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MASTER THESIS

NEW PRODUCT DEVELOPMENT OF APPLAUSE

Author: Thu Hang, Tran

DNI: PB5192365

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Supervisor 1: Prof. Dr. Norbert Kaiser

Supervisor 2: Prof. Ángel Peiró Signes

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Abstract

In the 21st century, technology is one of the essential parts of life; the number of smartphones, smart-cars, smartwatches, and even smart homes are increasing every year. These devices help us to have a comfortable experience. Due to the high demand from the tech market, vital questions companies must consider are as follows: how to meet customers' needs? How is technology changing? What is the nature of experience between humanity and technology? Also, when culture shifts, the industry must follow suit. Especially, the end-users are easily frustrated by apps which do not meet their expectation or do not function the way they expected them to.

Crowdsourcing is known as a wonderful method for tech companies to improve their end-user experience. In about ten years in crowd testing, Applause has never missed a chance to catch up with the best solution for tech companies. The company has two tactics to approach their customers in terms of digital experience perspective. The first tactic seeks for a community of vetted quality assurance professionals and experienced to find any bugs or technical issues that may have missed. It brings trust from the clients because Applause shows them that the company is able to cover every problem. The second tactic assembles novice people, who does not have QA background. However, those people could leverage their fresh opinion. Based on fascination about technology trend and an innovative business model about testing service, the author attempts to better understand Applause's solution and what could they do to develop their products.

Working at Applause every day since September 2018 until now, the author realizes that the company can help their clients deliver excellent digital products. Applause has a big testers community with roughly 500,000 people across the globe, confirming that their clients can have deep insight internationally or on a certain location scale. This thesis illustrates the internal and external impact of Applause's business, how the company can expand their product portfolio, and what they should improve in their internal environment.

The result of this paper firmly agrees that the Asian market is the most potential market for Applause in terms of new market development. Furthermore, the company needs to utilized their resources to extend their product line and develop online courses about testing.

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List of Abbreviations

AI – Artificial intelligence

API – Application programming interface

B2B – Business to Business

BDR – Business Development Representative

BOSS – Business Operation Support Services

BTS – Bug Tracking System

CA – California

CAGR – Compound Annual Growth Rate

CEM – Customer Experience Management

CM – uTest Community Management

CMO – Chief marketing officer

CX – Customer Experience

GDPR – General Data Protection Regulation

Ibid – In the same place

ILIAS – Integrated Learning, Information and Work Cooperation System

IoT – Internet of Things

MA – Massachusetts

ML – Machine Learning

NPD – New Product Development

OS – Operating System

PR – Public Relations

QA – Quality Assurance

R & D – Research and Development

SaaS – Software as a Service

SDK – Software Development Kit

SDLC – Software Development Life Cycle

SDM – Solution Delivery Manager

SEM – Search engine marketing

SEO – Search Engine Optimization

SWOT – Strengths, Weaknesses, Opportunities, Threats

TS – Applause Testing Service Team

UK – United Kingdom

UPV – University Polytechnic of Valencia

Ux – Usability Testing

VC – Venture Capital

WOS – Web of Science

Chapter 1: Introduction

Aware of the fast-moving fiercely competitive digital world. Each business cannot afford to offer anything but the best brand experience to customers, whether the product is a website, mobile app, or connected device. The business needs to deliver a clean and easy to use digital experience if the company wants to drive conversions and increase customer loyalty. Moreover, every new release comes with unpredictability, and it is challenging to know if a build is ready for the unpredictable conditions of the real world. Therefore, the author decided to research and analyze new product development of Applause. The company is known for its success in real-world testing and feedback that is necessary for a quick and cost-effective way.

The agile world delivering a winning app experience on time, every time has never been more critical. Building apps that win requires a focus on holistic app quality from manual testing in the lab and in the wild to manage betas and test automation. Besides that, while automated testing helps to maintain quality apps and allow for development to move faster.

This thesis divides into four parts. First, the author starts with an introduction about Applause, namely company's structure, Applause' Canvas business model, and their future goals. Besides that, the author shows an overview of the digital market, the principle of products, and new product development. The second part focuses on the business performance of Applause based on five theoretical frameworks in business and marketing, which are the flower of service, Ansoff's Matrix, SWOT Analysis, Marketing Mix (7P), and Porter's Five Forces. Third, the result of the demonstrations from part two. Finally, the author provides some recommendations for new product development, focusing on expanding into the international markets and increase Applause's brand awareness

1. Company's problem

“In 2017, Applause proudly announced that it is ranked on Deloitte's Technology Fast 500™, a ranking of the 500 fastest growing technology, media, telecommunications, life sciences, and energy tech companies in North America. Applause revenue grew by 186 percent during this period.”¹ Furthermore, in November 2018, Applause was chosen as a top place to work by the people who know it best – its

¹ 2017 Technology Fast 500™ Ranking recognizing growth (2017)

employees. There are more than 300 organizations, with a combined 82,000 employees, that were up for the award. The firm was recognized in the medium-sized company category.²

Currently, the tester community of Applause, which is known as uTest, represents “the largest team of vetted digital experts that get paid to deliver valuable and actionable feedback. Applause pioneered the space over a decade ago, resulting in the most knowledgeable, reliable, and discreet team of testers in the world. Made up of more than 500,000 software experts, spanning more than 200 countries and territories worldwide.”³

The more prominent the company, the higher the demand for testing services. From time to time, it means that Applause cannot cover all testing requirements with the resources they already have inside the uTest community. Applause needs to seek testers in niche markets. Additionally, Applause is an international company; there are six offices in the United States, England, Germany, Israel, and Poland. Working across different time zones have both advantages and drawbacks. On the one hand, the company can fulfill more requirements from clients and be able to work 24/7. On the other hand, communication might be less efficient among team members. For evidence, if a technical problem happens in Germany, it might take a while before it is handled by the team in the United States. Also, organizing a meeting is difficult and not as active as being in person.

The language barrier between native speakers and foreigners is also another issue that occurs in Applause. In some conversations, people might have some misunderstanding. This problem is not only internally within the company but also with clients. For instance, when CM launches projects in Asia, such as Indonesia, Taiwan, the Philippines, and so on. The CM team gets fewer applications in Asian countries because the locals do not speak English well, and they were struggling to understand the project’s requirements. Nevertheless, a new element needs to ask for translations from external resources, which helps to improve communication with testers and clients by their native language. However, it might have some difficulty with answering applicants in their writing.

2. Objectives

² Top medium-size employees for 2008 in Mass. (2018)

³<https://www.applause.com/our-community>

Primary objective: The primary objective is to develop an international strategy to express the Applause brand to generate sales and increase revenues, according to company's interest and capabilities.

Secondary objectives: based on the main problems from primary objective, the author will focus on these objectives:

- Define the business' competitive advantages by studying the external and internal environment of Applause that affect the business to manage a new market.
- Define a target market and ways to increase product awareness by using different methods to define the product in the market.
- Apply appropriate tools to promote the product in the market.
- Analysis and research of new marketing channels affect sales revenues.
- Research the digital experience markets by evaluating the external and internal elements, which affect expansion of Applause.
- Analyze the elements that affect Applause's performance.
- Determine a suitable growth strategy for Applause.

3. Research methodology

In related to the introduction and the project objectives in this paper, the author used a qualitative approach by using google surveys and reviewing articles related to this project by using different tools such as google form, ILIAS, scholar, WOS, polibuscador UPV, and some other sources. In the google survey, the author asked people who did not have a QA background, to have an overview of digital experience from novice users. Besides that, the most important thing is that the author has worked at Applause for over a year; therefore, it helps to gather information from the company and be up to date with the firm's strategies. Afterward, the author uses the data collected to build different tables, diagrams, and other sections, for example, history. Finally, the data analyzed by many various analysis tools like the following points:

- Canvas Business Model to defines the basis of how Applause forms, captures and delivers value through nine building blocks. It is namely customer segments, customer relationships, channels, revenue streams, key partnerships, key activities, key resources, cost structure and value propositions.

- SWOT analysis analyzes the external and internal environment of the organization, which helps to define the Weaknesses, Strengths, Threats and Opportunities.
- With Ansoff Matrix, the author uses it to define and select the best growth strategy options for Applause.
- Porter's (Five Forces Model) analysis is used to study and analyze the industry, and to define and sustain the competitive advantage based on analyzing five factors which are threats of new entrants, supplier power, threats of substitution, buyer power, and competitive rivalry. To search for the best business practices among competitors and non-competitors, therefore, Applause can follow and adopt this practice, and establishing targets, strategies based on this ideal practice.
- The marketing mix(7P's): this analysis helps Applause to develop its promotional efforts and campaigns, besides, to define the market options.
- The analysis results will contribute significantly to establishing the best strategy that suits the organization.

4. Statistics and data of the digital experience market

The author surveyed in three countries such as Germany, America, and Vietnam. After about two months, 180 participants answered questions about their digital experience. They are in various ages range, different locations, different number of devices they own, and frequency using digital devices, and so on. The author will show some survey results in the following parts.

Firstly, there are two bar graphs. Figure 1 illustrates the number of devices based on location. Overall, it shows that the number of participants who have between 4 – 8 digital devices is highest, and the number of participants who more than eight devices is the lowest. On the one hand, in Vietnam, the percentage of people who have from 4 – 8 digital devices (60.7%) is higher than the rate of people who have less than three devices (37.5%). On the other hand, in Germany, the difference between people who have from 4 – 8 digital devices (55.4%) and people who have less than three devices (44.6%) is 10.8%.

In figure 2, it indicates the number of devices based on an age range. Overall, people who are from 18 – 25 years own the most devices in comparison to the other groups. Similar to figure 1, very few people have more than eight digital devices.

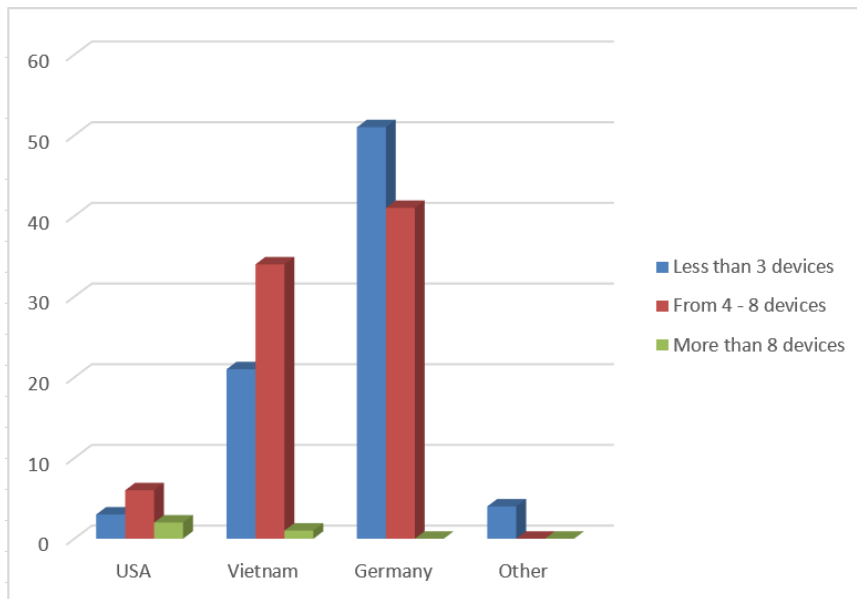


Figure 1. Number of devices based on location (The author, 2019)

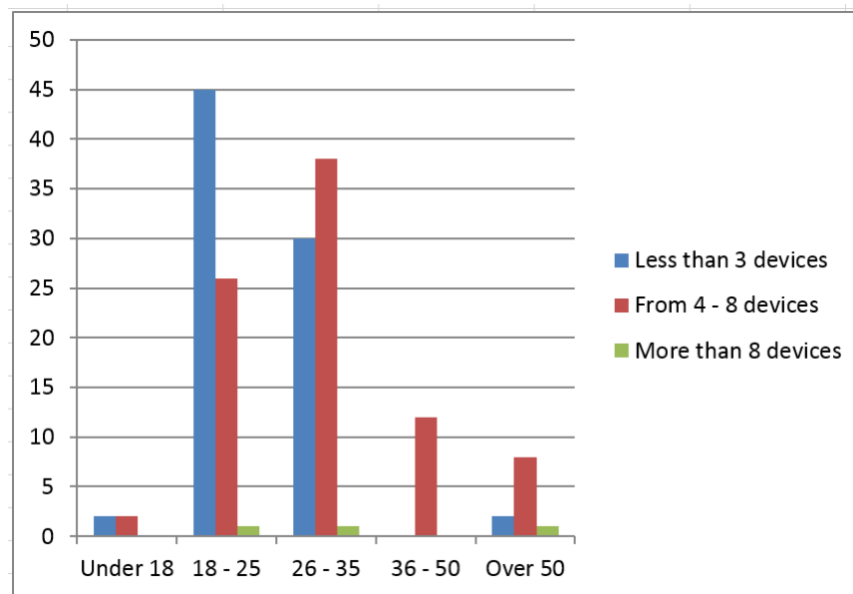


Figure 2. Number of devices based on age range (The author, 2019)

Secondly, the survey asked how often people use their digital devices, and these two bar charts below show the outcome. Overall, in terms of age, people who are from 18 – 25 and 26 – 35 use their digital devices at least five hours per day; and in terms of location, Germany has the highest frequency using digital devices. Looking at figure number 3, the percentage of people who are 18 – 35 years old using their digital devices from 2 – 8 hours per day (53.6%) is 7.2% more than all the other age ranges (46.4%). Also, Germany has the highest number of people who use their devices from 2 – 8 hours (54.2%), the percentage of this group is 8.5% more than the other countries (45.8%).

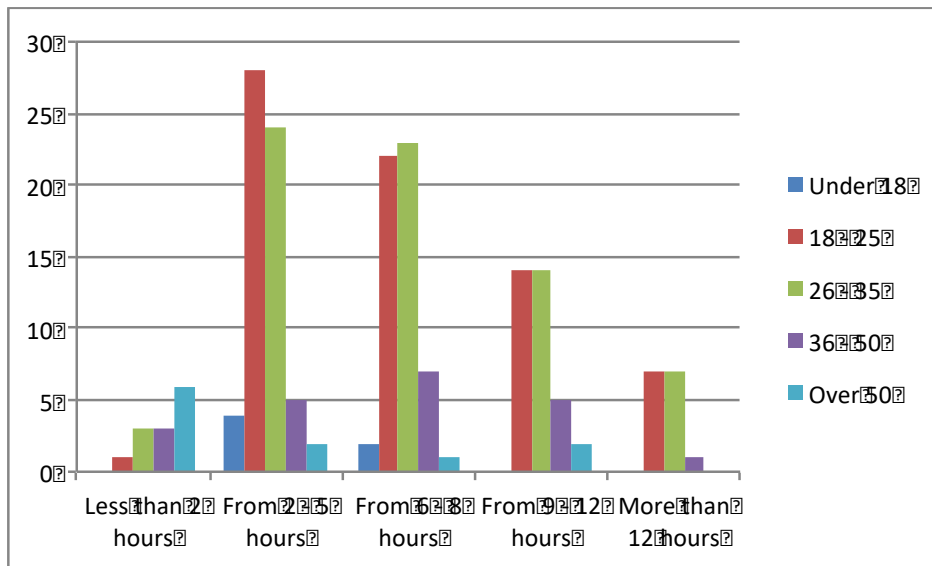


Figure 3. Frequency using based on age (The author, 2019)

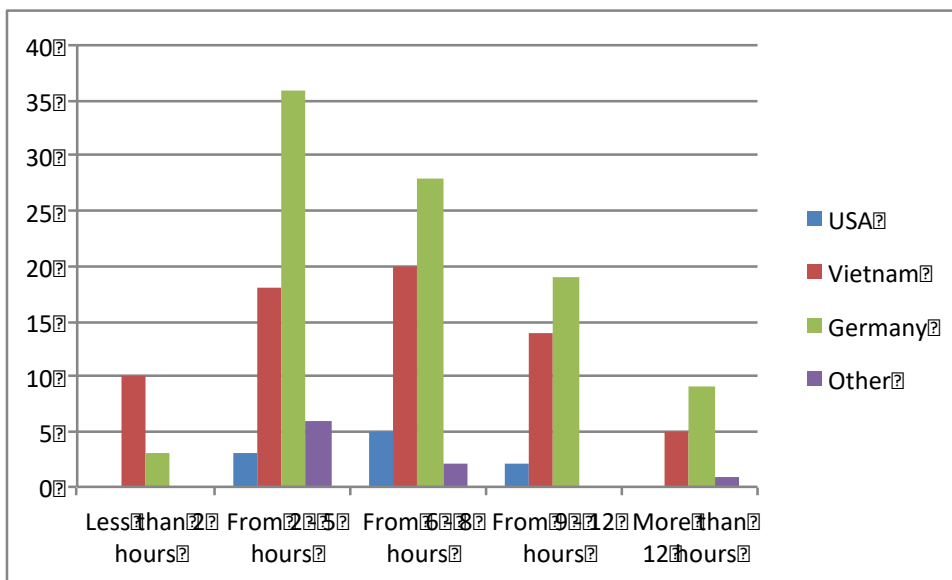


Figure 4. Frequency using based on location (The author, 2019)

“The global customer experience management market size is expected to reach 32.49 billion USD by 2025, according to a new report by Grand View Research, Inc., progressing at a CAGR of 22.9% during the forecast period. Growing focus of business organizations on retaining their customers by providing consistent and enhanced

customer experience across multiple channels is one of the key trends stimulating market growth.”⁴

For all of the mentions above, the number of users indicates how the potential of the digital experience market nowadays, and every company in this field wants to deliver the best experience for their end-users.

5. Product development

NPD includes multiple topics and obstacles in a company namely deployment, strategy formulation, coordinated collaboration and resource allocation among colleagues of nationalities different professions, and monitoring, systematic planning, and control. It has become an essential topic of several business research, indeed marketing, economics, strategy and organizational governance.

5.1.Principle about product

When people think about a product, they often visual it as tangible goods; nevertheless, “a product can be anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.”⁵

“In marketing, a product (goods, service, or intention), along with its perceived attributes and benefits, creates value for the customer. Attributes can be tangible or intangible. Among the physical qualities are packaging and warranties. Invisible attributes are symbolic, such as a brand image. Intangible attributes can include things like an image as well as the depth of the relationship between a service provider and a customer. The end-user makes decisions about which products to buy after considering both tangible and intangible attributes of a product.”⁶

Therefore, the concept of product from a Marketing perspective has a broader content than the universal concept, when only covering tangible elements. In product definition, factors that benefit customers can be tangible and intangible, material, and

⁴Customer Experience Management Market Size, Share & Trends Analysis Report By Analytical Tool, By Touch Point Type (Call Centers, Mobile, Email, Social Media), By Deployment, By End-User, And Segment Forecasts (2018 – 2025)

⁵ Marketing Management (Phillip Kotler, P. 325, Edition 13th)

⁶ Introduction to Management, P. 433

non-material. For evidence, when buying an Audi car, customers buy not only a modern, durable, safe vehicle and but they also buy a luxury brand, which represents for their wealth.

A business launches a product that considered successful if it solves a problem for the customer or satisfies their needs.

5.2.Product structure (product level)

From the Marketing perspective, the product has both invisible and tangible elements divide into three levels as the following diagram:

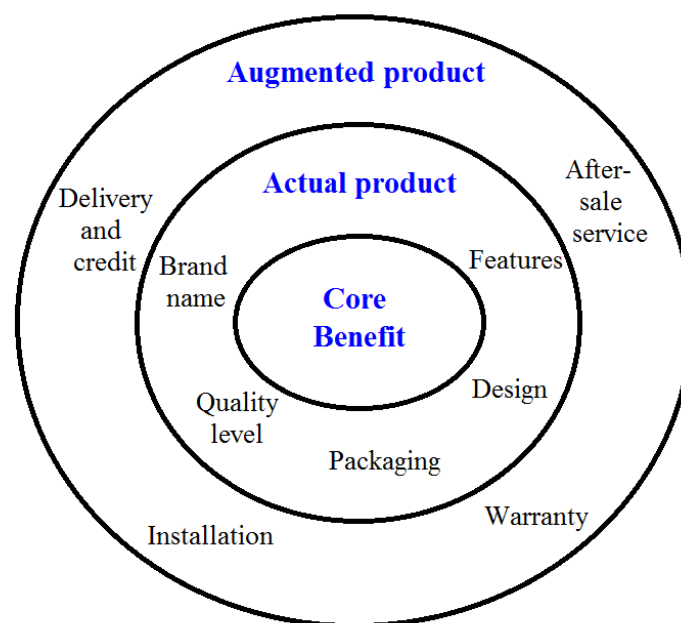


Figure 5. Three levels of Product (Kolter P, 2012)

5.2.1. Basic level - core product

Product at the primary level answers the question: What kind of core benefits will this product bring to the customer?

