



### **March 2005 Issue**

This month we're debuting an exciting new feature, "Get to Know a CMO." These short but sweet Q&As will showcase your fellow CMOC members. First up: BEA's Marge Brea reveals her plan to fend off big rivals like IBM, Oracle and SAP.

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## Editor's Cut



The top priority for Marketing Magnified is to keep you informed about the pertinent issues of the day. With that in mind, our first contributed article this month is titled “Multi-Channel Optimization of NCAA Basketball Tournament Brackets.”

OK, just kidding. But as long as we're on the subject of March Madness, CMO Council members are *mad* about marketing metrics. Marketing Performance Measurement (MPM) is top of mind for every marketing executive, as indicated in the CMO Council's “Measure + Metrics: Assessing Marketing Value + Impact” report that features more than a year of research on the subject. The report concluded that companies that implemented robust MPM programs achieved superior marketing results across the board.

Now the CMO Council is taking MPM on the road, kicking off its global MPM Forum™ series on Wednesday, March 23, in Sunnyvale CA, at host Interwoven's headquarters. This half-day boot camp features top marketers from such companies as Adaptec, TiVo, IBM, Oracle, McAfee, Logitech, Check Point, Genesys, Yahoo! and Sana Security, as well as CEOs from Borland and Leverage Software, in a unique, open exchange on how to introduce Marketing Performance Measurement disciplines, processes and solutions to enterprise organizations.

This event promises to be a slam dunk affair. To register go to [www.mpmforum.org](http://www.mpmforum.org). You'll also find information on the other seven MPM Forum events worldwide, including London (T-Mobile), April 14; Orange County (FileNet), CA, May 3; Chicago (CDW), May 17; May 18; Boston (Demantra), June 21; New York (Thomson Media), Sept. 7; and Paris (Alcatel), Sept., date TBD.

Another upcoming event promises to be just as compelling. Last month the CMO Council, in partnership with the Promotion Marketing Association (PMA), released the survey report title “Digital Directions: How Technology is Touching & Transforming Promotions.” Now that you've read the report (or if you haven't, you can download it from [www.cmocouncil.org](http://www.cmocouncil.org)), attend the free webinar scheduled for late May. Marketing execs from top companies like Yahoo! and Intel will head a lively interactive discussion of the opportunities, implementation and pain points of using digital technologies in marketing promotions. Check our web site for more information.

And, in last month's Marketing Magnified, I mentioned the formation of FAME™ (Forum to Advance the Mobile Experience), which brings together senior marketing executives from leading mobile technology firms to promote the adoption of wireless applications.

Much like the CMO Council's other initiatives, FAME is really taking off. Members of the new advocacy group already includes top execs from Cingular, Qualcomm, GSMA, Vonage, T-Mobile, Sybase, and many others. Check out our web site for information on membership and sponsorship for FAME, and for more on wireless, take a look at The Download in this issue, which features a detailed report from CMOC media partner eMarketer on 3G wireless standard penetration.

Also in this issue, CMO Council underwriter CMP Media offers up important advice on handling mergers and acquisitions with channel partners in “Channel Chat”; and a look at the banking market, in “Vertical View.” In “Fed Focus,” GlobalFluency's Gal Borenstein adroitly weaves Woody Allen into his discussion of how to “show up” in Washington.

Demand Edge's Mark Walton offers up the fifth and final installment of performance measurement as it pertains to the demand chain; Demand G's Guy Powell reveals the best ways

to instill a ROMI (Return On Marketing Investment) culture in your company; and BEA's Marge Brea talks turnaround in Marketing Magnified's newest feature, "Get to Know a CMO."

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## Building Marketing ROI Into Corporate DNA

By Guy Powell

Do you still need a strategy to improve the effectiveness of your marketing department? Is “getting the data” your obstacle? Or is that just your story and you’re stickin’ to it?

Improving marketing effectiveness is a multifaceted long-term commitment. Marketers need to have improved ROMI (return on marketing investment) built into their DNA. But it can only start from the top to instill a ROMI Culture™ in your organization. You, your company’s top marketer, must change the values of your organization to create a ROMI culture that delivers better return from marketing for your organization.

Instilling a ROMI culture can’t happen overnight. Data is an important issue, but it also requires a vision for what the organization can achieve in a reasonable amount of time. And it requires a series of achievable milestones that show short and medium term progress in line with the long term vision. It requires the training of your employees, the implementation of new processes and the creation of an ROI-based value structure.

