

Product Management Puts Customers First, Not Profits

New development is the focus of product management, delivering solutions that serve market needs. It should not fixate on profitability. *a&s* looks at identifying customer problems, incorporating changes and future scalability throughout the product life cycle.

BY LING-MEI WONG

Dreaming up a product requires creativity, as well as teamwork. Innovation rarely takes place in a vacuum, requiring effort to delve into market needs. After careful consideration, those customer issues are then translated into a finished solution.

Product management covers the entire product life cycle, but the main focus is on driving new product development. A differentiated product that delivers unique benefits and value to customers will make it a successful and profitable one. Too often, though, profitability becomes the top priority, resulting in poorly thought-out product launches that have little differentiation or do not offer a migration path for existing equipment.

There is nothing wrong with wanting to stay afloat, but good product management goes beyond making a quick buck. Product managers should have an in-depth understanding of customer problems to develop a solution that meets or exceeds their expectations. Generating ROI is important, but is not the ultimate goal of product management.

Once the solution nears completion, a marketing plan ensures that the sales team, channel partners and end customers are aware of it. After the product launch, the product manager can monitor market changes and adjust the next release accordingly.

CATERING TO NEEDS

Product management boils down to being in touch with the market. A manufacturer will gather input from system integrators and distributors. End users are also consulted, either through events at trade shows or site visits.

Product managers need to conduct due diligence before sitting down with R&D to discuss specs.

Understanding market acceptance requires maintaining good two-way communication with channel partners and end users who are using the solution. “Besides reviewing market research reports, product managers must be externally focused to understand the voice of the customer, to the point that they must be closer to the customer and accompany the sales team on customer calls and end-user demonstrations,” said Daniel Cremins, PM of March Networks. “In some cases, the customers themselves have a hard time describing what solution they really want, and a site visit to the end user is required to document use cases on their day-to-day activities. Market analysis, competitive environment and understanding who the target audience is shape what the solution will be.”

Customer feedback includes product ease of use, installability and reliability. Product managers then separate the “must-have” requests from “nice-to-haves,” based on their marketplace understanding, Cremins said.

After understanding customer needs, the sales team can determine whether a business case can be made for specific requests. “Our very experienced local sales



▲ Daniel Cremins, PM of March Networks



▲ Peter Ainsworth, Senior PM, Europe, Samsung Techniv



▲ Andrew Pigram, Technical Director at Norbain

teams help us quantify the true size of market for each new product and what the respective price point should be," said Peter Ainsworth, Senior PM, Europe, Samsung Techwin. "The solution to minimizing the wastage of R&D funds should be very simple — to listen very carefully to the opinions of the people who really 'know' and that is the installers and system integrators who are the closest to the end users."

Understanding business initiatives help pinpoint weak points in the customer's operations. "For example, a retailer might need a solution to measure customer footfall or customer dwell time," said Andrew Pigram, Technical Director at Norbain. "We've helped design systems for a large car manufacturer, who wanted the service managers to be texted as a customer was driving into the premises for a car service. So we put in a VIP LPR system linked to the service-booking system for their retail outlets. It could be any interested party; the higher up the chain, the better for us. That's where you get good ideas."

Getting feedback means regular meetings among distributors, integrators, manufacturers and end users. While not everyone meets at the same time, different events — product demonstrations, training seminars and site visits — cater to specific needs. "We have quarterly meetings with product management, sales and major suppliers," Pigram said. "We work with them on that to get a lot of feedback, and then they can come to our sales meetings as well."

Product managers can visit an average of three end users per month. "Once on site, the visit is typically at least half the day, to spend the necessary time with the customer to understand their needs and day-to-day operations," Cremins said.

The supplier's product management team will also train distributors and customers on their latest solutions and find out about market requirements, Ainsworth said.

MAKING THE DISTRIBUTOR CUT

Product management from the distributor perspective does consider end-user demand, along with regional factors. "The supplier has to provide a solution that is good for our customer base; it has to add value to our installer solutions and be a good fit for the market," Pigram said. "Product management is not just about products — it's really about the market."

Along with identifying a market niche, a manufacturer needs to provide market support to its channel partners, such as marketing and demand generation. Services such as presales support are needed, as well as postsales support,

depending on how technical the products are. "As a distributor, we can help provide many of these services, but it's important to engage well with the supplier, especially if it's an overseas supplier," Pigram said.

