



Mathew Dickerson, **Axxis Technology**



Driving profit through innovation

As the economy takes a battering, people still enjoy new technology, so now is the time to develop your brand as well as your business model

Global economic crisis! Market meltdown! Sliding stocks! Wall Street woes! With talk of stocks plummeting on Wall Street and with the Aussie sharemarket at its lowest level since 16 December 2005, has it had an impact on you at the Coal Face? Sometimes talk about doom and gloom has a self-fulfilling prophecy effect as people talk about how bad it must be and therefore stop spending and therefore retailers see sales dropping and they talk about the state of the economy and the economists confirm that the economy is going down so people start losing jobs and it all spirals downward ...

I have been intrigued by reactions from our clients over the time that we have seen talk of the global financial shakeout. I have seen fewer retail customers walk in the door to buy PCs and notebooks, but on the flip side I have seen consumers still attracted to and excited by specific technology or new technology.

We have seen strong sales of new notebooks with SSD drives, for example, as clients who are after high-end notebooks thirst for the battery life and speed that is offered by this technology.

I own a separate business that sells mobile phones only. They received their first shipment of the new BlackBerry Bold a week ago – and sold out within a day. They did 20 percent of their average monthly sales in one day! Try telling them there is an economic crisis.

It just goes to prove that if you have a new product with a compelling technology story to tell there will be clients who want to purchase it.

Along that same line, I have seen an increase in enquiries relating to service contracts. As many progressive service companies have done, our business moved to SLAs several years ago, with our most attractive option being the Platinum level, which is the all-you-can-eat option. When we started down the SLA path, I wasn't certain how well the

highest level would be received as it was the most expensive – but on the contrary I found that clients liked the idea of fixed costs for all their IT servicing.

The increase in enquiries has been driven by a desire by clients to improve the productivity and efficiency of their IT systems. The logic seems to be that they can save money during tough economic times by making their IT systems and their invaluable staff more efficient. So, although companies such as Harvey Norman and Nestlé are slashing their advertising budgets (Gerry is cutting his \$130 million budget by \$32 million) and the entire advertising industry is set to have a 5.3 percent fall through to June this financial year, it may not be a great time to slash advertising in the IT industry.

If you have a product or technology that paints a compelling argument for early adopters or you can show a client how they can increase their efficiency and productivity, then now is the time to tell that story.

Now is also the time to develop your brand and business model. In any economic shakeout, there are companies that will go under. The successful companies capitalise on that and increase their market share. The best IT businesses spend considerable time building and polishing their corporate brands and promoting their unique selling propositions. I find that successful businesses promote their own brand more heavily and differentiate with what they bring to the table. Credibility by association worked 10 years ago but the industry has moved past that.

Successful IT businesses are also rethinking what they measure. In the past, MDs would boast about the number of PCs shipped or their turnover. Now, it is more relevant to talk of gross profits, net profits and customer satisfaction levels. When times are tight, sending out a satisfaction survey to your clients every quarter not only gives you

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invaluable feedback, but also lets those clients know their opinion is valued and makes them more loyal to you.

Lastly – innovate. When I rode a mountain bike across the Simpson Desert last year, one of our team brought along a device which was quickly tagged the ‘Crappier 3000 ©’. It was a simple device that allowed a small amount of luxury in the desert. When we were planning our desert ride, one of our team members didn't like the idea of doing number twos using just the strength of his legs so he took a fold-up chair and removed the cloth in the base and screwed in a toilet seat. It still collapsed beautifully to take up almost no room – but added a touch of luxury. By day 3, it was the most borrowed item in camp and several free meals were secured for our team by lending out the contraption. It has always been said that necessity is the mother of all invention and it goes to show that if you innovate and have good ideas, people will want to deal with you and imitate you.

Clients in our environment want to use more devices and to be innovative. They want to deal with an IT provider that innovates in the way they do business. As part of that innovation they also want to see standards applied across the board. If retail sales have slowed it might be a great opportunity to direct some of your internal resources to improving your standards or even for educating your client base about latest technologies and innovations.

Have a think about internally developing some white papers or education documents that can demonstrate the incredible value in productivity and efficiency that can be achieved by using technology. Next issue I will talk about a project that we are doing that is trying to achieve just that.

Let me know what you are doing to minimise the impact of the economic ‘crisis’ at mathew.dickerson@smallbusinessrules.com