

The Price of Proof of Concept

Irish Computer Society Fellow **PETER LAWLESS** considers Proof of Concept trials and argues for the abolition of charges relating to them

Irish businesses are often charged for Proof of Concept (POC) trials while internationally POCs tend to be free and their costs built into marketing and development budgets. In addition to this anomaly, research has shown that in

'The term Proof of Concept is flawed. Proof of Value would be more appropriate'

Ireland IT companies often overlook the value of customer feedback when

developing and updating products. Therefore Irish businesses are expected to pay for the privilege of trialling solutions that have been developed with scant attention to their requirements. Finally and fundamentally, even the term Proof of Concept is flawed. Proof of Value would be more appropriate; the rationale being that the customer should be at the centre of the equation. Their need to prove the value of any IT deployment specifically in terms of their own business imperatives is key to the trial.

Q How can international IT companies justify free POCs?

A In today's rapidly evolving marketplace it is impossible to guess the features that customers want in a product. The formalised gathering of information on the experience of customers during trials can generate valuable information the use of which can lead to

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quantifiable returns. Customers' specialist expertise in an area can also offer a valuable insight for savvy product developers who are willing to listen to their customers and act on what they hear. Recently the Irish Software Association commissioned a report, which looked at a broad cross section of the indigenous Irish software industry. The report, entitled "Barriers to Growth", was compiled by Donal Daly of Select Strategies. The report includes some interesting observations, which relate to the issues of product development and the generation of sales.

Only 13% of companies stated that their sole reason for developing their product was in response to customer requirements.

Only 30% of companies felt that they had adequate sales and marketing capability.

80% of companies highlight revenue growth as one of their major challenges.

The failure of marketing and a lack of focus on Product Management conspire to render sales efforts less effective than they might otherwise be.

I would like to note that in addition to the findings reproduced here there were some very positive metrics. We can safely assume that by addressing these issues, the more than capable CEOs of the indigenous Irish Software companies, should start to figure prominently on the global stage in more prolific numbers. To go about doing this IT companies could focus on development by emphasising customer research carried out during free POC trials.

Q What do customers gain from a proof-of-value (POV)?

A IT Directors and the boards of businesses are striving to meet their company's strategic goals.

Any potential purchase is considered from the perspective of how it will impact on the achievement of these goals and how it will add value to the business. Long gone are the days of buying a new technology, because everyone else was doing it and seemed the right thing to do. Too much "shelf ware" has been purchased for IT departments to make the same mistake again.

This means that any technology purchase has to either meet an existing business requirement or there has to be a clear business benefit to be gained from deploying it. Anything that is new needs to be tried and tested. There are not many people who will buy a car without first test-driving it, and when did we ever pay for a test drive?

The main reason for a customer to embark upon a POV, is to prove a business case, which has been drawn up to win approval for the final purchase. It is worth noting, that even without paying an IT vendor for the privilege, the cost to a company deploying a POV is significant. A properly implemented POV, must have resources allocated to it, with an implementation plan and success criteria, if it is to prove the business case.

Q What do IT Companies gain from the Proof-of-Value?

A Win the business or lose it, hugely valuable input is derived for the future development of the product. This is assuming that the service, sales, marketing and product management team act as a cohesive unit.

However, winning has massive benefits, the most important being the fact that a customer has found value in the product. This combined with the feedback, is a vital step in ensuring the future success of the technology in the marketplace.

Q Why should the Proof-of-Value be in the Marketing and Development Budget?

A The most valuable marketing tool that any company can use is a customer testimonial or case study. A document that quantifies the benefits and Return on Investment of a product and validates the

Conclusion

IT companies should ensure that all initial deployments are fully budgeted for. Customers should not have to pay for POCs. Remember, just because the IT Company is not getting money for it, does not mean it is free. The customer is paying in scarce resource, and in the case of software, probably has to fork out for hardware. In return the customer they will invaluable feedback to the IT company, which will enable them to improve their offering and generate revenue.

manufacturers claim is invaluable. Any agreement to offer a free POV that subsequently leads to a purchase should insist on the provision of such a document from the customer. Without solid, quantifiable proof of value to real live customers, money spent on marketing is

really a waste. If three out of five trial deployments are successful, marketing has a solid foundation, from which to run any integrated marketing and PR campaign.

It is also a lot easier to approach new customers, with the well-founded belief, that your technology really does what it says on the tin. Or at least it is already doing it for some customers.

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