

MarCom Plan for a HighTech Company

Situation Analysis

XYZ Company is a privately owned company concentrating on software solutions that deliver information across an organization's enterprise. They currently have two (2) products available, Your product/service and Your Product/Service. Modifications and updates are currently being added to both products. The latest versions are scheduled to be available in fourth quarter of 2001. In addition to the software, XYZ Company provides all of the technical support services necessary to ensure a successful product implementation.

Your product/service is a complex product requiring a specific skill set and is geared toward publication (except newspapers and magazines) and hi-tech product environments. The functionality and integration capabilities of the product make it suitable for multiple channel delivery where Extensible Markup Language (XML) is currently being utilized. Your product/service provides companies with an opportunity to control the style and consistency of their documents and publications.

XML is a relatively new language that allows documents to become multidimensional. They can be viewed, searched and catalogued more effectively. XML can help businesses manage information more efficiently because of its ability to describe anything in neutral terms. It provides an extensible tag-set, allows for structural complexity of documents and provides automatic validation. XML can transform an Intranet into a true enterprise resource. Due to limited market awareness however, many IT professionals are still unsure of all of its capabilities and how those capabilities translate into benefits for their organization.

Key areas that separate your product/service in the marketplace are its Application-Programming Interface (API) that can be easily integrated into other systems, as well as its ability to handle complex problems.

Your Product/Service is a content management program compatible with the web. Your Product/Service offers organizations' a single source repository for storing company-wide information able to link to the web to deliver information to users. The program allows internal company information to be revised by various company personnel on an ongoing basis and then delivered to the web. It enables content to be put together from disparate systems and applications into meaningful documents based on unique requests. Its API allows for solutions oriented customization and quicker implementation. Your Product/Service is capable of providing the total end solution due to its ability to integrate workflow throughout an organization, as well as its ability to store and compartmentalize small fragments of data. Your Product/Service is available as an off-the-shelf solution or as a customized part of a total software package.

Both and Your Product/Service are appropriate for organizations where the information is the product (publishing), the information is critical to the product (safety, regulatory), or the information is essential to managing the relationship (insurance, healthcare and financial).

Although XYZ Company's core source of revenue is it's your product/service product, Your Product/Service usually acts as a catalyst for your product/service in a sales presentation. The key target audience for both of these products is the IT department,

particularly the Chief Information Officer (CIO), as well as the Director of Publishing (for your product/service). Many organizations now have committees that are responsible for making software and hardware decision. CIO's are usually the main influential and are often responsible for spearheading change within their organization. The three main areas effecting the decision making process is the return on investment (ROI), the security of the platform and the ease of deployment. The ROI is measured both from a production side, as well as from a liability standpoint as it relates to regulatory issues.

Neither YOUR PRODUCT/SERVICE nor Your Product/Service has strong brand recognition in the marketplace. YOUR PRODUCT/SERVICE is synonymous with XYZ Company, the previous name of the organization. It has recognition among XYZ Company's current customer base with very little recognition within the industry. Your Product/Service has virtually no recognition with either existing or potential markets. In addition to poor product recognition, XYZ Company is also struggling to create a new identity for their organization. Most of their customer base was established under the XYZ Company name and therefore still associates XYZ Company with their existing product offering.

XYZ Company is often viewed as an alternative choice once an organization's original implementation has been unsuccessful. A large percentage of XYZ Company's business is finishing existing projects that were started by one of its competitors.

Both products are currently sold through direct sales reps, as well as value added reseller partners. XYZ Company currently has a total of seven (7) direct sales reps, five (5) North American reps and one (1) rep located in both France and the UK. In addition to the outside sales staff, they currently have one inside sales rep who deals exclusively with the re-seller partners within each vertical market. The current goal of the sales effort is to build more partners with existing relationships in each of the vertical markets, in addition to targeting more re-sellers. Due to the complexity of this market, some re-sellers are also potential competitors, because they offer alternatives to XYZ Company's current products (i.e. XYZ Competitive Company, Microsoft, etc.).

The typical sales cycle for both product ranges from 6-12 months, sometimes longer if a system replacement is involved. The sales process consists of educating key personnel as to the benefits that can be achieved by incorporating one of these products into their everyday information processing function. The biggest obstacle in selling these programs is the cultural change that needs to take place within each individual organization in order for a new system integration to be successful.

XYZ Company presently positions itself as having the knowledge and ability to become a catalyst for this cultural transformation. (I.e. current positioning line, "turn information into knowledge.")

Industry Overview

XML

The World Wide Web Consortium a few years ago, in response to the difficulties and complexities associated with SGML introduced extensible Markup Language (XML). XML has eliminated many of the cumbersome features of SGML and made it easier to manage and deliver documents to a number of mediums. Most IT professionals view XML as a web-tool that allows information to be processed by different programs, delivered by different methods and displayed in different views. An XML document can be programmed with intelligence of its own, allowing for greater response and functionality. Essentially, XML simplifies on-line publication of complex material. In addition, once downloaded the user can perform useful work with the data.

Because XML is more complicated and difficult to work with than HTML, firms requiring a high level of automation, such as newspapers, business directories, encyclopedias, commercial catalogs, etc have used it. As more ordinary word processing and desktop publishing programs save files as combination of XML and XSL rather than proprietary formats, XML will begin to gain in popularity.

In order to expedite XML's use as a corporate resource, standards for Intranet users needs to be defined. Studies show that every one of the Fortune 1000 companies have implemented some form of intranet, however 90% of them still rely on mainframes for most of their data storage and processing activities. This trend to institute some form of an Intranet is likely to translate into Fortune 500 & 100 companies in the near future. As this market becomes more visible, more organizations will develop software that works in conjunction with XML that allows companies to store and manage information company wide, in addition to delivering that information through the web.

Document Management

Companies struggle to create and manage their data efficiently, due to the largely manual process involved in distributing and updating their information. In a typical organization, a procedure document goes through six phases:

- 1) Planning
- 2) Development
- 3) Review
- 4) Testing
- 5) Maintenance
- 6) Distribution
- 7) Obsolescence

Standardized data presentation offers several potential benefits.

- 1) It provides complete interoperability of both content and style across applications and platforms.
- 2) It releases content creators from vendor controlled production tools.
- 3) It makes the construction of powerful tools to manipulate content on a larger scale easier.
- 4) It provides publishing opportunities across all media.
- 5) It provides a level playing field for smaller independent software producers.
- 6) Cost efficiencies.

In addition, distributed information offers employees immediate access to accurate “how to” information, decreases the high cost of printing paper documents and allows companies to disseminate updated information immediately.

Studies indicate that the document management technology market will grow to approximately \$41.6B in 2003, accounting for a 26% annual growth rate. The highest technology growth rates are for document component management (63%), and (74%) for integrated systems. Document repository management is expected to have a three- (3) year increase of 14%. The following data represents the expected revenue forecasts for both document repository management, as well as integrated systems for the next three- (3) years. (Figures are in millions)

	2001	2002	2003
Document Repository Mgmt.	\$4,895	\$5,830	\$6,714
Integrated Systems	\$1,714	\$2,887	\$4,521

(Source: study conducted by the Association for Information and Image Mgmt. International.)

By the year 2003, document repository management will be the leading generator of revenue for vendors in the technology sector. Although the use of document technologies is expected to continuously increase over the next few years, its revenue is expected to

decrease, as the technology becomes more commodities driven. The software available is expected to develop into workgroup systems as vendors begin to more aggressively price their products in an effort to establish market share.

