



Beating Commoditization by Building High-Value Solutions

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Webinar sponsored by:

International Society of Automation

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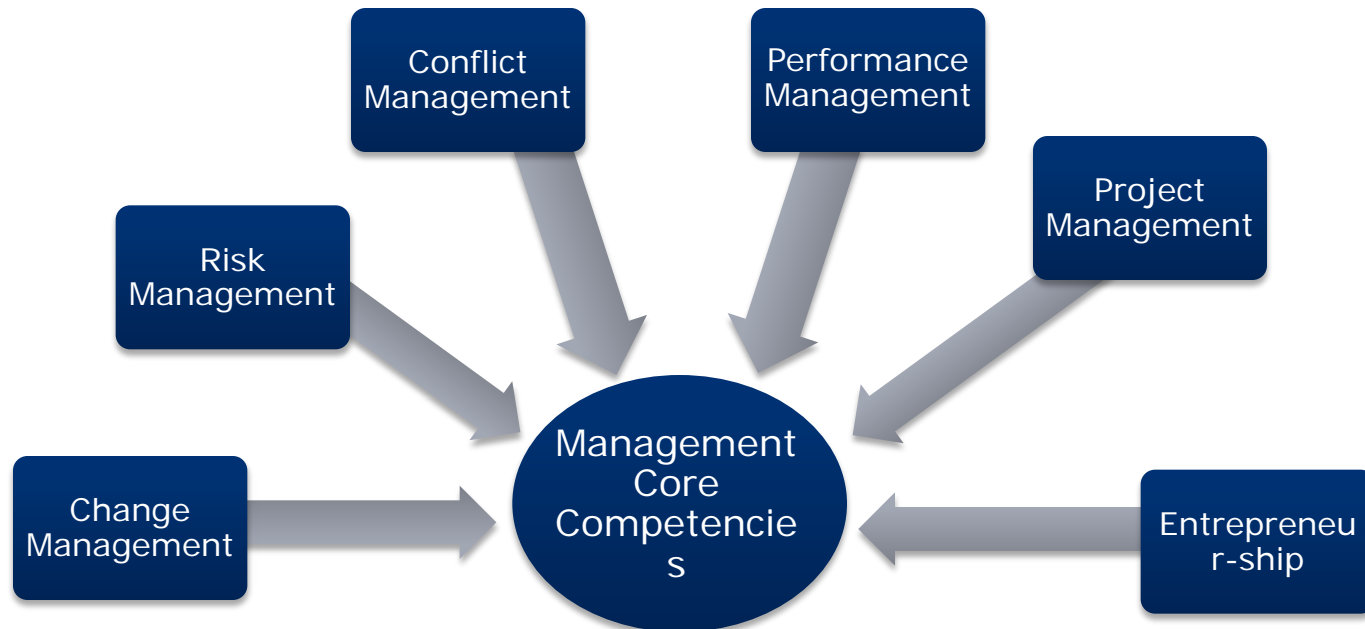


About ISA

- International Society of Automation
 - Founded in 1945, based in Research Triangle Park, North Carolina
 - A leading, global, nonprofit organization that is setting the standard for automation
 - More than 30,000 worldwide members and other professionals
- **Mission**
 - Become the standard for automation globally by certifying industry professionals; providing education and training; publishing books and technical articles; hosting conferences and exhibitions for automation professionals; and developing standards for industry.
- **Variety of industry, technology and special interest groups**
 - Food and Pharma, Aerospace, Analysis, Safety, Communications
- ISA Automation Week: 24-27th September 2012, Orlando
 - <http://www.isaautomationweek.org/>

ISA Management Division

- Supports ISA membership, from all industry segments,
- Provides a collaborative environment where members can develop their skills, knowledge and share experiences with those currently in management or preparing for a future management role
- Currently proposing a professional certification path around core competencies of “Management”



