

University of Economics, Prague
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Marketing Strategy of the SaaS Marketplace on the
Czech market

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Declaration of Authenticity:

I hereby declare that the Diploma Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Prague. December 1, 2017

Signature

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List of abbreviations

4Ps – product, price, place, promotion
AMA – American Marketing Association
B2B – business-to-business
B2C – business-to-consumer
B2G – business-to-government
BEP – break-even point
C2B – consumer-to-business
C2C – consumer-to-consumer
CC – cloud computing
CEE – Central and Eastern Europe
CTR – click-through-rate
G2G – government-to-government
IaaS – infrastructure as a service
O/S – operating system
P&L statement – profit and loss statement
PaaS – platform as a service
POD – point of difference
POP – point of parity
ROI – return on investment
S-T-P – segmentation, targeting, positioning
SaaS – software as a service
SEO – search-engine optimization
SIC – Standard Industry Classification
SME – small and medium enterprises
SWOT – strengths, weaknesses, opportunities and threats
USP – unique selling proposition

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Introduction

The cloud became a buzz word today that can be heard everywhere – from individuals storing their documents in the cloud, from companies having their whole infrastructures in the cloud and from governments planning the eGovernment with inhabitant's information all stored in the cloud. Gartner expects the cloud market to grow by 18 % in 2020 (Stamford 2017). “Cloud application services (software as a service) is expected to grow 20.1 percent to reach \$46.3 billion” (Stamford 2017).

But what is the cloud? What does it really mean? Cloud computing enables to deliver hosted services over the Internet which means that it is a delivery of on-demand computing resources over the Internet on a pay-for-use basis (IBM 2016). The cloud consists of three basic levels: infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS) on which this thesis will focus the most.

Gartner defines software as a service (SaaS) as “software that is owned, delivered and managed remotely by one or more providers. The provider delivers software based on one set of common code and data definitions that are consumed in a one-to-many model by all contracted customers at any time on a pay-for-use basis or as a subscription based on use metrics” (Gartner 2017a).

The objective of this diploma thesis is to propose a marketing strategy for a newly established company – the **Czech Business Cloud** – introducing the SaaS marketplace on the Czech market. The marketing strategy will be described based on the literature review together with the use of own survey of the industry trends and a qualitative survey. The expert interviews with two professionals from the industry will be conducted and the answers used to write the marketing plan of the SaaS marketplace on the Czech market – the Czech Business Cloud.

The research question of this thesis is that the importance of the SaaS applications, especially on the market of the small and medium-sized enterprises, grows rapidly. However, there is no place on the Czech market where the companies can search for information such as what SaaS applications are worth buying? Which providers are reliable? What solutions are there on the market? As well as there is no place where the companies can buy different SaaS solutions at one place. Therefore, the analysis of the market potential will be executed and the market examined.

Moreover, the thesis will give answers to questions: What is a structure of the marketing plan and which steps should be followed? Which marketing tools are suitable when introducing the SaaS marketplace on the Czech market? And, what are the specifics of marketing on the B2B market? And what are the specifics of electronic marketplaces?

Furthermore, the thesis will bring definitions of the industry terms and will bring a structured overview of the industry terminology. The industry terminology will be defined in the theoretical part of the thesis.

The thesis will be divided into five chapters, the first two chapters will cover the literature review of the marketing terms and the third chapter will concentrate on the industry specifics, their literature review, a definition of the industry terms and an own survey in the industry area. The fourth part will concentrate on the practical part of the thesis – the analysis of the marketing strategy of a partner initiative – the German Businesscloud. And lastly, in the fifth chapter, the marketing strategy of the SaaS marketplace on the Czech market will be proposed.

The marketing strategy will be described based on the following steps. Firstly, the literature review will be conducted to find out what is a marketing plan, how it should be structured and which parts of it should be considered. As the target audience of the Czech Business Cloud is companies – the specifics of B2B marketing and of a B2B marketing plan will be studied based on the literature review. Having the marketing plan described, industry specifics of the e-marketplaces and of the cloud computing market need to be described as well.

After the whole literature base is defined, the partner initiative the German Businesscloud will be examined and its marketing plan analysed. Marketing materials provided by the German Businesscloud together with an expert interview with the representative of the company will serve as the sources for the analysis. Moreover, an expert interview with an expert representing the Czech Business Cloud will be conducted as another source for the marketing plan proposal.

Finally, the marketing plan of the Czech Business Cloud will be proposed based on the sources stated above.

1. Marketing

1.1. General definitions of marketing

Marketing plays a crucial role in the 21st century. All corporate operations like finance, accounting, and other business functions are working only thanks to the power of marketing. Marketing enables gaining sufficient demand for products or services and thus brings customers to the company. It is essential not only for companies but also for non-profit organizations, governments, promotion of celebrities, sports and events. Moreover, marketing supports innovation and brings new products to the market.

According to the American Marketing Association (AMA) "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA 2017a)". In a simplified way that means that "marketing is about identifying and meeting human and social needs" (Kotler, Keller 2012).

As customers are becoming more demanding, having good marketing is indispensable for every business to survive.

1.2. Marketing plan

Marketing planning is a logical sequence of activities which leads to articulation and formulation of marketing objectives and plans. The purpose of marketing planning is to identify and stress out a firm's competitive advantage (Wilson, McDonald 2011). A tool, used for marketing planning – a marketing plan – is an essential instrument for directing and coordinating the marketing effort (Kotler, Keller 2012).

According to Business Dictionary marketing plan is a "product specific, market specific, or company-wide plan that describes activities involved in achieving specific marketing objectives within a set timeframe" (Business Dictionary 2017a)

There are two levels of marketing plans: a *strategic plan* and a *tactical plan*.

As Kotler and Keller explain, the strategic plan focuses more on long-term planning of the company – e.g. target markets, market opportunities and value proposition based on the results of situation analysis. On the contrary, the tactical marketing plan specifies the marketing tactics. Marketing tactics are represented by more specific features such as the product, pricing, sales channels or promotion (Kotler, Keller 2012).

According to Wilson and McDonald, a strategical plan is a plan which covers a period of the next fiscal year (the plan usually covers the timeframe of three to five years), on contrary a tactical plan covers a lot of detailed actions to be taken in near future (the plan lasts usually for one year or less) (Wilson, McDonald 2011).

An essential element of a strategic market plan is a vision and a commitment to that vision. To achieve that it is necessary to have a strong leadership and dedicated individuals. The main role of leaders is to create, support and maintain commitment in the company and at the same time, the whole company is required to be dedicated to its goals and objectives (Keegan 2004).

Even though there are many sources that cover the topic of marketing planning, most of them agree on the same core steps that should be involved in marketing planning (see Image 1).

Image 1 Scheme of a marketing plan



Source: author; based on (Wilson, McDonald 2011; Jakubíková 2008; Mallya 2007; Boučková 2003; Kotler, Armstrong 2012).

In this thesis, a following structure of the marketing plan is used:

1.2.1. Executive summary

Each marketing plan should always start with an executive summary which briefly and clearly articulates all the important parts of the whole plan. The executive summary is always situated at the beginning of the plan – as the first chapter or even as a preface, however, it is the last written part of the plan.

1.2.2. Situation analysis

The situation analysis should be always performed at the beginning of the marketing plan to evaluate the company's internal and external environment and to find out the company's capabilities. It describes the market, the competition and also the firm's competence to target its segments (Kotler, Keller 2012). It consists of several methods of analysis such as an analysis of market needs and trends, a competition analysis, a 5C analysis, a PEST analysis, a Porter five forces analysis and a SWOT analysis.

It is defined as “the systematic collection and study of past and present data to identify trends, forces, and conditions with the potential to influence the performance of the business and the choice of appropriate strategies. The situation analysis is the foundation of the strategic planning process. The situation analysis includes an examination of both the internal factors (to identify strengths and weaknesses) and external factors (to identify opportunities and threats)” (AMA 2017).

1.2.2.1. 5C analysis

The acronym 5C represents 5 sectors that should be examined during the situational analysis. These are

- Company
- Collaborators – collaborating companies and people
- Customers
- Competitors
- Climate / context – macroeconomic factors

In the times of globalization, the 5C analysis is sometimes expanded to 7C analysis represented by Country – its national specifics, Climate/Context – macroeconomic factors, Company – collaborating companies and people, Customers, Competitors and Costs (Jakubíková 2008).

1.2.2.2. PEST analysis

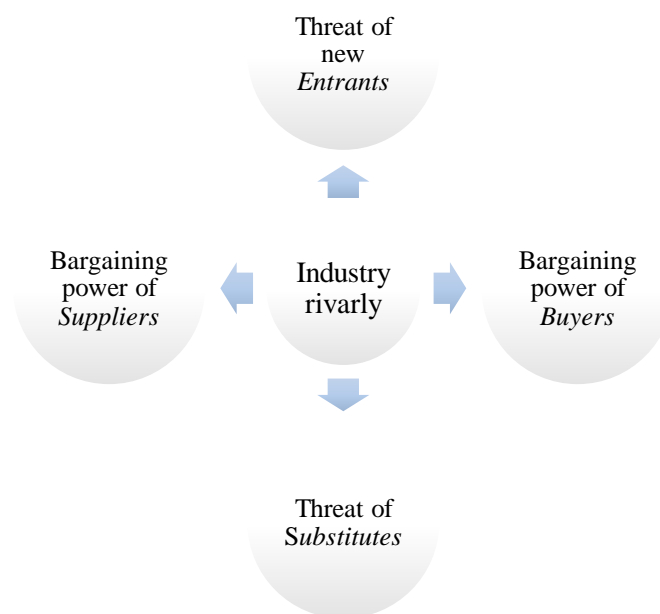
PEST analysis is a basic tool to use when analysing international environment. It is an acronym of the letters representing **P**olitical environments, **E**conomic environment, **S**ocial and cultural environments and **T**echnological environment (Král, Machková, Lhotáková, Cook

2016). Some marketers extend the PEST analysis to PESTEL or PESTLE by adding Environmental environment and Legal environment (Frue 2017).

1.2.2.3. Porter five forces analysis

Porter five forces analysis analyses the level of competition and the nature of relations among participants in the industry where the company operates. The analysis describes 5 factors which affect the performance of the company:

Image 2 Porter five forces analysis



Source: author; based on (Porter 1980).

In the analysis, the company evaluates what is the impact of these factors (forces) on its activities and how to defend them.

New entrants to the industry may decrease the market share of the company. The main factor influencing the seriousness of new entrants are the barriers to entry – low barriers of entry ensure that the number of new entrants is lower.

Suppliers are an important interest group as they have the power to bargain high prices and to reduce the quality of goods and services. Thus, they have the power to decrease the profitability of the company. *Buyers* likewise can demand lower prices, higher quality or more services. The existence of *substitute products* outside the sphere of common products increases

the probability of customers to switch to an alternative. *Rivalry among existing competitors* represents different tactics to ensure the position of the company on the market, such as pricing tactics, promotion etc. (Porter 1980).

1.2.2.4. SWOT analysis

SWOT analysis is one of essential tools to monitor company's internal and external marketing environment. It is an acronym for strengths (S), weaknesses (W), opportunities (O) and threats (T). The SWOT analysis gives a clear overview of company resources and capabilities and their match (Kotler, Keller 2012).

Environmental factors which are internal to the company are classified either as strengths (S) or as weaknesses (W) and these factors can be usually supported or eliminated by the company. The external factors are classified as opportunities (O) and threats (T) and the company has no control over them (Král, Machková, Lhotáková, Cook 2016). Marketing strengths can be for example a good company reputation, high brand awareness, a competitive product, a high market share etc. If some of these strengths are missing, they can be assumed as a weakness. The external factors are for example current developments and trends of the market, legal regulations, new competitors on the market, political stability of the market, changes in customers' preferences etc.

1.2.3. Marketing strategy

1.2.3.1. Mission

Each company should know its purpose why it is established and what are the goals that they want to achieve. A company exists to accomplish its goal and the management should always remind it to themselves and their stakeholders.

“Mission statements are statements that organizations develop to share with managers, employees, and (in many cases) customers” (Kotler, Keller 2012). A mission statement should be market-oriented, specific, realistic, motivating and suitable for the company's environment. It expresses the company's values and company culture as well as its competitive advantage (Král, Machková, Lhotáková, Cook 2016). Company mission can change over time as the company grows and develop.

1.2.3.2. *Marketing objectives*

A company mission should be turned into definite marketing objectives which are sets of goals that the company wants to achieve. According to AMA objectives are “the desired or needed result to be achieved by a specific time. An objective is broader than a goal, and one objective can be broken down into a few specific goals. Like goals, objectives serve to provide guidance, motivation, evaluation, and control” (AMA 2017c).

Objectives should be always SMART (Specific, Measurable, Attainable, Realistic and Time-specific). Examples of common marketing objectives are e.g. to increase market share, to reach a certain profit, to create awareness among targeted customers, etc.

1.2.3.3. *S-T-P (Segmentation, Targeting, Positioning)*

S-T-P is an essential part of strategical marketing. The aim of it is to identify different groups of customers, to target them and to understand their needs.

Segmentation

One of big decisions company needs to make is to decide whether to target only a specific sector of customers or to decide not to differentiate.

When the company decides not to differentiate, it uses either mass marketing strategy when the whole markets get the same product with the use of one marketing mix. Or the company uses product differentiated marketing when the company offers different types of product in the same way (same marketing mix).

Target marketing, on the other hand, respects the differences of the market and creates different solutions for different segments. Concentrated marketing represents marketing which concentrates on one (or more) segment only. That brings specialization to the company but on the other hand, it can be risky. And differentiated marketing represents orientation on market segments where each of them is targeted with a special marketing mix (Koudelka 2005).

Image 3 Marketing approaches from the segmentation point of view



Source: author; based on (Koudelka 2005).

Market segmentation is a “process of subdividing up a market into distinct subsets of customers that behave in the same way or have similar needs” (AMA 2017d). When segmenting customers, two conditions should be always considered. Segments should be *internally homogenous* and *externally heterogeneous* – as similar as possible within the segment and as different as possible among segments (Koudelka 2005).

The segmentation criteria (Boučková 2003; Koudelka 2005; Kotler, Keller 2012) are the *expected value* (what customers expect from the product, benefit segmentation, expected value, preferences), the *user status* (how often and when do they use the product, loyalty), the *demographical segmentation* (ethnographic, physiological, geographic, socioeconomic) and the *psychographic segmentation* (lifestyle and personality).

Targeting

Targeting is “the process of evaluating each market segment’s attractiveness and selecting one or more segments to enter” (Kotler, Armstrong 2012). Depending on the practices of the company, on its resources and strategies, a company decides whether to target only one segment or more segments. Companies usually start to serve only one segment and add more segments when they become successful and have enough resources to do so.

When deciding which segments to target, there are several factors to be considered. The customer base should be big enough and the segment should be strong and internally homogenous so the customers from that segment have the same needs and are likely to be attracted by similar marketing strategy. Also, it must be considered whether the market can be

served with an acceptable level of costs. And the competitors in the segment must be identified and taken into consideration (Král, Machková, Lhotáková, Cook 2016).

Positioning

Positioning is defined as “arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers” (Kotler, Armstrong 2012). The aim of marketers is to distinguish the products from their competitors and to achieve the biggest advantage on the market. It is crucial that everyone in the company understands the positioning of the company and acts in compliance with it.

There are three main positioning benefits – *brand equity* (as customers perceive the brand), *competition* and *customers* (who are the targeted customers and why do they buy the brand) (Král, Machková, Lhotáková, Cook 2016).

The brand equity of the product is extremely important – the brand is very strong in creating customers’ perception of the product and can also influence how customers perceive its quality. Positioning is trying to manage the product and the brand with a focus on customer satisfaction, to create a consumer benefit and to differentiate the product of the competitors’ products.

One of the basic concepts of achieving consumer benefits is a unique selling proposition (USP). It is an attribute offered to the customer that is so special and different from the competitors that the customer is persuaded to buy the product (ManagementMania 2017a). The attribute or the benefit which is promoted can be either functional (technical – quality, special technology etc.) or emotional (gives positive feelings) (Král, Machková, Lhotáková, Cook 2016).

When competing with other products, points of parity (POP) and points of difference (POD) should be set. *Points of parity* are attributes or associations that the customer does not necessarily match to our product but it can be attributes that are common to other products as well. On the other hand *points of difference* are attributes that customers associate with the product or the brand, they assume that these attributes are positive and they value them and they also do not find the same attributes in the competitor’s product (Kotler, Keller 2012).

Repositioning is the change of customers’ perception of the brand. It is used when the product loses its competitive advantage in the market (Jakubíková 2008).

1.2.4. Marketing tactics

Marketing tactics in this thesis are represented by the marketing mix – a foundation concept of marketing. The marketing mix is defined as a “set of marketing tools that the firm uses to pursue its marketing objectives in the target market “ (Kotler, Keller 2012) and these tools are represented by the acronym 4Ps (Product, Price, Promotion, Place).

1.2.4.1. *Product*

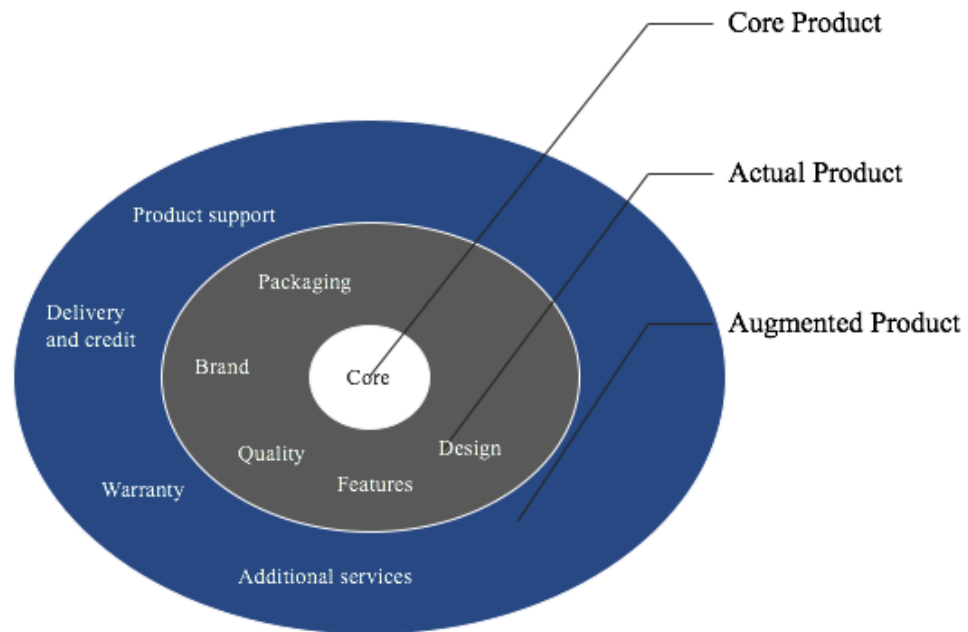
The product is “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need” (Kotler, Armstrong 2012). Products are classified according to their durability, tangibility, and use. According to their durability and tangibility, there are three groups of products – nondurable goods, durable goods, and services. Services are “intangible, inseparable, variable and perishable products that normally require more quality control, supplier credibility, and adaptability” (Kotler, Keller 2012).

Used classification divides products into two groups of products – consumer goods and industrial goods. Consumer goods can be further classified as convenience goods, shopping goods, specialty goods and unsought goods, whereas industrial goods can be classified as materials and parts, capital items and supplier and business services (Kotler, Keller 2012).

A complex product consists of three levels: the core product, the actual product and the augmented product (Kotler, Armstrong 2012).

The *core product* represents the solution to the customer’s wishes and needs. The *actual product* is a set of product characteristics that a customer requires. The *augmented product* offers additional services and product benefits to the customers such as warranty, service, advisory, leasing etc. (Jakubíková 2008). The higher layer of the product, the higher utility value. The core of the product is the main reason for a purchase. High competition plays its role in the layer of the augmented product.

Image 4 Complex product and its three levels



Source: author; based on (Kotler, Armstrong 2012; Jakubíková 2008).

