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Confluence

A Meeting Point For Thought Leaders

Clarity @ the Confluence of hi-technology and market innovation

Prayag CONSULTING

Message from CEO

The Internet has made possible new business models, leveled the playing field and added more power to the marketer. By virtually (the pun is intended) making possible infinite reach, at negligible costs, it has allowed companies to fashion businesses that were not feasible earlier. Thus, you have an Amazon.com, exemplifying the now famous Chris Anderson's Long Tail principle, or closer home, startups such as Redbus, hungrybangalore and so on that leverage the online model to provide a service. In this context, the SaaS model has emerged as a possible alternative to using licensed, in-premise software. The jury is still out on how exactly the market will readjust to accommodate both models, but there is enough initial interest, especially from the small and medium businesses in adopting SaaS. Talking about this and his journey as an entrepreneur is Tushar Bhatia, CEO, Saigun Technologies. Saigun's EmpXtrack is a comprehensive HR solution that has been implemented in many companies across industries.

While on the topic of the Internet and its game changing influence, one has to talk about HeyMath! An online math solution meant for school children across the globe, HeyMath! has used two principles to build a reputed and successful product and business – one, they have understood that superior content is the key to making a mark in the online education space, and have combined traditional and innovative methods to create outstanding content. Not only that, they have realized the applicability of the long tail principle to their context, and modified and repurposed the core content to serve markets as widely spread as Singapore and the US. Implemented in some of the best schools in India and other markets, it is only appropriate that we feature HeyMath! in the ***"Best and the Rest"*** *section.*

Click to Conquer *explores how Web 2.0 and the new generation of online applications have pushed the onus back on the user to get maximum bang for the buck.*

In this edition we introduce a new section, ***Marketing Buzz****. Check it out, as well as some tips on marketing during a slowdown in* ***Prayag Take.***

We hope you find the topics and ideas discussed in this edition interesting. As always, your feedback on what you liked (and what you did not) as well as what you would like featured, is most welcome.

Happy Reading !

Focal Point

Saigun Technologies' EmpXtrack is among the most comprehensive HR software solutions available in the market today. In a freewheeling discussion with the Confluence Editorial Team, Tushar Bhatia, President of Saigun, discusses the journey so far and the road ahead. Tushar talks about how his team stayed in touch with the market, decided on a go-to-market strategy, and won their first set of customers...

How it all began...

Saigun Technologies was started, in 2002, as a company that would offer Offshore Software Development and Maintenance Services to clients in the US. The timing and market situation (post 9/11) led me to wait for the first project to come in although I had hired a good-sized team.

The birth of EmpXtrack

While waiting and doing small projects, we came up with the idea of developing a performance management system that could help large companies automate their performance appraisal process. What started as an online-appraisal system has now grown into a comprehensive offering for the HR departments and is called EmpXtrack.

Because of the existing domain expertise of our management team, selecting the HR space was an easy decision. We could identify the need for an Integrated HR solution very early in our Product Development Lifecycle and could mature the product fairly rapidly.

In addition, one of our long standing clients is a large US based company in the HR space. We have developed and implemented multiple product lines for them since 2003, and all these products are SaaS offerings. This product development and implementation experience helped us refine our skills for developing and supporting EmpXtrack on the SaaS platform.

> *"This product development and implementation experience helped us refine our skills for developing and supporting EmpXtrack on the SaaS platform ."*

Deciding on the go-to-market strategy

It has been a hit-and-trial operation. Initially, our focus market was large companies where we felt we could help automate specific HR processes. In the market, however, we discovered that most big companies had already adopted large ERP systems. While being under-served (vis-à-vis HR), they were rather uncomfortable with changes in their processes and were also apprehensive about working with us.

Next, we tried SMEs where we had some good successes, and won many customers in the space. We had two important insights while serving this segment – both in technology and in selling. On the technology side, we discovered that the SME market did not even have basic HR systems in place and required a complete product that covered all aspects of HR under one roof.

On the selling front, we found that the SME market did not need as many touch points as enterprise selling. Hence, our focus shifted to web-based marketing and selling.

After acquiring about 30 customers in India, we forayed into the US. We are confident that the market exists; recently, we hired a local sales person in Chicago and are planning to gradually add more people in different geographies in the US.

The go-to-market strategy has evolved from relationship and reference-based selling to aggressively marketing ourselves on the web-based channels such as Google.

View on competition

The HR software products industry, fortunately for us, is very fragmented with lots of providers in niche areas. We were amongst the first few companies to offer an integrated solution which covers the entire gamut of HR activities. Incidentally, this is our value proposition too.