7th Annual ISA Marketing & Sales Summit

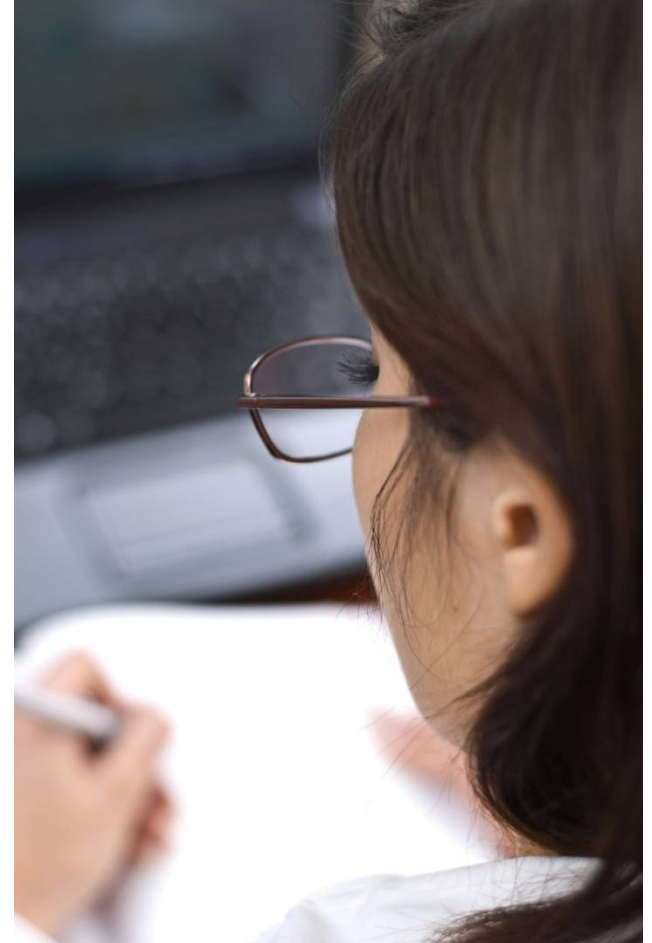
<http://marketingsalessummit.com>

- **August 15-18th 2011, Austin, TX**
 - Pre-conference workshops: \$195
 - Two day conference registration: \$495
- **Who attends:** Marketing, Biz Dev, Sales, Product Managers, Business Owners
- **Why Attend?**
 - Learn new strategies and tactics to use back at the office
 - Collaborate and network with peers in the industry



Today's Agenda

- The value equation:
why solutions?
- What it takes to develop solutions
 - How it's different from product development
 - Marketing's role in solution development
- Important considerations for developing solutions



About Solutions Insights

We help B2B companies develop, market, and sell integrated solutions that deliver increased business value; our main areas of focus are:

- *Strategic Integration*
- *Offering Distinction*
- *Customer Connection*
- *Sales Acceleration*

Our Clients

IT & Telecommunications Industry



Other Industries



Level Setting— What is a Solution and Why it May be Important for Your Business

Where is your market space on the commoditization continuum?

And in which direction is it headed?

- Significant price competition
- Undifferentiated products
- Lower perceived value
- Squeezed margins
- Race to the bottom
- Little price competition
- Unique products
- High perceived value
- High margins
- Able to maintain or increase prices



For many companies, the answer to a commoditizing market space is...

Solutions

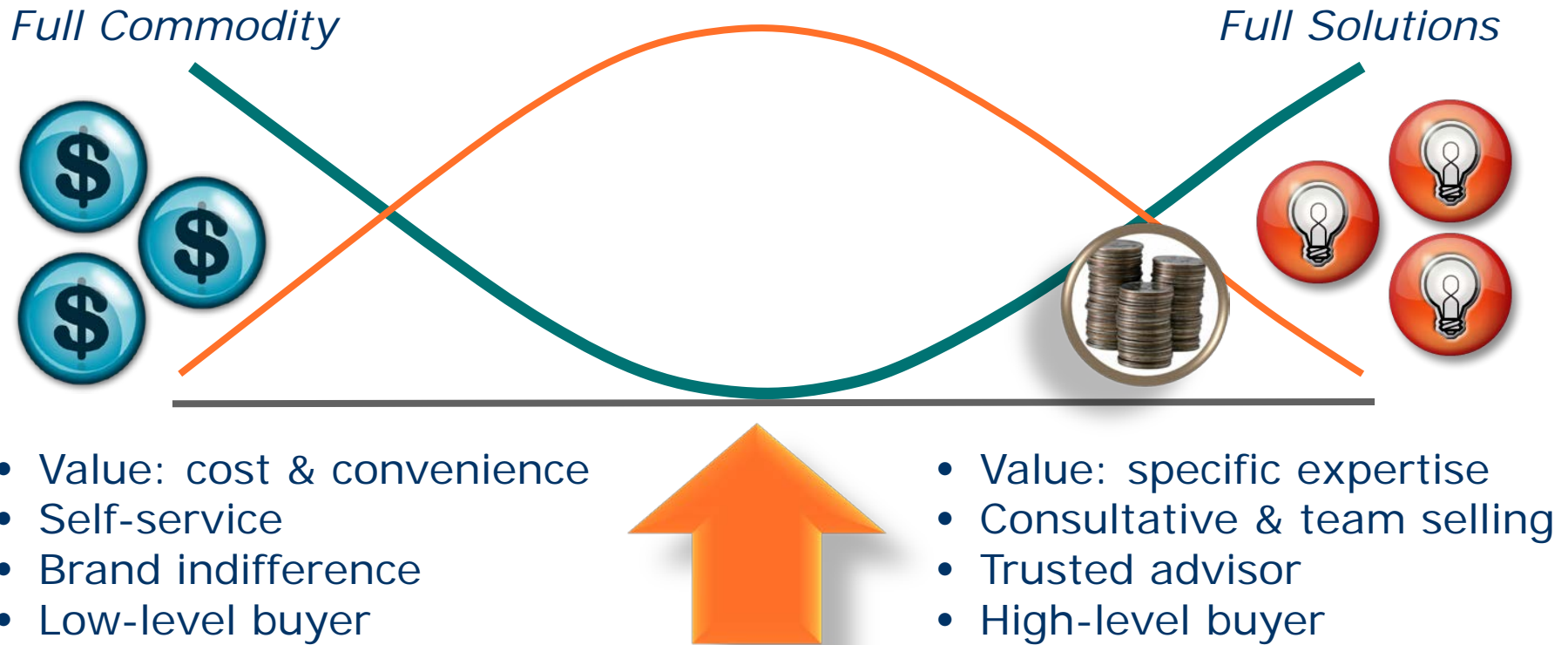
But building successful solutions is often harder than it seems....



