

How to Attack with Competitive Positioning

By Patty Burke

Situation

The Company is a venture-funded provider of contract management software, offering an enterprise solution that enables management of both sales and procurement contract types. The Company has deployed its software into the Life Sciences, Financial Services, Energy and Enterprise segments.

Over a six month period the Company faced increasingly stiff competition from an early market leader that had recently merged with a larger player offering related software. Prior to the merger the competitor had been successful in winning contracts from the Company based on one superior feature: easy integration with Microsoft Word. Post-merger, the competitor was adding to its competitive arsenal by touting its greater size and credibility, and implying that the Company was potentially too financially unstable to trust with critical contract data. The goal of our competitive effort was to combat these aggressive attacks with demonstrable proof points, to get out of our current defensive mode and, if possible, to put the competitor on the defense.

How Technology Marketing Course Concepts Apply

In order to both guide marketing strategies and better arm the sales force, the Company put in place an Offensive Strategy designed to neutralize the competitor's sales approach and 'change the playing field' for how customers should evaluate Contract Management Software.

The Positioning process steps were:

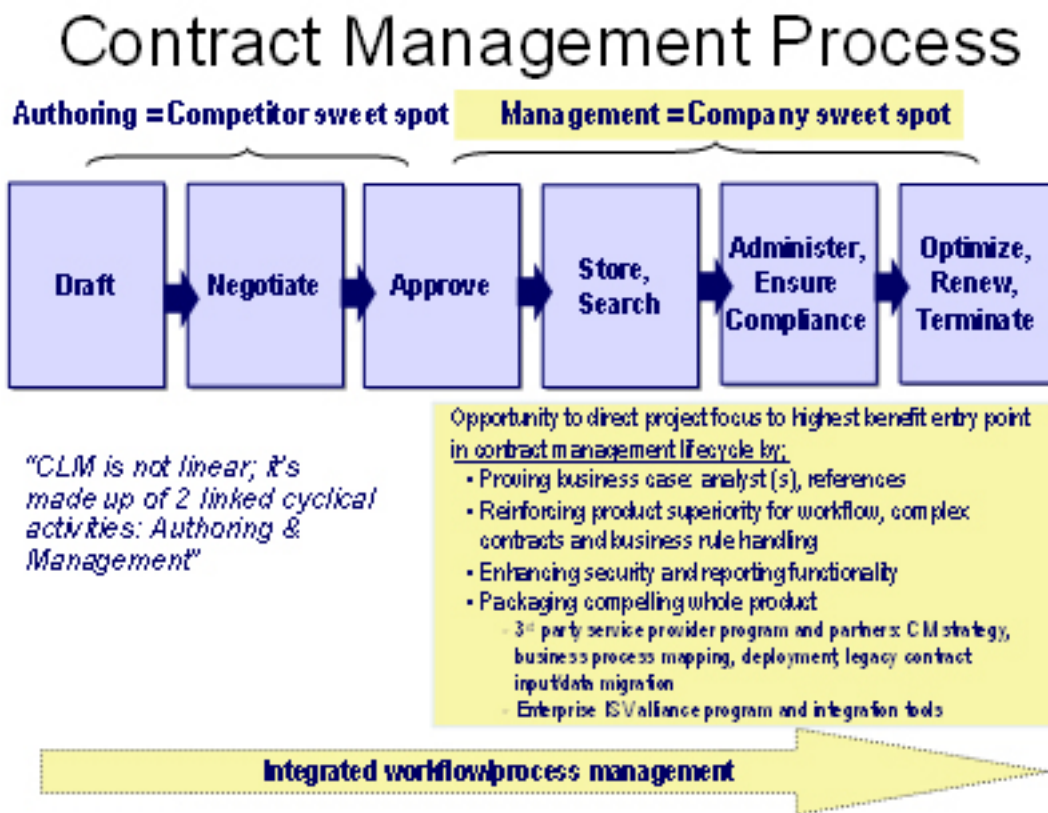
- Understand the competitor's attack vectors
- Refute the attacks
- Redefine and prioritize the elements of the contract management lifecycle that customers evaluate during the sales process
- Define and exploit the competitor's product vulnerabilities in the high-priority phases of the contract management lifecycle

Strategy

As a first step, marketing and sales reviewed competitive win/loss data to pinpoint opportunities where we had a 'surprise' in the sales process. We identified three types of 'surprises' that might be due to attacks by the competitor: we were eliminated early in the sales cycle, we suddenly lost a prospect that we had assigned a high close probability to, or we experienced a longer than expected sales cycle with multiple meetings and demos required.

