

# TUNIS BUSINESS SCHOOL

## Internship Report

# An explorative model for adoption of software as a service solutions in Tunisia

BY

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# Declaration

I certify that I am the author of this project and that any assistance I received in its preparation is fully acknowledged and disclosed in this project. I have also cited any source from which I used data, ideas, or words, either quoted or paraphrased.

Student Name Signature Date

# Abstract

The maximum length for a dissertation abstract is 350 words.

Keywords: add 5 keywords

# Acknowledgments

Acknowledgments go here

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# Executive Summary

The executive summary is concise and outlines key issues and recommendations that you believe management should follow to address the selected topic. Consequently, you will be unable to write the executive summary until you have completed the entire report.

# Introduction

The purpose of an introduction is to familiarize the reader with the rationale behind your study/report. It contextualizes your work and enables the reader to understand and appreciate your objectives.

Managing social media, in an ever expanding market for digital advertising and marketing in general, is becoming a necessity far more than the luxury only few Tunisian companies ventured to embrace until very recently.

Kpeiz provides an online platform that simplifies and enhances the process of management and analysis of social media accounts tailored for the needs of the MENA region.

Several factors, however, impose themselves in the face of growth in this region and the adoption of Kpeiz’s solution, in Tunisia in particular, the focus of this study.

A previously developed model is adapted and refocused on the specificity of the Tunisian market, which aims to provide a framework for understanding the factors that affect a business's willingness to adopt a software as a service solution such as Kpeiz.

The SaaS business model allows its users to access a software application through the web \cite{wu2010}. This model is attractive to businesses as it improves their IT performance and reduces their costs (Catteddu \& Hogben, 2009).

However some businesses raise some concerns with regards to data security, reliability and logging latency \cite{wu2010}⁠. This study will provide empirical insights into the relative importance of these concerns on SaaS solutions in Tunisia, and develop a strategy to alleviate these concerns.

# Company and Industry Presentation

## Industry Analysis

# Industry and Sector of Activity

Kpeiz operates in the digital marketing industry.

The Tunisian market boasts between 6 and 7 million monthly active users on Facebook alone \cite{fb2018}, which not only creates an attractive market for advertisers and advertising agencies alike, but creates a need for tools that provide support function for such an ecosystem.

In 2017, advertisers spent 7.35 Million Tunisian dinars for digital advertisement \cite{sigma2018}.

Although no thorough research or reliable secondary data is available, experts in digital marketing agencies say that most agencies in Tunisia do not have access to support tools for their social media analytics and reporting.

This is mainly due to two reasons, the first of which is that most popular tools are based in Europe or the United States, meaning they only accept payments in Euros or US dollars.

The second reason is that even when an agency is able to pay for these support functions in foreign currency they are often reluctant to do so because of the high price and the volatility of the Tunisian Dinar.

## Porter’s 5 Forces

The social media management tools sector could be considered young, as it only dates back to the rise of social media that existed around the time internet access was spreading worldwide.

Hootsuite, one of the leaders of the sector, which launched back in 2008 \cite{Thomas2015} could be considered as one of the pioneers of providing support functions to social media and digital advertisers in general.

However with the massive growth of digital advertising budgets 266.04B\$ US \cite{eMarketer2017}, this sector has attracted more than 150 companies with tools for monitoring, analyzing and reporting on social media activities \cite{g2crowd2018}.

An analysis of data from Crunchbase reveals that the industry has a tendency to grow inorganically through mergers and acquisitions.

Which could allude to the general strategy towards diversification, adding to the entry barriers of the industry.

Also, it points towards a diversification strategy as competing firms in the digital marketing industry in general who do not provide the same functionality, conglomerate together to create a synergy and provide higher value.

It is clear in this market that the power is concentrated in the hands of companies that hold access to information and keep collecting them.

Partnerships started to arise especially through partnership programs e.g. Google partner program and Facebook partner program.

These programs not only provide some advertising agencies and digital marketing companies to work closely with Facebook and Google on ways to improve the ways their advertisement placement and data used in the process are collected and displayed, but also allows Facebook and Google to exert a power over a limited and select number of agencies.

Such power is best displayed by the changes Facebook made to its Application Programming Interface in April 18th, 2018 which made many information previously accessible to companies using the serves but who are not partners inaccessible.

Although this action was strategically intended to improve Facebook's public image in terms of privacy, it had a significant impact on new social media analytics companies. This example illustrates that the digital advertisement industry is more concentrated than the support functions industry such as social media management tools.

More importantly, the supplier power of advertisement providers is more apparent in the fact that they do not need these support function businesses to exist, as they usually provide native analytics solutions on their respective platforms, but the supporting businesses rely almost entirely on information given to them by the advertisement providers.

Furthermore, the stronghold these providers have on their data and their massive audience makes it virtually impossible for any attempt at a vertical integration by the support industry.

