Table of Contents

Preface xv

Introduction and Overview xix

Part 1. Generating Value from Innovation 1

Chapter 1. The New Operating Context 3

1.1. Where the future can be invented 3
1.2. Understanding the new world 3
1.3. From shortage of resources to a surplus of abundance 5
1.4. Three economic eras, three marketing attitudes 6

Chapter 2. A Few Key Points a Technical Manager Should Know 9

2.1. The *only* sure thing about innovation is that it is about *change* 9
2.2. Change is about the organization itself. 10
2.3. What are they? 10
2.4. The intimate relationship between innovation and competition 11
2.5. To be good technically is valuable for the enterprise only if it is also good at marketing 12
2.6. Marketing reinvents industry 14
2.7. Diffusion of innovation is a non-linear phenomenon 15
2.8. As a consequence, models must deal with discontinuity 16
2.9. Modern society favors a culture of earliness 16
2.10. Keeping afloat with derivatives 17
2.11. Make a journey to get from idea to market 17
2.12. As old problems get new solutions, old markets get new products . . . 18

2.13. New problems that affect market issues 20
  2.13.1. New problem 1: superior technologies are no longer enough . . . 20
  2.13.2. New problem 2: the growing number of new technologies leads to a new uncertainty 20
  2.13.3. Sharing knowledge is today's only power 21
  2.13.4. Time is only an equally shared resource 21
  2.13.5. The acceleration in technology change: how can it be measured? 22
  2.13.6. What to do in that context 23
    2.13.6.1. Attitude 1: anticipate demand 23
    2.13.6.2. Attitude 2: explore alternate scenarios of usage 23
  2.13.7. Illustration: the case of electronic commerce 24

Chapter 3. Understanding the Customer 27

3.1. The changing role of the salesman 27
3.2. Needs and wants in the future: how do we assess them? 28
3.3. Some possible sources 28

Chapter 4. Business Models: the Engines of the New Economy 29

4.1. The role of the salesman 29
4.2. Purpose and value of a business model 30
4.3. The notion of business modeling has evolved 31
  4.3.1. Evolution of business modeling over recent years. 31
  4.3.2. Evolution of the underpinning value modeling 32
  4.3.3. An enlightened glimpse of turn-of-the-century dotcoms and their business models 34
  4.3.4. Consequences of the above evolutions 36
  4.3.5. Revisiting classical economy principles first. 36
  4.3.6. Opening up to a 3D ternary view. 37
  4.3.7. Some incidences of opening up to the 3D ternary view 38
  4.3.8. Deepening the discussion 39
  4.3.9. Evolving from the binary model 40
  4.3.10. Some conditions for the 3-tier movement 41
  4.3.11. Scoping the problem of business modeling 41
    4.3.11.1. Four generic components in business modeling 42
    4.3.11.2. The preemption of the virtual over the physical is only relative 42
    4.3.11.3. Four predictability attributes that business models may reveal 44

4.3.11.4. Four adjustable field attributes attached to any business model . . . 44
4.3.11.5. Three generic archetypes for business modeling activity 45
4.3.11.6. The three basic principles of business models 47
4.3.11.7. Wrapping up the principles 50
4.3.12. The chemistry of business modeling 52
4.3.13. Assembling the elements 53
4.3.14. Business modeling and marketing strategy 55
4.4. Some principles for designing business models 58
4.4.1. Seven design principles based on underpinning values 59
4.4.2. Detailing principle 2: express values as featured benefits 61
4.5. Three business model archetypes 63
4.5.1. The Chameleon model 64
4.5.2. The Innovator model 65
4.5.3. The Habitat (also called Foyer) model. 66
4.5.4. Can the three business model archetypes be combined? 67
4.5.5. Can business models be evolved? 68
4.5.6. The business models of innovation. 70
4.5.6.1. What is specific to innovation in a business model? 70
4.5.6.2. Cartography of innovation situations 70
4.5.7. Deploying business models 72
4.5.7.1. Look for insight into main trends first 73
4.5.7.2. Some principles behind deployment 74
4.5.8. Examples 76

