March Event with Brent Lang, Vocera Communications

Evolving the Product Management Process to Match Company Growth

By Greg Cohen

Brent Lang, Vice President of Marketing at Vocera Communications, spoke at the March 2006 SVPMA meeting on "Evolving the Product Management Process to Match Company Growth." Vocera makes the only wearable, hand-free, communication system in the world with 250 installations, the majority in hospitals, and over 100,000 users. The speaker stepped through this breakthrough communication system that integrates four distinct technologies: a portable communicator, wireless access points, voice recognition, and system software and how the product management process evolved as the six year old company went from launch to mature product.

Mr. Lang knew Vocera needed a Product Development Life Cycle (PDLC) process to allow the organization to work efficiently and scale, but also knew the process needed to match the stage of the company. He also required that all aspects of the process add value to the organization, knowing that if it did not, the process would not be adopted. Over the past six years, Vocera went through four distinct stages:

1. Founder's Rule – founder's vision drives the definition of the product and the feature set

2. Market Validation – early market research fine tunes the vision and adds new requirements

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Why Market Research Should Be One of Your Most Important Product Management Tools

By Dave Kaplow, The FactPoint Group

The objective of this article is to make you a more effective user of market research along with the consulting that goes with it. We have taken our years of experience working with clients and have boiled them down to key thoughts that can help you make better decisions faster – based on information from the markets you currently serve or would like to serve in the future.

In a series of these articles we'll explain the research process, the types of research available to you, when to use them and how to have a strong relationship with a research partner along with examples of projects.

Why is Research Important?

Understanding the needs and pain points in your target customer segment, how their current situation impacts their business, and understanding the value propositions customers express when they can relieve their pain is one of the most important pieces of knowledge an executive, engineer, or marketer needs to successfully run a company, design new products, or market to customers. Clearly identifying pain and where solving that pain fits on the potential customer's

Letter from the President

As we head into Summer the Board of Directors has been working hard to line up some great speakers and excellent quarterly workshops and social events.

In June we will be having a very special SVPMA monthly event. We've teamed up with the Software Marketing Perspectives conference (http://www.smpevent.com) and will be having SAP speak as their evening event. **We have also arranged for SVPMA members to get a $100 discount on the conference.** For further information about how to get the discount email sarah@svpma.org.

We also want to thank our sponsors, Accept Software and Vistaar, as well as our corporate members Intuit and Macrovision. Their support helps to pay for our meeting facilities, food and drinks and we greatly appreciate it!

Brian Lawley
President, SVPMA

SVPMA is an all volunteer non-profit association for Product Managers in Silicon Valley and around the San Francisco Bay area.

Our mission is:
- To provide a forum to share day-to-day experiences and insights in Product Management
- To create a safe network of peers
- To promote research and education in Product Management

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Getting the Most Out of Focus Groups: Part 1

By Erica Baccus

So much is written about focus groups and not much is favorable, constructive or even funny (as it is intended to be). I believe behind the criticism is simply a lack of understanding for how to get the most value from your focus groups. Perhaps, we can make the process a little simpler, less mysterious and more worthwhile.

A. First, let's set expectations for what you can and should achieve. Focus groups are qualitative research. Results from focus groups cannot be predicted over "a universe." Whenever a client asks me about *sample size*, I know I need to do a little client education. Focus group results are not dependent on numbers. So, if this is true, then why do you want to conduct focus groups? Because, we are able to understand issues people have, we are able to flush out key differences in thinking processes and we are able to learn **why** people behave and think as they do. All of this helps the client get inside the head and the heart of his customer. Focus group research brings the market place to life.

I typically explain that what is important in analyzing a focus group is to look at clusters of thinking. We are not looking for a winning idea or winning emotion or winning choice. We are seeking to understand, first, that a group of people think X and another group of people think Y and perhaps a third group thinks X+Y or maybe Z. We learn not only what they think and feel, but then we also learn why. It is this information that helps marketers know how to make better marketing decisions.

Insight #1: Choose qualitative research when you need to understand the behavior of your marketplace, what your market thinks and feels and why.

B. Who you choose to work with can make a significant difference in the experience you have. As proposals for the project are collected, often times the project is awarded based on cost or preference for a specific methodology. I think clients could use the proposal process to judge what it will be like to work with each of the potential research companies, because ultimately the relationship will make the difference.

