

Strategic Partners



If you can't beat'em, join'em

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If you can't beat'em, join'em...

- Nobody can do it all
- Leverage the big guys. If you bring technology, then find the guys who can take it to market, manufacture, distribute, etc.
- Focus on the value you bring to the partner
- Use case – multiplexers to the US Army and the 800lb gorilla



Protecting the Core

- Decide what your secret sauce is – your core intellectual property and your core revenue model
- Protect that core ferociously
- Corrolary: but give up everything else (if you have to)
 - documentation, system integration, product enhancements, post delivery support
- Tip: you must establish your legacy IP to defend your position in contract negotiation
- Tip: don't worry about giving up limited rights – just make them expensive and difficult to exercise.
- Use Case – Government use and design rights

PRACTICE NEGOTIATIONS IN ADVANCE

Services Financing Products Model

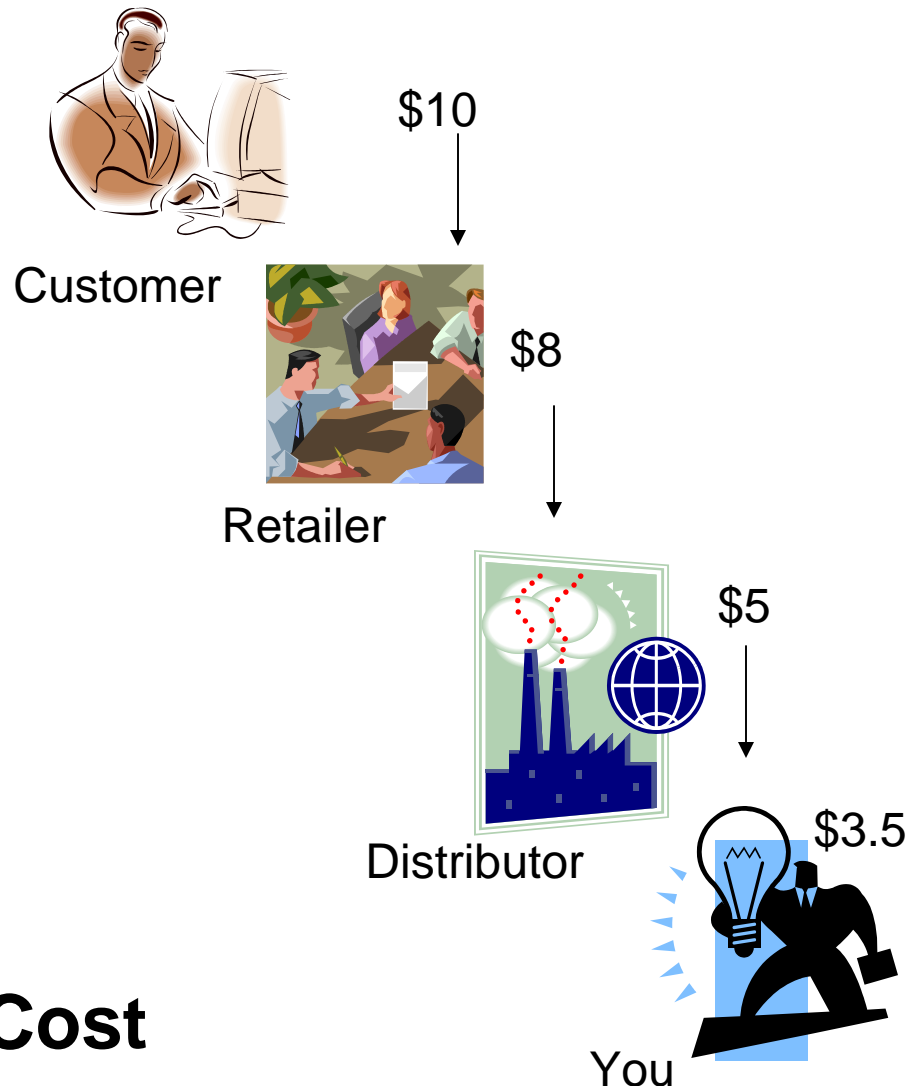
- Sell your expertise as services
- Use income for product development
- Convert from services to products (core value proposition) model
- + maintain ownership position
- - long term business development cycle (5-10yrs)
- - can be difficult transition from services model to products
- Use Case – IWT Wireless. Wireless engineering services to proprietary mesh radios

Beware the single dominant partner

- If you provide your services/products to single strategic partner, they tend to 'own you'
- Not literally but from a resource perspective
- How to avoid the situation:
 - Establish the business model early on with the partner with clear lines of demarcation.
 - Get multiple people in your organization with face time to the dominant partner so that you can delegate the relationship
 - As soon as possible, establish second and third customers/partners to diversify
- Use case – Telecom E911 location partner
- Tip: if you get into the 'dominant partner' situation, they better bring lots of value to your core IP

Pricing – something for everyone

- Establish value to end customer first
- Work backwards through the distribution chain
- Price in margin for each layer
- You get the balance
- Use case – the Phoneshield



Price on Value not Cost