TECHNOLOGY MARKET POTENTIAL ASSESSMENT
INTRODUCTION

MARKET POTENTIAL ASSESSMENT METHODOLOGY

Research In Action
July 2020

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Every year, Research In Action surveys 10,000+ enterprise IT and business decision makers in order to gain insights on strategy, investments and ongoing challenges of technology innovation in the IT and Marketing Automation realm. These surveys give us access to a wealth of direct and unfiltered feedback from the buyers. It also helps us to understand how buying decisions are made in today’s business environment.

From our survey results, we also gain a good understanding of market sizes and growth. This is one key dimension of the Research In Action (Technology) Market Potential Assessment methodology. The other three dimensions used in our methodology are: (1) Technology, (2) Adoption and (3) Implementation.

The Research In Action Market Potential Assessment was originally developed to help investment decisions of venture capitalists and make or buy decisions of technology hard- and software vendors. Since then it’s been used frequently to assess market potentials in the Software as a Service (SaaS) and others services markets as well. The aim of the Market Potential Assessment is to help the vendor or investor in understanding the value of a potential investment. Hence, the goal is similar to that of our Research In Action Real RoI (Return on Investment) Calculations used in later stages of an investment, for software development or other implementation projects. A second result is an assessment of the potential addressable market of an investment as well as the maturity of the overall market.

The following slides will show you our survey design, the Research In Action Market Potential Assessment methodology, the detailed assessment questions we use and finally an example Market Potential Assessment result.

To Infinity... and Beyond!

Thomas Mendel
### Country Breakdown

<table>
<thead>
<tr>
<th>Region</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>625</td>
</tr>
<tr>
<td>Canada</td>
<td>50</td>
</tr>
<tr>
<td>DACH</td>
<td>200</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>125</td>
</tr>
<tr>
<td>France</td>
<td>125</td>
</tr>
<tr>
<td>Benelux</td>
<td>50</td>
</tr>
<tr>
<td>Nordics</td>
<td>50</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>100</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>75</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>200</td>
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</table>

### Industry Breakdown

<table>
<thead>
<tr>
<th>Industry</th>
<th>Count</th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>98</td>
</tr>
<tr>
<td>Financial Services</td>
<td>252</td>
</tr>
<tr>
<td>Government &amp; Non Profits</td>
<td>89</td>
</tr>
<tr>
<td>Healthcare &amp; Chemicals</td>
<td>202</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>342</td>
</tr>
<tr>
<td>Media &amp; Telecoms</td>
<td>119</td>
</tr>
<tr>
<td>Consumer Packaged Goods &amp; Retail</td>
<td>112</td>
</tr>
<tr>
<td>Technology &amp; Professional Services</td>
<td>172</td>
</tr>
<tr>
<td>Travel &amp; Transportation</td>
<td>114</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500</strong></td>
</tr>
</tbody>
</table>

### Company Size Breakdown

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;2,500</td>
<td>129</td>
</tr>
<tr>
<td>2,500 - 5,000</td>
<td>189</td>
</tr>
<tr>
<td>5,000 - 10,000</td>
<td>566</td>
</tr>
<tr>
<td>10,000 - 50,000</td>
<td>501</td>
</tr>
<tr>
<td>&lt; 50,000</td>
<td>119</td>
</tr>
<tr>
<td>Headcount</td>
<td></td>
</tr>
</tbody>
</table>

### Job Title Breakdown

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP IT</td>
<td>155</td>
</tr>
<tr>
<td>CIO</td>
<td>146</td>
</tr>
<tr>
<td>IT Operations Manager</td>
<td>137</td>
</tr>
<tr>
<td>VP Operations</td>
<td>131</td>
</tr>
<tr>
<td>IT Manager</td>
<td>117</td>
</tr>
<tr>
<td>IT Service Manager</td>
<td>112</td>
</tr>
<tr>
<td>Project Manager</td>
<td>105</td>
</tr>
<tr>
<td>VP Infrastructure</td>
<td>98</td>
</tr>
<tr>
<td>VP DevOps</td>
<td>89</td>
</tr>
<tr>
<td>CFO</td>
<td>94</td>
</tr>
<tr>
<td>IT Shared Services Manager</td>
<td>76</td>
</tr>
<tr>
<td>Change Manager</td>
<td>73</td>
</tr>
<tr>
<td>IT Supply Manager</td>
<td>55</td>
</tr>
<tr>
<td>Test Manager</td>
<td>42</td>
</tr>
<tr>
<td>General Manager</td>
<td>32</td>
</tr>
<tr>
<td>Capacity Manager</td>
<td>21</td>
</tr>
<tr>
<td>Manager DevOps</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500</strong></td>
</tr>
</tbody>
</table>

All Research In Action surveys are gender neutral and 100% confidential.
MARKET POTENTIAL ASSESSMENT: METHODOLOGY

• Purpose. Understanding the value of innovation.