You can’t eat an elephant in one bite, nor can you achieve instant ROMI. That’s why you must have a plan that takes manageable steps for your organization, your market and your company. Depending on where your organization is along the continuum of marketing ROI (The ROMI Continuum™) these steps could be:

- For marketing organizations that simply measure marketing activities, a first step would be to begin consistently connecting revenue, margin or discounted cash flows to a majority of your marketing activities.
- For marketers that can tie results to marketing campaigns, a next step could be to develop hurdle rates to provide the definition of good enough for each class of marketing program. How good does a campaign need to be in order to invest in it?
- For marketers that can connect revenue to all of their campaigns, it means moving to the next level by being able to determine the optimal marketing mix for the four P’s (product, price, place, promotion), creative concept or external factors, such as weather and seasonality. Can you answer the question of the lift that brand advertising delivers on direct marketing?
- For marketers operating in dynamic markets, where the future is not like the past, the next advancement is to include the customer directly in the center of developing marketing activities, metrics, and ROI improvements. How do you keep your competition off-balance while driving new products and aggressive marketing campaigns in your category?

The real way to improve marketing effectiveness is to utilize a marketing ROI framework that is directly in line with your strategy, centered around your customer, and supported by a modeling capability that can use the data you have, can determine the value of data you don’t have, and deliver optimal scenarios of what will work best in your environment.

But most of all it requires just one thing which sounds remarkably easy, but is the one place where most CMOs fail: Just get started!

*Guy R. Powell is author of Return on Marketing Investment: Demand More from your Marketing and Sales Investments and Principal of DemandG. Go to [www.returnonmarketing.net](http://www.returnonmarketing.net) for more information on his book. For questions on ROMI, please contact Guy at [author@returnonmarketing.net](mailto:author@returnonmarketing.net).*

## Fed Focus: Develop Strategic Relational Capital That "Shows Up"

By Gal S. Borenstein



Film director Woody Allen once said “ Eighty percent of success is showing up.” Nothing could be truer if your technology organization intends to strategically capitalize on the multi-billion dollar federal IT marketplace. But then again Woody Allen certainly did not contemplate selling to the federal government. If your organization is serious about “showing up,” it must create a strategic relational capital effort that aligns your technology solution, coupled with the strategic messaging your diverse Washington audience needs in order to realize true return on investment.

To successfully “show up” in Washington, your technology organization must first engage in a multi-lateral messaging strategy that acknowledges that no one company or product has the silver bullet to win Uncle Sam’s heart and pocket book. Even a strong player like Microsoft can lose in the battle for “Solution of Choice” unless it effectively and concurrently works with all proper marketing channels.

Microsoft recently lost a major deal in the U.S. Department of Justice (DOJ), which will purchase 50,000 licenses of WordPerfect Office 12, the latest version of Corel’s office productivity suite. Did Microsoft lose because of its ongoing legal battles with DOJ? Probably. But all things considered, DOJ could certainly enjoy plausible deniability by pointing at multiple users in its government agency that had a strong brand following with WordPerfect, proving it was not “sticking it to Microsoft,” but responding to user demands.

### 1) Select Channel Partners that Know Your Prospect’s Business

Savvy technology marketers know that in order to win a federal agency’s heart, they must set their commercial brand ego aside and forge strong relationship with federal systems integrators, especially companies classified as Small Businesses. Also referred to as “Government Contractors” and slew of less-flattering-titles, systems integrators represent almost 80 percent of the way through which government buys information technology.

Why can’t a government agency buy your software product directly? It could, but then it won’t have anyone to train its diverse staff on implementing it correctly, not to mention customization and business process re-engineering. So, unless your targeted federal agency has a trusted systems integrator with proven past performance record in program management that happens to endorse your solution (an aggregated term for “we hire people who’ve been in our agency before”), chances are your product will receive a lukewarm reception, no matter how much experience and credibility you have in the commercial marketplace.

Bottom line: your first step in mapping out your relational capital plan should focus on creating and nurturing a win-win proposition between your technology company and a local systems integrator who already has earned the trust of the federal client. Trust, or Past Performance, in governmentise means everything when it comes to adopting new technologies.

