

New Enterprise Marketing

**From Company Conception
Through Product Launch:**

**Starting and Building a Successful Technology-Based
Company**

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AGENDA

- Initial Thoughts on New Enterprise Marketing
- A Simple Framework
- Market Discovery
- Go-to-Market Strategy and Model
- Company and Product Launch
- Final Thoughts



A Key Component in Success

- Multi-disciplinary founding team
- Inclusive of Marketing
- Not: Hiring VP Marketing at Launch or IPO

Marketing's Mission



- “In a rapidly growing market, the most successful competitive strategy is to achieve and hold a dominant market position by focusing on a sufficiently isolated segment which can be dominated”
 - Bill Davidow
- “Companies with greater than 30% share are almost always profitable and those with less than 15% share almost always lose money”
 - McKinsey

What New Enterprise Marketing is NOT



- Advertising
- Trade Shows
- Selling something conceived/designed in an ivory tower
- “Great devices are invented in the lab, great products are created in the market”
 - ‘Bill Davidow’

What New Enterprise Marketing Is/Does



- Answers the fundamental questions that define the business
- Aligns and counterbalances internal and external requirements and forces
- A proscribed series of activities as dictated by the stage of the company relative to the technology adoption lifecycle
- Creates sustainable business value



The Fundamental Questions

- Have you identified a significant enough customer problem to develop a sufficiently large market?
- Is customer pain acute enough that the market is ready to buy today?
- Have you developed a highly differentiated and defensible value proposition to build a profitable, sustainable business?
- Have you developed a “game over” go-to-market strategy?

New Enterprise Marketing Framework



- Market Discovery
- Product Development
- Go to Market Strategy
- Company / Product Launch
- Measurement and Refinement

Market Discovery

- Market Segmentation
- Identify Customer Pain
- Competitive Landscape
- Market Size / Growth



Market Segmentation



- In new enterprises, FOCUS is key
- Focus enables David to beat Goliath
- Pick small number (1-3) well defined segments that you can dominate and get to critical mass
- Classic role model-Documentum
- “Marketing must create complete products and drive them to commanding positions in defensible market segments”...Bill Davidow

Some Thoughts on Market Segmentation



- Markets are not as homogenous as they first appear
- Distinct markets can support 2 to 3 profitable players
- Concepts must be developed and resources identified to gain at least 30% of a well-protected market segment

Identifying Customer Pain by Segment



- **Pain** best identified through rigorous and systematic primary market research
- Tools include interviews, focus groups, advisory councils, analyst briefings
- Segmentation will naturally fall out
- Articulate 'voice of customer' qualitatively and quantitatively

Describe the Ideal Target Customer



- Day-in-the-life Scenario Method

Target End User: Profession, Industry, Geography, key responsibility

Before: Scene or Situation	After: (Similar Scene)
Desired Outcome	(Similar Desired Outcome)
Attempted Approach	New Approach
Interfering Factors	Enabling Factors
Economic Consequences	Economic Rewards

Competitive Analysis by Segment



- Detailed understanding of competitive strengths and weaknesses
- Look beyond the propaganda- customers and analysts are great sources
- Candid assessment-don't appear naïve or create a false sense of security
- Account for established & newly emerging players
- 'We have no competition' is the wrong answer



Market Size and Growth

- VCs want large, rapidly growing markets
- Analyze by segment-prioritize by attractiveness
- High tech market research readily available
- VCs want to see aggressive but realistic company scale and growth projections from confident, aggressive management teams
- “If we capture just 1% of market” is not right answer

