

Technology Marketing

in Troubled Times

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Who in the Heck is Guy Smith?

- 10 year IT veteran and a 12 year marketing executive
- A marketing consultancy focused on strategic initiatives
- A slate of brand-name clients – product and services
- An all around good Guy
- Best darn marketing consultancy around
- Your path to glory, riches, and global conquest
- Best chance for corporate sainthood

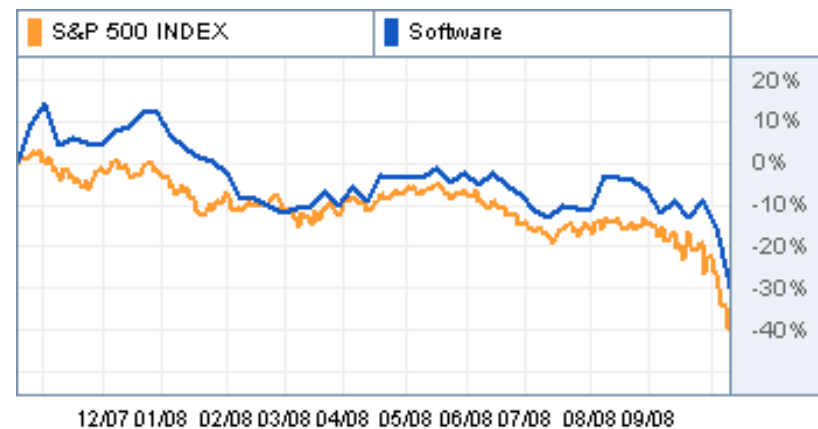
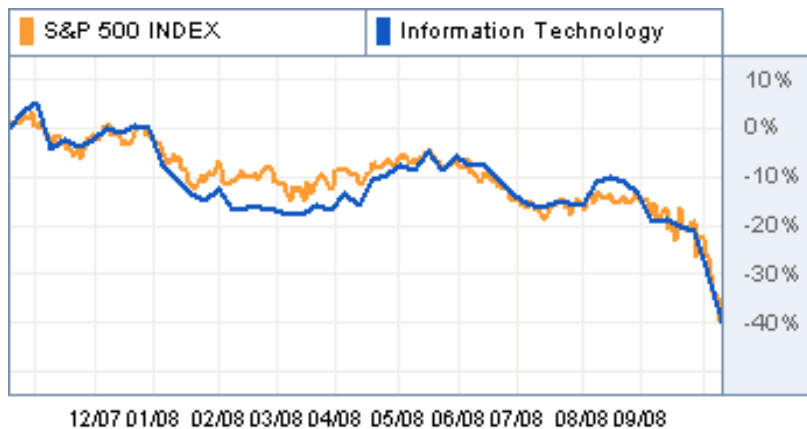


brainwave



The times they are a-changin'

- The technology market is slipping
- Software is sliding along with tech
- This is a mid- to long-term situation



UN says world economy will only grow by 1.8 percent

“The current financial crisis in the US is likely to be judged ... as the most wrenching since the end of the second world war.”

Alan Greenspan, Federal Reserve Chairman -- Financial Times, March 16 2008

Stagflation Impacts Buying

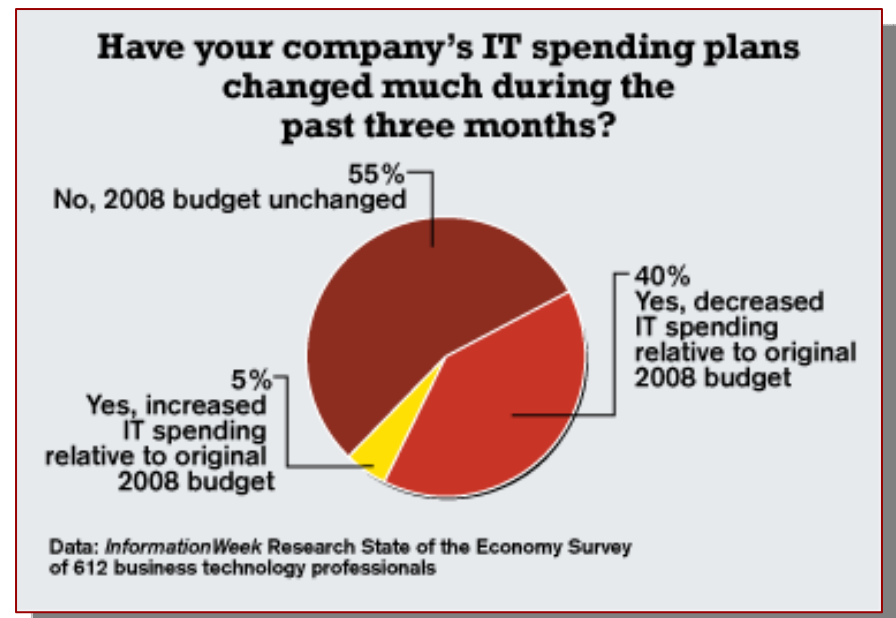
S&P 500: Nominal vs. Real Price Appreciation*
through 6/29/07, semi-log, Jan-66=100