### 2) Recruit Your Own “Solution Champion” on Capitol Hill

As you build your marketing channel, you may also want to strongly consider building relational capital with Capitol Hill. Successful technology marketers are constantly refining the art of engaging the political echelons to grasp the importance of their solution and how it will help the government get the job done right. Legislators are rightfully concerned about being perceived as “part of the solution” as opposed to “part of the problem.” Hence, if your technology can help them

champion a perceived innovation, point of accountability, or fiscal ROI, you can count on your company becoming part of the congressman's "case study" they bring to their committees and subcommittees.

From there, it's only a matter of time before your solution strategically drips its way onto a future procurement requirement for streamlining, maximizing, or optimizing the performance of a federal agency. Bottom line: your second step in mapping out your relational capital plan should focus on identifying a win-win message that would help folks on Capitol Hill effectively influence government agencies to select your solution with public interest in mind.

### **3) Build Educational Mindshare with Federal Program Managers**

Federal program managers hold a tremendous influencing power in the federal arena. They are in charge of implementing specific government agency initiatives-from increasing productivity to demonstrating financial accountability. Unlike the private sector where middle management turnover is high, government managers are perennial. They can also become a champion for implementing your solution across the entire federal agency landscape or become the reason you never get beyond their "domain."

Savvy technology marketers who recognize program managers' importance have been proactively building strategic mindshare through trade advertising, public relations, thought-leadership white papers, educational seminars, and business case studies, prior to any major procurement initiative. Such efforts could significantly reduce sales cycles and expedite implementations once a task has been awarded.

Bottom line: your third step in mapping out your relational capital plan should focus on crafting a series of awareness activities that help federal program managers see the value of your solution at least 6-12 months prior to any major procurement opportunity. Great tools for promoting "thought leadership" include strategic outreach through federal-focused media such as [www.fcw.com](http://www.fcw.com), [www.signalmag.com](http://www.signalmag.com), and [www.governmentexecutive.com](http://www.governmentexecutive.com).

Director Woody Allen would have probably thrown his hands in the air and said "forget it" if he knew what it took to "show up" in the federal market. Yet, there are about a \$150 billion reasons why industry giants such as Microsoft, PeopleSoft, SAP, Oracle, EDS, and Motorola have realized that it's worth every penny. Once you're in, you are in a club that would have never accepted you as a member...

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## Get to Know a CMO: BEA's Marge Breyer



Marge Breyer loves a real challenge. Some might say she took on another one at the end of 2004 when she left Sun Microsystems—where she was vp of marketing, global sales— and joined BEA Systems as its chief marketing officer. A pioneer and respected player in the application server and integration software market, BEA has faced a series of challenges in recent years, including increased competition, falling product prices, and internal corporate strategy squabbles that resulted in the resignation of six executives last year. BEA has also been in the news as a rumored takeover target, most notably by Oracle. In a recent conversation with Marketing Magnified, Breyer talked about her strategy for getting BEA back on top as an independent company and category leader.

### ***What were the motivating factors in your move from Sun to BEA?***

Marge Breyer: First, the move was about “going to” as opposed to leaving. I was looking forward to assuming a CMO position again, as I had a good taste of that as CMO at Sun’s iPlanet division—one of BEA’s competitors. I’d come to admire BEA, and I thought it would be a great opportunity to take a position at a billion dollar software company.

### ***Given BEA’s troubles at the time, there had to be some hesitancy in taking the CMO job.***

Actually, I’m a person who loves a great turnaround, and I love going where the situation might be tough. BEA’s situation intrigued me, because every person I met there was smart and motivated to do great things in the industry, and it was puzzling to me that anyone would want to leave the company.

### ***What were some of BEA’s weaknesses that you felt you had to address immediately?***

First, the company had gone quiet for almost a year. We had allowed others to tell our story, so establishing a voice, and being on our toes instead of being back on our heels, was first and foremost. Secondly, we wanted a truly integrated marketing team. A number of different areas of the team weren’t working together much on a day to day basis. It was about getting people to talk to each other. Finally, getting some excitement, pizzazz and industry leadership back into the team so that we were shaping issues, creating categories and basically being industry drivers as opposed to responders.