Chapter 5. Basic Models in High-Tech Marketing 79

5.1. Recasting the basic model curves 79
5.1.1. The Gompertz curve 79
5.1.2. The basic Rogers 1983 model of innovation 80
5.1.3. The pattern of innovation: primarily a phased structure 81
5.1.4. Populating the Gompertz-Rogers model 84
5.1.4.1. Innovators 84
5.1.4.2. Early adopters. 85
5.1.4.3. Early maturity. 86
5.1.4.4. Mature maturity. 87
5.1.4.5. Obsolescent maturity (laggards) 88
5.2. Additional comments 89
5.3. How long does each phase last? 90
5.4. Navigating the bell curve is not as direct as sequencing tasks 91
5.5. Visionaries and pragmatists 92
5.6. Product value drifts into added services 93

5.7. Some easy mistakes 93
5.8. Some final thoughts and conclusions. 95

Chapter 6. Bridging People, Markets and Technologies 97

6.1. Segmentation 97
6.2. The user chain, direct and indirect users 98
  6.2.1. Actual and latent needs and wants 98
    6.2.1.1. Demand forecasting and the orientation of R&D to demand . 98
    6.2.1.2. The role of selling and the salesman 99
    6.2.1.3. Keeping the customer 99
    6.2.1.4. Product focus, functionality, quality 100
    6.2.1.5. The Magic*Eye© method 101

Part 2. Marketing Technology Intensive Products, Services and Processes 103

Chapter 7. The New Operating Context 105

7.1. Where the future can be invented 105
7.2. Success or failure? Technology marketing in the real world as told by three leading historical examples 107
7.3. Summing up 109
7.4. Checklists for technology marketing in the real world 110
7.5. Market study 112
  7.5.1. Stages in market research 112
  7.5.2. Segmentation 114
  7.5.3. What are the key questions for segmentation analysis? 115
  7.5.4. Matching to the market. 116
  7.5.5. Product and competitive positioning. 118
  7.5.6. Differentiation – differential advantage 119
  7.5.7. Unique selling proposition. 119
  7.5.8. The marketing mix 119
  7.5.9. The promotion mix 120

Chapter 8. Marketing Plans. 123

8.1. Introduction. 123
8.2. A marketing plan template framework. 123

Chapter 9. Pricing 127

9.1. The black art of pricing 127
9.2. A first method for pricing (an interesting historical example) 128
9.3. Six pricing methods and their use 129
9.4. Mark-up or cost-plus pricing 129
9.5. Going rate pricing 130
9.6. Target return pricing 130
9.7. Added value pricing 130
9.8. Perceived value pricing 131
9.9. Company pricing policies 131
9.10. Sales force acceptability 131
9.11. Price elasticity 132
9.12. Tips for pricing 133
9.13. Summary on pricing 133

Chapter 10. Distribution 135

10.1. Introduction: what are distribution structures? 135
10.2. Example: the IBM case 136
10.3. Approaching distribution issues 137
10.4. Who's who in the supply/distribution system? 139
10.5. Which distribution structures apply to high technology products? . . 140
  10.5.1. Direct sales 140
  10.5.2 Retailer sales 140
  10.5.3. Industrial distributors 140
  10.5.4. VARs (value added resellers) 140
  10.5.5. OEMs (original equipment manufacturers) 141
  10.5.6. Systems integrators 141
10.6. Managing various channels for value 142
  10.6.1. Demand creator or demand filler? 142
  10.6.2. Role in supplying a global product 143
  10.6.3. Potential for large volumes 143
  10.6.4. Where do you find distribution partners? 143

Chapter 11. Business Plans 145

11.1. Introduction 145
11.2. Business plan framework 146
  11.2.1. Motivation 146
  11.2.2. The business you are in 147
  11.2.3. Forecasts 147
  11.2.4. Business objectives of the plan 147

11.2.5. Strategic focus 147
11.2.6. Scope 147
11.2.7. Overall economic situation. 148
11.2.8. Market analysis and segmentation 148
11.2.9. Market positioning 149
11.2.10. Commercial aspects and strategies 149
11.2.11. Pricing models and target gross margins 149
11.2.12. Economic and financial considerations. 150

