



# Software Product Management

## ISPMA Foundation Workshop

08th April – 16th April 2024  
Bangalore

Part 1

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&

Haragopal (hara) Mangipudi



..would rather have questions that can't be answered than  
answers that can't be questioned

-Richard Feynman\*

# Agenda

## 0. Prelude

- Participants / ISPMA
- Intro to training and exam

## 1. Introduction and Foundations

## 2. Product Strategy

### 2.1 Essentials

### 2.2 Positioning and Product Definition

### 2.3 Delivery and Service Strategy

### 2.4 Sourcing

### 2.5 Pricing

### 2.6 Financial Management

# Agenda

## **2. Product Strategy**

### **2.1 Essentials**

### **2.2 Positioning and Product Definition**

### **2.3 Delivery and Service Strategy**

### **2.4 Sourcing**

### **2.5 Pricing**

### **2.6 Financial Management**

### **2.7 Ecosystem Management**

### **2.8 Legal and IPR Management**

### **2.9 Performance and Risk Management**

### **2.10 Business Models**

# 2. Product Strategy

## 2.1 Essentials

### Elements of a Product Strategy (Document)

- Product vision
- Product definition
- Target market and segments
- Delivery model
- Product positioning
- Sourcing
- Business plan summary
- Roadmap (attached)



# 2. Product Strategy

## 2.1 Essentials

- Timeframe: between 1 and 5 years into the future
- iterative process to achieve consensus over elements of the product strategy, linked to
- Corporate strategy process:  
→ 4. Strategic Management

# 2. Product Strategy

## 2.1 Essentials: Interdependence

- High level of interdependence of product strategy elements
- Examples:
  - Internationalization → Product definition → Requirements (cost)  
→ Target markets → Revenue
  - SaaS → Product definition → Requirements (cost)  
→ Legal aspects
- Challenge: Consistency across all product strategy elements (on different levels of abstraction)
- On corporate level: interdependence with product strategies of other products and with corporate strategy
- 4. Strategic Management

# 2. Product Strategy

## 2.1 Essentials: Product Name





# 2. Product Strategy

## 2.1 Essentials: Product Name

- Name finding mostly for new product
- Name change for existing product signals radical change like:
  - New platform technology
  - Integration into a product family (often after take-over)
- Major problem: Everybody feels competent
- In general more relevant for B2C than B2B
- Legal clearance advisable
- Help from specialized naming agencies



# 2. Product Strategy

## 2.1 Essentials: Vision



High level description:

- Product concept: conceptual image of what the future product will be (where do we want to go?; what is it?; how can the product satisfy the needs of potential customers better than competition?)
  - Business model (how can the product be built, sold and supported in a profitable way?).
  - Approach (How are we going to do it?; why will we succeed?)
  - Covers organisation, product, project
- The other elements of the product strategy provide the details that turn the vision into a manageable and executable path into the future.

McGrath (2000): Product Strategies for High-Tech Companies.

# 2. Product Strategy

## 2.1 Essentials: Vision

### Example: CRM SaaS

*"For a mid-sized company's marketing and sales departments who need basic CRM functionality, the CRM-Innovator is a Web-based service that provides sales tracking, lead generation, and sales representative support features that improve customer relationships at critical touch points. Unlike other services or package software products, our product provides very capable services at a moderate cost."*

**"Our mission is to continue to efficiently facilitate diverse methods of empowerment and professionally disseminate performance based deliverables to meet our customer's needs."**

(Dilbert)



# 2. Product Strategy

## 2.1 Essentials: Vision



### **Example: CA Gen (2007)**

In brief, the current drivers of the CA Gen vision include:

- Continued support of J2EE and .NET as these frameworks evolve
- Extending support of Web services
- Infrastructure enhancements
- Integration with CA systems management, security and application life cycle solutions

Our goal is to continue to deliver the core capabilities CA Gen has provided for two decades:

- Platform independence
- Application portability
- Productivity
- Proven Solutions
- 100% code generation of a complete solution

CA Gen is a world-class enterprise application development environment.

# 2. Product Strategy

## 2.1 Essentials: Vision



### **Blackberry (older)**

For business e-mail users who want to better manage the increasing number of messages they receive when out of the office, BlackBerry is a mobile e-mail solution that provides a real-time link to their desktop e-mail for sending, reading and responding to important messages. Unlike other mobile e-mail solutions, BlackBerry is wearable, secure, and always connected.

### **Blackberry (2017)**

A connected world.

### **Amazon (2017)**

To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online.

# 2. Product Strategy: 2.1 Essentials: Vision Quality vs. Product Success

	Vision clarity <sup>1</sup>	Vision support <sup>2</sup>	Vision stability <sup>3</sup>	Innovation type
<b>Successful</b>				
Apple IIe	+	+	+	Incremental
Apple Mac+	+	+	+	Incremental
HP Vectra II	+	+	+	Incremental
IBM PC	+	+	+	Market
HP 85- Controller	+	✓	-	Technical
<b>Unsuccessful</b>				
HP 125	-	-	✓	Incremental
HP Vectra I	-	-	✓	Incremental
Apple III	-	-	-	Radical
Apple LISA	-	-	-	Radical
IBM DataMaster	-	-	-	Radical
IBM PCjr.	+	-	-	Radical
HP 150	✓	-	-	Radical
HP 85-PC	-	✓	✓	Radical
<b>Questionable</b>				
Apple Mac	++	+	+	Incremental <sup>1</sup>

Measures:

<sup>1</sup> + = Very Clear; ✓ = Somewhat Clear; - = Unclear

<sup>2</sup> + = Widespread Agreement on Team and with Top Management;

✓ = Some Agreement on Team and with Top Management; - = Disagreement within Team or with Top management

<sup>3</sup> + = Very Stable; ✓ = Somewhat Stable; - = Unstable

Lynn, Akgün (2001): „Project Visioning: Its Components and Impact on New Product Success“, JPIM.

# 2. Product Strategy

## 2.1 Essentials: Vision

Example: Operating Theater Tracker



# 2. Product Strategy

## 2.1 Essentials: Vision



### Problem statement

- the problem of affects the impact of which is a successful solution

immense effort for reporting consumables  
nurses, respectively the clinic  
inefficient use of operating theatres  
automates reporting

### Position statement

- for who the that unlike our solution

nurses and analysts  
administrate, assist in, and improve operations  
consumables tracking solution (CTS)  
tracks the use of consumables in an operation,  
enables its analysis, and automates reporting  
the current manual work  
increases the efficiency of the operation work  
and deliver decision-support for consumable  
planning and improvement





# Exercise 2

# 2. Product Strategy

## 2.2 Product Definition



- Functional scope: rough functional boundaries
- Quality scope: dependent on type of software and target market
- UX Design scope: dependent on type of software and target market
- Intended use and users: rough description of usage scenarios and user profiles
- Take compliance aspects into account (product- and company-specific)



McGrath (2000): Product Strategies for High-Tech Companies.

# 2. Product Strategy

## 2.2 Product Definition



- Offering architecture: definition and structure of (separately priced) components of the product (suite, platform) offering, and tailorability options (incl. complete set of components that determine the offering)
- Business architecture (only for application software): domain-specific architecture, i.e. a logical data model, process model, business object model, etc.



# 2. Product Strategy

## 2.2 Positioning

- Value Proposition: value definition from a customer perspective for the target market segments
- Focus with regard to the target market and segments, the company product portfolio, and the product life cycle phase (e.g. revitalization)
- Channel options
- Partnerships and alliances

# 2. Product Strategy

## 2.2 Positioning: Target market (segments)

Questions:

What is the relevant market today? How will it evolve over time?

- Definition (scope)
- Volume
- Competitive products and their market shares
- Segmentation by customers, geography and/or functionality



# 2. Product Strategy

## 2.2 Positioning : Target market (segments)

- International markets and their opportunities
  - Country-specific requirements can be more than just language
  - ➔ Make sure that you understand the markets you go after
  - ➔ Input from Market Research and consultants



# 2. Product Strategy:

## 2.3 Service Strategy

- Product-related services are part of the total offering (or whole product offering)
  - To be provided by internal unit or external partners
- Certain services need to be supported by product features, e.g. tailorability options



## 2. Product Strategy: 2.3 Service Strategy: Service Definition

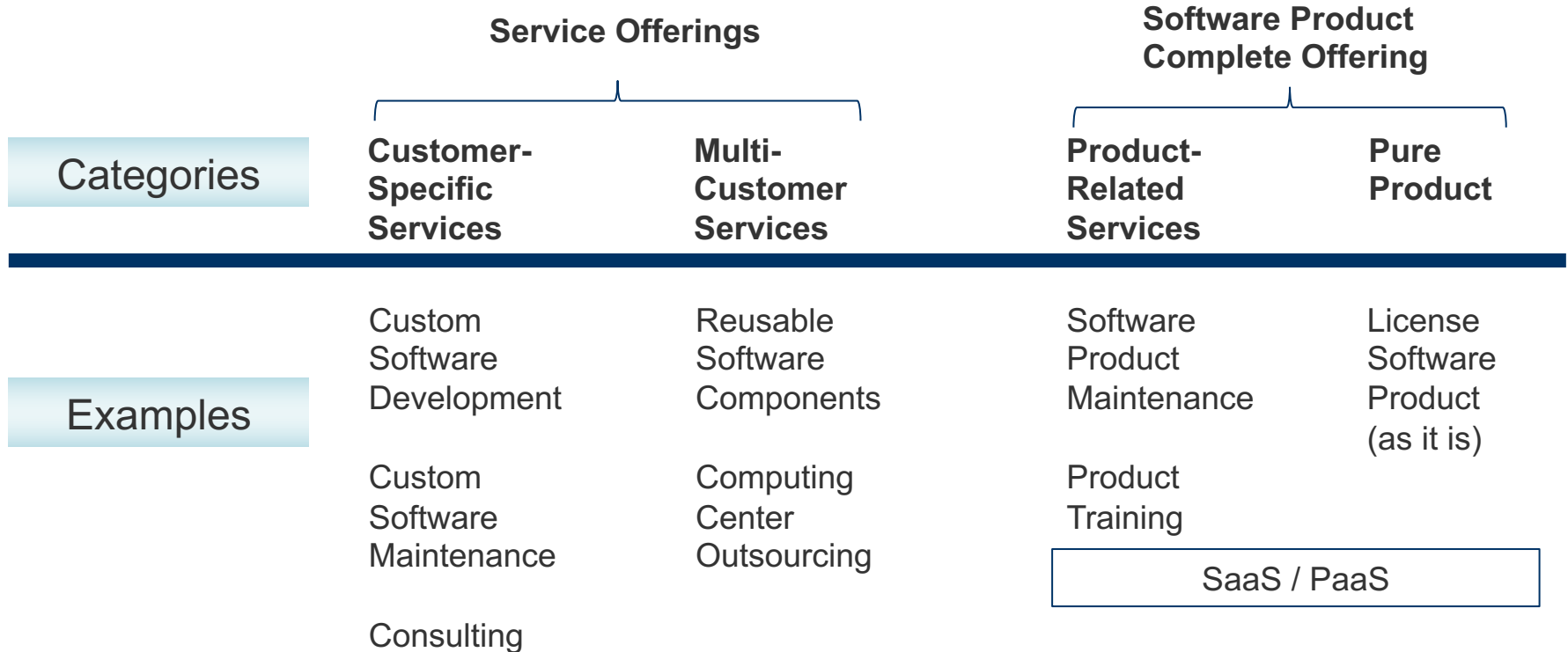


The Webster Dictionary differentiates:

- Useful labor that does not produce a tangible commodity (as in “professional services”) **Human**
- A provision for maintenance and repair (as in “software maintenance service”) **Human**
- The technical provision of a function through a software component that can be accessed by another software component, often over a network and executed on a remote server (as in “web services” or “Software-as-a-Service”) **Technical**



# 2. Product Strategy: 2.3 Service Strategy: Service Product Continuum



# 2. Product Strategy:

## 2.3 Delivery Model



### Decisions:

- Licensed product (on premise) vs. Software as a Service (SaaS)
- Tailorability strategy incl. degree of tailorability (from simple standard to highly customizable)
- Mode of delivery (online access, online download, combination with services, etc.)
- Decisions need to be made early since they can result in significant requirements that need to be implemented in an integrated way during the development phase

# 2. Product Strategy

## 2.3 Delivery Model: SaaS

### Cloud Computing

- Service and delivery model for the provision of IT components through the internet based on an architecture that enables a high level of scalability, reliability, and fine-grained usage pricing.

### Software as a Service (SaaS)

- Cloud computing for software.

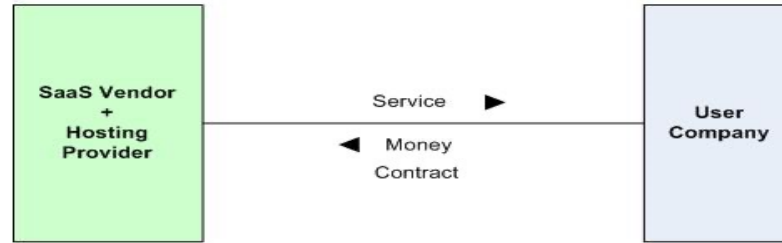


# 2. Product Strategy

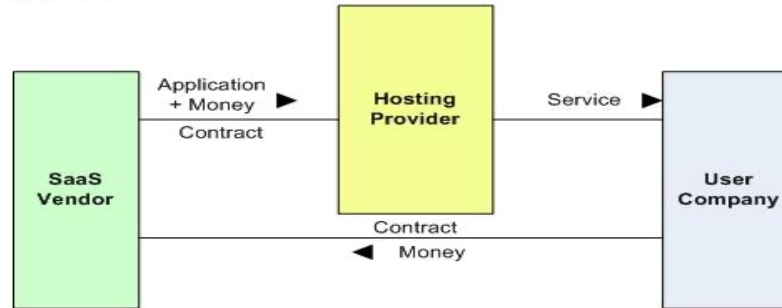
## 2.3 Delivery model: SaaS



**Scenario A**



**Scenario B**



# 2. Product Strategy

## 2.3 Delivery model: SaaS

### Drivers

- Drastically improved price/performance of:
    - Network
    - Hardware (processor + storage)
  - New architectures and concepts enable new levels of scalability and resource sharing:
    - virtualisation
    - grid computing
    - service orientation
  - Internet access „anytime anywhere“
  - Vendors' interest in smoother revenue curve over time
- All the major players are adopting SaaS (SAP, Microsoft, IBM ...)
- Plus significant new players (Amazon, Google, Salesforce.com ...)

