

COMPETITIVE ANALYSIS - MISUNDERSTOOD & SHORTCHANGED

Does your company produce a Competitive Analysis for the products and services that you sell? Who in your organization is responsible for doing the analysis? Your answer is probably dependant upon why you are doing a competitive analysis. There are many reasons to do the work, including:

- Feature and function comparison as part of the product planning process
- Development of sales tools that compare and contrast strengths and weaknesses of directly competing products (matrix or check list)
- Understanding implementation (technical or user installation) efficiencies and deficiencies

To get these results, you may be using Software Engineers, Technical Sales Support staff, or perhaps your Customer Support Team. Assuming these people are good at what they do, the findings from any of these projects will be valuable to your company. But, if you are doing competitive analysis for any of these "technical" reasons alone, you may be overlooking the only real reason and the greatest benefit for doing competitive analysis.

Competitive Analysis is a business function that results in Competitive Selling Strategies that equip your sales organization (direct or channels) to maximize revenue and profit in a competitive marketplace. Technical review is a significant component (but only one of many) that contributes to the development of a successful competitive selling strategy.

Competitive Selling Strategies

Traditionally, the product marketing organization owns the overall responsibility for competitive analysis and subsequent development of a competitive selling strategy. Product Managers may need to draw upon other groups in the company to assist with the review process, but the function of coordinating the effort and maintaining a business focus (consistent with corporate goals and objectives) remains with the Product Manager.

For each product or service, you must first understand your customers and their needs, and then identify the options they have to solve their problems. Too many companies consider only directly competing software solutions and ignore such options as an in-house IT department, an outsourced solution, or a substitute software product. The scope of any review process should include all market players that compete for your prospect's dollars. Prospect has been underlined because during your review, you may discover that some companies in your target audience may not really be your best prospects. You should adjust your planning and strategies accordingly.

After you've identified all of the competing options, your review of each will include several common components as well as a number of variables (depending on the source of the competition).

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Table 1: Example Review Components

Competitor Type	Review Components
· Direct Software Competition	Feature/Function, Company History, Financial Strength, Positioning, Training, Support, Implementation Cost, Time to Production, Staffing Costs, License Policy/Costs, Partners, Professional Services
· Substitute Software Product	Feature/Function, Company History, Financial Strength, Positioning, Training, Support, Implementation Cost, Time to Production, Staffing Costs, License Policy/Costs, Partners, Professional Services
· In-house IT Organization	Training, Support, Implementation Cost, Time to Production, Staffing Costs, 3rd Party License Policy/Costs
· Outsource Managed Services	Feature/Function, Company History, Financial Strength, Positioning,, Implementation Cost, Time to Production, 3rd Party License/Policy/Costs, Partners, Service Cost
· Outsourced ASP	Feature/Function, Company History, Financial Strength, Positioning,, Implementation Cost, Time to Production, License/Policy/Costs, Partners, Availability

Upon completion of the review, Product Managers will develop competitive positioning for each identified competitor and provide the sales tools that prepare them to meet the competition head on and win. These tools will include much of the raw data developed during the review process, but more importantly, summarization of the data, describing what it tells us. A well informed sales person can put the competition on the defensive, if they are well versed on the value proposition of their product compared to each competitor or type of competitor. If possible, this should be done without mentioning specific competitors or their strengths and weaknesses. By selling the value of your solution, the customer will draw their own conclusions when looking at alternatives. If done right, the customer will put the competitor on defense when asking why they do not provide certain features/functions or equal benefit/value when compared to your solution.