

Selling to Government; Partnering with MNC's

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Interface Solutions



Influences on This Presentation

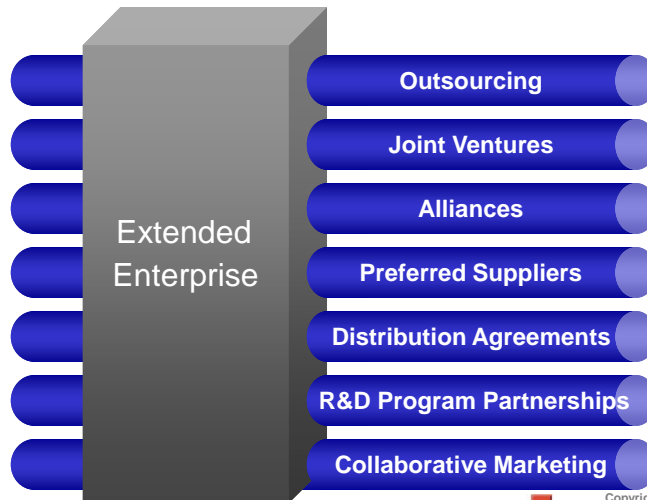
Local Industry Experiences		
BioMetix	Biometrics Assurance	HP, Telstra, Unisys
Soprano	Mobile Messaging	IBM, Telstra
nMetrics	Network Performance Monitoring	Dimension Data
ThoughtWeb	Decision Superiority	IBM, Others
Tower Software	Records Management	HP/EDS, Others
Uniqueworld	Sharepoint	Microsoft

- 6 years on the AIIA NSW committee incl. chair local industry
- Business strategy, private equity and m&a work
- COO ATP Innovations, Australia's largest technology incubator
- Ex large accounts exec SAP, Hitachi Data Systems, HP & Unisys



The MNC is Part of Your Extended Enterprise

The Extended Enterprise is the total set of entities and processes involved in the cash-to-cash creation of value to the end customer



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Possible MNC's

- There were 80 in the old DCITA PFD program
- Here are 60 possible MNC's:
 - **US:** IBM, HP/EDS, Cisco, Oracle/Sun, Microsoft, Google, CSC, Unisys, First Data, L3, Cubic, Raytheon, Rockwell
 - **Europe:** Logica, Alacatel, Ericsson, Nokia, Siemens, DiData, SAP, CapGemini, Bull, Sagem
 - **Asia:** Fujitsu, Hitachi, NEC, NIIT, Wipro, Satyam, Infosys, HCL, Tata, Canon, NEC, Lenovo, Huawei, Acer
 - **Australian:** MYOB, UXC, SMS, Oakton, Technology One, Data3, ASG, Hyro, MelbourneIT, Computershare, Bravura, Integrated Research, IBA, Mincom, Photon, Telstra, Fujitsu/Kaz, Optus/Alphawest, AAPT/Geni
 - **Services:** Accenture, Bearing Point, Deloitte, PWC

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Sales Through MNC's Leverage Their Competencies

- **Client relationships**
- **Market expertise**
- **Geography-related capability**
- **Size; market perception of credentials & risk**
- **Infrastructure & fulfilment**
- **Services & support**

.....otherwise don't do it; its really hard work!



What MNC's Want From You

- **Drag through products and services.**
- **Showcase their products & services through your innovation**
- **New client contacts. Perceived “value add” through your innovation**
- **Trust, honesty, cultural alignment, understanding of their business model; can see the bigger picture.**



Partnering with MNCs

- **Understand what you want from a partner**
- **Research potential partners**
- **Do something together to develop trust**
- **Formalise the partnership**
- **Produce a joint plan**
- **Review, assess and improve**
- **Achieve mutual gain (\$\$)**

Understanding Govt Procurement

- **Free trade agreements prevent favour being granted to local companies.**
- **There is nothing to stop a regime that favours SME's but...**
- **Unfortunately procurement is "by the rule book" and there is little in the rule book that will help you.**
- **The old adage of influencing the tender before it comes out still applies.**
- **Be aware of the environment – panels, possible partners, agency budgets, buying preferences, MNC track record, procurement processes**
- **Use the databases to find out which MNC is being successful**

Procurement Policies to “Help” SME / MNC Engagement

- **Federal – SME* Participation Procurement Policy.** Tenders >\$20m. **Guideline.** No audit regime. Tender specific. 10% hardware & 15% services to go to SME. Gershon-inspired review due shortly?
- **QLD – SME** Participation Scheme.** Tenders >\$2m (variant can apply or tenders <\$2m). Mandatory. Audit regime. Ranking of revenue accruing to SME's. Highest respondent gets 15% of total evaluation.
- **VIC – Vic Industry Participation Policy.** Tenders over \$10m. Mandatory. Audit regime. Focuses on local content, local jobs created, technologies transferred .
- **NSW – Economic Development Procurement Policy.** Poorly understood & implemented, although the recent Jobs Summit may change this. Agency specific implementation (& reporting?)

