

Creating a Business from a Project

By S. Ketharaman

Many software services companies are not able to turn their individual project successes into a line of business that brings in additional revenue streams. At the root of this is the simplistic assumption that "if you build, they will come".

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<http://www.technologyevaluation.com/news/20060914.html>

When Ram took over the PeopleSoft Practice at a mid-sized Indian software services company, the term "Practice" was a misnomer: The company had only one customer for PeopleSoft, and all its PeopleSoft credentials were vested in the 25 individuals who were working on this project. Despite the fact that this one customer was highly referenceable and was a global leader in its industry, Ram's company hadn't manage to acquire a single additional PeopleSoft customer in two years.

When he probed deeper, Ram was not surprised at this situation. Apart from responding to every PeopleSoft RFP (about seven over these two years) received from the sales force, the project team had made no other effort to acquire new customers.

That is not an isolated incident.

There are many software services companies that are not able to replicate their success in an individual project to create a line of business (LOB) that brings in additional revenue streams.

The root cause of this problem is the simplistic assumption that "if you build, they will come". Even senior management is guilty of this in many companies. Often, executives tend to not realize that there is a big difference between being *able to do* something (i.e. delivering) and being able to *get the mandate to do* it (i.e. selling and getting the order).

A few companies have taken half-hearted steps to creating a new Practice around the new technology space and asking the Practice team members to put together some marketing collateral for showcasing to the market.

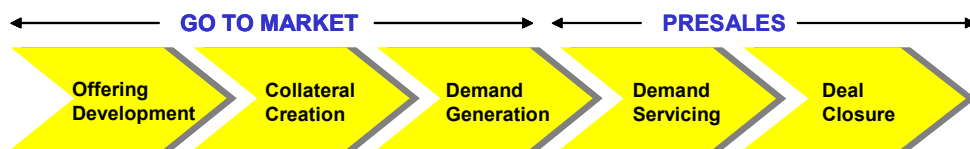
The Practice comprises inevitably of one or two members drawn from the project team who have shown interest in doing "presales" kind of work but who lack any sales or presales background. Charged with the responsibility of creating marketing collateral, the Practice swings between two extremes.

Some go overboard: Just based on one project, they claim that they can offer any and every type of service in that area. In one instance, an PeopleSoft capability document rambled on and on for 83 pages, and this company hadn't done any PeopleSoft work at all at the time!

Others don't go beyond a case study of the specific project they have been working on. Such case studies are full of expressions so specific to that specific customer that they have very little appeal to other prospective customers.

For a project to grow into a line of business, it is important for the Practice to craft a go-to-market strategy that is followed by effective presales activities.

This comprises of the following stages:



Offering Development

The LOB team scans the technology area (PeopleSoft, in this example) and prepares the list of all possible services (consulting, implementation, upgrade, customizations, support, etc.) that make sense in this area. This is a relatively easy step – even a cursory glance at the website of leading players in this area will reveal all types of possible services.

The difficult step is to prepare a shortlist of services that have the maximum potential to deliver ‘early-wins’ for the new line of business.

Companies that have been successful in creating businesses in new technology spaces have found the following criteria useful in developing their portfolio of offerings.

Credibility. Your offerings should be positioned consistently with your company’s size and brand image. A midsize, no-name company has very little chance trying to sell a Rapid Application Development (RAD) platform that promises to change the way software is written. Likewise, when you have been doing an PeopleSoft support project for a mid-sized company for two years, your claim of being able to offer end-to-end implementation services for FORTUNE 500 corporations, will lack credibility – not only in the external market of potential customers but also in the internal market comprising your own salesforce. Therefore, select only a few offerings (maybe only ‘support’ and ‘upgrade’) that have credibility.

Deliverability. This is a well-understood concept. Sheer enthusiasm of project managers and LOB heads leads them to believe that they can deliver virtually anything. While this is quite true in most software services companies, the real challenge is in *getting an order*. This brings us to the next criteria.

Marketability. There should be natural market traction for the offering because a budding line of business will not be in a position to spend much money for creating traction. Requests for references should be serviced quickly. When a salesperson sends an Request for Information (RFI) or a Request for Proposal (RFP), the LOB team should be able to submit a response within a realistic time frame, often not more than 3-5 days. And, remember, while you are entering a new technology area, the market has several established players with whom your sales team is competing. So, your proposal should have the same, if not superior, quality as your competitors’. Sadly, in the real world, your prospective customer is not bothered how hard you worked to prepare the proposal, or under what constraints. There are no silver medals for coming second.