Average Annual Compound Rate of Return**		
S&P 500: 1,503.35		
	<u>Nominal</u>	<u>Real</u>
Jan-66 to Present	6.9%	2.2%
Jan-66 to Jul-82	0.5%	-6.1%
Jul-82 to Present	11.4%	8.0%
DJIA: 13,408.62		
	<u>Nominal</u>	<u>Real</u>
Jan-66 to Present	6.5%	1.8%
Jan-66 to Jul-82	-1.5%	-7.9%
Jul-82 to Present	12.1%	8.7%
<small>**Returns calculated from intra-month highs/lows.</small>		

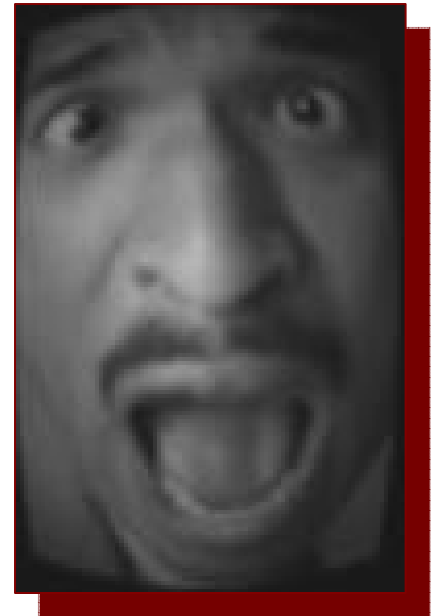
What are the numbers?

- Goldman Sachs IT Spending Survey predicts 1% global decline in 2009. U.S. decline of 5%.
- IDC says CIO's are now re-evaluating their spending on a per-quarter basis – projects <1% domestic growth in 2009
- Gartner says 1/2 of U.S. CIOs have frozen or cut 2008 budgets –average cut is 10%
- ChangeWave reports 30% of IT software budgets have been reduced. 29% said Q4 cuts or *budget suspensions!*
- Triumph CIO Group says 26% will decrease IT budgets and another 26% will freeze them. 21% will layoff staff
- InformationWeek Q2 survey shows a 40-50% of CIO's have cut budget



My, how times have already changed ...

- *Your company*
 - From “boom” times to looming recession
 - From technology buying binges to technology glut and disillusionment
 - A typical cycle last seen when “dot coms” turned into “dot bombs”
- *Your customers are*
 - Enduring budget restrictions – slow growth or spending cuts
 - Refocusing on key marketplace advantages
 - Spending only where there is a definable benefit toward an important specific business advantage
- *These behavioral changes affect prospects on more than a financial level*

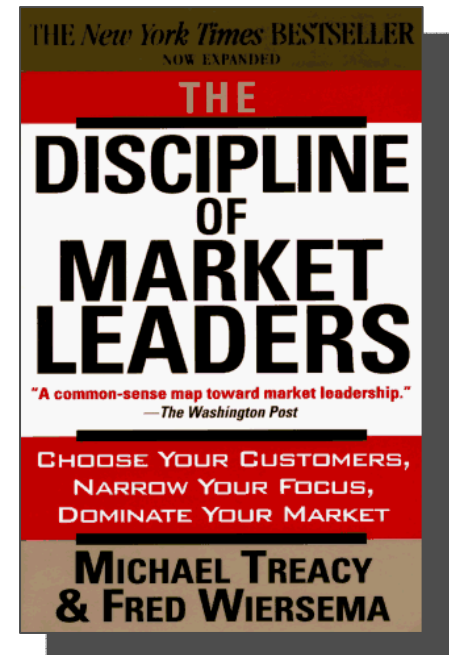


Customer Introversion

- *When times are good . . .*
 - *Customers experiment, expand, take more risks*
- *When times are bad*
 - *They regroup around market disciplines that originally made them successful*
- *Today, technology buyers are reverting to their market discipline*
 - “Back to basics”
 - Management and the entire organization embraces previous success formula

