



June 2005 Issue

For your beach reading pleasure, we've packed this month's Marketing Magnified with more compelling content than ever, including a candid Q&A with Best Software's Nina Smith; a case for Marketing Performance Measurement systems from Dr. Bruce Clark; and a word or two on "word of mouth" marketing from Promise Phelon.

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Editor's Cut



A telltale sign that summer is upon us are the summer program brochures strewn about the house designed to keep the kids mentally engaged, physically fit and out of trouble for the next couple of months. Day camps, soccer leagues, library programs, swimming lessons—you name it, we've got the information.

Programs are also a big part of the CMO Council's summer, but they're not intended to keep you out of trouble. Rather, our thought leadership initiatives are designed to help you do your jobs better. We have a number of initiatives under way, and we welcome your participation as task force members to help shape these worthwhile studies. They include:

- "Grow Who You Know: Scaling Relationship Networks," a study with Leverage Software that focuses on how companies can better aggregate, mine and manage Active Relationship Networks (ARNs) to acquire and grow strategic accounts via events and through online customer interaction.
- "Market Vigilance, Product Diligence," an initiative fielded in conjunction with the BPM Forum and Vistaar, explores the problems and pitfalls of product sales and marketing planning while offering new methodologies for better integration and synchronization across the entire product marketing portfolio.
- "Renovate to Innovate: Building Performance-Driven Marketing Organizations," a study in partnership with MarketBridge, looks at the challenges marketers face in being fully aligned with their companies' strategic and financial goals, as well as new mindsets and approaches needed to increase marketing's yield, output and operational effectiveness.
- "Forum for Advancing the Mobile Experience™(FAME™) is a member advocacy group and strategic authority leadership initiative designed to accelerate marketing programs and research around advancing the wireless user experience. FAME will promote the adoption of wireless applications in the best interests of industry players. Current advisory board members include ARM, Alcatel, Google, Intel, Lucent, Nokia, Nortel, palmOne, QUALCOMM, Sybase Corporation, Symbian, T-Mobile, Virgin Mobile, Vonage, Yahoo!, and many others.

If you wish to get involved in any of these worthwhile initiatives, feel free to contact me at scottvc@globalfluency.com, or 212-213-5400 x216.

We're in the home stretch of our successful Marketing Performance Measurement (MPM) Forum series, with the Boston event coming up on Tuesday, June 21, followed by Munich on July 19, New York on Sept. 7 and Paris, date TBA. For more information on MPM Forums, visit www.mpmforum.org.

In addition, we're putting the finishing touches on the Council's flagship event, CMO Summit 2005, slated for October 27-28 in Monterey, Calif. Featuring outgoing Visa USA CEO Carl Pascarella as the keynoter, the Summit will address the technology-enabled On-Demand Marketing model—a critical imperative for companies to more effectively compete in today's high-stakes global markets. Click on www.cmosummit.org and catch the early bird registration special of \$300 off before June 30.

Even if you're not going to day camp, here's to a fun and productive summer, and have a good read.

Scott Van Camp, Editorial Director of the CMO Council and Editor of Marketing Magnified, can be reached at scottvc@globalfluency.com.

Fed Focus: Follow the Yellow Brick Road

OMB & GAO: Two 'Thought Stops' That Can Clue You into Buying Hot Spots at Fed-Oz

By Gal S. Borenstein



As you follow the yellow brick road to Uncle Sam's treasure chest, the largest information technology buyer in the world, you might want to make two 'thought-stops' along the way to help your organization articulate a strategic marketing and public relations messaging platform that will allow your products and services to perfectly align with today's federal procurement zeitgeist.

The two key "thought stops" along the road to success in the federal marketplace are The Office of Management and Budget (OMB), which resides within the Executive Office of the President of The United States and its counter-part, **The U.S. Government Accountability Office (GAO)**, an independent, nonpartisan, professional services agency in the legislative branch of the federal government. Commonly known as the "investigative arm of the Congress" or the "congressional watchdog," it examines how taxpayer dollars are spent and advise lawmakers and agency heads on ways to make government work better.

OMB assists the President in the development and execution of his policies and programs. It has a hand in the development and resolution of all budget, policy, legislative, regulatory, procurement, e-gov, and management issues on behalf of the President. GAO defines its mission as supporting "the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people." In the similar fashion to which everyone on Wall Street listens to Alan Greenspan's words of wisdom on interest rates, federal technology marketing mavens have been tracking the words coming out of these two offices to ensure their strategic efforts are in line with what is the president's agenda and most importantly how it will be translated into a series of procurement initiatives by the federal government when it comes time to spend the money.

Perhaps the single most important thought-piece that can help you define where your software, hardware appliances or integrated applications fit the government market is The **President's Management Agenda (PMA)**. Originally launched in August 2001 as a strategy for improving the management and performance of the Federal Government, it is a 'living document' that focuses on the areas where deficiencies "were most apparent and where the Government could begin to deliver concrete, measurable results." The PMA (or for marketers: "where the monies will be spent" roadmap) includes five government-wide initiatives and 10 program-specific initiatives that apply to a subset of Federal agencies.

