

It is all about Customers!

Simplicity - Focus - Execution

Introduction

This presentation is based on tools developed and used during more than 20 years of B2B marketing. They represent an approach to marketing that integrates research, product marketing, marketing communications, sales, and business objectives to drive revenue and margin growing the business long term. The only way that marketing can contribute to the success of an organization is through rigorous design, research, measurement, and reporting results. Without these elements, marketing is hobbled and will not be a contributor to the success of the business.

The Challenge:

Drive revenue and earnings while integrating core organizational beliefs into all aspects of doing business including

- Relationships with
 - Prospects/Customers
 - Suppliers
 - Employees
- Technology
 - Face to Face
 - Print
 - Web
- Communications
 - Consistent presentation of core messages to all audiences

When all these elements are working in harmony, Marketing makes unambiguous contributions to the success of the organization.

Marketing Meets the Challenge!

17
sts

At the core, marketing provides support through

- Voice of the customer to
 - Product development
 - Sales
 - Operations
- Voice of the company to
 - Customers and Prospects
 - Suppliers
- Employees

Marketing

- Integrates these views
- Provides communications leadership
- Links expenditures to revenue and earnings
- Drives the bottom line of organizations

Prospects and Customers First

Prospects and Customers are the key to success for any organization. A business does not exist without customers. Research tells us that it is cheaper to keep current customers than attract new ones. We all know that, but we sometime forget to manage customers like the other assets we have. **Customer Value Management (CVM)** is all about managing customers like assets. It is about understanding where you stand with them and where they stand with you. It enables companies to make decisions about firing un-profitable customers and retaining the customers that bring the most value. There are a few basic concepts that underpin CVM. Two of them are:

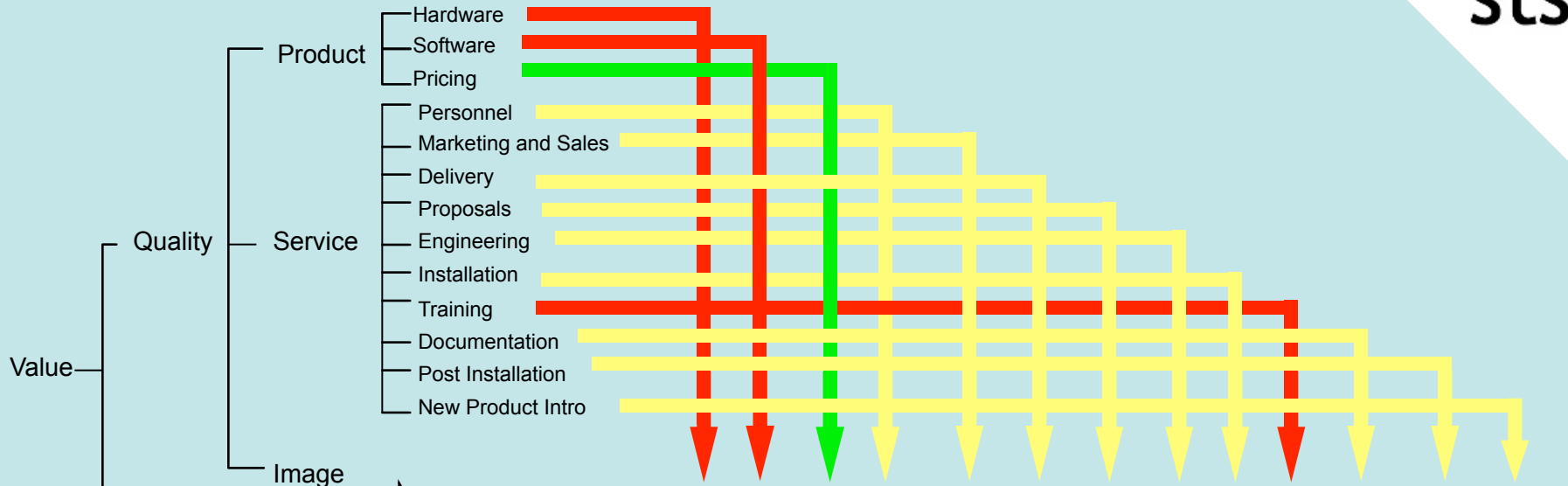
Value Drivers

Competitive Relativity

Based on the information developed from this research, product marketing, sales and operations can develop plans to change the competitive position in the market and secure an advantage in the customer's perception relative to the competition.

