Interview with... Alan Dye

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This interview series will cover a number of different conversations with Competitive Intelligence (CI) leaders across a range of different companies. During the course of these conversations we hope to give you a broader perspective on the role of CI in different companies and how different companies use CI to gain advantage in their marketplace.

Q. Tell us a little bit about your current and previous roles.

I am the Vice President of Competitive Intelligence at Computer Associates, which is about a $4 billion software firm. We primarily provide management software segment for data centers – security, systems management, service management, mainframe, network management and application management.

I have global responsibility across the company for two functions. In one I lead a team of competitive intelligence (CI) professionals who support the sales organization with product level intelligence. In the other I manage a team of market and competitive analysts who focus on executive and business unit management, developing competitive analysis to support decisions around acquisitions, entering new markets, and corporate strategy. I also have general corporate responsibilities, which include ensuring ethical CI collection company-wide through training and interacting with corporate legal, and reviewing and advising the company on all CI contracts.

Before I took on my current role, I was the lead analyst in the CI team. Outside of CA, I spent 12 years at Hewlett Packard (HP), the last three years doing business analysis similar to what we do for executives here--advising on key strategy changes and determining which markets to enter and exit. At HP I also held a variety of roles, primarily marketing and product planning, which helped me develop many of the skills used in my current CI role.

Q. Many CI professionals feel like they're a division of one, or at least part of a fairly small organization. What's the size of the overall CI unit you manage?

It helps to place that number in context. Our company has about 13,000 employees globally, with 400 to 500 of those in marketing and about 3,000 in sales.

I am directly responsible for about a dozen staff. We're structured in such a way that we're part of a central organization that supports individual product groups. In the past, CA had had CI professionals spread out across groups, each of which might be supporting 20 or 30 products. We've aggregated those individuals into a single group.

I also work with an adjunct group, the segmentation team, that consists of six people who do detailed market sizing, market segmentation, and market analysis. Across the corporation, we probably have close to 20 people in both market analysis and CI, 12 in CI, 8 in segmentation or market sizing and share analysis.

Q. We've seen similar trends in other organizations. Having CI professionals embedded in a marketing group has its pros and cons. On one hand, moving the CI professionals into a separate internal group can foster healthy competition. On the other, friction can arise between a marketing group and a competitive intelligence group, particularly in terms of their views about where a given product fits or where its market should go. You seem to have found a way to manage both of those situations, which tend to be stumbling blocks for other CI groups.

Many CI groups and individuals put some energy into placing themselves in the role of providing strategic advice, as opposed to dealing with low-end tasks like going out and finding stray facts for someone's presentation. How did your CI group establish itself in the role of providing strategic advice, and what was the evolution around that? Also, what's your relationship to the more traditional marketing groups at CA?

Let me start with some additional background on the group's evolution. In 2004, CA had a near-death experience, related to some accounting problems. During that period was a significant internal management changeover, and I joined the company in September 2004.

Under the old management team, there was no CI organization. There was some product-level CI, but most central business-strategy decisions were done without a dedicated business intelligence effort, because management simply didn't see the value.

The new management team included Jeff Clark from Hewlett Packard and John Swainson, Don Friedman, and Greg Corrigan from IBM. Many of them had the support of a competitive and intelligence team, so a CI team was formed to advise them. When I was hired on as a principal analyst, our whole role was to bring the executives up to speed on our markets and competition.

There was a great degree of demand from them and a high degree of interaction. I would receive regular emails from the senior management asking me questions.

We were fortunate in that we didn't have to establish relationships and build that demand. Consequently, we've always had a great deal of access to senior management and a very strong relationship with them.

Some of the other senior executives came in from the Wall Street banking industry. An investment banker, who is now our chief operating officer, once said in a meeting that CA had the best CI he'd ever seen in any company. He felt that the intelligence he received was timely, accurate, and stood up to being validated through conversations with peers in the industry. We established strong credibility by backing everything we do with a mountain of facts.

