
e-Xpertise in Industry Issue #45

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Quote for Today

**Innovation
distinguishes between a leader and a follower.**

Steve Jobs

Riding the Flood of Change

by [Peter Thorne](#)

Vendors of enterprise applications such as PLM have prospered on waves of change. But as the wave turns to a flood, there is a risk that unexpected competitors will outflank incumbents in the race to liberate R&D budgets.

For sales and marketing professionals, change is a Good Thing. It is a big part of the reason that your customers are willing to find budget for your technology – they are driving change, or responding to change, or probably both. All you have to do is to understand the changes they care about, then get started! Define and communicate a relevant and attractive vision of the future. Explain a roadmap that involves your technology and will allow step-by-step progress towards this vision. Offer products and services that solve problems. Provide a business case with immediate return on investment to get budget allocated. Beat the competition, and enable or deliver some element of the roadmap. Easier to say than do, but this is the shape of many successful strategies to access customer budgets.

But it won't always work.

There's a hidden limitation in this recipe for success. It is only effective within categories of technology that you and your customer agree about. The categories can be quite broad (e.g. "ERP" or "PLM") or quite focused (e.g. "multi-domain modelling" or "high speed machining"). Top players can always map the categories to business objectives that themselves may be broad ("lower costs") or specific ("2% improvement in perfect order metric"). Connecting the categories ("integration") is also a category in itself. The budget for these business initiatives exists and is held by the executives you already know and who know you.

But sometimes the scale of change in the external market makes the recipe above ineffective. Large scale changes create space for your competitors to engage and influence your customers, space that the recipe does not address.

The problem on the horizon is that the categories are going to change. Technology has been nibbling at the walls that separate key applications for years. Pick any pair from ERP, PLM, SCM, CRM and shop-floor systems. The natural drive to extend the footprint of each application has gathered strength from technologies such as service oriented architectures, the business trends in which supplier-customer relationships are being converted into industry networks, and the wildcard influences of ubiquitous networks and always-on mobile connectivity.

And as the walls come crashing down, as they surely will, you and your customers will no longer use these categories as reference points. If your carefully crafted vision and road-map is built within a category, your offer will become vulnerable to a competitor who will engage senior managers in your customer base with a story something like "There's a bigger picture here. You need new tools that will allow your business to take advantage of the new opportunities out there." And then go on to outline some set of capabilities, most of which will have been seen before, but not in this combination. They will have differentiated by redrawing the boundaries.

One example is the impact of embedded software. The growth in the market for embedded software tools (see [Cambashi Research Reveals Opportunistic Market – Embedded Software Development Tools](#)) is tangible evidence confirming the significance of what we all see every day – more intelligence in products of every sort. The intelligence comes from electronics, networks and embedded software. A 'traditional' marketing strategy for an embedded software provider selling to industrial machinery manufacturers might follow the recipe above. It will point out the inevitable growth in the volume and value of software inside the customer's machines, and how the provider's technology will allow the customer to manage the changing balance in their engineering team, and the growing complexity of the embedded software. Quite true and this will help generate a revenue stream.

But is it enough to protect the account from new competitors? Imagine the competitor who can see how to breach some old boundaries. They might put together an offer that integrates embedded software development tools with new ways to configure and connect to external services, such as asset management. Their message to the industrial machinery manufacturer is something like, "There's a bigger picture here. Now that your machines are controlled by embedded software, you've opened up competition for service contracts. Our approach means you can automatically deliver machines which will integrate with your customers' asset management systems. And if you are ready to let your customers closer to the configuration process, you can let them to do all the work. You'll change the playing field for service contracts."

The lesson is one we've all heard before – be able to see your offer through the customer's eyes. And while ever-improving delivery of a fixed scope of capability might earn you a loyal following of dedicated customers, it will be in a commodity-like pool of ever lower margins. So look up (and look out!). Be ready for a market which not only wants new stuff, but wants it in new combinations.

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Do Vertical Shows still matter to Sales and Marketing Professionals?

by [Kathy Strachan](#)

I recently attended Offshore Europe 2011 in Aberdeen – a three day event that is growing in size in terms of layout and exhibitors, although attendee numbers were down somewhat from the previous show in 2009. With 82,000 square feet of exhibition space it was bigger, and many said better, than previous events. The number of attendees to the three-day show rose by 4.2% to an all-time record of 32,025 unique attendees, generating around £85 million to the economy of northeast Scotland. I had the opportunity to talk with numerous people about the state of the industry and what's new in the technology.

Has news of the death of the trade show been greatly exaggerated? I believe so, since a significant number of companies still consider the trade show an important enough component of their marketing mix that they continue to invest significant resources in attending them.

The perceived value of this show was demonstrated by the wide range of delegates in attendance. Joining those from the major European countries were first time delegations from Brazil, Nigeria and Kazakhstan, all “trying to learn to improve and bolster production in a safe way” through learning from the North Sea. Exhibitors from China, Japan and Indonesia also participated as well as from the USA, making this a truly international event. Attendees represented all sectors of the industry – the major operators (Shell, BP, Total, etc.) were out in force.