Market Size and Growth

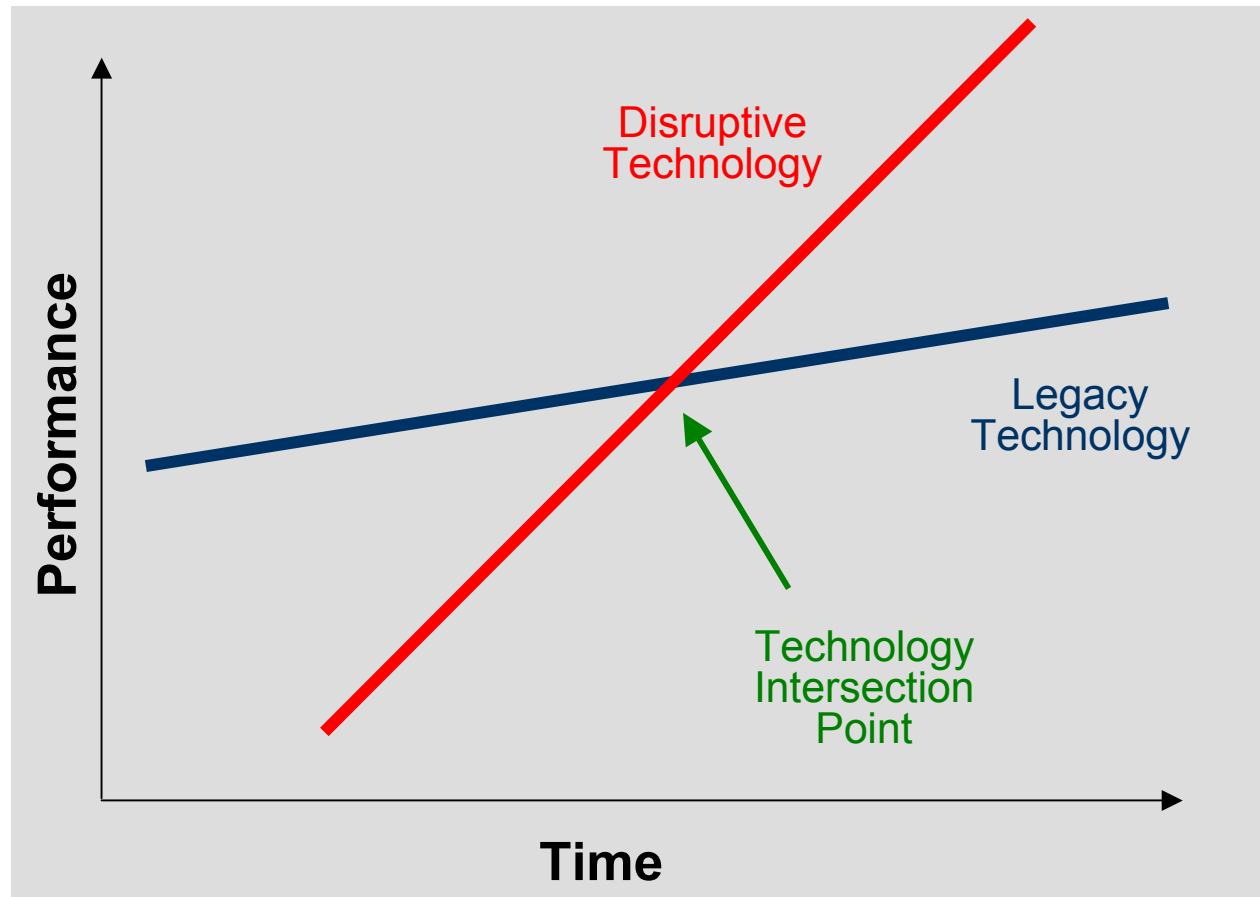


- Time to substantial revenue dictated in part by market focus:
- Newly emerging market
- Categories take time to establish
- Biggest risk / reward
 - Niche of existing market
 - Replacement in established market



What Are You?

