



## Proactive Destiny - How to Change Fate

### CASE STUDY – CERA1

#### Service:

Product Development, Independent Verification and Validation (IVV) of Business Direction & ROI execution

#### Client:

Technology Product Company start-up failing to achieve defined corporate market and revenue goals.

#### Background:

Semaphore had built product and acted as technology group of company. Revenue goals were not being met with direct sales channel efforts. Product capabilities did not support determining and executing alternate strategies to relieve investor pressure. Current budget was insufficient to support development necessary to expand market potential of product.

#### Requirement:

IVV on the current state of business and provide recommendations on exit strategies of technology/product for founder and investors.

#### Situation:

Semaphore had originally been contracted by the client to design and develop product in support of a defined business concept. Semaphore built the product and ultimately partnered with the client to serve as its technology arm, provide ongoing development and support activities.

Client had a direct sales model with follow-on up-sell strategy to penetrate and grow its target market. The company founders had market expertise but limited technology background. Initial sales were promising, but it was discovered that market penetration would not be sufficient to sustain and grow the business. In addition, the up-sell opportunities required integration with existing customer products and technologies, something the client was financially not capable of supporting.

#### Scope:

Staffing: two person weeks over a six-week period  
Deliverable: a written report of findings

#### Discovery:

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Semaphore, being intimately experienced with the company and familiar with the market and direct sales situation, put together a multiple option, highly integrated and interdependent 'moving forward' plan for the client.

The plan defined areas that would no longer be pursued in order to focus and streamline company activities. A set of action steps to seek new technology and market partnerships as well as indirect sales channels was initiated.

Strategic investment or acquisition potential was vetted with top tier prospects. A plan was defined to inform existing customers of the impending situation and migration steps defined intended to not impact current contracted and follow-on maintenance revenue.

Several competitors were selectively made aware that the client held multiple pending patents, which upon grant, could negatively impact their respective businesses.

Finally, Semaphore offered to take shared responsibility for deployment of the recommended plan it developed.

#### Outcome:

1. Company accepted Semaphore plan and elected to take up its offer of execution
2. The company reduced bottom line without impacting revenue as a result of optimizing activities.
3. Top clients were eliminated as investment candidates.
4. Value Added Reseller (VAR) targets were identified and pursued.
5. A principal, strategic, non-exclusive VAR agreement was secured to continue direct sales as well as integrate technologies with VAR to create an enhanced product offering with expanded market opportunity.
6. All Intellectual Property was retained.
7. Existing clients were informed of the situation and provided a continuity plan with the new



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- improved solution—with no loss of customer base.
8. Market penetration increased by 300% in six-month period.