



MARKETING FOR VALUE™

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I. EDITOR'S REMARKS

Technology marketers and entrepreneurs fight back. Finally. If the interest in our marketing educational series can serve as a gauge, it appears that both entrepreneurs and marketers are actively arming themselves with practical, value-based marketing advice from the trenches.

In this issue--where we deliver more practical advice--we propose the idea of marketing as a weapon, especially during lean times. The journalist Peggy King offers an engaging interview with Anu Shukla, former Founder of Rubric and marketer extraordinaire on how to choose marketing weapons that will deliver maximum firepower for minimum dollars. Then, Konstantin Guericke, an engineer by training, who moved to the "dark side" of marketing in the early '90s, discusses how enterprise software marketing parallels warfare and how you can win some skirmishes.

Enjoy!

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II. ENTREPRENEUR SPOTLIGHT: Rubiconsoft Co-Founder and CEO Anu Shukla on Marketing Campaigns for Tough Times Using Cost-Effective Ammunition

Interview by Peggy King

"When the times get tough, it's frequently the marketing budget that feels the blow first, says Anu Shukla. "There's always pressure to divert resources from marketing when a company is operating in survival mode, but to do so is short-term thinking. I recommend that software companies keep spending but look for low-cost, high impact ways to reach their customers."

Shukla, a serial entrepreneur and well-known high tech industry marketer, has made moves that can only be described as contrarian. In her latest venture she is Co-Founder and CEO of Rubiconsoft, an enterprise software company. Though many venture firms are now retrenching from enterprise software investments, last month she closed a first round of \$4 million from Lightspeed Ventures. In mid-2000 when most CEOs of technology startups were aiming to take companies public, Shukla sold Rubric, the marketing automation company she founded just two years before, for a hefty profit.

Having followed Shukla's career since 1988, I was interested to hear her advice for software companies facing dwindling marketing resources. Over lunch in San Mateo, she shared tips for software companies who need to squeeze the most out of a modest marketing budget:

1. Focus on the unmet needs of your installed base. Instead of flooding your existing customers with special offers and price cuts, sell to them with a strong value proposition. Use your marketing intelligence to figure out what modules of your application customers have not yet purchased and design offers that focus on how expanding their use of your product will yield business benefits.

2. When you research your customers, you may uncover needs for products that you do not offer. Now might be an excellent time to strike up an OEM deal as a stopgap measure. The OEM vendor may be unusually willing to cut a deal and you will be able to reward your customers' loyalty by providing them with products and services that will have high return for them and increase your presence at the account. The best products to provide in a downturn are those that can be implemented with existing resources and offer very quick return on investment.

3. Continue to look for new customers for your product. Forego expensive branding activities like event sponsorship and mass media advertising in favor of lower cost activities that will help you provide very qualified leads to your sales force. For example, email marketing campaigns that establish permission-based dialogues with prospective customers provide a good investment. Though most of the leads you generate from these campaigns won't be ready to buy in lean times, the information you collect now will "deepen" your leads database by adding to the information you can place in your prospects' master records. The more that your sales force knows about your leads, the more possible it is to conduct highly focused campaigns.

4. Devote some of your advertising budget to lower cost experimental channels. For example, instead of spending more to advertise to saturated email lists, consider working with wireless carriers to reach to customers who consent to having free or reduced-price mobile phones in exchange for receiving advertising messages.

5. An economic downturn should not be the signal to abandon all high-touch marketing. Some expensive marketing activities can be worth the cost if they are high yield. For example, if you want to maintain or grow your sales in a specific market segment, continue to hold one-to-one events that put you in front of highly qualified leads and targeted prospects.

"When a company designs and prepares to conduct marketing campaigns even at times when it may seem that no one is buying, I consider that prepaying for the future. The resources that you devote during the tough times will give you the competitive edge when economic conditions turn around and you need to respond quickly," says Shukla.

About the Author:

Peggy King, a technology journalist located in the San Francisco Bay Area, has over 17 years of technical and business writing experience, and has spent the last 10 years writing for leading computer trade publications. Since 1995, she has occasionally conducted press training sessions for executives and entrepreneurs at technology companies. Peggy can be reached at peggyking@aol.com.

Editor's Note: In the Entrepreneur Spotlight on Motiva CEO Jeff Carr last month, the mention of Manugistics as a provider of Enterprise Incentive Management (EIM) software was an editorial error. Jeff's quote should read: "By being in the same category with other competitors who are bigger than we are, we hope to rise with the tide in the category. Very soon after coming on board, I made it a goal to build awareness with industry analysts," explains Carr.

BoldFocus is a full-service Internet solutions company that develops corporate web sites (extranets, portals) and provides a suite of online marketing campaign and content management solutions. Since 1995, BoldFocus has provided Internet solutions for many prominent companies including Broadcom, Honeywell, KLA-Tencor, MarketFirst, PeopleSoft, Xilinx, and many other B2B and B2C corporations. To experience our showcase of digital solutions, visit www.boldfocus.com/clients/clients.html.

III. FEATURE ARTICLE: The Role of Marketing in the Enterprise Software War

by Konstantin Guericke

Marketing is a potent weapon. In the long run, it allows companies to thrive even in the face of competitors that have products with more features or lower prices.

However, let's face it: marketing can also get in the way. Selecting the wrong target market or misinterpreting customer needs can kill companies with solid funding and superior technology. Many times, this happens when the marketing person allows his or her own ideas get in the way of understanding the value proposition from the customers' point of view.

