

Product Design to Market Leadership

John Addison
OPTIMARK

Product Development Challenges

- Faster time-to-market
- Incremental innovation
- Project drift
- Requirements changes
- Leading without functional authority
- Engineering / Marketing conflicts
- Access to customers
- Products are increasingly services

Workshop Objectives

- Differentiate product development of disruptive vs. sustaining technology.
- Identify whether product introduction is disruptive, leapfrog, market leader, or brand extension.
- Identify project planning issues for each of these four stages.
- List appropriate customer and marketing involvement by lifecycle stage.
- Identify ways to compress product development timeframe.
- Portfolio lifecycle strategies.

Innovation

Disruptive

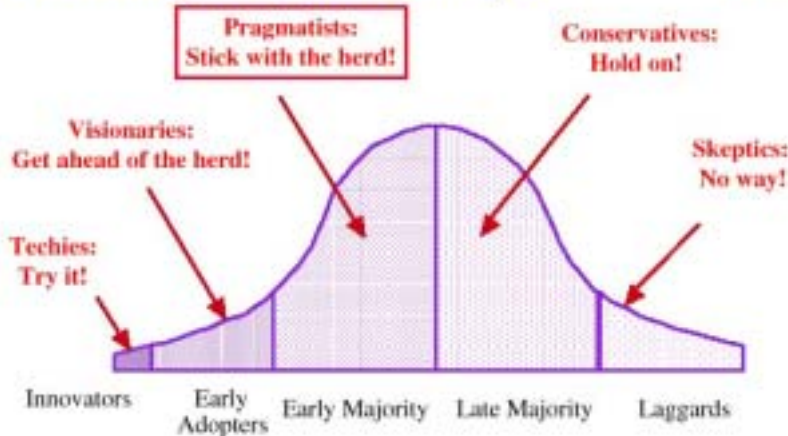
- Wrist-watch video phone
- Portable MP3 player
- Fuel cell
- Voice recognition appliance

Sustaining

- Phone with clearer signal
- Portable CD-player for \$20 less
- Battery last 10% longer
- Appliance with award-winning design

