



How to Get Your Tech Start-up Taken Seriously by a Big Company

Tammy Hepps

CTO, iVillage Properties, NBC Universal

Joint Meetup led by the NYC MySQL Group

December 16, 2009

What Makes a Big Company So Challenging?

- Magnet for requests (average 2-5/week, up to 10/week!)
- Very busy; limited time to deal with these cold calls in addition to existing responsibilities to build business
- Significant overhead to doing a deal in a big corporate environment
 - Many teams need to vet idea (biz dev, legal, finance, technology, editorial, audience development, marketing, sales, &c.)
 - Extensive legal work
 - Not easy to “just try it out.”
- Preconceived strategy, pre-set budgets, and older technology platforms lead to inflexibility
- Risk-adverse – want sheen of a press release that paints them as cutting edge, but fear doing bad deals

Overview of Talk

- ① How to present your company's story in the best possible light
- ② How to understand what the company is looking for
- ③ How to approach the company
- ④ What to include in your initial conversations
- ⑤ Considerations around taking your company in this direction

The background is a solid yellow color with a white, curved, diagonal swoosh that starts from the bottom left and curves upwards towards the top right, creating a sense of movement and depth.

Preparing Your Company's Story

The Herd Mentality of Big Companies

- In general, people trust the opinions of people and institutions they respect
- Big companies are no different
- In the initial approach when the company has no time/interest in vetting you fully, they will rely on the judgments of others, especially companies like theirs

Establishing Your Backers

- Who are you backed by?
The company wants to know that reputable people have taken you seriously.
- How much funding do you have?
The company wants to know you have a runway -- and won't go out of business during the life of the deal.

Who are Your Current Partners

- Whom are you currently working with?
The company wants to know other people in their position have judged you positively.
- What if you don't have any partners yet?
May be interpreted as a bad sign – are you shooting too high or trying to grow too fast?
 - Surmountable if you have really good financials, team, VC, &c.
 - Otherwise try to convince the company there's an opportunity to be an anchor partner and beat out a competitor
- Do you have enough experience to work effectively with the company?
Successful establishment of previous relationships augurs well.

Who is On Your Team

- Management
 - Degrees
 - Experience at similar companies to the start-up or big companies
 - Prior start-up experience/track record
 - Consulting background
- Other employees
 - How many
 - What positions
 - Their notable experience/expertise
- Which business functions handled in-house vs. with external partners

Financials

- What is your business model?
 - You must have one
 - Not enough just to say you do -- make viable through clear metrics
- Present your financials to date
 - Spending vs. revenue growth
 - Forecast when profitable

Trajectory of Company

- Stability of business model
- Current size of team and growth plans
- Expansion plans for business
- Press mentions / awards
- Overall, what phase are you in?

Know Your Competitive Set

- Know which other companies do the same/similar thing as you
- Be able to address head-on what you do differently – and better
- If no competitors, be able to explain what makes you so novel, especially to a non-technical audience
- If there are open source or free alternatives, be able to explain why paying you will get superior results

The background is a solid yellow color. A white, curved, diagonal shape, resembling a stylized 'S' or a torn piece of paper, runs from the bottom-left towards the top-right, creating a split in the yellow background.

What the Company is Looking For

Can You Operate at the Necessary Level?

- Maturity of offering, such as:
 - Scope/stability/completeness of feature set
 - Uptime
 - Ability to scale
 - Support team
 - Existing user base
- Ability to execute:
 - Hit date and cost commitments
 - Create flexible solutions
 - Address security & privacy concerns
 - Provide reporting metrics
 - Provide top quality in everything

How Can You Improve Their Business?

- What problem are you solving for the business?
 - Improved site monetization
 - Traffic acquisition
 - Increased user engagement
 - Increased speed-to-market
 - Increased site performance
 - Brand differentiation
- Just being cool or cutting edge doesn't rate
- Provide the benefit without negatively impacting others of these measures

What Are You Offering?

- Have an actual product or service *ready*, whether unique content, a technical solution, or some feature in between
 - A general conversation about opportunities within your space won't happen
 - Collaborative brainstorming about possible integrations won't happen
- Know what tangible benefit you will provide and find a way to quantify it
- What “special sauce” does your product have that the company needs to get from you vs. build themselves

How is it Built

- What technologies
- What delivery model
- What support model
- How customizable
- How scalable
- How cutting-edge

Know How Integration Will Work

- Consider in advance the simplest way for a partner to make use of your product, such as:
 - Cross-linking
 - Embed a widget
 - Deliver or take a feed
 - Add Javascript to a page
 - Call an iframe from within a page
 - Integrate your software into their application / install your application into their environment
 - Use a well-defined API to take advantage of your platform
 - Build an application hosted by you
 - Have you build an application for them
 - Integrate their SSO into your hosted application
- Understand what resources/skills/time needed on each side

The background is a solid yellow color with a white, curved, swoosh-like shape that starts from the bottom left and curves upwards and to the right, creating a dynamic, abstract design.