Disruptive Technologies



Source: Telechoice



Legacy Technology

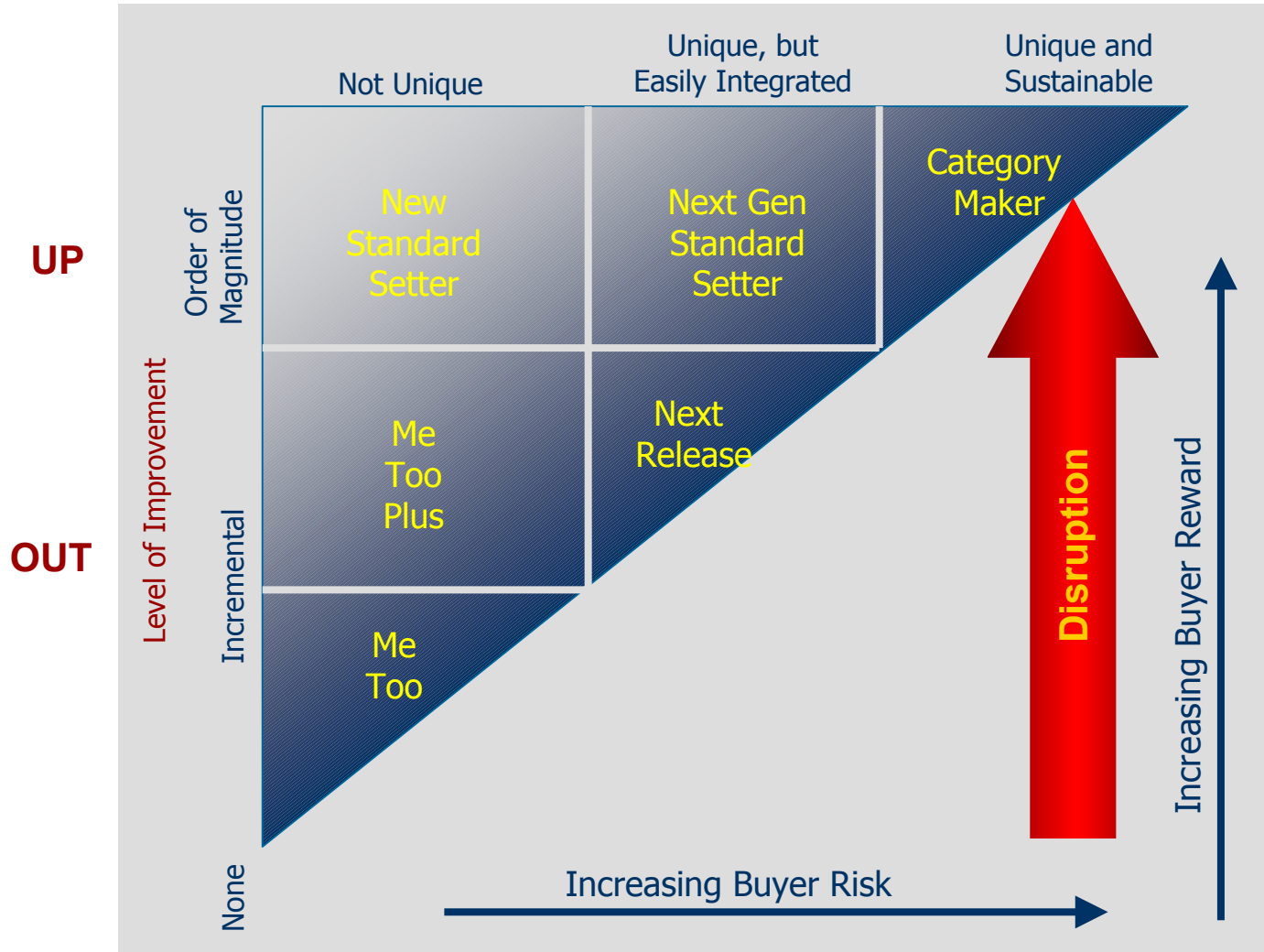
- Tremendous opportunities 'within the Legacy'
- Legacy technology always on upward performance / capability trajectory
 - Obvious technology updates to incrementally improve performance
 - Rare unmatched performers provide breakthrough order of magnitude performance improvements
 - Both contribute to overall long term performance improvement