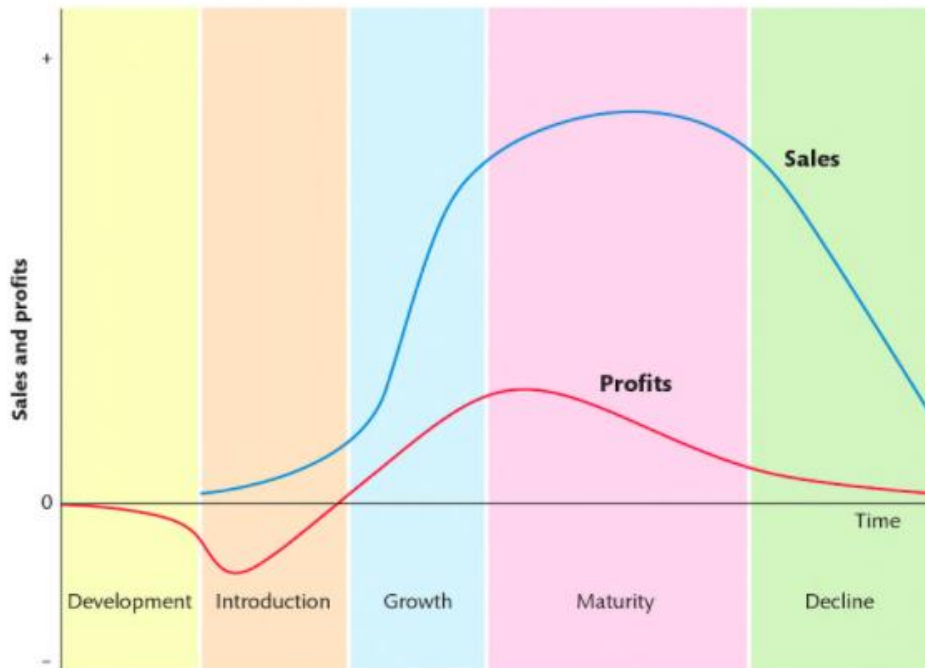
Some marketers define even five product levels e.g. Kotler and Keller (Kotler, Keller 2012). The *core benefit*, which is the benefit that the customer is really buying. The *basic product*, which is the product itself. The *expected product*, which is a set of attributes and conditions, which customer expects when buying a product. The *augmented product* is a product that exceeds customer expectations. And the *potential product* is all possible augmentations and changes that the product may undergo in the future.

Generally, we can say that Pareto principle works with products: the core is represented by 80 % of costs and 20 % of influence on customers and the skin represents 20 % of costs and 80 % of influence on customers (Jakubíková 2008).

1.2.4.2. Product life cycle

Product life cycle is a marketing concept that describes the various stages of the product from the time when it is launched onto the market till its end. There are four stages where each of them requires different marketing strategy.

Image 5 Product life cycle



Source: (Baines, Fill, Page 2011).

Product Life cycle phases (Král, Machková, Lhotáková, Cook 2016)

1. Product development

Product development phase is the initial stage of the product life cycle. It is a crucial stage for the future success of the product. As there are no sales at time moment of development, this stage is unprofitable.

2. Introduction

In the introduction stage the product is introduced to the market. As the product is new on the market and it is not known by the target group, a massive communication campaign is required. The main goal of the communication campaign is to inform the potential customers about the product, its benefits and the places where they can buy it. As the communication requires a lot of investments and the number of buyers at this stage is not high, the product is usually not profitable at this stage.

3. Growth

As most potential customers are already aware that the product exists, the communication campaign does not need be that intensive. At the end of this stage the company is making profit.

4. *Maturity*

During this stage, the product becomes a known product to the mass market. And most of the customers already know it. The product is highly profitable and only communication campaigns to remind the product are used.

5. *Decline*

In this stage, sales and profit decrease. The product is not innovative anymore and its customers are seeking for new products.

1.2.4.3. *Price*

Pricing is a unique part of the marketing mix as it is the only part which generates revenues while other parts generate costs. Hence, pricing strategy plays a crucial role when it comes to company profitability and financial situation. Always, when there is a stress from other competitors, the price is the first what comes to minds of management when thinking about what to change. However, it is not always the right decision as lowering the price causes retributive price decrease of the competitor and situation may happen repeatedly.

Traditionally, the price is determined as a principle decision making factor for customers when buying a product. Customers, therefore, put pressure on retailers and retailers put pressure on producers to lower costs of products. This leads to a current situation on the market which is characterized by heavy discounting and sales promotion (Kotler, Keller 2012).

Setting the pricing policy

According to Kotler and Keller, firstly, the pricing objective should be selected. That means that it needs to be decided, what position does the company want to have on the market (e.g. survival, maximum current profit, maximum market share, maximum market skimming, product-quality leadership). Next, the demand should be determined, meaning that the answers to what is the price sensitivity and what is the price elasticity of the demand should be answered. Next step is to estimate the costs and to determine the minimum price to cover them (Kotler, Keller 2012). Later comes the analysis of the competitor's costs, prices, and offers. The costs of extra benefit compared to the costs of the nearest competitor are analysed and then they are added or deducted.

Afterwards, the pricing method should be elected. There are several pricing methods.

The *cost-oriented pricing*, where costs define the bottom price and the ceiling price is determined by demand (e.g. markup price, target-return pricing (break-even pricing)). The

demand-oriented pricing, where the price is set by the customer. This price is the most difficult one to set and a market research must be performed. And the *competitor-oriented pricing*, where the price is set by the competitor. To this category belong a common price (the price according to the competitor with no costs consideration), a going-rate-pricing, an orientation on the market leader and a tender pricing (Jakubíková 2008; Kotler, Keller 2012).

Next is the *promotional pricing* that is represented by a low price and a low performance. The aim of this type of pricing is to gain demand with a low price. The *skimming pricing* is represented by a high price and a low performance. This is a risky and mainly short-term strategy when entering the market. The *penetration pricing* is represented by a low price and a high performance (e.g. a dumping strategy, it is short-term to gain the market). Lastly, the *premium pricing* is represented by a high price (a price leader) and an exclusive performance (Boučková 2003).

And lastly, the final price is elected. When doing so, also other company activities must be considered, e.g. impact of other company marketing activities, company pricing policies, gain-and-risk-sharing policies and the impact of price on other parties (Kotler, Keller 2012).

1.2.4.4. Placement / Distribution

Most producers do not sell their product directly to their end customers, however, they use intermediaries. These intermediaries create a marketing or a distribution channel which can be defined as “a set of independent organizations participating in the process of making a product or a service available for use or consumption” (Kotler, Keller 2012).

Choosing the right channels plays important role in the success of the company. Distribution is a very inflexible tool because its creation involves high costs and lots of time. Therefore, the choice of the intermediaries and the entire distribution process should be considered thoroughly.

There are two basic differences between the marketing channels:

A *direct marketing channel* (a zero-level channel) is represented by a manufacturer selling to an end customer. An *indirect marketing channel* is represented by a manufacturer selling the product to an intermediary and consequently, he/she sells the product to a final customer. There can be one intermediate (one-level channel, typically retailer), two intermediates (two-level channel, typically wholesaler and retailer) or more. Today, a combination of more distribution channels is common (Boučková 2003; Kotler, Keller 2012).

A distribution strategy is also divided according to strategies of how to attract the customer to buy the product. A *push strategy* is a strategy where “the manufacturer uses its sales force and trade promotion money to induce intermediaries to carry, promote and sell the products to end users.” The opposite is a *pull strategy* where “the manufacturer uses advertising and promotions to persuade consumers to ask intermediaries for the product, thus inducing the intermediaries to order it” (Kotler, Keller 2012).

Today, technology changes the traditional distribution channels and more activities are executed via the Internet and new technologies. Online channels are already offering same or sometimes even better shopping conditions for the customer. Especially in services technologies play a crucial role and in most of the cases already overtake the first place on the market (e.g. accommodation booking). And are used for purchases of intangible products such as software, insurance, etc.

1.2.4.5. Promotion / Marketing communication

Marketing communication is any communication from the company towards its customer with the aim to inform the customer about the product, to persuade the customer to buy the product or to influence the behaviour of customers.

When deciding how to communicate, a company usually has two options: *mass communication* or *personal communication* (Kotler, Armstrong 2012).

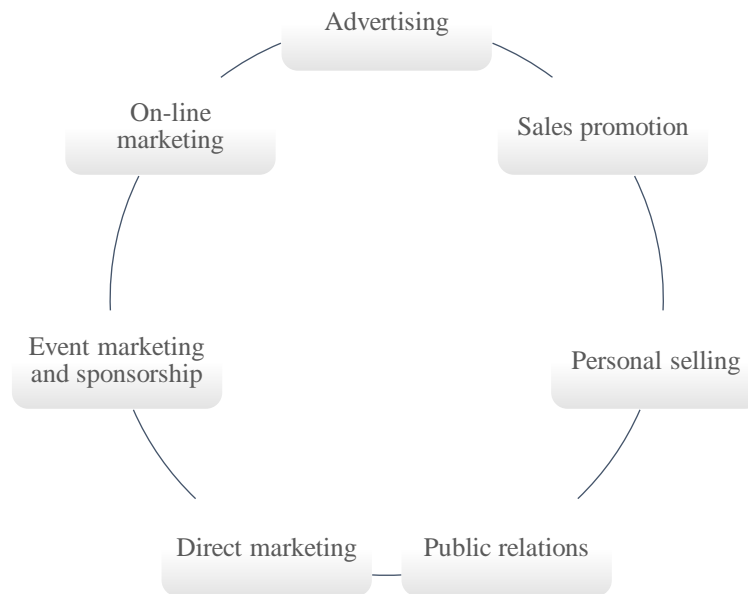
Mass communication does not target a specific group of customers but targets everyone who follows the media types which are used for the communication. Typical mass media channels are a television, a radio, newspapers, out-of-home advertising, etc. Today, mass media are still very important part of company communication, however, more personalized marketing gains in importance, especially with the influence of the Internet and big data.

The other trends in today's marketing are CSR (corporate social responsibility), guerrilla marketing and viral marketing (Král, Machková, Lhotáková, Cook 2016).

Promotion mix

A promotion mix, sometimes also called a marketing communications mix, is a mix of tools used for promotion of a product. There are seven essential parts of promotion mix:

Image 6 Promotion mix



Source: author.

Advertising can target masses of customers at low costs per exposure but it is not a suitable tool for target marketing as it does not differentiate among segments. Typical media types used for advertising are a television, a radio, newspapers, out-of-home advertising etc. Advertising is very expensive but can be also very powerful as products that are seen regularly in advertisements are in customers' eyes more legitimate.

Sales promotion includes a large variety of tools used to support the purchase e.g. coupons, competitions, tasting, premiums; and are usually used directly in stores to support the immediate purchase. Unlike advertising, sales promotions do not build long-term relationship but support the immediate purchase mainly.

Personal selling involves personal interaction between a sales representative and a customer. It creates a strong relationship, builds trust and loyalty and the possibility to convince the customer is higher. It is usually used within more expensive products and technically difficult products that need more explanation. It is a very successful tool however, it also requires a lot of costs and time during maintenance of the sales force.

Public relations can be very successful nowadays, especially when trying to reach customers who have aversion to advertising. PR does not formulate purchase stimulus. The main aim of PR is not to directly sell products but to build brand awareness, company

awareness, its values, and activities. Main tools of PR are press releases, press conferences, special events, sponsoring, lobbying etc.

Direct marketing exists in many forms – the direct mail and catalogues, online marketing, telephone marketing and others. Direct marketing is suitable for building a one-to-one relationship and for target marketing. A big disadvantage of direct marketing is the need of having a database of customers who to target. It is sometimes difficult to get this database and to maintain it up to date. On the other hand, direct marketing is relatively cheap.

Event marketing is sometimes called experience marketing and it is a set of marketing activities with the aim to provoke positive emotions, ensure the popularity of the brand, to build the brand loyalty and strengthen the brand associations. Marketing events are usually sport, cultural, gastronomical or similar oriented.

Sponsorship is an agreement between the company and the third party (e.g. sports club, event etc.) when the company supports the third party with financial or other resources and in exchange for that the third party promotes the company and its brand.

Online marketing is the newest form of marketing; however, its importance grows significantly and today it is one of the most important marketing tools. Online marketing is represented by all activities on the Internet – email campaigns, social media advertising, PPC (pay per click) advertising, banner advertising, search engine marketing etc. Online marketing is relatively cheap, it is a suitable tool for target marketing and is very well trackable. For companies, it is very important to be up to date and to use the tools available as in the future, the online marketing will be one of the essential parts of any company marketing.

1.2.1. Financials and forecasting

Financials are represented by budgets, forecasts of marketing expenditures, scheduling, and operations.

One of the most common tools used for calculating the financials is the *profit and loss statement*. The profit and Loss Statement is “a financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time, usually a fiscal quarter or year.” (Investopedia, 2003).

The aim of the company is to make a profit. There are two basic calculations to be used to calculate how much money does the company need to earn to cover the costs – ROI (return on investment) and BEP (break-even point).

1.2.1.1. Return on investment (ROI)

Return on investment is a calculation used by managers to calculate effectiveness and efficiency of the investments in products (Investopedia 2003).

$$\text{ROI} = \frac{\text{gain from investment} - \text{cost of investment}}{\text{cost of investment}}$$

1.2.1.2. Break-even analysis

For further explanation, a definition of several terms is necessary.

Fixed costs are costs that do not vary with changes in sales. They represent costs that are stable over time and there is always the need for them to be paid, e.g. a rent, an interest etc. *Variable costs* vary directly with the level of production and are represented by the costs that are directly connected to the product, e.g. costs of material etc. *Total costs* are the sum of fixed and variable costs (Kotler, Armstrong 2012).

Break-even analysis is an “analysis to determine the unit volume and dollar sales needed to be profitable given a particular price and cost structure” (Kotler, Armstrong 2012). The break-even point is reached when costs = profits. At this time the product becomes financially viable (Business Dictionary 2017b).

$$\text{break – even volume} = \frac{\text{fixed costs}}{\text{price} - \text{unit variable cost}}$$

Thanks to the break-even analysis, sales needed to reach a certain profit are calculated. However, there are also other factors that influence the company sales, e.g. sufficient demand, market potential etc. These are usually estimated by use of forecasting.

1.2.1.3. Forecasting

Forecasting is a method of anticipating the future development of organization, economy, industry, environment etc. The aim of forecasting is to get an idea of future state that is based on rational ways of anticipating the future (ManagementMania 2017b). Marketing managers forecast sales, expenditures as well as profits and losses of the company.

1.2.2. Implementation

Marketing implementation is the process that turns the plan into a reality. The task of managers is to motivate their employees to execute their tasks precisely so the organization can reach the set objectives.

An organizational system that helps the company with a successful implementation is called OSCAR defined by Dale in 1970 (Jakubíková 2008; ManagementMania 2017c):

- **Objectives** – to be set and logically linked
- **Specialization** – processes and organizational units should be grouped according to their similar focus
- **Coordination** – processes and activities should be linked together in that way that they lead to their most logical and effective interconnection
- **Authority** – authority power should be correctly set
- **Responsibility** – correct set of responsibilities to be clearly known who has responsibility for which activity

1.2.3. Control

“Marketing control is the process by which firms assess the effects of their marketing activities and programs and make necessary changes and adjustments” (Kotler, Keller 2012).

Control is an important function of management. It consists of all activities which ensure the managers that the results achieved correspond to the results planned (Jakubíková 2008).

Control ensures that the deviations from plans are eliminated. It provides feedback on what was done correctly and what needs further change. It also helps the organisation to set future objectives and strategies. Control is efficient if the expectations or objectives of the organisation are met (Mallya 2007).

2. Specifics of B2B marketing

2.1. General definitions

B2B is an acronym for a business-to-business marketing, sometimes called also “a business marketing” or an “organizational marketing”. The opposition to it is a B2C marketing which stands for business-to-consumer marketing or shortly “a consumer marketing”. Nowadays there are also other abbreviations used when talking about distinguishing different groups of marketing such as B2G (business-to-government), G2G (government-to-government), C2C (consumer-to-consumer) and C2B (consumer-to-business).

The B2B market is a market where the customers are public institutions, hospitals, charities and individual companies. The main factors that characterize the business markets are the derived demand (derived from the demand of final customers), the buying processes (the whole processes are developed when buying a product in organizations which involve many people in the process), the level on internationality (B2B purchases are more likely international), and the relationship between the buyer and seller (very important to develop and keep good relations) (Baines, Fill, Page 2011).

The definition of the B2B marketing by Business Dictionary is following. The *B2B marketing* is “the process by which businesses employ a multi-layered strategy consisting of web communications, email, media campaigns, and relationship management for the purpose of converting targeted business prospects into customers” (Business Dictionary 2017c).

The most obvious difference between the consumer and business marketing is that in business marketing the customer is an organization, not an individual customer. The second thing is the intended use of the product. In consumer marketing, the product is bought for the direct and final usage. In B2B marketing the product is bought for further processing or use (Baines, Fill, Page 2011).

However, there are many factors differentiating the business marketing and consumer marketing. Some of them are more obvious and some of them less. The table below specifies the most important ones.

Table 1 Main differences between B2C and B2B marketing

	B2C marketing	B2B marketing
Number of buyers	Many	Few
Purchase initiation	Self	Others
Evaluative criteria	Social, ego, the level of utility	Price, value, the level of utility
Information search	Normally short	Normally long
Importance of supplier choice	Normally limited	Can be critical
Importance of relationships	Usually unimportant	Often important
Size of orders	Small	Large
Frequency of orders	Light	Heavy
Value of orders placed	Light	Heavy
Complexity of decision-making	Light to moderate	Moderate to high
Range of information inputs	Moderate	Moderate to high
Nature of demand	Direct	Derived
Demand volatility	Less volatility	Greater volatility
Demand elasticity	More elastic	Less elastic
Reverse elasticity	Less common	More common
Nature of customers	Greater homogeneity	Greater heterogeneity
Market fragmentation	Less fragmentation	Greater fragmentation
Market complexity	Less complex	More complex
Market size	Smaller overall value	Larger overall value
Number of buyers per seller	Many	Few
Number of buyers per segment	Many	Few
Relative size of buyer/seller	Seller much larger	Often similar
Geographic concentration	Usually dispersed	Often clustered
Formal, written rules	Uncommon	Common
Selling process	Product selling	Systems selling
Personal selling	Limited	Used extensively
Promotional strategies	Mass market	Limited, customer-specific
Web integration	Limited	Greater
Branding	Extensive, sophisticated	Limited
Market research	Extensive	Limited
Segmentation	Sophisticated	Unsophisticated
Competitor awareness	Higher	Lower
Product complexity	Lesser	Greater

Source: (Baines, Fill, Page 2011; Kotler, Keller 2012; Brennan, Canning, McDowell 2014).

2.2. Marketing strategy

2.2.1. Segmentation

In the previous chapter, the segmentation in consumer markets was defined. In B2B markets, segmentation is also an essential part of marketing decisions, however, the segmentation base differs from the one used in B2C marketing. The segmented companies have different characteristics that need to be taken into consideration apart from the ones that are evaluated in consumer marketing.

The segmentation base in B2B markets can be defined by two groups of characteristics – organizational characteristics and buyer characteristics (Kotler, Keller 2012; Baines, Fill, Page 2011; Král, Machková, Lhotáková, Cook 2016).

2.2.1.1. *Organizational characteristics*

These are different criteria that the organizations can be clustered by. The main groups of criteria are the demographics criteria, the economic criteria and the geographic criteria.

The *demographics criteria* cluster the companies e.g. by the size of the organisation, by the age/lifecycle of the organisation, by the type/role or by the industry. The *economic criteria* define the companies e.g. by the revenues/turnover, the profit or the budget.

And the *geographic criteria* characterize the companies as local (active on a local market only), national (active within one nation/state), multinational (active in different countries with the local management and local adjustments of the product, strategies etc.) or global (active internationally, using the same strategies, same management in different countries, same product characteristics etc.).

2.2.1.2. *Buyer characteristics*

Buyer characteristics are the factors that deal with the characteristics of the customer and how the customer decides when buying the product. These characteristics are a *decision-making unit*, *choice criteria*, a *purchase situation*, *operating variables*, *situational factors* and *personal criteria*.

2.2.2. Targeting

The targeting is a second step of the S-T-P process. When having the segments differentiated, a final segment that will be targeted needs to be chosen.

According to Kotler and Keller the segments need to be always *measurable* (which means that the size, purchasing power or other characteristics can be measured), *substantial* (the segments should be large enough to serve), *accessible* (the segments should be effectively reached), *differentiable* (the segments are distinguishable), *actionable* (effective programs can be formulated) (Kotler, Keller 2012).

These factors can apply both in consumer marketing and in business marketing. However, when targeting the segments in B2B marketing, there are specific factors that should be considered. This approach to choosing the right segments in B2B marketing is based on their attractiveness factors such as market growth potential, segment profitability, segment size, competitive intensity in the segment, cyclical nature of the industry, segment stability, mission fit etc. (Baines, Fill, Page 2011).

The targeting approaches in B2B marketing do not differ from the ones used in the consumer marketing. There are two main approaches – undifferentiated marketing (mass marketing and product differentiated marketing) and target marketing (concentrated marketing, differentiated marketing, customized marketing or niche marketing). All terms are already defined in the previous chapter. New terms are the *niche marketing* meaning that only a few segments are chosen to be targeted which are usually very small and very specific and the term *customized marketing* meaning that a strategy is developed separately for each consumer (Baines, Fill, Page 2011; Kotler, Keller 2012; Brennan, Canning, McDowell 2014).