The same product can bring different primary benefits to different customers. To determine which essential benefits needs for customers, businesses must research the market to decide. Sometimes customers themselves do not know what a primary interest is for a product. The job of a marketer is to discover the hidden needs behind each item and sell the benefits it brings to the customer. For example, a consumer uses a detox tea, which is herbal teas (or tisanes) that are used to detoxify the body. Most of them desire to lose their weight rather than do the herbal could really clean their bodies. These benefits are all brought by advertising to audiences.

5.2.2. Second level - actual/existing product

This level includes elements that reflect the existence of products such as quality indicators, characteristics, external layout, brand, product name, and packaging. Through these factors, businesses can help customers distinguish their products from competitors' products. Base on this level, customers can choose a replacement product as long as it brings a similar benefit. For example, there are many shampoos for dry hair in the market; sometimes, customers buy Garnier shampoo instead of other brands. Because they feel like they can rely on Garnier's reputation more than other competitors.

5.2.3. Level three - augmented products

This third level includes customer service elements, which helps customers to feel more convenient, more satisfied. Customer services can be in many fields, for example, repair warranty, multiple payment methods, door-to-door delivery service, training, installation, etc. The augmented product is the competitive key of the business. This level is the competitive key for business. Because customers tend to stay with a brand that can deliver better customer service than they expected. The current competition is not about the competition that companies make in their factories; it is about things that make provide final products such as packaging, customer service.

5.3. Decisions about products of the enterprise (Single product and product group/catalog)

5.3.1. Concept of the product category

This category of enterprise is a group of products that are strictly related to each other due to functional similarity or that are sold together to a set of customers or distributed through the same types of organizations. Trade or in the framework of a price range.

5.3.2. Decide on the breadth of the product category

The product width category is the resolution of the quantity of component items according to a specific criterion, such as by size, by capacity, and so forth. Each enterprise often has a way to choose the breadth of different product categories. These options depend on the purpose that the business pursues.

Enterprises are inclined to pursue the goal of providing a full category or striving to dominate the majority of the market or expand the market with a wide range of goods. In this case, they produce both low-profit products. On the contrary, some businesses care first about the high profitability of products. Nevertheless, regardless of the initial decision of the enterprise, the enterprise still faces the problem of how to expand and maintain the breadth of the product category? Solving this problem, enterprises have two options.

Firstly, development categories: category development can be done in the following way:

- Develop downward
- Developed upward
- Develop in both directions

Secondly, adding items to product categories. It means that according to the breadth the business has chosen, companies try to add new things within that framework. Product additions are derived from the following purposes:

- Looking forward to more profits
- To fill in the gap in the existing category
- Take advantage of excess service production capacity
- Plot to become a principal business with a full range

When adding new products in the same category, firms must take into account the ability to reduce the consumption of other products. To reducing this effect, businesses must make sure that new goods are different from the existing ones.

5.3.3. The decision on product catalog

A product catalog has all types of goods and units provided by a certain seller to the consumer. The assets list is indicated in its breadth, degree of abundance, depth, and degree of harmony.

- The breadth of the product portfolio illustrates by variety of categories produced by the company.
- The more product portfolio, the better the company has in the finished products.
- Product depth portfolio shown by the total amount of specific product units offered for each item of a category. For example, toothpaste C is a product of the toothpaste category. "C" toothpaste offers three styles packed with two types of

flavors (regular and mint). Then the depth of the list of goods has six specific assets.

- The level of harmonious product portfolio leverage how the product could reach consumers according to their using purposes or distribution channels, production organization or a particular standard.
- The four parameters that characterize the above list of goods open up the business to four strategies to expand the portfolio of products.

Chapter 2: Applause Company

In today's fast-moving fiercely competitive digital world, a business cannot afford to offer anything but the best brand experience to customers. Whether a product is a website, mobile app, or connected device, each company needs to deliver a clean and easy to use digital experience if they want to drive conversions and increase customer loyalty. Every new release comes with unpredictability, and it is challenging to know if a build is ready for the unpredictable conditions of the real world. So, how do digital brands get real-world testing and feedback that is necessary for a quick and cost-effective way?

Enter Applause trusted by the world's leading brands. Applause utilizes a human-centric approach to ensure standard software feature for online platform (website), mobile apps, on-site testing experiences, IoT products and more. Applause goes beyond the limitations of automation and test labs to deliver authentic insights from real people in a real-world setting.

The company's solution leverages the world's largest community of skilled testers consisting of 500,000 digital experts across every country with access to any devices. All testers are carefully vetted and rated by Applause' clients based on their performance on previous projects. Applause performs rapid testers and provides feedback using real networks and accounts, building customers' perspective into testing cases with an engaged group of testers available at a moment's notice. Clients who work with Applause can quickly scale up their testing effort anytime, anywhere, while decreasing time to market. Results are available in real-time within minutes of when testing begins. The Applause platform also automatically feeds detailed bug reports into bug tracking systems so that their clients can instantly address the bugs as they are reported, and quickly verify that they have been fixed. Applause fully managed services team is there every step of the way monitor testing guides continuous improvement and deliver actionable reports.

1. Company's background

Applause company was born from a simple idea in 2007 by Doron Reuveni, which provides a convience and innovative way for software/hardware testers to earn some money by remotely working from home and testing apps. From there, what was initially known as uTest quickly became the go-to destination (www.uTest.com) for finding crowdsourced testing work.

In the long run, Applause's growth was fueled by the explosion of mobile apps, websites, and other digital experiences. It also has several acquisitions, including Applause (SDK foundation), and TestHub in Berlin, Germany, which would later become the European company headquarters. Moreover, as the community expanded, so did the variety of software testing services uTest's community provides. Currently, based on the size and diversity of the uTest community, Applause can deliver a broad range of testing services to clients, including different types of testing, such as exploratory, test case execution, automation, security assessments, Ux, testing of voice and AI apps, and much more.

In 2019, the Applause community delivers, on average, more than 2,600 vetted results to their clients daily. In terms of velocity and scale, there is no other approach to software quality that can compare.⁷

2. Business Model Canvas of Applause

This type of model demonstrates the logic in business creation, value delivery and how to captures its value.

⁷ Company introduction, Applause homepage, <https://www.applause.com/who-we-are>

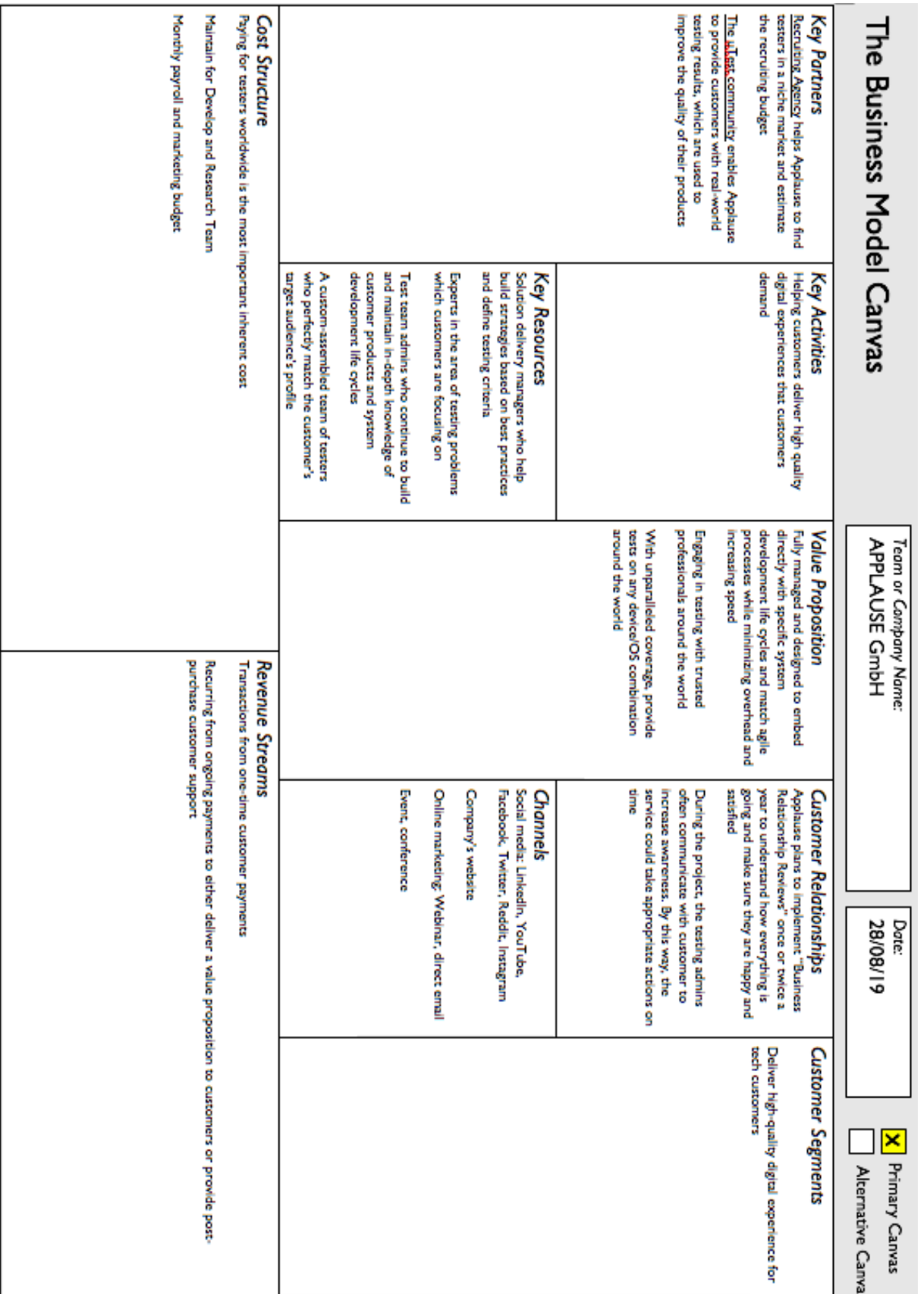


Figure 6. Applause's Canvas business model (Own elaboration, 2019)

2.1. Customer Segments

“The customer segments building block defines the different groups of people or organizations an enterprise aims to reach and serve. Customers comprise the core value of any business model. Without (profitable) customers, no company can survive for long. To better satisfy clients, a company may group them into distinct segments with everyday needs, characteristic behaviors, or other attributes.”⁸

Many companies can be a client with Applause as soon as their business demands to deliver high-quality digital experience. One simple example, a company car wants to develop its product by adding some interface application so that drivers could control everything in their vehicle by voice. The company car needs to test and improve the form carefully before it launches into the market. Applause can provide a testing service with a certain number of real testers, real locations, and even real cars. Another evidence a new entry company, when a traditional retailer wants to enter an e-commercial market, Applause offers either a complete website or an application, which helps their buyers could purchase online; or the buyers could use “click and select.” It means that instead of ordering and wait for the delivery, now buyers could come directly to a particular shop, try the items on, and pay no extra for delivery.

2.2. Value Propositions

This element identifies product packages (or end products) and service that brings value for a certain customer segment. It could represent for customer loyalty. Moreover, it can help to find a fit solution for customers or meet their expectations and needs. As a global leader in real-world testing and CX quality for over ten years, Applause has changed what is possible. There are four value propositions the company commit to bringing to its clients:

- Applause’s white-glove approach is fully managed and designed to embed directly with specific systems development life cycle and match agile processes while minimizing overhead and increasing speed.
- The company engages in testing with trusted professionals around the world; all of them are vetted beforehand and selected to match the profiles of clients’ target audiences.

⁸ Alexander Osterwalder & Yves Pigneur (2010)

- With unparalleled coverage, a client can test on any device/OS combination around the world.
- Testers are available on-demand around the clock, and Applause's clients will receive actionable results and feedback in hours.

2.3. Channels

The value proposition of communication between a firm and its customers will be defined in this building block. There are several highlight elements in terms of a business's interface with clients, which is distribution, sale/marketing channel, and communication. The "channels" has an important role in end-user experience.

Applause uses multiple platforms for different purposes, which includes:

- Applause's YouTube channel helps to leverage its brand name among competitors. It makes customers keep in mind its business.
- The company has published daily articles on LinkedIn and Webinar, published case studies on YouTube, and send direct marketing emails, which to help their clients evaluate the company's value propositions.
- Applause is a testing service business, so it can offer certain solutions and price package based on the clients' needs. Therefore, the company does not have an online purchase channel.
- Organize events, conferences in technology would also help increase the company's brand consciousness.

2.4. Customer Relationships

The relationship types between clients and a company will be determined in this building block. Each type will match specific customer segments. Based on this theory, a company needs to name its relationship so that the company can leverage the connection with an individual customer.

A usual, Applause plans "Business Relationship Reviews" once or twice a year (depending on each client) to understand how everything goes and make sure they are happy and satisfied. Also, during the project, they call their clients to be aware of how things are. In this way, the service could take appropriate actions on time.

Based on omnichannel commerce - an innovate method connects all types of channel/platform, automotive, and internet banking to IoT, Applause is able to provide

a solution for digital trailblazers in every business industry. Figure 7 indicates the most famous brands across the globe, which has worked with Applause in the last decade.



Figure 7. Applause's clients (Applause's website, 2019)

2.5. Revenue Streams

“The revenue streams building block represents the cash a company generates from each customer segment (costs must be subtracted from revenues to create earnings). If customers comprise the heart of a business model, revenue streams are its arteries. A company must ask itself, for what value is each customer segment genuinely willing to pay? Successfully answering that question allows the firm to generate one or more revenue streams from each customer segment. Each revenue stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management.”⁹

There are two types of revenue streams in Applause’s business model:

- Firstly, transaction revenues come from one-time payments from small or medium clients who has a limited budget.
- Secondly, recurring revenues are the result of ongoing payments to either offer post-purchase client assistance or deliver a value proposal to customers.

⁹ Alexander Osterwalder & Yves Pigneur (2010)

2.6.Key Resources:

“The primary resources building block describes the most valuable assets required to make a business model work. Every business model requires critical resources. These resources allow an enterprise to create and offer a value proposition, reach markets, maintain relationships with customer segments, and earn revenues.”¹⁰

Based on the specific requirements a customer provides, Applause is accountable for all aspects of the testing process from planning, execution, and delivery of actionable results. The Applause testing team embeds seamlessly into the client’s existing operations, becoming an extension of the client’s internal team. In a service testing company, Applause uses human as a critical resource:

1. A solutions delivery manager who is the main point of contact at Applause and will help define testing criteria and strategy based on best practices.
2. A subject matter expert in the area of testing in problems that the client is focusing on, and they want to get rid of their issues. A test team lead continues to build and maintain in-depth knowledge of customer’s products and systems development life cycle and shares this knowledge with the customer’s custom testing team.
3. The Applause testing team administration will select a custom-assembled team of testers who perfectly match the clients' target of the audience's profile or special requirements (devices, languages, location, and so on). All testers are highly vetted and available on-demand.

2.7.Key Activities

“The Key Activities Building Block describes the most important things a company must do to make it is business model work. Every business model calls for several key activities. These are the most essential actions a company should consider to take operate successfully. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. Furthermore, like Key Resources, Key Activities differ depending on the business model type.”¹¹

¹⁰ Alexander Osterwalder & Yves Pigneur (2010)

¹¹ Alexander Osterwalder & Yves Pigneur (2010)

According to a testing service company Applause, the key activities are to offer the most suitable solution high-quality digital experiences, which based on their client's needs. Applause has the world's largest community of skilled software and hardware testers, consisting of 500,000 digital experts across every country in the world with access to a massive variety of devices.

2.8.Key Partnerships

“The key partnerships building block describes the network of suppliers and partners that make the business model work. Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models.”¹² Applause use cooperates with an agency, which helps the company:

- Find temporary testers in a niche market.
- Estimate the recruiting budget in specific cases.

2.9.Cost Structure

“The cost structure describes all costs incurred to operate a business model. This building block represents the most significant costs incurred while working under a particular business model. Creating and delivering value, maintaining customer relationships, and generating revenue all incur costs.”¹³

To provide the best service to Applause's clients, besides employees, the firm needs to pay for testers, who are the primary resource of the project. Better tester, better result Applause can commit to their clients. Moreover, the cost needs to spend on Research and Development Team, and marketing strategy to increase Applause's Brand Awareness.

3. Company's organization and structure

After a decade, hundreds of hundreds of trusted partners corporate with Applause as the best solution to improve high-quality digital experiences for their end-user's experience. “Crowdsourced software testing is to outsource testing activities to testers recruited from a large pool of individuals; it overcomes the limitations of the

¹² Alexander Osterwalder & Yves Pigneur (2010)

¹³ Alexander Osterwalder & Yves Pigneur (2010)

conventional in-house testing that restricts to the knowledge of a small set of solvers and thus is limited in terms of quality and efficiency.”¹⁴ “Crowd testing is not a replacement for conventional testing, but a supplement solution done by people who are not directly involved in the project. They can be from different geographical and cultural backgrounds performing exploratory testing, identify defects, and provide user experience feedback.”¹⁵

Applause leverage crowd-testing and utilize their feedback solutions to fulfill customers' products, QA leaders and engineering. Moreover, it helps to gain deep insight into the digital industry based on the primary issues from the customer side. The company's service spans the SDLC which provides a closed perspective of their customers so that the customers and satisfy their digital end-users.

The figure below illustrates Applause’s story from 2007 to 2017.

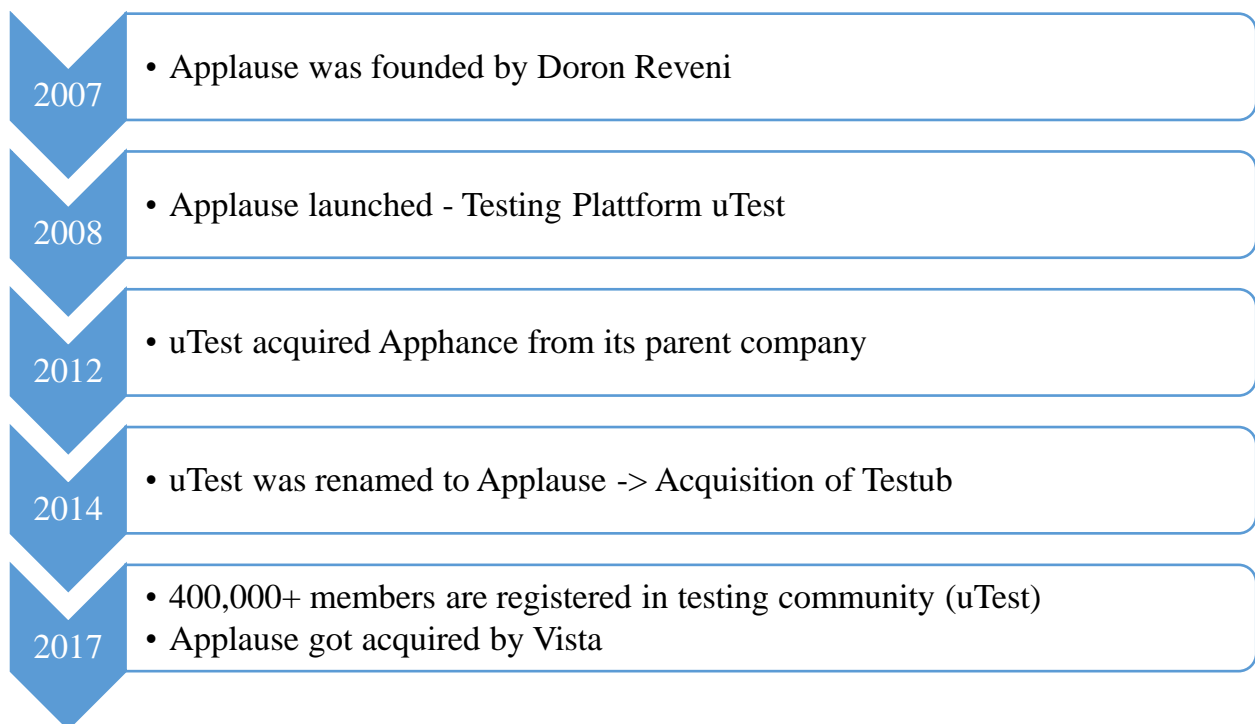


Figure 8. Applause’s story from 2007 to 2017 (Own elaboration, 2019)

4. Applause’s Products

Applause’s service to give a solution to deliver higher quality software and faster technical products. Unmatched scalability and coverage. The need for functional testing

¹⁴ S. Zogaj, U. Bretschneider, and J. M. Leimeister (2014)

¹⁵ Process Improvements for Crowdsourced Software Testing (2017)

has not changed, but how it is delivered certainly has. Traditional approaches are too often held up by inconsistencies in platforms, devices, and client's use cases. The result is an increased risk of escaped issues.