The document technologies market is broken down into four specific categories: services, software, hardware and maintenance. The following information illustrates the distribution of revenue among the four categories. (Figures are in \$millions)

	2001	2002	2003
Services	\$11,368	\$13,989	\$16,666
Software	\$8,104	\$9,825	\$11,559
Hardware	\$6,158	\$7,499	\$8,855
Maintenance	\$3,029	\$3,748	\$4,472
Total	\$28,659	\$35,061	\$41,552

The service category is driven primarily by the lack of skilled in-house talent, which is expected to continue through much of the first decade of the millennium. Web enabling of the data warehouse and preparing the infrastructure to facilitate business-to-business commerce, will continue to place a strain on IT resources and open the vault for systems integrators. The Business Intelligence (BI) and data warehousing markets are well past the early adopter stage and is entering the early majority stage. Organizations are now demanding BI solutions with enterprise scalability and functionality that address issues, such as cost of ownership and administration.

Document technology is utilized by organizations within several vertical markets. The following information demonstrates vendor revenues by specific market. These figures include revenues from all of the four categories listed above.

	2001	2002	2003
Manufacturing	\$3,504	\$4,244	\$4,984
Financial Services	\$5,028	\$6,280	\$7,571
Insurance	\$4,682	\$5,774	\$6,888
Banking	\$5,209	\$6,220	\$7,227
Government	\$4,115	\$5,009	\$5,913
Health Care/ Pharmaceuticals	\$1,270	\$1,593	\$1,926
Utilities/telecommunications	\$2,320	\$2,831	\$3,349
Transportation	\$1,894	\$2,345	\$2,805
Total	\$28,659	\$35,061	\$41,552

Financial services are the largest vertical sector, with approximately 20% of the total revenues. Insurance, government, banking and manufacturing account for the next largest share of revenues, approximately 15% each, while utilities, transportation and health care/pharmaceuticals represents the smallest vertical opportunity.

Document technologies are primarily distributed through direct channels, which accounts for more than 60 percent of vendor revenues. The growth rate of direct distribution is expected to increase by 14% over the next three (3) years, while sales through value-added resellers is expected to increase by 18%. Sales through SI's and OEM's are both

expected to increase by 18% over the next three-(3) years. The sales for each channel is detailed as follows:

	2001	2002	2003
Direct	\$18,624	\$22,329	\$25,978
Through VAR's	\$6,003	\$7,609	\$9,322
Through SI's	\$3,584	\$4,560	\$5,570
Through OEM's	\$447	\$562	\$683
Total	\$28,659	\$35,061	\$41,552

The document technology market has been primarily focused in the US and Europe. Asia has been growing at twice the rate of both the U.S. and Europe, with a projected five-(5) year growth rate of 51%. Asia is currently spending substantially more on workflow and document repository management technologies than the other segments. The dominant technology there however, remains e-commerce, which accounts for 36% of their spending. Web content applications dominate U.S. spending (59%), while Europe concentrates on verticals (59%).

The following information explains the distribution of revenues among the regional markets for the next three-(3) years.

	2001	2002	2003
U.S.	\$15,480	\$18,622	\$21,733

Europe	\$7,963	\$9,656	\$11,436
Asia/Pacific	\$3,347	\$4,444	\$5,557
Other Markets (including Canada)	\$1,868	\$2,338	\$2,826
Total	\$28,659	\$35,061	\$41,552

In a study conducted by AIIM, the following factors are of the highest concern to U.S. companies.

- 1) Security
- 2) Document Archiving
- 3) Internet/Intranet
- 4) Document Imaging
- 5) Document Repository
- 6) Workflow
- 7) Document Component
- 8) Data Warehousing
- 9) Vertical Applications
- 10) Web Content Management
- 11) KM
- 12) E-Commerce

Content Management (both company-wide and for the web):

The term Web content management has usually been applied to products that help manage collaborative Web development and publishing. However, content management is also being extended to include tools for content delivery and personalization, document life-cycle management, Web authoring and tools that merge content E-business application.

Most IT professionals are currently focused on the content and delivery of information on their website. Many organizations begin with one department or process that needs content management and choose a product to meet the requirements of that problem. Then they expand the product by integrating with systems that meet their additional requirements. There has been a trend to make decisions based on web needs rather than the organization's internal information and process flow needs. Companies are facing production and growth constraints based on their content management and publishing systems. They are finding that their content changes cannot keep pace with their everyday business needs. As a result, all of the departments have to work harder to compensate for the inadequacy of their existing system. Various analysts estimate that nearly 70% of corporate data in North America is still stored on mainframes.

Most organizations consider the following factors during the buying decision process of a content management system.

- The size and skills of the current web management team.
- The availability of technical resources to manage site updates.
- Whether time to market is an important consideration.
- When in-house resources are limited, if time and money are available for outside consultants to handle customized installations.

- If the technical resources for on-going site management, architecture and planning are currently being diverted to managing content updates.

- Do in-house web designers want support for a variety of design tools.
- What desktop applications do content providers want to use in developing new materials.
- Which authoring environments need to be supported.
- Does the IT dept. want to use only industry standard technologies.
- What resources are available for training the web management and IT team to use a new product.

- Is interoperability with other business systems required.
- Does content need to be reusable across different sites among various audiences.
- Is the archiving of documents necessary to meet corporate legal obligations.
- Does the solution support the organization's evolving business needs.
- What content repositories does the organization currently use.

The web content management market has matured over the past year, with most products expected to achieve maximum functionality within the next 12 to 18 months. Most content management products will integrate with a content repository or provide workflow approval and personalization as part of a complete product within this timeframe. Despite this move toward standardized product offerings, the market remains extremely fragmented.

There have been many products that offer similar capabilities, however most of them have a different approach to handling web content management. Their different web approach affects the overall product and its successful integration into an organization.

Selecting a tool designed for the skill sets of an organization's individual user remains the key factor to ensuring a successful content management initiative.

Content Management systems were initially targeted at media companies interested in moving their content to the web. However, traditional brick and mortar companies are now also in need of a system to help them manage their resources as they integrate the Internet into their business strategy.

Web content management products should have capabilities in three main areas: template design and content contribution, collaboration and publication and distribution of content. User demand is expected to drive the market toward Web content management. As more companies realize the value of leveraging their web content management to drive all content-related applications across their enterprise, they will begin to demand this functionality from their current software vendors.

The Meta Group predicts the market for content-management tools will grow from \$800 million in 1999 to approximately \$10 billion by 2004. The research company IDC, predicts that the number of business Web pages will increase from \$2.2 billion in 1999 to 16.5 billion by 2003. According to a January 2001 Forrester Research report, 79% of their corporate respondents predict that their web site will grow in the coming year. In fact, one third expect their content to at least double through 2001.

Forrester Research points to three signs that the content management software market is in an early stage:

- Incomplete products that do not address all of a customer's needs.

- A poorly defined category where not everyone knows what “content management” means.
- Diverging predictions of the future of the category.

Customer Profile/Vertical Market Segments:

When evaluating the needs of vertical markets, it becomes apparent that no matter what the industry; financial, industrial, publishing or e learning, there is an ever-increasing need for information to be shared between users in real-time over the Internet. The recent rise in popularity of XML, is directly related to the need of many organizations to communicate with vastly different types of organizations, software and technologies.

Demands for solutions will continue to drive vendors to modify and enhance the features and functionality of their offerings. Analytical applications will require customization for specific vertical market segments, thereby driving up the barrier of entry into market segments for vendors.

True segmentation of the market comes from the development of superior XML software products. Segmentation occurs when “extensions” are added to the original XML software to meet the needs of the various markets. The challenge for vendors is to develop an XML product that can be easily adapted to a wide variety of diverse organizations by handling a wide range of extensions.

In order to be widely accepted within a given market segment, these solutions must be cost effective. A vast majority of firms that wish to implement XML into their present systems are small to medium sized organizations with IT budget constraints. A potential threat exists for XML related products and services, as many smaller companies are reluctant to implement such solutions for fear of the costs associated with such a project.

