
Market Research Drives Revenue

... & revenue increases VC investment.

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Langevin Management Advisors

- Develop business strategies and implement plans that assist companies to ...produce fast and significant revenue results.
 - ◆ In one year, increased sales from \$0.5 million to \$14 million for a five-year old, high tech company;
 - ◆ In one year, achieved profitability for failing software business. Within three years, increased revenues 50%;
 - ◆ In three months, developed the *go-to-market* strategy for a startup that resulted in a successful \$30 million IPO.



How were these results achieved?

- Same products
- Same employees
- Same market conditions
- Same competitors

Answer ...

MARKET RESEARCH



Market Research - Case Study

Evidian - enterprise, network management, & security

- Competition ... IBM & CA
- Needed to create a new “*sandbox*”
- Identified weaknesses in competitor’s offering, and strengths in our offering
- Developed new entry point into the market
- Crafted new marketing & sales strategy
- Results were dramatic ...



Market Research - Results

	<u>BEFORE</u>	<u>AFTER</u>
◆ Engineering:	\$3 mil	\$1.4 mil
◆ Promoting/Selling:	\$2 mil	\$.1 mil
◆ Market Research:	\$0.1 mil	\$1.5 mil
◆ M/E Ratio:	0.03	1.1
◆ Ave. Sale:	\$10 K - \$50 K	\$500 K - \$1 mil
◆ Sales:	\$0.5 mil	\$14 mil
◆ Customers:	none	Microsoft American Express AGEdwards Ericsson Sprint



What was done?

- Reduced Engineering & Promoting and Selling
- Increased Market Research
- Reviewed product & strategy with Industry Analysts
- Conducted focus-group sessions (one way glass)
- Crafted new promoting & selling strategy
- Developed new collateral
- Implemented new selling approach



Today's Reality...

- In Q203, VC investing hit a five-year low.
- Annual average VC fund posted an average 29.1% decline through March 31, 2003.
- In Q203, N.E. investments compared to Q202:
 - ◆ VC funding: - 29%
 - *IT funding*: - 19%
 - *Biotech funding*: - 34%



Translation ...

- VC's are seeking investments with a higher probability of success.
- Demonstrated sales performance increases VC's interest in a company.



Know Your Audience

- VC's don't care how your airplane flies.
Demonstrate that your *Go-To-Market* strategy works!
- You need to convince VC's that their investment in your company ... *will achieve a ten-times ROI on their investment.*
- Revenue Growth increases Investment Interest.



How to Maximize Revenue Growth?

■ Market Research ---

- ◆ Know your product's market
- ◆ Know your audience
- ◆ Explain your product in terms the customer understands
... not what you want to tell them
- ◆ Stay focused and persistent in sales effort



Market Research – M/E Ratio

- The Market Research vs. Engineering ratio of a company has a direct correlation to the success of that company's business performance.



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