Many companies started by selling services with their products



But customers now want much more...or less



The middle is going away: customers are looking for either lowest price or guaranteed business value

How we define a solution

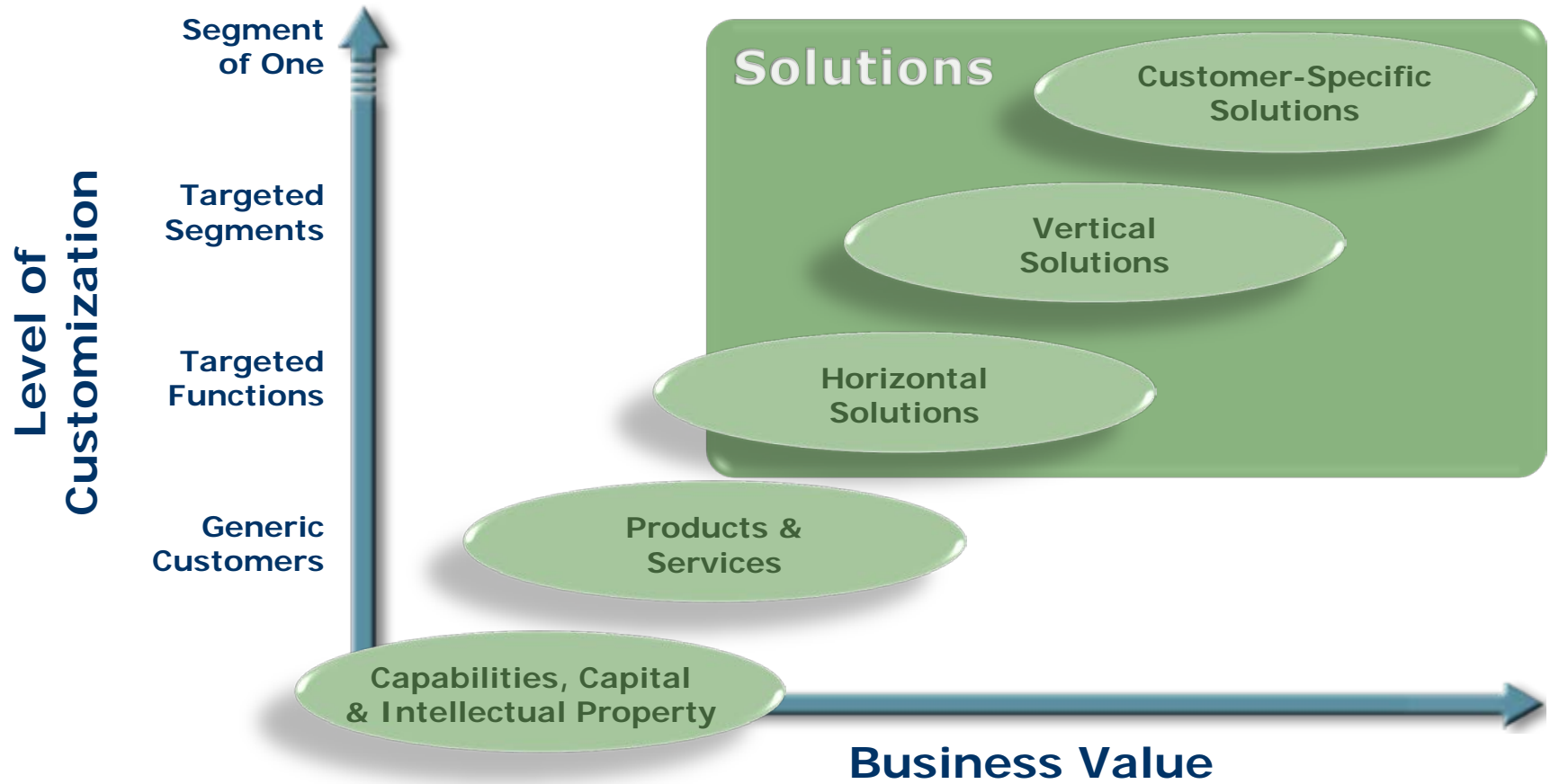
A solution is a combination of products, services, and intellectual capital, focused on a particular customer problem, which drives measurable business value.