B2B marketing is specific mainly in the way that the ability to target niche markets is much higher compared to the B2C marketing (Brennan, Canning, McDowell 2014) and that the customized marketing is very often used (Baines, Fill, Page 2011).

2.2.3. Positioning

The last step of the S-T-P process is the positioning. The positioning tries to locate the brand in the mind of customers and therefore to maximize the benefit for the company (Kotler, Keller 2012). To achieve that, the companies search for the benefits that they may offer to their customers and that either differ from the competitor (point of difference) or are the same as the benefits offered by the customer (point of parity). As there may be more benefits and as companies are competing with several competitors in B2B marketing, a graphical way to visualize the differences is often used.

In B2B marketing the companies are evaluating the strengths they have in comparison with their competitors in the same product category. The graphical way to do so is called a perceptual

map. “Perceptual maps are visual representations of consumer perceptions and preferences” (Kotler, Keller 2012).

2.3. Marketing tactics

2.3.1. Product

The product offered in the B2B marketing can differ greatly to the product offered in B2C markets. B2B products are not always the final products but it can be also input goods such as raw materials or semi-manufactured parts, equipment goods such as capital, investment goods or software products and supply goods such as maintenance, repair and operating materials items (Baines, Fill, Page 2011).

Moreover, apart from the categories mentioned above, another specific form of a product that is often used in B2B markets are services (Glowik, Bruhs 2014).

When buying a product in business markets, the customer often chooses based on the technical specifications of the product. They demand product customization and strong after-sale care and a quality assurance (Jobber, Lancaster 2009).

2.3.2. Price

In B2B markets price is more likely to be *negotiated* (Jobber, Lancaster 2009). The price depends highly on the inter-organizational relationship – if the companies cooperate in collaborative relationship, they may use premium prices in exchange for maintaining the collaborative offering. On the other hand, when the companies cooperate on transactional basis, they may unbundle product offerings to make them into options for customers (Ellis 2011).

B2B marketing differs from the consumer marketing in the use of *tendering*. Tendering or competitive bidding is represented by the buyers asking potential suppliers to tender to provide a desired product or service. When the bidding system is open, both the buyers and the suppliers can see all the bidding offers and have the overview of the price situation on the market. In closed bidding, only the customer knows the bidding price of each supplier (Ellis 2011).

Leasing is very often used for expensive goods that the company cannot afford or that would be a big burden for the company’s budget. There are three main types of leasing – operating lease, capital lease and sales/leaseback. Operating leases are financial arrangement that include the whole maintenance and service of the asset, there is no transfer of the ownership of the asset when the payment schedule is finished. Capital leases allow the customer to transfer

the ownership of the asset once the agreed price is paid. Lastly, sales/leaseback enables to sell the asset to the leasing firm and to transfer the ownership back after some time – the aim is to get a cash injection in case of need (Ellis 2011).

2.3.3. Placement

The distribution paths in B2B markets are mainly direct. And the direct distribution is used more often than in consumer marketing. However, sometimes indirect distribution paths are used as well – in this case intermediaries are used. This happens mainly when the assortment of products is very specific and narrow or when the company is too small to bargain better prices from the wholesaler (Jakubíková 2008).

The crucial aspect of distribution is the speed and reliability of delivery – these factors increased in importance mainly with the introduction of JIT (just-in-time) delivery (Jobber, Lancaster 2009).

2.3.4. Promotion

Promotion in business markets differs from the one in consumer markets in many aspects. The main differences are gathered in the table below.

Table 2 Differences between B2B and B2C promotion

B2C marketing	B2B marketing
Mass media use	Mass media of little use
Greater use of emotional appeals	Rather rational appeals
Consumers usually try to avoid the message	Message is sought
Communication is quickly forgotten	Communication is often stored for future use
Copy is short and catchy	Copy is long, brings deep explication
Communication is aimed at individuals who make the decisions	Communication is aimed at groups who need to agree on purchasing decisions
Mass media, broad market segment	Industry-specific media, read by the decision-making unit members

Source: (Zimmerman, Blythe 2013).

It is clear, that the communication mix mentioned in the previous chapter remains the same also in the B2B marketing. Some of the parts of the communication mix are used more often, some of them rarely. However, there are some specific parts of the communication mix which use in the business marketing is very important and often:

Public relations are means of communication used to express the identity of the company in the marketplace. The typical PR activities include articles in newspapers, magazines, publications or seminars, lobbying, charitable donations and press releases. Moreover, companies use content media such as company blogs, social media, podcasts, webcasts and whitepapers (Brennan, Canning, McDowell 2014).

SEO (Search-engine optimization) is an essential part of online marketing. As the customers usually use search engines (Google, Bing, Yahoo, ...) to find the keywords on the Internet that they are looking for, it is very important to have the company websites optimized. By optimization, it is meant to choose the correct words (the keywords) that the customers are looking for and to place them on the website so the websites are placed on top places when using the search engine to look for them (Moz 2017).

The *trade show, fairs and exhibitions* are another very important part of the business marketing promotions. These events bring the business partners (supplier and customer companies) together at one place where the suppliers or producers can present their products to the customers. Both parties have the chance to learn about trends on the market and to gain new partners thanks to networking. Moreover, exhibitions and fairs serve as a brand-building tool (Brennan, Canning, McDowell 2014; Král, Machková, Lhotáková, Cook 2016).

Sales promotion offers the initiative to buy the product, whereas advertising offers the reason to buy it. In business marketing, trade promotions (e. g. price off, advertising and display allowances, and free goods), business and sales force promotions are used (Kotler, Keller 2012).

Personal selling is a way of promoting and sale of products by the individual sales representatives to the final customers. The cooperation is based on personal trust and loyalty. As B2B marketing aims at long-term relationships and repeated purchases, there is a strong emphasis on personal selling (Zimmerman, Blythe 2013). Personal selling is massively used in business marketing as many of the products offered are products that need explanation, expertise, and testing.

3. Industry specifics

3.1. Electronic marketplaces

3.1.1. General definitions

Electronic marketplaces, sometimes called shortly as *e-marketplaces*, are a virtual space in an electronic network allowing buyers and sellers to exchange information about prices, product offerings, product features, their references etc. (Bakos 1998). E-marketplaces represent social structures which with the help of information communication technology bring the opportunity to execute transactions and to satisfy an economic market concept (Susan Standing, Craig Standing 2015).

E-marketplaces bring many opportunities both for buyers and suppliers. Buyers look for better pricing, improved efficiencies in the purchasing process, better knowledge of the supply market, improvement in aggregation and overview of the spending across the company. On the other hand, suppliers see e-marketplaces as an environment to find new markets and customers for their products (Petersen, Ogden, Carter 2007).

According to Bakos “e-marketplaces leverage information technology to match buyers and sellers with increased effectiveness and lower transaction costs, leading to more efficient, “friction-free” markets” (Bakos 1998).

When buyers are using an e-marketplace for buying goods all activities through the whole supply chain are done online (e.g. search, order, transportation, payment, shipment and inventory tracking, exchange of information, communication between the partners ...) (Truong, Bhuiyan 2011).

3.1.2. Benefits of e-marketplaces

E-marketplaces bring a broad variety of benefits. They provide us with new opportunities for repackaging content through strategies such as bundling, site licensing, subscriptions, rentals, differential pricing and per-use fees (Bakos 1998). Moreover, e-marketplaces improve economic efficiency, reduce margins between price and cost and speed up complicated business deals (Truong, Bhuiyan 2011). They provide services, that expand the purchasing abilities of buyers and sellers and thus make the prices more dynamic and responsive to economic conditions (Feldman 2000).

In addition, e-marketplaces enable the price comparison and an overview about possibilities on the market, the comparison with the products offered by the competitors, bulk buying, reviews of the products, complements buying etc.

The table 3 shows a clear overview of what are the main benefits of buying products and services on marketplaces. E-marketplaces, however, bring other benefits that are added on top of that.

Table 3 Main benefits of marketplaces and specifics of e-marketplaces

Marketplace	E-marketplace
1) Matching buyers and sellers	
Determination of product offering	
Product features offered by sellers	Increased personalization and customization of products
Aggregation of different products	Aggregation and disaggregation of information-based product components
Search (buyers for sellers and sellers for buyers)	
Price and product information	Lower costs to obtain the information about the price and product features
Matching seller offerings with buyer preferences	Lower costs for sellers to communicate their offerings
Price discovery	
Process and outcome in determination of prices	Price discrimination – different price to different buyers
2) Facilitation of transactions	
Logistics	
Delivery of information, good, or service to buyer	Quick, just-in-time deliveries, reduced inventories
Settlement	
Transfer of payment to seller	Usage of credit card payments online
Trust	
Credit system, reputations, rating agencies	A certain level of trust is necessary to protect buyers, sellers and intermediaries from opportunistic behaviour of other market participants
	Secured e.g. by banks issuing letters of credit, credit reporting bureaus, rating agencies
3) Institutional infrastructure	
Legal	
Commercial code, contract law, dispute resolution, intellectual property protection	Issues related to contract law, dispute resolution, and intellectual property protection

Regulatory	
Rules and regulations, monitoring, enforcement	The dynamics of e-marketplace may raise antitrust issues:
	<ul style="list-style-type: none"> • e.g. large economies of scale in distribution may serve exclusively a very large market
	<ul style="list-style-type: none"> • the existence of potential demand-side economies of scale in payment mechanisms and software
	All this may lead to a winner-take-all market structure with one or a few firms dominating the market

Source: (Bakos 1998).

Despite all the benefits of e-marketplaces, they bring also risks such as a leak of business information, dealing with unknown business partners, high technical requirements and high investments (Truong, Bhuiyan 2011).

3.1.3. Marketing tactics

3.1.3.1. *Product*

E-marketplaces differ from the traditional ones mainly thanks to the increased personalization and customization of the product offerings (Bakos 1998). Customers are tracked to identify their buyer behaviour, demographics, consumer profiles, preferences etc. Thanks to all the gathered information, buyers can be regularly contacted with an offer fitting to their needs – a so called one-to-one marketing may be used.

On e-marketplaces, products can be sold in bundles. This so-called aggregation is profitable in many ways – it lowers the cost, enables to target homogenous buyers, increases profits of the sellers and enables socially desirable wider distribution of goods (Bakos 1998).

3.1.3.2. *Price*

When determining the price of the product the features to be implemented need to be evaluated. Moreover, it needs to be decided whether the features offered will be marketed and priced individually or in a bundle. These decisions are driven by relative costs which must be considered.

The Internet allows customers to compare the price over the network, to read reviews, to agree on prices etc. and therefore the binding, transaction and distribution costs are decreased.

Some e-marketplaces enable buyers to specify the maximum amount that they are willing to pay for the product and therefore they can make fitting offers to these buyers.

Moreover, e-marketplaces thanks to the customization of the products and the perfect knowledge of the customer enable price discrimination – to set different prices to different buyers. That leads to higher profits for the sellers.

An important decision that the e-marketplace owner needs to make is to how set the pricing.

Pricing models used in marketplaces (Webkul 2016; Makkonen 2015)

The two main pricing models used are the *commission model* and the *subscription model*:

The *commission model* is the most popular pricing model used in marketplaces which works on the basis that it charges a commission from each transaction. In the commission model the buyer pays the provider the price for the product and the marketplace charges a flat fee or percentage fee for facilitating this payment.

This model brings benefits for both the provider and the marketplace. The main benefit for providers is that the providers pay after the product is really bought, and therefore they pay after getting a real value from the marketplace. The main benefit for the marketplace is that the marketplace receives a value always when there is a flow on the marketplace site. However, there are obviously some challenges. The main challenge is how to set the fee so it fits both the provider and the marketplace. The fee depends mainly on the product that is offered, the competition etc.

The commission model can be used as a global commission model (all the products are offered for a fixed commission), or there are specific fees used based on different characteristics such as a category commission model (one product category for the same fee, another category for another fee), a seller/vendor commission model (different vendors are charged different fees), or a product commission model (different products are charged a different fee).

A *subscription model* is a model where all users need to pay a fee to access the marketplace. This model is used when the value that the marketplace offers is high.

Apart from the two models mentioned, there are also other models used on the market:

A *listing fee* model represents a model where each new listing of the product offered needs to be paid by the provider. This model is used for the product offering where the value is created based on the number of listings on the site. In a *lead model* the customers post their requests on the site and the providers pay to make an offer to them. The logic behind a *freemium model* is that the main or the core product is offered for free and the extend features are paid, the

challenge of the model is that the extra feature needs to be attempting enough to persuade enough users to buy it. Lastly, a model of *featured listings and ads* offers the providers the possibility to buy extra visibility of their listings (Makkonen 2015).

The model which is in the end used depends mainly on the product that is offered. Some products enable to charge high margins – such as intellectual rights (photographs, software etc.) which are created once and then the profit grows with the number of buyers of the product – and some enable to charge only thin margins – such as a reservation of a table in a restaurant (Makkonen 2016).

Another factor influencing the final price is the competition on the market – the competitive channels that enable to buy the product. Therefore, it is important to find a niche market to narrow the audience as much as possible. Moreover, it is important to ensure the network effect – the more products from different providers are there on the marketplace, the bigger value is brought to the end customer. Another factor influencing the price is the volume and the value of the product and its quality and quantity (Makkonen 2016).

3.1.3.3. Placement

E-marketplaces improve the knowledge sharing among buyers and sellers and therefore lower the logistics cost. The goods can be delivered just-in-time, the inventories are reduced and the deliveries are quick (Bakos 1998). Compared to a physical store which faces the problem of full or not sufficient stock that needs to be taken care of.

Moreover, some products, such as software, e-books, services etc. are delivered via the network so no physical logistics is needed which brings a significant advantage.

3.1.3.4. Promotion

E-marketplaces use the peer-to-peer reviews among users as a part of their promotion. The products can be all reviewed, commented and shared among the buyers.

Otherwise, the promotion of an e-marketplace follows similar rules as the promotion of any other product.

3.2. Cloud computing

3.2.1. General definitions (Cloud computing, SaaS, PaaS, IaaS)

Cloud computing, also referred as “*the cloud*” became a buzzword in the last years which is used not only by IT professionals but it is spelled broadly in media and among individuals. However, many people still do not know what does it really represent and what all can belong to “*the cloud*”.

Cloud computing represents on-demand computing resources over the Internet that are paid on the pay-for-use basis. It can be anything from single applications to whole data centres.

ISO (International Organization for Standardization) defines cloud computing as “a paradigm for enabling network access to a scalable and elastic pool of shareable physical or virtual resources (servers, operating systems, networks, software, applications, and storage equipment) with self-service provisioning and administration on-demand” (ISO/IEC JTC 1 2014)

Gartner defines cloud computing “as a style of computing in which scalable and elastic IT-enabled capabilities are delivered as a service using Internet technologies” (Gartner 2017b).

The most broadly acknowledged definition of cloud computing is the definition of the NIST (National Institute of Standards and Technology). According to NIST “cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction” (Mell, Grance 2011).

NIST defines five essential characteristics of cloud computing, three service models and four deployment models:

3.2.1.1. *Characteristics of cloud computing*

There are 5 main characteristics of cloud computing (CC) that were defined by NIST. Firstly, the cloud computing is an *on-demand self-service*, which means that there is no need for human when using it. Next characteristic is the *broad network access* meaning that the CC solutions are available over the Internet via various client platforms e.g. workstations, laptops, tablets or mobile phones. Another characteristic is the *resource pooling* meaning that the vendor serves more consumers at once, and different resources are dynamically assigned and reassigned based on the consumers’ demand. Next, it is the *rapid elasticity*, which means that

the capabilities are elastically provisioned and released. To the consumer, they seem to be unlimited in any quantity at any time. Lastly, it is the *measured service* which means that the resources are automatically controlled and optimized.

3.2.1.2. *Service models*

The three service models defined by NIST are the Software as a Service (SaaS), the Platform as a Service (PaaS) and the Infrastructure as a Service (IaaS).

Software as a Service (SaaS) – enables consumers to use applications from various client devices, e.g. a thin client interface such as a web browser or a program interface. The application is owned by the application vendor and the consumer uses the application on a subscription basis. The software licence is owned by the vendor and the consumer pays regularly (monthly, quarterly, yearly or on another basis) for the usage of the software. The application can be used, not managed or controlled by the consumer. The vendor delivers the software to consumers via the Internet or other network and therefore there is no need to install the application locally on the consumer's computer. The application is run on the vendors' servers and all the necessary upgrades and updates are executed also there. The consumer, therefore, does not need to deal with software maintenance which is carried out by the vendors themselves (Murugesan, Borislava 2015).

Platform as a Service (PaaS) – enables consumers to deploy the applications that are created or managed by the consumer onto the cloud infrastructure. The consumer has control over the applications running on the platform and their environment settings, however, does not manage the overall underlying infrastructure – e.g. networks, servers, operating systems or storage. The vendor offers consumers a platform which is located on the vendors' servers and allows the consumers to use vendor's middleware systems and tools. Therefore, the consumer is able to simply code and deploy without the need to interface with the underlying infrastructure. The platform enables the usage of predefined tools and facilities for the design of the application, its development, testing and deployment – such as supported programming languages, libraries, services and tools (Murugesan, Borislava 2015).

Infrastructure as a Service (IaaS) – enables the storage, networks, provision processing or other essential computing resources to be run on the infrastructure. The consumer can run and deploy own software including own applications or various operating systems. The consumer has control over the operating systems, storage, deployed applications, however, does not have control over the underlying cloud infrastructure. The vendor delivers the raw computer

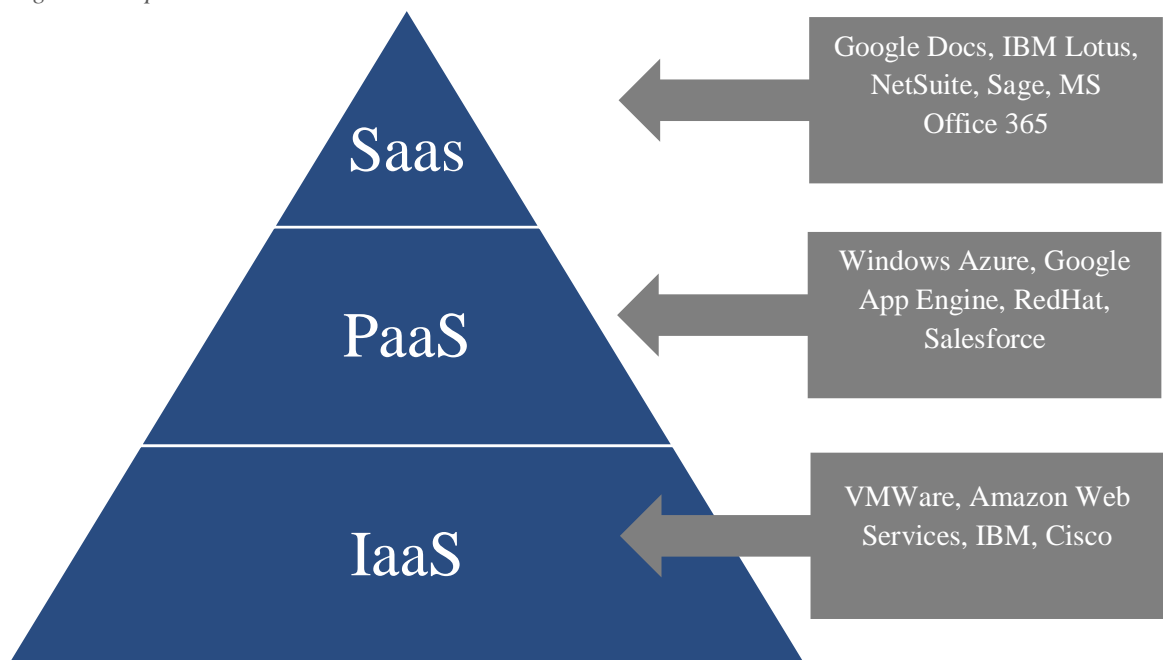
infrastructure – such as – servers, CPU, storage, data centre facilities and network equipment as a service. Consumers do not buy these resources but use them on the subscription basis to the extent they need at that moment (Murugesan, Borislava 2015).

When comparing the different service models of cloud computing a definition of on-premises solutions is also necessary as it represents the opposite of cloud solutions. Cloud solutions are sometimes called off-premise solutions as they are deployed and run in a different place than is their actual use.

On-premise software is the most common and traditional use of software and it is a type of service delivery model which represents software that is installed and run from a customer's in-house server and infrastructure (Techopedia.com 2017). The user of the software typically buys the licence for the use of the software and lately this software is installed locally on the user's server.

Image 7 shows example vendors of single service models.

