Go-to-market plan

Jussi Autere, May 9th, 2019

The two phases (assignments)

1. Which markets (e.g. countries and segments) to enter and what to sell in international markets?
2. How to go-to-market (sales model, organization, channels, partners, financing)

- Following are basic guidelines for the go-to-market (GTM) analysis
- The other lectures in the course will give more views and tools

How to go-to-market?

GTM plan tells how to sell the selected offerings in selected markets

- Value of the offering to existing and potential clients -> Pricing principles
- *Strategy, timeline, and scope of the entry*
- Revenue potential for the service line over a period of [three] years
- Initial costs and resources (for example, marketing costs, head count, and capital expenditures) associated with entry
- Ongoing costs of maintaining the offerings
- 12-24 month action plan
- Risks associated with achieving the targets within the budget, along with mitigating strategies for managing those risks

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Pricing principles

Fixed price

- Customers usually like this so it is a good market entry model
- Can be just one price for everyone, or depending on the size of customer or features
- If you have just one price, in B2B, you need to have some mechanism to collect more revenues from large customers, at least in the long run (e.g. maintenance, spare parts or future new products)

Cost+ based

- Margin over production+delivery costs

User/seat based pricing

- Traditional model in standardized software selling

Volume / capacity based pricing

- Increasingly popular

Value based pricing or revenue sharing

- This is many times successful in selling new concepts as customers see it reducing up-front costs, but in proven offerings, difficult to sell

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Remember that in successful business there is always pricing to someone, even though your service or software would be free-to-use.

Strategy, timeline, and scope

- The sales organization
  - Direct or channel sales model
  - Types of sales professionals needed (business developers, pre-sales engineers, cold callers, account managers)
  - How to recruit sales personnel
  - Remember that supermen do not exist!
- Partners needed
  - China Telecom does not buy direct from a 30 employee Finnish company
- Individual key accounts targeted, e.g. the feasible airports in UK
- Scoping the target markets such a way that it can be reached cost-efficiently
- Marcom plan to include trade shows, target publications, Adwords campaigns, etc.

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Action Plan Summary, high level example

Again gas turbines for airports

Action	Objective	Schedule	Responsible	Budget
1. Developing Proof-of-Concept (POC) candidates	The first pilot installion agreement with B, H or L airport	Months 1-6	RIG	80 000 €
2. Forging a partnership with an engine supplier	C, R, S or W becomes the partner to deliver engines to the customer	Months 7-12	RIG	80 000 €
3. Testing engine with kerosene	Efficiency data of engine running on specific fuel	Months 4-9	HSA	80 000 €
4. Delivery of POC	Company delivers POC installation to an airport	Months 10-15	JSA	500 000 €
5. First commercial sales	Partner makes the first commercial sales to an airport	Months 13-18	TER	200 000 €
6. First commercial delivery	Partner makes the first commercial delivery	Months 19-24	JSA	500 000 €

Risks

The evil is in details

- In your assignment, it is sufficient that you do general level work, but in real life, many failures result from details in markets not visible to foreigners
- It pays off to have everyday experience of the markets

The evil is in details--Know the territory you need to adapt to

	Finland	Sweden	Denmark	Norway
Class society	Low, but exists	Strong	Somewhat	Nowegians and others
Attitude to obeying public regulations	Flexible	Inflexible. The most inflexible in the world	Flexible	Inflexible
Friends sell to friends?	Used to be, but now sauna has disappeared from business	Buys from the same class, not from friends	Enjoy life	No. Very armslength buying
Expect proactive price decreases	No	Yes	No	No
Customer structure	Large companies and IT companies	Large and mid-sized companies	Small and mid-sized companies	Large companies
Arrogant to foreign companies	No	No	No	Yes

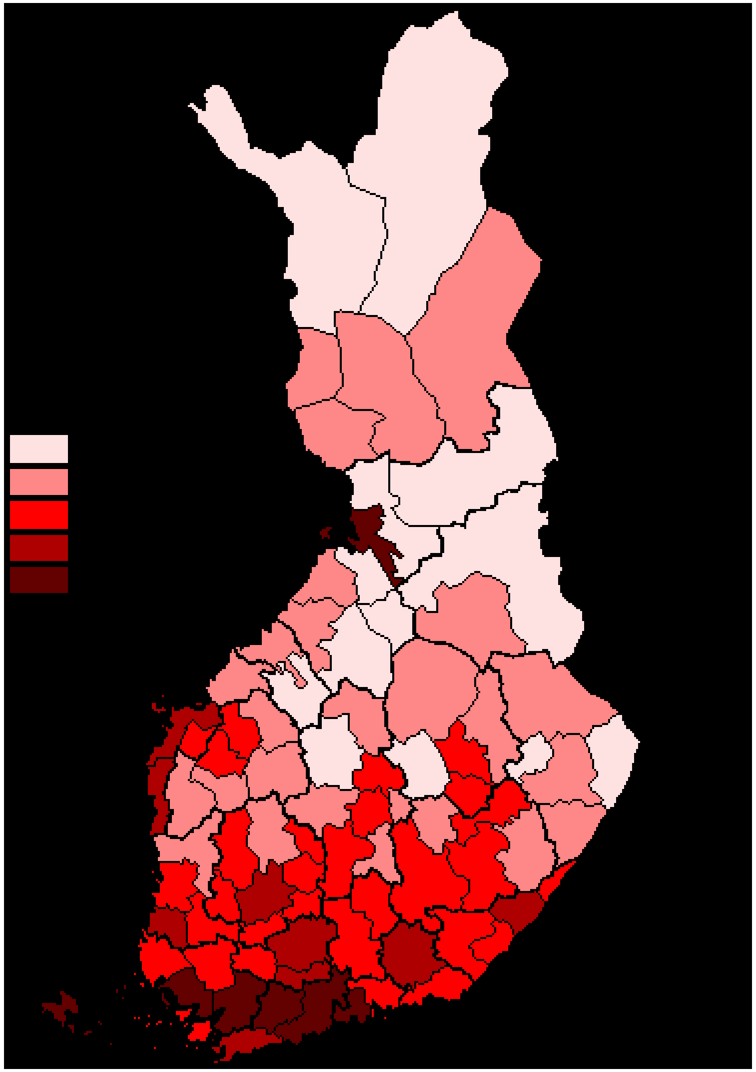
Based on a workshop with Lithunian SW business executives in 2013

Example

- PlusTV was a Finnish terrestrial TV pay tv operator
- It was founded 2006
- Swedish Teracom sold it to a Finnish telco DNA in 2013
- Cumulative losses of over 80 M€
- Initial market analysis and estimation based on other markets estimated that it would reach over 400 000 subscribers, the maximum by 2013 was 270 000
- What went wrong?

Assumption: low cable penetration

- Even though relatively low on an average, cable penetration in Finland is actually rather high where the buying customers are
- Income differences between regions are high in Finland compared to other Nordic countries



Assumption: willingness to pay for sports TV

- Sports, especially soccer in Europe, is the main driver for consumers to buy pay TV

- But in Finland
  - Finnish Broadcasting Company has been protecting its position by sending popular sports free-to-air
  - The interest in domestic soccer in Finland is low
  - Plus TV did not succeed in buying rights to send the domestic league of the most popular sports in Finland: hockey

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