Value Drivers

17
sts



Customers placed high levels of importance on these elements, and rated the company on these elements. This company has a lot of work to do.

Rating System:

High performance (mean > 9)

Average performance (mean 7.0 - 8.9)

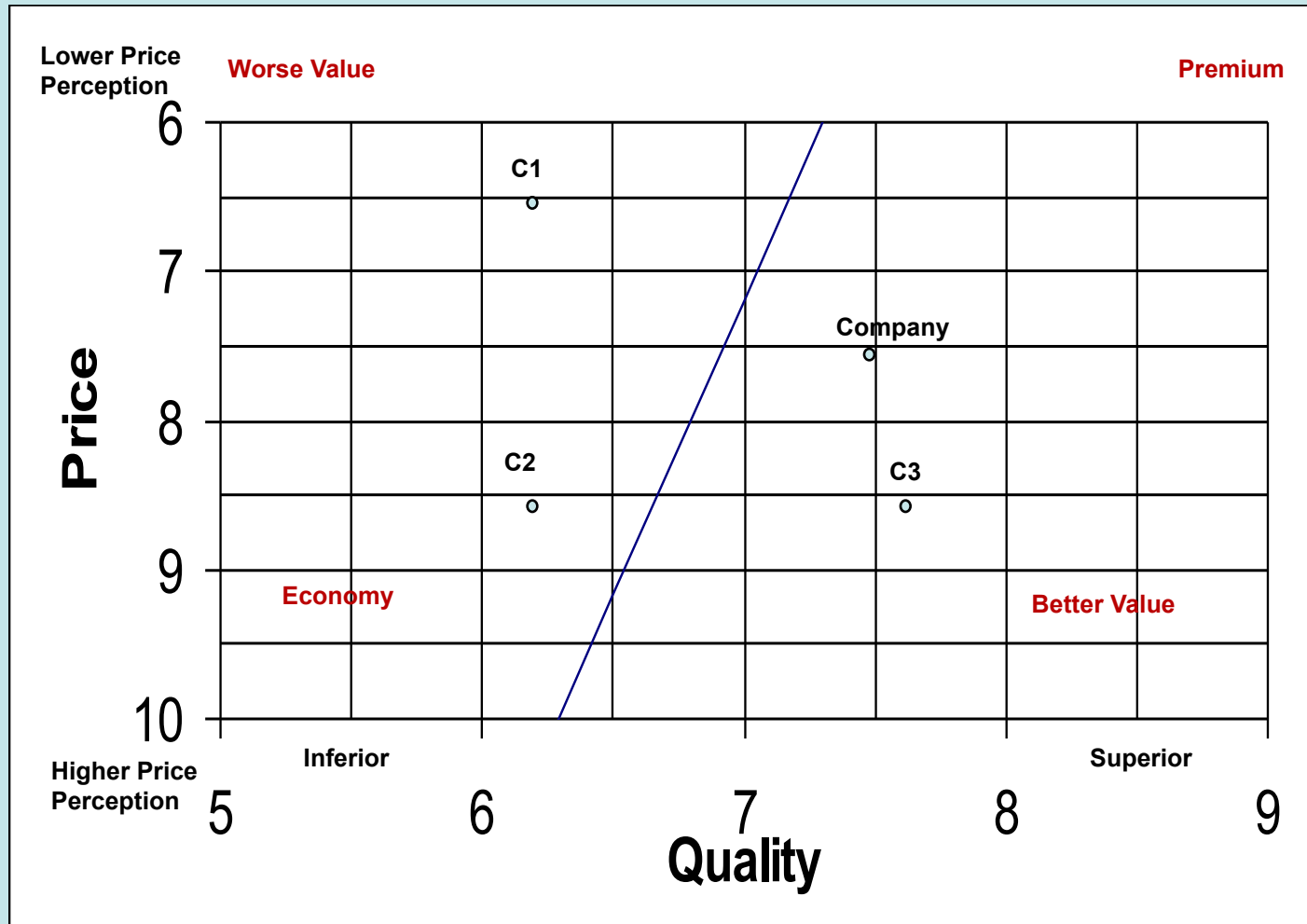
Low performance (mean < 7.0)



