

Market analysis & marketing planning, Frankfurt Rhine-Main area (2009)

Client: German small size IT service company, Frankfurt Rhine-Main

Execution: Mrs. Christina Werum-Wang

The Task

Our client's current business has become structurally dissatisfying. After founding of the company in 2005, the business mainly relied on the founders' industry contacts. Naturally this customer base has its own limits. The Company's main problem is a lack of in-depth knowledge of their market: they know neither their potential customers and their needs, nor their competitors and their respective service and product offer. Few internal and external data is available as reliable basis for business development.

As a consequence the company is lacking a clear business strategy and planning. Eurasia enterprise is entrusted to conduct a market study as the basis of the future business strategy.

The Company

The Company is engaged in high tech network security solutions and services based on Cisco's Unified Communications platform. The scope of the Company's business activities includes sales, installation and active monitoring and management of firewalls, IDS/IPS, anti-virus, anti-spam, anti-phishing, URL filtering etc.

By offering managed firewall services the customers are provided with optimal levels of network protection, including 24*7*365 proactive monitoring and management of firewall availability and status. Specific firewall security policies can be customized to each customer's unique requirements. The aim is to increase employee productivity and lower operating costs throughout the enterprise.

Project Background

Managed security services is a buzz phrase in the IT security industry. However, many competitors using this popular phrase do actually concentrate on selling and installing only the hardware. In fact, very few providers dispose of the high level of technical expertise which is needed in order to actively manage IT security services. It is a small community worldwide, with only a few manufacturers and service providers, reputation being everything.

The financial crisis has proven to be favorable to the industry: companies like our client could profit from strong outsourcing trends. But such trends can easily be reversed and should not be relied on in the long-term. On the customers' side, a lot of companies definitely need such IT security services, but they are not even aware of their need and the possibilities of the industry.

The task is to bring together supply and demand of this highly specialised IT service, and to thereby bring about an increase in business and a stable business growth.

Project Goal and Methodology

The goal is to develop a consistent marketing plan that would enable the Company to get access to market potential through planning and a systematic approach. Our key questions are:

- ◆ Where are we now?
- ◆ How did we get there?
- ◆ Where are we heading?
- ◆ Where would we like to be?
- ◆ How do we get there?
- ◆ Are we on course?

Based on these questions a market study has been conducted that can be used as a tool and practical approach for the Company's business development.

The Market Study

The aim of any market study is to evaluate the market potential for a given company or product / service. A professional market study offers a deep insight into the structures of the industry, including market competitors and customers. As such, the market study serves as a solid base for far-reaching business decisions. Our market study included the following points:

Business Model

- outsourced IT security service provider
- customized service level agreements
- sales realisation through resellers, service provided to end customer
- repetitive business:
 - high investment at the beginning, preparation time 3-6 months
 - harvest and constant cash flow in the long term
 - long term relationship business: standard contract 36 months

Business mission

What distinguishes the Company from others of its type? What are her purpose, strategy, values etc.?

Marketing audit

The marketing audit concentrated on external and internal analysis:

1) External: Analysis of the macro environment, the market, competition, customers' needs.

2) Internal:

What are the Company's current operating results: sales, market share, cost, profit? Which strategic issues have to be analysed, like market segmentation, marketing mix, portfolio, competitive advantage, distribution? What are the marketing objectives, what about the strategic thrust: existing/new markets/products, life cycle?

3) Tools like SWOT, Five Forces & PEST analysis provided deeper insight into the Company's conditions and environment.

Core strategy

Within the frame of the study, we defined potential target markets, competitor targets, sales channels, market segments, products/services, and target customers, e.g.:

- resellers without own IT security capacity
- system houses
- value added resellers
- internet service providers

The core strategy also required to define the market positioning of the Company, their USP and corresponding branding. E.g. the study found the following sales arguments and USP:

- outsourcing: 24/7/365, responsiveness, flexibility, insurance, cost savings, "staff" for customer
- technics: staff consisting in certified experts, approved partner of vendors
- references: high ranking international institutions, political parties etc.

Describing the goals of the business in figures: turnover, cost, personnel, we then proceeded to develop a strategic marketing planning.

Organization, implementation, & control

Any study is only as useful as its implementation. Eurasia enterprise developed the necessary tools and methods of the operational marketing planning as well as of the business and sales channel development. We also set up the budgeting, and arranged for regular and professional review and control of the measures.

Action Plan

In order to ensure the implementation of all measures, the market study defined and described the necessary steps & milestones. Responsibilities as well as time frame, personnel and finance resources had to be allocated, including detailed steps for monitoring, feedback & adjustment.

Resources

The study has been conducted in May and June 2009, with a time budget of 120 hours. Involved personnel included Christina Werum-Wang, plus some company employees for access to internal information.

Summary

The analysis has shown strong market potential in the field of growing outsourcing trends, growing need for IT security, and a large number of potential small and medium size customers. On the other side, competitors quickly pick up, improve and copy services, and the effects of a possible second severe economic breakdown are unpredictable. Although the impact of environment in terms of the financial crisis has been favourable in 2008-09, economic risks of this kind may also turn into potential threats for the industry as a whole.

In order to maintain a stable development based on the industry's average growth rate of 7-10% p.a., the Company should keep her strengths and reduce the weaknesses. Most important is to maintain and continue to build the high technical advantage compared to the competitors.

Potential innovations of products and services may include mobile games, and mobile protection ("cloud computing"). Potential market niches & growth potential are to be defined in terms of products/services, market segments, customers. By following the suggestions and action plan as outlined in the marketing plan, a considerable growth of the business has been predicted.

Our market analysis and action plan provided a strong basis for our client's future business strategy. Further potential for performance improvement should be tackled especially in the areas of controlling and business processes.

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