The Applause crowd-testing approach fills the gaps of traditional functional testing methods. By leveraging a global community of 500,000+ software experts with millions of devices, the digital properties are tested "in-the-wild" under the real-world conditions from customers of their clients' faces.¹⁶

Company functional examination syndicates structured exploratory testing and test case performance. Beside that the test can customized based on the needs from their clients. Since Applause has ample coverage around the world, it can warranty that most of their clients can examine in any country, in any language, and on any region-specific device through localization testing. The best part is that all tests performed at the speed and scale needed to release high-quality software on time, every time.

The following picture shows the success case study in Applause

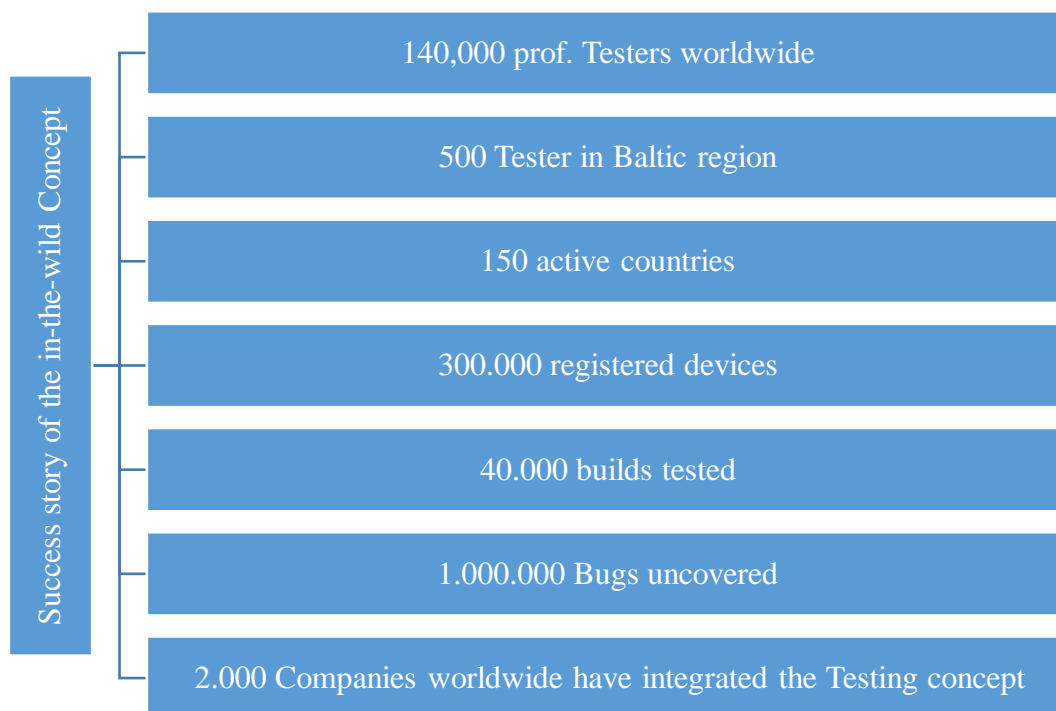


Figure 9. The success story of the in-the-wild (Applause 360o App quality, 2016)

5. Competitors

¹⁶ Functional Testing solution, Applause homepage (2018)

There are several competitors in the market, namely, Testlio, Test.io, BugFinders, Testbirds, and TesterWork. In summary, Applause and these competitors offer clients a testing service with real people, real devices in real locations. Testing service is an intangible product; therefore, it is hard to compare the quality or quantify any difference between Applause and its competitors. First and foremost, they need to specify clients' requirements. Then estimate the price packet it matches to not only the clients' budget, but it also needs to cover the cost from testing service companies.

Nevertheless, Applause still stands out in this market because of the following reasons:

- In terms of years in the crowd-testing area, Applause has the most experience offered testing service. For evidence, Testlio was founded in 2013, and by 2014, the company was serving clients. Testbirds was founded in 2011. While Applause was founded in 2007, and it quickly became the leader in real-world testing.
- The number of testers in the community which Applause has owned is the biggest community. Currently, the uTest Community of Applause has about 500,000 testers across the globe, whereas Testbirds has about 300,000 registered testers worldwide.
- For the company's growth and office locations, Testlio has three offices in the United States and Estonia. While Applause has in Framingham, Berlin, London, Herzliya, San Mateo, Warsaw, Austin, and Hyderabad.

Chapter 3: Theoretical framework

In this section, the author will mention the different strategic tools based on the objectives see figure 10. This analysis tool helps to develop the author's aims to improve Applause's sales strategy in the market. After finishing the business analysis techniques, it will be easier to design proper strategic decision-making processes.

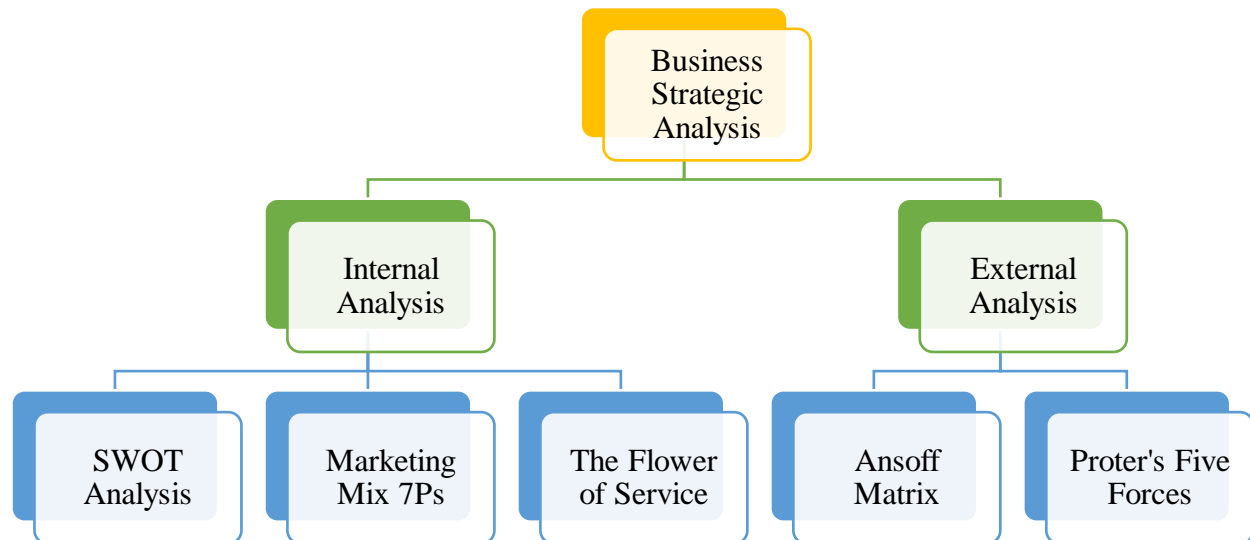


Figure 10. Theoretical frame work's structure (The author, 2019)

1. SWOT Analysis

Nowadays, SWOT analysis is a tool that helps provide an overview of strengths, weaknesses, threats and opportunities to analyze the difficulties and advantages in the process of setting up business plans, formulating strategies, marketing, developing products and services and evaluating competitors, and so on. SWOT analysis is also often used in the first steps when planning marketing for businesses.

“Strategic management is the continuous process of creating, implementing, and evaluating decisions that enable an organization to achieve its objectives. It allows an organization to be more proactive than reactive in shaping its future; it allows an organization to initiate and influence - rather than respond to- activities -and thus to exert control over its destiny”.¹⁷

As the author has analyzed, the most significant problem Applause faced is strategy; therefore, based on SWOT explain, the company can choose the appropriate approach.

¹⁷ David, 2003: 15 DAVID, F. R. (2003)

According to a paper by Albert S. Humphrey who worked for Stanford Research Institute (SRI), a research project was conducted by a research team in SRI from 1960-1970. SWOT analysis came from the research which was funded by the Fortune 500 companies to find out what had gone wrong with corporate planning and to create a new system for managing change.¹⁸

Strengths and Weaknesses represent internal elements of a business. These are two factors that a business can control and change. Often these factors are related to company activities, assets belonging to the business, product development, etc. Opportunities and Threats are external factors, often market related and macro. Businesses can fully seize opportunities, but also pay attention and watch out for external challenges that may come. With these factors, businesses are often unable to control and change, such as issues of competition, price of input materials, customer shopping trends, and more. (Figure 11)



Figure 11. SWOT analysis structure (The author, 2019)

The author chooses this tool because it helps to have a bigger picture of Applause strategy. It also can apply to many different departments in the company. The high hierarchy people should take the initiative in using the SWOT analysis model to achieve the most objective and comprehensive results, SWOT should be implemented by a group of people with different perspectives and perspectives. Management, sales, customer service and even the customer itself can contribute to this process. SWOT helps to connect teams and encourage employees to join the strategy for the company. Enterprises can use SWOT to assess the current situation and determine upcoming strategies more effectively and appropriately.

1.1. Organizational strengths

¹⁸ Humphrey (2005)

The strength of a business is often internal factors that can help it grow and build its advantage against competitors in the market. These factors can be controlled by the business. There are some following questions a company should consider to determine its strengths:

- What is the core value of the business? Why that element is important for the company's success.
- What process can businesses be applying to help them become successful?
- What are the outstanding points the business owns, such as professional skills, relationships with customers, experience, reputation or the list of trusted partners?
- What are the strengths of material and assets that the business owns, namely customer files, facilities, finance, technology, management team?
- What are competitive advantages among other competitors in the market?

1.2. Organizational weaknesses

Weaknesses are the detrimental factors which a business has. Managers needs to aware of the weaknesses so that they can have an appropriate strategy to compete with competitors in the market. To clarify this element, the need to answer some of the following questions:

- What are your products disadvantages compared to competitors?
- What are the points that businesses need to overcome to compete better?
- What process does the business need to improve?
- What assets do businesses need to replenish, such as money or equipment?
- What gaps do there need to be filled in about the people working in your business?
- Is the online advertising channel you are using really selling effectively?
- Whether or not sale and customers support can satisfy customers?
- What make the customers go for alternative products/service?

1.3. Environmental Opportunities

The main opportunity is that external environmental factors can greatly help the success of the business in the future. A company needs to determine the level of development of its current target market. What trends might exist for customers to consume products/services that the company is providing in the future? It is also

necessary to research for upcoming events, which could help the businesses to capture for a new development. Last but not least, when developing, will future customers appreciate the value of products that businesses bring? The fact that, “opportunities are conditions in the external environment that allow an organization to take advantage of organizational strengths, overcome organizational weaknesses or neutralize environmental threats.”¹⁹

1.4. Environmental Threats

These are threats changes that need to be avoided or resolved with marketing strategies and measures. By analyzing environmental factors, it is possible to identify potential threats to enterprises' brands. From SWOT analysis, managers can develop a lot of marketing strategies. For example: Using current power to exploit opportunities and overpower threats; Use new power to exploit opportunities, overcome threats. Challenges are external factors that can adversely affect the operation of a business. Often these factors the business cannot control, you can only predict and devise strategies to deal with them. Some threats might happen in the future namely:

- Dealing with future potential competitors
- Will the supplier provide materials to the business at a reasonable price that the firm can accept?
- Will the development of technology adversely affect the current strategy?
- Is change in consumer behavior of customers a concern for the operation of the business?
- Will future market trends be a challenge for certain businesses in the future?

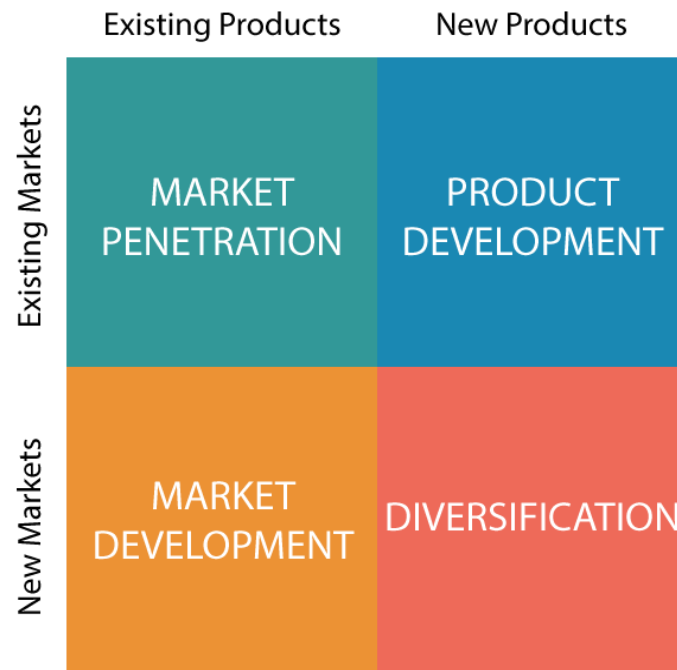
2. Ansoff's Matrix

Product/Market Matrix tool helps businesses to determine and plan the right growth strategies in terms of the products they want to sell and the market in which they choose to enter and compete. Moreover, the tool can define the element of risk to which businesses may undergo by considering what is the most suitable way to enter new markets, variety products resulting established actions and extent to force a company to enter.

¹⁹ Harrison and St. John (2004)

There are four zones in Ansoff Matrix which is existing/new products and existing/new markets. The four strategic plans are market penetration, product development, market development, and diversification.

Table 1. The Ansoff Matrix - Four quadrants for growth (Internet, 2019)



2.1. Market Penetration

It is in the lower left quadrant, it is the safest of the four options. Reportedly, the product operates and the market already knows there are a few surprises. In this strategy, the company focuses on expanding sales volume by using existing products in the current market. In other words, it tries to increase its market share in existing market segments. This can be achieved by selling more products through greater promotion and distribution to established customers or by finding new customers in existing markets.

2.2. Product Development

It is located in the lower right quadrant. It is a little riskier, because a business is trying to introduce a new product in the existing market. In this strategy, the company focuses on creating new products, targeting their current market, to achieve their growth. For this, the following question must be answered: how can a product portfolio be expanded by modifying or creating a product? This implies expanding the range of products available on the company's current market

2.3. Market Development

It is located in the upper left quadrant. An existing product is being placed in a whole new market. In this strategy, the company tries to expand into new markets (geography, country, etc.) by using its existing products. This strategy is more likely to succeed when:

- Has a unique technology of the product, which can be used in new markets?
- The company benefits from an economic scale if production increases.
- The new market is not much different from the current one, which you have experienced.
- Buyers in new markets are very profitable.

2.4. Diversification

This is the highest risk among the four options, because it presents a new and untried product in an entirely new market that may not be fully understood. It is in the upper right quadrant. To diversify, a company tries to increase its market share by introducing new products in new markets. It is the most daring strategy because it requires both product and market development. Diversification may or may not be relevant.

3. The flower of service

“The Flower of Service concept by Lovelock et al. is used to display the two types of supplementary services that surround the core product – facilitating supplementary services and enhancing supplementary services” (Lovelock, 2009)

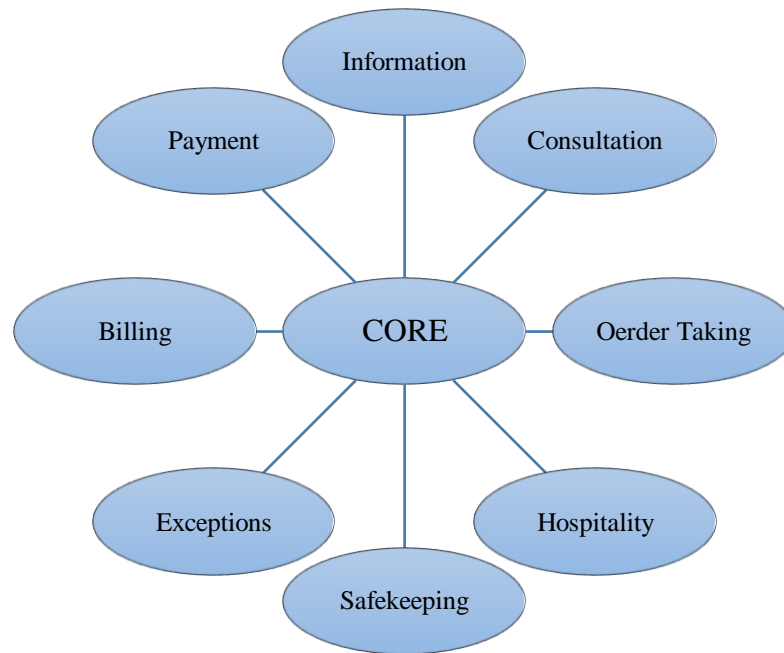


Figure 12. *The Flower of Service* (Lovelock, 2009)

Service workers regularly looking for offering their clients a complete experience to motivate them to cement customer loyalty and to engage in future purchases. “To achieve this, service providers supplement core services with supplementary services. These additional and core services can help a company to increase client satisfaction and improve its services. They are collectively captured referred to in the flower of service model. This comprehensive model recognizes two kinds of services that an organization should offer to customers: core service and supplementary service. The core products are the commodities and central components that provide the principal problem-solving benefits that are sought by customers. Supplementary services augment these products. These supplementary services facilitate the use of the core services and enhance their appeal and value, enabling the company to charge a premium price. The core and supplementary services are delivered using the delivery processes.”²⁰ “In this case, supplementary services are categorized into two: enhancing supplementary services and facilitating supplementary services.”²¹ Supporting, supplementary services, or consultation, enhancing include safekeeping, hospitality, and expectations.

²⁰ Storey & Easingwood (1998); Lovelock (1992); Bitner, Brown & Meuter (2000)

²¹ Lovelock, Patterson, & Chew (2009)

A service product usually includes a core product and many surrounding support services. Core products to meet customers' needs for basic benefits. Support services increase the value of the core product and make use of it more convenient, ranging from providing necessary information, advice and documentation, to problem solving and assignments.

4. Marketing Mix (7Ps)

“Traditionally, these considerations were known as the 4Ps — Product, Price, Place, and Promotion. As marketing became a more sophisticated discipline, a fifth ‘P’ is People. More recently, two further ‘P’s were added — Process and Physical evidence. Originally formulated for the service industry, they are just as important in other sectors. In the 1990s, as experts realized that business had to become more customer-centric, an alternative ‘4 Cs’ of marketing was proposed. Correlating almost directly with the original 4 P’s, they were: Customer, Cost, Convenience, and Communication. The 7 P’s model, however, has endured and more than adequately incorporates today’s customer-first marketing world.”²²

The company must give significance to elevate the marketing mix. The author chooses this tool because it shows the success or the failure of the company in the market. This tool integrates company policies relating to the price, product, promotion, place, process, physical evidence and people. If an element in marketing mix does not implement correctly, the programs and marketing strategies do not reach their goals, then the business will not make the predictable profit. Marketing mix 7Ps variables depending on their targets. For evidence, if the company wants to increase their sales volume then the most suitable solution is to make a grouping of these elements all methods and tools should be in a relationship of interdependencies to give reasonable price of product combining with lower cost of promotion and good quality, this will maximize the sales and an acceptable level of profit.

4.1. Product

The main section of the 4Ps is the product, and it mentions to the item to be sold. For this, a company must focus more on their products and services. The intangible product is the value-added, and the quality of the product is more comfortable for the customers to see and judge, such as the design, packaging characteristics (size, material,

²² Marketing and the 7Ps (CIM 2015)

shape, and pattern) and brand name. In contrast, services and value-added cannot be seen and is difficult to evaluate for the customers.

4.2. Price

Additional element of the 4Ps is the price. It refers to the worth added to the product. It depends on the production cost and the target segment of the company on which they can pay for the product. It is the only component that generates revenue for the company. The essential activities concerning price are the competitor's price analysis, discounts for different types of customers, selecting the method for determining the price, and implementation of pricing policy. Something given in exchange for a product.

4.3. Promotion

This element is defined as all the activities the company takes into consideration to make the product and the service known to the customer, such as (advertising, word of mouth, and other different media channels). The most important activities related to promotion are, setting promotional goals, promoting media choice, and planning for direct marketing and implementation of sales promotion efforts, creating promoting messages, also, to measure the effectiveness of advertising.