How Companies Differentiate

- *Enterprises excel based on one of several, predictable traits*
- *The “Discipline of Market Leaders”*
 - “Market disciplines” are pervasive traits that define the behavior of an organization and its employees
 - “Disciplines” are not “core competencies”
 - Disciplines are specific ways of creating value for their customers
 - Disciplines are often part of the corporate mission, creed, value statement or personal dictum of the CEO
 - The organization enforces the discipline at all points



*Treacy & Wiersema,
“Discipline of Market
Leaders”, ISBN 0-
201-40648-9*

What are the market disciplines?

- Operational = best overall customer value
- Product leadership = best of breed
- Customer intimacy = strategic partner
- Trusted expert = *Guy's addition to the list*

Operational Discipline

- Execute extraordinarily well
- Provide a combination of quality, price, and ease of purchase
- A culture that rewards efficiency
- Think Wal-Mart, Costco, McDonalds and even Dell

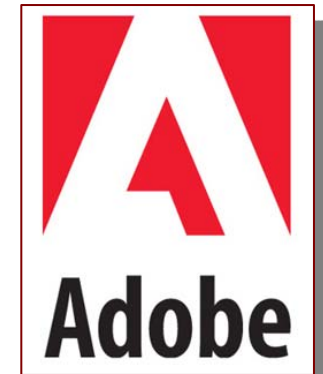


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Product Leadership Discipline

- *Provides customers the best product and new ways of marketing their products*
- *Internally entrepreneurial - avoids bureaucracy*
- *A culture that rewards innovation*
- *Think Sony and Adobe*
 - *NASA and their contractors always buy things that create the impression of new “products”*



Customer Intimacy Discipline

- *Builds bonds with their customers*
- *Gives customers more than they expect, and tailor their offering to each*
- *Culture that embraces specific (rather than general) solutions for carefully selected customers*
- *Think Airborne Express, IBM Global Services, Rubric*

