

Rebuild
Reclaim
Retrain
Restore



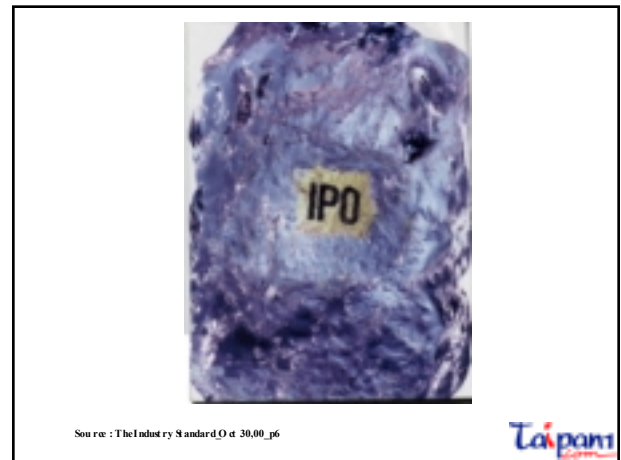
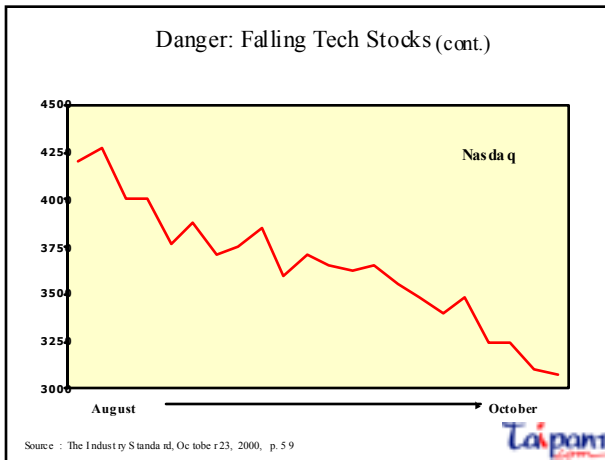
prosperity..... way
2nd Chance Program
www.taipan1.com

Taipan1

‘Differentiate or Die’

Presentation at
 ‘123 forum’ on Thurs. Feb. 15, 2001
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Taipan1



The Agony and the Ecstasy

Negative Internet Economy Trends 2000

	1999	2000	Percent Change
Total amount raised by Net IPOs*	1Q99: \$50.3 billion	3Q00: \$5.9 billion	-88%
Value of Net mergers-and-acquisitions†	1Q00: \$51.7 billion*	3Q00: \$9.3 billion	-87%
Median price/valuation of e-commerce startups‡	4Q99: \$80 million	2Q00: \$20 million	-75%
The Standard 100	Dec31, 2000: 2595	Dec 6, 2000: 695	-73%
Average first-day gain of Internet IPOs‡	1Q99: 113 percent	3Q00: 51 percent	-55%
Dot-com's marketing expenditure/revenue ratio††	3Q99: 79 percent	3Q00: 47 percent	-33%
Nasdaq	Dec31, 1999: 4069	Dec 6, 2000: 2876	-31%
Net venture capital funding‡	1Q00: \$16 billion	3Q00: \$13 billion	-19%
Net venture capital rounds raised‡	4Q99: 798	3Q00: 664	-17%
Internet-related IPOs‡	1Q99-3Q99: 168	1Q00-3 Q00: 161	-4%
US interactive TVs‡	1999: 1,118,100	2000: 1,143,400	-2%

Taipan1

- ### The Magnificent Seven
1. **Parthus Tech**, San Jose : IPO May 00-12.6/21
It's the Tech. Stupid - Mobile Internet Tech
 2. **Storage Network, Mass.** : IPO June 00 -29/30
The '1st' in Storage Network business.
 3. **WebEx Communication** : IPO July 00 – 14/28
Cyberconferencing platform for Oracle and other
 4. **Saba Software, Redwood** : IPO April 00 15/15
eLearning fm UC Berkeley joint with Netscape
- Sources : ‘The Industry Standard’ – Dec. 18, 00 issue
- Taipan1**

The Magnificent Seven

5. Opnet Tech, DC : IPO May 00 - 13/17

Turn MIT thesis of \$: Software tool to improve the performance of large corp., gov., network

6. Microtune, Texas. : IPO Aug 00 - 16/16

RF IC Micro-chip used in cable modems, set-top boxes, digital TVs and other consumer appliance

7. Nuance Com., Menlo Park: IPO July 00 – 17/30

Automatic Dictation for work processing and in speech-activated instruction for telephone sys.

