

Disruptive Marketing For Developers

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**Heavybit
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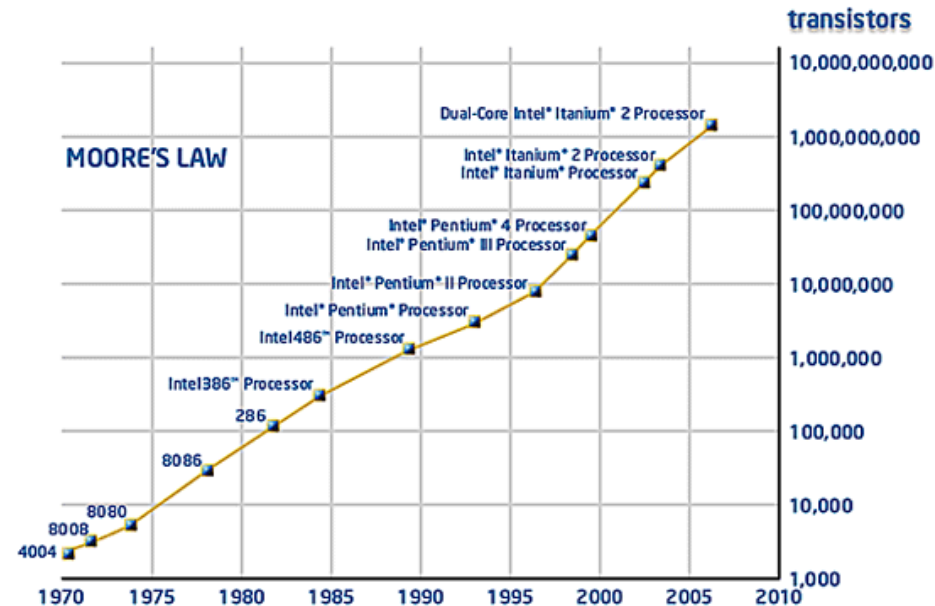
About Me

- Bachelor of Computer Science, M. Math U of Waterloo
- 20+ years in the software industry:
Borland, Active Software, webMethods, MySQL, Zendesk
- Investor, advisor, board member
- Multiple billion dollar exits
- Marathon runner, blues guitarist



30 Years of Sustained Innovation

- CPU: 1 Mhz to 2.4 Ghz (2,000x)
- Comms: 300 baud to T1 30 Mbps (10,000x)
- Memory: 64k to 64GB (1,000,000x)
- Disk: 140k to 1 Tb (1,000,000,000x)



30 Years of Platform Shifts



1977

1980

1985

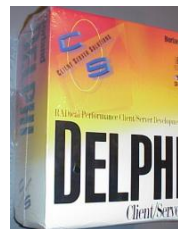
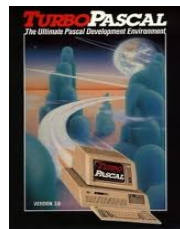
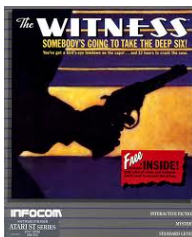
1990