Disruptive Technology



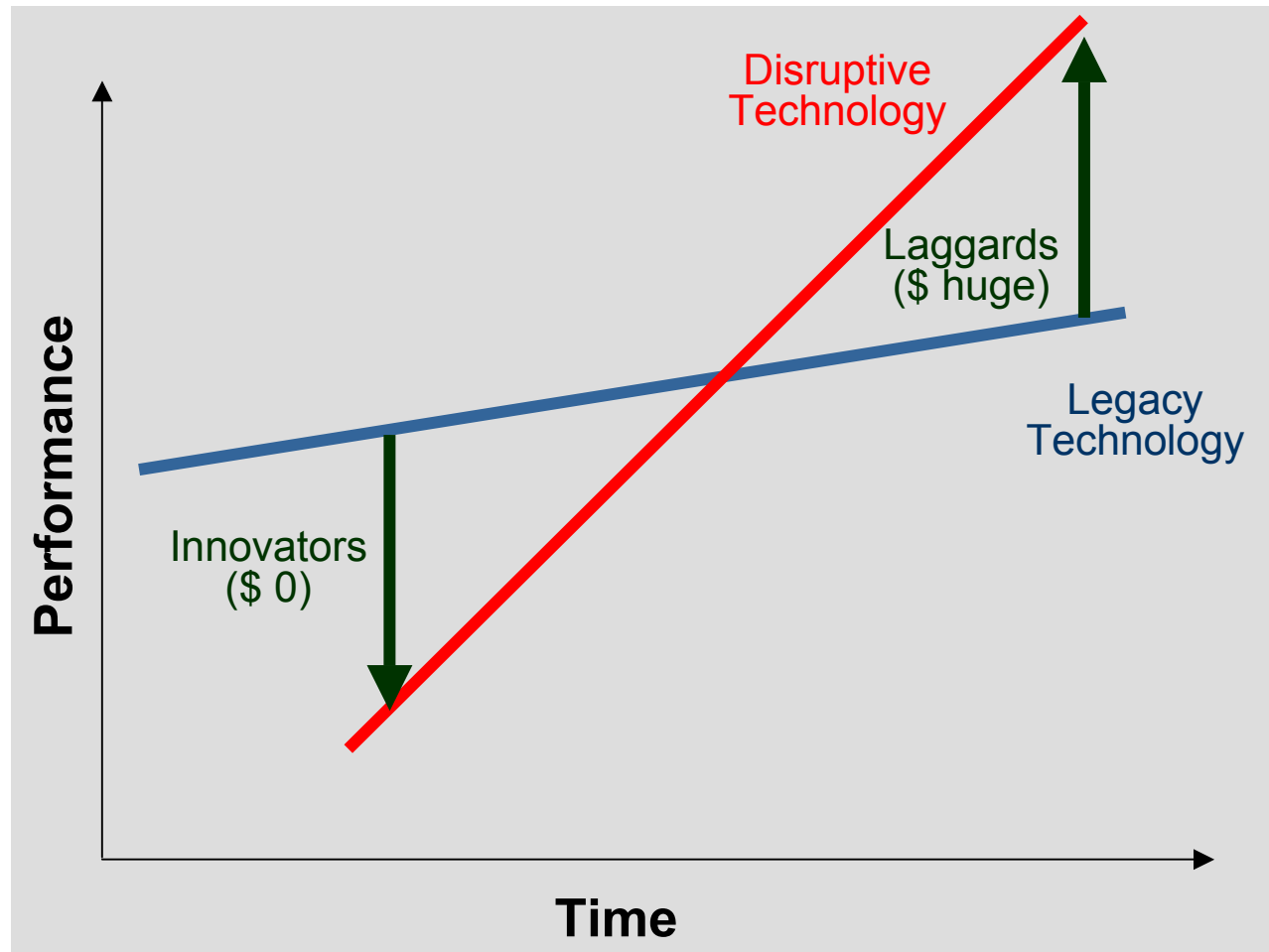
- Major risks introducing 'disruptions'
- Successful disruptive technology provides more rapid performance improvements than the legacy:
 - Disruptive innovator almost always introduces a solution with INFERIOR performance /capability than the legacy
 - However, disruption can very rapidly improve
 - At some point, disruptive upstart emerges who guides industry's adoption and implementation of the technology
 - Most likely, upstart takes control while technology beneath radar of legacy technology players

Up or Out?



Source: Telechoice

Revenue Realities



Source: Telechoice

Go-To-Market Strategy and Model



- Unique Value Proposition
- Strategic Positioning
- Sales and Distribution
- Marketing Communications
- Business Development



Unique Value Proposition

- Compelling reason to buy
 - Key differentiator
 - Repairs broken business process
 - Painkiller vs. vitamin
- Quantify benefits
 - ROI
 - Cost reduction
 - TTM
- Single most compelling proof point



Strategic Positioning

- Establish your place within a system
 - Buying choices available to customers
 - Supply chain available to partners
- Competition = reference point
- Early stage market priorities
 - Customer intimacy or product leadership
- Take proactive role in positioning
 - Don't let competitors do it to you