Currently there is a movement among some industries, such as finance, manufacturing and healthcare to standardize their own specific vocabularies that can be used with their XML supported applications.

Despite the customization that is taking place within many vertical markets, there are a large number of organizations that are open to the possibility of incorporating standard pre-packaged solutions into their everyday business environment.

In a recent survey conducted by the Source Enterprise Journal System, more than 50% of the respondents indicated that they would purchase a packaged Business Intelligence (BI) solution based on faster deployment and lower cost.

Pre-packaged applications that meet these requirements will require significant vendor investment for each vertical segment. Overall consolidation of the software market will continue as vendors attempt to provide customer with end-to-end BI solutions.

E-Learning:

E Learning has become an integral part of many organization's strategies to better leverage their intellectual capital. It is emerging as one of the hottest trends in IT, with an industry growth expected to double in size every year, reaching approximately \$11.5 billion by the year 2003. By the year 2003, only half of all training will be delivered in instructor-led classrooms. By 2005, expenditures on E-Learning are projected to reach \$40 billion.

Based on a study conducted by PBS(Public Broadcasting Service), 48% of company's use learning technologies, including the Internet. Expenditures on equipment for distance

learning in the U.S. reached \$1B in 1997. The E-Learning market growth since 1992 has been 300%. Currently 58% of all employees receive training electronically. According to the most recent study of corporate America by the Masie Center, a think tank based in Saratoga Springs, NY, 92% of large organizations are implementing some form of online learning this year.

There are several trends that are influencing E-Learning's growth. The first trend is today's technology infrastructure. The availability and interoperability of information technologies make E-Learning a viable alternative for small, geographically remote organizations. The flexibility of XML combined with the Internet, provides an ideal vehicle for intelligent E-Learning strategies. XML based courses have the ability to be engineered to support a variety of multimedia and interactive elements.

XML offers several benefits to E-Learning:

- Creation of a single homogeneous data repository
- Reuse of information objects
- Delivery of up-to-date information
- Personalizing learning to the learner

The second trend is the higher demand for better management of an organization's intellectual assets. More organizations are viewing their intellectual assets as their core competencies. In addition, workplaces have become more complex and competitive, therefore causing employees the need for more information in order to improve their workforce performance. Robust databases that contain a large number of learning objectives, make it possible for businesses to leverage the power of real-time online transactional processing. They also make it possible to offer adaptive, fully individualized professional development resources so each user can search, sort and access only relevant information.

The third trend is the fact that important work concerning learning architecture and learning object standards is taking place to ensure the interoperability of learning management systems and settings.

Future Trends in E-Learning are likely to be:

- Customers will likely prefer the safe choice and chose providers with established brand names.
- Corporations will increasingly demand a one-stop-shopping approach rather than stand-alone training courses.
- Consolidation in the industry is likely to accelerate.
- Technological hurdles to E-Learning will continue to be addressed, facilitating higher adoption.

(Source: W.R. Hambrecht & Co., “Corporate E-Learning:Exploring a New Business Frontier”)

The biggest obstacle in the E-learning segment remains educating learners and trainers in the use of E-learning tools. Most organizations have adopted a combined program for learning that includes instructor led courses, as well as E-Learning. Instructor led programs, however, are still dominate in most corporate cultures.

Until recently, there were four distinct categories of E-Learning vendors:

- Technology Vendors (Docent and Saba)
- Content Creators (Skillsoft and SmartForce)
- Services Companies (DigitalThink and Mindspan Solutions)

- Communities Vendors (Keen.com)

(Other E-Learning competitors: Ninth House & Pensare)

The distinctions among these categories are becoming less clear. More organizations are consolidating in an effort to provide a broad range of products and services to their clients. Much like web hosting companies, there are emerging a number of organizations that create courses, do all the programming involved in authoring them and host them like an Internet service provider.

In order for E-Learning systems to realize their full power, three essential system components must be in place: learning objects, metadata and pattern templates. Learning objects offer access to content at a granular level that typically maps to a single learning objective. Metadata are descriptive indexing labels, marked with “tags,” that define attributes for characteristics about each content object. Metadata enables users to search, retrieve and assemble content objects according to parameters defined by users. Competency models are a collection of the knowledge, skills, abilities and behaviors of an excellent performer. They may offer a solution for constructing pattern templates based upon “best practices” in on-the-job settings.

E Learning offers a multitude of benefits to both employees and employers, including:

- Personalized learning experiences
- Reduced costs related to travel expenses and lost work time
- Access: Users can access information anywhere they have an internet connection
- Collaborative learning: sharing of knowledge and peer support
- Accountability: assessment measures are automated

How Corporations Use E-Learning:

- Managing organizational competency

- Providing employees with competency road maps
- Distributing latent knowledge within the organization
- Aligning business objectives and learning outcomes
- Extending learning to value-chain partners
- Reducing delivery costs and increasing organizational efficiency
- Validating outcomes directly with increased ROI

Despite the cost savings, there is an initial investment necessary to develop an E-learning curriculum. It is estimated to cost anywhere from \$40,000 to \$100,000 to hire an all-service vendor to create and host a class. The difference is that you pay for the creation once instead of paying an instructor every time the class is taught.

(Possible E-Learning Partner: Gemini Learning Systems, Inc., Calgary, Canada)

Manufacturing/Hi-Tech:

The process that manufacturing firms adopt into their day-to-day business cycle varies greatly based on their size. A survey conducted by the National Association of Manufacturers (NAM) found significant differences between large and small manufacturers in their adoption of enterprise systems and e-commerce. The study showed that small firms are way behind larger firms in their enterprise solutions and automated business processes. In addition, larger firms are much more likely to utilize a single repository as well as use the Internet to interact with their customers, employees and vendors alike.

According to the survey, 18% of small manufacturing companies primarily use manual processes compared to only 4% of large manufacturers. The discrepancy is believed to

be caused by the lack of IT staff at smaller firms. More than 53% of small manufacturers do not have an internal IT staff, whereas 96% of large manufacturers do. In addition, smaller firms tend to be more skeptical that content management and e-business can make dramatic changes in their business, particularly in reducing order-processing and transaction costs.

The study was conducted during the second quarter of 2000 and was released in August. Large manufacturers are defined as those with more than 500 employees, while small manufacturers have less than 500 employees.

Some large manufacturing organizations are beginning to adopt a concept called Collaborative Product Commerce (CPC). The fundamental concept behind CPC is that manufacturing organizations obtain the greatest competitive advantage by creating better products in less time, at less cost and with fewer defects than that of their competitors. This product-centric business solution unifies the product life cycle by enabling the online sharing of product knowledge and incumbent business applications such as Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Customer Relationship (CRM), Product Data Management (PDM) and Computer-Aided Design Management (CAD-CAM).

Most organizations usually implement ERP systems after their document imaging and report management applications are in place. Once a decision is made to adopt an ERP system, typically it is implemented around the existing document management systems.

The CPC concept is gaining ground among large organizations. Software vendors that offer products geared toward one of the CPC segments are now working diligently to incorporate features that address all areas concerned with CPC. Aberdeen Consulting

Group, a leading researcher of enterprise business applications, expects the market for CPC related software, professional services and IT infrastructure to reach \$20 billion by 2003.

Healthcare:

The \$1.1 trillion health care industry is on the brink of a revolution that will result in companies throughout the industry adopting Internet-based technologies. The rate of adoption to date varies widely from sector to sector. The pace is expected to increase substantially as a result of increased consumer awareness, cost pressures and changes resulting in the Health Insurance Portability and Accountability Act (HIPPA).