4.4. Place (distribution)

This element refers to the point of sales, which caught the eye of the customers and made it simple for the customer to buy it. The primary activities related directly to the place are to analyze the existing distribution channels. (if the company already has) In addition to analysis the available location of the point of sales, establishing new distribution centers and sales areas that meet the customer needs and to be directly in touch with the customer, creating a strong relationship with the distributors, implement an efficient process for the transport of the products, trying to minimize the total cost of the transportation and distributions.

4.5. People

Personnel Strategy in each company needs to be viewed under the Marketing degree. More and more people-oriented marketing methods. PR is thoroughly applied from the first years of operation, separated by external and internal PR. External PR (External PR) aims to build and maintain relationships and customer care systems (CRM) for Distributors, Press circles; Sports Unions and Media owners. Internal PR

(Internal PR) aims to take care of each individual and family of employees working for the company at all levels of work. The company has preferential policies and incentives for each employee and family according to their dedication process; employees who work with the company are rewarded according to the seniority they have attached to the company. Especially, the annual Family Festival of all employees is very impressive, creating an atmosphere of intimate solidarity. All creating the pride of employees and their families for those people around. Under the "7P" system, this group of solutions falls within P5 (People); and in brand marketing language, each individual and family employees are also "labeled" with the general brand of the business as well as the brand of products that they are trying to build every day everywhere, anytime, anywhere.

4.6. Process

Combining system processes, or professionalism, is process or professionalism. Marketing 7P explains this phenomenon by a very basic point that is considering the business organization is also a product in which employees enjoy two benefit groups (or values), rational and emotional. If an enterprise has a management system (expressed through the end product that it produces) that is more rational, then the ability to apply classic processes is more effective; Conversely, if the corporate governance system is inclined to produce sensible products (services, arts, culture, media, and so on), the ability to apply the classic management process needs to be combined with measures. method of stimulating creativity and expanding criteria for evaluating work efficiency (i.e., product made) in a more flexible way, employees (intellectual workers) will not feel constrained and feel level of administrators, from which to attract them is the job.

4.7. Physical Evidence

The condition of facilities is machinery and equipment serving the process of working or manufacturing, the space to interact with customers. Enterprises also need to invest and pay more attention to this issue, minimize risks and take that as an advantage over your opponent. After 59 years since the marketing mix theory was introduced, marketing mix still applies a lot to business activities. Good marketers will know the most appropriate way to combine these variables to bring business efficiency to the business.

5. Porter's Five Forces

Porter's five forces as known as a useful and straightforward method developed by Dr. Michael Porter (professor at Harvard university), for sustaining and improving competitive benefit within the certain industry. It is a helpful tool for companies to identify the factors that affect profitability. Besides, it can help make decisions relating to whether to enter a new market or to increase capacity and developing competitive strategies in a specific industry.

This model is considered a useful and effective tool to understand the source of profits. Most importantly, this model provides competitive strategies for businesses to maintain or increase profits. Businesses often use this model to analyze whether they should enter a certain market, or operate in a certain market. However, because today's business environment is "dynamic", this model is also applied to search within a certain industry area that need to be improved to produce more profits. Government agencies, such as the Antitrust and Merging Commission in the UK, or the Antitrust and Justice Department in the US, also use this model to analyze whether any companies are benefiting and use the public.

By using this model, the company will be able to update its business strategy to use its resources better and generate higher earnings.

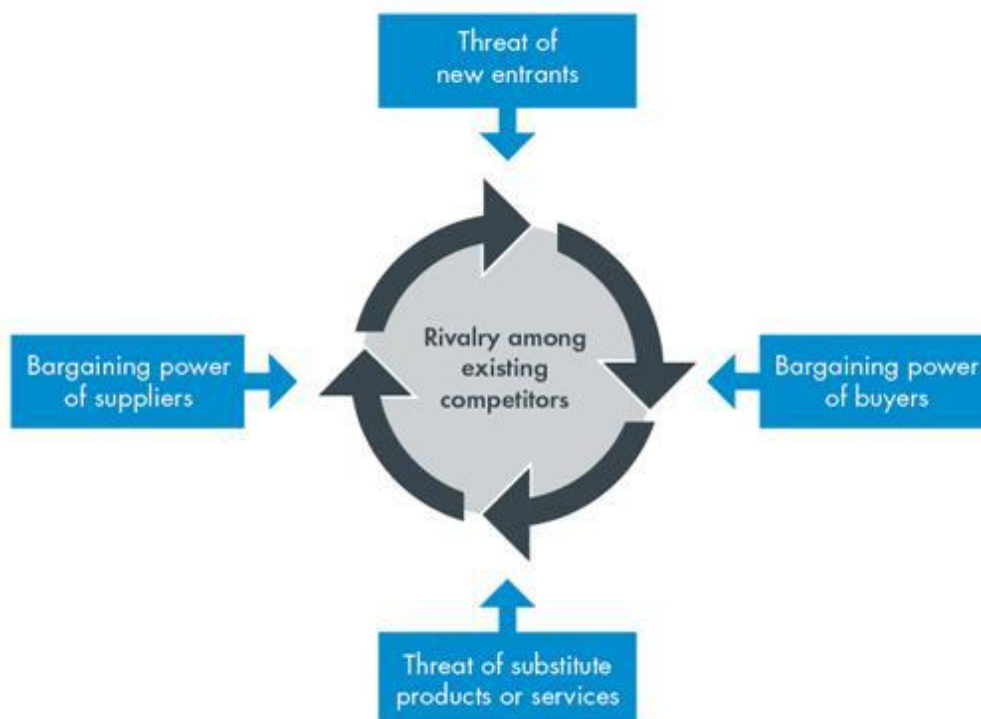


Figure 13. Porter's Five Forces factors (M. E. Porter, 1980)

5.1. Threat of substitution

If any similar products exist in a market, this will increase alternatives for the clients in response to price increases and increase the possibility of brand switching. Besides, this also will reduce the attractiveness of the market and the power of suppliers. The risk of substitution manifests itself in:

- The cost of conversion in product use.
- The tendency to use substitutes of customers.
- Correlation between price and quality of replacement items.

5.2. Buyer Power

The strength of customers is shown in:

- Bargain position
- Number of buyers
- Information that buyers have
- Characteristics of trademarks
- Price sensitivity
- Product differentiation
- Customer concentration in the industry
- Availability of substitute goods
- Customer motivation

5.3. The threat of new entrants

How difficult to new competitors coming into the market, and the profitable market is an opportunity to attract new entrants, and if the company controls the barriers such as franchisee, economic of scale in the place, then no rivals can compete with them and enter to the market quickly.

5.4. Supplier power

How much bargaining power do suppliers have? This power tends to how easy and effective the providers can increase the price of the products or services. If there are a few numbers of suppliers the company depends on, then the more power the suppliers hold. Supplier power manifests itself in the following characteristics:

- Concentration of suppliers.
- Importance of product quantities to suppliers.
- Differences of suppliers.

- The influence of inputs on cost or product differentiation.
- Conversion costs of businesses in the industry.
- The existence of alternative suppliers.
- The risk of increasing the consolidation of suppliers.
- Cost of supply compared to total revenue of the industry.

5.5. Competitive rivalry

In the traditional economic model, competition among rival businesses pushes profits towards zero, but in today's competition, businesses are not so naive as to passively accept prices. In fact, every company tries to gain a competitive advantage over its competitors. The intensity of competition varies from industry to industry, and strategic analysts are interested in those differences. The level of competition is reflected in:

- The barriers if "want to" out of the industry
- The concentration level of the industry
- Fixed costs / added value
- Growth situation of the industry
- Excess capacity
- Differences between products
- Conversion costs
- The specificity of trademarks
- Diversity of competitors
- Screening status in the industry

Chapter 4: Analysis results for Applause

1. SWOT Analysis of Applause App Quality, Inc.

SWOT is a tool that helps administrators analyze strategies as well as identify risks and evaluate them. Since then, the SWOT model has been extensively used in strategy formulation, competitor evaluation, business plan development as well as marketing and development of products and services. It provides information that helps match the organization’s capabilities and resources to the economical environment in which it functions.

Table 2. Applause SWOT Analysis (Own elaboration, 2019)

	<i>Helpful (to achieve the objective)</i>	<i>Harmful (to achieve the objective)</i>
<i>Internal origin (Attributes of the organization)</i>	<p>STRENGTHS</p> <ul style="list-style-type: none"> - Applause is globally recognized for being the leader in Real-World testing. - Applause has the biggest community of testers (about 500,000 testers) spanning more than 180 countries. - Applause’s sparkling reputation in testing service has been established for over ten years. - Applause is an international company with eight different offices, which helps to engage with clients worldwide. - The speed of delivery of services even during the night or the weekend is remarkable from the Applause service. - Localized language in the Applause website: English, German, Spanish, French. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - The organization is lacking human resources, and sometimes it cannot deliver enough testers in a niche market. - uTest is the primary channel to recruit testers; however, English uses as the main language. Thus, it might be challenging to understand for testers who do not understand English very well. - Applause mainly focuses on big countries or cities, for example, the United States, Germany, Japan, India, etc. If testers registered for an account, however, they live in a place where the company barely offer projects. Hence, they will leave the uTest community, and the number of testers will decrease.

<i>External origin (Attributes of the organization)</i>	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Applause can dominate in such a potential market as a digital experience. Thus, many clients want to work with them. Mainly, there are only a few competitors across the globe. - Applause is known as the leader in real-world testing, so it would be easier to approach clients and convince them to work with Applause. - Applause has a vast community of testers. Therefore, a higher chance to fulfill clients' requirements and will be faster and cheaper. 	<p>THREATS</p> <ul style="list-style-type: none"> - Due to rapid growth at Applause, sometimes, it is hard to control and synchronize every office for a standard working flow. It causes confusion or even troubles for both testers and Applause. - Clients could go for a competitor if they have a better price than Applause.
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1.1. Strengths

First and foremost, Applause has an excellent reputation in crowd testing services, which has built for over ten years. The company was initially incorporated under the name uTest in August 2007 and quickly became the leader in Real-World Testing. Applause has been a trustworthy partner for the evolving up-and-coming companies alike and the pioneering digital disruptors. The biggest strength of Applause is the ability to consistently prove their value to the world's most revered brands by providing capabilities that have previously been unimaginable. For example, many tech companies do not know about this kind of testing exist. The applause solution is a wow for them because they never thought that they could reach testers all over the world within a short period. The most important thing is that every test will be applied for real testers, real locations, and real devices. Some notable clients of Applause, namely Google, Facebook, Microsoft, Vodafone, TripAdvisor, United Airlines, Tesla, and so on.

Secondly, the company owns uTest, which is the biggest community of testers (about 500,000 testers) cover more than 180 countries. There are some advantages to uTest:

- All testers are freelancers, so they have flexible working hours. They can control their workload as long as they report to uTest on time.

- Testers are all across the globe, with tons of testing devices. Furthermore, they can test in different languages.
- Projects are in high demand among testers, which creates healthy competition in the process. It leads to a high-quality final product, which Applause promises to deliver to clients. Besides that, uTest could help to speed up the delivery of services even during the night or the weekend.

Thirdly, a variety of testing service type. Currently, Applause covers Ux testing, functional testing, mobile device testing, computer testing, Charles proxy testing, API testing, payment testing, and hard/software testing. It is almost everything relevant to testing services.

Last but not least, Applause is an international company with eight different offices, which helps to engage with clients worldwide. They also localize language on the company's website into English, German, Spanish, French. Applause prefers to hire people who could speak those languages to have the best understanding of the conversation between the company and their clients.

1.2. Weaknesses

Every business has its strengths and weaknesses. Applause is not an exception. On the one hand, the company is rapidly growing; more and more clients want to work with Applause. On the other hand, they have a limited number of employees. Therefore, sometimes their employees have to deal with an overload of work. Alternatively, in another scenario, if clients need testers in Iraq, Applause might not be able to deliver the testing service. Because it is such a unique and niche market. At some points, Applause cannot commit to having testers in every city or every country in the world. It means that they could lose their opportunity to engage with several clients.

As the author mentioned above, uTest is the primary channel to recruit testers. However, English is the main communication language in every project. Hence, if a tester does not know English well, they cannot sign up for an uTest account. They also cannot participate in an English project. Especially, testers in Asian countries struggle to understand project requirements.

Another weakness at Applause is the lack of projects to invite testers. They mainly focus on some big countries or cities, for example, the United States, Germany, Japan, India, and so on. Therefore, the other parts of the world, such as Kenya, Dubai, Thailand, regions where Applause does not have clients, testers cannot join Applause's projects. When a tester registers for an uTest account, they expect to participate in a

testing project and earn money. However, if the person lives in a region where Applause does not have a single client, unfortunately, they will not have many opportunities. Hence, the testers may leave uTest, or they could use a third party to fake their actual location, which is against uTest rules of engagement.

1.3. Opportunities

As a pioneer in testing service, Applause quickly dominated the market. It is shown by the number of clients increases every day and their annual revenue. Based on what they have done in the last decade, here are what opportunities Applause have:

- Easy to approach a new client, find a problem on the client's side, then give them a solution to solve that problem.
- More testers in the uTest community mean more types of testing services they can provide for their clients.
- Be more proactive in creating new kinds of testing, then finish the test more efficiently.
- In the perfect scenario, Applause has a non-stop working process. Due to the enormous size of the testers community and the testing happening all over the world, Applause could work 24/7. For evidence, the Indian office starts first, before they finish their working hours, the German office starts. About three to four hours before the end of their working hours, the US office starts working. The routine will continue in the following working day, so they are in touch with their clients 24 hours a day. Making clients delighted is the essential thing Applause wants to achieve. The more time Applause can save, the less money their clients have to pay for the service.

1.4. Threats

Opportunities usually come with threats. Applause needs to be aware of potential risks and to get over these obstacles. As a speedy developing company, more tasks require more resources, either internal or external. Applause lacks human resources because of the rapid growth of the company. It is not always easy to find the right person who will fit perfectly for the position. Especially when the company needs senior positions. It is not only about the job requirement, but it is also about what makes the company stand out, and what are the reasons why people want to work there.

Another threat of Applause is controlling and synchronizing all offices for one standard working flow. Every country has its own culture and working style.

Sometimes, it causes miscommunication or even troubles for testers, Applause employees, or even clients.

Now in the 4.0 industry and IOT, every enterprise wants to digitalize its products. They want to upgrade their user experience. Everybody can see technology in every single part of life. Each person uses at least one digital product, such as a smartphone, a smart house until the government uses recognition. Therefore, the author would say that this is a potential market, and many new competitors want to enter. With a new strategy and more attractive product, Applause might lose their clients.

From the testers' perspective, not many people believe in working from home or earn money on the internet to be exact. It is more familiar with American culture, not with the rest of the world. It could cause a negative impact when Applause needs to find testers; they will think it is a spam advertisement. Then, they will not apply for the project. It might be hard to educate those kinds of people, and Applause will not be able to find enough testers.

2. Ansoff's Matrix Growth Strategy of Applause

2.1. Market Penetration

Market Penetration is the minimum risky alternative growth approach out of the four, namely new market development, market penetration, diversification, and new product development. It focuses on selling existing goods or services into current markets to take advantage of higher market share.

a. Increase market share

In terms of testing service and the delivery speed, Applause still has the highest testing service and the fastest delivery speed, which allows the company to entice their clients. They have earned a tremendous reputation with successful products. Furthermore, Applause gives an additional recommendation to help clients improve their product. In cases where the testing team from the client-side is unable to fix an issue, Applause also offers a comprehensive package of testing. The firm is very confident about its testing service. It includes testing, fixing, and fulfilling the product with a reliable expert team and well-versed testers in the testing arena.

With a long-term and significant client, Applause can increase its business review plan from two times every year to every three months, which is four times per year. The first reason is that they want to make sure everything goes well, and the clients satisfied with the working process. The second reason, they want to maintain the contract and want to extend it for a second year. It is a win-win because both sides know how the

testing service looks like, and what benefits it could bring. That is how Applause gains its clients' loyalty.

b. Attract new clients

Applause has a very proactive marketing team who always try new ways to approach new clients. There are some methods they have used to get clients attention:

- Participate and host more technology events. It helps the company not only increase their brand awareness, but it also could reach to potential clients.
- Being active on social media and creating more content with different languages. The marketing team of Applause usually write articles or create videos to share knowledge about testing or technology in general. Besides offline events, they use LinkedIn, Webinar, YouTube, Facebook, Twitter as their primary marketing channels.
- Increase budget on SEO and improve the company website. Applause frequently update their website. Visually it looks more attractive, and it also makes their clients feel like this is a trustworthy and professional company to cooperate.

2.2. New Market Development

Targeting new markets or geographical areas with existing products has a moderate risk level for the company. However, before entering the new market, it has to think through the new markets carefully it will target, the distribution channel it will use, and if the company has enough resources and potential to take this risky step.

Testing service is not an old business; however, it is not familiar with many enterprises, especially with the Asian market. Applause has tried to reach out to some companies in Asian countries such as Japan, China, Israel. Before entering those new markets, Applause needs to:

- Establish new testers' community in these specific countries.
- Recruit new test team administration. That is qualified in testing and speak English besides their native language because the test team administration has to contact Applause employees daily. Moreover, they will go through all the training in English.
- Educate people there about a new way of earning money. They could work from home, and this is a very trustworthy business model.

Last but not least, it might take a lot of time and money to find either testers or clients in a niche market, especially when English is not their primary language.

Southeast Asia is a promising market for Applause to consider. From the last report on “Datareportal” (2019) about “Global Digital Reports show that more than 400 million people across Southeast Asia use the internet today, accounting for almost 10 percent of the world’s total internet user base.”²³ Predictably, this number will be increased in the next couple of years. “The number of internet users in Southeast Asia has grown by more than 10 percent over the past 12 months, with internet penetration across the region as a whole now well above 60 percent. Much of this growth in internet users have come from Indonesia, which is also home to Southeast Asia’s largest population.”²⁴ Figure 14 indicates more detail about the digital market in Southeast Asia.

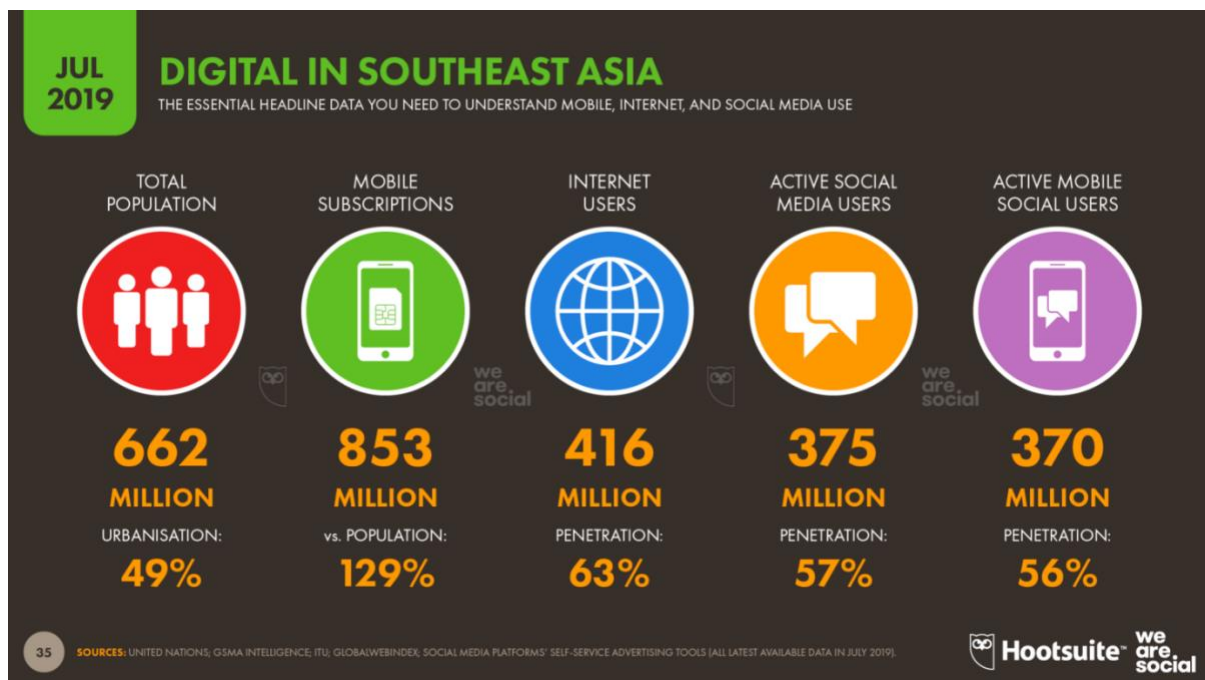


Figure 14. Digital in Southeast Asia (Datareportal, 2019)

The latest data from the Indonesian Internet Service Provider Association suggests that “the number of internet users in the country has grown by 20 percent over the past two years since 2019, equating to an increase of roughly 29 million new users.”²⁵

2.3. New Product Development

²³ See <https://datareportal.com/reports/digital-2019-spotlight-ecommerce-in-southeast-asia>

²⁴ Digital in Southeast Asia in July 2019 DataReportal

²⁵ See <https://apjii.or.id/>

The author applies the Ansoff Matrix to identify the strategic positioning and plans for Applause's expansion in the current and international markets. With the help of this tool, the author will try to evaluate which strategic option will benefit more to the company by taking into consideration its capabilities and characteristics. By choosing one or more strategies, the author will set goals for the company: how it is going to attract clients, compete with rivals, and differentiate itself from others.

