

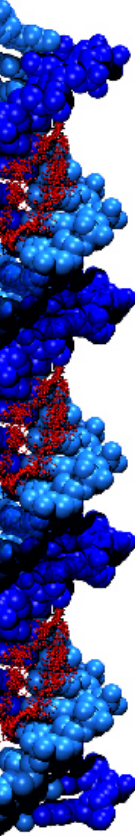
Framework For Profitability

Hope is *Not* a Strategy!

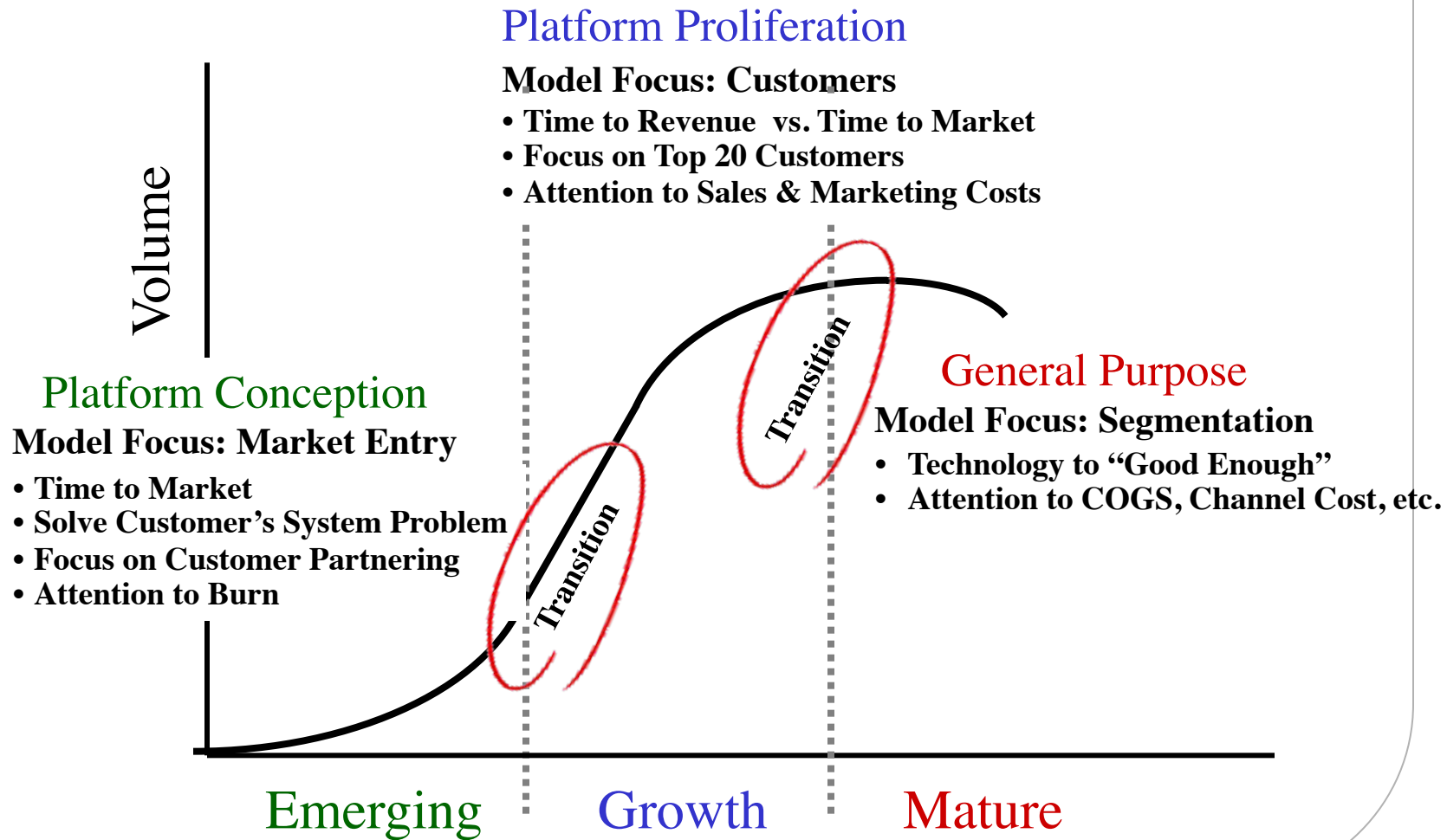
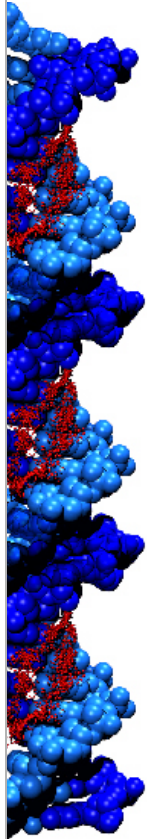
Charles DiLisio

