

Rafi Musher, Founder and CEO, Stax Inc.; Founder and Chairman, itrek

INTERNATIONAL SCALE-UP IN THE "NEW NORMAL "

Through the end of 2020, COVID-19 will remain a challenge for all commerce. Tech companies globally and in Israel will find challenges and opportunities as they re-assess their end-markets and client segmentation. Below are several specific considerations for product development, marketing, sales and M&A.

To scale up in international markets, Israeli companies have typically had to establish foreign headquarters, or sell the business to an international company to be closer to customers for sales, service, and customer feedback for product development. However, for the remainder of 2020 and first half of 2021, there will be limited in-person relationship building, no large sales presentations, customer conferences, nor large scale-in person training. This may create a window of opportunity for many tech companies that do not have the advantage of a large local presence. Israeli companies must leverage this opportunity by becoming more creative about "getting in the door" and integrating information flows around customer needs, feedback, and competition.

Things to consider for product requirements:

1. Point solutions, depending on their level of integration, may be challenged by suite solutions that are easier to deploy. If your company doesn't have a full suite, this is a good time to expand integration partnerships and/or potential acquisitions. It's important to understand the MVP for each function or add-on. If your company is full-suite, then pick the places where you can win share from point solutions and invest heavily.
2. Reconsider differentiators to competition and what add-ons/features create a lock-in that make it harder to dislodge and a UX/UI that is easier for customers to self-serve with less training.
3. In-person customer events won't happen in 2020 and the first half of 2021. Companies must find new ways to gather feedback from customers and prospects, and it may be easier to get input from non-customers who could be open to conversations from a new and different provider.
4. The ability to unbundle offerings can increase a potential user base and speed time to purchase for new customers but has the risk of allowing current customers to reduce usage and price. Segment your customers on their needs and how much you really could unbundle the product while maintaining value in each category, to see if the parts can be greater than the sum, to many of your customers.

Things to consider for targeting, sales and marketing:

1. Current customer risk: churn and potential to withstand their own industry dynamics. Selling in general will be more aggressive, you need to be on top of servicing your customers. You also need to know how each segment is fairing in the broader context of the economy, e.g., some restaurants are failing,

while others are seeing great growth. What will happen to their business post-corona, do they have other options or require a steep discount to survive?

2. Current customer strength: it is easier to grow and maintain existing customers than to acquire new ones. Companies should consider the potential growth from current customers in users/usage, features, and pricing. If you are not local, you'll have to become more innovative in engaging and training, to ensure expanded adoption and usage.
3. Take a fresh look at your Total Participation Rate, meaning how many opportunities may be in the market, that you never hear about. Companies typically look at win/loss to assess their own performance, but particularly in B2B settings Stax finds clients have not documented the customer triggers that lead to their needs, don't track these cases, and are not bidding on a significant number of total sales opportunities by consumer, therefore missing a significant part of the market.

How management teams can inform action on product, sales, and M&A strategies:

1. This new operating reality will likely persist through mid-late-2021 until vaccines/treatments are widespread. All of your customers, potential customers, and potential partners are expecting you to lean in.
2. Of course there is great value in taking data from past systems, but with the changing environment, new data will emerge vastly different from the past, and you need to seek out, and possibly create new data sets to inform your business by talking with customers – perhaps to find they are now open to talking with newer providers that may not be large scale tech companies.
3. Clients will be more open if you can make your case and be clear about how your offering gets implemented remotely.
4. Israel has a reputation for being innovative and it is a country around which people are consistently curious. See this as an advantage.
5. It is a challenging market for many, and a challenging personal situation for much of the world. Don't forget the human aspect of people with whom you are working and trying to support.

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