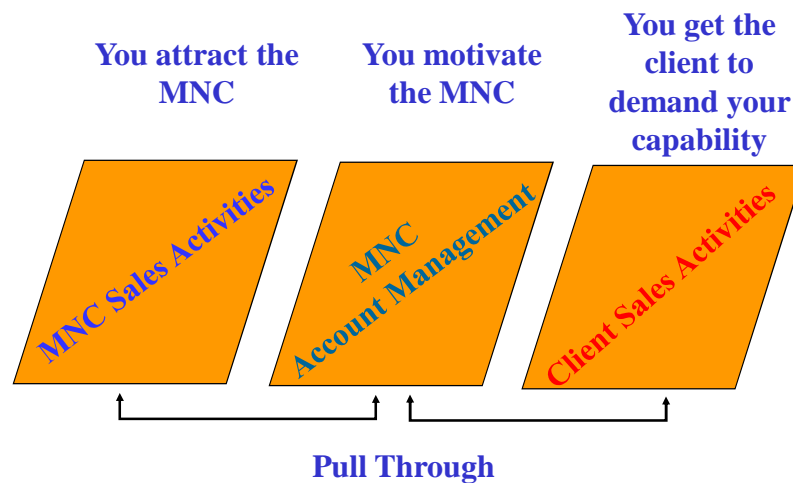
* SME = Company with <\$500m revenue

** SME = Company with <500 staff

ABS definition: small <20 employees, medium 20-199, large >200

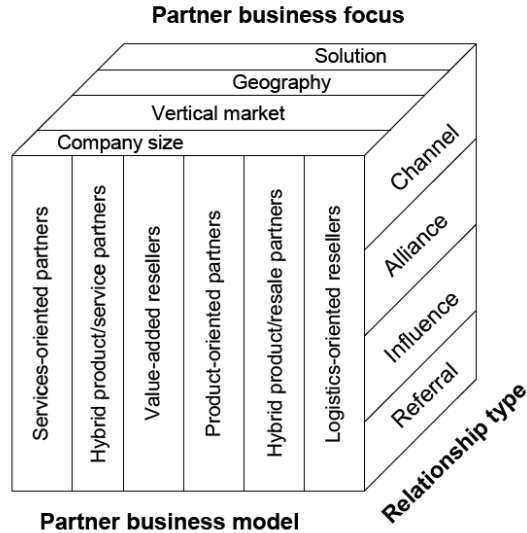


Selling Through MNC's Demand Creation Remains Your Job!



