

QDI STRATEGIES

20/20 Vision for Marketing Breakthroughs

Four Steps to Turn Technology into Profits

An Answer to "How Big - How Fast"

by Steven D. Bassill



Mr. Bassill is president of QDI Strategies, Inc. and has spent the last twenty years consulting to businesses in North America and Europe about strategic marketing issues. He conducts workshops and seminars for clients in all aspects of market-driven management.

For over 20 years QDI has helped clients identify the markets for new technologies and assisted in developing the marketing and channel programs to bring these technologies to market. In this article, QDI shares its **Technology Commercialization Process** to provide marketers a road-map to answering the questions - "How Big - How Fast?" and "How to Launch Successfully?"

QDI's Strategic Marketing Decisions Framework

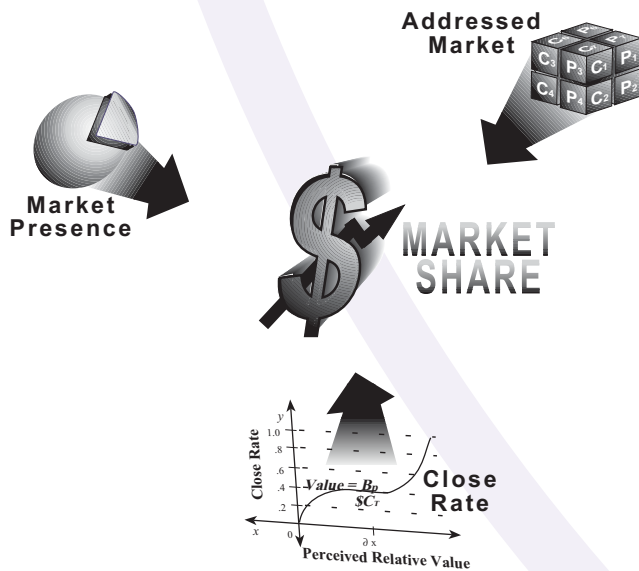
QDI uses its "Strategic Marketing Decisions Framework" to identify the elements a marketer must manage to assure marketplace success. This framework, shown in Figure 1, focuses on three variables that marketers must define and control to grow market share. To successfully develop and launch a new product, marketers need to understand what they will have to do to manage these variables: *The Addressed Market*; *Market Presence*; and *Close Rate*. QDI's approach maps out four steps that will lead marketers through this learning process.

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A framework
for developing
new technology
opportunities

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Figure 1:
Strategic Marketing Decisions Framework
 Market Presence + Addressed Market
 Market Share \$



QDI's Technology Commercialization Process

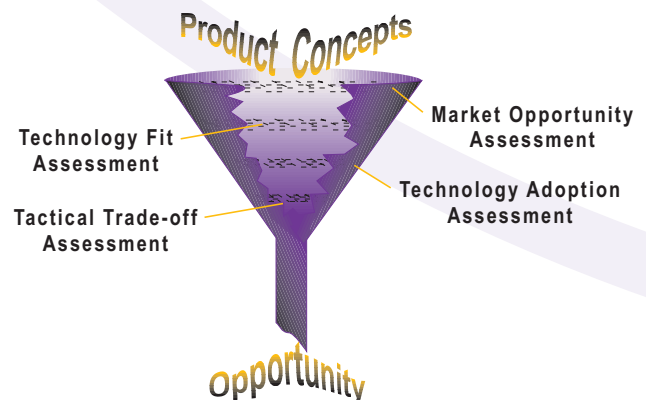
The process starts in Figure 2, QDI's Technology Assessment Framework, which takes product concepts through a rigorous filtering process moving from a broad overview stage, the "Market Opportunity Assessment" to ultimate tactical decisions, the "Tactical Tradeoff Assessment." At each level of the filter, you need to collect market information to assess how buyers make their decisions. The following are the definitions of each stage:

- *Step 1: Market Opportunity Assessment*
 A broad overview of the market trends which impact the market size and the likely fit of the technology within the market, including required entry pricing levels. Understanding of the technology's econom-

ics relative to alternatives to answer the question, "How Big" can this market be?

- *Step 2: Technology Fit Assessment*
 A more specific definition of where the technology fits and the likely market size for it - and why not everyone will need this.
- *Step 3: Technology Adoption Assessment*
 Identification and sizing of the segments where the technology fits, the price / performance and feature requirements, and the likely adoption rates by segment.
- *Step 4: Tactical Tradeoff Assessment*
 Identification of the specific program elements, price and performance feature tradeoffs, pricing/penetration tradeoffs, communications and precommercialization program activities, etc., required for product launch - to determine "How Fast" it could grow.

Figure 2:
Technology Assessment Framework



The table in Figure 3 links the knowledge-building activities for each of QDI's four stages of analysis to determine the addressed market and develop the presence and close rate strategies.