Sources : 'The Industry Standard' – Dec. 18, 00 issue



The Magnificent Seven

The Lucky Seven are all have somethings in commons as follows : they

- Start up and never make any profit.
- Have experienced and highly educated mgt team with CEOs between the age of 37 to 50 years old.
- Intentionally avoid VC in the early days.
- Most importantly, they all have **Unique Selling Proposition [UPS] or differentiation !**

Sources : 'The Industry Standard' – Dec. 18, 00 issue



The Steps to Differentiation

1. **Make Sense in the Context** : Logical Argument is cogent, compelling, convincing, valid & clear.
2. **Find the Differentiating Idea** : To be different is no the same as to be *unique*.
3. **Have the Credentials** : Be able to support and demonstrate the differentiate idea.
4. **Communicate your Difference** : Reflecting your difference in adv., brochures, website, etc.

Big Question : What makes your firm different ? ^(chp. 8)



Differentiation Takes Place in the Mind

1. **Info. Overload** : Each day we have new 3 mil. Web page, 6,000 books, ... How many email ?
2. **Minds are limited** and hate confusion... Half of the battle is getting to the essence of the problem.
3. **Power of Simplicity** : Volvo : Safety. Visa : Everywhere. Taipam : '2nd' Chance...
4. **The Power of Specialist** : Focusing on one product, one benefit, one message... later become generic – the ultimate weapon like Fedex or Xerox.

Einstein: Figuring out how to think about the problem.



Differentiation : Three Domains of knowledge

1. The stuff you know.
2. The stuff you know you *don't* know.
3. The stuff you *don't* know you *don't* know.

The critical questions is 'How do you find the stuff you *don't* know you don't know?'

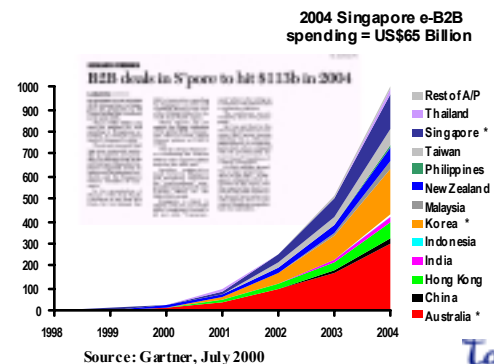
Perhaps, by *talking*, listening, look and track your web users' behavior : search, selection, ...

Big Question : It isn't about what you know. It's about what your competitors will let you know.



Tapping on Market Potential

Asia Pacific B2B e-Transaction Forecasts (1999-2004) US\$B



Differentiating Idea : Examples

1. Being 1st or Being no. 1 : [chp10]

American Online [AOL] is the first in ISP.

Yahoo invented the concept of portal site.

eBay shown the world auction site makes perfect.

Pioneer Products are a lot like 1st born children – assertive, highly motivated, often dominant.

But AOL, Video game... takes years to be profitable
Remembers : Garden.com, Pet.com, etc.

BQ : Being 1st is onething. Staying first is another.