Is the research company flexible, responsive to your needs, smart about your marketplace and experienced with your target audience? Costs can typically be agreed upon and methodologies can always be changed if desired.

April 2006
Customer Driven Innovation with Janet George

By Srini Namineni

Janet George, Director of Product Management for Quicken solutions group at Intuit, captivated the attendees at the April 5th SVPMA event with her presentation on customer and outcome driven innovation.

Many people think of innovation as something magical that happens through inspiration or serendipity. Janet stated that innovation is in fact a methodical, structured approach to understanding the market for business opportunities. She spoke about one such radical, customer oriented approach to innovation called, "*Outcome Driven Innovation.*"

Outcome Driven Innovation focuses a company's actions and activities toward satisfying the outcomes customers are trying to achieve.

This methodology comprises of four steps: Capturing and prioritizing desired outcomes, evaluating alternate ideas and solutions, quantifying a solution's overall value, and generating ideas and identifying the most lucrative solution to pursue. Janet first introduced two essential concepts of this methodology: *jobs* and *desired outcomes.*

A *Job* is what a customer expects a product to do. There are three types of jobs and they are not equal: Primary job is the most critical one. Supporting jobs are secondary jobs executed in conjunction with primary job. Auxiliary jobs impart the "wow" factor. For example, making phone calls on the move is the primary job, storing names and phone numbers is a supporting job while playing games, text messaging or taking photos are auxiliary jobs for a cell phone.

Desired outcomes are the criteria customer use to evaluate different solutions for a given job. Desired outcomes are expressed as a direction of improvement and a unit of measure. Increasing the likelihood of staying connected anywhere, minimize the likelihood of errors while dialing and minimize the time to power up are examples of desired outcomes for a cell phone.

Janet then described the ideal process for capturing and prioritizing desired outcomes. When customers ask for something, vendors usually hear something else. To minimize this potential misunderstanding gap one must identify and *quantify* what the customer sees as a measure of value. Instead of just listening to them, one needs to get out in front of the customer and watch them in action for observable and measurable behavior to capture various jobs and desired outcomes.

The next step in the process is to send a quantitative survey to a large sample of customers. This survey needs to capture the *importance* of each desired outcome and *satisfaction* for existing solutions, competition's solutions as well as proposed solutions. With the data from the large survey, a solution's overall value can be easily quantified through a weighted score of the desired outcomes. If the proposed solutions offer less than 3% of incremental value, they will fail. At least 25% incremental value is needed to create dramatic, break through solutions.

It turns out that desired outcomes are also extremely powerful as a basis for market segmentation. The outcomes that are valued across the various market segments should drive the creation of a foundation platform with universal appeal. Outcome based segmentation identifies groups of customers who find a unique set of outcomes to be both important and unsatisfied. Thus it can uncover segments of break through opportunity. Janet also mentioned that Outcome Driven Innovation eventually leads to market place co-evolution and co-creation of value.

In summary, Innovation is critical to success of any business. Instead of leaving it to chance, Outcome Driven Innovation provides a disciplined, quantitative approach that transforms innovation from an art to a science. ⌘

As a Senior Product Manager, Srini is involved in setting strategy and figuring out vertical offerings for the business information solutions group in IBM that comprises of business intelligence, master data management and entity analytics products. He has over 15 years of industry experience in BI, web applications and system management arenas.

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priority list means that you have identified SPENDING on new products and services.

This is why research is so important in creating product and service offerings with the strategies to bring them to market. Without research you are often held hostage to the internal politics of, "if we build it they will come" thinking.

What Can We Do To Make Research a Part of Our Process?

In our 10 years of working as consultants for companies like IBM, HP, Adobe, Oracle, as well as startup companies we have noticed three trends that make it difficult to incorporate customer and market feedback into the product lifecycle.

-Marketing teams are smaller than ever before so that they are consumed by the amount of work involved in the day-to-day challenges and issues surrounding the product lifecycle.

-Many leaders within the business, from executives to product and project managers don't understand how research can be used to make them more effective in their jobs.

-Yet, great companies require their marketing teams to provide fact-based evidence that customers will value the company's product and service offerings. They won't move forward to green light projects without a minimum level of facts.