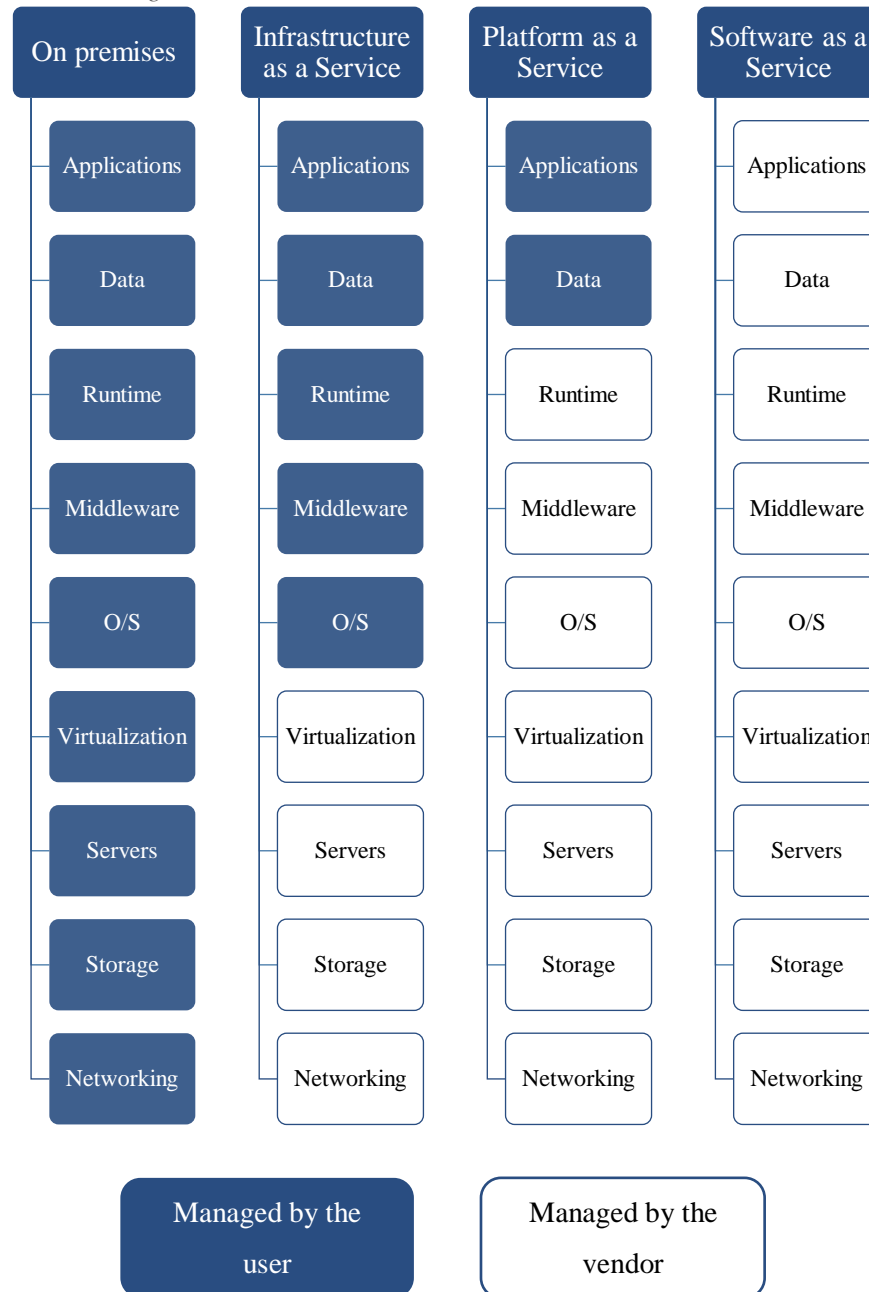
Image 7 Example vendors



Source: author, based on (Issacsha 2014).

The main differences among the different service models are described in the image 8.

Image 8 Differences among service models



Source: author based on (Stack 24/7 2015).

As described above, different service models represent a different depth of modifiable features offered to the end user.

3.2.1.3. Deployment models

There are four deployment models – private cloud, community cloud, public cloud and the hybrid cloud.

The *private cloud* is used by a specific single organization (for example business units). The *community cloud* is used by a specific community of consumers (organizations with shared concerns – e.g. mission, policies, compliance, security requirements...), the *public cloud* is open to use by general public and the *hybrid cloud* – is a composition of two or more distinct cloud infrastructures (private, community or public) (Mell, Grance 2011).

3.2.2. Big players SaaS

There are several companies or associations that survey the most popular SaaS providers in the world.

Okta determines the 25 most widely used SaaS and cloud applications for business. The report is based on real-world monitoring and analytics data rather than customer surveys. The most popular SaaS solutions are to be seen in the table below (Okta 2017).

Table 4 The 25 most popular SaaS solutions for Business in 2017

The 25 most popular SaaS, Cloud Apps for Business in 2017	
1. Microsoft Office 365	14. Confluence, Atlassian
2. Salesforce.com	15. Meraki, Cisco
3. Box	16. LinkedIn
4. Amazon Web Service	17. ServiceNow
5. Google G Suite	18. GoToMeeting
6. Concur	19. Twitter
7. Jira, Atlassian	20. GoDaddy
8. Slack	21. Adobe Creative Cloud
9. Zendesk	22. Git Hub
10. ADP	23. FedEx US
11. Dropbox	24. WorkDay
12. DocuSign	25. NetSuite
13. WebEx	

Source: Okta (Okta 2017).

The report from PwC from 2016 (PricewaterhouseCoopers 2016) describes the top 50 SaaS companies based on their revenues. The ranking is to be seen in the table below (the table shows only the first 25):

Table 5 SaaS revenues of top 50 software companies

SaaS revenues of Top 50 software companies	
1. Microsoft	14. Cisco Systems
2. Oracle	15. Dassault Systèmes
3. IBM	16. Siemens
4. SAP	17. Fujitsu
5. Symantec	18. Autodesk
6. EMC	19. Citrix
7. Vmware	20. Google
8. Hewlett Packart	21. Hitachi
9. Salesforce.com	22. Apple
10. Intuit	23. Infor
11. Adobe	24. Synopsys
12. CA Technologies	25. Intel
13. SAS	

Source: PWC (PricewaterhouseCoopers 2016).

3.2.3. Czech market

3.2.3.1. Use of cloud computing services on the Czech market

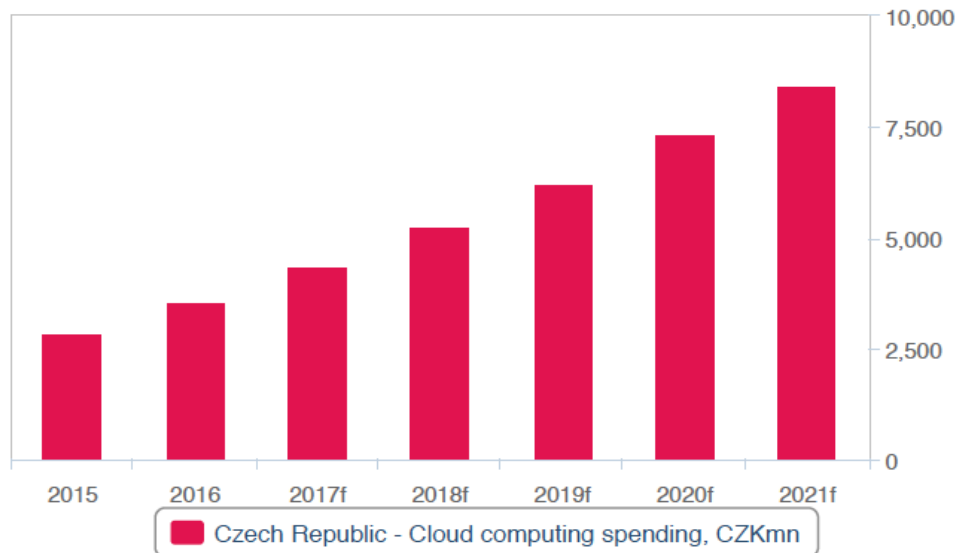
Cloud computing is one of the biggest trends on the Czech market as well as on the European market in general and it is growing in its importance more and more.

According to IDC, in 2015, public and private cloud computing services spending in CEE (Central and Eastern Europe) reached \$870 million. That means a growth of 23.7 % in a year. When calculating the annual growth of 23.7 %, the IDC predicts that the total public and private cloud computing spending in CEE will reach \$2.5 billion in 2020 (Zajonc 2017).

The cloud computing market in the Czech Republic has one of the biggest outlooks from the CEE countries. The main reason is a well-structured infrastructure, with relatively high value and high quality. The private sector is technologically advanced and is expanding rapidly. The big opportunity is represented also by the untapped SME market and the planned

investments in data centres which will broaden the possibilities for cloud providers (Business Monitor International 2017).

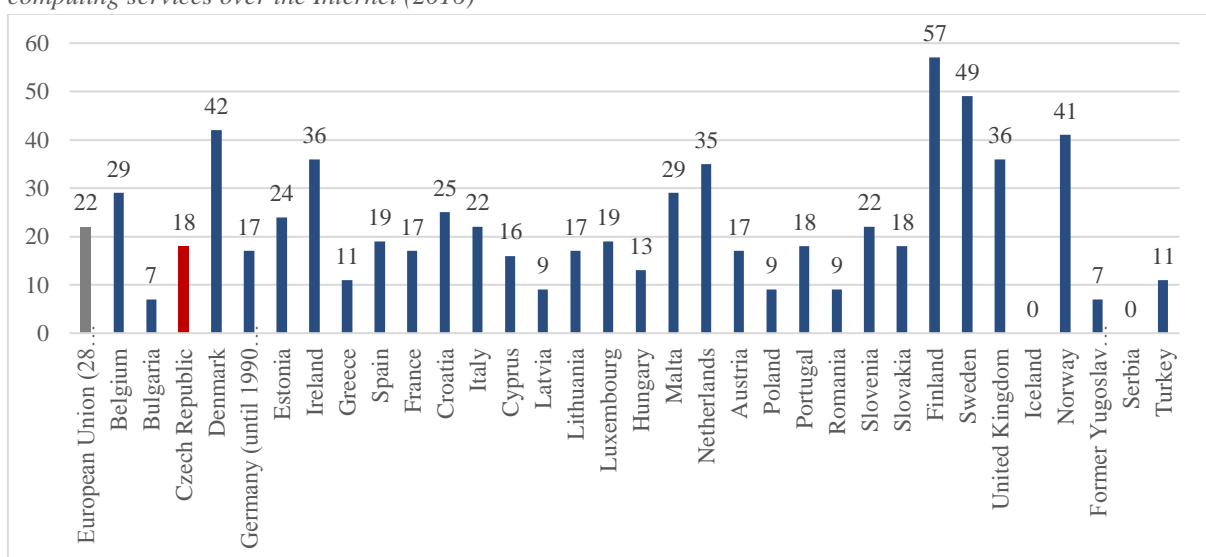
Chart 1 Cloud computing market in the Czech Republic (2015 – 2021)



Source: (Business Monitor International 2017).

The SaaS market in the Czech Republic is one of the most developed in CEE. With 18 % share of companies having at least one cloud service by 2016, the Czech Republic gets very close to the European average of 22 % (Eurostat 2017).

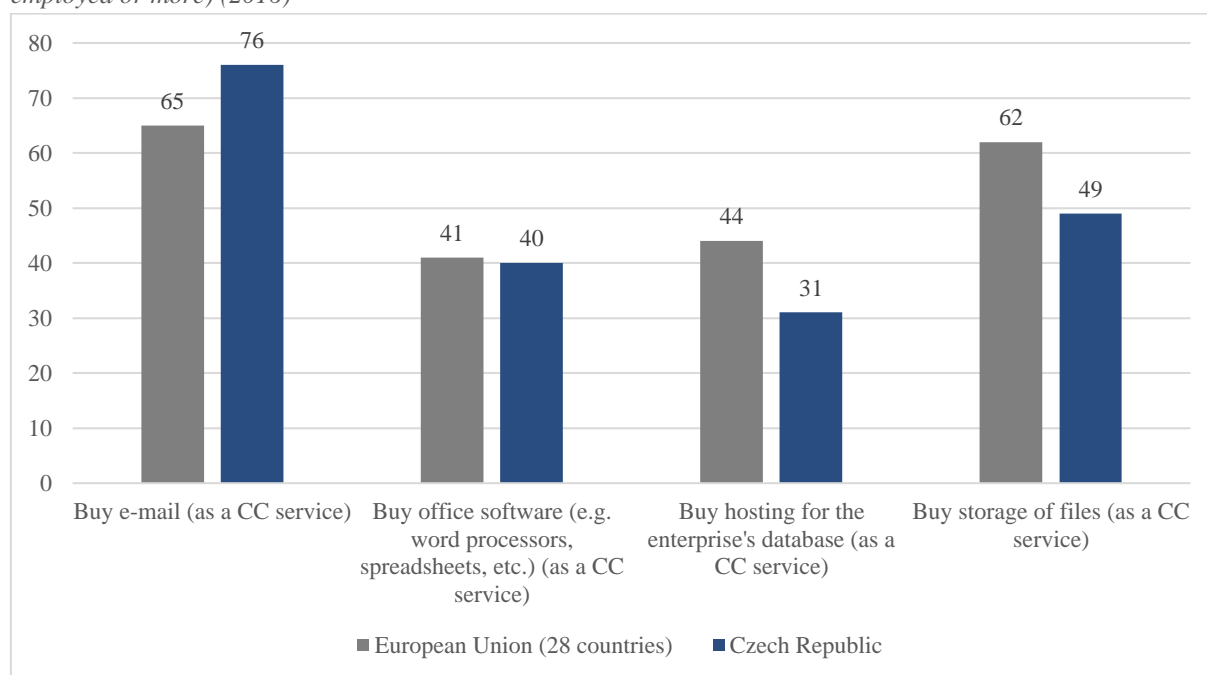
Chart 2 European enterprises with over 10 persons employed and more without financial sector buying cloud computing services over the Internet (2016)



Source: (Eurostat 2017).

The most common SaaS solutions bought by the Czech non-financial companies are mainly e-mail services (e-mail as a cloud computing service is purchased by 76 % of the Czech non-financial companies with more than 10 employees, which is more than the European average of 65 %). 40 % of Czech non-financial companies buy office software as a SaaS solution, 31 % of them decided for hosting the company's database in the cloud and 49 % of the Czech non-financial companies operate storage of files in the cloud (Eurostat 2017).

Chart 3 Percentage of enterprises buying CC services, all enterprises, without financial sector (10 persons employed or more) (2016)



Source: (Eurostat 2017).

3.2.3.2. Providers of cloud computing services on the Czech market

Based on the review of Business Monitor International, the biggest companies offering cloud computing services on the Czech market in 2017 were following companies (see table below).

Table 6 Czech Cloud market – the top companies

Company	Products
1. Microsoft	I/P/SaaS
2. IBM	I/PaaS
3. Amazon	I/PaaS
4. Salesforce.com	SaaS
5. Oracle	I/P/SaaS
6. Google	I/PaaS
7. VMWare	P/SaaS
8. HPE (2015 data)	I/SaaS
9. SAP	SaaS
10. Adobe	SaaS

Source: (Business Monitor International 2017).

It is obvious that also the Czech market is dominated by the world players such as Microsoft, IBM, Amazon etc. However, the Czech IT market is very strong and there are also many local players who logically cannot compete in revenues in the following chart but their presence on the market is significant as well.

The typically Czech companies that are successful not only on the local market are Avast, AVG, GoodData, eMClient, SocialBakers and Zoner (Václavík 2015).

4. Marketing strategy of the SaaS marketplace

4.1. Introduction

The cloud market is very perspective; however, it lacks a clear overview. Even though the companies today learn about the cloud solutions and start to be persuaded that implementation of a cloud software in their business has many advantages, it is still very difficult to find the appropriate one on the market. The only chance today is either to search the Internet via search engines or to use the word of mouth and to ask for advice (to ask partner companies, at conferences etc.).

The need for a SaaS marketplace is therefore very clear and urgent. The SaaS marketplace – a business applications store – gives an overview of the possibilities on the market, gives the comparison among the solutions, offers the purchase of the solutions in a bundle and more.

The same situation of lacking the overview of the applications on the market appeared on the German cloud market some years ago. Therefore, the German Businesscloud initiative was created to serve the companies to understand the market, to have the overview and to use the maximum of the cloud solutions offered on the market.

The Czech Business Cloud is a partner initiative of the German Businesscloud and its mission is to create a marketplace of business SaaS applications that will give an overview of the SaaS possibilities on the market and provide the comparison among the solutions. It is a place for the applications providers to present and sell their applications and it is a place for small and medium enterprises to have the chance to browse the catalogue of solutions offered on the market with the overview of the price possibilities on the market.

4.2. German Businesscloud

4.2.1. About German Businesscloud

The German Businesscloud aroused as an initiative of the association Cloud Ecosystem e. V. which is an association of the German cloud market. The goal of Cloud Ecosystem e. V. is to provide different quality certificates which provide companies with a valuable decision-making base in the selection of suitable cloud solutions.

Cloud Ecosystem e. V. was established in 2010 and since then it has been supporting the SaaS and Cloud businesses in the German-speaking countries by providing support to all companies through the cloud value chain. The main activities of the Cloud Ecosystem e. V. are

the issue of certifications “Trust in cloud”, the provision of the expert knowledge and also a systematic networking among the members and partners.

Cloud Ecosystem aims primarily at medium-sized companies that want to use IT services in a cost-effective, flexible and secure manner in the cloud. Cloud Ecosystem offers competent advice and practical support, which is especially important for medium-sized businesses.

The idea of the establishment of the *German Businesscloud* was announced on 23 January 2014. German Businesscloud was called to be a central catalogue of cloud solutions for the business sector led by the Cloud Ecosystem (Cloud Ecosystem 2014).

“German Businesscloud provides more transparency in the cloud jungle and offers companies comprehensive guidance in the search for cloud-based business solutions” (Türling 2014). All business applications of the German Businesscloud portfolio are quality-tested by the Cloud Ecosystem and can be used immediately as an "on-demand" solution without further system adjustments via the browser and mobile apps (Basaas 2017).

Today, German Businesscloud cooperates also with the company Basaas GmbH, based in Berlin. *Basaas GmbH* was also founded as a company within the Cloud Ecosystems which enables companies to easily and comfortably use any number of cloud services from a variety of providers, similar to the Apple App Store or Google's Play Store which offer applications for consumers. Basaas simplifies the selection, purchasing and management of cloud services – from individual users with their various devices to the large company with numerous locations (Basaas 2017).

“Whereas the Cloud Ecosystem e. V. represents the overall roof over the single initiatives. German Business Cloud represents the catalogue of the solutions offered and Basaas represents the platform (the technology) where the solutions are located and it is a marketing and sales channel” (Expert 1).

4.2.2. Current situation

Currently, there are 74 members of the Cloud Ecosystem (e.g. T-Systems, Huawei, Sage, StoneOne, xITee etc.) and 116 German Businesscloud providers (e.g. Office 365, Sage, Wice CRM, Yammer, etc.). Moreover, there were 48 “Trust in cloud” certificates issued.

The software products offered by the providers are categorized in 17 product categories (e.g. Office & Productivity, Cloud storage & Data management, Data security, e-commerce & Content, Logistic & Stock, ...), based on their target groups (size of the company and business

sector), and based on the location where are the data stored and which certificate the companies were certified with.

German Businesscloud started their cooperation with Basaas in 2016. Thanks to the platform of Basaas, the members of the German Businesscloud have the chance to target more customers via the Basaas multichannel program.

4.2.3. Marketing tactics

4.2.3.1. Product

The product offered by the German Businesscloud is the marketplace of software as a service (SaaS) applications (subsequently called also cloud solutions).

4.2.3.2. Price

Cloud Ecosystem

The members of the Cloud Ecosystem pay membership fee based on the size of the company (Cloud Ecosystem 2017b) (See the table 16 in the attachments.).

German Businesscloud

There is no need to be a partner of the Cloud Ecosystem to become a member of the German Businesscloud. However, being a partner of the Cloud Ecosystem brings benefits. While the German Businesscloud profile is free for members of the Cloud Ecosystem, non-members pay a monthly cost of € 50 per solution a month to contribute to the ongoing care and promotion of the catalogue. The membership fee is paid monthly and when the whole year membership is paid at once, only 10 months are charged. Moreover, when registering another solution to the catalogue, each solution is registered for € 25 a month.

Basaas

The multichannel program of Basaas for providers of cloud solutions is offered under following conditions. The listing of the solution is free of charge. When a customer decides to buy the solution, then the provider needs to pay registration fee of € 100 + turnover provision of 25 %. And lastly a Basaas Special is offered which is a promotional offer which offers extra marketing program at the cost of 10 % of the price of the solution (Cloud Ecosystem 2017c).

