Market Segmentation in Software Marketing

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Software business

- Service business with all factors of a typical service business being applicable
- Relationship based business is a norm
- Niche business segments with domain expertise driven models
- Software systems are business enablers and not business per se
- You have to share business secrets and knowledge to get most appropriate solutions
Software Service marketing approaches

Software Service Firm → Software Service firm

Software Service Firm → Solutions companies

Software Service Firm → Service companies

Software Service Firm → Manufacturer
Marketing Strategies

- Opportunity marketing
- Relationship based marketing
- Consultative marketing
- Indirect marketing
- Segmentation
- Mixed
Advantages of Segmentation

• Markets are not black box markets
• Software services can not be commoditised
• Software solutions are dynamic business oriented solutions
• Client driving is essential for success
• Customization, localization, adaptation and integration component could be as high as 90%
Segmenting Approaches

1. Segment by technology
2. Segments by size of project
3. Segment by size of relationship
4. Segment by domain expertise
5. Segment by business process
6. Segment by location
7. Segment by costs
### Drivers for selecting a software partner

<table>
<thead>
<tr>
<th>Area</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Certification; ISO; CMM Levels; BS Certification; Process Certification</td>
</tr>
<tr>
<td>Expertise and domain knowledge</td>
<td>Knowledge; Expertise; Resources and their background; Patents; IP held.</td>
</tr>
<tr>
<td>Experience</td>
<td>Previous projects; partners; client list and testimonials; Reusable components</td>
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<tr>
<td>Size</td>
<td>Infrastructure; Hardware facilities; local presence;</td>
</tr>
<tr>
<td>Cost</td>
<td>Competitive; Scalable;</td>
</tr>
<tr>
<td>Procedural</td>
<td>Project Management skills; processes;</td>
</tr>
</tbody>
</table>
Company philosophy

- Pure projects business orientation
- Pure product business orientation
- Projects + products mixed orientation
- System integration orientation
- Consultancy orientation
- Solution orientation
Market penetration strategies

- **Strategic partner like a software house or system integrator**
- **End clients and end markets**
- **Client + Partner approach**
- **Product approach**
- **Niche solutions like financial market solutions**
Presence strategies

- Equity investments
- Joint Ventures
- Oversees Development Centers
- Technology participation
- Joint Development and marketing
Internal organization

- Geographical areas
- Industry verticals like BFI
- Industry practice groups like remote monitoring
- Consultancy Groups like Security
- System integration groups like ERP
- ASP Model
Impact of size on strategy

• Minimum mass
• Bane of “middle” size
• Inertia of large mass and size
• Resources driven strategy
• Risk management
Oversees business

- Shortage of skilled and technical resources
- Costs
- Ramping up issues
- Time to market driven development
- Quality orientation
Domestic Business

- Low technology penetration
- Senior managements are not techno oriented
- Costs are high and act as deterrent
- Manpower based options are still available
- Quality pressures are just starting to be felt
- Need for being competitiveness at global level is sinking in
Questions?
Thank You