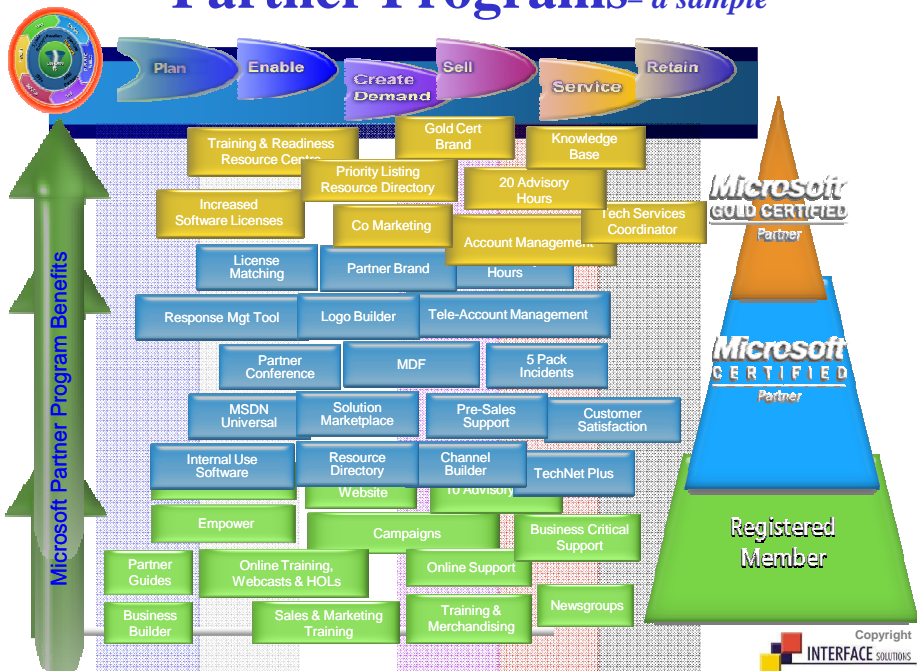
Understand How MNC's Partner

IDC's Partner Microcosm Model



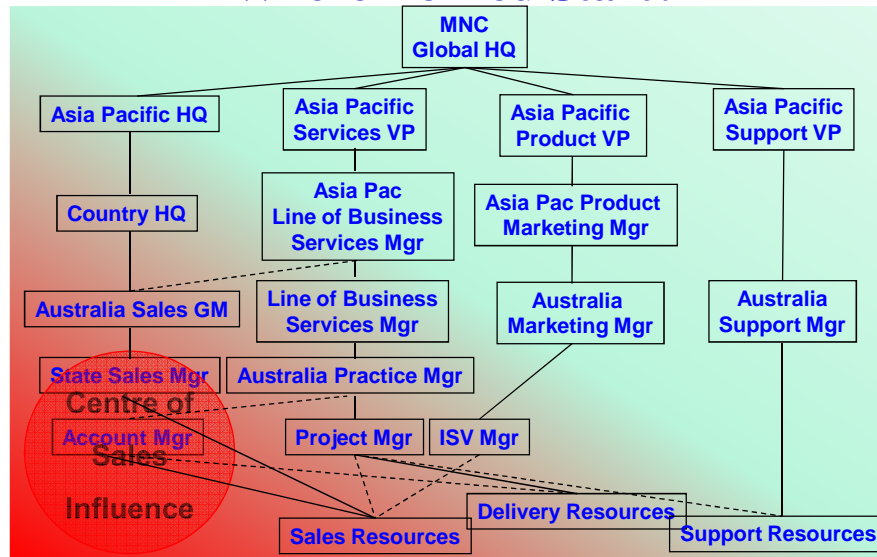
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Partner Programs - a sample



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MNC Partnering; Where Do You Start?



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Getting Yourself Noticed

- **Research** possible partners. Choose the right player who will see the value in what you have to sell & who the client wants to buy from
- Talk (**sell**) to multiple partners but be transparent in your dealings
- Do something **different!** Convince the MNC partners that you are worth their time
- Demonstrate **real value** - not just that you have a better product. Make a noise - and keep making a noise!
- **Understand** the KPI's & goals of the person on the other side of the table
- Customer **endorsements** and awards
- Demonstrate **long-term stability**
- Demonstrate **product flow** – few people want a one-deal relationship

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Margin on Margin Subcontractor or Partner?

- **A prime contractor likes to make a margin on subcontractors**
- **When sales teams handover to services teams the services manager may displace your services personnel for their own for**
 - Risk management & control
 - Perception of managing a larger delivery team
 - Revenue & profit considerations

Engagement Risks

Risks	Mitigated By
You feel you are being diluted out of the sale.	Insist on direct access to decision makers in the client. Make sure the client clearly understands your value.
Disagreements over roles, responsibilities and pricing.	Lock down a clear agreement beforehand
Relationship not delivering expected results. There is a lack of transparency.	Really work the MNC as an account. Understand the power bases & drivers. Have regular account reviews. Do they see your value in the same way that you do?
They are reluctant to take me into their accounts.	Do they really trust you? Do you have the right contacts? Are your expectations unrealistic?
They can't close the sale	Are you doing what you can to help? Have you selected the right partner & can you change?

Sell to the Right Level

Non-Influential Authority

People who have formal responsibilities, but do not command much respect from others—often disconnected from decision-making processes, and consequently can't make things happen:

- ✓ Have a title, but no real power (especially outside their location).
- ✓ Have the authority to say “no”—but not enough influence to say “yes.”
- ✓ Are seen as politically incorrect having lost a recent power struggle.
- ✓ Are on their way out (for example: early retirement or those looking outside.)
- ✓ Are on the sidelines

Influential Authorities

Senior-level people with significant responsibility, who know how to get things done successfully:

- ✓ Understand the emerging trends and are taking a lead role in positioning their organization to capitalize upon them.
- ✓ Provide support or commitment that carries the most weight.
- ✓ Have both the authority to say “no” and the influence to say “yes.”
- ✓ Are sought out by others.
- ✓ Make things happen.