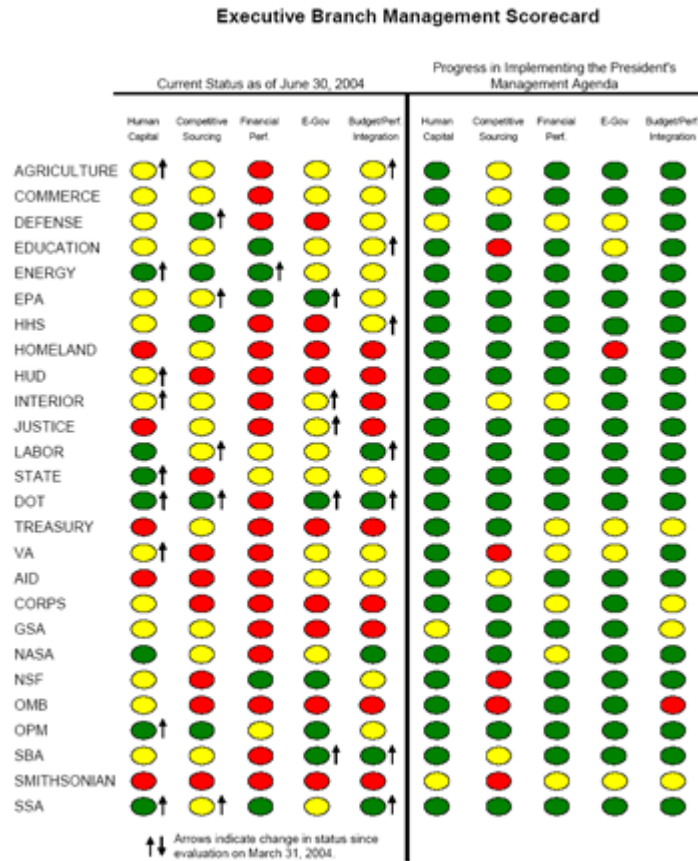
The five key government-wide areas are:

- **Strategic Management of Human Capital** —having processes in place to ensure the right person is in the right job, at the right time, and is not only performing, but performing well. *Translation:Enterprise Resource planning anyone?*
- **Competitive Sourcing** —regularly examining commercial activities performed by the government to determine whether it is more efficient to obtain such services from Federal employees or from the private sector. *Translation:IT Outsourcing and systems integration anyone?*
- **Improved Financial Performance** —accurately accounting for the taxpayers' money and giving managers timely and accurate program cost information to inform

management decisions and control costs. *Translation: Financial Software and Business Process Engineering anyone?*

- **Expanded Electronic Government** —ensuring that the Federal Government’s \$60 billion annual investment in information technology (IT) significantly improves the government’s ability to serve citizens, and that IT systems are secure, and delivered on time and on budget. *Translation: Wired and Wireless Information Security and Enterprise Architecture applications anyone ?*
- **Budget and Performance Integration** —ensuring that performance is routinely considered in funding and management decisions and that programs achieve expected results and work toward continual improvement. *Translation: Executive dashboard and Business Intelligence applications anyone?*

But wait there is more, and it's free too! For each government initiative, the PMA established clear, government-wide goals or standards for success. Agencies have been held publicly accountable for adopting these disciplines. To that end, a simple grading system of red, yellow, and green was developed. The government-wide scorecard reporting on individual agency progress is published quarterly at <http://results.gov/agenda/scorecard.html>. Translation: the lower the score of the government agency, the higher the chances your solutions have of being positioned to help solve the government problems.



Click on image to enlarge

Keeping a watchful eye on these spending initiatives is the office of **GAO**. It focuses on issuing real-world reports on strategic problems that offer meaningful insight into what Uncle Sam needs. For example, two years after the government was warned about the security risks posed by implementing wireless networks, the GAO has just issued a report indicating that government agencies have done little to solve this problem, reports *Federal Computer Week*. According to FCW, the GAO recommended in its report that OMB (the president's arm) will **REQUIRE** agencies to incorporate wireless security programs under the Federal Information Security Management Act. A specific technology of concern to the government currently is RFID because it is now engaged in issuing millions of smart cards, electronic passports and other devices that are using this radio-frequency based technology. Did OMB said REQUIRE? Seasoned technology marketers will now use this GAO report to adjust the language of their wireless security marketing collateral, public relations messaging and case studies to ensure it screams "we listen to your needs."

For every major technology buy in the government, you will find an OMB and GAO report that precedes a major trend. Knowing these two 'thought stops' is the power to help your organization project success in the federal marketplace for years to come.

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Get to Know a CMO: Best Software's Nina Smith



Nina Smith, executive VP and CMO of business management solutions provider Best Software (currently transitioning to its parent name of Sage Software), has extensive experience in branding and customer strategy issues, and has successfully implemented multi-dimensional distribution strategies that encompass Best's retail, distribution and business partners. Smith oversees strategic marketing direction across all of Best's U.S. companies and products, including Peachtree, MAS 90, FAS, and Abra, among others. She previously spent 19 years at Xerox in a variety of positions, including CMO. We recently had a candid conversation about her strategies and challenges at Best, including the move from a large company like Xerox to a smaller one.

Marketing Magnified: When you arrived at Best Software four years ago, what were your observations of the marketing organization?

Nina Smith: When I got to Best, Sage had come in and started to acquire many small accounting products companies. So my first task was to consolidate the marketing operations and get some consistency throughout these companies. I had to start pulling us together and formulate a strategy for how we were going out to market from a branding and marketing perspective. So I put together a branding architecture. What we had were product brands. We had two strong sub-brands, ACT! and Peachtree, and a master brand called Best that had little or no awareness in the marketplace.

With all of these different products, did you have trouble getting people to buy in to an overall program?