Moreover, the market is evolving with a huge opportunity for growth across the world. Some estimate this to be a $600 billion market by 2015, and we are looking for a sizeable chunk of that. Having said this, the biggest challenge is adapting the solution to the regulatory needs and HR processes of all our target markets as well as building a solution for a global enterprise.

> *" On the selling front, we found that the SME market did not need as many points as enterprise selling. Hence, our focus shifted to web-based marketing and selling."*

And the role of marketing...

Extremely important, and a challenge. Without customers it is difficult to build a brand and, paradoxically, customers don't come till you have a brand. So, we did what all start-up companies do; beg for orders, accommodate difficult customers, provide an extremely high level of service while persisting with the online marketing activities. The culmination of this was when a recent customer said that she found out how big we were when she saw over 25,000 pages on us on the Yahoo! search and placed an order just because of that.

We have been constantly writing on Web forums and portals, attending and sponsoring events, using channels such as NASSCOM, TiE, NHRDN, LinkedIn, SHRM and HR Technology Conference for Networking. We have also built a formidable team of advisors who have been constantly guiding us.

On successfully enroling the first set of customers

We introduced a shrink-wrapped, completely packaged solution for SMEs called EmpXtrack-Lite. The product concept had significant inputs from Prayag Consulting as well. Last year, we have had large market acceptability of the product both in India and overseas.

With a much higher understanding of the market and customer needs, we are now ready to introduce more packaged products and are starting a completely new marketing campaign.

> *" The maturing of technology platforms such as web Browsers, SaaS acceptability by the market in large, good security standards and very low cost of bandwidth are further enablers."*

What the future holds

With the baby boomer generation retiring, there is a massive talent shortage in the Western countries. Organizations will have to optimize their workforce to deliver at the lowest possible manpower requirements, and any solution that can help them do this effectively will be a sure winner.

The maturing of Internet-based technology platforms, acceptance of the SaaS concept by the market at large, good security standards and low cost of bandwidth are further enablers. We are fortunately in a good period at the right time and hope to capitalize on the trend. Looking at the opportunity size and receptivity of our offerings, we may (hopefully) be very busy for many more years.

Market perspective

I feel that the On Demand offering has a quicker commoditization cycle which will naturally happen in the case of HR products as well. While the US and European markets are fairly mature in terms of what they want, (leading to quicker stabilization and commodity based products. which may happen in the next 2 – 3 years), India, Middle East, Africa, Latin America, China and other emerging markets have a long way to go. So, there will be many opportunities for services paired with product selling even in the future.

Pleasures and pains of being an entrepreneur

People make the organization and each organization acquires a unique DNA. To begin with, it was difficult to identify our DNA. Now, as we are growing, the difficulty lies in replicating or cloning the key people. I think it is all about people at any stage of organization maturity!

Network, ask for help, hire differently, outsource non-key activities and keep on trying till a few things appear to work.

> *" People make the organization and each organization acquires a unique DNA. I think it is all about people at any stage of organization maturity."*

Most importantly, be extremely transparent with existing employees, vendors, contractors etc. Those who decided to stick with you would be sharing your dream and hopefully support you through thick and thin. Try to mature your HR processes as early as possible in your lifecycle. This has helped us immensely in identifying and retaining talent.

Pointers to fellow entrepreneurs

- Be patient
- Continue to believe in yourself
- Experiment
- Have fun

'Wag the app'

"And also why Web 2.0 and the new age apps are making you sweat the small stuff"

"Today," he writes, "we spy on ourselves and send electronic updates minute by minute."
Stephen Baker, New Jersey-based writer for Business Week, in his book 'The Numerati'

Given the amount of information, that many of us are now willing to put online, the statement does certainly ring true, even in India. As a case in point look at this - my profile is on LinkedIn, My Space and (horrors!) on Orkut. My hobbies and interests are tracked through Yahoo and Google groups and my photos are on Flickr. In a fit of efficiency a year ago, I moved all my banking transactions online, and these days can't be bothered to write a cheque (takes too long!). In the same period, I also decided that, as a self-declared evangelist for "do-it-yourself" software, I would manage my relationships with my service providers – the likes of AirTel, Vodafone, TataSky and Jet Airways – all online. The telecom self service portals are a specific case in point – apart from paying bills, I find myself updating profiles, optimizing tariff plans, carrying out service activations – all online. In effect, I have turned myself into my own service provider, and in the bargain, saving (at least AirTel) a decent sum of money from call center calls, database updates etc.