Non-Influential Non-Authority

People in operations or mid-management positions whose main responsibility is to make sure that tasks are completed:

- ✓ Follow others' lead
- ✓ Are all others (workers) in the organization.
- ✓ Wonder “what happened.”

Influential Non-Authority

People who have significant influence, usually by association with someone in authority:

- ✓ Are within the organization & without a significant title, but have the attention of someone with authority.
- ✓ Are outside consultants whose advice is readily sought on a wide range of issues.
- ✓ Are respected and sought out as subject matter experts.

Power Base Selling - Jim Holden



Jointly Plan Agreed Activities (Miller Heiman Successful Large Acct Mgt Abridged)

- **Target Account**
Datavoc's European Manufacturing Division
- **Strategic Contacts**
Sponsors - Pete Sanchez (Engineering) & Alan Coates (GM Procurement), Strategic Coach – Nick Constantinidis (Cust Service Mgr), Anti Sponsor - Dave Kaufman (GM Engineering). **CEO, sales & marketing contacts not developed.**
- **Trends**
Spiraling insurance costs due to liability claims, fierce Asian competition, price pressures, reduced margins, cost of maintaining quality control
- **Opportunities**
Reduce production costs through ProcurementSourcing, improve product launch times and technology lead, reduce cost of component failures & resultant liability
- **Strengths**
Our reach enables us to source manufacture in least costly regions, our understand of communications technology is second to none, our reputation for quality & on time delivery
- **Vulnerabilities**
A lack of trust due to our relationships with their competitors, **Dave Kaufman's subversive support for our competitors.** Our ability to sustain the account team given corporate cost pressures. Uncertainties over availability & pricing of our next gen products.
- **FY2008 Account Goal**
DEMD will achieve significantly improved product time to market & customer reputation using our reliable, cost effective VOIP technology.
- **FY2008 Revenue Goal**
Bill \$2m products & \$500k services. Secure 3 year supply agreement with 30% compound growth for FY09-FY11.
- **3mth Goals**
Pete Sanchez - confirmed reputation as best supplier (meet/exceed reliability, & quality metrics); Alan Coates – proven cost effectiveness & timeliness; Exec contact plan – intros to John Stratton CEO, Marsha Kauffman Dir Mktg & Dave Keen (Dir Sales) . Get Dave Kauffman on “even keel”. **Get green light on our next gen VOIP products from QA dept.** Bill \$500k product & \$100k services. Get acceptance in principle for a 3 year agreement from Alan Coates.
- **Sales Investments**
Develop a broader level of exec relationships. Minimize free design consultancies. Complete new product trials /get engineering endorsement. **Mary Beaumont leaving & no replacement identified.**
- **Account Team**
MNC Exec – Bob Wiley, Mgr – Charles Nile,
MNC PreSales – Mary Beaumont
MNC Delivery – Andrew Lovett
Our Exec
Our PreSeales
Our Delivery



