

i n v e n s y s
Operations Management



**Solutions Marketing: How
Invensys built a Business Value
Solutions Model that Moved it
out of a Commodity Business**

The Challenge:

As you have seen from our past success stories, many technology firms are driving solutions in markets like healthcare and telecommunications – industries that tend to be highly dependent on technology innovation and are often the early adopters. But many of the technology companies that have served the manufacturing and process automation markets have struggled to get technology innovation accepted, resulting in a concentration of products that are seen to be commoditized and generic “for the plant floor”. This is a story of a company that was able to break out of this syndrome and find a way to develop and deliver high value, differentiated solutions to their customers.

Invensys Operations Management (IOM) is a division of the Invensys Corporation, a \$3.75 billion Dallas-based company. IOM is a leading provider of automation and information technologies, systems, software solutions, services and consulting to global manufacturing and infrastructure industries.

The problems that IOM faced are typical of many companies that make the decision to undertake a solutions transformation initiative. Many of their products were perceived as entering into a commoditized, “me too” cycle, with very little or no differentiation. Their sales force was trapped in having purchasing conversations with project managers and engineers. The business imperative, or main motivators for these buyers was to meet tight project budgets and time lines.

In fact, the IOM measurement systems provided significantly superior functionality by allowing companies to measure performance across a wide array of processes for individual as well as networked factories and other operations facilities, leading to much more in-depth operational understanding and analyses. This often led to significant cost reduction opportunities. IOM gained even greater product advantage by creating what they called the Enterprise Control System (ECS), a unique technology that showed a measurable value improvement in their customers’ real time cost accounting systems. This was seen as a “game changer” in terms of cost management and reduction? inside of large plants and factories.

Unfortunately, the total value that they could deliver was lost on their buyers who had very different motivations and did not face a compelling reason to upgrade or replace their outdated, aging automation assets. IOM realized the business value of its process measurement systems would be understood and appreciated by staff that was much higher up in the corporate “food chain” -- the middle and senior level managers who were responsible and accountable for overall manufacturing and facilities operations and costs.

The internal challenge for IOM was that their salespeople didn’t have relationships with the senior level managers who would understand the cost-benefit proposition that IOM offered. Moreover, the sales force didn’t know how to have the right conversation when in fact they did get an opportunity to meet with these decision-makers.

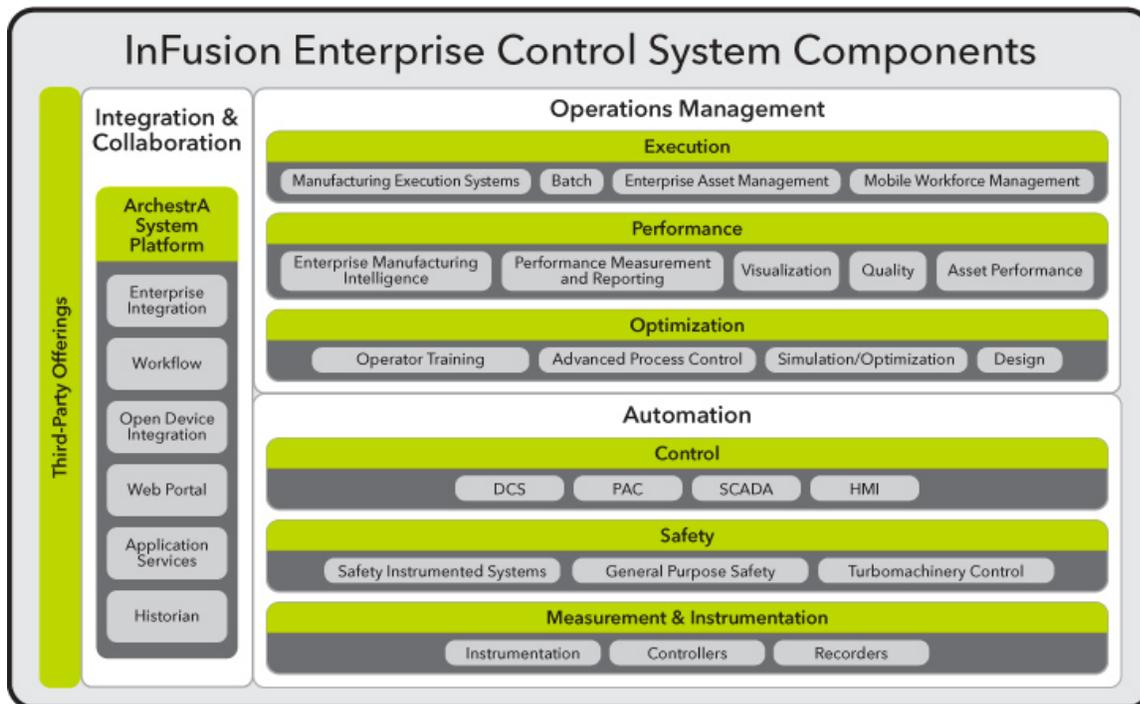
In addition to the issues surrounding the behavior and competency of the sales force, IOM faced other challenges. For example, the marketing and sales executives did not understand that selling broader, higher-value solutions (1) needed a long sales cycle, (2) was more education-based, and (3) required a more collaborative account team approach.