This strategic alternative aims to develop new products for the current marketplace. It involves thinking about how new products can meet clients' needs more closely and outperform the products of competitors. For an existing product, Applause collects expert teams based on clients' requirement to test any device/OS combination across the globe. Their entirely managed method empowers leading brands to accelerate deliver flawless digital experiences and their software expansion. Applause practical testing adds value to exploratory and functional testing for NPD.

Currently, "the timely availability of testers from the Applause Community allows them to request a test cycle on Friday before closing time and to receive the results of the tests already on Monday for the new development sprint. Alternatively, occasionally, test cycles are performed overnight, and the results are delivered the next day. The issues reported by the testers are documented using screenshots or videos and entered directly into the project management tool. In this way, their clients could get a detailed user perspective with the help of bugs, and UX aspects can be found. That allows the clients' product managers to regularly rethink, simplify, and ultimately adapt user experience to user needs. The combination of functional and exploratory testing also benefits clients' developers, who can exclude potential sources of error at an early stage based on experience."²⁶

2.4. Diversification

This strategy is highly risky because the company tries selling new product to different markets. To use this strategy, Applause must have a clear idea of what to expect before entering into an unknown market, which is different from their activity with an unknown product.

Applause can also offer for AI Training and Testing. AI and ML have the potential to deepen customer loyalty, improve efficiency, and drive cost savings for brands across all industries. AI already impacts consumers' daily lives, whether they are interacting

²⁶ See <https://www.applause.com/solutions>

with a Chabot, or using their fingerprint to access their phone. When AI is done correctly, customers come back to brands and stay engaged longer. For brands looking to provide users with AI experiences that are accurate, intuitive and truly useful, Applause delivers a scalable end-to-end solution that both trains algorithms to learn quickly, and tests the outputs to ensure the AI responds appropriately. This solution leverages the global community to deliver a diverse training and testing base, mitigating concerns of AI bias as a result. Besides that, it can count as a part of the R&D team's ongoing efforts to both drive thought leadership and offer clients the services they need to continue building offerings their customers love. This launch is a packaging and promotion of this existing work, leveraging AI terminology, and value propositions to ensure the market knows we are a leader in this space.

Due to a vetted and expert team, they can also give a training course for their clients' testing team, then charge money from that workshop.

After four of the Ansoff Matrix elements mentioned above, there is a table of results.

Table 3. Ansoff Matrix of Applause (Own elaboration, 2019)

<p>Market Penetration</p> <ul style="list-style-type: none"> • Offer the full package of testing. It includes testing, fixing, and fulfilling the product. • Expand the business review plan from two times every year to every three months. • Increase the number of technology events Applause hosts and participates. • Being active on social media and creating more content targeting different audiences in different regions. • Increase budget on SEO and improve the company website. 	<p>Product Development</p> <ul style="list-style-type: none"> • The practical extra value of testing and exploratory for NPD. • Shorten delivery reporting time. • The testers will report by taking screenshots/ videos and submit directly into the uTest platform.
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<p>Market Development</p> <ul style="list-style-type: none"> • Established new testers’ communities in different countries. • Recruit new test team administration. • Educate potential testers about the opportunity to work from home and earn income. 	<p>Diversification</p> <ul style="list-style-type: none"> • Selling a digital application or machine learning. • Offer training courses for their clients’ testing team.
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After analyzing all the possible growth opportunities, the author thinks that the most suitable strategic options for Applause would be Market Penetration and the Development of New Markets. Because the Market Penetration and the Development of New Markets strategies bring the least risk to the company, Applause should focus on these strategies to further their development.

3. The flower of service of Applause

The knowledge from the Service and Sale course in Summer Semester, the author learned about the Flower of service, which is a core goods enclosed by a group of additional service. “The flower analogy helps to understand the need for consistent performance on all supplementary elements, so that a weakness in one aspect does not spoil the overall impression: a service that is badly designed or poorly delivered is like a flower with missing or dying petals; even if the core is perfect, the flower looks unattractive.”²⁷

The flower of service assisted the author in understanding deeply the company service, which gives our clients a solution to not only improve their industrial products but also spread their products to our community.

The following picture illustrates the Applause’s flower of service.

²⁷ Lovelock & Wirtz, Service Marketing 7/e, Chapter 4, Page 18

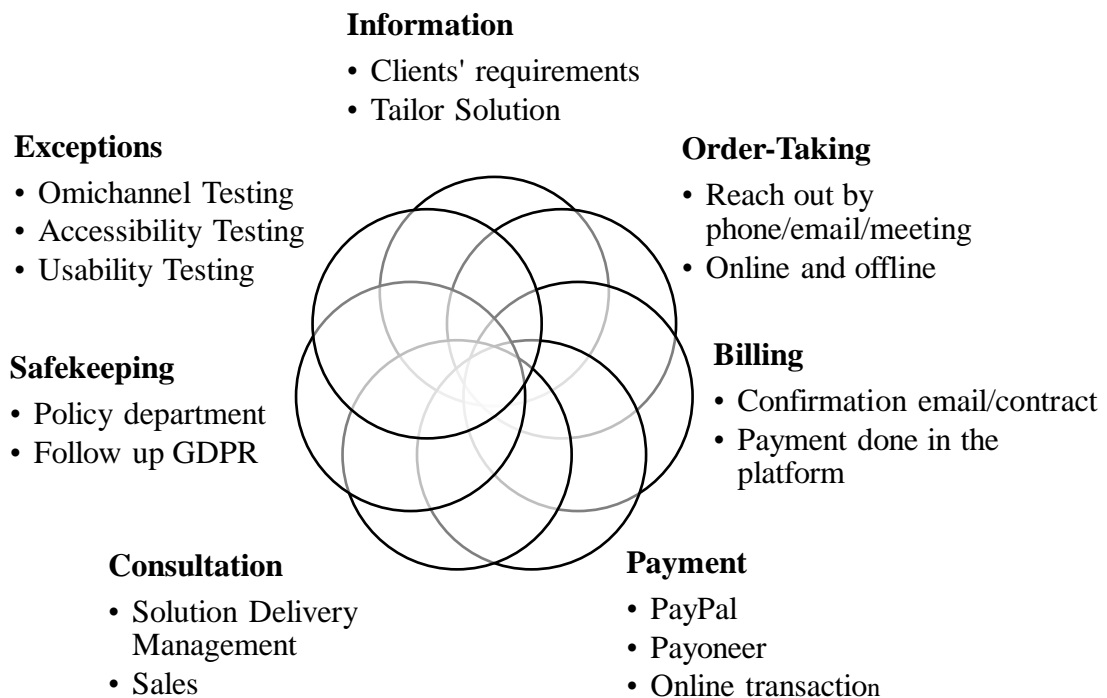


Figure 15. The flower of service (The author, 2019)

In general, the core value of Applause is about giving solutions, which spans the SDLC offering a organized perspective into every feature of end-users' experience. The business provides functional testing, which structured and exploratory testing is built for agile teams. Ensuring the digital properties work every time, everywhere, for every client. Applause commit to deliver higher quality software and faster solution to their clients.

5.6. Information

Leveraging the world's largest crowd testing community, Applause's structured and exploratory testing uncovers the critical issues their clients care about and the details they need to tackle in their products. Moreover, it all happens in a fraction of the time it takes other approaches. The company guarantees its testing by the following unique offers to its clients:

- Test faster: see results in minutes and hours, not days and weeks.
- Test more often: Applause has more than 500,000 testers all over the globe with different time zone so that they can test 24/7 unlimited exploratory testing and every day of the year.
- Better coverage: The testers' community of Applause can test on any device/OS combination, all on real devices.

- Better results: with all of the mentions above, Applause believes that their testers think and act as clients and report issues like seasoned QA experts.

5.7. Order-Taking

Clients require to distinguish what is available and may want to protected a pledge to delivery. This process would be fast and horizontal. Web test automation, mobile testing together Applause conveys to a client a test experienced engineers' community, confirmed methodologies, and a well-known automation structure that enables the client's testing team to fulfill their product quicker, expansion coverage, and saving client employees' time. It depends on the requirement and what clients want to develop their product or what do they need to test on their application before they launch their product to the market. Applause will tailor the solution based on the draw information for clients.

Extending device coverage, testing in more regions, and covering any clients' use case has never been easier. Tests can be kicked off with a few clicks in Applause' SaaS platform, or by quickly sending a Slack message with the test scope to Applause Solution Delivery Manager. The unique selling point is that the Applause testing team becomes an extension of the clients' team and processes so the TS can efficiently deliver results while eliminating day-to-day overhead. Applause can make an order either by a phone call, email, or meet clients in person to dig in their problem and find the best solution to offer.

Applause works tirelessly to deliver “no-noise” results. All testers' bugs' submissions are verified, replicated, and triaged by Applause TS. Also, because it is much easier for the client team if the TS integrated into the workflows, their bug reports are automatically exported to BTS, and failed automation tests can even initiate manual testing.

5.8. Billing

Bills should be accurate, clear, and understandable. After a claim for a test cycle, each tester will have a confirmation sent directly to their email from Applause about the test cycle, including the overview, payout, testing team contact. Testers will be able to see the amount of money they will get in the next payment cycle right on their profile on our platform so that and anything wrong, they can contact CM to solve it immediately.

Besides that, because of the particular testing service, Applause requires some exact requirements from their clients, for example, how many testers they need for a cycle, how much they will pay to recruit a tester, how long does it take to finish the testing. At the end of each quarter, Applause will review the whole process and start planning for the coming quarter. Primary, a print bill/ticket is unnecessary for this service; more details at the beginner are better for the workflow later on.

5.9. Payment

Clients would pay quicker and more optimistically if a service makes transactions convenient and simple for them. “Payment testing with Applause is the only way to test transactions with real payment instruments across the globe. Whether clients are looking to expand into a new market, reduce risk, or improve payment usability, Applause offers flexible testing approaches allowing them to test at scale anywhere, anytime, in the world.”²⁸

- With testers: they get paid them by PayPal or Payoneer twice per month, which is on 15th and the last day of the month.
- On the clients’ side, Applause will collaborate with salespeople and finance department to make sure that everything works well as flow and have an official contract.

Figure 16 illustrates the payment process between uTest and testers for a project:

²⁸ See <https://www.applause.com/payment-testing>

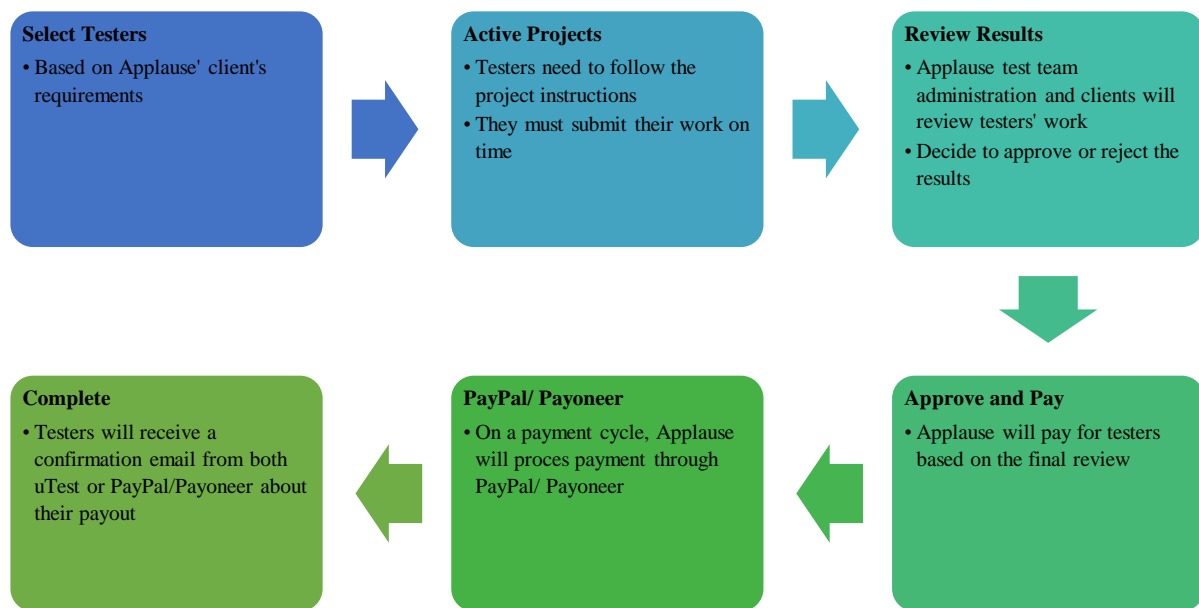


Figure 16. Payment Process at uTest (Own elaboration, 2019)

5.10. Consultation

Assessment can add to services and products by contribution guidance and customized consultation to each client’s requirement. “Applause Omnichannel testing offers a holistic view of the end-to-end experience of their clients. Its approach enables us to test with real clients across both digital and physical touchpoints providing comprehensive feedback to help make more informed decisions to improve the Omnichannel strategy.”²⁹

Each client can reach to Applause Deliver Solution Management Team by contacting them via phone, email, or directly meeting in person to explain their problem and seeking for the right solution.

Some frequently asked questions were given in case a tester has the same issue, so they can find the solution immediately without waiting for a response.

5.11. Hospitality

²⁹ See <https://www.applause.com/omnichannel-testing>

Applause is located in the United States, United Kingdom, London, India, Warsaw, and Germany. Hence, it is easy for a customer to visit our offices, it will be more reliable service when we have a real estate.

5.12. Safekeeping

Applause always protects clients and testers information and prevents unsanctioned system entree. The company security testing controlled by well-informed security authorities who exam against manufacturing standards and strategies. Their experts suggest unique approaches to assistance uncover exposures and deliver a robust description and remediation accomplishment strategy, which gives confidence about the safety of digital possessions.

In the EU, in general, Applause follows GDPR very strictly to build trust from testers in their community. Each country/religion has different business requirements, and Applause will localize based on their needs. Besides that, Applause has its privacy department to protect all the internal and external information for everybody, who works with them.

5.13. Exceptions

Like any service business, Applause set its expectation for each client.

Accessibility Testing: Avoid stay compliant and complications. It combines proficiency with a crowdsourced group of testers who are acquainted with accessibility best practices and assistive technologies. Applause tests alongside recognized regulations, guidelines to support to diminish the risk of lawsuit whereas getting a wider spectator. The company always prepares presents to send to their clients and testers with our logos such as caps, mousepads, backpacks, suitcase, or even the pop-up, which can stick behind the phone. In this way, Applause not only can satisfy testers and clients, but it also spread company brand better.

Usability Testing: “Actionable insights to increase retention and conversion. Usability testing with Applause provides a complete view of the clients’ experience. Knowledgeable UX experts lead applause usability studies and allow them to customize respondents to match the target audience to uncover meaningful insights.”³⁰

³⁰ See <https://www.applause.com/usability-testing>

4. Marketing Mix (7P) Analysis

Building the suitable marketing decision is difficult sometimes. Aware of the essential role of marketing in terms of new product development of Applause. Therefore, the author would dive into analysis to find out what prices to set, what structures to design into a new goods, how much to spend on advertising, and where to offer services, sales, the Internet, or mobile marketing.

4.1. Applause's Product

Since 2008, Applause innovative community-driven approach has helped the world's most recognized brands ensure that every web, mobile, connected device, and in-store experience they deliver delight their customers. Nearly every brand is knowing that traditional competitive differentiators (like lower prices and better products) are no longer enough.

Figure 17, the author shows the logical working process at Applause. First and foremost, the company needs to clarify what do the client needs in this specific testing; for example, how many testers do they want to get? Which location do they need to test? What others the requirements do they need, for example, OS devices, testers' QA experience? Secondly, after receiving all the required information from the client, on behalf of Applause, the uTest Community starts to select testers who fit perfectly in the project. Then, uTest will invite all of the potential testers into the project. uTest will give all the information about the project, namely project requirements, deadline, payout, working time, who will need to contact during the project and so forth. Thirdly, testers need to review the project carefully, and they will decide whether or not to participate in the project. Fourthly, when uTest has a quality testing team, which includes the testers, and test team administration. Everyone will work together to deliver the report on time. Afterward, the client will grade testers and give the final approval. Finally, based on the feedback from the client, uTest will pay for testers.

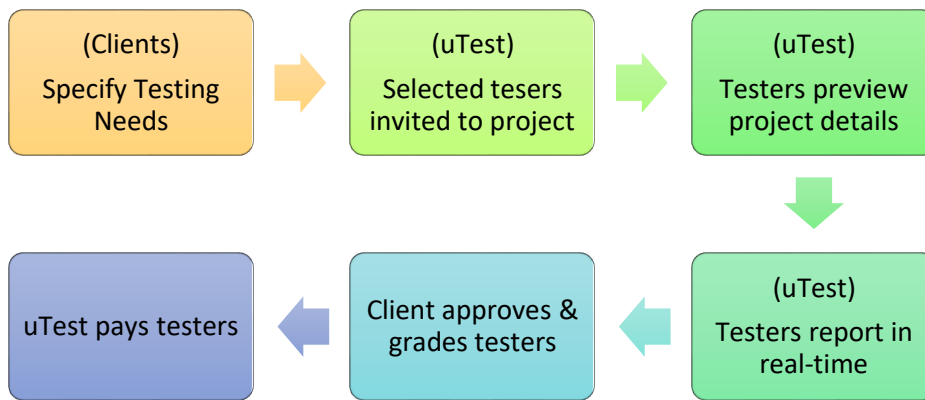


Figure 17. Crowdsourcing Testing Process in Applause (The author, 2019)

Overall, Applause customizes a solution to match clients testing needs. Applause has a complete collection of feedback solution and testing which allows its clients to gain rapid and continuous insight into every aspect of clients of customers’ digital experience. The company solutions are designed to answer the critical questions that will impact the end-users’ experience and business revenue: Does it work? Do they like it? Can they pay for it? Moreover, Applause applies to any digital experience clients are delivering to their customers. It does not matter what type of testing clients need, and Applause has a solution for them.

To deliver the best testing service for clients, Applause rapidly connects clients’ software, mobile apps, websites, and teams to highly vetted digital experts and everyday users from the world’s leading community. Based on the specific requirements the client provides, Applause is accountable for all aspects of the testing process- from planning, execution, and delivery of actionable results. Each client will work with a different Applause testing team, which helps to embed seamlessly into their existing processes, becoming an extension of their internal team.

Usually, a custom team for a single client is made up of:

1. A solutions delivery manager who is the main point of contact at Applause and will help define testing criteria and strategy based on best practices.
2. A matter expert in the area of testing the client is targeting. The test team administrator on the client-side continues to build and maintain in-depth knowledge of their products and SDLC and shares this knowledge with the custom testing team from Applause.
3. A custom-assembled team of testers, which perfectly match the client's target customer’s profile or special requirements (devices, languages, location, etc.),

will follow testing instructions from the uTest Team. All testers are highly vetted and available on-demand.

The success of the Applause product built not only from the logical working flows and the expert team, but it also comes from the real-time actionable feedback.

4.2. Price

Due to the specific clients testing requirements, Applause does not have a fixed price that could apply to all clients. However, the company has progressed in standardizing the marketing budget. The author will show in figure 18.