This act is aimed at reducing administrative costs and burdens in the health care industry. It requires the Department of Health and Human Services (HHS) to adopt national uniform standards for the electronic transmission of certain health information. HHS is working with both public and private organizations to develop the best standards possible.

About .26 cents of every health care dollar is spent on administrative overhead. Administrative overhead includes activities such as enrolling beneficiaries in a health plan, paying health insurance premiums, checking eligibility, obtaining authorization for specialist referrals and filing reimbursement claims.

The adoption of uniform national standards for electronic processing of insurance claims and related transactions will improve information flow and help generate significant savings. The health care industry estimates that full implementation of these provisions could save as much as \$9 billion per year on administrative overhead, while improving efficiency and enhancing the quality of health care services.

HHS will adopt uniform standards for the electronic transmission of the following types of health information:

Health insurance enrollment and eligibility.

Health insurance claims and equivalent information for encounters in managed care settings.

Identification numbers for providers, health plans, employers and individuals.

Health data codes and classification systems.

Security standards and safeguards.

The Internet has proven to be a powerful tool in many organizations' strategies to increase brand awareness and market share. It has affected every aspect of the health care industry from the way researchers conduct studies to the nature of the doctor-patient relationship. Consumers are beginning to use the web to access their personal medical records, research treatment options and compare health care providers.

Pharmaceutical companies now market their products directly to consumers using the web. For example, a study conducted by a collaborative of pharmaceutical companies, revealed that 25% of adults who visited disease sites have requested specific brand name prescriptions from their doctors.

This trend is likely to continue and act as a catalyst for more health care related organizations to deliver information through their enterprise onto the web. The U.S. Internet health care market was \$200M in 1999. The U.S. Internet health care market is expected to reach \$200B by 2003. Of that, \$160B is expected to be spent on B2B solutions, \$30B on business to consumer solutions and \$10B on infrastructure. Growth will continue to increase over the next three to five years based on cost reduction pressure, industry consolidation, adoption of new technologies and migration to open systems.

Outsourcing of technology infrastructure is becoming a trend among many healthcare organizations. Several companies are offering medical record storage and retrieval

services and solutions. In addition, leasing options for various equipment and software licenses exist. The benefits to leasing equipment and software are numerous for this industry, including the minimizing of capital expenses, the need for less physical space and the need not to have large IT resources on staff.

By 2004, the Asia-Pacific health care industry is expected to become one of the ten leading B2B online verticals, based on the value of goods and services transacted online.

(Potential competition: Siemens Health Care Division)

Finance & Banking:

New technologies have created new opportunities, as well as problems for many financial organizations. Customers prefer to access services remotely, at any time, which creates the need for new technologies and new services. This inevitably creates competition. In the banking and financial services sector the biggest challenge is exploiting new opportunities created by technology before the competition does. Ongoing business requirements will dictate changes to IT systems more frequently than ever before.

In a few years, there are expected to be far fewer financial institutions. According to a recent report by PriceWaterhouse Coopers, much greater competition will arise from non-financial services companies. Although 25,000 companies and more than 20,000 credit unions supply financial services, that will likely shrink by 75% in the next five to ten years. This expected shift is due to the impact of e-business, as well as the Gramm-Leach Bliley Act (GLBA).

The GLBA, which passed in November of 1999, repeals existing prohibitions against affiliations of banking, insurance and securities firms. This bill allows integrated financial institutions of “financial” holding companies. As a result of this legislation, financial services companies are expected to be classified into three future categories: product companies, distribution companies, and infrastructure and utility firms.

Competitive Profile:

XYZ Competitive Company (Sunnyvale, CA)

XYZ Competitive Company is a publicly held company. They provide content infrastructure software to companies in a number of vertical markets. Their main focus is Hi-Tech manufacturing firms, however during the first quarter of 2001, they have made efforts to expand into the healthcare, utility and telecommunications segments. They have leveraged their successes with some of their clients to secure additional business in each of the vertical markets.

During the past 18 months, their revenue has increased from \$17M to \$132M. The large increase is a result of the addition of new license customers, as well as re-orders by several large customers. License revenues represented 64% and service revenues 36% of first quarter revenues. With the addition of 91 new license customers during the first quarter, XYZ Competitive Company now has over 740 customers.

They aggressively market their product via advertising, public relations and trade shows and spend approximately 5% of revenue on marketing activities.

Their product suite includes content aggregation, content collaboration, content management, content intelligence and content distribution. XYZ Competitive Company's philosophy is to partner with the leading best-of-breed e-business application providers to provide customers an end-to-end platform for e-business.

Some other developments that took place during the first quarter of 2001 is their announcement of Team Catalog, which enables customers to assemble and manage catalog content while automating the processes necessary to ensure "transaction-ready" product information. In addition, IBM announced a few weeks ago that it will OEM a tightly integrated version of XYZ Competitive Company's content management software.

In April 2001, XYZ Competitive Company introduced its new content infrastructure direction and announced the release of 5.0 Team Site, Team Site Templating and Open Deploy Software, along with the introductions of two new products – XYZ Competitive Company Open Channel and Meta Tagger 2.1.

XYZ Competitive Company's Content Infrastructure product suite consists of five necessary components:

1) Content Aggregation

Content Aggregation captures all content necessary for delivering a compelling web experience, including database, file system, application code and XML. It has extended its existing Content Aggregation into TeamCatalog. Team Catalog streamlines the process of moving legacy catalog content to the web by aggregating product data, and then automating the cleansing and categorization to make product information transaction-ready.

2) Content Collaboration

Content Collaboration adds single-click collaboration with email content entry, and a new web-desk interface. It consists of an easy three-step process: get in, submit and get out.

3) Content Management

Content Management extends contribution of information throughout the enterprise and includes functionality such as templating, versioning and workflow. Team Site 5.0 offers single-click templating and rich text editing with WYSWYG formatting.

3) Content Intelligence

Content Intelligence leverages enterprise web assets across multiple initiatives and applications. By automating the assignment of accurate and consistent metadata, MetaTagger 2.1 improves personalization, search and syndication, adding value to the content.

4) Content Distribution

Content distribution controls the multi-tiered delivery of content across multiple servers, devices and initiatives both within the organization and beyond. OpenDeploy and DataDeploy 5.0 software have been enhanced to simplify complex deployments of both file and database assets to any production environment including ATG, BEA, IBM, BlueMartini, iPlanet and others.

In addition to the companies listed above, XYZ Competitive Company currently partners with Tibco and Web Methods.

XYZ Competitive Company (Costa Mesa, CA):

XYZ Competitive Company is a public company that develops, markets and services e-process enabled web content manager software solutions and packaged e-business applications for selected vertical markets. They primarily focus on the financial, insurance and government segments.

During the last quarter of 2000 and the first quarter of 2001, their revenues have decreased by 10% as a direct result of a decrease in their software sales, as well as an

increase in the cost of services. Currently, 60% of their sales are generated from their e-business software, with the remainder coming from their services. Their annual revenue is approximately \$398M.

XYZ Competitive Company is currently working to develop more SAP's that integrate archiving solutions into their product suite. According to their Applications Product Manager, a majority of their customers are interested in archiving due to internal issues related to large databases and storage management issues. XYZ Competitive Company is currently working with a number of customers to integrate document management and archiving solutions with their existing ERP systems.

On May 1, 2001, XYZ Competitive Company announced the release of Panagon Image Services 3.6. This most recent version of Panagon offers support for the latest operating systems, including Windows 2000 and Unix, as well as relational databases, such as XYZ Competitive Company and SQL server. It also offers customers the cost-saving ability to run an XYZ Competitive Company databases on a separate application server. This latest release expands the value of content management over the web for processes and customer service.

