

Shrinkwrap Corner

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^aLEVERAGE° TO BUILD A BETTER BUSINESS

As we discussed last issue, to create success as a NEXTSTEP commercial developer, you first need to understand what NeXT's target markets are. NeXT's markets—financial services, government and public sector, healthcare, and telecommunications—offer the best opportunities for working with NEXTSTEP customers and prospects. By concentrating on these markets, you leverage the awareness and momentum NeXT generates. In addition, you gain a better perspective on the needs of customers in those markets. Indeed, developing customer-driven products can prepare you for making a successful business in any marketplace.

Product-wise, of course, you can do a lot to make your product *fit in* and meet customer needs—yet *stand out* relative to the competition: Build reusable objects; add group capabilities; talk to customers; support object linking and Portable Distributed Objects™ (PDO); allow for extensibility; open and document APIs; make products scalable; support legacy formats. And so on.

Caveat: Great technology alone does not a successful company make! Once you've determined you want to develop for NEXTSTEP—and have identified your target markets—you still must consider a host of leveraged business strategies.

New model: diverse and flexible

Developing software for NEXTSTEP may require you to set your business up differently than developers have done in the past or currently do for other platforms. Since NEXTSTEP doesn't yet represent mass market opportunitiesDas Windows does, for instanceDyou may decide to adopt an emerging model in software: Business models based on both *technology products and services* that address customers with shrinkwrapped productivity software, ObjectWare (reusable objects and object frameworks), and consulting or integration services.

After all, not every NEXTSTEP customer requires productivity applications. A telecommunications firm, for example, may use NEXTSTEP to prototype, develop, and deploy a customer service system and need little else. However, it may require a consulting organization with NEXTSTEP experience to develop some or all of the customer service application software. Or, the company may purchase off-the-shelf reusable objects and class libraries and do the integration itself.

A consulting/shrinkwrap combination

Building your business with services like custom application development or system administration can be quite valuable. In some consulting situations, you may retain rights to software or some parts of software, such as objects and palettes (depending on your contract). You can make such reusable code the basis for custom software for other customers. You can even turn it into marketable developer tools in the form of object frameworks or Interface Builder palettes. Moreover, through consulting you can build personal relationships with customers, later revisiting them for future business.

A means to an end

Your ultimate goal may be to develop and market shrinkwrapped products, but you can't start a major development project without funding. If you don't plan to pursue venture capital, one way to finance development is for part of your organization to provide consulting services that bring in revenue.

For example, Anderson Financial Systems (AFS) of Philadelphia has developed a variety of financial services solutions; it specializes in building and integrating custom trading systems for customers. To do this, it has built libraries of ObjectWare, including AFSTradeKit™. After years of building custom solutions for financial service customers, AFS is expanding its business to include productivity software, including a word processor called WriteUp and a page layout application called PasteUp.

Something to remember: Consulting helps you keep in touch with *real users*, and keeping in touch with users is one of the most important things a commercial developer can do. Once you forget who you're building products for, you may lose the ability to develop apps that truly meet your customers' needs.

APIs open a door

An application's open, well-documented API can be an entrée for consulting as well. For example, CHaRTSMITH™, a charting and graphing application from BLaCKSMITH, Inc., includes an API in its Version 1.1. This API allows customers to use the application's graphing engine in their custom apps. Often, customers who work with CHaRTSMITH's API recognize BLaCKSMITH's customizing abilities; they're inclined to ask the company to help them develop integrated charting and graphing. Resulting projects may not even use the API—it's just a conduit for consulting.

Building relationships with NEXTSTEP customers through consulting creates an easier path for both AFS and BLaCKSMITH to return to customers with additional products and services. Other companies that have achieved this level in the NEXTSTEP market include Connexions, Inc.; Pencom Software; and Object Technologies, Inc.

From shrinkwrapped app to ObjectWare

If developing with reusability in mind is key to successful NEXTSTEP products, developers who leverage their own objects for reuse are in a better position to expand their product

offerings quickly. Case in point: AFS began as a custom solutions provider and has crossed over to building productivity solutions. Developers can also find success with the right commercial products; one example is Lighthouse Design, Ltd.

While Lighthouse doesn't provide specialized consulting services, it does develop products for both users and developers. Lighthouse also uses its own developer tools—the Lighthouse Foundation Classes—as the basis for its shrinkwrapped productivity apps Diagram!™, Concurrency™, and TaskMaster™.

These products are good examples of using and reusing technology for rapid development. Lighthouse created Diagram! as its first product for NEXTSTEP, then borrowed^o code from it for the subsequent products. In fact, 35 percent of Concurrency is based on objects and class libraries from Diagram!, and 42 percent of TaskMaster is based on code from Diagram! and Concurrency. What's more, Lighthouse expects over 50 percent of the code for Concurrency 2.0 to come from the previous projects. Interestingly, each project was more complex than the one before, yet the time to market didn't grow exponentially.