• Target use cases.
  ➢ Investment decisions of venture capitalists
  ➢ Make or buy decisions of technology hard-, software/SaaS and services vendors
  ➢ Generic market potential analysis initiatives.

• Assessment Dimensions.
  ➢ Market. How critical is the business process and how big is the potential addressable market size of the innovation?
  ➢ Technology. What are the market differentiators, who are the competitors and how mature is the innovation?
  ➢ Adoption. What is the total value of the innovation and how long will it take to reach mainstream adoption?
  ➢ Implementation. What is needed for the introduction, what will be replaced and what are the obstacles?

• Benchmark company development stages used.
  ➢ Proof Of Concept (i.e. prototype)
  ➢ Startup (i.e. first real customers)
  ➢ First International Expansion
  ➢ Exit Readiness.

• Result. An assessment of the likeliness of success of the potential investment relative to the stage of the technology. The potential addressable market size and market are valuable by-products of the market assessment dimension of the Research In Action Market Potential Assessment.
## MARKET POTENTIAL ASSESSMENT: TECHNOLOGY ASSESSMENT QUESTIONS

<table>
<thead>
<tr>
<th>Category</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adoption</strong></td>
<td>• What is the total value of the process improvement?</td>
</tr>
<tr>
<td></td>
<td>• What are the technical gains provided by the new product?</td>
</tr>
<tr>
<td></td>
<td>• What are the economic gains provided by the new product?</td>
</tr>
<tr>
<td></td>
<td>• How long will it take to reach mainstream adoption?</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>• Please describe your market differentiators</td>
</tr>
<tr>
<td></td>
<td>• Please describe your product architecture</td>
</tr>
<tr>
<td></td>
<td>• Please describe your product strategy</td>
</tr>
<tr>
<td></td>
<td>• Please describe your product roadmap</td>
</tr>
<tr>
<td></td>
<td>• How scalable is your product?</td>
</tr>
<tr>
<td></td>
<td>• Please describe your go-to-market strategy</td>
</tr>
<tr>
<td></td>
<td>• Are there referenceable customers or beta customers?</td>
</tr>
<tr>
<td></td>
<td>• Please describe the pricing and cost model</td>
</tr>
<tr>
<td></td>
<td>• Please describe the product development process and methodology</td>
</tr>
<tr>
<td></td>
<td>• Please describe the product quality assurance and risk management process</td>
</tr>
<tr>
<td></td>
<td>• Please describe the product support organization and process</td>
</tr>
<tr>
<td></td>
<td>• How big is your R&amp;D budget (% of revenue and total)?</td>
</tr>
<tr>
<td></td>
<td>• Please describe the sales cycle and the interaction with product development</td>
</tr>
<tr>
<td></td>
<td>• Please provide your product and marketing collateral and press/analyst briefing material, name key conferences and analysts</td>
</tr>
<tr>
<td></td>
<td>• Who are your key competitors? (Please provide a SWOT for yourself and each competitor)</td>
</tr>
<tr>
<td></td>
<td>• How do you manage your IP?</td>
</tr>
<tr>
<td></td>
<td>• Please show me a live demo of the product and the test and production system</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>• How critical is the process that this innovation will improve or change?</td>
</tr>
<tr>
<td></td>
<td>• How big is the vertical market potential?</td>
</tr>
<tr>
<td></td>
<td>• How big is the market potential by enterprise size (SMB, large, very large)?</td>
</tr>
<tr>
<td></td>
<td>• How big is the geographical market potential (EMEA, Americas, APAC)?</td>
</tr>
<tr>
<td></td>
<td>• What is the potential market size per year?</td>
</tr>
<tr>
<td><strong>Implementation</strong></td>
<td>• What are the existing technologies, products, or skills that will be no longer necessary in case of adoption?</td>
</tr>
<tr>
<td></td>
<td>• What are the complementary technologies, products, or skills that will be needed for implementation?</td>
</tr>
<tr>
<td></td>
<td>• What are the other obstacles to implementation, and what is the cost of removing these obstacles?</td>
</tr>
<tr>
<td></td>
<td>• How high are the implementation costs?</td>
</tr>
<tr>
<td></td>
<td>• What is the time to value?</td>
</tr>
</tbody>
</table>
MARKET POTENTIAL ASSESSMENT: EXAMPLE TECHNOLOGY

VENDOR Result
• Market: 75%
• Technology: 80%
• Adoption: 90%
• Implementation: 90%