

Improving targeting with meaningful quantitative analysis

Note: this is a subset of a longer presentation. Thank you to Bill Campbell & Tellme Networks for their fundamental contributions.

Inspiration

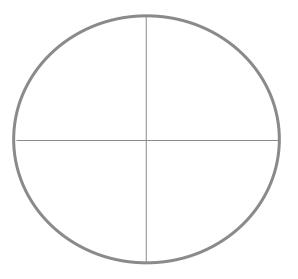
• "If you don't have any facts, we'll just use my opinion." Jim Barksdale

• "If we make the wrong decision, it's your fault." Bill Campbell

What is Rifle?

Quantified decision making framework

- Provides a rigorous means of prioritizing among similar options
- Done well, leads to improved decisions that are broadly supported
- Appropriate for major decisions
 - In general involves 100+ hours of work & expensive resources per use



Rifle Improves Do-Or-Die Market Decisions

"Market Rifle" – what market segments should we be in?

- Intuition: focus on top 2,000 accounts; expand to complementary markets
- Rifle analysis: narrow focus to 30 of top 200; stay in core market for 2+ years

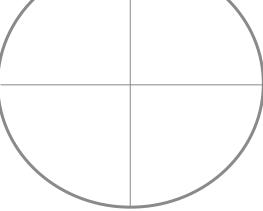
"Account Rifle" – which accounts should we target?

- Intuition: great financial services targets: [Company 1], [Company 2]
- Rifle analysis: none of the above are appropriate: better are [Com. 3], [Com. 4]

• "Channel Rifle" – what channel strategy, what partners?

- Intuition: leverage large existing sales forces of channel partners to expand sales
- Rifle analysis: direct sales assisted by partners much more likely to succeed





Market Strategy

Rifle In Practice: Market Strategy Analysis

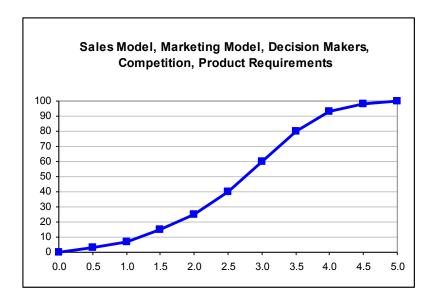
- Establish clear alternatives
- Establish targeting & prioritization framework
- Get buy-in on the framework; know how it will be applied
- Execute the analysis ... and don't screw it up!

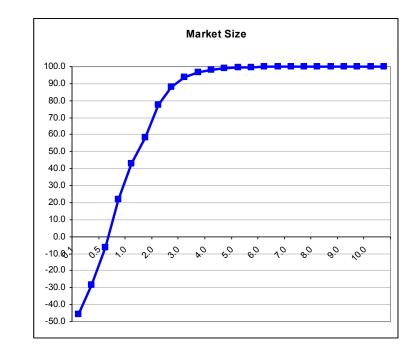
Targeting the Right Market Segments: Market Rifle Methodology Summary

- Goal #1: market leadership
- Goal #2: expand in a disciplined, highly leveraged way
- Goal #3: identify & exploit network effects

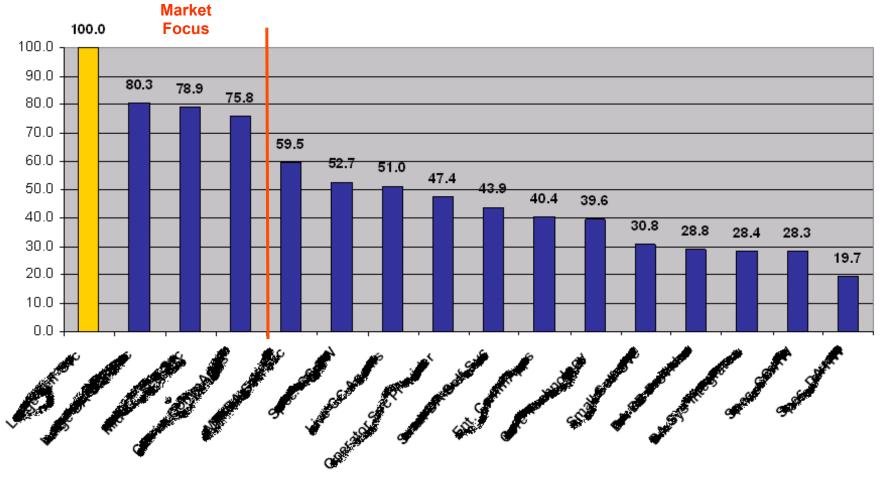
Quantitative Market Comparison: "Rifle-izing" Key Characteristics

- Evaluate and score each market on these 6 characteristics
- Use simple 0-5 scale with typical "s-curve" value function for all characteristics (except "market size", which is in \$Bn)

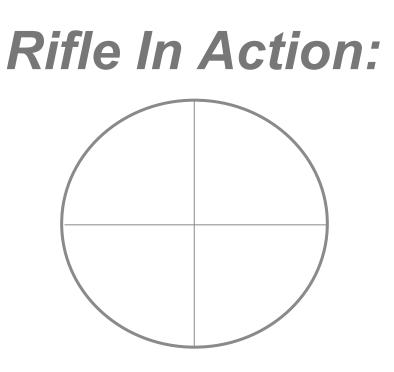




Expansion Strategy: Market Rifle Given Current Data



Market Attractiveness



Financial Services Segmentation & Targeting

Financial Services Market Analysis: Huge Opportunity ... Where to Focus?