XYZ Competitive Company markets its products in more than 90 countries through its own direct sales force, as well as through its ValueNet Partner network of resellers, systems integrators and developers.

XYZ Competitive Company

XYZ Competitive Company currently holds 90% of the market share in the publishing business. They do not actively market their products, as most of their business comes

from upgrades from their existing clients. They plan on increasing their marketing efforts, however, as a result of some new product introductions that will be discussed later in this section.

XYZ Competitive Company has a “Media Independent Publishing Philosophy.” They specifically only target the publishing market and its related segments, such as Print docs, web site, e-books and wireless. Their newest product XYZ Competitive Company 5.0 far exceeds older existing versions of XYZ Competitive Company by allowing documents produced in 5.0 to be turned directly into web pages.

XYZ Competitive Company recently (May 2000) introduced Avenue. XYZ Competitive Company, a product that allows user to extract XML tagged ASCII text out of XYZ Competitive Company documents. Ave. XYZ Competitive Company is currently available in Mac version for approximately \$200 per copy. Several months after Ave. XYZ Competitive Company, another product release, Streetpost, was announced. Streetpost is an extension to Avenue that links Avenue to web-enabled content management systems.

XYZ Competitive Company’s newest release, Wrapture (January 2001), targets the packaging market. The packaging market is largely unaffected by cross-media considerations and is considered to be the fastest growing printing segment. The market is diverse and includes design firms and ad agencies. One of the advantages of XYZ Competitive Company Wrapture is that it is the functional equivalent of XYZ Competitive Company Express, which means very little training will be required for a large number of users.

XYZ Competitive Company:

XYZ Competitive Company is a publicly held company with annual revenues exceeding \$7B. They have positioned themselves to service large organizations and have begun losing small to medium sized clients based on pricing issues. In addition, within the last several months, a number of their top executives have left the company to pursue higher-level positions with some of their vendor organizations. This exodus of employees has some of their larger accounts worried as to the future of their relationship.

XYZ Competitive Company is experiencing a perception issue among a multitude of their market segments, based on the perceived value of their goods and services. XYZ Competitive Company is positioning itself to appeal to large companies with diversified needs. They are targeting companies who have a lot of money to spend on development and who can't find the right combination of products to fit their needs. These companies are likely candidates to build their own custom system. XYZ Competitive Company is finding that it is easier to demand higher prices for that type of system and believes that they can provide an added value to these customers.

XYZ Competitive Company is in the development phase of its new 9i platform. The platform will include an XYZ Competitive Company database and application server, along with a host of modules that high-end companies can use to build custom content management systems.

The XYZ Competitive Company 9i platform contains a collection of user-extensible modules that provide content management capabilities. All are now integrated into one package. The 9i database contains several new capabilities for its use as a web-platform, including improved XML and Java support, higher-level security and SSL support and higher performance levels. The 9i platform contains several modules, such as (iFS) that allows database contents to be viewed as a file system without sacrificing the indexing

and search-ability of a database. It includes an interMedia foundation, which is a set of API's that add rich multimedia support. Its "Portal" module, allows non-technical users to perform browser-based publishing. Its AS 9i Wireless Edition, allows for wireless publishing from a content repository.

XYZ Competitive Company has positioned itself to sell their new products directly to their customers. This new sales strategy makes XYZ Competitive Company in many cases, a direct competitor with many of its existing content management vendors. Unlike many of its competitors however, XYZ Competitive Company has a stable financial position and the resources necessary to successfully introduce their new products to each of their targeted vertical markets.

XYZ Competitive Company (Pleasantown, CA):

XYZ Competitive Company, Inc. is a publicly held company that develops, markets and supports an open standards based content management platform and applications suite for delivering information to the web. Their revenues have increased over 50% in 2000, bringing their annual revenue to approximately \$197M. The increase in revenue is a result of an increased number of licenses sold and a larger installed customer base requiring additional services.

Despite its increase in revenues, first quarter earnings were below expected. XYZ Competitive Company feels that content management is still a top priority for CIO's and expects their business to increase when the economic slowdown softens. In response to the slowdown, however, XYZ Competitive Company has been reducing their workforce, suspending new hiring, tightly managing discretionary spending and restructuring their resources.

In an effort to secure new customers, XYZ Competitive Company has recently added the XML functionality to their template-based authoring programs. They have implemented support for XML-tagged content in three functional areas: creation, management and delivery. This change was a direct result of their losing several of their large customers. Customers who wanted SGML/XML ability in their systems had to invest large amounts of their own resources into building the extensions themselves. XYZ Competitive Company realized that upgrading its products was essential to maintaining their customer base and would position them to gain a larger percentage of the market in the future. As a result of the upgrade, XYZ Competitive Company secured 61 new customers during first quarter 2001.

XYZ Competitive Company currently has a partnership arrangement with XYZ Competitive Company to offer their products as part of a complete integrated solution to its customers. XYZ Competitive Company's recent 9i-software announcement was as a direct result of XYZ Competitive Company's inability to provide them with a solid product offering. XYZ Competitive Company plans to continue their relationship with XYZ Competitive Company, based on their content management system, which is more fully developed than XYZ Competitive Company's developer oriented toolkit.

Recently in a study conducted by Forrester Research, Inc., XYZ Competitive Company's 4i 4.2 e-business platform ranked number one out of twelve.

XYZ Competitive Company currently employs a direct sales force in addition to having relationships with several global resellers.

XYZ Competitive Company (*Ann Arbor, MI*):

Established in 1982, the company began focusing on the academic market, but shifted its focus to publishing with the introduction of SGML. It recently attracted venture capital backing, which allowed them to develop several new products, including their first web-hosted software product and Epic E-Content (E3). E3, a server-side system for capturing and managing XML-based content. The server is able to convert legacy documents created in Microsoft Word, Adobe Framemaker and Interleaf into XML format. It allows the collaboration and publishing of business knowledge onto the web. It can be sold into any industry, and is appropriate anywhere there is a need to develop complex reference materials or research reports. It is approximately \$695 per copy and will begin shipping in August 2001.

In addition to its recent influx of venture capital, XYZ Competitive Company recently announced (4/01) that it integrated its new single-source catalog publishing solution with XYZ Competitive Company's content management solution, in order to deliver a content-rich catalog management solution to enterprises and e-marketplaces. Using these combined technologies allows organizations to create, administer and manage structured and unstructured content associated with B2B catalogs.

XYZ Competitive Company has been a supporter of open industry standards and develops their products to effectively become integrated components within a multitude of business applications. They target medium to large companies who are involved in technical publishing, reference publishing and catalog publishing applications. Their software is currently deployed at over 300 companies, including AT&T, Audi, Boeing, British Aerospace, Caterpillar, Daimler Chrysler, Ericson Telecom, Ford, GM, IBM, Lucent, Nokia, Nortel Networks, Sun Microsystems and International Thomson Publishing, to name just a few.

Their primary focus is on the telecommunications, aerospace, auto manufacturers and publishing market segments. In addition, they recently partnered with a company called ProSoft Training. com, a leading provider of vendor neutral IT training and certification courseware and programs.

XYZ Competitive Company's authoring and publishing software costs approximately \$50,000 per server. A complete implementation costs approximately \$200,000.

Phase II

S.W.O.T. Analysis

Strengths:

- 1) A superior implementation performance record. XYZ Company has never had a failed implementation, because they work with clients to achieve the level of customization necessary to ensure success.
- 2) XYZ Company has a strong technical/customer support department. Their staff has strong professional experience in each of their respective areas.
- 3) There is a designated vertical markets team to address the individual needs of each market by delivering hybrid solutions.
- 4) YOUR PRODUCT/SERVICE is technologically sound and help clients bring their products to market faster by enhancing productivity throughout their organization.