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Technology Insanity?

- 
- ▲ Everyone Aspires To Be a Product Platform
 - Value is in technology investments
 - Leverage learning curve
 -many are hyped, but few are chosen
 - ▲ Siren Song Of Consumer Markets
 - Song: Broad and lucrative
 - Reality: Highly segmented and fixed price
 - ▲ Elephant Size Costs With Canary Feed Returns
 - Value is not in the technology, found elsewhere
 - Limited learning curve advantage
 - ▲ Therefore, Old Profit Patterns Don't Work!
 - How do you profit in this environment?

Lifecycle Dream to Profitability



Lifecycle Reality: The Profit Vice!

Platform Leaders

Fate of The Many!

- Limited learning curve
- Elephant cash consumption
- Fickle, segmented markets



Value Volume Vendors

Profitability Strategy: Profit DNA

Profit Potential → Profit Models → Profit Metrics

- ▲ Can this market be profitable?
- ▲ What **Business Model** can we apply, right now, to be profitable over time?
- ▲ What are the measures or milestones to in place to support the profit model?

Profitability Strategy: Profit DNA



Profit Potential → Validation

Profit Models → Execution

Profit Metrics → Accountability

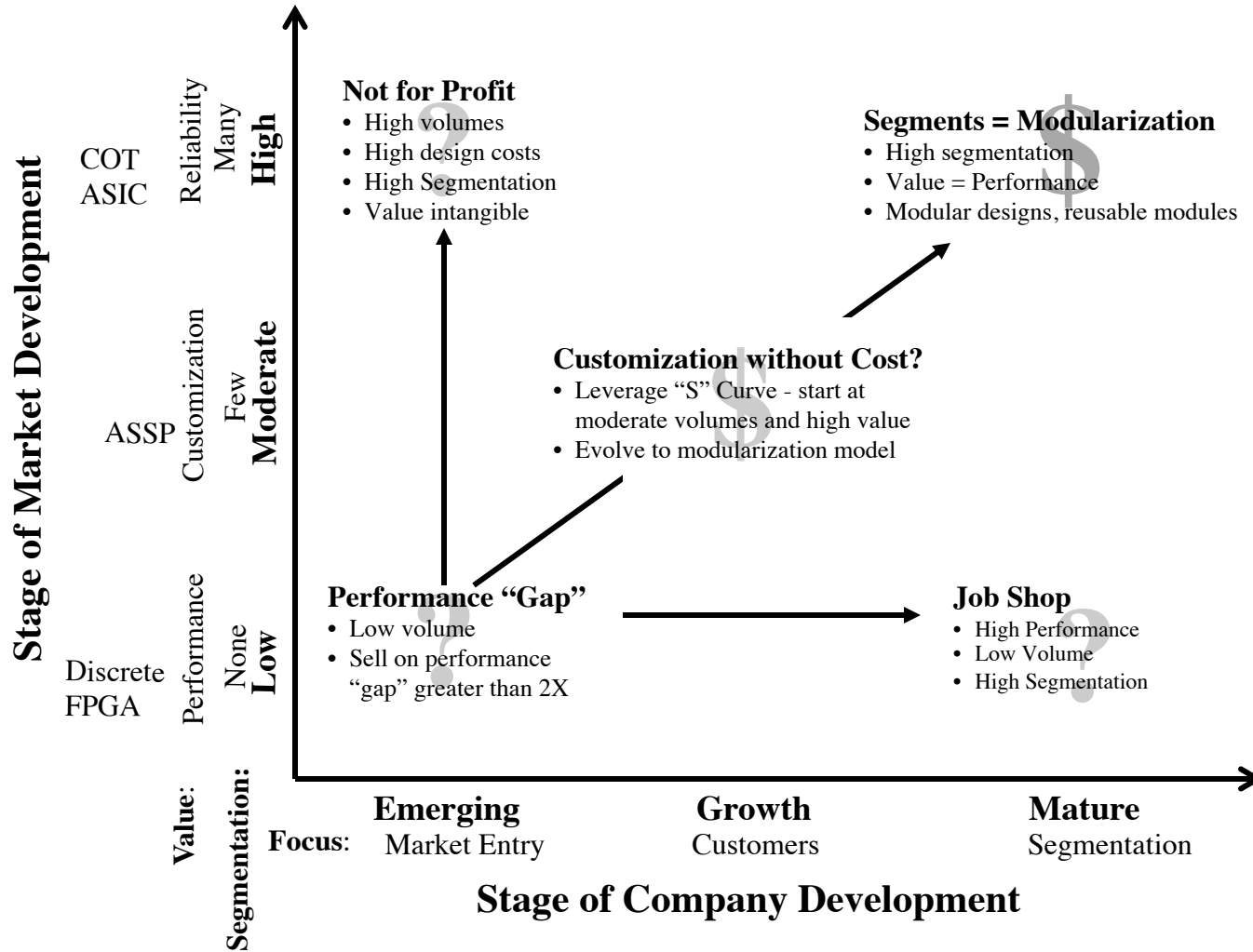
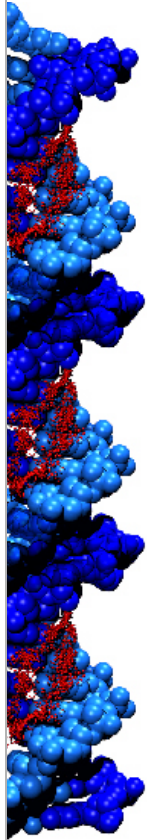
Validation: Can You Make Money?