We've helped most of those executives feel pretty up to speed on the competitive situation at CA by educating them on our markets and competitors. At the beginning of 2008, they told us that they feel knowledgeable enough that they only really need quarterly competitive updates. They've tasked us with going out and raising the level of CI awareness with the general managers, VPs of marketing, and product management teams.

Over the last year, I've realigned my staff, assigning principal analysts to the general managers in each of the major product lines and product markets. We're sitting down with them whenever they're in the office, advising them on some of the key challenges related to their markets. My analysts advise business managers on how to approach the market and where the market is headed, what sort of message is working at this stage, and how the profit lines sit. We've had good success with that.

We've also struggled with finding the right mix between centralized and decentralized CI models. Executive management and product management have very different CI needs. Product management needs more tactical, product level intelligence; executives require more strategic, business level analysis. The way I have dealt with those very different sets of requirements is to divide the CI organization into two teams: one that focuses on strategic, financial, and business intelligence, and the other that focuses on very product-specific intelligence. I've also supplemented the relatively small team of product-level intelligence analysts with a lot of externally funded research, provided by custom CI research firms.

Q. It seems that your initial team would probably be very comfortable analyzing financial statements, looking at long-term market trends, understanding a sales pipeline from a very high level, and its impact on a quarterly or a yearly basis. At the same time, though, an individual product-marketing manager might need to decide what features are going to be in the next release of the product, to address the fact that they're losing customers for a specific reason. They would also maybe need to know how their offering pairs up against a competing product.

Some of the questions that evolve would be one part technical and one part CI, and you would need both sets of expertise to decipher them. At that point, you would need analysts with a different skill set.

That's exactly right. When I was handed the assignment to support sales and product management for a dozen of our most important products, I realized that the team I had in place providing business level CI to executive management couldn't do the job effectively so I added headcount to the team. With the additional headcount and budget, I was able to hire technically strong product level analysts with skill sets aligned to the work. These analysts also needed to have strong communication skills since they regularly consulted to the sales organization. I primarily hired former product managers, who have traditionally fill very technical roles and are comfortable interacting with sales.

One negative side effect of moving into product level intelligence has been the flood of demand from the business units for CI on products which aren't on a list of key revenue drivers. We were tasked with supporting the dozen most strategically important products, but the CI has been so well accepted by Sales that we routinely receive requests for CI on other products as well. Unfortunately we don't have the bandwidth or budget to support that so we've referred these requests back to the product teams.

Since we're the 'experts' in CI collection we've actually developed training for product managers to teach them how to do CI and in these instances where we don't have the resources to provide product CI, we teach the product managers how to develop the CI themselves. We have an internal training course about two hours long called "Ethical CI Guidance." We begin with the overall research process, including defining the question and then evaluating the primary and secondary sources, as well as writing a report.

When product managers get stuck, I evaluate the situation in light of the budget. I might not be able to devote resources to a product with revenue of only two million dollars per year and flat growth, whereas a twenty million dollar product with 20% growth would be more strategically important for the company. In those cases I help out the product managers by funding additional research by an external source.

Q. As a company like CA forms a CI practice, how does the broader organization start to understand what competitive intelligence is over time? At some level, that process is providing something the company didn't have before, so tell us a

little bit about how the rest of the organization comes to understand what CI does, and where it is and isn't applicable.

Keeping up with the evolving demands of our CI clients is actually a constant struggle. When we first started producing CI, people were very happy to get any information, since they didn't have access to that resource. Over time, our internal customers became more sophisticated, as their knowledge increased.

We receive a fair amount of demand for primary research because people believe that it will provide something more interesting that research based on secondary sources like industry analysts, security filings, and web sites. The New York Times ran an article quoting a senior manager from the CIA a few years back, and it told how they struggled with the fact that most of their agents are dedicated to primary intelligence gathering, and yet the Internet age means that 80 to 90% of the intelligence they need in order to operate is actually openly available online. Most corporations are similar. 90% of what we need to know is available via the web, or industry analysts, and only about 10-15% requires actually interviewing people as primary sources.