### ***BEA has the reputation of having top-quality products, but higher prices are leading to reduced market share and lower licensing revenues. What is your strategy to turn both of those drivers around?***

True, we have a premium product in the industry, and I guess you could liken us to Porsche, Ferrari or BMW, but I’m not sure people are really turned off to those brands. In some ways we haven’t been as accessible to some folks in the market. And people haven’t been aware of the breadth of our pricing and products. So we’ve focused on getting in front of more people and more deals.

There’s three parts to the strategy: First, move from a product-offered company to a solutions-offered company. My Solutions Marketing team plays a huge role in that. The second initiative is around our 100-plus largest accounts. How do we form a much deeper relationship with them?

So we're focusing on account marketing best practices to raise the relationship and loyalty of the customer.

The third part of the strategy is investing more in the channel, so we're putting a huge emphasis on our "VAD VAR" program, which establishes a two-tier distribution model for BEA domestically that will serve as a model worldwide. We've signed up three tier-one VADs (value added distributors) and are en route to signing up 90 VARs (value added resellers) around the U.S., and will set specific go-to-market programs and regionally targeted revenue goals.

***And what are some of your best practices for building deeper customer relationships with large accounts ?***

We have 10 programs with about 40 actionable plays that we're working on around the world. Our Account Marketing team applies these plays to individual companies, identifying specific value propositions and key initiatives, and how BEA can be the best business partner with them. We work with them on company specific events, web casts, for instance, and over time I'd like to add company specific web sites and community marketing.

***Earlier you mentioned re-branding. Can you expand on your efforts there?***

First, there was some concern that BEA had not been good at articulating a vision and strategy. So we looked at the strategy, articulated it and made sure that we can show why we have an ongoing mission and purpose of being an independent company. There have been a lot of rumors of other companies trying to acquire us. I guess we're so lovable, right?

Next, we have the opportunity to be a leader in a new category that we'll be articulating in May. It's around Service Oriented Architecture (SOA). If you think of Java as an application layer, this is the architecture for the service layer. We think it's the next big area within the industry. Once we decided there was an opportunity to take category leadership, we decided to do an agency search. We spent a lot of time in positioning meetings to look for a unique value proposition. In the end we picked Eleven, an integrated marketing agency out of San Francisco.

***So you weren't looking for an advertising agency, per se?***

I believe reach and frequency is a nineties measurement. The amount of quality time spent with customers and prospects is actually the more interesting measurement going forward, especially with our focus on account marketing. One out of every two dollars is spent on quality events with customers. Not trade shows or seminars, but very tight value proposition events. So we wanted an integrated strategy that would not only serve us well for broad awareness activities, but also for moving from preference to action areas in the sales cycle.

***If you could spend more time on one aspect of your job, and less on another, what would they be?***

I'd spend more time on developing marketing's leadership in the company. How do we play a stronger role as a division within BEA? I'd focus on employee development to help us take a leadership role in a lot more aspects within the company.

As for less time, I'm so uninterested in things like direct mail. Those kinds of pieces are the least relationship-oriented things that we do, and I'd like to get free of that practice.

## Channel Chat: Bobbing and Weaving Through the M&A Minefield

By Toni Clayton Hine

A wave of mergers and acquisitions is washing across today's information technology landscape, often leaving confused and bewildered customers and partners in its wake. The latest research from CMP's Institute for Partner Education & Development shows that a key to success in a merger or acquisition is keeping partners and customers informed. Yet often the channel partners—front line communicators with many customers—are left poorly informed and unprepared to articulate the benefits of the newly formed company. Vendors walk a fine line, guarding sensitive M&A plans while giving partners enough information to minimize disruptions to ongoing business.

### What Partners Want to Know

- Advance notification of a prospective deal-unrealistic due to fair disclosure regulations
- Are the technologies compatible or do they extend the firm's market and the partners' opportunities?
- What market resources will be enhanced or streamlined (decreased) and by when?
- What is the technology vision relative to the product set?
- How does the merger impact the go-to-market and channel strategy?
- How will the merger affect partner relationships in the way the vendor and partner do business?

From the sale of IBM's PC division to Lenovo, to the merger of security giant Symantec and storage vendor Veritas, channel partners are bombarded with inquiries about consolidation. Customers want to understand the impact on their infrastructure and the long-term plans of the combined organization, while channel partners need to evaluate the impact on their own organizations. What partners need from merging companies is a clear, concise road-map of how the technology and competitive landscape will change once the merger is completed.

