (a student) the ability to interact with the surrounding environment with a powerful, simple, and user-friendly software system that is used to control the hardware system.</td>
<td>Palestine</td>
<td>Jordan and Arab Gulf States</td>
<td>MoUs signed in Jordan, Qatar and UAE</td>
</tr>
<tr>
<td>TOP20 COMPANY</td>
<td>PRODUCT</td>
<td>ORIGINATING COUNTRY</td>
<td>TARGET COUNTRY</td>
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<tr>
<td>KABINATA LTD.</td>
<td>A very flexible method of language learning, which provides customers with more live classes, teaching material, and learning assistance than other classic models of language learning. The system can handle an unlimited number of customers and is the biggest language school in Bulgaria.</td>
<td>Bulgaria</td>
<td>Turkey</td>
<td>Development of a Facebook application and Search Engine Optimization conducted to share virtual classrooms and provide language training</td>
</tr>
<tr>
<td>MFARM LTD</td>
<td>Software solutions for agribusiness that deliver vital agricultural information to farmers, farm input suppliers, as well as wholesalers/retailers, enabling farmers to buy collectively and in greater volume to access large-scale marks.</td>
<td>Kenya</td>
<td>Kenya</td>
<td>Signed 8 MoUs to access regional markets in Kenya. 15 Strategic Clients</td>
</tr>
<tr>
<td>NAISCORP IT SERVICES</td>
<td>Partnering with local and international content generators and providers, operators, media companies, etc., an all-in-one mobile portal, which serves millions of people per day and millions of requests. Includes news, music, pictures, clips, stories, and comics and is compatible with over 2,000+ phone models across all mobile platforms.</td>
<td>Vietnam</td>
<td>Singapore and other East Asia countries</td>
<td>Market research in Indonesia, Malaysia, Laos, Philippine, Cambodia 2 MoUs Signed and Strategic Clients acquired</td>
</tr>
<tr>
<td>NANDAN BIOMATRIX LTD.</td>
<td>Nandan is a leading Bio-energy solutions provider in India. It has a very strong foothold in the field of Biofuel and is way ahead of competitors with cutting-edge technologies. The company has a very strong and dedicated R&amp;D team with several global patents for developing high-yielding Jatropha Hybrids (bio-energy crops).</td>
<td>India</td>
<td>Rwanda</td>
<td>Nandan signed an MoU with the Government of Rwanda for producing over 20,000 Mt of bio-fuel and generating 35 MW of biomass based green power for rural electrification through cultivation of Bio-energy crop over 8000 ha land in Rwanda</td>
</tr>
<tr>
<td>TOP20 COMPANY</td>
<td>PRODUCT</td>
<td>ORIGINATING COUNTRY</td>
<td>TARGET COUNTRY</td>
<td>OUTCOMES</td>
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<tr>
<td>SOCIALWIRE, INC.</td>
<td>SocialWire is a recommendation engine that uses data to automate the entire process of product ads and makes it more efficient and scalable for marketers.</td>
<td>Turkey</td>
<td>USA</td>
<td>Brought to Silicon Valley to meet with potential buyers; first round of investment at USD 2 million</td>
</tr>
<tr>
<td>SOLAR CHILE</td>
<td>One of the first solar developers in Chile to identify some of the most desirable sites for solar energy projects in northern Chile, with the potential to generate an estimated 1.5 Gigawatts of solar projects in the region.</td>
<td>Chile</td>
<td>Brazil and USA</td>
<td>MoU: Joint Development Agreement (JDA), Power Purchase Agreement (PPA) Strategic Clients: Major mining companies in Chile - BHP Billiton, Collahuasi, TECK, AMSA, CODELCO, Barrick etc. A first round of USD 1 million was completed and the company is now pursuing additional 3-4 million in a second round of investments</td>
</tr>
<tr>
<td>SOLCON ENERGY</td>
<td>By inventing an optical concentrator combined with high-efficiency III-V solar cells for low-cost PV modules, aims to commercialize concentrated photovoltaic (CPV) from solar radiation.</td>
<td>Georgia</td>
<td>Switzerland and Germany</td>
<td>Prototype development MOU and work plan coordinated with the Fh-ISE, Germany Strategic Partners gained: Fh-ISE, Germany, AWM, Switzerland</td>
</tr>
</tbody>
</table>

Four out of the Top20 did not complete the full program. Following the experience of participating in the exhibition at infoDev’s Global Forum in Helsinki, and going through the mentorship program, two enterprises - ThinkCore from India and EGG-Energy from Tanzania – respectively felt that they were not ready to internationalize yet. Coming to that realization without having sunk significant time and resources pursuing an internationalization strategy is a very good outcome. Internationalization is expensive, and if a process can help entrepreneurs realize more quickly and at lower cost that they may not be ready, it is a critical step in avoiding unnecessary investment in both time and money. One company (SiamTelemed from Thailand) dissolved before program completion, illustrating the risk of early-stage enterprise development. Finally, one company (Istanbul Technological R&D Center from Turkey) was dropped from the program by infoDev due to poor communication and execution of the planned activities.

Insight: Helping entrepreneurs avoid the pursuit of unviable internationalization strategies is time and money saved for the enterprises.
Thoroughly assess both the entrepreneur’s and the host incubator’s internationalization readiness, both in terms of expertise and staff capacity/general resources. Challenges in internationalization readiness can include competing priorities, lack of awareness of co-incubation, lack of incentives, lack of market/industry know-how, as well as lack of resources including mentors and financing.