Customer's Critical Success Factors	Hardware	Software	Pricing	Personnel	Marketing & Sales	Delivery	Proposals	Engineering	Installation	Training	Documentation	Post-Installation	New Product Intro.
Branding/Image	Yellow		Green		Yellow								
Effort (working with Company)													
Leadership													
Meeting Needs													
Price/Value										Red			
Relationship/Competencies													
Retention/Growth													
Reliability													
Timeliness	Red	Red											

Customer Value Map Example

17
sts



Suppliers are key to meeting commitments

One of the key value drivers from the previous chart is reliability. A supplier can torpedo reliability and drive down a customer's perception of the company. Just imagine what happens if a supplier of shipping services cannot meet their **Service Level Agreement (SLA)**... the customer may forgive once or twice, but on-going issues will cause your business to crash. Using the CVM process with Suppliers can **identify issues** prior to them effecting customers and provide a solid foundation for growth.

Just a quick note about **CVM** and **Total Quality Management (6 Sigma, Lean 6 Sigma, etc.)**. CVM techniques help identify the attributes and process that are important to customers. TQM, SS or LSS provide the measurements and corrective action framework to improve the processes so that customers receive better products and services. CVM provides the framework to identify the priority perceptions from the customers relative to the competition so the most important things are fixed first.

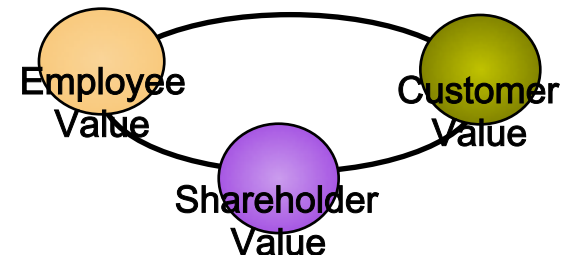
Employees -

People really do make the difference!

17
sts

Sometimes companies loose sight of the impact their employees have on the market. They can make the difference for an organization especially in a tough market. **Research shows that Customer Satisfaction with Employees can account for 81% of the Overall Satisfaction with the company.** When employees are valued, they represent the value to the customers. When customers are having good interface with employees, they buy more, pay more regularly, and are more profitable. When a company has customers that cost it less to manage, the company is more profitable.

The relationships among Employee Value, Customer Value and Shareholder Value is real, measurable and actionable.



Integration

Marketing brings the integration of these and other elements to drive revenue, margin and earnings for the company. Marketing and Sales must be aligned and integrated to drive results.

- **Marketing's** role is to identify the market, develop interest, collect qualified leads, open the door for sales.
- **Sales'** role is to work the relationships, provide information as required, close sales, provide feedback to Marketing based on the sales activity.

When sales and marketing are aligned, productivity and revenue are maximized. When there is no alignment, then customers and the business suffers. Alignment does not mean an absence of active engagement. What it means is both organizations are committed to drive the business with the products and services the organization has to sell. The commitment comes from

- Common understanding of the market
- Common objectives for revenue and margin
- Processes for joint feedback, planning, and execution

We succeed or fail together.