First, my philosophy was not come in and change everything. I did form a virtual team, taking leaders from all of the businesses, and started working with them on the brand. It was amazing that I didn't get the resistance you'd experience at a bigger company. We were able to sit around the table with and come to a consensus. That allowed us to move a lot faster.

Now that you've sorted out the products, what areas are you focusing on to drive the business?

Marketing is changing again. You think about 2000 timeframe, when we were pulling away from advertising and tradeshow, and everything went towards the Web. Now I'm thinking about going back to some of the traditional tactics. We've outsourced a lot on the event side, and if we're going to start doing more seminars and webinars, how do we get in front of people, and should we do that directly?

Another focus is making sure we give our partners the marketing tools they need. We have our third-annual partners conference coming up, with over 3,000 attendees. We're focusing on doing turnkey and marketing alliance programs with them. These partners sometimes have very small shops, so we want to make sure that we can give them the tools required. We're also thinking about rewards programs for our partners.

You mentioned the Web—how much of your marketing is via the Internet?

At the halfway point in this fiscal year we had exceeded everything we'd done on the Web last year. The important thing about our eMarketing group is being consistent. We now have Web

managing editors for all product lines to help keep things consistent. Before that you had a lot of people doing many different things. But we've redefined roles.

How do you compete against Microsoft Business Solutions?

Our message is that we have customers and they have technology. We talk to thousands of our customers every day, and we're totally focused on the small- and mid-sized market. Microsoft goes after much bigger fish, and is worried about a lot of things, like the next Xbox.

One of our biggest messages is that customers can stay with us for the life of their businesses, using the entire range of our products. We've put special tools in place to allow customers easy transition from one product to the next.

What the biggest marketing challenges you face?

My challenge today is how to get the organization to think bigger. Originally we were a bunch of small companies, and many of the people in the organization—even though they do terrific work—don't have any mid- or big-sized company experience. You really need them to have that experience, and you have to pull them along.

Second, when you're the underdog everyday you have to worry about the messages and building more awareness. I wholeheartedly support changing our name from Best to Sage, but that is another challenge we're facing. And third, I want my employees to see the opportunities for career growth. So I'm putting together a program for them to accomplish that.

Did you ever have doubts about first working for a huge organization like Xerox and then coming to a smaller company like Best?

At one point I had quite a few recruiters coming after me, and their concern was if I could make the transition from big to small as a leader. Even though I was at Xerox, my entire career was in marketing and I've done nearly every job in the marketing mix. So when I came to Best, I rolled up my sleeves and used every bit of that experience. It has been great to see the progress that's been made here. At a bigger company politics would have gotten in the way.

Vertical View: Targeting financial firms often requires more than meets the eye.

The movement toward vertical marketing by horizontal technology firms has been quite steady over the last few years. Virtually every major technology company has some sort of vertical marketing strategy. Just look a few pages deep on their Web site and you'll find key industries highlighted. While the commitment to a vertical strategy is a wise one for many firms, be advised that it takes much more than a marketing campaign to find success. Below are a few items to consider when one of your directives is to find a piece of the massive IT spending by financial firms.

Further Define Financial Services:

The term "financial services" is a neat way to lump sum the array of different businesses that revolve around banking, securities, and insurance. It's a commonly used by those involved in multiple vertical segments such as horizontal technology and media outfits. The problem with the term is that executives within financial services define their respective industries in a much narrower way. A banker is in the banking industry, an insurance agent is in the insurance industry, and a trader is in the securities industry. And within each of these industries are a host of smaller industries. In the securities industry you'll find the following subsets: broker/dealers, investment banks, mutual funds, hedge funds, exchanges, clearing firms, etc... It's important to understand the various businesses that fall under the financial services umbrella and to tailor your approach accordingly.

Truly Understand the Business:

Take the time to learn the basics of the business. You don't need to pass the Series 7 exam but you do need to know the various segment constituents, their respective roles, their business models, and their current business challenges. Technology marketers have worked hard to move the messaging from being all about IT to being all about solving business problems. Without an understanding of the business you cannot claim to solve their business problems. If your firm doesn't understand the business you'll be exposed in no time.

Organizational Alignment:

A serious vertical effort requires commitment beyond the marketing strategy and budget. The sales team will need to be adjusted as will product management and support. Often I find a large technology firm that is willing to spend marketing dollars toward a vertical segment but their sales team is still horizontal. Good luck trying to sell a technology solution to Lehman Brothers between a morning meeting with a hospital and afternoon meeting with a government agency. If you want success in a vertical market such as the securities industry, the commitment has to be significant enough to incorporate marketing, sales, and product development. The horizontal companies that have done the best job selling into this particular vertical segment all have dedicated sales and marketing teams that have some degree of industry experience. How else can you compete with the industry pure-plays that have catered offerings?

Speak the Language:

Executives within the securities industry believe their industry is unlike any other. For this reason they look to partner with firms that understand their business and industry terrain. So, your firm's messaging will need to incorporate industry terminology and your sales people will need to speak the industry language. And if you don't? Well, you risk being cast as an outsider not to be trusted with important projects. I'd suggest reading industry pubs/sites and white papers to pick up on the language and unique acronyms that represent industry associations, firms or projects. Think you speak security industry-ese? A test for you: Define a few of the following--FIX, STP, DTCC, OMS, OTC, CME, CBOT, BCP, TCA, CLS, DMA, TOM.