So, what should you do as a product management professional to overcome these challenges?

Plan Ahead

Primary research projects involve finding, scheduling, and interviewing or surveying respondents in your target market. They may be your customers, those of competitors, or early adopters who can provide specific insights about their businesses environment and pain, provide direct feedback about new product offerings and your market opportunity.

A research plan should map into the key product lifecycle checkpoints that successful companies use to green light project investments - Opportunity Analysis, Product/Service Planning, Product Development, Go-to-Market, and Services and Support Requirements. Obtaining customer feedback, ideas and insights are critical along every step of this process.

Primary research provides you with specific answers to *your* questions, but is an effort that is custom to your needs, so plan to kickoff these projects at least 6-8 weeks before you need the information.

Get Specific!

Research must be well-defined to be truly useful to your decision making process.

-Well defined research means that you have determined the decisions that need to be made, understand the information that is missing, and have discussed these requirements with other constituents in your company who will be impacted to get there buy-in.

The scope of the research project must be realistic.

-We have seen too many clients who initially want to "boil the ocean" with research requests that are too general to be useful. Another symptom occurs when clients attempt to add in other departments' information needs as they attempt to shop the project to obtain budget.

-Great research projects resist the urge to be overly comprehensive and to choose just the right scope of work. Think of it this way – the respondents to your research are busy people, just like you. They want you to be as specific as possible to maximize their time; after all participating in research isn't their primary job.

Use Primary Research to Make the Important Decisions

Secondary market research can be obtained from syndicated analyst firms such as Gartner and Forrester. Secondary research can do a good job of painting a landscape of adoption trends in markets. Secondary research is a great starting point for you to get a quick grounding in industry trends but cannot answer specific questions like: "Which cluster of features in our new offering will have the highest value to customers?", "How do customers solve their pain with our products; how does their business get better?" or, "What are the accelerators and barriers to adopting our solution?"

Secondary research is often "academic" whereas primary research provides specific answers and information that you need to make important decisions.

Demand Excellence in Your Research Efforts

So, what is "Excellent" research? Our history of hundreds of research and consulting engagements has taught us one important lesson -- Excellent research gives you specific information and insight to support the decisions that you need to make to grow your business. Excellent research also provides you with the confidence that your marketing strategy, product offerings, and go-to-market approaches have been thoroughly validated in the marketplace. Excellent research gives you the ability to allocate your product and marketing investments more efficiently.

We all know cases where these investments have been made based on anecdotal market evidence or management hunches that led to ineffective product and marketing efforts. Excellent research can also break decision logjams where important decisions are not being made.

Great research is actionable. When you conceive of the project ask yourself this homerun question – "A year from now what happened because of this research? How did our business improve?"

All This Sounds Easy, But Really Takes Commitment and Effort

In fact, excellent research sounds like a simple concept, but in practice is hard to achieve. There are key factors that can make research projects more effective and valuable to your efforts. In our next article we will discuss those factors. ⌘

About The Author
Dave Kaplow is a founder and partner of The FactPoint Group. The FactPoint Group www.factpoint.com is a Silicon Valley-based research, and consulting firm that has been producing world class research, analysis, and consulting for over 12 years, and continues to help its clients market, sell and use new technology solutions.
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More important than which methodology is recommended in the proposal is the rationale for choosing the specific methodology. The differentiation between research companies lies in their understanding of your objectives and their experience with your market. Their ability to craft a methodology and provide you with a sound rationale gives you some insight into their competence. You can get the information you need through more than one method – what matters again is why the research company recommends one way over another.

Insight #2: Choose a research company who you think will fit with your company's style of working, who will be responsive to your needs and who has extensive experience researching your target or your market or, at least, is experienced in solving the kind of marketing problem you are tasked to resolve.

C. Once you have selected your research partner, your job is to let them be a sponge. The first meeting, over the phone or in –person, should inform your research company about the following:

-Goals of the research

-Who you think your target is

-When must you have the research completed

-Other logistical details (locations, contacts, etc.)

-What is the research going to be used for: advertising input, strategy development, product enhancement, go or no go on a product, etc.

-Existing hypotheses. Let the research company know what you already believe. This is good information that can be confirmed or negated or built upon in the research.

