

VIEWPOINT

Finding Growth and Profitability in Enterprise Markets



By Alan Gottlieb

There is a new reality settling into the sales offices of satellite providers these days. The phone just isn't ringing much anymore, and sales staffs and their bosses are sweating out slowing sales and the pain of shrinking margins and commissions. Awash in excess capacity and choking on an expansive network of fiber, senior satellite executives are seeking strategies to improve their position in what has become a commodity market.

What they are experiencing is not new. We have seen it in Oil and Gas and in Mining and in other industries. However, unlike the long term slowdowns that affected these industries, satellite operators and resellers have a unique opportunity to improve their business in the short term. Increased demand for bandwidth and value added solutions in enterprise vertical markets offer savvy providers the opportunity to build business models around a profitable, new, value added framework.

Just what are these vertical markets and how can the satellite provider gain entry and build a profitable market position? During the last year, Gottlieb and Company, under a major contract with Verestar Inc., has addressed just these questions. To find the answers, we developed a unique approach combining on-site market research interviews with a pre-sales introduction of our client and their services.

We then traveled to Southeast Asia, South America and Europe interviewing dozens of IT and communications executives in Oil and Gas, Mining, Pulp and Paper, Hospitality, International Construction and other industries. In doing so, we gained an understanding of customer need,

developed industry specific product/services packages, and built relationships that have lead to significant business opportunities. For those satellite operators seeking the same sort of landmark success, we offer some of the lessons learned.

"...Selling commodity bandwidth to enterprise markets is no longer a viable strategy. Winning business means selling value added solutions to defined vertical markets..."

Add Value

Selling commodity bandwidth to enterprise markets is no longer a viable strategy. Winning business means selling value added solutions to defined vertical markets. In essence, satellite providers need to accept the fact that, like it or not, customers want and buy complete solutions to their problems. Those firms able to provide such solutions will establish themselves as true value added providers and "own the customer."

Target Vertical Market Niches

Each vertical market is different. While we found that enterprise markets share certain common requirements such as turn-key contracts, we discovered that understanding and satisfying industry specific needs generated the greatest interest in satellite solutions. For example, we discovered that Oil Industry customers have a unique need for very short term contracts and that firms in the International Construction Industry placed a great deal of emphasis on rapid deployment of communications services. By gaining an understanding of such requirements, it is possible to structure product/service packages that solve real problems and win real business. To find out what customers really need, you have to meet them face to face and assess their needs. Here's how.

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Open Doors

Senior IT managers are pretty busy these days, and the last person most want to see is another salesman, especially one from an industry that has never paid any attention to them. Introductions to these executives are best achieved by offering them an irresistible benefit and the promise of an open meeting environment free from any sales pressure. In such an environment, respondents could freely express their problems and interests and learn about new technologies that could benefit their companies.

Hence, we discovered that a market research offers the ideal vehicle for gaining the market information we require and opening the door for sales follow up. Using this approach, Gottlieb and Company has been able to penetrate such industry giants as General Motors, Bechtel, HP, Caterpillar Tractor, Baker Hughes, Halliburton and many others. As expected, informative interviews with IT Managers in such companies yielded specific information on market requirements and produced the initial contacts needed to generate initial sales.

Package and Market Solutions

Once customer requirements are defined, specific industry focused solutions can be developed. In some cases, developing an attractive offering that meets a specific need can be relatively straight forward. For example, offering rapid deployment products and services and leasing to the International Construction Industry in an attractive package can be a key sales strategy. With such offerings in place, chances of winning business are significantly improved.

Target Market Leaders - Move down the Vertical

Those that understand the corporate mentality know that trends are set by industry leaders. Sell a leader and competitors will tend to follow. Therefore, concentrating the sales efforts on industry leaders becomes the best way to enter a vertical market. Of course, quality control and customer service become critical issues when selling in vertical markets. While an excellent performance for an industry leader will win followers in a vertical market, a bad one will be difficult to overcome. So, special efforts to control quality and assure customer satisfaction need to be taken.

In Conclusion

As in many industries, the old business model is no longer wholly functional and needs to be changed. Implementing such change is never easy and will require support and commitment from top management. Penetrating enterprise vertical markets through solution selling requires significantly greater effort and sales forces will have to be retrained. However, for those firms bold and creative enough to embrace the realities of the new market environment, the rewards will be higher margins, insulation from the brutal commodity markets that cycle through our industry, and a much more sustainable path to long term growth and profitability.

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