Equally important, Lighthouse's Foundation Classes speed the development of custom applications—or even other commercial-grade applications. In fact, the Foundation Classes add functionality to NEXTSTEP's Application Kit and are available in both binary and source releases. Customers and developers can build custom solutions and integrate them with off-the-shelf apps, from Lighthouse or other commercial developers who use the Foundation Classes in their apps.

Partnerships: one plus one equals three

Building partnerships is essential to doing business, no matter how big or small your organization. Why? Because no single company can do everything itself. Let's say you build a great word processor. Instead of creating a spelling checker for it yourself, you could form a partnership with another vendor whose business is spelling checking dictionaries. Not only does the partnership save you time, it adds value to your product.

The key is that developers must work together. There are many partnership types:

- Two developers jointly build a product that neither could alone. For instance, a spreadsheet developer and a graphing/charting app developer could ally, since each can benefit from the other—and customers require both. Or, a vendor that sells scanners and a developer that makes optical character recognition (OCR) software might sell their products together since people who use scanners generally need OCR software too.
- A startup company doesn't have the resources or expertise to handle distribution of its products, so it forms a partnership and distribution agreement with a reseller who focuses on marketing and reselling NEXTSTEP products.
- Two developers with complementary products work together on sales opportunities. This is also known as *co-selling*.
- Another vendor distributes your product literature with its product. This teaming is especially useful if the other vendor moves more volume than you do.

Business partnerships can penetrate a market, bolster a mediocre product, create a larger-than-life company image, and more. When companies work together, customers perceive them as stable, dependable, reliable, committed—all characteristics that companies want in their vendors.

Image really is everything

Today, many NEXTSTEP customers and Fortune 1000 companies face budget constraints that require careful, low-risk decision making about technology. As a result, they often feel that it's risky to deploy software from a "small" developer instead of a big-name, well-established developer. To a customer, *small* frequently means lacking the things described earlier—stability, dependability, reliability, longevity, and commitment.

As a result, presenting your company in a professional manner is as important as having

great technology. It can help you overcome the perception that your company is small. In an industry where perception is often reality, being professional helps create opportunities to demonstrate the superiority of your NEXTSTEP product. Always remember that customers have an alternative to your product. It could be a product or service from another NEXTSTEP developer or even a Windows application running in Insignia Solutions' SoftPC™.

Spend your dollars wisely

Presenting your organization in a professional manner doesn't mean spending a lot of money. In fact, spending a lot to achieve a desired image is the wrong approach in the NEXTSTEP market today. A better choice is to reserve resources for things that cost little but are worth a lot. Some examples: hiring professional personnel; developing clean, crisp packaging that supports your overall company image; not overpromising either products or services; being responsive to customers through good technical support.

Because the NEXTSTEP market is still growing, broad-based advertising in publications like the *Wall Street Journal* or even *InfoWorld* isn't effective. While such ads could build awareness for your product and for NEXTSTEP, that's all they'd do. The sales and marketing vehicles you pursue should be more targeted. Programs and tactics that reach current and potential NEXTSTEP users in the markets NeXT targets. For instance, ads in publications whose audience is NeXT's target customers. For example, *Wall Street and Technology Magazine* will reach the people you need to reach.

And don't forget: There's no better way to sell a product than calling on customers directly.

One chance to make a first impression

Success in any marketplace requires commitment and investment in sales and marketing. It's important to know how to work successfully with corporate customers. Here are some questions to consider before putting together a sales and marketing plan.

Marketing

- ✓ How will you get word out to potential customers that your product exists?
- ✓ Can you explain clearly the features and benefits of your product?
- ✓ Can you tell customers specifically why they should use your product?
- ✓ Is there a competing product from another vendor? If so, why is your product better?
- ✓ Do you have references of customers currently using your product?
- ✓ Have you created compelling product demos, including demo files or scripts?
- ✓ Have you created professional-quality sales tools, like datasheets and brochures?

Sales

- ✓ How will you contact customers?
- ✓ Are you willing to listen to user input?
- ✓ Can you guarantee responsive support?
- ✓ Will you offer training and education?

Focus on succeeding

Just as no single company can do everything on its own, there is no standalone formula for success in the NEXTSTEP market-place. A successful company will address all the business and technology issues discussed here—and many, many more.

It's important, however, to focus on doing a few things very well as opposed to trying to be all things for all customers. For example, find just one solid partner for technology sharing or co-selling, or create the "right" identity for your products and services, and you'll carve out a successful place in the market for your company.

Most of all, be prepared to change as the NEXTSTEP market changes, grows, and offers new opportunities. Good selling!

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