Walk the Walk:

Don't be a name without a face. It's critical that your firm is present at the important industry events. It demonstrates a higher level of commitment to the market and helps build trust among potential customers. Equally important are the relationships that are developed at industry conferences – relationships with prospective customers, partners, the media, the associations, and the analysts groups. These niche events provide an ideal platform to demonstrate that your firm truly understands the pain points of the segment and is prepared to help. Don't get caught up in determining success on how many business cards ended up in the fishbowl or the number of stress balls handed out. You have to be visible as a company and as individuals when penetrating a vertical segment.

Considering the amount of technology spending coming from the global financial services industry, it's easy to want to be "in the game" however it's quite another to find success. It's important to understand the requirements necessary of a sound vertical approach and to determine your company's level of commitment before jumping in.

John Ecke is the publisher of Wall Street & Technology, a leading business technology media outlet for senior business and IT executives, and manages the various media products under the WS&T brand, including the newly launched publication, Advanced Trading. Wall Street & Technology and Advanced Trading are part of CMP Media. He can be reached at jecke@cmp.com or 212-600-3097.

Unleashing the Buzz: Word of Mouth in the IT Marketplace

By Promise Phelon

Shhhh. Listen...can you hear it?

It's a growing buzz about word-of-mouth marketing. You've probably heard it through the clamor of an overwhelming number of articles and books on the topic. But the buzz about 'buzz' is going to get much louder now thanks to the recent founding of the Word of Mouth Marketing Association (WOMMA), a professional society chartered with developing standards and creating demand for word-of-mouth marketing. Representatives from over 300 companies—from Intuit and P&G to MTV and Disney—heard the buzz for themselves at the first WOMMA event in Chicago this April.

So what exactly is the 'buzz' all about? It's about getting happy customers to advocate on your company's behalf and to do so in a way that encourages the adoption of a concept or that drives sales demand for specific products or services. Buzz marketing has only recently bubbled up as an actual marketing tactic in B2C because new tools now enable the tell-a-friend phenomenon. Plus, it works; just look at the Tivo, iPod and Blackberry revolutions.

Buzz works in B2B markets as well because fierce competition in saturated markets means that buyers of mainframes, like buyers of lotions, are overwhelmed with brands, messages and ads. Such inundation complicates decision-making processes because it forces buyers to do their own research and figure out truth for themselves. However, if the Pareto principle holds, 80 percent of buyers have neither the time nor the wherewithal to figure it out. Instead, they rely on the 20 percent, the influencers, to recommend and guide their decisions.

B2B buzz also works because battle-weary IT buyers still carry scars from previous burns; they're necessarily skeptical about vendor and reseller claims. Before buyers buy that new network security infrastructure, and because they loathe risk, they and their committees try to minimize it with validation from peer groups and opinion leaders. Buyers want to know the product works—and that support services deliver as promised.

"Real buzz is all about authenticity and honesty. No amount of marketing gives buyers the confidence that they get from a recommendation by a trusted peer. That's why all buzz programs need to be built around real users with genuine stories to share."

– **Andy Sernovitz, CEO, Word of Mouth Marketing Association**

Word of mouth is not really new to the enterprise—it's just typically been under the umbrella of the reference program. But since 2001, demand for reference customers in enterprise technology sales and marketing has increased while the perceived value of vendor-generated case studies has decreased. Buyers still want to hear from reference customers, but they're also seeking word-of-mouth recommendations straight from the source—your company's customers. And they're not just looking for positive words; word of mouth works both ways. Beyond validating whether your company's solutions work, they're asking about response time when something goes wrong; whether or not they can influence your company's product roadmap; if you still pay attention to them after the sale; and so on.

Leaders of progressive technology reference organizations—take heart. You can proactively shape this buzz that goes on without your knowledge. Here's how:

- By segmenting reference customers according to the value they add to the program.
- By developing value propositions that resonate with various segments and then tailoring segment propositions to the unique requirements of high-value customers.

- By assigning relationship managers to protect high-value customers from abuse.
- By developing an inbound channel through which customers provide feedback, vent frustrations and escalate issues.
- By implementing a clear communications strategy to inform customers about changes in company strategy, product suites and positions.
- By hosting councils, advisory boards and communities that gives customers an environment through which to network and share insight.

It's not as sexy as B2C buzz-building. And it doesn't go by a fancy acronym. But this work—customer advocacy—has always been integral to the marketing plan. Building buzz starts by committing to the strategy of customer success. It grows by strategically arming customer advocates with the knowledge and tools they need to talk about your company, whether through your vehicles or during elevator rides to the executive floor. And it impacts revenue by generating a positive customer buzz—one that's loud enough to be heard above the din.

“Word of mouth is critical in enterprise selling. We realize that we, as a company, cannot control what customers say about us. What we can do, however, is ensure that marketing, sales and delivery teams work closely toward our common goals of meeting customers' critical success factors and letting customers know that we're listening and that we consider them strategic partners and players.”

– **Stephanie Porter, Director, Customer Programs, Amdocs**

Promise Phelon is a founding partner at The Phelon Group, a strategic consulting firm that helps enterprise technology companies like Adobe, EDS, EMC, Hewlett Packard, Intel and Sun Microsystems to leverage their best customers through customer reference programs. She can be reached at promise.phelon@phelongroup.com or 877-717-9210.