Technology Adoption Life Cycle

CHASM
GROUP



Slides courtesy of Dr. Geoff Moore and the Chasm Group

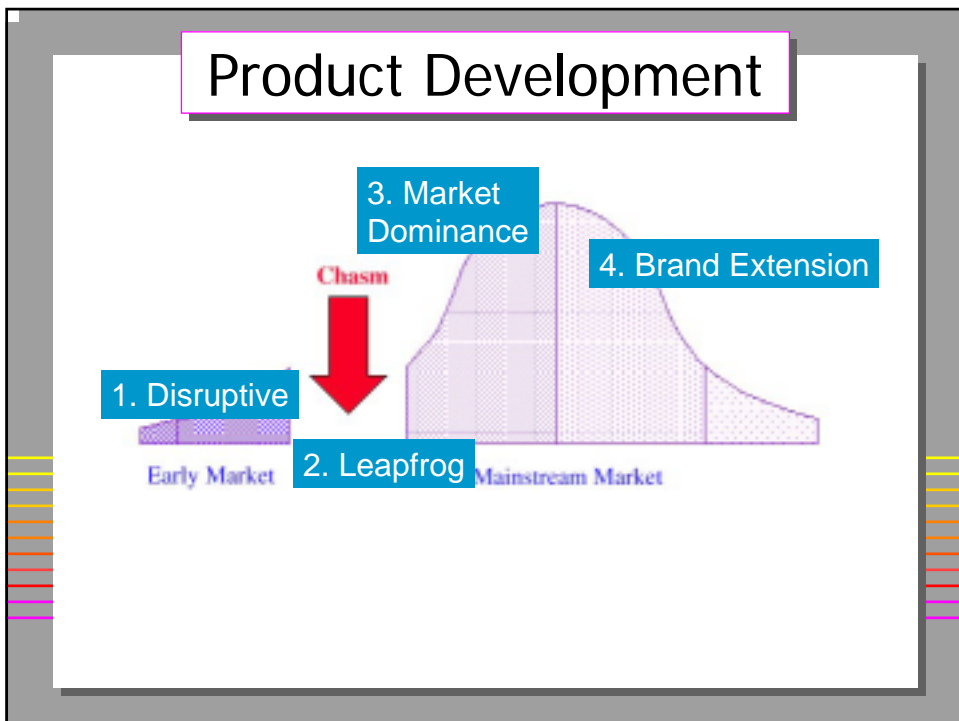
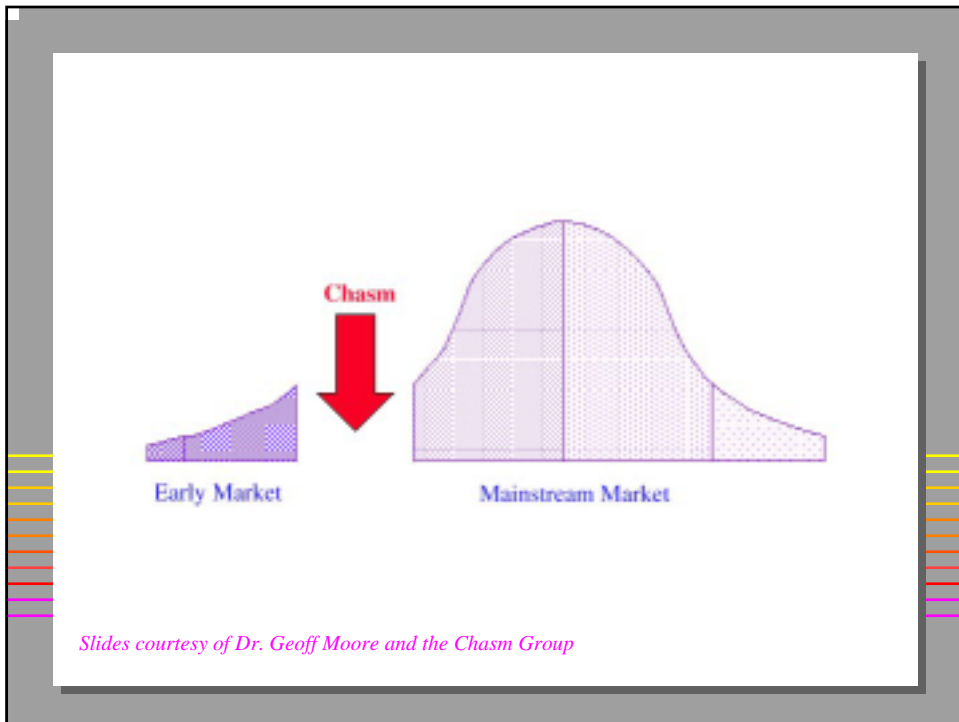
Disruptive technology's difficult customer transition

Visionaries

- "Let's change the world"
- Want to be first
- Spend big
- Like major change
- Stir things up
- Think pragmatists are roadblocks

Pragmatists

- "Don't rock the boat"
- Want proven solutions
- Manage budget
- Like status quo
- Make it work
- Think visionaries are dangerous



Wireless Examples

- Disruptive... *RF-ID*
- Leapfrog... *location-based positioning*
- Market dominance... *Verizon*
- Brand extension... *Nokia*

Portfolio Management Symantec Security Products

- Disruptive... *Biometrics*
- Leapfrog... *HIPAA Security Manager*
- Market leadership... *Security appliance*
- Brand extension... *Norton Suites*

Product Goals

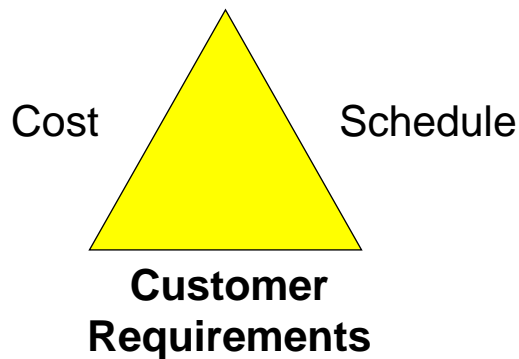
Lifecycle Stage

- Disruptive Innovation
- Leapfrog
- Market Dominance
- Brand Extension

Appropriate Goals

- Functional product, first to market
- Successful customer deployments
- Market share, quality, revenue
- Profitability

