



**Asia-Pacific
Economic Cooperation**

2019/SMEWG48/022

Agenda Item: 11.4

Born Global Small and Medium Enterprises

Purpose: Information
Submitted by: Thailand



**48th Small and Medium Enterprises Working Group
Meeting
Qingdao, China
30-31 May 2019**

“Born Global SMEs”

by the Office of SMEs Promotion, Thailand

48TH MEETING OF THE APEC SME WORKING GROUP
30-31 May 2019
Qingdao, China



Key Issues

- ▶ Digitalization model
- ▶ Micro Enterprises—
 - limited capital
 - short of international marketing staff
 - high-cost of foreign market penetration (market survey and attending trade expos)
 - difficulties in managing regional and global supply chains, unlike large firms

Emerging Born Global SMEs

- ▶ Leapfrogging businesses, targeting export markets since their inception (Stephen Young :1987)
- ▶ Small businesses which are able to penetrate foreign markets during 2-3 years after firm establishment (Tamer Cavusgil: 1994 and Kunyi Lin and Zhang Wang: 2008)
- ▶ Firms with between 50-80 % of sale turnover from export market after 2-3 years of start ups (Sylvie Chetty, Colin Campbell-Hunt:2000, Reijo Luostarinen and Mika Gabrielsson: 2004)

What is the Born Global ?



A Born Global firm is an organization that views the world as its marketplace and achieves significant levels of foreign sales within early stages of its inception through the use of resources and sale of outputs in multiple countries.

Born Global and Micro-Enterprises

- ▶ Mindsets
- ▶ Business Models
- ▶ Mode of Entry to Foreign Markets
- ▶ Replications of success by ASEAN MEs

Born Global SMEs

Born Global vs Exporter

	Exporter	Born Global
Firm Characteristics	Old firms with mostly large size	Young firms with small size and hybrid structure and limited tangible assets
Strategy	N/A	Offer innovative products, with high quality and performances that are cost effectiveness, to niche market
Approach to internationalization	Reactive and opportunities	Proactive and structure
Speed of internationalization	Slow and incremental	Rapid internationalization
Market advantage	Incremental operational experiences	Strong knowledge based and technology competence
International knowledge and experiences	Expertise in internationalization can only acquired with experience after the company internationalization and it involves a large group of experts / employees	Entrepreneur is crucial in the internalization process: detain international experiences and knowledge of foreign markets
Role of networks	Networks are used in early stages and gradually replaced with firms' own resources	Networks are crucial for the firm expansion, rapid creation and different market exposure