Positive Internet Economy Trends 2000

	1999	2000	Percent Change
U.S. retail e-commerce ^a	\$15 billion	\$45 billion	200%
World wide wireless internet users ^b	6.3 million	18.1 million	187%
U.S. business-to-business e-commerce ^c	\$97 billion	\$21.3 billion	11.9%
U.S. DSL or cable-modem connections ^d	2.5 million	4.7 million	88%
Number of web pages ^e	1.5 billion	2.7 billion	80%
U.S. online advertising spending ^f	\$4.6 billion	\$8 billion	74%
E-mail message sent daily worldwide ^g	5.9 billion	9.7 billion	64%
World wide online population ^h	24.5 million	33.8 million	38%
U.S. average monthly time spent online at home ⁱ	8.2 hours	10.0 hours	23%
U.S. ISP subscribers ^j	47 million	57 million	21%
U.S. online population ^k	10.4 million	12.2 million	17%



Differentiating Idea : Examples

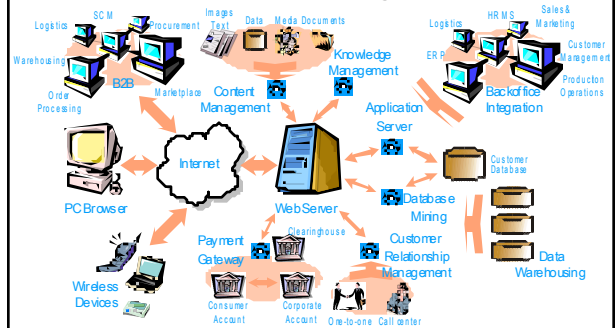
2. Attribute Ownership as a way to Differentiate

- An attribute is a characteristic, peculiarity or distance feature of a person/thing/service. Yahoo : Portal Site, eBay: Auction, Oracle: DB,... mixture?
- Focus is the Key – Simple and Benefit Oriented
- Attributes Are *Not* Created Equal : Sieze its difference, dramatize its value and increase its Mkt
- The Use of 'Negative' Attributes : BMW vs Benz

BQ : You can't predict the size of a new attribute's share, so never laugh.>>> What's about taipan1 ?



The e-Business Big Picture



Differentiating Idea : Examples

3. Leadership as a way to Differentiate : [chp12]

- Leadership Psychology : Leadership is the most powerful way to differentiate a brand... Mindwatch
- Owing a Category ; Don't Be Afraid to Brag. IBM
- Different Forms of Leadership : a) Sale Leadership – Amazon, b) Tech Leadership – RSA, Verisign, c) Performance Leadership – Sun, Oracle,
- Leadership is a platform: Tell the story of how you got to be number one in your niche market.

BQ : Every category has a leader, but not every leader is know. >>> What's about taipan1 ?



Source : The Industry Standard, Oct 30,00, p130



Differentiating Idea : Examples

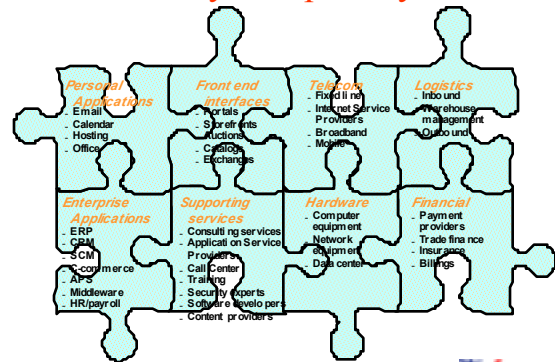
4. Heritage is as a way to Differentiate : [chp13]

- Natural Psychological Importance : A long history is implying a link to immortality. Ex : Siemens. Sotheby's the famous auction house vs Yahoo !
- Family Heritage, Anti-Competitor Heritage, the Character Heritage, Location Heritage, Landmark..
- Heritage in Politics and Law : 'compassionate Conservative', 'Fighting for the Little Guy'...

BQ : It is never too late to tell your story or life history. >>> What's about taipan ?

Taipan

What is your specialty ?



Taipan

Differentiating Idea : Examples

5. Market Specialty is as a way to Differentiate : [chp14]

- Expert is defined as 'one having much training and knowledge in some special field. Certified Oracle.
- Big Names are Weak. : Gen Electric, Thai...
- Focus on one product, one benefit, one message.
- Bad News : A successful specialist has to stay specialized. AOL+TimeWarner, Disney,
- Bad Tales : Too Many Specialists : WebMD

BQ : Don't make the assumption that everyone knows who the specialist is. What's about taipan ?