Marketing then conducted in-depth competitive research, both on-line and telephone discussions with lost prospects, current prospects and customers. This research revealed further information about the pros and cons of the competitor's product feature that was superior to ours, including potential integration, compatibility and roadmap issues. We also learned more about the aggressive sales tactics they were employing.

The marketing team realized that we had not been communicating effectively about our product advantages and had let the competitor define the evaluation process for the product category. So instead of continuing to let the competitor put us on the defensive by responding to their definition of the Contract Management process, we took this as our opportunity to redefine the process in a way that revealed how much more important, and strategic, our product advantages were. The chart below shows the Contract Management process and our advantages in the critical, and ongoing, 'Management' phases of the process, in contrast to the competitor's advantages in the tactical, one-time-per-contract, 'Authoring' phases of the process.



Tactics

We communicated the redefined Contract Management process in a 'launch'-type program, incorporating the strategy into a number of marketing and sales tactics that we rolled-out over several quarters.

The first sales tool (see below) we developed turned out to be the most important: a summarized 'cheat sheet' for the sales team to use to guide discussions with prospects who had received information from the competitor attacking our product. The goal was to matter-of-factly defend ourselves against the competitive attack, as shown in the first chart, and to quickly move into an offensive position by attacking and trapping the competitor. In addition to hard facts, this gave our sales team renewed confidence in their ability to defeat the competitor and change the playing field to our advantage.

Results

The program was considered a great success. There have been no major competitive losses since the program rolled out, versus almost 50% losses previously. The win ratio is primarily contributed to better qualifying of prospects to eliminate "authoring-focused" leads early in the sales cycle. Most importantly, the confidence of the sales team has been greatly improved, they have "fire in the belly", and they now feel they can conquer this competitor.

Competitor Attack	Company Defense
Word Integration	<ul style="list-style-type: none"> ▪ Positioning: <ul style="list-style-type: none"> - Highest business value found in complex 'contract management' – 'authoring' (where Word is used) is lower value process automation - Company authoring tool enables uniquely powerful management capabilities and supports but is not limited by MS Word ▪ Create FUD - ask about: <ul style="list-style-type: none"> - Performance: desktop vs. server delivery? - Loss of changes when importing from 3rd parties? - Plug-in needed, only available with current Word version? ▪ Microsoft Roadmap: <ul style="list-style-type: none"> - Office 12 FUD: Upgradeability? - Future of Word/MS relationship
Viability	<ul style="list-style-type: none"> ▪ Due diligence 'Owner' to manage ▪ Quick responses <ul style="list-style-type: none"> - Recent funding round, results: release, investor confidence - Major enterprise customer references to demonstrate viability
Usability – UI	<ul style="list-style-type: none"> ▪ Demo: 'Lite' executive demo, user demo environment

Company Attack	Competitor Trap
Workflow: Business Rules/ Conditional Clauses	<ul style="list-style-type: none"> ▪ What if terms/approval flows are "conditional:" <ul style="list-style-type: none"> - Workflow defined by multiple business rules (e.g. transaction value driven) - Clauses vary by geography ▪ Mini application profiles to illustrate
ROI Benefits from 'Management' vs. Authoring	<ul style="list-style-type: none"> ▪ Modular deployments most likely to be successful ▪ Positioning: "Management" = Quickest ROI, highest business value (vs. "Authoring Automation") ▪ Proof points: ROI examples, ROI calculator, Analyst report
SAP Relationship 'On the Rocks'	<ul style="list-style-type: none"> ▪ SAP acquisition competes with competitor's acquirer? <ul style="list-style-type: none"> - Why would SAP continue to support a competitor? - "It's only a matter of time before SAP takes on (the competitor)" (Analyst)
Partner Defections	<ul style="list-style-type: none"> ▪ Is your partner safe? <ul style="list-style-type: none"> - Acquirer eliminating competitor's partners, may be supporting existing procurement-focused partners only?

Lessons Learned

This exercise motivated the Company to put a formal Win/Loss review process in place, which in turn is the basis for much better ongoing communication between marketing and sales – a feeling we are all on the same team!