Depending on the vendor, distributors may provide their local training and support, or just help with logistics. Each vendor has different requirements, meaning each party discusses their expectations early on.

Lastly, there needs to be a financial incentive for a distributor to take on a new supplier. Price point is one factor, along with a clear product management strategy. "The product and supplier have to be financially sustainable for us," Pigram said. "Their proposition has to be a good fit with our long-term strategy. We don't want a manufacturer that chops and changes direction. We need them to be reliable for supply and focus on our market."

Norbain has significant reach in the U.K., serving 5,000 customers. Of those customers, 80 percent of them have done business with Norbain for more than five years. "We feel our investment and our customers' investment should last years, certainly not weeks," Pigram said.

OUT OF STOCK

A product's end of life (EOL) must figure into product management. While it is inevitable that wear and tear will require replacing a product, a long-term migration plan eases the transition from old to new.

Microsoft is a textbook example of user frustration for EOL management. Its Windows 98 operating system was scheduled to sunset in 2006 — subsequent software releases of Microsoft Office 2007 did not support Windows

▼ Product management revolves around market needs, taking into account customer demands.



98, requiring users to upgrade. These upgrades create backlash, particularly “forklift” ones that made customers feel cheated.

Obviously, the hardware life cycle differs from software. It depends on spare parts, as availability affects price. Once parts can no longer be supplied — often after production ends for a certain line — the cost increases. Product EOL planning should consider enhancements, cost reductions and new target markets, Cremins said.

A discontinued product line results in one of two things. First, the vendor is replaced with a comparable and compatible third-party product. Another option is to go with the original maker’s succeeding solution. “Most manufacturers do this pretty well, because any popular product is normally superseded with a better-performing product,” Pigram said.

Analog video surveillance equipment is relatively simple to upgrade. “You could replace the DVR or switch a functional dome or fixed camera in the majority of cases,” Pigram said.

IP-based solutions offer benefits over analog, but represent a significant investment for users with legacy equipment.

“It’s inevitable that demand for IP-based systems will continue to grow, but that does not mean that all existing analog systems are outdated and need to be replaced,” Ainsworth said. “We are, therefore, continuing to support analog-based systems and provide users with the option, for example, of hybrid solutions.” Another option is HD-SDI cameras, offering full HD video over analog cabling.

IP replacements are trickier due to compatibility issues, which require interoperability testing. “The good news is many VMS solutions are software-based, so that installers can add, change or replace products or brands as upgrades,” Pigram said. “That’s one of the benefits of more software-based solutions with maintenance agreements.”

Product migration is always painful, but thoughtful product management can make the transition easier with successive improvements.

FUTURE-PROOF

Forward scalability means product management has done its job. From the product’s inception to its EOL, a long-term mindset translates into a better rapport with channel partners and customers. A few ways to offset

future replacement headaches are developing a migration path, forming third-party partnerships and complying with standards.

Staying abreast of technology developments is one way to develop products with migration in mind. This can be anything, from the rise of smartphones in the consumer space to the potential of the cloud for IT applications. "Video surveillance has always taken core technology from other industries," Pigram said. "It's quite different to understand technology and to deliver solutions. IT may have technology, but video surveillance applies it quite differently. The technology is not different, but the pace of change is quite fast."

Strategic partnerships will further extend a product's shelf life. This can be hardware manufacturers supporting key VMS platforms, or other partnerships that are mutually beneficial. These relationships ensure customers can invest in a video surveillance system that can be expanded or upgraded with new technologies in the future, Ainsworth said.

Interoperability standards are the next level of partnerships, creating a guideline for members to observe.

While the present iteration of standards is imperfect, the dominance of ONVIF is notable for its sheer numbers. It does not support all member features and is presently limited to display, but it is a welcome alternative to no standard at all. "Samsung is a member of ONVIF, and we fully support its objective of providing customers with a flexible choice," Ainsworth said.

At the end of the day, product management comes back to market needs. "Being able to offer a migration path requires a full understanding of the overall customer application in how they are deploying solutions today and what they will want tomorrow," Cremins said. "It requires developing a full, end-to-end solution that is backward compatible and can easily be integrated into. Our experience has been that customers maintain solutions for years but still want to be able to add on new solutions and have them all work together seamlessly."

Product management is a holistic approach to assessing customer problems, solving them and then phasing in improvements once products reach their expiry date. The top priority is always delivering solutions with real value.

