Forced to Do More with Less

Understanding What Matters Most During this Economic Climate

By Gary Parker

The current recession is a lot like the weather – everyone talks about it, but it is really challenging to try to do something about it. It is important to understand how companies are responding to the current economic crisis and how their customers are responding in terms of their product demands to help you add value to your own customers.

To gain insight into this area, BakBone Software conducted a survey of high-tech product managers in mid-2009. The survey was sponsored by the 280 Group, a product marketing and management consulting firm with an extensive following. There were 330 participants, most of whom were product managers, product marketing managers or strategic planners. The results provided a window into a large economic base, with total revenue of the participating companies hitting $200 billion. The companies ranged from small to large and were from all over the world, with three fourths from North America.

Sponsors

center for
UC Berkeley
executive education

SEQUENT
LEARNING NETWORKS

Inside this issue

...and more

November 2009 Event Review

"Making Agile Work Across Oceans with James Moreland

By Greg Cohen

James Morehead, VP of Product Management and User Experience at Support.com presented at the November meeting of the SVPMA. Mr. Morehead spoke about his experiences "Making Agile Work Across Oceans." His presentation covered the benefits of Agile and the challenges faced when working with distributed teams in multiple time zones.

Support.com has four development teams split across two geographies, Redwood City, California and Bangalore, India. There are two teams in each geography. Each team has a local product manager and a local user experience designer supporting four to five developers. Mr. Morehead found co-locating the product manager and user experience designer critical to team success.

Support.com follows Scrum methodology. The product managers assume the Scrum Product Owner responsi-

Marketing In A Web 2.0 World:

Why The Best Products Sometimes Win

By Andy Singleton

For 100 years, it has been a truism that "the best product doesn't win. The product with the best marketing wins." At the risk of being thrown out of capitalist society, I claim that on the Web, this is no longer true. The best product often does win, with virtually no marketing, if it is easy to adopt.

The job of marketing was to bring prospective customers to try the product. Marketers tell customers about the product, why they should want it, and how to get it.

However, on the Web, marketing is easy. Too easy. You can post a link somewhere, it's seen globally, and potential users only need to invest one click and 30 seconds of filling out a form to become a "registered user". It's easy for them. They do it by the thousands.

If the job of bringing the customers to the door becomes trivially easy, then what is the hard part of the job? Getting users to come back a second time is MUCH harder than it used to be. They have so many other places to go. It's all equally weightless. They click from a 24 hour work place to a global mall with thousands of options. Adopting a Web service requires users to invest hours – hours that in most cases they don't have.

So, in previous product cycles, marketing was the most expensive part of a launch, and the product strategy was wrapped around it. Getting attention was the hard part. Now, keeping attention is the hard part. In this new product cycle, figuring out how to get users to adopt is the hard and expensive thing. Marketing serves the adoption work by bringing in the right number of prospects for us to experiment with (in a nice way).

When I work with entrepreneurs from the old days (anybody over the age of 25), they often don't believe me. The good ones unfold their carefully planned marketing budgets and affiliate programs and strategic alliances. They assume that if they can persuade the customers to try, the customers will buy. Then they do a trivial amount of marketing – a blog post, an email newsletter ad, an email campaign, and look at the numbers. A lot more responses than expected, with smaller conversion rates. At that point, they un-

derstand the need to invest in the product and the initial customer experience.

Marketing can be a bad thing because it doesn't deliver much value to the customer. Over time, customers try to avoid paying for marketing expenses. The biggest cost savings available to a Web startup is to cut the marketing budget. In the old days, marketing consumed 30% to 50% of a launch budget. That is a lot of money that can potentially be invested in product innovation and customer service.

