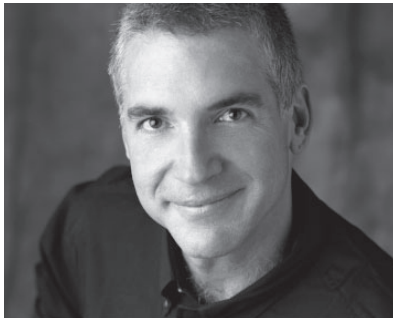


Aha! What Your Refrigerator Can Teach You about Selling Software

By Tom Crowley, Founder and CEO, MBX Systems



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Great ideas often come from the most commonplace occurrences. Take the story of Sir Issac Newton's discovery of gravity. According to the legend, he was sitting under an apple tree minding his own business when—bonk!—an apple dropped onto his head, and suddenly all the complex mathematical formulae he'd been considering became crystal clear. It's what's known as an "Aha!" moment.

There's a similar "Aha!" moment waiting for you right in your office kitchen, holding the energy drinks you suck down in mass quantities to keep you going through long, late-night hours of intensive programming. Yes, it's the simple refrigerator. Whether a little college dorm cube-type or a full-on Sub Zero stainless steel unit with a port that hooks into your PC, the refrigerator has but one mission: keep things cold.

The nice thing is you didn't have to buy the outer metal casing and then figure out how to make it keep things cold rather than cook food, grind garbage, or make coffee. You didn't have to install an operating system, and then download instructions that tell it how to maintain a temperature of 37 degrees to keep your energy drinks just the way you like them. And you didn't have to worry about it causing conflicts with the toaster oven. All you had to do was pull it out of the shipping carton, put it in place, plug it in, set the temperature dial, and load it up with goodies.

Here's the "Aha!" moment for you. Rather than delivering your software application as a box full of CDs or an electronic software download (ESD) that needs to be installed, configured, and tweaked, you can use that same appliance model to provide a simpler, more complete package for your application. Not only does providing software as part of an appliance make installation and use easier for the customer, it also simplifies product development and makes after-sale services such as support a whole lot easier on your end. It may not be the discovery of gravity, but it certainly has a big impact on your business.

So, What Is an Appliance?

In the technology sense, an appliance is a device that delivers the software you've created, the hardware it runs on, and the operating system that connects the two, all in a single, hardened package. When it arrives, the customer unpacks it, puts it in the rack after checking power and cooling requirements,) connects the power, connects the

So, What Is an Appliance?, *continued*

appliance to your network, and presses, flips, or toggles the “on” button. At that point the appliance fires up, configures itself, and is ready to get to work. All of this occurs in less time than it normally takes to load the software from CDs or a downloaded executable alone.

Traditionally appliances have tended to be used more to deliver smaller, single-focused, back office applications, such as DNS management, firewall services, video streaming, or other functions. Now, though, they are also being looked at for more complex front-end applications, such as customer relationship management (CRM) and enterprise resource planning (ERP). And for good reason.

There are a number of advantages to the appliance model—some more evident than others. These advantages tend to fall into two categories: experiential and technical. Both are important, as they have a direct impact on the total customer experience. Let’s look at each category to see how they affect both immediate customer satisfaction and future opportunities.

The Appliance Experience

One of the most significant impressions an appliance makes right out of the box, so to speak, is the perceived value of delivering a complete, ready-to-go product rather than a set of CDs or downloads that are just the starting point. Software is somewhat ethereal, even to those who work with it every day. But a metal box you can hold in your hands that makes a loud noise if dropped—now that has substance!

An appliance also provides an opportunity for branding and visibility within the technical organization that often isn’t there with software alone. Consider that with many software packages, especially for back-end functions, such as spam filtering or security applications, if all goes well it just runs in the background. Out of sight, out of mind. The only time anyone sees your company’s name is when something goes wrong, which is not exactly when you want them to be thinking of you. With an appliance, though, your brand identity is very visible right in the rack. Network administrators or other IT types pass by it on their way to solve some other crisis, or when they go for their own energy drinks. And the more appliances you sell to that customer, the more visible you are to them, helping keep you top of mind for future sales.

Delivering software as an appliance solves logistics problems for the customer as well. They no longer have to make room on an existing server, or even worse have to try to coordinate software and hardware delivery from two separate sources, using two separate purchase orders. One call, fax, or e-mail does it all, with a guarantee that everything arrives at the same time.