# 2. Product Strategy

## 2.3 Delivery model: Tailorability Options

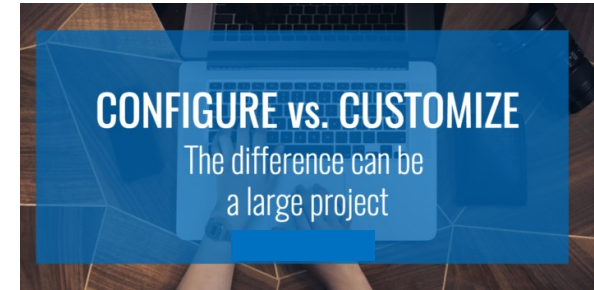
### Tailorability:

the enablement of the product for customer- or market-specific adaptations by providing properties that can be changed after system development

### Categories:

- Configuration      setting or changing parameters
- Composition      adding or arranging components
- Customization      adding or changing program or descriptive code

- Non-invasive (through standard interfaces)
- Invasive (in the standard code)



**Critical**

# 2. Product Strategy

## 2.4 Sourcing

### Internal or external

- Specialists
- Full teams
  - Capacity
  - Cost

### Risks for Outsourcer

- Hidden vs. direct cost
- Skills (Life boat test)

### Location

- In house
- Near shore
- Off shore



# 2. Product Strategy

## 2.4 Sourcing

### Make or Buy decision

- For all or part of a product
- To be driven by SPM based on business considerations (time to market, quality, cost, capacity, skills)

### In the buy case

- White label approach vs. visibility of partner
- Contract needs great care





## 2. Product Strategy: Business Plan + Roadmap

### Business Plan

- Costing (budget and resource plans)
- Revenue forecast
- ➔ 2.6 Financial Management

### Roadmap

- Bridge between Product Strategy and Product Planning
- ➔ 3.5

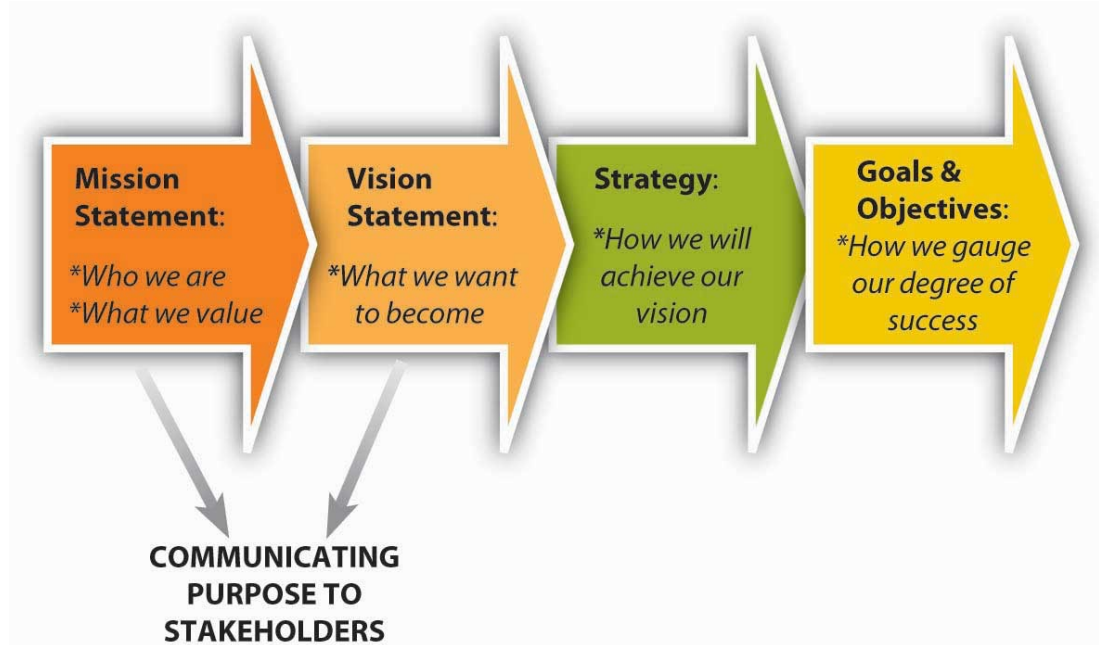


# Purpose, Vision, Mission, Values and Positioning



<https://www.workitdaily.com/>

# Business Vision, Mission, Strategy and Goals



# Product Vision Strategy and Roadmap





Peloton is in the business of connected fitness. When Peloton launched exercise bike and treadmill as software intensive products about a decade back they were able to command a significant premium over other standalone fitness products. Pandemic did prove to be a tornado effect for the business - however they could not capitalize on.

[https://en.wikipedia.org/wiki/Peloton\\_Interactive](https://en.wikipedia.org/wiki/Peloton_Interactive)

[https://www.marketwatch.com/investing/stock/pton/company-profile?mod=mw\\_quote\\_tab](https://www.marketwatch.com/investing/stock/pton/company-profile?mod=mw_quote_tab)

<https://seekingalpha.com/article/4566967-peloton-the-problem-is-the-product>

<https://www.si.com/showcase/fitness/peloton-app-review>

<https://www.wsj.com/articles/peloton-chairman-john-foley-to-exit-in-management-shake-up-11663014900> (video)



**PTON** US ⬅ AFTER HOURS  
**\$7.87** -0.07 -0.88%  
 Last Updated: Dec 30, 2022 7:59 p.m. EST - Delayed quote

CLOSE **\$7.94**  
 HISTORICAL QUOTES ANALYST ESTIMATES OPTIONS

**PELTON INTERACTIVE INC.**

**Company Profile**

**Peloton Interactive Inc.**

441 Ninth Avenue  
 6th floor  
 New York, New York 10001

PHONE  
 1 917 671-9198

INDUSTRY  
**Sports Goods**

SECTOR  
**Consumer Goods**

FISCAL YEAR-END	REVENUE
<b>06/2023</b>	<b>\$3.58B</b>

NET INCOME	2022 SALES GROWTH
<b>-\$2.83B</b>	<b>N/A</b>

EMPLOYEES  
**N/A**

Peloton Interactive, Inc. operates an at-home fitness platform for live and on-demand indoor cycling classes. The company pioneered connected, technology-enabled fitness, and the streaming of immersive, instructor-led boutique classes for its members. It operates through two reportable segments: Connected Fitness Products and Subscription. The Connected Fitness Product segment consists of sales of bike, tread & related accessories. The Subscription segment involves the monthly subscription and credits from live studio classes. Peloton Interactive was founded by John Foley, Graham Stanton, Thomas Cortese, Yony Feng and Hisao Kushi in 2012 and is headquartered in New York, NY.

VALUATION		PROFITABILITY	
P/E Current	N/A	Gross Margin	16.81%
P/E Ratio (w/ extraordinary items)	N/A	Operating Margin	-42.42%
P/E Ratio (w/o extraordinary items)	N/A	Pretax Margin	-78.39%
Price to Sales Ratio	0.83	Net Margin	-78.94%
Price to Book Ratio	5.24	Return on Assets	-66.42%
Price to Cash Flow Ratio	N/A	Return on Equity	-240.96%
Enterprise Value to EBITDA	-3.01	Return on Total Capital	-48.76%
Enterprise Value to Sales	1.14	Return on Invested Capital	N/A

**BOARD OF DIRECTORS**

**Barry W McCarthy Jr., MBA**  
 PRESIDENT, CHIEF EXECUTIVE OFFICER & DIRECTOR

**Angel L Mendez MBA**  
 DIRECTOR

**Karen Boone**  
 CHAIRMAN

**Jonathan D Callaghan MBA**  
 INDEPENDENT DIRECTOR

**Jonathan Mildenhall**  
 INDEPENDENT DIRECTOR

**Pamela A Thomas-Graham MBA**  
 INDEPENDENT DIRECTOR

**Jay Crandall Hoag MBA**  
 INDEPENDENT DIRECTOR



## Peloton Interactive Inc.

ADD TO WATCHLIST

CREATE AN ALERT

🌙 AFTER HOURS  
**\$3.7500**  
▲ 0.01 0.27%

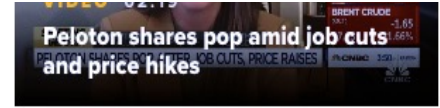
After Hours Volume: 43.3K

Last Updated: Apr 8, 2024 7:59 p.m. EDT  
 - Delayed quote

CLOSE	CHG	CHG %
\$3.7400	0.1200	3.31%



# Case study



## PROFILE

[MORE](#)

Peloton Interactive, Inc. is a provider of interactive fitness platform. The Company provides connected, technology-enabled fitness, and the streaming of immersive, instructor-led boutique classes to its customers. The Company segments include Connected Fitness Products and Subscription. The Connected Fitness Products segment include the Company's portfolio of connected fitness products and related accessories, Precor branded fitness products, delivery and installation... [More](#)

John Foley

Executive Chairman of the Board, Co-Founder





PTON US AFTER HOURS

**\$7.87** -0.07 -0.88%

Last Updated: Dec 30, 2022 7:59 p.m. EST - Delayed quote

CLOSE

**\$7.94**

[HISTORICAL QUOTES](#)
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#### VALUATION

P/E Current **N/A**

P/E Ratio (w/ extraordinary items) **N/A**

P/E Ratio (w/o extraordinary items) **N/A**

Price to Sales Ratio **0.83**

Price to Book Ratio **5.24**

Price to Cash Flow Ratio **N/A**

Enterprise Value to EBITDA **-3.01**

Enterprise Value to Sales **1.14**

#### PROFITABILITY

Gross Margin **16.81%**

Operating Margin **-42.42%**

Pretax Margin **-78.39%**

Net Margin **-78.94%**

Return on Assets **-66.42%**

Return on Equity **-240.96%**

Return on Total Capital **-48.76%**

Return on Invested Capital **N/A**

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#### Jay Crandall Hoag MBA

INDEPENDENT DIRECTOR



# Total Addressable Market Continues to Expand

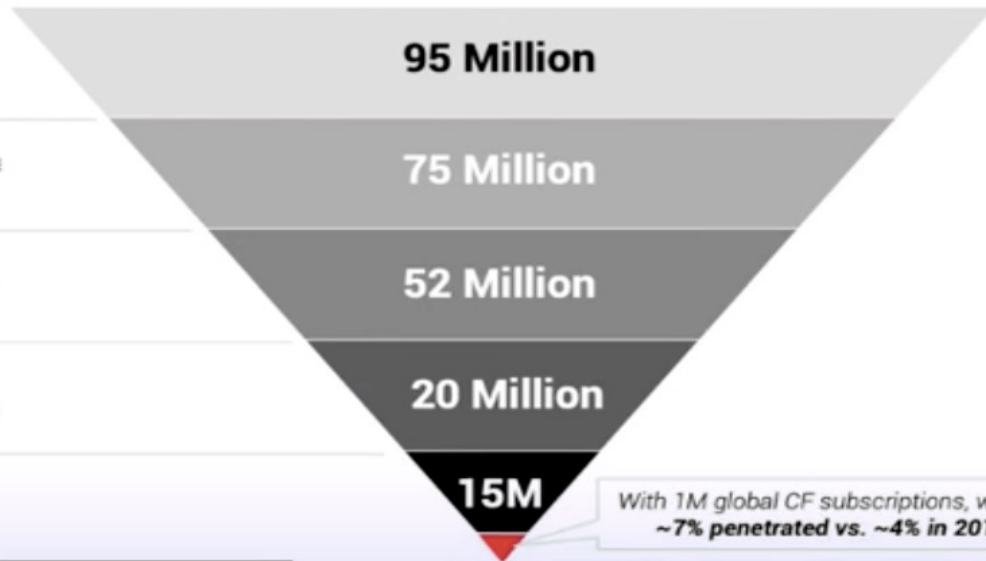
**Peloton Demographic:** Households aged 18-70 with \$50k or more in household income (or equivalent)

**Peloton TAM:** Households that may or may not be interested in purchasing a Peloton product today, but could be interested in the future. Defined as households with broadband internet and that own or are open to purchasing subscription fitness

**Peloton interest:** Households that express interest in learning more about at least one Peloton product **without seeing price**

**Peloton Connected Fitness + Digital household SAM:** Estimated households that are interested in purchasing one or more current Peloton products at current price

**Peloton Connected Fitness household SAM:** Estimated households that are interested in purchasing one or more current Peloton products at current pricing



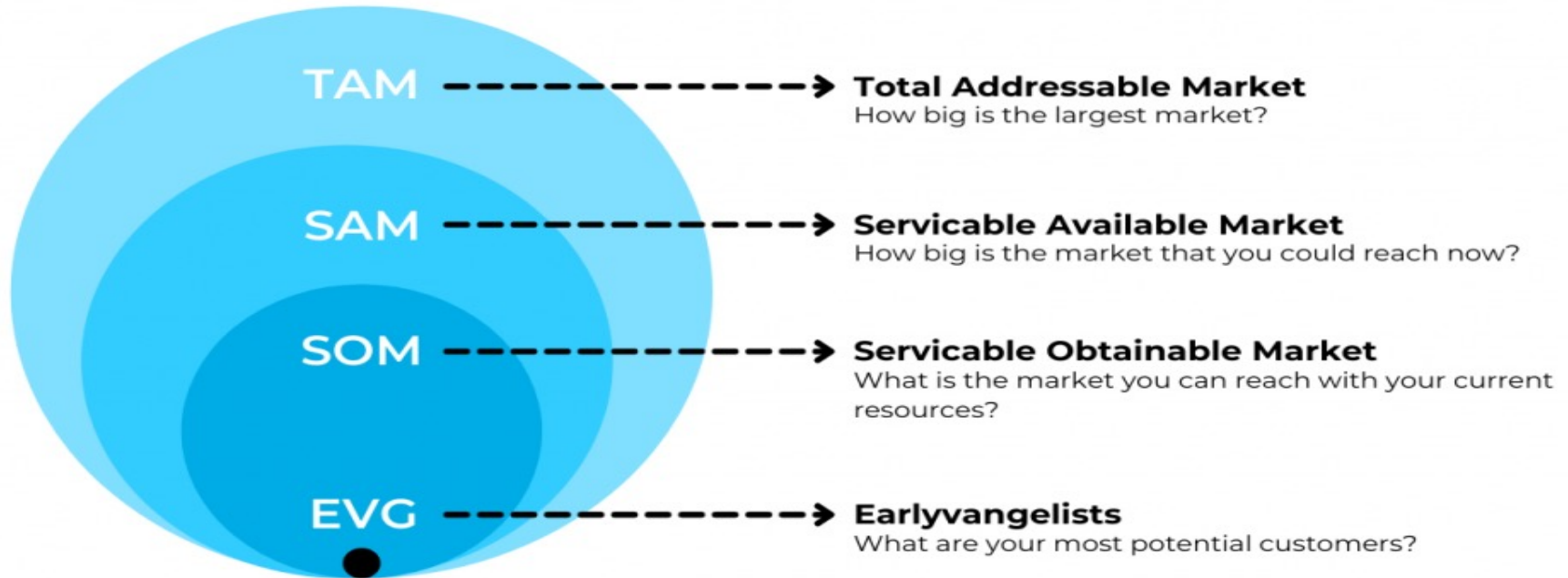
With 1M global CF subscriptions, we are ~7% penetrated vs. ~4% in 2019