### Avoid Market Confusion

While vendors want to support their partners with information, experienced executives caution against providing too much detail. This is especially important if you think those details could change over the long term or short term.

Often there is as much confusion *within* the merging companies as there is among external stakeholders. Symantec recently announced an acquisition of Veritas, creating the industry's fourth largest software company. Interviewed by *CRN*, Veritas chief executive Gary Bloom was asked about the company's channel strategy. Bloom stated "we haven't figured that out yet."

The companies have said the combined organizations will spend more on the channel than the two vendors did separately. However, some suggest Symantec and Veritas will rely on a more direct approach to customers, and they question whether heightened spending will fly with the imperative that a merger lowers costs. Vendors must be careful about providing information left open for interpretation.

Leaving solution providers to read between the lines of generic platitudes can create long-term chaos in partner relationships, especially when statements appear to contradict market reality.

### Concise & Frequent Communication Fosters a Winning Relationship

While not without hiccups, Microsoft's approach to its channel communications provides a positive example of communicating on a large scale. A recent series of acquisitions added roughly 6,000 value-added partners to its existing 35,000 certified partners. Value-added partners waited for Microsoft to open distribution of their technologies to traditional high-volume channels, but Microsoft consistently denied this possibility.

Microsoft's field organization worked closely with partners on business planning, enabling their field organization to serve as a matchmaker between value and volume partners when a particular customer's requirements could best be met by combining capabilities.

Microsoft continues to communicate a clear, concise partner strategy, and they stick to their plan—winning vendor trust and loyalty.

### **Communications That Work**

The companies that fare best winding through these relationship minefields are those that articulate a clear, concise strategy and execute consistently. Both vendor and channel executives agree it's best to approach disclosure cautiously.

Merging organizations should not commit to detailed strategies. Instead, focus on guidelines and principles of future plans. The vendor who can reinforce their commitment to their technologies, strategy, and partner relationships—then stick to their plan—is on the way to creating a winning consolidation for their channel partners and customers too.

- Be consistent and communicate a channel friendly philosophy
- Articulate long range plans but only commit to details you can stick to
- Make sure all partner and customer touch points are aligned
- Create tools that show growth opportunities for the future product line
- Partners may remain loyal—but “co-residency” is high, leaving opportunity for switching
- Satisfying product quality concerns is just as important as talking about the program

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## Measuring Your Demand Chain: It's All Relative

*This is the last in the series of five articles by Mark Walton, Managing Partner at the consulting firm DemandEdge.*

In the fourth installment, we talked about automating your demand chain. In this fifth and final article, we'll take a look at one of the key advantages of a demand chain performance measurement approach. That advantage is the ability to measure what is and is not working across the demand chain in order to maximize the efficiency and effectiveness of your ability to create and convert demand for your value propositions with your target customers.

Performance Measurement is, to use the colloquialism, “where the rubber meets the road” for a demand chain approach. The reason is that once you start thinking demand chain, you realize that everything is connected and there is a cause-and-effect relationship between everything that you do.

Let's face it, if your sales increase by 10 percent in a given month, how do you really know what caused that increase? It could have been the incentive program for the sales people. It could have been the new marketing campaign. It could have been the reduction in abandoned service calls that resulted in happier customers and more repeat sales. In reality, it was probably a combination of all those factors plus a few others.

What that tells you is that to truly understand your demand chain performance, you need to track and measure all factors that can impact it. As identified in the prior articles, there are many factors impacting your demand chain performance on an ongoing basis:

### 1. The Components Of Your Demand Chain

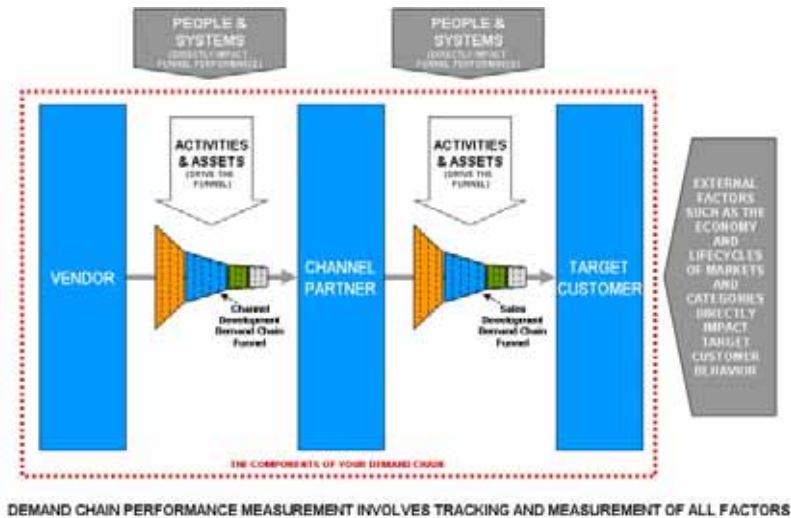
These components include your brand, your channel development funnel activities (campaigns, programs, tactics, actions) and assets (collateral, etc.), your sales channels, your sales development funnel and assets, and your target customer demographics, psychographics, and geographics. And they are constantly changing and constantly impacting your demand chain performance.

### 2. External Factors

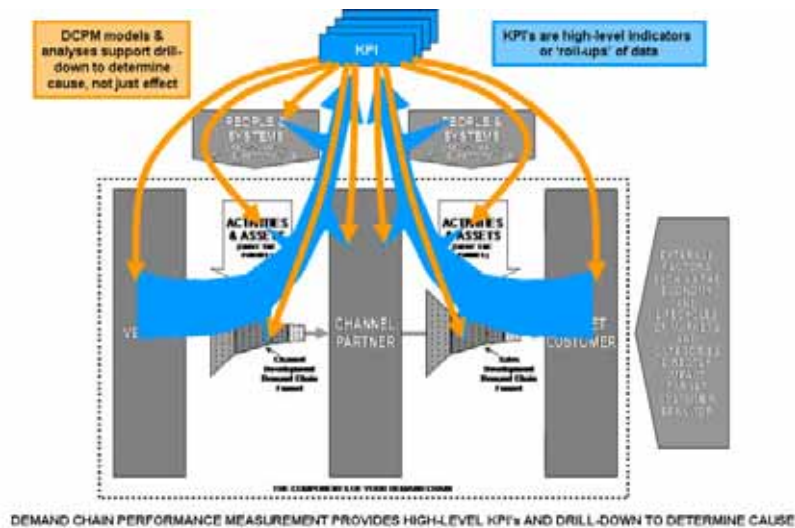
From the economy to such things as market and category lifecycles, there are a number of external factors over which you have little control and that can significantly impact your demand chain performance.

### 3. People & Systems

We all know that your people are critical to your success. The more skilled, experienced and motivated they are, the bigger the impact they can have on demand chain performance. And if they are provided with the right tools—the systems and business processes—they can have an even greater impact. So “internally” focused activities such as training and compensation plans and system deployments can significantly impact demand chain performance and need to be tracked. (Click image to enlarge)



Done correctly, you can build a performance measurement system and model that tracks all relevant data and then gives you a roll-up to high-level Key Performance Indicators (KPIs), while maintaining the detail to support full drill-down to specific programs, tactics, individual reseller partners, customers and any other component of your demand chain. And at that point, you can truly understand how best to optimize the efficiency and effectiveness of your demand chain. The following diagram shows a conceptual view of how the roll-up and drill-down can work. (Click image to enlarge)



The current alternative for companies attempting to measure performance is to measure everything in silos. In other words, to measure marketing, sales, service, and even logistics, independent from each other. Certainly it is better than nothing, but in reality, it will still leave significant holes—and room for error—in how you interpret and act on your performance measurement results. And in some cases, you'll be left with all the silos claiming victory when things go well (a good thing!), and pointing fingers when things go badly (ultimately disastrous for the company).

So can you benefit from demand chain performance measurement? Well, while your situation is hopefully not as bad as the old adage, "I know I'm wasting 50 percent of my budget, I just don't know which 50 percent," there's always room for improvement. In many companies there's a clear case to be made for 20-30 percent improvements in efficiency and effectiveness. That's huge. And given the nominal costs of implementing demand chain performance measurement, there's a significant return-on-investment.

## **Conclusion**

In this series we've established that a demand chain approach can have a dramatic, positive effect on your business. It can: 1) help you better integrate and align your channel partners; 2) give you and your team a deeper understanding of how to optimize your Channel Development and Sales Development funnels and touch points; 3) allow you to achieve better deployments of tools such as PRM, and; 4) best of all, implement truly actionable performance measurement that can drive dramatic cost savings and revenue increases.