Another threat to this industry is the threat of advertising agencies developing in-house solutions.

For large enough agencies, analytics tools could be replaced by tools developed in-house that are able to collect data from the social media they manage and create reports about performance and benchmarks form the performance of each client.

This functionality is generally the advantage analytics tools provide over the native solutions on social media platforms, because they are able to build a client list large enough to be able to make use of aggregate data instead of the individual data for each client that a advertising agency has access to.

By having a large client base, these agencies are able to create a network effect \cite{Shapiro1998} whereby providing more value because they have a large number of clients, which in turn get them more clients.

A fact that will negate any benefit from social media analytics tools.

Entry to this industry is often faced with high barriers.

Firstly, these solutions are often pricey and require some sort of training and familiarity, increasing the potential switching costs if a client were to consider a different tool.

Secondly, since the main advantage over the information provided natively on social media platforms is aggregation to add the ability to benchmark, well established companies like the aftermentioned Hootsuite, the network effect is a great leverage to be used as these companies will have more reliable information actionable across a variety of industries.

More importantly, the analysis of such data requires usually the knowledge and skill of trained labor in information technology and statics, with the addition of new disciplines such as machine learning and artificial intelligence.

Such a rush to acquiring this skilled labor that is largely in high demand and low on supply \cite{Dinu2015} makes it harder for new entrants to hire the needed qualified talent.

Advertising agencies, as discussed earlier possess the ability to vertically integrate such support functions. However this threat is only credible for large agencies with not only an extensive portfolio of clients, but also the ability to hire qualified staff to analyze and collect the necessary data, which is rarely the case in Tunisia. The credible threat however, in the Tunisian market, is that advertisers do not usually rely on such kind of data to tailor their creative process. The most a support function tool could provide is automating the reporting process, which is a functionality that many Tunisian small agencies would rather do using traditional tools like Microsoft Excel and PowerPoint rather than buy a dedicated tool for.

\textit{full information}

### Competitive Dynamics

According to internally conducted research at Kpeiz, the main competitors in the Tunisian market are Hootsuite, Socialbakers and Agorapulse.

The following table shows relevant numbers about these companies \cite{crunchbase2018}

TABLE HERE

With about ten years of activity, these companies boast large user bases in the order of millions of users \cite{hootsuite2016}.

It is worth noticing that their growth has partly been inorganic through a number of acquisitions.

In the case of Hootsuite, the 12 acquisitions are in fact a means to expand the company's sectors of activity as part of their differentiation strategy. The same could be said about Socialbakers but their growth has been relatively organic and relied mostly on innovation and heavy investment in machine learning features.

Given the small size of the Tunisian market, the scope of Kpeiz's activity is not enough to warrant a significant reaction from any of these companies.

However, with the growth plans into the MENA region, this action of entry is a good predictor of their response \cite{smith2001competitive}.

The scope of the expansion into the MENA region is undoubtedly going to affect all of these companies. However its magnitude is not big in terms of resources as the expansion will start in few countries in a medium-term to a long-term growth plan that will eventually cover the whole region, thus it is not viable for these companies to allocate resources to respond \cite{chen1992}.

# Company Presentation

## Mission Statement

Bridge the gap between advertisers and audiences reliably and ethically.

### Products and Services

Kpeiz provides a subscription based service for analyzing, reporting and benchmarking social media activities for anyone who manages social media accounts. The main product is the Kpeiz platfom which provides all of the aftermentioned functionality. The second product is \textit{benchmarks.digital} wich is aimed at providing detailed benchmarks for social media activities across industries and segments.

### SWOT Analysis

\paragraph{Strengths}

Being a startup with limited resources for research and development, Kpeiz adheres to a follower strategy.

Thus eliminating the costs associated with research and development, and mimicking features from leaders in the sector relying only on a small team of developers, marketers and salespeople in just a year and half.

Coupled with a cost leadership strategy, where the cost structure is comprised essentially of paying utilities, salaries and advertisements, Kpeiz is capable of offering the same functionality as its competitors at a not only a competitive price, but also have a higher room for price flexibility.

In addition, Kpeiz is a twin company of KNSD, an established advertisement agency in the Greater Tunis area, whereby Kpeiz has been able to leverage the client portfolio and close relationship to push the product and start the word of mouth.

\paragraph{Weaknesses}

For agencies who have already acquired a subscription with another competing service, the switching cost to Kpeiz's solution is extremely high.

In addition, in the Tunisian market using tools from foreign countries is often used as a sign of prestige and is sought after by clients.

Another weakness of Kpeiz currently is the absence of a reliable online payment solution in Tunisia. Limiting the ease of doing business online which is a cornerstone of Kpeiz's business model, SaaS.