Success rests on the
Cooperation between
Sales and Marketing

Show me the connection -

Basic Marketing involves

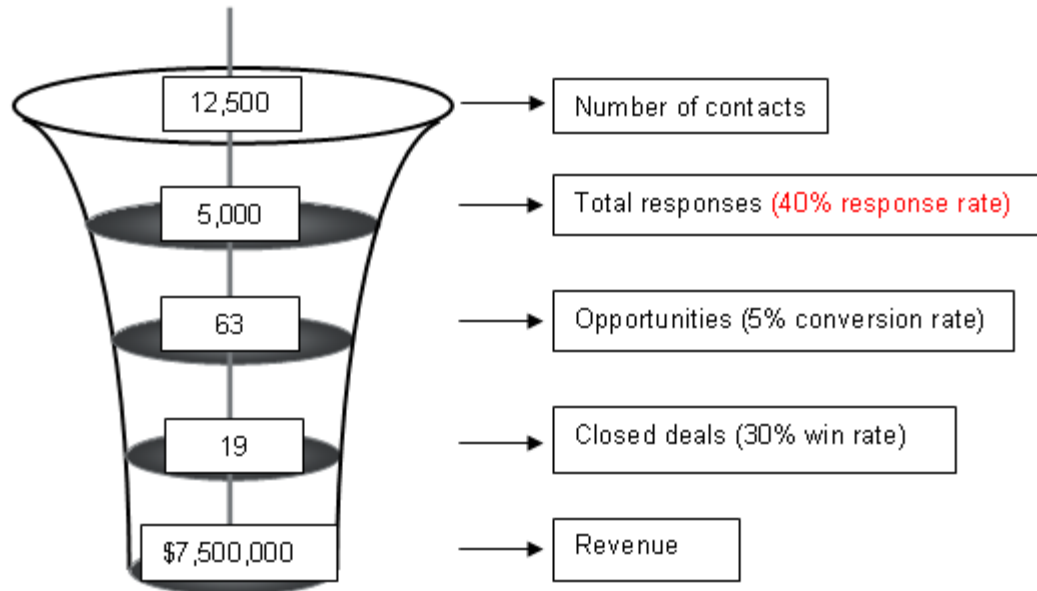
- identifying market needs,
- developing solutions,
- developing messaging,
- communicating value messages to audiences,
- capturing interest,
- enabling sales to be successful, and
- tracking the impact of the activity.

In the process, marketing is obliged to show their impact on revenue and earnings with ROMI (Return on Marketing Investment).

Measurement of marketing activity is one of the most active discussions in marketing today. Indicators of marketing activity from identifying market needs to the close of business enable the business to understand the impact of the investment in marketing.

Global Campaign Funnel - Planning is Key to Success

17
sts



ROMI = 10.7

	Business Objective	Region1	Region 2	Region 3	Region 4	Regional Totals	B(W)
Business Revenue Target	\$ 30,000,000	\$ 15,000,000	\$ 8,000,000	\$ -	\$ -	\$ 23,000,000	\$ (7,000,000)
Campaign Revenue Target	\$ 10,000,000	\$ 5,000,000	\$ 2,500,000	\$ -	\$ -	\$ 7,500,000	\$ (2,500,000)
Campaign Investment	\$ 700,000						
Audience	12,500	8,333	4,167	-	-		
Avg. Response Rate	40%	3,333	1,667	-	-		
Prospect to Lead	25%	833	417	-	-		
Lead to Opportunity	5%	42	21	-	-		
Opportunity to Win	30%	12	6	-	-		
Average Deal Size	\$ 400,000	4,999,800	2,500,200	-	-		

Campaign 1 Targets Differentiated Focus on Existing Customers, Inactive Customers, and New Prospects

Active – purchased since 2010
 Inactive – purchased 1999-2010, but not since
 New – purchased in 2010, but either never before or not since '99