- 5) Through it's YOUR PRODUCT/SERVICE, XYZ Company has the ability to offer a complete turnkey service to its clients.
- 6) The XYZ Company staff harnesses the talent and vision necessary to move the products and marketing efforts to the next level.
- 7) XYZ Company demonstrates a willingness to prove themselves to ensure client satisfaction. The staff has a strong work ethic.
- 8) XYZ Company has a strong track record and favorable customer recognition relative to its YOUR PRODUCT/SERVICE. A large percentage of customers are interested in upgrading.

Weaknesses:

- 1) Lack of brand awareness, XYZ Company is not viewed as a leader in the marketplace.
- 2) Lack of aggressive marketing activities and focused direction. Using the shotgun approach in obtaining customers.
- 3) Current products are weak in addressing the web platform, while other competitors are strong in this area.
- 4) Antiquated pricing structure. XYZ Company complicates the sales process by delivering too much information to the client during the pricing process.
- 5) Products are viewed as being too complex. All of the literature and current sales tools position the products for use in complex applications.
- 6) Unable to demo products easily. Demos are complex and often require that a member of the staff be present to explain navigation. There currently exists a lack of market centric demos.

- 7) XYZ Company is reactive in their sales, marketing and product development tactics rather than proactive.
- 8) Internal database of customer information not current, often adding to the sales cycle time.
- 9) The relative newness of their sales staff.
- 10) The XYZ Company staff is often spread too thin and involved in multiple initiatives, making effective communication to the multiple levels difficult. Their efforts are often not focused on common goals, because of management not clearly articulating the vision and strategy to all levels of the organization.
- 11) Your Product/Service is not developed to a level that allows XYZ Company to effectively compete in the enterprise solutions marketplace.
- 12) The current name and positioning line of the organization incorrectly positions them in the marketplace.
- 13) A majority of the XYZ Company staff does not believe that they are in a position to compete on an enterprise wide playing field, despite the current view of top management.
- 14) Given the current state of product development and lack of marketing support materials, XYZ Company has had difficulty in attracting potential resell partners.
- 15) Internal corporate staff still calls product “Parlance” not “Your Product/Service”

Opportunities:

- 1) XYZ Company currently has a strong customer base for YOUR PRODUCT/SERVICE, to which they can effectively cross-sell Your Product/Service.

- 2) XYZ Company can reposition itself and begin focusing on key niche market segments.
- 3) Build brand awareness for the organization as well as its products.
- 4) The company can leverage its existing successes with YOUR PRODUCT/SERVICE and gain a larger market share by focusing on obtaining new publishing customers.
- 5) An opportunity exists for XYZ Company to integrate both YOUR PRODUCT/SERVICE and Your Product/Service onto the same server in an effort to broaden their product suite to both new and existing customers.
- 6) Develop off the shelf products for vertical markets.

Threats:

- 1) XYZ Company is not adequately positioned from a resource and product standpoint to compete and/or complete large-scale enterprise implementations.
- 2) The slow acceptance of XML in the market could hamper new product introductions. More education is necessary equating to a longer sales cycle time.
- 3) Competitive firms that are deeply entrenched in the web content management market are quickly making the crossover to offering enterprise solutions. They are leveraging their successes to secure future business and introduce new products.
- 4) The continued trend of IT management to view web delivery as paramount to communicating information.
- 5) The continued consolidation of the information management industry poses a threat to XYZ Company as companies begin to quickly partner, they will position themselves to more aggressively compete within each of their targeted markets capturing a larger share of the market.

Key Objectives:

Short-term objectives:

- 1) Develop more qualified leads, thereby shortening sales cycle of 6-12 months, to 3-6 months, by quickly defining XYZ Company's ability to deliver content management. To clearly define capabilities and to walk away from projects that do not fit with current capabilities instead of chasing every opportunity until the very end.
- 2) To quickly develop a strong base of re-sellers strategically positioned in specific vertical target markets.
- 3) Develop a micro approach to delivering content management and publishing solutions rather than a macro approach.
- 4) Update YOUR PRODUCT/SERVICE with a new GUI interface and make it more attractive to potential customers, by giving it a more modern look and feel.
- 5) Increase Q3 and Q4 sales by 20% respectively.

- 6) To develop and cultivate new YOUR PRODUCT/SERVICE accounts, ensuring a future revenue stream in terms of upgrades and professional services.
- 7) Stabilizing the Your Product/Service and adding key functionality necessary to compete in the market.
- 8) Develop a more web-enabled approach to Your Product/Service through strategic alliances.

Long-term objectives:

- 1) To obtain a 20% mindshare in the respective target markets. Currently there is virtually 0% mindshare outside of the publishing industry.
- 2) To develop a strong brand awareness for XYZ Company as a corporate entity, as well as for its products.
- 3) Within the next 12 months, develop an off the shelf content management solution that is implementation friendly and that meets the needs of their existing and potential database. (i.e. more desktop oriented with a simplified presentation format).

Positioning:

XYZ Company should position itself as a provider of multiple channel information delivery solutions specifically geared *toward individual work group environments*. XYZ Company can leverage the fact that their systems can easily integrate with other software solutions. They can promote the successes that they have had with their existing customer base in providing practical customized solutions that deliver specific organizational benefits (i.e. technical product management, regulatory compliance, etc.)

By positioning its products on a micro level versus a macro company wide environment, XYZ Company is allowing themselves to be viewed as a leader in the area of *workgroup solutions deployment*. Currently, their largest competitors are positioning themselves as

enterprise solutions providers and have geared their pricing structure, product functionality and services toward major deployment initiatives. They have developed off the shelf product suites that address the issues of their individual target markets and have focused primarily on storing information in a single repository and delivering that information via the web.

XYZ Company has an opportunity to develop sales tools and presentation materials that specifically address the individual needs of their potential clients. The company should focus on key issues based on their experiences within related workgroups.

By positioning and targeting individual workgroups, XYZ Company will be narrowing their focus and substantially decreasing their sales cycle time. In addition, they will be better positioning their organization to compete in the future by parlaying their successes into additional deployments within existing client organizations.

Also, they will be taking themselves out of direct competition with the larger industry dominators and competing on a level where it will be possible to increase revenue and gain market share at a much quicker rate than in an enterprise environment.

Once XYZ Company successfully positions itself as a workgroup solutions provider, they will have more time to closely develop their products to meet the needs of their individual markets. In addition, they will be able to learn and adapt to the various issues facing their client organizations through their smaller scale implementations.

By positioning themselves as a leader in smaller deployment situations, XYZ Company will increase their attractiveness to small and mid-size re-sellers who have existing relationships within each of their key target markets. Within each target market, there exist a large number of mid-size re-sellers that focus on various IT and infrastructure issues. By narrowing its focus, XYZ Company is more likely to develop value-added relationships with these re-seller partners.

Target Markets/Customer Perceptions:

In an effort to better understand the buying process and factors effecting the decision to purchase content management software, in addition to understanding the current perception of XYZ Company in the marketplace, BIG contacted several organizations as well as industry analysts.

Of the analysts that were contacted, most of them were familiar with XYZ Company, however did not equate them with enterprise solutions. Those that were familiar with them thought that their products were good, however they felt that as an organization they were unfocused and did not have positive brand awareness in the market. Most of them did not associated XYZ Company with content management solutions.

From a functionality standpoint, some stated that it would be difficult for XYZ Company to compete on an enterprise wide solution basis, given the fact that their products were not web enabled.

Many of them felt that the strongest growth opportunities for XYZ Company were in manufacturing and finance based on their current product offerings. Many stated that the greatest challenge would be expanding out of the niche market that they presently cater to. Many of them viewed XYZ Company as more of a service organization than a software developer.

In addition to analysts, Brand Identity contacted some organizations in the manufacturing and finance markets.

