

Business Development

NEW MARKETS FOR HIGH-TECH

The global sales and distribution of advanced, high-end PLM and 3D engineering software products (3D-CAD/CAE/CAM, VR, DMU, CAD-data conversion, simulation, viewing, web-publishing) is a major challenge for all software vendors. Developers and management are focused on technology but are not very familiar with business terms, e.g. market analysis, target markets, distribution, margins, international pricing, e-shops, Marcom, PR, lead generation, promotion, telemarketing, packaging, competition. ConWeb provides business development services which support vendors at the set-up of new or expansion of existing international business activities.



SELLING HIGH-TECH

The global distribution of high-end PLM and 3D engineering software, e.g. 3D CAD/CAM/CAE, simulation, DMU, VR, PDM, 3D-Viewer is a major challenge for technology driven developers. Main deficits and critical success factors are:

- Strategic alignment of high technology companies is too technical
- Sales and business processes are neglected in favor of product development. VC-companies asking for investment ratios of up to 1:8 in favour of marketing/sales investments compared to product development investments.
- Slow penetration of international markets due to missing market know-how, sales resources and staff
- Wrong focus on broadline distributors which are not interested to create sales channels for new, unknown and difficult to explain products
- Overstrained business partners and resellers which don't understand complex products
- Basic mistakes in the day-to-day business processes, e.g. unclear prices and configurations.

There are good chances to get these deficits neutralized. Professional sales and marketing staff has to be recruited and long-term business and distribution plans must be defined. Service providers can be used to complement in-house resources with skills which are needed temporarily.

4PhasePIP (4 Phasen Product Introduction Program) is a ConWeb GmbH proprietary multistage service portfolio for the set-up and optimization of direct and indirect sales channels used by high technology companies.

4PHASEPIP

4PhasePIP, is a ConWeb proprietary, modular service portfolio divided into phases and aiming at the development of target markets for high technology products:

PHASE 1: MARKET ANALYSIS COMMERCIAL DUE DILIGENCE

Exact understanding of target markets is a very important condition for business success in these markets. In this phase ConWeb can provide:

- Geographic market analysis
- Competitive studies
- Validation of existing sales channels
- Commercial Due Diligence

It is mandatory to know the structure and performance of existing sales channels which are offering competitive products.

PHASE 2: PILOT ACTIVITIES

After finalisation of the target market list vendors should start to win pilot customers in selected markets and territories which could act as references for other customers. Focused PR-activities to inform local market participants can create additional interest and improve popularity of products and brand names. ConWeb services in this phase could be (Examples):

- Telemarketing for the recruiting of potential pilot customers
- Mailings to identified target customers
- Set-up of press contacts and preparation of a press mailing list

PHASE 3: RECRUITING OF RESELLERS

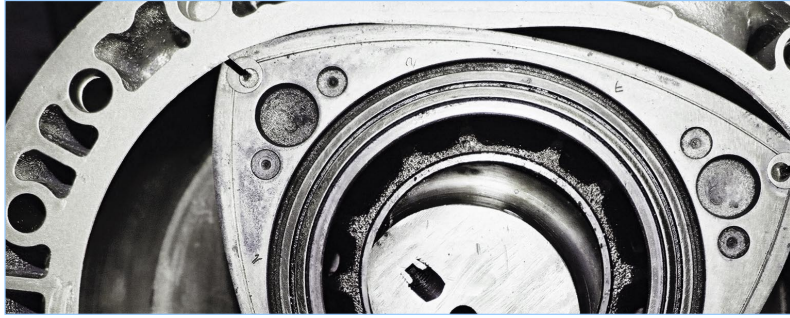
Existing pilot customers will encourage resellers and distributors to have a closer look at the products. It is also appreciated to receive such support from the vendors as resellers cannot afford costly business development activities without a vendor involvement. Potential services are:

- Recruiting of resellers
- Training of new business partners
- Searching for sponsors
- Definition of reseller price lists and revenue plans

PHASE 4: MANAGEMENT OF RESELLERS

Monitoring and control resellers and business partners is a key success factor for indirect sales organisations. Activities in this phase are:

- Reseller training
- PR-activities, e.g. exhibitions
- Lead generation/agency
- Set-up of a forecast and reporting system
- Order processing and order fulfillment processes have to be defined



SERVICE COMPONENTS

4PhasePIP is a collection of methods and practices ("*best practice*"), which can be reconfigured on demand.