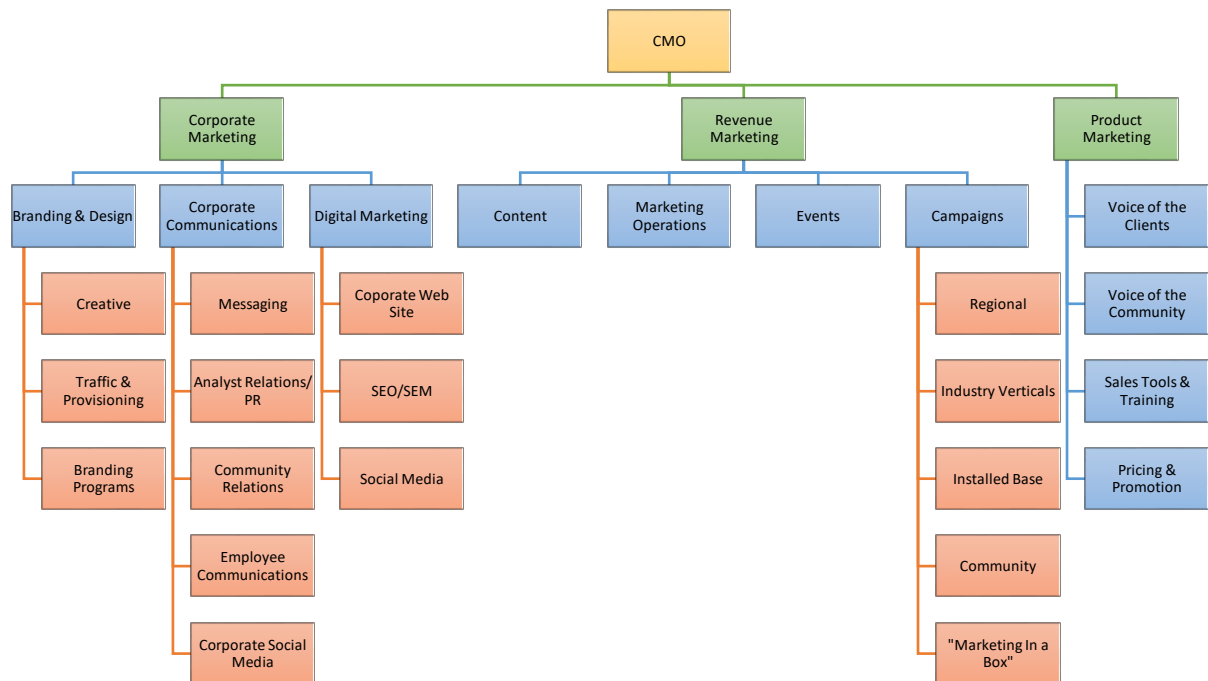


Figure 18. Marketing Budget Flow (The author, 2019)

Figure 18 illustrates three main channels in which the Marketing budget spend, which is corporate marketing, revenue marketing, and product marketing. After a client decides to work with Applause, they will need to consider those elements before giving the final price for their service.

- Digital marketing: it will be estimated based on location. Usually, the more potential people social media could reach, the higher the chance to find the right people for the specific project, and the bigger the city, the lower the price. How many channels do Applause need to find enough people for their service? Or even how many channels did Applause use to reach out to this specific client and convince them to choose Applause?

- Corporate communications: in case it is a long-term and complex testing service, Applause needs to pay for an external resource. For evidence, Applause employees might need to go onsite to see the client in person; they often flight between two cities.
- Revenue marketing: to spread product information and the Applause brand, they need to host an event or campaign so that they could get more attention from their clients or people whom do they need for their final product.
- Product marketing: Applause uses uTest as the leading community to find testers. That is also a channel that gives a price to find testers for a single project for Applause.

In the end, the final service price will have collaborated between Applause and uTest.

4.3. Promotion

Because of the unique business model, which is a tailored testing and Applause delivery that their clients need. The company does not offer promotions for their service. The sales department of Applause in charge of this matter. Typically, with a long-term client who works with Applause for at least one year, the company will plan, namely “Business Relationship Reviews.” The business relationship reviews happen once or twice a year to understand how everything is going from the clients’ perspective and make sure they are happy and satisfied. During the meeting, it is not only about the current projects but also about what the ongoing plans are. In this way, the sales department can present some other offerings for upselling and expand the contract.

4.4. Place (distribution)

Due to the intangible product of Applause, which is testing service. Nevertheless, as the most non-tradition channel, Applause sends the feedback and testing report directly by email to the testing team from the client-side. This reverse flow is what distinguishes this method from the others. The main communicating channels are email and phone calls, which make the delivery process speed up and more efficiency.

4.5. People

At the Berlin office, Applause honored to be on the list of “Berlin’s best employers”³¹ (Kununu) four times (2016-2019). The company always want to bring the best working environment for their employees. Besides that, in 2019, Applause is being recognized for its significant volunteer and fundraising efforts. Every year, Applause has dedicated to helping its local community in partnership with United Way Awards.³² This award will be presented to local companies, volunteers, and donors for their contributions in raising awareness and understanding of the United Way mission, and for their efforts in volunteerism, outstanding dedication, service, leadership, and achievement.

Most of the employees are satisfied with their job at Applause. Therefore, they are happy to support to marketing success for the company. They usually share the company’s posts in their social media such as LinkedIn or Facebook. By this was, Applause could level up their reputation by their people.

4.6. Process

In 2019, Applause is nominated the first time for the B2B Marketing together with companies such as Accenture or Cisco. Applause for having a strong marketing team with the most creative people in the company. In Applause, the marketing team focuses on value communication, client relationship, and collaboration. With brand awareness, the organization desires to have communicated value better to their prospects. Besides social media such as LinkedIn, Facebook, YouTube, webinars, they usually hold global campaigns or events. Direct mail is a traditional and effective way to get attention from clients. Applause is a global company, so the marketing team does not only need to create content; nevertheless, they also have to localize them to fit with specific target audiences.

4.7. Physical Evidence

As the author mentioned in chapter 2, Applause has multiple offices in different countries and continents. Due to the significant office coverage, they believe that they could reach to as many potential clients as possible. Figure 19 shows more details about the Applause locations. There are two ways to meet clients in person, Applause either invite clients to their office or Applause’s employees will go to clients’ offices. The

³¹ <https://news.kununu.com/berlin-diese-10-arbeitgeber-solltest-du-jetzt-abchecken/>

³² <https://www.applause.com/applause-honored-united-way-good-neighbor-award>

company has state-of-the-art meetings and conference rooms; it not only helps to have the first impression from the clients, but it also boosts motivation for their employees daily.

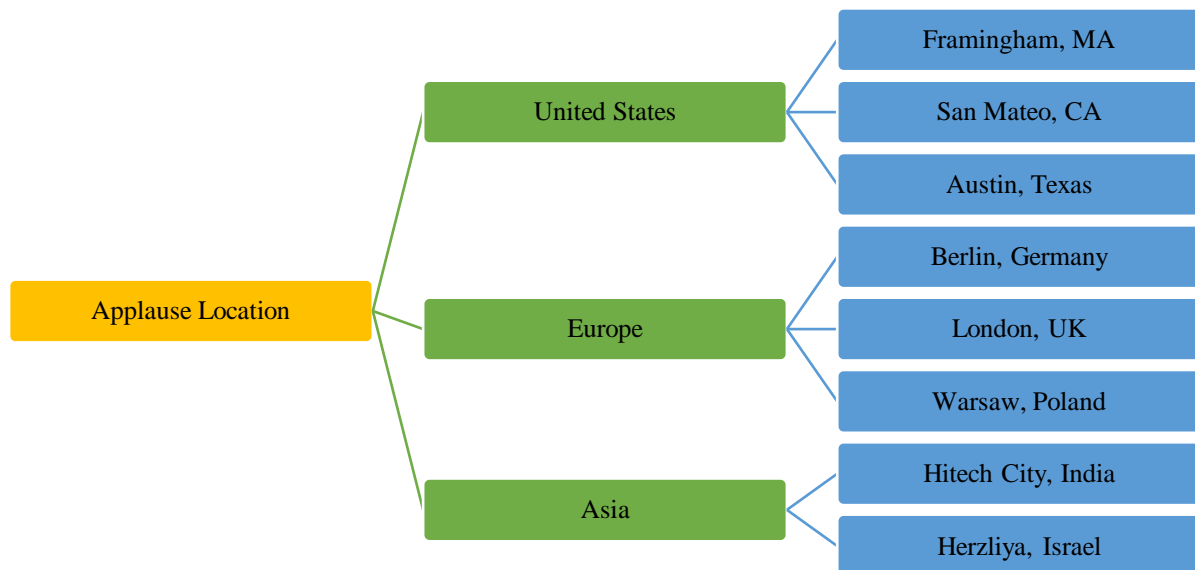


Figure 19. Applause Location (The author, 2019)

5. Porter’s Five Force

5.1. Threat of Substitution

The amount of big companies in the same enterprise increase competitive threatens with Applause due to the rapid development of the digital market is fair to every corporate. As consequently, medium-size businesses need more force with the right clients to target to can dominate market share. “The implications for enterprises of this growth in connectivity and education are immense. Crowdsourcing harnesses the creative and competitive spirit of people all over the world. Sun Microsystems co-founder Bill Joy said in 1990, “No matter who you are, most of the smartest people work for someone else.””³³

“Geolocation and low-cost mobile applications make it easy for smart people everywhere to participate – even if to do small tasks. Furthermore, in an increasingly volatile, uncertain, complex and ambiguous operating environment, to develop a

³³ Bill Joy quote - “How fast can you learn?”, Rich Karlgaard, Forbes (2007)

competitive advantage – or even to survive – “companies today need armies of people,” says Vivek Wadhwa, a fellow at Stanford Law School.”³⁴

To have a success crowdsourcing, Applause needs to catch up with digital trending by utilizing the internet. “The internet is the engine of the modern-day crowdsourcing platform. It provides both a broadcast mechanism for organizations to set or announce challenges and a network for connecting people and their diverse ideas, skill sets, and knowledge. The number of internet users worldwide is growing exponentially and has risen from just 414 million in 2000 to over 3.4 billion in 2016.”³⁵ At the existing proportion of growth, there will be roughly five billion internet users by 2020.

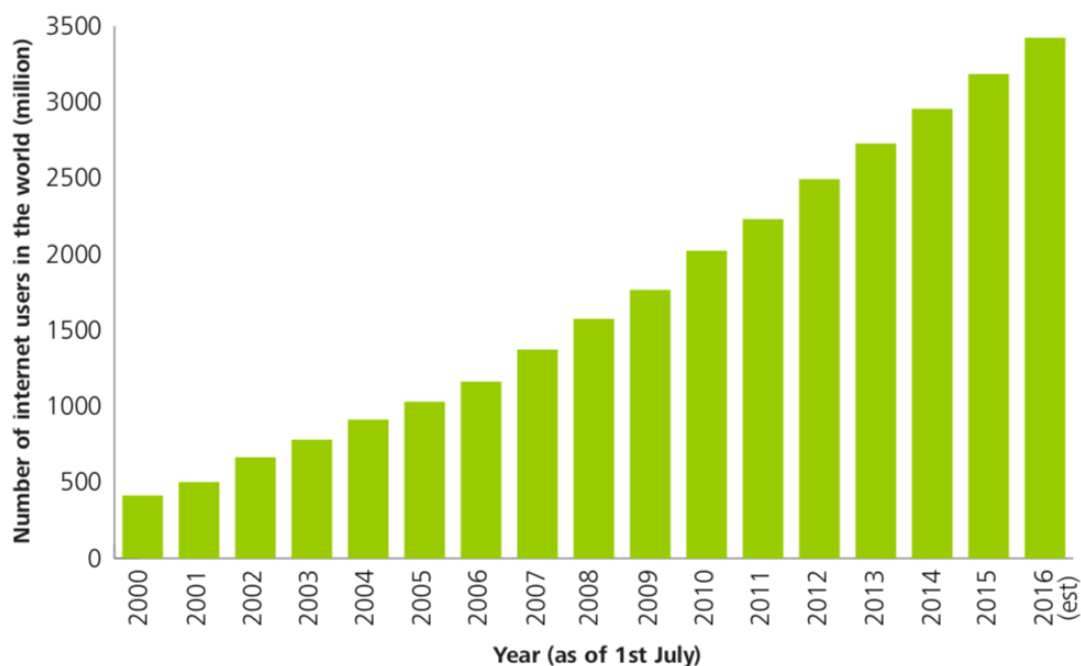


Figure 20. Number of internet users in the world (Internet Live Stats, 2017)

Besides that, “mobile access to the internet is also growing, with 52.7 percent of the global mobile phone population accessing the internet from their mobile phone in 2015.”³⁶ “This number is expected to reach 63.4 percent by 2020, which means that

³⁴ “Benefits of Crowdsourcing”, Vivek Wadhwa, The Wall Street Journal (2014)

³⁵ See <http://www.internetlivestats.com/internet-users/#trend>

³⁶ Number of mobile phone users worldwide from <http://www.statista.com/statistics/274774/forecast-of-mobile-phone-users-worldwide/>

mobile phones will be the most popular way for people to access the internet within four years.”³⁷

In 21 centuries, digital and internet never stop developing. To stand out between competitors, the author recommends some competitive strategies such as:

- Focus on delivering the best testing service for each client.
- For the sake of convenience, Applause could offer a whole package of testing service instead of parts. By doing this, their clients have more reason to stay with them instead of going to several companies for the same result.
- Increase the service after sales for big clients to keep the partnership, and the clients could potentially sign a new contract.

5.2. Buyer Power

The essential thing for every business is to sell their product to their buyers; they are essential for the developing of the product. More client satisfies, more profit, or even more brand awareness can earn for goods. Regarding Applause, every digital company is a core value to their success. After more than a decade, the company has its reputation and achieve many clients. They have working with some giant companies such as Google, Facebook, Uber, and so forth. Nevertheless, it does not mean they can hold their clients permanently, especially, nowadays the requirement from clients is rapidly increasing and the firm needs to get their insight.

Presently, the most often way for Applause to reach out to its clients is through direct email marketing. The BDR will need to do some researches about the target client, find out what is their problem and how Applause can solve the solution. However, not every client is familiar with a testing service company; they might not consider their problem is severe. Therefore, the email will not be read after much effort from the team. It is hard to approach clients, and it is even harder to fulfill their requirements. Nevertheless, clients are essential for the survival of any company. The bargaining power of these over their suppliers can be higher or lesser, which will determine to what extent these suppliers are under pressure for the benefit: the higher the power of the buyer, the more minor profits for the company that supplies it.

The exchange costs for the buyer are higher or lower, depending on many different things. The client usually has an over-expectation that as long as they pay for Applause, they will also be able to find testers. The fact that finding testers in a niche market and a lot more additional requires tough. For example, it is easy to find testers who live in

³⁷ Ibid as 32

Berlin. Nonetheless, it is going to difficult to find testers who: live in Berlin, under 30 years old, have children under five years old and own a house. The more specific for testers in the project, the higher the final cost will be. At some points, the buyers might go to a company that offers a lower price but no warranty for the final result. The costs of change will be lower when it speaks of similar products since buyers can easily switch between one supplier and another, but if suppliers can differentiate their products from those of the competition, they can exercise some power over their buyers.

Applause offers a stand out testing service with an expert team and vetted testers from the community of more than 500,000 people across the world. Consequently, usually, the exchange costs are higher; therefore, the purchasing power is lower. That is, in Applause, the sales channel used to get through clients' current problems, then check-up with the solution team to give a package of testing service. It must work smoothly among the sales, delivery team, and testing team. Otherwise, Applause will over promise and lower delivery. It sounds terrible for a service business.

Therefore, Applause products differ from their direct competitor by their customized solution for each business and very experienced team with experts and variety testers all over the world. That has allowed the company to offer its differentiated products at competitive prices, thanks to its exclusive and unique business model in crowdsourcing.

5.3.The threat of New Entrants

Applause power is following by the ability of other competitors to enter same market of company, how competitors enter the existing market, the easier for them to enter the market, the harder for the company to make a profit, especially if they want to sell the same product or such alternative product similar to Applause products. Nevertheless, it requires much time and effort to build crowdsourcing and offer a testing service like what Applause has done.

One side, Applause, always considers and focuses on R&D to make sure that their solution is unique, and it fits perfectly with each client. On the other side, entry threats depend in no small extent on the number and importance of entry barriers, which are features that necessity to overcome through different competitors to compete successfully. The high entry barriers are suitable for existing competitors in an industry, as they protect them from new competitors. The following summarizes some of the obstacles that the author identifies in the crowdsourcing business sector:

- When a company works based on crowdsourcing, they need thousands of testers. Because the more testers they could reach the higher testing service the company

can deliver to their customers. The big question for the new entrant is how much time and money they have to spend to find those significant numbers of testers?

- Limited start-up capital does not work well for this type of business. The reason for that is the new entrants not only need to estimate the marketing cost in different cities or even other countries to testers based on their customer's requirements. However, they also have to spend money on the build-up a test system; it includes human resources and software to analyze and give an excellent final report.
- To manage thousands of testers across the globe, it requires the capability of the manager. Furthermore, for those high requirement positions, they ask for a high paycheck.

Although a growing number of success stories, though, relatively few businesses systematically draw on the crowd. Pushing problems out to a large group of strangers seems at odds with conventional corporate wisdom. Supervisors, who have traditionally looked inward for solutions, are understandably wary. How, for example, can one client protect intellectual property if it is exposed so publicly? How can the client manage the crowd to ensure it delivers? How can the client integrate a crowdsourced solution into existing corporate processes and systems? What about the costs? Moreover, how can the client be sure the client will even get an appropriate solution?

Throughout history, crowds have been asked to tackle tough scientific, literary and technological challenges that have stumped even the most brilliant minds. There are many types of crowdsourcing. It illustrates in table 4, "Different types of crowdsourcing platform and their relative strengths and weaknesses" on the following page. This table will help new entrants to define what works best for their business model.

Table 4. Difference types of crowdsourcing platform and their relative strengths and weaknesses (Deloitte, 2019)

Crowdsourcing model	Good for	Not so good for	Example
Crowd collaboration	<ul style="list-style-type: none"> • Tasks requiring the aggregate “wisdom of the crowd” • Generating outside ideas 	<ul style="list-style-type: none"> • Promoting individual capabilities or expertise • Predetermined outcomes 	<ul style="list-style-type: none"> • 99Designs • X Prize • Quirky
Crowd competition	<ul style="list-style-type: none"> • Creating actionable solutions • Developing prototypes • Building a sense of community • Generating outside ideas • “Gamification” 	<ul style="list-style-type: none"> • Predetermined outcomes 	<ul style="list-style-type: none"> • TopCoder • Kaggle • InnoCentive • Applause
Crowd labour (microtasks)	<ul style="list-style-type: none"> • Well-defined, everyday tasks for individuals that require general skills only • On-side manual work, such as store restocking, furniture assembly and cleaning • Large crowds • When entrepreneurs don’t want to hire permanent employees or contractors • Real-time market intelligence or data gathering 	<ul style="list-style-type: none"> • Poorly defined, unstructured or non-routine activities • Tasks requiring subjective judgement • Tasks requiring specialist or higher-level cognitive skills 	<ul style="list-style-type: none"> • TaskRabbit • Amazon’s Mechanical Turk • Streetbees
Crowd labour (mesotasks)	<ul style="list-style-type: none"> • Well-defined tasks that require specialist processing skills • Routine but time-consuming activities. Such as data entry • When entrepreneurs don’t want to hire permanent employees or contractors 	<ul style="list-style-type: none"> • Poorly defined, unstructured or non-routine activities • Tasks requiring subjective judgement or specialist skills 	<ul style="list-style-type: none"> • Lionbridge • CrowdFlower
Crowd labour (macrotasks)	<ul style="list-style-type: none"> • Poorly defined or unstructured tasks or problems, such as strategy development, research or consulting • Tasks requiring subjective judgement or specialist skills • When you don’t want to hire permanent employees or contractors 	<ul style="list-style-type: none"> • Routine tasks and activities 	<ul style="list-style-type: none"> • 10EQS • Wikistrat • OnFrontiers • Applause
Crowd curation	<ul style="list-style-type: none"> • Fundraising • Start-ups • High transparency 	<ul style="list-style-type: none"> • Financing ongoing operations • Loosely structured initiatives • High short-term expectations 	<ul style="list-style-type: none"> • Kickstarter • CrowdCube
Crowd curation	<ul style="list-style-type: none"> • Building and sharing knowledge 	<ul style="list-style-type: none"> • Solving defined problems 	<ul style="list-style-type: none"> • Wikipedia • TripAdvisor
User-generated content	<ul style="list-style-type: none"> • Building large content repositories 	<ul style="list-style-type: none"> • Ensuring the best possible quality of content 	<ul style="list-style-type: none"> • YouTube • iStockphoto

In summary, some aspects hinder entry and thus reduce the threat of entry, such as the scale and experience of consolidated companies in the sector, their learning curves or capability in crowdsourcing, extensive regulation, and the possibilities of differentiation. Nevertheless, some aspects facilitate such entry, like a low investment in a physical office, cheap labor oversea, and the response of competitors. In this way, the author would say that the threat of entry will be low-medium. Since it is a service with several added values not offered by the current competition, it can be expected that things will change in the medium and long term when the service is better known and more attractive. When this moment arrives, it is expected to have a high market share and with satisfied clients who, after knowing the business success achieved, share their experiences with other clients and thus be able to expand the testing service.