Born Global SMEs: Case Study



ZALORA



Characteristics of born global firms



Startups / Entrepreneurs



Export-oriented



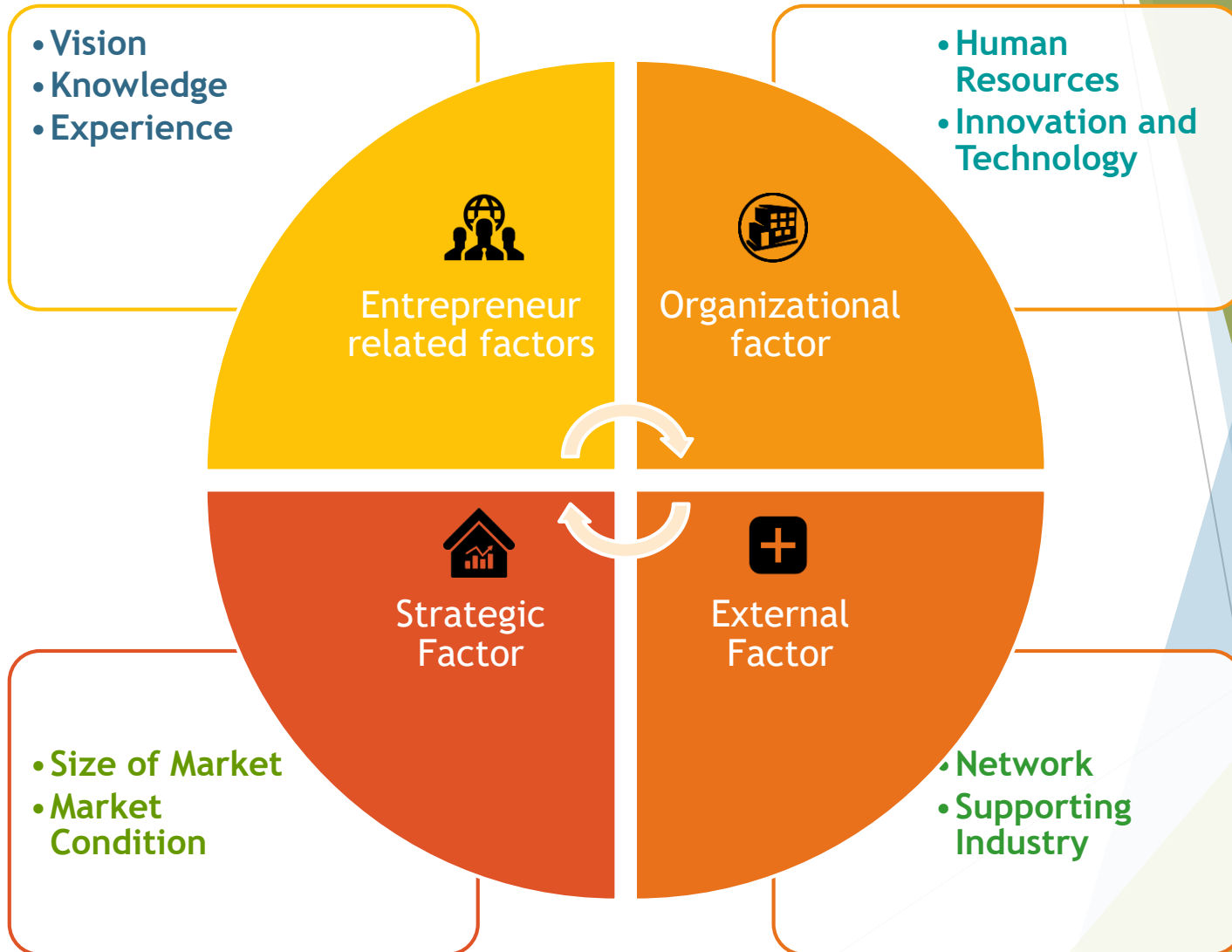
Foreign market penetration: within 2-5 years



Focusing on Innovation and Advanced Technologies

Born Global SMEs

Key Success Factor



Born Global SMEs

Key Success Factor

Born Global SMEs

The Born Global (BG) is defined as a company which, from or near its founding seeks to derive a substantial proportion of its revenue from the sale of its products in international markets (Knight, 1997, sid 1)

Technology Born Global SMEs

Non-Technology Born Global SMEs

Thailand's MSMEs / Inclusive MSMEs



Key Success Factors

Non-Technology Born Global SMEs

Entrepreneur-related factors

- Ambitions to operate globally
- Capability to foresee market trends
- Recognize benefits of foreign markets
- Ability to establish a network of useful contacts

Organizational-related factors

- Financial strength of the company
- Ability to be innovative/provide consumers with unique products/services
- Ability to organize an international network (distributors or suppliers)