Most of the manufacturers contacted were in the initial stages of some sort of information management initiative. Of the manufacturers that were contacted that did not have a content management solution across their enterprise, many stated that they were in the initial stages of some sort of information management initiative. Most of the companies interviewed indicated that they were beginning at the work group level and continuing the effort throughout the organization after a successful implementation was achieved. The initial work groups targeted for deployment were usually groups such as engineering and product management, with plans to later move the deployment to marketing, the supply chain and human resources. A majority of the organizations had multiple delivery issues within their organization, as well as regulatory/quality issues that drove their day-to-day business processes.

Of those manufacturers that were familiar with XML, most indicated that they were adapting it to a limited number of functions and applications within their organization. Many were focusing only on areas that made sense to their individual needs and industry requirements. Thus receiving the benefits of XML at a reduced cost. Most of the organizations' need or desire for XML is directly related to their desire to publish information on the web.

We also contacted several financial institutions and discussed their needs based on content management and information deployment, and the basic functionality that was consistent among most of the respondents were the following items:

- Increase functionality of information
- Reduce cost and case management
- Need their information to be adaptable to changing conditions and allow the addition of new features and acquisitions
- Provide a data centric view of data
- Increase ease of use
- Improve distribution of information within and among various outlets (distribution channels).
- Provide a web-based environment that adds functionality and provides a more manageable system that is easily extensible, allowing the addition of new services and processes.

A majority of the IT professionals that were interviewed were not familiar with XYZ Company, but had heard of XYZ Competitive Company. In addition to needing content management capabilities, a number of them also mentioned the need to publish large amount of financial data across the enterprise through various channels. Some of the institutions had branches nationally and in some cases globally. Their need for content management stems from the need to having to manage their back office activities. Many of the organizations felt that automating the flow of information was key to gaining competitive advantage and reducing operational risk.

In addition, BIG contacted some competitors customers and asked them their perceptions of XYZ Company and why they made the choice to go with a competitor product (usually XYZ Competitive Company) for their content management solutions provider. The responses are as follows:

- Few were familiar with XYZ Company, therefore were not initially considered as an alternative.
- Most felt that XYZ Competitive Company demonstrated the best understanding of the issues relevant to their industry and felt that their product best addressed their individual needs.
- Felt that they needed less professional services from XYZ Competitive Company than from other alternatives.

- Were impressed with the initial product demonstrations that were presented by the XYZ Competitive Company staff and felt like they clearly understood the intricacies of delivering information across the enterprise.
- They felt that the price per seat was more reasonable as compared with other alternatives.

Based on our research to date, as well as considering the relative strengths and weaknesses of the organization, BIG recommends that XYZ Company focus on the following four markets:

Manufacturing:

Based on the existing customer base of XYZ Company and its successes with its products, BIG feels strongly that manufacturing represents one of the best opportunities for future growth. The company can leverage their success stories to begin expanding their focus into other types of manufacturing such as hi-tech products, software providers, automotive and other areas where large amounts of technical data drive the production and delivery process.

As discussed above, many manufacturing organizations are implementing both publishing and content management initiatives on a small scale and then deploying them across the enterprise. This philosophy ties in nicely with XYZ Company's new positioning. By focusing on the various work groups associated within manufacturing firms, XYZ Company can employ a multi-tiered marketing effort, targeting various individuals within the same organization, thereby increasing the likelihood of acceptance and possibly shortening the sales cycle time.

Financial:

The financial industry is in the middle of an information revolution. Many organizations are realizing that in order to maintain their competitiveness, they must capture, manage, reuse and deliver their data in an effort to improve their customer satisfaction and decision making abilities. Due to the sheer size of most financial organizations, a back office deployment can be a challenge due to the complexity of the data and regulatory issues facing this industry.

In order to effectively compete in this arena, XYZ Company must quickly work to deliver an off the shelf solution that addresses the core items required by this industry. Many organizations are in the process of choosing a vendor and plan on integrating that vendor's products across their enterprise if the initial deployment is successful. Unlike the manufacturing segment, cross department utilization will likely happen at quicker rate, given the considerable pressures most financial institutions are feeling from their existing customer bases.

E-Learning:

E learning presents another remarkable opportunity for XYZ Company, given its need for content management (across courseware materials) and its print on demand needs. Many Fortune 100, 500 and 1000 companies are instituting some form of e learning across their organizations in an effort to enhance employee skill sets, while decreasing travel expenses. Some organizations have even begun to implement employee as well as customer satisfaction surveys on-line and collect the data for further infrastructure development.

XYZ Company should consider specifically targeting courseware developers and e-learning hosting companies for their products. Developers are involved in the working with an organization to develop and deliver courses that meet corporate wide initiatives. They are a major influential in the decision-making process regarding how e-learning programs are delivered and managed. They often work with hosting organizations to deliver a more complete service package to their clients.

Publishing:

Traditional publishing firms still provide XYZ Company with one of the best opportunities for future growth. The current configuration of YOUR PRODUCT/SERVICE is well suited to address the key issues facing this industry and in most cases exceeds client expectations for functionality.

Once YOUR PRODUCT/SERVICE has been adapted to become more desktop friendly, non-traditional publishing sources can be targeted.

Phase III: Strategies and Tactics

Strategies:

- 1) XYZ Company should re-position the organization to focus on the work group level rather than on enterprise wide solutions. It should clearly identify the fact that although its solutions are workgroup oriented, the benefits that an organization achieves are generally enterprise wide. Also, it should position their process for achieving better workflow and information storage as a technology rather than just a software solution. The professional services, deployment strategies and process by which the software is adapted to the current legacy system is as valuable as the software itself and is an integral part of the technology offered by XYZ Company. In addition, branding its technology offering will make it easier to penetrate the various targeted vertical markets, by positioning XYZ Company as a specialist with differentiating products and services.

*** Core tactics that should be implemented for a minimum program.

Tactics:

- A) The process behind the implementation strategy should be branded in an effort to differentiate XYZ Company's products and processes, making it difficult for competitors to duplicate.***
 - B) Develop a new positioning line and positioning statement that quickly and clearly delivers the workgroup concept.***
 - C) A Corporate Presentation Folder should be designed that can also be used as a Press Kit Folder, as well as for proposals, presentation, etc.***
- 2) Out of the box, off the shelf solutions should be developed for each of the targeted markets. Each solution should address a majority of key issues faced by each of its respective industries with some customization available as needed. By providing off the shelf solutions, XYZ Company is positioning itself as a leader in its target markets, and is providing an opportunity for a smooth shorter implementation requiring substantially less professional services than are

currently needed. Pre-packaged solutions will also shorten the sales cycle time and will provide XYZ Company with a basis for directing its sales effort within each of their vertical markets.

Tactics:

- A) Client roundtable committees should be developed to quickly identify key issues that pertain to each of their markets. By enlisting the help of organizations within a given industry, XYZ Company would be guaranteed that their products will address all necessary items relevant to a given workgroup. In return for an organization's help, XYZ Company could set up a pilot program where they deploy a version of the new "out of the box" software at a reduced price. The story could be used as a PR leverage tool and could help XYZ Company gain acceptance within their target markets.

 - B) Develop a 9"x12" corporate capabilities and product brochure with an inside folder flap that houses three two-page 8.5"x11" sell sheets, each targeting the various target markets. Each sell sheet should focus on key issues relevant to the specific targeted industry and should deliver benefits impactful to each targeted audience.***

 - C) An aggressive public relations campaign should be conducted and targeted toward those trade journals relevant to XYZ Company's target markets. Specific product functionality should be featured in each release and real case study story information should be included whenever possible. The releases should also contain customer testimonials from those people within the client organization who were closely involved with the projects. These testimonials will build credibility for XYZ Company's products and will steer editors away from specific product demos related editorials.
- 3) XYZ Company should develop strategic relationships with value added re-sellers that already have strong customer bases in the manufacturing, finance and E-learning vertical markets. In addition, XYZ Company should develop a strategic

relationship with a firm that can add web-enabled functionality to its existing products, thereby offering clients a true turnkey solution. These partnerships will provide XYZ Company with the ability to quickly enter their various target markets and better position them to capture a larger share of the market based on providing total solutions.