Part 3. Managing Your Environment 153

Chapter 12. The Sales World 155

12.1. Selection, training and management of sales staff 155
12.2. Selection of sales staff. 157
12.3. A framework for sales training in the advanced technology field . . . 158
12.4. Development of sales plans. 160
12.4.1. Introduction. 160
12.4.1.1. Situation 162
12.4.1.2. Objective 163
12.4.1.3. Action. 164
12.4.1.4. Consolidation 164

Chapter 13. Funding Your Projects 167

13.1. Introduction: the need for funds 167
13.2. Sources of finance 170
13.3. Approaching the investor 172
13.4. The business plan 173
13.4.1. An executive summary 173
13.4.2. The market 173
13.4.3. The product or service 174
13.4.4. The management team 174
13.4.5. Business operations 174
13.4.6. Financial projections 174
13.4.7. Level of capital investment required and exit opportunities . . . 174
13.4.8. Presentation of the business plan 175
13.5. Raising capital requires good timing and attitudes 175
13.5.1. The link between innovation and markets is capital 175
13.5.2. Timing brings structure to the funding act. 175
13.5.3. It’s always time for high technology and therefore for investors 176

Chapter 14. Partnering and Outsourcing 179

14.1. Introduction 179
14.2. What is partnership? 180
14.3. Identification of required skills 180
14.4. Horizontal collaboration 181
14.5. Vertical collaboration 181
14.6. Circular collaboration 181
14.7. Values and criteria that guide the industrial relationship for partnership 181
14.8. The management of partnership 182
14.9. Some rules for strategic alliances 183
  14.9.1. Rule 1: a partnership should be the clear expression of a strategic alliance 183
  14.9.2. Rule 2: strategic alliances should be anticipated 183
  14.9.3. Rule 3: work out the cost of partnering 183
  14.9.4. Rule 4: use the relationship as a communication channel. 184
  14.9.5. Some examples of successful alliances 184
  14.9.6. Living through the partnership 184

Chapter 15. Management Issues for the Next Decade 187

15.1. Where the future can be invented 187
15.2. Competition replaced by partnership emulation models? 188
15.3. Beyond the World Wide Web 189
15.4. The contribution of the sciences of complexity 190
15.5. Business webs or experience webs? 191
15.6. Conclusion 192

Appendices 193

Appendix A. Conducting Market Research 195

A.1. Analysis and strategy issues: the handy reference questions to be asked. 195

Appendix B. Agenda for a Possible Sales Course. 201

B.1. Introduction 201
B.2. A framework for sales training in the advanced technology field. . . . 202
  B.2.1. Objectives 202
  B.2.2. Marketing and selling 202
  B.2.3. Selling and the role of the salesman 202

- B.2.4. Buying motivation 202
- B.2.5. Selling advanced technology goods and services 203
- B.2.6. The corporate environment and differential advantages 203
- B.2.7. Sales fundamentals 203
- B.2.8. Seminars and sales presentations 204
- B.2.9. The basis of decision and identification of decision makers. . . . 204
- B.2.10. Bidding and bid management 204
- B.2.11. The sales proposal 205

Appendix C. A Quick Introduction to Pareto Analysis 207

- C.1. Introduction: Pareto and modern high tech marketing 207
- C.2. Applying Pareto’s approach to companies in their competitive environment 208

Appendix D. Commentary on Intellectual Property Rights 211

- D.1. Introduction 211
- D.2. Firstly, what are your legal rights at present? 212
- D.3. Communication to the public 212
- D.4. Legal protection of the integrity of technical systems 212
- D.5. Distribution rights (and exhaustion principle) 213
- D.6. Other specific rights and issues 213
  - D.6.1. Broadcasting rights. 213
  - D.6.2. Moral rights 214
  - D.6.3. Rights management 214
  - D.6.4. Applicable law 215

Appendix E. Standardization in the Knowledge Society 217

- E.1. Standardization in the Information Society 217

Appendix F. Branding 219

- F.1. What is branding? 219
- F.2. History 219
- F.3. Purpose of branding. 220
- F.4. Examples of the power of branding 220
- F.5. Implications for innovative products 221

Glossary of Terms 223

Bibliography 225

Index 229