5.4. Supplier's Power

Suppliers are those that supply the organization with what is needed to produce the good or service and include work and sources of financing. Suppliers can play with their role of being able to raise the prices of their services or reduce their offer of services, with which the profits of the companies of the sector would be reduced. They know that the smaller the number of suppliers there is or the more difficulty they have to get the service. Because of the specialize intangible product of Applause, which provides testing service based the crowdsourcing, the company does not have many suppliers to select.

Although uTest is an internal resource that Applause uses to find testers, it works independently, and the company still needs to pay for uTest as a provider. In each of the different client requirements, uTest will set a range of a price for seeking the right testing team. This price included in the final price, which Applause offers to its clients. In case uTest cannot find enough testers due to complex requirements from the project, they will ask for consulting from an agency. Based on the criteria from uTest, the agency will estimate the price and give a list of potential contact. The price will increase if the recruitment agency involves. Some other suppliers the company must choose from, namely, a delivery company which transports all the hardware devices, IT companies which provide platforms and working tools.

There are different sources of supply for all those resources that the company needs: third party payment such as PayPal and Payoneer, annual maintenance servers, and so on. There is a high number of suppliers, which leads them to a rather weak negotiating position with their buyers.

With all this, a rather weak negotiating position has been identified for these suppliers due to their large number, and the possibility of access to new suppliers with globalization is also highlighted. In this way, the author has considered that the power of the suppliers is of a high-medium level. Table 5 will sum up all the providers that Applause is using.

Table 5. Alternative level of Applause's provider (Own elaboration, 2019)

Supplier	Description	Alternative level
Mautic	“Open marketing software platform that provides the most exceptional level of integration and deep audience intelligence, enabling to make more meaningful customer connections.” ³⁸	Medium - Low
RT	Open source issue tracking and workflow platform developed and supported by Best Practical Solutions. “Internal teams can communicate with external customers and team members on the same ticket – which is a name for a request. It is a tool that receives and manages all email sent to key email addresses. The team member can manage ticket replies via email or use RT’s full web interface.” ³⁹	Low
Zendesk	“A simple system for tracking, prioritizing and solving customer support tickets. Customer interactions across phone, chat, email, social media, and any other change, all come together in one place.” ⁴⁰	Medium - Low
Domo	“The business management platform turns data into insights. In a single cloud-based platform, can create dynamic visualizations, collaborate with stakeholders, and transform data with simple, user-friendly tools. Proactive alerts keep in the loop, and the Domo mobile app delivers	Low

³⁸ Mautic homepage (2018)

³⁹ RT homepage (2018)

⁴⁰ Zendesk homepage (2018)

	information need, wherever their customers happen to be.” ⁴¹	
SendGrid	“It is a cloud-based platform that solves the challenge of email delivery. SendGrid provides and manages an email server on customers’ company's behalf, so the communications with customers of customers are reliably sent and delivered as needed. It includes Email Deliverability, Marketing Campaigns, etc.” ⁴²	Low
MBE	“Mail Boxes Etc. is the largest entrepreneurial network for outsourcing solutions in the field of shipping logistics, graphics & printing, as well as micro logistics and intersectoral worldwide.” ⁴³	High

5.5. Competitive Rivalry

How many competitors does the company have? Or are there any products or services at the same of Applause product? If there is, how Applause can establish a substantial advantage over them? If the company has many of them and offer the same product/service in the same quality, then it is likely to have a little power situation. Moreover, the buyers will have then other alternatives and can quickly go for them if the company did not offer a good deal. While if there are no other competitors offer the same product with the same features and quality, then the company has control over the market and enormous strength.

Applause competitors, as mentioned before, like Testlio which offers a similar product, nevertheless it does not exceed Applause in many testes across the world, and they have less experience in the crowd-testing as Applause. Besides that, The “Testlio Platform is built on a sophisticated, secure and modern Architecture and available for their clients under the clients' bundled, Managed Service Fee approach. The major modules of the Testlio Platform are Builds, Tests, Plans, Teams, Runs, Issues, Integrations, and Reports.”⁴⁴ While leveraging an international professional

⁴¹ Domo homepage (2018)

⁴² Gust Launch Product (2018)

⁴³ MBE Homepage (2019)

⁴⁴ See <https://testlio.com/how-testlio-works/>

tester with actual devices, “Applause functional testing uncovers the critical issues their clients care about. Receive actionable results in just hours enabling the clients to deliver high-quality software on time every time.”⁴⁵ It makes Applause has a competitive advantage.

In 2016, crowdsourcing competitions like the \$30 million Google Lunar XPRIZE, the \$25 million Michelson Prize or the £10 million 2014 Longitude Prize is challenging – and incentivizing – professional scientists, engineers, entrepreneurs and innovators from all over the planet, amateur and professional alike, to develop novel solutions to the world’s ‘wicked’ problems.^{46, 47, 48} In more straightforward applications of crowdsourcing, platform providers like Lionbridge and Samasource are helping enterprises with image tagging, data validation, language translation, and other routine tasks that require flexible access to large numbers of people with necessary computer skills.^{49, 50} Wikistrat, OnFrontiers, and 10EQS tap into the specialist expertise of hundreds of thousands of people worldwide to provide flexible, non-routine services such as consultancy, market intelligence, strategy development, and research.^{51, 52}

All the competitors of Applause, including the company itself, focus in this section of the model, the four forces around them are influencing the rivalry of these competitors.

This force studies the competence of the sector and reports on the positioning of these companies. Competitive rivals are administrations with goods and services similar to Applause expected at identical group of customers and among which some competitive movements may appear, such as price wars, innovations, or aggressive advertising campaigns so as not to lose their position. By knowing who the strongest competitors are and what are the features that distinguish them, the company can obtain the necessary information to know how to enter the sector by offering a service to which users are inclined.

⁴⁵ See <https://www.applause.com/functional-testing>

⁴⁶ See <http://lunar.xprize.org/>

⁴⁷ See <http://www.michelsonprizeandgrants.org/michelson-prize>

⁴⁸ See <https://longitudeprize.org/>

⁴⁹ See <http://www.lionbridge.com/>

⁵⁰ See <http://www.samasource.org/>

⁵¹ See <http://www.wikistrat.com/>

⁵² See <https://www.onfrontiers.com/>

The four previous general competitive forces affect the direct competitive rivalry between the organization and its most immediate rivals. These competitive forces present in Figure 21, which is a low-medium intensity: the threat of low-medium entry, threats of low substitution, low buyer power, low-medium supplier power. In addition to the influence of the four previous forces, there is a series of other features which affects the level of competitive rivalry in the sector.

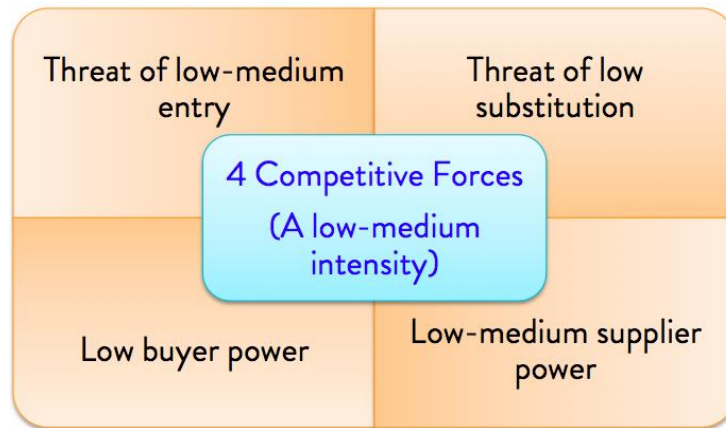


Figure 21. Four Competitive Forces, a low-medium intensity (The author, 2019)

Firstly, the **balance between competitors**. Three companies have been identified in the competition, with Teslio adjusting more to the online customer support offered by Applause. To face all this competition, the author intends to act through the clients and testers service response times, specialization clients need, and internationalization of the company. The final testing service price, the after-sales service, the testing report and feedback delivery time, and various testing areas that allow the differentiation.

Secondly, the author analyzes **the growth rate of the industry**. “The crowdsourcing ecosystem is still relatively young; nevertheless, as use-cases emerge and new platforms, the potential for disruptive impact on the business is important. In shifting towards a more ‘outside-in’ approach to the problem- solving, for example, crowdsourcing changes the way that businesses, public sector organizations, and other enterprises create value. The size of a firm, the tools, the number of employees, and other intellectual property developed, or the exclusive agreements a company has with partners in its supply chain no longer limit the capacity of any organization to discover and apply knowledge. Instead, it is the greater access to understanding the crowd provides and, in specific, the frictionless flows of diverse ideas enabled by crowdsourcing that now create value.”⁵³ The concern of losing hardware testing devices

⁵³ See <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/Innovation/deloitte-uk-crowdsourcing-using-the-crowd.pdf>

is growing, not only among the testing administration themselves, the company which owns testers and the different associations but also among the clients. Because it costs both sides for Applause and their clients, plus it might reduce Applause reputation. Thus, Applause must control the number of devices before and after the testing. In case the device is damaged/lost by the tester, they must pay for the device value.

Therefore, the growth rate of the industry both nationally and internationally is favorable, so that competing organizations can grow with the market, but it is also true that this growth has rather low rates, which may be associated with competition in prices and with the difficulty of access to the client, and that leads to a more significant rivalry between competitors.

Another factor to consider is **exit barriers**. The exit barriers in this case study seem to be too high since the costs in case of closure or disinvestment have to be high: marketing research, testing development, testers resource, expert testing team, and so on. Therefore, the influence of this aspect in the competitive rivalry is powerful. This type of business model requires financial standing.

Finally, a low **differentiation** in products or services can lead to an intense rivalry due to little different that prevents clients to consider alternative competitors which leads to the last strategy is price. However, and as the author discussed when analyzing the competitive force of entry threat, there are possibilities of differentiation for the service offered by Applause, not only because of the differences in the crowdsourcing size but also because of the after-sales service plus the expert testing team, which gives the product an added value of differentiation.

Chapter 5: Recommendation for Applause

New product development is both costly and risky, especially for companies that sell intangible products. New-product failure rates for household and grocery products can reach 80 percent. Overall, companies report that only 3 percent of their products exceed their initial sales targets in Year 1. Even companies such as Facebook, which launched Facebook Home in 2013 at an initial price of \$99 per year, have experienced new product failures.⁵⁴ Industrial goods failure rates tend to be lower than those for consumer goods. Increasing successful chances, most companies use the NPD process (Figure 22).

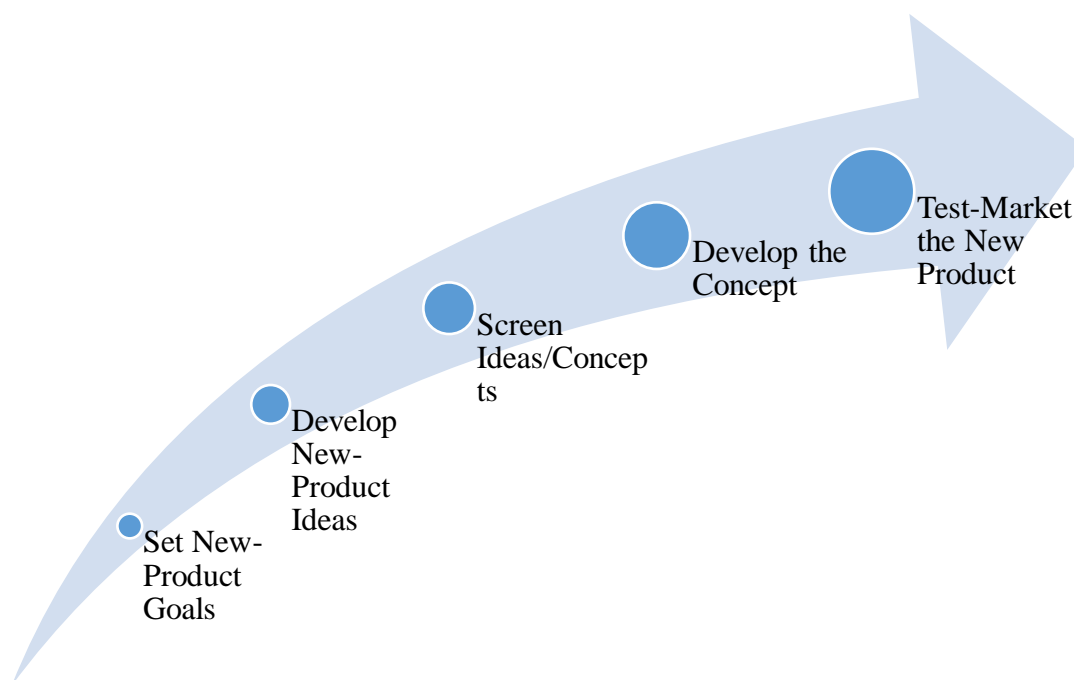


Figure 22. Steps to develop new products that satisfy customers (The author, 2019)

1. Set new-product goals

New-product objectives are regularly primary monetary objectives. After research and analysis about the internal and external environment, the author recommends that the company should focus on four main goals: business outcomes, globalization efforts, increase delivery efficiency, and strategic practices.

Business outcomes: Applause should consider to mitigate and have a clear line of a sign into churn/downsell risk. “Customer churn rate” is the proportion of Applause’s clients who withdraw or do not renew their contracts in a agreed period.

⁵⁴ Drake Baer and Jay Yarrow (2014)

Especially, the churn rate is an significant metric for corporations whose customers regularly pay -- like SaaS or other subscription-based companies. Regardless of Applause monthly revenue, if their typical clients do not stick around long enough for them to at least recoup Applause's clients' average customer acquisition cost (CAC), the company is in trouble. Therefore, they need to make sure that the churn rate is under control in almost every project. Besides that, Applause should continue to keep Client Satisfaction Score (CSAT)/ Tester Satisfaction Score (TSAT) and margins high. The higher satisfaction from clients, the higher trust in the Applause service. It similar to testers, Applause needs them as the core value of crowdsourcing, so if they feel satisfied to work with Applause, they will stay longer and getting better in the following projects.

Globalization efforts: Applause should get fully immerse international team into Gainsight usage. Primarily, they need to support master data architecture/BOSS efforts. "BOSS was designed based on those best practices and reference frameworks with proven success aligning the business and transforming the information security practice across organizations into a business enabler. Most of the security architectures focus only on technical capabilities missing the opportunity to create a dynamic synergy with the business, transforming reactive practices into proactive areas, that eventually can enable business command centers that provide relevant information about the health around information assets and business processes. A common concern when organizations decide to integrate services with cloud providers is the level of security the provider will offer as well as the amount of exposure when data is hosted on a multi-tenant model. This domain outlines those aspects that must be considered besides technological solutions, such as legal guidance, compliance and auditing activities, human resources, and monitoring capabilities with a focus on fraud prevention. Business Operations Support Services defines the high-level policy requirements that IT Operation Support Services, Presentation Services, Application Services, Information Services, Infrastructure Services, and Security & Risk Management exist to support. BOSS embodies the direction of the business and objectives of the cloud consumer."⁵⁵ Applause uses crowdsourcing as their business model BOSS should be the perfect match to control their product.

Moreover, they should do more research to gain insight into a new city. There are some bullet points that the author recommend Applause should do before the pitching with their clients:

⁵⁵ https://cloudsecurityalliance.org/wp-uploads/2011/10/TCI_Whitepaper.pdf/

- What country is client targeting? What are the main issues in their current product?
- Applause has to know about the population and the average wage of the country where the client is targeting because they need to know how much they pay for testers eventually.
- Clarify the client's possible requirements. Based on the working experienced, Applause can predict what could happen in the testing. Therefore, they could advise their clients.
- Figure out how many testers Applause can provide for the country and recruiting budget. The number of testers is significant in every project because Applause needs to make sure whether or not they can deliver enough testers.
- What is the best solution, and how Applause can help the client to tackle their issues?

Increase Deliver efficiency: Build out test case execution team in every office. Execute on margin improvement and device management and program. As the author mentioned in the SWOT analysis, Applause needs to have the same standard in every office. Thus, they need to seek for a vetted executive testing team and give them the same training about how the process goes in Applause. Step by step, the teams need to make sure that they are following the instructions, and they will have the same quality report to deliver to clients. Manage all the hardware devices is a crucial requirement for Applause. There are two ways to ship the testing device to testers, either their clients do it by themselves or Applause will take care of it. No matter who sends the device, Applause need to warranty that the clients get all the devices back eventually. To that, the company should:

- Emphasis to testers that they must send the testing device back whenever they are no longer in the projects.
- Applause needs to highlight testers' responsibility with the device. In case the device is lost or damaged, they must pay for the original device fee.
- For the hardware testing project, Applause needs to give detailed instructions for testers. It helps them to get to know the device and follow the test easily.

Applause also should consider improving some internal working tools. Because that is what their employees work daily, a good system can save time and have better service. Notably, it helps Applause's folks to work more efficiency.

Strategic Practices: Provide team with deep-dive Usability and other training series. General availability of automation and analytics automation is the last goal the

author could recommend that the internal testing team could gain more knowledge, then practice them all in Applause’s projects.

2. Develop new product ideas

Applause is a medium-size company; thus, their new product development should depend on not only their staffs, clients, investors. Nevertheless, they also need to dive into marketing as the fastest way to expand their brand awareness and their products. Focus groups often generate excellent product ideas. “Brainstorming is also used to generate new product ideas. The members of a group can brainstorm to think of as many ways to vary a product or solve a problem as possible. Criticism is avoided, no matter how ridiculous an idea seems at the time. The emphasis is on sheer numbers of ideas. Evaluation of these ideas is postponed to later steps of development.”⁵⁶ Every quarter Applause has an official company meeting. They do it online so that everybody could join the meeting for both online or offline way. It is the time to review what happened in the last couple of months, what the company was good at, and what could they improve in the coming quarter. It is good that every question is welcome in these meetings. However, they should have weekly meetings in each country plus a new way to feedback in case the staff did something wrong. The author creates table 6, to sum up, new product ideas for Applause.

Table 6. Stratified message platform and brand strategy (Own elaboration, 2019)

Level	Goal	Messaging Focus/Examples	Brand Feel
Thought Leadership	Drive dialogue around key issues	Visionary and Inspirational “Testing at the Speed of Life”	<ul style="list-style-type: none"> • Inspires • Clear, simple, sophisticated
Corporate	Generate positive awareness of Applause	<ul style="list-style-type: none"> • Descriptive and Grounded • “Applause is the first place to turn for testing the quality of clients’ customer experience.” 	<ul style="list-style-type: none"> • Informs • Pragmatic, trusted, proven
Go-to-Market	<ul style="list-style-type: none"> • Build pipeline • Meet/exceed ARR 	<ul style="list-style-type: none"> • Motivational and Value-oriented • Personas 	<ul style="list-style-type: none"> • Sells • Flexible and enticing

⁵⁶ See <https://miro.com/blog/brainstorming-techniques-ideas-rules/>

	<ul style="list-style-type: none"> • Extend LTV • Reduce CAC 	<ul style="list-style-type: none"> • Solutions • Industry verticals • Regions/countries • Installed Base Customers • Community 	<ul style="list-style-type: none"> • Enterprise-class • Technical buyer oriented • Meets audience expectation
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3. Screen ideas and concepts

As the author mentioned above, there are three ideas and concepts, which might fit the company’s strategy the most. They are namely globalization efforts, increase delivery efficiency, and strategic practices. In this part, the author will present analysis again to see which plan is possible and which is not.