1. MARKET STUDIES

Market studies provide reliable information and data about target markets. Example: When entering Italy as a new market it will be important to know the actual market position of the main competitors. Furthermore business practices and relationships of existing channel is a crucial information for taking the right decision. Market studies in Europe, Asia and USA can be executed by ConWeb in direct collaboration with ConWeb's global partner network. Examples:

- Size of the target market
- Vendor structure in the local market
- Local developers
- Press structure
- Pressure and lobby groups
- Existing reseller networks
- Attitude towards new and innovative technologies and vendors

Market studies are quoted on individual base and use following methodologies. Examples:

- Telephone interviews
- Live interviews
- Internet surveys
- Interviews with journalists
- Expert interviews
- Interviews with customers of competing products
- Evaluation of existing market surveys and studies
- Audits and expert panels

2. TELEMARKETING/TELESALES

Telemarketing has become an indispensable marketing tool for the quick and cost efficient collection of data and information about markets. Telemarketing activities for high technology goods have to be prepared carefully as the number of potential contacts is rather

limited. Furthermore the interviewers have to be highly professional in order to be accepted and supported by the interviewed persons. Telemarketing campaigns are divided into several phases and segments:

- Definition and selection of the target audience and the target contacts
- Collection and clean-up of the address material
- Creation of an interview script
- Execution of the interviews
- Documentation and evaluation of the interview results
- Update of the address data base
- Final presentation of the results at the contractor

Examples of telemarketing campaigns:

- Evaluation of customer and reseller satisfaction levels
- Investigation of "street prices"
- Competitive studies
- Lead generation and contact management
- Study of customer loyalty campaigns
- Invitation to events
- Determination of market reactions to new products or other changes

3. AGENCY

Complex and difficult to explain products, e.g. driving simulators can be sold only in low volume. Therefore vendors cannot justify the establishment of a local subsidiary. Potential resellers are overstrained by the investments needed to support the sale of such products. In any case the time needed to start business is rather long. An agency concept can circumvent these limitations in an elegant manner:

- Support of local sales projects
- Lead generation and lead tracking
- Maintaining a network of contacts
- Support of a press contact list
- General representation of the vendor in foreign markets

Agencies cover the local sales activities of the vendors but not the technical support of projects and customer installations. Agencies create a visual presence of the vendor in the target market at a cost level which is far below an own subsidiary. Nevertheless there is always an opportunity to migrate an agency into a real operation owned by the vendor as soon the business results will justify such a step. Agency agreements should include such a clause.

INTERNATIONAL PARTNERS

At the execution of international service projects ConWeb can integrate business partners belonging to the business partner network. The network of partners facilitates a quick and cost efficient realisation of international marketing projects in high technology business. ConWeb has partners in France, UK, Italy, Spain, Turkey, Czech Republic, Sweden, USA, Korea, Japan. All ConWeb partners are providing business development services in the same market segments as ConWeb.

REFERENCES/CUSTOMERS

Since the formation of ConWeb GmbH in 1997 several business development projects have been executed. Examples:

- Compaq Europe (Analysis of workstation business in the Auto-desk market)
- French vendor of driving simulators (Agency in Germany)
- Unisys, Japan (European market introduction of the 3D CAD/CAM-system CADCEUS/TOGO)
- Lattice, Inc. (European market study for XL)
- Japanese automotive OEM (Search of European vendors of aluminium parts)
- Japanese automotive OEM (Setup of direct contacts to European stamping die manufacturers)
- German automotive OEM (Market study for a potential spin-off with an in-house VR-system)
- Cambashi, Ltd. (periodical telemarketing projects addressing large format printing, AEC- and GIS-markets, etc.)
- Unisys, Japan (European market introduction of a high end rendering system)
- German automotive OEM (Evaluation of 3D publishing tools which are available on the international market)

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