Channel Chat: Best Practices for Marketing and Selling Technology Solutions

By Toni Clayton Hine



Marketing The Right Value Proposition

For solution providers, customer-focused marketing is an absolute necessity. Customer-centric marketing takes into consideration the customer's wants and needs. Each and every marketing material or outbound customer communication must spell out clearly what's in it for their customer.

The most successful Solution Provider campaigns concentrate on translating product features and functions into business benefits. Much of the time marketing campaigns are targeted to a non technical audience and need to communicate how Solution Providers can affect the business processes that keep their customers business going.

Once Solution Providers have established a good customer focused message, they must spread this communication throughout their organization, so that anyone who potentially speaks to a customer or prospect is delivering the same message with the same tone. This includes aligning technical services, customer service, accounting, sales, and marketing so that every element of the Solution Provider business is consistently aware of their customers' needs.

Help Them Create Targeted Messages

Solution Providers will get faster results from their marketing efforts if they target the right profile of end customers. With vast marketing experience and resources at their disposal, vendors can help their partners select the markets in which product and solutions are most likely to excel by profiling their potential customer base for the most profitable opportunities to pursue. Use your own successful – and unsuccessful – experiences to figure out which markets are most suitable for Solution Provider marketing focus and leverage that expertise for targeting.

Take time to understand the criteria that makes an end customer suitable for different solutions and ensure Solution Provider marketing investments complement, not compete with, your direct sales efforts. Create tools to help Solution Providers identify both horizontal and vertical market opportunities on a scale they can manage. If they can't support 5000 customers, but they are sending out 5000 pieces of direct communications, chances are they have not targeted very well, and both you and the Solution Provider are throwing money away. Make sure your partners understand how to segment their prospects in a way that allows them to follow up and make a reasonable evaluation whether or not a lead is qualified.

The Importance of Repetition

For seasoned marketers, the concept of repetition is obvious. However, few Solution Providers know that it's a good practice to make a minimum of six coordinated communication attempts in a concentrated period of time to reach potential new customers. They often think their marketing messages have become a nuisance about the time when most of their customers are just beginning to recall what they have been told. Providing your partners with industry standard metrics can help prove this point.

Furthermore, Solution Providers often neglect to communicate to their existing customers as well. Tools that allow them to market to their current customers to make them aware of other business opportunities that attach to your products can increase their customer retention and your market share.

Allow Solution Providers To Integrate Their Marketing Messages

Most vendors provide direct marketing options for their partners but few provide marketing

options that allow them to mix their mediums to deliver a high concentration of messages in a short amount of time.

Most Solution Providers that send effective or informative -emails or direct mail pieces can lose a prospect due to an inadequate website or a lack of information specific to what directed them there.

To ensure a return on your marketing effort through Solution Providers, make sure they have defined a series of communications that hit multiple touch points, ensuring the content of the message is consistent across all mediums.

Make Sure the Measurements are Clear--for Them and for You

Both parties should define a metric for determining a return on the marketing dollars spent before a campaign is started--if neither party knows or can agree on what they are trying to accomplish, it's impossible to measure the results.

Marketing ROI should be countable in dollars, days or share points, for example. Have your marketing or sales reps use the quarterly business planning process to write down exactly what you are measuring, (number of leads generated, signed PO's, scheduled meetings, etc.) to gauge if your Solution Providers are making progress.

To realistically measure Solution Provider marketing efforts, both parties have to define the business objectives, (i.e., increase customer retention, or add five new accounts per quarter), define tactics for how they will meet these objectives (i.e., call outs, email blasts, website communications) then determine the desired outcome (i.e., qualified meetings with business leaders) and the timeframe in which to achieve these goals.

Results gathered from the measurement process should then be reconciled with the initial goals and used to make adjustments for future campaigns and to verify partner commitment.

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Building and Aligning Strategic Marketing Performance Measurement Systems

By Bruce Clark



Chief Marketing Officers in high-tech companies are under pressure as never before to produce reliable metrics of their firm's marketing. Politically, they are faced with demands to justify their slice of the corporate budget, which often appears large relative to its value. Substantively, they want to be able to learn how to market better.

Despite this, most CMOs are dissatisfied with the state of their measurement. Particularly in the economic climate of the last five years, long-term investments in marketing and its measurement have been hard to come by. Further, there are substantial points of resistance, some real and some perceived, to taking marketing measurement seriously in many high-tech organizations. CMOs at technology firms feel they face more obstacles in measuring marketing and are less able to relate returns to efforts than non-tech firms.

Measures are not the problem here. Using MPM to build a customer-focused business is. An MPM system is too often seen as a database or a set of measures. Clearly this is necessary for good measurement, but it is not sufficient. An MPM system is the organization's process for generating information on the efficiency and effectiveness of its marketing, disseminating that information to the appropriate decision makers in a timely fashion, and acting upon the information generated. Early failures in CRM implementations, for example, often occurred because companies installed the software but did not actually change business processes to become more customer-focused.

How do we then build a strategic MPM system? The key is that MPM only works when the organization configures itself to embrace and exploit it: effective MPM is an organizational change initiative. This configuration occurs when the organization is *committed* to the initiative, has the right *capabilities*, and evaluates the *consequences* of its measurement processes in both financial and strategic terms.

MPM systems are most effective when they are aligned to the marketing strategy of the business: Who are our key customers? What is the value proposition we offer to those customers? How do we deliver that value to customers in a way that makes money? The strategy should determine the metrics, but the metrics help the strategy adapt over time. In fact, one of the great virtues of building an MPM system is that you are forced to clarify what your strategy is (or is not). Mapping your strategy and metrics together is an effective exercise to not only clarify strategy but communicate it and eventually prove its worth.