Project Managers Balance Priorities



Role of Customer in Product Development

- Market research
- OEM design specifications
- Requirements review
- Preliminary design review
- Prototype feedback
- Beta testing
- Final design review
- Product launch

Project Goals and Scope depend on Lifecycle

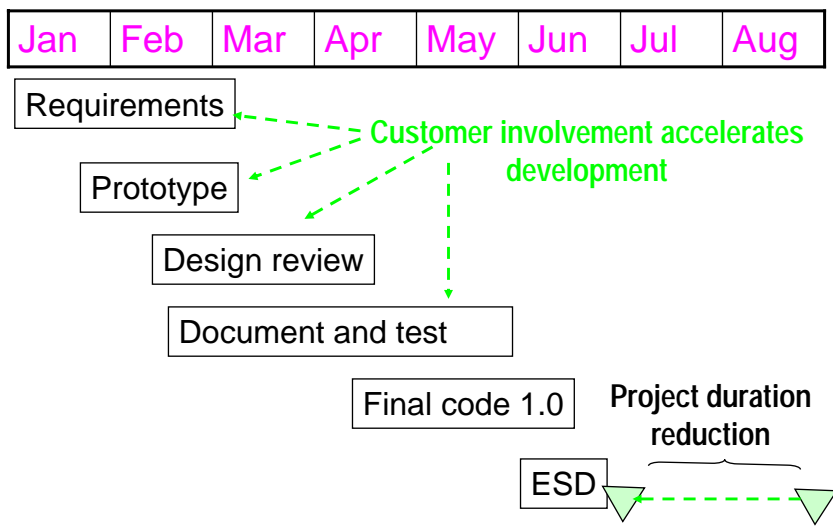
“Too often we see small companies that believe they can do business with no procedures and large companies that develop a ‘one size fits all’ development process that overburdens small projects with bureaucracy.”

*Preston Smith & Donald Reinertsen
Developing Products in Half the Time*

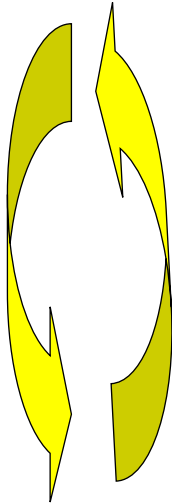
Product Design to Market Dominance

Fuzzy Front End	Development	Market Dominance
Customer needs Appropriate requirements Best markets Goal strategic fit Early team	Project Management Cross-functional team Customer involvement	Lifecycle strategy Product management Integrated marketing Sales and channel partners

Pull approach for First-to-Market



Product Phases



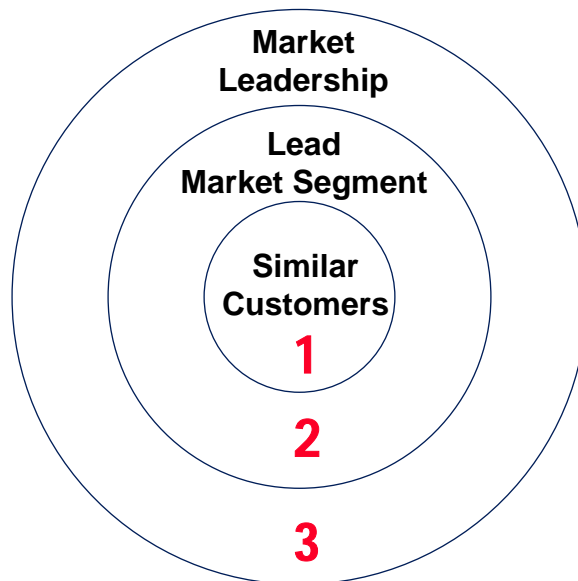
Multiple concepts
 Funded business plan
 Prototype
 Manufacturing
 Launch of product
 Integrated marketing
 Sales
 Competitive battle
 Customer & management feedback
 Revised and new products