1995

2000

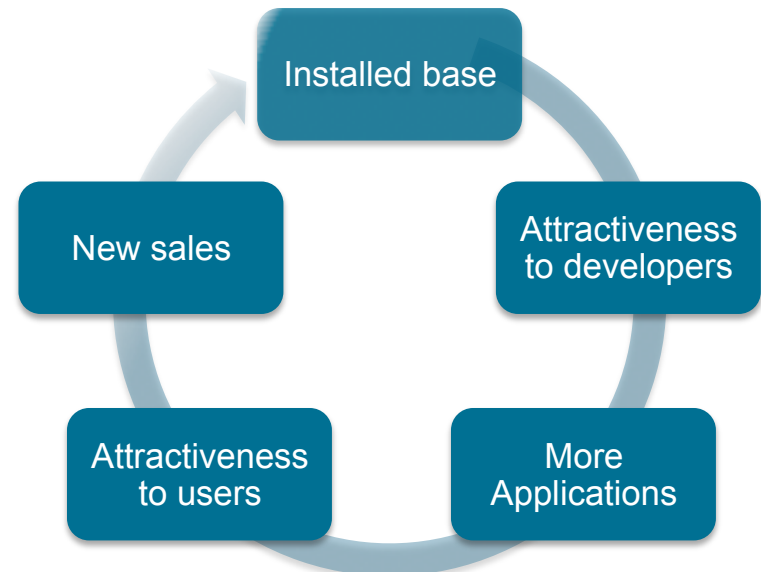
2005

2010



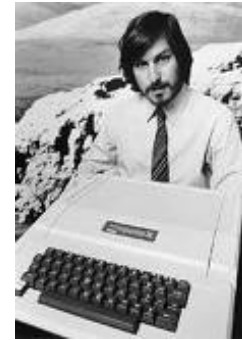
Platform = Opportunity

- Technology evolution enables new platforms
- Picking the wrong platform can be devastating
- The wider the adoption, the greater the opportunity
- Platform gets better and better until...
- ...it seems unstoppable



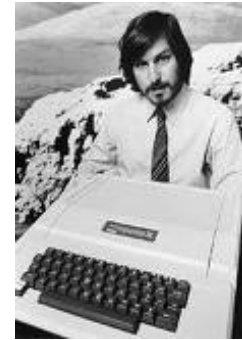
That's When Disruption Can Happen

- An *inferior* solution
- In an unattractive business
- That changes the game
- Creates vast new markets



What Makes a Product Disruptive?

1. There is a proven market
2. There are underserved users
3. The new business is inherently unattractive to old incumbents
4. It plays by different rules
5. It disrupts all of the players



Implications

- Big companies act rationally to serve high margin customers
- Focus on use cases that are below their radar
- Because something is *better* does not make it disruptive

Typical Pattern of Disruption

Innovator's Dilemma

- New entrant considered inferior
- New entrant gains toehold
- Old incumbent waits & watches
- New entrant becomes “good enough”
- Niche market booms
- Old incumbent mimics disruptor
- **New model wins**

digital



SIEBEL



Implications

- Incumbents are good at *sustained* innovation
- Startups are good at *disruptive* innovation
- Know which side of the equation you are on

In What Ways Can You Disrupt?

- Business model
- Distribution
- Technology
- Market
- Pricing?



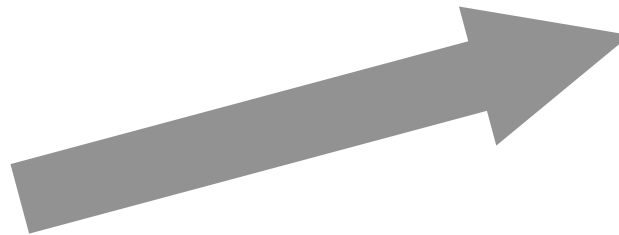
STARTUP

Give away the software and make it up in volume?
Count me in!








Specialty vs. Commodity

- Features, Complexity
- Proprietary lock-in
- Low volume / high margin
- Limited market
- Many vendors

- Ease of use, Simplicity
- Interoperable standards
- High volume / low margin
- Widespread adoption
- One dominant vendor



Winners in Commoditization

Company	Market	Mkt Cap	Positioning
	Retail	\$255 B	Everyday low prices
	Microprocessors	\$112 B	The world leader in silicon innovation
	Online Retail	\$135 B	World's largest selection at the lowest possible prices
	CRM	\$27 B	On-demand solutions cost 90% less than traditional IT
	Travel	\$10 B	Great low fares
	Linux	\$10 B	Making high quality, low cost technology accessible
	DBMS	\$1 B	90% lower TCO than legacy closed source databases

Disrupting the DBMS Market

Microsoft
SQL Server

ORACLE

IBM DB2

Overkill

Disruption

What Customers Want

Perceived as a Toy

php



redhat



MySQL

**Open Source
disrupted enterprise
infrastructure**

► time

Source: "The Innovator's Dilemma", Clayton M Christensen

Disrupting the DBMS Market

Incumbents

- High prices
- Direct sales model
- Mission critical
- Complex features
- TPC benchmarks
- Expensive hardware