-Product or company information relevant to project

-Background that explains why the research is desired

⌘
(Part 2 to be continued next issue)

About The Author
Erica Baccus, president of Baccus Research, founded Baccus Research in 1996, a full service qualitative research company whose mission is to help clients get to the heart of their marketing issues and discover the feelings of their customers. With clients like IBM, Dell, Guess? And Tell Me Networks, Baccus Research is equally adept at helping high-tech, consumer and consumer electronics companies. Contact: 415 621 3241.

Book Review
The World is Flat: A Brief History of the Twenty First Century by Thomas L. Friedman
Reviewed by Sharon Rush

The flat world described in Friedman's book is not the physical flat world of ancient times. His world is being flattened in the 21st century by global forces which include, but are not limited to, the topics we hear so much about—outsourcing and globalization. This flatness is changing how companies, countries and individuals will conduct business in the future.

Friedman describes 10 factors that have contributed to a business and political world where information and people can collaborate seamlessly. Current examples of companies and individuals who are participating in this environment illustrate the points. He also describes how governments, corporations and workers will need to adapt to succeed in this newly flat world.

10 Factors
The author identifies 10 factors as being the drivers for the new global economy.

1) 11/9/89--When the Walls Came Down and the Windows Went Up

When the Berlin Wall came down, the balance of economic and political power shifted to a free market oriented system throughout much of the world. At the same time, the spread of computers and other tools of communication allowed individuals and companies to handle personal tasks and to communicate throughout the world, symbolized by the wide acceptance of Windows which simplified the ability to organize and communicate effectively.

2) 8/9/95--When Netscape Went Public

Netscape's browser technology enabled the computing world to shift from a PC-based world to an internet-based world. This shift to an internet-based platform, combined with an increase in fiber optics and other communications infrastructure, accelerated the easy accessibility of information among people and companies.

3) Work Flow Software--Let's Do Lunch: Have Your Application Talk to My Application

With work flow software, collaboration is possible in an unprecedented way. This connectivity allows projects to be broken into distinct tasks that can then be migrated to wherever

they can be handled effectively and cheaply. For example, an x ray created in a US hospital can be read in India with the results then being sent back in the US hospital to benefit the patient.

4) Open-Sourcing-- Self-Organizing Collaborative Communities

Open source communities believe that information, software and knowledge should be available to the many with peer review and improvement. This philosophy has brought us Linux, Wikipedia, blogs and a fast flattening of information exchange.

5) Outsourcing--Y2K

With Y2K, companies were looking for educated technical resources that could handle the necessary, yet tedious, work needed to upgrade computer systems to accommodate the year 2000. India had a highly educated workforce that was able to connect with American companies with relative ease. That successful collaboration was the initial step toward outsourcing projects and tasks to India and other countries that have well-educated, low-cost technical people.

6) Off shoring--Running with Gazelles, Eating with Lions

Off shoring is not outsourcing. Outsourcing is moving tasks, such as customer support, to another company. Off shoring is moving an operation, such as a factory, from the home country to a foreign country. With China's entry into the World Trade Organization (WTO) in 2001, investors were able to move facilities to China with increased confidence that business would be conducted in accordance with global standards.

While the initial off shoring efforts were focused on low-skilled activities, these work forces are moving into semi-skilled and highly skilled work. The global market reflects an African proverb—It doesn't matter whether you are a lion or a gazelle. When the sun comes up, you better start running.

7) Supply-Chaining--Eating Sushi in Arkansas

Wal-Mart, the world's largest retailer, has perfected the supply chain. Wal-mart now efficiently gathers products from its suppliers and distributes products as needed to the various Wal-Mart stores. Its supply chain is international, efficient, and continuously developing. Other companies work to emulate the Wal-mart success and to function effectively within the new vast supply chains.

8) Insourcing--What the Guys in Funny Brown Shorts are Really Doing

UPS is no longer just delivering packages but is synchronizing global supply chains. In-sourcing provides supply chain management to small companies. By using the internet and workflow software, UPS allows small companies to compete on the global stage and to benefit from the power of collaboration.

9) In-forming--Google, Yahoo!, MSN Web Search

A lot of attention has been given to information—what is information, how do users access information, what is the future of information access. With companies like Google, Yahoo! and Microsoft, expanded information is available to anyone with a computer and internet access. In-forming allows people to build their individual information networks with other like-minded people.