If you can find the one feature that people will use and adopt, right way, it makes everything else easier. So, release early and often and watch your usage dashboard. ⌘

Andy Singleton is the founder of Assembla (http://www.assembla.com), which markets an online service for distributed agile development that serves about 10,000 teams. He also runs Assembla Consulting, where he builds and launches Web startup products for clients. He previously founded Cambridge Interactive and PowerSteering Software. Read more about building and launching software products on the Assembla blog at http://blog.assembla.com

◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆

center for
UC Berkeley
executive education

The UC Berkeley Center for Executive Education delivers draws on the rich talent of top-level business educators and researchers from UC Berkeley's Haas School of Business to offer 2-5 day courses for Executives. We have a special expertise in training programs that develop Marketing and Product Management professionals into industry leaders.

http://executive.berkeley.edu

December 2009 Event Review: "Selling SaaS in a Product World: Challenges for a Product Manager When Selling Services" with Mike Schmitt, Director of Strategic Marketing, Juniper Networks

by Dan Galatin

Mike Schmitt, Director of Strategic Marketing at Juniper Networks, presented at the December 2nd meeting of the SVPMA. He surveyed some of the opportunities and difficulties involved with changing a company's orientation from product-based to service-based. Mr. Schmitt's discussion was largely informed by his experience creating the Network Monitoring Service at Brocade.

Selling services has large potential advantages over traditional packaged products, for both companies and their customers. Services generate much higher profit margins than traditional hardware sales; this is why Dell bought Perot Systems and HP bought EDS. It is easier to maintain SLAs for critical business systems in a SaaS environment. (Mr. Schmitt cited the example of a customer who stood to lose $1 million an hour if their Exchange email server went down.) The more complex traditional products are, the more slowly customers tend to repurchase them, since it's harder to extract additional marginal value from them. This contrasts with a subscription-based service like Salesforce.com, which delivers upgrades and new features to customers automatically and scales from tens of users to tens of thousands of users, all running on the same product image.

Migrating to a services orientation introduces significant challenges that require many parts of the organization to "get out of their comfort zone." New product introduction and go-to-market processes must be updated. The sales organization may need to adapt to a longer sales cycle, and commissions must be restructured to promote the sale of complete solutions rather than individual product "boxes." Change to financial models is practically unavoidable, to comply with rules governing revenue recognition and Vendor Specific Objective Evidence (VSOE).

Skeptics will commonly object to switching to a services model, citing concerns over security, expense, SLAs and process. If there are real customer benefits to be gained, it is up to Product Management to overcome these objections. But in addition to simply altering perceptions, one must make a significant effort to consider the implications of a services model to security, 24/7 availability, pricing, and packaging.

Ultimately, in order to successfully sell services, the organization must move beyond the data sheet and speak the customer's language in order to articulate the value proposition. Product Management must continuously think strategically, demonstrate the value of services to the organization, make champions out of their customers, and build a process with which the entire organization can feel comfortable. ⌘

Dan Galatin has over 17 years combined experience in product management and software engineering. He is currently evaluating exciting new PM opportunities and can be contacted at dgalatin@yahoo.com

www.twitter.com/svpma

Survey Results

Two thirds said their budget, staffing and sales have been negatively affected by the economy with hardware manufacturers and reseller/integrators being impacted harder than software/SAAS (Software-as-a-Service) companies. Likewise, two thirds of the companies surveyed confirmed that customers are asking for cost-effective products without extraneous features. Over half of the survey respondent comments reported asking staff to do more with less, and the number of products managed before and after the financial meltdown grew; so, in case you haven't noticed, PM's are having to work harder and manage more products. Agile outscored Waterfall by more than two-to-one, but there was no correlation between the type of product development process and the impact of the recession; however, if you work for a larger company, be aware that there was a close relationship between the size of the business and its likelihood of using waterfall – the larger the business, the greater the use of waterfall.

Much of those results were to be expected; but there were several areas that I had not expected to see, but came through strongly.

First, doing more with fewer resources does work to a certain point, but beyond that, respondents said it starts cutting into the quality of work with a negative impact on the business. Reducing staff may be a simple way to enhance the bottom line, but it must be followed by a round of intense product line and process analysis to ensure that the quality of work from the remaining staff does not deteriorate. The survey suggested that that was not always being done.