- The ability of the SME to financially invest in the internationalization process should be ensured.
- Do not underestimate the time needed for close support and advice.
- Internationalization as a service should ideally be mandated by the governance/management structure and within the overall business model of the business incubator.
- Language, cultural differences, and business language barriers should be addressed appropriately.
- Country specific legal and regulatory considerations associated with the hosting of international companies and entrepreneurs by incubators in their countries should be taken into account.
One of infoDev’s core work areas is to promote the startup and growth of mobile applications enterprises [see Figure 9].

The VentureOutChallenge built on the lessons generated from the Top20 program to pilot a slightly different permutation of the internationalization program; specifically focused on mobile applications entrepreneurs.

To stimulate applications, infoDev reached out to business enablers in its network in Armenia, Jamaica, Kenya, Senegal, South Africa, Macedonia, Nigeria, and Trinidad & Tobago, which ran awareness raising events. 113 entrepreneurs from 19 countries in Africa, Eastern Europe & Central Asia, and the Caribbean submitted their applications online.

The VentureOutChallenge applications were vetted by a panel of 23 judges comprising seasoned entrepreneurs, investors, and internationalization experts mainly from the US and Europe. Based on criteria including a business model, internationalization plan and team composition, 24 companies were selected to take part in the online group and individual mentorship from experts.

During the mentoring process, which took place over a six-week period, judges were able to gain a better understanding of the startups, their business potential, as well as their readiness and capacity to tackle the challenges of internationalization. At the end of the six-week period, the entrepreneurs submitted an improved pitch via the online platform, which the judges commented on.

Considering that entrepreneurs previously provided feedback stating they often do not get sufficient evaluation from investors and business partners that turn them down, the judges were required to submit concrete feedback to each of the 24 companies using the online platform.

On the basis of the improved pitch, 13 finalists were selected to take part in infoDev’s SME Internationalization workshop in Moldova. This workshop provided two days of coaching and a final pitching session for the 13 finalists. Three companies were then awarded $10,000 each in cash prizes to support their internationalization plans.

Through the eyes of a mentor

“I was thrilled to have the opportunity to meet so many smart and determined entrepreneurs from all over the world, building companies that can really have an impact on their societies... the improvements the teams made during the VentureOutChallenge were remarkable as they all have been very eager to learn and grow.”

Philipp Kandal (CEO Skobbler)

infoDev’s Mobile Innovation Program supports growth-oriented mobile app businesses in emerging and frontier markets. The program does this by: enabling entrepreneurship in the mobile industry through venture incubation and acceleration; by building mobile innovation communities of entrepreneurs, investors, partners, and mentors; and by researching the app economy of local markets.

www.infodev.org/mobile
<table>
<thead>
<tr>
<th>VentureOut Challenge company</th>
<th>PRODUCT</th>
<th>Originating Country</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOMETRO</strong></td>
<td>GoMetro is the most accurate transit app for emerging markets, providing public transport information including trains, buses, rapid transit, and taxis in one app.</td>
<td>South Africa</td>
</tr>
<tr>
<td><strong>GRIK.LY</strong></td>
<td>Grik.ly is a business networking application that works to replace the unmeasurable use of the traditional business card and allows users to share contact details easily, while remembering who they’ve met and where they’ve met them. Grik.ly also allows users to stay updated when individuals change any information on their business card.</td>
<td>Jamaica</td>
</tr>
<tr>
<td><strong>IDRAM MOBILE WALLET</strong></td>
<td>Idram Mobile Wallet allows users to make instant payments and money transfers, replacing traditional payment methods.</td>
<td>Armenia</td>
</tr>
<tr>
<td><strong>M.A.D.E. - MY APP FOR DISASTERS AND EMERGENCIES</strong></td>
<td>M.A.D.E. creates value for its users by effectively delivering actionable, location-specific information about natural disasters and emergencies, and connects those in need directly with first responders and disaster response coordinators, enabling them to optimally allocate resources, something greatly lacking in the Caribbean.</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td><strong>MANIFESTO</strong></td>
<td>The instant newsmaker - Manifesto allows users to immediately shoot video or capture audio with one tap and make it public with a click.</td>
<td>Moldova</td>
</tr>
<tr>
<td><strong>MARODI TV</strong></td>
<td>Marodi.tv lets users in Senegal and Cameroon watch their favorite TV shows anytime online or through their mobile app. It is the first app dedicated to replay TV in Africa and is free and scalable to more than 1 million unique users.</td>
<td>Senegal</td>
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<tr>
<td><strong>NEAREST LOCATOR</strong></td>
<td>Nearest Locator is a location based mobile app that helps users easily and accurately find important locations and contact information for nearby ATMs, banks, eateries, hospitals, and more. In developing countries, Nearest Locator has a more accurate database for local vendors and retailers than competitors like Google.</td>
<td>Nigeria</td>
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<tr>
<td>VentureOut Challenge company</td>
<td>PRODUCT</td>
<td>Originating Country</td>
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<tr>
<td><strong>PROWORK</strong></td>
<td>Prowork is a collaborative project management solution for business. It empowers businesses and helps them lower costs by bringing project management and collaboration together on one platform, and making it mobile, real-time, ubiquitous, and business intelligent.</td>
<td>Nigeria</td>
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<tr>
<td><strong>SWEETSOA</strong></td>
<td>SweetSOA provides a generic mobile application that companies can easily customize specific to their needs. Unlike other solutions, this app gives businesses the ability to create customized low-cost mobile solutions without requiring the user to do any programming.</td>
<td>Jamaica</td>
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<tr>
<td><strong>TEDDY THE GUARDIAN</strong></td>
<td>Teddy The Guardian is an individually designed plush teddy bear with built-in medical sensors that track a child’s vital signs and send recorded values wirelessly to a physician’s tablet or web application. The product provides parents with a mobile app to visualize and measure their children’s vital signs in an intuitive, stress-free way.</td>
<td>Nigeria</td>
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<tr>
<td><strong>TUNING FORK</strong></td>
<td>Tuning Fork mobile app is the newest tool to help singers sing in tune. A graphic displays the song’s correct notes and gives the user an assessment of how well they performed at the end of the song.</td>
<td>Azerbaijan</td>
</tr>
<tr>
<td><strong>WAABEH</strong></td>
<td>Waabeh is Africa’s audio marketplace for music and online radio, helping users discover new music from across the continent.</td>
<td>Kenya</td>
</tr>
<tr>
<td><strong>X-RIFT</strong></td>
<td>X-Rift is one of the first augmented reality game systems to hit the market. Augmented reality is primarily a location based technology for mobile devices that allows gamers to interact with objects and spaces in real life.</td>
<td>Ukraine</td>
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</tbody>
</table>
Teddy the Guardian
Evaluating your baby’s health through creative and innovative solutions