**Brand and product awareness drives purchase intent (SAM). To date, the vast majority of our advertising spend has been allocated to Bike. Bike aided awareness is more than double Tread aided awareness. We expect Tread SAM to grow significantly as we market new Tread in FY 2021.**

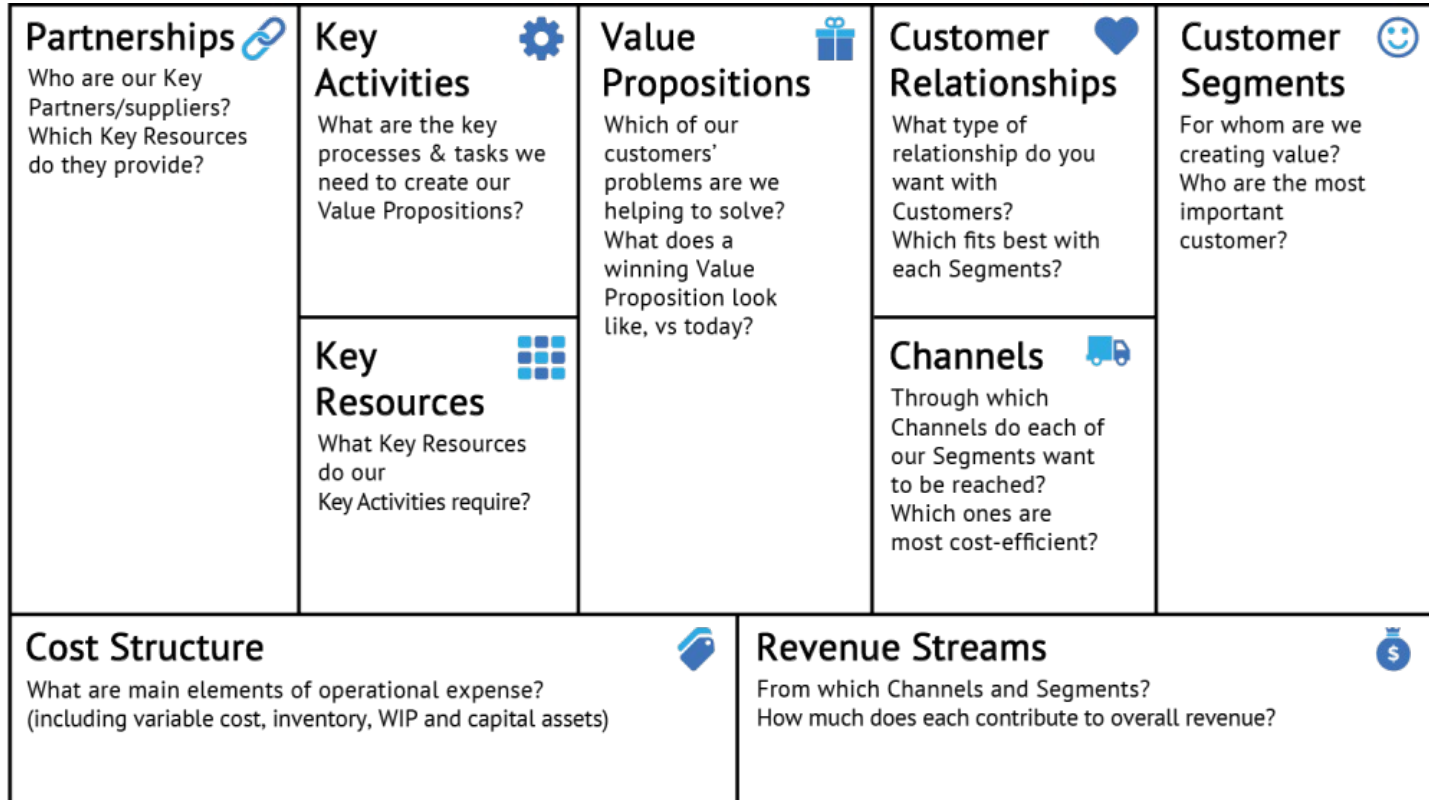
Accounting for households that purchase 2+ units, 2020 Connected Fitness unit SAM is **20 Million** representing +43% growth over 14M in 2019

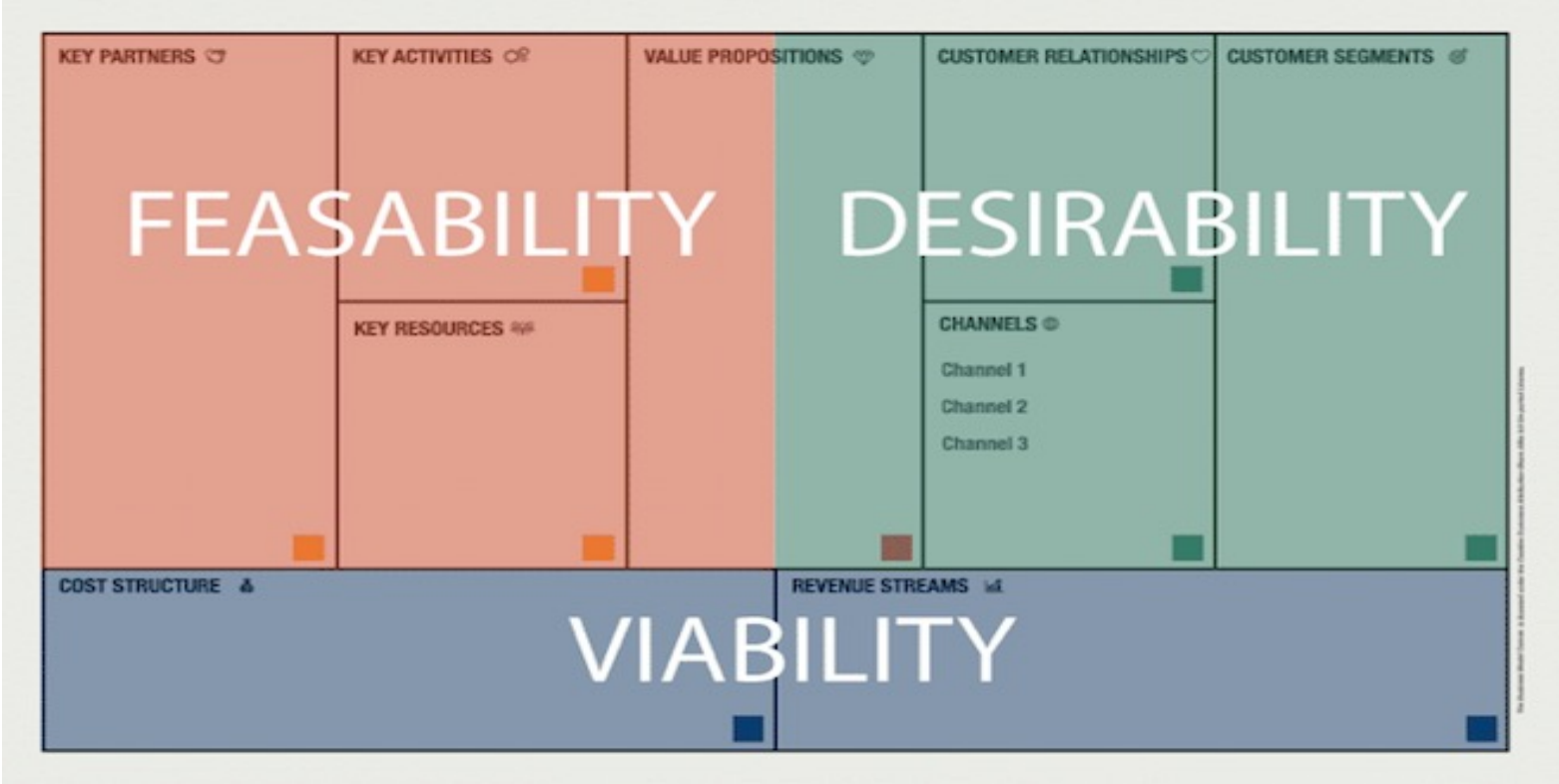


# TAM SAM SOM



# Business Model Canvas



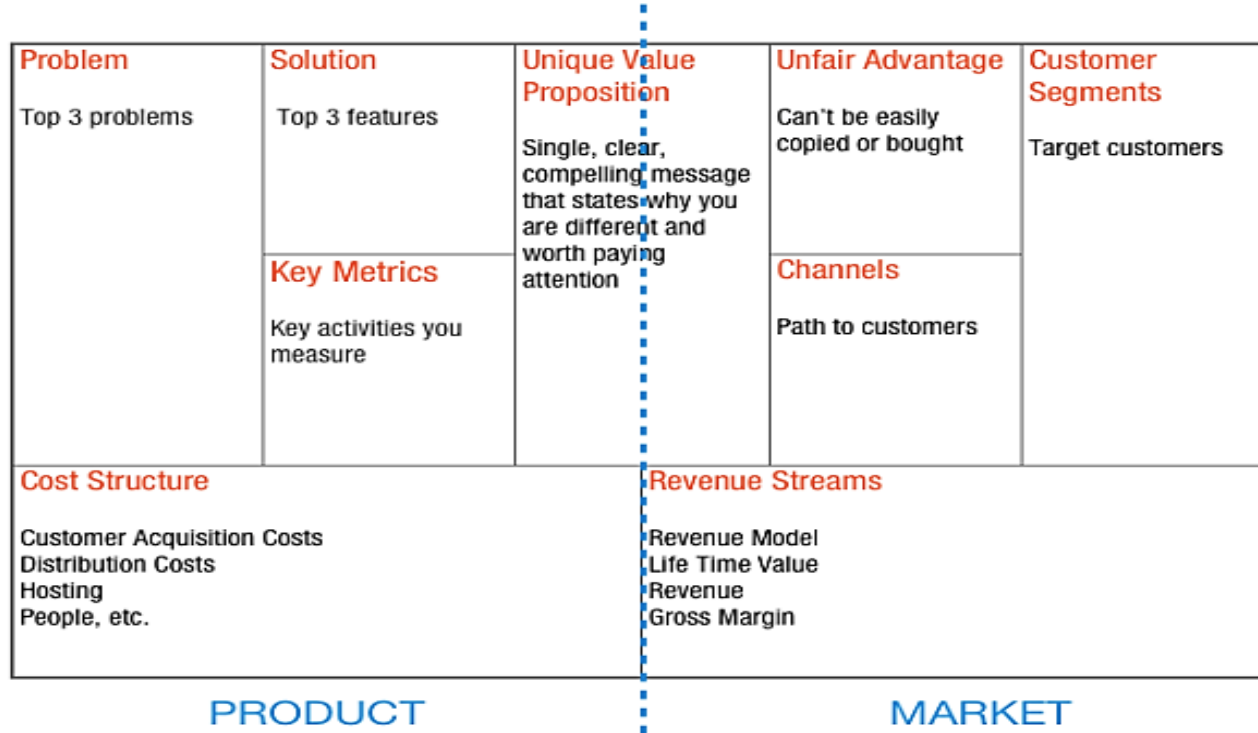




# Lean Canvas

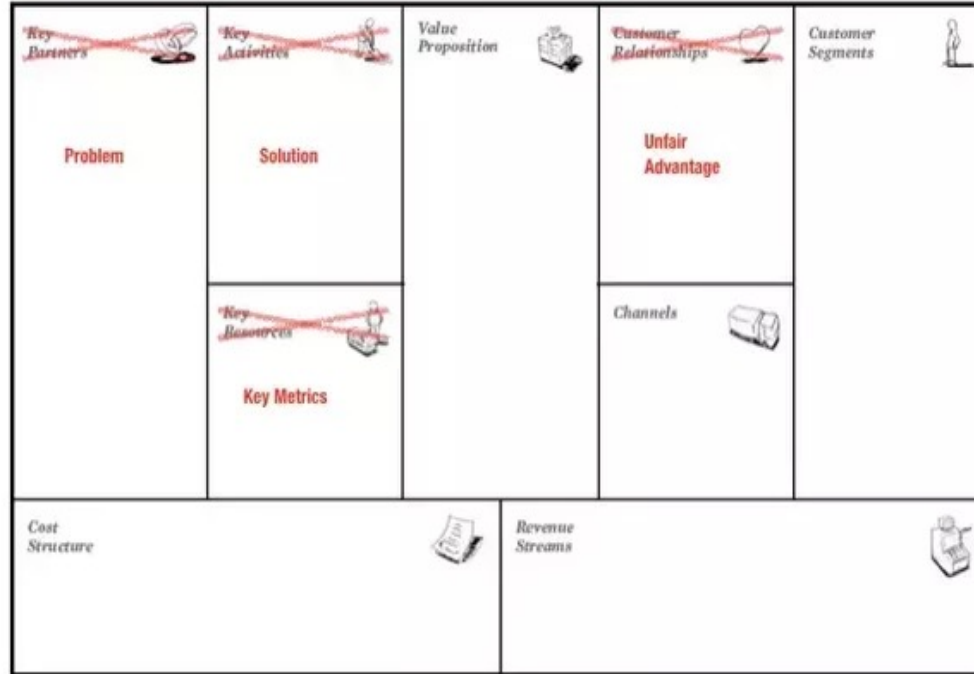


## Lean Canvas



Lean Canvas – How I Document my Business Model, [practicetrumpstheory.com](http://practicetrumpstheory.com) August 2009, Accessed Feb 22, 2014.

