

IP DEVELOPMENT: THE NEXT EVOLUTIONARY STEP FOR IT SERVICES FIRMS.

The dawn of the tech revolution saw a partner community of VARs, resellers, and ISVs selling and implementing the technology products provided by hardware and software vendors. As this community grew larger and more competitive, these companies sought to differentiate themselves, and grow by evolving into services companies, providing customized solutions and managed services around the software of said tech giants. Now this services community is even larger and more competitive, so the quest begins for the next platform for growth—intellectual property development.

For most firms, making this transition is going to be more difficult than the transition to a servicesbased model, and not everyone should do so. For those that do there are rewards to be had, including:

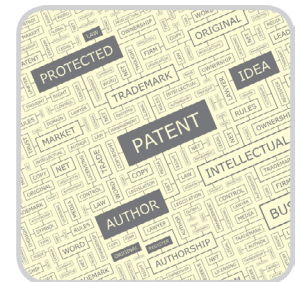
- New sources of profitable revenue
- Competitive insulation
- More relevant company differentiation
- Accelerated development time
- Offensive counterbalance to offshore competition

These benefits won't come easily as there are hurdles and pitfalls unique to IP development, among them:

• **IP not working without a specialized, focused services offering.** Specialization is the foundation for effective IP development. Having a technology and vertical focus gives you the credibility and experience base for justifying your IP service offering.

• **Not contracting for the IP properly.** IP development isn't your standard "work-for-hire" contract, in which the customer who paid for the service owns the work. In order for you to reap the rewards of your IP, you're going to need to construct a contract in which you're the co-owner, along with your customer.

• **Mistaking IP as a product. It isn't.** The IP that's created will only ever be as good as the service you provide around it. It's why we call this offering a product-enabled service.



• **Not knowing how to quantify and articulate the value of IP.** Creating an IP service offering involves finding the right mix and balance of the existing code structure of the software platform – CRM or SharePoint – and the new customized code that becomes your IP.

Creating a unique IP offering is one thing. Creating and selling into a new sales channel to sell this service is another. There are no hard and fast rules for determining when you can realistically begin to market your IP to others. A good rule of thumb is to hold off approaching new channel partners until at least half of your new customers have bought into your IP. You'll need this base of acceptance to credibly demonstrate the appeal of your IP.

If you're looking to grow your business with IP, please contact Revenue Rocket's CEO, Mike Harvath at 612-298-7737, or via email at mharvath@revenuerocket.com.