Differentiability. Your company should be able to demonstrate differentiation in your chosen portfolio of offerings. The LOB head should look beyond the

features and characteristics of the product or service in order to develop differentiators. For a more detailed treatment of this subject, please see this author's website www.STRADOOF.com which outlines the STRADOOF methodology for developing differentiators in a structured manner. STRADOOF stands for "STructured Methodology for RApid Development OF Differentiators".

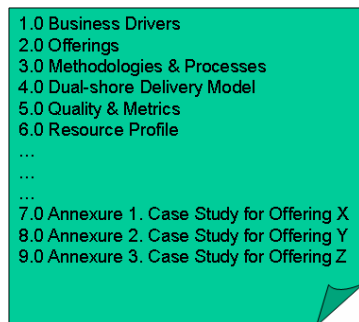
An LOB team developing a portfolio of offerings will inevitably face conflicting pushes and pulls from these criteria. One offering may have high marketability but low deliverability. Another may have high deliverability but low credibility. Analytical models can be used to assign scores and rank various offerings. At times, it might help to consult a few key members of the sales organization to arrive at some decisions.

Collateral Creation

Once the offerings have been identified, the next step is to create marketing collateral.

At this stage, important items are sales primers, capability documents, capability presentations, case studies and testimonials.

An indicative table of content for a capability document is shown below.



1.0 Business Drivers
2.0 Offerings
3.0 Methodologies & Processes
4.0 Dual-shore Delivery Model
5.0 Quality & Metrics
6.0 Resource Profile
...
...
...
7.0 Annexure 1. Case Study for Offering X
8.0 Annexure 2. Case Study for Offering Y
9.0 Annexure 3. Case Study for Offering Z

Remember that the primary purpose of any marketing collateral at this stage is to register in the mind of the prospective customer that your company is active in this space – note that a capability document by itself can never get you the order. You have achieved your objective if, after reading your capability document, the prospective customer calls you over for a detailed presentation, or sends you an RFI or RFP for a specific requirement.

While preparing any marketing collateral, think about the effect on the reader, who is your prospective customer. Remember that s/he is not likely to devote much time for you, so keep your stuff sharply focused on the topic at hand. Be credible. Use a one-page "cheat sheet". Use graphics extensively to make your point. Remember that the reader is bound to be reading marketing collateral from your competitors, so try and say something different so that you can grab her/his attention. Ensure that you don't turn off the reader by using jargon / acronyms specific to your company or to projects you have done for other customers.

Unlike manuals and project status reports submitted to existing customers, remember that prospective customers can be unforgiving when it comes to spelling and grammar mistakes in marketing collateral, and can get turned off by poorly formatted documents.

Demand Generation

When a company is created with the express purpose of focusing on one niche technology area (viz. PeopleSoft Services), its senior management and all its sales staff are dedicated to making this a success. Likewise, in a company that is known for a certain flagship product.

However, in a software services company that has been in existence for a long time, most sales people will be happy continuing to sell what they have been selling, and won't have the time to identify opportunities in new areas.

So, it is the responsibility of the LOB head to generate enthusiasm amongst the salesforce for the newly created offerings. Sales primers are useful here. They educate the salesforce with the jargon prevalent in your technology area and expose them to the size of market that is available to them. Sharing information on big wins by competitors in your area is also a good way to motivate your salesforce to start taking your offerings seriously.

Another way is to actually generate qualified leads for your offerings *without* involving your sales organization. An average salesperson becomes very enthusiastic when s/he receives a qualified lead.

'Qualified lead' is a sales opportunity where the prospective customer has a requirement of the type your company is offering and is willing to include your company in its shortlist of vendors to be evaluated. A more stringent definition would include one more criteria, namely, that the prospective customer has the required budget for making the purchase in a realistic timeframe (ranging from one to six months in most cases).

Some ways of generating qualified leads are outlined below.

Involve the Practitioners. The LOB head can involve existing practitioners in identifying sources of potential leads. Often, your company's practitioners will belong to a community of practitioners in the same technology area. This community (e.g. PeopleSoft) transcends company borders and its members are reasonably well clued in to new projects in their technology. Their involvement can yield pointers to qualified leads.