Two years ago, I would have simply turned to the office admin to carry out any of this stuff. And the harassed soul would in turn speak to folks at Airtel, Hutch (pre-Vodafone buyout) and do most of this via multiple and extremely harried telephone calls.

Obviously, the new approach is so much more efficient – it took me all of five minutes to activate roaming on my new connection – a similar exercise through people channels took many calls and follow-ups (Have you done it? Yes, initiated, will check if it's done and get back/ What's the credit limit? – Oh, no idea, let me call and find out………I am sure you get the general idea) over a day and half. But the point is, with most of the new tech tools and tricks – self service portals, Web 2.0 applications and such like; it's you who is sweating it out rather than the service provider.

> *" The telecom self service portals are a specific case in point – apart from paying bills, I find myself updating profiles, optimizing tariff plans, carrying out service activations – all online ."*

And that's where a version of the long tail effect kicks in! In the new approach, the skill level of the participating user is hugely variable and the onus is on us, as participants, to educate and improve ourselves to ensure a consistent service experience. In other words, depending on how smart you are, you could ramp up the return on the money, time or opportunity that you invested. And the difference in scale of differing experiences can be staggering.

" In the new approach, the skill level of the participating user is hugely variable and the onus is on us, as participants, to educate and improve ourselves to ensure a consistent service experience ."

Take for instance, an application like Salesforce.com – most users know and deploy it as sales process automation software. Smart users know enough about the application to create specialized reports or even integrate it to automatically update data from database providers such as Hoovers. While companies such as Salesforce.com do market and up-sell features to users, there are many that really don't – especially when the base product itself is free.

Case in point- SEO or SEM using Google's tools. Entry level smarts will get you a decent way, but it won't push your company or personal website to the top of the search charts, or earn you an additional million dollars in sales. To really figure out how to use the tools, take a deep dive and (here is the key to the treasure chest) just READ -- the entire "how to" stuff on the site and then some recommended reading would also be, specialist sites/blogs on Google Analytics.

To keep up with the long tail, users need to make the effort – and invest time if not money. It is a democratic approach to knowledge – it's all out there, equally accessible, provided you just look carefully.

The bottom-line is that not only are the new apps smarter, they also require you to wise-up too! And while there are no losers here, the gap between a top notch user and an average one, may just make you feel like one.

Six low-cost, high-impact marketing strategies for a slowdown

Traditional marketing speak has it that during a global slowdown (such as the one we are seeing today), a decrease in consumer demand leads to lower levels of consumer spending. Hence, logically, there should be a proportionate decrease in marketing spend, especially since budgets are tight. Generally, marketing and advertising are the first victims of organizational budget cuts. However, today, more and more marketers are beginning to perceive, counter-intuitively, what is needed during a slowdown - increased investment in marketing to boost flagging sales and gain competitive advantage.

During a slowdown, the marketplace is less cluttered, and you can use marketing to make an impact and steal a march on your competitors. This is especially advisable for smaller companies which, during normal circumstances, may not have the same resources or power as a larger competitor. Secondly, a period of slow economic activity may be just what your marketing department needs – to take a breather, re-evaluate strategies and fix that which is not working.

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So, don't give in to despair and blindly slash marketing budgets. Instead, follow these six high-impact, low-cost tips and see how your marketing initiatives can bring you benefits during a slowdown, benefits that will last long after the recession.

#1 Focus on managing and satisfying your existing customers

During a slow period, many companies invest all their resources in customer acquisition, thinking it would boost sales and enhance revenues. However, this tends to be a wasted effort as people are risk-averse and wary, tending to move slowly, causing sales cycles to be longer and conversion not forthcoming.

A slowdown is, in fact, the right time to strengthen existing relationships by focusing on your current customers, offering them value-added services and showing them they can continue to rely and trust on you. Use the customer data at your disposal to design measurable and effective CRM programs. If needed, make extra concessions to your existing customers and they will remember this once the market goes into an upswing.

#2 Use lead management to maximize the value of each lead

If you do decide to go after new customers, then invest in lead management tools, since you need to ensure every dollar spent on a lead helps get the most value out of that lead. As one marketer points out, "What this means is you need lead scoring to identify which leads are highly engaged, and lead nurturing to develop relationships with qualified prospects who are not ready to engage with sales." More efficiency in managing leads helps maximze value from every lead you have, lowering your eventual costs, in turn, maximizing your shot at success during a downturn.

#3 Adapt your products and services to suit the new environment

As the economic environment changes, so do customer attitudes, spending patterns and buying behaviors. This means, your products and services need to adapt to the new circumstances. This also means adapting your messages to the market to address current concerns. Or, you may need to customize your offer to be more relevant to your customers during these tough times. Do not assume, just because you know your customers well, what satisfied them in the past will continue to attract them. A small change in your messaging tactics could help you ride out the downturn successfully.

