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by Richard J. Cichelli, SCS President

"Any effort expended that doesn't increase market share is wasted."

--A national marketing publication

At a Nexpo 2004 panel discussion entitled "Cost Justifying Technology," Mark Morneau, Vice President of Information Technology for the Gannett Company, said his company often chooses vendors that are not the front runners. He likens the situation to Olympic sports where the winners collect not only the gold medals but nearly everything else from accolades to lucrative endorsements, even though they may have only won by a hundredth of a point or a thousandth of a second.

Going with newspaper vendor gold medalists, according to Morneau, has many disadvantages. The systems/products might not be that much better, but they still command a premium price. The vendor may provide good service, but to get great service, one needs the full attention of the vendor—something front runners are likely to be short of. Customers often find the front runner commoditizing service, ignoring special requirements, delivering systems late and testing new releases inadequately.

With training in "gold medalist" systems, the newspaper's IT staff may try to leverage their new skills as they seek higher salaries and new employment opportunities.

Silver medalists, says Morneau, often offer newspapers better value with fewer distractions. There is less glamour and more substance, less celebrity and better focus.

Morneau introduced me and Martha as "my silver medalist company" to other members of the Nexpo panel.

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When I read marketing books like Ries and Trout's *Positioning: The Battle for Your Mind*, I find myself focusing on what they see as the marketing errors many companies make. They cite Xerox's attempt to get into computers as an effort that was destined to fail. "Xerox does copiers," they say. Even though Xerox's PARC (Palo-Alto Research Center) invented the graphical user interface and the mouse, it was to be copiers for Xerox and nothing more. Dozens of companies' failed marketing efforts are explored in *Positioning*. All tried to become more diversified. When they tried to do something beyond what they were initially successful at, they came up short.

Maybe this is not exactly what the marketing gurus are saying, but in my case, SCS (well-known for our Layout-8000™ ad dummyping product) needs and deserves to go beyond being the "Newspaper Layout company." The question is "What constitutes success?" Conventional wisdom says that the sweet spot is to be the market share leader (MSL). MSLs are like the Olympic gold medalists Morneau refers to. MSLs get to set prices and other conditions in their favor. But at what cost and with what trade-offs? And who says what's currently popular is what's best?

I'm not sure I want SCS to be the MSL just for the sake of being the MSL. As Kurt Jackson, SCS's VP of Operations, has said "You don't want to be number one, do you? Number ones soon get overloaded and start making mistakes big-time."

If the answer is no, then perhaps not every newspaper should buy an SCS system. In fact, we do not believe our company and its products are for everyone. Several months ago, we experienced a pointed confirmation of this. We wondered why we didn't get a particular overseas contract and were bluntly told that it was known that we wouldn't "buy" the business, and that is what was needed in this case. SCS is an ethical company first, and there are no circumstances under which we even consider bribes, kick-backs and other forms of inappropriate inducements.



Since SCS is a 30-year-old, family-owned and self-funded business, having long-term honorable relationships with customers far outweighs any transient advantage unethical behavior might offer. I've learned that such principled thinking has little to do with gaining market share.

We assume newspaper staff who self-qualify as champions of SCS products see advancing their careers within their newspapers as a significant motivator. They see themselves as newspaper executives first and consider technology as a means to an end, not an end in itself. Looking for buzzwords to enliven their resumé is way down on their list of priorities. The irony is that SCS systems, while seldom being buzzword-compliant when first introduced, often become industry conventions. SCS's accomplishments include being Dell's first reseller, Quark's first XTensions® developer and the earliest Linux® and open-source proponent among newspaper vendors. Other SCS firsts for our industry include being the first vendor to fully paginate daily newspapers and the first to provide enterprise newspaper systems.

MSLs appeal to the conventional wisdom. Most popular system? Right buzzwords? Right affiliations (Microsoft, Oracle)? It's easy to align with the MSLs. They appeal to the existing power structure and seldom offer a new vision.

What would SCS's defining technology terms be? **Platform-independent software**, so our code is durable; **open-source platforms** so our customers aren't locked into single-source, proprietary providers; **open, interoperable systems** that make interfacing easy.

MSLs want a fast time to market. For MSLs, being first is far more important than being good. They think they can afford to do after-the-sale fix-ups. Demoware without substance is their presentation method of choice. (As the Wizard of Oz said to Dorothy, "Pay no attention to that man behind the curtain." Don't be fooled by these pnaibic systems.)

How do you identify the MSL? Check with industry consultants. One recently said, "With all the newspapers buying their system, how can you go wrong?" At the same time as this was being pontificated, the then MSL was laying off 50%

of its full-time and contractor staff in its first of three rounds of recent layoffs, borrowing \$4 million (not enough, in my mind) and coping with the defection of several of its major customers.

"SCS doesn't leave dead bodies," Kurt Jackson recently said. He was referring to the recent early retirements and outright dismissals of a number of newspaper group chief technology officers. These executives bought MSL systems that ill suited their group's newspapers.

So when I think of what silver medalists (and SCS, in particular) offer, I think we are special. We avoid commoditizing customers because we try to satisfy their unique needs. We offer fair, uninflated pricing because we seek a long-term, win-win relationship. We are better able to stick to schedules because we focus on successful installations, not the next sale. In short, quality services and systems, not market share, are central to our existence.

What marketing gurus often promote is not for us. There are more important things than increasing market share at any cost.

We want prospects to choose us through a systematic rating process, one that examines vendors based on longevity, industry commitment and skill at building and delivering systems. We hope newspapers will see selecting a new system as a chance to implement a new vision of how they want to do business in the future. We want customers to see beyond upgrading their tools to having new goals for how their newspaper systems and workflows should function.

We want requirements that test whether desired goals are/can be met. We want the technology we provide to help our customers realize their visions.

We believe newspapers want to work with a vendor whose values and integrity are as excellent as its products.

We are committed to honorable business practices that are good for our customers, our employees, our suppliers, our community and ourselves.

SCS builds trusted newspaper systems.