



Strategy on a Shoestring SVPMA Presentation

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High Tech Hope

If you build it ... they will come.

Field of Dreams

***Maybe works for baseball,
but not for high tech companies !***

Typical Situation

- B-to-B high technology company
 - Good technology base
 - Dedicated engineering team
 - A single identified market segment/solution set
 - Solution/product could be needed by lots of companies

- However
 - Severe constraints on \$, time, and resources
 - Uncertain about identified market size, specific executive targets
 - Plethora of choices, lack of management & engineering focus

- Challenge
 - What is the most effective way to define and focus on a product and business strategy?

Joe's Supply Chain Software (BSCS)

- Joe runs a successful, growing enterprise software company
 - Domain experts, technical depth, strong management team, top tier VC funding
- They have been in business for 2 years and have 6 brand name high tech customers
- Joe wants to sell to other vertical industries, but is not sure of the best target and what product changes would be required by another industry
- He wants some help ...

Unknown Market/Customer Landscape

Competition

Complementary Products

Substitute Solutions

Must Define:
-Solution/product Capabilities
-Value Proposition
-Distribution/Sales
-Price

Target Markets

Target Executive Buyer

Target Executive Challenges

5-Step Strategy Development

1. Identify strategic options
2. Define target market characteristics & competition
3. Investigate/research target markets & competition
4. Target customer interviews
5. Develop strategy recommendation

Strategy Investigation Funnel™



Marketing Requirement Document (MRD) Created

Getting Started: Decision Making Criteria

- Define the criteria against which strategy options will be evaluated
 - Market size
 - High customer pain
 - Immediate customer need
 - Customer allocated IT budget
 - Clear problem owner/executive
 - Competitive advantage
 - Strategic initiative for customers
 - “Fit” with current product line
 - Etc.

Step 1: Identify Strategic Options

Identify strategy options

- **Solution/product**
 - High level feature definition
- **Target markets/vertical/company size**
 - Target executives

Step 1: Brainstorm Strategy Options

		Target Markets			
Strategy Option	Solution/Product Area	A	B	C	D
X					
Y					
Z					

No more than 4 – 8 strategic options should be evaluated further. Use decision making criteria to prioritize options, based upon what is already known within the company.

Step 2: Define Target Markets & Competition

Further define target markets for each strategic option

- Market size & growth (if known)
- Company business model
- Company size
- Verticals
- Target executive
- Executive pain point
- Value to target market of solving pain point

Identify possible competition for each strategy option

- Define competitors and competitor products
- Identify substitute offerings
- In-house developed solutions

Step 3: Investigate/Research Markets & Competition

- Quantify target market size & growth rates
 - Hoovers
 - Industry analysts' reports & conversations
 - Financial analysts' reports
 - US government commerce department site
- Identify number of target companies
 - One Source
 - Hoovers
- Learn market/industry characteristics
 - Review major companies' 10K filings with SEC
 - Industry associations
 - Industry expert conversations
- Conduct competitive analysis
 - Web research
 - Conversations with past employees of competitors
 - Product features, technology
 - History
 - Customer base
 - Pricing
 - Business model
 - Partnerships/channel

Step 3: Investigate/Research Markets & Competition

- Sources of information
 - Internet research
 - Competitors
 - Analysts (i.e. Gartner, IDC, Forrester, others relevant to segment)
 - Many require subscriptions
 - Industry Associations
 - www.sec.gov/edgar.shtml (SEC filings)
 - www.hoovers.com (some info requires subscription)
 - www.onesource.com (requires subscription)
 - www.marketresearch.com
 - Aggregator of market research studies from analysts/other sources
 - Business School libraries
 - Stanford Business School
 - Some resources open to all, some only to alums/students
 - Santa Clara University
 - Resources open to all
 - Haas School of Business (UC Berkeley)
 - Leverage experts in personal networks
 - Attend industry events (networking, seminars)

Step 4: Target Customer Interviews

Target customer interviews

- In person/web conference 1 hour meetings
- At least 5 – 10 interviews per target market/solution
- Identify target executive
- Establish meetings
 - Use contacts, friends, board/lawyers, vendors
 - Leverage current customer relationships
 - Cold calling to establish interviews
- NOT a sales call – focus on market research to gather information
- Develop discussion guide to cover key questions

Step 4: Target Customer Interviews

Interview discussion guide

- Focus on validation/discussion: 80/20 rule
 - 80% listening/20% talking/asking questions of interview target
- Topic areas
 - BRIEF description about your company's focus area
 - Business model/company dynamics
 - Problem areas/pains/cost & impact of pains
 - Identification of executive responsible for problem area
 - Currently employed solutions/approaches
 - Other solutions available in market
 - HIGH level capabilities requirements/prioritization of possible solutions approaches

Step 5: Develop Strategy Recommendation

Develop Strategy Recommendation

- Strategy = solution & target market(s) combination
- Rank learnings from the whole process against decision making criteria
- Rank High/Medium/Low
- Convert scores to a 3/2/1 point scale and average

Strategic Option	Decision Making Criteria				Ranked Score
	1	2	3	4	
X					
Y					
Z					

- Identify pros/cons/risks with each strategy researched
- Prioritize strategies investigated

Step 5: Develop Strategy Recommendation

Define Recommended Strategy

- Solution capabilities/features
- Solution value proposition/benefit to customers
- Target market & target executive
- Competition
- Competitive advantage
- Price
- Distribution/Sales Channels

- Document strategy in an MRD (Marketing Requirements Document)

- Can expand into a complete business case – with revenues, development & other costs over product lifecycle

Strategy Investigation Funnel™



Marketing Requirement Document (MRD) Created

Key Take-Aways

- Strategy development is a ***mandatory investment***
 - Clarity of product needs/customer needs/competition
 - Accelerates market traction
 - Initiates customer sales cycles
- Strategy process ***should*** leverage existing internal knowledge
 - No need to start with a blank slate
- Strategy can be developed in a 1 to 3 month time frame
- You can do it with scarce \$, time and resources!

Contact Information

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Stage 4 Solutions focuses on providing the following product marketing services to high technology companies:

- Business/product strategy development**
- Sales tool development**
- New product introductions**
- Competitive analysis**
- Interim marketing staffing**