4.2.3.3. Placement

The SaaS applications of the providers are located on the website of Basaas.com. Basaas is a cloud commerce platform which enables the companies to easily use the cloud services stored and presented here. The abbreviation Basaas stands for Business App Store as a Service. Basaas comes with a multichannel program which offers a customer access via different channels, a cloud commerce platform (a marketplace) and cloud IT-management tools for SMEs (Cloud Ecosystem 2017c). The partner marketplaces that the German Businesscloud cooperates with are e.g. Wer liefert was und Mercateo (Expert 1).

4.2.3.4. Promotion

Strong branding

German Businesscloud uses a slogan “*Cloud sei Dank*” – *Thanks to Cloud* in their campaign to emphasize the benefits of German Businesscloud and cloud computing in general.

Image 9 Branding of the German Businesscloud



Thanks to the cloud we now reduce the IT costs and not the productivity.



Thanks to the cloud brings the cooperation now more fun.



Thanks to the cloud we now continuously invest in new employees instead of in new IT.

Source: (Türling 2016).

Regular Webinars

Webinars (web seminars) take place regularly once a week. The topics cover the benefits of the German Businesscloud, the conditions, the news in the field of cloud computing etc.

Magazines

Cloudmagazin.com is a magazine operated by the German Businesscloud which was created mainly for branding, and lead campaigns. It enables optimized targeting of the required target groups of business and IT managers thanks to content seeding.

The magazine has over 100 million online users, 22.953 readers who spend in average 1:54 minutes on the Website, CTR (Click-through-rate) of 3 %, >5.000 qualified readers and >500 qualified leads (Cloudmagazin 2017).

Moreover, other magazines and well-established publishers are used to publish use cases of the German Businesscloud (Expert 1).

Events

German Businesscloud in cooperation with Cloud Ecosystem e.V. organize regular events for their members, partners and specialists from the IT field and especially specialists from the cloud computing field. The events are connected to networking of the participants and to the share of knowledge in the field of the cloud computing. *Seasonal Summits* are organized throughout the year at different locations in Germany.

Apart from the regular summits, German Business Cloud attends Cebit. *Cebit* is the largest and most internationally recognized IT trade fair in the world. It is organized since 1970 in Hannover, Germany. German Businesscloud has its stand there since 2016 and therefore

enables the members and partners to be part of the trade fair without the need to pay for their own stand.

Events are currently the most important marketing tool used (Expert 1).

Online marketing

At the moment, online marketing is not the crucial marketing tool used. However, its use is planned in the future (Expert 1).

4.2.4. Evaluation

Evaluation of the activities operated by the German Businesscloud is done based on the lessons learned from the literature, the sources provided by the German Businesscloud (presentations and information on the websites) and an expert interview with Dr. Mathias Petri – Expert 1, a representative of the initiative. The interview is to be seen in the attachments.

The cooperation with partners is very important for the placement and also for the promotion of the marketplace. Strong players on the market should be found and their current customer base used.

The pricing of the German Businesscloud is rather complicated as there are many players working together (German Businesscloud, Basaas, Cloud Ecosystem). It would be much easier when one pricing model is set and used together by all the players.

It is clear, that the marketing activities used in the German Businesscloud are focused mainly on personal contact, partners, the use of networking and events. Based on the interview with the Expert 1, it was found out, that offensive public relations and personal meetings are crucial. Meeting the potential partners in person at personal meeting or events is very important for the marketplace marketing (Expert 1). For advertising, the cloud topic related magazines are used.

After the start, when there are already some members on the platform, the online marketing campaigns can start (Expert 1). According to the Expert 1, extensive online activities should not be used at the very start.

4.3. Czech Business Cloud

The Czech Business Cloud is a newly established SaaS marketplace on the Czech market. The Czech Business Cloud is the initiative of the IT company xITee k.s. xITee k.s. is an IT service provider based in Prague, the Czech Republic, providing IT consultancy and solutions to clients from financial industry, insurance sector and software companies from all over Europe (xITee 2017). xITee k.s. is the company that is shielding the Czech Business Cloud from the legal perspective.

The marketing plan of the Czech Business Cloud is written based on the lessons learned from the literature review in the previous chapters, the evaluation of the marketing plan used by the partner initiative – the German Businesscloud – and expert interviews conducted with the experts from the industry.

The marketing plan of the Czech Business Cloud is described in a separate chapter (see chapter 5) following the structure of the marketing plans that was described in the literature review.

5. Marketing plan of the Czech Business Cloud

5.1. Executive summary

This plan describes the development and the introduction of the Czech Business Cloud on the Czech market. Czech Business Cloud is an initiative of the company xITee k.s. with the mission to create a marketplace of business SaaS applications that will give an overview of the SaaS possibilities on the market and provide the comparison among the solutions.

The Czech cloud market is very prosperous as the cloud and software spending continues to grow. Moreover, the SME market represents a big prospect as it is still untapped and their interest in software spending is rising. This provides the Czech Business Cloud with an extraordinary opportunity for the market growth.

The marketing strategy for the Czech Business Cloud is complex as the marketplace concerns not only one main target group, however, there are three main target groups to target. Firstly, the members of the German Businesscloud are targeted with the goal to expand the business to new markets. The attractiveness of the Czech market is promoted to engage the SMEs. Next, there are the SaaS providers on the Czech market who are targeted with the goal to provide a place for promotion and sale of their applications on the Czech market and moreover, in the second step to be offered to expand their business to the German market. Lastly, there is the target group of the small and medium enterprises who search for a suitable business SaaS solution for their business. The goal is, that the SMEs perceive the Czech Business Cloud as the Amazon for the SaaS applications on the Czech market.

For each of the target group, a different marketing mix is used. The different marketing strategies are described separately, however, they are all run in parallel.

5.2. Situation analysis

5.2.1. Market trends and needs

The topic of the Czech cloud market was already covered in the chapter 3.2.3, where the characteristics of the Czech cloud market were defined. However, the marketing plan needs to have its own survey as well, so further market characteristics are added here.

The main strengths of the Czech market are relatively high incomes and strong domestic institutions that make the Czech market a very lucrative market. Moreover, the technology adoption rate grows rapidly, including cloud computing and enterprise applications (Business

Monitor International 2017). Another strong factor is very well skilled engineers and developers together with a strong ecosystem of local firms, mainly focused on software development and very well connected with local technological universities (Business Monitor International 2017).

A large opportunity for the Czech market is the cloud computing demand. Mainly the fact, that the Czech Republic can possibly become a regional hub for cloud computing services thanks to the growing European regulations or data security. On the other hand, the Czech IT market spending still lags behind the European average (Business Monitor International 2017).

Based on the predictions of the BMI, the Czech cloud market as well as the software spending of the Czech inhabitants (companies) will continue its growth in the upcoming years.

According to BMI “the small- and medium-sized enterprise (SME) market, as is to be expected, has a lower penetration of IT products and solutions. We believe the SME opportunity will expand over the medium term as a wider array of cloud services becomes available. We believe cloud service pricing models are a good match for SMEs, whereas on-premises deployments of hardware systems and enterprise software are expensive with large upfront costs, and generally offer more complexity than that required by SMEs.” (Business Monitor International 2017).

Garner predicts that SaaS is expected to grow 20.1 percent to reach \$46.3 billion in 2017 (Stamford 2017). And through 2020, IDC projects spending on cloud services in CEE to expand up to 23.7% annually. That means total public and private cloud services expenses will reach \$2.5 billion in 2020 (IDC 2017).

Moreover, according to Gartner, “midmarket and small enterprises are even further along the adoption curve. By 2019, more than 30 percent of the 100 largest vendors' new software investments will have shifted from cloud-first to cloud-only.” (Stamford 2017).

From the vendor perspective, cloud services remain the most competitive and diverse IT sectors in CEE. In the future, global and local providers together with new players and traditional IT companies will all fight to get the share on the cloud market. International players will, of course, have advantages and will overcome the local vendors. However, except IaaS. Because according to IDC, the CEE end-user companies prefer the local IaaS providers with a nearby physical location with the support in the local language (Lis-Jezak 2017).

The use of the e-marketplace as a channel to promote and sell the SaaS applications can, therefore, be a significant help for the local SaaS vendors as their applications will gain a broader audience and that can help them to beat the international competitors.

5.2.2. Competition

Based on the own survey that was conducted, there is no direct competition on the market. What can be considered as a competition but on the other hand also as a potential partner are the Czech marketplaces (e.g. AT Computers, Alza, CZC), who are the leading electronic marketplaces on the Czech market (IDG Czech Republic 2015). Even though these companies sell software, they do not offer SaaS solutions for business.

They can be considered as potential partners mainly thanks to the fact that when cooperating, on one hand, the current customers of the e-marketplaces can be used. And on the other hand, the SaaS providers placed on the Czech Business Cloud can be placed on the e-marketplace and from that can profit all the sides (e-marketplaces, Czech Business Cloud and the SaaS providers).

AT Computers is the biggest Czech distributor of hardware and software. They offer their own marketplace called the ATC Market. ATC market offers products of various categories (e.g. notebooks, desktop computers, computers accessories, consumer electronics, and software). From the software category they offer operation systems, office software, servers, security software, graphical software, language tutoring software, virtualization, backup software, and team tutoring. Moreover, they offer the SaaS software as well. It is in the category subscription, where also Microsoft Office program, CSP Azure, CSP Dynamics and CSP Secure productive Enterprise are located (AT Computers 2017). AT Computers are considered to be rather a potential partner than a competitor.

Alza.cz offers products from a broad variety of categories. The software offered by Alza is limited to antivirus programmes, office software, operation systems, graphics, video, navigation, tutor programmes, backup software and burning software (Alza 2017). Their specification is therefore focused more on the consumers rather than businesses. When evaluating the company relation to the Czech Business Cloud, Alza is considered to be rather a potential partner company.

CZC is an internet shop with electronics, offering computers, phones, computer accessories and software. Software categories offered are security software, video editing, graphical software, office software, navigation systems, operation systems and burning software. CZC does not offer special SaaS solutions for businesses. The only SaaS solutions offered are products of Microsoft Office 365 (CZC 2017). Same as in previous examples, CZC is also considered to be rather a potential partner than a competitor.

System Online is a technical portal providing information on developments in the information and communication technology market. Also, it provides a list of providers of IT systems on the Czech market. It is not a marketplace of the applications. As it provides only an overview and links to their websites. Not all the companies listed on the website are offering cloud solutions (System Online 2017a). System Online is a perfect channel for cooperation as the list of already gathered companies can be used.

5.2.3. SWOT

Table 7 SWOT analysis of the Czech Business Cloud

STRENGTHS	WEAKNESSES
General	General
<p>A partnership with the German Businesscloud – a broader portfolio of provider & target companies</p> <p>An overview of possibilities on the market (applications, providers, types of software, etc.)</p> <p>Operated by an IT service provider (xITee) – able to integrate SaaS applications, able to localize the application</p> <p>It is better than regular search engines</p>	<p>New on the market – no brand awareness so far</p>
Strengths for SaaS providers	Weaknesses for SaaS providers
<p>German SaaS providers:</p> <p>Knowledge of local legal requirements</p> <p>Local sales representatives</p> <p>Local marketing channels</p> <p>Localization of the applications</p> <p>Czech SaaS providers:</p> <p>The access to promote and sell the applications on the German market</p>	<p>At the beginning, before the brand awareness is created, there is a small audience (businesses to approach)</p> <p>The time lag – a certain amount of SaaS providers is necessary to get on the marketplace before the marketplace starts bringing the benefits</p>
Strengths for SMEs	Weaknesses for SMEs
<p>One invoice with all the applications in</p>	

Savings by bulk purchases

Integration of applications of various providers

At the beginning, before the brand awareness is created, there is a small number of providers on the marketplace – there is a little choice of providers to choose from

OPPORTUNITIES
General
No competition – untapped market
The need of the applications marketplace on the Czech market – no clear overview of applications existing on the market
High demand for SaaS solutions
Knowledge of the mother IT company to combine SaaS applications with on-premise applications
Opportunities for SaaS providers
A channel for the sale of the applications
Local sales and marketing
Opportunities for SMEs
Comparison of the applications offered on the market

THREATS
General
Dependent on the number of providers that join the marketplace
The idea will not be strong enough to persuade the SaaS providers to join the marketplace
A lack of channels to be used for marketing on the Czech market
Challenging B2B marketing
Treats for SaaS providers
Comparison with other solutions on the market may cause a threat in case the other solution is better or cheaper
Treats for SMEs
Could reach lower price if they contact providers directly

Source: author, Expert 2.

5.3. Overall marketing strategy

5.3.1. Overall mission

The mission of the Czech Business Cloud is to create a marketplace of business SaaS applications that will give an overview of the SaaS possibilities on the market and provide the comparison among the solutions. The goal is to gather the best SaaS solutions providers at one place and to provide them a new marketing channel for their applications. And on the other hand, to offer a place for businesses to have a place with a clear overview of the possibilities of the SaaS market.

According to the Expert 2, the mission of the Czech Business Cloud is “to become the Amazon for SaaS applications” (Expert 2). “We want to become the first website that the companies type when searching for SaaS solutions in the Czech Republic” (Expert 2).

5.3.2. Overall marketing objectives

Marketing objectives for the establishment of the Czech Business Cloud are firstly, to establish the company on the Czech market and to create the brand awareness of the Czech Business Cloud brand on the market as “the creation of a trustful brand is very important” (Expert 2).

Secondly, the goal towards the German Businesscloud members is to attract the members of the German Businesscloud to expand to the Czech Republic (Expert 2). The goal towards the Czech SaaS providers is to attract the Czech SaaS providers to promote their solutions in the Czech Republic and to offer them the possibility to expand their activities to the German market (Expert 2). And the goal towards the SMEs is “to become the Amazon for SaaS solutions with the competency to understand the whole application landscape.” That will be achieved “mainly thanks to the competence of the mother IT company xITee k.s. that will enable the integration of the old on-premise solutions and new systems (SaaS solutions)” (Expert 2).

“Overall it is important to create a marketing strategy that works internationally, explicitly between the Czech and German market” (Expert 2).

The main goals for the first two months of existence are:

- To gain 10 providers from the German Businesscloud to the Czech Business Cloud, to gain 10 Czech SaaS providers to the Czech Business Cloud and to gain first 10 businesses to buy the solutions in 2 months after the start.

5.3.3. Segmentation

In the segmentation process, the target groups are selected. As the Czech Business Cloud is a marketplace, it brings together two main groups of customers. Firstly, there are the providers of SaaS solutions that search for the channel to promote their solutions. On the other hand, there are the final customers (mainly small and medium enterprises) who search for a place, where they can find the overview of the SaaS applications available on the market together with the comparison of their possibilities and prices.

The target groups of the Czech Business Cloud are to be seen in the table 8.

Table 8 Target groups

Target groups	Who is targeted
Target group 1	Members of the German Businesscloud
Target group 2	Czech SaaS providers
Target group 3	Czech SMEs

Source: author.

Single target groups represent different segments that the Czech Business Cloud will target and they are described below in the text. For each segment, a different marketing strategy needs to be used as the segments differ from each other and each segment needs to be targeted by different marketing tools. Therefore, a not differentiated marketing cannot apply and the target marketing must be used. As each segment will be targeted with a different marketing mix a differentiated strategy will be used.

These strategies will be described separately, however, they are run in parallel.

5.4. Marketing strategy of the German SaaS providers

5.4.1. Mission – German SaaS providers

The mission of the company is an overall mission that applies to all target groups.

5.4.2. Marketing objectives – German SaaS providers

The objective is to attract the members of the German Businesscloud to become active in the Czech Republic and to gain 10 providers from the German Businesscloud to the Czech Business Cloud.

5.4.3. Segmentation – German SaaS providers

The German Businesscloud is an already established initiative that exists on the German market for some years. That have brought many providers of SaaS applications to the catalogue of applications that differ by the type of the application, the industry, the language used, the size of the company, the price etc.

The list of the applications offered by the German Businesscloud is to be seen in the table 17 in the attachments. The list was created after the analysis of the German Businesscloud website together with the analysis of the websites of the providers.

This group was chosen with the hypothesis that the members of the German Businesscloud will be interested in the expansion of their marketing and sales activities to other markets than just Germany. As the companies were already interested in presenting their solutions via the German Businesscloud marketplace, the possibility to use the services of the Czech Business Cloud marketplace to get to another market is very high.

5.4.4. Target markets – German SaaS providers

Firstly, the list of members of the German Businesscloud was consulted with the Expert 1. Together it was decided which companies will be targeted as the first ones and 18 members of the German Businesscloud members were selected (see table 9). Companies with the highest probability to be interested in the cooperation were chosen. The criteria were mainly the suitability of the companies for the Czech market, the relationship among the companies, the German Businesscloud and Expert 1. It is important that the companies have a close relationship to the Czech market and that they offer solutions that are attractive for the Czech users (Expert 1).

Table 9 Selected members of the German Businesscloud to target as the first ones

Company	Licence	Average price EUR
CAS PIA	user/month	5
Circuit	user/month	7
Concur travel	N/A	N/A
Exact	user/month	134
Forcont	N/A	N/A
HornetDrive	user/month	11
Lexoffice	user/month	11
Log My time	user/month	7
Meistertask	user/month	8.5
MindMeister	user/month	8.5
NFON	user/month	12
Placetel	user/month	8.5
Sage	user/month	20
Scopevisio	user/month	70
SilverERP	N/A	N/A
Snazzy contact	user/month	8
Team Place	user/month	27.5
Wice CRM	user/month	20
Average price of all solutions		23.87

Source: author, Expert 1.

Next, the second list of companies to approach as the second ones within the target group 1 was defined. The criteria were the languages that the company uses. This was sorted out by the languages used on the website. The companies that already use Czech on their website were selected as the possibility that the company will be interested in presenting itself on the Czech market is very high. See in the table 18 in the attachments.

5.4.5. Positioning – German SaaS providers

The Czech Business Cloud positions itself as a Czech partner to increase the sales of the German SaaS providers. It enables them the expansion to the CEE region.

The logo of the Czech Business Cloud was created to represent the brand. The font used in the German Businesscloud logo was kept to associate the partnership of the two initiatives. And the colours fit to the Czech national colours and to the xITee colours. The Czech national colours are important to evoke the Czech market. The xITee colours are important as Czech Business Cloud is run on the legal basis of the company xITee k. s.

Image 10 Logo of the Czech Business Cloud



Source: (Czech Business Cloud).

5.4.6. Marketing tactics – German SaaS providers

5.4.6.1. Product

The product is the e-marketplace. The e-marketplace is run on the website www.czechbusinesscloud.com, which was created in the cooperation of the partner initiative the German Businesscloud together with the legal entity xITee k.s.

xITee k.s. is an IT service provider based in Prague, the Czech Republic, providing IT consultancy and solutions to clients from financial industry, insurance sector and software companies from all over Europe (xITee 2017). xITee k.s. is the company that is shielding the Czech Business Cloud from the legal perspective.

When dividing the product into levels based on Kotler and Keller, the Czech Business Cloud can be divided into following levels. The core product is the marketplace. The actual product is the sales and marketing channel that enables the SaaS providers to promote and sell their solutions and to increase their selling. And the augmented product is the whole service that is offered on top of the marketing and sales channel – it is the legal support, the knowledge of the market, the integration of the applications, the advice offered in selling the SaaS applications on the Czech market etc.

This thesis describes the launch of the Czech Business Cloud on the Czech market and therefore the product is in the product development stage and in the introduction stage. That means that a massive communication campaign is required and that the product needs a lot of investment.

5.4.6.2. Price

The pricing is set based on the combination of the pricing of the **German Businesscloud** and **Basaas**. German Business Cloud charges € 50 a month as the price for the first solution offered on the marketplace and € 25 a month for each other solution on the marketplace. Basaas offers the listing of the solution free of charge, then when a customer decides to buy the solution the provider needs to pay a registration fee of € 100 + a turnover provision of 25 %. Moreover, the Basaas Special is offered which is a promotional offer which offers extra marketing program at the cost of 10 % of the price of the solution (Cloud Ecosystem 2017c).

That means that the pricing of the Czech Business Cloud for the target group 1 – the Members of the German Businesscloud – is the combination of the two previous models:

- The listing of the solution is free of charge
- € 25 for registration of the solution
- 25 % of the turnover provision
- Extra charges for localization packages (price on demand)

The pricing model chosen is the commission model – Czech Business Cloud charges a flat fee for the registration of the solution (when someone buys it) and moreover 25 % of the turnover of the solution.