Profit Potential → Profit Models → Profit Metrics

Profit Rule =

Market Opportunity / Competitors
Investment

Profit Vectors: No Profit Options





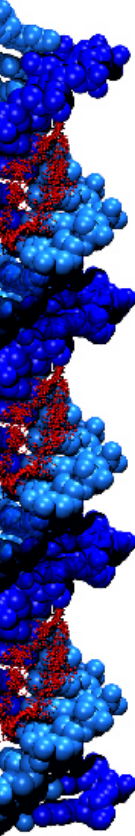
Execution: Profitably Meet Customer Needs

Profit Potential → **Profit Models** → Profit Metrics

Customer Rule =

$f(\text{volume, value, time to market})$

Profit Segments: The Hard Questions

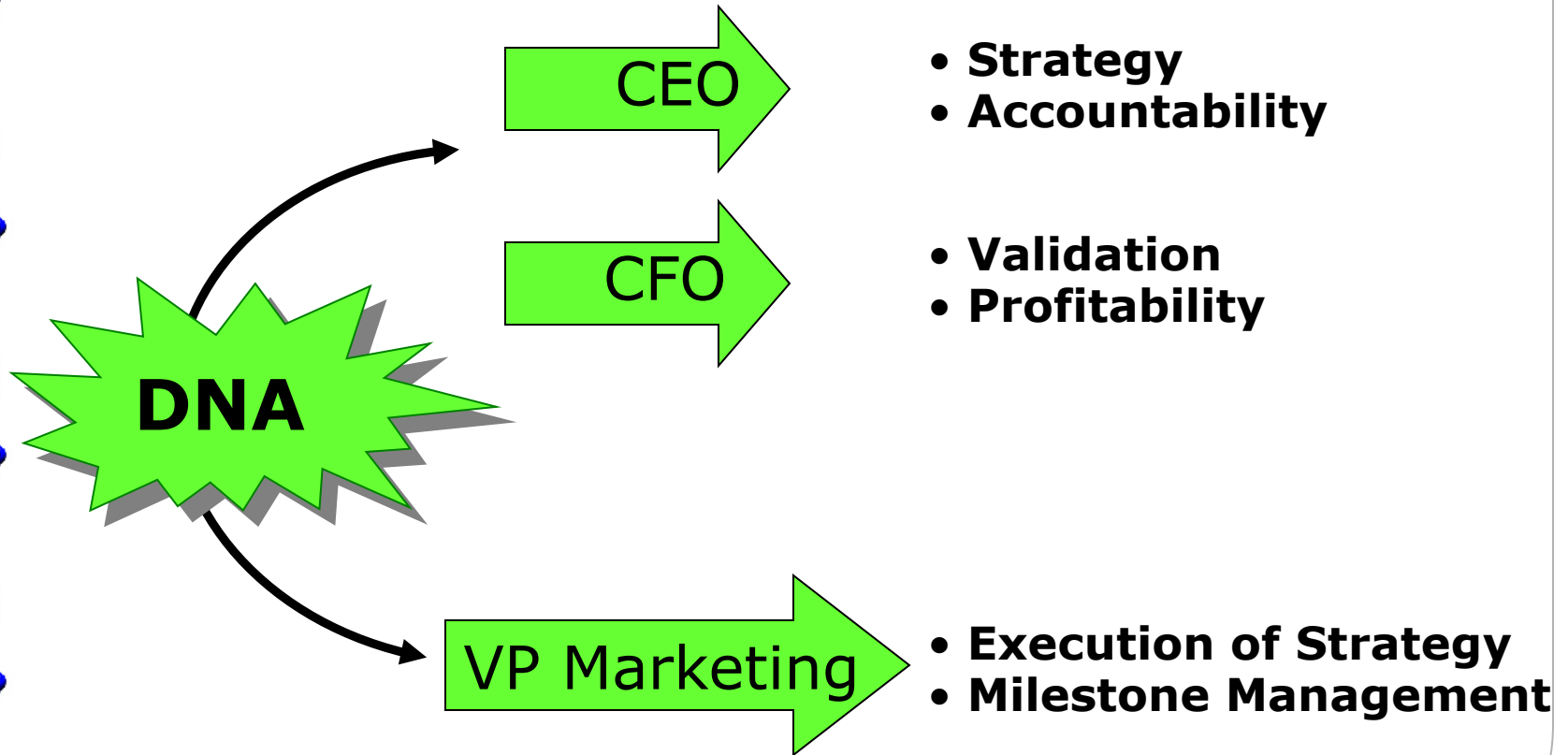
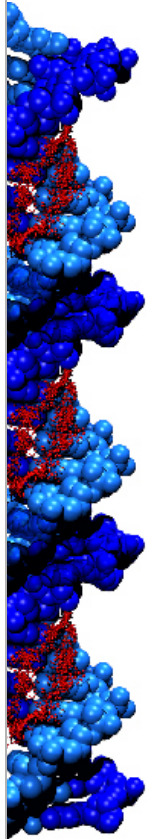
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- ▲ **Platform Leaders:** How Do I Expand The Market and Add Value As Costs Grow?
 - ▲ **Volume Leaders:** Where Do I Bring Value Through Cost Reduction?
 - ▲ **System Leaders:** How Do I Determine What Is Core Vs. Context in My Software Platform?
 - ▲ **Programmable Leaders:** How Do I Attract Users to My Platform?
 - ▲ **Specialists:** Which Profit Model(s) Will Lead to Sustainable Profits?
 - What Business Am I Really In?
 - Do I Understand The Market and Its Ability to Diffuse Technology and How Do I Assist In This Diffusion?

Accountability: Profit Measures and Milestones

Profit Potential → Profit Models → **Profit Metrics**

- ▲ What measures or milestones need to be in place to support the profit model?
- ▲ How do the metrics relate to competencies and tactics?

Profitability DNA Advantage: Management Links to Profitability



Experience Advisors: No Excuses

- 
- ▲ Charles DiLisio, President and Founder
 - Senior Manager Consulting, KPMG
 - Director: Dataquest, Western Electric
 - BS, Summa Cum Laude, Arizona State University
 - MBA, Anderson School - UCLA

 - ▲ Doug Molitor, Senior Advisor
 - Principal, Regis McKenna, Inc.
 - Founded 42consulting, Inc. and Power Touch Technologies, Inc.
 - Senior Vice President, Hi-Tech Communications (Shandwick)
 - BS, University of Florida, continuing education in communications and marketing creativity



Hope Is Not A Strategy!

D▲Side Advisors . . .

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