The second major issue that came through is the need to monitor the personal impact of this economic downturn. The survey showed that it is important to monitor emotional reactions carefully and realize you have a choice to see the glass as half full or half empty. If you see it as half empty, you can't hide that, it will be evident to the rest of your organization; conversely, if you lead with a positive attitude, that will also be evident and helpful to the organization. Some employees surveyed felt that this is the time to make themselves invaluable to their company and use innovation and creativity to stay ahead of the curve while others reacted negatively which may limit their potential with the company in the future..
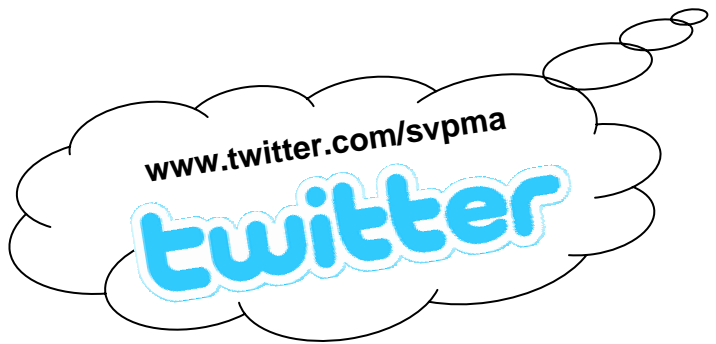
Finally, survey participants expressed the need for tools that are straightforward, reliable and easy to use because, in the current climate, this is not just a convenience, but is vital to an organization's health and survival.

Survey Conclusions

So, what did we learn from these people who had product decision responsibilities in 330 companies with aggregate sales of $200 billion? It is important to remember that the current economic conditions are challenging, but it's also not total gloom. About one third of the companies surveyed were not affected in a major way. For those that were affected more substantially, doing more with less staff works to a certain point, but beyond that you start cutting into the quality of work with a resulting negative impact on the business. This makes it imperative to take a detailed look at your product lineup and processes to avoid problems, understand the personal emotional impact on everyone, view the situation positively to help yourself and your company, and incorporate tools that improve staff productivity. ⌘

To see the full report, please visit http://www.280group.com/product-management-survey.htm and if you have questions, please feel free to send them to me at gary.parker@bakbone.com

Gary Parker is a Sr. Product Marketing Manager for BakBone Software, which provides data protection and universal data management for thousands of users worldwide.

Upcoming Events:

- Jan. 6th – Art of Pitching: Bill Hunt CTO of IncentAlign and panel
- Feb. 3rd – IP/Copyright/Trademarks, etc.: Varun Shaw

bilities. The company experimented with different iteration (or Sprint) lengths and finally settled on four weeks with one week in between for deployment and planning. The buffer week also allows the team to occasional add another day or two to a Sprint to allow work to be completed rather than having it roll over to the next Sprint.

With a Sprint being completed every 5 weeks, the company has 10 releases per year. The frequent releases made it hard for the field organization to properly train and prepare Support.com's over 300 remote employees and private label partners. As a result, engineering now delivers most new functionality turned off. When field readiness is complete, the features can be switched on. This allows the development organization to maintain its cadence and productivity and decouples it from downstream activities.

In adopting Agile, it took the teams awhile to be able to perform daily builds, but they persevered and now have continuous integration using CruiseControl. Some of the other tools Support.com uses are Trac for requirements management, Perforce for source control, and WATiN and Silk for automated testing. Because their work is so visible to their internal constituents, they have done away with the Sprint Review meeting, where the team usually demonstrates what was achieved in the iteration.

Support.com allocates about 15% of each Sprint to engineering projects and 25% to production support. The remaining 60% is for the highest value business priorities. The product manager facilitates the priority setting session with the executives at the Sprint Planning meeting which occurs before each Sprint. This meeting is scheduled to occur during the regular working day for the team performing the work. Thus, the executives time shift their day when participating in the planning meeting with Bangalore team.

Documentation is a mix of user stories, use cases, and technical feature descriptions. The top 20% of the product backlog has good detail. To synchronize across teams, Support.com runs weekly Scrum of Scrum meetings and Product Owner coordination meetings.

Agile has allowed Support.com to get more done and reduce stress for the product management and development teams. Value is delivered in small increments throughout the year with frequent opportunity to reprioritize and exploit emergent opportunities. The company now boasts over 90% on-time success rate. ⌘

Greg Cohen is a principal consultant at the 280 Group (www.280group.com), a Certified Scrum Master) and on the board of the Silicon Valley Product Management Association. He has nearly 15 years of product management and marketing experience, including Software-as-a-Service, open source software, and agile development. Greg can be reached at greg@280group.com.