Positioning Template

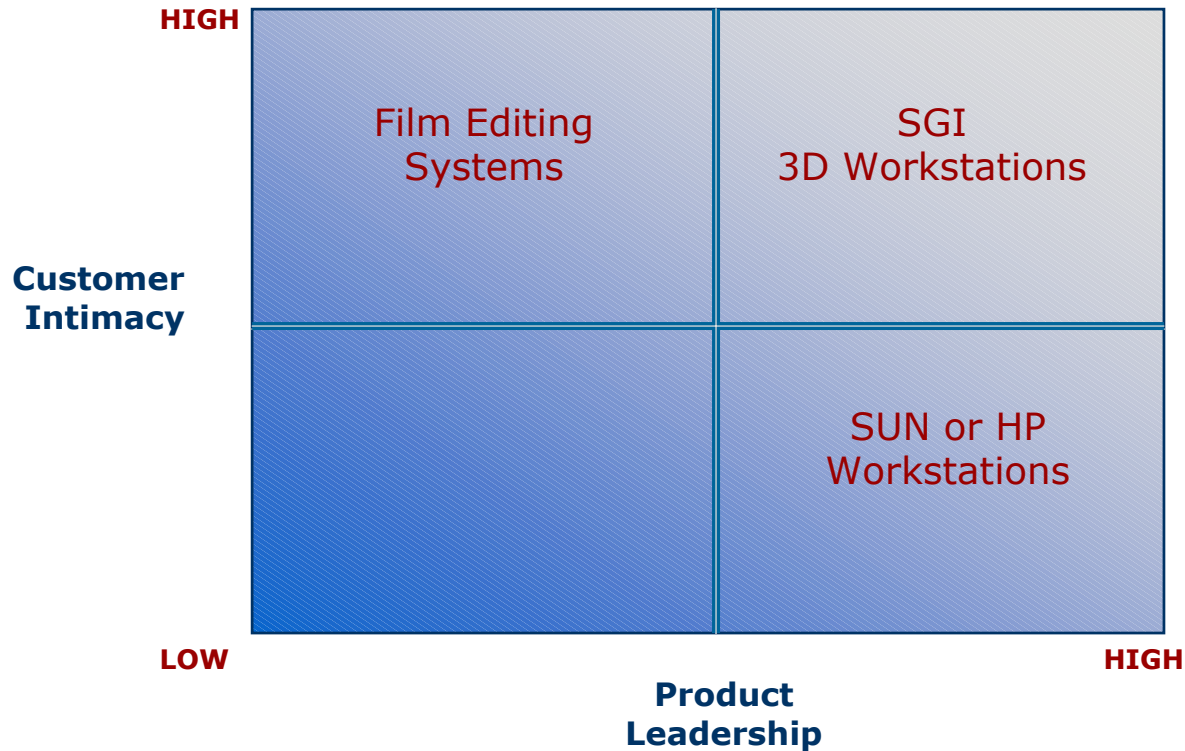
- For (Target Customers)
- Who (Have a Problem)
- Our Product(Is a new Category)
- That Provides (Breakthrough Results)
- Unlike (Reference Competitor)
- Our Product(Key Differentiators)

Example: Silicon Graphics(SGI)



- For (Movie Producers)
- Who(Rely Upon Post-production Special Effects)
- SGI's (3D Graphics Workstation)
- Provide (Integrated Digital Fantasies With Actual Film Footage)
- Unlike (Generic Workstation Manufacturers Like Sun)
- SGI (Has made a No Compromise Commitment to Meet Film Makers Demanding Post-Production Needs)

Positioning Example: Silicon Graphics





Sales and Distribution

- Nothing happens until someone sells something
- Early stage B2B technology markets
 - Controlling your own destiny dictates largely direct sales to start with
 - Missionary sell requires unique skill set
- Must be armed for success by marketing
- Multi-channel distribution typically after traction
- Sales not equal to business development

Business Partners



- Increasingly complex customer environments require system integrators
- No single company can do it all
 - New enterprise = FOCUS
- Numerous benefits to new enterprise
 - Endorsement value
 - Access to customers and channels
 - Access to technology, products and/or capital
- Barney relationships don't count

Marketing Communications



- Unprecedented VC flows resulted in crowded, noisy markets
 - Need to cut through noise
 - Solid marketing critical
- Brand awareness is overblown; positive brand attitude is key
 - Brands customers respect, not know, vital
 - Must translate into purchase momentum

Marketing Communications



- Thought leadership is key in establishing positive early market reputation
- In early markets, number customers small and hard to reach
- VCs have no appetite for big marketing budgets
- Key – target and win the 5% who influence the other 95%

guerrilla technique effective/economical
analyst/pundit/press relations key

Launching the New Enterprise



- Customer references
 - Analysts
 - VCs
- Press references
 - Analysts
 - Customers
 - Partners



Initial Customers

- Systematic plan for identifying/closing five ideal target customers
 - Validate technology / product / approach
 - Enthusiastic reference to trade press/analysts
 - Quid pro quo relative to exchange of value; protect value / price integrity
 - Commit entire organization to their success



Launch Requirements

- Rock solid UVP, strategic message platform
- Anticipate competitive response
- References with approval from legal
- PR agency support
- Friendly analyst support
- Appropriate launch venue
- Optimized timing
- Competent, trained spokespeople
- Passion!



Post Launch

- Incorporate product feedback into product plan
- Leverage endorsements into marketing materials; reprint articles 'on-message'
- Incorporate strategy and messaging feedback into marketing plan
- Adapt to life as a visible entity



Marketing Strategy Checklist(by Segment)

- 1. Target Customer
 - ID Pain by Segment
- 2. Size / Growth rate of Market
- 3. Compelling Reason to Buy
- 4. Competition
- 5. Whole Product Solution
- 6. Positioning
- 7. Pricing
- 8. Go-to-Market Strategy
- 9. Business Partners
- 10. Next target Customer



Final Thoughts

- Competent Marketing is a key factor for success in New Enterprises
- Marketing answers the fundamental questions that define the business
- Marketing touches every element of the enterprise from market discovery through company launch