Source: ITSMA Solutions Council, 2007

Some of the corporations with senior executive representation on the Council were:



Solutions address specific customer problems along a continuum of customization



The Differences Between Developing Products and Developing Solutions

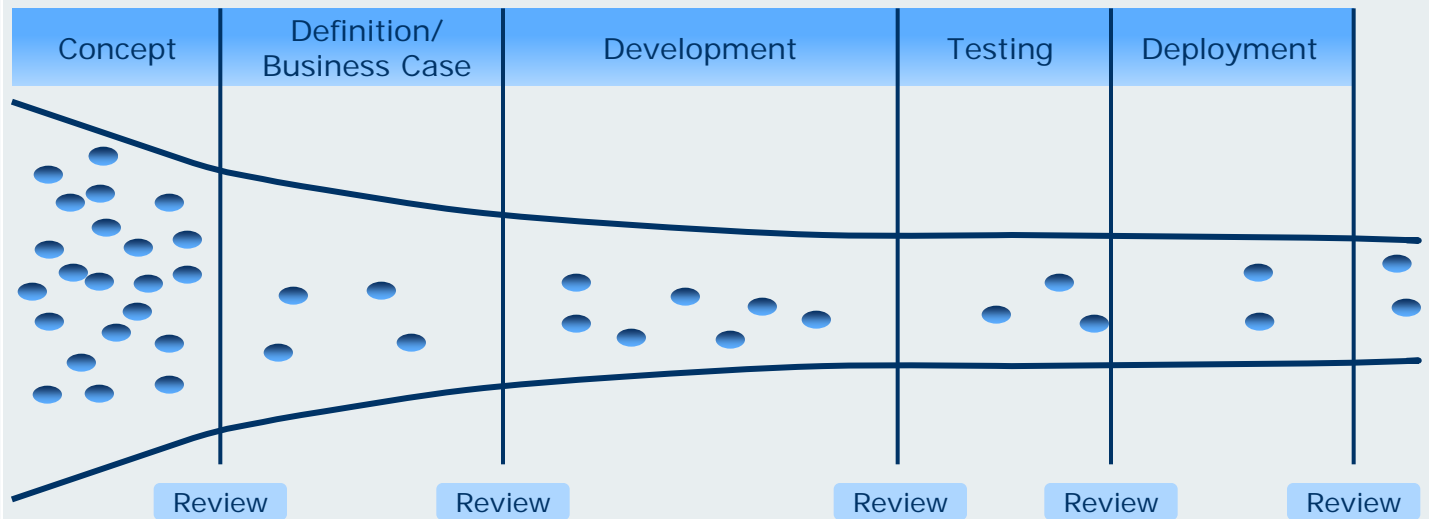
There are several successful product development processes—many are singularly focused and engineering driven