IOM quickly discovered that the power of the ECS system gave them a real competitive advantage. However, this advantage would be lost if they didn't make all of the organizational and operational changes necessary in making the shift from selling products to selling real-time solutions. In addition to the selling skills and competency gap, some of their other challenges were:

- Developing new and different sales channels
- Developing new IT systems that allowed for integrated product and services sales
- Bringing in new leadership that understood the importance of moving to a solutions model
- Rebranding the company and creating new messaging to change IOM's image in the market

The Response: Creating a Business Value Solutions Model

In order to realize the benefits of their breakthrough ECS system, IOM had to re-align their corporate strategy around it. In addition to making the necessary organizational, HR and systems change, they realized that they had to start by overhauling their sales processes.



Their first major initiative was to create Business Value Solutions (BVS) teams. These teams were separate from the rest of the sales force and went into prospective accounts where IOM had little presence. Targeting “greenfield” accounts reduced potential friction and conflicts with the existing sales force. The purpose of creating the BVS teams was to prove the concept of how to sell the value of ECS to higher level, business oriented buyers. The program was wildly successful, with the BVS teams quickly exceeding their objectives and financial targets.

The consulting services included a comprehensive audit that addressed the main characteristics of an automation system:

- Overall business strategy
- Accounting systems
- HR practices, including education and levels of experience in the factory floor
- Installed technologies

The output of the audit was what the BVS teams called a Solutions Report, outlining all of the areas where IOM could upgrade their measurement systems with quantified financial benefits. The report often indicated that the ECS systems, including their suite of other products, could reduce integration costs by up to 90%, and had a relatively lower cost delivery system to the customer location.

This business value solutions team establishes the use case scenarios and the case study model to solve the customers’ business problems?

The Results:

IOM saw a rapid increase in both sales orders and a steady growth in the pipeline. There has also been a significant shift in who the IOM sales force has a relationship with, leading to more business-oriented discussions and solutions opportunities.

Other benefits from the transition to solutions were:

- The ability to differentiate Invensys on technology for business value
- A new and unique way to approach clients
- An elevated position as a “trusted advisor”

Our Takeaways:

IOM, a traditional process automation company, found itself poorly positioned in the market as a product pusher that was perceived to add value only at the project level. By adopting a solutions transformation strategy – which included new products and services, a different organization structure, and a completely new approach to sales and marketing – they were able to get deeper into their accounts with much higher value solutions. IOM succeeded because the company:

- Took a holistic, strategic approach to the problem

- Stayed the course, realizing that the transformation wouldn't be a short-term project.
- Understood what it took to re-direct a sales force, intensive training and mentoring, a sales overlay team dedicated to proof-of-concept, and strong market "air cover"?
- Realized that they could only sell on the basis of business value if they made the value very visible to clients, using their metrics

Solutions Insights sees this as another example of how a company that has a traditional product-oriented business model can, with the right leadership and vision, transform itself into a more relevant, dynamic company with deeper customer relationships at senior levels – a great formula for long term revenue profitability growth.