\paragraph{Opportunities}

Kpeiz is the first solution of its scale in Tunisia, and likely the whole North Africa region. Being a first mover in a region with growing need for analyzing social media activity as advertisers spend about 13\$ US per person \cite{sigma2018}, Kpeiz has the potential of gaining a stronghold in the region and building entry barriers for new entrants.

\paragraph{Threats}

With the latest developments in data protection and privacy scandals, social media like Facebook have been quick to hide some of the previously available information causing major issues with the implemented data collection flow in the industry as a whole. Thus disrupting the value previously provided and worsening the quality of the reports and analytics provided.

The case could be worsened with the sort of legislation being prepared in the EU where access to user information will be far stricter and private data protection will be a higher priority for social media platforms \cite{gdpr2018}. This could translate into lower quality analytics and require other sources and means for data collection for advertisers.

Another threat is that these platforms have been working on improving their native tools for analytics, such as Google analytics which is by far a prime example of what could be the case for Facebook, Twitter, Pinterest, Instagram and other social media.

### Market Analysis

According to Google business there is about 160 registered digital advertising agencies. Which constitute the main target for Kpeiz. However, a broader target is anyperson managing social media accounts professionally which includes freelancers, and businessess managing their social media in-house. A more accurate estimate is provided by Facebook audience insights which estimates the number of people who manage social media accounts and work in business and marketing in Tunisia and who have paid to advertise on Facebook in the last 90 days to be about 3500 to 4000 people. These numbers provide a reasonable market potential for Kpeiz to grow its customer base and prepare for growth and expansion into neighboring regions.

\paragraph{Customer characteristics}

Of the potential 4000 clients, we can distinguish four types of clients.

\begin{itemize}

Advertising agencies: regardless of their size, Kpeiz is an attractive service for most agencies mainly for the reporting and analytics functionalities. With the added benefit of paying in the local currency instead of using often hard ways of buying subscriptions in currency.

Businesses that manage social media in-house: some businesses, like Al Mazraa for instance, prefer to manage social media in-house to cut on expenses. Kpeiz targets them with a package that includes an optimization tool that gives the users insghts about how to improve various aspects of communication on social media based on data about the whole industry.

Independent and freelancers: for this segment, Kpeiz is mainly providing sectorial benchmarks allowing these users to assess their performance against reliable and accurate benchmarks through the tool \textit{benchmarks.digital}

Potential cliets who already bought a subscription to a competing service: what Kpeiz provides for this segment is not only a cheaper solution for the same functionality, but a more accurate benchmark of the Tunisian social media scene compared to the other tools who have a lower penetration rate in the market. To mitigate the switching costs issue, Kpeiz offers using the tool for free during the remaining period of subscription with the competing service, and free training.

\end{itemize}

### Market Position

Kpeiz's value proposition is understood as offering the same for less. This proposition stems from the overall strategy of being a follower with a focus on cost leadership. Although the service has no intention of competing on price as not only will that warrant negative reactions form competitors but also act as a signal of low quality, a great deal of focus is on providing the same functionality as leaders in the industry for a competitive price.

# Internship Description

## Duties and Responsibility

Study and understand the Social Media Marketing industry in target markets: Egypt, Jordan, Morocco, and Dubai.

Develop a pricing strategy based on various factors such as competitors price, market purchase power and costs of the company.

Improve and update the company’s website homepage to increase its conversion rate.

Develop an editorial line for the company’s blog as part of its inbound marketing strategy.

Gather information about prospects in the Tunisian markets as part of the sales process.

Collaborate with sales manager to develop and improve sales scripts.

Develop a factorial experiment to cross-test the impact of various variables on the conversion rate of Facebook advertisements.

Study direct and indirect competitors operating in the target markets to develop a communication strategy based on points of differentiation.

Assist in the development of long-term business goals, strategies and study their operational implications.

Create advertisement campaigns targeting Egypt, Jordan, Hungary, and Romania on Facebook and Linkedin.

## Learning outcomes

Understand the sales process throughout its steps, fully online and partially online.

Use statistical techniques such as A/B testing to improve and support the decision process with regards to tailoring the communication and promotion content to different audiences.

Use marketing knowledge to supporting decision making with regards to strategic and tactical decisions.

Familiarity with the advertising process on various social media, mainly Facebook and Linkedin.

Develop an email marketing strategy to communicate with leads and prospects throughout various stages of the sales pipeline.

# Internship Study

## Internship Study Objectives

## Context and Background

## Approach and Methodology

## Findings

# Discussion and Conclusion

# References

Generally, only references cited in the text are included in the references list; however, an occasional exception can be found to this rule. For example, supervisors may require evidence that students are familiar with a broader spectrum of literature than that immediately relevant to their study/report. In such instances, the reference list is called a bibliography.

All material must be referenced using the APA style. All sources must be acknowledged in your reports each time you use a finding from someone's work. For more details:

<http://library.concordia.ca/help/howto/apa.php>