Examples of the Product Development Process

Stage-Gate Process

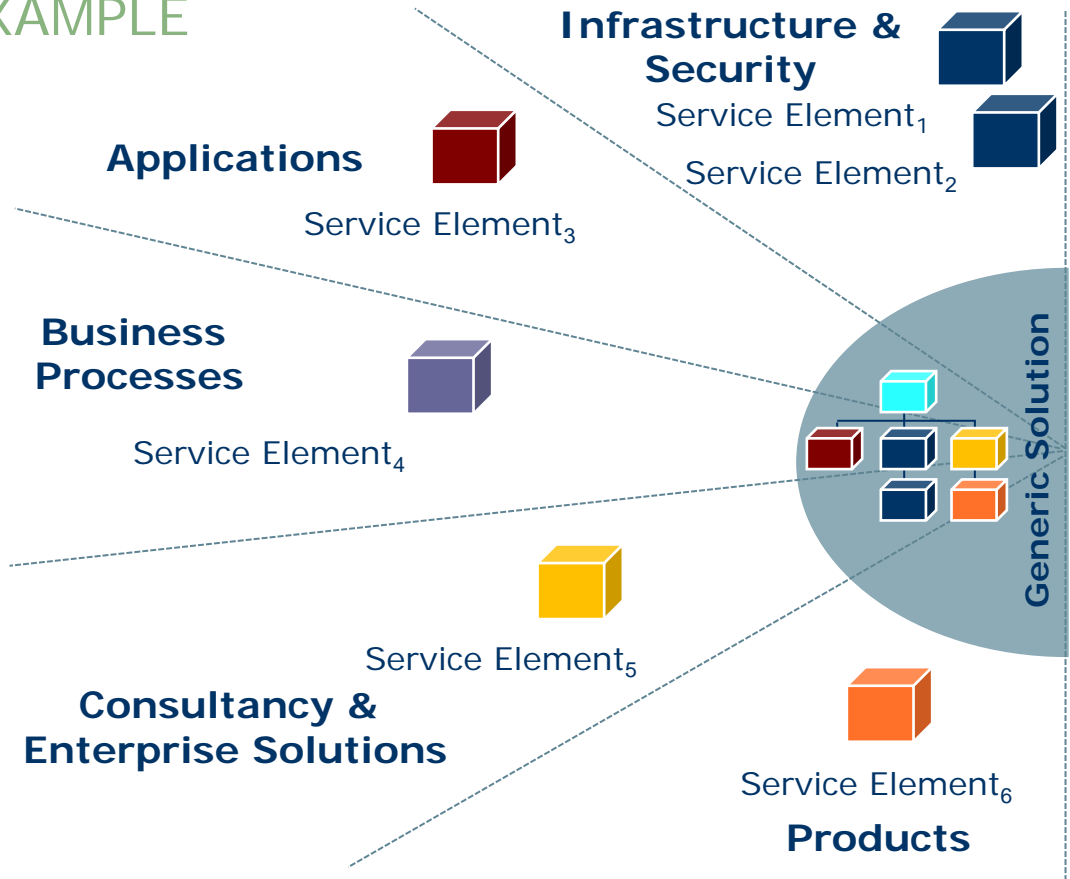


The PACE Development Model



Solutions development processes tend to be more collaborative, leveraging multiple elements of the portfolio, and...

EXAMPLE



customer focused

Key ways in which product and solutions development processes differ

| Product & Solutions Development Comparison | | |
|--|--|--|
| Factor | Product Development | Solutions Development |
| <i>Focus</i> | Solving a technical or operational problem across a broad range of customers | Addressing a business issue or challenge for a customer subset |
| <i>Customer Input</i> | Early, from a broad range of customers on a set of functions | Often, from a specific set of customers on a specific business need or issue |
| <i>Components</i> | Generally singular attributes and functionality | Integrates a set of products, services and applications |
| <i>Team and Skills</i> | Typically developed by engineering in a single Business Unit | Requires collaboration by engineering, marketing, sales and other teams across multiple BUs |
| <i>Concept Capture/ Knowledge Management</i> | Relatively easy to document and capture in a knowledge management systems | Spans a range of products, methods, processes, and delivery resources making knowledge management difficult, but crucial |

Current economic conditions are driving companies to create faster and more effective solutions development processes

Q: In terms of developing new solutions, how is your company changing its approach to adapt to the downturn? % of Respondents (N=30)



... and that's where marketing comes in!