Tailoring Your Pitch to the Company

Know the Company

- Understand/guess the company's strategy
 - General landscape for companies like theirs
 - Competitive pressures
 - Individual challenges
- Interpret company's challenges to guess at problems/opportunities they may not realize they have
- Brainstorm *specific* ways your product can help the company
- Remember, the person you'll be contacting is likely responding to strategy, not setting it. Show how you align!

Know the Company's Existing Partnerships

- Where do they use partners vs. do things in-house
- How deeply are partners integrated into the site experience vs. called out separately
 - Visual differentiation
 - Attribution
 - Links offsite vs. embedded experiences
- Are existing partnerships competitive to you?

The background is a solid yellow color. A white, curved, diagonal shape, resembling a stylized 'S' or a torn piece of paper, runs from the bottom-left towards the top-right, creating a split in the yellow background.

Getting the Company's Attention

They Don't Want to Hear from You

- Their working assumption: This lead will have no value.
 - Is the idea good?
 - Is the execution good?
 - Is the company viable?
 - Are they a fit for us?
 - Do we have the time to execute & implement this?
- They are very busy & talking to you takes time they don't have & probably won't benefit them.

Find Someone Internal to Advocate for You

- Find the right person – the best chance you have of being noticed
 - The BD lead is your ideal choice
 - Unless it's content (editorial director), tech (CTO), advertising (ad ops lead), &c.
 - If no, not someone so senior that they won't take your call or would annoy BD person
 - Not so low that useless
- What if you can't find the right person?
 - Your company's story and the quality of your approach are all you've got to rely on

Recommended Steps to Contact

- ① Send an email with a succinct pitch with a clear opportunity tied to company need and just the highlights of your background
- ② If no reply, wait two weeks before making a follow-up phone call
- ③ If no reply or phone call doesn't lead to further discussions, wait 6 mos. or until you have something new to say
- ④ A categorical no is a no – focus your energy elsewhere

Advice for Emails

- Send a *specific* proposal
- Don't ask for an exploratory conversation
- Tell the company clearly how your product will benefit them
- Tie the benefits as closely as possible to their known goals
- Provide links, if available, that demo your product in action
- At this stage, they don't want to hear about your company, so drop the most flattering details only

Advice for Phone Calls

- Have a real conversation, not a sales pitch
- If you send a Powerpoint first, don't assume the person has read it
- Don't use a canned Powerpoint -- use screenshots, if possible, to show how your product would integrate
- People don't like WebExes -- consider how best to live demo your product
- Let the company representative drive the conversation if s/he wishes -- you'll learn from the questions asked
- Ask questions to understand your opportunity
- Read the conversation correctly. If they don't offer next steps, go away and come back when the time is right.
- Tailor the call to the time you have – probably 30 mins. max

Advice for Meetings

- Show off your product to demonstrate competence and confidence -- don't talk around it
 - Use lots of visuals
 - Demo as if live, especially as if live on company's site
- Not too many people
 - Business side person (account manager), tech specialist
 - Ask for their counterparts from the company
- Easy to “just try it out” won't fly
- Tailor the meeting to the time you have
- Make them dream about the possibilities

Be Real About the Challenge

- React to questions, but don't proactively offer answers to such concerns as the following:
 - Be ready to answer about the number people who'd be dedicated to the project exclusively
 - Be ready to talk about hiring extra if needed
 - Be ready to talk about current traffic and ability to scale
 - Be ready to talk about integration models
 - Anticipated costs, timeframe (know that these are big trust issues)
 - Acceptable business terms
- Prepare to be flexible – no big company will want to take your product straight off the shelf
- Be careful if you're offering something core to company's business -- this is where build vs. buy will work against you unless your "special sauce" is really special

Demeanor

- Can-do attitude
- Realistic outlook
- Energy, excitement
- Brand love
- Humility vs. confidence – don't be arrogant
- Don't treat like they don't understand
- Don't act like they should already know that you're a game changer
- Don't be pushy
- Demonstrate reasonable flexibility

Realistic Expectations

- Realistically, the best you're going to get is a phone call
- Getting a meeting from a cold call is very rare
- If you get an email declining – or if the phone call doesn't lead to interest – listen to the feedback you're given
- When you follow up later, reference that feedback
- Don't be pushy – more likely to decrease, than increase your chances



But Wait...

Do you really want to do business with a big company?

- Is your business ready?
 - Easier to aim at more, smaller companies
 - Low-end often beats high-end
- Is a big partnership mandatory for your success?
Some businesses require high-profile partners to have any value

Opportunities and Costs of Doing Business with a Big Company

Pros

- Gets you noticed
 - PR
 - Trade press
- Makes it easier to get future deals
- Could provide meaningful revenue or traffic if it performs (watch your expectations here)
- You'll learn from the big company how to grow your feature set

Cons

- Could be a time sink
 - Difficult integration altering your out-of-the-box product
 - A lot of costly legal work in advance
 - A lot of technology work
- Could skew your overall product roadmap
 - Supporting one big client in lieu of innovating core product
 - Making product too specific rather than generally applicable
- Raise costs too much, too soon
- If you don't deliver, your reputation is shot

Work your way up before you approach

- Have a track record with smaller sites
- Have a stable product with proven success

Thanks and good luck!