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The Database “Breakeven Point”

How long does it take before a newly installed database becomes useful?

Corporate knowledge management systems, customer relationship management tools, sales-force automation tools, business information management platforms and related tools all depend on the quantity and usefulness of the content in the database in order to provide value to the customer.

How long will it take before value is realized? Are there mechanisms to speed up the process?

The time from licensing a tool until achieving pragmatic, day-to-day use of a database generally depends on the amount and utility of the data in the new database.

Understanding the database “Breakeven Point” – the point at which a growing database becomes truly useful – is a remarkable tipping point for achieving vendor and customer objectives.

Zero Is Less Than Zero

A freshly installed database is (most typically) empty – and the value of the database content is similarly zero (since there is nothing there!). As new users enter content into the database, its value begins to grow.

With a new database, the user community is typically entering information either altruistically or based on a workflow driven by management. Users are most likely not performing searches or generating reports based on the content – the amount is insufficient – and the value perceived by the user community is zero or even negative.

A simple test one can apply to a growing database to gain a sense of its day-by-day utility is as follows: A user will ask himself, “What is the likelihood that I will find what I am looking for in the new database, *as opposed* to finding that information the way I previously have?”

When there is little data in the database, users know that it is likely a waste of their time to invest in searching the database, since the answers are probably not yet present. Instead, they will continue to seek to find the information they want using their old, established processes (which, while they may be inefficient, users perceive that at least they work).

Breakeven – The Tipping Point

As the database grows, the probability of finding relevant, useful answers to questions also increases. At some point in time, the probability of a user finding the desired information in the database is effectively equal to that of the traditional process – this is the database “Breakeven Point” – and users will begin to consider it worthwhile to try the database first.

From the database Breakeven Point forward, the path to reaching your deployment and ROI objectives becomes substantially more achievable.

To Breakeven... And Beyond!

As a vendor, how can you use this concept in your sales, marketing, and deployment efforts?

1. Set and manage expectations:

As a vendor, you can use your experience with the growth of databases in other customer implementations to help your new customers predict and manage their situations. Setting reasonable expectations for value realization and tangible payoffs for users can make the difference between a happy customer and one that is frustrated.

2. Fill the box before delivery:

If you can deliver your database pre-filled with useful, relevant content, you will be able to accelerate the time it takes to reach the database Breakeven Point. One example of this is to include publicly-available information in your database at the time of installation at a customer – they can then add their own proprietary information on an ongoing basis. The public data can provide sufficient content to get beyond the Breakeven Point for users.

Even better, you may be able to charge for the public data as catalogued and archived using your tools. Another, similar approach is to partner with 3rd parties who can provide content that enables the database to be delivered pre-filled with useful content.

3. Collect and curate:

Depending on the nature of the database and its intent, there may be substantial content existing in other forms or formats that can be loaded to fill the database faster. In the best cases, this effort can take the form of a database migration project from one or a few tools into your new repository. In other situations, relevant data and information may be scattered in a range of formats and tools throughout the organization.

Either way, if you leave the capture and archiving of this information to the customer, it may take a long time for them to begin the effort and even longer to move substantively closer to the database Breakeven Point. After all, it is likely that you, as the vendor, know the most about how to find, capture, organize and store data in your tools. Consider including appropriate services in your implementation plan (paid for by the customer, but of course!) that accelerates the process and moves the customer towards Breakeven as rapidly as possible.

4. Focus on early wins:

Identify and focus database growth in areas that will yield rapid wins for the customer – these may be small victories, but their importance can be huge. If there are specific departments or projects that can achieve Breakeven quickly, you can guide your customer's attention to these specific areas.

Once the customer has achieved Breakeven for one of these targets, you and your customer champion may be able to use these early victories to promote use of the database in other efforts at that customer.

Winning the Business – and Gaining Reference Customers

These ideas can be used to your advantage, both before and after the sale takes place. Vendors who can provide clear guidance to customers on how best to achieve a successful implementation have a competitive sales advantage over those who can not. The ability to offer a “transition vision” – the path from where the customer is today to where they want to be tomorrow – can make a substantial difference in winning the business.

Similarly, getting past the database Breakeven Point and achieving a successful implementation faster provides vendors with referencable customers more rapidly, as well. Small, quick wins can offer the fastest route to referencable customers.

Use the database Breakeven Point concept to increase your success rate in selling and deploying database offers. The faster the box gets filled, the more likely you will have a referencable account on your hands.

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