External factors

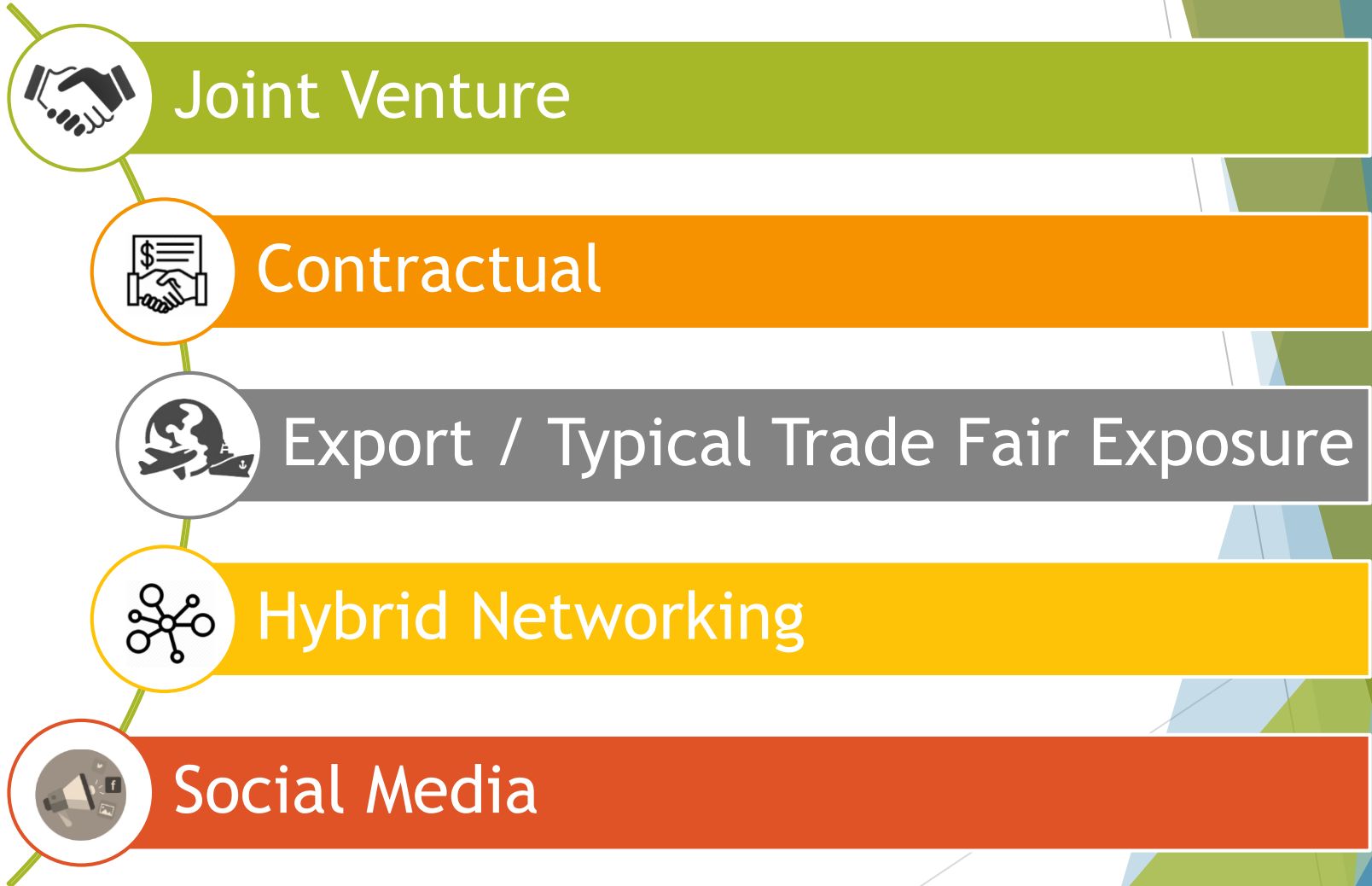
- Strong export traditions or limited home market opportunities
- High competition within the domestic market
- The government's internal and external policies (Support or Limitation)

Strategic factors

- Product differentiation
- Low-cost strategy
- Proper market channel/Entry Mode in each stage of growth

Born Global SMEs

Entry Mode



Born Global SMEs

9 Proven Business Models to Consider for Your Startup

1. Become The Middleman (AKA The “Warby Parker” Model)

2. Become A Marketplace

3. The Subscription Model

4. Customized Everything

5. On-Demand Model

6. The Modernized Direct Sales Model

7. Freemium Model: combination of “free” and “premium”

8. Reverse Auction

9. Virtual Good Model

Born Global SMEs

7 Strategic Management for Born Global Business

Born Global Firm's
Strategic
Management

Cross-border Servitization

Asset Light Market Entry

Adding Value through Software

Global Digital Ecosystem











Global Personalization

Multi-local Manufacturing






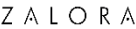




Developing Multiple Identity

Born Global SMEs: Case Study






Entry Mode

		Channels				
		Expo	Contractual	Joint Venture	Social Media	Networking
	Na Forrer [Brunei Darussalam]	•			•	•
	DOT [South Korea]		•		•	
	Sabay Osja [Cambodia]				•	
	Airbnb [USA]				•	•
	UNiDAYS [United Kingdom]				•	•
	Zarola [Germany]			•	•	•
	Ricult [Thailand]				•	•
	Genius Shan Coffee [Myanmar]				•	•
	Thailand Unique [Thailand]	•				•
	Damrong-silp Coconut [Thailand]	•				•