Notably, some smaller players were present and they are making a real impact by taking over the aging, mature fields to ensure continued production for many years and often using a variety of EOR (enhanced oil recovery) techniques in the process. These newer, smaller companies use their size to be more flexible, decisive, and innovative. A prominent example was TAQA Bratani who has grown rapidly since entering the North Sea a few years ago.

The majority of the stands were taken by all sorts of service providers – from pump, valve, pipe manufacturers to drill bit makers, and catering companies to wireline logging firms as well as a range of software developers. Also, recruitment featured strongly with the operators and the recruitment consultants promoting the industry.

This highly focused event provided an opportunity for industry peers, vendors of all kinds of industry solutions and potential users of those solutions to meet face to face. This opportunity seemed to be regarded as a highly efficient approach to information exchange.

Of course, being noticed is essential for exhibitors and a significant component is the 'attraction' that will draw visitors to the stand and, for many, this is the subject of much creativity. Some do manage to make their technology, product or service the focus – for example, in addition to the all-important excellent coffee stand and well-received freebies, TAQA also had a small room where an impressive 3d film of the Tern Field was shown.

By way of a 'straw poll' on the value of the show, I talked to a range of software developers present, from the big players, e.g., Autodesk and Dassault Systèmes (and also a Scottish SolidWorks seller) to the more industry-focused players such as Aveva, Tekla, Open Mind Technologies and those offering specialist technical solutions like Ansys and cd-adapco.

The Autodesk exhibitor in particular was very pleased with the show since he had seen so many service companies using Autodesk software to demonstrate their products. This was a key innovation since the last oil show I attended several years ago. Many booths sported at least one flat screen PC running promotional material for their company, which also acted as a free marketing aide for the software used to produce it! Many had big screens, sometimes 3D productions and others a mini lecture theatre to demonstrate their wares.

Indeed, all the software exhibitors I spoke to were positive about the show, emphasising the discussions they had been able to have with visitors and happy with the material they had distributed. So, I think we can safely say that vertical shows do matter and will for some time to come!

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Book Review: The Google Story authored by David A. Vise and Mark Malseed

Bantam Dell ISBN-13: 978-0-553-80457-7

Reviewed by [Nancy Hodgman](#)

When Larry Page met Sergey Brin at Stanford University in 1995, sparks flew. The two brilliant computer science students met their match in each other's intellect, opinionated stance, and love of gamesmanship. When the dust settled, they had forged a working relationship that launched a software tool used by millions all over the world to search the internet. In 1999, the two – now known as The Google Guys – launched www.Google.com from a small office in Silicon Valley. By 2001, the Google Economy was in full swing.

The Google Story is a quick read, told in chronological order, and written in a clear, informative writing style that is somewhat marred by the authors' obvious idolatry for Page and Brin. The book begins with Page and Brin's early family lives, characterized by remarkably similar values steeped in the ideals of academia, science and technology. This foundation imbued them with a reverence for the pure application of technology to human endeavors. From the beginning, their expressed mission was to provide a free, easy to use tool to access all of the information on the internet, with no financial motivations except to fund their company, in a value-based work environment whose motto was, "Don't be Evil."

This book purports to reveal the secrets behind Google – how it grew, why it is considered the best search engine in the world, how it is profitable, and its future. I believe your average computer user already knows these “secrets” but the behind-the-scenes details are intriguing. One of the first secrets revealed is about the powerful engine that supports Google’s search results -- Googleware: a combination of custom software running on thousands of custom built PCs assembled in the Googleplex, the Mountain View, California buildings that house Google employees. Googleware is constantly downloading webpages, indexing them and physically taking over for disabled computers without human intervention, fueling rapid and uninterrupted search results.

The second secret is the differentiator identified by Larry Page: PageRank, which rated a website based on the number of links it had pointing to it and the importance of those links. Websites with more links and with links from important sources, for example from Yahoo versus an unknown site, got a higher rating. Through the elegant PageRank algorithms, Google’s search results were more useful to Googlers than anything returned by competing search engines, catapulting Google to the forefront of the search engine turf wars.

The Google Story entertains with descriptions of the unique working environment at Google, orchestrated by Page and Brin. First, the company culture placed a high priority on innovation and creativity, as evidenced by the 20% rule: software engineers were required to spend at least 20% of their time working on pet projects. Second, the atmosphere in the Googleplex was akin to a university campus center, where employees spent enjoyable but productive time working and socializing with each other. Page and Brin personally interviewed all prospective employees for intelligence, creativity and fit. The resulting sense of teamwork was characterized by one employee as, “It was never, look what I did” but “Look what we did.”

I recommend this book to business managers for the primary lesson it conveys: keep a laser focus on the customer experience. The authors provide many examples of Page and Brin’s devotion to the customer experience, including the fact that Google forgoes millions of dollars of valuable advertisement real estate on the barren Google home page to keep it devoid of obtrusive popup ads and banners. Also, ads in search result are placed so they are accessible but not visually intrusive on the free search results. To meet the demands of today’s discerning and elusive customer, we are well-advised to be guided by the example set by The Google Guys.

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