The price is set based on the competitor (in this case also partner) pricing – which means that a common price is used. Moreover, it is considered that in the launch of the product, it is

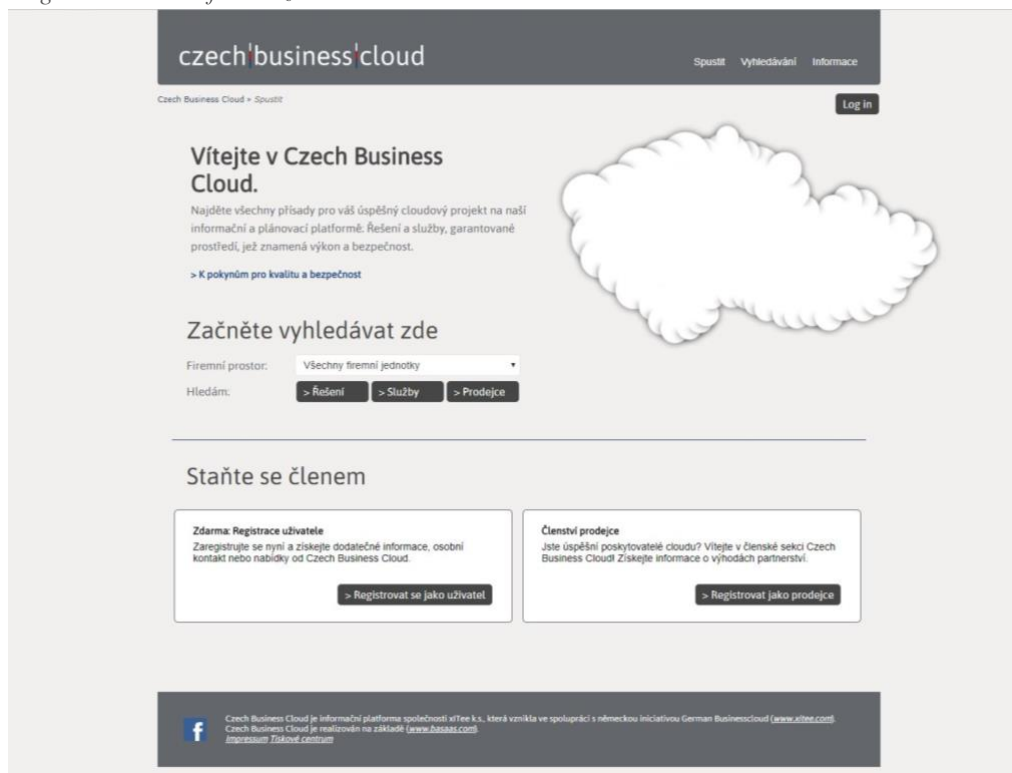
more important to gain the providers to the marketplace than to generate profit and therefore a promotional pricing is offered. It is planned to increase the price as the marketplace grows.

5.4.6.3. Placement

The placement of the Czech Business Cloud is the website – the e-marketplace. The website is run under the link www.czechbusinesscloud.com.

The website describes the company and the contact details but mainly serves as a catalogue of SaaS solutions.

Image 11 Website of the Czech Business Cloud



Source: (Czech Business Cloud).

5.4.6.4. Promotion

Advertising

The main media used in the advertising are newspapers and magazines. The emphasis is on industry specialized magazines that are focused on IT professionals and managers and business magazines.

The Cloudmagazin is an online magazine operated by the German Businesscloud. The target audience is mainly business and IT managers. Thanks to the clear focus on cloud computing, it is a perfect channel for the campaign.

Sales promotion

For the first members, that will create the basis of the marketplace, the price is to be negotiated. And therefore, a special pricing is offered.

Personal selling

As the cooperation of the members of the Czech Business Cloud is in the business to business level, personal contact with the representatives of the company is crucial. It is the main activity used in the communication plan which is only supported by the other channels (advertising, events, online marketing etc.).

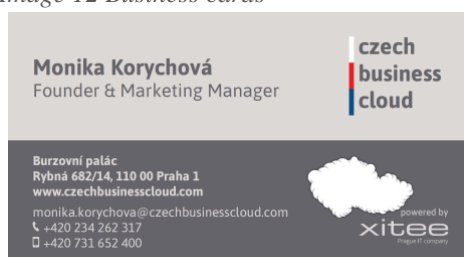
As supportive materials presentations, business cards and promotional gifts are used.

The presentation explains the most important benefits of the cooperation. There are two versions of the presentation – one is a teaser, that is sent per email and explains only the basic information of the cooperation. And the second one is a longer presentation explaining also the market potential, the marketing materials used to promote the solutions on the Czech market, the conditions of the cooperation, etc. The source for the presentation was the analysis which was conducted for the purpose of this thesis and expert interviews (Expert 1 and 2). The presentations are to be seen in the attachments.

Business cards were created by the company designer and their design corresponds to the website, the logo, the Czech national colours and the colours of the company xITee k.s.

As the promotional gifts, the luxury pens of the company Adler with a laser logo of the Czech Business Cloud were chosen.

Image 12 Business cards



Source: author.

Image 13 Pens



Source: author.

Public relations

Public relations activities are used in the form of participating in events (see event marketing).

Direct marketing

Direct e-mail to address the company representatives directly is used. The contacts of the representatives are provided by the representatives themselves at the conferences and trade fairs and moreover, the contacts of the Expert 1 are used.

Moreover, to increase the personal trust, phone calls and web sessions are organized (Expert 1). “When talking to the people directly, the possibility to gain their interest is higher” (Expert 2).

Event marketing

To gain the necessary contacts, meeting the company representatives in person is very important. “By personal contact, the possibility to close the business rises” (Expert 2).

German Businesscloud organizes regular summits to share the knowledge of the industry trends and to enable the networking of the members. On 20. 11. 2017 an IoT summit in Munich was organized. The summit was used to find the first contacts for addressing. Next event will be in February 2018 in Berlin, where already established Czech Business Cloud will be presented.

Online marketing

The Facebook website of the Czech Business Cloud was created. Its aim is not only to target the members of one of the target groups but to target all the targets group at once. Its purpose is to share the news from the cloud computing industry and to provide updates on the

activities of the Czech Business Cloud and its members. Facebook advertising is used to increase the reach and to gain more brand awareness.

Any company cannot exist without a proper website. The website of the Czech Business Cloud is, however, more than just a communication channel as it serves also as the placement channel (see above).

To find the company in the search engines, the SEO (search engine optimization) is used. The texts on the website are optimised so that they contain all necessary keywords, that the potential customer or partner can search for.

5.5. Marketing strategy of the Czech SaaS providers

5.5.1. Mission – Czech SaaS providers

The mission of the company is an overall mission that applies to all target groups.

5.5.2. Marketing objectives – Czech SaaS providers

To attract the Czech SaaS providers to become active in the Czech Republic and to offer them the possibility to expand their activities to the German market. Moreover, to gain 10 Czech SaaS providers to the Czech Business Cloud.

5.5.3. Segmentation – Czech SaaS providers

The Czech Business Cloud is mainly focused on the Czech market. That means that typical Czech SaaS providers are very important target group to aim at.

To find out which SaaS solutions providers are on the Czech market, an own survey was conducted. The SaaS companies of the Czech market were searched via the search engine Google with the key words: “SaaS aplikace”, “Software as a Service aplikace”, “Software jako služba aplikace”, “Cloudové aplikace”, “Cloud aplikace”, “cloud řešení” a “cloudová řešení”. The single results were later analysed and sorted because not all results were relevant.

Another source to search for Czech SaaS applications was a website www.systemonline.cz. System online is a technical portal providing information on developments in the information and communication technology market. Also, it provides a list of providers of IT systems (System Online 2017a). All the companies listed were analysed and companies using the cloud solutions selected.

Next source was a magazine CIO Business World. It is a magazine on new technologies and effective business IT management. CIO Business World brings the latest economic trends and analyses, practical business IT information with a focus on the business and business benefits of information technology (CIO 2017). The website of the magazine and the electronical versions of the magazine from years 2015 – 2017 were analysed and companies offering SaaS solutions sorted.

Based on the sources stated above a list of SaaS providers on the Czech market was created. These are the first companies that the Czech Business Cloud will target.

The list of companies is to be seen in the attachments (the table 19). In the table, there are 114 companies that are sorted by the company name. Together with the name, the address of the company, the language of the application or the website and the type of the application offered are stated.

5.5.4. Target markets – Czech SaaS providers

As was already mentioned in the previous text, there is a table of the selected companies in the attachments. The table consists of 114 companies that are sorted by the name, the address and the language that they use on the website or the language in which the application is offered.

Mainly, the focus is on the companies that offer the applications in German. These companies are to be seen in the table below. This brings them a competitive advantage as the applications may be offered not only on the Czech market but also on the partner's German market. Moreover, companies that have references on their websites saying that the application offered on the website was used by the German company, are also listed here (see table 10). These companies (see table 10) will be targeted as the first ones, followed by the companies that offer the software in English. The companies that offer application in Czech only, are targeted as the last ones as their target audience is the smallest (only the companies from the Czech market).

Table 10 Czech SaaS providers with German

Name	Licence	CZK	EUR	CZ	EN	DE	References	SaaS Service
ABRA	user/ month	600	23.07	Y	Y	Y	CZ, EN	ERP
Aimtec	N/A	N/A	N/A	Y	Y	Y	CZ, DE	WMS
Autodesk	N/A	26.67	1.03	Y	Y	Y	many countries	documents
Benchcom	N/A	N/A	N/A	Y	Y	Y	CZ, DE	ERP
BMD Business Software	N/A	N/A	N/A	Y	Y	Y	CZ, DE	CRM, HR, Finance
BMD COMMERCE	N/A	N/A	N/A	Y	Y	Y	no	ERP, CMR
Comarch	N/A	N/A	N/A	N	Y	Y	DE	ERP, EDI, E-commerce, invoice, office
Easy Project	5 user/ month	990	38.08	Y	Y	N	CZ, DE	ERP
ESO9	N/A	N/A	N/A	Y	Y	Y	CZ	ERP
eXite	N/A	N/A	N/A	Y	Y	Y	CZ, DE	EDI
IFS	N/A	N/A	N/A	Y	Y	Y	many countries	ERP, EAM
Infor	N/A	N/A	N/A	N	Y	Y	many countries	HCM, CRM, EAM
MAXfocus Remote Management /Bpcom	N/A	N/A	N/A	N	Y	Y	EN	RMM (Remote Monitoring & Management)
Ortex	user/ month	1400	53.85	Y	Y	Y	CZ	ERP
S&T	N/A	N/A	N/A	Y	Y	Y	CZ, DE, SK	Production Planning and Control
Smart Share	N/A	N/A	N/A	Y	Y	Y	CZ	documents
Survio	SMEs	1299	49.96	Y	Y	Y	many countries	survey
Unick One /HeliosOne/ Asseco Solutions	SMEs	299	11.5	Y	Y	Y	CZ	Accounting
Average Price			29.58					

Source: author based on own survey.

Another channel to gain contacts to the representatives of the companies are the IT associations and chambers of commerce in the Czech Republic. These institutions have many members that can be potential partners of the Czech Business Cloud. The member basis of the associations is used to direct contact, where personal selling or direct marketing is used. Or the websites and activities of the associations are used for advertising.

Table 11 IT Associations in the Czech Republic

Name	Tasks
Cacio	<ul style="list-style-type: none"> • Gathers IT managers representing top Czech IT companies • Events and conferences • A competition “IT project of the year” • Magazines
Czech ICT Alliance	<ul style="list-style-type: none"> • The official export alliance of Czech Trade agency • Over 100 members • The goal: to build a strong brand of Czech ICT services + to help the Czech ICT providers to connect with potential customers • Workshops and events
ICT Unie	<ul style="list-style-type: none"> • A professional association of companies active in the field of information technology and electronic communication, as well as other areas such as business and education • The goal: support and protection of the fair and open market of information technology and electronic communication in the Czech Republic • Project 202020 – an initiative of eGovernment cloud to be implemented in CZ till 2022
Asociace.biz	<ul style="list-style-type: none"> • An association of major companies supplying the Internet solutions with measurable benefits • Vision of the Association: to be the most important association of Internet Solutions Providers in the Czech Republic, focusing on the business benefits of their products and services to clients. • Internet Effectiveness Awards • Conferences
Asociace komunikačních technologií	<ul style="list-style-type: none"> • Association of companies having interests in IT • Activities: advisory, representing of common goals, support of the members

Source: (Cacio 2017; Asociace informačních technologií a telekomunikací 2017; Asociace.biz 2017; Czech ICT Alliance 2017; ICT Unie 2017).

5.5.5. Positioning – Czech SaaS providers

The Czech Business Cloud brand is presented to be a partner of the initiative German Businesscloud. And the partnership brings a competitive advantage. The German quality mark represents the stereotype of Germans being focused on quality, innovations and security. The hypothesis is that this fact will be appealing to the Czech companies and their interest in the cooperation will grow (Expert 2).

The logo of the Czech Business Cloud shows the image 12 above in the text.

5.5.6. Marketing tactics – Czech SaaS providers

5.5.6.1. *Product*

The product offered is the same as for the previous target group – it is the e-marketplace.

5.5.6.2. *Price*

The same pricing strategy as for the German Businesscloud members is used. Moreover, a premium pricing for the first members to create a base of providers and to have an argument to target new providers and customers is offered.

The pricing objective when launching the initiative is to gain the first members to the marketplace, therefore the price is set low. The price can be increased when the basis of the marketplace grows and when also more expenses are needed to execute the marketing campaigns (Expert 2).

5.5.6.3. *Place*

The placement is the same as for the previous target group – it is the website, where the SaaS solutions are listed in a catalogue.

Moreover, the cooperation with a portal System Online is planned. The portal provides a list of providers of IT systems on the Czech market and these contacts gathered can serve as the basis for further contacts of the Czech SaaS providers.

5.5.6.4. *Promotion*

Advertising

The main media used in advertising are newspapers and magazines. The emphasis is on industry specialized magazines that are focused on IT professionals and managers and business magazines.

Table 12 Industry magazines

	Media	Price per page	Reach
IT Magazines	IT Systems	54 000 CZK	47 000
	Computer World	98 000 CZK	47 000
	Computer	99 000 CZK	75 000
	Technika a trh	27 000 – 54 000 CZK	xxx
	Chip	xxx	66 000
	Počítač pro každého	xxx	37 400
	Extra PC	xxx	39 000
Business magazines	Hospodářské noviny/Podnikání	179 000 CZK	150 000
	Lidové noviny/Ekonomika+	300 000 CZK	200 000
	E15	215 000 CZK	66 000
	CIO Business World	85 000 CZK	41 000
	BusinessIT	8 800 CZK	10 000
	On Business	6 400 CZK	7 000

Source: (System Online 2017b; CN Invest 2017; Technika a trh 2017; Chip 2017; BurdaInternational 2014; Extra Publishing 2013; ekonomia 2017; Lidovky.cz 2017; CIO 2017; CN Invest 2017; IDG Czech Republic 2017a; email Business IT).

TV, radio and out-of-home advertising do not target the audience of the Czech Business Cloud and therefore are not used.

Sales promotion

For the first members of the Czech Business Cloud, the premium pricing is offered. The aim is to get a base of the first customers to have an argument to attract more customers and providers.

Personal selling

Personal selling is the most important channel for the Czech Business Cloud. The personal contact with the representatives of the companies is essential. To explain all the important benefits of future cooperation, presentations were prepared (see in the attachments).

Moreover, a crucial part of each business contact is the business cards that are created in the corporate design and are to be seen in the previous chapter. And promotional gifts – pens with the Czech Business Cloud logo.

Public relations

Public relations activities are used in the form of participating in events (see event marketing).

Direct marketing

Direct marketing is used to contact the company representatives directly via an e-mail or a telephone. The e-mail is used for the first contact with the representatives. As an attachment, a short teaser presentation is added to explain the benefits of the cooperation (see in attachments).

To deepen the relationship between potential partners – a telephone contact is used. On the phone, more details can be explained and questions asked and answered.

Event marketing

Event marketing is a very important part of the communication campaign. It is an ideal place for networking, finding new potential customers and partners and for creating the brand awareness. There are several IT specialised events to attend every year in the Czech Republic (see below the events in 2017).

Table 13 Conferences and trade fairs in the Czech Republic in 2017

Name	Industry	Date	Place
For Info Sys	Industrial IT	9. – 12. 5. 2017	Praha
Amper	IT, Cloud	21. – 24. 3. 2017	Brno
Cloud Computing	Cloud Computing	25. 4. 2017	Praha
Business IT	Cloud Computing	23. 03. 20 17	Praha
TechEd	IT conference	6. – 7.2. 2017	Brno

Source: (For Industry 2017; Amper 2017; IDG Czech Republic 2017b; BusinessIT 2016; TechEd 2017).

Sponsorship

xITee k. s. as the company supporting the initiative of the Czech Business Cloud supports also several charity projects (e.g. Nadání a dovednosti, Act for others etc.) (xITee 2017). The link of the mother company to its daughter initiative can be used also for promoting the logo of the Czech Business Cloud.

Online marketing

The main online channel is the website. It is optimized to be easily searchable in the search engines. Moreover, Google Adwords and Sklik campaigns are used to increase the reach of the website. On the social media sites, mainly Facebook advertising is used to increase brand awareness.

5.6. Marketing strategy of the SMEs

5.6.1. Mission – SMEs

The mission of the company is an overall mission that applies to all target groups.

5.6.2. Objectives – SMEs

To become the Amazon for business SaaS applications on the Czech market. And to gain the first 10 businesses to buy the solutions in 2 months after the start.

5.6.3. Segmentation – SMEs

Small and medium enterprises (SMEs) represent 99 % of all businesses in the EU. The European Commission defines SMEs based on the headcount (number of employees) and either turnover or balance sheet total (European Commission 2017).

Table 14 SME definition according to European Commission

Company category	Staff headcount	Turnover	Balance Sheet total
Medium-sized	< 250	≤ 50 m EUR	≤ 43 m EUR
Small	< 50	≤ 10 m EUR	≤ 10 m EUR
Micro	< 10	≤ 2 m EUR	≤ 2 m EUR

Source: (European Commission 2017).

The number of the SMEs on the Czech market is calculated each year by the Czech Statistical Office (Český statistický úřad).

Table 15 Number of SMEs in the Czech Republic

Number of employees	2016
Total	1 439 747
0 - 9	1 097 859
10 - 49	42 895
50 - 249	11 067
250 - 499	1 278
500 - 999	628
1000 and more	394
not specified	275 559

Source: (Český statistický úřad 2017).

Based on the table above, the potential number of SMEs to target is above 1,1 million enterprises – and that brings a huge potential for the target audience of the Czech Business Cloud.

According to CIO, the providers of cloud solutions still more and more realize the importance of small and medium enterprises as the target audience of their activities. These companies usually have limited budgets for IT solutions and do not have their own IT departments which can handle complex on premise software (Lacko 2016).

Large enterprises usually have their own IT departments and need special IT solutions on demand. Therefore, they usually use extend on-premise solutions. On the other hand, SaaS applications with their benefits are perfect IT solutions for SMEs.

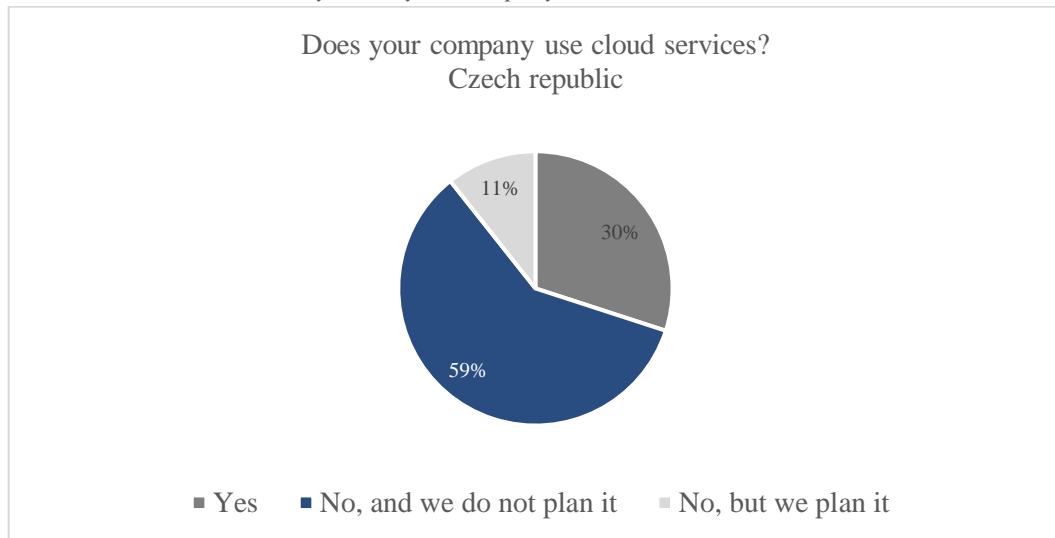
In the chapter 3.2.3, the statistics from Eurostat are introduced. The statistics say that 18 % of Czech companies with over 10 employees use at least one cloud solution, which is 4 percentage points less than the European average of 22 %. However, the potential of SaaS solutions is still growing (Business Monitor International 2017).