Microsoft
SQL Server

ORACLE

IBM DB2

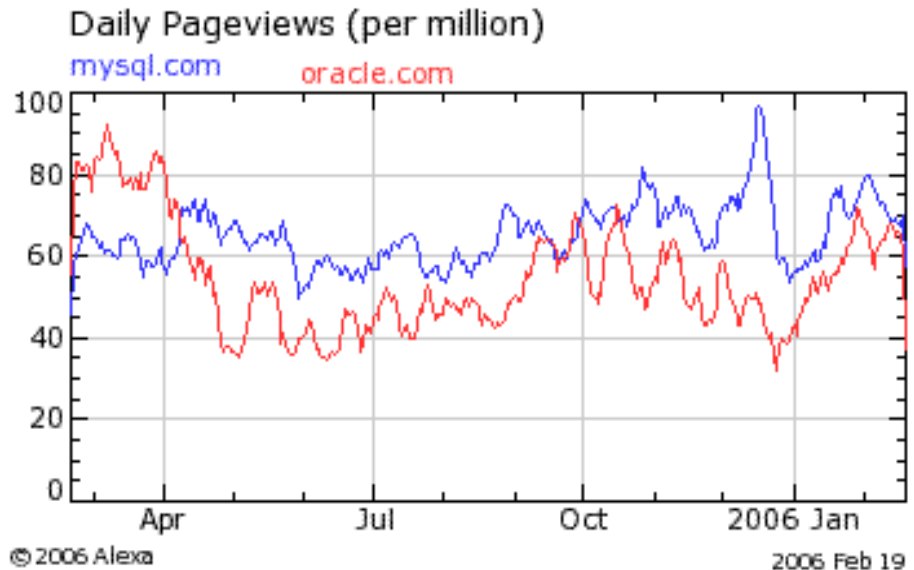
MySQL

- Free Open Source
- Widespread distribution
- Web applications
- Small footprint
- Fast read-access
- Commodity x86



How Did We Do?

- MySQL grew 60-90% per year
- 50,000 downloads per day
- Millions of web sites: Yahoo, Google, YouTube, Twitter, Craigslist, Facebook, Wikipedia, Travelocity, Zappos...
- Coexistence with incumbents



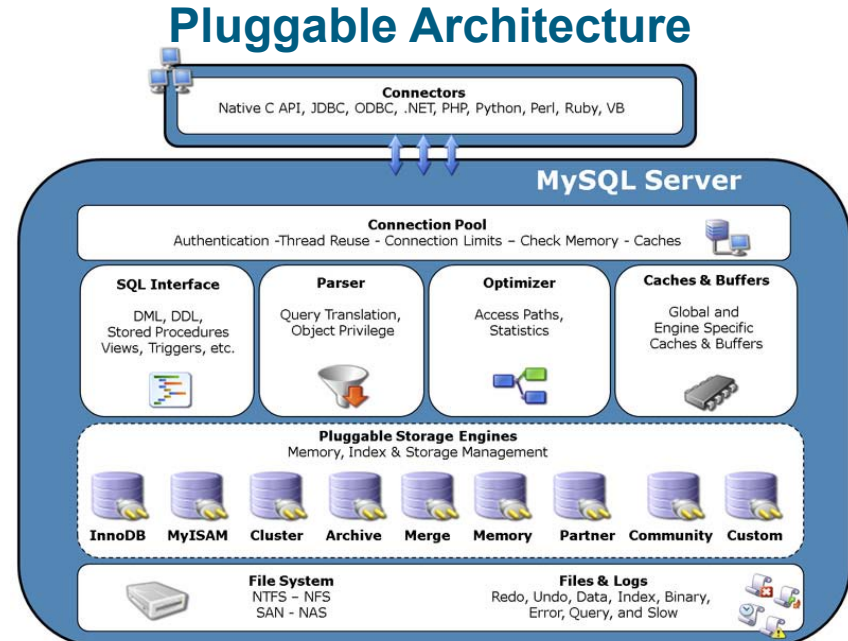
How Did The Incumbents React?

- Ignored us for 2 years
- Could not understand the model
- Launched zero-cost “Express” editions...



Man The Battlestations!

- Announce Pluggable Engine Strategy
- Renegotiate InnoDB contract w/Oracle
- Work on Plan B
- Raise more money
- Stay independent!