Teddy The Guardian is a handmade, organic teddy bear with CE marked and FDA approved sensors that monitor a child’s health. The bear tracks a child’s body temperature, pulse, blood pressure, and oxygen saturation. This measurement takes place when the child touches the bear in certain parts, such as the paw, and then sends the information to a smartphone or an online application. The Teddy The Guardian product is composed of two major components: the toy bear with built-in medical sensors, and the software that can be used on a smartphone or online.

An unfriendly environment such as a hospital or doctor’s office and the unpleasant appearance of measurement tools can easily alter a final diagnosis. According to a recent study, 80% of children that visit hospitals go through this type of stress. Two young Croatian entrepreneurs, business students from the University of Zagreb Ana Burica and Josipa Majic, came up with a creative and effective IT solution to monitor and track children’s vital signs without causing any extra emotional stress. They observed that doctors and nurses often use plush toys during the medical examinations to distract the child’s attention and avoid skewed measurement results. Therefore, they decided to place medical sensor-devices inside children’s favorite toy – teddy bears.

To date, Teddy the Guardian has generated $650,000 in pre-orders since July 2013 and created 13 jobs.

The value of mentoring in the internationalization process is at least as valuable as funding the companies to compete in the process. Access to mentors is limited in emerging markets (as opposed to those based in Silicon Valley for example) and such activities can provide an important and unique platform for companies.

Such activities raise awareness among mentors in developed countries about the innovativeness and investability of companies in emerging markets. Mentors become personally invested in company growth during a longer term activity and mentors often invite companies to “check in” with them even after the end of the formal activities.

In addition to a more traditional “bootcamp” model of a few days of training followed by pitching, the particular value of an activity such as the VentureOutChallenge is in the opportunity to provide longer term, targeted coaching to companies as well as to better understand their challenges during a internationalization “journey” over several months.

A global platform for linking companies and mentors could serve as a vehicle for systematically sharing knowledge and connecting companies in emerging markets to international mentors, while on the flipside providing practitioners and development organizations with a better view of the needs, statistics, and activities of those active in such a network.
As discussed above, internationalization is rarely the main objective of a business incubator. Consequently, most incubator managers do not proactively develop the competencies needed to assess internationalization readiness or to support companies in the internationalization process. Furthermore, current co-incubation and soft landing clubs are still mostly dependent on rent and government subsidies.

Against this background, infoDev set out to work with two business incubators to help them derive and test an internationalization service offer based on a business model that could become self-sustaining. For example, exploring a fee-based or royalty-based service development that would be built into the overall resourcing and management structure of the incubator itself. The adopted approach leveraged the lessons and insights gained from the Top20 experience, notably ensuring that incubators aiming to provide internationalization support for their client companies build this into their overall business model, a potential revenue-generating service, and as part of their operational capacity, rather than a one-off activity. The technical assistance that these incubators received as compared to the Top20 companies was therefore broader and deeper in scope.

Technical assistance and grants of $225,000 were provided to the Soroca Business Incubator (in Moldova) and the Mogilev Technology Park (in Belarus) to derive and test an internationalization service offering and business model.

Soroca Business Incubator, Moldova

With a population of 3.6 million, Moldova is a small, open agricultural economy located between Romania and Ukraine, and remains one of the poorest countries in Europe. According to the World Bank’s Doing Business Indicators 2014, Moldova stands at 78 in the World Bank’s “Ease of Doing Business” ranking of 189 economies worldwide, below the average in Eastern Europe & Central Asia [71][10]. Given the very small market size in Moldova, the government is keen to support internationalization initiatives. The Soroca Business Incubator is a new, publicly funded incubator located in the rural north of the country where traditional industries such as textile and agriculture are dominant. Soroca City is home to about 40,000 people and the capital of the Soroca District in Moldova. It is located about 160 kilometers north of Chisinau, the capital of Moldova.