As companies ramp up, marketing programs consume a sizable portion of the operational expenses. Often, demand-generation programs are required to keep the sales pipeline humming, but ineffective lead generation or empty branding campaigns can bring even public companies with good customers down to their knees.

So, why invest in marketing? In lean times, many people remember the adage of enterprise software: an enterprise software company just needs two kinds of people--those who make the bullets (engineering) and those who shoot the bullets (sales). If we stick with this metaphor, what then is the proper role of marketing?

First, marketing is in charge of gathering intelligence. Failure to do this effectively will either lead to unpleasant surprise attacks by the enemy or waste a lot of bullets and people in the battlefield. Second, marketing prioritizes the targets. Among the many responsibilities of a product marketing manager or VP Marketing, this is perhaps the most important.

Third, marketing should be involved in planning the attacks and in choosing the kinds of weapons that are most appropriate for each situation. This is rarely a one-time task. As

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information comes back from the battlefield, marketing needs to carefully analyze and then effectively communicate revised information on targets, weapons and likely enemy responses.

Fourth, marketing is in charge of training the forces. Few pitches succeed if the value proposition is not crisply articulated or if sales people are not properly armed with the right product knowledge and sales tools. This is especially true when it comes to startups. A simple conference call is rarely sufficient to effectively train the field force. It is important to practice pitches, objection handling and effective responses to buying signals until it is second nature, so that the desired actions don't get forgotten in the heat of the battle.

Just as the role of an effective marketing organization is to help sales operate at their peak performance and to maximize customer penetration and conversions from prospects to customers, marketing has a similar relationship with engineering.

While the pace of sales-marketing interactions can be quite frenetic, the interaction with engineering is often much more structured and deliberate. After all, these interactions are not at the front of the battle, but back home where all the thinking goes into what kind of weapon could finally put an end to the long and arduous fight.

The inspiration for breakthroughs often comes from science and pure thought. This is particularly true for the most fundamental enterprise technologies. However, the more the product is an application that directly touches the business user, the more frequently it is the insights from the battlefield that spark the development of the "killer app." Product management is perhaps the least understood marketing function, and frequently gets so neglected by marketing itself that it is nurtured by other parts of the organization. Good product managers are rare. They are typically tasked with the impossible, and frequently fail to deliver the expected.

However, product management also represents the critical place in the organization where market input gets translated into product enhancements or new products.

So, what should be the yardstick for measuring whether a marketing organization is truly effective? Picking the right marketing mix? Launching products on time and budget? Reducing cost per lead?

While those are important criteria, the most effective marketing organizations are those that enable all other parts of the company (and especially sales and engineering) to operate at their peak performance.

So, in most high-tech environments, the creative geniuses who want to wield the most innovative branding campaigns are rarely the most effective marketing people. Rather, it is the service-oriented team player who is happy to do all the important work behind the scenes and who quietly knows that when the troops do battle, it was the steady hand of marketing--gathering intelligence data, selecting the targets, choosing the weapons, and training the soldiers--that helped to determine and act on the strategy that will win the enterprise software war.

About the Author:

Konstantin Guericke, a Market4Demand's Marketing Educational Series for Entrepreneurs (MESE) speaker panel member, is a veteran of several software wars. He learned his best lessons from the wars that were lost, but still has the most fun when he is winning. He is a trained engineer who knew he would never be a software developer, but realized that a

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rigorous engineering background would provide the best basis for successful technology marketing. Konstantin can be reached at Konstantin@stanfordalumni.org.

IV. FEEDBACK

We want to hear from you. If you'd like to know more about value-based marketing or if you know of companies applying value-based marketing ideologies to improve profitability and customer satisfaction, drop us a line at (415) 218-6041.

Want to learn more about Market4Demand's Marketing Educational Series for Entrepreneurs, including its speaker panel members and upcoming events? Visit www.market4demand.com

V. THIS MONTH'S RECOMMENDED MARKETING BOOK AND LINK

Book Recommendation: **The Product Marketing Handbook for Software**, 3rd Edition, Merrill R. Chapman (a detailed software marketing guide that offers a wealth of templates) Special Offer: Readers of **MARKETING FOR VALUE** receive a 10% discount. Visit www.Aegis-Resources.com to take advantage of the discount and use code: 31-10-2002

Marketing Link: www.softwaremarketsolution.com (offers a comprehensive listing of marketing resources-all organized by functional areas)

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VI. UPCOMING EVENTS

"The Facts About Email Marketing"
June 6, 2002

"Designing Usability into the Customer Experience"
June 18, 2002

To learn more about the above upcoming events or register, visit www.market4demand.com.

About Market4Demand
Market4Demand, a technology marketing services firm located in San Francisco, delivers strategic and tactical marketing services that help increase shareholder and customer value. Market4Demand specializes in marketing planning and implementation, interim marketing management, and marketing communications. The company offers expertise in both enterprise and consumer technology solutions. In 2001, it launched Market4Demand's Marketing Educational Series for Entrepreneurs (MESE), a sequence of workshops developed to empower entrepreneurs with practical, value-based technology marketing best practices. For more information about Market4Demand's services and Market4Demand's Marketing Educational Series for Entrepreneurs (MESE) visit www.market4demand.com or call (415) 218-6041.

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