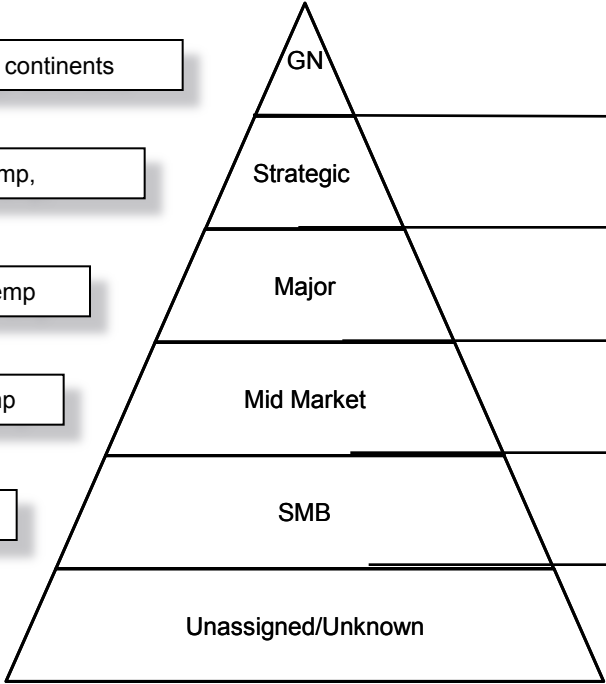
>10K+ empl, ≥3 continents

>5000 – 9999 emp,

> 1000 – 4999 emp

>\$250 – 999 emp

> <250 emp



	Cpny Total (\$M)	Rev from Active (\$M)	Rev from New (\$M)	% Active Customers	% New Customers	% Inactive Customers	2010 / Q3 '07 #
GN	\$209	\$201.5	\$7.5	76%	12%	12%	268
Strategic	\$434	\$390	\$44	67%	8%	25%	1353
Major	\$384	\$344	\$40	46%	11%	43%	3122
Mid Market	\$203	\$109	\$94	31%	12%	57%	4396
SMB	\$193	\$73	\$119	16%	14%	70%	21819
Unassigned/Unknown	\$0	\$0	\$0	20%	34%	46%	400
Total	\$1,423	\$1,117	\$305	20%	14%	66%	31,358

• 78% of revenue comes from existing / active customers: Objective is to expand wallet share

• 99% of SMBs and 55% of Mid Market companies are not Company customers: Objective is to acquire

• 2/3rds of our customers have not been active since 2010: Objective is to reconnect with them