Market research and customer involvement during the Lifecycle

	Customer	Research
Disruptive	Visionary	Prototype Feedback
Leapfrog	Segment Leader	100% needs of leader
Market Leader	Infrastructure Buyer	Quantitative
Brand Extension	Segment Users	CRM/PRM BI

Disruptive Innovation

- Key customer = visionary with unserved need
- Key team members
 - R&D
 - Engineering
 - CEO protected skunk works
- Incremental design strategy
- Flexible architecture and changing requirements
- Schedule met by moving some requirements to professional services
- Large corporation Innovators Dilemma
- Sales channel = direct sales and tech specialists



Leapfrog v2.0 *(sustaining)*

- Key customer = segment leader's economic buyer
- Key team members
 - Engineering
 - Customer support
 - Documentation
 - Industry marketing
- Attack design drift by focusing on one segment
- Key external group = total solution creators for market segment
- Sales channel = direct sales and solution integrators
- Making product announcement channel ready for value partners

Customer Communities to Market Dominance

	Phonics	Reading	Math	Music
Early Elementary	1	2	4	7
Pre-school & Toddler	3	5	8	
Higher Elementary	6	9		
Middle School	10			

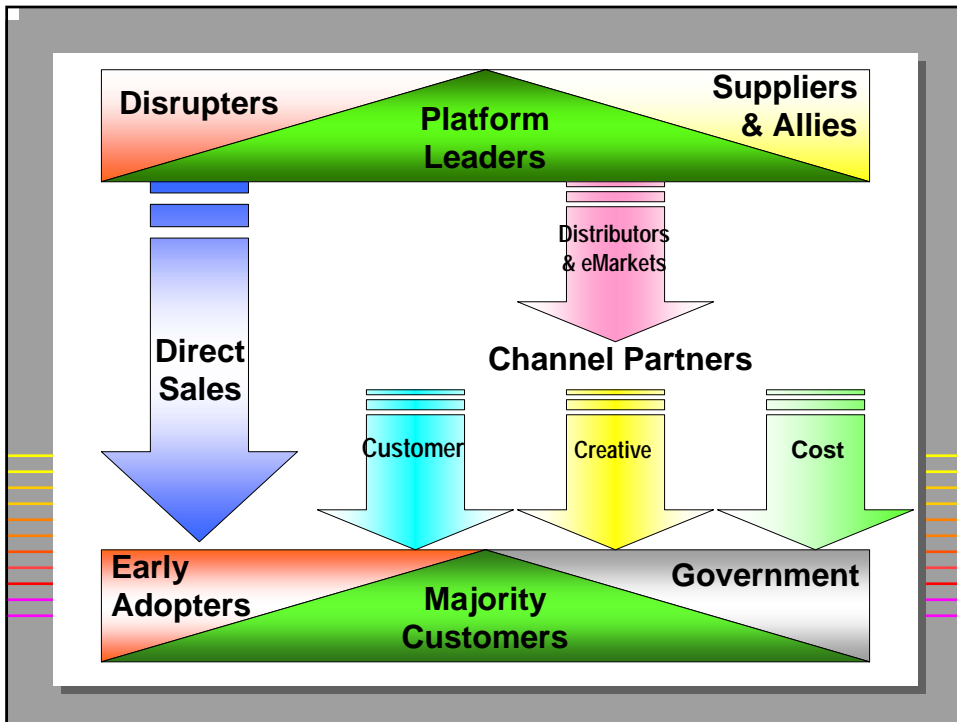
Sales Coverage Progression

1. Direct Sales
2. Strategic Alliances
3. Government Integrator
4. Specialty SI & VAR for 100% solution
5. OEM
6. \$10 million partner revenue
7. Global 2-tier distribution