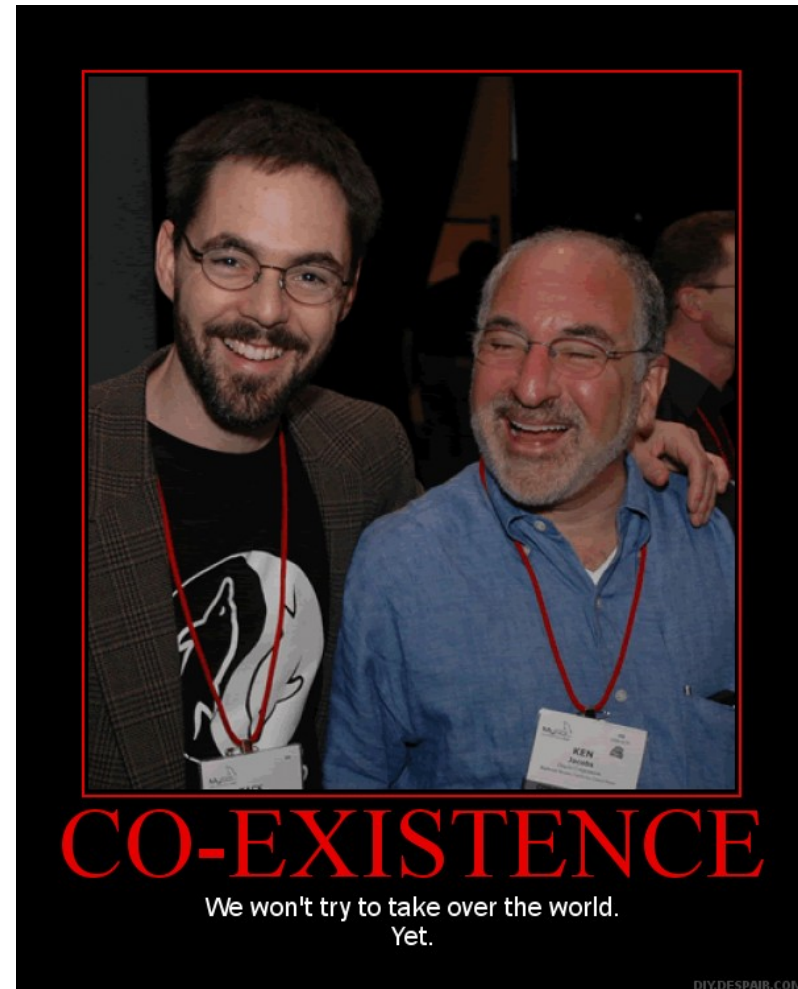
What Happened?

- Half a dozen new storage engines in development
- Renewed agreement for InnoDB distribution
- Customers continued buying
- Worked towards IPO in late 2007
- Acquired by Sun for \$1B early 2008
- Sun acquired by Oracle for \$7B 2010



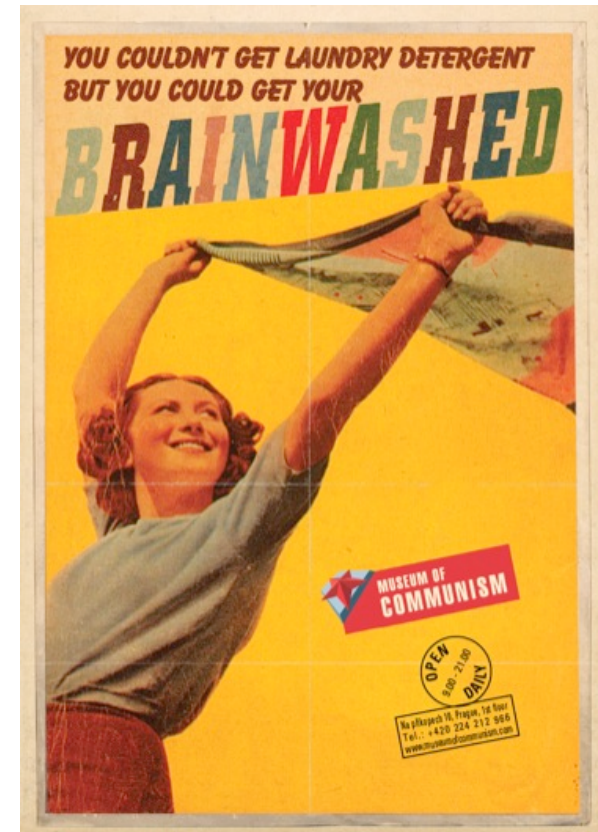
Why did Oracle Want MySQL?