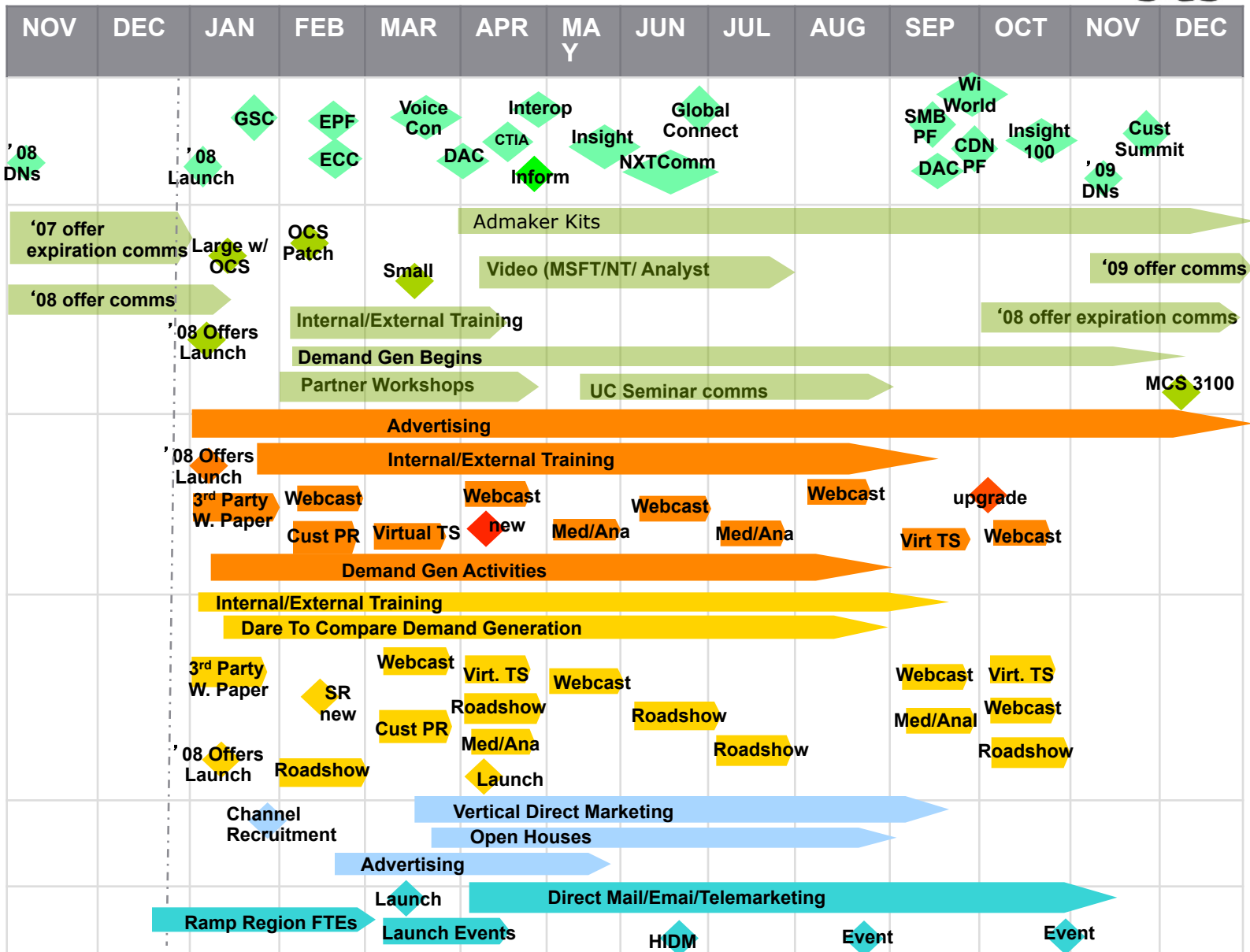
Plan and execute

Campaign planning is laid out to provide an platform for the year and integrated with market research, prospects/customers identification, investment, revenue, and margin negotiation.

This plan is aligned with events (customer and industry), publication deadlines, analyst reports, and other key opportunities to propagate the message to the market. The example on the next page is a high level time line indicating the activity associated with five campaigns for a large corporation. This is the map for the year that accounted for the investment priorities and timing for marketing for the year.

Marketing Timeline

17
sts



Dashboards - Consolidated Results based on Commitments

17
sts

Dashboards are management tools to provide timely information based on key indicators of the business. From a marketing perspective, they should measure the commitments made during the planning cycle. Dashboards are developed during the planning process to ensure that all parts of the organization are in agreement on the committed results and standard reports. IT is an important element of marketing because dashboards are only as accurate and timely as the data that is available. Companies with weak IT support, will have less effective dashboards.

Marketing Communications

	Jan	Feb	Mar	Apr	May	Jun	Aug	Sep	2007 Target
Monthly Media Signal	14%	15%	22%	16%	22%	21%	22%		21%
Monthly Coverage Hits	636	657	857	409	818	429	521		800
CRN and VAR Business Media Signal	17%	11%	22%	23%	26%	22%	11%	16%	20%
Podcast metrics (monthly)	NA	34/7334	28/10668	30/10349	32/10052	34/9786	35/6977	37/6201	40/10000
CLP Deal Revenue	\$11M	\$15M	\$8M	\$10M	\$11M	\$6M	\$8M	\$14M	\$70M

- Company remained in second place with coverage mainly driven by the potential takeover of Competitor; success of New partnership and \$300M deal with Social Security.
- Competitor 2 MediaSignal increased significantly due to better-than-expected Q4 profit and outlook, and news of a greater collaboration with Microsoft on technology standards. Competitor 3 retained fourth place with its tone falling from very positive to negative on news of the late delivery of its network to Customer.
- CLP wins: Immigration CSPTU \$2 million IVR deal; UoB \$500K Health Insurance \$1.5 million, one of the locations displaced a Competitor 2 system. (CLP deal revenue revised upward across 2013 due to self-report wins information in consultant survey completed in September.)