The Critical Role of Marketing in Solutions Development

Marketing solutions is all about creating business value for the customer

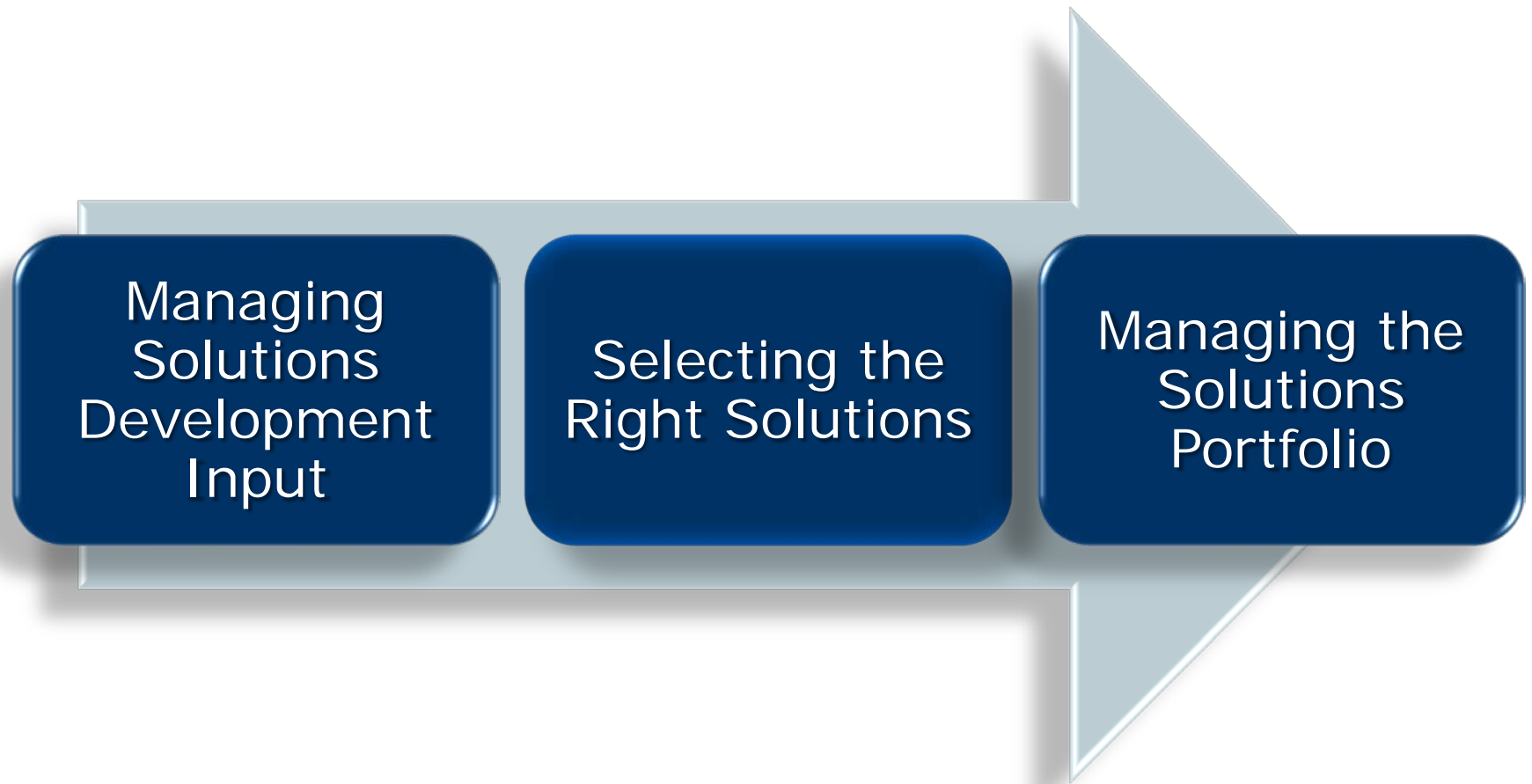
Solutions Factors

- More complex problems, resulting in a need to create more complex offerings
- Greater personalization & customization
- Increased organizational collaboration
- Longer sales cycles and more complex Value Propositions

Marketing Implications

- Greater customer-centric behavior
- A different approach to communicating the Value Proposition