> *" Online marketing lends itself beautifully to measurement of investment, with tools like search marketing and email marketing allowing you to measure your Return on Marketing Investment (ROMI)."*

#4 Leverage the power of the Internet

The Internet is the single most cost-effective marketing tool with massive reach. A downturn is the ideal time to exploit the power the World Wide Web offers; not only is online marketing cheaper than traditional marketing, but it also reaches across borders to a far wider audience. Additionally, online marketing lends itself beautifully to measurement of investment, with tools like search marketing and email marketing, allowing you to measure your Return on Marketing Investment (ROMI). The internet also offers a variety of innovative tools – viral marketing, blogging and other social networking tools, online press release distribution and Google adwords – allowing you to use a combination of these to keep your marketing vibrant and creative; all at a fraction of the cost of advertising or offline PR.

The growing popularity of Web 2.0 provides impetus to take brand building and visibility online. If you were not able to figure out what Web 2.0 is all about (a common enough malady, given constant deadlines and pressures) now is the time to find out how you can use it effectively. Use this slow period to learn about Web 2.0 and integrate it within your spectrum of marketing activities.

" Strategically, you need to build trust and reassure your customers and prospects. Tactically, it means that you need to promote your offerings as low-risk, reliable and credible; in short, that you are a 'safe bet'."

#5 Invest in measurable marketing tools like direct marketing

Put your advertising strategy aside for now, instead invest in a direct marketing program – this is cheaper to execute, can help you reach more people, allows for repetitive messaging, and most importantly, allows you to measure your investment in marketing. Devising measurable programs during a slowdown allows you to make a stronger case to continue investing in marketing. At this time, you would be well advised to cut down on channels that do not lend themselves easily to ROMI, such as advertising, and instead focus on channels like direct marketing.

#6 Tweak your marketing strategy to include 'proof' of your products and services

As seen earlier, people are more risk-averse during a slowdown. To overcome this, strategically, you need to build trust and reassure your customers and prospects. Tactically, it means you need to promote your offerings as low-risk, reliable and credible; in short, that you are a 'safe bet'. Focus on building credentials – your marketing communication should revolve around customer references, expert opinions, awards and recognitions, and strategic partnerships and alliances. Prospects will often take heart from what their peers say about you - you have been tested and proven good.

All in all, the biggest mistake you could make at this point would be to stop investing in marketing, when you need to actually maintain or even increase investment in this area. Take advantage of the lean market now, and make an impact at a lower cost.

(Contributed as an article by Prayag for the NASSCOM Emerge newsletter)

Best and the Rest

Focus on education, and numeracy specifically, is very high in the Indian household. Traditionally, tutors have played the role of supplementing what is taught in schools, and India has in fact a thriving tuition market. Over the last few years, with variable tutoring quality, increasing Internet penetration and its adoption as a channel of education more and more parents, schools, and students have begun to explore online education solutions. Some advantages of online education:

- You get 24/7 class room with a highly qualified instructor
- You don't have to step out of your house to get tuition
- You can study on your own at the time of your choice
- You can schedule your class according to your convenience
- You can proceed at your pace

> *" Few pressing issues like a serious shortage of good math teachers, math phobia among children, the explosive growth of Internet use, and India's emergence as a recognized global brand led to the creation of HeyMath! "*

It was this understanding that prompted Nirmala Sankaran and Harsh Rajan, bankers in their earlier avatar, to create an online math solution for school children in 2000. They sought to address a few pressing issues like a serious shortage of good math teachers and math phobia among children, while taking advantage of the explosive growth of Internet use and India's emergence as a recognized global brand. Thus was born HeyMath! The concept gained fast acceptance in schools- both elite and public- in Singapore, and the US too. HeyMath! is the # 1 E-Learning program for Math in Singapore.

> *" Some of the most reputed schools including Raffles Institute, Singapore and Padma Seshadri Bala Bhavan, Chennai rely on HeyMath! to augment the math curriculum ."*

Creating the "best" content

The founders realized that focusing on creating world-class content, could be a long lasting differentiator. During the initial years, thus, the objective was to create superb content. Here, the HeyMath! team employed many different methods- from sitting in class rooms in high performing school systems to observe the way math is taught, to tying up with Cambridge University. Their model is also highly collaborative as they have always involved teachers in the content creation process.