You can get detailed lists of features from product manuals that are publicly available, and there are product data sheets, security reports, financial information, and even Dunn and Bradstreet reports on their credit if they are privately held. We try very hard to make sure our internal customers within CA avail themselves of this information as needed.

We also work with people to understand where the boundaries are of ethical and unethical CI. Situations will always arise where you can't get the information you need from public sources. Then we talk about why they need the information and how useful it would actually be to have it. When justified, we hire external research firms to see what they can find. We always require our suppliers in our contracts to do their CI in an ethical and legal manner.

A CI practice can become overwhelmed by the feeling that it's just an answer machine. Its internal customers may just ask anything they can think of and expect the CI organization to have all the answers. It falls to the CI professionals to set the appropriate boundaries--helping the rest of the organization understand that CI can provide a lot of benefit, but that there are limitations.

I've got a lot of pretty smart people on my team, but we don't know everything, so we have tried to manage expectations in two ways. First of all, we define what CI is, namely a set of facts and information about the competition or markets. It isn't positioning. For that, we advise people to talk to product marketing which is responsible for taking the facts and creating a competitive position story for the company.

We provide raw intelligence, and other people use it to create strategy or messaging. Often, our role includes steering people to the organization responsible for turning the facts we've collected into a marketing story. The other means we have of managing expectations is that, for the most part, we limit our interactions to general and senior managers, because we can't work with 13,000 employees at once.

Q. You alluded to the balance between primary and secondary sources, and you indicated that a lot of information is available from secondary sources. Of course, we also know that some things don't tend to get written down. Talk a little bit about that balance between primary and secondary sources. You mentioned how secondary sources are great for all those quarterly reports and product documentation, but what are the areas where you feel like you really need to talk to a human being to get certain types of intelligence?

Our approach when beginning a research project is to have the customer define what they want by preparing a project data sheet, so we can look closely at the questions they are asking. Often, the distinction between the need for secondary and primary sources becomes obvious.

For example, one recent request was a question about what the competition was spending in terms of R&D. Of course, you can get that information from a Form 10-K, so there would be no need to go to a primary source. On the other hand, you might want to know what the competition spends on marketing overall. Since Marketing and Sales are lumped together in the SEC filings, you would have to go to primary sources to get that information. Sometimes finding that person can be very hard so you might need to retain an external consultancy to get those numbers. They often have lists of people they can interview that you wouldn't have access to.

Q. How do you relate effectively as a CI professional to a sales organization? Many of their CI issues have a certain sensitivity about them, and the sales folks tend to want to push the intel into directions that run right up against that boundary. What are some tips or thoughts you have around structuring the CI organization's relationship with sales?

It seems that you have addressed the issue by interfacing at a more senior level.

You are not dealing with district managers of sales to want to do win or loss studies related to their accounts; you deal more with the VP or director of a larger group that essentially needs to understand what's happening in the bigger picture.

What are some suggestions, advice,

or observations you have in that area?

The first thing is to set expectations. We can tell you, for example, whether a competitor has a particular feature in their product because that is in a product data sheet or product manual, but we probably can't tell you how well the product scales since that information isn't usually published. Second, let them know what you provide vs what product management provides, especially around competitive positioning and messaging vs accumulating the facts. Third, when you do something like win/loss studies, you have to convince sales that it won't be used to 'grade them'. At first, only a few reps will trust you, but over time you can build that trust and show them the value of win/loss.

Do you have any closing thoughts you want to add?

I have worked with different corporations, and there is no single CI approach that always works. My advice to CI teams out there is to assess what is really needed in your company and candidly assess your credibility, then work on a plan to meet customer needs in a prioritized fashion while constantly working to improve credibility with reliable, accurate, fact based, data backed, research.

Scott Swigart and Sean Campbell use their rich understanding of the software field to deliver concrete competitive analysis for their clients. They advise companies such as Intel, Microsoft, AutoDesk, Mentor Graphics as well as niche players. Sean Campbell is also the Chair of the Oregon chapter of the SCIP. You can learn more about both of them at www.cascadeinsights.com.