The technical assistance focused on developing the capacity of incubator staff (e.g., instilling new ideas by sharing good practice; internationalization service model development as part of an overall, sustainable incubator business model; reviewing company cases and tracking progress; raising awareness among incubator stakeholders through workshops and strategic meetings), while the grant financing was used to cover expenses associated with contracting external service providers with particular industry or market expertise, carrying out market research, developing marketing tools for companies, as well as attending relevant international trade exhibitions or establishing links to like-minded international networks.

The textile and fruit companies in Moldova were matched with service providers (from an independently operating organization) specialized in international market entry. The main target markets were in Europe (Germany, Italy) and Russia and as a basis for understanding these foreign markets, the independent service providers conducted market research in each market and devised a market entry strategy for the companies. Going forward, key internationalization services offered by the incubator will include: foreign market knowledge and analysis of international value chains; advice on quality management and international quality standards;
marketing services; coaching on accessing finance and financial linkages; legal services related to contract negotiation and intellectual property.

Given the lack of capacity at Soroca to directly support companies in internationalization, its internationalization business model will be based on contracting the service providers on an ongoing, as-needed basis. Soroca has therefore already initiated strong relationships with government stakeholders and in particular the Chamber of Commerce, to source support and expertise for access to international markets.

The cost of the services will be partially covered by the client company itself and partially through funding from the incubator. To this end, the Soroca Business Incubator has established a small fund that can provide interest-free loans for up to two years to client companies needing internationalization services. The internationalization service at Soroca is completely new and the incubator plans to pilot this approach until the end of 2015. After this time, depending on the traction that the service gains, the longer term success of the pilot projects undertaken with infoDev, as well as the potentially increased in-house capabilities of staff, the Soroca Business Incubator may consider a success-sharing model for internationalization services going forward. The mindset of companies in Soroca is not yet fully geared to international markets and the “demonstration effect” from pilot activities requires more time to come to fruition. Furthermore, the incubator itself is accustomed to receiving heavy government subsidies and despite the technical assistance it received from infoDev, the staff does not have the mindset of private-sector driven incubation or revenue-generating service models.

**Mogilev Technopark, Belarus**

Belarus is a land-locked country bordered by Russia, Ukraine, Poland, Latvia, and Lithuania. Over 70% of its 9.5 million population resides in urban areas and the country’s main economic activity is in service industries and manufacturing. Belarus stands at 63 in the World Bank’s “Ease of Doing Business” ranking of 189 economies worldwide, above the average in Eastern Europe & Central Asia (71)\(^1\).

In Belarus, the Mogilev Technopark is a non-profit organization with a nearly 20-year track record that provides services to client companies through a combination of subsidized and for-profit services. Mogilev Technopark already had some experience in internationalization through service providers but wanted to build their own in-house capacity to better serve their client companies. It caters mainly to ICT companies (currently housing 25), so ICT is naturally the focus of its internationalization activities. Belarus also has a limited domestic market size and companies at the Technopark have an international orientation from the start of their business, looking mainly to the Ukraine and Russia as well as the US markets.

The technical assistance focused on developing the capacity of the incubator staff (e.g., instilling new ideas by sharing good practices, internationalization service model development as part of the overall incubator business model, reviewing company cases and tracking progress, raising awareness among incubator stakeholders through workshops and strategic meetings), while the grant financing was used to cover expenses associated with delivering basic training to client companies about internationalization opportunities and company readiness, providing legal support and tax and accounting administration, increasing the visibility of Mogilev Technopark through media outreach in Belarus, as well as study tours to potential export markets.

The development of the internationalization service at Mogilev started with testing the market need for the service and identifying resources to finance the service. International business services are relatively new to SMEs in Belarus, but the demand is sharply increasing. The main driver for this increase is the Customs Union of Belarus with the Russian Federation and Kazakhstan. According to Mogilev Technology Park’s (MTP) findings, internationalization services are required in two major fields: legal consulting and marketing/sales. Target markets of SMEs are primarily the Russian Federation and Kazakhstan, but also include other former Soviet Union countries such as Ukraine and Georgia.

MTP Internationalization services are provided in cooperation with (external) international business experts. The services of these experts as well as MTP internationalization services are expected to be financed through the following revenue streams: 1) Direct payment by companies to MTP based on work time; 2) Royalties based on internationalization outcomes; and 3) Public co-funding from state SME support programs. MTP expects that the royalty-based model in combination with public subsidies will be the major revenue source for its internationalization services.

stream. During the course of the pilot project, MTP has also developed a training program on "Internationalization Trends and Prospects," which it expects to roll out as a core part of this service going forward.

**Intermediate Results**

In the testing process, altogether eight companies were selected to enter the internationalization program, all comprising existing clients of the business incubators. The experience of both the enabler and the client company was tracked throughout the pilot activity. Client companies were selected for the pilot activities by the incubator, based on the general readiness of the company to internationalize, the viability of the product in the target market, and the possibility of the incubator to support the company’s (or similar companies’) needs going forward.

Figure 12 below provides a snapshot of the companies taking part in these pilots, the internationalization services provided, as well as the main outcomes of the activities.