In addition, there was a lot of emphasis on making the content interesting for kids. Thus, HeyMath! uses a lot graphics to make the problem solving more appealing. Not only that, through animations and interactive activities, they have made concepts easier to understand. It is no surprise therefore that, in a recent study done by the company, children who checked out their program gave it a unanimously high rating for helping understand and retain concepts and visual attractiveness.

And there is more. Taking advantage of Web 2.0 features, HeyMath! allows teachers to add their own questions and notes while a moderator from HeyMath! validates relevance.

> *" In a recent study done by the company (HeyMath!), children who checked out their program gave it a unanimously high rating for helping understand concepts and visual attractiveness ."*

Over time, what has helped HeyMath! stay at its innovative edge is the team that works behind the scenes. Attracted by the unique concept that has found a mention in Tom Friedman's bestseller "World is Flat", Math and Engineering graduates from prestigious universities across the globe, teachers from the US, and not to forget, bright mathematicians from India, have become a part of the content team.

The University of Cambridge continues to provide research and development inputs. The collaborative approach to content creation also optimizes cost. HeyMath's customers are schools as well as individual students. Some of the most reputed schools including Raffles Institute, Singapore, Padma Seshadri Bala Bhavan and Vidya Mandir, Chennai rely on HeyMath! to augment their math curriculum.HeyMath! is also used by Massachusetts Department of Education and Westport Public Schools, Connecticut in the US.

The feedback from users is great. Children (and their parents) who use HeyMath! are its biggest ambassadors. Spurred by the initial success, the HeyMath! team has ambitious plans. This includes geographical expansion as well as introducing a direct-to-consumer model in India.

Their aim is to reach out as wide as possible because, as their tagline says, every child counts!

Marketing Buzz

Did you know what global IT players are spending on marketing? Have you always looked for statistics and data to support your views in your organization? – Through this new section, we aim to bring to you some important statistics and metrics.

Overall indicators

- A recent survey by B2B Magazine shows that 29% of marketers are reducing their marketing spend, the biggest cuts are not surprisingly in print (-45%). At the same time, 12% of marketers are increasing their budgets and online marketing is the largest area of increase 48%.
- IT vendors spend an average of 3.6% of revenue on marketing. Software vendors spend the most 6.5%, hardware makers 3.7%, and IT service firms spend only 1.1%.
- IT vendors spend 63.5% of their marketing budget on programs and 37.5% on headcount.
- IT vendors spend the biggest portion of their budget on advertising (23.2%). Other significant budget items are events (19.3% of the marketing budget); sales tools such as case studies, whitepapers, and interactive on-line tools (16.8%); direct marketing (12.9%); PR (6.5%) and AR (2.3%); and collateral (5.1%).
- IDC found that tech companies with less than $500 million in annual revenue, 59% of the total marketing budget is spent on corporate marketing; 32% on regional marketing; and 9% on business unit marketing.
- At tech companies with more than $3 billion in annual revenue, 43% of the marketing budget is spent on corporate marketing; 36% on regional marketing; and 21% on business unit marketing.
- IT hardware, software, and services vendors, including Adobe, Cisco, HP, IBM, Intel, SAP, Symantec, and Xerox represent over $400 billion in IT revenues and over $15 billion in marketing spending.

Looking at the big league

- Cisco, with measured media spending of $79 million, is outgunned by the marketing budgets of larger competitors like IBM and Hewlett-Packard, which spent $123 million and $248 million respectively last year.
- Global IT major IBM, whose revenues are in the region of $50 billion plus, spends around 22% of its revenue on SG&A (Sales, General and expenses Administration).
- Google is on track to spend nearly $2 billion this year on sales and marketing , yet its offline advertising budget is estimated to be only $20 million a year.
- Indian companies like Infosys, TCS, and Wipro spend in the range of 10% to 18% of their revenues, though Cognizant has consistently invested higher at around 23%.
- Cognizant, by spending 8-9% more on marketing compared to Infosys and Wipro, managed to add 182 clients in the last three quarters, while TCS had 138, Infosys 129, Wipro 107 and Satyam added only 99 clients.
- Sales and marketing expense alone is in the range of 4% to 6% for IT majors Infosys and Wipro and there has been a marginal change in marketing expenses on a year-on-year basis.
- In the case of TCS, this expense has consistently declined over the last three fiscal years; TCS embarked on a cost-cutting program that saw SG&A down to 19.9% of revenue compared to 22.16% of revenue in March 2008.
- Infosys spent $16 million last year on its brand building exercise to focus on earning the respect of all its stakeholders.
- Wipro launched its “Applied Innovation Campaign” in January 2008 which saw increased spending on marketing and branding (70%) - over the past year.

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