Firstly, about globalization, Applause needs to expand its business to other countries. This strategy should consider for every enterprise which wants to increase its avenue and determine their brand name in international markets. This plan can execute because of the following reasons:

- uTest already has a big tester community worldwide. Therefore, they can establish an executive team to start working on the new market. The strength of this team is that they are local testers so that they can speak the native language of the host market. Additionally, they have working experience in their country. Thus they can understand their culture better than foreigners. They can work on translation, prepare marketing material, and spread the project information to their family and friends. Due to this knowledge Applause, could save a lot of money and time to enter a new market. Besides that, in case a problem occurs, the firm needs to collect different perspectives from the team, then, give a final decision.
- Applause has tried to enter new markets many times, so more or less, they know what steps they should go first and what could be the last.
- Different currencies allow Applause to control its budget. The primary offices are in the US and Europe. In comparison with the US and EU, Asian or Africa has a much lower wage. Therefore, it costs less money for the company to enter. Figure 23 shows “how average labor income shares and average Gini coefficients have changed in different regions. It indicates that all areas, except for Latin America, have experienced an increase in inequality along with a decline in labor income share. The most significant reductions in labor share

have been observed in Latin America and Europe, while the most significant increases in income inequality have been experienced in the Arab States and Asia and the Pacific. In Latin America, both inequality and labor income share have declined. That suggests that the inequality-increasing effect of a lower labor share may have been more than offset by more compressed wage distributions.”⁵⁷

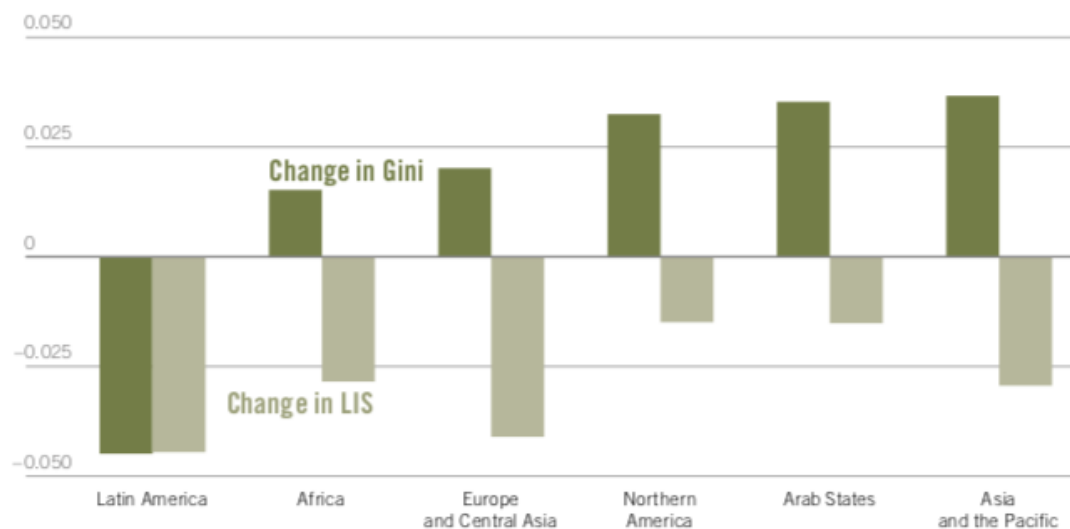


Figure 23. Change in labor income share and income inequality, 1995–2012 (*Global Wage Report, 2016/17*)

- For this circumstance, the company has no choice but to leave the country and find another potential market.
- One thing Applause might have trouble is the original country does not want to have any business with a US company. In terms of politics, “the tensions between Iran and the United States stretch back decades, well predating the Trump administration. The most dangerous flashpoint has long been the Strait of Hormuz, a narrow waterway that connects the Persian Gulf to the rest of the world.”⁵⁸ Another evidence is “Cuba–United States relations are the bilateral relations between the Republic of Cuba and the United States of America. Cuba and the United States restored diplomatic relations on 20 July 2015, links which had been severed in 1961 during the Cold War. The United States Embassy in Havana handles U.S. diplomatic representation in Cuba, and there is a similar Cuban Embassy in Washington, D.C. The United States, however,

⁵⁷ See https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_537846.pdf

⁵⁸ See <https://www.nytimes.com/2019/05/16/world/middleeast/iran-tensions-explainer.html>

continues to maintain its commercial, economic, and financial embargo, making it illegal for U.S. corporations to do business with Cuba.”⁵⁹

Secondly, the author thinks about increase deliver efficiency, which is credential for a testing service company as Applause. It not only makes the company has faith from the clients, but it can also improve their product quality. To fulfill this plan, the company needs to have plants about:

- Add more internal training for the delivery team. It includes testing team administration, delivery project manager, and provides more opportunities for testers to improve their testing skills. Applause needs to spend more time and money in educating their people so that it will get paid off eventually. After more than one year working at Applause, the author can see that they take this matter seriously. For evidence, uTest Academy is a series of online courses for testers to gain more knowledge about tester. The Academy is for either novice testers or advanced testers. Testers are external resources. Applause also works on their internal team by giving courses such as how to provide the right questions to the clients, how to solve internal conflict and clarify working level. Hence, everybody works smoothly.
- The problem in this strategy is sometimes due to the online chaos management; the company cannot give 100% control of the testing teams. Applause should think about how to be strict and review employee performance more often.

The last recommendation is strategic practices. Theory only works when it can apply to the real business world. Applause needs to invite more experts to give a training course and consult with the current employees. For example, if the company wants to focus on team management, it requires leadership skills and additional tools to keep track of tasks' complement. Besides that, as the authors mentioned in the previous chapter, Applause can offer training about AI and ML for their clients. AI is quickly becoming a critical component of any business, helping brands realize benefits like significant cost-savings, personalized experiences leading to higher conversion rates, and improved customer satisfaction and loyalty.

Nevertheless, training a machine to learn, act and respond like a human takes massive amounts of data inputs across countless scenarios. This solution helps the

⁵⁹ See <https://history.state.gov/countries/cuba>

Applause Community can quickly deliver any data set required to train an AI algorithm, including text, images, speech, handwriting, documents, intents, and biometrics. Customers have high expectations of AI and are disappointed when it fails to deliver on its promise. Whether it is a voice-enabled device that does not understand them, a recommendation engine that shows irrelevant suggestions, or a chatbot responding with generic answers, sub-par AI experiences can frustrate and alienate users instead of delighting and engaging them. The Applause Community tests their clients' AI-powered user experience throughout the development process to validate that their client algorithms are producing accurate, human-like, and beneficial results. That is definitely an enormous development in product for Applause.

Overall, even though there are some effects sides, these three development strategies are reasonable, and they could apply to Applause.

4. Develop the concept

NDP theory involves making a prototype of the goods, testing it, and creating a marketing strategy. Building a marketing strategy means developing a test set of 7Ps. The kind and volume of product testing differ, based on such features as the business's practice with substitute products, how difficult to make the products, and can guide the consumer in the simplest way. If Applause wants to develop a new type of testing, the company will benefit from the fact that the firm already has much understanding in this area.

Applause' testing service works directly hooked on a superior client's final product and perhaps increase the end-user experience. To develop a new market in a new country, however, the company would almost certainly do a valuable testing. It would research many characteristics of the new country formerly an actual approach to new clients. While the testing service is tested, the marketing strategy is developed. Pricing policies are settled and tested, channels of distribution are designated, demand for the product is estimated and the target market is further defined. Organization also persistently appraises the profit plan. Whilst a communication strategy is developed, a marketing planned and prototype tests established. Marketing contents are created. Strategy, promotion themes are formed as part of the communication, and the product is introduced to the sales force.

To able to sale AI and ML training, Applause needs to emphasis the benefits of this training for their clients by using some following bullets points as the figure below.

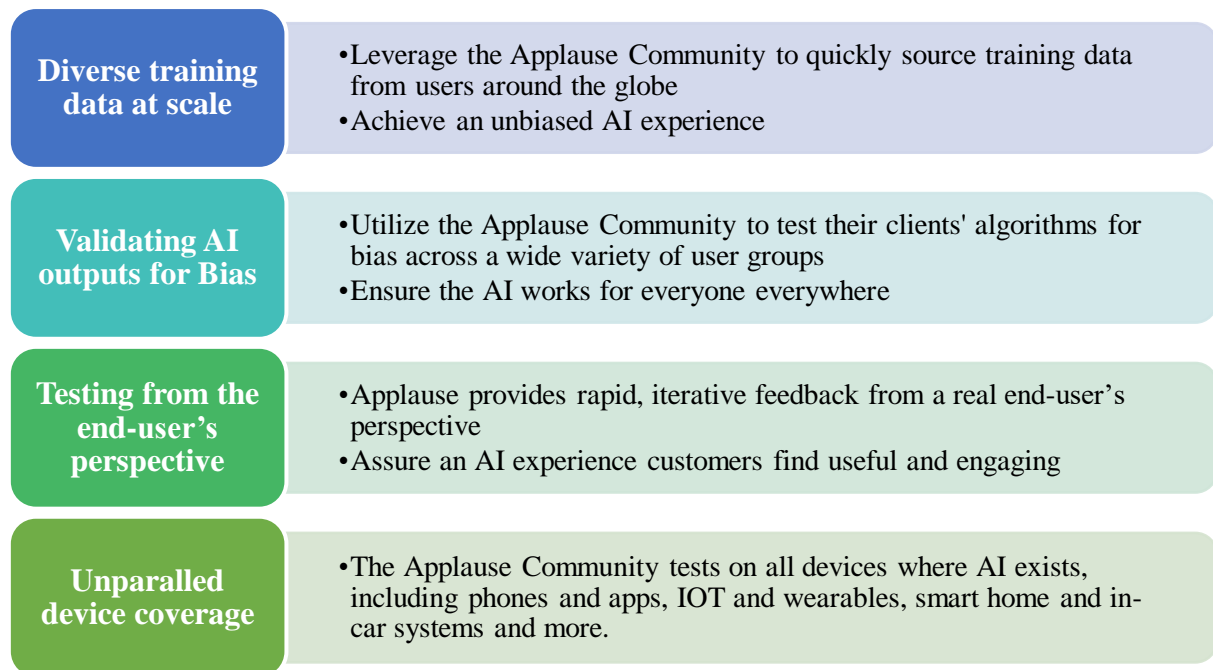


Figure 24. AI Training Testing Benefit from Applause (Own elaboration, 2019)

5. Test-market the new product

Companies that do not test-market their products run a substantial risk of product failure. In essence, test promotion is the “acid test” of NDP. The goods puts into the marketplace, and then the manufacturer can see how it performs against the competition. Before entering a new market for the new product, Applause needs to make sure that:

- Applause’s product can solve the current problems of tech companies in the new market.
- The service must improve the end-user digital experience.
- The testing team on the client-side can understand the Applause’s service. And they can work together for the final goal.
- Applause have enough testers in the new market where their clients ask for
- After a pilot for a couple of months, the company should review the whole process to see what could do better and what could avoid.

6. Introduce the product

“A product that passes test-marketing is ready for market introduction, called *rollout*, which requires a lot of logistical coordination. Various divisions of the company must be encouraged to give the new item the attention it deserves. Packaging and

labeling in a different language may be required. Sales training sessions must be scheduled, spare parts inventoried, service personnel trained, advertising and promotion campaigns readied, and wholesalers and retailers informed about the new item. If the new product is to be sold internationally, it may have to be altered to meet the requirements of the target countries. For instance, electrical products may have to run on different electrical currents.”⁶⁰

With services companies, the NDP process is similar, but developing the prototype can take less time and resources. It means developing the service and training service personnel on the new service to test it in the market. At this step, first and foremost, Applause needs to increase its brand awareness in the new market. Secondly, they need to have train service, not only for the testing team administration from the clients’ side but also for the new community of testers in that area. So that everyone could work as a team and have the most efficient result eventually, it is crucial for Applause to notice that loyalty and trustful from first new clients are the key to dominance in the new market. Thirdly, the company should utilize a marketing channel to only recruit testers, but they could also spread its name to potential clients. Last but not least, as every previous country, hosting a tech event also help Applause enter the new market easier.

7. Business Development Goal From 2020 – 2021

The business development goal for 2020 – 2021 is increased Applause revenue and make profits for the company. They set their company’s goal us the first place to turn for testing the quality of clients’ customer experience. Furthermore, they want to focus on:

- Improve the company’s website and the uTest platform. The engineering team needs to work hard on the platform to make sure that most of the bugs can be solved in a short time. Moreover, they should improve the website performance to get attention from users. Increase new articles to share knowledge for the community.
- Continue to develop engineering projects: increase hourly payments for both testers with experts’ level and the testing administration team; test case improvements, testers Mobile App; fulfill the uTest Academy, and so on

⁶⁰ See <https://courses.lumenlearning.com/suny-osintrobus/chapter/creating-products-that-deliver-value/>

- Dive in R & D: this is the core resource at Applause for both current products and new product development. They need to complete the research phase of the App Component Coverage project.
- Increase the CSAT score as well as the TSAT score.
- Utilize ALM is the specification, design, development, and testing of a software application.
- The completed rollout of ML-based Bug Dedup and complete tester Identification.

Chapter 6: Conclusion and Summary

Regarding the primary objective, which is the main problem of Applause, to develop a new sales strategy and to generate and increase sales and revenues, based on the company's interest and capabilities. And after the elaboration of the present project for the company, the following conclusions have been obtained from the author:

There are reasonable expectations in the testing area. The company is in a growing sector, due to the loss of hardware device management and the chance of losing testers are two of the biggest problems that crowd testing companies face.

There is a right level of professionalization in the testing area. The level of professionalization within the sector is increasing in the last ten years, although it is true that it does not yet reach desirable levels. In this sense, the United States is at the company head quarter, and Germany is the headquarter of Europe. They are both in the potential digital market.

Applause is a medium-size company created in 2007 with a stable financial situation. The company under study is an experienced company dedicated to the commercialization of speed of delivering testing service, and that is currently expanding a service that offers digital enterprise from creating to fulfilling the final products.

The sales strategy is acceptably defined. From a strategic point of view, the company is working on a clearly defined sales and marketing strategy. Additionally, they can be identified through the principles and capabilities of the company, which are the principal competitive value on which the author could make a definition of it.

The rivalry in the sector is average, and **the company does not have excessive rivalry.** Five companies have been identified in the competition, with Testlio adjusting more to the service offered by Applause. However, Applause can face this competition through differentiation, since the vetted testing team, the experience in the crowd testing, the international team, the big community of testers across the globe, and the understanding of clients' problems allow it.

The company approaches its service through wither direct sales or technology events to clients. Utilize crowdsourcing is a conservative and skeptical sector about innovations in the testing field. That leads to difficulties for Applause when it comes to finding new clients who do not familiar with crowd testing. Research about as many clients as possible has made a good chance to win the pitching among competitors. Moreover, both internal and external environments analysis gives the most suitable recommendation to develop Applause new product, which was one of the author's secondary objectives.

Table 7. Summary of the conclusions (Own elaboration, 2019)

TOOLS USED	OBJECTIVE	RESULTS	RECOMMENDATIONS
Google survey and data collection	Internal analysis of Applause: to define the types of products, competitive advantages, work processes, and the future vision of the company in the local/ Asian market. External survey: an overview of the digital experiences of novice users.	<ul style="list-style-type: none"> The main problems are lacking of human resources and communication between offices in different time zones. Clarification of Applause's reference points about the potential markets. The preferred ways of development are to expand the testing services and sell online training courses. 	Conduct analysis by using appropriate tools to better understand how to solve Applause's problems.
SWOT Analysis	To define competitive advantages, weaknesses of the company, as well as the possible threats and opportunities.	Strong points are Applause's competitive advantages of the delivery speed of testing results, and the vetted testing team. This need to be maintained and further developed. Using SWOT analysis, the author considered parameters, the improvement of which can optimize the management of the company. Moreover, the author proposed how Applause should take advantage of its opportunities and the way to eliminate its threats.	Based on SWOT analysis recommendations, the author developed: <ul style="list-style-type: none"> Collaborative strategy Market expansion strategy: search for a new community of testers in the Asian market.
Ansoff's Matrix	To determine a suitable growth strategy for Applause: it must be decided what will be more expedient for the firm to focus on the development of the national market with an existing product or develop a new product for the testing service market in current countries, or seek opportunities in the other Asian countries.	According to the analysis, it was revealed that the company at the moment is better to move towards the development of the international market as it is the least risky option for Applause taking into consideration their capabilities. However, in long-term plans, they should include the new market development strategy too.	Based on the Ansoff Matrix analysis, the following recommendations were developed: <ul style="list-style-type: none"> Dive into different testing types and consult in AI/ ML training. Expansion international strategy (long-term).
The Flower of Service	To examine the core and supplementary services to improve Applause' client and tester satisfaction. It also offers a more comprehensive experience to their	Through this analysis, Core Product Surrounded by the Cluster of Supplementary Service. The flower analogy helped the author to understand the need for consistent performance on all supplementary elements, so that a weakness in one aspect does not spoil the overall	The Flower of Service leads to the following recommendations: <ul style="list-style-type: none"> Updating the payment method for both testers and clients. Improve order-talking

	clients to cement loyalty.	impression: a service that is badly designed or poorly delivered is like a flower with missing or dying petals; even if the core is perfect, the flower looks unattractive.	<ul style="list-style-type: none"> • Guarantee testing service and delivery time. • Expansion of testers community.
Marketing Mix (7P)	Look for appropriate methods to promote the product in the market, also search for new marketing channels that could stimulate sales revenues.	By analyzing the Marketing Mix 7 components (Product, Price, Promotion, Place, People, Physical Evidence, Process), the following results were determined. Applause social media channels like YouTube, Facebook, LinkedIn Twitter as well as the company's website and uTest need to be improved and further developed. The company is using both direct sales and online resources because they have established a partnership with stable digital companies. Lastly, regarding increasing brand awareness, hosting technology events would be the best way as it is more cost-effective than other communication channels.	Based on Marketing Mix analysis, the author recommends increasing the communication channels by: <ul style="list-style-type: none"> • Organizing seminars/tech events for other tech companies and testers. • Update and improve the company's website and the uTest platform. • Improve social media marketing strategy to increase online sales. • Searching for more tech companies in Asian markets.
Porter's Five	Analyze the five foundation factors that affect the performance of the Applause name by the threat of new entry, buyer power, threats of substitution, supplier power, and competitive rivalry.	Firstly, with the threat of substitution being medium-low, the author researched the potential competitors in comparison with Applause's present capacity. Besides the fact that the digital market all over the world has been rapidly increasing since the last decade, which means that Applause has kept on track with their testing service quality competitive advantages. Secondly, more buyer power is a barrier for the business to service more clients because now customers are valuable for every service company. Thirdly, the high-medium power of suppliers, Applause, can have the best working tools to cooperate. It helps to improve the final service and save time. Finally, the average competitive intensity in the sector, with a limited number of competitors, Applause is the leading company for the quality and service after-sale.	To increase brand awareness among competitors: <ul style="list-style-type: none"> • Host and participate in seminars and conferences about technology. • Improve cooperation with recruiting agencies for a niche market. • Possibility of differentiating from the competition and obtaining more excellent value, such as adding common EU language to communicate with outbound testers. Moreover, develop a testing team with more internal training.

The author's improvement and recommendations for Applause are aimed at an increase in their sales in the Asian market and focusing on improving the delivery solution. The author tried to find a solution for this problem (and achieve the primary objective) through the use of tools mentioned in Table 7, that have helped the

author to accomplish the secondary objectives. The author has identified a series of improvement proposals to increase internationally, increase the company's revenues, and improve the company's internal resources.

At the internal resource level, it is advisable to establish collaboration agreements with experts, and schedule for the more internal training, so that Applause could provide a better testing solution for their clients.

At the international level, it is recommended to search for testers, since Applause knows the market of the country in which they want to sell their service. To carry out this expansion, it is recommended to improve communication channels and implement new marketing channels. In this sense, it is suggested to improve the website and social networks. Moreover, it can be a good idea to organize tech events in which new testers and potential clients participate as well as to develop a community. By implementing the author's recommendation, and the new strategy, the competitiveness of the market will increase, and they will have grown in their sales revenue.

Finally, working at Applause became a central part of this thesis. The author has learned and gained many skills. Utilize the internal resource to understand the company's business, and combine with the theoretical, that helped the author to have more a bigger and more realistic picture of the enterprise. Gladly, whenever a new question comes up, the author could ask her manager at Applause, also her supervisor Prof. Kaiser and Prof. Angel. It was a prominent supporting with different ideas and references to the author's study since there are many moving parts the author often needed help with feedback.

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Declaration of Authorship

"I, Thu Hang Tran, hereby declare that this laboratory report is our unaided work, was not presented for other examination purposes, and all direct or indirect sources used are acknowledged as references."

Thu Hang Tran

