Partnerships
Why Partner?
Why Partner?
The Whole Product For Mainstream Customers

Reference: Ted Levitt, Bill Davidow
Why Partner?
The Whole Product For Mainstream Customers

- Connectivity
- Platforms
- Support
- Installation & Training
- Channel
- Manufacturing

Our Company

Reference: Ted Levitt, Bill Davidow
Why Partner?
The Whole Product For Mainstream Customers

1. Which Pieces Do We Do
2. Which Do Our Partners Do?
3. When?

Reference: Ted Levitt, Bill Davidow
Partnering Strategy Checklist

1. Which operational pieces of your corporate pie are outside your initial core competency?
2. Which of these are readily available from 3rd parties?
3. Which would save time/time-to-market, money?
4. Which would provide the same or better service if done with a partner?
Types of Partner Relationships
Just as “dating” is used across a broad range of **personal** relationships...

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<thead>
<tr>
<th>Commitment And Exclusivity</th>
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<th><strong>Renewable VAR Agreement</strong></th>
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When Do You Partner?
Technology Adoption Life Cycle

- Innovators
- Early Adopters
- Early Majority
- Late Majority
- Laggards

Moore (2002), *Crossing the Chasm.*
The Chasm

- Between any two groups there is a gap
- The disassociation between the two groups is the difficulty any group will have accepting a new product if its presented in the same manner as it was to the group to its immediate left

Moore (2002), *Crossing the Chasm*. 
Early Adopters
Innovators: The Technology Enthusiasts

- The first people to adopt technology
  - The gatekeepers for technology
  - Moore believes they’re key to any high-tech marketing effort

- Great feedback early in the design cycle
  - Supporter who will influence buyers
  - In large companies buys one of anything
  - In small companies “designated techie” in IT
  - Want to try it just to see if it works
Early Adopters: The Visionaries

- Highly motivated and driven by a dream
- Want a fundamental breakthrough
  - Value not from technology but from the strategic leap
- The least price-sensitive of any segment
  - Can provide up front money for additional development
  - Can alert the business community to advances
  - Will serve as visible references
- Like project orientation - want to start with a pilot
- Represent an opportunity early in a life cycle to generate a burst of revenue and gain visibility
  - Gives high-tech companies their first big break

Moore (2002), *Crossing the Chasm*,
Mainstream Markets
Early Majority: The Pragmatists

- Dollars are in the hands of the pragmatists
- Wants to make a incremental, measurable, predictable progress
  - Hard to win over, but loyal once won - enforces standardization
  - They care about the company they are buying from, the quality of the products, the “Whole Product”
- Interested in knowing what others in their industry think
  - References and relationships are important
- They like competition, reasonably price sensitive
- Selling to pragmatists takes time

Moore (2002), Crossing the Chasm.
Timing of Partnerships

Moore (2002), *Crossing the Chasm*.

Do you need partnerships here? Or here?
Partnering in the 21st Century
The Web Adds Another Partnership Dimension

Collaboration

- Contract-based
- Core
- Proprietary
- Type of Relationship
- Self Defined

Source: McKinsey

E145 Entrepreneurship Autumn 2008

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The Web Adds Another Partnership Dimension

Collaboration

- Open Innovation
- Core
- Proprietary
- Lead User
- Users involved in innovation process
- Users benefit from solutions
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Source: McKinsey
The Web Adds Another Partnership Dimension

**Collaboration**

- **Mass Innovation**
  - Users involved in innovation process
  - Users benefit from solutions
  - Companies use platform to connect to users

- **Open Innovation**
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Collaboration

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- Crowd Sourcing
- Mob Source

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The Web Adds Another Partnership Dimension

Collaboration

Type of Relationship

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Open Innovation

Mass Innovation

Open Source

Mob Source

Crowd Sourcing

Lead User

Enthusiasts collaborate on products

Enthusiasts linked to each other

Companies use platform to connect to users

Users involved in innovation process

Users benefit from solutions

Source: McKinsey
The Web Adds Another Partnership Dimension

Collaboration

- Open Innovation
- Mass Innovation
- Open Source
- Mob Source
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Source: McKinsey
WebTV Lessons
Lessons From WebTV

• Swing for the fences on your 1st release
• Assume you know your customers
• Get world-class partners
• Assume financing is available for great ideas
• Sell out ASAP

This is the traditional VC Model
It is not the only one.
Counter Lessons From WebTV

- WebTV assumed you get it right on the 1st try
- VC’s want/need these kinds of home runs
- It is a very fast cash burn
- Live fast, die young
- But you might be happy with lower risk models

Other VC’s are looking at Lean Startup Models
# Key WebTV events

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<tr>
<td>Founded:</td>
<td>March: Sony says “No”</td>
<td>April: 35,000 customers</td>
<td>Dec: Microsoft expands WebTV</td>
<td>Jan: Echostar Deal</td>
</tr>
<tr>
<td>June: 1st Sony contact</td>
<td>Sept: Sony &amp; Phillips introduce WebTV</td>
<td>Announced sale to Microsoft</td>
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<td>Sept: 1st funding</td>
<td>12,000 customers $20/month</td>
<td>Sept: 150,000 customers</td>
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<td>August: Microsoft sale closes $18/share</td>
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<td></td>
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<td>Sept: 150,000 customers</td>
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