The Czech companies with over 10 employees use mainly e-mail services as SaaS solution (76 % of them, whereas the European average is 65 %), 40 % of them buy office software as SaaS solution (compared to 41 % of the European average). Hosting is used by 31 % of Czech companies (European average is 44 %). Storage of files is used in 49 % of Czech companies, which is less than European average of 62 % (Eurostat 2017).

According to a bachelor thesis written by Kondáčová, a survey among Czech companies was conducted to find out how many Czech companies use cloud solutions or intend to buy it in the future.

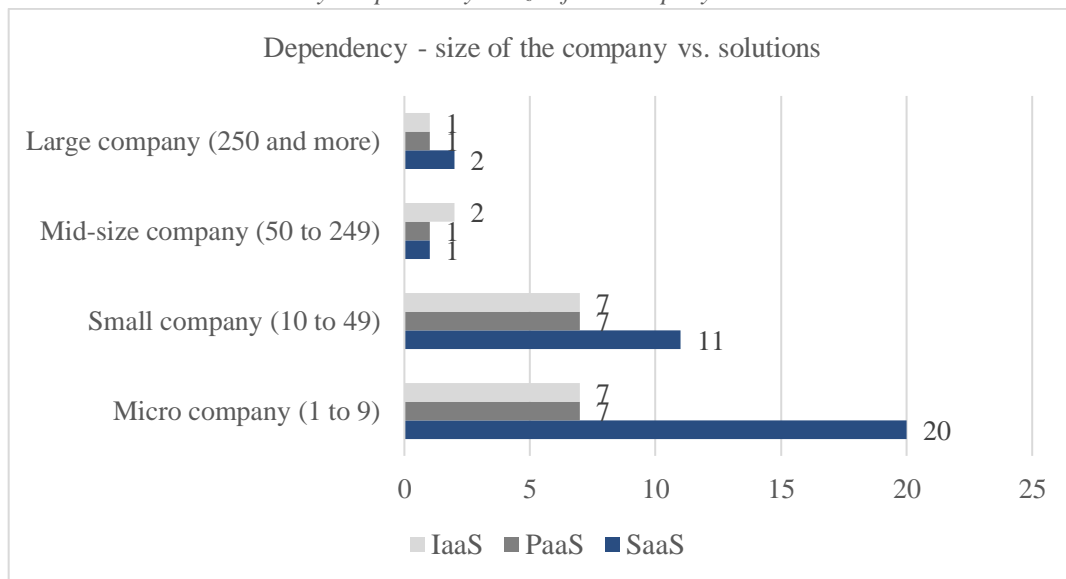
In the survey, answers from 150 respondents were collected.

Chart 4 Bachelor thesis survey: Does your company use cloud services?



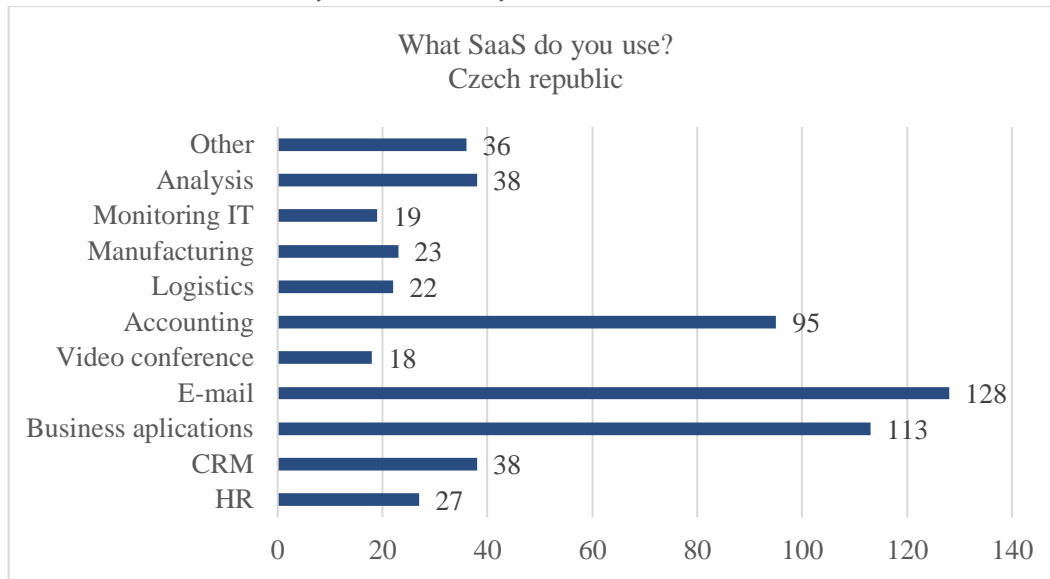
Source: (Kondáčová 2015).

Chart 5 Bachelor thesis survey: Dependency – size of the company vs. solutions



Source: (Kondáčová 2015).

Chart 6 Bachelor thesis survey: What SaaS do you use?



Source: (Kondáčová 2015).

The survey conducted by Kondáčová and the literature review clearly say that the potential of the SME market is very high. And that at the customer side, the SME market is the most suitable target market for the SaaS marketplace. Therefore, Czech SMEs will be targeted as the target group 3.

Within this group, further segmentation of the SMEs can be conducted (e.g. different industries, different company structures, geographical segmentation can be done etc.). However, for the purpose of this thesis, this will not be done as it exceeds the main objective of the thesis.

5.6.4. Target markets – SMEs

SMEs are very different compared to the previous two target groups. The marketing strategy of how to target them is more complicated as in this case not only the marketplace matters but the applications that are placed on the marketplace are even more important.

In the end, not the marketplace is promoted, however, the applications placed on the marketplace are the main products that need to be sold. Therefore, the marketing mix offered to the SMEs is defined by the SaaS applications providers, not the marketplace.

5.6.5. Positioning – SMEs

The positioning of the marketplace is that the Czech Business Cloud wants to be perceived as the Amazon for business SaaS applications. However, the positioning of the single applications varies from provider to provider.

5.6.6. Marketing tactics – SMEs

5.6.6.1. *Product*

The final product that is offered to the SMEs is the application offered by the SaaS providers – not the marketplace. The product therefore cannot be influenced by the marketplace but only by the SaaS providers.

The marketplace is offered as a place to provide the overview of applications.

5.6.6.2. *Price*

The price of the applications offered on the marketplace is not set by the marketplace but by the SaaS providers. The marketplace does not charge any fees from the customers buying the solutions located on the marketplace.

5.6.6.3. *Place*

The applications are offered by the channels chosen by the SaaS providers. The Czech Business Cloud can be only one of them.

The cooperation with the Czech marketplaces is planned (e.g. AT Computers, Alza.cz, CZC, or Mall.cz). The audience of the already well-established marketplaces can be used to broaden the audience of the Czech Business Cloud and that can be beneficial for both parties. As was already mentioned in the text above, these marketplaces offer software and SaaS applications but only in a very limited range. Therefore, new products can extend their portfolio and bring new customers. For the Czech Business Cloud this can be beneficial as the well-established name of the partner marketplaces can help a new establishing company to create the brand awareness and to gain new providers and customers.

Moreover, Alza offers a program Hardware as a Service. In this program the companies have the chance to choose any laptop, mobile phone and other IT accessories and based on the monthly lease fee they get a full-service IT support and maintenance of the equipment (Alza 2017). Alza already has a database of customers to whom they offer these services. When

cooperating with the Czech Business Cloud they can offer an extra benefit of offering not only Hardware as a Service but also the business software can be offered as a service.

5.6.6.4. Promotion

The way, how the single applications are promoted is purely in the competence of the applications providers.

The Czech Business Cloud uses promotion to promote the marketplace as well. Its detailed description is not a part of the thesis. However, a short overview of marketplace activities towards the SMEs will be given as well.

Advertising

Also within this target group, mainly the advertising in newspapers and magazines is used. The target audience is mainly managers and business oriented people, therefore the magazines oriented on them are used (see table 12, part Business magazines).

Sales promotion

For bulk purchases, better pricing is offered.

Personal selling

As B2B marketing is used also within this target group, personal contact is crucial. Also here, presentations to target the SMEs are prepared (see in the attachments). Moreover, the business cards are used as well.

Event marketing

The cooperation with chambers of commerce is helping to find appropriate contacts. xITee k.s. is a member of the Czech-German Chamber of Commerce that organizes regular meetings for its members. These bring appropriate opportunities to gain contacts.

Moreover, the cloud and IT-oriented fairs are sometimes also attended by the company representatives that are looking for fitting solutions for their business (see table 13).

Online marketing

Again here, the main online channel is the website. Moreover, the social media sites are used, especially the Facebook advertising. In search engines, Google Adwords and Sklik campaigns generate desired awareness.

5.7. Financials

This thesis describes the development and the introduction of the Czech Business Cloud. During these phases, the costs are higher than incomes and therefore the marketplace does not generate profits. A strong communication campaign is needed to create the brand awareness which increases the costs invested in the product. The profit and loss statement calculating the costs and profits in the first two months of the existence is in the attachments as the table 20.

When forecasting the profits, the numbers are estimated based on the objectives set. It is expected to have 10 members of the German Businesscloud on the marketplace and to have 10 Czech SaaS providers on the marketplace. Moreover, it is expected that 10 SMEs buy 10 solutions. For the estimate, it is expected that 5 solutions from the German Businesscloud providers will be chosen and 5 solutions from the Czech SaaS providers will be chosen. In the introduction phase of the marketplace, a loss is reached.

A long-term objective is to achieve the break-even point within three years.

5.8. Control and evaluation

Control mechanisms need to be set to evaluate a success or a failure of the marketing plan. After the introduction of the initiative, a control will be proceeded to check whether the goals set were fulfilled or not.

The goals set in this marketing plan are limited to a two-month period of time, therefore, a control after two months after the introduction will be set to check whether the goals were met or not. After the control, new goals for the upcoming period will be set.

Conclusion

The objective of the diploma thesis was to propose a marketing strategy for a newly established company – the **Czech Business Cloud** – introducing the SaaS marketplace on the Czech market.

Firstly, the literature review was conducted. In the theoretical part, the basic definitions of the way how to write a marketing plan and what is the structure of the marketing plans were described. Sources of various authors were examined and based on that a general structure was created. In the second chapter, a literature review of the specifics of the marketing on B2B markets was written. The third chapter has brought a review of the industry terms. The e-marketplaces were defined, the cloud computing market was described and the definitions of the industry terms introduced.

In the practical part of the thesis, the marketing strategy of the partner initiative – the German Businesscloud was consulted with the expert from the industry and the analysis of the marketing materials provided by the German Businesscloud was conducted. Based on the sources from the previous chapters and expert interviews a marketing strategy proposal of the Czech Business Cloud was written.

In this plan, firstly, the research question of the market potential was examined. The research question was that the importance of the SaaS applications, especially on the market of the small and medium-sized enterprises, grows rapidly. And that there is no place on the Czech market where the companies can search for information such as what SaaS applications are worth buying, which providers are reliable and what solutions are there on the market. As well as there is no place where the companies can buy different SaaS solutions at one place.

To give an answer the research question, a situational analysis was conducted. It was found out, that the Czech cloud market grows rapidly and the need for the SaaS applications is very high. Moreover, there are many SaaS applications providers on the market, both local and international. Next, on the Czech market, there is no marketplace of business or SaaS applications yet. And, therefore, there is no direct competition. However, there are already many established e-marketplaces that could be used as potential partners. The cloud spending of the small and medium enterprises is growing, as the cloud solutions represent a better match for SMEs than the on-premise solutions, mainly thanks to the pricing model and lower complexity of the solutions.

Therefore, it was discovered, that the market offers a huge potential for the SaaS marketplace and the marketing plan could be proposed.

The marketing plan describes the development and the introduction of the Czech Business Cloud on the Czech market. The Czech Business Cloud is an initiative of the company xITee k.s. with the mission to create a marketplace of business SaaS applications that will give an overview of the SaaS possibilities on the market and provide the comparison among the solutions.

The marketing plan follows the structure defined in the literature review, firstly introducing the executive summary, the situational analysis, the mission, objectives, segmentation, targeting and positioning followed by the marketing mix and lastly, financials and a control.

What was found out in the segmentation process is, that there are more segments that the marketplace needs to target. And that the focus among the target groups differentiates.

On one side, there are the SaaS providers who use the marketplace to promote and sell their solutions. And on the other side, there are the small and medium-sized enterprises who search for suitable IT solutions for their business and want to be provided with a clear overview of the possibilities on the market.

The SaaS providers, however, consists of two target groups. Firstly, the Czech Business Cloud cooperates closely with the partner initiative – the German Businesscloud. One target group are, therefore, the members of the German Businesscloud who are offered an opportunity to expand their activities to the Czech Republic. On the other hand, there are the Czech SaaS providers who are targeted to be offered a place on the Czech market where they can promote and sell their solutions. Moreover, they are offered an opportunity to expand their activities to the German market.

The marketing strategies for each of the target group are described separately, however, they are run in parallel. As it is important that at one moment both the SaaS providers and the SMEs are targeted. If not both sides are targeted at one time, the concept of the marketplace cannot work. As either, the providers are not interested in paying for the promotion channel when there are no gains from that. Or, the SMEs have a little choice of solutions to search from.

The plan for the development and introduction of the SaaS marketplace on the Czech market will be used by xITee k.s., the mother company of the initiative Czech Business Cloud, to execute the marketing activities of the initiative.

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Attachment 10.....106

Attachment 1

Table 16 Cloud Ecosystem membership fee

Cloud Ecosystem Membership fee						
Membership	S	M	L	XL	XXL	Not a member
Employees	Up to 10	Up to 10	11 to 100	101 to 500	501+	x
Age of the company	Maximum 24 months	Older than 2 years	Older than 2 years	Older than 2 years	Older than 2 years	x
Notice period	3 months	3 months	3 months	3 months	3 months	x
German Businesscloud						
Membership (Number of solutions)	1	1	1	2	3	600 EUR
Other solutions and services	300 EUR	300 EUR	300 EUR	300 EUR	300 EUR	300 EUR
Certificates						
Trust in Cloud (Solutions/Infrastructure)	1.500 EUR	750 EUR	1	2	3	1.750 EUR
Trust in Cloud (SaaS/IaaS)	1.500 EUR	1.500 EUR	750 EUR	750 EUR	750 EUR	950 EUR
Trust in Cloud Excellence (SaaS/IaaS)	3.500 EUR	3.500 EUR	3.500 EUR	3.500 EUR	3.500 EUR	4.500 EUR
Trust in Cloud Re-Certification	2.000 EUR	2.000 EUR	2.000 EUR	2.000 EUR	2.000 EUR	2.500 EUR
Trust in Cloud Professional (person)	250 EUR	250 EUR	1	2	3	480 EUR
Trust in Cloud Excellence Expert (person)	750 EUR	750 EUR	750 EUR	750 EUR	750 EUR	950 EUR
Others						
Benefit program (Cloudmagazin etc.)	Yes	Yes	Yes	Yes	Yes	According to price list
Tickets for events	2	5	5	10	15	Free of charge
Annual contribution	0	750 EUR	1.500 EUR	2.500 EUR	3.500 EUR	0

Source: (Cloud Ecosystem 2017b).

Attachment 2

Table 17 Members of the German Businesscloud

Name	CZ	EN	DE
1&1	no	yes	no
Ahd Manged Backuup	no	no	yes
Air BackUp	no	yes	yes
Alcatel, Open Touch Solutions	no	yes	yes
Appvisory	no	no	yes
Bilendo	no	no	yes
BlackPoint	no	no	yes
Bright Computing	no	yes	no
CAS PIA	no	yes	yes
Circuit	yes	yes	yes
Cloud Kleyer	no	yes	yes
Conceptboard	no	yes	yes
Concur travel	no	yes	yes
Coveto	no	no	yes
CRM2Host	no	yes	yes
Debitoor	no	yes	no
DreamRobot	no	no	yes
Elastic.io	no	yes	no
Evalanche	no	yes	yes
Exact	no	yes	yes
Fabasoft	no	yes	yes
FastViewer	no	yes	yes
Flour.io	no	no	yes
Fonial	no	no	yes
forcont	no	no	yes
GRC Cockpit	no	no	yes
Grid Scale	no	yes	yes
HornetDrive	no	yes	yes
Implisense	no	yes	yes
Infosense	no	no	yes
Innovo vOffice	no	no	yes
Lexoffice	no	no	yes
LogMyTime	no	no	yes
Maccoa	no	yes	yes

Meistertask	no	yes	yes
Microsoft	yes	yes	yes
Mind Meister	no	yes	yes
Mobile Communication Services	no	yes	yes
Mpex Cloud	no	yes	yes
My-app.net	no	yes	no
Netfiles	no	yes	yes
Nexinto	no	yes	yes
NFON	no	yes	yes
Novadex	no	yes	yes
Online Worker - PSC AG	no	yes	yes
OrbiTeam	no	yes	yes
Orgavision	no	no	yes
PDS Abacus	no	no	yes
Placetel	no	no	yes
Projekta	no	no	yes
Proom	no	yes	yes
ProTECTr	no	no	yes
Provantis	no	no	yes
Sage	no	yes	yes
Scopevisio	no	no	yes
Seneca Controlling	no	yes	yes
SevDesk	no	no	yes
ShipCloud	no	yes	yes
Shiptrack	no	no	yes
SilverERP	no	no	yes
SixSteps	no	yes	yes
Skype for Business	yes	yes	yes
SmartWe	no	no	yes
Snazzy Contacts	no	no	yes
Softgarden	no	yes	yes
Sugar CRM	yes	yes	yes
Super Office	no	yes	yes
Swyx	no	yes	yes
Symantec	no	yes	yes
Team Place	no	yes	yes
TeamGrid	no	yes	yes
TecArt	no	no	yes

TerminLand	no	no	yes
Top Desk	no	yes	yes
TrackLean	no	yes	yes
TradeCore	no	yes	no
Vyzer	no	no	yes
Weclapp	no	yes	yes
Weeasy	no	no	yes
Welcome - Softwareclub	no	no	yes
Wice CRM	no	no	yes
x-integrate	no	no	yes
yammer	yes	yes	yes
Your Support	no	yes	yes
Zervant	no	yes	yes

Source: author based on own survey; (German Businesscloud, 2017).

Attachment 3

Table 18 Selected members of the German Businesscloud with the Czech website

Name	CZ	EN	DE
Circuit	yes	yes	yes
Microsoft	yes	yes	yes
Skype for Business	yes	yes	yes
Sugar CRM	yes	yes	yes
yammer	yes	yes	yes

Source: author based on own survey; (German Businesscloud, 2017).