# Business Models



## Lean Canvas **vs** Business Model Canvas





<b>PROBLEM</b> Top 3 problems  1	<b>SOLUTION</b> Top 3 features  4	<b>UNIQUE VALUE PROPOSITION</b> Single, clear, compelling message that states why you are different and worth buying  3	<b>UNFAIR ADVANTAGE</b> Can't be easily copied or bought  5	<b>CUSTOMER SEGMENTS</b> Target customers  2
	<b>KEY METRICS</b> Key activities you measure  8		<b>CHANNELS</b> Path to customers  9	
<b>COST STRUCTURE</b> Customer Acquisition Costs  Distributing Costs  Hosting  People, etc.  7		<b>REVENUE STREAMS</b> Revenue Model  Lifetime Value  Revenue  Gross Margin  6		



## 2. Business Model Canvas

<b>Partnerships</b> <ul style="list-style-type: none"> <li>- <b>Trainers:</b> Live and pre-recorded training session</li> <li>- <b>Developers:</b> Integration across platforms</li> <li>- <b>Technology vendors:</b> Firestick, Chromecast SDK integration, etc.</li> <li>- <b>Celebrities</b></li> <li>- <b>Product managers:</b> Customer experience</li> <li>- <b>Payment gateways:</b> Razor pay, PayPal, etc.</li> <li>- <b>Ad serving:</b> Google Ads, Facebook, InMobi</li> </ul>	<b>Key activities</b> <ul style="list-style-type: none"> <li>- Platform development</li> <li>- Content creation</li> <li>- Data science</li> </ul>	<b>Value Proposition</b> <ol style="list-style-type: none"> <li><b>1. Personalization:</b> Workouts tailored to customers needs</li> <li><b>2. Community</b> to support and nurture your fitness journey</li> <li><b>3. Personal assistance:</b> Track your metrics, get feedback on lessons through AI powered assessment</li> <li><b>4. Regional touch:</b> Exercises in different languages and with influencers</li> </ol>	<b>Customer relationships</b> <ul style="list-style-type: none"> <li>- Personal assistance for premium members</li> <li>- Online support</li> <li>- Community: Same side and cross side network effects</li> </ul>	<b>Customer Segments</b> <ul style="list-style-type: none"> <li>- All fitness enthusiasts</li> <li>- Beginner level users starting workout</li> <li>- Bike, tread and other workout equipment owners</li> <li>- Working professionals with lack of time</li> <li>- Price sensitive enthusiasts who not willing to pay for gyms or trainers</li> </ul>
	<b>Key Resources</b> <ul style="list-style-type: none"> <li>- Developers</li> <li>- Trainers</li> <li>- Technology infrastructure</li> <li>- Code base</li> <li>- Recording equipments, studio, etc.</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>- Advertising on OTT platforms, music apps, etc.</li> <li>- Social Media</li> <li>- Podcasts</li> <li>- Influencer marketing</li> <li>- Local gyms</li> <li>- Play store</li> </ul>	
<b>Cost Structure</b> Customer Acquisition costs, Marketing cost Distribution costs, R&D Hosting, Licensing People( Trainers, Developers, Product managers, Shooting) Commissions on payments, etc.		<b>Revenue Streams</b> Freemium model with multiple tiers <ol style="list-style-type: none"> <li>1. Free: access to limited type and number of classes</li> <li>2. Trial: 14-day period with access equivalent to regular users</li> <li>3. Regular: Access to classes and community (199/month)*</li> <li>4. Premium- Personal trainers and all other features (499/m)*</li> </ol> Revenue from ads in free and fees in regular and premium		

\* Based on benchmarking with cure.fit and other services

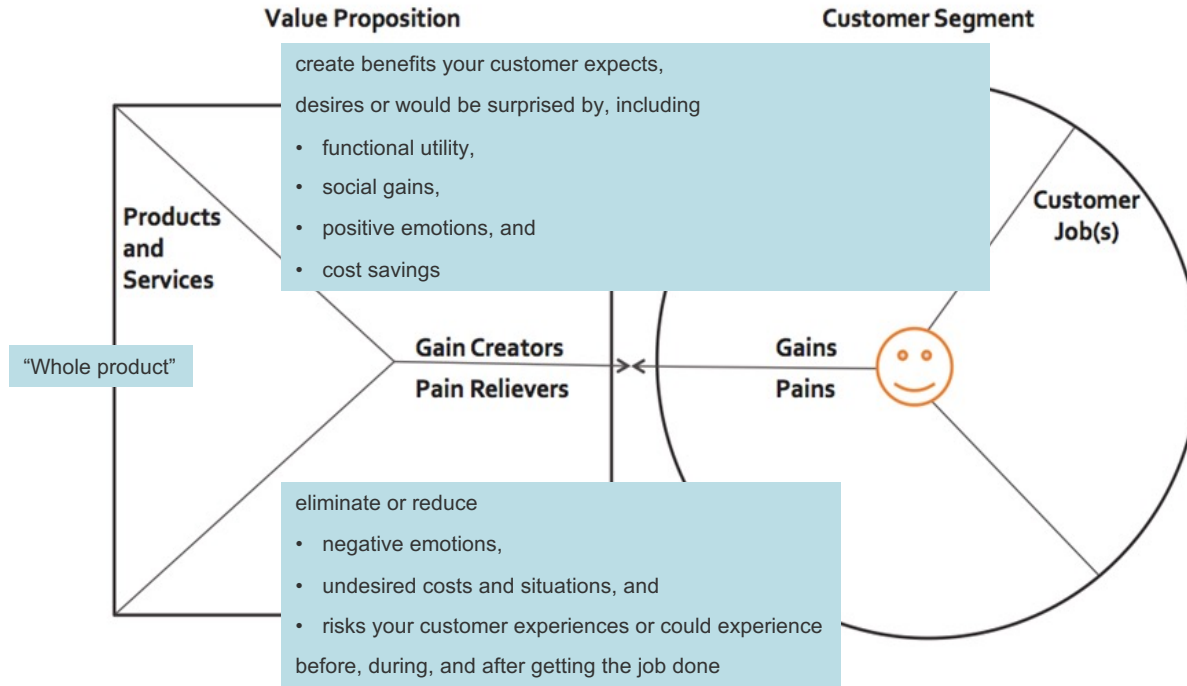


# Culture Canvas

Business Model Canvas with Culture at the centre



# Value Canvas



Based on Osterwalder, Pigneur (2014): Value Proposition Design.

# Agenda

## **2. Product Strategy**

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# Pricing Concepts



- Static
  - e.g. books, school fees (?)
- Dynamic
  - e.g. airline tickets, rental cars

# 2. Product Strategy

## 2.5 Pricing

- Significant factor influencing profitability, market share and customer satisfaction
- McKinsey 8/2010:
  - 1 % higher average price
    - ➔ 8,7 % higher profit
  - Recommend an independent pricing organization and strict pricing governance rules
- Dependent on position in the market and in the product life cycle
- High price flexibility due to low variable cost



# Your views of Pricing ?

Market determines  
the price

Value determines  
the price

Competition sets the  
price

Customers'  
alternatives define  
the price

We can influence  
the value hence  
price

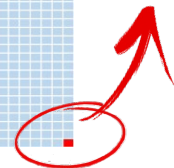




# How much effort is spent on determining software pricing?

**10,000 Days Effort  
Major Software  
Version Upgrade**

**Avg time spent evaluating  
pricing strategy**



April 2024



# Pricing Improvement Impact (“The 1% Mindset”)

**+1%**  
**Improvement**  
**with Pricing per**  
**\$100M**

**=**

**+\$1M**



# Pricing Improvement Impact (“The 5% Mindset”)

$$\begin{array}{l} +5\% \\ \text{Improvement} \\ \text{with Pricing per} \\ \\ \$100\text{M} \end{array} = +\$5\text{M}$$



# Pricing Improvement Impact (“The 10% Mindset”)

**+10%**  
**Improvement**  
**with Pricing per**  
**\$100M**      **=**      **+\$10M**

# 2. Product Strategy

## 2.5 Pricing

- Objectives:
  - sustainable success of the software products across their life cycles
  - Establishment of and adherence to corporate pricing strategy and guidelines
- Measurements (long term and delayed):
  - Profit
  - Customer satisfaction
  - Market penetration



➔ Continuous tracking of relevant measures (with the help of Finance and Controlling)

# 2. Product Strategy

## 2.5 Pricing



### Role of Pricing Manager

- Central leadership role for all aspects that concern the pricing of products
- Guiding Sales and Marketing
- Typically without (full) hierarchical management competencies, but with veto rights for sales transactions that do not adhere to pricing guidelines
- ➔ Convincing (persuading) moderator and negotiator
- Skill profile: sales, finance
  
- Generally well aligned with SPM
- Potential source of conflict: corporate pricing strategy and guidelines

# 2. Product Strategy

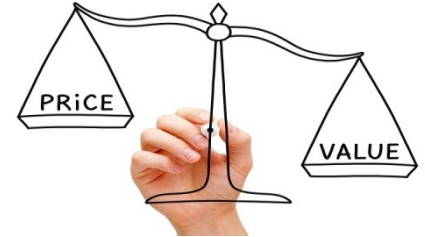
## 2.5 Pricing

- **Value-based:**

Customer → Value → Price → Cost → Product  
(recommended for standard software products)

- **Cost-based:**

Product → Cost → Price → Value → Customer  
(recommended for services, e.g. fixed price for individual software development)



# 2. Product Strategy

## 2.5 Pricing



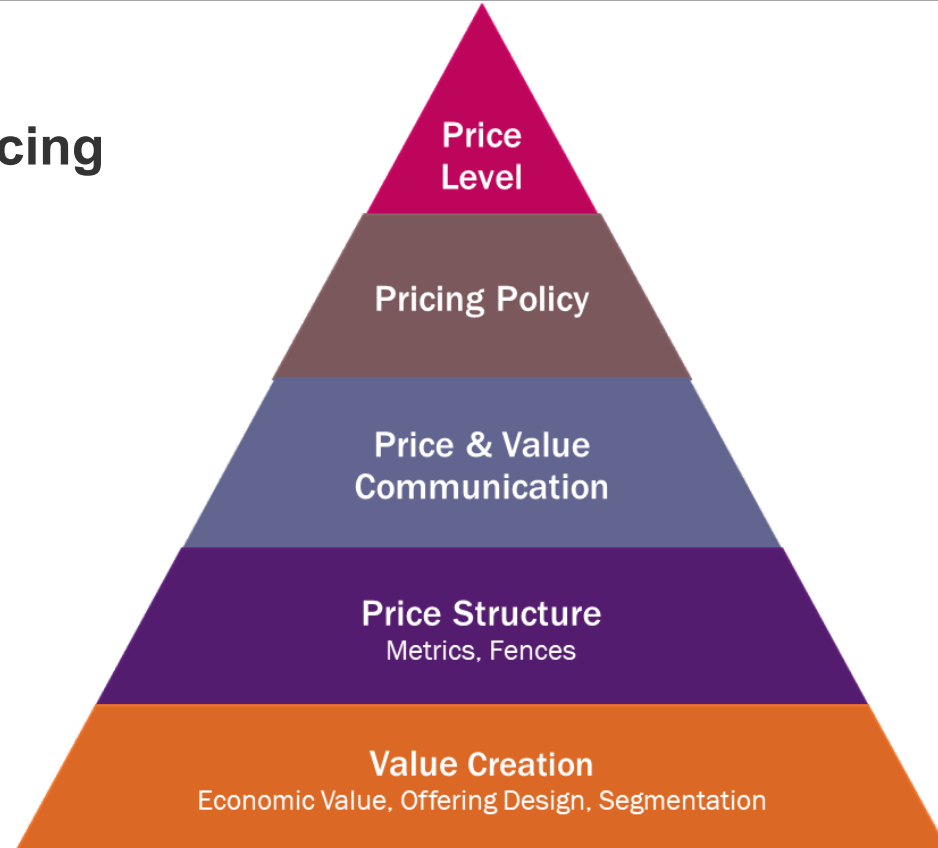


# 2. Product Strategy

## 2.5 Pricing



### Strategic Pricing Pyramid



© Strategic Pricing Group 2005

April 2024

65

# 2. Product Strategy

## 2.5 Pricing

- **Price Structure**

The manner in which the prices for a given software product are offered, including the metric by which those prices may vary for the single product (e.g. one single price, price based on number of users, on capacity, on usage, or on volume of licenses acquired).

- Once set it cannot easily be changed.
- Consistency between similar products and within product families advisable.
- Capabilities of back office systems define limits to creativity.

# 2. Product Strategy

## 2.5 Pricing



### Price Structure

- One-time vs. Periodic
- Usage-based pricing (periodic)
  - Number of transactions
  - Number of users
  - Number of usage hours
- Fixed price (one-time or periodic)
  - Host
  - Seat
  - Floating
  - Site
- Discounting

# 2. Product Strategy

## 2.5 Pricing

### Price Structure

- Maintenance (with or without version upgrades):  
between 12 and 25 % of listed license price per year
- Services
  - Packaged (fixed price)
  - Individual (price based on daily rates)



# 2. Product Strategy

## 2.5 Pricing

### Freemium

- No charge for basic offering (teaser)
- Premium charge for
  - Advanced features
  - Additional functions
  - Virtual goods



*"Maybe we should offer free premium content."*

# 2. Product Strategy

## 2.5 Pricing



### Pricing Policy

A formal definition of the manner in which prices may be altered, e.g. price level or price structure, by whom they may be altered, under what circumstances, and to what degree.

- Clear rules must be established, in particular with regard to Sales.
- Experience: price levels tend to fall to the maximum delegation level over time.
- If pricing guidelines kill business opportunities frequently general price levels and possibly price structure need to be revisited.

# 2. Product Strategy

## 2.5 Pricing

### Price Level

The actual amount of charge within the price structure,  
e.g. if charged per user the price is \$10 or \$11.

