

## The ABC's of Commercial Software Packaging

By  
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The key to developing a successful commercial software product is recognising that there are different levels of product packaging, each with its own requirements, considerations and opportunities. The successful implementation of a profitable, sustainable, and predictable software product line depends on the organisation's ability to deliver according to commercial and technical requirements. Consider the following four questions:

1. *How do you manage cost effective software development and maintenance?*
2. *How do you enable your own salesforce to successfully sell your software?*
3. *How do you manage large volume deliveries or customers at remote locations?*
4. *How do you enable partners to successfully sell your software?*

In answering these four questions a software commercial maturity model emerges that is complete and covers the broad spectrum of software product packaging requirements spanning from sales and marketing to technology.

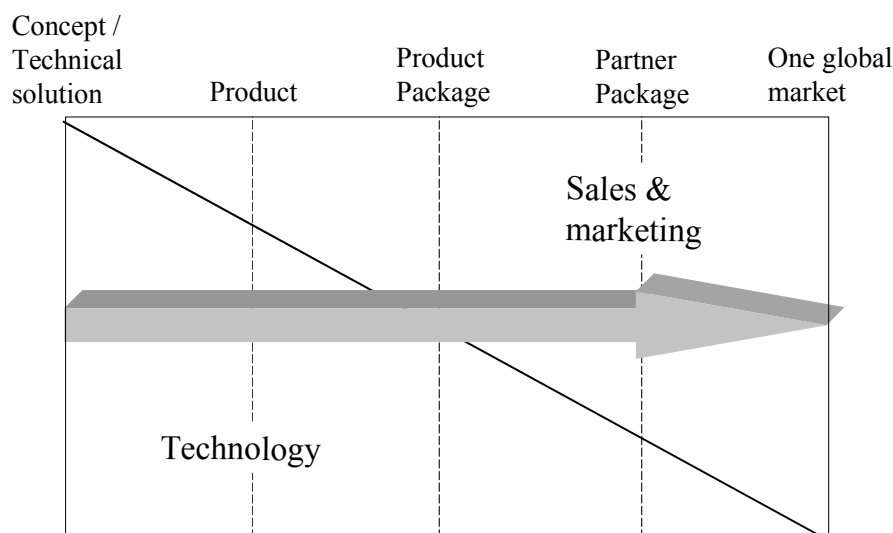


Fig. Software Commercial Maturity Model

### 1. The Key Three

If your organisation develops software that is valuable, business critical or used by your customers, then you are in the software business, and must manage your software as *Products*. This applies to all sectors ranging from public services to high tech industry, including IS departments supporting non-IT businesses.

A *Product* constitutes the lowest level of commercial maturity and defines *The Key Three* basic requirements for manageable software:

- A. *Features and Benefits*
- B. *Road Map*
- C. *Product Support*



The list (A) of customer *benefits* and corresponding technical *features* is indispensable in enabling your own sales force to successfully sell your software. To maximise benefits with a given set of features means "getting the most out of it". Customers shop for *benefits* and a perceived benefit is closely related to the market segment of the customer. Segmenting the market is therefore essential in order to address the most profitable customers. In order to position the product against its competitors the list of *Features & Benefits* must create uniqueness in your offering. A customer *benefit* should be relatively indisputable, measurable and business related. Typical consequences of missing *Features & Benefits* lists are slow sales, an insecure overselling salesforce, massive demand for technical sales support, and technology driven development (as opposed to market-driven).

The *Road Map* (B) is basically the public part of your product strategy committing the direction of your product development, without a timeline. Its main purpose is to provide customer confidence in future development. Today's product may not meet all customer requirements but customer confidence is greatly enhanced if remaining needs are addressed in the *Road Map*. Technical developers use the *Road Map* to implement sustainable system designs and technologies that will meet requirements of future releases. The *Road Map* should position the product as a successful long-term investment for both customers and investors. Benefits outlined in the *Road Map* serves as input to the release plan, which in turn should provide the supporting technical features. The *Road Map* is based on a segmented market analysis and predicted technological development. Typical consequences of a missing *Road Map* are a salesforce committing any customer need as part of next release. The result is expensive customer driven development (as opposed to market driven). Product releases tend to be named after customers, and the product ultimately becomes unmanageable and unprofitable.