Marketing can support the development process in three key ways



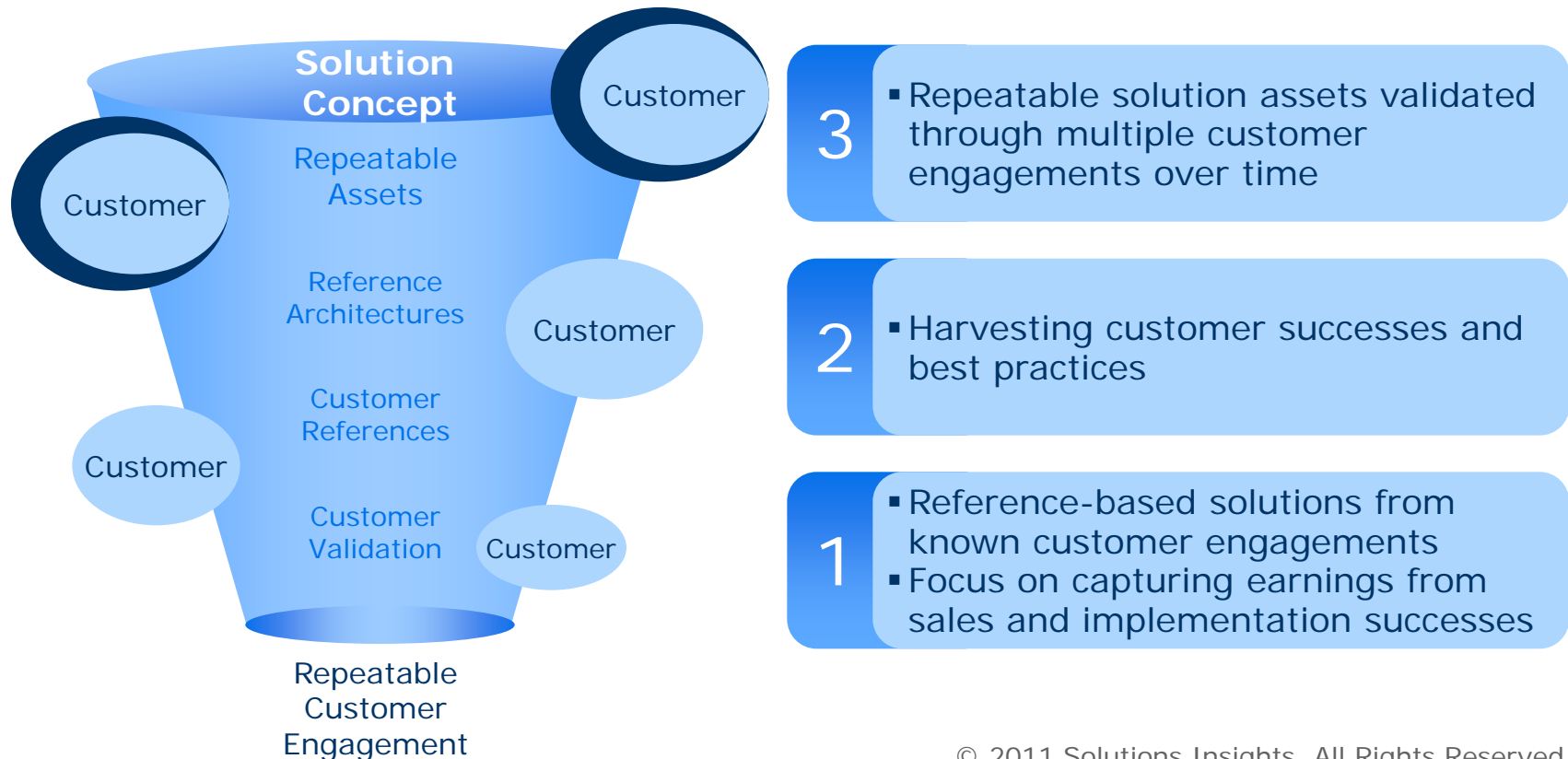
Marketing is in a strong position to manage the customer interaction for successful solutions development

Managing Input

Selecting Solutions

Managing the Portfolio

COMPANY X Solutions Shaped Primarily by Learning from Customer Engagements Over Time



Marketing-driven research and market intelligence is key to selecting the right solutions in the offer development process

Managing Input

Selecting Solutions

Managing the Portfolio

- Does this offering support our brand positioning?
- Is it consistent with external messaging of the firm?
- Is it an expected area of growth over next 3-5 years?

Strategic Importance

X%

- Is the market highly fragmented or entrenched?
- Do competitors have superior capabilities? If so, how big is the gap?
- How compelling is our perspective to the marketplace?

Competitive Opportunity

X%

- Does a methodology exist that is articulated and integrated across capabilities?
- Has this methodology been tested/applied in real client circumstances with credentials?
- Do we have the capabilities in the firm?
- Do we have sufficient bench/org structure to scale?