Events

Events	Q107	Q207	YTD	YTD Target
Private Events - Revenue (\$)	3.9M	6.3M	10.2M	20M
Private Events - Attendees	591	858	1,449	1,270
Post Private Event Survey - Met or Exceeded	90%	89%	89%	82%
Private Event - One-on-One Meetings	85	34	119	123
NetworkXpress Truck Days	27	46	73	
NetworkXpress Truck Visitors	1,100	1,170	2,270	
Public Events - Revenue	-	-	-	3M
Public Events - Relevant Lead Ratio	116	321	437	440
Public Events - One-on-One Meetings	32	42	74	95
Public Events - Event Activity Value	135	72	207	153
Speakers Bureau - # of speaking slots submitted	58	8	66	100
Speakers Bureau - # of speaking slots accepted	10	3	13	25
Speakers Bureau - # of keynotes placed	5		5	5
EBC Visits	210	204	414	
Mobile Showcase - # of events	40	35	75	

- Public Events - Lotusphere, RSA, HIMSS, Voicecon, Interop., Insight
- Private Events - ICA CEO, EPF, Consultant Conference, UC Oakland, Toronto, Chicago, Dallas, Customer Summit
- Site Tour --> past revenue

Direct Marketing

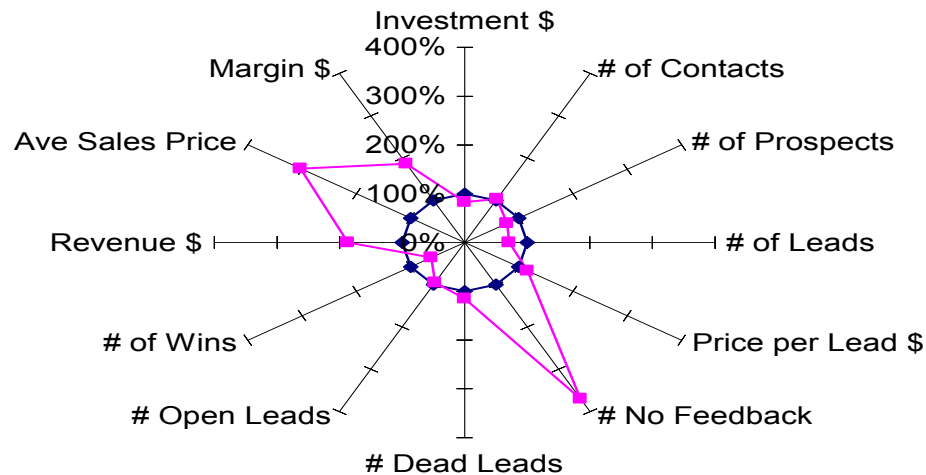
DIRECT MARKETING RESULTS (CORE PROGRAMS ¹ ; YTD THROUGH SEPT)		
Category	Actual	Target
Investment \$	\$1,764,910	\$2,139,719
# of Contacts	103,921	100,975
# of Prospects	24,344	31,101
# of Leads	12,245	17,226
Price per Lead \$	\$144	\$124
# Leads w/ No Feedback	2,263	612
# Leads w/ Open ²	4,649	4,898
# Leads w/ Dead Lead	2,109	1,837
# of Wins ³	223	362
Revenue \$ ³	\$7,455,980	\$3,995,453
Average Sales Price ³	\$33,435	\$11,043
Margin \$	\$4,548,148	\$2,437,226

1.

2. Lead Disposition = "Working" or "Proposal Submitted"

3. All leads regardless of year generated

3. "Dead Lead" target = 15% of leads; "Open Lead" target = 40% of leads; "No Feedback" target = 5% of leads



◆ TARGET ■ % of GOAL

Conclusion

Marketing is a combination of research, analysis, design, execution, and results measurement. When marketing is included as a total partner of the business, the results are remarkable. Marketing does not have to “own” all the elements discussed here to be effective. The role of marketing is to focus the messages to the audiences (Customers, Suppliers, Employees) and manage the mediums in order to make the highest potential impact to the business.