- Typically set shortly before the launch of a new product or version.
- Driven by value and market.
- Different market tiers often require different price levels
- ➔ Delicate balancing and fencing

# 2. Product Strategy

## 2.5 Pricing : SaaS

- **Fixed** price per month (which is similar to the traditional monthly or annual license charge and annual maintenance fee)
- **Usage-based** price per month (which is similar to attempts of usage-based pricing in traditional license models, but easier to implement and administer since the software runs under the control of the vendor)
- **No cost**, but with embedded advertisements that create the revenue for the vendor. Examples of the latter model are the Google search engine or the Google office products called Google Docs.
- **Freemium**





## Free

The quickest and easiest way to try Slack

₹0/mth

GET STARTED

- ✓ Access to the most recent 90 days of message history
- ✓ 10 integrations with other apps like Google Drive, Office 365 and many more
- ✓ One-on-one audio and video conversations with screen sharing

## Pro

More power for small teams who want better collaboration

~~₹545~~ ₹218/mth\*

GET STARTED

All the benefits of Free and:

- ✓ The full context of your organisation's message history at your fingertips
- ✓ Timely info and actions in one place with unlimited integrations
- ✓ Audio and video conversations with screen sharing with up to 50 people
- ✓ Secure collaboration with outside organisations or guests from within Slack

## Business+

Scale your business, increase productivity and keep your teams connected

~~₹938~~ ₹375.20/mth\*

GET STARTED

All the goodness of Pro, and:

- ✓ Advanced identity management through SAML-based SSO and real-time Active Directory sync with OneLogin, Okta and Ping Identity
- ✓ Compliance requirements met with data exports for all messages
- ✓ Around-the-clock teamwork and assistance with 99.99% guaranteed uptime and 24/7 support with a four-hour response time

## Enterprise Grid

Slack for the most demanding enterprises – all the flexibility to meet your regulatory requirements and all the power to match your growth

CONTACT SALES

All the greatness of Business+, and:

- ✓ Peace of mind with enterprise-grade security and compliance, such as HIPAA support and the Enterprise Key Management add-on
- ✓ Large scale collaboration and alignment with support for up to 500,000 users
- ✓ Streamlined administration with centralised controls and customisable policies
- ✓ Tailored support with a designated account and customer success team



Gmail



Drive



Meet



Calendar



Chat



Currents



Jamboard



Docs



Sheets



Slides



Keep



Sites



Forms

## MOST POPULAR

## Business Starter

₹125 INR

₹210\*

/user/month

[Get started](#)

- ✓ Custom and secure business email
- ✓ 100 participant video meetings
- ✓ 30 GB cloud storage per user
- ✓ Security and management controls
- ✓ Standard Support

## Business Standard

₹672 INR

₹840\*

/user/month

[Get started](#)

- ✓ Custom and secure business email
- ✓ 150 participant video meetings + recording
- ✓ 2 TB cloud storage per user
- ✓ Security and management controls
- ✓ Standard Support (paid upgrade to Enhanced Support)

## Business Plus

₹1260 INR

/user/month

[Get started](#)

- ✓ Custom and secure business email + eDiscovery, retention
- ✓ 250 participant video meetings + recording, attendance tracking
- ✓ 5 TB cloud storage per user
- ✓ Enhanced security and management controls, including Vault and advanced endpoint management
- ✓ Standard Support (paid upgrade to Enhanced Support)

## Enterprise

Contact sales for pricing

[Contact sales](#)

- ✓ Custom and secure business email + eDiscovery, retention, S/MIME encryption
- ✓ 250 participant video meetings + recording, attendance tracking, noise cancellation, in-domain live streaming
- ✓ As much storage as you need
- ✓ Advanced security, management, and compliance controls, including Vault, DLP, data regions, and enterprise endpoint management
- ✓ Enhanced Support (paid upgrade to Premium Support)



Save ₹250

## Individual

₹939 for the 12-month one-time plan

1 account

- ✓ Ad-free music listening
- ✓ Group Session
- ✓ Download 10k songs/device on 5 devices

VIEW PLANS

Terms and conditions apply. Open only to users who aren't subscribed to a recurring Premium plan and who haven't purchased either a 12-month one-time Premium plan at a promotional price or a 6-month one-time Premium plan offering 3 additional months free. Offer ends 4 November 2021.

## Mini

One-time plans from ₹7

1 account

- ✓ Listen to music ad-free on mobile
- ✓ Group Session
- ✓ Download 30 songs on 1 mobile device

VIEW PLANS

Terms and conditions apply.

## Duo

₹165/month

2 accounts

- ✓ For couples who live together
- ✓ Ad-free music listening
- ✓ Group Session
- ✓ Download 10k songs/device, on 5 devices per account

VIEW PLANS

Terms and conditions apply.

## Family

₹199/month

Up to 6 accounts

- ✓ For family who live together
- ✓ Block explicit music
- ✓ Ad-free music listening
- ✓ Group Session
- ✓ Download 10k songs/device on 5 devices

VIEW PLANS

Terms and conditions apply.

## Premium Student

Unlimited music, podcasts, and more. One-time plans from ₹66 while you're in school.

GET PREMIUM

# Pricing Strategies

- Premium pricing price strategy (high price, high quality and image)
- Skimming price strategy (high price for innovative products for compensation of usually high investment)
- Promotion price strategy (lower price, high quality, e.g. temporary special offers)
- Penetration strategy (low price with the introduction of products for rapidly gaining market share)
- Price differentiation strategy (same product, different prices, e.g. in different market segments – temporary, geographically, personnel, quantitatively)

# Pricing Strategies

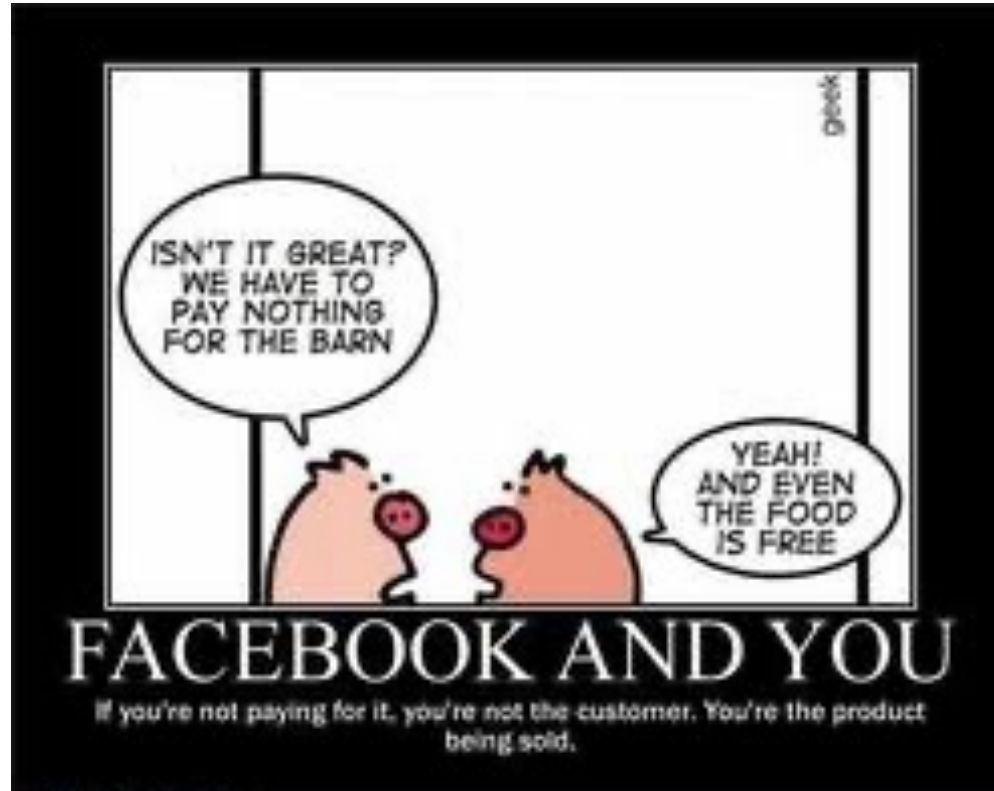


- Price bundling (single pricing or product package)
- Life-cycle-dependent pricing strategy (situation-specific decision if, e.g. in the introduction phase, high or low prices are to be set)
- Yield Management (primarily used with services - by controlling prices and quantities, demand should be smoothed, e.g. early booking discounts)
- Dynamic, non-linear pricing strategy (usage independent component, e.g. fixed charges, and usage based component, e.g. depending on usage)

Goal	Typical For	Pricing Strategy
Maximization of profits	Established companies	Calculate the maximum that each customer is willing to pay. Charge that amount.
Penetration of a market	Well-funded businesses entering new markets	Put the focus on user count rather than growth. Many firms will attempt to temporarily select prices below those of established competitors. Note that this risks branding the product as an <b>inferior good</b> .
Saturation of a market	Dominant firms	Businesses pursuing this goal may choose to offer at least one tier priced below the profit-maximizing price. This is done so as to prevent new entrants from establishing a foothold in the marketplace.
Maximization of liquidity	Firms with limited financial runways (new, bootstrapped firms or firms that are losing money)	Offer discounts for better payment terms (prepayment). Firms using this strategy will reduce income uncertainty and receive immediate infusions of cash in exchange for lower expected income.
Maximization of goodwill	Companies producing items that are ancillary to their core business and individuals looking to build their reputations	Firms willing to subsidize the costs of their software may see their reputations rise and attract attention toward their other products. This strategy must be implemented carefully, lest the price reductions be seen as a signalling of weakness. Do note that non-software products can be provided under this strategy. Common examples include: products and certifications.

## 2. Product Strategy

### 2.5 Pricing : SaaS





# 2. Product Strategy: 2.5 Pricing: Pricing Framework (Kittlaus/Clough, 2009)



	Strategy	Structure, Policy, Level	Pricing in Distribution Channels	Pricing for Large Cust. Accounts	Pricing for The Global. Market	B2C	SaaS	Pricing for Enterprise IT Organisations
Corporate Level	Overall Pricing Strategy, short and long term  Responsibilities	Single Price Policy, consistently enforced (maybe multiple for different lines of business)	Specific needs of each distribution channel	Approaches for dealing with large customers	Strategic approach to differential prices per country  Influence of currency rates	Channel strategy  IP strategy	Positioning in the portfolio  Influence on revenue	Positioning in the corporation
Product (family) Level	Product (family) strategy with respect to price structure and levels	Price structure, metric, level, charge options  Competitive advantage vs. optimized Revenue	Volume program  Incentives	Discounts  Negotiations	Approaches across geos  Influence of Country- and product-specific cost	Levels compared to competition	Cannibalization vs. Protection of License products	Profit Center vs. Cost Center
Focus Topics		Price during life cycle  Cost of implementation  Price within a Service offering	Market expansion  OEM  ISV	Special Bids  Role of Procurement  Value selling				Make or Buy  Outsourcing

# Agenda

## **2. Product Strategy**

### **2.1 Essentials**

### **2.2 Positioning and Product Definition**

### **2.3 Delivery and Service Strategy**

### **2.4 Sourcing**

### **2.5 Pricing**

### **2.6 Financial Management**

### **2.7 Ecosystem Management**

### **2.8 Legal and IPR Management**

### **2.9 Performance and Risk Management**

### **2.10 Business Models**

# 2. Product Strategy

## 2.6 Financial Management

- Business Plan (incl. Forecasts)
- Costing
- Business Case



## 2. Product Strategy: 2.6 Financial Management: Business Plan

- Forecast of selected relevant measures over strategic timeframe (in particular revenue)  
→ Get help from Finance, Market Research
- Planning of resources and budgets
- Over strategic timeframe
- Based on strategy and roadmap



# 2. Product Strategy

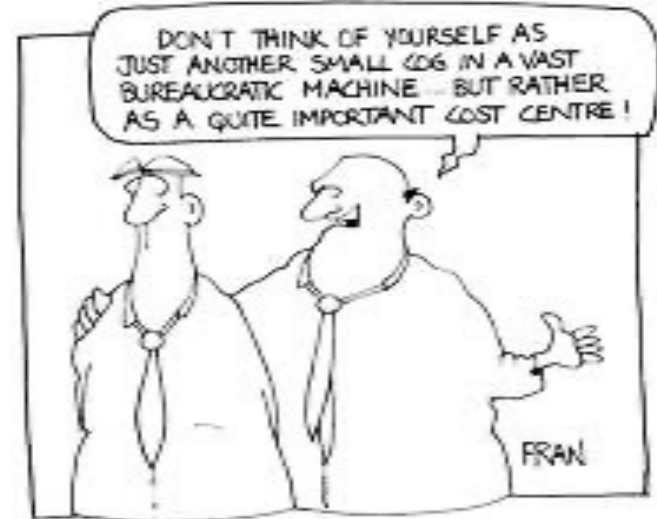
## 2.6 Financial Management: Costing



### Costing History

#### Accounting

- Cost accounting
- Cost management
- Strategic cost management



# 2. Product Strategy

## 2.6 Financial Management: Costing



### Strategic Cost Management

- Cost calculation
  - Estimation methods (bottom-up)
  - Cost Target (top-down)
- Cost management
  - Delegated to project or unit managers

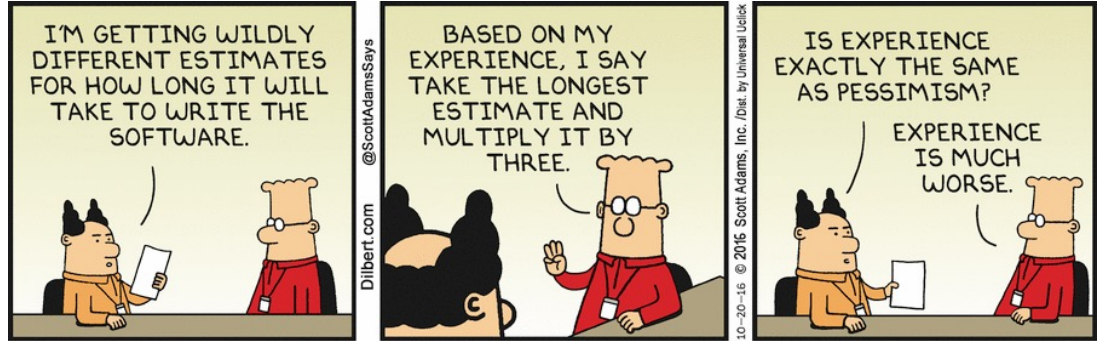


# 2. Product Strategy

## 2.6 Financial Management: Costing

### Estimation methods for software development

1. Function Point Analysis
  2. COCOMO
  3. COSYSMO
  4. PERT
  5. SEER-SEM
- And many more



- ➔ All methods require historic data
- ➔ Assumption: the next project will be similar to previous ones
- ➔ Get help from Development, Finance, Controlling



- **Constructive Cost Model : COCOMO**
  - Product attributes, Hardware attributes, Talent attributes and Project attributes
- **Constructive Systems Engineering Cost Model : COSYSMO**
  - Similar to its predecessor COCOMO, COSYSMO computes effort (and cost) as a function of system functional size and adjusts it based on a number of environmental factors related to systems engineering.
- **Program Evaluation and Review Technique : PERT**
  - Program Evaluation and Review Technique (PERT) is a method used to examine the tasks that are in a schedule and determine a variation of the Critical Path Method (CPM)
  - three time estimates are obtained (optimistic, pessimistic, and most likely) for every activity along the Critical Path
- **Software Evaluation and Estimation of Resources - Software Estimating Model**
  - SEER for Software (SEER-SEM) is composed of a group of models working together to provide estimates of effort, duration, staffing, and defects.



