A Framework to Build & Market Solutions

The Case for Shifting from Product to Solutions Marketing

Steve Hurley, Managing Director
We work with product and services based companies to become more customer focused.

We help B2B companies **develop, market, and sell integrated solutions** that deliver **increased business value**. Our main areas of focus are:

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<th>Customer Connection</th>
<th>Offering Distinction</th>
<th>Sales Acceleration</th>
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<td>Aligning the organization around a solutions strategy</td>
<td>Deeping connections with customers and prospects</td>
<td>Developing and launching new and distinct solutions offerings</td>
<td>Accelerating the selling process for solutions</td>
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**Sample Technology Clients**

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Let’s be clear on what we mean by a technology-based solution in B2B sectors...

ITSMA, a marketing association, developed the following definition...

A solution is a combination of products, services, and intellectual capital, focused on a particular customer problem which drives measurable business value.

....which has been generally accepted, applied or adapted by most of the large, globally recognized companies in the tech sector.

Source: ITSMA 2007
Solutions Insights has its own version of what a solution is...

As a result of our experience in working with companies that are looking to build a competitive solutions business, we’ve developed a definition with a few important additions:

A combination of products, services, and intellectual property focused on a business problem or opportunity that drives measurable business value and can be significantly standardized.

The solutions components can be from either the vendor and one or more partners, and the solutions implementer can be the vendor, the partner, the customer itself, or a combination of the three.
Both buyers and sellers are motivated to shift to solutions.

**Seller’s Side**
- Product commoditization continues to accelerate, leading to.....
- A steady decline in product margins

**Buyer’s Side**
- Buyers demand business results from their IT & networking investments, which has led to....
- A stronger focus by the vendor to develop offerings with a measurable impact on the customer’s business

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Another motivation for companies to shift to solutions is the decrease in profits from simple services attached to products.

**Market Dynamics 5 Years Ago:**
- Most sales included products and simple support and maintenance services; highly profitable
- Small percentage of sales were just product or full solutions

**Market Dynamics Today:**
- Most products and simple support and maintenance services sales have become transactional
- Sales of full solutions have increased considerably

Source: Neil Rackham, presentation at ISBM conference, September, 2010
There are usually 7 steps in the solutions transformation process.

1. **Realization**
   - “Everyone’s pushing solutions; we better do it, too!”

2. **Pre-Mature Enthusiasm**
   - “Yeah! We’ve shown that we’re a solutions company on our website!”

3. **Organization Misalignment**
   - “Wait…do we all agree on what it means when we say we offer solutions?”

4. **Strategic Confusion**
   - “What do we have to change in our business model to successfully offer and deliver solutions?”

5. **Sober Realization**
   - “This is a lot harder than we thought it would be.”

6. **Initial Successes**
   - “Great! We’ve done it with one part of our business…let’s transform other parts.”

7. **Long-Term Commitment**
   - “It’s working…let’s stay focused and committed.”
Solutions Marketing is all about creating greater business value for the customer.

Solutions Factors
• More complex problems, resulting in a need to create more complex offerings
• Greater personalization & customization
• Increased organizational collaboration
• Longer sales cycles and more complex Value Propositions

Marketing Implications
• Greater customer-centric behavior
• A different approach to communicating the Value Proposition
We’ve identified what product and services marketers need to do differently to market solutions.
It’s not easy – in a recent survey, nearly 2/3 of the respondents felt that solutions marketing is harder than product marketing.

Is solutions marketing seen as more or less challenging than *product* marketing?
% of Respondents (N=106)

- Solutions marketing and product marketing are *equally challenging* 29%
- Solutions marketing is *more challenging* than product marketing 62%
- Solutions marketing is *less challenging* than product marketing 8%

Source: SI/ITSMA Online Survey: Anatomy of a Solutions Marketer, February 2012

Is solutions marketing seen as more or less challenging than *services* marketing?
% of Respondents (N=115)

- Solutions marketing and services marketing are *equally challenging* 52%
- Solutions marketing is *more challenging* than services marketing 43%
- Solutions marketing is *less challenging* than services marketing 4%

Comparison to Product Marketing
Comparison to Services Marketing

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While it’s harder, the benefits have been substantial.

Benefits of being more customer-focused and solutions driven:

- Larger deals
- Better margins
- Deeper account penetration
- Better customer relationships
For more information, contact:
Steve Hurley
Managing Director
Email: shurley@solutionsinsights.com
Tel: 781-929-8570
Website: www.solutionsinsights.com