STRATEGIC ANALYSIS		Sales Representative: Fred Smith		Euphoria/Great/Secure/Comfort/OK/Concern/Discomfort/Worry/Fear/Panic	
Initial Date: 8/28/99 Updated: 8/28/99		Adequacy of Current Position: OK		IDEAL CUSTOMER CRITERIA: Match to Criteria:	
Account/Prospect: Green Energy		Competition: In house build / SPL CIS+ / Hansen Corp		1 Large 5	
Current Volume: n/a		My Position VS Competition: Exclusive/Dominant/Shared/Zero		2 Compelling Business Event -3	
Total Potential Vol: \$5-10 pa		Place in Sales Funnel: Dominant		3 Clear Process & Decision structure -1	
SINGLE SALES OBJECTIVE		Timing for Priorities: Urgent		4 Geography No Issue 3	
Product/Service: Billing & CIS Applic Service Provision		Sales Funnel: Best Few		5 Deal This FY 5	
Sales Rev/Units: \$5m+ pa		Timing for Priorities: Urgent/Active/Work It In/Later		TOTAL 15	
Close Date: 11/11/2004		NOTE: Win-Results Statement: a short statement of the personal Win that a Buying Influence attains when important measurable business Results are delivered.		Rating: Rate how well your base is covered with each Buying Influence for this sales objective.	
ROLES: E = Economic, T = Technical, U = User, C = Coach		DEGREE OF INFLUENCE: H = High, M = Medium, L = Low		MODE: G = Growth, T = Trouble, EK = Even Keel, OC = Overconfident	
BUYING INFLUENCES INVOLVED		Role Degree Mode		HOW WELL IS BASE COVERED? Evidence to support your Rating:	
Name, Title, Location				Rating: 2 Meeting 26/8/99	
Joe Wong, MD, Sydney		E H EK		3 Regular (3 wkly) contact	
Ted Hawthorne, GM Retail, Brisbane		E H EK		4 Contact every other day	
Mark Punter, GM Cust Service, Brisb / Adel		UC H EK C ?		Meeting arranged 31/8	
Paul Miller, Call Centre Mgr, Adel		U L ?			
Jerry Austin, CIO, Syd		T M ?			
Kerry Wyman, CEO Services Group		T M ?			
Francis Worth, IT Mgr Electricity Division		T M T			
SUMMARY OF MY POSITION TODAY		POSSIBLE ACTIONS		BEST ACTION PLAN	
STRENGTHS: Unique proven outsourcing option for single integrated solution xxxxxx Energy have capital & budget constraints		A good sales strategy leverages Strengths and reduces or eliminates Red Flags. Continued regular contact & relationship building Try to understand & neutralise "enemies" in IT "Be Seen" in Adelaide Continue to Upsell the value in the proposal Develop additional proposals - constantly add to my value "bond" with innovus - broader relationship (eg for NZ ?)		What Who When Meetings with JA, TH FS Continuous Understand & meet with IT & AFS Asap Work to eliminate red flags FS Continuous DISE negotiations JR / ML Asap Identify scoping resource DH / ML Mid Sept ? Additional proposals FS Mid Sept	
RED FLAGS: IT personnel unknown & Jerry Austin advises they are negative Does Joe Wong and/or Ted Hawthorne have a compelling reason to act Is Jerry Austin coaching others in the same way as ourselves ? DISE pricing maybe uncompetitive & negotiation is difficult Innovus are key subcontractor & are not well known Resources for scoping, implementation & operation Adelaide "scene" in Green Energy not known		The Blue Sheet Strategic Selling Miller Heiman		Information Needed From Whom Influence of IT folk JA Info on how Green Energy models our "value" JA Decision timeframe & process TH Status of alternative solutions JA & TH	
Copyright © 1977 Miller Heiman, Inc., Revised May 1996. Revisions © Miller Heiman, Inc. All rights reserved.		Filename: C:\My Documents\Planning\Bluesheet\Green Energy\Bluesheet - 27/8/99		Copyright INTERFACE SOLUTIONS	

A Licencing Flavour

1. What is your technology worth to the MNC?

- How will they leverage value out of your technology?
 - Discounted Cash Flow Analysis
 - Incremental sales at a marginal cost?
- Can you point to comparable deals in industry?

2. Have you maximised the value of your technology?

- Have you fully developed your IP strategies?
- Do you have protection strategies in place
- Have you proven your technology meets customer needs?
- Can you provide an ongoing capability to your licensee?

3. Are you managing the licencing process to your best advantage?

- Are professional sales management processes in place
- Competitive tension may help
- Who is controlling the legal paperwork?

4. Have you fully explored terms?

- Upfront vs. trailing fees
- Fees for additional technology &/or support services
- Terms for exclusivity

10 Tips For Selling To MNCs

1. Understand their partner criteria, decision making process, partnering style
2. Understand the powerbases. Stay close. The politics (& deck chairs) will regularly change
3. Communicate a short, complete, fully validated business plan & a persuasive partnering summary
4. Rehearse your pitch. Show them how they will make money
5. Have a broad partnering MOU. Get their explicit commitment, upfront, on resources, pricing, and contracts
6. Be tactical as well as strategic – find out from your client who they prefer to buy from. (The one night stand vs. the fulfilling relationship)
7. Do not look & act risky
8. Implement regular account & relationship management meetings
9. Be prepared to be stung. Maintain the relationship with the end client
10. And finally, its all about people relationships so cultivate the important ones



Resources

- Selling ICT to Government Guide - DCITA, AIIA, ACS
- Selling to Government Guide - DoFA
- Selling to US Government - Austrade
- ICT SME Joint Industry Government Working Party AIIA ACS DCITA
- ICT Business Matchmaking NSW Innovation Council
- SME Involvement in Australian Government Contracts Intermedium DCITA
- Qld SME Taskforce on Government ICT Procurement
- AIIA SME Marketing Guide
- Strategic Selling Books
- Websites of your chosen multinational
- Federal & State Government procurement websites