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Figure 3: QDI's Strategic Marketing Decisions and Research Activities

Strategic Marketing Decisions	Research Activities	
	Definition	Market Opportunity Assessment
Addressed Market	Which customers to target and with which products	Identify the following: <ul style="list-style-type: none">○ Appropriate segments for the technology○ Potential market size for the technology○ Key performance variables to determine technology fit○ If this is a replacement or disruptive technology○ Forces changing the customer's requirements
Presence	Identify how to promote the product to customers and ensure opportunity to purchase product	Identify the following: <ul style="list-style-type: none">○ How customers presently purchase their current technologies○ The type of support they require and receive from vendors
Close Rate	Identify all necessary activities to ensure customer sale and satisfaction	Identify the following: <ul style="list-style-type: none">○ Why customers choose their technologies○ All the alternatives and why○ Current performance level and satisfaction with the technology
Market Share/ Revenue	The outcome of the previous decisions	The technology's available market penetration

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Research Activities

Technology Fit Assessment

Develop a more specific definition of where the technology fits and the likely market size for specific applications

Determine the value the customer derives from the technology in each application and the customer's potential adoption costs

Identify the decision makers, influencers and the likely purchase scenario for the new technology

Identify the criteria for a vendor of new technology to provide an acceptable solution to the customer in the purchase decision

Determine the technology's potential fit within an application and its potential market in the segment

Technology Adoption Assessment

Identify and size the segments where each technology and application fits, price/performance feature, service and support requirements and the likely adoption rates by segment

Determine the following:

- Decision criteria and potential adoption barriers
- The value of the technology benefits as a service instead of a product
- How the end user buys the product and his/her channel preference

Identify the specific program elements, price and performance features required for product launch

Forecast the revenue the technology will have during the first five years after launch for a segment

Tactical Tradeoff Analysis

Potential conjoint research for pricing decision and product configuration tradeoffs

Launch strategy - speed of market penetration goals

Technology introduction - pre-commercialization programs

Research channel partners, from OEMs to resellers to determine capability as a partner and business requirements — terms and conditions, economics, support requirements, nature of relationship from reseller to partner

Identify the specific price and performance feature tradeoffs, pricing/ penetration tradeoffs, communications and beta program activities, etc. required for product launch

Determine the cost of implementing the marketing program necessary to launch each application for a segment

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Methodology

The success of this approach is predicated on extensive market understanding of how the customer views the technology and makes decisions. The Market Opportunity Assessment data can be based on secondary market research. To the extent this is available, your team can assess rough potentials of the market opportunity. If this type of secondary data is unavailable, decisions must be made as to the best segments to research and the sizing is conducted after the market fit is determined.

After both the Technology Fit Assessments, the client team should review the findings to determine which opportunity segments present the greatest market opportunity. At this stage, opportunities are prioritized based on projected fit, market size and resources available (both for the research and to implement strategies that address multiple segments).

QDI's rules of new technology/new application marketing, shown below, require discipline to focus resources on the opportunities with the highest near term payback. Pursue opportunities:

- That have high customer value (don't get trapped spending resources on beta tests where customers are interested but fail to identify the technology's projected value - you will probably be wasting beta resources).
- That customers can adopt in the near term (6 to 24 months).

- That have the largest market potential.
- Where you can gain high market shares (nobody is successful by getting 1% of a large market - you need dominant shares of the targeted segments).
- Where you have or can rapidly build a channel with the capabilities to deliver and serve the market.
- That provide the greatest opportunity to develop new applications.

How to Work With QDI Strategies

The starting point to working with QDI Strategies is a technology overview and project objectives discussion. For these discussions, QDI Strategies signs the appropriate non-disclosure documents. The discussions typically last about 1/2 of a day. They focus on the technology and its projected applications. In this discussion, we determine what you know about the potential end users and their applications; (i.e., who is going to use it and why they are going to use it). We also attempt to understand which segments have the highest potential - both in terms of revenue and speed of adoption.

Next, we determine the amount of alpha and beta testing you conducted and to which customer you disclosed the technology/ application. Finally, we discuss your existing channels and their expected role in the launch of this technology. From this information, we work with you to determine what knowledge needs to be obtained and the best approach to acquire it. From

this meeting, we can develop a proposed work plan, timetable and budget.

We start the project with a technology and market information review between our project team and your project team. Following this review, we collect and analyze secondary data to verify or build an initial model of market opportunity. This model is used to verify the selection of segments to study in the technology fit assessment.

Typical assignments take 90 to 120 days to work through the technology fit assessment stage of the process. As the process moves from stage to stage, the effort drills down to greater levels of detail in terms of specific product and service requirements for market success. Generally, in less than six months, QDI and the client should complete

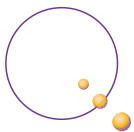
the entire process and start the early steps of launch (depending on the complexity of product development issues).

About QDI Strategies, Inc.

QDI Strategies, Inc. is a marketing consulting firm that specializes in helping companies make breakthroughs in product, brand and channel strategies. Our consultants have helped clients to develop and implement breakthrough decisions across numerous industries over the last twenty years. This experience provides you with the expertise to develop market-driven answers to your business issues.

For More Information

If you would like to receive additional information on identifying and harvesting new technologies, or would like to arrange an informative presentation, contact Steve Bassill at 847-566-2020.



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