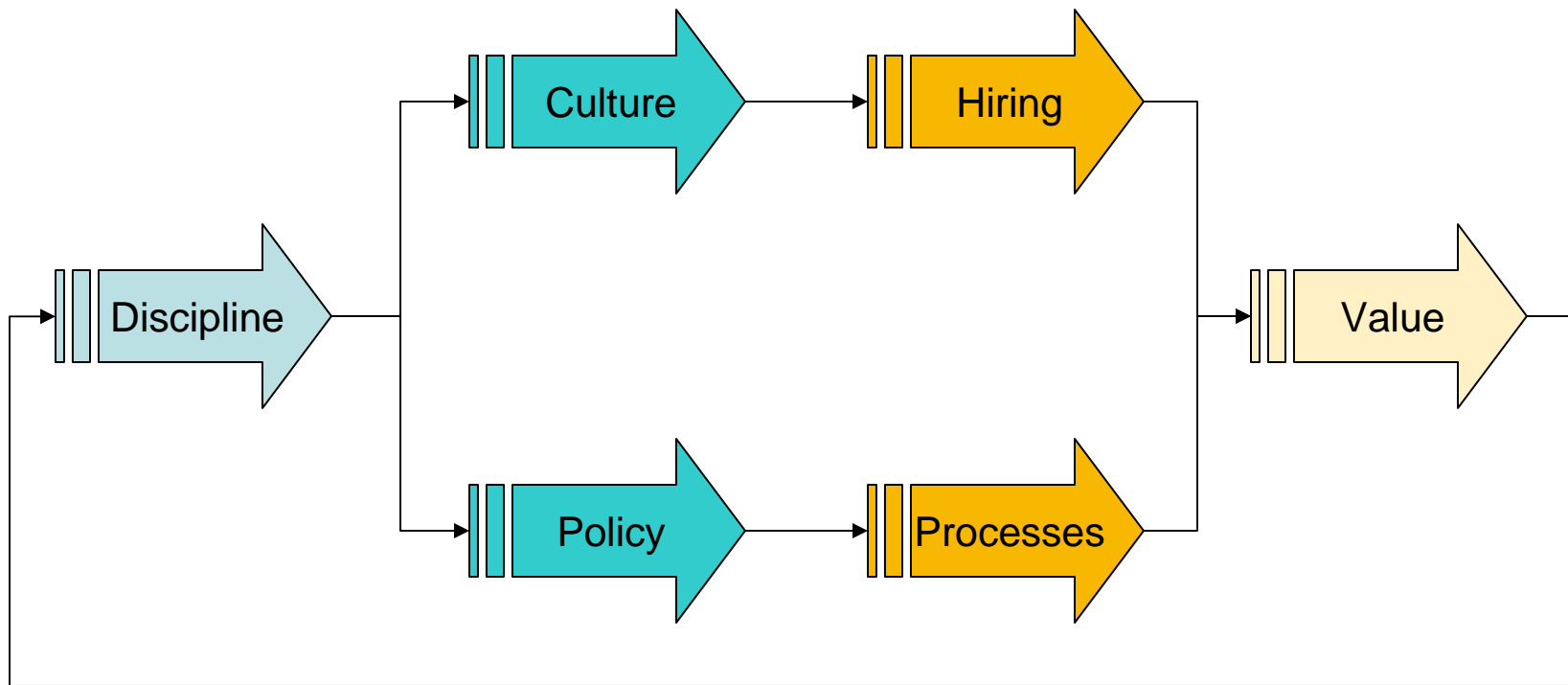


Trusted Expert Discipline

- *Obtains and displays a mastery of an issue*
- *Gives customers expert advice to establish trust (thought leadership)*
- *Culture that rewards expertise and communications*
- *Think Rational Software ... before IBM bought them*



How Discipline Drives Orgs



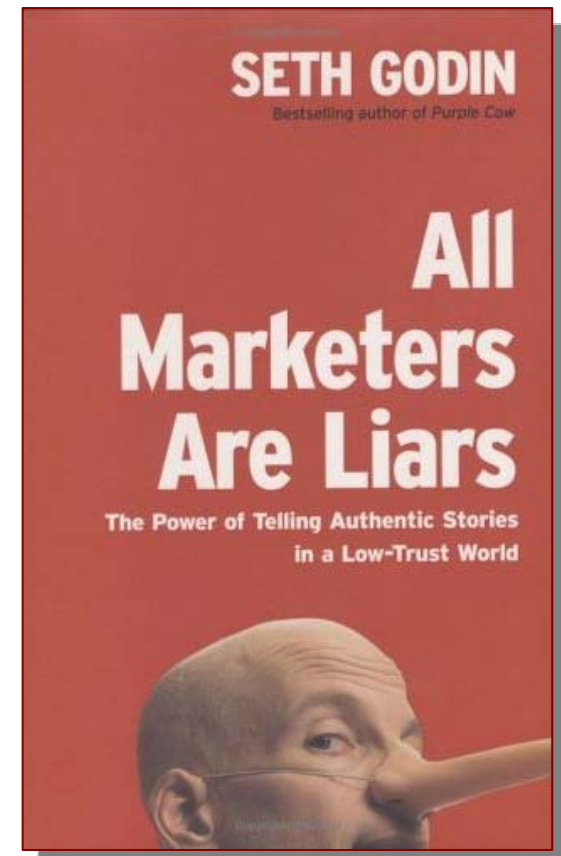
An Example of Discipline

- Circuit City used to be all about customer services
- Drove that value throughout
- Feedback up-through management and back out through meetings, house organs, etc.
- Right down to the deliveryman!

When times are tough, these disciplines are reinforced, and all attention is focused there. Your break-through path is by aligning with these disciplines.