Finally, if a problem does arise with your application, there is none of the usual “it’s a hardware problem”/ “no it’s a software problem”/ “is there anyone else we can blame?” finger-pointing. Customers have one call to make to resolve any issues, no matter what the cause. That’s a benefit that can’t be over-estimated, especially at the enterprise level.

Technically Speaking

Because they are hardened systems—i.e. no outside software or hardware is required to run them—appliances offer certain technical advantages over software users install themselves.

An obvious one is that they are far easier to deploy. Normally, the most difficult part of deploying an appliance is pulling it out of the shipping carton. A few connections, a little

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Technically Speaking, *continued*

self-configuration, maybe a couple of manual steps and you're up and running. Depending on the nature and complexity of the software, users may need to perform certain operations from a master console. But even then, they can get to that part a lot faster if they're not first trying to load it onto a separate server.

On the development end, one of the most serious complexities is trying to anticipate the hardware platform and operating system the customer will be using. Much of the time spent in development, in fact, is actually testing the software with various common configurations. Of course it never fails that some important customer has created some proprietary nightmare, and then your development team becomes your tech support for that important customer instead.

The appliance model removes the need to create versions to run on Windows, Unix, Linux, or BSD, because it has its own built-in operating system, often (but not always) based on a Linux kernel. That arrangement eliminates hardware-software conflicts. If a problem does arise, usually the outsourced appliance manufacturer or an outsourced technical group can take over the unit via the Internet and get it running properly. If the problem is mechanical, you can even ship a new, working appliance to take the place of the old one, solving the problem as quickly as the delivery method will allow, while saving you the trouble of sending a support team to the customer's location.

Easy set-up also makes for more successful trial programs. You can ship the appliance to the customer, and they can put it in place to get a trial under way immediately rather than having to carve out hours to configure demo software. As an added benefit, once it's in the rack customers historically have been far more likely to purchase the product than they are a software-only demo.

Updates become easier too. In the traditional model, and especially in these security-conscious times, it's usually up to the customer to download and install any product upgrades. (See Upgrade Tuesday, subsection you-know-who.) That's taking an awful big chance. Because while you may have diligently fixed any bugs or improved on product performance, the ultimate application of those upgrades is still in the hands of someone over whom you have no control.

In the appliance model, you can push upgrades out directly to the appliance itself, with no intervention from the customer. As a result, they're always running the latest, greatest, most secure version, and they don't have to tie up any resources to do it.

Once the appliance is in place, it eliminates much of the need for training since many of the operations happen automatically. You'll still need to support higher level functionality, such as dashboard set-up or data presentation. But you can eliminate the entire step of "here's how it operates."

When you lay out these technical advantages you gain another one. Being able to deliver an appliance helps shorten the sales cycle because there just aren't as many obstacles to making the purchase.

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A Universal Solution—Almost

Those are all the reasons you may want to deliver your software as an appliance. Yet, while the appliance model is a good one for nearly any type of software, there are a few exceptions, as usual.

Perhaps the most important reason not to go the appliance route is if the price point of the software won't support it. Bundling the software with its own hardware does add to the cost. If your software would normally sell for less than \$100, it's probably not worth going the appliance route unless there's a huge marketplace expectation for it—and the customers are willing to pay for the convenience.

Likewise, if your software is designed for the individual consumer or the SOHO market, an appliance model may not fit. While there are some adventurous souls who have extensive home networks, or who have converted a linen closet into a wiring closet, they are definitely the minority. A rack-mounted appliance that requires a more sophisticated network just doesn't make sense in an environment where the "network" consists of a wireless router the business owner picked up at the local consumer electronics chain. And then he or she had to spend two hours on the phone with Dave the Late Night Customer Service Guy to figure out how to get it to work.

It's also important to know your customers. If all the conditions are right but the industries you're targeting for sales are appliance-averse, don't try to force it in. Educate them, inform them, and look to the future. Maybe they'll have their own "Aha!" moment someday. But make sure you do what's right to get the sale today so there is a tomorrow to work toward.

Is Your Refrigerator Running?

As a software delivery method, appliances offer many advantages over traditional CDs and software downloads. They are also effective marketing tools, often allowing you to differentiate your offering and build brand recognition in a very unique, very visible way.

Don't wait until an apple drops on your head to have your moment of revelation. Take the initiative, run the numbers, check out the market, and discover whether your next (or first) version would be better delivered as an appliance. It just might keep you in energy drinks for a long time to come.

THE MBX VISION

Our vision is to be the most respected system producer to the OEM appliance market. We create systems of unparalleled quality that support and surpass OEM demands, and we want to support these products with incomparable service in order to increase customer loyalty.

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