*For more information, contact Mark Walton at DemandEdge at 303.323.1936 or visit <http://www.demandedge.com> or email <mailto:contact@demandedge.com>. DemandEdge is a "demand chain" management consulting firm that helps its clients answer critical questions about strategies, organizations, systems, and performance measurement.*

## **Vertical View: Healthy Again, Banks Look for Tech Advantage**

By Peter McManus

The obvious dependence of a bank on its technology has long made the banking industry the marketing target for every big tech vendor, as well as a host of specialty vendors who may have a single erudite product or application that some institution or institutions feel they “have to have.” The challenge for technology marketers is that since the heady days of Y2K and the “CRM” insanity that followed, banks have radically shortened that “have to have” technology list.

The relative austerity that followed the Internet bubble bursting sobered an industry that has always had a strong conservative nature as part of its fundamental DNA. Almost all banks will tell you they want to be the biggest; very few will tell you they want to be “first.”

In the past three years, the focus at most banks has been a return to profitability. Compounding the degree of difficulty in attaining this goal has been the availability of cheap money and a consumer that has become increasingly adept (largely because of the Internet) in finding the cheapest of this money. In spite of this challenge, the banks have returned to robust health and are now looking again at opportunity, growth and how technology may enable them to dominate their competition.

In a recent survey of 1,300 CIOs in all industries conducted by Gartner, the overwhelming sentiment was that technology budgets would increase this year by 2.5 percent (the largest increase in the past three years) and that the two strongest areas of spending would be on security enhancement and business intelligence tools. This will also be the case with the banking industry.

Because of the risk factors created by giving customers a wider variety of portals into their accounts and the increased sophistication of hackers and Internet scam artists, banks will have to continue to seek the security that protects the customer while still keeping pace with the growing Internet traffic. There is also the ongoing struggle to maintain the internal controls within the bank that protect the institution from the most dangerous threat of all: the rogue employee. Every banker is mindful of the examples set by rogue employees at Bearings and at Allied Irish.

Business intelligence is also critical in the era of narrowed margins created by cheap money. A bank must have a real-time understanding of the way it is doing business, the way the employees are tasked and the way customer demand effects the daily functions of the institution. They have become keenly aware that the answers to the quest for competitive advantage may well lie in their own processes.

There is also an area that many other industries do not face in the same degree that a bank does and that is compliance. The Patriot act has mandated all manner of data storage and retrieval problems that banks long regarded as a necessary evil. The savviest of institutions have come to realize that there may be ways of packaging some of this information and giving it back to customers as a value add (particularly useful during tax season for many customers) or even selling it to retailers as market intelligence on spending habits of various demographic groups.

The technology vendor that can approach an institution with the understanding of what the key issues are, and how they may be related, can offer a more holistic solution to these challenges and goals. There is a sub-text to all of this and it is this simple: Banks would like to deal with fewer vendors. Part of this is because it is easier from an internal standpoint, and part of it harkens back to the aforementioned Patriot act. The Patriot act does make it clear that the bank is responsible not only for its own compliance but also for the compliance of its vendors. In the eyes of the law the bank and the vendor are one.

I should also offer a cautionary addendum to this missive. Banking, like money, is a fluid game. Priorities and needs change quickly. Our web site, [banktech.com](http://banktech.com), has daily information and complete archives of articles, links from our other publications and outside resources and insights from our expert editorial staff that the technology marketer may access simply by logging on. In addition to our magazine and the web site, there is also our weekly newsletter which you may receive simply by clicking the "subscribe" link and providing your details.

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## The Download

### From eMarketer: Rise of 3G Presents Vendor Opportunity

A new report from IDATE estimates that the mobile terminal market grew 21 percent between 2003 and 2004, and the research firm anticipates further growth of 3 percent into 2005.

Revenues from mobile terminals will rise from about \$73.3 billion in 2003 to about \$91.5 billion in 2005. Unit shipments will also rise, from 510 million in 2003 to 710 million in 2005.

