

Differentiate Yourself

We all know growing up is a damn hard process. If we are lucky we get some guidance, a framework, a sense of direction and if we are really lucky, we follow it; not because it's necessarily the right path but because it offers us a purpose. Sometimes an event takes place that disrupts the natural course of maturity and we are forced to grow up a lot quicker.



In 2002 a number of events collided to create a major disruptive event strong enough to throw the IT industry overnight into maturity. The end of hyper-demand driven by Y2K and EMU. The rise of a sophisticated and cynical buyer fuelled by

the unfulfilled promises of ERP. The disillusionment with the WWW and all it promised. A new global economy driven by an engine strong enough to redefine established commerce models; one few understood and were prepared to embrace.

So here we are today, thrown into adulthood overnight like Tom Hanks in the movie

Big. Feeling our way, awkwardly, hesitant to make a move that will make matters worse, and in doing so making believe that nothing really has changed. But things have changed and as the saying goes, "insanity is doing the same thing over and over again and expecting a different result."

So, what has changed?

1. Technology and the product are no longer the driving force in the decision to buy.
2. Companies have emerged from the economic crisis with a remaining sense of apprehension and are following a combined strategy of (a) operational efficiency and (b) market growth.
3. Process is once again "sexy" and is seen as a means to achieve competitive advantage.
4. Technology clusters are colliding as the market consolidates.
5. The Internet has crossed the commercial chasm as a trading vehicle.



6. Selling, as we know it, is dead. The power now resides fully with the buyer.
7. There are few visionary buyers left, the lessons of the last 10 years has made pragmatists out of most.

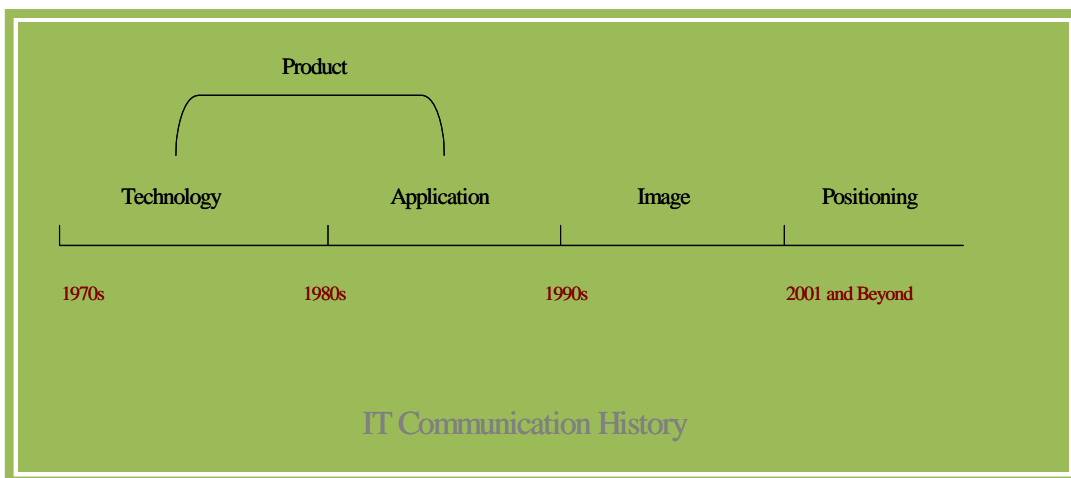
We believe that in order to thrive in this business environment, IT companies will need to embrace the concept of differentiation.

Differentiation in IT

Many IT companies still believe that:

- Their product *is* the different one
- That other people actually *care*
- That the buyer makes the purchase decision based on features and functions
- That the buyer is stupid enough not to tell the difference between what you tell him in your ads or DM campaign and what the sales rep is saying to him over the phone
- That the buyer doesn't know what a value proposition is

During the 70s and 80s we focused primarily on communicating with our buyers at a product level. Then during the 90s the IT industry seemed to buy more into the branding concept and applying methodologies like Solution Selling. We believe that the IT industry has only recently started embracing positioning and the concept of differentiation forced by its early market maturity.





Where's the problem?

Differentiation is usually left to marketing and marketing tends to be misunderstood within IT companies or not understood at all. So that at best it remains a concept that is often translated into an artificial marketing gimmick and rarely is it used as a strategic tool to achieve competitive advantage.

The second area of concern is that when organisations do use it as a strategic tool it is often in a silo approach so that R&D might embrace it within a product marketing function, sales might embark on a solution selling methodology and alliances will fully buy into it opportunistically for the next big deal to be signed. It is in addressing this disconnect where the true power of differentiation can be achieved.

Finally, there are those in the industry who believe there is no differentiation. Often in our client engagements we hear, particularly from services firms, "There is no point. There is nothing different about us." To them, we say, "Not only can you be different, your mere existence suggests you *are* different."

The key is to capture that difference, conceptualise it and verbalise it to your sweet spot in their context.

If you would like to discuss differentiation in the IT industry further, please call Lillian Ayala on +44 (113) 230 7024.