The best results come from a balance of long-term (e.g., brand health) and short-term (e.g., activity tracking) metrics in alignment with your marketing strategy. This allows both strategic and tactical learning. Done well, a strategic MPM is hard for competitors to imitate, and thus leads to long-run competitive advantage for the firm.

Bruce Clark is an Associate Professor of Marketing and Faculty Director of the Full-Time and Part-Time MBA programs at Northeastern University, He is also a Visiting Research Fellow at the Centre for Business Performance, Cranfield School of Management (UK). Dr. Clark is co-author of the book "Marketing Performance Assessment" and sits on the advisory board of the Performance Measurement Association. He will deliver the keynote speech at the CMO Council's MPM Forum in Boston on June 21.

Nokia- The Giant's Makeover

Further evidence of the handset giant's determination to stay on top

From *The Economist*

This time last year, Nokia, the world's largest maker of mobile phones, suddenly found itself on the ropes. Its market share in the first three months of 2004 had fallen to 28.9%, having hovered around 35% for years. The firm cut prices, but that was only a short-term fix: it then set about addressing the underlying causes. The unveiling of its latest batch of handsets this week provided new evidence that Nokia has changed its ways.

Nokia's woes had two main causes: lackluster products which failed to address consumers' enthusiasm for "clamshell" or "flip-phone" camera-phones and highlighted Nokia's loss of leadership in design; and the company's reluctance to produce customized versions for mobile operators. Many operators have been turning to specialist "original design manufacturers" (ODMs), mostly based in Taiwan, to supply custom handsets. These are often sold by operators under their own brands, to help differentiate themselves.

So the seven new handsets launched by Nokia this week were telling. Four were "slider" designs, in which the keypad can be hidden under the display, and two were clamshells. "What's encouraging is to see Nokia dumping the 'not-invented-here' mentality and becoming a fast follower," says Ben Wood of Gartner, a consultancy. Per Lindberg, an analyst at Dresdner Kleinwort Wasserstein and a noted Nokia critic, says this is the best new batch of handsets the firm has produced for four years.

This follows the unveiling in April of a new line of high-end handsets, the most advanced of which, the N91, includes iPod-style music playback from a tiny hard disk.

Meanwhile, Nokia has also changed its tune on customization. As well as offering to modify the software on its phones to suit particular operators, it has started to offer custom handsets. The first is being made for China Mobile, with others to follow soon, says Kai Oistamo of Nokia. And having traditionally been reluctant to outsource manufacturing, Nokia has started to use ODMs, as its rivals do, to plug any gaps in its product line. The firm has become "more open-minded, more flexible as the world around us changed," Mr Oistamo says.

Challenges remain, however. Having bounced back in the last three months of 2004, Nokia had a weaker first quarter this year, largely due to poor sales in North America, where many network operators use CDMA technology rather than the GSM technology used in Europe. "That's their Achilles heel," says Mr. Wood. Nokia is said to have done a deal to buy advanced CDMA handsets from SK Teletch, a South Korean manufacturer, for resale under its own brand. This would beef up its range in America, but would also be a tacit admission that Nokia's own CDMA products are not up to scratch. Nokia says no such deal exists, but that may simply mean that no deal has been done yet.

Either way, it is clear that Nokia has changed its ways. "A big dose of humble pie was the best thing that could have happened to the company," says Mr. Wood. The company has, he notes, even licensed e-mail and media-playback protocols from Microsoft, its arch-rival in the field of smartphones—something that would have been unthinkable a year ago. Nokia is so determined to stay on top, it would seem, that nothing is sacred.

From the June 16 print edition of The Economist. The latest edition of The Economist's Technology Quarterly is available now.

Alliance of Marketing and IT Can Only Strengthen Both - and the Business

By Scott Davis

Only one in three marketers claims a strong relationship with counterparts in the Information Technology (IT) department, according to a Forrester Research study. It's a failing that may keep senior marketers from expanding their influence across the organization and solidifying their importance to the bottom line.

The failure of marketing and IT to forge an effective alliance has a variety of excuses, including the false perception that marketing and IT focus on different financial goals. There's also a perceived misalignment of business approaches: marketing typically considers IT as slower paced and more process-oriented; IT believes marketing views everything as "urgent."

IT and marketing do share the critical common objective of supporting a CEO agenda where growth is at the top of the list. That fact makes it essential for them to find ways to bridge the operational gaps and ally in a way that focuses more on the strategic possibilities than the executional challenges.

Few marketing imperatives can be met without the capabilities and insights provided by the IT department. It's often the keeper of the information necessary for marketing to get closer to the customer in order to drive the CEO's growth agenda – from data to help better segment and track customer behaviors, to insights that guide more customized pricing models or feed true loyalty/ROI/share of wallet metrics.

In fact, it's the ability to use IT's systems to effectively analyze the wealth of customer and other marketing data that separates the serious CMOs — those with strong internal power bases — from those who measure their worth by the PowerPoint decks stacked on their shelves.

Even so, the relationship between marketing and IT is rarely utilized to its fullest potential, largely because of the challenges of bridging the operational gaps.

Samsung found a way after it realized that an information deficit was hindering its ability to better evaluate where its marketing resources should be invested. Each geographic region had its own methods of collecting data, which was either being analyzed exclusively within a country to compare categories or within a category to compare countries.

