Signifo Case

This case is about a fast growing SME within the Software Services sector. The company supplies one product at the moment. The company has profitably grown organically over the last five years to £1.5m turnover. The company supplies its products over the web and competes effectively with larger companies and has an impressive range of clientele. Web services are growing at a rapid rate throughout the world. The sector is highly competitive and very fragmented. The company is faced with a bewildering array of choices with regards to its future.

The company's main market is business–to-business, selling mainly to small companies in the UK. It has c400 customers This raises issues about developing the best marketing strategies to achieve fast corporate expansion. The desire to move into new markets is discussed in the case. The case also covers :

possible areas of growth led by environmental change.

Branding

E-marketing issues

M-marketing issues

Discussion Points of the case

Market Statistics

SME growth in IT spending 4.6% in 2005 (Forrester)

. IT services growth 5.7% cag (Gartner)
. Size of Expenses Software market when mature = $5bn (97% paper based at present)
. IDC predict ASP’s Growth from £3bn in 2003 to £8b in 2008

Tipping Point reached ? see Metcalfe Law

Q; What growth should Signifo aim for?

Market Analysis :

a) The Structure of the market
b) Competition who and how
c) Customers - segmentation
d) Who purchases
e) Who uses

f) Key Relationships in the Market
g) Consider the Environmental opportunities

Q: Who should Signifo serve ?
Q: What are the stakeholder requirements

Company Analysis:

See companion spreadsheet

Calculate main Ratios for

- [ ] liquidity,
- [ ] profitability,
- [ ] gearing
- [ ] efficiency

Analyse Marketing metrics and Lifetime Value .

- consider the Leverage points in the formula

Analyse source of leads

Commentary from Appendix 2 page 27 +

Value Proposition.
For those vendors in a position to play for the long term, the answer is to restructure the pricing models to reduce the upfront license payment and add an ongoing enterprise or per seat payment. This will spread the investment required over the length of the contract,
lower the upfront investment required, but also, of course, commit the enterprise to frequent payments. Pricing should also be based on the number of users and, where possible, the value of the transactions or application. For example, if possible, tying the price to increased sales revenues would be highly desirable. While determining the sales benefit that can be attributed to the mobile application can be difficult, but the fact remains that more of the value of the
wireless and mobile solution can be realized through a pricing scheme that includes frequent payments over a longer period.

For the vendor, the balance must be between an ongoing revenue stream and getting payment upfront. This is a balance – we are not suggesting that an initial payment be forfeited entirely in lieu of an ongoing pricing scheme. This would then mean that the enterprise has little invested in the project – they need some skin in the game as well!

Ability to Partner: It is clear that mobile vendors must demonstrate a proven ability to partner with other companies to provide the total solution. No one, and we mean no one, can provide a complete solution alone – everyone needs somebody else. The strength of a vendor is therefore measured not only by their solution, but also by the abilities of their partners. A wide range of partners is not required – what enterprises require is a complete solution. It is therefore important that the partners contribute to the complete solution, while
minimizing overlap.

Wireless Devices: Vendor solutions should support as wide a range of mobile devices as possible – several companies commented that they needed to support the existing devices
that employees used, both to reduce implementation costs and to improve usability. Microsoft's Pocket PC platform is also becoming more popular and was mentioned by several enterprises as being the mobile computing platform of choice.

Browsers: Applications that allow the use of a standard browser on the mobile device were also popular – vendor solutions should therefore be browser-based wherever possible. As well as reducing costs, using the browser also allows the use of multiple mobile devices.

Working While Disconnected: The ability to work off-line, when not connected to the wireless network is critical – this should be a capability of most applications, if it is not already. Having said that, it is harder to implement this type of solution. This is an area where some vendors may need to partner with companies that provide synchronization capabilities.

Open Standards: The use of open standards by vendor solutions is a critical requirement. Several companies noted the use of open standards throughout the solution. Open standards contribute to improved scalability, portability, maintainability, manageability, and
operability, as well as a potentially reduced total cost of ownership. If the vendor solution makes extensive use of open standards, promote it. If proprietary standards are used, rearchitect
the solution.

Key Issues facing Signifo

a) The company is essentially an SME and it needs to grow to a reasonable size to challenge its main competitors.

b) Challenges are being posed by the growth of e-commerce and m-commerce.

c) The company is heavily dependent on the UK sector.

d) Companies are getting more sophisticated in their needs, demanding more value added services.

e) The company needs to globalise as quickly as its clients globalise.

f) Developing focused and targeted marketing for local/national/international clientele.

g) The company needs to consider whether its marketing budget is sufficiently large for building an important brand.

h) How to best group its product market sectors and develop its brands.

i) Managing growth and keeping the internal culture dynamic.

j) Considering the Pareto Rule when segmenting clients groupings

k) Taking advantage of the changes taking place within the large auditing firms.

l) Developing a CRM strategy.

M) Don’t over reach the company.

Strategic Options

Expenses Company or Software Provider

Delivered by Stand- Alone ; Web or Partner

Strategic Methods

1. Go it alone – Organic – how and timing
2. Alliance(s) - who and why
3. Acquisition – who and why

Market Options

Segmentation Targeting and Positioning

i. Small or Medium companies
ii. UK EU US or ROW
iii. Sectors – Government, SIC types

Product Options

What bricks do you need for a Complete offering ?
White Labeling

Funding Considerations

a) Gearing
b) VC or JV
c) Debt
d) Listing

Structural Options

> Same
> Multi centred
> Enlarged Marketing
> ?

Potential Questions

Question One
Evaluate the main strategic marketing options available using the appropriate models of your choice.

(25 marks)

Question Two
Critically assess two strategic options from your answer to question one, taking into consideration implementation issues and any benefits or opportunities presented by any e-marketing.

OR

Discuss, within the context of the case, the contemporary issues involved in Market Entry strategies and the importance of speed in getting products to the market.

(25 marks)

Question Three
Evaluate the role of Branding to Signifo

(25 marks)

(Total 75 Marks)

Notes to student: In addition to this marks will be distributed in the following manner.
•10 Marks for pre-prepared analyses as indicated in the appendices
•15 Marks will be devoted to the application of these analyses to the questions. (25 Marks)