In summary, there was a clear distinction among the types of companies served by Soroca Business Incubator and Mogilev Techpark, with the former focusing on more traditional industries (textile, fruits) and the latter focusing on technology-enabled businesses. The results are mixed, not as much due to the nature of the companies, but due to the resulting business model for the internationalization service and in part due to the in-house capacity of incubator staff.

In Moldova, developing a new and potentially revenue-generating service with a heavily public funded and public sector driven/administered organization proved to be very challenging. However, at the same time, the results from serving the textile and fruit companies in the small city of Soroca were promising to the extent that strong links to new and potential buyers were secured in Russia and Italy, for example, and the overall understanding of the potential of international markets was greatly increased at the incubator.

In Belarus, the development of the internationalization service had a stronger substantive base in terms of staff capacity and the likelihood of internationalization service sustainability likewise seemed to be strong. New market opportunities were opened in Russia, Kazakhstan, Ukraine, the United States, and China, and in general the readiness of the companies as well as the capacity of the Technopark staff increased throughout the process. Training content was developed to increase awareness among client companies about internationalization opportunities and related business planning, which will continue after the end of infoDev’s pilot activities. However, a key challenge – and one often overlooked – was in language. Technical assistance work was often delivered through Russian/English translation, which caused a communication challenge when aiming to engage clients in deep management consulting work.

In both cases, a key lesson is the need to develop a clear and robust Monitoring & Evaluation framework, together with the grantee, to track the activities and experiences on a systematic basis, and in a way that is both practical and meaningful. It was challenging to instill a sense of ownership in an M&E framework with the incubators, beyond considering the framework as a donor reporting instrument, rather than a tool to track and understand the sustainability of the internationalization service itself, which could be built upon beyond the pilot project. Furthermore, while the nature of the activity was to be a pilot program, the amount of technical assistance and close support that the incubators needed in this process was underestimated. The scope of the pilot activity needs to be carefully and realistically designed according to available resources and where small grants are concerned, and should aim for a few “heavy hitting” operations of a quality management system at the incubator, which on a very practical level will continue to serve the companies in the long term and help both the incubator and its client companies understand how to develop their products to better suit international market standards. Furthermore, the pilot activity created nine new FTE jobs among the three companies that it served, with seven of these for women in the textile industry in an impoverished rural community.

12. Four of the Mogilev client companies taking part in internationalization pilot projects received “Internationalization Trends and Prospects” training, which will continue to be used after the end of the project with infoDev. This training comprises the following subject areas: (1) What is internationalization, and why is it needed?, (2) Phases of internationalization and related operational procedures, (3) International business development strategies, (4) Cultural factors, (5) Development of international distribution channels, (6) Securing investment for international activities, (7) Global capital markets, and (8) Management of international operations.

13. The grants awarded to Soroca Business Incubator and Mogilev Technopark comprised other activities related to scaling business incubation activities in the two countries, of which internationalization formed about 50%.
objectives instead of a broad range of activities. These findings are in line with those from the infoDev Top20 pilot activities, particularly as related to the need to allocate more technical assistance resources. The capacity of incubators should be carefully assessed before taking on such activities, and any skill gaps complemented with more in-depth training/technical assistance, as an intrinsic part of the process and program design.

In Moldova, it was found that the demand for internationalization services—mainly in light industries such as textile production—far exceeds the capacities of the Soroca incubator. International business skills are still not common in the capital of Chisinau, and can hardly be found in smaller towns outside the direct reach of major centers, which Soroca represents. This lack of capacity does not only apply to international business skills such as language skills, international market knowledge and contacts, but also to the overall level of service quality in smaller towns. A major challenge for incubators outside the capitals is to find and hire staff and experts with international skills.
<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Services provided by enabler</th>
<th>Results</th>
</tr>
</thead>
</table>
| COMPEDU   | Educational products and services for ICT industry | • Legal support for developing contracts  
• Tax and accounting administration  
• Training in “Internationalization Trends and Prospects”  
• Participation in negotiations with contractors and partners | • Export of products and services to foreign markets started in Russia and Kazakhstan  
• The total net increase in exports during the project period amounted to $234,200 (starting at zero in March 2013)  
• After completion of the pilot in Dec 2013, an estimated 180,000 clients (end-users) in foreign markets (mainly Russia) had indicated interest in the product and about 2-3% of them had purchased the product |
| RECOMMERCE| E-commerce platform for individuals and small businesses to create an online storefront | • Company promotion through link made to public relations professional  
• Legal assistance  
• Tax and accounting administration  
• Participation in negotiations with potential partners | • The company was accepted at HappyFarm, an accelerator in Ukraine  
• The accelerator linked the company to US investors, which provided them with $70,000 in seed financing to enter US market  
• In January 2014, the company launched the new English language platform commercerun.com for US market entry  
• Services in Russia and Kazakhstan were tested by allowing end-users to test the product for one month (30 tests in Kazakhstan, 100 in Russia) |
| ACCESS TEKH| “Turnkey” construction of residential areas with energy saving technologies and alternative energy engineering | • Training in “Internationalization Trends and Prospects”  
• An educational trip on energy saving to Denmark  
• Business model development  
• Participation in negotiations with potential partners  
• Market information services, incl. information about market potential and market structures e.g. value chains within the European Union market | • Detailed planning for entry into Russian and Kazakhstan markets  
• Increased company management capacity measured by number of participants trained and assessment of concept for international business development as direct follow-up |
| LAB E-COMMERCE| Online - commerce | • Training in “Internationalization Trends and Prospects” | • The company entered into a contract with a portal in China to advertise their tools, resulting in a net increase in sales of $60,000 after the pilot (starting from zero in May 2013)  
• The company reconsidered their internationalization strategy, performed additional analytical work and revised their proposal to their client, resulting in increased sales |