Attachment 4

Table 19 List of SaaS providers in the Czech Republic

Name	Address	Lang.	SaaS Solution
ABRA	Praha 13	CZ, EN	ERP
AC Cloud	Praha 4	no	Email, Information system, ERP, online communication
Accord PERISKOP SaaS, SIM	Praha 5	CZ	ERP, CRM
Adaptive Planning	Praha 8	CZ	CPM/BI
Agentes	České Budějovice	CZ	CRM
Aimtec	Plzeň	CZ, DE	WMS
Algo Cloud	Praha 8	CZ	ERP, Telco, Office,
Allegro	Opava	CZ	Office, Documents, Invoices, ERP
Altus Vario	Praha 9	CZ	EAM
APL Expert	Brno	CZ	Office, accounting, HR
Aurik Systems	Olomouc	no	CRM
Autodesk	Praha 8	many countries	Documents
AW Caesar	Ostrava	CZ	IT asset management
Benchcom	Praha 4, DE - Wiesbaden	CZ, DE	ERP
Betasoft	Praha 2	CZ	ERP, office
BM Servis (Bílý Motýl)	České Budějovice	CZ	ERP
BMD Business Software	Praha 2	CZ, DE	CRM, HR, Finance
BMD COMMERCE	Praha, A-Steyr, DE-Hamburk	no	ERP, CMR
CID	Olomouc	CZ, SK	WMS
Cloud Infinity	Praha 8, RSM worldwide	CZ	CRM, HR, office
ČMIS Kancelář	Zdiby	CZ	Office, Documents, Invoices, ERP
Comarch	Muenchen	DE	ERP, EDI, E-commerce, invoice, office
Cybersoft	Ostrava	CZ	ERP, WMS
Data Spring	Praha 9	CZ	
DigiPaper	Hradec Králové	CZ	Documents
Digital Resources	Praha 9	CZ	Documents
Dragon Cloud	Praha 2	CZ	Office, Documents, Invoices, ERP
Dynamics Online	Praha 10	no	ERP, CRM
Easy Project	Praha 6	CZ, DE	ERP
eBRANA	Pardubice	no	CRM
EG Expert	Praha	CZ	EAM

Ekonom System	Praha 4	CZ	Office, accounting
Elinkx	Mariánské Hory, Praha 4	CZ	Office
Entry	Lanškroun	CZ	ERP
ESO 9	Praha 4	CZ	ERP
ESO9	Praha 4	CZ	ERP
eXite	Praha 4, AT - Wien	CZ, DE	EDI
Freelo	Nymburk/Praha	CZ	ERP
Frekr	Praha 3	no	HR, Attendance
g2	Praha 4, Přerov	CZ	Exchange, Security, ERP
Gatema	Boskovice	CZ	WMS
Gemco	Uherské Hradiště	CZ	ERP, CRM
Gordic	Jihlava	CZ	Documents, support, education, budget
GOSys	Praha 5	no	ERP, HR, BPM
HR Plus	Praha 4	no	HR
ICZ	Praha 4	CZ	Production Planning and Control
iDoklad	Brno	CZ	Accounting
IFS	Praha 4	many countries	ERP, EAM
Imes	Příbram	CZ	ERP
Info Office Online	Blatná	no	Office
Infor	Praha 4	many countries	HCM, CRM, EAM
Infor SunSystems	Praha 9 and more	CZ, EN	ERP
Informační systém Esyc.NET	Ostrava	no	ERP
Informační systém IZIO	Brno	CZ	Office, ERP
Inovio	Praha 5	CZ	Documents, office
Instar	Ostrava	CZ	ERP
iPodnik	Praha 4	no	Office
JežekSW	Česká Lípa	CZ	Office, accounting, HR
K2	Ostrava	CZ, EN	ERP
Kadel	Plzeň	CZ	Documents
Karat	Přerov	CZ	ERP
Keloc Software	Brno	CZ	Accounting
Kodys	Praha 6	CZ	Production Planning and Control
Kostka	Mladá Boleslav	no	Finance, accounting, payroll
KTK Software	Liberec	CZ	Production Planning and Control
Kvados	Ostrava	CZ	ERP

Made4net	Praha 10	CZ	WMS
Maklér	Hradec Králové	CZ	SW for insurance brokers
MAXfocus RemoteManagement/ Bpcom	Hradec Králové	EN	RMM (Remote Monitoring & Management)
MojeIT	Karlovy Vary	no	CRM, ERP, email, Groupware
MyWac	Brno	CZ	ERP, CRM, HR
Notia Business Server	Praha 2	CZ	ERP, CRM
Obelisk/Sefira	Praha 4	no	Authentications, documents
Okbase	Praha 4	CZ	HR
OneSoft Connect	Plzeň	no	ERP, Office
Onlio	Praha 7	CZ	Documents, BI
OR CZ	Moravská Třebová	CZ	ERP
Ortex	Hradec Králové	CZ	ERP
Plus4U	Praha 7	no	Office, communication
PREMIER system	Praha	CZ	ERP
QAD Entrepise Cloud by Minerva	České Budějovice	CZ, SK	ERP
QCOM	Brno	no	ERP
QI	Brno	CZ	ERP, CRM
Requestor	Brno	EN	Help desk, service desk
Ron Cloud	Karviná	CZ, EN	HR
S&T	Praha 4	CZ, DE, SK	Production Planning and Control
Sabris	Praha 5	CZ	ECM, documents
SAP Business One Cloud/Versino	Pardubice	CZ	ERP
Saul	Praha	CZ	ERP
SB Komplet	Brno	no	ERP
Sigma Soft	Lutín	CZ	ERP
Sign+	Brno	CZ	Documents
Signys	Jičín	CZ	ERP
Slim	České Budějovice	CZ	ERP, Office
Smart Share	Ludgeřovice	CZ	Documents
Smart4Web ERP	Nymburk/Praha	CZ	ERP, CRM
SmartHive DMS	Praha 3	no	Documents
Sofico	Předměstí (Svitavy)	CZ	ERP
Soft-4-Sale	Brno	CZ	ERP
SOFTIP PACKET	Bratislava	no	ERP
Software 602	Praha 4	CZ	BPM

Software Hosting	Praha 4	CZ	Office, Documents, Invoices, ERP
Sophia Solutions	Praha 6	CZ	HCM, CPM, DWH, R&A, Big Data
Survio	Brno	many countries	Survey
team assistant	Praha 1	CZ	ERP
Team Online	Praha 4	CZ	ERP, CRM
Twist Inspire	Praha 8	CZ	ERP
U&Sluno	Ostrava, Praha	CZ, SK	ERP
Vema	Brno	CZ	ERP, HR
Vision	Praha Strančice	CZ	ERP, CRM
Wak System	Praha 5	CZ	ERP
Whitesoft	Praha 9	CZ	Office
WinDuo	Ostrava	CZ	Accounting

Source: author based on own survey.

Attachment 5

Image 14 Presentation: Czech Business Cloud for the members of the German Businesscloud – Teaser

Czech Business Cloud

powered by aTee s.r.o.

Czech Business Cloud

for the members of the German Businesscloud

November 2017

Czech Business Cloud

powered by aTee s.r.o.

Your Opportunities on the Czech Market

The interest in SaaS solutions is growing rapidly – especially in SMEs

Czech market offers a huge potential for your business

More than 1.1 million SMEs to attract

Category	Count
0 – 9 employees	1.1 million
10 – 49 employees	50,000
50 – 249 employees	11,000
250 and more employees	2,300
not specified	300,000
Total	1.1 million

Source: CBO, Czech Statistical Office

Czech Business Cloud

powered by aTee s.r.o.

Who are we?

czech business cloud

We are the **Czech Business Cloud**
a partner of the **German Businesscloud**

Offering the apps of the German marketplace on the Czech market

Offering the Czech marketplace for your apps

Czech Business Cloud

powered by aTee s.r.o.

How does it work?

- 1) We will provide you with the access to the CZ market
- 2) We will take over your local Sales & Marketing on the CZ market
- 3) We will simplify the selection and purchase of your cloud services on the CZ market

Benefits

- Access to the Czech market
- Channel to gain new customers
- CZ and ENG localization of your apps
- Participation in common Sales & Marketing (on the Czech and German market)
- Increase in the level of trust in your brand

Costs

Partnership with the Czech Business Cloud

Localization packages CZ & EN

Price on demand

We will provide you with the translation of your website with the local support and the legal support on the CZ market!

Czech Business Cloud

powered by aTee s.r.o.

Expand your business

More than 1.1 million SMEs to attract!

- Gain new customers
- Explore new markets
- Extend your sales

Czech Business Cloud

powered by aTee s.r.o.

Thank you!

Interesting? Do you want to find out more?
Please contact us!

Monika Korychová
monika.korychova@czechbusinesscloud.com
Office +420 224 262 357
Mobile +420 721 652 400

Czech Business Cloud
powered by aTee s.r.o.
Přátel 452/34, 110 00 Prague 1
Czech Republic

Source: author.

Attachment 6

Image 15 Presentation: Czech Business Cloud for the Czech SaaS providers

Slide 1: Czech Business Cloud for the Czech SaaS Providers

Slide 2: How does it work?

- 1) We will take over your Sales & Marketing
- 2) We will provide you with the access to the German market
- 3) We will simplify the selection and purchase of your cloud services

Benefits:

- Access to the German market
- Chanced to gain new customers
- ENG and DE localization of your apps
- Participation in common Sales & Marketing
- Increase of the level of trust in your brand

Costs:

- Partnership with the Czech Business Cloud: 25,000 CZK/month + 25% partner's commission
- Additional partnership with the German Business Cloud: 25,000 CZK/month

Slide 3: Who are we?

We are the **Czech Business Cloud**
a partner of the **German Businesscloud**

Offering the apps of the German marketplace on the Czech market
Offering the German marketplace for your apps

Slide 4: Our partner: German Businesscloud

An independent cloud marketplace presenting the full range of business apps of the first-class cloud providers

Quality seals and certificates
Common marketing on the German market
magazines, events, trade fairs (CEBIT)

Quality tested Public Cloud Portfolio for the German Market

Slide 5: What is our goal?

- to develop a common marketplace for the SaaS providers of the Czech, Slovak and German market
- to allow companies to get an easy and convenient use of cloud services from a variety of providers, similar to the Apple App Store or Google's Play Store
- to simplify the selection, purchase and management of cloud services

Slide 6: Thank you!

Interesting? Do you want to find out more?
Please contact us!

Monika Koryčová
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Office: +420 234 262 337
Mobile: +420 731 652 400

Czech Business Cloud
powered by eTee s.r.o.
Hyšná 482/14, 110 00 Prague 1
Czech Republic

Source: author.

Attachment 7

Image 16 Presentation: Czech Business Cloud for the SMEs

Czech Business Cloud powered by vTee s.r.o.

Czech Business Cloud for businesses

czech business cloud

1

Czech Business Cloud powered by vTee s.r.o.

Your benefits at the Czech Business Cloud

- get the overview of what is available on the market – no more need to search on your own
- get an easy and convenient use of cloud services from a variety of providers, similar to the Apple App Store or Google Play Store
- get all SaaS applications that you need at one place
- save by bulk purchases
- no more loads of 5 USD invoices – get the only one invoice with all your SaaS applications

czech business cloud

2

Czech Business Cloud powered by vTee s.r.o.

Who are we?

We are the **Czech Business Cloud**
a partner of the **German Businesscloud**

Similarly to Apple App Store or Google Play – we offer a common marketplace for all business applications that you need

czech business cloud

Business App Store as a Service

German Business cloud cloud eco system

A marketplace of SaaS solutions

3

Czech Business Cloud powered by vTee s.r.o.

Our partner: German Businesscloud

Get an access to the apps of our partner!

cloud eco system

An independent cloud marketplace presenting the full range of business apps of the first-class cloud providers

Quality seals and certificates

Quality tested Public Cloud Portfolio for the German Market

4

Czech Business Cloud powered by vTee s.r.o.

How does SaaS work?

SaaS (Software as a Service) is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted.

Use of SaaS in SMEs grows rapidly thanks to its variety of benefits

- No need of having own server or IT support
- The application is located centrally therefore there is no need of its maintenance
- No high initial expenses when implementing software
- You can focus on your core business
- 24/7 support from the app provider

5

Czech Business Cloud powered by vTee s.r.o.

Thank you!

Interesting? Do you want to find out more?
Please contact us!

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Office: +420 234 242 317
Mobile: +420 731 652 400

Czech Business Cloud powered by vTee s.r.o.
Hybrid SaaS, IaaS/PaaS
Czech Republic

6

Source: author.

Attachment 8

Table 20 Profit and loss statement of the first two months

Profit and loss statement			
Marketing expenses 2018		CZK	EUR
Resources			
Work time	1 person	270,000	10,384.62
Promotional material			
Business Cards	200 psc.	4000	153.85
Pens	100 psc.	12,584	484.00
Advertising / Magazines			
BusinessIT	A special topic - Cloud computing, price includes a 12 months lasting banner, 1 own article	8,800	338.46
IT Systems	Partner of an article	4,000	153.85
Trade fairs			
Cloud computing - BusinessIT	Participation as an attender - used for networking	1,000	38.46
Berlin - German Businesscloud summit	Costs for participation of 2 people - only attending, used for networking		
	car	1,500	57.69
	accommodation (2x 2 nights)	10,400	400.00
	diets	5,200	200.00
Social media			
Facebook campaigns	1000 CZK/month	12,000	461.54
Gmail campaigns	1000 CZK/month	12,000	461.54
Sklik campaigns	1000 CZK/month	12,000	461.54
Total (year)		353,484	13,595.54
Total (2 months)		58,914	2,265.92
Gains (first 2 months)		CZK	EUR
10 Czech SaaS providers on the platform	Average cost of the application	769.11	29.58
10 German providers	Average cost of the application	620.53	23.87
1 SME buy the solution	EUR 25 for registration of the solution	650.00	25.00
	25 % of the turnover provision CZ	192.28	7.40
	25 % of the turnover provision DE	155.13	5.97
10 SMEs buy the solution *		8,237.06	316.81
Balance (first 2 months)		CZK	EUR
First 2 months		-50,676.94	-1,949.11

Source: author based on table 9 and table 10.

*(10x25 EUR + 5x7.40 + 5x5.97)

Attachment 9

Expert 1: Shorten version of separate Expert interviews

Expert 1, Dr. Mathias Petri, was asked several times to give feedback and valuable insights when approaching the first contacts and when creating the marketing campaign. He is an expert in the field, working over 20 years in sales and marketing. Also, he has been working as a manager in several IT companies.

He provided the author (MK) by additional information and valuable insights during the marketing strategy creation. The answers were gathered either electronically by an e-mail correspondence or on a phone. The most important conversations are written here. Some shorter insights are directly used in the text of the thesis.

MK: What do you think of the idea of the Czech Business Cloud – creating a marketplace of the SaaS applications on the Czech market?

Expert 1: Firstly, it is important to evaluate the market potential. If there are enough SaaS providers to target and on the other hand what is the SMEs basis. As the small and medium sized enterprises (SMEs), the companies with 1 – 250 employees are considered.

MK: Which companies should we target as the first ones?

Expert 1: The best would be to target companies that have a close relationship to the Czech market and that offer solutions that are attractive for the Czech users. I have already picked a few of them and I will send you the list of them (see table 9).

MK: I have prepared a presentation and a first contact e-mail to send to the chosen contacts (table 9). Would you be so kind to give me a feedback on the e-mail and the details in the presentation? (Note: The old version of the presentation is not attached. The attached version is very similar. See Image 14).

Expert 1:

Firstly, I would like to give a feedback on the presentation:

- Go global should be rather exchanged for go east or go to CEE, expand your business to the CEE market etc.
- The slide where the market potential is explained would be better inside the presentation than in the back-up. It is very important.

- Generally, to the point of pricing, it would be helpful to offer packages, where the providers can be provided with something extra, e.g. localization of the applications etc.

Now, getting to the text of the e-mail. I corrected the text directly in the email.

(Note: the e-mail is written in German, so only the corrections are mentioned here)

It would be better to say apart only from saying expand to the Czech Republic – expand to one of the biggest markets in the CEE region with more than 1,1 million SMEs to attract. The cooperation with the German Businesscloud should be mentioned as well. At the end of the presentation would be good to propose a web session for more detailed discussion.

MK: What is important when targeting German providers?

Expert 1: To mention what potential does the Czech market offer. In the presentation and also in the first e-mail it should be mentioned that the market offers more than 1,1 million SMEs to attract.

MK: Apart from the presentations and a direct marketing. How can we target the first members of the marketplace?

Expert 1: The best would be to talk to the company representatives in person. Personal selling is very important, especially in B2B marketing. There are regular summits organized by the Cloud Ecosystem (German Businesscloud) and these can offer a perfect place for networking.

MK: What is the difference between the Cloud Ecosystem, The German Businesscloud and Basaas?

Expert 1: Whereas the Cloud Ecosystem e. V. represents the overall roof over the single initiatives. German Business Cloud represents the catalogue of the solutions offered and Basaas represents the platform (the technology) where the solutions are located and it is a marketing and sales channel.

MK: What are the most successful channels for marketing of a marketplace?

Expert 1: So far, we focus on cooperation with multipliers and existing marketplaces with access to interesting customer groups, e.g. "Wer liefert was" (www.wlw.de) or "Mercateo"

(www.mercateo.com). These link their offers with the German Businesscloud. In addition, we work together with well-established publishers with a large readership, which refers to topics of the German Businesscloud and, for example, report on use cases.

MK: What marketing tools do you use in your marketplace? (e.g. advertising, sales promotion, personal selling, PR, events, direct marketing, online, ...)

Expert 1: Actually, we use all relevant instruments. Currently mainly PR and events, in the future we are planning to focus more on direct marketing and online, and also advertising, e.g. with Adwords.

MK: Do you have any personal recommendation which marketing activities to perform when operating a marketplace?

Expert 1: I think that an offensive public relations and personal meetings (events and meetings with potential customers) are the best start. As soon as the first customers have signed up, you can switch step-by-step to online activities.

MK: Do you have any personal recommendation which marketing activities to avoid when operating a marketplace?

Expert 1: No, everything that helps to make the marketplace popular is helpful. But I would not invest too much power in online marketing at the beginning.

Attachment 10

Interview with the Expert 2

Expert 2, Mr. Rainer Schumacher, is the marketing manager of the company xITee k.s. and the founder of the initiative Czech Business Cloud. An expert interview was conducted to find out valuable insights into the marketing strategy proposal. The shortened version of the transcript is stated here. Mr. Schumacher provided the author (MK) with important comments and information during the whole time of writing the thesis.

Interview

1. Introduction

1.1. What is your career background?

Expert 2: I have been around 20 years in the business working in a business consultancy and IT management. Moreover, I have an extensive experience in sales and marketing.

2. Marketing strategy

2.1. What is the mission of the company?

Expert 2: The Czech Business Cloud is the Amazon of the Business Applications. We want to become the first website that the companies type when searching for SaaS solutions.

2.2. What are the current objectives?

Expert 2: The first objective is to create a trustful brand. Another objective is to enable the expansion. Firstly, to enable the members of the German Businesscloud to expand to the Czech market. And secondly, to enable the Czech SaaS providers to expand to the German market.

The objective towards the SMEs is to become the Amazon for SaaS solutions. We will achieve that mainly thanks to the competence of the mother IT company xITee k.s. that will enable the integration of the old on-premise solutions and new systems (SaaS solutions).

Lastly, an overall goal is to create a marketing strategy that works internationally, explicitly between the Czech and German market.

2.3. How do you want your brand to be perceived? – What is your positioning?

Expert 2: We want to be perceived as the Amazon of SaaS applications. We want to be the first website to search for when searching for suitable business SaaS applications. Moreover, the stereotype of the German quality helps us to build the brand as well. The cooperation with

the German Businesscloud is, therefore, beneficial for us as the German quality and security is assumed to be very high.

3. SWOT

3.1. What do you see as the strengths of the Czech Business Cloud?

Expert 2: As the main strength of the marketplace I see the fact, that it is operated by the established IT company which ensures the integration of the particular applications and also it enables the localization of the applications. Moreover, we are better than regular search engines – when searching for suitable SaaS solutions, they are all comparable at one place.

3.2. Weaknesses?

Expert 2: As the main weakness I see the time lag which means that a certain amount of SaaS providers is necessary to operate the marketplace and it takes time before they are gathered there and the marketplace starts to fulfil its main goal.

3.3. Which opportunities do you see on the market?

Expert 2: The knowledge of the mother IT company to combine SaaS applications with on-premise applications.

3.4. Threats?

Expert 2: The main threat for the SaaS providers is that the marketplace enables the comparison with other solutions on the market and that may cause a threat in case the other solution is better or cheaper. Moreover, the threat for the SMEs is that they could reach lower price if they contact providers directly not via the marketplace.

4. Marketing tactics – product

4.1. What is the product that you offer?

Expert 2: It is important to differentiate among the target groups. For the SaaS, providers the product offered is the marketplace. For the SMEs, the product is actually not the marketplace but the applications offered by the providers.

4.2. Do you offer different types/levels of a product? Do you differentiate them and offer separately?

Expert 2: Yes, we offer extra services such as the localization of the applications for the German providers and the possible expansion of the Czech SaaS providers to the German market. And also the integration of the applications which we ensure with the competency of the mother company – an IT company xITee k.s.

5. Marketing tactics – price

5.1. How do you set the price?

Expert 2: Our pricing is the combination of the pricing models offered by the partner initiative and the lower purchasing power in the Czech Republic. The German Businesscloud offers the standard fee of € 50 for a solution a month and a fee of € 25 a month for another solution. The idea behind our pricing is to charge € 25 a month for a solution on the Czech Business Cloud – as an extra solution for the German Businesscloud members. Moreover, we will charge a turnover provision of 25 %.

The lower price is set also because at the beginning there is the need to gather the first providers to the marketplace. It is expected to raise the price when the marketplace grows and when also more expenses are needed to execute the marketing campaigns

5.2. Do you follow any competitors pricing strategy?

Expert 2: We do not have any direct competition; however, we are inspired by the pricing strategy of the partner initiative and marketplaces (e.g. Amazon).

6. Marketing tactics – placement

6.1. What channels do you use for the placement/distribution?

Expert 2: Our distribution channel is the website.

7. Marketing tactics – promotion

7.1. What tools from your communication mix do you use at most?

Expert 2: The essential part of the communication mix is the personal selling and partners. When talking to the people directly, the possibility to gain their interest is higher. When a contact in person is not possible a phone contact or a web session are an important replacement.

7.2. Which ones do you think are the most successful ones?

Expert 2: It is definitely the personal selling. To gain the necessary contacts, meeting the company representatives in person is very important. By personal contact, the possibility to close the business rises.