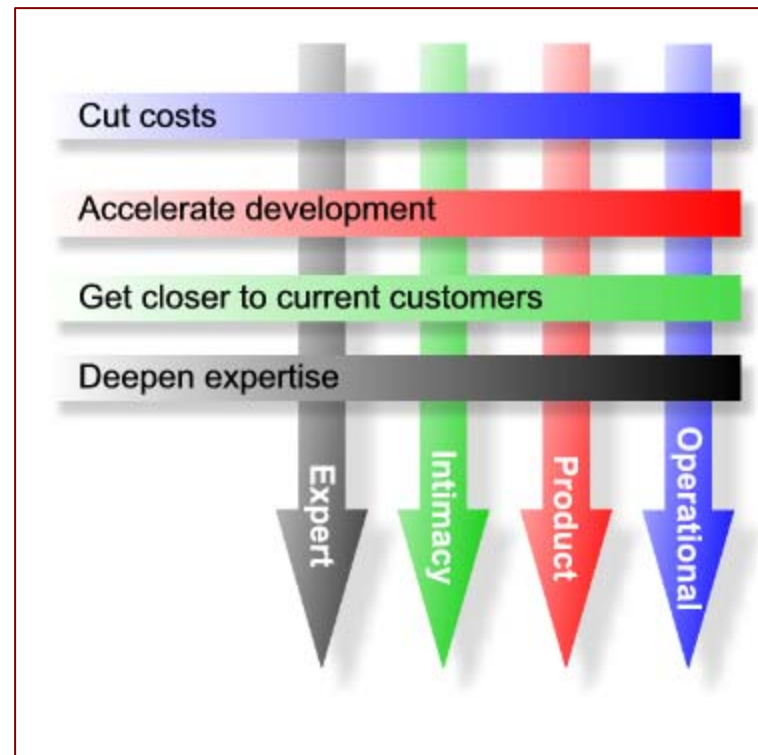
Customer Actions in Bad Times

- *Discipline introspection creates a message filter*
 - Ears and eyes close to “new” or “different” concepts
 - Customers respond to what they “know” and what they are internally reinforcing
- *Changes needed to break customer filters*
 - Messaging and branding (by discipline)
 - Prospect qualification criteria changes (by discipline)
 - Segmenting and positioning
 - Sales education
 - “Consultive selling” vs. “prospect hunting”
- *“Agreeing” with customer disciplines bypasses many of their filters*



“Magic” intersections

- Where does your value proposition intersect with their market discipline?
- What emotive and functional messages accelerate their market discipline?



Guy's Gripe: the ROI myth

- *ROI and “value” are different things*
- *Value is expressed in more than just \$\$\$*
 - “Value” is a great product with exciting features
 - “Value” is integrating with a customer’s applications
 - “Value” is eliminating steps from a business process
- *Remember: market disciplines are the strongest indicator of delivered values*
- *Mirror the market disciplines of the prospect and you become part of their “value culture”*
 - More trust
 - Better message reception
 - Earlier “yeses” and conceptual agreements

Other Opinions About Hard Times

- *Paul Wiefels – the Chasm Group*
 - Rethink your product categories and target customers
 - Have a good story to tell and tell it well
 - Get back to a singular benefit that you provide your customers
- *Philip Lay – Tech CEO input to the Chasm Group*
 - Get rid of people {vendors} who cannot or will not **get aligned** - no matter how talented or experienced they are.
- *Bill Fried – Precision Selling*
 - Marketing should redefine its purpose in terms related to "**executive-level** appointment-generation", and virtually all marketing programs and activities should be geared towards this objective.

Other Opinions About Hard Times

- Miller Heiman, Sales Process Consultants
 - If you selling a solution, now is the time to talk to
 - “C- suite” executives
 - Not budget constrained
 - Understands company challenges
 - **Trying to get closer to the business**

The Recession Checklist

- *Guy's tactical additions*
 - Refocus on your **primary segments**
 - Expand your **up-sale and lateral sales** opportunities
 - **Messaging** health check
 - **Remedial** sales team **re-education**
 - Triple-check alliances and channels for **discipline agreement**
- *Strategic opportunities*
 - Pander to panic
 - Now is the time to be bold about long-range strategy against long sales cycles

Conclusions

1. *Times are tough, and they aren't getting better anytime soon*
2. *Customers have changed and have reverted to what made them strong to begin with*
3. *You can either be part of their value culture . . . or you can be ignored*

“So, if you want to sell to me . . .you've got to understand my business, how I make my money and what my problems are.”

- Roger Krone, VP & GM of Boeing Rotorcraft

Thanks! Any Questions?

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