Rifle In Practice: Financial Services Market Analysis

Establish clear alternatives

- Which verticals (brokerage or credit cards?)...which accounts?
- Establish targeting & prioritization framework
 - 13 carefully selected <u>criteria</u> based on win-loss analysis, customer interviews...
 - Thoughtful <u>weighting</u> is as important as the criteria

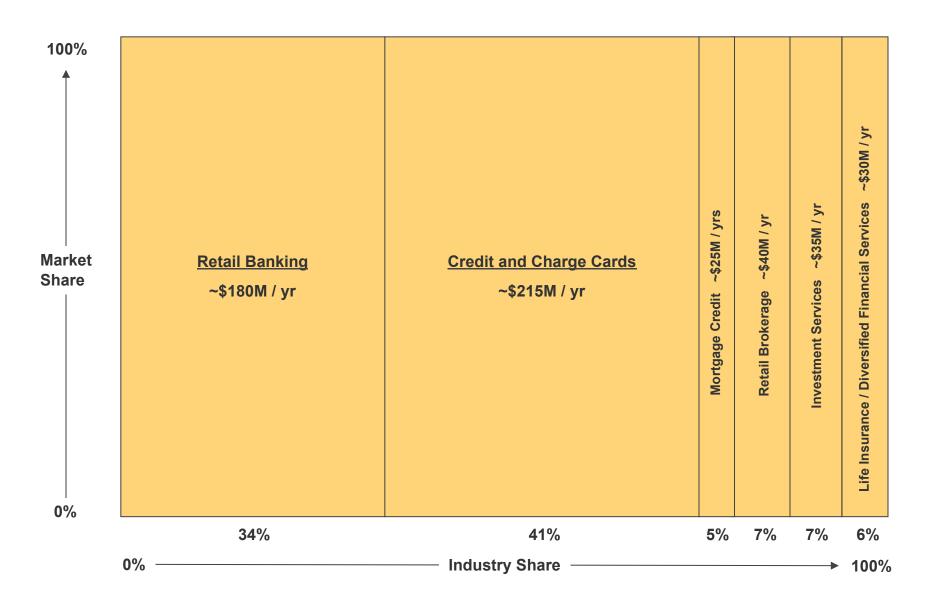
• Get buy-in on the framework; know how it will be applied

- Get buy-in on the framework *before* doing the analysis
- Application: A strategy presentation? Or ongoing process?
- Execute the analysis ... and don't screw it up!
 - Incorrect or misleading information is worse than nothing
 - Getting good data requires creativity

Financial Services Market Analysis: Huge Opportunity ... Where to Focus?



Total Market Potential by Vertical: Retail & Credit Cards Surprisingly Large

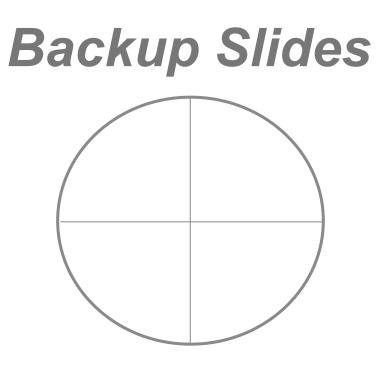


Financial Services After Rifle Criteria: Target Universe Sharpens Considerably

	Retail Banking	Credit and Charge Cards		Retail Brok.	Inv. Svcs	Life Ins Div. FS
100%	Too Small (3%)	Too Small (4%)			Other (9%)	Small (9%)
Market Share		Recent IVR Purchase (15%)	Too Small (46%)	(50%)	Small (9%)	(91%) <mark>S</mark>
	Recent IVR Purchase (39%)			Purchase	OTN (10%)c	
		Other Telecom Network (41%)		Recent IVR P	(%	nancial Ser
			14%	OTN (11%)	Services (73%)	Diversified Fi
	Other Telecom Network (42%)	"Rifle" Credit and Charge	V (36%)	"Rifle" RB (17%)	"Rifle" Investment Services	"Rifle" Life Insurance / Diversified Financial Services
0%	"Rifle" Retail Banking (14%)	Card (40%)	OTN	"Rifl (1	3	"Rifle"
	34%	41%	5%	7%	7%	6%
	0%	Industry Share				100%

Post-Rifle: Account Priority Becomes Clear

	Retail Banking	Credit and Charge Cards	Retail Brokerage	Investment Services	Life Insurance / Diversified Fin Svcs	
100%	0	Company A (3%)		O a ma A A (7 0/)	Company 11 (4%)	
A	Company 1 (5%)			Com. AA (7%)	Company 12 (7%)	
Market Share	Company 2 (5%)	Company B (14%)		Company BB (9%)	Company 13 (8%)	
	Company 4 (6%)	Company C (16%)	Com. #3 (17%)	Company CC (10%)	Company 14 (10%)	
	Company 5 (10%)		#2 (1	Prudential (11%)	Company 15 (11%)	
	Company 6 (13%)_	Company D (16%)	Company (17%)	Company (18%)	Company 16 (14%)	
	Company 7 (35%)	Company E (22%)	Company E (22%)		Company 17 (18%)	
		Company F (30%)		Company AA (45%)	Company 18 (30%)	
	14%	47%	8%	14%	17%	
	0%	0% ——— Industry Share ———				



Rifle In Practice: Get Meaningful Data

• Incorrect or misleading information is worse than nothing

- Don't trade precision for correctness
- Analyst numbers can be useful, but often are wildly off
- Consider weighting data by confidence in source
- Don't be seduced by large sample sizes
 - 20 random & representative inputs beats 2,000 biased ones

• Getting good data requires creativity & persistence

- Extrapolate from high confidence, easy to find data
 - Example: revenue opportunity by company
- Be creative in where to get the data
 - Customers, potential customers, employees, former employees, advisors network, network (remember, sometimes just 20 high quality responses are meaningful)
- Make it as easy as possible to gather clean data
 - Beware leading questions, decouple weightings from data gathering