# 2. Product Strategy

## 2.6 Financial Management: Costing



### **Cost Target = Budget**

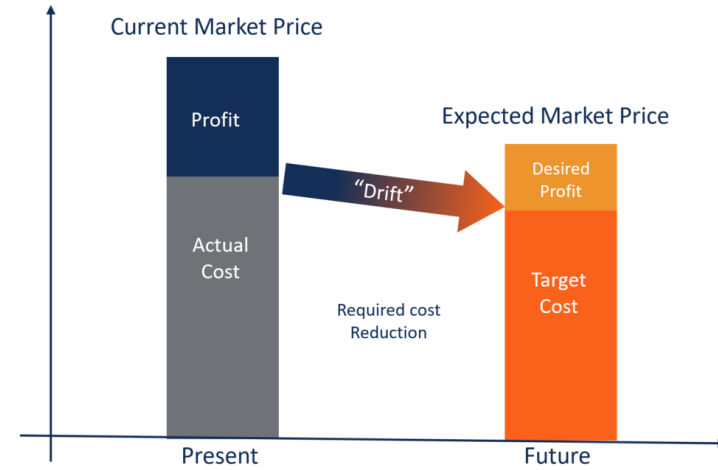
1. Mature organization:  
affordable cost which can be estimated based on revenue forecast  
and profit expectations
2. Startup:  
available funds

# 2. Product Strategy

## 2.2 Business Aspects: Costing

### Target Costing

1. Market into Company  
Market → Price → Target cost
2. Out of Competitor  
Competitors → Competitors' cost → Target cost
3. Out of Company  
Cost estimation (bottom-up) → Target cost
4. Out of Standard Costs  
Cost history of comparable products → Target cost
5. In and Out of Company  
Mix of 1 and 3



\*Chartered Institute of Management Accountants

# 2. Product Strategy

## 2.6 Financial Management: Business Case

- Decision-support and planning approach to compare
  - (quantified) benefit with cost, i.e.
  - likely financial results and other business consequences with required investmentfor a given undertaking.
- Applicable to all levels:
  - Individual requirements
  - Releases
  - Projects
  - Product (for defined timeframe)



# 2. Product Strategy

## 2.6 Financial Management: Business Case

Elements:

- description of the undertaking
- underlying assumptions
- estimate for the required investment
- approach to generate business benefits
- impact on earnings (or savings) over time
- Risk, sensitivity, and contingency analysis



# 2. Product Strategy

## 2.2 Business Aspects: Business Case

- Decision-support and planning approach to compare
  - (quantified) benefit with cost, i.e.
  - likely financial results and other business consequences with required investmentfor a given undertaking.
- Applicable to all levels:
  - Individual requirements
  - Releases
  - Projects
  - Product (for defined timeframe)

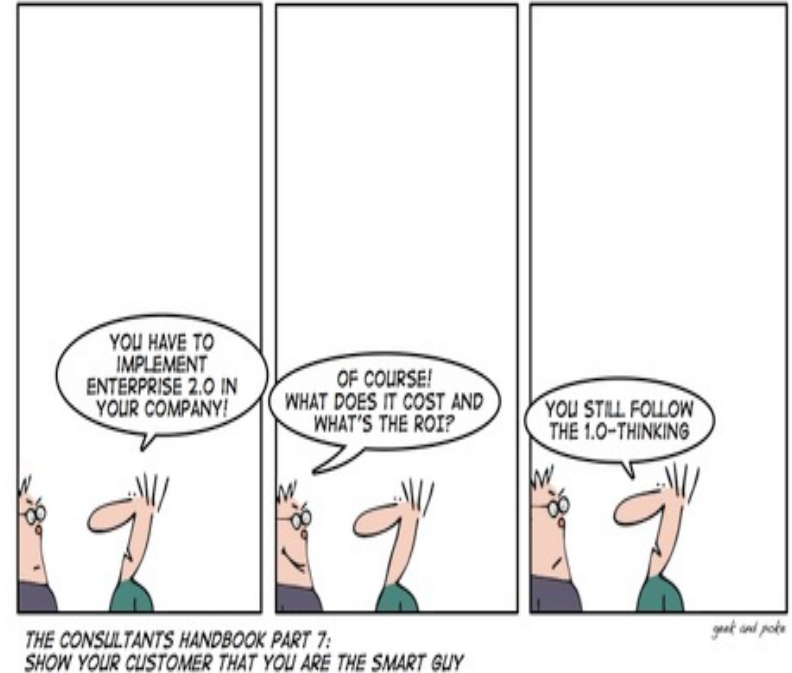


# 2. Product Strategy

## 2.2 Business Aspects: Business Case

### Elements:

- description of the undertaking
- underlying assumptions
- estimate for the required investment
- approach to generate business benefits
- impact on earnings (or savings) over time
- Risk, sensitivity, and contingency analysis
- Business Case as a tool
  - To Clarify
  - To Justify the Costs
  - To Prioritise
  - For Value Realisation



# 2. Product Strategy

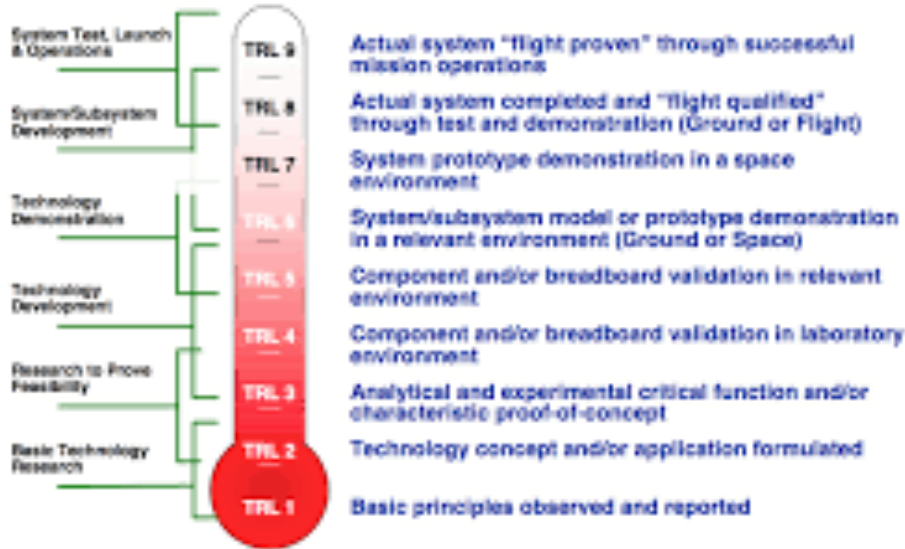
## 2.2 Business Aspects: Business Case

- For risk reduction consider scenarios with estimated probabilities:
  - Best case
  - Median case
  - Worst case
- Techniques:
  - ROI (Return on Investment)
  - NPV (Net Present Value)
  - PaybackAnd many more



# Investment Readiness Level

## NASA/DOD Technology Readiness Level



## Investment Readiness Level



\*Steve Blank





## Partnerships and the Software Ecosystem

- Software Ecosystems and Their Players
- Selecting and Managing Partners

### Channels

- Sales Channels in Relation to Products
- Defining the Channel Strategy
- Managing the Channels

### Competition and Other Alternatives

- Identifying and Analyzing the Customers' Alternatives
- Defining the Competitive Strategy

three attributes are essential when discussing the different variants of digital platform ecosystems:

- (1) platform ownership,
- (2) value-creating mechanisms, and
- (3) the autonomy of complementors

# 4. Partnerships and the Software Ecosystem

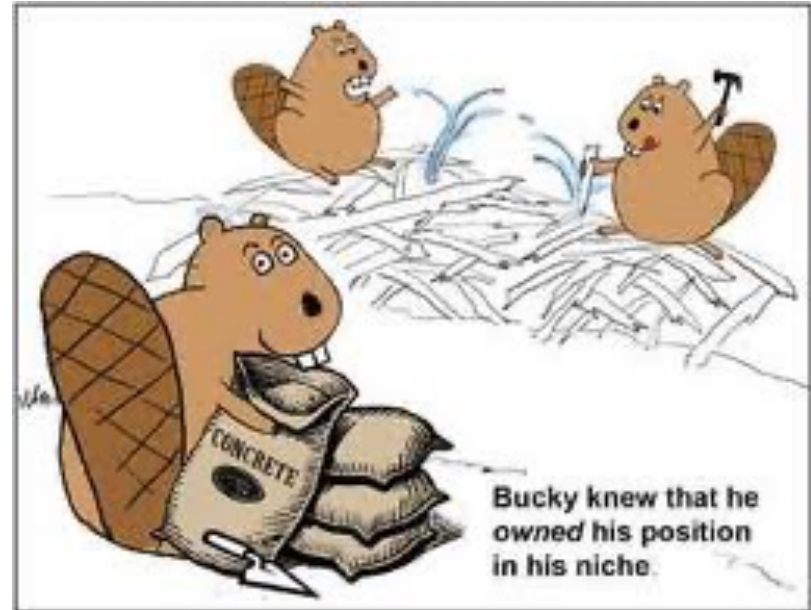
- Ecosystem:  
A set of businesses functioning as a unit and interacting with a shared market for software and services, while maintaining beneficial relationships among them.
- Often based on technical platform and cooperation.
- Decision about role in ecosystem is made on corporate level, but has significant impact on SPM.

Jansen, Cusumano, Brinkkemper (2013): Software Ecosystems: Analyzing and Managing Business Networks in the Software Industry.



# 4. Partnerships and the Software Ecosystem

- Roles and strategies in an ecosystem:
  - **Dominator**  
hub, aggressive, rather uncooperative, dangerous for other players  
Example: Apple
  - **Keystone player**  
hub, more cooperative, supportive, often platform provider  
Example: Google with Android
  - **Niche player**  
no hub, looking for opportunities the others leave open



Iansiti, Levien (2004): The Keystone Advantage.

# 4. Partnerships and the Software Ecosystem

## Elements of ecosystems:

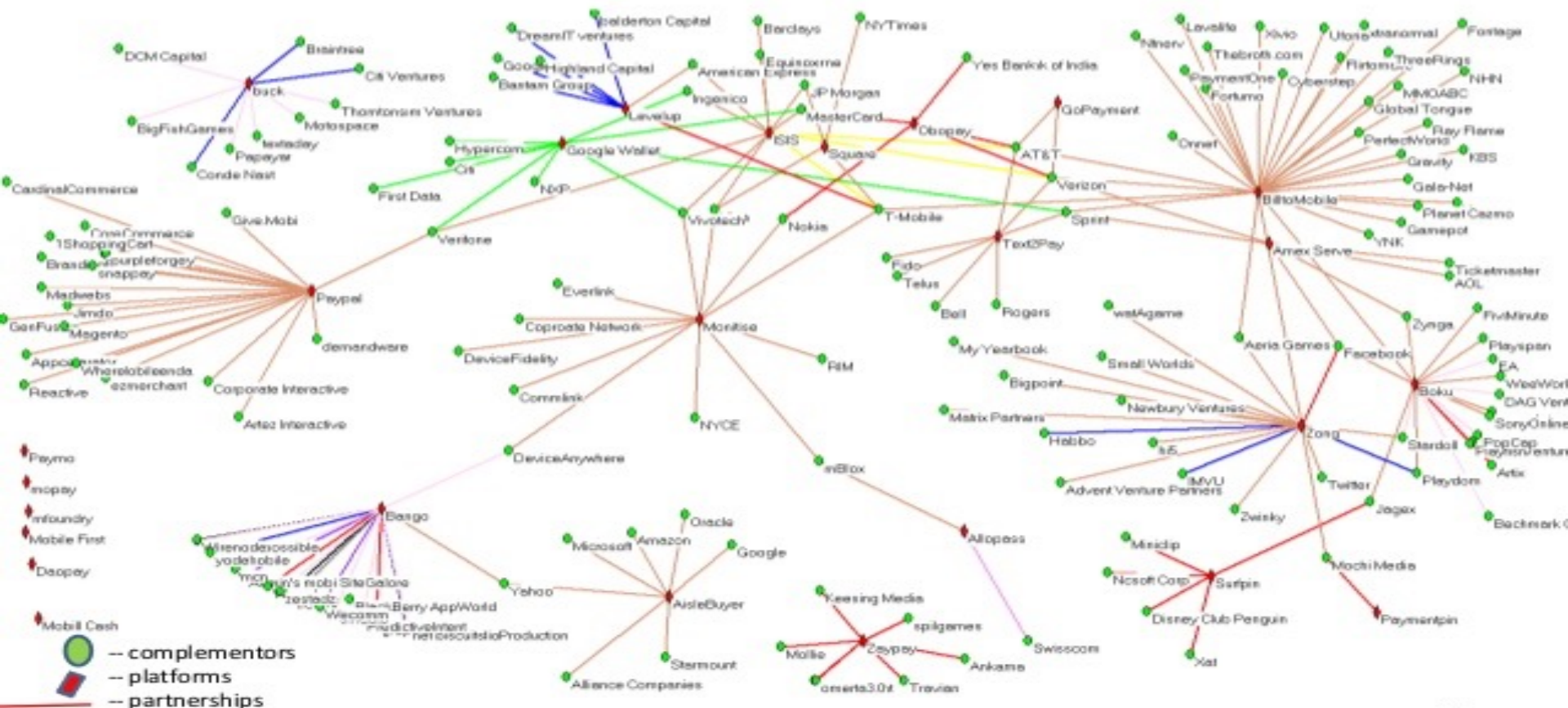
- Stakeholders
- Relationships
- Boundaries
- Behavior
- Strategies

## Relationships:

- Competitors / Coopetitors
- Acquisition targets
- Channel partners
- Other software vendors
- Influencers
- Customers, including OEM customers
- Suppliers

External sourcing of people and software typically with partners

# Ecosystem



# 4. Partnerships and the Software Ecosystem

## Partner Program



- Advisable for companies with a product that is the platform of an ecosystem
- Enables the company to manage the ecosystem more actively and explicitly
- Balance required between:
  - Own effort
  - Own benefits
  - Partners' commitment/effort
  - Partners' benefits
- **Typical objectives:**
  - Scaling of business
  - Additional competencies
  - Extended market reach
  - Whole product offering