Marketing needed to centralize critical country-specific data (population level, growth forecasts, etc.) and category data (market share, profitability, competitor dynamics, etc.) to analyze the findings in an "apples to apples" way that led to valid comparisons across regions. The solution lay in making all of the data necessary for marketing-informed allocation decisions available in a single, easily accessed site.

A marketing and IT team was created to design an innovative marketing repository called M-Net that housed all of the data collected organization-wide. But IT took the effort further by building into M-Net analytic engines that enabled marketing to perform in-depth analyses and predictive models of the company's global marketing investments. The results were staggering. Samsung discovered it needed to reallocate \$150 million of its marketing funds to emerging markets and categories to maximize the company's growth potential.

Siebel System's marketing executives also found the way to bridge the operational gap with IT in addressing a different dilemma: Incorrect customer contact information was costing the company valuable marketing dollars. About one-fourth of Siebel's contact database records decay annually, despite the variety of tools used by its team of data quality specialists to keep them as current as possible.

By working together, marketing and IT devised a three-year campaign to clean up the company's internal marketing data. At its end, marketing was able to show an improvement in its response rates of 50 percent. Name duplication was reduced by 63 percent and the cost-per-marketing opportunity was cut in half. These improvements resulted in a savings of about 2 percent of the company's marketing budget.

Clearly, technology can be far more than an enabler of marketing programs. But for their partnership to achieve its fullest potential, marketing and IT must work together on a far more strategic level. And those CMOs who forge strong relationships with their IT departments will be better able to prove their value in transforming their company's brands as well as their own.

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KnowledgeStorm Data Slice

What are the most researched verticals on KnowledgeStorm, the top online destination for IT content? The following is a rundown of the top 10 industry-specific categories for Q1 2005, including breakouts within the top 5 of those categories.

Top Industry-Specific Categories on KnowledgeStorm Q1 2005

1. **Healthcare**
 1. Electronic Medical Records (EMR)
 2. Medical Billing
 3. Medical Practice Management
 4. Medical Appointment Scheduling
 5. Hospital Information Systems
2. **Insurance**
 1. Claims Processing
 2. Insurance (Integrated)
 3. Property and Casualty Company Systems
 4. Policy Administration
 5. Insurance Management
3. **Banking and Finance**
 1. Banking (General)
 2. Retail Banking
 3. Financial Services (General)
 4. Loan Origination
 5. Loans and Mortgages
4. **Retail and Wholesale**
 1. Retail Point of Sale (POS)
 2. Retail and Wholesale (Integrated)
 3. Specialty Retail
 4. Kiosk
 5. Food Service - Restaurant - Quick Service
5. **Nonprofit Organizations and Trade Associations**
 1. Nonprofit Organizations (Integrated)
 2. Fund Raising
 3. Membership Management
 4. Fund Management
 5. Trade Associations (Integrated)
6. **Manufacturing Industries**
7. **Education and Training**
8. **Entertainment, Travel and Hospitality**
9. **Automotive**
10. **Telecommunications**

The Download

From eMarketer: B2B Ain't What It Used to Be

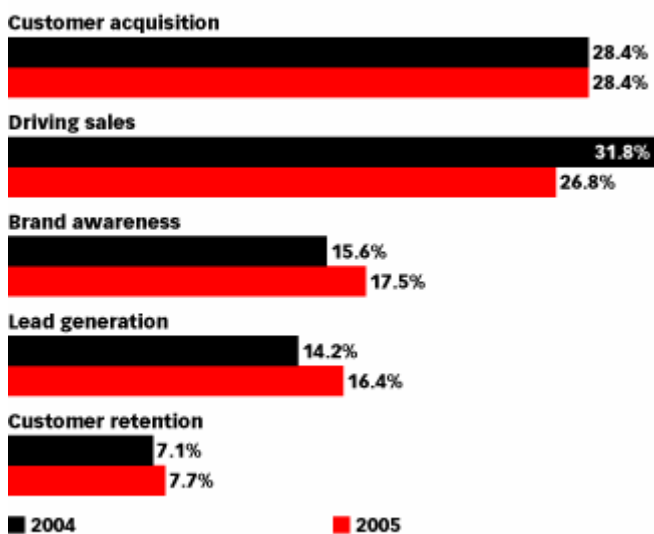
A new eMarketer report looks at the ways marketers are changing strategies and using integrated models to make their on and offline marketing programs more effective.

Most marketers today probably don't know that in 1926 Gertrude Eberle was the first woman to swim across the English Channel. Almost 80 years later, cross-channel means coordinating television, print, direct and online marketing — and there is not a B2B marketer out there who isn't getting into the swim of that.

The new eMarketer report, *B2B Marketing: Making the Internet Integral in a Cross-Channel World*, analyzes the rapid changes occurring in what was once a quiet backwater of B2B: online marketing.

"In the B2B realm, online marketing has traditionally consisted of pulling in new prospects and pushing the brand. As a rule, today's online efforts don't supplant established marketing channels, but merely supplement them," says David Hallerman, eMarketer senior analyst and author of the report. "Among the more savvy B2B companies, however, that means using the Internet as the central channel for most marketing objectives."