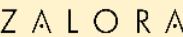


Born Global SMEs: Case Study

		Year of Launching / Go Global	Product / Services	Revenue from International	Main Foreign Markets
	Na Forrér [Brunei Darussalam]	2008/2013	Clothing	Nearly 75%	Malaysia, UK
	DOT [South Korea]	2015/2017	Braille & Tactile Smartwatch	Nearly 80%	USA, Europe, UK
	Sabay Osja [Cambodia]	2011/2011	Game	Nearly 40%	Brazil, Mexico
	Airbnb [USA]	2012/2014	Booking Website for Accommodation	Nearly 90%	190 Countries
	UNiDAYS [United Kingdom]	2010/2014	Promotion for fashion products and restaurant	Nearly 80%	Thailand, China, USA, Australia
	Zarola [Germany]	2011/2015	Fashion Products	Nearly 90%	ASEAN, Hong Kong
	Ricult [Thailand]	2017/2017	Agricultural Controlling System Application	50%	Pakistan
	Genius Shan Coffee [Myanmar]	2012/2015	Roasted Coffee	Nearly 70%	Italy, Japan, France, Singapore
	Thailand Unique [Thailand]	2004/2004	Food Industry [edible insects and bug-related products]	Nearly 80%	USA, Europe
	Damrong-silp Coconut [Thailand]	2015/2017	Coconut coir pots	Nearly 40%	USA, Germany, Australia



Born Global SMEs: Case Study

	Idea	Factor / Accelerator Tools	Global Entry
 <p>Na Forrer [Brunei Darussalam]</p>	<ul style="list-style-type: none"> Local art and wisdom Made to measure clothing 	<ul style="list-style-type: none"> Product Differentiate with touch of local sense Premium Pricing Strategy Data Analysis (Google Analytics) 	<ul style="list-style-type: none"> Social Media for PR and Sales/Distribution (Facebook/Instagram) Website Fashion show Art exhibitions Fashion Media Interview Flagship store in foreign market
 <p>DOT [South Korea]</p>	<ul style="list-style-type: none"> Tools and Gadget for Handicaps 	<ul style="list-style-type: none"> Unique Product [Adoptive Technology for Targeting Customers] Pitching Business Plan Special Skilled Staffs/Employees 	<ul style="list-style-type: none"> Pitching Business Plan Award Winning [such as iF Design Award and many more] Website E-Commerce Platform (Amazon)
 <p>Sabay Osja [Cambodia]</p>	<ul style="list-style-type: none"> Game experience link with local traditional (Cambodia) art and culture 	<ul style="list-style-type: none"> Global Trend [Online Gaming/Mobile Gaming] Incorporate with Private Development Organization on social issue such as gender equality into gaming (Good Man Quiz) Funding from Private Investor and Abroad 	<ul style="list-style-type: none"> Award Winning from various organization (Demo ASEAN, ASEAN-Japan Character Award and many more) Application download via Google Play store, Apple App Store IT Exhibition
 <p>Airbnb [USA]</p>	<ul style="list-style-type: none"> Accommodations Booking website aim for budget travelers Challenges the traditional vendor-customer methods 	<ul style="list-style-type: none"> Global Trend [Sharing Economy] Peer-to-peer accommodation networks Use non-capital-intensive strategy Platform that works as an intermediary with a client base 	<ul style="list-style-type: none"> Website Acquisition [Acquired a German competitor, Accoleo for international expansion]
 <p>UNiDAYS [United Kingdom]</p>	<ul style="list-style-type: none"> Connecting students with retailers and brand product Promotion for fashion products and restaurant 	<ul style="list-style-type: none"> Provide service to match customer demanding [promotion/lower price products] Expanding product line [from fashion items to technology gadgets] 	<ul style="list-style-type: none"> Hybrid networking [with Brand Product] Website Overseas office

