

“Developing New Business Opportunities for Technology Companies”

You have a great technology-based product or service. You have some great customers. But you also have a feeling that things could be better. **John Savage**, Managing Director of 4sight Business Development Limited, has some advice on the issues that technology companies face in developing new business opportunities and some practical advice on how you can improve your success rate.

4sight Experience

4sight has helped technology companies of all types in developing new opportunities and our work has highlighted three areas where there are particular issues:

- 1) Identifying the markets and groups of customers to focus efforts on to give the best chance of success
- 2) Building competition-beating offers that match technology skills and capability with customers' real needs
- 3) Delivering the right messages to the right people in the right way to generate profitable business

Let's look at these problem areas in more detail.

Identifying Which Markets

It seems simple enough, “where do we focus our efforts?”, but in practice it's a bit of a problem. Technology companies have a habit of being product focused and a bit indiscriminate about where they look to sell. Does this matter? Well in our experience yes. It means you may be missing opportunities to sell to groups of customers (or market segments) with a strong need for your product or service, where you have a competitive edge *and can charge the highest prices*. It also means that sales and marketing spend is wasted on lots of people who aren't interested, rather than focused on those who are.

So the first step is to understand broadly what customer needs you are satisfying, what kind of customers do you actually want and which ones can you *realistically* deal with.

You can then identify where these groups of customers exist through the process of market

segmentation. You choose the segments that have customers most closely matching your ideal. Industry sector is often used as the first way of splitting up the market on the basis that firms in the same industry have similar needs. But use your ideal characteristics to segment markets into the most tightly focused groups possible (e.g. owner managed firms in the high street retail segment).

To choose which of these segments you are going to target you now need to define the top 5 or 6 factors that make a supplier attractive to companies in each segment. For example, having Microsoft Certification may be important in some segments but not in others. Scoring yourself relative to your competitors on these factors will prioritise the segments that not only match most closely with your ideal customer but where you are an attractive supplier and therefore stand the best chance of winning. You can then select perhaps 2 or 3 segments to target. All you have to then is to decide what proposition to offer those segments!

Building Competition Beating Offers

Building competition beating offers means looking beyond simply what your technology does. Your proposition will need to take into account many other factors and you will need to answer some fundamental questions in a kind of fine-tuning of the market segmentation process. For instance:

- **You and your business.** What you are trying to achieve? What is your capability? What is your capacity? What are your weaknesses?
- **The marketplace.** What are the dynamics of the specific parts of the market that you are

targeting? Who are the movers and shakers, the influencers? What is driving the market forward? What is holding it back? Who or what is the competition? What are their strengths and weaknesses?

- **Customers.** What problems are they trying to solve what do they currently do to solve them? What is their perception of the options available to them? Why would or wouldn't they buy your product or service?

When you've answered these questions (and our experience suggests they are harder to answer than you think) you will be in a position to map your business and technological capabilities against the needs of customers in your chosen markets. But remember your proposition to the customer is more than just the core technology product or service. It has to take into account other elements that are valued by customers in the target segments and it must differentiate you from the competition.

The additional elements could include; new product functionality (from you or from a third party), service levels or finance. But it might be something you regard as trivial but which is important to the client – the colour of the box the software comes in, maybe.

Delivering The Right Messages

In other words how do we develop market awareness and then create sales prospects.

Again there are some fundamental questions to be asked, preferably before embarking on a programme of communications and lead generation. Not paying attention to these details is a sure-fire method of wasting money. Delivering the right messages requires an understanding of:

- Who to communicate with? – What is the decision-making process within target companies? Are there several different audiences to address?
- What 'language' do different audiences use? e.g. technical, non-technical, professional
- What is the message we need to communicate? Different audiences need different messages. Some may need educating, others may need reminding, others persuading.
- How best to reach the audience? There are hundreds of ways of getting the message across: websites, sales presentations, mailers, telemarketing and PR are just a

few. It may be obvious to say that the key is to choose the right method depending on what we are trying to say and to whom, but how much inappropriate marketing material do you receive? And this is also about getting bangs for your bucks in terms of your marketing budget. A stylish brochure may look fantastic but if it doesn't have a strong sales message or you send it out to a mailing list that hasn't been thoroughly checked it is still landfill.

Finally as you develop your communications programme it is worth building in two important activities. Firstly, testing the effectiveness of the chosen communications methods e.g. response rates to different sales letters. Secondly systematically capturing feedback gained from market contact to input into both offer development and future communications planning.

In Summary

Developing new business opportunities for technology companies should focus on:

- Identifying - the market segment where you have the best chance of success
- Building - a unique offer which differentiates your business from the competition - based on an in-depth understanding of customers needs
- Delivering - the right messages, in the right language, to the right people in the right way



About The Author

Prior to establishing 4sight John held a number of high-level marketing posts at AT&T and AT&T ISTEEL, including Directorship of the Industry Systems division. His experience covers both strategic market planning and tactical campaign implementation. John has also held senior marketing posts in both local government and industry.

Contact Us

4sight has helped companies like BT, Digica, Dynistics, ITNET, Ramesys and Telewest. For further information on how we can help you develop new opportunities please contact John Savage on 01384 444899 or by email at john.savage@4sightltd.co.uk

Or visit the 4sight website for more information at <http://www.4sightltd.co.uk>