

# *PUBLIC PROJECT SUMMARY*

Expansion Strategy for a Mobile-First Lending  
Solution

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# 1 Introduction

Financial institutions face many challenges in the current macro-economic environment especially as challenger banks enter the financial retail, SME but also large corporate segments. One issue - but also an opportunity - banks try to overcome and rapidly digitalise the segment. Yet, in-house development requires high ongoing expenditures and the execution of a project like that is also time costly. This way it can be stated that many financial institutions are lagging behind digitalisation and they seek an integrated solution in their already existing banking infrastructure. This solution should be easily available with features which attract customers but should also fulfill regulatory requirements such as the identification and collection of various data from the end-users, the credit rating of the loan applicants, validation of the signature on the contract signed by the customer but also the monitoring of the client's profile upon credit application approval. This challenge of the financial institutions is observable in every segment of their operations such as asset management, onboarding processes, or loan applications.

## 1.1 The Client

The client delivers a solution to this issue by enabling the end-to-end integration of the packaged digital banking processes. This is possible as the company is setting its focus on technology whereby the team has advanced UX and banking expertise. The company is actively providing several solutions for the financial industry.

## 1.2 Aims and scope of the project

The client would like to expand its operation in new regions for which the establishment of the market entry strategy is indispensable.

The main purpose of the project was the evaluation of current product strategy and the derivation of the key focus areas which can boost the company's performance. This way the deliverable was the technical discussion on the results of the SWOT analysis in combination with the delivery of a new perspective through the Business Strategy Diamond Model. As a result, the Client should be aware of significant aspects of its future expansion on an international level.

## 1.3 Focus Areas and objectives with SWOT

This section was dedicated to the strategical assessment with the SWOT analysis. The first part of the evaluation faces the internal factors on which the company has an impact: strengths and weaknesses. This will be followed by the external areas such as opportunities and threats. Once both external and internal perspectives are aligned, the product strategy can be developed.

## 1.4 Key Focus Areas

At the end of the assessment six key focus areas were detected from which three describe internal factors and with the help of the other three the company can pay special attention to external factors.

## 2 Business Strategy Diamond Model

In order to make a valid and significant conclusion from the previously mentioned variables the Business Strategy Diamond developed by Donald Hambrick and James Fredrickson was used. This framework enables the visualisation and in-depth understanding of the bits and pieces from which a strategy is developed. Furthermore, it depicts the interconnectedness of the different segments. The model is divided into five main areas: Arenas, Vehicles, Differentiators, Staging and Economic Logic.

### 2.1 Arenas

The Arenas section is divided into the following sections:

- Geographic Areas
- Product Categories
- Market segments
- Channels
- Value Creation Strategies
- Core Technologies

### 2.2 Vehicles

The vehicles chapter is dedicated to the capabilities of the Client especially by answering the question 'How does the Client get there?'. It focuses on internal development and outsourcing capabilities.

### 2.3 Differentiators

The Differentiators area was established based on the following subsectors:

- Image
- Pricing
- Customization
- Styling
- Speed to Market

### 2.4 Staging

Staging describes the speed of the moves, in this case the speed of the market entry and the steps which have to be taken by the company to get there.

### 2.5 Economic Logic

The Economic Logic chapter answers the question about the revenue-generating capabilities and business model of the company. There are several options such as mass producer or premium product provider, but also other solutions are viable.

## **2.6 Recommended Country for Market Entry**

Previous research shows that once several prerequisites are fulfilled the expansion to one country with the solution is suggested. This can be underlined by factors such as the size of the consumer loan market and banking sector and growth potential. Additionally, the customer segmentation and competitor analysis lead to the conclusion that the demand for integrated solutions is high, underpinned by statistical figures, and the stricter regulatory environment considering online customer onboarding creates an environment in which the Client's expanded solution could flourish. From the competitor perspective the market is highly fragmented and thus with a detailed, well-established strategy customers can be easily reached.

## **3 Conclusion**

This project was dedicated to the technical discussion on the establishment of the market entry strategy of the Client's solution. The research and strategy assessment shows that there are several key focus areas to which the company should pay special attention to. By taking steps in these segments, the Client can ensure a competitive advantage not only in their own but in foreign markets as well. Yet, before the international expansion prerequisites, established based on the assessment, should be fulfilled in the market of origin.