Ability to Execute

X%

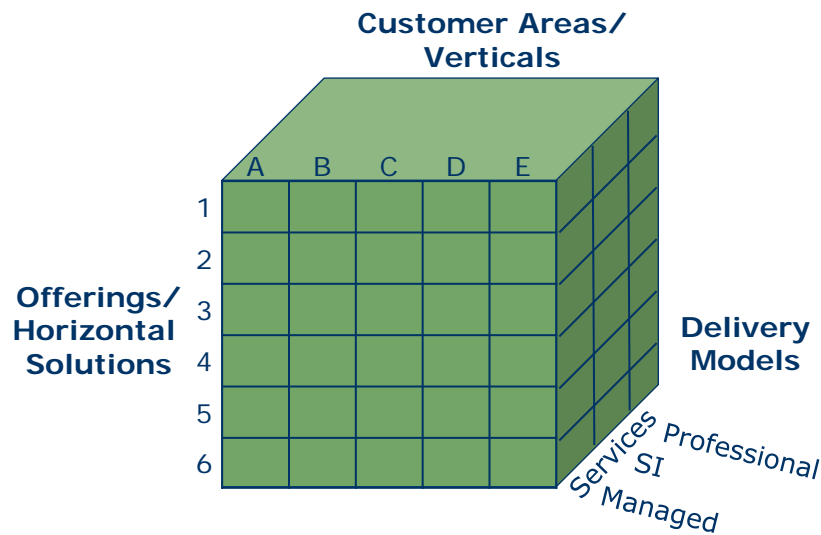
Prioritized Solutions

After solutions are created, marketing needs to build the context and portfolio frameworks that sales and customers will understand

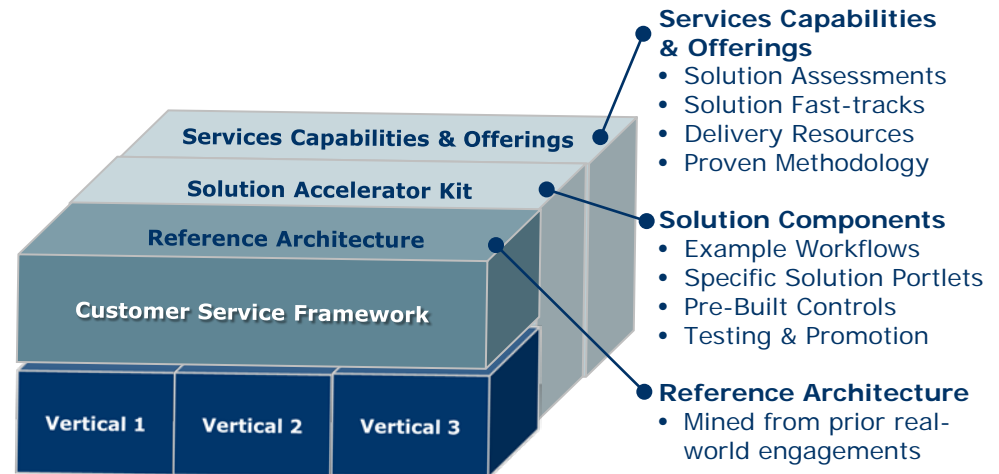
Managing Input

Selecting Solutions

Managing the Portfolio



Example #1:
a systems integrator
"the Cube"



Example #2:
a software company
"detachable Lego blocks"

Having the Right Solutions Development Skills

New and special skills are needed to be a successful Solution Developer

| | Activity | Skills Requirements |
|--------------------------------|--|---|
| Requirements Gathering | Get the offer requirements directly from the customer | Knowledge of market dynamics and trends, customer behavior and business challenges |
| | Identify the product and service elements necessary to address the customer need and determine capability and feasibility | Knowledge of the product, services and solutions portfolios; knowledge of partner portfolios |
| Solution Development | Manage a cross-functional, cross-organizational product and services team, may includes one or more partners | Team management—large; ability to work across BU's and channel ecosystem |
| | Create the solutions roadmap that meets individual customer/customer group needs and is sufficiently standardized to be repeatable | Engineering and technology applications; services/solutions mapping; labor & resource management analysis |
| | Codify the solutions components, identifying the customized and standardized pieces | Project and program management skills |
| | Ensure that quality standards are met | TQM knowledge and application |
| Go-to-market Strategies | A solution offer that is a mix of customized and primarily standardized components | Ability to create a complete customer-focused GTM strategy |
| | Value proposition based upon the customer experience and overall business benefits | Business-specific marketing and messaging expertise |

Summary: Keys to Success

Keys to Successful Solutions Development

- ✓ Complete commitment from the organization and, in particular, the executive team
- ✓ A clear, agreed-upon and repeatable process
- ✓ Strong leadership by marketing
- ✓ Identification and recruitment of the right skill sets
- ✓ Willingness to stay the course



Questions

QUESTIONS



Thank you!



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