White Paper

The Management of Large Global Account Ecosystems in the Emerging Environment: Guidelines for Technology Providers

Scott M. Shemwell, D.B.A.

March 2002

The purpose of this essay is to present a high-level framework for the management of the large-scale globally executing accounts that technology firms currently courting. These accounts can be described as ecosystems.

Client ecosystems consist of a collection of quasi-independent agents, each operating to advance their own self-interest. In some firms, these forces are strongly aligned, and in others, there is a level of contention at the marginal interaction. The level of bonding within the ecosystem is a function of the culture of that *information-centric* supply chain.

Ecosystem Dynamics

The firm's target is to incorporate its solutions within the customer ecosystem. In a sense, established players have already accomplished in the form of their installed base. However, to acquire and grow the new business segments, strategic suppliers must align their ecosystem with those of its customer – keeping in mind that each customer has a unique network.

One could expect that any strategic account that is classified as target account, by definition is a large national / global account. The appointment of a Global Account Manager (GAM) should be the de facto standard. For example, recently the CIO of a large international petroleum operator express a concern that while he had no problem with the ongoing role-out of approximately 500 seats in their Middle East operation, he would like to have access to a single account manager in its home office to coordinate their worldwide deployments.

There should also be some stability in the sales team assigned to this type of account. Moreover, many of the supplier's players can be virtual team members, again depending on the specific needs of the customer. This approach presents a common, consistent client facing attitude while drawing on the extensive capabilities from firm's extended enterprise to add shareholder value to clients as situations warrant.

The GAM would be the lead, but NOT the lone wolf. This individual would be responsible for managing the normal sales effort, in conjunction with a specifically identified corporate level senior executive sponsor. The sponsor is responsible for covering off those strategic and high-level economic issues that may be required from time to time. One method of handling this concept would be through regular executive meetings (once or twice a year) and the establishment of customer advocacy initiatives. Advocacy initiatives would include members from both ecosystems and can be formal or informal depending upon the client's needs or desires.

Moreover, a portion of the executive sponsor balanced scorecard would address the specific performance of this account, not just as an overall management revenue number at a roll-up level. Finally, the potential sponsor list would include that level within the company where commitments are made and action plans assured.

Go to Market Strategy

Technology vendors often have a large number of value-add scenarios and a number of individuals whose compensation plan depends on their engagement with the customer. The most appropriate approach is to coordinate these diverse efforts through the GAM who is effective the general manager orchestrating the value exchange process.

When technology is marketed to technology buyer, e.g., the CIO and his or her team, the sales process is often straightforward. Suppliers must convince a peer group that its products and services add value to technologically driven processes. However, when technology deployment drives business processes such as customer acquisition, shop floor management, or change management, it role and value are more subjective and open to interpretation. Moreover, the acquisition decision-making processes are more convoluted and political.

Increasingly, these sales efforts require an understanding of customer industry drivers and segmentation within their industry. This knowledge must be internalized inside the technology supplier as customers will not have the patience, nor can they be expected to *train* suppliers about their business. However, they will engage in meaningful processes to educate *informed* suppliers about their problems.

The concept of industry leaders within vendors to frame strategic go-to-market plans is gaining in acceptance. Often, these individuals have made their career within industry segments and habitually have strong relationships with potential partners (Systems Integrators, etc.). Sometime they have their own constituency and are considered industry thought leaders.

Ecosystem alignment and interaction requires a better understanding of the overall set of influencers both within the technology supplier as well as their customer sphere of operations. This enhanced level of knowledge about customer behavior can dramatically decrease the sales cycle, and even close business that the firm would not have won without such insight

Ecosystem Interaction

There is a set of forces at work at the margins of the set of influences within customer and supplier ecosystem frameworks. Each influencer has an agenda. Agendas can be benign or not, but suppliers can ill afford to not understand the interaction of this political landscape. In addition to developing an understanding of agendas, sellers must develop strategies that address these varying needs.

A set of interactions that might typically be found within the dynamics between technology partners and their largest customers includes politically powerful agents from the extended enterprise of both firms. Each operating from a self-interest perspective these agents are often not synchronized for the common good of the enterprise.

Technology sellers must orchestrate value by aligning ecosystem players if it is to successfully finalize a deal. By orchestrating an exchange of value, or win-win scenario, across organizational boundaries, the GAM is not driving a sale as much as he or she is synchronizing the harmonics of both systems. When these "stars are aligned," the value proposition is understood, political acceptance is assured, and the sale is closed.

Customer Ecosystem

Account Management Ecosystem

If these efforts are not coordinated, there is a high risk that the account will perform at sub optimal levels due to customer confusion, etc. Not only can direct sales efforts be derailed, but also opportunity costs can mount if the customer does not know how to address specific opportunities with the supplier ecosystem and simply takes another route of least resistance. The firm's goal is to make it ***easy to buy*** its solutions, no matter how the opportunity manifests itself, i.e., direct, partner, Value Added Reseller (VAR), etc.

Ecosystem Synergies

Most large company markets are oligopolistic. These customers have concentrated market power within their respective sectors and typically have requirements for large, global economies of scale within their *information-centric* supply chains in order to secure competitive advantage.

Not always a well-oiled machine, these supply chain processes are none-the-less critical to their success. Vendors must add value to these efforts if they expect to become a preferred supplier and achieve a substantial ongoing revenue base from these customers.

The effective interaction of these ecosystems will result in economic value for customers. While seemingly complex, the matrix of relationships within the customer ecosystem is well understood by key coaches within the client – coaches can be client partners such as systems integrators. These coaches must be cultivated and nurtured by the account team including the geographical based sales representatives.

Much like biological systems, the most effective interchanges across ecosystem boundaries are symbiotic. Self-organizing knowledge exchange over distributed networks will embed the strategic partner ecosystem within the customer ecosystem, thus driving a long-term strategic dependency from which both parties accrue value.

Concluding Thoughts

The concepts discussed herein present a methodology for helping technology suppliers develop substantial long-term relationships with the largest enterprises (including their supply chain) on the planet. Much like the Partner model the Big 5 consulting firms have perfected, this approach capitalizes on the many strengths of the provider and positions an engagement structure and set of processes that effectively and efficiently allows firm's to capture significant revenue while assuring the clients receive measurable value – both in perception and in reality.

The partner model has a proven record of accomplishment of driving significant revenue and margins throughout the customer value chain and across business cycles. Successful ecosystem interaction requires a commitment on the part of management of all relevant strategic entities engaged in the transaction process. When properly interacting, the symbiotic nature of this course will provide technology providers with Darwinist positioning against competitive forces.

The framework presented herein will hopefully contribute to the dialogue in the continuous requirement suppliers have to better serve their clients. This is one concept and as with any framework, it will be appropriate for some client engagements. Management must undertake a critical assessment of their customer acquisition requirements and adapt according to the specifics of individual ecosystem needs.

The Author

Dr. Shemwell regularly consults with major international firms on issues of management and technology deployment, and has written extensively on a number of topical business and information management issues. Copies of any of his over 120 publications are available upon request.

He holds a Bachelor of Science degree in Physics, an MBA, and a Doctorate in Business Administration (D.B.A.). His doctoral thesis was an exploratory study of business process analysis using game theory and structural dynamics.