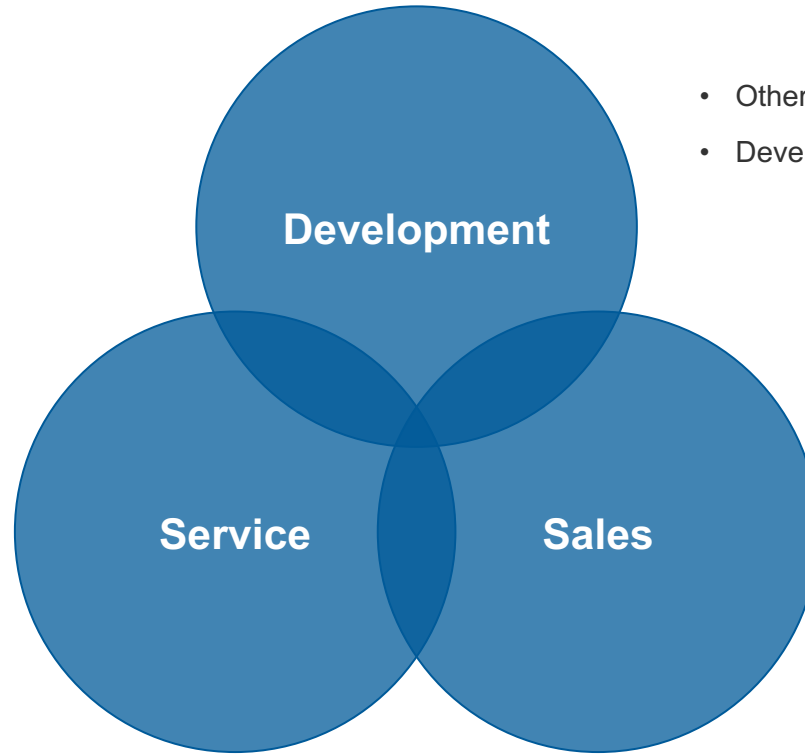
# 4. Partnerships and the Software Ecosystem

## Ecosystem Players and Partner Program

### Influencers

- Consultants
- Press
- Market Research companies
- Customers

- Value Added Reseller (VAR)
- System Integrator (SI)
- Professional service providers
- Consultants



- Other software vendors
- Development partners

- Value Added Reseller (VAR)
- Independent Software Vendor (ISV)
- System Integrator (SI)
- Original Equipment Manufacturer (OEM)
- Consultants

# 4. Partnerships and the Software Ecosystem

## Partner Program: Examples



IBM PartnerWorld

- 3 Levels  
(member, advanced, premier)



Partner Network

- 4 Types  
(Cloud, Prof. Serv., Reseller, Dev.)
- 3 Levels  
(Partner, Silver, Gold)



SAP | PartnerEdge

- 4 Types  
(Cloud, Prof. Serv., Reseller, Dev.)
- 4 Levels  
(Partner, Silver, Gold, Platinum)



PTC® PartnerAdvantage

- 4 Types  
(Prof. Serv., Reseller, SW + HW Dev.)
- 3 Levels  
(silver, gold, platinum)





## **Partnerships and the Software Ecosystem**

- Software Ecosystems and Their Players
- Selecting and Managing Partners

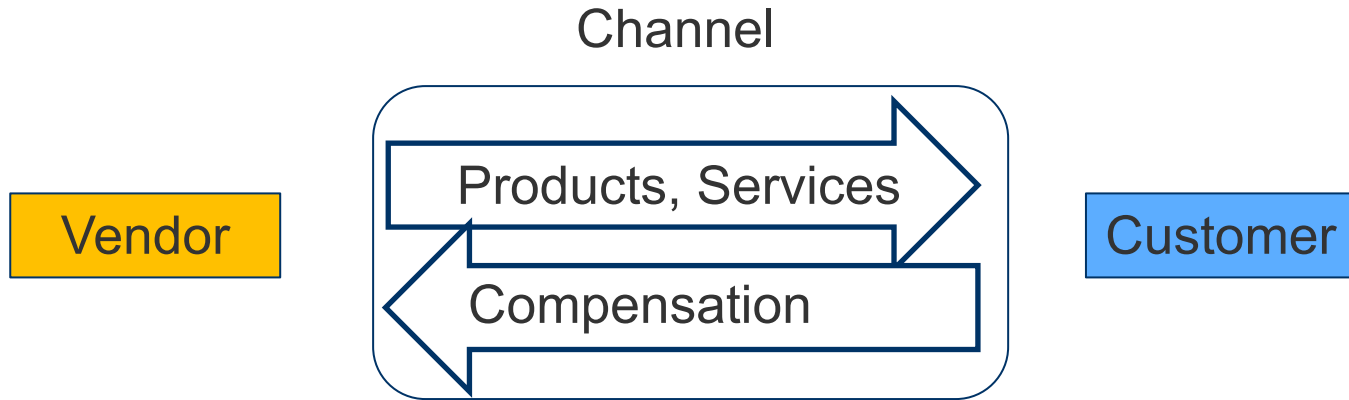
## **Channels**

- Sales Channels in Relation to Products
- Defining the Channel Strategy
- Managing the Channels

## **Competition and Other Alternatives**

- Identifying and Analyzing the Customers' Alternatives
- Defining the Competitive Strategy

# 5. Channels



B2B, B2C, special case: multi-sided platforms

# 5. Channels Categories

- Physical channel
  - Direct Sales
    - In-person contact
    - Direct salesforce
      - Farming (key account managers for existing customers)
      - Hunting (new customer acquisition)
    - Inside sales (telesales)



INSIDE SALES NINJA



# 5. Channels Categories



- Physical channel
  - Indirect Sales
    - Through partners, usually managed in Partner Program
      - Independent Software Vendor (ISV)
      - Original Equipment Manufacturer (OEM)
      - Reseller
      - Value Added Reseller/Remarketer (VAR)
      - Professional service provider
      - System integrator (SI)
      - Intermediary (e.g. marketplace)

# 5. Channels Categories

- Alternative channel classifications:
  - Free versus paid
  - Inbound versus outbound
  - Automated versus direct



What was her reply?



Unsubscribe



# 5. Channels

## Channel Selection

### Criteria:

- Whole product
- Target market segments
- Delivery model
- Cost of sales vs. revenue potential



# 5. Channels

## Channel Selection: Additional Aspects

- relationship frequency (frequent vs. one-off)
- place of purchase
- strategies in software ecosystems
- purchase frequency
- purchase occasion
- customers' attitude towards the product or the service
- use rate

# 5. Channels

## Channel Management

- Usually with Marketing
- Part of a partner program (if existing)
- Avoid channel conflicts
  - ➔ to be considered in terms and conditions



Channel Conflict





## 4. Partnerships and the Software Ecosystem

- Software Ecosystems and Their Players
- Selecting and Managing Partners

## 5. Channels

- Sales Channels in Relation to Products
- Defining the Channel Strategy
- Managing the Channels

## 6. Competition and Other Alternatives

- Identifying and Analyzing the Customers' Alternatives
- Defining the Competitive Strategy

## 7. Revenue Streams

- Defining Revenue Streams
- Pricing Strategies
- Building Revenue Models

# 6. Competition and Other Alternatives

## Where in the Business Model Canvas?



### Business Model Canvas

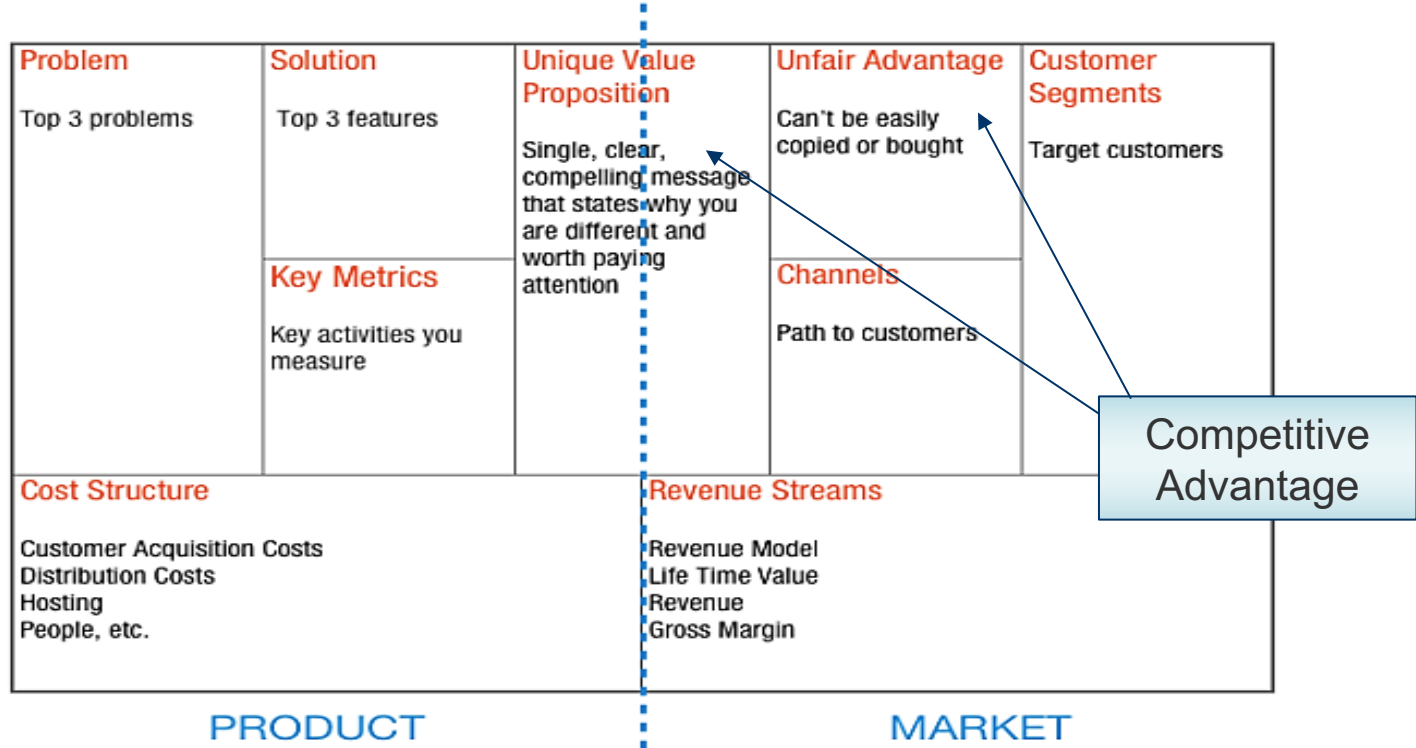
<b>Key Partners</b>	<b>Key Activities</b>	<b>Value Propositions</b>	<b>Customer Relationships</b>	<b>Customer Segments</b>
	<b>Key Resources</b>		<b>Channels</b>	
<b>Cost Structure</b>			<b>Revenue Streams</b>	

Based on Osterwalder, Pigneur (2010): Business Model Generation.

# 6. Competition and Other Alternatives

## Where in the Business Model Canvas?

Lean  
Canvas



Lean Canvas – How I Document my Business Model, practicetrumpstheory.com August 2009, Accessed Feb 22, 2014.

# 6. Competition and Other Alternatives

## Customers' Alternatives



### What can a customer do to solve a problem?

- Select our product (solution)
- Select similar product (solution)
- Select different product that addresses same needs
- Solve internally
- Do nothing

# 6. Competition and Other Alternatives

## Identification of Competitors

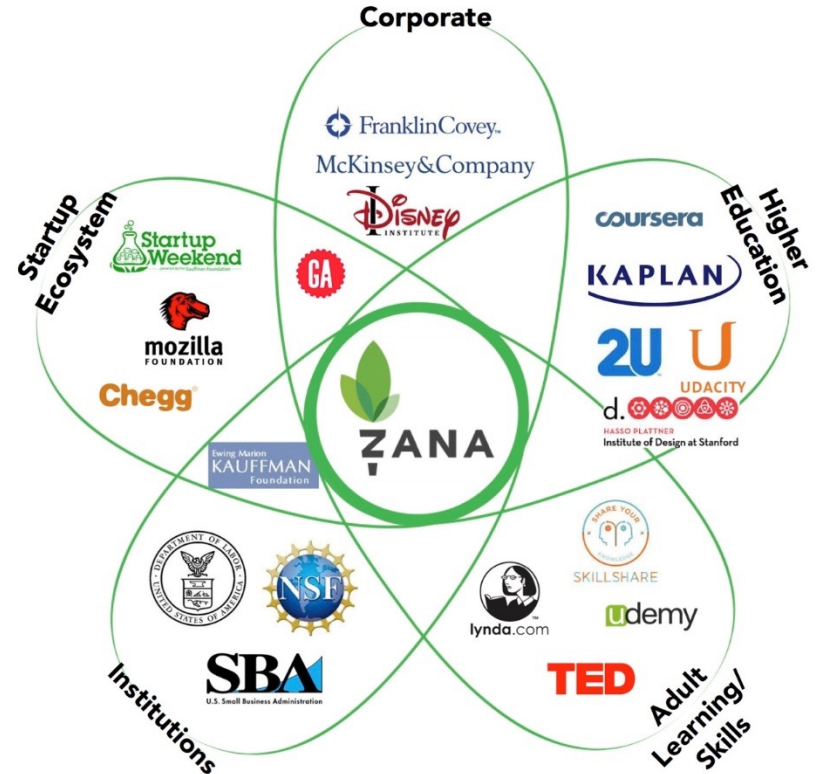


- Industry method
  - Find similar products in existing market
    - Who else differentiates like my company?
    - Who has entry and/or exit barriers like my company?
    - Who has vertical integration like my company?
    - Who is as global or as local as my company?
    - Who has cost structures like my company?

# 6. Competition and Other Alternatives

## Identification of Competitors

- Market method
  - Find products that address same needs
    - Who else can satisfy the same customer need?
    - Who goes after the same market segments with comparable value propositions?



# 6. Competition and Other Alternatives

## Identification of Competitors



- Strategic groups method (in addition to Industry or Market Method)
  - Companies with similar business models or business strategies
  - Criteria: Similarities in
    - Extent of product (or service) diversity and geographic coverage.
    - Number of market segments served.
    - Distribution channels used.
    - Extent of branding.
    - Marketing effort.
    - Pricing policy.

M. Porter (1980): Competitive Strategy.

# 6. Competition and Other Alternatives

## Competitive Strategy



- Long-term action plan
  - to gain a competitive advantage over rivals
  - to differentiate the product
    - having the lowest cost in the industry or
    - possessing a product/offering that is perceived as unique in the industry.



# 6. Competition and Other Alternatives

## Competitive Strategy

- Types
  - Low cost strategy (be the cost leader),
  - Differentiation strategy (be unique),
  - Focus strategy (be the niche leader).