- It's hard for incumbents to innovate but...
- Easy to acquire innovation
- Provides greater competition against Microsoft SQLServer
- Enabled Oracle to offer a complete open source stack...
- Without destroying their core business



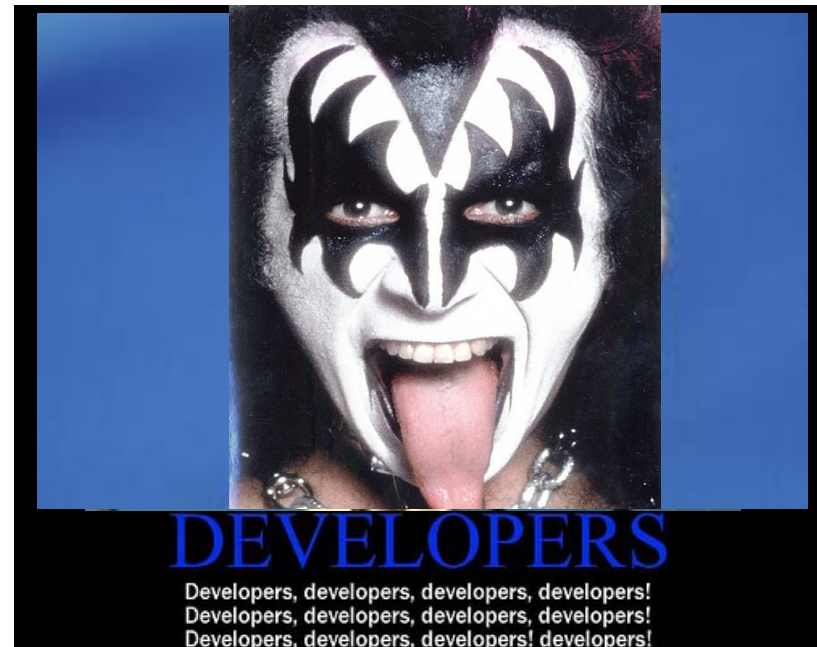
Avoid the Pitfalls When Disrupting

- Don't play the incumbent's game
- Don't target high-end, high-margin markets
- Don't try to change customer behavior
- Don't favor fast growth ahead of profit
- Don't be “partially” disruptive
- Don't saddle a disruptive idea with old processes & overhead costs



Marketing to Developers

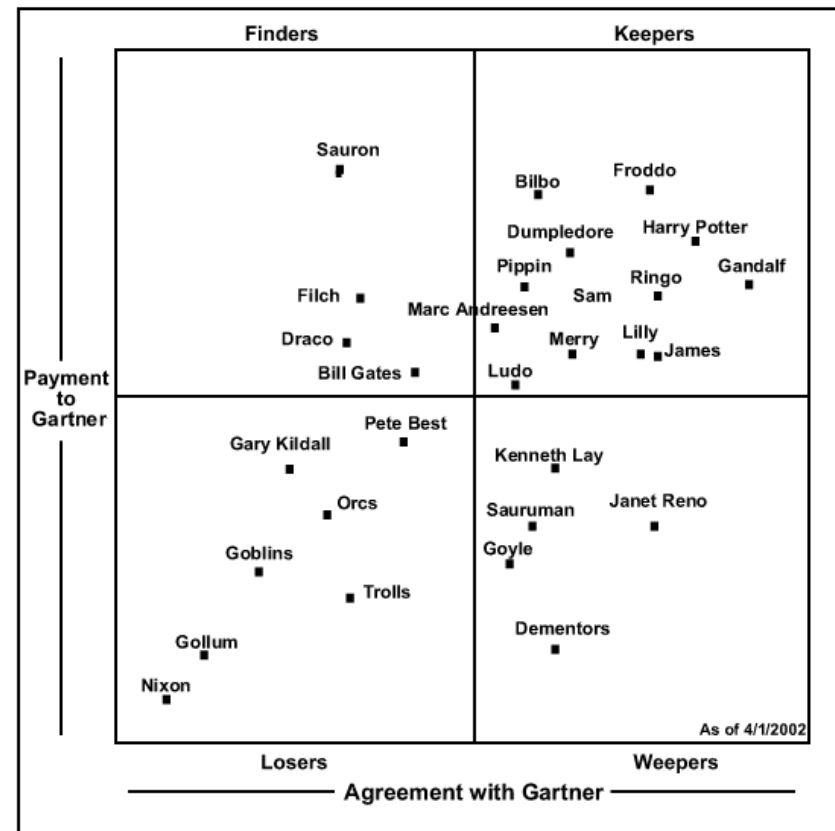
- Don't give me no marketing fluff
- Don't make me jump through hurdles
- Developers are motivated to acquire new skills
- Build a community
- Content is king
 - Tutorials
 - How to guides
 - Best practices
 - Certification
- Don't forget management