Market Leader v3.0

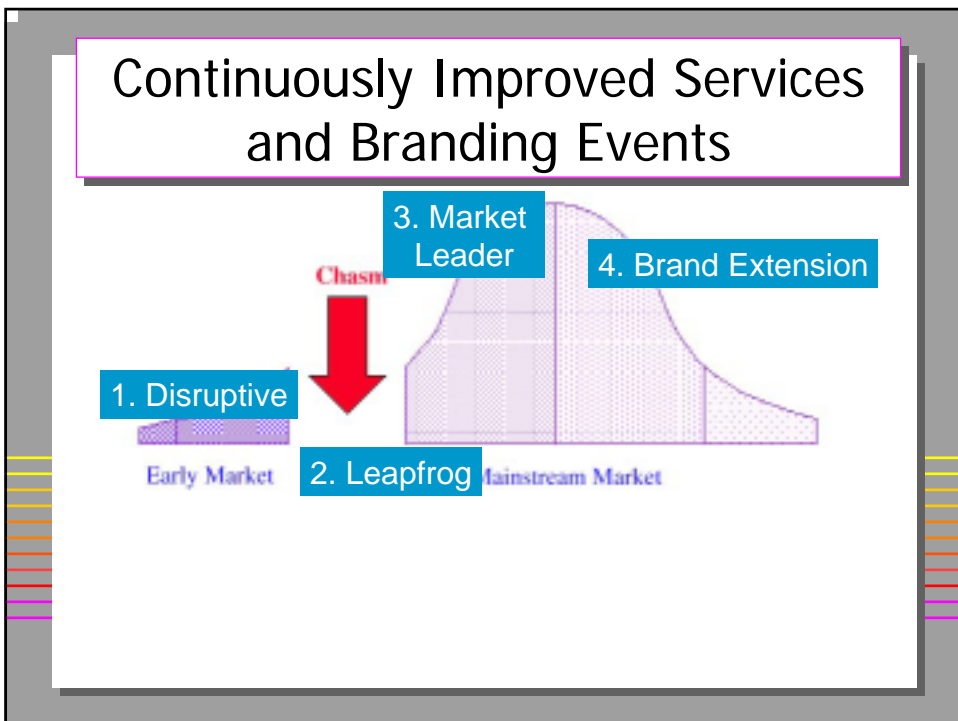
(sustaining)

- Key customer = early majority infrastructure buyers
- Key team members
 - Quality
 - Manufacturing / Operations
 - Support
- Change Control Board includes Finance & Marketing
- Attack design drift by simplifying, prioritizing requirements and moving senior engineers
- Customer migration and upgrade plans
- Customer support “product” development
- Product line compatibility and backward compatibility



Brand Extension v4.0 (sustaining)

- Key customer = broad market of niche users
- Key team members
 - Marketing
 - Support
- Key external = market segment leaders
- Sales channel = segment co-marketing with value and volume
- Making product announcement channel ready
- Project management challenge is virtual teams that include alliance partners



Funding and Requirements decisions change with Lifecycle

	Customer	Research	Specs	Funding
Disruptive	Visionary	Prototype Feedback	Engineering	Strategic Fit
Leapfrog	Segment Leader	100% needs of leader	100% needs of leader	Segment Share
Market Leader	Infrastructure Buyer	Quantitative	Market Priorities	Share & schedule
Brand Extension	Segment Users	CRM/PRM BI	Segment Priorities	ROI

REVENUE ROCKET

New Strategies
For Selling
With Partners

JOHN ADDISON

SVPMA Workshop
Saturday 8:30 to Noon

Future Workshops with John Addison

- **Revenue Rocket:** Increase product success with partners
 - January 17
 - Sunnyvale SVPMA
- **Channel Marketing and Distribution Strategy**
 - February 2 and 3
 - Sunnyvale UCSC-Extension
- **Product Design to Market Leadership**
 - May 6 and 7
 - Sunnyvale UCSC-Extension

www.optimarkworks.com/workshops

Product Design to Market Leadership

John Addison
OPTIMARK