Taipan

Online Strategy Examples

- Product Multiplication for internet Leaders
 - eg. Amazon.com as leader
 - start as an online bookstore and quickly expanded the model for other products
- Product differentiation for internet start up
 - eg. Varsitybooks.com
 - narrowing the focus and be specialist



Taipan

Differentiating Idea : Examples

6. Preference is as a way to Differentiate : [chp15]

- Following the Herd : PalmPilot
- Social Proof: 'What other people think is correct' is what using 'preference' is all about. Nike, WinTel, Tylenol, Sanook.com, AltaVista.com,
- Ultimate preference strategy is to use the '3rd' party or influence people to clarify all of the claims
- Legitimate Preference, Ethical Preference

BQ : What constitutes 'correct' behavior socially? ...What's about taipan ?

Taipan

Differentiating Idea : Examples

7. Focusing on product's unique ingredient : [chp16]

- The Magic Ingredient : 'People don't care how it's made. They only care about what it does for them.'
- High Tech Ingredients : Silicon Graphics : Did anyone understand what it was? Did it matter?
- Dramatize the Difference: 'Handmade in Thailand', Making Your way, Old-fashion, New way...
- Product and/or System Innovation

BQ : More times than not we find a powerful differentiating idea's been ignored...What's about taipan ?

Taipan

Differentiating Idea : Examples

8. Being the 'new generation' of products : [chp17]

- Obvious Psychology : What's NEW is better... You are obsolete. Ex. : Pentium IV,
- Break with the Past : Dell, Expedia
- The latest doesn't always works : a) Don't solve a nonexistent problem, b) Don't mess with tradition, c) It must be better.
- Disruptive Tech. : ML vs Charles Schwab, Net

BQ : The mistake is to try too hard to cling on the past success...breaking away? ... What's about taipan?

Taipan

Differentiating Idea : Examples

9. Being Popular or 'Hot' as Differentiation : [chp18]

- Many ways to be hot : a) Sale : yr sales vs other sales, b) Industry Rating, c) Industry Expert
- Press can Make you HOT – The role of PR
- Publicizing a Problem You are Solving.
- Digital Island Case : offer corp a more reliable networks with fewer connecting problems & speed in Japan where the Net is known to be slow and unreliable...Endorsed by '3rd' party endorsement.

BQ : While people loves underdogs, people BET on winners... What's about taipan?

Taipan

3 Kinds of Capital



Human Capital

Customer Capital

Structural Capital

Taipan

Growth Can Destroy Differentiation

- Problem 1 : Distraction – NT
- Problem 2 : Line Extension : GM, Mweb? ... The more things you try to become, the more you lose focus, the more difficult to differentiate.
- Problem 3 : Damaging Yr Difference
- Nice-to-have vs the need-to-have business
- Growth via Multiple Brands : BMW – 3,5,7 series

BQ : Friedman : 'We don't have a desperate need to grow, but we have a desperate DESIRE to grow... What's about taipan?'

Taipan

Differentiation often requires Sacrifice

- Federal Express Story -\$19 billion global corp.
- FedEx become a well differentiated success – document package over night in US. Then, the Net!
- Long comes eCommerce and UPS – a success in fulfillment story.
- Ms. Tucker and New Strategy : FedEx Home – personalized relationship with residential customers. ~ Customer Based
- From Shipping Company into Supply-Chain Management Company
- Product/Attribute/Target Market Sacrifice?

Taipan

Being Different in Different Place

- Marketing is like golf game that you have to play it where it lies.
- A single marketing team with single global name and design seldom work in globalization.
- Don't overlook local competition.
- Changing Rules : a) Yr current ideas may be wrong, b) Yr attributes can change when crossing border, c) Yr heritage may not be respected,...
- Tastes vary. Preference vary. People vary.

Taipan

Who is in charge of differentiation ? CEO

The Best Do Their Own way.

The foundation of effective leadership is thinking through the organization's *difference*, defining it and establishing it clearly and visibly. Ex: Bill Gate of Microsoft, Jack Welch of GE

- New Difference, Nice Difference, a Better Difference...What's about us?