10) The Steroids--Digital, Mobile, Personal, and Virtual

Analog content and processes are being digitized so that they can be manipulated and transmitted through computers, the internet, and the expanding world of personal devices. As infrastructure and storage capability grows, creation and use of digital information continues to increase. File sharing, VoIP, RFIDs—all of these and whatever will come next will push the real-time online information age.

What Does This Flattening Mean?

The convergence of these forces has created a globe where collaboration is possible in real time with little regard for geography. Along with these changes in business and technology, political changes have opened vast areas of the world so that people there with education and ambition have unprecedented access to participate along with the traditional "developed" world.

The collaboration and migration of tasks will begin with simpler, operational activities such as customer service and back office IT work being outsourced while the design work will be done in the country of origin. Over time, talented people in the outsourced countries will take over the more complex "higher level" work.

How will workers survive and succeed in this flattening world? Friedman writes about people being "The Untouchables." In this context, an untouchable is a person whose job "cannot be outsourced." For people in technology fields, this means identifying the skills and abilities that they bring to the process that only they can handle.

This translates to being adaptable. Workers who can provide only vanilla work—lowest common denominator work—are at the highest risk of having their jobs be moved. Workers who can produce pistachio or strawberry work will be in demand. The world changes quickly, however. Today's pistachio will be tomorrow's vanilla. Workers that will remain in demand need to be looking forward.

While challenges to this flattening exist, Friedman is a self-admitted free market advocate who believes this process is inevitable.

People working in the 21st century will need to adapt to this new world. Columbus and his fellow explorers discovered the world is not physically flat and so changed how the nations and people of that world lived and worked. So, we too will need to adapt to our new world. ⌘

3. Customer Priorities – the priorities of multiple customers are balanced along with market priorities

Portfolio Planning – resources are balanced across multiple products

The PDLC process was developed to balance the natural tension between the need for quick time to market, flexibility, and creative spontaneity against predictability, control, stability, and reliability. Mr. Lang focused the PDLC goals on benefits to engineering, in particular,

- Maintain high quality product – do not sacrifice testing for time to market

- Improve schedule accuracy – develop detailed requirement and work estimates

- Create an environment of innovation – structure teams to allow for research and encourage exploration of new directions

Accelerate time-to-market – understand the customer and prioritize features around highest value

Mr. Lang looked at both traditional waterfall or phase oriented approaches and agile development methods. Each method has its advantages and drawbacks. The waterfall method is very precise and emphasizes planning and strict acceptance criteria between phases. The downside is it is not flexible, changes are disruptive, and sometimes following the process can replace the passion for creating a great product.

In contrast, agile development is built around the assumption that requirements will change often and favors rapid prototyping and frequent customer feedback. Engineers are divided into small teams, builds are frequent, and each piece of code should be ready to ship when complete. The disadvantages are it focuses on adaptation and not prediction, which is not the best for highly interdependent systems, it can be difficult to document, and engineers must be co-located.

In the end, Vocera fused the best of both techniques. From the waterfall method, they wanted predictability, in-depth requirements analysis, and structured testing. From the agile process, Vocera tried to preserve adaptability, innovation, dynamic team interaction, customer responsiveness, and a stable code base. Vocera still uses well researched requirements and measures progress through the basic waterfall stages with strict exit criteria. But they also deliver features incrementally throughout the development cycle and perform frequent builds with automated tests that run every night. Further, requirements are reviewed at each phase to ensure the priority is still accurate.

Mr. Lang concluded by reiterating that any PDLC process must match the company's objectives and stage of maturity. If the process is "too heavy" or burdensome, it will be ignored. Further, there is no right process. For Vocera this meant balancing time to market and flexibility needed for a new category of product with the predictability and control needed for a highly complex and interdependent system. Lastly, if you want your process to be remembered and used, keep it simple! ⌘

Greg Cohen is the Director of Business Development and Principal Consultant at the 280 Group and on the board of the Silicon Valley Product Management Association. He has over nine years of product management and marketing experience with a focus on application services specifically with spend analysis, business analytics, and contract management.

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Email: sgrimshaw@svpma.org

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