The purpose of *Product Support* (C) is supporting delivery of existing products and to ensure customer satisfaction. *Product Support* is an operational service organisation providing customer support, bug-fixes, end-user training, documentation, all based on service level agreements. *Product Support* owns all existing products and will be the last to shut down operation when a product line is terminated. The main objective of *Product Support* is cost effective handling of existing products for maximum resource reallocation to new product development projects. A development project delivery is the internal enabling of *Product Support* for the given product release. Typical consequences of missing a *Product Support* function are never-ending projects with the project leader engaged in deliveries and customer support. Sales are not closed in an orderly manner and often end up in conflicts about agreements and payments. The development capacity decreases and development resources are used to handle existing products and customers.

## **2. Preparing for High Volume Sales**

When you have a successful *Product*, you may increase your profit by addressing a larger market. This means preparing for delivery in higher volumes at more remote locations and requires the commercial maturity of a *Product Package*. A *Product Package* adds two more requirements to *The Key Three* of the basic *Product*.

D. *Distribution*

E. *Manufacturing*

The purpose of *Distribution* (D) is to satisfy the customer who says "yes please, can you do that in Sidney?" Your ability to make a product sale and delivery must be exportable to any



location. You must be able to close the sale and deliver a *Product Package* that enables the customer to install the product and gain its expected benefits without the presence from your organisation.

The purpose of *manufacturing* (E) is satisfying the customer who says, "yes please, can I have one thousand of those". In this case your deliverables must be arranged for mass production. You must be able to deliver a large volume of your product in a short period of time.

Moving from the *Product* level to a *Product Package* is primarily a matter of manufacturing high volumes that are easily installable and adaptable to different environments. *Product Support* must also be prepared to support customers in remote locations and possibly in different time zones. Consequences of missing *Distribution* and *Manufacturing* capabilities include key developers running the assembly line or even travelling on world tours. The organisation will experience decreasing profits and development capacity.

### **3. Extending Market Shares with Partners**

When you have a successful *Product Package*, you may extend your market by adding new sales channels via partners. This means enabling a partner to successfully sell your product in his local market on your behalf. This requires commercial maturity at the level of a *Partner Package*. A most important part of a successful partner strategy is called *Distributor Communication (DICOM)*. The *DICOM* is instrumental in assisting your partners to act according to your strategies. In strategic terms a partner is a part of your own organisation, he will not buy your products but rather your ability to develop and bring new products to the market. A *Partner Package* adds a whole new set of requirements to the *Product Package*.

F. *Company Profile*

G. *Market Support*

H. *Sales Support*

I. *Customer Relations Support*

The *Company Profile* must convince the partner your organisation has the required strength and structure capable of continuous product development according to the *Road Map*. If you are part of a larger organisation you will have to demonstrate that your overall business strategy will not be in conflict with your partner's long term interests in his market segment.

The purpose of *Market Support* is enabling your partner to create a market pull for your product. Your partner will expect that your *Market Support* address *Media Relations, Campaigns, Advertisements, White Papers* and *Success Stories*.

The purpose of *Sales Support* is enabling your partner to push your product. Your *Sales Support* must address topics like *Competitive Analysis, Product Positioning, Selling Against Strategies, Unique Selling Points, Ideal Client Profiles, Local Pricing* and *Agreements* between all parties.

The purpose of *Customer Relation Support* is enabling your partner to provide high quality *Product Support* for his customers. This means the partner will expect your *Customer Relation Support* to address issues like *Q&As, Known Error Base, Logistics*, and partner *Training*.



Moving from *Product Package* to *Partner Package* levels is primarily about empowering your partner with your own ability to market, sell and support your product. A partner must be regarded as part of your own organisation. Typical consequences of a missing *Partner Package* is the management visiting prospective partners on world tours and end up with an urgent need to open local offices in any and all markets.

#### **4. Conquer the World**

When you have a successful *Partner Package*, the next possible step is globalisation. In this context, market pull becomes the sole purpose of your own salesforce, and market segmenting becomes a matter of live or let die among your partners. To the very few players in this league global market shares are the only things that matter.

#### **5. About Plogen**

*Plogen* is a Norwegian consultancy company offering a wide range of professional services related to product packaging and improvements within the software commercial maturity model.

<http://www.plogen.no>