FIGURE 12: INTERNATIONALIZATION PORTFOLIO
<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Services provided by enabler</th>
<th>Results</th>
</tr>
</thead>
</table>
| TEKHNOPLAST      | Manufacturer of fiberglass products                                       | • Training in “Internationalization Trends and Prospects”                                                                                                                                                                                                                                                                                                                                                                                                                                                                | • Improved capacity and skills to enter international markets, measured by number of participants [5] and international business development plan as direct follow-up  
• Exports increased by 7 percent [$100,000] during the pilot period |
| MIALEX            | Fresh fruit collector from producers for export, with logistics system including cooling and storage facilities. | • Coaching on European quality standards and food market regulations  
• Quality management system for working with producers  
• Development of company strategy to support growth aspirations  
• Increased credibility to access funding from local bank via workshop organized by Soroca Incubator (held for all client companies)  
• Closer links to Chamber of Commerce to access additional international exhibitions                                                                                                                                                                                                                                                                                                                | • Participated in WorldFood Moscow exhibition, where the company entered into contracts valued at a total of $1M with three new clients in Kazakhstan, Russia, and Belarus  
• Created two new full-time jobs (one legal expert/broker and one quality monitoring expert) |
| CHIVAMAX         | Textile producer specialized in workwear, subcontracting to EU markets   | [resources were pooled for these two textile companies]  
• A tool for optimizing the production process developed in collaboration with the Technical University of Moldova (TUM)  
• A database of potential clients  
• Quality management training to develop viable textiles for international market  
• Legal and customs support (ISO standards) for entering the European market  
• Increased credibility to access funding from local bank via workshop organized by Soroca Incubator (held for all client companies)  
• Established links to Chamber of Commerce (“Senior Expert Service” - project) to link to German and Austrian industry expertise  
• Established link to technology transfer network of Moldova to link to diaspora abroad in same industry  
• Marketing support tools (website, printed materials)                                                                                                                                                                                                                                                                                                                                 | • The company signed a three-year contract with an Italian buyer; the quality management system implemented was critical in securing the longer term contract  
• The company increased production from 1000 to 3000 units per month, and created seven new full-time jobs for women  
• The company has plans in place to increase exports to European market (Germany in particular) starting 2015 |
| TIMPOV SEMION    | Textile producer specialized in protective workwear for harmful conditions |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | • The company entered into a contract with a portal in China to advertise their tools, resulting in a net increase in sales of $60,000 after the pilot (starting from zero in May 2013)  
• The company reconsidered their internationalization strategy, performed additional analytical work, and revised their proposal to their client, resulting in increased sales |
6.4. Training Workshops

Hands-on training focusing on the realities of emerging markets and developing countries has been highly valued by infoDev clients and continues to be in demand. Workshops focused on internationalization were held in South Africa and India during this pilot period, leveraging the insights gained from Top20 and the work with the Belarus and Moldova business incubators as discussed above. The added value from these workshops compared to the other approaches outlined above, was gained from convening a group of business enablers from different countries with a common interest in contributing to the internationalization of their client enterprises. A small selection of entrepreneurs interested in internationalizing also participated.

The internationalization workshop held at infoDev’s 5th Global Forum in South Africa convened 40 participants from countries primarily across Southern Africa (Mozambique, Namibia, Uganda, South Africa) as well as representatives of infoDev enablers around the world (e.g., Armenia, Kenya, Moldova, Vietnam). This hands-on bootcamp was aimed at early-stage tech companies that were seeking to understand what is necessary to be competitive in an international market and how to achieve this. It focused on practical tips, tricks and factors that contribute to a successful internationalization strategy. Internationalization was broken down into three core stages:

1) Testing the waters (early feedback from industry/market experts, low cost/low resource options);

“I learned how to find partners and enablers in other markets and was able to negotiate funding opportunities through the Indian Angel Network Bangalore during the internationalization workshop.”

Atchara Poomee (Managing Director, PAC Regenerating Energy Thailand).

[Image of workshop participants]
2) Localizing products/services (innovative marketing and product/service testing);

3) Building a local presence (leveraging existing customers and networks, building a local team, overcoming local cultural barriers).

It also looked in-depth at several companies who successfully went international within their first 12 months after inception. Finally, the bootcamp gave entrepreneurs the opportunity to work through their startup’s internationalization strategy and receive hands-on feedback. A parallel aim of the workshop was to sensitize infoDev Mobile Applications Labs (mLabs) to the internationalization process, as a precursor to the VentureOutChallenge that was kicked off after the Global Forum. The workshop was facilitated by an infoDev internationalization expert consultant, who was also involved in the VentureOutChallenge.