"WE FEEL THAT BEING ONE STEP AHEAD OF THE COMPETITION IS NO LONGER AN ADEQUATE BUFFER ZONE."

# 6. Competition and Other Alternatives

## Porter's Five Forces



### Analysis of existing industry

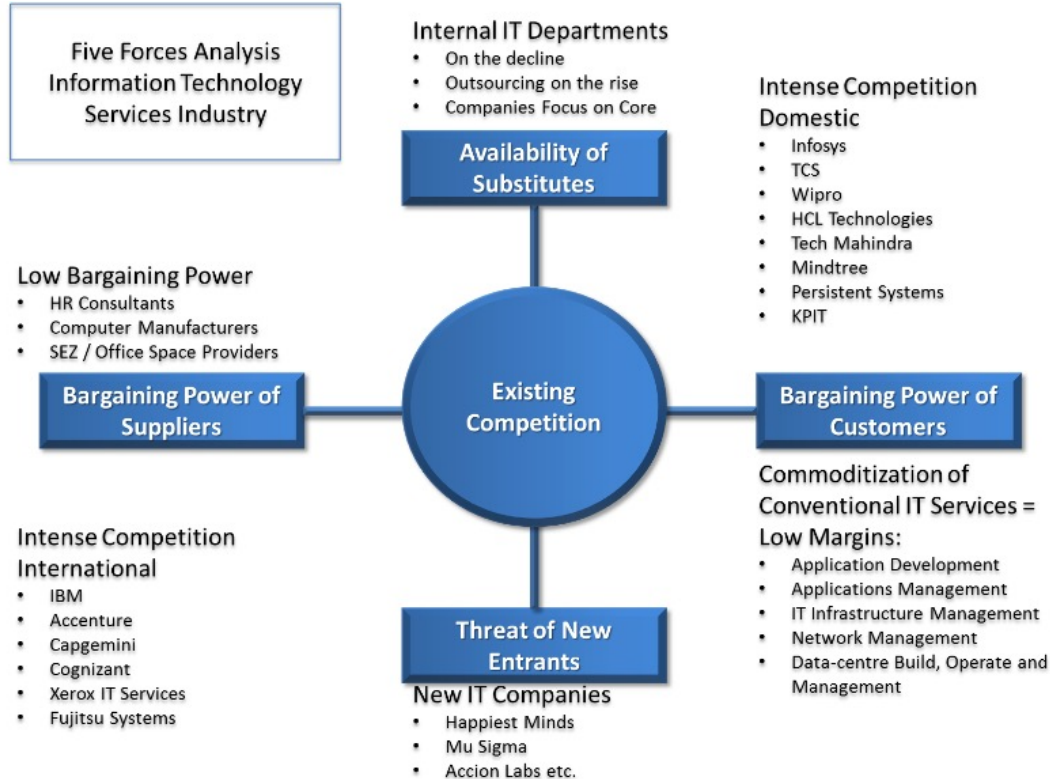


Source: Adapted from Porter, 1979

# 6. Competition and Other Alternatives

## Porter's Five Forces

### Example: Indian IT Services Industry



Aditya Chaturvedi (2014): Five Forces Analysis of the Indian IT Industry, LinkedIn.

# 6. Competition and Other Alternatives

## Blue Ocean



Create new markets



- Compete in existing market space
- Beat the competition
- Exploit existing demand
- Make the value-cost trade-off
- Align the whole system of a firm's activities with its strategic choice of differentiation or low cost

**"Defend Current Position"**  
*Perspective*



- Create uncontested market space
- Make the competition irrelevant
- Create and capture new demand
- Break the value-cost trade-off
- Align the whole system of a firm's activities in pursuit of differentiation and low cost

**"Innovate & Pursue New Opportunities"**  
*Perspective*

W.C. Kim, R. Mauborgne (2015): Blue Ocean Strategy

# 6. Competition and Other Alternatives

## Blue Ocean



Create new markets

	Head-to-Head Competition	Blue Ocean Creation
Industry	Focuses on rivals within its industry	Looks across alternative industries
Strategic Group	Focuses on competitive position within strategic group	Looks across strategic groups within industry
Buyer Group	Focuses on better serving the buyer group	Redefines the industry buyer group
Scope of Product or Service Offering	Focuses on maximizing the value of product and service offerings within the bounds of its industry	Looks across to complementary product and service offerings
Functional-emotional Orientation	Focuses on improving the price performance within the functional-emotional orientation of its industry	Rethinks the functional-emotional orientation of its industry
Time	Focuses on adapting to external trends as they occur	Participates in shaping external trends over time

W.C. Kim, R. Mauborgne (2015): Blue Ocean Strategy

# Customer Segments and Value Propositions

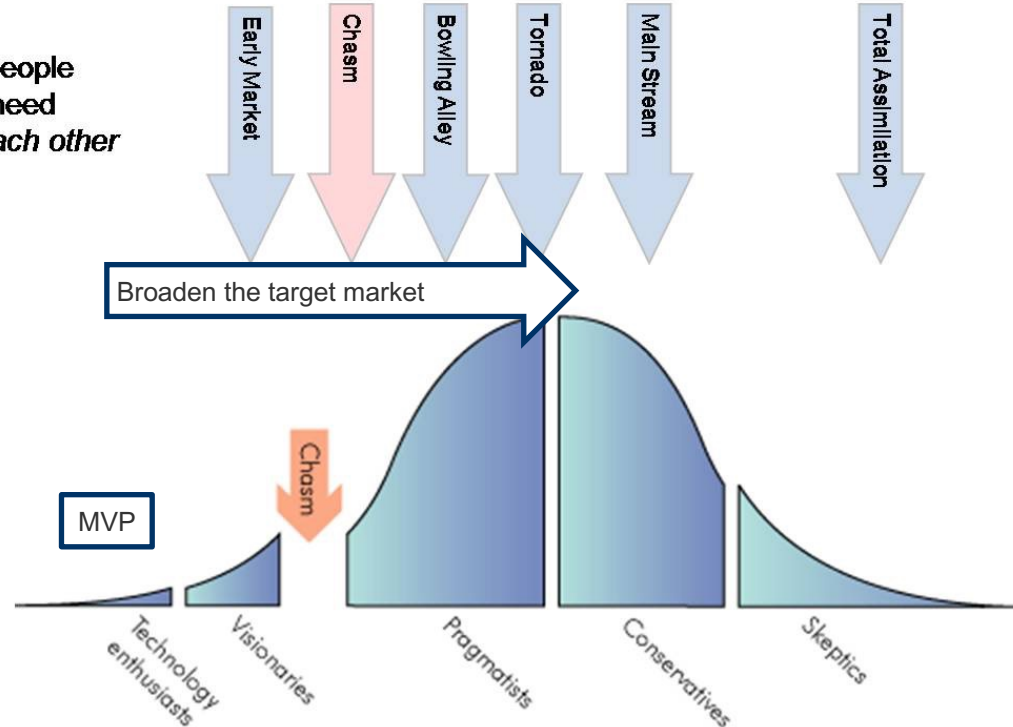
## High-Tech Market Development Model (Moore)



### Six phases of market development

#### Market

1. Group of people
2. Common need
3. Refer to each other



Moore (2014):  
Crossing the Chasm.

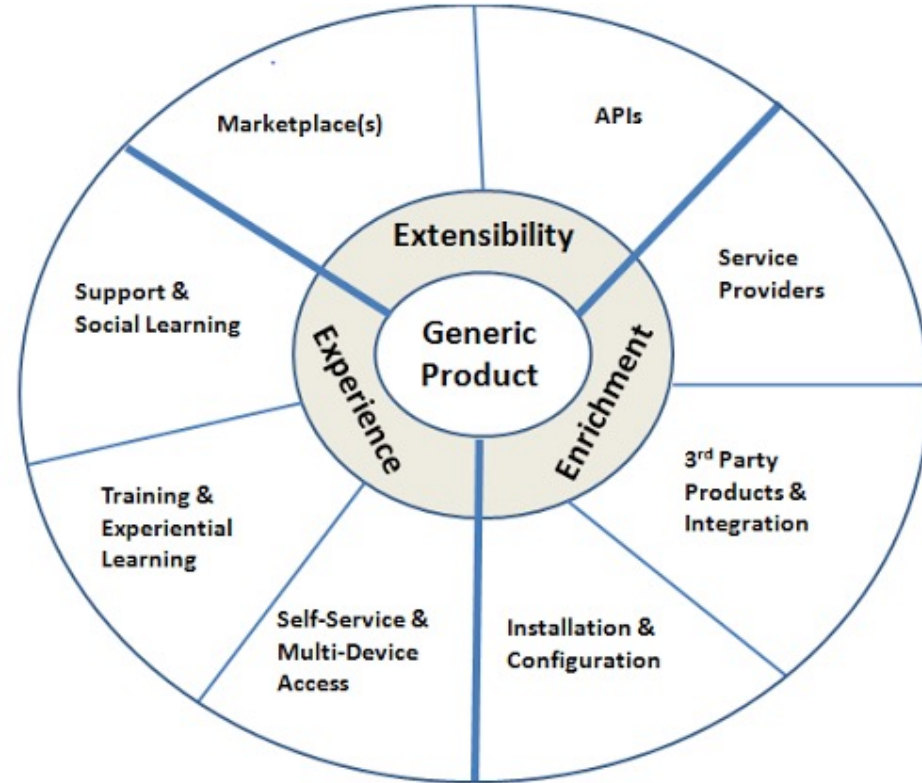
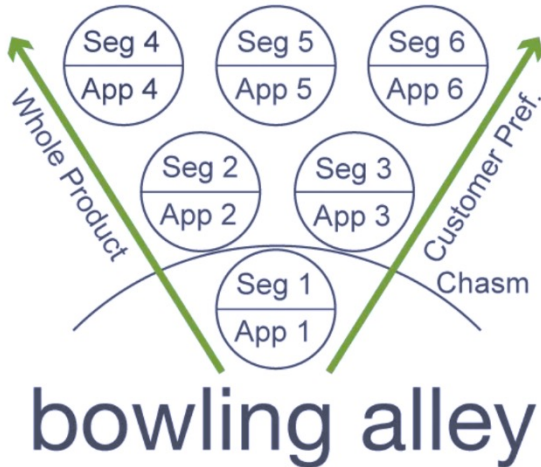
# Customer Segments and Value Propositions

## Whole Product

Combination of products and services

- from platform vendor
- from other players in the ecosystem

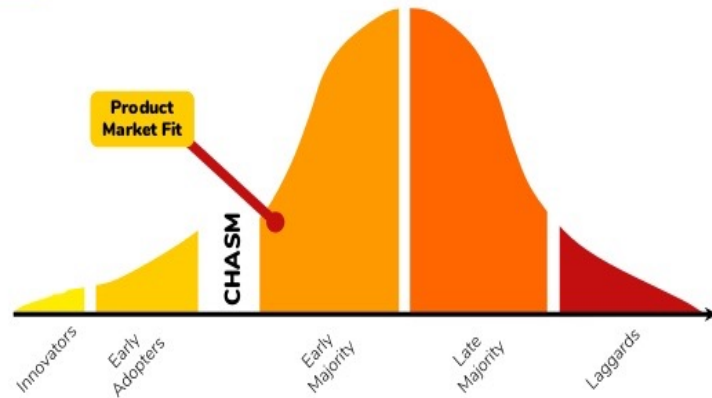
that delivers a full solution to the customer



# The Market Continuum..

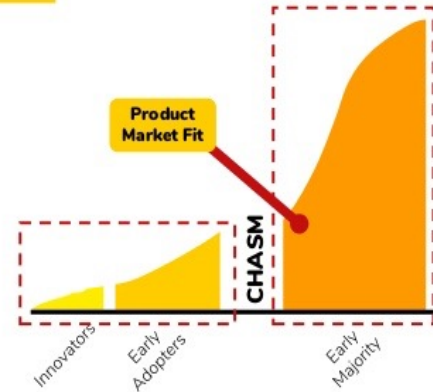


## You have to “Cross the Chasm”



Aka "Technology Adoption Lifecycle". Geoffrey A. Moore - Crossing the Chasm

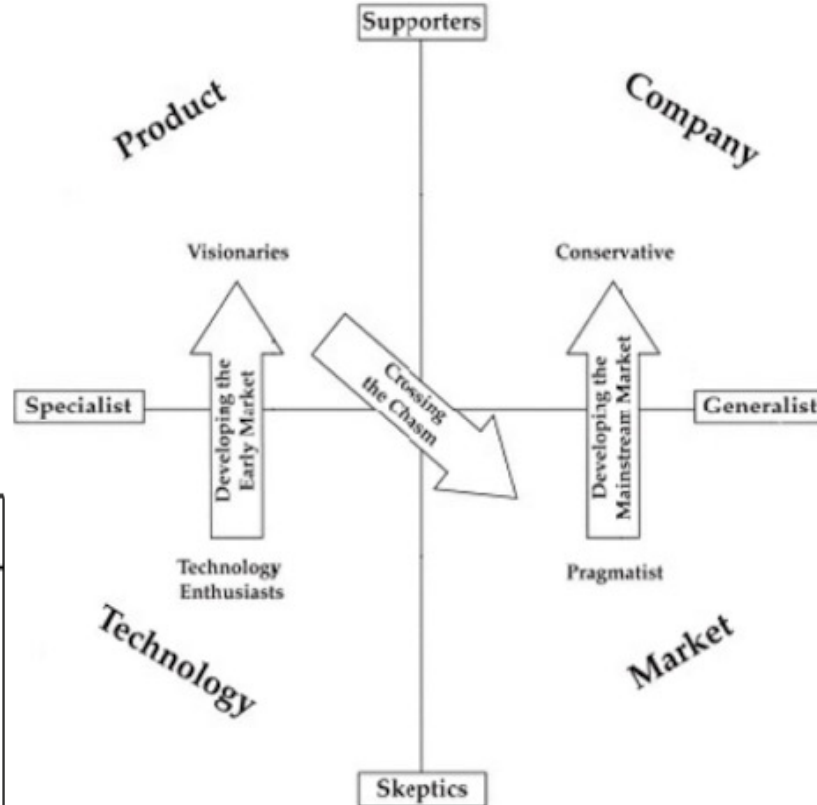
## There are really 2 markets here



- 1) Early Adopter
- 2) Early Majority



# Positioning



Product-Centric	Market-Centric
Fastest product	Largest installed base
Easiest to use	Most third party supporters
Elegant architecture	De facto standard
Product price	Cost of ownership
Unique functionality	Quality of support

# Legal Statement



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