Primary Marketing Goals of US B2B Marketers, 2004 & 2005 (as a % of respondents)



Source: *BtoB Magazine*, December 2004

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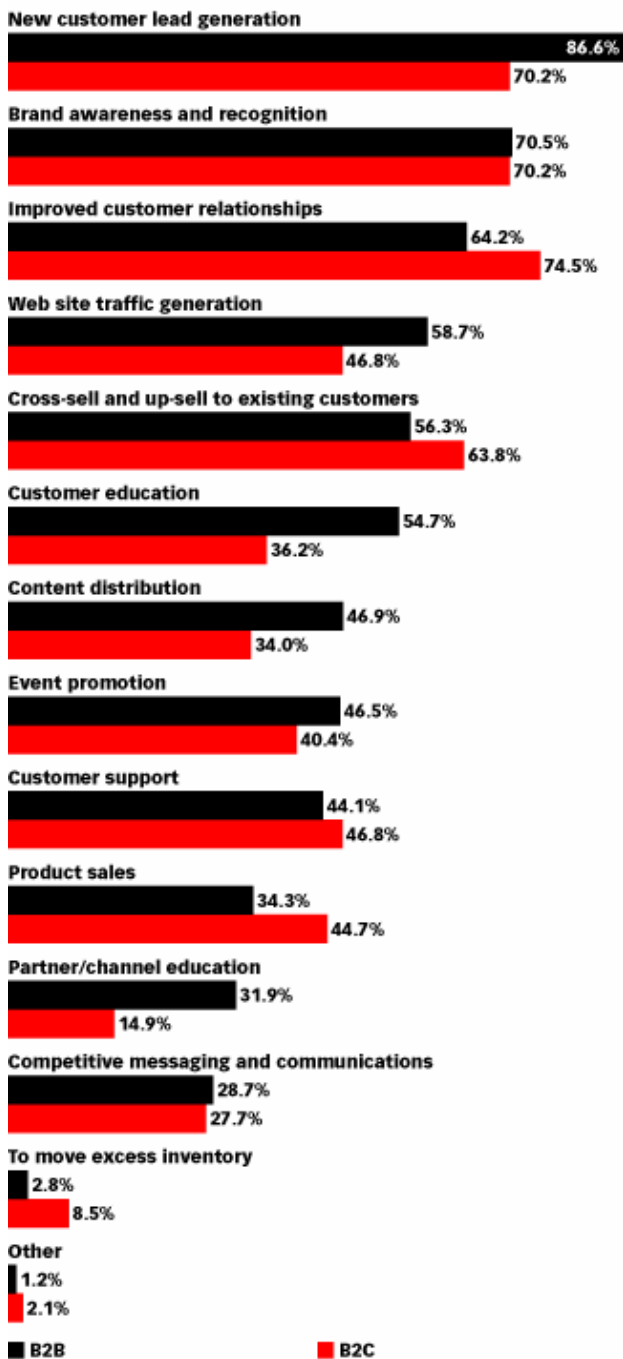
www.eMarketer.com

The pivotal objectives for business marketers are also their core challenges — generating leads, building the brand and measuring effectiveness.

"Whether the target audiences are consumers or businesspeople, marketing is marketing," says Mr. Hallerman. "The key differences between consumer marketing and B2B marketing are that business targets are harder to segment, they typically need far more details about a company's products or services prior to purchase and they usually take a longer time to reach a purchasing decision. Another key difference is that far more B2B purchases are finalized offline. "

The Internet is an effective tool for establishing and maintaining contacts but it is less critical for actual selling. In a survey sponsored by the CMO Council, *BtoB Magazine*, and *USA Today*, the vast majority of B2B marketers said digital marketing was most valuable as a lead-generating tool.

Role of Digital Marketing* according to B2B and B2C Marketers in North America, 2003 (as a % of respondents)



Note: *at respondents' companies
 Source: Responsys sponsored by CMO Council, *BtoB Magazine* and *USA Today*, January 2004

Other issues that are important to B2B marketers are Web site traffic generation, customer education, content distribution and partner/channel education. All are becoming critical components of a solid and well-integrated B2B marketing program.

"One fact is becoming inescapable," says Mr. Hallerman, "The wider the net today's B2B marketers throw across the Internet, the more likely they are to get effective results."

While the Internet can help meet many B2B marketing challenges — it also amplifies others.

In the pre-Internet days, similarities among companies were either not as evident or easier to disguise. A Patrick Marketing Group (PMG) study confirms what is quite apparent — that the Internet has made it easier to compare multiple sources for products or services.

Best Way to Describe the Change Caused by Commoditization according to B2B Marketers in the US, May 2004 (as a % of respondents)

The Internet has made it easier to compare multiple sources for our product/service

32%

The recent recession has trained buyers to shop more carefully

32%

Greatly increased competition from domestic and international suppliers has driven down prices

16%

Technology advancements have made products obsolete that were competitive until very recently

8%

Other

12%

Note: n=50 B2B marketers

Source: Patrick Marketing Group, May 2004

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The growth of commoditization, or product parity, is pushing B2B marketers toward more image-building brand marketing. That's particularly true for companies whose products or services are similar to the competition's.

"When channels cross, strong currents are created, some pushing in the right direction, some in the wrong direction," says Mr. Hallerman. "Today's B2B marketers have to be prepared for both."

eMarketer (www.emarketer.com) aggregates the latest research data and analysis from over 1,700 sources so you can make better, more informed business decisions. For C-level-to-C-level insights from eMarketer CEO Geoff Ramsey, subscribe to *The Ramsey Report*. For more information call David Iankelevich at 212-763-6037 or e-mail him at diankelevich@emarketer.com.