In India, a workshop was held for about 20 participants covering topics such as market research, finding partners and resources, conducting a self-assessment on internationalization-readiness, as well as legal and regulatory issues. The participants’ most important learning revolved around strategies and solutions for entering foreign markets, including selecting the right market, finding partners and enablers, and the go-to-market strategy. Likewise, networking with other participants was rated highly. As a result, some participants intend to embark on business together: T-Files from Indonesia was planning an expansion of her marine current turbine power generator to the Philippine Islands with participants from the Philippines and one participant from India was discussing collaboration opportunities with a participant from Thailand.

The longer term impact of learning from these particular workshops is not tracked formally, but immediate feedback has been positive and there is a demand for more intense training in the field. One particular opportunity for more formal training and tracking of learning impact would be to develop a new Internationalization module into infoDev’s existing Business Incubation Management Training Program. This would develop the capacity and skills of the incubator manager and other related practitioners to better serve client companies seeking to enter international markets.
An important finding from these pilots is the general lack of capacity of companies to assess their own readiness to enter an international market. It is often difficult to know where one’s knowledge is lacking. In each of the pilots, significant coaching was needed to explore the underlying assumptions made with regard to internationalization potential and plans of action.

As a first step to assisting entrepreneurs with international market entry, business enablers may therefore want to carry out an assessment on the internationalization-readiness of the companies. Such an assessment could be carried out by the entrepreneur using a self-assessment tool, or it could be administered with the help of experts coaching the entrepreneur through core questions assessing factors such as:

- The availability, capacity, and commitment of the management team
- The maturity of the company’s product/service and fit for the international market
- The financial resources available to cover the cost of investment before profitability in new markets

Just as important, and particularly where co-incubation is pursued, companies or external experts should assess the incubator’s capability to provide co-incubation and soft landing services and whether they have the staff capacity to truly help with international market entry. Discussed in further detail under “How enablers can add value to the internationalization process”, some key challenges that incubators face in developing a potential internationalization program include:

- Competing priorities, particularly where co-incubation is not formally mandated by the governance structure of the incubator
- Lack of awareness of co-incubation as a potential service line and revenue-generating opportunity for the incubator

Companies, and in particular early-stage startups, need to efficiently understand the true international market opportunities for their product/service. This includes conducting smart in-country primary market research and validation (i.e., meeting potential customers, distributors, and partners), access to industry specialists in the target markets, access to mentors to help localize the product/service for the target market, as well as access to finance for market entry activities (including participation in trade fairs, networking events, scoping travel, etc.). It is likewise important for a company to be able to fail quickly in a target market, thereby ensuring that unnecessary resources are not spent where a new market may not provide traction at that particular time.

Developing an internationalization service that provides...
effective assistance that enables entrepreneurs to go through this process is complex. It goes without saying that if the enabler is not up to par in terms of enabling the growth of their domestic clients in their domestic market, they will not be ready to take on internationalization.

Outlined in the table below are some of the factors that seem to successfully drive internationalization activities through enablers, along with their value added for the incubator itself and for the company beneficiary.

Enablers themselves can also connect with other enablers through formal or informal networks and communities to share good practices and join forces in internationalization.

**FIGURE 13: THE FOUR COMPONENTS OF BUSINESS INCUBATION**

<table>
<thead>
<tr>
<th>SUCCESS FACTORS @ ENABLERS</th>
<th>VALUE ADD FOR ENabler</th>
<th>VALUE ADD FOR COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry expertise: in-house or through database of external service providers/mentors</td>
<td>• Growing service for a particular sector • Opportunity to generate revenue</td>
<td>• Market validation • Mentorship including personal brokering in new markets • Links to potential buyers in international markets, together with support during contract negotiations • Legal, tax, and administrative guidance</td>
</tr>
<tr>
<td>Ability to assess company readiness</td>
<td>• Understanding cost/benefit of service • Mapping needs for company development</td>
<td>• Trusted partner to navigate market opportunities • Advice on product/service quality and standard in new markets</td>
</tr>
<tr>
<td>Access to knowledge and networks</td>
<td>• Exchanging good practices and understanding success and failure (e.g., via training, workshops, online platforms) • Practical toolkits to design services • Facilitating potential funding from public and private sector</td>
<td>• Seeing new markets and building confidence through learning from others • Advice for benefiting from funding opportunities</td>
</tr>
<tr>
<td>Positioning service as part of core mission</td>
<td>• Attracting funding to systematically implement and scale service • Raising awareness among public sector and stakeholders in innovation ecosystem • Attracting relevant personnel, partners, and networks</td>
<td>• Opportunity to benefit from strong service line • Credibility towards buyers and investors • More natural orientation towards international markets</td>
</tr>
</tbody>
</table>
Opportunities to Scale International Market Access

The range of infoDev internationalization pilot projects during 2011 – 2013 shared many similar lessons learned during implementation. It is recommended that at least the following points are considered in the design of any internationalization program, particularly as they relate to emerging markets and developing countries.