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#### Worldwide Mobile Terminal Revenues, 2003-2005 (in billions and as a % increase vs. prior year)

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2003	\$73.3 (17%)
2004	\$89.1 (21%)
2005	\$91.5 (3%)

Source: IDATE, February 2005

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Although it lost some market share between 2003 and 2004, Nokia is still the dominant player in this arena, with 32.2 percent of total mobile terminal revenues in 2004, down from 35.3 percent in 2003. Motorola and Samsung managed to gain some market share between 2003 and 2004—Motorola rose from a 14.7 percent share to 16.2 percent, while Samsung increased its share from 10.9 percent to 13.4—but they're still a good deal behind Nokia. Although some companies, such as Siemens, lost market share between 2003 and 2004, while others, like LG and Sony Ericsson, gained, the overall rankings did not shift.

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#### Worldwide Mobile Terminal Vendor Market Share, 2003 & 2004

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	2003	2004
Nokia	35.3%	32.2%
Motorola	14.7%	16.2%
Samsung	10.9%	13.4%
Siemens	8.5%	7.7%
LG	5.4%	6.9%
Sony Ericsson	5.3%	6.6%
Others	19.9%	17.1%

Source: IDATE, February 2005

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IDATE expects competition to continue to be strong in 2005, as vendors battle it out for a piece of the emerging 3G market. Growth will be especially notable in Western Europe, where IDATE estimates that subscriptions reached 5.4 million users in 2004. The U.K. and Italy lead the way in 3G subscribers, each boasting over 2 million, thanks to the strength of 3G leader Hutchinson.

The number of 3G subscribers in the Asia-Pacific region, the other hot spot for the technology, will also increase. IDC predicts that the number of 3G subscriptions in the region will increase from 10.5 million in 2004 to 15.5 million in 2005. Most of these subscribers, almost 89 percent, will be in South Korea.

### 3G Subscribers in the Asia-Pacific\* Region, 2004 & 2005 (in millions)



Note: \*excludes Japan

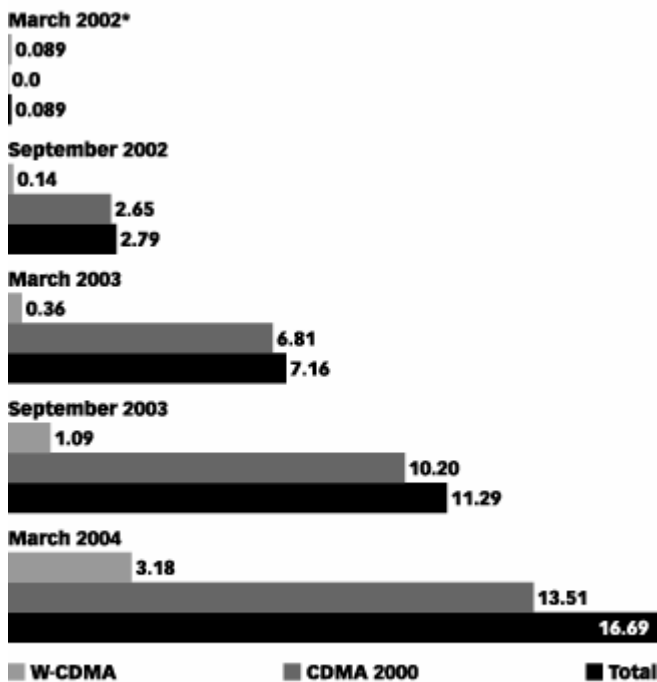
Source: International Data Corporation (IDC), January 2005

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Japan is also a major market for 3G. The *Ministry of Public Management, Home Affairs, Posts and Telecommunications* reports that 3G subscriptions totaled 16.69 million in March 2004, up from just 89,000 in March of 2002.

### Number of 3G Mobile Phone Subscribers in Japan, by Technology, 2002-2004 (in millions)



Note: \*includes W-CDMA only

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications - Japan, July 2004

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These rapidly maturing markets present an opportunity for some mobile vendors to gain a large slice of the mobile terminal pie, and represents a priority for those already on top who want to maintain their piece. The U.S. is a few steps behind on 3G implementation, as eMarketer Senior Analyst Noah Elkin explains: "High-speed 3G networks are poised to trickle down everywhere, even in the U.S. Operators here have been relative laggards in launching advanced wireless networks, but they also have not had the same capacity constraints, license obligations and financial pressures as European carriers. The big question is whether U.S. operators will be able to upsell existing users to new, more expensive handsets and service plans. The experience of operators elsewhere in the world has been disappointing."

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