Tactics:

- A) Develop a collateral piece directed at re-sellers. It should position XYZ Company's products/services as an enhancement to their current offerings and should identify key strengths and benefits that XYZ Company can bring to the relationship.***

- B) A three-phased direct mail program should be focused at the reseller market. Phase I should consist of a boxed mailer containing a business card CD ROM product demo and an introductory product brochure introducing the products and their features and benefits. Phase II should be a mailer designed to drive traffic to XYZ Company's web site and should ask recipients to submit their e-mail address in order to receive the new E-newsletter. Phase III should be the E-newsletter. The newsletter should consist of articles geared toward product benefits and should address issues of concern to re-sellers, such as services, ease of deployment, complimentary products, success stories, etc.***

- C) An "Ask the Expert" section of the web site should be developed to help answer questions that re-sellers might have relative to particular product functionality and deployment issues. It would give re-sellers an opportunity to investigate the products without feeling like they have to commit to anything. It will also be viewed as an value-added service to them once a XYZ Company product is deployed into one of their client organizations'.

- D) Sales seminars should be conducted geared toward potential customer work groups and should be designed to discuss and address specific issues

relevant to XYZ Company's potential client organizations. These seminars can be conducted in conjunction with re-sellers in an effort to support their sales efforts or can be geared toward generating leads that XYZ Company could in turn pass onto their strategic re-sale partners. Either way these seminars provide potential clients an opportunity to learn about solutions to their existing workflow problems and positions XYZ Company as a leader in the deployment of workgroup solutions. The seminars could be conducted across the country and could be held by sales reps and/or re-sellers. This is another value-added service that can be used to differentiate XYZ Company in its respective markets, as well as build loyalty among its re-sellers.

- 4) XYZ Company should develop a phased approach to selling and deploying project implementation. A pre-screening process should be developed ensuring that potential clients meet XYZ Company's criteria for successful deployment. Once a client is identified as an "ideal" client, an initial meeting between the sales, service and client staff should be conducted. As a result of that meeting, XYZ Company should develop a phased action plan that fits the individual needs of that client. The plan should be divided into three categories: Imperative, Enhanced Functionality and Complete System Deployment. This would allow a client to choose the level and speed of deployment based on their current resources.

A phased approach requires a smaller initial investment from clients, thereby shortening the sales cycle time. By requiring a smaller initial investment, XYZ Company will effectively be competing on a different level than presently exists. Their products/services will look more attractive based on a per seat price and will address the necessary issues relevant to the customer without overwhelming them with all of the added functionality and costs associated with future phases.

Also, by developing business in this manner, XYZ Company will be successfully positioning itself to better compete for future business within their existing client organizations.

Tactics:

- A) A white paper about XYZ Company's phased workgroup solutions approach to problem solving and process design should be developed. It should reinforce the branded approach and should discuss the philosophy behind the phased approach and methodologies used to develop an effective action plan. This paper can also be used as a PR tool for related trade journals and can be included in the press kit.***
- 5) XYZ Company needs to provide better training and sales support (i.e. product demos), that effectively address their potential clients' issues as well as providing the sales staff with a uniformed approach to present their products/services.

Tactics:

- A) A sales proposal cover and inside template page design should be created for each of the two products.***
- B) An e-newsletter should be developed and sent to all companies in XYZ Company's current database, updating them as to new product developments, successful deployments, trade show attendance, PR, ads, etc.***
- C) A Return on Investment Analysis model should be developed that can calculate a potential client's possible return and savings once a deployment is complete. This tool could be used with the phased sales approach and could calculate savings relative to each phase of the project. It would reinforce the benefits of implementing in phases and could act as a tool to help workgroup leaders convince upper management as to the benefits a new system would have to their organization.***
- D) A certification course for each product should be created and administered to the sales force. By completing the course the reps will become more knowledgeable about the functionality of each of the products and

management can feel comfortable that all of the reps have a basic understanding of the intricacies of each product and are uniformly presenting them to potential clients. Additional E-learning initiatives should be developed and offered to sales reps as part of the continuing educational process. By administering routine training sessions, XYZ Company's management can pinpoint those areas that require additional training and gear their material toward addressing those areas.

E) Case study stories should be created for organizations with similar issues as those of XYZ Company's target audiences. These stories are a low cost way of building credibility for the organization. The stories could also be used to leverage some public relations for XYZ Company in relevant market segment trade journals.

6) A majority of the sales and marketing efforts should be targeted toward cultivating and strengthening the technical documentation market as well as the traditional print publishing market. YOUR PRODUCT/SERVICE is a solid product that in most cases exceeds client expectations. Its features and benefits, as well as successful implementations should be leveraged to gain mindshare in the various markets.

Tactics:

A) YOUR PRODUCT/SERVICE should be given a new interface in order to be make it more desktop oriented. The black box technology associated with YOUR PRODUCT/SERVICE has often been the biggest obstacle in obtaining new business opportunities. With an updated look and feel, XYZ Company can explore non-traditional publishing sources and increase their revenue substantially.***

7) XYZ Company should pursue branding initiatives on a product level. The branding should be benefits oriented and address issues within each of their key audiences. Product branding often requires less of an initial investment, can be more successfully geared toward specific target markets and most often indirectly translates into a higher level of corporate awareness in the minds of existing and potential customers.

Tactics:

- A) New icons/product logos with positioning lines should be developed for each of the two products. These icons will be used to brand the products and give them their own identity. This approach will enable XYZ Company to create a family look to the line of current products. In addition, it will set a visual stage for future product line extensions.***

- B) Two 4-6-page product brochures should be developed to re-introduce Your Product/Service and YOUR PRODUCT/SERVICE. The new icons and simplified feature/benefits story will be told from the perspective of “workgroup solutions with enterprise impact.”***

- C) The product section of the web site should be redesigned to reposition the products and to clearly identify key benefits for each of the target markets. The current site is convoluted and not clear as to the purpose and benefits of each product. ***

- D) A CD jewel case including a mini brochure (featuring corporate and product story) should be designed for both Your Product/Service & YOUR PRODUCT/SERVICE (Perfecta).***

- E) Redesign trade show graphics and product demos to more clearly identify features and benefits of products. The messages and presentations need to be simplified.

- F) A parallel direct mail program similar to that of the re-sellers program should be directed toward XYZ Company's existing database. The first phase should be geared toward reintroducing the products to customers/leads that fit into XYZ Company's new business model and positioning. Like the re-seller kit, the mailer should consist of a business card CD-ROM and a mini introductory product brochure. The second phase should be designed to direct traffic to the web site and gather e-mail addresses. The third phase should be sending the E-Newsletter. This version of the newsletter however, should contain information and editorial relevant to successful implementation and specific product functionality. It can be written to address issues that are at the forefront of XYZ Company's targeted audiences, such as work flow issues, ROI scenarios, as well as credible implementation data, etc.***

The above mentioned tactics specifically target those channels of communication that provide the best opportunities for XYZ Company to reposition its organization, as well as brand its products and services. The program narrows the marketing efforts to building re-seller relationships and redefines and re-establishes the way that XYZ Company distributes their products to the marketplace. This work group approach will provide XYZ Company with an opportunity to eventually deliver enterprise wide solutions.