**FIGURE 14: ISSUES TO CONSIDER FOR INTERNATIONALIZATION PROGRAM DESIGN**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human &amp; Financial Resources</td>
<td>Hidden costs due to capacity/skills/capital constraints of incubator or company</td>
<td>• Conduct robust internationalization readiness assessment of the enterprise and/or the incubator&lt;br&gt;• Plan for adequate technical assistance from experts to the enterprise and/or the incubator&lt;br&gt;• Invest in capacity development/ training program with long-term impact for the enterprise and/or the incubator&lt;br&gt;• Ensure adequate cost structure of company as part of internationalization readiness assessment</td>
</tr>
<tr>
<td>(program cost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td>One-off donor-driven activity whereby new or improved service is not embedded into business model for longer term impact</td>
<td>• Develop activities into part of core mission and as related to incubator/ company business model and operating structure&lt;br&gt;• Start projects small-scale and allow for organic development based on demand</td>
</tr>
<tr>
<td>Monitoring &amp; Evaluation</td>
<td>Inadequate and inconclusive impact indicators and activity tracking</td>
<td>• Design robust and practical M&amp;E framework to understand successes and failures&lt;br&gt;• Ensure incubator and/or company understanding and ownership of indicators&lt;br&gt;• Establish regular milestones and checkpoints to track progress and consistently ensure suitable approach&lt;br&gt;• Invest in adequate resources and practical tools upfront to ensure ease and coherence of data collection&lt;br&gt;• Accept and understand failures as part of good M&amp;E</td>
</tr>
<tr>
<td>Cultural differences</td>
<td>Customs and language barriers</td>
<td>• Personal brokering&lt;br&gt;• Cross-culture training</td>
</tr>
<tr>
<td>Legal and regulatory</td>
<td>Lack of understanding of regulatory considerations e.g. hosting a foreign company</td>
<td>• Factor in adequate resources for regulatory considerations and time and cost-consuming activities such as market research and customization needs</td>
</tr>
</tbody>
</table>
The following table summarizes the positive aspects, as well as the key lessons, considerations, and success factors that should be taken into account if seeking to replicate the approaches.

### FIGURE 15: PROS & CONS OF THE ALTERNATIVE APPROACHES TESTED

<table>
<thead>
<tr>
<th>Approach</th>
<th>Positive Aspects</th>
<th>Lessons and considerations for replication</th>
<th>Success factors</th>
</tr>
</thead>
</table>
| Co-incubation services through “Top20” activity | • Enabled testing of the co-incubation concept in emerging markets, leading to a deeper understanding of the particular “internationalization” needs of entrepreneurs in these markets  
• Enabled wide global awareness of the opportunity for entrepreneurs to participate, through an open, well-marketed application process  
• Produced encouraging results for companies  
• Engaged in and raised awareness of potential financiers for early-stage investment opportunities in developing countries | • Requires significant due diligence and support of entrepreneurs and incubators participating in the process  
• The benefits of the small grants were outweighed by the transaction costs associated with issuing and managing those grants  
• Sufficient time must be allocated to allow for the outcomes to be realized. It is a multi-step process to arrive at real business outcomes from the internationalization activities | • Knowledgeable team of industry and market specialists  
• Participating incubators with previous experience in internationalization  
• Strong linkages to new markets, to allow for rapid market validation  
• Application of readiness criteria and a thorough selection process for selection of both entrepreneurs and participating incubators |
| Mentoring services through VentureOutChallenge | • Developed a network of mentors with potential to contribute to future work  
• Good online mentoring environment enabled startup-to-startup learning in addition to mentor-to-startup coaching  
• Successfully engaged mobile applications labs in overall process and opened their thinking towards international markets  
• Early results show promising outcomes on company level | • Sufficient time must be allocated to allow for the outcomes to be realized. It is a multi-step process to arrive at real business outcomes from the internationalization activities | • Knowledgeable team of industry and market specialists  
• Well-functioning platform to enable online mentoring and show mentoring “milestones” and results |
### Approach

#### Skills development through training workshops
- Raised business enablers’ and entrepreneurs’ awareness about internationalization opportunities
- Linked participants to industry experts and other partners to support the internationalization journey

#### Technical assistance to business incubators
- Enabled targeted and deep “management consulting” support for participating incubators, aiming to build service as part of business model
- Engaged range of industry experts and partners that incubators will continue to work with in the future
- Raised awareness among incubator stakeholders about incubator’s role and potential in internationalization
- Learning from activity can be channeled into incubation management training in internationalization

### Positive Aspects

- Workshops remain more general by nature and cannot go deep into particular participant needs
- Resources for follow-up support beyond the workshop itself limited the participants’ ability to act on what they had learned

### Lessons and considerations for replication

- Longer time period needed to support “mindset change” within incubator management
- Incubators ownership of monitoring & evaluation framework as a “learning tool” instead of only a reporting instrument was lacking
- Incubators that are managed by government-appointed managers may not have required business acumen to sustainably implement new service

### Success factors

- Experts with practical experience in internationalization
- Use of a practical, locally relevant case study to enable maximum participation and discussion
- Matchmaking among experts and incubators/companies to tackle specific internationalization questions or issues

### Additional Research

The lack of longitudinal data on internationalization activities and their potential in developing countries and emerging markets could be seen as an opportunity to conduct additional research on the “state of internationalization” in these areas. This could also raise awareness about internationalization opportunities and needs among practitioners and stakeholders, via shared experiences as well as local business cultures and practices. On a country level, it is advisable to fully understand the opportunities offered by international markets for a particular sector (demand) while matching this with the existing or potential products/services in the home country (supply). Just as important and potentially done in parallel, would be the development of a platform together with a Monitoring & Evaluation framework to collect and communicate data, while facilitating partnerships and providing guidance to entrepreneurs and incubators seeking to be active in this space.