Cross-selling. Most mid- and large-sized IT companies have large customers who have the potential to buy more services from the company in other technology areas. Therefore, the new LOB can look at this segment to drive traction and create qualified leads. Such 'cross-selling' opportunities often give a kick-start to the new line of business and yield 'early-wins'. This helps the LOB head establish a business case with his own senior management for the new line of business, thereby paving the way for future investments and greater traction.

Thought Leadership. Senior practitioners in the new LOB can write articles in reputed trade journals and accept speaker slots at visible trade shows and industry events. At such forums, practitioners are often approached by executives of companies that are planning initiatives in their areas. These contacts can be funneled to the sales organization for developing into qualified leads.

Telemarketing Campaigns. Once the new LOB achieves some initial success by way of 2-3 projects, it can employ telemarketing to generate qualified leads. The LOB prepares a list of offerings and the scripts to be used during the tele-calling process. The sales organization in the target geography buys a suitable mailing list and shares it with the LOB. Chances of generating qualified leads are better when the LOB team members themselves engage in the tele-calling process, instead of outsourcing the campaign to an external agency. This is because they have better expertise in what they are pitching for and share a high degree of passion to make the campaign work.

Demand Servicing & Deal Closure

Once a specific opportunity is received, by way of an RFI or RFP, it goes through the phases of Demand Servicing and Deal Closure.

Demand Servicing includes solution architecting, preparing approach papers, and submitting responses to RFIs and RFPs. This phase is typically driven by the company's Presales organization. However, full involvement of the LOB team members plays a crucial role, particularly in specialized technology areas.

While the Deal Closure phase is driven by the salesperson handling the opportunity, chances of success are enhanced by the quality and speed of inputs provided by the LOB and Presales teams. Often, this phase is kicked-off by a presentation to the members of the prospective customer's evaluation committee.

Nowadays, even for large multi-million dollar deals, such presentations are often restricted to 30-45 minutes followed by a 15-30 minute Q & A session where the evaluation committee members ask pointed questions about the solution proposed, the project plan, governance model, risk factors, risk mitigation measures, expectations from the customer organization, and financials. This is a make-or-break step that can determine the chances of your company winning the business. So, it helps being fully prepared with all aspects of your proposal. Remember that the same committee members will also be attending / would have already attended similar presentations from your competitors. To that extent, their questions and comments should be seen in a competitive setting.

This step is succeeded by regular follow-up meetings your company's sales team will have with the key influencers and decision makers at the customer organization. For large deals, it is not unusual for such meetings to involve CxO levels in both organizations. The LOB heads normally attend such top-level meetings.

The LOB team members can play a proactive role during this phase by following up regularly with the concerned salesperson, keeping their radars clued in to competitive happenings and feeding useful tips to the salesperson, and being in a state of readiness to respond to customer's queries. A smart LOB team member will realize which of the customer's queries are genuine and which of them are prompted by the competitors, and will craft his responses accordingly.

Conclusion

Making the transition from a single project to a new line of business requires a change in mindset among executives at software service organizations. What works in delivering a project may not work in acquiring new projects and creating a new line of business with its associated revenues and profits. This article emphasizes the

importance of the go-to-market process in helping software service providers successfully create businesses out of isolated projects.



About the Author

S. Ketharaman has close to 20 years of experience in the IT industry in various roles in sales, marketing, delivery, and general management and across a wide range of markets like India, USA, Europe, Asia Pacific, and the Middle East. Apart from solid experience in Card Management Systems, PeopleSoft, PeopleSoft, Oracle, and Ramco ERPs acquired over the last nine years, **S. Ketharaman** has deep expertise in other IT products and services like e-Business and custom-developed solutions, Unix-based super-mini computers, Wintel servers, desktops, notebooks, WAN, and IBM mainframes. He has in-depth experience in BFSI, Manufacturing, High-tech and Government verticals.

S. Ketharaman has developed frameworks and models in areas like identification of differentiators, price forecasting, and innovative service delivery. Ketharaman has also authored many articles on topics like Usability, ERP Customization and Creating Differentiators. For more information, please visit www.sketharaman.com or e-mail info@sketharaman.com.

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Views expressed in this article are personal.