Born Global SMEs: Case Study

	Idea	Factor / Accelerator Tools	Global Entry
 <p>Zarola [Germany]</p>	<ul style="list-style-type: none"> • New online shopping experience • Transform and expand from B2C to C2C 	<ul style="list-style-type: none"> • O2O strategy with strong platform both website and application (iOS and Android) • Strong Logistic/Delivery System • Flexible Payment Methods • Sales Promotion Event • Local Brand Product Categories towards different customers' location 	<ul style="list-style-type: none"> • Website [E-Commerce] • Social Media [Facebook] • Flagship popup store in foreign markets • Joint Venture • Networking [with e-commerce partners and local brands]
 <p>Ricult [Thailand]</p>	<ul style="list-style-type: none"> • Improve agricultural farmers' productivity and profitability of smallholder farmers in developing countries. • Application for controlling agricultural system • Agricultural Digital Solution including Predictive Psychometric tools, Credit scoring algorithms and Agronomy & Weather Analytics, Satellite Imagery 	<ul style="list-style-type: none"> • Recognition from idea and business plan competition [such as Chivas Venture Winner, The FinTech Disrupt Challenge by Bill Gates Foundation] • Agriculture Tech Social Enterprises • Join incubation/ Startup Accelerator Program • Support and Funding from both local and international organization such as UNIDO 	<ul style="list-style-type: none"> • Competition and Award Winning • Website • Social Media [Facebook / Twitter] • Networking • Partnership with both local and international organization
 <p>Genius Shan Coffee [Myanmar]</p>	<ul style="list-style-type: none"> • Best local coffee product with international quality 	<ul style="list-style-type: none"> • Direct trade with farmers and use 3E's of rural development: Evaluation, Education and Empowerment • Award Winning Social Enterprise • Utilize innovation among farmers' network [Automatic Plantation] • Members of several international organizations [coffee] • Apply for International Manufacturing Standard • Crowdfunding Program [with various of award level and privilege] 	<ul style="list-style-type: none"> • Competition and Award Winning • Local and International Networking [Members of several international coffee organizations] • Exporting, Distributor and Franchises • Trade Exhibition • Website / Digital Marketing • Social Media [Facebook/Instagram/Twitter] • Crowdfunding Program

Born Global SMEs: Case Study

		Idea	Factor / Accelerator Tools	Global Entry
	<p>Thailand Unique [Thailand]</p>	<ul style="list-style-type: none"> • New Protein / Food Source • Convert and introduce local product to international market 	<ul style="list-style-type: none"> • Growing Numbers of “<i>entomophagy</i>” trend as future food source and special report from The Food and Agriculture Organization of The United Nations (FAO) [http://www.fao.org/asiapacific/news/detail-events/en/c/176349/] • Unique product • Variety of Product Line • Natural, Organic and Contain no artificial flavors, preservatives or colours Products • Apply for Local and International Manufacturing Standard (GMP, Thai FDA and US-FDA) • Position as Asia’s largest selection of edible insects and bug-related products for both the retail and wholesale markets. 	<ul style="list-style-type: none"> • Global Trend [Growing Numbers of “<i>entomophagy</i>”] • Exporting • Distributors, Retailers & Wholesalers • Sales Representative • Website • Social Media [Facebook/Instagram/Twitter]
	<p>Damrong-silp Coconut [Thailand]</p>	<ul style="list-style-type: none"> • Expand product line from current raw material in core business [Their core business is in the automotive industry; producing Van & Coach - Bus Seat in which also use coir fiber as material] 	<ul style="list-style-type: none"> • Environmental Sustainability Trend such as using biodegradable material/product/package • Unique product 	<ul style="list-style-type: none"> • Environmental Sustainability Trend • Trade Exhibition • Website • Social Media (Facebook)



Office of Small and Medium
Enterprises Promotion

Thank you for your attention.

CONNECTING GOVERNMENT POLICY
FOR THE SUCCESS OF SUSTAINABLE SMEs

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