Don't Waste Your Money On...

- Customer lists
- Fancy trade shows
- “Guaranteed” meetings
- Traditional analyst firms
- Expensive sponsorships
- Things you can't measure

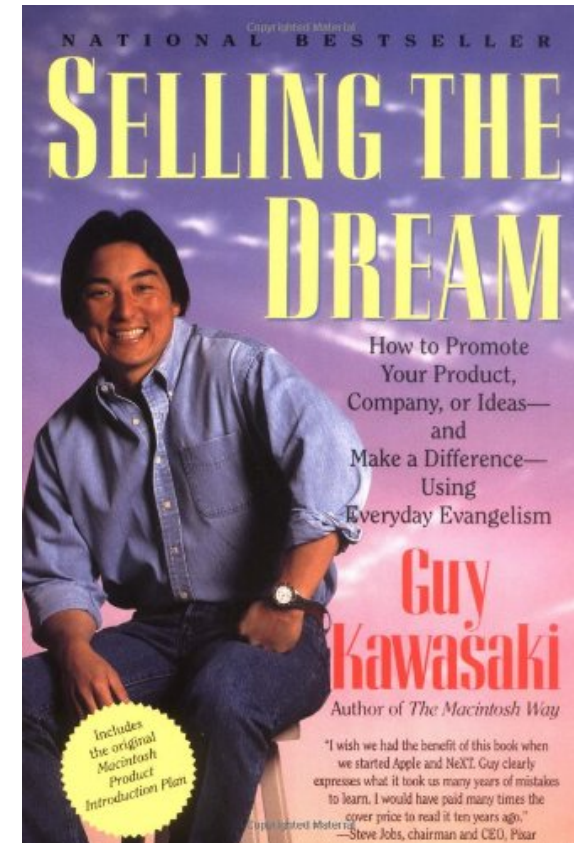
Ye Olde Magick Quadrante: IT Sword and Sorcery



Source: Valley of the Geeks.com

Instead...

- Make your customers successful
- Share your expertise
- Case studies, webinars, whitepapers
- Speak at conferences
- Generate news
- Sponsor user groups, meetups
- Invest in SEO, Google Ad Words
- A/B test everything



Optimize The Buying Process

- Who is your ideal customer?
- How will they find you?
- What is your value to a customer?
- How easy is it to understand?
- How easy is it to trial? To buy?
- Who converts best?
- Why do people drop out?
- Streamline all interactions
- Small changes can yield big results
- Don't hire Sales until there is demand



Other Things...

- Never stop learning
- Work on hard things that matter
- If in doubt, don't hire
- Sometimes, buck convention
- Brute force execution can overcome many challenges
- Spend less than you make



Resources

- TechCrunch: Rachleff, “What ‘Disrupt’ Really Means”
- HBR: Drucker, “What Makes an Effective Executive”
- Clayton Christensen, “The Innovator’s Dilemma”
- Charles Ferguson, “High Stakes, No Prisoners”
- Thomas Stanley, “The Millionaire Mind”
- Tracy Kidder, “Soul of a New Machine”
- Guy Kawasaki, “Art of the Start”

